CASE STUDY - PRICE & PROMOTIONS / SUPPLIER COLLABORATION

dunhumby

Samworth Brothers

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QUALITY FOODS

Samworth's drive to improve category performance, combined with dunnhumby's customer data science & insights led to the identification of significant opportunities for Tesco to drive promotional uplift across the category. An extraordinary example of supplier-retailer collaboration.

About Samworth Brothers

- Founded in 1896
- Headquartered in Melton Mowbray, Leicestershire & Callington, Cornwall, United Kingdom
- Premium quality chilled and ambient food manufacturer, both own label and brand
- A group of 19 businesses, including Cornish pasty maker 'Ginsters' and the largest maker of certified Melton Mowbray pork pies.
- <u>www.samworthbrothers.co.uk</u>

Objectives

- Optimise promotions for the 'Pies & Savouries' category
- Develop a clear, data-centric plan to drive promotional uplift
- Provide Tesco with a rulebook to form the basis of future promotional plan-setting

Achievements

- Category insights derived from a range of measures including: customer importance, price elasticity and uplift on feature space
- Usage of data science to identify several key lines which could deliver massive uplifts on deal
- Delivery of a modelled plan projecting >1.81% sales uplift vs. the original base plan
- Creation of a rulebook to enable Tesco to apply these strategic insights in the longer term, underpinning future promotions plans

Optimising promotions in pies & savouries and building a customer-led rulebook to define promotional strategy

The Pies/Savouries category was seeing promotional effectiveness decline over time with feature-space increasingly under threat. Samworth took the lead in providing Tesco with a clear, data-driven plan to drive promotional uplift and increase customer engagement for the category in an attempt to boost sales.

Challenge

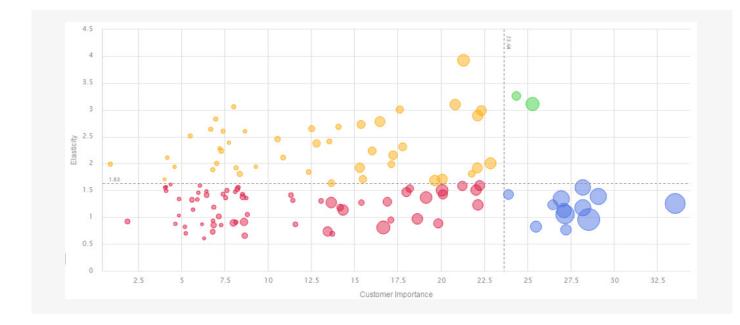
With poor performing promotions affecting the entire Pies & Savouries category, there was danger in losing key feature space in-store, and a risk of being de-listed. Aware of the potential impact on brand penetration, Samworth engaged dunnhumby to provide a promotional plan based on the same deep customer insight which informs Tesco's category plans.

By ensuring any recommendations for action were shaped by evidence from customer behavioural data, and by ensuring the proposal was compatible with Tesco's own plans, Samworth's collaborative approach stood the greatest chance of being successfully adopted by the retailer. Demonstrating a mutual benefit that aligns with both brand and category strategies is the keystone to a successful relationship between retailer and supplier.

Solution

Insights were derived from a range of measures including customer importance, price elasticity and uplift on feature space.

Firstly, product families were segmented according to their optimal role within the category (HILO, EDLP (everyday low price), Margin, Hybrid). All products were then ranked according to which saw the greatest incremental uplift on end, also identifying which mechanics were most effective for each line.



Finally, products that cannibalised one another were identified when on deal to help inform phasing. Based on this information, dunnhumby were able to highlight several key lines which could deliver significant uplifts on deal but which hadn't featured for multiple years.



Results

From the insights gathered throughout an iterative process, dunnhumby modelled a range of scenarios to determine the impact specified changes would have on category performance.

dunnhumby and Samworth built on this to deliver a final, optimised plan as a recommendation to Tesco, alongside a strategic rulebook for the buying / trade-planning teams to inform future promotion-setting decisions for the pies and savouries category.

The final modelled plan delivered a projected >1.81% sales uplift vs. the original base plan, with Tesco looking at ways to implement a number of the recommendations. Additionally, the rulebook will enable Tesco to apply these strategic insights in the longer term as well, underpinning future promotions plans.



Key insights from customer importance, price elasticity & uplift on feature space



Identification of key lines which could deliver massive uplifts on deal



Modelled plan projecting >1.81% sales uplift vs. the original base plan



Rulebook to support future promotional planning and boost supplier-retailer collaboration

dunnhumby

THE WORLD'S FIRST CUSTOMER DATA SCIENCE PLATFORM

dunnhumby is the global leader in Customer Data Science, empowering businesses everywhere to compete and thrive in the modern data-driven economy. We always put the Customer First. Our mission: to enable businesses to grow and reimagine themselves by becoming advocates and champions for their Customers.

With deep heritage and expertise in retail – one of the world's most competitive markets, with a deluge of multi-dimensional data – dunnhumby today enables businesses all over the world, across industries, to be Customer First.

The dunnhumby Customer Science Platform is our unique mix of technology, software and consulting enabling businesses to increase revenue and profits by delivering exceptional experiences for their Customers – in-store, offline and online. dunnhumby employs over 2,000 experts in offices throughout Europe, Asia, Africa, and the Americas working for transformative, iconic brands such as Tesco, Coca-Cola, Meijer, Procter & Gamble, Raley's, L'Oreal and Monoprix.



Contact us to start the conversation <u>dunnhumby.com</u>