



A Retailer Perspective in Packaging

Curtis Mann, Raleys



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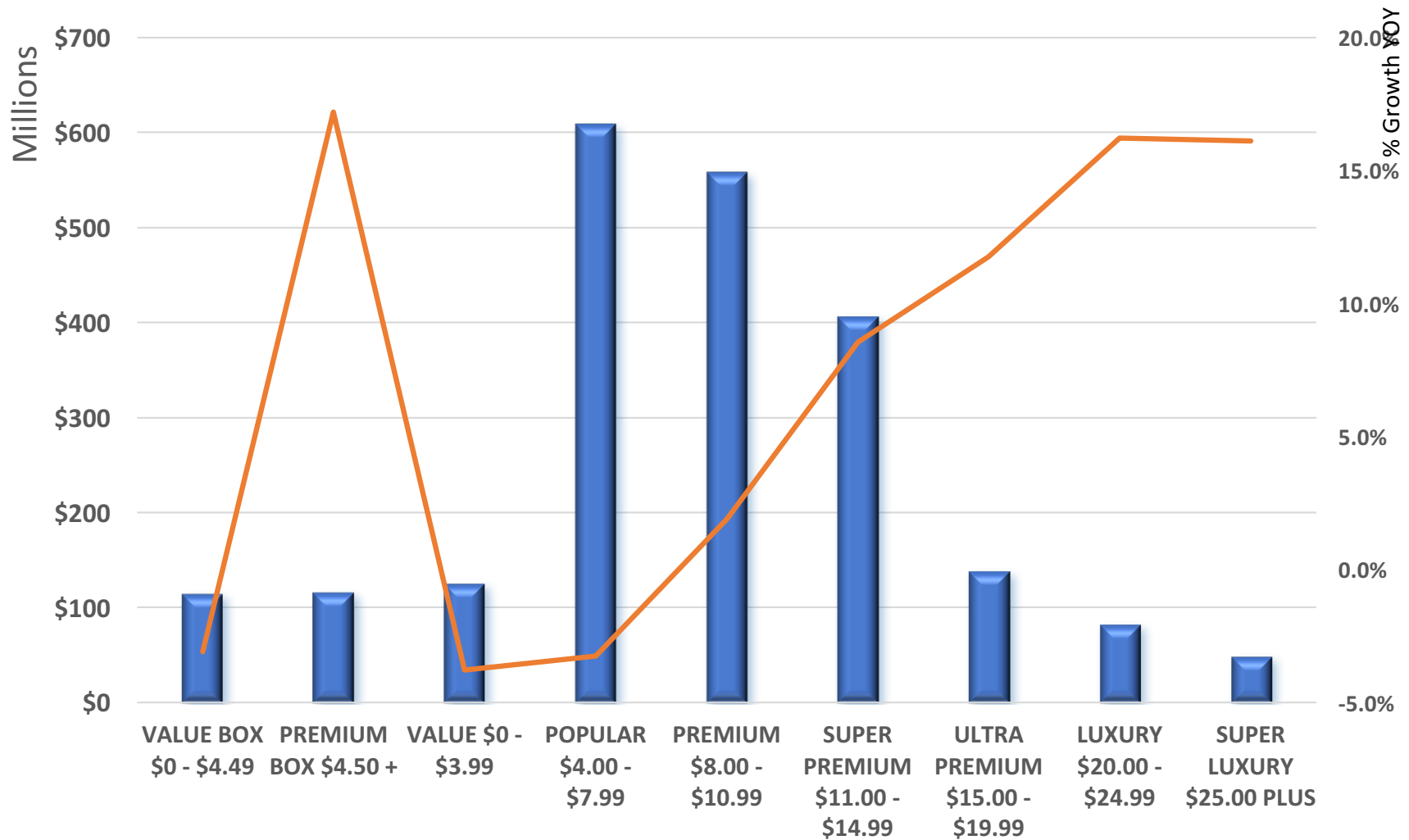
Curtis Mann, AIWS
Director, Liquor & Beverage
Raley's Family of Fine Stores

Current Grocery Market

- Declining trips in traditional grocery
- Declining sales as result of less trips
- Deflation in pricing as store try to grab shrinking share
- Dramatic increase in click and collect sales
- Mass retailers performing well in sales as they enter price wars with Amazon



Consumer Purchasing Behavior

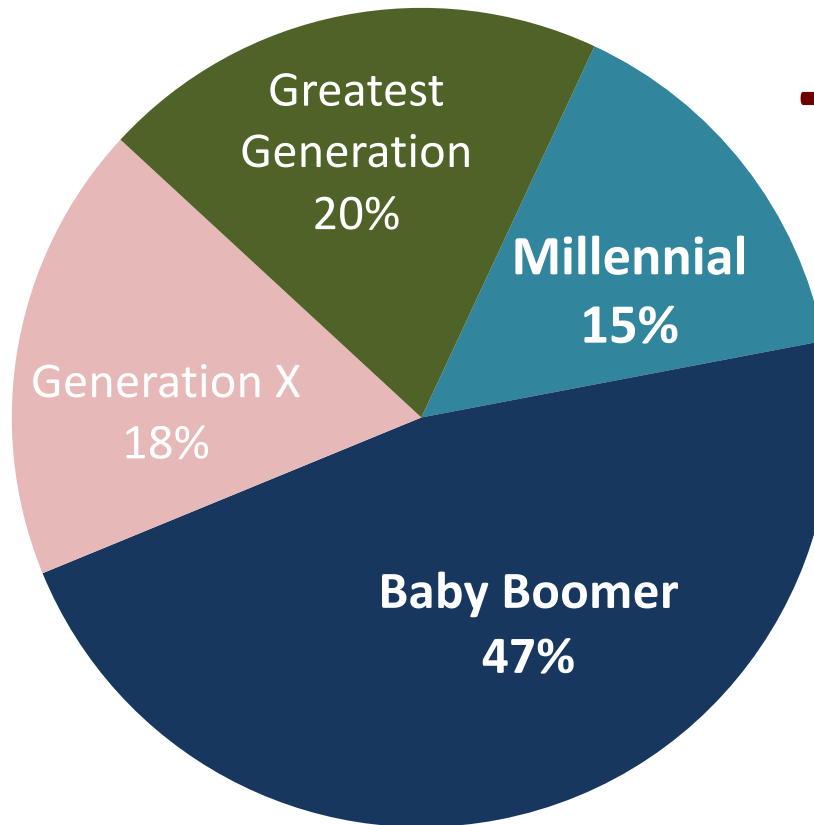


Categories performing well in Grocery and Drug are premium box and the luxury categories

Latest 13 weeks ending July 30, 2017 IRI Total US Food/Drug

Raley's

Who is the Wine Consumer?



+11%

Wine Dollar Trend
for Millennials

-1.5%

Wine Dollar Trend
for Baby Boomers

Younger consumers are buying wine but the ***volume*** driver consumers are ***Baby Boomers***

Implications for Packaging

- Packaging priorities for grocery retailers:
 - What will drive trips?
 - What will drive units?
 - Is there a way to increase loyalty?
 - Exclusive items
 - Private label
 - Unique offerings
 - How does a retailer drive impulse purchases now that coupons are no longer legal?
 - How can retailers give customers an experience?
 - How do retailers get customers excited to come back into the store?

Package Type: Convenience = Trips

- Tetra Pack
 - Positives:
 - Convenience factor of not having glass
 - Easy to chill and transport
 - Negatives:
 - Consumer perception?
 - Selection
 - Display in Store



+ 13.9% over
last 26 weeks

Package Type: Convenience = Trips

- Cans

- Positives:
 - Convenience factor
 - Easy to chill and transport
 - Great for the beach/boat
 - Do not take up much space on shelf
- Negatives:
 - Tasting experience
 - Selection
 - Display in store



+ 27.2% over
last 26 weeks

Package Type: Value = Loyalty

- **3L Premium Box**
 - Positives:
 - Great price to value
 - Very little wasted wine
 - Sustainable
 - High repeat purchase
 - Negatives:
 - Selection
 - Does not require as many trips
 - Price Ceiling?



+ 17.9% over
last 26 weeks

Package Type: Total Price = Impulse

- **375 It Glass**
 - Positives:
 - Lower total ring for customers
 - Less wasted wine
 - Fits into some customer needs for lower alcohol consumption
 - Negatives:
 - Selection
 - Price to Value
 - SKU proliferation



+ 29.1% over
last 26 weeks

Package Type: Kegs = Experience

- Kegs

- Positives:

- Profitable for the retailer
 - Keep wines fresh
 - Restaurant inside grocery stores expanding

- Negatives:

- Need the right equipment
 - Selection can be limited although getting better



Package Type: New Trend = Excitement

- **Rose - Glass**

- Positives:
 - Sexy packaging
 - Upscale look and feel
 - High repeat purchase
- Negatives:
 - SKU Proliferation
 - Clear glass and low acid = bad combination
 - Lack of customer knowledge



+ 71.2% over
last 26 weeks

Conclusion

- New Packaging types are driving interest in the category
- Some types of packaging meets retailers needs for their consumers
- Wine quality must match with the packaging type.

Questions?



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