

# CHECKOUT



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## From the Editor

Hello and welcome to the inaugural edition of CHECKOUT, our monthly quick-read newsletter that takes a look at the Canadian retail marketplace. Every month our team explores key themes and activation programs within a variety of retailer environments. Our aim is to find the most relevant and engaging shopper-facing campaigns and emerging trends, and share them with you.

## Holiday Consumer Confidence

Consumers sent mixed signals this holiday season. Consumer confidence is reported to be at its lowest point in two and a half years, but consumer holiday spending is up across the country, Moneris Solutions Canada reported.

B.C. and New Brunswick saw the smallest increases in the country, at just 2.41% and 2.36% respectively, Moneris said in their December 22, 2011 news release. Across the country, spending was up 4.64% between Nov. 25 and Dec. 19, compared to the same period last year.

Canadians seem to be catching onto the American concept of Black Friday, the Friday after American Thanksgiving, and, a few days later, Cyber Monday. Black Friday spending was up 8.3%, while Cyber Monday spending was up 15.4%.

Spending on consumer electronics was up a whopping 131.5% on Cyber Monday in Canada. But since Cyber Monday, spending on electronics is down 8.9%. Retail spending is flat, with just 0.5% growth compared to 2010.

One notable exception is pet stores, where spending is up 10.7% over last year.

The overall number of transactions is up 6%, while the average purchase amount is down 1.3%. "This indicates that Canadians are seeking deals offered by retailers, and purchasing lower priced items more frequently" Moneris said.

## U.S Chains expand north

In 2011 a number of U.S. based retail chains moved "North of the Border." The Limited Brands' Bath and Body Works, J. Crew, Express, Marshalls, Intermix and Victoria's Secret established storefronts in Canada and now have plenty of company thanks to a flurry of new arrivals vying for the Canadian consumer's dollar. The Hudson's Bay Co. acquired Canadian franchise rights for Topshop and Topman. While it's still early days for the newest additions to the Canadian retail scene, outside players with a foothold in the market have already made an imprint. After just over a year in Canada, lingerie retailer Victoria's Secret ranks sixth in the intimates subsector.

With the looming arrival of U.S. discount giant Target in 2013; retailers need to focus on building loyalty with existing shoppers, while simultaneously growing their share of the market.



The Canadian Press Aaron Vincent Elkaim  
J. Crew president and creative director Jenna Lyons poses for a photo at Canada's first J.Crew store at the Yorkdale Shopping Centre in Toronto on August 17, 2011.

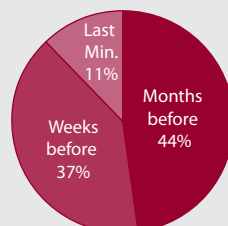
Trendex N.A. president Randy Harris said, "U.S. retailers have had the benefit of seeing other chains succeed in Canada, giving them a confidence they may not have had two or three years ago to enter the market. Canadians have been in the United States and they're aware of these companies so it's not like they have to build store awareness. They're already known quantities with the Canadian audience."

Harris said the story of 2012 won't be the influx of more chains, but rather the expansion of existing outfits. What does all this mean for the Canadian retail environment? It means more competition, lower retail prices and a better selection for the Canadian shopper.

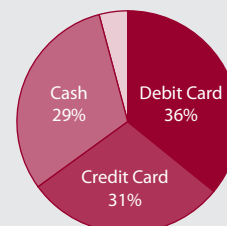
Average holiday spend on entertaining?  
2010 = \$203.80  
2011 = \$307.30

Who spent the most this Christmas?  
Albertans spent about \$1,600  
B.C. residents spent about \$1,500  
Ontario spent about \$1,420  
Quebec spent about \$1,320

When do Canadians start their shopping?



How do Canadians pay for their holiday shopping?



If you have any questions about this edition or want to be on the email distribution list, please contact me at [walkerr@mars-philter.ca](mailto:walkerr@mars-philter.ca)

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## Holiday Platform

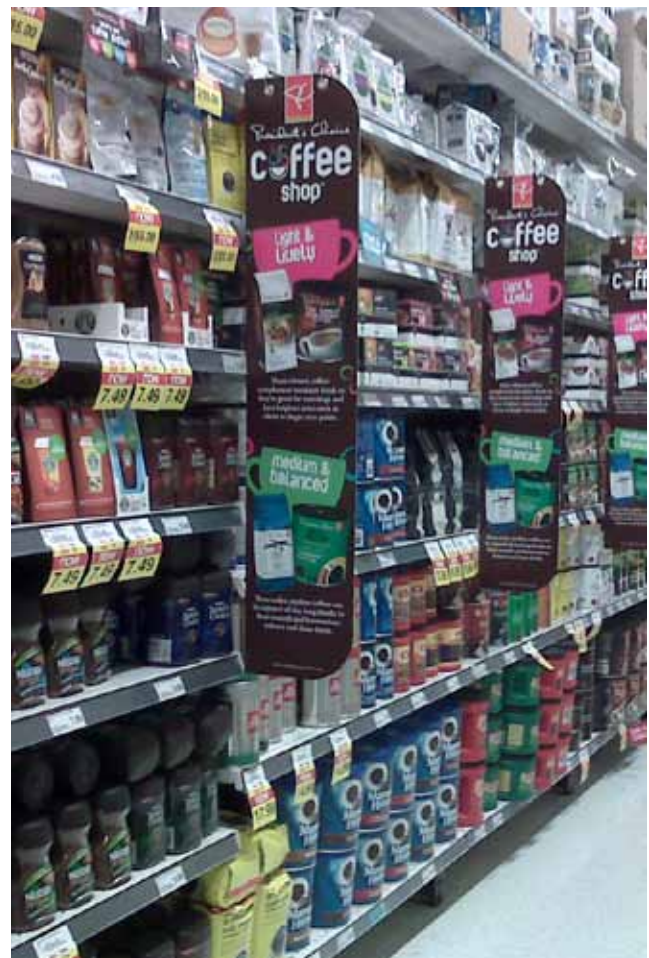


As I toured the various LCL banners during the Holiday season I wasn't shocked by what I was seeing, but rather by what I wasn't seeing: the absence of any manufacturer branded promotions or events. This means only one thing at LCL, the absolute dominance of President's Choice branding. There is no way for a brand to break through this overwhelming presence of the country's best known and eagerly anticipated Insider's Report products. It appears as though the manufacturer industry has thrown its hands up in the air and said "why try?" Brands realize that promoting during this time of year may not be the best spend of their dollars. Combine this environmental dominance with the introduction of the Vendor Platform Program in Q1 2012 and this resulted in the need for brands to refocus on their spending as we head into the New Year.



## Category Initiatives

Loblaws is listening to their shoppers and are helping to aid in the navigation and "findability" of their top rated products. Shoppers are being greeted by numerous non-branded (not CPG branded at least) category initiatives. Each of these solutions are designed and executed with the sole purpose of helping the shopper find what they are looking for and then plus them up to buy the more premium (in most cases President's Choice) brands. The thought that a rising tide lifts all ships certainly applies here. Pictured above is the coffee aisle at the Loblaws in Leaside. Clear blade signs identify the section and communicate the differences between "flavours". What I found interesting was that Plan-O-Gram challenges are not limited to manufacturer brands ALONE, but even affect the PC brands themselves. Not every coffee section is the same size across each banner and this makes creating and implementing specific flavor focused signage a challenge. A good solution is to create the same signage and repeat throughout the entire section. This may not necessarily help the Shopper find the exact flavor or sku they are looking for but does do a good job at highlighting the overall section.



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## Holiday Platform

Similar to Loblaw and their banners, when you walked through the Sobeys store environment during the month of December there was no doubt you knew where you were. Sobeys did a fantastic job of driving home their Sensations line, which is in direct competition with the President's Choice line of products. Easy to understand copy and appetizing imagery made the shopper smile and salivate all at the same time. In-section aisle blades helped the shopper find the products that were highlighted in the Sobeys holiday season edition of their Inspired magazine. Again, this meant that manufacturer brands had to take a back seat within the retailer's four walls during the peak holiday shopping season. This resulted in very limited focus against brand activation and equity.



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## Holiday Platform

Longo's is known for its fresh produce, outstanding meats and enjoyable shopping experience, but I would never have thought of it as my primary destination for baking needs. That is why I found the strategy of calling out the baking section an intelligent one. We are all aware of the challenges to get the shopper down the aisles so identifying the section and putting it on the shoppers map is vital. This also drives impulse purchase and serves as a reminder to the shopper's baking needs. Add this in-store presence to the integration of seasonal baking in the Longo's experience magazine (a focus on holiday cookies) and this strategy came full circle. Moving forward I would like to see stronger, more disruptive and prominent execution of the retail signage, but the strategy remains sound.



## Meal Deals

Although the idea of bundle offers is nothing new, the execution is everything. The simplicity and easy for the shopper to fulfill is vital to the success and ultimately achieving the objectives of the initiative. Point in case is this HMR bundle offer that Longo's executed during the month of December (the initiative was communicated on the back cover of their experience magazine, as well as in-store t-stand signage). Purchase a 1kg rotisserie chicken and any two side dishes and receive a free Longo's Signature panettone. Not only does this simple solution-based program drive incremental HMR sales (one of the most profitable sections within the modern grocery retailer) but it also drives trial of Longo's branded panettone. With the desired outcome being that the shopper will fall in love with the panettone and purchase more as the entertaining season rolls into full swing. Simple concept, fantastic product and wonderful execution.

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## Holiday packaging



Coca-Cola's ornament shaped bottles have been joining us every holiday since 2008. The round shape makes them stand out in displays but it's the wrapped graphic that makes them so special every year. This year's bottle featured the Coca-Cola polar bears in 3 different designs.



Snap, Crackle and Pop's take on holiday was a clever two-way box. The package design by Kellogg's for their Rice Krispies squares can be placed on the horizontal or vertical to accommodate display spaces and offers festive graphics. The 8 individually wrapped squares also feature a new writing space, perfect for including a greeting in tomorrow's lunch.



Kinder Surprise transformed their holiday 4-pack into a festive train design. The package can be broken into four individually wrapped gift boxes complete with nametags on top.

Showing great consumer insight SC Johnson packaged their large storage bags in a holiday-friendly design. Offering shoppers a \$5 off baking coupon and a limited edition holiday product design.



Give holiday packaging the slip. Cadbury Collection and Toblerone offered shoppers "ready to give" packaging. The Cadbury Collection box of assorted biscuits used a two-handle gift bag style cover to enhance their packaging while Toblerone used a graphic wrap on their classic triangle pack.



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## Mobile Moms

Mom is still in charge of Christmas but this year she has a new assistant, her smartphone. A Bank of Montreal survey revealed Mom is still the Canadian household's number one purchaser, with her looking after 80 per cent of all holiday shopping. This year's data did suggest, however, she is going about things very differently from years past. The survey shows that 43% of mothers turned online for their holiday shopping, an increase of nine per cent over last year. Saving time and money are always a factor for Mom so is she using her smartphone to help her shop for better value or to find a time-saving route for her trip to the market?



In a survey of 5,000 moms, BabyCenter.com reports that 42% of moms use their smartphones for grocery shopping. From making her shopping list (31%), locating the store (45%), comparing prices (21%) to looking up recipes (31%) the smartphone is the extra hand Mom has been asking for. It's also her most valuable research tool as on-line shopper activity reports from Google show that on average, shoppers are consulting double the number of sources they did last year, climbing to 10.4 sources per purchase consideration. Kimberly-Clark's Senior brand manager recognizes the importance of being mobile-available to mom saying that brands "Need to make sure that when [mom] is looking for information it's readily available through her smartphone, It sounds basic and trivial, but having a mobile website is the minimum".



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## Holiday giving

The recession taught North Americans a little about the value of a dollar and made most people take a good hard look at their relationship with money. In holiday spending this year we saw very small margins of growth over last. Even with the recession over, it would seem that people are still pinching a few pennies. As we investigated this further we came across some surprising information about Canadian attitudes, not towards shopping but towards giving at holiday time. In a World Vision Canada vs U.S comparison study conducted over the holiday we see that just over half of Canadians had given charitable gifts, compared to almost 65% of Americans who had lent a helping hand. Is something affecting our giving nature or has the recession made Canadians a bit stingy?



The World Vision report revealed a major insight, as 66% of Canadian participants strongly agreed with the statement "You feel constant pressure to donate to charitable organizations," whereas only 48 percent of Americans agreed with the statement. When asked if they would be more likely to give if exposed to "repetitive or excessive advertising" they said an overwhelming "No". The Globe and Mail giving study of 2011 asked Canadians "what happened to your charitable giving in the last five years?" revealing that Canadians have made a shift from "giving money" to "giving time." Fitting our image of hospitality and helpfulness but an odd discovery to hear for today's time starved bread winners but we must remember, Canada isn't 35 anymore. Our 65+ population outnumbered any other demographic in the survey, shifting the results to reflect the attitudes of fixed income seniors. Canadians aren't being stingy this holiday season, they're spending differently, more able to spare some time than spare some change.