



Hidden Gems of the Grocery Channel

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Purpose of This Series

“Hidden Gems” is designed to provide ideas from smaller retailers or supermarket themes that Kantar Retail does not track regularly. These retailers may not always be the largest customers, but they are still important and provide a deeper picture of how the grocery channel continues to evolve.

This series is a periodic roundup of news, information, and trends to help keep you up to speed on regional grocers.

This edition covers:

- Executive changes
- Format and store developments
- Digital and technology developments



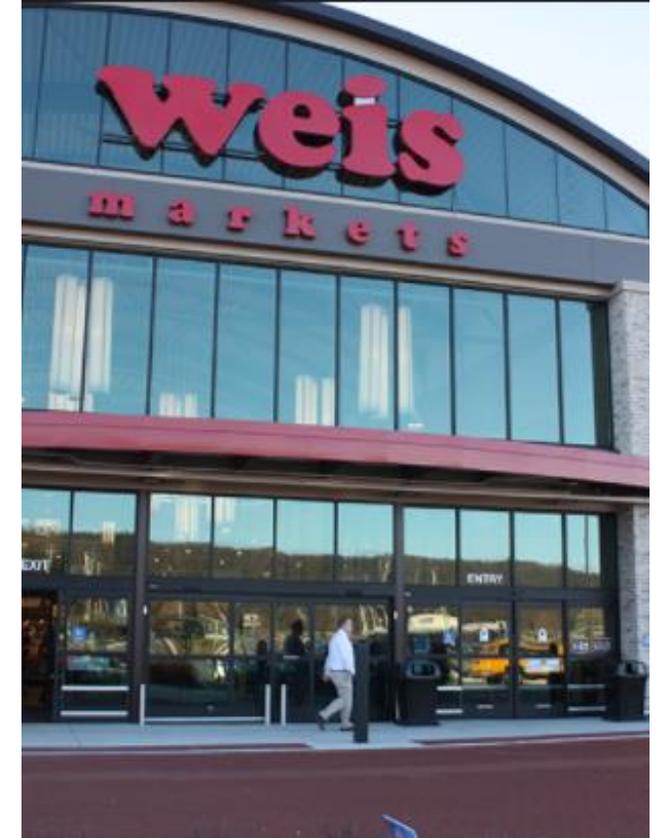
Executive Changes

Weis Names Former SuperValu VP Donna Banks-Ficcio as Head of Center Store



Reported: July 2017

- Weis Markets has hired former SuperValu VP Donna Banks-Ficcio as its new head of center store. In this position, Banks-Ficcio will oversee Weis' grocery, dairy, frozen HBC/GM, and beer and wine departments. Her responsibilities include category management, merchandising, and pricing.
- Previously, Banks-Ficcio was the VP of center store merchandising at SuperValu. She also worked at A&P and Kings Supermarkets.
- Banks-Ficcio's new position will complement Weis' recent partnership with dunnhumby and Aptaris to enhance its consumer insights and shopper marketing.



Southeastern Grocers Makes Anthony Hucker Permanent CEO



Reported: August 2017

- Southeastern Grocers has named Anthony Hucker as its permanent CEO. Hucker took over as the retailer's interim CEO in June following Ian McLeod's departure.
- Prior to becoming CEO, Hucker served as Southeastern Grocers' COO. He has played an integral role in Southeastern Grocers' transformation over the past 18 months. Hucker states he remains optimistic about the future direction of the company despite a heightened competitive environment.
- Southeastern Grocers continues to struggle to define its brand position in an increasingly polarized grocery market. The retailer continues to transform underperforming stores to target specific shopper segments.



Fiesta Mart Names Former Target Executive Sid Keswani as New CEO



Reported: August 2017

- Fiesta Mart of Houston has appointed Sid Keswani as its new CEO, replacing outgoing CEO Mike Byars.
- Keswani joins Fiesta Mart from Aspen Heights, a real estate development firm in Austin, Texas, where he served as COO. Prior to this role, he spent 19 years at Target.
- Fiesta Mart is a Hispanic format owned by ACON Investments. The retailer operates 68 stores in Houston, Dallas-Fort Worth, and Austin.



SpartanNash Appoints Former UNFI Executive Mark Shamber as New CFO



Reported: August 2017

- SpartanNash has appointed Mark Shamber as its new CFO. In this role, Shamber will direct finance, mergers and acquisitions, treasury, internal audit, real estate, and risk management.
- Shamber, who previously served as UNFI's CFO, will bring his expertise in food distribution, especially in the natural/organic space with independent grocers and national chains.
- Shamber replaces Tom Van Hall who was serving as SpartanNash's interim CFO following the July departure of Chris Meyers.



Fresh Market Appoints Larry Appel as New President and CEO

Reported: September 2017

- The Fresh Market has appointed Larry Appel as its new president and CEO, succeeding Brian Nicholson. Appel joins in the middle of The Fresh Market's transformation effort that it began last year to improve its value proposition by lowering prices and adding more mainstream products.
- Appel previously served at Winn-Dixie stores in numerous senior leadership roles including COO, chief HR officer, head of strategy, and chief legal officer.
- The Fresh Market has recently struggled to maintain its brand positioning as mainstream and low-cost competitors increase their specialty, natural, and organic assortments at more competitive prices. The retailer operates 176 stores in 24 states.



Executive Changes: Predictions and Implications

1.

Reorganizing Senior Leadership to Acquire New Skill Sets and Category Expertise

- Monitor senior leadership shifts to best understand retailers' new strategic directions.
- Leverage your different channel teams to apply best practices for defending against unconventional competition such as Amazon and Lidl.

2.

Leveraging Experience From Grocery Retailers With Difficult Pasts

- Acknowledge the lessons learned from past retailers' fails and how current grocery retailers will incorporate those learnings into their future strategies.
- Expect more turnover and increasingly competitive recruitment for new leadership as retailers look to better equip themselves for the future.

3.

Operating Under Private Equity Ownership

- Understand the nuances of working with retailers owned by private equity firms. As financial companies, private equity firms can be more focused on driving short-term profitability instead of investing for sustained, long-term growth.
- Expect downward pressure on prices and increased demands for vendor marketing dollars as these companies look to drive higher margins from the business.

Format and Store Developments

Southeastern Grocers Converts Seven More Winn-Dixie Stores to Harveys Banner



Reported: July 2017

- Southeastern Grocers is converting seven more Winn-Dixie stores to Harveys, its newly positioned discount supermarket banner. These conversions mark Harveys' debut in central and west Florida.
- Southeastern Grocers continues to remodel and rebanner underperforming stores to target specific shopper segments. Harveys' new positioning seeks to appeal better to price-conscious shoppers through more competitive pricing and assortments.
- The Winn-Dixie banner has struggled recently to differentiate itself from Publix, Walmart Neighborhood Market, and other regional and national competitors. The Harveys rebranding gives Southeastern Grocers an opportunity to drive new profitability from existing assets.



ShopRite Reopens Long Island Store With Heightened Focus on Prepared Food

Reported: July 2017

- ShopRite reopened its Plainview, N.Y., store, replacing a former ShopRite store on the same street.
- The 68,000-square-foot location features a prepared food department that includes sushi, salad, olive bars, made-to-order sandwiches, and international cheeses. Other features include a large fresh produce section, self-checkout lanes, and wider aisles. The store also features the retailer's ShopRite from Home online grocery delivery service.
- ShopRite continues to remodel its stores to better appeal to shifting shopper demands. Renovations include a heightened focus on prepared food to go and fresh assortments as shoppers increasingly prefer shopping the store perimeter.



Hy-Vee Announces Burger Restaurant Rollout and Fitness Partnership



Reported: August 2017

- In a partnership with Mark Wahlberg, Hy-Vee will own and operate 26 Wahlburger restaurants in seven Midwestern states, becoming the largest franchise of the Wahlburgers casual burger chain. In addition, Hy-Vee announced a partnership with OrangeTheory Fitness to provide customers with access to group fitness programs in or adjacent to Hy-Vee stores.
- These partnerships mark Hy-Vee's latest efforts to expand traffic drivers and enhance the relevance of its grocery stores for shoppers. These new services are designed to increase revenue streams for Hy-Vee while differentiating the retailer from its competitors through niche fast-casual restaurants and fitness brands.



Roche Bros. to Open Third Small-Box Grocery Format



Reported: September 2017

- Roche Bros. plans to open a third Brothers Marketplace small-store concept location in early 2018 in Waltham, Mass. Roche Bros. opened the first two locations in Weston and Medfield, Mass., in 2014. The format is an attempt to capture the growing prevalence of single-meal and convenience-focused food shopping trips.
- The Brothers Marketplace will be an everyday convenience experience, offering a curated selection of everyday groceries, fresh and prepared foods, and an assortment from local vendors. The store is designed to target Millennial shoppers.
- The new Roche Bros. format rivals bfresh, Ahold Delhaize's pilot small-box format that has three locations in the Boston area.



Format and Store Developments: Predictions and Implications

1.

Shifting Focus From Organic Growth to Extract More From Existing Assets

- Evaluate potential opportunities to connect your brands/categories to more places in the store, especially in perimeter departments where margins are higher.
- Prioritize solution-based merchandising that builds baskets, helping retailers drive their comparable store sales.

2.

Continued Testing of Differentiated Formats

- Recognize these formats as a way to interact with the Millennial shopper. Prioritize these stores to experiment with new merchandising tactics or product innovations.
- Familiarize your account teams with format nuances since these features could be rolled out to larger store footprints if successful.

3.

Growing Understanding of Small-Box Retailer Economics

- Understand the nuanced retailer economics for small-box formats and develop a segmented brand strategy to actively participate in this growing space. Leverage your c-store or discounter teams to learn best practices.
- Plan to defend against decreased shelf space as retailers rationalize SKUs to optimize assortment in a small-box space.

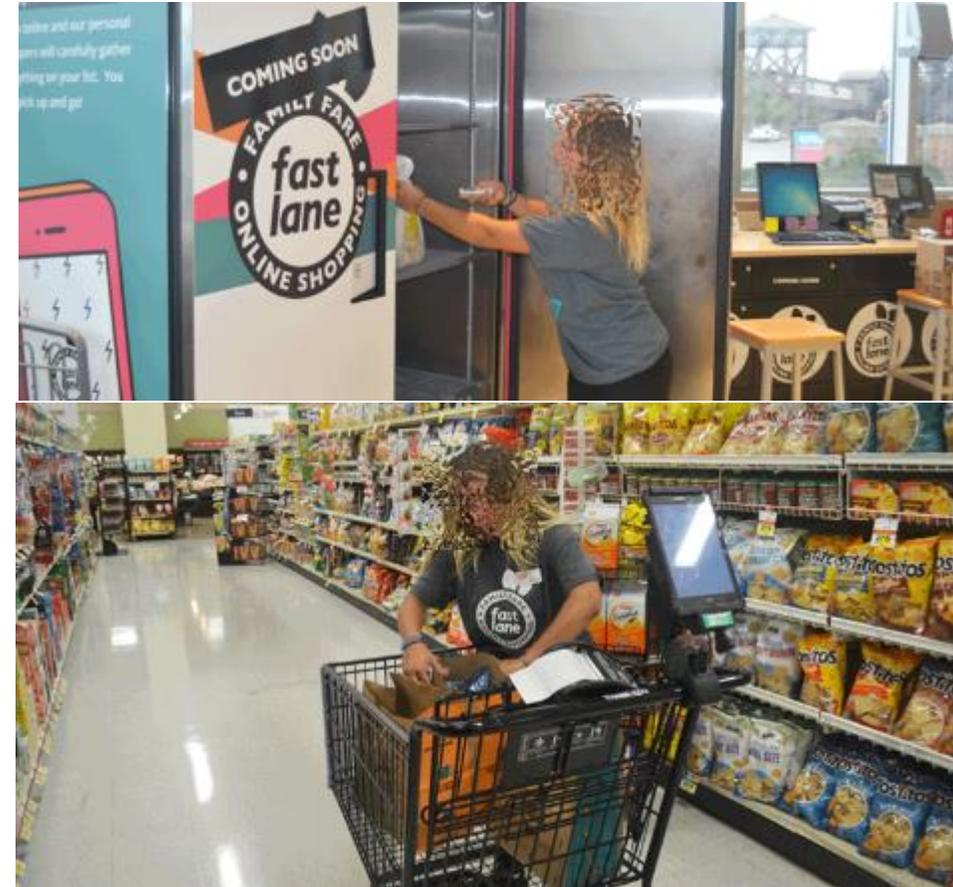
Digital and Technology Developments

SpartanNash Launches First Fast Lane-Equipped Store



Reported: July 2017

- SpartanNash launched its Fast Lane curbside pickup model at a Family Fare store in Grandville, Mich. This is the first of the 25 Family Fare locations that will have the service.
- The service allows shoppers to order their groceries online and pick them up outside the store. Shoppers can choose a \$99 annual membership or a \$16.95 monthly membership, both of which offer free delivery on all orders. Shoppers can also place individual orders for \$9.95 each.
- Family Fare's move into online grocery comes at a pivotal time as larger competitors such as Meijer and Kroger rapidly expand their click-and-collect and grocery delivery services.



Sprouts Expands Prime Now Partnership



Reported: August 2017

- Despite Amazon's acquisition of Whole Foods, Sprouts confirmed plans to expand its relationship with Amazon Prime Now to delivery groceries. Sprouts plans to expand the service to 10 more stores, doubling the number of stores offering the delivery service.
- Sprouts launched the service at 10 stores in the Dallas area. These additional 10 stores will be located in the Atlanta metro area, expanding the retailer's delivery reach.
- The Amazon-Whole Foods deal will disrupt many aspects of grocery retailers' businesses. Longer term, Sprouts could explore other third-party delivery options, such as Instacart or Shipt, to achieve more separation between itself and Whole Foods.



Smart & Final Debuts Virtual Grocery Store for Same-Day Instacart Delivery

Smart & Final.

Reported: August 2017

- Smart & Final has expanded its partnership with Instacart by launching a full virtual grocery store. The shop.smartandfinal.com site includes the retailer's entire product portfolio, even its club pack assortments. Prices are the same as in store. Shoppers can get their groceries delivered in as little as an hour. The service is available at half of Smart & Final's 253 stores.
- This site differs from other Instacart delivery sites because it includes Smart & Final's name in the title. This is a new way that Instacart is providing services by offering its last-mile logistics without requiring retailers to go through the Instacart platform. As retailers use online grocery platforms to drive brand awareness, this model could become more prevalent.



Regional Grocers Up Online Meal-Kit Game

Reported: September 2017

- Regional grocery retailers are enhancing their online and in-store meal-kit capabilities as pure-play and brick-and-mortar retailers expand these services. Gelson's Market of Southern California and Coborn's of the Midwest are both increasing their offerings.
- New this fall, Coborn's launched its first-ever Kids Lunch Kit meals that parents can order through the retailer's CobornsDelivers online grocery platform. The kits include Build Your Own Pizza, The Jammin' Sammy, and The Italian. Coborn's is also offering a new line of fall-themed dinner meal kits for busy families.
- Gelson's Market has partnered with meal-kit company Chef'd to expand distribution of its kits into brick-and-mortar retail.



INTRODUCING
School Lunch Kits

You've loved our dinner kits, now we've brought you the same convenience to the lunch box!

Dietitian's CHOICE

How It Works | Twin Cities CobornsDelivers

What can we help you find?

Lunch Kit - Build Your Own Pizza
Keep Refrigerated
Item Size: 1.0 | Item #: 94898 | Price per count: \$4.490

\$4.49

- 1 + Add to Cart

Digital and Technology Developments: Predictions and Implications

1. Online Grocery Is No Longer a Fringe Capability

- Assess your brand's performance across online grocery platforms.
- Develop branded solutions that build basket sizes online. Consider coordinating online and in-store promotions to drive omnichannel presence with shoppers.

2. Third-Party Delivery Is Retailers' Path to the Future

- Recognize third-party players as new selling touchpoints for your brand, especially for new product launches targeted at younger shoppers who frequent these platforms.
- Understand the risk inherent in relinquishing control to third parties in exchange for gaining quick access to their delivery services. Develop strategies that ensure consistent and seamless brand experiences between stores and online.

3. Meal Kits Are Rapidly Becoming an Omnipresent Category

- Consider sponsoring the research and development for an online meal kit to expand your brand's presence across these growing models.
- Explore nontraditional brand partnership opportunities to drive trial of your products through meal-kit solutions.

For further information please refer to
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