June 2025

Driving Pricing Excellence Across a Decentralized Retail Network

Uncovering significant revenue growth by balancing decentralized branch autonomy with disciplined, data-driven pricing governance across a national lifestyle retail network in Spain

Written by Defne Isler

Eendigo was engaged by a leading national lifestyle retailer in Spain to execute a focused, four-week pricing diagnostics initiative aimed at uncovering top-line revenue growth opportunities through targeted levers and actionable recommendations. The client had experienced consistent revenue growth driven by strong local entrepreneurship, but profit margins remained under pressure despite favorable macroeconomic conditions. Central management sought to understand the sources of value leakage in pricing while preserving the decentralized model that had historically contributed to business expansion.

Case Core

The retailer operated more than 60 branches across Spain, with each location managed by a director who also held a minority equity stake. While this governance structure helped align local leadership with performance outcomes, it also fostered a culture of individualism in pricing decisions, discounting practices, and customer management strategies. The absence of centralized pricing governance had resulted in a complex, fragmented pricing environment with inconsistent commercial outcomes, limited data transparency, and low analytical capability at both central and local levels.

Key Challenges Faced by the Client

The client's organizational structure and cultural context introduced several barriers to pricing optimization:

Decentralized autonomy without guardrails. Branch directors enjoyed full control over pricing decisions, which led to strong local variation with limited oversight. Central management lacked the tools or authority to challenge pricing decisions that were often justified on the basis of "local market knowledge" and "local client expertise" of field teams.s

Low visibility into price-margin relationships. Inconsistent reporting and limited margin data sharing across systems left many operators unaware of how their decisions affected profitability. Additionally, the absence of Gross-to-Net (GTN) tracking hindered accurate performance monitoring, particularly at the account level, limiting the ability to generate strategic insights for informed pricing decisions.

Low analytical maturity. There was no established infrastructure for quantitative pricing analysis. Operator decisions were often based on anecdotal evidence or customer pressure rather than structured, data-driven logic.

Legacy incentive misalignment. Sales staff were incentivized on revenue growth without regard to margin or product mix or strategic importance of clients, leading to frequent over-discounting, particularly on high-demand SKUs and small customers.

Analytical Insights and Findings

Our team identified three high-impact areas for immediate revenue optimization:

1. SKU-Level Price Divergences Across Branches

The analysis revealed that for identical SKUs, median prices varied by up to 6.5% across branches, with certain branches consistently pricing above or below the national median. These differences were not driven by cost, channel, or customer type, suggesting limited pricing discipline. Conservative adjustments to outlier SKUs (raising prices only to ~2% below the median) could yield a 0.7% uplift in topline revenue.

2. Misaligned Customer Segmentation and Discounting

Commercial terms were broadly applied based on transaction size or salesperson discretion, without accounting for customer lifetime value or strategic importance. By recalibrating discounting to reflect a more refined segmentation—factoring in frequency, product mix, and margin contribution—an additional 0.9% uplift was estimated.

3.Operator-Specific Pricing Behavior and Override Practices

Within branches, certain sales operators systematically deviated from branch medians, often offering unnecessary discounts. These patterns were not random; they reflected behavioral biases or habits built over years. Introducing pricing authority tiers, override review processes, and structured training could improve execution discipline, with a further uplift potential of 0.8%.

Total Revenue Uplift Potential

Taken together, the project identified a total topline revenue improvement opportunity of 2% to 2.4%—equivalent to approximately €22-28 million annually. This potential was distributed relatively evenly across pricing strategy, segmentation, and execution improvements.

Addressing Solutions

To ensure the insights resonated with leadership and foster actionable consensus, we facilitated a pilot workshop involving branch directors and central commercial leaders.

Building on this shared understanding, a clear roadmap was co-developed to embed pricing discipline without compromising the flexibility that drives local market responsiveness. This roadmap proposes the establishment of SKU-level price corridors based on margin thresholds, revisions to pricing strategies for key lead products, and adaptive pricing formulas that balance centralized strategy with local input.

Further, a comprehensive overhaul of customer segmentation and commercial terms was recommended. By integrating behavioral and financial metrics, the client can more accurately target profitable customer segments and systematically optimize discounts, rebates, and tiered incentives aligned with customer value.

Execution improvements form a critical pillar of the plan, with the design of a real-time pricing cockpit to empower operators with transparent margin data and pricing guidelines. Clear governance mechanisms around discount authority and tailored training programs on value selling, margin awareness, and incentive alignment aim to promote consistent, on-strategy pricing decisions across the network.

This integrated approach is designed to reconcile the tension between decentralized agility and the need for consistent pricing governance, ultimately driving sustainable top-line growth and enhanced commercial performance.

Shifting Pricing from Operational to Strategic

The initiative not only revealed significant topline opportunities but also laid the groundwork for long-term capability building in pricing strategy, data infrastructure, and execution governance—critical enablers for sustainable profitability in competitive retail markets.

eendigo

Get in touch now.

Email: office@eendigo-ops.com

Our website: www.eendigo.com

LinkedIn: www.linkedin.com/company/eendigo