June 2025

Category review: Chips

Retail Analytics

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Agenda

1. Category Performance
2. Trial Store layout Effectiveness

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Our 17 year history assures best practice in privacy, security and the ethical use of data

Privacy

- We have built our business based on privacy by design principles for the past 17 years
- Quantium has strict protocols around the receipt and storage of personal information
- All information is de-identified using an irreversible tokenisation process with no ability to re-identify individuals.

Security

- We are ISO27001 certified - internationally recognised for our ability to uphold best practice standards across information security
- We use ‘bank grade’ security to store and process our data
- Comply with 200+ security requirements from NAB, Woolworths and other data partners
- All partner data is held in separate restricted environments
- All access to partner data is limited to essential staff only
- Security environment and processes regularly audited by our data partners.

Ethical use of data

Applies to all facets of our work, from the initiatives we take on, the information we use and how our solutions impact individuals, organisations and society.

We all have a responsibility to use data for good

Quantium believes in using data for progress, with great care and responsibility. As such please respect the commercial in confidence nature of this document.

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Executive summary

01 Chip Category Review

- Chip sales are driven by two key customer personas: **Older, frequent Mainstream shoppers (Retirees, Young Singles/Couples)** and **Budget Older Families,** who collectively contribute over **25% of total sales**.
- These groups have unique tastes; for example, **Mainstream Young Singles/Couples** show a **15% higher affinity for Tyrrells chips** compared to the average shopper, indicating a clear opportunity for targeted marketing.

02 Trial Store Assessment

- The new store layout was a success, leading to a statistically significant **sales uplift in two (store 77 and 88) of the three trial stores.**
- **Trial Store 88** experienced a sales increase of **up to +22%** in a single month during the trial period, providing strong evidence of the layout's effectiveness.

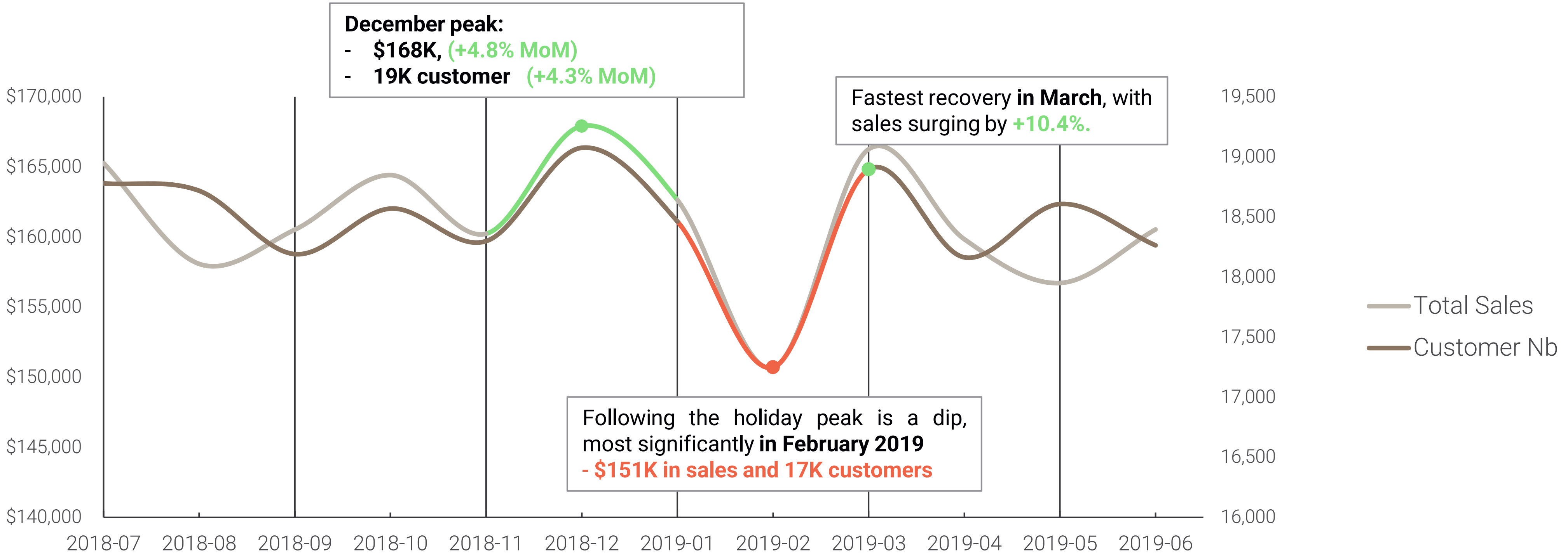
01

Category

Overview: Chip category sales are stable and highly correlated with customer traffic, showing predictable seasonal peaks in December (holiday season)

- The primary driver of sales is getting more people to the store and purchase chip as the data shows a near-perfect ***correlation between monthly total sales and the number of customers***.
- The market is mature and follows a predictable seasonal pattern. Relying on these trends alone will not generate new growth.

Monthly Sales and Customer Quantity Trends (July 2018 – June 2019)



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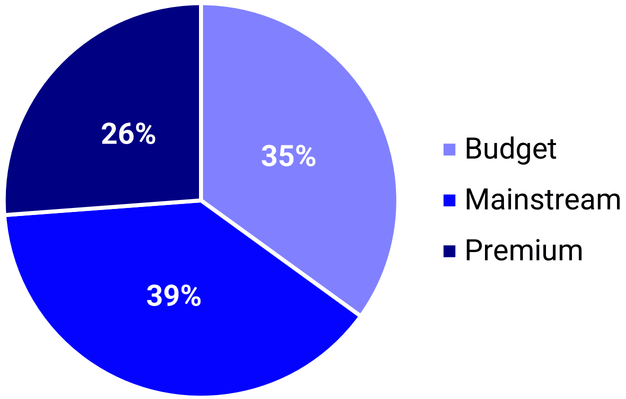
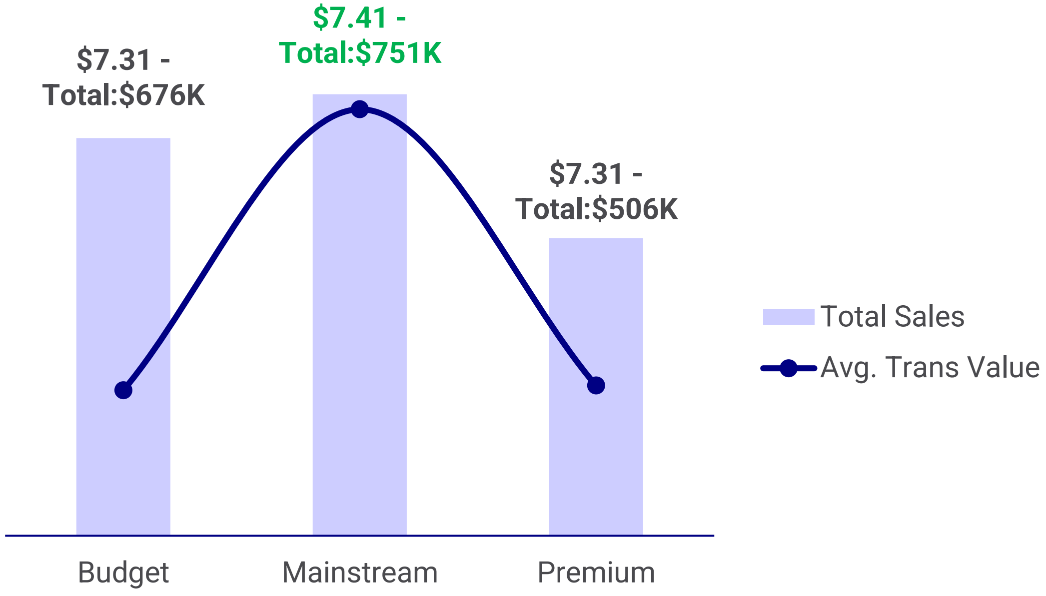
A customer's affluence level directly impacts their overall contribution to sales by determining the **size and frequency of the customer group**

- **Mainstream (38.8%)** and **Budget Segments (35.0%)** Drive the Bulk of Sales, while Premium Customers Contribute the Least.
- Their average spend per transaction of Premium customer and average price per unit are almost identical to the Budget segment.

Sales Contributions and Average spending per transactions by Customer Affluence (June 2018 – June 2019)





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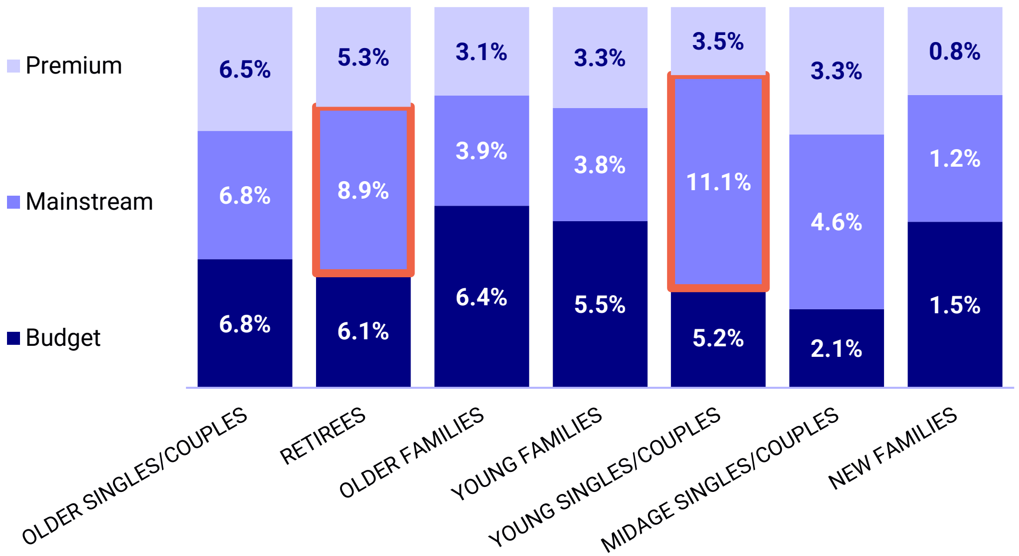
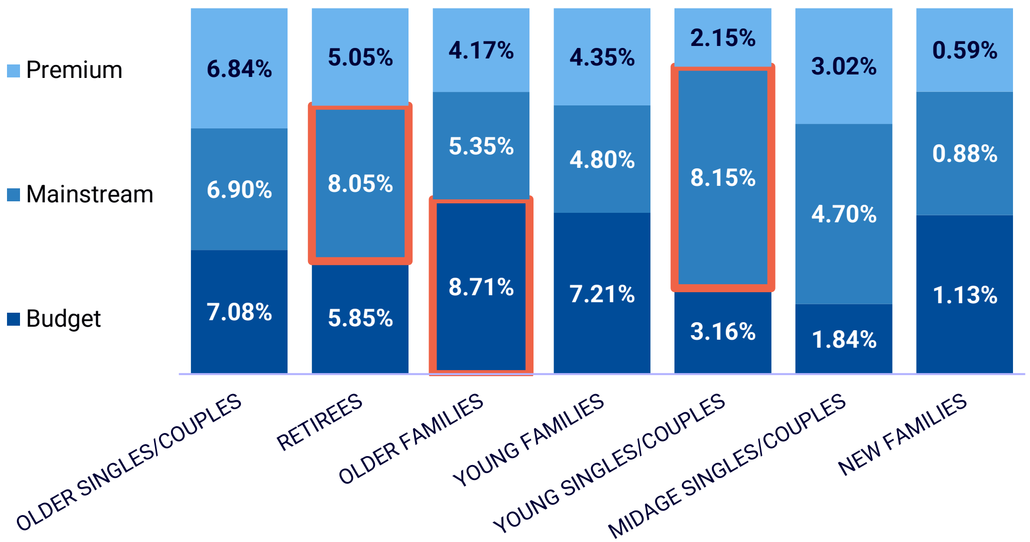
Our key target groups include **Mainstream Younger Singles/Couples, Retirees, and Budget Older Families**.

- **Older Families** are our most valuable segment, making up just **13.5%** of the customer base but contributing a disproportionately high **18.2% of total sales**.
- **Young Singles/Couples represent the largest opportunity for growth**; they are our biggest customer group (19.9%) but currently under-index on sales (13.5%).
- **Mid-tier segments**: Budget Retirees (5.85%) and Mainstream - Older Families (5.35%).
- **Under-performing segments:** New Families (2.16%) and Mid-age Singles/Couples (9.56%)

Customer segmentation base distribution (06/2016 – 06/2019)



Sales by Customer segmentation base distribution (06/2018 – 06/2019)



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Our Key Customer Segments Have Distinct Brand Preferences, Requiring a Targeted Promotional Strategy

Sales by Chip Brands and Brand Affinity to Key Segments:
(06/2016 – 06/2019)

- **Budget - Older Families Prefer Value and Family Brands:** This segment significantly over-indexes on brands like ***RRD (25% more likely), Woolworths (22% more likely), and Smiths (12% more likely).***
- Mainstream Younger Singles/Couples audiences lean toward popular, market-leading brand such as ***Kettle or Doritos (12% more likely)*** and they are willing to pay more for their chips.
- **The 175g and 150g pack sizes are the most popular** across all customer segments, collectively accounting for nearly ***40% of total sales.***
- **Strategic Implication:** To maximize sales, we must align promotional activities with the specific tastes of our most valuable segments.

BRAND	% Total Sales	Avg. Price	Brand Affinity		
			Budget-OLDER FAMILIES	Mainstream-RETIREES	Mainstream-YOUNG SINGLES/COUPLES
KETTLE	20.2%	$4.9	0.94	1.01	**1.12**
DORITOS	12.4%	$4.5	0.96	1.02	**1.12**
PRINGLES	9.2%	$3.7	0.92	1.04	**1.12**
OLD	4.7%	$5.1	0.95	1.02	**1.12**
TWISTIES	4.2%	$4.5	1.01	1.04	**1.15**
TOSTITOS	4.1%	$4.4	0.85	0.96	**1.12**
TYRRELLS	2.7%	$4.2	0.88	0.98	**1.15**
SMITHS	11.6%	$3.7	1.12	0.95	0.82
INFUZIONS	5.1%	$3.7	0.97	1.03	1.09
RRD	4.9%	$2.8	1.25	0.91	0.62
THINS	4.6%	$3.3	0.97	1.06	1.00
COBS	3.7%	$3.8	0.91	0.99	1.07
GRNWVES	2.7%	$3.5	1.00	1.07	1.00
WOOLWORTHS	2.6%	$1.8	**1.22**	0.96	0.46
NATURAL	2.2%	$3.0	**1.19**	0.94	0.60
CHEEZELS	2.1%	$4.6	1.07	1.02	1.02
CCS	0.9%	$2.1	**1.20**	0.96	0.56
CHEETOS	0.9%	$3.1	1.16	0.98	0.63
SUNBITES	0.5%	$1.7	**1.21**	0.99	0.47
FRENCH	0.4%	$3.0	**1.22**	0.82	0.64
BURGER	0%	$2.3	**1.18**	0.95	0.42

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A dual-strategy focusing on our two most valuable customer segments: **Budget Older Families** and **Mainstream Young Singles/Couples**.

- Chip sales over the past year show consistent seasonal patterns, reflecting a mature market.
- Customers across all segments spend approximately $7.30 per transaction.

A customer's affluence level directly impacts their overall contribution to sales with unique affinity:

- **Mainstream (38.8%)** and **Budget Segments (35.0%)** Drive the Bulk of Sales, while Premium Customers Contribute the Least.

Budget – Older Families:
This category demonstrates robust sales figures and a tendency to favor popular value brands such as *RRD* and *Smiths*.

Mainstream - Young Singles/Couples:
A large segment that drives significant sales, with a strong inclination towards flavor-focused, well-known brands such as *Kettle, Doritos,* and *Tyrrells*.

- **Mainstream - Retirees:** perform in both sales figures and contributions to the customer demographic.
- **Mid -segments**: **Older Singles/Couples**
- **Under-performing segments:** Mid-aged Singles and New Families are currently lagging behind

Recommendations

- Increase customers coming to shop
- Increase number of shoppers adding chips to their transactions

Recommendations

- Value-oriented promotions: multi-buy, bundle deals to increase basket size.
- Place referred chips in high-traffic, visible locations like aisle end-caps

Recommendations

- Run targeted digital campaigns and in-store tastings focus on younger audiences.
- Use secondary placements for these brands in "discovery" zones.

Recommendations

- Monitor their purchasing behavior.
- Conduct market research or a survey to understand their barriers to purchase.
- Perform a broader basket analysis.

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02

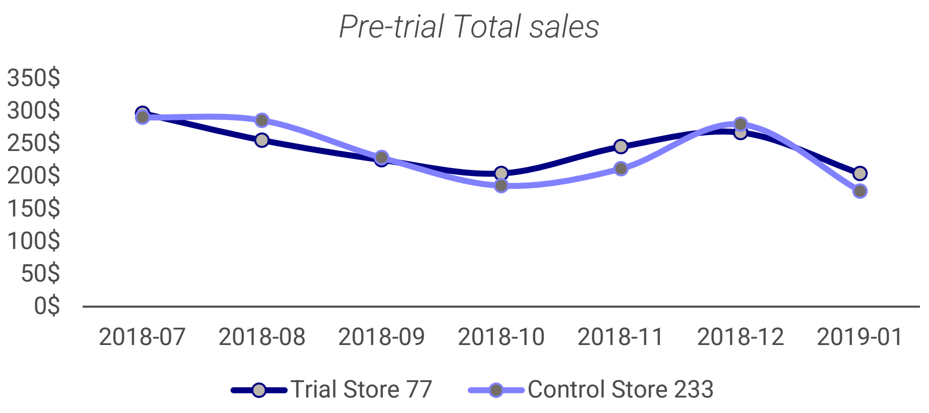
Trial store performance

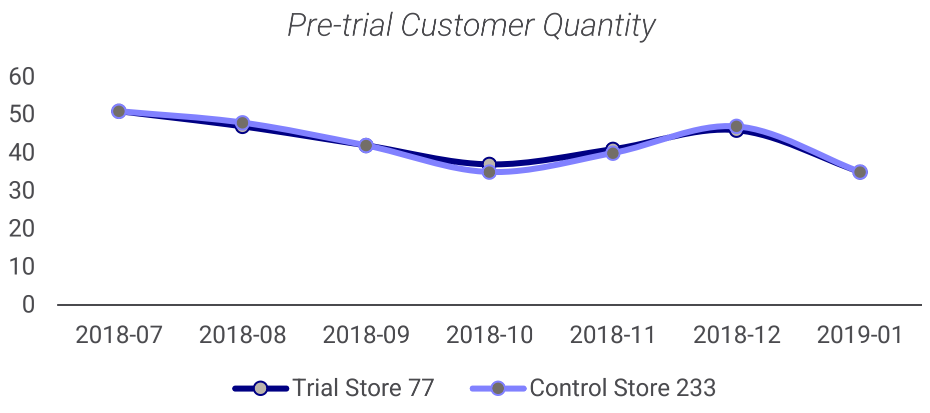
To test the impact of increased visibility, the chip category was moved to a prominent aisle end-cap in three trial stores.

- The Trial (Feb - Apr 2019): We tested a new layout in **Trial Stores 77, 86, and 88**, *relocating the chip section to a high-traffic area to boost impulse purchases.*

- The Control - Ensuring Fair Comparison

Assessing overall sales and customer visits at Trial Stores (p. 77) in comparison to the Control Store (p. 233) during the pre-trial period reveals that their performances are quite comparable, establishing them as an effective trial-control pair for a balanced evaluation.





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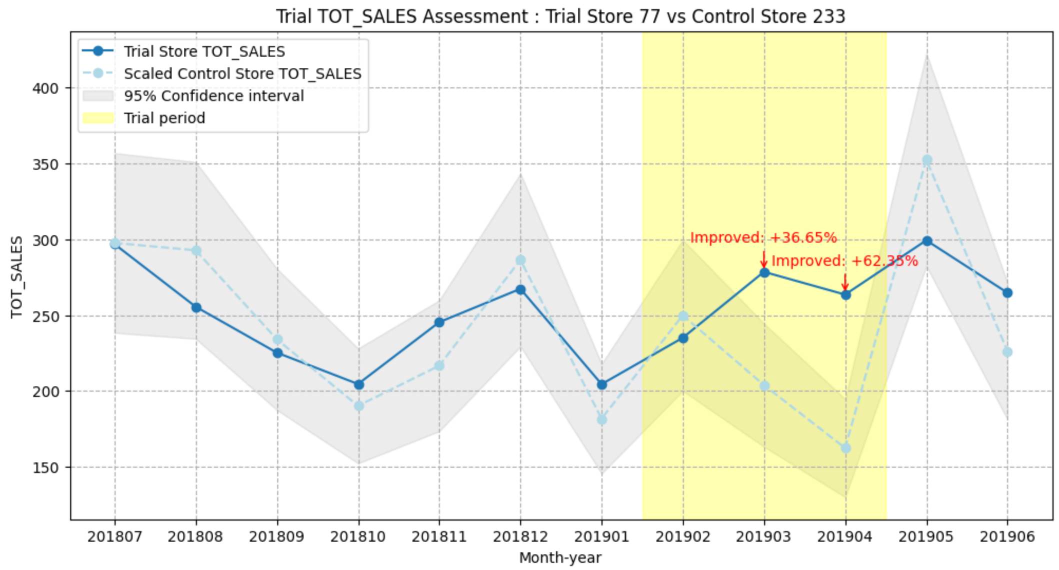
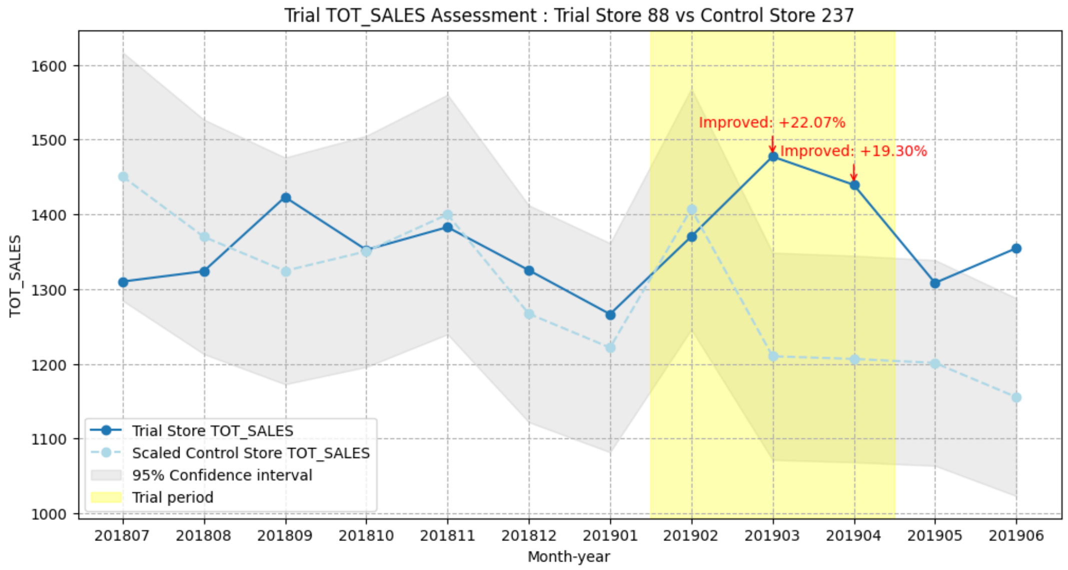
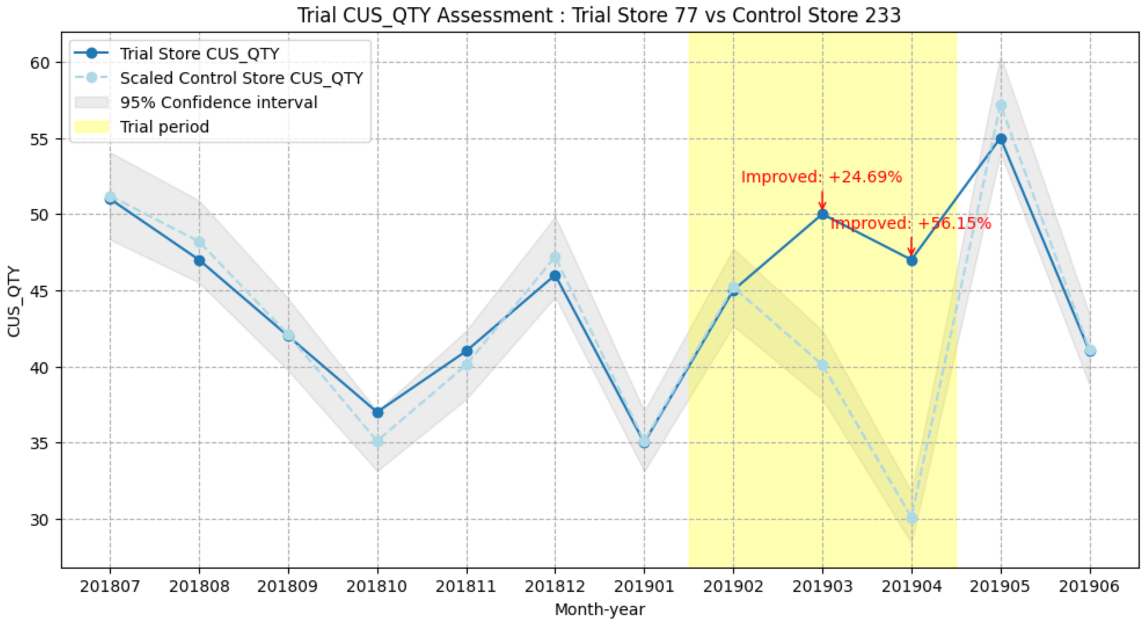
Trial Success in Stores 77 & 88 confirming that the new placement successfully attracted more shoppers to the chip category

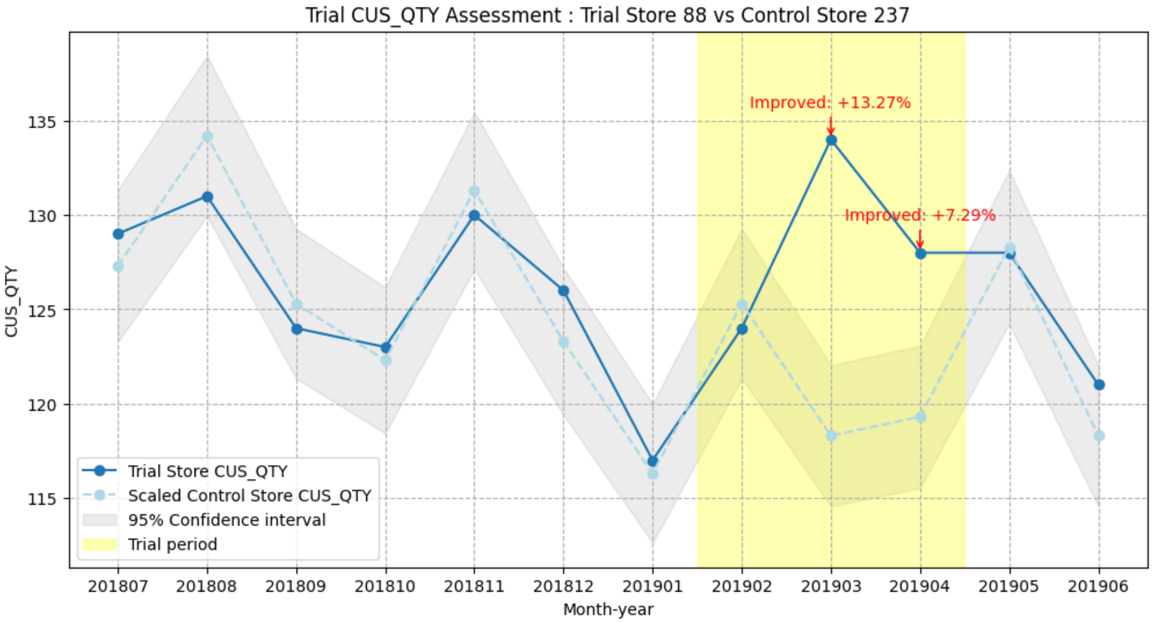
- Proven Success: Both ***Trial Stores 77 and 88*** *demonstrated* ***a significant increase in sales*** during the trial period.
- **Delayed Impact:** uplifts occurring in ***the second and third months*** of the trial, suggesting customers noticed and responded to the new layout over time.
- **Quantifiable Uplift:** The new layout drove a month-on-month sales increase compared to the trial of up to 37% in Store 77 and 22% in Store 88, confirming a strong positive impact.





Customer Growth: The sales uplift was directly supported by a significant increase in the number of customers in both stores, indicating the new placement successfully attracted more shoppers





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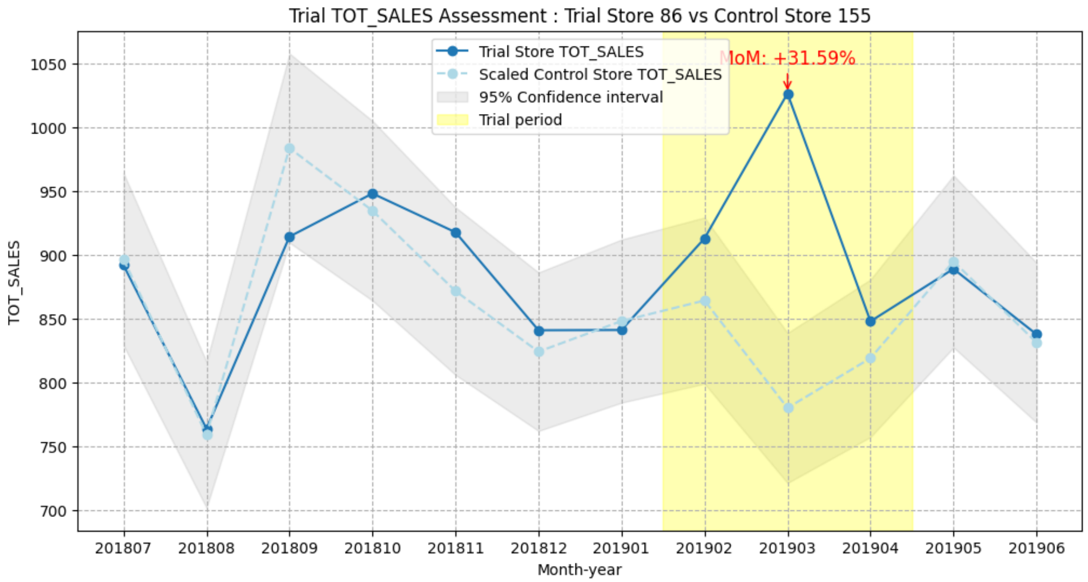
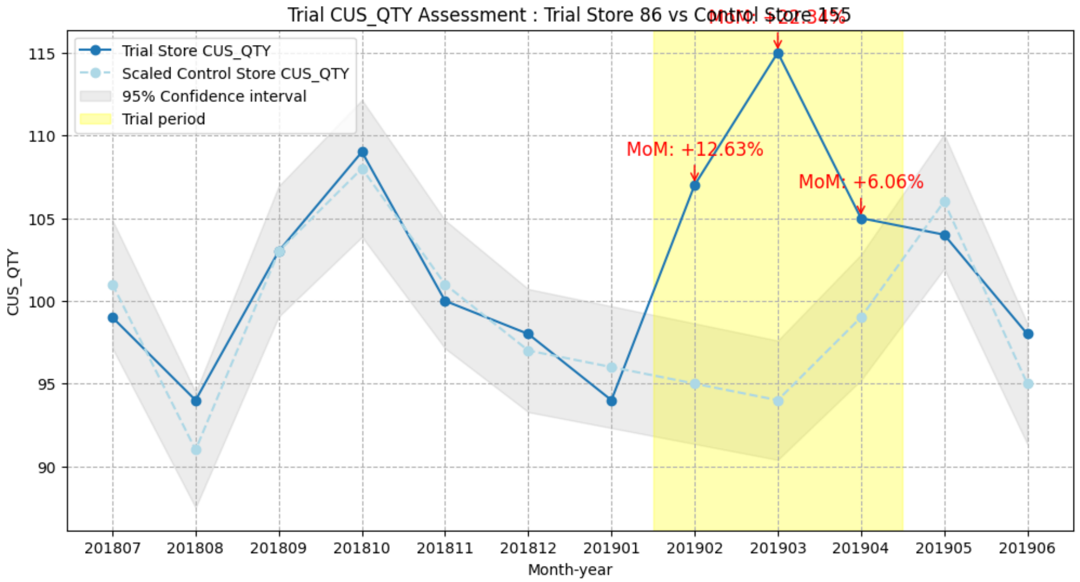
Mixed results at store 86: While Customer Traffic Increased Significantly, This Did Not Translate to a Significant Uplift in Sales.





- **Increased Customer Engagement:** The trial in Store 86 drove a statistically significant increase in customer traffic (up to +22% compared to the control store) throughout the trial period.
- **No Significant Sales Uplift:** only the second month in the trial demonstrate an improve in sales
- Strategic Question: *why did more customers in this specific store not lead to more sales?*

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The end-cap placement trial was a success, confirming that increased visibility drives sales.

1. Summary of Trial Results

The trial drove a statistically significant increase in sales and customer traffic ***in two of the three trial stores (77 and 88)***, proving the effectiveness of the new layout.

Trial Store 86 mixed trial results provided a valuable insights on store specific factors

Important Caveat: The performance during the trial align with the dip in overall market. The strong ***outperformance*** in the successful trial stores during March and April confirm a positive trial effect ***beyond normal seasonal trends.***

2. Results Analysis

The prominent end-cap placement ***(in store 77 and 88)*** likely captured high-intent *impulse purchases* and *increased the visibility* of the entire chip category for regular shoppers, leading to higher sales and traffic.

The divergence in Store 86 could be due to several factors:

- A *different customer demographic mix* that is less responsive to impulse buys.
- *The specific product assortment* in that store not aligning with the impulse-driven customer.
- *Local competition, geographic locations* or other in-store factors.

3. Recommendations

Phased Rollout Plan:

- Stage 1: Begin rolling out the end-cap placement to a select group of stores
- Stage 2: Monitor the initial rollout closely ,expand the new layout to a wider network of stores.

Deep dive analysis including mapping the customer journey, performing basket analysis to identify cross-promotional opportunities and specifically investigating the product mix of Store 86

Launch a **"Trial 2.0"** that combines the successful layout change with the targeted promotional strategies we identified earlier.

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Key Takeaways

Grasping customer segments is essential for effective marketing strategies:

The primary customer groups include Older, frequent Mainstream shoppers (such as Retirees and Young Singles/Couples) and Budget Older Families, each with distinct preferences.

Modifying store placement has demonstrated **success in 2 out of 3 trial locations**.

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