Retail

A DAY IN THE COMPLEX LIFE OF RETAILERS IN 2019

Roberto Bandera
Senior Vice President of International Solutions and Innovations, IRI

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IRi
Growth delivered.

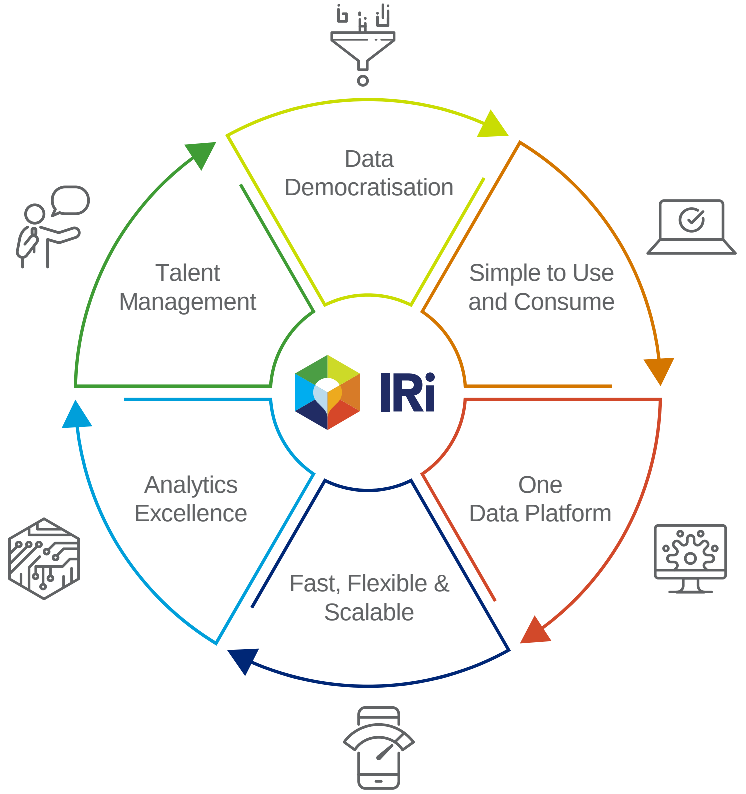
Everything is changing dramatically and at lightning speed. Consumers & shoppers, retailing, communication touchpoints and experience.

> “This hugely fragmented marketing landscape is driving a revolution in marketing and challenges in measurement, planning and execution.”

Information is ESSENTIAL to navigate through complexity but there are a number of Key Challenges Retail and FMCG Clients Face in Getting Value from their Data

Common Client Challenges

'I need one source for data'	'It takes too long to get the data from BI'	'Expensive BI resources used for everyday reporting'	'Suppliers come with different data'
'I want flexible and scalable storage options'	'I need insight, not just data'	'Different Colleagues need different information'	'Confidential data cannot be shared'
'Reports are rigid and restrict deeper analysis'	'Playing in excel takes too long'	'I need to access the data now'	'It's hard to attract/retain talent'
'Our legacy systems need updating'	'Customers interact across multiple channels'	'Surely we can share best practice'	'We have inconsistent methodologies'



Organisations have multiple stakeholders with diverse needs and requirements

DECISION MAKER

1

The information I need, in a format I can understand

ANALYST

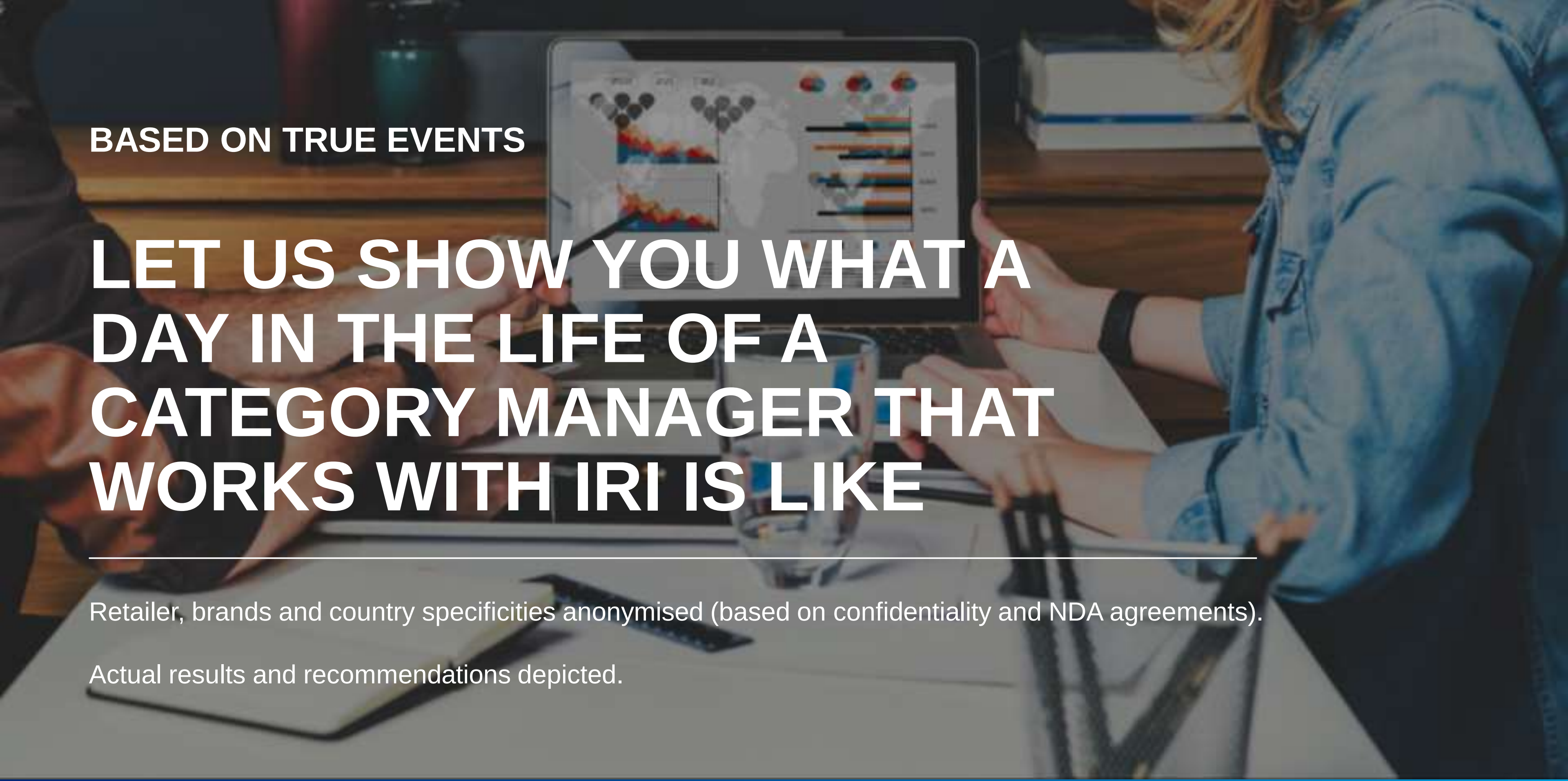
2

Spend time interpreting rather than getting the data

SCIENTIST

3

Get to the data so I can build exciting new things



BASED ON TRUE EVENTS

LET US SHOW YOU WHAT A DAY IN THE LIFE OF A CATEGORY MANAGER THAT WORKS WITH IRI IS LIKE

Retailer, brands and country specificities anonymised (based on confidentiality and NDA agreements).

Actual results and recommendations depicted.

IRI Retail Private Cloud (RPC) powered by Liquid Data®

Data, Integration, Technology

- Transaction Level + Loyalty Cards daily Inputs
- Rest of Market from IRI
- Loyalty Card Members Audience tool to create Target Groups of Card Holders

Predictive Analytics

Comprehensive decision support :

- Assortment Optimisation
- Price & Promo Optimisation

The process flow

1 ▶ Live Access to data platform (RPC powered by Liquid Data®) for Insights and Planning

2 ▶ Applying market and customer insights to the category re-set

- Understand the right PRODUCTS to have in the assortment
- Find out where and how PRICES can be optimised
- Discover which PROMOTIONS can be removed and extended
- Identify which PEOPLE we should be focusing on

3 ▶ Identified >€6m incremental value opportunity

Key Outcomes and Recommendations #1

LOSING CUSTOMER BASE

Leading to declining sales in biscuits category.

HEALTH AND CONVENIENCE SEGMENTS AT RISK

The 2 key customer segments are decreasing.

OPPORTUNITY TO IMPROVE ASSORTMEMT / RANGE

Multiple products with negative performance and low exclusivity.

PRICE POSITIONING AND PROMOTIONAL PLANNING NEED REASSEMENT

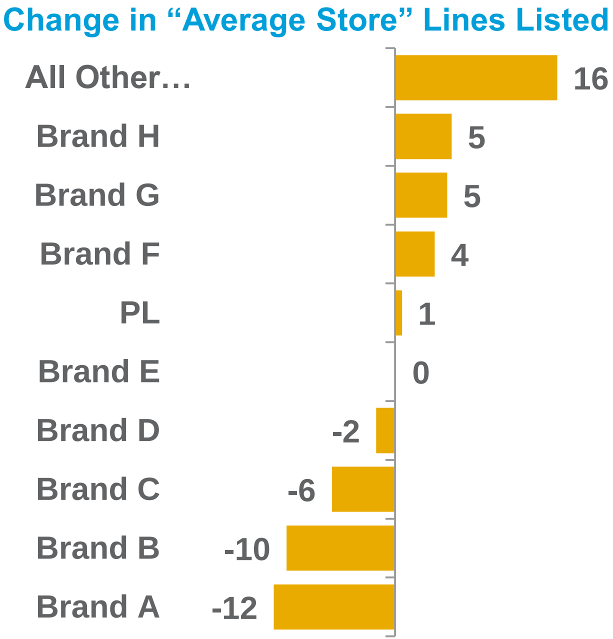
Inconsistent relationship between price & promo performance.

By adding 14 new lines to increase differentiation, RETAILER x has the opportunity to drive category growth

1 Product
(Range/Assortment)

Incremental & Transferred Demand

Transferred Demand is the level of sales that will re-distribute to the category when lines are removed.
Incremental is the % of a products sales that will grow the category (i.e. Not cannibalise)



€960k Total revenue opportunity at a total category level

Keeping range size consistent, there is the opportunity to increase sales by adding 14 new lines and delisting 3 brands. Other skus can change distribution depending on bay size.

€35 Per Store Per week

Removal of 3 brands. Low exclusivity suggests minimal impact to total category sales; customers will switch to lines that have stronger growth profile

Range Recommendation – Tactical Approach

1 Product
(Range/Assortment)

	Brand #1		Brand #2		Brand #3
Exclusive Customers	0.10%		0.06%		0.11%
Demand Transfer	10%	18%	22%	35%	40%
	Brand A	**Brand B**	**Brand C**	**Brand D**	**Brand E**

Core Leader Brand lines with high direct elasticity warrant EDLP approach to attract new or lapsed customers

Cross vs Direct Elasticity

Cross Elasticity is the % of customers that switch within the category as price changes Direct Elasticity are the customers that leave the category when price increase or join the category when price decreases

2 Regular Price
(excl. Promotions)

Product	Elasticity	Direct%	Cross%	Exclusivity
Leader Brand Plain 400g	-1.92	75	25	Medium
Leader Brand Choc/Flav 250g	-1.24	92	8	High
Leader Brand Light 300gr	-1.11	100	0	Very High
Leader Brand Low Sugar 250gr	-1.05	100	0	Very High

€160k

Taking 10c off the regular price will see a gain in volume of 1.5% and an increase in value of 0.11% = €160k and 560k KGs

Low elasticity across other lines leaves room to increase price on remaining range leaving room for Hi-Lo promotional strategy

2 Regular Price
(excl. Promotions)

€1.6m

Adding 5c increase across these lines would net out at a category loss of -1.06% volume and a gain in value of 1.22% or €1.6m

100+ other lines have limited change in customer buying habits as price changes meaning that a price increase will lead to an increase in value sales, and only a small loss in volume sales

€70 Per Store Per week

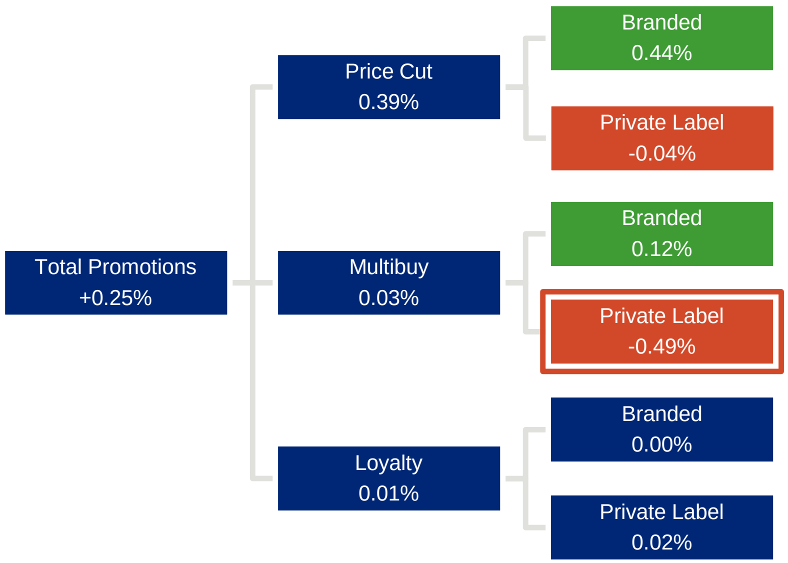
Private Label Multibuy Promotions overall are negative to the category, with a low risk opportunity to impact customer engagement

2 Promotions

Category Value % Lift

The incremental sales driven by a promotion, including cannibalisation and forward Buy
= Value Made By Promoted Lines – Value Stolen from other Lines – Pantry Loading (Forward Buy)

Category Value Lift %



€150k

Remove all 2 for €1 promotions on Private Label (200-300g), this will lead to increased customer spending of €150k.

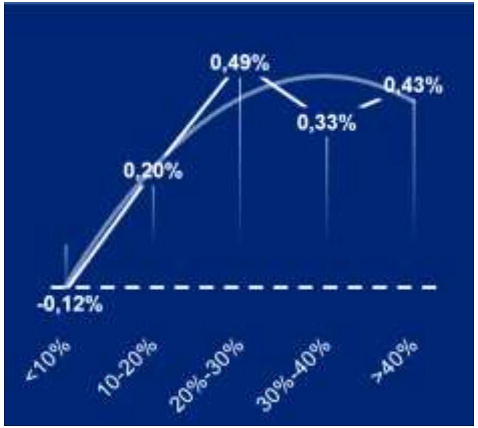
Customers are shifting into private label due to promotions. But frequency, penetration and basket size do not increase enough to offset losses from other category lines

€6 Per Store Per week

Discounts of <15% shrink category sales due to low pick up and down trade

2 Promotions

Category Value Lift %



Discount Level

€330k Do not execute price cuts with less than 15% discount as these promotions shrink category sales.

Private label promotions are driving declines for the category, where growth is seen in Branded due to trading down from more expensive lines into Private Label and low sales lifts

€28 Per Store Per week

Key Outcomes and Recommendations #2

REFOCUS 1-2-1 ACTIVITIES ON CARD HOLDERS

LOW PERFORMING LOCAL AREAS AND SEGMENTS

HIGH SPENDERS ON BISCUITS AND DECLINING SEGMENTS (CHURN)

High Spenders & Frequent Buyers account for 68% of spend, 60% of trips and 30% of customers

RPC Audience Segmentation

3 Customer Insight

€670k Target CRM activities at Card Holders with 2 aims

€240k Private Label Sugar Content to Households Health Conscious

€430k Leader Brand EDLP with for Seniors & Price Conscious

OPPORTUNITY = #Customers x Frequency of segment x Price x Conversion rate (20% average)

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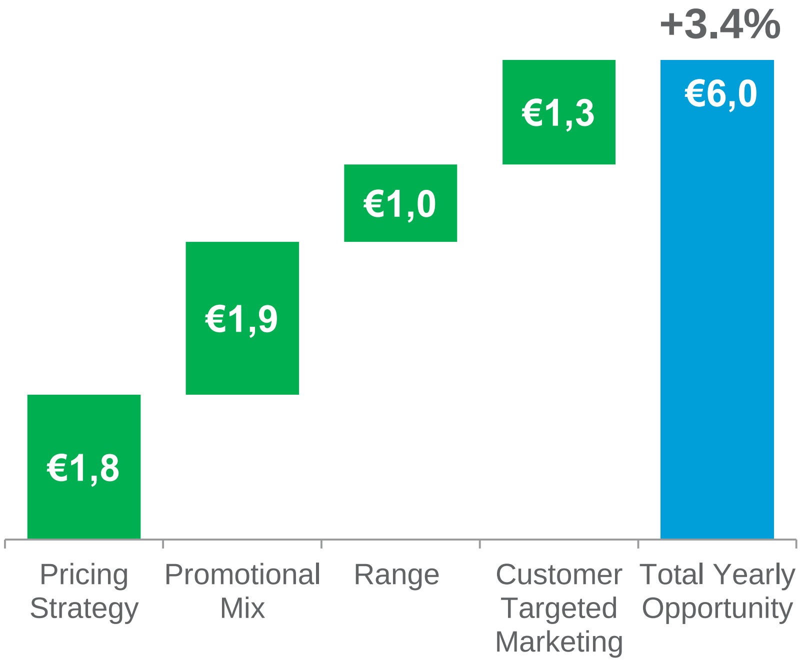
Retailer X leveraged the customer and transaction information from to uncover €6m in opportunity.



1. Biscuits has high demand transfer, **underperforming brands can be identified and removed with little impact on overall category performance** and replaced with new lines that drive high incrementality

2. The category has low elasticity overall as price movements and range changes **drive switching within the category rather than category expansion**. EDLP on selected Leader Brand lines will **attract new customers** with overall category strategy focussed on maintaining price and driving growth through profitable hi-lo promotions.

3. Frequent Buyers and High Spenders account for 68% of category sales. **Targeting the most valuable of these customers to increase frequency** through communication of USPs relating to Leader Brand EDLP and RETAILER x's PL low sugar content can drive overall units back into growth.

€231 Per Store Per week

Through our extensive work with manufacturers and retailers, IRI has crafted a unique Joint Business Planning (JBP) process to drive growth for both parties

Best Practices

- Retailer-led & standardized
- Objective & data-driven
- Customer-centric

The future is now

40+
Programmes Launched

$300M
Annual Gateways Revenue

6,000+
CPG & Non-CPG Suppliers Worldwide

+10,000
Daily Users

+90,000
Daily Reports

>4.0%
Growth vs. Non-Partecipants

GREATER COLLABORATION. BETTER RESULTS.

THANK YOU!

For More Information, Contact Us…

IRI Greece
31 Spartis street, Metamorfosi 144 52, Athens
Marketing.Greece@IRIworldwide.com
+30 210 27 87 600

Follow us on Twitter: **@IRI_INTL**