

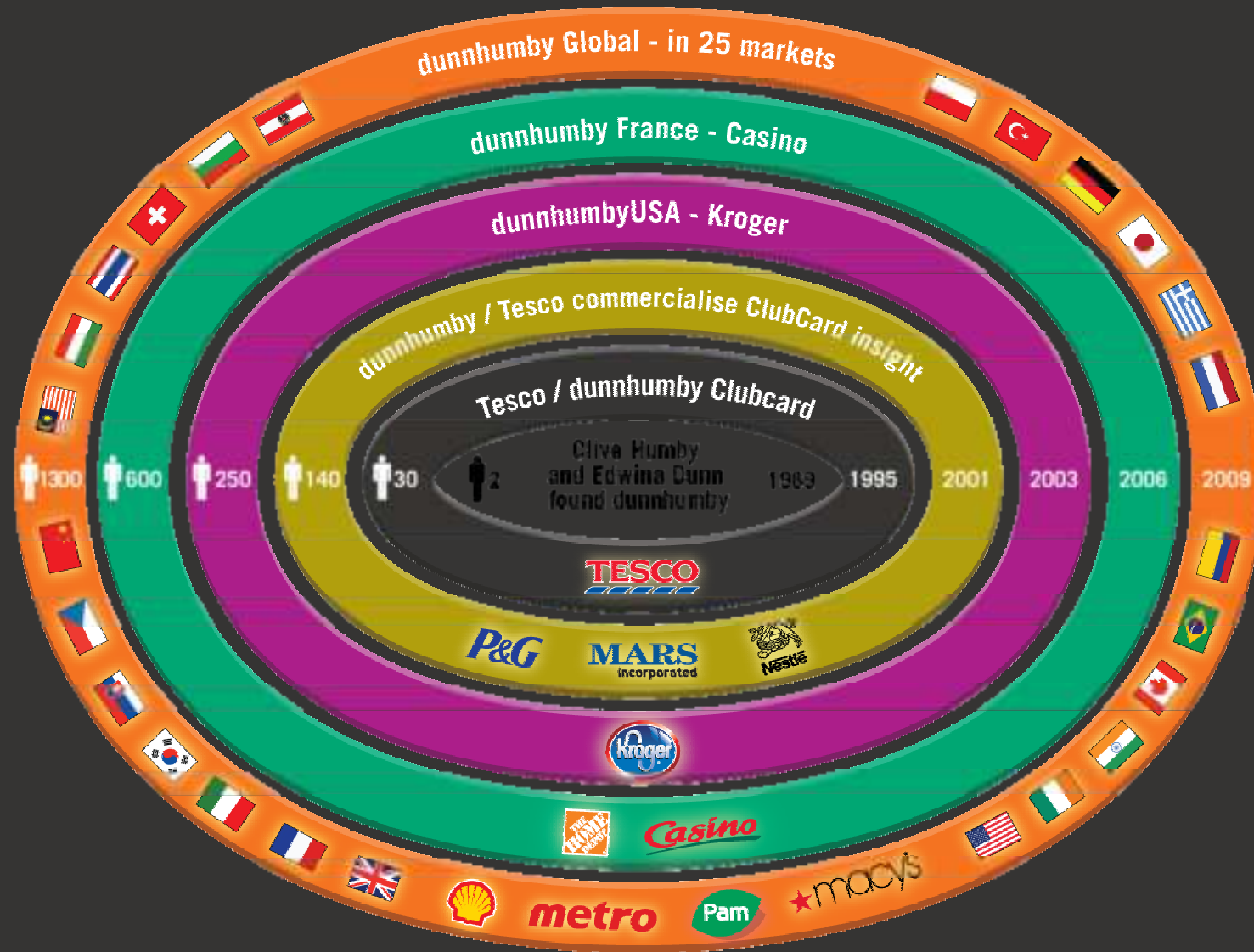
BUSINESS DECISIONS
CAN BE A STAB IN THE
DARK. DON'T GUESS
WHEN YOU COULD
KNOW FOR SURE

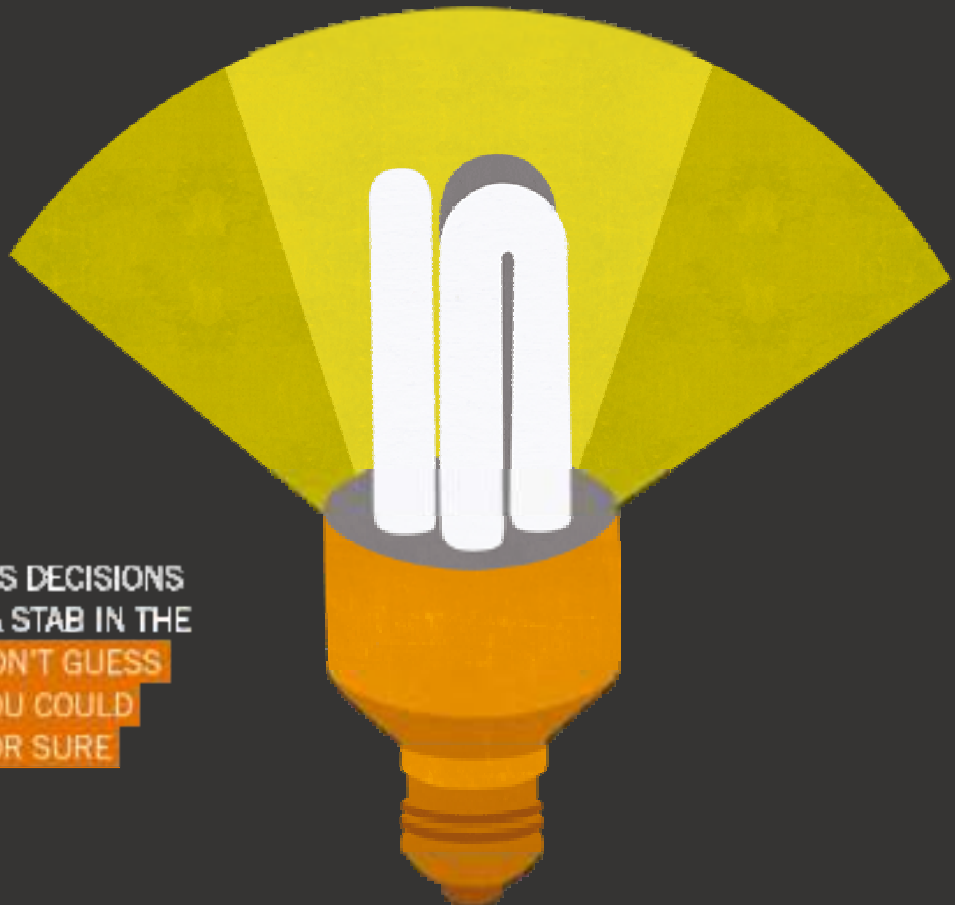
Customer Centricity

An international perspective

Giles Pavey

dunnhumby





BUSINESS DECISIONS
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the idea



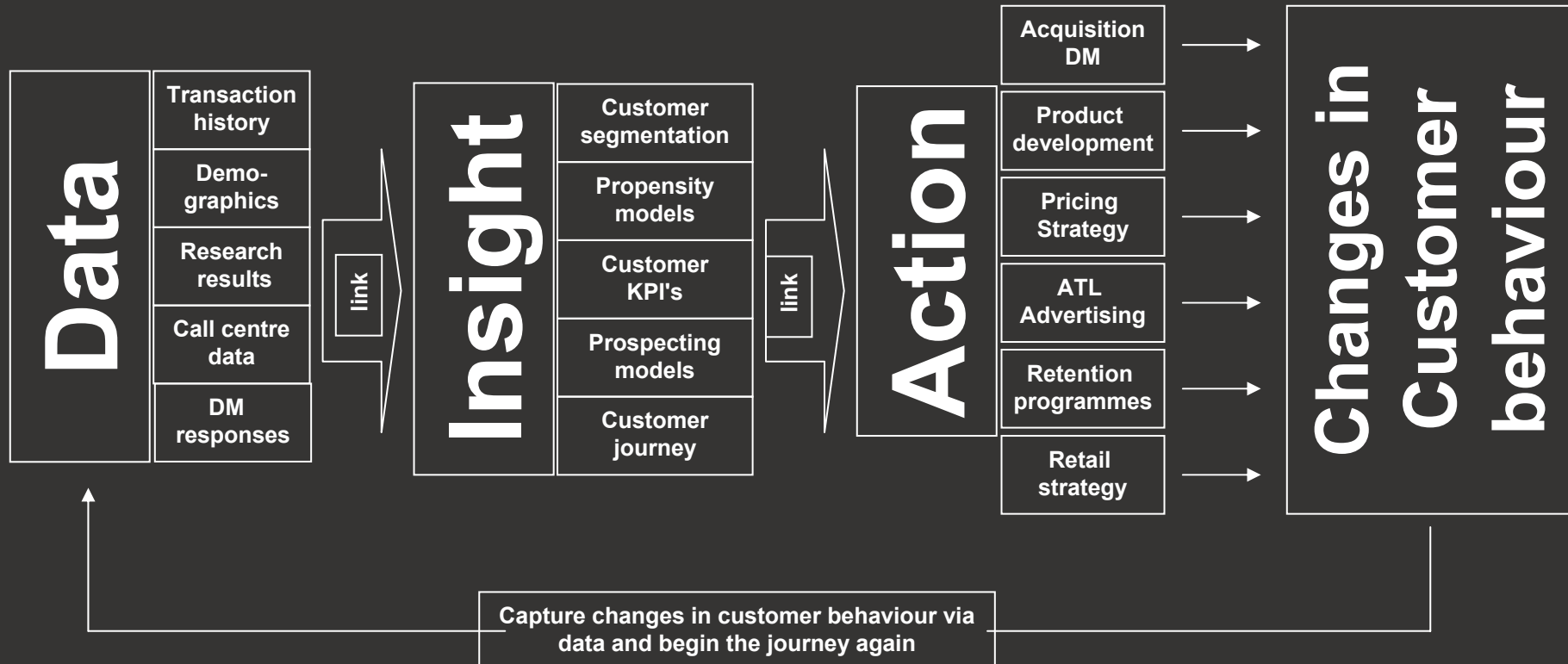
Jack Welch Former CEO General Electric

Only two sources of competitive advantage:
- the ability to learn more about our customers faster than the competition
and
- the ability to turn that learning into **action** faster than the competition

“how do you drink from the fire hydrant?”



dunnhumby's blueprint for business success through customer centricity



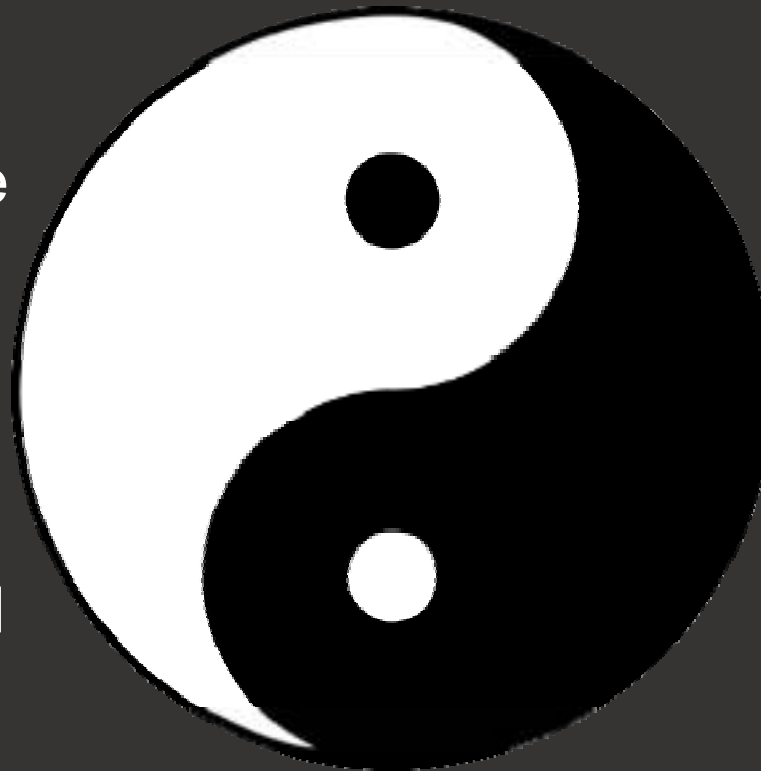
The planets are aligned for customer insight



- Business need
- Customer expectation
- Powerful, cheap IT
- Data critical mass
- Skills availability

A delicate balance of qualities is required to succeed with customer centricity

- Dispassionate analysis
- Data and statistics
- Computers
- Discipline and rigour



- Passionate advocacy
- Intuition
- People
- Creativity

Two Speeds to insight led success

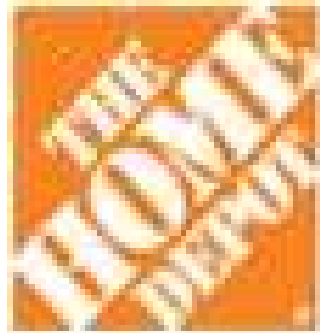


- Express
 - Set the corporate value
 - Hire the people
 - Build the system
 - Set the process
- 1-2 years



- Stopping train
 - Run a pilot
 - Measure the benefit
 - Try to spread it
 - Scale over time
- 3 years to never

Our clients are united by their strong leadership and commitment to follow the customer



Tesco strives to be a truly customer focussed business



“Our mission is to earn and grow the lifetime loyalty of our customers”



Sir Terry Leahy
Chief Executive

Tesco has a core aim “to understand customers better than anyone”



dunnhumby's Lifestyle

INSIGHT ISN'T
ABOUT SHORT TERM
SOLUTIONS, IT'S ABOUT
SUSTAINED GROWTH

this is a friend we know...Signora Rossi.....

- she is a busy young lady
- she looks after her health and loves fresh produce
- she drives to the supermarket on a Saturday morning
- she reads Chi Magazine
- she has a cat
- she doesn't pay attention to the price of products
- she does look out for promotions



we know 188m people around the Globe as well as we know Signora Rossi

Gli step



1° step – dimensioni d'analisi



2° step – analisi degli stili di vita

3° step – i gruppi

Attributi del prodotto



Intrattenimento



Ingredienti di base & Gourmet



Ingredienti di base & Esotico



Calorici & intrattenimento



Pronto da mangiare



Esotico

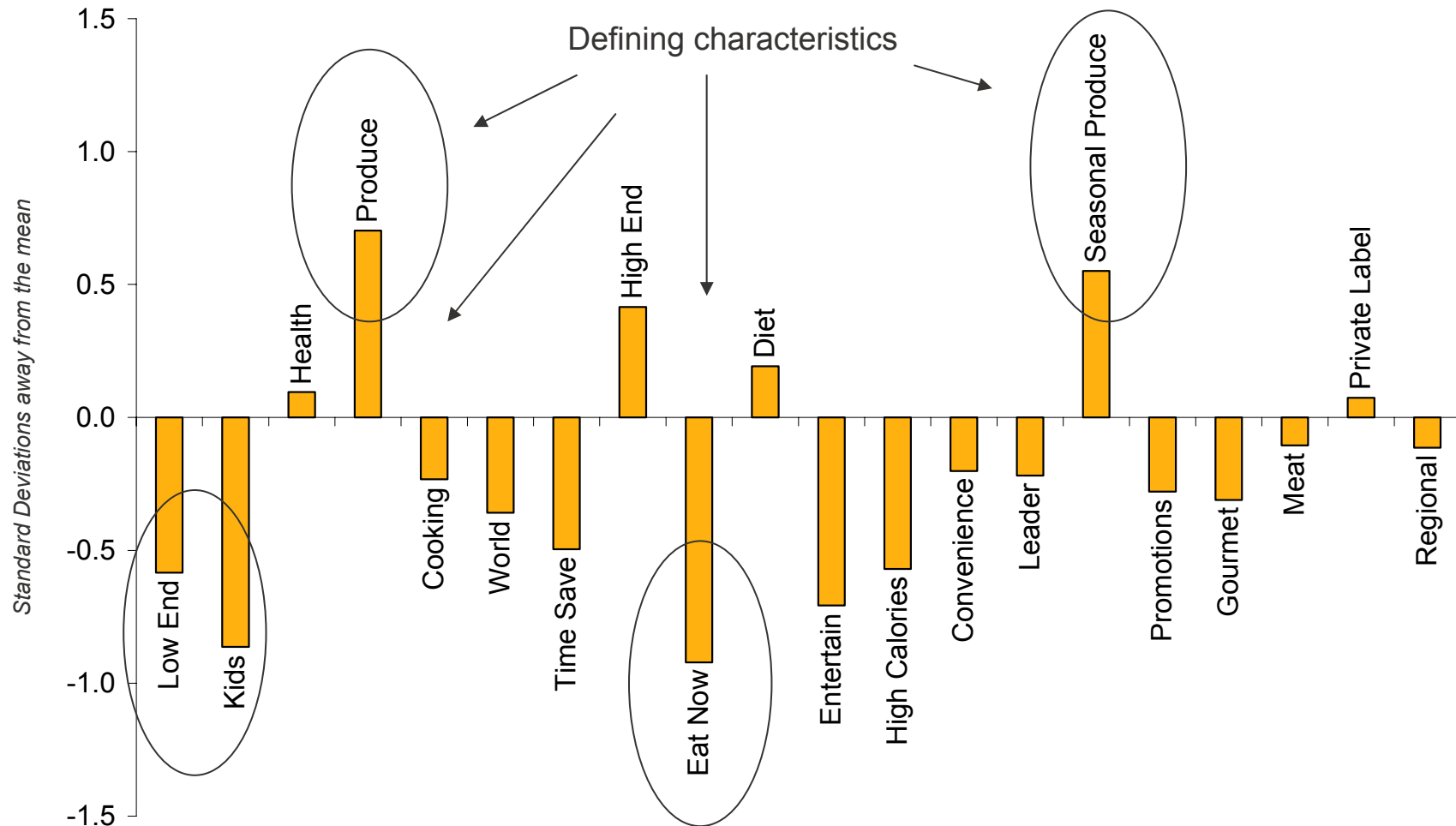


Salutista



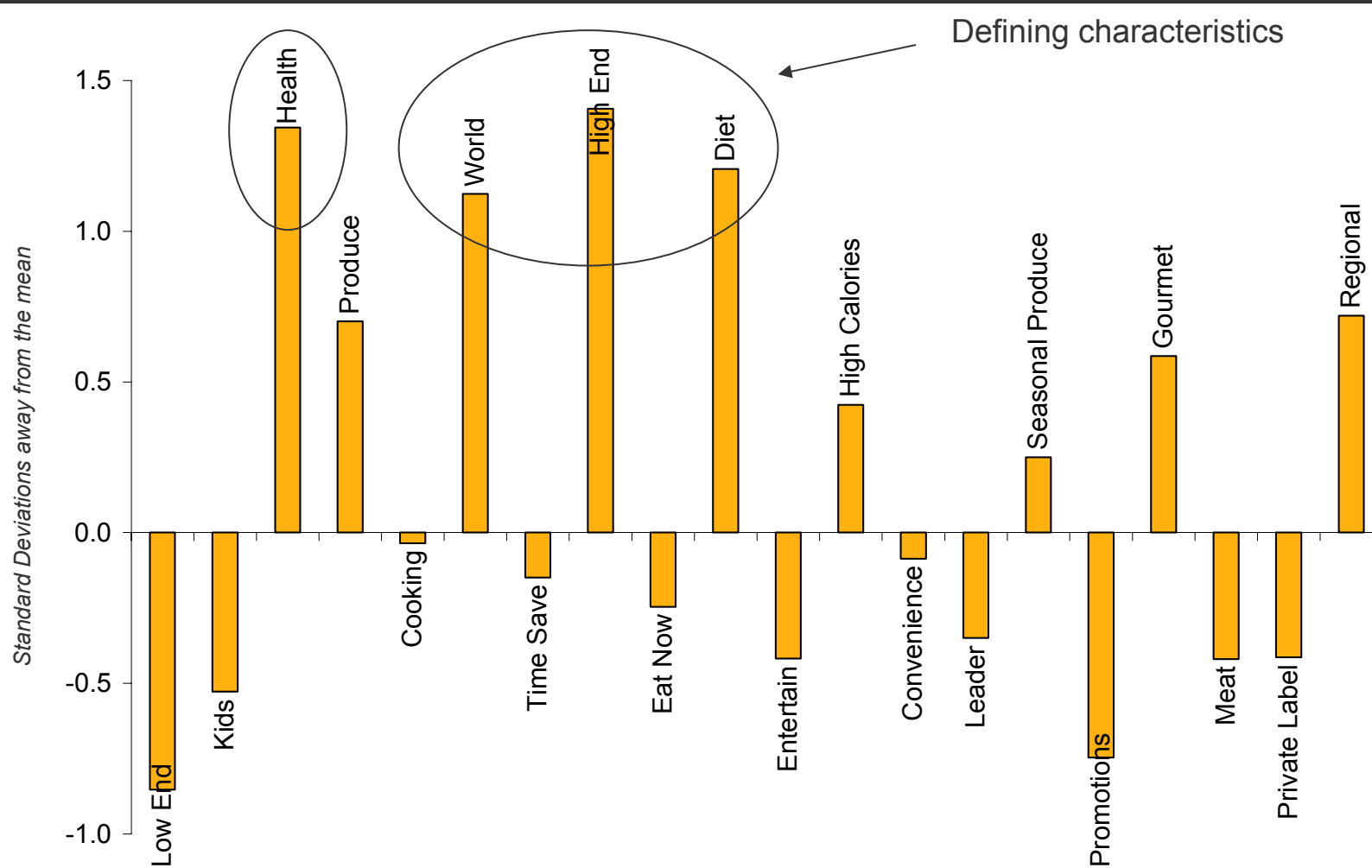
Comodo e veloce

Customer DNA: Exhibit A



This customer belongs to a group of customers who buy a lot of Fresh Produce but not so many Kids or Convenience products – They are part of the **Traditional** segment

Customer DNA: Exhibit B



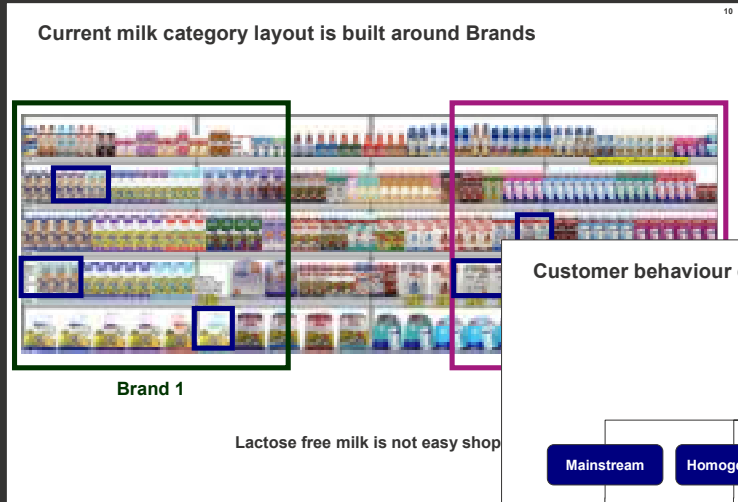
This customer buys a lot of High End products, takes an interest in Diet and Health, and also buys World cuisine – customers like this make up the **Cosmopolitan** segment

I GRUPPI

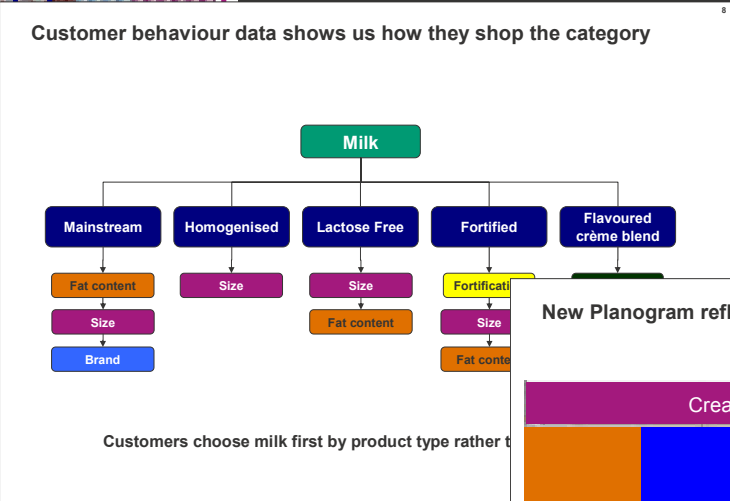
7 STILI DI VITA



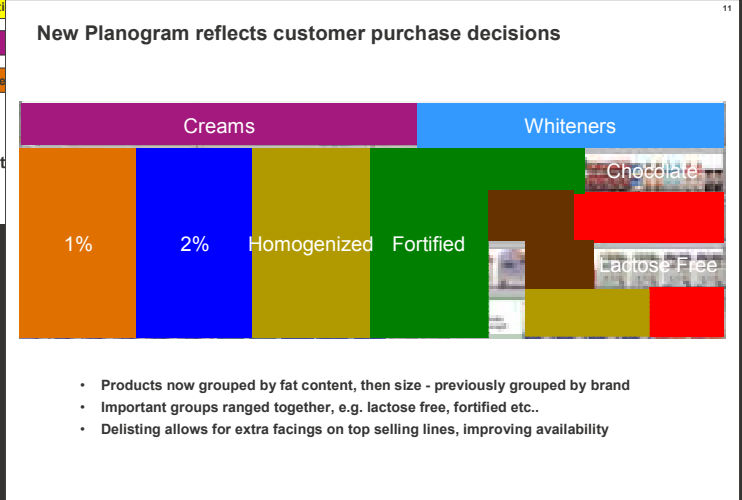
applying segmentation to improve assortment appeal



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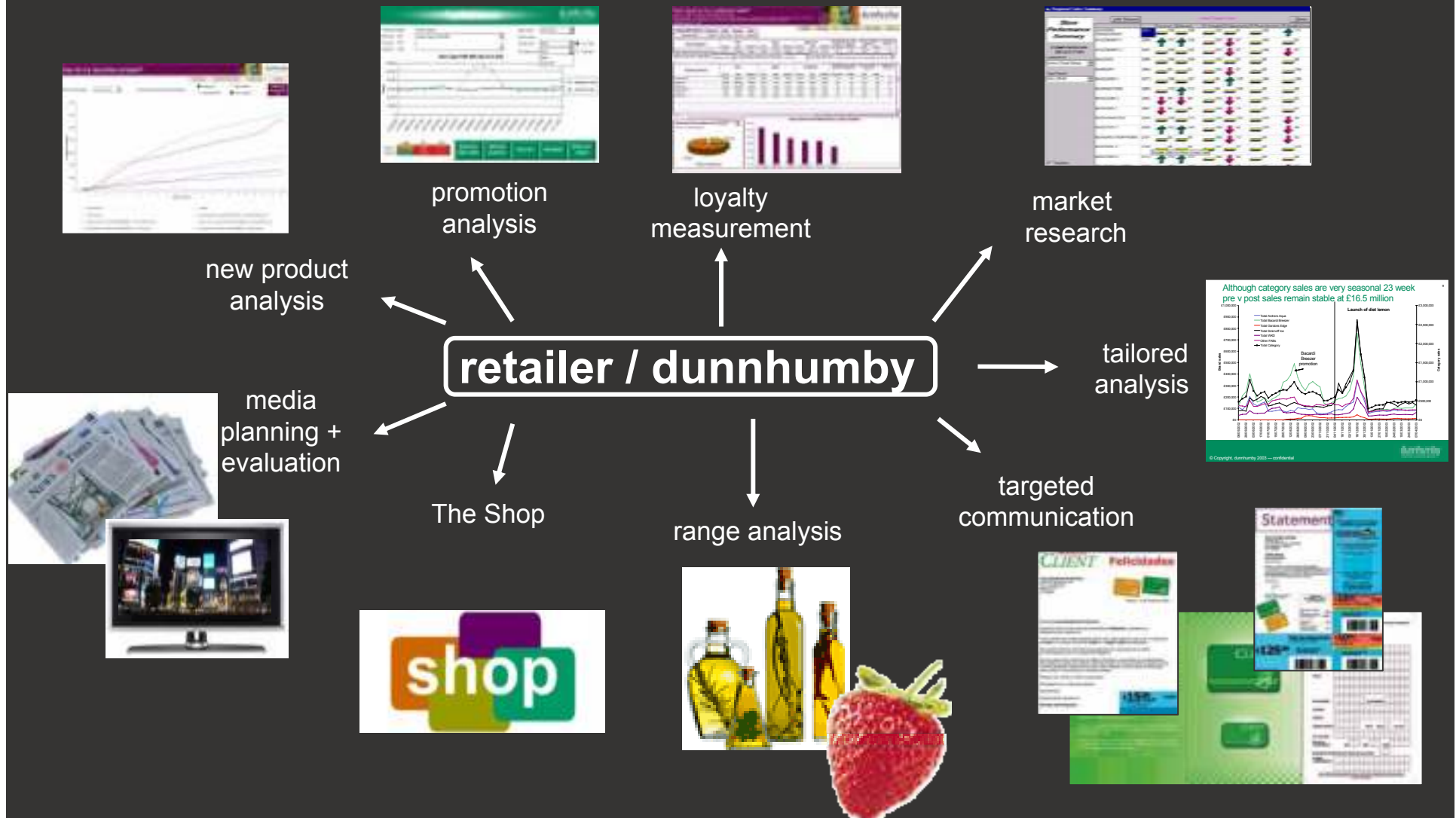
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using data insights with suppliers and vendors



some of Kroger's customer initiatives

strategy



customer driven
for the 1st time

customers



loyal customers
up + 4.8%

kroger sales



same-store sales
favorable + 3%

team growth



dunnhumbyusa

understanding



80,000 customer
interviews

rewarding



460 m coupons

competitive



vps customers
+ 10%

relevant



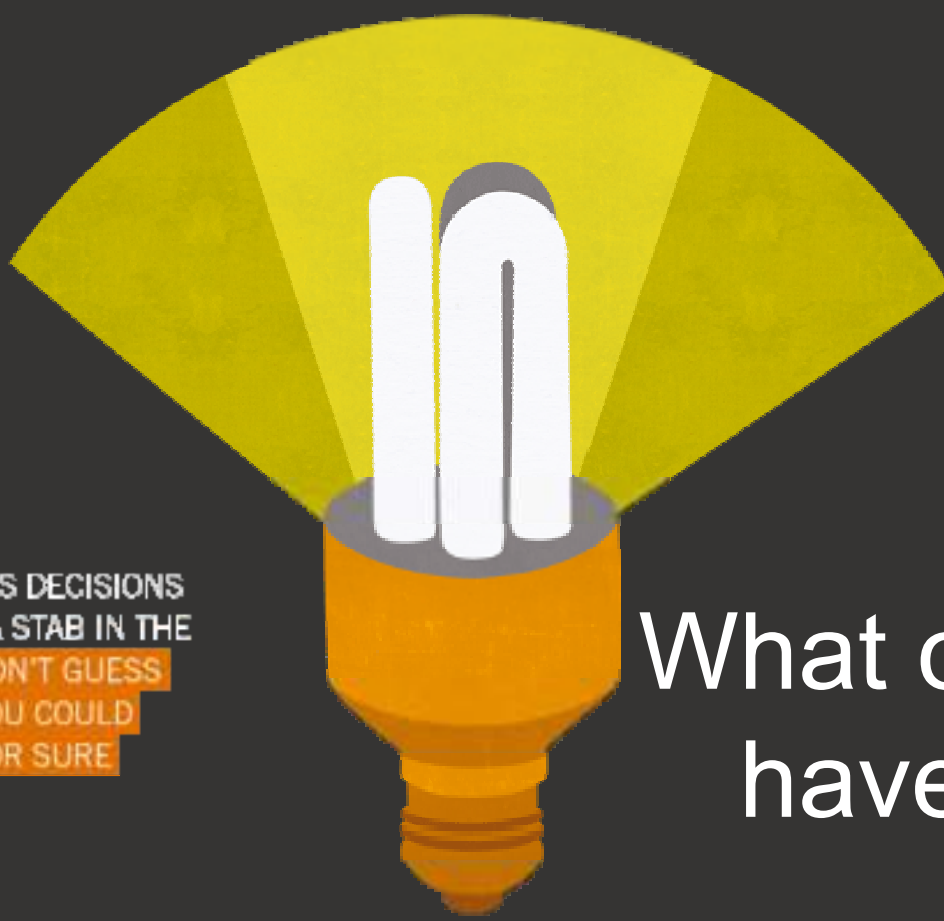
Front Page
Manager

ten ways Clubcard helps Tesco win...

1. identifying customer trends
2. targeted communication
3. promotions
 - better targeted and more accurately measured
4. basket building analysis of shopping trends
 - enables identification of 'holes' which provide lucrative like for like sales growth
5. defence against competitive activity
6. ranging
7. supplier negotiating power
 - Tesco collates and analyses transactional data that is gold dust to suppliers; no other UK retailer can provide this quality of information to suppliers
8. cross selling services
 - Tesco personal finance and Tesco mobile
9. site location
10. seasonal peaks



Cazenove Research Report 8/2005



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What our clients also
have in common...



Industry Focus

29 February 2008 | 116 pages

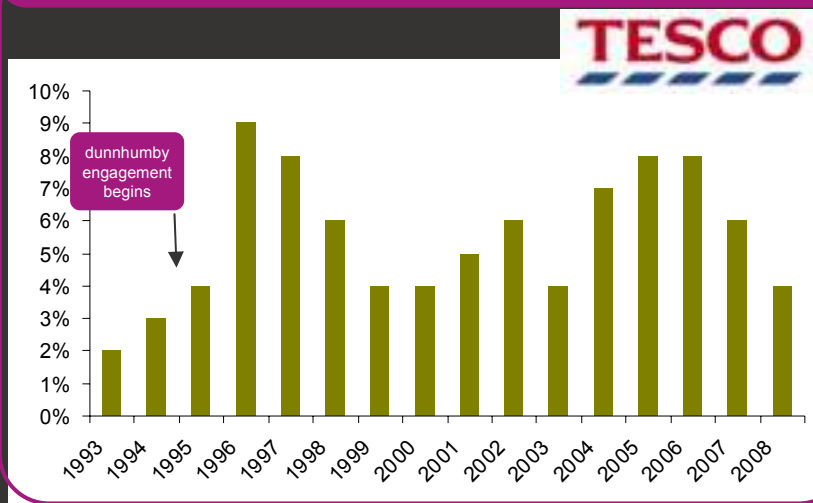
Feeder's Digest – Issue 60

dunnhumby – A Retailer's Secret Weapon

- **Welcome to Feeder's Digest, Issue 60** — In this issue we look at dunnhumby, the datamining company most famous for its work with Tesco's Clubcard. We take a look at how and what the company can do and examine the potential for its partnerships with Kroger and Casino.
- **A key element of our Buy cases on Tesco, Casino and Kroger** — Since 1995 dunnhumby has helped Tesco build a unique competitive advantage using the Clubcard to analyse customer behaviour and design targeted marketing campaigns. Its partnerships with Kroger and Casino are also driving sales growth and improved customer loyalty, generating much improved marketing ROI.
- **Doing the double at Casino** — dunnhumby's work is helping to improve price perception with very limited actual price cuts. In fact the price gap vs competitors has been rising at Casino – and higher sales gives us further confidence that Casino's margins will be more resilient than the market expects.
- **Difficult to replicate** — dunnhumby has no real competitors with the same capabilities – neither Sainsbury nor Morrison have so far managed to leverage their sales data to the same extent, and they have a smaller pool of consumers/baskets to analyse. By expanding internationally with large-scale retail partners, dunnhumby has stolen a lead on the competition that may be difficult to overcome.
- **Good retailers get real value from loyalty cards** — ... but loyalty cards cannot make good retailers. The loyalty card is an expensive sales tool, but can be powerful (and profitable) when used effectively. The cost is partly offset by selling access to the data on to FMCG companies.

dunnhumby's long term partners' LFL sales growth

Tesco has achieved same store sales growth of over 4% every year since 1995



Kroger has delivered same store sales growth over 5% in each of the last 3 years



Tesco Market share doubled from 16% in 1994 to 31% in 2009

Kroger Market share grew from 4.0% in 2003 to 4.7% in 2009

thank you
Giles.Pavey@dunnhumby.com

