

Growth pillar: Highlights in 2022

# 2. WIN IN THE MARKETPLACE

## Introduced new Academies

including the Coffee Academy and Premium Spirits Academy, driving our salesforce's capability to deliver improved service, performance and execution.

## Next generation of segmented execution

developed, including capabilities to micro-segment our customers.

## Cooler coverage extended to 86%

of top customer outlets.

## Implemented price increases and mix initiatives

expanding revenue per case and mitigating inflation, while driving market share gains.

## Achieving higher market share online

by strengthening our relationship with e-retailers and developing partnerships with new channels.

## Updated data and analytics tools

and targeted training programmes further supported revenue growth management capabilities.



## Win in the marketplace *continued*

### KPIs

- Organic revenue growth
- Organic revenue per case growth
- Organic volume growth
- Value share

### Principal risks

- Commodity costs
- Competing in the digital marketplace
- Foreign exchange fluctuations
- Geopolitical and security environment
- Marketplace economic conditions
- Suppliers and sustainable sourcing

### Stakeholders



Our customers



Our consumers



The Coca-Cola Company



Shareholders

### Winning in the marketplace through targeted investment in capabilities

Our ability to win in the marketplace has been enhanced over the last few years with targeted ambitious investment behind our prioritised capabilities, including revenue growth management, route to market and data, insights and analytics.

Our customers range from global supermarket brands and independent convenience stores, to restaurants and e-retailers. Understanding the needs of these different customers, and their relationship with consumers, is critical to our success.

We are winning with both customers and shoppers through our value-led approach to revenue growth management, which proved critical in a year of significant cost inflation. Our dynamic route to market is expanding our coverage across all customers, complemented by our digital commerce strategy. Our investment in data has built a market leading capability, which creates a flywheel to enhance revenue growth management and route to market, allowing us to segment the market as never before.

These capabilities are critical for us to better understand the real and changing needs of our customers and consumers, drive profitable revenue growth and anticipate or react to new challenges. The power of our portfolio and consistent investment in our capabilities allowed us to balance pricing and mix enhancements, while also achieving another year of strong share gains.

### Revenue growth management

In 2022, we further built our revenue growth management capabilities to navigate a challenging inflationary environment. We have proactively driven revenue per case through pricing and mix actions and have focused on helping our customers meet consumer demand for affordability as well as premiumisation.

We continued to invest in capabilities, implementing training programmes across different layers of our organisation, and we drove further integration with route to market and data, insights and analytics.

We implemented price increases across all our markets in 2022. Using updated data and analytics tools allowed for better understanding of price elasticities per brand and pack type, improving our approach to pricing decisions.

We are very mindful of the demand for affordability in a period of high inflation. To support category growth, we have focused on smaller multi-serve offerings. We launched a 900ml bottle in Switzerland and 1 litre in Slovakia. This allows us to compete at attractive price points for the consumer and penetrate smaller baskets in a more profitable way. To recruit new consumers, we offer smaller, more attractively priced single serve offerings, such as a 300ml PET Sparkling size launched in Bulgaria. We also provide our customers with affordable options through our promotion strategy, where we have been using advanced analytics to maximise benefit for our customers and return on investment.

Despite higher inflation, we do see demand for higher-value, premium beverages. We saw growth in our Adult sparkling business, particularly in the hotels, restaurants and café channel, while also leveraging the growth of socialising at-home occasions in the at-home channel. We expanded our pack offerings in Adult sparkling, with the launch of a 330ml can of Kinley in Austria, and a 1 litre PET of Schweppes in Romania. Another driver of premiumisation is the growth of glass packages, and we expanded our 1 litre returnable glass bottles in Austria to zero-sugar variants.

We drove greater sales across our markets in 2022 by focusing on multi-packs of single serves. This helped us improve our single-serve mix in the at-home channel, with single-serve volumes growing 10% in 2022, 25% above pre-pandemic levels in 2019.

### Partnering with customers to drive value

We know that our success is dependent on the success of our customers. We achieved improved alignment with our customers with joint business planning and strategic planning workshops and invited our customers to share their perspectives with our people. We have also worked with customers on our sustainability programmes, such as the launch of the 100% rPET portfolio in Switzerland.

As pandemic restrictions eased in 2022, we worked closely with our out-of-home channel customers and saw successful execution to capture the full potential of reopening in our markets, particularly ahead of and during the summer season. We saw the hotel, restaurant and café channel grow organic revenues strongly in the year (excluding Russia and Ukraine). In 2022, we created targeted teams for this channel, with support from The Coca-Cola Company, to accelerate performance by better understanding customer needs.

We complemented this with a continued focus on opportunities in the at-home channel, leveraging the strength of our portfolio with strong marketing campaigns and execution. Our work is paying off and we are creating value for our customers. According to data from Nielsen, once again, in 2022, we were the number one contributor to revenue growth in FMCG across our retail customers.

We are committed to improving our customer experience. When a customer has an issue, we target a 48-hour response time, and empower our salespeople to 'close the loop' and resolve issues immediately. We now collect ongoing feedback from over 40% our customers through Customer Gauge as we value feedback from all customers, and we want to make their experience with us even better tomorrow. We now consider Net Promoter Score® an important metric to measure customer satisfaction and we're encouraged by early progress. This is directly connected to driving revenue growth.

## Win in the marketplace *continued*

### Our digitally enabled route to market

With the reopening of markets through the first part of the year we benefited from a flexible route to market, which allowed us to maximise opportunities and drive joint value with our customers.

In 2022, we further improved our route to market with enhanced digital tools and data capabilities. These allow for a more granular segmentation of our customer base and more targeted services. As a result, we improved both our physical and digital coverage of customers during the year, and drove stronger execution.

We continued to drive our market leadership through increased market execution in displays and the placement of digitally connected coolers. We also enhanced our execution capabilities by the expansion of image recognition into 26 markets, up from eight in 2021.

We continued to invest in new coolers as they help to drive single-serve mix and revenue growth. We have focused on using data to increase our profitable cooler coverage. We reached 86% coverage of our top customer outlets, up 2.8pp organically compared to 2021 (excluding Russia & Ukraine). We have a total of 1.33 million coolers on customer premises, and, excluding Russia & Ukraine, 53% of these now have online connections, up nearly 4 percentage points organically year-on-year. This bolsters the efficiency of our assets and increases the productivity of our sales teams.

In 2022 we also piloted a next generation customer relationship management system, another example of our ongoing digital transformation. Providing a digital tool for communication drives better service and allows our salespeople to spend more time with our customers. We plan to scale the platform across all markets in 2023.

### Accelerating digital commerce

In 2022, we continued to invest in and develop our suite of digital commerce platforms and solutions to serve the growing numbers of consumers and customers choosing to shop online. We have strengthened our online capabilities across the business, as well as developed new tools that are allowing us to drive our online business in more efficient and data-focused ways.

Customer Portal is our business-to-business (B2B) platform, an omnichannel service tool for our customers that delivers incremental revenue growth. The share of total customer orders placed online was 4% in 2022, a reduction compared to 2021, due to the negative impact from Russia.

Excluding Russia and Ukraine, we saw good growth in the number of customers, orders and revenue delivered, with the number of customers and orders close to doubling year-on-year. If we consider small individual non-chain stores only, 20% of all the orders from the channel came through our Customer Portal. We have seen a standout performance from Czech Republic and Slovakia, where we reached 34% of total orders placed on Customer Portal in December 2022.

In Q3 2022 we launched SIRVIS in Italy, our B2B marketplace for the out-of-home channel, offering a 24/7 multi-category ordering experience, as well as a range of services.

We are pleased to have seen a positive initial response to the platform and are planning an expanded roll out in 2023.

When it comes to route-to-consumer, we are partnering with e-retailers and food delivery platforms to create unique omnichannel experiences for our shoppers and drive profitable growth. Our revenue in the channel expanded by 59% vs 2022, a third consecutive year of growth acceleration.

In e-retail, we increased our digital shelf space and visibility. With food delivery platforms, we achieved a beverage attachment rate of 25%, increasing 9pp year-on-year.



## Win in the marketplace *continued*



Quick commerce, where it takes a maximum of 30 minutes for home delivery, is another fast-growing sub-channel in urban areas where we are partnering with multiple players. In 2023, we will continue to invest to improve our ability to serve online shoppers.

Within the direct-to-consumer (D2C) channel, we are experimenting with different models in different markets and implementing data-driven commercial strategies. For example, in Switzerland, we launched Qwell Express, a quick beverage and snack delivery platform. In 2023, we will continue growing our existing D2C businesses and learning about new models.

### Data, insights and analytics

We made further progress leveraging data, insights and analytics capabilities to strengthen our revenue growth management and route to

market, continuing to scale the capabilities required to drive a competitive advantage.

Segmented execution is where we use our capabilities to identify customer needs in different locations and distinct types of outlets to better target product assortment and personalise marketing activities. We developed the next generation of segmented execution, including improved micro segmentation of our customers, leveraging rich and granular external data. With micro segmentation we can identify outlets for accelerating certain packs and products. For the launch of the 300ml PET bottle in Bulgaria, we used micro segmentation to target outlets which had higher-than-average traffic and a younger demographic. The next generation of segmented execution uses AI-enabled algorithms to help predict the potential value of an outlet and each product category, to drive targeted and focused

execution. It is now live in 10 markets as of the end of 2022, with further roll outs planned for 2023.

In 2022, we leveraged AI and advanced analytics algorithms to accelerate the transformation of our promotion management and demand forecasting. By using advanced analytics algorithms, our markets can evaluate promotion spend effectiveness, improving allocation of investment in promotions which drive higher-return opportunities and increase joint value created with our customers. AI-enabled forecasting for short- and long-term demand also streamlines inventory management, preventing out-of-stock incidents, and improvement in demand planning.

Finally, as we accelerate our journey to become a data-driven organisation, we are building the capabilities of our people. We launched the Data and Analytics Academy during the year to support capability building of our employees across all functions and further accelerate the culture of data driven decision making.

### Driving stronger capabilities across our salesforce

To deliver our strategy, our people need the right tools to address customer needs. We now have seven types of Sales Academies across different sales roles, in all of our markets. These aim to build unrivalled sales teams that constantly strive to improve our service and drive value with and for our customers.

The academies offer a comprehensive end-to-end developmental experience, and we are constantly updating the programmes, keeping the curriculum current with relevant market insights. We had tremendous uptake in 2022, with 98% of the Business Developers that took part achieving certification through completion of the programme. We also launched two new academies during the year, designed to grow capabilities in Coffee and Premium Spirits.

### Priorities in 2023

- Continue to execute our revenue growth strategies to drive both price and mix acceleration, while addressing consumer needs for affordability as well as premiumisation
- We will further drive usage of insights from segmented execution and increase promotion spend effectiveness to accelerate value delivery
- Continue to invest to improve our digital commerce abilities and respond to rapid growth
- Improve our coverage of dynamic route-to-market solutions, supported by the deployment of image recognition in all markets and an acceleration in the increase of coverage by connected coolers

### UN Sustainable Development Goals

As we build our business by helping our customers to grow and thrive, we make substantial contributions to the achievement of the Sustainable Development Goals related to ending poverty, decent work, sustainable communities, responsible production, justice and strong institutions, as well as partnerships.

