Energy & Store Development Conference

E+Sd 2015

Channeling Your Inner Fortune Teller to be on the Leading Edge of Grocery Trends
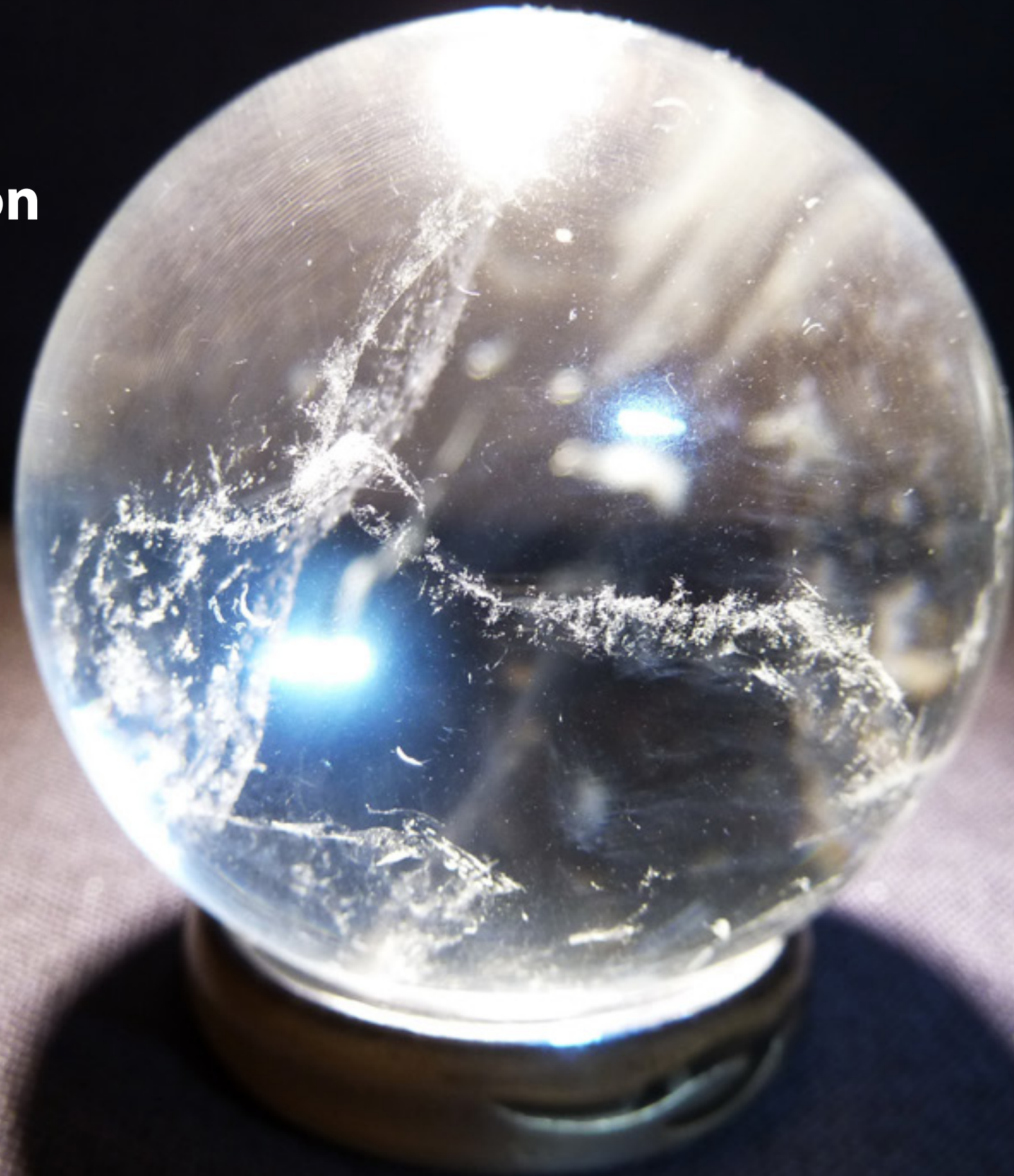
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The Fortune
Telling Connection

- Fortune telling = noting visual & aural cues to determine a path for success.

- Architects, store planners & facilities managers are tasked with planning for stores & shoppers of the future.

- How do we create trendy & current spaces that won't be dated in 5 years?

- How do we determine what shopper preferences will be 2 years from now when they're constantly evolving?

- Examples of today's innovative grocery design

1 HEALTH &WELLNESS ▶

TRAVEL ▶

2

RESTAURANT ▶

3

SPECIALTY ▼

4 FASHION ▲

5

6

AUTOMOTIVE ▲

- Our suggestion: look to other industries.

- Ideas for innovative grocery design can be found in other industries - it just takes noticing the clues & how each industry implements what's current.

- Industries we researched & analyzed:

  - Health & Wellness

  - Travel

  - Restaurant

  - Fashion

  - Specialty Shops

  - Automotive

- Our research led to the identification of some main "cultural catalysts" or influencers driving trends in each industry.
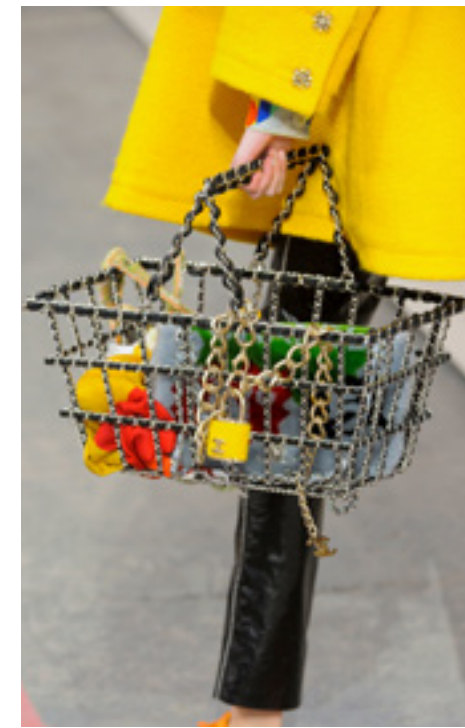
- Example of the grocery industry influencing fashion: Karl Lagerfeld's 2014 Chanel show at Paris Fashion Week - a staged supermarket.

- Models shopped the "runway," adding Chanel-branded groceries to their shopping baskets.

- The show connected Lagerfeld & his brand with a wider audience by using an everyday activity relatable to everyone as the narrative for his show.

- Cultural catalyst: "Local"

- A theme the grocery industry owns well.

- Paradigm shift where getting more for your money & the ability to get it all in place doesn't neccesarily trump other purchasing factors.

- Supporting local producers carries more weight, similar to 40-50 years ago.

- Grocery shopping at big-box & c-stores has seen a 7% decrease in the past year. Farmers markets & local produce stands, however, saw a 21% jump (King Retail Solutions 2015 Consumer Insights Survey).
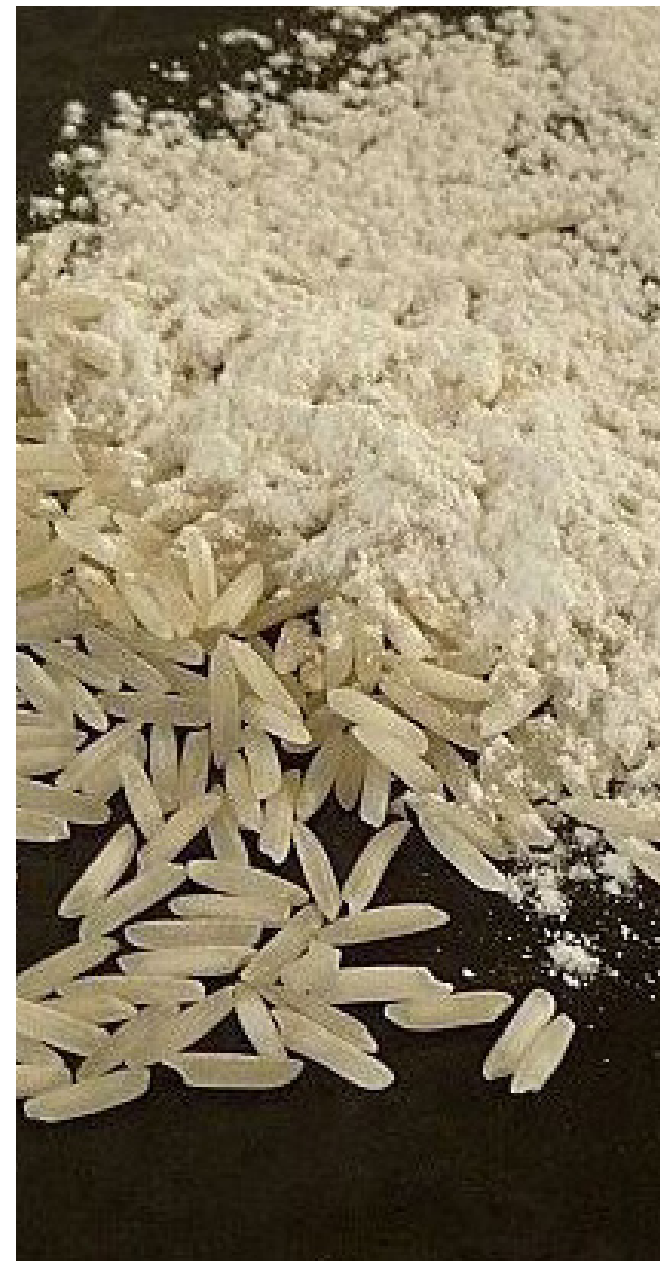
- "Grow & Sell"

- Concept of food being grown & sold in same location.

- Consumers want reduced time from farm to shelf.

- Advances in farming allow us to consider the creation of indoor/outdoor farming environments as part of the store.
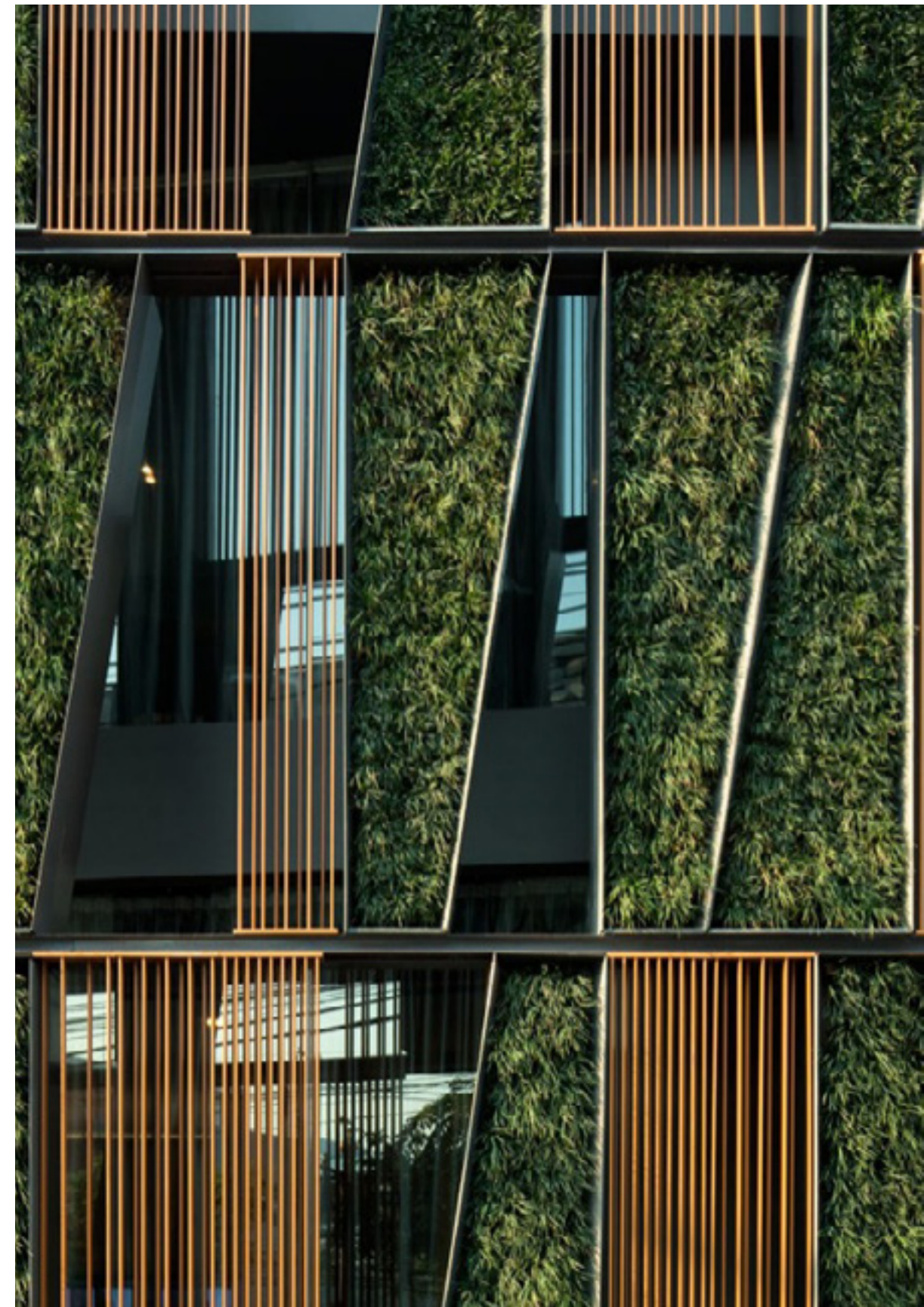
- "Eating in Reverse"

- Consumers want unprocessed foods in their natural states.

- A return to 'hunting & gathering', milling your own flour, hyper-local products.

- Design considerations: new departments or operational requirements for areas of the store dedicated to old-time methods (milling, churning, etc.).
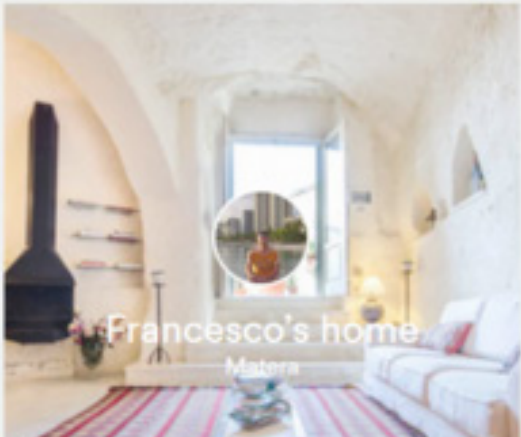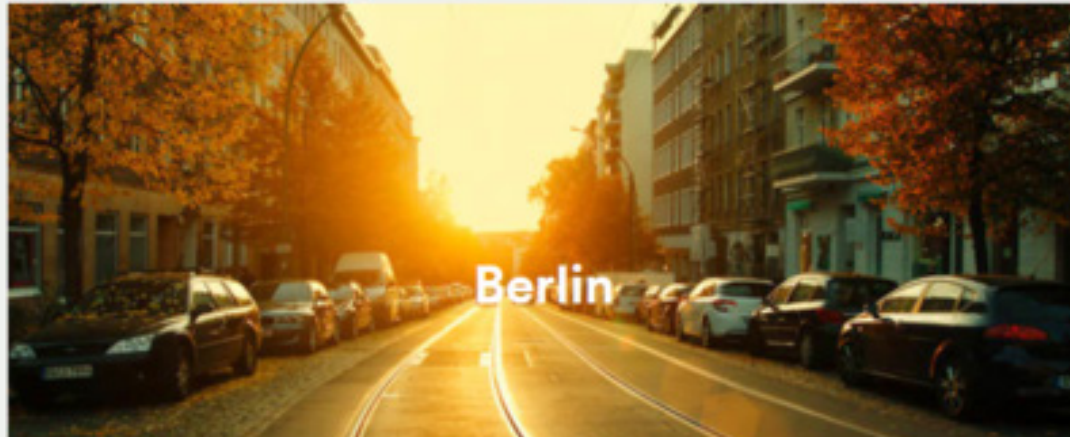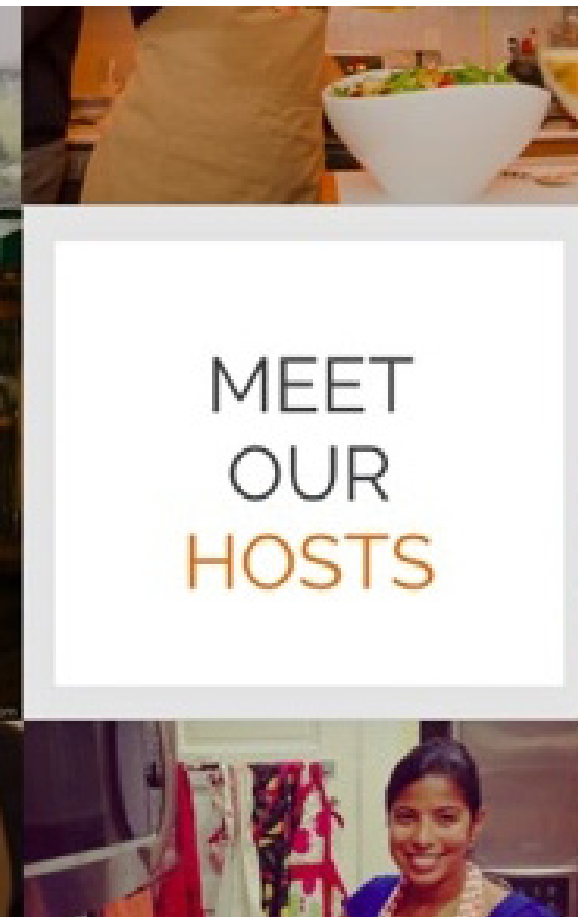
- "Living Like a Local."
- Companies in the travel industry have capitalized on people's desire to experience cities & vacation spots like the locals do.

- Airbnb & BookaLokal connect travelers with local lodging & dining options, allowing them to experience life as a local.

- Specialty shops like neighborhood bars, cupcakeries or the coffee shop known for its cold brew have become as prolific & as much of a tourist attraction as renowned museums, parks & other sights.
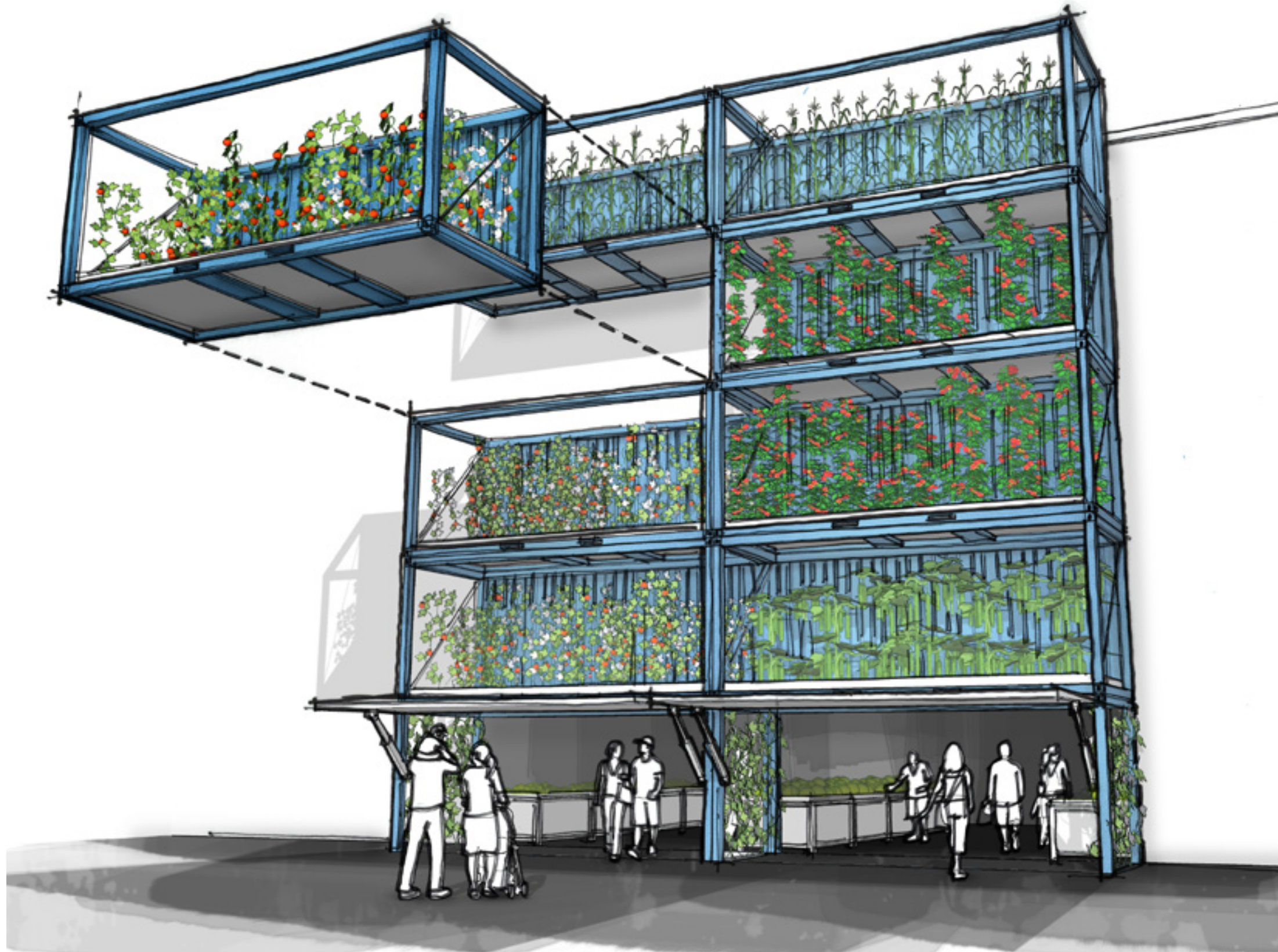
- Our interpretation for the built environment: a concept that combines the ideas of a living facade & grow cubes, introducing an outdoor retail space where the farm-to-shelf model is replaced by one that's more farm-to-consumer.

- Cultural catalyst: "Corporate Social Responsibility"

- Difference between philanthropy & CSR: Philanthropy is giving time, money or other resources to charitable causes. CSR is the acknowledgment that a company's business processes & practices have an impact beyond the company.

- Consumers want to support & partner with companies making a positive impact on the marketplace.

- Consumers are also more educated & have easier access to information - "they're no longer hidden from how their food is produced" (Robert Grosshander, CEO of iGive.com).

A GROTESQUE APPLE

A DAY KEEPS THE DOCTOR AWAY AS WELL

THE FAILED LEMON

FROM THE CREATOR OF THE LEMON.

THE DISFIGURED EGGPLANT

SO CHEAP IT COULD BE EVEN MORE DISFIGURED.

A HIDEOUS ORANGE

MAKES BEAUTIFUL JUICE.

INGLORIOUS fruits&vegetables by Intermarché

- Industry example: Intermarche's "Ugly Fruit" campaign

- Campaign addressing that up to 40% of total fruit & vegetable harvests are trashed because of physical "imperfections."

- Started as a temporary experiment in a single store outside of Paris where less-than-perfect produce was sold at a 30% discount.

- Results: overall store traffic increased 24% & concept was rolled out to all of Intermarche's 1,800 stores.

The Making Of

The true cost of making a Weekender bag.

FABRIC & TRIMS	LEATHER	TRIMMINGS	CONSTRUCTION	DUTIES	TRANSPORT
$9.40	$8.30	$2.70	$7.80	$2.30	$7.50

– the markups –

TRUE COST	2.5x	EVERLANE	3x	TRADITIONAL RETAIL
$38		$95		$300

- Industry example: Everlane
- One of the first fashion brands to introduce a "radical transparency" business model.
- Realize & capitalize on value of B-to-C transparency.
- Relationship between retailer & consumer is fostered to be a mutual & continual conversation.

- Impact on the physical space: reusing seemingly-unusable materials; finding new purpose for existing materials.

- Cultural catalyst: "Technology"

- Dependency on technology only increases & attention is more limited.

  - While our ability to multitask has improved, the average human attention span has fallen from 12 seconds in 2000, to 8. Frame of comparison: goldfish are believed to have an attention span of 9 seconds (Microsoft).

- Technology forces us to evolve. Where do you start, how do you keep up & how do you afford to do both?
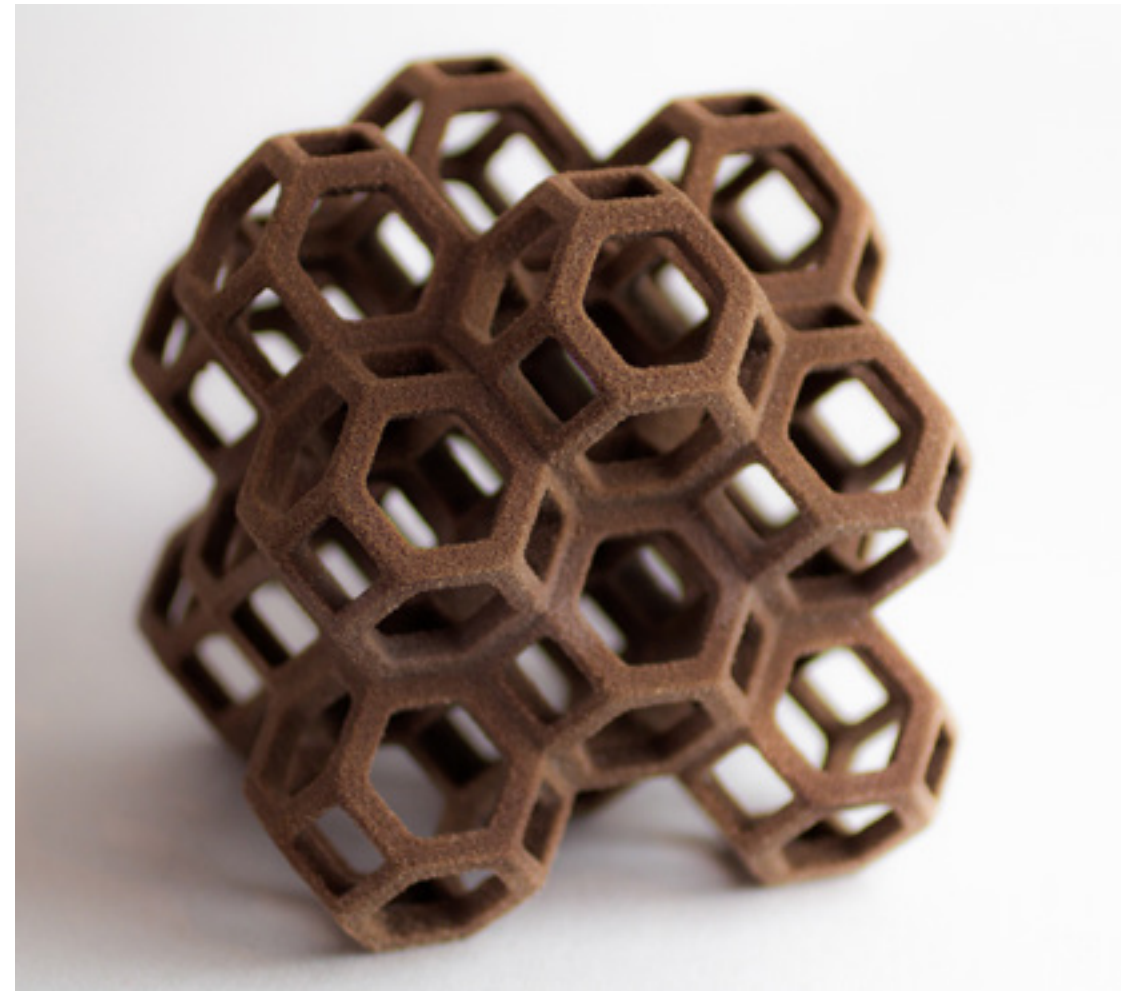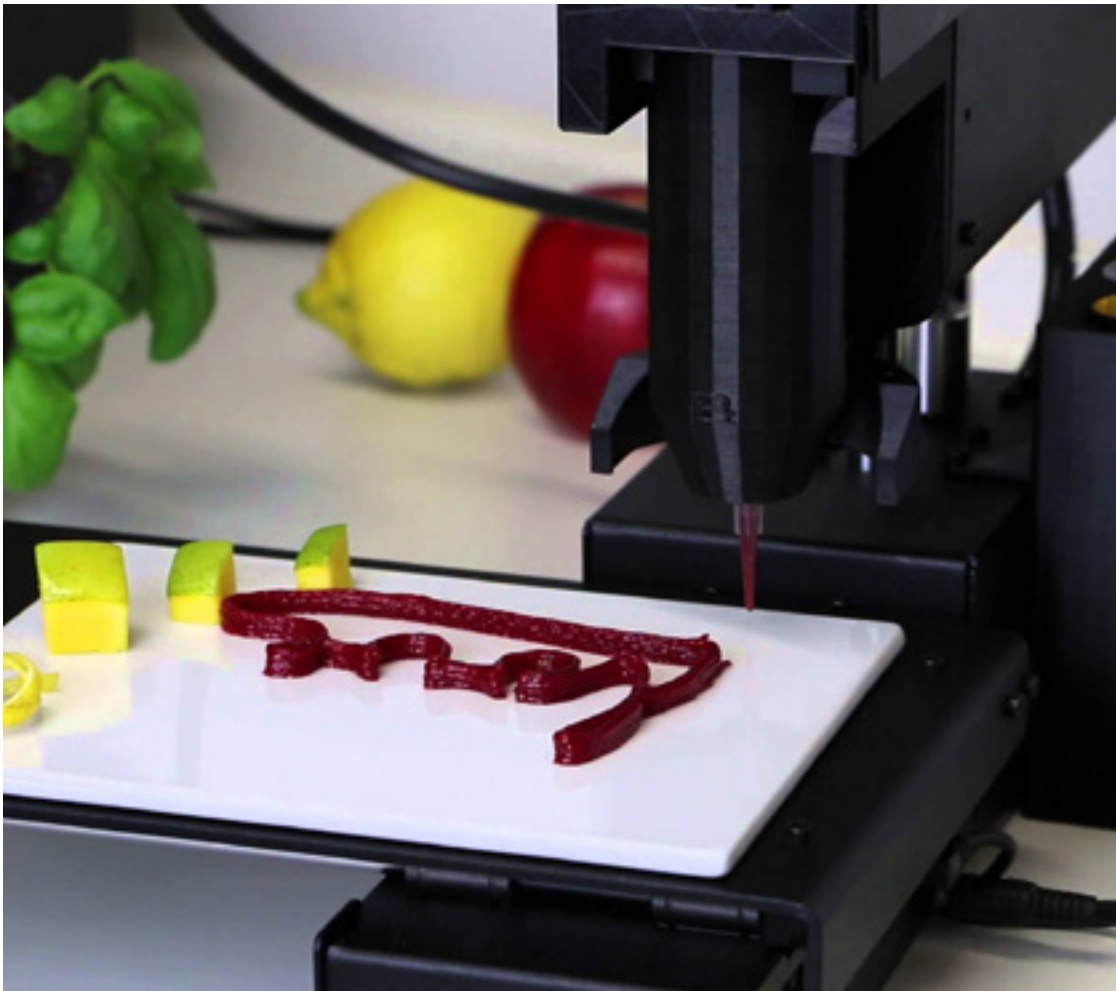
- Industry example: 3D printing

- Ability to 3D print food products may call for inclusion of additional equipment in various grocery departments, or an entire department dedicated to 3D printing.

- Industry example: interactive mirrors

- Fashion designer Rebecca Minkoff was one of the first to successfully implement an interactive, multi-purpose surface into her store.

- She partnered with eBay to create, test & finesse the concept.

- The surfaces allow customers to shop both store & online merchandise, peruse styling suggestions, etc.

- In dressing rooms, RFID technology tracks clothing customers bring in to try on. The mirrors will then automatically display different size & color options.

- Mirrors also collect data about an individual store's costumer preferences, allowing each location to tailor their marketing to be more specific to their consumer base.
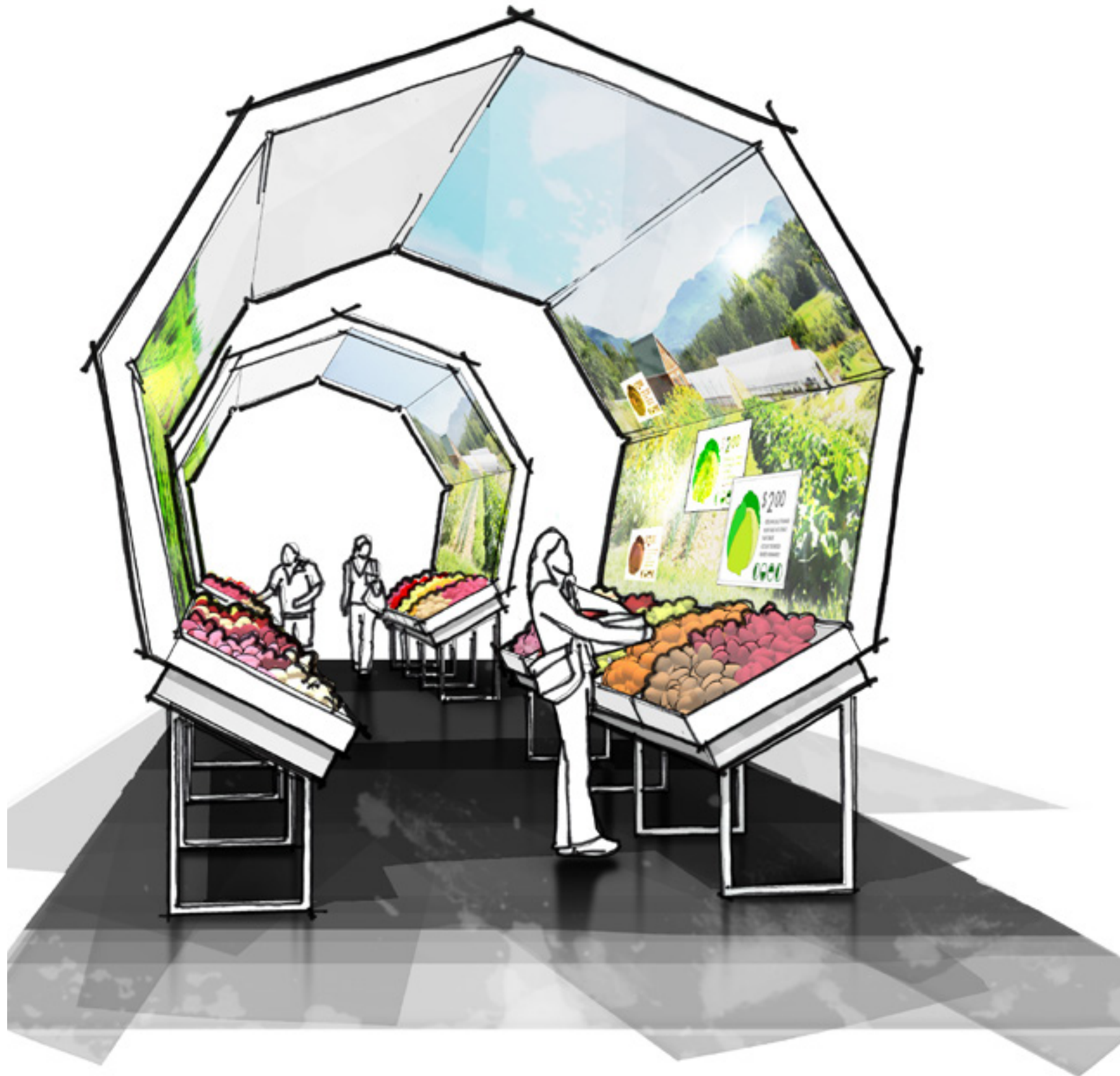
- Our interpretation for the built environment: digital mirrors used as display surfaces to share information with customers about product origins, ingredients & manufacturing.

- Cultural catalyst: "Mind & Body"

- Arguably more than ever, consumers are conscious of purchasing decisions affecting their wellbeing.

- Things we started to notice in our research:

  - 1) Seemingly-unlikely partnerships across multiple industries.

  - 2) The need for "mindfulness" or the act of unplugging.

  - 3) Increased education & awareness, especially at the child/youth level.

- Industry example: Tory Burch & Fitbit

- An "unlikely partnership" - Tory Burch was the first fashion designer to partner with Fitbit & offer accessories that brought style to the fitness tracking devices.

- Two parties benefitted from an unlikely partnership - Fitbit devices became more attractive to an audience because Tory Burch was able to fill a need for fashionable design; both of their audiences grew by partnering with the other.

- Impact on the physical space: boutique-like designs & spaces where caring for your mind & body feels more curated & less cluttered.

- Mindfulness & the act of unplugging

- When we're on, we want to be off; but when we're off, we want to be on.

- There's a need to unplug or "shut down" - retail & travel industries have gone so far as to offer silent rooms, or cry rooms in hotels for guests to decompress & let out emotion.

- Impact on the physical space: a grocery store & spa

- An award-winning organic grocery store connected to a spa.

EXPERIENCE

- Cultural catalyst: "Experience"

- Speculation that the physical "brick & mortar" space doesn't have a place in the future - we disagree.

- Humans are social creatures & prefer face-to-face over fully-electronic or digitized environments.

- King Retail Solutions' 2015 Winter Consumer Survey found that, across all demographics surveyed (men/women, millennials/Gen X/Baby Boomers, people with/without kids, rural/urban/suburban dwellers), people still prefer to be assisted by a sales associate while shopping in-store.

- But, digitization is still driving how we experience physical spaces.

- Future transactions could be simplified by paying with our finger, or moving away from any sort of payment device (phone, e-wallet, etc.) entirely.

- Augmented & virtual realities are immersive & alter our sense of space.
- Virtual environments allow us to experience a space of "travel" digitally.

- Industry example: automotive
- Consumers are flooded with options, from base to luxury models, to the color of interior, etc.

- As you climb up to luxury models, the level of detail is increased, becoming much more prominent & more integrated with the experience.

- The "bonus features" don't make a car run faster or get better gas mileage, but they make driving that vehicle more of an experience.

- Industry example: Sublimotion restaurant in Ibiza
- A space meant to stimulate all 5 senses.

- Dining is a completely-immersive environment, where a full-on production effort digitally transports diners to different scenes throughout the course of their meal.

- Industry example: Inamo restuarant in London
- Uses projectors to display menus & illustrate food/drinks onto diners' table.
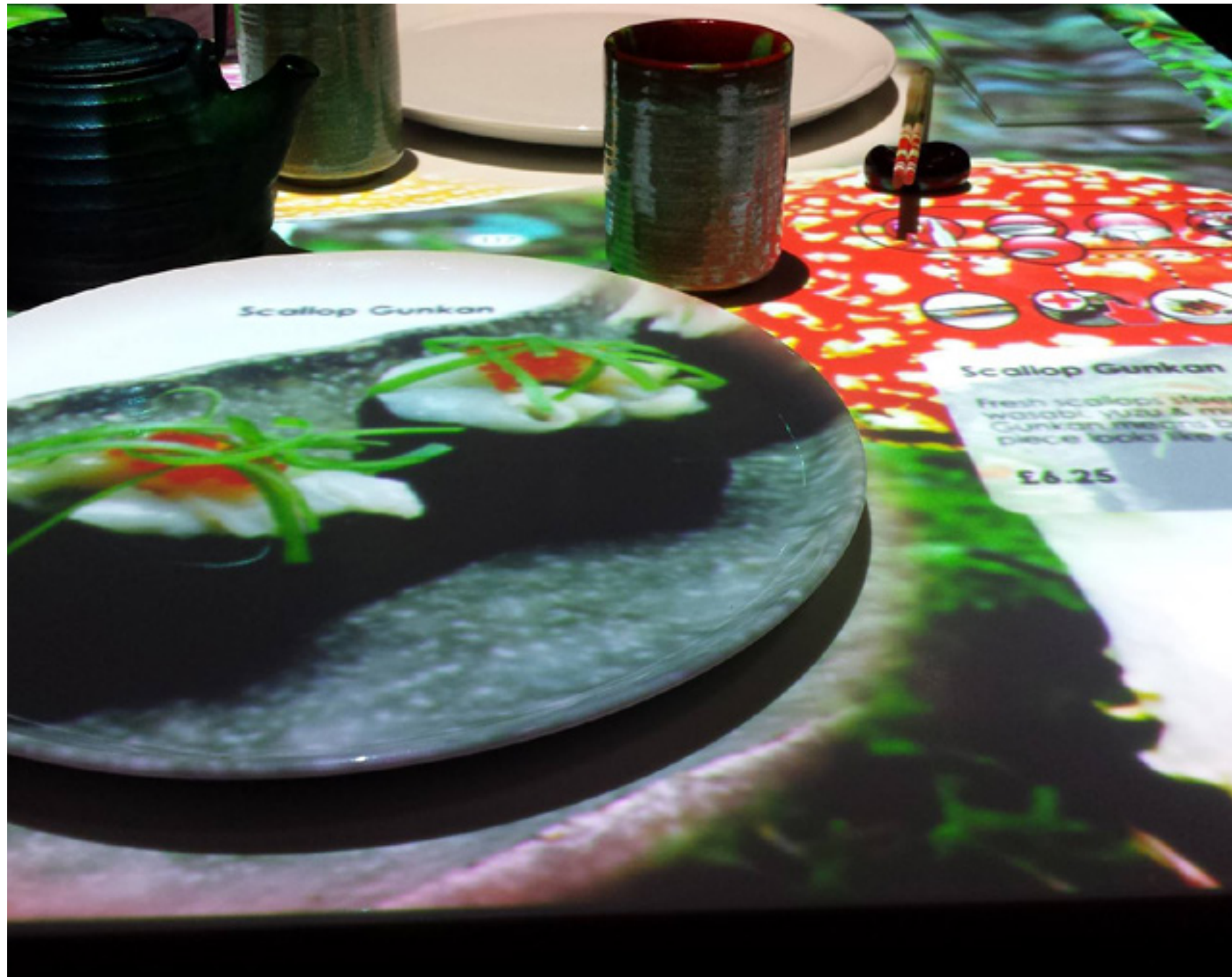
- Interactive order system allows guests to order from their table, choose their own "table cloth," discover the local neighborhood or even order a taxi home.

- Industry example: grocery display at 2015 Milan Expo

- Digital mirrors hung above 1,000+ different products & shared information with customers about product origins & manufacturing.

- Our interpretation for the built environment: an environment that bridges the gap between in-store & digital, & begins the store experience as soon as customers enter.

- Cultural catalyst: "Social Media"

- Direct impact on the built environment: creating "shareable," photo-worthy & ready spaces.

- Two-fold benefit:

  - 1) Increase a brand's awareness & reach when individuals act as "brand ambassadors" & feel indspired to share something from their experience.

  - 2) Enhances the relationship that consumers share with your brand; if they like you or what you're doing, they'll share it, getting others to like it, too.

- Impact on the physical space: Gap U.K.

- #IMakeGap campaign to attract customers to struggling stores.

- Different mirrors throughout the store included selfie stations, where customers were invite to snap & post a selfie with the #IMakeGap hashtag.
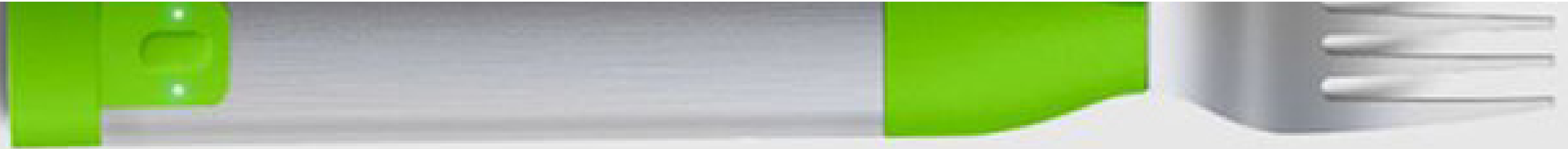
- Customers' photos then became part of the store's window display & marketing.

DATA

- Cultural catalyst: "Data"

- 'Big data' comes to the forefront of innovation, enhancing shopper engagement & creating a personalized experience.

- Data in the marketplace leaves a trail of information, giving decision-guiding insight to consumer preferences.

- A 360-degree view of who their customers are gives grocers & other retailers insight on how to tailor their offerings & enhance their built environments.

- Strategists, analysts & futurists say people are yearning for more personalized, targeted marketing - not necessarily less.
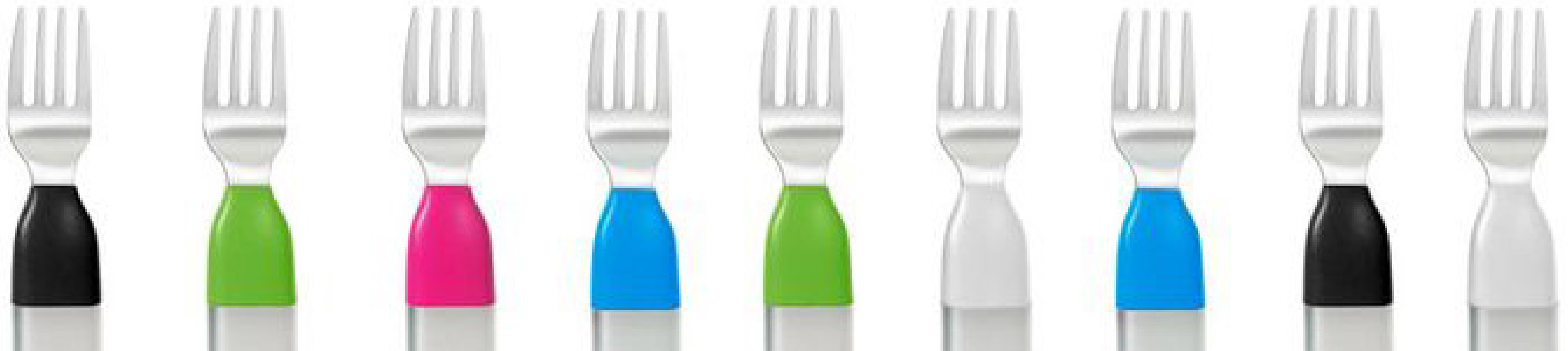
- Industry example: Hapilabs
- Electronic forks help monitor & track eating habits.
- Users are alerted when they're eating too fast.
- Information can be uploaded to user accounts so they can track their progress, improve their eating habits & lose/maintain weight.

- Industry example: Briggo Coffee Haus
- A "robot coffee shop" merges great-tasting coffee with on-the-go technology.

- Individuals can personalize their coffee, save it as a favorite & adjust ingredients until they have their "perfect cup."
- Favorite drinks can be named & shared on social media.

- Customers can watch the robotics in action through a large flat panel display that tracks the status of the order.

- Industry example: Disney's MagicBands

- Disney's custom creation to make their theme park experience seamless, stress-free & efficient.

- Sensors throughout the park communicate with wearable bands that stream real-time data about a guest's location, what they're doing & what they want.

- MagicBands eliminate the need to carry cash or keys to a hotel room; the entire experience is controllable and accessible by the guest through the bands.

- Friction is engineered away & data guests provide allow employees to move past the idea of transactions & focus more on interaction with guests to offer personalized attention.

Questions?