Reacting to Trends: The In Store Consumer Experience

Kim Camp and Kevin Sprague
Hillphoenix
Superior selection and quality in fresh categories remain the top drivers of primary store selection

Table: Most Important Attributes When Selecting a Primary Store

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-quality fruits and vegetables</td>
<td>80%</td>
</tr>
<tr>
<td>High-quality meat</td>
<td>77%</td>
</tr>
<tr>
<td>Low prices</td>
<td>77%</td>
</tr>
<tr>
<td>Great product selection and variety</td>
<td>74%</td>
</tr>
<tr>
<td>Clean, neat store</td>
<td>65%</td>
</tr>
<tr>
<td>Accurate information displayed at shelf</td>
<td>65%</td>
</tr>
<tr>
<td>Items on sale or money-saving specials</td>
<td>63%</td>
</tr>
<tr>
<td>Security of purchase history and other info</td>
<td>63%</td>
</tr>
<tr>
<td>Convenient from home</td>
<td>60%</td>
</tr>
<tr>
<td>Store/site layout that makes it easy to shop</td>
<td>57%</td>
</tr>
<tr>
<td>Fresh food deli or delicatessen</td>
<td>53%</td>
</tr>
<tr>
<td>Courteous, friendly employees</td>
<td>51%</td>
</tr>
<tr>
<td>Fast checkout</td>
<td>50%</td>
</tr>
<tr>
<td>Knowledgeable employees</td>
<td>49%</td>
</tr>
<tr>
<td>Open and honest about business practices</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: FMI U.S. Grocery Shopper Trends, 2018. Q: “Please indicate how important each of the following is to you when you select a primary grocery store/source. (Top-1 Box: Very important).” Top 15 displayed out of 32 items. Shoppers n=1,035. (See Appendix Tables A.13 & 14)
Total Store Sales Continue to Grow

**TOTAL STORE SALES**

$793B  

$33B vs. 3 years ago

**TOTAL FRESH PERIMETER**

$178B  

$6.8B vs. 3 years ago

60% of perimeter 3-year dollar growth came from the **Produce** department

Bakery (19%) and Deli Prepared (15%) came in distant 2nd and 3rd, while **Meat** saw a -1% 3-year sales loss

Source: Total Store View + Perimeter Market Advantage, MULO 52-weeks ending 10-7-18

© 2019 Information Resources Inc. (IRI). Confidential and Proprietary.
Four Primary Drivers to Elevate Customer Experience

• Lighting
• Merchandising
• Technology
• Convenience
Take it to the next level with light
Lighting Impact – Before and After

[Images of a supermarket before and after lighting upgrade]
**Before** - Standard fluorescent overhead lights

**After** – High color-focused lighting approach
SET THE STAGE
Merchandise with the Five Senses

• Sight
• Sound
• Touch
• Smell
• Taste
TECHNOLOGY
Technology & Automation – Addresses Many Needs

Ahold to order 500 Robots “Marty”

Simbe Robotics Inventory/Restock

Blockchain

Produce Behind Glass Doors
CONVENIENCE
Convenience Factors were the most prevalent purchase triggers.
15 – 38% of shoppers are looking for more snack-sized vegetables*

Value-added produce is a growth driver, particularly vegetables*

Reduces time and effort during prep at home and shopping in store

*FMI | Power of Produce 2019
EXECUTION
Traditional Cut Produce
Cut Produce Specifically for Your Recipe
Consumers are eating up this “on-the-go” snacking sub-category, to the tune of US$1.1 billion dollars. Their hunger has grown the category at a compound annual growth rate of 10% between 2012 and 2016.

Nielsen
Snack size – Healthy options

Easier to eat options contributing a large percentage of category sales

Easier to EAT

Snack Size Vegetables
2X rate of RW
$ sales v. YAG

Prepared Entrees
+10%
$ sales v. YAG

Cut Fruit
+9.9%
$ sales v. YAG
Pick Produce Specifically for Your Recipe
Prepared Sides - Steam in bag
Produce-based beverages are another consumption occasion to drive growth

Buy occasionally + frequently:

56%  Veggie shakes/fruit smoothies
53%  Cold press juices
47%  Produce-infused water
36%  Kombucha
Juice - Smoothies

Juicing is different than Smoothies
Juice

Citrus

Cold Press
Smoothies

- Blenders
- Juicer
- Refrigeration
- Wheatgrass Juicer
- Cup Dispensers
- Ice Maker
- POS system
- Powders/Proteins
- Fruit/Veg Management
- Sinks
Going Vertical
Going Vertical
Demo/Sampling in Store
Demo/Sampling in Store
Looking for assistance in creating the in-store customer experience we discussed? We can help you!

Contact Hillphoenix at
dfr-info@doverfoodretail.com
(770) 285-3264