

1. Calculate the penetration share, share of wallet, usage index and market share for three leading supermarkets using the average monthly spend data given in table below. Assume that this sample of 5 customers is representative of the population of interest. Compare the performance of IGA with that of its competitors and recommend strategies for IGA's growth.

Customer	Average \$ grocery spend per month		
	Coles	Woolworths	IGA
C1	250	100	100
C2	140	320	150
C3	100	180	140
C4	300	60	50
C5	0	400	0

Solution:

	Coles	WOW	IGA
No. of. customers	4	5	4
Penetration share	0.8	1	0.8
Customer spending at store	790	1060	440
Total spending of store's customers	1890	2290	1890
SOW	0.42	0.46	0.23
Avg. Spending of store's customers	472.5	458	472.5
Heavy Usage index	1.03	1	1.03
Product	0.345	0.462	0.192
Market Share	34.5%	46.2%	19.2%

Looking at the values, IGA is performing competitively in terms of usage index and penetration share. But it has low share of wallet. In other words, IGA's customers cross-shop at other supermarkets (who could be using IGA for fill-in trips). This is consistent with IGAs positioning as a limited assortment neighbourhood store. However, if IGA seeks to improve its market share, then it should improve its share of wallet by cross selling to its existing customers. Some strategies to cross sell include increasing and improving the assortment of products carried (identifying and carrying products that its customers want and removing less popular items), improving its marketing mix (prices, promotions etc.) to increase the share of purchases of existing product categories (e.g. pricing competitively to increase the amount of milk purchased by existing customers at IGA).