

CAPSA Successfully Launches Business Unit Dedicated to the Foodservice Market

Capgemini helps the leading Spanish milk producer to design and implement a specialized business unit for the foodservice market

The Situation

The Spanish dairy products industry faces considerable pressure due to the combined effects of volatile production prices and shrinking retail margins. With the continued growth of retail private labels, the branded manufacturers have to continually launch innovations in order to maintain their market position.

The Solution

Searching for new growth opportunities, CAPSA's top management made the strategic decision to diversify the company's sales channels, reinforcing its presence in the out-of-home consumption (foodservice) market. They tapped the expertise of Capgemini to design the related business plan, and to support the launching and development of a new business unit in charge of this market.

The Result

In only its second year of operation, CAPSA's foodservice unit has met all of the objectives established in the original business plan: sales reached approximately 100 million euros in 2008, accounting for 14% of the company's total. This represents a total volume of 96 million liters, meaning a share of 11% in the foodservice market.

The "Asturiana" brand has gone from having a weak presence to becoming a top player in this market, all thanks to projects implemented under the scope of the business plan which included:

- building of a specific distributors' network with national coverage
- development of a targeted product portfolio, and of specific trade terms and a promotional policy for the channel

“Capgemini brought us their expertise in the foodservice market to design an ambitious yet realistic business plan, as well as their transformation capabilities, ensuring a successful implementation.”

Pedro Astals
Chief Executive Officer
CAPSA



- creation of a dedicated and specialized sales force.

How CAPSA and Capgemini Worked Together

The Spanish foodservice market is very wide and diverse, ranging from traditional businesses (bars and restaurants) to the organized on-trade market (restaurant chains, catering, leisure and impulse).

With more than 300,000 sales points nationwide, representing a 32% market share of the food and beverages market, the foodservice channels offer an opportunity for the consumer goods industry, provided that companies approach that specific market with a professional and specialized business model.

In the first phase, Capgemini designed a business plan aimed at developing CAPSA's presence in the foodservice market. The project provided:

- an evaluation of the potential of CAPSA's different product categories (milk, flavored milk drinks, cheese, yogurt, desserts and other dairy products) in the foodservice market
- the segmentation and characterization of the different market channels, understanding for each the type of consumer, marketing mix, purchasing dynamic and route to market.

The business plan established CAPSA's value proposal for this new market:

- product catalog
- sales approach and route to market per channel (direct or indirect)
- relationship model with distributors
- pricing and promotional policy
- required internal organization: sales and marketing team, relationship model with corporate areas.

The foodservice business plan included a three-year P&L estimate, as well as the required company transformation plan. Once approved by the CAPSA board, the business unit started up.

The implementation project began with a pilot program focused on a geographical area, where the model was tested and improved prior to the national deployment.

The CAPSA and Capgemini team worked closely together on the startup of the new business unit, under a partnership model with a commitment to results, with the following achievements to be outlined among others:

- building of a national distribution network, with both ambient and controlled temperature logistics
- creation of a specific product catalog range for the channel, with new formats and packaging specifically adapted to client needs
- development of a promotion and trade marketing plan to promote distributors' brand loyalty
- selection and hiring of a 25-person dedicated sales team

- closing of commercial agreements with key accounts in the organized on-trade market.

Additionally, benefits tracking and control mechanisms were established to ensure the appropriate results monitoring.

According to Mariano Jiménez, foodservice manager for CAPSA: *"Capgemini not only provided their deep knowledge of the foodservice market; their consultants worked with us hand in hand in order to achieve our objectives, as if they were employees of CAPSA."*

With only two years of operations, the CAPSA foodservice business unit is fully consolidated and ready to face its future development plans.



About Capgemini and the Collaborative Business Experience®

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery

model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs over 92,000 people worldwide.

More information is available at www.capgemini.com

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In collaboration with



Corporación Alimentación Peñasanta S.A. (CAPSA) is one of Spain's top players in dairy products. With an annual milk sourcing volume of 900 million liters, the company produces various categories of milk, cheeses, yogurt, desserts, milk drinks and other dairy products. Asturiana is the leader in liquid milk with 13% market share

in 2007 (source IRI). Other top regional brands include Ato and Larsa. CAPSA has launched some of the most relevant innovations in the Spanish dairy products market, such as the high density polyethylene milk bottle, and a wide range of functional milk-based drinks. The company has its national headquarters in Granda (Asturias), and is 56.39% held by the cooperative Central Lechera Asturiana, S.A.T. Other shareholders include the French Bongrain Group with 27% and a group of regional financial entities with 15.89%.