

RE: Cost Change Follow Up Meeting

From: Beccy Thompson <[REDACTED]@coles.com.au>
To: Ryan Bowman <[REDACTED]@arnotts.com>
Cc: Adrian Yik <[REDACTED]@arnotts.com>; Cameron Teale <[REDACTED]@arnotts.com>
Date: Tue, 26 Apr 2022 16:04:26 +1000

Hi Ryan,

Thank you for coming back to me so quickly, I will review the additions and come back to you shortly.

A couple of things since we last spoke on Thursday:

Number of promo's TY vs LY –

565 promo's planned LY vs 543 TY – this should not be declining at this rate. This was a big miss on my part but the Salada and Vitawheat swap has thrown it out (Shows as promo in one and not the other) and needs to be reviewed. Salada was on promo 24 times last year and is now moving to Down Down. Vitawheat has only been planned for promo 16 times – This needs to be reviewed and increased.

Secondly apologies I did not mention my next point as part of Thursdays meeting, I wanted to present it to you as part of the JBP, however after thinking about it this weekend I feel this needs to be part of the CPI discussion.

As presented early in my category strategy a key focus for me is events particularly where we have previously lost share. One of these key events will be Christmas and I am currently planning what this event could look like for B&C, across my big bets, promo plan and EDV. As you are probably well aware Coles lost share and sales during this period last year which was predominantly in the cracker space, mainly driven from Jatz and Savoy. I have been taken through the journey of that period and understand that there was a change of plan later in season due to comping market, which meant that our execution was not great during this period.

You heard from Via during our first meeting and myself through my strategy, the importance to Coles on value and how we really need to play our part to give our customers that extra value during key periods – especially with the current climate. Based on all of this I need your support to run the Down Down programme on Jatz and Savoy throughout Nov and Dec this year. I think this is a staple line that customers are looking for additional value and if executed right we will see growth on last year and win back some share. I also need to be confident that we have a robust plan in place to remain competitive in the market during that period. Based on this the number of \$2.50 promotions will need to be reviewed for Jatz and Savoy as we will need to comp last year (there are already 2 more MB in this vs last year so too start that can be moved across). In return for your additional investment I will ensure that I get full support from the business to be part of my big bets and we execute with excellence during that seasonal period to ensure growth. I also want to highlight the point I mentioned earlier about working together to shout about these great prices and the earlier we plan, I believe we will be able to execute this well.

With all of the above I feel we can plan to succeed with the down down programme and win back share during this period, without changing plans at the last minute to comp.

Again apologies that this was not mentioned on Thursday and I know that will mean an additional revision, however I just want to make sure we have a robust plan in place before we proceed.

Speak soon.

Beccy

From: Ryan Bowman <[REDACTED]@arnotts.com>
Sent: Tuesday, 26 April 2022 10:44 AM
To: Rebecca Thompson <[REDACTED]@coles.com.au>
Cc: Adrian Yik <[REDACTED]@arnotts.com>; Cameron Teale <[REDACTED]@arnotts.com>
Subject: RE: Cost Change Follow Up Meeting

Hi Beccy,

Hope you had a great long weekend. Thanks again for your feedback on Thursday, post our meeting I've revisited the plan and have secured business alignment on some further enhancements.

To drive additional volume in Creams and Kids we've made the following promotional changes:

- Creams – 2 X \$3.00 RPP frequencies upgraded to a \$2.50 RPP.
- Kids – 2 X \$3.00 RPP incremental frequencies

Attached is the updated CPI tactics model, it includes the above promotional upgrades on Creams and Kids and also the anticipated scan acceleration on Creams, Plains, Shapes and MPs resulting from shelf and penetration gains (as

per our discussion). Below is a summary of the enhanced plan - volume is now almost flat, RSV and 5th Margin are growing at [REDACTED] and Funding is increasing by [REDACTED].

RSV inc gst			5th Margin			Volume			Funding		
Current Tactics	Proposed Tactics	% Change	Current Tactics	Proposed Tactics	% Change	Current Tactics	Proposed Tactics	% Change	Current Tactics	Proposed Tactics	% Change
\$248,442,837	\$266,493,173	7.27%	\$[REDACTED]	\$[REDACTED]	[REDACTED]%	97,140,789	96,325,053	0.84%	\$[REDACTED]	\$[REDACTED]	[REDACTED]%

In regards to Multibuys, based on your feedback we've made further improvements to the plan, below are the changes and respective RPPs:

- Scotch Finger
 - 2 X 2 for \$5 frequencies upgraded to \$2.50
 - 1 X 2 for \$4 frequency upgraded to \$2.00

- Creams – 3 X 2 for \$5 frequencies upgraded to \$2.50
- Kids – 3 X 2 for \$5 frequencies upgraded to \$2.50
- Primary Plains – 4 X 2 for \$4 frequencies upgraded to \$2.00.

Below is an updated view of the Multibuy promotional frequency ratios we discussed on Thursday. "Current" represents what was shared last week, "Proposed" is the updated ratios with the above promotional upgrades included. We're now either consistent or favourable vs what has occurred F22 FYTD.

KPG	Current	Proposed	F22 FYTD
Creams	41%	32%	32%
Kids	46%	33%	37%
Primary Plains	46%	31%	33%
Scotch Finger	48%	38%	39%

I'm extremely confident that the enhanced plan achieves the key objectives of driving shopper value and creating value for Coles and Arnott's. Keen to get your thoughts, I can be available anytime to discuss.

Many Thanks,

Ryan Bowman
Customer Director - Coles

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From: Ryan Bowman
Sent: Thursday, 21 April 2022 1:29 PM
To: Rebecca Thompson <**REDACTED** @coles.com.au>
Cc: Adrian Yik <**REDACTED** @arnotts.com>; Cameron Teale <**REDACTED** @arnotts.com>
Subject: Cost Change Follow Up Meeting

Hi Beccy,

Thanks for your time earlier. Please see attached the detail we discussed and below are the follow-up actions:

Beccy

- Ask Alanna to send through BOY promotional program for Creams, Scotch Finger, Kids and Primary Plains so multibuy frequency can be updated in the CPI model.
- Advise if any further information/support is required for the May implementation.

Ryan

- Review volume opportunities on Creams and Kids – frequency and depth.
- Review current promotional mix with the aim to transition some multibuy frequencies to straight price points across:
 - Creams
 - Kids
 - Scotch Finger
 - Primary Plains
- Update CPI model to reflect:
 - Shelf/range improvement on Creams, Primary Plains and Shapes.
 - Improved run rates on Multipacks driven by Project Elephant, Bluey and shelf improvements.
 - Accurate straight vs multibuy promotional detail in "current tactics" on Sweet ranges.

Please advise if I've missed anything, thanks again for your time.

Take care,

Ryan Bowman
Customer Director - Coles

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