Grocer Improves Contract Negotiations from Days to Hours

Merchandisers and vendors use new technology to take advantage of promotions and events, giving consumers what they want, when they want it.

Due to the sensitive nature of our client's operations, we will not disclose the name of our client or executives within this article. To improve readability, we will instead refer to the following:

Painful Negotiations:
The agonizing truth about pricing & promotions

A spreadsheet, a commonly used digital appliation, is a prehistoric tool.

For years, grocers have relied on the spreadsheet to identify trends, bring data together, and use formulas across a grid of cells. But with all its power, Excel isn't an efficient solution when parties need to capture instant changes to pricing and promotions during contract negotiations. This is painfully obvious when an organization is using Excel to augment a legacy system costing millions of dollars.

The issue is that many grocers augment expensive, legacy systems with spreadseets.

Providing the right product, at the right place, at the right time.

One of the world's largest grocers wanted to optimize how its merchandise executives worked with vendors to provide the right product, at the right price, and at the right time. Using a system that would automate the contract process - updating prices, items, quantity, locations, and more - would allow this grocer to move the contract process along in a matter of minutes or hours rather than days.

Instead, the system in use was decades old, and its limitations drove team members to use spreadsheets. It would take two hours for a vendor to create a proposal. The information would get reviewed. The grocer would make pricing adjustments. Information would get returned to the original vendor. And the back-and-forth process would begin again after the vendor updated its bid. The flow of information and process felt like sending telegrams via Western Union in the 1800s.
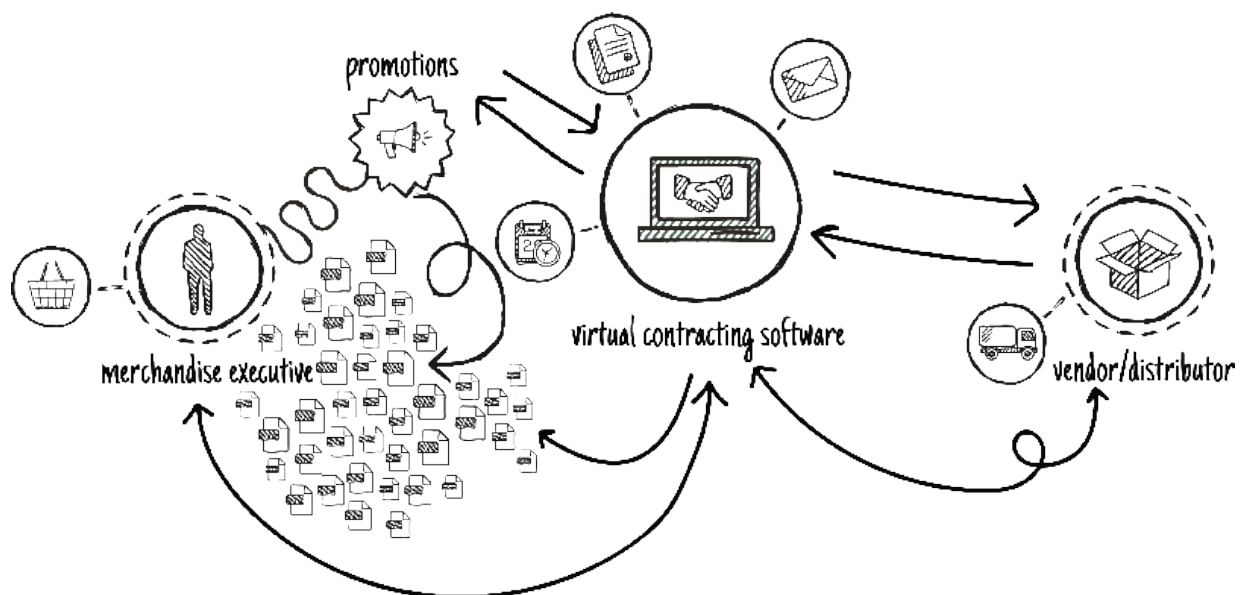

Figure 1.1

Manual Tactics Slow Down Progress

Imagine completely separate processes for different product quantities
(e.g. 6-pack, 12-pack, case, and pallet of Pepsi)

The system, which was a glorified contracting tool, couldn't detech anything.

Different product sizes were treated as separate items. If there was a pricing change, the per-unit-cost calculations were completed outside of the system. Changes affecting the negotiation process were tracked in multiple files. Excel became the management tool even though it was cumbersome to add detailed information to individual cells for each item.

Merchandising executives and vendors were each negotiating pricing and quantity. The grocery giant was dealing with millions of spreadsheets at a time. When dealing with the millions of types and quantities of products to sell, this grocer knew they were wasting time and opportunity.

The inaccurate pricing and quantities of contracts sat in limbo, waiting for approvals. With multiple iterations of contracts flying around and an inability to accurately track the up-to-date versions, some of the contractual documents weren't enforceable. Information in the spreadsheets contained inaccurate information with outdated pricing through the back and forth communication. Merchandising executives didn't have the ability to coordinate promotions across thousands of vendors which left money on the table. And customers weren't able to get timely deals for holiday celebrations or local events.

Modernized Compromise:
Improve pricing & promotion through automation

Web-based solutions improve communication and collaboration between the grocer and its numerous vendors. Once onboarded, the two parties have a single access point to instantly receive updates, invoices, purchase orders, and more. As vendor-variability continues to trend upward, these grocers must continue to focus on collaborative efforts that optimize the money spent during vendor negotiations.

By introducing automation that integrates with internal systems, the grocer and vendor get real-time transparency into pricing that quickly allows them to move forward on purchasing decisions.

According to McKinsey, improving collaboration offers the following benefits:

4.7% decrease in out-of-stocks

3.7% increase in revenues

5.4% reduction in costs

New systems deliver on the promise of successful collaboration between buyers and grocers. According to Accenture, "successful collaborators can generate 2 to 10 percent in operating margin improvements, a 3 to 10 percent reduction in General and Administrative costs for suppliers, and cut logistics cost by 3 to 4 percent for retailers."

Automation is Key.

The Kingland Platform empowers grocers and their merchandise executives to optimize their product purchases from vendors.

The platform can identify when a price change occurs during the negotiations, look across all the affected contracts, and queue them up for review for updates, further negotiations, and vendor sign off. This real-time capability means the numerous contract negotiations can be resolved in hours instead of what may take days or months.

Grocers can take comfort in knowing that the Kingland Platform tackles the most complex data, updating contractual information regarding price and quantity in the moment. Data is stored and managed within the platform. Both sides can negotiate on standard terms (e.g., quantity, location, region) without the use of spreadsheet.

While the platform stores and manages contractual data, promotions and re-negotiation information is updated in real-time. The use of spreadsheets to complement a legacy system is unnecessary. Merchandise executives and vendors can search through millions of items, prices, quantities, and more to reveal the right information.
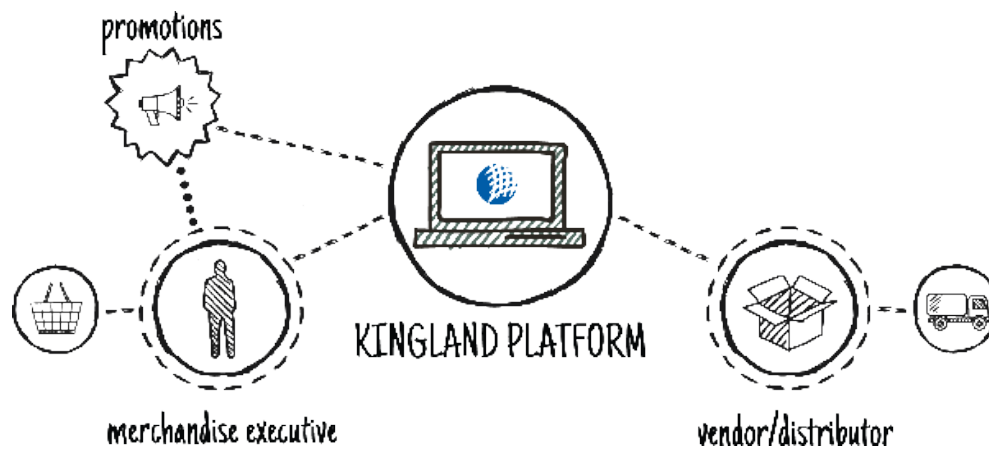

Figure 1.2

The Platform-as-a-Service (PaaS) integrates with multiple systems to capture the speed, efficiency, and safety needed to take advantage of direct to store delivery (DSD) and warehouse delivery. The Platform covers all types of products and can scale to an infinite amount of SKUs. Items are accurately sourced from DSD and warehouse contracts. A vendor can initiate a proposal, selecting a DSD or warehouse contract. From there, the vendor can select proposal details such as allowances and locations for each item. This automation removes deduplicating items from proposals, moving the process along quickly and providing seamless access to information traditionally locked away in two distinct systems. The PaaS's ability to integrate data and communicate with warehouse and DSD systems takes advantage of providing consumers the deals and items they want and at their convenience.

Benefits to Grocers and Vendors

📅 **Negotiate in hours instead of months**

🔊 **Automated notifications of contract changes**

🗄 **Complete, up-to-date contract data storage**

🌐 **Supports infinite product-types and complex ecosystems**

Your Data. Our Platform.

The Kingland Platform powers the worlds most integral companies. We transform your existing data into actionable insights to manage risk and generate revenue opportunities.

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