

Energy & Store
Development Conference

E+Sd

2013

The Art & Science
Behind Compelling Fresh Formats

Terry Roberts
President, Merchandising By Design, Inc.

“BUILDING BETTER STORES THROUGH COLLABORATION”

Energy & Store
Development Conference

E+Sd

2013

- A little history on an industry dynasty
- Key trends and indicators
- The unarguable-doors, LED's and more
- Building the future-convergence of bricks & mortar
- Technologies to invest in-coming soon, to you or a competitor near you
- We can build the future

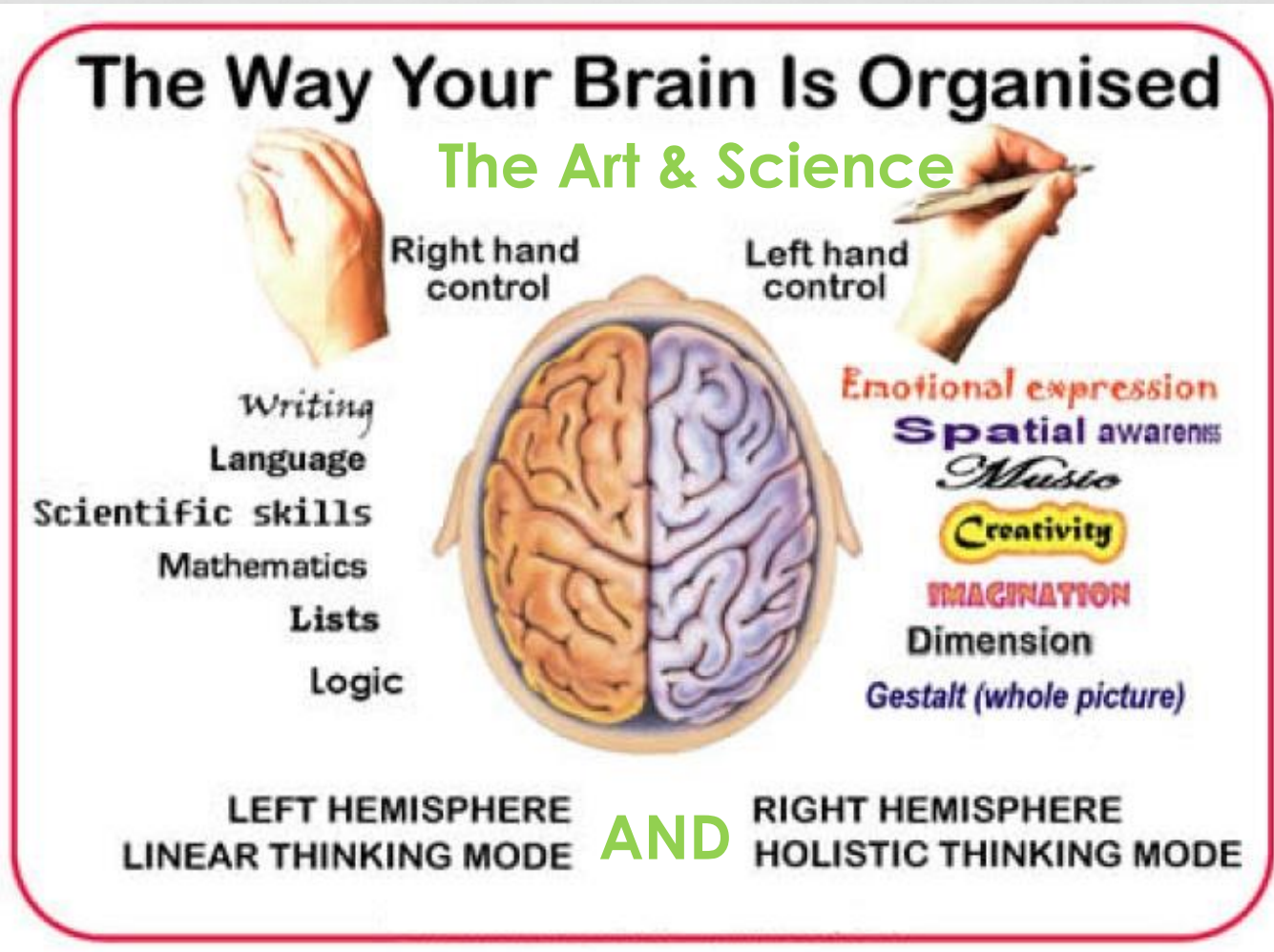
WHY “&” IS SO DIFFICULT??

© Original Artist / Search ID: rman14258



"My left brain and right brain are *deadlocked!*"

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WE CANNOT PREDICT THE FUTURE, BUT WE CAN BUILD IT!



Foresight is an exercise in probability not prediction

Embrace uncertainty and scenarios to build resilience and agility

Map current trends into a set of most likely outcomes

Think systems rather than parts

You need the right people at the table



FUTURE PROOF YOUR BUSINESS

Experience
&
Convenience
The #1 And #2
Reasons Why
Consumers
Remain Loyal To
A Particular
Retail Brand



DETAILED

DESTINATION

DISTINCTIVE



UN-DUPLICATABLE



"Innovation distinguishes between a leader and a follower."

Steve Jobs

LIKELY OUTCOMES....



- Fresh will **not** be the primary target of on-line retail
- We cannot “save” ourselves into a competitive advantage
- Supermarkets will lose sales to e-commerce
- There will be multi-faceted consumer wants
- There will be a convergence of low tech and high tech in successful formats
- Not all banners will survive
- There will be multi channel formats from value to indulgence, but they won't look like today's stores

Online Penetration of Grocery: 2025



We go to stores to be inspired!

WHAT WE KNOW....

- 93% of retailers say labor is getting more expensive
- 83.4% cost of construction materials has increased
- 71.7% cost of construction labor has increased
- Supermarket construction costs avg. \$49.69 SF
- Interior lighting \$3.21 SF
- Use of “green materials” important to 100% supermarkets (responding) (LEED only 8%)
- LED now used by over 100% of retailers (83% all retailers polled)
- Retail expansion is edging up... **Wait.....WHAT???**



FMI STORE FACTS

\$142.57

The total store cost varies widely based on size as well as other factors such as format, amount of foodservice equipment, and so on. Normalized to a cost per square foot (in other words, the total new store cost divided by the number of square feet), companies spent a median of \$142.57 per square foot including structural, equipment and décor.

Median new store size: 50,000 square feet

45.2%: New store size is about the same as stores built 5 years ago

28.6%: Build smaller stores than 5 years ago

26.2%: Build larger stores than 5 years ago

TOP CONCERNS IN PURCHASING

	Total	Convenience	Supermarket	Home Center	Specialty Apparel	Big Box
Durability	50.0%	54.5%	58.8%	44.4%	38.5%	50.0%
Lifecycle costs	41.7%	27.3%	52.9%	33.3%	23.1%	70.0%
First costs	33.3%	27.3%	35.3%	33.3%	46.2%	20.0%
Maintenance concerns	33.3%	63.6%	17.6%	33.3%	46.2%	10.0%
Energy efficiency, when applicable	23.3%	27.3%	29.4%	33.3%	0.0%	30.0%
Aesthetics	18.3%	0.0%	5.9%	22.2%	46.2%	20.0%

Note: Totals more than 100% due to multiple responses.

Source: Leo J. Shapiro & Associates

supermarkets add another ~ 145m sq. ft.

“ECONOMIC SOBRIETY”



***Less Than Two Years
Before We See Sales
Declines in Categories!***

**“Retailers must
move faster to
deliver on people’s
expectations...”**



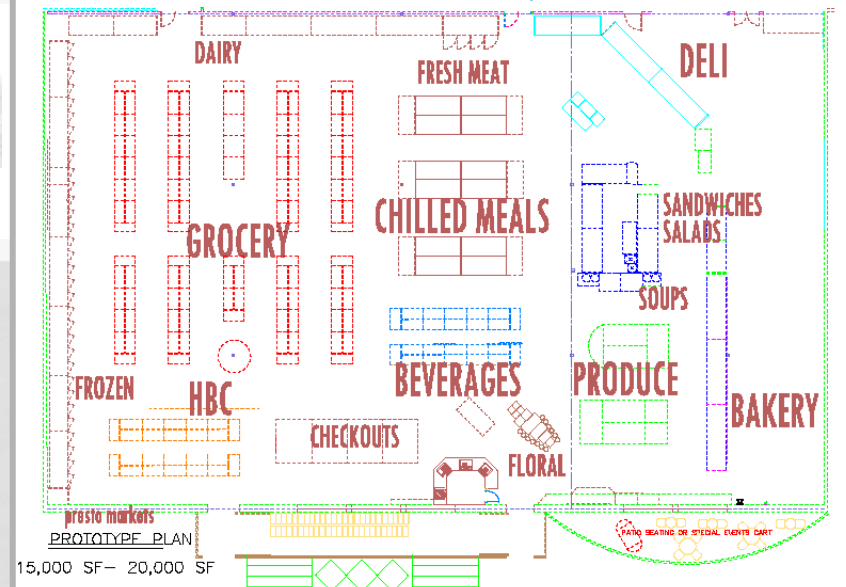
**“Most retailers have moved from 8 to 10 year remodel
schedule...with retailers trying to extend this schedule due to
remodel costs...”**

GLOBAL SHIFT TO SMALLER STORES



- In both urban and rural areas
- Across all channels (electronics, home stores, food stores, etc.)
- Can be more expensive to run (rent, labor, # of deliveries, etc)
- Select assortments; very local, no back rooms, dense pack out, frequent shoppers,

Don't just shrink
big boxes...
Redesign



Flexible

Multifunctional

High destination

Fewer doors, narrower doors

Use vertical space

**Different products, finishes,
colors, shelving & lighting
systems**



Consumers can buy anything, at anytime,
anywhere, and on any device.
Food is everywhere, prepared and delivered
when, where, and how you want it.



“The fly-wheel affect we have created across Starbucks Rewards loyalty card, our mobile app, adjacent extension of our core brand beyond coffee And continually enhancing our store environment (wireless charging and Wi-Fi)365 days a year.

Howard Schultz, CEO Starbucks



Unfortunately, this new, highly competitive landscape has left most
retailers with technology, personnel, and an organization designed for
the past not the future.

BASICS NO LONGER ENOUGH



SIX SHOPPING MODES

1. Critical Driver (solve a problem)
2. Low-Cost Replenishment
(heading for extinction)
3. Speed & Convenience
4. Self Expression
5. Thrill of the Hunt
6. Endless aisles



Fresh



Limited
Asst.

Drug
Store

Small
Grocery

Dollar

Price
Impact

C-Store

Club

Traditional

CHANNEL SHIFTS

~~3~~ - ~~10~~ - ~~8~~ - ~~5~~ - ~~3~~

ENDLESS AISLES.....



The ability to provide a shopper with any product they desire, even though not carried in-store.....an endless assortment of products and pick up in-store or have it delivered.....retailers have greater service, a connection, ensured availability, and in-stock position.





BLUR BETWEEN PHYSICAL AND DIGITAL...

Touch:

You will be able to touch through your phone.....

IBM Research think that in the next five years that our mobile devices will bring together virtual and real world experiences to not just shop, **but feel the surface of produce (haptic feedback)**, and get feedback on data such as freshness or quality.....

IBM-five innovations that will change our lives within five years



Identified as the single greatest catalyst of change at retail

COMING ERA OF COGNITIVE SYSTEMS



Touch: You will be able to reach out and touch through your phone

Sight: A pixel will be worth a thousand words

Hearing: Computers will hear what matters

Taste: Digital taste buds will help you eat healthier

Smell: Computers will have a sense of smell

“One of the most intriguing aspects of this shift
is our ability to give machines some of the capabilities of the right
side of the human brain”

BUILDING FOR BOOMERS

PepsiCo's Center Human for Human Understanding

- 80 million of strong spending power
- “Digital immigrants” – embrace technology
- Perceive themselves as 10 years younger than actual age
- Prefer an emotional connection
- They pull away from noisy, busy, cluttered stores
- They would love store lighting to be improved

“Local” and sustainable messages are broadly relevant across younger and older generations. Marketers who realize that such values are universal connective tissue across generations are more likely to be successful in building broad, intergenerational brands.



PERCENTAGE	AGE	HOW THEY FEEL
62%	50+	Think today's advertising is “too weird” to resonate with them. ¹⁰
44%	45-64	Feel increasingly ignored by marketers and advertisers. ¹⁰



ENGAGING WITH MILLENNIALS

- Consider them Gen Frugal
- They have GREAT filters (see what they want to see)
- Brand is not important, will only engage in what they care about
- They do not respond to marketing
- They have a trusted board of advisors- it's the universe!
- They are tech-dependent (way past savvy)-digital natives



To find out what customers wanted.....
Wegmans asked Twitter followers for suggestions before working with the culinary and nutrition teams to finalize the options.

INVOLVE MILLENNIALS

The high-tech expectations of the Millennial generation are changing the way software applications are built...

A mashup is an application developed by regular people – computer users -- rather than IT experts. They're simple and specific, built from components rather than scratch, a combination of already-existing content, applications and processes...



Change is the one constant Millennials expect. They operate “in ‘fast-forward’ mode,” seeing the present and the future blend seamlessly.

Reason #1: They're more tech savvy than any previous generation.

Reason #2: They're an economical hire.

Reason #3: There are a whole lot of them.

Reason #4: They want to work.

Reason #5: They stay on top of emerging trends.

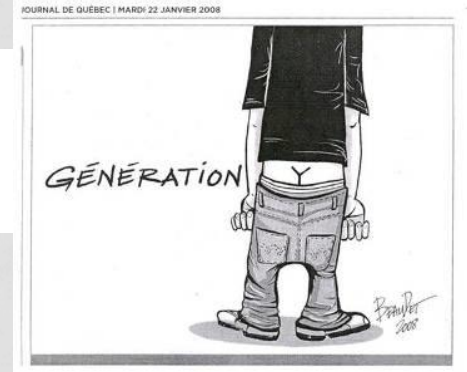


AN IMMERSIVE, EXPLORATORY, EDUCATIONAL, EXPERIENCE

- Open Kitchens
- Cross Selling
- Nutritionists
- Pharmacists
- Butchers
- Cooking Classes/Demos
- Visually Appealing
- Chefs
- Cosmeticians
- Wine Steward



**It's About Connecting,
Communicating
&
Socializing**



ALL-STAR FOOD TRENDS

- Demanding transparency in production, handling, business practices, local & authentic
- Service and self-service balance
- Women are big spenders-outspending men by \$14.31 per trip to supercenters and \$10.32 per trip in grocery stores; will control 2/3 of consumer wealth in next decade
- On-line drives in-store shopping-91% (1,027 respondents) have gone into a store because of on-line experience
- Customers want “ME” commerce, customized and individualized



Prepared foods purchases from all channels outpaces restaurant visits

SN, July 2013

BEYOND LIFESTYLE TO WHOLE LIVING



I don't want it fast....
I want it NOW...

- Health & wellness
- Convenience
- Artisan, hand crafted & sustainable
- Smaller footprints (or defined)
- Town center/near hubs (back to Main Street)
- Local history, local products, local architecture



THE BOTTOM LINE IN BUILDING COMPELLING FRESH FORMATS.....

FRESH SHOPPERS ARE INCREASINGLY VALUABLE TO U.S. STORES

29%
FRESH
FOODS'
CONTRIBUTION TO TOTAL
STORE SALES



1.5 TO 2.1
TIMES LARGER
BASKETS WITH FRESH



7%
BAKERY



16%
DELI



39%
MEAT



32%
PRODUCE



5%
SEAFOOD

Source: Nielsen Perishables Group FreshFacts®; 2012

nielsen
..... AN UNCOMMON SENSE OF THE CONSUMER™

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THE ART BUILDING COMPELLING FRESH FORMATS

FORGET THE FRILLS

SIMPLE
TO SHOP



ACTIVATE
THE SPACE



RIGHT
INVESTMENTS



ANACHRONISTIC DESIGNS



Casualty of the recession is “schmaltzy” architecture

Move away from dramatic looks/lighting

Eliminate contrived, fake, illusions and tchotchkes

Millennials and boomers like pure, clean, regional designs

Migrating from green to lean

Nothing extraneous, eliminate costs of “stuff”, redeploy capita where it really influences!



Fresh formats are filled with visual stimulation, color, texture, lighting, space, sensory inputs (such as smell, touch, and sound), interactive technologies such as digital displays, entertainment, education and inspiration.



ThreeSixty



api (+) store design & architects



Merkur, Vienna



Facts

Address: Gallagher Retail Park,
Cheltenham

Opening: November 2012

Selling Space: 2.500 qm

Store Design: Inhouse



STYLIZED VALUE





EAT'S, Excelsior Milano

THE SCIENCE.....



400 DOORS

- Energy reduction goal of 50% compared to typical store refrigeration load (mostly achieved by putting doors on cases)
- Reduced refrigeration load needed to meet EPA limit for propane systems
- Receiving positive shopper comments ... energy and sustainability very important



DOORS ARE NOT FROM 1970'S



1. No negative customer feedback
2. Fantastic lighting and merchandising
3. Superb product visibility
4. Improved product integrity/shelf life
5. Improved customer comfort
6. Improved refrigeration performance
7. Improved HVAC performance

Improved Visibility and Lower Costs from New Freezer Designs



Better lighting, better visibility as frost and condensation are removed with new system that also reduce power costs.



Greater use of glass and light in frozen sections



Source: All photos from Shirland Ventures



Shirland
Ventures



Clear labeling by protein type



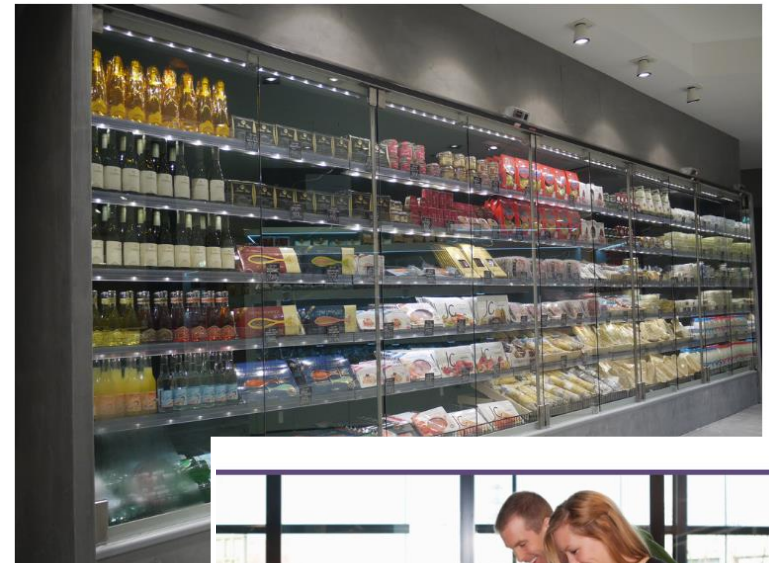
Transformational
Technology

CUSTOMERS KNOW REFRIGERATION WORKS BETTER WITH DOORS.....



Big Y: absolutely no customer complaints, sales up slightly, warmer/comfortable aisles, two year payback;

John Pazahanick, VP Big Y



Merchandisers would really like:
No frames at all, all glass, integral LED,
no fogging-EVER!





STUNNING MERCHANDISING



Whole Foods: no negative customer comments;
Kathy Loftus, Whole Foods, Engineering

LIGHT SHAPES OUR WORLD

WITHOUT LIGHT WE WOULD NOT SEE
FORM, COLOR OR TEXTURE



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EARLY VERSIONS DID US NO FAVORS

Installed wrong direction



Exposed wiring



Uneven lighting

Installed with tape



REALLY-SCIENCE: LED CASE LIGHTING PROLONGS SHELF LIFE

“LED is NOT a replacement for today's lighting. It is a digital technology with potential to radically boost how displays perform, interact and are controlled”



LEDs contain

No mercury

No radiation

No UV

Study conducted by Kansas State Univ. and Hussmann indicated a significant improvement in shelf life of meat under LED lights; internal temp of meat remained cooler

The ONLY choice for lighting food:

- LED specifically for meat, produce, cheese, etc. with tailored spectrum for best contrast and merchandising
- Correct lumen output, CCT and controls for each product application
- Correct beam angles and glare controls
- Coordinated lighting designs that start from the case and go to the ceiling
- First payback on LED systems is enhanced visual merchandising

SCIENTIFIC STUDIES: BEST LIGHTING FOR PRODUCE.....

Perception of color is very cultural

Naturalness & aesthetics two important aspects of color rendering

Study asked to identify the preferred conditions when produce appeared most natural, while “warmer” was stated....**4000K was identified as most natural**

Age of consumer (or decision maker)
Determines how product is viewed

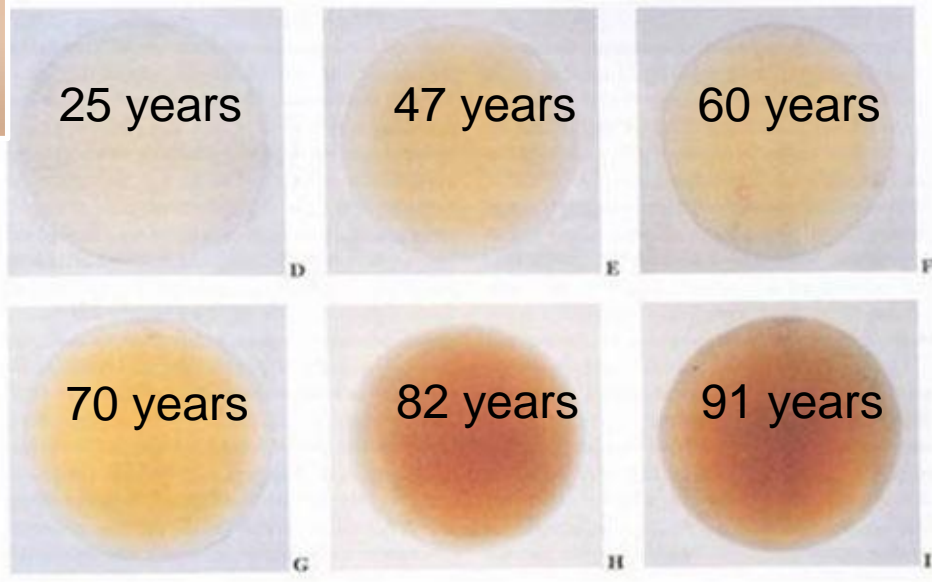


BOOMERS WANT US TO FIX OUR
LIGHTING.....

AGING CONSUMERS



Reduced sight

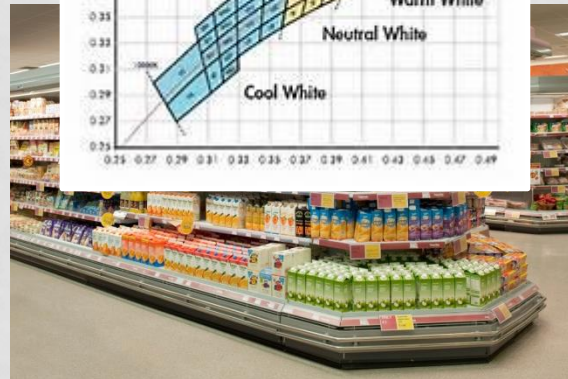


Reduced alertness

Disturbed mood



COLOR TEMPERATURE



Colour Temperature

5000K

4000K

3000K

Hi-CRI

RED/White

FREEZER

CHILLER

AMBIENT

5100K

4200K

3500K

2800K

Visual

- Stunning merchandising
- High CRI

Directional

- No light waste
- Contrast & promotional

Controllable

- Dimming and color tuning
- System intelligence

Cost of Ownership

- Low heat emission
- Over 50,000 hr. lifetime
- No re-lamping maintenance/labor
- No storage of bulbs/parts

Why is LED lighting the choice of retailers & store designers?

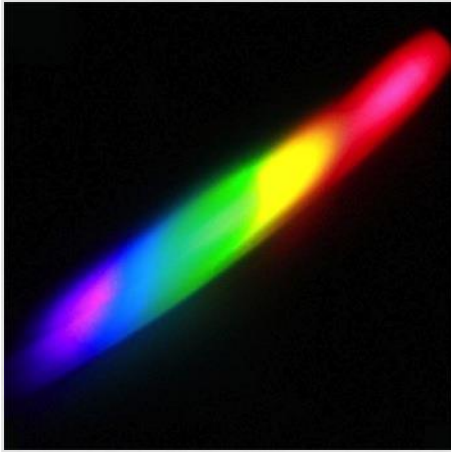


Experience: brand statement
Atmosphere: comfort
Spatial/architectural: stability, safety
Flow: convenience
Brand Promise: value and service



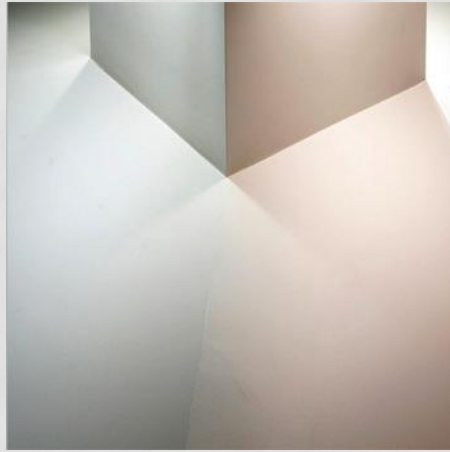
LED (R)EVOLUTION

NO LONGER JUST AN ENERGY DECISION



✓ Color Consistency

- Controllable fixtures and systems
- “Human Centric Lighting”
- 100% retailers surveyed spec LED



✓ Color Rendering



✓ Lifetime / Maintenance



✓ Output / Versatility

“The right contrast and correct lighting is an unarguable merchandising advantage”



Kathy Loftus, Global Leader, Whole Foods

LIGHTING IS A BRAND AND MERCHANDISING DECISION

1. Establish and support the retailer's brand statement.
2. The level of the illumination and the quality of the fixtures signals whether a store is geared for budget-conscious consumers or looking to attract a more upscale clientele.
3. Create a signature appearance throughout the store.
4. Establish a visually comfortable environment.
5. Provide visual traffic queues to direct the shopper to "must see" items, and high profit areas.
6. Print on packaging, such as nutrition labels and ingredients, should be easy to read.
7. Reduce/minimize heat from lighting fixtures; especially in areas with perishables, to protect products (eliminate ultraviolet rays).
8. Portray colors accurately.
9. Lower energy costs.
10. Provide consistency, reliability, low maintenance costs and inventory.



api (+) store design & architects



LED (R)EVOLUTION-

NO LONGER JUST AN ENERGY DECISION



**Edeka Sustainable store
featuring LED lighting**



Star Market, 100% LED store



Migros, world's first all-LED store

“Shoppers are demanding more sophisticated shopping environments, interactive displays, and more lifestyle driven formats”

LED performance has improved exponentially

Advancements in low power LED's requires less heat sinking, allows for slimmer fixtures

Adoption has been faster than predicted

Cost has dropped dramatically

Design lighting systems



**Walmart 100% LED stores
with more planned**

**Transformational
Technology**

BUT WE WANT MORE.....

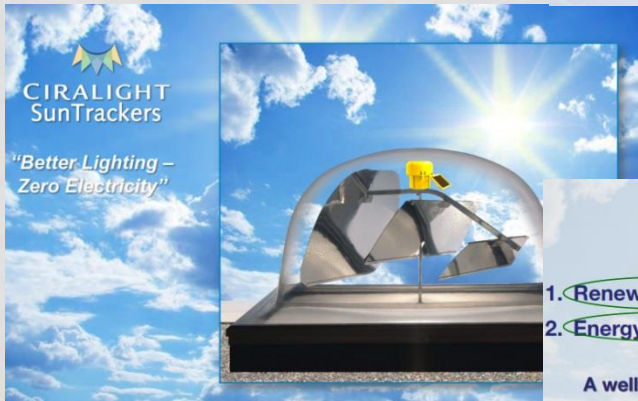


Wal-Mart Confirms Higher Retail Sales in Daylit Stores

"Wal-Mart claims energy savings from drawing natural light through the skylights. But 'something else has gotten the corporation's attention', says the [Rocky Mountain] Institute. In every Wal-Mart store, each cash register is connected in real time back to headquarters in Bentonville, Ark. According to Tom Scay, who was then the company's vice president for real estate, sales were 'significantly higher' in those departments in the daylit half of the store, and they were also higher there than in the same departments at other stores. Employees in the half without daylighting continue to try to have their departments move to the daylit side."



Maybe Roof Top Produce



Two Ways to Go Green

1. Renewable Energy - Solar, Wind, Geo-Thermal (Expensive)
2. Energy Efficiency - Reduce the use of electricity

A well-designed daylit building is estimated to reduce lighting energy use from 50% to as much as 80% (refer to Sustainable Building Technical Manual, chapter IV.7 page 90.)

That's a 100% savings for energy not used



SMART LIGHTING.....GET FREE INFORMATION FROM YOUR LIGHTING

Interaction between consumer smartphone and lighting system directs consumer to items in store

ByteLight INDOOR LOCATION-BASED SOFTWARE

How it Works

ByteLight software leverages energy efficient LED lighting to provide a best-in-class indoor location solution that is accurate, fast, and works on any mobile device.

What You Need

The best part is that we're using an infrastructure that needs to be there anyways – lighting. All you need are LED lights that have been enabled by ByteLight software.

True Color Sensor systems that measure the color of objects and adjust to specifications



Lightfair 2012 LED light color regulation.mp4

ByteLight

Press Blog Jobs FAQs Contact

SIGN UP FOR OUR WEBINAR

Coming Soon

The ByteLight App Platform

Turn your lights into a revenue stream with promotions in the digital layer. Take control of planograms and vendor compliance. The ByteLight AppPlatform is where indoor location applications call home.

SIGN UP FOR ACCESS

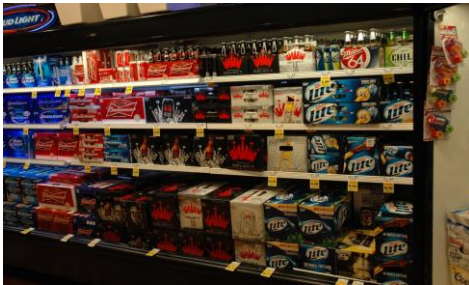
COMPLIANCE LOG	
4/13 11AM	Rachel Evans Compliance
4/13 1PM	Jonathan Lewis Planogram update
4/9 10AM	Nicholas Gomez Compliance
3/28 3PM	Christine White Compliance



Color tunable, adjustable beam angle, modular and stunning CRI

ACTIVE DYNAMIC CONTROL LIGHTING....

- Control light effects in 4" increments of each shelf's LED
- Adjustable from 2800k-7000k
- Optimum use throughout store's entire life cycle

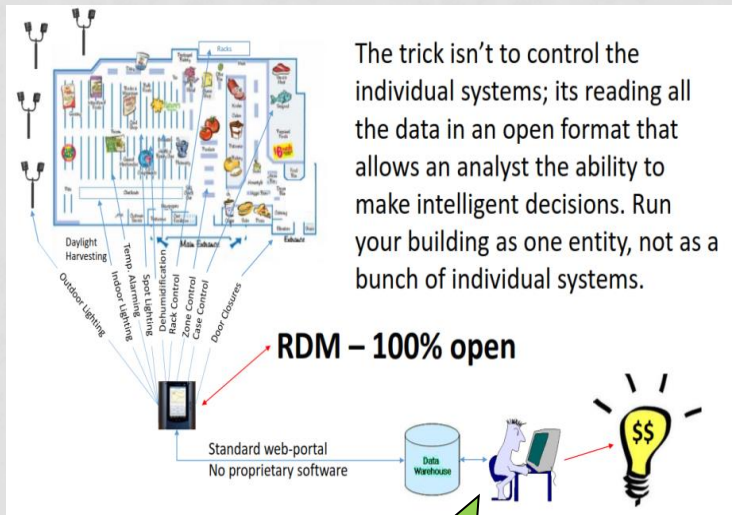


- Library of functions for ideal product presentations
- Each product having its own color and ambiance file
- Full visual of every angle of packaging
- Retailer (and CPG) specific solutions

BUILDING OPTIMIZING SYSTEMS (BOS) EXPERIENCE MANAGEMENT...

OPEN

Wirelessly **control** the shopping experience & environment,
visual merchandising excitement,
space, labor and profits,
the brand promise,
digital marketing..



Transformational
Technology



TECHNOLOGY REVOLUTIONIZING DEVELOPMENT & DESIGN

3-D model of the Lunar Lion spacecraft

Penn State freshman and aerospace engineering majors design and create a robotic spacecraft that could land on the Moon by 2015.

"Digital fabrication means a cultural revolution that says if you can think of it, you can draw it, and if you can draw it, you can make it."—Richard Devon, professor of engineering design



Airbus used 3-D printer to make airplane parts



...when asked whether such a product will be made using rapid 3-D prototyping, Jantsch was sure it would. "There's no doubt in my mind," he says.

"Anyone who doesn't develop this way will be left behind."

SCIENCE: TECHNOLOGIES TO INVEST IN

Planet**Retail** 
Powering Retail Decisions

The two largest number of
customer complaints are
pricing problems and lack of
service staff

1. Self-Service Checkouts:

New technologies change the game

2. Customer Facing Technologies:

Enabler for a new generation of pinpoint marketing

3. Price optimisation:

Higher margins without increased turnover

4. RFID (Radio-Frequency Identification):

Back from the brink

5. Warehouse Automation:

Machinery picks and packs more precisely

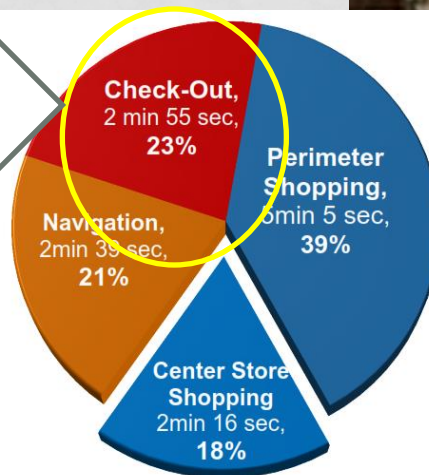
Over riding trends:

- Optimization through data analysis
- Self-service and automation
- Merging of online and offline marketing
- The end of “made-in-China” era



RENAISSANCE OF SELF SCANNING MOBILE DEVICES

We have to take seconds out of this process thousands of times a week

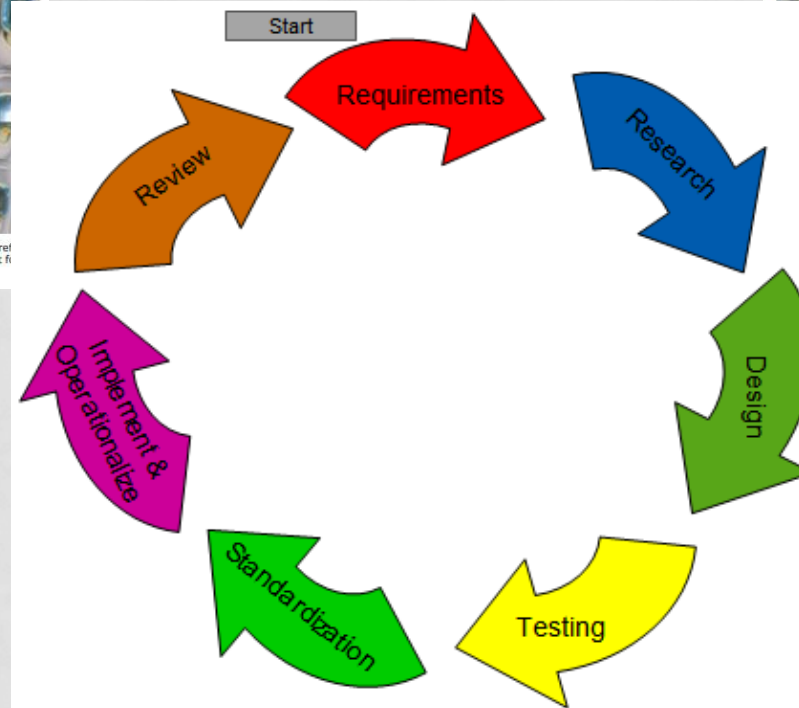


Metro Group in Germany was the world's first retailer testing self-scanning with mobile phones. In the project in Real's Future Store in Tönisvorst, Germany, Metro Group will soon test self-scanning with iPhones. © Metro Group

THE TECHNOLOGY HAS IMPROVED SIGNIFICANTLY



... and self-scanning with Re-vision and Motorola. The photos from the concept store Carrel planet in Vénissieux, France, show the new colour guidance system through the different fi of self-service checkouts.



equipped all hypermarkets in France and Belgium with both stationary self-checkouts or Nixdorf ...



In Hebron, Kentucky, Kroger started the world's first test of a fully automated tunnel scanner in a real store.

THE NEW BENCHMARKS IN CUSTOMER SERVICE

- Kroger Co. is winning the war against lengthy checkout lines with a powerful weapon: **infrared cameras long used by the military and law-enforcement to track people.**
- These cameras, which detect body heat, sit at the entrances and above cash registers at most of Kroger's roughly 2,400 stores. Paired with in-house software that determines the number of lanes that need to be open, **the technology has reduced the customer's average wait time to 26 seconds. That compares with an average of four minutes before Kroger began installing the cameras.**
- "The technology enabled us to execute at the front of the store without that additional (labor) expense," said Marnette Perry, senior vice president of retail operations for Kroger.
- Reducing wait times is becoming a top priority for retailers....**Battling both online rivals that offer at-home convenience and intensifying competition among fellow brick-and-mortar outlets, many companies see enhancing the shopping experience as a way to build loyalty.**

Kroger uses infra-red sensors in cameras for queue management



WATCH FOR CUSTOMER MONITORING TECHNOLOGY AS PART OF “BIG DATA” TREND

GROUND PENETRATING IMAGING RADAR

- Queuing
- Behavior intelligence
- Traffic patterning
- Intelligent resets
- Labor deployment
- Maximize profits per SF



Find your hot spots



In a typical store
30% of the square footage
Is under utilized

We are still leaving millions on the table



Maximise Sales & Pricing Profitability through data and price elasticity analytics



Real Time Competitor Pricing Data



Zero Maintenance Dynamic Price Changes

PRICE OPTIMIZATION SYSTEMS

Electronic shelf labels get a second chance.....

Compete in real time with competitors

Maximize sales & pricing

Profitability through price elasticity analytics

Capture impulse sales & customers

Our mission is to make our customers more profitable in real time



Electronic Self Edge Labels – Installed in over 1,500 stores in Europe

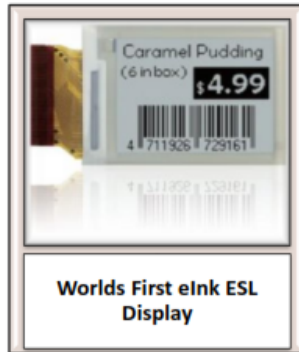
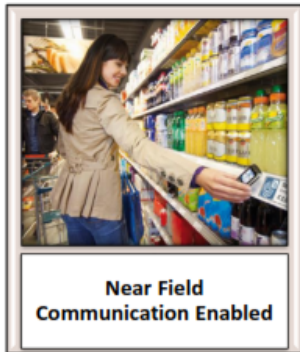


Price Optimisation Intelligence
\$95bn of retail sales under currently management



Real Time Pricing Intelligence
Tracking - 50 million products across 4,000 retailers worldwide daily

More than just a price tag



iMAGOTAG

The convergence of big data and hardware

"If you make 10,000 price changes and you have 1,000 stores, you have 10 million instances," says Chris Donnelly, a managing director of Accenture who specializes in retail consulting. "Even if you get the right label in the right place 99 percent of the time, that leaves 100,000 misplaced labels."

E-INK ENERGY-HARVESTING SELF POWERED

- More profitability in real time
- Link physical store to on-line offerings
- Automate in-store experience as well as improve operating model

Revionics

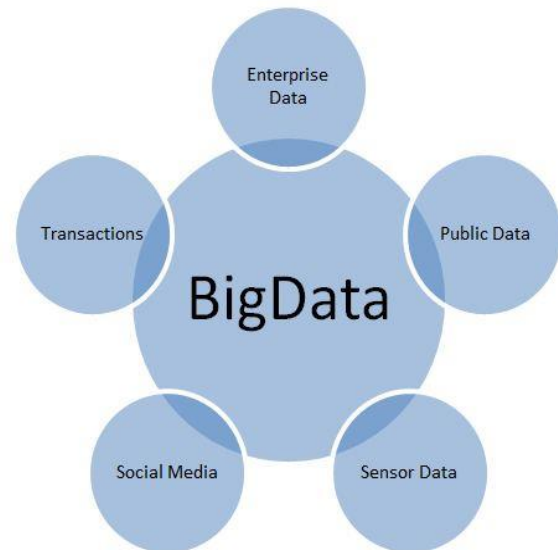
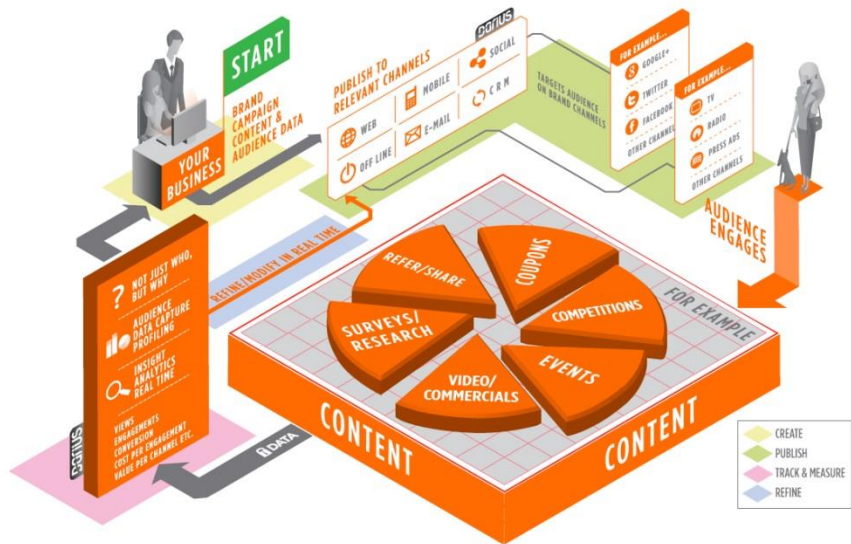
In Partnership with MarketHub



ACT

Change is coming to Retail Pricing
More Data – More Frequent

SEAMLESS RETAILING- TABLE STAKES DEMANDED BY THE CONSUMER



BIG DATA is the new oil....it's like gold—Most of the technology and data has been on the back-end of stores (supply chain, inventory) and over the last few years it has started to explode into the front of the store (think digital signage, traffic analysis, customer tracking, restocking).

BIG DATA mining and analysis will continue to drive dollars by improving customer service and targeted advertising/offers that become more and more critical for future success.

CONVERGING ON-LINE AND BRICKS AND MORTAR EXPERIENCE

Sales influenced by mobile phone
will hit \$ 700B in US by 2016

Create relevant communication

Publish to social media and
traditional marketing

See ALL interactions from
your customers

Singularity Engagement

Digital price displays change
in an instant responding to the
customer's mobile phone



Right content, right channel, right tone, right offers, right experience!

THINK INFLUENCE NOT TRANSACTIONS



- Digital Signage-Digital Media Carts
- Video walls
- Mobile Interactivity
- Touch Screens
- Music
- Window Projection
- Virtual Greeters
- Interactive displays
- Video on Demand



Lessons learned: Balance strategy

Content is king

- Fresh & Interesting
- Consumer orientated
- Controlled by the retailer

Placement makes a difference

- Guide the customer
- Near the products
- At eye level

Instore marketing is NOT TV

- Short attention span
- Formats designed for retail
- Be careful with audio
- Balance information & entertainment
- Avoid visual overkill



Integrated concept

- Tied into POS data
- Integrated marketing concept

Sound business case

A learning system

- Response measurement
- Message optimisation

Sustainable Implementation

- Energy efficient
- User friendly
- Centrally manageable
- Locally adaptable
- Future-proof

Your in store media and marketing is very targeted

Kids are safe, entertained and happy w/ cartoon videos

Kids beg parents to shop where they have "FunCarts"

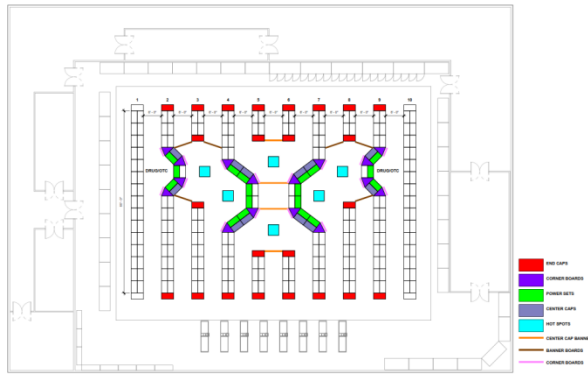
Parents shop longer

Basket averages go up

"It's the only way to shop with kids"
"I cant shop in any other place"

ART & SCIENCE: A SOLUTION TO ERODING CENTER STORE SALES & PROFITS

20,000 SF STORE
CENTER STORE : ±8,000 SF

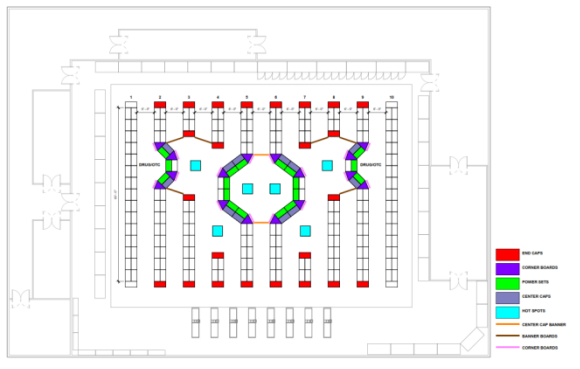


Center store has typically been designed with straight aisles offering little excitement that would inspire a shopper to linger.

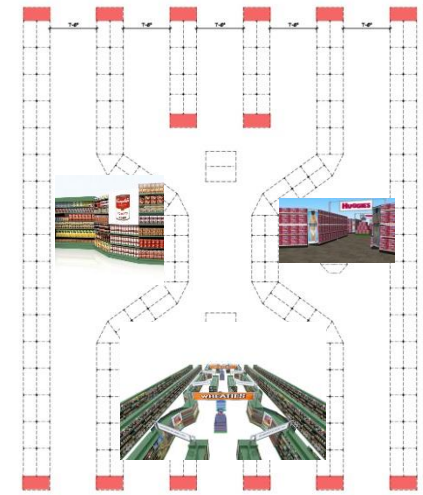
Installed without impacting the rest of the store or significantly reducing shelf space.

Contains embedded advertising vehicles.

20,000 SF STORE
CENTER STORE : ±8,000 SF



The use of translucent HD screens brings in-store advertising to "a completely new level."



1 SMS CENTER STORE CONCEPT
SCALE 1/4" = 1'-0"

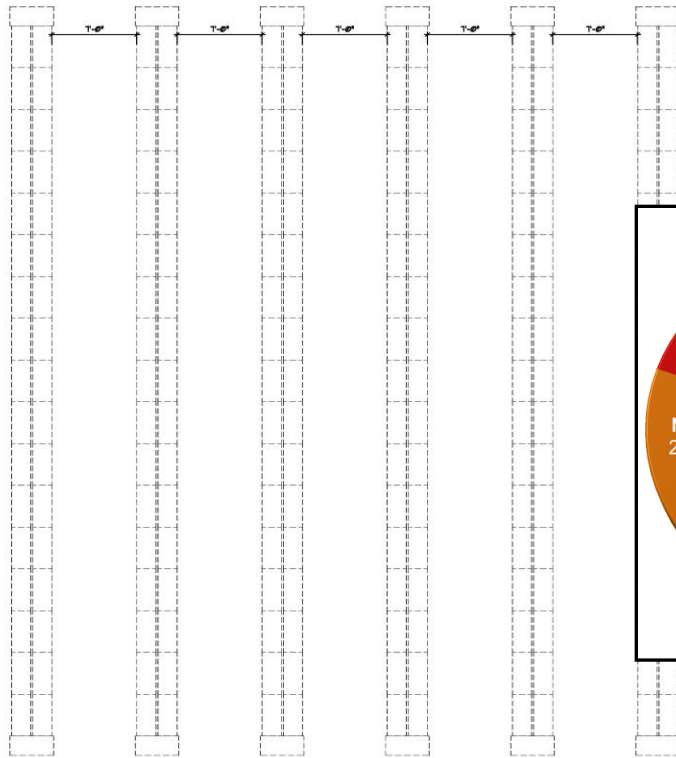
CPG companies
participate with
retailers in
Hot Spots

16 Endcaps vs 12 for
traditional sets

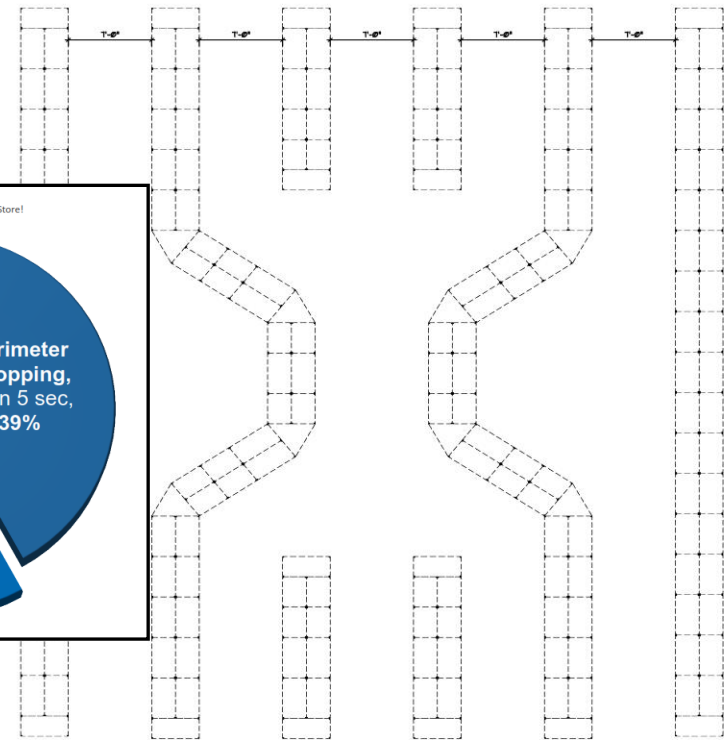
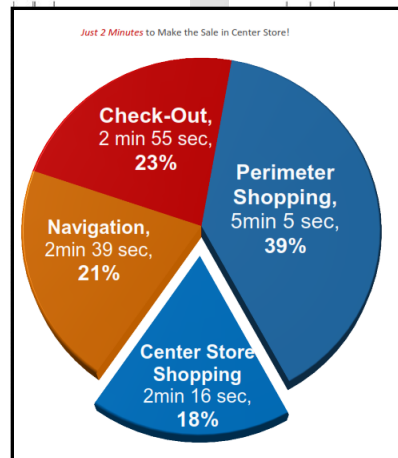
7072 linear feet of
shelf space
versus 6384

RE-INVENT CENTER STORERE-ENGAGE CPG'S

Traditional Center Store Layout



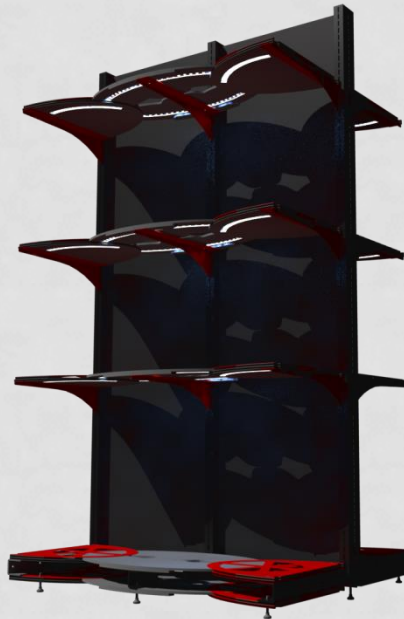
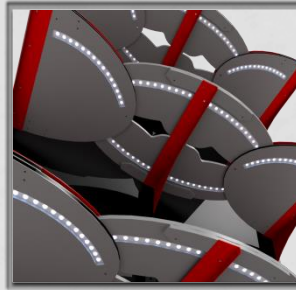
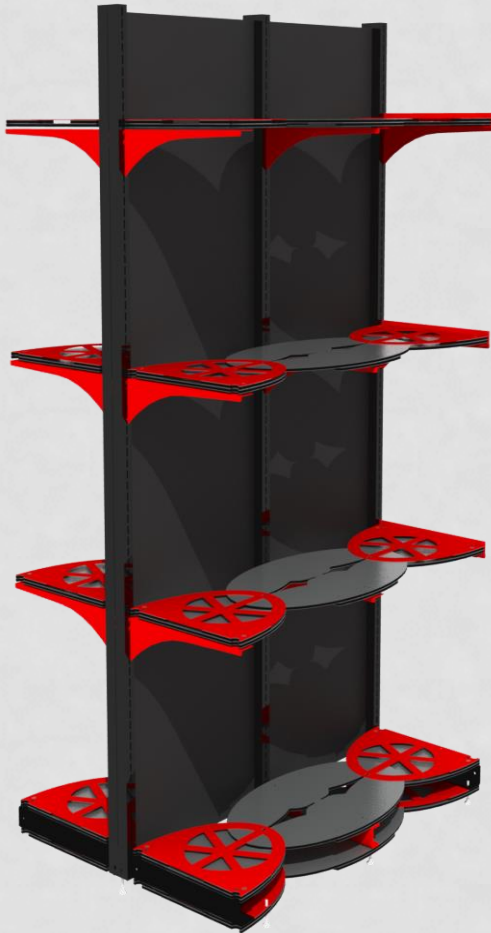
Reinvention of Center Store



MERCHANDISING SYSTEMS

THINK SYSTEMS RATHER THAN PARTS

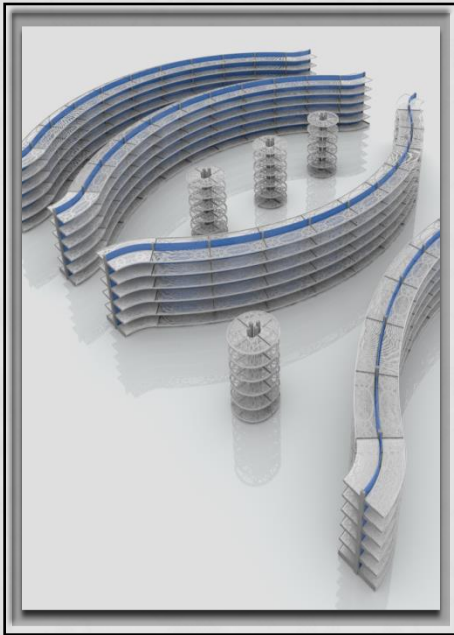
T-Bar System



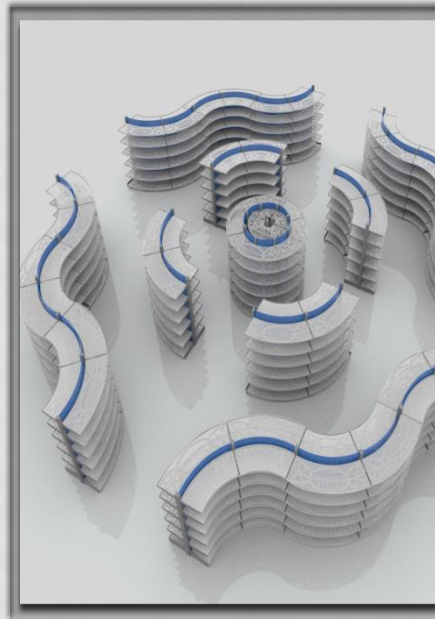
Wire Shelving System

ellipseTM
SHELVING SYSTEMS

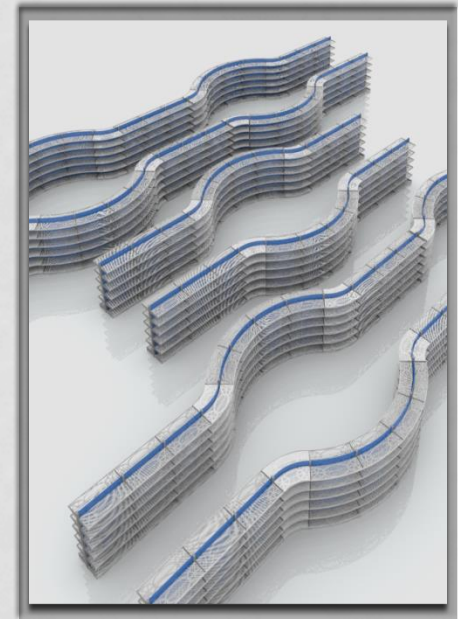
WOMEN LOVE CONTOURED, CURVY AND NON-LINEAR SHOPPING PATTERNS



Funneling

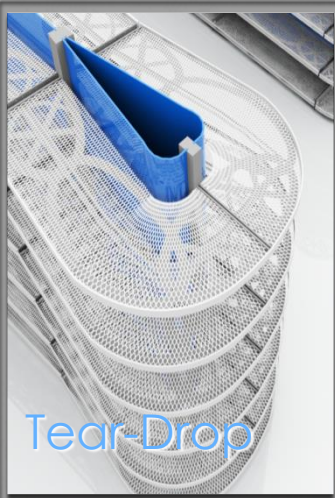


Concentration

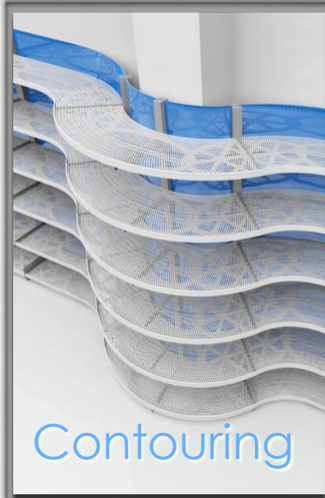


Points of interest

CONVERGENCE OF ART & SCIENCE



Tear-Drop



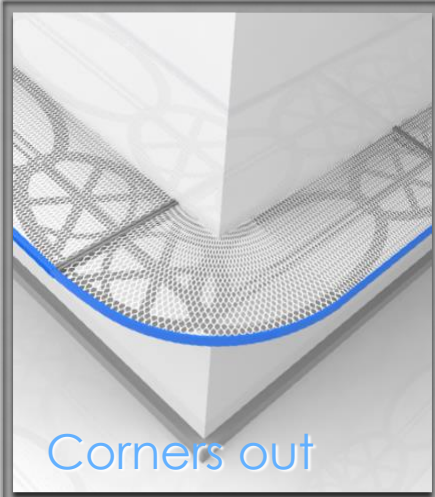
Contouring



Optimization



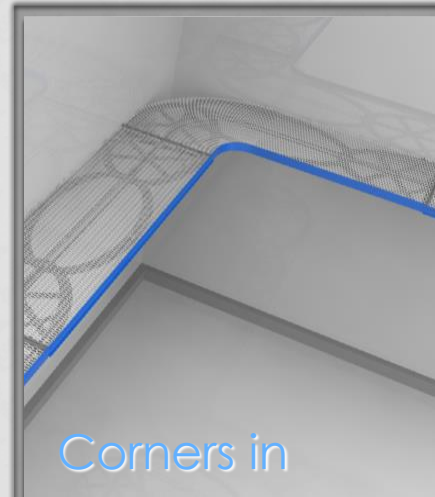
Half-Circle



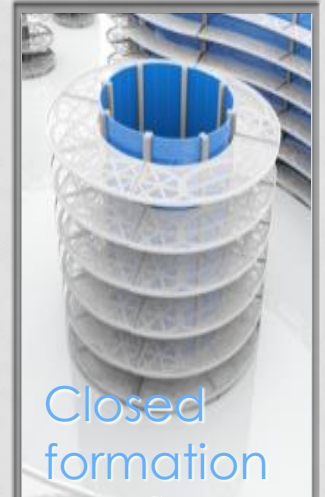
Corners out



Papyrus



Corners in



Closed formation

WHO WILL MAINTAIN THESE FACILITIES AND SYSTEMS



- Aging technicians (avg. age over 55)
- We cannot manage a bunch of disparate systems
- Who is training the new technicians
- Core competencies very different from the past; the convergence of the facilities and IT guy.....



New generation of specialists expects hand held -"there's an app for that", real time information, diagnostics and corrective actions with fully integrated systems.

Kathy Loftus, Sustainable Engineering, Whole Foods

THE NEW BLUEPRINT



“Any shopper understanding” - shopper needs intersect with company, brand, banner strategies and tactics



Cross organizational understanding- marketing, IT, merchandising, engineering, operations, facilities, and supply chain

Organizational design – processes, analytics, and training

Multi-faceted – beyond sales, brand and supply-chain collaboration

Technology and infrastructure integrated in-store - which enables Omni-channel shopping experience, e-Commerce, social, mobile and digital solutions and communication, access to data, analytics, reporting and solutions

Measure – Manage - Maintain - Manipulate

WE CANNOT PREDICT THE FUTURE, BUT WE CAN BUILD IT!



“Building better stores through collaboration”

- Winners will:
 - Successfully **differentiate from the other formats** and from like-formats
 - Redefine the **end-to-end shopping experience**
 - **Embrace and lead** with technology
 - Participate in the **transition to online purchasing** (one way or another)

THANK YOU!

RESEARCH CREDITS

Amerlux	Don Knickerbocker	Don Knickerbocker <dknickerbocker@amertux.com>
api (+), CEO	Juan Romero	Juan F. Romero (jromero@apiplus.com)
api (+), VP Design	Tom Henken	Thomas Henken (thenken@apiplus.com)
Big Y	John Pazahanick	pazahanick@bigy.com
Brookshires Grocery	Ozzie Osborne	ozzieosborne@brookshires.com
Ciralight Sun Trackers	Jason Brain	jasonbrain@ciralight.com
DLEnglish Design Studio	Deborah English	d.english@dlenglishdesign.com
Freelance color scientist	Dr. Marcel Lucassen	Marcel Lucassen Colour Research (marcel@lucr.nl)
Freelance Writer (formerly with Supermarket news)	Roseanne Harper	Roseanne Harper (harperanne@optonline.net)
Hera Lighting	Nathan Shannon	Nathan Shannon (ns@heralighting.com)
Husmann	Travis Lumpkin, PE	travis.lumpkin@husmann.com
Husmann, Electronics engineer, LED specialist	Dan Schnur	daniel.schnur@husmann.com
Husmann, Food Science	James O'Donnell	O'Donnell, James (james.odonnell@husmann.com)
Husmann, LED sales specialist	Bruce Schneider	bruce.schneider@husmann.com
Husmann, SR. Electronic Engineer, New Technology	Ramakrishna Krishnaswamy (RK); ,	Krishnaswamy, Ramakrishna (ramakrishna.krishnaswamy@husmann.com)
Husmann, Sr. Market Analyst & Competitive Intel	Rob Roberts	rob.roberts@husmann.com
Interbrand Global		
Lumoluce – Nualight, Managing Director	Andrew Cronin	
Nualight, VP	Paul Kelly	Paul Kelly (pkelly@Nualight.com)
Nualight, VP	Richard Turner	Richard Turner <rturmer@nualight.com>
Nualight., VP	Siobhan O'Dwyer	Siobhan O'Dwyer (sodwyer@nualight.com)
Nualight, Product Development	Dr. Mathew Branch	Matthew Branch (mbranch@nualight.com)
Resource Data Management,	John Post	John Post <jpost@resourcedm.com>
Retail Development Alliance, Ilc	Robert Luke	Robert Luke <robert@retailda.com>
SolarPrints/ImagoTag	Roy Horgan	Roy Horgan (rhorgan@solarprint.ie)
Techni LLC	George Fanourgiahis	george@technillc.com
Twelve Studios, Director Design	Andy Smith	Andy Smith (andy@twelve-studio.co.uk)
Velocity Worldwide	Enda McShane	Enda McShane (Enda.McShane@velocityww.com)
Whole Foods, Global Leader, Sustainable Engineering, etc.	Kathy Loftus	kathy.loftus@wholefoods.com

Merchandising By Design, Inc. , 2633 Elmbrook Dr., Carrollton, Texas 75010

Phone (214)-883-5013 * Office Fax (972)307-3180 * tdambd@aol.com