

Our ref: RT:2201450

2 October 2023



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and

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Dear Anthony and Penny,

**Bakers Delight Holdings Limited - Application for authorisation AA1000650**

We refer to the matter above in relation to the interim and final authorisation application (**Application**) sought to be lodged by Bakers Delight Holdings Ltd (**Bakers Delight**) with the Australian Competition and Consumer Commission (the **ACCC**).

As previously discussed, Bakers Delight has communicated with Franchised Bakeries in relation to the Proposed Conduct and the implementation of the new POS system.

As part of the discussions, Bakers Delight has created and disseminated information about the Proposed Conduct to the Bakers Delight Network. Bakers Delight has agreed to submit these documents in support of the Application.

Included with this letter are the following:

1. Non-confidential copy of 'Promo Discount Deviation Overview' PowerPoint presentation used in Webinar to Franchise Network on 4 September 2023;
2. Confidential copy of 'Promo Discount Deviation Overview' PowerPoint presentation;
3. Non-confidential copy of Proposed Tiered Promotion Pricing of Promotion Discounts; and
4. Confidential copy of Proposed Tiered Promotion Pricing of Promotion Discounts.

Please contact the writer if the ACCC would like any further information.

Yours sincerely



**Raynia Theodore**

Principal

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Proposed Tiered Promotion Pricing

PLU	Product Desc	Proposed Tiered Pricing				
		Tier 1	Tier 2 (RRP)	Tier 3	Tier 4	Tier 5
		\$4.50	\$4.90	\$5.00	\$5.50	\$6.60
		\$8.80	\$9.00	\$9.50	\$10.00	\$11.00
		\$8.20	\$8.50	\$9.00	\$9.50	\$10.00
		\$11.00	\$12.00	\$12.50	\$13.00	\$14.00
		\$8.50	\$9.00	\$9.50	\$9.70	\$10.00
		\$9.00	\$9.50	\$10.00	\$11.00	\$12.00
		\$10.00	\$11.00	\$11.50	\$12.00	\$13.50
		\$12.00	\$12.50	\$13.00	\$13.80	\$14.50
		\$12.00	\$13.00	\$13.50	\$14.50	\$15.50
		\$15.50	\$16.00	\$16.50	\$17.00	\$19.00
		\$5.30	\$5.50	\$6.00	\$6.50	\$7.50
		\$11.50	\$12.00	\$12.50	\$13.50	\$14.50
		\$9.50	\$10.00	\$10.50	\$11.00	\$11.50
		\$6.00	\$6.50	\$6.80	\$7.20	\$7.80
		\$9.20	\$9.50	\$9.80	\$10.50	\$11.00
		\$8.80	\$9.00	\$9.50	\$10.00	\$10.50
		\$3.80	\$4.00	\$4.40	\$5.00	\$5.40
		\$11.30	\$11.50	\$12.50	\$13.00	\$14.00
		\$11.00	\$11.50	\$12.50	\$13.00	\$14.00
		\$11.00	\$11.50	\$12.50	\$13.00	\$14.00
		\$7.50	\$7.70	\$8.00	\$8.80	\$9.00
		\$7.80	\$8.00	\$8.50	\$9.00	\$9.20
		\$11.20	\$11.50	\$12.50	\$13.50	\$14.50
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$27.00	\$28.00	\$31.00	\$33.00	\$35.00
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$15.50	\$16.00	\$16.50	\$17.00	\$18.00
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$6.50	\$6.70	\$7.00	\$7.50	\$8.00
		\$4.70	\$4.90	\$5.20	\$5.50	\$5.80
		\$12.80	\$13.00	\$13.50	\$14.00	\$15.00
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$8.50	\$9.00	\$10.00	\$10.50	\$11.00
		\$7.00	\$8.00	\$8.50	\$9.00	\$9.50
		\$13.50	\$14.00	\$14.50	\$15.00	\$16.00
		\$7.50	\$8.00	\$8.50	\$9.00	\$10.00
		\$13.50	\$14.00	\$14.50	\$15.00	\$16.00

**[CONFIDENTIAL]**

**Program Update and  
Tiered Promotional Pricing Webinar**



*Bakers Delight*

# Agenda

- [CONFIDENTIAL] Program update
- Promotional Discount pricing update
- What's coming up?
- Q&A



# [CONFIDENTIAL] – Program Update

What does this program of work entail?

- POS environment upgrade
- Bakery Data Management (BOS) upgrade
- Business Reporting upgrade
- Loyalty platform update
- Website and E-Commerce environment rebuild
- Global payment gateway synchronisation



# What can I look forward to?

## IT Partnership & platform:

- Global experienced partner
- Strong market leading platform
- Stable
- Future ready

## Operational advantages:

- Efficiency focused:
  - Removal of end of day waste data entry
  - Fully integrated payment solution
- UberEATS integration
- Dough Getters integrated environment



# [CONFIDENTIAL] – Program Update

What have the team completed to date?

- POS Environment design and configuration
- Bakery Data Management (BDM) environment build
- Payment gateway planning and on-boarding
- UberEATS integration
- Website and E-comm redesign and build

**Latest milestone:**

- UAT Round 2 – completion





## Promotional Discount Pricing



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# What is a Promotional Discount?

- Promotional Discount will be the terminology used to replace “Combos” and “Value Packs”. Examples may be:

*Multiple units at discounted price:*

[CONFIDENTIAL]

Full RRP = \$11.40

Promotional Discount RRP = \$9.00

*Different products at discounted price:*

[CONFIDENTIAL]

Full RRP = \$10.10

Promotional Discount RRP = \$9.00



# How do Combos/Value Packs work?

## *Current state:*

- Combos/Value Packs are unique products within POS.
- Bakeries can deviate pricing.
- Unique bakery pricing applies to these products.

## *Future state:*

- Promotional Discounts are rules assessed against every customers "basket" in POS.
- If conditions of rule are present the discounted pricing applies.
- If conditions are not present the rule is ignored.



# What is changing?

## *Moving from:*

- Ability for bakeries to deviate pricing to any price on all Combos/Value Packs .

## *To:*

- Introduction of tiered price levels for Promotional Discounts.
- Five tiers to select from:
  - Tier 1 = below RRP
  - Tier 2 = RRP
  - Tiers 3, 4, 5 = progressive increase on RRP



## For example:

### [CONFIDENTIAL]

- Tier 1 = \$8.50
- Tier 2 = \$9.00 (RRP)
- Tier 3 = \$9.50
- Tier 4 = \$10.00
- Tier 5 = \$11.00

Bakeries will only be able to select one of these price tiers, and not a unique pricing point for this Promotional Discount.

## The Exceptions

The tiered pricing structure will apply to all products sold as part of a **Promotional Discount** that **can be sold individually**.

However, products **not sold individually** that **can only be sold in a multi-pack** will not be required to set pricing based on tiered pricing.

Multi-packs for these products will retain a stand-alone PLU, the price of which can be deviated to any level.

*For example – Mini Cheese & Bacon Roll 6-Pack*

## How will this affect me?

**If you currently deviate from RRP on any Combos or Value Packs, you will need to move to selecting a tiered price for each.**

*Please note:*

- Tiered options cover over 80% of currently deviated price levels.
- You select individual tiers for each Promotional Discount, not one tier for all applicable items.
- You can opt out of many Promotional Discounts and revert to product level RRP.

# Why do we need to implement this change?

- Promotion Discount rules require manual set-up and testing.
- Over [CONFIDENTIAL] unique rules would require testing prior to [CONFIDENTIAL] rollout if not implemented.
- Our ability to introduce campaign offers, or other Promotional Discounts periodically will be removed due to resourcing effort required.
- The additional computing resources *may* lead to POS performance challenges.
- We can avoid additional unnecessary cost through:
  - Removing significant manual workflows, and;
  - Reducing computing effort on POS hardware.





## We believe that this structure:

- Satisfies the vast majority of our franchise networks' current pricing structure.
- Provides flexibility for future changes as required.
- Delivers a solution that will not adversely affect ongoing costs of operating.



# Next Steps

- Bakers Delight have submitted an application to the ACCC seeking authorisation to proceed with this approach.
- The ACCC will likely reach out to a random set of franchisees to solicit feedback on this application.



# Franchisee FAQ

- **Q:** When will I see the proposed tiered pricing for all related products?
  - **A:** This will be made available during the **[CONFIDENTIAL]** rollout for a Bakery. Each Bakery that Deviates, will need to confirm their Product price Deviations as well as to select the appropriate Price Tier for the Promotions that they Range (default will be RRP)
- **Q:** What is the process for ordering and receiving basket labels under this new tiered process?
  - **A:** Same process as Current Process, Bakeries will need to order and print their own labels when they Deviate
- **Q:** What action do I need to take and when will I take it?
  - **A:** This will be a part of the rollout process and communicated during this time.



## What's next for [CONFIDENTIAL]

- **Pilot** - October
- **Rollout Planning** – Ongoing
- **Network Training** – Aligned with rollout
- **Rollout commences** – TBC



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