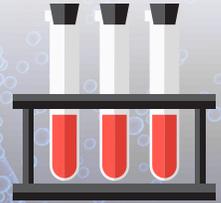


# RETAIL NEWS INSIDER



## The Power to Predict

DELIVERING SOLUTIONS  
BASED ON SHOPPERS'  
HEALTH NEEDS



PRECISION  
WELLNESS  
SERIES

Part 2

PLUS  
AN EXCLUSIVE  
INTERVIEW WITH  
MIT RESEARCHERS!



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 private brand development, strategy and branding, sourcing and logistics, retail merchandising and consumer experience marketing.

As the flagship publication for Daymon, *Retail News Insider* provides insight on the trends that affect all levels of our business, practical tips for our field teams as well as the latest news from our own retail experts. Our team embraces the concept that the world of retail 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* is proud to set the standard for excellence in communication across industries, as well as for our own organization. The publication has been awarded numerous industry honors, including:

**Platinum Award Newsletter**  
**Gold Award Newsletter**  
 Hermes Creative Awards

**Gold Award Interactive**  
**Communication/E-Newsletter**  
 AVA Digital Awards

**Gold Award Corporate Newsletter**  
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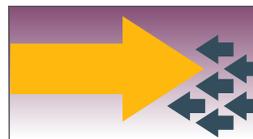
**Best Newsletter**  
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 Content Marketing Awards

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## FROM JIM'S DESK

### A Letter from the CEO

#### Hitting a Home Run with Health

If you would have told me 20 years ago that health and wellness would be all the rage today, I would have told you that you were sorely mistaken. But within the last several years, I've been pleasantly surprised as the industry has gone from fringe to mainstream. A movement that was once reserved for people shopping at specialty health stores has infiltrated the lion's share of grocery stores. Today you'd be stretched to find even a convenience store that doesn't offer products that are gluten-free, organic or sustainable—a twist of fate that would have been unimaginable considering the sugary

drinks and deep fried foods that used to headline these establishments.

Just like all sectors though, the health industry has seen shifts as new superfoods have hit the shelves (what are mangosteens anyway?), and mind-body practices like yoga have become as common as baseball. After talking to our team of health and wellness experts, the one thing I can tell you is that the most interesting parts of this segment are the innovations in place today, and more impressively, those just around the bend.

With the global market for health and wellness projected to pass the \$1 trillion mark, retailers are pulling out all the stops as they develop natural and gourmet offerings. Luckily for us, our team has the lowdown on the trends moving the segment today... So, let's take a gander:

- **Transparency:** Consumers now regard their food as medicine. Unlike the instructions on a prescription though, they expect product information to be clear and simple. In a recent survey, 66 percent of people sought product claims to help avoid negative ingredients implicated in health conditions. What this means for the industry is that it should use packaging to cut to the chase—highlighting health claims and addressing top ingredients of concern.
- **Nothing Artificial:** Perimeter categories with a more natural health positioning are moving on up, while center store categories are falling, a direction partly attributed to the demand for free-from and natural products. On average, 62 percent of people say they try to avoid artificial flavors and preservatives, so retailers should take a hint and satisfy these demands.
- **Private Brand Creation:** Globally, natural products are leading the way in popularity with 58 percent of shoppers saying that they want more all-natural products. And we've seen companies respond to this in a big way, especially with the Amazon and Whole Foods merger. By investing in health-focused private labels, many brands are hoping to be more responsive to trends than their national brand counterparts.

As consumer perceptions of "healthy" continue to evolve, so will the trends. Accordingly, retailers will need to keep up with the times by creating the healthy products their customers want. At this point, the industry has no choice but to play ball.

What do you think? Let's continue the conversation – email me anytime at [JimH@daymon.com](mailto:JimH@daymon.com).

All the best,

**Jim Holbrook**  
Chief Executive Officer  
Daymon  
[JimH@daymon.com](mailto:JimH@daymon.com)



# Selling Sustainability

## THE ROLE OF FAIR TRADE IN PRIVATE BRANDS

The writing is on the wall: the future of private brands lies not in me-too national brand equivalents or fast-follower products, but in innovation, differentiation and authenticity. At the same time, customers are increasingly seeking products that promote environmental sustainability and align with their own moral values and attitudes. That presents a clear opportunity for private brands to pursue—and one that both Daymon and the fair trade movement can play a key role in.

“For the retailer looking to tap into the sustainability trend, offering private brand items that are FAIRTRADE certified shows a commitment to social, environmental and worker standards that cover the full spectrum starting at the source and all the way through the supply chain,” says Kyle Freund of Fairtrade America, one of the primary certifying bodies in the United States.

“Most consumers have a general understanding of fair trade and are willing to make that intentional choice based on their own attitudes and moral positions,” agrees Carl Jorgensen, Director of



Thought Leadership - Wellness for Daymon. “They may not know the details of what that particular certification involves, but they understand the principle is about fairness for the people who produce the food product—and that’s the real motivator. The social and ethical dimension of buying behavior is a real and growing trend.”

Several reports have shown that consumers are willing to pay more for products produced according to fair trade standards, as well. In fact, one such study from the University of Bonn in Germany showed consumers were willing to pay up to 30 percent more for products bearing the FAIRTRADE certified logo—and were likely to rate those products as tasting better. These findings can help assuage retailers’ concerns about the added costs of sourcing from fair trade supply chains.

“Whether it’s fair trade or non-GMO or whatever the claim is, there are always incremental costs involved in achieving that,” admits Jorgensen. “But at Daymon, we can work with retailers on a case-by-case basis to make sure the final price on the shelf can be realistic and competitive, while also allowing them to maintain margin. Because most retailers have a higher margin on private brand products to begin with, oftentimes there is room there.”

And finding that room can make a big difference in how a brand is perceived. According to Fairtrade America, a recent survey conducted by insights firm Globescan showed that 81 percent of consumers said they would view a brand they already buy more favorably if it carried a FAIRTRADE label. “Customers will happily give retailers credit for doing good things like this—and it’s a chance to burnish the halo of the brand,” agrees Jorgensen. “Retailers just need to be strategic and choiceful about it. Have a simple and clean message, and make it clear to your customers what you’re doing.”

*To learn more about Daymon’s Private Brand sustainability and fair trade expertise, contact Carl Jorgensen, Director of Thought Leadership - Wellness, at [cjorgensen@daymon.com](mailto:cjorgensen@daymon.com).*



### Fair trade vs. FAIRTRADE— What’s the difference?

“Fair trade” refers to the general movement of offering fair prices and equitable benefits to farmers and producers, while “FAIRTRADE” is the actual certification of supply chains and products that follow such standards.



# Finding OPPORTUNITIES with Daymon

Caitlin Shufelberger, Senior Business Development Manager for Daymon's consumer experience marketing team, was recently named a Rising Star in the retail industry by *Progressive Grocer's* Top Women in Grocery. She was recognized for her efforts in creating countless creative marketing concepts for grocers and brands, and for helping to launch the company's newest Brands2Desk programs. This month, *Retail News Insider* sat down with her to find out more about how she identifies opportunities like these.

*RNI: Can you tell us a little bit about your history with Daymon?*

**CS:** I've been with the company for two and a half years. Originally I was brought on to help manage a specific QSR account that needed focused attention. Once the project came to completion, I transitioned to more of a business development role across all customers, drumming up new business and helping to drive growth through existing clients. One of the things I appreciate most about Interactions is the opportunity for growth—the more you're willing to take on, the more opportunity there is.

*RNI: Finding and developing opportunities is also a key part of your current job. How do you go about it?*

**CS:** There are a lot of opportunities that come through our other Daymon business units. For example, if our Brand Development team hears of an opportunity where one of our retail partners is in need of ongoing marketing assistance, or they're opening new stores or launching new products, they will reach out to our team for support. For other services like our new Brands2Desk program, we are leveraging our entire client base to offer a unique way to reach at-work consumers. We're always working closely with our clients to identify new opportunities to help them raise the bar and remain competitive.

*RNI: Why do you think it's important to continue innovating and raising the bar when it comes to experiential events?*

**CS:** While we've become more technologically advanced as a society, there's nothing that can replace the human connection. Developing creative solutions and finding meaningful, unique ways to reach consumers is the best way for retailers and brands—and for us—to stay competitive.



**Caitlin Shufelberger**  
Senior Business  
Development Manager



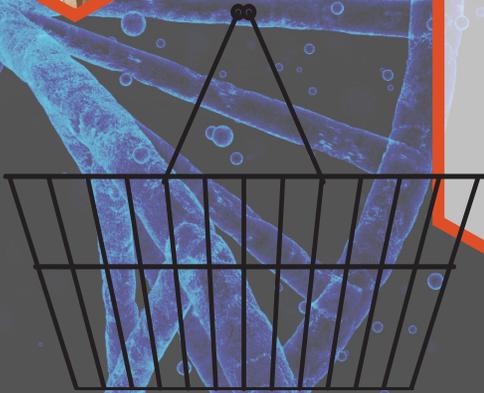
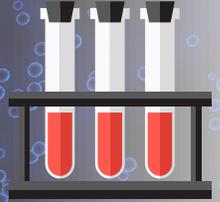
## Reasons Shoppers Go for Gluten-Free

Gluten-free foods are a necessity for the one percent of Americans with celiac disease. Yet according to research firm the Hartman Group, 27 percent of shoppers have purchased products from this rapidly growing category in the past three months. Why? Their top five reasons include:

1. Wanting to try something new
2. Believing they are healthier
3. Trying to lose weight
4. Purchased for someone else avoiding gluten
5. Purchased for a special diet or eating plan



**MARKET  
WATCH**



# The Power to Predict

**DELIVERING SOLUTIONS  
BASED ON SHOPPERS'  
HEALTH NEEDS**

*By Retail News Insider*



**PRECISION  
WELLNESS  
SERIES**

**Part 2**

**PLUS**  
AN EXCLUSIVE  
INTERVIEW WITH  
MIT RESEARCHERS!



*From user-provided preferences to biomarker and DNA data, food and wellness retailers and brands can now anticipate which foods and products shoppers need to maintain health and wellness. In making customized recommendations, retailers and brands can further tap into shoppers' growing demand for personalization and cement their position as partners in shoppers' wellness journey.*

*For this second installment in our series on Precision Wellness, Retail News Insider once again teamed up with the Daymon Thought Leadership team to investigate four of the leading quantified health services currently available to consumers to see how they could be leveraged in retail.*



The first type of service the team tried was biomarker testing. A “biomarker” is generally defined as a substance in a person’s body that can be measured and analyzed to provide an indication of health or disease. Cholesterol levels are a good example of a biomarker that many consumers already know, since doctors often recommend regular cholesterol testing. But now even outside of healthcare, a growing number of services are offering biomarker testing to consumers with the promise of providing targeted nutrition and fitness recommendations based on their personalized results.

Our tester compared two such services: InsideTracker and WellnessFX. Both services test consumers’ blood for common biomarkers such as blood sugar, cholesterol, triglycerides and vitamin D. The exact tests varied by service—for example, WellnessFX also tested for thyroid function and InsideTracker for iron and calcium levels, but not vice versa.

For InsideTracker, our tester received a comprehensive report outlining the results and recommendations for what foods to eat and what types of exercises to do in order to maintain or improve various biomarker levels, as needed. For WellnessFX, our tester was asked to schedule a phone consultation with a health expert to discuss the results and personalized recommendations.

Our tester found both services to be informative and helpful, providing simple, clear and direct propositions that deliver precise, actionable





recommendations. Though the nutrition recommendations both provide are not retailer or brand specific—for example, recommending simply that you eat more non-fat yogurt to improve vitamin D levels, not necessarily a specific brand of yogurt—the opportunity to make a connection between these services and retail is quite promising.

“Providing a service like InsideTracker shows the consumer that you want to be a partner in their wellness journey and in their nutrition journey,” says Rony Sellam, CEO of InsideTracker. “Say you [as a consumer] go into a grocery store. They know you’re buying certain items based on your loyalty data. [If that retailer is linked with a service like InsideTracker], you might be able to claim coupons for certain items based on your biomarker data, so you’re able to get the products you actually need.”

Carl Jorgensen, Director of Thought Leadership - Wellness for Daymon, agrees with Sellam’s assessment. “The real benefit of a service like this is to be able to deepen the relationship with the customer,” he says. “We talk so much about competing on price being a zero-sum game. Ultimately someone will always come in with a lower price. But developing a wellness partnership with your customer—that’s a clear opportunity to differentiate.”

A similar service retailers and brands could also explore tapping into is that of nutrition- and fitness-focused DNA analysis. While many are familiar with the use of DNA testing to learn about ancestry or certain inherited

diseases, there are several services now targeting factors related to diet and exercise.

The two services our tester compared were Vitagene and DNAFit. Both test DNA using saliva samples, which are then analyzed for certain genes known to correspond to things like aerobic fitness levels and sensitivity to fat and sodium. The services then make certain diet and exercise recommendations based on the results. Vitagene also offers supplement recommendations.

Our tester found that many of the results were consistent across both services. For example, both pointed out that the tester was genetically predisposed to have low vitamin B12 (important for blood and brain health) and to be better at power activities (such as sprinting or weight lifting) versus endurance exercises (like running). Both results also suggested limiting carbohydrates for optimal health, though the DNAFit report was more clear in specifically recommending a low-carb diet. Each service also tested for certain things the other did not—such as antioxidant and omega-3 needs in the case of DNAFit and predisposition to emotional eating and weight regain after dieting in the case of Vitagene.

In addition to a report of results, DNAFit also offered a recommended diet plan that included direct links to select grocers’ online shopping services. Those grocers were all chains based in the United Kingdom (where DNAFit is also based), so our tester in the United States was not able to take advantage of them. However, it points to a clear opportunity for grocery retailers and brands in other markets to make the connection with these types of testing services.

There are, however, some caveats that retailers and brands looking to capitalize on these services should heed, says Jorgensen. “Customers like the convenience of having things done for them—like making specific recommendations—but there’s always a suspicion the retailer is getting a cut of the deal. Retailers would be better off recommending categories that would be good for consumers based on their results, but ultimately leave the particular product or brand up to the individual shopper, rather than only recommending say, their own brand items.”

“The ability to build trust is a major element to driving consumer behavior,” add Sellam. “If a retailer makes recommendations by providing a curated experience that doesn’t necessarily benefit their brands directly, the level of trust that will come in from the consumer will become much stronger. It becomes less of a gimmick.”

“It’s a great observation that people will frequent places they trust,” says Dave Harvey, Vice President of Thought Leadership for Daymon. “It’s kind of a longer-term sales play, but one that’s critical as we move from transaction to interaction.”

As for the question of whether these tests and services are just a fad or gimmick, Jorgensen says, “We know that the whole field of wellness is not a fad. How people get information about their own wellness and how to improve it is evolving very, very quickly.” He goes on to compare it to the meal kit business, which started out small just a few years ago and is now a trend that’s dominating the market.

In the future, Jorgensen envisions this type of service will be similar to the blood pressure testing stations that have become nearly ubiquitous in grocery and drug stores throughout the U.S. “The same thing could happen with this kind of testing—you could have someone there in a little booth to administer the test and walk you through the recommendations,” he says. “I think that’s absolutely where this should be heading at retail.”



## MIT RESEARCHERS WEIGH IN

# Quantified Health Application in Retail Supply Chain Management

What if you could predict when an outbreak of disease was about to hit your community in time to start stocking up on the supplies shoppers will soon need? For retailers and manufacturers who weathered the “swine flu” outbreak of 2009—complete with its shortages of antibacterial wipes and hand sanitizers—it might sound like a dream come true. But researchers at MIT are working on a project that may well turn that dream into a reality.

Through a project called “Underworlds,” a team of MIT researchers have developed a system to collect and analyze biochemical information from sewage water at key collection points throughout a city. The system allows for the study of different species of bacteria, viruses and chemical compounds that live in the human gut and come together in a city’s sewage system—what the researchers call “our collective microbiome.”

“We are hoping this can be used to help monitor public health in real time,” says Shinkyu Park, a postdoctoral researcher working on the project. “It could even be pinpointed to the neighborhood level.” This is in contrast to most public health monitoring systems today, which are often reactionary—only tracing disease after an outbreak has already started to spread.

In addition to spotting signs of illness, the system can be used to look at biomarkers related to stress and obesity, and to monitor pharmaceutical consumption, says Fábio Duarte, MIT Visiting Scholar. “Tying these results in with retail could be an interesting angle to pursue,” he says.

Nicole Peranick, Director of Thought Leadership - Culinary for Daymon, agrees the opportunity to tie this kind of service in with retail operations is intriguing. “In my mind, there are two potential ways this kind of information could inform retailers and suppliers. The first is related to inventory. During large outbreaks of illnesses like the flu, manufacturers, suppliers and retailers aren’t always able to keep up with demand. If there was a way to predict an outbreak was coming, that could give them an opportunity to get ahead of the surge,” she explains.

“The other interesting angle is what kind of preventative measures you might be able to take to avoid a problem,” Peranick continues. “That ties into the whole idea of moving from a reactive health culture to a proactive wellness culture.”

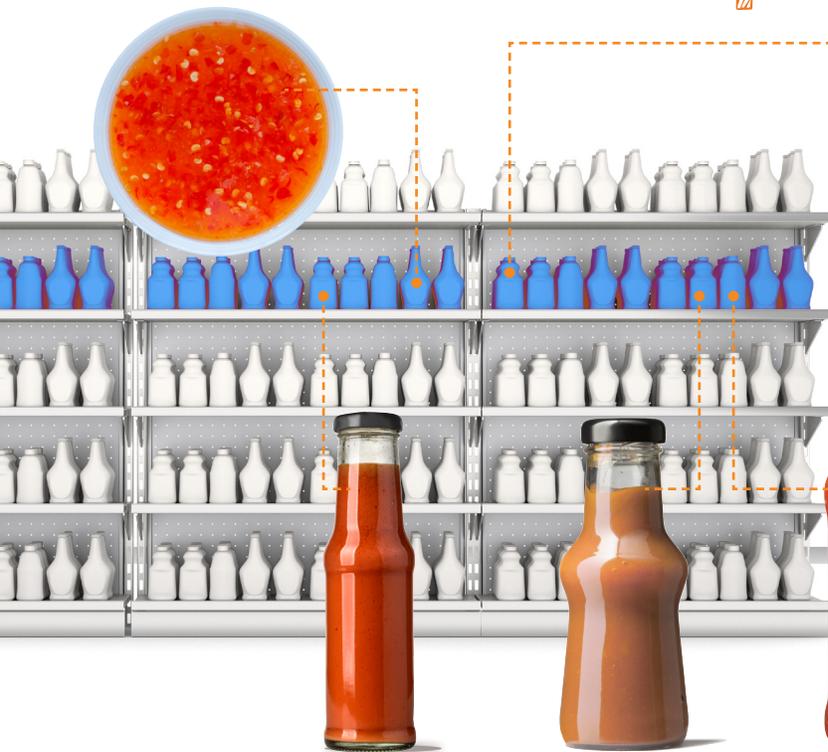
The MIT researchers say they currently have pilot studies underway with the city of Cambridge, Massachusetts and the country of Kuwait, but they would be interested in discussing possible retailer partnerships as well. To learn more, contact Fabio Duarte, Research Lead, at [fduarte@mit.edu](mailto:fduarte@mit.edu).

**To learn more about innovative programs combining nutrition, health and retail, check out the Trending Tastes column on page 15.**

# Differentiating with Private Brands

## Following the Trends

### from Concept to Execution



But it's not simply a matter of "if you build it, they will come." Retailers need to begin by carefully considering what categories make the most sense to innovate in for their consumers. For many traditional grocers, Hedges says cooking sauces and marinades provide the ideal opportunity to introduce shoppers to new flavors. "This taps into shoppers' growing demand for convenience," he explains. "Sauces and marinades are easy to use and they make meal prep simpler—just add them to your protein or vegetables or rice and you have an authentic meal, without all the work of cooking from scratch."

Health and wellness is another key purchase driver that retailers can capitalize on in their approach to innovation. "The demand for more 'natural' products with simpler ingredients is greater than ever. Infusing marinades and sauces with superfoods or spices with health-related properties can offer consumers a way to create 'better-for-you' meals, while also experiencing new flavors and cuisines," says Hedges.

Packaging format and design are also important considerations in developing a successful product. "Retailers should consider flexible packaging and smaller serving sizes," says Hedges. "Both allow for superior freshness protection and reduce food waste—something shoppers are looking for today. Single-use tear-and-dispense pouches could also be a large area of opportunity to encourage trial."

On-shelf marketing—in the form of serving ideas and recipes highlighted adjacent to the products—can also encourage trial and adoption. "Playing up the idea of versatility—such as the ability to use marinades for dipping or pasta sauces that are suitable for other dishes such as red meat, poultry and seafood—adds value to the product and reduces concerns about food waste," explains Hedges. "Cross merchandising placement with perimeter departments can also be very successful."

Developing this kind of comprehensive and thoughtful approach to innovation in private brand can help ensure the risk of being on the leading edge of a trend ultimately pays off.

*To learn more about private brand product development and branding, contact James Hedges or Tracy DeCarlo, Senior Managers of Category Solutions for Daymon, at [jhedges@daymon.com](mailto:jhedges@daymon.com) or [tdecarlo@daymon.com](mailto:tdecarlo@daymon.com).*

Retailers and brands often find themselves faced with the question of whether a particular trend has lasting potential that's worth investing in or if it's a fad that may be here today and gone tomorrow. But to stay competitive in today's environment, it's no longer possible to ignore all trends and simply rely on "old standbys." That's especially true for retailer's private brands, which consumers are increasingly looking to for differentiation.

So how can a retailer balance the risks vs. rewards of innovating to build on a trend? It comes down to understanding your shoppers and the influences that drive their purchasing decisions, says James Hedges, Senior Manager of Category Solutions for Daymon. And these factors must be considered at every point in the development process—from concept, to execution, to branding.

To illustrate this point, Hedges points to the growing trend of global cuisine. International flavors and new styles of cooking are popping up in restaurants everywhere, and many shoppers are getting in on the action at home through meal kits, spice blends and flavorful snacks from around the globe. This presents an opportunity for private brands to become innovative leaders by developing unique products that feed shoppers' desire for experimentation.

# CHALLENGING THE STATUS QUO

## SAS RETAIL SERVICES TAKES RISK TO LAND PARTNERSHIP WITH WALMART

**In late July, Daymon's Retail Merchandising team, SAS Retail Services (SAS), scored a huge win to become just one of five Preferred Service Providers (PSPs) in retail giant Walmart's over 4,600 stores throughout the United States.**

The story of SAS and Walmart starts like many new business opportunities do, with an introductory meeting. Daymon CEO Jim Holbrook and President of SAS Michael Bellman met with Walmart leaders in the fall of 2016 to introduce them to the range of end-to-end retail services offered by Daymon. But for more than six months, they heard nothing from the retail giant—until a request for proposal (RFP) landed on their desks. The RFP described Walmart's need for retail execution providers to assist the retailer in centralizing its merchandising activities and integrating standard operating procedures.

"SAS didn't have an existing relationship with Walmart," explains Justin Yancey, Director of Marketing for SAS. "This was a challenge, as the RFP was largely focused on asking providers to explain how they would ensure the 'Walmart way,' but we didn't have a lot of experience in Walmart stores."

Instead of following the RFP directions to the letter, the team got creative and offered Walmart an alternative strategy. Although it was a risk, the SAS team of Nick Mills, Michael Hankins and Abhi Beniwal knew they had to set themselves apart from the competition since they didn't have an active relationship with Walmart, like the competitors did. Fortunately that risk paid off, with SAS delivering a winning proposal that resulted in the Walmart folks thanking them for not following the format—and for providing industry leading thought leadership.

As one of Walmart's new PSPs, SAS will provide modular resets, features and displays, point-of-sale placements, new cut-ins, stocking and availability, and more for Walmart and its suppliers. The program began September 1, and will continue to ramp up through early 2018 when all current non-preferred providers are required to exit the Walmart business.

"SAS's work proves that pushing the status quo is key to success. Because of their efforts, we will now have the privilege of aiding Walmart in driving sales, leveraging costs, increasing efficiencies and improving the customer experience," says Holbrook. "We couldn't be more excited to see our retail merchandising expertise come to life at the largest retailer in the world."

*To learn more about SAS Retail Services' merchandising solutions, contact Michael Bellman, President – SAS Retail Services, at [michaelbellman@daymon.com](mailto:michaelbellman@daymon.com).*

# Don't Be Late for the Party

## Holiday Planning Starts Now!

With the kids back in school and the final days of summer upon us, it can only mean one thing—time to start planning for the holidays! “Wait! What happened to fall?” you might be thinking. We know, it seems early. But an early start can mean the difference between using the same-old, ho-hum “ho ho ho” banners from last year and developing a truly unique and differentiated event that surprises and delights customers—and keeps them coming back long after the holidays are over.

“Putting together an in-store holiday event typically takes anywhere from six to eight weeks,” says Ryan Dee, Creative Director for Daymon’s consumer experience marketing team.



**A chance to take selfies with Santa turns a visit to the store into an experience shoppers will remember.**

“But more sophisticated events can take even longer. So it’s always best start the process sooner rather than later.”

The winter holiday season, generally defined as the months of November and December, accounts for nearly 20 percent of annual retail industry sales in the United States, according to the National Retail Federation. With an estimated \$800 billion at stake, it’s clearly in retailers’ and brands’ best interests to do all they can to help set themselves apart from the competition.

“With digital and online retailing encroaching more and more, retailers really need to step up their game and make their stores a destination,” says Dee. “Everyone’s going to do their holiday circulars and have specials on turkey and ham. To set yourself apart, you have to provide an experience that’s different.”

One effective tactic Dee recommends is targeting more non-traditional holidays, in addition to the “core” Thanksgiving, Christmas and Hanukkah celebrations. “For example, Friendsgiving is a holiday that’s gained more and more traction as an alternative or in addition to Thanksgiving,” says Dee. “Then there’s Festivus—a kind of ‘anti-Christmas’ celebration that started with the popular TV show *Seinfeld* but has now actually become a holiday people celebrate. Hosting in-store events and advertising around these more avant-garde celebrations can be a bold way for a retailer to differentiate.”

For retailers and brands who prefer to stick to the more tried-and-true celebrations, Dee suggests expanding upon the usual promotions by looking at new categories to capitalize on. “Pet ownership and spending is at all-time high, so it makes perfect sense to do



**Letting shoppers experiment with toppings takes a traditional hot cocoa sampling event to the next level.**

something around the holidays to celebrate pets as well,” he says. “For example, a grocery retailer could have a pet stocking station for shoppers to put together gifts for their fur babies using items found in the store. This can give shoppers a new reason to come into the store and showcase the variety or products the retailer offers.”

Those with bigger budgets looking to truly make an impression might consider tapping into technology to elevate the in-store experience. “For a pretty small footprint in the store, you can create a pretty impressive branded virtual reality experience flying Santa’s sleigh,” says Dee. “Or say you don’t have the space to do a traditional photo activation—you could set up a selfie station and use augmented reality to let shoppers take selfies with an augmented reality Santa and his elves.” This could be tied with social media activations, like sweepstakes and photo contests, which Dee says further drive engagement and ultimately store traffic.

*To learn more about partnering with Daymon to develop and execute your holiday consumer experience marketing events, contact Caitlin Shufelberger, Senior Business Development Manager at [cshufelberger@interactionsmarketing.com](mailto:cshufelberger@interactionsmarketing.com).*

# SOURCING IN THE 21<sup>ST</sup> CENTURY

## Part 1: The Evolution of Global Sourcing and New Frontiers

Like many aspects of retail, the world of sourcing has changed dramatically in recent years and continues to evolve. Understanding these changes is key for retailers and brands to be able to continue to compete in the global sourcing economy. In this first of a two-part series, Daymon's Chief Sourcing and Trading Officer Vipon Kumar explains how and why global sourcing models have changed—and gives us a glimpse of the opportunities the future may hold.

"Traditional modern-day sourcing models were built starting in 1978 with Porter's Five Forces analysis and continued through the transformations in 1980s to 2000s with Kraljic's risk-reward matrix and AT Kearney's Chessboard models. All of these models were mostly adversarial between the buyers and the suppliers. It was a zero-sum game," explains Kumar.

"However, it worked largely for buyers and for the suppliers who could learn to adjust their processes and wring out manufacturing costs to supplement their profits," he continues. "Lean production models like the Six Sigma and Kanban practices helped the industry to continue the streams of cost savings. But now, those original sourcing models, process improvement practices and efficient supply chain strategies have collectively hit the low point of marginal utility."

In Kumar's view, a confluence of events following the global financial crisis of 2008 have had a positive impact for sourcing to become a major factor in an organization's profitability. These include:

- the financial crisis' test of partnerships between the suppliers and the buyers
- industry consolidation in the years following the crisis, which forced both suppliers and buyers to work together as co-creators of products and their corresponding value chains
- the strong U.S. dollar and the deflation of commodity markets, which provided massive opportunities to manage cost structures and production capacities
- the elevation of the Chief Sourcing Officer's role from the back office to front line operator
- Millennials' predisposition to recognize the social impact of their consumption patterns.

"The collective force of these events has set the stage for the evolution of sourcing in 21st century," says Kumar. "This evolution is built on the premise that sourcing has no destination but is instead a continuous journey. The new model of sourcing will be a continuous feedback loop comprising of metrics jointly developed by sourcing managers and buying managers, who will together own responsibility of sourcing raw materials, production capacities, technology and the most efficient mode of supply chain."



Kumar points to furniture retailer and brand IKEA as a pioneer in 21st century sourcing. "IKEA takes a very holistic view of its sourcing. In my view, IKEA sells only what it can efficiently source. Its strategy includes long-term planning of re-forestation (re-planting the trees) at the same time as its suppliers are harvesting the wood for its current products. This sustainable sourcing model is built around a resource re-generation loop—exemplifying the continuous nature of sourcing."

Stay tuned next month to learn what's on tap for field of sourcing and sourcing models over the next five years—a time Kumar says promises to be "completely transformative."

To learn more about Daymon's sourcing and supply chain services, contact Vipon Kumar, Chief Sourcing and Trading Officer, at [vkumar@daymon.com](mailto:vkumar@daymon.com).

# SALES ADVISORS HELP MAKE *Family Meals* HAPPEN!

Between school, work, sports, hobbies and other activities, most families are busier than ever—and eating a meal together at home may not always be in the cards. But according to the Food Marketing Institute (FMI), eating more meals together can help families fight obesity, develop a stronger connection and improve overall health! This month, FMI is teaming up with retailers and brands across the country to promote National Family Meals Month—encouraging families to commit to eating just one more meal bought from the grocery store together each week.



*Retail News Insider's own graphic designer Alyssa McNeese makes meal prep a family affair.*

As brand and retail ambassadors, Sales Advisors play an important role in helping promote the many meal solutions available for today's busy families. One simple way to encourage families to cook more at home is to share recipes used in demonstration events and/or provided by the retailer or brand. Sales Advisors can also offer short-cuts for making the recipes quicker and easier, such as using pre-cut, canned or frozen vegetables in place of fresh—or taking advantage of pre-marinated proteins from the meat case.

Sales Advisors can also remind families that meals together don't have to be limited to from-scratch or "traditional" dinners. Grocers have solutions throughout the store for family meals all day long—from cereal for breakfast, to sandwiches at lunch, to heat-and-eat prepared meals for dinner. Sales Advisors can even encourage shoppers to shake things up a bit—for example, by trying pancakes or other breakfast items for dinner one night.

Perhaps most importantly, Sales Advisors can also help educate families on the benefits of family meals.

For example, according to FMI, frequent family meals increase self-esteem, family connections and positive social behaviors in children. They also lower the likelihood children will engage in risky behaviors like drinking, smoking or using marijuana. With all those benefits and so many solutions right on store shelves, there's no reason not to get involved!



## [ From the Front Lines ]

### A *Peek* BEHIND THE SCENES

When someone's representing your brand, you want them to make customers feel comfortable and welcome. That's exactly the type of rapport Sales Advisor Geoffrey Wagoner creates when you speak with him. His friendly, authentic and knowledgeable demeanor shines through, no matter the topic. We recently sat down with Wagoner to find out more about his experience and interests—on and off the sales floor.



**Geoffrey Wagoner,  
Sales Advisor**

*RNI: What's your background? Have you always worked in retail?*

GW: I've done a number of different jobs, including some restaurant work. But overwhelmingly from about age 16, I've spent a lot of time working in grocery stores.

*RNI: What draws you to this work?*

GW: I like interacting with the customers and learning things about them. Customers will often share things about their lives, and I've talked to a lot of them about health problems that are related to foods—not just the common things like gluten, but also things like autism spectrum disorders. I studied psychology in college so I'm interested in that aspect.

I also like helping people and providing knowledge I have about specific products. When we do these demos, a lot of times customers are afraid to purchase products if they're out of the ordinary in terms of flavor or they're a private label shoppers aren't familiar with. But once they try the sample and I share the product's selling points, a lot of them will thank me and say they never would have bought the product had it not been for me. That's rewarding to help open their eyes and show them something new.

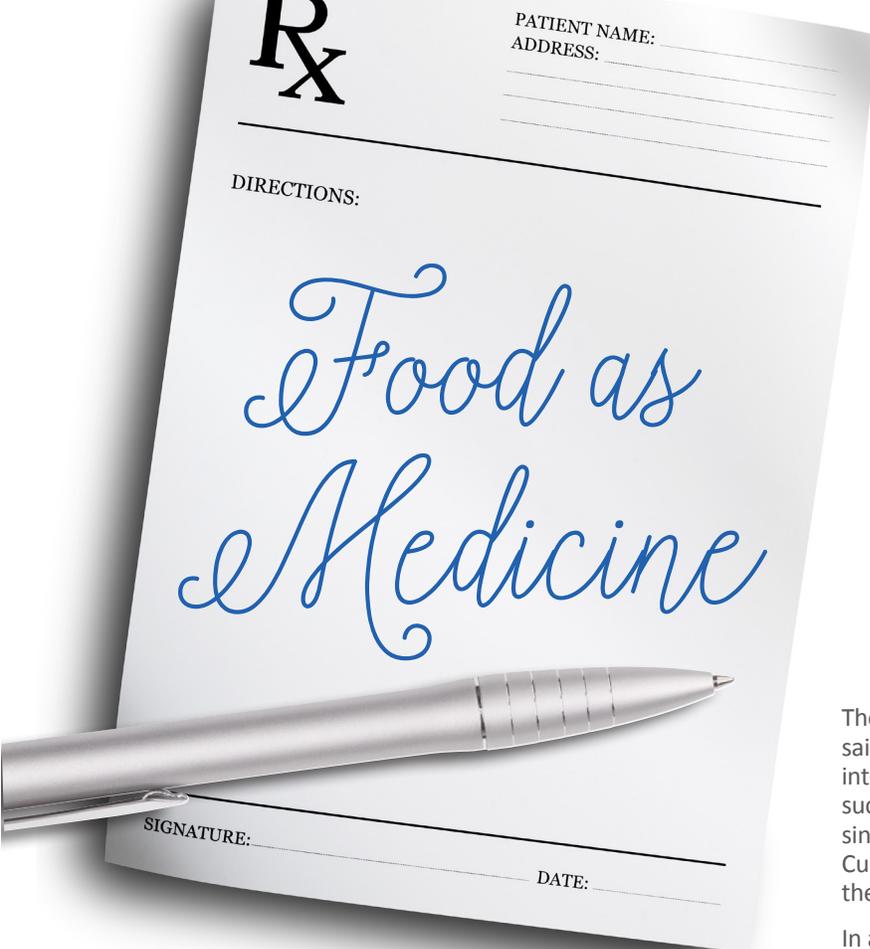
*RNI: What do you like to do outside of work?*

GW: I like spending time with friends and family, listening to contemporary music, reading and



*Geoffrey recently enjoyed a visit to Grand Teton National Park with his father and daughter.*

learning new things about topics that interest me. I'm always looking to learn better, more efficient ways to do things—including my demos.



## THE NEW PRESCRIPTION FOR WELLNESS

Those are just the kind of results patients are experiencing, said the program's creator Dr. Andrea Feinberg in a recent interview with *CBS This Morning*. "It's over-the-top successful," Feinberg told CBS News. "It's worked for every single patient. We're talking about reversing the diabetes. Curing the type 2 diabetes and help the patients move themselves from the sick category to the healthy category."

In a similar initiative, non-profit group Wholesome Wave is helping connect health-care providers throughout the United States with local farms and grocers in their communities to offer lower-income, at-risk patients greater access to healthy fruits and vegetables. The partnerships enable health-care providers to prescribe fruits and vegetables to patients, which act as vouchers that can be redeemed at participating stores or farmer's markets. According to Wholesome Wave's website, historically, over half of program participants have decreased their BMI, which can in turn lower their risk for obesity-related problems such as high blood pressure and type 2 diabetes.

For consumers who may have the means to buy healthy foods, but lack the knowledge about what's best, a number of retailers and health programs are offering "Shop with a Doc" programs and in-store nutritionists to help guide shoppers' choices.

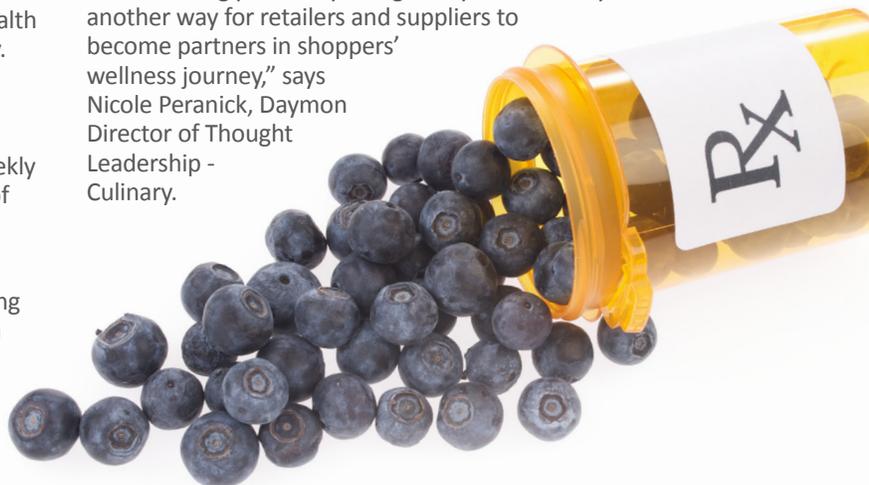
"These programs bring to life the broader retail concept of connecting pharmacy and grocery—and offer yet another way for retailers and suppliers to become partners in shoppers' wellness journey," says Nicole Peranick, Daymon Director of Thought Leadership - Culinary.

**As covered in our Market Watch feature this month, consumers are increasingly focusing on healthy eating and regular physical activity as a way to boost wellness and prevent disease. But they're not the only ones—health-care providers, hospitals and clinics are getting in on the mix, too!**

An increasing number of programs that focus on improving diet as a way to help treat diabetes, high blood pressure, obesity and other common health concerns are popping up across the country. These programs don't just talk the talk, they actually help patients walk the walk—providing support, funding, access and in some cases, even literal prescriptions, for healthy foods.

One such program recently launched by the Geisinger Health System in Pennsylvania is called the Fresh Food Pharmacy. According to the organization's website, the program is designed to help low-income patients with diabetes keep their disease under control by providing prescriptions for free, healthy foods. Patients can come to the hospital weekly to pick up their food prescriptions—and take advantage of nutrition classes and cooking advice.

The Fresh Food Pharmacy program currently targets diabetes due to its close connection with obesity. Following a healthy meal plan and maintaining a healthy weight can help patients with diabetes avoid serious complications, and in some cases, actually help lower or even eliminate the need for prescription medications.



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