

# Energy & Store Development Conference

# E+Scd 2014

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THE VOICE OF FOOD RETAIL 



# Small Format Grocery Strategy



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What's to come...

Why small format is relevant...

State of the Art...

S.W.O.T. Analysis ...

Where are we headed  
with this market segment  
and why ...

What's in the future and  
what are the effects on  
current market segments...

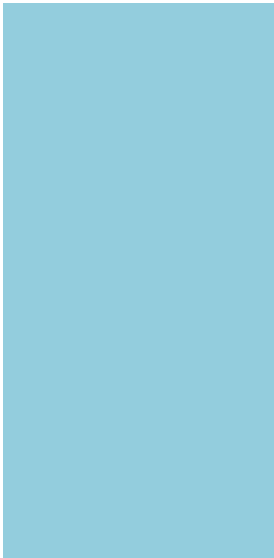
How to approach small  
format concepts...

How you can compete...



Your  
Dream  
Here.

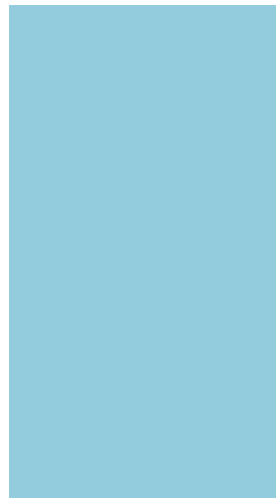
Why small format  
is relevant...



Lifestyle Convenience  
Real Estate Opportunities  
Competitive Issues  
Specialization  
Smaller Investment

# State of the Art... Aldi

14K sq. ft. - Anytown, USA





# State of the Art... The Fresh Market

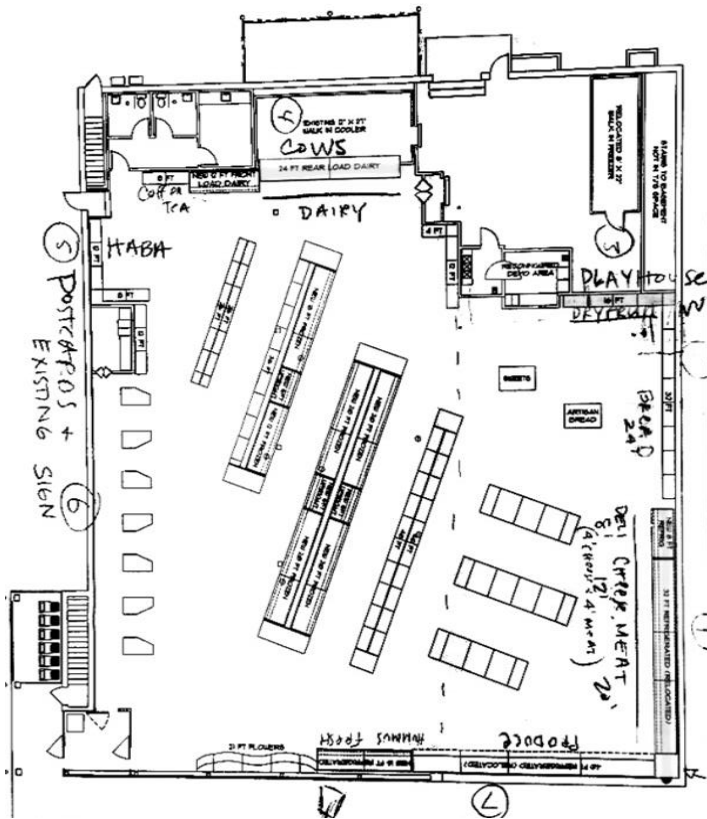
28K sq. ft. - Miami Beach, FL





# State of the Art... Trader Joe's

14K sq. ft. - Anytown, USA



# State of the Art... Walmart Express

12K-15K sq. ft. – Anytown, USA





# State of the Art... Sprouts

24K sq. ft. - Anytown, USA

Others

H-E-B – 8K

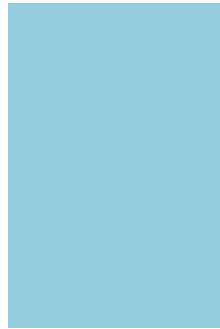
Target – 8K

Kings – 15K

Whole Foods – 25K

Publix – 20K



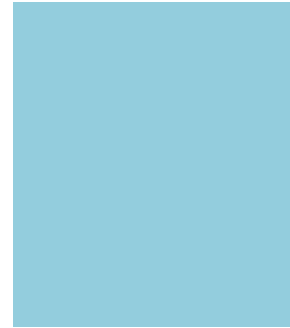
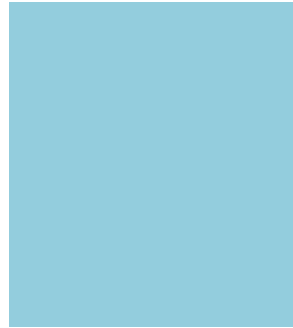


S.W.O.T. Analysis,  
strengths...



Real Estate  
Offensive or Defensive  
Retrofits  
Shopping Convenience  
Smaller Workforce





# S.W.O.T. Analysis, weaknesses...



Total Shop Capability  
Merchandising Discipline  
Operations Paradigm Shift  
# of Stores Needed for R.O.I.  
Sales Volume



## S.W.O.T. Analysis, opportunities...



Urban Solution  
Marketing Buzz  
Speed to Market  
Hybrid Models  
Higher Profit Margins  
Assortment & Specialty





## S.W.O.T. Analysis, threats...



Differentiation  
Watering Down Brand  
Product Creep  
Energy Costs  
Foreign Competition

# Where are we headed with this market segment & why ...

## + Positives +

Easy shopping

Daily lifestyle  
experience

Immediate  
satisfaction

Consumer pride

More choices

Better retailers

## [ Negatives ]

Over saturation  
of stores

Customer  
paralysis

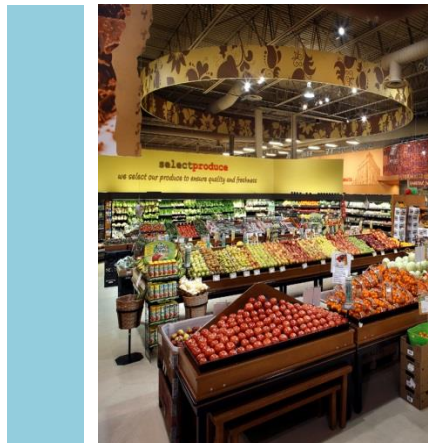
Price wars



“Competition is relentless and wishing,  
praying, & hoping are not strategies.”  
– Anonymous



# What's in the future & what are the effects on current market segments...



More differentiation  
More specific shopping events  
More customer convenience  
More stores  
More choices  
More competition  
Price wars



# How to approach small format concepts... establish desire & rationale



• Competitive issues • Real estate • Brand extension • Available new markets •

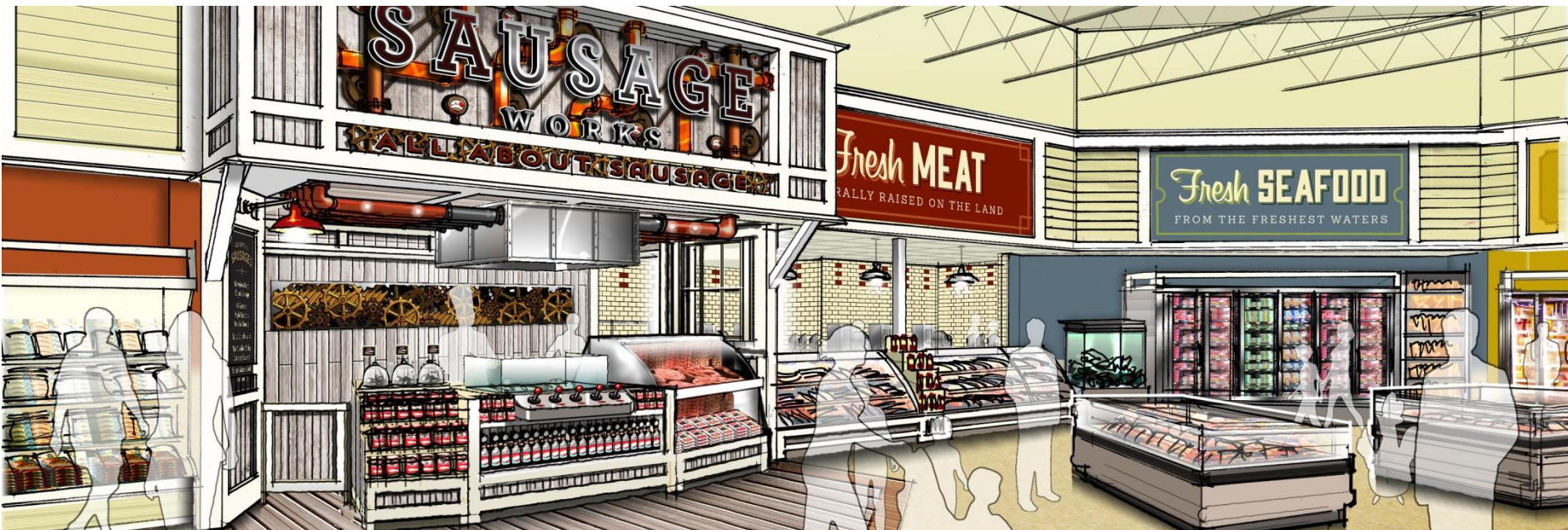




# How to approach small format concepts... define brand



- Core values
- Mission
- Consumer reward

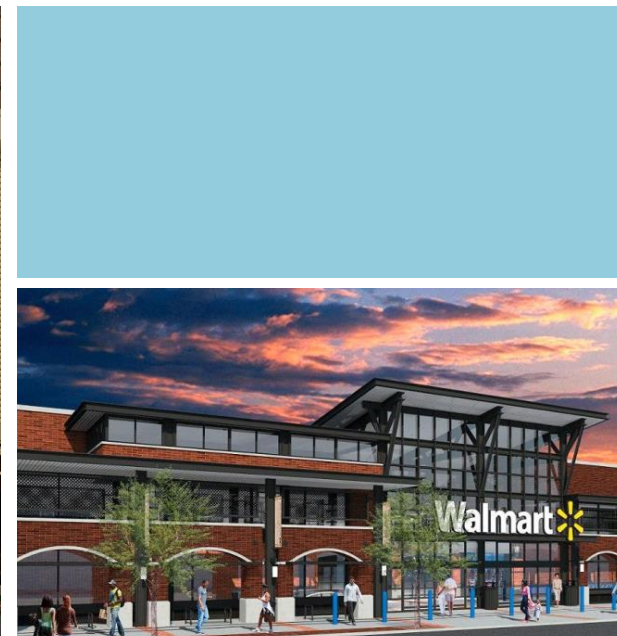




How to approach small  
format concepts...  
determine  
offer & service level



• Walmart •

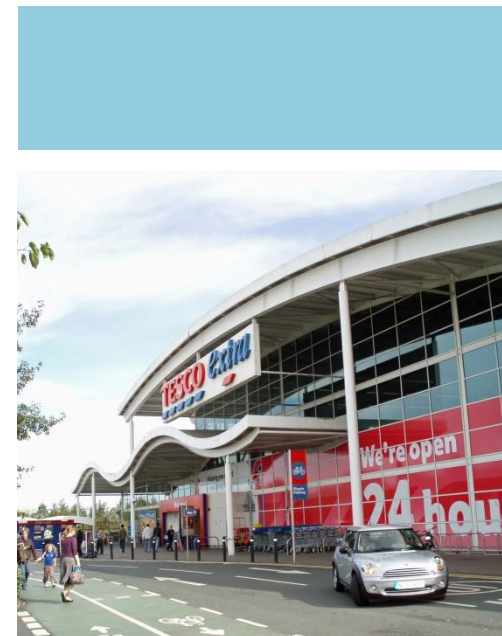




How to approach small  
format concepts...  
determine  
offer & service level



• Tesco •



How to approach small  
format concepts...  
determine  
offer & service level



• H-E-B •





# How to approach small format concepts... establish most productive shopping layout



• Convenience • Exploratory • Food service • Discount • Gourmet • Specialty •

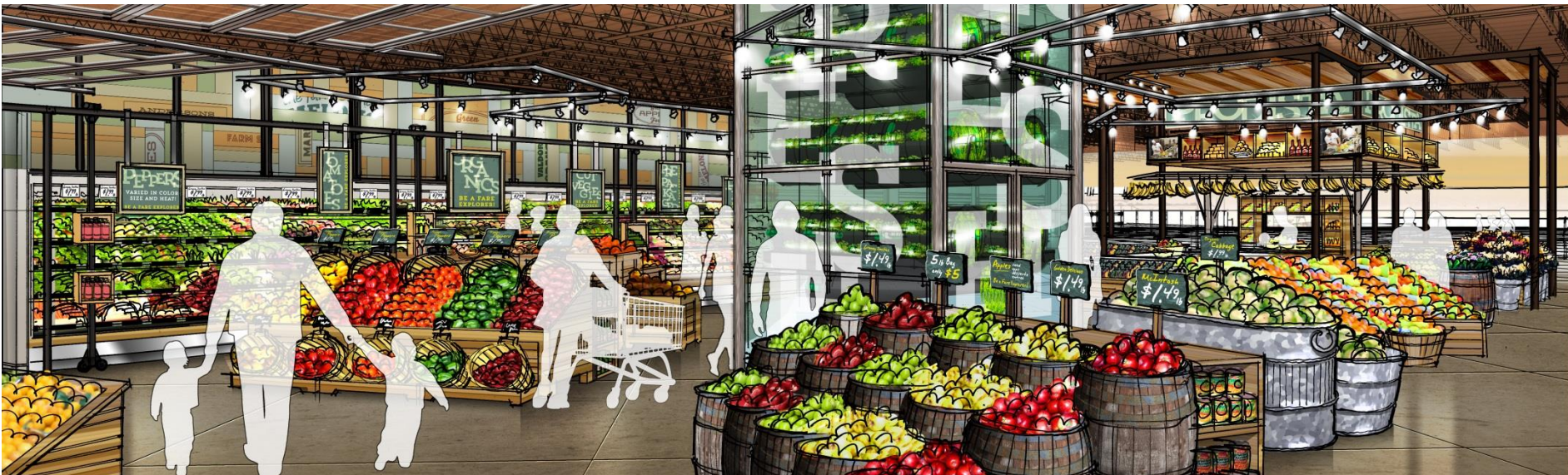




# How to approach small format concepts... find your tone of voice



- Healthy • Simple • Fast • Lighthearted • Clever •
- Trustworthy • Unique • Caring • Familial • Communal • Lifestyle •





# How to approach small format concepts... create the prototype

- Strategic Assessment • Conceptual Exploration • Schematic Design •
- Design Development • Design Control • Construction Documentation •



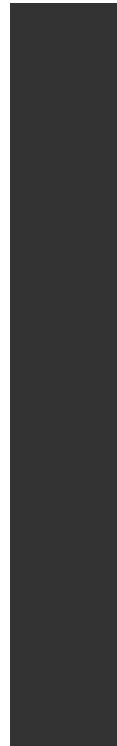


How to approach small  
format concepts...  
budget  
accordingly





How to approach small  
format concepts...  
find appropriate  
real estate



How to approach small  
format concepts...  
check  
return on investment





How to approach small  
format concepts...  
roll out &  
build anticipation



# How to approach small format concepts... perform & deliver



- Outperform competition
- Deliver consistency
- Advertise
- Get referrals







THE GOOD STUFFS  
IN HERE

How can you compete...  
be a local



Be fresh

Be a meal solution

Be private label

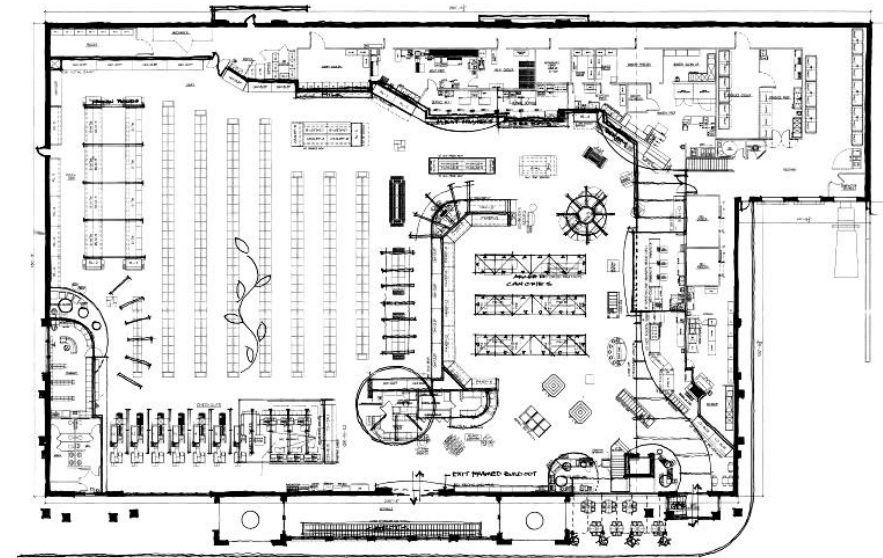
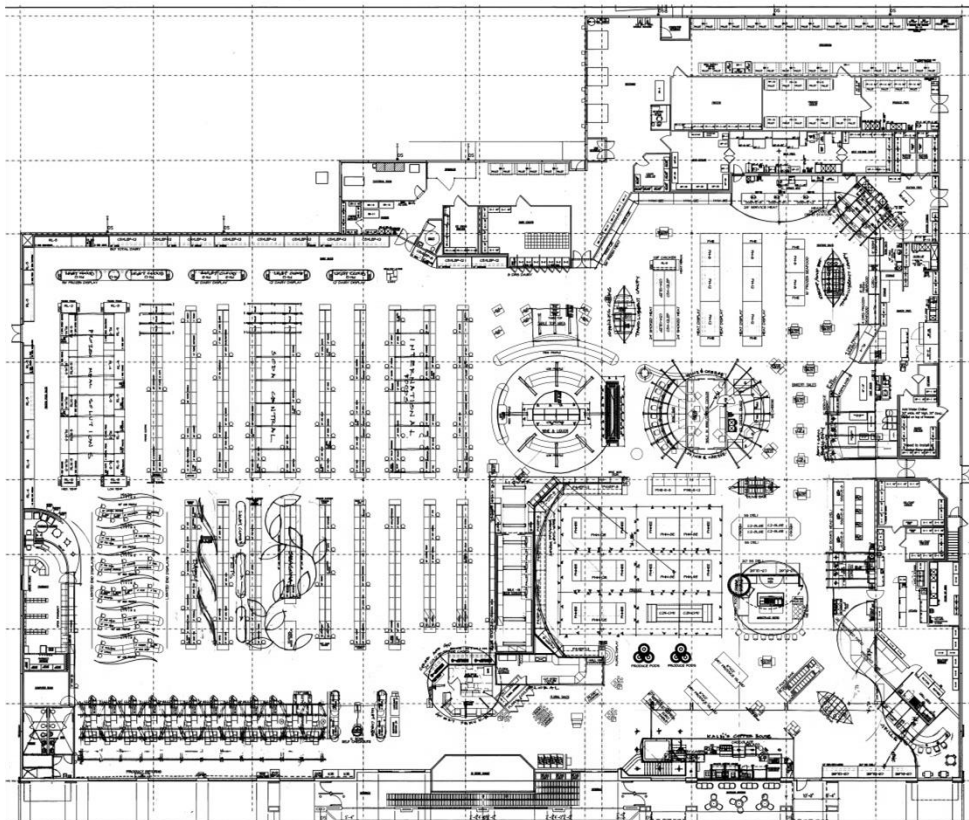
Be discount

Be upscale

Be different

# How can you compete... learn from others' plans

Schnucks: Des Peres 74.5 K sq. ft.



Schnucks: Kehrs Mill 41.5 K sq. ft.



# How can you compete... learn from others' stats

+ Des Peres Statistics +  
 Store - 74.5 K Sq. Ft.  
 Produce – 220 LF  
 Bakery – 30 LF; 4 Doors  
 Deli – 175 LF  
 Meat – 260 LF  
 Seafood – 60 LF; 4 Doors  
 Frozen – 36 LF; 131 Doors  
 Dairy – 150 LF; 8 Doors  
 Beer/Wine/Liquor – 397 LF  
 Floral – 40 LF; 4 Doors  
 Dry – 1,557 LF  
 Pharmacy – 31LF + Services  
 Registers – 18

ABOUT +/- **40%**  
**DECREASE**  
 OF LINEAR  
 FOOTAGE PER  
 CATEGORY  
 OVERALL



[Kehrs Mill Statistics]

Store - 41.5K Sq. Ft.

**Produce – 290 LF**

Bakery – 16 LF; 8 Doors

Deli – 80 LF

Meat – 108 LF; 6 Doors

Seafood – 48 LF; 3 Doors

Frozen – 90 Doors

Dairy – 108 LF; 9 Doors

Beer/Wine/Liquor – 176 LF

Floral – 24 LF; 4 Doors

**Dry – 1,612 LF**

Pharmacy – 16LF + Services

Registers – 13

# How can you compete... learn from others' changes

Schnucks: Des Peres

+ Large Format Elements +  
Efficient Labor Force Model

Interactive Opportunities

Large Selection

Unique Experiences &  
Offerings

Specialized Dining Areas

Diverse Products

Schnucks: Kehrs Mill



[Reduced Format Changes]

Removal of Beer Cave &  
Cooking School

Reduction of Dining Areas,  
Pharmacy, Courtesy Center,  
Floral, Specialty Areas, &  
Checkouts

Adjust Product Selection



How can you compete...  
listen & perform



• Any Questions? •

