

RE: Danone - CPI New Trade Plan Analysis

From: Mildred Wong <[REDACTED]@coles.com.au>
 To: Massimo Palmisciano <[REDACTED]@coles.com.au>
 Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; DEL_Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>; Markus Nybom <[REDACTED]@coles.com.au>
 Date: Fri, 09 Sep 2022 10:45:25 +1000
 Attachments: R3 vs Current Danone_20220708_Desserts_CPI Analysis Outputs - v4.xlsx (1.74 MB); R3 vs R2_Danone_20220708_Desserts_CPI Analysis Outputs - (Round 2 volumes).xlsx (1.51 MB)

Hi Massimo,

Please find summary of analysis on round 3 as below, with attached excel analysis

Summary

- The final gap after taking into account the [REDACTED - CONFIDENTIAL] is -\$4.2m (compared to -\$4.4m in the round 1 plan)
- The Supplier for round 3 has increased unit funding on - MULTI - Danone Activia Yoghurt 4x125g and MULTI - Danone Ultimate Yoghurt 4x115g. Also, they have increased base volume estimations for TUB - Danone YoPro Perform Yoghurt 700g
- Total Supplier Funding has improved by \$[REDACTED] compared to round 3 (\$[REDACTED]) due to increases in unit funding, along with improvement in 5th margin \$, 5th margin % ([REDACTED] bps) and Total Supplier Funding as a % of Sales ([REDACTED] bps)
- Looking at the performance of round 3 versus the current trade plan we can still see an overall negative change in 5th margin % performance ([REDACTED] bps overall), but there has been improvements (originally [REDACTED] bps)
 - There is also still a negative Total Supplier Funding as a % of sales ([REDACTED] bps) compared to [REDACTED] bps in the current plan
 - There are still two groups where there is a double impact on COGS - an increase in COGS/unit and decrease in supplier funding per unit - SML - Danone YoPro Yoghurt 160g (no changes to unit funding) and TUB - Danone YoPro Perform Yoghurt 700g actually worsened from -\$[REDACTED] to -\$[REDACTED] due to increase in base volumes and no change in supplier funding

Key changes in Round 3

Promo Group	Changes
- TUB - Danone YoPro Perform Yoghurt 700g	Estimated increase in volumes sold in base weeks from 2,857 to 3,296 per week (9.8% increase from round 2 volumes)
- MULTI - Danone Activia Yoghurt 4x125g	<ul style="list-style-type: none"> Promo 2 - Sell Price \$3.50: Unit deal increase from \$[REDACTED] to \$[REDACTED] NEW Promo 3 - Sell Price \$2.75: Unit deal \$[REDACTED] (for 1 week off base)
- MULTI - Danone Ultimate Yoghurt 4x115g	<ul style="list-style-type: none"> Promo 2 - Sell Price \$3.75: Unit deal increase from \$[REDACTED] to \$[REDACTED] Promo 3 - Sell Price \$2.75: Unit deal increase from \$[REDACTED] to \$[REDACTED] Promo 4 - Sell Price \$3.50: Unit deal increase from \$[REDACTED] to \$[REDACTED]

CPI Request

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)
Final Gap	(\$4.2m)

The final gap after taking into account the [REDACTED - CONFIDENTIAL] is -\$4.2m

Key Financial Impacts

Round 3 versus Round 2

Round 3 Versus Round 2																	
Group Name	Sales		Volume		A SP		5th Margin \$		5th Margin %		Total Supplier Funding		Total Supplier Funding as a % of Sales		5th Margin/Unit		Supplier Funding/Unit
	New	% Change	New	% Change	New	% Change	New	% Change	New	Change (BPS)	New	% Change	New	Change (BPS)	Change +/-	Change +/-	
- MULTI - Danone Activia Yoghurt 4x125g	\$10,770,108	1.3%	2,752,794	2.8%	\$3.91	(1.5%)	REDACTED - CONFIDENTIAL		REDACTED		REDACTED		REDACTED		REDACTED		
- MULTI - Danone Ultimate Yoghurt 4x115g	\$13,441,225	-	3,315,756	-	\$4.05	-											
- SML - Danone YoPro Yoghurt 160g	\$16,496,225	-	7,292,148	-	\$2.26	-											
- TUB - Danone YoPro Perform Yoghurt 700g	\$8,442,086	-	1,257,811	-	\$6.71	-											
- MULTI - Liddells Yoghurt 4x140g	\$4,919,341	-	852,237	-	\$5.77	-											
- TUB - Liddells Yoghurt 700g	\$2,302,480	-	344,032	-	\$6.69	-											
- POUCH - Danone YoPro Pouch 150g	\$5,631,938	-	2,416,027	-	\$2.33	-											
- SML - Danone YoPro Perform Yoghurt 175g	\$7,290,516	-	2,826,572	-	\$2.58	-											
- TUB - Danone YoPro Perform Yoghurt 700g	\$1,555,446	9.5%	200,660	9.1%	\$7.75	0.6%											
Grand Total	\$70,849,369	0.4%	21,260,035	0.4%	\$3.33	(0.0%)											

- MULTI - Danone Activia Yoghurt 4x125g - Unit funding increases and addition of new promo mechanic to improve value to customers and increase volumes have increased supplier funding by [REDACTED] which has improved overall 5th Margin \$ [REDACTED] and 5th Margin % [REDACTED] bps)
- MULTI - Danone Ultimate Yoghurt 4x115g - Unit funding increases have increased supplier funding by [REDACTED] and improved 5th margin [REDACTED] and 5th margin [REDACTED] bps)
- TUB - Danone YoPro Perform Yoghurt 700g - due to estimated increase in base weeks only this has increased ASP (+0.6%) and 5th margin \$ [REDACTED] (%). There has been no change to supplier funding so total Supplier funding as % of sales drops [REDACTED] bps)

Round 3 versus Current

Grand Totals - Current																	
	Sales		Volume		ASP		5th Margin \$		5th Margin %		Total Supplier Funding		Total Supplier Funding as a % of Sales		5th Margin/Unit		Supplier Funding/Unit
Group Name	New	% Change	New	% Change	New	% Change	New	% Change	New	Change (BPS)	New	% Change	New	Change (BPS)	Change +/-	Change +/-	
- MULTI - Danone Activia Yoghurt 4x125g	\$10,770,108	9.3%	2,752,794	(0.8%)	\$3.91	10.2%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- MULTI - Danone Ultimate Yoghurt 4x115g	\$13,441,225	1.5%	3,315,756	(8.0%)	\$4.05	10.3%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- SML - Danone YoPro Yoghurt 160g	\$16,496,225	9.0%	7,292,148	(15.1%)	\$2.26	23.7%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- TUB - Danone YoPro Yoghurt 700g	\$8,442,086	20.9%	1,257,811	8.1%	\$6.71	11.9%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- MULTI - Liddells Yoghurt 4x140g	\$4,919,341	11.0%	852,237	(0.6%)	\$5.77	11.7%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- TUB - Liddells Yoghurt 700g	\$2,302,480	10.9%	344,032	(2.2%)	\$6.69	13.4%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- POUCH - Danone YoPro Pouch 150g	\$5,631,938	41.0%	2,416,027	26.1%	\$2.33	11.8%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- SML - Danone YoPro Perform Yoghurt 175g	\$7,290,516	20.4%	2,826,572	13.8%	\$2.58	8.9%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
- TUB - Danone YoPro Perform Yoghurt 700g	\$1,555,446	5.8%	200,660	(8.9%)	\$7.75	13.5%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	
Grand Total	\$70,849,369	11.0%	21,260,035	(3.2%)	\$3.33	14.7%	RED	ACT	RE	DA	RED	RE	RE	RE	RE	RE	

- When looking at the performance of round 3 versus the current trade plan we can still an overall negative change in 5th margin % performance ([REDACTED] overall), but there has been improvements (originally [REDACTED] bps)
- Almost all groups are still showing 5th Margin decline compared to the old plan the key improvements however were
 - MULTI - Danone Activia Yoghurt 4x125g - improved from [REDACTED] bps to [REDACTED] bps
 - MULTI - Danone Ultimate Yoghurt 4x115g - improved from [REDACTED] bps to [REDACTED] bps
 - TUB - Danone YoPro Perform Yoghurt 700g - improved from [REDACTED] bps to [REDACTED] bps
- There is also still a negative Total Supplier Funding as a % of sales ([REDACTED] bps) compared to [REDACTED] bps in the current plan, However there were some improvements
 - MULTI - Danone Activia Yoghurt 4x125g - improved from [REDACTED] bps to [REDACTED] bps
 - MULTI - Danone Ultimate Yoghurt 4x115g - improved from [REDACTED] bps [REDACTED] bps
 - TUB - Danone YoPro Perform Yoghurt 700g - worsened from [REDACTED] bps to [REDACTED] bps
- Also, the double impact on COGS still exists on two promo groups, where COGS/Unit is increasing and Supplier funding/unit is decreasing

- SML - Danone YoPro Yoghurt 160g – still supplier funding/unit decreasing -\$(R.4)
- TUB - Danone YoPro Perform Yoghurt 700g – supplier funding/unit decrease actually worsened from RE.1 to -\$(R.4) due to increase in base volumes and no change in supplier funding

Also, notable large increases in volumes for certain groups still exist – PUCH – Danone Yopro Pouch 150g (+26.1%), SML – Danone YoPro Perform Yoghurt 175g (+13.8%) and TUB- YoPro Yoghurt 700g (+8.1%) given ASP increase of 5.9 to 11.9%

Thanks
Mildred

From: Massimo Palmisciano <[REDACTED]@coles.com.au>
Sent: Thursday, 8 September 2022 3:30 PM
To: Mildred Wong <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>; Markus Nybom <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Mildred,

Hope you are well.

New Trade Plan submission from Danone and email attached with changes explained.

Appreciate it's a short turnaround, but if you could review this asap that would be great as the CPI is scheduled to go live on Monday.

Thanks

From: Mildred Wong <[REDACTED]@coles.com.au>
Sent: Tuesday, 6 September 2022 2:27 PM
To: Massimo Palmisciano <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>; Markus Nybom <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Massimo

Please find the excel files attached.

The difference in 5th margin % is mostly likely driven by the promo mechanics for Activia 4x125g and Ultimate 4x115g

- Activia 4x125g and Ultimate 4x115g have had some promo mechanics discontinued and the weeks redistributed across the remaining mechanics which may have lower 5th margin % which may be driving the 5th margin % declines in these group
- It may be worth negotiating whether unit funding increases are possible to improve 5th margin. Furthermore, Activia 4x125g is still showing a decrease in total supplier funding as a % of sales (R.0bps)

For Danone Yopro Pouch 150g they have increased promo weeks by 10 weeks off base weeks which may be driving the decrease in 5th margin %. This presents better value to the customer, so to address 5th margin an increase in unit funding may be needed.

The large decline in supplier funding, in particular on SML Danone YoPro 160g is due to discontinuation of promo mechanics and drop in unit funding across remaining mechanisms.

Hope this helps, let me know if any further questions.

Thanks
Mildred

From: Massimo Palmisciano <[REDACTED]@coles.com.au>
Sent: Tuesday, 6 September 2022 1:44 PM
To: Mildred Wong <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Mildred,

Thanks for the below.

Could you please send through the file as well. I am quite interested to understand what is driving the 5th % difference vs current. Is it base or is it the promo plan? How could we close the gap? I assume we would be targeting Activia 4x125g and Ultimate 4x115g, plus Danone Yopro Pouch 150g?

Also, what is driving the large decline in supplier funding, in particular on SML Danone Yopro 160g and Activia 4x125g?

Thanks for your help!

From: Mildred Wong <[REDACTED]@coles.com.au>
Sent: Tuesday, 6 September 2022 9:58 AM
To: Massimo Palmisciano <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Massimo,

Please find Round 2 for Danone summary as below utilising round 2 volumes against the round 2 and round 1 trade plan

Summary

- The final gap after taking into account the [REDACTED] is -\$4.4m (compared to -\$4.6m in the round 1 plan)
- The Supplier for round 2 has increased volume estimations across all promo groups significantly and on the advice of the CM we have adjusted the round 2 and round 1 comparison to be based on round 2 volumes
- Total Supplier Funding has improved by \$(R.3) compared to round 1 (R.3%) due to increases in unit funding for SML - Danone YoPro Yoghurt 160g, MULTI - Danone Activia Yoghurt 4x125g and - MULTI - Danone Ultimate Yoghurt 4x115g and increase in promotion weeks for TUB - Danone YoPro Yoghurt 700g
- When looking at the round 2 versus the current plan, while there is improvement, many of the original issues still exists such as
 - Still an overall negative change in 5th margin % performance (R.1bps overall) and across most groups
 - A negative Total Supplier Funding as a % of sales (R.1bps)
 - There are still two groups where there is a double impact on COGS - an increase in COGS/unit and decrease in supplier funding per unit - SML - Danone YoPro Yoghurt 160g and TUB - Danone YoPro Perform Yoghurt 700g

Key Changes of Round 2 vs Round 1

There were significant increases in estimated volumes across all promo groups as summarised below for Round 2. In order to make a clearer comparison between round 2 and round 1 volumes were adjusted to align to round 2.

Promo Group	Volume Estimations
- SML - Danone YoPro Yoghurt 160g	Forecast weekly units change Base - 77,302 to 85,891

- TUB - Danone YoPro Yoghurt 700g	Forecast weekly units change - promo volume forecast weekly unit change from 15,234 to 24,400
- TUB - Danone YoPro Perform Yoghurt 700g	Forecast weekly units change - Base 2,857 to 3,296
- SML - Danone YoPro Perform Yoghurt 175g	Forecast weekly units change - Base 26,927 to 30,599
- POUCH - Danone YoPro Pouch 150g	Forecast weekly units change - Base 22,554 to 37,300
- MULTI - Danone Activia Yoghurt 4x125g	Forecast weekly units change - Base 25,680 to 30,411
- MULTI - Danone Ultimate Yoghurt 4x115g	Forecast weekly units change - Base 31,778 to 39,449
- MULTI - Liddells Yoghurt 4x140g	Forecast weekly units change - Base 14,376 to 15,306
- TUB - Liddells Yoghurt 700g	Forecast weekly units change - Base 5,023 to 5,728

Key changes to promotional funding

Promo Group	Promotional Funding
- SML - Danone YoPro Yoghurt 160g	Sell Price: \$1.90 - Unit Deal increase from \$1.90 to \$2.00
- TUB - Danone YoPro Yoghurt 700g	- Decrease base weeks by 3, increase promo weeks by 3
- MULTI - Danone Activia Yoghurt 4x125g	- Sell Price \$4.00: Unit deal increase from \$4.00 to \$4.10 - Sell Price \$3.50: Unit deal increase from \$3.50 to \$3.60
- MULTI - Danone Ultimate Yoghurt 4x115g	- Sell Price \$3.75: Unit deal increase from \$3.75 to \$3.85 (reduce 2 weeks) NEW mechanic sell price \$3.50 unit deal of \$3.50 for 2 weeks

CPI Request

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	(\$4.4m)

The final gap after taking into account the REDACTED is -\$4.4m

Key Financial Impacts

Round 2 versus Round 1

Round 2 versus Round 1																		
Group Name	Sales		Volume		ASP		5th Margin \$		5th Margin %		Total Supplier Funding		Total Supplier Funding as a % of Sales		5th Margin/Unit		Supplier Funding/Unit	
	New	% Change	New	% Change	New	% Change	New	% Change	New	Change (BPS)	New	% Change	New	Change (BPS)	Change +	Change +	Change +	
- MULTI - Danone Activia Yoghurt 4x125g	\$10,630,962	-	2,677,710	-	\$3.97	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- MULTI - Danone Ultimate Yoghurt 4x115g	\$13,441,225	0.4%	3,315,750	0.9%	\$4.06	(0.4%)	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- SML - Danone YoPro Yoghurt 160g	\$15,490,255	-	7,292,148	-	\$2.08	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- TUB - Danone YoPro Yoghurt 700g	\$5,442,066	2.1%	1,267,811	2.7%	\$6.71	(0.8%)	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- MULTI - Liddells Yoghurt 4x140g	\$4,919,341	-	852,237	-	\$5.77	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- TUB - Liddells Yoghurt 700g	\$2,302,460	-	344,032	-	\$6.69	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- POUCH - Danone YoPro Pouch 150g	\$5,837,333	-	2,418,267	-	\$2.39	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- SML - Danone YoPro Perform Yoghurt 175g	\$7,230,518	-	2,826,572	-	\$2.56	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
- TUB - Danone YoPro Perform Yoghurt 700g	\$1,416,841	-	153,961	-	\$9.70	-	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	
Grand Total	\$78,571,605	0.3%	21,167,852	0.3%	\$3.33	0.0%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	

There were some increases in volume TUB - Danone YoPro Yoghurt 700g (+2.7%) due to increase in promo weeks and Multi - Danone Ultimate yoghurt (+0.9%) due to addition of new promo mechanic

- 5th Margin % has increased overall by 0.3% bps driven by increases in Total Supplier Funding and across all groups with promo funding changes
- Total Supplier Funding as a % of sales has improved (0.3% bps overall) and Supplier Funding/unit has increased (+0.3% overall) compared to the round 1 plan across the whole portfolio

Round 2 versus Current

	Sales	Volume	ASP	5th Margin \$	5th Margin %	Total Supplier Funding	Total Supplier Funding as a % of Sales	5th Margin/Unit	Supplier Funding/Unit
Group Name	% Change	% Change	New	% Change	New	% Change	New	% Change	New
MULTI - Danone Activia Yoghurt 4x125g	7.9%	(3.5%)	\$3.97	11.8%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
MULTI - Danone Ultimate Yoghurt 4x115g	1.6%	(19.0%)	\$4.05	10.3%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
SML - Danone YoPro Yoghurt 160g	6.0%	(15.1%)	\$2.08	23.7%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
TUB - Danone YoPro Yoghurt 700g	20.9%	8.1%	\$6.71	11.9%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
MULTI - Liddells Yoghurt 4x140g	11.0%	(0.6%)	\$5.77	11.7%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
TUB - Liddells Yoghurt 700g	10.9%	(2.2%)	\$6.69	13.4%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
POUCH - Danone YoPro Pouch 150g	41.0%	26.1%	\$2.33	11.8%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
SML - Danone YoPro Perform Yoghurt 175g	20.4%	13.8%	\$2.56	6.9%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
TUB - Danone YoPro Perform Yoghurt 700g	(5.6%)	(14.5%)	\$7.70	12.8%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
Grand Total	10.6%	(3.6%)	\$3.33	14.7%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED

When looking at the performance of round 2 versus the current trade plan we can still an overall negative change in 5th margin % performance (0.3% bps overall). Almost all groups are still showing 5th Margin decline compared to the old plan

- There is also still a negative Total Supplier Funding as a % of sales (0.3% bps)
- Also, the double impact on COGS still exists on two promo groups SML - Danone YoPro Yoghurt 160g and TUB - Danone YoPro Perform Yoghurt 700g, where COGS/Unit is increasing and Supplier funding/unit is decreasing
- Also, notable large increases in volumes for certain groups - PUCH - Danone YoPro Pouch 150g (+26.1%), SML - Danone YoPro Perform Yoghurt 175g (+13.8%) and TUB - YoPro Yoghurt 700g (+8.1%) given ASP increase of 5.9 to 11.9%

Thanks
Mildred

From: Massimo Palmisciano <REDACTED@coles.com.au>
Sent: Monday, 5 September 2022 9:29 AM
To: Mildred Wong <REDACTED@coles.com.au>
Cc: Lottie Stanbury <REDACTED@coles.com.au>; Vera Ananina <REDACTED@coles.com.au>; Brian Keane <REDACTED@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Mildred,

Let's use Round 2 volumes please.

Thanks

From: Massimo Palmisciano
Sent: Thursday, 1 September 2022 2:57 PM
To: Mildred Wong <REDACTED@coles.com.au>
Cc: Lottie Stanbury <REDACTED@coles.com.au>; Vera Ananina <REDACTED@coles.com.au>; Brian Keane <REDACTED@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Mildred,

Good pick up. Let me go back to the supplier and challenge them on that. Some changes, especially Yopro 700g and Yopro Pouch, seem way too high.

Thanks

From: Mildred Wong <[REDACTED]@coles.com.au>
Sent: Thursday, 1 September 2022 1:07 PM
To: Massimo Palmisciano <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi Massimo,

Have noticed that The Supplier for round 2 has increased volume estimations across all promo groups compared to the round 1 trade plan.

Group Name	Round 1 vs Current	Round 2 vs Current
- MULTI - Danone Activia Yoghurt 4x125g	(7.2%)	(3.5%)
- MULTI - Danone Ultimate Yoghurt 4x115g	(13.7%)	(8.0%)
- SML - Danone YoPro Yoghurt 160g	(18.1%)	(15.1%)
- TUB - Danone YoPro Yoghurt 700g	(32.6%)	8.1%
- MULTI - Liddell's Yoghurt 4x140g	(5.9%)	(0.6%)
- TUB - Liddell's Yoghurt 700g	(8.6%)	(2.2%)
- POUCH - Danone Yopro Pouch 150g	1.5%	25.1%
- SML - Danone YoPro Perform Yoghurt 175g	8.3%	13.8%
- TUB - Danone YoPro Perform Yoghurt 700g	(14.6%)	(14.6%)
Grand Total	(11.4%)	(3.6%)

Are you comfortable that the analysis comes back as round 2 trade plan (new volumes) comparing against round 1 (old volumes)?

If you'd prefer to stick to a consistent set of volumes would you please be able to advise which volumes you'd be more comfortable with using?

Thanks
Mildred

From: Massimo Palmisciano <[REDACTED]@coles.com.au>
Sent: Wednesday, 31 August 2022 11:54 AM
To: Mildred Wong <[REDACTED]@coles.com.au>
Cc: Lottie Stanbury <[REDACTED]@coles.com.au>; Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>
Subject: RE: Danone - CPI New Trade Plan Analysis

Hi team,

Revised Trade Plan from Danone attached, including email explaining changes.

If you could provide revised feedback that would be great.

Thanks

From: Lottie Stanbury <[REDACTED]@coles.com.au>
Sent: Tuesday, 23 August 2022 5:00 PM
To: Massimo Palmisciano <[REDACTED]@coles.com.au>
Subject: FW: Danone - CPI New Trade Plan Analysis

Thanks,
Lottie

From: Mildred Wong <[REDACTED]@coles.com.au>
Sent: Tuesday, 9 August 2022 11:14 AM
To: Ioanna Yiappos <[REDACTED]@coles.com.au>; Lottie Stanbury <[REDACTED]@coles.com.au>
Cc: Vera Ananina <[REDACTED]@coles.com.au>; Brian Keane <[REDACTED]@coles.com.au>
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] 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

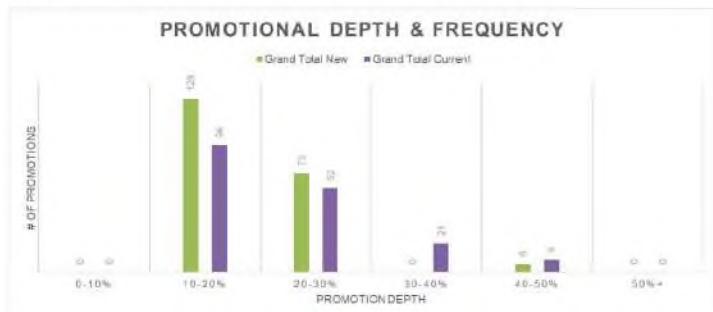
Details

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

Promo Group	Promo Characteristics	Base	Promotion 1	Promotion 2	Promotion 3	Promotion 4
MULTI - Danone Activia Yoghurt 4x125g	Mechanic		20%	30%	33%	44.4%
	Δ Discount		+3.3%	+7.0%	Discontinued	Discontinued
	Δ Weeks	-2 weeks	+3 wks	+13 wks	-13 weeks	-1 week
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
MULTI - Danone Ultimate Yoghurt 4x115g	Mechanic		20%	33%	43%	44.4%
	Δ Discount		+3.7%	+5.0%	+11.7%	Discontinued
	Δ Weeks		+3 wks	-2 wks	+1 wk	-2 weeks
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
SML - Danone YoPro Yoghurt 160g	Mechanic		18.0%	29.4%	16.7%	Multi-buy 2 for \$3.50 (20.0%)
	Δ Discount		-10.6%	-21.4%	Discontinued	Discontinued
	Δ Weeks	-3 weeks	-3 weeks	+0 weeks	-1 week	-2 weeks
	Δ Unit Funding					
	Promo Contribution % (Δ)		REDACTED - CONFIDENTIAL			
TUB - Danone YoPro Yoghurt 700g	Mechanic		14.1%			
	Δ Discount		-0.2%			
	Δ Weeks	+4 weeks	-4 weeks (Previously EDV)			
	Δ Unit Funding					
	Promo Contribution % (Δ)		RED			
MULTI - Liddells Yoghurt 4x140g	Mechanic		16.7%			
	Δ Discount		+0.0%			
	Δ Weeks	-1 weeks	+1 weeks			
	Δ Unit Funding					
	Promo Contribution % (Δ)		RED			

Promo Group	Promo Characteristics	Base	Promotion 1	Promotion 2
TUB - Liddels Yoghurt 700g	Mechanic		17.8%	
	Δ Discount		-5.3%	
	Δ Weeks	-5 weeks	+5 weeks	
	Δ Unit Funding		RED	
	Promo Contribution % (Δ)			
POUCH - Danone YoPro Pouch 150g	Mechanic		16.6%	29.6%
	Δ Discount		-10.6%	NEW
	Δ Weeks	-10 weeks	-2 weeks	+12 weeks
	Δ Unit Funding		REDACTED -	
	Promo Contribution % (Δ)			
SML - Danone YoPro Perform Yoghurt 175g	Mechanic		24.2%	50%
	Δ Discount		-11.1%	-
	Δ Weeks	-5 weeks	+4 weeks	+2 weeks
	Δ Unit Funding		REDACTED -	
	Promo Contribution % (Δ)			
TUB - Danone YoPro Perform Yoghurt 700g	Mechanic		14.1%	
	Δ Discount		-0.2%	
	Δ Weeks	+4 weeks	-4 weeks (Previously EDV)	
	Δ Unit Funding		RED	
	Promo Contribution % (Δ)			

3) Supplier Funding and 5th Margin

	Sales		Volume		Δ SP		5th Margin \$		5th Margin %		Total Supplier Funding		Total Supplier Funding as a % of Sales		5th Margin %		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 +/-
Group Name																				
MULTI - Danone Activia Yoghurt 4x125g	\$10,110,586	2.8%	2,573,237	(7.2%)	\$3.93	10.7%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.28	REDACTED	REDACTED	REDACTED
MULTI - Danone Ultimate Yoghurt 4x115g	\$12,500,016	(6.6%)	3,111,102	(13.7%)	\$4.02	9.3%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.29	REDACTED	REDACTED	REDACTED
SML - Danone YoPro Yoghurt 150g	\$15,800,516	0.6%	7,034,476	(16.1%)	\$2.25	22.3%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.18	REDACTED	REDACTED	REDACTED
TUB - Danone YoPro Yoghurt 700g	\$5,317,878	(23.9%)	784,878	(32.6%)	\$6.78	12.9%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.45	REDACTED	REDACTED	REDACTED
MULTI - Liddells Yoghurt 4x140g	\$4,679,452	5.6%	812,255	(5.3%)	\$5.76	11.5%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.36	REDACTED	REDACTED	REDACTED
TUB - Liddells Yoghurt 700g	\$2,137,795	2.5%	321,473	(8.6%)	\$6.65	12.8%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.45	REDACTED	REDACTED	REDACTED
POUCH - Danone YoPro Pouch 150g	\$4,357,884	9.1%	1,584,155	1.5%	\$2.24	7.5%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.18	REDACTED	REDACTED	REDACTED
SML - Danone YoPro Perform Yoghurt	\$6,842,181	13.0%	2,692,712	8.3%	\$2.54	4.4%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.17	REDACTED	REDACTED	REDACTED
TUB - Danone YoPro Perform Yoghurt	\$1,416,841	(3.6%)	183,981	(14.5%)	\$7.70	12.8%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.46	REDACTED	REDACTED	REDACTED
Grand Total	\$53,162,551	(1.6%)	19,458,246	(11.4%)	\$3.25	11.7%	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	\$0.22	REDACTED	REDACTED	REDACTED

- Sales (-1.0%) and Volume (-11.4%) have been adjusted and are decreasing with an increase with ASP (+11.7%)
- 5th margin \$ is decreasing RED and this is driven by decreases in a few promo groups:
 TUB - Danone YoPro Yoghurt 700g RED - key driver is the large estimated decrease in volume (-32.6%) which impacts Sales (-23.9%)
 MULTI - Danone Ultimate Yoghurt 4x115g RED - key driver is the large estimated decrease in volume (-13.7%) which impacts Sales (-5.6%)
 TUB - Danone YoPro Perform Yoghurt 700g RED - combination of decrease in volume (-14.5%), sales(-3.6%) and also decrease in supplier funding per unit RED
- 5th margin % has decreased RED on a total level. Most promo groups are showing a decrease in 5th Margin %. Large decreases in MULTI - Danone Activia Yoghurt 4x125g RED caused by total supplier funding as a % of sales decreasing RED and MULTI - Danone Ultimate Yoghurt 4x115g RED due decrease in volumes and sales.
- Supplier funding \$ has decreased by RED. While the estimated decrease in volumes may drive a decrease in promotional funding, Total supplier funding as a % of Sales has also decreased RED.
 - 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 Perform 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	\$0.18	REDACTED
- TUB - Danone YoPro Perform Yoghurt 700g	\$0.46	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