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IMPROVING RETAIL FOOD STORE FORMATS TO MEET CHANGING CONSUMER VALUES

Chairperson: Dr. Oral Capps, Jr.

Keynote Address

by

Peter C. Davis
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Scottsdale, Arizona

General Outline of Speech

- | | |
|--|---|
| 1. Introduction - Who is Peter Davis, and why is he here? | The hypermarket |
| | Upscale food stores |
| 2. Brief Review of Changes in Supermarket Formats That Have Taken Place During the Past Few Decades: | 3. What have been some of the forces at work in bringing about this proliferation in formats? |
| Conventional supermarkets of the 1950s and 1960s | Population |
| The emergence of the "superstore" concept | Shifts from city to suburbs |
| Phase I of warehouse markets | Shifts back to the cities |
| Convenience stores | Shifts from farm to urban areas |
| Box stores | Growth in certain areas of the country |
| Specialty stores | Demographic and socioeconomic characteristics |
| Combination stores | Declining household sizes |
| Phase II of warehouse stores | More single-person households |
| The super warehouse market | More two wage-earner households |
| | Increasing concentrations of minorities |
| | Increases in disposable income levels |
| | Other factors |

Energy costs
Trends in shopping center development
Mass transportation in urban areas
Consumer mobility
Increased importance of leisure time

4. While serving changing consumer values and needs has certainly led to new and alternative formats, so also has the increasing level of competition in the retail food industry.

Generally declining margins in traditional food store merchandise

Scrambled merchandising

Market differentiation

Market segmentation

Alternative sources of profitability

Increasing importance of scanning (data availability)

The need to out-do competition

5. Questions concerning the continuing proliferation of retail food store formats.

How big is too big?

When is a supermarket no longer a supermarket?

What should be the role of consumer research?

What should be the role of customer research?

In light of segmentation and differentiation analysis, what about the continued role of convenience as a motivation?

What other shopper motivations are taking on added importance?

6. Summary: Where do we go from here? How do we proceed? How can research provide adequate input to the process of format development?

Focus groups

Consumer surveys

Customer surveys

Trade area analyses

Strategy overviews