The PepsiCo Way!

Unlock volume growth in mature markets

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5 years+ in FMCG Insights, keen to drive long term sustainable growth through data

Overview

The market today

Optimization

The role of assortment

Innovation

The PepsiCo Way

The market today

The state of consumers is unsettled

Unemployment and wages

Volatile interest rates

Cost of goods

Geo-political conflict

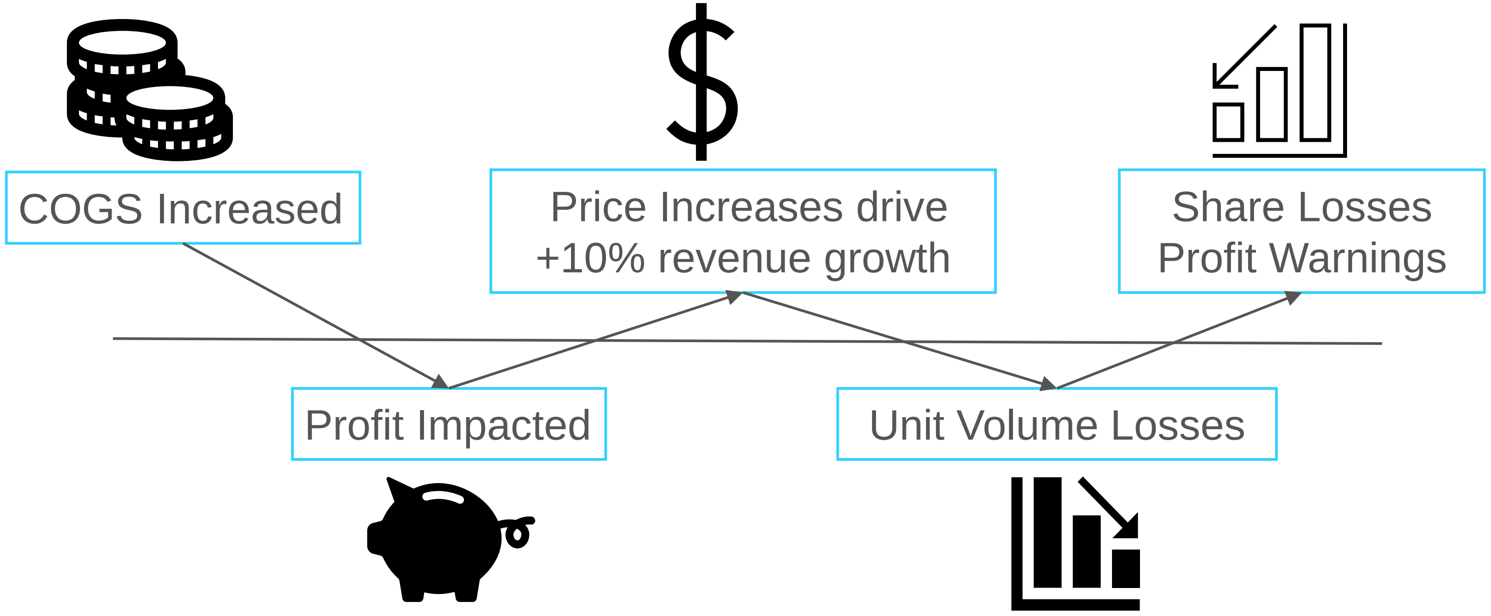
Labor gaps

Housing crisis

Costs of living

Economic recession

FMCGs issue **profit warnings** amidst **volume declines** and share losses



NIQ

Pepsico came out as a strong winner in that difficult context

#1

Pepsico fastest growing Manufacturer within Top 20 in NL & BE*

#1

Lay's "Most Chosen brand" in Belgium and fastest growing FMCG brands in Top 10**

#2

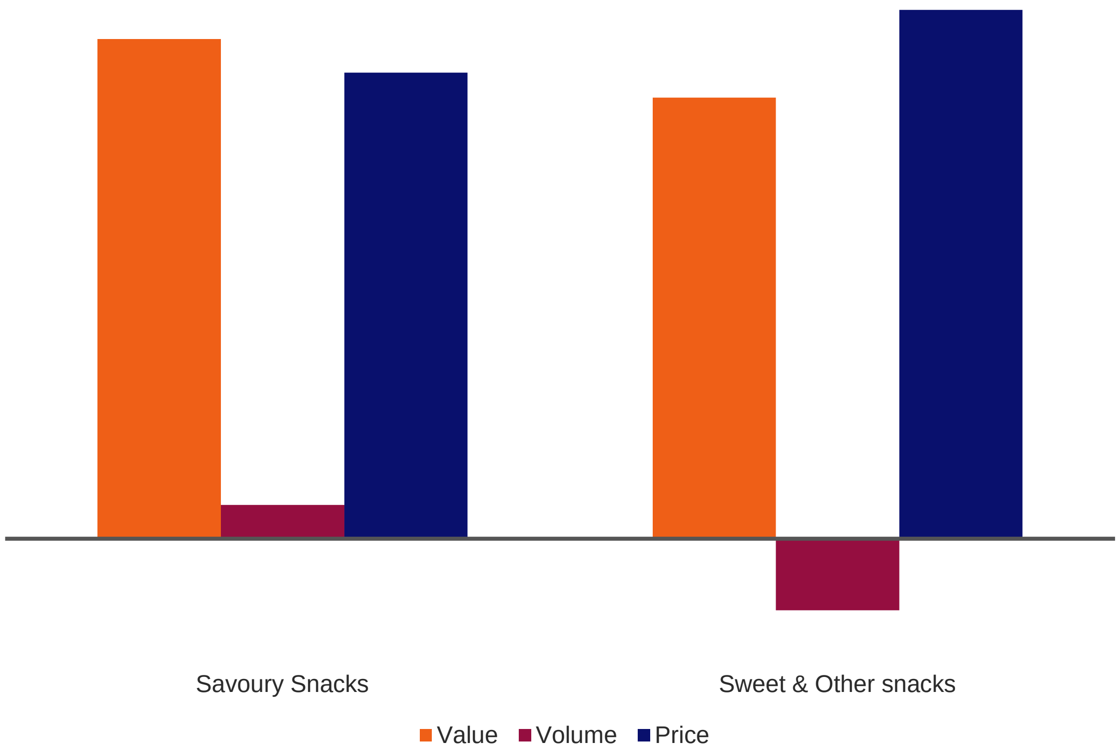
Lay's second "Most Chosen brand" in the Netherlands and only FMCG brand growing in Top 8**

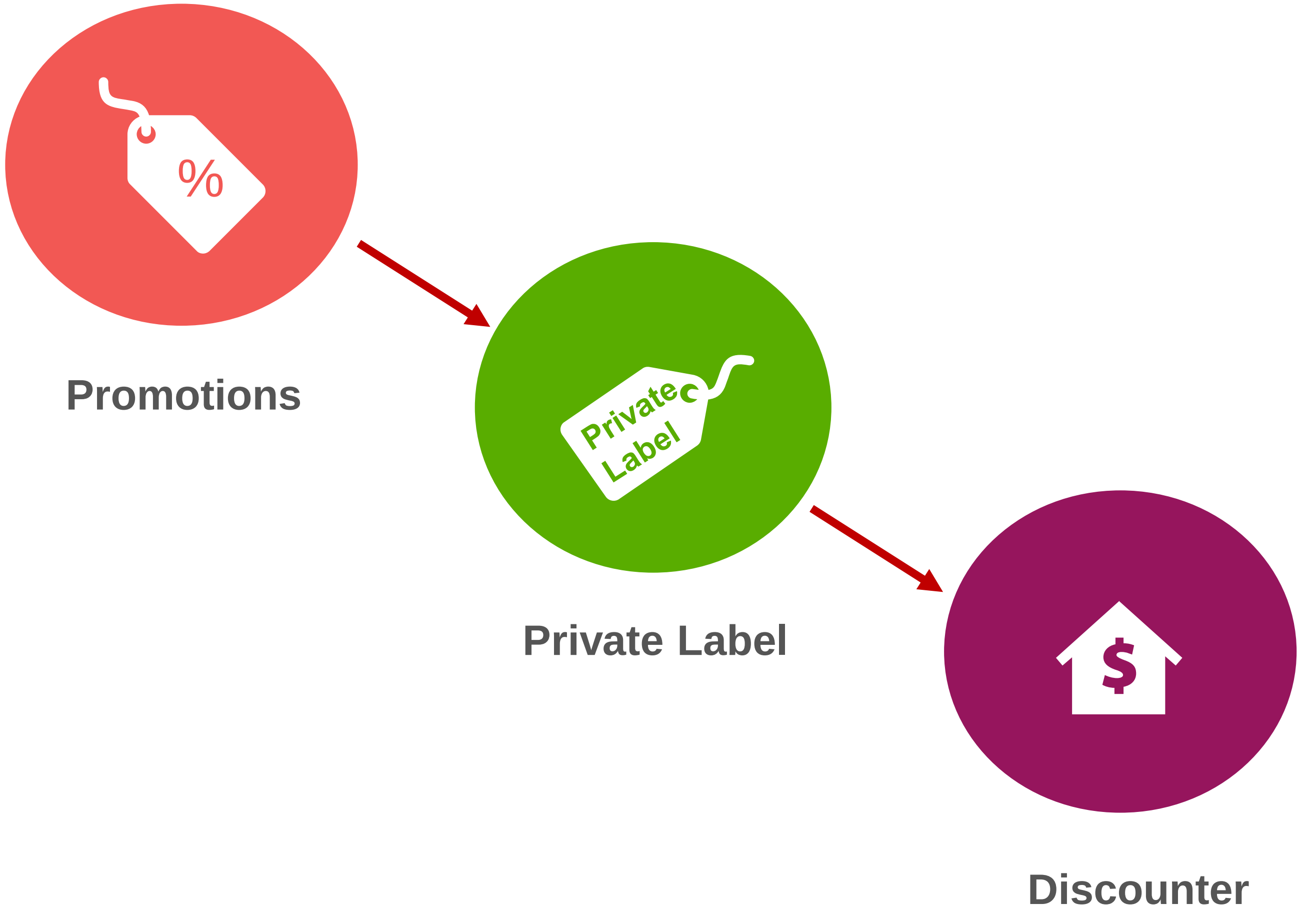
*Source: NielsenIQ Top 20 manufacturer ranking, FY 2023
**Source: GFK "Most Chosen Brand" report, 2024 edition

This growth was possible by capturing sales from other snacking categories

How can we set us apart from Private Label and drive growth?

NL – Macro Snacks – Evolution vs 2YA – FY '23





Source: NielsenIQ, Evolution FY 2023 vs 2YA, Netherlands

2024

YTD in numbers

*excl. tobacco

Total FMCG Value Sales

€19.1bn

***Value Sales Growth vs Last Year**

+2.4%

***Price Growth vs Last Year**

+2.7%

***Volume Evolution vs Last Year**

-0.4%

Private Label share and growth vs YA

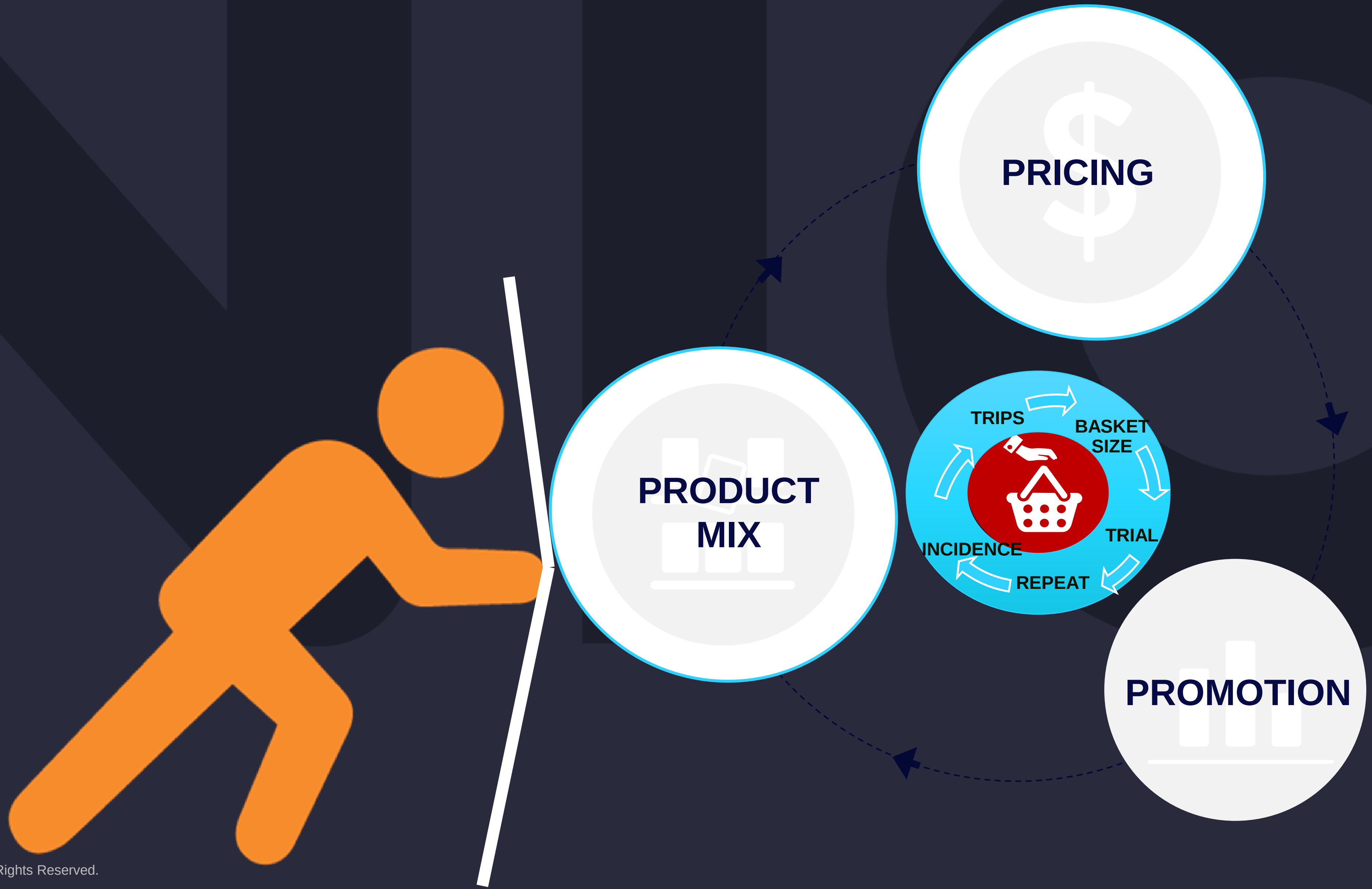
48% (+1.3pp)

% Promoted Value vs. YA

24.6% (+0.7pp)

Source: NIQ NL Retail Measurement Data ending YTD P5 2024

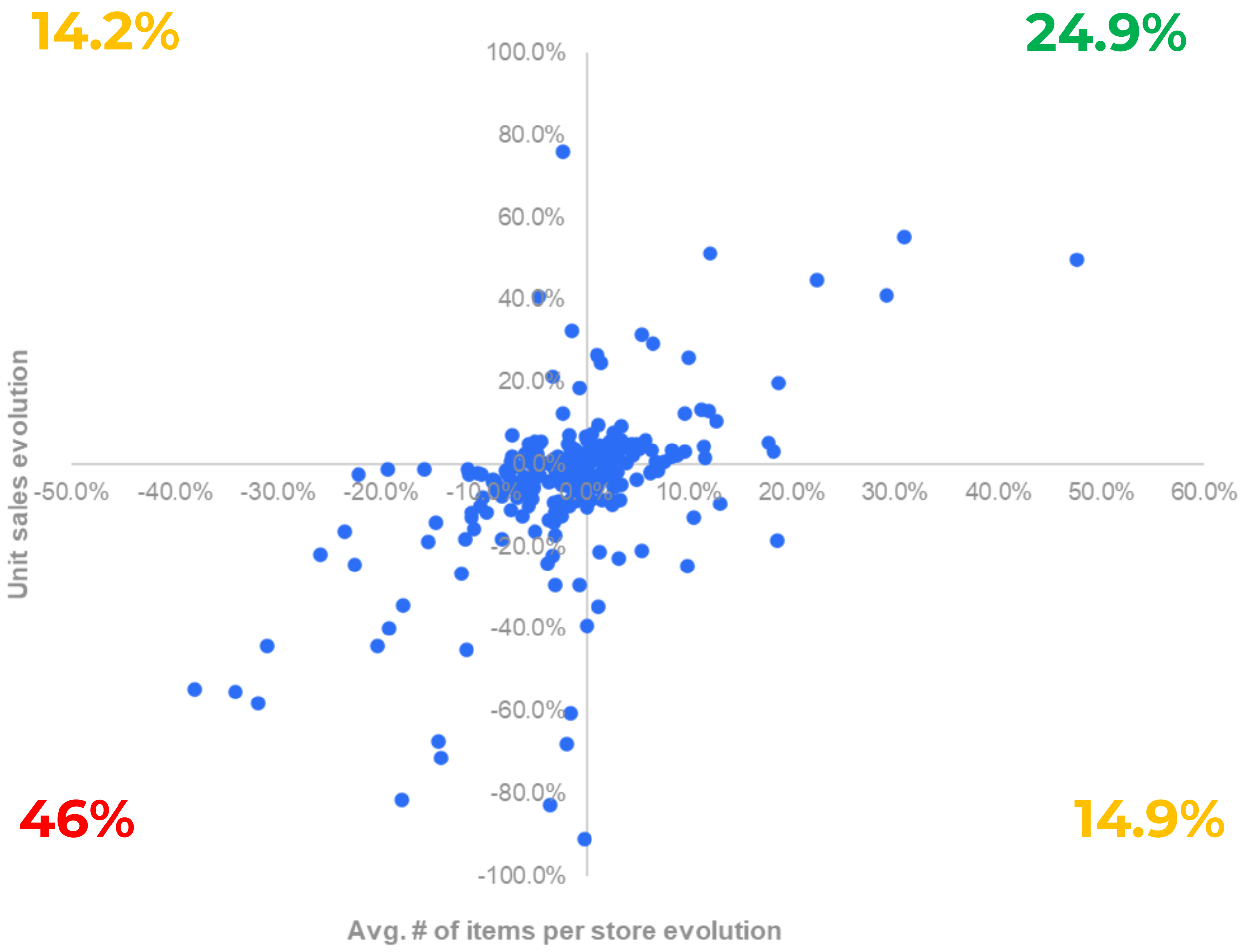
FMCG firms have pushed every major RGM lever to navigate through turbulent times



NIQ


ON THE BORDER
MEXICAN GRILL CANTINA
Café Style
QUESO
ATM
belVita
Bites
BUNS
GIANT SIZE!

The role of assortment



46% of product segments see assortment shrink with lower sales per item

Supermarket Stores – 261 Product Segments – Items per store vs. unit evolution – MAT P5 2024 vs. LY

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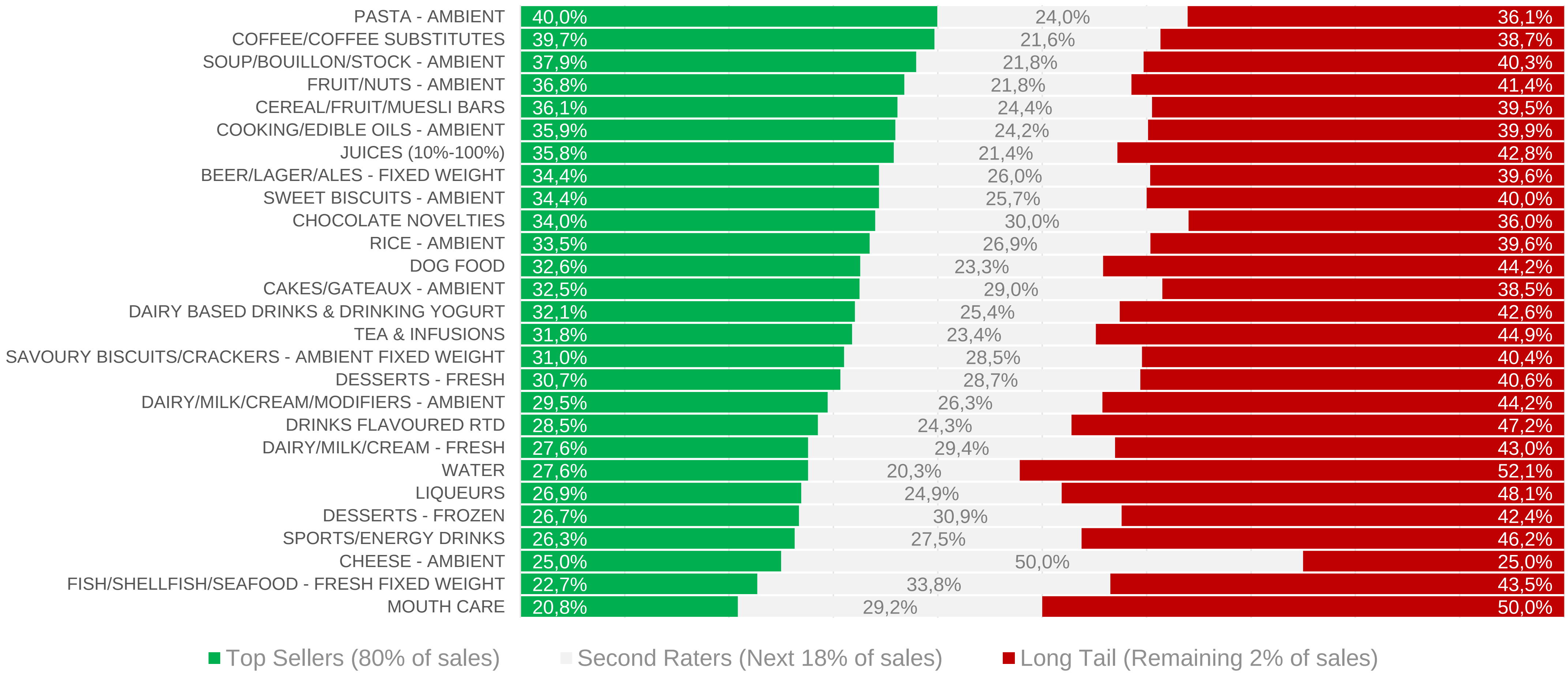
The most important categories show that sales are still rather concentrated around top SKUs

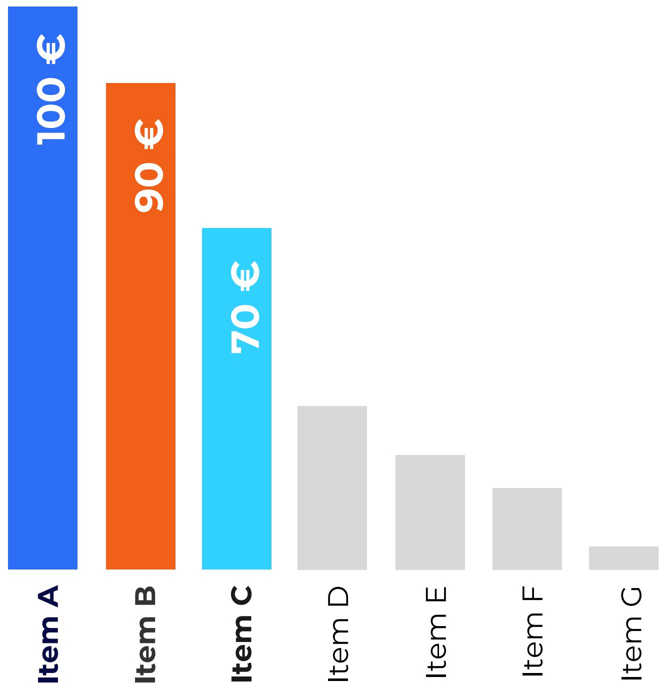
Sales Concentration Curve



Supermarket Stores excl. Aldi/Lidl – Product Segments – Assortment concentration of sales value – Full year 2023

Listing only high rotating products often only hurts the category

Item Turnover Hit-Parade

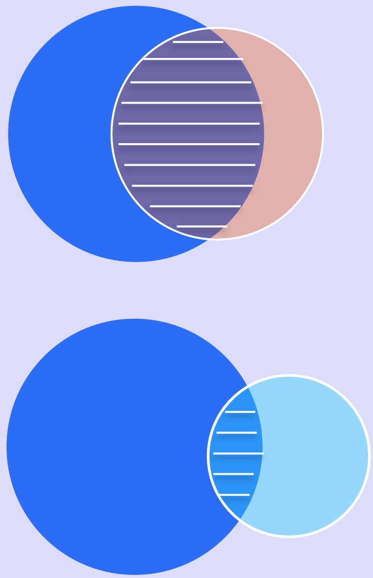


An isolated analysis of the item performance would suggest deleting the reference C and keeping the reference B.

Instead, add transferable demand into the equation to create a Win-Win for manufacturers and retailers

Consideration of the incrementality

Bubble size: Sales value
Overlap : Cannibaliiztion



STRONG
cannibalization
Incremental : 40 €

LOW
cannibalization
Incremental : 50€

However, considering the interactions with the other items of the assortment, keeping the reference C is more profitable than keeping the reference B.

NIQ Shelf Architect: From shopper-based category tree to space planning in four steps

1 Shopper Decision Tree

Define **how the average shopper "shops the category"** and key product characteristics.

2 Incremental impact

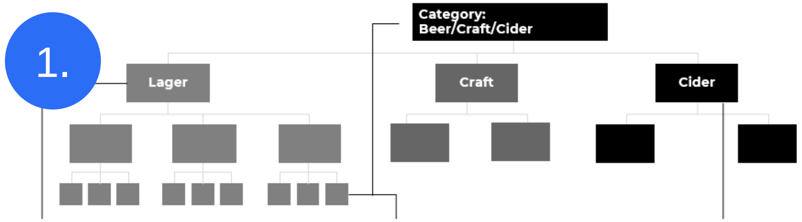
Apply algorithm-driven framework to see which **combination of products provide mutual growth** opportunities for both manufacturers and their retail partner(s).

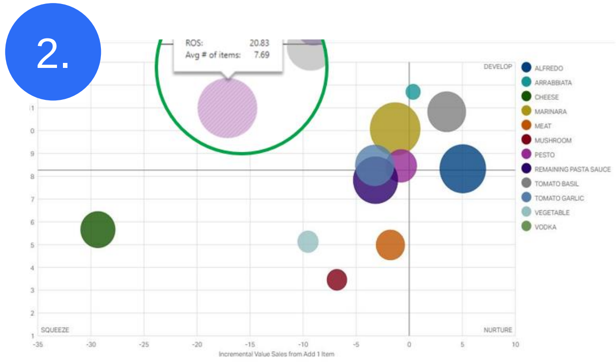
3 Assortment simulation

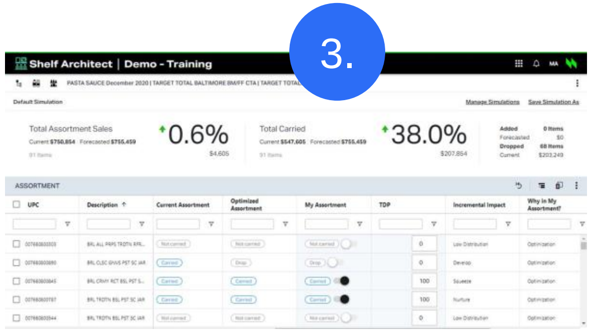
Quantify sales growth associated with capitalizing on account-specific distribution **opportunities for key items**, and reduce unnecessary items that don't deliver value

4 Space visualization & planning

Add **a visual component** to see how the assortment can be merchandised with an automatically generated **planogram**.







Savoury snacks have seen an acceleration of new items in stores

In the meantime, we need to innovate better to enter new consumption occasions

>85%

Of current Pepsico items were already part of our assortment in 2013

With high market share, PepsiCo’s aim is to further drive the category to obtain long term growth

What have we learnt from the study?

How to drive category growth?

What are PEP white spaces?

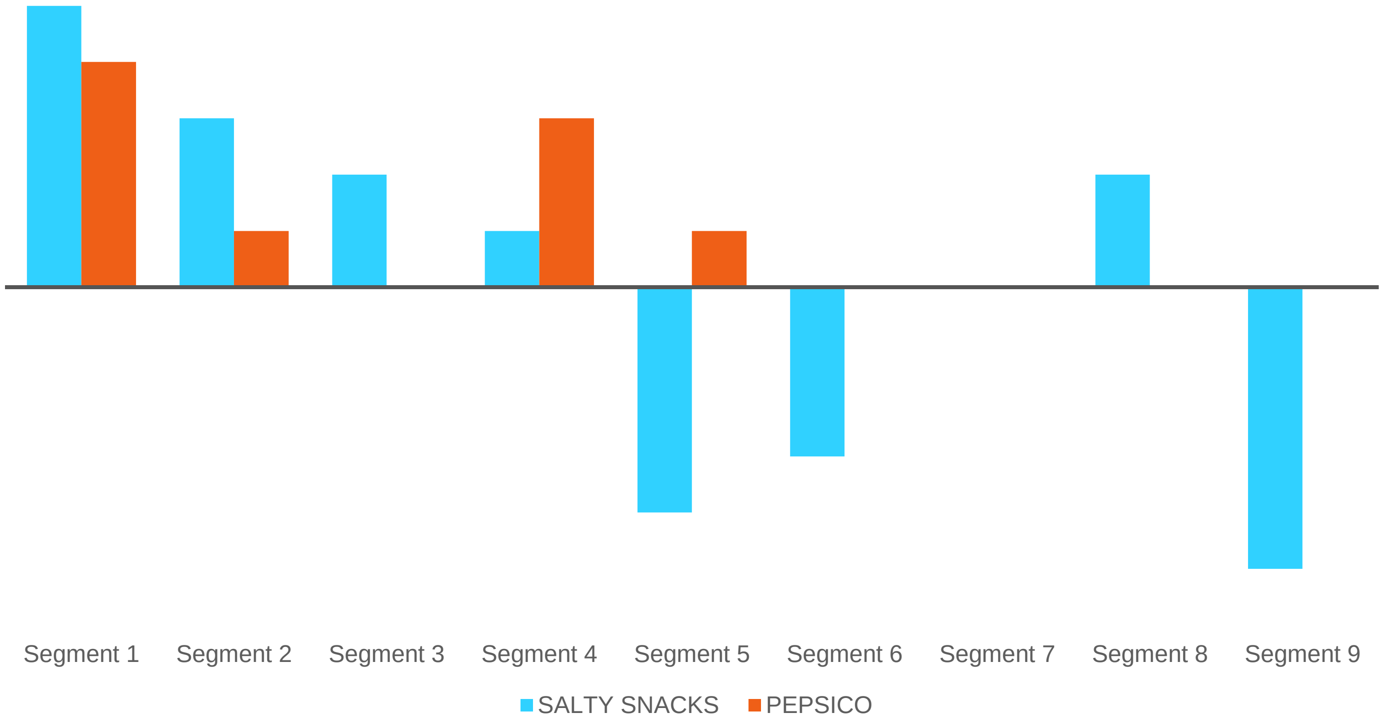
How can we make our innovations last longer in store?

We have got an ideal map of how incremental each of our segments are for each retailer

NETHERLANDS ***SALTY SNACKS*** – ***Retailer 1***

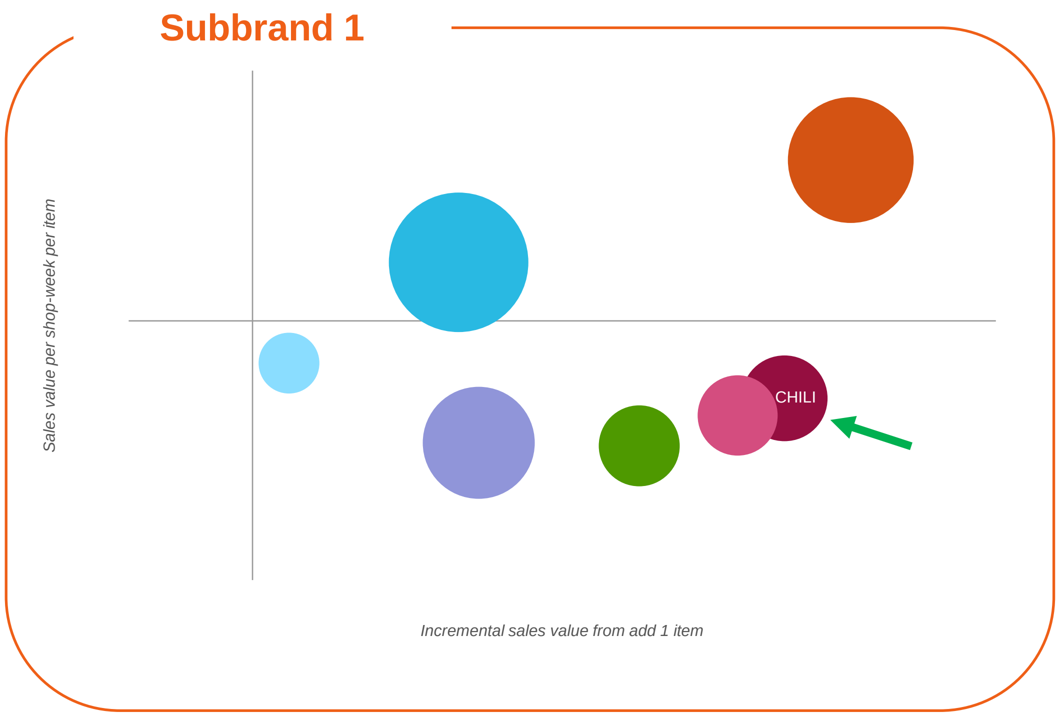
And we have been able to get an idea of where we need to increase our assortment

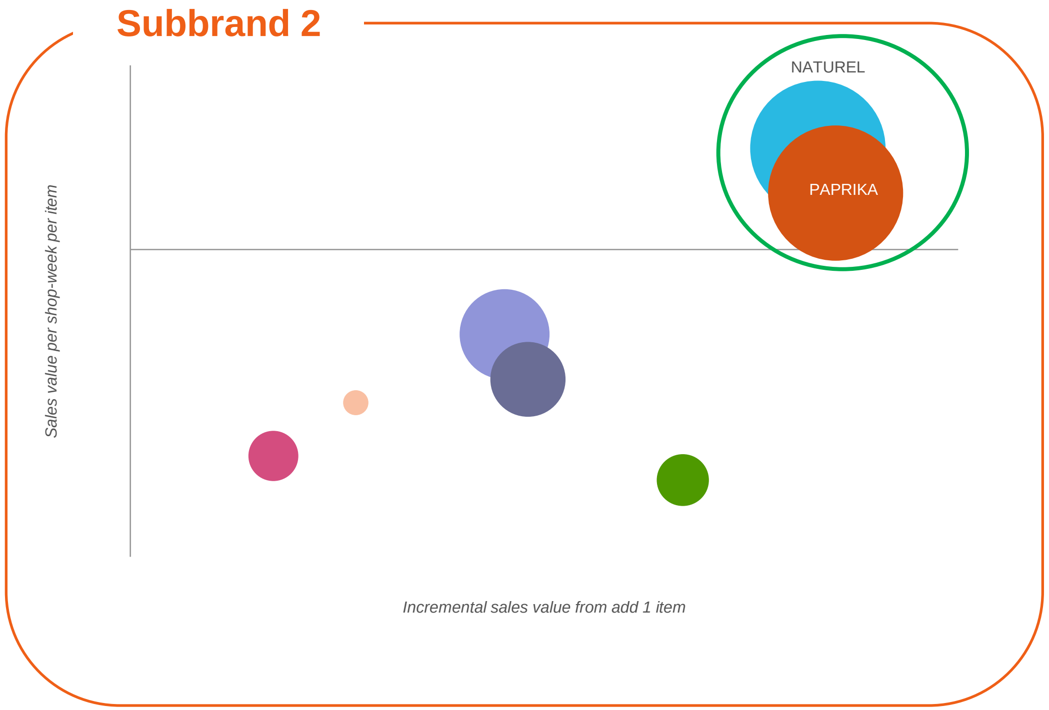
NL – Salty – Suggested change in #items per segment – NIQ Shelf Architect Study



Understanding of flavour incrementality influenced our innovations

Retailer 1






Flamin' Hot
A ROLLERCOASTER OF TASTES
TIJD VOOR GROLSCH RADLER 0.0
WALIBI DUOTICKET
SCAN & WIN
Flamin' Hot
A ROLLERCOASTER OF TASTES


Cheetos
CHIPITO PAPRIKA FLAVOUR
NUTRI-SCORE
A B C D E

Thank you

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