

From margin loss to margin gain: A profit recovery guide for FMCG suppliers

Challenges and opportunities in a squeezed retail market



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Ways to win even in tough times

The UK retail sector remains dynamic but demanding. A growing and increasingly price-savvy population is driving solid sales for suppliers. However, they continue to operate under extreme commercial pressure.

According to [Food Manufacture's Q1 2025¹](#) data:

- › **44%** of manufacturers increased domestic sales
- › But only **17%** saw profit growth

This discrepancy reveals a structural challenge. Rising input costs, transactional promotional deals, and intense trading practices reflect the challenge of delivering both top and bottom-line growth.

Just like every large industry where the drivers for growth are firmly rooted in the dynamics of person-to-person trading, the UK retail sector contains inefficiencies and human error.

While this human approach is still the best way to deliver the desired outcomes (AI is yet to master the subtleties of human interaction and meaning), this report details the opportunities for meaningful profit improvement.

Through the latest data and statistics, insights from leading experts, and real-world examples, this report explores the sources of margin leakage and outlines a positive, collaborative path forward. We reveal how expert support that focuses on existing deals can give internal teams the space to grow new commercial opportunities, allowing suppliers to drive growth and profits even through tough trading conditions.

Meet our expert panel

This report combines the insights of leading voices across retail, supply chain, and commercial strategy. Their experience grounds the analysis in day-to-day reality while offering a clear-eyed view of how the industry can move forward.



Ben Lewis

Commercial Sales Officer at Salitix, with a decades-long view from inside finance, commercial operations, and forensic audit in FMCG. They specialise in finding and fixing commercial leakage without disruption.



Nick Downing

Founder of Skybridge Advisory, Non Exec Director at Minster FB and Business Development Director at YF. Extensive experience advising brands and working with over 100 global retailers.



Ged Futter

Negotiation Trainer at The Retail Mind and industry commentator. Former Asda Senior Buyer.



Guy Cuthbert

SVP & GM of CRISP UK. Former CEO of Attheon Analytics. Specialist in supplier data platforms and operational decision-making across CPG and retail.

A sector in constant motion

The UK retail supply chain has faced a relentless series of shocks over the past five years. From Brexit's trade barriers and COVID's demand swings to ongoing inflation, labour shortages, and geopolitical tensions, the rulebook has been rewritten multiple times. What once looked like short-term volatility is now embedded into the operating environment.

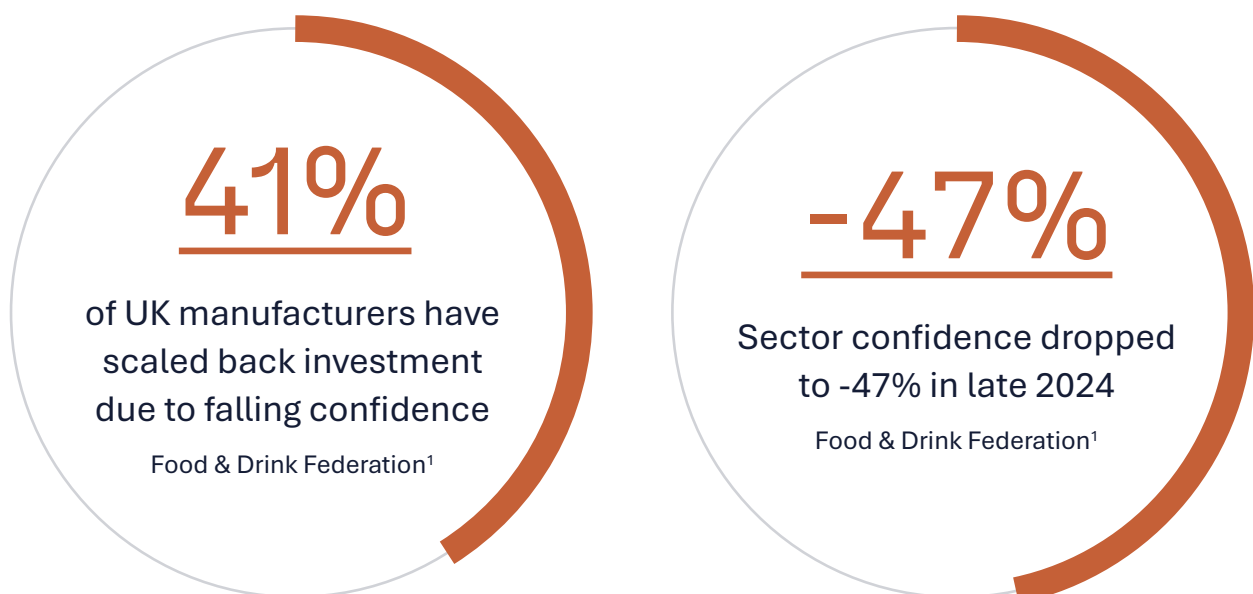
“

The industry has almost got used to the fact that there's always going to be a crisis of some description.”

Ben Lewis

Such unpredictability changes the industry's mindset, and businesses must now be able to respond to a crisis as quickly as possible. As Guy Cuthbert summarises: “Agility and responsiveness are now more important than leanness and efficiency.”

The latest industry numbers reveal exactly why this agility is essential today.





Still, there are glimmers of optimism: **Retail sales volumes in Great Britain rose by 0.7% in 2024**, marking the first annual increase in three years – ONS.³

The retail industry as a whole is still working to discover what this new normal looks like. Retailers and suppliers alike are juggling positive signs of growth with unexpected challenges that threaten margins. What can't be denied, however, is that margins have shrunk in recent times.



“Back in the early noughties, UK retail operating margins were seen as global best in class. That’s no longer the case, retailers are now having to work on much lower margins.”

Nick Downing

Retailers and suppliers are sharing the strain

“

If you're looking after three categories and 3,000 products, how do you give all those attention? The simple answer is you don't. You focus your attention on the 5% that gives you most of your return. So there's an attention problem, which is exacerbated by the lack of available time.”

Guy Cuthbert

Retailers and suppliers have unique, two-way commercial relationships. A negative impact on one can often lead to a subsequent and similar effect on the other. As such, retailers and suppliers are doing their best to navigate this tricky environment together.

However, finding the right amount of push and pull between suppliers and retailers can be a delicate balancing act.

Some high street retailers have been squeezed by discounters over the last decade, driving down margins for increasingly price-savvy shoppers. Operational costs continue to rise, and National Insurance hikes eat into profits. The danger here is that such challenges can lead to panic and ill-advised decision-making.

“

With retailers under pressure, there is always a risk that it drives the wrong behaviour. You've got a buyer who's under pressure, you've got a commercial director who's under pressure. There is always a risk that they're going to do things that they wouldn't normally do, and they'll put more pressure on the supply base to make up for some of the gaps that they might have.”

Nick Downing

It's often assumed that retailers have all the power over suppliers and dictate commercial terms. However, our experts are keen to point out that suppliers don't need to accept retailers' demands. Instead, they should always negotiate and stand their ground.



“An option for suppliers is to say ‘no’ to retailer demands. To say ‘No thanks, we don’t accept these terms. If you want to work with us then we need a four-year agreement. And if you don’t have a long-term agreement, we’re not going to work with you’.”

Ged Futter

90%+

More than 90% of food and drink suppliers requested cost price increases between 1–6% in 2025

The Grocer⁴



The latest evidence demonstrates how suppliers are indeed pushing back – but don’t always get the terms they want.

A recent study in The Grocer found that more than 90% of food and drink suppliers requested cost price increases between 1–6% in 2025 – but most of these were rejected by supermarkets.

The key here is for suppliers and retailers to find common ground and mutual benefit. In today’s low-margin environment, everyone is looking to protect their bottom line. The secret to maintaining good commercial relationships is empathy and trust.

We can see this [in Asda’s focus on working closer with suppliers and turning them into “partners for growth”⁵](#). In light of poor financial performance, Asda understands that collaborating closely with suppliers is in everyone’s best interests.

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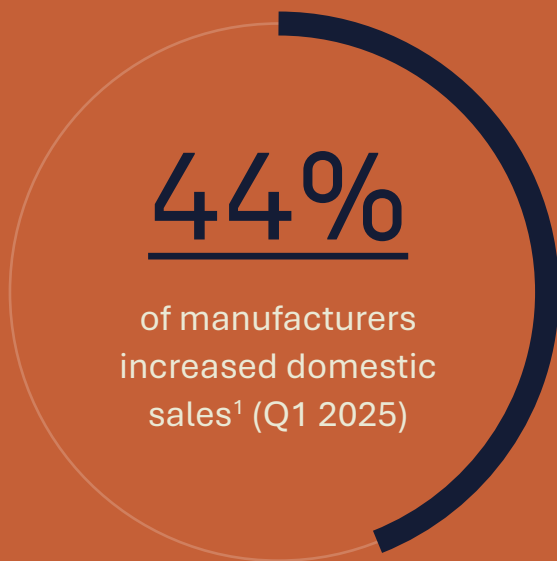
The best relationships come down to people. Collaborative buyers and collaborative teams that work well with their suppliers – and vice versa – and tend to increase availability, reduce waste, and serve shoppers better; while adversarial relationships tend to end in poor service and disappointed shoppers.”

Guy Cuthbert

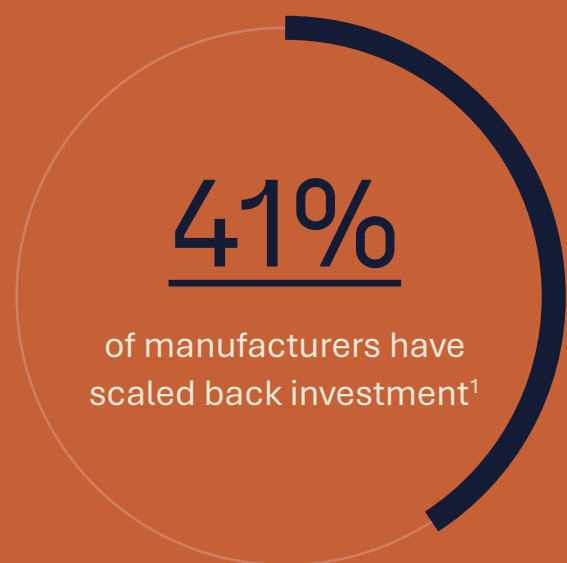
The retail pressure index

Here's a snapshot of the commercial realities suppliers are navigating today:

Performance & Profitability



Confidence & Investment



Cost Pressures



86%

of retailers report rising operational costs²



4.5%

Ingredient costs up 4.5% YoY to March 2025¹



90%

More than 90% of suppliers requested CPI hikes (1–6%), many rejected⁴

Positive signs

0.7%

Retail sales volumes in Great Britain + 0.7% in 2024³ (first increase in 3 years)

Specialist resources: A smarter way forward

Having explored the challenges, let's shift focus to where the opportunities lie. The good news is there is a better way forward – one that many leading suppliers are already adopting.

The same pressures that strain internal resources...

- › **Lack of time**
- › **High volumes of deals and commercial contracts**
- › **High staff turnover**

...are reasons why suppliers should consider all options when it comes to maximising the performance of their trade spends.

One such option in this tough operating environment is to outsource functions that commercial teams often find themselves responsible for, but which are not directly related to the key task of developing tomorrow's growth opportunities. For example, the reconciliation of historical trading conducted by customers, where claims are either placed with commercial teams to consider or passed to internal resources with little or no exposure to the trading context; while conversely, internal reconciliation of trade spend is limited to checking sales against forecasts and/or accruals.

“Commercial see outsourcing as someone interfering. Finance see it as someone spending money. But it's not. It's a service that protects you.”

Ged Futter

Whether recruited internally or outsourced to third-party partners, specialist resources offer expert support for early-career professionals who are being handed enormous responsibilities. That inexperience, coupled with overstretched teams, makes it increasingly difficult to maintain full commercial accuracy. Without the time or support to chase every deduction, verify every agreement, or challenge every discrepancy, suppliers often write off sums without ever knowing whether they were right to do so.



You used to build up to having a big role like a buyer or account manager. Now that doesn't happen. You leave university and you start off with a graduate role. A graduate could be buying a category that is £50m to 100m, easily. Basic skills that the industry had have disappeared, and when they disappear that pushes risk to suppliers.”

Ged Futter

Suppliers today are operating in an environment defined by relentless pace, transactional complexity, and ever-rising expectations. Time constraints, lean operating models, and high-volume trading create a perfect storm where even the most capable teams can struggle to maintain complete accuracy. Add to that the increasing reliance on early-career professionals, and the risk of missed margin or unnoticed discrepancies rises sharply.

In this context, outsourcing isn't about replacing internal teams – it's about reinforcing them. By working with a specialist like Salitix, suppliers gain dedicated, experienced support that's built for this environment: high volume, low friction, and commercially sensitive. It's a way to bring structure, clarity, and confidence to a process that too often slips down the priority list – not because it's unimportant, but because it's overwhelming.



“Why do you think all the retailers have forensic auditors in? Because there’s money for them to make. They haven’t got the time to do it, so they employ somebody else to do it.”

Ged Futter



The benefits of frictionless profit recovery

At Salitix, we never blame. We support. Our job is to help you catch what gets missed, so you can get back to what matters: growing the business and strengthening relationships.

We do this through frictionless profit recovery. It's frictionless because we work independently from your commercial channels to protect sensitive relationships. Instead, we conduct independent forensic analysis of contracts, agreements, invoices, and all related commercial activity to ensure accurate invoicing of trading has taken place, i.e. which reflects what happened in store and at the till.

Salitix works with suppliers to:

- › **Reconcile commercial agreements and validate deductions**
- › **Provide visibility across sales, finance and operations for increased insight**
- › **Deliver profit maximisation from investment without friction or disruption to critical commercial relationships**

This allows suppliers to focus on what's important – tomorrow's growth. It also means less time reacting to historical issues and greater agility in their quest to maximise margins and growth.

Salitix track record

 **5%**, the average net profit recovered from initial reconciliation

 **£100m+** recovered for suppliers since 2012

Frictionless profit recovery from Salitix delivers:

- › **Increased confidence** – Knowing your deductions and deals are being checked systematically
- › **Stronger relationships** – Backed by accurate data, not guesswork or memory
- › **Reclaimed value** – Finding the margin leakage others miss

Importantly, it's a shared success. Retailers benefit too – from cleaner processes, fewer disputes, and clearer communication.

This is what true partnership looks like in today's market: collaborative, constructive, and commercially sound. Profit recovery isn't about auditing out of distrust. It's about building clarity, improving visibility, and protecting relationships.



“It's not about clawbacks. It's about clarity.”

Ben Lewis

The 3 traits of forward-thinking suppliers

We began this Supplier's Guide to Profit Recovery by calling out the challenges facing the industry today. We all know what 'bad' looks like in our sector. So what does 'good' look like? What sets resilient suppliers apart from those missing out on profits?

Here are three key attributes

- 1. Centralised data** – A single source of commercial truth across departments. This reduces confusion, aligns teams, and speeds up dispute resolution.
- 2. Proactive reconciliation** – Checking agreements, deductions and outcomes as they happen. Not waiting for disputes, but getting ahead of them.
- 3. Trusted external support** – Independent specialists who bring knowledge, objectivity, and rigour. They help uncover opportunities and avoid oversights.

Beyond the operational improvements, there's a cultural shift too: from reactive firefighting to proactive value recovery. In today's market, that's not just helpful – it's essential.



Quite often you'll hear, 'We've got this covered, we've been doing it for x number of years. It's working fine'. But how do you know whether they're doing a good job or not? Because they haven't got a reference point outside of their own business. You're only auditing your business; you're not auditing and looking at profit recovery for other businesses, which is what Salitix does. If you've not got an external reference for what good looks like and you're convinced that your processes are robust, then I think it's a big blind spot."

Nick Downing

Supporting a fair, best-practice trading environment

Retail today is complex, high-pressure, and unforgiving. Suppliers face more moving parts, more ambiguity, and more margin risk than ever before. But complexity isn't an excuse to accept leakage. It's a call to action.

Forward-thinking suppliers are already transforming how they manage commercial relationships. They're not waiting for disputes or write-offs. They're auditing agreements, validating deductions, and recovering what's theirs – quietly, accurately, and without damaging their retailer partnerships.

With CPI challenges ongoing and several major retailers under strain, the pressure to create growth and protect margin is intensifying. In this tough environment, every pound counts – and every missed opportunity to reconcile agreements or recover lost margin is a risk you can't afford. That's why progressive and proactive suppliers are acting now. Profit recovery isn't a response to distress; it's a strategy for resilience. It helps suppliers regain control, reinforce commercial accuracy, and deliver growth in the toughest of retail environments.

“Suppliers don't need to accept leakage. They can do something about it – without damaging commercial relationships.”

Ben Lewis

Take the first steps to recovering your profits

Book an assessment with our team to discuss your specific situation and discover how Salitix can help you uncover your hidden profits.

Chat with an expert

- › Salitix.com
- › enquiries@salitix.com

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