

The
Shopping Experience
~~Produce Department~~
of the Future



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smartphone to follow along



"Change is the inevitable.
Growth is optional."

— *John C. Maxwell* —

Apple of the World's *i*



**BLOCKBUSTER
VIDEO**

STORE CLOSING

If You Stream It...

BLOCKBUSTER VIDEO

4111

**STORE
CLOSING**

**STORE
CLOSING**

**ALL PREVIOUSLY VIEWED
DVD's
\$9.99
OR LESS!**

**ENTIRE
STORE
ON
SALE!**

**MOVING
HELD
BACK!**

**STORE
CLOSING**

**ENTIRE
STORE
ON
SALE!**

A night scene of a building entrance. Two people are standing on the sidewalk, talking. The building has a classic architectural style with a large door and a window. The scene is illuminated by warm lights, and a large decorative urn is visible in the foreground on the right.

Click for Car Service

(Video Source: Uber Website)

Online Innovators Disrupt

amazon.com[®]



DOLLAR SHAVE CLUB

legalzoom[®]



WIKIPEDIA
The Free Encyclopedia



"If I had asked people what they wanted,
they would have said faster horses."

— *Henry Ford*

WHY?




Growth of Technology +
Changing Consumer Demographics =
Changing Marketplace



2005



2013

A futuristic kitchen scene with smart appliances. A refrigerator has a digital display showing '05.06.40' and '11:00'. A wall-mounted screen shows a smart home interface with a clock at '3:53 PM' and temperature controls for '24°' and '21°'. A sink area features a glowing hand icon on the countertop. The kitchen is modern with white cabinetry and a tiled floor.

By 2020, industry experts estimate that more than 50 billion physical objects will be connected to the internet.



In 1970, In 2018, In 2060,
1 in 5 **1 in 3** **1 in 2**
Americans were Americans will be Americans will be

Multicultural



Every hour in the U.S.:

- 147 new Latino births
- 43 new Asian American births
- 41 new African American births



>50% of
**Multicultural
Americans**
are under

35 years
of age

381 languages
spoken in the U.S.

1 out of 5 
people speaks a language
other than English at home

1965:

Racial intermarriage
was illegal in
1/3 of the country



2015:

1 in 6 newlyweds
marry across
racial/ethnic lines





Our all day **#1** activity:

CONSUME CONTENT

On an average day:

**~1M Americans use
twitter to discuss TV**



Tweets are read by
11M unique Twitter users



Americans on average

**own four
digital devices**

70% own **smart phones**

Nearly **50%** own **tablets**



48% of moms with kids <13 year-old use social media in the car



85% in the US use a mobile device while watching TV



Young adults ages 18-24 are 2x more likely to use social media in the bathroom

But we are

distracted





Online Consumer Packaged Goods sales:
\$25B growing 40%

**Mobile retail is
gaining momentum**

87% of smartphone and tablet owners
use a mobile device
for shopping activities

Multicultural Millennials are 50% more likely to agree
advertisements on mobile phones
provides useful information about bargains

Between now and the year 2030,
every single day,
10K baby boomers
will turn 65



By 2060, almost as many Americans over age 85 as under age 5

78 million Boomers hold:

**70% of disposable
income, and
account for
50% of CPG sales**



**16 million Americans
identify as LGBT,
up 26% over the past 5 years**



**\$830B in
spending power**

#1 U.S. consumer concern
after the economy is



health



Half the world thinks they're **overweight**

Sales of produce, health and wellness-oriented
categories are **growing stronger than center store sales**

The way we eat is permanently changing

47% of consumers snack as a meal replacement



Americans spent **more at restaurants and bars** than grocery stores

In 2018, 30% of new home completions will be **multi-family units**, twice as much as at the height of the boom



Most multifamily dwellings are rented

By 2018, home ownership will not rise above 65.5% of all householders

The concept of the sharing economy, the global view:



68% are willing to share their assets for **financial gain**

66% are likely to **use or rent** products/services in a **share community**

The sharing economy will surpass **\$3.5B** this year

We are
YOUNGER, COLORFUL,
TREND SETTING
and
BLENDING





We are

—CONNECTED—

and

!!DISTRACTED!!

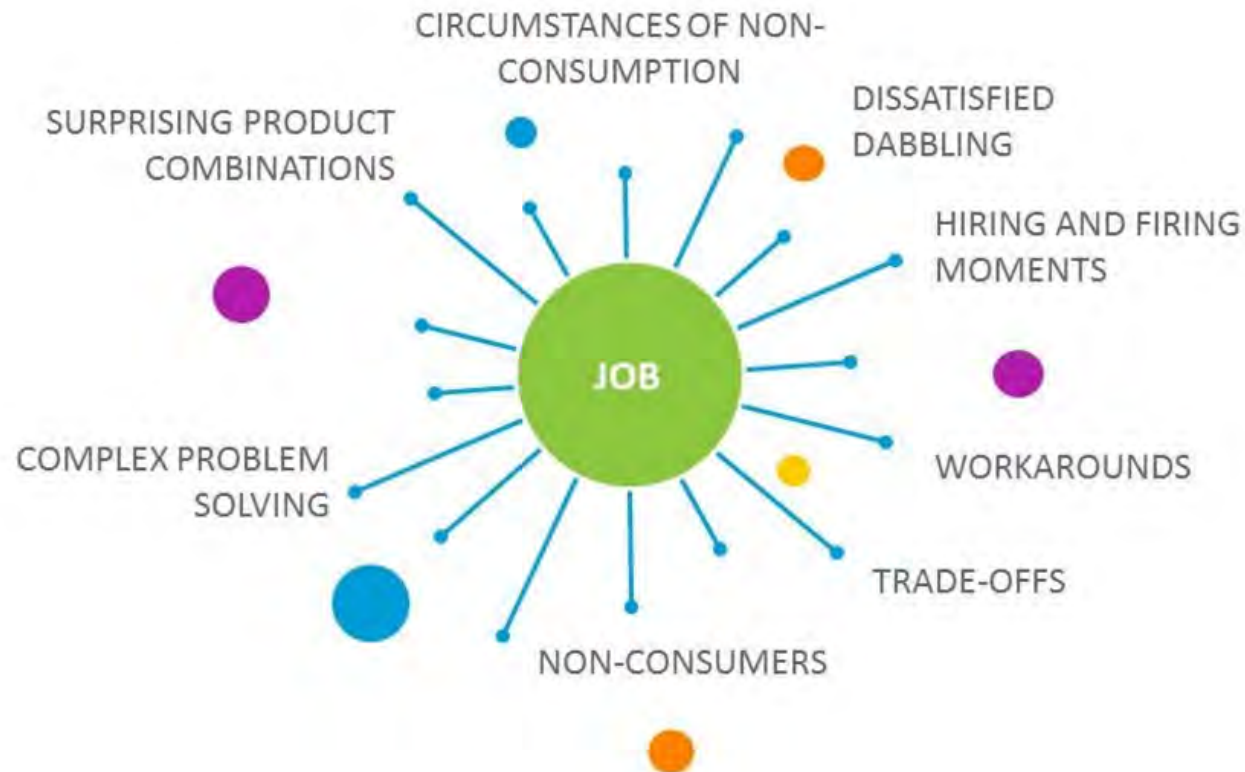
CHANGING FAMILIES





**AMERICA IS
CHANGING** **ARE
YOU?**

Every Aspect Should Revolve Around Solving a Customer Need



✓ Shift focus from product attributes to customer experience

Source: Nielsen Breakthrough Innovation Report, June 2015

A Perspective

I'm Eleni – I'm a millennial blogger and I hate the grocery store. I spent way too many childhood afternoons at the packed supermarket, dragging my feet beside the cart as my mom pushed it in loops around the store to pick up enough food to feed the entire White House staff. Granted, my mom was cooking for a family of six back then, but still it seemed our weekly shopping trips should have lasted months.

I've hated grocery stores and grocery shopping all my life, and I always got dragged along to help carry the bags. Once I was too busy with high school activities, I thought I was home free. And then came college. With a meal plan my first year, I was pretty set for food and didn't have to buy or shop much, so when I moved into my first apartment and had to fend for myself, it was kind of a slap in the face.

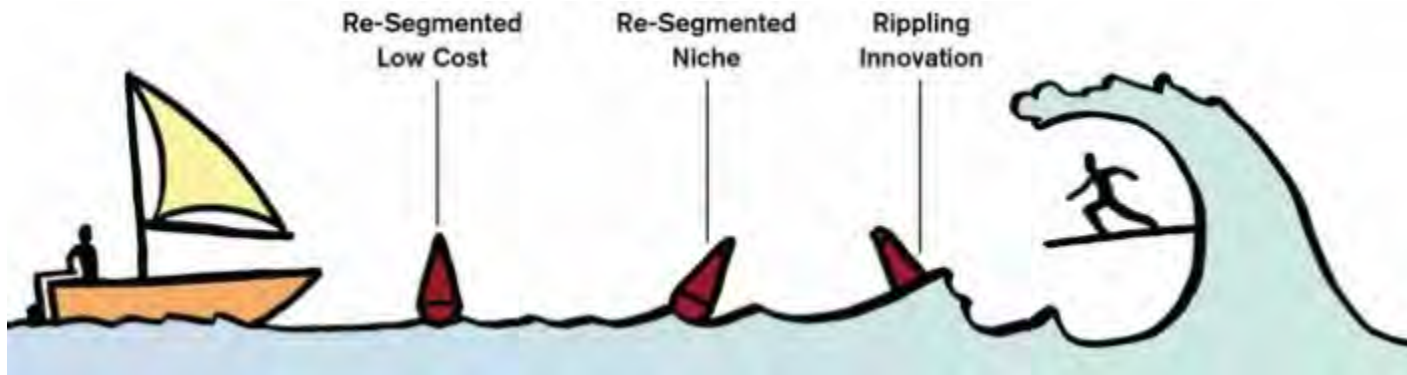
Now that I'm actually attempting to cook more (it's only taken 20 years...) I have to go shopping with lists and buy real ingredients like spices and plain yogurt. I kid you not, last week I bought groceries three times—it's getting a little ridiculous. With all the time I spend at the store, I have plenty of reasons piled up as to why I hate going there.

1. **Food is EXPENSIVE.** I really hate spending my own money, especially on things that are going to be gone soon. And it's hard to be healthy on a college budget when junk and fast food is so much cheaper than organic and health foods. A girl can only afford so much hummus before her piggy bank starves, you know.
2. **Nothing is where it should be.** How many times do you walk from front to back just to find that stupid jar of olives? There has to be a better way to arrange food so it can actually be found. I swear it's a ploy meant for us to walk by the cookie aisle so much that we just have to add a package or two to our carts.

3. **I feel like people judge me.** Even if I'm only buying bread and peanut butter, I feel like everyone is judging the contents of my cart. Even worse when I have to go over to the feminine products aisle and carry them through the store past eight groups of guys staring me down. There's no privacy at the grocery store.
4. **I never know what I want.** I always have a list but there's always something I forgot to write down, and do you think I could remember it when it's convenient? Nope. And how do I choose which brand is better? And if I buy strawberries today will I eat them before they go bad? How do I know I'll be hungry tomorrow for the meal I'm getting tonight? Way too many unknowns.
5. **I can't push my cart and check my list simultaneously.** I'm just not at the same skill level as my mom, and I feel like I'm just not qualified for this job yet. I'm walking through the refrigerated section trying to push a cart and check off my list on my phone and I either have to stop in the middle of the floor or risk running into someone, which makes me a hazard to the whole store.

I don't think I'm completely alone here, am I? Or does every other 20-something get excited to see Grocery Day circled on their calendar? I love being independent and having the freedom to buy whichever cereal I want, but sometimes when I'm searching aisle after aisle for chia seeds I'd just like to call my mom so she can tell me exactly where they are (because my mom can navigate grocery stores she's never even stepped foot in—can't yours?).





Sustaining Innovation

Problem is well understood
Existing Market
Innovation improves performance, lower cost, incremental changes
Customer is believable
Market is predictable
Traditional business methods are sufficient

Disruptive Innovation

Problem not well understood
New Market
Innovation is dramatic and game changing
Customer doesn't know
Market is unpredictable
Traditional business methods fail

Source: Clayton M. Christensen

Traditional Channels



Sustaining Models

It's About Fresh & Meal Solutions

- Fresh Foods
- Food to Go & Prepared Foods
- Highlights Natural, Organic & Local



Disrupting Models

Supermarket Threat

Fresh Meal Kit Delivery

Established



Evolution

Even More Convenience



I love Hello Fresh. I'm a Baby boomer cusp, working professional, and I hate to shop and by the way, I don't love to cook. I work 8 am-6 pm. When meal time rolls around, I feel uninspired and don't know what to cook. I forget to plan menus so when I shop I buy a lot of stuff and it goes to waste and we end up eating out anyway.

And then I discovered Hello Fresh. All the ingredients for three meals deliver direct to my home. The recipes are easy and inspired (delicious as well), even for a non-cook like me. Each recipe has every ingredient I need (including the spices) in just the quantities I need. I have no waste and no shopping. And since the recipe is for four servings – we have leftovers for lunch or another meal.

This is the solution my kitchen needed.



The Power of the Box

Blue Apron

- Valued at \$2 billion
- 2,500 Employees

Plated

- Featured on Shark Tank
- \$100 Million
- 500% annual growth









Hello Fresh

- 7.2 million meals per week
- 500,000 subscribers



Retailer Response



 <p>8 snack variety box Enjoy all the snacks graze has to offer.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>	 <p>sharing box 5 bags (20 portions) of your favorite snacks chosen from your list, perfect for sharing.</p> <p>Q look inside</p> <p>5 sharing bags \$25.00</p>	 <p>flapjack box Our range of unique rustic rolled-oat flapjacks, handcrafted from a family recipe.</p> <p>Q look inside</p> <p>4 snacks \$5.00</p>	 <p>popkern box Get the best of both worlds with our light & airy popcorn and our crunchy half-popped kerns.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>
 <p>sweet treat box Guilt-free sweet indulgences that are not only delicious but also nutritionist-approved.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>	 <p>savory box Explore just our savory snacks, inspired by tastes from around the world.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>	 <p>top 20 box Experience the graze fan favorites with a variety of the top rated snacks.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>	 <p>breakfast box Start your day the graze way with a variety of our tasty bites.</p> <p>Q look inside</p> <p>8 snacks \$8.00</p>

Box Product Subscriptions



Supermarket Threat:

— Grocery Delivery —

Established



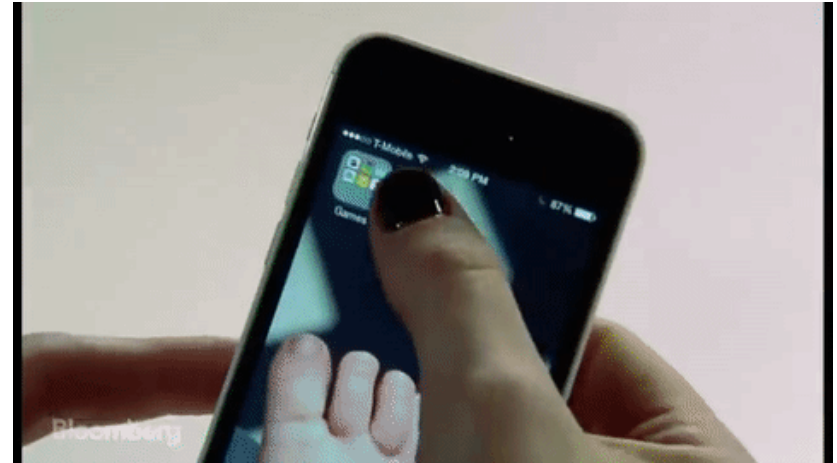
Evolution



Consumers want more options

The Power of the Click

- Reaching 15 cities
- Ranked #1 on Forbes America's Most Promising Companies
- Valued at \$2 Billion
- 2012 sales of \$1 million, to \$10 million in 2013, up to \$100 M last year



Supermarket Threat:

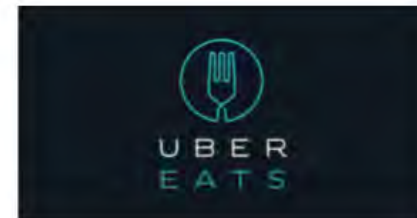
Take-Out

Established



Evolution

Consumers looking for easier and better options

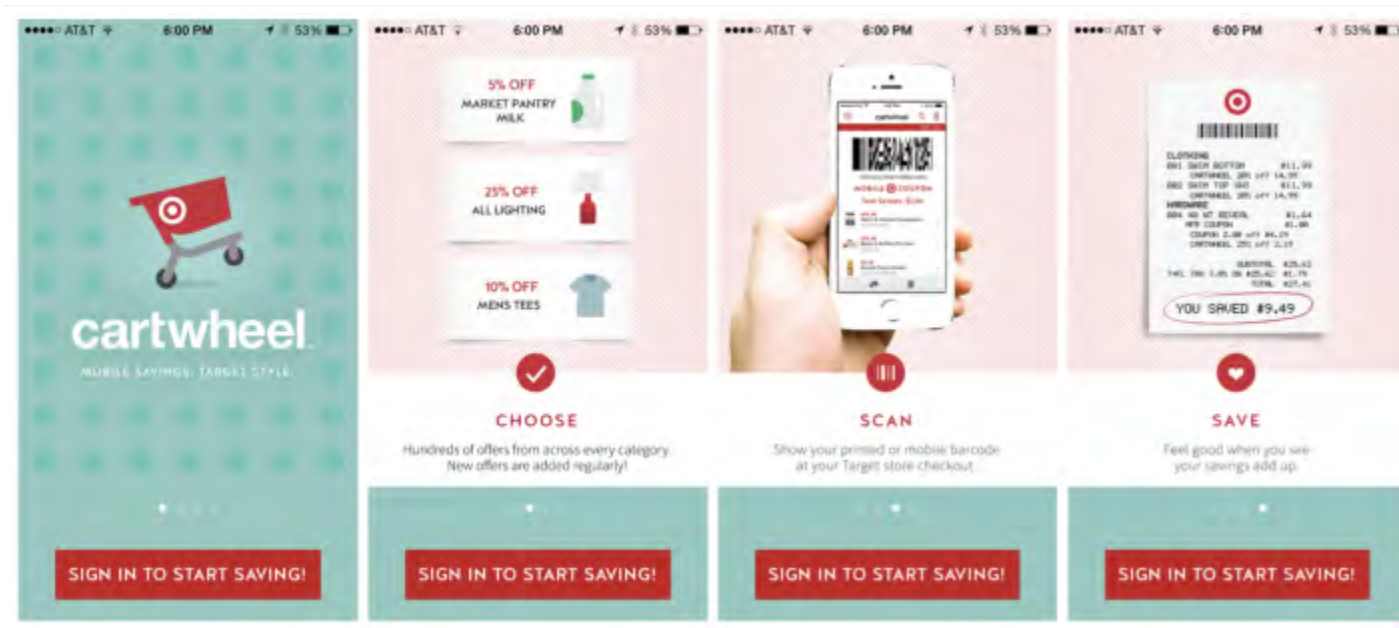


What Does This Mean for Foodservice?

- Take and Go will Continue to Grow
- Click and Order Solutions
- Consumers Want Healthy Choices

What Does This Mean For Retail?

OmniChannel Engagement



- New leveraging of technology inside and outside the store – from lists to checkout/replenishment
- Emphasis on personalization and delight

What Does This Mean For Retail?

Refined Store View



- Organized by solutions, reduced emphasis of departments and categories
- Embracing of new store formats/sizes, new utilization of spaces
- Revised view of competitive set

What Does This Mean For Suppliers?

- Your products are solutions, not categories or commodities
- Your products are prescriptions for health
- Alternative formats provide new business channels
- What resources can you provide?

Conclusion / Wrap-up



Photo Source: Courtesy Future Market



"The best way to predict your future is
to create it."

— *Abraham Lincoln*

Thank You

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Interactive Presentation Created by:

