



# HOW WELL DO YOU KNOW YOUR CUSTOMERS?



**Unlock the power of data-driven marketing to capture more sales and improve store margins by better understanding your customers' needs.**



A deep understanding of your shoppers will deliver data-driven marketing that's more tailored and more effective.



Data-driven marketing can grow both your share of their spend and your margins.



Many companies are data rich – but data only becomes valuable with sophisticated analysis and marketing execution.



**IGA retailers have a unique opportunity** to work with a world leading data marketing and customer engagement business.

# Understand your customers better to drive more profitable sales

## Increase basket size

Get to know Charlotte and get to know how she regularly shops at IGA.



### 1 IGA customer

Charlotte is already an IGA customer. We can tell she has two young children and responds to offers – but she doesn't always choose IGA for her main shop.



### 2 Targeting

For being a member, she's targeted with offers for nappies – an offer just for her.



### 3 Increase spend

Charlotte visits for nappies, and does a full weekly shop whilst in-store – spending more than on her usual visits.



### 4 Improve margins

Because the offer was personal, the discount on nappies wasn't given away to everyone, helping to maintain higher margins in-store.

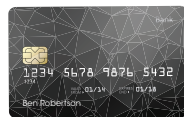
## More new customers

Ben does not shop at IGA but through a coalition program you could reach him with tailored offers to start him shopping.



### 1 Not an IGA customer

Ben doesn't shop at IGA. But he's signed up to the program through his bank – and because his credit card is linked, he earns points with every purchase.



### 2 Targeting

Because Ben's bank is a program partner with IGA, we learn that he's a potential high-value customer who lives near IGA Breakfast Point.



### 3 Acquisition

He's targeted with a bonus points offer to come and shop at IGA Breakfast Point – gaining 500 points if he spends \$50.



### 4 Double points value

Ben visits the store and spends \$75 to get his bonus offer. Now he knows he can earn rewards faster by becoming a regular IGA shopper.

## Earn more rewards, more quickly, from more places

Through a coalition program Katherine can earn more rewards.



### 1 IGA customer

Katherine collects points on all her grocery shopping at IGA. She shops at a Supa IGA for her main weekly shop, and also at the IGA near her work for smaller items when she needs them.



### 2 Partners earn

Her credit card is also part of the program, so when she pays using her card she collects points on all her spend. She also collects points at other program retailers, and the program fuel partner when she fills up her car.



### 3 More points quickly

By collecting across multiple program participants, as well as on her credit card spend, she quickly builds up a significant points balance, worth \$85.



### 4 Redemption

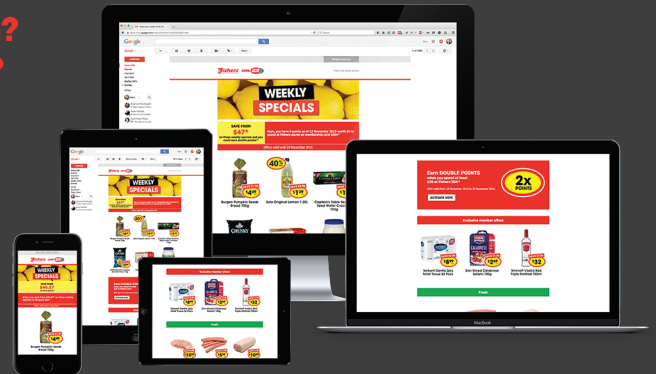
There are a wide range of rewards options for her to choose from. She decides to use her points to pay for her Christmas shop at her local IGA store.

# What if you knew all your customers by name?

**Who are your most valuable customers?**  
**How many shoppers did you lose last month?**  
**Which offers brought in the biggest baskets?**

## Today's shoppers expect more

Brands and retailers are delivering more relevant, personalised offers to their customers than ever before. So customers already expect to receive offers that are directly relevant to them via their device of choice: a smart phone, tablet, laptop or desktop.



## How valuable is understanding your customers?

Imagine if you knew exactly how your customers shop, if they have young children, if they're vegetarian, what their favourite brands are, which offers they respond to and which products you don't need to discount because they are happy to pay shelf price.

What if you knew which customers hadn't been back to your store, who had responded to your latest local promotion, and even who shops at your competitors?



## What could this data be used for?

Better and smarter:



Ranging



Promotions



Pricing



Tailored personal electronic catalogues



Communicate store manager specials



## What could this do for you?



Improve margins



Traffic drivers



Increase spend



More targeted offers



Higher engagement



Easier shopping



Retain customers



New customers



Drive sales of high-margin products



More relevant and personalised communications



## The power of data analytics and shopper insights

You may already have lots of raw data but can you use it effectively to grow your business?

With a coalition program like this you will have access to powerful analytics and customer insight tools that could add significant value to your data. This could allow you to make better and more informed, customer-focused decisions - having a positive effect on your pricing, range, marketing and promotions. This would translate to more profitable sales for your business.

## Reporting Dashboards for more informed decisions

You will have access to your own in-depth reporting tools and dashboard to assist you in decisions you make for your business. You'll be able to see how your customers are shopping, and learn more about how they're spending. This data will help you understand who your customers are and the different demographics of your shoppers. All while Engagement Metrics are tracking how they're responding to your promotions.



# A world class independent data driven customer program

## A unique new program for Australia

The new program would bring together a coalition of well known household brands that will allow your customers to earn more points, faster. And then redeem those points for a larger range of rewards in more places than anywhere else. Customers will be able to access the program through any device and it will deliver them personal targeted offers that should increase profitable sales for you.

## Everyday household spend



## An independent operating company. A world-class program.



### What's in it for you, the retailer:

- A highly sophisticated technical platform – for a fraction of the cost.
- Rich data and insights to help you make more informed decisions.
- World-leading data driven marketing.
- Flexibility and control.



### What's in it for your shoppers:

- Earn more points, faster. More reasons to shop.
- Each customer earns at least 0.5% of their eligible spend value at participating IGA stores.
- More value for the shopper, better ROI for the supplier.
- Targeted, personal offers that are relevant to their needs.

## Working with with a global data and analytics expert

Some of the most successful companies in the world enjoy the benefits of understanding their customers better. But they don't do it alone. To deliver this program, we'd partner with the world's leading provider of customer engagement programs, Aimia.

Here are some of the programs they manage:

**AIMIA**  
INSPIRING LOYALTY



## Aimia's UK success, an example

When Sainsbury's teamed up with eBay in the Nectar program operated by Aimia, Sainsbury's saw their customer base grow quickly.

**390,000** eBay customers started shopping in Sainsbury's, generating **£16m of revenue.**

**Sainsbury's** **ebay**

# Proven business success

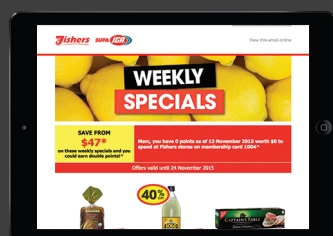
By using smart analytics to get closer to shoppers, programs around the world have generated over **6% more sales**, while boosting **margins by up to 5%.\***



Taking the lead from global success stories, the IGA marketing team and Fishers IGA decided to test the approach here. Over a year-long pilot program using Fishers Rewards Card data, the IGA marketing team and Fishers IGA were able to **increase customer spend by 7%** – by increasing basket size, and re-engaging lapsed shoppers to come back to the store.

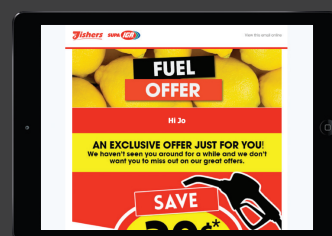
## Making it personal

By analysing the behaviour of Fishers' shoppers, we were able to email them weekly offers tailored especially to their needs – like a targeted personalised catalogue.



## Bring back lapsed shoppers

Fishers wanted to attract customers who'd stopped shopping with them back to their store. Using data analysis we identified these customers – and sent them a powerful offer to get them back in store.

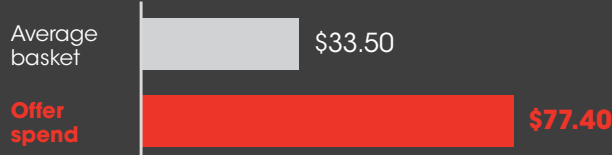


**443** returned  
**\$22,503** in total transactions  
**\$44.30** average basket size

## Stretch their spend

'Spend X get Y' is a common offer – but by knowing what individual customers normally spend, we can target them to stretch that spend more than usual. And those customers who qualified more than doubled their typical basket size.

### Basket size of customers who responded



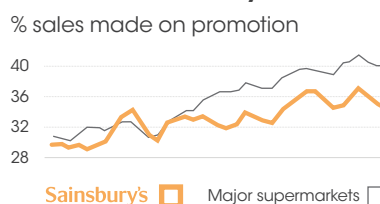
# Aimia delivered growth for Sainsbury's

**Sainsbury's**

## Margin improvement

By learning which customers were sensitive to promotions, Sainsbury's were able to cut back on store-wide price discounts – and focus on more cost-effective direct marketing promotions. By relying less on promotional sales, they were able to improve their store margins significantly without losing sales or market share.

### Promotional efficiency



## Attracting new shoppers



Sainsbury's attracted new customers to their stores from new program partners. When Homebase joined the Nectar program – which Sainsbury's were already a part of – Sainsbury's were able to target and attract their customers too.

\*Data from Aimia benchmarking.

# Frequently Asked Questions

## **Does this new program change my current agreement with Metcash?**

The planned program does not change anything in your existing agreements. However, you will need to enter into a program participation agreement. In order to offer points, create the insights which will enable you to make better decisions to deliver more effective marketing you would also need to participate in the scan data program if not already.

## **Who will the other partners be?**

The plan is to have partners across all the key sectors of everyday household spend e.g. Banking/Credit Card, Telecommunications, Fuel, Utilities, Travel and to create an opportunity for other small independent local partners to join the new program.

## **Who controls the offers that get sent to our customers?**

There will be multiple layers that influence which offers an individual customer receives. Customers shopping in IGA who have provided their permission to receive communications will always receive IGA offers from the standard promotional program, based on the store they shop at the most. Which specific offers they receive will be mainly driven by which they are most likely to be interested in (personalised according to their shopping habits) but we also intend to provide retailers with options to control the types of offers sent from their store. For example this might include the ability to limit offers based on GP Margin or exclude certain products from communications. We also want to provide retailers with the ability to create their own offers which would be sent out to their customers such as store manager specials or exclusive member pricing offers.

## **I have an existing program how will that be affected?**

The program will be designed to deliver a single offer to customers so they can be rewarded across IGA stores and on their household spend in many other places. We know that many customers already shop in multiple IGA stores but today the current retailer programs are fragmented and can be confusing. By introducing a core program that customers can use in many different IGA retailers it creates a very powerful offer which can be promoted nationally. This program would replace the cards customers already have, but it does not have to replace everything about your current program. The intention is that this offer can run in parallel to the other things you provide like member pricing, showcases, community benefits etc.

## **How much will it cost me?**

The intended minimum commitment to customers will be a base offer of 1 point for every dollar a member spends. These points cost participating retailers 0.5c each. We expect members to account for somewhere around 60% of sales so the total cost of points would be about 0.3% of store sales (excluding Tobacco, Gift Cards, Phone top-ups and other specific exclusions). In addition, when points are redeemed in your store (at 0.5c per point redeemed) you will receive a credit for that amount less a discount that will be applied in a similar way to the commission charge on gift cards. The only other anticipated cost is a program support fee of \$15 per store/week.

## **Who are Aimia, and why are they the best joint venture partner?**

Aimia are a global leader in building and managing customer engagement programs. They own and operate several of the world's largest multi partner programs and have extensive experience helping grocery retailers improve the effectiveness of their marketing such as Sainsbury's, Sobeys and Coles.

## **Why are we not doing this ourselves?**

Building a best-in-class offer to differentiate IGA from it's competitors, and creating the ability to use data to drive more effective marketing requires significant investment, expertise and resources. This would take many years to build ourselves. Working with Aimia brings experienced people, processes and tools to ensure a seamless and flawless execution in less time and with less impact on other business initiatives.

## **I don't believe that "loyalty cards" make customers loyal – why is this different?**

Loyalty cards aren't a silver bullet and don't automatically make customers loyal. Loyalty comes from building a relationship with customers over time by consistently delivering an offer which customers value. This requires minimum standards for things like product availability, price, convenience, service, but it also means creating a differentiated offer to stand out from the crowd. This new program is aimed at enabling retailers to understand their customers better, create a stronger offer and market this to customers more effectively, making their shopping experience easier, more personal, more local and more rewarding.

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## What happens now?

We need to hear from you. We need to understand if there is enough interest in the potential program to make it work. We also need to understand if there is not sufficient interest in this approach the reasons for this and what could be developed as an alternative.

We will provide every retailer with an expression of interest form and a short set of questions and we ask that you take the time to return these as soon as you have enough information to make a decision.

If you have further questions about the program please contact the team today.

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