MARGIN INSIGHT

PRGX Case Study: Global Grocery Retailer

£31B UK GROCER

BACKGROUND & CHALLENGES

- ❖ Two of the top 3 largest UK grocery retailers in the process of merging needed to have bottoms-up visibility to the potential synergies of the deal
- ❖ The clients sought to understand True Net Cost (TNC) by taking into account both cost and funding
- ❖ Teams from both clients assumed their suppliers would have harmonized pricing already and therefore needed to know pre-announcement TNC synergies, starting with the Food and Health and Beauty categories
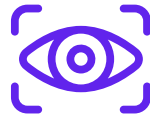
APPROACH

DATA AGGREGATION
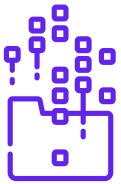
Acquired and validated 6 different systems with more than 80+ data tables utilizing PRGX data acquisition processes

DATA NORMALIZATION

Vendor data cleansing on exact or equivalent items utilizing Global Product Aggregation (GPA)

TRUE NET COST

Overlaying supplier funding on to GPA allows the client and PRGX to understand the correct cost to understand price divergence

RESULTS

KEY STATS

DATA ANALYSED

#Suppliers	244
#SKUs	22,479
Purchases	£6.97BN
Supplier Funding	£675M

RESULTS

Equivalent Item Match Variance 1	£85.5M
Equivalent Item Match Variance 2	£186M
Total Variance	**£271.5M**