



FARM FOUNDATION ROUND TABLE

THE CHANGING RETAIL ENVIRONMENT

BY

DR. JOHN L. STANTON

PROFESSOR OF FOOD MARKETING

AFTER BEING IN THE FOOD INDUSTRY FOR
THE PAST 40 YEARS I BELIEVE THERE HAVE
BEEN MORE SIGNIFICANT CHANGES IN THE
PAST 5 THAN THE PREVIOUS 35

**Consumers have
changed and retail has
changed.**

The background is a blue gradient with white circuit-like lines and nodes. The lines are thin and white, forming a network of paths that connect various circular nodes. These elements are primarily located along the left and right edges of the slide, framing the central text.

LET'S LOOK AT SOME OF THE CAUSES
TO ALL THIS CHANGE
AND THEN THE CHANGES!

IT'S A WHOLE NEW WORLD OUT THERE.

AMERICAN FAMILY MODERN FAMILY

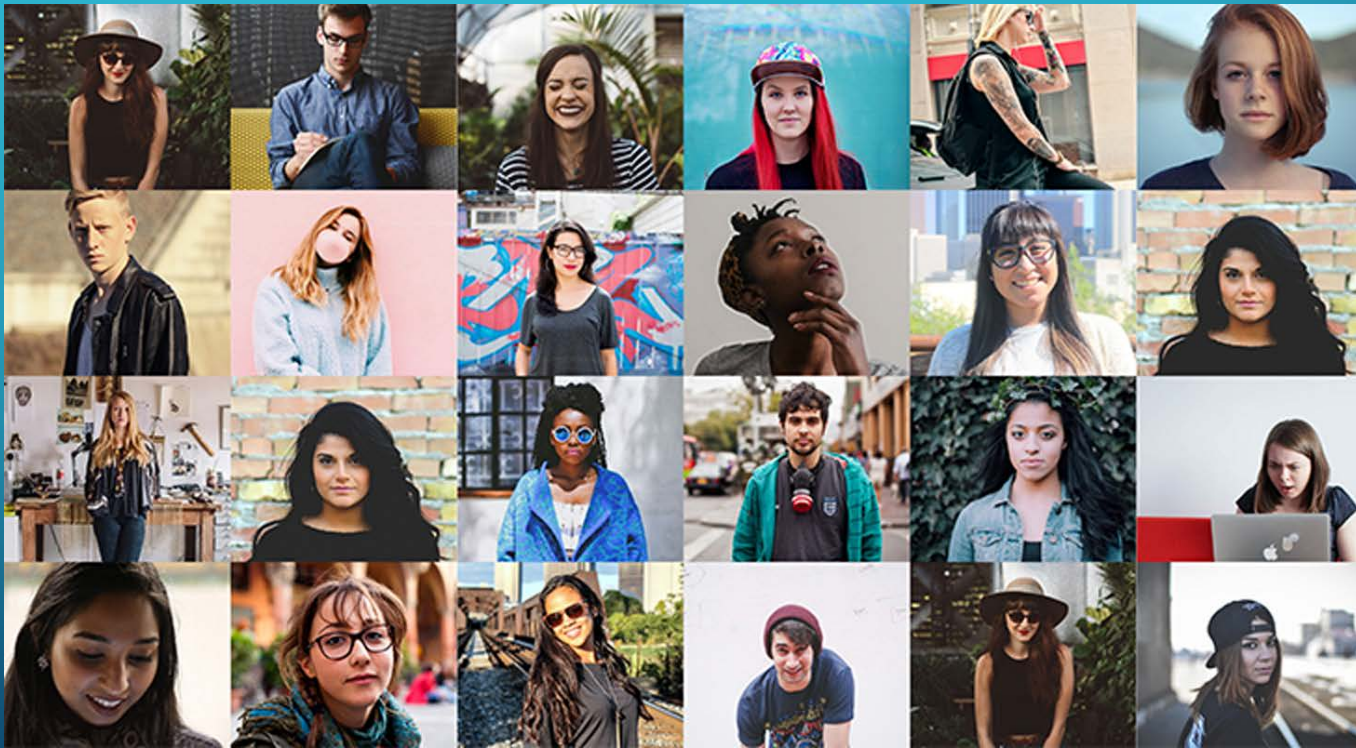


CONSUMERS HAVE CHANGED

- Sandwich generation: adults who care for their parents as well as their own children
- Boomerang kids: adult children who return to live with their parents
 - Spend less on household items



MILLENNIALS



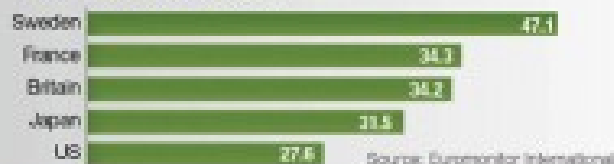
The Rise of Single Person Households

Ahn Shin-Hyun Research Fellow, Samsung Economic Research Institute

Growing Number of Single Person Households (SPH)

13% of all Households Worldwide in 2011

SPH by Country (2011)



Korea has the Fastest Rate of Growth for Singles

Growth in SPH in Korea (10,000 households)



Singles Will Increase Their Share of the Economy

Average Monthly Expenditures per Person (2011, 10,000 won)



Source: Statistics Korea

Developing products for singles can be a new business opportunity

Four Consumer Trends among SPH

1



Small

- Compact housing with built in furniture and appliances
Supply of small housing increased 40% in Korea (2011)
- Small but functional appliances
Panasonic Petit Drum washing machine increased sales by 30%
- Food and lifestyle products for singles
Kikkoman Small sized soy sauce bottles that can be finished in one month

2



Efficiency

- Maximum use of small space
- Retort bagged food for single meals
The retort bag market grew 37.5% from 2008-2011

3



Safety

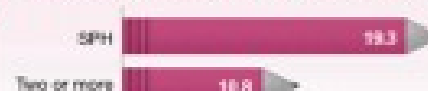
- Security for women and seniors
Duskin "Home Instead" accompanies seniors to hospitals and on trips
- Financial products that provide a "monthly salary"

4



Self Management

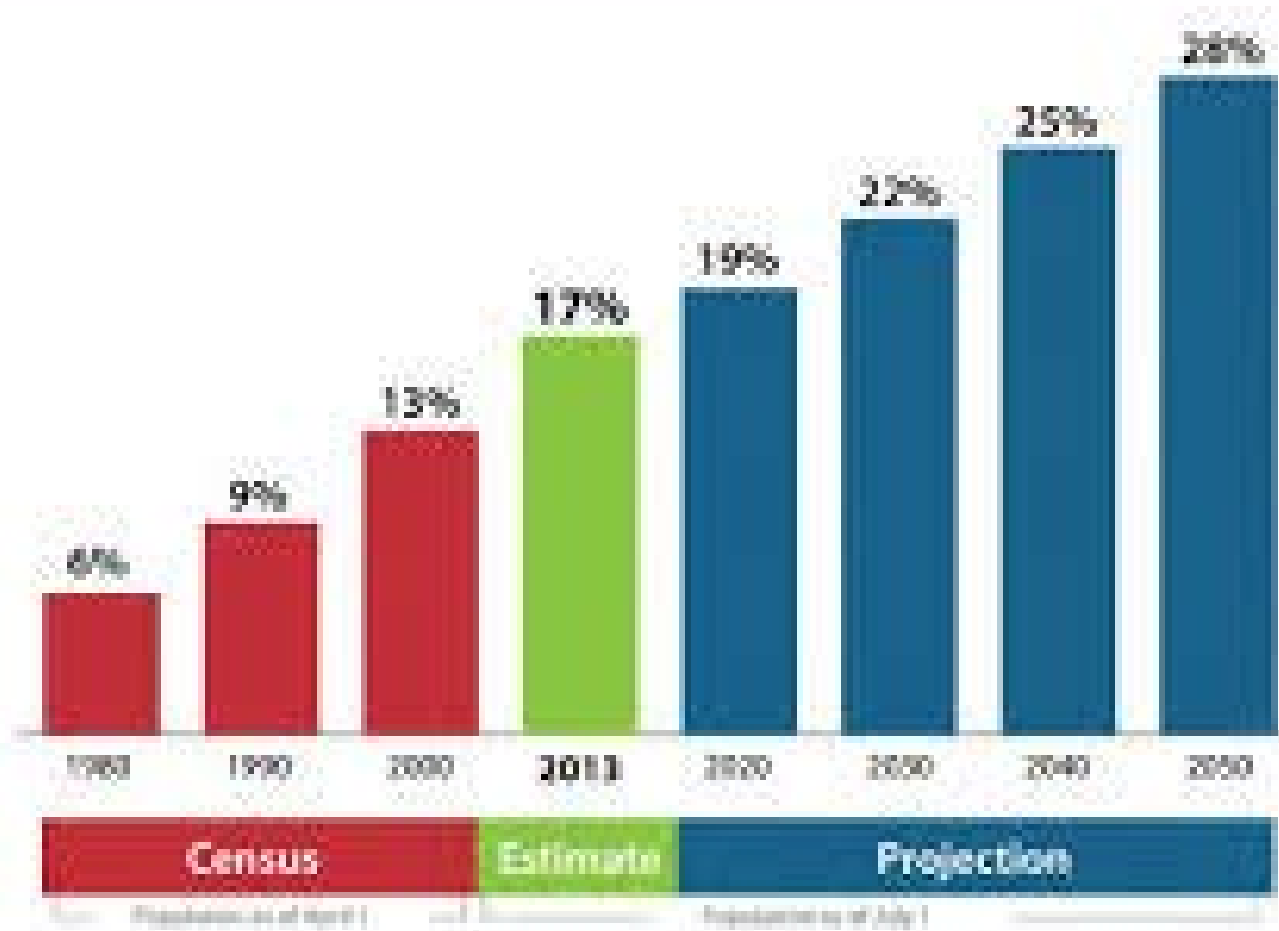
- Products for self development
- Foreign languages, adult education etc. will grow
Education expenses for women in their 20s and 30s



Source: Statistics Korea

Changing Nation

Percent Hispanic of the U.S. Population: 1980-2050



United States
Census
Bureau

U.S. Department of Commerce
Economics and Statistics Administration
U.S. Census Bureau
census.gov

Source: 1980 to 2000 decennial Census
July 1, 2011 Population Estimate
2012 National Population Projections



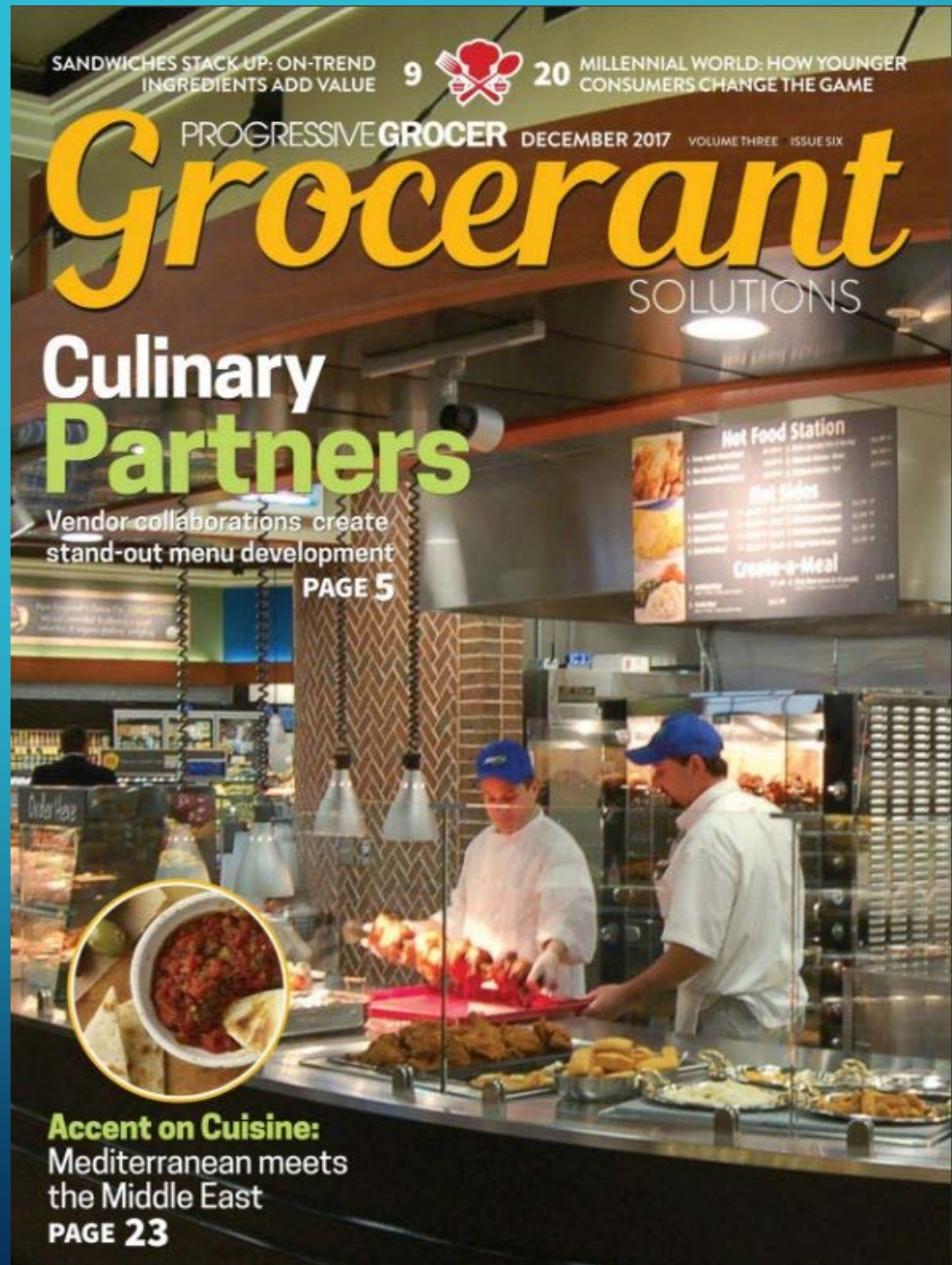
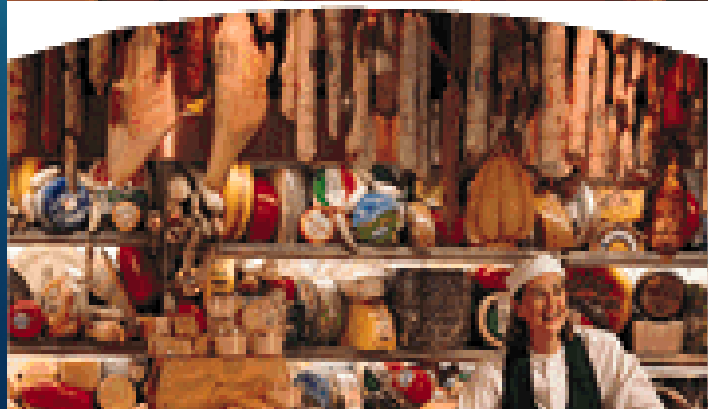


A Supermarket?
Yep!





THE RISE OF THE GROCERANT DEFINITION: A GROCERY AND RESTAURANT MERGED INTO ONE



**SUPERMARKET GIANT KROGER IS OPENING A
'COMFORT FOOD' RESTAURANT
AND
WHY 'GROCERANTS' ARE THE NEW TREND, TAKING
BITE OUT OF RESTAURANTS**



Groceries on the street

Peapod® by  **Stop & Shop**

Start shopping here now...
Groceries delivered right to your door!



1. To get our free app
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The World's First Virtual Supermarket: Life Just Got Easier





WHAT HAS REALLY CHANGED: CONVENIENCE STORES

According to NPD “Millennials Trade 'Down,' C-Stores Step Up”

FOR FOOD AND BEVERAGE STOPS,
CONVENIENCE STORES ARE ALMOST TWICE
AS IMPORTANT TO MILLENNIALS (18 TO 34) AS
FAST-CASUAL RESTAURANTS,

CONVENIENCE STORES ARE AFTER
MORE THAN HOTDOGS: THEY WILL SELL
GAS TO GET YOU TO STOP AND THEN
SELL YOU FOOD!



Lunch & Dinner



Deep Dish Focaccia Pizza

All varieties

Chicken Strips

3 Pieces

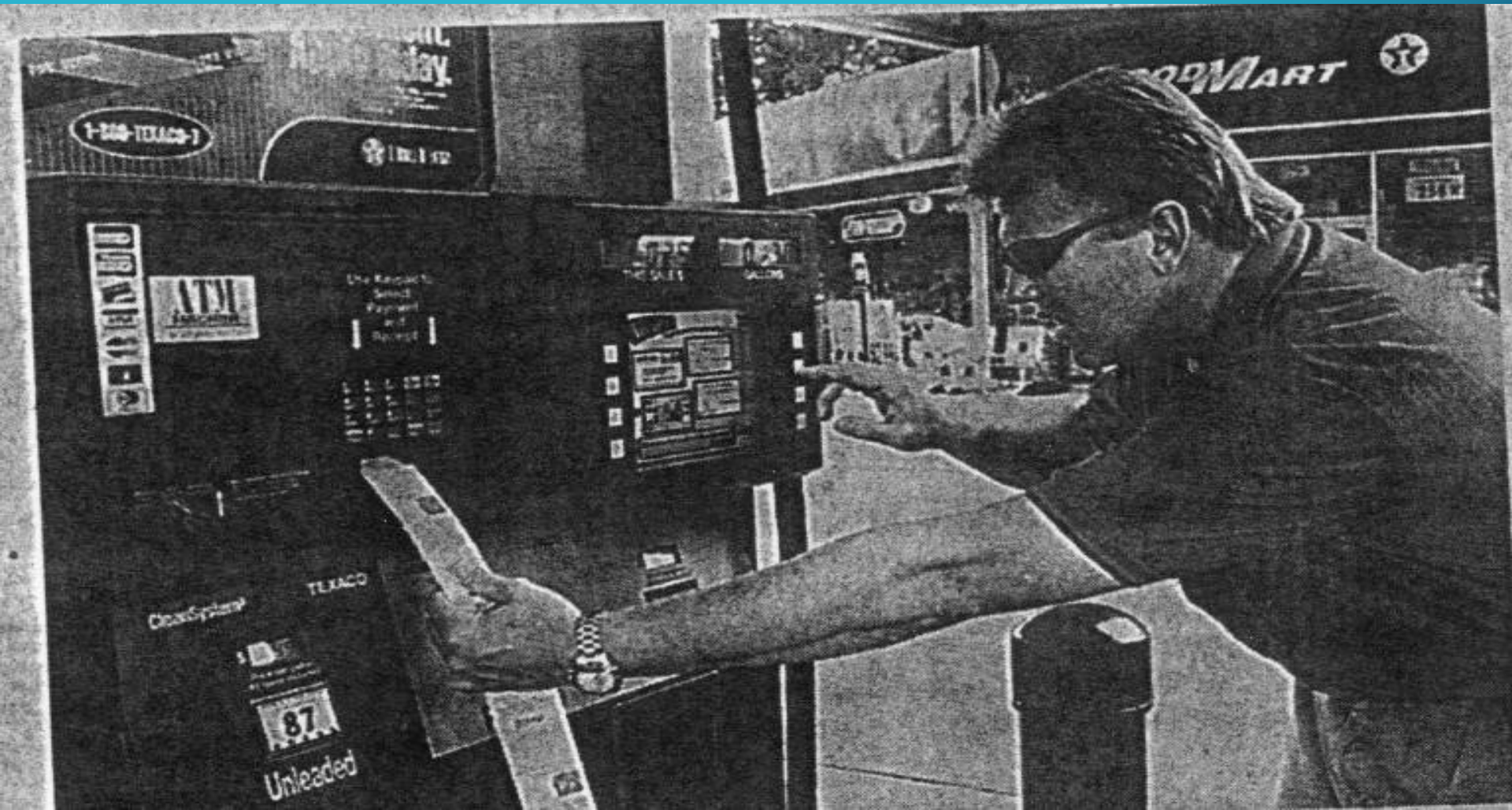
5 Pieces

PRICE
5.59-6.29

PRICE
3.19
4.89



COUPONS ARE BEING PRINTED FOR IMMEDIATE PURCHASE
INSIDE THE STORE!



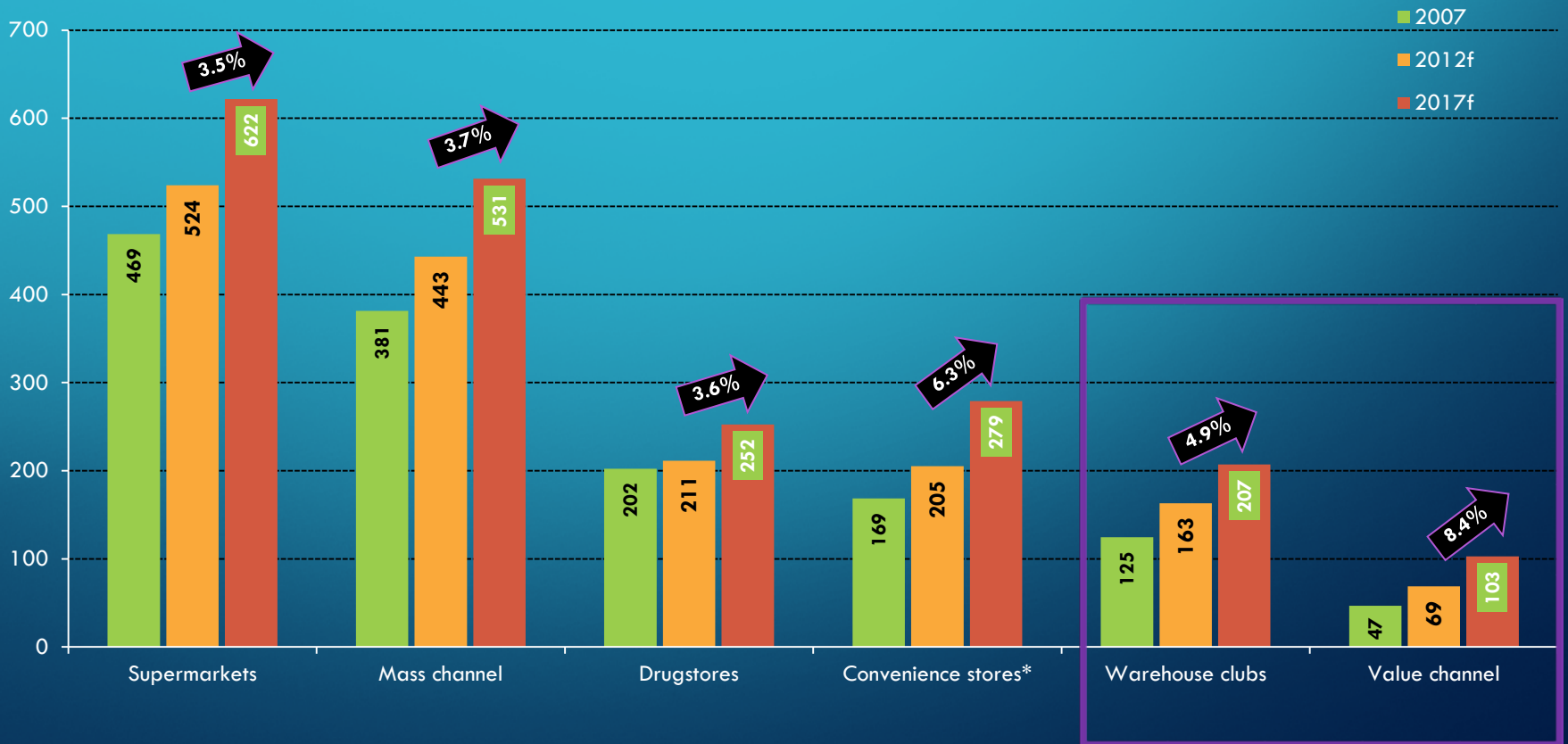
EVERYONE WILL TRY
TO SELL
CONSUMERS THEIR
NEXT MEAL



Some channels are no longer 'alternative.'

Once considered 'alternative,' the warehouse club and value channels are growing sales faster than traditional channels, i.e. supermarkets and supercenters (mass).

US: Channel Sizes by Sales, 2007-2017f (USD bn)

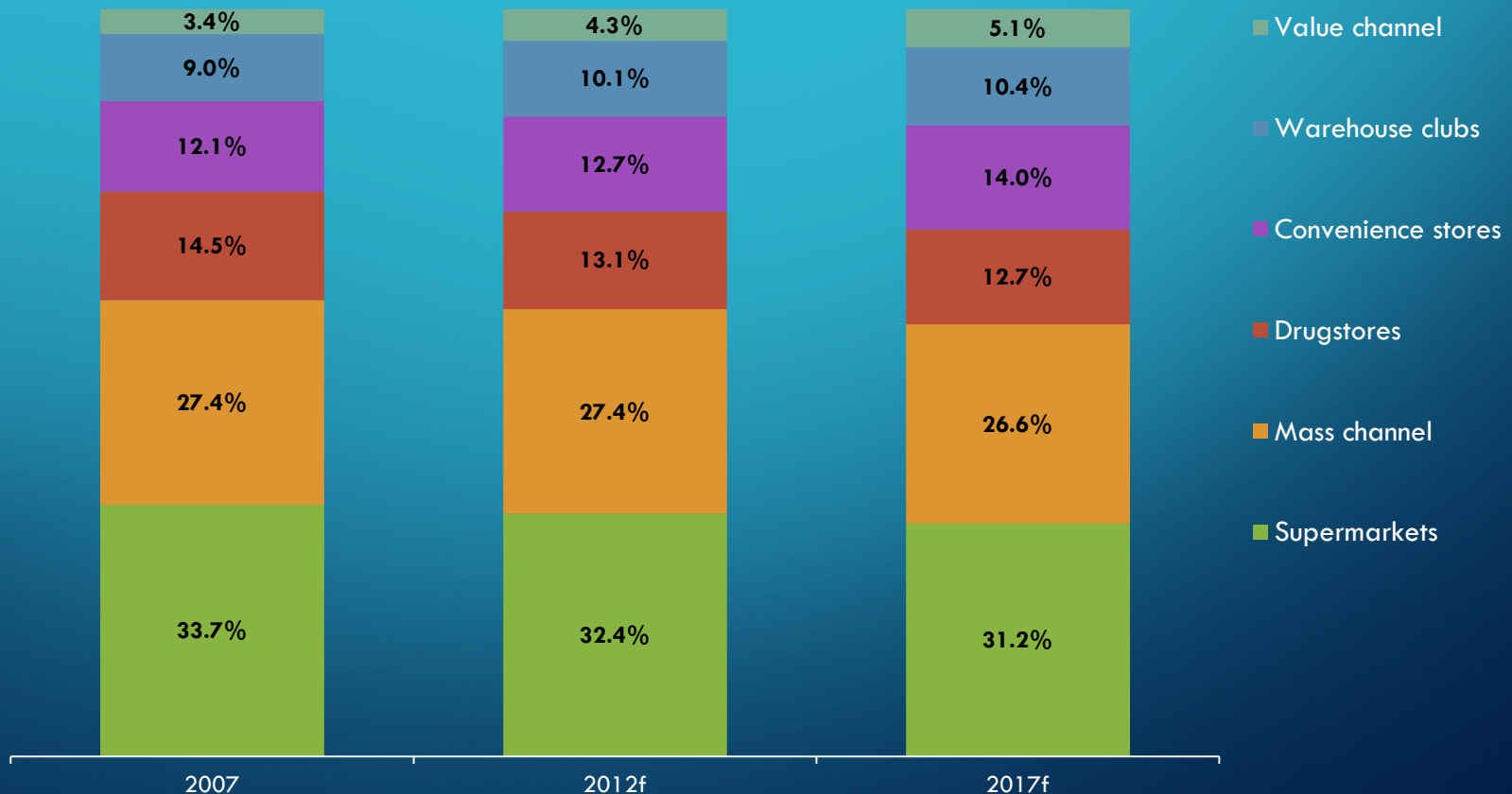


*Note: Convenience store sales represent merchandise sales only
Source: US Department of Commerce, National Association of Convenience Stores and Planet Retail

Market share across grocery channels is shifting.

Supermarkets are losing share at the expense of Value, Clubs and Convenience. Mass channel (i.e. supercenter) share is holding steady, but this could change.

US: Channel Share of Total Grocery Format Sales



*Note: Convenience store sales represent merchandise sales only

Source: US Department of Commerce, National Association of Convenience Stores and Planet Retail

CLUB STORES SALES ARE GROWING FASTER THAN THE INDUSTRY



EVERYONE WILL TRY TO SELL CONSUMERS THEIR NEXT MEAL

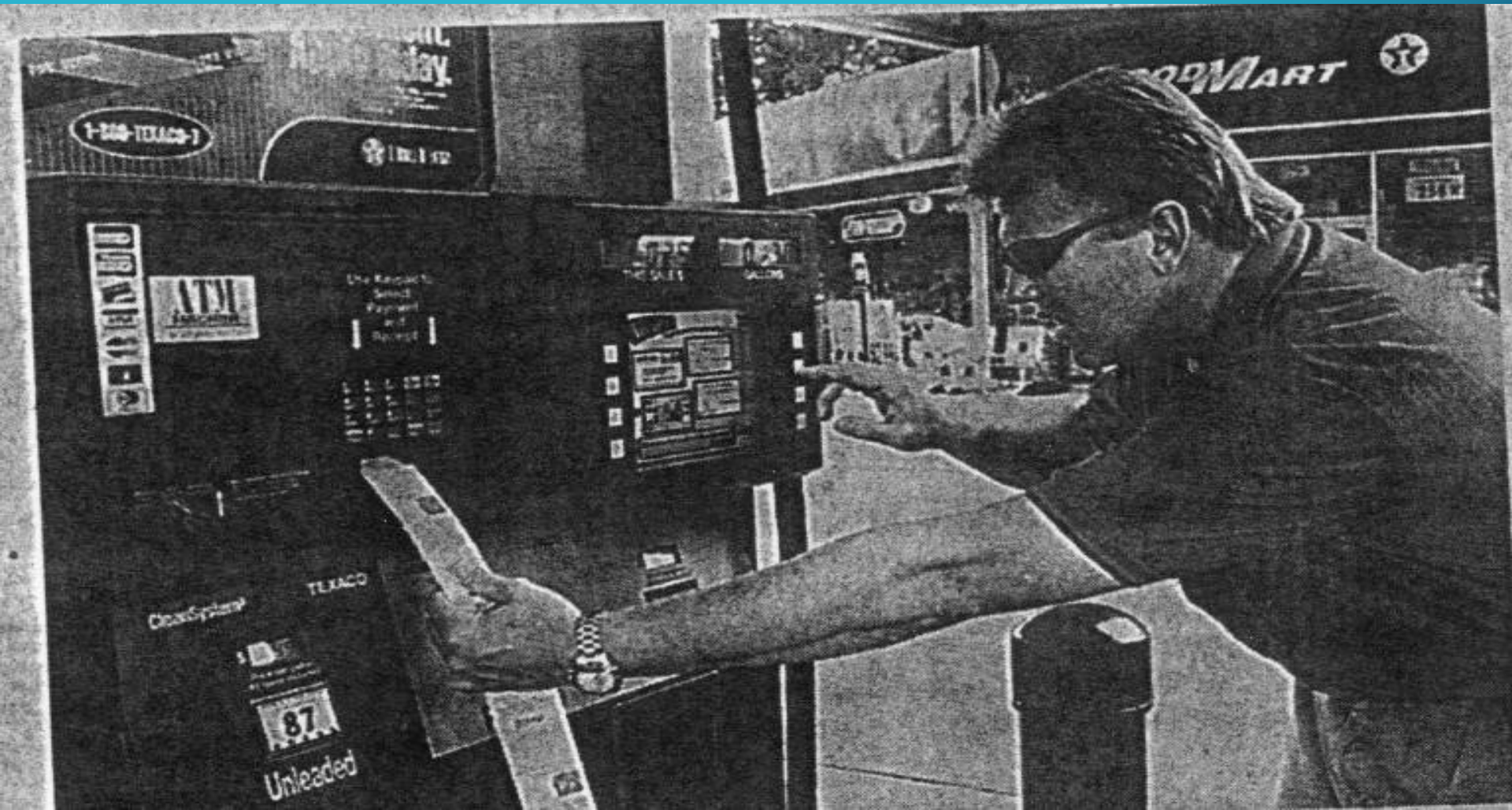




YE OLDE CONVENIENCE STORE ANGED



COUPONS ARE BEING PRINTED FOR IMMEDIATE PURCHASE
INSIDE THE STORE!



INTRODUCING **amazon**fresh

Free same-day and early morning delivery on orders over \$35 of more than 500,000 Amazon items, including fresh grocery and local products.

LEARN MORE >

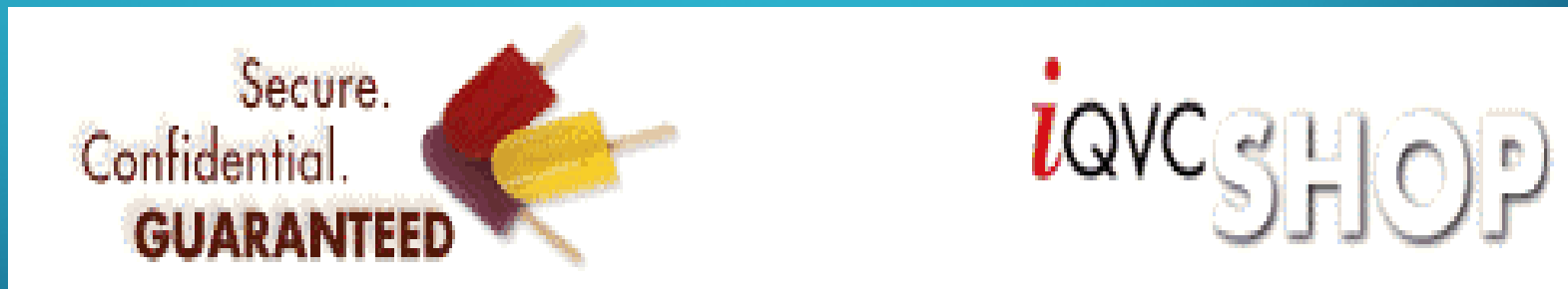


NOT JUST THE USA
TESCO CLICK+COLLECT GROCERIES
NOW AVAILABLE IN 300
LOCATIONS



EVERYONE WILL TRY TO SELL CONSUMERS THEIR NEXT MEAL

- HSN and QVC are already into food but just starting.



- One show sold \$1 million in of pasta sauce 30 minutes! (at \$14.00 a jar)

WHAT DOES HSN SELL??

- Appetizers & Sides (15)
- Beverages (77)
- Bread, Muffins & More (7)
- Brownies, Cakes & Cupcakes (92)
- Chocolate & Confections (50)
- Coffee & Tea (20)
- Cookies (25)
- Entrees (33)
- Food Storage (14)
- Fruits & Nuts (13)
- Meats & Poultry (55)
- Mixes (45)
- Sauces & Seasonings (10)
- Seafood (9)
- Sweet & Salty Snacks (36)



Donatella Arpaia 5 lbs. Veal Shallot Meatballs @ \$60

BLUE APRON MEAL KITS NOW EXCEEDS \$1,000,000,000
WHAT IS THE COMMON DENOMINATOR? PRODUCE!



IT IS NOT ONE COMPANY

- Blue Apron 43%
- Hello Fresh 33%
- Other 25%
- Plated 20%
- Sun Basket 17
- Green Chef 16
- Peach Dish 16
- Martha & Marley Spoon 14

• Based on data collected through July 2017 survey of over 2,191 U.S. adults

SAVINGS THRU SUBSCRIPTION SERVICES



BIRCHBOX®



DOLLAR SHAVE

SHAVE MONEY. SHAVE

PPT-Chart-Template.png



www.goodies.co/



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Mystery
BOX SHOP .com



Supermarkets in Airports?

The new 300sqm supermarket, operated by the BILLA chain, is located between terminals 1 and 2 to ensure maximum convenience for airport customers and visitors.

Companies like Campbell soup in involved



Many airports land more food choices for famished fliers

By Marilyn Adams
USA TODAY

You've had those days, when you're watching the plane being de-iced for the second time and you're fighting a cold, and nothing would taste better than chicken soup.

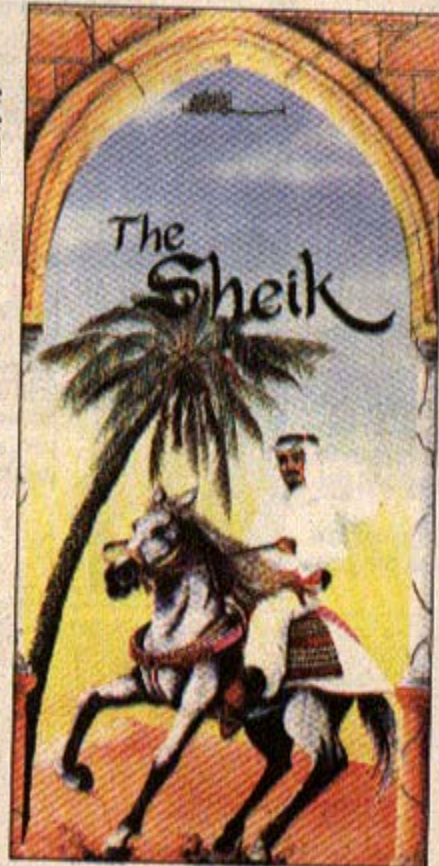
Until a few years ago, the notion of finding edible soup in an airport — or any memorable cuisine, for that matter — was fantasy. The American airport has been a fast-food ghetto, dishing out leaden pizza and stale coffee to a captive audience at exorbitant prices.

But now at JFK airport in New York and Logan airport in Boston, Campbell's soup is available by the portable bowl. At Los Angeles International, jet-lagged travelers can fortify themselves with a "Green Machine," a vitamin-rich shake of fruit and vegetable juices sold at Naked Juice.

And in one of the more delectable trends, well-known regional ethnic and gourmet restaurants are opening outlets at their hometown airports to give travelers some local flavor.

"It's a way to sell their city," says Izzy Kharasch, president of consulting firm Hospitality Works in suburban Chicago. "Travelers today are more sophisticated. They don't want just fast food. They're willing to spend a little more for a quality meal."

As onboard airline meals have downsized into mere snacks or disappeared altogether, airports and restaurateurs have begun to recognize a vast, hungry market for decent food.



Caporigno Public Relations

Kebab, please: Detroit Metro plans to feature Middle East cuisine at The Sheik.

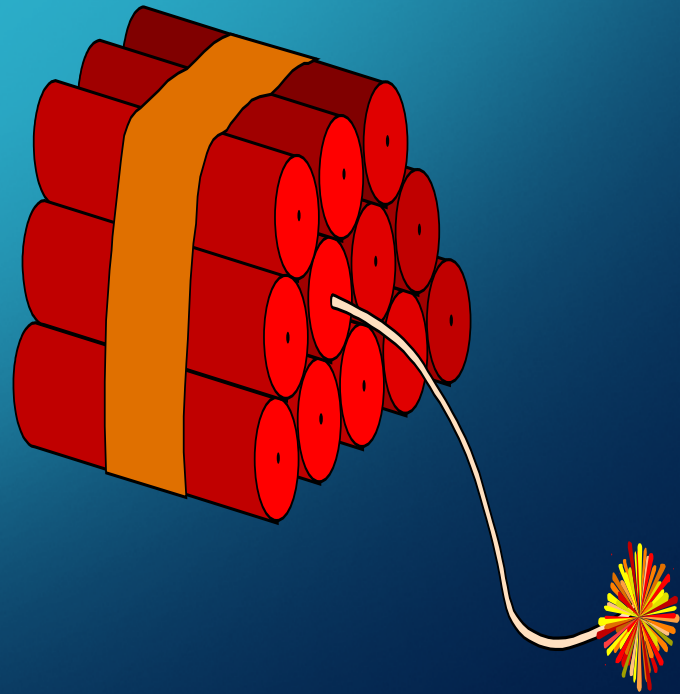
Day Fresh Foods in Glendora, Calif.

SUPERMARKET AT SCHIPHOL AIRPORT



VENDING WILL BE UBIQUITOUS

- Not just soda and candy.
- Cash, credit or debit?
- Robo shop is already open.
- Here come the big guys.
- Consumers will follow-slowly.



SUPERMARKET VENDING





Yiqi Shan, a cashier-free store in southwest China's Chongqing metropolis, registered its 1,800th sale, two weeks after opening.



INNOVATION IN VENDING MACHINES

Oops! Forgot the diapers and formula



Buy a Pepsi, "gift" a Pepsi

Source: We Go Babies & PepsiCo

76

RESTAURANT MEALS & SNACKS AT HOME!



PPT-Chart-Template.png



PLACES SUCH AS STAPLES AND OFFICE DEPOT
ARE SELLING MORE FOOD EVERY YEAR.

**Trust Office DEPOT for all
your business needs!**



\$79⁹⁹
Each

**Furniture At Work® Verona
Leather Multifunction Chair**

Item# 591-231-418

Get comfortable with genuine
leather, one-touch seat-height
adjustment, adjustable-height
back and arms, and more.
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This coffee is custom blended
and roasted to ensure a perfect
cup morning or night. 39-oz can.
Look on page 86.



\$8⁹⁹
Each

STAPLES®

CURRENTLY IT IS NON-PERISHABLES. HOW ABOUT
NEXT YEAR?

Office DEPOT

BED BATH & BEYOND SELLING FOODS THAT GO WITH THEIR PRODUCTS



FOR EXAMPLE THEY SELL PASTA SAUCE WITH THE POTS, SPICES, OILS, CANDY, MIXES FOR TORTILLAS ETC.



THE ELEPHANT IN THE ROOM

E-COMMERCE

SOCIAL MEDIA



National Ship



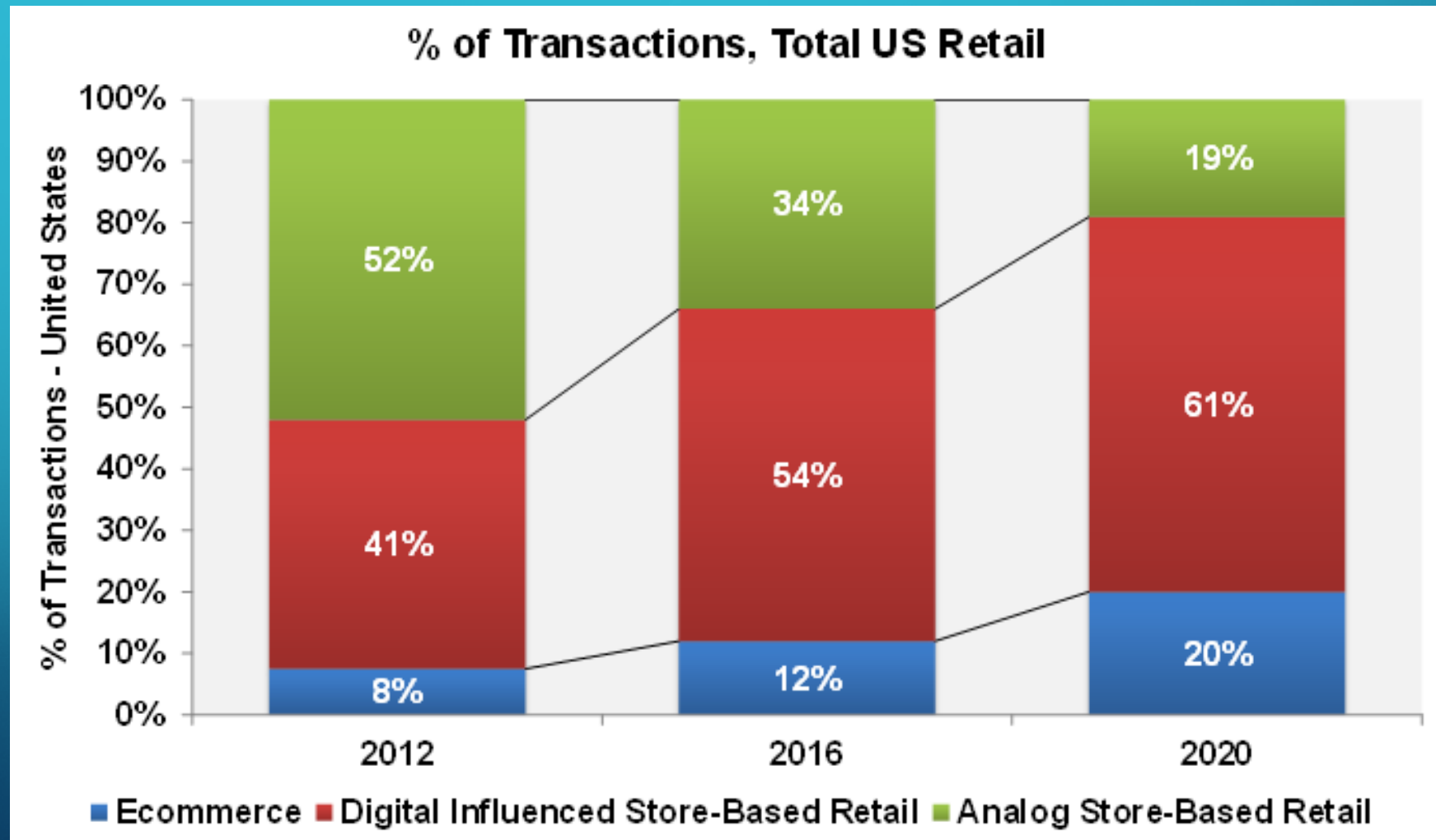
Store-Picked

Warehouse Picked



Large
stand-alone

DIGITAL INFLUENCE > DIGITAL RETAIL FOR FOOD & CPG



Ecommerce- A non-store trip

Digital-influenced - A trip to a store that is influenced digitally

Analog-only - A trip to a store that is not digitally influenced

mCommerce Shoppers Shop and Spend More

Store Trips

69

49

Basket Size

\$72.58

\$50.64

mCommerce Shoppers

Non-mCommerce Shoppers

iBeacon



ARE YOU IGNORING THE EMERGING DISTRIBUTION FOR FOOD?

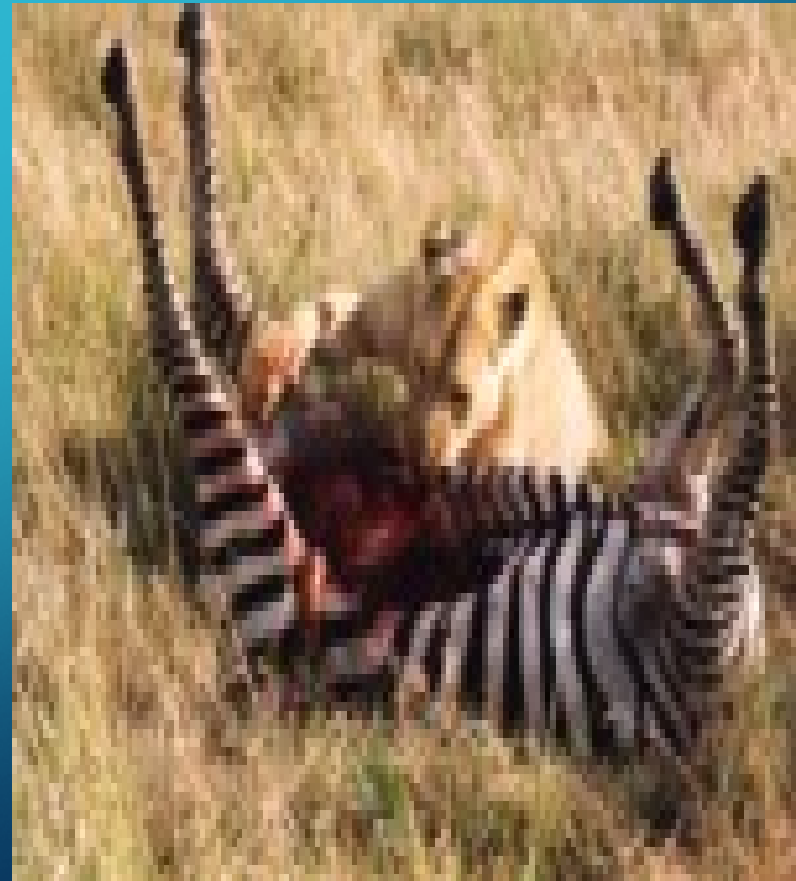
- Are you putting all their eggs in one basket



DARWIN HAS OFTEN BEEN MISQUOTED AS SAYING 'ONLY THE STRONGEST SURVIVE.'

However, what he really said was “In the struggle for survival, the fittest win out at the expense of their rivals *because they succeed in adapting themselves best to their environment.*”

Charles Darwin (1809 - 1882)
The Origin of Species 1859



Thank
you