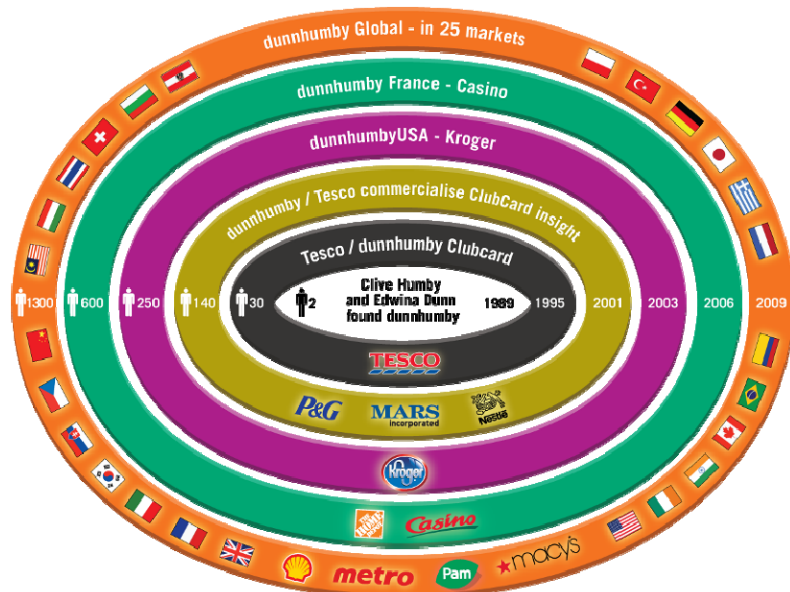
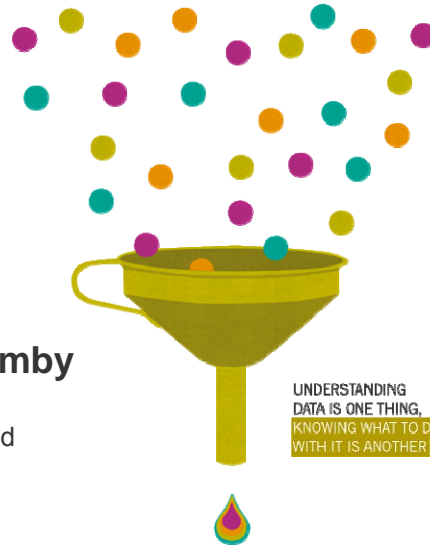


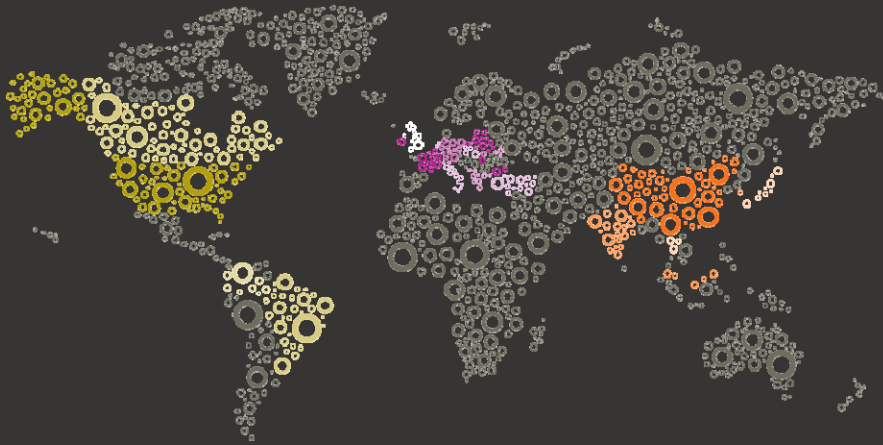
## Winning with dunnhumby

How we are helping our retail and supplier partners win

Clive Humby, Chairman



dunnhumby is now present in 26 markets



... and analyses the shopping transactions of **350 million** customers  
the scale of our customer base provides us with unmatched visibility on customer behaviour internationally

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**dunnhumby**  
member of unilever group

£300m+ revenue from 150+ clients



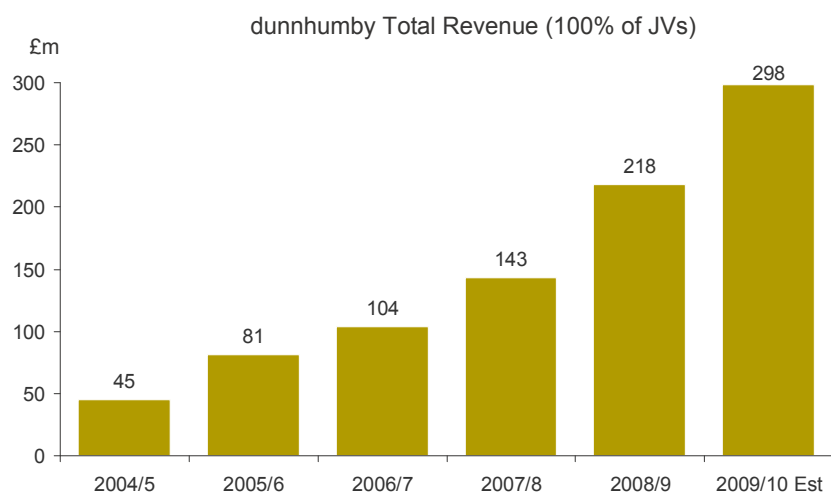
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**dunnhumby**  
member of unilever group

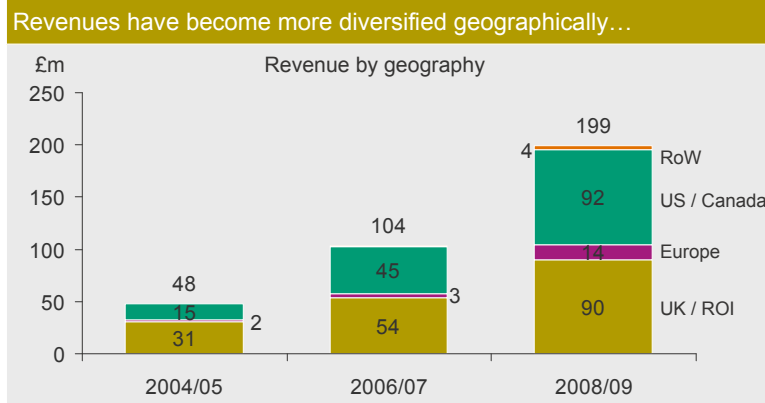
## How do we make money?

- Long term relationships with retailers – viewed as partners
  - dunnhumby is remunerated by the retailer for helping to grow margin and LFL sales
    - Annual Intellectual Property fee
    - Resources covered at cost by client
- We jointly with our retail partners commercialise their data through dunnhumby analytics
  - We typically create a joint venture with the retailer through which we share revenues from
    - dunnhumby delivering insight from the retailer's data to their suppliers
    - Retail media – targeted and in-store messaging sold to the retailer's suppliers

## dunnhumby has grown rapidly



## and has diversified its revenues geographically



*Today, Tesco accounts for less than 16% of dunnhumby revenues*

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**dunnhumby**  
an IBM company

## How big could it be?

- 2008/9 total revenues<sup>1</sup> £298m
- 6 year CAGR 46%
  - If growth continues at half this rate we will more than double revenues within another 5 years
  - With access to 350m shoppers today, that is less than £3 per customer per year
  - Commercialisation of retailers' data typically commences in year 2 or 3 of a relationship – so there are growth opportunities within our current client base, in addition to adding new retail clients
  - Profitability has been maintained through growth to date, and we are focused on automating more of our solutions to grow margin beyond current levels

1. Total revenues including joint venture partners' shares

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## **dunnhumby continues to grow by adding new retailer clients ...**

- We continue to focus on adding grocery retail clients in new geographies to increase our Global footprint
- Expanding the market to non-grocery players is also an opportunity
  - We have made good progress on this front in the USA already
- There is growth with current retail clients too
  - Additional scope of work
  - Additional formats/banners
  - Additional territories

## **... and by growing our Manufacturer Practice**

- Customer analytics
  - “The Shop” provides customer analytics, based on retailer loyalty card and POS data, to manufacturers’ trade teams
  - This is supplemented with bespoke analysis, to meet specific client needs
- Retail Media
  - in-store media (e.g. floor stickers, trolleys etc)
  - targeted media (e.g. Clubcard coupon mailing)
    - Our unique understanding of and ability to track individual customers provides us with a strong competitive advantage in delivering targeted advertising
- Large scope to extend to bigger relationships with FMCG manufacturers
  - We currently access only a small portion of the massive marketing budgets of these firms
  - Continuing to grow global grocery coverage enhances our value to multinational FMCG manufacturers

# How do we do it?

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

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dunnhumby  
ANALYTICS. INSIGHTS. GROWTH.

## dunnhumby's "win win win" approach

### Retailer Value Creation

Grow Like for Like sales and Net Margin via better decisions throughout the business

### Insights to Suppliers

Commercialise the unique customer data asset with suppliers

### Media to suppliers

Sell targeted communications and in store media to suppliers

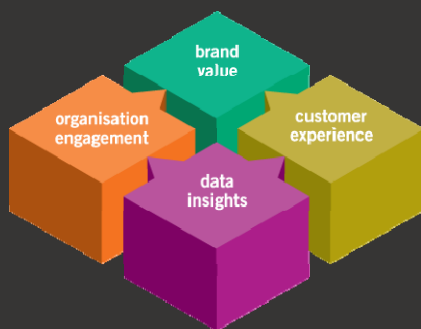
### More Relevant Customer Experience

Improved channel, promotions, products, prices and communications

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ANALYTICS. INSIGHTS. GROWTH.

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to help brands and organisations engage more completely and profitably with their customers

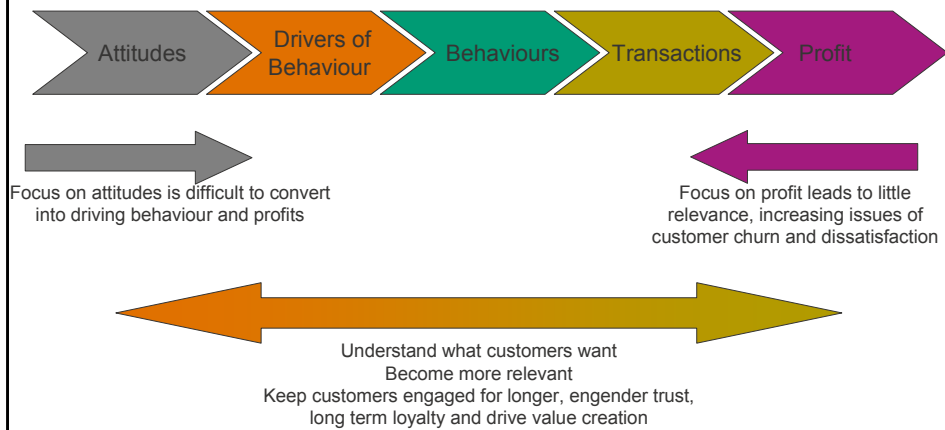
by developing customer based action plans built on integrating “real-time” data insights, creativity and change capability

so delivering increased brand value to our clients

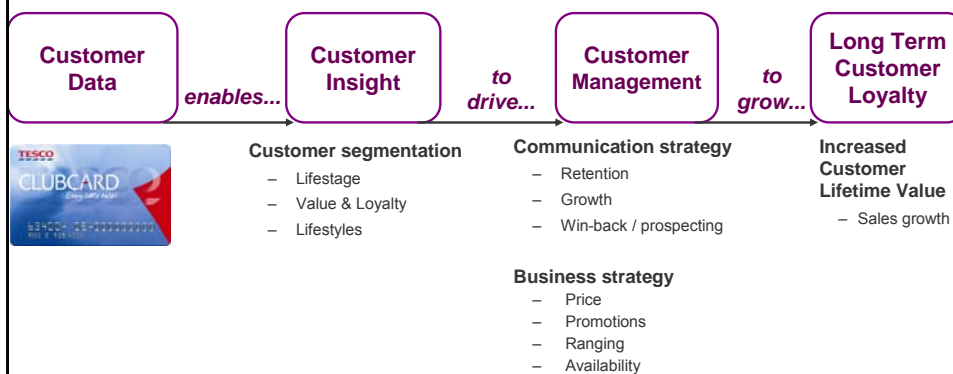
## Winning for Retailers

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

## What do we need to understand?



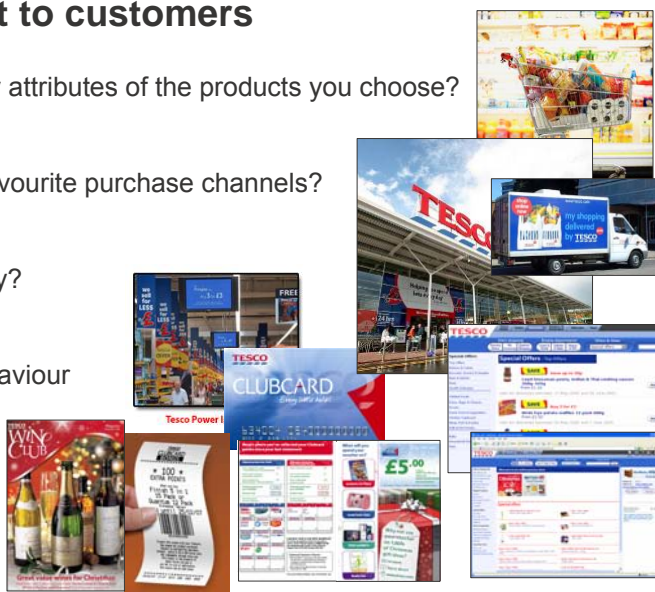
## Clubcard has enabled Tesco to know their customers





## Really relevant to customers

- What are the key attributes of the products you choose?
- What are your favourite purchase channels?
- When do you buy?
- Promotional Behaviour
- Clubcard Offers
- Clubs



## Segmentation allows us to build this picture for our retailer client's customers



This is how our customers **behave**

## More effective leaflet promotions in Kroger

- improved reach
- improved balance
- improved return



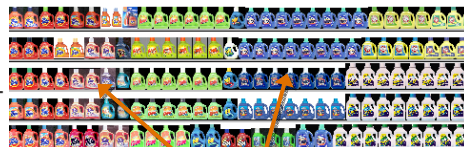
Globally: Our retail partners print more than **10 billion** price flyers annually

## Range decisions based on sales AND shopper metrics

### The right product in the right store for the right customers...

- Retain lines popular with loyal customers even if not top sellers – retain their whole basket
- Range rationalisation based on product substitutions – remove unnecessary lines, retain unique lines
- Product mix tailored to the profile of customers that shop the store

### Optimised merchandising in cleaning products



Increased facings of lower price products at stores dominated by price sensitive shoppers.

Sales increase **+16%**  
Units increase **+48%\***

## Winning in the rest of Retail Services

- Leverage Clubcard customer insights to increase acceptance rates for Tesco Bank credit cards and loans and offer stronger insurance discounts for Clubcard customers
- Execute targeted communications programs to recruit most Loyal customers to Retailing Services
- Generate store-based insights to extend Retailing Services presence in store

## Winning house brand new product development



**TESCO**  
Every little helps

540 new lines, designed to win against limited range discount formats

**dunhumby helps by using customer data to analyse**

- The most important products for price sensitive / less affluent customers, by category
- Into which stores to focus distribution of these products

### Results

- Between 3% (beauty) and 11% (Household) penetration of weekly users
- Typical customer buys 2.1 "discounter" items per week

## The Clubcard Statement is at the heart of Tesco's contact strategy

- c. **15 million** customers mailed every quarter
- Delivers in excess of **£160m** 'Reward' to customers
- **7 million** variations of product coupon offers
- Significant impact on revenue **4 times** per year
- A valuable tool for **suppliers** – helps off set costs
- dunnhumby provide **targeting** and **coupon sourcing**

**Voucher redemption: 90%+; product offers : 20%+**



*We run similar customer communications in most of our markets with our retail partners*

## Every till transaction is an opportunity



Deliver relevant offers based on customer's purchase behaviours over time and today

dunnhumby source offers both solus and as part of integrated campaigns with other media



**Typical redemption: 17.5%**



MUM DOES THE SHOPPING, BUT WHO REALLY DECIDES WHAT THEY BUY?

## Working Together

### Retailer & Supplier Collaboration

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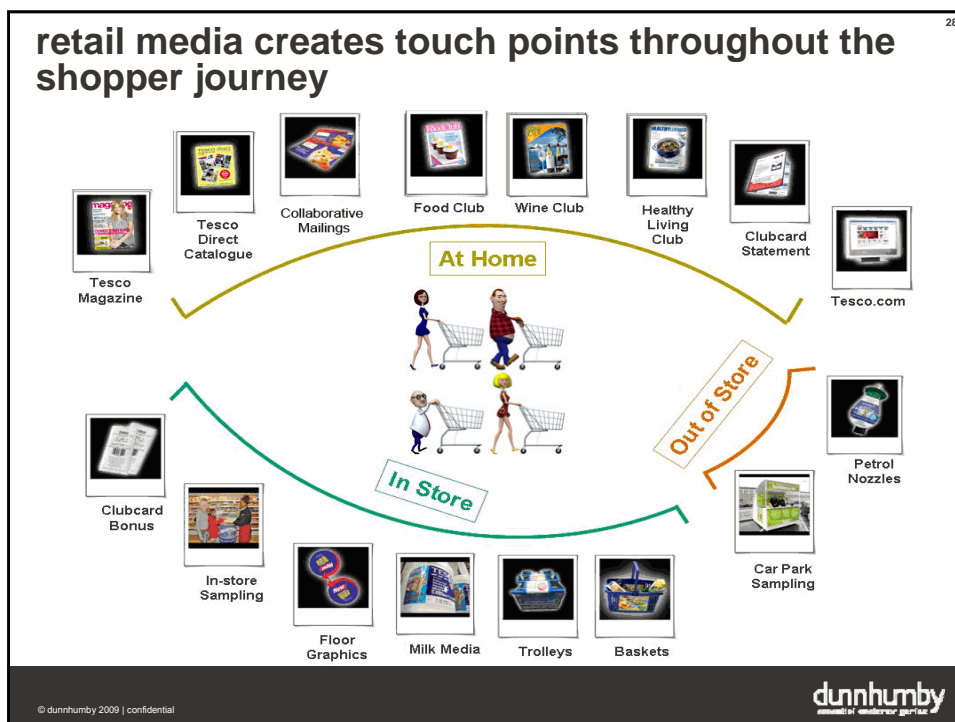
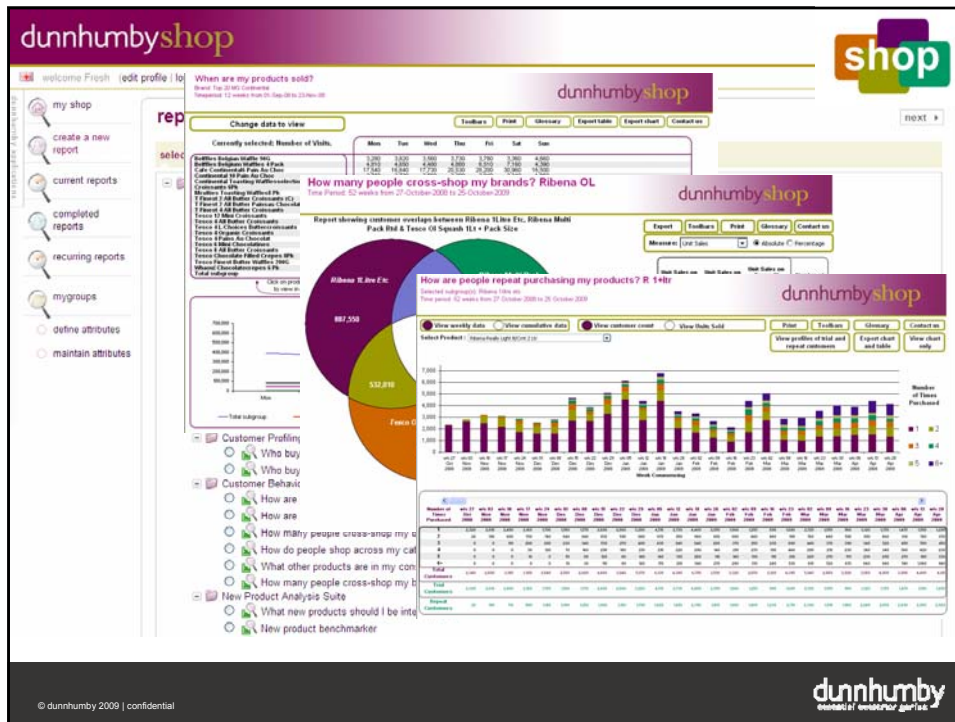
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## What's changing

- Focus on protecting your loyal customers
  - Increased promotional activity across categories
  - Protect brands from trading down to Private Label or cheaper lines
- Promotional Activity
  - Some categories are 50%+ volume on promotion
  - Surge in “Cherry Pickers” looking just for deals
  - Educating consumers to look for deals, have we taught customers a new paradigm?
- Recognise huge “headroom” in trialists and repertoire shoppers
  - NPD cycles are getting shorter
  - Stop thinking “my customers” and “his customers”
  - Most consumers have broad repertoires in most categories
- Develop annual communication plan for your brands and integrate with retailer trade plans

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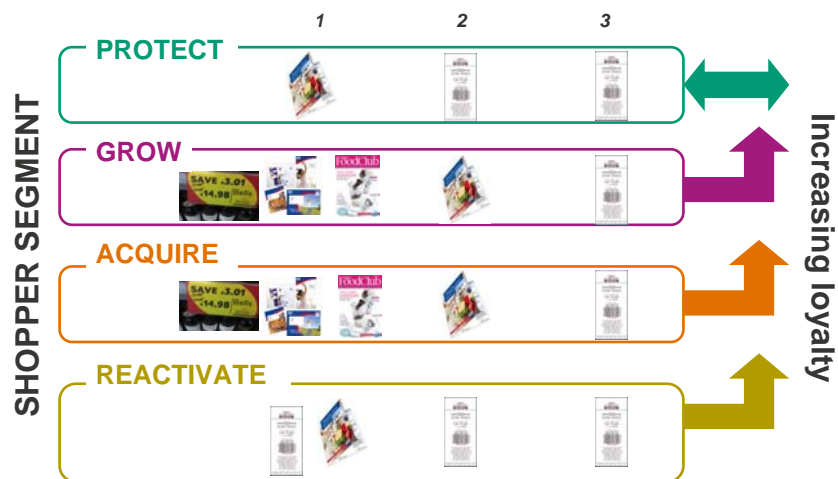
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## Use different mechanics for different shoppers

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### MEDIA PLAN



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measures what matters

## What is around the corner?

30

- Does CPG web site and media activity pay back?
  - How can we link your media activity to instore transactions to measure purchase behaviours?
  - We are learning about radio, press, TV etc?
- What is the right mix for in-store promotions and what does it deliver across different customer groups?
- Jointly agreed Trade Plans for your brands focusing on promotions, loyalty cards and NPD

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measures what matters



## Retail as media channel



## In store & on the road



In Store TV



Floor Stickers



Trolley Talkers



Coupons @ Till



Pump Talkers



Lorry



6 sheets



Sampling



In store &amp; car park



## At home

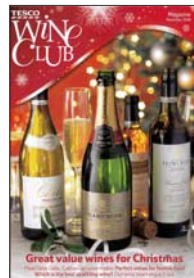


Loyalty



Magazine

Themed Mailings



Clubs



Web & Internet



Coupons @ Till

## Coming soon....



E-Cash / Payment vehicles



Online Communities



Helping me live my life



Offers direct to phone



Smart Trolley

## Summary

- dunnhumby has built strong relationships with a global base of retailers, giving it access to over 350m customers
- The business model is to use customer data to provide retailers and manufacturers' trade teams with insights based on customer behaviour
- The growth opportunity is in leveraging existing customer data to create new products and solutions

The logo for dunnhumby, featuring the word "dunnhumby" in a lowercase, sans-serif font, with the tagline "essential customer genius" in a smaller font below it.