

Global Retail and Store Design Trends: What Will Impact Future Formats?

September 2014



The Consumer has Changed and is More Diverse

The face of our nation has literally changed – family, ethnicity, globalization



Changing Households



Changing Population



Income Polarization

IMPLICATION: Understand and respond or slowly disappear!

The Consumer Is In Control—With Rise of E-Commerce They Call the Shots

Brands



Retailers



Consumer



... Are You Keeping up?



***“The Fall of Kodak: A Tale of
Disruptive Technology and
Bad Business.”***

-Forbes

Photo: Courtesy of Instagram

Innovations in Retail:

What will drive the future?



On Innovation:

“Edison’s electric light did not come about from the continuous improvement of the candle...” -

Oren Harari

Why is Innovation Important?

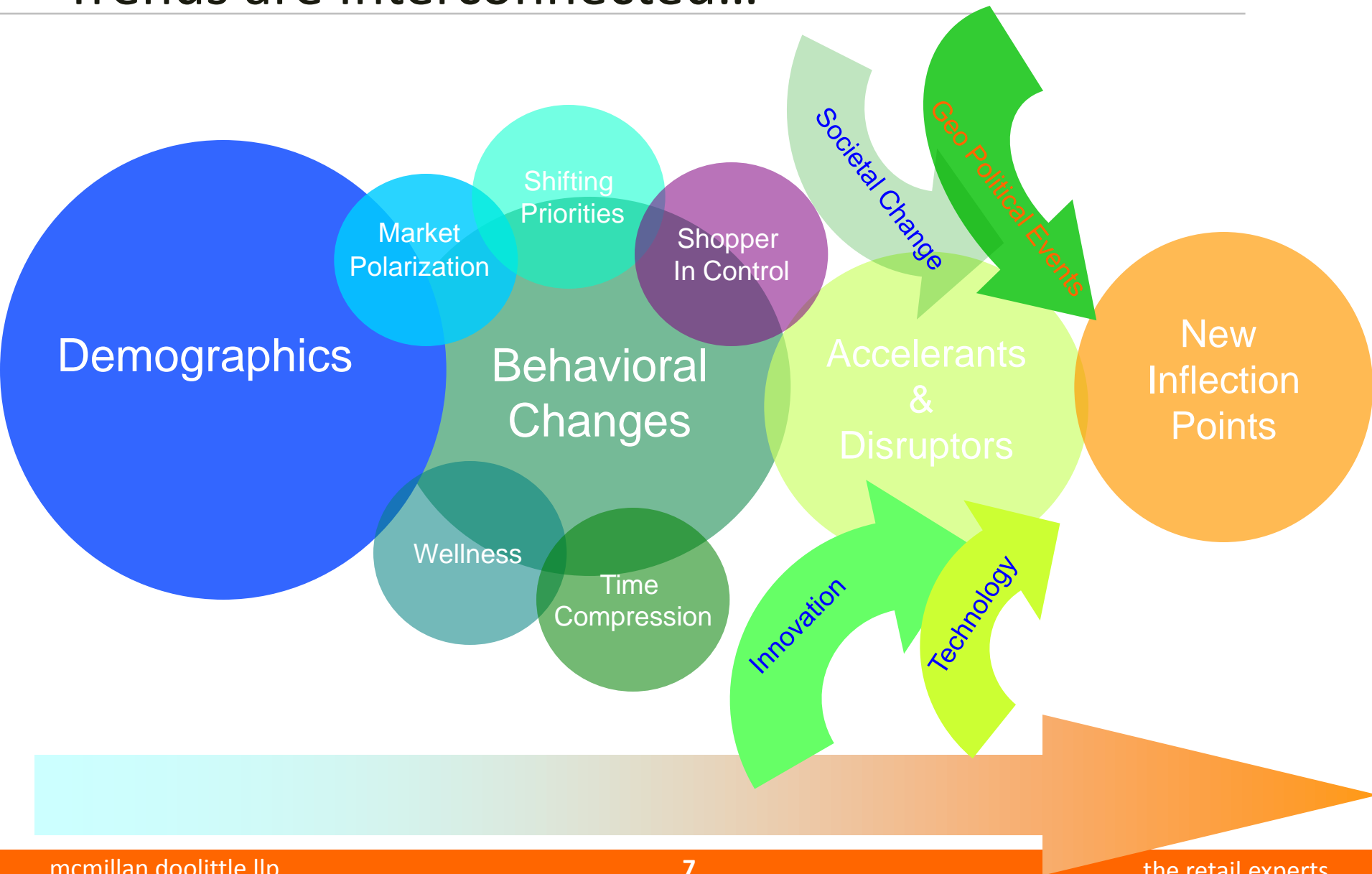
- Retailing is all about change. Winners adapt to the customer, competition and market around them faster and more effectively than others
- Like Jeff Bezos at Amazon, we are obsessed with Innovation and track it constantly
- Retail Innovations highlights the 9 key themes that have emerged globally among the most innovative retailers



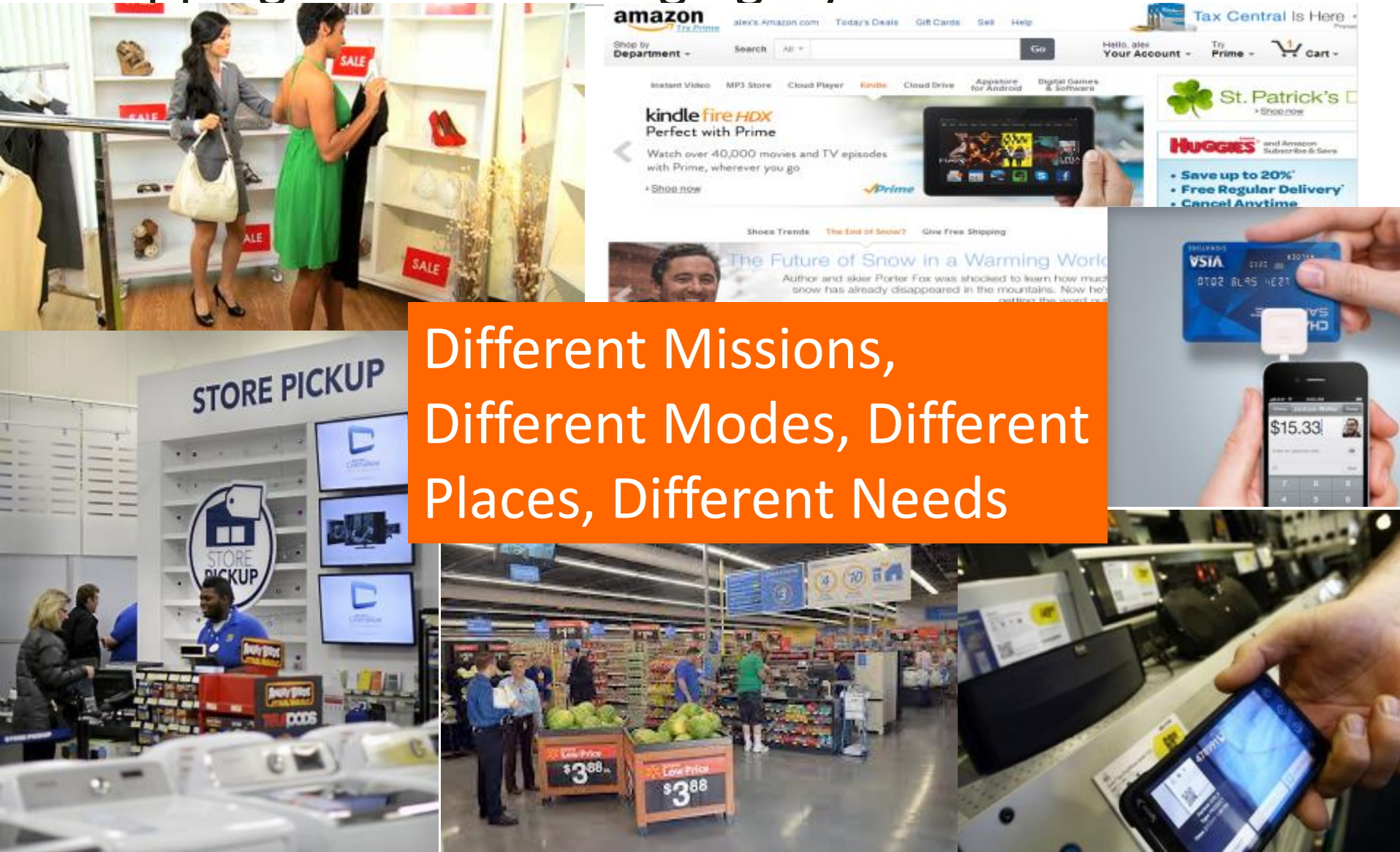
Innovation is in our DNA and technology is the fundamental tool we use to improve every aspect of the experience we provide our customers. We have a lot to learn... it's still Day One.

– Jeff Bezos, Amazon.com

Trends are Interconnected...



Shopping Mission: Changing Dynamics



Different Missions,
Different Modes, Different
Places, Different Needs

Retail Food Trends: 7 Key Themes



Hyperlocal



Foodservice
Mashup



Experiential
Retailing 2.0



Specialization



Customization
and
Crowdsourcing



Small is the
New Big



New Ways to
Reach
Consumers

Hyperlocal



- True power of being local
- Having the right products sourced from the local community resonates with today's consumers:
 - Freshness
 - Sustainability
 - Supporting local community
 - Safety
 - Interest in understanding the products they consume



Din Baghave in Denmark Does Local

Full Traceability

- Din Baghave translates to “Your Back Garden”
- Din Baghave is a local gourmet greengrocer where everything that is purchased is also traceable – both via the staff, a webpage and a sign by every product telling you who made it and where



A La Ferme du Sart

Local Foods

- Offers over 50% of locally sourced products
 - 95% of providers are regional—40 are farmers
- A comprehensive selection of fresh quality products
- Develop local agriculture with a focus on local and seasonal products



Whole Foods Takes Local to New Levels



With A Completely Integrated Program



Whether Huntington Beach or Boca Raton...



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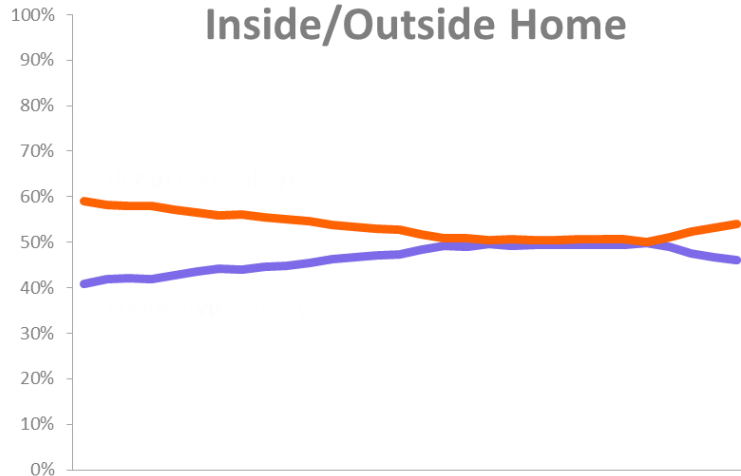


New Ways to
Reach
Consumers

Foodservice Mashup



% Food Consumed
Inside/Outside Home



Changing consumer behavior patterns have driven larger consumption of **food outside the home**

Two opportunities emerge:

- **Organic** growth of foodservice concepts
- **Integration** of foodservice components into traditional retail formats

Eataly—The Turin Model “Grocerants”



Merging Food and Foodservice





Zurheide is the Upmarket German Effort



Wegman's Still Sets the Standard

Wegmans



Multiple (and unique) Food/Bar Options

Wegmans



Sheetz: A Restaurant With a C-store Attached



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Experiential Retailing



- The global sales growth & popularity of ecommerce has forced retailers to rethink the role of the store
- Ultimately, stores must showcase merchandise in a way that boldly delivers an experience that cannot be duplicated online
- Stores are gaining more relevancy to consumers by being reimagined for innovative uses
- Changing the way food is offered and delivered by creating ways to integrate the customers and keep them coming back
- A new and inventive way to shop and sift throughout supermarkets

Elements of Experiential Retailing

| | |
|------------------------------------|---|
| Great Product | A no-brainer, but is often an overlooked part of the experiential dimension. |
| Solution-Oriented | Products are organized around the consumers' end use, often displayed in vignettes. |
| People as Acolytes | Associates in the store believe they are part of a company with a higher order. |
| Intense Product Interaction | The stores are proud of what they sell and anxious to let the Shopper find out. |
| Values-based Mission | It helps if you are a green retailer and are trying to save the world. But having a strong values-based mission works for retailers in a number of areas. |
| Tight Brand Group | Shoppers feel like they are part of a special group. They are in the know and proud to spread the word. |
| Visible Identification | Not a prerequisite, but visibility helps. Whether it's a logo on a bag or shirt or some other visible identification of brand affinity, it's no fun being part of an experiential retailer if you can't show it. |

Recipease Social Community



Opportunities to Shop, and participate



Tesco Extra – Watford: Reimagining the Big Store



Integrated Display and Grab n' Go Upfront



Borrowing Assets: Euphorium Bakery



Learning from the great Food Halls: Bon Marche



Food Elevated to an Art Form



E LeClerc: Translating and Conquering Fresh



E LeClerc: Conquering Fresh



LeClerc: Cheese (Of Course)



And Wine, Taken to a New Level



Iper, A Fantastic Italian Hyper...



Transparency Rules



Coop.fi: A Social Gathering



- Enhances the shopping experience with top-quality fresh food and local tradition.
- Coop delivers a local market feel within a superstore. Coop offers:
 - Staff-guided store tours
 - Taste Lab
 - Social areas for events



SSG in Korea: Elevating Theater



Upgrading Presentation and Display



Loblaw's Flagship Store: Merging Food, Foodservice and Theater



Presentation and Offering



Fresh & Clear



Theatre apparent no matter the category



Upscale Gourmet Market

city market
COMERCIAL MEXICANA



Catered to the Gourmet Shopper



City Super: Super in Hong Kong



Fantastic Presentation



Details, Details



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New Ways to
Reach
Consumers

Specialization



- Signature products
- Signature programs
- Exclusive products

Roast + Conch: Cocoa Cafe



- Casual dining concept created by the international artisan/premium chocolate market that allows customers to experience the process of chocolate production first-hand
- Roast & Conch actively demonstrates its sourcing and production methods, rather than simply stating them
- Turned demonstration into an engaging retail experience with exciting and on-brand products
 - In addition to chocolate, Cocoa is also used to product innovative variations on classic hot beverages
 - Also used to embellish food served in the café (ex. bacon and lentil soup with a cacao butter)



Grand Frais: Small Fresh Experiences



Product Knowledge



Le meilleur marché



Lidl: Simplicity and Focus

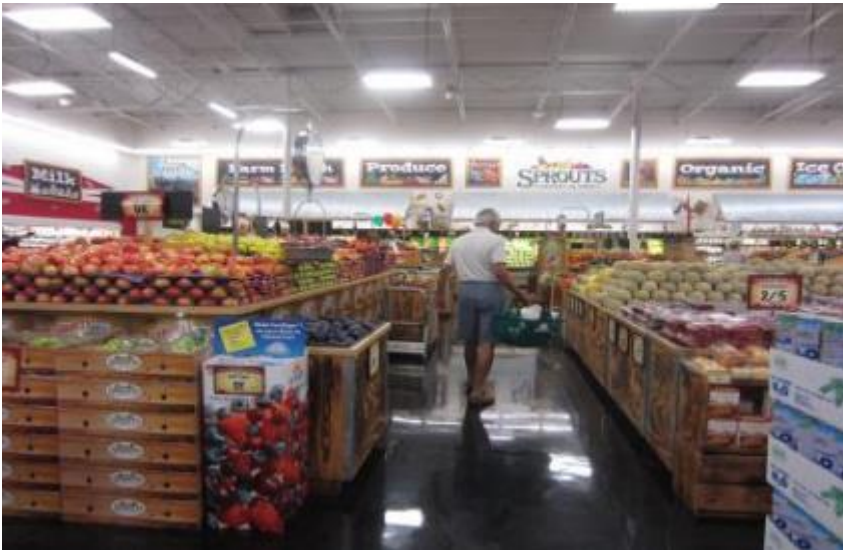




Mercadona: Soft Discount Takes Over Spain



Sprouts Unique, and Organized Aisles



Simply Foods: Meal Stores





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New Ways to
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Customization & Crowdsourcing



- Once confined to the sidelines, customers now play an active role in the creation of retail offerings
- Customers participate in determining the assortment through:
 - User submitted ideas
 - Voting on favorite products
 - Offering “pre-tail” feedback
- Provides customer with the opportunity and tools to create their own customizable food experience



MyMuesli: Customizable eFood



Yoghurt Barn: Local Customizable Yoghurt



Icing Room: DIY Cakes...



Thrive Vitamins

Personalized Vitamin Delivery

- Online store
- Thrive Vitamins offers personalized vitamin plans, dispensed by robots in 28-day daily dose pouches, sent for delivery



1. you take our health and lifestyle survey
2. we give you a personal recommendation
3. you confirm you're happy and pay
4. we dispense your personalised range into pouches
5. we deliver them for free



Crowdsourcing Promotions: Customer in Charge



Migros Aare: Crowdsourcing Assortment

MIGROS



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New Ways to
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Small is the New Big



- Smaller formats prevail in the coming years with a notable shift from the hypermarket/supercenter culture
- Smaller formats will become category killers and steal share from supercenters and mass merchants
- Increased urbanization is causal

Little Waitrose: Small & Elegant



Great Use of Space



Albert Heijn to Go



And Rewe Does the Same



Walmart: Express Beginning to Roll?



Walmart To Go: 1st Convenience Store



Convenience at a Whole New Level



Brothers: Creating a Local Focus



Delivering Local, Fresh Offering in a Small Format Environment



Focus on Fresh, Organic



BROTHERS
MARKETPLACE



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New Ways to Reach Consumers



Retailers are looking for creative ways to reach consumers and save money.

Mobile restaurants have taken over curbsides, conveniently serving gourmet and limited-time options to the masses.

Inexpensive entry costs provide a new route to retail. Established retailers are also getting in on the craze and expanding their local footprint with trucks.

Arcimbo: Fresh Food + Drive



Marks & Spencer: e-boutique



Food Trucks are Red Hot! Even Supermarkets are Getting into the Act...



Blue Apron: Home Meal Delivery

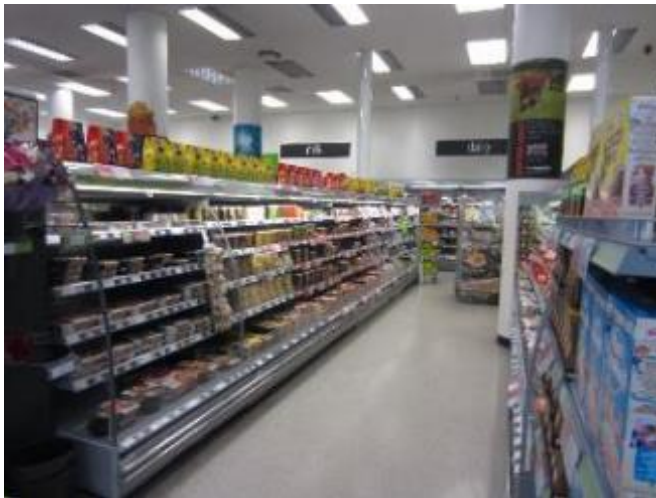


Sprinkles Cupcake ATM: Best in Easy Access to Product

Sprinkles
CUPCAKES



Amazon Lockers: Coop UK



“It’s Day One, Time to Get Moving!”



Amazon's Jeff Bezos: The ultimate disrupter

November 16, 2012: 5:00 AM ET

“Making the revolutionary, routine... what once seems wildly impractical is now completely normal”



Work hard. Have fun. Make history.
amazon.com

The Future Is Already Here.
It's Just **Unevenly** Distributed.

WILLIAM GIBSON





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