

Overcoming 3 key pricing challenges in the CPG sector

Economic disruptions, strained supply chains, and changing consumer behaviors have completely changed the Consumer Packaged Goods industry. These challenges continue to add increased pressure to an already complex pricing process. Margin erosion and leakage, diminished profits, and price fluctuations continue to be top of mind for many companies in this sector.

Don't worry; we're here to help. We can help you navigate current and future pricing challenges and reduce complexity with a dynamic pricing solution that fits with your current SAP applications. At Cognitus, we work with you to ensure a smooth and seamless integration with your existing systems. Discover how implementing a smarter pricing solution will keep you profitable and competitive amidst major industry changes.

Challenge #1: Evolving consumer behaviours

Over the last few years, we've seen a major shift in the way consumers shop. As e-commerce becomes the norm and continues to evolve, increased demand and price sensitivity has put more pressure than ever on pricing decisions. However, effective pricing relies on vast amounts of data—historical sales data, customer data, and market data. An outdated pricing solution may not be effectively pulling the right data at the right time. Pricing errors can quickly follow, either by pricing too high and losing out on deals, or by pricing too low and creating unsustainable margins.

THE FIX: A pricing solution that seamlessly integrates into existing SAP systems to pull accurate internal data and is capable of closely monitoring external variables to formulate and quote prices that are maximized to win the bid and make a profit.

Challenge #2: Increased operational costs

We've all felt it. There have been a variety of factors that have caused costs to rise across the board, especially in the CPG industry. It is estimated that similar economic disruptions may occur every 3.5 years on average, with a cumulative cost of 1/3 of a year's earnings every decade. And with soaring product demand, manufacturing and shipping delays, plus the cost of guaranteeing the safety of both operations and employees, maintaining profitable pricing has become mission critical.

THE FIX: An SAP-integrated pricing solution allows you to not only leverage Artificial Intelligence to optimize your pricing, but also simplifies your pricing process. This means you can reduce the number of manual hours spent creating an effective pricing strategy and adjusting prices so you can close bigger, better deals while reducing your overhead.

Challenge #3: Supply chain vulnerability

While some industries manage to have more elastic supply chains, the Consumer Packaged Goods industry has proven to be more vulnerable. There are multiple factors that contribute to the vulnerability of supply chains, both internal and external. Health emergencies and natural disasters can create staffing and production issues, while internal factors like single-source suppliers and delayed delivery create bottlenecks in your supply chain.

THE FIX: With our industry-specific, pre-packaged solution powered by Pricefx, you can strengthen the resilience of your supply chain, enabling you to increase profits even in times of market decline. By enhancing end-to-end transparency and monitoring, you can gain a better understanding of sourcing risks and identify vulnerable relationships within your supply chain.

Keep your pricing
resilient and competitive
with an SAP-integrated
pricing solution.

Ready to deliver more efficient pricing? Let's talk.

Traditional pricing processes are past their sell-by date. It's time to put profitable pricing back on your shelves. With our industry-specific, pre-packaged solution powered by Pricefx, we work with you to maximize profits, close better deals, and find new areas of opportunity.

Contact Cognitus

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