

CHALLENGER BRANDS AT SPAR

SUPPORTING INNOVATIVE NPD

As part of the Buying Better Together strategy, SPAR actively collaborates with Challenger Brands. These on-trend brands are disruptors in their respective categories, outperforming their established competitors and growing market share thanks to innovative NPD and savvy marketing.

Challenger Brands are young brands that challenge established large FMCG brands, changing the marketplace's status quo. These brands typically grow 2-3 times faster than their fair share, according to a 2019 McKinsey study on disruption in the FMCG market. Challenger Brands are typically local heroes with a proven track of success in one or more markets.

With consumers continuously looking for more novel brands, SPAR International identifies and champions these challengers, thereby providing SPAR countries with the opportunity to create differentiation and increase their instore offering.

With its presence in 48 countries, SPAR is an attractive partner account for Challenger Brands. By introducing these highly innovative brands to SPAR markets and our logistical network, SPAR International supports relative newcomers in gaining access to new regions, facilitating their growth outside their home markets.

This partnership benefits SPAR Partners worldwide by offering on-top bonuses, fast growth, and on-trend products. However, it also balances the category dominance of FMCG brands, helping boost innovation in the marketplace and offer SPAR customers a wider variety of highly innovative products. Recent success

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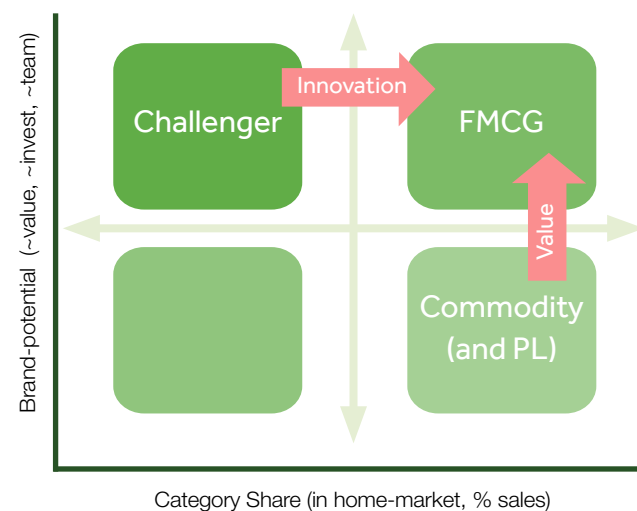
stories include the introduction of brands such as Tony's Chocolonely and Oatly to new markets.

SPAR International uses strict criteria to select the right brands with both the ambition and capacity to become an international Challenger Brand and thus a preferred supplier.

Potential Challenger Brands must:

- show home market success;
- have a brand marketing focus and approach;
- have a professional international team that can adapt to local flavours and language;
- and have some capital investor support.

Several Challenger Brands participated in the 2020 SPAR International Partnership Forum, presenting their product offering and interacting with interested parties. SPAR Partners can find more information on the programme by logging into the intranet platform SPAR Connect.



In most categories, private label (PL) and commodities bring value for money, while Challenger Brands bring disruptive innovation.



**crazy about chocolate,
serious about people**

TONY'S CHOCOLONELY - CHOCOLATE WITH A SOCIAL MISSION

With challenger brand Tony's Chocolonely, SPAR has put chocolate with a social mission on its shelves. Tony's Chocolonely is a Dutch chocolate brand that stands for fair and transparent production conditions along the entire value chain. Above all, the brand strives for better living conditions for cocoa farmers.

Fifteen years ago, the Dutch investigative journalist Teun van de Keuken began to look into the human rights and production conditions in the chocolate industry. This led to the idea of founding a company that guarantees optimal conditions for the cocoa farmers in addition to the Fairtrade aspect.

The brand stands for 100% traceable bean origins, living incomes for cocoa farmers, long-term partnerships, the highest quality thanks to custom-fit cocoa plantation development plans, and self-determined farmers who are democratically involved in regular meetings.

Tony's Chocolonely at SPAR

Tony's Chocolonely joined the SPAR International Challenger Brand programme in 2020, following an introduction to SPAR partners during the 2019 SPAR Partnership Forum in Amsterdam.

The brand launched at SPAR with a range of up to six SKUs, depending on the store format. These six different varieties, ranging from dark chocolate with almond and sea salt to white chocolate with raspberries and classic milk chocolate, ensure a high-quality option for all taste preferences.

Speaking about the partnership with SPAR, Ivan van Kooten, Export & Duty-Free Travel Retail Manager at Tony's Chocolonely, says: "The chocolate market is a very established category with a few dominant players.

It's a challenge for young brands to establish a position and build their brands."

"We had great support from SPAR from the start. They promoted us in several national leaflets and other communications. The biggest push they gave us was by sending out a press release announcing Tony's Chocolonely as the new chocolate brand on their shelves and highlighting us as a good example of how to do business the right way," he adds. "Our sales at SPAR are looking good. Within the first six months, we have expanded to four SPAR countries and become available in every store with at least three SKUs."

Considering the growing consumer demand for more environmentally friendly, sustainable, and ethical products, there is a lot of growth potential for a brand like Tony's. SPAR customers can find Tony's Chocolonely bars in stores in the Netherlands, Belgium, Austria, and Russia. Under the Challenger Brand programme, further plans are to roll out the brand in SPAR China stores soon.

