

Retail Renaissance

Developing Strategies 2011

Thom Blischok

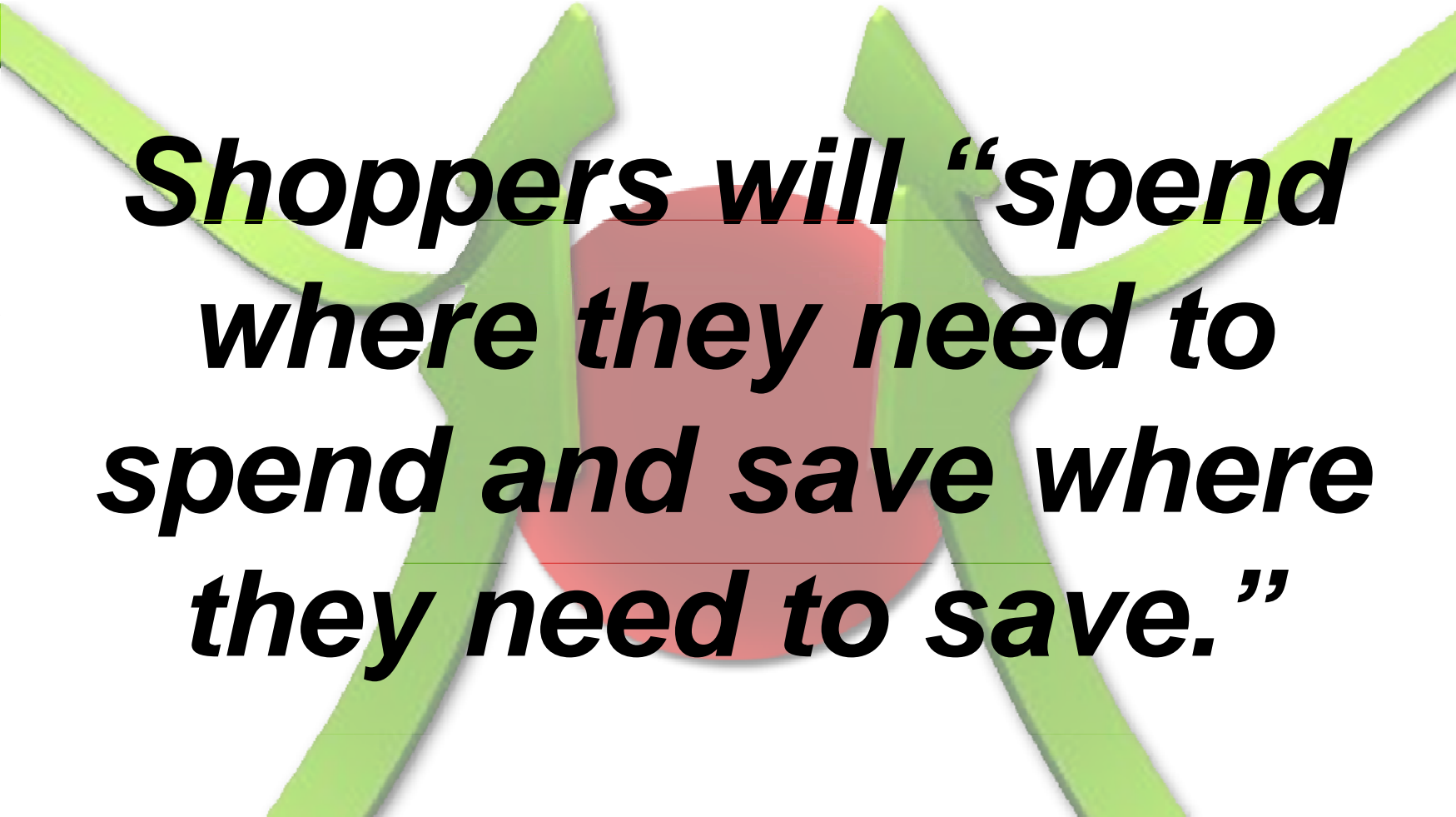
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today's experience



***Shoppers will “spend
where they need to
spend and save where
they need to save.”***

Winning on **Price**

A 3D white figure is standing next to a large red word 'Price'. The figure is holding a string that is attached to the top of the 'P' in 'Price'. The string goes up and then down to the figure's hands. The figure is holding the string with both hands, as if it's about to cut it or has just cut it. The figure is standing on a white surface.

“Grocery shoppers *have become very smart and will continue to do so* – it’s not enough for grocers to win on price alone anymore.

Do not discount *shopper savvy.*”

Shopping Experience



“Shoppers are looking for more from their grocery store; if it doesn’t ***offer quality and a pleasant experience and value***, then they’re out the door.

Store ***experience design*** is critical.”

Four Big Factors



“Perishable quality, store atmosphere and price are the primary factors influencing consumers’ grocery store choices, coupled with frequent sales and promotions.”

Redefining Competitiveness

Grocers cannot continue 'business as usual' and expect to win – it's **NOW** time to ***better understand ongoing shopper behaviors*** and make the strategic calls that drive store to shopper innovation."



today's dialog

- Economic Fears are Real
- Shopper Preferences and the New Value Equation
- Store Design Implications
- Exploring New Solutions
- Recommendations



today's dialog

- *Economic Fears are Real*
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today's realities

The Economic Landscape

“A world of extremes – the
haves and the have not's”



framing the problem

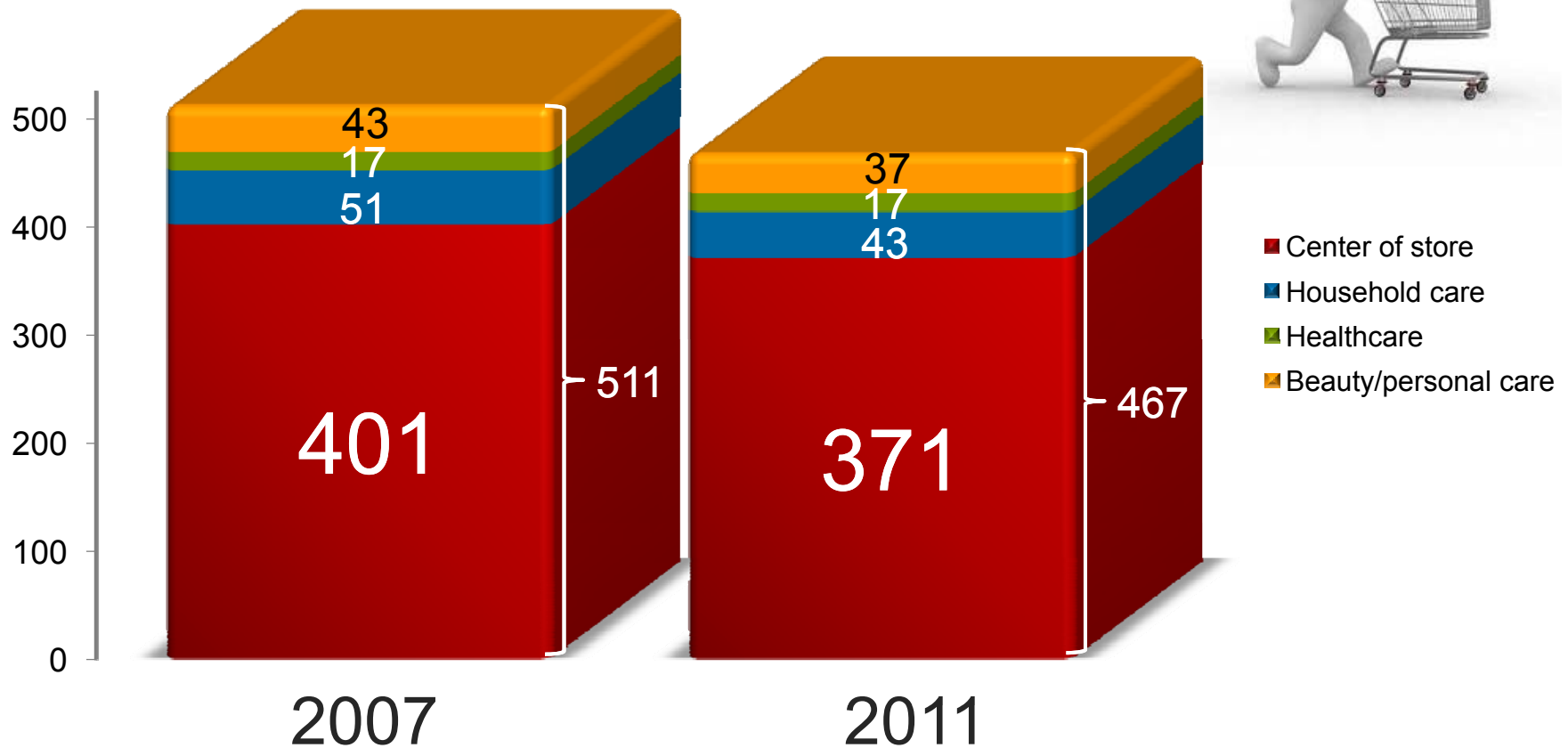
- Shoppers have validated that the current economic malaise has not yet become personal
 - Do not expect significant changes in spending for the remainder of the year and into 2012
- A new shopping behavior has emerged
 - “Survivalists” – ongoing deep cutbacks
 - “Selectionists” – selective cutbacks
- The selected “Trip Route” determines ongoing “share of wallet”
 - An average of 2.3 stores per week
- The new shopping decision equation
 - **“Quality received per dollar spent”**



significant cutbacks to SKU diversity

Basket Change: Unique SKUs per Buyer

2007 to 2010, 52 WE 7/1/2007 and 6/26/2011



Source: IRI Economic Shopping Dynamics Longitudinal Database™, IRI Consumer Network™; Total Market All Outlets

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retailer negative drivers

What Turns Shoppers Away from a Retailer

Based on the Number of Shopper Mentions



retailer positive drivers

What Draws Shoppers to a Retailer

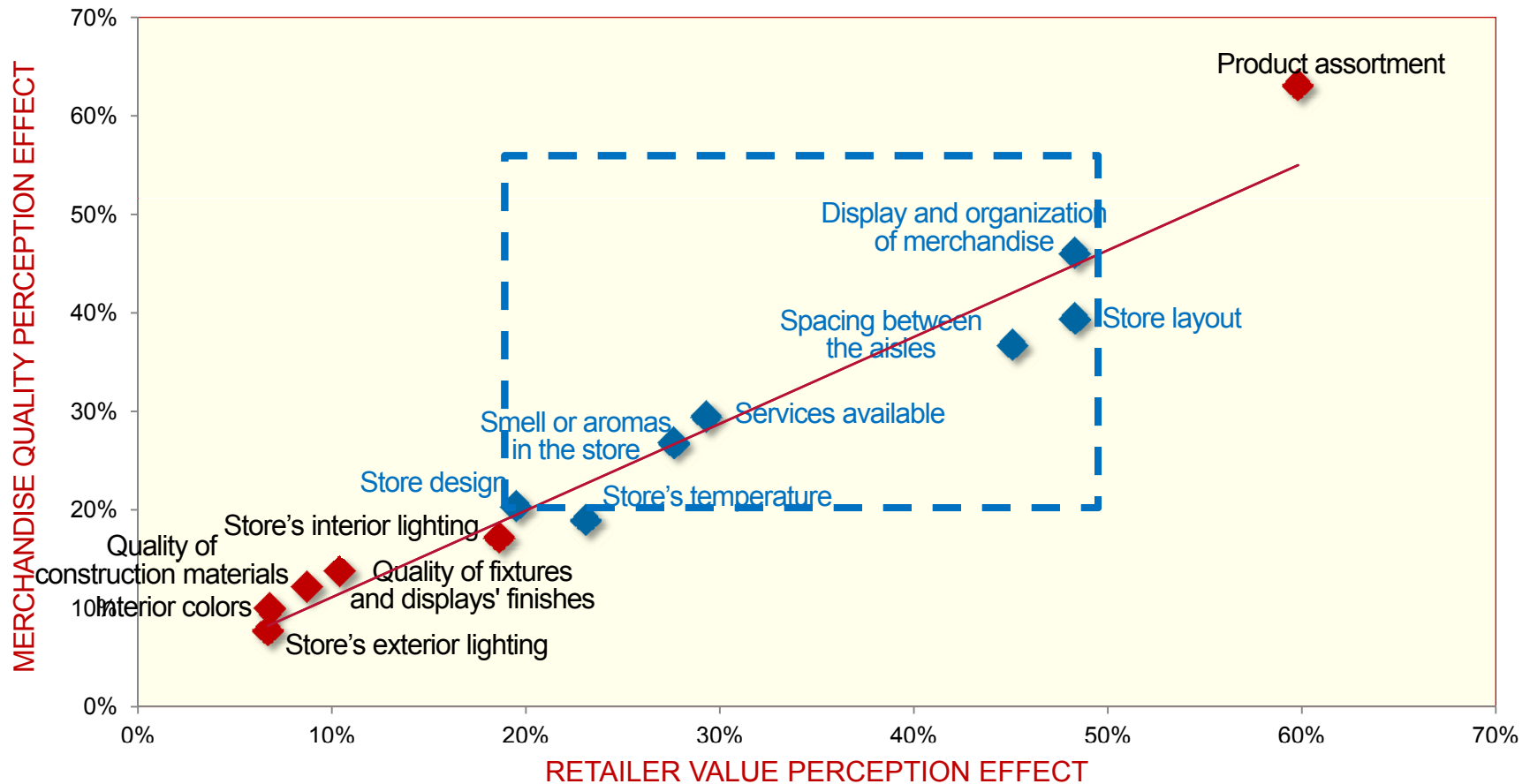
Based on the Number of Shopper Mentions



importance of design

Retailer Perception Factors

Percent of Shoppers (Excluding Pricing)



Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

brightly lit stores common

Lighting: Noticed at Retailer
Percent of Shoppers



Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

shopper preferences: lighting

- Shoppers prefer **higher ceilings so long as there is adequate lighting**
 - Higher ceilings stimulate perceptions of quality
- Shoppers prefer **bright, more natural lights**
 - Shoppers examine merchandise more when in a well-lit store
 - Fluorescent lighting can feel “washed out” while natural feels just that – more natural



Source: Natural Renewable Energy Laboratories, U.S. Department of Energy; International Journal of Retailer & Distribution Management; University of Twente Department of Architecture.

aisle and shelf redesign

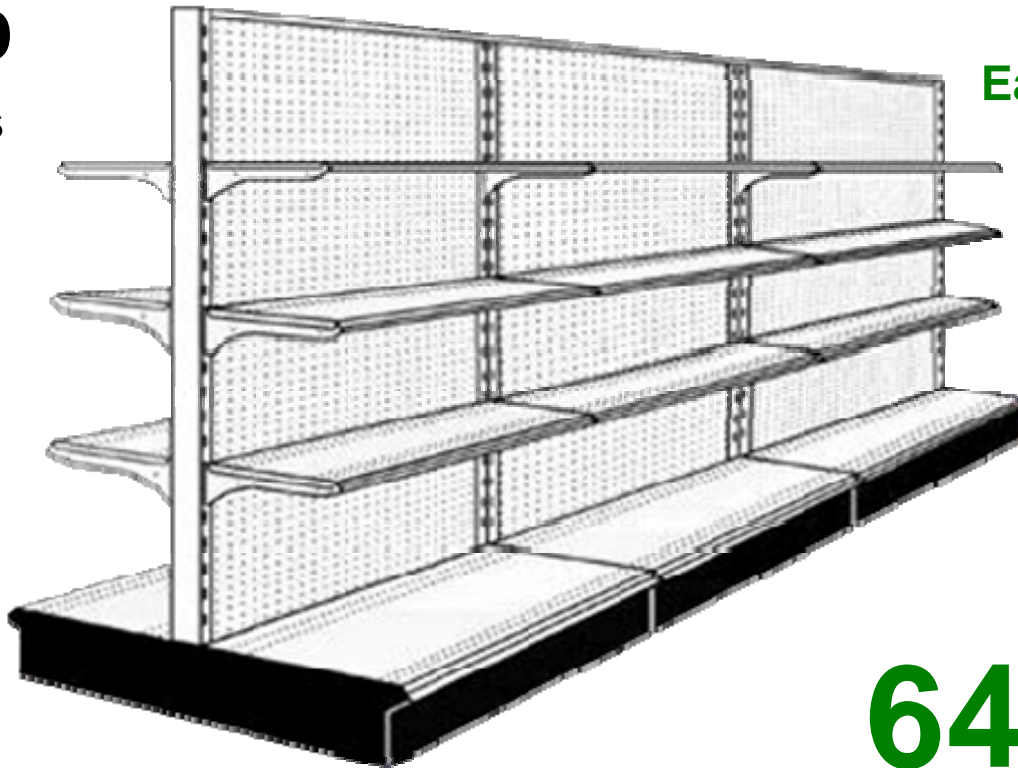
Organization: Noticed at Retailer
Percent of Shoppers

28%

Tall shelves

34%

**Clutter free
signs and
displays**



49%

Easy to Navigate

41%

Shorter shelves

64%

Wider aisles

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

shopper preferences: organization

- **Lower shelving with wider aisles** preferable
 - Gives a better view of the store
 - Make shoppers feel more in control of what they're buying



Source: Natural Renewable Energy Laboratories, U.S. Department of Energy; International Journal of Retailer & Distribution Management; University of Twente Department of Architecture.

shopper visuals

Décor and Color: Noticed at Retailer Percent of Shoppers

- 42%** High ceilings
 - 25%** Simple design and fixtures
 - 21%** Modern high-end décor
 - 20%** Soft or muted colors
 - 18%** Bright colors
 - 17%** Use of modern materials like stainless steel, chrome, etc.
 - 16%** Use of natural wood and stone
- 
- An illustration of three open paint cans in the background. The can on the left is blue, the middle one is red, and the one on the right is yellow. A paintbrush with a wooden handle and a purple bristle head is resting on the rim of the red can. There are some paint splatters on the surface in front of the cans.

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

shopper preferences: color and decor

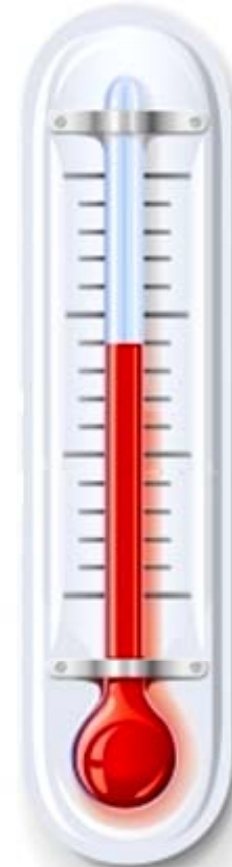
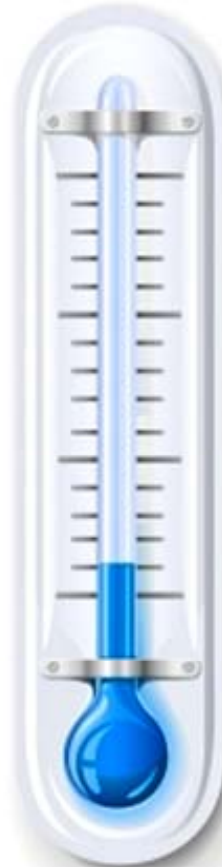
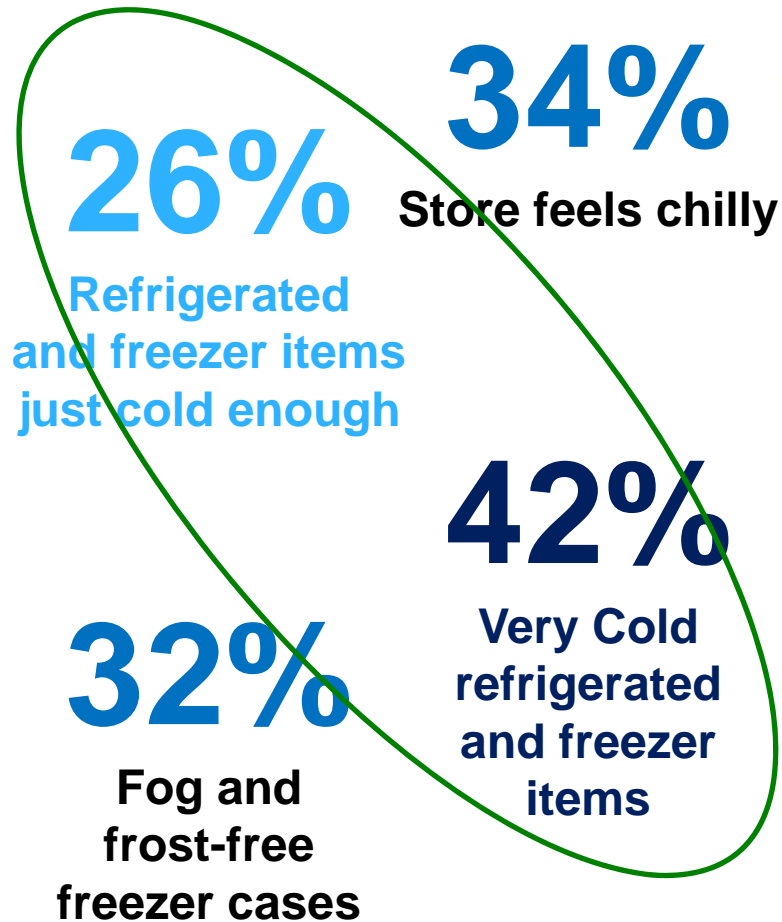
- Wall colors **influence a shopper's feelings**
 - Orange gives the impression of price fairness
 - Green overall relaxes shoppers, especially with natural lighting
 - However, exposed bare walls give the impression that the store is hurting financially



Source: *Journal of Business Research*; *International Journal of Retailer & Distribution Management*; University of Twente Department

temperature controls

Temperature: Noticed at Retailer
Percent of Shoppers



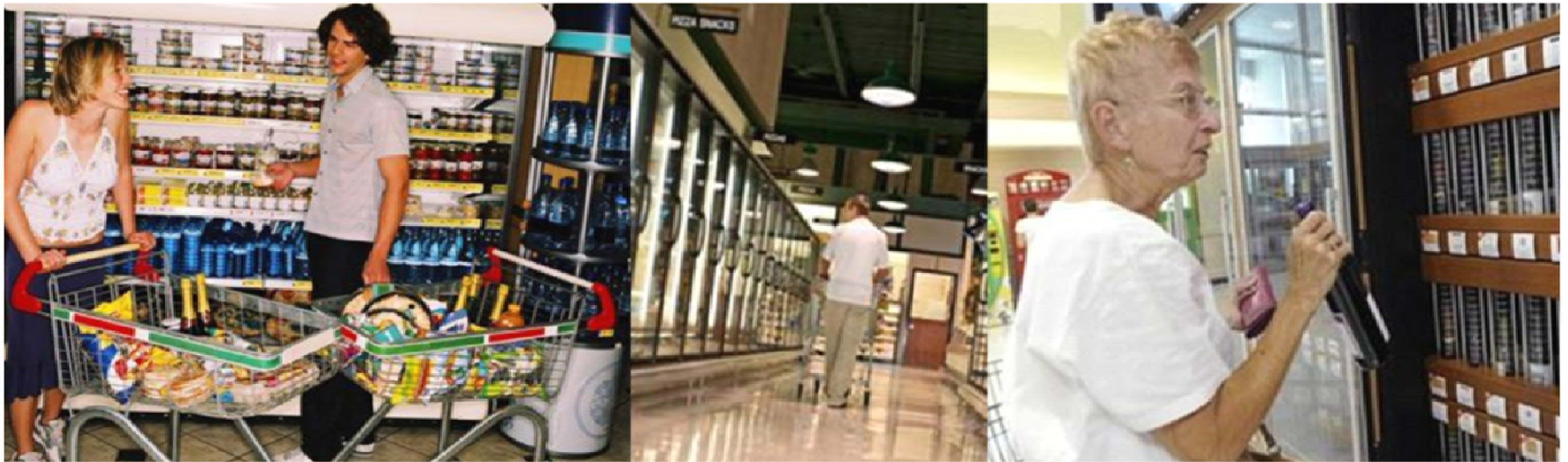
20%
Store feels warm

60%
Misting produce to keep it fresh

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

shopper preferences: temperature

- Customers want a **comfortable temperature**
 - 68°F to 74°F
 - Allows shoppers to feel the coolness from fridges and heat from ovens
- Want **frozen products to be very cold**
 - Lets the shopper know it won't thaw on the drive home



Source: *Journal of Business Research*; *International Journal of Retailer & Distribution Management*; University of Twente Department

retailers and energy

Social Responsibility
Percent of Shoppers



62%

*“Believe retailers have
a responsibility to
conserve on energy”*

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

less half report a comfortable atmosphere

Energy: Noticed at Retailer
Percent of Shoppers

46%

**Designed for
a comfortable
experience**

23%

**Designed to
conserve
energy**

17%

**Energy Star Rating
on refrigerators
and freezers**

10%

**High tech
energy sources
like solar panels**



Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

energy: conservation CO₂ refrigeration

- Less energy required, leading to lower refrigeration operational costs and shopper savings
- “Feeling” the thoroughness of cold is important
- Frost Free cold helps improve selection – illustrate the temperature in a scale to show “cold level”



Source: Natural Renewable Energy Laboratories, U.S. Department of Energy; Teklab Refrigeration, Italy; Sanyo Electric Co, Japan

reusable shopping bag programs popular

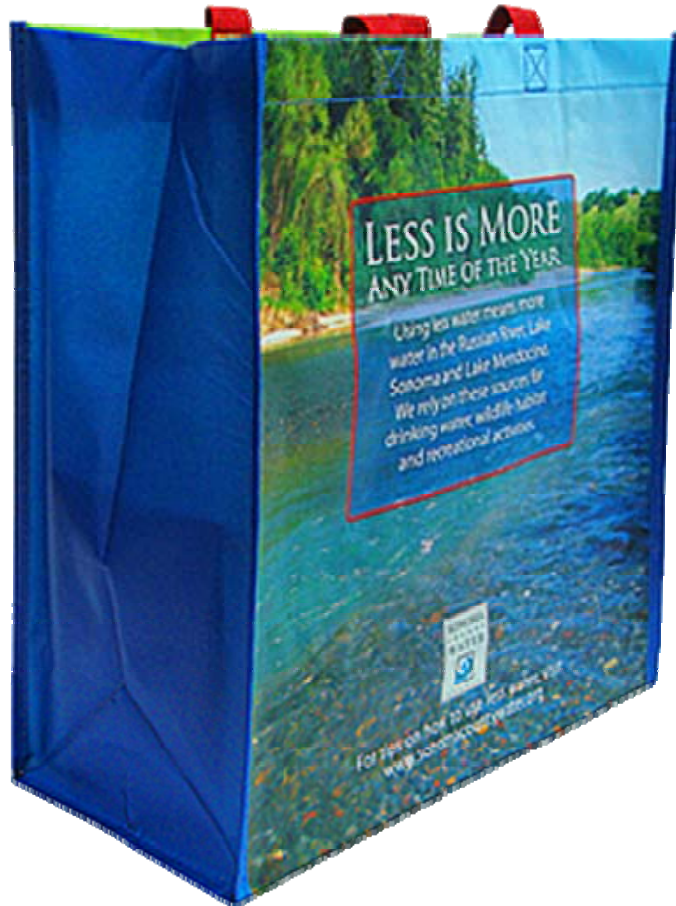
Programs and Promotions: Noticed at Retailer
Percent of Shoppers

34%

**Discounts
for reusing
shopping bags**

24%

**Less print
coupons, more
online coupons**



22%

**Required to
bring your own
shopping bag**

17%

**Promoting energy
efficient practices**

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

customer ideas: in-store

- Place **recycling bins near the front** of the store
 - Shoppers can recycle plastic bags from previous trips
- Promote shopper **use of reusable** bags
 - Can be cloth or recycled plastic
 - Offer discounts or deals to shoppers who use these bags



customer involvement: green at living tips

- Include tips for composting, recycling, using less energy at home, etc. with coupon circulars



the value of local

Supporting Local Farmers and Producers
Percent of Shoppers



66%

***“Locally-sourcing products
reduces fuel usage
and pollution”***

Source: SymphonyIRI Retail Energy and Design Survey 2011, n=1000

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experiential designs

1. Traditional locations
to anywhere, anytime

2. Bricks and mortar
to clicks and mortar

3. Aisles and shelves to
***“shopping experience”
departments***

4. Passive to ***active
technology***



altered states

“The primary role of design in today’s world is to change the pace of shopping.”



cacophony of innovation

Extending the Reach of Shopping

- Valet parking, covered parking
- Outdoor security system
- Car Wash while you shop
- Customized FTD floral arrangements and gourmet baskets
- In-store jewelers
- U.S. Bank

Addressing Personal Indulgences

- Signature Bistro providing gourmet chef-prepared meals to take home
- Organic juice bar
- Expanded salad bar, olive bar, and a soup bar
- Dessert shop featuring more than 300 pastries, cookies and pies
- Traditional sushi bar
- Tortillaria offering warm, fresh flour tortillas
- A large Kosher department
- Rosti bar and Crêpe bar

Entertaining and Relaxing

- Fresh Attractions Cooking School – culinary learning from the finest executive chefs.
- Children's cooking school as well on Saturdays.
- Wine cellar & bar featuring more than 1,600 variety of wines
- Comfortable indoor seating with large-screen TV and fireplace
- Comfortable pharmacy
- Starbucks Coffee Shop
- Personal pizza bar

Making Merchandise Exciting

- Nature's Market – featuring a large organic selection
- Foods from around the world
- Aged beef, American Kobe beef
- Fresh seafood selection
- Ethel M Chocolates
- Certified Organic fruits and vegetables
- Hydroponic in-store product production
- Fire and slow roasting

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clicks and mortar

- Amazon and 7-Eleven team up on in-store lockers.
- Amazon delivers to a local 7-Eleven store
- After delivery, an email notification is sent to the recipient
- To retrieve your package, scan the bar code at the system kiosk with your id.

amazon[®]



virtual grocery supercenter



iTunes



PROGRESSIVE

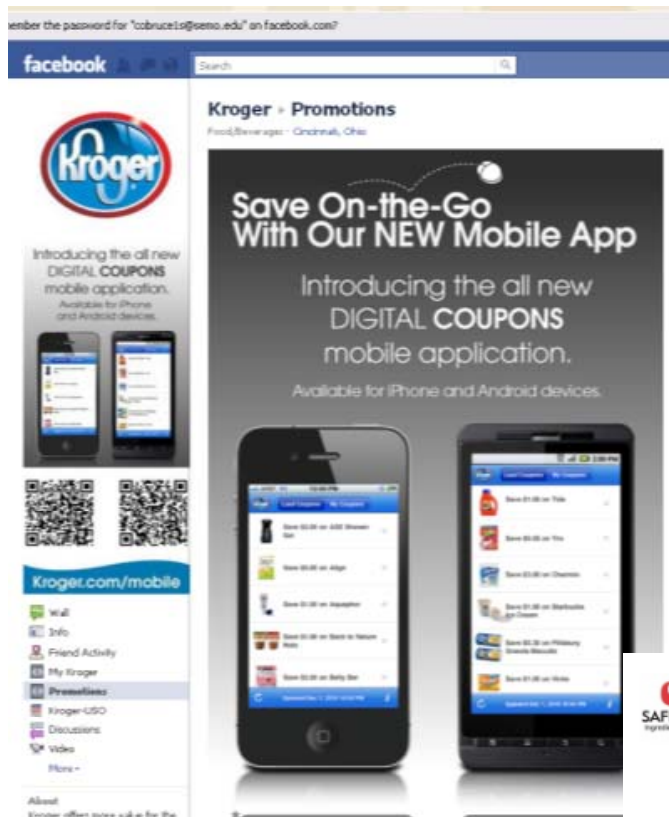


ipad at retail

- Emerging Use Paths:
 - Stirring Brand Excitement
 - Aiding Product Awareness
 - Showing Produce Use After Purchase
 - Supporting In-Store Purchase Decisions
 - Empowering Associate Communications



f-commerce the fourth dimension



Safeway

Did you know carrots are a "top" source of carotenoids and vitamin A, nutrients that may help keep eyes and skin healthy and offer protection against infections. Toss steamed carrots with a drizzle of honey, olive oil and chopped mint.



52 minutes ago via Safeway · Like · Comment · Share

Safeway - good to know produce
www.safeway.com

good to know produce



Use the following clues to find the bean's whereabouts throughout our Social Media Network



Each clue will lead you to a specific picture (web address located in the toolbar portion of your browser), find the specific URL the bean is located on to submit as your answer.

Once you've completed the list, submit your answers by clicking on the 'Submit your answers' button on this page. The 100th person with the correct answers, chosen for our 100,000 fans, will receive a Gift Basket filled with Community Coffee goodness! GOOD LUCK!

Clues

1. The bean lives in an old, dusty photo album full of great memories.
2. You may spot this bean on top of a video screen.
3. The bean will 'Perk' you up!
4. The bean is @CommunityCoffee
5. The bean has it's very own Event
6. The bean loves the big city
7. Two words - Chef Bean.
8. The bean says, "Laissez Les Bons Temps Rouler"
9. BEGGERSR Bean.
10. The bean salutes you!

Submit your answers

Source: facebook.com websites

intelligent shelf tags



automating grocery lists



- A \$400 at-home barcode scanner
 - mounted on your kitchen countertop or wall
- When you finish a product, scan the barcode,
 - sent to your account and memorized
 - Inform where you can recycle the packaging locally, if available.
 - when you're ready to restock, visit your account, go over your grocery lists, and push a button to schedule a delivery

shopping assistant – today

- Free in-store WiFi, allowing customers to:
 - Check prices online
 - Read product reviews
 - Nordstrom, Sam's Club and Home Depot in the U.S already offer similar services in many stores.



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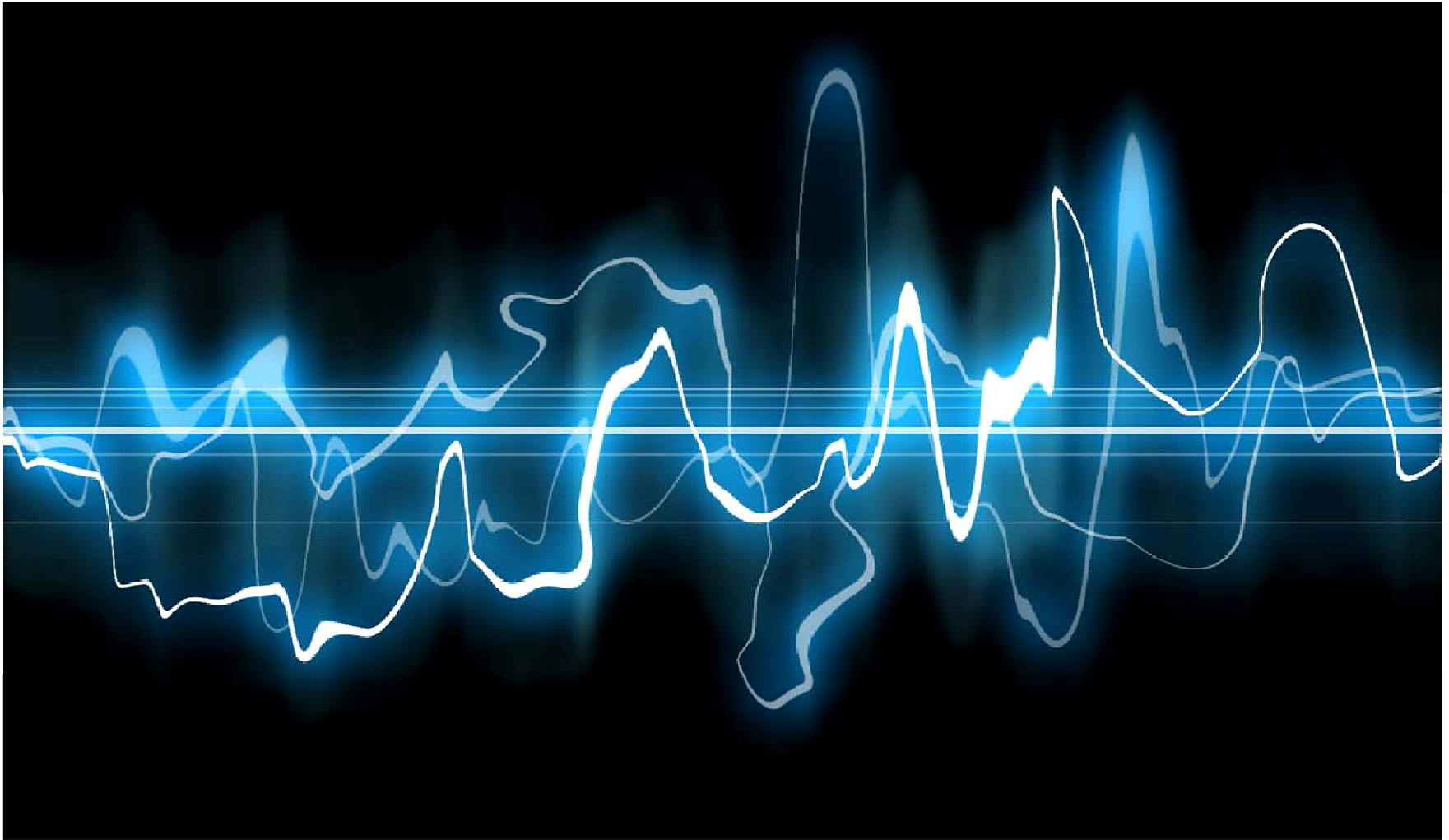


Final Thoughts



shoppers

bombarded with complexity





*“Simplicity means the
achievement of maximum
effect with minimum means.”*

Dr. Koichi Kawana
Artist, Designer And Architect

simple, appealing, effective



strategies for store designers

1

Engage shoppers through inspired retail designs.

2

Create a “best in class” ongoing shopper intelligence capability

3

Establish a design innovation council with both internal and external resources

4

Create a capability and process to test design innovation

5

Begin to think solutions – that is create a store the way people shop

6

360° approach – defined shopper anticipation, banner positioning, and aligned technologies

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