

Arnott's CPI Summary

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Date: Tue, 22 Mar 2022 10:03:36 +1100
Attachments: Arnotts CPI - Summary.xlsx (157.83 kB)

Hi Beccy,

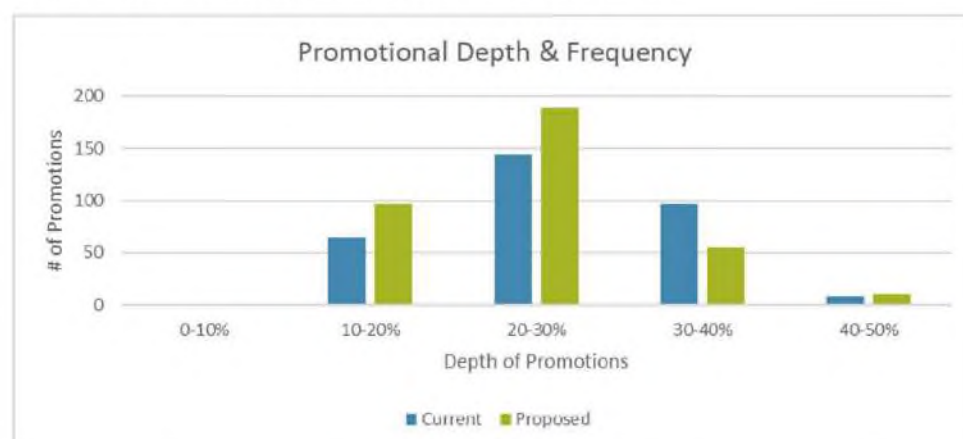
Hope you're going well! Ahead of tomorrow's catch up sending through analysis and highlights of Arnott's CPI Trade Plan. Given a quick summary and then more detail which I will go through in our catch up.

Summary:

- Promotional Depth has been reduced, Arnott's have almost halved the number of promotions between 30-40% and has shifted this into lower depth promotions.
- Arnott's have offset COGs increase by increasing supplier funding by circa \$[REDACTED]/unit. Pleasingly this increased support has been focussed on Shapes to allow competitive pricing. However, there are some individual SKU's that have effectively had a double Cost increase due to lower supplier funding/unit.
- There are a couple of forecasting and data integrity issues that perhaps require a question back to Arnott's.

1) Promotional Depth:

Graph below is a look into promotional depth by % off Shelf Price:



- Promotional Depth has shifted - Arnott's has proposed to almost halve the number of promotions in the 30-40% range. These promotions has been redistributed across lower depths (10-30%).
- Overall number of promotions has actually increased by 36, however this is driven mostly by Salada going on Down-Down for 48 weeks at a ~14% discount (ASP forecast to increase 7.5%). This provides 24 incremental weeks of promotions vs. Current plan.

2) Supplier Funding by SKU:

Below Table highlights key SKU's with increases/decreases in Supplier funding:

	COGS/ Unit	Supplier Funding/Unit	ASP/Unit	5th Margin/Unit	Change in COGS	Change in Net COGs
Shapes	-\$ 0.19	[REDACTED]	\$0.09	[REDACTED]	-\$ 5,205,201.55	-\$1,429,483.72
Assorted Creams	-\$ 0.20	[REDACTED]	\$0.62	[REDACTED]	-\$ 347,076.33	-\$483,988.01
Creams	-\$ 0.34	[REDACTED]	\$0.53	[REDACTED]	-\$ 3,087,372.82	-\$3,221,617.43
Plains	-\$ 0.33	[REDACTED]	\$0.22	[REDACTED]	-\$ 2,755,324.09	-\$2,885,283.31

- Shapes – large increase in Supplier Funding to offset COGs increase. This means a lower increase in ASP to remain competitive.
- Assorted Creams – As well as a COGs increase, a decrease to supplier funding which means it is effectively a double CPI. However, low value SKU so only has a ~\$[REDACTED] impact.
- Creams & Plains have small decreases in supplier funding/unit.

3) Forecasting & Data Integrity:

- Sao – Forecasting no change to volume although increasing ASP by almost 10%. Increasing Shelf price and reducing promotional depth, is there another reason why volume may stay constant? (5th margin is actually below category

average so this would pull down forecasted 5th)

- Plains – Has 53 weeks in the plan. Have just taken out one of the base weeks in promotional depth analysis.

I have also attached my worksheet, but if you do have any questions or want to see something differently feel free to ask the question and I can pull it together! Looking forward to catching up tomorrow.

Thanks,

Tim Jones

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