



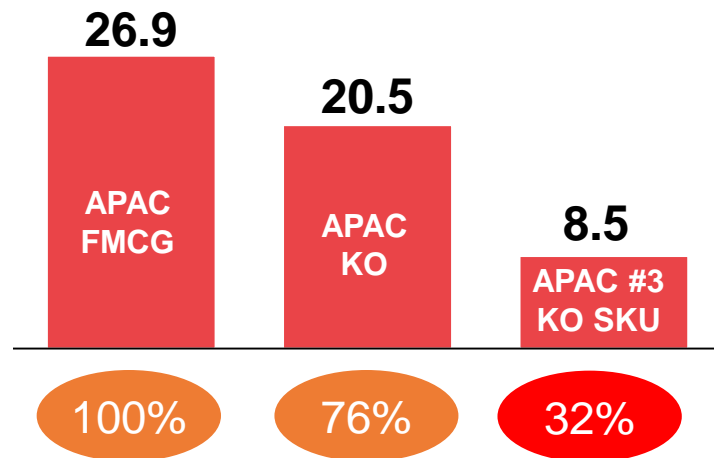
THE COCA-COLA COMPANY



**Wholesaler Engagement & Partnership
framework**

Improving quality distribution a Multi Million dollar opportunity

We are present in ~76%¹ of outlets in APAC...



Outlet count, MN



% Numeric distribution, ND

...a +1 p.p. increase in ND impact²

%, mm UC, USD mm`

Assuming

1 p.p. increase

In APAC KO ND

80 - 100

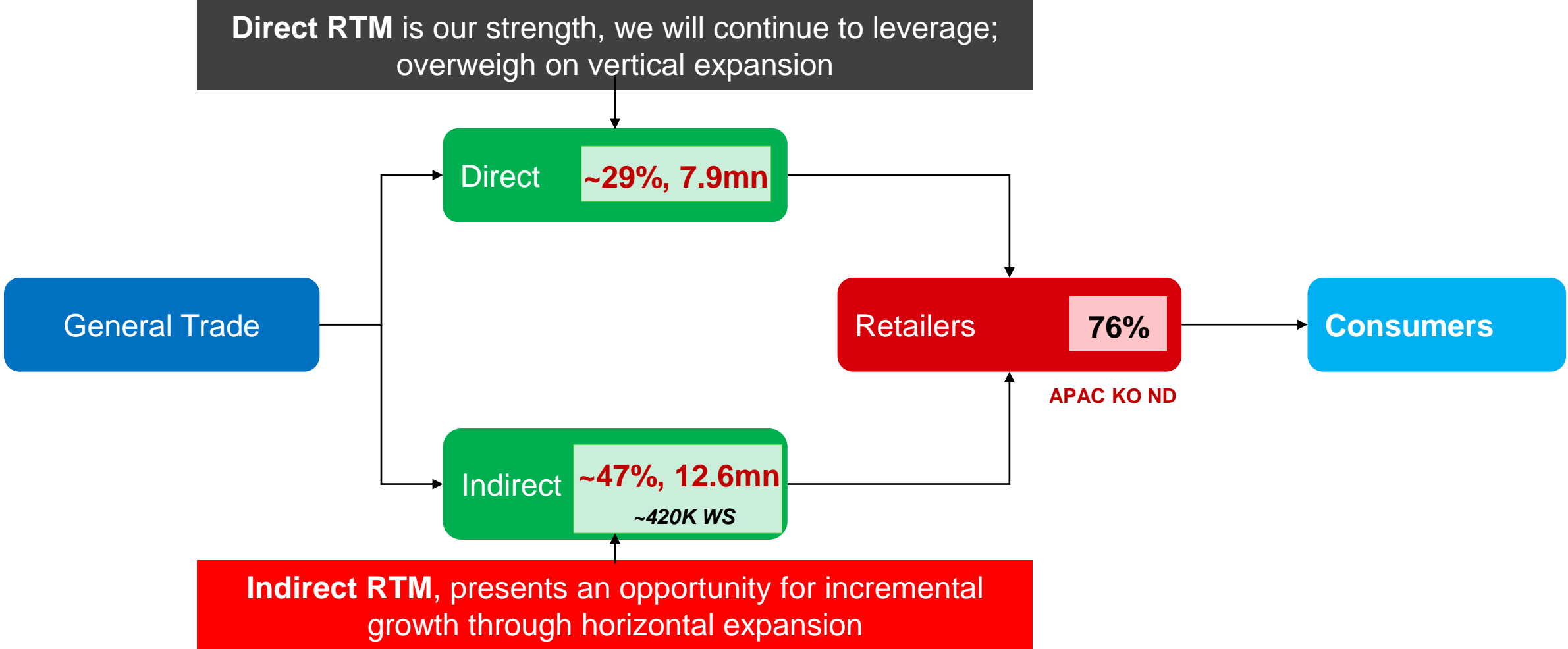
Est. incremental volume (mm UC)

250 - 300

Est. incremental NSR (USD Mn)

1. Nielsen estimates for 2019
2. Estimated proportionally from Nielsen ND and internal topline metrics

Our distribution today is a result of both Direct & Indirect platforms



Wholesalers can be better leveraged to drive quality distribution

Primary objective: Horizontal expansion

- Increase ND of portfolio, especially IC packs
- Ability to deliver a lower cost to serve



Secondary objective 1: Availability for low-margin high velocity

- Drive ND for specific SKUs (i.e., low margin high velocity)

Secondary objective 2: Vertical penetration

- Drive more SKUs in relatively small outlets (items per store)



Therefore, developing traditional wholesale is important. A standardized and organized engagement framework will help

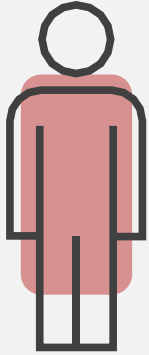
The core team behind the project

	Sponsors	Project team	Core country team		
KO	Bianca Bourbon 	Sandeep Nicholson 	 Pallavi Agarwal Ajay Konale 	 Lakshman Peiris 	
	Tony Del Rosario 	Bruce Burnett 	 Chris Pesigan 	 George Ni 	
BIG	Ian Murdock 	Norman Villalobos 	 Ruben Luengas 	 Contributions from other Groups – Sandeep Nicholson	

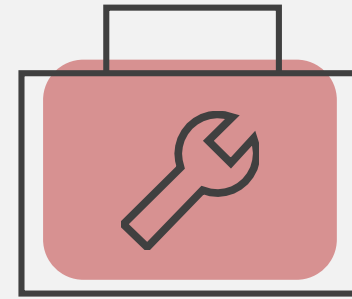
McKinsey leadership and project team

McKinsey leadership	Rohit Razdan 	Simon Wintels 	Mathieu Francois 
McKinsey project team	Song-Yee Lim 	Jiao Chen 	Winston Nguyen 

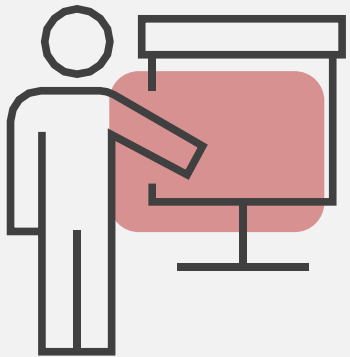
What we have achieved so far



Worked with **5**
countries on the ground
with
>15
people involved



Created
7
tools



>10
workshops and
reviews sessions



Full toolkit
overview
with
instruction
pages

Objective of the toolkit

- Standardize** approach on how markets should engage wholesalers in their RTM
- Provide a **diagnostic tool** to help markets understand where to focus their efforts
- Provide a **practical toolkit** to help markets implement changes in order to achieve:
 - ✓ Growth in the right segments
 - ✓ Quality distribution
 - ✓ Efficiencies and costs



The toolkit structure delivers information in 5 steps

Approach



Approach

- Provide **concept and objective** of the toolkit



Process

- Describe **instructions on how** to use the toolkit



Output

- Develop a **standard set of analysis** outputs with potential insights to be derived from analysis



Tool

- Introduce the **tool functionality** with description, user guide, and limitations (if any)



Example

- Synthesize **actionable recommendations** simulated based on previous work done by different markets

Note: An overview of the tools is enclosed in this document

The toolkits are designed for different stakeholders with both strategic and operational objectives

Stakeholder

Roles and responsibilities

Commercial leadership

- **Develops commercial plans and sets strategic priorities** (channel, region, category, and brand) between distribution, value, volume, etc.
 - **Defines / adjusts the RTM**
 - **Organizes the commercial team** – setting structure, processes, objectives – and **defines and measures execution KPI's** to drive performance
 - Is **accountable for wholesaler performance**, and managing of **channel conflicts**
-

GM Sales - WS

- **Develops execution plan for wholesalers** to achieve commercial plans and priorities set by leadership
 - **Identifies a strategic selection of wholesalers** for salesforce to focus on
 - Defines and upholds **execution model per outlet segment**
 - **Allocates volume and revenue targets** to KAMs and Wholesaler Representatives
 - **Launches / drives special commercial initiatives** as needed (e.g. capability building, etc.)
-

Sales Manager - WS

- Manages assigned **ASM/KAM** for **Wholesale: joint planning and relationship management**
 - Provides **in-store execution guidance and support**
 - **Negotiates commercial conditions with Top Wholesalers** & conducts their reviews
-

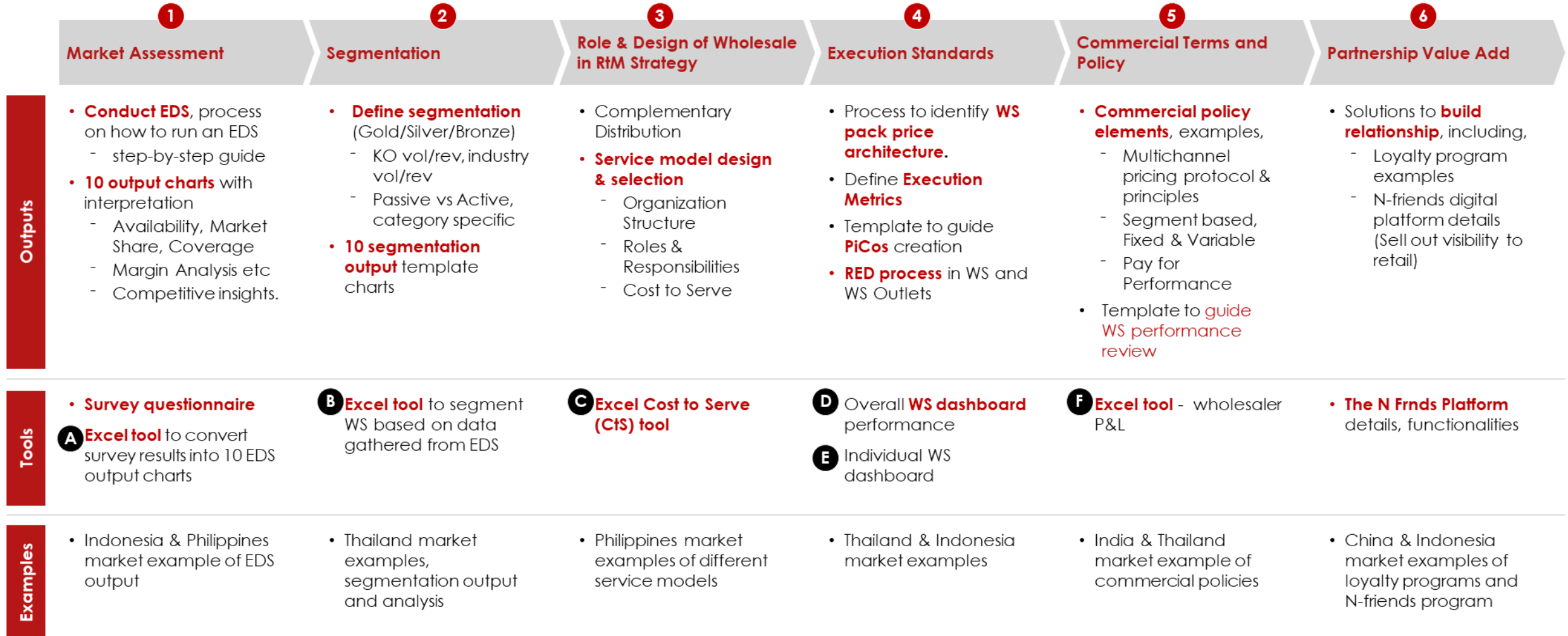
ASM/KAM - WS

- **Manages relationship** with assigned WS and outlets at a local level
- **Collaborates** with local customers to achieve picture of success
- **Drives execution of specific objectives** (e.g. WD, penetration, velocity, volume) of covered outlets

RECAP: We looked at 6 key strategic pillars and prioritized tools / templates to be codified across different markets

X Pillars within framework X Tools created

0 Diagnostic approach (20-30 questions across 6 pillars for markets to assess where they stand vs. best-class wholesale RtM)

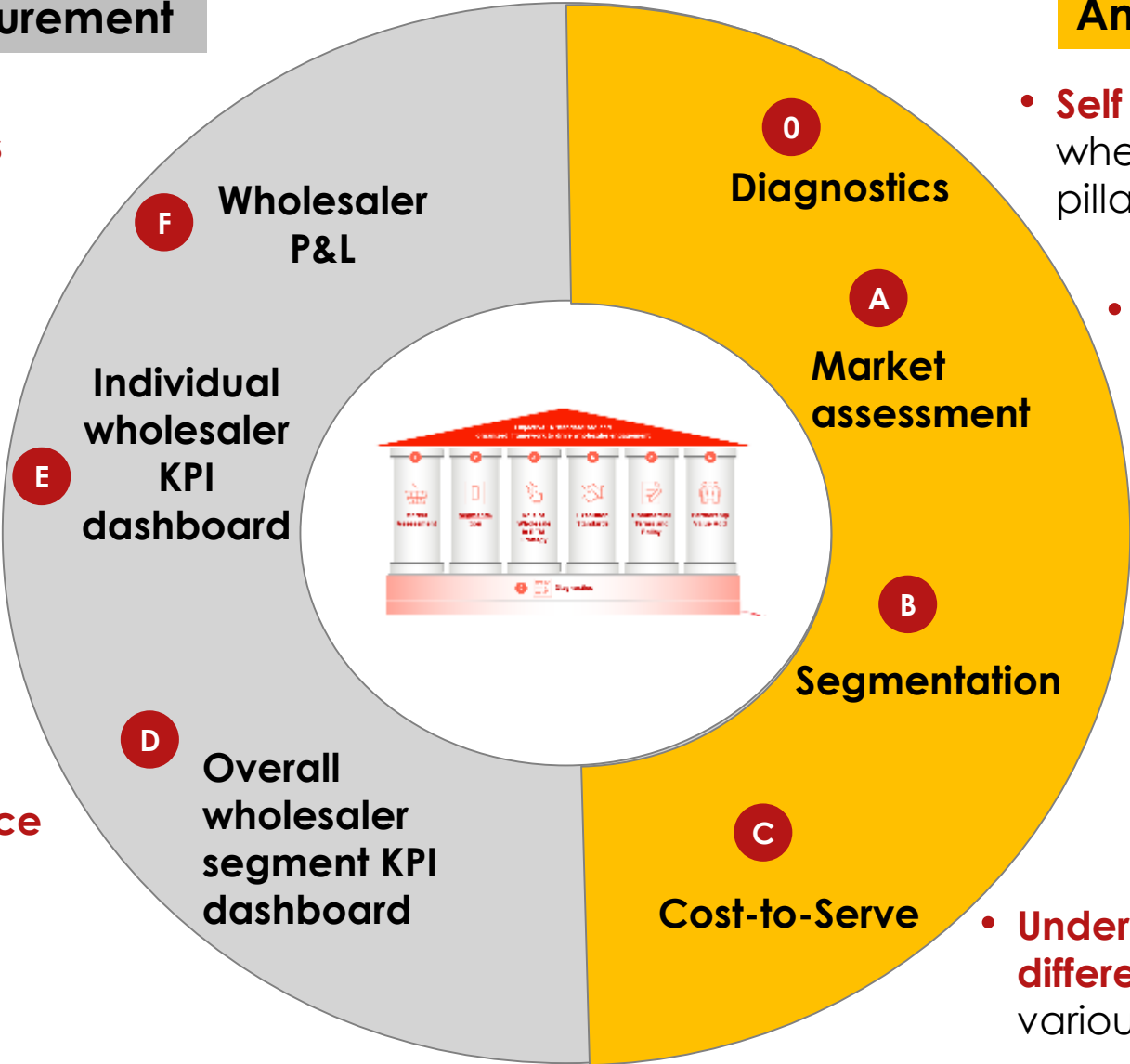


Illustrative output and explanations on how to execute the tools

Seven tools were created as part of the 6 key strategic pillars to be used across markets (1/3)

Performance Measurement

- Understand **wholesaler's financial performance**
- **Simulation of impact** of change in mix / price
- Facilitate **performance review** of an **individual wholesaler**
- Facilitate **performance review** of overall wholesaler **segment**



Analysis and Assessment

- **Self assessment** to understand where each market stands across 6 pillars
- **Translate EDS survey raw data** into insightful market analysis output
- **Facilitate wholesaler segmentation analyses** with well-defined parameters
- **Understand Cost to Serve of different segments** under various scenarios

Seven tools were created as part of the 6 key strategic pillars to be used across markets (2/3)



Audience	Description	Example of high level outputs
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0 Diagnostics

- Commercial leadership

Pillar 0: Diagnostics

- 6 pillars 20 questions in total
- Status of each pillar in "Green" or "Red"

- Prioritize Pillar 4 and 5



A Market assessment tool

- Commercial leadership / GM sales - WS

Pillar 1: Market assessment tool

- Excel toolkit with **9 predetermined outputs**
- Analyzed **3 key business growth levers** (horizontal growth, vertical growth and wholesaler preferences)

- Underpenetrated in 2 regions and KO perceived with low sales visits and support



B Segmentation tool

- Commercial leadership / GM sales - WS

Pillar 2: Segmentation tool

- Analysis in **2 levels of sophistication**
 - One parameter (e.g., KO sales)
 - Two parameter (e.g., KO sales and NARTD)

- Amongst high NARTD WS
- Not covering 64
- Under-served 3



C Cost-to-Serve tool

- GM sales – WS / Sales Manager – WS

Pillar 3: Cost-to-Serve tool

- Interactive excel-based tool
- Compute and compare Cts** across different segments (i.e., Gold etc.)
- Considers service, POSM, etc.

- Serving all 64 new WS results in marginal cost increase



Seven tools were created as part of the 6 key strategic pillars to be used across markets (3/3)

Audience	Description	Example of high level outputs
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D Overall wholesaler segment KPI dashboard tool

- Commercial leadership, GM sales

- Macro-level KPIs to **understand overall segment performance**

- Total volume increased by 6% while NSR per case decreased by 3%



[Pillar 4: Overall WS segment KPI dashboard](#)



E Individual wholesaler KPI dashboard tool

- Sales managers; ASM/KAM; wholesaler

- Micro-level KPIs to **monitor individual wholesaler's performance**

- Wholesaler has 2 missing "Must-have" SKUs



[Pillar 4: Individual WS KPI dashboard](#)



F Wholesaler P&L tool

- Sales manager; ASM/KAM

- Analyses **actual and forecasted** scenarios
- Includes net margin, ROI, working capital, etc.

- A new SKU mix improves margin by 30%



[Pillar 5: Wholesaler P&L](#)

Next steps & Timelines

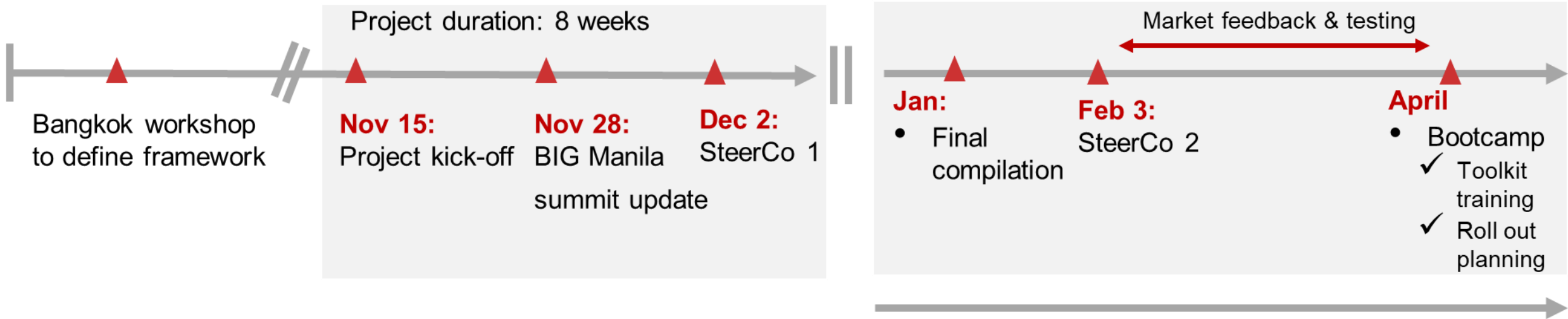
Timeline - Wholesaler engagement framework

August 2019

November

December

January to April 2020



IT /K&I collaboration

Ongoing Toolkit access & automation support

