



JOINT VALUE CREATION

**Turbocharging
Customer Collaboration
through**

**JOINT VALUE
CREATION
Ruth Hankin**

An aerial view of a Red Bull Formula 1 car in a pit stop. The car is black with prominent red and yellow Red Bull branding and the number 33. Several crew members in matching Red Bull uniforms are positioned around the car, working on it. Various tools and equipment are scattered on the grey pit floor. A large white circle with a thin grey border is overlaid on the right side of the image, containing the text.

Pit Stop

**Why
Collaborate?**



Joint Value Creation has never been more important

Shopper behaviours
changed for good leading
to channel switch and
digital engagement



The winning customers are
evolving and changing

Increased costs, inflation
and economic uncertainty
impacting shoppers
and customers



Retailers looking to
rationalise suppliers,
range, etc and increase
marketing costs

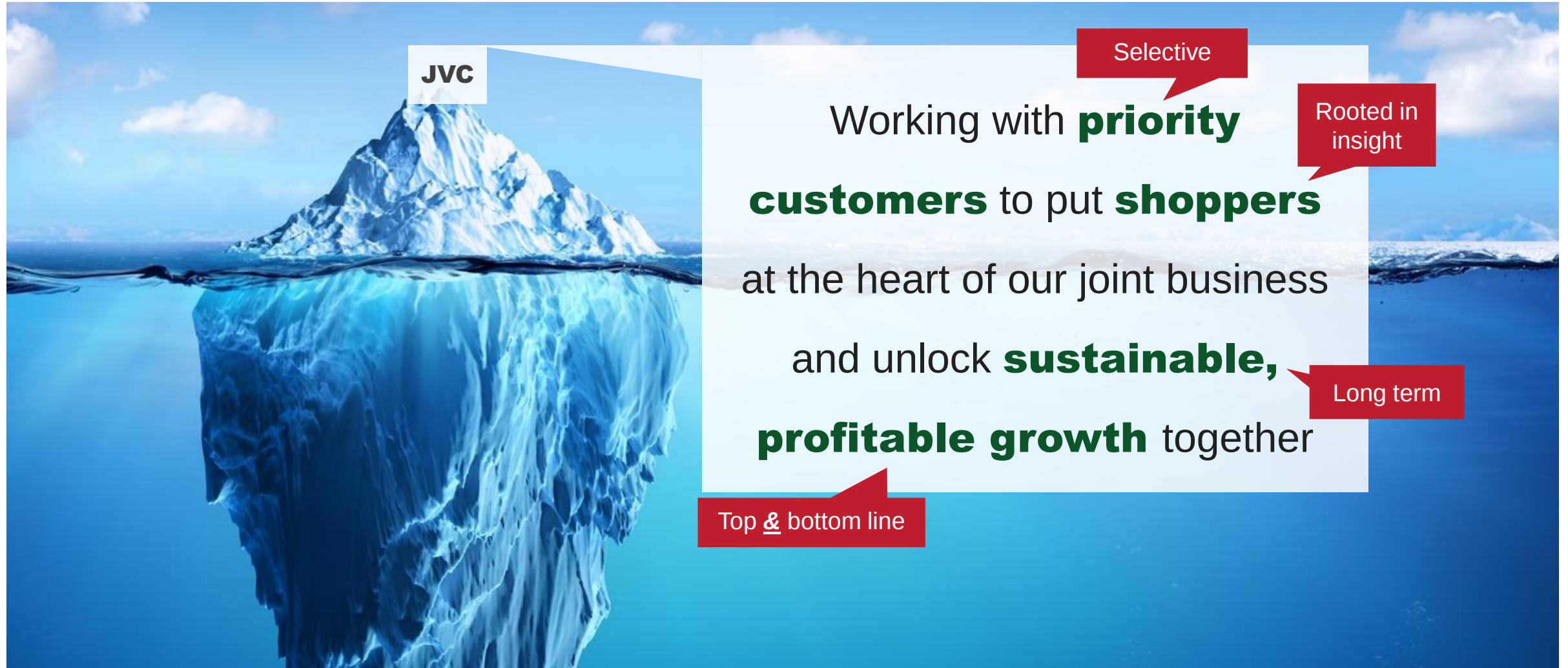
Profitable growth is
becoming more difficult
for HEINEKEN.



Long term partnerships with
winning customers can
provide sustainable returns

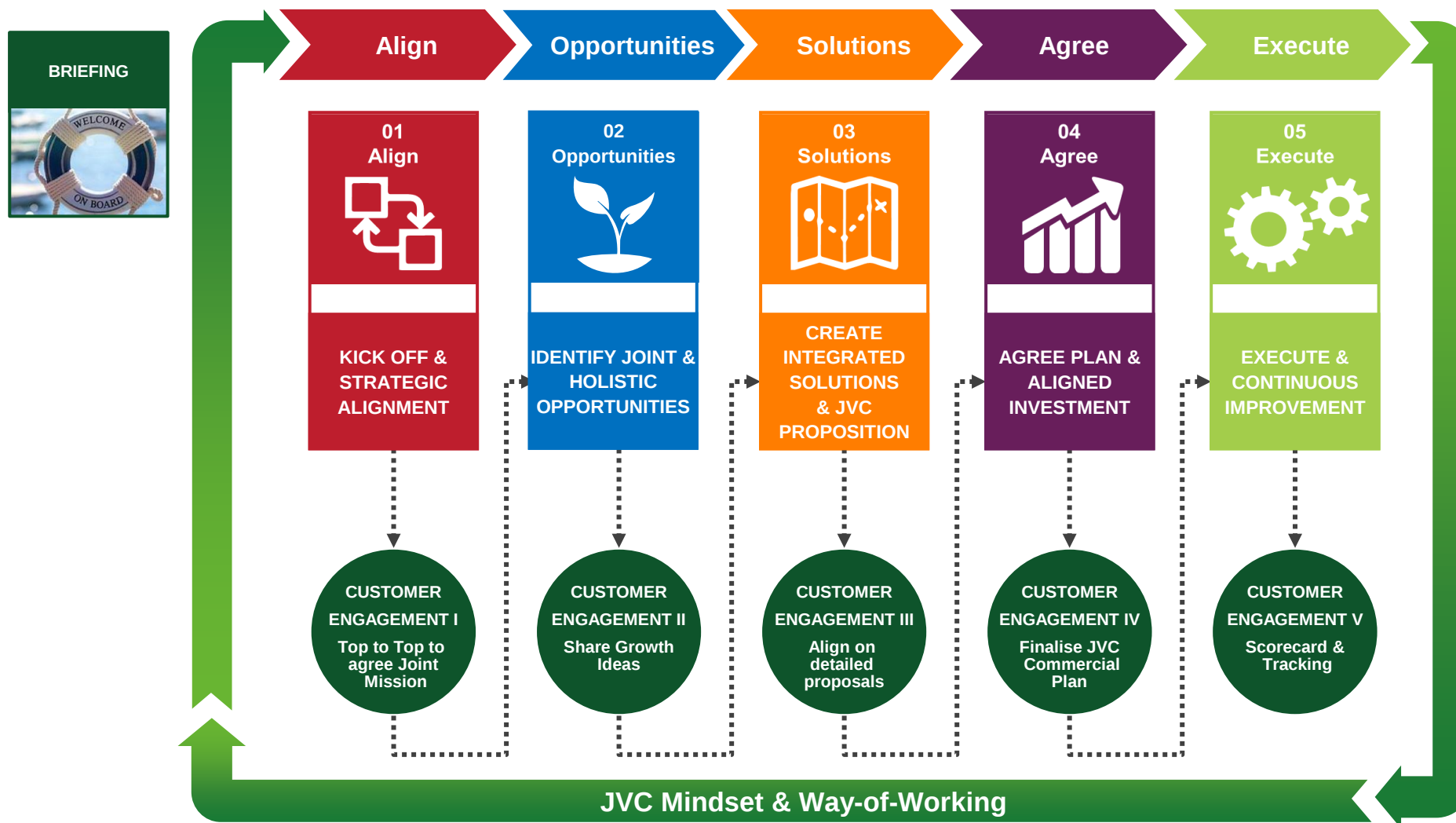


Our Joint Value Creation ambition





Steps of JVC process





What are the answers to the Quiz!

A deep understanding of the customer's corporate & strategic goals is the foundation for JVC

Corporate Objectives



WHAT to achieve

Commercial Strategy



HOW to get there

Market & Competitors



Forces affecting them

Target Shopper



WHO to attract

Differentiator



HOW they stand out



JVC needs cross functional expertise

Sales Director



Sponsor & get involved

Sales Team Leaders



Drive momentum!

Functional Experts



Bring insights & skills

KAMs



Develop & Deliver
JVC with customer



What needs to change to deliver our agreed JVC Solutions?



For the Category?



For HEINEKEN?



Looking at what changes are required..

Availability
Right range



Affordability
Right price



Visibility
Macro and micro



Quality
Relevant experience



Promotion
Optimal offer



Persuasion
Communication





We focus on two types PICOS

CATEGORY PICOS

LEVER		FROM (TODAY)	TO (YOUR RECCOMENDATION)	RATIONALE
		CATEGORY	CATEGORY	
AVAILABILITY <i>Right Range</i>	90% coverage mainstream, 70% coverage premium 50% coverage Craft & World		90% coverage premium 70% coverage mainstream 70% coverage Craft & World	Driving mix towards Premium and Craft segments which are higher margin and higher growth rate, and create more interest for the shopper
AFFORDABILITY <i>Right Price</i>	Most prices set in line with market average Below market average on Mainstream		Continue to align with market on most segments, but increase base price on mainstream in line with market	Opportunity to drive more profit in mainstream but remaining competitive in premium
VISIBILITY	Macro Space In Store	Located in BWS section with fair share of space Sometimes space outside BWS	Maintain fair share of category space Use incremental space for events, not just promotions	Drive shopper engagement in the category beyond promotions
	Micro Space By Segment	Space allocated in line with volume sales	Space allocated in line with value sales – increase premium & Craft	More aligned to shopper needs and growth areas
QUALITY <i>Chillers, fixtures & shelving</i>		Simple functional shelving and no chilled	Chillers in top stores and 'Pub' cues in main aisle	Improve shopper and consumer experience for immediate consumption
PROMOTION <i>Driving shopper behaviour through discount & activity</i>		Extensive and deep promotions, especially on mainstream	Reduce deep deals on mainstream outside key periods. Value added promotions incl. meal deals with premium focus	Shoppers are blinded by promotions, and they're limiting category value. Need to add value back in
PERSUASION <i>Communication & shopper behaviour with no discount</i>		No shopper marketing activity in B&C	Information, interaction and engagement at fixture	Make the aisle a destination to encourage people to spend longer there and trade up

- Our recommendations for customer's total Beer & Cider business
- **Delivers category growth**

HEINEKEN PICOS

LEVER		FROM (TODAY)	TO (YOUR RECOMMENDATION)	RATIONALE & INVESTMENT
		HEINEKEN	HEINEKEN	
AVAILABILITY <i>Right Range</i>		Heineken in 200 stores Moretti & Amstel in 0 stores	Heineken, Moretti & Amstel in 300 Supermarkets Trial MaltSmiths in 30 urban Convenience Replace Heineken 1.5x440ml with 4x440ml	+ 1% on terms
AFFORDABILITY <i>Right Price</i>		2017 net prices	3% net price increase across all SKUs	
VISIBILITY	Macro Space In Store	HNV in main fixture only	Trial Moretti in Chilled Pizza section in 50 stores	€50k customer advertising to support
	Micro Space By Segment	No clear section for Premium & Craft	1m dedicated bay to HNV Premium & Craft in main fixture	€20k for POS signage
QUALITY <i>Chillers, fixtures & shelving</i>		Ambient shelving only	Introduce Chillers to top 100 stores	Consider shared investment for trial?
PROMOTION <i>Driving shopper behaviour through discount & activity</i>		8 x BOGOFs in Mainstream per year No Added Value promotions in Premium	4 x BOGOFs in Mainstream per year 2 x Added Value Promotions in Premium	Maintain total Promo investment but rebalance between Mainstream & Premium
PERSUASION <i>Communication & shopper behaviour with no discount</i>		No shopper marketing Solutions	Trial Pub in Store in 10 stores Q1 with potential roll out in Q2 to 50	€100k combined investment (Brand, Customer Ad & Promo)

- What we agree for HEINEKEN within Customer's business
- Incentivised through our investment
- **Grows the category & HEINEKEN's share**

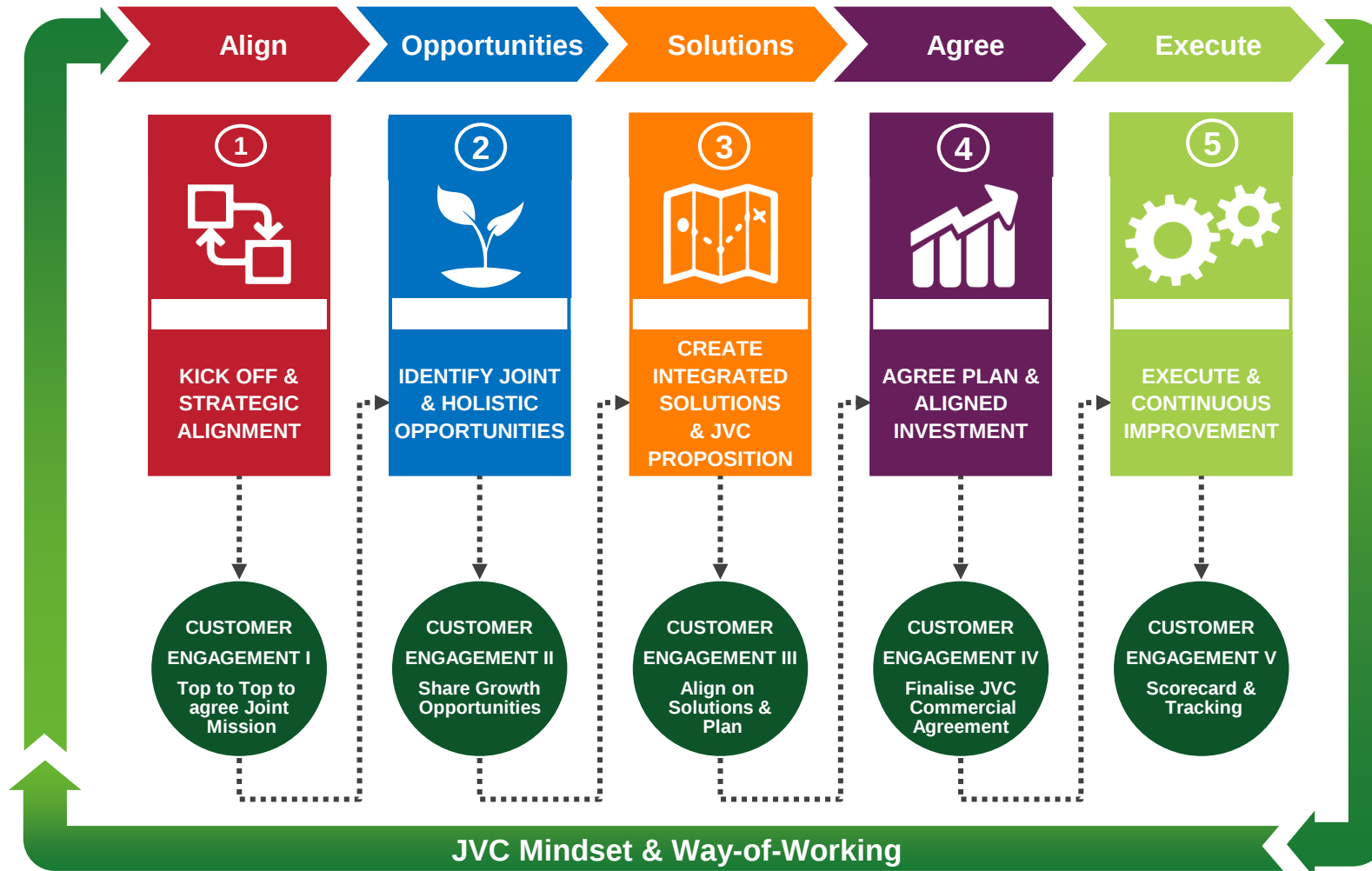


Completed example – Solutions Summary

Growth opportunity	Solution	What is it?	Planned live date	Progress	Next steps	Progress RAG
DIFFERENTIATE SHOPPER EXPERIENCE	Great British Pub in-store	Bringing the great British pub to life in-store	May 2024			
FAMILYCO #1 IN CIDER	Joint Cider innovation	Co-creating an exclusive cider product	April 2024			



We have now completed the JVC process



JVC Opportunities & Solutions are Category, Commercial & Operationally based to give an holistic, integrated approach



... Plan on a Page

Joint Mission	Drive FamilyCo & HEINEKEN value ahead of the market by meeting Beer & Cider shopper needs better every day					
Shopper Proposition	FamilyCo is my first choice for all my family's Beer & Cider needs					
JVC Opportunities	Accelerate Premium & Craft	Make FamilyCo #1 Cider destination	Live Better	Differentiate the Shopper Experience	Optimise Mainstream Profitability	Right Pack, Place, Time & Cost
JVC Solutions	Expand World portfolio with global brands	Joint innovation launch	Industry leading 0.0% platform	Great British Pub in-store platform	New pack & promo strategy	Collaborative Planning & Forecasting
	Attract new shoppers with Craft / Discovery segment			Increase chilled in store & online		
				Win in key events		
KPIs	Cust RSV + €8m	Penetration +1.5%pts	Frequency +0.6 visits pa	AWOP + €0.6	Cust % margin +0.5%pts	On-shelf availability +4%pts

