

RE: RPF - Notification of Price Changes

From: Paul Carroll <[REDACTED]@coles.com.au>
To: Lauren Murtagh <[REDACTED]@realpetfoodco.com.au>
Cc: Chad Burke <[REDACTED]@coles.com.au>; Emma Bates <[REDACTED]@coles.com.au>; Simon Russell <[REDACTED]@realpetfoodco.com.au>; Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>; Gentjana Emini <[REDACTED]@coles.com.au>
Date: Tue, 14 Dec 2021 23:41:00 +1100
Attachments: Summary - VIP Petfoods - Supplier Submission.xlsx (158.4 kB)

Hi Lauren,

By way of introduction I am Paul, the new SCM for Pet.

We have completed the review of the request for 70 SKUs from Real Pet Food in the Pet Food & Fresh Pet Food categories. The VMO have found that only 8.5% (\$4.2m in COGS p.a.) can be justified of the request for 14.7% (\$7.3m in COGS p.a.) with a gap of \$3.1m in COGS p.a. As a result of this invalidation, our initial response to this request for a cost price increase is declined.

Please refer to the attached file for more details on a sku by sku basis.

Some key callouts:

- You provided cost allocations and claimed movements in their submission form. We have used your cost breakdowns in our analysis, rebasing for 20% to account for a standard markup and overheads as your submission added to 100% without sufficient allowance
 - For additional inputs not disclosed, our team have used a combination of should-cost modelling and industry benchmarks
- We do not have access to any Kangaroo meat indices or practical substitutes so it was not assessed in our analysis, however we welcome you to provide supporting documentation to help us understand your cost impact claims
- Last dates of CPI have been picked up from our internal tools.

List price and price change % differences

- You have submitted a letter notification of price changes and subsequently CPI Forms
- In our analysis we have used your price change % listed in their letter notification, please let us know if you would like us to amend on this basis
- There are 6 SKUs where the price change % is different between the two documents

SKU ID	SKU Description	Change % - Letter	Change % - CPI Form
2133210	NATURES GOODNESS GF PUPPY CHILLED FRESH DOG FOOD ROLL GROWING PUP CHICKEN WITH VEGETABLES 680G:680 GRAM	8.2%	10.0%
5006398	VIP PROTA PAK ADULT CHILLED FRESH DOG FOOD ROLL LAMB & VEGETABLE 3KG:3 KG	21.2%	14.3%
4490160	NATURES GOODNESS GRAINFREE NTRTN DOG FOOD HEALTHY JOINTS WITH SALMON & GARDEN VEG 400 GRAM	26.3%	21.4%
4490182	NATURES GOODNESS GRAIN FREE NUTRITION ADLT WET DOG FOOD FIT & TRIM WITH KNGR & GARDEN VEG 400 GRAM	26.3%	21.4%
4490171	NATURES GOODNESS GRAIN FREE NUTRITION ADLT WET DOG FOOD RADIANT COAT WITH CHCKN & GRDN VEG 400GRAM	26.3%	21.4%
4926583	NATURES GOODNESS GROWING PUP WET DOG FOOD FOR PUPPIES 400G	26.3%	21.4%

- There are also 8 SKUs where your provided current price is different to our records in RMS

SKU ID	SKU Description	Supplier Current Price	RMS Price
2912668	FUSSY CAT GRAIN FREE ADULT WET CAT FOOD SALMON & OCEANFISH WITH OLIVE OIL 400G:SALMON & WHITEFISH WITH OLIVE OIL:::400 GRAM	\$REDACTED	\$REDACTED
4490160	NATURES GOODNESS GRAINFREE NTRTN DOG FOOD HEALTHY JOINTS WITH SALMON & GARDEN VEG 400 GRAM	\$D-	\$CO
4490182	NATURES GOODNESS GRAIN FREE NUTRITION ADLT WET DOG FOOD FIT & TRIM WITH KNGR & GARDEN VEG 400 GRAM	\$CO	\$NFI

4490171	NATURES GOODNESS GRAIN FREE NUTRITION ADLT WET DOG FOOD RADIANT COAT WITH CHCKN & GRDN VEG 400GRAM	\$REDACTED	\$REDACTED
4926583	NATURES GOODNESS GROWING PUP WET DOG FOOD FOR PUPPIES 400G	\$REDACTED	\$REDACTED
2554841	NATURES GOODNESS GRAIN FREE NUTRITION ADULT WET DOG FOOD CHICKEN & DUCK WITH GARDEN VEG 700GRAM	\$REDACTED	\$REDACTED
2554863	NATURES GOODNESS GRAIN FREE NUTRITION ADULT WET DOG FOOD KANGAROO SWEET POTATO & GREEN BEANS 700G:	\$CONFIDENTIAL	\$CONFIDENTIAL
4308890	NATURE'S GIFT PUPPY CHILLED FRESH DOG FOOD MEATBALLS WITH CHICKEN & GARDEN VEGETABLES 650G:650 GRAM	\$CONFIDENTIAL	\$CONFIDENTIAL

Next Steps:

If the prices seen in our market indices do not correlate to the price trends experienced by Real Pet, you can provide us with some sort of documentary evidence to support price movements you have quoted (either in the form of contracts or invoices or any publicly available indices). From here we can pick up the conversation.

Coles is committed to protecting the confidentiality of any data provided by any supplier as part of the cost price adjustment process. However, to address any concerns you may have about the provision of confidential information you may:

- Enter into a confidentiality agreement in relation to the information provided (with Coles CCT) i.e. to share invoices to confirm the cost increases
- Engage an independent third party to conduct a confidential review of the information and provide a recommendation to Coles. The identity of the independent third party is to be agreed between the supplier and Coles and the cost of such review will be shared equally by both parties.

Paul Carroll

Senior Category Manager - Pet

800 Toorak Road Hawthorn East Victoria 3123 Australia

M: REDACTED **E:** REDACTED@coles.com.au **IG:** @coleshealthandbeauty



From: Lauren Murtagh <REDACTED@realpetfoodco.com.au>

Sent: Tuesday, 30 November 2021 5:37 PM

To: Gentjana Emini <REDACTED@coles.com.au>; Michael Papalia <REDACTED@coles.com.au>; Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>

Cc: Chad Burke <REDACTED@coles.com.au>; Emma Bates <REDACTED@coles.com.au>; Simon Russell <REDACTED@realpetfoodco.com.au>

Subject: RE: RPF - Notification of Price Changes

Hi team,

I hope you're all well. Please see all requested information regarding the RPF price change.

If there is anything else you need, please do let us know.

Thanks!

Lauren

From: Gentjana Emini <REDACTED@coles.com.au>

Sent: Tuesday, 16 November 2021 9:29 AM

To: Michael Papalia <REDACTED@coles.com.au>; Lauren Murtagh <REDACTED@realpetfoodco.com.au>; Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>

Cc: Chad Burke <REDACTED@coles.com.au>; Emma Bates <REDACTED@coles.com.au>

Subject: RE: RPF - Notification of Price Changes

Importance: High

Hi Lauren,

Please find attached form that our business needs for a price change.

Please resend this form back to everyone on this email.

Any issues let us know.

Regards,

Gentjana Emini
Business Category Coordinator

Pet Food , Fresh Pet Food , Pet Accessories & Bird Food

L1M6 800 Toorak Road Hawthorn East Victoria 3123 Australia

T [\[REDACTED\]](#) | E [\[REDACTED\]@coles.com.au](#)



From: Michael Papalia <[\[REDACTED\]@coles.com.au](#)>
Sent: Tuesday, 16 November 2021 9:05 AM
To: Lauren Murtagh <[\[REDACTED\]@realpetfoodco.com.au](#)>; Gentjana Emini <[\[REDACTED\]@coles.com.au](#)>; Cost Price Increase Requests <[CostPriceIncreaseRequests@coles.com.au](#)>; Chad Burke <[\[REDACTED\]@coles.com.au](#)>; Emma Bates <[\[REDACTED\]@coles.com.au](#)>
Subject: RE: RPF - Notification of Price Changes

Hi Lauren

Thanks for the communication.

[@Gentjana Emini](#), can you send Lauren the Coles Cost increase form for her business to complete for our analysis

[@Cost Price Increase Requests](#) [@Emma Bates](#) [@Chad Burke](#) FYI

Thank you

From: Lauren Murtagh <[\[REDACTED\]@realpetfoodco.com.au](#)>
Sent: Monday, 15 November 2021 8:47 PM
To: Michael Papalia <[\[REDACTED\]@coles.com.au](#)>
Subject: RPF - Notification of Price Changes

Hi Michael,

I hope you had a good day. As briefly discussed last week, attached is communication on price changes within the RPF portfolio.

If you have any questions, please feel free to get in touch.

Thanks,

Warm regards,

Lauren Murtagh

Coles Account Manager



PO Box 346,
North Sydney, NSW 2059

m [\[REDACTED\]](#)
[realpetfoodco.com.au](#)



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