

Creating a platform for future growth through an omni-channel proposition

To ensure long-term growth beyond the 2023 strategy, today we need to pilot and create an omni-channel eco-system that will ensure our presence in the fastest-growing market segment, enable us to meet the unfulfilled demand of our customers, and create an additional channel of communication with the consumer.

We plan to create an omni-channel eco-system that will offer:

- A high-quality product range and ease of choice (search, rating, and pricing)
- A convenient payment and delivery service (internal payment service, fast delivery, and friendly support)
- Trust and an understanding of demand and loyalty (mass personalization)

In 2019, we are planning to launch a pilot project to deliver our core hypermarket range offering to customers in Krasnodar in order to test demand for omni-channel offerings outside of Moscow and St. Petersburg.

Internal changes at Magnit

In order to successfully implement the five drivers and achieve our vision, Magnit will need to transform internally as well. We will revamp the organization and create a new corporate culture.

We are planning the following initiatives over the course of 2019:

- We will review the approach to the Company management. We need to update and merge outdated IT systems, create a unified policy for handling data and analytics, and build data-based decision-making processes
- We will build up our functional expertise. As one of the top priorities, we will focus on creating category management teams and CVP. We will also start developing expertise in analytics, big data, and digital marketing
- We will decentralize the organization based on multi-format districts to speed up the decision-making cycle and provide an understanding of the local consumer using functional teams at the local level. We will also launch a common service center and improve management efficiency.

In addition to organizational transformation, Magnit will need to convey its strategic goals to the entire organization and shift the focus from executing processes to the result in order to implement the strategy. Customer focus will become a part of Magnit's DNA.