



## MVI Future of Food Retailing Forum - April, 2009

### Summary:

The MVI Future of Food Retailing Forum was a two day conference designed to address future trends, areas for investment, and better practices for “channel success” in food retail, specifically with a focus on Kroger. The discussion was geared towards helping suppliers better manage their categories, understand the pricing and placement challenges ahead of them, and provide insights into consumers’ mindsets during the economic downturn. Below are relevant takeaways from the forum that can help guide advertising and messaging so our brands are better positioned for now and the “upturn.”

### **Dealing with the current economy**

- Consumers are more cautious (even “hoarding”); stability is their goal; immediate consumption products will do well
- **Advertising needs to reassure and offer value**
- Retailers are focused on unit cost and price and it will be difficult for brands/stores to offer a new value reputation (think Wal-Mart over Target)
- 5 Simple Retail Rules
  - Needs beat wants
  - Value beats difference
  - Trip drivers beat basket adders (quote from Target exec: “Our shoppers don’t want to be tempted”)
  - Trip consolidators beat “extra trip” retailers
  - Financial conservatism beats financial adventure
- Price, product, performance: the things that make the product better and more familiar will be more important to consumers than things that are new and cool
- Regional grocers/retailers will benefit from strong local ties
- For retailers, High/Low pricing is going away; they are turning towards Everyday Low Pricing, which means:
  - Not being overly dependent on promotions or circulars
  - On-shelf and **in-store** performance will matter more: customers don’t want to spend extra time at the store, but need to create a more experiential trip. Shelf displays need to be more effective (and interactive?)

### **The 4 Buckets of Consumer Response to the Economy:**

1. The New Premium
  - Transparency
  - Preservation
  - Purpose
  - Nothing to do with price: more about social, green, better for the environment and society, health and wellness
2. The New Value
  - Smaller packs
  - 2<sup>nd</sup> tier brands
  - Private label
  - Promotion responsiveness
  - Retailers seem to be spending most of their time here
3. The New Paycheck to Paycheck
  - Trip consolidation
  - Category rationalization
  - Back to the non-modern trade: Goodwill, Freecycle, soup kitchens
4. The New Frugality
  - Bulk purchase for cost/oz value
  - Replace high ring purchase/services with lower cost solutions
  - DIY consumption is up: meal solutions, cook at home, recipes, teaching to cook at home



BRIDGE WORLDWIDE

### Rules for Gaining in the Downturn

- Companies with a message who continue to communicate to shoppers will outperform those that cut advertising/marketing budgets; **but have to find somewhere new to communicate it**
- **Invest in new media** (TV and radio both took-off during downturns, this creates new advantages for early adopters of new media)
- Invest in messaging to consumers for the future, not for today. Be positioned for the upturn!

### Emerging Themes in Consumer Messaging:

- Educate and help consumers rediscover skills
  - Message should teach consumers HOW to use your product, services, store, etc
  - Does the consumer know: how to cook; care for a baby; fix things at home; do more with less money; feed the family on a smaller budget?
- Quality and Reliability
  - Consumers want a product that will last and is worth the investment
  - Product extensions are not worth it (new scents, new colors) and some new launches might be best put on hold, unless they focus on consumer needs (not wants)