TAYLOR WELLS | CASE STUDY

Protecting Margin Under Retailer Pressure

An FMCG pricing case study

List to net margin leakage found between list price and what the business actually earned

The short version: A multinational food business under pressure from major retailers found exactly where margin was leaking between its list price and what it actually earned, giving it a way to grow margin without risky price rises.

CLIENT	Multinational food business operating in Australia
PROBLEM	Powerful retailers, heavy promotions, volatile costs, no clear view from list price to real price
WHAT WE DID	Tracked every step from cost to the price actually earned, measured how volume responded to price and promotions, compared channels, sized the opportunity
RESULT	Margin leakage made visible and a prioritised plan to grow margin without high risk price rises

What was the business trying to achieve?

Margin was under steady pressure. Head office saw a price rise as the answer. Local leadership needed to know whether the real problem was the price, or how pricing was set up.

What was happening in the market?

Australian grocery is dominated by a few big retailers. The category was mature and heavily promoted, costs were volatile, and a blunt price rise carried real risk.

What was going wrong?

Prices were set mainly from costs, which couldn't keep up with volatile costs, deep promotions and different channels.

Promotions drove the result, but no one could see the profit left between list price and the price actually earned.

Head office and the local team saw it differently.

Why couldn't the team just fix it?

The business had to stop reacting to every cost change and start managing margin on purpose, with head office and the local team working from the same facts.

What did Taylor Wells do?

Tracked every step from cost to list price to the price actually earned, measured how volume responded to price and promotions, compared how each channel worked, found where margin was leaking, and sized the opportunity so the team knew where to start.

What were the results?

- A clear view of where margin went between cost and the price earned
- Proof that promotions and pricing were out of step
- A prioritised plan to strengthen pricing
- A solid case to grow margin without high risk price rises

What can other businesses learn?

With powerful retailers, margin rarely disappears in one bad decision. It leaks a little at a time. If you can't see every step from list price to what you earn, you can't see where it goes.

Facing a similar pricing problem?

Book a 30 minute case study walkthrough with Joanna Wells. We will show how the work was done and talk through what it could mean for your business.

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Taylor Wells is a Sydney pricing strategy consultancy working across Australia, New Zealand, Europe and the USA. We specialise in B2B manufacturers, distributors and suppliers, and also work with consumer and retail, SaaS, professional services and online businesses. Client details are kept confidential.