June 2020

Category review: Chips

Retail Analytics

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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.

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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.

Executive summary

01 **Task 1**

Sales of chips are primarily driven by specific customer segments, with Mainstream - young singles/couples and retirees contributing significantly to total sales. These segments show a willingness to pay higher prices and have preferences for certain brands and pack sizes.

02 **Task 2**

Two out of three trial stores, 77 and 88, saw positive results in both total sales and customer increase, suggesting a successful trial period. However, store 86's contrasting outcome in total sales requires further investigation.

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Category

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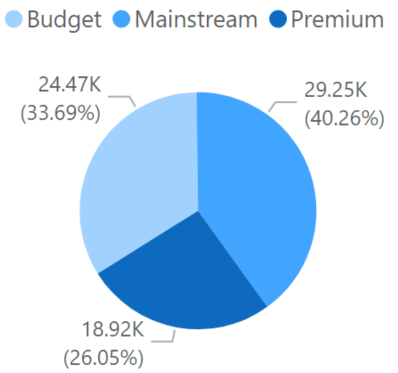
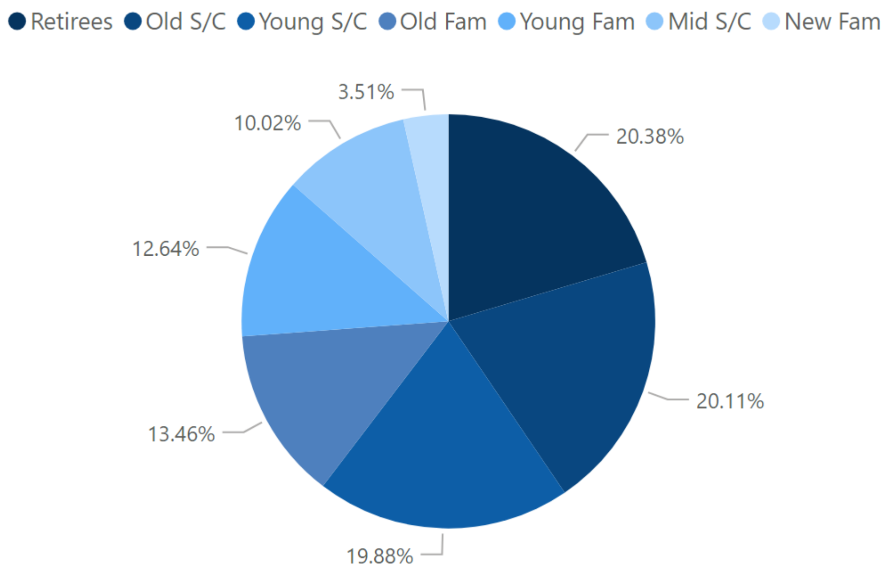
72.64K

Customers

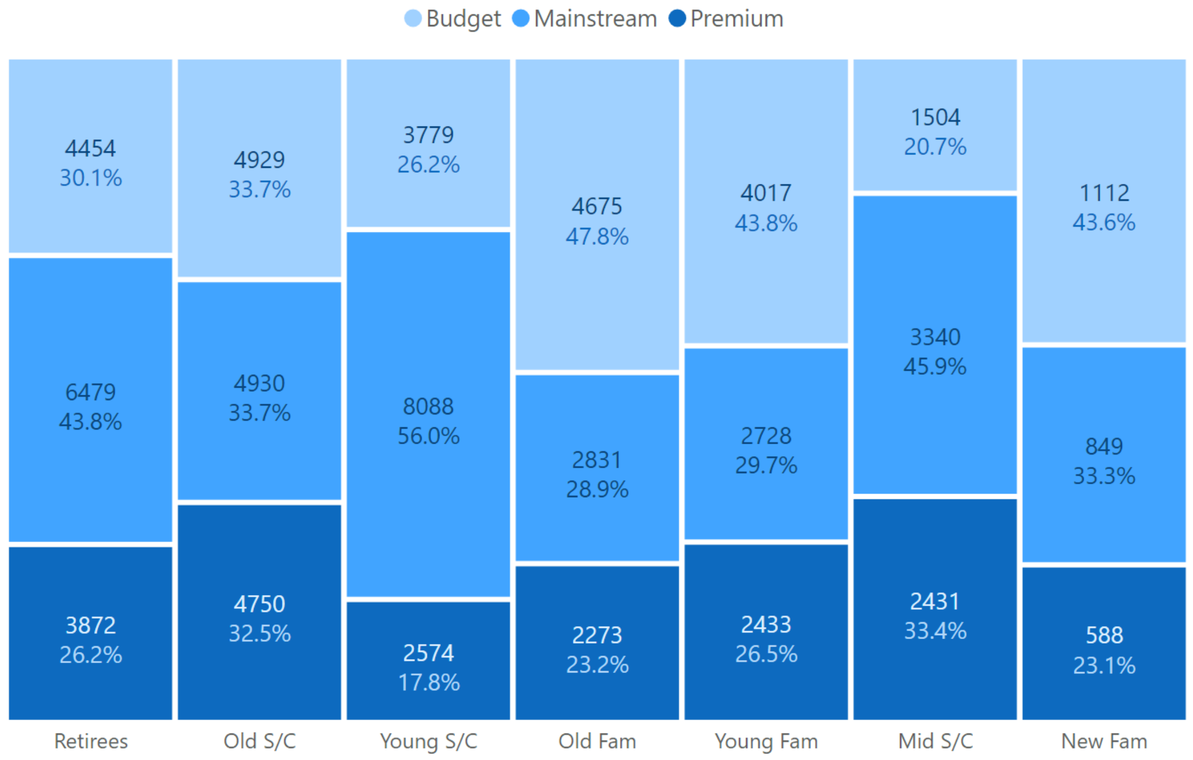
Customer Segment Distribution



Customer Life Stage Distribution



Customer Life Stage x Customer Segment Distribution



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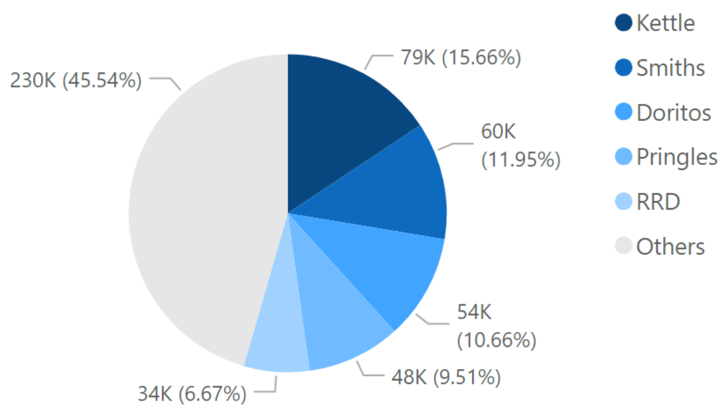
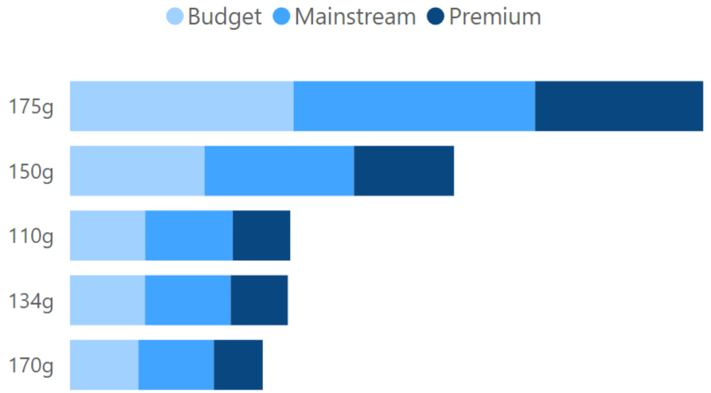
Most Popular Brands

(Transactions & Sales)

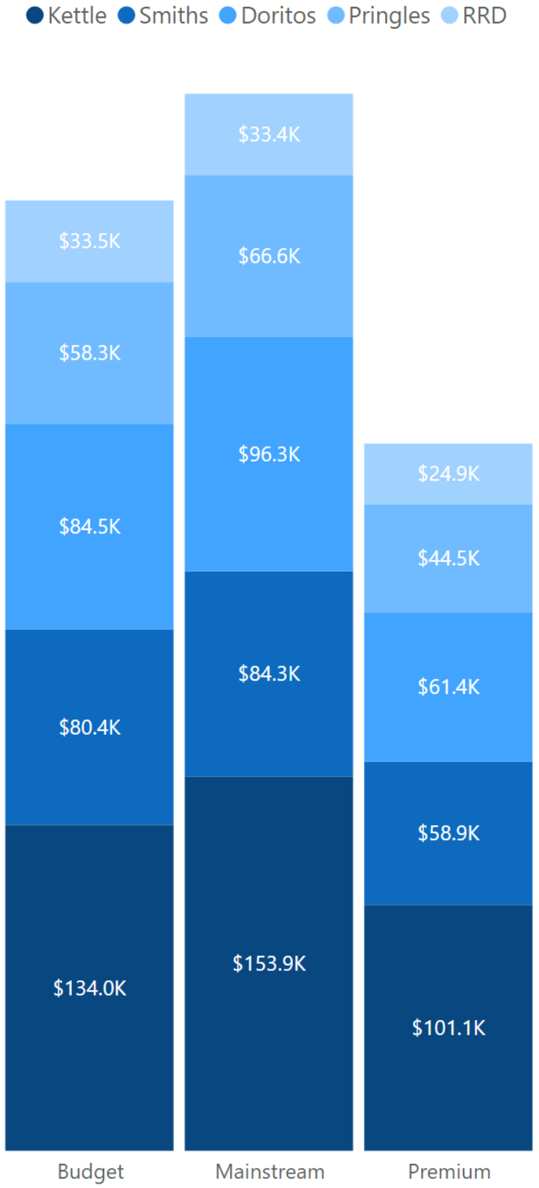


Top-Selling Pack Size by Segment

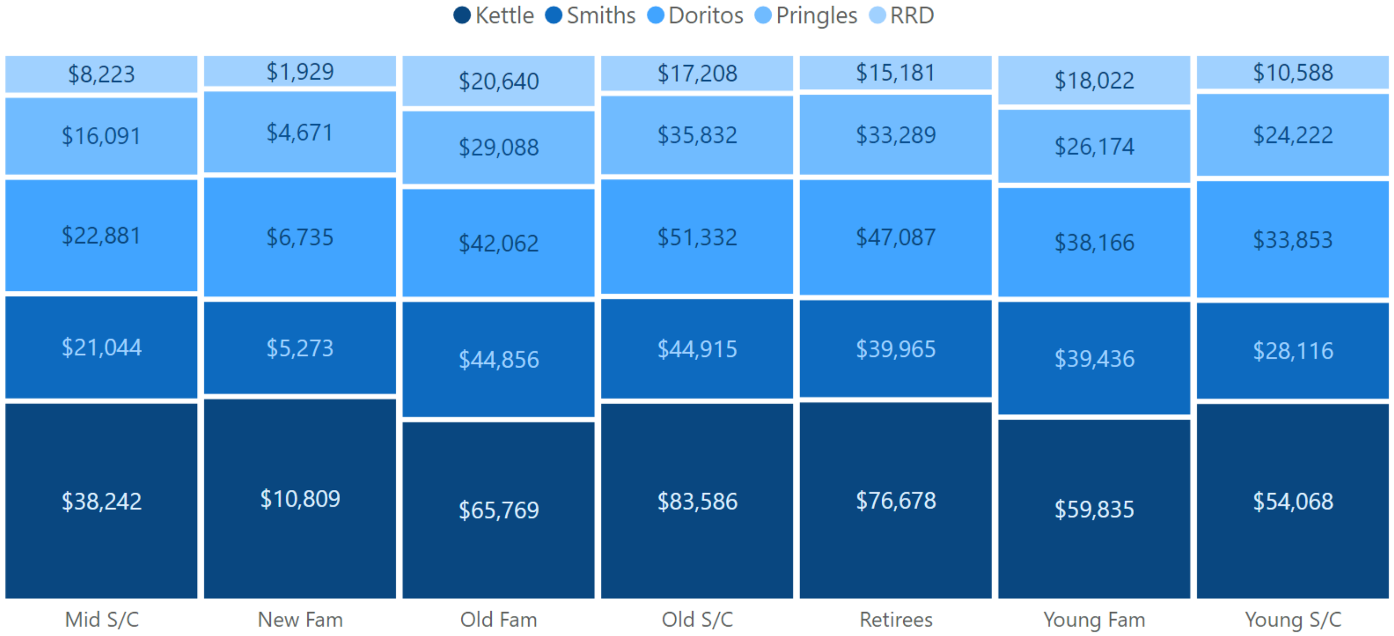
(Transaction & Sales)



Top Brands x Customer Segment



Total Sales by Top Brands x Customer Life Stage



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Product Category

- Brand Preference

Kettle holds the largest chip market share with 15.66% of transactions and sales, followed by Smiths at 11.95%, and Doritos at 10.66%. This suggests that Kettle is the preferred brand among consumers, which could be associated with perceived quality or brand loyalty.

- Pack Size and Customer Segment Distribution

The 175g pack size is the most popular among all segments, indicating a preference for this size regardless of the consumer's affluence level. However, as the pack size decreases, it appears that the Budget segment's preference increases, suggesting that less affluent customers may prioritize smaller, more affordable pack sizes.

- Top Brands and Customer Life Stage

Kettle leads in sales across all life stages, with particularly high sales to Older Singles/Couples ($83,586) and Retirees ($76,678). This could indicate that these groups have a higher disposable income or a stronger preference for Kettle chips.

The data suggests that affluence does have an impact on consumer buying behavior in the chips category. More affluent segments tend to purchase more from premium brands, and they also favor larger pack sizes. Less affluent customers, while still purchasing from top brands, may lean towards smaller pack sizes, which could be due to budget constraints. Brand preferences are also evident across different life stages, with older consumers and retirees showing a strong preference for the Kettle brand, potentially indicating brand loyalty or a higher valuation of quality.

02

Trial store performance

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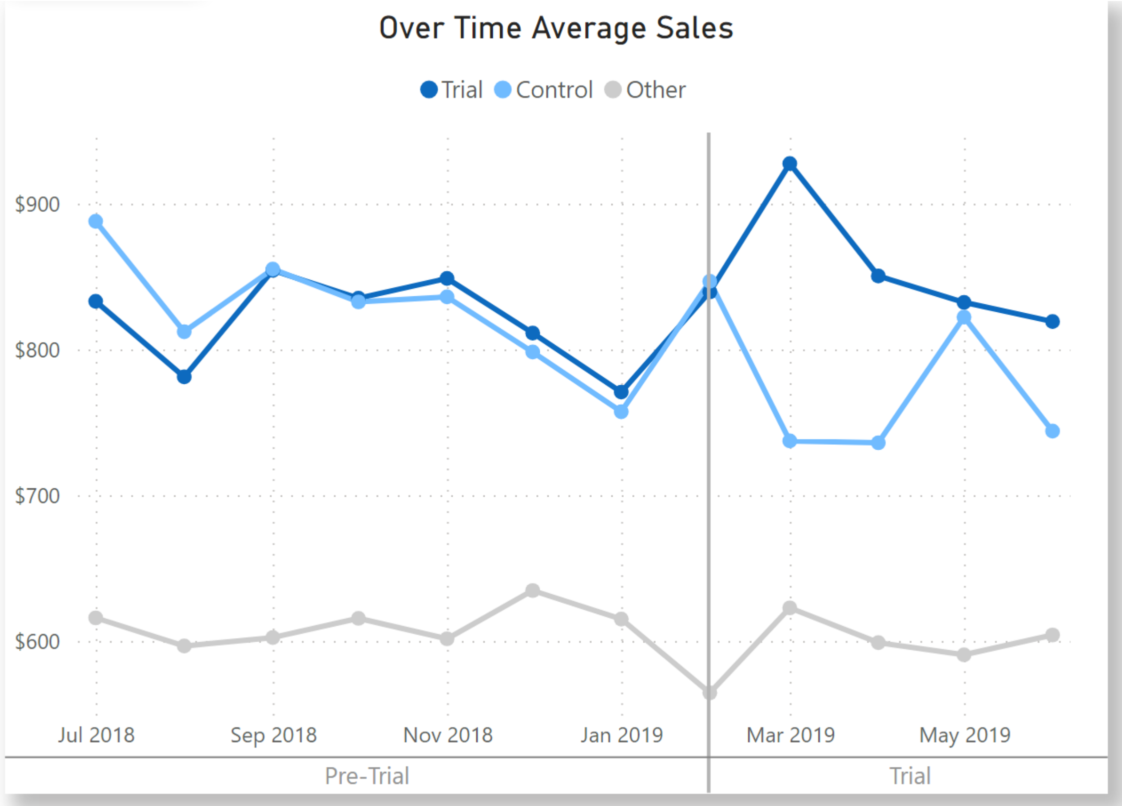

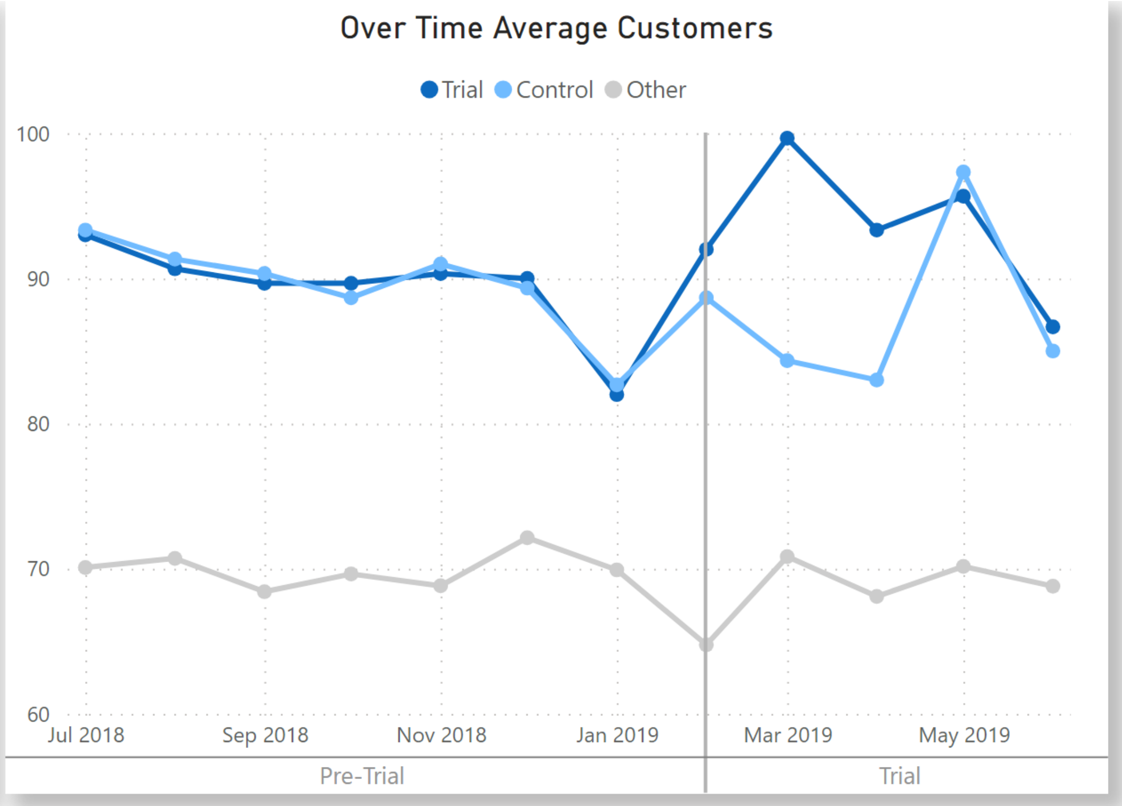

To measure the effectiveness of our trial strategies, we chose "control stores" (233, 155, 237) that closely resembled our "trial stores" (77, 86, 88) in key metrics like sales, customer traffic, and buying habits during the pre-trial period. These control stores provide a benchmark for comparison, highlighting any changes attributable solely to the trial interventions. Other stores not involved in the trial or chosen as controls were excluded from the analysis.

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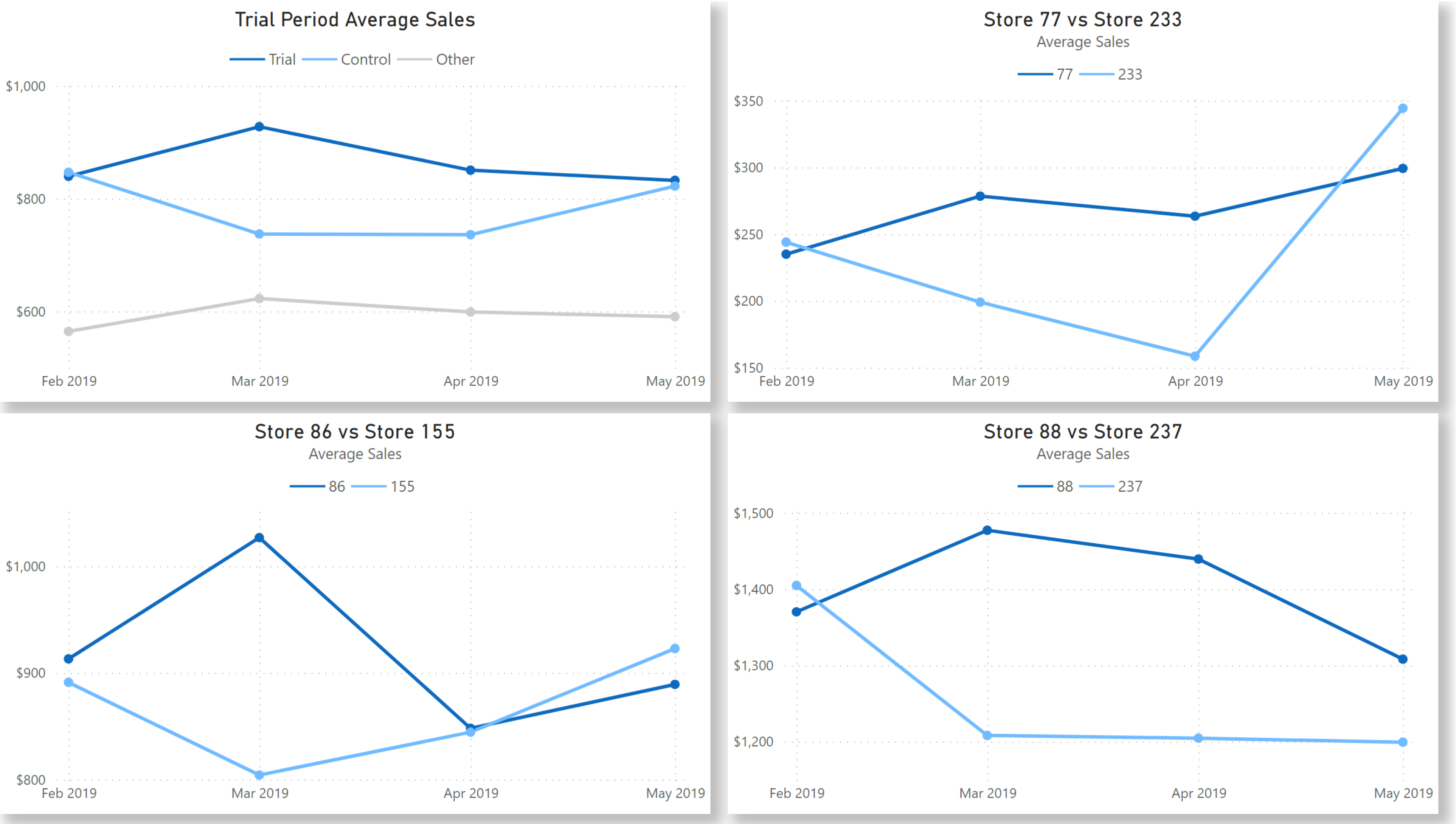
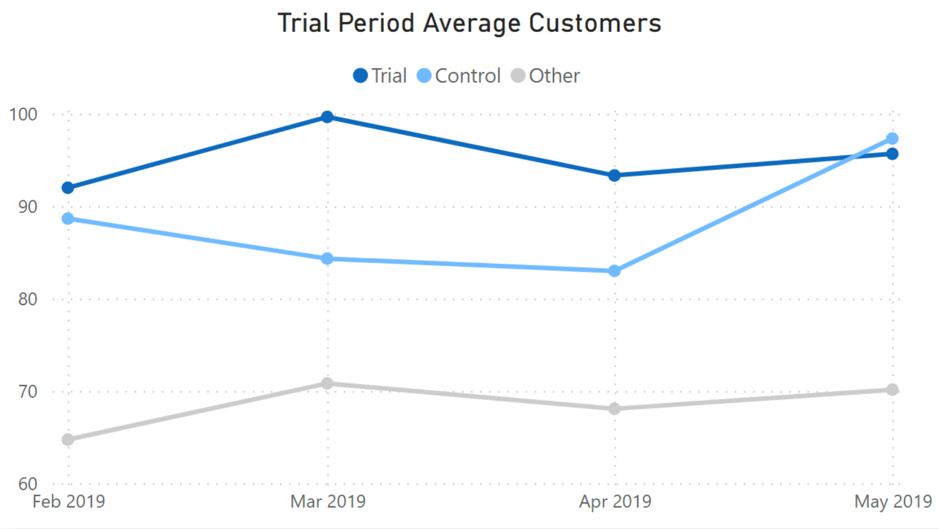
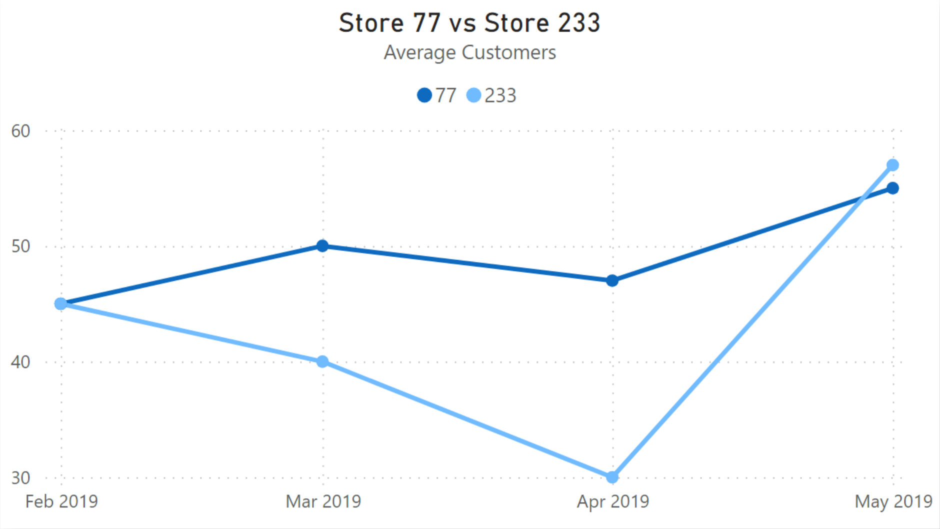
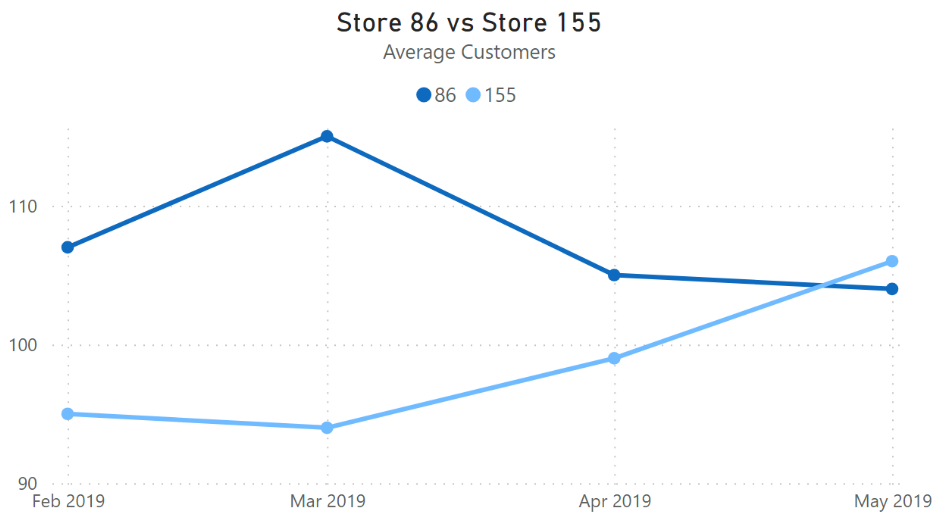
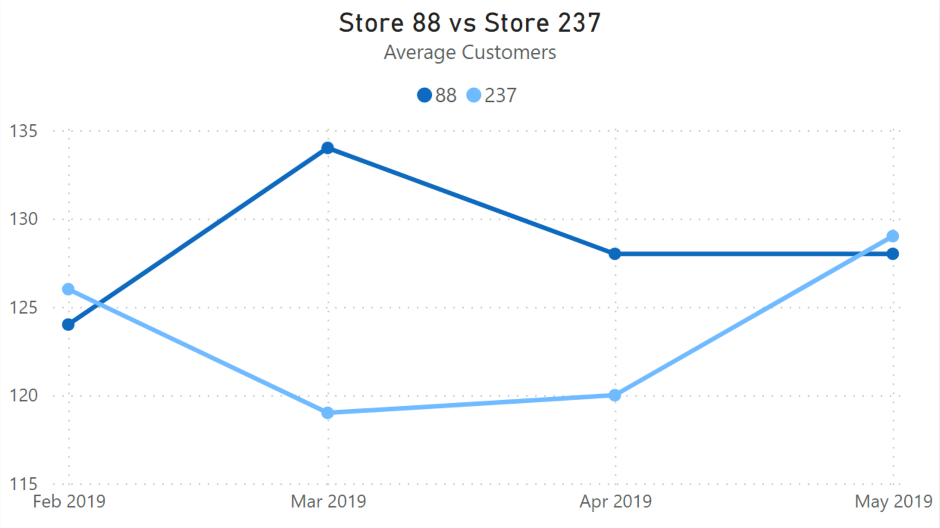


While stores 77 and 88 saw a combined, statistically significant sales increase compared to control stores, store 86 only experienced this in one out of four trial months.









During the trial period, all three test stores saw a statistically significant increase in customer traffic compared to their respective control stores.

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Recommendations

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- Focus marketing efforts on Mainstream - Young Singles/Couples and Retirees customer segments, as they contribute significantly to total chip sales and show willingness to pay higher prices. Target them with promotions on preferred brands/sizes.

- Kettle, Smiths, and Doritos are the top selling brands. Ensure in-store availability and shelf positioning for these brands meets demand. Promote them in circulars/displays.

- The 175g pack size is most popular across segments. Allocate more shelf space and inventory to this size. Promote multi-buy deals on this size to drive volume sales.

- Stores 77 and 88 saw positive sales and customer results from the trial, indicating the initiatives were successful. Expand rollout of these initiatives to more stores.

- Store 86 saw mixed results during the trial. Further investigate and identify factors that may have contributed to this. Adjust initiatives for this store or provide more support.

- All trial stores saw increased customer traffic during the trial. Leverage initiatives that drove foot traffic, like promotional pricing, end-caps, etc.

- Monitor performance over time and adjust initiatives as needed. Track ROI on marketing and merchandising spends.

- Enhance analytics capabilities to get more granular data on sub-segments, new products, etc. to drive decisions.

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