



# Club du Pricing Français

John Kuffel, November 2019

# Purpose

To illustrate how Sales excellence is a pre-requisite for Pricing excellence, and how many CPG suppliers are addressing the problem

# The Importance of Sales Excellence

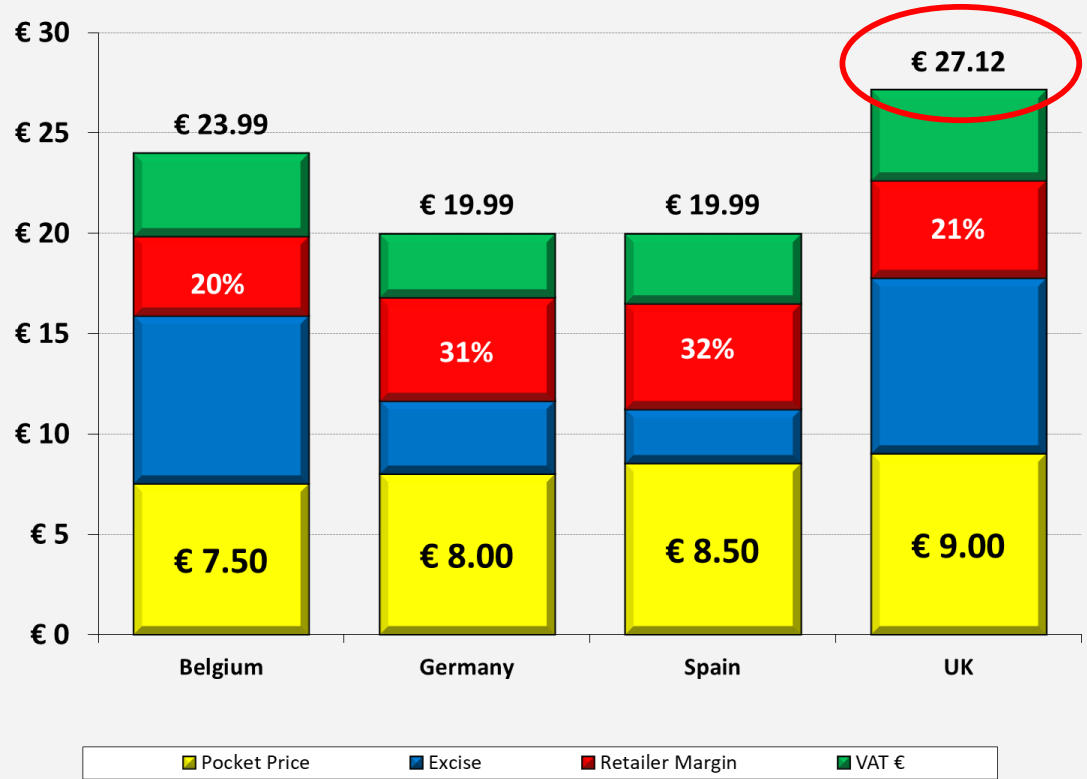
1. Trade Term Drift
2. Exposure

# Pricing Alignment in the EU: Example 1

## *Shelf* prices

- Some inflow to UK & ES
- Otherwise aligned

Brits are irritated

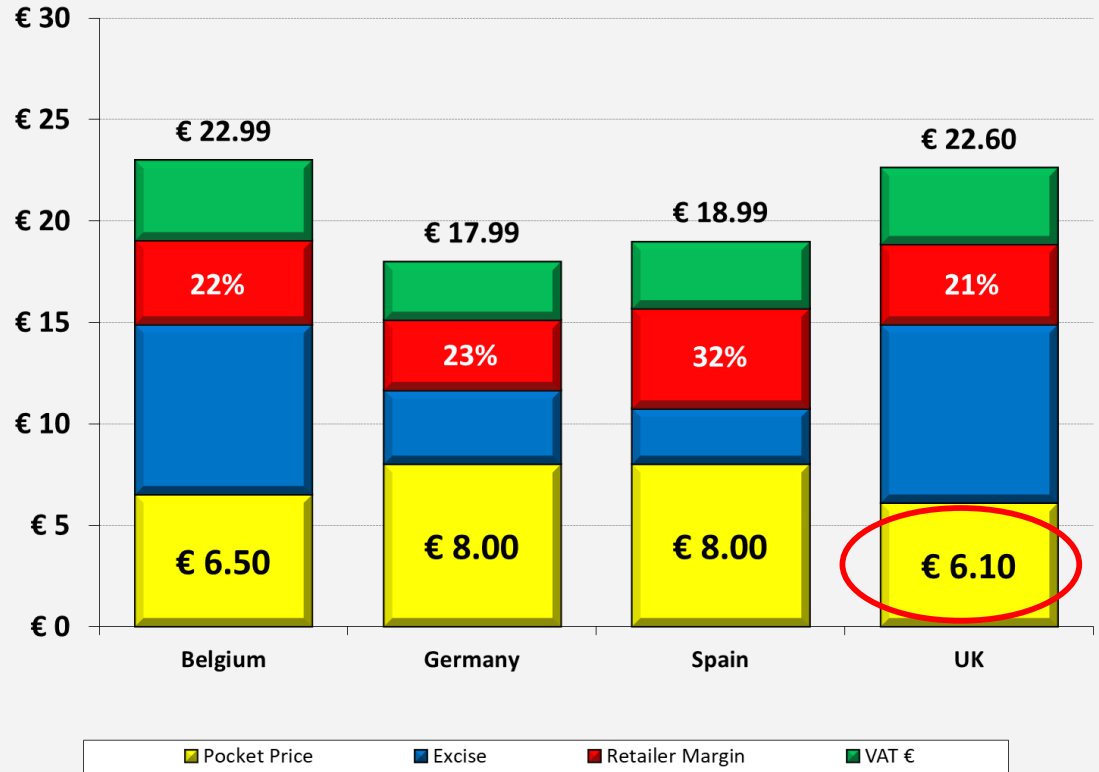


# Pricing Alignment in the EU: Example 2

## Promo prices

- *Outflow* from UK
- Some outflow from BE

Everyone else is irritated at the Brits

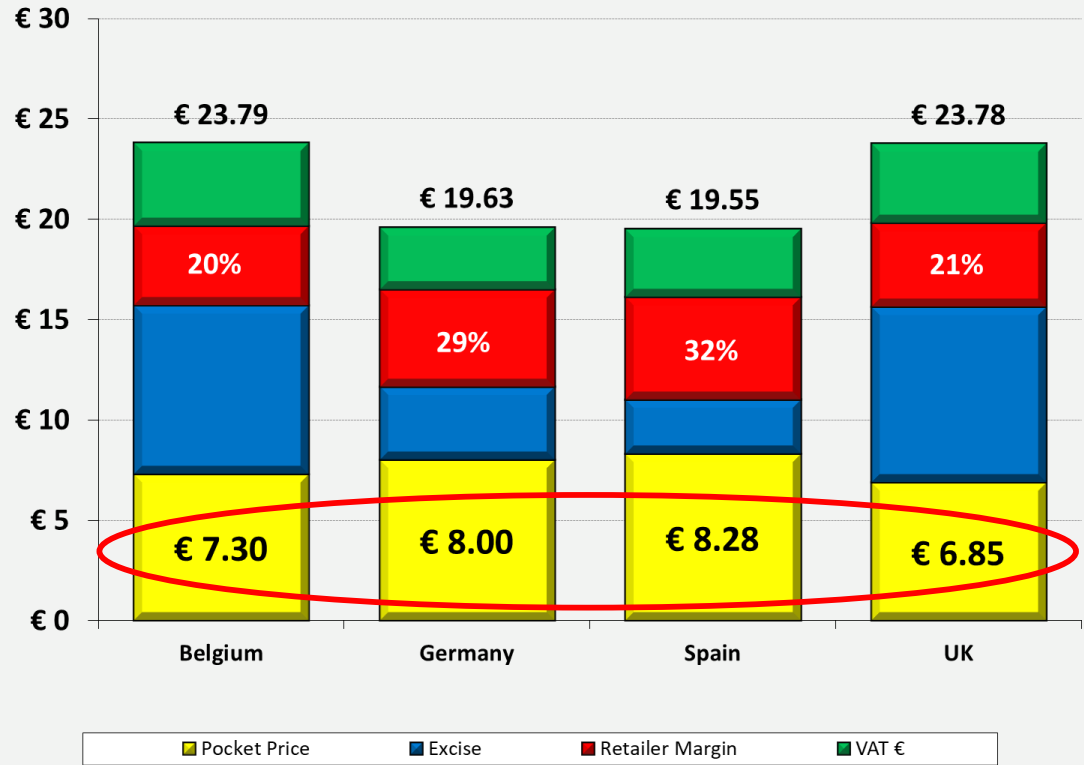


# Pricing Alignment in the EU: Examples 3

## Average prices

- Negotiation exposure cause by UK and BE

Hopefully, we have no int'l customers in UK!



# So what?

Do not put lipstick on your pig.

Get Management on board

Establish rules

Get Sales on board

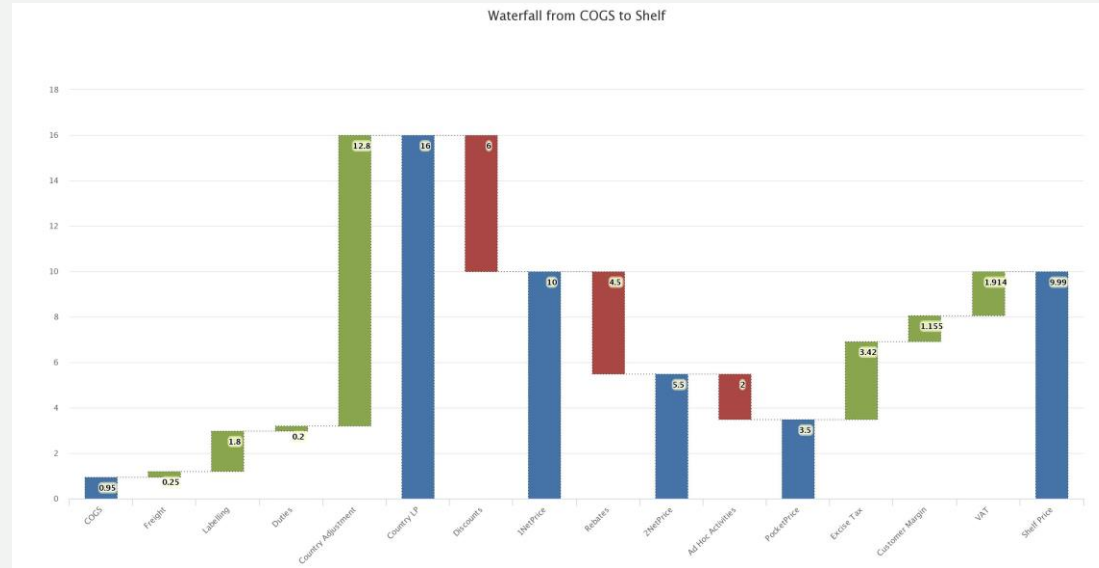


# Solving the Problem

## Step 1

### Get visibility

- What data do I have?
- How is it structured?
- Can I re-create value chains?





# Solving the Problem

## Step 2

### Set up pricing guardrails

- Stops the bleeding
- Sets goals
- All new products compliant

### Get Sales involvement

- Why?
- What can they influence?
- How will the outcome look?
- Dashboards, analytics and *approval by Sales*

MAIN BRANDS				NPD & SMALL PRODUCTS			WHISKIES																															
MAIN BRANDS	Bottle Size	Direct On Trade Wholesale	Distributor	NPDs & SMALL PRODUCTS	Bottle Size	Minimum Prices ALL CUSTOMERS	WHISKIES	Bottle Size	Minimum Prices ALL CUSTOMERS	Actions																												
<b>Calculation Results</b>																																						
Label					Calculation Result	Message																																
Label					Meatball MS BxP																																	
ProductCost					4.31 EUR																																	
Min Order Value					25.00 EUR																																	
Quantity					200 Piece																																	
List Price					7.11 EUR																																	
Std Discount %					10.80 %																																	
Suggested Price					6.70 EUR																																	
Target Price					5.09 EUR																																	
Floor Price					4.88 EUR																																	
Sales Discount %					0.00 %																																	
Invoice Price					6.70 EUR																																	
Message					OK																																	
Rebates					0.00 EUR																																	
NetPrice					5.70 EUR																																	
Net Margin %					24.40 %	Very Low Margin!																																
Pocket Price					5.56 EUR																																	
Cost					4.31 EUR																																	
Net Net Price					1.25 EUR																																	
Deal Score																																						
Deal Score					24																																	
Total Invoice Price					1,140.17 EUR																																	
Cross Sell																																						
Benchmark																																						
Avg Competitor Price					12.87 EUR																																	
				<table border="1"> <thead> <tr> <th>Product</th> <th>Price</th> <th>Margin</th> </tr> </thead> <tbody> <tr> <td>NOILLY PRAT Ambré</td> <td>75</td> <td></td> </tr> <tr> <td>OXLEY</td> <td>70/75</td> <td>100</td> </tr> <tr> <td>OTARD VS</td> <td>70/75</td> <td></td> </tr> <tr> <td>OTARD VSOP</td> <td>70/75</td> <td></td> </tr> <tr> <td>OTARD XO</td> <td>70/75</td> <td></td> </tr> <tr> <td>OTARD Extra 1795</td> <td>70/75</td> <td></td> </tr> <tr> <td>SANTA TERESA 1796</td> <td>70/75</td> <td></td> </tr> <tr> <td>SANTA TERESA Gran Reserva</td> <td>70/75</td> <td></td> </tr> <tr> <td>SANTA TERESA Claro</td> <td>70/75</td> <td></td> </tr> </tbody> </table>			Product	Price	Margin	NOILLY PRAT Ambré	75		OXLEY	70/75	100	OTARD VS	70/75		OTARD VSOP	70/75		OTARD XO	70/75		OTARD Extra 1795	70/75		SANTA TERESA 1796	70/75		SANTA TERESA Gran Reserva	70/75		SANTA TERESA Claro	70/75			
Product	Price	Margin																																				
NOILLY PRAT Ambré	75																																					
OXLEY	70/75	100																																				
OTARD VS	70/75																																					
OTARD VSOP	70/75																																					
OTARD XO	70/75																																					
OTARD Extra 1795	70/75																																					
SANTA TERESA 1796	70/75																																					
SANTA TERESA Gran Reserva	70/75																																					
SANTA TERESA Claro	70/75																																					

# Solving the Problem

## Step 3

### Establish a Trade Terms Structure

- Permanent/Negotiable
- Efficiency Drivers
- Business Builders
- Dead Wood... Monkey Money...
- Educate Sales
- Keep it simple

<b>Terms &amp; Allowances</b>
<b>Dead Wood</b>
Headquarter Bonus
Anniversary Bonus
New-Store-Opening
Re-Opening
Parallel Protection (outside Europe)
Volume Bonus
Preferred Supplier Status
Recognition
<b>Sub Total</b>
<b>Efficiency Driver</b>
<b>Payment Terms</b>
Cash Payment
Value Days
Delcredere Insurance
Centralised Payment
<b>Sub Total</b>
<b>Logistic Terms</b>
Central Warehouse
Self Pick-Up
<b>Sub Total</b>
<b>ECR-Supply-Side</b>
EDI
Data Sharing
Continuous Replenishment
<b>Sub Total</b>

<b>Business Builder</b>
<b>Availability</b>
Distribution
Assortment
Quick Listing
Permanent Listing Fee
Listing Fee
<b>Sub Total</b>
<b>Visibility</b>
Shelf Space
Shelf Allocation
<b>Sub Total</b>
<b>Awareness</b>
Ads & Flyers
TV/Radio Sponsoring
Couponing
Gondola End
Display
Loyalty Cards
Image Brochure
Share of Customer Promotions
Temporary Price Reductions
Special Promotions
<b>Sub Total</b>
<b>Others</b>
Rebate in Goods
<b>Total Terms &amp; Allowances</b>

# Solving the Problem

## *Step 4*

### Set Trade Terms goals with Top Management

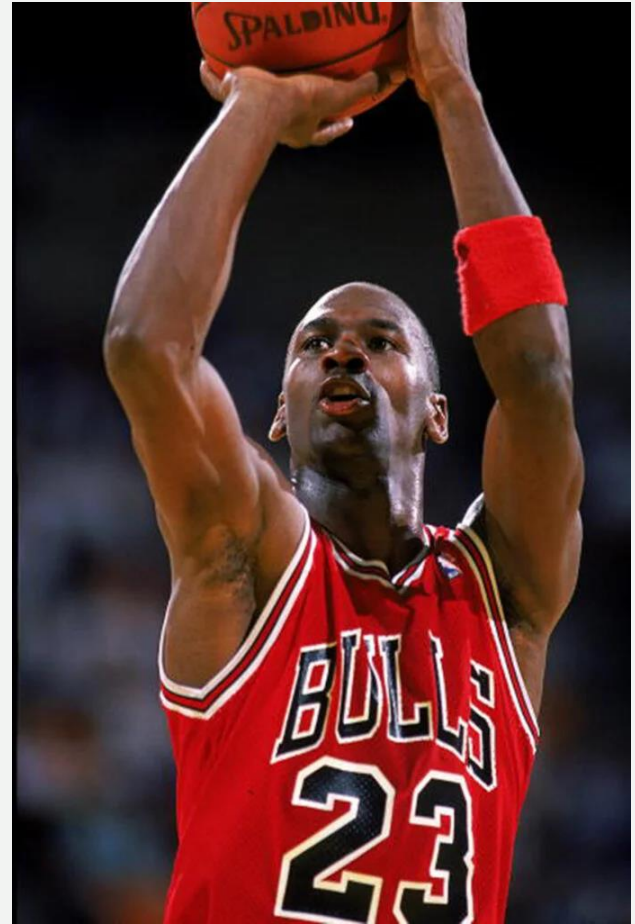
- No more Dead Wood
- Shift to Business Builders
- Train and Practice!!!

*Help Sales gain visibility*

# Solving the Problem

*Step 5*

Lather, rinse, repeat





# Consumer Packaged Goods