

****DO NOT FORWARD** | Recommendation | Australian Pet Brands_20221114_Pet Food**

From: Freysan Hardjo <REDACTED@coles.com.au>
To: Paul Carroll <REDACTED@coles.com.au>
Cc: DEL Peter Blanas <REDACTED@coles.com.au>; Yu Yee Sim <REDACTED@coles.com.au>; Aleksandra Drazic <REDACTED@coles.com.au>; Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>; DEL Pramod Kumar <REDACTED@coles.com.au>
Date: Tue, 29 Nov 2022 17:46:59 +1100
Attachments: RPF Cost Price Increase.eml.msg.msg (1.74 MB); Summary_Australian Pet Brands_20221114_Pet Food.xlsx (209.13 kB); Untitled.eml.msg.msg (370.69 kB)

Hi Paul,

We have completed the review of the CPI request from **Australian Pet Brands** on 85 SKUs in the **Pet Food** Category.

IMPORTANT

- * Response due to supplier **Tuesday, 13th December** to comply with Grocery Code Obligations.
- * Please **do not forward** this email to your supplier – Use attached template for supplier communication.
- * We have pre-populated figures based on CCT analysis, however please remember that you are not required to use this as the Coles position if there other reasons to do so. Please let us know if you would like to present a materially different position to the supplier and we can assist with preparing a different response.
- * To send the attached templated response to the supplier, you will need to:
 1. 1. Read and remove the red text at the beginning
 2. 2. Fill in details of sections highlighted in yellow
 3. 3. Select/remove any conditions of acceptance (section highlighted in green)
 4. 4. Make relevant additions or amendments (any amendments or additions to the template should come to CCT)
 5. 5. Address to relevant supplier contact(s), cc the CPI Inbox (CostPriceIncreaseRequests@coles.com.au) and send.

Recommendation Details:

- * We have found that **7.7% (\$4.1m in COGS p.a.) can be justified** of the request for **10.6% (\$5.6m in COGS p.a.) with a gap of \$1.5m in COGS p.a.**

Last cost price change	SKU No	SKU Name	Last 12 months COGS \$	Increase request from supplier		CCT Recommendation	
				% Increase Request	Value Request	% Increase Accept	Value Accept \$
Sep-17	2912679	FUSSY CAT GRAIN FREE ADULT WET CAT FOOD B	\$ 571,843	25.0%	\$ 142,961	12.7%	\$ 72,744
Sep-17	2912657	FUSSY CAT GRAIN FREE ADULT WET CAT FOOD C	\$ 709,276	25.0%	\$ 177,319	12.7%	\$ 90,227
Sep-17	2912668	FUSSY CAT GRAIN FREE ADULT WET CAT FOOD S	\$ 406,666	25.0%	\$ 101,667	9.1%	\$ 37,058
Apr-22	9112910	FUSSY CAT GRAIN FREE ADULT DRY CAT FOOD C	\$ 874,618	9.1%	\$ 79,590	(2.0%)	-\$ 17,231
Apr-22	9112896	FUSSY CAT GRAIN FREE ADULT DRY CAT FOOD B	\$ 620,831	9.1%	\$ 56,496	(2.1%)	-\$ 12,731
Apr-22	9112900	FUSSY CAT GRAIN FREE SALMON & OCEANFISH V	\$ 575,344	9.1%	\$ 52,356	(3.3%)	-\$ 19,197
Apr-22	4496098	FUSSY CAT GRAIN FREE ADULT DRY CAT FOOD IN	\$ 686,009	9.1%	\$ 62,427	(2.9%)	-\$ 19,713
Apr-22	2739950	FUSSY CAT GRAIN FREE ADULT DRY CAT FOOD C	\$ 1,435,139	9.1%	\$ 130,598	(2.7%)	-\$ 38,126
Apr-22	2739960	FUSSY CAT GRAIN FREE ADULT DRY CAT FOOD SA	\$ 2,054,008	9.1%	\$ 186,915	(4.3%)	-\$ 89,286
Sep-17	5843062	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 140,801	14.9%	\$ 20,979	7.6%	\$ 10,694
Sep-17	1513157	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 97,871	14.9%	\$ 14,583	7.6%	\$ 7,434
Sep-17	1513168	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 205,655	14.9%	\$ 30,643	7.6%	\$ 15,620
Sep-17	4935879	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 172,911	14.9%	\$ 25,764	7.6%	\$ 13,133
Sep-17	7531606	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 176,266	14.9%	\$ 26,264	7.6%	\$ 13,388
Sep-17	4935904	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 155,125	14.9%	\$ 23,114	7.6%	\$ 11,782
Sep-17	2735449	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 109,393	14.9%	\$ 16,300	7.6%	\$ 8,309
Sep-17	2735427	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 135,252	14.9%	\$ 20,152	7.6%	\$ 10,273

Sep-17	4490182	NATURES GOODNESS GRAIN FREE NUTRITION A	\$ 312,575	16.9%	\$ 52,825	14.7%	\$ 45,929
Sep-17	4926583	NATURES GOODNESS GROWING PUP WET DOG	\$ 199,720	16.9%	\$ 33,753	14.7%	\$ 29,347
Sep-17	4490160	NATURES GOODNESS GRAIN FREE NTRTN WET D	\$ 512,508	16.9%	\$ 86,614	9.2%	\$ 46,944
Sep-17	4490171	NATURES GOODNESS GRAIN FREE NUTRITION A	\$ 449,387	16.9%	\$ 75,946	14.7%	\$ 66,032
Sep-17	4490240	NATURES GOODNESS GRAIN FREE NUTRITION W	\$ 368,045	6.0%	\$ 22,083	6.0%	\$ 22,083
Sep-17	4490229	NATURES GOODNESS GRAIN FREE NTRTN WET D	\$ 694,804	6.0%	\$ 41,688	6.0%	\$ 41,688
Sep-17	4490230	NATURES GOODNESS GRAIN FREE NTRTN ADLT V	\$ 573,933	6.0%	\$ 34,436	6.0%	\$ 34,436
Sep-17	4490149	NATURES GOODNESS GRAIN FREE NTRTN ADULT	\$ 314,028	5.6%	\$ 17,586	5.6%	\$ 17,586
Sep-17	4490116	NATURES GOODNESS GRAIN FREE NUTRITION P	\$ 378,108	5.6%	\$ 21,174	5.6%	\$ 21,174
Sep-17	4490127	NATURES GOODNESSGRAIN FREE NUTRITION DR	\$ 822,570	5.6%	\$ 46,064	5.6%	\$ 46,064
Sep-17	4490138	NATURES GOODNESS GRAINFREE NUTRITION AD	\$ 724,569	5.6%	\$ 40,576	5.6%	\$ 40,576
Sep-17	4490003	NATURES GOODNESS GRAIN FREE NUTRITION A	\$ 774,529	5.7%	\$ 44,148	5.7%	\$ 44,148
Sep-17	4490014	NATURES GOODNESS GRAIN FREE NUTRITION A	\$ 1,214,380	5.7%	\$ 69,220	5.7%	\$ 69,220
Sep-17	3585782	NATURE'S GIFT PUPPY ALL BREEDS DRY DOG FO	\$ 328,229	6.7%	\$ 21,991	6.7%	\$ 21,991
Sep-17	3585760	NATURE'S GIFT ADULT ALL BREEDS DRY DOG FO	\$ 1,225,833	6.7%	\$ 82,131	6.7%	\$ 82,131
Sep-17	3251550	NATURE'S GIFT ADULT ALL BREEDS DRY DOG FO	\$ 888,166	6.7%	\$ 59,507	6.7%	\$ 59,507
Sep-17	3251561	NATURE'S GIFT ADULT ALL BREEDS DRY DOG FO	\$ 1,514,015	6.7%	\$ 101,439	6.7%	\$ 101,439
Sep-17	3590057	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 208,474	9.0%	\$ 18,763	9.0%	\$ 18,763
Sep-17	3590046	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 982,720	9.0%	\$ 88,445	9.0%	\$ 88,445
Sep-17	3589965	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 701,674	9.0%	\$ 63,151	9.0%	\$ 63,151
Sep-17	3589976	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 1,042,681	9.0%	\$ 93,841	9.0%	\$ 93,841
Apr-22	3319621	NATURE'S GIFT SUSTAIN JUST NATURAL DRY DO	\$ 15	6.8%	\$ 1	(1.9%)	\$ 0
Sep-17	3741505	NATURE'S GIFT ADULT ALL BREEDS DRY DOG FO	\$ 986,084	6.8%	\$ 67,054	6.8%	\$ 67,054
Sep-17	3319610	NATURE'S GIFT ADULT ALL BREEDS DRY DOG FO	\$ 1,614,822	6.8%	\$ 109,808	6.8%	\$ 109,808
Sep-17	9207427	V.I.P CHUNKERS ADULT CHILLED FRESH DOG FO	\$ 2,193,742	14.8%	\$ 324,674	14.8%	\$ 324,674
Sep-17	9790616	V.I.P CHUNKERS ADULT CHILLED FRESH DOG FO	\$ 3,058,641	14.8%	\$ 452,679	14.8%	\$ 452,679
Sep-17	4472930	NATURE'S GIFT PUPPY ALL BREEDS WET DOG FO	\$ 249,279	6.0%	\$ 14,957	6.0%	\$ 14,957
Sep-17	3320620	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 678,700	6.0%	\$ 40,722	6.0%	\$ 40,722
Sep-17	3320631	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 806,424	6.0%	\$ 48,385	6.0%	\$ 48,385
Sep-17	3320642	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 824,053	6.0%	\$ 49,443	6.0%	\$ 49,443
Sep-17	4472920	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 536,880	6.0%	\$ 32,213	6.0%	\$ 32,213
Sep-17	5371349	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 782,796	6.0%	\$ 46,968	6.0%	\$ 46,968
Sep-17	2067261	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 580,897	6.0%	\$ 34,854	6.0%	\$ 34,854
Sep-17	7875398	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 688,036	6.0%	\$ 41,282	6.0%	\$ 41,282
Sep-17	7007325	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 942,760	6.0%	\$ 56,566	6.0%	\$ 56,566
Sep-17	2825133	NATURE'S GIFT ADULT ALL BREEDS WET DOG FO	\$ 619,329	6.0%	\$ 37,160	6.0%	\$ 37,160
Sep-17	2749589	NATURE'S GIFT DELI ROLL PUPPY WITH LAMB CA	\$ 2	17.9%	\$ 0	7.0%	\$ 0
Sep-17	2749578	NATURE'S GIFT ADULT CHILLED FRESH DOG FO	\$ 826,323	17.9%	\$ 147,912	7.0%	\$ 57,453
Sep-19	4308890	NATURE'S GIFT PUPPY CHILLED FRESH DOG FO	\$ 314,971	9.0%	\$ 28,347	9.0%	\$ 28,347
Sep-19	3605868	NATURE'S GIFT ADULT CHILLED FRESH DOG FO	\$ 431,681	9.0%	\$ 38,851	9.0%	\$ 38,851
Sep-19	3605879	NATURE'S GIFT ADULT CHILLED FRESH DOG FO	\$ 1,158,520	9.0%	\$ 104,267	9.0%	\$ 104,267
Sep-20	3875465	LOVE 'EM DOG TRAINING TREAT BEEF & LIVER 2	\$ 225,649	14.3%	\$ 32,268	14.3%	\$ 32,268
Sep-20	3875476	LOVE 'EM DOG TRAINING TREAT CHICKEN 200 G	\$ 567,343	14.3%	\$ 81,130	14.3%	\$ 81,130
Sep-20	3875807	LOVE 'EM DOG TREAT JOINT CARE BEEF LIVER CO	\$ 264,798	9.1%	\$ 24,097	9.1%	\$ 24,097
Sep-20	3875148	LOVE 'EM GRAIN FREE BEEF JERKY WITH TOMAT	\$ 790,703	16.8%	\$ 132,838	16.8%	\$ 132,838
Sep-20	3875137	LOVE 'EM GRAIN FREE DOG TREAT LAMB JERKY V	\$ 1,053,618	16.8%	\$ 177,008	16.8%	\$ 177,008
Sep-20	4934810	LOVE EM JERKY BITES DOG TREAT CHICKEN 200	\$ 188,835	15.7%	\$ 29,647	15.7%	\$ 29,647
Sep-20	3874939	LOVE 'EM DOG TREAT BEEF LIVER 200 GRAM:BE	\$ 1,280,844	16.7%	\$ 213,901	16.7%	\$ 213,901
Mar-21	4929355	NATURE'S GIFT LOAF REAL CHICKEN WET DOG F	\$ 274,217	41.7%	\$ 114,349	8.6%	\$ 23,543
Mar-21	4929366	NATURE'S GIFT LOAF SUCCULENT LAMB WET DO	\$ 204,072	41.7%	\$ 85,098	8.6%	\$ 17,521
Mar-21	4929388	NATURE'S GIFT STRIPS KANGAROO WET DOG FO	\$ 210,480	41.7%	\$ 87,770	8.6%	\$ 18,071
Mar-21	4929377	NATURE'S GIFT PRIME BEEF IN GRAVY WET DOG	\$ 164,392	41.7%	\$ 68,551	8.6%	\$ 14,114
Jun-21	5303305	V.I.P PAWS FRESH MEAT PORTIONS DOG FOOD	\$ 209,317	19.7%	\$ 41,236	14.9%	\$ 31,141
Oct-20	4201955	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 968,796	8.0%	\$ 77,504	8.0%	\$ 77,504
Oct-20	4201966	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 893,881	8.0%	\$ 71,510	8.0%	\$ 71,510

Oct-20	4201977	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 850,420	8.0%	\$ 68,034	8.0%	\$ 68,034
Oct-20	4263067	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 506,442	8.0%	\$ 40,515	8.0%	\$ 40,515
Oct-20	4201988	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 604,323	8.0%	\$ 48,346	8.0%	\$ 48,346
Oct-20	4505880	FUSSY CAT GRAIN FREE TWICE AS TASTY ADULT V	\$ 561,732	8.0%	\$ 44,939	8.0%	\$ 44,939
Oct-20	4505891	FUSSY CAT GRAIN FREE TWICE AS TASTY KITTEN	\$ 552,183	8.0%	\$ 44,175	8.0%	\$ 44,175
Oct-20	4505905	FUSSY CAT TWICE AS TASTY WET CAT FOOD MEA	\$ 125,098	8.0%	\$ 10,008	8.0%	\$ 10,008
Oct-20	4505916	FUSSY CAT GRAIN FREE TWICE AS TASTY WET CA	\$ 898,461	8.0%	\$ 71,877	8.0%	\$ 71,877
Oct-20	5201859	FUSSY CAT GRAIN FREE TWICE AS TASTY WET CA	\$ 337,513	8.0%	\$ 27,001	8.0%	\$ 27,001
Oct-20	5201848	FUSSY CAT GRAIN FREE TWICE AS TASTY WET CA	\$ 253,208	8.0%	\$ 20,257	8.0%	\$ 20,257
Oct-21	4931426	LOVE EM DOG TREAT BEEF & CHEESE SUPREME	\$ 49,663	10.0%	\$ 4,966	10.0%	\$ 4,966
Oct-21	4931404	LOVE EM DOG TREAT MEAT LOVERS PIZZA 200 G	\$ 91,360	10.0%	\$ 9,136	10.0%	\$ 9,136
Oct-21	4931415	LOVE EM DOG TREAT ROAST CHICKEN 200 GRAM	\$ 208,890	10.0%	\$ 20,889	10.0%	\$ 20,889
Oct-21	4931437	LOVE EM BREAKFAST BAKES MILK & CEREAL DOG	\$ 64,220	10.0%	\$ 6,422	10.0%	\$ 6,422
			53,052,366	10.6%	5,613,117	7.7%	4,095,409

GAP

(1,517,708)**Assessment Callouts:**

- * This assessment is based on the Average Movement methodology
 - * Average Movement: We will also share a P2P view in an alternate assessment email. Please note the amount justified using the P2P methodology is slightly higher at 8.3%.
- * The supplier had provided cost breakdown and price movements for key commodities, including ingredients, packaging, freight, and utilities. We have used the supplier provided cost composition for ingredients, freight, and utilities, rebased 20% to adjust for labour and OH&M.
 - * Last dates of CPI have been picked up from the from Coles' Cost Tool. Few SKUs were analysed in previous assessment and for those SKUs, the date of last commodity data point has been considered as date of last CPI.
 - * Freight: We considered the ABS Road Freight commodity and Diesel Terminal Gate Price to analyse freight costs.
 - * Utilities: Price movements associated with electricity and gas were analysed used data from the ABS Australia for the products packed in Australia.
 - * Packaging: Cost compositions for packaging were determined using should cost modelling and independent research. This was done because the cost composition provided by the supplier were not very clear.
 - * We could not consider supplier provided cost compositions for 'inclusions' as the inclusions were not clear.
 - * **Please Note:** Key commodities driving our results are predominately Electricity (NSW) and Gas (NSW) and both have witnessed significant increase in the duration under consideration and have only recently begun to normalise, thus the lower value of P2P results.

Please reach out to us in case of any queries.

Thanks,
Freysan