

Important Update on Future Promotions and Advertising

Due to the current and expected ongoing challenges we are all experiencing within our sector we have made the decision to significantly reduce our 'above the line' advertising & marketing programs.

Note, TIR will still maintain a presence from a corporate perspective which includes our current 'Low Prices' TV Adverts, along with any other corporate messaging that IGA Nationally may choose to adopt relevant to the current crisis.

For reference 'above the line' advertising refers to all Television, Press and Catalogues marketing support and activity, with 'below the line' advertising referring to all in store marketing activity, i.e. the placement of the 9 Up and 12 Up Shelf Tickets in store along with in store posters where applicable.

We stress this an interim, and we hope short term measure, and which is in line and consistent with recent changes made by our main competitors, and also that of our mainland IGA colleagues.

This change will see a substantial reduction in the number of lines that we will advertise 'above the line' via our various media platforms, coupled with a substantial reduction in both the placement and size of TV and Press Adverts.

More specific details relevant to these changes, and how they will impact future 'above the line' marketing activity are noted below.

Primarily, this change is due to the inability to ensure that we have normal stock levels available for stores relevant to the extended range of products being promoted via our 'above the line' marketing platforms – in summary, the current range of products is simply too large and too broad from a category perspective to maintain under the current supply circumstances, hence a large amount of out of stocks will invariably occur which in turn reflects poorly on both the store and the IGA brand from a customer perspective.

In contrast the reduced number of lines to be promoted 'above the line' will be focused on key lines which are not subject to the current supply related issues being experienced within our network, hence our confidence in moving forward under this revised, albeit short term platform. TIR is also working with SIW very closely to ensure that any 'above the line' promoted items are not affected by the current SLIM procedure.

We also note that some suppliers, which are currently being impacted from a demand and supply perspective into all DC's across the country, have also cancelled their promotional activity with TIR, and also that of our competitors, hence our item & price program is in part, being scaled back by default anyway.

There are however many other suppliers that have not withdrawn their promotions, and hence a large number of promoted products remain available to our IGA network, which in turn will continue to underpin our item & price promotional programs over the coming months, and until we can return to a more 'normal' platform.

On this note we also consider it imperative that our item & price promotional program be maintained, and **fully** complied with at store level, as our customers, whilst being understanding of the various stock supply issues and challenges within our economy relevant to the current crisis, would expect nothing less. In addition, any significant departure from our past practices, and without sound justification, we feel would also lead to heightened levels of customer dissatisfaction with our brand, and may also lead to widespread negative customer reporting of the same via various social media avenues.

The continuation of our item & price promotional program will also ensure continuity of our value messaging which has helped drive our IGA brand positioning and ongoing relevance within the grocery market – a position from which we feel all Members have benefited from over time.

To continue with our value messaging in store, we also note that our Low Price Every day and Price Match will remain, and will not be affected by this change (unless these are long term out of stock with some key lines, hence some adjustment may apply).

We further note that many of members are seeing new customers for the first time with some of this feedback from within our network being very positive, hence we currently have the opportunity to showcase our stores, along with

our wider value offer to many new customers, so let's collectively try and make that the best offer that we can, both under the current circumstances, and within the current confines.

We also reiterate at this point that It is an ongoing requirement of TIR that all IGA branded stores comply fully with our item & price promotional program via the activation of POS host files and the placement of the 9 Up or 12 Up Shelf Talkers.

This requirement does not change in anyway, nor is it a departure from any prior obligations, after all the only change being made at this point is the manner in which we are currently promoting from an 'above the line' perspective, with everything below that remaining the same.

We further confirm that the reduction in our advertising budgets and spend as a result of these changes will be quarantined and used to assist our network as we come out of the current crisis, and in part to also help counter some of the aggressive marketing strategies that we dare say our competitors are already contemplating and planning.

Finally, TIR will continue to promote key value messaging, along with highlighting that there are many other weekly specials available in stores, and as highlighted via our ongoing social media presence and our weekly email subscriber list. This expanded messaging will coincide with the timing of the key changes as noted below, and will seek to reiterate and remind people that we are here to support our customers and the wider community via a continuation of great weekly specials, which we feel is critical in these current circumstances.

TIR will continue to monitor the current situation, along with the initial changes made, and if any further changes or amendments are required to our marketing platforms, all members will be advised in due course.

If any members have concerns with regards to their ability to comply with our ongoing item and price promotional program then should make contact with their Area Manager, or Grant Hinchcliffe or Ron Barker at TIR, or conversely speak directly to one of the TIR Board Members.

Key Changes & Overview

Catalogues (Changes from Wednesday, 01/04/2020)

- Catalogues will not be printed from 01/04/2020.
- A 3-page (digital only) catalogue will be uploaded to the IGA TAS website and will be emailed to all email based subscribers. This catalogue is linked to all stores within the store locator webpage.
- 2 pages will contain Product & Price and the third page will inform customers to look for the Red Special Tickets (9 Up and 12 Up) in-store at their local IGA. Product and Price items will be carefully selected to ensure stock availability.
- All Catalogue charges have been suspended from promotions w/c 01/04/2020.

Newspaper (Changes from Wednesday, 01/04/2020)

- Advertising space will be reduced starting this Saturday, 28/03/2020 with this newspaper advertisement cancelled.
- From 01/04/2020 all Newspaper advertising will be a strip adverts only and appearing each Thursday and Friday with only 2 to 3 products each (similar in size the current Friday ads).
- Note there will be no strip advert for Friday, 08/04/2020 as this is Good Friday and there are no papers printed on this day, this strip advert will instead revert to the Saturday Press.

TV (Changes from Wednesday, 01/04/2020)

- From 01/04/2020 there will be 3x 15sec commercials with 2 grocery products per ad. This will give us flexibility should a product become out of stock to remove 1 commercial from air.

In Store Posters

- TIR will continue to produce in store posters for all stores based on the current arrangements, albeit the number of posters will reduce and will only focus on the key lines promoted via our 'above the line' marketing programs.
- Given the reduction in the quantity of posters generated, the current poster fee as charged by TIR will be suspended.

Social media

Social media will continue to be used to educate customers on their expectation when visiting their local IGA. Key items will include;

- Covid-19 social distancing and hygiene
- Catalogue changes
- Look for the red special tickets in store
- Card transactions preferred rather than cash

Monthly Advertising Charges

In light of the above changes we confirm that the monthly advertising charges will be suspended from 31 March 2020, with the board to review this matter when the crisis passes.

Additional Advertising Notes

- A poster will be available for stores regarding catalogue changes and encouraging customers to look for red special tickets in-store.
- Amended retail sheets will be uploaded as soon as possible.
- Current catalogue for Wednesday, 25/03/2020 will not be emailed to customers instead a message about check in-store for the red special tickets will be sent to IGA email subscribers.

All queries regarding the above marketing changes should be directed to Travis Allen @ TIR via phone or email, travis.allen@igatas.com.au.