

Project Goal: Enable Mars PN team with strategic plans & tools to drive profitable growth in their journey to \$1Bn in India

Context -

Pet Nutrition is an exciting high-growth, high-potential category in its' early stages of development in India. Mars PN is an early entrant with a thriving (~\$200MM), high-growth business (+20%, 3 Yr. CAGR) & market leading shares (~45%). The company is in a solid position to take its' wins ahead having invested in capability, capacity, digital technology, local production & more. The category & company have huge growth head space with increasing incomes & a growing middle class. Current pet pop, at home, is ~27MM indicating a pet/HH of ~<10%. The current calorie conversion at <8% also provides a major growth opportunity. Additional contextual details are in annexure 1.

Key business questions:

Along with the current strengths & opportunities for future growth, come a set of key questions. Unlocking these critical questions will enable the company to unleash another era of massive profitable growth.

1. How do we continue to drive growth and profitability?
2. How do we continue to expand demand creation & calorie conversions?
3. How do we overcome category/product education barriers for trade & consumers?
4. How do we build an optimum org structure to win big both off & online?
5. How do we prevent channel conflict & leakage?and more.

How do we organize, plan & execute against these key areas for success, while effectively fighting competition & preventing share bleeds?

Projects: I suggest the creation of "two umbrella projects" that address a significant chunk of these questions.

1. "Re-imagining G/RTM" from a 3 to 5-year perspective to win across channels.

a) RTM goals:

- Build on the strengths of today to create a sustainable & winning game plan for tomorrow
- Playbook detailing – "where to play, how to win & what to execute"

Offline:

- What – balance & prioritize, depth within existing & width across new towns & cities.
- When & where – expansion of channelized selling teams.
- Optimizing coverage, frequency, capability & delivery.
- Augmenting distribution with 3rd party partnerships - Offline - Udaan, Jumbo, Elastic, Shop X, etc.
- Forward-looking Mars PN organization structure to create & capture demand & maximize growth.

Online:

- Optimal org structure to best leverage the explosive growth potential of online commerce across – Market places, pure-play, D2C, quick.com, Omni & specialty verticals.
- Leveraging promotional & performance marketing spends to create wins for the brand that transcends on/offline boundaries
- Content creation & delivery that builds demand & consumption for the brand.
- Framework for the right promotion, price, and pack for each pet parent.
.... delivering continued shares, business & profit growth.

b) Differentiated RTM goals:

Insight: PN has many parallels to the category & consumer dynamics of baby care. The single biggest barrier to consumption depth & width of baby care is also education – "why diaper" when we can use a homemade cloth nappy? Successful baby care RTM machines & teams, around the globe, focus on demand creation & fulfillment. Drawing on these learnings we should explore building unique RTM strengths for the Mars PN business.

- Channel definitions & execution plans based on demand creation & fulfillment.
- Creating demand through surgical identification of potential at the Pin Vs city levels.
- Integrated on<>Off<>Omni model for demand fulfillment.
- Fulfilling demand through precision distribution leveraging agile & dynamic order taking & delivery methods.
- Agile – follow demand / not rote routines
- From standard to >> Hyper localization & Hyper personalization
- Capabilities to execute experiential, immersive & engaging consumer experiences on & offline.
- RTM machine & people
 - Create & fulfill demand.
 - Focus on
 - Sell in & selling out.
 - Educate & sell.
 - Products & services.

2. Product Price Channel Architecture – PPCA

- What is PPCA?
 - An integrated framework that helps deliver the right Price<>Pack combo for each Pet Parent in each of the channels for each occasion.... thereby removing channel conflict & moving the demand curve forward.
- How?
 - Pet Parent Centric Trade in, up & across strategies & executions by channel.
 - This is achieved through the careful arrangement of vectors across price, pack, brand, channel, pet type, pet stage & more.
- Result?
 - Higher basket value, width & depth.
 - Differentiation leading to optimization of promotional spending.
 - Reduces risk of category commoditization. E.g., Consumers down trading due to inflationary pressures.
 - Reduces reliance on a few packs.
 - Prevents channels leaks – right price<>pack<>channel combo
..... Thus, creating an effective moat against competition

Work stages & time plan:

Work Steps	Objectives	Estimated Work Wks
Ø Step 1: DISCOVERY	Business immersion to understand processes, people, opportunities, capabilities & expectations from Inside out & Outside in perspectives, leading to a commonly understood articulation of "Where are we" & "Where do we want to go"	4 Wks
Ø Step 2 A: PLAN for RTM	Based on learnings from discovery, creation & alignment of a coherent "Where to Play" & "How to Win" plan for RTM	12-15 Wks
Ø Step 2B: PLAN for PCCA	Based on learnings from discovery, creation & alignment of a coherent "Where to Play" & "How to Win" plan for PCCA	
Ø Step 3: PILOTS	Pilots that enable "Test & Learn" & validation of key ideas, clarity on key principles that work	12 Wks
Ø Step 4: PLAY BOOK	Creation of a "What & How to Execute" playbook , that breaks down plans into executable chunks + Codification of principles for scaled national execution	6-8 Wks
Ø Step 5: CAPABILITY	Capability material to enable teams for Execution Excellence & Train the trainer sessions	4 Wks
Ø Step 6: CLOSE	Closing activities & hand holding to enable smooth transfer of know how.	1 Wk

Estimated wks of work : This is a starting point to be fine tuned during the discovery phase.

Time varies greatly depending on availability, structure & quality of data + capacity/time of people who form the core project team.

Work process, speed & Costs ...

Having personally led & landed multiple projects of this nature, across countries, categories & companies, I will partner with the core Mars PN project team to share my experience & expertise. I will hand hold the project in collaboration with the core team, set the right strategic direction, project prioritization, wider organizational engagement & alignment thru key project dates, gates & deliverables. This results in various parts & pieces of the project coming together into a well laid out game plan picture.

The two key determinants of project speed & quality are (i) the Core project team's – composition, capability & capacity (ii) the Availability & quality of data, and the speed at which the analytics team can turn around project needs.

The typical strategic advisory fee for a project of this nature spanning 6 to 12 months is -

- Rs.55L/ Quarter + taxes.
- Travel (business class), boarding (5* hotels) & other expenses as needed & extra.

Annexure 1: 7Cs -

- **Country** – India is a 1.3Bn Pop country with distinct vectors indicating urbanization & family nuclearization. In addition, trends also indicate continued expansion of the middle-class expansion both in terms % of the population & disposable incomes. All these trends – expanding middle class, urbanization & family nuclearization – are classic tailwinds for the PN business.
- **Company** – Mars PN is an early entrant (2002) into the country & category with market-leading brands, shares of people, and capabilities including local manufacturing & is well set up for continued wins. Mars has also done many things right in India by investing ahead of the curve in critical areas including digitization, d. Comm, distribution networks & more. This has created a solid foundation for the business to build its future wins.
- **Category** – ~\$500MM category with global & local brands, growing at 20%+ CARG over the last 3 to 5 years. Pet pop of 27MM in households & ~60MM strays. Of the in-house pop: 70% are dogs, & 30% are cats. Cats grow much faster than dogs. Calorie conversions standing at <8%. Given the low (<10%) pet ownership & calorie conversion ratios, the headroom for growth is huge.
- **Consumer** (pet parent) – Pets are seen as children or extended family members. Education relating to pet parenting, care & nutrition is very low & as a result parents don't see the need for scientifically balanced food. Most parents feed their pets human food & feel that human food works just fine for their pets too.
- **Competition** -While Mars PN is a clear market leader, competition is heating up across price segments from small, imported & local brands available online & in pet specialty stores as well as large brands like Nestle's Purnia. While competition at this stage of category development is essential for increased household penetration, it is also likely to create profitability & market share pressures for Mars.
- **Channel** – A very large chunk (60%+) of the business goes through a concentrated (14K) set of stores forming the specialty channel. The category has favorable economics for d. Comm & hence online trade is a significant (30%+) chunk of the business as well. Other channels are relatively small but hold significant future growth potential.
- **City** – Business is highly concentrated with the top 6 metros contributing to 50% of the business yet future growth lies in the smaller towns. The next most important cluster is “other cities” a cluster of 60-80 cities in the periphery of metros which accounts for 50% of the current business as well as a major chunk of the current & future growth.

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