

# Retooling Retail for Digitally-Savvy Millennials

## Moderator

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## Host

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# Corporate Snapshot

## Retail



- Price Strategy and Communication
- Promotion Strategy and Optimization
- Assortment and Localization
- Productivity Enhancements



## WILLARD BISHOP

Retail and Consumer Goods  
Consulting and Solutions Since 1976

Intimate Retail and Retailer  
Knowledge

Finding profitable growth  
others can't

Shopper insight foundation,  
customer analytics

Diagnostics, analytics,  
strategy, and execution  
(we actually do the work)

## CPG



- Growth Strategies
- Demand-Side Optimization
- Customer Relevancy
- Change Management

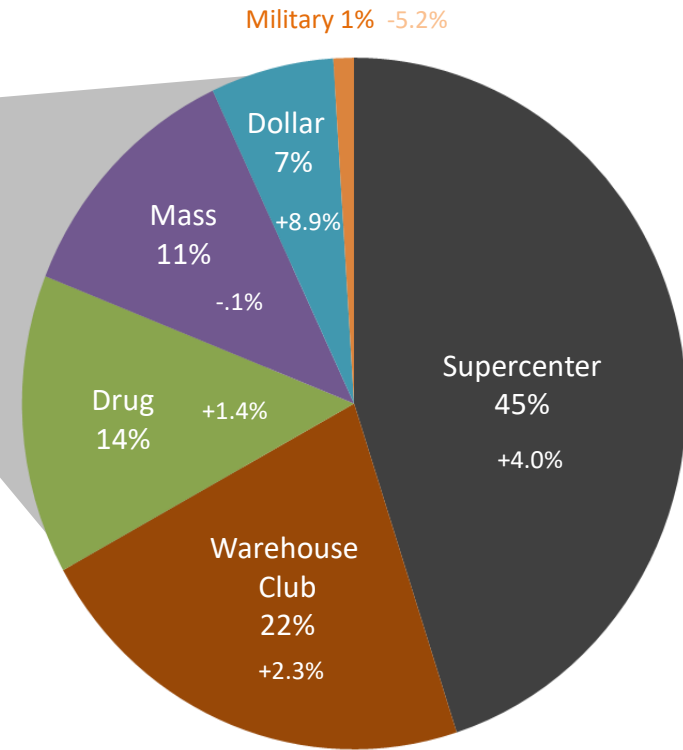
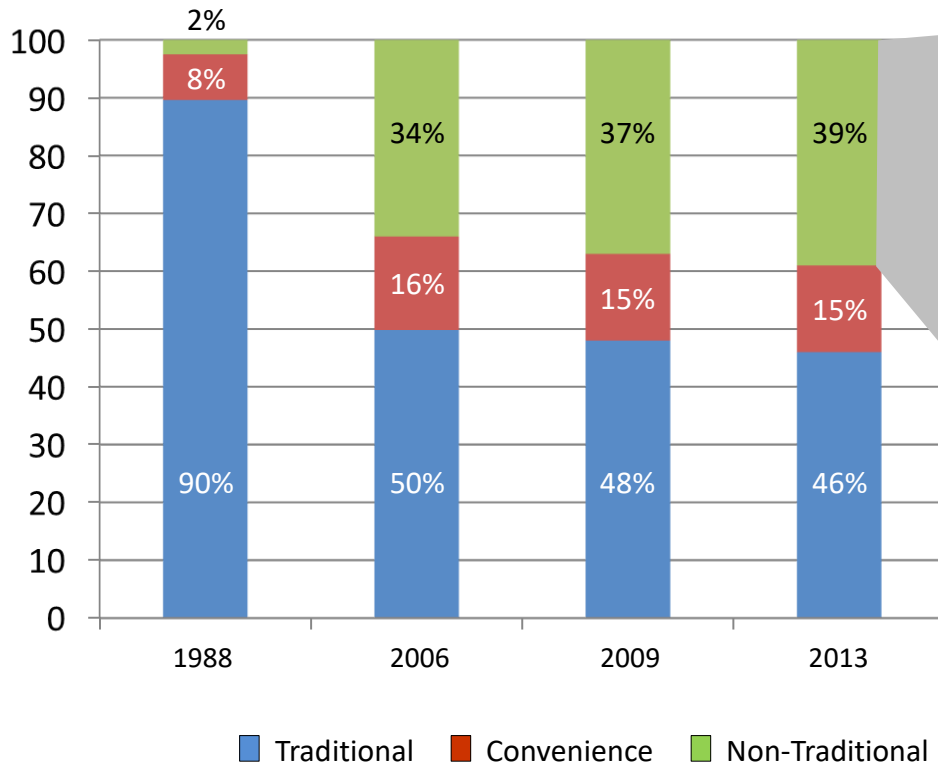
# Retail is Anything but Usual

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- The shopping experience continues to evolve...
  - Shift in retail formats
  - The shopping experience occurring outside the store
- Connecting with Millennials (on their terms) is essential for growth
- Participating in e-commerce is no longer optional, it's essential
- Lessons from Amazon, Target and Walmart
- Online sales are offsetting the decline in center-store
- The price battle for value demands you clearly communicate your strategy to your shoppers in order to get FULL credit
- Promotional success is all about analytics, digital/mobile and personalization

# Shifting Formats: Non-Traditional is the Only Growth Segment

Dollar Share by Channel  
(Rounded)



Dollar Share of Food Sales in  
Non-Traditional Formats

Source: Willard Bishop, *The Future of Food Retailing*

# New Rules of Engagement



# Change in Behaviors

## BABY BOOMERS

- Still like their brick-and-mortar stores
- Down-sizing households
- Declining consumption
- Less spending power or “willingness”



## MILLENNIALS

- Less brand loyal
- Very price-conscious...but willing to pay up
- Convenience-driven and very social/connected
- Fresh, N&O and eco-friendly products



# The Millennials BFF

## Did you know?

- 4 out of 5 consumers use smartphones to shop<sup>1</sup>
- In 2015 more internet access will be through mobile devices than desktops<sup>2</sup>
- By 2016 the number of mobile devices is expected to surpass the world's population<sup>3</sup>

Sources:

<sup>1</sup> Business Intelligence

<sup>2</sup> Microsoft Tag

<sup>3</sup> Key Ring (A Gannet Company)

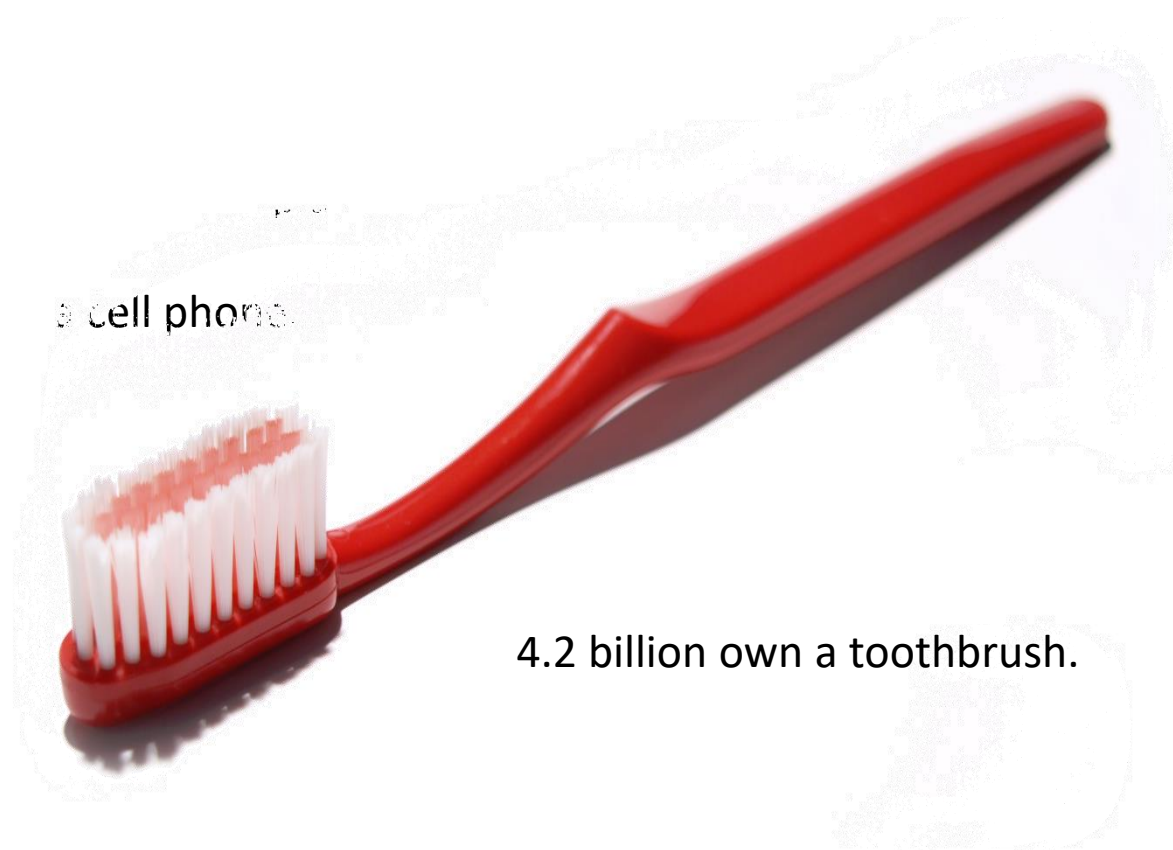


## Did you know?

There are 6.8 billion

5.1 billion of them own

a cell phone.



4.2 billion own a toothbrush.

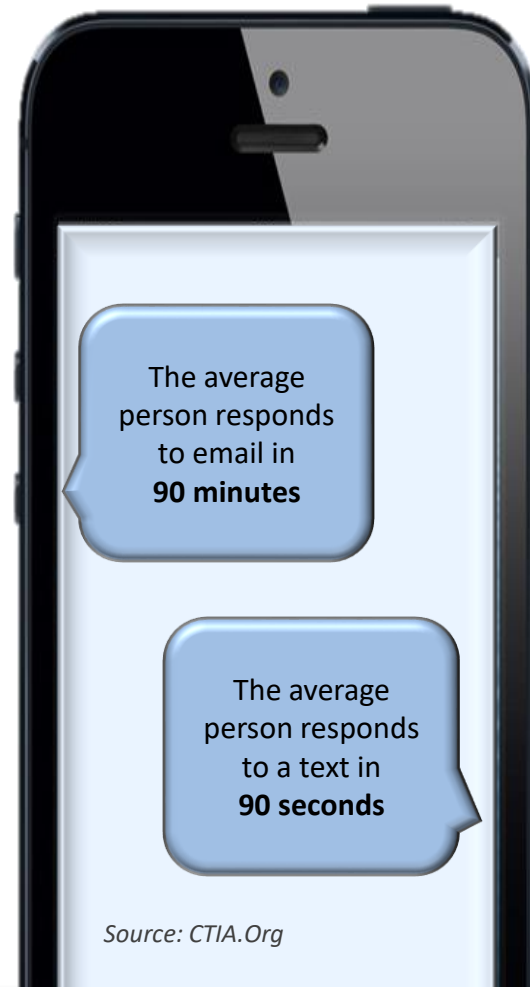
Source: Mobile Marketing Association Asia

# I Want It All. And I Want It Now.

# 70%

of all mobile searches  
result in action within  
**one hour**

Source: Mobile Marketer



Source: CTIA.Org

# Commerce at Warp Speed



# A Nickel of Every Retail Dollar (U.S.) Comes from eCommerce



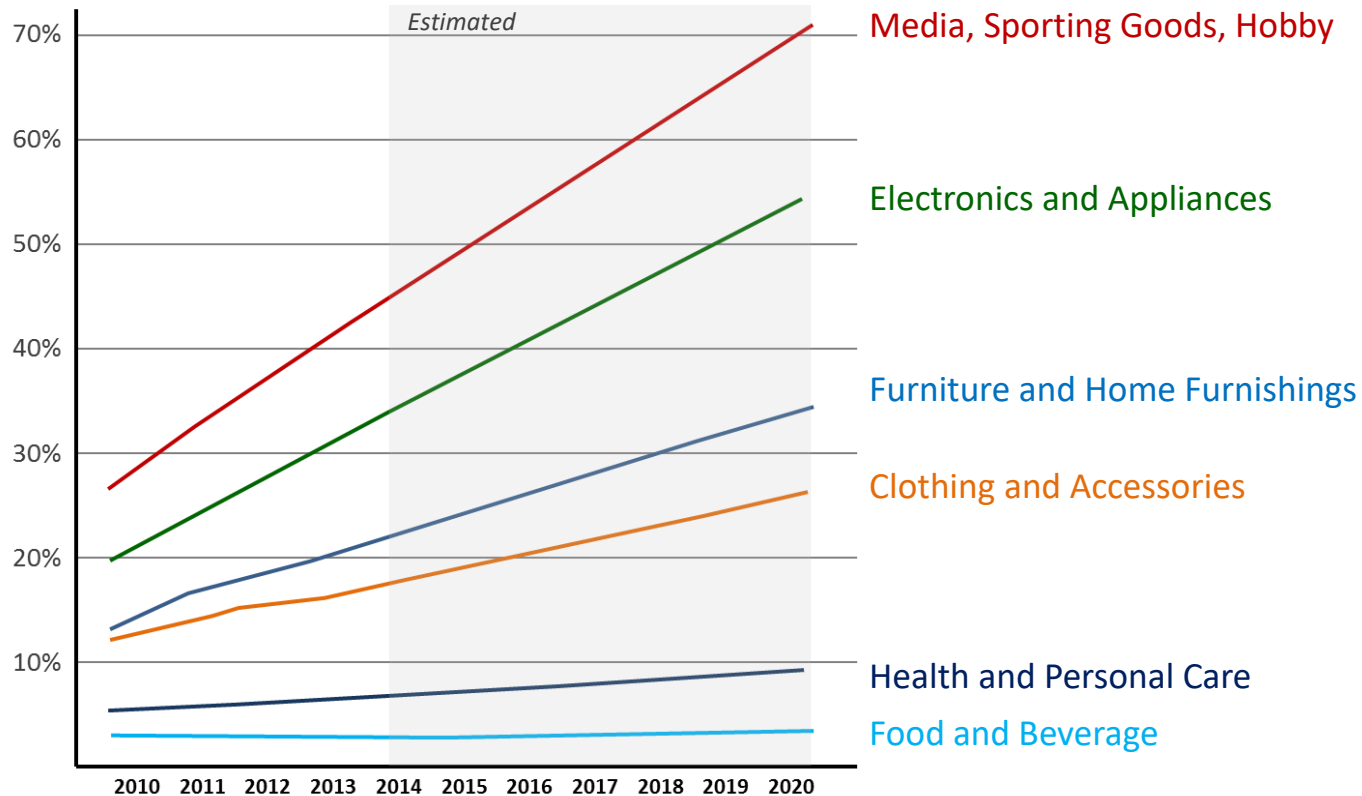
## Factoids

- Q1 eCommerce (all retail) is up 13% versus YAG
- Amazon accounts for 14% of all eCommerce in North America
- Walmart's online sales only accounts for 2% its total
- Over the last 15 years:
  - General retail has grown about 2.5% per year
  - Ecommerce grown about 20% per year

Sources:  
ComScore/Business Intelligence/US Department of Commerce

# Retail Sectors Food/Bev and Health/Personal Care Rank Last, however...

## Percent of U.S. Online Sales by Retail Category



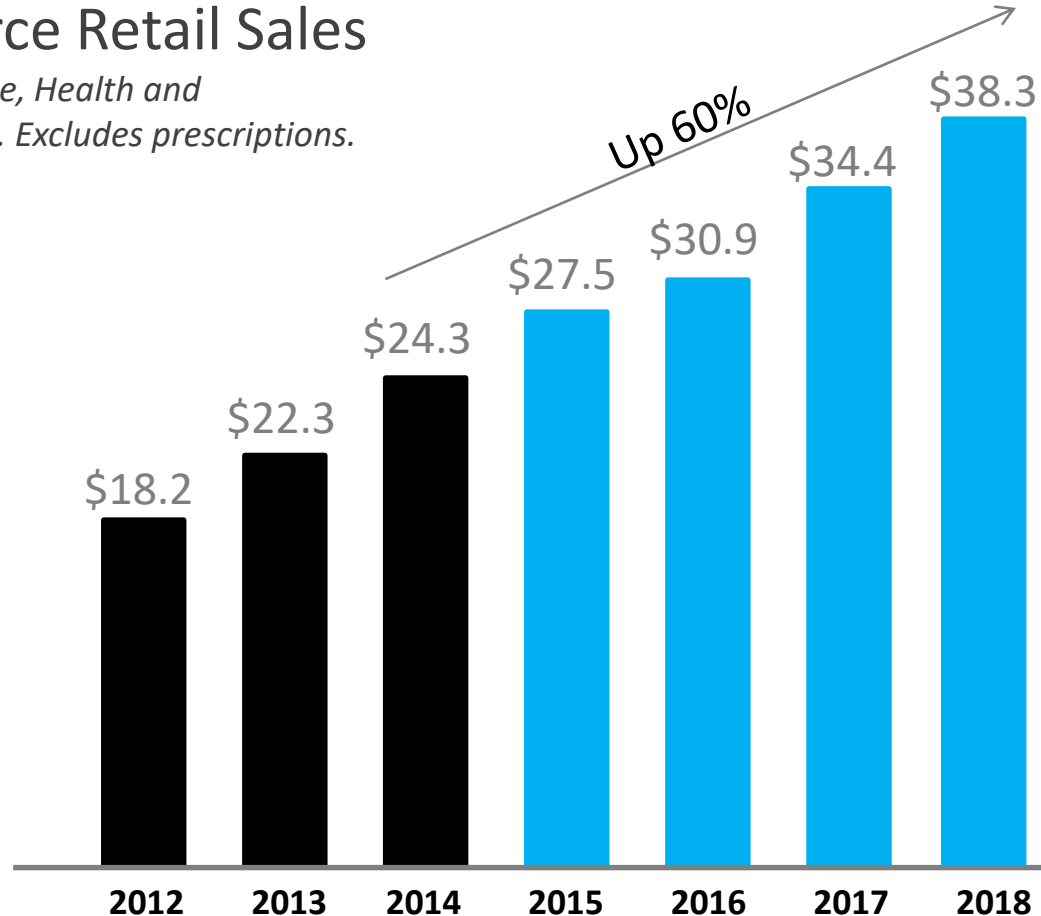
Sources: US Census, Internet Retailer, Business Intelligence

# Digital Purchases of Consumables will Grow Steadily

## U.S. eCommerce Retail Sales

- Includes Food, Beverage, Health and Personal Care Products. Excludes prescriptions.

Billions



Source: eMarketer

# Even Beauty and Personal Care are Embracing Online Shopping

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Online shopping for beauty and personal care items was believed to be insignificant due to the shopper's need for touching, smelling and sampling the products.

## Fact

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Last year, online sales accounted for 4.5% of the total category's sales (U.S.)



Source: ATKearney

# Convenient Commerce



# Everyday Items with One Shipping Fee



## Swiffer Wet Mopping Refills, Open Window Fresh Scent, 24 Count

by Swiffer

★★★★☆ 56 customer reviews

Price: **\$7.97** (\$0.33 / Count)

Coupon: Save \$0.40

[Clip Coupon](#) [Details](#)

Share

Fills 8.4% of your box (?)

A flat delivery fee of \$5.99 for each Prime Pantry box.

**In Stock.**

Ships from and sold by Amazon.com.

Most orders arrive within 4 business days.

- Dissolves dirt and grime better than a mop
- Unique formula traps and locks dirt deep in cloth
- Invigorating Open Window Fresh scent

### Add this item to your PrimePantry box

Prime Pantry is a new benefit for Prime members. You now have exclusive access to shop low-priced everyday essentials in everyday sizes. Adding this item to your cart will start a Prime Pantry box. Our Pantry boxes are large and can hold up to 45 pounds or 4 cubic feet of product. There's a flat \$5.99 delivery fee for each box. Buy as much - or as little - as you want, and get it conveniently delivered to your home. [Learn more](#)

Spend \$50, Get a \$15 Amazon.com Gift Card. Select Household Essentials. [Learn more](#)

Coupon details

Coupons available for this offer:

Swiffer Wet Mopping Refills, Open Window Fresh Scent, 24 Count  
\$0.40 extra saving at checkout  
[See more coupons](#)



Roll over image to zoom in

### Special Offers and Product Promotions

- Clip this coupon to save \$0.40 on this product when you buy from Amazon.com. Here's how (restrictions apply)
- Get a \$75 Amazon.com Gift Card: Get the Discover it Card and get a \$75.00 Amazon.com Gift Card after your first purchase. [Learn more.](#)

# Target Set to Take On Amazon



## Here's Target's Plan to Take on Amazon

Brad Tuttle @bradrtuttle | April 17, 2014



For the sake of convenience, low prices, or both, shoppers who used to routinely pick up household items at Target have slowly taken their business over to Amazon. Target wants its customers back in a bad way.

Last fall, Target introduced a subscription service for parents, allowing customers to order diapers and other baby goods on a recurring basis—always with free shipping and often with significant discounts. The new service was widely viewed as a blatant counteroffensive against Amazon, which has a long history of targeting Target and other brick-and-



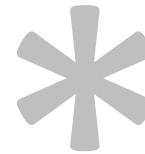
Victor J. Blue / Bloomberg via Getty Images

**MORE**  
Report: Amazon's  
Secret Plan

# Expands Online Products from 200 to 1500\* (+750%)



The screenshot shows the Target website's 'subscriptions' page. At the top, there are banners for 'subscriptions', 'Milo's Kitchen', 'LITTER genie', and 'MILK-BONE' with the slogan 'never run out again.' Below this is a navigation bar with categories like 'women', 'men', 'baby', 'kids', 'home', 'patio', 'furniture', 'electronics', 'entertainment', 'toys', 'sports', 'health', 'beauty', and 'clearance'. A search bar and a 'select category' dropdown are also present. The main content area features a 'subscriptions' section with the text 'everyday essentials delivered on the schedule you set.' and a 'manage my subscriptions' link. Below this is a 'here's how it works:' section with three numbered steps: 1. shop items (find 1,000s of things you never want to run out of), 2. set the schedule (you can always change the timing, shipping address & quantities), and 3. easy returns (free shipping on returns, or you can bring them to any store). At the bottom, a red banner states 'the savings add up.' and lists three benefits: 5% off all orders, free shipping, and an extra 5% off when you use your REDcard, with a 'learn more' link.



*1500 items available for home delivery.  
More than 35,000 Items can be purchased  
online and picked up at the store.*

Three overlapping circles representing savings: a red circle with '5% OFF TODAY & EVERY DAY', a blue circle with 'FREE SHIPPING @ TARGET.COM', and a green circle with '30 EXTRA DAYS FOR RETURNS'. Above the circles are three Target REDcard cards (debit and credit).

**Manage my REDcard**

Access your REDcard - check your credit card account balance, make a payment, and review past statements. Check your debit card transaction history and manage your PIN. And don't forget to enjoy exclusive offers available only to REDcard holders.

Manage my REDcard >

# Walmart Set to Take On Everyone



**Walmart Testing Innovative Ideas At Bentonville Innovation Center**  
By Christie Swanson  
Posted: June 5, 2014 at 1:30 a.m.

June 5, 2014

He said they are exploring about 500 ideas including digital watermarks. The technology would be used on circulars, allowing customers to take a picture of an item that would link them to information about the product. It would take out the need for users to scan Quick Response Codes.

Digital innovations include eReceipt. Gibu said eCommerce has the platform to send customers digital copies of receipts and programmers are working on creating apps making eReceipts interactive and useful for budgeting and creating shopping lists.

"What we have learned is the best shopping list is one that is created for you," he said.

One program they are designing tracks a shopper's purchase history and adds items to a list. He said the predictive shopping list app is in the early stages of development.

STAFF PHOTO JASON IVESTER Matt McNabb, an employee in Walmart's Information Systems Division, takes a photo of the new concept truck Wednesday outside the Walmart Innovation Lab in Bentonville before a media tour of the truck and facility. The tour is part of Walmart Shareholders Week.

BENTONVILLE -- Digital watermarks and predictive shopping lists are just two ideas Walmart employees are developing in the David Glass Technology Center in Bentonville. About 3,500 Walmart Information Systems Division workers call the pair of three-story, nondescript gray buildings at 805 Liberty Lane home. Walmart opened the building to reporters Wednesday as part of its annual shareholder events.

"We are not just innovating for innovation sake," said Dan Toporek, vice president of corporate communications for Walmart Global eCommerce. "We want to change things."

Walmart's Information Systems Division, or ISD, consists of several areas for planning and analysis to application development.

Walmart Global eCommerce's headquarters in Sunnyvale consists of about half of the division's 4,000 employees, senior vice president of mobile and digital eCommerce. The rest work in Bentonville and globally.

A large workspace on the first floor near the entrance features an open workspace and whiteboards for employees to jot down ideas. Collaboration is key to generating new ideas, said Cory...

## Walmart.com names Fernando Madeira as new US chief

By AP 10 Jun, 2014, 10:00PM EDT  
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June 10, 2014

NEW YORK, Walmart.com US CEO and...

## Walmart plans to hire hundreds for big expansion of digital operations in Sunnyvale

May 19, 2014

By George Avalos  
Oakland Tribune

POSTED: 05/19/2014 03:33:31 PM PDT | UPDATED: 16 DAYS AGO | 10 COMMENTS

SUNNYVALE -- Walmart's Global eCommerce unit intends to hire hundreds of tech workers in a big expansion of its operations in Sunnyvale.

The retail giant's eCommerce unit has struck a deal to lease about 107,000 square feet on West...

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July 15, 2014

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BUSINESS NEWS COMPASS REPORTS SPECIAL REPORTS THE SOCIAL OBITUARIES

DO YOU NEED TO REACH BUSINESS DECISION MAKERS IN FORT S...

Fort Smith Local Weather  
Sponsored by BREEDEN  
66° F  
Click Here for the weekly forecast

**Wal-Mart Canada offers free shipping on household items**  
Submitted by The City Wire Staff on Tue, 07/15/2014 - 10:14pm

Be a VIP  
LEARN MORE

The retail battleground in Canada is fierce and Wal-Mart just announced another tactical play offering free shipping on all of its household items. The move is seen by analysts as a way for Wal-Mart to compete with Amazon's subscription services.

The pricing structure appears to be a long term plan and is applicable to several consumable item categories including health and beauty, grocery, baby and household.

There is no minimum order required to receive free shipping at Wal-Mart, which is a competitive advantage over Target's \$50 minimum. To better compete with Amazon's subscription service Wal-Mart Canada is also promoting online orders that can be shipped at later dates to help save customers time and avoid forgetting purchase necessities.

# Walmart is Connecting the Digital Experience

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# Paper or Plastic

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- **Home Delivery**
- **Dark Stores**
- **Click and Collect**
- **Depot / Pickup Locations**

Price  
(It still reigns)



# Price Comparisons Easier than Ever

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Percent of shoppers using their smartphone to compare prices

59%

*Source: Deloitte*

Percent of shoppers who have stopped an in-store purchase as a result of using their mobile phone

38%

*Source: Interactive Advertising Bureau*

# Walmart Continues its Low-Price Leadership



## Walmart takes 'Savings Catcher' nationwide

Jon Springer Jun 04, 2014

Walmart on Wednesday said it would roll out its online price comparison tool, known as Savings Catcher, nationwide later this summer.

The proprietary technology — test piloted in several markets this spring — checks competitor ads for items purchased at Walmart, and provides e-gift cards for the difference in price when a competitor's price for eligible items is lower.

CONNECT WITH SN ON TWITTER

Follow @SN\_News for updates throughout the day.

Officials at the retailer's annual meeting events Wednesday said Savings Catcher would be a central tool in the retailer's strategy to integrate digital and physical shopping experiences. The program is designed to work with a digital receipt program Walmart is also rolling out.

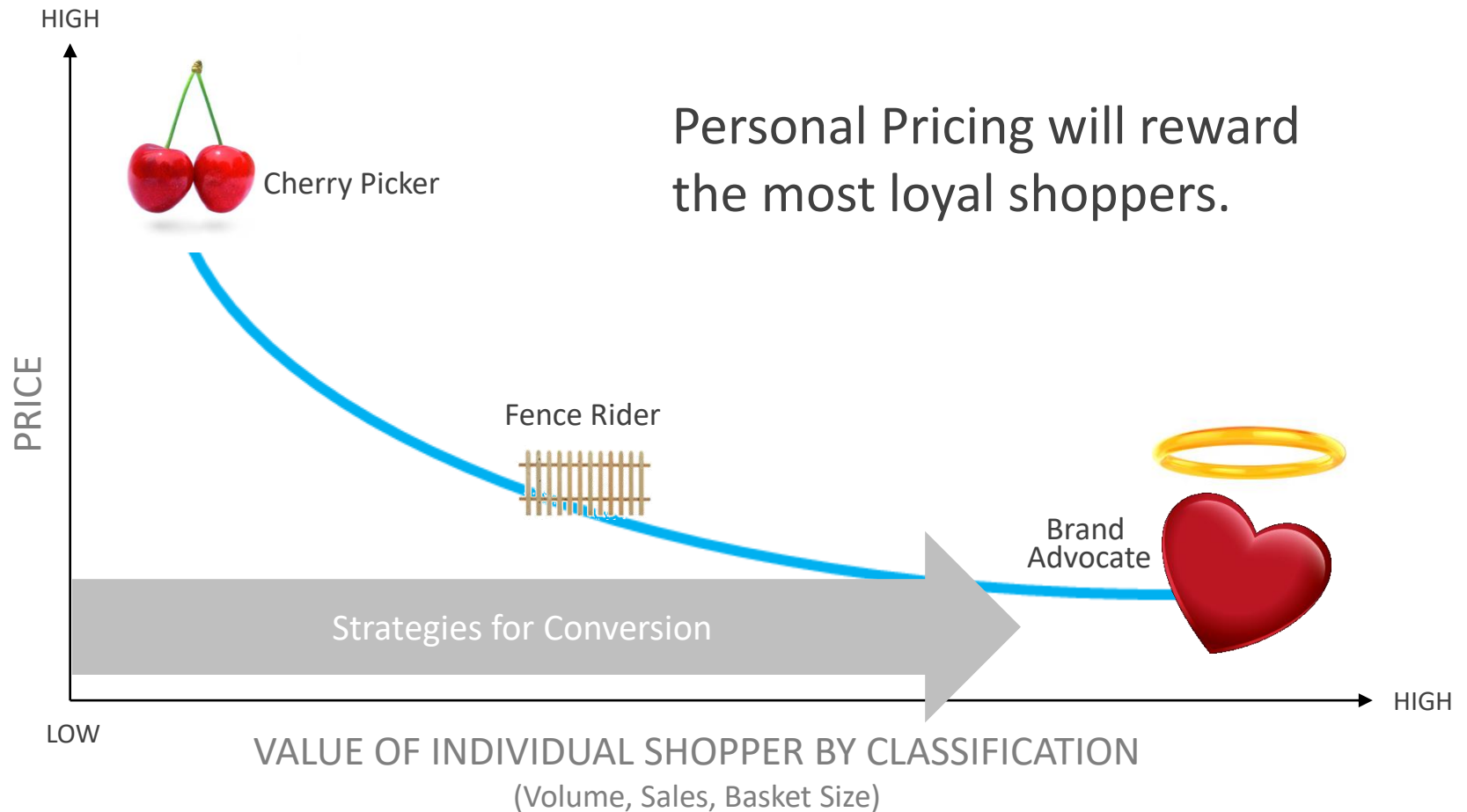
"Our customers are savvier than ever when it comes to finding the best deals — they are using technology to do their research and spending hours clipping coupons. We knew there had to be an easier way," said Duncan Mac Naughton, chief merchandising and marketing officer, Walmart U.S. "Savings Catcher offers customers yet another reason to trust us when it comes to helping them save. It brings greater price transparency to the market and gives our customers confidence that they are finding some of the best deals available in retail."

### Related

» [Walmart tests new ad match tool](#)



# Price is about to Get Personal



Promotion



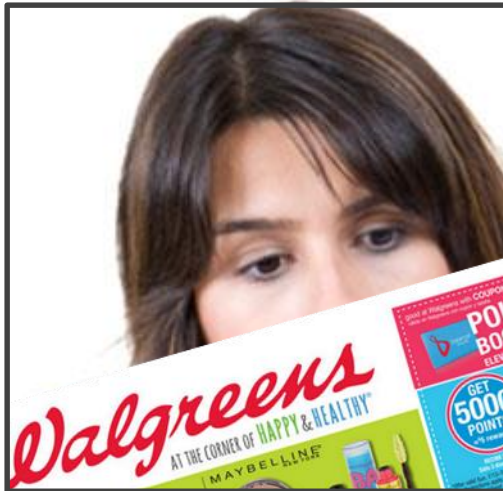
# Use of Mobile Coupons is Exploding

- Usage of mobile coupons on smartphones is up 41% versus year ago
- The number of mobile coupon users will exceed 50 million by 2014
- Redemption for mobile coupons is 10x higher than print
- Mobile coupons are a gateway into consumer insights



Sources: Borrell, Business Insider, ComScore

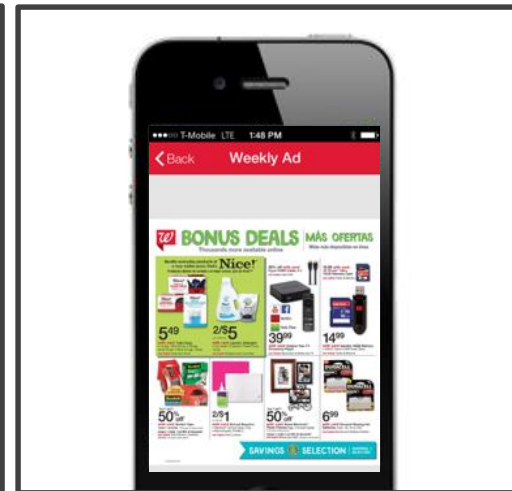
# The Promotional Landscape is Changing... Rapidly



Traditional Ad Circular



Ad Circular on Website



Ad Circular on Mobile

# Promotion Connects to Loyalty

**CVS pharmacy**

**myWeekly Ad**

**Deals on Things You Buy**

sale! 8<sup>99</sup>

sale! 2/3

buy 1 get 1 FREE

**ExtraCare® Savings**

ExtraSavings	\$2 off \$8 Allergy Relief
ExtraSavings	\$2 off two Sun Protection Products
ExtraSavings	\$1 off \$5 Body Wash or Liquid Soap

extra care

Link your ExtraCare® card and myWeekly Ad will move sales on products you already use to the top. So, you never miss a deal on your must-haves.

**See all the weekly deals organized just for you!**

3

Create an in-store shopping list

Deals organized just for you

ExtraCare® offers all in one place

NEW Paperless Coupons! Hassle free. Paper free. Start clipping >

Walgreens AT THE CORNER OF HAPPY & HEALTHY™

Get even more in the **NEW Weekly Ad**

Pharmacy Prescription Refills Health Info & Services Contact Lenses Shop Products Photo

Weekly Ad Offers We simplified the navigation

Weekly Ad Coupons & Offers Paperless Coupons Clipped Coupons List

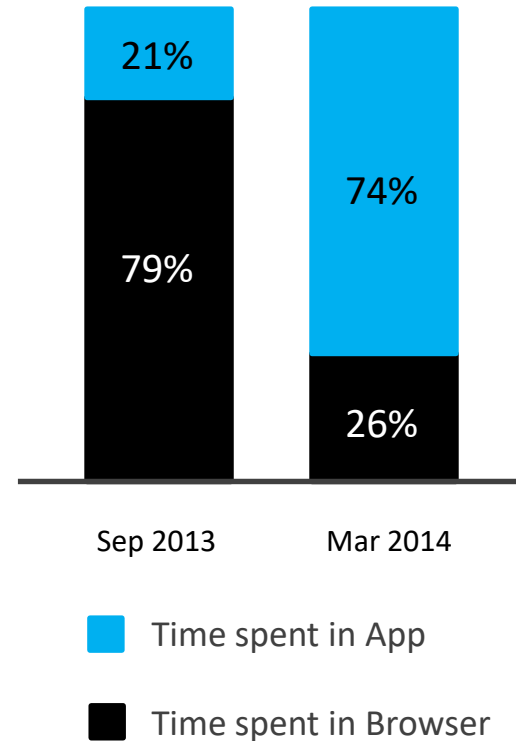
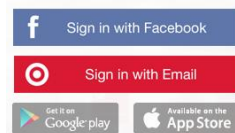
Clip Weekly Ad coupons straight to your card

Go paperless! Clip coupons like this to your card with just a click.

50% off with card

GET 5000 POINTS

# Target's Cartwheel Coupon App is Engaging Customers



Source: Business Intelligence

# Emergence of New Promotion Optimization Solutions and Tools

- Data captured from electronic promotions will lead to true promotion optimization
- The timing for this is crucial as the percent of sales from promoted goods is nearing 50%
- Pricing pressures continue to erode margins; thereby increasing the need for higher returns from every promoted dollar
- This systems will provide unprecedented Insight and visibility into promotional decision making



# Summary



# Business Will Be Anything But Usual

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- E-Commerce and M-Commerce are not options – They are requirements
- There's no such thing as the **traditional shopping experience**
  - The term “store” will mean physical and online
  - The retail experience will begin electronically
- Remember the 3Ms for Growth: Millenials, Mobile, and More
  - More communication channels
  - More offers (personalized)
  - More shopping and delivery options
- Growth of Decision Support Systems (to understand the financial implications of alternative 4P strategies and service options)
- Communicating “Value” will be more important, yet more difficult, than ever

# Questions & Answers

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Downloadable Insights

[willardbishop.com/comp\\_edge.php](http://willardbishop.com/comp_edge.php)



# Retooling Retail for Digitally-Savvy Millennials

Thank You

