CPGs: Are you managing price increases the right way?

For CPGs, sustaining and improving margins means increasing the prices they charge their retail customers—and ensuring that retailers pass along changes to consumers.
But failure to implement price increases quickly enough leaves money on the table, and every day of delay in doing so brings a hit to the bottom line.
The better approach: effective management of price increases—with shareable data at its core.

Rising commodity prices make rapid price changes more important than ever.

Commodity Price Increases January 2021 to May 2021[1]

- ↑56% Lean Hogs
- ↑65% Copper
- ↑66% Soybeans
- ↑80% Tin
- ↑85% Corn
- ↑85% Soybean oil

CPGs SAY:

"Our margins will erode unless we pass on increased commodity prices to the retailers that carry our product(s)."

BUT

RETAILERS SAY:

"We don't want to raise our prices ahead of competitors to compensate for CPGs' price increases, because it puts us at a competitive disadvantage."

AND...even if retailers do initiate price increases, these price increases may not stick.

HOWEVER

Sharing pricing data with retailers

= **faster, lasting** implementation of price increases

+ **decreases** in unnecessary trade spend requested by and allotted to retail accounts

+ **improved** ability to work with retailers on assortment changes

+ **easier** tracking and taking of price increases

+ **assurance** that new product launches go to plan in store-by-store fashion

The Datasembly Approach

Datasembly provides CPGs with "same as in-store" retail pricing data collected from public sources, such as websites and mobile apps.

Real-time pricing and promotions (~2 billion daily) + **Information from more than 150 retailers** + **Pricing information from every store weekly (130K stores)**

= **unrivaled pricing intelligence** that's fully shareable across retail customers

Case Study

Passing along a price increase[2]

Leading battery manufacturer **raises its prices** in response to rising commodity costs.

Retailer A and Retailer B respond with their own price increases, and **Retailer C doesn't**.

Before data share

- Retailer A $13.81
- Retailer B $13.71
- Retailer C $12.99

Retailer C shown as not increasing prices

Manufacturer can't require Retailer C to do the same—but uses **intelligence from Datasembly** to make the case for change.

Retailer C recognizes that all its competitors have already increased their prices—and that not doing the same would leave money on the table. It implements a **price change that sticks**.

After data share

- Retailer A $13.97
- Retailer B $14.00
- Retailer C $13.99

Data shareability shortens time needed to effect Retailer C's price change.

Time to price increase prior to leveraging Datasembly: 12 weeks

Time to price increase (fully implemented) using Datasembly: 3 weeks

Price increase implementation time savings: 75%

+ **Big ROI gains:**
9-week savings with 8% price increase = Up to 1.3% additional revenue increase from early implementation of full price increase and lack of need for additional trade spend to accomplish it.

More Benefits

Leveraging Datasembly's shareable pricing intelligence also yields:

Revenue savings by managing price changes based on competitive intelligence: .5%[3]

Revenue increases through faster price change implementation: 1.3%[4]

Trade dollar savings: .2%[5]

Example: Cereal manufacturer harnesses Datasembly to challenge customers on requested trade dollars, **saving $1 to $1.5 million**[6]

Interested in learning more? CLICK HERE

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1. https://elements.visualcapitalist.com/visualizing-the-rise-in-commodity-prices/, January through May 2021; 2. Datasembly; 3. Datasembly; 4. Datasembly; 5. Datasembly; 6. University of Minnesota study.