

RE: Mars Pet Nutrition - Cost Price Increase (12 September 2022)

From: "Nankervis, Luke" <REDACTED-@effem.com>
To: Paul Carroll <REDACTED@coles.com.au>
Cc: Chad Burke <REDACTED@coles.com.au>; Brian Keane <REDACTED@coles.com.au>; "Barrett, Lane" <REDACTED@effem.com>; "Byrnes, Anthony" <REDACTED-@effem.com>; Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>; "Conkling, Justin" <REDACTED-@effem.com>
Date: Fri, 08 Jul 2022 14:50:53 +1000
Attachments: CPI - Commercial Trade Plan Template 16.06.22 - Mars Completed 08.07.22.xlsx (1.25 MB)

Hi Paul,

Thanks for your patience in us getting this template back to you.

Please see the below methodology we've used:

- **Current**
 - Current plan is a reflection of the annual promotional plans for each SKU from the end of February 2022, or when the CPI took place earlier this year.
 - The exception to this is pack groups that have changed plans since this date (i.e. Whiskas Oh So 24pk), and instead the modelling reflects an annual plan on the current strategy.
- This will also mean that the current plan includes where we have cancelled promotions due to supply.
- **New**
 - New plan is a reflection of the annual promotional plans for each SKU post the September Cost Price Increase (live date 12/9/22).
 - The new plan will include our total maximum frequency should supply be sufficient to execute these.
 - We are taking this opportunity to move all red ticket products back to Down Down after the cost price increase. This means products currently on Down Down will establish for 4 weeks post 12/9, then move to their new price. 4 weeks of price establishment is reflected in the modelling.
- **RRP**
 - Please note this spreadsheet references RRP, not the Coles white ticket price. As such, we have reflected RRP in this column which do not all align with the white ticket prices, due to your decision to move above the RRP price in February.
- **Funding arrangements**
 - This new modelling has been completed to maintain margin pre vs post the cost price increase – Pre-CPI vs post-CPI RRP & maximum promotional price points.
 - We have used this opportunity to balance the split between unit deals and BSCW deals for Down-Down products, ensuring that the white ticket margin during price establishment is the same percentage margin as when the product will be on Down-Down. This will mean you may see a movement in "net net unit price" on these products, but no change in the margin percentage of the Down Down.
 - We have kept the same margin profile between base and promotion on most Hi-Lo products in this modelling; however we would like to discuss how we create sustainable promotional funding models moving forwards.

- **Run rates**

- These numbers reflect current run rates, or run rates updated with latest distribution (for Cat), or our aligned forecast for products just entering range now (i.e. Whiskas Favourites 12pk).

As always, pricing is at the sole discretion of the retailer, and margin is a projection only.

Please reach out to Justin, Anthony & Lane in my absence should you have any questions.

Thanks,

Luke

Luke Nankervis (he/him)

Customer Development

Head | Coles

Mars Petcare Australia

M **REDACTED - PII**

E **REDACTED - PII** @effem.com



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From: Paul Carroll <**REDACTED - PII**@coles.com.au>

Sent: Tuesday, 21 June 2022 7:53 AM

To: Conkling, Justin <**REDACTED - PII**@effem.com>; Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>

Cc: Nankervis, Luke <**REDACTED - PII**@effem.com>; Chad Burke <**REDACTED - PII**@coles.com.au>; Brian Keane <**REDACTED - PII**@coles.com.au>

Subject: RE: Mars Pet Nutrition - Cost Price Increase (12 September 2022)

[EXTERNAL]

Hi Justin,

Thankyou for sending through. As expressed whilst we acknowledge that times are certainly challenging it is unsettling to us how much Mars have disproportionately taken price over the last 3 years and even more worrying the last 6 months.

As a result, Brian from the central commercial transformational team here at Coles will be assisting me. Whilst we wait for the VMO, can I ask you familiarise yourself (or even start completing) the template attached which will assist Coles coming to an agreement on the level we accept much sooner on your proposed cost price changes.

I will also flag potential deleted lines that we would find no longer commercially viable as a result of the proposed cost increases.

Kind regards,

Paul

From: Conkling, Justin <[REDACTED]@effem.com>
Sent: Friday, 17 June 2022 5:29 PM
To: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
Cc: Paul Carroll <[REDACTED]@coles.com.au>; Nankervis, Luke <[REDACTED]@effem.com>
Subject: Mars Pet Nutrition - Cost Price Increase (12 September 2022)

Hi,

Please find attached the Coles Cost Price Increase submission template for Mars Pet Nutrition. The CPI will be effective from 12/9/22. Please advise if you need any further information.

Best regards,

Justin

Justin Conkling (he/him)
 Customer Development Director - Coles
 Mars Petcare Australia
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E: [REDACTED]@effem.com **W:** www.mars.com.au



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