

Cost Calculation Assessment*

*Ambient grocery example: Higher margins – Chilled and Health & Beauty products

Assessment Criteria	Global Benchmark	Actual
Retailer: Everyday margin	20-35%	
Retailer: Back margin (rebates, discounts)	0-10%	
Retailer: Other margin (Damage, merchandising, central warehouse)	0-5%	
Total Retailer Gross Margin	25-40%	
Trade Promotion (Manufacturer)	5-20% of net sales	
Total Distributor Margin	15-35%	
Warehouse / Stickers	2-4%	
Delivery	2-5%	
Total Distributor Logistics	3-7%	
Key Account Sales	1-3%	
Brand Management	1-2%	
Merchandisers / Field Force	0-4%	
Total Distributor Sales Team	4-6%	
Administration	1-2%	
Finance and Collections	2-5%	
Overheads (office, IT, corporate)	2-5%	
Distributor Promotion Investment	0-10%	
Distributor Net Profit	2-5%	