PriceCypher Solution

Food ingredient manufacturer recovers €1 million within 3 weeks, through data-driven decision-making

By using Deloitte's AI-powered Predictive Pricing tool, a food ingredient manufacturer was able to discover a margin leakage of €12 million.

Client issue
A multi-national food ingredient manufacturer was struggling with margin leakage. With its large portfolio of diverse customers, the manufacturer had difficulties regaining control over its commercial activities. Issues such as excessive discounting and price variance, neglect of legacy deals and overlooked small customers were abundant.

The manufacturer needed value recovery, but this proved challenging. In the short term, the lack of a solid foundation for strategic pricing and discount guidance made it difficult to recover value.

It was time for a change and clean-up of the pricing estate.
Deloitte’s solution-based approach
Using data-based insights and Deloitte’s expertise

The food manufacturer turned to Deloitte to solve their challenge. Deloitte’s expertise paired with PriceCypher, Deloitte’s AI-driven Predictive Pricing tool, turned out to be a winning combination for the food manufacturer. To tackle their challenge, the food manufacturer took an interventionist approach, driven by AI-based pricing recommendation and a campaign-based value recovery approach.

The first step to working towards a clean pricing estate was to take a closer look at outliers - through PriceCypher’s AI-based algorithms. The food manufacturer’s Sales department then took these insights to help correct low-price outliers. These insights and guidance were given at deal level, for each customer-product combination. This way, PriceCypher enabled sales team with insights on pockets of recovery. At the same time, a 3-week-long price recovery campaign was initiated. Poor performing sales accounts were reviewed and addressed in its respective client portfolio as they were low-price outliers and earmarked for recovery.

This overall interventionist approach, driven by AI-based pricing recommendation as well as a campaign-based value recovery approach, was the key to gain quick wins and clean up the pricing estate of the manufacturer in a short period of time.

PriceCypher leverages AI-driven customer insights and supports effective pricing management, value recovery and growth opportunities to achieve margin improvements up to 13%.
Impact

By using PriceCypher, the food ingredient manufacturer regained commercial control and was able to better manage its customer portfolio.

Together with Deloitte’s experts, the food manufacturer was able to identify a price leakage of €12 million on account of low-price outliers. By using differentiated customer tactics for value recovery, they recovered over €1 million within a period of 3 weeks. Not only was the organization able to gain commercial control, but increase its revenue too.

Client recovery of €1 million was achieved within a period of 3 weeks.

Contact us

Deloitte’s solution-based approach delivers high-impact, data-driven insights to clients. By combining Deloitte’s professional expertise with proprietary digital assets, we offer future-proof solutions that solve your unique challenges.

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