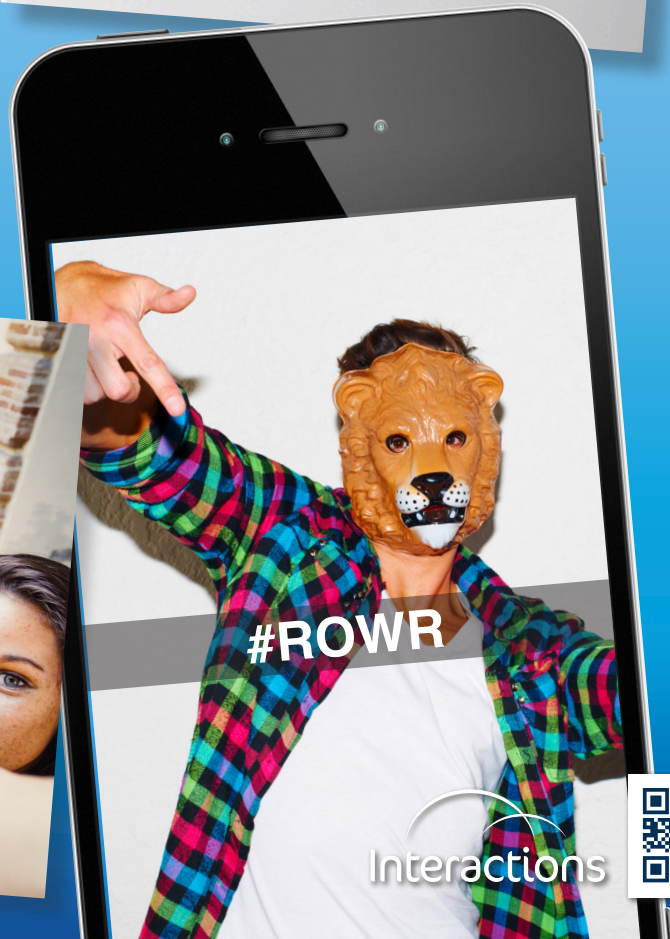


RETAIL NEWS INSIDER



FROM B TO Z: MARKETING TO BOOMERS THROUGH GENERATION Z



Interactions



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.

Platinum Award Newsletter
Hermes Creative Awards

Gold Award Interactive Communication/E-Newsletter
AVA Digital Awards

Gold Award Corporate Newsletter
MarCom Awards

Best Digital Communication Vehicle
International Association of Business Communicators Gold Quill Awards

Best Internal Publication
MarCom Awards

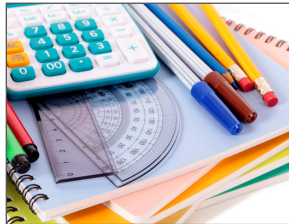
Best Employee Publication
International Academy of Visual Arts Communicator Awards

Best In-House Trade Publication
San Diego Press Club

Best Regularly Featured Column (Essentials to Engagement)
Content Marketing Awards

Produced by Interactions Marketing, 2016

Advertising
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Bharat Rupani
President, Retail Services

In today's highly competitive marketplace, it has become increasingly important for retailers to pay attention to evolving trends. We write about these topics every month in this publication and produce groundbreaking industry reports on trends in the retail industry. We do these things because retailers do not have the luxury of sitting back and adapting. It's our job to help our partners anticipate consumer wants and needs.

Many may ask how retailers, especially those in the grocery space, can stay ahead

The Experiences that Drives Us

of the curve when it comes to enhancing the customer experience. For starters, effective marketing does not have to be over-complicated. In the end, it comes down to the human experience and word of mouth, which are both extremely powerful marketing vehicles. It's vital to remember that each interaction during your day provides you with an opportunity to create a memory for someone, and in the end, sell products.

When it comes to sensory marketing it is important to understand that consumer decisions and purchase behaviors occur on the subconscious level. This means that more enriching environments lead to a more engaged brain, making it a true experience for the consumer. Oftentimes, retailers and brands neglect sensations such as taste, smell and visuals that often contribute to higher levels of consumer engagement and brand recall. Retailers can capitalize on the power of human senses by conducting visual in-store demonstrations, offering free tasting samples or even hosting a cooking class with featured products. These types of initiatives are a sure way to gain attention of shoppers.

Retailers can work with their partners and vendors to create unique digital solutions, such as a mobile game, an online coupon app or curbside pickup or delivery for online shoppers. Investing in digital platforms should be a strategic decision that's best for the business and incorporates the wants and needs of shoppers—and what they value the most.

While technology has become an integral part of our society and serves as a useful resource for many retailers, it's important to take a step back and understand what truly resonates with customers: a human connection and genuine experience. Facilitating a positive and engaging in-store shopping experience will stay with a consumer longer than a quick online purchase. This is something for retailers to keep in mind as the next generation of shoppers walk through the door.

All my best,

Bharat Rupani

Bharat Rupani

[Editor's Corner] Going Beyond the Headlines

Over the last two months, both Interactions and its parent company, Daymon Worldwide, have released detailed reports on two of the world's biggest generations of consumers: **Millennials** and **Generation Z**. Both publications provide invaluable insight into the values, beliefs, attitudes and preferences that shape these consumers' shopping and purchasing habits.

Generational studies have for many years been an important part of retail industry research. Studies like these tend to lead to proclamations about a certain generation transforming retail or focus on upcoming shifts in consumerism. In a sense, those headlines may be true. But what happens to existing generations when a

new one comes of age? How can retailers and brands synthesize the new insights from these studies into a cohesive message and experience for consumers of various generations?

Our Market Watch feature this month seeks to answer this by digging beyond the headlines and investigating how issues will affect retailers and brands on the front lines. As always, I hope you find the results both informative and engaging.

All the best,

Angelica Martinez

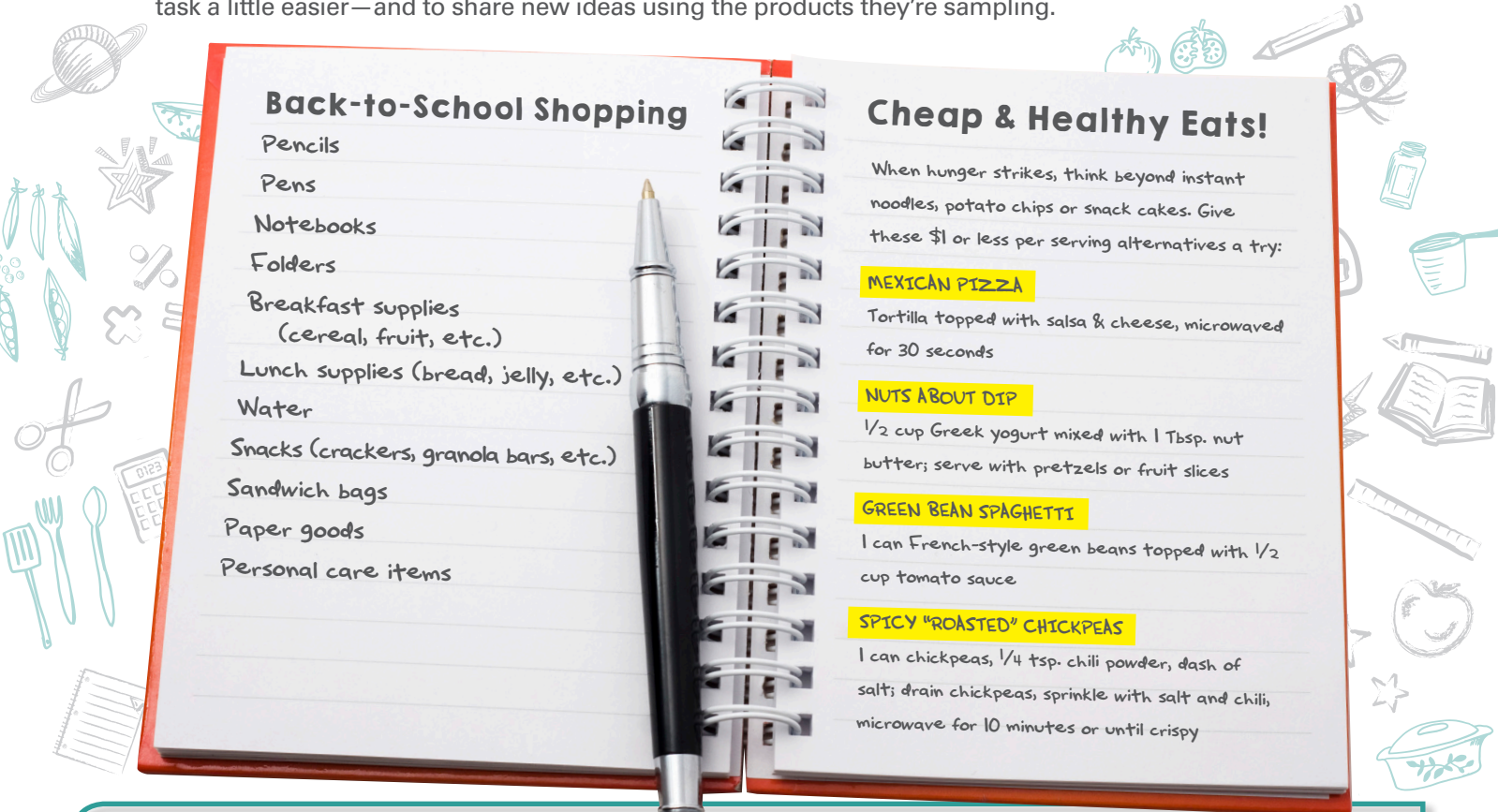
Angelica Martinez



Angelica Martinez
Senior Communications
Manager

BACK-TO-SCHOOL SHOPPING MADE SIMPLE

Though it may seem like summer just barely started, back-to-school and back-to-college shopping season is upon us! Many schools and colleges will start holding classes again this month, with the rest ramping up in early September. That means classroom and dorm room needs will be tops on many shoppers' minds throughout August. Sales Advisors can use this checklist and accompanying tips to help make the task a little easier—and to share new ideas using the products they're sampling.



[From the Front Lines]

Standing Out from the Pack

In-store events are becoming more common as retailers look to capitalize on the well-known rewards of personal engagement. But that means Sales Advisors run the risk of becoming just another part of the landscape as shoppers get used to their presence in stores. How can a Sales Advisor stand out?

Getting to know shoppers is key, says Donna Richmond, Lead Sales Advisor. "I get to know the people who shop at the store, what they like, what they do and so on. Creating this familiarity with regular shoppers leads them to always come over to sample items I am demonstrating and hear what I am doing with the item."

Learning about shoppers goes hand-in-hand with Richmond's next tip for standing out—personalizing your pitch. "Tell them something you know will get them over to your table," she says. For example, if you know a shopper enjoys cooking, you might say, "I know you love cooking. I have a great recipe I think you're really going to like."

Don't be afraid to talk about other ways to use the product beyond how you're sampling, too, says Richmond. "I might say something like 'this firecracker slaw is great as a side dish but have you ever used it on hotdogs, pulled pork sandwiches and even hamburgers to add additional flavor and spice?' or I might suggest a salsa and say something like 'this salsa is great as a dip but have you ever made Mexican lasagna?' Then I share the steps to create these dishes."



Donna Richmond
Lead Sales Advisor

Part of being a Sales Advisor and building relationships with customers is introducing them to new items and tastes. "Customers can be reluctant to try a new brand," says Richmond. "I still encourage them to just try a sample to compare. I talk about flavors of the items and what it can add to a meal." Ultimately, Richmond believes that "if you believe in what you are selling, it will sell."

AUGMENTED
REALITY
IN RETAIL

Ryan James Dee
Creative Director



Rekha Ramesh
Senior Vice President
of IT and Digital

There's a new phenomenon bringing throngs of smartphone holders into the streets, wandering through parks, businesses and other public areas at all hours of the day and night—all in search of, believe it or not, tiny digital creatures (Pikachu). There's no doubt that the newly released Pokémon GO game is taking the world by storm. But the augmented reality concept it's based on is not new—not even to the retail world. We sat down with Interactions' Creative Director Ryan James Dee and Senior Vice President of IT and Digital for Interactions and Daymon Worldwide Rekha Ramesh to learn more about augmented reality and how it could be leveraged by retailers and brands.

RNI: *What do you think is behind the fervor for this new augmented reality game?*

Dee: Pokémon GO is the perfect blend of what everyone—mainly millennials—wants right now, namely social activity, shareable moments, fun competition, immediate gratification, pop culture, nostalgia and technology.

Ramesh: There's also a level of immersion we've never seen before. The entire world map is utilized. Few other games have incorporated the world map to the degree that Pokémon GO has, and few have made it so necessary to travel around a given city in order to progress.

RNI: *A few retailers and brands have created augmented reality apps before, but it hasn't become a major trend. Do you think that could change now?*

Dee: The success of this game is already changing how businesses, large and small, feel about and use augmented reality. Within the game, there are virtual stations called PokéStops at which players can stock up on free in-game items. Savvy business owners have requested PokéStops be placed near their locations to drive traffic—and it's working.

Ramesh: It will be hard to achieve a similar level of instant popularity that Pokémon GO has simply due to the lack of already having an established name. But there are a few aspects that other AR apps can incorporate. The most glaring example would probably be creating an analogous version of Pokémon's "lure modules." A lure module can be placed at PokéStops to generate an increased frequency of Pokémon appearances. When this occurs, players typically gather around it to reap the benefits. It would be beneficial for future AR apps to include similar features that create opportunity to cause a sort of crowding effect

and to encourage the general networking effect that the game has, which increases the general enjoyment of it.

RNI: *Has Daymon Worldwide or Interactions worked on any AR projects?*

Dee: We haven't used it yet at Interactions. But there are definitely opportunities. For example, a retailer or brand could develop an augmented reality game in which shoppers are led to "capture" secret deals on the products they love, or products they might want to try based on preferences recorded in the shopper loyalty data.

Ramesh: We are working on some test cases at Daymon Worldwide, such as embedding recipe videos and product information into our product designs. When consumers scan the image through an AR app, a recipe video will pop up with additional product information. For example, if we are creating a design for pasta, we embed videos and when consumers play the video they can click on the "Buy" button, which will transfer all of the recipe the ingredients into the shopping cart.

RNI: *Any final thoughts on AR for retailers and brands?*

Dee: The simple beauty of Pokémon GO is that it gives its players what they want, when they want it. For brands and retailers interested in using augmented reality, they need to know their consumers and shoppers, find out what drives them, what they are passionate about, and use that knowledge to drive what they do with the technology.

Ramesh: The positive externalities are pretty significant (meeting new people, actually being outside and walking around, higher sales for businesses, etc.), so it will definitely be a plus to get more acceptance of AR technology embedded marketing.



FROM B TO Z:

MARKETING TO BOOMERS THROUGH GENERATION Z

By *Retail News Insider*

Over the coming decade, retailers will need to cater to at least four disparate generations of consumers without alienating the others. How will they do it? Understanding what drives each generation, where they differ and what brings them together—and what other factors come into play on the way to creating a cohesive experience for all—is the key.

As each new generation comes of age, many experts predict the latest generation will be one of disruption, bringing in new ideals, behaviors and trends into the marketplace. Baby Boomers ushered in a period of optimism and high consumption—they were the original “Me” generation. Generation X brought a sharp course correction, cynical of authority and placing more value on time and freedom than things. With Millennials brought the rise of digital. And today, Generation Z is on the precipice of once again introducing more change.

Or is it? It's true that retailers must adapt to new generations as they enter their prime buying years. But that doesn't mean forgetting everything we've learned from the generations that have come before them.

UNDERSTANDING THE ROLE OF GENERATIONS IN RETAIL

Countless studies have shown that each generation has been shaped by a unique set of experiences that inform a unique set of behaviors and preferences. For example, growing up in the post-World War II era, Baby Boomers were often indulged as children and were the first generation of young people to have significant spending power. They often favor products and services that make their lives more convenient or offer a taste of luxury.

On the other side of the coin, Generation X reached adulthood in more difficult economic times than their Boomer parents and as a result, are much more value conscious. They want products and services that are practical and that help them balance the commitments of work, family and their personal lives.

These are clearly important factors for retailers and brands to consider. But they must understand that there is an inherent risk in losing one set of customers should they focus too heavily on one generation's defining characteristics—or even on generational factors alone.



Dr. Fred Galloway
Professor of
Leadership Studies,
University of San Diego

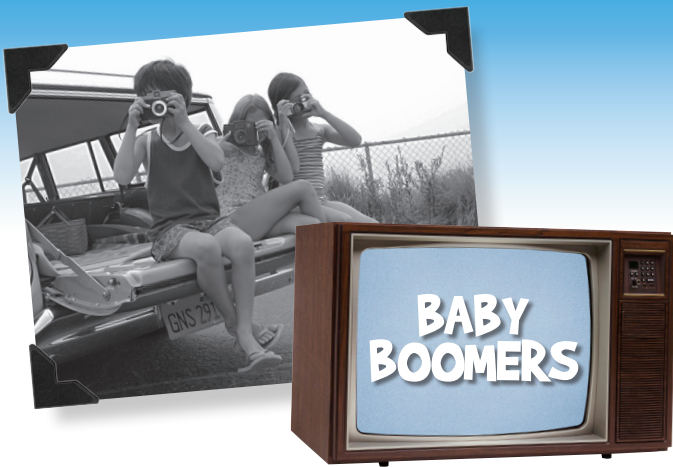
“Generational information provides a framework in which to understand consumers,” explains Dr. Fred Galloway, Professor of Leadership Studies at the University of San Diego School of Leadership and Education. “But in addition to there being differences between the generations, there are also differences within each generation as well as socioeconomic factors, which may at times be even more important.”

As Galloway describes, socioeconomic factors can include things such as income, gender, race, parenting status and education—all of which can have a significant impact on consumers' shopping preferences and buying habits. By way of illustration, he says, “Take a 24-year-old single mother and a 24-year-old single man. Yes, they're of the same generation, but they likely have wildly different concerns and priorities that trump generational similarities.”

FINDING A STRATEGY THAT WORKS

All of this is not to say that generational marketing is never appropriate. If a retailer or brand primarily targets consumers of a specific generation—for example, a teen clothing store or an anti-aging cream—then generational factors may have a significant role in guiding their marketing approach.





Born between 1946 and 1964

74.9 million Americans

Control nearly 50% of U.S. household wealth

Accounts for nearly 50% of CPG spending

The original “Me” generation—feels entitled to have a good life

Places emphasis on service, location, everyday values

Preferred tech: PCs, tablets, websites

Preferred communication: Phone, in person



Born between 1965 and 1980

Smallest generation—makes up one-fifth of U.S. population

Control 14% of U.S. household wealth

Price conscious individualists who are skeptical of advertising

Places high value on technology and information

Preferred tech: PCs, tablets, smartphones

Preferred communication: E-mail, phone

Sources: Pew Research, Deloitte, Millward Brown Digital, Gallup

“Where it gets trickier and a little more analytical is where you say OK—two generations are buying my product: Generation X and Millennials. How can I market something to both generations without losing the other?” he says.

Galloway explains that there are multiple options, depending on the store, the product, the marketing platform and even the sales channel. “One approach is to look at the thin subset of characteristics that overlap the two generations—in analytical terms, we call this looking at the intersection. Then you can use those common characteristics to develop a strategy that speaks to both generations equally.”

For a product or service that appeals to both Millennials and Generation Z, this might mean focusing on providing an engaging experience—a core value held by both according to recent studies by Daymon Worldwide and Interactions Marketing. *The Next Generation in Retail* showed that “Millennials are experience-driven,” says Vasco Brinca, President of International for Daymon Worldwide. “For this group, happiness is less defined by possessions or career status. They will seek to share their

personal time with the people they care about, creating, sharing and capturing memories.”

A recent *Retail Perceptions* survey by Interactions Marketing found similar results for Generation Z. When it comes to retail in particular, “this group is longing for retailers to provide an engaging in-store experience,” says Bharat Rupani, President of Interactions. “In fact, our study showed when given the choice, over 64 percent prefer shopping in-store versus online.”

“Another strategy is to market completely differently to the two generations using different avenues—for example, using different ads or different advertising vehicles,” Galloway explains. This could mean, for example, using TV commercials to advertise to Baby Boomers (91 percent of whom are likely to watch TV on any given day, versus 71 percent who go online, according to Millward Brown Digital) and Facebook ads to market to Millennials (at least 90 percent of whom have an account and spend 30 minutes a day, on average, on the site, according to analytics firm comScore).



Born between 1981 and 1996

75.4 million Americans

Spend \$600 billion annually

Tech-savvy & experience-driven

Places equal emphasis on sustainability & price

Preferred tech: Smartphones

Preferred communication: E-mail, text

Born between 1997 and 2012

One quarter of the U.S. population

Controls \$44 billion in annual spending

Tech savvy & experience-driven

Price conscious above all

Preferred tech: Smartphones, Apps

Preferred communication: Text

Sources: Pew Research, Gallup, Daymon Worldwide, Sparks & Honey, Interactions Marketing

For an in-store environment, Galloway suggests yet another strategy—looking at the union of characteristics for all the generations a retailer serves. This is the sum of all of the key traits of each generation that inform their buying habits. So for example, in a big box store that counts Baby Boomers, Generation X and Millennials amongst its target consumers, product information might include all of the various traits that would appeal to each of these audiences, such “easy-to-assemble,” “convenient,” “sustainable,” etc. For communication, that might mean offering consumers multiple avenues to connect—for example, via a phone number, an e-mail address and social media profiles.

THE BOTTOM LINE: DON'T OVERSIMPLIFY

In the end, generational marketing does not come down to simply putting consumers into silos based on their age. It's understanding that generational factors are just one piece of the larger puzzle in connecting with consumers in a targeted, customized way. Retailers and brands who use generational insights to inform, but not dictate, their approaches will ultimately see the greatest success.

MARKET WATCH CALENDAR

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	Exponential Innovation
August	Generation Z
September	Giving Back: The New Marketing Cause
October	Engaging Innovation
November	Voice of the Consumer
December	2017 Trends

Up Next

2016

THE NEXT GENERATION OF RETAIL

89% OF GEN Z SHOPPERS consider themselves to be price conscious shoppers

82% SAY that opinions of others on social media have led them to shop at a retailer they had never shopped at before

62% PREFER to spend their money on an experience over purchasing something material

77% PREFER unique products over popular ones



Get more Gen Z insights and discover what motivates the next generation of shoppers in our latest Retail Perceptions report.

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TURNING TRADE SHOWS INTO FIVE-STAR EVENTS

Acrobats, contortionists, Walk of Fame stars—sounds like a movie scene shot in Hollywood, right? As it turns out, these were just some of the sights Interactions produced at a recent food retail trade show in Chicago. Delivering the unexpected was Interactions' goal for this year's Food Marketing Institute (FMI) Connect event.

FMI Connect is an annual event that brings food retailers and brands together from around the world to network, share ideas and form new partnerships. This year, Interactions hosted a booth at the show and designed, planned and coordinated an exclusive after party for one of its key retail partners.

For the three-day trade show, Interactions created a cinema-inspired booth—complete with movie posters, a branded movie trailer and yes, even a take on the famed Hollywood Walk of Fame. But this time, Interactions' services were the stars of the show.

Trade show attendees got to experience an Interactions' movie set complete with a cinema backdrop, directors' chairs, a promotional kit styled as a popcorn box and movie "tickets" that were actually recipe cards for popcorn toppings.

"The concept was literally about creating theater and how we can create the same kind of theater for retailers and brands," explains Ryan James Dee, Creative Director for Interactions. "Our set-up served as a visible disruption that made people curious about what we were doing. That gave us the chance to talk and interact with them, explaining what Interactions offers and how they might benefit from our services."



The flair for theater didn't end when the day on the trade show floor was over. Interactions, in partnership with SAS Retail Services and the Daymon Brand Development Group, also put together a sophisticated after party for Ahold USA, one of Daymon Worldwide's key partners.

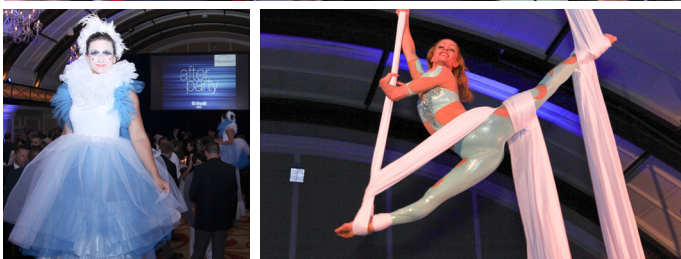
"This was the second year Ahold USA hosted an after party at FMI Connect, but our first year designing and sponsoring it and we wanted it to be spectacular," says Dee.

Guests were transported to a chic cocktail lounge decorated in Ahold USA's signature shade of royal blue. Waiters circled the room offering fresh hors d'oeuvres as guests visited stations learning about Ahold USA's Peapod delivery service, Savory magazine and the newly launched in-store and sampling program, Discover. After introductory remarks from Ahold USA executives, guests were surprised with a 20-minute Cirque du Soleil-style performance in the center of the ballroom.

"We had aerial acrobats spinning and dropping from the ceiling, as well as a hand balancer and contortionist," explains Dee. "It was very dramatic." The feedback afterward was overwhelmingly positive, with accolades coming from Ahold USA's Chief Operating Officer James McCann and throughout the organization.

"These events demonstrate that while our core business is primarily grocery-focused, we have the capabilities and talent to expand into other areas," says Dee. "Trade shows are definitely one area we're looking to develop further."

To learn more about Interactions' capabilities, contact Lindsay Steller, Director of Sales and Marketing, at lsteller@interactionsmarketing.com.





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that drive sales and enhance
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