



THE IMPACT OF INCREASED PROMO PRESSURE AND DEPTH OF PROMOTIONS FMCG 2017

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27 MARCH 2017

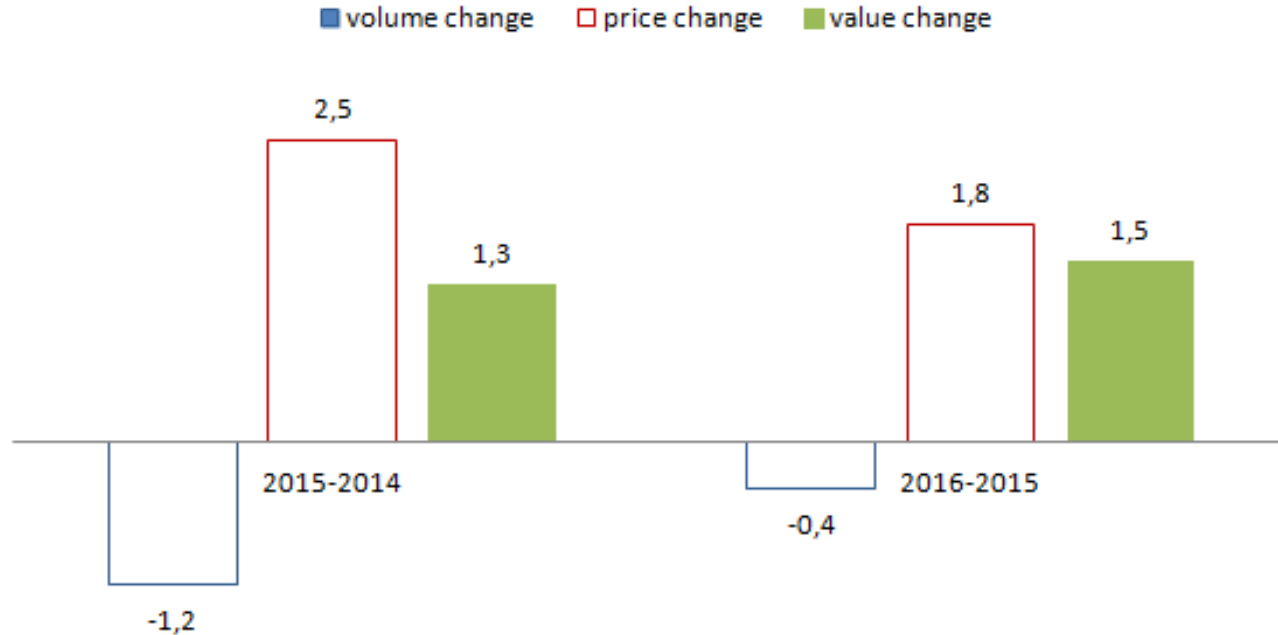


TRAFFIC GENERATORS
SHOPPERWARE
CONVERSION ENGINES

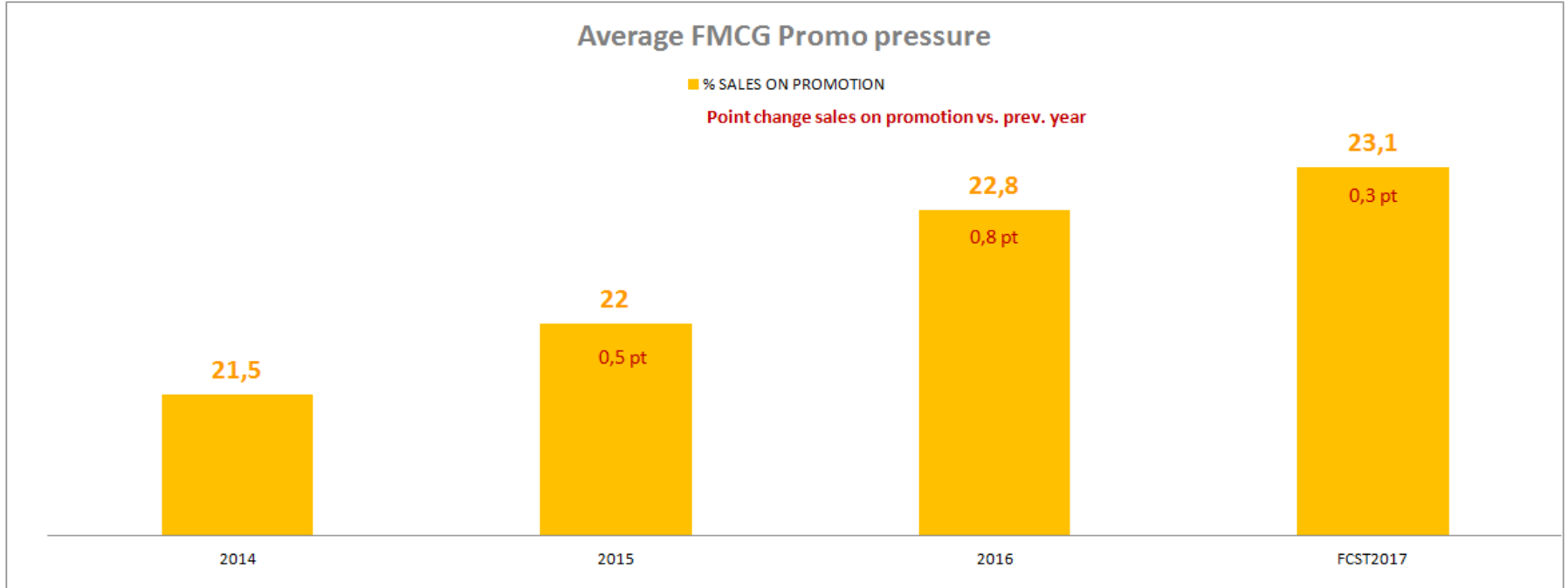
BABM KNOWLEDGE CENTER

EVOLUTION FMCG BELGIUM

FMCG EVOLUTION 2016 / 2015/2014



PROMO PRESSURE EVOLUTION FMCG BELGIUM



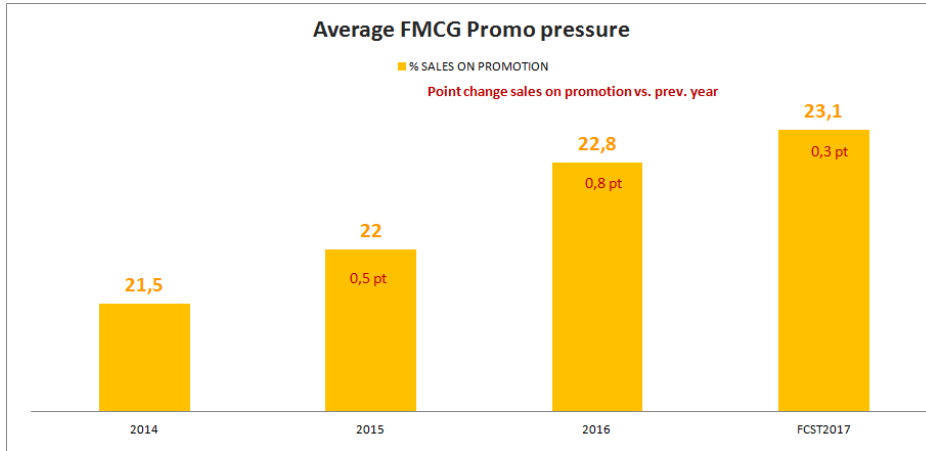
Source : Nielsen 2016 |

Source : Market Model SHOPPERWARE

INCREASED

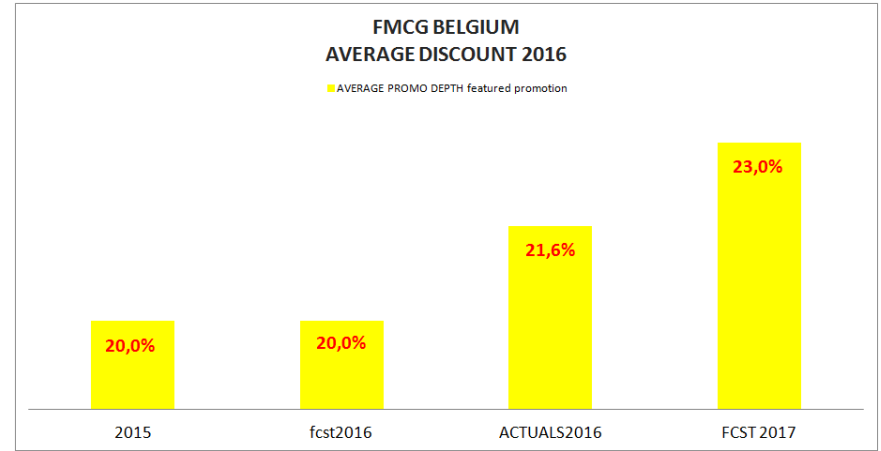
● PROMOTION PRESSURE AND DEPTH

PROMO PRESSURE AND DEPTH BELGIUM 2017



Source Nielsen 2017

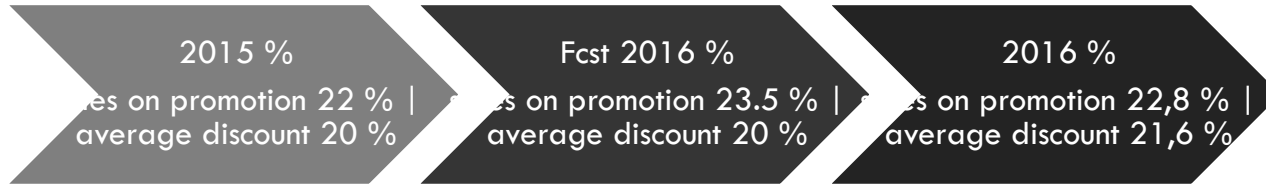
Source : Shopperware FMCG BELGIUM Market-model 2016



Source : Shopperware FMCG BELGIUM Market-model 2016

SCENARIOS

PROMO PRESSURE AND PROMO DEPTH



Scenario min 2017
% sales on promotion 23%
Average discount 23.1%

Scenario mid 2017
% sales on promotion 23%
Average discount 24%

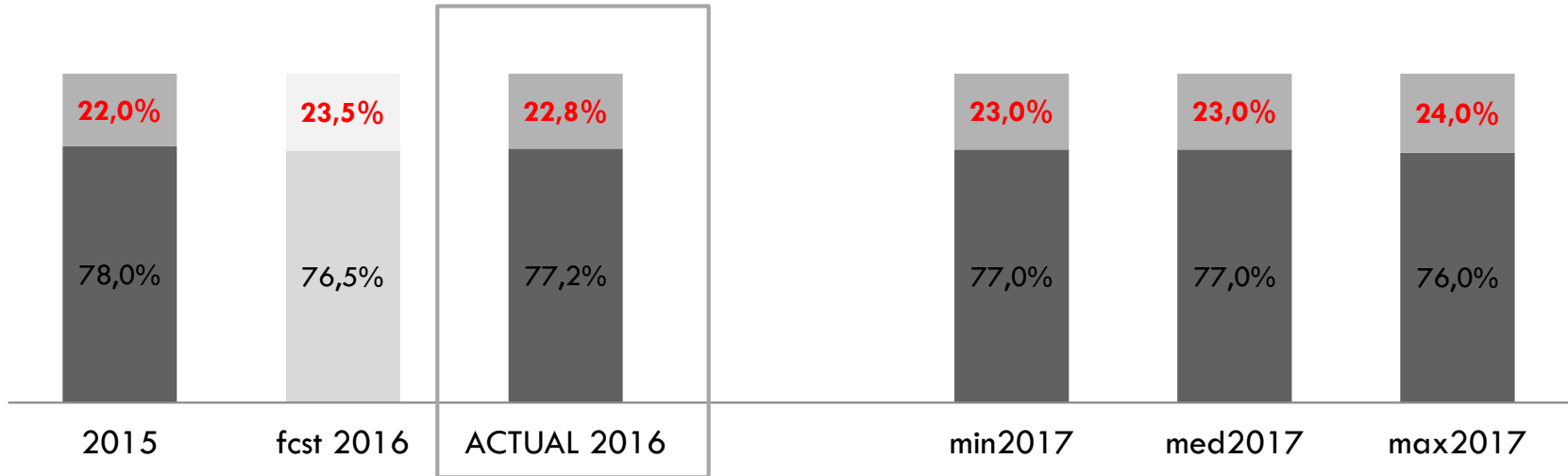
Scenario worst case 2017
% sales on promotion 24%
Average discount 26%

Scenario's :
Shopperware AUDIT of folders Q1 2017 versus Q1 2016 reflects scenario min 2017

2016 5,6 billion € (excl. VAT) FMCG was promoted sales.
(incl VAT 5,9 billion €)

FMCG BELGIUM – %€

■ % sales non-promoted ■ %sales promoted

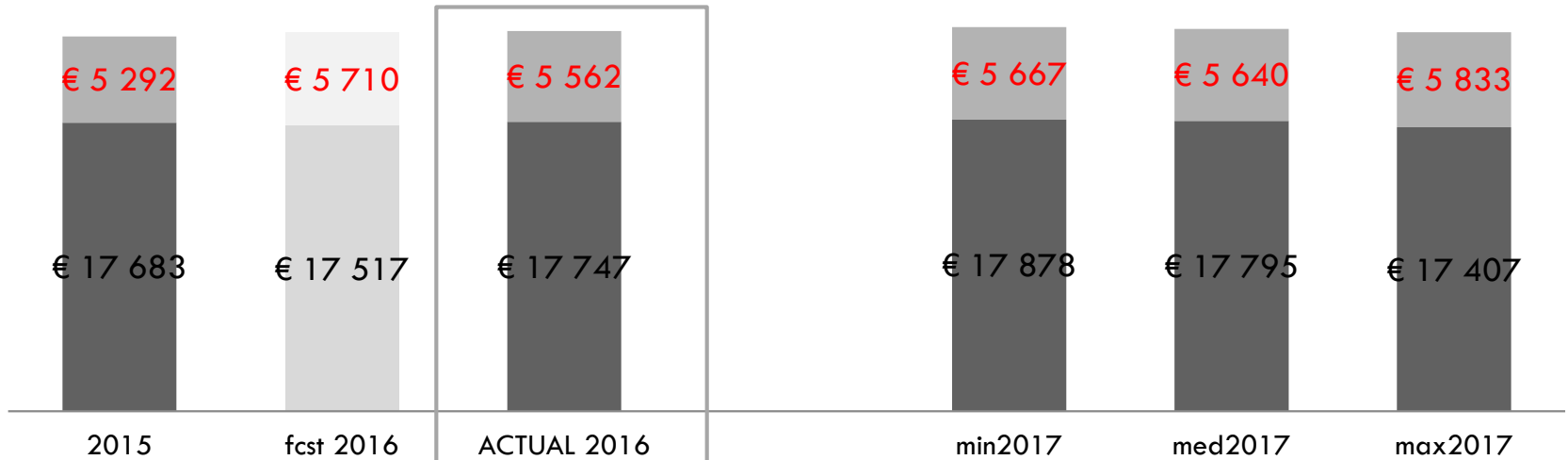


Source : Shopperware FMCG Market-model 2016
Value growth 2016 +1,4% GfK Belgium panel
Sales on promo 2016 +3,5% Nielsen Belgium

2016 5,6 billion € (excl. VAT) FMCG was promoted sales.
(incl VAT 5,9 billion €)

The impact of increased promo pressure and promo depth on FMCG sales value

■ SALES NOT PROMOTED (EXCL VAT) € ■ SALES ON PROMOTION (EXCL VAT)



Source : Shopperware FMCG Market-model 2016
Value growth 2016 +1,4% GfK Belgium panel
Sales on promo 2016 +3,5% Nielsen Belgium

The opportunity cost of promotions

2016 1.5 billion €

(opportunity cost = what if promoted volume was sold at regular prices)



Opportunity cost of promotions (excl. VAT) 2015 - 2016 - forecast 2017



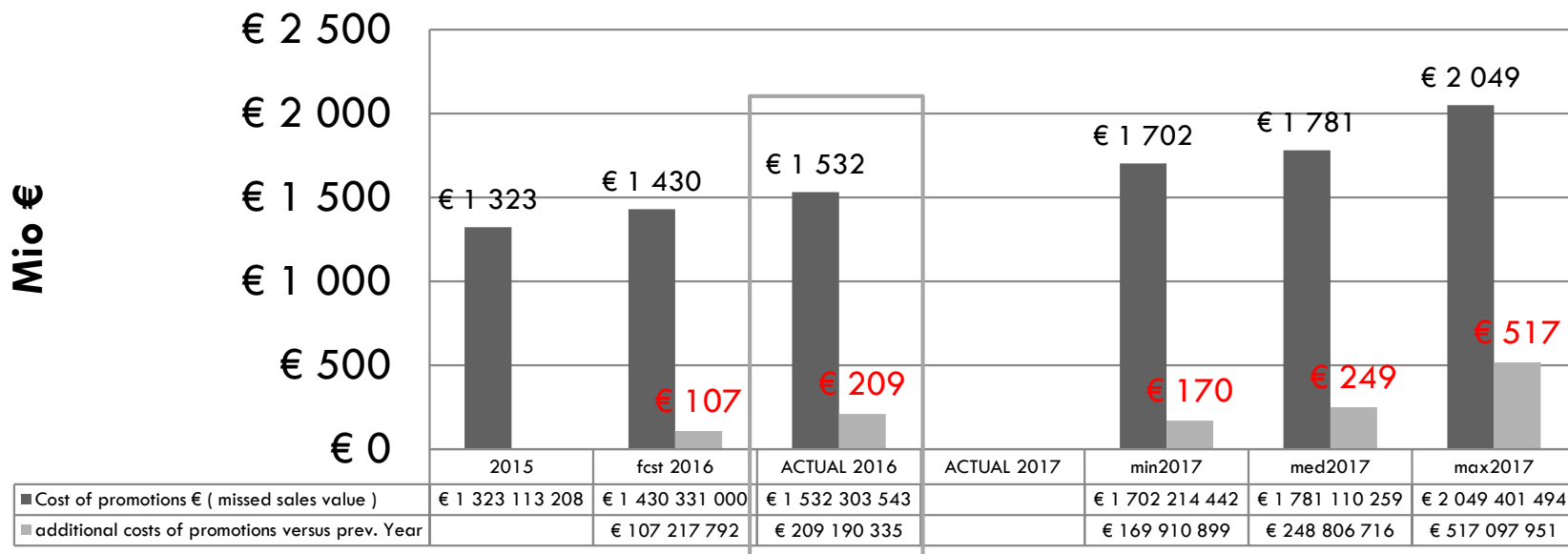
	2015	fcst 2016	ACTUAL 2016	min2017	med2017	max2017
■ Promoted sales value € at regular prices (excl VAT)	€ 6 615 566 038	€ 7 137 293 632	€ 7 093 997 882	€ 7 368 893 687	€ 7 421 292 745	€ 7 882 313 438
■ Promoted sales value € at discounted prices (excl VAT)	€ 5 292 452 830	€ 5 709 834 906	€ 5 561 694 340	€ 5 666 679 245	€ 5 640 182 486	€ 5 832 911 944
■ Cost of promotions € (missed sales value)	€ 1 323 113 208	€ 1 430 331 000	€ 1 532 303 543	€ 1 702 214 442	€ 1 781 110 259	€ 2 049 401 494

The impact of increased promo-pressure and depth of discount.

The costs of promotions increased with 209 mio € in 2016 versus 2015

Promo pressure and promo depth increased in Q1 of 2017

The incremental cost of promotions (missed sales value)



STATUS
BOGOF PROMOTIONS
JAN – MARCH 2017

The impact of further escalation of BOGOFF 1+1 promotions on the profitability of the Big 3

SCENARIOS | min | mid | worst case



HYPOTHESIS SEPT 2016
sales on promotion 22,8 % |
Share of promoted value for Bogoff (-50%) promotions = 22,8 %

Scenario min 2017
% sales on promotion 23%

Share of promoted value for Bogoff (-50%) promotions = **22,8%**

PICK & MIX
=14% of featured 1+1 promo

Scenario mid 2017
% sales on promotion 23%

Share of promoted value for Bogoff (-50%) promotions = **36,6%**

PICK & MIX
=22% of featured 1+1 promo

Scenario worst case 2017
% sales on promotion 24%

Share of promoted value for bogoff (-50%) promotions = **44,8%**

PICK & MIX +ADJECENT SKU
= 28% of featured 1+1 promo

BELGIUM 2017



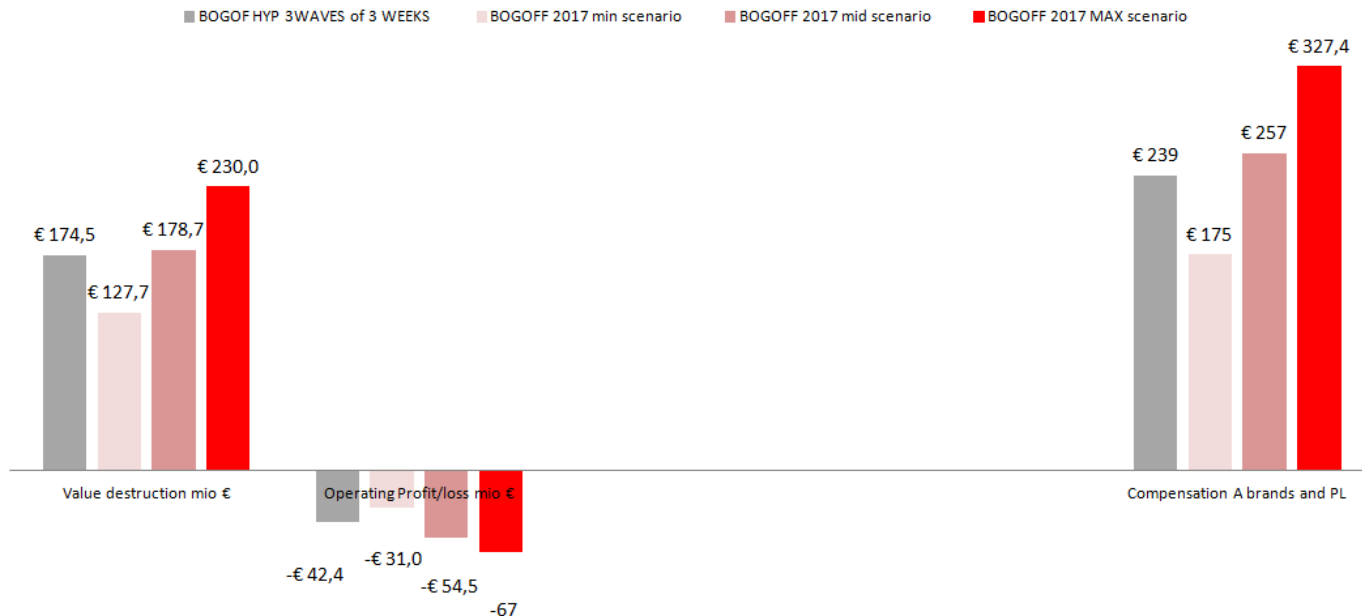
colruyt



Carrefour
integrated

IMPACT OF BOGOFF PROMOTIONS ON BIG 3 ?

Update jan - march 2017
Impact of Bogoff promotions



Source : Shopperware FMCG BELGIUM Market-model 2017

BELGIUM 2017

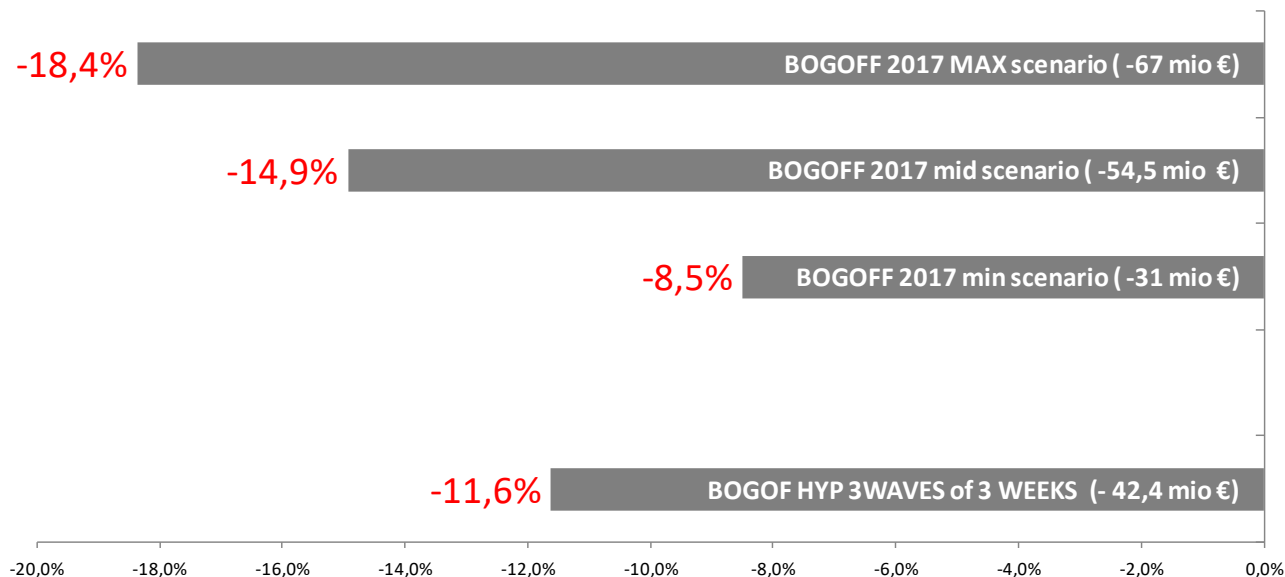


IMPACT OF BOGOFF PROMOTIONS ON BIG 3 ?

% of operating profit lost because of Bogoff 1+1 increase

BIG 3

estimated operating profit = 365 mio €



STATUS
BOGOFF PROMOTIONS
DELHAIZE 2016 – 2017
ADDENDUM 1

Delhaize – average folder discount %

less promotion slots but deeper promotions

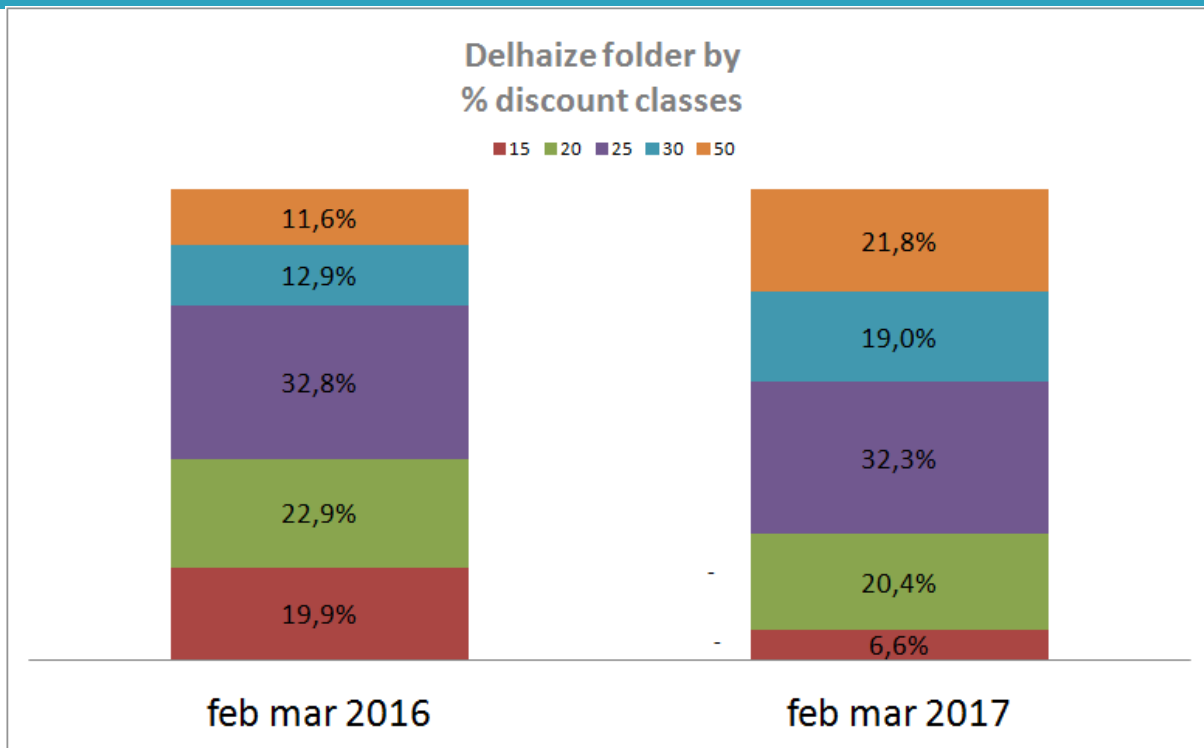
TRAFFIC GENERATORS
SHOPPERWARE
CONVERSION ENGINES

	2016	2017
Number slots Feb - March	629	501
Avg discount %	25,4 %	29,7 %

Source : Shopperware all folders jan-march 2017 and jan march 2016

Delhaize – average folder discount %

less promotion slots but deeper promotions



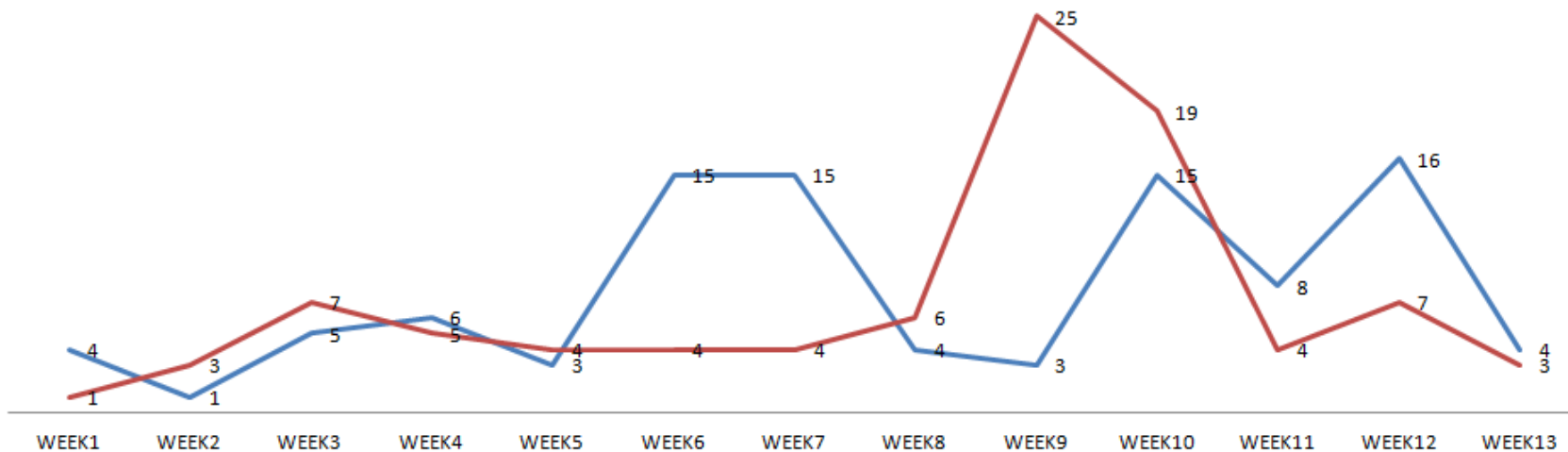
Source : Shopperware all folders jan-march 2017 and jan march 2016

Delhaize 1+1 PROMO

less promotion slots but deeper promotions

The number of slots 1+1 promotions for national brands in Delhaize folder

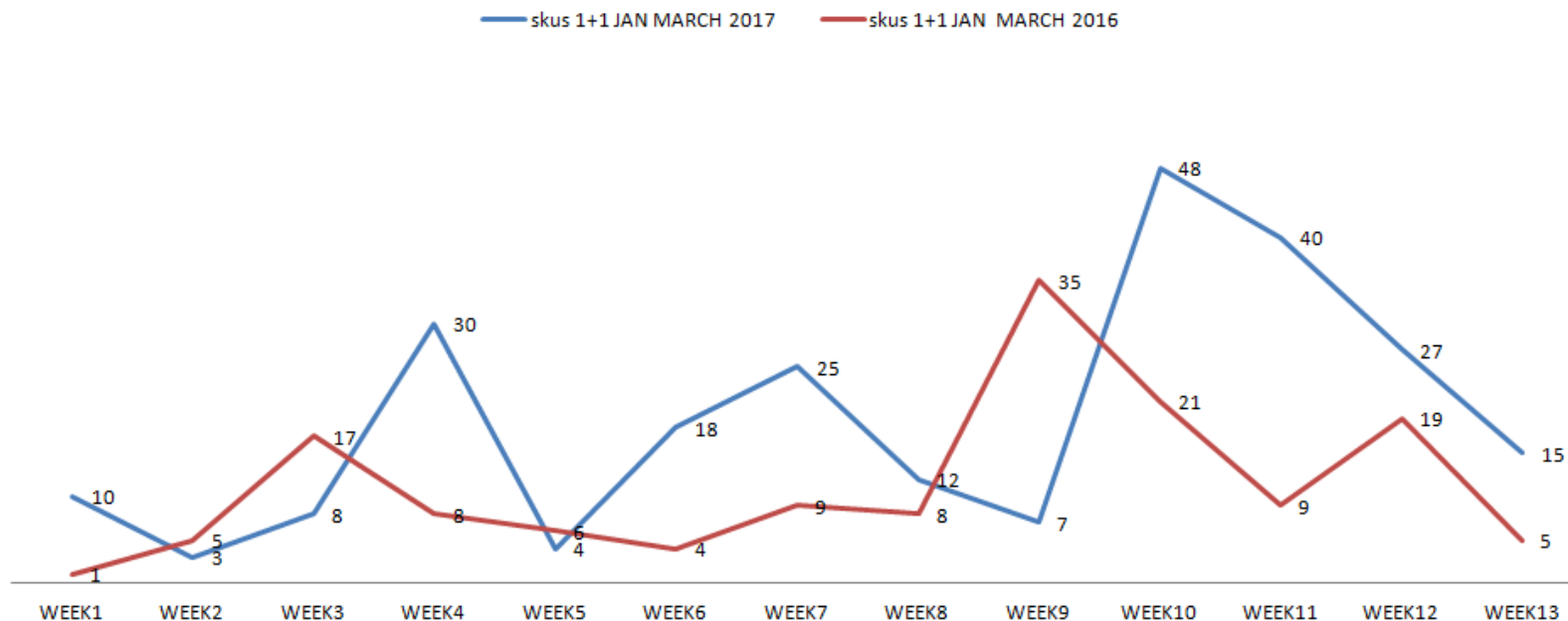
— slots 1+1 JAN MARCH 2017 — slots 1+1 JAN MARCH 2016



Source : Shopperware all folders jan-march 2017 and jan march 2016

Delhaize 1+1 PROMO

The number of SKU's 1+1 promotions for national brands in Delhaize folder

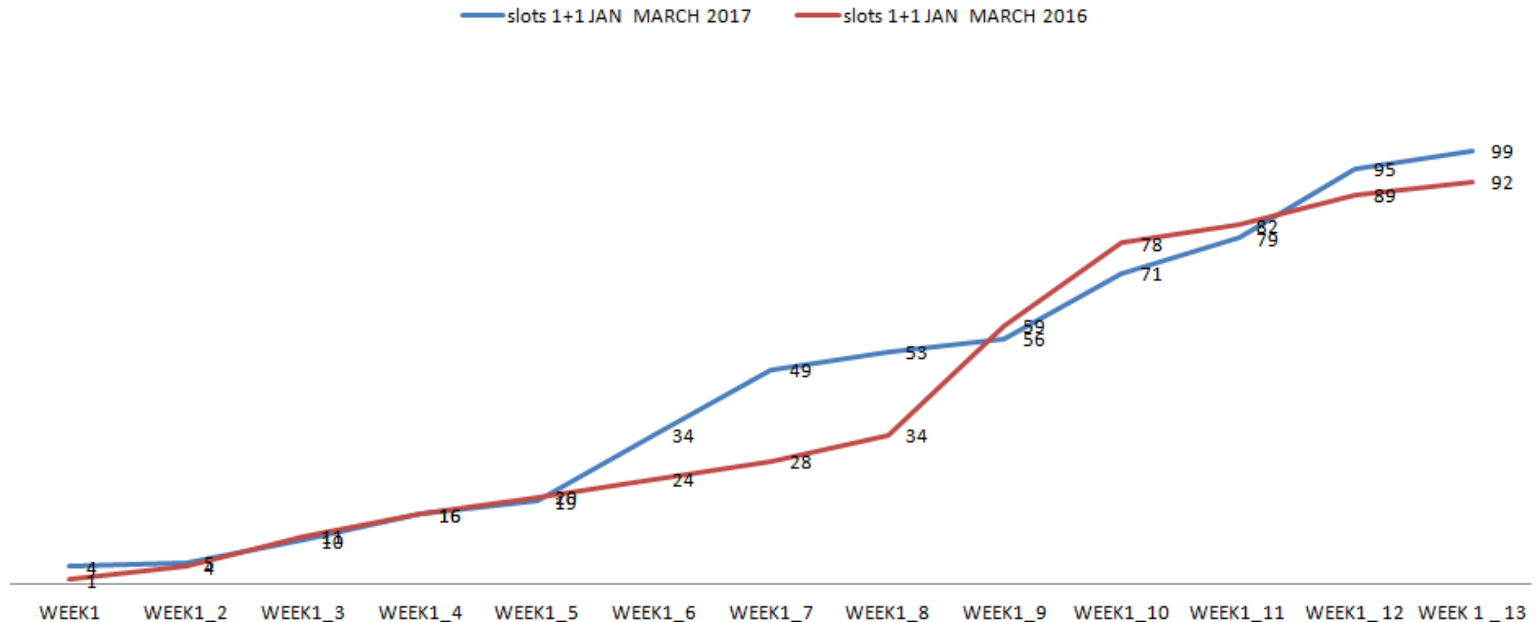


Source : Shopperware all folders jan-march 2017 and jan march 2016

Delhaize 1+1 PROMO

More 1+1 promotion slots

The number of slots 1+1 promotions for national brands in Delhaize folder

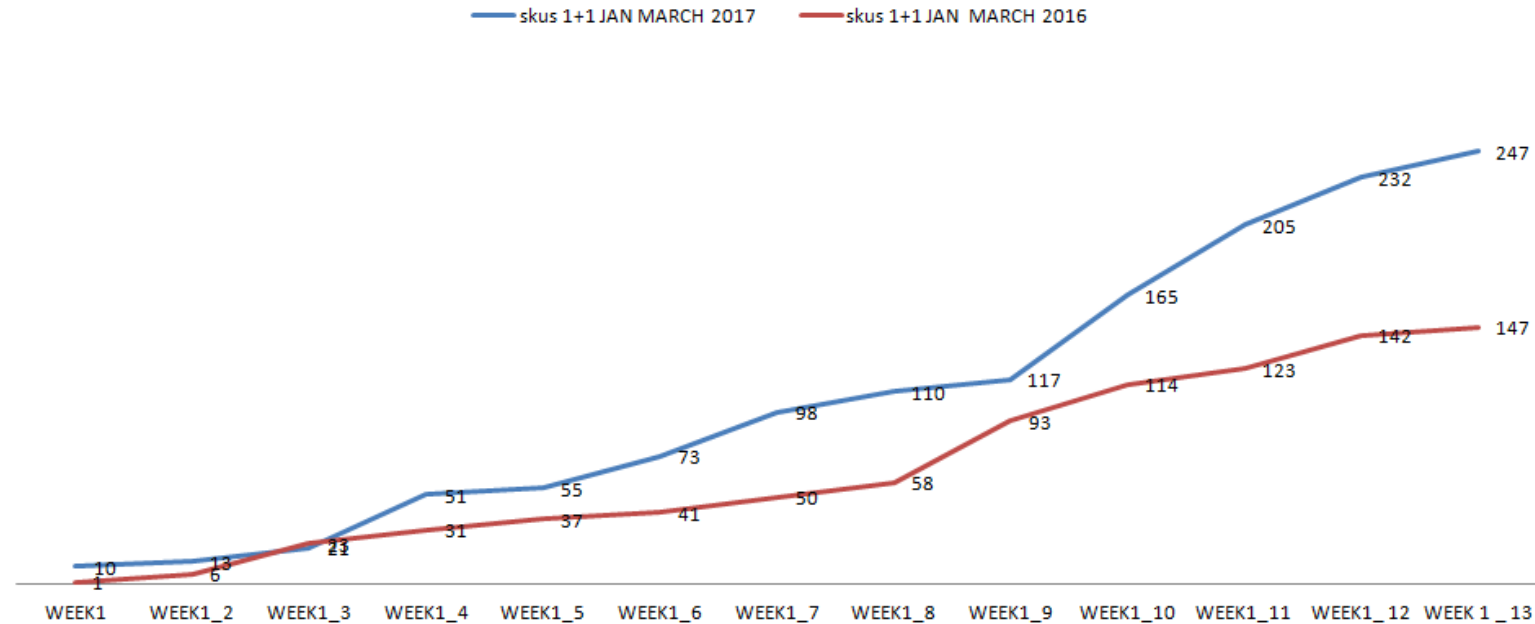


Source : Shopperware all folders jan-march 2017 and jan march 2016

Delhaize 1+1 PROMO

MORE SKU 's in 1+1 promotions

The number of SKUS 1+1 promotions for national brands in Delhaize folder



Source : Shopperware all folders jan-march 2017 and jan march 2016



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SHOPPERWARE – Branch of Eco2ANDB bvba

Shopper marketing

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Trade marketing Consultant
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Business Intelligence and
Data Consultancy

Retail strategy

Geo Marketing

