



SUNTORY
PEPSICO
Suntory PepsiCo Vietnam Beverage

RMIT Business Analyst Champion Season 2

ROUND 1 CASE STUDY

Team 4U

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EXECUTIVE SUMMARY

BUSINESS QUESTIONS

Identify the trends in gross revenue of SP. Co in Year 3

Identify the key factors contributing to the gross revenue of SP Co. in Y3.

Given that gross revenue increased by 1% in Y3 compared to Y2. Clarify Product Mix & Price on this increase.

Evaluate the financial performance of SP Co. in the past 3 years

Prepare the Profit & Loss (P/L) Statement for Y1 to Y3

3 main factors contributed to the increase in the NOPBT performance although Net Revenue (NR) in Y3 reduced by 0.45%

Evaluate the SP.Co's position in the market and give recommendations for its improvement.

Evaluate the financial performance of SP Co. when compared with other competitors including Delight, Icy & Drink Biz.

3 recommendations to help SP Co. stay competitive with its rivals in the upcoming years.

VARIANCE ANALYSIS

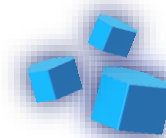
Variance Analysis's factors explanation

Price: Reflects the price of the product when sold.

Volume: The number of products one company sells.

Product Mix: Reflects the fact the all products are created equal. Some products have better profit margins than others -> affect the revenue.

Unit	Variance Analysis (\$)		
Product Types	Sales Vol	Product Mix	Unit price
RGB CF	-4385087.87	576268.6199	-181174.256
RGB HF	-297611.194	38826.77436	-3481.21374
CAN CF	-14440754.8	-1696185.59	-973920.509
CAN HF	8155953.791	840952.2056	-241160.827
PET CF	31077282.16	8564396.73	-2012576.97
PET HF	-2432871.73	-414132.784	-694011.449
Water	-15574487.2	2050541.003	-630690.898
PMX	-599228.791	-1777.15985	-19286.9877
Grand Total	1503194.35	9958889.797	-4756303.11



VARIANCE ANALYSIS

Variance Analysis's calculation method

Sales Volume = [Sales Vol (Y3) – Sales Vol (Y2) * Unit Price] – Product Mix

Product Mix =
$$\frac{\text{Total Sales Vol (Y3)}}{\text{[Unit Price (Y2) - } \frac{\text{T. Revenue (Y2)}}{\text{T. Sales Vol (Y2)}} \text{] * [Product Mix (Y3) - Product Mix (Y2)]}}$$

Unit Price = [Unit price (\$/rc) (Y3) - Unit price (\$/rc) (Y2)] * Sales Vol (Y3)

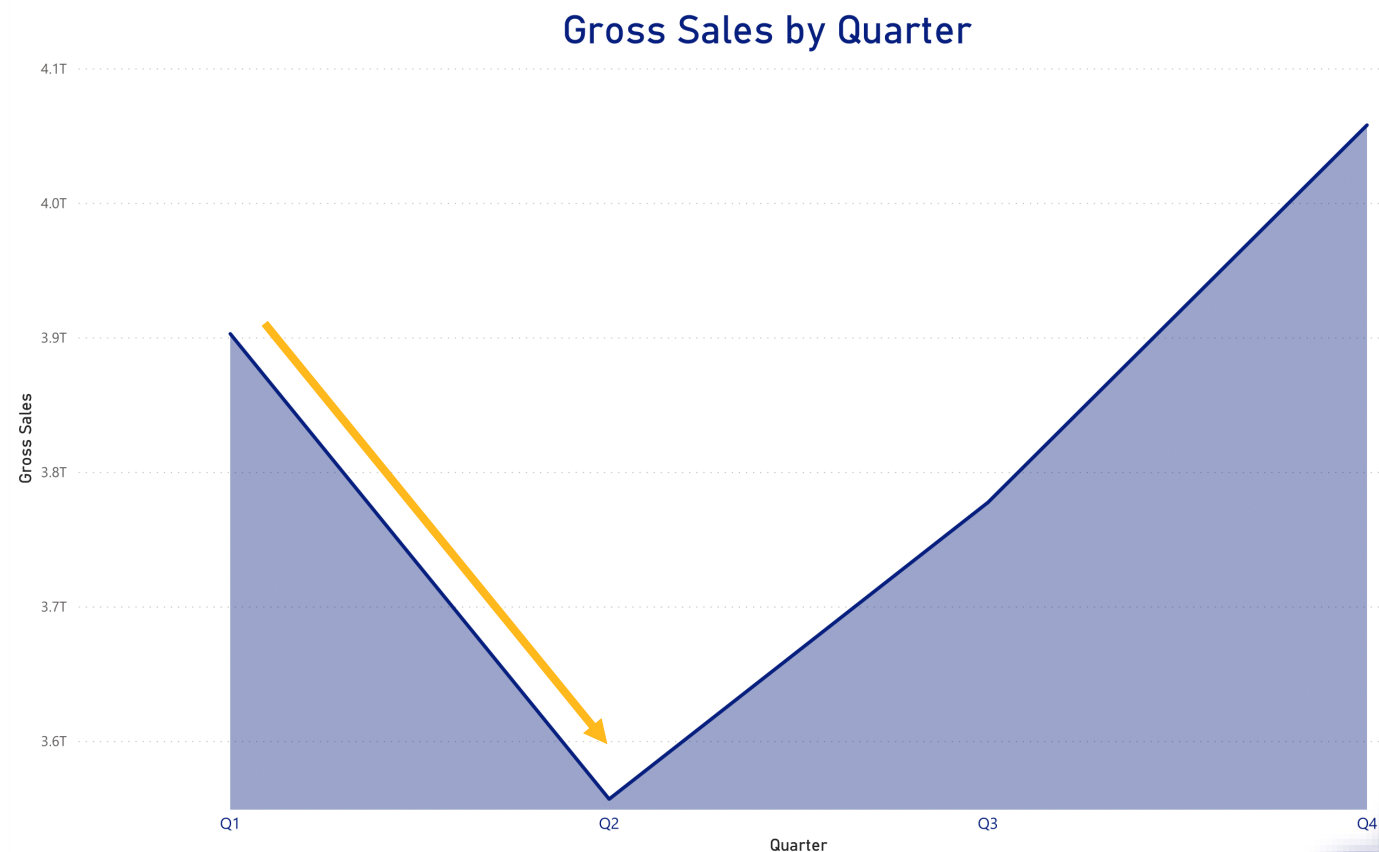
(*) T. = Total; Vol = Volume; Y2 = Year 2; Y3 = Year 3



4 KEYS FACTORS CONTRIBUTING TO THE GROSS REVENUE OF SP CO. IN Y3

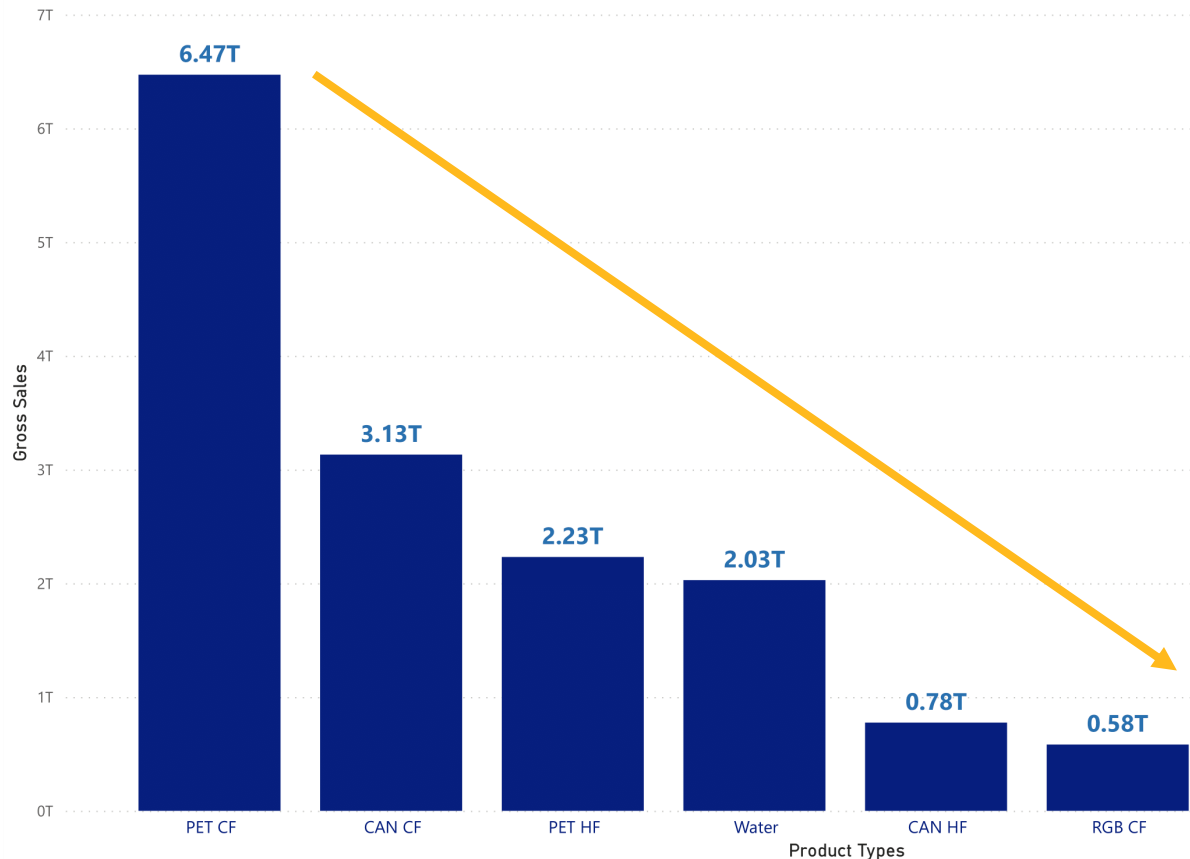
1. Time period

As illustrated in the line chart, Gross Revenue in the **2nd Quarter** has dropped significantly, compared to the **1st Quarter** before witnessing a greatly gain in the **3rd** and **4th Quarter**.



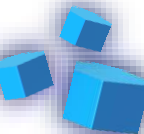
4 KEYS FACTORS CONTRIBUTING TO THE GROSS REVENUE OF SP CO. IN Y3

Gross Sales by Product Types



2. Product Type

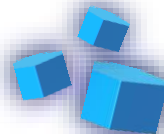
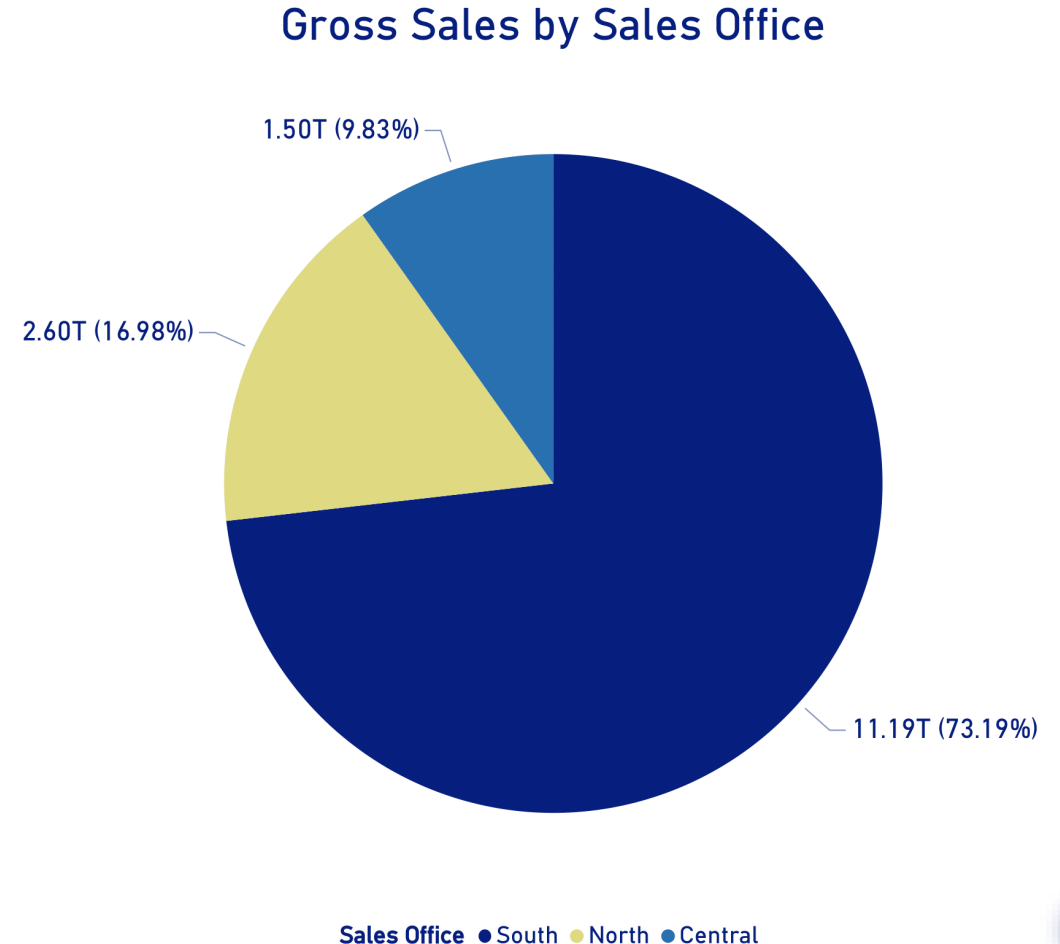
As shown in the column chart, out of 8 product types of SP Co. in Year 3, only 4 of them, namely **PET CF**, **CAN CF**, **PET HF** and **Water** contribute greatly to the Gross Revenue while others have minor contribution.



4 KEYS FACTORS CONTRIBUTING TO THE GROSS REVENUE OF SP CO. IN Y3

3. Sales Office

In the pie chart pointing out the relations between **Gross Sales** and **Sales Office**, it is clearly illustrated that the **South Office** contributes up to **73%** of the Gross Revenue in Year 3, compared to the sum of **27%** of the **North and Central**.



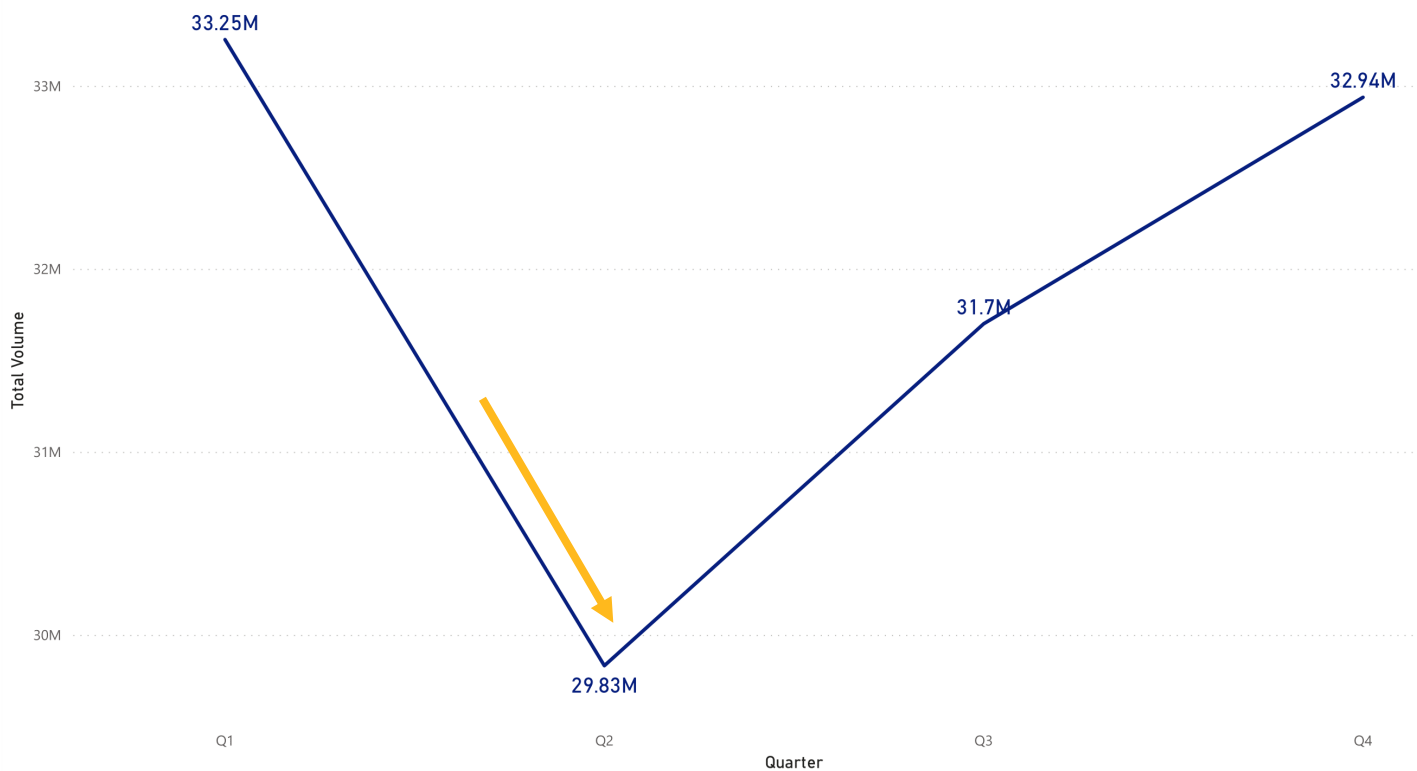


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4 KEYS FACTORS CONTRIBUTING TO THE GROSS REVENUE OF SP CO. IN Y3

Total Volume by Quarter

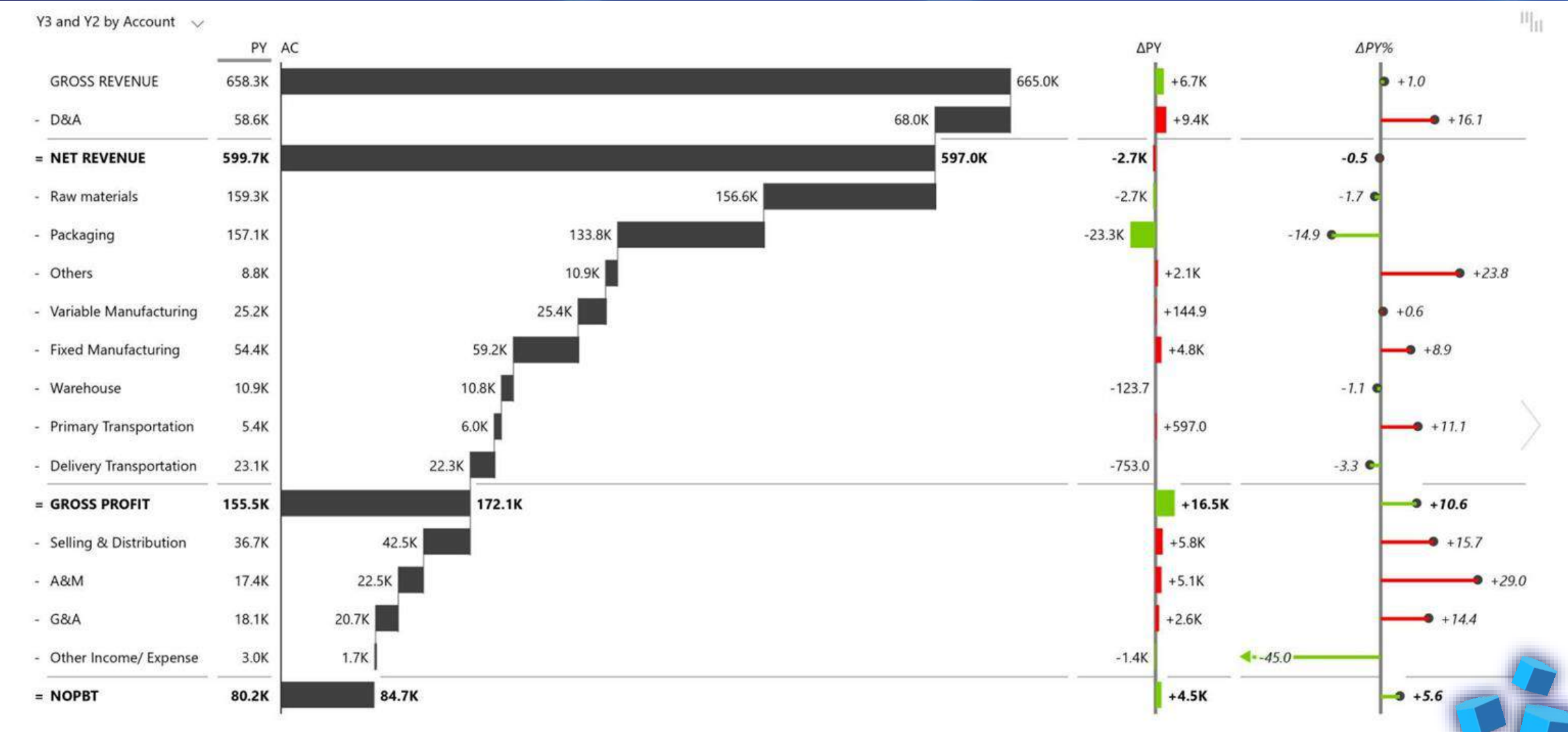


4. Sales Volume

Volume is the key factor contributing directly to Gross Sales. It is noticeable that **Sales Volume in Quarter 2** has **dropped sharply**. The decrease in Sales Volume has led to a massive decrease in Gross Revenue.



Q2. EVALUATE FINANCIAL PERFORMANCE

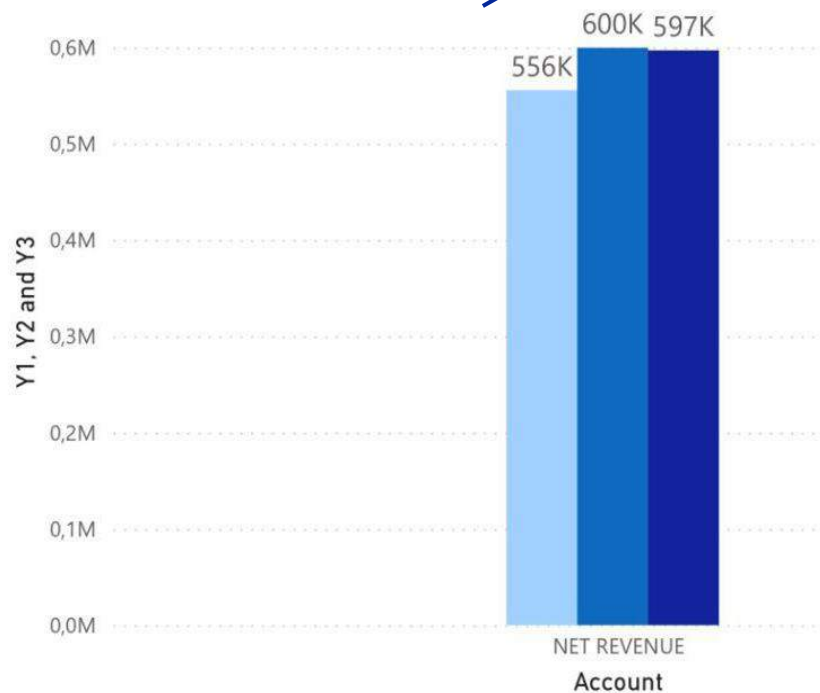


Profit & Loss Statement Waterfall Chart version for Year 3 compared to Year 2

Net Revenue decreased by 0,45% YoY

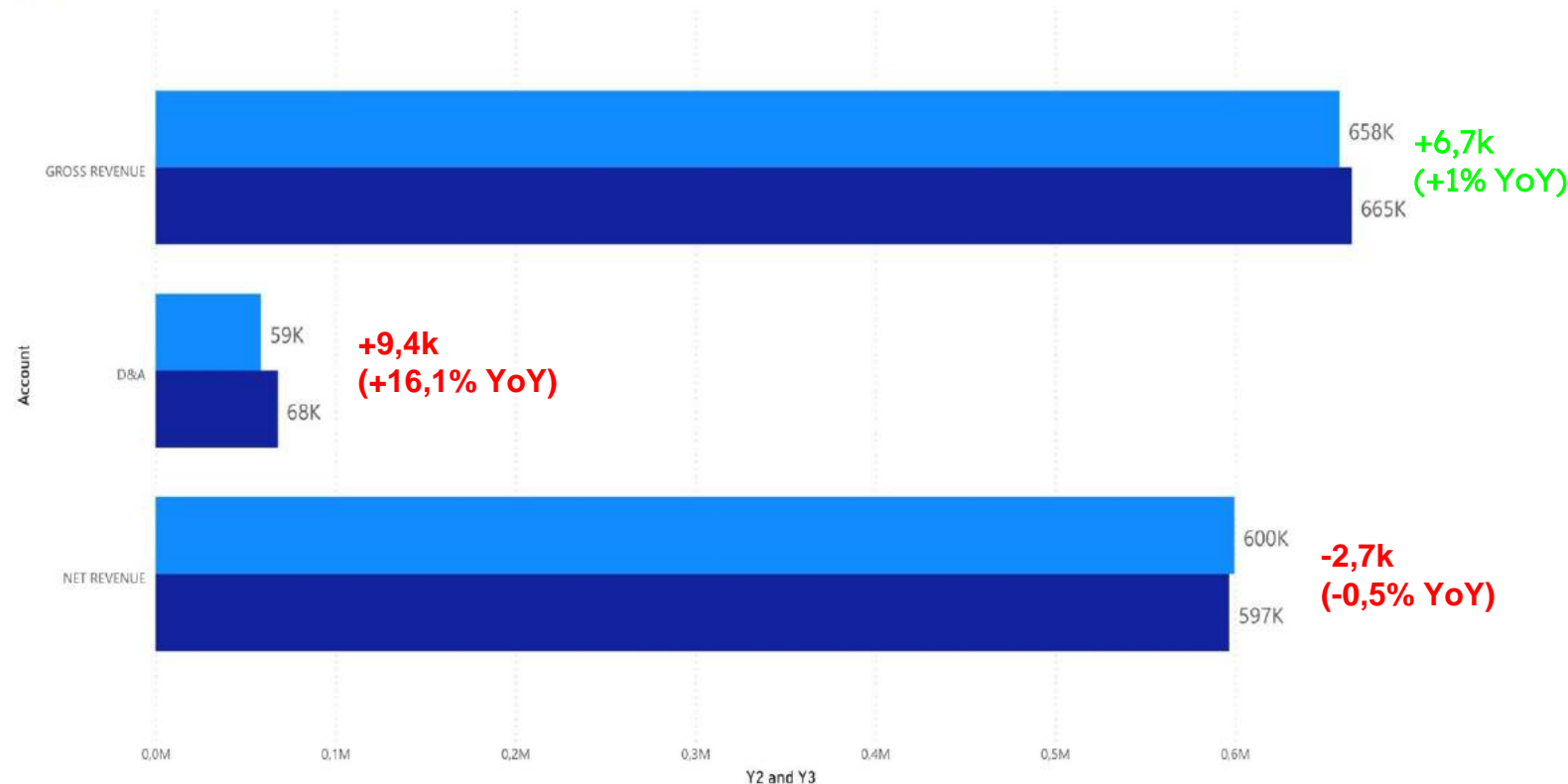
Y1, Y2 and Y3 by Account

● Y1 ● Y2 ● Y3



Y2 and Y3 by Account

● Y2 ● Y3



Because of a significant increase of 9,4k for D&A cost.
Although the Gross Revenue increased by 6,7k; it could not make up for this.

NOPBT still increased by 5,6% YoY

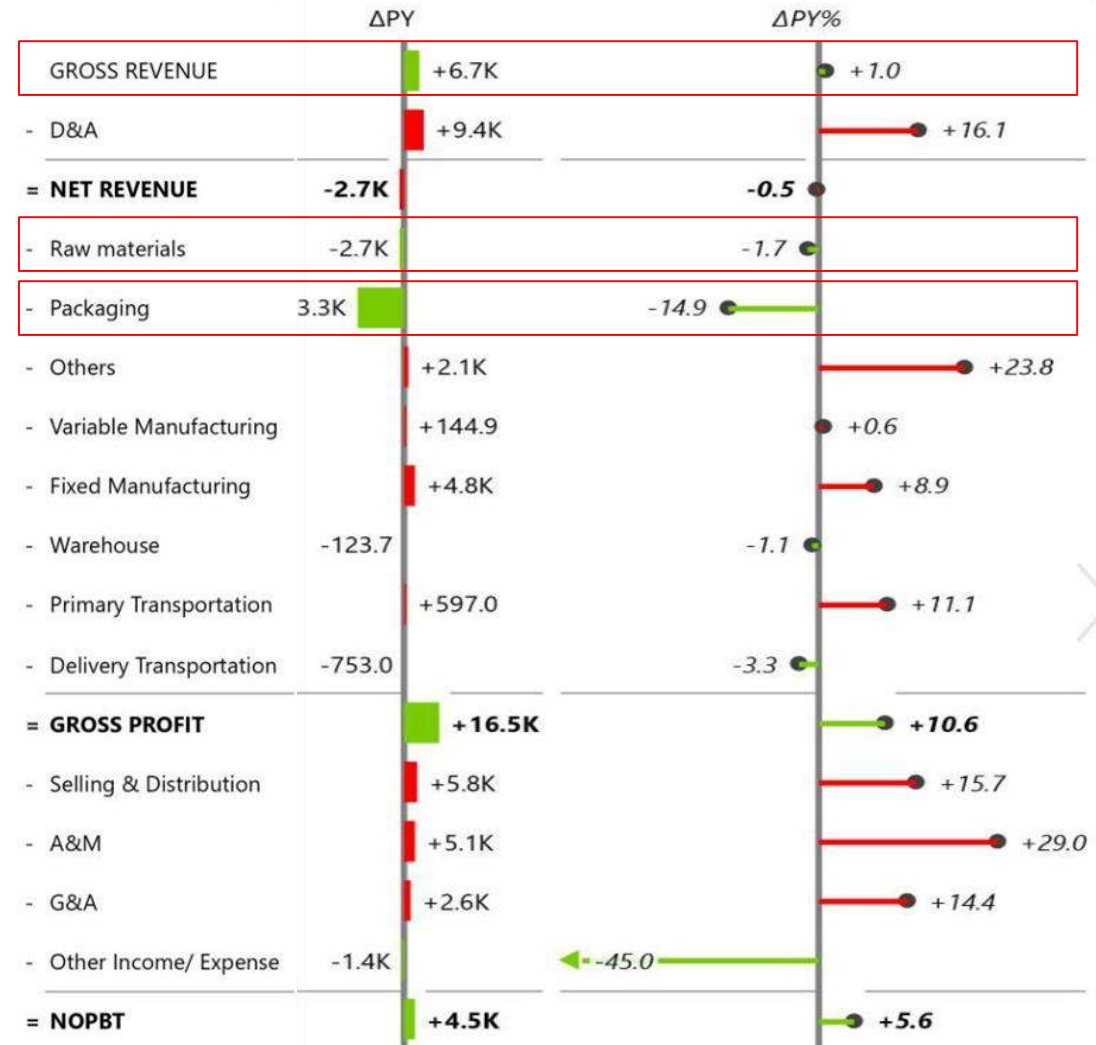
Gross Revenue, Packaging, Raw material
are 3 main factors contributing to the increase of NOPBT

Y1, Y2 and Y3 by Account

● Y1 ● Y2 ● Y3

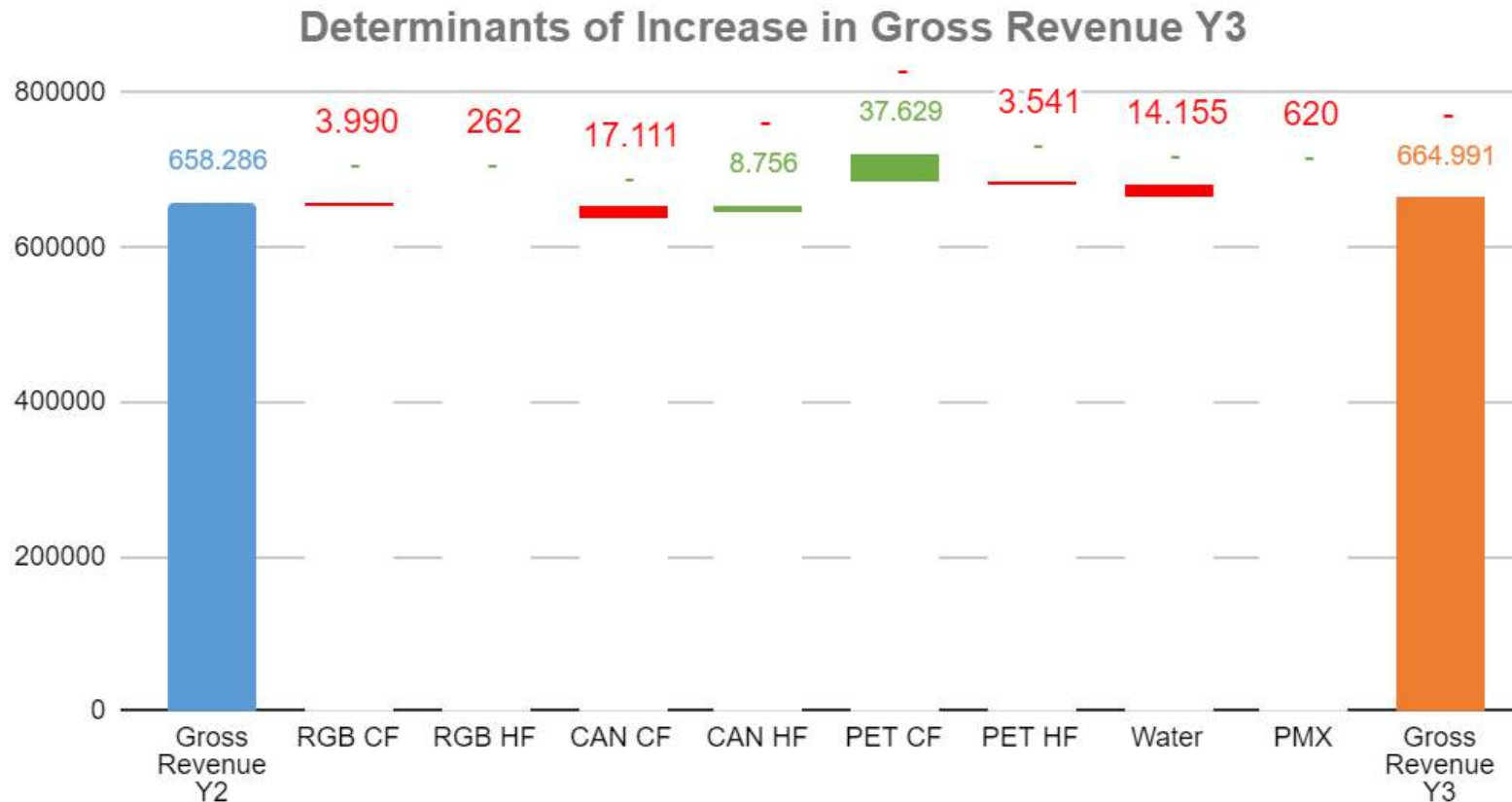


Y3 and Y2 by Account

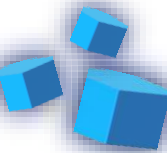


GROSS REVENUE

calculated by sum of Gross Sales, increase in total Gross Sales contributed to increase in Gross Revenue.



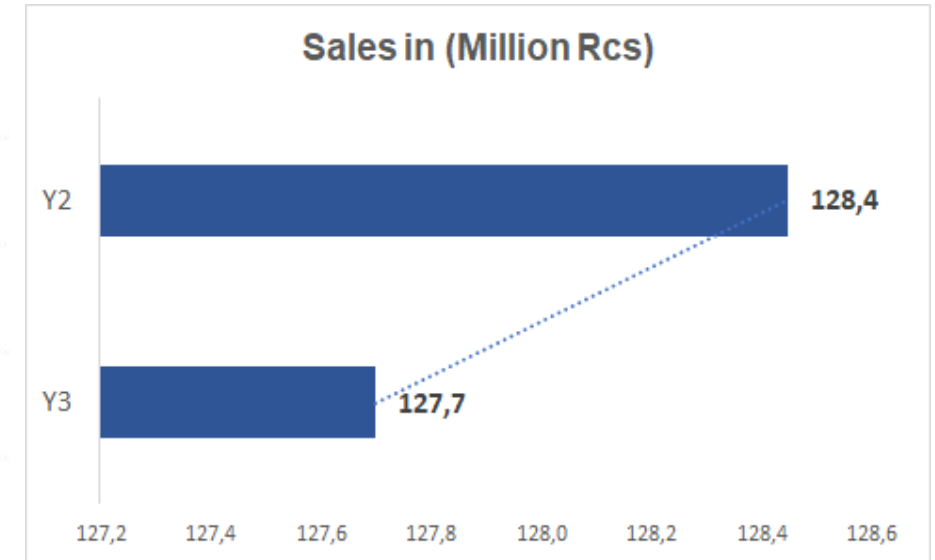
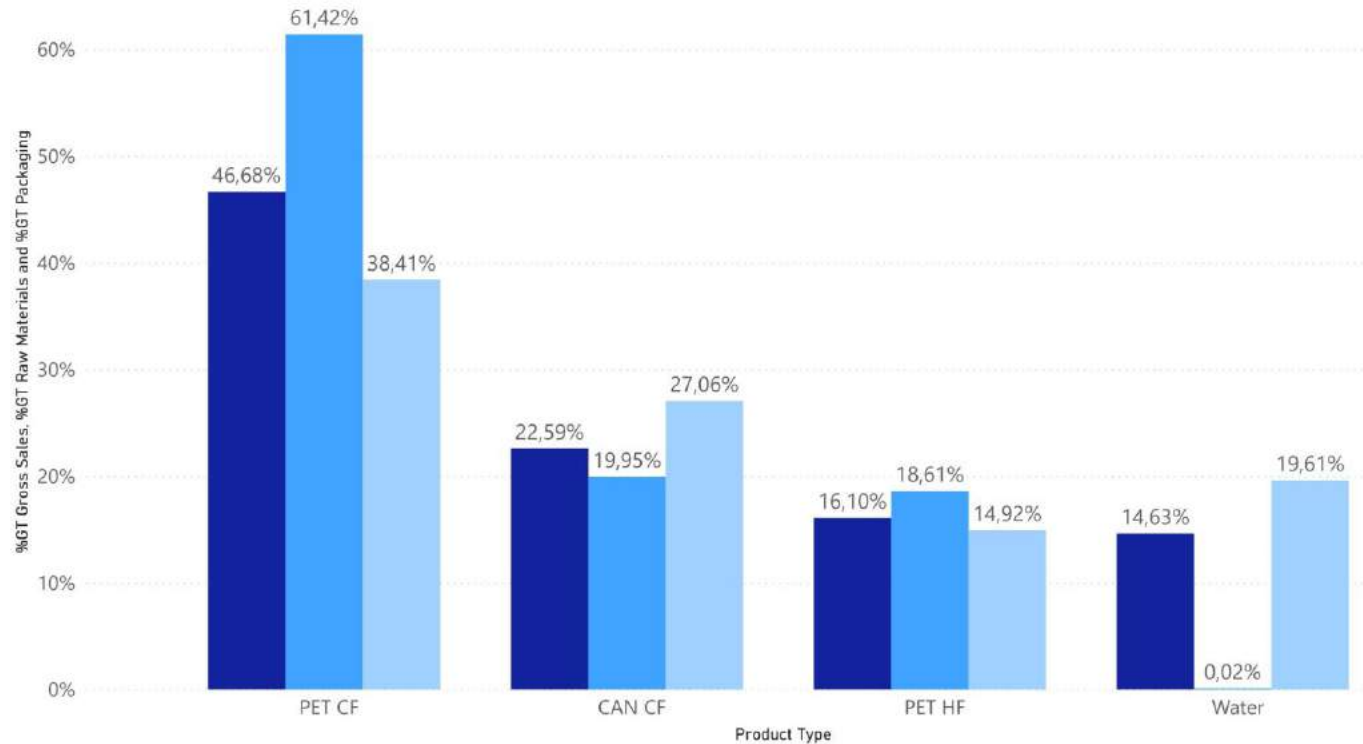
From variance analysis and common size method, there is **excessive positiveness** from total impact of main product types (CAN CF, PET CF, RBG CF, Water) to the Gross sales, contributed by the expenditure on commission (D&A), Selling & Distribution (16%) A&M (29%), G&A (14%).



PACKAGING & RAW MATERIAL COST

%GT Gross Sales, %GT Raw Materials and %GT Packaging by Product Type

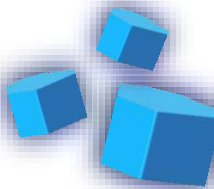
● %GT Gross Sales ● %GT Raw Materials ● %GT Packaging



A decrease of Sale volume by 1% in Year 3 compared to Year 2 may lead to the decrease in cost of Packaging production.

Top 4 Products contributing to **Gross Sales** with **90,56%** are **PET CF**, **CAN CF**, **PET HF** and **Water** while their material costs only make up for **86,88%** of total material cost.

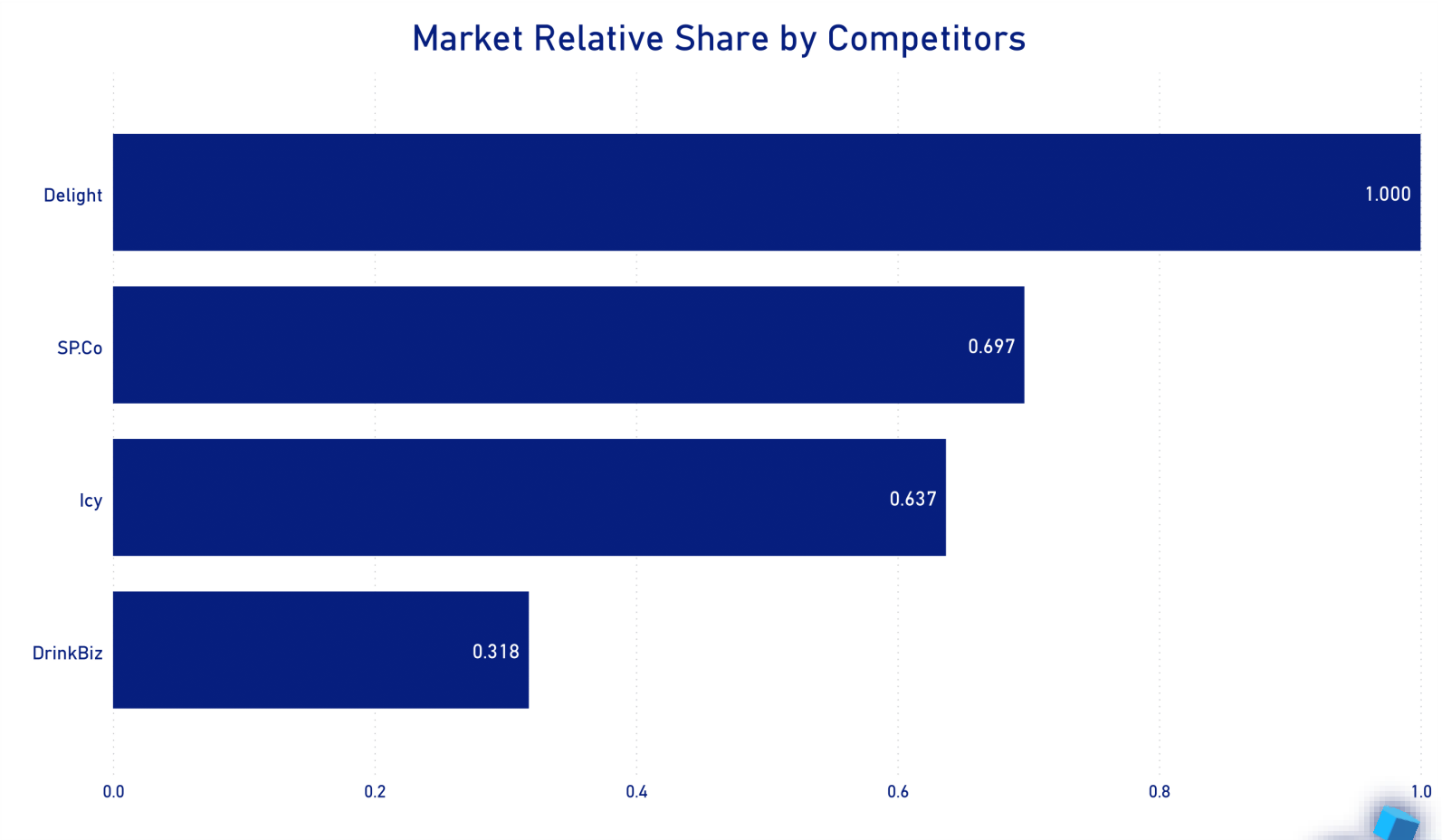
(Water almost has no material cost with 0,02% while it still contributes to 13,26% Gross Revenue).



QUESTION 3.

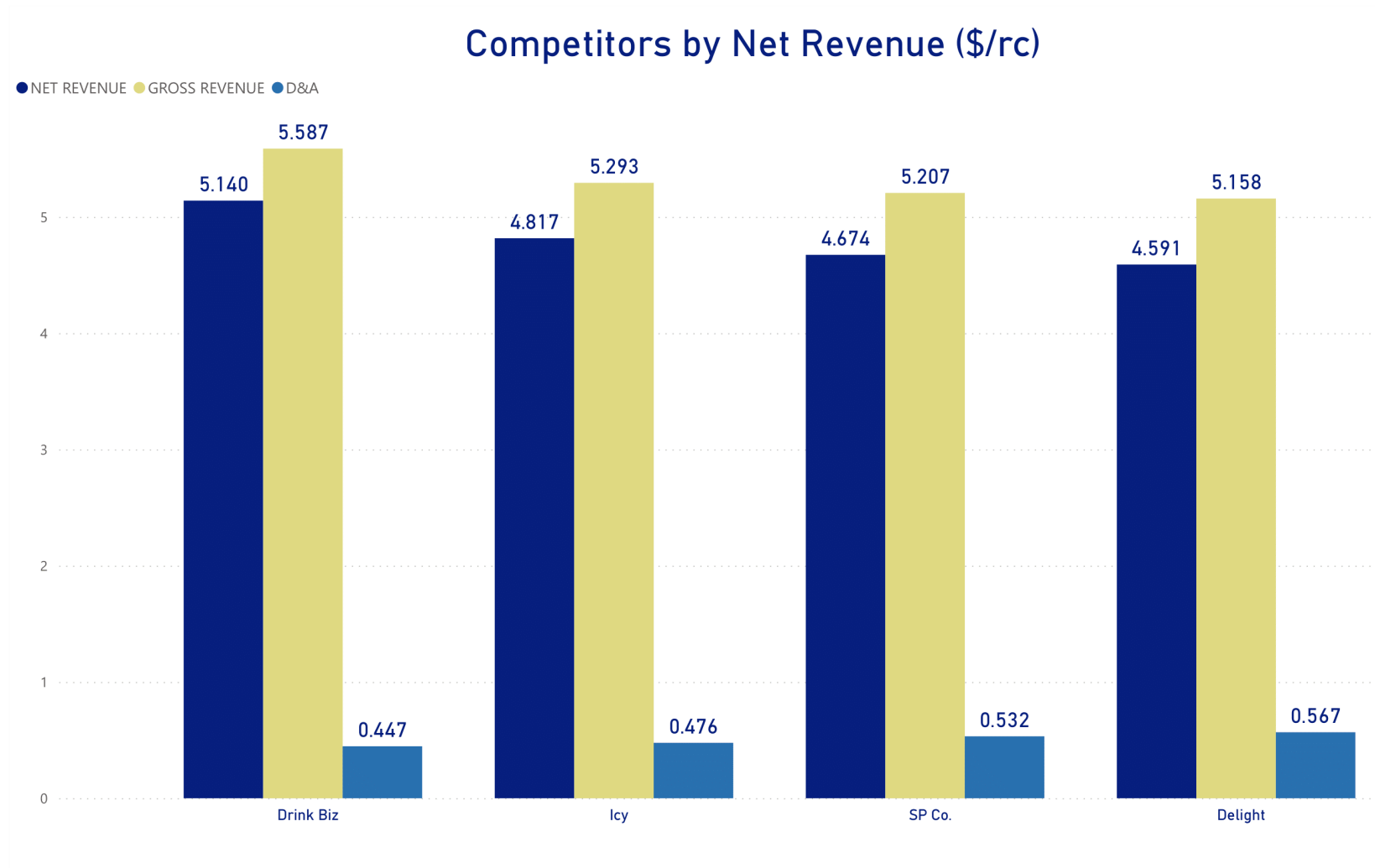
COMPETITIVE POSITIONING

SP Co. is a **market challenger** which tries to expand its market share to become the **market leader** (currently belongs to **Delight**).

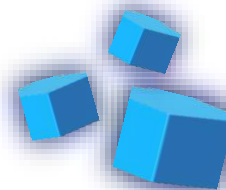


EVALUATE FINANCIAL PERFORMANCE

Net Revenue



SP Co. is **doing better** than the market leader - Delight, but still hasn't caught up with Icy and Drink Biz.

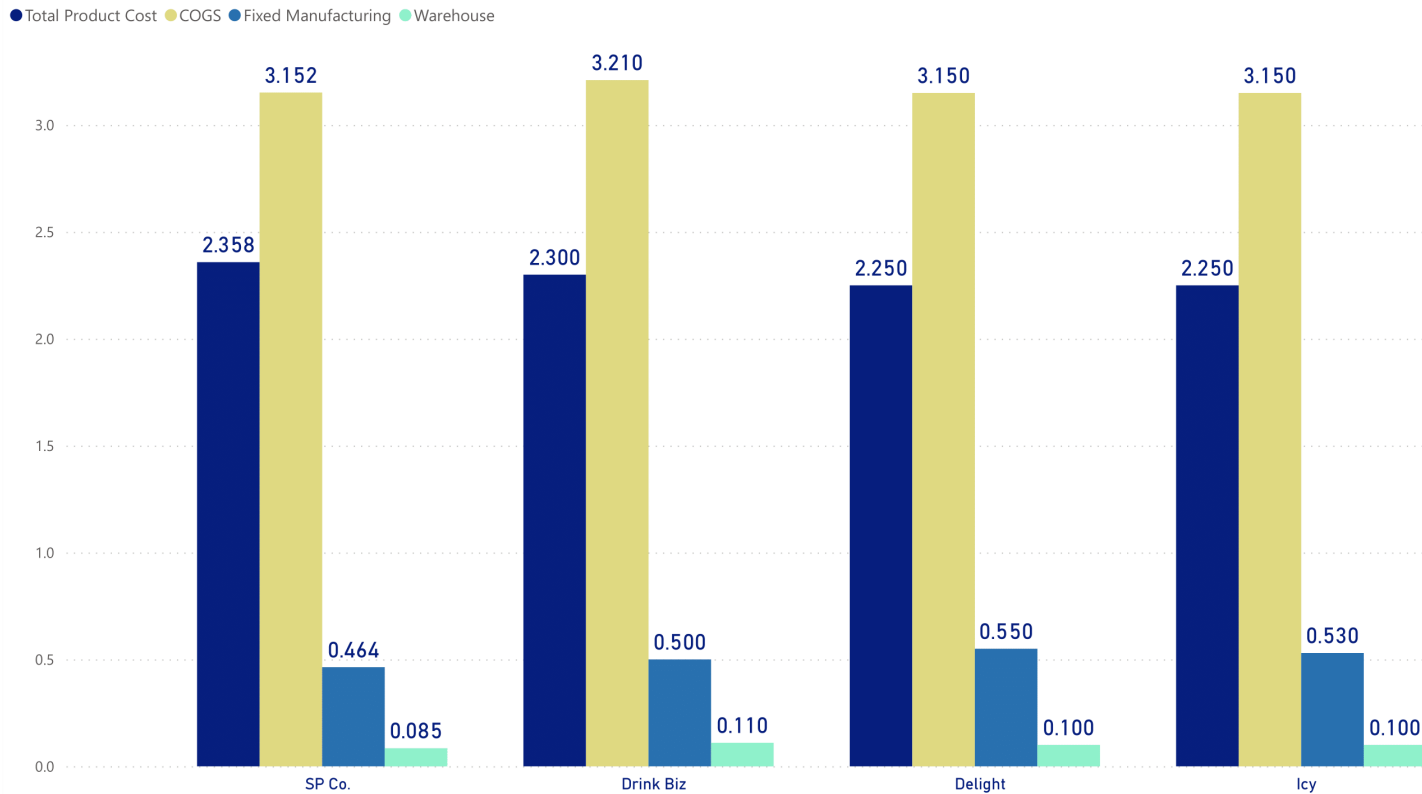


EVALUATE FINANCIAL PERFORMANCE

COGS is at the lowest along with Delight and Icy

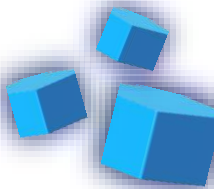


Competitors by CoGS, Fixed Manufacturing, Warehouse and Total Product Cost (\$/rc)



Although Total Product Cost of **SP Co.** in year 3 was **less than in previous years**, compared to other companies, it is still the highest with \$2.36/rc.

The high sales volume has helped to **decrease the Fixed Manufacturing and Warehouse expenses** counted by \$/rc to **the lowest**.



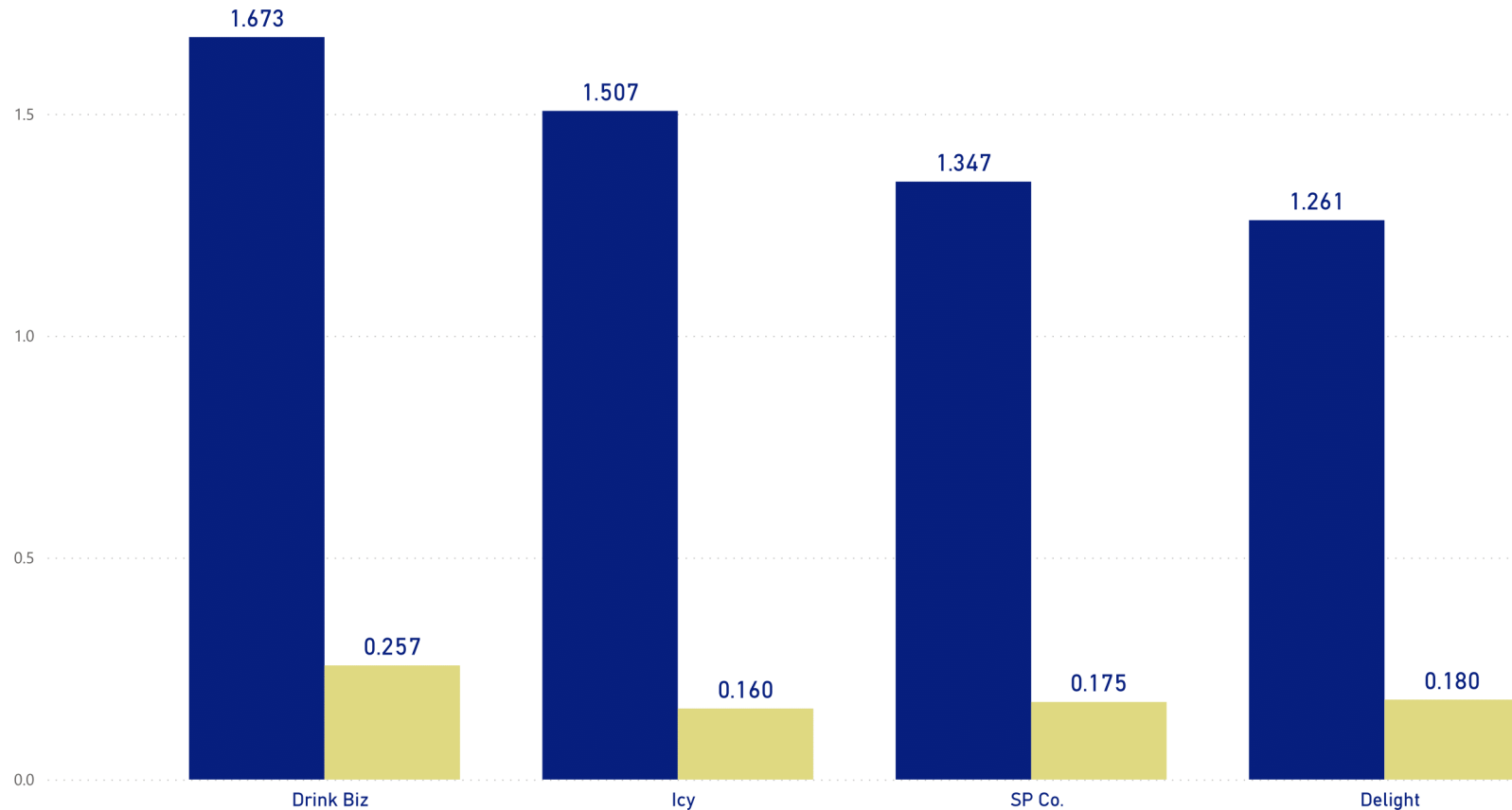
EVALUATE FINANCIAL PERFORMANCE

Gross Profit

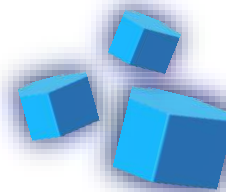


Competitors by Gross Revenue and Delivery Transportation(\$/rc)

● GROSS PROFIT ● Delivery Transportation



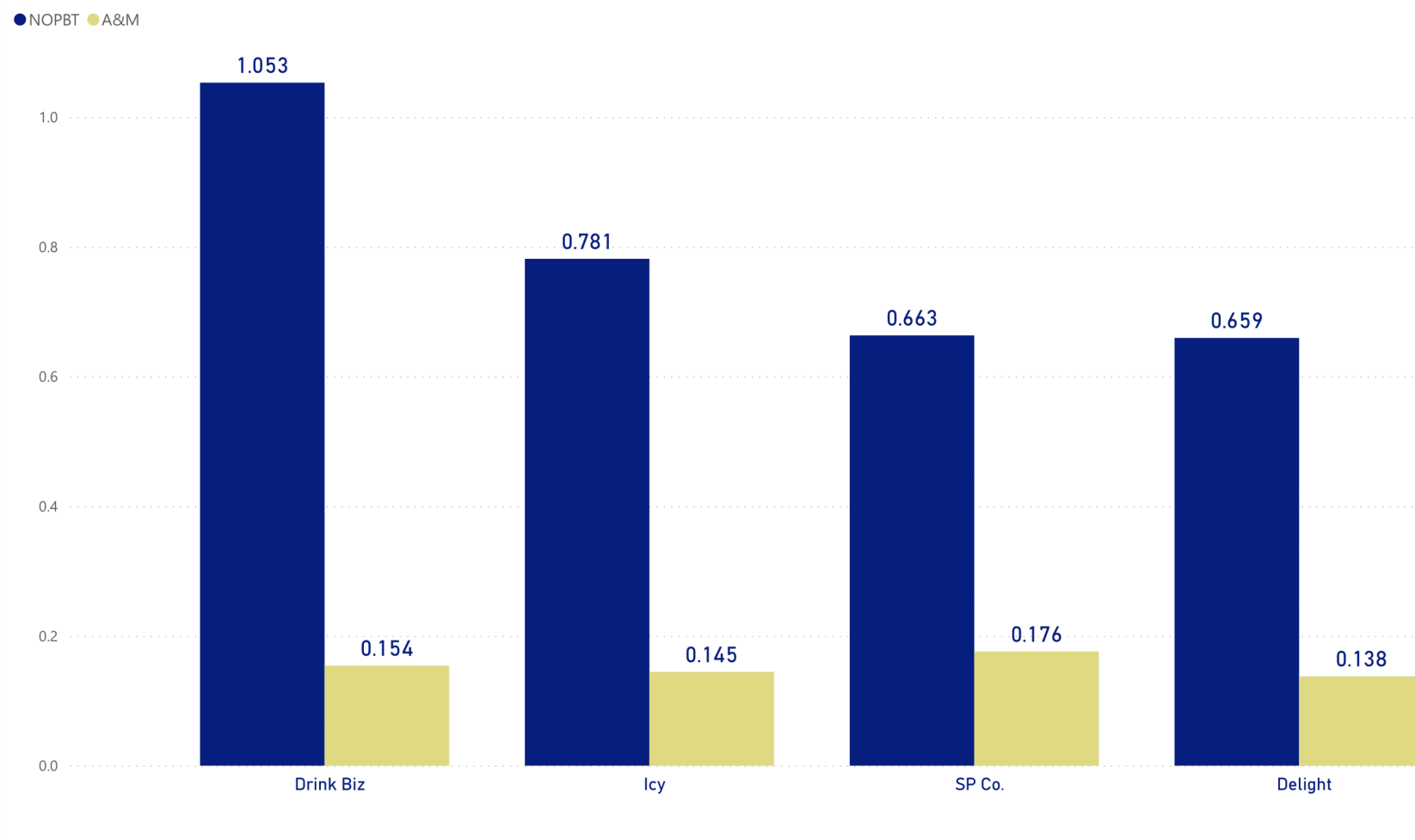
SP Co.'s Gross Profit is in **3rd place** with \$1.35/rc, still bigger than Delight even though in P&L, it was smaller than Delight and Icy (172,090 USD thousand).



EVALUATE FINANCIAL PERFORMANCE

NOPBT

Competitors by A&M & NOPBT (\$/rc)



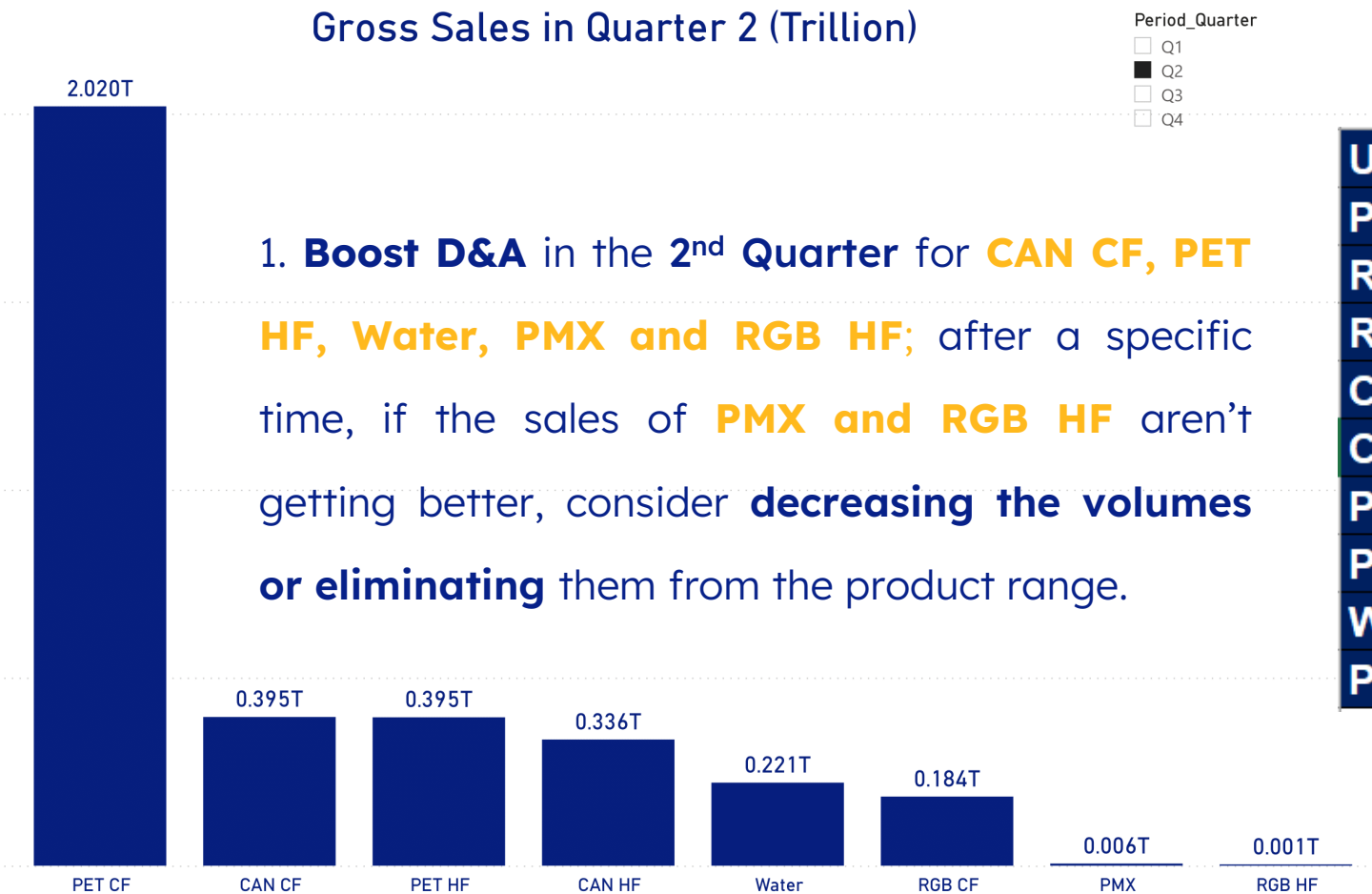
SP Co. spent a large amount of money on **A&M**, much more than Delight, Icy and Drink Biz, however, the results **aren't better** than the other companies.



RECOMMENDATIONS

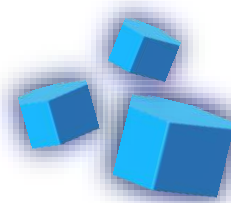
Boost D&A in specific time & increasing/decreasing volume of product type

Gross Sales in Quarter 2 (Trillion)



1. **Boost D&A** in the **2nd Quarter** for **CAN CF, PET HF, Water, PMX and RGB HF**; after a specific time, if the sales of **PMX and RGB HF** aren't getting better, consider **decreasing the volumes or eliminating** them from the product range.

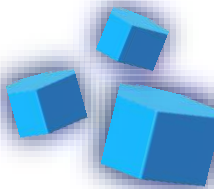
Unit	Adjustment	
Product Types	Sales Vol	Unit price
RGB CF	Stay	Stay
RGB HF	Stay	Stay
CAN CF	Increase	Decrease
CAN HF	Increase	Decrease
PET CF	Increase	Decrease
PET HF	Increase	Decrease
Water	Decrease	Increase
PMX	Increase	Decrease



RECOMMENDATIONS

Reduce COGS & Use A&M efficiently

2. Continue to **reduce COGS**, especially Total Production Cost by **decreasing the costs for Packaging and Raw Materials**, keep **Warehouse expenses stable**.
 1. Emerging manufacturing and material technologies.
 2. Researching and considering using sustainable/flexible/thin-wall/rigig/thermoformed packaging.
3. Use A&M funds wisely and efficiently, distribute equally for top line products (**PET CF, CAN CF in 3 areas; North: CAN HF, South: PET HF, Central: Water**) based on areas while developing back office for better marketing campaigns.



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