



Launch of Retailer Promotional Review Q2 2014

OBK Accountants/The Food Accountants are delighted to launch, in conjunction with Checkout Magazine, the results of their 2nd Quarter review for 2014 of the publicly available promotional material from the major Irish Retailers. The report, as always, is produced purely from a Branded Food viewpoint.

The key findings are as follows

- Branded Food is at 34% of items listed still the most popular category. Alcohol and Fresh showed more prominently in Q2 as the trade built up for the Summer/World Cup season.
- Was/Now remains the most popular promotional mechanism with the average discount being offered of almost 40%, that level unchanged since Q1
- Confectionery continues to be the most promoted category followed by Frozen Meat/Fish & Chicken. Fizzy Drinks jumped from 5th to 3rd in advance of the Summer Season and likewise Frozen Ice Cream appeared in the Top 10 at No 4 for the first time. Condiments (No7) and Frozen Potato/Vegetables (No 9) are new entrants as Cheese, Juice/Cordials and Home Baking drop out this quarter.
- Traditionally the largest 4 brands have been Cadbury, Birds Eye, Nestle and Kelloggs and these four still remain very heavily promoted. HB/Walls jump up to No 4 and other rises are seen by Goodfellas and Green Isle. Weight Watchers, Knorr, Mc Cain, Tayto, Denny and 7UP drop out to be replaced by Club, Dolmio, Hellmanns, Old El Paso and Walkers as the summer BBQ/World Cup themes dominate.

The report was compiled following a survey of over 4,000 promotions appearing in publicly available promotional material between 1 April and 30 June 2014.

Results

The comparatives are taken from a similar report produced by OBK Accountants/The Food Accountants in the 1st Quarter of 2014. Full results of that survey are available on our web site www.obk.ie or from aidan@obk.ie or are available in the April edition of Checkout.

Broad Category	Q2 2014	Q1 2014
Branded Food	34%	34%
Non Food	23%	28%

Off Licence	18%	14%
Private Label	11%	13%
Fresh/Bakery/Deli	14%	11%

Eurospar have the highest % of branded food offerings with Tesco the lowest and the other three players (Centra, Supervalu and Dunnes) broadly similar.

All retailers gave greater emphasis to their Off Licence offerings as the Summer Season and World Cup promotional fever took hold.

Dunnes Stores having had limited PL promotions in Q1 gave it much more prominence in Q2 particularly at the higher end of the PL range.

Supervalu gave much more prominence to their Meat and Fresh categories coming off the back of their Superquinn integration, the Steak and Wine promotions being particularly well supported.

Main Branded Categories Promoted	Previous Rank
1. Confectionery	(1)
2. Frozen Meat/Fish/Chicken	(2)
3. Drinks – Fizzy	(5)
4. Frozen Ice Cream	(-)
5. Deli Meat/Fish/Chicken	(3)
6. Crisps/Snacks	(7)
7. Condiments	(-)
8. Yoghurts/Desserts	(4)
9. Frozen Potato/Vegetables	(-)
10. Cereals/Cereal Bars	(6)

The three categories that dropped out of the 1st Quarter report were Juice Cordials (to 11th), Cheese (to 17th) and Home Baking (outside Top 20).

The Quarter covers key events such as Easter, Father's Day and the pre World Cup and Summer build up.

Promotional Mechanism	Q2 2014	Q1 2014
Was/Now	56%	58%
Single Price Point	30%	27%
Multibuy	11%	9%
50% Extra Free	1%	1%
100% Extra Free/BOGOF	1%	1%
All Others	1%	4%
Total	100%	100%

Tesco continue to have WAS/NOW as their default promotional strategy with 83% of branded food promotions using that mechanism. Dunnes reduced their emphasis on WAS/NOW (though it still accounts for almost 50%) and replaced it with Single Price Point whilst the other retailers were largely unchanged.

Depth of WAS/NOW promotions

Across the Retailer spectrum the depth of WAS/NOW promotions during the second Quarter of 2014 remained largely unchanged at almost 40% as against the first Quarter of 2014. However the gap between the two deepest promoters (Dunnes and Tesco) widened with Dunnes average WAS/NOW now well ahead of Tesco

	Q2 2014	Q1 2014	Q2 2014 Excl Half Price	Q1 2014 Excl Half Price
	All	All		
All Branded Food WAS/NOW promotions	39.57%	39.72%	31.28%	30.89%
Dunnes Stores	42.33%	42.33%	31.44%	31.44%
Tesco	41.79%	41.79%	30.45%	30.45%
Eurospar	34.97%	36.19%	30.77%	32.37%
Supervalu	37.32%	35.48%	29.87%	29.95%
Centra	37.52%	35.42%	31.95%	30.49%

In the Top 10 promoted categories the average WAS/NOW discount was as follows

- 1. Confectionery** **37.52%**
- 2. Frozen Meat/Fish/Chicken** **48.79%**
- 3. Drinks – Fizzy** **35.18%**

4. Frozen Ice Cream	44.43%
5. Deli Meat/Fish/Chicken	33.82%
6. Crisps/Snacks	37.01%
7. Condiments	34.08%
8. Yoghurts/Desserts	40.04%
9. Frozen Potato/Vegetables	41.54%
10. Cereals/Cereal Bars	38.76%

As can be seen Frozen Foods of whatever category has by far the deepest discount on a WAS/NOW basis.

Half Price or Better promotions were by far the most common depth of promotion with 42% (down from 43% in Q1) of all WAS/NOW promotions being at half price.

Dunnes Stores has 68% of their WAS/NOW promotions at Half Price or Better down from 73% in Quarter 4 followed by Tesco at 50%, Supervalu 30%, Centra 27% and Eurospar 20%.

Top 20 Featured Brands

As would be expected the brands with the broadest offering across different categories feature prominently in our survey. The biggest change in Quarter 2 2014 was that the exceptional new entrants in Q1 (Weight Watchers (New Year Dieting/Health) and Kelkin (Gluten Free) both fell from the Top 20 in addition to brands such as Knorr, Mc Cain, Tayto, Denny and 7 UP

Brand Ranking	Q1 2014
1 Cadbury	2
2 Birds Eye	1
3 Nestle	4
4 HB/Walls	7*
5 Kelloggs	5
6* Goodfellas	10*
6* Big Al's	7*
8 Coca Cola	14
9 Green Isle	17*
10* Hellmanns	-
10* Dolmio	-
12 Club	-
13* Mars/Galaxy/Maltesers	6
13* Muller	17*
15* Old El Paso	-
15* Heinz	-
17* Yoplait	10*
17* Walkers	-

17* Donegal Catch

20*

17* Mc Vities

17*

Author

Aidan O'Byrne is the co-founder of OBK Accountants/The Food Accountants a newly established Financial Services practice providing specialised Accounting, Taxation and Consulting to the FMCG/Food sector. He is a former Finance Director of Batchelors and a former CFO of Valeo Foods and is also a founder and current Director of Love Irish Food.

OBK Accountants/The Food Accountants can provide tailored solutions for all your Accounting, Taxation and Consulting requirements at competitive rates.

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