



FUTURE OF FOOD RETAILING

THRIVING IN THE AGE OF AMAZON





THIS WEBINAR IS SPONSORED BY



BMO Harris Bank Food, Consumer and Agribusiness Group

Whether you're a producer, processor, retailer or distributor, every company throughout the food continuum needs a financial partner that understands the factors that can impact their business. From commodity price fluctuations to industry cyclicalities, our experienced team of specialists understands how these factors affect your business, and we're dedicated to serving the needs of the entire food industry - from farm to consumer. To learn more about how we can help, visit <http://bmoharris.com/food>.

WHO IS THE FOOD INSTITUTE?

- The Food Institute has been serving the food industry with relevant, timely and uninterrupted information for 90 years.
- We serve as a trusted source, providing balanced coverage of the issues through business newsletters and online research tools.
- Visit us online at foodinstitute.com for upcoming webinars, publications and industry information.



WHO ARE OUR MEMBERS?

- Financial Analysts, Bankers, Investors
- Food Manufacturers
- Sales & Marketing Agencies
- Grocery Retailers
- Foodservice Distributors
- Foodservice Operators
- Schools, Colleges, Universities
- Ad Agencies, PR Consultants



FOOD INSTITUTE MEMBERSHIP

Sign up today for the FI Report, daily news and exclusive access to online industry research.

foodinstitute.com/joinfi



- 1
- 2
- 3
- 4

The Food Institute Report

A weekly report of the most important industry info.

Today in Food

An electronic newsletter delivered to your inbox daily.

Online Portal

A research library on your desktop – available anytime!

Webinars & Industry Reports



The Future of Food Retailing

Thriving in the Age of Amazon

June 18, 2019



SPONSORED BY





Jim

HERTEL

Senior Vice President
Inmar
jim.hertel@inmar.com

Craig

ROSENBLUM

Regional Vice President
Inmar
craig.rosenblum@inmar.com



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

- Traditional Grocery decreased sales by 1.1% and market share by 1.7%
- Traditional Supermarkets experienced a sales decline of 1.7% and market share declined by 2.5%
- Super Warehouse had a sales decline of 7.4% and market share declined by 10.0%

A pie chart illustrating the market share distribution in 2018. The chart is divided into three segments: a large blue segment representing Traditional Grocery at 44%, a green segment representing Non-Traditional Grocery at 40%, and a smaller dark blue segment representing C-Store at 16%. Lines connect the text descriptions on the left and right to their corresponding segments in the pie chart.

- Sales for Non-Traditional Grocery increased by 2.2%, while share increased 1.3%
- Sales for Dollar formats were up 5.7%, while Supercenter sales increased by 3.0%
- However, Drug sales were down 6.0% along with the Military channel which was down 4.1% in sales
- Convenience continued its solid growth

Notes:

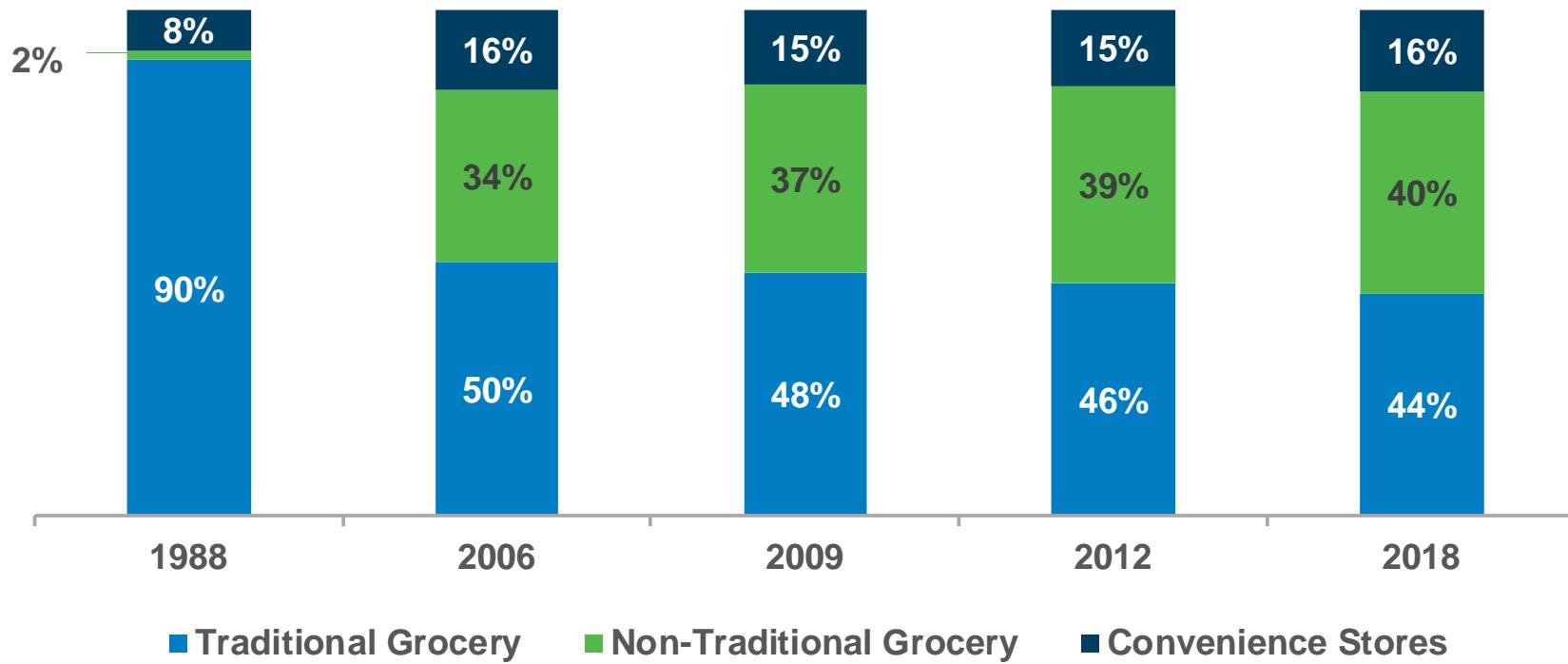
Results include sales from food and consumables
only in these channels

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

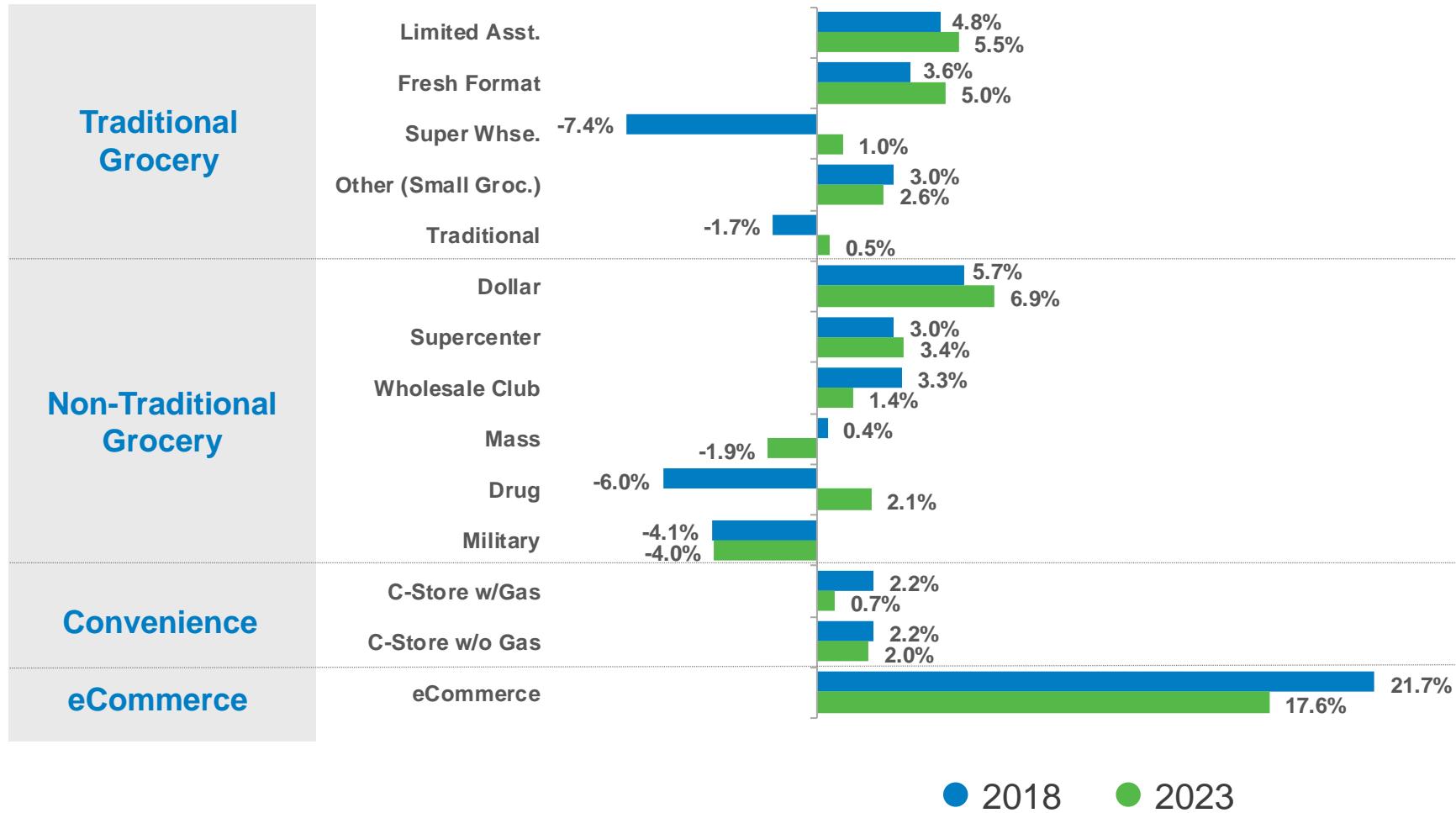
C-Store percentages do not include sales from gasoline

Channel Trends

Dollar Share by Channel
(Rounded)

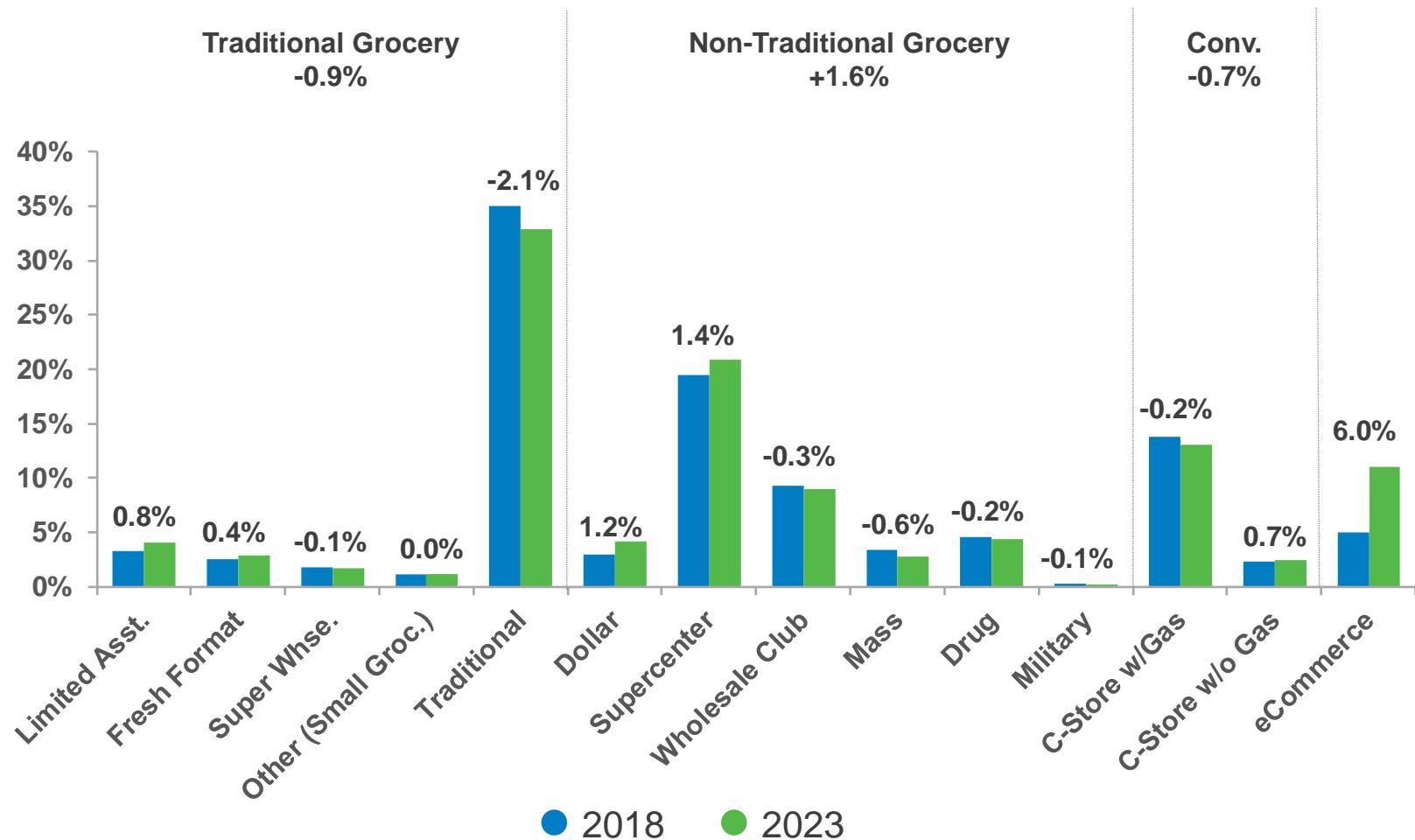


Format Sales 2018 vs. 2023





Dollar Share 2018 vs. 2023



A woman in a grocery store aisle is holding a bottle of milk. She is wearing a dark t-shirt and a necklace. The background shows shelves with various grocery items. The image is overlaid with a teal gradient and decorative white dotted circles.

Why is Amazon Expanding into Grocery?

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



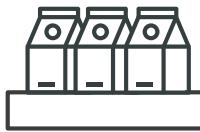
Proximity to Shoppers



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**



*<https://content-na2.emarketer.com/five-charts-the-state-of-online-groceries/>

**Inmar's 2018 e-Commerce Study

More Driving Factors

11% of online hhlds purchased groceries from Amazon
PAST 30 DAYS

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



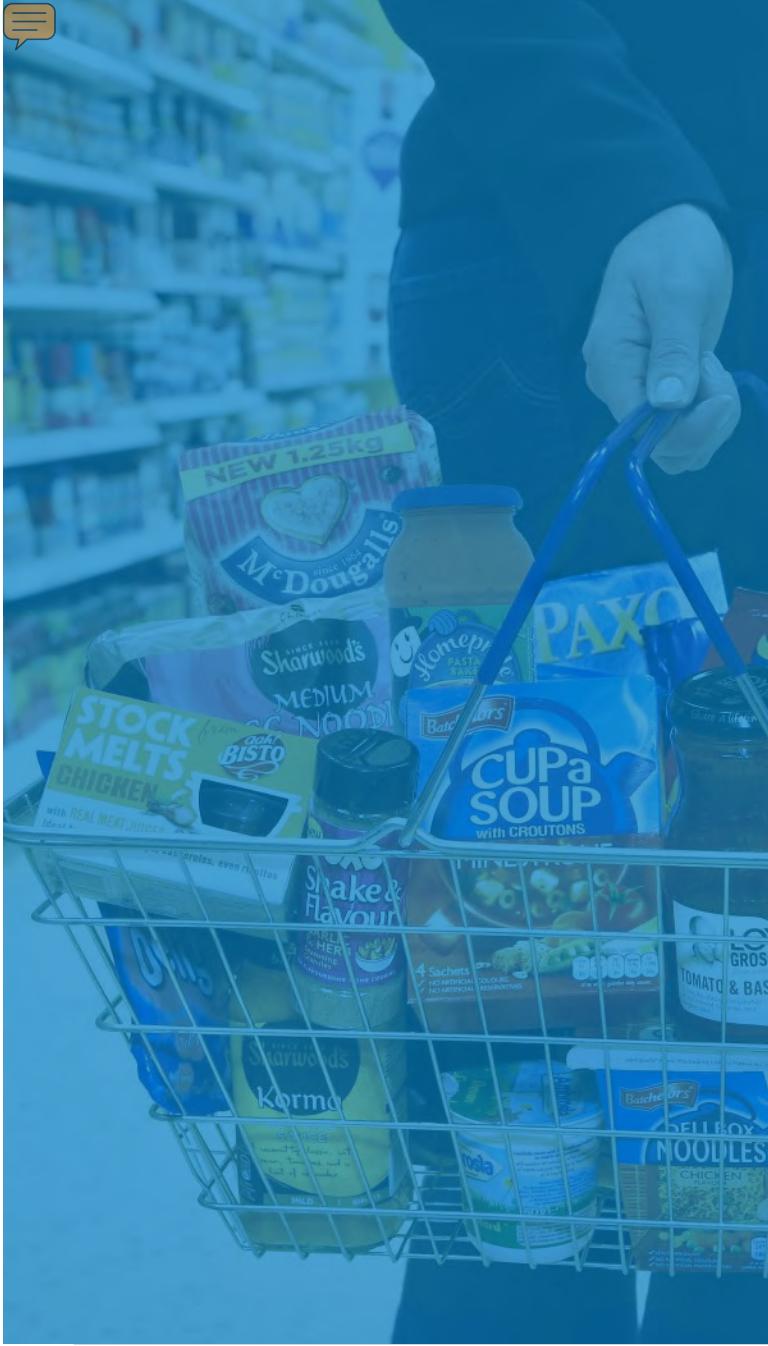
Greater Share of Shopper Marketing Dollars



- More trade spend
- More leverage



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



How to Face the Challenges

Consider Four Strategic Pillars



**Shopper
Engagement**

1



**Stay
Vigilant**

2



**Store
Experience**

3



Trust

4

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 11:58 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 BARNEY | LOYALTY360, JUNE 08, 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

SHARE COMMENTS 20

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%

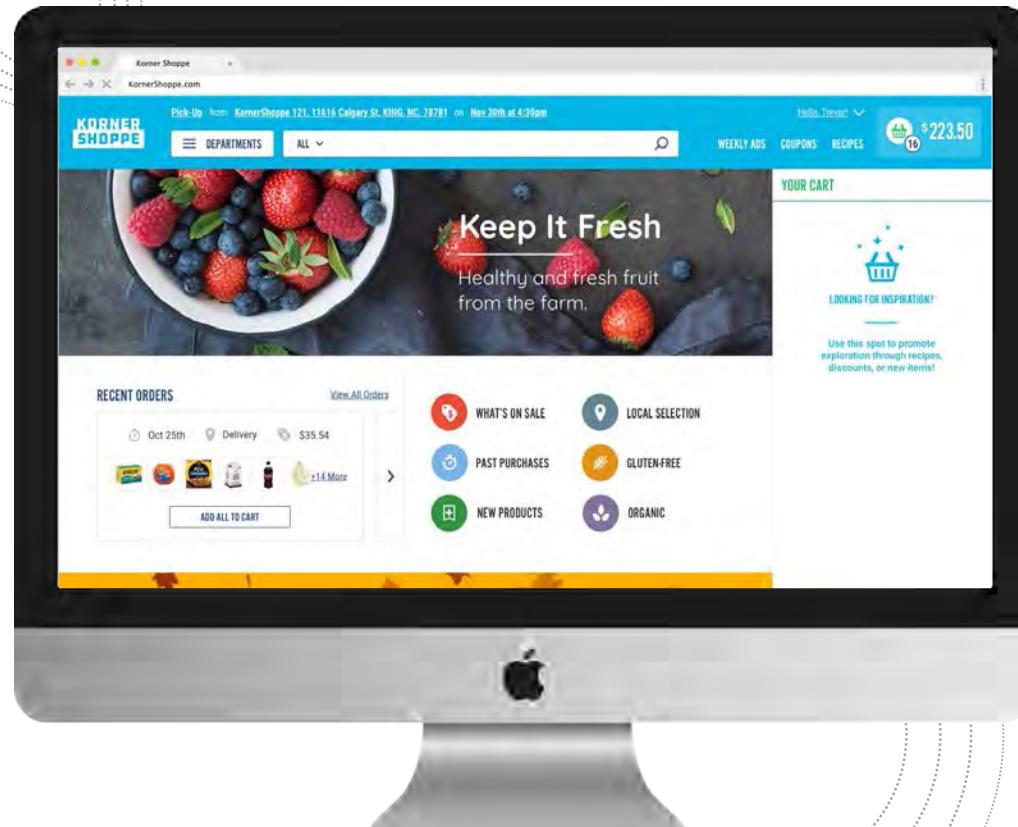
of smartphone users consult their phones on purchases they are about to make in-store*

Your online presence must be:

- Available
- Authentic
- Actionable



E-Commerce



- Personalized
- Intuitive
- Inspirational
- Efficient
- Cost effective

2

Stay Vigilant & Aware

A collage of four images related to Amazon grocery delivery:

- Amazon Fresh Website Screenshot:** A screenshot of the Amazon Fresh website showing a search bar, navigation menu, and a banner for "Get ready for grilling season".
- Amazon Fresh Delivery Truck:** A photograph of an Amazon Fresh delivery truck with the slogan "Skip the checkout line Fresh groceries delivered to your door".
- Amazon Prime Now Sign:** A large green sign for "Prime Now" with the text "FREE Two-Hour Delivery on Thousands of Items".

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

3 Work together to set your in-store experience apart

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

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

Q&A

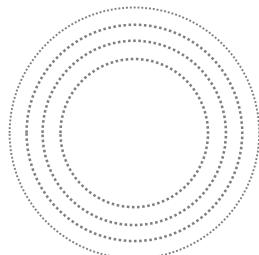
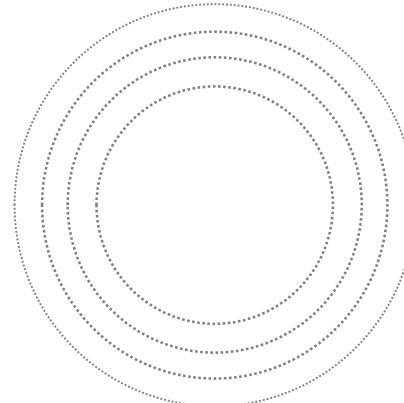
Please submit your questions through the chat box

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



THANK YOU

www.inmar.com • www.linkedin.com/company/inmar • @InmarInc



 Jim Hertel

 jim.hertel@inmar.com

 847.756.3712

 Craig Rosenblum

 Craig.Rosenblum@inmar.com

 847.756.3726

