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Category review: Chips - Strategic Growth & Trial Evaluation

Insights and Recommendations for the Next Half-Year Strategy

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A Dual Growth Strategy is Recommended to Maximize Volume and Margin

STRATEGIC GROWTH (TASK 1)

Older Families and Retirees are the volume engine

Maximize Volume: Focus on retention and loyalty programs for high-spending, loyal segments.

STRATEGIC GROWTH (TASK 1)

Young Singles/Couples show premium preferences

Accelerate Margin: Target this segment with premium products to capitalize on their willingness to spend.

TRIAL EVALUATION (TASK 2)

Trials show clear positive impact

Validate and Scale: Confirm the trial's effectiveness in driving customer acquisition.

TRIAL EVALUATION (TASK 2)

Store 88 baseline concern

Caution: Rigorous control store selection is critical for accurate measurement.

AREA	KEY INSIGHT	RECOMMENDATION
Strategic Growth	Older Families & Retirees drive 70% of revenue	Maximize Volume via loyalty programs
Strategic Growth	Young Singles/Couples prefer premium	Accelerate Margin via premium products
Trial (77, 86)	+24.54% and +9.76% sales growth	Validate and scale customer acquisition
Trial (88)	+47.95% but baseline differs	Review control store selection rigorously

Older Lifestages Dominate the Chip Category Revenue

- **Over 70% of Total Chip Revenue** is collectively accounted for by Older Families, Retirees, and Older Singles/Couples.
- **Older Families** are the single largest Lifestage contributor, making them the primary volume engine for the category.
- **Young Singles/Couples** represent a large customer base but have a lower average spend compared to older groups, suggesting a significant opportunity in frequency or premiumization.

Top Performing Segments Drive Volume and Loyalty

Target Mainstream Young Singles/Couples and Engage New Families

PREMIUM PREFERENCE IN MAINSTREAM

MIDAGE SINGLES/COUPLES - MAINSTREAM

$3.82 avg price per unit

Highest price point among comparable segments

YOUNG SINGLES/COUPLES - MAINSTREAM

$3.77 avg price per unit

Strong willingness to spend on higher-value products

KEY OPPORTUNITY

Mainstream segments show **premium product preference** compared to Budget and Premium variants, indicating opportunity for **upselling and margin growth**.

UNDERPERFORMING SEGMENT: NEW FAMILIES

LOWEST ENGAGEMENT

Lowest total sales

Across Budget, Mainstream, and Premium variants

LOWEST METRICS

Lowest avg spend & frequency

Significantly underperforming compared to other lifestages

STRATEGIC FOCUS

Develop **tailored campaigns** for New Families with family-sized products, introductory offers, and promotional bundles to **increase engagement and basket size**.

Focus on Retention, Premiumization, and Targeted Acquisition

1

RETENTION & LOYALTY

Focus on Retention and Loyalty Programs

Target: Older Families and Retirees. **Goal:** Maintain their high engagement and spend, securing the category's volume base.

2

PREMIUMIZATION STRATEGY

Investigate and Promote Higher-Value Products

Target: Mainstream Midage and Young Singles/Couples. **Goal:** Capitalize on their preference for higher-priced items to accelerate margin growth.

3

TARGETED ACQUISITION

Develop Tailored Campaigns for New Families

Target: New Families (Budget, Mainstream, Premium). **Goal:** Address low engagement with relevant promotions or product bundles (e.g., family-sized products).

Trial Effectiveness Driven by Increased Customer Count

OBJECTIVE

Evaluate the effectiveness of the trial in stores 77, 86, and 88 against selected control stores during the trial period **(Feb - Apr 2019)**.

TRIAL STORES & CONTROLS

- Store 77 vs. Control Store 50
- Store 86 vs. Control Store 155
- Store 88 vs. Control Store 79

OVERALL CONCLUSION

The trial is **effective in driving sales**, primarily by **increasing the customer count** in the trial stores. The sales increase in successful stores was mainly driven by a significant increase in unique customers, with average transactions per customer remaining stable or slightly decreasing.

Clear Positive Impact and Valid Baselines

STORE	CONTROL STORE	PRE-TRIAL BASELINE (P-VALUE)	SALES IMPACT	PRIMARY DRIVER
77	50	Not statistically different (0.0758)	**+24.54%**	+17.36% increase in customer count
86	155	Not statistically different (0.4836)	**+9.76%**	+13.54% increase in customer count

- **Insight:** Both stores demonstrate a **clear, attributable positive impact** from the trial, validating its effectiveness in attracting new customers.

Highest Growth, but Control Validity is a Concern

STORE	CONTROL STORE	PRE-TRIAL BASELINE (P-VALUE)	SALES IMPACT	PRIMARY DRIVER
88	79	**Statistically Different (0.0000)**	**+47.95%**	+32.19% customer count, +8.12% transactions

KEY OBSERVATION

Store 88 shows the **highest sales growth** among all trial stores, driven by both increased customer count and higher transaction values.

⚠ CRITICAL CONCERN

The statistically different pre-trial baseline suggests the **control store was not an ideal match**, potentially **skewing the interpretation** of the high sales impact.

It's possible that the trial store was already performing significantly better than its chosen control even before the trial began.

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RECOMMENDATION

Further investigation or **alternative control selection** is needed to confirm the trial's true, isolated impact in Store 88.

Dual Strategy and Trial Learnings Will Inform H2 Strategy

STRATEGIC IMPERATIVE

Implement the **Dual Growth Strategy** to secure volume from loyal older segments and accelerate margin from premium-inclined younger segments.

TRIAL VALIDATION

The trial is validated as an **effective customer acquisition tool**, with a clear positive impact in two of three stores.

NEXT STEPS

1. **Finalize Strategy Implementation**
   Develop detailed execution plan for the Dual Growth Strategy across all segments.

2. **Review Control Store Selection**
   Conduct rigorous review of control store methodology for future trials to ensure valid baseline comparisons.

3. **Launch New Families Campaigns**
   Develop and execute targeted campaigns with family-sized products and promotional offers.

Key Metrics from Customer Segmentation Analysis (Task 1)

SEGMENT	TOTAL SALES ($)	AVG SPEND PER CUSTOMER ($)	PURCHASE FREQUENCY	AVG PRICE PER UNIT ($)	KEY INSIGHT
Older Families - Budget	167,991.15	35.96	4.96x	3.45	*Highest revenue, primary volume engine*
Young Singles/Couples - Mainstream	157,410.20	34.42	4.75x	3.77	*Premium preference, margin opportunity*
Retirees - Mainstream	155,510.35	34.56	4.77x	3.55	*High volume, critical for sustainability*
Older Families - Mainstream	154,640.85	36.48	5.03x	3.55	*Highest loyalty metrics, retention focus*
New Families - Premium	20,410.00	34.50	4.75x	3.31	*Lowest engagement, acquisition target*

Data Source: Customer Segmentation Analysis (Task 1) | **Period:** Historical baseline | **Classification:** Confidential

Thank You

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FOR QUESTIONS OR FOLLOW-UP

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