

OUR CUSTOMER DRIVEN STRATEGY: DUNNHUMBY, OUR MAJOR WEAPON

J.E CHARRET

General Executive
Managing Director

J. RUBENS

Group Marketing Director

A CUSTOMER DRIVEN STRATEGY, A KEY STEP IN OUR “PRECISION RETAILING” STRATEGY

- **TO UNDERSTAND OUR CUSTOMERS BETTER** is key to
 - Implementing our “Precision Retailing” Strategy
 - Developing an effective offering for each of our customers
 - Thereby differentiating ourselves from our competitors
- **CUSTOMER DATA HELP US MAKE BETTER DECISIONS** in mature markets **WHERE EVERY CUSTOMER IS DIFFERENT**
 - Brilliant intuition is no longer enough...
 - ... as demonstrated by a single figure

From our **3.7 million regular customers** in France, **only 342** buy all 10 of our top 10 biggest selling grocery products, at least once a year

DUNNHUMBY, CASINO'S STRONG WEAPON FOR 18 MONTHS (1/2)



Knowledge
Who are your customers ?

Insights
What do you want to learn from them?

Management
How to better answer their needs?

Communication
How to communicate effectively and efficiently with them?

→ Company **founded** in the UK in **1989** by Edwina Dunn and Clive Humby

- Headquarters in London, with major operations in the US, France and Ireland and a number of satellite operations in South America, Europe and the Far East
- Today, dunnhumby have over 700 people in Europe, Asia and the Americas
- dunnhumby have over 300 clients across the globe in many vertical markets including Retail, FMCG, Telecoms and Financial Services

→ Long-term and **exclusive strategic partnerships**

- **Tesco:** Client since 1995 and main shareholder since 2001
- **Kroger:** 50% shareholder in dunnhumby USA, created in 2003
- **Home Depot:** DIY partner in the US since 2007
- **Best Buy:** Worldwide partner since 2008
- **PAM:** 50% shareholder in dunnhumby Italy, created in 2008

DUNNHUMBY, CASINO'S STRONG WEAPON FOR 18 MONTHS (2/2)

Creation of dunnhumby France in October 2006

- Following a **1 year pilot** on Pricing and Relationship Marketing,
- A **Joint Venture** between **Groupe Casino** and **dunnhumby** was established
 - Exclusive partner in food retailing in France
 - 50% shareholder
 - Governance shared 50/50 through a Board comprising members of Casino Guichard Perrachon and dunnhumby Limited
- **40 employees** (in two teams: one dedicated to Casino, one dedicated to suppliers)

UNIQUE KNOWLEDGE OF OUR CUSTOMERS (1/2)

→ An **EXTENSIVE CUSTOMER DATABASE**

- Number of 12 month active cardholders

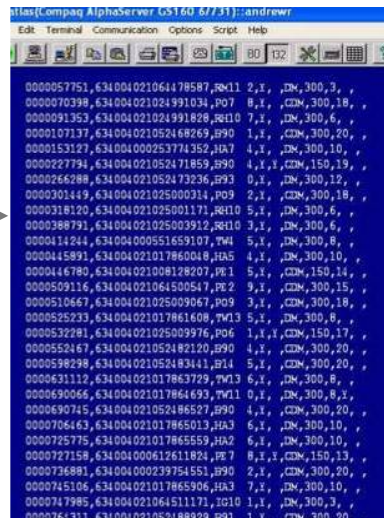


3.7 M

Increasing by double digits, year on year

- A high penetration rate of Cardholders in Total Sales with significant growth year on year

61 million products sold per week



Mrs Dupont is a mother who is always “in a rush”. She buys a lot of fresh products. She shops at Géant each Saturday. She has 2 kids and a cat. She is more sensitive to the quality of products than to their price. She buys promotions

UNIQUE KNOWLEDGE OF OUR CUSTOMERS (2/2)

→ A **UNIQUE CUSTOMER SEGMENTATION**, called “**STYLES DE VIE**”, differentiating our customers based on their expectations for our stores



GOURMETS



STANDARDS



TRADITIONNELS



PRESSES



ECONOMES



NUTRI-SANTE



KNOWLEDGE THAT WE HAVE TURNED INTO ACTION (1/2)

3 first areas of action launched in 2007

Price



Advertising



Assortment

Implementation of a **CORE MINIMUM ASSORTMENT** in all of our stores



Les Economes



Les Standards



Les Pressés



Les Tradi.



Les Nutri-Santé



Les Gourmets

DAY TO DAY ASSORTMENT DECISIONS based on customer data

Initial tests of the **ADJUSTED ASSORTMENT, MERCHANDISING** and **LAY OUT** by store

KNOWLEDGE THAT WE HAVE TURNED INTO ACTION (2/2)

→ Movie

INITIAL ACTIONS HAVE DELIVERED RESULTS

→ Price

- Improved loyalty of our “Econome” customers
- A strong increase in the volume of the Price Sensitive products sold
- An improved Price perception from our customers: +5pts in HM vs 2006
(Source : Baromètre Image 2007, TNS Casino)

→ Loyalty program and targeted advertising

- A more appealing loyalty program
(Source : Baromètre Club Avantages / TNS – 2007)
- Strong response to our mailings from our loyal customers
- Targeted Direct Marketing (DM) by Styles de Vie proved to be efficient: our Fresh Products DM in January 2008 generated a response rate of 70% among Traditionnels and Nutri Santé, who were the main targets of this DM

→ And overall...

Example: Casino supermarchés

	2005	2007	Change
Average basket	€16.8	€19.5	+16.1%
Share of a customer's total food spend	11.9%	13.2%	+130 bp

A steady growth in customer traffic over the last two years

OUR CUSTOMER DRIVEN STRATEGY: ALIGNING STAFF TO IMPROVE OUR CUSTOMER LOYALTY...

- **Incentives and bonuses** for our staff, from managers to cashiers, based on the increase in the number of our loyal customers
- **Yearly** customer action plans
- **Detailed training** of all our employees, at the headquarters and in stores



A handbook describing our customer segments to all our headquarters' employees

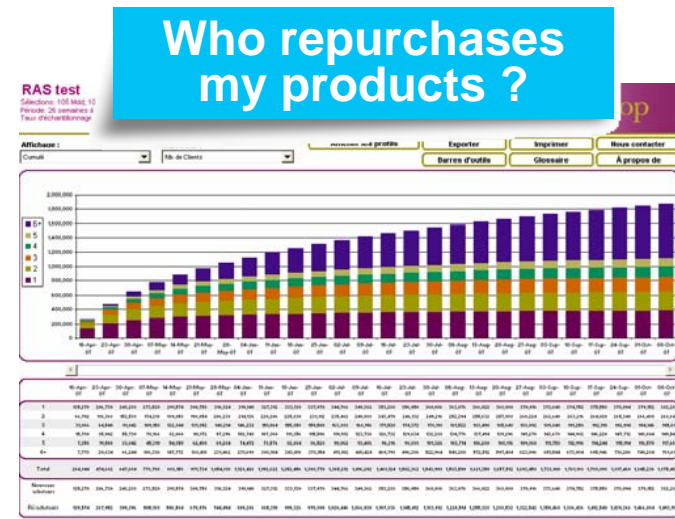
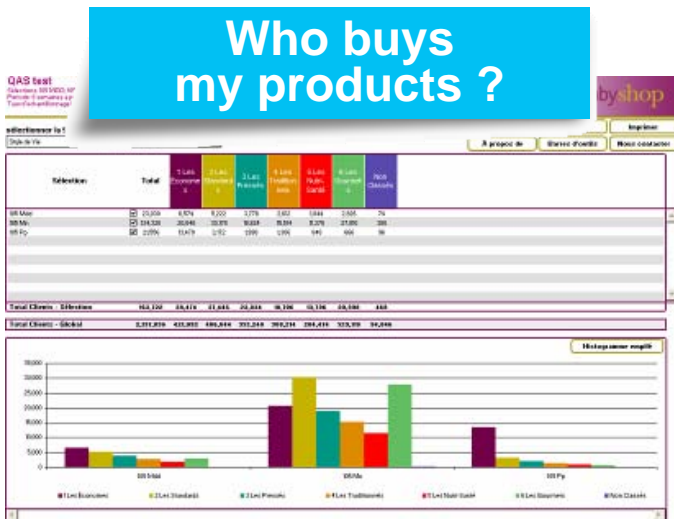


A poster reminding our customers segments in each of our stores

➔ AT THE END OF THE DAY, A **REALLY DIFFERENT WAY OF WORKING** WITHIN GROUPE CASINO AND A **WHOLE CUSTOMER FOCUSED ORGANIZATION**

...BUT ALSO SHARING THIS OBJECTIVE WITH OUR SUPPLIERS...

→ **The Shop** is our tool to share this same language with our suppliers:
9 user friendly reports



Helping them to turn knowledge into action

- Roll out of launches: cheese, chocolates, soft drinks
- Optimization of promotion strategies: soft drinks, water
- Lay out and merchandizing optimization: washing powders, soft drinks
- ...

...WITH MORE TO COME IN 2008

Pursue 2007 actions

→ Targeted investment store by store depending on its customer profile

Price

Advertising

Assortment

Develop new areas of action

Promotion

→ Targeted investment store by store depending on its customer profile

Store

→ « Operational excellence » store by store depending on its customer profile

→ Laboratory Stores to test new actions