

Consumer Surplus Factor (CSF) study

KHC - UK : BBQ and Salad Cream

June 2025



Agenda

- Overview of methodology (if needed)
- BBQ Brand level results and trend
- Salad Cream Brand level results and trend

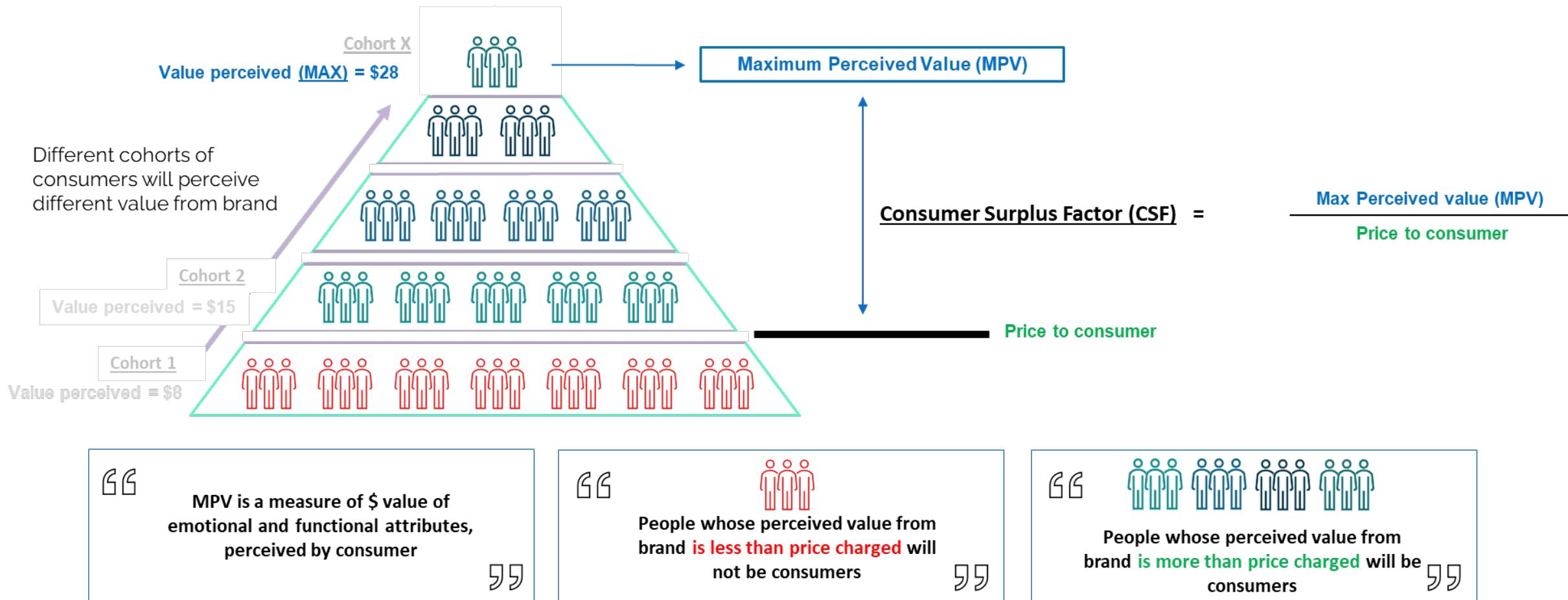
CSF Methodology

Objective of a Consumer Surplus Factor (CSF) study



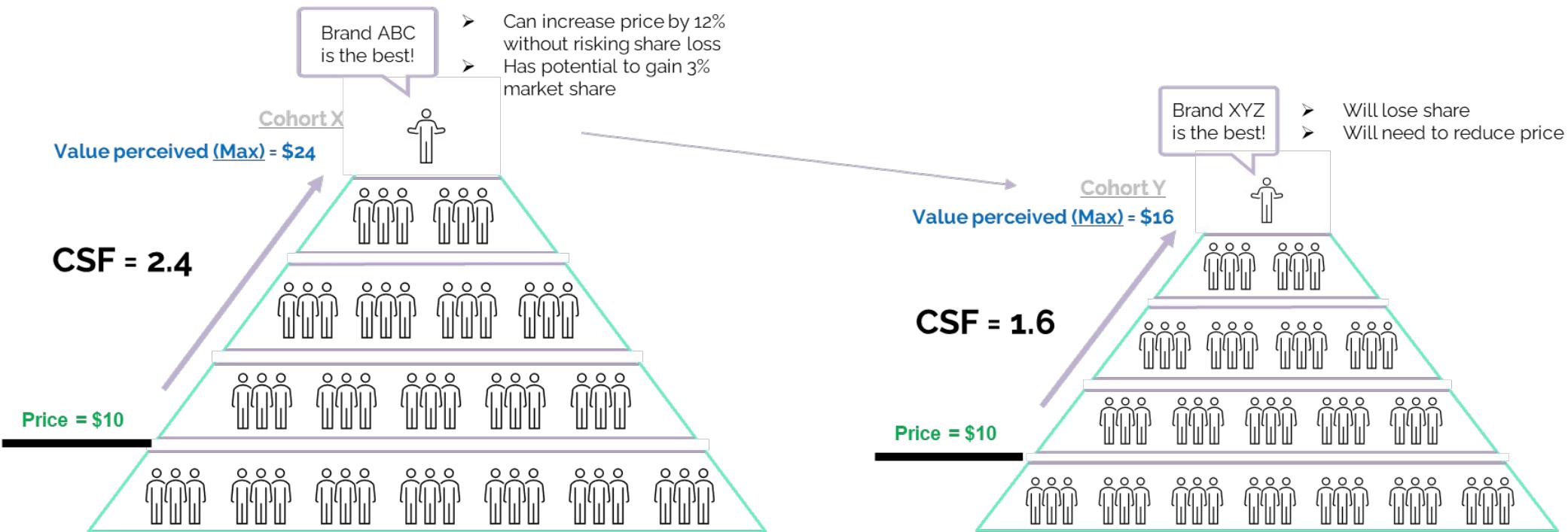
CSF is a measure of value left on the table

How much is a consumer willing to pay Vs. How much are we charging today?



Based on analysis of real consumer behaviour data (Sales)

Brands with higher CSF can lead price increase and/or target higher market share



“ Strategic price recommendation from this analysis triangulates perceived value, competitive advantage and market share potential ”

“ Brands with higher surplus i.e. ratio of max perceived value to price will be in a position to gain market share ”

“ Brands with higher surplus can also increase price without risk of losing market share ”

Executive Summary - Main takeaways

Overall - Both categories are losing MS in both the channels with Tesco doing better as a channel for the brands

BBQ

- Heinz has potential market stability given it's consolidation at the right price in both the channels
- HP in Supermarkets, while offering a similar value proposition to Heinz has a sub-par CSF as compared to HP in Tesco where it is also priced lower to Heinz
- A marketing focused approach to set a USP is required for Bull's eye which has the least CSF in both the channels even after price reductions

Salad Cream

- The price disparity between Private label and Heinz plays a major role in determining the market share headroom in an almost duopolistic market
- The category has very less differentiation in terms of channel level CSF of both the channels
- The CSF of private label is higher than that of Heinz ; the individual brand level CSF of this category are good
- Given the improving MCV trend, Heinz has improved its CSF after price consolidation from last year whereas Private Label has increased prices year on year

UK - BBQ

UK - BBQ - Market Context - (P52W vs L52W).....

Supermarkets

Change in:

**Value = -3.8% Vol. = 0.5% , Price =
-4.3%**

	MS%	% Change*	Avg Price	% Change
HEINZ	31.7%	-1.0%	5.57	-1.4%
HP	9.4%	-0.2%	5.69	-0.9%
BULLS EYE	6.2%	-0.4%	6.87	-2.2%
PRIVATE LABEL	17.8%	-0.2%	2.45	-10.6%
LEVI ROOTS	7.9%	-0.3%	6.59	-0.3%
SWEET BABY RAYS	8.3%	1.5%	6.88	1.8%
Restofcategory	18.6%	0.6%	6.40	-1.2%

Tesco

Change in:

**Value = -3.0% Vol. = 6.7% , Price =
-9.1%**

	MS%	% Change*	Avg Price	% Change
HEINZ	34.5%	-1.7%	5.75	0.2%
HP	10.9%	0.9%	5.47	-1.1%
BULLS EYE	6.8%	0.4%	6.89	-4.6%
PRIVATE LABEL	13.3%	-1.1%	2.04	-26.5%
LEVI ROOTS	9.4%	0.1%	6.71	-2.1%
SWEET BABY RAYS	8.9%	1.4%	6.79	3.2%
Restofcategory	16.2%	-0.1%	6.33	-8.3%

- In Supermarkets, category lost value due to an average price decrease in the present timeframe after consolidating in the previous timeframe whereas in Tesco the loss in value was traded off with gain in volume even after double the average price increase
- Heinz is more expensive in Tesco as compared to Supermarkets
- HP is priced higher than Heinz in supermarkets and priced lower in Tesco, where it is gaining Market share
- Private label is aggressively cutting prices in both the channels, more so in Tesco to set a distinct value proposition as compared to other brands
- Sweet Baby Rays is the only brand which is increasing prices and growing in MS in both the channels
- The authentic brands (Bulls Eye, Levi roots and Sweet baby rays) are almost priced similar and at premium to core brands indicating a potential premiumization trend

CSF & MCV Learning: Almost all the brands have a better brand level CSF in Tesco channel

Supermarkets

MCV
CSF
**Price
(GBP per Unit)**



Tesco



Current MS
MSP

32.7%	9.6%	6.6%	18.0%	8.2%	6.9%	18.0%		34.5%	10.9%	6.8%	13.3%	9.4%	8.9%	16.2%
0.2%	-0.2%	-0.3%	-0.2%	-0.2%	0.1%	0.6%		0.1%	0.5%	-0.6%	-0.0%	-0.2%	-0.1%	0.3%

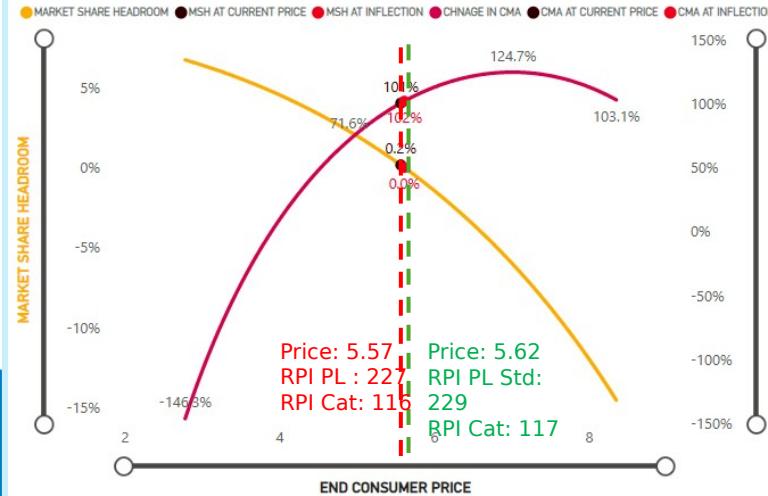
- The CSF of Supermarkets channel is 3.1 with a MCV of 14.9 and that of Tesco channel is 3.6 with a MCV of 17.1
- In supermarkets, HP has to be differentiated in price than Heinz to improve MCV which is being reflected in Tesco
- Heinz has a stable market share potential in both the channels with a stable CSF
- Bulls Eye need to improve it's MCV by effective marketing efforts because it has a poor CSF even after correcting its prices over the previous year
- Sweet Baby Rays has the highest MCV in both the channels

*All Price and MCVs are in GBP per unit

Channel level- RPI Curves for Supermarket

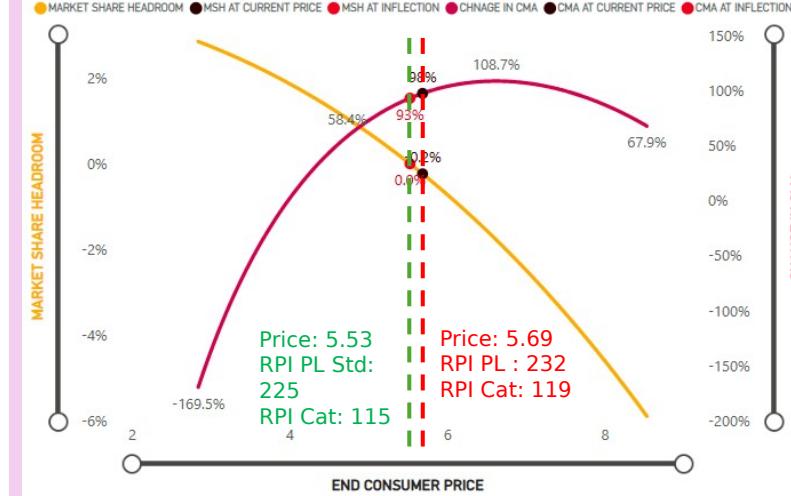
Heinz

MSH & CMA AT CURRENT PRICE AND AT INFLECTION POINT



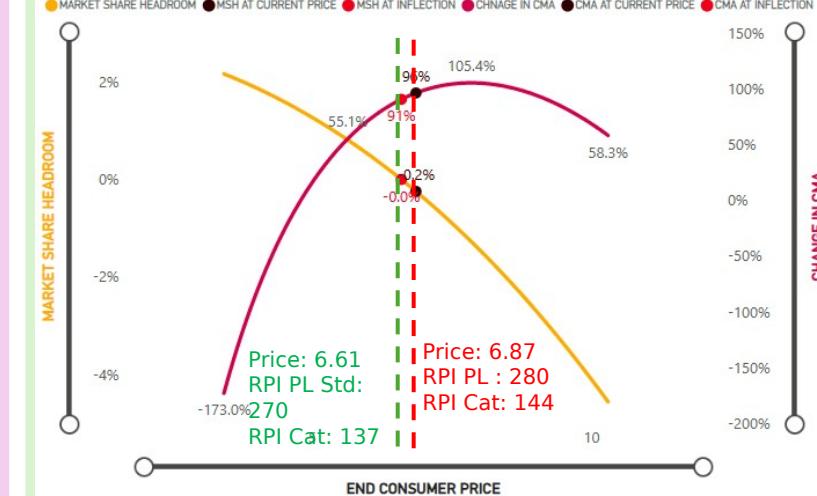
HP

MSH & CMA AT CURRENT PRICE AND AT INFLECTION POINT

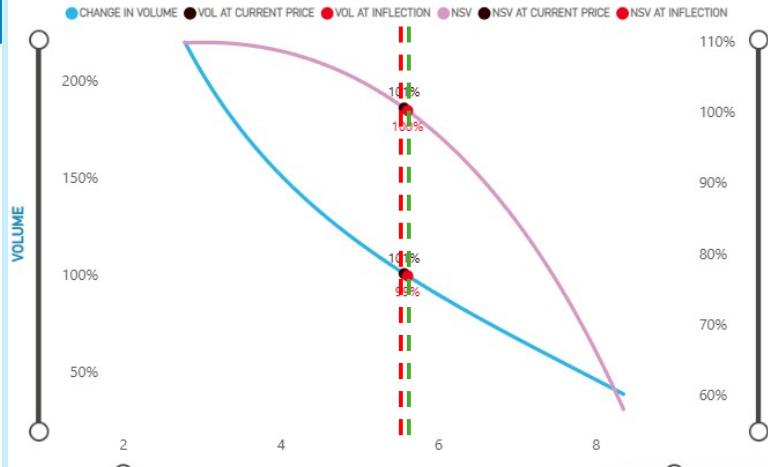


Bull's Eye

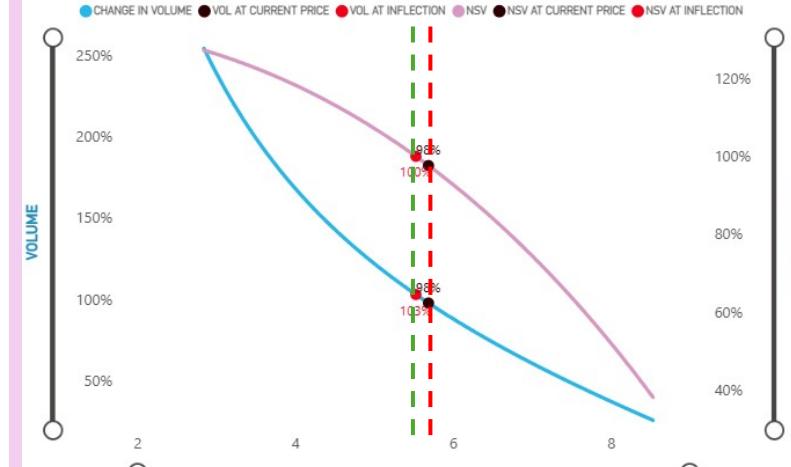
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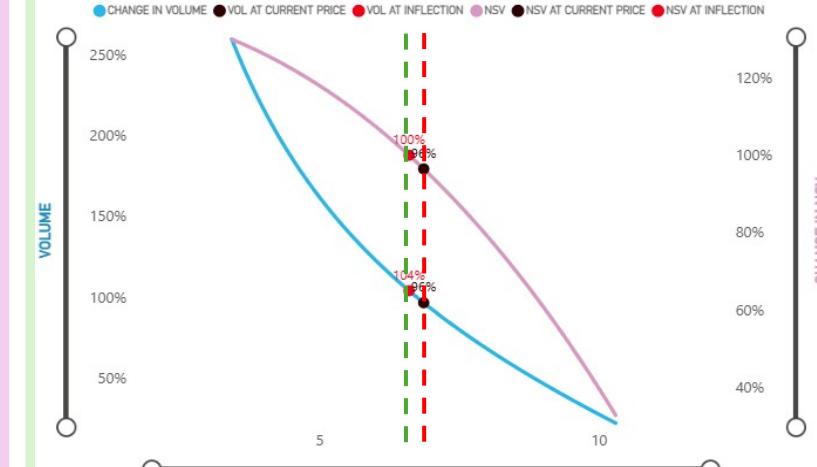
VOLUME & NSV AT CURRENT PRICE AND AT INFLECTION POINT



VOLUME & NSV AT CURRENT PRICE AND AT INFLECTION POINT



VOLUME & NSV AT CURRENT PRICE AND AT INFLECTION POINT

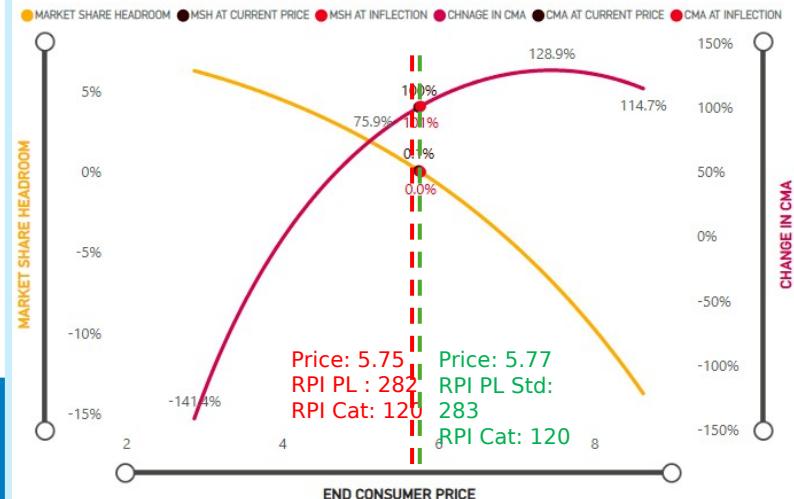


— L12M — Inflection

Channel level- RPI Curves for Tesco

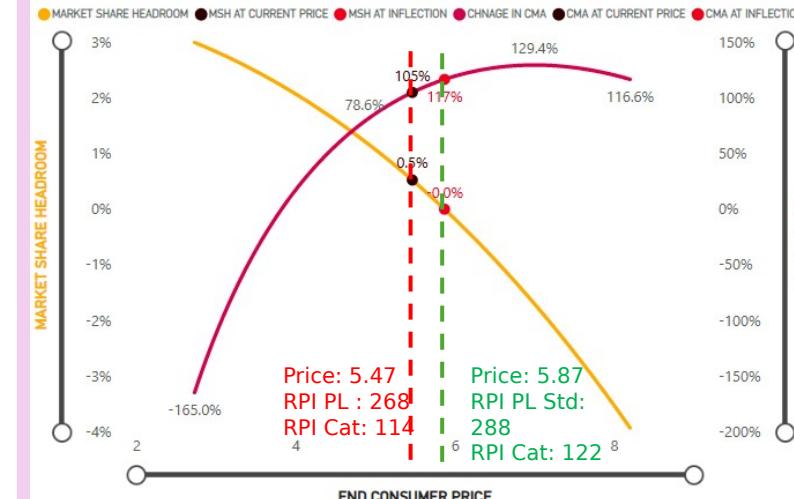
Heinz

MSH & CMA AT CURRENT PRICE AND AT INFLECTION POINT



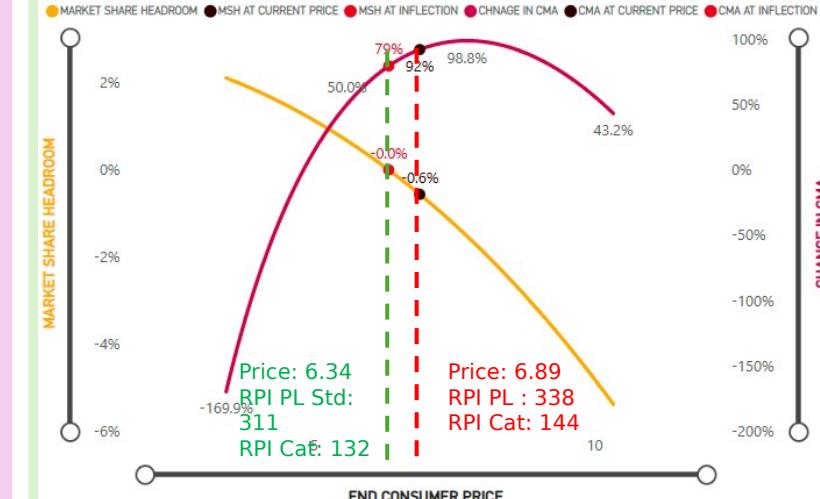
HP

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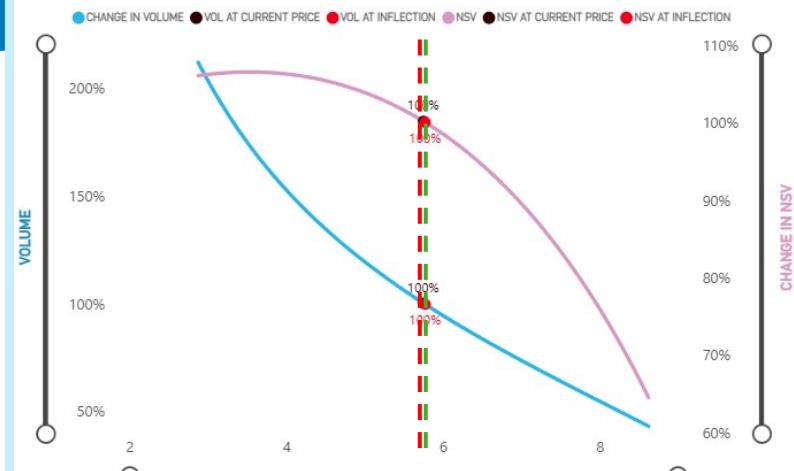


Bull's Eye

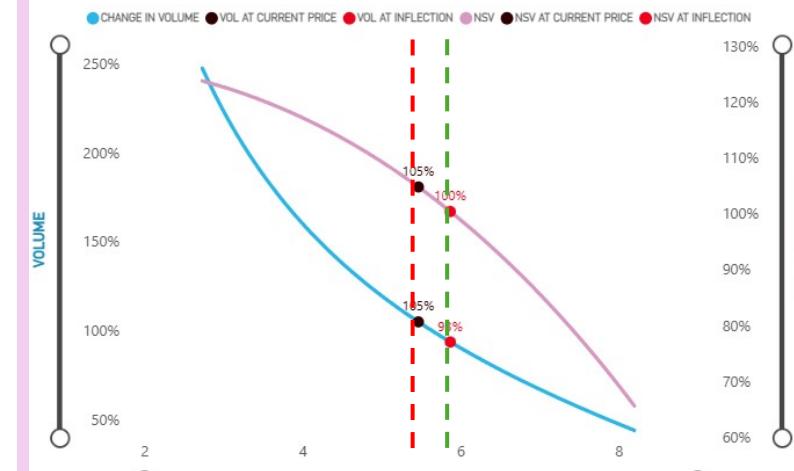
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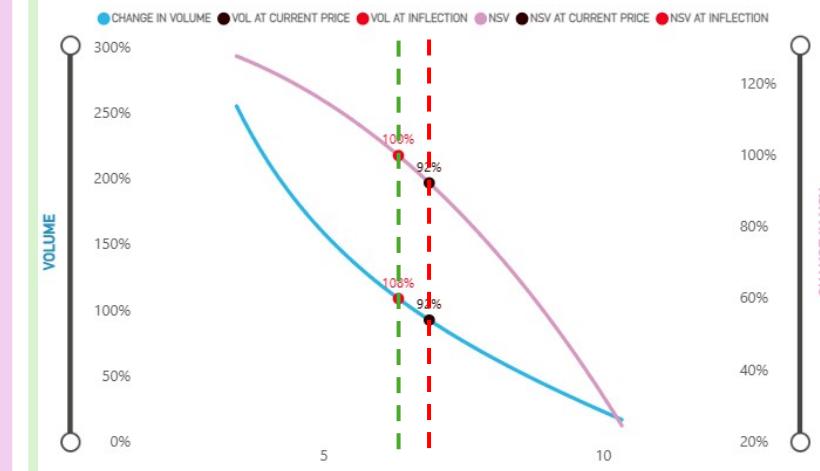
VOLUME & NSV AT CURRENT PRICE AND AT INFLECTION POINT



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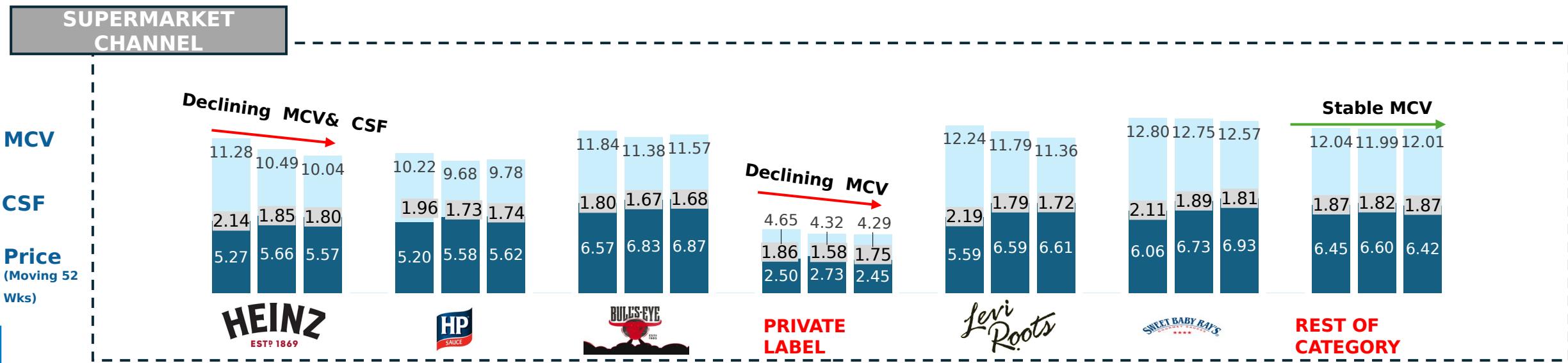


VOLUME & NSV AT CURRENT PRICE AND AT INFLECTION POINT

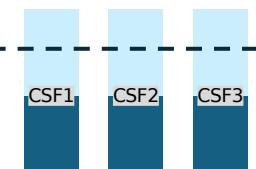


— L12M — Inflection

CSF and MCV trends : No brand has an increasing MCV trend in Supermarkets channel indicating price sensitive consumers



- Heinz and Private Label continue to be on a downward MCV trend even after price reductions
- HP and Bull's Eye seem to have found a stable MCV in the last two years but their CSF is still below par leaving them little scope to exercise pricing power
- Levi Roots and Sweet Baby Rays offer distinct USP but their MCV also fell when they increased prices indicating a price sensitive category
- Only ROC maintained a stable MCV because of maintaining stable prices



UK - Salad Cream

UK - Salad Cream - Market Context - (P52W vs L52W).....

Supermarkets

Change in:

Value = -6.1% Vol. = -7.0% Price = 1.0%

	MS%	% Change*	Avg Price	% Change
HEINZ	78.1 %	0.2%	6.03	-2.6%
PRIVATE LABEL	21.7%	2.2%	2.78	10.2%
Rest of category	0.1%	-2.3%	2.69	-27.5%

Tesco

Change in:

Value = -5.9% Vol. = -7.4% Price = 1.6%

	MS%	% Change*	Avg Price	% Change
HEINZ	79.1%	0.1%	6.12	-2.7%
PRIVATE LABEL	20.6%	1.0%	2.39	11.2%
Rest of category	0.3%	-1.1%	3.61	-25.3%

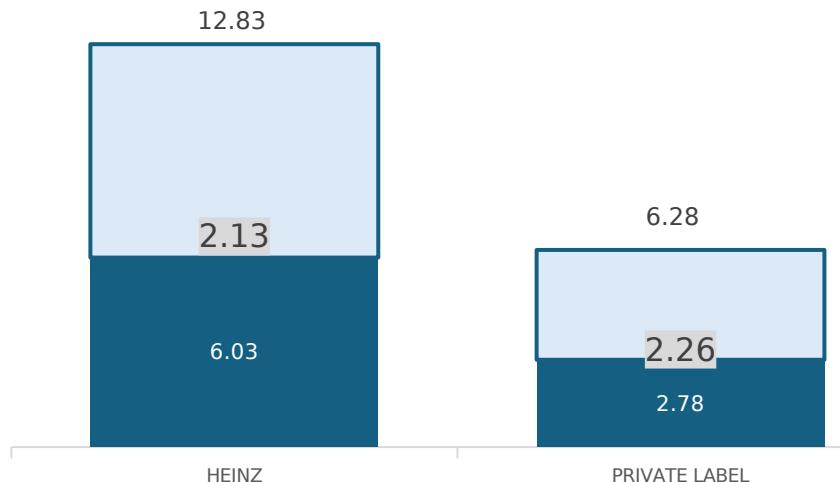
In both the channels,

- Till 2024, category was growing in value and volume terms despite price increases
- Post that the category corrected itself, there is both value & volume growth as prices stabilized
- Heinz has maintained its share with slight decreases in avg. price whereas PL is gaining even with increases in avg. price

CSF & MCV Learning: Both the brands have a better brand level CSF in Tesco channel

Supermarkets

MCV
CSF
Price
(GBP per Unit)



Tesco



Current
MS
MSP

78.1%	21.7%		79.1%	20.6%
0.7%	0.7%		1.1%	1.1%

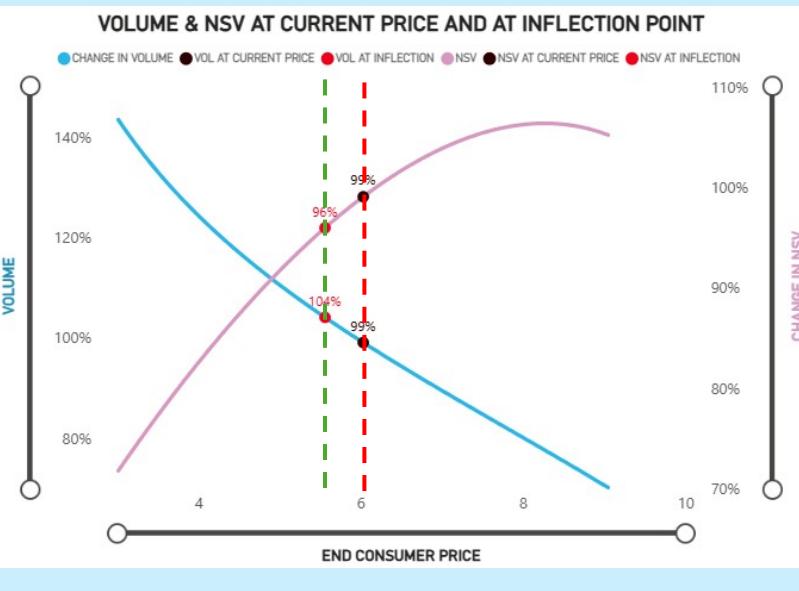
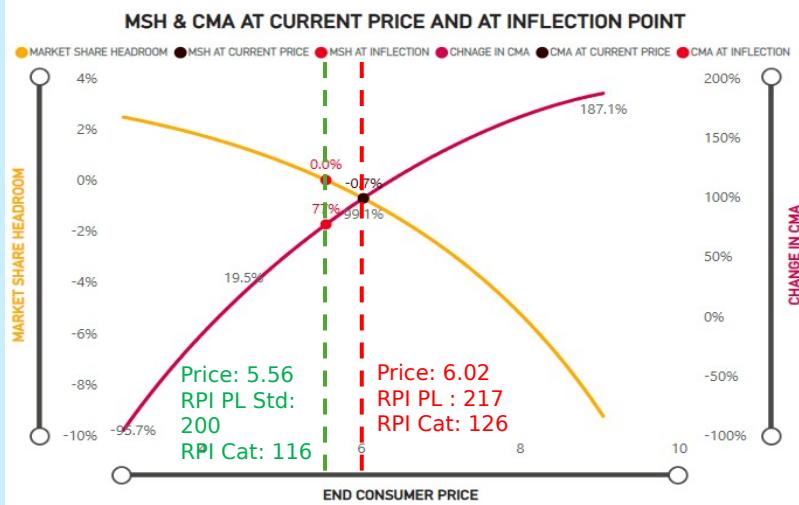
- Both the channels have a channel level CSF of 3.6 with Tesco having a marginally better MCV of 17.2 as compared to the MCV of 17.0 of Supermarket
- Private Label enjoys a better CSF than Hienz given its pricing headroom in an almost duopoly category
- Heinz has a more negative MSP in Tesco although it has a better MCV and CSF in that channel

*All Price and MCVs are in GBP per unit

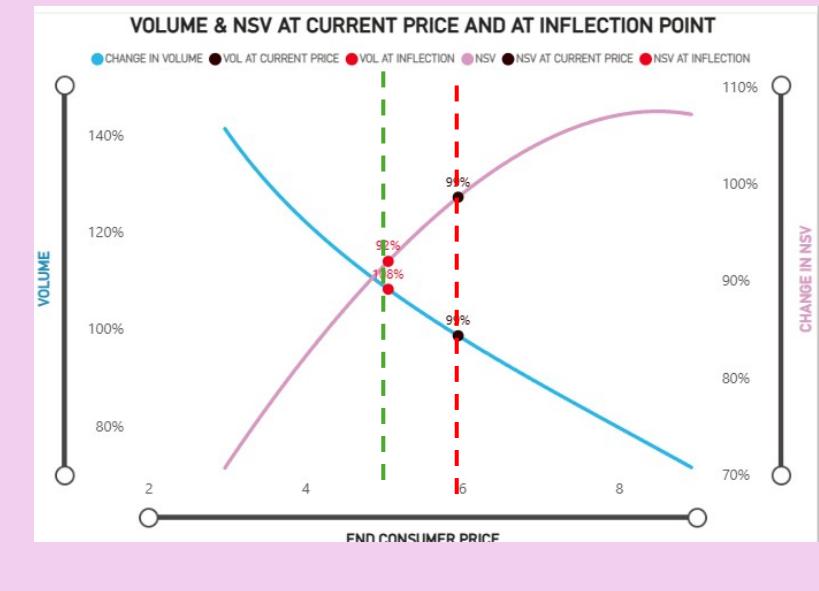
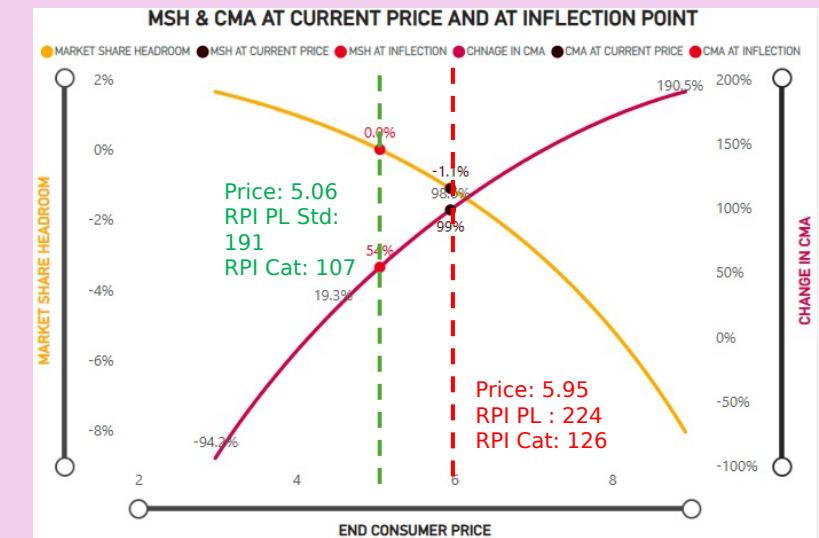
The Bars are sorted in increasing order of CSFs for each channel

Channel level- RPI Curves

Supermarkets



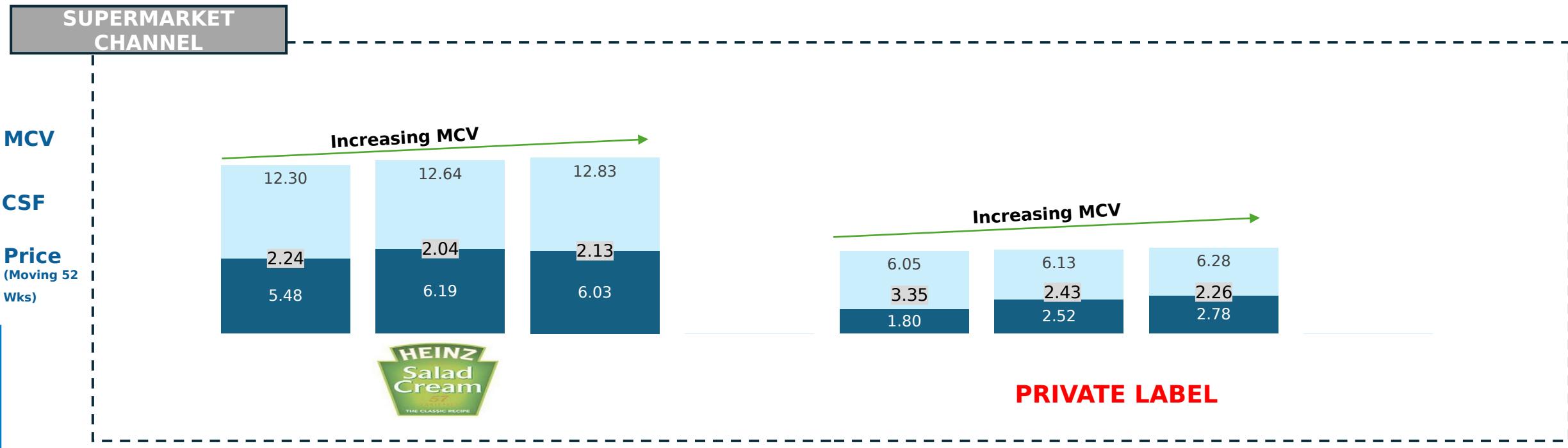
Tesco



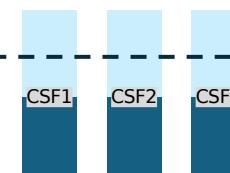
L12M

Inflection

CSF and MCV trends : Both the brands have increasing MCV patterns showing category specific consumers



- Heinz even after reducing the average prices in the last year found it's MCV increasing thus giving a better CSF and pricing power at the current price point
- Private label has increased prices by ~50% yet has seen its MCV rising and CSF still above that of Heinz inferring it still has a better market share headroom than Heinz



CSF1 - Till Mar 23¹, CSF2 - Till Mar 24¹, CSF3 -

Category	Self Elas	brown sauce	bbq sauce	salad cream	ketchup	mayo	Cat delta
brown sauce	-2.10	0	0.16	0	0.21	0	0.03
bbq sauce	-1.97	0.27	0	0.19	0.09	0.09	0.01
salad cream	-1.47	0	0	0	0	0.12	0.06
ketchup	-2.36	0.05	0.18	0.44	0	0.89	0.47
mayo	-2.66	0.30	0.82	1.27	1.02	0	0.57