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Store review

September 2013



Why are we here?

To provide additional **strategic insights** and a **perspective of the possibilities** for the Good Food Market “to market” approach **based on:**

Store review of 3 existing stores – **Quick Wins**

Provide further insights on the GFM model based on the review
– **Differentiators**

Outline the project Plan, key timings and resource requirements – **Define RASCI, project and next steps**



Store review – Quick wins

Critique of the 3 existing stores sees the quick wins grouped into into 3 key opportunities:



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Harvest Wholefoods

Store Review : August 2013



Exterior

Maximise your real estate to clearly communicate brand.

- Challenge council with new awning sign at right angle to traffic – maintain heritage feel
- Upgrade to exterior required; very damaged around pillar – under awning
- Clear entrance/exit signage
- Clean up messaging - remove internally made, non-branded signage
- Use windows more effectively to promote specials:
 - Suggest black board design
 - Flexible and cost effective change out
- Unused windows should remain open with good sight lines into store
- Create engaging market feel displays in windows at street level where appropriate





**Exterior:
make clear brand
communications**



Maximise open window displays

Improve entrance signage

Use windows to showcase special offers





**Exterior:
make clear brand
communications**



Art is conceptual only indicative of intent

Use windows that have backs of fixture showing to promote product

Ensure this is in a manner that can be easily and cost effectively changed



Re paint exterior

House trolleys more effectively

Refresh brand

Use windows more effectively

**Exterior:
repair & maintain**



First impressions

Generally entrance is narrow and appears poorly with no vision into store. Very busy store – full of customer and busy staff.

- Freshen in-store paintwork to make brighter
- Define best lighting best option and re-lamp; consider staff and customer feed back and comfort levels
- New racking delivery is opportunity to rethink layout to open frontage up to be inline with other two stores



Maximise end of aisle sight lines from front door

Minimise vision into trade areas



**First impressions:
maximise sight
lines & experience**



Layout merchandising & display

Space is at a premium making layouts challenging and display opportunities limited.

- Improve entrance space to left of door - dedicated space for baskets with promo on wall
- Change racking flow to ensure the back storeroom is not the first thing in sightlines
- Consider a layout flow when new racking is introduced allowing navigation of all categories from the front door
- Reset of adjacencies as product flow is disjointed due to space
- Use window frontage to showcase on brand product displays of special, new, seasonal or on sort after product



Display: maximise limited opportunities

Maximise all space available for product promotion

Use window display space effectively



Signage

Rationalise all signage in-store.

- Instigate high level signage to reinforce brand and category messages where relevant
- Make a list of key communications – streamline and create brand guided signage
- Create templates for ongoing store use
- Redesign and communicate organic codes to be suitable in each relevant area





Use high level space effectively
Rationalise all signage and messaging
Define signage hierarchy

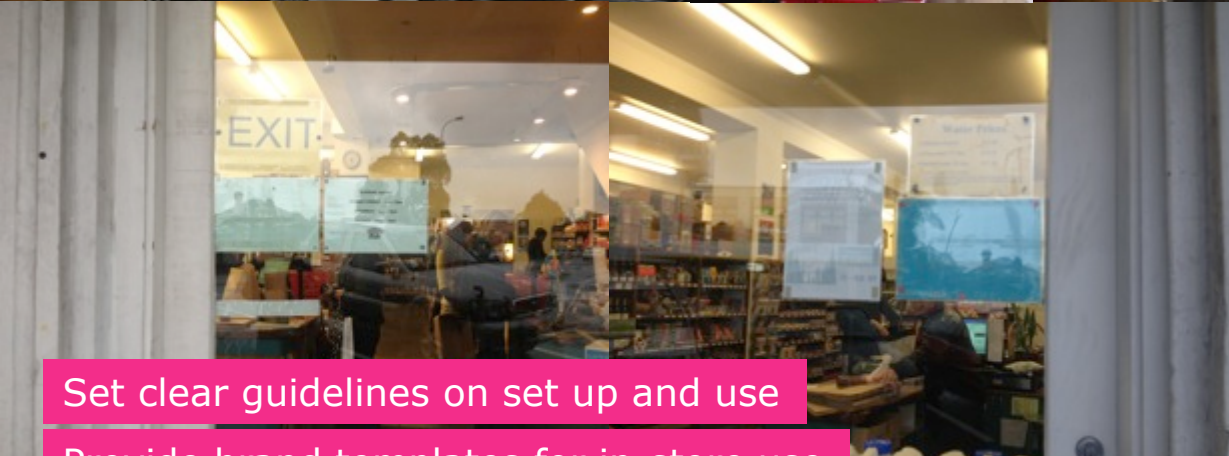


Signage:
use high level for
navigation & brand





**Signage:
rationalise all
communications**



Set clear guidelines on set up and use

Provide brand templates for in-store use

Provide tools to ticket effectively and efficiently



Promotional support

Reinforce promotional offers in-store.

- Make a strong feature of the limited promotional ends
- Define Key Volume Drivers to deliver some bulk to promotional displays
- Ensure promotional communications are themed and consistent create maximum impact





Promotional support:
maximise opportunities



Introduction of side fin and header transforms end to indicate value

Themed POS to drive value message in keeping with brand personality

Art is conceptual only indicative of intent

Category opportunities

- Define price preceptors by category, and call out with special ticketing
- Define key volume drivers in each category and actively promote
 - this will bring in some volume without risk
- Communicate product information program to support specialist categories e.g. pasta types and uses
- Minimise gaps of low stock or out of stocks by creating clever stock fillers:
 - Small brand messaged boxes

Ensure the product range is optimised in each category:

- right products at the right price
- Highlight what's hot and what's new throughout the store





INFORMATION

**Category opportunities:
engage with communication**



Engage, inform and secure through sharing of relevant information

Impulse & associated merchandising

Take every opportunity to get more product out in this confined space with high traffic flow

- Drive impulse sales at counter through better product merchandising – fit for purpose units to fit smaller impulse product displays
- Drive impulse in aisles with clip strip program
- Maximise multiple sales in category with associated merchandising on selected ends especially when insufficient product to fill promotional spaces
- Get more product out within a limited space



Impulse: maximise upsell opportunities



Develop impulse fixturing to efficiently relevant impulse product at counter

Introduce a clip strip program to drive impulse in aisle

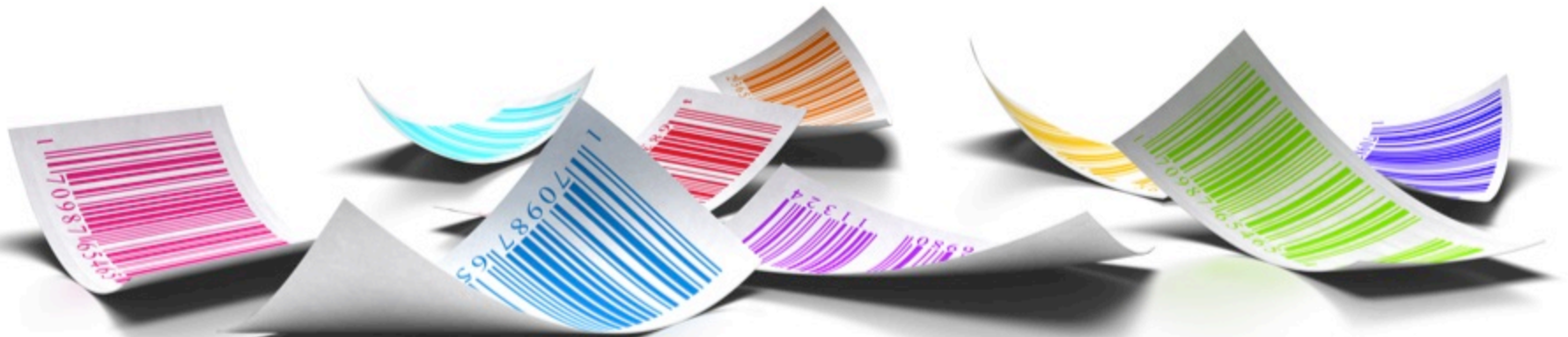


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Huckleberry Farms, G.I.

Store Review : August 2013



Exterior

Maximise your real estate to clearly communicate brand.

- Approach landlord for Pylon sign between two tenancies
- Used large mural panel on right to call out brand messages
- Use windows more effectively to promote specials:
 - Suggest black board design
 - Flexible and cost effective change out
- Upgrade to exterior define entrance and café/seating area
- Clear entrance/exit signage
- Define new trolley area outside under cover so open up internal hotspot



Exterior: make clear brand communications



Communicate brand messages

Install Pylon sign at right angle to road between tenancies

Drive promotions with larger format POS

Create outdoor area for café seating or garden





Upgrade exterior



Repair and repaint

Upgrade and define entrance area

Upgrade outdoor area to create seating and garden area

Create trolley bay



First impressions

In-store first impressions; warm, inviting, open. Lower height racking at entrance is the key an inviting layout.

- Need to address hot spot area inside front door – change to be product not trolley bay
- Brighten café area
- Overlay navigation



**First impressions:
sell product not
equipment**



Remove trolleys to outside

Use prime selling space to show case fresh product display

Layout merchandising & display

Layout is open and easy to navigate. Space is generous, use space more effectively with engaging displays.

- Layout works well with low height fixturing to front in fresh
- Ability to see through to all categories is big differentiator between Harvest and GI
- Some racking empty due to lower stock turn – recommend crate space fillers
- Adjacencies logical and easy to follow – simple overlay of navigation signage would assist



Lay out: Maximise clear sightlines & navigation



High level signage and navigation would assist customers

Use space under fresh fixtures to more effectively showcase product

Promotional support

Reinforce promotional offers in-store.

- Make a feature of promotional ends
- Define Key Volume Drivers to deliver some bulk to promotional displays
- Ensure promotional communications are themed and consistent create maximum impact
- Review local marketing reach
- Consider local market day events on weekends



Promotional support: maximise opportunities



Introduction of side fin and header transforms end to indicate value

Themed POS to drive value message in keeping with brand personality

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Signage

Rationalise all signage in-store.

- Instigate high level signage to reinforce brand and category messages where relevant
- Make a list of key communications – streamline and create brand guided signage
- Create templates for ongoing store use
- Redesign and communicate organic codes to be suitable in each relevant area



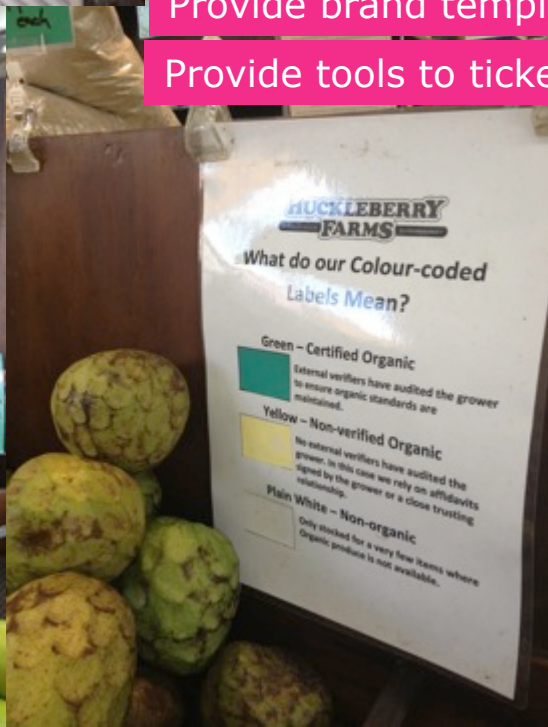


Use high level space effectively

Set clear guidelines on set up and use

Provide brand templates for in-store use

Provide tools to ticket effectively and efficiently



**Signage:
rationalise all
communications**



Category Opportunities

GI's lesser sales volume has a direct impact on stock range and volume in-store with can lead to a poor in-store experience

- Minimise gaps of low stock or out of stocks by creating clever stock fillers e.g. small brand messaged boxes
- Define key volume drivers in each category and actively promote
 - this will bring in some volume without risk
- Define price preceptors by category, and call out with special ticketing
- Ensure the product range is optimised in each category:
 - Right products at the right price
 - Highlight what's hot and what's new throughout the store
- Communicate product information program to support specialist categories e.g. pasta types and uses





Category opportunities: minimise gaps



Disguise gaps with branded boxes

Define key volume driver – product in volume without risk



Impulse & associated merchandising

Take every opportunity to get more product out in this confined space with high traffic flow

- Drive impulse sales at counter through better product merchandising – fit for purpose units to fit smaller impulse product displays
- Drive impulse in aisles with clip strip program
- Maximise multiple sales in category with associated merchandising on selected ends especially when insufficient product to fill promotional spaces



Impulse: maximise upsell opportunities



Use counter area to drive impulse sales

Provide effective fixturing to do so so smaller product is effectively presented

Cafe

Café is challenging to operate efficiently. The Café area occupies prime real estate.

- Review full service coffee and café sales – determine return of sales per square metre – **be in or out**
-
- If in – in store full service café experience
- If out – re-distribute space to fresh, bulk bins and deli





Café has poor customer facing experience

Review sales per square metre - be in or out

**Café:
Be in or out**



Natural health & beauty

Own this market as key differentiator.

- Promote on site naturopath
- Define merchandise strategy – key volume drivers, price preceptors; emulate pharmacy drivers
- Provide information to support self select





Actively promote on-site naturopath

Emulate pharmacy volume drivers

**Natural health &
beauty:
emulate Pharmacy
drivers**



Viability

Glenn Innes has been a poor performer. Estimated investment in improvements are 20K – define if you will recover the return on investment.

If in:

- Manage improvement program tightly and review sales results
- Actively adopt local store promotional program to fully support improvement program

If out

- Actively seek new store footprint in ideal location within demographic
- Define new store development program

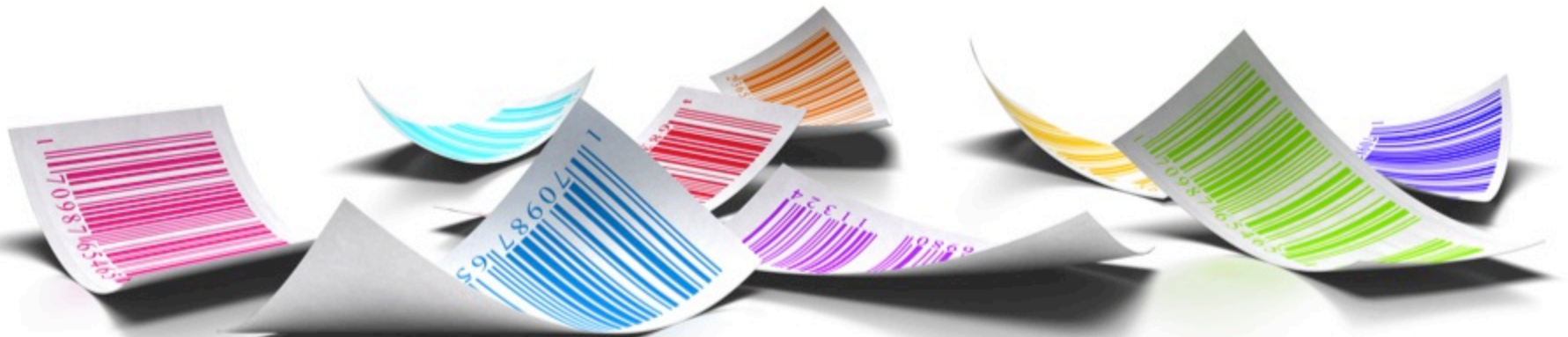


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Huckleberry Farms, Royal Oak

Store Review : August 2013



Exterior

Exterior in excellent condition, due to recent opening.

- Needs clear entrance signage
- Maximise windows with engaging displays
- Uses exterior wall area to promote specials
- Living wall offers a nice exterior experience – play up in GFM
- Right angle sign to road required now resource consent period is over





ENTRANCE

Communicate brand messages
Install right angle on front elevation

Drive promotions with larger format POS



MESSAGE

**Exterior:
make clear brand
communications**



GIVE THE GIFT OF HEALTH
GIFT CARD
HUCKLEBERRY FARM'S
ANY VALUE YOU CHOOSE
TERMINABLE AT HUCKLEBERRY
FARM'S WHOLEFOODS AND
ONLINE AT
WWW.HUCKLEBERRYFARM.COM



MESSAGE

First impressions

Great building - exposed brick, wood and concrete floors and exposed ceiling beams all add to the experience - warm, inviting, open. Good vision into categories and store in general due to low racking at front.

- Need to address area to left of door - show case more desirable product and/or brand communications
- Adjust placement of fresh fixturing to create hotspot inside front door in sight lines
- Good vision into other categories and store in general due to low racking at front



Layout: maximise key locations



Relocate garden product and trolleys

Use for high profile display and brand messaging

Layout merchandising & display

Layout works well with low height fixturing to front an lead in with fresh. Ability to see through to all categories is again a big differentiator between Harvest and huckleberry stores.

- Ideally fresh would be brought across to the right and the wall area would be utilised more effectively
- The bakery stand reduces vision into the store and should be reduced in height
- Maximise lineal meterage – fill all walls with product statements
- Adjacencies logical and easy to follow – simple overlay of navigation signage would assist navigation
- Up weight display of bulk bin area and consider canonized adjacency





Layout: maximise sight lines



Duplicate fridges – consistent height and finish

Utilise lineal wall meterage for product

Reduce height of bakery fixturing in key sight lines





**Maximise
display points**



Use windows for double sided product displays

Lift product statements to fill wall areas

Maximise display points with full displays and flexible display units



Up weight bulk bin area

Use adjacent wall space to group bulk bins together

Maximise lineal meterage



Signage

Rationalise all signage in-store.

- Instigate high level signage to reinforce brand and category messages where relevant
- Make a list of key communications – streamline and create brand guided signage
- Create templates for ongoing store use
- Redesign and communicate organic codes to be suitable in each relevant area



NAVIGATION

NAVIGATION

Signage:
overlay
navigation



Simple overlay of Navigation

Signage: define communications



Streamline the top of fridges with consistent messaging

Use high level areas above fixtures for consistent navigation and brand messages

Ensure navigation is easily read

Promotional support

Reinforce promotional offers in-store.

- Make a feature of promotional ends
- Define Key Volume Drivers to deliver some bulk to promotional displays
- Ensure promotional communications are themed and consistent create maximum impact
- Review local marketing reach
- Consider local market day events on weekends





**PROMO
HEADER**

**PROMO
HEADER**

**Promotional
support:
maximise
opportunities**



Introduction of side fin and header transforms end to indicate value

Themed POS to drive value message in keeping with brand personality

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Category opportunities

Good range and layout makes for an engaging product journey

- Minimise gaps of low stock or out of stocks by creating clever stock fillers e.g. small brand messaged boxes
- Define key volume drivers in each category and actively promote
 - this will bring in some volume without risk
- Define price preceptors by category, and call out with special ticketing
- Ensure the product range is optimised in each category:
 - Right products at the right price
 - Highlight what's hot and what's new throughout the store
- Communicate product information program to support specialist categories e.g. pasta types and uses



Category opportunities: inform & secure



INFORMATION



Engage, inform and secure through sharing of relevant information

Communicate New and recommend within brand messaging

Impulse & associated merchandising

Take every opportunity to get more product out in this confined space with high traffic flow

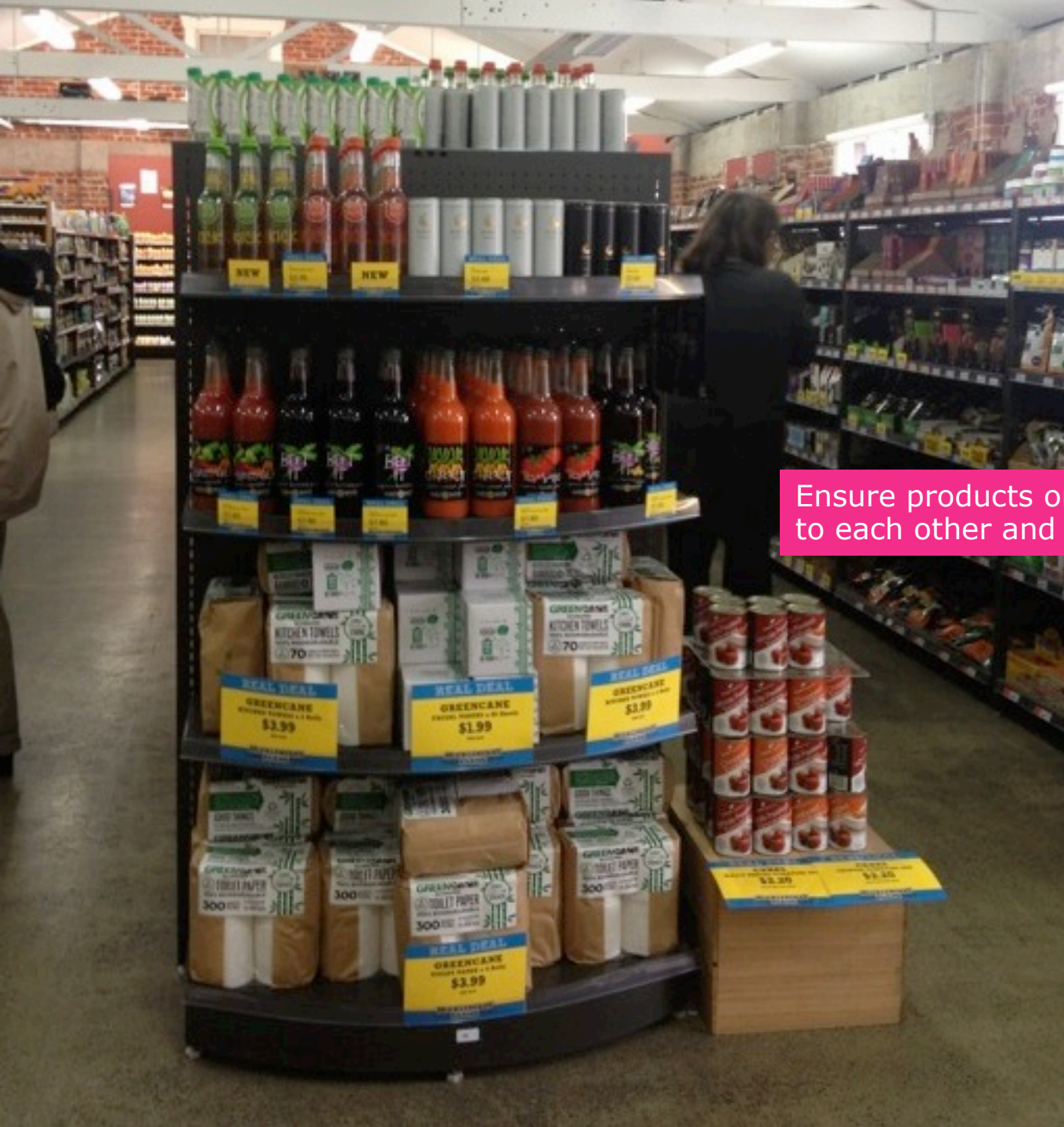
- Drive impulse sales at counter through better product merchandising – fit for purpose units to fit smaller impulse product displays
- Drive impulse in aisles with clip strip program - some clip strip lines in place but not refilled or in all aisles
- Maximise add on sales in category with associated merchandising on selected ends
- Get more product out within a limited space



Associated selling: maximise add on sales



Ensure products on ends are complimentary to each other and the aisle adjacency



Impulse: In aisle add-ons



Impulse clip strips are in place – but not maintained or in all aisles

Impulse: at counter aisle add-ons



- Include service messages – loyalty card etc in this area
- Plan impulse fixturing at counters
- Ensure relevant product is one sale



Cafe

Café is challenging to operate efficiently. The Café area occupies prime real estate, but has limited experiential elements.

- Improve experience with space effective communal table, décor on brick wall and living wall dividers to screen and divide
- Payment must be at café
- Improve impulse lines at counter





Café: Create an experience



Use planting to divide and screen and soften space

Upgrade furniture to communal bench

Payment at café

Improve impulse display



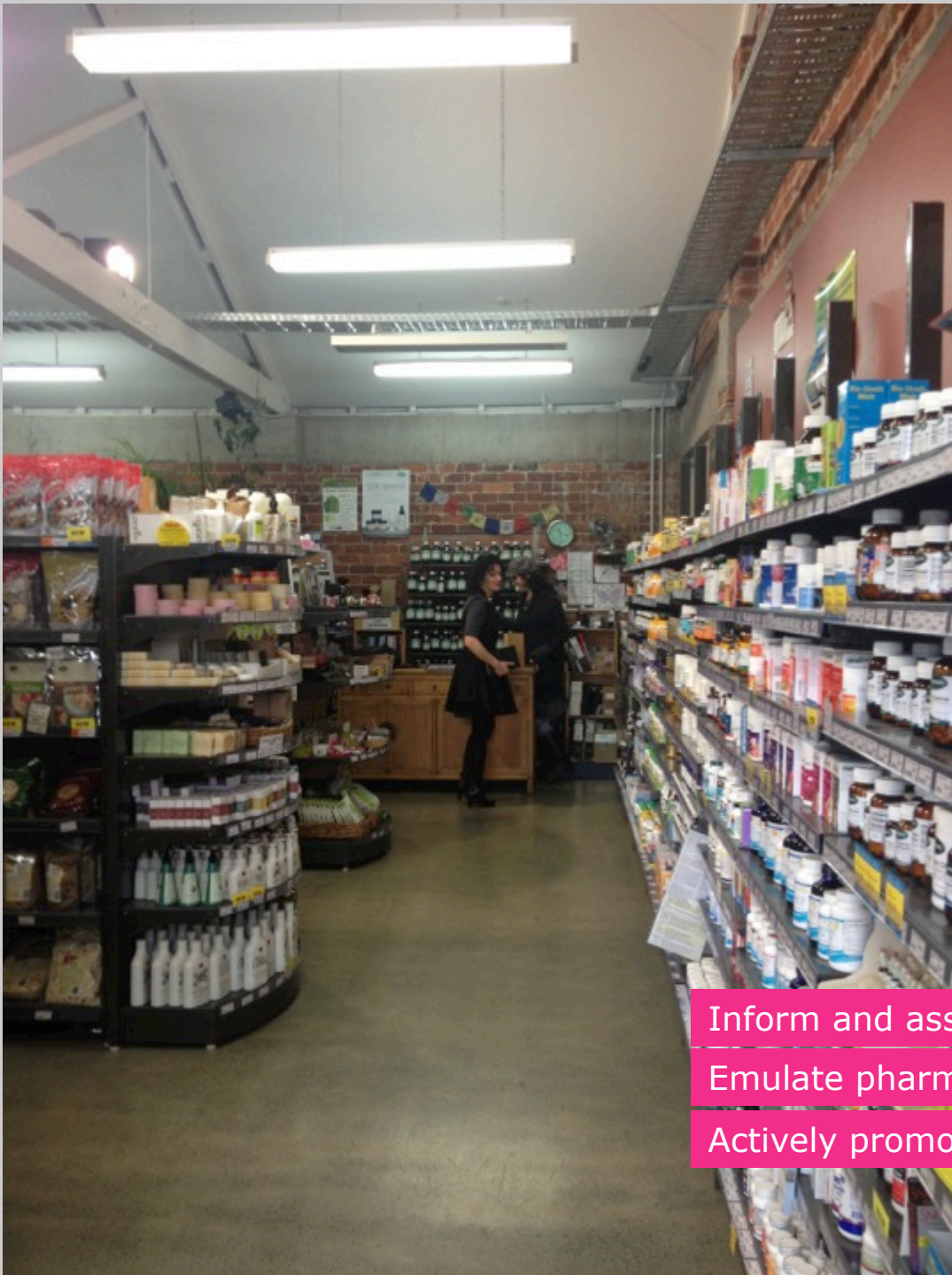
Natural health & beauty

Own this market as key differentiator.

- Promote on site naturopath
- Define merchandise strategy – key volume drivers, price preceptors; emulate pharmacy drivers
- Provide information to support self select



Natural health & beauty: the differentiator



Inform and assist self select

Emulate pharmacy drivers

Actively promote onsite naturopath

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GFM key out takes

From Store Review : August 2013



What is the Good Food Market?

A fresh, deeply engaging format of urban grocery specialising in healthy food, organic products and wellness. Good Food Market (GFM) will represent the values and aspirations of consumers' conscious about wellbeing of their families and the environment.

People would shop daily at Good Food Market – for coffee, lunches, take-home meals, bakery, produce and general grocery products.

The stores would sit at the very heart of their community representing as much social conduit as they are a strong commercial enterprise.

With value products through to premium ranges GFM would welcome all consumers anxious for new choices in gourmet and grocery shopping.



A rich and engaging community shopping experience.

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The potential for GFM as we see it

Creation of a tiered brand offer that:

- Has 'good' at its core but is not focussed
- on organic
- Draws heavily on local producers / growers
- Creates local producers for supply as needed (e.g. baked goods)
- Sells natural, ethical, sustainable, local



**Core range that sits in all stores (meet min shopper expectations)
but each store capable of being 'famous' for its own,
locally sourced, unique products**



Tenants for Differentiation -Defining



Tenants for Differentiation

The Layout, Space Allocation and Adjacencies of departments within a store have to cater for two primary customer groups – ‘Providers’ and ‘Explorers’.

Providers are typically on a mission, they know what they want, and they want to find it quickly with minimum hassle – therefore layout has to be intuitive and logical, easily navigable and efficient.

Explorers are more apt to browse, they like to explore and ‘discover’ a store, look for ideas and inspiration, therefore the layout also has to cater for them.

This can be achieved by understanding which departments lend themselves more to this shopping mission, and creating a browsing environment by way of fixtures that are set out in more of an ‘array’ rather than a ‘grid’ and by creating aspirational displays – meal solutions, suggested end use of products etc.



Tenants for Differentiation - Range

The opportunity for authority statements within the store – categories that GFM could be 'known for' and become the customer's destination of choice. Examples might be: Gluten free, Pasta, Naturopath

To ensure authority:

- Ensure the range is comprehensive (benchmark against other competitors)
- Merchandise all together in one location – abundance in this way communicates authority to the customer
- Clearly signposted by way of both navigational and aspirational signage
- Additional information in the area (specific products reviewed on-shelf, or information for the customer that educates them about the different types of pasta's)
- Ongoing tastings and demonstrations throughout the week – ensuring that these are (as a default), always happening during peak trading times
- Include your key categories in your advertising
- Introduce informational signage to highlight a 'if we don't have it, we'll get it for you' service.



Tiering

Flagship stores

Larger scale, full shop potential, key areas for accessibility / brand visibility

Few stores but big impact

Metro stores

Core range + better suited to purchase today scenarios – tailored to residents in walking distance

Several stores but well positioned

Local community stores – small stores

Core range + locally grown and produced items – encouraging a 'fresh' mentality in people who live nearby – tailored to communities

Potentially many stores

Natural is good, fresh is great

- Brand champions the way Europeans shop – little and often to minimise waste and live with the seasons
- Local product becomes less 'artisan' and more 'everyday good'
- Adjunct to the supermarket to capitalise on all out of key account spend (mop up monies that go to fruit and vegetable stores, butchers etc)



What will this add to the market?

**Competition on a
variable
other than price**

Though pricing will be key,
the idea is to have non
comparable products to
keep the discount mindset
at bay

**A cause people can
believe in**

Feel good about
purchasing

On trend offer

Not constrained by the
rules of the past – fit for
the emerging future

DIFFERENCE

We're bored brainless with what's on offer at the moment because
we're a puddle, not a marketplace





Our Extended Kitchen

The store that has 'just what we need' – fresh, locally produced, in season, in bulk, in bites, designed for frequent visits, part of my day

Considerations

NZ fundamentally a poor nation – will limit scope dramatically

Need to avoid price comparison possibilities – unique or lose the war before we begin – must avoid main brand obsession but speak to core needs of each category (fundamentals done well)

Consider the creation of a housebrand – provides opportunities within categories that suppliers may not be able to provide to specs

Live, walk and talk the dream – if it's local, ethical, sustainable, good then everything we think, feel, say and do must match that, everytime



Design

- Industrial market feel to enhance offer and distinguish from competitors
 - Concrete flooring
 - Wood
 - Brick
 - Warm, inviting interior finishes
 - natural light through windows where possible
- Reuse and recycle materials as part of store design to stay 'on brand'
- Clever use of crates, pallets, corrugate iron, concrete blocks
- 'Living walls' to divide spaces and enhance garden/fresh category



Design : Reuse, reclaim recycle



Cost effective fit-outs

Smart use of reclaimed material

Distinct personality





Bring the outdoors in
Living wall to soften interiors



Design :
Reuse, reclaim
recycle





Create engaging market feeling fresh displays at entrances
Can be mix of seasonal themeing and product



**Display:
a reason to
cross the
leaseline**

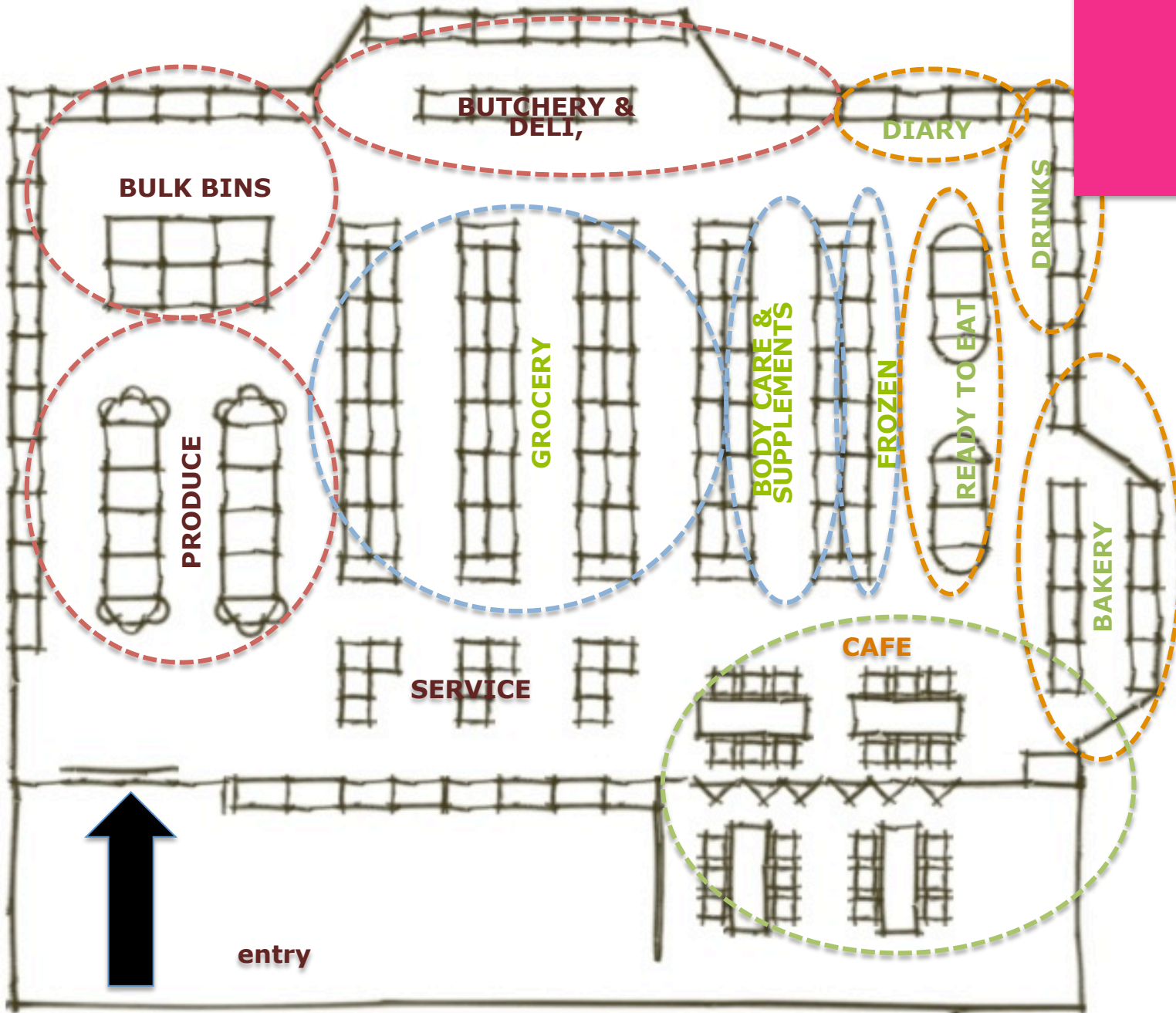


Layout

- 3 store formats:
 - Flagship; full service and category offer
 - Metro; mid size concept
 - Local; small format
- Low height fixturing at front of store – transitioning to higher format racking at rear



Layout



Signage

- Maximise use of internal messaging opportunities
- Define new internal messaging and overlay on all levels (high, eye and buy levels)
- Provide templates for consistent use
- Introduce automated ticketing system to reduce in-store handling and redeploy resource and print savings
- Provide set up guides
- Manage compliance





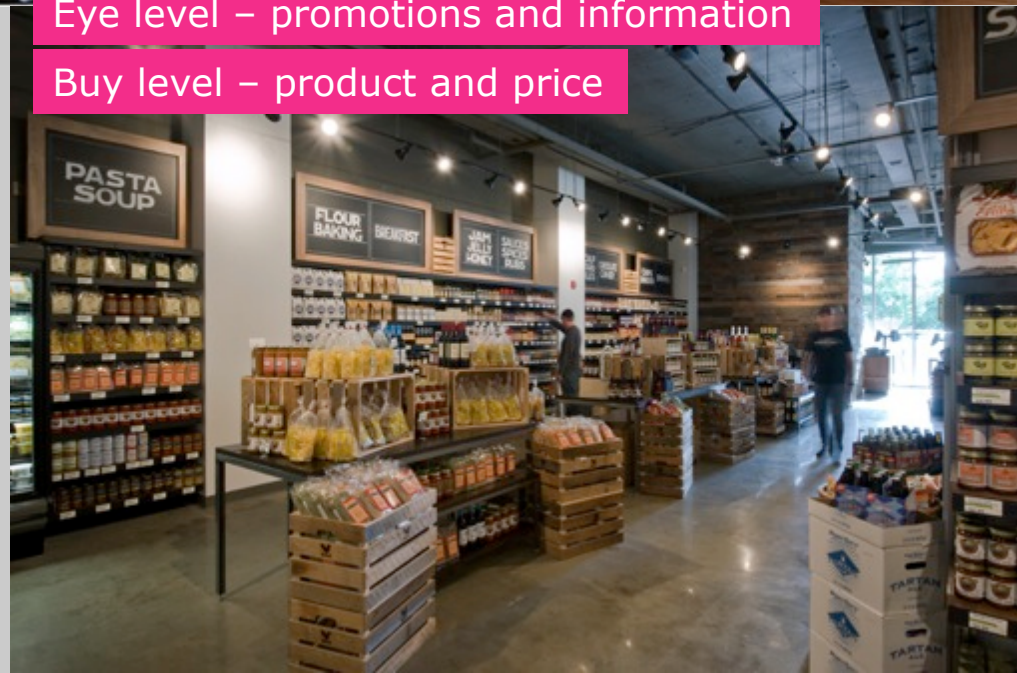
**Signage:
clearly defined
heirarchy**



High level – brand messages and navigation

Eye level – promotions and information

Buy level – product and price





**Signage:
inform &
secure**



Education We can generate greater appreciation and loyalty from all of our stakeholders by educating them about natural and organic foods, health, nutrition and the environment.



Own 'local'

- **Be all things local and community**
- Local produce manager will be key appointment in each store
- Actively source 'good' local produce
- Communicate locally externally and internally
- Provide community workshops on health and wellness
- Be a meeting place





**Own local:
become part of
the community**



Communicate local sourcing
Retain local notice boards



Fresh : local sourcing

- Fresh **key to offer** - retain as priority category at front of store
- Experience in this area is critical:
 - Baskets
 - blackboards
 - Engaging displays
- Merchandising and flexible fixtures to maximise smaller space and changing stock volumes
- Emphasise seasonal
- Local sourcing key differentiator – local produce manager will be critical to service model
- Market days – plan for events and execution in-store/out of store as part of opening





Fresh: create local market feel



Flexible movable fixtures

Create a market feel with baskets, trays and canopies

Efficient use of space will be critical



Bulk Bins

- Bulk bins key differentiator
- It puts me in control
- Retain Harvest bulk **bucket** presentation as most efficient and effective
- Harvest and Huckleberry Team have good management system in-place - replicate
- Can easily rework design to make it experiential
- Highlight key volume drivers
- Need out of stock board



Bulk bins: developing the experience



Plastic bulk bin model is preferred

Define mid floor and wall set up

Develop alternative dispensary options -
bags, jar refills

Provide weigh stations and make
marking easy

Pre package where appropriate



Photo: Copyright Spro



Cafe

- Café is critical to the overall experience, a sense of community:
 - Must have relaxed funky design
 - Outside seating – crowds attract crowd
 - Communal tables
 - Use of all produce in viable manner (waste minimisation)
 - Maximise seasonal and local message
 - Use café as a meeting place to support Education and information
 - All meals to inspire use of product
 - Located after check out as in Wholefoods model to minimise issues with payment?
- Current models not suitable to take forward
- Consider engagement with on brand café partners to take on concession in-store vs. own management
- Even with own management would recommend engaging established food personality to support set up or endorse – e.g. Jessie's underground kitchen





Casual, relaxed, fun engaging
Communal eating area



Experience is critical





Innovative self select meals

Combining gifts and general merchandise



Make self selection, delicious, fun & easy





Fit for purpose counters with recycled feel

Cafe model will dictate payment location before or after check out



Fit for purpose



Bakery

- Market feel display - baskets and blackboard ticketing
- Baskets and blackboard ticketing – good bridge between fresh and grocery
- Develop par-baked breads range and display – aroma is key sensory activator





Market feel Baskets, trays, black boards

Develop par-baking of breads as aroma is key sensory driver



Bakery:
continue a local
market feel



Local butchery

- Protein is the key purchase consideration for all meals
- Butchery will be critical part of offer
- Operate as sub contract, concession, or store in store
- Promote 'Local' community butchery





Redefine meat presentation in NZ

Smaller format wall cabinetry as part of deli

Branded butcher



Engage a
community
butcher



Resident Naturopath

- Actively promote service
- Flagship stores to have resident Naturopath with consult rooms available for treatment appointments
- Consider separate entrance for this in new store footprints
- Display of certifications
- Develop information hierarchy – consider print vs. technology to communicate
- Online natural health kiosk for times when Naturopath is unavailable



Experience

- Actively allow customers to try and taste, experience new products
- Navigate the information for the customer in a language that is simple and easy to understand
- Think What's in it for me? In all communications and engagements
- Service levels must reflect brand values and community/local spirit



Inspire with cooking options

Give confidence with tasting



**Experience:
educate, taste
and assist**



Service areas

- Create fit of purpose service areas
- Maximise impulse product sales
- Create areas for boxes
- Express queue





Recycled feel

Dedicated impulse areas

Solutions for bags



**Fit for purpose
service with
impulse**



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The project plan

Key timings & resource requirements



A weathered wooden signpost stands against a bright blue sky filled with white, fluffy clouds. The signpost is made of two vertical wooden posts. The top of the right post is pointed. A horizontal wooden sign is attached to the left side of the right post. The sign is rectangular with a pointed left edge and a decorative, hand-drawn border in a light brown or tan color. The text 'NEXT STEPS' is painted on the sign in a bold, black, sans-serif font. The word 'NEXT' is on the top line and 'STEPS' is on the bottom line. The wood of the sign and post shows signs of age, with some peeling and discoloration.

**NEXT
STEPS**

ANY

QUESTIONS

?