



2015 NGA Case Competition



WESTERN MICHIGAN
UNIVERSITY

Case Question

“Printing and distribution of retail circulars are a significant expense. If printed circulars are eliminated, or if fewer circulars are printed and delivered, *how will the sales generated by today’s retail circulars be replaced?*”

the**fresh**grocer



Wakefern
FOOD CORP.®



Key Question

“...how will the sales generated by today’s retail circulars be replaced?”



Executive Summary

Our business solution will enable Wakefern to ***retain***, ***expand***, and ***drive*** new business.



Solutions Roadmap



Findings



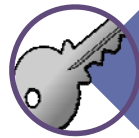
Proposed Strategy



Tactics



Budget



Key Takeaways



Q/A



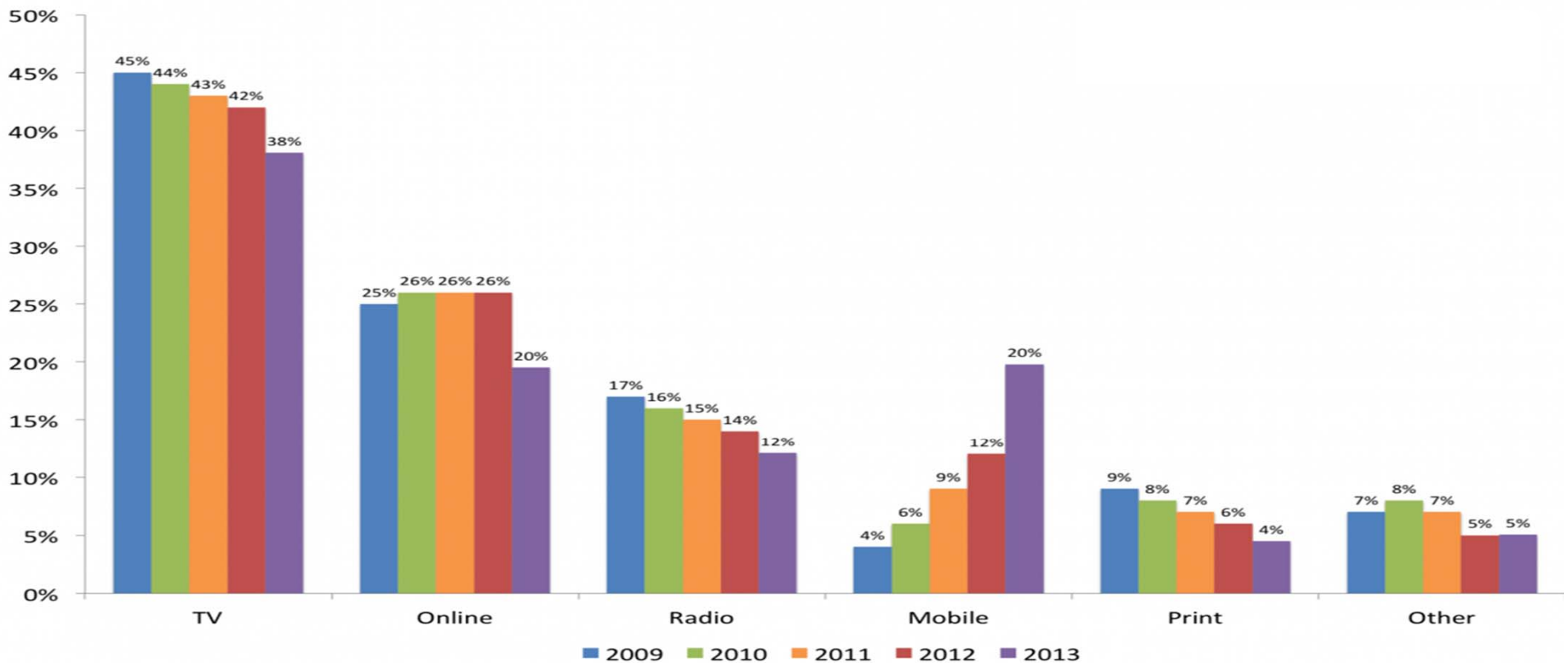
Findings

- ✓ There has been a major shift in the way that people use print and digital media.
- ✓ A demographic change has greatly impacted the importance of key issues.



Shift in Media Usage

U.S. Consumer Media Consumption Share

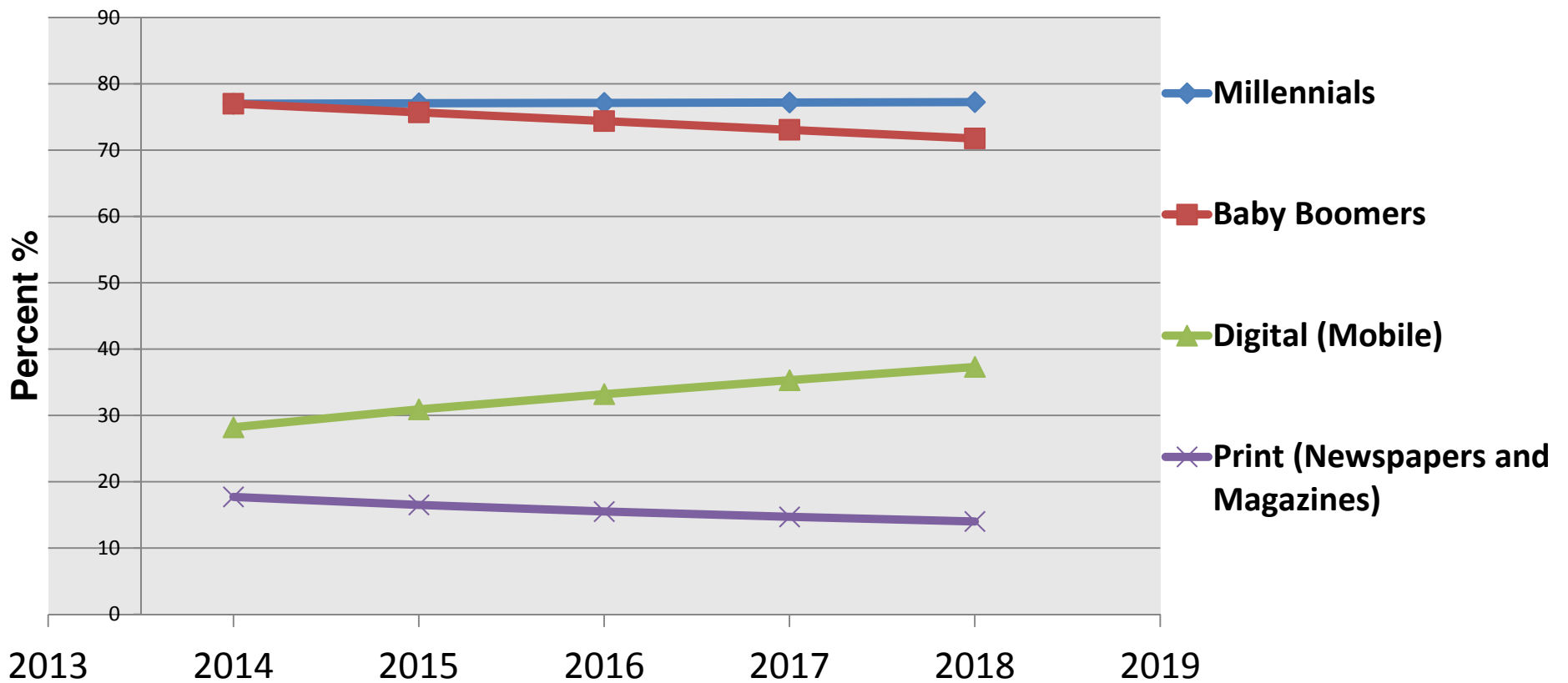


Source: eMarketer, August 2013



Why Are They So Important?

Population Trends vs. National Print/Digital Spend



Shift in Media Usage

Old Model

Interruption

Reaction

Heavy Users

Big Promises

Passive Consumers

New Model

Engagement

Interaction

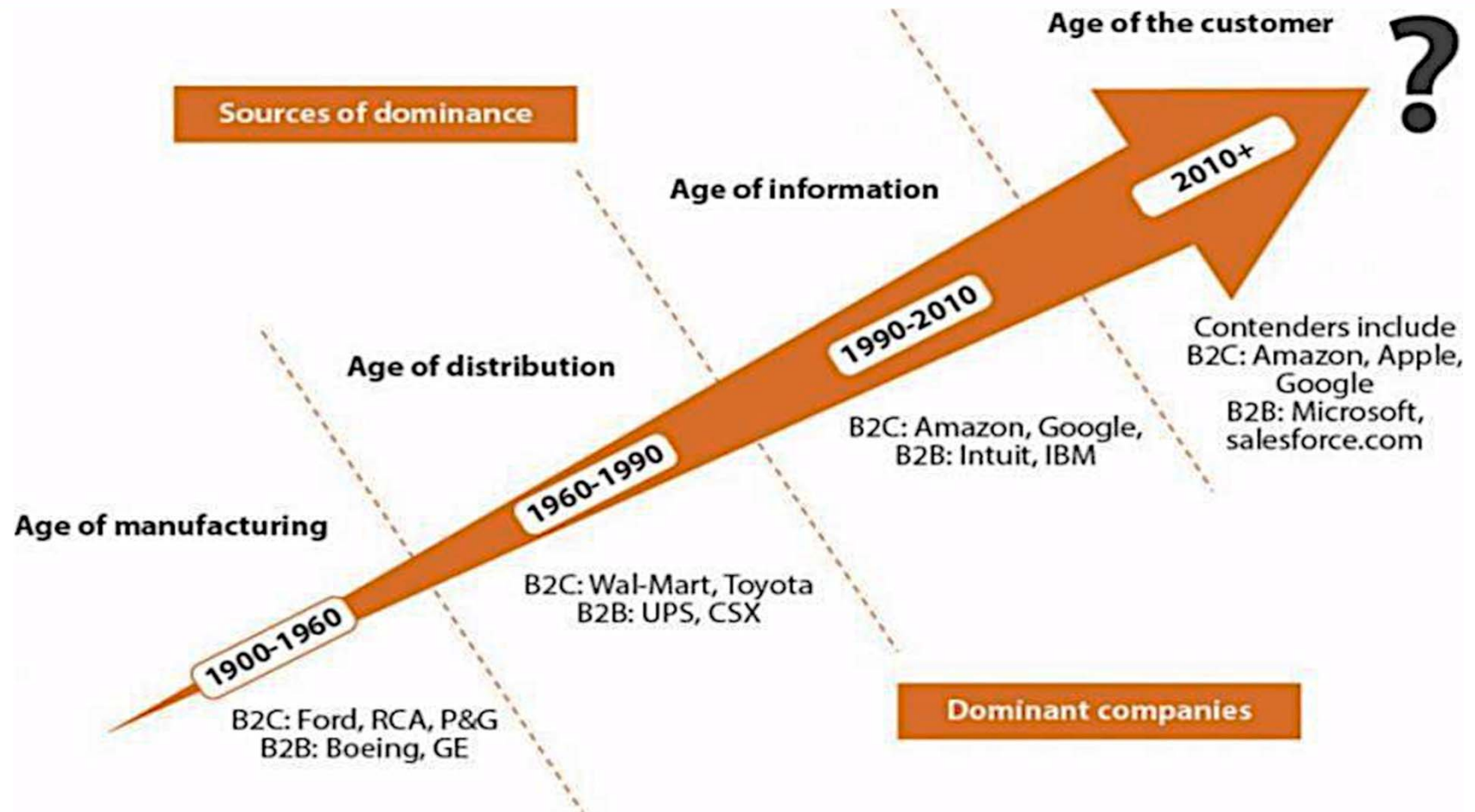
Engaged Participants

Personal Gestures

Active Co-creators



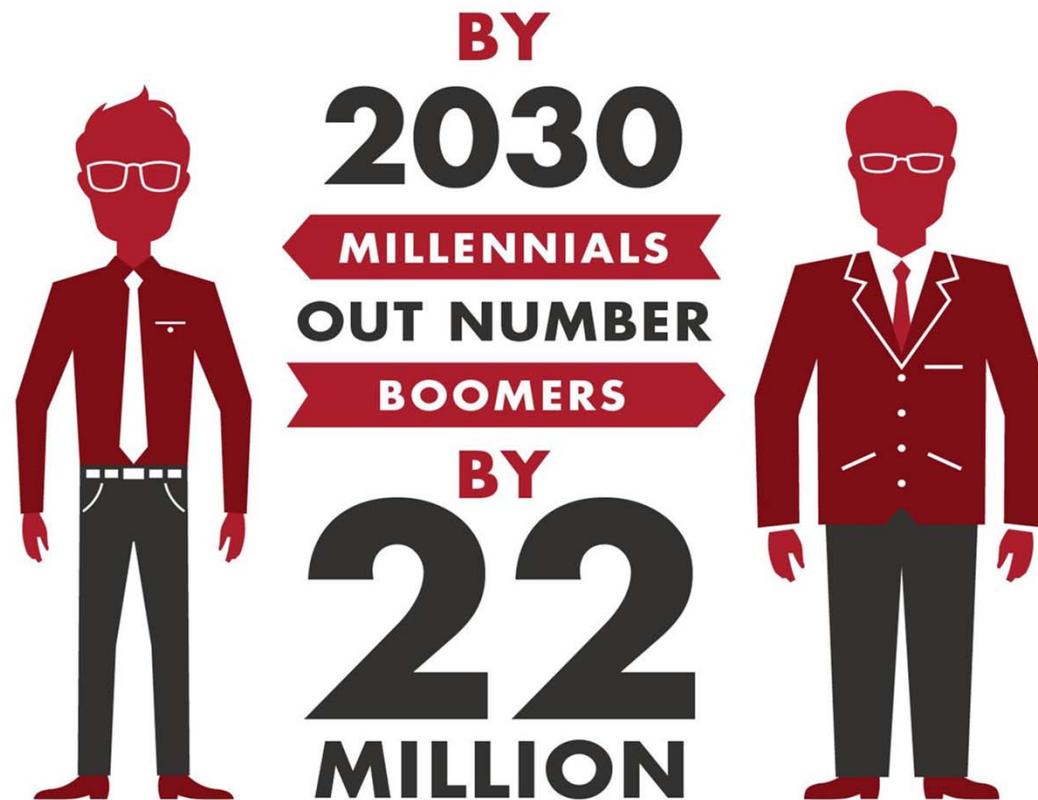
Shift in Media Usage



Source: <http://www.isabellekringnes.com/who-are-the-millennials/>



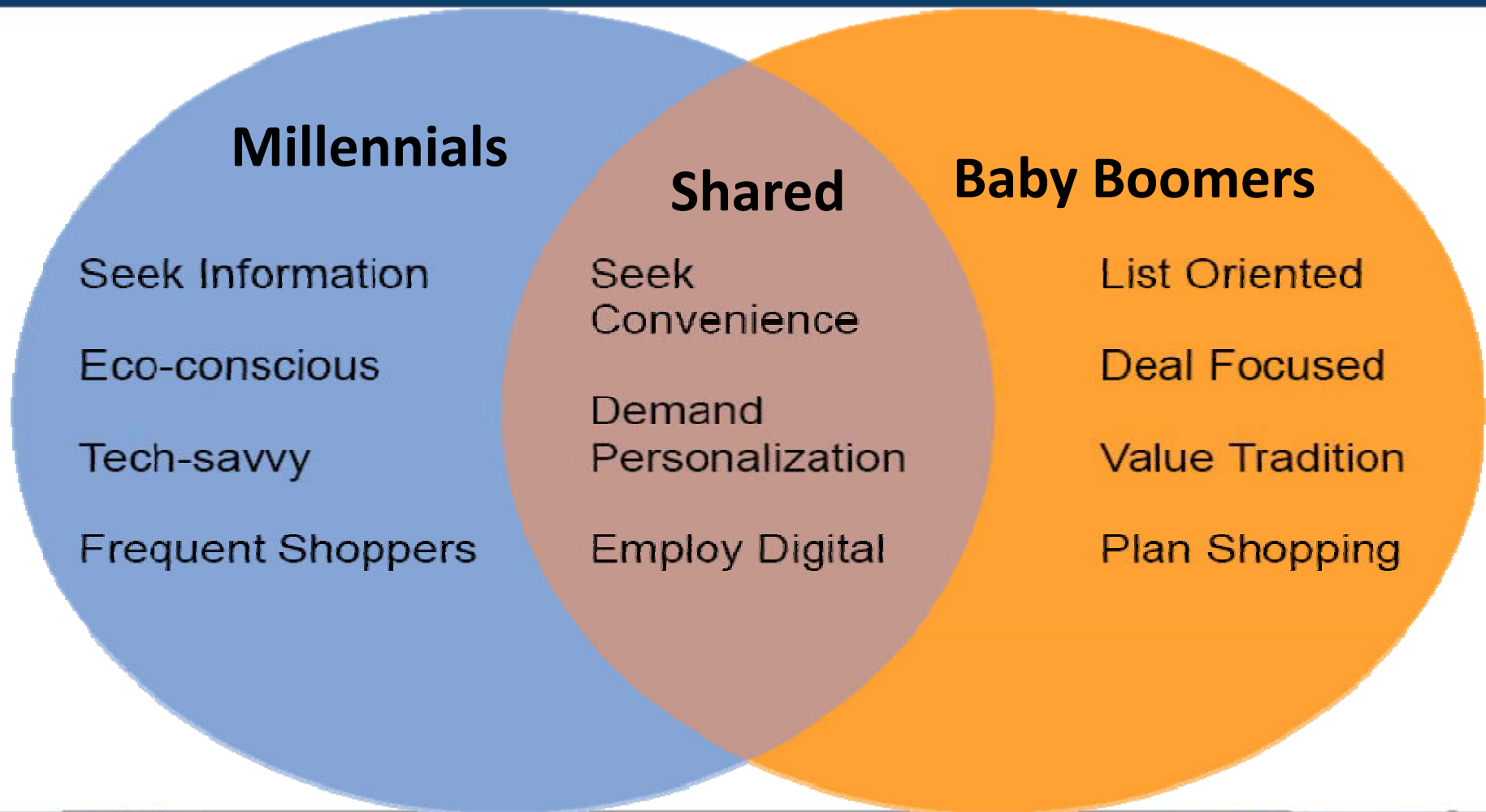
Shift in Buying Power



Source: <http://www.hansondodge.com/blog/2013/June/millennials--80-million-strong--ready-to-spend>



Demographic Comparison



Demographic Shift

The Digital Path to Purchase

Before the supermarket trip

27% read a digital flyer or circular	38%
24% visit the store's website	35%
23% load a coupon onto a loyalty card	35%
19% read a store's email	30%

general population

millennials



Source: <http://www.adweek.com/news/technology/here-s-look-inside-grocery-shoppers-minds-and-baskets-160677>



Demographic Shift

In the store

17% use a shopping list on a mobile device	34%
14% communicate via mobile with friends or family about a product	29%
13% scan a product to get product or deal info	28%
13% use a mobile device to look up nutrition or health info	27%

general population

millennials



Source: <http://www.adweek.com/news/technology/here-s-look-inside-grocery-shoppers-minds-and-baskets-160677>



Our Proposed Strategy

- ✓ **Retain** trade dollar revenue from circulars
- ✓ *Expand* digital presence to leverage shopper marketing revenue
- ✓ *Drive* engagement through personalization and build customer loyalty



Our Proposed Strategy

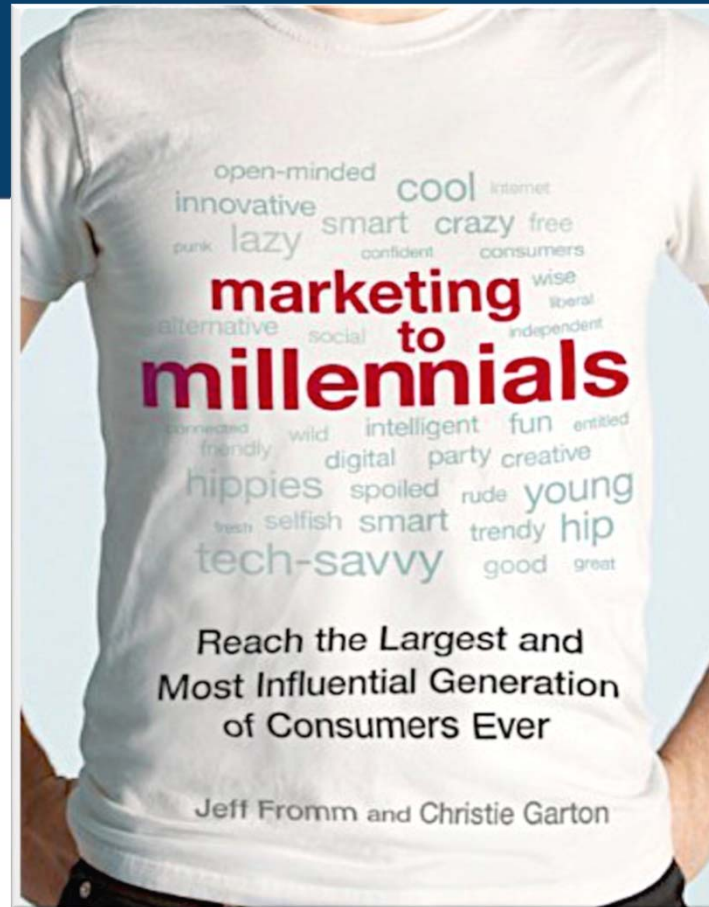
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- ✓ *Expand* digital presence to leverage shopper marketing revenue
- ✓ **Drive** engagement through personalization and build customer loyalty





Strategy: Retain, Expand, Drive



Source: Jeff Fromm, *Marketing to Millennials*, 2013.



Retain, Expand, Drive

“Focus **75%** of your core efforts today with strategies that address shopper needs.

Another **20%** of your funds can be spent on emergent opportunities,

and **5%** on “*blue ocean*” opportunities that exist in an unknown market space.”



Source: Marketing to Millennials by Jeff Fromm and Christie Garton, 2013



Strategy One

“Focus **75%** of your core efforts today with strategies that address shopper needs. Another 20% of your funds can be spent on emergent opportunities, and 5% on “*blue ocean*” opportunities that exist in an unknown market space.”



Source: Marketing to Millennials by Jeff Fromm and Christie Garton, 2013



Strategy One

Retain trade dollar
revenue from circulars



Strategy 1: Retain Trade Dollar Revenue from Circulars



Reduce number of printed circular pages



Reduce circulation
(geographically or time frame)



Reduce non-essential print and distribution costs

Consumers Want Circulars



80%

70%+



Source: Nielsen, Consumer Report, 2011

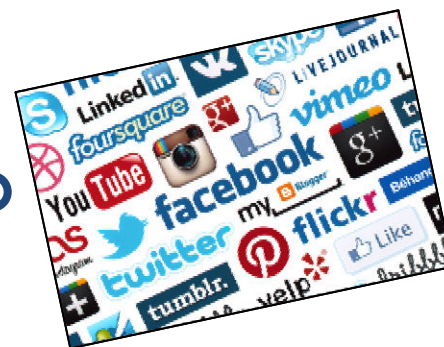


Independent Retailer Media Trends

	Percentage of advertising budget
Newspaper (incl. FSIs, circular and run of paper)	58.9%
Direct mail/shared mail	14.5%
Radio	6.6%
Community donations	6.2%
Other	4.2%
Social media/mobile marketing	3.6%
Email/online marketing	3.5%
Billboards/outdoor signage	1.3%
TV	1.2%



= 73.4%



= 7.1%



Source: NGA Independent Grocer Financial Survey, 2014



Change In Print

	2014*	2018
Print Spend	73.4%	55.7%



**17.7 Point
Reduction**



*Taken from NGA Independent Retailer Financial Survey



Strategy Two

“Focus 75% of your core efforts today with strategies that address

shopper needs. Another **20%** of your funds can be spent on emergent opportunities, and 5% on “*blue ocean*” opportunities that exist in an unknown market space.”



Source: Marketing to Millennials by Jeff Fromm and Christie Garton, 2013



Strategy Two

Expand Digital Presence
to Leverage Shopper
Marketing Revenue



Strategy Two



Create a single voice



Customer Connection



Benefits for Retailer &
Manufacturer



Where do you
start?

FOCUS



Current Mobile Apps



Mobile Scan

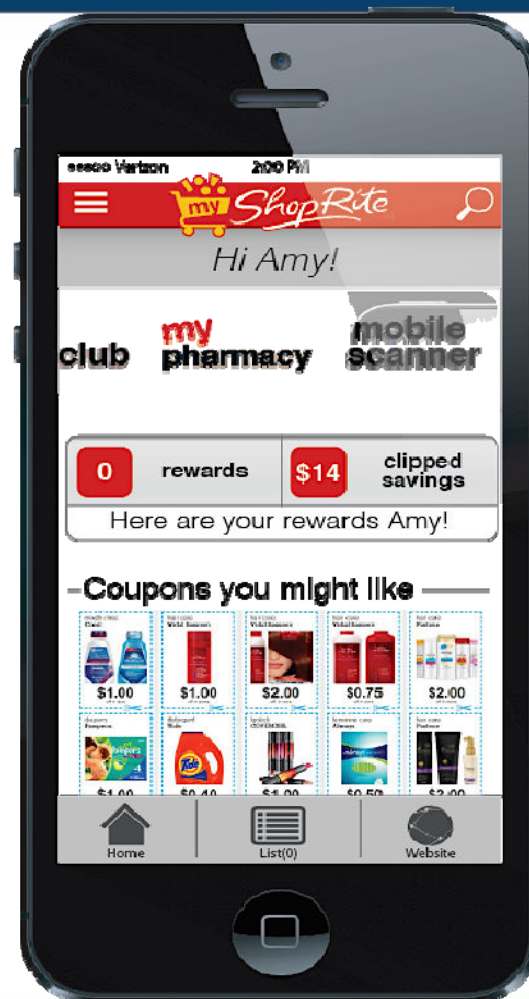
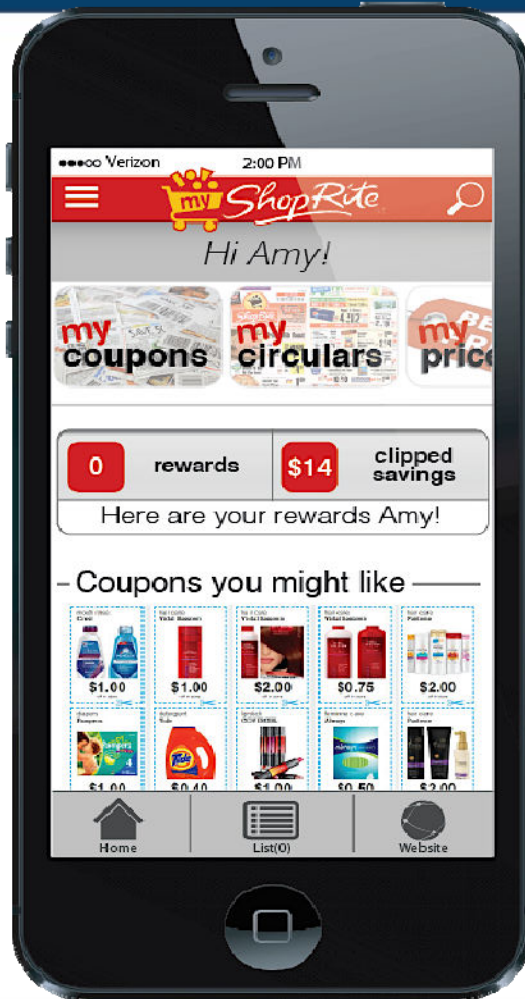


ShopRite

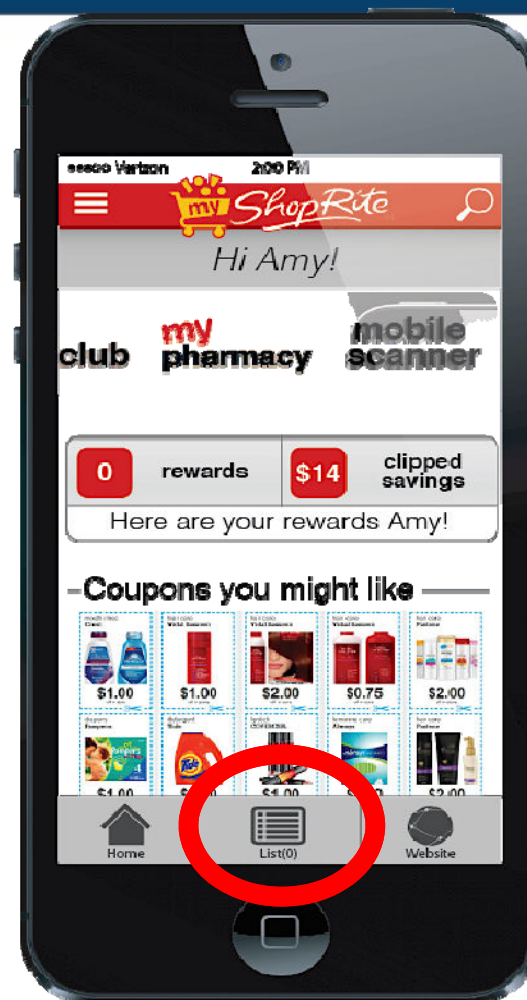
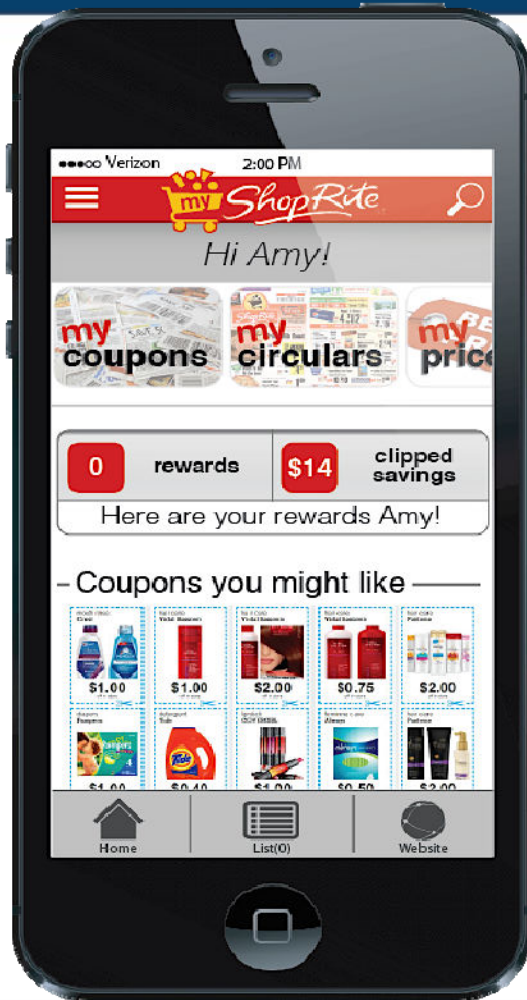


Pharmacy

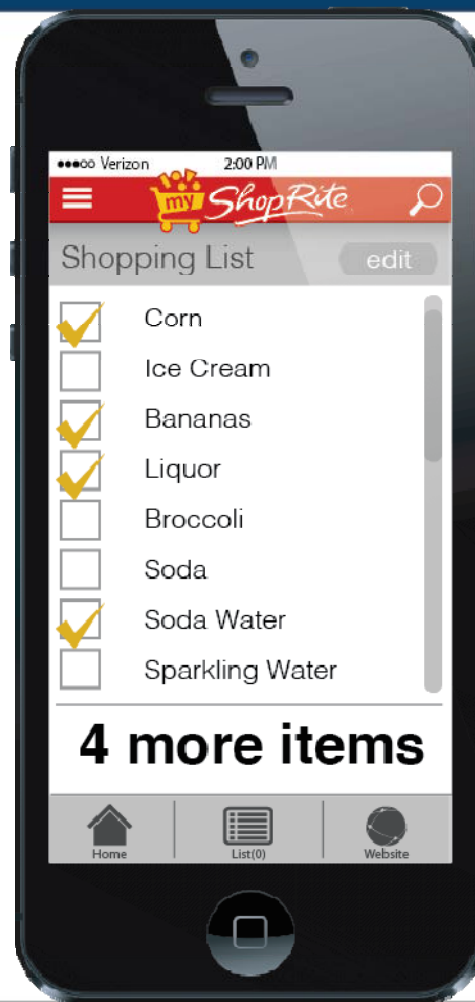
New MyShopRite App



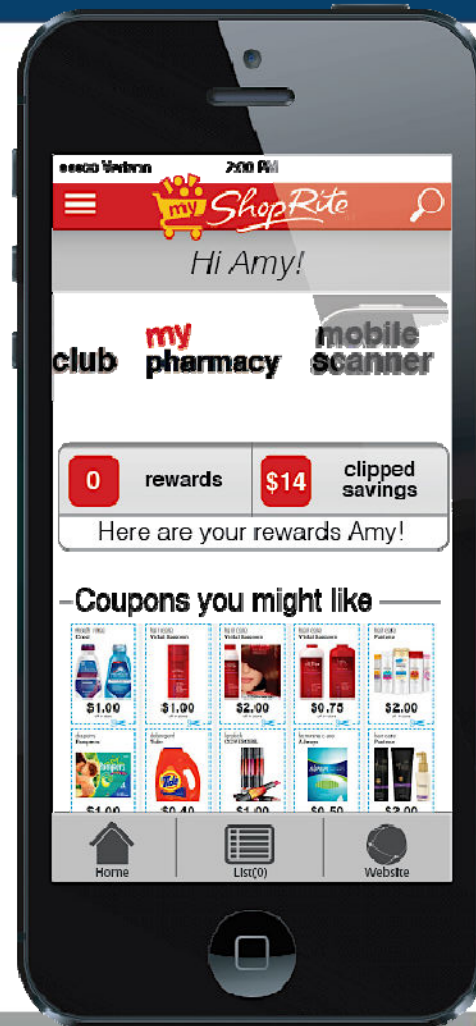
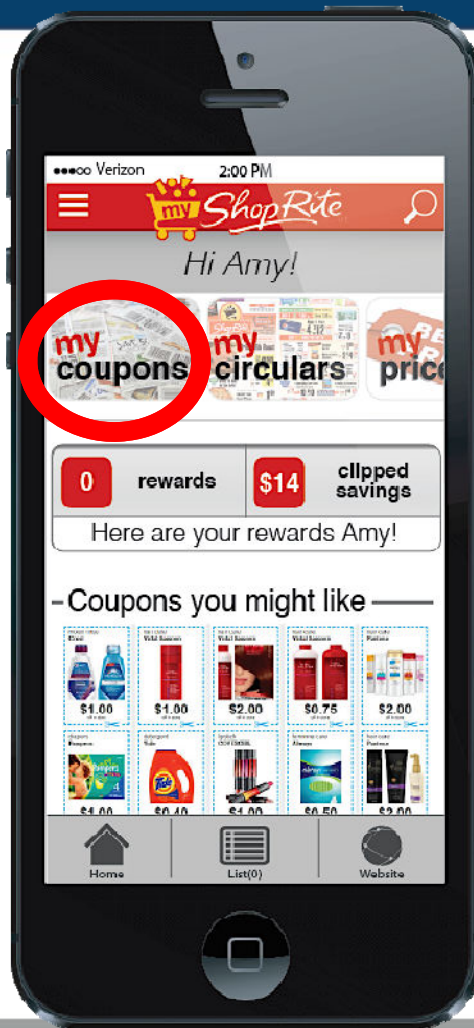
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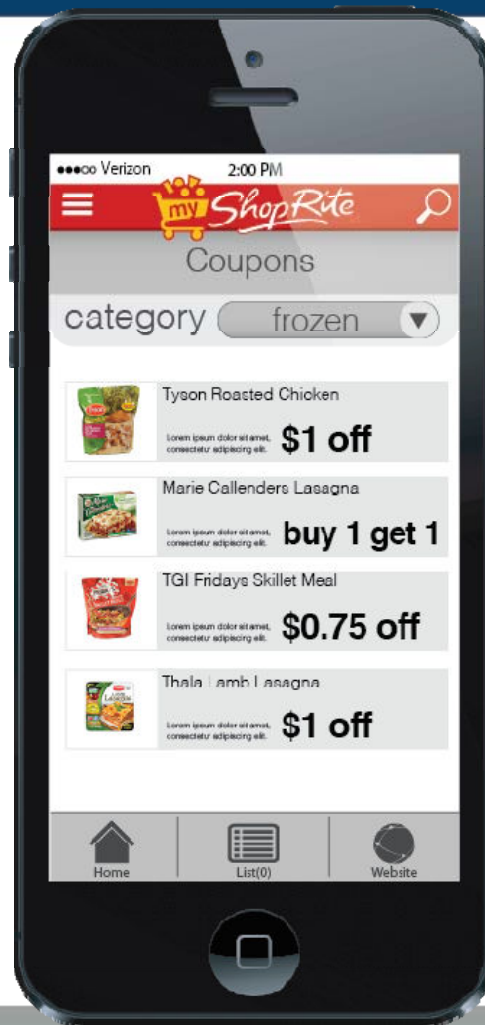
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New MyShopRite App



New MyShopRite App





How Do You Increase Users?



Engage your customers



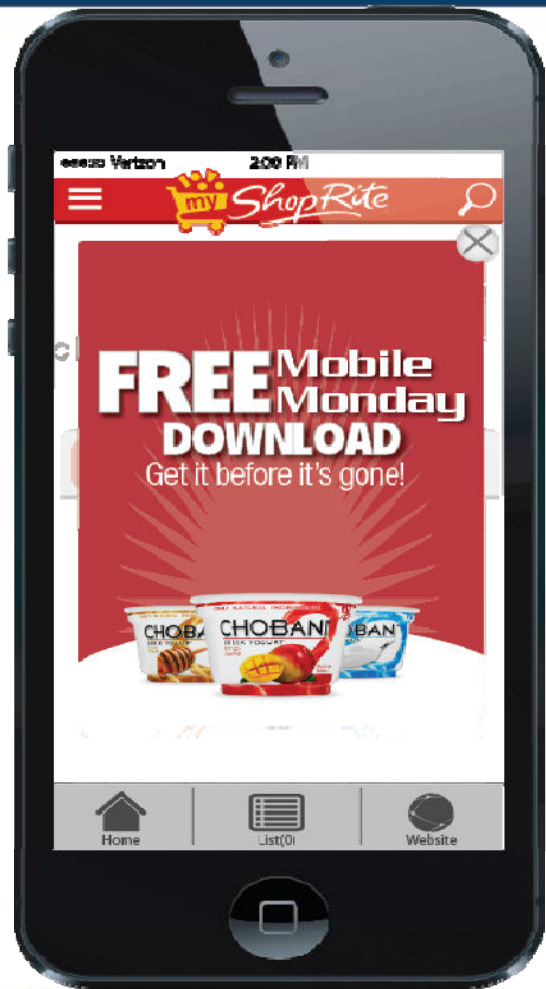
Why it Works

Once you *understand* the individual customer, you can cater to that *individual*.

Forbes



Introducing ShopRite Mobile Monday



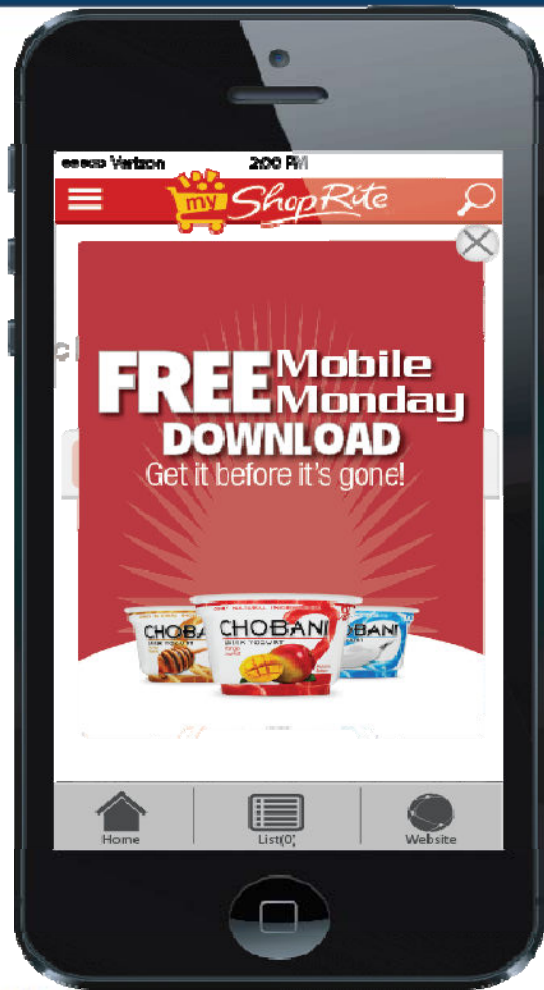
FREE Mobile Monday DOWNLOAD

THIS MONDAY ONLY
Download the digital coupon for one(1) FREE Chobani 4 pack Greek Yogurt (4-5.3oz) this Monday, February 9 between the hours of 12:00 am and 11:59 pm ET and redeem by 2/23/15.

*with Price Club Plus membership



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It *Really* Works

“Coupons have generated
\$10 billion
in revenue for Kroger”

Forbes



Why It Works For Manufacturers

- Markets directly to the consumer
- Drives trial with new products
- Drives repeat purchases
- More efficient spend

\$



Why It Works For Retailers

- Drive customer traffic
- Build shopper loyalty
- Strengthen vendor partnership
- New shopper marketing revenue
- Increase consumer use of digital



Strategy Three

“Focus 75% of your core efforts of today with strategies that address shopper needs. Another 20% of your funds can be spent on emergent opportunities, and **5%** on “*blue ocean*” opportunities that exist in an unknown market space.”



Source: Marketing to Millennials by Jeff Fromm and Christie Garton, 2013



Strategy Three

Drive Engagement
Through Personalization
and Build Loyalty



Strategy Three



Data Capture & Analysis



Driving CRM



“The Marty McFly Effect”



Loyalty Program Success

	With Loyalty Program	Without Loyalty Program
Average Transactions (weekly)	10,333	8,736
Average Transaction Size (weekly)	27.15	22.81

\$4,226,185.08
Revenue difference
over a year



Source: NGA Independent Grocer Financial Survey, 2014



Are Loyalty Programs Enough?

The numbers say...

32 million
buyer
profiles

35,372
UPCs
carried

Only
260 UPCs
purchased

*That's
less than
1%*

Where do we go from here?



You Have Shopper Data

...What do you do with it?



Analyzing the Data

- Partnership with third-party data analysts or create in-house solution
 - Data Mining
 - Data Conditioning
 - Data Processing



Data Analysis

Inspired by Your Wish List [See more](#)



BRITA MAKE AN EASY CHANGE FOR GOOD THIS YEAR

[Shop Now](#)

Average Amazon.com customer review
★★★★★ (1,046)

★★★★★ Ah, I've fallen in love with...
"...the taste was immediately improved, and I have stopped drinking so much cola, which is dehydrating and sugary, anyway..."

[Ad feedback](#)

Shop Gifts for Valentine's Day

New Arrivals from Calvin Klein, Anne Klein and Jones New York [See more](#)



amazonstudent
Get \$10
for Each Friend
Who Joins



Valentine's Day
Deals

amazon.com

Recommendations for You in Computers & Accessories [See more](#)



1 **GOLD**

2 **XBOX LIVE**

3 **Grand Theft Auto**



Returns on Personalization

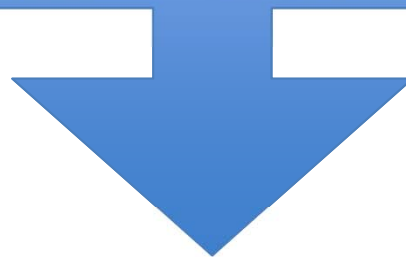
- Amazon saw a “29% sales increase to \$12.83 billion during its second fiscal quarter, up from \$9.9 billion during the same time last year”



Source: <http://fortune.com/2012/07/30/amazons-recommendation-secret/>



Personalization



**PURCHASE
HISTORY**



Introducing My ShopRite Email

The screenshot displays the 'my ShopRite' email interface. At the top left is the logo, and at the top right is a 'View Deals' link with a play button icon. The main content is a grid of six product deals, each featuring a product image, name, price, expiration date, and an 'Add' button with a plus sign.

Product	Price	Expiration
Balance Snack Bar 1.76oz	\$0.91	Expires 5/8/2012
Lucerne Half and Half 64oz	\$3.39	Expires 5/8/2012
General Mills Fiber One Cereal 11.75-17.25oz	\$2.49	Expires 5/8/2012
Golden Ripe Bananas PLU4011 per lb excludes Organic	\$0.49	Expires 5/8/2012
Dreyer's Ice Cream 1.5qt Vanilla	\$3.88	Expires 5/8/2012
Orville Redenbacher's Microwave Popcorn 3ct	\$1.98	Expires 5/8/2012



Forge Local Partnerships

Want to look and feel great!

There is no better time to make a positive impact on your well-being. Clean Start, an in-store educational series, will help provide solutions for those looking for a fresh new approach to a healthy lifestyle.



PLU#19021

D&W Fresh Market- Holland
Tuesdays, June 3, 10, 17 and 24 / 6:00 - 7:00

D&W Fresh Market at Knapp's Crossing
Thursdays, June 5, 12, 19 and 26 / 6:00 - 7:00

Class is \$15 with a YES card! No need to pre-register, pay at the service desk. Children and adults are welcome to attend, kids 8 and up may attend without a parent.



The “Marty McFly” Effect

Back To The Future



The “Marty McFly” Effect

- The future is unknown, so keys to success include:
 - Flexibility
 - Leveraging infrastructure
 - Openness to new technology
 - Keeping up with changing consumer demands



Suggested Timeline

Year One

- Reduce Print
- Manuf. Support
- Collect Data
- Invest In Digital

Year Two

- Analyze Data
- Push Digital
- Increase Reach

Year Three

- Optimize Personalization
- Refine Strategies
- Continue Digital Push



The Marketing Budget

**Wakefern Retail
Sales**

\$14,700,000,000

2%

Marketing Budget

\$294,000,000

Print

Digital

Other



Source: Wakefern Food Corp. Press Release, Annual Shareholders' Meeting, Oct. 30, 2014.



Marketing Budget Solution (in %)

Wakefern Budget					
Year	2014	2015	2016	2017	2018
Retail Sales*	\$14,700,000,000	\$14,994,000,000	\$15,293,880,000	\$15,599,757,600	\$15,911,752,752
Marketing Budget	\$294,000,000	\$299,880,000	\$305,877,600	\$311,995,152	\$318,235,055
Print & Distribution of Circulars	73.4%	68.4%	64.3%	61.0%	58.1%
Digital Initiatives	7.1%	7.8%	8.4%	8.9%	9.4%
Other Advertising Expenses	9.1%	8.9%	8.7%	8.5%	8.3%
Advertising Sub Total	89.6%	85.1%	81.4%	78.4%	75.8%
Other Marketing Expenses	10.4%	12.6%	15.6%	18.0%	20.3%
"Blue Ocean" 5% Initiative funding		5.0%	5.0%	5.0%	5.0%
Contribution from Advertising Saving		2.7%	2.0%	1.4%	1.1%
Contribution from Other Marketing Allocation		2.3%	3.0%	3.6%	3.9%

* calculated based on 2% growth



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$$58.1\% / 75.8\% = 77\%$$



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$$5.0\% + 9.4\% = 14.4\%$$

$$14.4\% / 7.1\% = 2X$$



Dollars Available For Digital Investment

\$22,201,828



Proposed Strategy

- ✓ **Retain** trade dollar revenue from circulars
- ✓ *Expand* digital presence to leverage shopper marketing revenue
- ✓ *Drive* engagement through personalization and build customer loyalty



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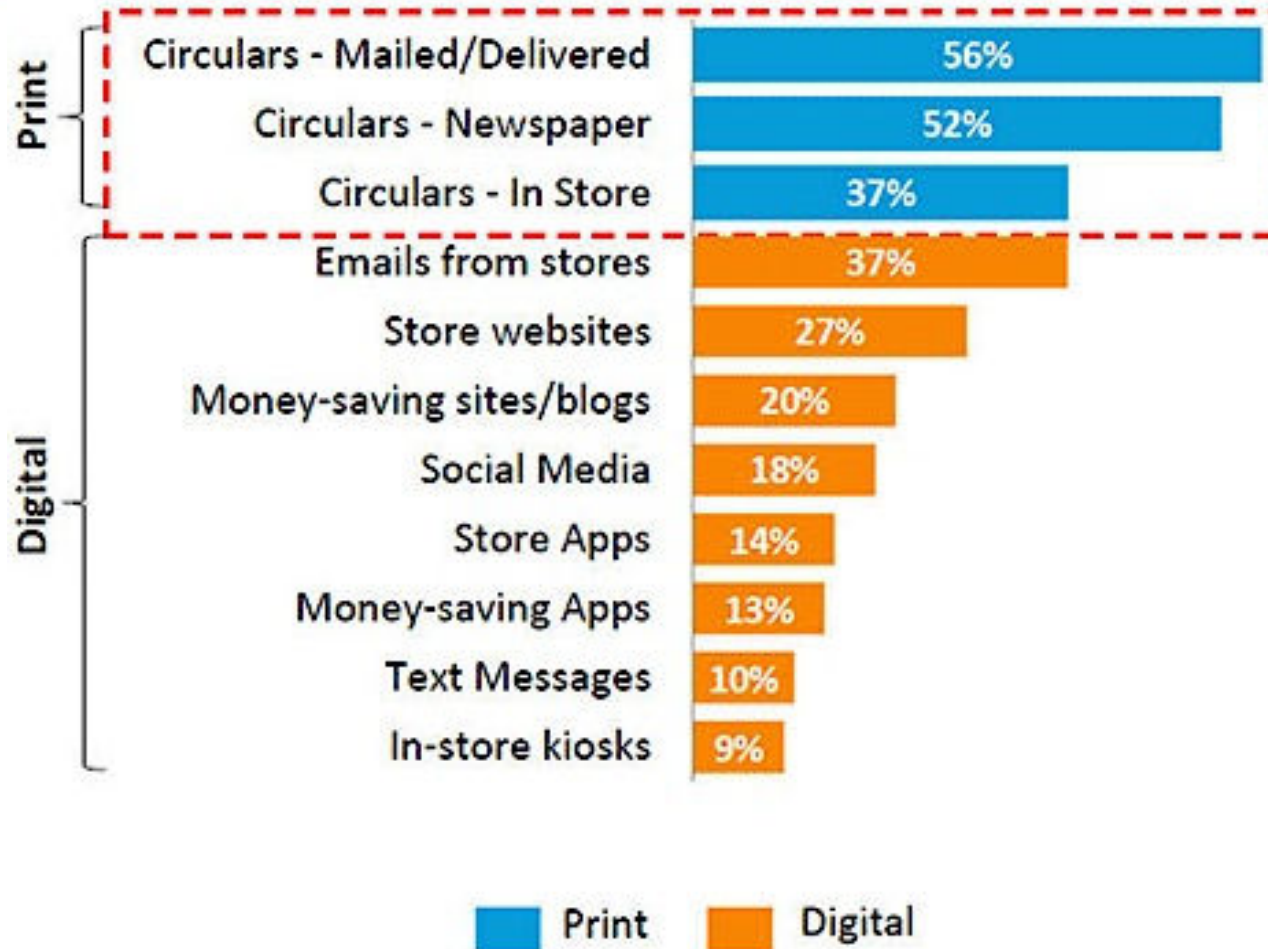
Thank
You



APPENDIX



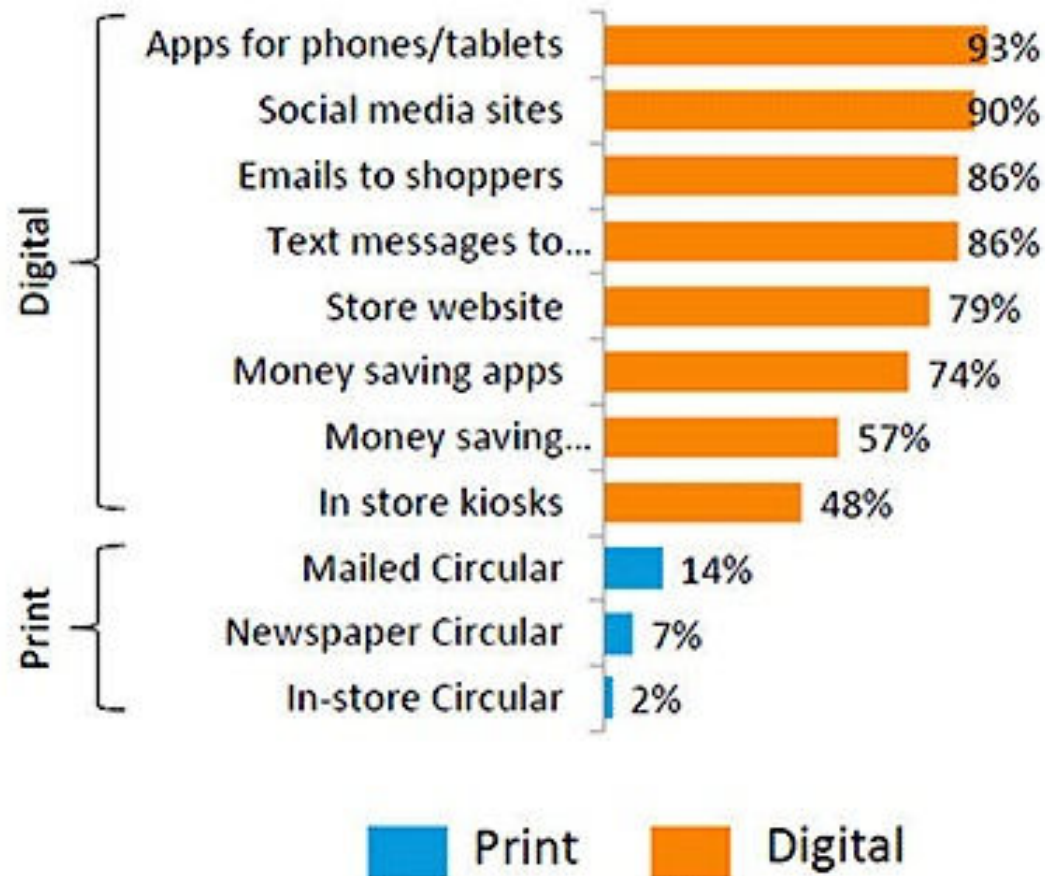
Current Shopper Engagement Tactics




Source: Nielsen Touchpoints Shopper Survey, 2014



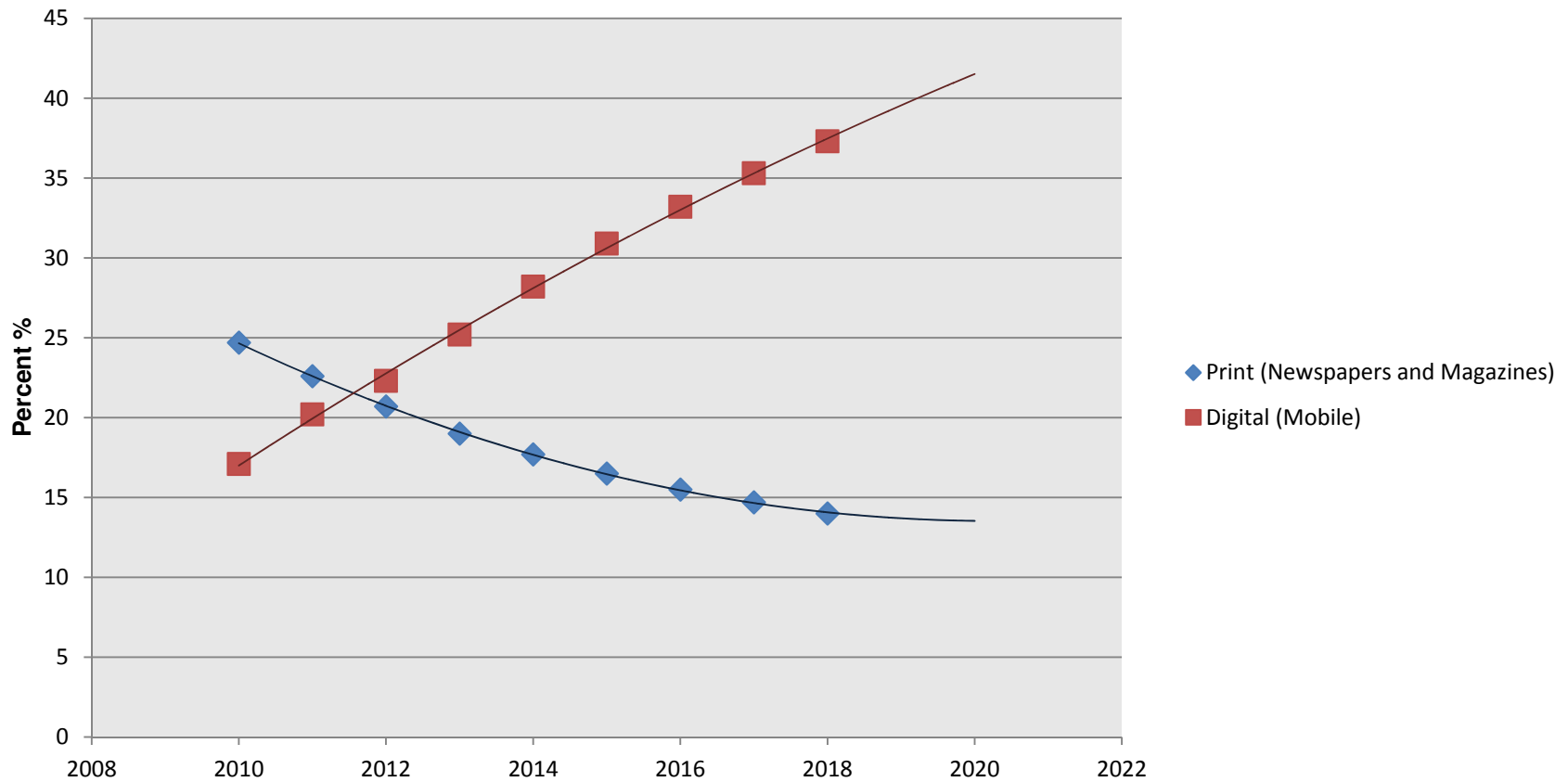
Retailers Invest in More Digital Tactics



Source:  Nielsen Touchpoints Shopper Survey , 2014

Print and Digital Expenditure (Natl.)

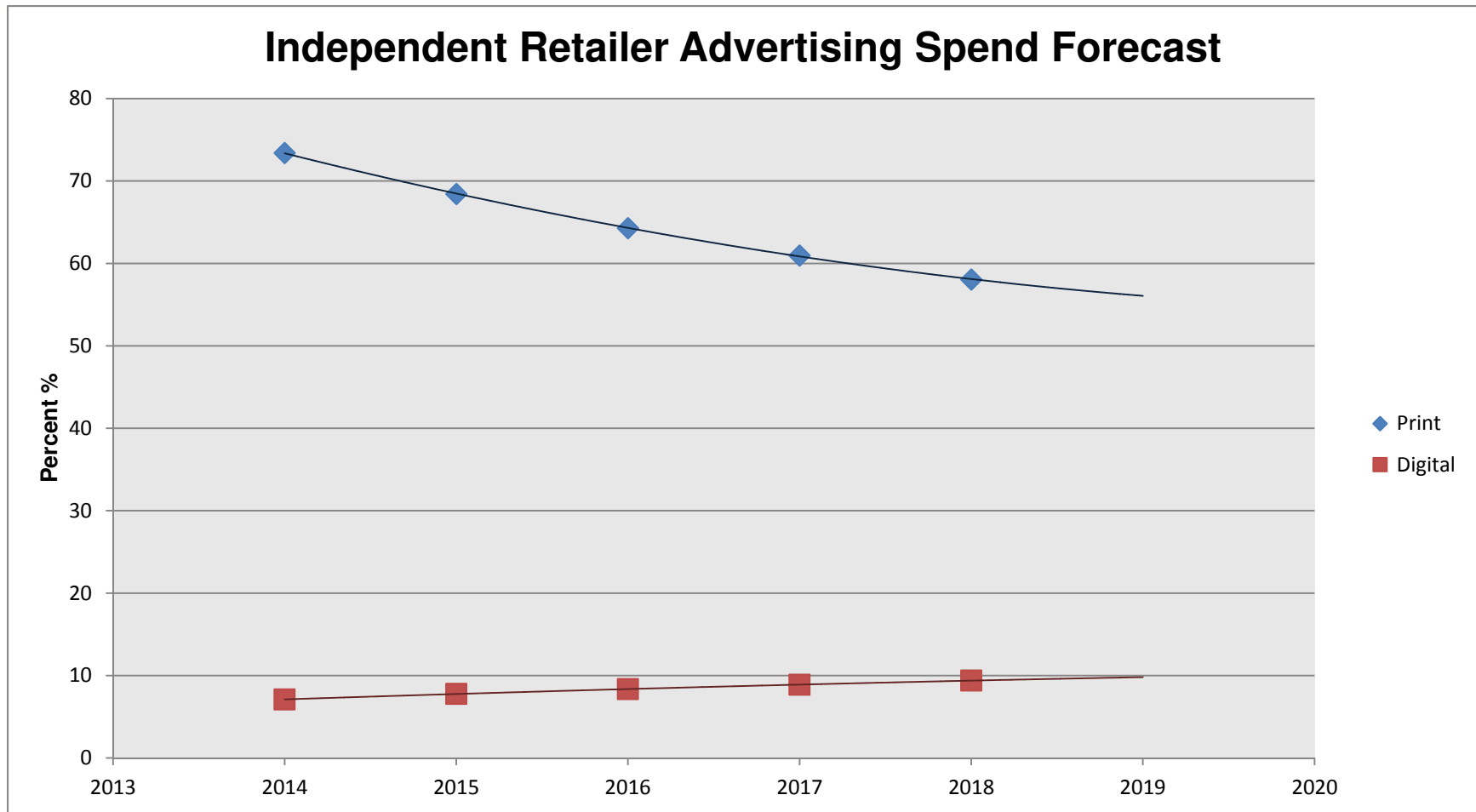
National U.S. Advertising Spend Forecast



Source: eMarketer, US Total Media Ad Spending Share, 2010-2018.



Print and Digital Expenditure (Indep.)



2020 Independent Grocers' Spend

Print

Digital



55.7%

10.5%



Partnerships with Local

- App integration with local news stations, weather stations, etc.
- Local Cable food TV
 - Create more touch points with the consumer



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Print & Distribution of Circulars	\$215,796,000	\$205,117,920	\$196,679,297	\$190,317,043	\$184,894,567
Digital Initiatives	\$20,874,000	\$23,390,640	\$25,693,718	\$27,767,569	\$29,914,095
Other Advertising Expenses	\$26,754,000	\$26,689,320	\$26,611,351	\$26,519,588	\$26,413,510
Advertising Sub Total	\$263,424,000	\$255,197,880	\$248,984,366	\$244,604,199	\$241,222,172
Other Marketing Expenses	\$30,576,000	\$37,914,240	\$47,812,867	\$56,171,362	\$64,483,158
"Blue Ocean" 5% Initiative funding		\$14,994,000	\$15,293,880	\$15,599,758	\$15,911,753
Contribution from Advertising Saving		\$8,226,120	\$6,213,514	\$4,380,167	\$3,382,027
Contribution from Other Marketing Allocation		\$6,767,880	\$9,080,366	\$11,219,590	\$12,529,725

* calculated based on 2% growth



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\$22,201,828 to invest!



Cartwheel Example

- Adding Personalization to the App
- This format has been successful for a number of retailers, such as the Target Cartwheel site, Safeway’s “Just for You” and Meijer’s Mperks.
- Target Cartwheel:
 - 7M Users
 - Surpassed \$70M in Customer savings
 - App users spend 30% more than non-app users
 - Engagement: Cartwheel and Target’s shopping app account for 76% of the traffic hours
 - Allows consumers to share Target promotions through Social media



Sources: <http://www.businesstexter.com/targets-cartwheel-app-celebrates-success/>
<http://fortune.com/2014/06/05/target-cartwheel/>

