

**RE: Pedigree 1.2kg Revised Down Down Strategy**

**From:** Paul Carroll <[REDACTED]@coles.com.au>  
**To:** "Nankervis, Luke" <[REDACTED]@effem.com>  
**Cc:** "Byrnes, Anthony" <[REDACTED]@effem.com>; Emma Bates <[REDACTED]@coles.com.au>; Gentjana Emini <[REDACTED]@coles.com.au>  
**Date:** Tue, 29 Mar 2022 19:52:05 +1100

Hi Luke,

Confirming the PAF for the DD has been cancelled until we resolve.

Just checking and \$0.36 unit will be required to hold coles at margin they making today if go to \$4.00.

Appreciate I have been liberal on getting to the agreed margins committed as part of the CPI even if recommended retail has not been followed (and I stand by this) however this one has a direct impact on overall wet dog category if I was to drive pedigree harder in this new world.

Please let me know how you want to move forward once reviewed.

thanks

**From:** Paul Carroll  
**Sent:** Tuesday, 29 March 2022 1:29 PM  
**To:** Nankervis, Luke <[REDACTED]@effem.com>  
**Cc:** Byrnes, Anthony <[REDACTED]@effem.com>; Emma Bates <[REDACTED]@coles.com.au>  
**Subject:** RE: Pedigree 1.2kg Revised Down Down Strategy

Hi

I will cancel the scheduled PAF and review the market in a couple of weeks time

**From:** Nankervis, Luke <[REDACTED]@effem.com>  
**Sent:** Tuesday, 29 March 2022 1:24 PM  
**To:** Paul Carroll <[REDACTED]@coles.com.au>  
**Cc:** Byrnes, Anthony <[REDACTED]@effem.com>; Emma Bates <[REDACTED]@coles.com.au>  
**Subject:** Pedigree 1.2kg Revised Down Down Strategy

Hi Paul,

As discussed on the phone last week, we've reviewed the Down Down plan for Pedigree 1.2kg and are proposing to revise the price point following the Cost Price Increase.

Please see the below detail:

- This plan proposes to move Pedigree 1.2kg Down Down price point from \$3.75 to \$4.00.
- The new price point is an index to Coles Brand of 133. Previous indexing between Coles Wet Dog Can 1.2kg (\$2.40) and Pedigree 1.2kg (\$3.50) was 146.
- We believe if we proceed with previous \$3.75 plan (125 index), the price tiering misses out on a opportunity to capture category value. A \$4.00 price point helps create a clear difference (\$1.00) between the economy and mainstream brands.
- This is still an 11% discount from your current base price making it eligible for Down Down.
- Based on current forecast, we foresee this change maintaining the same volume for Pedigree 1.2kg as it will still be closer in price to Coles Brand than prior to the cost price increase. This change represents a \$1.1m annual RSV opportunity.
- Pedigree 1.2kg is a key margin tension pack group in Wet Dog, and this change further resolves this tension. This will progress margin to 19.5% 5<sup>th</sup> (+160bps) and represents an annual 5<sup>th</sup> margin value of \$1.1m. This is on top of the 200bps of margin progression 18.5% to 19.5% we funded as part of the cost price increase agreement. Please see the below modelling.

CURRENT PLAN				PROPOSED PLAN				
PEDIGREE Can 1.2kg	Base	Down Down	Annualised	PEDIGREE Can 1.2kg	Base	Down Down	Annualised	Variance
RRP	\$4.29			RRP	\$4.29			
Price	\$4.50	\$3.75	\$3.75	Price	\$4.50	\$4.00	\$4.00	\$0.25
Discount		17%		Discount		11%		
Tonnes	38.65	62.30	3,240	Tonnes	38.65	62.30	3,240	
Units	32,214	51,921	2,699,900	Units	32,214	51,921	2,699,900	-
Weeks	0	52	52	Weeks	0	52	52	
RSV (incl. GST)	\$144,961	\$194,704	\$10,124,625	RSV (incl. GST)	\$144,961	\$207,685	\$10,799,600	\$674,975
5TH TM \$	REDACTED - CONFIDENTIAL			5TH TM \$	REDACTED - CONFIDENTIAL			\$289,626
5TH TM \$ / Unit	REDACTED - CONFIDENTIAL			5TH TM \$ / Unit	REDACTED - CONFIDENTIAL			\$0.11
5TH TM %	REDACTED - CONFIDENTIAL			5TH TM %	REDACTED - CONFIDENTIAL			1.5%
LIST PRICE (GSV)	REDACTED - CONFIDENTIAL			LIST PRICE (GSV)	REDACTED - CONFIDENTIAL			
TERMS	REDACTED - CONFIDENTIAL			TERMS	REDACTED - CONFIDENTIAL			
DEFERRED DEAL	REDACTED - CONFIDENTIAL			DEFERRED DEAL	REDACTED - CONFIDENTIAL			
FUNDING %	Shelf-Price	REDACTED - CONFIDENTIAL		FUNDING %	Shelf-Price	REDACTED - CONFIDENTIAL		
UNIT DEAL	REDACTED - CONFIDENTIAL			UNIT DEAL	REDACTED - CONFIDENTIAL			

If you are aligned with this change, please let me know and we will provide the new PAF to Gena. The current Down Down price (\$3.75) is keyed to go live 6/4, so ideally we need to make a decision this week.

Thanks,

Luke

**Luke Nankervis** (he/him)  
 Customer Development Head | Coles  
 Mars Petcare Australia  
 M [REDACTED]  
 E [REDACTED]@effem.com



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