



FUTURE OF FOOD RETAILING

THRIVING IN THE AGE OF AMAZON





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Food, Consumer and Agribusiness Group

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- We serve as a trusted source, providing balanced coverage of the issues through business newsletters and online research tools.
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- Sales & Marketing Agencies
- Grocery Retailers
- Foodservice Distributors
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The Future of Food Retailing

Thriving in the Age of Amazon

June 18, 2019

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amazon



Agenda

➤ Taking a Look Back

➤ Understanding Amazon's Grocery Strategy

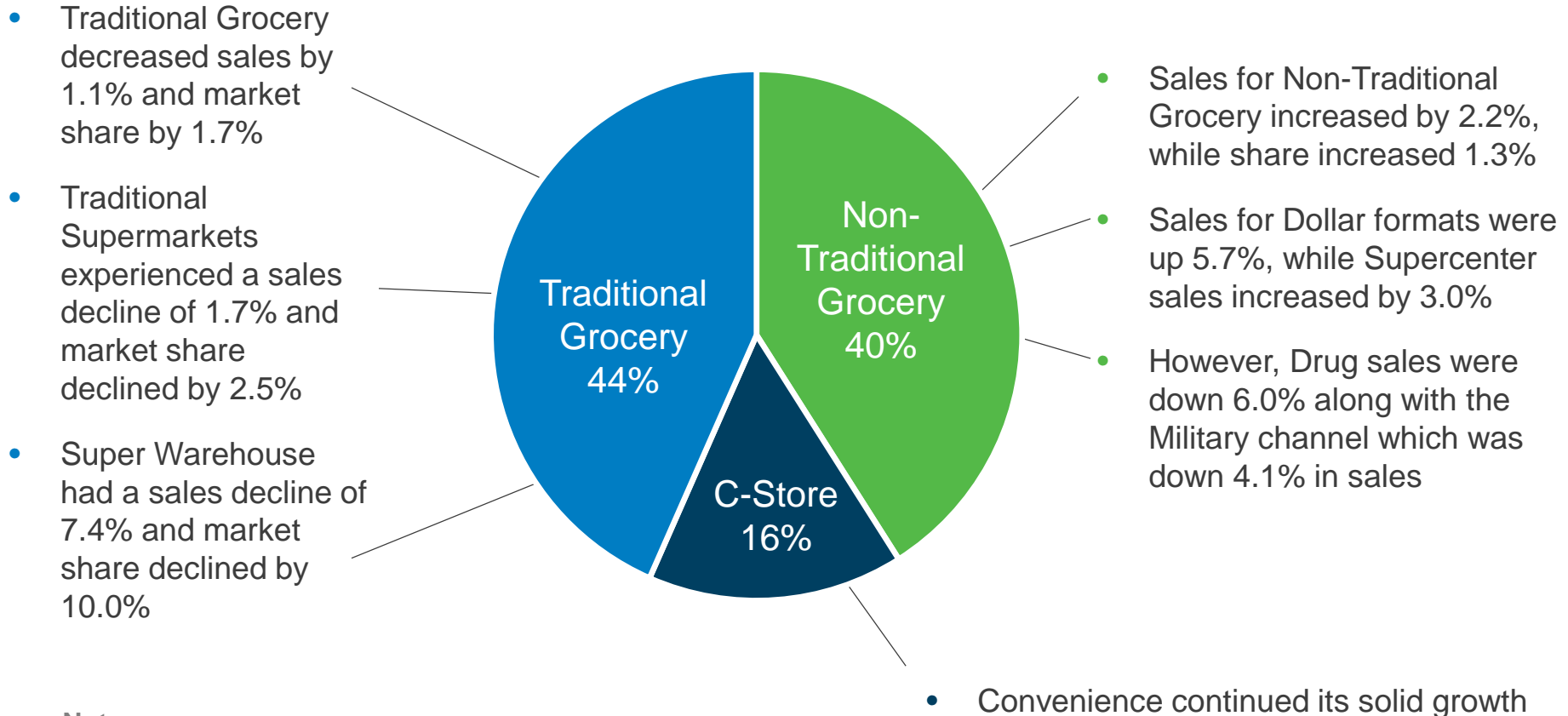
➤ Who is Affected and Why?

➤ How to Face the Challenges



Taking a Look Back

Looking Back: 2018



Notes:

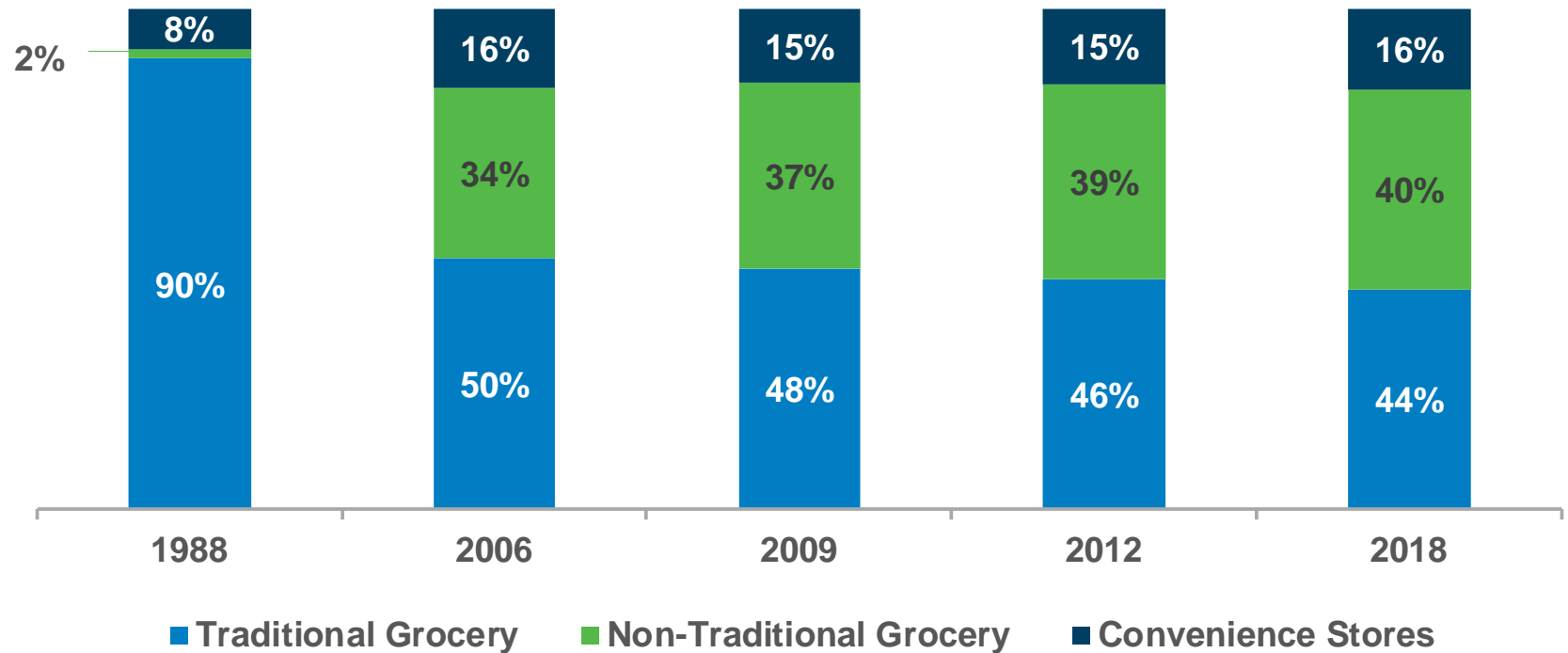
Results include sales from food and consumables *only* in these channels

Traditional Grocery formats have two-thirds or more of their sales represented by food and consumable products

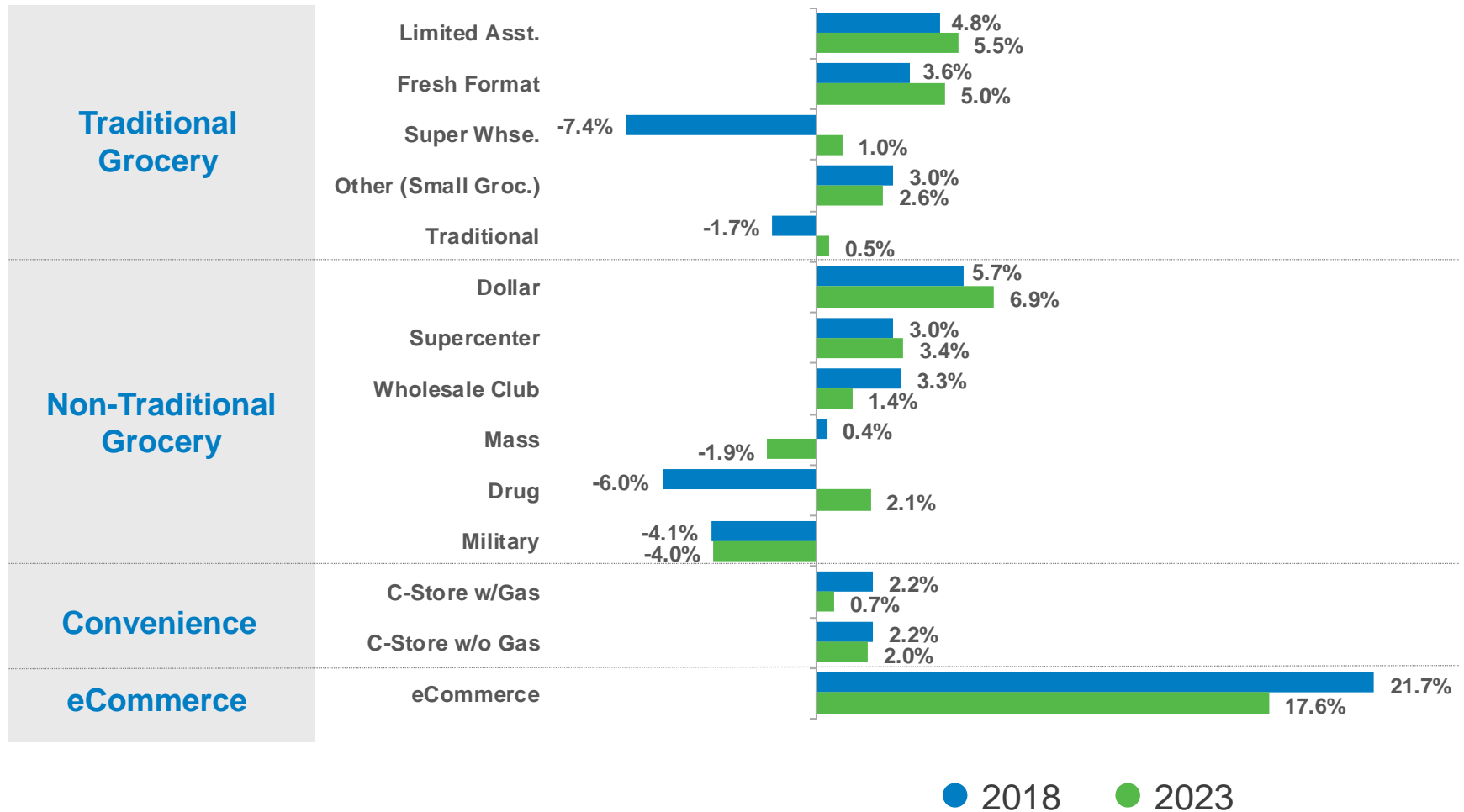
C-Store percentages do not include sales from gasoline

Channel Trends

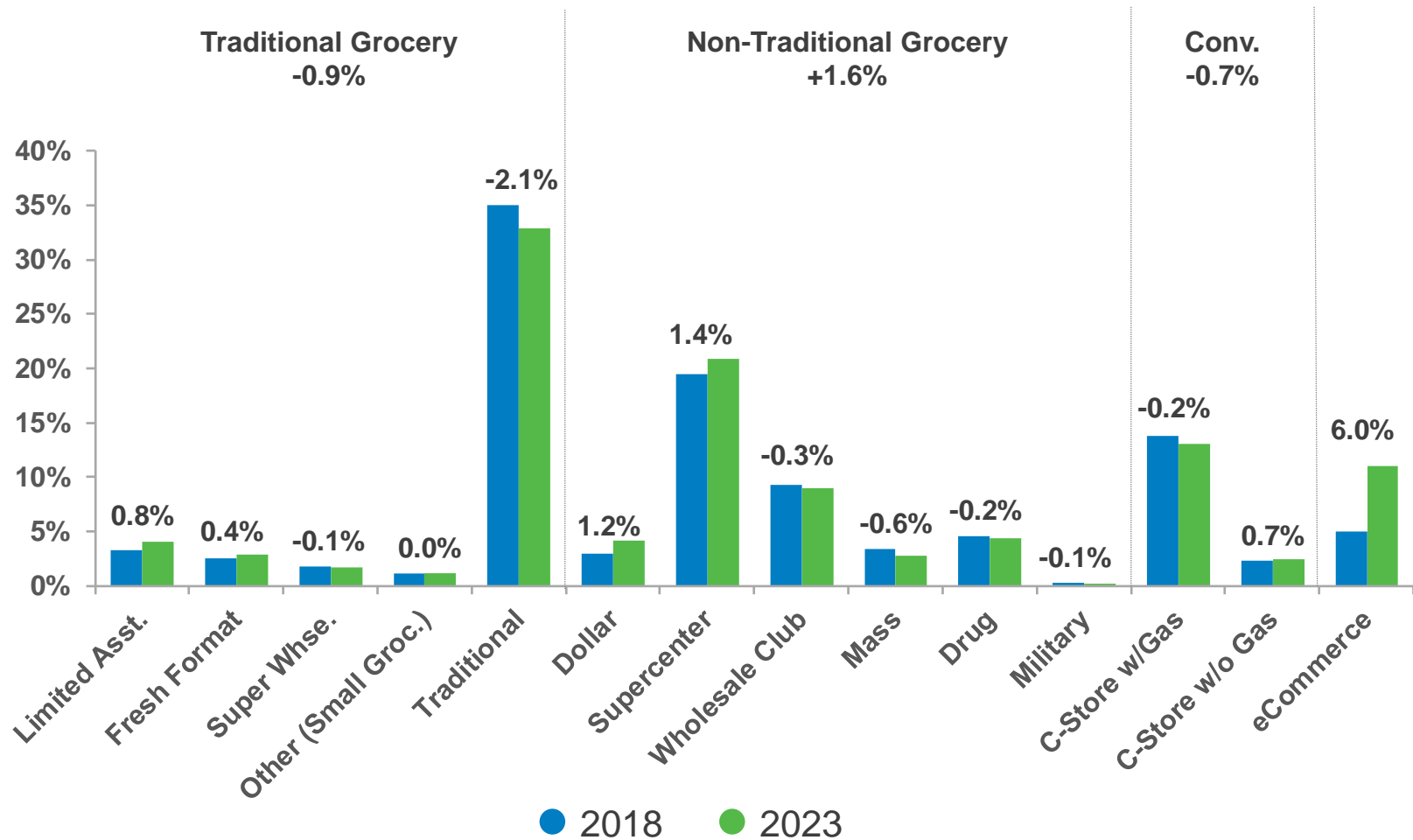
Dollar Share by Channel
(Rounded)



Format Sales 2018 vs. 2023



Dollar Share 2018 vs. 2023





Why is Amazon Expanding into Grocery?

The **Why** Behind Amazon's Move into Grocery



Proximity to Shoppers



New Shopper Data



Greater Share of Trade Spend

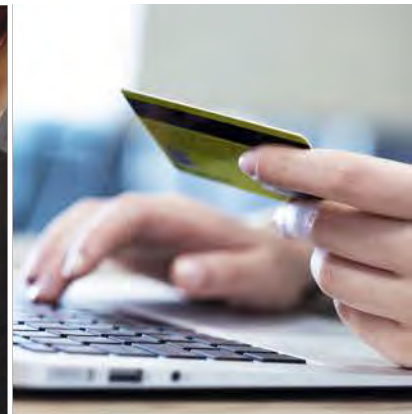


Drive Higher Adoption of Prime Subscriptions

Proximity to Shoppers

► Expanding into **Fresh**

► **Optimizes** One-Day Home Delivery



► **Consistent** Purchases

► Presence and **Accessibility** for Shoppers

Tap Into More Shopper Data

31% of digital grocery shoppers purchased groceries from Amazon in 2018*



63% of shoppers did not purchase groceries online this past year**





More Driving Factors

11% of online hhlds purchased
groceries from Amazon
P A S T 3 0 D A Y S

Average grocery order for
customers buying from Amazon is
\$45

Customers spend
\$116
online at supermarkets

67% of females
and **64%** of males
refrain from buying
meat and/or seafood
purchases digitally*

*2018 Inmar E-commerce Study

Drive Higher Adoption of Prime Subscriptions

100+ Million Members

Paying \$119/Year

Average spending per year:

- Prime members: **\$1,400**
- Non-members: **\$600**



Greater Share of Shopper Marketing Dollars

Amazon
Online
Marketplace



- More trade spend
- More leverage

Amazon
B&M
Retailer





Who is Affected

CPG Threats

- ▶ Amazon taking over more outlets for their products
- ▶ Compressed margins
- ▶ Amazon can dictate pricing and adjust competitive pricing quickly



Retailer Threats

- ▶ Increased competition in local B&M markets
- ▶ Closer distribution outlets for fresh
- ▶ Competition for personalized shopper experience and loyalty
- ▶ Assortment availability

The background features a diagonal split between white and teal. On the white side, there are three sets of concentric dotted circles. On the teal side, there is a blurred image of a shopping basket filled with clothes, with one set of concentric dotted circles overlaid on it.

How to Face the Challenges

Consider Four Strategic Pillars



**Shopper
Engagement**

1



**Stay
Vigilant**

2



**Store
Experience**

3



Trust

4

1

Shopper Engagement



84%

of shoppers who buy groceries online maintained or increased in-store shopping trips

- Personalization
- VS. Prime
- Online digital experience
- E-Commerce



Personalization

OMNICHANNEL, RETAILERS

Learning from Amazon's embrace of personalization

by [Gene Schneider](#) | Mar 6, 2018

Google brings personalized Shopping, local inventory and better checkout to U.S.

The redesign and new features aim to lure shoppers away from Amazon.

Greg Sterling on May 14, 2019 at 11:59 am

Personalization in digital food retailing

By [Mike Troy](#) - 06/10/2019

276 views | Jun 4, 2019, 08:30am

Engage Your Consumers Through Hyper-Personalization



Marta Cyhan Forbes Councils
Forbes Communications Council CommunityVoice ©

IDC Retail Research Highlights Importance of Personalization in Grocery

PATRICK DANEY | LOYALTY360, JUNE 04, 2019

VS. Prime

5 insane Amazon Prime perks you probably don't know about

By Catey Hill

Published: Apr 29, 2019 10:08 a.m. ET

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COMMENTS 20

Aa

As Amazon promises to soon make free one-day shipping standard to Prime customers, we look at the amazing — but often unknown — benefits a Prime membership already gets you





Online Digital Experience

82%

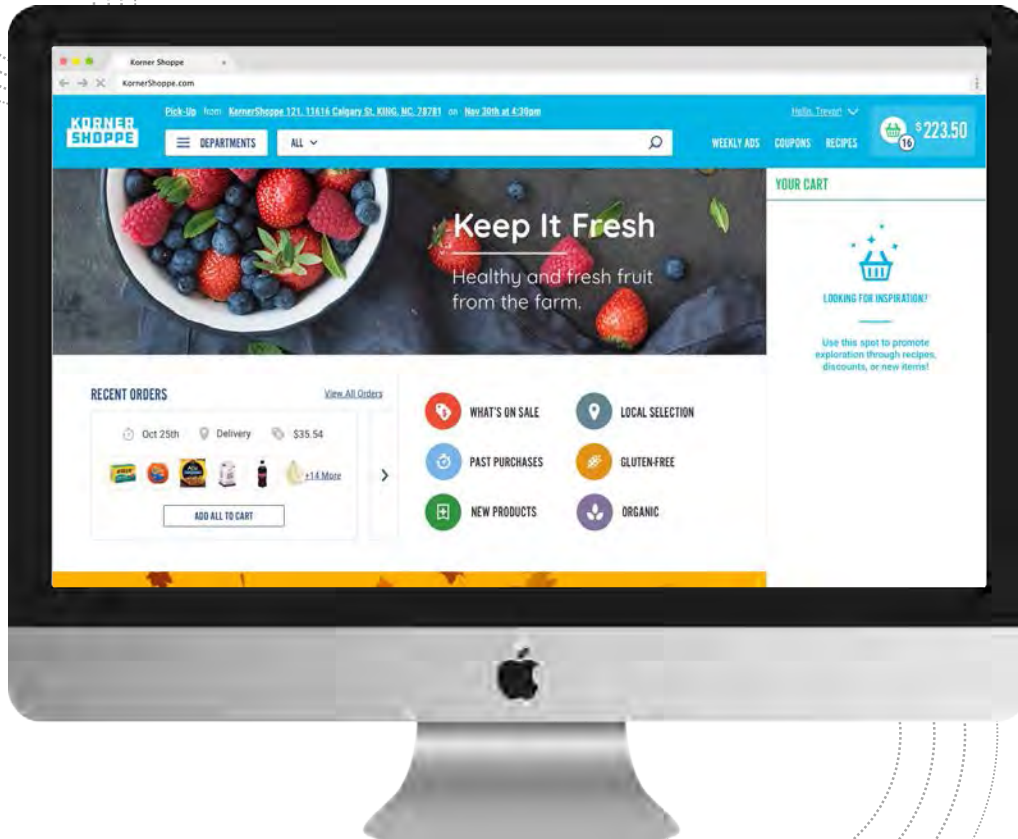
of smartphone users consult their phones on purchases they are about to make in-store*

Your online presence must be:

- Available
- Authentic
- Actionable



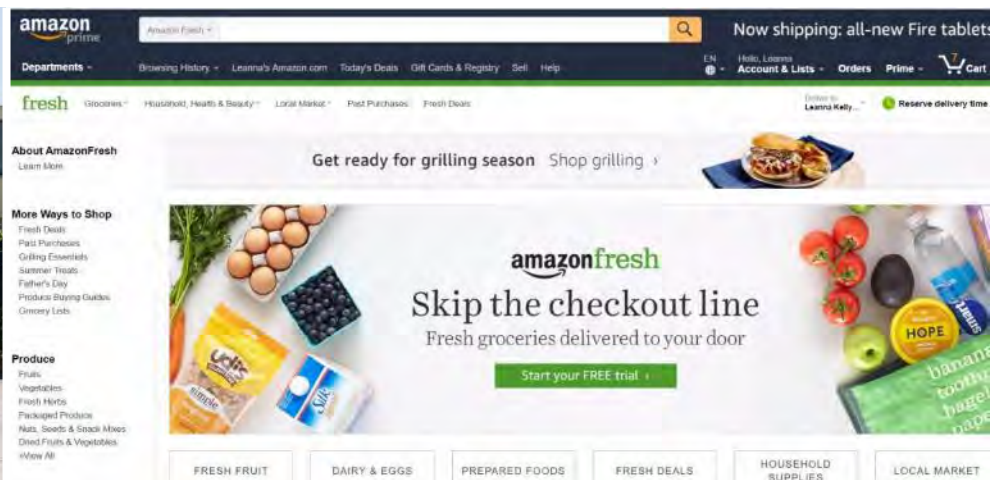
E-Commerce



- Personalized
- Intuitive
- Inspirational
- Efficient
- Cost effective

2

Stay Vigilant & Aware



3

Store Experience



Publix.

WHERE SHOPPING IS A PLEASURE®



**TRADER
JOE'S**



Wegmans

1,683 views | May 10, 2019, 04:12pm

Counterfeits - Amazon, Etsy, eBay, Instagram, And Others Duping Consumers And Damaging Innovation



Roomy Khan Contributor

Personal Finance

I give insight into decisions that lead to white-collar misbehaviors.



Key Takeaways

Shoppers are still mostly in B&M

63% of shoppers did not purchase groceries online this past year

Online shoppers are still valuable to B&M

84% of shoppers who buy groceries online maintained or increased in-store shopping trips

Fresh is still a hurdle for online grocery

67% of females and **64%** of males refrain from buying meat and/or seafood purchases digitally*

1 Shopper Engagement must be personalized, valuable, and omni-channel

2 Amazon is constantly changing the game, stay vigilant and agile

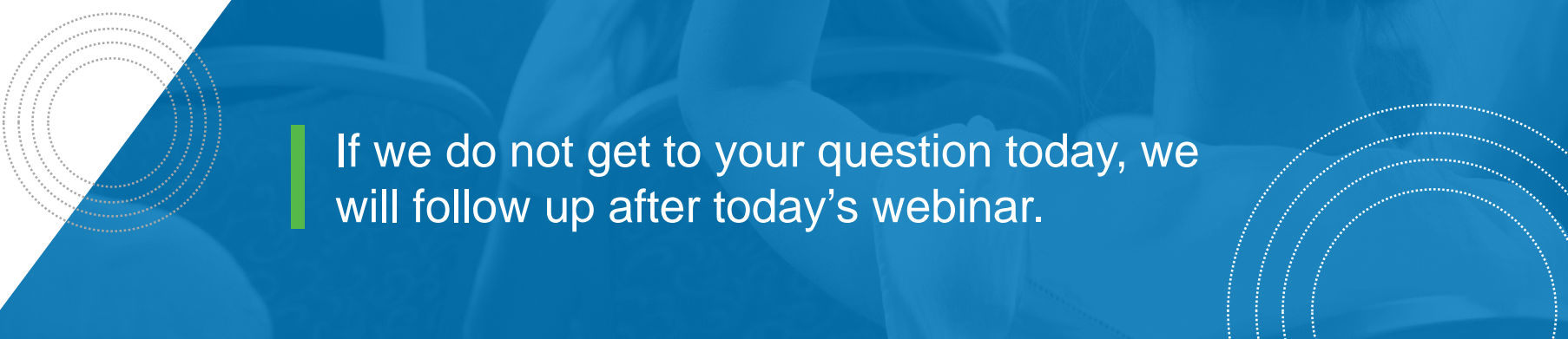
3 Work together to set your in-store experience apart

4 Leverage the trust that shoppers have in your products and accessibility



Q&A

Please submit your
questions through the
chat box

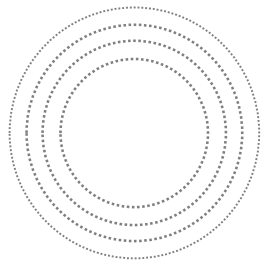


If we do not get to your question today, we
will follow up after today's webinar.



THANK YOU

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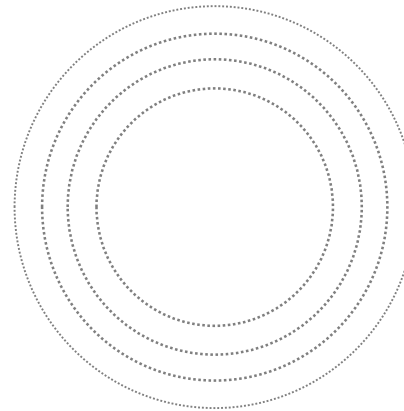
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