



# 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



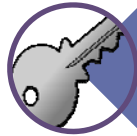
Proposed Strategy



Tactics



Budget



Key Takeaways



Q/A



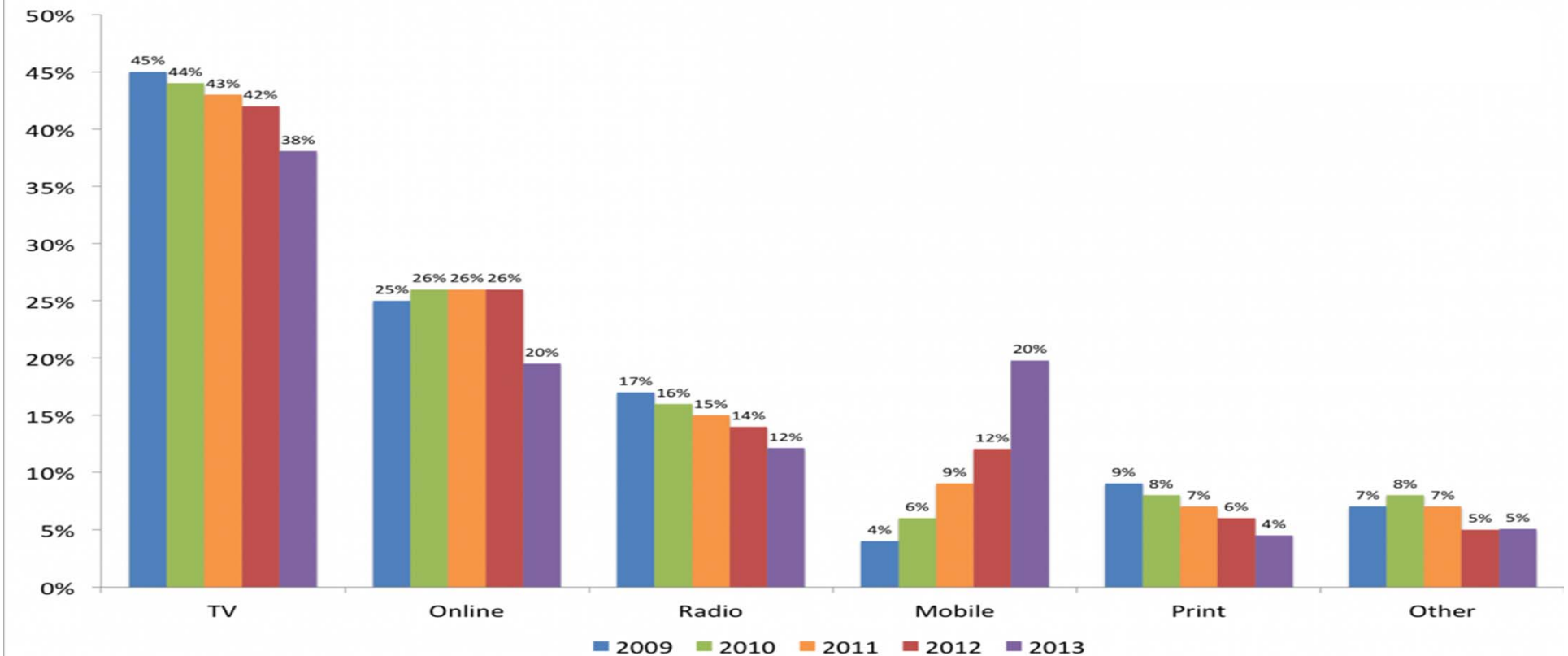
# Findings

- ✓ 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.



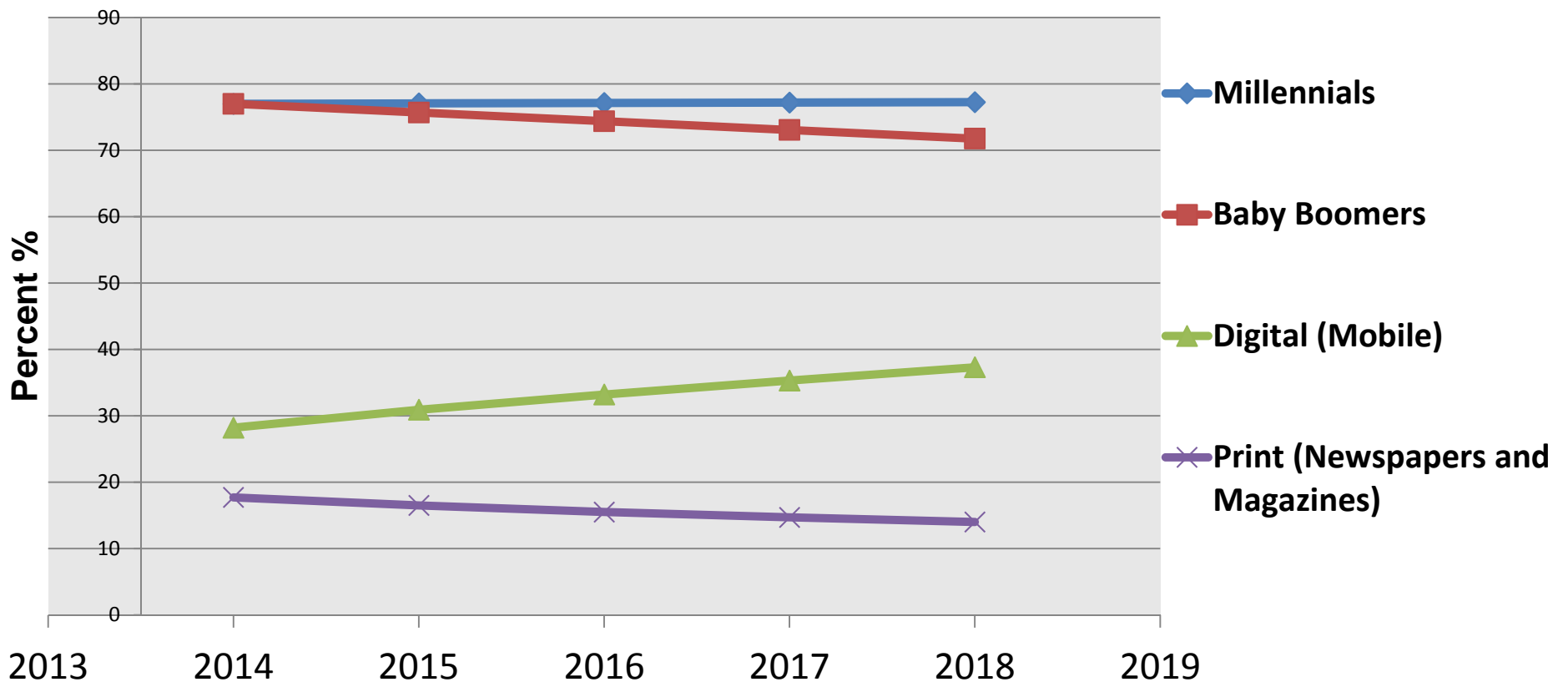
# Shift in Media Usage

## U.S. Consumer Media Consumption Share



# Why Are They So Important?

**Population Trends vs. National Print/Digital Spend**



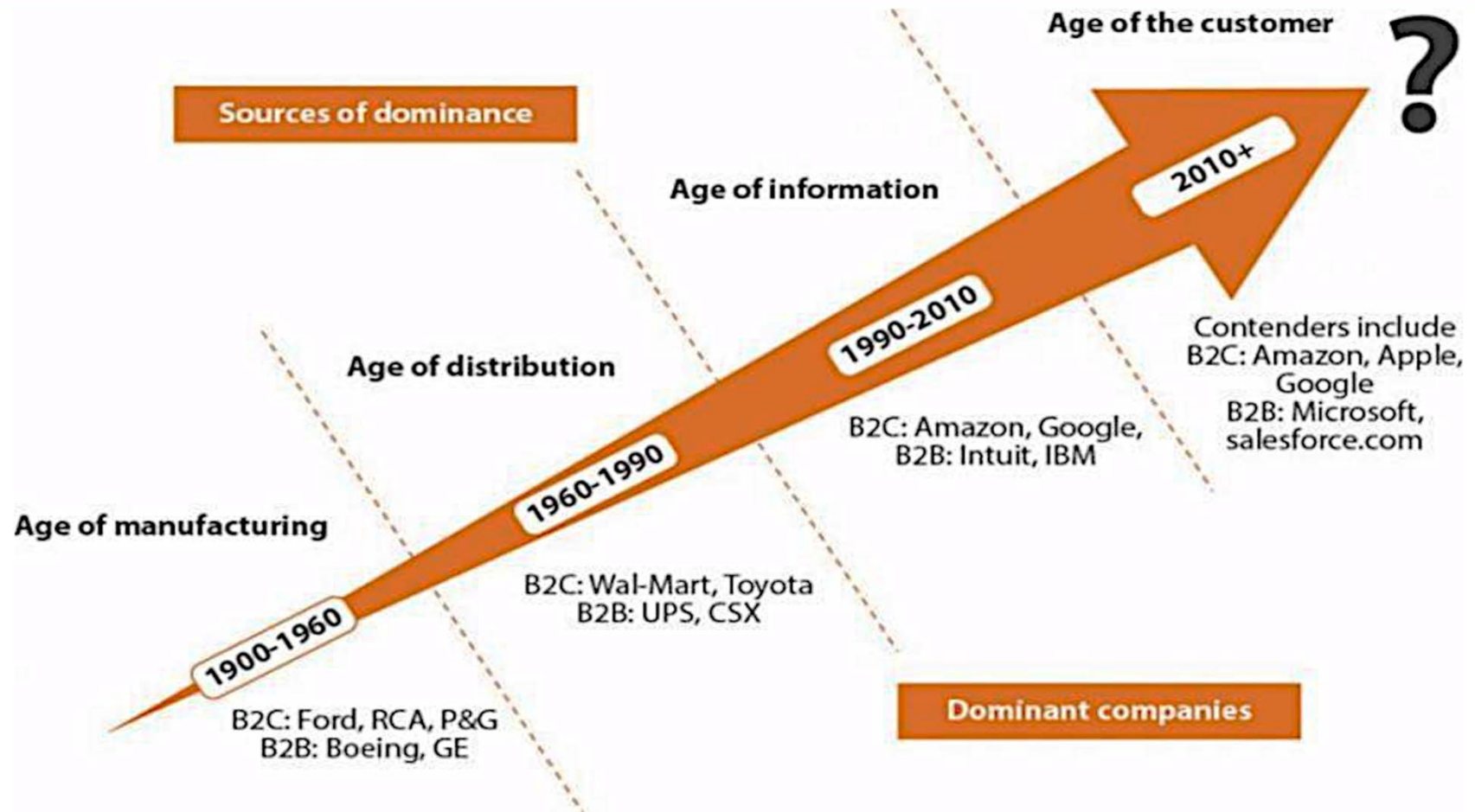


# Shift in Media Usage

Old Model	New Model
Interruption	Engagement
Reaction	Interaction
Heavy Users	Engaged Participants
Big Promises	Personal Gestures
Passive Consumers	Active Co-creators



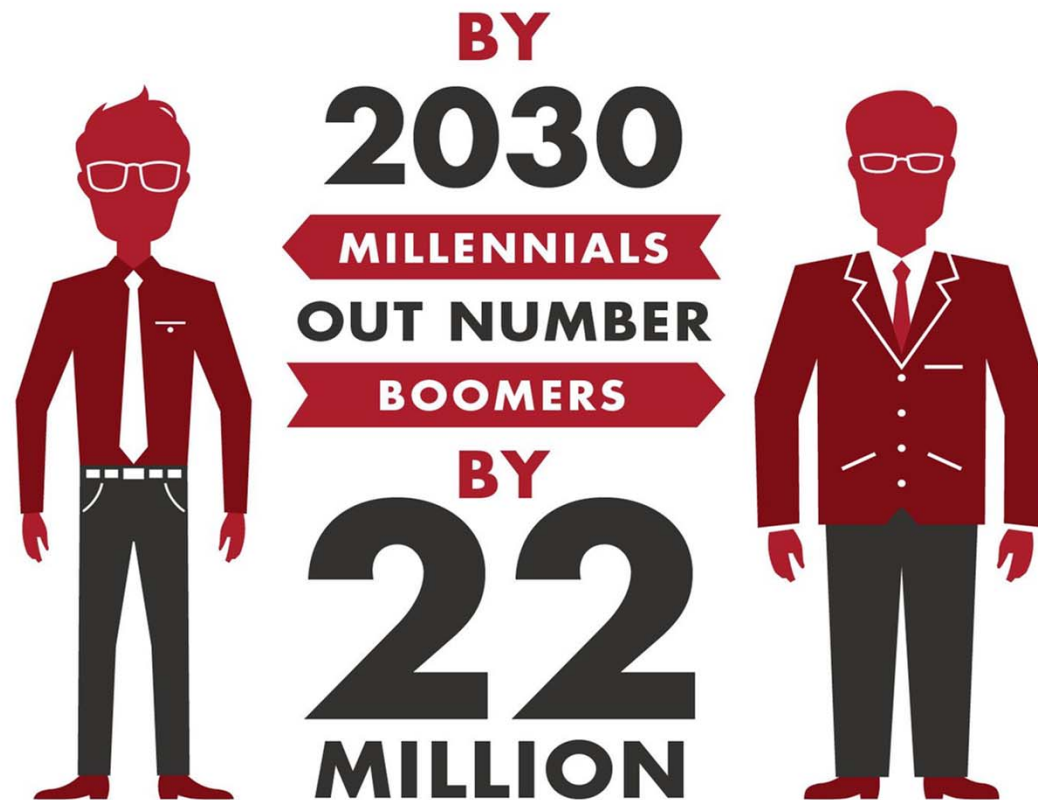
# Shift in Media Usage



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



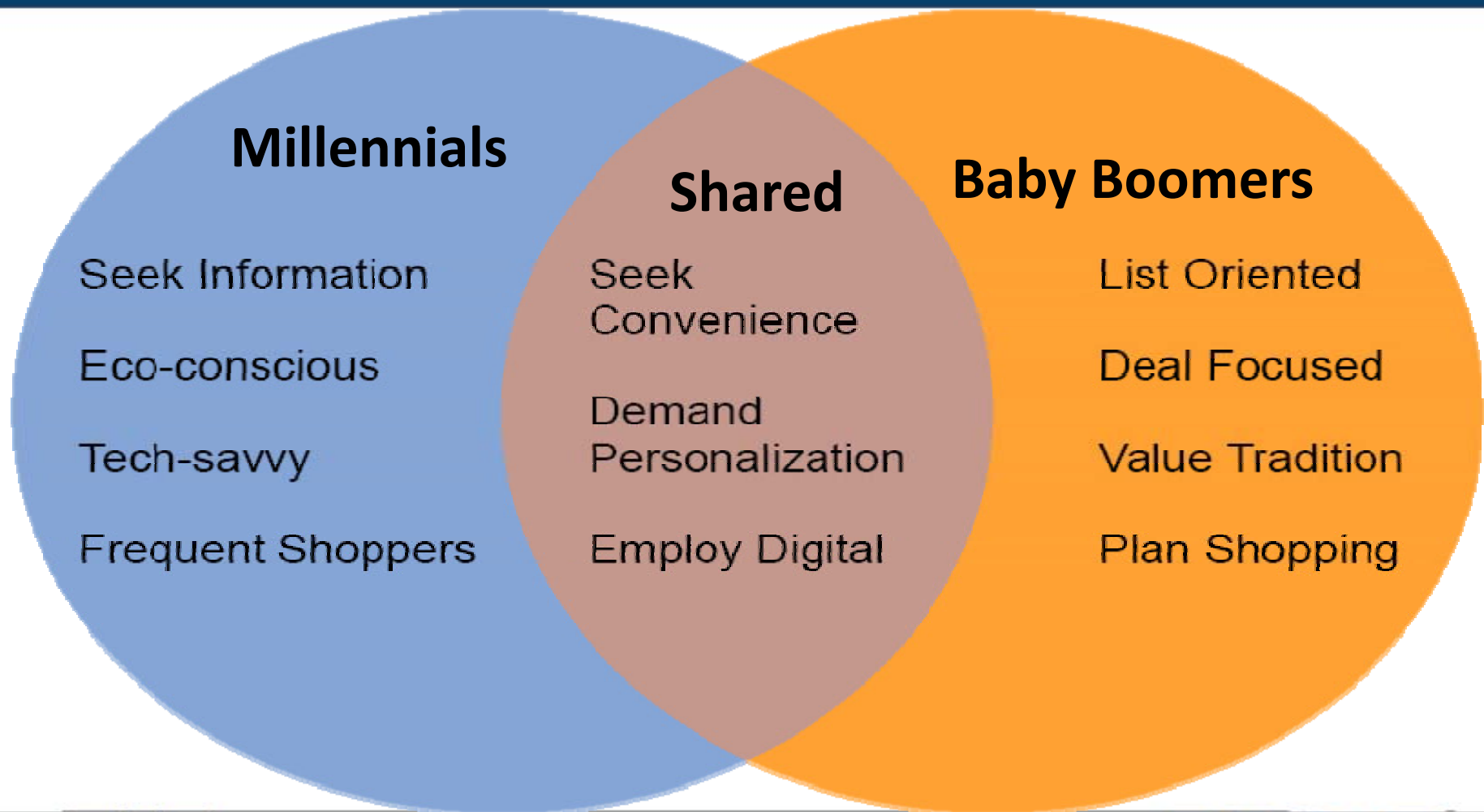
# Shift in Buying Power



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

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

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

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

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

- ✓ *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

- ✓ *Retain* trade dollar revenue from circulars
- ✓ *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

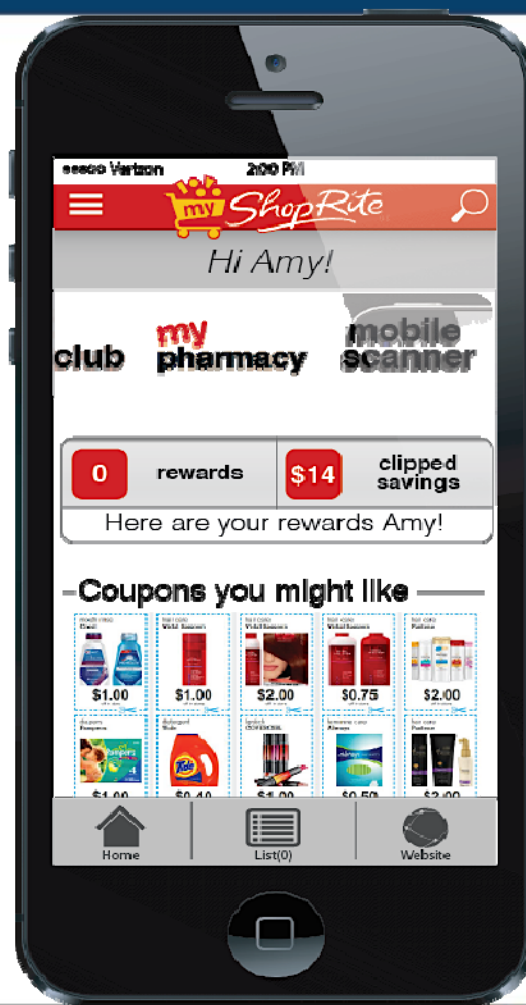
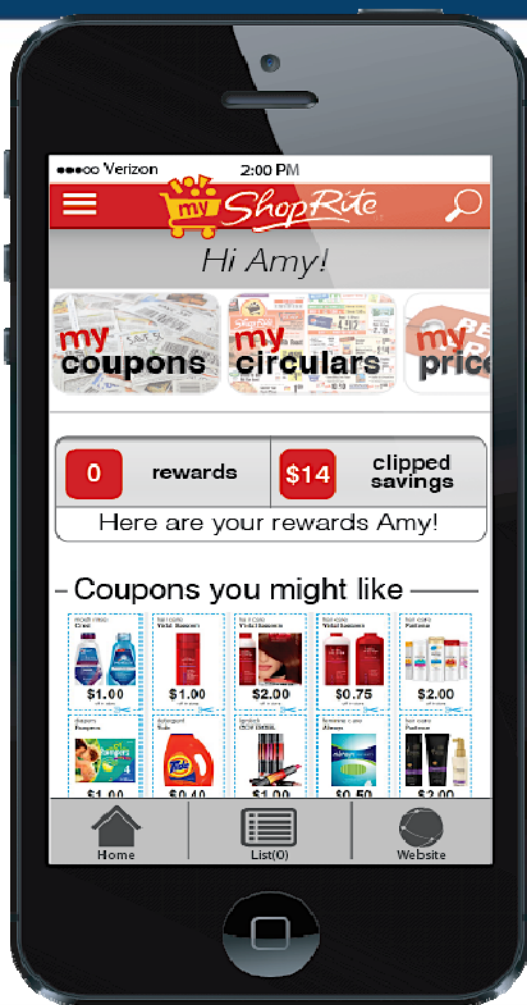


ShopRite



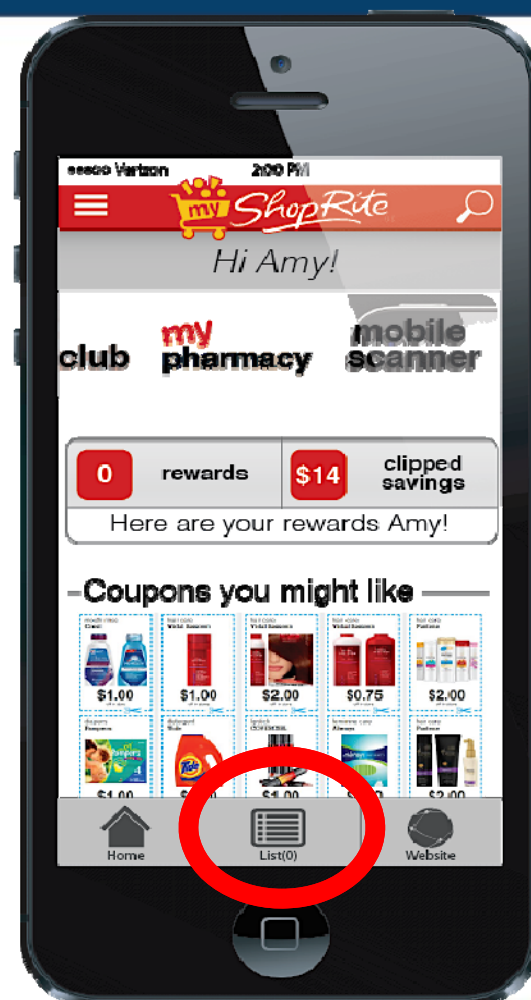
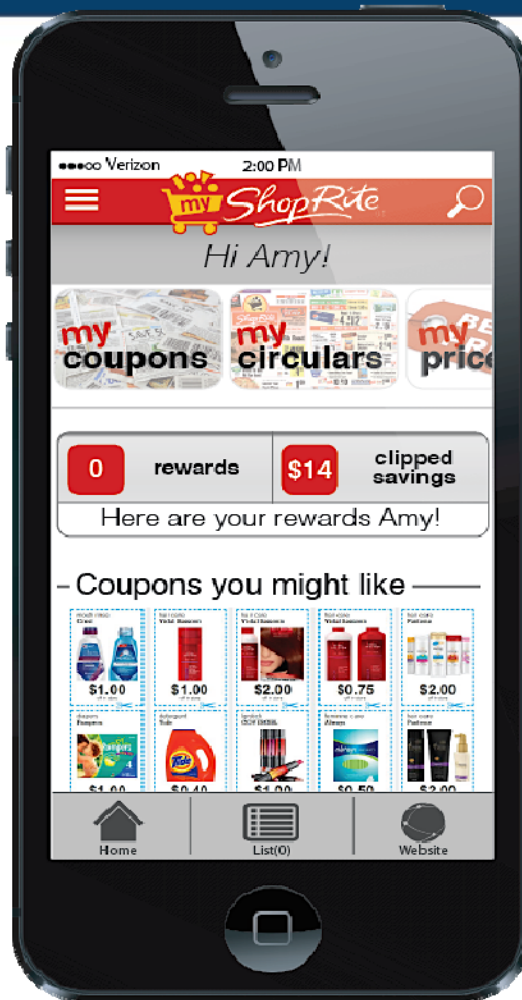
Pharmacy

# New MyShopRite App



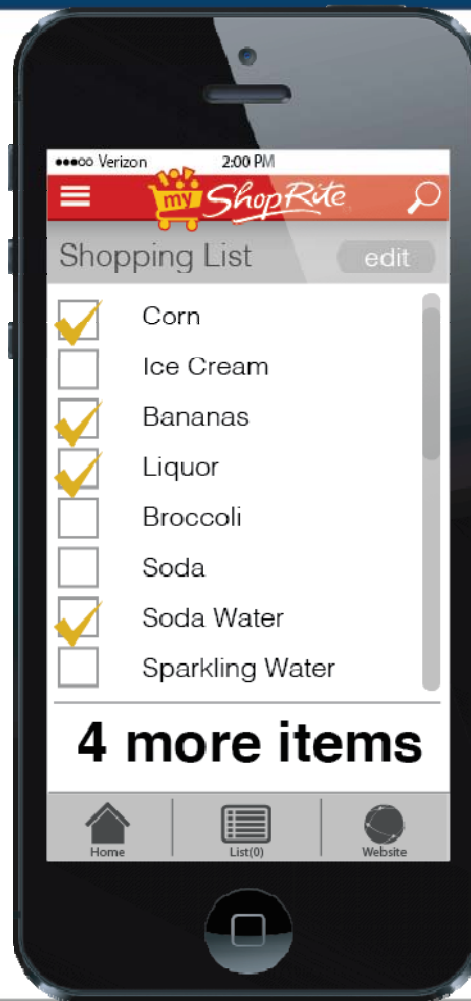


# New MyShopRite App

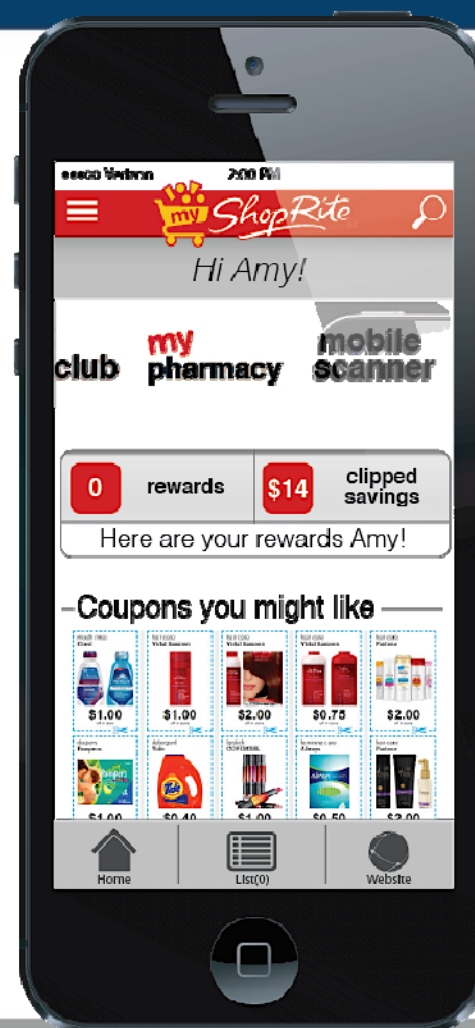
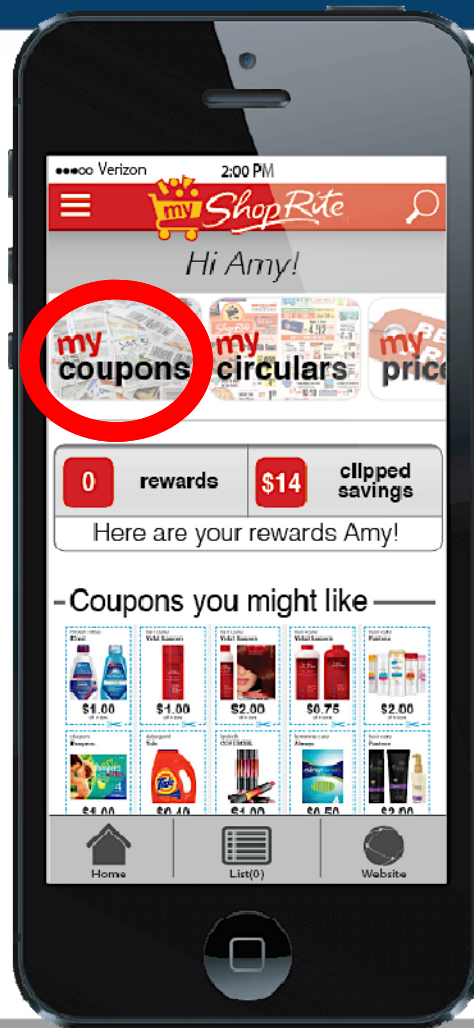




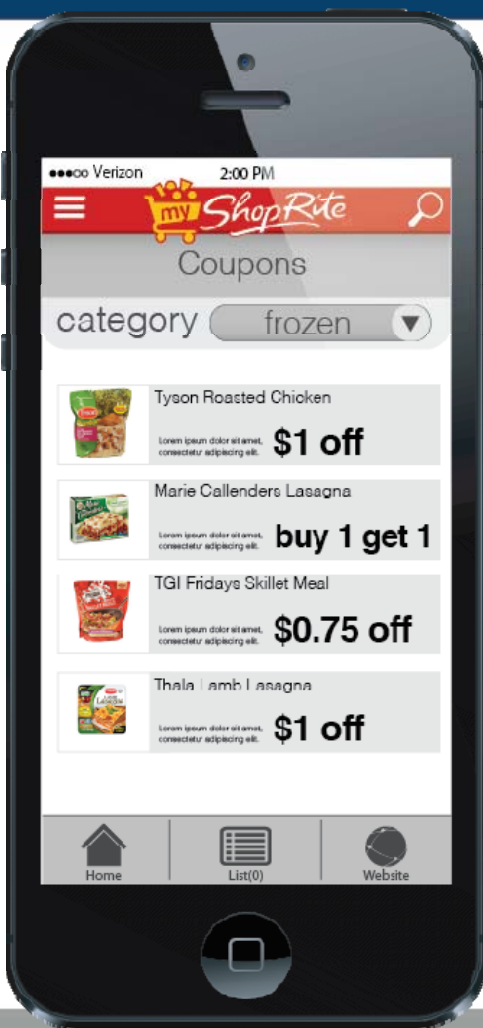
# New MyShopRite App



# New MyShopRite App



# New MyShopRite App





# How Do You Increase Users?



# Engage your customers



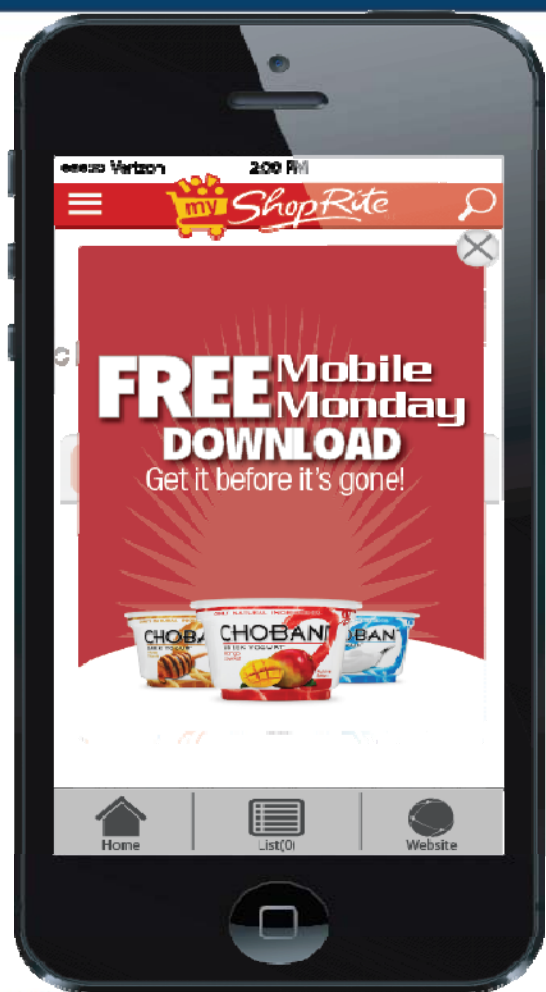
# Why it Works

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

**Forbes**



# Introducing ShopRite Mobile Monday



**FREE Mobile Monday DOWNLOAD**

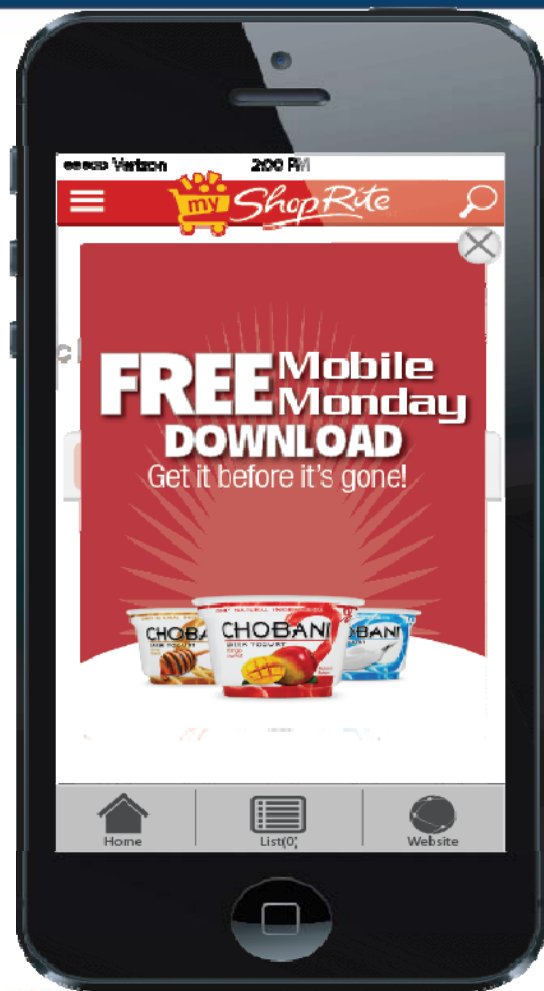
**THIS MONDAY ONLY**  
Download the digital coupon for one(1) FREE Chobani 4 pack Greek Yogurt (4-5.3oz) this Monday, February 9 between the hours of 12:00 am and 11:59 pm ET and redeem by 2/23/15.

\*with Price Club Plus membership





# 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*





# 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?



Source: NGA Independent Grocer Financial Survey, 2014, Engaging the Selective Shopper by Catalina Marketing 2013





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](#)



New Arrivals from Calvin Klein, Anne Klein and Jones New York [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

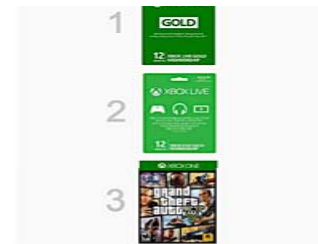
**amazon.com**

**amazonstudent**  
Get \$10  
for Each Friend  
Who Joins



Valentine's Day  
Deals

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



# 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

View Deals 

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



# 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



# 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

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



# 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

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

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



# 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





# Proposed Strategy

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



# Proposed Strategy

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



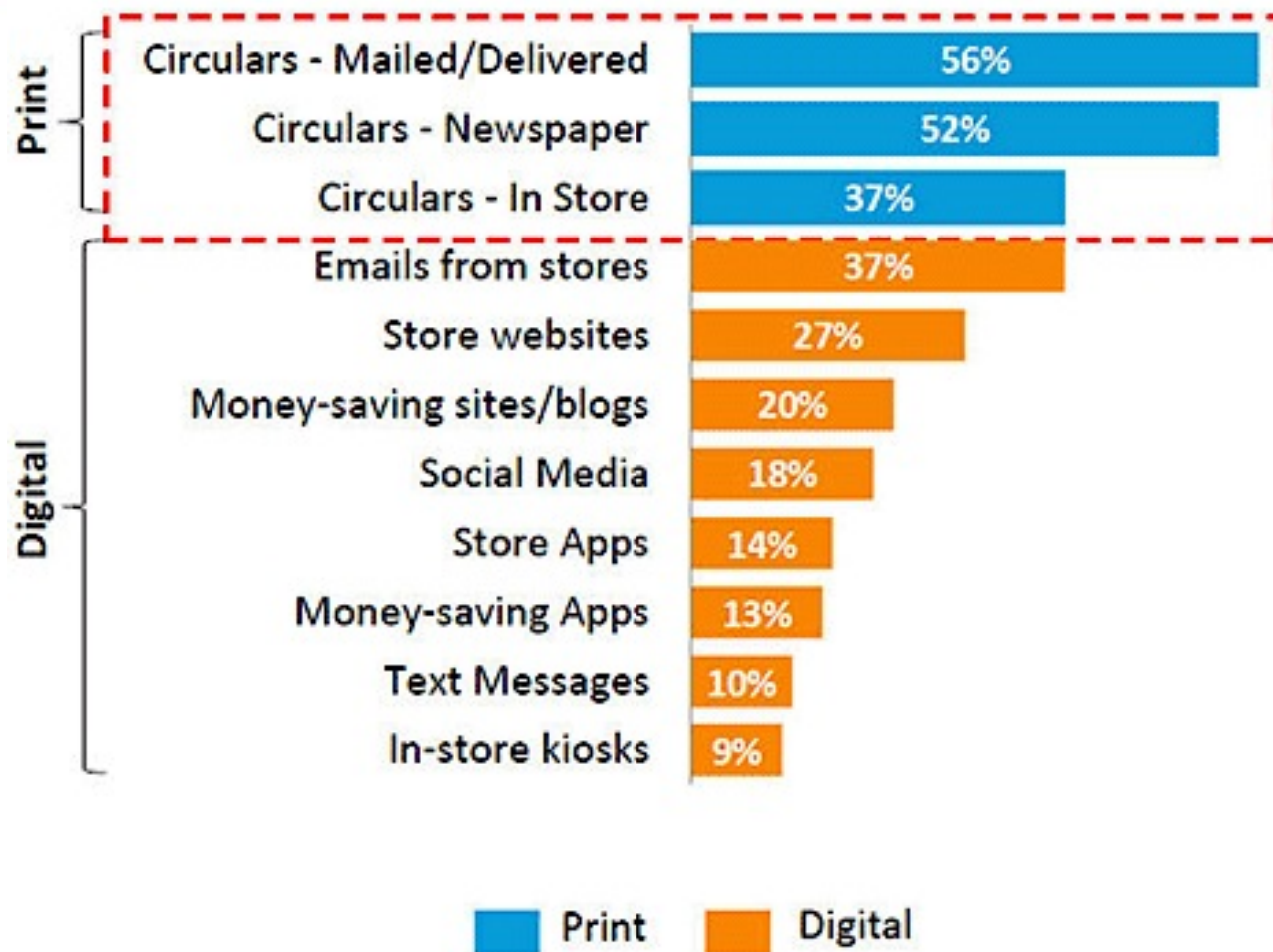
Thank  
You



# APPENDIX



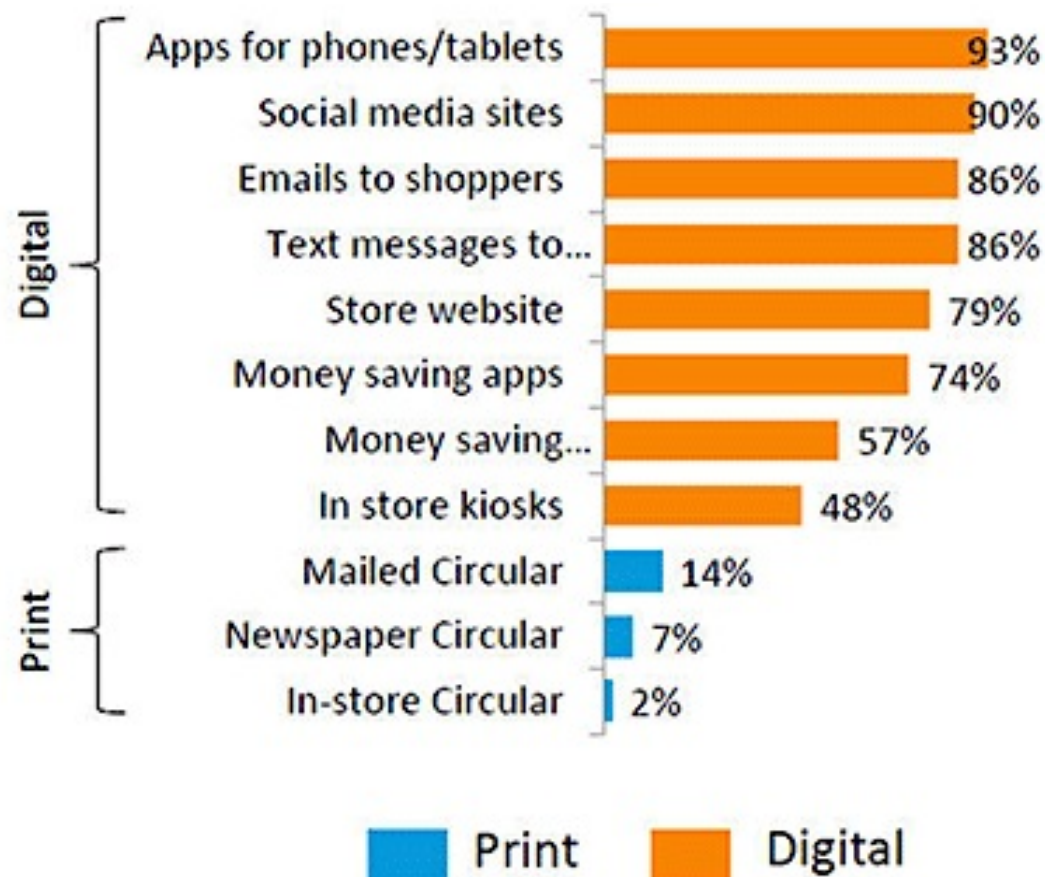
# Current Shopper Engagement Tactics



Source: Nielsen Touchpoints Shopper Survey , 2014



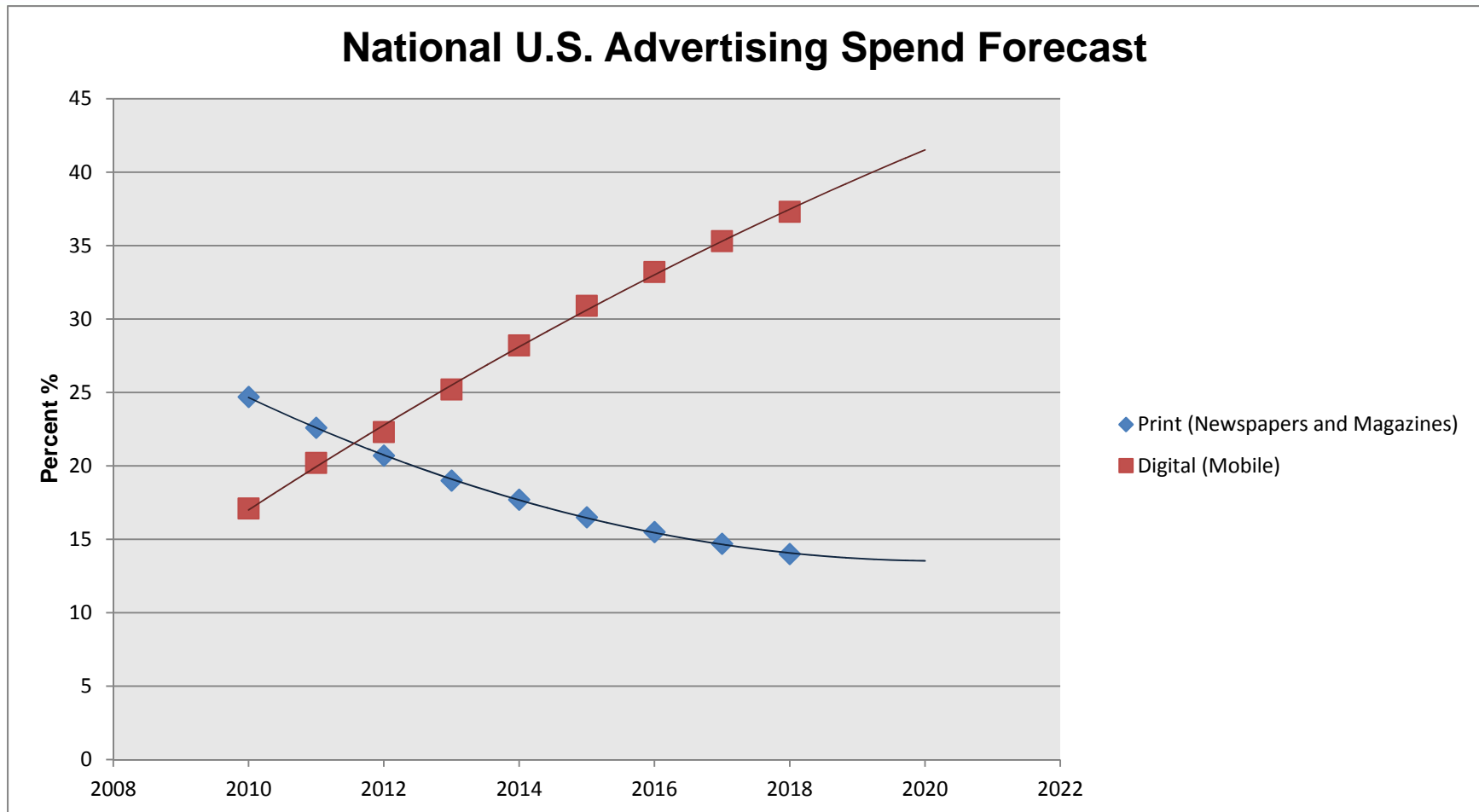
# Retailers Invest in More Digital Tactics



Source:  Nielsen Touchpoints Shopper Survey , 2014



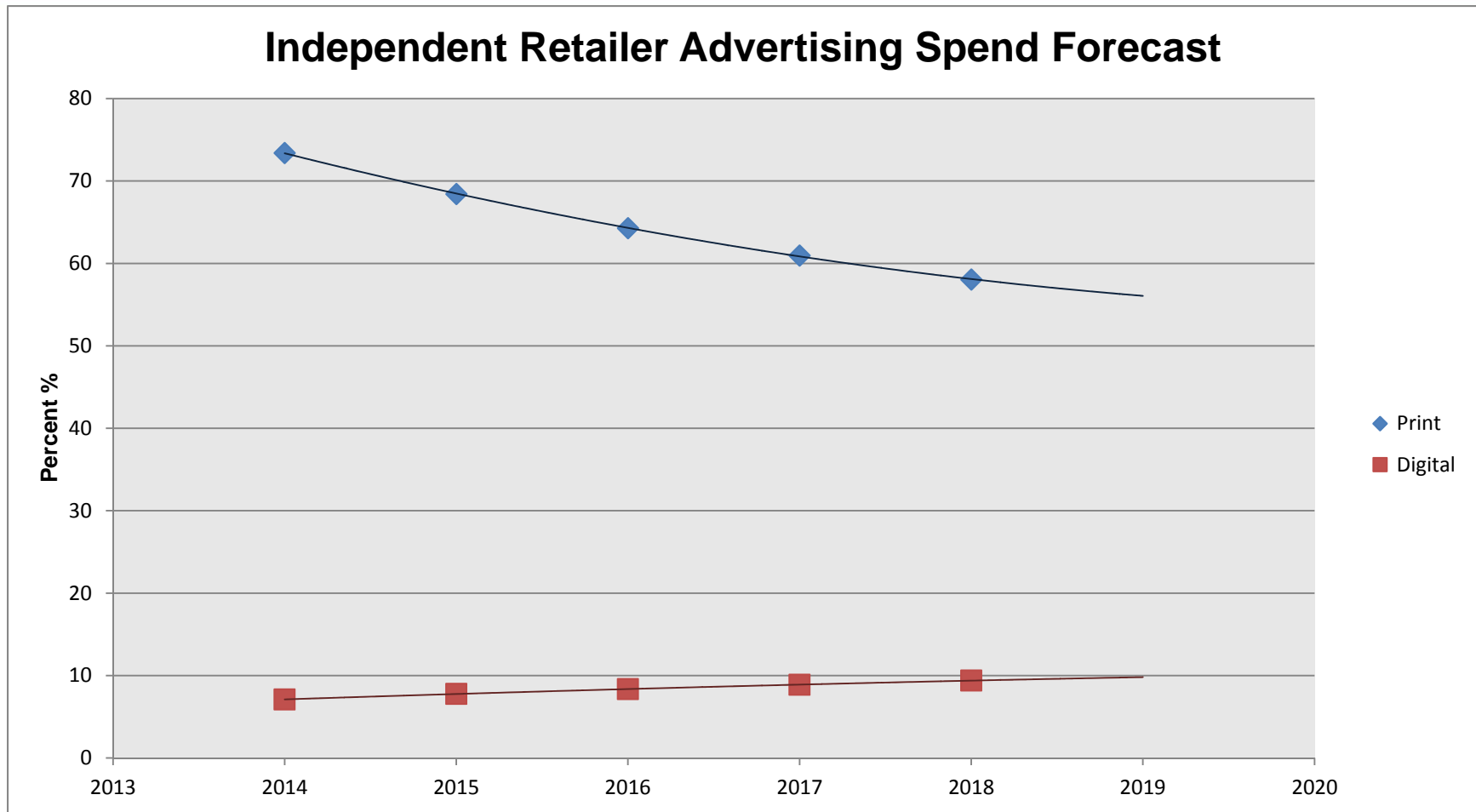
# Print and Digital Expenditure (Natl.)



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



# Marketing Budget Solution (in \$)

Wakefern Budget Solution					
Year	2014	2015	2016	2017	2018
Retail Sale*	\$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	\$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



# Marketing Budget Solution (in \$)

Wakefern Budget Solution					
Year	2014	2015	2016	2017	2018
Retail Sale*	\$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	\$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

**\$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/>

