



Retail Renaissance

Developing Strategies 2011

Thom Blischok

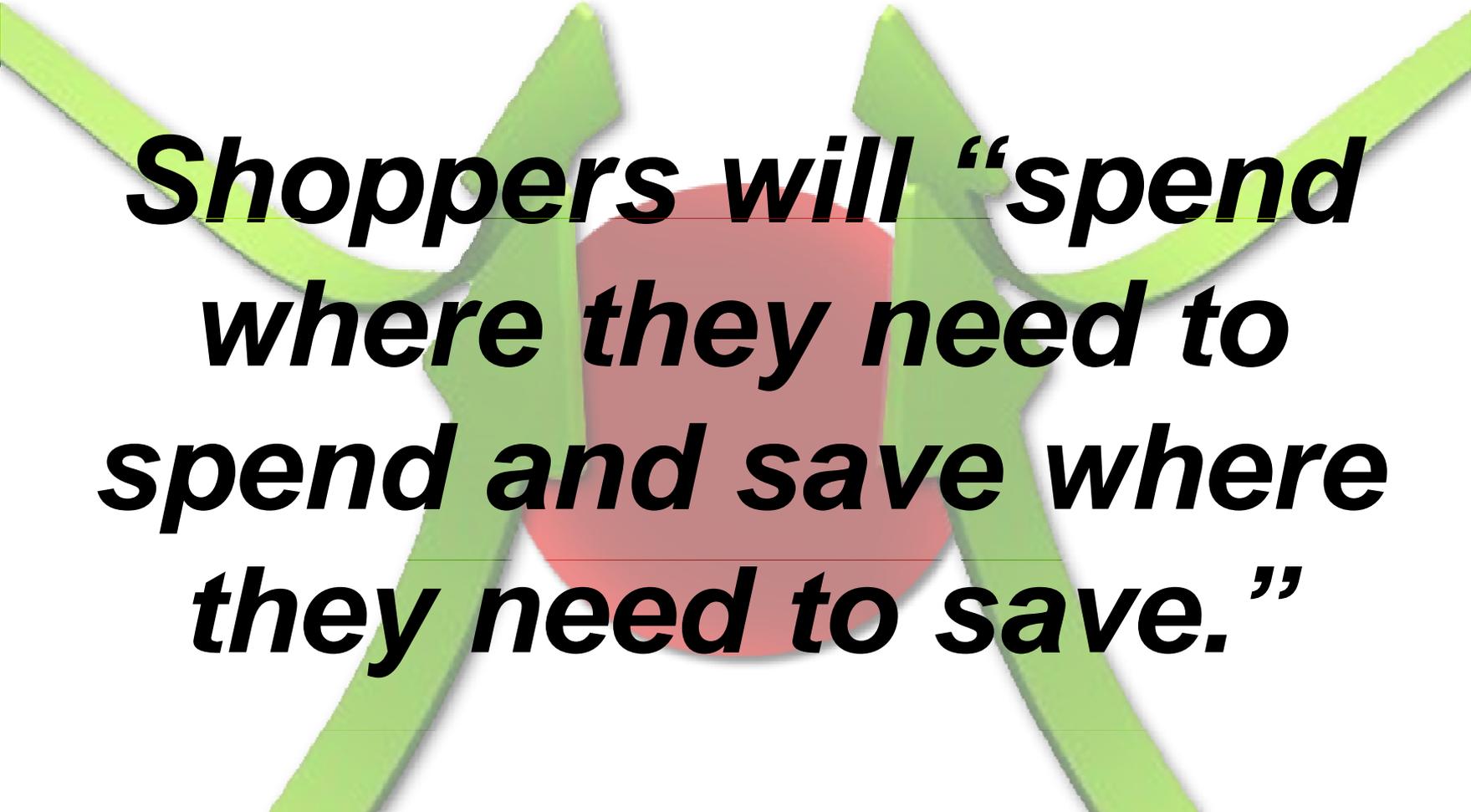
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today's experience



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

Winning on **Price**

A 3D white figure stands next to a large red price tag. A white airplane is flying out of the top of the price tag, symbolizing the concept of winning on price.

“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

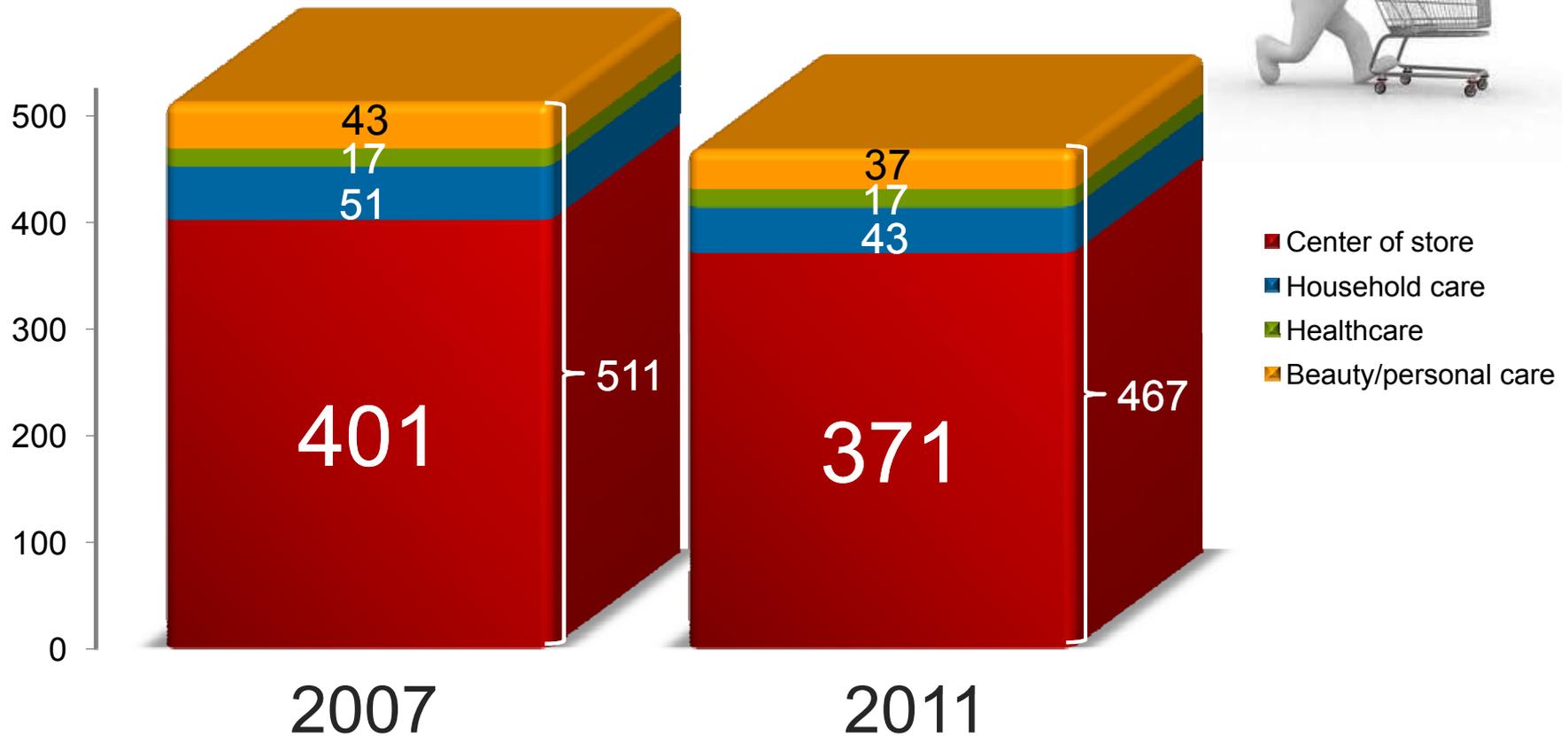
- Shoppers have validated that the current economic malaise has not yet become personal
 - Do not expect significant changes in spending for the remainder of the year and into 2012
- A new shopping behavior has emerged
 - “Survivalists” – ongoing deep cutbacks
 - “Selectionists” – selective cutbacks
- 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

today's dialog

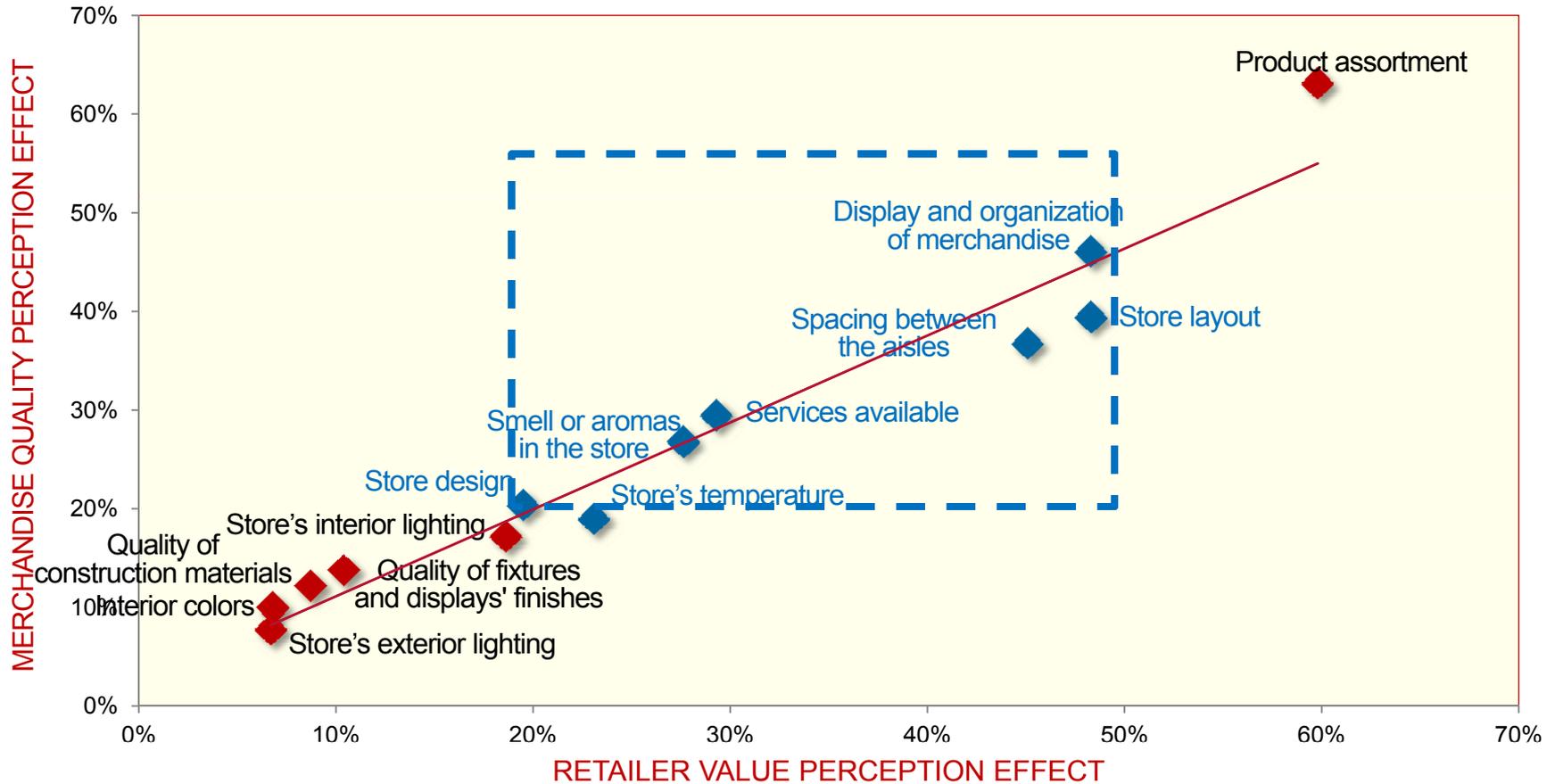
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importance of design

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

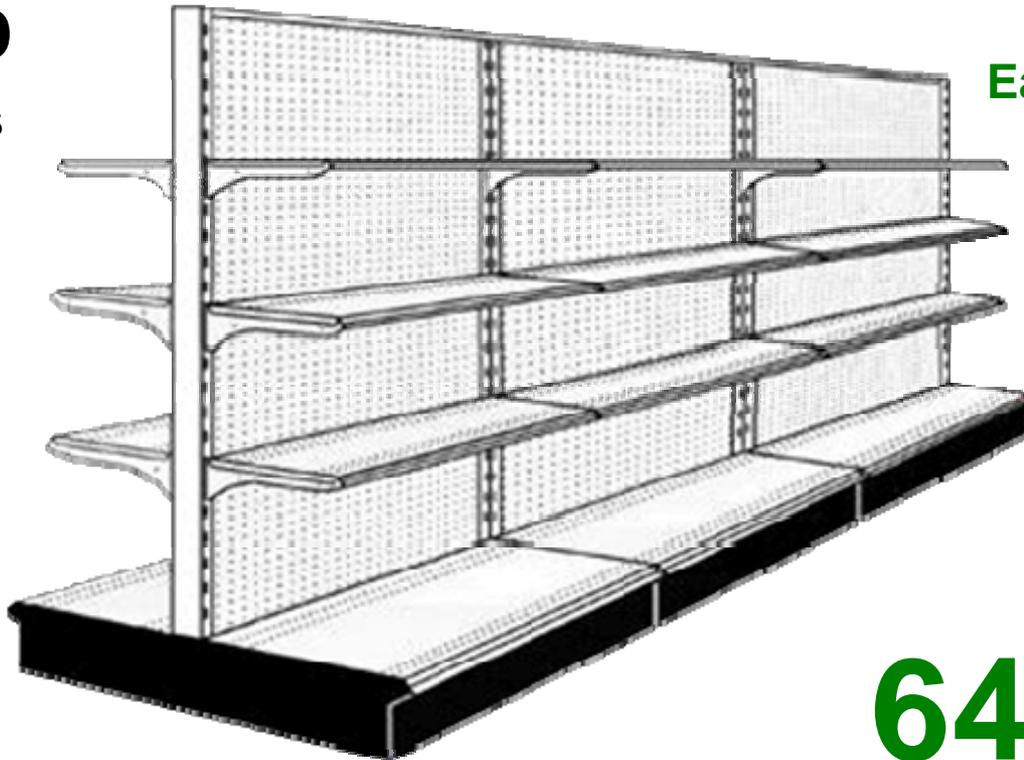
Organization: Noticed at Retailer
Percent of Shoppers

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
- 

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

shopper preferences: color and decor

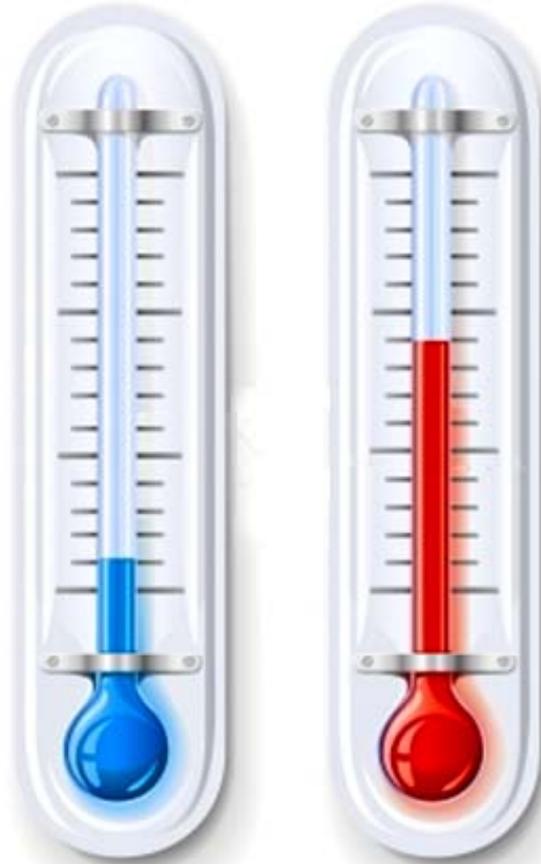
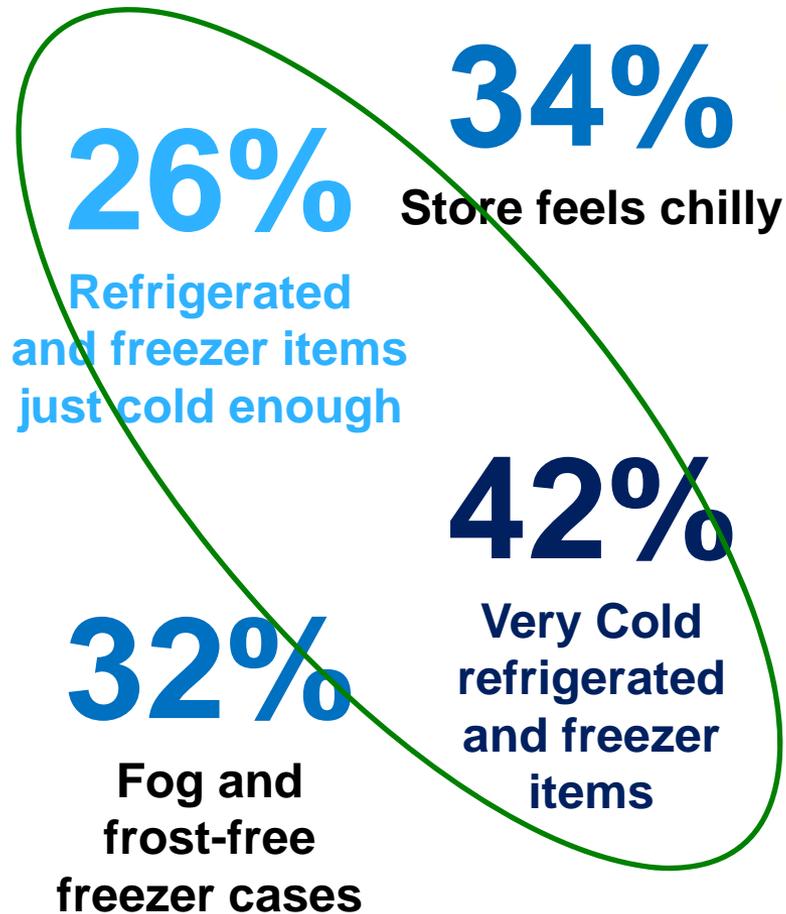
- **Wall colors influence a shopper's feelings**
 - Orange gives the impression of price fairness
 - Green overall relaxes shoppers, especially with natural lighting
 - However, exposed bare walls give the impression that the store is hurting financially



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

17%

Energy Star Rating on refrigerators and freezers



23%

Designed to conserve energy

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

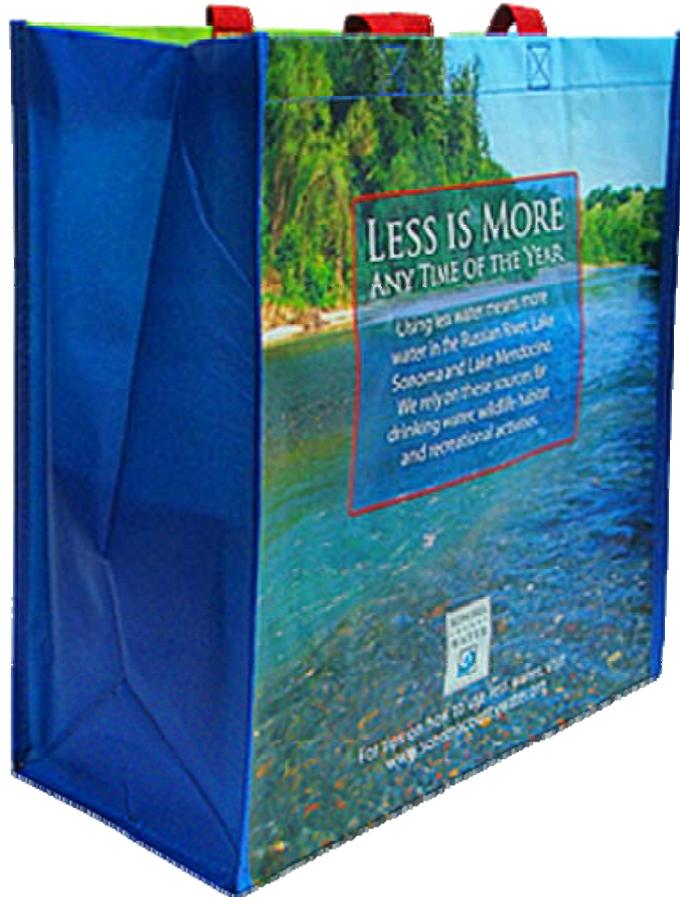
Programs and Promotions: Noticed at Retailer
Percent of Shoppers

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



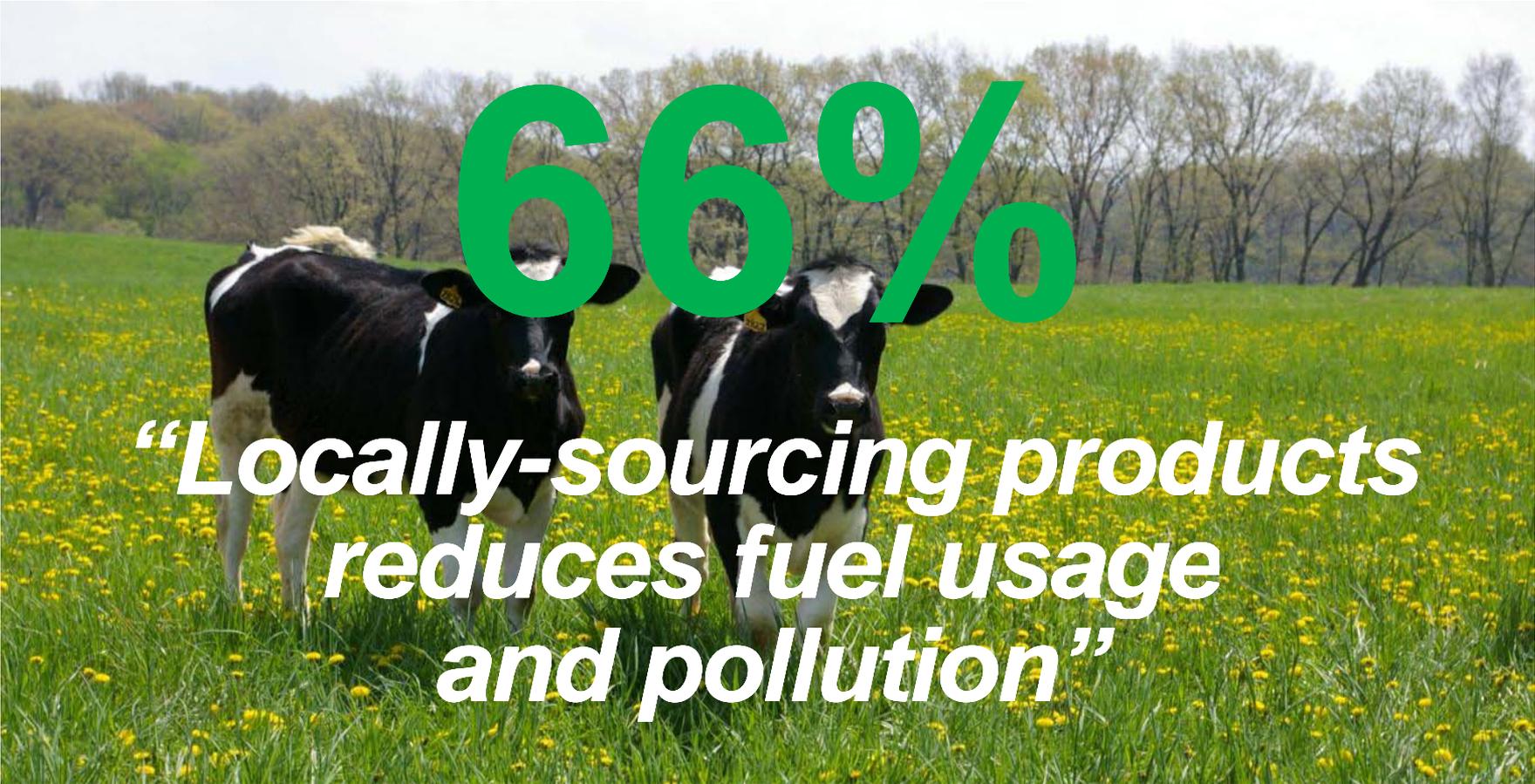
customer involvement: green at living tips

- 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

Remember the password for "cobruce10@jemo.edu" on facebook.com?

facebook

Kroger • Promotions
Food/Beverages - Cincinnati, Ohio

Save On-the-Go With Our NEW Mobile App

Introducing the all new DIGITAL COUPONS mobile application. Available for iPhone and Android devices.

Introducing the all new DIGITAL COUPONS mobile application. Available for iPhone and Android devices.

Kroger.com/mobile

Wall
Info
Friend Activity
My Kroger
Personalize
Kroger-USA
Discussions
Videos
More -

About
Kroger offers some cool stuff for the

facebook

Pillsbury • Crescents
Food/Beverages - Minneapolis, Minnesota

Recipes of the Week

Try the Latest Crescent creations and let us know what you think! Don't forget to share the recipe cards with friends or print them out to save.

Ham and Broccoli Au Gratin

INGREDIENTS
2 boxes (10 oz each) Green Giant® frozen broccoli & cheese sauce
2 cup sliced cooked ham

view/print full recipe

Share this recipe on a friend's wall:
Add Your Friend
Share with a friend

About
The official Pillsbury Facebook page. Get creative in the kitchen



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.



Safeway - good to know produce
www.safeway.com

good to know produce

52 minutes ago via Safeway · Like · Comment · Share

HAVE YOU SEEN THE COMMUNITY COFFEE BEAN?

100K FACEBOOK FOLLOWERS EDITION

CONNECT WITH US HERE TOO.

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 who 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 - Chief Bean.
8. The bean says, "Laissez Les Bons Temps Rouler"
9. BEEBEBEBEE 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

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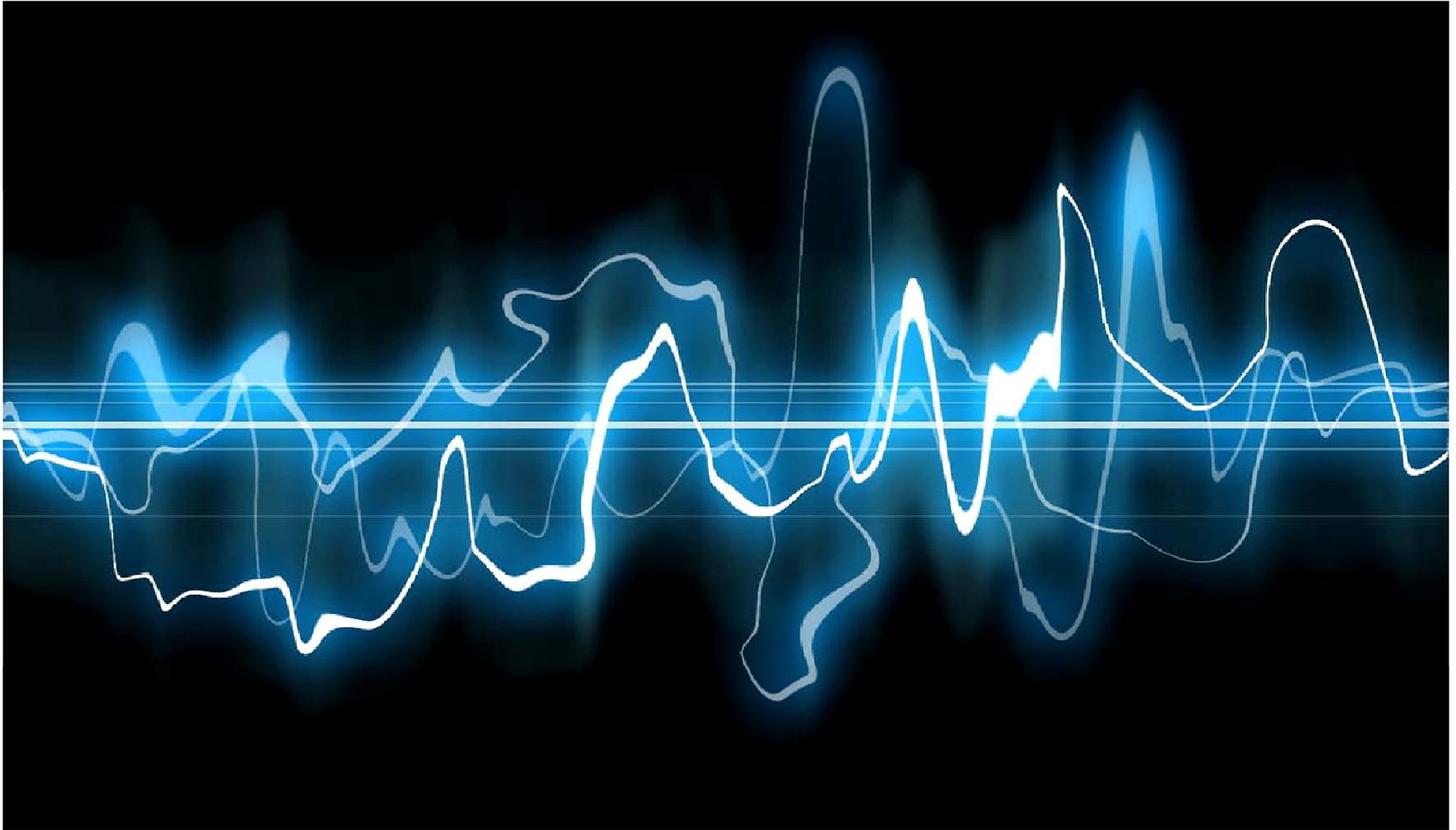


Final Thoughts



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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