



## **Launch of Retailer Promotional Review Q3 2014**

OBK Accountants/The Food Accountants are delighted to launch, in conjunction with Checkout Magazine, the results of their 3rd 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% (Unchanged on Q2) of items listed still the most popular category. Non Food is becoming increasingly popular in Dunnes and Tesco to counteract the Discounters offerings.
- Was/Now remains the most popular promotional mechanism with the average discount being offered of 42.43% up a significant almost 3% on Q2 with Dunnes leading the way again with an average of 46.28%.
- For the first time since we started the survey Confectionery does not top the poll in leading category with that honour now going to Frozen Meat/Fish/Chicken
- Traditionally the largest 4 brands promoted have been Cadbury, Birds Eye, Nestle and Kelloggs and these four still remain very heavily promoted. Birds Eye lead the way in Q3 and also in Year to Date.
- There are similarities and significant differences between the findings of this survey and the overall market findings as reported in the Checkout Top 100 Brands.

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

### **Results**

The comparatives are taken from a similar report produced by OBK Accountants/The Food Accountants in the previous Quarters of 2014. Full results of all of our surveys are available on our web site [www.obk.ie](http://www.obk.ie) or from [aidan@obk.ie](mailto:aidan@obk.ie).

| <b>Broad Category</b> | <b>Q3 2014</b> | <b>Q2 2014</b> |
|-----------------------|----------------|----------------|
| <b>Branded Food</b>   | <b>34%</b>     | <b>34%</b>     |
| <b>Non Food</b>       | <b>28%</b>     | <b>23%</b>     |

|                          |            |            |
|--------------------------|------------|------------|
| <b>Off Licence</b>       | <b>14%</b> | <b>18%</b> |
| <b>Private Label</b>     | <b>12%</b> | <b>11%</b> |
| <b>Fresh/Bakery/Deli</b> | <b>12%</b> | <b>14%</b> |

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

The Pre-Summer and World Cup season in Q2 gave way to Summer and Back to School in Q3 with the expected reduction in Off Licence replaced by Uniforms/School Supplies.

Centra have the highest PL % at almost 20% well above the industry average.

Supervalu continue to promote some of the legacy Superquinn themes such as Steak/Wine and French produce and these get significant coverage.

| <b>Main Branded Categories Promoted</b> | <b>Previous Rank</b> |
|---|----------------------|
| <b>1. Frozen Meat/Fish/Chicken</b>      | <b>(2)</b>           |
| <b>2. Confectionery</b>                 | <b>(1)</b>           |
| <b>3. Deli Meat/Fish/Chicken</b>        | <b>(5)</b>           |
| <b>4. Yoghurts/Desserts</b>             | <b>(8)</b>           |
| <b>5. Cereals/Cereal Bars</b>           | <b>(10)</b>          |
| <b>6. Frozen Ice Cream</b>              | <b>(4)</b>           |
| <b>7. Drinks-Fizzy</b>                  | <b>(3)</b>           |
| <b>8. Biscuits</b>                      | <b>(-)</b>           |
| <b>9. Crisps/Snacks</b>                 | <b>(6)</b>           |
| <b>10. Juice/Cordials</b>               | <b>(-)</b>           |

The two categories that dropped out of the 2nd Quarter report were Frozen Vegetables/Potato (to 11<sup>th</sup>) and Condiments (to 12<sup>th</sup>)

The Quarter covers key events such as Summer and Back to School.

| <b>Promotional Mechanism</b> | <b>Q3 2014</b> | <b>Q2 2014</b> |
|------------------------------|----------------|----------------|
| <b>Was/Now</b>               | <b>61%</b>     | <b>56%</b>     |
| <b>Single Price Point</b>    | <b>25%</b>     | <b>30%</b>     |
| <b>Multibuy</b>              | <b>10%</b>     | <b>11%</b>     |
| <b>50% Extra Free</b>        | <b>1%</b>      | <b>1%</b>      |

|                              |             |             |
|------------------------------|-------------|-------------|
| <b>100% Extra Free/BOGOF</b> | <b>1%</b>   | <b>1%</b>   |
| <b>All Others</b>            | <b>2%</b>   | <b>1%</b>   |
| <b>Total</b>                 | <b>100%</b> | <b>100%</b> |

Both Tesco and Dunnes have over 70% of their promotions on a WAS/NOW basis with only Eurospar having an equal split between WAS/NOW and Single Price Point.

#### **Depth of WAS/NOW promotions**

There was a rise of almost 3% to 42.43% in the depth of WAS/NOW promotions which is very significant as all previous quarter movements have been less than 1%. All retailers increased the depth of promotions with Supervalu in particular having a major "Better than Half Price" initiative.

|  | Q3 2014 | Q2 2014 | Q3 2014         | Q2 2014         |
|--|---------|---------|-----------------|-----------------|
|  | All     | All     | Excl Half Price | Excl Half Price |
| <b>All Branded Food WAS/NOW promotions</b> | 42.43%  | 39.57%  | 32.88%          | 31.28%          |
| <b>Dunnes Stores</b>                       | 46.28%  | 46.08%  | 30.82%          | 32.49%          |
| <b>Tesco</b>                               | 43.04%  | 41.09%  | 32.00%          | 32.43%          |
| <b>Eurospar</b>                            | 37.95%  | 34.97%  | 34.04%          | 30.78%          |
| <b>Supervalu</b>                           | 40.84%  | 37.32%  | 32.56%          | 29.87%          |
| <b>Centra</b>                              | 41.00%  | 37.52%  | 34.20%          | 31.95%          |

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

|                                    |               |
|------------------------------------|---------------|
| <b>1. Frozen Meat/Fish/Chicken</b> | <b>47.20%</b> |
| <b>2. Confectionery</b>            | <b>43.24%</b> |
| <b>3. Deli Meat/Fish/Chicken</b>   | <b>38.49%</b> |
| <b>4. Yoghurts/Desserts</b>        | <b>43.67%</b> |
| <b>5. Cereals/Cereal Bars</b>      | <b>43.01%</b> |
| <b>6. Frozen Ice Cream</b>         | <b>41.94%</b> |
| <b>7. Drinks-Fizzy</b>             | <b>42.00%</b> |
| <b>8. Biscuits</b>                 | <b>42.69%</b> |
| <b>9. Crisps/Snacks</b>            | <b>39.17%</b> |
| <b>10. Juice/Cordials</b>          | <b>43.03%</b> |

As can be seen Frozen Meat/Fish/Chicken which is the most featured category also has the deepest discount on a WAS/NOW basis

Half Price or Better promotions were by far the most common depth of promotion with 50% (up from 42% in Q2) of all WAS/NOW promotions being at half price.

Dunnes have over 76% of their WAS/NOW promotions at Half Price or better.

### 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 3 2014 was that brands associated with Kids/Back to School featured prominently

| Brand Ranking Q3 2014    | Q2 2014 |
|--------------------------|---------|
| 1 Birds Eye              | 2       |
| 2= Cadbury               | 1       |
| 2= Nestle                | 3       |
| 4 Kelloggs               | 5       |
| 5 Mc Vities              | 17=     |
| 6 Green Isle             | 9       |
| 7= Big Al's              | 6=      |
| 7= Denny                 | -       |
| 9 HB/Walls               | 4       |
| 10 Muller                | 13=     |
| 11 Yoplait               | 17=     |
| 12 Goodfellas            | 6=      |
| 13 Knorr                 | -       |
| 14 Mars/Galaxy/Maltesers | 13=     |
| 15= Cuisine De France    | -       |
| 15= 7 UP                 | -       |
| 17= Jacobs               | -       |
| 17= Robinsons            | -       |
| 17= Walkers              | 17=     |
| 20 Coca Cola             | 8       |

## Brand Ranking 2014 All Year

|     |                       |
|-----|-----------------------|
| 1   | Birds Eye             |
| 2   | Cadbury               |
| 3   | Nestle                |
| 4   | Kelloggs              |
| 5   | HB/Walls              |
| 6   | Big Al's              |
| 7   | Goodfellas            |
| 8   | Mars/Galaxy/Maltesers |
| 9   | Green Isle            |
| 10  | McVities              |
| 11  | Weight Watchers       |
| 12= | Yoplait               |
| 12= | Coca Cola             |
| 14  | Muller                |
| 15= | Denny                 |
| 15= | Knorr                 |
| 17  | Hellmanns             |
| 18  | 7 Up                  |
| 19  | Mc Cain               |
| 20  | Walkers               |

### Comparison to Checkout Top 100 Brands

It would be expected that there would be significant correlation between the Checkout Top 100 Brands which measures overall Brand Performance and this OBK report which highlights brands that feature in Retailers promotional material and to an extent it is true. However there are some interesting differences

- Avonmore Milk #2 in Top 100 rarely if ever features in promotions
- Birds Eye # 1 in OBK Report features only in #86 and #95 in the Top 100
- Big Al's #6 in OBK Report Year to date doesn't feature at all in Top 100
- Green Isle #9 in OBK Report Year to date doesn't feature at all in Top 100.

### 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 and are also licensed to provide Personal Insolvency Services.

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