

This \$3 Billion distributor transformed from a 'cost plus' pricing strategy to a *market-cognizant* strategy, boosting margins by \$40 Million.

CHALLENGE

- Loosely coordinated pricing activities with little process and fewer tools
- Extremely rich discounts to all customers regardless of purchase history or future revenue potential
- Multiple prices charged for a single SKU absent a rationale for the differentiated pricing
- Inexplicable negative margins on a significant number of transactions

SOLUTION

- Deployed Vendavo Profit Analyzer to provide a comprehensive view into all margin impacting adjustments
- Insight enabled re-pricing of products based on competitor activity
- Regimented pricing activities with head office coordination
- Introduced new rules for customer discount policies that transformed historic "gifts" into "earned rewards"

RESULTS

- Added 1.5% of sales to the bottom line
- Automated QA processes, quality checks, and improved tools standardized (rationalized) pricing
- Updated prices on slow-moving products to reduce negative margin transactions
- \$40 Million pocket margin improvement opportunity identified

Customer Facts

Industry: Distribution

Revenue: US \$3 Billion

Employees: 5,000

Location: Southeast USA

Customers: 30,000

Product SKUs: 20,000

This distributor generates approximately \$3B in annual revenue. They deployed Vendavo Profit Analyzer to provide insight to better strategic pricing actions and streamline operational pricing activity.

Contact Us

To learn more, vendavo.com or
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