



BUILDING  
STRONGER CUSTOMER  
RELATIONSHIPS  
WITH SAINSBURY'S

**EMBRACING CUSTOMER DATA  
TO DELIVER BUSINESS  
TRANSFORMATION**

David Buckingham,  
Chief Executive Officer,  
i2c

Mike Coupe,  
Group Commercial Director,  
Sainsbury's

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## ABOUT THE AUTHORS

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**David Buckingham**  
**Chief Executive Officer**  
**i2c**

David was appointed as the CEO of Insight 2 Communication (i2c), the joint venture between Aimia and Sainsbury's, in September 2012. i2c has been established to provide a one-stop shop for fast moving consumer goods (FMCG) to invest in Sainsbury's customer insights and fully integrated multi-channel marketing campaigns aimed at Sainsbury's shoppers. i2c campaigns cover all aspects of shopper marketing communications and evaluation from the home, to in-store, around the store and through online and mobile channels.

Before joining Aimia, David worked at IRI as Commercial Director for Northern Europe. In this role he had responsibility for all commercial aspects of IRI's business across the UK and Netherlands, encompassing FMCG suppliers and retailers. Previous roles at IRI included UK Commercial Director, UK Retail Director, UK New Business Director and Client Service Account Director.

David started his career at Taylor Nelson Sofres where he worked in client service roles on TNS' toiletries usage panels in the UK and Europe.

David holds a degree in Business with specialization in Marketing from Greenwich University.



**Mike Coupe**  
**Group Commercial Director**  
**Sainsbury's**

Appointed Group Commercial Director on 19 July 2010, Mike is responsible for Trading, Marketing, IT and Online. He has been a member of the Operating Board since October 2004 and an Executive Director since 1 August 2007. He joined Sainsbury's from Big Food Group where he was a

Board Director of Big Food Group PLC and Managing Director of Iceland Food Stores. He previously worked for both ASDA and Tesco, where he served in a variety of senior management roles. Mike was appointed to the Board of Directors at i2c at its inception and he is also a Non-Executive Director at Greene King PLC and a member of the Supervisory Board of GSI UK.

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### About Aimia



Aimia Inc. ("Aimia") is a global leader in loyalty management. Employing more than 4,000 people in over 20 countries worldwide, Aimia offers clients, partners, and members proven expertise in launching and managing coalition loyalty programs, delivering proprietary loyalty services, creating value through loyalty analytics, and driving innovation in the emerging digital, mobile, and social communications spaces. Aimia owns and operates Aeroplan, Canada's premier coalition loyalty program, Nectar, the United Kingdom's largest coalition loyalty program and Nectar Italia, Italy's first independent loyalty coalition program. In addition, Aimia owns stakes in Air Miles Middle East, Mexico's leading coalition loyalty program, Club Premier, Brazil's Prisma Fidelidade, and i2c, a joint venture with Sainsbury's offering insight and data analytics services in the UK to retailers and suppliers. Aimia also holds a minority position in Cardlytics, a US-based private company operating in transaction-driven marketing for electronic banking. Aimia is listed on the Toronto Stock Exchange (TSX: AIM).

For more information, visit Aimia at [www.aimia.com](http://www.aimia.com)

## INTRODUCTION

**After losing significant market share to its key competitor, in early 2004 Sainsbury's recruited new Chief Executive Officer Justin King to lead its recovery. Later that year, King launched a revitalization program under the banner "Making Sainsbury's Great Again." In 2007, Sainsbury's Mike Coupe, then Trading Director, threw the gauntlet down to Aimia: Sainsbury's needed to develop stronger and closer relationships with its customers and suppliers — and data from Sainsbury's partnership with the Nectar coalition loyalty program would be key to delivering on this mandate.**

"Nectar data has become like the mobile phone. It's hard to imagine how we ever managed without it."

— Helen Buck,  
Retail Director,  
Sainsbury's

Over the years, Sainsbury's had amassed a vault of customer data, accessible to a handful of skilled analysts and coders who could see the information but weren't using it to its full capacity. This limited accessibility left Sainsbury's buying and merchandising teams short of the customer insights that would enable them to break new ground and truly focus their strategy around the customer.

To drive the necessary change across the business, Sainsbury's and Nectar would need to gain deeper customer insight by analyzing purchase behaviour, testing promotions, measuring the results, and reporting the impact on in-store product sales. Sainsbury's challenge was clear: Nectar customer data had to be unlocked, decoded, and unleashed to reward customers and in turn support the company's quest to grow and transform its business.

Aimia and Sainsbury's were natural companions on this journey. Both partners recognized that unlocking customer data would deliver a strategic advantage for Sainsbury's. With rival UK grocer Tesco revealing that the customer data from its Clubcard loyalty program was a "secret weapon," there was not only a precedent to get customer insight right, but also an opportunity for Sainsbury's to do it better — and thereby to surpass its largest competitor in building relationships with its customers.

The steps to achieving objectives were clear:

> **Put customers at the heart of strategy.** To deliver effective change, Sainsbury's had to shape its category, marketing, and store strategies around the customer. The grocer needed to communicate with customers

in a more targeted, personalized way. Unlocking Nectar customer data, and combining it with till-point purchasing information and wider market intelligence, would empower the company to achieve this transformation.

- > **Utilize the data effectively.** Unlocking the data would allow Sainsbury's buyers to better measure the performance of their products, categories, merchandising, and promotions. The resulting insight would provide buyers with the information they needed to inform their decisions — and to make changes in-store, where it mattered.
- > **Build a strong partner network.** By sharing Nectar insight, Sainsbury's would develop closer relationships with its suppliers. In creating a wide network of committed supplier partners who would join the company on this journey, Sainsbury's would more effectively attract and retain customers, improve the consumer experience, and earn sustainable customer loyalty.
- > **Use insight to lead organizational change.** Regular, real-time analysis and insight from the Nectar data would enable King and the senior leadership team to make more informed business decisions, helping them to lead effective organizational change faster than before.

To achieve these ambitious goals, Sainsbury's and Aimia needed to evolve the nature of their partnership. Aimia would need to become more than a behind-the-scenes loyalty management provider — it needed to become a trusted strategic partner.

## THE SOLUTION

**Since embarking on this ambitious path to business transformation, Sainsbury's and Aimia have worked together to use insight from Nectar data to transform Sainsbury's business, take on the competition, and put customers at the heart of the company's business strategy. In less than a decade of partnership, the two companies have developed a clear process for delivering data and insight-led business innovation.**



"We see the Aimia team as an extension of our own business. Their data insights continue to be invaluable in the evolution of our business."

— Mike Coupe, Group Commercial Director, Sainsbury's

Over the years, the partnership between Sainsbury's and Aimia has led to a string of unprecedented innovations in loyalty technology, data analytics, and campaign communications:

**Loyalty technology:** In 2007, Aimia began to invest heavily to create its customer analytics platform. Aimia recruited experts to build a user-friendly, visual, real-time data reporting platform that united raw Nectar shopper data with intelligent analysis.

Next, Aimia trained buyers and influencers across Sainsbury's business to use the system to uncover insights from customer spend, transactions, and behaviour at an unprecedented level of detail: unique to each customer. Aimia's analytics platform empowers the Sainsbury's team to test and learn without risk; answer the "why" before setting a new course; and collect the evidence required to justify undertaking major changes across the business.

**Loyalty analytics and market research:** Using Nectar data to drive business change required more effort than just querying data for reporting purposes. While Aimia's analytics platform informs daily decisions for Sainsbury's buyers, Aimia's analytics experts support these decisions with deeper strategic insight.

Concurrently with the development of the campaign analytics platform, Aimia recruited an analytics team to support the transformation of the Sainsbury's business. In 2007, a pioneering group of four consultants worked alongside Sainsbury's to extract insight from Nectar data; today that team has grown to 44 analysts and consultants — half of whom are embedded

in Sainsbury's offices. This team provides daily insight-based recommendations to Sainsbury's on everything from promotions strategy to campaign performance.

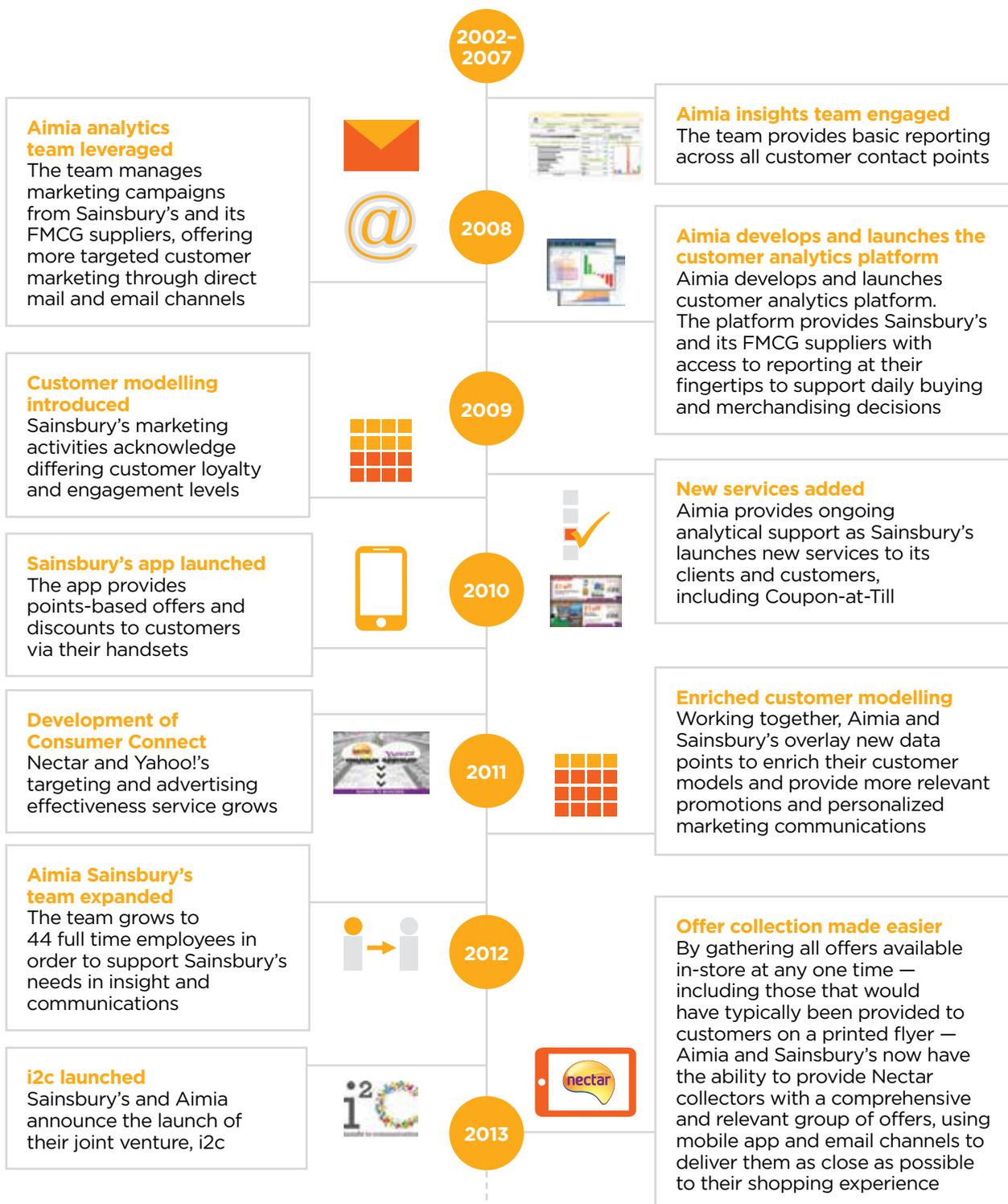
Aimia's research services are dedicated to intelligent research that enables Sainsbury's to overlay transactional data to attitudinal information, offering them a 360-degree view of their customers; helping them understand the "why" behind the "what."

**Campaign management:** Every customer is unique. Analyzing customers' spend history and purchasing behaviours on an individual basis allows Sainsbury's to reward each of them for their loyalty by delivering marketing offers and communications tailored to them, in turn reducing unprofitable activity and maximizing return on investment (ROI). Customer modelling has led to more targeted and personalized communications through a variety of channels: email, mobile applications, regular points updates, and direct mail. By informing customers directly about products and promotions based on customer purchasing habits, Sainsbury's encourages more frequent visits, thereby building more rewarding loyalty for its customers.

In 2009, Sainsbury's and Aimia launched Coupon-at-Till rewards. These offers, based on basket contents or Nectar data, are triggered at the till — for example, a customer who regularly purchases pet food might receive a coupon for money off their usual brand — a relevant, personalized reward. The Coupon-at-Till initiative has helped reinforce Sainsbury's price competitiveness and increased offer response.

# THE TIMELINE

Since joining forces in 2002 with the launch of the Nectar coalition loyalty program, Aimia and Sainsbury's have been consistent partners in loyalty innovation. The two companies have led advances in analytical reporting tools, market research, campaign management, Coupon-at-Till, and mobile applications. In 2012, the two companies announced the launch of a joint venture, Insight 2 Communication (i2c), which specializes in data-driven insights and strategies designed to influence shopping behaviour, build brand loyalty, and enhance the shopping experience for Sainsbury's customers.



## THE RESULTS

**Ten years into its partnership with Aimia, Sainsbury's has shown sustained improvement in operating performance. Using insight from Nectar data to deliver targeted, relevant communications has helped Sainsbury's grow its operating profit year after year. This impressive record serves as an endorsement of the joint strategy of unlocking the power of customer data and embedding insight across the company. The partnership has been so successful that Sainsbury's and Aimia signed a new long-term contract in March 2012 — a renewal committing both companies to a future of transformational business success.**

The impressive results of this longstanding partnership speak for themselves:

- > **Promotional participation:** Through Nectar's insights, Sainsbury's has ensured that its promotions are personalized and targeted to individual shoppers. This effort ensures that Sainsbury's delivers relevant rewards to customers through such initiatives as Coupon-at-Till, rather than through blanket discounts. Consequently, Sainsbury's has the lowest promotional participation of its peers.
- > **Supplier investment:** Granular insight into customer purchasing habits and behaviour is essential for developing a sound business strategy. Few suppliers have access to this calibre of data — but many of Sainsbury's 2,000 suppliers access Nectar data to support, grow and invest in their businesses and their business in Sainsbury's.
- > **Own brand penetration:** By using insight, Aimia has helped Sainsbury's extend own brands into categories previously dominated by branded products. One store brand, "Taste the Difference," saw near double-digit growth in 2012. Sainsbury's now has 51 percent own brand penetration — and sales are growing at a rate faster than any of the competition.

In 2012, Aimia and Sainsbury's launched i2c, an integrated marketing solutions company that unites retail experience with expertise in customer insight.

This new joint venture helps FMCG manufacturers harness unique insight into shopper behaviours to drive fully integrated campaigns at home, in stores, on the move, and online; develop best-in-class experiences for shoppers; and provide tailored and relevant offers through every communication channel. Shoppers benefit from a better retail experience at every Sainsbury's touch point, and suppliers get a greater ROI.

A decade ago, Sainsbury's embarked on a single mission: to put the customer at the heart of everything they do. It is increasingly clear to the industry that it has delivered on that promise. As a result of its work with Aimia, Sainsbury's has consistently outperformed the market and gained ground against the competition. Both businesses will continue to work together closely, using Nectar data to unlock new customer insight and to tailor stores, products, promotions and communications to suit customers' lifestyles and preferences, ensuring customer engagement by rewarding loyalty. Ten years into the partnership, we're just at the beginning of our journey together.

"It is clear that there are now the 'haves and the have-nots' of data. The insight we get from our Nectar card enables us and our suppliers to respond to customers' needs quickly and more effectively.

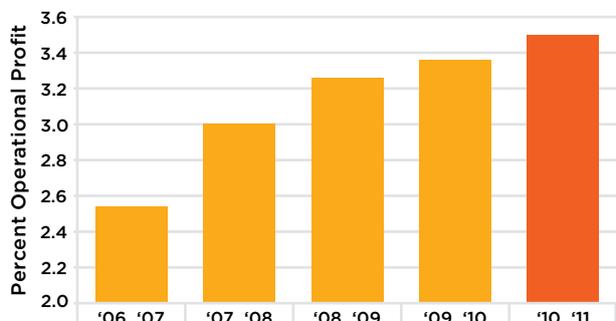
— Justin King, CEO,  
Sainsbury's

# THE POWER OF CUSTOMER INSIGHT

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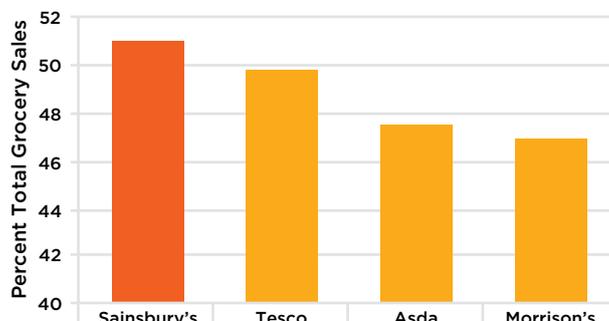
## Marketing efficiencies underlie operating margin

Leveraging Nectar insight to reduce wastage and increase targeted, personalized marketing has helped contribute to Sainsbury's growing its operating profit year after year.



## Own brand sales penetration growth

Aimia has worked with Sainsbury's to extend its own brand into categories previously dominated by branded products.



Source: All data on this page provided by Kantar

“A decade ago, Sainsbury's embarked on a single mission: to put the customer at the heart of everything they do. Together we have achieved this, using Nectar data to unlock customer insight and tailor stores, products, promotions and communications and we're only at the beginning of our journey together.”

— David Buckingham, CEO, i2c

OUR DATA  
SCIENTISTS

YOUR BUSINESS  
TRANSFORMED

OUR  
CUSTOMER-CENTRIC  
APPROACH

At Aimia, we have a proven track record in contributing to the transformation of our clients' business. Our data scientists' ability to unlock hidden insights from the zettabytes of transactional data, results in a more effective and efficient marketing spend and long-term customer loyalty.

For an initial conversation, contact Phil Evason at  
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