



# Forecourt retailer

**4% increase in profit by implementing a demand-led price setting strategy and an upskilled local pricing capability**



## Client challenge

The client, a forecourt retailer, faced the challenge of not having a structured pricing process in place to achieve its ambitious goal of attaining a higher proportion of profit from non-fuel retail. The absence of a proper pricing process resulted in misalignment with the category strategy. The client relied on cost-plus approaches managed manually by a wholly-owned subsidiary. KPMG was engaged to assess the current pricing maturity, identify gaps, and devise a roadmap to enhance pricing capabilities across the organisation.

## Our approach

Our approach included the following steps:

- **Current state assessment:** our pricing specialists evaluated the client's pricing process within its German division by comparing it against KPMG's maturity roadmap. This helped identify key capability gaps.
- **Defining pricing strategies and price lists:** Strategies and price lists were defined, emphasising three essential elements: pricing strategy, price setting, and execution. The end-to-end process design ensured alignment of pricing and promotions with category visions.
- **Developing an analytical pricing tool:** our experts created an analytical pricing tool that incorporated models for eight common pricing analysis types. These analyses, including price zones and price elasticity, enabled data-driven decision-making. We used a scientific approach, including elasticity analysis, to determine optimal price points and pricing hierarchies, leading to the development of a value-based pricing framework.
- **Establishing governance and infrastructure:** A robust governance structure and infrastructure were put in place to support the successful and sustainable implementation of the new price-setting strategy. We also upskilled the local team, particularly the price manager, to ensure smooth implementation. Clear documentation and guidance were provided to facilitate this transition.

## Benefits for the client

- **Clearly defined price-setting process:** The implementation of an end-to-end price-setting process ensured a structured approach, from strategy setting to governed decision-making and execution within IT systems.
- **Pricing strategy packs:** The client received comprehensive pricing strategy packs, including detailed price lists tailored to achieve the strategy for three categories: hot drinks, energy, and car wash. This enabled the client to achieve its profit balance goal.
- **Local capability improvements:** we facilitated the upskilling of the local team, empowering them to perform eight common pricing analyses required to make well-informed decisions.

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