

Sainsbury's Argos Group x PHD

Pricing Submission

Companion document

18th March 2024



Sainsbury's



PHD x CMG

Hey Sainsbury's

Our promise to you is **TRUST & TRANSFORMATION** in everything we do.

We're pleased to share this pricing submission companion document so that you have 100% confidence that we are delivering on our promise now and in the future. We welcome all feedback and look forward to discussing our proposal in detail in the coming weeks.

Our approach to trading

At OMG, we focus on value creation, not just value extraction.

At OMG we talk about the importance of creating value, not simply extracting value from the market. It is a trading philosophy oriented around building mutually beneficial partnerships between client, vendor, and agency, not simply chasing the next marginal improvement on price.

Our approach recognises the increasing sophistication of the vendor partners we work with and their ability to demonstrably shift the efficacy of your media investment. By being first to understand how their latest innovations in data, automation, targeting, and measurement solve your specific business challenges, we not only provide you with competitive advantage, but we also actively shape future market and vendor innovation around your long-term needs.

Delivering outstanding media pricing, will of course always be a part of how we deliver value for Sainsbury's, but additionally we will collaborate to create custom vendor programs based on securing tailored on-top benefits oriented around your marketing plan. The introduction of the digital remit into our scope is a hugely exciting opportunity to create more for Sainsbury's in this space.

We have industry leading JBPs with all the digital platforms, designed to accelerate growth, drive transformation and create competitive business advantage for our clients. For Sainsbury's Argos Group we will do this by focussing on five key areas: Co-development of product, tangible commercial benefits, access to unique partner data, advanced research and measurement capabilities, and driving responsible marketing.

A truly collaborative approach which will enhance your existing JBPs enabling you to outthink, outpace and outgrow your competitors.

TRUST: in our market leading pricing

Over the last 3 years:

- We have delivered pricing which is on average **38.5% cheaper** than the standard Ebiquity pool of advertisers
- This equates to over **£100m savings** which your competitors would have had to have spent to achieve the same media plans in 2021 – 2023
- We have also delivered a further **£6.4m** of savings which you've either banked as cash or reinvested into your plans
- We are very proud of these achievements, but we are challenging ourselves to go even further

FTE	Client	Target	Delivered	Saving vs EBQ
Apr19 – Mar20	Argos	39.5%	40.5%	-15,480,105
Apr19 – Mar20	Sainsbury's	40%	40.3%	-12,779,894
Jul20 – Feb22	Argos	40%	40.4%	-15,201,563
Jul20 – Feb22	Sainsbury's	37%	36.2%	-33,483,916
Mar22 – Feb23	Argos	40%	42.7%	-6,392,730
Mar22 – Feb23	Sainsbury's	37%	37.5%	-18,475,960

TRANSFORMATION: our commitment to you for the next 3 years

- We know how important quality is to you. To enable us to push on our market leading pricing and quality together, we have identified a further **£3.15m of pricing improvement*** savings which can be deducted from the annual budgets.
- We also commit to **£9m of trading lever efficiencies** which can either be used as value and reinvested into your plans, or taken as cash back via our Omnet trading mechanic (see table below).
- We believe this will put you in the strongest position to deliver on your own 3 year business objectives and get you closer to your £1bn savings ambition.

Saving Mechanic	Saving amount	Return Mechanic
1. Pricing improvement	£3.15m	Deducted from annual budgets
2. Omnet	£3m	£3m cash back via Omnet
3. Trading lever efficiencies	£6m	£6m reinvested into your plan or taken as cash back

*Based on current spend levels and pricing

How we will do it

1. Pricing improvements

We commit to pricing improvements versus your existing baseline pricing that will deliver £3.15m of cash savings, based on your current spend levels and profile. The savings are detailed by medium below:

- £1.15m reduction of print pricing
- £650k reduction of TV Pricing on Sainsbury's
- £1.35m reduction of OOH pricing

2. Omnet

We will deliver £3m of cash savings through Omnet that will be returned to you as a business.

Omnet is a principal trading mechanic of Omnicom Media Group which provides a private marketplace of cross platform media, made exclusively available to OMG clients. Omnet has been used for you over the last 12 months to help offset late penalties and deliver significant value in OOH and print.

Our new approach will continue to utilise Omnet in these ways, but with the addition of opportunities within social and digital channels including Spotify, TikTok, Snap and Pinterest.





3. Trading Lever Efficiencies

We will also deliver further incremental savings through existing and new trading levers; generating **£6m** as a mixture of cash back or value:

- **Barter Savings** – purchasing media through barter that provide a further saving
- **‘Opportunity Savings’** – a mechanic we currently use that takes advantage of market conditions at the time of booking to deliver savings on the planned budgets
- **OOH Annual Laydown** – core OOH plans booked over an annual basis delivering added value
- **Broadcast Partner Credits** – credits that can be used to access data or test new tools/platforms
- **AV Efficiency Savings** – delivering reach more efficiently allowing you to reduce spend on your AV plans



Summary

In an ever-changing market, we believe we are the best partner with the most intelligent and progressive trading strategy that can deliver even more for Sainsbury’s Argos Group over the next three years.

We are grateful for the opportunity to share our TRUST & TRANSFORMATION promise which not only maintains Sainsbury’s Argos Group’s status as one of the UK’s cheapest advertisers, but also delivers incremental savings and tailored value benefits, further enhancing your market leading position.

All in service of enabling you to give back more to your customers.

We are excited to continue this journey together.



Bex Burchnell

MD Sainsbury’s



Chris Walsh

Chief Commercial Officer