Winning This Year's Retailer Negotiations.

Why Consumer Goods Companies Need to Prepare Differently Now

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Contents

1 | Power Dynamics in Retail Negotiations Are Changing

For decades, consumer goods companies entered their annual negotiations with retailers from a position of informational strength. That advantage is disappearing. Today, retailers command granular first-party data, increasingly AI-powered analytics, and consolidated buying power across Europe. As a result, annual negotiations are moving onto fundamentally different terrain. Recognizing this shift is the first step towards rebuilding commercial advantage.

THREE DEVELOPMENTS ARE FUNDAMENTALLY RESHAPING THE NEGOTIATION LANDSCAPE:

1. For years, manufacturers entered annual negotiations equipped with superior category insights, derived from panel data and proprietary consumer research that few retailers could match. That asymmetry is closing rapidly: retailers now generate, structure, and act on first-party customer data at a scale that rivals – and in some categories surpasses – what manufacturers traditionally brought to the table. The rapid expansion of retail media illustrates the growing commercial value of these data assets: According to IAB Europe, European retail media spend increased by 16.7% to €13.3 billion in 2025, driven in part by advertiser demand for retailers' first-party data and measurable commerce environments.

2. Retailers that once relied on volume leverage and shelf scarcity now also leverage their granular understanding of customer preferences and assortment relevance. This knowledge translates into sharp arguments on which brands deserve listing, promotion, and shelf space. Consumer goods companies find themselves on the defensive, responding to retailer analysis rather than shaping the conversation.

3. Buying power is consolidating across Europe. Retailers continue to centralize purchasing decisions at the European level – increasingly operating through joint buying alliances. According to the European Brands Association, European retail alliances covered around 60% of grocery sales in 2024, up from 31% in 2015. This concentration amplifies retailer leverage and limits the ability of manufacturers to differentiate their prices locally. Country-by-country flexibility, once a meaningful tool, is becoming harder to defend.

As a result, annual negotiations are becoming more intense than ever before. Discussions that used to focus on incremental adjustments now go back to very fundamental questions. Concessions that were once contained to specific accounts spill across the European footprint. The cost of being underprepared – both in financial impact and in setting precedents – has risen sharply.

PREPARATION, NOT DATA, WINS THE OUTCOME

Most consumer goods companies have responded to retailer sophistication by investing in their Category Management capabilities. However, while data and analytics provide the foundation for negotiation success, they are not sufficient on their own. The real differentiator is the ability to translate insights on portfolio, pricing, promotions, and commercial conditions into a tailored, customer-specific negotiation architecture – backed by rigorous preparation. This includes:

- account-specific scenarios,
- clear give-and-take logic,
- quantified must-wins and walk-aways,
- value-selling arguments,
- anticipated retailer claims and prepared rebuttals as well as
- pressure-tested frontline playbooks.

Those are some of the levers that help unlock most impact – which is also where most consumer goods organizations still have meaningful room to improve. The goal should be a joint business planning approach.

In all of this, AI raises the stakes further: applied to first-party data, artificial intelligence is making retailer claims sharper, faster, and harder to challenge. Consumer goods companies that continue to rely on annual planning cycles, manual analysis, and static playbooks will enter negotiations with outdated arguments. The new source of advantage is scenario readiness: the ability to anticipate alternative negotiation paths, understand their implications, and enter the room prepared for each of them.

In this report, we'll take a closer look at how this can be accomplished.

2 | How Consumer Goods Companies Can Rebuild Commercial Advantage

Winning annual negotiations requires an integrated approach that connects strategic insight with frontline activation. Commercial excellence is not a single workstream but a continuous flow across three connected phases:

- **Strategic baselining** creates commercial transparency across portfolio, pricing, and trade investments, surfacing the value pools and negotiation levers that standard reporting hides. The output is an agreed commercial baseline with clear targets across pricing and trade spend.

- **Negotiation preparation** converts those insights into a structured negotiation architecture and equips the frontline to use it. This includes developing a compelling category growth story that translates the manufacturer's insights into a clear value proposition for the retailer. The output is a tested, account-level playbook with clear value-selling arguments and teams rehearsed for the specific negotiations ahead.

- **Negotiation execution** brings the preparation into the room: offers assessed analytically and in real time, on-the-job coaching for key account managers, and a systematic post-round review that feeds every learning back into the playbook.

The strength of the model lies in the linkage: without baselining, preparation lacks substance; without preparation, execution is improvisation; without disciplined execution and feedback, the next cycle starts from scratch. AI is the connective tissue across all three – accelerating the baselining, sharpening scenario design, and supporting real-time offer assessment during execution.

EXHIBIT 1

Commercial Excellence requires an integrated approach of strategy setting and sales team activation.

1. Strategic Baselining | 2. Negotiation Preparation | 3. Negotiation Execution

Commercial Excellence Module

Negotiation Training Module

	1. Strategic Baselining	2. Negotiation Preparation	3. Negotiation Execution
	Create commercial transparency across portfolio, pricing and trade investments to surface value pools & negotiation levers	Convert insights into robust customer fact base and structured negotiation architecture, including scenarios and 'give-and-take' logic	Drive analytically steered negotiations with real-time performance control, coaching and post-round learning
Deliverable	Agreed commercial baseline & negotiation targets across pricing and trade spend	Account-level negotiation playbook, pressure-tested via simulation	Live negotiation run with offer assessment and post-round review

2.1 Strategic Baselining

Baselining is where the analytical work happens. It establishes a fact-based view of where commercial performance stands and turns it into concrete negotiation targets. Three analytical pillars create this backbone.

COMMERCIAL BASELINE

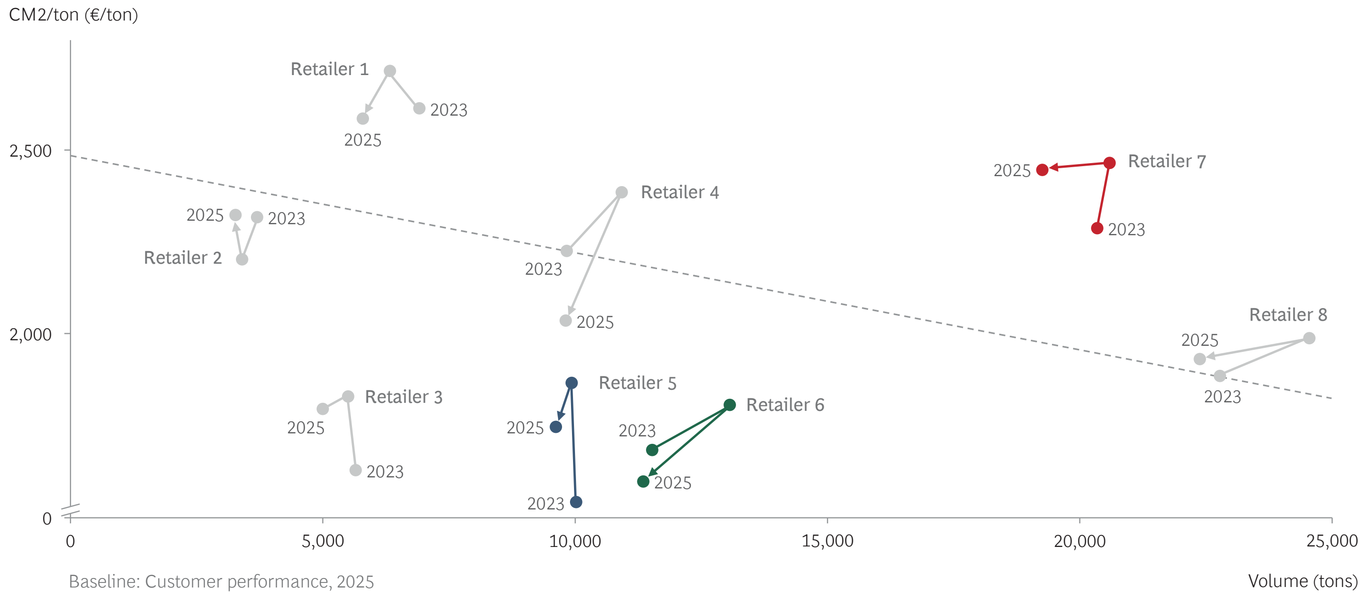
The starting point is a clear picture of performance across the retailer and customer landscape, the customer and product portfolios, and prevailing pricing and promotional dynamics. The aim is to see where value is created, where it is eroded, and where the negotiation should be directed: which accounts grow profitably rather than merely in volume, where trade terms are no longer justified by countervalue, and which price moves are commercially defensible.

LIST PRICING

The second pillar is a structured view of list pricing opportunities. The starting point is a robust fact base, combining competitor pricing moves, input-cost developments, changes in consumer willingness to pay, and the strategic positioning of brands and categories. Building on these insights, companies move beyond a single, non-differentiated proposed increase to a portfolio of pricing scenarios — across-the-board, brand-specific, channel-specific, and combinations thereof — differentiated by product, pack size, and channel and stress-tested against likely competitive responses. AI materially enhances this process by modelling multiple scenarios in parallel, integrating elasticity assumptions and competitive-response probabilities, and turning pricing from a periodic exercise into a continuously updated decision system.

EXHIBIT 2

Current account performance sets the context for developing retailer engagement plans



TERMS & CONDITIONS

The third pillar is usually also a large source of value. In many companies, condition systems have grown historically: layers of rebates, bonuses, marketing payments, and regional support have accumulated over years, often with no clear link to measurable countervalue. The core principle for the negotiation is simple – every condition paid should earn its cost; where it does not, it is restructured.

Historically grown structures share a common pattern. Cashbacks rise year on year, more or less by default. Discounts and bonuses are flat – applied as percentages on total volume rather than tied to specific performance. Marketing activities are loosely defined and only loosely connected to measurable outcomes. The result is a condition system that has expanded steadily without any of its individual elements being clearly justified.

THE TARGET STATE IS DIFFERENT, HOWEVER:

- Business planning should be done jointly between the consumer goods company and the retailer
- Both parties jointly develop a set of measures to fuel growth and/or profitability
- Cashbacks are granted only in exchange for genuinely additional support.
- Discounts and bonuses become dynamic – triggered, for example, by achievement of specific volume growth.
- Marketing activities are organized as a clear, prioritized set of measures, ranked by Return on Marketing Invest.
- Outdated conditions without current purpose are restructured; new conditions are introduced only with explicit countervalue.
- Every condition is supported by transparent performance measurement, ensuring that its countervalue is visible, measurable, and continuously reviewed.

This shift (from automatic concession to value-for-value exchange) is the single most consequential commercial design choice available to consumer goods leadership teams entering the next negotiation cycle. Translating that principle into a concrete before-and-after per condition element and customer is where the biggest impact sits.

EXHIBIT 3

From historically grown conditions with minimal countervalue to clear condition scheme – Cashbacks only for value

	From …	To …
Collaboration	One-sided, tactical proposals	Joint category development plans
Structure	Historically grown conditions structures	**Structured 'menu' set** of discounts and bonuses for KAMs to choose from
Countervalue	Conditions with **support in return**	Repurposing of outdated conditions and/or introduction of new countervalue for each condition paid
Cashback	Retailer expectation of **granting cashback increases year by year**	Only granting **additional cashbacks if additional value received**
Discount and bonus	Flat discounts and bonuses, e.g., 1% on total volume	**Dynamic discounts and bonuses** e.g., 1% only if certain volume growth achieved
Marketing activities	Loosely defined marketing activities	**Clear set of marketing activities** prioritized by *Return on Marketing Invest* (ROMI)

2.2 Negotiation Preparation

Preparation converts the baseline into a decision-ready form and puts it into the hands of the people who negotiate. It rests on two elements: a customer playbook that captures the strategy, and the readiness of the sales team to carry it into the room.

Customer playbook. The central artefact is a customer playbook for every major account: one source of truth that consolidates a compelling category growth story, account performance and portfolio contribution, pricing and trade-term opportunities, retailer-specific value arguments, prepared gives and takes, must-wins and walk-aways, and the likely retailer claims with their response logic. It replaces the fragmented mix of spreadsheets, slides, and individual judgement that usually defines negotiation preparation.

Traditionally, the customer playbook was a snapshot, assembled once ahead of the annual round and increasingly stale from that point on – against a retailer working from continuously refreshed first-party data, a static playbook is a structural disadvantage. The next generation, however, is not a document but a living tool: powered by AI and integrated into the commercial tooling, it updates continuously as new performance data lands, as retailer signals shift, and as learnings from each round feed back in.

Sales team preparation. A strong playbook only pays off if the frontline can use it under pressure. The decisive moment still happens between people in the room – so key account managers need account-specific readiness, not generic negotiation training. Effective enablement typically combines four complementary formats:

- **Bootcamps** — multi-day sessions that build foundational negotiation skills, commercial logic, and a common language.
- **Simulations** — realistic rehearsals that prepare teams for the specific retailer situations coming up.
- **One-on-one coaching** — individual sharpening of technique for specific account managers and negotiation contexts.
- **Expert sparring** — on-demand support for difficult accounts, live issues, and late-stage negotiation turns.

AI-supported simulation extends this further. Virtual retailer agents confront account managers with realistic objections, shifting demands, and escalating pressure, letting teams test openings, rebuttals, concession logic, and closing strategies before the real meeting. Compared with traditional role play, it is more scalable, more personalized, and more demanding – the frontline can encounter many versions of the negotiation before the real one begins.

2.3 Negotiation Execution

WINNING IN THE ROOM

Execution brings preparation to life across the multi-round process. Live offers from the retailer are assessed analytically and in real time against the playbook, so the team can judge quickly what a given demand actually costs across the wider commercial book rather than conceding in the moment. Key account managers receive on-the-job coaching as the rounds unfold, and progress against the negotiation targets is tracked systematically from one round to the next. Crucially, each round closes with a structured success measurement – comparing the outcome against the targets – and a deliberate update of the strategy for the round ahead: revised scenarios, adjusted gives and takes, and refreshed walk-away positions that feed straight back into the living playbook, so every subsequent meeting starts sharper than the last.

ILLUSTRATIVE CLIENT EXAMPLE

The commercial impact becomes visible when the model is applied in practice: the combined effect of these levers can be nicely illustrated by a consumer goods client engagement where the full commercial excellence approach was applied to win the annual negotiations.

The starting point was a typical static commercial model. List prices were increased infrequently, in larger steps every few years. Terms and conditions, by contrast, rose automatically each year, with cashbacks increasing without any matching countervalue. Over time, the result was a slow but consistent margin erosion: list price gains were progressively absorbed by rising conditions, leaving the company structurally worse off with each cycle.

The transformation reorganized the commercial model around a value-for-value approach. List prices were adjusted more frequently in smaller increments, applied selectively where it was commercially advantageous and supported by strong facts. Conditions were no longer increased automatically; each was tied to additional support delivered by the retailer. Portfolio and promotional optimization provided additional levers.

The combined impact was a continuous contribution margin (CM2) improvement of 2-3 %p over a time span of three years.

The impact did not come from one single move. It came from the integrated effect of disciplined pricing, restructured conditions, sharper portfolio choices, and better negotiation preparation.

AI now makes it possible to sustain this discipline over time. Pricing models, condition structures, and account-level optimization can be kept continuously fresh rather than reviewed only once per cycle.

3 | Embedding Commercial Excellence into the Organization

Designing a better negotiation model is only the first step. Sustaining superior commercial performance requires more than stronger analytics or better preparation for the next negotiation cycle. It requires embedding new capabilities, decision processes, and ways of working across the commercial organization. Two shifts are particularly important. The first concerns the role of key account management. The second concerns the commercial operating model that supports it.

3.1 Redefining the Role of Key Account Management

The role of the key account manager is changing fundamentally. Traditionally, key account managers spent much of their time gathering information, preparing negotiation material, and coordinating inputs across functions. Increasingly, these activities can be automated or significantly accelerated through AI.

The differentiating capability therefore shifts from collecting information to interpreting it. The next-generation key account manager is no longer primarily a price and condition negotiator. They are a data-driven growth partner who combines commercial judgment with analytical insight to develop retailer-specific growth strategies.

This changes the capabilities required for the role. Key account managers need greater analytical fluency to interpret retailer first-party data and challenge retailer hypotheses; stronger scenario thinking to anticipate alternative negotiation paths and their commercial implications; and the ability to translate category, pricing, and consumer insights into a compelling growth story for the retailer.

At the same time, AI-enabled tools increasingly support activities such as data synthesis, scenario modeling, playbook updates, and negotiation rehearsal – allowing key account managers to spend less time assembling information and more time interpreting it, shaping strategy, and engaging with customers.

The shift is therefore broader than building better negotiation skills. It changes where key account managers create value: from preparing information to making better commercial decisions, and from negotiating individual terms to building a joint growth agenda with the retailer.

3.2 Building a New Commercial Operating Model

The changes extend well beyond individual negotiation capabilities. **Four shifts shape the future commercial operating model:**

1. Negotiations are becoming increasingly data-led,
2. Retail media is emerging as a strategic growth field for retailers,
3. Personalized activation is replacing traditional mass promotions and
4. Trade spend is evolving from a cost bucket into a jointly managed investment.

Together, these shifts require a fundamental recalibration in how consumer goods companies engage with retailers. The relationship needs to move from reactive and defensive to a proactive, on-eye-level partnership:

EXHIBIT 4

Resulting changes across commercial capabilities

	From …	To …
Role of Sales/KAM	Price and condition negotiator	Data-driven growth partner for retailer
Joint business planning	Listing, pricing, promo calendar	Integrated growth agenda incl. data, retail media, loyalty
Use of Retail 1st-party data	Reacting to retailer data and reports	Jointly leveraging 1st party data to draft a shared growth agenda
Retail media	Tactical add-on budget	Strategic negotiation & growth lever
Promotions	National mass promotions	Personalization at scale via retailer loyalty program
Trade spend	Large share locked in discounts	Flexible allocation across promos, loyalty, retail media
Ways of working	Annual plans, siloed functions	Test-and-learn, cross-functional squads
Decision speed	Slow, calendar-driven	Fast, insight-driven

For instance, sales and key account managers evolve from price and condition negotiators into data-driven growth partners, while joint business planning expands beyond listing, pricing, and promotional calendars to an integrated growth agenda encompassing data, retail media, and loyalty.

This also changes how commercial levers are managed: instead of simply reacting to retailer reports, manufacturers need to jointly leverage this data with the retailer to draft a shared growth agenda. Retail media becomes a strategic negotiation and growth lever rather than a tactical add-on budget. Promotions move from national mass campaigns towards personalization at scale through retailer loyalty programs, while trade spend becomes more flexible across promotions, loyalty, and retail media.

Making these shifts work requires a corresponding change in ways of working: annual planning cycles and siloed functions need to give way to cross-functional, test-and-learn approaches, while decision-making becomes faster and increasingly insight-driven. **In combination, these changes redefine commercial excellence from a periodic negotiation capability into an agile, data-led partnership model.**

4 | Strategic Implications for Leadership

The transformation described throughout this report has clear implications for consumer goods leadership teams: the question is no longer whether annual negotiations are becoming more demanding – it is whether organizations are evolving quickly enough to compete under fundamentally different conditions. Six priorities stand out:

1 Accept that the rules of the annual negotiation have changed.

Retailer first-party data, increasingly AI-powered analytics, and consolidated European buying power have fundamentally shifted the balance of power. Companies that continue to negotiate as they have in the past will gradually lose commercial ground. The challenge is no longer cyclical; it is structural.

2 Shift the focus from data collection to negotiation preparation.

Most consumer goods companies have invested significantly in data and analytics over the past decade. The next source of competitive advantage lies in translating these insights into negotiation architecture: account-specific scenarios, clear give-and-take logic, quantified walk-away positions, and well-prepared frontline teams.

3 Redesign trade terms around measurable countervalue.

Historically grown condition structures are becoming increasingly difficult to justify. Every commercial investment should create transparent and measurable value for both parties. Organizations that consistently apply a value-for-value logic will create a more resilient commercial model while improving profitability over time.

4 Treat commercial excellence as an operating model rather than a negotiation capability.

Winning annual negotiations is no longer primarily about individual negotiation skills. It requires an integrated commercial operating model that connects pricing, revenue growth management, trade spend, customer analytics, portfolio decisions, and negotiation execution into one continuous system.

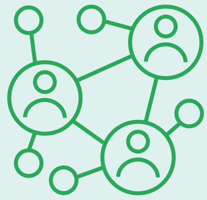
5 Redefine the role of key account management.

The key account manager of the future is not simply a negotiator. They are a data-driven business partner who combines commercial judgment with analytical insight to create retailer-specific growth strategies. This shift has implications for hiring, capability building, organizational design, and incentives.

6 Embed AI across the commercial workflow.

Artificial intelligence should not be treated as a stand-alone initiative. Its value comes from accelerating every stage of the negotiation cycle – from commercial baselining and pricing simulation to playbook generation, negotiation rehearsal, live decision support, and performance monitoring.

Winning the Next Negotiation Starts Today



The annual negotiation will not become less important – quite the contrary: as retailers continue to sharpen their analytics, deepen their data advantage, and accelerate their use of artificial intelligence, the gap between consumer goods companies that prepare deliberately and those that improvise will widen with every cycle.

Commercial advantage is no longer inherited through brand strength, historical market position, or long-standing retailer relationships. It is earned time and again in every negotiation cycle through superior preparation, faster learning, and better commercial decision-making.

The companies that act on these changes deliberately will reset the terms on which the entire conversation is held.

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