



Key learnings from the development of



in the UK convenience channel

June 25th 2015



Areas covered

- ☐ **Kepak Convenience Foods and the Rustlers story**
- ☐ **Rustlers in the UK Convenience Channel**
- ☐ **Applicable learnings for you**



Kepak Convenience Foods

- ❑ Part of Kepak Group – one of Ireland's leading food companies
- ❑ Core activity is development of the Chilled Micro Snacks category through the Rustlers & Feasters brands
- ❑ Largest manufacturer of micro snacks in Europe with distribution access to 177m consumers
- ❑ Rustlers can be found in:

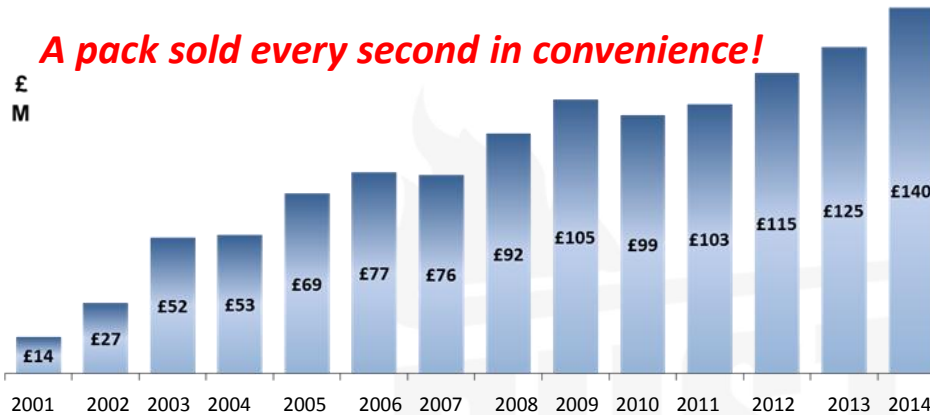




The Rustlers story in the UK

Built a category from £14m - £140m in 14 years!

A pack sold every second in convenience!



12 consecutive years on national
tv



regular participant
in



Industry recognised leading
player

**The
Grocer**

**CHILLED SUPPLIER OF
THE YEAR 3 OF THE
LAST 6 YEARS**

**85% brand awareness
amongst 16-24 y.o.'s**

 @RUSTLersonline

www.rustlersonline.com



Areas covered

- ☐ **Kepak Convenience Foods and the Rustlers success story**
- ☐ **Learnings from the development of Rustlers in UK Convenience**
- ☐ **Broader learnings from export experience**



uk convenience is an attractive sector from a business development perspective



- Shoppers becoming increasingly engaged
- Growth potential - 49,000 retail outlets
- Multiple retailers to approach
- Multiple routes to market to give some flexibility based on your needs
 - CDC
 - Van sales
 - Wholesale
- Multiple store formats
- Test and learn opportunities to prove a case to take into the wider market
- Etc....



Building a business in convenience is however
not without its challenges

- Agree the commercials centrally
- How do you communicate with 49,000 buyers?
- To build real scale you need to consider how you go about..
 - Category education to get independents to stock your product
 - Visibility on-shelf
 - Base sales and Promotion planning
 - Keeping it in-stock
 - POS

All to ensure the consumer has the opportunity to purchase
your brand

In the case of chilled, throw in shelf life / even poorer store disciplines etc...

There is a big prize however if you can navigate these challenges!

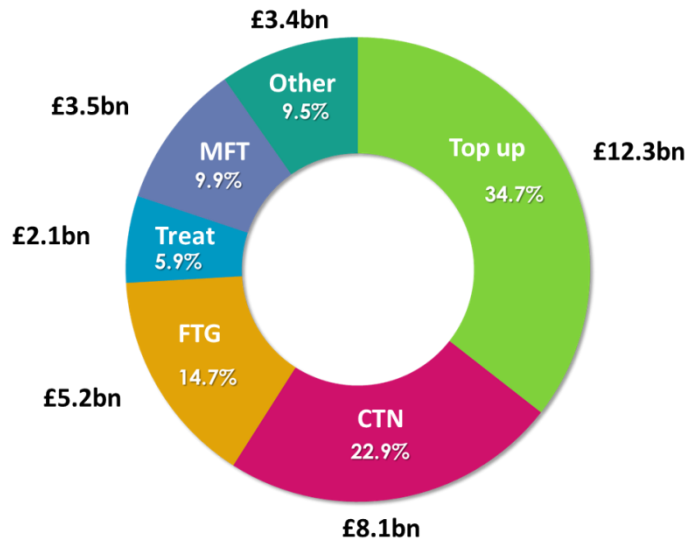


where to start?

- For us – it was a national approach as part of building our brand but some areas for you to consider to determine where best to start:
 - Brand Vs PL?
 - National Vs Regional?
 - Wide role out in the UK or Test / Learn to build case studies to support wider role out?
 - Volume aspirations?
 - Level of account management resource available Vs complexity of supply chain
 - CDC – high Vs low store discipline
 - Van sales
 - Wholesale

How important is convenience likely to be for your strategy?

Understanding shopper missions is key



- Indicating the potential of your proposition in the channel
- Speaking the language of the retailer

- Due to alignment with shopper missions, micro snacks over indexes significantly
- Even though we have scale, with an estate of 49,000 stores, significant headroom for growth!



As a channel that's strategically important to us, we have placed bets / investments to stepping it on.

What are the best channels for you to place your bets?



Are you putting the right range in?



- Simplicity and clarity on range is essential for the convenience channel to ensure that you have your best foot forward in as many stores as possible
- We've selected our top 6 SKU's to focus on but we're at it 15 years
 - Having 2-3 SKU's in high distribution will be better than 10 SKU's in mixed levels of distribution
- Price marked packs are becoming a key rule of the game
 - 86% of consumers trust PMP over on shelf pricing**
 - 1 in 3 c-store shoppers say knowing a c-store sells PMP's positively influences their decision to visit that particular store ***
- Promotions are important to stimulate your distribution but beware of the ability of independent retailers to always buy from whoever is on promotion!
- Small case sizes are important – particularly in chilled





what tools are available to help you navigate through the system

Trade Shows



- ✓ Potential to reach buyers early days
- ✗ Expensive, no guarantee

Promotions

Retailer Comms Tools

Trade PR



each
awareness
that s.t. sales

Most Important = Homework in Advance!



Tapping into local knowledge in advance in order to find the best approach for your business / your strategy is essential!

Regional Management



accounts

✗ High cost!

✗ High cost!



Good level of
influence &
more cost
effective than
field sales



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- ☐ Rustlers in the UK Convenience Channel
- ☒ Applicable learnings



From our wider experience of new markets, we would advise you consider the following

- There is a **BIG** prize to be had in UK convenience but as with any market development opportunity, you need to consider:

How aligned is your proposition to the needs of:

- ☐ *The consumer / shopper*
- ☐ *The retailer*

How does what you offer make you better or different to your competition?

What are your Route to Market choices?

- ☐ *What are the pro's and con's of each for your business?*

Do you have access to local trade knowledge to guide you through RTM options?

What is your distribution plan & how does it work commercially ?

- ☐ *Distribution costs*
- ☐ *People costs – esp. with a fragmented RTM*
- ☐ *Ongoing management & development*

Be clear if the business is strategic or opportunistic

MOST importantly – how does the opportunity align to your business strategy / your reason to exist?



Good luck!!