

## FW: Danone - CPI New Trade Plan Analysis

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**Date:** Tue, 23 Aug 2022 16:59:58 +1000  
**Attachments:** Danone\_20220708\_Desserts - Commercial Insights & Trade Plan.pptx (533.78 kB); Danone\_20220708\_Desserts\_CPI Analysis Outputs - v4.xlsx (1.51 MB)

Thanks,  
 Lottie

**From:** Mildred Wong <[REDACTED]@coles.com.au>  
**Sent:** Tuesday, 9 August 2022 11:14 AM  
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**Subject:** Danone - CPI New Trade Plan Analysis

Hi Ioanna and Lottie

Just sending through Danone new trade plan analysis. Promo plan analysis summary is found below and attached is the relevant excel sheet and the insights pack. Let me know if you have any questions, otherwise will run through on Thursday afternoon.

### Summary

1. Danone CPI request results in 11.8% (\$5.0m) COGS impact vs the last 12 months. CPI team validated only 2.3% of the increase (\$1.0m). [REDACTED] m and deepens the gap to \$4.8m
2. There is a mixture of changes in both promotional depth and frequency. There is redistribution of weeks across various promo mechanics, and a decrease in discounts on most promo mechanics. Some deeper promo mechanics have been discontinued to shift weeks to lower-level discounting mechanics. Also, two groups (TUB - Danone YoPro Yoghurt 700g and TUB - Danone YoPro Perform Yoghurt 700g) seem to have shifted away from a previously EDV strategy by now adding weeks to base promotion. A summary of key trends across each group are summarised in section 2.
3. Sales (-1.0%) and Volume (-11.4%) are decreasing overall with an increase with ASP (+11.7%).  
 5th margin \$ is decreasing [REDACTED] along with 5th margin % decreasing [REDACTED] bps on a total level.  
 Supplier funding \$ has decreased by [REDACTED]%. While the estimated decrease in volumes may drive a decrease in promotional funding. Total supplier funding as a % of Sales has also decreased [REDACTED] bps).  
 There are two groups where there is a double impact - an increase in COGS/unit and decrease in supplier funding per unit - SML - Danone YoPro Yoghurt 160g and TUB - Danone YoPro Perform Yoghurt 700g
4. SML - Danone YoPro Perform Yoghurt 175g has a volume estimated to grow at 8.3% despite an ASP increase of 4.4%. This increase should be potentially validated as it represents 10.8% of estimated sales currently

### Recommendations

- Suggest revisiting the entire promo plan, as the supplier does not seem to expand promotional funding to the same level as in previous trade plans and has resulted in decreasing total supplier funding as a % of sales overall for many promo groups along with negative 5th margin % changes
- The promo groups for priority to negotiate on may be MULTI - Danone Ultimate Yoghurt 4x115g a large promo group in terms of sales and showing negative changes in 5th Margin \$ and 5th Margin %, along with promo groups that are showing increase in COGS per unit and decrease in Supplier Funding per unit - SML - Danone YoPro Yoghurt 160g & TUB - Danone YoPro Perform Yoghurt 700g
- Consider validating the increase in Danone YoPro Perform Yoghurt 175g volume to understand the drivers behind this

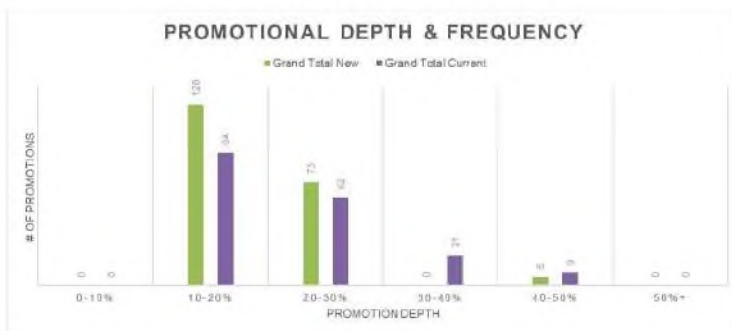
### Details

#### 1) CPI Summary

Metric	Impact
Cost Price % Increase Request	11.78%
Annual COGS (Last 12 Months)	\$42.9m
COGS Impact	\$5.0m
Cost Price % Increase Validated	2.30%
COGS Impact Validated	\$1.0m
Gap	(\$4.1m)
[REDACTED - CONFIDENTIAL]	
Final Gap	(\$4.8m)

The above table has information on COGS increase with CPI request (+11.8%/\$5.0m) and CPI team validated increase of (+2.3%/\$1.0m). [REDACTED] and increases the CPI gap to \$4.8m

#### 2) Promotional Depth and Frequency



- Overall, there is a slight increase in total promotional events driven by increase in promotional events for 6 promo groups where there has been a reduction of weeks the product is sold on base
- There is a mixture of both redistribution of weeks across various promo mechanics, and overall, a decrease in discounts on most promo mechanics with some higher promo mechanics being discontinued to shift to lower-level discounting mechanics. A summary of key trends across each group are summarised below with additional detail in the following tables

Promo Group	Summary of key changes
<b>MULTI - Danone Activia Yoghurt 4x125g</b>	<ul style="list-style-type: none"> <li>Discontinued higher level discount of (33 and 44% off) and shifted 14 weeks to lower discount levels</li> <li>Remaining discount levels deepened discount and unit funding, but promo contribution % has dropped</li> </ul>
<b>MULTI - Danone Ultimate Yoghurt 4x115g</b>	<ul style="list-style-type: none"> <li>Discontinued higher level discount of 44% off and shifted 2 weeks to lower discount levels.</li> <li>Remaining discount levels deepened discount and unit funding, but promo contribution % has dropped</li> </ul>
<b>SML - Danone YoPro Yoghurt 160g</b>	<ul style="list-style-type: none"> <li>Discontinued two promo mechanics</li> <li>Remaining discount levels were decreased and unit funding and promo contribution % has dropped</li> </ul>
<b>TUB - Danone YoPro Yoghurt 700g</b>	<ul style="list-style-type: none"> <li>Change from EDV mechanic, now 4 weeks on base</li> <li>Also discount has decreased, but unit funding and promo contribution % increased</li> </ul>
<b>MULTI - Liddells Yoghurt 4x140g</b>	<ul style="list-style-type: none"> <li>Deepened discount with increased unit funding and decreased promo contribution</li> </ul>
<b>TUB - Liddells Yoghurt 700g</b>	<ul style="list-style-type: none"> <li>Discount decreased, with weeks increased on promo with decreased unit funding and promo contribution %</li> </ul>
<b>POUCH - Danone YoPro Pouch 150g</b>	<ul style="list-style-type: none"> <li>Increased promotional depth with new 12 week deeper discount of 29.6%</li> </ul>
<b>SML - Danone YoPro Perform Yoghurt 175g</b>	<ul style="list-style-type: none"> <li>Mixture of increase and decrease in discount, unit funding and promo contribution</li> <li>Increase in promotional events (6 weeks off base)</li> </ul>
<b>TUB - Danone YoPro Perform Yoghurt 700g</b>	<ul style="list-style-type: none"> <li>Change from EDV mechanic, now 4 weeks on base</li> <li>Also discount has decreased, but unit funding and promo contribution % increased</li> </ul>

Promo Group	Promo Characteristics	Base	Promotion 1	Promotion 2	Promotion 3	Promotion 4
<b>MULTI - Danone Activia Yoghurt 4x125g</b>	Mechanic		20%	30%	30%	44.4%
	Δ Discount		+3.3%	+7.5%	Discontinued	Discontinued
	Δ Weeks	-2 weeks	+3 wks	+13 wks	-13 weeks	-1 week
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
<b>MULTI - Danone Ultimate Yoghurt 4x115g</b>	Mechanic		20%	25%	45%	44.4%
	Δ Discount		+3.7%	+2.5%	+11.7%	Discontinued
	Δ Weeks		+3 wks	-2 wks	+1 wk	-2 weeks
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
<b>SML - Danone YoPro Yoghurt 160g</b>	Mechanic		18.5%	29.6%	16.7%	Multi-buy 2 for \$3.80 (20.8%)
	Δ Discount		-10.6%	-21.4%	Discontinued	Discontinued
	Δ Weeks	-3 weeks	-2 weeks	+8 weeks	-1 week	-3 weeks
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
<b>TUB - Danone YoPro Yoghurt 700g</b>	Mechanic		14.1%			
	Δ Discount		-0.3%			
	Δ Weeks	+4 weeks	-4 weeks (Previously EDV)			
	Δ Unit Funding		RED			
	Promo Contribution % (Δ)					
<b>MULTI - Liddells Yoghurt 4x140g</b>	Mechanic		16.7%			
	Δ Discount		+0.6%			
	Δ Weeks	-1 weeks	+1 weeks			
	Δ Unit Funding		RE			
	Promo Contribution % (Δ)					

Promo Group	Promo Characteristics	Base	Promotion 1	Promotion 2
TUB - Liddels Yoghurt 700g	Mechanic		17.5%	
	Δ Discount		-5.3%	
	Δ Weeks		+5 wks	
	Δ Unit Funding			
	Promo Contribution % (Δ)			
POUCH - Danone YoPro Pouch 150g	Mechanic		15.5%	29.6%
	Δ Discount		-10.6%	NEW
	Δ Weeks		-2 weeks	+12 weeks
	Δ Unit Funding			
	Promo Contribution % (Δ)			
SML - Danone YoPro Perform Yoghurt 175g	Mechanic		24.2%	50%
	Δ Discount		-11.1%	
	Δ Weeks		+4 weeks	+2 weeks
	Δ Unit Funding			
	Promo Contribution % (Δ)			
TUB - Danone YoPro Perform Yoghurt 700g	Mechanic		14.1%	
	Δ Discount		-0.2%	
	Δ Weeks		-4 weeks (Previously EDV)	
	Δ Unit Funding			
	Promo Contribution % (Δ)			

### 3) Supplier Funding and 5<sup>th</sup> Margin

Group Name	Sales		Volume		ASP		5th Margin \$		5th Margin %		Total Supplier Funding		Total Supplier Funding as a % of Sales		5th Margin Unit		COGS/Unit		Supplier Funding Unit	
	New	% Change	New	% Change	New	% Change	New	% Change	New	% Change (BPS)	New	% Change	New	% Change (BPS)	Change +/-	Change +/-	Change +/-	Change +/-	Change +/-	Change +/-
MULTI - Danone Activia Yoghurt 4x125g	\$10,110,586	2.6%	2,573,237	(7.2%)	\$3.93	10.7%														
MULTI - Danone Ultimate Yoghurt 4x115g	\$12,500,016	(5.6%)	3,111,102	(10.7%)	\$4.02	3.9%														
SML - Danone YoPro Yoghurt 160g	\$15,800,516	0.6%	7,034,476	(18.1%)	\$2.25	22.6%														
TUB - Danone YoPro Yoghurt 700g	\$5,317,676	(23.9%)	784,876	(32.6%)	\$6.78	12.9%														
MULTI - Liddels Yoghurt 4x140g	\$4,679,452	5.6%	812,255	(5.7%)	\$5.78	11.5%														
TUB - Liddels Yoghurt 700g	\$2,137,795	2.9%	321,473	(8.6%)	\$6.65	12.6%														
POUCH - Danone YoPro Pouch 150g	\$4,357,894	9.1%	1,944,155	1.5%	\$2.24	7.5%														
SML - Danone YoPro Perform Yoghurt 175g	\$6,942,181	13.0%	2,692,712	8.3%	\$2.54	4.4%														
TUB - Danone YoPro Perform Yoghurt 700g	\$1,416,841	(0.6%)	183,961	(14.5%)	\$7.70	12.8%														
Grand Total	\$63,162,951	(1.0%)	19,458,245	(11.4%)	\$3.25	11.7%														

- Sales (-1.0%) and Volume (-11.4%) have been adjusted and are decreasing with an increase with ASP (+11.7%)
- 5<sup>th</sup> margin \$ is decreasing (REDACTED%) and this is driven by decreases in a few promo groups:  
 TUB - Danone YoPro Yoghurt 700g (REDACTED%) – key driver is the large estimated decrease in volume (-32.6%) which impacts Sales (-23.9%)  
 MULTI - Danone Ultimate Yoghurt 4x115g (REDACTED%) – key driver is the large estimated decrease in volume (-13.7%) which impacts Sales (-5.6%)  
 TUB - Danone YoPro Perform Yoghurt 700g (REDACTED%) – combination of decrease in volume (-14.5%), sales(-3.6%) and also decrease in supplier funding per unit (-\$REDACTED)
- 5th margin % has decreased (REDACTED bps) on a total level. Most promo groups are showing a decrease in 5<sup>th</sup> Margin %. Large decreases in MULTI - Danone Activia Yoghurt 4x125g (REDACTED bps) caused by total supplier funding as a % of sales decreasing (REDACTED bps) and MULTI - Danone Ultimate Yoghurt 4x115g (REDACTED bps) due decrease in volumes and sales.
- Supplier funding \$ has decreased by (REDACTED)%. While the estimated decrease in volumes may drive a decrease in promotional funding, Total supplier funding as a % of Sales has also decreased (REDACTED bps).
- There is a large decrease in supplier funding as a percentage of sales where there is a decrease in supplier funding/unit for SML - Danone YoPro Yoghurt 160g and TUB - Danone YoPro Yoghurt 700g
- TUB - Danone YoPro Yoghurt 700g has a large decrease in total funding which is greater than the drop in sales
- Other decreases are caused by Sales increasing with total supplier funding decreasing
- There are two promo groups showing an increase in COGS/unit and Decrease in Supplier Funding as shown below

Group Name	COGS/Unit	Supplier Funding/Unit
	Change +/-	Change +/-
- SML - Danone YoPro Yoghurt 160g		
	\$REDACTED	
	-\$REDACTED	
- TUB - Danone YoPro Perform Yoghurt 700g		
	\$REDACTED	
	-\$REDACTED	

### 4) Forecasting and data integrity

- SML - Danone YoPro Perform Yoghurt 175g has a volume estimated to grow at 8.3% despite an ASP increase of 4.4%. This increase should be potentially validated as it represents 10.8% of estimated sales currently.

Kind Regards  
Mildred Wong