

Winning the Basket: Moving from Ads to Experiences





### Consumers Are Squeezed More than Ever

Food prices are expected to keep going up by five to seven per cent in 2023: report

**GTV** NEWS

Inflation stayed high last month, compounding the challenges facing the US economy



Lowering inflation isn't enough to fix the rising cost of living

**<u>FPEAK</u>** 

Grim food price report predicts these items will get more expensive in 2023

DH \* Canada

Modern Retail x Attest Research: Shoppers are cutting back on spending in areas like grocery and apparel



Nearly 70% of consumers to cut back on nonessential spending: report







### Consumers Are Squeezed More than Ever

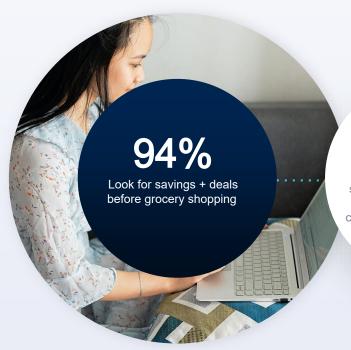
As Canadians experience a decline in purchasing power.







# Shoppers are worried about inflation and are looking for savings +deals before going to store



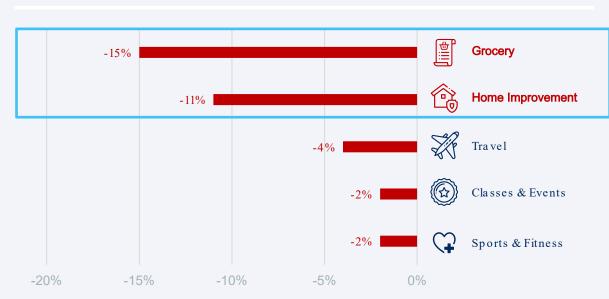
73%
say they would switch to a store they don't normally consider if they saw a great deal





Increase in % of people who are planning to cut spending in various categories Between Dec 2022 and March 2022

Shoppers are cutting back on everyday essentials such as home improvement and grocery









## Shoppers Are More Value Conscious Than Ever & Changing Their Behaviours

**New behaviours** include pre -planning store trips to minimize impacts of inflation, and shoppers are using digital circulars to create shopping lists, and track prices.

**S** 55

91% 12

Are concerned about rising grocery prices.



84%

Say their grocery bill has increased in the last 3 months.



86%

Of Canadian HHH shoppers read flyers; 54% preferring only or mostly digital copies.



88%

Have used at least one of the following:

- → 69% loyalty points in the last month
- → 27% Digital coupons or rebates
- → 22% Paper coupons or rebates
- → 14% Deal trackers

"With rising costs, I need to know prices before I go shopping. I look for savings everywhere and I'm willing to switch stores."





### Weekly Ad / Flyers

In 2022, retailers spent millions to create and distribute print circulars in Canada.



Trips



**Baskets** 



Vendor Support



# Publishers stopping print

ALABAMA MEDIA GROUP

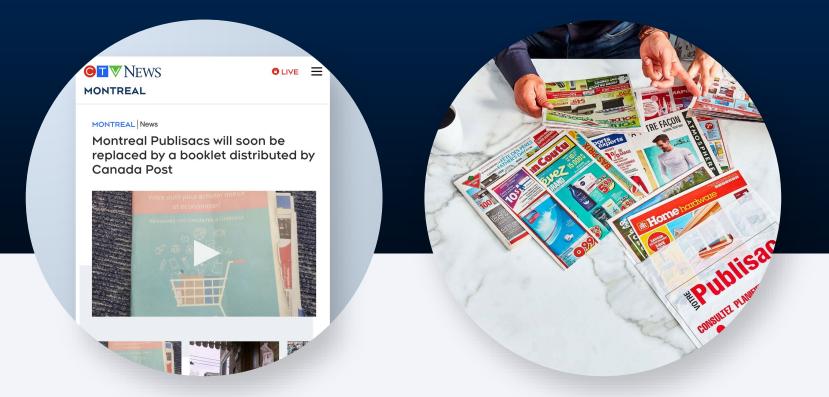
**MCCLATCHY** 

**GANNETT** 





### Twilight for Print

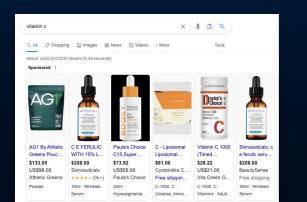


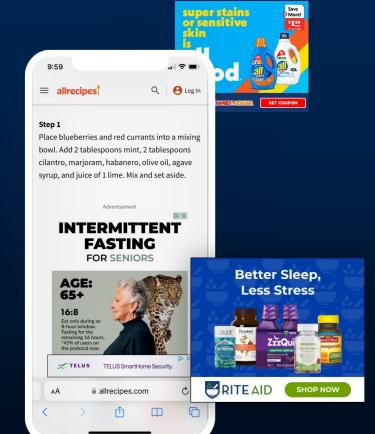


### Switch to Digital?







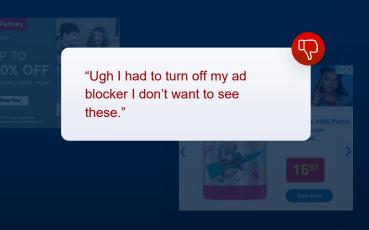


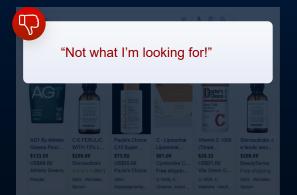


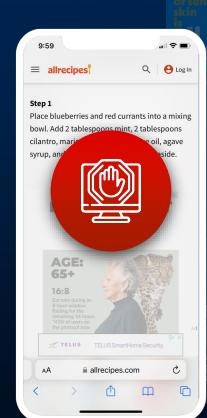


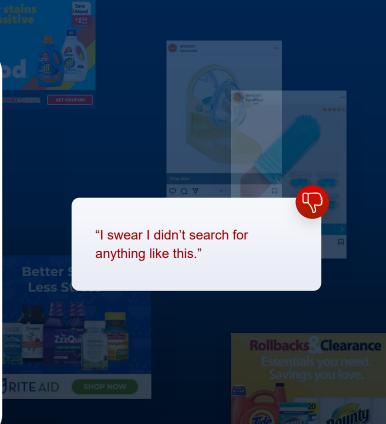


### Not so fast..



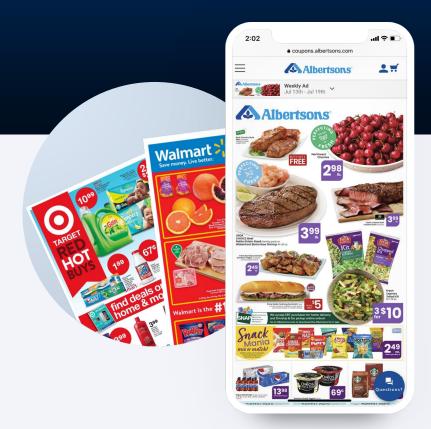








### Why Flyers Worked?



#### Good Flyer (Digital or Paper) Attributes



Newsworthy



Locally Relevant



Products & Savings



Curated Selection



Shoppable



Don't make ads Make Local Shopping
Experiences



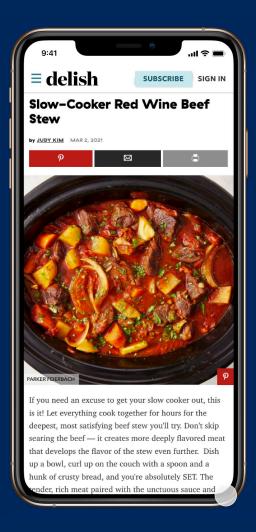












# Large Format Immersive Experience



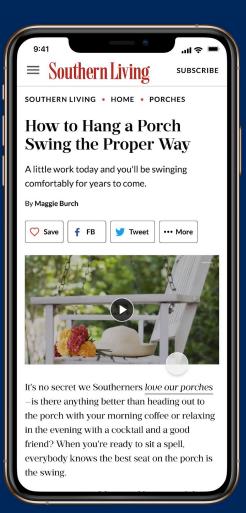
Newsworthy local experience



Curated product & savings



Contextually relevant



## Digital First Dynamic & Vendor



Dynamic product placement



Shoppable products & savings



Vendor support opportunities





### Ads vs Experiences

Traditional Display Ads



Digital Shopping Experience





### Building the Shopping Experience



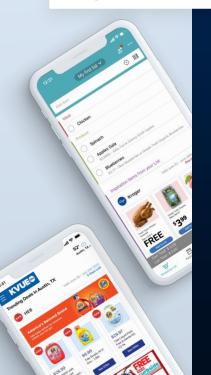
Put it all together for the future



### Creating the Experience



Digital First Process





Digitization

Distributable Experience









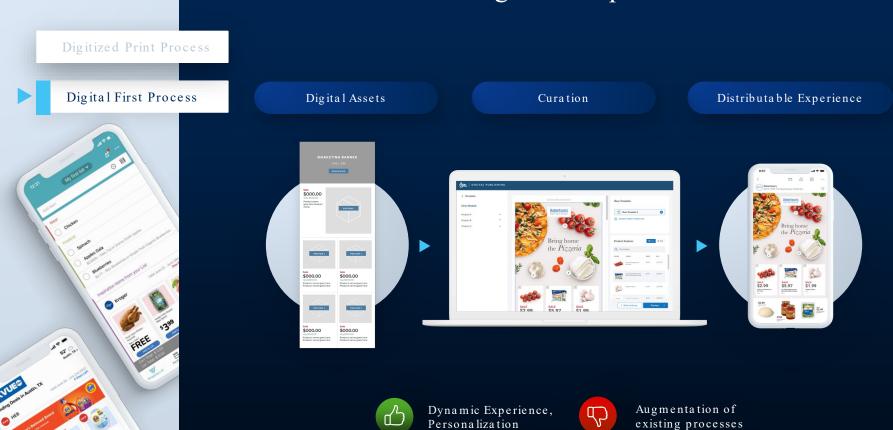
Turnkey process ready to go

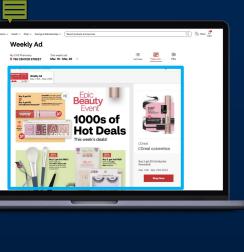


Not taking full advantage of digital



### Creating the Experience









### Reaching Shoppers

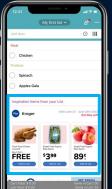
No matter where the content is shown, it should be a shopping experience, not an ad

Owned Properties | Paid Distribution | Earned Media











Reaching Shoppers In Ways that Drive Trips

What is Loblaws?



Reaching Shoppers In Ways that Drive Trips

What's on sale at your Loblaws this week?



Answers the Question of What, and Builds Consideration

To generate consideration every week, we need shoppers to engage with offers





Clicks

Interactions





### Measurement - Principles

#### Key Principles



Strategic Alignment

Get stakeholder alignment around digital flyer program to measure, do not measure in attempt to get alignment



Generate Comparable Results

Directly comparable results is more important than academic correctness



Iterative Business Case

Progressively walk up the ramp of reason to get increasingly definitive results in relation to complexity and risk





### Measurement - Ramp of Reason

Progressively increase complexity, scale and risk of measurement to achieve increasing level of confidence, in order to get comparable results to make investment decision against business objectives

Digital Media Metrics



Did my digital media generate favourable metrics?

- Cost per engagement
- Quality of engagement

Behaviour Change



Did my campaign cause shoppers to change their shopping behaviour?

- Purchase intent lift
- Consideration lift
- Incremental store trips
- ID linked sales attribution



Did my strategy result in lift in sales at a scale that matters for the business?

• Sales lift as seen at the store level



### Building the Shopping Experience



Put it all together for the future





### Don't make ads -Make Local Shopping Experiences

- Consumers are seeking savings
- Weekly ad is a powerful driver of trips and vendor support
- Consumers want shopping experiences, not more ads
- Prepare for transition from print to digital



