

Irish Convenience Retail

Key Account Management

How they differ?

Symbol's

- Independently owned
- Retailer interest as well as customer
- Smaller in Size
- Personal to customer
- Top up shopping (Convenience)
- Great buying power
- Influence retailers to change
- Shared Margin
- Fragmented Supply
- Fewer Buyers (General)

Multiple's

- Company Owned
- Company interest only
- Larger in Size
- Less personal to customer
- Large weekly shopping
- Fantastic Buying power
- Dictate change
- One Margin
- Centralised supply
- Many Buyers (Specific)



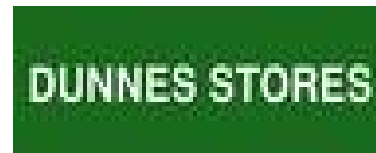
How they Compete?

Symbol's

- Personal Service
- Local to the community
- Independently owned
- Local goods stocked
- Specialist categories (Butcher)
- Home deliveries
- Price and promotions
- Other services (Post office etc)

Multiple's

- Larger Ranges (Non Food)
- Bigger Stores
- Own Label
- Competitive Price
- Bigger Promotions
- Location (High Urban areas)
- Consistency of offer nationally
- Club Cards and loyalty rewards



Identifying Opportunities

- Understand Symbol's requirements
 - Visit stores – best place to see your market opportunities
 - Range needs to suit sector – convenience purchases
 - Smaller stores and fixtures
 - Smaller pack sizes
 - Fragmented supply chain solutions – local or national?
 - Shared Margin
 - Need's to be competitive
 - Can't dictate change or compliance so solution needs retailer buy in

Opportunity Areas



Buyer's KPI's

What do buyers do?

- How time is spent:
- 25% trading a buying area
- 20% constructing and managing ranges
- 15% managing and developing their local supply base
- 10% sourcing new products
- 10% negotiating to achieve better prices
- 10% visiting stores
- 10% developing strong working relationships within other functions
- Meeting requests
 - Difficult because of the above work load but...
 - You have to be persistent and request a meeting
 - Generally phone but email works best – suggest a date.....
 - Always try to limit the time required and make this clear to the buyer (E.g. request 30mins)
 - When you get your meeting keep it to 30mins.....

Commercial Buying KPI's

- Sales
 - Normal Product performance
 - New line performance
 - Promotional performance
 - Service levels
- Margin
 - Buying and selling price
 - Promotional funding
 - Bonuses
 - Annual terms
 - Other initiatives – marketing campaigns, leaflet support,
- Service levels
 - Into warehouse
 - Into Store (From DC or direct supply)

What to avoid!

- Presenting non factual information – they use it and look foolish – no trust in you
- Being dishonest - this only ever happens once
- Disorganisation – you miss your objectives and they loose interest
- Poor administration – becomes their problem and leads to conflict in and out
- Poor punctuality – It's your watch
- Not getting to the point – beating around the bush, time wasting
- Continual focus on negatives rather than positives – why do anything for you at all



Don't

- Be too familiar
- Go into personal stuff
- Be arrogant
- Knock another supplier/ customer
- Be late
- Get their name wrong
- Give everything away
- Bog them down with too much detail – stick to the important stuff
- Don't say - To be honest I wouldn't do that for anybody else



What do buyers want from you?

- A company who is
 - Efficient
 - Honest
 - Trustworthy
 - Relationship builder (Really important)
 - Hard working
 - Knowledgeable – NPD capability
 - Doesn't take adversity personally
 - A decision maker
 - Willing to invest



Presentation and Styles

- Depends on the audience and time available
 - Ask the buyer you're meeting – styles differ
 - Always have top line with detail at the ready
 - PowerPoint
 - Make sure your lap top has power
 - Hard copy
 - Just in case meeting is cut short
 - always easier for a buyer to make notes and reference
 - Rehearse prior to the meeting and remember
 - the key points you want to make
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-
- Keep slide animations to an absolute minimum !!!



First Meeting

- Ensure you
 - Present your company history
 - Show key milestones made along the way
 - Investments you have made in your business (Your commitment)
 - Turnover last financial year and this years projection
 - What your famous for (The reason a buyer should be talking to you)
 - Capability of you and your business now and in the future
 - Your future plans (Sometimes a good time to get feedback)
 - Product range (Show what you are about)
 - Please bring samples.....
 - Why you want to supply this customer
 - Request to be listed and agree next steps.....

Review meeting

- You need to know and Present a top line summary
- Sales performance in your customers business
 - Its amazing how many can't tell you turnover to date
 - Service levels to date versus last year
 - Promotional activity and last promotional performance
 - LTA/ Terms
 - Account Queries

Annual Terms Negotiations

An overview

Commercials

A vital element of your business to maintain
and improve sales and profitability



*A delicate balance
is required*

What's it all about?

- It's about getting the best return on your investment
- For you
 - Margin & profit
 - Sales return – volume and value
 - Effective promotional activity agreed (Placement in store, POS)
 - Effective distribution – improved on current model
 - New listings
 - Range distribution
 - Becoming a valued supplier

Influencing factors

- **Economic conditions**
 - The state of a country's finances and its impact on you and me
- **Market competitiveness**
 - The willingness to invest for market growth or protection
- **Customer strength (Local versus Global)**
 - Tesco versus independent retailer
- **Manufacturer or Brand strength**
 - International brands versus local brands
 - Manufacturer versus distributor
- **E Auctions (Commodities)**
 - Extremely volatile
- **Niche**
 - Extremely small but profitable
- **Knowledge**
 - You can never have enough – very powerful

Ireland before...



Ireland

Not so long ago

The market was focussed on high value, high quality opportunities

- Big Brands
- Best Quality
- Organic
- All the trimmings
- Money no object



GUCCI



Ireland now

- The market is now focussed on Value
 - Own Label Brands
 - Acceptable Quality
 - Mass manufacturing
 - Little or no trimmings
 - Eating out value



Harvey Norman
Computer Super Store - Tamworth



ASDA



Your customer base



DUNNES STORES

SuperValu
Real Food. Real People



CENTRA

Costcutter



Cost and margin expectations

- You need to bench mark
 - Comparable ranges you compete against (Brand and Own Label)
 - Product specifications (Good, better or best)
- You need to understand the real costs
 - Promotions, additional funding, tastings, customer days, marketing support, distribution, etc
- General margin guidelines
 - 40 %to 55% (Higher end towards own label)
 - This includes all head office and retailer margins



Retail price less 40% to 55% is a good indication on true product cost

The best price position

- This will be based on the understanding of true cost and margin requirements
- You need to carry out a price and product checks
 - This will establish your required position in the competing range
- Generally first submissions are shy or short of where they need to be
- Establish net net or gross
- Know your limits and walk away if you have to



Promotions

- Promotions are a key sales driver in all businesses
- Approximately 30% of all sales come from promotions now
- There is a huge cost to promotions – who takes the cost?
 - Establish what works best for you and the category you operate in
 - Affordability – how much?
 - Establish the volumes required
 - Are you setting a precedent for other customers?
 - Agree how many times a year you promote
 - You must get a net gain post the promotion for your investment



Cracking Value



That's 3 medium Easter Eggs for the price of 1!

Start Shopping



Margin and Mark up

Product Cost €10

Margin 15% = Retail €11.76

Mark Up 15% = Retail €11.50

Retail Margin = Retail – cost Retail x %

Establish what calculation is required before submitting any pricing

Divide cost by .85 = retail price required



What you should know?

- Know your limits – minimum and maximum
 - You must be well prepared in relation to understanding all associated costs before making a commitment
- Knowledge
 - You must be well in tune with your business , your customers business, your competitors and the market you operate in
 - Internally – Performance in sales and profit/ margin
 - Your competitors – strong/ weak/ fallen out with customer etc.
 - Is the market in growth or decline
 - What is consumer sentiment

H. L. HUNT: AMERICAN OIL TYCOON

**“DECIDE WHAT YOU WANT, DECIDE WHAT YOU’RE WILLING TO
EXCHANGE FOR IT. ESTABLISH YOUR PRIORITIES AND GO TO WORK”**

THANK YOU

Breakout Session

- Task
 - Selected product
 - Create a pitch for a listing in a symbol group
 - You have a 5 minute meeting with the buyer
 - You have 15 minutes to prepare