THE POI NORTHEAST REGIONAL SUMMIT

Achieving Growth Through RGM, Retail Execution, eCommerce, and Analytics Excellence

POI
PROMOTION OPTIMIZATION INSTITUTE

Dr. Russell J. Zwanka
Professor- Food Marketing

SIENAcollege™
Food Marketing


ARCTIC OCEAN
Beaufort Sea
Baffin Bay
GREENLAND
NORTH WEST COMPANY
GIANT TIGER
CANADA
NORTH AMERICA
Labrador Sea
Gulf of Alaska
Price Chopper
MARKET 32
Market Bistro
Bozzuto's Inc.
Others Promise. We Deliver.
ATLANTIC OCEAN
Fleming Foods
Ahold
COST U LESS
Your Best Value
Caribbean Sea
COLOMBIA
COST U LESS
Your Best Value
PACIFIC OCEAN
SOUTH AMER
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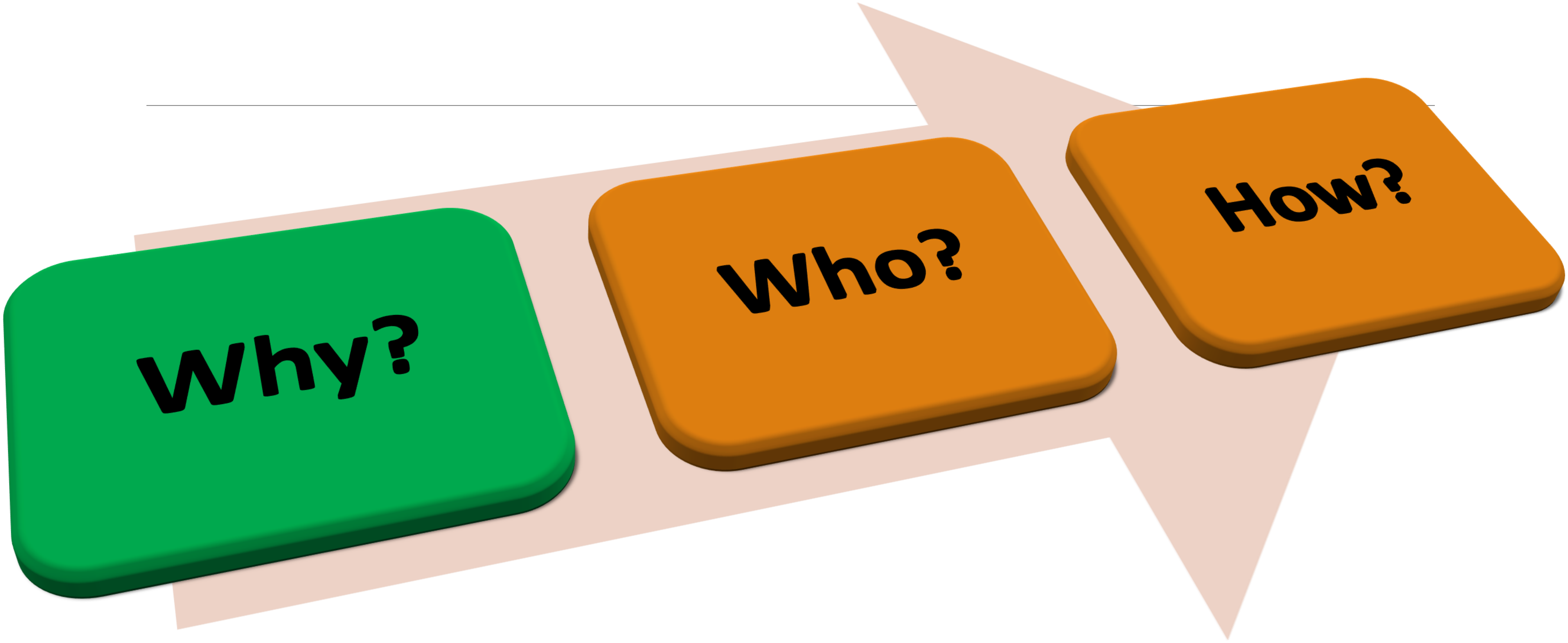
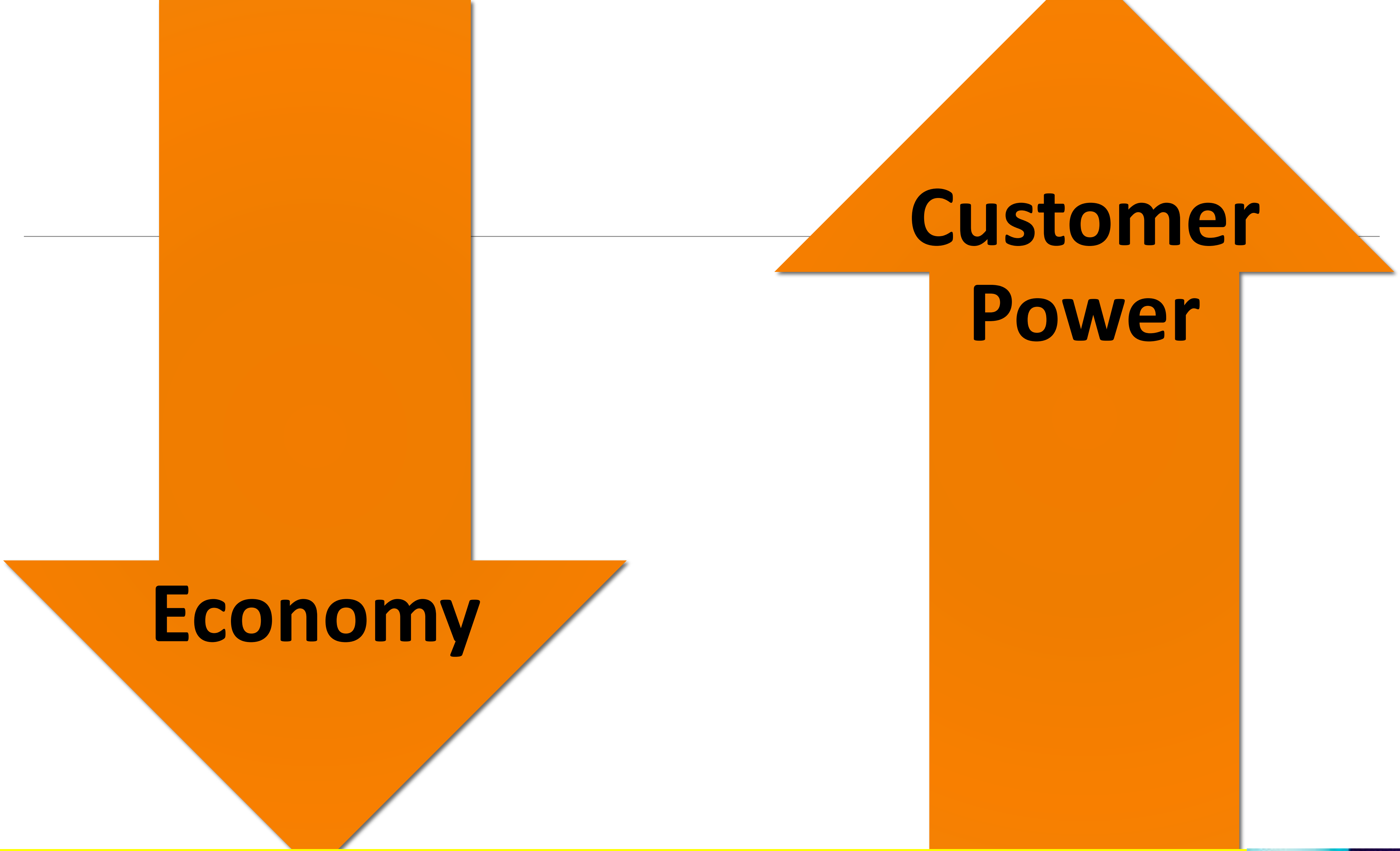
Triple Eight Marketing

Ties That Bind
Inside the Extraordinary (sometimes knotty) Food Marketing Continuum
DR. RUSSELL J. ZWANKA
A Store Walk
Dr. Russell J. Zwanka
Category Management Principles
Dr. Russell J. Zwanka
Dr. Brian F. Harris
CBD Reality
A Consumer's Guide to Cannabidiol
Dr. Russell J. Zwanka
Dr. Russell J. Zwanka
A Marketing Manual for the Millennium
Triple Eight Edition
A note from your professor
88 Lessons on Life, Love, Work, and School
Dr. Russell J. Zwanka
CBD Dreams
A Retailer's Case for Cannabidiol Sales
Dr. Russell J. Zwanka
Dr. Russell J. Zwanka
Public Speaking for Everyone!
SIENAcollege™
Food Marketing
NGA
NATIONAL GROCERS ASSOCIATION
So, how do I do this Marketing thing?
Dr. Russell J. Zwanka
Requisite Reading for the Renaissance Retailer
Russell J. Zwanka
Dr. Russell J. Zwanka
Dr. Z's Guide to Grocery Stores and Cooking and Cool Stuff Like That!
Customer Connectivity in Global Brands and Retailers
With a Focus on Doing Business in Closed Economic Societies
DR. RUSSELL ZWANKA
Marketing in Today's Cuba
Dr. Russell J. Zwanka
Customers First. Profits Second.
How to Win in Business and in Life
RUSSELL ZWANKA
Dr. Russell J. Zwanka
Operating in the New Cuba
Successfully Succinct Stage Speaking
Dr. Russell J. Zwanka
Would You Shop Here if You Didn't Work Here?
From the author of "Customers First. Profits Second."
RUSSELL ZWANKA
Food Retail Management Strategic Cases
Dr. Russell J. Zwanka

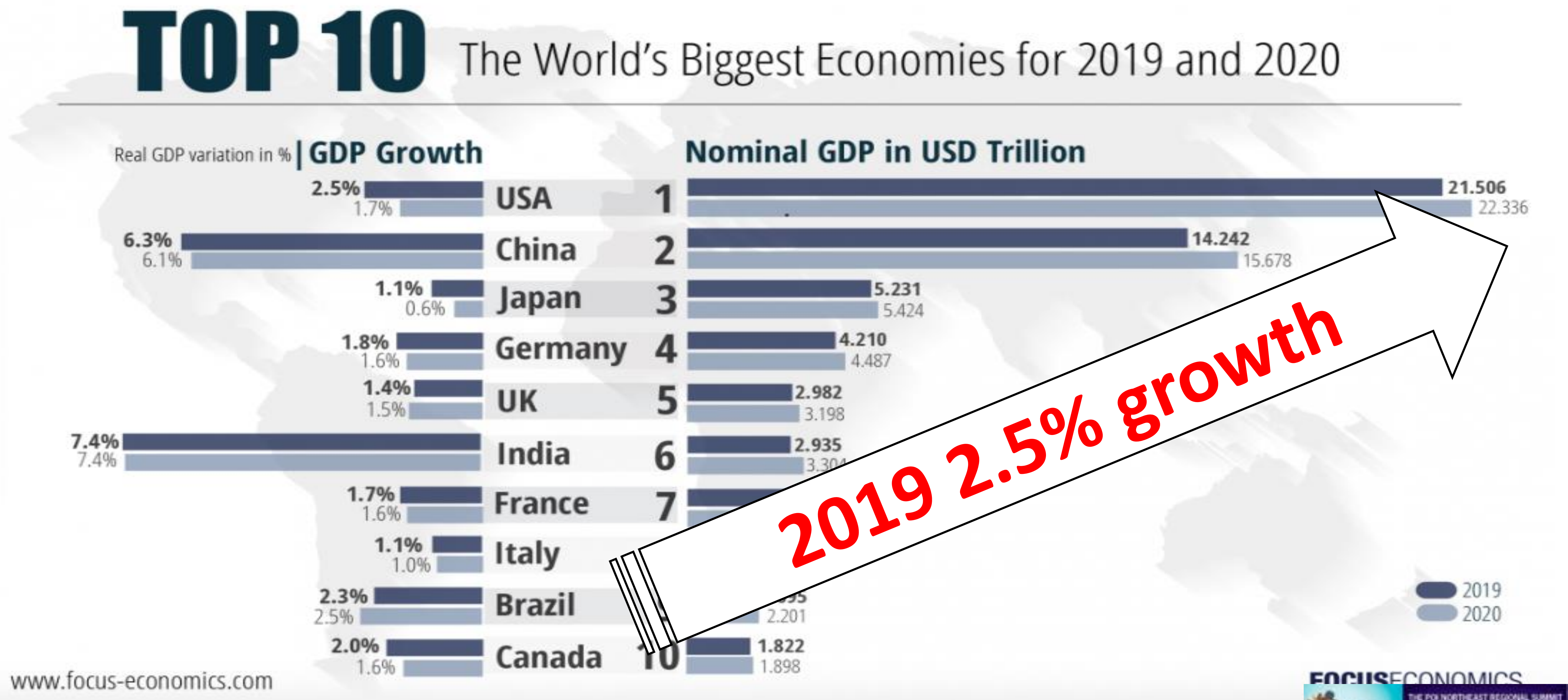

Why?
Who?
How?



Baby Boomers -> Millennials -> Centennials

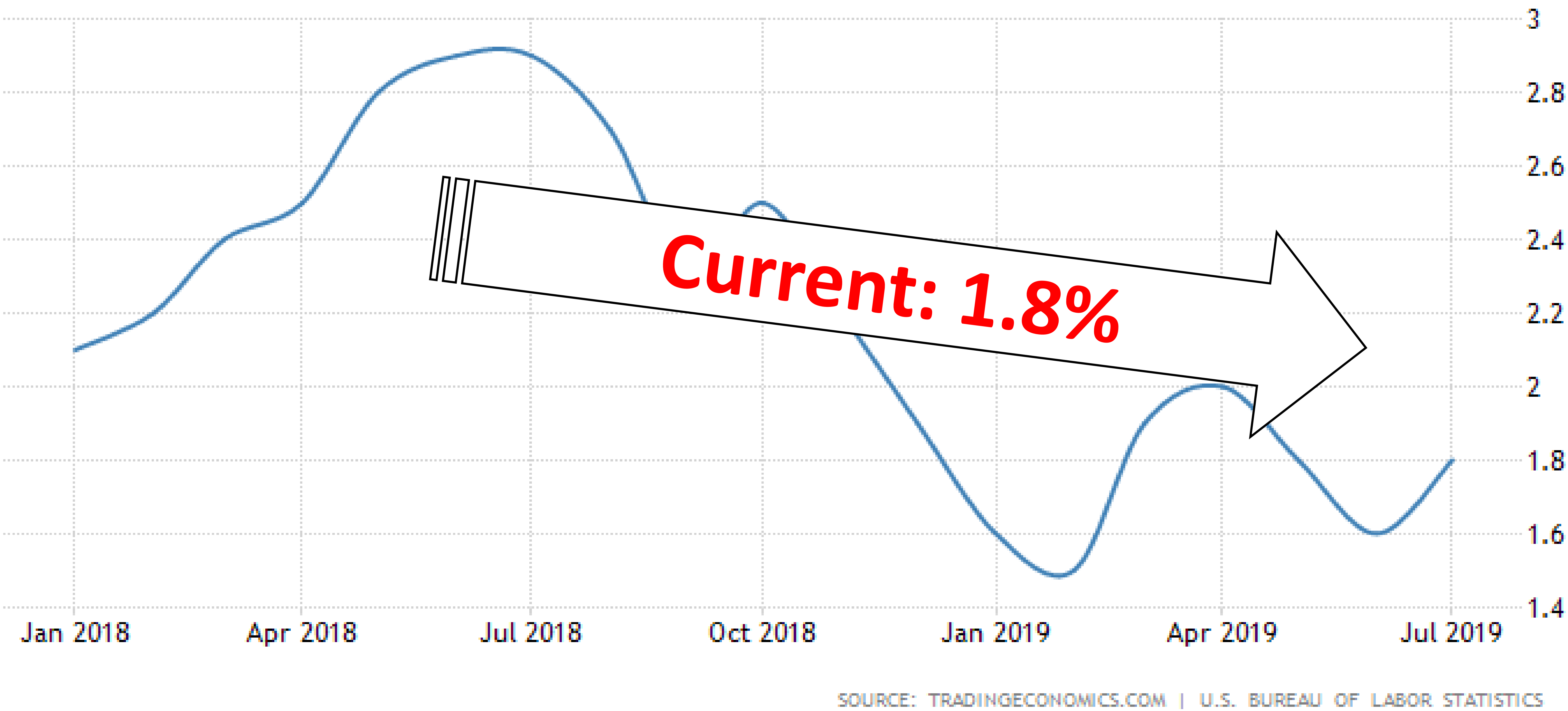
Economy and Jobs

US GDP% of World Current

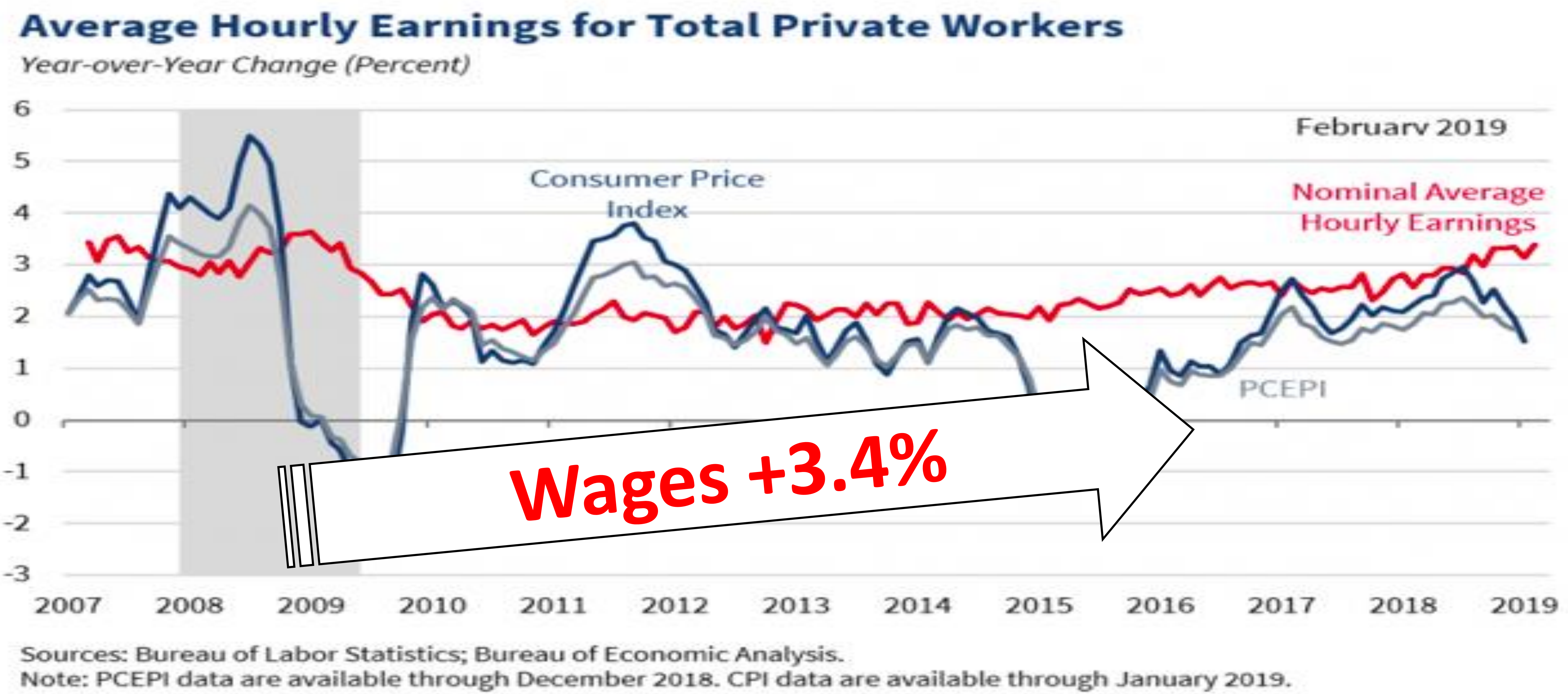


US GDP Outlook

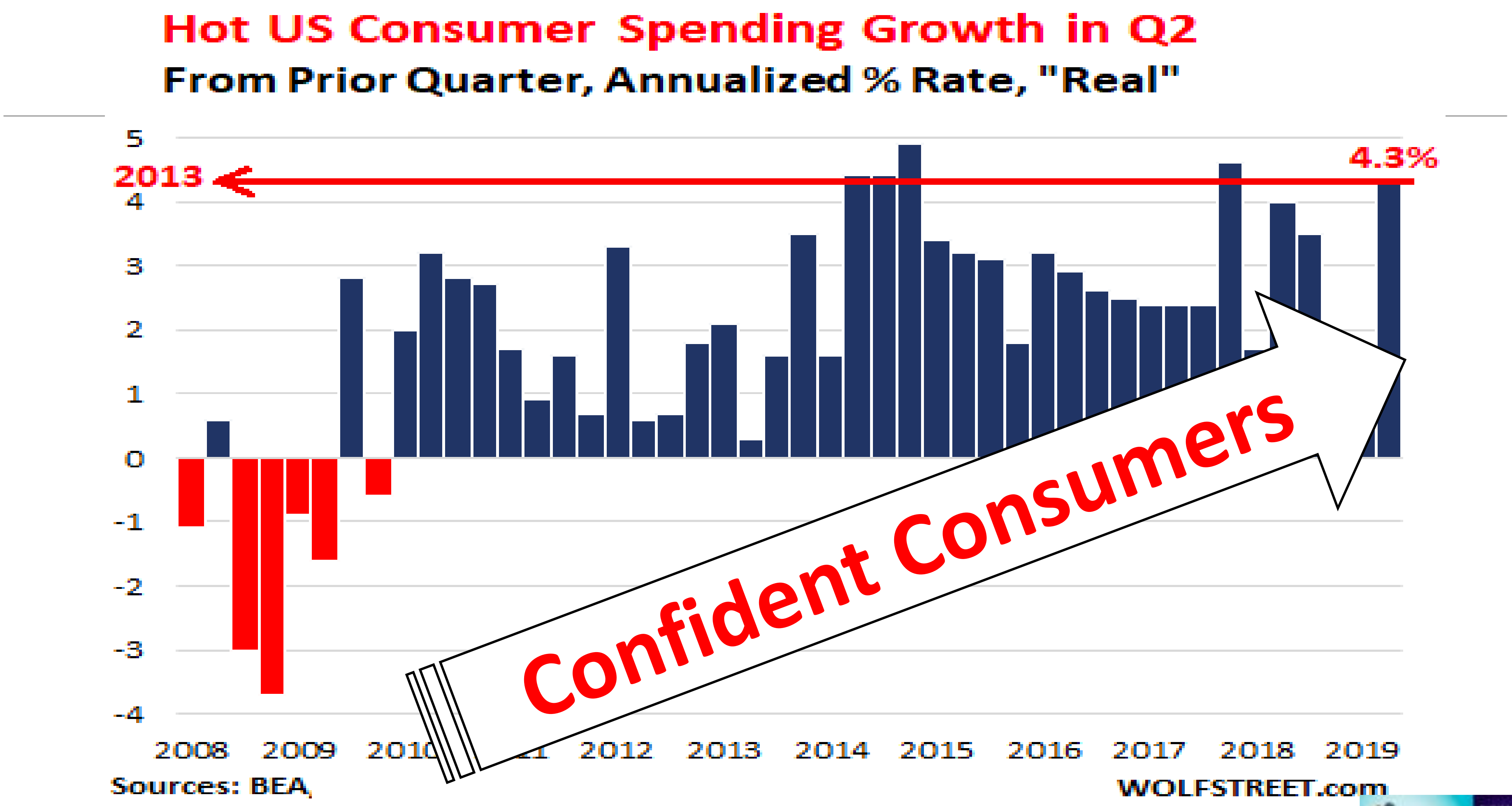
Inflation Trend



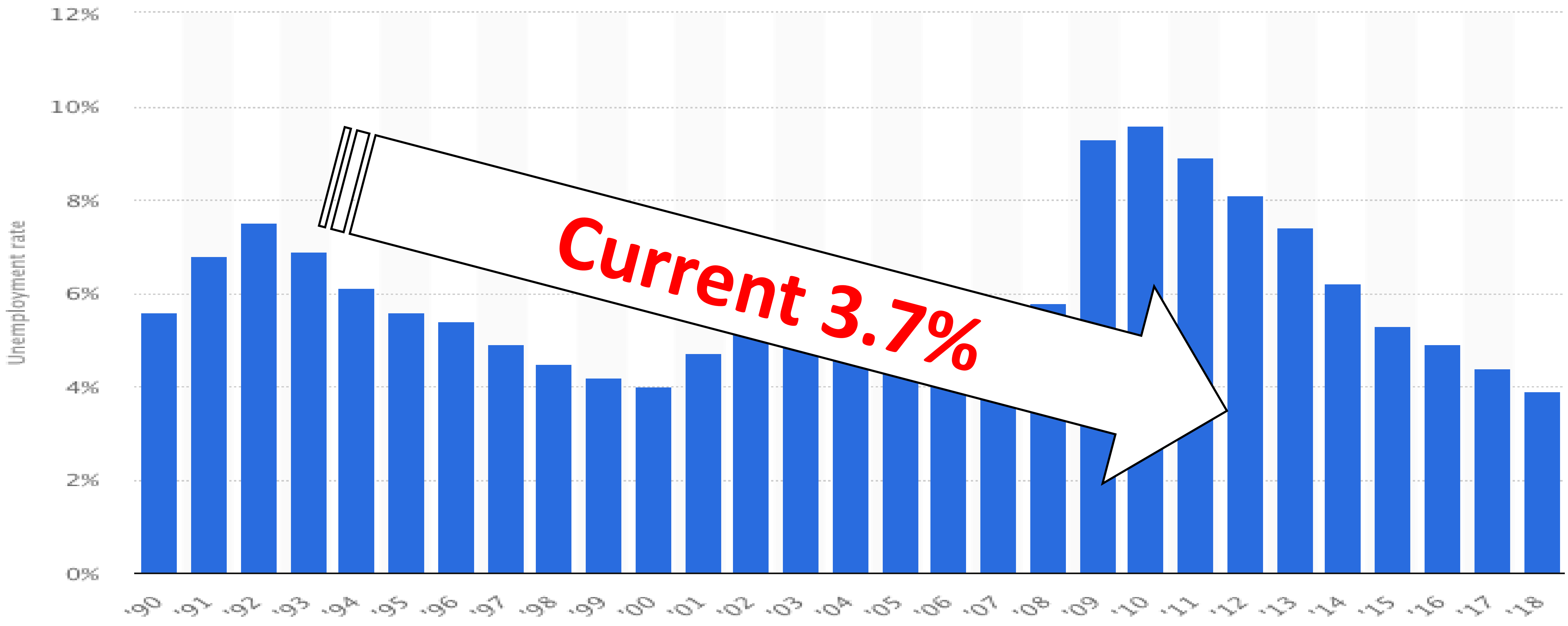
Real Wage Growth



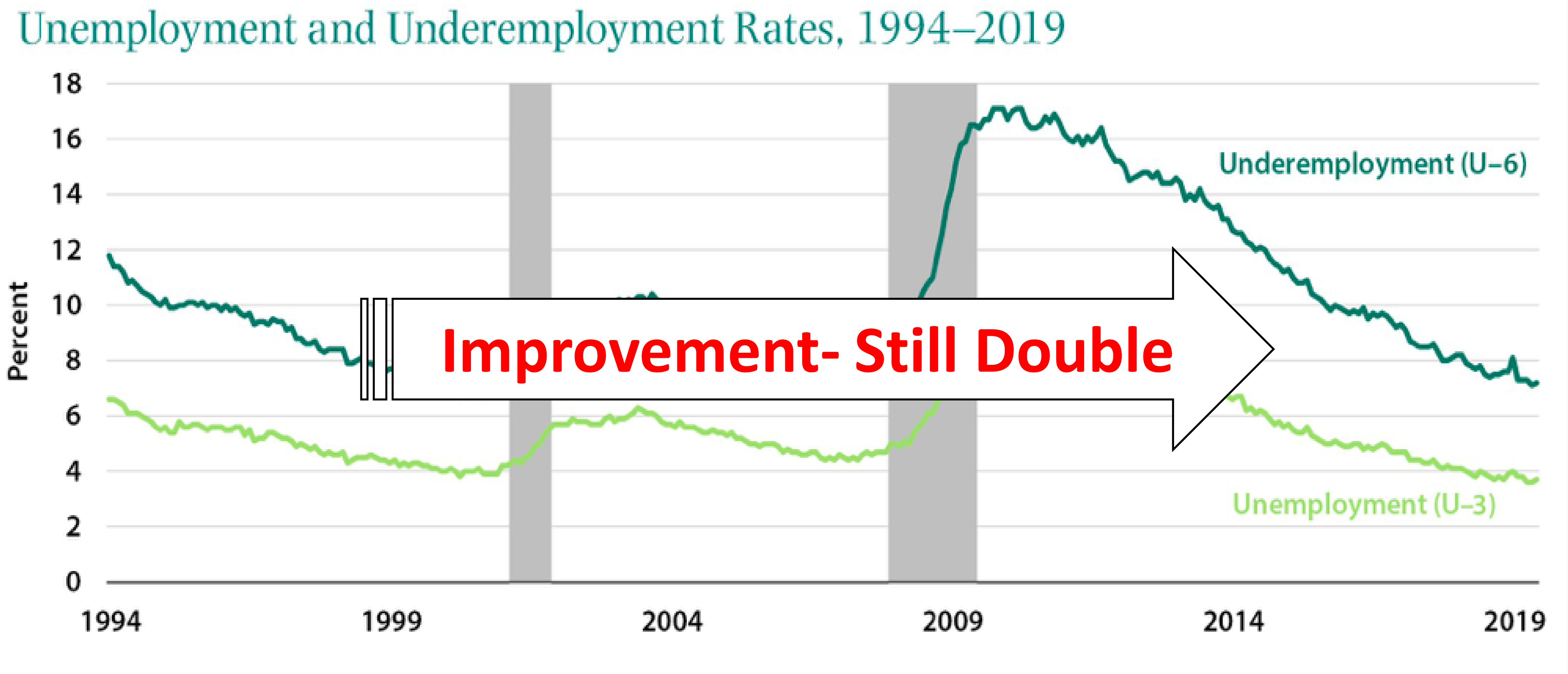
Consumer Spending



Unemployment Rate Current

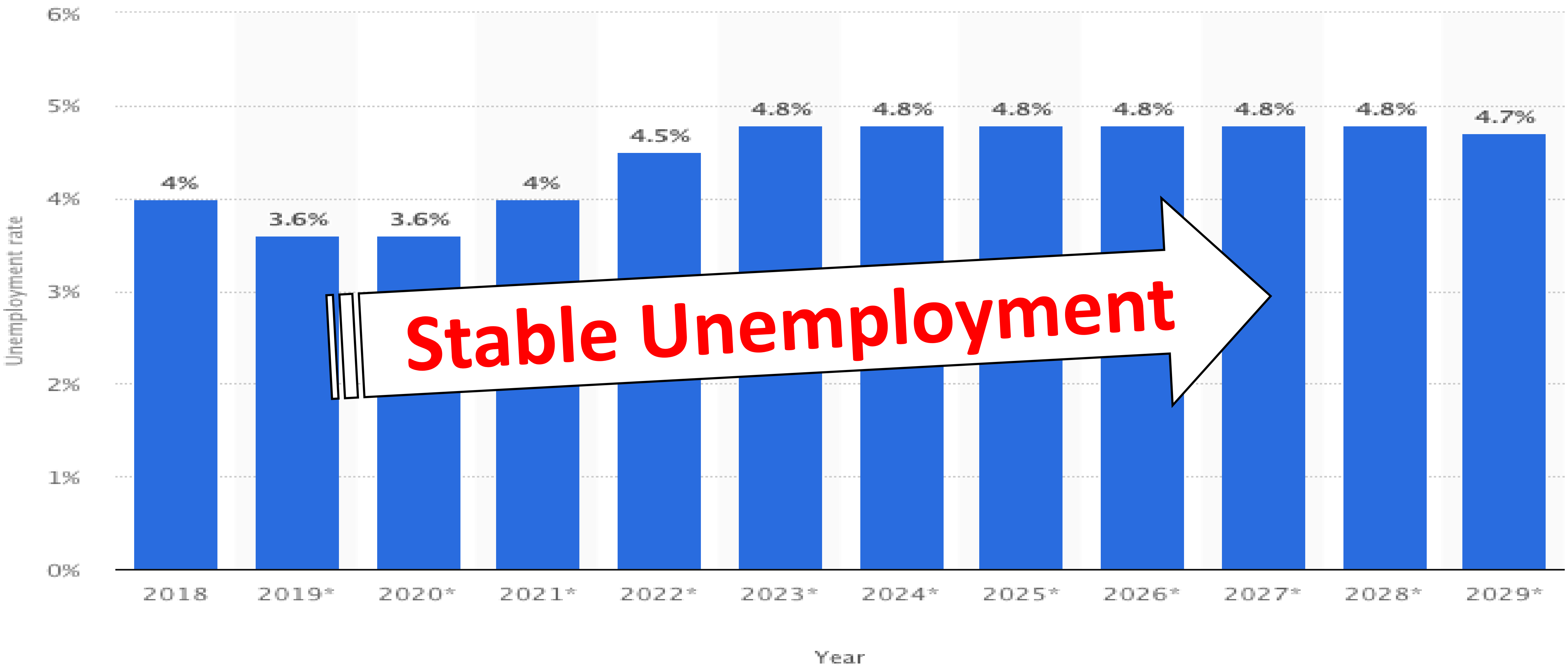


Underemployment Rate Current

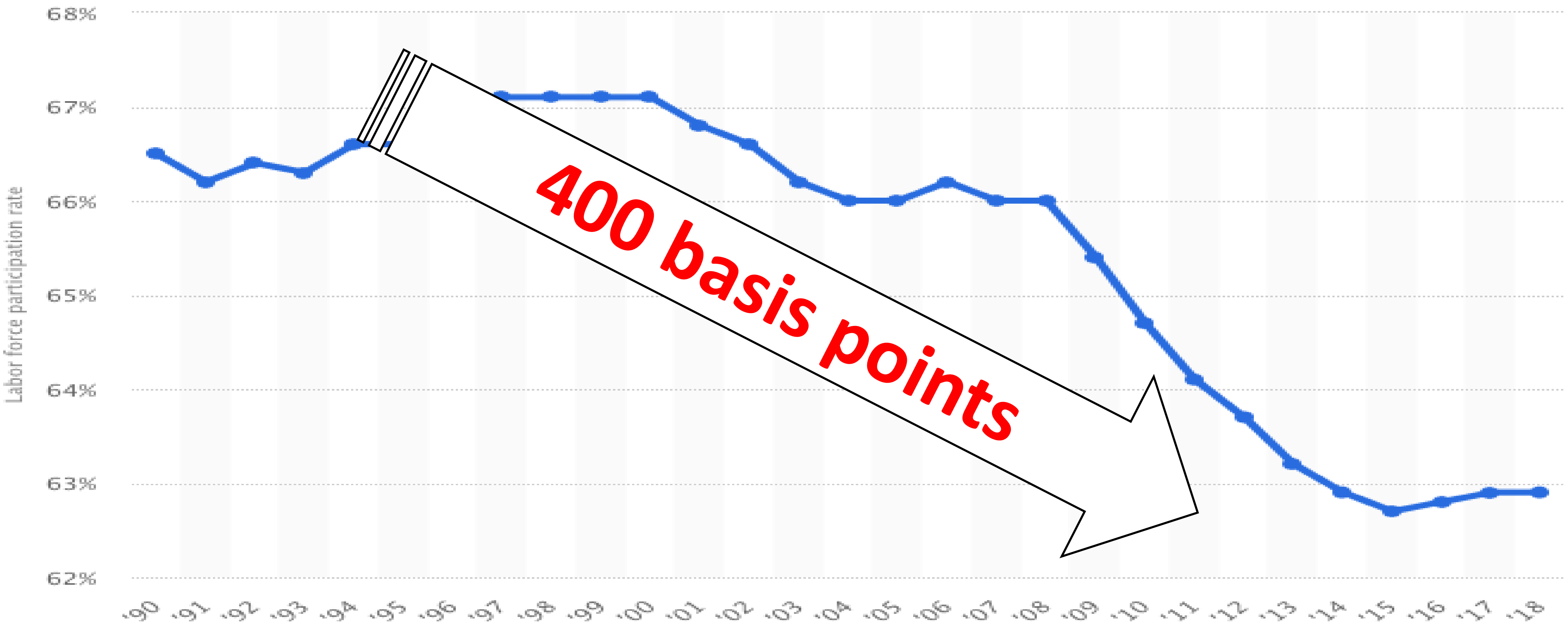


Source: Bureau of Labor Statistics 1994–2019.

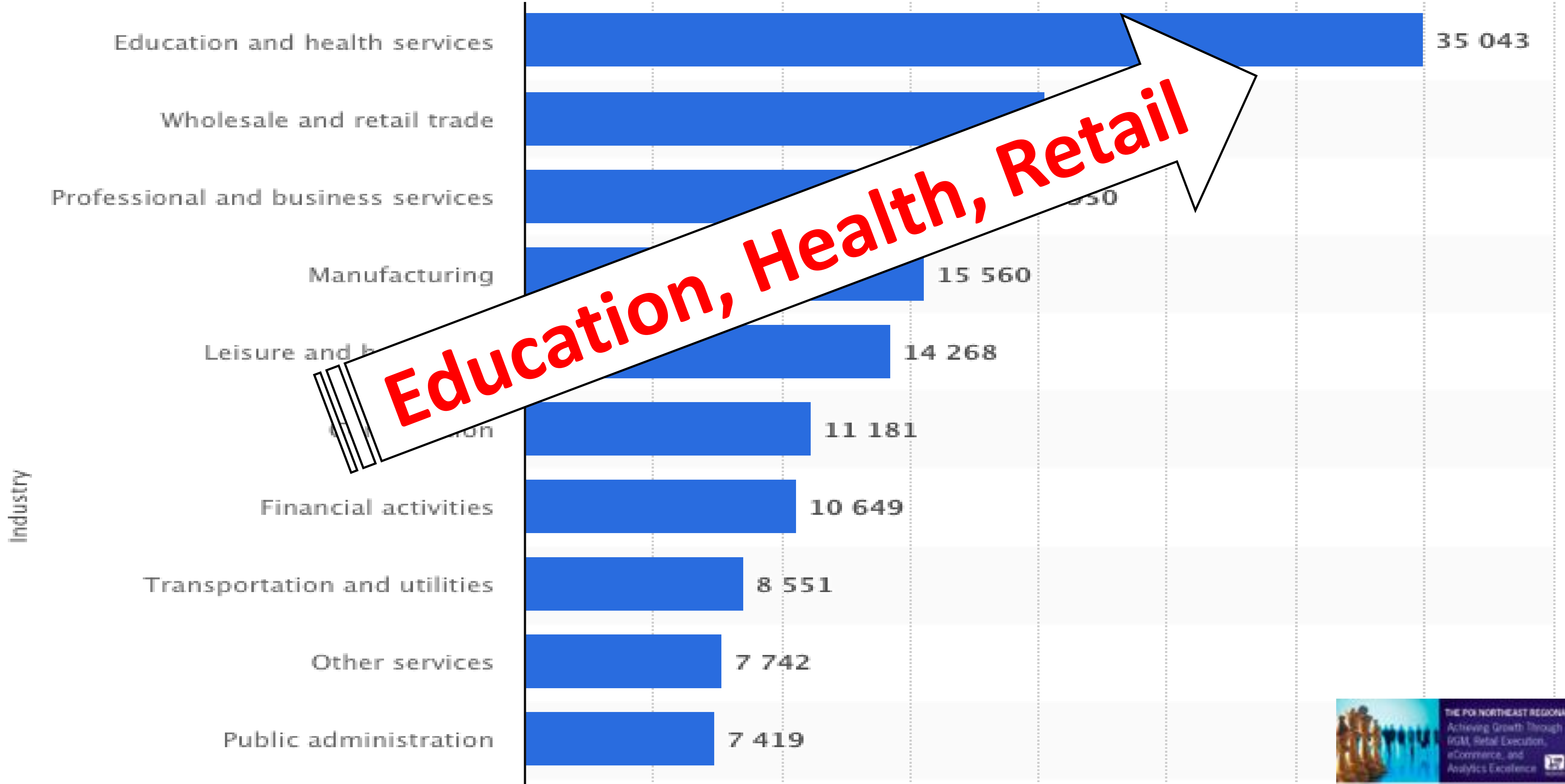
Unemployment Rate Outlook



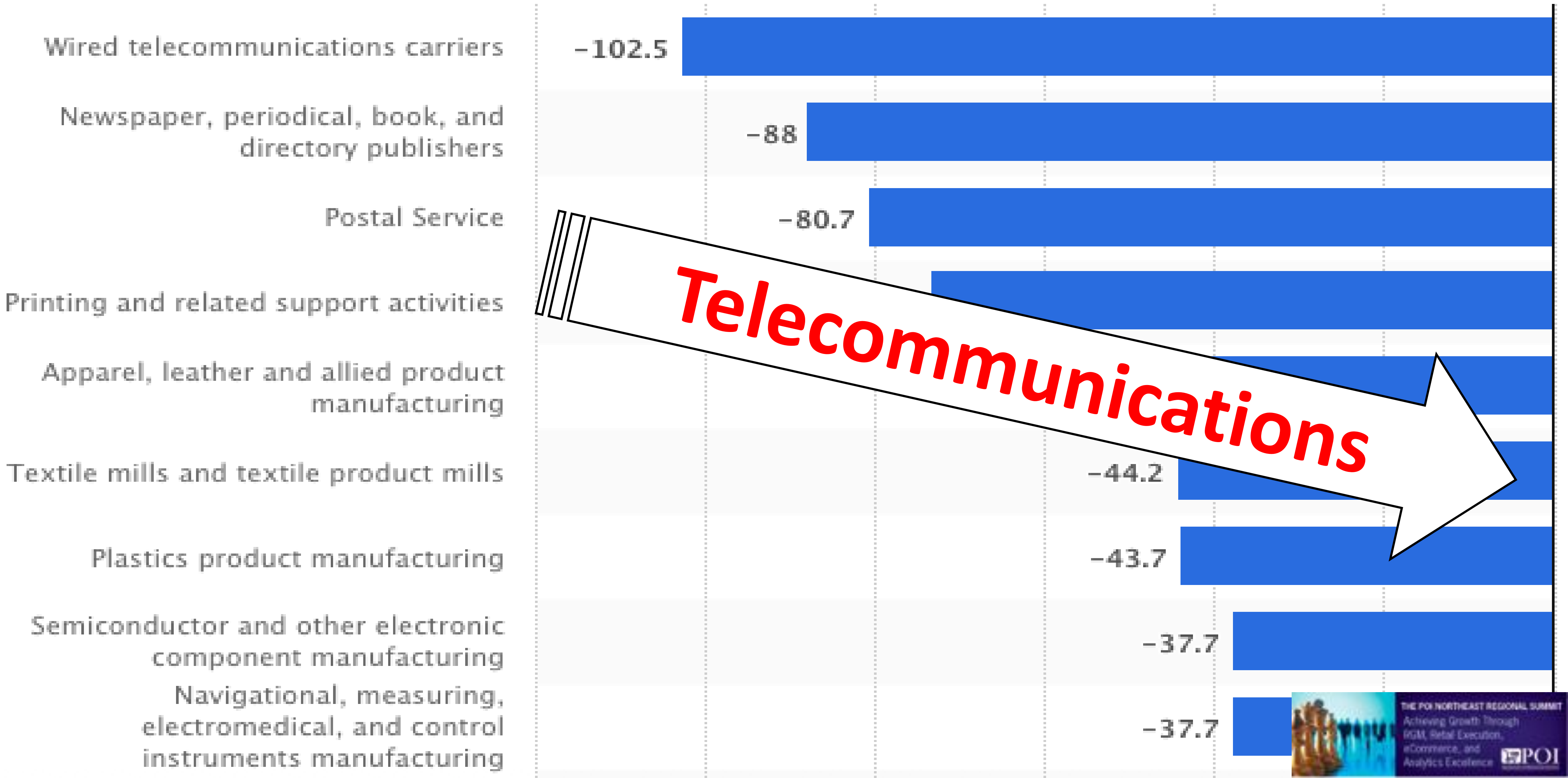
Workforce Participation Rate



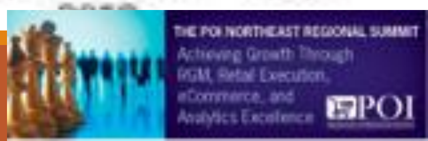
Employment by Sector Current



Employment Sector Decline Outlook



Personal Income vs Consumption



Total Retail and Growth Contribution

US Retail Sales, by Segment, 2018 & 2019
billions, % change and % of total

	2018	2019	% change	% of total 2019 spending	% of 2019 growth contribution
Brick-and-mortar/ in-store	**$4,827.09**	**$4,924.12**	**2.0%**	**89.1%**	**55%**
Ecommerce	**$525.69**	**$605.30**	**15.1%**	**10.9%**	**45%**
Desktop	$317.55	$334.92	5.5%	6.1%	10%
Mobile	$208.13	$270.38	29.9%	4.9%	35%
—Smartphone	$148.79	$205.15	37.9%	3.7%	32%
—Tablet	$57.71	$63.49	10.0%	1.1%	3%
—Other mobile	$1.64	$1.74	6.3%	0.0%	0%
Total	**$5,352.78**	**$5,529.42**	**3.3%**	**100.0%**	**100%**

Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales
Source: eMarketer, Oct 2018

243053 www.eMarketer.com

Growth on all platforms

Retail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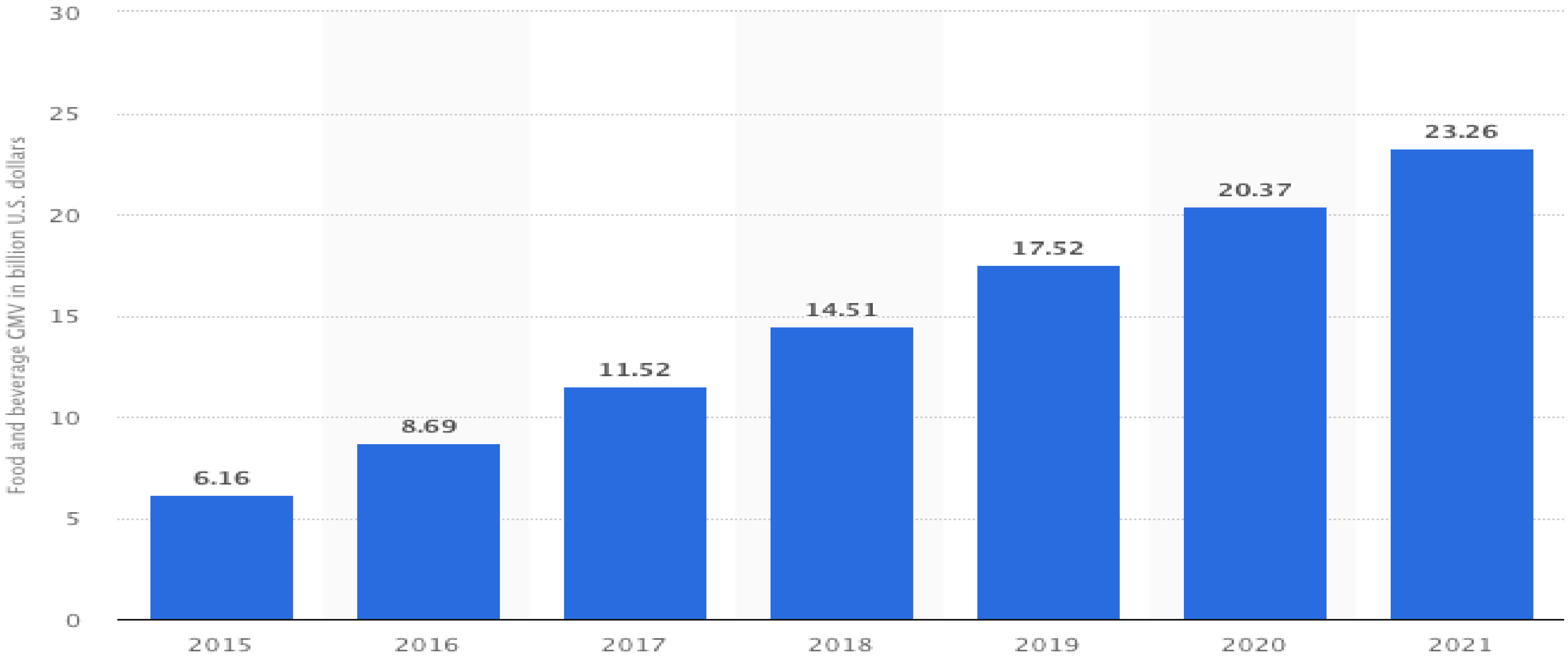
2014 vs Today

1. Walmart
2. Kroger
3. Costco
4. Target
5. Safeway
6. Publix
7. Ahold US
8. Albertsons
9. HEB
10. Delhaize

1. Walmart
2. Kroger
3. Costco
4. Walgreens/Boots
5. CVS
6. Target
7. Albertsons
8. Ahold Delhaize
9. Publix
10. Aldi

Amazon Food and Beverage



Inflation Growth vs Tonnage

CPG BRICK & MORTAR - TOP LINE PERFORMANCE

Total Food Tonnage Flat

DOLLARS	UNITS
$813.1B	252.6B
+2.2% vs. year-ago	+0.4% vs. year-ago

Source: Nielsen Retail Measurement Services, inclusive of Nielsen's Total Food View, Total U.S. All Outlets Combined (xAOC), 52 weeks ended Apr. 27, 2019 vs. year-ago

Format Trends

TRIP ANALYTICS BY CHANNEL

	Total Channels	Drug Stores	Dollar Stores	Warehouse Club	Pet Stores	Mass Merch & Supers	Value Grocery	Conventional Grocery	Premiere Fresh Grocery
TRIPS/SHOPPER	168	20	31	15	7	39	18	60	14
TRIPS/SHOPPER % CHANGE	1.5	-0.1	2.4	0.8	2.1	3.2	0.1	2.0	2.8
$ SPEND/TRIP	31	20	13	69	35	41	27	33	22
$ SPEND/TRIP % CHANGE	-0.3	-0.6	0.5	-0.5	-0.7	-1.1	-4.8	0.5	2.2
UNITS/TRIP % CHANGE	0.0	-4.9	1.7	2.8	-4.2	-0.5	-0.8	-0.4	1.1

Trips up overall

Mass trips up significantly

Most value retailers showing deflation

Online Sales Trend

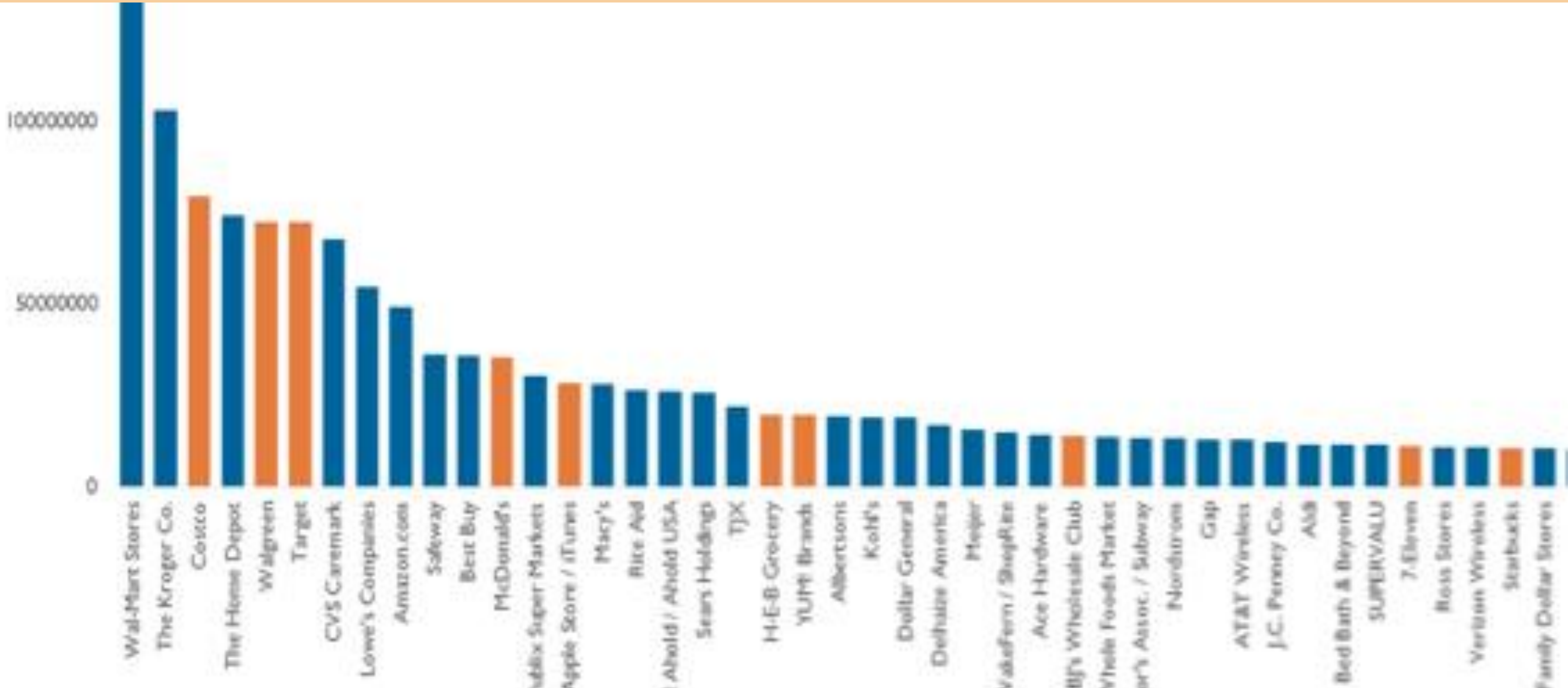
THE AGE OF ONLINE

ONLINE CPG SALES ARE SET TO

DOUBLE

IN THE NEXT 5 YEARS WORLDWIDE

Retailer Partnerships




Walgreens
Pickup


WHOLESALE
H-E-B
Instacart
BJ's
Apple Store
WHOLE FOODS
MARKET
POSTMATES
TARGET
CHIPOTLE
MEXICAN GRILL
ELEVEn
DOORDASH
TACO BELL
CB INSIGHTS


CVS
pharmacy™
now at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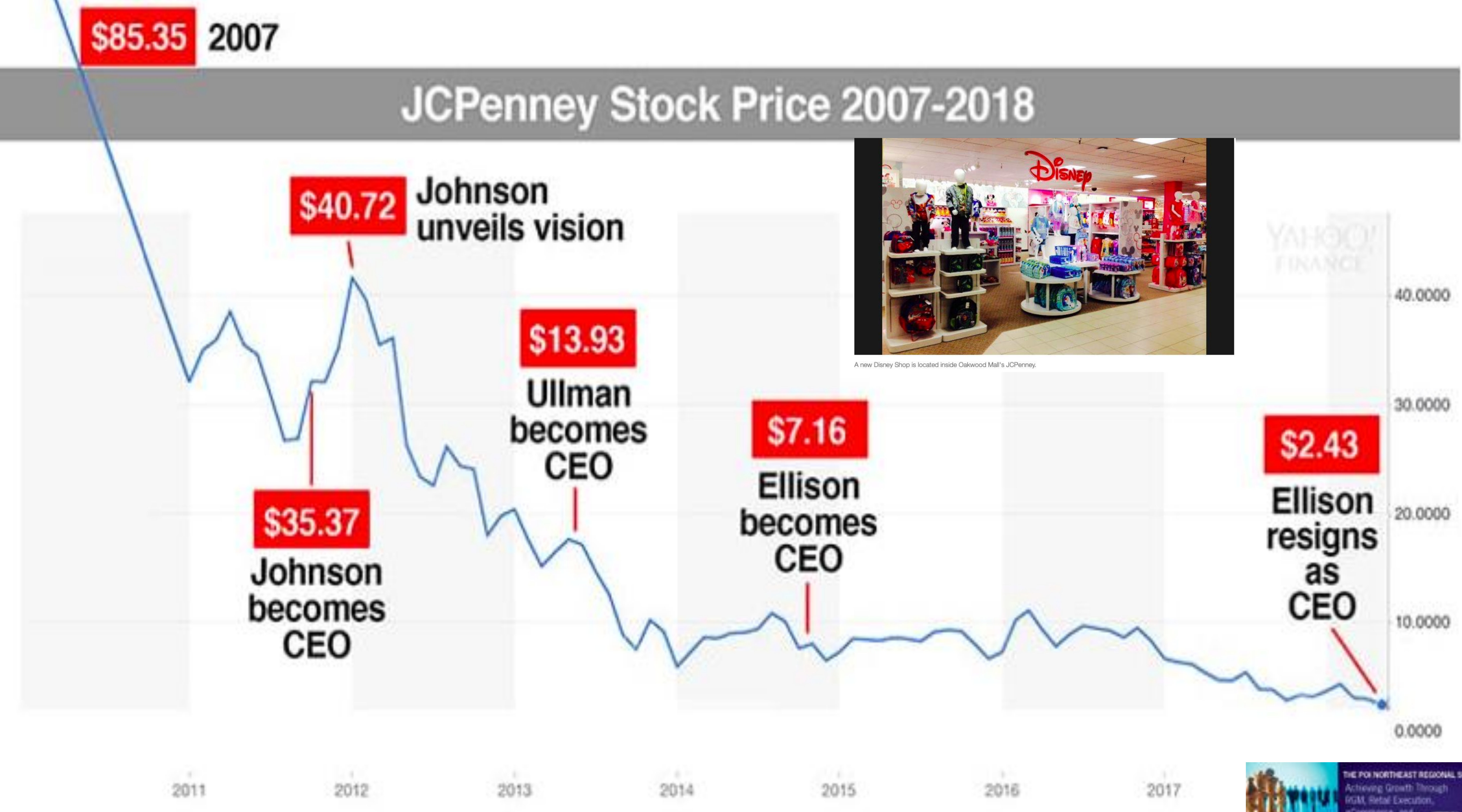
Retailer Partnerships



A new Disney Shop is located inside Oakwood Mall's JCPenney.

Malls as Entertainment Centers

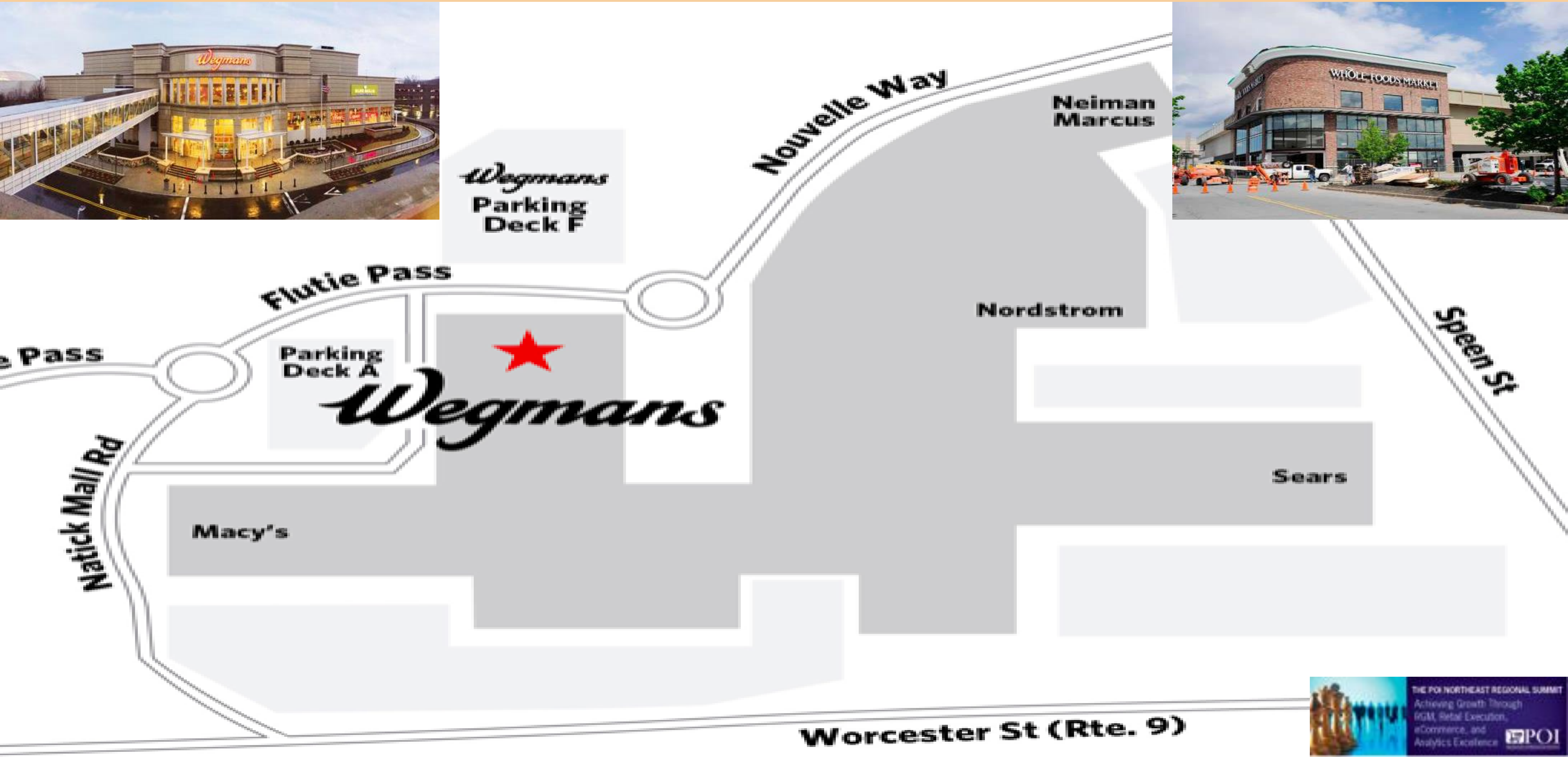
BUSINESS › RETAIL

AUG 30, 2018 1:26PM PT

Could Empty Stores in Malls Be Used to House the Homeless?

By Hilary George-Parkin

Malls with Grocery Stores



Mobile!

CitrusBits

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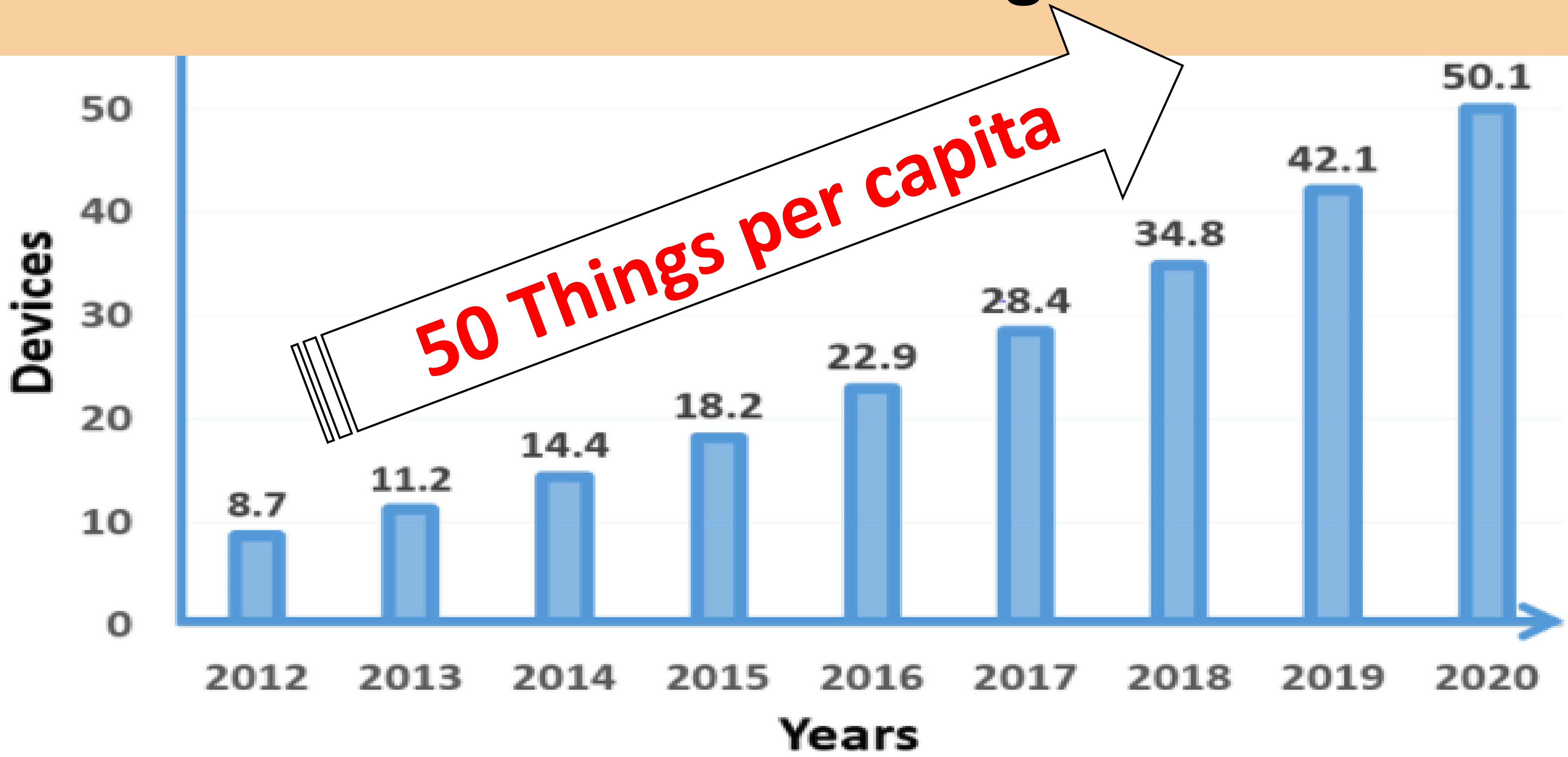
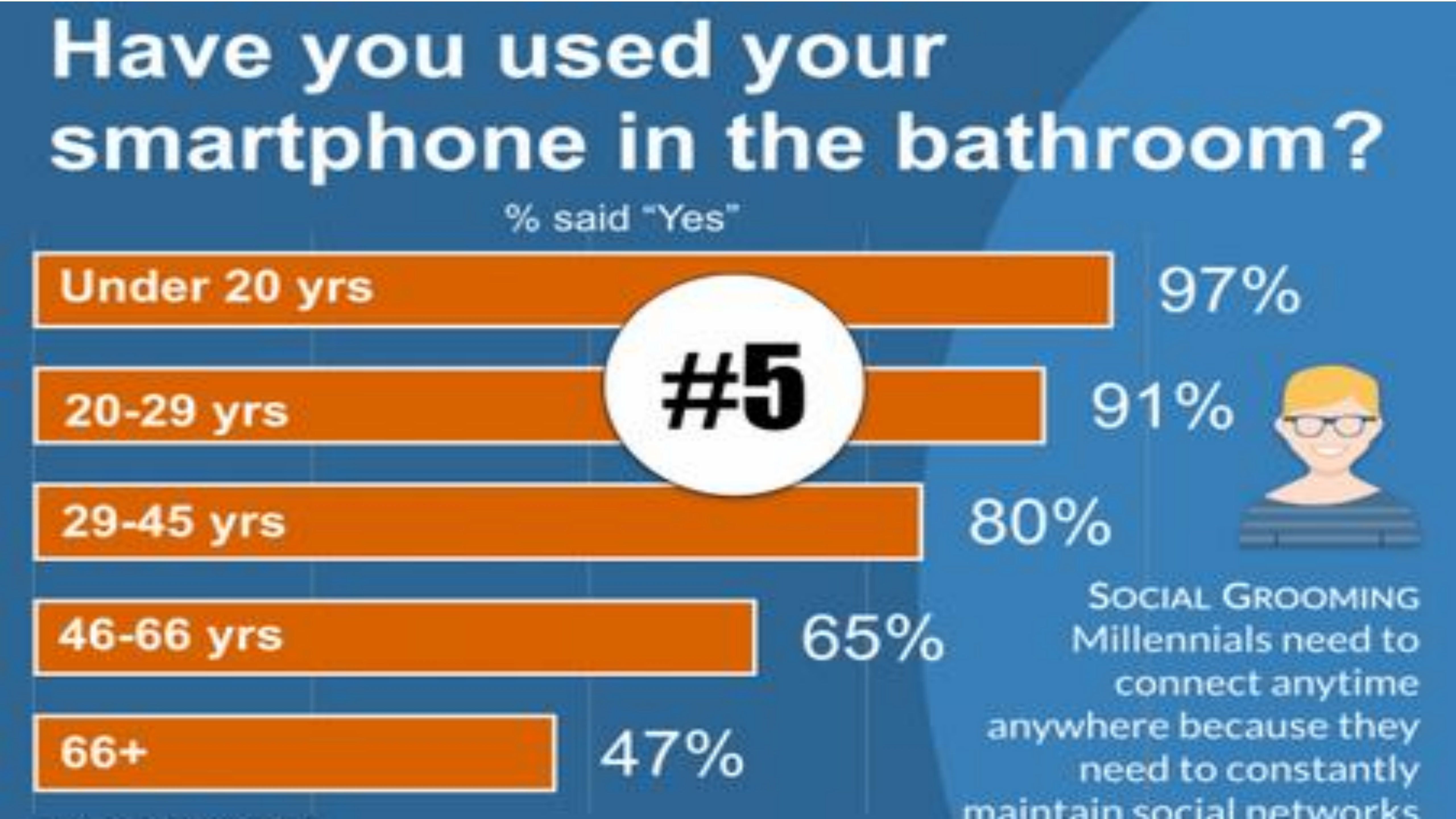
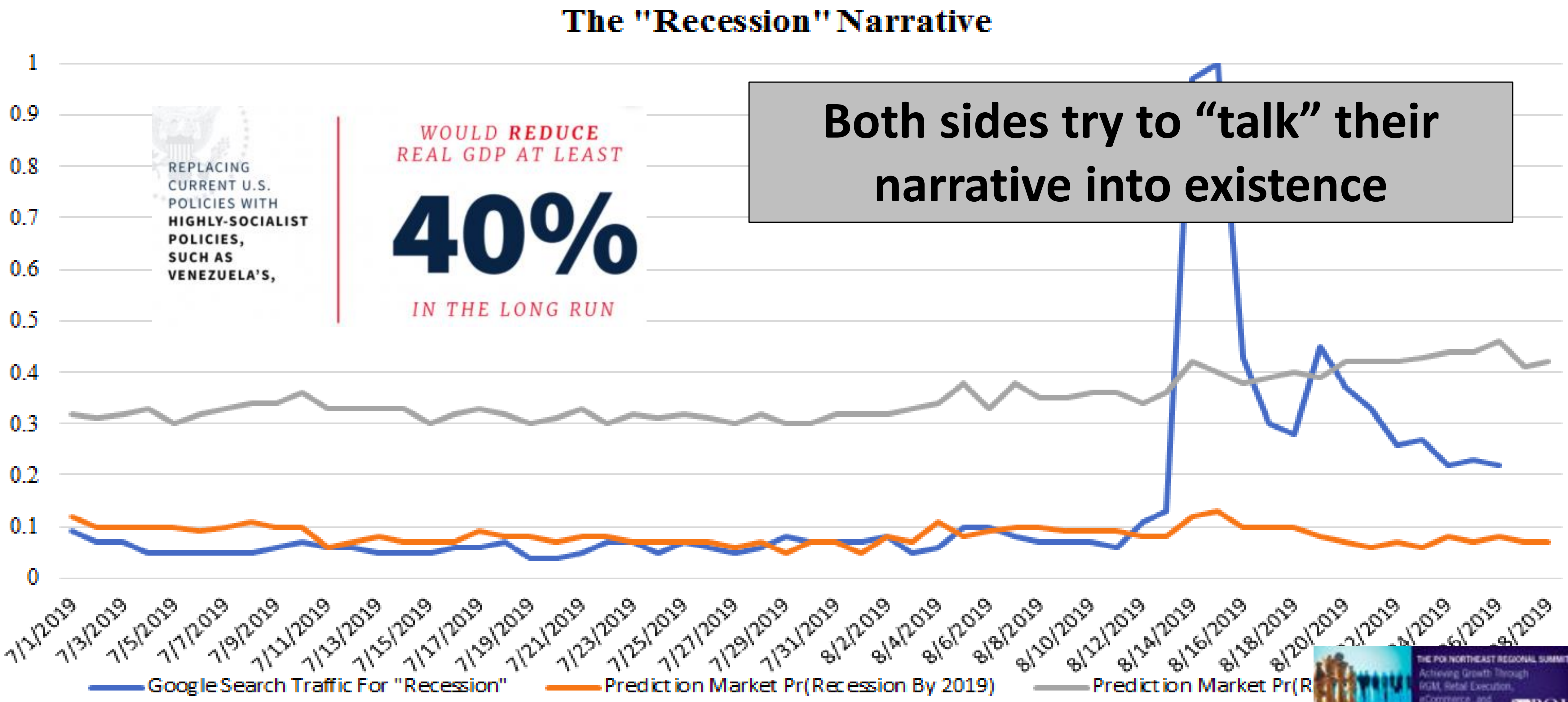
Connected Things



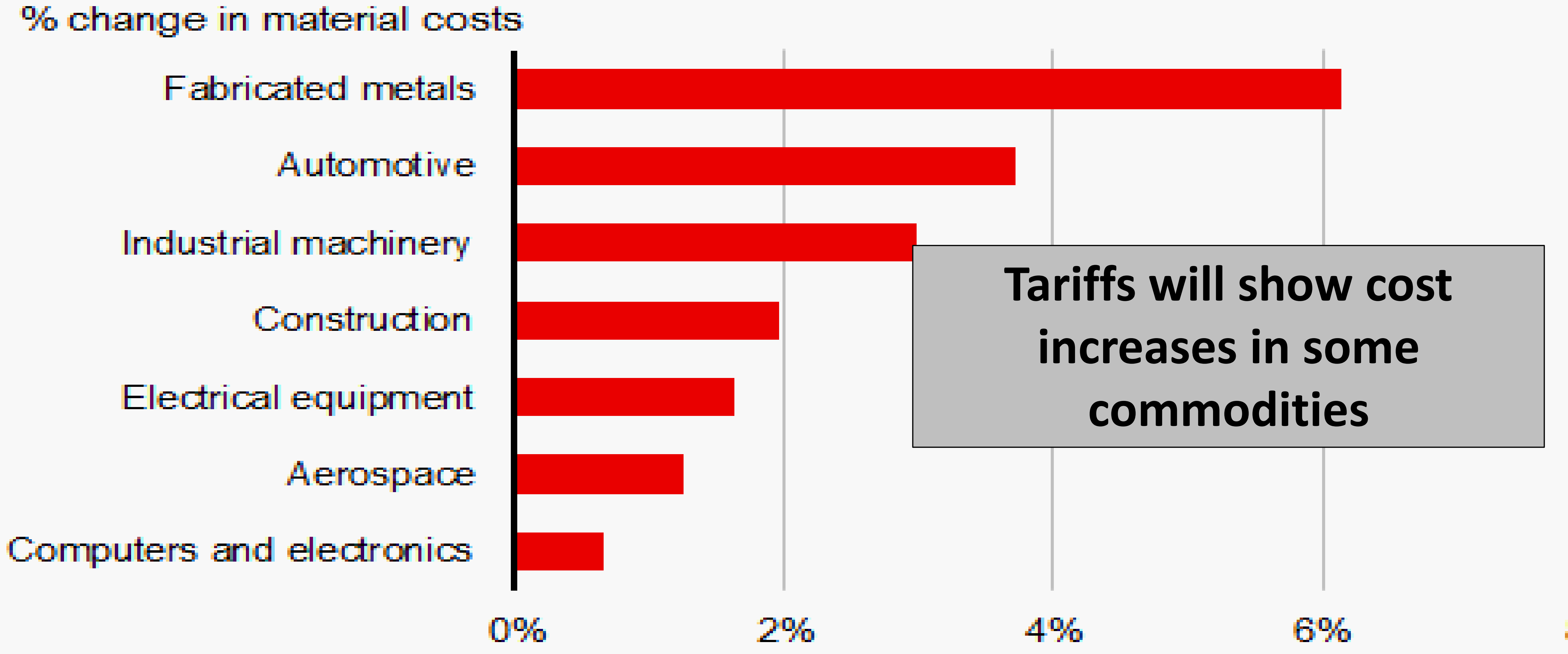

Have you used your smartphone in the bathroom?
% said "Yes"
Under 20 yrs
97%
#5
20-29 yrs
91%
29-45 yrs
80%
46-66 yrs
65%
66+
47%
SOCIAL GROOMING
Millennials need to connect anytime anywhere because they need to constantly
maintain social networks

Political Environment

Political Environment

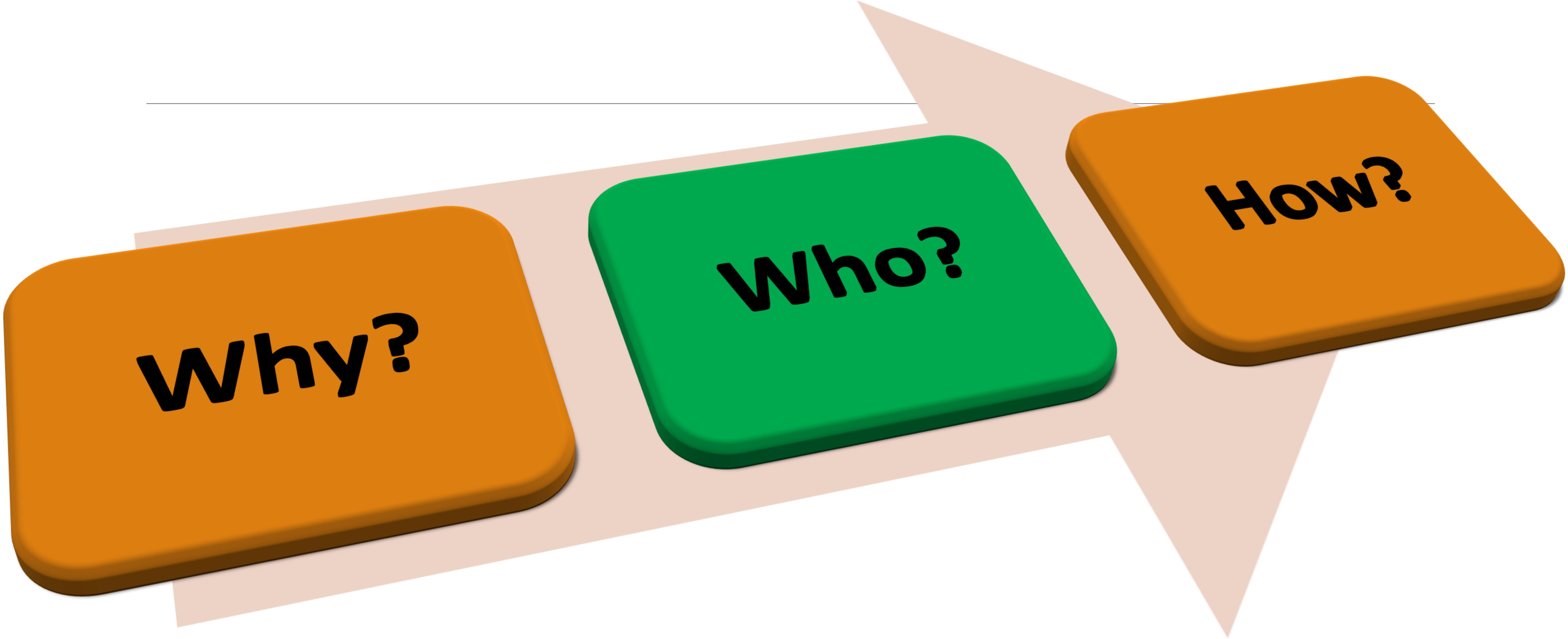


Political Environment



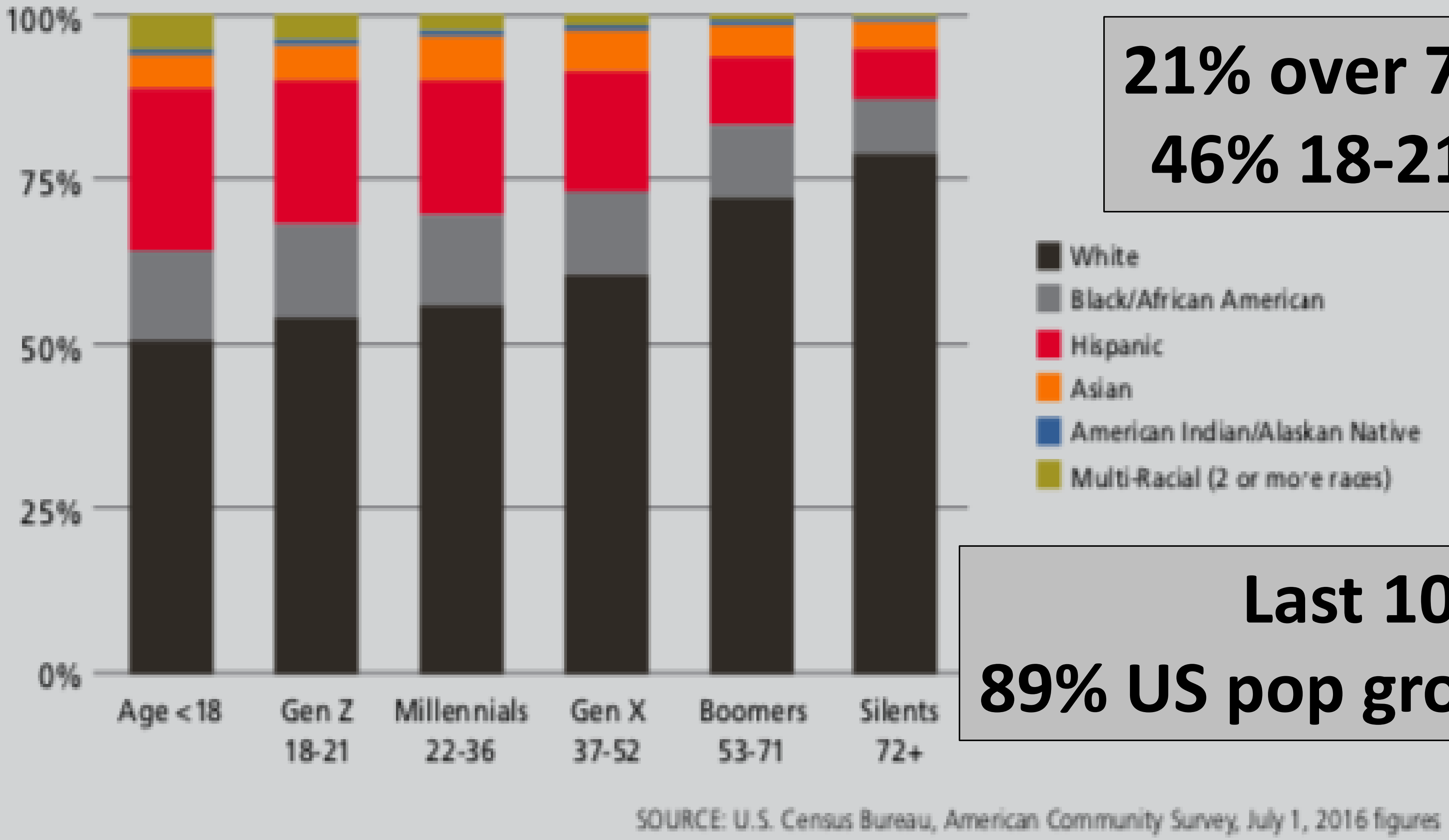
Source: Oxford Economics

Note: Includes second-round supply chain effects of metal products purchases b


Why?
Who?
How?

Demographics and Generations

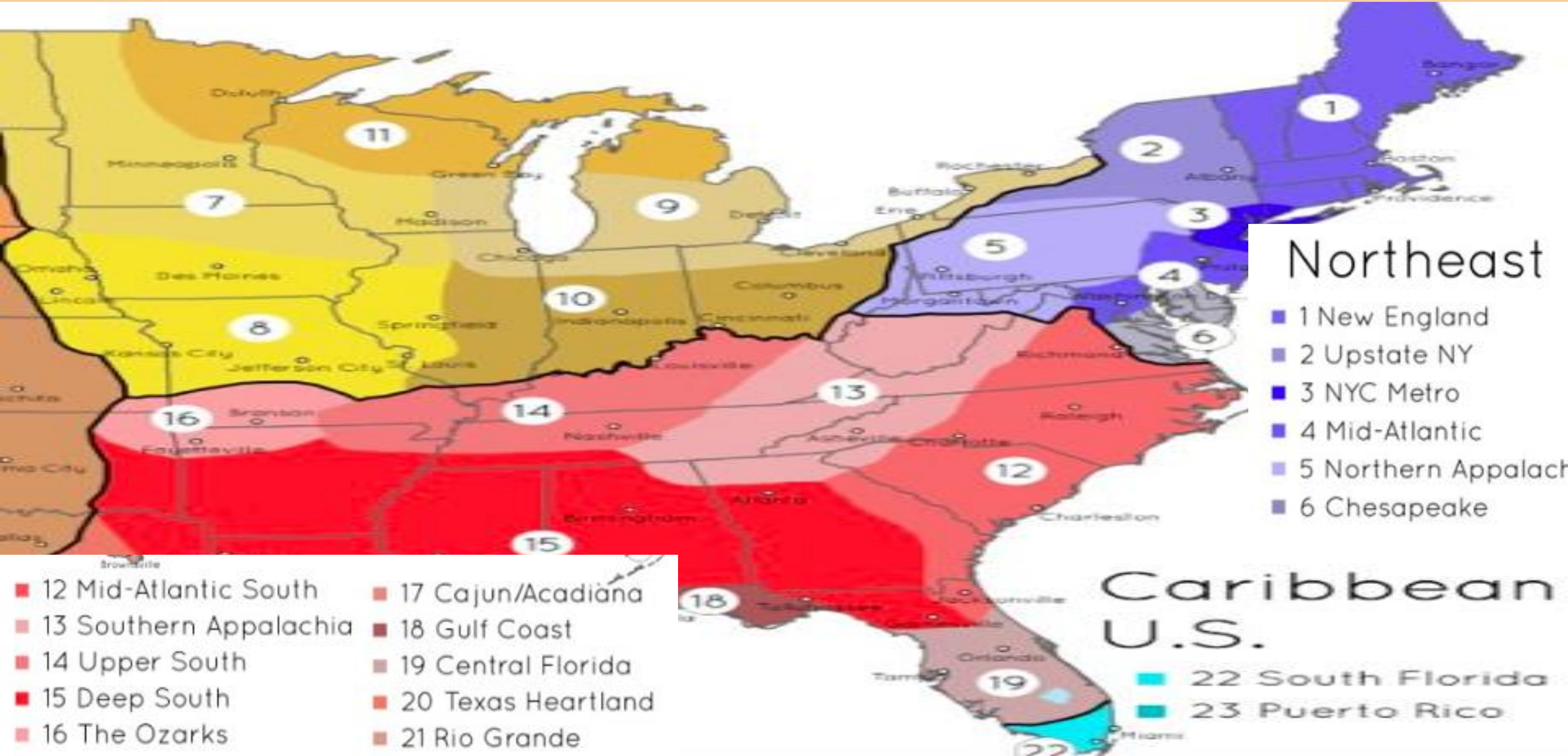
Demographic Shift



21% over 75 non-white
46% 18-21 non-white

Last 10 years:
89% US pop growth non-white

Regional Similarities



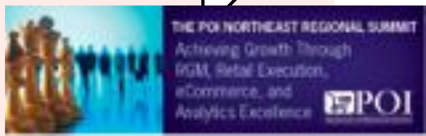
Who are these people?

	Gen Z	Millennials	Gen X	Boomers	Silents
Age/Birth Years	12-21 1996-2005	22-36 1981-1995	37-52 1965-1980	53-71 1946-1964	72+ Before 1946
Population Size[1]	42.1 million (7% of shoppers 18+)	67.1 million (27% of shoppers 18+)	65.7 million (26% of shoppers 18+)	72.1 million (29% of shoppers 18+)	27.5 million (11% of shoppers 18+)
Average Household Size[2]	3.18	2.85	2.92	2.78	1.87
	and make frequent trips to the store	loyal– but they're driven by speed, convenience and variety	digital coupons	sourced products	are motivated by

Global **Optimistic** **Tolerant**

Diverse **Unmarried** **Liquid**

[1] U.S. Census Bureau, 2016 Population estimates by age, July 1, 2016
[2] Acosta Custom *The Why? Behind the Buy*™ study, Spring 2017



Who’s next?

Attributes – Millennials vs. Gen Z

Millennials	vs	Gen Z
Tech Savvy: 2 screens at once		Tech Innate: 5 screens at once
Communicate with text		**Communicate with images**
Curators and Sharers		Creators and Collaborators
Now-focused		Future-focused
Optimists		Realists
Want to be discovered		Want to work for success

It’s already happening!

Anti-Boomers	Frugality
Risk avoidance	Sharing
“Retail Therapy” is gone	Shop for needs
Diversity rules	Look at your customers
Social consciousness	You must stand for something
Internet of things	Everything’s connected
Experience first	Trend

Next Generation Traits

Five Things to Know about Millennial Shoppers

1 **They're less brand loyal than other generations.** Retailers and brands still have time to win the hearts and wallets of Millennial shoppers. We see a dichotomy in brand engagement, as 48 percent of Millennial shoppers agree that I don't care which brand I buy, but will switch when I find a better deal, but on the converse, 45 percent of Millennial shoppers agree they like sharing their experiences with their favorite grocery brands when with family and friends.

2 **They are price-conscious shoppers.** More Millennial shoppers are buyi
agreeing that they compare the price-per-ounce part of price tags when
is important, as 61 percent of Millennial shoppers agree that I select prod

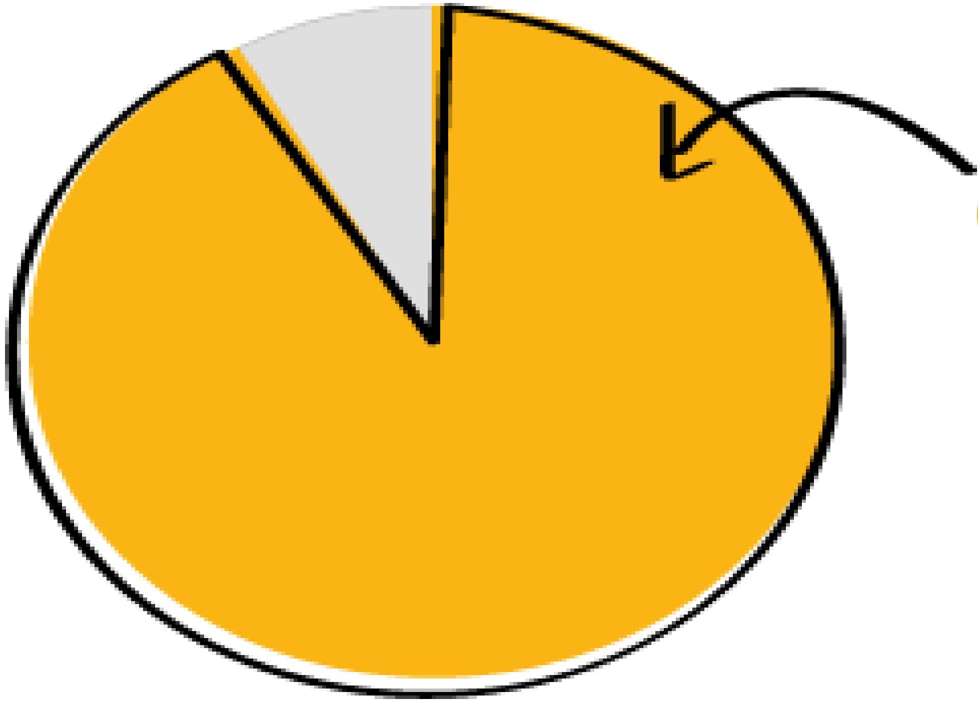
3 **They are interested in ingredient transparency, healthy and fresh.**
ingredients and sourcing, so brands need to be transparent, and focus o
shoppers indicate they usually look at a product label or packaging befor
foods even though they are more expensive, which is counter to their pri

4 **They're driven by speed and convenience.** Across generations, they s
Fifty-eight percent of Millennial shoppers agreed that they try to do their
Millennial moms agreeing I'd like some help grocery shopping faster, so I can spend less time in store.

5 **Millennial moms matter.** Almost half of Millennial shoppers (46 percent) indicate having children under 18 in their household, compared to just one-third of total U.S. shoppers. With those extra mouths to feed, Millennial parents report spending an average of $360 per month on groceries, over $100 more per month than Millennials without children, who sp
of $245 monthly.

Little brand loyalty
Price Conscious
Health focused
Speed and convenience

Who do we listen to?



92% of consumers trust recommendations from their friends and family over all forms of advertising

Source: Nielsen

Who else do we listen to?

70% of people trust opinions of other unknown people shared online

Source: Nielsen Global Online Consumer Survey

Purchase Behavior

Simplification Craving

67%

OF AMERICANS FEEL MORE OVERWHELMED BY

35%

OF AMERICANS CLAIM THEY ARE MORE DISLOYAL, NOW MORE LIKELY TO TRY NEW BRANDS

Sources: 1) Nielsen Homescan US survey or 19,313 respondents surveyed in March 2019, 2) Nielsen Global Loyalty Survey, Q1 2019

Health and Wellness

Health and Social Consciousness

TOP WELLNESS CLAIMS - Q1 2019

Latest 52 Weeks vs. Year-Ago | Q1 2019 vs. Q1 2018

PRODUCT CLAIM	DOLLARS	$ % GROWTH
CRUELTY FREE	$1.31B	28.7
GRASS FED	$1.09B	25.1
OIL FREE	$43M	23.1
GRAIN FREE	$1.16B	21.7
CORN FREE	$1.88B	20.2

Source: Nielsen Retail Measurement Services, inclusive of Nielsen's Total Food View, Total U.S. All Outlets Combined (xAOC) including Convenience Stores, 52- and 13-week periods ended March 30, 2019 vs. year-ago

Store Brand Acceptance

Store Brand Growth

DOLLAR SALES & GROWTH

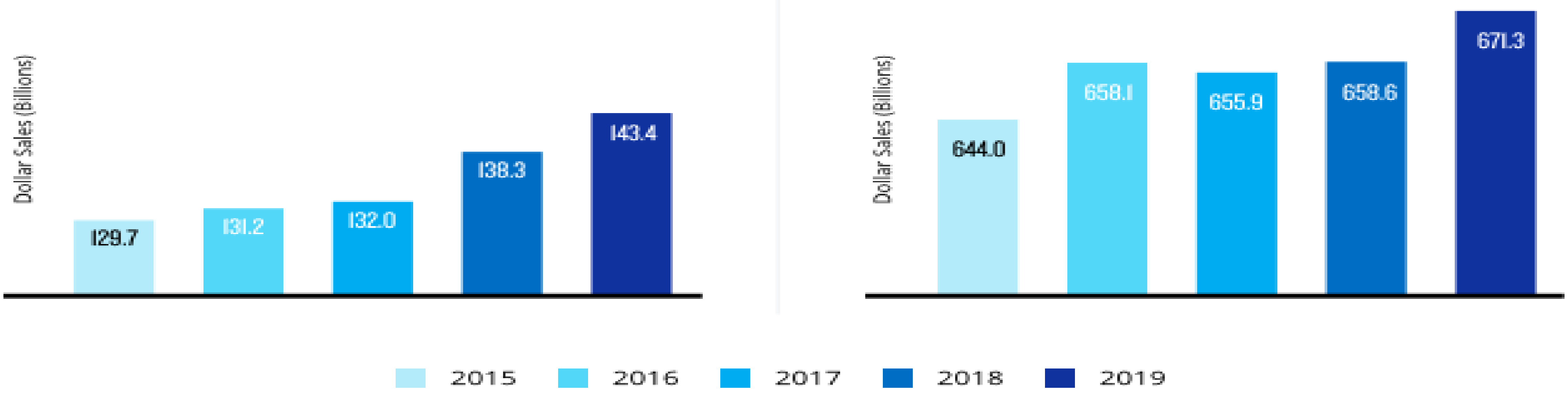
PRIVATE LABEL

+3.7% vs. year-ago
+2.5% (4-year CAGR)

SB's +3.7%
Branded +1.9%

BRANDED PRODUCTS

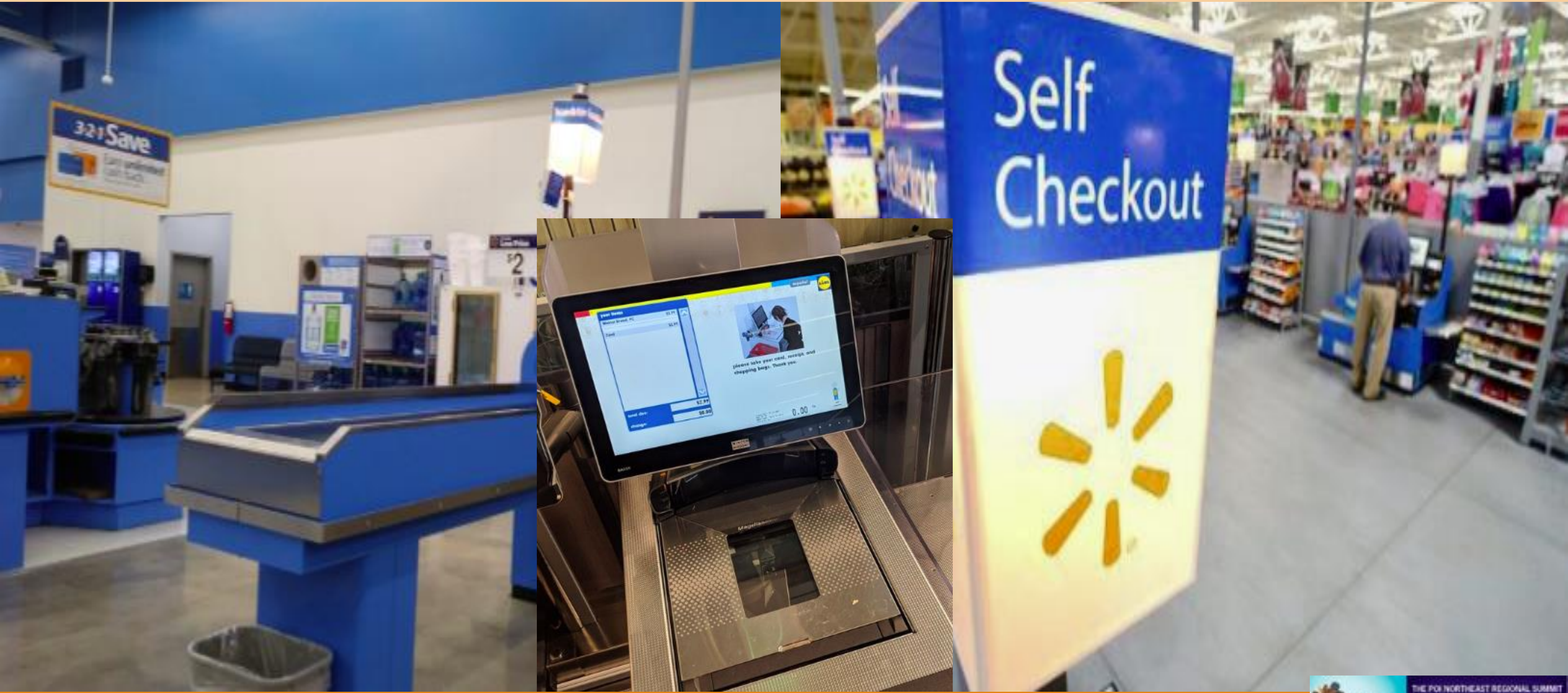
+1.9% vs. year-ago
+1.0% (4-year CAGR)



Source: Nielsen Retail Measurement Services, inclusive of Nielsen's Total Food View, Total U.S. All Outlets Combined (xAOC), 52 weeks ended May 25, 2019 vs. year-ago
CAGR - Compounded Annual Growth Rate

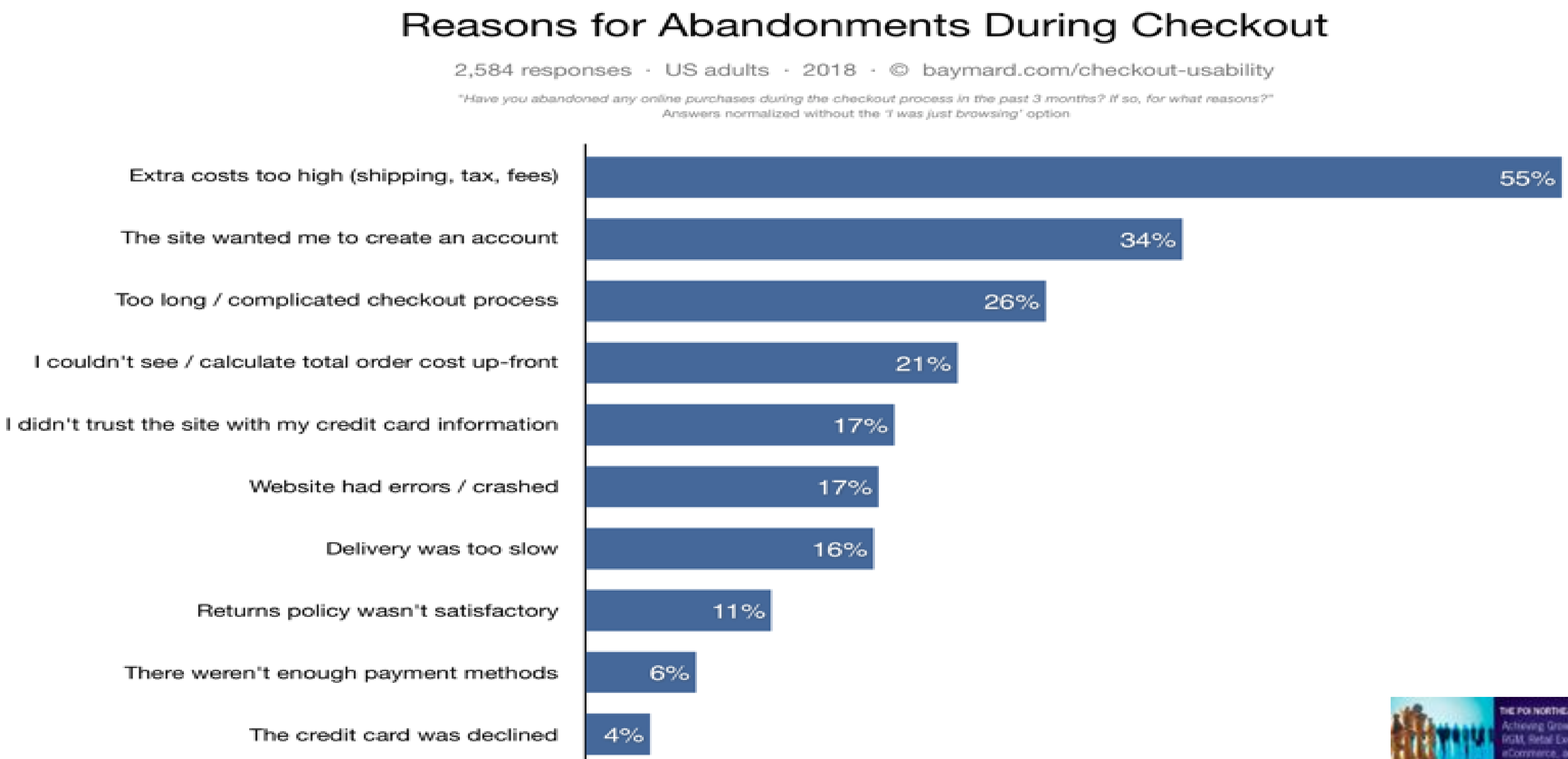
Checkout Free

Self Checkout



Delivery and Pick Up

Delivery and Pick Up



Sales Trends

\$435B in U.S. e-commerce, CPG online sales account for \$65B

43% of CPG dollar growth has been driven by e-commerce this year

+24% growth in spending per buyer online among Americans

Source: Nielsen E-commerce measurement powered by Rakuten Intelligence, Total U.S., 52 weeks ended Jan. 31, 2019; Forecasts based on multiple statistical modeling techniques using data from Nielsen Retail Measurement and Consumer Panel services; government and UN sources; historical trends; reported revenues from major e-retailers; infrastructure, key macro-economic & social drivers; leading industry sources

Closed Loop

music
amazon prime video
Prime Benefits
prime now
prime reading
amazon.com
Delivery Experience
2:50
amazon alexa
amazon kindle
Product Innovations
amazon dash

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Meal Help

Percent of Millennial Mom Shoppers wanting help:
Making healthy food choices for me
64%
Making dinner time family time (sharing meal at same table)
64%
Making healthy food choices for my children
59%
With meal planning for household
58%
Planning the grocery list so ingredients bought make cost-effective meals
57%
Finding home cleaning products that make clean-up faster/more efficient
52%
To order all of my grocery items online, and have them delivered to home
43
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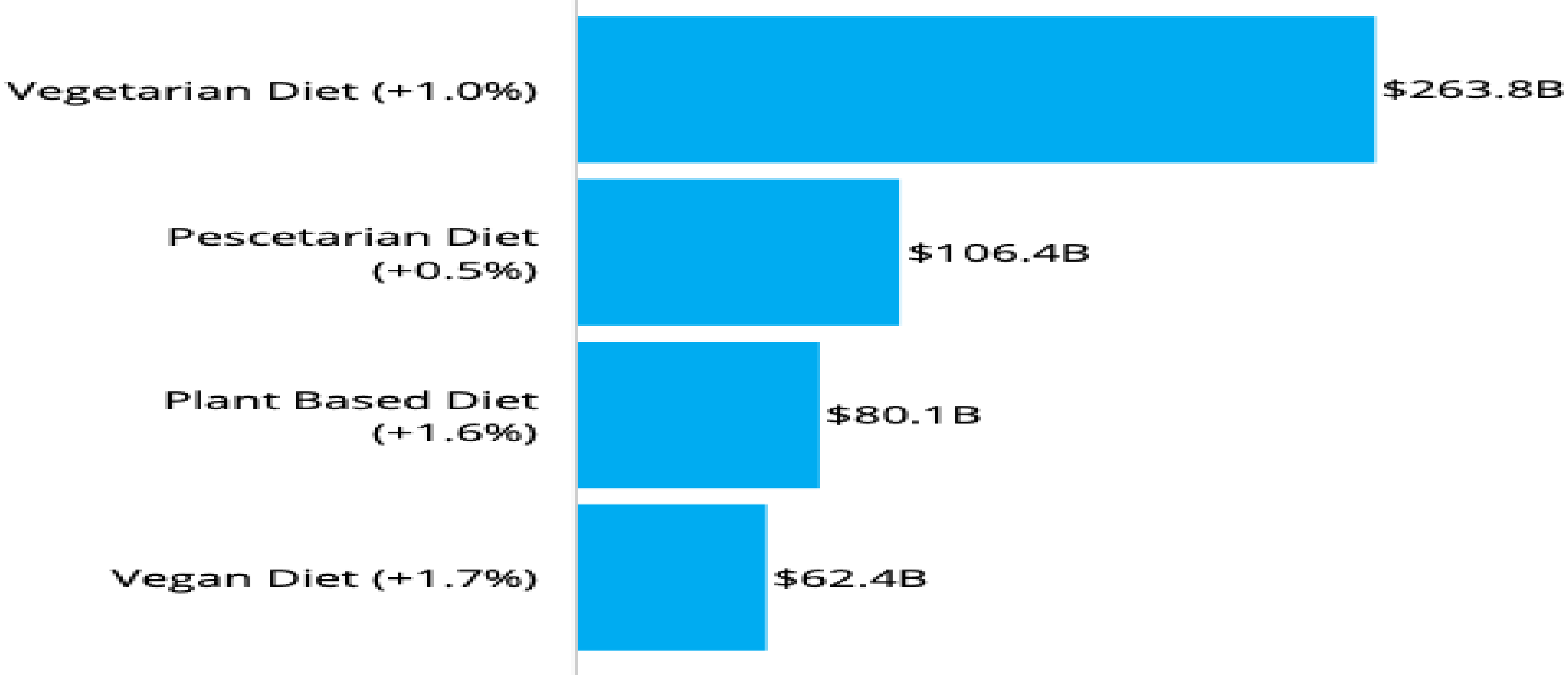
Diet Shifts



Source: Nielsen Product Insider, powered by Label Insight, Total US All Outlets
(xAOC), 5 weeks ended Apr. 27, 2019 vs. year-ago

Food as Medicine

"When diet is wrong, medicine is of no use. When diet is correct, medicine is of no need."—Ayurvedic proverb

- Ginger (fresh or dried into powder): Excellent digestive aid with numerous health benefits including helping to reduce inflammation
- Turmeric: Powerful medicinal spice that helps to balance the whole person, physically and mentally. Anti-inflammatory benefits.
- Ghee: Alternative to regu
- Legumes: Highly nutritiou y soaking, sprouting, or using spices to enhance c
- Raw nuts, seeds, oils: Full of nutrients, antioxidants, and help promote a healthy cardiovascular system. Soaking nuts and seeds overnight will enhance digestibility. Oils lubricate the digestive tract, improving digestion.
- Honey: An excellent alternative to sugar, honey boosts immunity and increases energy. Avoid cooking with honey as heat decreases the nutritional benefits and may cause deleterious effects.

Mass rejection of medicines
Using food as medicine

THC
CBD
CH3
OH
H3C
HO
H3C
CH3
CH3
OH
H3C
O
H3C
CH3
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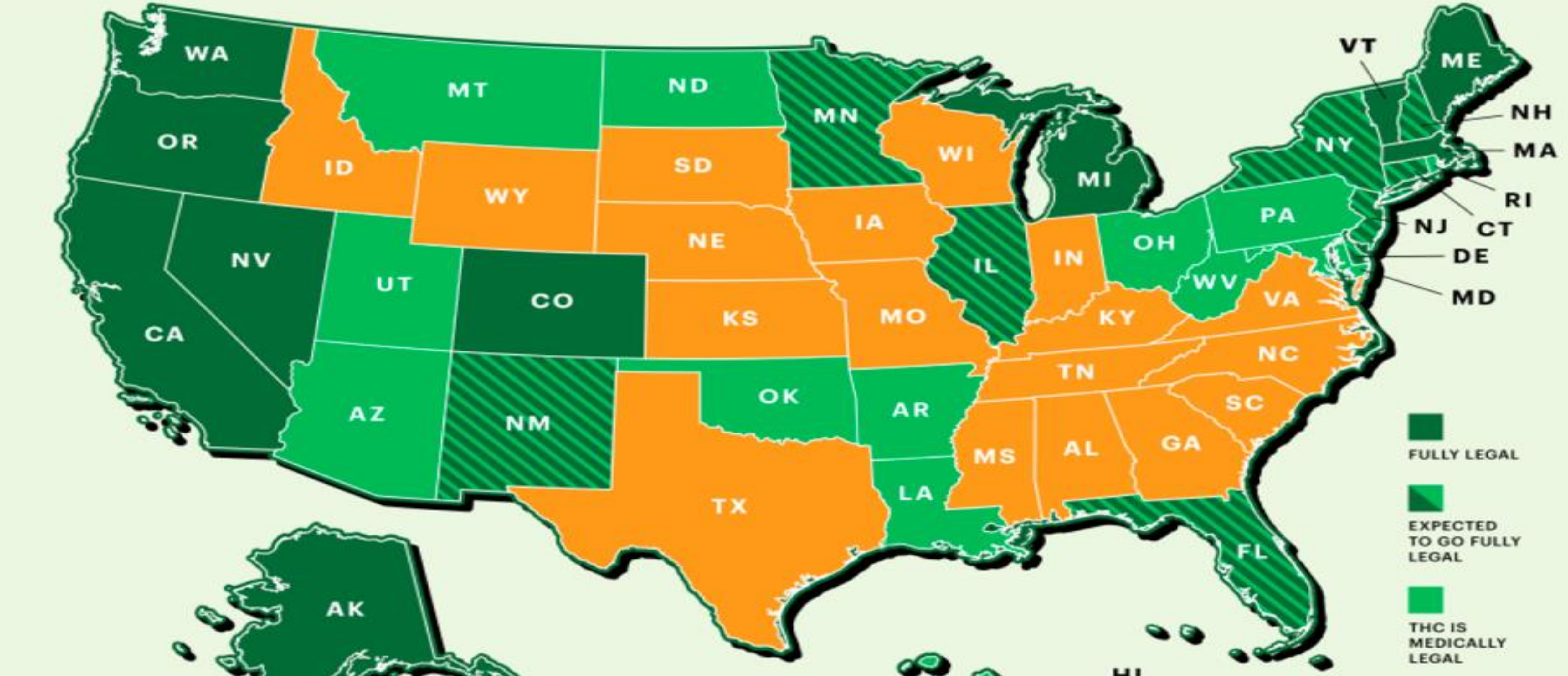
CBD and THC


THC
CBD
PROTECTS AGAINST CANCER
REDUCES NAUSEA
REDUCES PAIN
CAUSES DROWSINESS
INCREASES APPETITE
ANTIDEPRESENT
RELIEVES SPASMS
DECREASES SEIZURES
REDUCES ANXIETY
ANTIMICROBIAL
ANTIBACTERIAL
MUSCLE RELAXANT
PROTECTS NERVOUS SYSTEM
ANTI-DIABETIC
IMPROVES BLOOD CIRCULATION
RELIEVES PSORIASIS
RELIEVES CROHN'S DISEASE
ANTI-INFLAMMATORY
BONE STIMULANT
RELIEVES RHEUMATOID ARTHRITIS
ANTIOXIDANT
ANTIPSYCHOTIC

CBD and THC



WA
OR
CA
NV
ID
MT
WY
UT
CO
AZ
NM
ND
SD
NE
KS
OK
TX
MN
IA
MO
AR
LA
WI
IL
MI
IN
KY
TN
MS
AL
GA
SC
NC
VA
WV
OH
PA
NY
VT
ME
NH
MA
RI
CT
NJ
DE
MD
FL
AK
HI
FULLY LEGAL
EXPECTED TO GO FULLY LEGAL
THC IS MEDICALLY LEGAL

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Achieving Growth Through RGM, Retail Execution, eCommerce, and Analytics Excellence
POI

A confluence of….

Economic growth

Employment

Politics

Social proliferation

Hyper distraction

Hyper channels

Buying changes


Why?
Who?
How?


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Dueling discounters: Aldi, Lidl open New Jersey stores on the same day

What makes you special?

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Never take a third strike!

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Speed up!

Innovate

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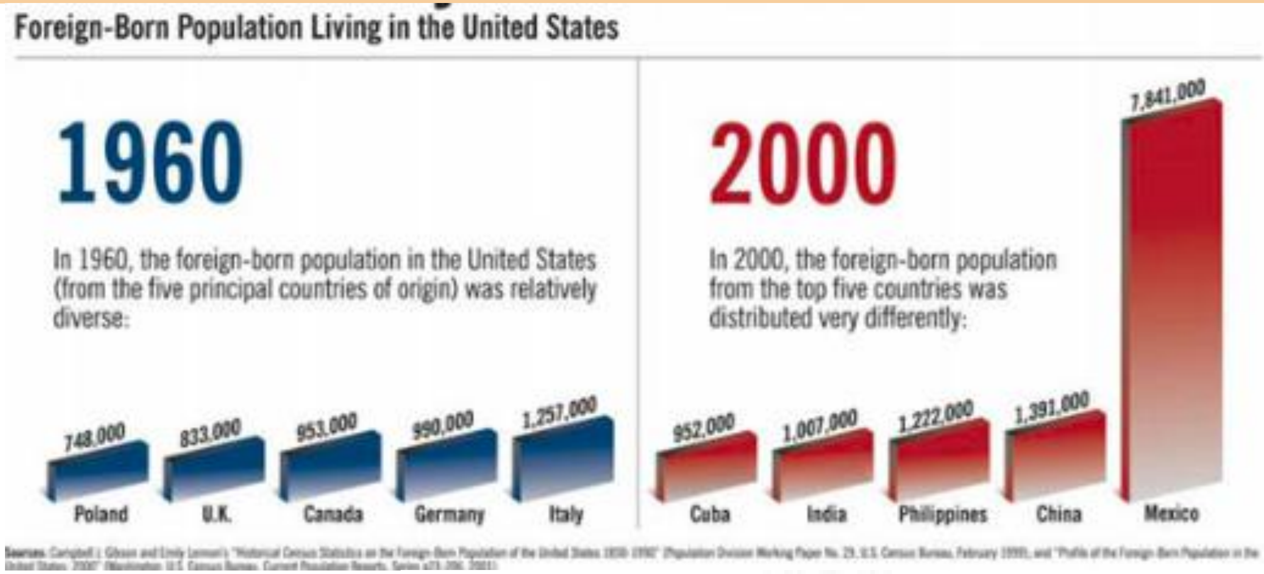
+

Sell the Experience

Health and Wellness

Multicultural



Socialize


facebook
Instagram
twitter
g+
Pinterest
tumblr.
Linked in
YouTube
vimeo
skype
Dailymotion
Spotify
SOUNDCLOUD
mixcloud
rdio
одноклассники
last.fm
8tracks
Viber
WhatsApp
CS
CouchSurfing
Vine
we heart it
flickr
Picasa
DEVIANT ART
hi5
LIVEJOURNAL
TWOO
myspace
foursquare
Blogger
WordPress
Behance
dribbble
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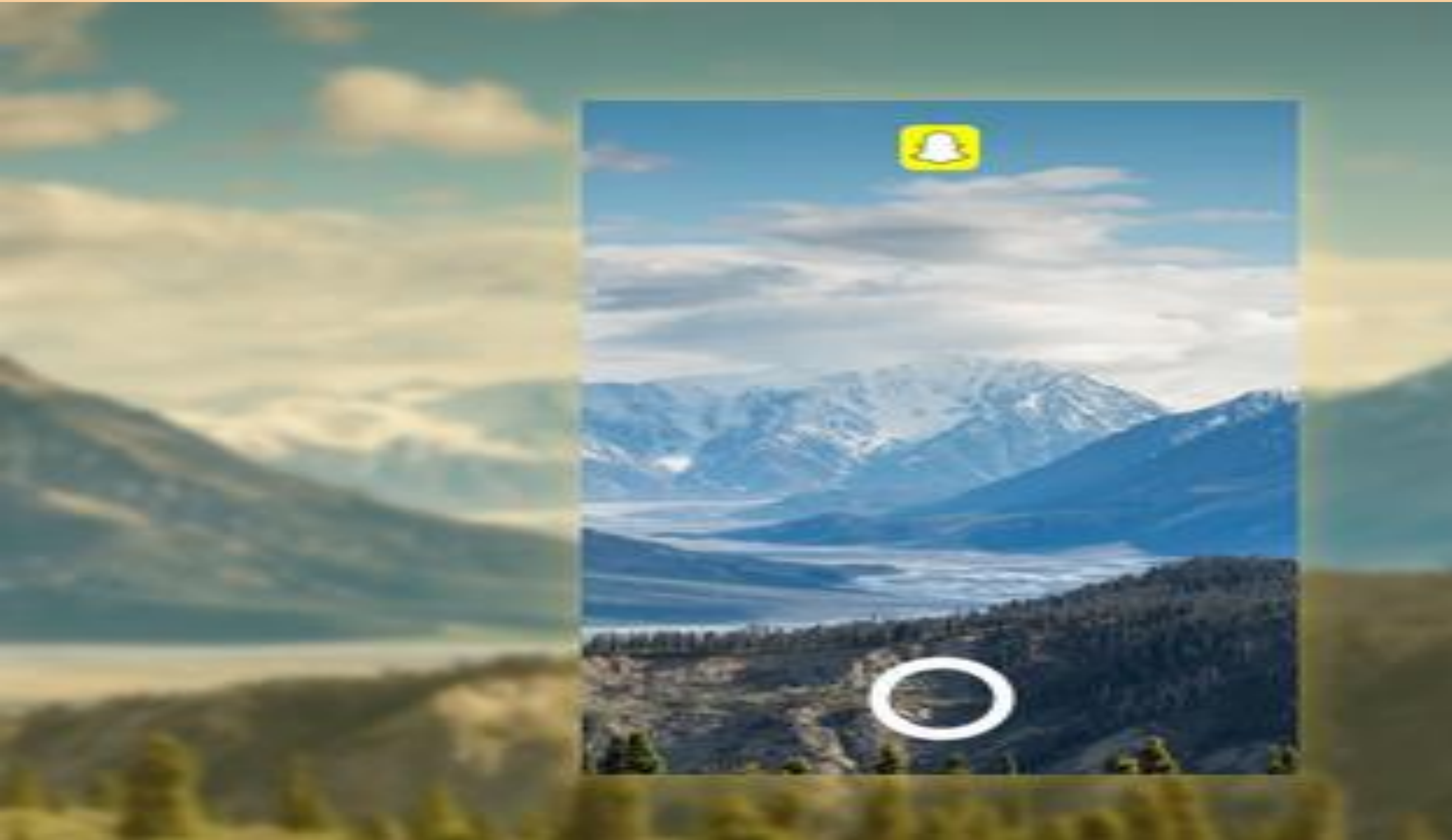
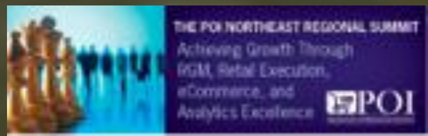
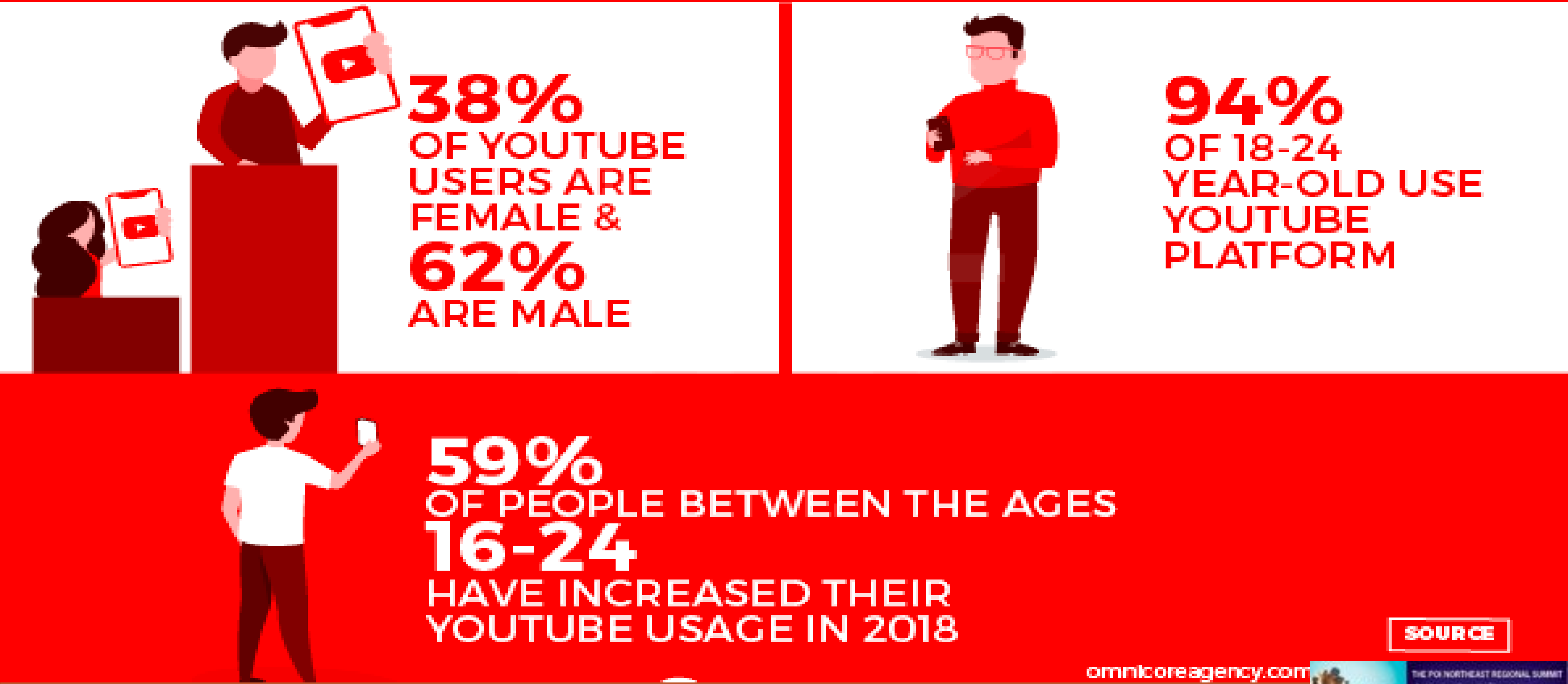
Get the picture

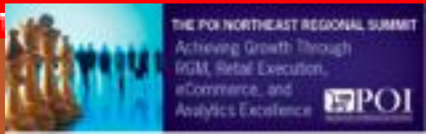





KEEP
CALM
AND
SNAP
CHAT

Embrace YouTube





Embrace YouTube

AR and VR


$2.00
Save $0.79
Dairy Milk
Shortcake Biscuit
$2.00
Save $0.79
Cadbury
DAIRY MILK
BISCUIT


30%
40%
Daily
Deal
Find
Product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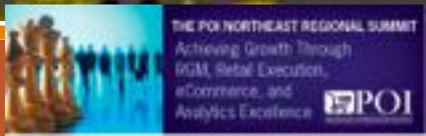
Be in the Conversation

Store Brands are Cool

Care About Everything

Everyday Pricing is Boring

Make the Customer Smart



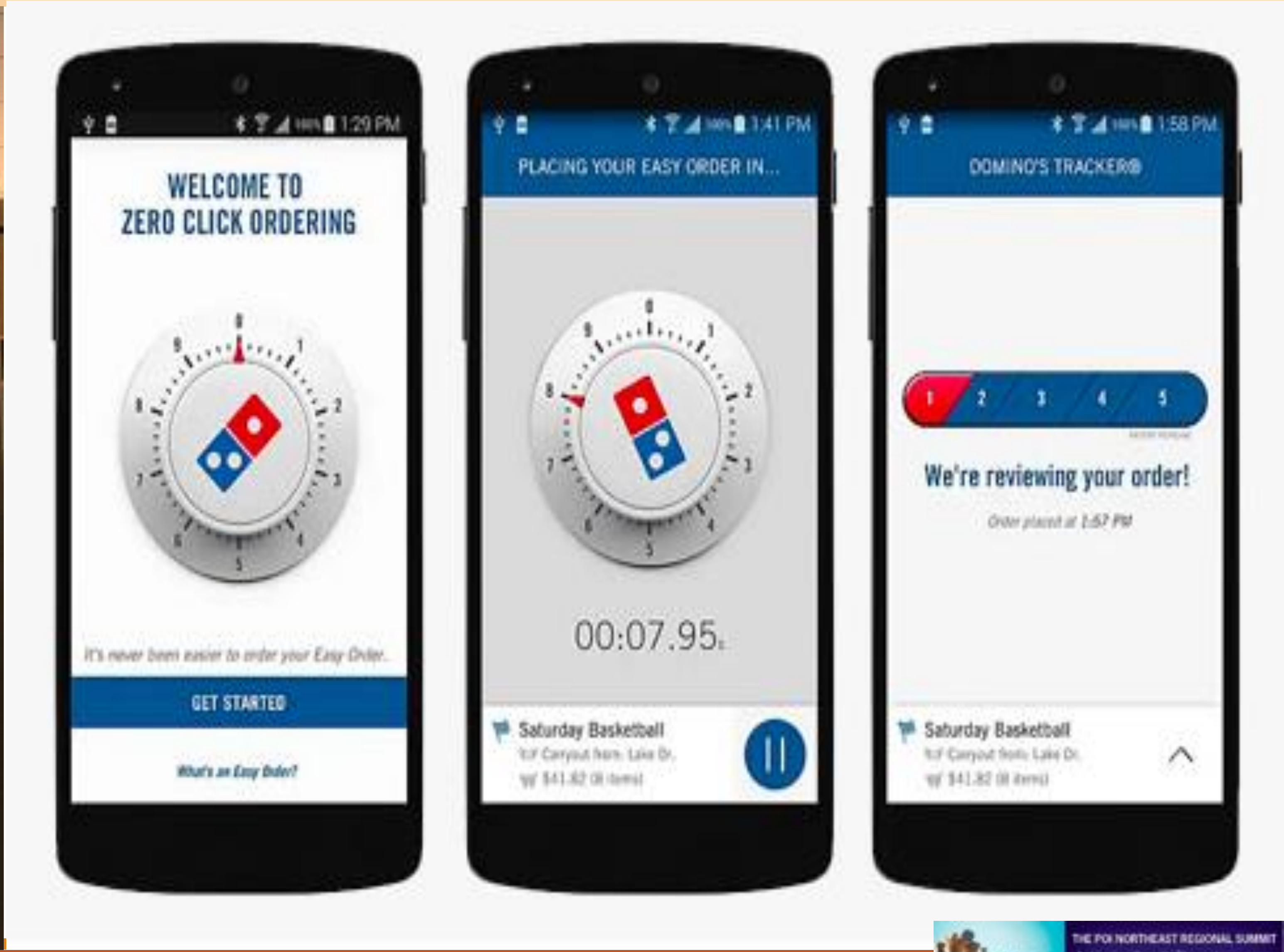
Compare At

LTO's

LIMITED TIME
ONLY

WEEKEND OFFER
VALID SATURDAY & SUNDAY AUGUST 10 - 11, 2019 ONLY
e-VIC
12 - 16 ct.
Tide Pods or Gain Flings
3.97
LIMIT 4
Limit FOUR per household. All 4 items must be purchased in the same transaction to receive the special e-VIC price. Offer is selected specifically for your VIC household and is non-transferable.
WEEKEND OFFER
VALID SATURDAY & SUNDAY AUGUST 10 - 11, 2019 ONLY
e-VIC
6 Mega or 12 Double Roll
Angel Soft Bath Tissue
4.97
LIMIT 4
Limit FOUR per household. All 4 items must be purchased in the same transaction to receive the special e-VIC price. Offer is selected specifically for your VIC household and is non-transferable.
Angel Soft
SAVE AT LEAST $1.02 EACH

Chokepoint Free



Resale

THREDUP
Secondhand Clothes. Firsthand Fun.™

THE THRIFT STORE

goodwill
Goodwill®

Complementary Partnerships

CVS Health

TARGET

The 8 P's

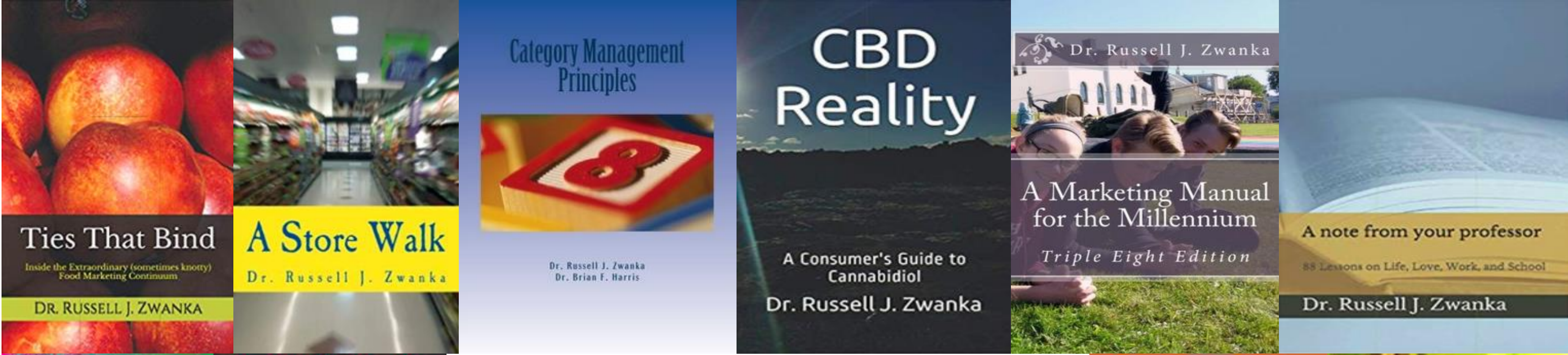
Original

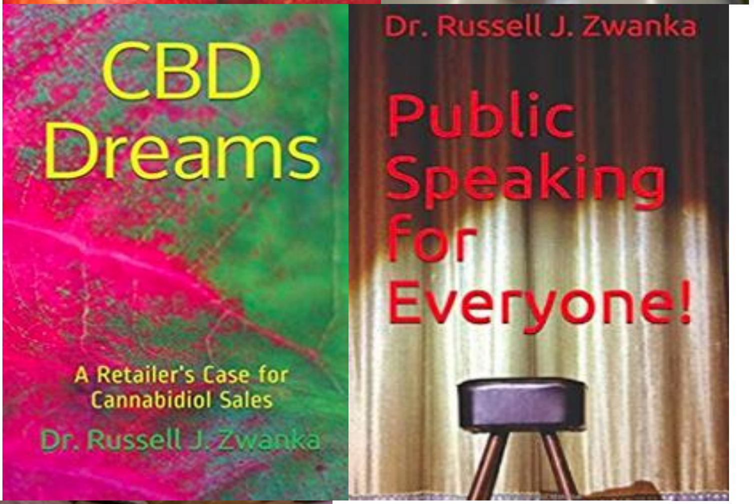
- Product
- Place
- Promotion
- Price

Additional

- People
- Planet
- Profit
- Personalization

You need a story





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SIENA college
Food Marketing