

Personalization of Customer Relation at Metro C&C



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University of Duisburg – Essen, July, 3rd 2009

1**METRO C&C at a glance****2**

The customer management process

3

Customer segmentation

4

Customer segmentation at METRO

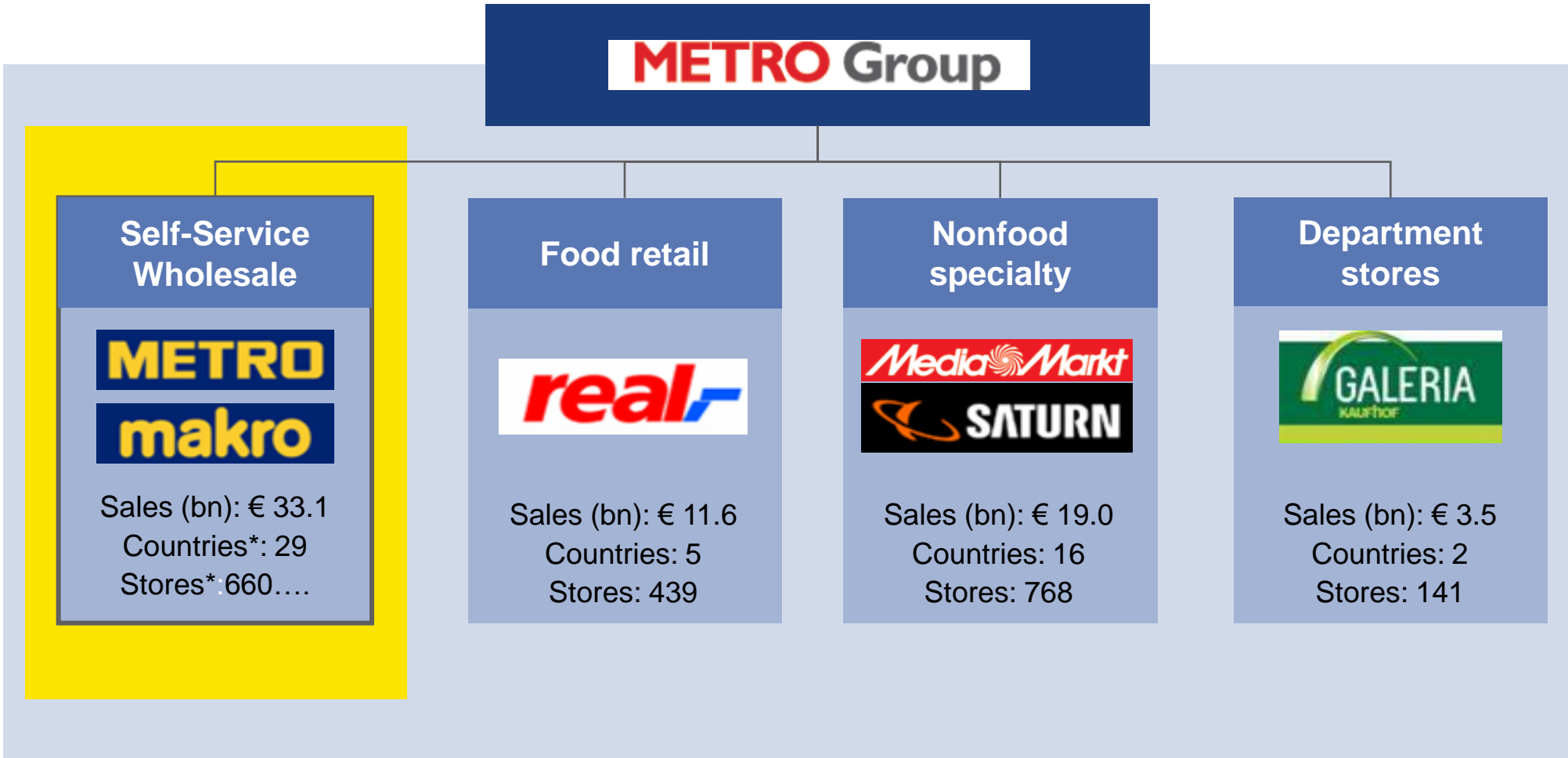
5

Personalized communication at METRO

6

Summary

METRO Cash & Carry – a core Division of METRO Group



METRO Group sales 2008: € 68 bn

* Status: May 11, 2009

METRO C & C is internationally leading in B2B Self-service Wholesaling

660 stores in 29 countries*

5.2 million m² total sales area

More than 100,000 employees

Sales of € 33.1 billion in 2008

Approx. 22 million customers

* Status: May 11, 2009

METRO C&C wholesale exclusively for professional customers



HoReCa

- Restaurants
- Fast Food
- Bars & Cafes
- Accommodation
- Caterers
- Canteen
- ...



Trader

- Generalist food
- Specialist food
- Kiosks & Petrol stations
- Wholesaler
- ...



Services

- Institutions
- Office based services
- Industries
- NF Trader
- ...



Companies & offices

- Health care
- Physical services
- Wellness
- Craftsmen
- ...

Store Concept for Professionals

METRO offers a store concept tailored to professional needs



Stores located near the customers



Clearly arranged merchandise and wide aisles, professional environment (no-frills)



Fast handling at the check-outs (extra long check-out conveyor belts, automatic payment terminals)



Innovative devices for fresh goods (e.g. three different temperature zones only for fruit and vegetables)



Large partly roof-covered parking



Continuing innovations in store fittings like walk-in wine humidor

All this makes buying at METRO Cash & Carry fast, efficient, flexible and convenient

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The traditional buying orientation

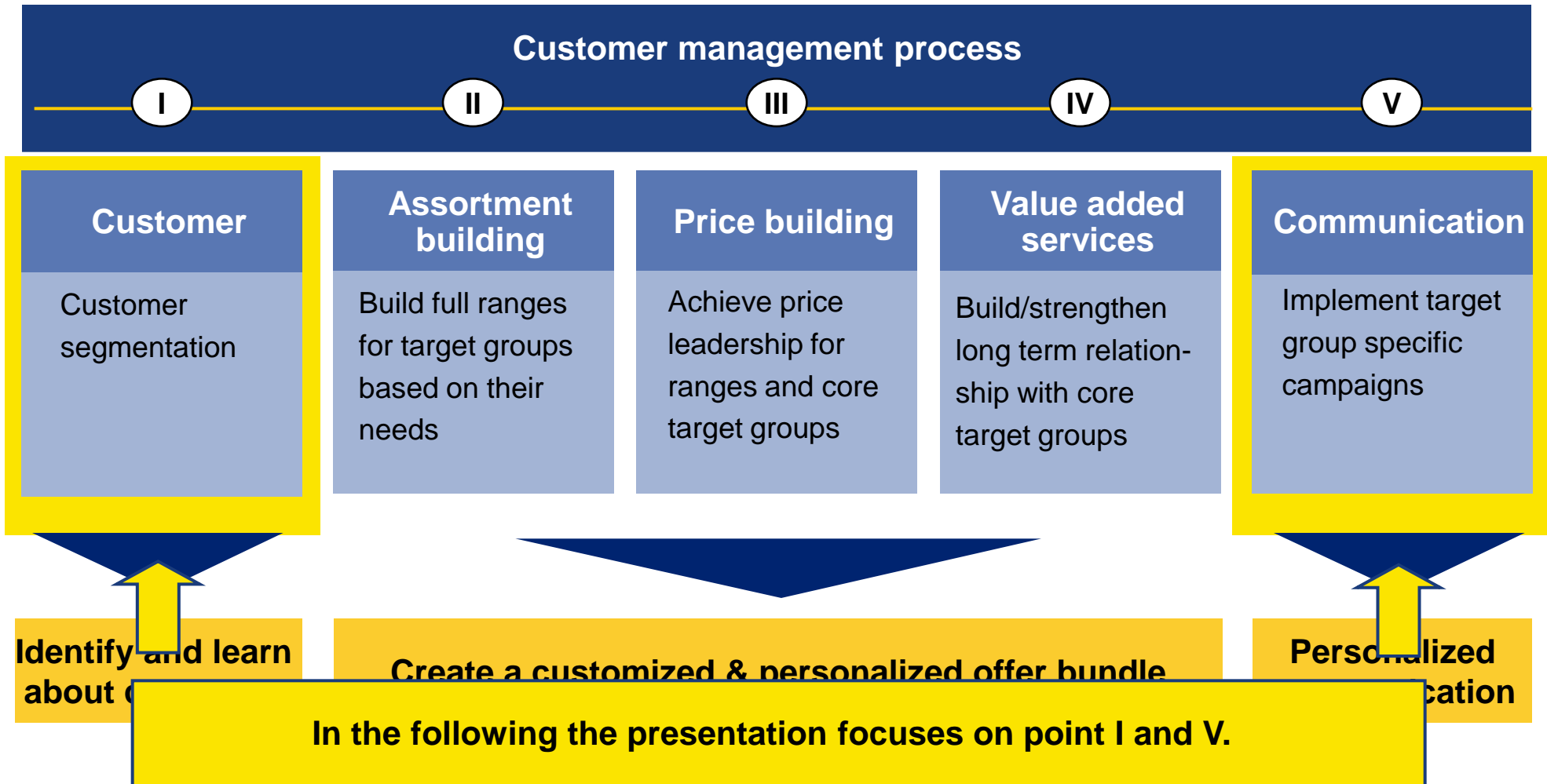
The BSR formula:

Repeat this as often as possible

Buy as cheap as possible

Sell as expensive as possible

Customer orientation request consistent processes



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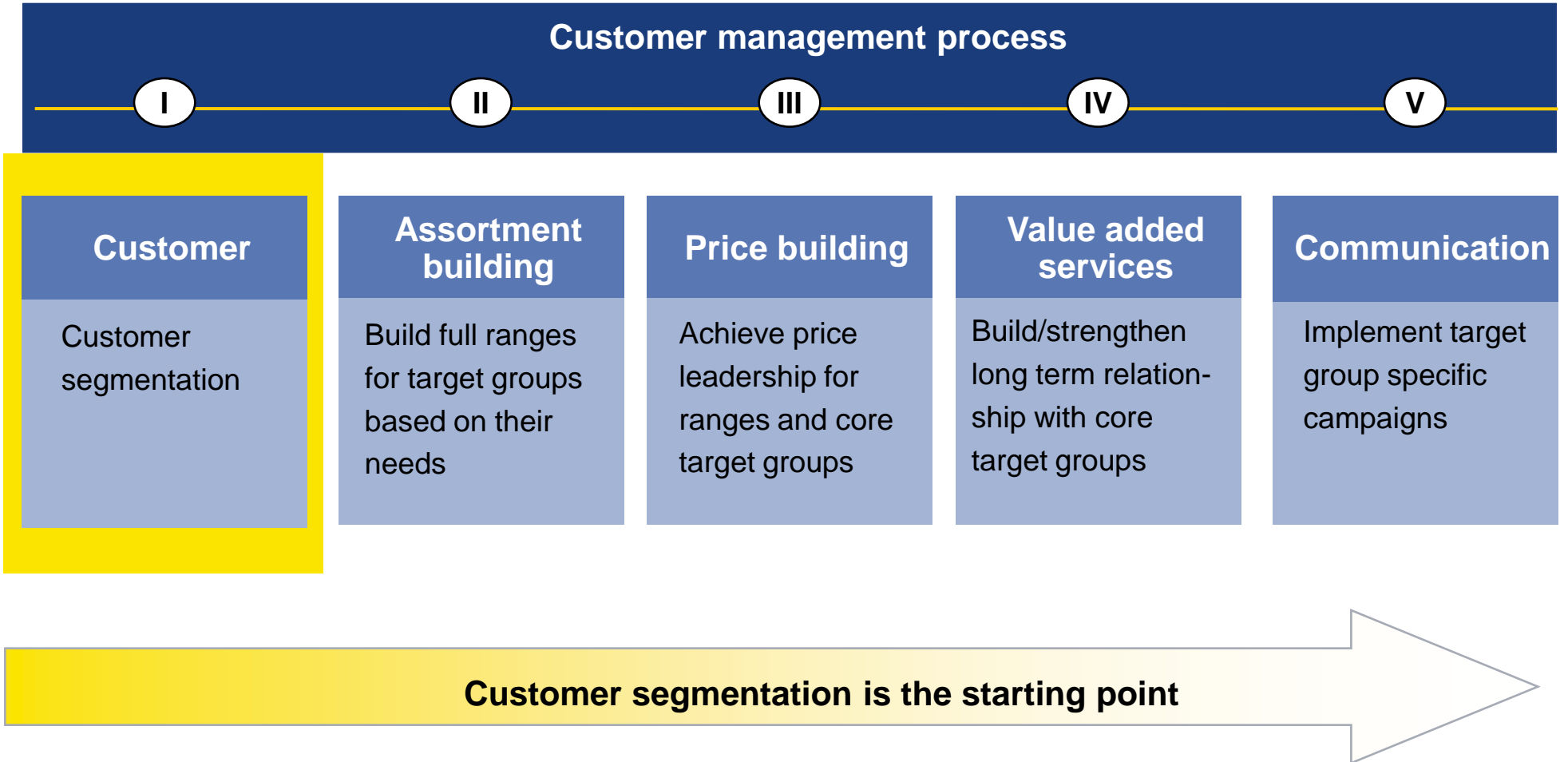
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Personalized communication at METRO

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Summary

Customer segmentation is a base of personalized relation



Customer segmentation's mission

Customer segmentation ...



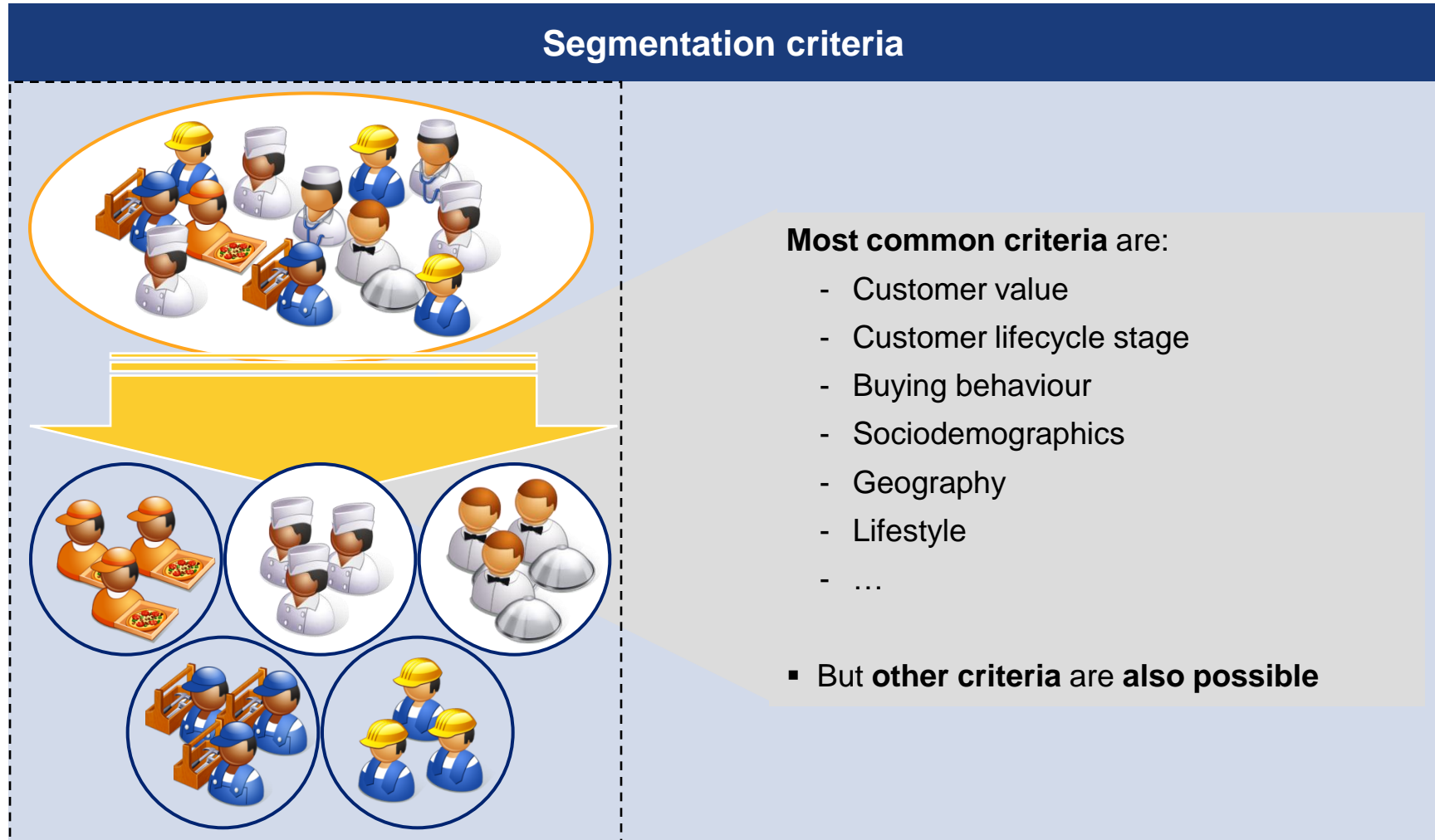
... splits a **heterogeneous** entire customer base ...



... into smaller, **homogeneous** customer clusters:

- sufficiently heterogeneous among each other
- for a targeted & differentiated approach

Customer segmentation's criteria

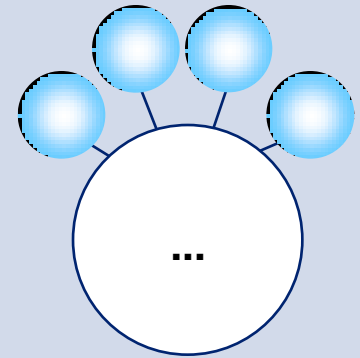
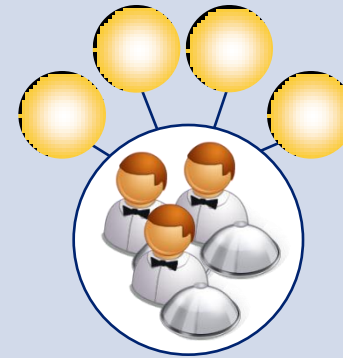
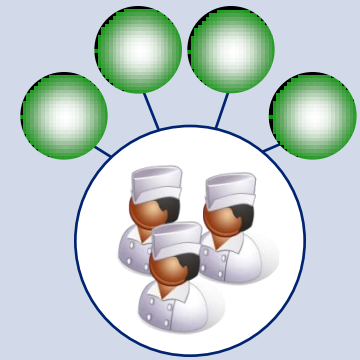
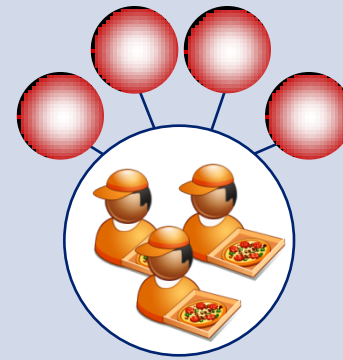


Customer segmentation's purpose

From „one size fits all“ ...



... to segment-specific offer & activities



Differentiated products, prices, promotions, places and clear-cut reporting

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Summary

Customer data is an acid of our business formula

Customer Data	Name	Name of the owner and of employees
	Location address	For MMail distribution, individual mailings, manager visits...
	Phone numbers	For Telemarketing (CCC Outbound), Customer manager pre-visit calls, inbound call, customer recognition
	Email	For Newsletter distribution, individual response (Outbound)
	Promotion Indications	For correct addressing targeted customers
	Permission for Marketing Incentive	Depending on national legislation

It helps us to communicate with customers but not to personalize offer bundles and communication

Therefore, we have set up a standard customer segmentation concept

METRO has identified the branch as the base criteria for segments and its criteria

Branch segmentation represents customers business needs

- **Most significant** criteria: The **branch represents** the type of **business**
- It is the **most reliable indicator** for what **customers need** for their business
- **Leading principle** for TGM, customer management, field organization, reporting with P&L (= like categories for buying)

Branch-specific needs



Core needs

General needs

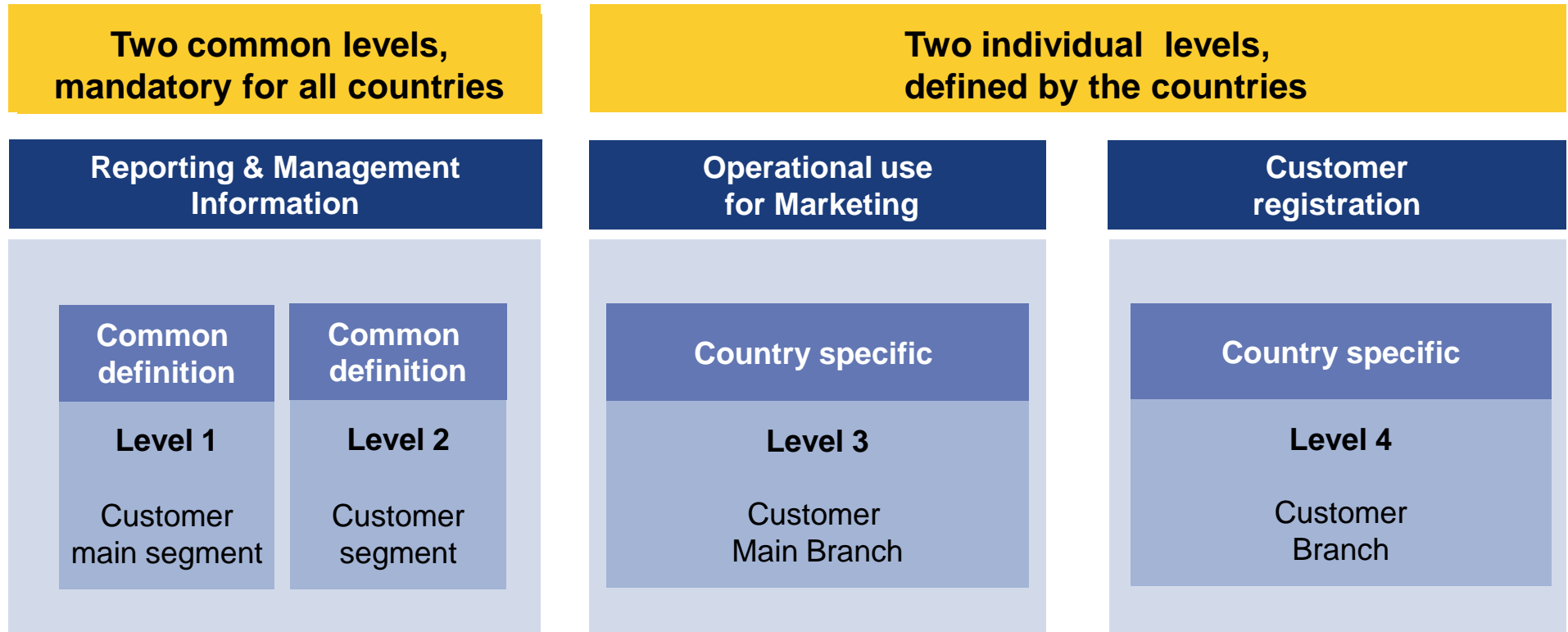
Branch un-specific needs

Complementary needs

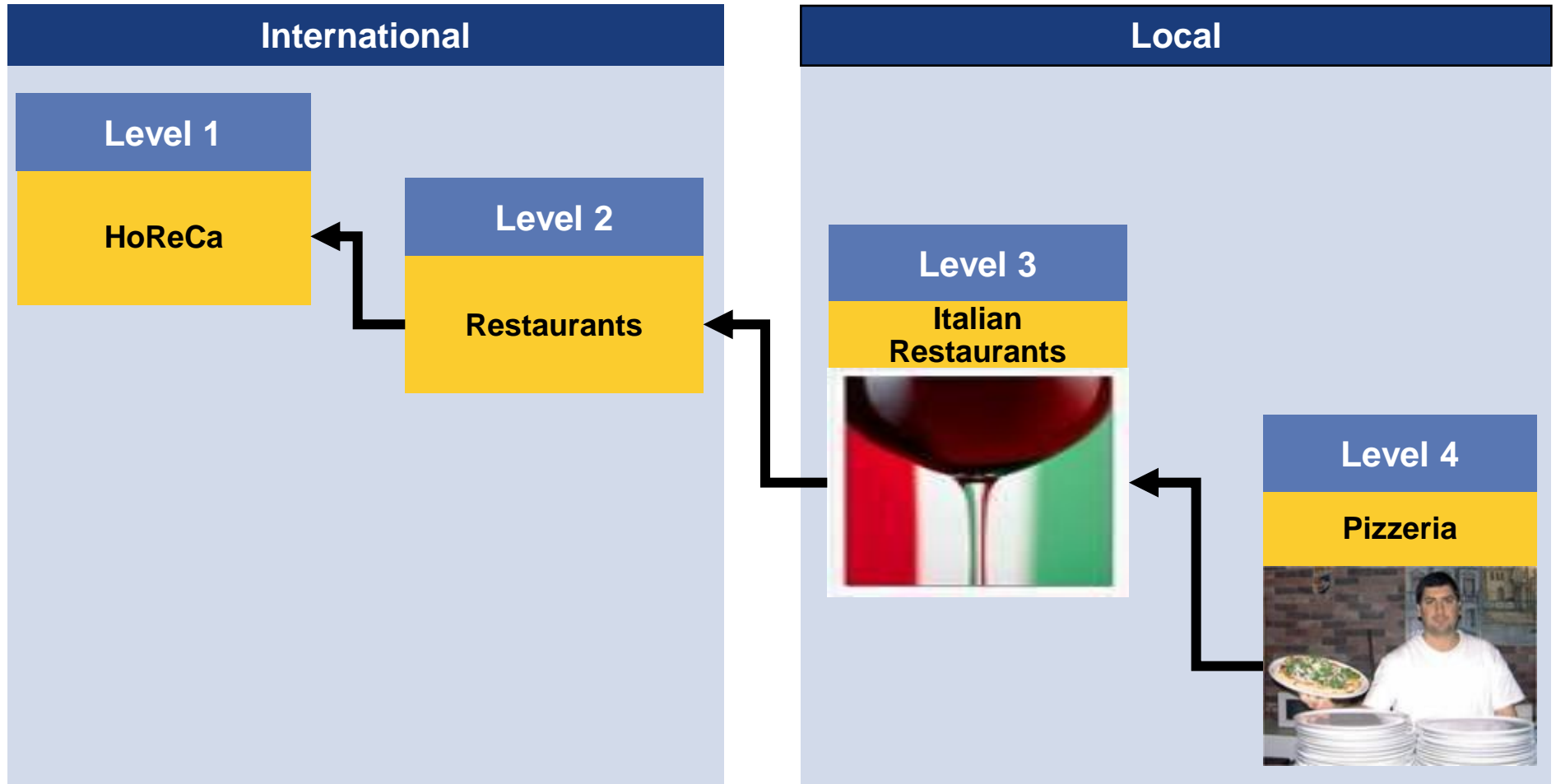
(not business & branch related)

The branch segmentation consists of 4 levels

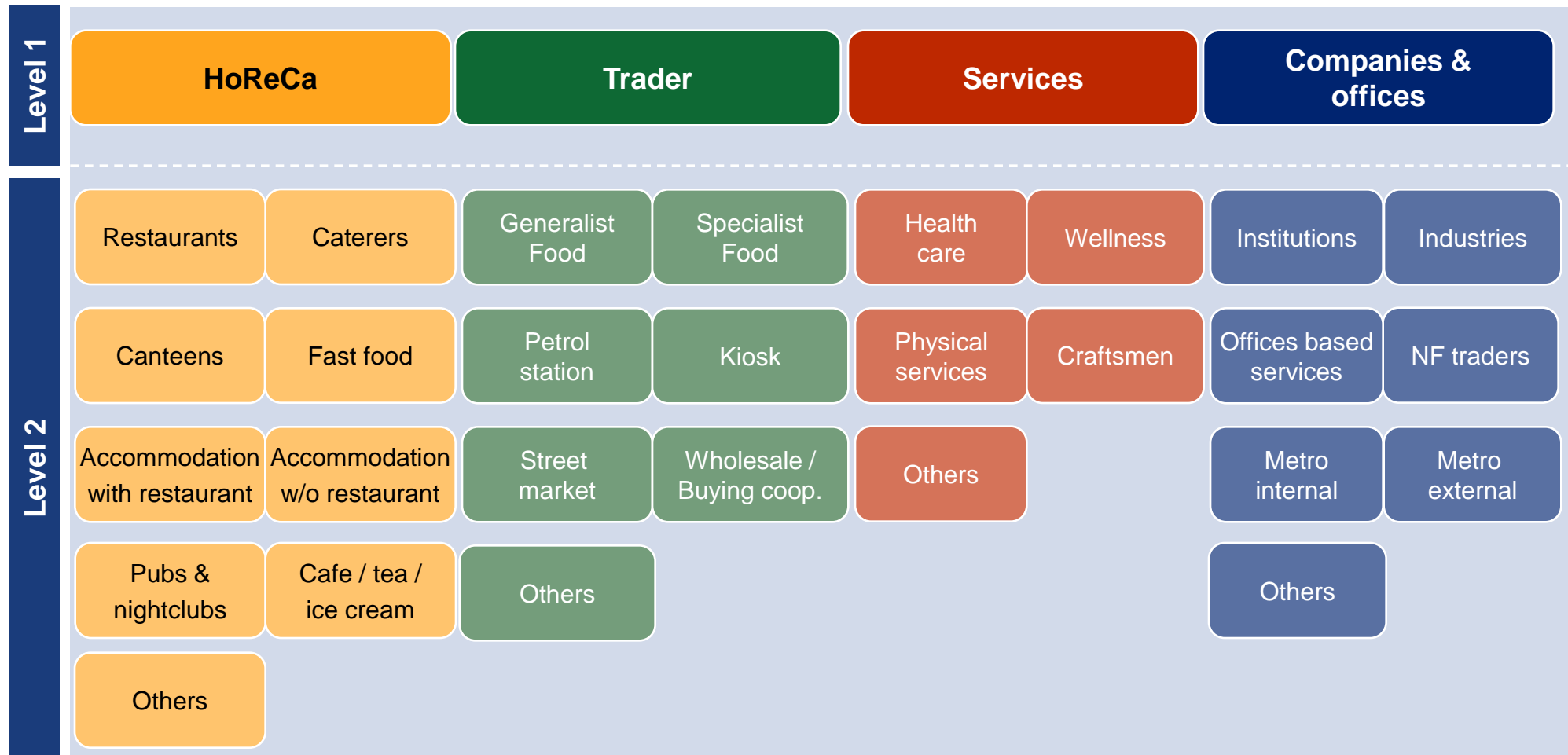
Consent of centralization and local markets



The 4 level use of the branch segmentation



International common levels 1 & 2



Based on branch segmentation customer needs can be identified

Using quantitative customer research methodology

HORECA



**Example:
Italian restaurant**



Core needs

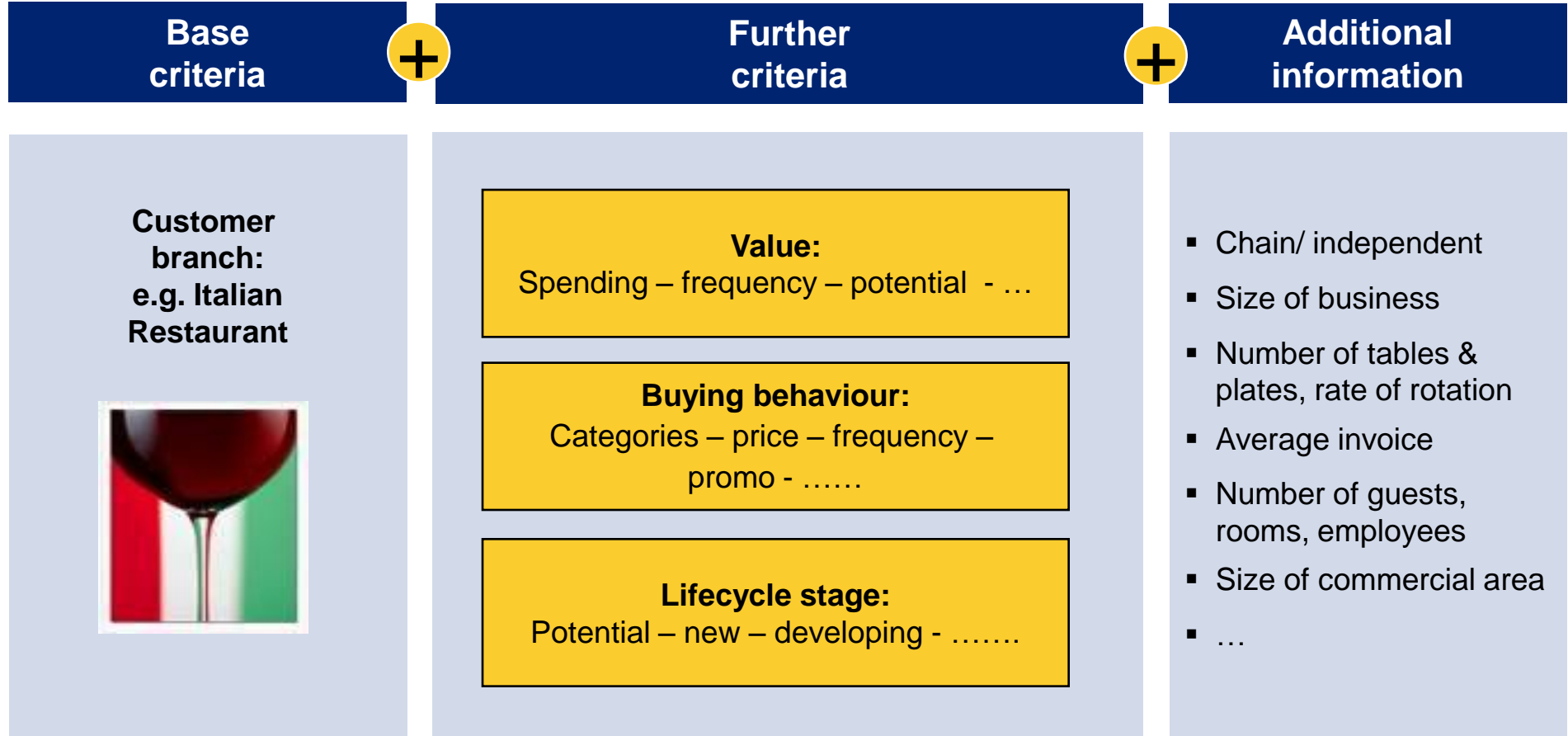
- Flour
- Mozzarella cheese
- Tomato sauce
- Plates
- Pizza take away carton
- ...

General needs

- Cleaning products
- Toilet paper
- Stationary
- ...

The branch segmentation helps us to define personalized offer bundles

Further criteria consistently enhance the view on the customer



Customer Master data = Name + Address + Telephone + Mail +

The value segmentation helps to allocate marketing resources

Value mechanisms			
Value indicators			Value segments
Customer share	Sales share	Visits/ Customer	
1 %	30 %	123	A customer
4 %	22 %	58	B customer
5%	12 %	38	C customer
10%	13%	25	D customer
30%	17 %	12	E customer
30 %	5 %	5	F customer
20 %	1 %	2	G customer

Goal of value segmentation...

Short term

- optimizing direct marketing spends based on the value of a customer
- increase efficiency in customer selection
- contact planning for each value segment

mid term

- shifting Marketing spends to our valuable customers
- .. and from “endconsumer” to our core target groups

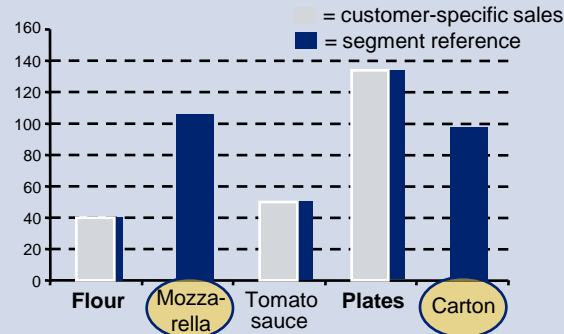
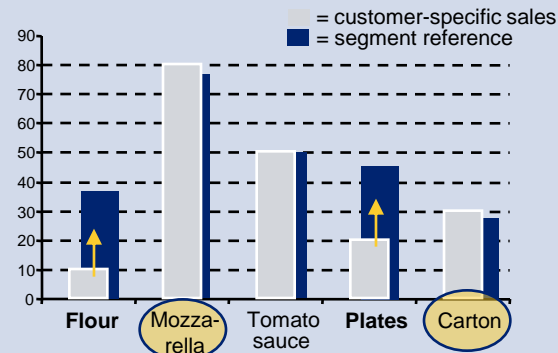
The value segmentation helps us to define how to approach the relevant customers efficiently and effectively

The buying behaviour helps to identify potential

Potential: Core needs (Italian restaurant)

- Flour
- Mozzarella cheese
- Tomato sauce
- Plates
- Take-away carton
- ...

Buying behaviour: e.g. sales per category



Increase share-of-wallet

Up-selling potential

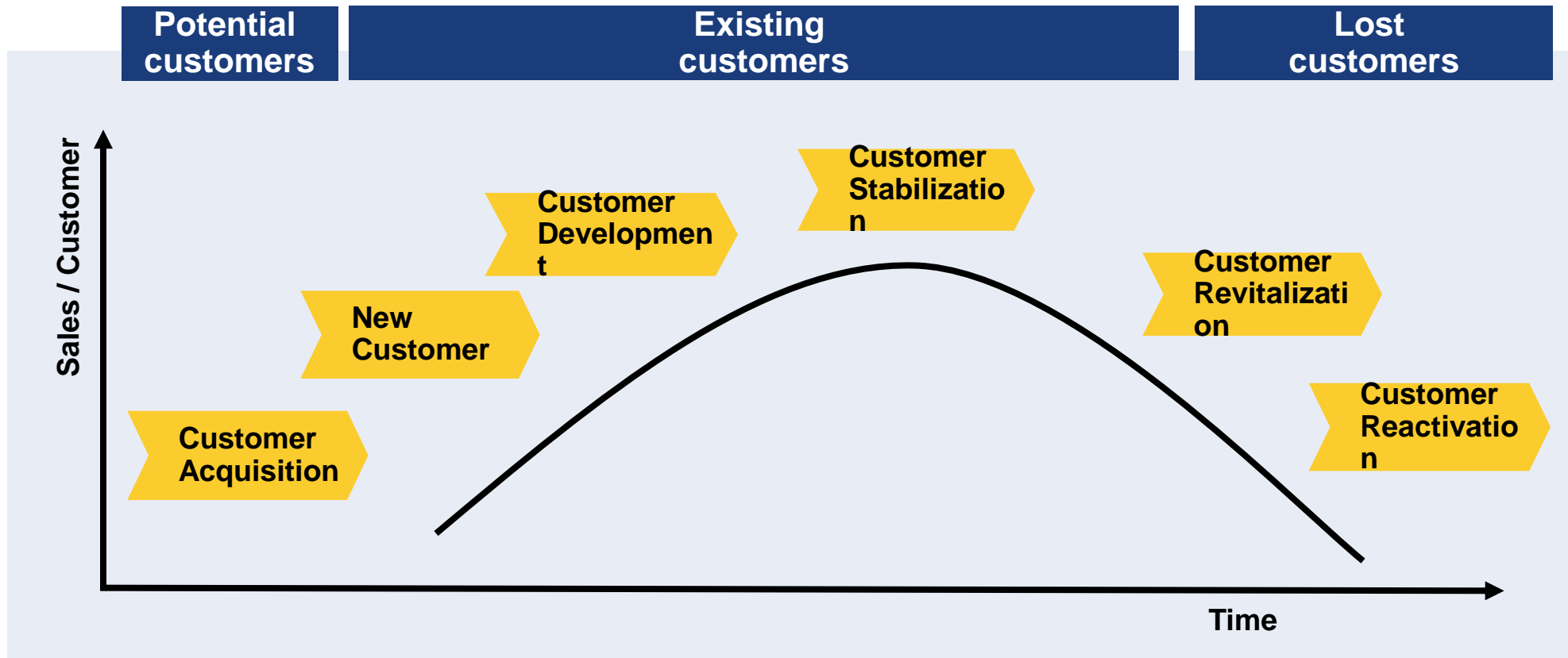
- Increase flours sales
- Increase plates sales

Cross selling potential

- Stimulate Mozzarella sales
- Stimulate Carton sales

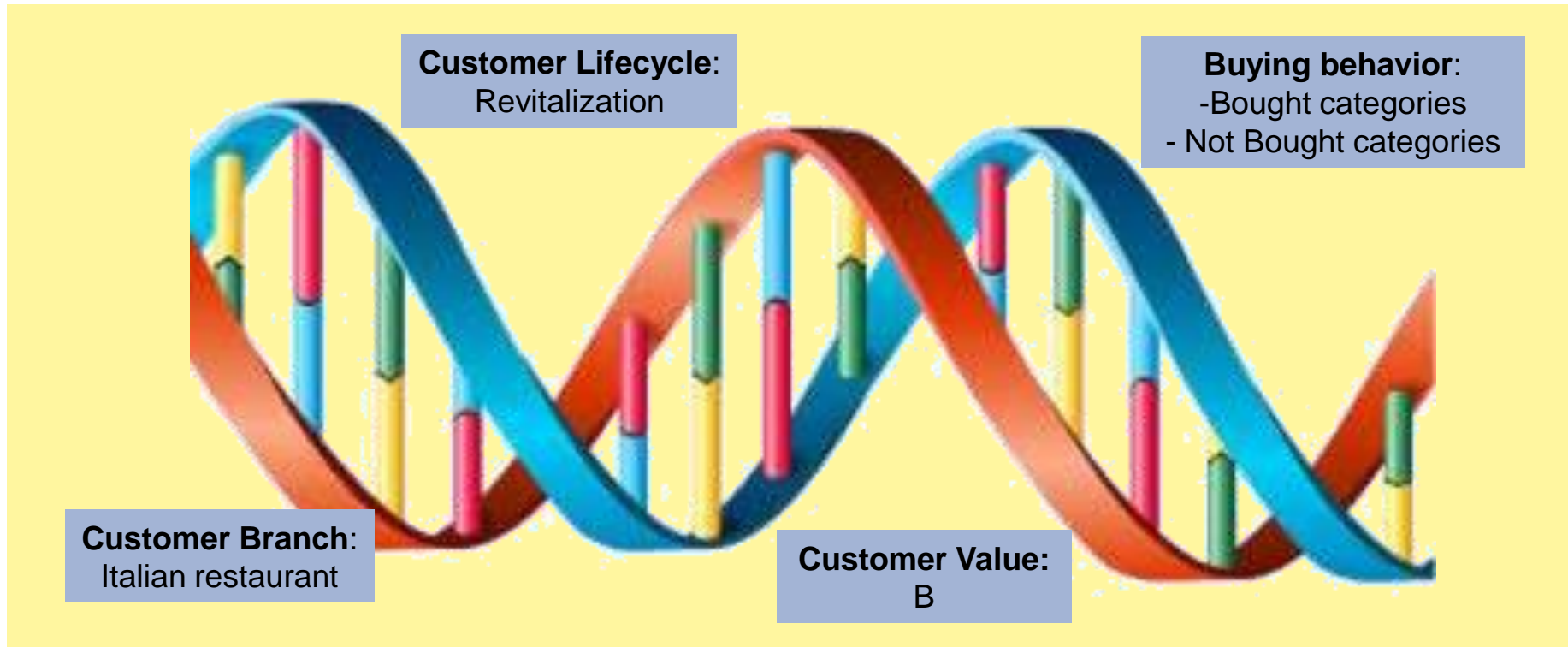
The buying behavior helps us to identify the relevant categories

The customer lifecycle defines the customer's status



The customer lifecycle helps us to identify the customer's status

At the end we know the customer and we can personalize our offers



Enriching customer knowledge: Customer DNA as a base for personalized relation

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Summary

Customer segmentation is a base of personalization of relation

Customer management process

I
II
III
IV
V

Customer

Customer segmentation

Assortment building

Build full ranges for target groups based on their needs

Price building

Achieve price leadership for ranges and core target groups

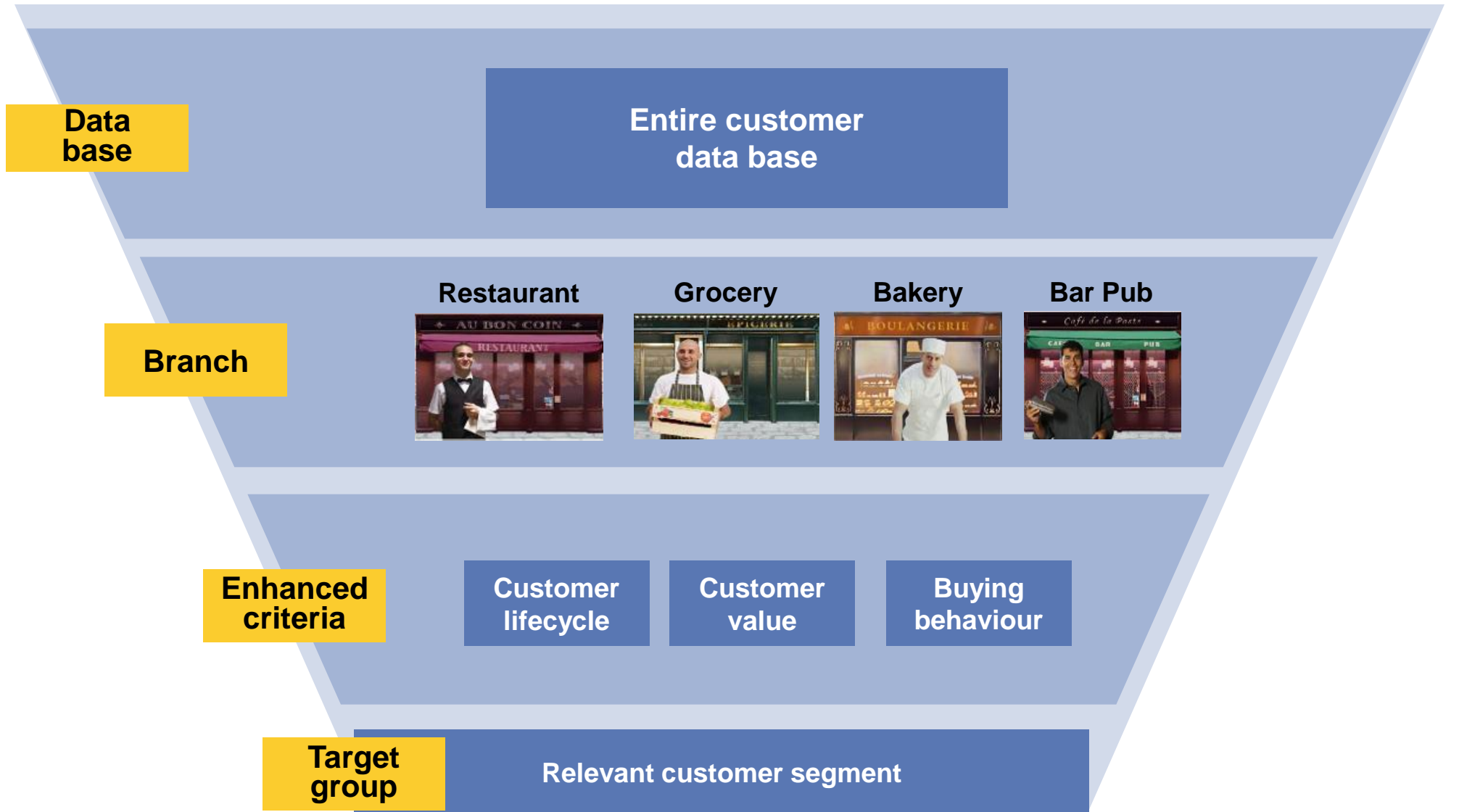
Value added services

Build/strengthen long term relationship with core target groups

Communication

Implement target group specific campaigns

Customer are segmented and selected



Appropriate communication channels need to be defined

Relevant customer segments

Appropriate communication channels

Fax



Mail



Call Center



Field Force



Web



Mobile



Each customer segment has certain affinities for specific communication channels

The communication's content is personalized

Example: Promotion for Traders, HoReCa, B-value segment, developing stage

Trader

HoReCa

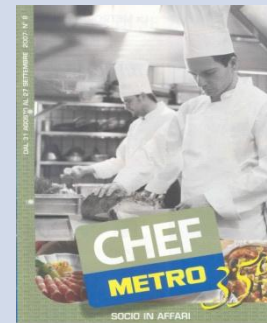
Level 1



Trader Mail
Belgium



Trader Mail
Bulgaria



Le Chef
Italy



Le Chef
Romania

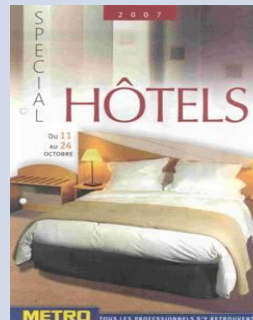
Level 2



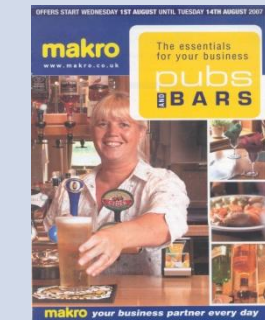
Kiosk Mail
Bulgaria



Bakery
France



Hotels
France



Pubs & Bars
UK

The communication's content is personalized

Example: Dialogue Marketing for Traders & HoReCa

Acquisition



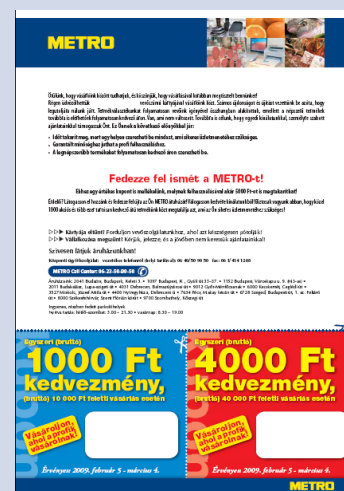
Acquisition mailing
METRO Romania

Activation

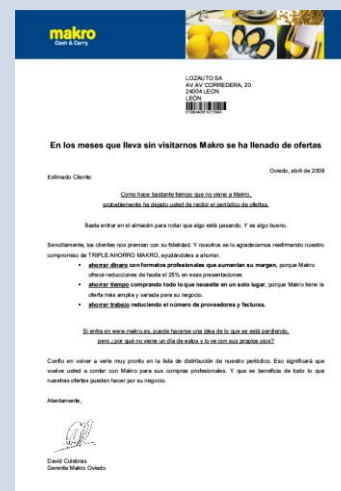


Welcome mailing
METRO Germany

Reactivation of F - customers



Reactivation mailing
METRO Hungary



Deletion mailing
METRO Spain

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Personalized relation by adapting the customer management process to Metro

Customer management process

I
II
III
IV
V

Customer



Branch segmentation

Enhanced criterias

Master data

Assortment building



Build full ranges for professional needs of the different branches

Price building



Achieve price leadership for core ranges and core target groups

Value added services



Create additional services to support our customer's business

Communication



Branch specific communication based on their lifecycle and value status

Finally, every customer receives his personalized offer bundle...



... which leads to effective customer relations

Contact

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