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What is the future of grocery?

What impact will Branding and Big Data have on the way Gen Y and Gen Z citizens consume.

Course 43 | 2021

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EXECUTIVE SUMMARY

This paper presents some significant empirical findings about generational cohorts, their grocery shopping behaviors and the implications of this for retailers. Marketing has long relied on the use of market segmentation. While birth age has been a useful way to create groups, it does not help to understand cohort motivations. Environmental events experienced during one's coming of age create values that remain relatively unchanged throughout the life of the citizen.

This study investigates what the future of grocery is for Generation Z (Gen Z) and Generation Y (Gen Y / Millennials). We will also explore what impact Branding and Big Data have on the way Gen Y and Gen Z citizens consume.

Every generation needs to eat - the act of buying food will never go away - but how we buy food will certainly evolve with future generations. The future of shopping will focus more on experience and creative more seamless experiences. The future of grocery is all about citizen-choice - giving citizens the options they want at every stage of their lives. The future of grocery will be impacted by innovation in technology, and other ways to make shopping more of an experience, whether that's in-person or digital.

The aim of this paper is to explore how supermarkets will evolve and consume in a post-Covid environment. We will look at Shopping Malls to understand how the environment has been transformed and what the population expects from these spaces. We will study how millennials consume and what attributes they are looking for in products.

This is important and these questions need to be answered as the economic environment for grocery stores is tough. Retailers are navigating the shift in citizen behaviour and there is a fundamental shift in the environment they operate in. The year ahead is characterized by unusually high uncertainty for the grocery industry. The development and trajectory of the industry will heavily depend on the evolution of the COVID-19 pandemic and how consumers will behave in response. Which consumer behaviors observed during the pandemic will stick? What new trends might emerge post-pandemic? Will online grocery sales continue to accelerate? How can retailers make it profitable? Will food nationalism continue, or will focus shift to trading down and price? Will safety and health be important factors? How about the broader topics of sustainability and climate change? This report aims to address these questions.

The methodology used for this report involved a literature review and thematic analysis which looks into the recurring themes of Big Data, Retailers and Citizens.

The literature review was the major component of the research including resources from domestic and international publications, opinion pieces and industry reports into the topic of groceries/supermarkets, the current environment and the future. . Themes related to consumption patterns were discussed.

Key findings were that Generational cohorts are not the same as generations[1] (Markert, 2004). Each generation is defined by its years of birth; while a generation typically is 20–25 years in length, or roughly the time it takes a person to grow up and have children, a cohort can be as long or short as the external events which define it. Generational cohorts are set apart by cataclysmic events that produce a change in the values, attitudes, and predispositions in a society. These events create a discontinuous historical timeline; such secular change events can be characterized as a 'sense of rupture with the past'[2] Millennials and Gen Zs have grown up with technology and they are using this in their quest to purchase the perfect product in the perfect way.

We have compared Gen Z and Gen Y with Baby Boomers and Gen X who value the retail experience and in-store service. For Baby Boomers, the purchase process starts with a retailer the consumer trusts, who gives advice for choosing the right product, while for GenZ and Y, the purchase process starts with choosing a product. This study investigates retail strategies that will appeal to younger generational cohorts and considers how retailers should be building citizen relationships. The key insight for brands is that Gen Y & Z all about authenticity. They want to present themselves as they truly are. They expect a brand to take a position. To be respected for its values and demands, a brand must demonstrate them in a concrete manner, and shift from words to actions.

Other key findings:

a) Getting online will continue to be an imperative for New Zealand producers. It is hard to imagine or even remember, but as little as 18 months ago, some of the biggest food and beverage makers still had no direct-to-consumer (DTC) ecommerce channels.
b) This pandemic is driving citizens to focus on "preventative eating" or "proactive eating." New and innovative superfoods marketed to boost immunity will be one of the top food and beverage industry trends in 2021, whether it comes in the form of mushroom coffee, algae capsules, no- or low-alcohol beverages, or bone broth.

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[1] Markert, J., 2004. Demographics of age: generational and cohort confusion. Journal of Current Issues and Research in Advertising 26, 10–26.
[2] Wohl, R., 1979. The Generation of 1914. Harvard University Press, Cambridge.

c) The climate crisis is driving demand for plant-based products. Demand for the latest generation of plant-based products isn't just due to health goals
d) Citizens will be more cost-conscious. Even before the recession, customers were looking for ways to cut everyday costs, with more than half looking for ways to reduce their grocery bills.
e) Citizens will continue to look for greater transparency and connection to brands. Citizens may have tighter budgets, but that doesn't mean they're willing to cut corners when it comes to their health or personal values systems. Instead, they're carefully reading the labels to find out not just what goes into their food, but where and how it's made.
f) New recipes for engagement and sales may prove more popular than familiar favorites. Citizens anticipate they'll continue to recreate big nights out in the comfort of their homes—even post-pandemic.
g) Citizens don't think in terms of channels—they expect an outstanding shopping experience from clicks to bricks. To meet growing customer expectations, retail store owners within malls need to focus on an omnichannel approach with a unified online-offline experience.
h) Would we be better off moving to deliveries of food from local producers and suppliers directly to the citizens? It's not that straightforward. Many farmers choose to sell their produce to supermarkets, despite retaining under a third of the retail price on average, as it is more efficient and reliable.

My recommendations are:

Supermarkets get closer to the customer - A real opportunity exists for retailers to secure new customer data. Gleaning insights successfully can increase the lifetime value of each customer.

Retailers 'woo' citizens with Experiences and Speed - Coupling experience with speedy fulfillment will go a long way toward meeting this generation's expectations.

Don't abandon stores - Reimagine them to create a digitally connected, interactive and hyper-personalized physical shopping experience.

Introduce concepts and focus on "cool" social media - Many products are the same and have become commodities. Citizens differentiate between products by their experience with them.

Overload on feedback - Gen Zs value feedback from their family and friends, suggesting that retailers no longer own the review process. Brands should also look at collecting shopper product testimonial videos – an authentic approach that adds tremendous credibility.

Focus on Ethical and Environmentally Friendly Products - There is accumulating evidence that consumers are impacted by the perceived sustainability of [a] brand, and that consumers are willing to pay a premium for products from a sustainable brand over a non-sustainable competitor brand.

INTRODUCTION

Everybody eats - the act of buying food will never go away - but how we buy food will certainly evolve. The future of shopping will focus more on experience and creating more seamless transactions. This doesn't necessarily mean a robotic cashier-less check-out process, but an experience citizens want to have. The future of grocery is all about citizen-choice - giving citizens the options they want at every stage of their lives. The future of grocery is here but it's not evenly distributed[3]. The future of grocery will be impacted by innovation in technology, and other ways to make shopping more of an experience, whether that's in-person or digital.

COVID has sped up the need for grocers to smooth out the kinks in online delivery, but many grocers have much work to do to meet the future. COVID has made the stakes higher in the race to be more efficient by Woolworths New Zealand Limited and Foodstuffs Group. These two companies have a race to be faster in online ordering, better customer service and provide more value to the population.

Grocery is a tough business. Volumes are high. Profit margins can be low. Feeding the country is not storing large amounts of food in the back, and simply taking all fresh food off the truck and putting it directly on the shelves. With large capital costs, it is not easy for large supermarket chains to accommodate large shifts in customer-preference, let alone provide an experience people want.

We've seen from COVID-19 that many citizens are moving to grocery pickup and delivery, which is sure to continue and grow for citizens of the future. Delivery could change everything about grocery, including opening the door to stores stocking food off-site. Restaurants are switching to ghost kitchens for pick-up and delivery without eat-in dining rooms, and the same could happen to grocery stores that act as pick-up and delivery hubs but don't let citizens inside. In the future, 30-minute delivery times will become commonplace, with groceries even possibly delivered by drone. One of the biggest pitfalls of current online grocery ordering is that orders are often wrong or have unsustainable packaging. Grocery stores will need to improve these issues in the future with innovative solutions, such as allowing citizens to simply click on a recipe and have all of the items delivered from the store.

The most important feature for grocery stores of the future is an experience or point of view. Why do citizens want to step inside your store? What makes them feel special when they shop? How can the store offer an experience that teaches and enriches society? The experience should make citizens' lives easier and better, such as teaching them about the food they are buying or giving them a chance to relax while the shopping is done for them.

[3] "Quote by William Gibson: "The future is already here – it's just not ...."
https://www.goodreads.com/quotes/681-the-future-is-already-here-it-s-just-not-evenly. Accessed 13 Jun. 2021.

AIM

The aim of this paper is to explore what is the future of supermarkets and how our citizens are consuming in a post-Covid environment. We will explore Shopping Malls to understand how the environment has been transformed and what the population expects from these spaces.

We will study how millennials consume and what attributes they are looking for in products.

The economic environment for grocery stores is tough. Retailers are navigating the shift[4] in citizen behaviour and the continuum[5] that they operate on. The retail world is being disrupted and competitors are moving in. Existing grocery retail supply chains were designed 70 years ago, based on the handling and throughput of large volumes. Today, this foundation is shifting rapidly towards much smaller delivery quantities, reduced response times, and more frequent delivery[6]. As the supply chain changes, what are the implications for local growers? There are already services that are from the Farm directly to Households, can these be accelerated to protect producers? (Examples of this are: The Avo Tree[7], Bay Farms[8] and Gourmet Direct[9].)

METHODOLOGY

The methodology used for this report involved a Literature Review and Thematic Analysis which looks into the recurring themes of Big Data, Retailers and Citizens.

The literature review was the major component of the research including resources from domestic and international publications, opinion pieces and industry reports into the topic of groceries/supermarkets, the current environment and the future.

This research report is divided into four sections:

- Part One gives an overview of our citizens, market size of supermarkets and the industry
- Part Two is an investigation into big data, reviews and brands
- Part Three looks at the 'new' citizens and how they respond
- Part Four aims to provide a suggested course of action that retailers should take to appeal to the future generations

(Aging population supermarkets, Supermarkets, food access, food deserts, supermarkets, food assistance, low-income, diet, health, Generational cohorts, Generational marketing, Market segmentation, Generation Y, Baby Boomers, Consumer behavior, Purchase involvement)

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[4] (2021, March 31). Zapp, the on-demand delivery and 'dark' store operator, picks up .... Retrieved June 28, 2021, from https://techcrunch.com/2021/03/31/zapp/
[5] (n.d.). Diffusion of Innovations 4th edition (9780029266717) - Retrieved June 28, 2021, from https://www.textbooks.com/Diffusion-of-Innovations-4th-Edition/9780029266717/Everett-M-Rogers.php
[6] (n.d.). How to Shape the Future Grocery Retail Supply Chain - CAMELOT .... Retrieved June 28, 2021, from https://www.camelot-mc.com/how-to-shape-your-future-supply-chain/
[7] (n.d.). The Avo Tree. Retrieved June 28, 2021, from https://theavotree.co.nz/
[8] (n.d.). BayFarms Avocados | Buy Delicious NZ Avocados Online. Retrieved June 28, 2021, from https://bayfarms.net.nz/
[9] (n.d.). Gourmet Direct. Retrieved June 28, 2021, from https://gourmetdirect.co.nz/

Part One: Overview

1.1 Our Citizens and their spend

To satisfy future citizens, food providers must keep up with the pace of e-Commerce and the rise of the Millennials. Millennials are the largest generation alive today (1.8 billion globally), and how they consume will change the face of supermarket aisles. Millennials are a force: Millennials now range in age from 24 to 39, and many have settled down with careers, homes, and families. Their buying power is undeniable: By 2030, the collective annual income of Millennials worldwide is expected to exceed 4 trillion dollars[10].

They are unique as they are the first inherently digital generation that does not know a world without the Internet or Smartphone. They are a 'right-now'/click & collect generation and do not understand the seasonality of fruit and vegetables[11].

One expenditure they aren't afraid to open their wallets for: Food. Groceries and dining out/fast food/take out are currently their top monthly expenditures, and they're reporting spending even more in these categories. Whether it's their love for experiences, their affinity to reach maximum health, or just indulging in the name self-care, Millennials will continue to lean into their foodie status.[12]

1.2 Fluctuating Tastes

Generational cohort analysis may also be helpful in bolstering communication with customers, both when designing communication campaigns and during personal interactions. Determining music, movie stars, or icons that cohorts identified with during their coming-of-age years can be an effective means of speaking to a given cohort. These tactics work because they rely on nostalgia marketing, which means reminding individuals of their good old days. Consumers readily recognize that the marketer is talking directly to them. Reflecting a generational cohort's values in the copy of an advertisement immediately tells the cohort members that you understand them and their inner feelings. Such an execution of marketing is likely to resonate well with cohort members.

[10] (2020, July 1). Millennial buying stats all marketers need to know | Khoros. Retrieved June 28, 2021, from https://khoros.com/blog/millennial-buying-habits

[11] (2020, July 14). Fruit & Vegetables Still Affordable And More Important To Eat Than .... Retrieved June 28, 2021, from https://good.net.nz/fruit-vegetables-still-affordable-and-more-important-to-eat-than-ever/

[12] (n.d.). Millennials & Gen Z Teens' Combined Spending Power Is Nearly $3 .... Retrieved June 27, 2021, from https://www.ypulse.com/article/2020/01/09/millennials-gen-z-teens-combined-spending-power-is-nearly-3-trillion-in-2020/

GENERATION	Baby Boomers	Generation X	Generation Y, aka millennials	Generation Z
Age	Born 1946-1964	Born 1965-1980	Born 1981-1997	Born 1998-2012
Characteristic	Health and wellness is on boomers' minds. Gravitate toward whole grains, protein and calcium, or low in salt, saturated fat and cholesterol.	Gen Xers also can be adventurous when it comes to dining out, and appreciate exotic influences like Asian. Respond to “fresh” and “authentic.”	Customize their food and have it made to order. Want it when they want it and the way they want it. Smartphone and social media fanatics.	Grew up with digital devices, relying on social media for recommendations and trends to greater extent than previous generations.
Likes	They appreciate robust fare, they are likely to be more interested in healthful eating and nostalgic menu items	Gen Xers, we tend to act on snacks as more of a treat, things that were occasional, not every day	They like diverse, fresh, healthy and socially conscious foods. Appreciate Food-away -from -home.	Look for plant-based alternatives. Respond to “natural,” “organic” and “sustainable.” Enthusiastic snackers.
Quirks	Boomers are not as adventurous in ethnic flavors. They love comfort foods that they grew up with made with quality, clean ingredients.	Somebody in their 40s will think that is cool and come back. Somebody in their 20s will say ‘That’s awesome’ and put it on Instagram.	Diverse range of foods: McDonald’s, juxtaposed with their appreciation for “fusion cuisines,” such as naanwiches, and Korean tacos.	Fluency with technology. Ethical, enthusiastic snackers and value food-away-from-home spending
Platforms	Linkedin, Facebook	Twitter, Pinterest	Instagram, Whatsapp	TikTok, Snapchat
Environment	Aftermath of WWII	Market crash of 1987	Market rash of 2008	Covid-19 Pandemic
References	[13] [14]	[15]	[16]	[17] [18]

[13] (2016, June 29). How boomers and Gen Z are changing food | Food Business News .... Retrieved June 29, 2021, from https://www.foodbusinessnews.net/articles/8222-how-boomers-and-gen-z-are-changing-food
[14] (2021, April 7). Social Media Use in 2021 | Pew Research .... Retrieved June 30, 2021, from https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021/
[15] (n.d.). Generational preferences drive menu development, flavor trends. Retrieved June 29, 2021, from https://www.marsfoodservices.com/trends/generational-preferences-drive-menu-development-flavor-trends
[16] (2016, November 15). Millennials and Gen Zs are eating more vegetables | Food Business .... Retrieved June 29, 2021, from https://www.foodbusinessnews.net/articles/7197-millennials-and-gen-zs-are-eating-more-vegetables
[17] (2019, November 15). Young consumers are more open to food tech, study finds | 2019-11 .... Retrieved June 29, 2021, from https://www.foodbusinessnews.net/articles/14905-young-consumers-are-more-open-to-food-tech-study-finds
[18] (2020, September 21). Meet the Future: Gen Z's regeneration - Facebook. Retrieved June 30, 2021, from https://www.facebook.com/business/news/insights/meet-the-future

For Millenials and Gen Z, the trend favoring food-away-from-home has room to grow and continue, mainly driven by the pandemic and giving society access to restaurant food via new channels, including delivery, take-out, mobile ordering, and online marketplaces. Younger demographics have shown a particular interest in these new channels and are most likely to continue to use them.

These channels also blur the line between food-away-from-home and food-at-home, enabling more restaurant food to be consumed at home. Research suggests that Gen Z and Millennials may maintain food-away-from-home spending as they age in ways that their parents and grandparents did not.[19] In the food category, the aging Boomer cohort benefits grocers and companies that operate in the food-at-home space, while the growth of Gens Y and Z benefit companies that focus on the food-away-from-home space like restaurants and fast-food. [20]

As cohorts age and enter new life stages, they bring their coming-of-age cohort value systems, wants, and needs with them. Cohort analysis can help track and forecast changes that will take place. Considering the increasing percentage of purchase decisions being made in the store — 76% in 2012 compared to 70% in 1995 in the case of groceries (Popai, 2012[21]) — and figures from the automobile industry indicating that as much as 70% of customers showing up in a showroom are never addressed by salesmen (Parment, 2009[22]), it is more important than ever to take care of the customers when they enter the store, and to have a strategy behind this interaction to do it in a clever way.

1.3 The Market Size and Current Competitors

Most New Zealanders are regular shoppers at grocery retailers, purchasing essential items such as food, drinks and cleaning products[23]. In the year ended June 2020, $22.3 billion was spent at New Zealand supermarkets and grocery stores.[24] We also know that the average Kiwi household spends roughly 17 percent of its weekly expenses on food, and this has been increasing year on year.[25] Foodstuffs has 53 per cent of the grocery market, and Countdown 32.4 per cent, according to Canstar Blue[26].

[19] (2019, August 26). How a 'Youth Boom' Could Shake Up Spending ... - Morgan Stanley. Retrieved June 27, 2021, from https://advisor.morganstanley.com/the-epley-wolbeck-group/From%20Our%20Team/documents/field/e/ep/epley-wolbeck-group/Millennials%20%26%20Gen%20Z%20Spending%20to%20Increase%20_%20Morgan%20Stanley.pdf

[20] Generational Preferences Drive Menu Development, Flavor Trends - https://www.marsfoodservices.com/trends/generational-preferences-drive-menu-development-flavor-trends

[21] (n.d.). 2012 SHOPPER ENGAGEMENT STUDY. Retrieved June 29, 2021, from http://www.popai.cz/files/publishing/shopper-engagement-study_5165.pdf

[22] Parment, A., 2009. Automobile Marketing: Distribution Strategies for Competitiveness. VDM Publishing, Saarbrucken

[23] (2020, December 10). Market study into the retail grocery sector - Commerce Commission. Retrieved June 29, 2021, from https://comcom.govt.nz/__data/assets/pdf_file/0033/229857/Market-study-into-the-retail-grocery-sector-Preliminary-issues-paper-10-December-2020.pdf

[24] (24 August 2020) Statistics NZ "Retail trade survey: June 2020 quarter" at Table 1 .Statistics NZ "Retail trade survey: June 2020 quarter" (24 August 2020) at Table 1 <https://www.stats.govt.nz/assets/Uploads/Retail-trade-survey/Retail-trade-survey-June-2020-quarter/Download-data/retail-trade-survey-june-2020-quarter.xlsx>.

[25] (2020, November 17). Supermarkets announced as Government's second market study .... Retrieved June 27, 2021, from https://www.beehive.govt.nz/release/supermarkets-announced-government%E2%80%99s-second-market-study

[26] "NZ Supermarkets | 2020 Review & Ratings – Canstar Blue." https://www.canstarblue.co.nz/food-drink/supermarkets/. Accessed 30 May. 2021.

Currently there are two large grocery retailers that operate nationwide – Woolworths New Zealand Limited (Woolworths NZ) and Foodstuffs Group (the major grocery retailers).

The major grocery retailers operate supermarkets under several retail brands. Woolworths NZ operates and supplies over 180 Countdown stores throughout New Zealand.[27] It is also the franchisor of over 60 locally owned and operated SuperValue and Fresh Choice stores, which mainly operate in provincial towns.[28]

In 2019, Woolworths NZ estimated that three million customers were served at its Countdown stores every week.[29] Foodstuffs has more than 400 retail stores nationwide under the New World, PAK'nSAVE and Four Square retail banners.[30] It also has Raeward Fresh and On the Spot retail stores in the South Island. Retail stores supplied by Foodstuffs are owner operated franchises.

Foodstuffs North Island estimates that it serves an average of 2.7 million customers every week through its physical stores or online shopping.[31] Foodstuffs South Island serves over 600,000 customers each week[32].

New Zealand's supermarket duopoly could be just too hard to crack for potential competitors, economist Christoph Schumacher says.[33]

The latest announcement from Costco Wholesale puts the opening date for their first New Zealand store early in 2022. "Costco is very excited to open our first warehouse in New Zealand and to be a part of this community. We feel Westgate is the perfect location for us," says Noone.[34]

However, German supermarket chains Aldi and Kaufland confirmed they did not have any plans to open in New Zealand and Coles did not comment. Aldi is popular in Europe and Australia but it is unlikely to come to New Zealand in the near future.[35]

In January 2020, Ikea announced it would open three "customer meeting points" across the country in the lead-up to the opening of its planned full-sized store in Auckland.[36]

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[27] Woolworths NZ "Welcome" . (Viewed on 30 May 2021). Woolworths NZ is part of Woolworths Group Limited. The Woolworths Group Limited also owns and operates 995 stores in Australia. Woolworths Group "Australian Food: Woolworths Supermarkets" . https://www.woolworthsnz.co.nz/

[28] Woolworths NZ "Welcome" https://www.woolworthsnz.co.nz/ (Viewed on 30 May 2021).

[29] "How do we shop for groceries? Supermarkets' highest ... - NZ Herald." 31 Jan. 2020, https://www.nzherald.co.nz/nz/how-do-we-shop-for-groceries-supermarkets-highest-stocked-items-shine-light-on-how-we-spend/S6BQNFEOHY5RFEBVPKEQGKP4SY/. Accessed 30 May. 2021.

[30] "Our Brands | Foodstuffs." https://www.foodstuffs.co.nz/our-brands/. Accessed 30 May. 2021.

[31] "Foodstuffs North Island Annual Report." https://annualreport.wearefoodies.nz/our-customers/ Accessed 30 May. 2021.

[32] "Foodstuffs South Island Annual Report." https://www.foodstuffs-si.co.nz/media/109771/fssi_ar_2019_web_version.pdf. Accessed 30 May. 2021.

[33] "NZ too small for another supermarket to break Foodstuff ... - Stuff.co.nz." 18 Jan. 2020, https://www.stuff.co.nz/business/118805948/nz-too-small-for-another-supermarket-to-break-foodstuff-and-countdown-duopoly. Accessed 30 May. 2021.

[34] (2021, June 9). When Will Costco Open in New Zealand? Latest News On Store .... Retrieved June 27, 2021, from https://www.mindfood.com/article/when-will-costco-open-in-new-zealand/

[35] (2020, January 18). NZ too small for another supermarket to break Foodstuff and .... Retrieved June 27, 2021, from https://www.stuff.co.nz/business/118805948/nz-too-small-for-another-supermarket-to-break-foodstuff-and-countdown-duopoly

[36] Ikea remains mum about its New Zealand plans

1.4 The Food and Drink Industry

The food and drink industry is facing some of its toughest challenges. The coronavirus pandemic and threat of further pandemics is just the tip of the iceberg.

While the pandemic takes centre stage now, it has not lessened any of the problems we knew were there already and will grow deeper into 2030.

Challenges around health in areas of obesity and mental health continue to grow; environmental concerns are at near breaking point for our planet; and it is difficult to envisage how we will be able to feed our ballooning global population. According to the World Health Organization, worldwide obesity has nearly tripled since 1975. In 2016, more than 1.9 billion adults, 18 years and older, were overweight, with 650 million of these individuals being categorized as obese. An obesity pandemic started sprawling across the globe which resulted in increasing concerns over an array of health conditions such as diabetes.

The food and drink industry is nothing if not resilient though and in the face of extreme obstacles will always rise to the situation. The industry is integral to solving many of the global challenges we face and by 2030 we will be able to see many of the fruits of its labour.

As we move into what we are calling Wellness 3.0, the next generation of nutraceuticals, probiotics, sugar reduction and personalised diets will operate in the health space. Soil-friendly agriculture and transparency tech are some of the innovations that will emerge to solve the sustainability problems of our planet. Food innovations from farm-free proteins to insects will feed a growing global population.

Meanwhile, mini eco-systems are set to ensure cities are self-sufficient and the idea of locally grown will evolve to mean local farms or labs. And as food is pleasure, technology will rise to the challenge and deliver immersive experiences, advances in AI and molecular gastronomy to delight and inspire food tastes.

1.5 Rise of e-commerce has caused margin erosion

Growth of online shopping has pushed down the prices [and subsequent margin] by increasing transparency and competition. 50%[37] of shoppers checked their prices when they were in a store and two thirds of this group changed their buying decisions because of it and 71%[38] citizens are shopping online to find the best prices.

The citizen psyche is changing fast. Technology leaders such as Amazon, Uber, Netflix and Deliveroo have raised customer expectations in terms of speed and convenience. Through its Prime offering, Amazon has created an expectation that delivery should be next day, or even same day. Customers now expect to get a taxi, watch a film or receive a meal almost instantaneously, and to make a choice based on an easy-to-assess interface or app.

This resulting need for immediacy shows up in various customer experiences. Some 61 percent of respondents to one UK survey are not willing to wait more than 45 minutes for a takeaway food delivery to arrive. Around one in five say they will wait just 5-10 minutes for a taxi ordered via an app.[39] Google search interest for businesses and the like that are "open now" has tripled in the past two years. Searches for "store hours" have dropped.[40] This demonstrates a subtle but fundamental change in mindset.

Start-ups promising groceries delivered to your door in a matter of minutes are the hottest craze for venture capitalists. Investors have poured billions of dollars into on-demand grocery delivery firms. Instacart (US) was valued at $39 billion in a March 2021, while Gopuff raised funds at an $8.9 billion valuation. Meanwhile, in China, Xingsheng Youxuan raised $3 billion, the largest funding round for a grocery start-up to date. The online grocery craze has spread to Europe over the last year, with a host of grocery apps gaining traction by touting deliveries in 10-20 minutes: Getir, Gorillas, Weezy, Flink, Zapp and Dija, to name but a few.[41]

Getting groceries delivered in 10-20 minutes in New Zealand is challenging with our urban sprawl. Sally Copland, GM Digital at Countdown admits the company faces extra pressure when it comes to getting the last mile right. After all, who wants to come home to find melted ice cream or meat that has been sitting on the doorstep for a few hours. [42]

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[37] "The great consumer shift: Ten charts that show how US shopping ...." 4 Aug. 2020, https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-great-consumer-shift-ten-charts-that-show-how-us-shopping-behavior-is-changing. Accessed 13 Jun. 2021.

[38] "50 Retail Innovation Stats That Prove The Power Of Customer ...." 21 May. 2019, https://www.forbes.com/sites/blakemorgan/2019/05/21/50-retail-innovation-stats-power-customer-experience/. Accessed 13 Jun. 2021.

[39] "The instant gratification nation", Fetch, October 2017, https://marketing.wearefetch.com/content/2017/10/Fetch_2017_October_Whitepaper_InstantGratification.pdf

[40] Solis, Brian, "Impatience Is A Virtue: How The On-Demand Economy Is Making Mobile Consumers Impatient", Forbes, 20th November 2017, https://www.forbes.com/sites/briansolis/2017/11/20/impatience-is-a-virtuehow-the-on-demand-economy-is-makingmobile-consumers-impatient

[41] (2021, July 2). As grocery startups bag billions from VCs, consolidation ... - CNBC. Retrieved July 3, 2021, from https://www.cnbc.com/2021/07/02/grocery-startups-vc.html

[42] (2020, May 23). Solving the problem of the 'last mile' - Newsroom. Retrieved July 3, 2021, from https://www.newsroom.co.nz/solving-the-problem-of-the-last-mile

Part Two: Big Data, Reviews and Brands

2.1 Rise of Big Data and Social Media

The retail industry is a complex field, where data has become an irreplaceable asset for achieving high sales rates and increasing profits. Precisely due to this continuous advancement, the total global retail sales are projected to reach $30 trillion by 2023[43]. Smartphones are part of our citizens day to day, they spend a large part of our time using them. A study that found that people spend an approximate average of 9 years looking at the screen of their mobile device.[44] Millennials were found to spend the majority of their time on their mobile devices, an average of 3.7 hours per day. Generation X reports 3 hours of daily use and boomers 2.5 hours per day.

The more time our citizens spend online, the more data companies are collecting. Personal data is often compared to oil—it powers today's most profitable corporations, just like fossil fuels energized those of the past. Citizens that are going about their daily business—shopping online, buying a home, getting married, using a search engine, liking a Facebook page, registering to vote—leaves an enormous paper trail, and data brokers are scooping it up.[45]

Personal data is also used by artificial intelligence researchers to train their automated programs. Every day, users around the globe upload billions of photos, videos, text posts, and audio clips to sites like YouTube, Facebook, Instagram, and Twitter. That media is then fed to machine learning algorithms, so they can learn to "see" what's in a photograph. Your selfies are literally making the robots smarter. [46] It is estimated that Facebook has 29,000 data points on each user[47]

Tech companies are also beginning to acknowledge that personal data collection needs to be regulated. Microsoft[48] has called for the federal regulation of facial recognition, while Apple CEO Tim Cook[49] has argued that the Federal Trade Commission (FTC) should step in and create a clearinghouse where all data brokers need to register. Some companies and researchers argue it's not enough for the government to simply protect personal data; citizens need to own their information and be compensated when it's used.[50]

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[43] "How do global retail leaders use Big data? (5 real-life examples)." https://blog.datumize.com/how-do-global-retail-leaders-use-big-data-5-real-life-examples. Accessed 13 Jun. 2021.
[44] ("You Will Spend 76500 Hours, or Almost 9 Years of ... - Entrepreneur.", https://www.entrepreneur.com/article/360320. Accessed 13 Jun. 2021.
[45] (2018, March 27). What Are 'Data Brokers,' and Why Are They Scooping Up ... - VICE. Retrieved June 30, 2021, from https://www.vice.com/en/article/bjpx3w/what-are-data-brokers-and-how-to-stop-my-private-data-collection
[46] (2019, February 15). Personal Data Collection: The Complete WIRED Guide | WIRED. Retrieved June 30, 2021, from https://www.wired.com/story/wired-guide-personal-data-collection/
[47] Mark Zuckerberg says Facebook collects data on non-users for 'security' — here's the whole story (FB).
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[49] (2019, January 16.). Apple CEO Tim Cook: It's Time for Action on Data Privacy | Time.com. Retrieved June 30, 2021, from https://time.com/collection/davos-2019/5502591/tim-cook-data-privacy/
[50] (2019, February 15). Personal Data Collection: The Complete WIRED Guide | WIRED. Retrieved June 30, 2021, from https://www.wired.com/story/wired-guide-personal-data-collection/

Before we can figure out the future of personal data collection, we need to learn more about its present. The cascade of privacy scandals that have come to light in recent years—from Cambridge Analytica[51] to Google's shady location[52] tracking practices—have demonstrated that users still don't know all the ways their information is being sold, traded, and shared. Until citizens actually understand the ecosystem they've unwittingly become a part of, we won't be able to grapple with it in the first place.[53]

According to research conducted by Forbes[54] Starbucks has achieved around a 26% increase in its revenues only for a period of three years (2016-2019). And big data has a finger in that. The brand uses data in terms of location, demographics, buying behavior, customer trends, and others, to predict the success and future performance of its new stores, which will open in different parts of the world. This way, the organization manages to mitigate the risk of opening a store in an unprofitable location and eventually to prevent any kind of store bankruptcy.

Costco tracks each order in detail. That includes who had placed the order (and contact information), when the purchase was made, and exactly which item was shipped to the customer. This may sound not as impressive, but the following example will trigger you.

In 2019 Costco purchased and sold a batch of fruits, which turned out to be potentially contaminated with listeria. The integration of data gave the corporation the advantage to identify each of the clients who bought fruit from this particular batch and warn them about the possible threat. They not only did that, but alarmed the customers using two different means of communication: first by phone, and then by letter.

One of the most important and valuable strengths of Amazon is based on Big data integration: Their advanced recommendation engine. Interesting statistics related to this feature is presented by Martech and shows that 35% of Amazon sales are generated through recommendations.

Following the increase in Mobile use, Mobile Advertising is also on the rise from $44 billion in 2018 to $408 billion in 2026[55]. The rising adoption of smartphones is changing the way people consume, communicate and socialise. Smartphone users access internet content and services through apps. If a brand wants to be present, it needs to be where their customers are present. Advertisers get multiple layers of information such as shopping interests and brands. Through this information, advertisers offer related products and services advertised to the users in the form of banners, videos and images. It is estimated that in-app advertising in games is surging.

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[51] (2018, March 17). 'I made Steve Bannon's psychological .... Retrieved June 30, 2021, from https://www.theguardian.com/news/2018/mar/17/data-war-whistleblower-christopher-wylie-faceook-nix-bannon-trump

[52] (2018, August 14). Google tracks your location even if you switch off ... - New Scientist. Retrieved June 30, 2021, from https://www.newscientist.com/article/2176663-google-tracks-your-location-even-if-you-switch-off-location-tracking/

[53] (2019, February 15). Personal Data Collection: The Complete WIRED Guide | WIRED. Retrieved June 30, 2021, from https://www.wired.com/story/wired-guide-personal-data-collection/

[54] "Starbucks Top Line To Grow By 10% in FY 2019 - Forbes." 26 Sep. 2019, https://www.forbes.com/sites/greatspeculations/2019/09/26/starbucks-top-line-to-grow-by-10-in-fy-2019/. Accessed 12 Jun. 2021.

[55] (n.d.). Mobile Advertising Market Size, Growth, Trends and Forecast 2021 .... Retrieved June 28, 2021, from https://www.imarcgroup.com/mobile-advertising-market

Advertisers are offering rewards, extended game time and others for watching thirty seconds of video ads. A company using Facebook advertising can reach 50 million users in a 1/13th of the time it would take through traditional TV advertising. Research from Accenture[56] found that GenZ and millennials are more than twice as likely to say that Facebook platforms help them discover new food and beverage products compared to the average population.

2.2 Reviews are becoming more relevant than brands

Millennials and Gen Z shoppers mostly buy items based on three factors: receiving the lowest price, seeing products in stores, and reading reviews.[57] However, Gen Z citizens place a greater emphasis than Millennials on listening to friends and family and turning to social media for inspiration before deciding what to buy. Gen Zs are also more inclined to consider the number of "likes" a product or service receives on social media, and the opinions of trusted bloggers.

Gen Zs will also tell you what they think. 40 percent said they provide feedback often or very often compared to about 35 percent of Millennials.[58] The most popular method they use: writing reviews on retailer websites. They're also more likely to offer feedback via Tweets or posts to Facebook and Snapchat.[59]

In a lifestyle dominated by the internet, millennials see unique value in a well-thought-out purchase decision. Yes, some choices throw caution to the wind ($18 avocado toast, anyone?), but above all else, the younger generation appreciates a world where knowledge reigns. And when authoritative news sources fail to keep up, reviews are the next best thing, with 90%[60] of customers reading online reviews and 88%[61] of customers trusting what they read about those companies reviewed.
According to BrightLocal, 92%[62] of web users now read reviews and 40% make a decision based on as few as one to three opinions. Customers spend 31%[63] more with a business that has excellent reviews, and only 14% of consumers consider investing in a business with a one- or two-star average. Negative reviews drive away customers. 94% say an online review has convinced them to avoid a business.[64]

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[56] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[57] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved July 3, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[58] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[59] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[60] "The Impact of Online Reviews on Customers' Buying Decisions ...." 25 Jul. 2015, https://www.business2community.com/infographics/impact-online-reviews-customers-buying-decisions-infographic-01280945. Accessed 13 Jun. 2021.
[61] "88% Of Consumers Trust Online Reviews As Much As Personal ...." 7 Jul. 2014, https://searchengineland.com/88-consumers-trust-online-reviews-much-personal-recommendations-195803. Accessed 13 Jun. 2021.
[62] "Local Consumer Review Survey 2015 | BrightLocal." 19 Oct. 2015, https://www.brightlocal.com/research/local-consumer-review-survey-2015/. Accessed 13 Jun. 2021.
[63] "50 Important Online Reviews Stats You Need to Know ... - Vendasta." https://www.vendasta.com/blog/50-stats-you-need-to-know-about-online-reviews/. Accessed 13 Jun. 2021.
[64] "2018 ReviewTrackers Online Reviews Stats and Survey ...." https://www.reviewtrackers.com/reports/online-reviews-survey/. Accessed 13 Jun. 2021.

2.3 Brands must made relevant to younger generations

It's no surprise the shifting Millennial mindset is critical for businesses to consider. 77%[65] Millennials say they don't want to buy the products their parents did, and 88% think private labels are just as good. It's no wonder why, out of the top 100 brands in the consumer packaged goods segment, 90% are in decline.

Millennials have shifted their purchase patterns, creating an opportunity for retailers who get it right. The way they shop is a different thing and the brands they want are different, too. They no longer necessarily care about the "Brand". They'd rather buy "Honest Company"[66].

Whether it is sustainability, quality or price, private brands offer retailers an opportunity to dull one of their biggest challenges: price comparisons. The transparency that mobile and the internet have brought to retail has motivated most retailers to minimize comparability to their competitors [67].

According to McKinsey research, millennials are four times more likely than baby boomers to actively avoid buying products from big companies. Millennials are also three times more likely than baby boomers to assume that newer brands are better or more innovative and three times more likely to say they typically learn about new products or brands from social media[68]. Traditional FMCG marketing vehicles, such as in-store displays, print advertising, and television commercials, therefore influence millennials less.[69] Millennials crave the new, different, and authentic, while often scorning traditional brands.

Younger citizens are seriously concerned with social and environmental causes, which many regard as being the defining issues of our time. They increasingly back their beliefs with their shopping habits, favouring brands that are aligned with their values and avoiding those that don't.

Transparency has become an important issue further upstream in the supply chain, with younger citizens increasingly concerned about issues including fair labour, sustainable resourcing and the environment. citizens want to support brands that are doing good in the world, with 66%[70] willing to pay more for sustainable goods. In a survey conducted by McKinsey, 42 percent of millennials say they want to know what goes into products and how they are made before they buy, compared with 37 percent of Gen Z.[71]

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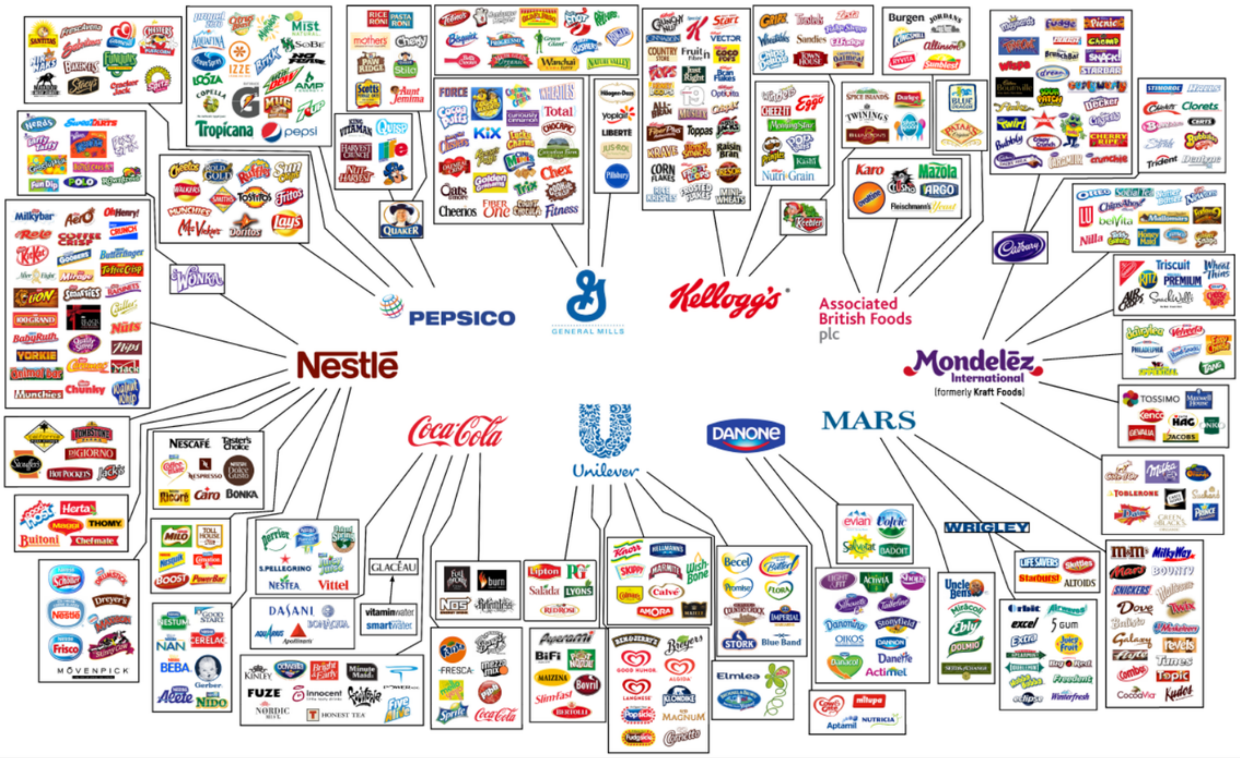
[65] "The rebirth of private label - NRF." 26 Feb. 2018, https://nrf.com/blog/rebirth-private-label. Accessed 13 Jun. 2021.
[66] (2018, February 26). The rebirth of private label - NRF. Retrieved June 28, 2021, from https://nrf.com/blog/rebirth-private-label
[67] (2018, February 26). The rebirth of private label - NRF. Retrieved June 28, 2021, from https://nrf.com/blog/rebirth-private-label
[68] "The State of Fashion 2019 - McKinsey." 20 Sep. 2018, https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/the%20state%20of%20fashion%202019%20a%20year%20of%20awakening/the-state-of-fashion-2019-final.ashx. Accessed 13 Jun. 2021.
[69] "What beauty players can teach the consumer sector about digital ...." 10 Apr. 2018, https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/what-beauty-players-can-teach-the-consumer-sector-about-digital-disruption. Accessed 13 Jun. 2021.
[70] (2019, February 14). What radical transparency could mean for the fashion ... - McKinsey. Retrieved June 30, 2021, from https://www.mckinsey.com/industries/retail/our-insights/what-radical-transparency-could-mean-for-the-fashion-industry
[71] "Decoding the Millennial Marketplace", McKinsey & Company, 23rd August 2016

These ten companies currently control most items we buy:



A successful campaign to revive these brands for the younger generations, would require more than a revamped logo. It demands a vision that inspires customers, investors, and others to see the company in a new light.

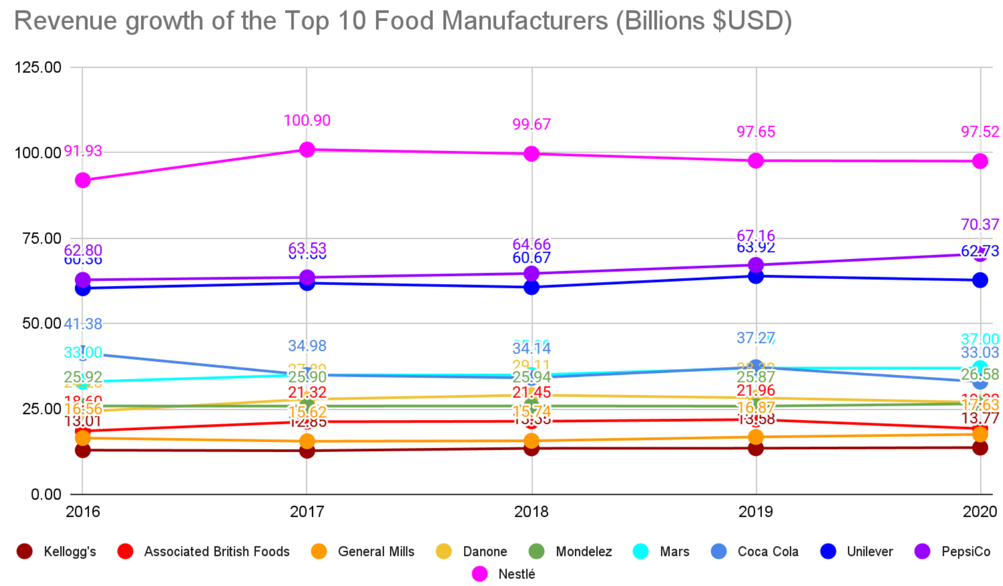
Brands will need to create new products that meet citizens' evolving environmental and wellness expectations, from cutting down on sugars and bad fat to offering solutions that provide holistic, mind-body wellness and products that balance taste and nutrition. Scientific advancements, from clean label sugars and healthier animal-free fats, to medical-grade probiotics that tackle stress, anxiety and disease, will allow food and drink brands to frame themselves as key players in the quest for health and wellness.

Through savvy marketing and better quality control, some companies discovered new ways to revive their brands and in some cases, made them stronger than ever. As an example, 'Burberry is about heritage, but about making that heritage relevant for today,' said Bailey[72]. 'You have to make sure what you do is right for the moment you live in. What makes things relevant?'

[72] (2015, June 18). Christopher Bailey Brings Burberry Into the 21st Century - WSJ. Retrieved June 30, 2021, from https://www.wsj.com/articles/christopher-bailey-brings-burberry-into-the-21st-century-1434635967

[73] [74] [75] [76] [77]

[78] [79] [80] [81] [82]



In the graph above, a number of these top ten companies have had declining revenue year-on-year and will require a review of their overall performance and strategy. (N.B. Nestle, ABF, Unilever and Danone financial data has been converted to USD to build this graph.)

[73] (2017, May 31). These 10 companies control everything you buy | The Independent .... Retrieved June 28, 2021, from https://www.independent.co.uk/extras/these-10-companies-control-everything-you-buy-a7765461.html

[74] (n.d.). GIS | General Mills Inc. Annual Income Statement | MarketWatch. Retrieved June 28, 2021, from https://www.marketwatch.com/investing/stock/gis/financials

[75] (n.d.). K | Kellogg Co. Annual Income Statement | MarketWatch. Retrieved June 28, 2021, from https://www.marketwatch.com/investing/stock/k/financials

[76] (n.d.). ABF.UK | Associated British Foods PLC Annual Income Statement .... Retrieved June 28, 2021, from https://www.wsj.com/market-data/quotes/UK/XLON/ABF/financials/annual/income-statement

[77] (n.d.). GBP to USD Exchange Rate - Bloomberg Markets. Retrieved June 28, 2021, from https://www.bloomberg.com/quote/GBPUSD:CUR

[78] (n.d.). PEP | PepsiCo Inc. Annual Income Statement | MarketWatch. Retrieved June 28, 2021, from https://www.marketwatch.com/investing/stock/pep/financials

[79] "• Unilever Group's global revenue 2020 | Statista." 11 May. 2021, https://www.statista.com/statistics/269190/global-revenue-of-the-unilever-group-since-2007/. Accessed 29 Jun. 2021.

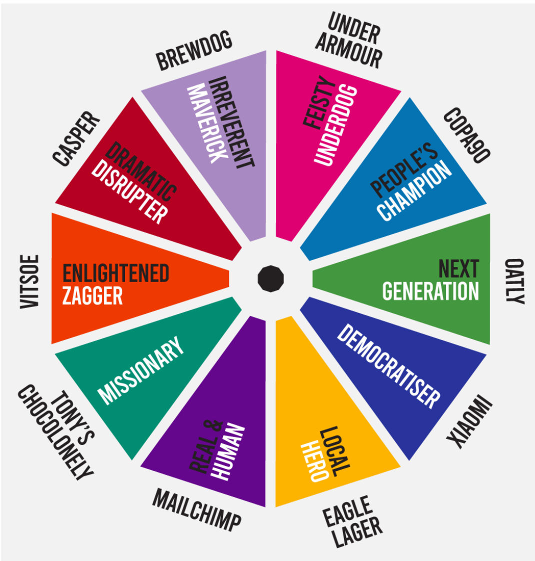
[80] "NSRGY | Nestle S.A. ADR Annual Income Statement - WSJ." https://www.wsj.com/market-data/quotes/NSRGY/financials/annual/income-statement. Accessed 29 Jun. 2021.

[81] (n.d.). Mars Quarterly and Annual Revenue | Craft.co. Retrieved June 29, 2021, from https://craft.co/mars/revenue

[82] (n.d.). Danone Revenue 2006-2020 | DANOY | MacroTrends. Retrieved June 29, 2021, from https://www.macrotrends.net/stocks/charts/DANOY/danone/revenue

2.4 Challenger Brands

A challenger is not a brand that challenges somebody, but a brand that challenges something. Very few explicitly take on another brand in their category, but all of them are challenging something they feel needs to change.[83]



Even if you're not familiar with the term "challenger brand," you've certainly experienced its narrative cousin: the underdog story. It's David and Goliath. It's Rocky. That oft-romanticized vision of a plucky innovator running a business out of their garage and taking down the big guys. Think of Ben & Jerry's vs. Haagen-Daz, Karma Cola vs.Coca-Cola, or Apple vs. Microsoft.[84]

Understanding that central challenge gives each of these challengers real strategic clarity – clarity on their positioning, on their culture, and on their communications behaviour.

Challengers often have a lofty goal, an ambition that goes beyond the category, that pushes the world forward. Pitching themselves as greener, more local, more authentic or healthier than mainstream products, these upstarts often sell directly to citizens via online channels and use social media to attract attention.

In this section we will analyse two examples: *Halo Top* and *RX Bars*, and how they have transformed their brand.

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[83] (2020, November 19). An Introduction to Challenger Brands — Emotive Brand. Retrieved June 30, 2021, from https://www.emotivebrand.com/challenger-brands/

[84] (2019, July 30). 10 types of challenger brand strategy — The Challenger Project .... Retrieved June 30, 2021, from https://thechallengerproject.com/blog/2019/10-types-of-challenger-brand-strategy

HALO TOP

Halo Top has become a poster child for the new reality, shaking the consumer goods industry. Their early logo was more elaborate in style than the snappy and simple logo it has today. Its packaging threatened to overwhelm citizens with an abundance of information. The below graphic showcases Halo Top's early packaging attempts. Halo Top had a strong value proposition, but its attempts to communicate that value proposition were muddled. If a Consumer Packaged Goods (CPG) company's packaging doesn't clearly communicate the unique value propositions that matter to the citizen, then the citizen isn't clear why they should buy the product.[85]

In the brand refresh, they opted for simple and clean and made sure that the calorie count of the ice cream was displayed front and center below the ice cream's name. The lesson: Focus on what matters.

Why is it a challenger brand:

1) Transparency
2) States calories in each container
3) Changed consumption habits

"What you're about to read seems impossible, but believe it: Halo Top, barely over five years old as a brand and company, is now America's number one pint form ice-cream ... Reuters recently pegged their valuation at $2 billion" - ***Forbes, 2017***[86]

"2500% year on year growth in 2016" - ***Financial Times, 2018***[87]

Halo Top Creamery is an ice cream company and brand[88] sold internationally. The brand is marketed as a lower-calorie alternative, partially substituting sugar with stevia, a plant-based sweetener, and erythritol, a sugar alcohol.

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[85] (n.d.). How Halo Top Became a Consumer Sensation | by Ryan Caldbeck .... Retrieved July 3, 2021, from https://ryancaldbeck.medium.com/how-halo-top-became-a-consumer-sensation-23ca9315662f

[86] Halo Top, And How To Be The Beatles Of Your Business

[87] ft.com/content/45db2ade-fd6c-11e7-9b32-d7d59aace167

[88] What It's Like to Eat Nothing but This Magical, Healthy Ice Cream for 10 Days

The ice cream brand was founded around 2011 by former attorney Justin Woolverton of Latham & Watkins LLP. Woolverton had begun making ice cream in his own kitchen with the goal of reducing his consumption of carbohydrates and refined sugars.

Graeme Pitkethly, Unilever's chief financial officer, admits the consumer goods giant "had missed the trend in the US" for healthier ice cream and that Halo Top is taking share "very, very quickly". Unilever and Nestlé have scrambled to catch up; both have introduced copy-cat "healthier for you" ice creams in the US. Launched in mid-2017, Unilever's Breyers Delight mimicked Halo Top by placing the calorie count in large figures on the tub label.[89]

At a retail price of $5 per pint, Halo Top's annual sales grew up around 2,500% during 2016 and continued to increase in 2017[90]. The company describes its product as the first ever "lifestyle" ice cream that can be eaten daily without overwhelming a typical caloric intake diet. Halo Top offers several vegan[91]/dairy-free flavours. On September 9, 2019 Halo Top announced sale of its US operations to Wells Enterprises for an undisclosed amount[92].

RXBAR

RXBAR originally lacked solid branding to distinguish themselves in a crowded protein bar market. They put together their original logo and packaging in Powerpoint (yes, Powerpoint). In 2016 they underwent a massive brand overhaul to match their unique product. This transparency was rewarded by people who are looking for a true, authentic brand in the health and wellbeing industry. They experienced 700% growth year on year since the induction of the new design.[93]

RxBar's new look isn't flashy at all, but it's honest. Citizens are looking for something to believe in and align with. Something that genuinely speaks to their values from the get-go.

Avoid B.S. like the plague and consistently deliver your truth.[94]

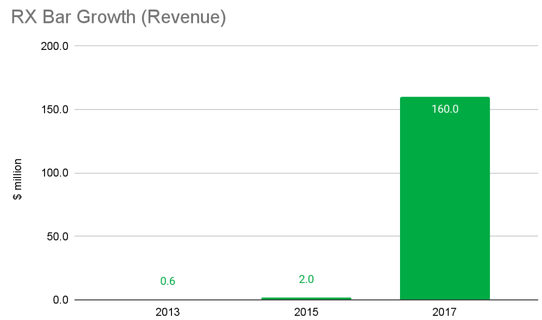
[89] (2019, March 14). Halo Top challenges big brands for scoop of ice ... - Financial Times. Retrieved June 30, 2021, from https://www.ft.com/content/b5ffbe6e-1360-11e9-a168-d45595ad076d
[90] (2017, November 16). The 25 Best Inventions of 2017: iPhone X, Tesla Model 3 | Time. Retrieved July 3, 2021, from https://time.com/5023212/best-inventions-of-2017/
[91] (n.d.). Vegan & Dairy-Free Pint Flavors | HALO TOP®. Retrieved July 3, 2021, from https://halotop.com/dairy-free
[92] (2019, September 9). Wells Expands Brand Portfolio with Halo Top - Wells. Retrieved July 3, 2021, from https://wellsenterprisesinc.com/news/wells_buys_halo_top
[93] (n.d.). RXBAR — scottandvictor. Retrieved July 3, 2021, from https://scottandvictor.com/rxbar
[94] (2018, June 11). That One Time Branding Saved the Day: RxBar | by Zach ... - Medium. Retrieved July 3, 2021, from https://medium.com/@zstvns/that-one-time-branding-saved-the-day-rxbar-e1756e5939ac

Why is it a challenger brand:

1) Creating transparency by putting what's on the inside on the outside.

"Sold to Kellogg Co. for $600 million four years after launch" - **CNBC 2017**[95]

Highlights the notion of soft innovation and how it can make a brand relevant to new audiences.[96]



RXBAR is a protein bar produced by Chicago Bar Co, which is owned by Kellogg's. It is made with egg whites, dried fruit, nuts, and dates.

Peter Rahal made the first RXBAR in 2013 in his parents' Glen Ellyn basement with co-founder Jared Smith.[97] As of 2017, Chicago Bar Co. employed 75 people.[98]

The new RXBAR branding is bold and brash with a 'no surprises here' mantra. Which is exactly the impression the brand want to give off, as they have nothing to hide. The packaging is clearly labelled and states exactly what ingredients were used to make the product. There's no gluten, soy or dairy.

RXBAR has placed product integrity and transparency above anything else, and in the multibillion-dollar fitness industry, where confusing nutritional labels are in abundance, this is something that citizens really appreciate.

In October 2017, the company was acquired by Kellogg's for $600 million.[99] In March 2018, the company launched a line of nut butters that contain egg whites for added protein.[100]

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[95] (2017, October 11). RXBar CEO after $600 million buyout: 'I have financial freedom'. Retrieved July 3, 2021, from https://www.cnbc.com/2017/10/11/rxbar-ceo-after-600-million-buyout-i-have-financial-freedom.html
[96] How Food Packaging Design Overhauls Have Impacted Brand Success
[97] (n.d.). He Started His Company for $10000. He Sold It for ... - Inc. Magazine. Retrieved July 3, 2021, from https://www.inc.com/magazine/201804/danielle-sacks/rxbar-peter-rahal-exit-interview.html
[98] (2017, December 11). RXBar – Chicago Magazine. Retrieved July 3, 2021, from https://www.chicagomag.com/Chicago-Magazine/January-2018/RXBar/
[99] (2017, October 6). Founded in a suburban basement four years ago ... - Chicago Tribune. Retrieved July 3, 2021, from https://www.chicagotribune.com/business/ct-biz-kellogg-buys-rxbar-20171006-story.html
[100] (2018, March 7). RX Goes Beyond the Bar with Nut Butters | NOSH. Retrieved July 3, 2021, from https://www.nosh.com/news/2018/rx-goes-beyond-bar-nut-butters/

Lessons for the industry

Halo Top and RX Bars always had the ingredient deck, but when they focused on the value proposition to the citizen- the brands took off.

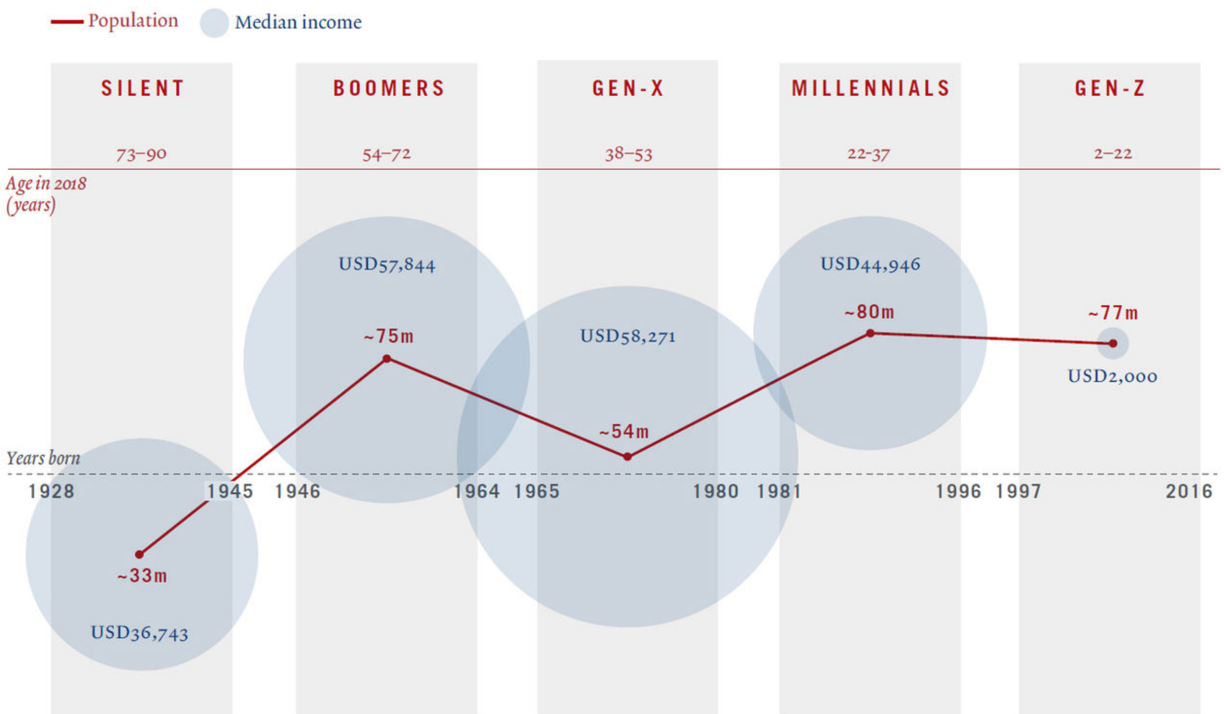
One of the huge factors in their success was the brands abilities to effectively read the market and offer products that other manufacturers didn't. The founders developed innovative products, but they didn't stop there. They truly tuned in to the way that citizens reacted to Halo Top and RX Bars, and continuously iterated on their product offering and brand until they created something that people loved. It took founders with intelligence, savvy, and persistence to steer a brand from zero to market dominance within five years.

The biggest lesson here for other consumer companies is that it's not enough to simply release a great product. You have to understand why[101] your product is unique in a way that matters for the rest of the world. That vision leads to a clearer brand strategy — which attracts citizens and retail partners that resonate with your vision, creating beautiful network effects for the company. The good news? It typically doesn't require a lot of funding to hone in on that- just a lot of long hours and honest reflection by the founders.

[101] Sinek, S. (2011). Start with why. Penguin Books.

Part Three: These 'new' citizens - Who are they?

3.1 Closer look at Millenials and Gen Z



During the Gen Z and millennials' birth era, the world flattened and globalisation exploded. As a result, they have had more exposure to the rest of the world and are the most ethnically diverse cohorts ever. Their wealthy Generation X parents made them feel valued, secure and hopeful – they are often described as an 'entitled' generation[102] – with high expectations of products and services. These self-confident, self-absorbed, always-on technology adopters are shaping the culture of the early 21st century in different ways to previous generations.

They are less wealthy than people were in the past, which makes them very price-sensitive for brands and products that are not differentiated from competitors. But while they have less money, they are very value-focused and are willing – thanks to their parents' finances – to pay for quality or status.[103] They are also highly educated: 45 percent[104] have a university degree, which should reap handsome economic rewards for them in the future. And they are very tech savvy, having grown up on the internet and with smartphones. They are well-informed and quick to

[102] (n.d.). Consumption patterns are changing with younger generations | Pictet. Retrieved July 3, 2021, from https://www.group.pictet/wealth-management/consumption-patterns-are-changing-younger-generations
[103] (n.d.). Consumption patterns are changing with younger generations | Pictet. Retrieved July 3, 2021, from https://www.group.pictet/wealth-management/consumption-patterns-are-changing-younger-generations
[104] (n.d.). Consumption patterns are changing with younger generations | Pictet. Retrieved July 3, 2021, from https://www.group.pictet/wealth-management/consumption-patterns-are-changing-younger-generations

adopt new technologies. Finally, they are into health and wellness, taking a more active role in physical fitness than keeping to an ideal weight or getting enough sleep.

Younger people are digital natives who grew up with technology like smartphones and the internet. They are used to having personalized interactions every day with brands like Spotify and Netflix and expect to get that same treatment of seamless, personalized transactions from all brands. Younger customers like to stay connected and rely on connections with their friends and brands to make purchase decisions. Younger generations care much more about the experience than the product or the price. While there isn't a significant difference in age with the younger Millennials, Gen Z shoppers are far more likely to experiment with new services that retailers provide. 73%[105] of Gen Z shoppers say they are currently using/ can't wait to try Voice-activated ordering. 71% of Gen Z shoppers are interested in automatic replenishment programs[106] They are especially interested in services that make shopping easier and faster. Millennials and Gen Z are also far more ready to order these items using concierge services like Apple's Siri, Google's Assistant or Amazon's Alexa artificial intelligence platforms[107].

It seems likely that Gen Z will accelerate and amplify many of the hurdles retailers currently face in serving Millennials, including the impact on purchasing channel preferences, how shoppers choose what they purchase, and their effect on pricing, brand loyalty and the need for speed. To achieve this, advertisers should consider four clear actions:

Talk to communities. Gen Z-ers have a strong desire to establish connections and find a space where they can feel close to similar people to talk and think freely. They have started to turn towards a more internal and intimate dimension, focusing on small groups of friends, easily reachable thanks to the digital tools available. And it is precisely these restricted circles that exercise the greatest influence over them.

Move from 'telling a story' to 'bringing a story to life'. Young people aren't interested in traditional storytelling by brands. As a generation of creators and inventors, they expect to make their voices heard and have a direct impact on products and services. Brands have a meaningful impact when they're able to make people an integral part of the narrative and actively involve them in their initiatives, bringing their values closer to the historical and social context in which people live.

Release the potential of audio. Gen Z prefers using content via screens. But its appreciation is also growing for audio solutions as an alternative to excessive visual stimulation.

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[105] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[106] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf
[107] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf

Understand the power of gaming. The most popular gaming platforms for Gen Z-ers- such as Fortnite, which reached 250 million players in total in March 2019 - offer brands an opportunity to communicate their values naturally, thanks to the hacking of dynamics of the game itself. We've seen the scale of this in recent days with the excitement that accompanied the switch of Twitch gamer and Fornite star Ninja to Microsoft's Mixer rival.

Put simply, Generation Z's distinct behaviours require changes from brands. And like the newspaper columnists and politicians that don't, those that fail to interpret these changes, listen to them and involve them will become irrelevant.

3.2 Prioritise food as a key source of health and wellness

Around the world, the shift away from seasonal, mainly plant-based and fibre-rich food and towards diets that are high in starch, sugar, fats and salt has led to soaring global obesity rates. Worldwide, obesity has nearly tripled[108] since 1975, and almost 800 million[109] people are considered obese today. Food and drink brands are under increasing pressure to provide healthier, less processed and more sustainable food and drink. At the same time, they will need to meet the needs of an ageing Western population and emerging mental health concerns.

New Zealand must prioritise food as a key source of health and wellness will be even more prevalent as rates of obesity soar, the Western world ages and households headed by health-conscious Gen Z and Millennials make the idea of food as medicine mainstream.

Younger citizens are at the forefront of the health-conscious trend. The appetite for organic products is increasingly more prevalent, especially among Gen Z and millennials. The number of individuals saying they try to buy natural or organic products has risen by nine and five percentage points, respectively, for these two consumer groups.[110] This is a truly cross-demographic trend though; 6 in 10 Gen X and half of baby boomers agree with this statement too. But the high price tags of these products are still affecting purchases, especially for older citizens. When it comes to actually purchasing healthy foods each month, around a third of Gen Z and millennials have done so, going down to only a quarter of baby boomers. Comparing this to frozen food and ready meals, we can see that although marginally, health foods are now purchased more than frozen meals among younger groups, but we expect this gap to grow in the future.[111]

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[108] "Obesity rates soar due to dramatic global diet shift, says ... - UN News." 16 Oct. 2019, https://news.un.org/en/story/2019/10/1049361. Accessed 13 Jun. 2021.
[109] "Obesity rates soar due to dramatic global diet shift, says ... - UN News." 16 Oct. 2019, https://news.un.org/en/story/2019/10/1049361. Accessed 13 Jun. 2021.
[110] (2017, June 9). (PDF) FUTURE FOOD TRENDS - ResearchGate. Retrieved July 3, 2021, from https://www.researchgate.net/publication/317427244_FUTURE_FOOD_TRENDS
[111] (n.d.). 2020 Future of Food Report.pdf - The future of food An exploration of .... Retrieved July 3, 2021, from https://www.coursehero.com/file/70673564/2020-Future-of-Food-Reportpdf/

3.3 How Millennials Consume

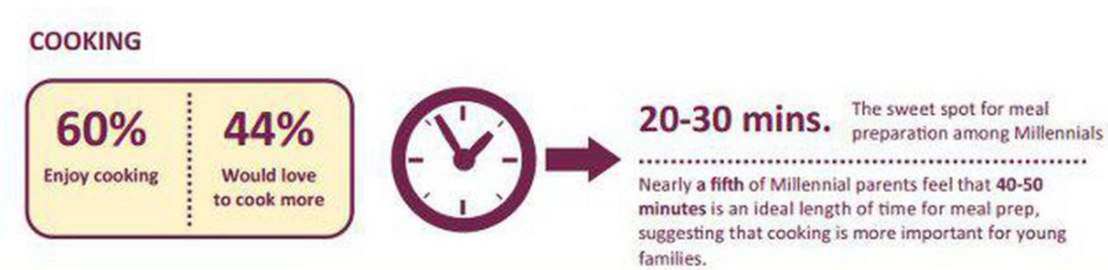
Businesses must understand how the new generation is shopping, what their habits are and how their behaviour can guide commercial direction.

Health-consciousness – These are shoppers who demand food that both tastes good and does good; they wholeheartedly believe in the role of organic products.

Information addiction – This generation places Google, Twitter and Snapchat on a pedestal. They continually seek out information – which is, after all, only a click away. They have their say, and aren't afraid to state their opinion, even to the wider audience.

Snacks – Many millennials have a habit of snacking in replacement of consuming the traditional three meals per day. A Public Health Study at Harvard identified a wide range of eating occasions and motivations for snacking, including eating for an energy or nutritional boost, stress relief, and other social reasons.[112]

Convenience – Convenience is fed by a preference for minimal effort, and interestingly there lies a contradiction when preserve-free fruits are wanted, while convenience shopping is demanded at the same time. [113] [114]



Adventurous – They love trying out new and innovative products.[115]

Influencers – They follow influencers rather than advertisements. Advocacy is the fastest and most effective channel to drive home marketing messages and brand values. For this reason, and many others, social media needs to be embraced when marketing to this consumer group.

Examples of brands that have transformed their product to respond to the Millenials need for Information and Convenience.

[112] "The Science of Snacking | The Nutrition Source | Harvard T.H. Chan ...." https://www.hsph.harvard.edu/nutritionsource/snacking/. Accessed 7 Jun. 2021.
[113] "Millennials' Eating Habits Are Revolutionizing Food Logistics ...." 25 Nov. 2020, https://www.smithcorona.com/blog/millennials-eating-habits-revolutionize-food-logistics/. Accessed 7 Jun. 2021.
[114] "Millennial Food Shoppers and Diners: Spontaneous. Flexible ...." 22 Jul. 2015, https://www.forbes.com/sites/thehartmangroup/2015/07/22/millennial-food-shoppers-and-diners-spontaneous-flexible-contradictory/. Accessed 7 Jun. 2021.
[115] "Millennials' adventurous tastes, disposable income drive food-and ...." 25 Aug. 2017, https://www.hotelmanagement.net/food-beverage/millennials-adventurous-tastes-disposable-income-drive-food-and-beverage-trends. Accessed 7 Jun. 2021.

3.4 The New Continuum

Some GenZ and Millennials purchases are completely online, while the ‘Silent/Greatest’ Generations and Baby Boomers are only Bricks and Mortar (B&M). The question is how retailers solve for ‘the chasm’ between the generational cohorts?

Online shopping fulfilment model is an important decision in adopting online supermarket ventures, representing one of the most expensive investments in infrastructure. It determines process redesign in a supermarket business when one offers online shopping services. For this, the consideration of business volume is critical.

Stores still have a role to play. While Gen Z shoppers are making a strong shift online to make their purchases, some bedrock retailing elements remain intact. Among Gen Zs, the majority still prefer visiting stores to make their purchases. Gen Zs act differently both in stores and online compared to Millennials. Higher percentages make visiting a store a multi-media/multi-channel event. Most of them engage with sales associates, comparison-shop on mobile devices in the store, and ask friends and family about purchases (either in person or remotely via social media, texting or mobile devices). They’re also more likely to interact with in-store, self-service digital information sources.

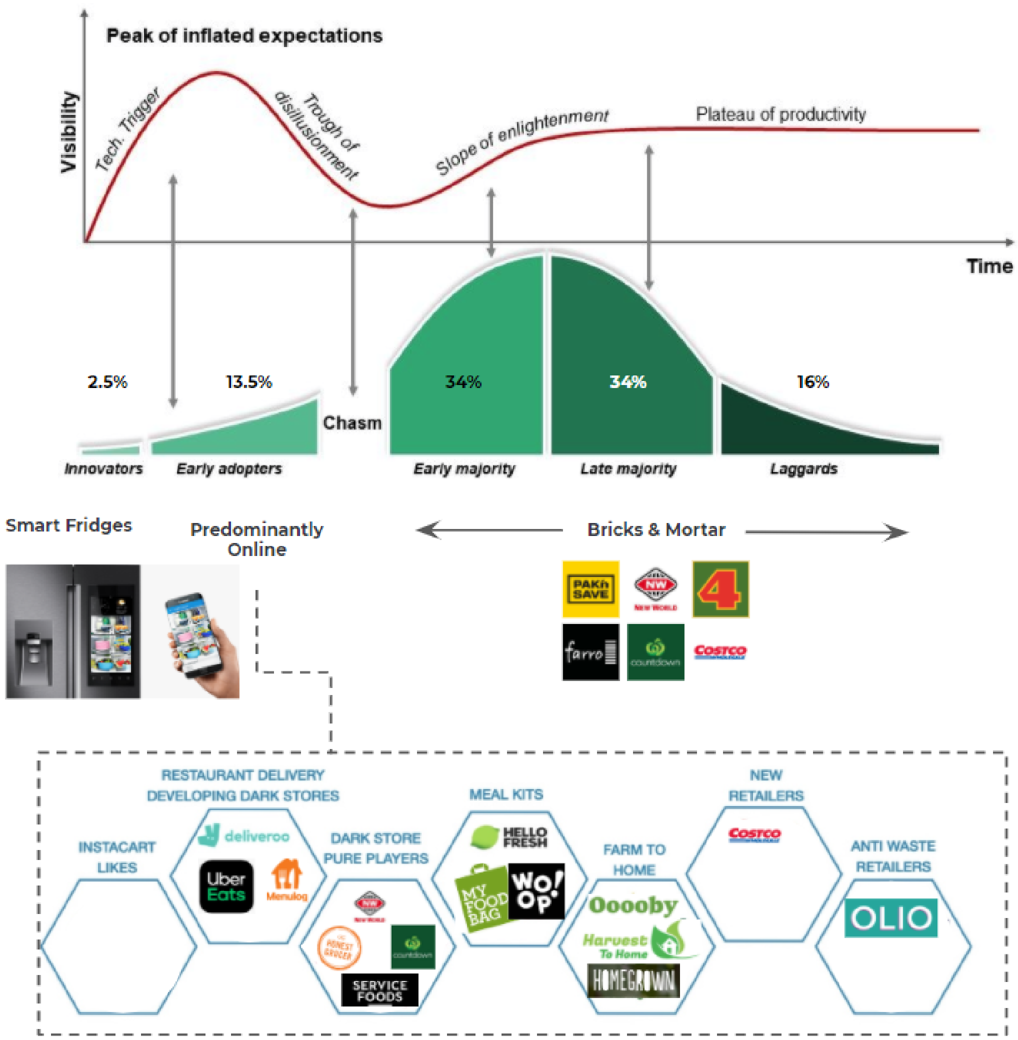
In the medium term, it is expected that supermarkets will move to a mixed model: dedicated fulfilment centres in densely populated areas (and high demand of online supermarket shopping), and in-store fulfilment in areas with less online shopping activities. Non grocery offerings can mostly be based on a dedicated fulfilment model or completely outsourced to third parties. ‘Hybrid’ models may also be incorporated with in-store fulfilment models in the long run. Such a move will entail a major process redesign and learning for the players.

The delivery service model is also an important factor in determining process design of online supermarket ventures. Processes related to the last mile problem – delivery staff and van running-depreciation – entail a significant percentage in the overall cost related to online supermarket processes (approximately 28.8% of total cost for in-store fulfilment model and 44.8% for dedicated fulfilment model, www.ft.com). To overcome this, one of the cases imposes differential pricing strategy[116] to ‘educate’ customers in choosing their delivery time to optimise capacity utilisation.

[116] Charitou, C. D. and Markides, C. C., (2003): Responses to Disruptive Strategic Innovation. MIT Sloan Management Review Vol. 44, No. 2 pp. 55-63.

The figure below shows the complex competitive environment that NZ retailers are navigating.

Hype Cycle and Adoption Curve



[117]

[117] (n.d.). The Family Hub™ Refrigerator | Samsung NZ. Retrieved June 27, 2021, from https://www.samsung.com/nz/family-hub/

FINDINGS AND DISCUSSION

It's only been just over 18 months since the emergence of COVID-19 disrupted lives and businesses. Yet the accelerated rate of change has made the pre-pandemic past feel like a lifetime ago—and arguably nothing in ecommerce better exemplifies this than the food and beverage industry.

4.1 Getting online will continue to be an imperative

It may be hard to imagine or even remember, but as little as 18 months ago, some of the biggest food and beverage makers still had no direct-to-consumer (DTC) ecommerce channels[118]. Brands that traditionally dominated supermarket shelves didn't want to risk alienating chain store clients by starting to sell directly to citizens online. It's estimated that when the pandemic started, only about half of companies in the food and beverage industry had an ecommerce presence[119].

As for those that had already made the leap to retail, in some cases their online stores felt like an afterthought at best. Take consumer packaged goods (CPG) makers such as Nestle, PepsiCo, and Mars, for example: In 2019, only 10% of their revenue came from DTC offerings[120].

4.2 Appetites will increase for "functional food" and health products

Most spent the heady days of the pandemic stress-baking loaves of sourdough, whipping up dalgona coffees, and hoarding takeout food containers. But after a year of eating their feelings, citizens are starting to recognize the impact that both mental and physical wellbeing has on their immunity. That's why experts predict that one of the biggest trends in the food and beverage industry in 2021 will be a focus on "preventative eating" or "proactive eating." In a 2020 survey conducted by FMCG Gurus—a market research[121] company specializing in food—80% of citizens worldwide indicated they were planning to eat and drink more healthily in 2021 as a direct result of COVID-19. New and innovative superfoods marketed to boost immunity will be one of the top food and beverage industry trends in 2021, whether it comes in the form of mushroom coffee, algae capsules, no- or low-alcohol beverages, or bone broth. However, Food & Beverage Insider [122] also predicts that this approach to health will be holistic, with customers seeking out food and ingredients that can help with mental clarity and stress relief, such as adaptogens, CBD, and l-theanine.

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[118] (2021, April 8). The Ultimate Guide to Direct to Consumer Retail (2021) - Shopify. Retrieved June 29, 2021, from https://www.shopify.com/enterprise/direct-to-consumer
[119] (2020, July 4). Food and Beverage E-commerce-Challenges ... - Josh Meah. Retrieved June 29, 2021, from https://www.joshmeah.com/blog/food-and-beverage-e-commerce-for-small-business
[120] (n.d.). Key Findings from the 2019 Online Consumer Packaged Goods .... Retrieved June 29, 2021, from https://www.digitalcommerce360.com/industry-resource/key-findings-from-the-2019-online-consumer-packaged-goods-report/
[121] (n.d.). FMCG Gurus Top Ten Trends 2021. Retrieved June 29, 2021, from https://fmcggurus.com/top-10-trends-2021-report-sm/
[122] (2020, December 10). 2021 food and beverage trends | Food Beverage Insider. Retrieved June 29, 2021, from https://www.foodbeverageinsider.com/market-trends-analysis/food-and-beverage-trends-watch-2021

4.3 The climate crisis will drive demand for plant-based products

We could have easily included meat-free products in the "functional foods" section above, but demand for the latest generation of plant-based products isn't just due to health goals—it's also driven by concerns about the climate crisis.

According to Nielsen data[123], meat alternative sales were up 129% compared to the first nine months of 2019, making it one of the five categories with the greatest sales amid the pandemic. Not just designed for vegetarians and vegans, these products also appeal to socially conscious citizens and flexitarians, making them one of the biggest ecommerce food trends.

This is a trend that's been pushed by millennials, and it's going to last[124]. The industry—which is already worth billions—is projected to increase to $85 billion by 2030[125]. In mid-2020, frontrunner brands Impossible Foods and Beyond Meat both launched DTC websites, demonstrating the role that ecommerce in the food and beverage industry will play in this category.

4.4 Customers will be more cost-conscious

As a result, they'll be more open to trying new brands and different methods of shopping.

According to FMCG Gurus, even before the recession, customers were looking for ways to cut everyday costs, with more than half looking for ways to reduce their grocery bills. As a result, 52% of global citizens have become less brand conscious when it comes to buying food.

Increasingly, brands will no longer be able to rely on heritage and reputation to maintain and grow consumer share. Instead, brands will need to be seen to be responsive to the needs of consumers and helping them make their money go further," reads the report.[126]

A study from Ipsos revealed that in one week in April 2020, more than 25% of consumers tried a new brand[127] or product due to the unavailability of their usual brand. Later in the year, Google reported that 71% of people are now "always on the lookout for new brands and products[128]."

Not only are citizens willing to try new brands—they're also willing to try new methods of shopping, particularly when it comes to food and drink. According to new research from Lumina

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[123] (2020, October 28). The winners and losers for category sales during the first 7 months .... Retrieved June 30, 2021, from https://www.fooddive.com/news/the-winners-and-losers-for-category-sales-during-the-first-7-months-of-the/587793/
[124] (n.d.). Article The Deloitte Global 2021 Millennial and Gen Z Survey. Retrieved June 30, 2021, from https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html
[125] (2019, July 19). UBS predicts plant-based meat sales could grow ... - Markets Insider. Retrieved June 30, 2021, from https://markets.businessinsider.com/news/stocks/beyond-meat-ubs-plant-based-meat-market-85-billion-2030-2019-7-1028367962
[126] (2020, August 8). Perspectives on retail and consumer goods - McKinsey. Retrieved June 30, 2021, from https://www.mckinsey.com/~/media/McKinsey/Industries/Retail/Our%20Insights/Perspectives%20on%20retail%20and%20consumer%20goods%20Number%208/Perspectives-on-Retail-and-Consumer-Goods_Issue-8.pdf
[127] (n.d.). Canada's e-commerce moment is now - Think with Google Canada. Retrieved June 30, 2021, from https://www.thinkwithgoogle.com/intl/en-ca/consumer-insights/consumer-trends/coronavirus-retail/
[128] (n.d.). How omnichannel retailers can maximize impact this shopping season. Retrieved June 30, 2021, from https://www.thinkwithgoogle.com/intl/en-apac/consumer-insights/how-omnichannel-retailers-can-maximize-impact-shopping-season/

Intelligence[129], 18%, or roughly one in five, of citizens changed their primary method of grocery shopping to shopping online in 2020.

Will this hold strong as one of the biggest digital trends in the food and beverage industry when stores reopen and lockdowns end? Experts think so. Research from Digital Commerce 360[130] indicates that 31% of American shoppers will likely continue to use grocery pickup or delivery even after the pandemic is over.

4.5 Citizens will continue to look for greater transparency and connection to brands

Citizens may have tighter budgets in 2021, but that doesn't mean they're willing to cut corners when it comes to their health or personal values systems. Instead, they're carefully reading the labels to find out not just what goes into their food, but where and how it's made.

In addition to seeking to establish trust and transparency, online shoppers in 2021 are looking to support local businesses and actively searching for stores that offer same-day delivery or click-and-collect pickup[131].

Yes, budgets will be a major factor in online purchases, but citizens will also be willing to pay extra for what they determine to be quality products. Arresta says one key example is organic food products. "People think the average citizen doesn't have the resources to buy organic food because of the pandemic," he says. "But it's not true; the organic industry has been growing."

4.6 New recipes for engagement and sales may prove more popular than familiar favorites

In surveys, citizens report that they anticipate they'll continue to recreate big nights out in the comfort of their homes—even post-pandemic. According to GlobalWebIndex's The Future of Food Report[132], around 44% of global citizens anticipate they'll make fewer trips to food service channels such as restaurants after the pandemic. Already, online food delivery is overtaking restaurant dining as a weekly activity.

For this same reason, packaged meals, ready-to-eat meals, and meal kits—particularly if they're healthy—have a strong future.

Citizens may be eager for life to return to what it once was, but the truth is that how we buy and sell goods has been fundamentally changed. When lockdowns end and restrictions are lifted,

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[129] (2021, February 10). Post-COVID trends: Shoppers will back local, remain online and .... Retrieved June 30, 2021, from https://www.foodnavigator.com/Article/2021/02/10/Post-COVID-trends-Shoppers-will-back-local-remain-online-and-watch-their-F-B-spending
[130] (n.d.). 2020 Online Food Report I Digital Commerce 360 Research. Retrieved June 30, 2021, from https://www.digitalcommerce360.com/product/online-food-report/
[131] (2021, March 10). Ecommerce Fulfillment, Free Shipping & Two-Day Delivery ... - Shopify. Retrieved June 30, 2021, from https://www.shopify.com/enterprise/ecommerce-fulfillment-free-shipping
[132] (n.d.). Food Trends 2020, Food & Drink Marketing to Consumers ... - GWI. Retrieved June 30, 2021, from https://www.gwi.com/reports/future-of-food

some of the habits that were acquired in the midst of the pandemic won't just disappear. After experiencing the ease of ordering food and having it delivered to their door, shoppers that didn't previously shop online are now converts for life. And retailers, who may have once been concerned about damaging clients relationships by selling direct to citizens have learned that there's power in offering omnichannel shopping experiences[133].

4.7 The Future of Shopping Malls

In the past decade, as shopping dollars migrated online and a parade of well-known retailers toppled, the malls that didn't evolve fast enough stumbled into a devastating cycle of dwindling traffic, lower sales and disappearing storefronts. The pandemic has only made matters worse. Retail vacancy rates are nearing a seven-year high. [134]

The pandemic put a spotlight on the inefficiencies of this retail format, and now it's up to malls and retail store owners to reinvent the shopping experience.

Some retail experts predict malls will transform and have different spatial and functional distributions in the upcoming years. One of the frequently discussed topics is what the future of vacant malls may be. Predictions range from fulfillment centers and apartment buildings, with a small percentage of retail stores, homeless shelters, and health clinics.[135]

The Wall Street Journal reported that Amazon is looking to buy up vacant mall space, which added to speculation that some malls may become distribution centers going forward.[136]

Those that are thriving are spending millions reinventing themselves as integrated lifestyle hubs — adding yoga studios, medical clinics and microbreweries — populated with more upscale shops. But such targeted investments are often coming at the expense of mall operators' lower-tier properties — and analysts say the divide between rich malls and poor malls is widening.[137]

"There is an accelerating polarization between the 'best' and the 'rest,' " said Neil Saunders, managing director of research firm GlobalData Retail. "Newer, nicer malls have become magnets for citizens, pulling them away from struggling properties."

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[133] (n.d.). 5 Trends for the Future of Ecommerce in 2021 - Shopify. Retrieved June 30, 2021, from https://www.shopify.com/enterprise/the-future-of-ecommerce

[134] "The death of the American mall was a warning sign that our...." 4 Apr. 2021, https://www.businessinsider.com/retail-apocalypse-helped-spark-a-rapid-descent-into-dystopia-2021-3. Accessed 13 Jun. 2021.

[135] "The Future of Malls: How Dying Malls Are Reinventing ... - Shopify." 18 Dec. 2020, https://www.shopify.com/retail/future-of-malls. Accessed 13 Jun. 2021.

[136] "Amazon and Mall Operator Look at Turning Sears, J.C. Penney ...." 9 Aug. 2020, https://www.wsj.com/articles/amazon-and-giant-mall-operator-look-at-turning-sears-j-c-penney-stores-into-fulfillment-centers-11596992863. Accessed 13 Jun. 2021.

[137] "Malls are dying. The thriving ones are spending millions to reinvent ...." 22 Nov. 2019, https://www.washingtonpost.com/business/2019/11/22/malls-are-dying-only-these-ones-have-figured-out-secrets-success-internet-age/. Accessed 13 Jun. 2021.

Safety was a top priority throughout 2020. Brick-and-mortar stores applied safety protocols to keep shoppers and employees safe, and some of these initiatives may turn out to be tactics that stick around for the long haul:

1. Appointment-based shopping
2. Local pickup
3. Contactless payments

Moving forward, it's clear that malls will still have a place in the retail ecosystem. However, they'll likely have a different look and feel. As the physical retail landscape evolves, shopping malls will be all about experience per square metre.

Citizens don't think in terms of channels—they expect an outstanding shopping experience from clicks to bricks[138]. To meet growing customer expectations, retail store owners within malls need to focus on an omnichannel approach with a unified online-offline experience.

4.8 Change in Supply Chains

New Zealand fruit and vegetable markets were significantly impacted by the spread of COVID-19 in March 2020. Due to the closure of restaurants, bars, and schools, produce growers and distributors were forced to shift supplies almost entirely from the foodservice to the retail channel. Shippers reported labour and logistical constraints in making the change, but the fresh produce supply chain remained robust. In the long term, we expect lasting changes in citizens' online food-purchasing habits, heightened constraints on immigrant labour markets, and tighter concentration in fresh produce distribution and perhaps retailing.

Some citizens rushed to the supermarkets to stockpile, others hit the keyboards. Worldwide Google searches for "food delivery" and "local food" reached all-time highs in April. In New Zealand, people were six times more likely to look for "veg boxes" than a year ago[139]. The crisis made us all re-examine how we get our groceries and where they come from.

Meanwhile, hyperlocal and alternative food projects adapted faster and were able to close the gaps in the unravelling globalised food system. In just two months, vegetable box providers, with waiting lists ranging from 160 to 6,700 customers, delivered fresh produce to homes – more than double their usual sales.[140]

So would we be better off moving to deliveries of food from local producers and suppliers directly to the citizens?

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[138] "From Clicks to Bricks: Why Online Brands Are Investing in Retail." 3 Apr. 2019, https://www.shopify.com/retail/clicks-to-bricks. Accessed 13 Jun. 2021.
[139] Trends: google.com
[140] "How Covid-19 is changing food shopping - BBC." https://www.bbc.com/future/bespoke/follow-the-food/how-covid-19-is-changing-food-shopping.html. Accessed 13 Jun. 2021.

It’s not that straightforward. Many farmers choose to sell their produce to supermarkets, despite retaining under a third of the retail price on average, as it is more efficient and reliable[141]. Bringing produce into the city – the “last mile” problem – is very expensive, says van der Schans. The time pressure to deliver a box within a small time window is enormous, and there are few free delivery parking spaces in cities.

Then there is the packaging. “Some box schemes are working on this but the pile of packaging material in most online deliveries is too big, it produces a lot of waste,” van der Schans says.

Local initiatives such as box schemes and online farmers’ markets diversify both what we eat and how we get it. This strengthens the resilience of the food system by reducing our dependence on one particular retailer – the supermarket.

“Supermarkets are very efficient at providing a lot of food for a lot of people but they have their vulnerabilities,” says Moya Kneafsey, professor in food and local development at Coventry University.[142] In Britain, for example, only 17% of fruit and half of vegetables are grown locally – the rest comes from cheap international trade, as supermarkets promote year-round availability. “Covid-19 begs the question – will the imports we rely on be dependable in the future? Even if supply is OK at the moment, will it be affected by the long-term impact of the virus in producer countries and in the transport sector?”

The average storage capacity of a supermarket is only one day’s worth of fresh products, says Jan Willem van der Schans, senior researcher of new business models at Wageningen University and Research. This supply chain needs a buffer – extra provision for when international trade or logistics are disrupted. “Every country has its comparative advantage – we grow bananas in tropical zones and we grow kale in temperate zones, but locally-produced food could be that buffer in the future.”

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[141] Quiet sustainability: Fertile lessons from ... - ResearchGate." https://www.researchgate.net/publication/257246332_Quiet_sustainability_Fertile_lessons_from_Europe's_productive_gardeners. Accessed 13 Jun. 2021.

[142] "How Covid-19 is changing food shopping - BBC." https://www.bbc.com/future/bespoke/follow-the-food/how-covid-19-is-changing-food-shopping.html. Accessed 27 Jun. 2021.

CONCLUSION

Feeding a ballooning global population, combining new flavour sensations with health and wellness, engineering foods to combat climate change, and developing next-gen food and drink experiences are some of the challenges for 2030.

In the not too distant future, citizens will turn to companies to be the leading forces for change on important societal issues. To meet citizen expectations, food, drink, and foodservice companies must establish results-oriented activist approaches.

Citizens will become more mindful about their purchases and behaviours. They will take pride in their personal efforts and support companies that make them feel more judicious in their use of packaging and precious resources.

Businesses need to form alliances to extend the reach and speed of corporate activism. More food, drink, and foodservice companies will work together and/or join forces with philanthropic organisations and governments to help advance vital concerns. For example, Nestlé, Arla Foods, and Unilever are among the 22 companies and retailers that have committed to the Sustainable Dairy Partnership, which aims to improve animal care, working conditions, and limit greenhouse gas emissions.[143]

In the next 10 years, citizens will be able to use easily accessible and affordable customised biological tests, data collection, and analysis to learn what makes their bodies one of a kind. The results will help citizens better understand how to address every aspect of their health, including brain and emotional health. While respecting citizen privacy, food, drink, and foodservice companies will have opportunities to develop personalised recipes, custom diet plans, and individualised products.

Citizens will share their personal data with a multitude of Internet of Things-enabled devices. Citizens will want the convenience of recommended shopping lists, recipes, and meals that are customised to their flavour, taste, and texture preferences.

[143] "Global Food and Drink Trends 2020 to 2030 | Mintel.com." https://www.mintel.com/global-food-and-drink-trends-2030. Accessed 13 Jun. 2021.

RECOMMENDATIONS

It's clear, younger generations are using technology available to them in their quest to purchase the perfect product in the perfect way. To engage the newest generations I recommend:

Supermarkets get closer to the customer.

These shoppers are open to new models. This is a real opportunity for retailers to secure new customer data. These insights successfully can increase the lifetime value of each citizen.

AI is the cornerstone of the future of customer experience. Brands need to leverage AI to become more efficient and personalized. Many aspects of the customer experience, like answering routine questions or even checking out in store, can be automated with AI, which leaves human employees more time to interact with customers in meaningful ways. In the future there will be more apps, robots and other technology we haven't even created yet. The key is for companies to find balance between technology and human interaction—customers enjoy the convenience of using a chatbot or an app for information, but they also crave real human connection, such as talking to a representative about a more complicated problem or getting personalized product recommendations from a stylist.

Retailers 'woo' citizens with Experiences and Speed.

Experiences are something that Millennials and Gen Zs will want to share. Consider partnering with 3rd party companies to enhance the customer experience. Coupling experience with speedy fulfillment will go a long way toward meeting this generation's expectations.

To protect against margin erosion, the grocery store of the future will be much more focused telling brand stories and personalisation than groceries. Customers won't choose the store because of the products; they'll choose it because it offers a convenient or beneficial experience. It will be a place where customers come to learn about their food and experience it in new ways instead of just buying it. That means stores will offer things like cooking classes, wine tastings and restaurants. They're more likely to spend money on a great experience because they care more about memories than things.[144]

Gen Zs crave speedy deliveries much more than Millennials do. In fact, many more of them will cancel an online order if delivery timing is ambiguous, and fewer are willing to wait for free deliveries. They want to schedule their deliveries and ideally get it that same day. 58% Gen Z shoppers who say they'd pay more than $5 for one-hour deliveries[145].

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[144] "The Future Of Grocery Stores - Forbes." 6 Jul. 2020, https://www.forbes.com/sites/blakemorgan/2020/07/06/the-future-of-grocery-stores/. Accessed 13 Jun. 2021.

[145] (2017, February 10). Gen Z and Millennials Leaving Older Shoppers and ... - Accenture. Retrieved June 30, 2021, from https://www.accenture.com/t20170210T012359__w__/us-en/_acnmedia/PDF-44/Accenture-Retail-Customer-Research-Executive-Summary-2017.pdf

Don’t abandon stores.

The store needs to be an experience that is an extension of the brand. Reimagine them to create a digitally connected, interactive and hyper-personalized physical shopping experience. Consider the ability of the sales associate to enhance the experience. The challenge for retailers is to move away from selling products and toward creating experiences and telling stories—finding innovative ways to participate

Introduce concepts and focus on “cool” social media.

Many products are the same and have become commodities. Citizens differentiate between products by their experience with them. Technology has fundamentally changed how people shop and interact with brands.

Videos and pictures are becoming more important than text for younger shoppers. Social media plays a central role in their lives and the expectation of constantly changing stories is becoming the norm. Yet young people are quick to move to the latest channel, so being nimble is key for retailers.

Overload on feedback.

Gen Zs value feedback from their family and friends, suggesting that retailers no longer own the review process. Brands should also look at collecting shopper product testimonial videos – an authentic approach that adds tremendous credibility. Social listening capabilities and making this a prominent PR focus will be critical.

Focus on Ethical and Environmentally Friendly Products

There is accumulating evidence that citizens are impacted by the perceived sustainability of [a] brand, and that citizens are willing to pay a premium for products from a sustainable brand over a non-sustainable competitor brand[146]. Younger citizens are increasingly mindful of where they shop. This shift has been a long time coming. According to a January 2019 survey from Hotwire, 47% of users worldwide said they had switched to a different product or service because a company violated their personal values. Protecting the environment topped the list of reasons citizens switched, and 5% cited concerns about climate change.[147]

[146] (2020, April 22). Sustainability Is a Value That's Changing ... - Business - Insider. Retrieved June 30, 2021, from https://www.businessinsider.com/sustainability-as-a-value-is-changing-how-consumers-shop
[147] (2019, October 4) Younger consumers are increasingly mindful of where they shop https://www.emarketer.com/content/sustainability-is-factoring-into-2019-holiday-purchases?_ga=2.247786055.1502740562.1625031158-1023812922.1624849805