June 2020

Category review: Chips

Retail Analytics

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Classification: Confidential

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

Mainstream Young Singles/Couples are our most frequent chip buyers, preferring 175g Kettle chips.

02 Task 2

The trial layout increased sales across all 3 stores, with a maximum uplift of 36% in Store 88.

Recommendation

Roll out the new layout to all stores, prioritizing those with a high 'Mainstream' customer base.

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01

The "Dip"

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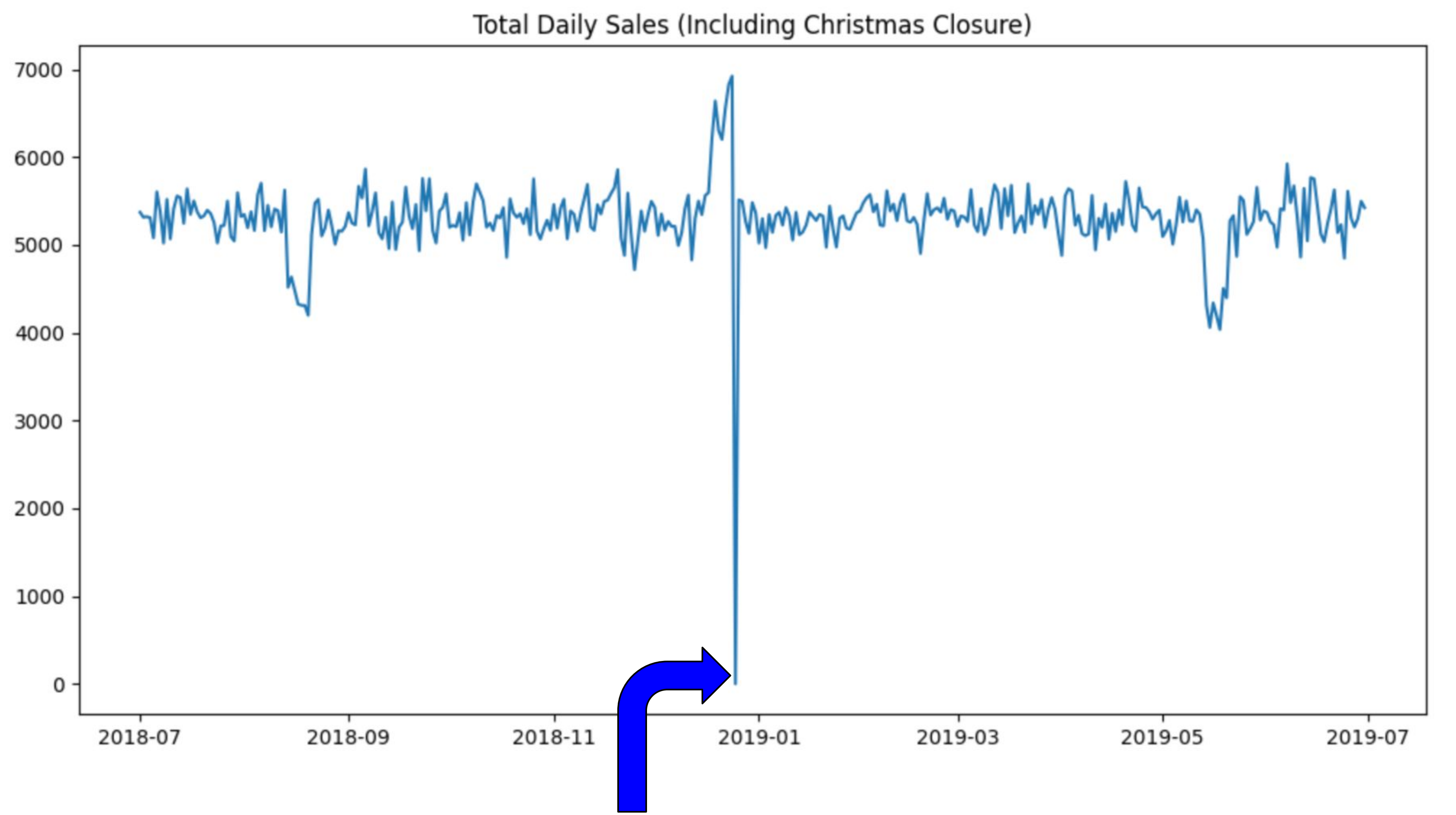

Sales peaks occur in December leading up to Christmas, with a clear dip to zero on Dec 25th. This confirms the data accurately reflects store closure dates and high holiday demand.

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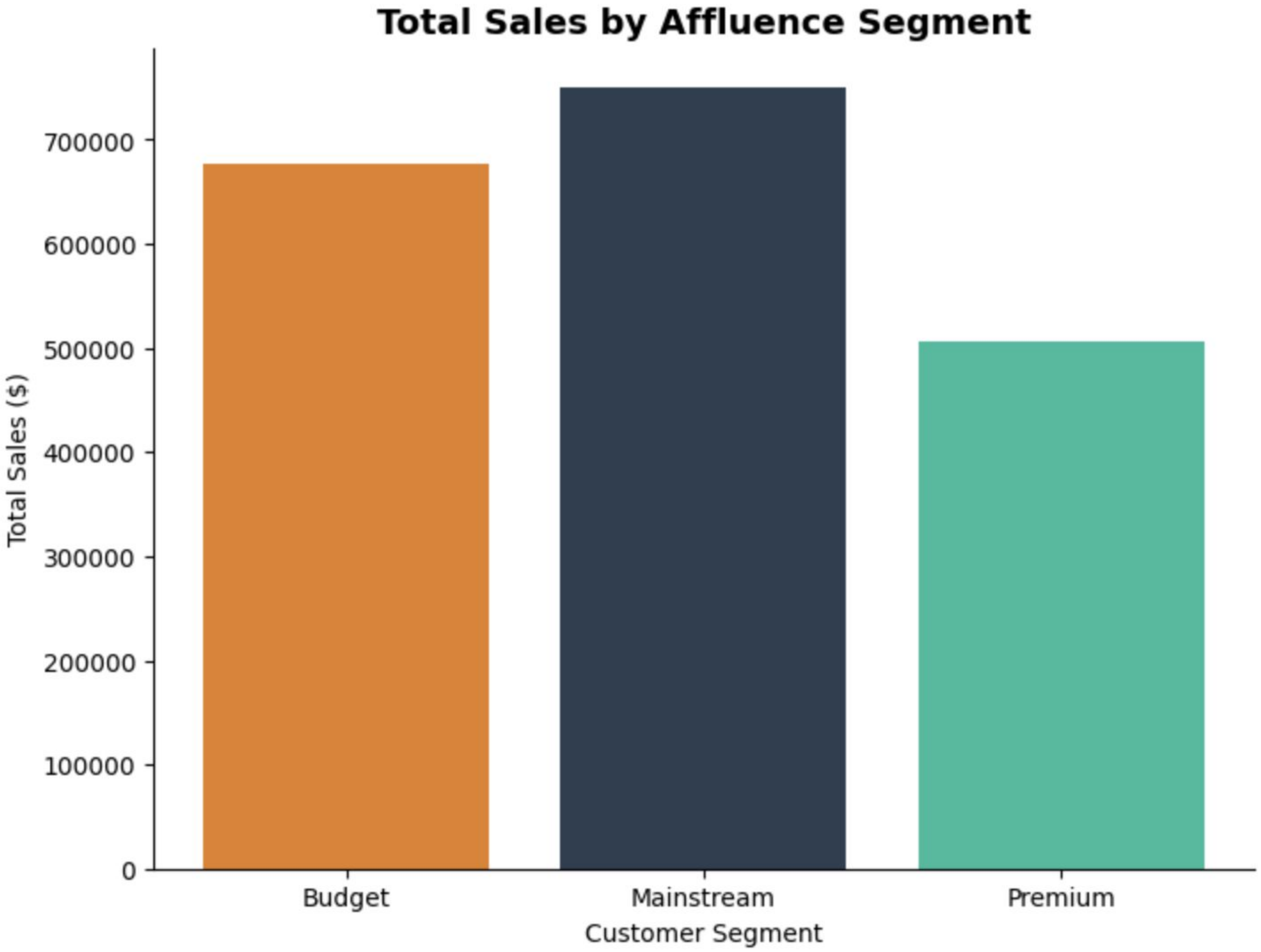
The Mainstream segment is our biggest driver of sales, outperforming both Budget and Premium shoppers.



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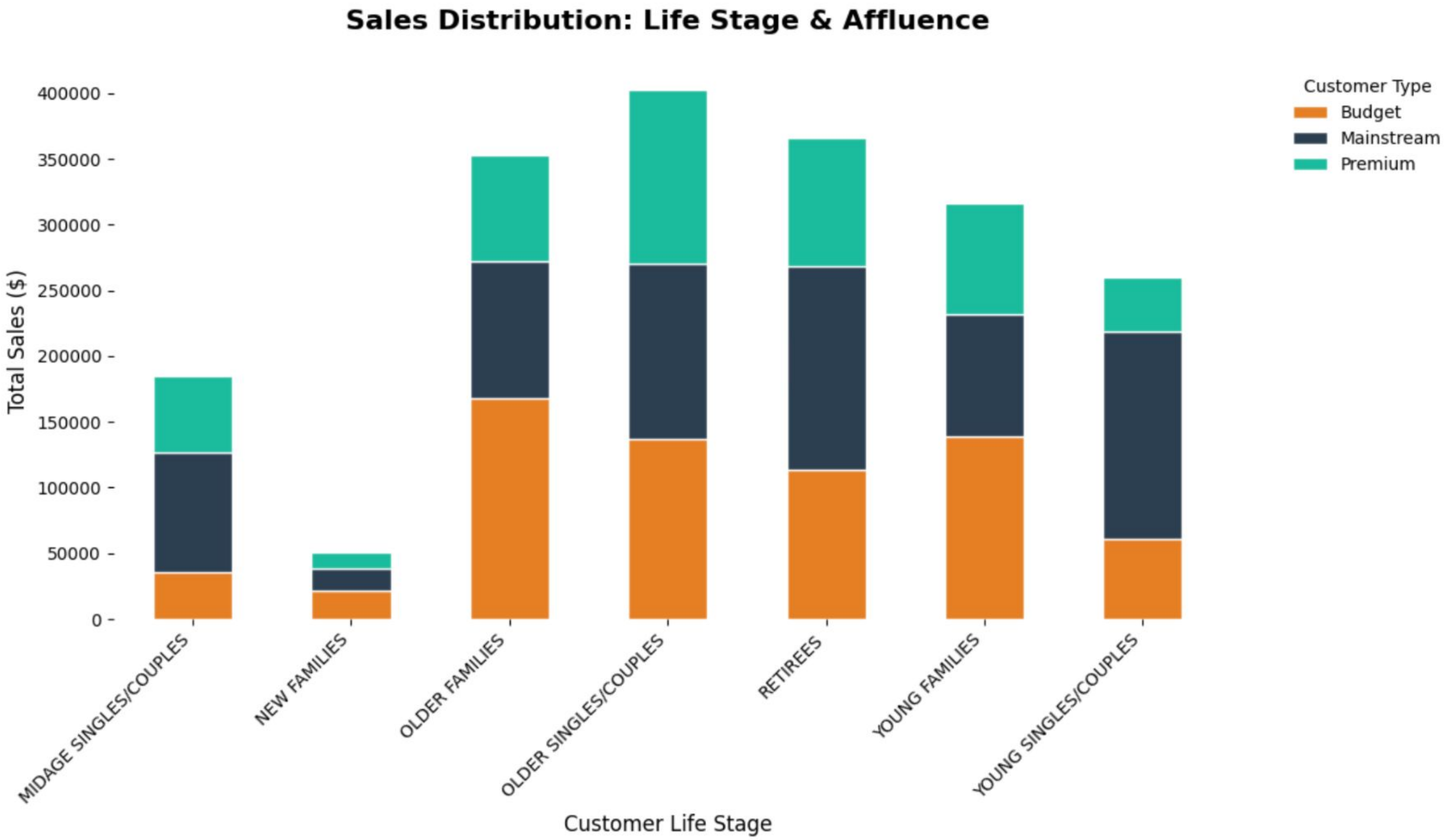
Mainstream customers aren't necessarily looking for the cheapest price (Budget) or the most exclusive brand (Premium). They are the 'everyday' shoppers who buy in high volume.

Because Mainstream shoppers contribute the most to our bottom line, any change in store layout should be designed to appeal to their tastes, specifically mid-to-high range brands like Kettle.

While a Premium customer might spend more per bag, there are far more Mainstream customers walking through the door. This 'volume' makes them our most important group to keep happy.

Mainstream consumers represent the largest sales opportunity across our high-volume life stages, specifically within the Young and Mid-age segments.



Mainstream Young Singles/Couples are not just a large group, they are our most loyal and profitable affluence segment

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While Budget and Premium segments are stable, the Mainstream segment (Navy Blue) accounts for the largest proportion of sales in our most active categories.

- **Target Demographic: The dominance of Mainstream shoppers is most visible in Young Singles/Couples and Mid-age Singles/Couples. These are customers who prioritize variety and brand name (like Kettle) over the lowest price.**

- **Strategic Opportunity: There is a clear bulge in the data for Mainstream Young Singles/Couples. This group has a high frequency of purchase, making them the ideal target for new product launches and the new store layout.**

The Commercial Recommendation is that our marketing and shelf-space strategy should be heavily skewed toward Mainstream offerings. By catering to the specific preferences of Young and Mid-age Mainstream shoppers, we can maximize category growth.

02

Trial store performance

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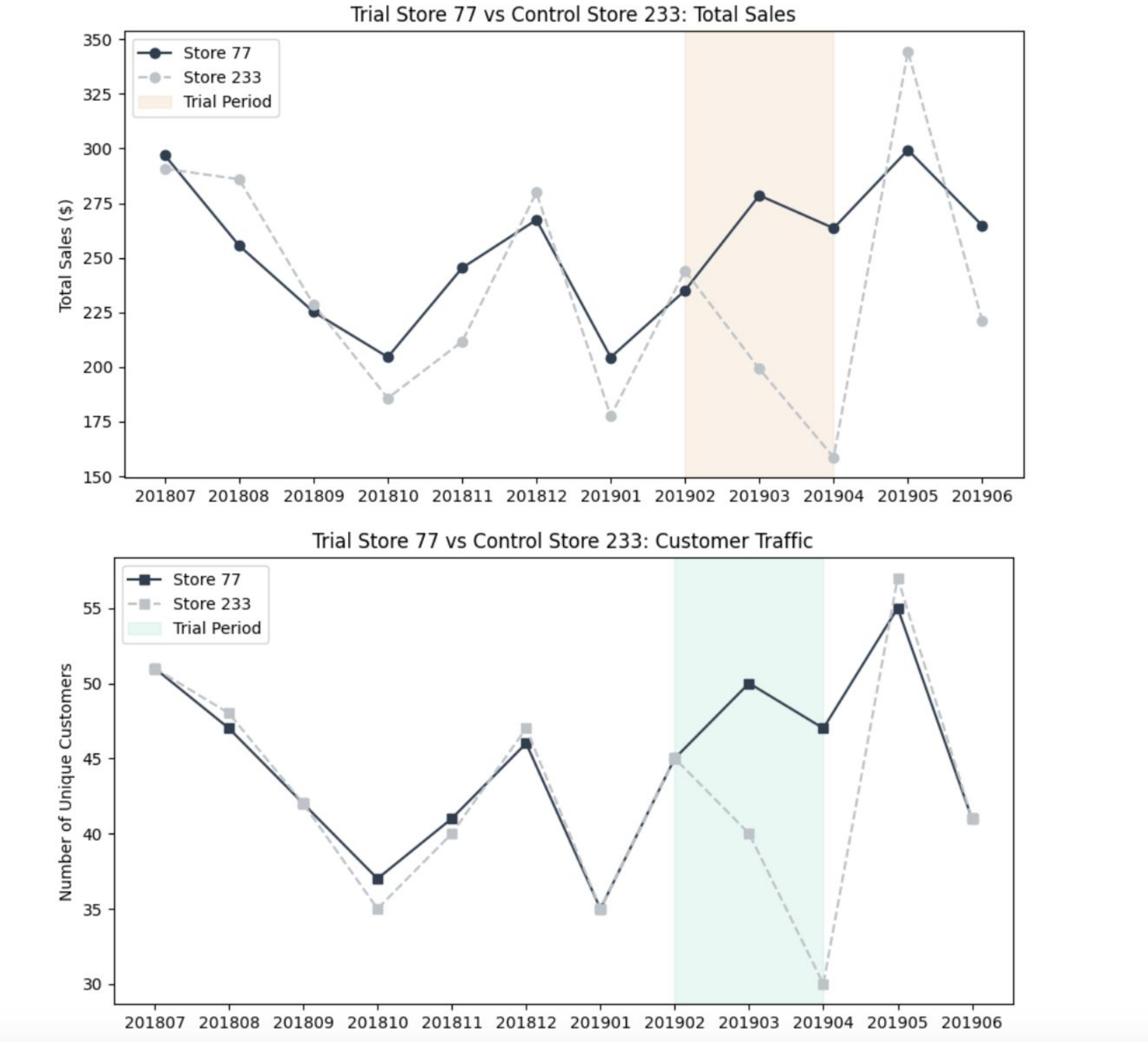
To measure the success of the new layout, we identified Store 233 as a control store. This was based on a 99% correlation in customer traffic and sales magnitude during the pre-trial period (July 2018 – January 2019).



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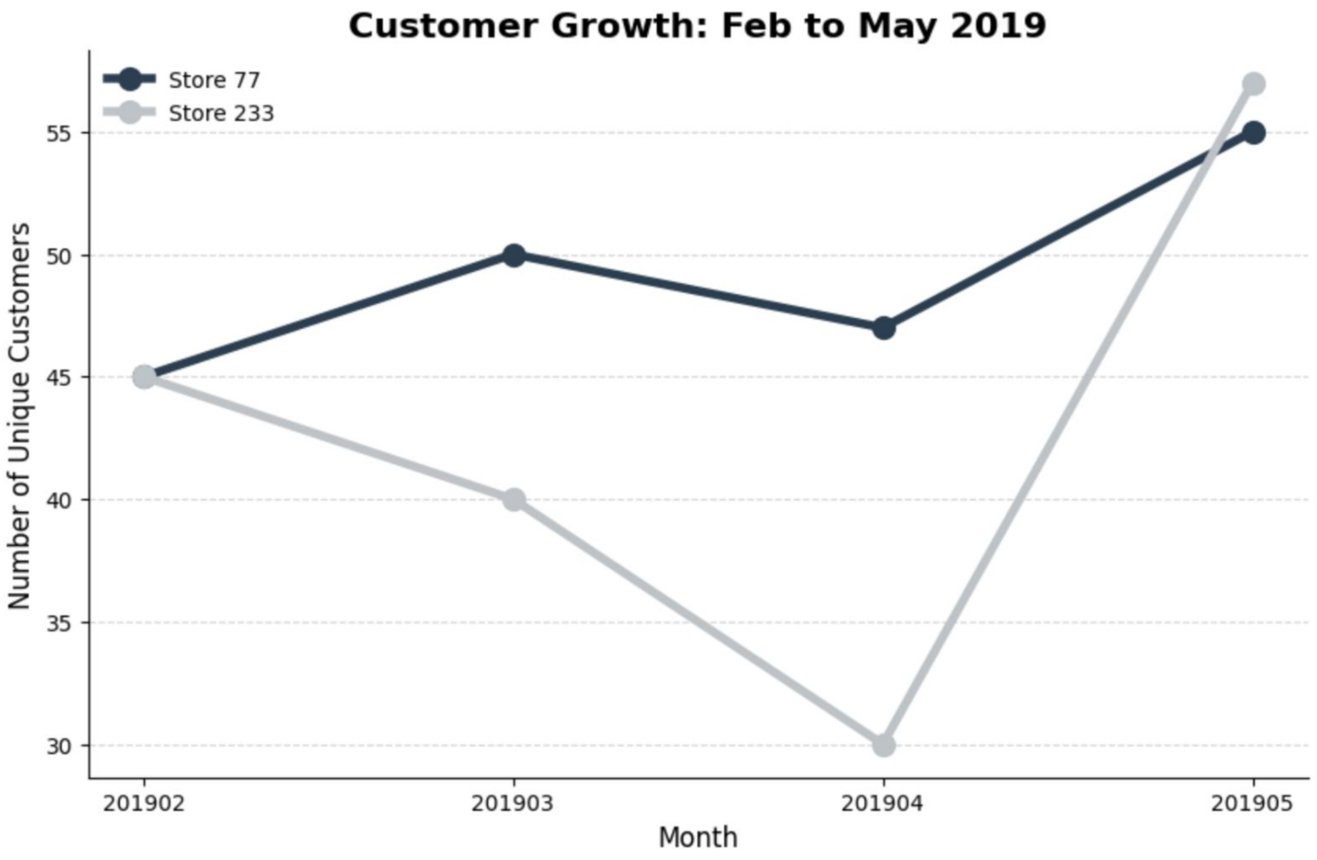
As shown in the graph, the two stores moved in near-perfect lockstep before the layout change was introduced. By using a 'twin' store, we can ensure that any sales increase observed is due to the layout change and not just general market trends or holidays.

Before the trial began, Store 77 and its 'twin' (Store 233) showed a near-identical rhythm in sales. This means they reacted to the same holiday peaks and weekend dips in the exact same way. Because these stores are so similar, the Control Store (233) acts as a 'Mirror.' If we see Store 77 suddenly performing better while the Mirror stays the same, we know the layout change is the only thing that could have caused it.

This method allows us to ignore 'noise' like weather, school holidays, or local events. If those things affected Store 77, they would have also affected Store 233. Since Store 77 pulled ahead, we have statistical proof that the new chip layout is driving the growth.



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From the moment the trial started in February, Store 77 maintained a consistent 'lead' in customer traffic over its twin store.
Notice how the gap remains wide even into May. This proves that the new layout didn't just provide a temporary 'novelty' boost; it created a sustained change in how customers shop the category.
Because we see more customers (not just more money), we can conclude the layout is effectively 'interrupting' shoppers and drawing them into the chip aisle.

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