

RETAIL NEWS INSIDER

REDEFINING RETAIL:

Four
Forces
Shaping
Success
in 2017



The award-winning *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 Newsletter

Best In-House Trade Publication

San Diego Press Club

Best Regularly Featured Column

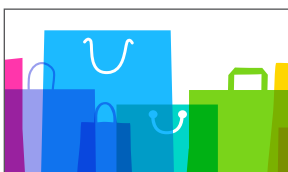
(Essentials to Engagement)

Content Marketing Awards

Produced by Interactions
Marketing, 2016

Advertising

To learn about advertising in
Retail News Insider, email
newsletters@daymon.com.



03 Executive Perspectives

From the President

03 Editor's Corner

Turning the Next Page

04 Essentials to Engagement

Giving the Gift of Food

04 From the Front Lines

Bringing Excitement to Holiday Events

05 Expert Viewpoints

Technology Forecast 2017

05 Top 5

Busiest Holiday Shopping Days

06 Market Watch

Redefining Retail: Four Forces
Shaping Success in 2017

10 Trending Tastes

From Seaweed to Superfood—
Kelp is the New Kale

11 Knowledge Portal

Interactions and SUPERVALU Deliver Win at
2016 Ryder Cup



Bharat Rupani
President, Retail Services

As we come to the end of 2016, I am reminded of what a meaningful year we have all just experienced together. We have made tremendous steps toward the betterment of our associates, supporting our communities and being a strategic partner to our valued customers. Here are some of the ways in which we are making progress, and I trust that you have experienced the benefits from these efforts:

1. We have reinvested into our people.

Without a doubt, our people are our number one asset. We are a service company, and the services that we provide would not be possible without the 40,000 full- and part-time associates throughout our company. From Sales Advisors and Recruiters to District

Thank You for an Amazing Year!

Managers and Accountants, we are first, and foremost, a people company. A significant part of our associate population consists of a part-time workforce and I am happy to share that for the first time, we will be able to extend additional perks and benefits for thousands of people across our organization.

2. We are giving back to our communities.

For both our associates and our retail partners, giving back to our communities runs deep. We have a presence in dozens of locations around the U.S. and the world; and in so many areas, our teams give their time, their talent and their hard-earned money to local organizations. We've partnered with our retailers on major events and have had the honor of supporting causes including children's charities, Habitat for Humanity, the American Red Cross, Toys for Tots, various homeless shelters, soup kitchens and so many more.

3. We are focused on leveraging technology for the future.

We know that to enable our associates to do the best they possibly can at their jobs, we need to continue to advance our technology. From our reporting, event systems and software—we are making better investments in

technology now so that we do our part to continue driving sales and results for our partners in the future.

4. We are getting back to the basics.

We are committed to investing in recruiting, training and ongoing associate appreciation as we move into 2017. We know that we must hire and retain the right people, train them consistently and ensure they have a meaningful experience. In a span of a few short months, our teams were challenged with hiring, onboarding and training over 1,000 associates for one account. After this year, I am convinced that we can achieve just about anything, even if it seems impossible; but the formula to success is one that, while seemingly simple, is crucial to follow.

Thanks to you, our associates and our valued partners for your continued spirit, effort and dedication. Your success is our success. I wish you all the best for this holiday season and beyond.

All my best,

Bharat Rupani
Bharat Rupani

[Editor's Corner] Turning the Next Page

Those of you who have been reading *Retail News Insider* for some time know that this publication has evolved over the years, growing to meet the needs of our associates, our clients and our business. As we approach a new year, we're gearing up for the biggest change yet: Interactions *Retail News Insider* will become Daymon *Retail News Insider*.

This next chapter in our story reflects the growing connection between the services that make up Daymon. Today, for example, a growing number of our Consumer Experience Marketing associates at Interactions frequently collaborate with teams across Daymon who specialize in Strategy & Insights, Private Brand Development, Supply Solutions, Packaging and Brand Design and Retail Execution. It's all part of Daymon's mission to provide customized services and expertise throughout the entire retail environment. Following suit, in 2017, *Retail News Insider* will become a comprehensive publication, sharing insights, trends and expert advice from across the Daymon network.

We're excited for these changes, and we're giving you a bit of a preview this month by featuring the Daymon Thought Leadership team in our Market Watch cover story and Senior Vice President of Global IT and Digital Rekha Ramesh—our head technology advisor across all business units—in our Expert Viewpoints column.

As we plan our content for the coming year, we'd also like to get your take on *Retail News Insider*—what you like best, what you want to see more of and anything you can do without. This will help us provide you with most relevant stories and topics in 2017. We greatly value your opinion and hope you'll participate in this survey. Click the link below to get started.

Thank you for your valued readership,

Angelica Martinez
Angelica Martinez



Angelica Martinez
Senior Communications
Manager

Click here to take our 2016 *Retail News Insider* Readership Survey!

Giving the Gift of Food

For many consumers, special meals and treats are an important part of holiday celebrations. Sharing those traditions by giving the gift of food to others is also becoming very popular, with Americans spending nearly \$18 billion in food gifts each year, according to research firm Packaged Facts.

When you consider that almost half of that spending is done during the winter holidays, December is the perfect time for Sales Advisors to show shoppers how the products they're sampling can make thoughtful gifts that everyone on their lists can enjoy.

Ready-made gift items like cookies, cakes, chocolates, nut assortments, specialty cheeses, wine and seasonally-flavored treats are natural fits for easy, yet appreciated gift items. Encourage shoppers to pick up an extra box or bag of the product they've tried to share with a friend. Or, ask shoppers to consider whether someone on their gift list might enjoy a product that they themselves aren't necessarily interested in.

When sampling items that shine best as part of a recipe, remind shoppers that creating a home-cooked meal or snack for a friend, neighbor or loved one can also be a thoughtful way to say "happy holidays." You can share party appetizer and potluck ideas for the season's many celebrations.

Tapping into the true spirit of the season, also be on the lookout for products and specials that shoppers may want to consider stocking up on to donate to those in need. You can encourage shoppers to take advantage of sales and coupons on any canned foods, dry goods or personal and baby care items you may be demonstrating.

If your store has a collection box for a local food pantry or shelter, you can point it out to shoppers so it's easy for them to donate. Giving to those less fortunate is a win all around—for you, your customer and those in need.



[From the Front Lines]

BRINGING EXCITEMENT TO HOLIDAY EVENTS

Shoppers' expectations are on the rise. They're increasingly looking for retailers and brands to deliver not just a product, but also an experience. Sales Advisors help deliver on that expectation every day, but during the holiday season, there's a lot they can do to make the shopping experience even more memorable.

Lead Sales Advisor Judy Grove recommends bringing a festive touch to every aspect of your event. "I start by decorating my cart with some of the cute holiday decorations they have in the store, like a Santa or reindeer," she says.

Grove also brings the holiday spirit into her approach to shoppers. "Shoppers today are often in a hurry, but I still try to wave them over with a warm smile and a friendly greeting," she says. "I find that if you're friendly and welcoming, customers respect that and many are at least willing to stop and try what you have."

Shoppers also appreciate ideas for using the products being sampled in their holiday celebrations. "Recently we were sampling frozen pineapple and I suggested using it on their holiday hams," explains Grove. "Most people said they never would have thought of that on their own. That happens a lot. Shoppers often have a hard time seeing how a product can be used other than how you're sampling it. But when you give them different preparation ideas and cooking tips, you often end up selling a lot."

Grove also suggests giving shoppers recipes to take home. "I always make copies of the recipes I'm using and people love it. Some tell me they have a whole book of them at home!"



Judy Grove, Lead Sales Advisor

TECHNOLOGY FORECAST 2017

By Rekha Ramesh,
Senior VP of Global IT & Digital

EXPERT
VIEWPOINTS



Technology is playing an increasingly important role in retail—and our lives as a whole. It's also something we write about a lot here at *Retail News Insider*. But it can be tough at times to figure out which technology trends are just passing fads (here's looking at you, Google Glass) and which have real staying power. We sat down with our in-house expert, Senior Vice President of Global IT & Digital Rekha Ramesh, to get her take on the trends to watch closely in the coming year.

RNI: Which technology trends do you think will have the biggest impact on retail in 2017?

Ramesh: There are four that top the list in my mind. The first is digitized transparency. This will include things like providing more information on where products come from, whether they're organic and what's in them, particularly as it comes to ingredients shoppers are looking to avoid, like added sugars, colors and artificial flavors. Technology will play a key role in providing the platform on which all of these aspects can be tagged by product and searched/identified across all channels. It will also be the answer to delivering the information quickly—namely via mobile. Taking it to the next level, augmented reality and farm-to-fork tracking to provide the shelf time on fresh products may also be used.

Analytics and data-driven decisions will also continue to be a major trend in the coming year. We've already started to see this, but it's going to get even bigger. Similarly, there's going to be a lot more digital marketing, like real-time bidding to advertise on social media sites, as well as growth of virtual stores, providing the endless aisle.

RNI: If a retailer could only focus in one of these trends next year, which would you recommend they invest in?

Ramesh: It depends on where they are with some other technologies. If they are not already focusing on click-and-collect—in particular, well-integrated, temperature-controlled click-and-collect—then that should be their first priority. If they are already invested in click-and-collect, then they should focus on improving transparency and look to use context both to assemble and deliver experiences dynamically on their own and third-party platforms.

RNI: Are there any new technologies we'll start to see emerge in the retail space in the coming year?

Ramesh: We can expect to see voice-driven IoT [Internet of Things] devices aiding in the building of shopping lists, replenishment and managing deliveries. I think facial recognition will also emerge as an alternative to PINs and signatures for payments. In addition, I expect digital shelves will move from the concept/trial space to reality—providing more marketing content and product information for ever-demanding consumers.



Busiest Holiday Shopping Days

The holiday shopping season is upon us and stores are bustling with activity. Though Black Friday has the reputation of being the best for deals, it might surprise you to learn that it's not the most popular with shoppers. Check out what experts predict will be the busiest days for in-store visits during the 2016 holiday season:

1. December 17 ("Super Saturday")
2. November 25 (Black Friday)
3. December 23 (day before Christmas Eve)
4. December 10 (2 weeks before Christmas)
5. December 26 (day after Christmas)

Sources: Business Insider, RetailNext



REDEFINING RETAIL:

Four Forces Shaping Success in 2017

By Retail News Insider



From Shopper to marketer... Transaction to lifestyle... Pharmacy to grocery Rx... Convenient to on-demand... The change of pace in retail today is unprecedented. The past is no longer a predictor of the future. Demography is dead. Traditional categories are becoming obsolete. Digital is in the driver's seat. In essence, the fundamentals of retail are being redefined and the playbook rewritten—in real time.

These are daunting prospects for retailers and manufacturers, with tremendous internal and external implications. Where can they realistically begin? How can they balance out-of-the-box thinking with the practical need to manage risks?

Backed by insights from its proprietary research, global consumer retail leader and private brand pioneer Daymon has identified four key forces that retailers and manufacturers should focus on in 2017 as they shape a new way of retailing and bring shoppers and internal stakeholders along a new path to purchase.



1. FOSTER SHOPPER COLLABORATION AND PARTICIPATION

Shoppers have been liberated from the confines of conventional retailing and are now taking matters into their own hands. Thanks to the digital revolution, settling is no longer necessary, and shoppers feel empowered to translate their frustrations into solutions.

Retail has begun to respond, by offering personalized goods and services, supply chain transparency, seamless shopping, flexible payments, luxury at a value, healthy foods that are crave-worthy and other goods and services. Expectations are at an all-time high. But shoppers continue to raise the bar, particularly when it comes to the demand for creativity and self-expression. Increasingly, they also desire to influence not only their own choices, but also broader positive change.

To address this shift in the coming year, retailers and manufacturers must move beyond traditional shopper segmentation and work to identify and address commonalities in consumer needs that transcend demographics. They should also work to tap into the new “participatory shopper” by providing opportunities for consumers to co-create and act as brand marketers, as Lay’s did successfully in their global “Do Us a Flavor” campaign and German retailer Lidl is doing with its “social price drop” campaign this holiday season in the U.K.—allowing customers to crowdsource the prices of select Christmas products through Twitter.

Pro Tip:

“Pop-up retail is another way retailers are testing and getting consumer feedback on products in real time,” says Nicole Peranick, Director of Culinary Thought Leadership for Daymon. “For example, earlier this year, U.K. retailer Tesco launched a wine bar pop-up in the heart of London’s entertainment district to showcase its premium wine ranges under the Tesco Finest label. International discount chain Aldi also launched a similar concept in May 2016 to time with London Wine Week.”*



2. CREATE A DESTINATION

In the landscape of ever-evolving physical and digital store formats, retailers must create attractive destinations to drive traffic. Traditional definitions of categories can no longer dictate the journey through the store. Shoppers want

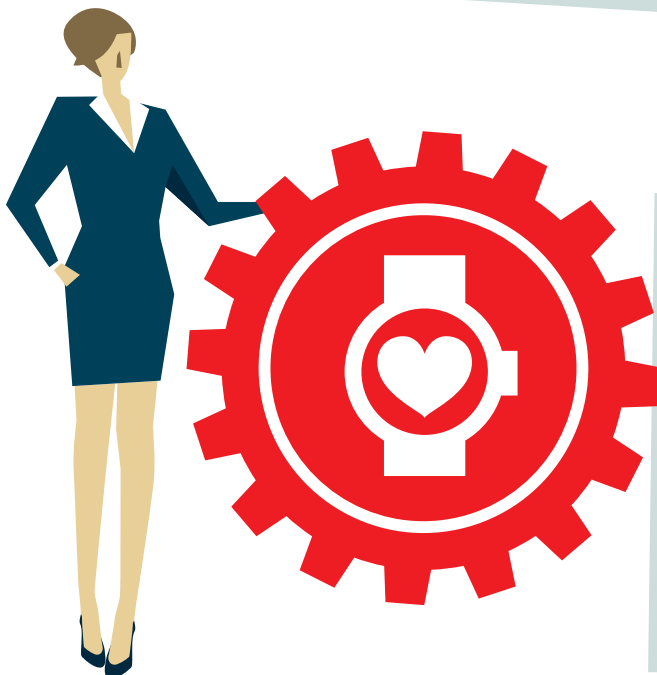
solutions that are tailored to their lifestyles and needs, and that lead to experiences—not just transactions.

Innovative retailers, such as Whole Foods and Loblaws, are creating destinations by developing culinary innovation centers and bringing restaurant-quality food service to the store. Other retailers are seeking out personal bonds with shoppers by providing communal spaces in-store for education, product trial and socializing, much like Apple has done in the electronics arena. Looking across categories, creating exclusive lines of Private Brand products dedicated to a specific season or flavor, like Trader Joe's and its pumpkin-spice everything, is another effective way to provide a unique and playful element of surprise.

In 2017, retailers should continue to focus on creating branded destinations with products and services that establish authority in high-volume areas of the store. Finding fresh ways to deliver differentiated solutions and providing shareable experiences should also be top of mind.

Pro Tip:

Consumer marketing events—from cooking demonstrations to wine tastings to pet events—can be fun and exciting ways to engage shoppers with your brand and keep them coming back for more!



3. TARGET PRECISION WELLNESS WITH GROCERY

Consumer self-knowledge is expanding dramatically. Sophisticated data-tracking tools, including smartphone apps and wearables, are becoming mainstream, enabling users to monitor their daily fitness, dietary and other lifestyle habits. Personalized DNA profiling is also becoming more affordable and more accessible, allowing consumers to scan their DNA for genetic markers of disease, dietary intolerance and more. Next-generation devices and services can now even suggest changes to optimize personal performance and manage health conditions. As a result, optimized diets, exercise programs and even more targeted prescription drugs are becoming the new reality.

Precision wellness is only set to grow in the coming years, providing new opportunities for retailers to create more personalized offerings for the self-aware shopper and to position themselves as partners in their customer's wellness journey. One example already in the works is a partnership between leading CPG company Campbell Soup and wellness startup Habit, who are set to launch a personalized nutrition and meal service delivery program based on personalized DNA results in early 2017.

Other brands and retailers could also consider teaming with a wellness service provider like this to provide shoppers with optimized dietary recommendations, menu plans, shopping lists or even meal solutions, based on the personalized data generated from wellness tracking tools and/or personalized DNA profiling. Targeted exercise tips and even optimized medication recommendations are also avenues to explore.

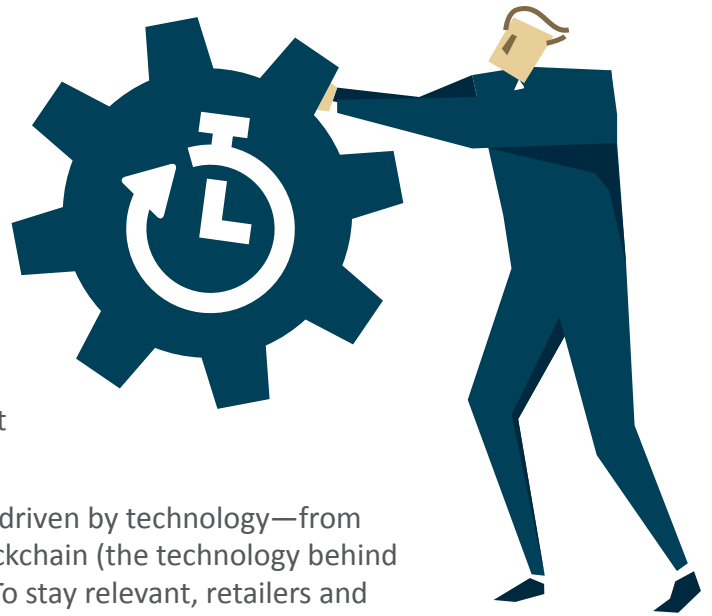
Private Brand Spotlight:

"There are clear opportunities for Private Brands to make ground in the precision wellness space," says Carl Jorgensen, Director of Wellness Thought Leadership for Daymon. "One example we've already seen come to market is Walgreens' 'Well at Walgreens' activity tracker, a wearable fitness monitor that directly competes with the likes of Fitbit, Garmin and Jawbone. The tracker syncs with the Walgreens Balance Rewards app, and awards participants points redeemable for in-store savings when they complete certain activities, such as logging weight, tracking blood pressure and glucose levels, and reaching fitness goals."

4. REDEFINE CONVENIENCE

Thanks to our increasingly digitized world, the definition of convenience is rapidly changing. Items once found at stores within walking or driving distance are now available for pre-order and pick up at lockers or vending machines, as is currently being trialed by Walmart. The answer to “what’s for dinner” is increasingly becoming subscription-based, with services like Blue Apron and HelloFresh proliferating. Drone delivery is set to revolutionize on-demand at Amazon, and the list goes on.

Much of this reinvention is and will continue to be driven by technology—from real-time data and robotics, to 3D printing and blockchain (the technology behind the digital currency and payment system Bitcoin). To stay relevant, retailers and manufacturers must work to identify and begin investing in innovations that will help them commercialize the store of the future, giving customers what they want, when they want it—without fuss or frustration.



Retailer Spotlight:

European grocery retailer Carrefour has created a new store in Turin, Italy, that showcases how next generation urban formats can solve for the needs of today’s on-demand shopper. The store is open 24 hours a day, and offers a curated assortment of relevant products, as well as targeted services to support the urban shopper. For example, it features a “Blue Box” section, where a team of professionals (such as an electrician, a locksmith, a tailor, etc.) are on hand to offer assistance. There’s also a photo printing service, a pick-up point for online orders and even laundry facilities. Next to the Blue Box space is Market Café, a self-service dining area where visitors can purchase ready-to-eat items and charge their mobile phones.

CREATING A PATH FORWARD

Without a doubt, these forces are having an enormous impact on what it will take to succeed in retail in the coming months and years. Throughout 2017, Daymon will continue to examine these four shifts and provide even more detailed insights for retailers and brands. This will include defining common shopper needs and the solutions to best satisfy them, generating new strategies to nurture consumer engagement and drive convenience, and identifying Private Brand opportunities in the wellness space and beyond.

“We know it’s a challenge for retailers and brands to keep up with and make sense of the many changes affecting our industry today,” says Dave Harvey, Vice President of Thought Leadership for Daymon. “Our plan for 2017 is to focus our research on these four areas in order to generate disruptive ideas and implementation plans that will help our retailer and brand partners continue to evolve and succeed.”



From Seaweed to Superfood— Kelp is the New Kale



No longer relegated to side dish or “should eat” status, less common vegetables like kale, cauliflower, beets and Brussels sprouts have been taking center stage on high-end menus and making up a bigger portion of many Americans’ plates over the last several years. The trend has grown as many consumers, especially Millennials, embrace a more vegetable-centric diet. Now culinary trendsetters are pushing to bring yet another less-loved vegetable into the limelight—setting up kelp (and other seaweed) to become the new kale.

Like kale, kelp and other varieties of seaweed are high in vitamins, minerals and fiber and low in saturated fat and sodium. Kelp in particular provides healthy doses of calcium, iodine, potassium and omega-3 fatty acids. Seaweed is also good for the environment—arguably even more so than land-grown vegetables like kale. Grown in the ocean, it requires no fresh water, no fertilizer and no pesticides. It also grows very quickly, making it highly sustainable. It can even help reduce carbon dioxide and acid in the ocean, high levels of which can be harmful to sea life.

A number of CPGs and retailers have already started to dip their toes into the proverbial kelp sea with offerings like dried seaweed snacks, sushi wrappers, and ready-made sushi rolls and seaweed salad. Several companies are now offering fresh and frozen seaweed products designed to be used much like kale in salads, smoothies and sautés. These companies tout the unique flavors of their different varieties of seaweed, such as salty-sweet wakame, earthy kombu and smoky, savory dulse—which some even say tastes like bacon!

Most of these preparations are still fairly new to the U.S. market. Still, in the last 5 years, seaweed snack introductions have grown by 30-40 percent annually, according to a report by research firm New Nutrition Business. And the increasingly veggie-focused market seems ready for more. Will items like kelp noodles and kombu ice cream (real products already being sold in Asian markets) become mainstream products found in every supermarket from Maine to Montana? We’ll be watching the shelves in 2017—and beyond.

INTERACTIONS AND SUPERVALU DELIVER WIN

AT 2016 RYDER CUP

WHAT DO YOU GET WHEN YOU COMBINE 30,000 GRANOLA BARS, 18,000 CUPS OF COFFEE AND 5,200 DONUTS? ONE OF THE BEST SPONSORED VOLUNTEER EVENTS THE RYDER CUP HAS EVER SEEN!

Earlier this year, SUPERVALU approached the Interactions team with a unique opportunity to assist in staffing a SUPERVALU-sponsored volunteer tent for 2016 Ryder Cup held this fall in Chaska, Minnesota. For those not familiar with the event, the Ryder Cup is a biennial golf competition that pits a team of the best U.S. golfers against their European counterparts. The event alternates venues, meaning it's only held every four years in the U.S. and rarely (if ever) in the same place—making this an especially rare opportunity for Interactions and SUPERVALU.

With the help of Interactions' Brand Ambassadors, SUPERVALU planned to offer the 3,800 volunteers at the Ryder Cup a continental breakfast and afternoon snack featuring private brand items each day of the week-long competition. Their initial estimates, based on typical traffic received at volunteer tents during previous Ryder Cup events, were approximately 300-400 daily visitors. However, this was the first time breakfast and "happy hour" snacks were provided. Word quickly spread and actual attendance grew to 1,500 or more daily visitors.

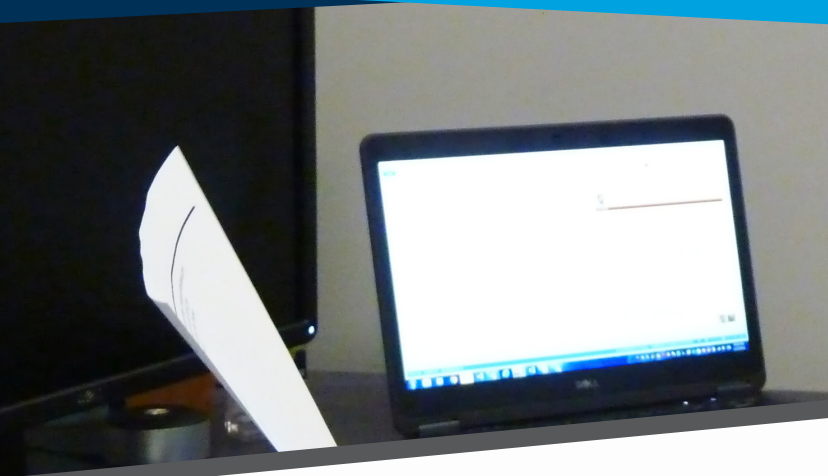


"The number of volunteers who visited the SUPERVALU events far surpassed expectations," says Tammie Lukkonen, Business Manager for Interactions. "But thanks to our relationship with the SUPERVALU team and hard work from our field associates, we were able to overcome the challenges—reworking the logistics to source and obtain more product to serve to the volunteers."

In all, the event was a great success, receiving high praise from SUPERVALU and volunteer attendees alike. According to Lukkonen, it also helped strengthen the partnership between Interactions and SUPERVALU. "We already have a great relationship with SUPERVALU through our Fresh Ideas in-store demonstration program, but this event reinforced our ability to do more than just demos," she says. "It showed that we can be called upon to execute large, high profile experiential events. When the event became more complex than originally anticipated, our team went above and beyond to make sure things were done right. That's one of our core values at Interactions—to deliver the solutions our clients need, when they need them."



DAYMON DOES: SPEED TO SHELF



MARIA RODRIGUEZ from Daymon Worldwide received a phone call from a retail buyer looking for general merchandise concepts to complement a new food theme they were launching. Maria and her team came up with concepts in a couple of days. A full item list with costs followed that same week.



The Daymon team brought this general merchandise program to market in record time – and it drove incremental sales and profits for the retailer. Custom solutions for our partners in a snap – just another day at the office for Maria and Daymon Associates just like her.



To learn more, please contact
our CEO, Jim Holbrook, at
JimH@daymon.com

PUT US TO WORK FOR YOU.