

# Mars Pet Nutrition - CPI

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**Date:** Fri, 29 Jul 2022 14:36:10 +1000  
**Attachments:** CPI - Commercial Trade Plan Template 27.07.22.xlsx (1.27 MB)

Hi Paul & Brian,

Following on from my previous note, I've attached a commercial offer with respect to our upcoming cost price increase (effective 12<sup>th</sup> September 2022).

This proposal progresses your 5<sup>th</sup> margin by +47bps from RE% (\$REN) to RE% (\$REN), and is made up of the below key initiatives:

- REDA of incremental direct margin transfer (detailed in the attached trade plan template)
- REDAC of incremental investment to support the Optimum Masterbrand Event in 14/9
  - We have considered the challenges with re-slotting the Optimum Masterbrand event, currently planned for 14/9 (week of CPI go-live). Given the volume of promotions included in this event & the subsequent implications of trying to re-slot elsewhere in the half, MARS will agree to margin maintain packs at their old promotional price for week commencing 14/9 only.
- REDAC of incremental 5<sup>th</sup> margin (and \$1.3m RSV) for the commitment to an online only promotional program for FY23H1 promotions
- REDACT margin through price

We have reviewed the margin tiering for all pack-groups across base & promotion. Currently promo margins are inconsistent across the range, with selected promotional margins accretive to baseline. We'd like to align on the below promotional funding structure. A mutual benefit here is promotional margins will now be more predictable across the MPA range. We have also addressed the margin on selected half price promotions for Dog Treats (e.g Schmackos 500g).

## Promotional Margin Tiering

- Hi-lo: margin will be highest on baseline and tier down for each promotion, example below:

Base	RE%
Promo 1 (20% off)	ED%
Promo 2 (30% off)	DD%

- Down Downs: base/price establishing margin will now be more in line with Down-Down margin

## RRPs

A reminder that the attached spreadsheet references the RRP for each product. In some cases where Coles have moved above RRP, these will not align to white ticket prices.

The above represents a significant investment from Mars in a time where inflation is having a significant impact on our business.

Let us know if you'd like to setup time to meet where we can take you through the detail of the proposal.

Best regards,

Justin

**Justin Conkling** (he/him)

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