



Destination Promotion Optimization

Advancing your Journey with
TPM-TPO-Collaborative
Marketing



April 6-8, 2014
Chicago, IL

From Home or the Store - How Paying Attention to e-Commerce Pays Off

Tim Dorgan, Peapod
Jim Hertel, Willard Bishop



Today's Topics

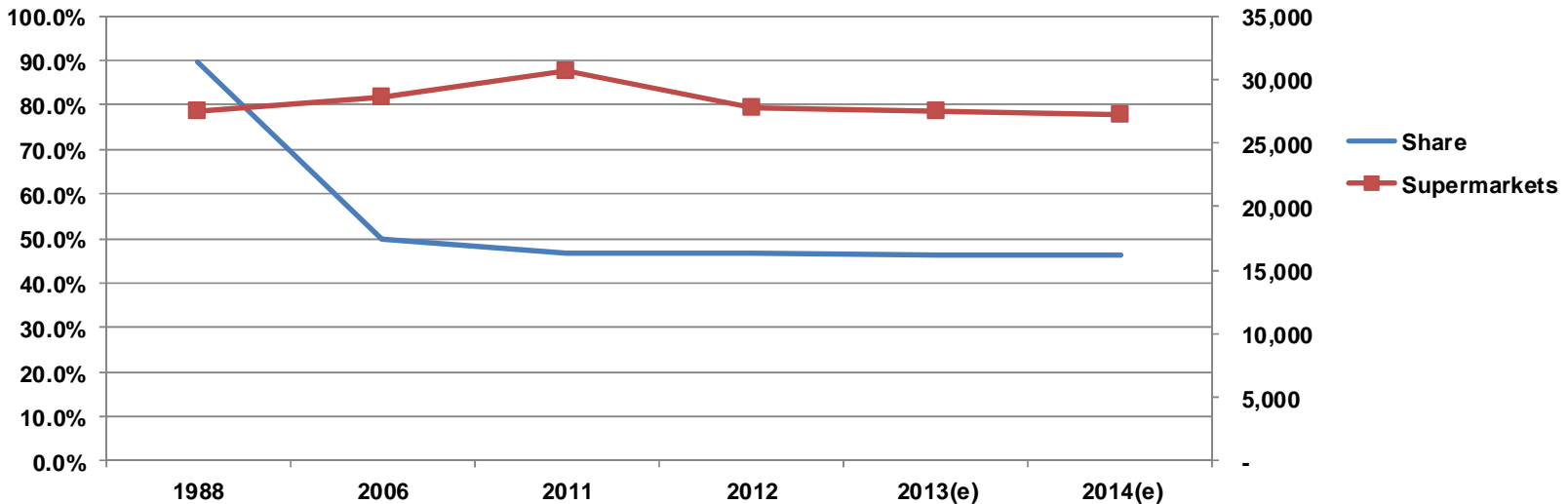
- Introductions
- The Changing Food Retail Landscape
- Peapod Overview
- Digging Deeper
- Audience Q & A



Three Fundamental Drivers of Change

- We've got too many supermarkets
- "Alternative" channels keep adding food to their assortments
- Consumer behavior is changing and will continue to do so

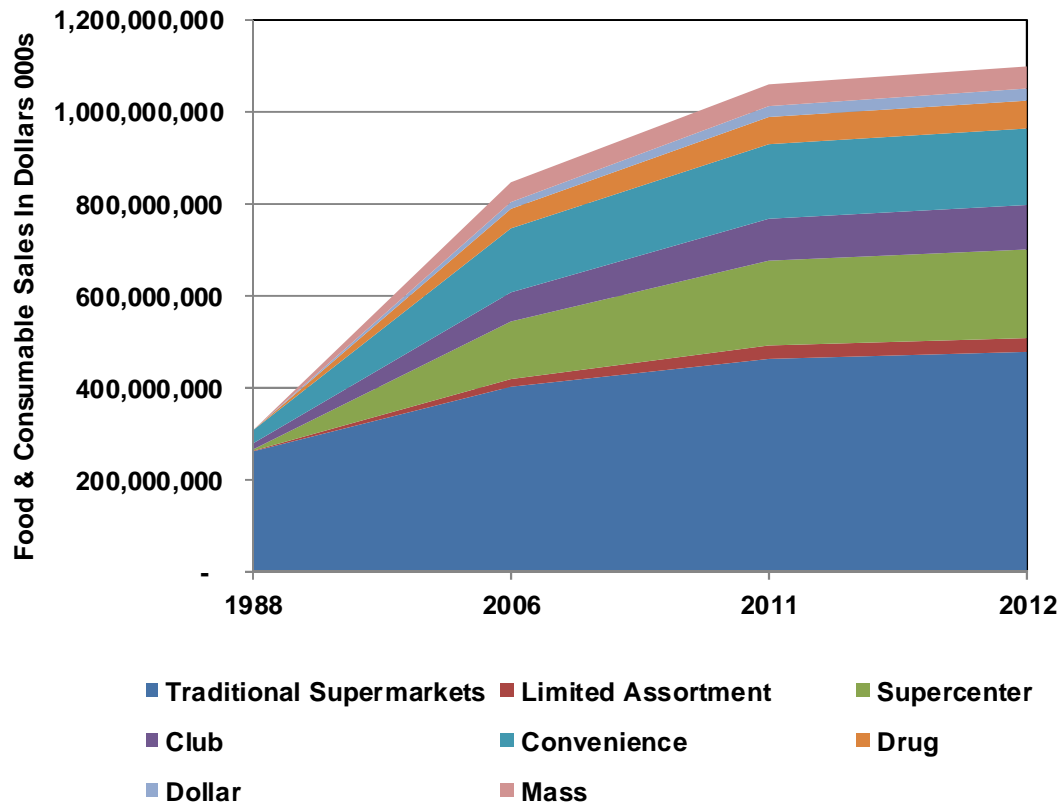
We've Got Too Many Supermarkets



Source: Willard Bishop Future of Food Retailing

- Supermarkets' share of food and consumable sales has dropped nearly in half in the past two decades
- Yet store counts have been relatively stable
- Supermarkets' productivity suffers
 - Space (\$/foot)
 - Labor (as a % of sales)

Supermarkets Ask: “Where Have the Sales Gone?”



- Meijer and Walmart realized the combination of food and general merchandise could drive traffic and basket size; many GM formats have followed
- Extreme value retailers (Limited Assortment, Dollar Stores) took off given economic forces
- “Fresh” stores delight upscale, educated consumers
- Many traditional supermarkets have found themselves in the “unsustainable middle”

Source: Willard Bishop Future of Food Retailing

The Consumer Landscape is Changing

Millennials Ascending

- Less brand loyal
- Very price-conscious...but willing to pay up sometimes
- Convenience-driven
- Variety-seeking
- Experience-oriented
- Very social
- Very connected
- Fresh, N&O, and Specialty appeal

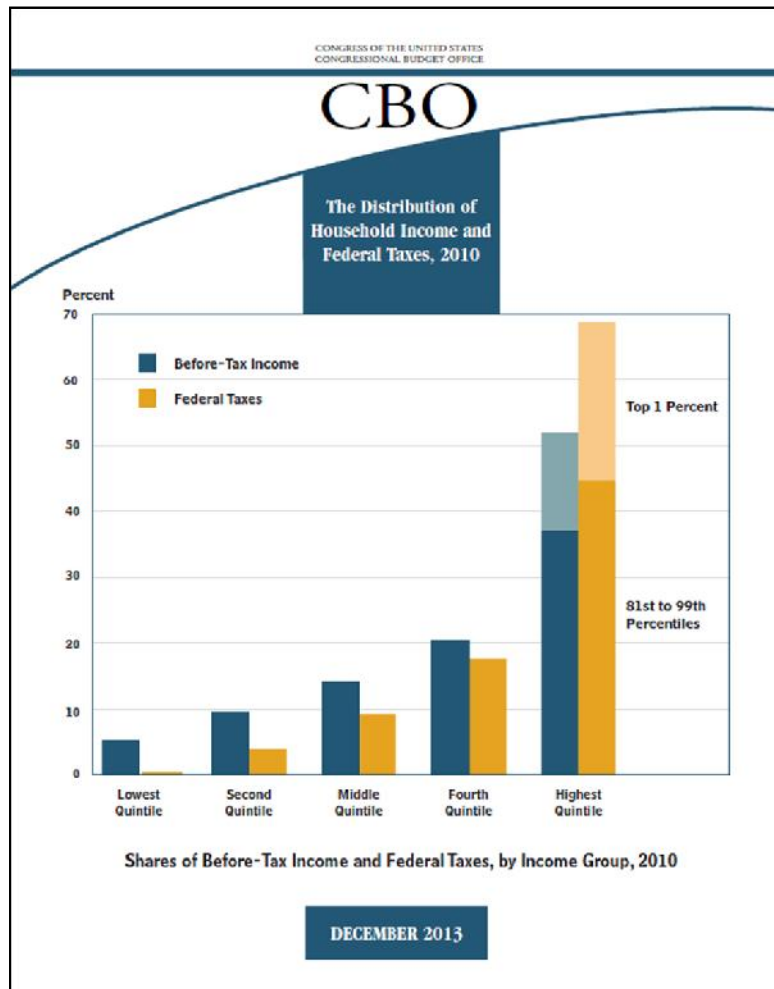
Boomers on the Wane

- Declining share of HHs
- Incomes tapering off
- Down-sizing households
- Eating less, but eating healthier
- Local products and community's importance grow
- Still like their brick-and-mortar, traditional supermarkets

These challenges and changes are long-term & basic
“Executing last year’s plan better” is not the answer

Incomes are

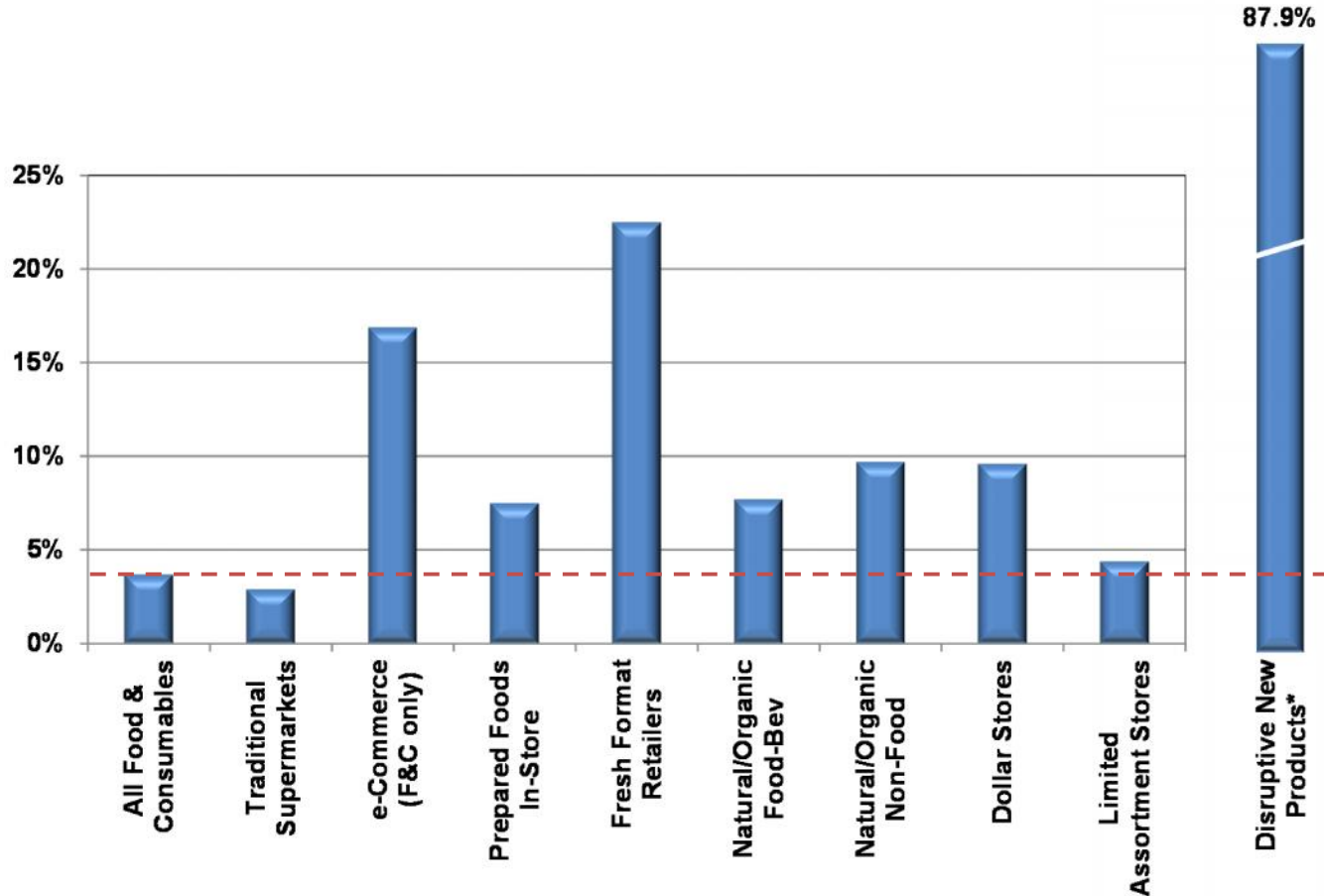
“Spreading Across the Track”



- The CBO evaluated household distribution from 1979-2010, three decades
- They found that the Top 20% was the only group to gain income share
- The “mass market” which traditional food retailers serve lost ground

Formats that serve top quartile income
 HHs do well
**Value formats that serve lower quartiles
 do well**
 Traditional supermarkets are in the
 “unsustainable middle”

Where's Tomorrow's Growth? Let's Look at Bright Spots



Source: Willard Bishop 2013 Future of Food Retailing, eMarketer.com, Packaged Facts, Organic Trade Association, Store Brands Decisions, & Information Resources

* Disruptive growth: new brand Y1, sales vs. line extension

Peapod®

Peapod Overview

April 7, 2014



Peapod Overview

- Founded in 1989
- Two-headed business model
- Purchased by Ahold in 2000
- Largest local delivery e-grocer in the US
- Key player in the Ahold USA Multi-Channel strategy

Once upon a time we started delivering at home



The brand just grew and grew



We mixed online with our in-store strengths



What people are now saying on Facebook

"It's like having a personal assistant!"

f Therese G.

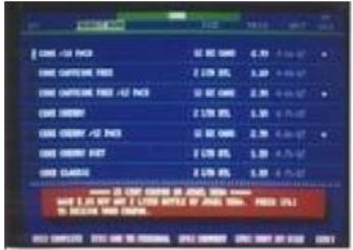






Peapod in your pocket



Available on the App Store

Download for Android

Winning with “Clicks and Bricks”

<p>1 9 9 0</p>	 <p>Dial-up MS-DOS Client</p>  <p>Shopping In-Store</p>  <p>Delivering in Cars</p>	<p>T O D A Y</p>  <p>Internet / Browser</p>  <p>Warehouses & Warerooms</p>  <p>Delivering in Trucks</p>	<p>T O M O R R O W</p>  <p>Full Store and Customer Integration</p>
----------------------------	---	---	---

Customer Profile

- Peapod customers have high incomes and are well-educated
 - 58% of customer base has income over \$100k
 - 75% have a college degree
 - Customer profile gets broader as market develops
- The primary shopper at Peapod is female, works, and has kids
 - 84% of customers are female and 66% have kids
 - About half are dual income
 - 83% between age 25 and 54
 - Split fairly evenly urban vs. suburban
- Average order is \$160, and on average purchase \$1,200 per year
- Customer needs
 - Easy and convenient shopping for time-starved households
 - Order today for tomorrow
 - Flexible delivery windows (attended and unattended)
- Business-to-business is 5% of sales

1 You shop

Using Smart List-Making Tools



Smart, Helpful and Personalized

- Loyalty Card Smart Lists
- Nutritional Filter
- Value-added Recommendations
- Circular

Sorting

Qty	Description	Size	Unit Price	Price
BUY	Campbell's RTS Soup Bowl Chicken Noodle	15.4	\$1.69	\$1.69
BUY	Campbell's RTS Soup Bowl Tomato	15.4	\$1.69	\$1.69
BUY	Campbell's RTS Soup Bowl Vegetable with Beef Stock	15.4	\$1.69	\$1.69
BUY	Campbell's Chunky Chili Firehouse Hot & Spicy Beef & Bean Microwavable	16.02	\$2.59	\$2.59
BUY	Campbell's Chunky Chili Roadhouse Beef & Bean Microwavable	15.2	\$2.59	\$2.59
BUY	Campbell's Soup At Hand Blended Vegetable Medley	10.7 OZ CUP	\$1.79	\$1.79

Total: \$51.61

Review Order

CHECKOUT

See Total Review: \$18.91

College Inn Broth Buy 5 for \$3

What's New, What's on Sale

2 We select with care, as if for our own family



3 We deliver carefully and on time for Delivery & Pickup

Peapod®

[Return to Shopping](#) | [Save & Exit](#) | [My Account](#) | [Help](#) | [Top FAQs](#)

Delivery & Pick-up Times

Service Fees

Delivery Fees ▾

Pick-up Fee ▾

Your Delivery Address

2100 Greenwood
Wilmette, IL 60091

[Update](#)

Order for **Delivery**
 Order for **Pick-up**

WED 27 Unavailable
THU 28
FRI 29 March
SAT 30 March
SUN 31 Holiday
MON 1 April
TUE 2 April

6:00 AM - 8:00 AM			Select
6:00 AM - 10:00 AM	🕒 Unattended	🌿 Green	Select
7:00 AM - 9:00 AM			Select
7:30 AM - 1:00 PM	🕒 ETA	🌿 Green	Select
9:00 AM - 11:00 AM			Select
10:00 AM - 2:00 PM	🕒 Unattended	🌿 Green	Select
11:00 AM - 1:00 PM			Select
3:00 PM - 5:00 PM			Select
3:00 PM - 7:00 PM	🕒 Unattended	🌿 Green	Select
4:00 PM - 6:00 PM			Select
4:30 PM - 9:30 PM	🕒 ETA	🌿 Green	Select
5:00 PM - 9:00 PM	🕒 Unattended	🌿 Green	Select
6:00 PM - 8:00 PM			Select
8:00 PM - 10:00 PM			Select

< Previous Available Day Next Available Day >

SAME DAY Pick-up Available!

FREE Next Day Pick-up

Pick-up your groceries in as little as 5 minutes.

[Learn More](#)

*Prices for products you place in your cart will be guaranteed as long as your order is delivered within 7 days from the day you originally place your order. After 7 days, prices will be adjusted to reflect current prices.



Peapod 5-year sales plan

Triple sales to \$1.5 billion



\$1 billion by 2018



\$0.5 billion by 2018

We developed six sales drivers





This screenshot shows the Peapod StopsShop website interface. At the top, there are navigation links for 'Save & Exit', 'My Account', and 'Help | Top FAQs'. Below this is a green navigation bar with 'Express Shop', 'Browse Alerts', 'My Lists', 'Specials', 'Receipts & More', and 'Delivery & Pick-up Times'. A search bar and a 'Manage My Alerts Here' link are also present. The main content area features a 'Guess My Order' section with a 'BUY GET GIVE' promotion: 'BUY \$15 worth of participating items GET \$4 off this shopping order'. Below this is a 'My Lists' section and a 'Start Shopping' list with categories like 'My Specials', 'Weekly Specials', 'New Arrivals', 'Browse All Aisles', 'Produce', 'Meat & Seafood', 'Deli', 'Dairy', 'Health & Beauty', and 'Store Brands'. A 'Shop Now' button is visible. At the bottom, there are social media links and a copyright notice: '© 1999 - 2013 Peapod, LLC All rights Reserved.'

This screenshot shows the Peapod StopsShop website interface with a different promotion. The navigation bar is identical to the previous screenshot. The main content area features a 'Guess My Order' section with a 'Cool Down with Summer Savings' promotion: 'BUY \$5 WORTH OF PARTICIPATING UNILEVER PRODUCTS IN A SINGLE TRANSACTION AND GET FREE DELIVERY'. Below this is a 'My Lists' section and a 'Start Shopping' list. A large '50% OFF' banner is prominent. At the bottom, there are social media links and a copyright notice: '© 1999 - 2013 Peapod, LLC All rights Reserved.'

This screenshot shows the Peapod StopsShop website interface with another promotion. The navigation bar is identical. The main content area features a 'Guess My Order' section with a 'SAVE \$7 on your order' promotion: 'when you purchase \$25 worth of participating Unilever and Pepsico products in one transaction'. Below this is a 'My Lists' section and a 'Start Shopping' list. A '50% OFF' banner is also visible. At the bottom, there are social media links and a copyright notice: '© 1999 - 2013 Peapod, LLC All rights Reserved.'

Peapod Preferred Partner Program

- Customized “test and learn” shopper marketing programs.
- 35 participating CPG’s
- Generating learning and lift



Scale Events

Peapod Home Express Shop Browse Aisles My Lists Specials Recipes & More Delivery & Pick-up Times

Save & Exit My Account Help Top FAQs

Search Manage My MyListFilter

Guess My Order®
One click to add frequent purchases

My Lists
Start with your last order

Start Shopping

- My Specials
- Weekly Specials
- New Arrivals
- Browse All Aisles
- Produce
- Meat & Seafood
- Deli
- Dairy
- Health & Beauty
- Chicago's Best

FREE DELIVERY
with any \$25 Purchase of participating REESE'S, Nabisco®, or Coca-Cola® products.
Offer valid 3/9/13 - 3/15/13. Free delivery value: \$6.95. Purchase must be made in one transaction. For pick-up orders, buy \$25, get \$6.95 off.
Buy Now

GAME ON!
RITZ
Coca-Cola ZERO
Reese's

© The Hershey Company

TOP SPECIALS

SAME DAY PICK-UP AVAILABLE

Peapod Home Express Shop Browse Aisles My Lists Specials Recipes & More Delivery Times

Save & Exit My Account Help Quick Guide

Search Manage My MyListFilter

Welcome Lyn
Has Lyn?

Your order has not yet been placed. Continue shopping or schedule your delivery and checkout to guarantee your prices.
• Earn Stop & Shop gas points and A+ School Rewards when you shop Peapod.
• Wednesdays are Value Days.
• Our holiday delivery schedule.

My Lists
Start with your last order

Start Shopping

- My Specials
- Weekly Specials
- General Grocery
- Produce Stand
- Meat & Seafood
- The Deli
- Meals Made Easy
- Health & Beauty
- New Arrivals

SAVE \$5
on this shopping order when you purchase \$20 worth of participating Unilever products in a single transaction at Peapod between 11/11/10 and 11/18/10.
Coupon cannot be doubled, printed or combined with any other offer. Limit one per customer.

Shop Now

Party Tray Savings
make your entertaining effortless and easy.

Magazines Now Available
shop for your favorite magazines

A+ School Rewards
help your school while you shop for groceries

Peapod Home Express Shop Browse Aisles My Lists Specials Recipes & More Delivery & Pick-up Times

Save & Exit My Account Help Top FAQs

Search Manage My MyListFilter

Welcome Lyn
Has Lyn?

• Earn Stop & Shop Gas and A+ School Reward points.
• Wednesdays are Super Value Days!

Guess My Order®
One click to add frequent purchases

My Lists
Start with your last order

Start Shopping

- My Specials
- Weekly Specials
- New Arrivals
- Browse All Aisles
- Produce
- Meat & Seafood
- Deli
- Dairy
- Health & Beauty
- Store Brands

SHOW YOUR FAN-SANITY
BUY & SAVE FOR YOUR GAME DAY PARTY

SAVE \$10 WHEN YOU BUY 5 PARTICIPATING PEAPOD PRODUCTS AND A DELI TRAY

Shop Now

Seafood on Sale
for holidays and every day

Your Holiday Dinner
leave the cooking to us with our fully cooked complete holiday dinners

Game On!
throw a perfect tailgate party with our recipes and tips

Tailgating is Delivered

Contact Us | Careers | Our Company | Pricing Policy | Privacy & Security | Terms of Service | Product Recalls | Refer-a-Friend

Peapod Mobile YouTube Pinterest Facebook Google+ Instagram Like +1 Follow @peapoddelivers 5,311 followers

© 2009 - 2013 Peapod, LLC All rights Reserved.

Peapod Makes House Calls

FREE DELIVERY when you buy \$25 of these cold & flu essentials by 1/8/2014.

Shop Now

Product images are for illustrative purposes only and may not be available at time of purchase.

Video, Sampling, Modules and More!

Peapod Save & Exit | My Account | Help | Top FAQs

Peapod Home Express Shop Browse Aisles My Lists Specials Recipes & More Delivery & Pick-up Times

Search Manage My NutriFilter

Dove

Which Dove® Products Are Right For You?

Take each of these simple quizzes to get personalized Dove® product recommendations. Learn about each product and then try it for yourself to discover the Dove® difference.

- Find Your Body Wash BFF >>
- Find The Right Deodorant For You >>
- Take The Myth-Or-Fact Hair Care Challenge >>

[Shop All Dove® Products](#)

Peapod StopsShop Save & Exit | My Account | Help | Top FAQs

Peapod Home Express Shop Browse Aisles My Lists Specials Recipes & More Delivery & Pick-up Times

Search Manage My NutriFilter

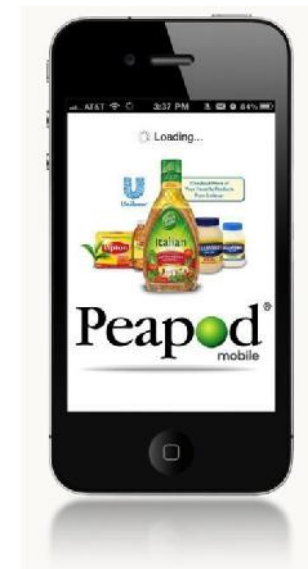
evian Live young

Reveal Your Inner Youth

Click to watch Baby & babySane / the new evian film

Close Video

Qty	Description	Price
1	Evian Spring Water	\$1.59
1	Evian Spring Water	\$2.09
1	Evian Spring Water	\$1.99



Partnerships That Go Beyond the Web Site



Peapod by GIANT

Shop anytime, anywhere!

Turn your grocery list digital! Add items while you're on the go or scan product barcodes straight from your pantry!

Download our convenient & free app from your mobile app store today!

or scan here

\$15 off your first Peapod order of \$50 or more. Enter promo code "YSRE". Offer ends 12/31/13. Visit www.peapod.com today!

Peapod. **GIANT** Use the Peapod App and scan these items now or find thousands of items available at peapod.com Peapod. **GIANT**



Peapod. **GIANT** Use the Peapod App and scan these items now or find thousands of items available at peapod.com Peapod. **GIANT**

