

RETAIL NEWS INSIDER

Retail Outlook: EXPERTS PREDICT WHAT TO EXPECT IN 2016



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The award-winning Interactions *Retail News Insider* offers a look at the trends, best practices and news affecting today's retail environment as it relates to engaging shoppers and driving sales.

As the flagship publication for Interactions, *Retail News Insider* provides insight on trends that affect all levels of our business, practical sales tips for our field teams as well as the latest news from our own consumer experience marketing experts. Our team embraces the concept that the world of shopper engagement is an ever-evolving marketplace, and goes inside the stories to take a look at what's happening in the U.S. and across the globe.

Retail News Insider has been named by numerous industry awards organizations as the best publication for associates. We are proud to set the standard for excellence in communication across industries, as well as for our own organization.

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During this time of year you see lists and rankings for everything from shopping trends to the latest technologies. Even in this very publication our experts weigh in this month on the trends we can expect next year.

Over the past several weeks our teams have been especially busy as they are deep in the RFP (Request for Proposal) process with retailers and brands. Essentially, an RFP answers the question: *Why should we (the retailer or brand)*

choose Interactions or SAS? Our teams expertly inform retailers and brands on how our capabilities, execution and technology can be leveraged for their success. Additionally, here's my take on that answer—and in keeping with the season—it's in a top 5 list.

1. People

Our people are everything to us. We wouldn't have a successful business, or a business at all without them. From our back office functions like Finance, Human Resources and Marketing, to our operators and our Sales Advisors on the front line, we have thousands of reasons to love working here and for retailers and brands to do business with us. Our volume (40,000+ full- and part-time associates) and our reach within Retail Services alone (10 countries) may be impressive, but it's the individuals that matter most.

2. Results

We wouldn't be here and have the opportunity to work with amazing retailers and brands if we couldn't produce results. We know that budgets are tight and margins are slim and that it's crucial to customize a plan to fit our clients' unique needs. We are not about cookie-cutter solutions. The way to results, and happy clients, is through listening to our partners and delivering beyond expectations.

3. Flexibility

A regional merchandise reset? Sure. A national product launch? Got it. A series of Grand Openings that span multiple

countries? In a word, yes. Not only can we adapt our business model to fit any project size and scope, but we already have experience in all of these efforts. So our clients get an experienced team delivering fresh concepts on their budget and timeframe.

4. Relationships

I believe that within the most successful business partnerships live the best relationships. We're not a faceless company. We're on the ground, in our clients' stores and right by their side. Their success is our success and we strive to be the partner that our clients know and trust.

5. Feedback

Believe it or not, we love feedback and we think it makes us better and stronger at our jobs. I'm not referring to positive criticism either; what we thrive on is real, honest feedback, so we know exactly what our clients think and how we can improve. Don't be surprised to hear anyone in our company ask, *"Do you have any feedback for me?"* We ask because we want to know and we value our partners' opinions. And if we are not asking, please tell us anyway!

To our associates, thank you for all that you do; and for our partners, thank you for trusting our company with your business. Have a great holiday season.

All my best,

Bharat Rupani

Bharat Rupani



Every month I have lunch with a group of associates. I get to know them, and they get to know each other. It's an important part of how we operate, and these photos gives you a glimpse into who we are, not just what we do.

Making Shoppers' Holidays Merry and Bright

The holidays are a joyful time of year, but as we all know, they can also be stressful. Consumers have their plates full. Many are picking out gifts, decorating their homes, cooking holiday meals and adding holiday festivities to their already busy schedule. Shopping is central to much of their activities with the average consumer spending over \$800 each holiday season on décor, gifts and food. This puts Sales Advisors in a prime position to show shoppers how the items they are demonstrating in stores can help make the holidays a little easier to manage.

Inspiring gift ideas can be easily done while sampling. Gift shopping is often top of mind for consumers this time of year. In fact, the majority of their holiday budget—nearly \$595 each—goes toward presents. But they may not always be on the lookout for gifts as they make their weekly supermarket trips or run household errands. Sales Advisors can help by pointing out how the items they are demonstrating can make great gifts. For example, cookies, candy and chocolate can make easy gifts for a coworker or fun items to add to a child's stocking. Crackers, cheese and wine, or breakfast pastries and jams could be paired together as a gift for a party hostess or neighbor.

Sales Advisors can also use items they are demonstrating to give shoppers ideas for easing holiday meal prep. For example, using ready-made side dishes from the deli, and rolls or desserts from the bakery can help cut down on the number of dishes shoppers have to make from scratch. For the dishes shoppers do choose to make on their own, Sales Advisors can suggest time-saving shortcuts, such as frozen vegetables (instead of fresh), canned soups (instead of homemade sauces) and seasoning packets (instead of individual herbs and spices).

Spread Holiday Cheer!
With all the hustle and bustle in stores this month, remember to greet shoppers with an inviting smile and warm hello. Your friendly gestures will serve as a reminder of the reason for the season and may turn harried samplers into happy customers.

From the Front Lines

Create an Inviting Experience

For Sales Advisor Carolyn Adams, successful in-store demonstration events are all about creating a good experience for shoppers.

"I love greeting customers with a big smile and lots of eye contact," says the 12-year veteran Sales Advisor. "I call out to them with a warm 'Hi, how are you today? Come on over and have a taste!' to encourage them to come to my cart. I don't push the sale at first. Instead, I take a softer approach to get the shopper interested."

As shoppers try what Adams has to offer, she tells them more about the benefits and how the item can help them. "I try to acknowledge everyone's busy lives. For example, I'll say to a parent, 'I know you're busy with the kids. This product lets you give them a taste of something different and is also easy to send with them to school or have as a snack in the car.' I think everyone likes to have the value of their time acknowledged and appreciated."

Adams also places great importance on having the product available for shoppers to take with them. "Customers will buy the product if it's available for them," she says. "But if it's not on your cart, they won't necessarily go down another aisle to look for it. They're so busy that searching for an item is more than they want to do. They just want to get their shopping done. I'm there to help make that go more smoothly."



Carolyn Adams
Sales Advisor

Retail Outlook: EXPERTS PREDICT WHAT TO EXPECT IN 2016

By Retail News Insider



New technologies, new products, new consumer preferences—change always threatens to disrupt the status quo, and the retail landscape is no different. The trick is to determine which trends are passing fads and which have real staying power. To help, we asked six experts from the Daymon Worldwide family of companies to share their predictions for trends that will have the biggest impact on the U.S. retail environment in 2016.



Improved Transparency and Distribution



Jim Holbrook, CEO of Daymon Worldwide, has over 30 years of experience in brand management, marketing, sales and operations management. He currently oversees Daymon Worldwide's portfolio of private brand development, sourcing, branding and retail services companies.

According to **Jim Holbrook, CEO of Daymon Worldwide**, one of the biggest themes in retail in 2016 will be “less bad, more good.’ That is, we’ll see more products introduced with less sugar, less salt, less words you can’t pronounce, less GMOs and so on. CPGs will also be focused on providing products with more nutrition, more flavor and more simple ingredients. This is going to continue to accelerate across all categories.”

Holbrook is quick to note that this isn’t simply a matter of CPGs wanting to help improve nutrition. “What’s really happening here is there is a shift in trust away from brands and companies and onto other consumers and people they know. The Internet and social media are huge facilitators for that, as are Millennials. They have a far different trust hierarchy than previous generations. While they may be willing to rent out their living room or an extra bedroom to strangers [through a service like Airbnb], they don’t trust a product when they can’t pronounce the ingredients.”

Beyond the shelf, Holbrook also predicts changes in distribution. “Availability and accessibility of products will also change dramatically,” he says. “There’s a changing landscape of formats—for example, Walmart is testing out online ordering combined with in-store pickup and Amazon just announced they are opening a physical bookstore. Retailers are heading in the direction of covering all points of distribution.”

As for the rise of e-commerce options, “it’s not that people will stop going into the store to see what’s available,” Holbrook explains. “It’s that they want choices and an improved experience. For example, we might see a service where you can preorder your staples, then pull up to the store and have your paper towels, diapers, laundry detergent and so on, loaded into the back of your car while you go inside to pick out more interesting items.”



Closing the Digital Divide



Bharat Rupani has more than 18 years of experience leading the development and expansion of brands. He currently leads Daymon Worldwide's Retail Services business units, including Interactions and SAS Retail Services, and oversees private brand development with key retail partners across Asia.

“The digital shift will continue to be a major player in retail in 2016,” says **Bharat Rupani, President of Retail Services**. As evidenced by the expansion of online retailers and falling brick-and-mortar market share in 2015, “brick-and-mortar retailers need to find better ways to effectively compete in the digital space.”

According to Rupani, one way some retailers will do this in 2016 is by starting to engage with consumers well before they enter the store. “Today, brands are engaging with consumers through apps and other digital interactions before they ever enter the store. In the coming year, retailers will want to embrace technology and figure out how to get engaged with a digital audience. Shoppers want to feel like they are having a personal experience with retailers, and technology can help make that happen by being available everywhere a shopper is: in person, on their mobile device, through an app, and so on.”

Rupani also predicts that technology will be used in new ways to enhance the in-store experience. For example, “when you sample a product in store today, it is likely with a Sales Advisor and the product. The product demo of the future will include technology to give a more dynamic experience to the shopper, while collecting vital information for the retailer and brand to make the shopping trip a more personalized experience.”

Technology is becoming engrained in our culture and Rupani predicts, “Consumers will continue to demand connectivity through technology; they want ease of use and information at their fingertips. The expectation has been set, now retailers have to meet it.”

Retailers Take More Control of Shelves



As an original founding partner, Michael Bellman has helped transform SAS Retail Services over the past 20 years from a small regional provider into an industry leader by driving growth and expansion, and overseeing multiple mergers and acquisitions.



“The biggest trend we’re going to see as it relates to retail merchandising is that more and more retailers are going to take back control of shelf conditions and the environment in stores,” says **Michael Bellman, President of SAS Retail Services**. “As a result, decisions about which items to carry and where to place items on shelves will be more driven by analytics than by brand bias.”

As part of this, Bellman believes that more retailers will move from the older merchandising model (where suppliers employ brokers to merchandise items on retailer shelves) to a newer single source model like the one SAS Retail Services offers many of its retail partners. Not only does the newer model help eliminate brand bias, “it also gives retailers a more effective and efficient way to utilize existing merchandising dollars. Plus, shoppers benefit from new items getting to the shelves faster,” explains Bellman.

Bellman also predicts that “we’re going to see a shift in planograms from being supplier-driven to being more retail-driven. Retailers have the sales data, and they will increasingly use that to decide where items should be placed on the shelves and how much space they should have on their own, as opposed to allowing the supplier to dictate that. This will benefit both the retailer and consumers by providing better itemization and an improved shopping experience.”

Taking a Stand to Stand Out



Shilpa Rosenberry has more than 15 years of experience in retail strategy, trend research and consulting. Previously, she managed the consulting arm of WSL Strategic Retail, and consulted with a broad range of global companies including L’Oréal, Pfizer, CVS and Disney Parks.

“This year was a very disruptive year in retail, and we’re expecting to continue to see major shifts in 2016,” says **Shilpa Rosenberry, Senior Director of Global Consumer Strategy for Daymon Worldwide**. She points to several of the key “megatrends” highlighted in Daymon Worldwide’s recently released “Global Retail Trend Predictions for 2016.”

“One trend we’re going to see is more retailers shifting their focus from value to values,” says Rosenberry. “Consumers don’t just want ‘stuff.’ They want retailers and products to align with their core values, which include functionality, sustainability, diversity and purpose. We are already starting to see this play out in big and small ways, such as Target moving to a gender-neutral toy department or Selfridges [a department store in the UK] offering a genderless clothing line.”

“We’re also going to see retailers start using ‘balance’ as a strategy,” says Rosenberry. “This stems in part from consumers not wanting to be pigeonholed into one category, as well as the extremes we’re seeing as they look to balance their digital lives with real-world experiences. For example, you might have someone who watches a 12-hour TV marathon one day, then goes out and runs a marathon the next. Retailers will increasingly offer products and services that play to this aim for balance, like indulgent mini-desserts or bite-sized comfort foods along with juice bars and cleanse programs.”

According to Rosenberry, the common theme underlying these trends is the idea of retailers honing in on what they stand for and which consumers they want to target. “Retailers can’t be everything to everyone, nor can they compete on price alone,” she explains. “They need to tailor products, services and the in-store experience to their core shoppers, while still staying true to who they are.”

"In 2016, we'll see more entertainment in stores."

—Nicole LeMaire, Vice President for Interactions

Beacons Go Mainstream



Dr. Lance Eliot has over 20 years of retail and CPG experience, having previously served as a Chief Information Officer (CIO) and having founded, run and sold several tech-related businesses. He is a published author and speaker, and holds a Ph.D. in business strategy and technology.

"The biggest single technology trend that will affect the retail environment in the coming year will be the rise of beacons as an increasingly accepted form of digital communication with shoppers," says **Dr. Lance Eliot, Vice President of Global IT for Interactions**. "Currently, most of the retailers using beacons are doing so on a very subtle and cautious trial basis."

Eliot explains that this is because "stores aren't sure yet whether consumers will love or hate beacons. Consumers might come to hate them if they are perceived as overly obtrusive. Shoppers do not want to walk into a store and feel as though 'Big Brother' has suddenly taken hold of their smartphones. Nor do they want to constantly have their shopping experience disrupted by numerous messages and alerts telling them about special deals in the store."

Eliot says that as more retailers introduce the technology in the coming year, the key to success will be to "use the shopper communication power of beacons judiciously. Target, for example, has wisely opted to keep its pilot use of beacons to a reasonable two messages per shopper per visit." Moderating use like this can allow retailers to harness the advantages of beacons, while minimizing potential shopper objections.

Still, Eliot cautions that "we have to wait and see whether enough retailers will be careful with beacon use, because all it will take is a major retailer to go overboard and the entire barrel will be spoiled by that one bad apple."

Delivering the Unexpected



Nicole LeMaire leads sales and operations for Interactions' U.S. business units, overseeing more than 30 retailer accounts and numerous CPG clients. In 2015, she was named as one of *Progressive Grocer's* Top Women in Grocery.

"In 2016, we'll see more entertainment in stores," predicts **Nicole LeMaire, Vice President for Interactions**. "Live music, wine tastings, specialty food sampling, live chef events—these are going to become more common as retailers incorporate more of a social environment into the retail store. This will apply not just to grocery, but also to department stores and other formats. Retail spaces will become more of a place to gather, similar to what coffee shops have become."

LeMaire also predicts that retailers will begin to change their physical environments to help increase shopper engagement. "Stores have to become more than just vast aisles of products," she says. "For example, we're starting to see smaller formats, and more outdoor and European-style markets. These offer that local feel people are seeking where shopping is a social activity and in some cases like a scavenger hunt to find new and unique items."

Ultimately, LeMaire says "it's incumbent on retailers to find new ways to surprise and delight their shoppers. Shoppers don't always know what they want and aren't always going to ask for something new. But when they see something unexpected that they love, that will be an experience they will remember."

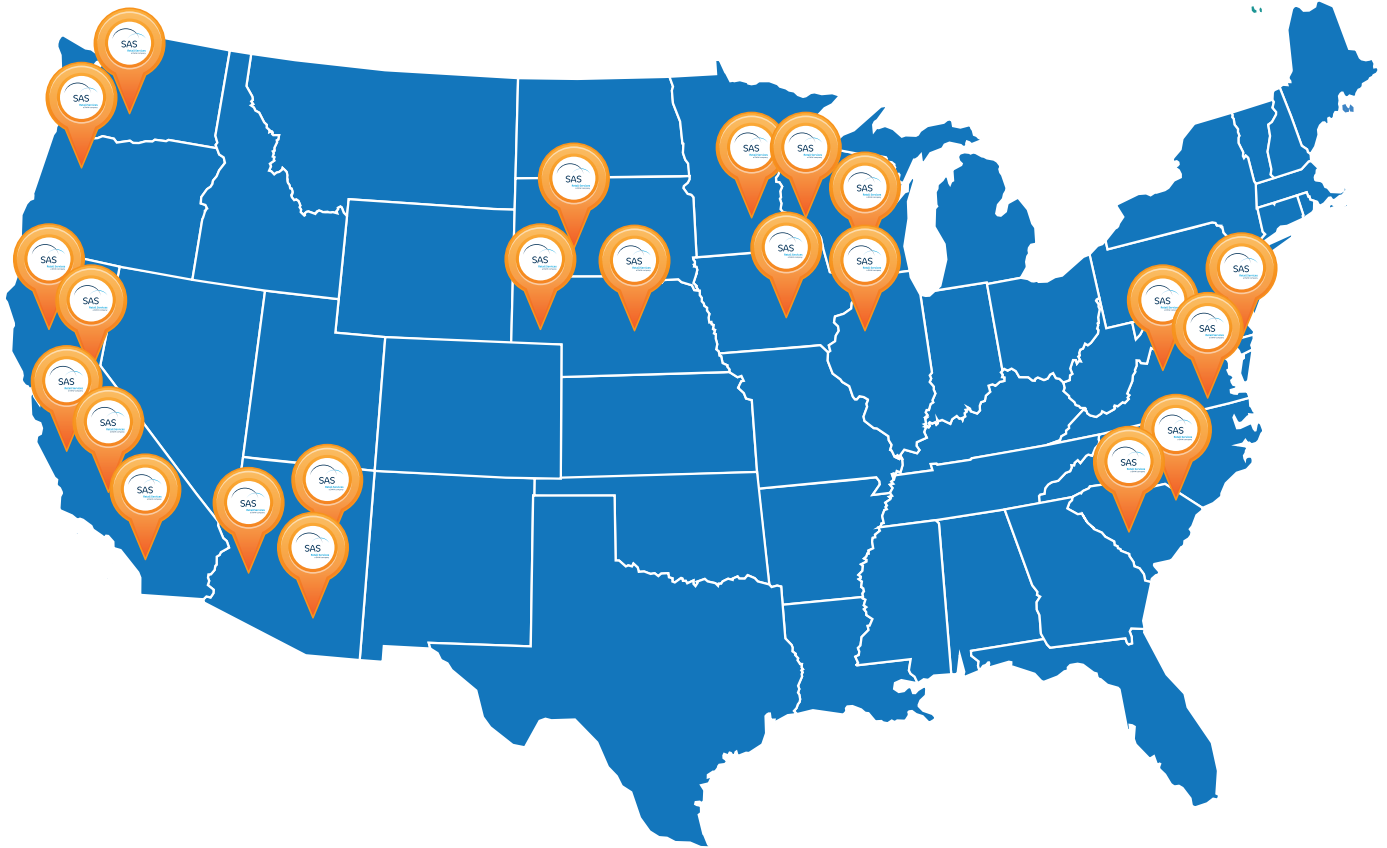
Retail News Insider will be following these trends and more in 2016. Check out our new 2016 Market Watch calendar below for a sneak peek!

MARKET WATCH CALENDAR

Up Next	Month	Topic
	January	Merchandising & Big Data
	February	Experiential Marketing
	March	Bottom Line: Investing in Technology
	April	The Cost of Crime, Part 1
	May	The Cost of Crime, Part 2
	June	The Cost of Crime, Part 3
	July	Grocery Labor Market
	August	Exponential Technology
	September	Giving Back: The New Marketing Cause
	October	Engaging Innovation
	November	Voice of the Consumer
	December	2017 Trends

2016

FROM COAST TO COAST: SAS Partners with Harris Teeter for Newest In-Store Execution Program



SAS Retail Services was recently awarded a major contract to serve as the in-store execution provider for Harris Teeter, a Southeastern grocery chain and subsidiary of The Kroger Company. The program—set to launch on January 4, 2016—will cement SAS' position as a national leader in merchandising services, serving retail partners all across the country from the West Coast to the East Coast.

The contract was secured through a collaborative effort by SAS and Daymon Worldwide representatives. Under the program, SAS will complete all in-store merchandising and new store remodels in Harris Teeter's 232 stores in North Carolina, South Carolina, Virginia, Delaware, Maryland and the District of Columbia.

The SAS team at Harris Teeter will be made up of approximately 400 associates spread across 66 regional teams. "The teams will visit each Harris Teeter store weekly to complete in-store merchandising projects and provide weekly planogram updates," explains Steve Harry, SAS Regional Vice President - South.

Planogram writing (creating detailed plans for how to arrange items in the store in order to maximize sales) is a unique addition to the Harris Teeter program. Many of SAS' other dedicated in-store execution programs focus solely on on-shelf merchandising. But as Harry explains, adding planogram writing into the mix offers several benefits to the retailer.

"In the old model, individual brokers wrote the planogram, so they often promoted the companies they represented," he says. "SAS, on the hand, doesn't represent any CPG (consumer packaged goods) companies, so we are unbiased. We will use the information provided by Harris

Teeter category managers to promote whatever sells best."

Combining the planogram and in-store execution services under one program will also create greater efficiencies for Harris Teeter, giving the retailer a single point of contact for all merchandising services.

"Harris Teeter has been great to work with and very engaged in the process," says Harry. "We are finalizing our teams and are all very excited to launch the program in January."

To learn more about in-store merchandising new business opportunities, contact Michael Bellman, President – SAS at michaelbellman@sasretailservices.com.

JAPANESE RETAILERS PROVE ONE STORE DOESN'T HAVE TO FIT ALL

Historically, most supermarkets and mass merchandise stores have tried to offer a little something for everyone in order to have the broadest appeal. But some Japanese retailers are now turning that idea on its head—and getting ahead in the process.

In the last couple of years, several Japanese retailers have opened general merchandise and grocery stores—even full shopping malls—targeted specifically to their core customers, whether that be families with children, older adults or affluent individuals.



“One of our partners, Aeon, is doing a great job of differentiating itself by building retail spaces and offering products targeted to Japan’s older generation,” explains Bharat Rupani, President of Retail Services. “Japan has a large population of seniors. In response, Aeon has opened a mall that is tailored to the needs of those customers. It is called the ‘Grand Generation Mall’ or ‘GG Mall,’ and it presents a whole new way of serving older adults. For example, they have lower seats and shorter shelves, and there’s a health-care facility in the mall.” Aeon’s GG stores also offer many products designed with older adults in mind, such as better-fitting clothing and foods in smaller serving sizes.

Another Japanese retailer, part of the 7-Eleven group, recently opened a family-focused mall on the outskirts of Tokyo, in an area that’s becoming increasingly popular with young families. “The new Grand Tree Mall offers a leisure shopping environment that is very family-friendly,” describes Danny Chen, Vice President of International for Interactions. “For example, in the food court, they have a children’s area with shorter tables and chairs mixed in with regular adult-size tables and chairs. That way parents and children can eat together, but they can both be comfortable. They also have padded chairs that encourage families to stay and relax.” A rooftop park, children’s play areas, and stores catering to the range of household needs also encourage families to make visiting the mall a full-day outing.



Chen says targeted malls and stores like these are prime examples of how retailers can compete in innovative ways. “You see many retailers trying to compete on price, but they can only go so low,” he explains. “Retailers who are trying different things, like offering new services or targeting specific audiences, are finding that many shoppers are willing to pay for something unique.”

To learn more about international business opportunities with Interactions, contact Danny Chen at hchen@daymon.com.

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