

Bord Bia Workshop

27th May 2010

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Agenda

- **Who are BWG?**
- **BWG Purchasing Policy (a.k.a. Sales Policy)**
- **The Distribution Challenge**
- **Focus on Opportunities**

Who are BWG?

BWG Foods – circa €1b turnover in 2009

Wholesale Division



Retail Division



Wholesale Division 2009



22 Branch network of Cash & Carry premises



Multi-temp capability
Catering to Hotels, Institutions, Pubs etc.
- €51m (- €1.5m)



140 Convenience stores
€35m full year sales

Retail Division 2009



Retail offer, primarily in forecourt and convenience locations
230 retail outlets



SPAR network in three formats
468 retail outlets
Some company owned retail premises





Mace - 230 Stores

SPAR In Ireland

- Launched in 1963
- Ireland's largest retail chain
- 468 Group Stores
- 50 EUROSPAR Supermarkets
- RETAIL T/O c. €1.2 Billion
- 10,000+ EMPLOYEES





50 Stores - c.25-27% of Turnover

Eurospar v The Multiples, past 52

	SALES VALUE		€ Share of Trade		% Growth	€ Growth
	MAT APR 18/10	MAT APR 19/09	2010	2009		
MULTIPLES+ES						
TOTAL BUSINESS	3,773,569,537	3,966,256,112			-4.9%	(192,686,575)
EUROSPAR ROI						
TOTAL BUSINESS	212,564,376	218,233,014	5.6%	5.5%	-2.6%	(5,668,638) Growing ahead of Market

- Eurospar market share is now 5.5% of scantrack, up 0.1%
- Eurospar is performing 2% better than other multiples



348 Stores



70 Stores

BWG Purchasing Policy

BWG Purchasing Policy

- **Total Suppliers**
 - 450 Suppliers
 - 300 CB Suppliers
 - 250 Irish & local
- **Central Billing**
 - Easy market entry
- **Bord Bia & Irish**



BWG Purchasing Policy

- **Price & Promotion**
 - **Consumer demands & expects value**
 - **Convenience channel is responding to competitor activity**
 - **Even more important to innovate**

Price & Promotions



**THE MAGNIFICENT
SEVEN**

INCREDIBLE MAY BANK HOLIDAY VALUE

**ONLY
€1
EACH**

SPAR

Offer includes: KELLOGG'S Cornflakes 500g, MAXWELL HOUSE Mild Blend 100g, SQUEEZ Orange Juice 1lt, BRENNAN'S Family Pan 800g
SPAR Medium Eggs 6pk, FLORA Buttery 500g, SPAR Pale & Smoked Back Rashers 170g

ANOTHER GREAT BANK HOLIDAY OFFER UNDER THE TREE AT SPAR.
Available in participating stores only from April 25th - May 3rd while stocks last.
QUOTAS MAY APPLY.

Price & Promotions

A1 Window Poster

Coupon Card Version 1

HIT YOUR HUNGER WITH A HOAGIE!

Meal Deal
6" Hoagie
and 12oz Insomnia
hot drink
Only **€2.99**

Meal Deal
12" Hoagie
and 12oz Insomnia
hot drink
Only **€4.99**




Coupon Card Version 2

FANCY A HOAGIE WITH YOUR COFFEE?

Meal Deal
6" Hoagie
and 12oz Insomnia
hot drink
Only **€2.99**

Meal Deal
12" Hoagie
and 12oz Insomnia
hot drink
Only **€4.99**




Table 215mm x 100mm

HIT YOUR HUNGER WITH A HOAGIE!

Meal Deal
12" Hoagie
and 12oz Insomnia
hot drink
Only **€4.99**



HIT YOUR HUNGER WITH A HOAGIE!

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6" Hoagie
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Meal Deal
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Only
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BWG Purchasing Policy

- **On-going Consolidation**
 - Reduce the cost to serve
 - Greater in-store efficiencies
 - Short life products & waste

Others...

- **Differentiation**
- **Own Brand**

The Distribution Challenge

- Central Billing
- CB Consolidators
- Starting out

The Distribution Challenge

Central Billing

Advantages:

- Supplier has access to stores directly
- Supplier can centrally bill stores via BWG (less admin)
- A large range can be accommodated
- Retailer receives merchandising and sale/return
- New suppliers can start small/regional

Disadvantages:

- Set up costs (edi, staff, vehicles....etc)
- Supplier would need suitable vehicles
- Cost of large scale distribution can be expensive
- Frequent delivery needed on fresh products
- No BWG promotions, without national coverage

The Distribution Challenge

Use of CB Consolidators

1. Sunshine Juice
2. Traditional Cheese Co.
3. PRM
4. SHS
5. Horgans

New to market....

6. Retail Direct Distribution (RDD)

The Distribution Challenge

Use of Consolidators

Advantages:

- No capital investment required
- Manufacturer has access to all stores through the 3rd party
- 3rd Party manages billing
- The range is managed (based on ROS)
- Retailer receives merchandising and sale/return

Disadvantages:

- Increased cost ?
- The 3rd party has the control of your product/brand
- Shared focus of distributor
- May not be top priority
- Sale or return maybe obligatory

The Distribution Challenge

BWG: Preferred Consolidators to date

The Distribution Challenge

BWG: Preferred Consolidators to date

- Sunshine Juice Co
 - Small manufacturer based in Carlow
 - Now 90% of the business is in distribution
 - Current range: Juice, fresh meat, soup, Frozen pizza, chips, etc
- Traditional Cheese Co
 - Small distributor of speciality cheeses & convenience foods
 - Now half of sales is distributed products
 - Current range: Cheese, Breakfast meats, Cooked meats
- PRM
 - One of the largest 3rd party distributor in Ireland
 - Direct to store service for larger supermarkets
 - Current range: Cakes, juice, convenience foods, cooked meats

The Distribution Challenge

Starting out...

The Distribution Challenge

Starting out...

- Examine the different options available
- Speak with the relevant Trading Managers and get their advice
 - They have relationships with all involved – so they will advise you
- Shop around!
- Avoid sharing routes to market with competitor products – it's not easy!
- Don't under estimate the cost to serve!
- Finally – Always ask yourself, will they love me or leave me?

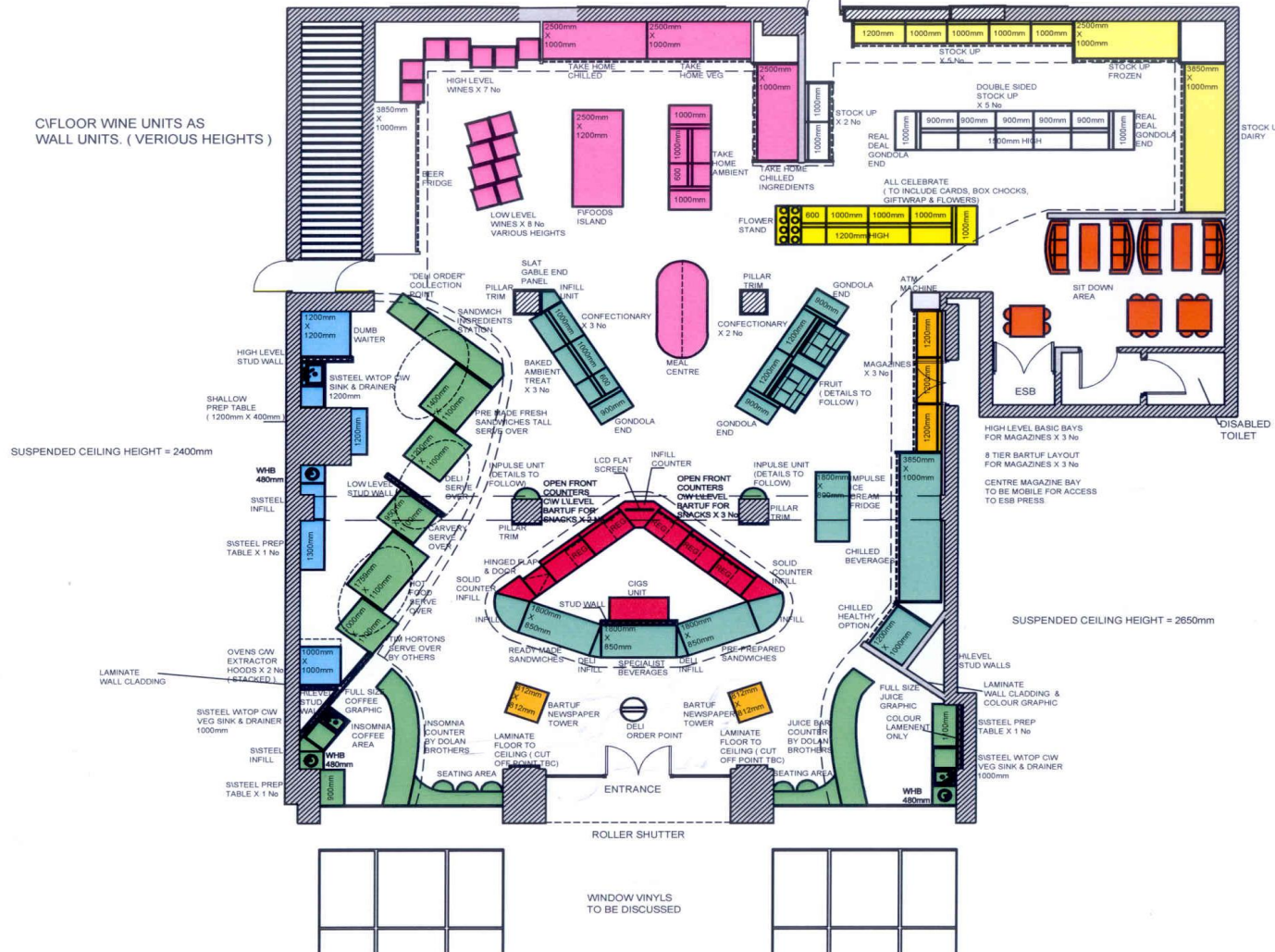
Focus on Opportunities

- Differentiation
- Own brand

Focus on Opportunities

- Differentiation

Differentiation



Take home

Stock up

Let's celebrate

Your usual

Enjoy now

SPAR

ENTRANCE

ROLLER SHUTTER

WINDOW VINYL TO BE DISCUSSED

Food Strategy as Differentiation

Food Strategy as Differentiation



Brands Instore

- Tim Hortons
- Insomnia
- Signature
- Treehouse
- Kitsu
- Burger Club
- Pazzo
- Russell & Ryan
- The diner
- Pip stop
- Pronto Pizza

New local Products

Breakfast Lattice

100% Irish Bacon,
Sausage and Pudding
in a Lattice Pastry!

only
€1.79



Breakfast Séanbon

100% Irish Bacon,
Sausage and Pudding
in a Jambon Pastry!

only
€1.79



Own Brand



Own Brand

- Own Brand continues to grow in importance to consumers and Retailers
- Consumer switching to “cheaper brands” is key trend
- Key opportunity for Retailers to offer value & improve price perception
- Key opportunity for local manufacturers

Eurospar Own Label Performance v The Multiples

Defined Market Sectors	PL Participation		% Chg		PL Opportunity
	Market	Eurospar	Mkt PL	Eurospar PL	MAT APR 18/10
Grocery	12.0%	4.4%	7.0%	42.2%	2,209,728
Chilled Convenience Foods	29.2%	2.5%	10.3%	116.7%	2,366,996
Dairy Products	23.9%	15.0%	4.3%	21.9%	2,173,679
Cold Beverages	16.6%	8.4%	2.0%	13.3%	1,328,365
Frozen	18.9%	2.7%	-1.0%	7390.7%	1,218,359
Beer, Wine & Spirits	3.6%	1.3%	-32.7%	0.0%	861,838
Household	23.3%	13.6%	-7.5%	-14.8%	1,378,074
Crisps & Snacks	17.4%	3.4%	14.8%	41.7%	805,458
Ice Cream & Frozen Desserts	15.7%	0.0%	-6.2%	747.8%	493,200
Confectionery	3.9%	0.5%	0.0%	2570286.2%	468,016
Health & Beauty	6.3%	2.4%	-3.3%	-0.1%	309,980
Defined Market Sectors	14.5%	5.7%	0.3%	16.1%	13,613,694

- Eurospar has a much smaller own brand participation than multiples
- Own brand sales in Eurospar are growing at 16%!

Own Brand



Does this represent an opportunity for your business?

Thank you for your time....

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