



Launch of Retailer Promotional Review Q1 2014

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

The key findings are as follows

- Branded Food is still the most popular category though both Private Label and Non Food are growing in some retailers.
- Was/Now is the most popular promotional mechanism with the average discount being offered of almost 40%.
- Confectionery continues to be the most promoted category followed by Frozen Meat/Fish & Chicken, Deli Meat, Fish & Chicken and Yoghurts/Desserts.
- Traditionally the largest 4 brands have been Cadbury, Birds Eye, Nestle and Kelloggs but in this Quarter Weight Watchers have been aggressively promoted on the back of Healthy Eating/Operation Transformation and New Year Resolution themes.
- Retailers continue to promote themes e.g. Home Baking for Pancake Tuesday.

The report was compiled following a survey of over 5,000 promotions appearing in publicly available promotional material between 1 January and 31 March 2014.

Results

The comparatives are taken from a similar report produced by OBK Accountants/The Food Accountants in the 4th Quarter of 2013. Full results of that survey are available on our web site www.obk.ie or from aidan@obk.ie

Broad Category	Q1 2014	Previous
Branded Food	34%	31%
Non Food	28%	24%
Off Licence	14%	19%
Private Label	13%	13%

Fresh/Bakery/Deli	11%	13%
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Note for this category Aldi and Lidl are excluded as the vast majority of their offerings are in Non Food.

Supervalu as would be expected, given their overall media programme have the highest Private Label % of offerings at 20%. Conversely Dunnes Stores have only 2% of promotions publicised being in Private Label Food.

The demise of the Superquinn brand has impacted on the Branded % as it previously had the highest Brand Promotions as a % of Total Promotions rating.

Main Branded Categories Promoted	Previous Rank
1. Confectionery	(1)
2. Frozen Meat/Fish/Chicken	(2)
3. Deli Meat/Fish/Chicken	(4)
4. Yoghurts/Desserts	(3)
5. Drinks – Fizzy	(6)
6. Cereals & Cereal Bars	(7)
7. Crisps/Snacks	(9)
8. Home Baking	(-)
9. Cheese	(8)
10. Juice/Cordials	(-)

The two categories that dropped out of the 4th Quarter report were Seasonal Christmas (obviously) and Condiments which would have had a significant push prior to Christmas.

The Quarter covers key events such as New Year Healthy Resolutions, Valentine's Day, Chinese New Year, Pancake Tuesday, St Patrick's Day, Mother's Day and the initial pre Easter period.

Promotional Mechanism	Q1 2014	Previous
Was/Now	58%	47%
Single Price Point	27%	34%
Multibuy	9%	11%
50% Extra Free	1%	2%
100% Extra Free/BOGOF	1%	3%
All Others	4%	3%

Total	100%	100%
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Within Retailers Tesco was almost exclusively WAS/NOW with 93% (up from 69%) of promotions using this mechanism. Dunnes Stores also moved more to WAS/NOW at 63% of promotions (up from 52%).

Depth of WAS/NOW promotions

Across the Retailer spectrum there has been a reduction in the depth of WAS/NOW promotions during the first Quarter of 2014 as against the final Quarter of 2013. This may be due to a number of factors ranging from protection of margin by Retailers in advance of their financial year ends to the fact that Christmas often leads to very deep promotions across a number of categories.

	Q1 2014	Previous	Q1 2014	Previous
	All	All	Excl Half Price	Excl Half Price
All Branded Food WAS/NOW promotions	39.72%	41.79%	30.89%	31.35%
Dunnes Stores	42.33%	46.24%	31.44%	29.82%
Tesco	41.79%	44.44%	30.45%	31.33%
Eurospar	36.19%	40.00%	32.37%	34.15%
Supervalu	35.48%	38.08%	29.95%	31.56%
Centra	35.42%	42.93%	30.49%	34.06%

Neither Aldi/Lidl had a statistically relevant level of WAS/NOW promotions as almost all of their branded promotions are either Single Price Point or 50%/100% Extra Free.

Across the major categories Frozen Meat/Fish and Chicken had by far the highest average discount at 46.36% with Home Baking by far the lowest at 28.18% followed by Juice/Cordials at 34.71% and Drinks-Fizzy at 36.36%. Most of the other categories were within 1% of the average.

Half Price or Better promotions were by far the most common depth of promotion with 43% of all WAS/NOW promotions being at half price. This however is down from 50% in Quarter 4 2013.

Dunnes Stores has 57% of their WAS/NOW promotions at Half Price or Better down from 73% in Quarter 4 followed by Tesco at 55%, Supervalu 29%, Centra 23% and Eurospar 17%.

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 1 2014 was the level of Weight Watchers promotions which were featured strongly across a number of retailers and also the level of activity of a relatively small player like Kelkin on the back of broad “Gluten Free” and “Free From” themed promotions across a number of retailers.

Brand Ranking		Q4 2013
1	Birds Eye	3
2	Cadbury	1
3	Weight Watchers	-
4	Nestle	2
5	Kelloggs	4
6	Mars/Maltesers/Galaxy	10*
7*	Big Al's	6
7*	HB/Walls	19*
9	Knorr	7*
10*	Goodfellas	14
10*	Yoplait	10*
12*	Mc Cain	18
12*	Mc Vities	5
14	Coca Cola	15
15*	Tayto	16*
15*	Kelkin	-
17*	Green Isle	12
17*	Denny	9
17*	Muller	7*
20*	Donegal Catch	22*
20*	7UP	19*

Brands dropping out of the Top 20 this quarter were Jacobs, Fox's Biscuits and Erin all of whom had very strong 4th Quarter 2013 performance driven by Seasonal Christmas.

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.

Contact Aidan at aidan@obk.ie or visit the website at www.obk.ie for a summary of the services offered.