NON-MEMBER EDITION

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POPAI

PART OF THE shop! GLOBAL NETWORK

RESEARCH REPORTS

IN-STORE INSIGHTS

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Flagship stores and innovative design can boost a retailer's fortunes. But what does good really look like for these stores?

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DEDICATED TO ENHANCING THE TOTAL SHOPPER EXPERIENCE

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Welcome to the first In-Store Insights of 2019. The year's already whizzing by as we look forward to spring and welcome the warmer weather and shorter nights.

Big thanks to all of you who attended our Retail Marketing Conference in February. It was a great event, so if you couldn't make it, do download the presentations from our website. Or even if you were there, they're well worth a second viewing.

This month, we turn our focus to the UK drinks industry. As a nation, do we like to sip a sparkling water or do we indulge in something stronger? With so many brands in the soft drink and alcohol market, what prompts our purchasing? On page 4 we investigate what makes us say 'cheers'...and what simply falls flat.

Reassuringly for the retail industry, shoppers do still love a bricks-and-mortar store. But what truly inspires and engages them? Our Display Best Practice report on page 8 reviews award-winning flagship stores and innovative store designs from the past five years.

And just how convenient is a convenience store? This thriving sector is becoming increasingly popular, as we focus more on the top-up shop. On page 12, we check out who's buying little but often.

Today, brands must work even harder to achieve real standout. Our Global Trends report on page 16 explores how successful brands use product, packaging and service innovation to highlight their point of difference, and offer specific, targeted solutions to their shoppers.

So, what's coming up for POPAI? Well, we're really looking forward to **Retail**EXPO on 1-2 May. Taking place at Olympia London, the event will bring together over 15,000 retailers, brands, retail design businesses and tech exhibitors.

The **Retail**EXPO Design Zone includes a wide range of exhibitors across four microzones, so it's easy to find your way around. Here you'll find designers and manufacturers, materials companies, fixtures and fitting suppliers, and shopfitters. It's all good stuff and we're looking forward to seeing you there.

Finally, as ever, it's been so great to see all the entries for the POPAI Awards – the nominations for this year will be announced on 1 May at **Retail**EXPO.

Phil Day
POPAI

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Visit our website for the latest news, reports and events from POPAI. In addition, you will find a back catalogue of industry research and the POPAI Awards gallery.

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Becoming a POPAI member is simple: just go to popai.co.uk/whyjoin. You will receive a personal account that allows you to access all of our premium content with exclusive access to the full POPAI research archive.

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SHOPPER INVESTIGATION

DRINKS RETAIL

The way we shop for drinks is changing, with a new focus on reduced sugar, calorie and alcohol content. In our report, we ask: what makes us say cheers and what simply falls flat?

The soft drinks industry

The soft drinks industry is sparkling, with take-home sales growing significantly over the last decade and further growth forecast.

However, rising health concerns are leading to declines in growth in the carbonated, juice, sports and energy drinks, and cordials and squashes categories.

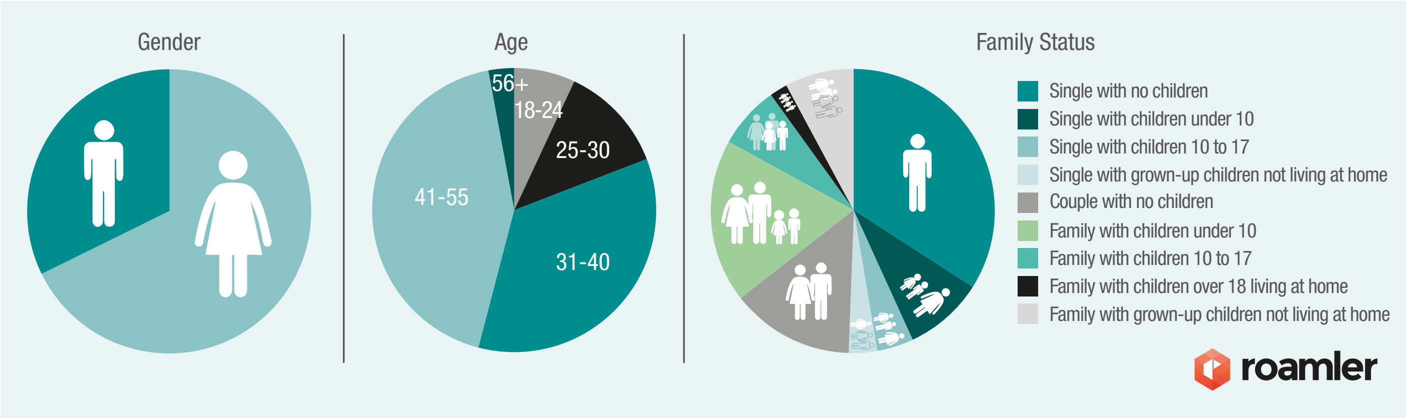
Bottled water continues to perform strongly, as do categories such as coconut and other plant waters.[1]

Meanwhile, sales of alcoholic drinks by volume have gradually declined – although shoppers are trading up to more expensive products within traditional categories[2] – and low- or non-alcohol drinks are appealing to those limiting intake for health reasons.[3]

Our shoppers

We asked 100 shoppers to visit the supermarkets Asda, Morrisons, Sainsbury's, Tesco and Waitrose, and convenience Tesco Express.

They were asked about the in-store display and promotional activity they observed, and about their drinks-related shopping habits.



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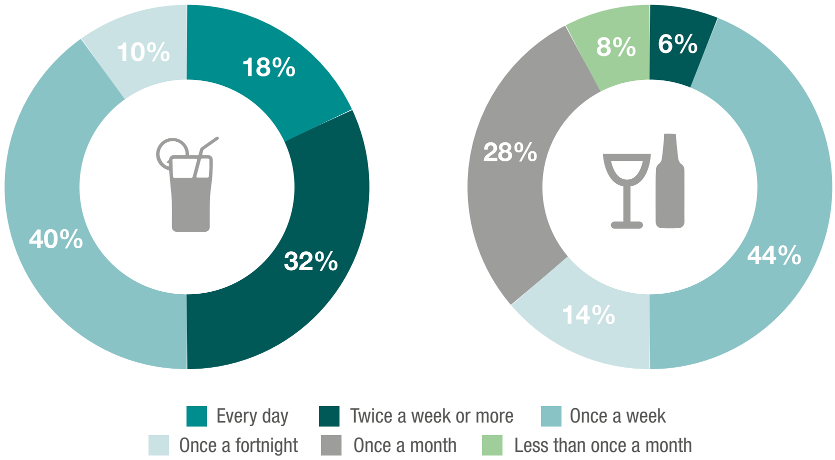
SHOPPER INVESTIGATION

DRINKS RETAIL

How often soft and alcoholic drinks are purchased



Source: POPAI/Roamler

Shopper habits

Carbonated drinks and water were the most commonly purchased soft drinks, with spirits, beer and cider the most popular alcoholic drinks. Supermarkets are the preferred destinations.

Just **44%** of our soft drinks shoppers usually buy the product they intended; the rest buy something else.

Alcohol shoppers are even more fickle, with just 34% usually purchasing their first product choice.

For both categories, promotions are key influencers, although alcohol shoppers are more tempted by new products, with attractive packaging being a big draw.

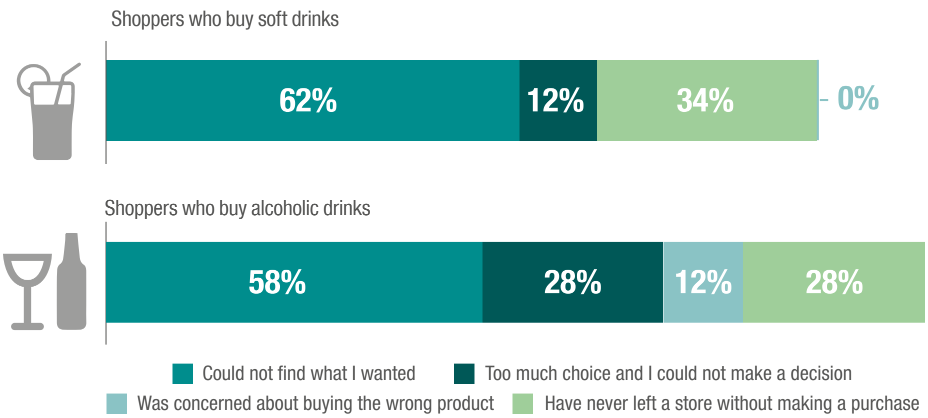
At the store

External and window signage for soft drinks was rare, seen in just 16% of stores. A fifth of the convenience stores had alcohol advertising, but none was seen at supermarkets.

Our shoppers found a lack of navigational signage for soft drinks in 15% of supermarkets, and none at all for alcohol in 4%.

Some form of P-O-P display was seen in all stores with the exception of soft drink displays, which were absent from 21% of convenience stores.

Reasons for shoppers not making an intended drinks purchase



Source: POPAI/Roamler

Clear drinks

The vast majority of stores were noted to have some form of subcategory signage in the soft drinks fixture, with dividers for alcohol.

There was very little specific information on soft drink sugar and calorific value, or alcohol unit consumption information on the shelf edge.

Promotional activity was seen almost everywhere, with price reductions and multibuys by far the most commonly used devices.

It seems retailers are getting it mostly right, but there is room for more external and window messaging and in-store navigational signage, plus more product information to quench shoppers' thirst for product knowledge.

Coca-Cola dominates the UK off-trade soft drinks market, with almost a quarter of sales by volume. The second and third largest players are Britvic and Tesco own label, with the three combined commanding 42% of volume sales. (Passport)

The top four market leaders in the UK alcohol drinks market – Heineken, AB InBev, Molson Coors and Carlsberg – collectively account for just over half of all volume. (Mintel)

More than half of soft drink shoppers change their minds due to a price reduction on an alternative product, and 32% swap to benefit from a bulk promotion. Meanwhile, 82% of alcohol purchases are influenced by price reductions and almost half by multibuys.

Sources

[1] *Mintel – Soft Drinks Review – UK – June 2017*

[2] *Nielsen Insights – June 2018*

[3] *Mintel – Alcoholic Drinks Review - UK – February 2017*

display uk

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DISPLAY BEST PRACTICE

FLAGSHIP AND STORE DESIGN

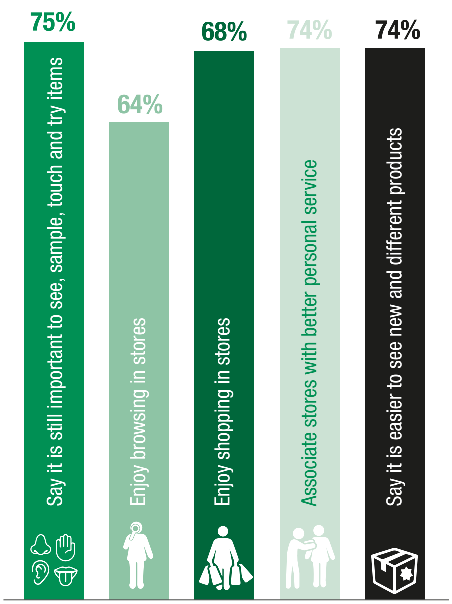
Bricks-and-mortar retail remains a firm favourite for shoppers. In this report, we examine what the experts acknowledge as outstanding design in recent store openings and refits.

Flying the flagship

A flagship store is the lead store in a retail chain, showcasing both the retailer and the brand it sells.[1]

However, innovative and exciting designs in individual departments, store areas or windows can be equally powerful in attracting shoppers.

Reasons shoppers still visit physical stores



Source: Adyen Retail Therapy: The Retailers' View, & Shoppercentric – Digital Disruption of Shopper Patterns

Reinventing retail

High street shopping is evolving to address shoppers' changing behaviours.[2] Designers face a challenge: to continually evolve their ideas and create innovative environments for shoppers to engage with and enjoy.

POPAI reviewed award-winning flagship and store designs from the past five years. We found seven key themes driving best practice.

1 Digital developments

The integration of digital technologies was the hottest topic, reflected in 81% of award-winning designs.

Applications included Argos incorporating social media in its Stores of the Future, and ETUDE's digital face colour scanner for cosmetics matching.

2 Strong branding

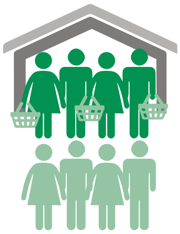
Most award-winning entries attracted praise for the way the retailer's brand identity was incorporated into the design.

Hunter's flagship store is a perfect example, with its clever fusion of rural and urban imagery and artwork.

There is still a place for traditional bold branding, however. Sky's Engage Plus mall-situated standalone store incorporated simple but highly impactful branded imagery.

DISPLAY BEST PRACTICE

FLAGSHIP AND STORE DESIGN



Around half of millennial and Gen Z shoppers are currently visiting bricks-and-mortar stores more often than they used to

Source: National Retail Federation

3 A fresh approach

The creation of something innovative and unusual was highlighted in 67% of award winners.

Tesco's GM Non-Food initiative repositioned the general merchandise offer, as well as helping to turn large format stores into leisure destinations.

Meanwhile, Hunter's flagship store changed displays to reflect different seasons – a powerful tactic for the outdoor product brand.

4 Enhanced shopper experience

Designing or refreshing a store is a strong opportunity for retailers to enhance the shopper experience.

EE's Showcase Stores created a relaxed ambience, where shoppers could chill and engage with in-store media and staff.

Meanwhile, Samsung's Experience Store Dundrum had plenty of space between fixtures and displays.

5 Great material

Innovative use of materials featured in a third of entries.

Joseph's Plastic Restraint display created impact by integrating functional items like cable ties, combined with PVC and coloured vinyls.

It is not just about aesthetics, though. Wyevale's Cardiff Garden Centre design was also robust and functionally sound, designed to withstand long-term exposure.

75% of shoppers say it is important to see, sample, touch and try items

Source: Ayden Retail Therapy

6 Results and ROI

While a flagship store is often conceptual, results are still important. TUI's Holiday Design Store incorporated an integrated omnichannel experience and saw an uplift in both the value of holidays sold and in-house product.

Cost effectiveness is also key. Schuh Kids' new concept store created an individual identity that was also recognisable as Schuh, resulting in significant savings.

68% of shoppers enjoy shopping in stores

Source: Ayden Retail Therapy

7 Influential insights

The use of shopper insights and designing for the future was evident in 44% of award-winning retail executions.

Rockar's Bluewater Shopping Centre flagship showroom for Hyundai created a digitally enhanced store for customers to conduct research and get advice from sales staff.

TUI also made clever use of insights, utilising customer data to create its Holiday Design Store, a multi-channel store of the future.

Sources

[1] *Insider Trends – What is a flagship store? 2016*

[2] *Shoppercentric – Shopper Stocktake 2019*

Access the report to discover more about best practice in flagship and store design.

Read the **FULL REPORT**

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SECTOR REPORT

CONVENIENCE

In our report, we take a closer look at the convenience sector, exploring opportunities for growth, shopper behaviour and the role of P-O-P display.

UK convenience sector

The UK convenience channel is a complex and constantly evolving environment. But while we may think of these stores as small, their impact is certainly not to be underestimated.

Most offer a wide variety of products, with some increasingly becoming mini supermarkets used for the main weekly shop.[1]

Convenience stores can be broadly split into five main categories: unaffiliated independents, symbols, petrol station forecourts, multiples, and co-operatives.

The average shopper visits their convenience store **3.4 times** a week

Source: Association of Convenience Stores

Growing opportunities

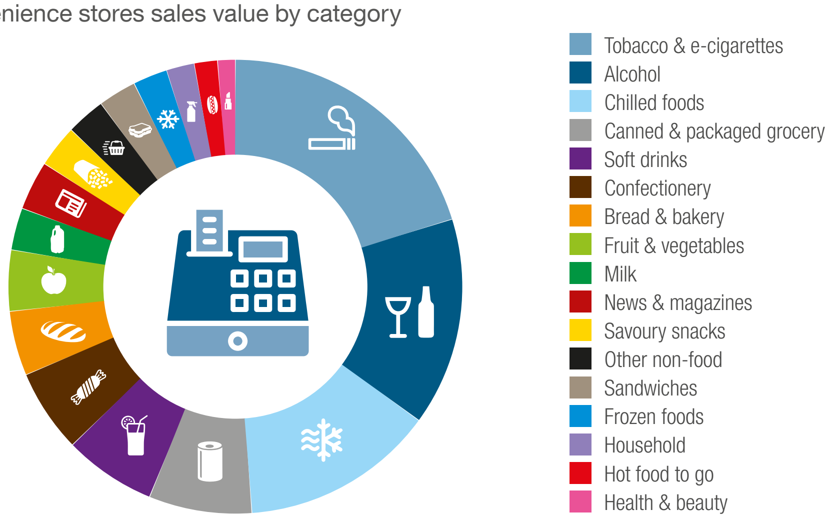
The sector presents a clear and strong growth opportunity for retailers, driven by changes in shopping habits.

Longer opening hours, wider ranges and supermarket quality products also contribute to the increasing popularity with shoppers.[2]

Younger shoppers tend to visit for groceries, and over half shop there at least twice a week, while those from the older demographic are more inclined to shop for newspapers and magazines.[3]

POPAI would like to thank multichannel marketing expert **Linney**, for sponsoring this research as well as more comprehensive report which will be available to POPAI members later in the year.

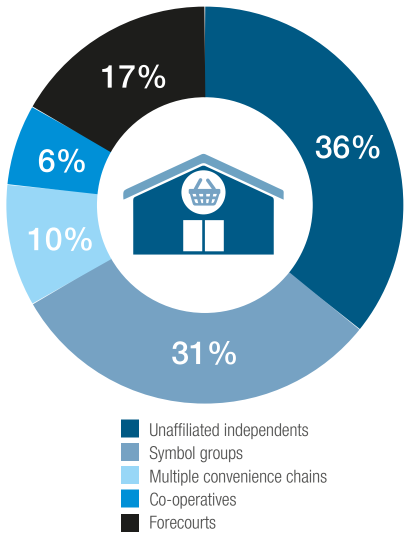
Convenience stores sales value by category



Source: ACS – Local Shop Report – 2018

SECTOR REPORT
CONVENIENCE

Convenience stores by type



Source: ACS – Local Shop Report – 2018

Space savers

On average, shoppers in the UK spend less than five minutes in-store[5] so brands have to work especially hard to grab their attention.

POPAI's ongoing audit of in-store display reveals that shelf-based signage is underutilised in convenience stores. Disrupting the lines of the shelf gives shoppers something to focus on, a key area of opportunity for retailers to consider.

Meanwhile, clever use of display in the checkout area, including well-thought-out queuing systems, can capitalise on impulse purchases while the shopper is waiting to pay.

P-O-P display can also enhance the shopper experience through product education, the ability to compare and contrast, trial and product demonstration, and reinforcing brand messaging.

Convenience stores have increased in number by **17%** since 2012, reflecting the shopper preference for 'little and often'

Source: Talking Retail

Conversely some factors in the convenience sector present barriers to display use and effectiveness: small stores, short shopper missions, and high penetration of own-brand products.

There were 46,262 convenience stores in mainland UK in 2018 and, at £39.1bn, the UK convenience store sector makes up **a fifth** of the country's total grocery market

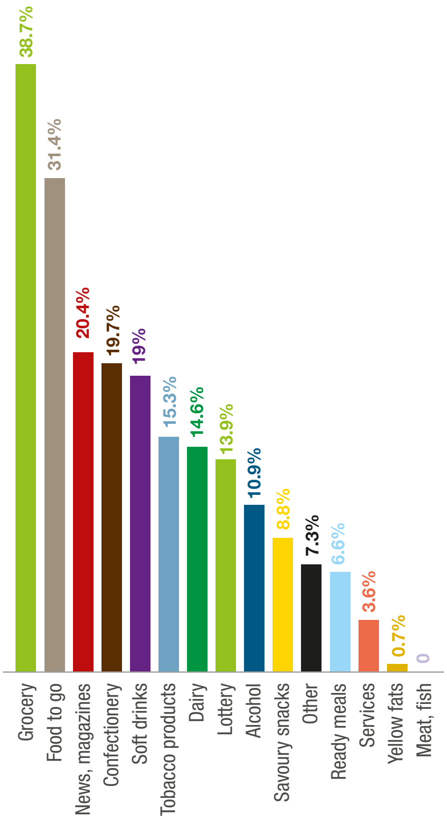
Source: Association of Convenience Stores

The UK convenience retail sector is in a very healthy position. Changes in shopper habits, including the trend for more top-up shops at the expense of main shops and the increasing popularity of food to go, are likely to continue to drive footfall.

Sources

[1] *GlobalData – 8 January 2018*
[2] *Convenience Store – 4 June 2018*
[3] *Mintel – Convenience Stores – UK – April 2018*
[4] *POPAI Grocery Display Effectiveness Study 2012*
[5] *POPAI European Convenience Storedits – 2017*

Planned shopper purchases by category



Source: POPAI GDES Study – 2012 to 2018

Access the full report to find out more about the opportunities for growth, shopper behaviour and the role of P-O-P in the convenience sector.

Read the **FULL REPORT**

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GLOBAL TRENDS

CELEBRATE THE DIFFERENCE

In this report we explore how brands, predominantly in the consumer packaged goods category, are using product, packaging and service innovation to signal their point of difference and to appeal to a specific cohort of customers.

Differentiated offers

US-based Greek yoghurt brand Chobani has started selling its core product in squeezable bottles. A fairly simple packaging innovation, but by positioning Chobani Savor as a condiment, the brand is fundamentally changing not just the way customers view its product, but also how they use it.

Toothpaste brand Bite is also challenging category norms by replacing traditional toothpaste with hand-pressed pills in glass containers. Users bite down on the single-serve pills before brushing with a wet brush.

Kimberly-Clark nappy brand Huggies is another changing the way people perceive its products, by creating a personalisation platform called Huggies Made by You. Users can personalise the pattern on the nappy and add a message that includes the baby's name and date of birth.

Elsewhere, American beer brand Budweiser and bourbon brand Jim Beam have collaborated on a special-edition lager to commemorate the 85th anniversary of the repeal of prohibition.

Budweiser Reserve Copper Lager is an American-style lager aged in Jim Beam bourbon barrels. The brands do not come from the same parent company – the unorthodox collaboration was created to highlight both brands' 'all-American' heritage and craftsmanship.

GLOBAL TRENDS
CELEBRATE THE DIFFERENCE

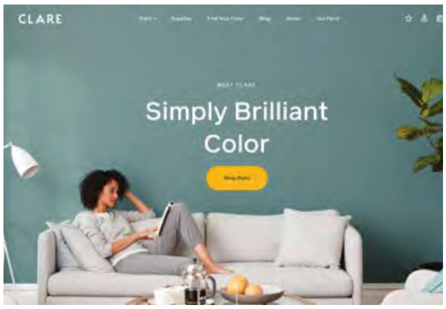
Serving specific niches

This is not just innovation for innovation's sake, but targeted solutions. This approach can be most striking when it gives an under-represented group a more relevant pathway into a category.

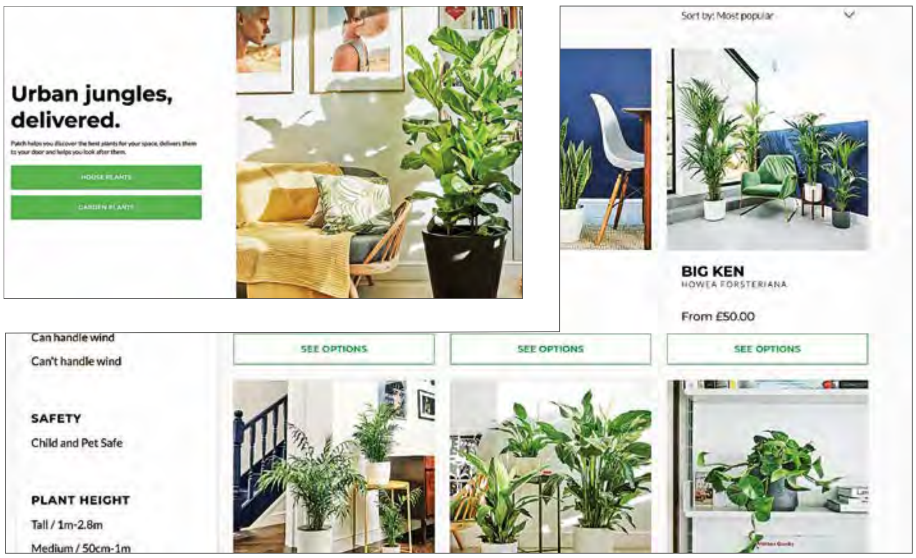
HEX is a detergent brand aimed at fitness junkies. Its packaging looks like a protein shake and the formulation is designed for the synthetic fibres commonly used in gym clothes. To emphasise the point of difference, the brand continually uses the language of sport, including words like 'advanced', and 'proactive protection'.

Clare is a millennial-focused paint brand for the Instagram generation. An online quiz helps customers narrow down the range of trend-led shades, and they can request swatches to compare the colours in real life. They receive everything needed for the project, including semi-gloss trim paint, primer, ceiling paint, and a curated set of painting tools.

Another brand reframing a traditional offering for a disengaged millennial audience is Patch, which sells plants online. Targeting a generation with no plant knowledge and little interest in visiting a garden centre, all plants are filtered by the rooms and the conditions in which they survive best.



Whichever category you are working in, the key is to identify the white space that you can innovate in. How can you better position a brand online, in-store and in customers' homes to highlight your key points of differentiation?



Access the full report to discover more about which brands are innovating to signal their point of difference.

Read the **FULL REPORT**

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GDR Creative Intelligence is a London-based foresight agency, which provides the world's leading retailers and brands with all the intelligence and analysis they need to make smarter choices – online, in-store and in person.

These case studies were featured in its quarterly trends publication, the Global Innovation Report, and on its digital platform.

An in-depth report will be available to POPAI members soon.

To find out more, contact **john@gdruk.com** Follow GDR Creative Intelligence **@gdruk** on Twitter and sign up to the weekly newsletter, Strategic Inspiration for Retail: **http://eepurl.com/dg5arH**