


CASE STUDY

 **Client:**
Leading food manufacturer

 **Sector:**
CPG

 **Solution:**
Category Intelligence

Leading food manufacturer uses The Smart Cube's Category Intelligence solution to reduce supplier costs

Business challenge

A European world-leading manufacturer of vegetable oils was paying high prices for one of its key ingredients, coconut oil, from its existing sole supplier, and wanted to explore low-cost sourcing alternatives.

The company engaged The Smart Cube to carry out a comprehensive supplier identification project, targeting three of the world's major coconut oil producing nations – Indonesia, The Philippines and Sri Lanka – with the specific requirement that potential suppliers had to be verified organic coconut oil producers.

The Smart Cube solution

The strategy developed by The Smart Cube involved a combination of primary and secondary research, using analysts with extensive experience in the complex world of organic food production and regulations.

The start point was to establish the criteria for “organic” based on international accreditation guidelines, that exclude coconut oil which had been heat-treated, refined, or denatured.

The Smart Cube's analysts initially used secondary research to find credible suppliers, yielding many websites of companies claiming to be producers of organic coconut oil. Primary research was then conducted to validate the claims, engaging directly with the companies to carry out screening exercises and triangulating the client's needs with the capacity potential stated by each supplier.

The suppliers were asked technical questions covering production processes, business operations and commercials, to identify whether they met the criteria, and were required to complete a detailed questionnaire about factors including product grade, capacity, price points, and packaging options.

The Smart Cube also comprehensively analysed the suppliers' organic accreditations with international and local bodies, cross-checking their certifications for validity, age, frequency of negotiations, etc.



Results

- ▶ **Extensive analysis of the supply base:** The Smart Cube assessed more than fifty coconut oil producers across the target geographies, and modelled the acquired information against the project objectives and supplier specifications.
- ▶ **Holistic view of supplier credentials:** The client was presented with a report containing profiles of each company and a comparison of credentials. This included a tabulated list of potential suppliers, which could be filtered by supplier type, production capacity, geography, processing style, pricing, packaging options, etc., to enable complete visibility and effective analysis of the options.
- ▶ **Category cost savings of 8%:** The Smart Cube recommended nine potential suppliers across the three geographies which met the criteria, and after contracting with one of these companies, the client generated a cost saving of 8%.



Value delivered

- ▶ **Deep category research expertise:** The Smart Cube provided specialist category research and supplier identification skills, and expertise in sourcing challenging information, which did not exist in the client's business
- ▶ **Comprehensive supplier assessment:** The client gained a comprehensive assessment of the supplier landscape across three coconut oil producing countries, which met its specific supplier criteria and research parameters
- ▶ **Evidence-based recommendations:** The recommendations resulting from the comprehensive information on supplier certifications, processing style, price points and packaging options, enabled the client to make informed and evidence-based decisions about new suppliers, ultimately reducing its costs.

[Learn more about](#) how we can help you achieve category management excellence with timely, contextualised intelligence covering supply market dynamics, price forecasts, spend and demand insights.

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