What are retailers looking for in today’s market?

- Year round availability
- Stable pricing
- Quality: product consistency
- Forms that lessen impact on store labor
- Forms that are customer friendly
The marketplace today

- Increased competition
  - Consolidation
  - Expansion & Price sensitivity
    - Using food to drive foot traffic
      - Wal-Mart
        - Expanding food square footage 8-10%
        - Price rollback: estimated at $12 billion dollars most in grocery, traditional loss-leaders like paper products & pet food
      - Costco
        - Expanding food square footage 5-6%
        - Business is moving to 60-70% comparable supermarket items
        - Food sales increasing 10-15% a year
The marketplace today

- Costly real estate
- Labor
- Price wars that we have not seen since the 1960 & 1970’s
  - Big guy’s have the ability to sustain this the small guy’s may not be able to compete
  - Drives the need to differentiate the market
    - High quality
    - Increase customer service
    - Focus on naturals & organics
    - Reinvention
      - Safeway selling gift cards for other retail operations
        - Home Depot, Office Depot etc.
        - Adding fueling stations
        - Expanding foodservice
        - Increase in Private Label
The marketplace today

- Improve efficiencies & reducing cost = survival
  - Centralization
    - this may be short sighted, still need to meet local demands and needs
  - Consolidation
  - Supply chain collaboration
    - Working for the greater common good
      - Need to understand cost on both sides of the equation
What are retailers looking for in today’s market?

- **Year round availability**
  - Ability to plan promotional activity
    - Seasonal marketing plan/transition
- **Building a customer**
  - Providing customers a consistent array of products
  - Consistent quality, no surprises
  - Products that do not have dramatic price fluctuation
  - Meet the customer demand for ease of preparation
  - Store image: Out-Fresh the competition
- **Customer service**
  - Familiar with product
  - Answer concerns on various topics
    - Environmental impact
    - Impact on fisheries
    - Preparation
What are retailers looking for in today’s market?

- Stable pricing
  - Ability to plan promotional activities months in advance
    - Maintain a competitive edge
    - Price image
  - Pricing that can be reflected across markets
    - Centralized buying
      - Case consistency market to market: Limiting species sold
      - More control over gross margins
      - Less decision making at the regional and local level
What are retailers looking for in today’s market?

- **Quality:** product consistency/reduce store shrink/creating longer shelf life
  - Mandatory chilling: reduce frequency of gapping
  - Conformance to ASMI handling practices: Reduce common defects such as bruising
  - Mandatory use of ASMI grading standards: consistency of product
- **Consistent delivery times**
  - Product arrives when store labor is available to receive and work product
  - Proper chilling during transport
- **Goal:** reducing shrink, providing consistency
Create repeatable performance!
What are retailers looking for in today’s market?

- Forms that lessen impact on store labor
- Case ready ... does add value!
  - Fillets
  - Steaks
  - Minimal trim and additional handling at store level
What are retailers looking for in today’s market?

- Forms that are customer friendly
  - Forms that ease preparation concerns for the customer
  - Ready to cook and serve
    - Sauced
    - Spiced
    - Battered
  - Provide for fewer steps at meal time
    - Skin and boneless
    - Pre-portioned
    - Recipes and serving tips and suggestions
Slotting Allowances

- Slotting: Getting a product on the shelf
  - Average per store charge:
    - $100 \times 35,000 \text{ retail locations} = $3.5 \text{ million}
  - This is only to get a new product/product extension on the shelf
    - Does not guarantee the product will remain
    - Does not include developmental dollars
    - Warehouse slotting fees
    - Late delivery charges
    - Damaged shipment charges
    - Returns
    - Promotional funds
      - Ad monies
      - Case off allowance
      - In-store demos
    - Many retailers require the product worked by the manufacturer
      - You are responsible for the products success