



**STRATEGY FOR INFANT PRODUCTS
CATEGORY GROWTH
FOR DANONE IN MOSCOW**

THE MASTERS TEAM

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The new strategy is based on strengthening Tyoma priority segments in the Moscow infant food market. The expected sales gain rate is X% by the end of 2017.

1. In terms of the specific features of the infant nutrition market the key factors of continuous sales growth are



Superior quality of the products



Emphasis on natural and healthy features of the products



Focus on parents' values and interests

2. The implementation of the following steps ...



Focus on high-marginal sales segments (curds and drink yogurts)



Improving the current flavor range according to the parents' preferences



Adding new "baby-friendly" squeezable packs for infant dairy



Launching valuable and relevant promos for the buyers

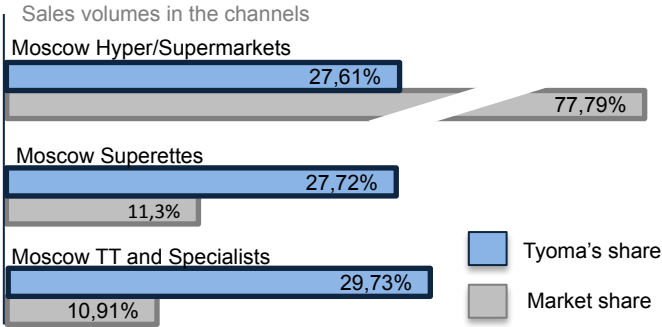


Introducing parenting courses to improve loyalty

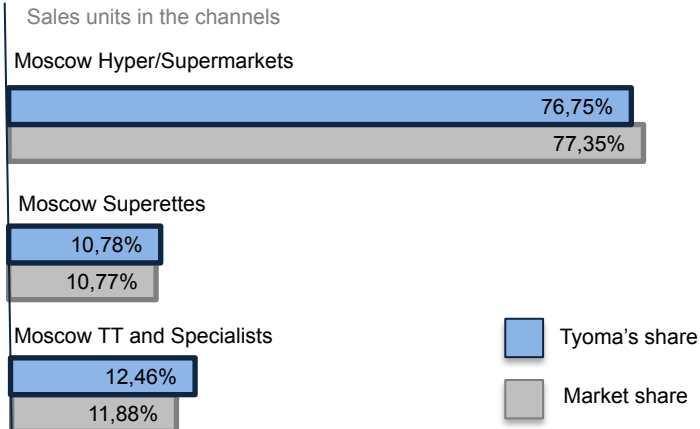
3. ... is expected to proceed the growth of the following KPIs by the end of 2017

Focus on high-marginal SKUs sales growth in Moscow Hyper/Supermarkets will enable strong total sales growth in +38% by the end of 2017

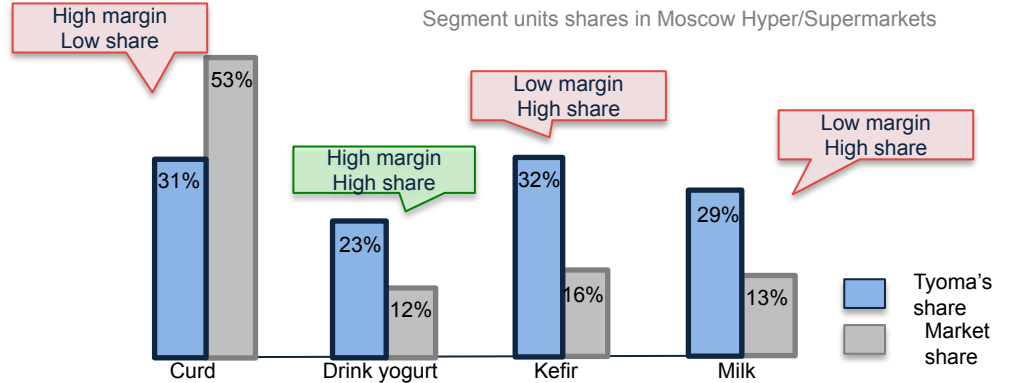
1. The share of Tyoma's sales volume in Moscow Hyper/Supermarkets gets over 50% behind the average on the market



2. ...while the units shares match the average levels

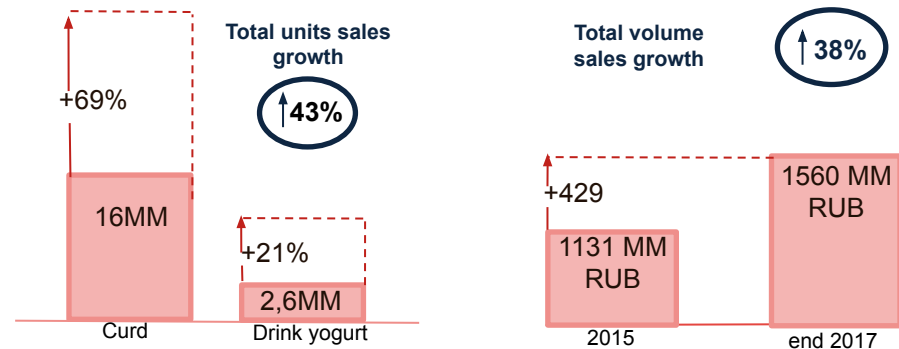


3. The problem is high sales of low- margin SKUs and low sales of high-margin SKUs in Moscow Hyper/Supermarkets



4. Solution – increase high-margin SKUs in Moscow Hyper/Supermarkets to the market level

❖ Increasing shelf representation and improving merchandizing would lead to...



Summary

Optimizing
channels

Line
expansion

Increasing
average
cheque

Social
impact

Financial
analysis

Our
team




1. General message 1-2 sentence (summary of the slide)
our предложение-> impact on sales increase

Обосновани
е

The new flavors should be X

результата
Т

Current marketing policy needs improvement in the field of promos, that will allow the high-margin sales growth and the total sales volume improvement.

<p> Price</p> <p>Tyoma brand is 8% more affordable than the competitors</p>	<p> Product</p> <p>Tyoma brand satisfies the most important buyers' preferences</p>	<p> Place</p> <p>High-quality category management provides the best in-store representation of the brand</p>
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Promo

The new promo strategy, covering the most demanded segments...

... will increase following KPIs

Simple & understandable promo strategy: "Buy 5, get 1 free"

Family's weekly pack of curds and yoghurts before

→

Family's weekly pack of curds and yoghurts after

Cheque per family growth

↑ 42%

2015	105 RUB
end 2017	150 RUB

Total volume sales growth

↑ 18%

2015	1131 MM RUB
end 2017	1336 MM RUB



Danone's priority social mission is caring about children's health and future - the same mission share the parents



Mutually beneficial solution

giving seminars and public talks on parenting and nutrition provides:

- ❖ Establishing strong connection between Danone and parents
- ❖ Improving buyers' loyalty
- ❖ Meeting the customers' preferences and needs
- ❖ Familiarizing parents with Danone and the infant food line
- ❖ Attracting new customers

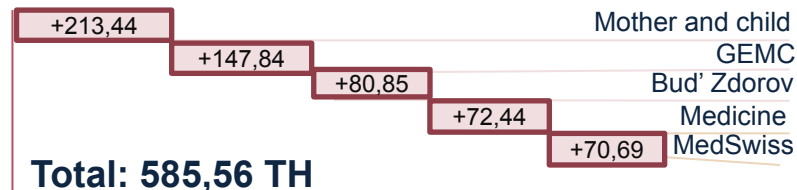
The key to success – cooperating with the leading children's health care centers, who have deserved the parents' trust and appreciation.



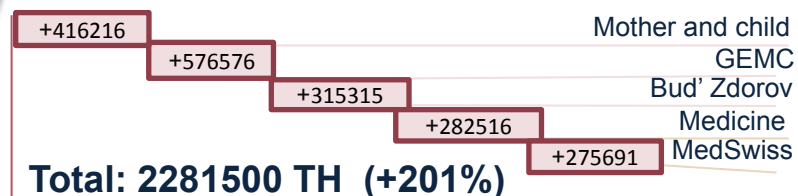
ОАО «Медицина»



Clients attracted in a year, TH people



Sales increased by the end of 2017, TH RUB



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The Masters Team

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Appendix 1. Social impact

	Share of Moscow commercial services market	Number of clients, TH/year	Coefficient of interest (expected share of clients attracted)	Number of buyers attracted in a year, TH people	Sales increase yearly, TH RUB	Sales increase by the end of 2017, TH RUB	Sales increase by the end of 2017, %
GEMC	4,00%	616,00	0,40	147,84	384 384	576 576	50,9%
Mother and child	3,30%	508,20	0,70	213,44	277 477	416 215,5	36%
Bud' Zdorov	1,75%	269,50	0,50	80,85	210 210	315 315	27,8%
Medicine	1,96%	301,84	0,40	72,44	188 344	282 516	24,9%
MedSwiss	1,53%	235,62	0,50	70,69	183 794	275 691	24,3%
			Total:	585,26	1521 000	2 281 500	201%
Data used:	Russian population 2013, th	Percent of people, who use commercial medical service	Percent of people, who use commercial medical service:	Percent of people, buying infant food	Expected budget spent by a new-consumers family on Tyoma brand per week	Sales in 2015, TH RUB	
	140000	55%	20%	60%	50 RUB	1 131 142	

Sources used: RBK Research, Rosstat, Forbes, Companies reports, Team's analysis

Appendix 2. Promotion – “Buy 5, get 1 free”

	Sold per family weekly (units)	Sold per family annually (units)	Total units (1000 units)	Total Revenue (1000 RUR)	Cheque per family weekly (RUR)
Before promo	3,5	182	24 091,50	781 783	105
After promo	6	312	36 481,4143*	986 535,6905	150
Increase	2,5	130	12 389,9	204 752,69	45
Increase (%)	71 %	71%	51,4 %	26, 2 %	42 %
Data used:	Units (curd and yoghurt), 1000 units.	Percentage of such families	Number of families (units divided by annually family consumption), (1000)	Average price, RUR.	
	24 091,50	72%	132	32,45	

Units=Number of families(percentage of families*6-(1-percentage of families)*3,5)

Sources used: Case information, Team’s analysis.

Appendix 3. Upgraded assortment.

	Curd (1000 units)	Drink Yogurt (1000 units)	Curd revenue	Drink yogurt revenue	Total Revenue (1000 RUR)
Before innovations	20 544,3	3 547,2	641 848,5	139 934,4	781 782,9
Half a year after innovations	23 044,3	5 547,2	714 348,5	199 934,4	914 282,9
1.5 year after innovations	28 044,3	9 547,2	859 348,5	319 934,4	1 179 282,9
total Increase	7 500	6 000	217 500	180 000	397 500
total Increase (%)	+36,5%	+169%	+34%	+129%	+51%

Assumption: average curd price – 29 RUR average drink yogurt price – 30 RUR

Assumption: drink yogurt in squeezable pack will attract 80% of Agusha's consumers who loved strawberry and banana drink yogurt.

Assumption: new apple & banana curd will attract 20% of Agusha's consumers who loved strawberry and banana drink yogurt + 3% of Tyoma's curd consumers

Assumption: increase in numeric distribution will lead to rise of number of Tyoma's (without flavour) curd consumers.

Sources used: Case information, Team's analysis.