

# C-retail lessons

## Learn to be a trend-watcher

by Ira Teich

**R**emember parents lamenting that kids always seem to need to learn things the hard way? Retailers and manufacturers are no different.

Recent example: consumers have made Budweiser Select one of the most successful new product launches in Anheuser-Busch history with the company's aluminum bottles. Drinkers are reaching for the sophisticated package they feel makes their beer taste colder and stay colder longer. New to the US, aluminum bottle cans have been big in Japan for years, are attractive, and can keep beer colder for up to an hour longer than glass bottles.

The point is that retailers have an immense, though underutilized, influence over their manufacturer-suppliers to learn about the many consumer-driven successes in other markets and launch these innovations early into North America:

### GIFT GIVING

Gift cards accounted for more than \$17-\$20 billion in annual holiday sales in the past few years, roughly 8% of all holiday retail sales, according to the National Retail Federation. This phenomenon has occurred in the absence of effective in-store promotion. There are many opportunities to suggest to consumers how gift cards are a good idea and deliver an easy solution in their harried lives. These cards, for example, are an excellent way of doling out teenager allowances and rewards for high academic performance and chores done.

### DRIVING CONSCIENCE

Consumers might not spend more, when comparing items, on those with added environmental or other social value. However, they can be motivated to spend on items that carry a special or "niche" conscious message. Starbucks has used this to advantage in its



Fair Trade messages. Retailers adopting a "cause célèbre" perceived to have an ethical platform in certain select categories will enjoy enhanced good will and evoke a bigger impulse spend by customers.

### HEALTH AND OBESITY

The "obesity" trend has become a real source of fear among consumers. The US Surgeon General's provocative statement in 2005 that children may well have a lower life expectancy than their parents is a powerful message retailers have not exploited in presenting their healthier advantage products. They are not "talking" about them at shelf – where the decisions to purchase occur.

Obesity, increasing sedentary behaviour among boomers, and related health conditions all point to consumers' increased willingness to purchase more frequently and pay more for healthy-indulgence solutions.

### FRESH

For almost a decade, supermarkets, followed by club stores, have discovered that freshness is an increasingly important demand among consumers. Consumer surveys in both Europe and America demonstrate that over 60% of consumers associate freshness with both health and tastiness and that these two characteristics must co-exist. The convenience channel has been slow to adopt the concept and has been paralyzed by the operational and logistical

challenges associated with volumes and economics. A "little bit" of freshness can go a long way in the c-gas channel, especially in g-stores, where freshness can help overcome consumer reluctance to buy and eat food.

### COFFEE

About 80% of Americans 18 and older drink coffee, and half of them drink coffee daily. Between 12% and 15% of Americans drink gourmet coffee every day (the National Coffee Association).

About a decade ago, not many of us would have believed a prediction that people would spend \$4 for a cup of coffee. Nor would we have believed that such a wide cross-section of consumers would become part of this trend. Now coffee consumers are getting younger. Wawa Inc., considered one of the more innovative convenience retailers, responded by launching Steamers, its new flavoured, steamed milk beverages – mostly for teens and tweens. Watch for coffee-based cold drinks for this demographic.

### DOLLAR STORES

Over the past eight years in the US and five years in Canada, dollar stores have come to enjoy wider appeal among more affluent households. The shift was mental: from shopping "poor" to shopping "smart". Customers enjoy the value as well as the "discovery" experience. Discovery equates with impulse, and impulse is the name of the game. Five years ago, I predicted dollar zones (or store-in-store) within larger format supermarkets and hypermarkets. This is a reality today. My next anticipation is dollar (store) micro-zones inside smaller footprint retail environments, including micro-zones within larger footprint c-stores. **YCM**

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