Ensuring Your Successful TPx and Retail Execution Journey





### **<u>Pricing Smarter</u> Profitable Growth in Mature Categories**





## 6 Keys to Success







Ensuring Your Successful TPx and Retail Execution Journey

OP INIZATION

01.

#### Stop Organizational Spin



Ĵ



and Retail Execution Journey

# Stop Organizational Spin









Variable capability & many



#### Focused understanding on



templates = multiple opinions

drivers of change



Ensuring Your Successful TPx and Retail Execution Journey

OP CHANNES

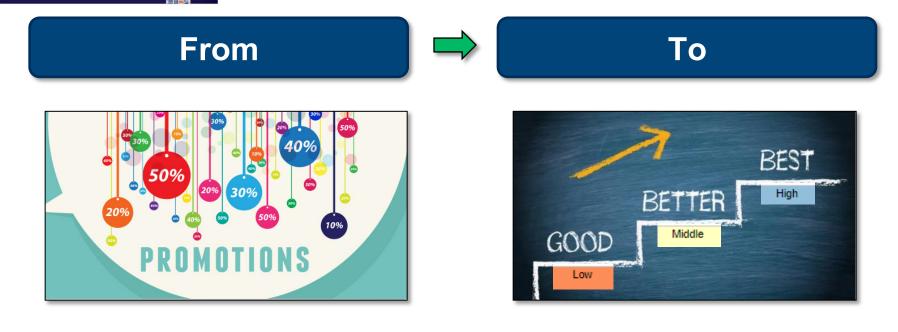
02. Finding Inefficiencies



Ĵ



# **Finding Inefficiencies**







OP INTERACTION

BOI Ensuring Your Successful TPx and Retail Execution Journey

# **Example: Finding Inefficiencies**

KANGAROO CHERRY BOMBS, KANGAROO BLACK CAT 8PK Promo Rank National USA September 10th, 2027 to September 8th, 2028 (52 Weeks)												
Rank by: Mfc Inc P	rofit 🔻	13.2% \$304								80.0% \$70,012		
-					Prom	o Filter	Feature Filter	Н	ide < \$ Vo	I		
Banner	PG				All Prom	iotions v	All selected (6) 🚽	\$	0			
Publix Banner: \$	\$6,075,995			Î	Rank	Banner	PPG	Date	Retail	Dead Net Price	Mfc Inc Profit	Retailer Inc Profit
Kroger Southwe	st: \$4,753,916									T HOU		1 TOIL
Target Midwest:	\$4,547,599				915	Kroger Southeast	KANGAROO C	Jan 20th, 2028	\$1.20	\$1.00	\$-53,746	\$-4,765
Wegmans Bann	er: \$3,442,316					Kroger West	KANGAROO C	May 26th, 2028	\$1.27	\$1.00	\$-55,008	\$-60,218
Target Northeas	t: \$3,332,066				917	Kroger West	KANGAROO C	May 19th, 2028	\$1.25	\$1.00	\$-55,664	\$-681
Target Southwe	st: \$3,298,886					Walmart Southe	KANGAROO BL	Jul 21st, 2028	\$3.94	\$3.20	\$-63,972	\$-375,996
Target Southeas	st: \$2,724,620					Walmart West	KANGAROO BL	Aug 18th, 2028	\$3.96	\$3.20	\$-78,937	\$-195,758
Kroger Northeas	st: \$2,492,091					Walmart West	KANGAROO BL	Aug 4th, 2028	\$3.92	\$3.20	\$-79,413	\$-167,870
Target West: \$1	<mark>,46</mark> 9,995			Ţ	921	Walmart West	KANGAROO BL	Jul 28th, 2028	\$3.92	\$3.20	\$-79,413	\$-167,870
	Low	Middle	High		922	Walmart Southw	KANGAROO BL	Aug 25th, 2028	\$3.97	\$3.20	\$-80,385	\$-278,324
6						Walmart West	KANGAROO BL	Aug 25th, 2028	\$3.91	\$3.20	\$-89,693	\$-187,747
Weeks	124 (13.3%)	622 (66.7%)	186 (20	0%)	924	Walmart West	KANGAROO BL	Sep 1st, 2028	\$3.91	\$3.20	\$-92,242	\$-189,341
Mfc Inc Profit		\$-3,604,314 (-9.	(-9.5%)		\$18,472,299 (48.6%)		\$23,179,493 (60.9%)		3.97	\$3.20	\$-105,324	\$-294,444
N Variable Trade Spend		\$15,779,473 (29.	2%)	\$19	\$19,799,861 (36.7%)		\$18,412,795 (34.1%)		3.96	\$3.20	\$-109,027	\$-378,382
Mfd					JE1	trainart oouaie	101100/1100-DL	oui 2011, 2020	\$3.96	\$3.20	\$-109,027	\$-378,382
Mfc Profit	\$14,439,369 (13.3%)	\$51,689,565 (47.5%)	\$42,802,547			Walmart Southw	KANGAROO BL	Sep 1st, 2028	\$3.97	\$3.20	\$-130,384	\$-276,163
Mfc Inc Profit	\$-3,604,314 (-9.5%)	\$18,472,299 (48.6%)	\$23,179,493		929	Walmart Southe	KANGAROO BL	Sep 8th, 2028	\$4.52	\$3.60	\$-135,782	\$-326,921
Variable Trade Spend	\$15,779,473 (29.2%)	\$19,799,861 (36.7%)	\$18,412,795			Walmart Southe	KANGAROO BL	Aug 25th, 2028	\$3.95	\$3.20	\$-170,511	\$-465,833
Trade Rate	39.4%	31.0%	32.79		931	Walmart Southe	KANGAROO BL	Aug 18th, 2028	\$3.96	\$3.20	\$-186,370	\$-487,041
Mfc Margin	26.7%	35.6%	34.09	%		Walmart Southe	KANGAROO BL	Sep 1st, 2028	\$3.95	\$3.20	\$-222,627	\$-465,504





OP INTERACTION

BOI Ensuring Your Successful TPx and Retail Execution Journey

# **Example: Finding Inefficiencies**

KANGAROO CHERRY BOMBS, KANGAROO BLACK CAT 8PK Promo Rank National USA September 10th, 2027 to September 8th, 2028 (52 Weeks)												
Rank by: Mfc Inc P	rofit 🔻	13.2% \$304								80.0% \$70,012		
-					Prom	o Filter	Feature Filter	Н	ide < \$ Vo	I		
Banner	PG				All Prom	iotions v	All selected (6) 🚽	\$	0			
Publix Banner: \$	\$6,075,995			Î	Rank	Banner	PPG	Date	Retail	Dead Net Price	Mfc Inc Profit	Retailer Inc Profit
Kroger Southwe	st: \$4,753,916									THEC		1 TOIL
Target Midwest:	\$4,547,599				915	Kroger Southeast	KANGAROO C	Jan 20th, 2028	\$1.20	\$1.00	\$-53,746	\$-4,765
Wegmans Bann	er: \$3,442,316					Kroger West	KANGAROO C	May 26th, 2028	\$1.27	\$1.00	\$-55,008	\$-60,218
Target Northeas	t: \$3,332,066				917	Kroger West	KANGAROO C	May 19th, 2028	\$1.25	\$1.00	\$-55,664	\$-681
Target Southwe	st: \$3,298,886					Walmart Southe	KANGAROO BL	Jul 21st, 2028	\$3.94	\$3.20	\$-63,972	\$-375,996
Target Southeas	st: \$2,724,620					Walmart West	KANGAROO BL	Aug 18th, 2028	\$3.96	\$3.20	\$-78,937	\$-195,758
Kroger Northeas	st: \$2,492,091					Walmart West	KANGAROO BL	Aug 4th, 2028	\$3.92	\$3.20	\$-79,413	\$-167,870
Target West: \$1	<mark>,46</mark> 9,995			Ţ	921	Walmart West	KANGAROO BL	Jul 28th, 2028	\$3.92	\$3.20	\$-79,413	\$-167,870
	Low	Middle	High		922	Walmart Southw	KANGAROO BL	Aug 25th, 2028	\$3.97	\$3.20	\$-80,385	\$-278,324
6						Walmart West	KANGAROO BL	Aug 25th, 2028	\$3.91	\$3.20	\$-89,693	\$-187,747
Weeks	124 (13.3%)	622 (66.7%)	186 (20	0%)	924	Walmart West	KANGAROO BL	Sep 1st, 2028	\$3.91	\$3.20	\$-92,242	\$-189,341
Mfc Inc Profit		\$-3,604,314 (-9.	(-9.5%)		\$18,472,299 (48.6%)		\$23,179,493 (60.9%)		3.97	\$3.20	\$-105,324	\$-294,444
N Variable Trade Spend		\$15,779,473 (29.	2%)	\$19	\$19,799,861 (36.7%)		\$18,412,795 (34.1%)		3.96	\$3.20	\$-109,027	\$-378,382
Mfd					JE1	trainart oouaie	101100/1100-DL	oui 2011, 2020	\$3.96	\$3.20	\$-109,027	\$-378,382
Mfc Profit	\$14,439,369 (13.3%)	\$51,689,565 (47.5%)	\$42,802,547			Walmart Southw	KANGAROO BL	Sep 1st, 2028	\$3.97	\$3.20	\$-130,384	\$-276,163
Mfc Inc Profit	\$-3,604,314 (-9.5%)	\$18,472,299 (48.6%)	\$23,179,493		929	Walmart Southe	KANGAROO BL	Sep 8th, 2028	\$4.52	\$3.60	\$-135,782	\$-326,921
Variable Trade Spend	\$15,779,473 (29.2%)	\$19,799,861 (36.7%)	\$18,412,795			Walmart Southe	KANGAROO BL	Aug 25th, 2028	\$3.95	\$3.20	\$-170,511	\$-465,833
Trade Rate	39.4%	31.0%	32.79		931	Walmart Southe	KANGAROO BL	Aug 18th, 2028	\$3.96	\$3.20	\$-186,370	\$-487,041
Mfc Margin	26.7%	35.6%	34.09	%		Walmart Southe	KANGAROO BL	Sep 1st, 2028	\$3.95	\$3.20	\$-222,627	\$-465,504







# Truths & Myths



- Breaking through a price threshold will kill your business
  - Thresholds tend to yield 5-7% additional risk but usually only when crossing 99c barriers







# Truths & Myths



### Deal depth is a key driver of promoted sales

- Extremely shallow discounts (i.e. \$0.20 off on a \$3.00 item can work a "little" bit)
- Communicate at least \$1 off to yield larger lifts (where products allow)
- Focus in on consumer-friendly price-points (\$0.99, \$1.99, \$2.99)
- When a brand is heavily promoted, opportunities often exist to raise regular prices and make promotions even more effective





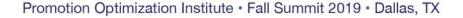
# Truths & Myths



• Aggressive price points are BAD!

- Commercial Investment required is a key driver
- Retailer margin compression to achieve price point may yield favorable manufacturer profit
- Category dynamics play a role
  - Holding power of product
  - Category expandability
  - Lift comparison (aggressive vs. shallow discount)







# Case Example #1 – Remove Bad Spend

- High margin business with high promotion frequency
- Organizational view was to promote more and more given high margin ring
- Evaluation of ROI revealed worst spend in company
- 3 years of reducing poor trade investments while reinvesting in strong shopper programs has delivered consistently strong volume & revenue growth

#### 3 year CAGR since change



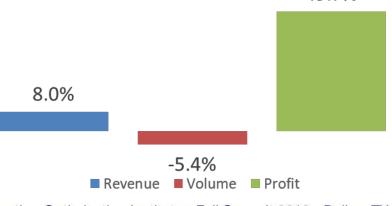




# Case Example #2 – Promo Depth

- Investing to unprofitable levels to hold/gain share
- Many competitors effectively leveraging high/low strategy to win
- Increased both RSP & FSP to maintain/increase depth of discount
- Some volume erosion/share loss with significant profit gains

Year over Year Results







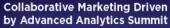
Ensuring Your Successful TPx and Retail Execution Journey

OP CIZATION

Making Better Portfolio Decisions







Advanced Analytics Summit

nd Retail Execution Journey

## **Product Mix Management**



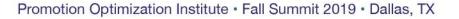
### Multiple criteria

- Industry trends
- Profitability
- Manufacturer margin
- Existing promo reliance
- Distribution
- Innovate with purpose

### **Differentiated targets**

- Price realization
- Volume growth
- Distribution gains







# **Retailer Mix Management**



### Multiple criteria

- Profit/week
- Manufacturer margin
- Growth opportunities
- Brand image

### Differentiated targets

- Price realization
- Volume growth



and Retail Execution Journey

OP CITAL ON

#### Ensuring Your Successful TPx

## Making Better Portfolio Decisions

	Fishp	ONC National USA	KANGAROO CHERRY BOMBS, KANGAROO BLACK CAT 8PK, National USA September 10th, 2027 to September 8th, 2028 (52 Weeks)					
Promo Filter Period:	Prior Year: Text Fact   Wk No Frequency	Colour Fact Mfc Inc Profit / V. V	\$-33,447 \$182,389					
	KANGAROO CHERRY BOMBS	KANGAROO BLACK CAT 8PK	MINI MAGNUM CAT EYES 8PK					
National USA	24.7	33.3	12.4					
Kroger Midwest	1.0	31.0						
Target West	30.0	26.0	20.0					
Target Midwest	38.0	25.0	7.0					
Target Northeast	35.0	48.0	no financials					
Target Southwest	48.0	31.0	34.0					
Target Southeast	33.0	26.0	22.0					
Walmart West	2.0	24.0						
Walmart Midwest		26.0						
Walmart Northeast	2.0	20.0						
Walmart Southwest		31.0						
Walmart Southeast		25.0						
Publix Banner	16.0	34.0	20.0					
Wegmans Banner	30.0	33.0	17.0					



Ensuring Your Successful TPx and Retail Execution Journey

OP CITAL ON

04.

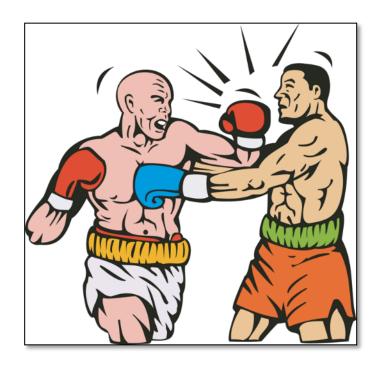
Competition Do's and Don'ts







# Competition Do's and Don'ts



# Run your own play!

- Focus on your shoppers and retailer partners more than competitors
- Use regular price to determine brand position
- Use promo strategy to drive overall value of brand in market





Ensuring Your Successful TPx and Retail Execution Journey

OP INIZATION









# Value Based Pricing



- Shift focus away from cost + desired margin pricing
- Don't be afraid to take price without a commodity story
- Work with retailers on growing profit dollars through your brands





Ensuring Your Successful TPx and Retail Execution Journey

OP INIZATION







## Implementation

### How to get an organization to sing from the same song sheet



- Goals
- Processes
- Management engagement
- Simple scorecards
  - aligned with strategy
- People performance reviews





Ensuring Your Successful TPx and Retail Execution Journey





### **<u>Pricing Smarter</u> Profitable Growth in Mature Categories**