



Imperial College  
London



# Global Trends in Fruit Consumption and Marketing: Implications for RSA Table Grape Growers

Dr. David Hughes  
Emeritus Professor of Food Marketing

***Talks with RSA Table Grape Growers***  
Groblersdal, Republic of South Africa  
August 13<sup>th</sup>, 2018

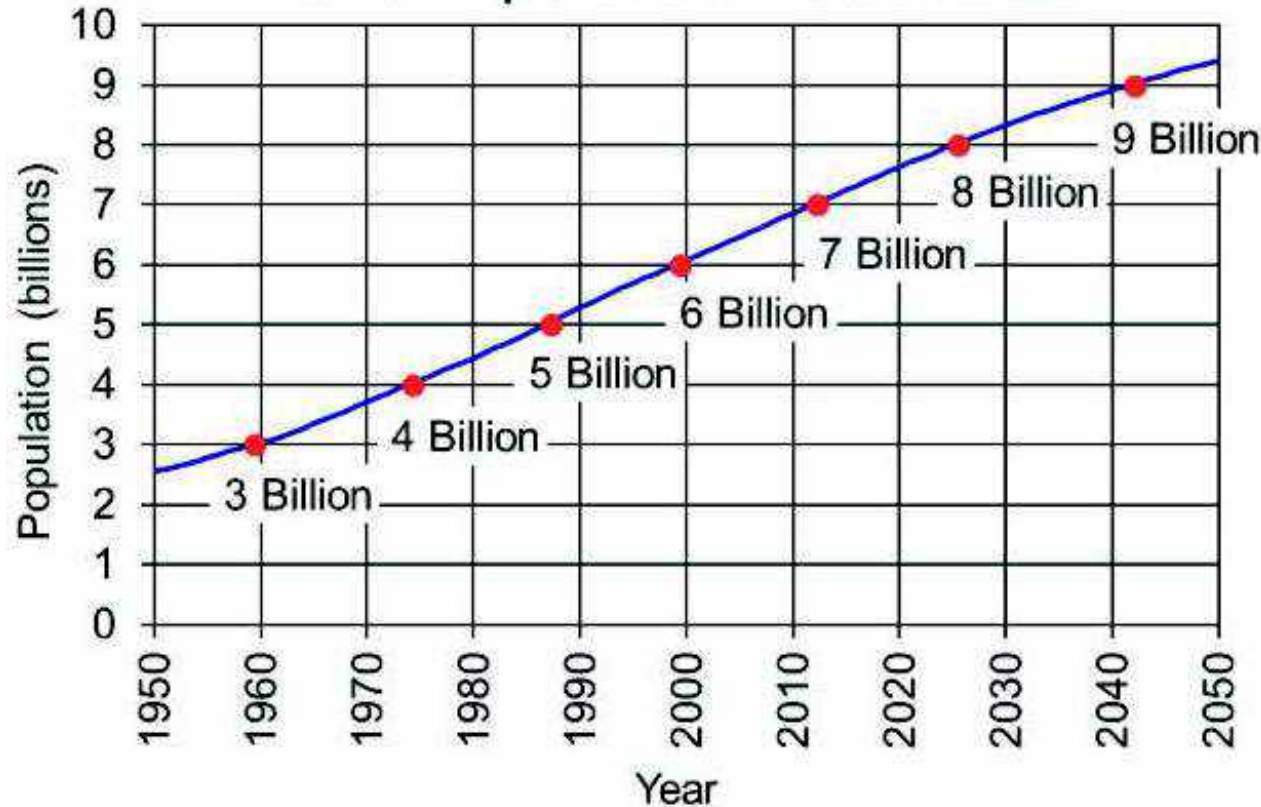


@profdavidhughes

[www.supermarketsinyourpocket.com](http://www.supermarketsinyourpocket.com)



## World Population: 1950-2050



**Heading for 10 Billion!  
We're Adding An Extra  
2 Billion by 2050.  
But Where?**

Source: U.S. Census Bureau, International Data Base, August 2017 update

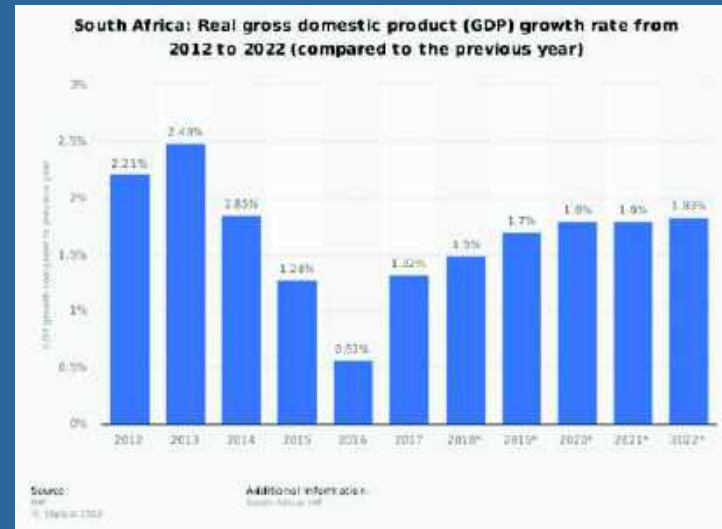
- Population of Africa to double from 1 to 2 billion
- India, Pakistan, Bangladesh to add 0.5 billion
- Europe will struggle to maintain current numbers and Russia, China, Japan and South Korea will decline in population
- NAFTA countries up by 100 million
- 1.6 billion of the extra 2 will embrace the Moslem or Hindu religions
- Economic growth will largely come from "Emerging Countries"

## Forecasts

Global economic growth					
Annual % change in real GDP	(f) = forecast				
	2015	2016	2017	2018(f)	2019(f)
<b>World (nominal GDP weights)</b>	<b>2.8</b>	<b>2.3</b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>
Developed economies	2.3	1.6	2.3	2.2	1.9
Developing economies	4.2	3.9	4.7	4.7	4.9
<b>North America</b>					
USA	2.9	1.5	2.3	2.8	2.4
Canada	1.0	1.4	3.0	1.9	1.6
<b>Asia/Pacific</b>					
China	6.9	6.7	6.9	6.6	6.8
Japan	1.4	1.0	1.7	0.9	0.9
India	8.2	7.1	6.7	7.3	7.6
Australia	2.5	2.6	2.2	3.2	2.8
South Korea	2.8	2.9	3.1	2.8	2.7
Indonesia	4.9	5.0	5.1	5.1	5.2
Taiwan	0.8	1.4	2.9	2.6	2.4
Thailand	3.0	3.3	3.9	4.2	3.8
Malaysia	5.1	4.2	5.9	5.3	4.5
Singapore	2.2	2.4	3.6	3.2	2.8
Hong Kong	2.4	2.1	3.8	3.5	3.0
Philippines	6.1	6.9	6.7	6.8	6.8
New Zealand	3.5	4.0	2.8	2.8	3.0
<b>Eurozone</b>	<b>2.0</b>	<b>1.8</b>	<b>2.6</b>	<b>2.0</b>	<b>1.7</b>
Germany	1.5	1.9	2.5	2.0	1.7
France	1.0	1.1	2.3	1.8	1.8
Italy	0.9	0.9	1.6	1.2	1.2
Spain	3.4	3.3	3.1	2.7	2.3
<b>Other Western Europe</b>					
UK	2.3	1.8	1.7	1.3	1.5
Switzerland	1.2	1.4	1.1	2.1	1.7
Sweden	4.3	3.0	2.5	2.5	2.0
Norway	1.4	0.9	2.0	2.3	1.5
<b>Central &amp; eastern Europe</b>					
Hungary	3.4	2.2	4.0	4.2	3.1
Poland	3.8	3.0	4.6	4.6	3.9
Romania	4.0	4.8	6.9	4.2	3.4
Czech Republic	5.4	2.5	4.6	4.1	3.6
Turkey	6.0	3.3	7.4	3.9	2.9
Russia	-2.5	-0.2	1.5	1.8	1.6
Ukraine	-9.8	2.4	2.5	3.5	3.0
<b>Latin America</b>					
Brazil	-3.5	-3.5	1.0	2.5	3.6
Mexico	2.5	2.3	2.1	2.5	2.7
Argentina	2.7	-1.8	2.9	0.5	1.3
Chile	2.3	1.3	1.5	3.6	3.5

Source: HSBC Global Research (*Global Economics*, Q3 2018; *European Economics*, Q3 2018)

## Economic Growth by Selected Regions



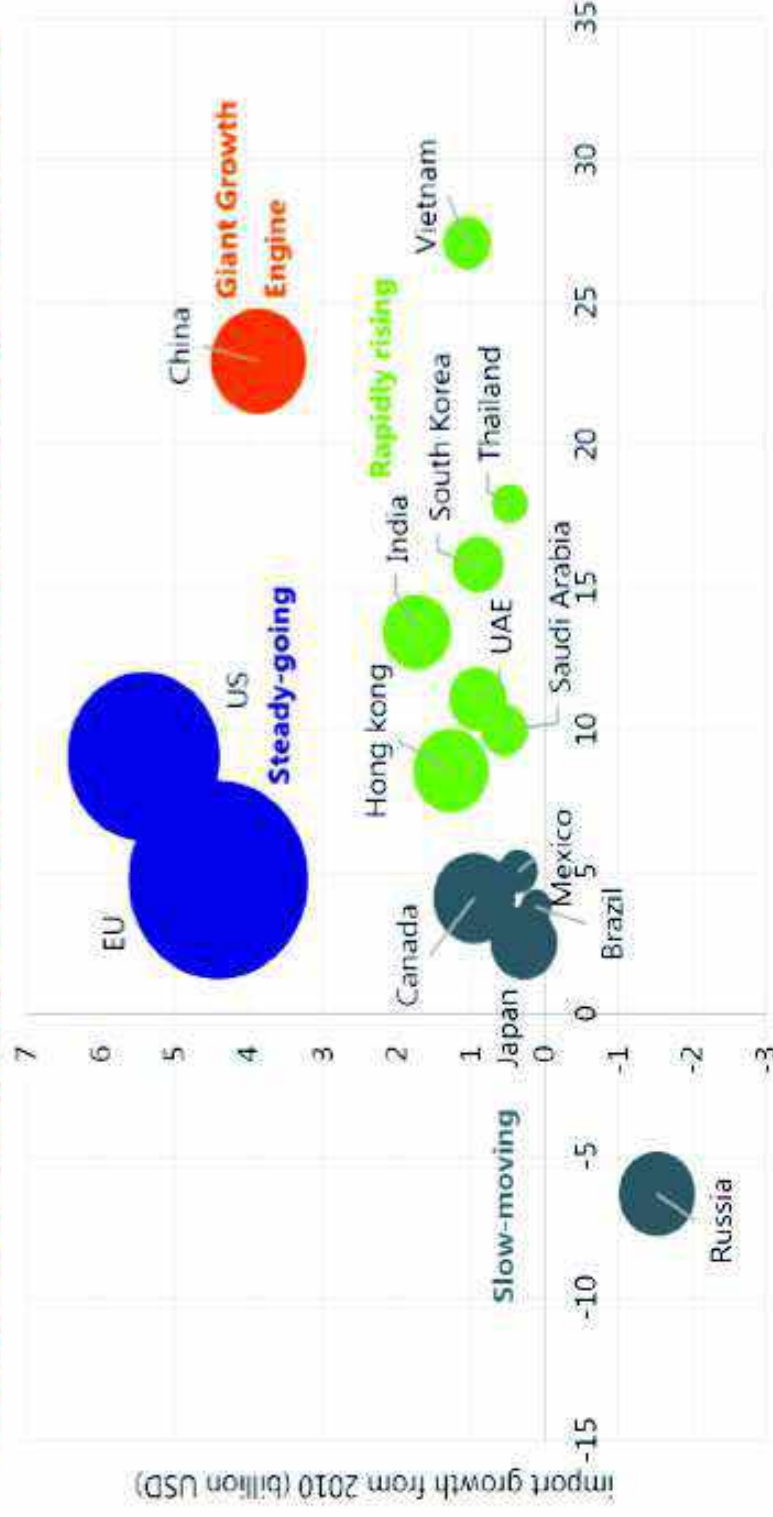
Asian emerging economies showing high growth rates, but some from a low base. Imported foods like grapes are discretionary purchases & VERY sensitive to economic downturns.



# 3 big growth engines and many small ones in global fruit imports



## Fresh fruit and nut imports by selected countries (growth since 2010)

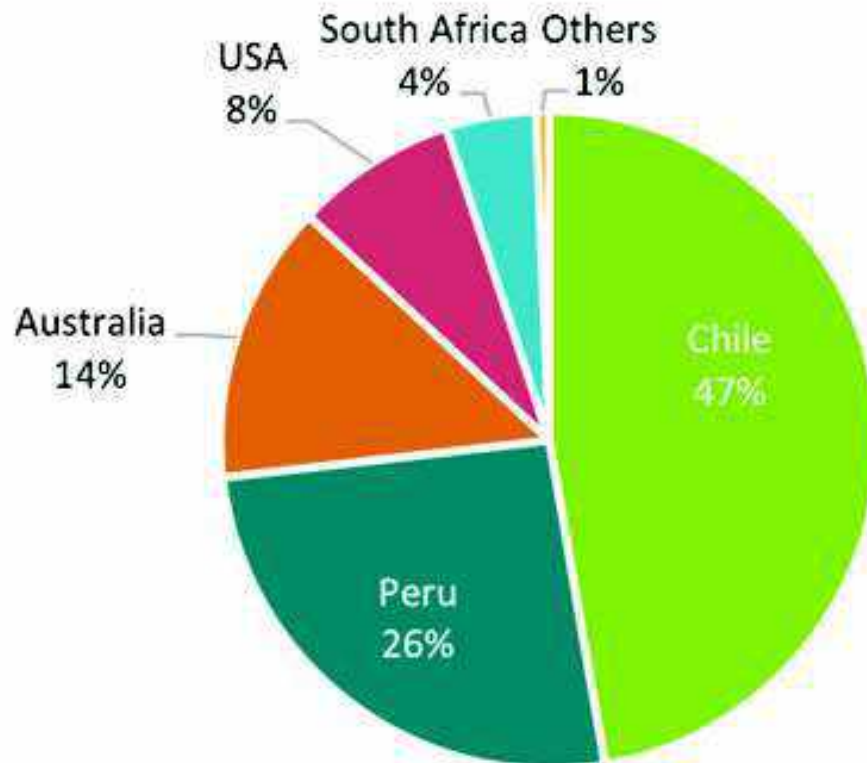


average annual import growth from 2010 (%)

Source: Rabobank based on UN-Comtrade, 2017. Note: Circle size represents a country's total imports in 2016.

# Who Are We Competing With in High Growth Asian Markets?

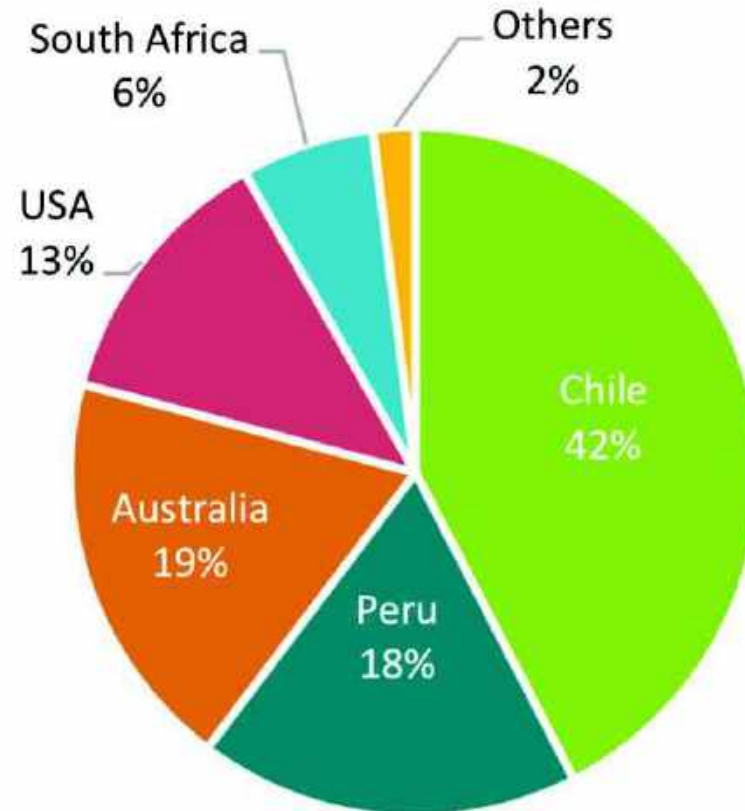
Major exporters of table grape to China 2016: volume share



Countries	Import volumes 2016 (tonnes)
Total	252,393
Chile	119,369
Peru	65,380
Australia	34,641
USA	20,147
South Africa	11,218
Others	1,640

# Who Are We Competing With in High Growth Asian Markets?

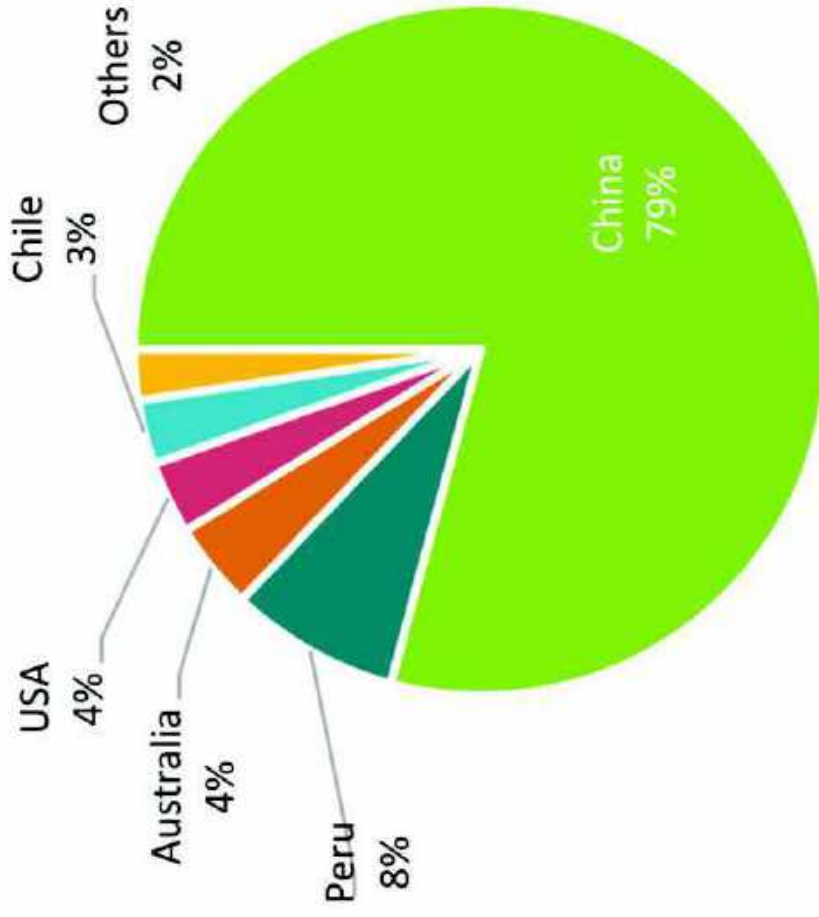
Major exporters of table grape to Hong Kong 2016: volume share



Countries	Import volumes 2016 (tonnes)
Total	236,493
Chile	100,284
Australia	44,529
Peru	42,332
USA	29,842
South Africa	14,793
Others	4,715

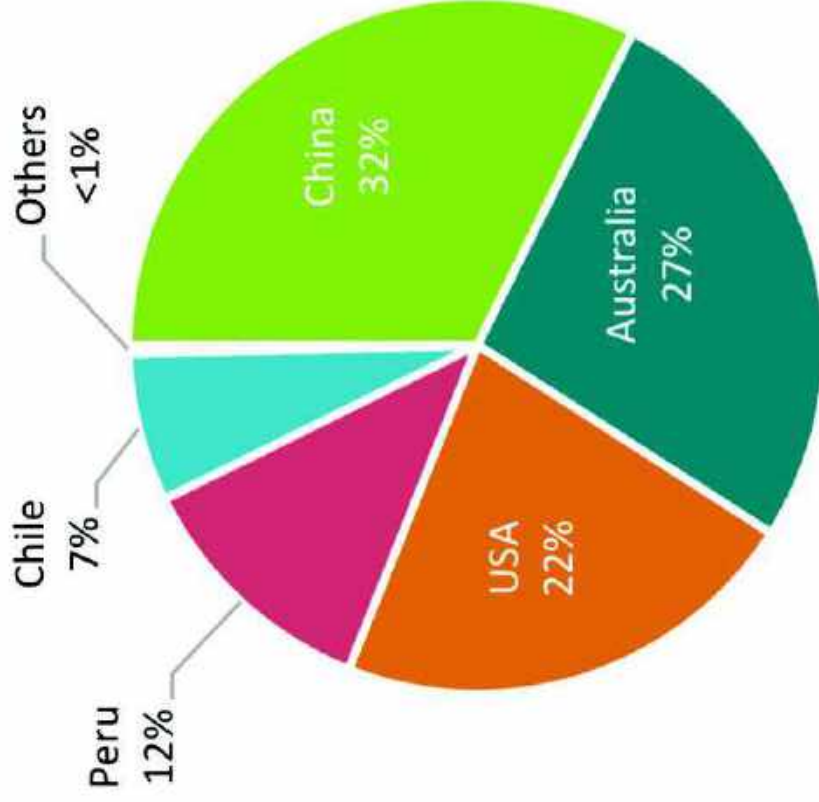
# Chinese imports dominate Thai market

Major exporters of table grape to Thailand 2016: volume share



Countries	Import volumes 2016 (tonnes)
Total	148,347
China	117,491
Peru	11,771
Australia	6,063
USA	5,051
Chile	4,458
Others	3,512

### Major exporters of table grape to Indonesia 2016: volume share



Countries	Import volumes 2016 (tonnes)
Total	63,221
China	20,448
Australia	16,905
USA	13,869
Peru	7,390
Chile	4,347
Others	261





Beijing Very Ordinary Supermarket

That's ZAR432/kg. RSP



Beijing Very Ordinary  
Supermarket

That's ZAR34 per  
125 gm. punnet  
i.e. ZAR272/kg. RSP

In Asia, In General, and China in Particular, Health Attributes of Food Products have Substantial Resonance with Consumers of All Ages



Dalian, North China  
August 9<sup>th</sup>, 2018

ZAR20 per kg.

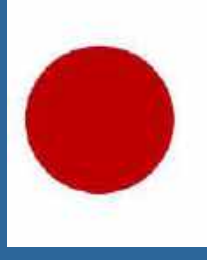
Local Grapes at  
Consumer-Friendly  
Prices!



Dalian, North China

ZAR35 per kg.  
August 9<sup>th</sup>, 2018

# World's Most Expensive Grapes? Bunch Sells For \$10,900 In Japan

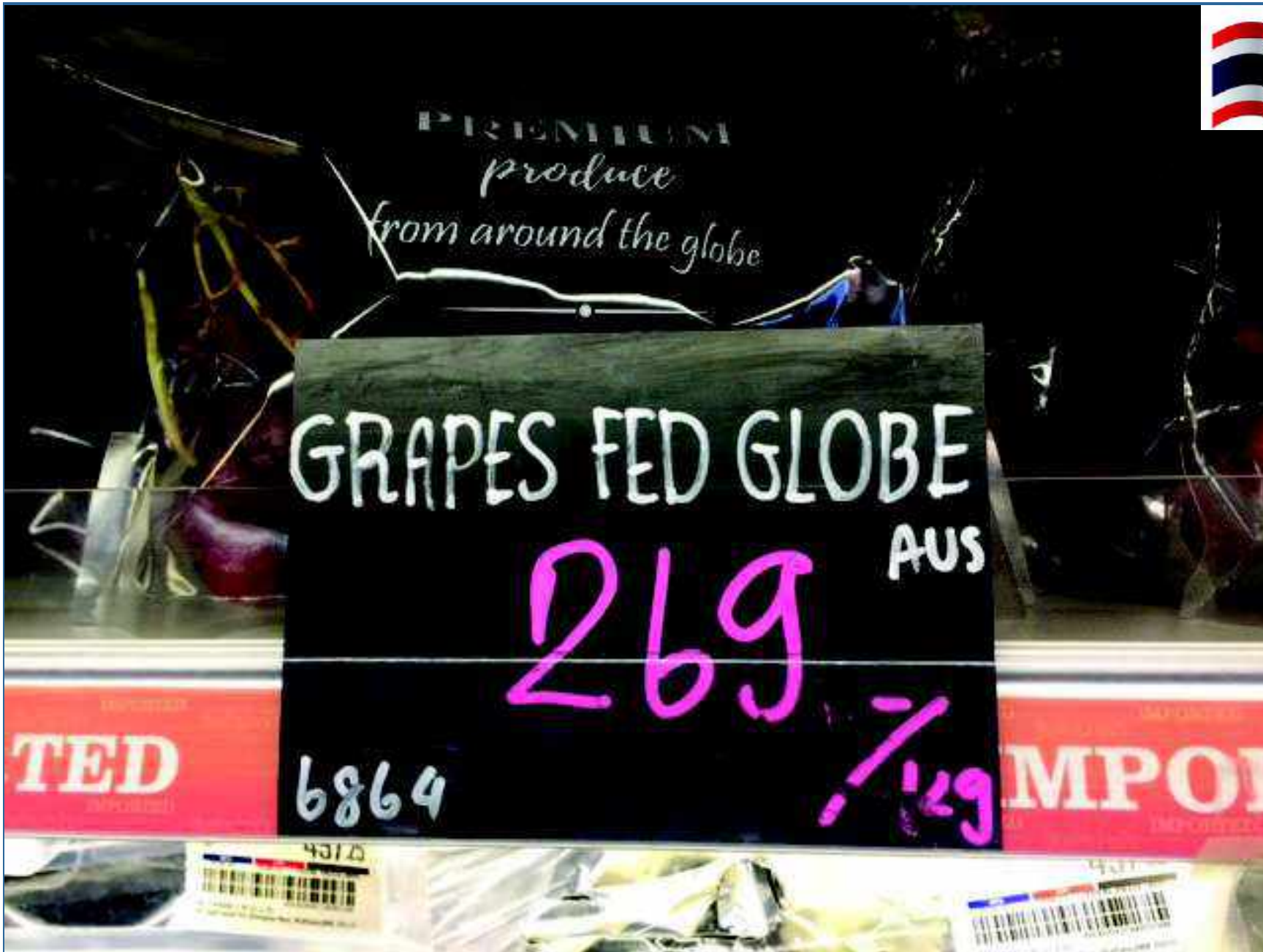


Ruby Roman table grapes at a wholesale market in the central Japanese city of Kanazawa on Photo taken July 7, 2016.  
The grapes sold for a record-high 1.1 million yen (\$10,900) at an auction. Kyodo—Kyodo



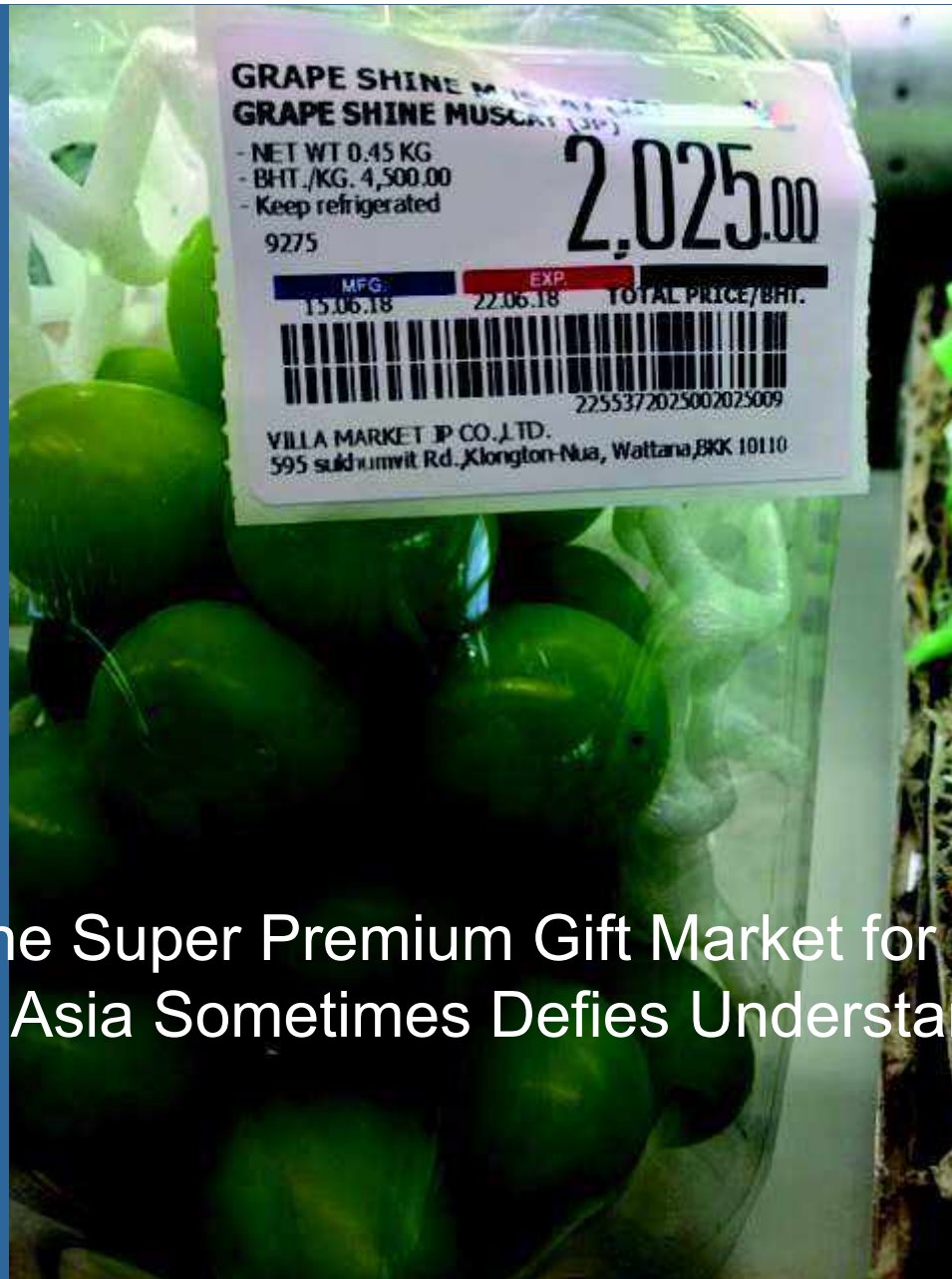
Japan and South Korea have a long history of marketing Super Premium Produce at home and in export markets. Here's SK grapes in an Upmarket Thai supermarket.





THAILAND RSP: ZAR **108** per kg.

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The Super Premium Gift Market for Food  
In Asia Sometimes Defies Understanding!

**THAILAND RSP: ZAR1800 per kg.**



## Gift-giving in China: The Importance of Premium Foods



- key signal of value of relationships
- gift-giving helps to secure future needs (reciprocity)
- gift-giving frequency & value increasing each year
- for “ordinary” urban folk, range NZ\$100-400 per gift
- price and perceived quality hugely important
- food is seen as an ideal gift (great practicality and can indicate giving “health” to recipient)
- over 50% of gifts given in China are food
- imported foods have built-in gift appeal (may indicate greater respect and sincerity)
- Is RSA fresh produce on their “gift map”? Chinese NY is in your season!

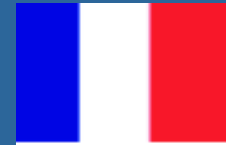


Retail Theatre for Fresh Produce in Asia Often Much Better than in Most Stores In North America & Europe



**B.I.G.**  
Eat. Drink. Shop.  
The Independent Grocer

Imperial College  
London



**Carrefour**

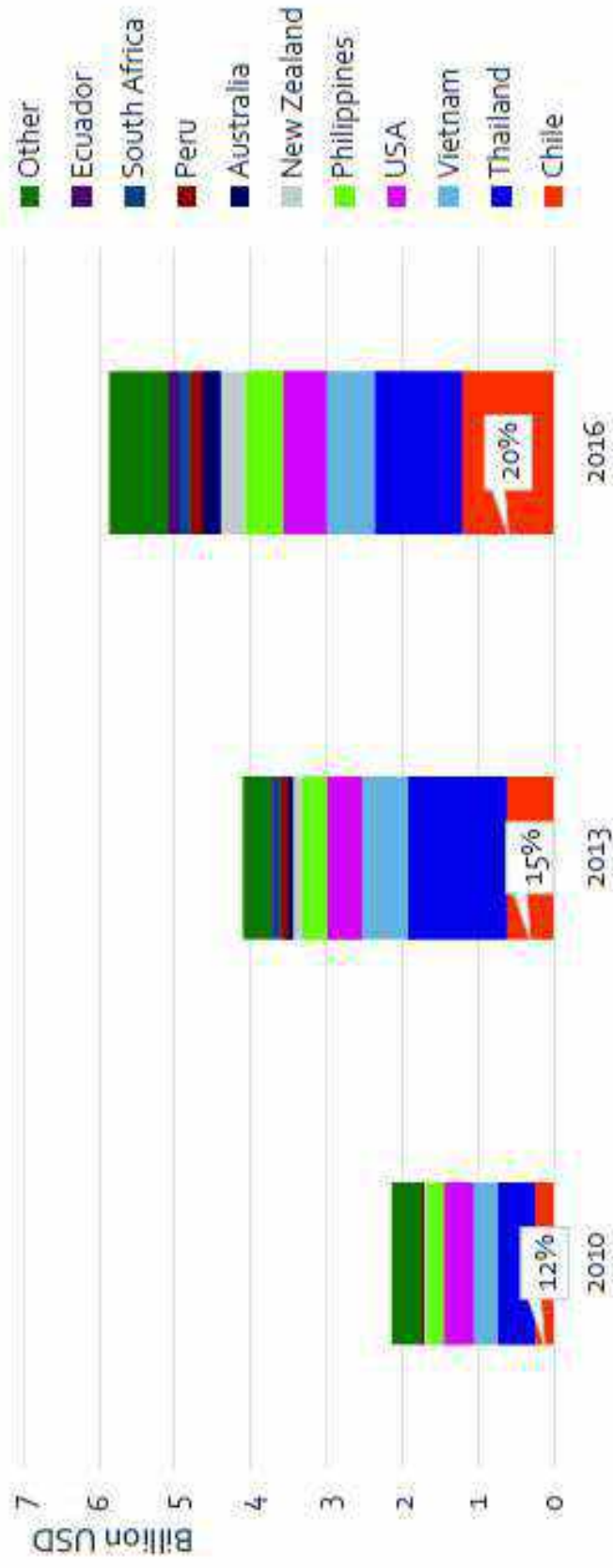
**Although, Sometimes the French  
have Fresh Produce Flair!**

# China's fresh fruit imports have grown by 18 per cent a year since 2010



Rabobank

## China's fresh fruit and nut imports by country of origin



Source: Rabobank based on Eurostat 2017.

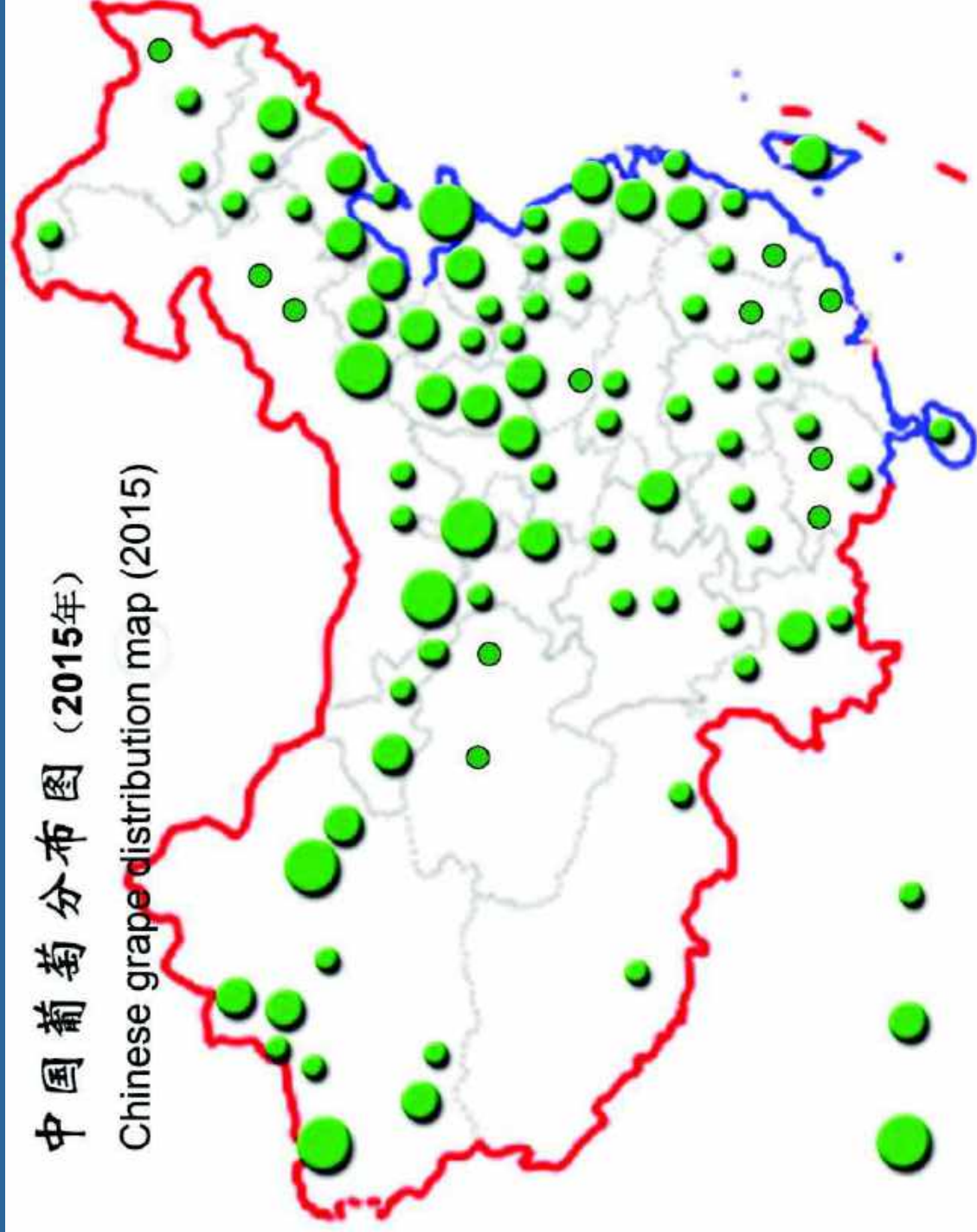
Rank	Chinese City	City GDP (2015, PPP, in billions)	Comparable Country
#1	Shanghai	\$810	Philippines
#2	Beijing	\$664	U.A.E.
#3	Guangzhou	\$524	Switzerland
#4	Shenzhen	\$491	Sweden
#5	Tianjin	\$478	Romania
#6	Suzhou	\$440	Austria
#7	Chongqing	\$425	Chile
#8	Hong Kong	\$414	Peru
#9	Wuhan	\$324	Israel
#10	Chengdu	\$306	Norway



- Chengdu has TWICE the GDP (PPP) of NZ!

## 中国葡萄分布图 (2015年)

Chinese grape distribution map (2015)



## Development of Table Grape Industry in China

Professor Yulin Fang, Dean of College of  
Enology, Northwest A&F University  
Cell phone : +86 15129652766  
Email : [fangyulin@nwsuaf.edu.cn](mailto:fangyulin@nwsuaf.edu.cn)

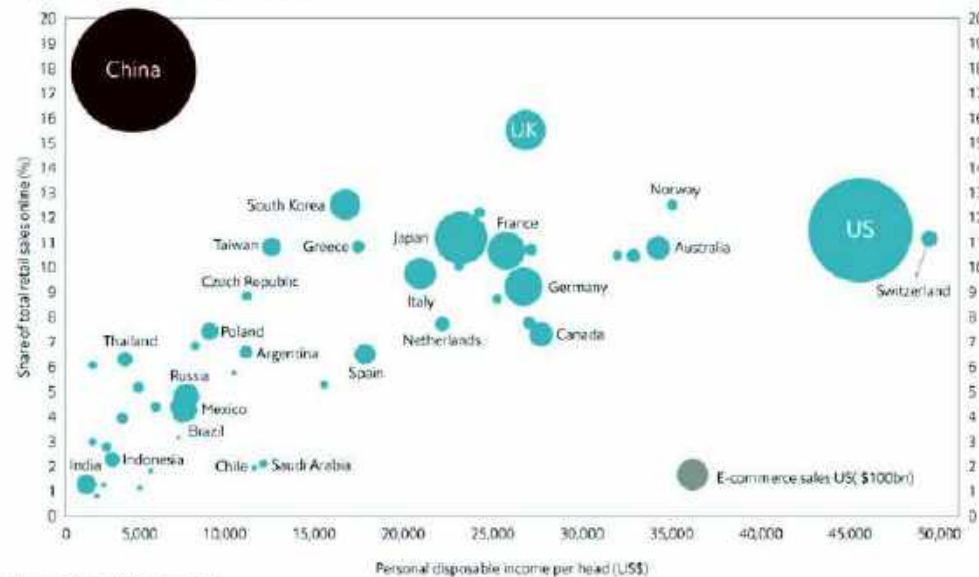


Global Differences  
In What Shoppers  
Value in Meat. So,  
What About Grapes:  
Colour/Size/Pips/  
Variety/Sweetness/  
Country of Origin/  
Occasion, etc.




China's level of digitalisation is enough to make Western online companies dribble with excitement. Payment by touch phone dominates and cash is passé. B2C e-commerce penetration in China far exceeds that in any other market in the world. Are the Chinese more tech-savvy? No – they're leap-frogging traditional stores because of poor store networks and shocking product availability. For a US food producer, partnering with the top 4 grocers gives you access to half of the US food market. In China, by contrast, the top 4 grocers connect you with 5.7% of food retail spending (The Economist Intelligence Unit). This is a headache for food producers and consumers alike – supply chains are long, circuitous and, often, dodgy. So many Chinese consumers shop online because the products they want are not available offline and, as a bonus, they don't have to sit in a horrendous traffic jam going to and from the store!

E-commerce penetration by country, 2017



Source: The Economist Intelligence Unit

## % Share of UK Fresh Fruit Market

Tesco	25.2	
Aldi/Lidl	16.3	
Sainsbury's	15.1	
Asda	11.2	
Morrisons	9.8	
Waitrose	6.5	
Marks & Sparks	4.3	
<b>Total</b>	<b>88.4%</b>	

In China, Top 4 Grocers connect you with 5.7% of food retail spending (less than that for fruit, given the strength of the Wet Markets in most Chinese cities).

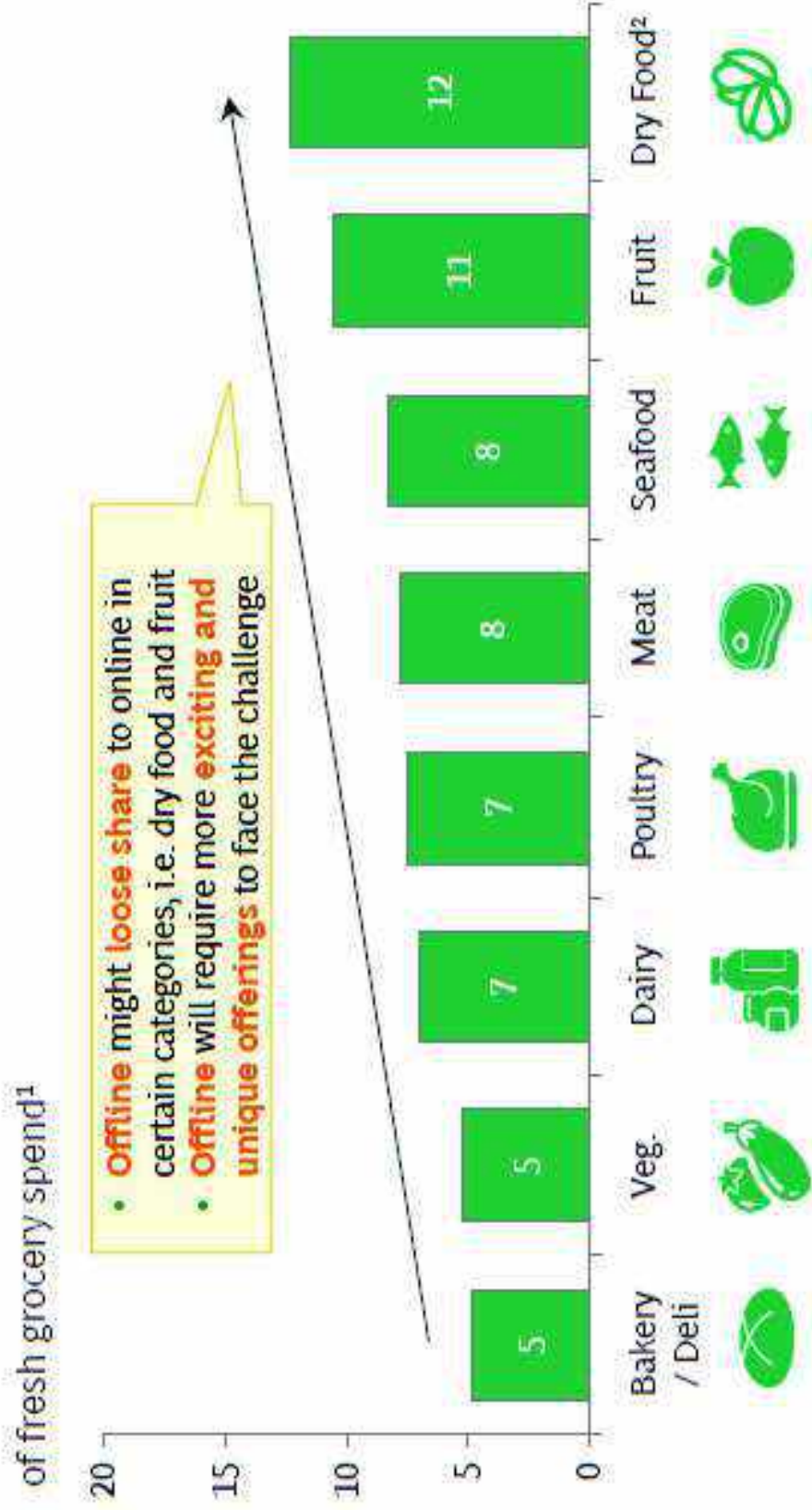


Who's Leading the Way in On-Line Grocery? Why? (and don't go to the USA for on-line leadership!)

# Online fresh consumption on the rise



## 2016 fresh e-commerce penetration by shopper and by value



1. % of total online fresh spend; 2. dry food includes rice, flour, dried mushroom, dried fungus, nuts etc.  
Source: BCG China CCI fresh survey 2016, BCG analysis

# Behemoths Astride the Chinese On-Line Market



Tencent 腾讯



**Singles' Day Sales, November 11<sup>th</sup>, 2017 (11/11)**  
**JD.COM \$19.1 bn.      TMALL.COM \$25.3 bn.**

# Zespri: Best Practice in Branding & Marketing Fresh Produce

## ***Zespri reveals recipe for success in China***



**KHN:** E-commerce is increasingly important for us in China. For context, 20 per cent of our sales in China are done through e-commerce via platforms like Alibaba and Jingdong (JD.com). With e-commerce being so strong, we have also utilised digital to get closer to our consumers.

We focus on digital advertising and social media, such as WeChat and Weibo to deliver our campaigns to consumers and engage with them, to build a meaningful and distinct global brand.



*Kiwifruit*

**Sour taste is one of the key purchase barriers Globally for Green Kiwifruit.**

- "Difficulty in accessing ripeness through colour & smell"
- "Not available to buy at the ripeness I want of the store"
- "Not ripe when I want to eat it!"

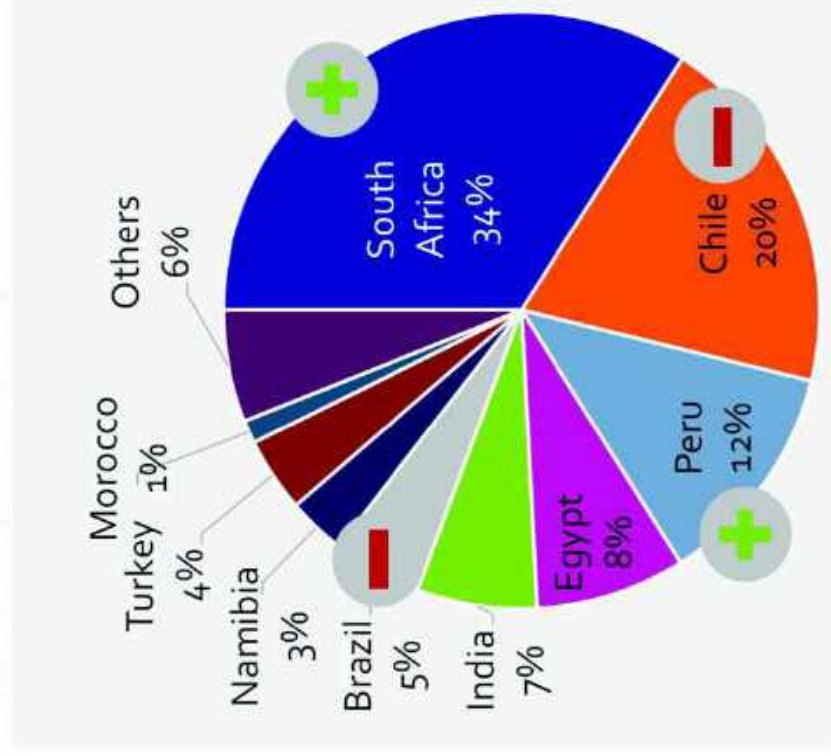
**Key Challenge**

The complex block features a photograph of a young girl with pigtails, wearing a yellow shirt, with a pouting, sour expression on her face. To the right of the photo is a white background with a green header containing the word 'Kiwifruit'. Below the header is a bold statement about sour taste being a purchase barrier. Underneath this statement are three green circles, each containing a quote about consumer challenges. At the bottom of the white area is the text 'Key Challenge'.

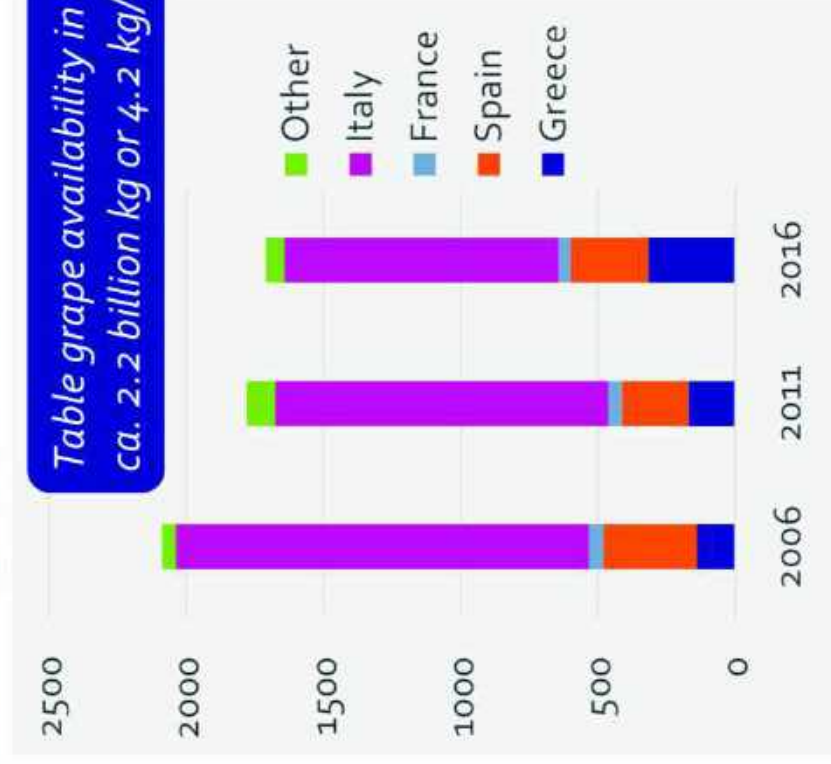
# Growing market share in EU for grapes from S.Africa, Peru, Spain and Greece



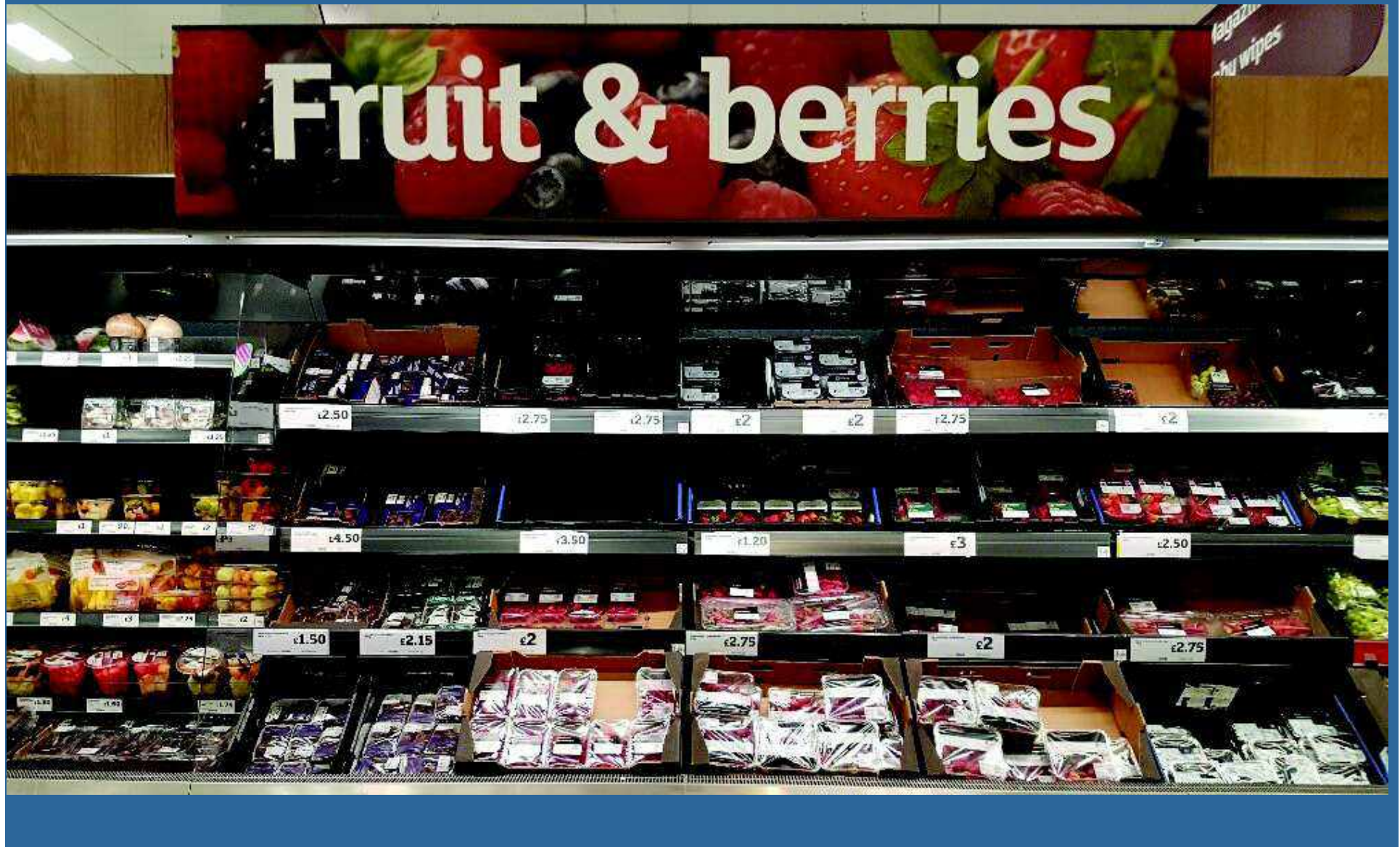
**EU grape imports by origin (2016)**



**EU table grape production**



# The Rise and Rise of Fresh Berries in the UK Market



Berries Rewarded with More Prime Shelf Space

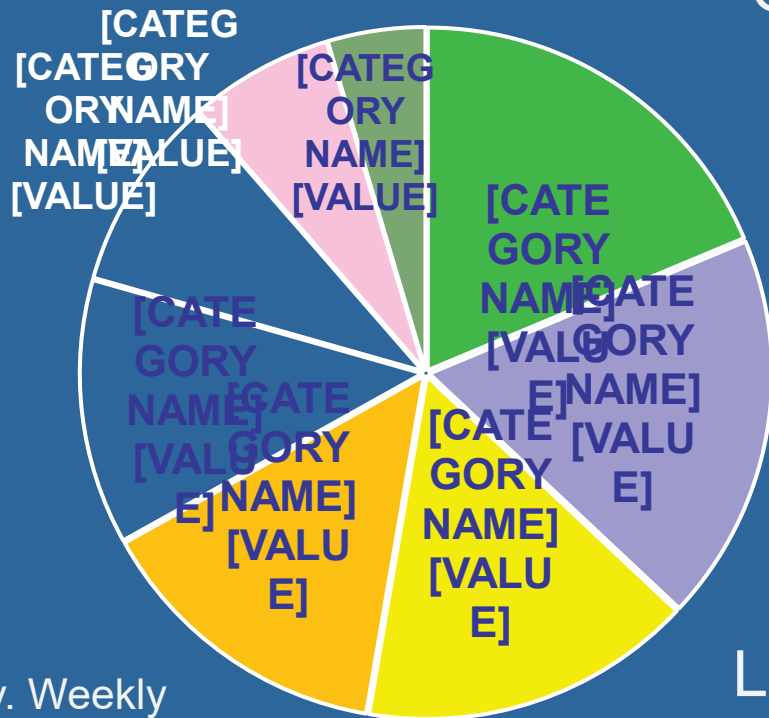
# Value Share of the UK Retail Fruit Bowl\*. 2007 versus 2018

Retail Fruit Value 2007  
£3,671 million

Winners:  

- Berries
- Grapes

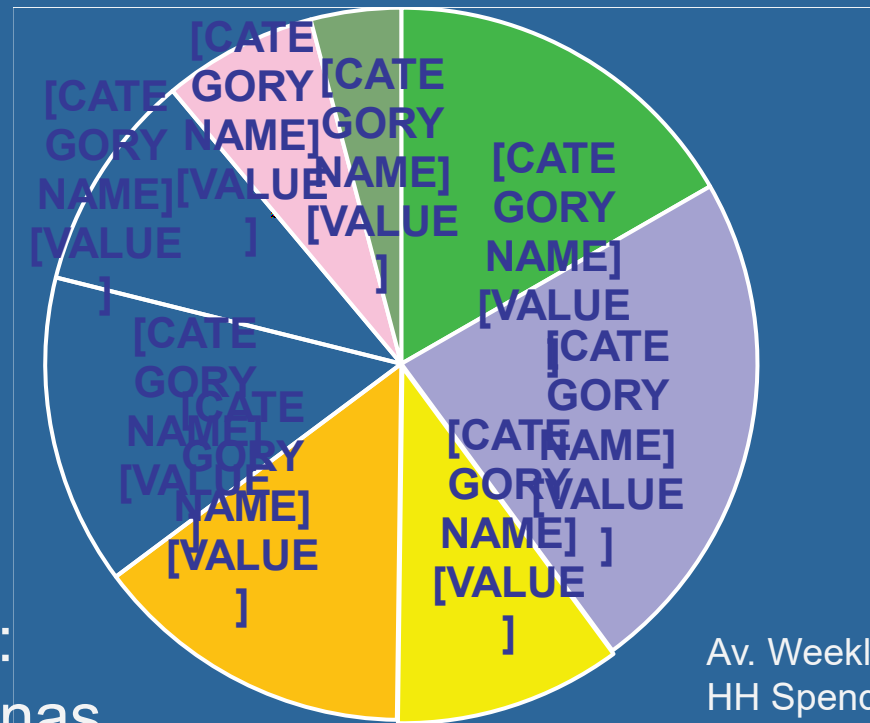
Retail Fruit Value 2018  
£5,666 million



Av. Weekly  
HH Spend on  
Fruit £2.81

Losers:  

- Bananas
- Apples



Av. Weekly  
HH Spend on  
Fruit £3.93

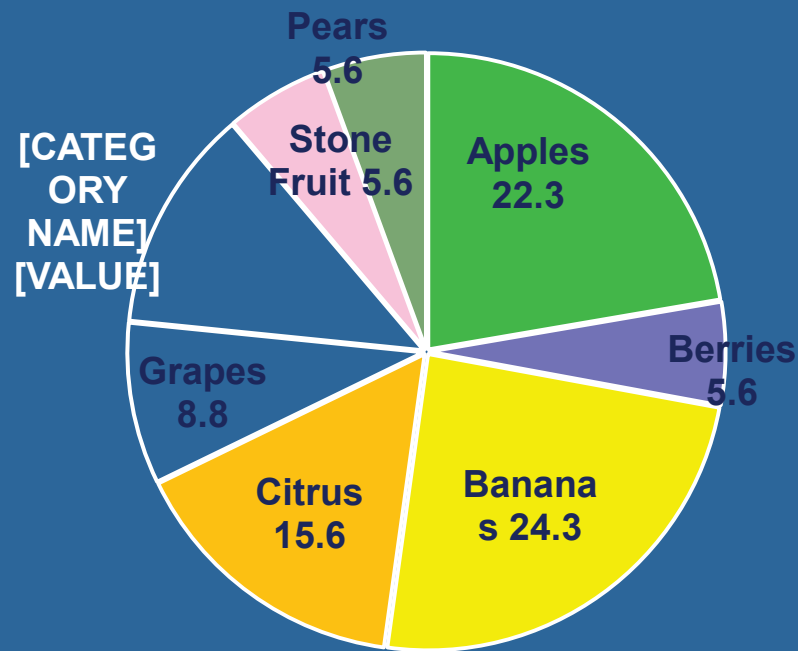
Source: Kantar Worldpanel UK. August 1- July 31

\* Does not include retail value of cut fruit est. £400 million RSV 2017/18



# Volume Share of the UK Retail Fruit Bowl. 2007 versus 2018

*Retail Fruit Volume 2007*  
2,320,000 tonnes

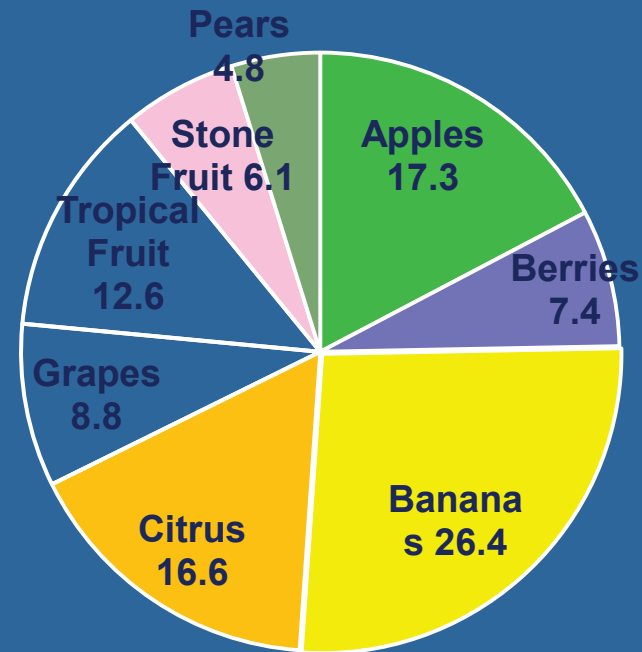


Per Cap. Volume  
2007 38.04 kgs.

Winners:

- Bananas
- Berries

*Retail Fruit Volume 2018*  
2,600,633 tonnes

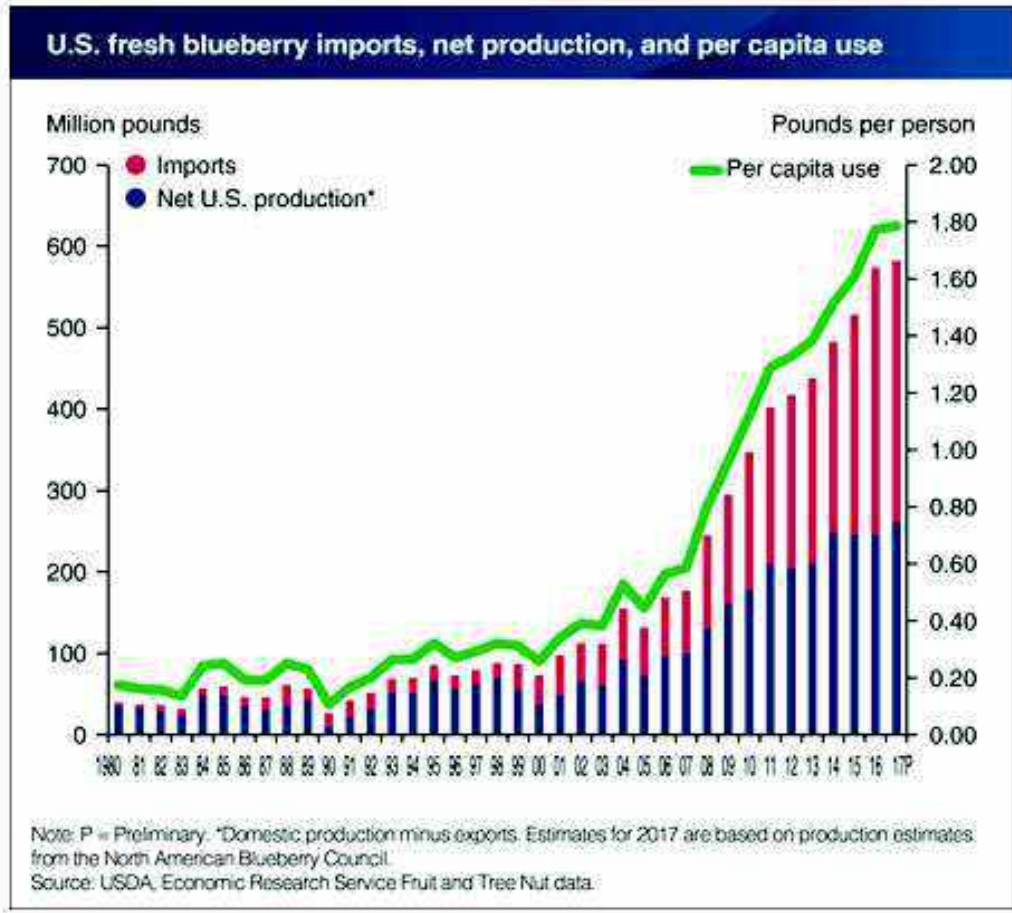


Per Cap. Volume  
2018 39.11 kgs.

Losers:

- Apples
- Pears

# The Rocketing Success of Blueberries: Examples from the USA and UK



**Driscoll's packages Justin Timberlake's 'braspberry' fruit**



**Dr. Food**  
@ProfDavidHughes

UK per capita consumption of fresh blueberries increased tenfold between 2005 and 2017 (from 50 to 500 grms. p.c.) yet still 40% lower than in USA. Plenty upside to come: snackable, portable, yummy, health halo, increasingly affordable and seen as a year-around fruit.

# Imitation is the Sincerest Form of Flattery!



# Premium Retailers Expand Shelf Space for Premium Grapes!



### • Percent Meals Eaten By

Single diners	42
2 diners	36
3 diners	11
4 or more diners	11



### • Preparation Meal Time

2015	30 mins
1990	45 mins
1980	60 mins
1950	90 mins

### • Willingness to Pay More for Food

5% more	For healthy
22% more	For better taste
Considerably more	For ready made meal solution!



Source: Kantar Worldpanel UK

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**mambo**  
*Prazer em servir*

Not Designed for  
1 or 2 Person  
Households!  
Whereas Grapes  
Are Much More  
“Solo-Friendly”!

## Time Starvation

More people are working, and working for longer hours, contributing to a sense of being time-starved—especially among busy families and single-parent households.





Sainsbury's



## Lunch for £3 (ZAR50)

How Low Can You Go?!

- sandwich
- bag of fruit slices
- drink
- But where are the Grapes? Often, metres away in the Fresh Produce Dept. HOPELESS!



Food Products Presented  
By Meal or Snack Type  
NOT by Product Category



DINE IN  
FOR TWO

£10



YOUR *Only at*  
M&S

# Healthy snacking will become huge, everywhere in the world



Rabobank





Street Vendors and Market Stalls Selling Cut, Snack-Size Fresh Fruit Have Been Pervasively Available Across Asia for as Long as I Recall. Make Fruit Easy to Eat and Purchase, The Market Will Respond Anywhere! Westerners are Getting Better, BUT There's Still a Long Way to Go!



Thailand





In Siem Reap Traditional Market, It Took This Lady 20 Seconds to Trim and Present in Snack Form This Pineapple!



**Seedless red grapes portioned into 2-4 ounce clusters.**  
Pack styles: 21lbs of 2-4 ounce bunches  
Available all year long



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# Snacking Apples and/or For Kids Lunch Boxes from New Zealand!



Easy Peel Citrus a Quintessential Healthy Snack BUT  
Usually Located in the Fresh Produce Department  
NOT in the Snack/Meal Deal/Grab & Go Sections





**TESCO**

3 for 5 of Your 5+2-a-Day

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# Veggie Snack Maker Bare Foods



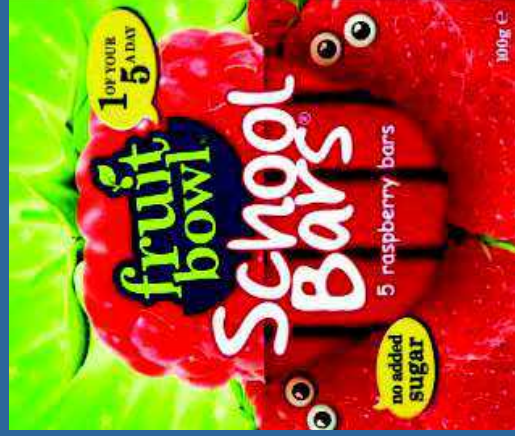
For PepsiCo, the purchase of Bare Foods is its latest effort to diversify its food and beverage portfolio and move toward the more natural, less-processed foods that are now in favor by increasingly health-conscious consumers.



**Beware  
of a wolf  
in sheeps  
clothing...**



Uhhh, it looks a lot like real fruit but it's just umm a lot more convenient!



**Bright Foods launches chilled fruit and veggie bars: 'Our product is like the love child of a cold pressed juice and a bar'**



May 18<sup>th</sup>, 2018

**Bright Foods has brought added innovation to the emerging refrigerated bar space with the recent launch of Bright Bars – chilled whole food bars made via high pressure processing (HPP) – available in select Whole Foods stores in Southern California.**



Big FMCG Brands See “Fruitie” Snacks as Clear Market Opportunity. Direct Competition for Fresh produce.



“Big Soda” Desperate for Association with Healthy Beverages and have a Profound Knowledge of Consumer Trends & How to Harness Them. Now, Direct Competitors with Fresh and Processed Fruit and Vegetable Industry



# PepsiCo to Launch Hello Goodness Healthy Vending Machines



Their Products Will be Right Next to the Water Cooler (Super Convenient)

# Fruit and nuts - from staples to snacking favourites in China



Dried Fruit & Nuts  
RMB44.2 bn. 2012  
RMB88.1 bn. 2017



Huge Opportunity for Fresh Grapes.  
Challenges:

- packaging format
- convenient location



E-commerce platform Jingdong has a special section on 'imported foods'. The fruits/nuts range shows some of the regular suspects like Sun-maid and Ocean Spray from the US, as well as products from countries like Vietnam and Thailand.

Some are more expensive than domestic items but most seem quite affordable. The reason they do not pop up out as hot on in the Chinese media is they have paid too little attention to packing their products in the proper cultural wrapping.

# Powerful Global Consumer Trends



Ahold Delhaize

Key Trends

- More fresh
- More convenient
- More fresh & healthy
- More convenient

## Increased focus on health & product origin

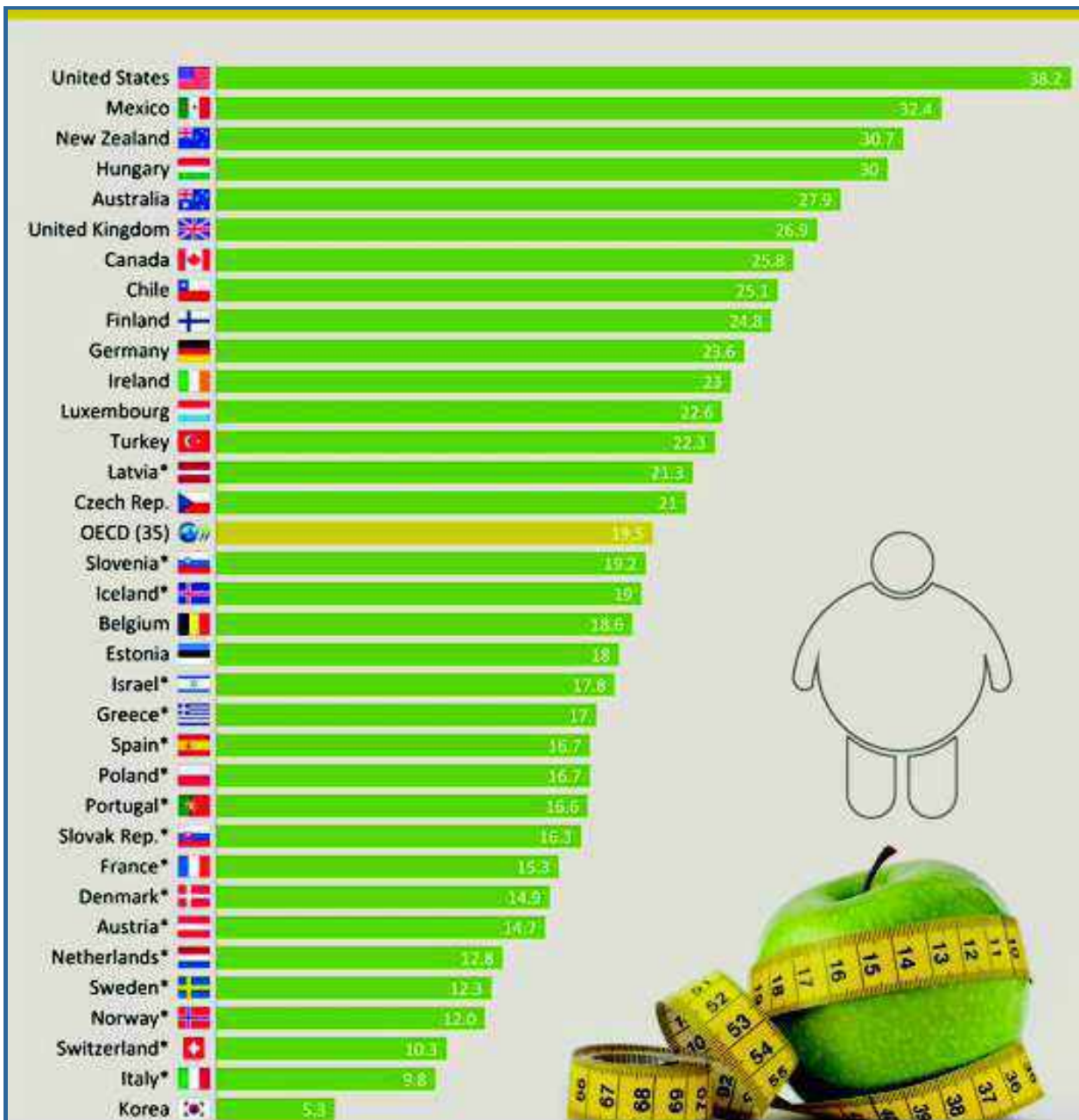






Same in Your Supermarkets

# OECD Obesity League Table 2016



# London mayor to ban junk food ads on tubes and buses

Sadiq Khan targets goods high in salt, fat and sugar to address 'timebomb' of child obesity



# UK poised to 'announce more stringent crackdown on obesity'



A Combination of Diet-Related Diseases and Ageing Population Placing Unprecedented Pressure on the NHS. Implosion Beckons! Political Suicide NOT to React NOW.



On Health Matters, Governments:

- ask consumers to improve diets/exercise
- then, ask industry to reduce fat/sugar/salt
- put pressure on retailers to “nudge” consumers
- threaten industry with regs. and taxation
- implement regs. and taxation (e.g. on sugar)

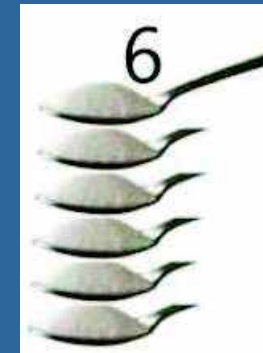
The UK government reportedly plans to announce stringent measures to combat unhealthy lifestyles within a matter of weeks and they may include a ban on promotional deals for junk foods.

Opposition parties have apparently backed the plans of Prime Minister Theresa May, *The Times* newspaper reported, quoting sources, who said the crackdown on tackling obesity in the UK may encompass prohibiting buy-one-get-one-free deals on unhealthy foods.

In Some Markets, Grapes Seen as a High Sugar Snack. There will be PRESSURE!

# Grapes: Smoking Gun in the Increasingly Global Debate on the Obesity Crisis? High Sugar Products Firmly in the Firing Line

Age	Maximum recommended sugar intake per day	Teaspoons
4-6yrs	19g	5
7-10yrs	24g	6
From 11yrs	30g	7

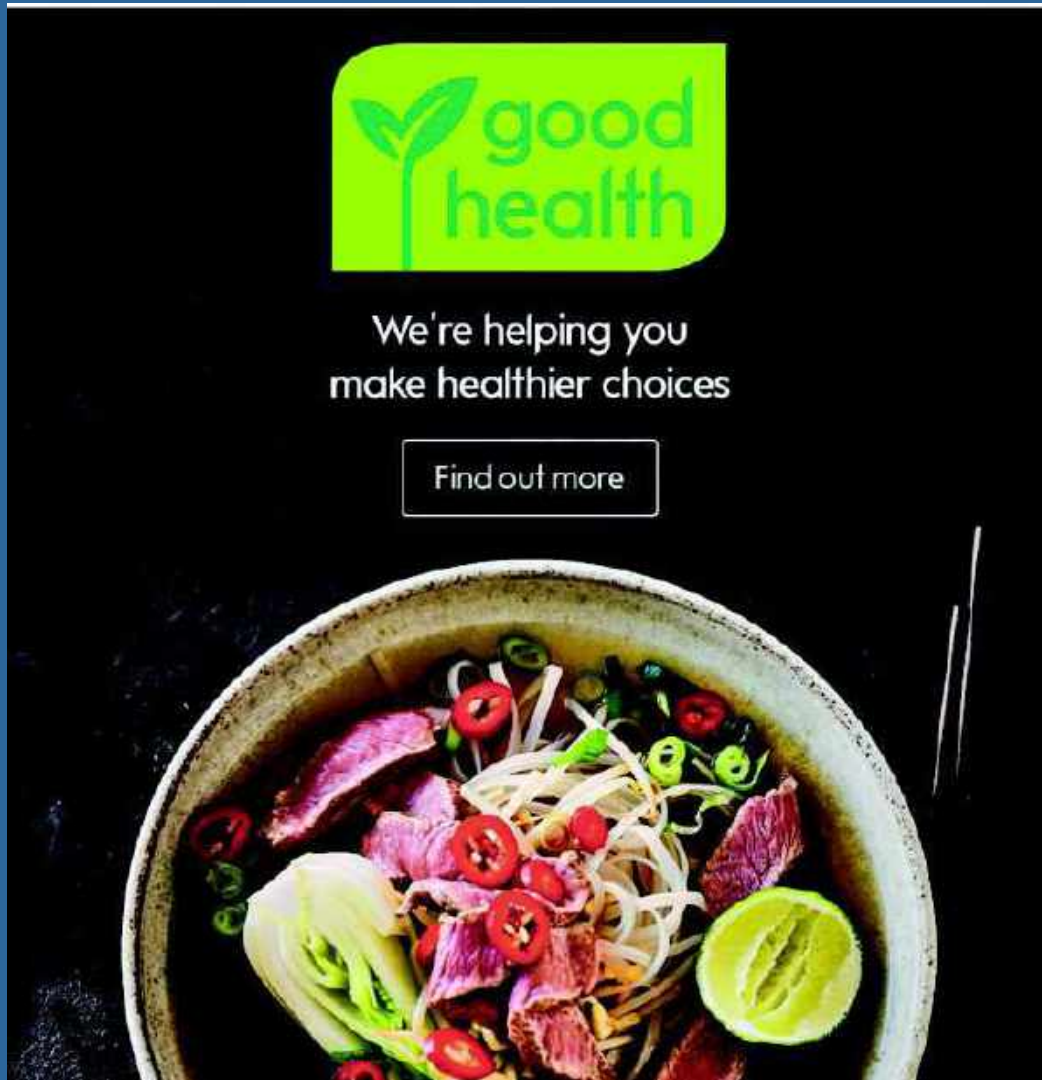


## Table Grapes

Grapes are one of the first fruits that man ever cultivated. Chile is the top grower of table grapes in the southern hemisphere and the world.

<b>Nutrition Facts</b>	
Serving Size 1.5 cup grapes (138g)	
<hr/>	
Amount Per Serving	
Calories 90	Calories from Fat 0
	% Daily Value*
<b>Total Fat</b> 1g	2%
Saturated Fat 0g	0%
Trans Fat 0g	
<b>Cholesterol</b> 0mg	0%
<b>Sodium</b> 0mg	0%
<b>Total Carbohydrate</b> 24g	8%
Dietary fiber 1g	4%
Sugars 23g	
<b>Protein</b> 1g	
<hr/>	
Vitamin A 2%	Vitamin C 25%
Calcium 2%	Iron 2%

\*Percent Daily Values are based on a 2,000 calorie diet.



Waitrose

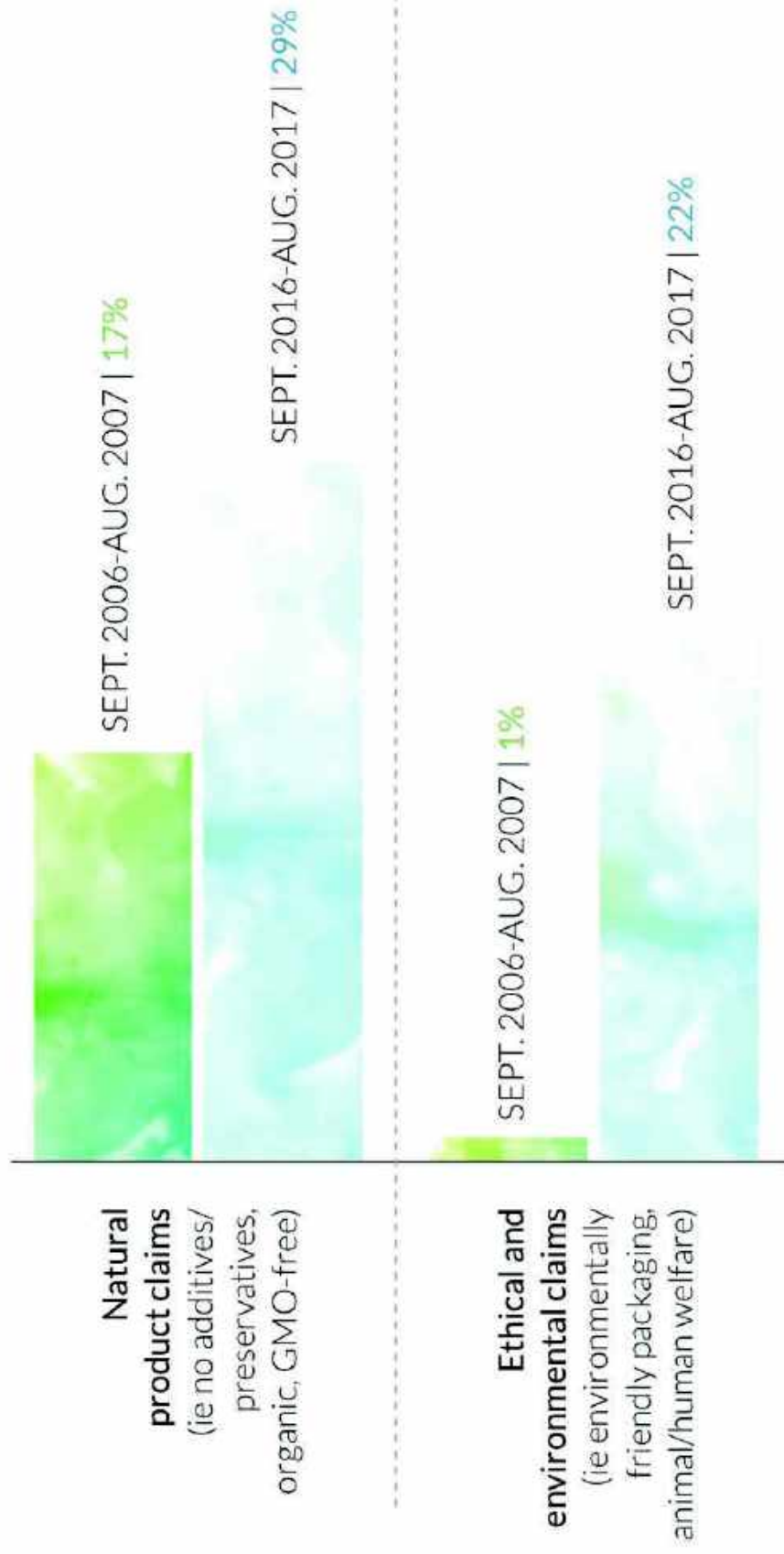
Food Retailers  
Respond to  
Customer Concerns  
About Health

**The Number 1 Global Mega Consumer Trend is the Increasing Concern About The Health of the Family and The Health of the Planet. When Food Shopping, Drives Shoppers Towards “Mindful Choices”\***



**And a Widespread View that Big Food, Big Business, Big Government are Part of the Problem NOT Part of the Solution**

## Natural and ethical claims on global new food and drink product launches are on the rise



Source: Mintel Global New Products Database (GNPD)



# The “Blue Planet II Factor”

Suppliers, Retailers & Consumers Will Change Radically & Quickly Their Use of Plastic Packaging



Dr. Food @ProfDavidHughes  
The Domino Theory: Implications for Plastic Packaging  
[supermarketsinyourpocket.com/2018/02/27/the...](https://supermarketsinyourpocket.com/2018/02/27/the...)

**Milkmen are returning to London as millennials order glass milk bottles in a bid to slash plastic waste**

The catalyst for the surge in millennials using glass bottles is David Attenborough's Blue Planet II, according to one milkman.



**EU proposes ban on straws and other single-use plastics** May 28<sup>th</sup>, 2018

# Transparency at the core: Quinn Snacks tells consumers exactly where their ingredients originate

It's one thing to read an ingredients label and know that a product contains sorghum.

It's quite another to be able to meet the farmer who grew that sorghum with a few quick clicks. And when consumers eat Quinn pretzels, that's an opportunity they get.



# The Global Grocery World Entering a Disruptive Period



**93**

Years to build

**610,000** rooms in **88** countries



**4**

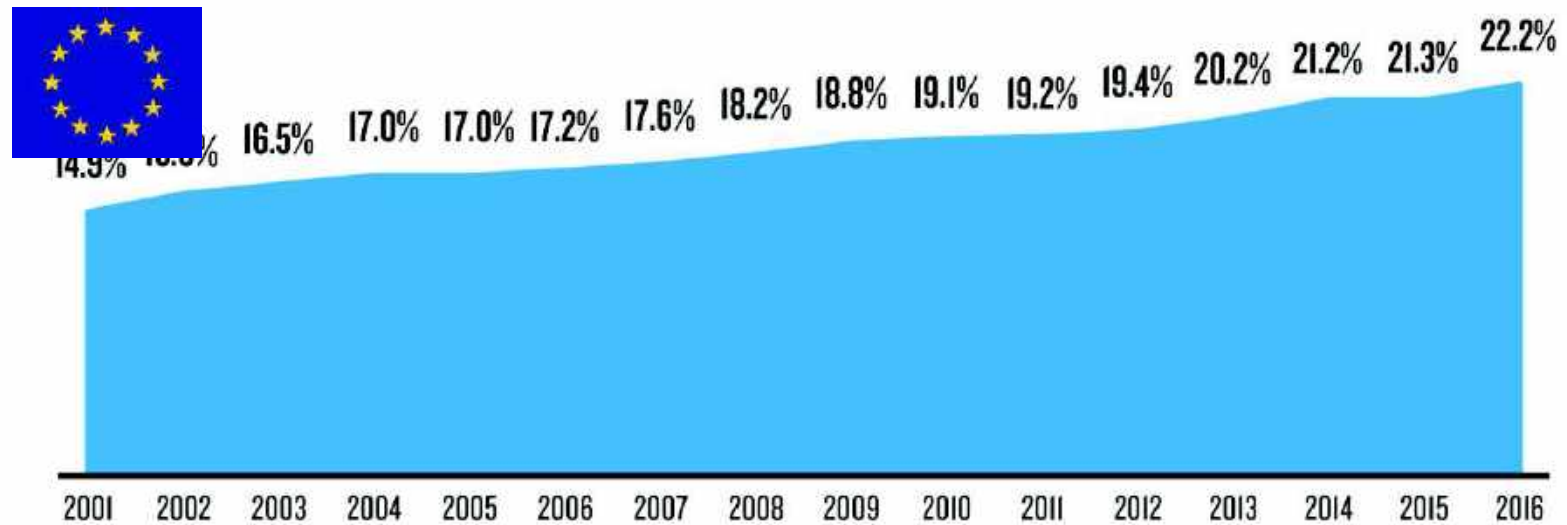
Years to amass

**650,000** rooms in **192** countries

# Disruption

# Is There a “Natural” Ceiling for Hard Discounters in ANY Market?

## DISCOUNTER SALES IN EUROPE



Europe includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Hungary and Poland

Source: Nielsen Retail Measurement Services



## Report: Amazon and alternative formats will bring 'carnage' to supermarkets

- Retail space devoted to food sales in the US has hit a record high.
- New store growth is outweighing demand, and grocers are cutting prices to compete.
- Department stores followed the same strategy in the last decade, and now they are closing stores and filing for bankruptcy at staggering rates.

The retail apocalypse is heading straight for Kroger, Whole Foods, and Aldi

Inmar: Dim future for traditional supermarkets

Shares, stores to decline as fresh, limited assortment, e-commerce grow

The increasingly bleak outlook for Canadian grocery stores

# It's Only Going to Get Worse for America's Grocers

Food Industry Analysts Predict Tough Times for Supermarkets



**Dr. Food** @ProfDavidHughes



Lidl USA: this shopper communication ploy will raise eyebrows and hackles! Traditional supermarkets running scared.



This week's  
**Super 6** at 69p each

**6 fruit and veg**  
at super prices

Available from 30th January to 12th February,  
subject to availability - new offers start 13th February.



Braeburn Apples

per pack **69p**  
5/7/8 pack, 11.5p/9.9p/9.5p each



Oranges

per pack **69p**  
6/7 pack, 11.5p/9.9p each



Blueberries

per pack **69p**  
150g, £4.60 per kg



Salad Potatoes

per pack **69p**  
1kg, 69p per kg



Mild Onions

per pack **69p**  
4 pack, 17.3p each



Baby Plum Tomatoes

per pack **69p**  
250g, £2.76 per kg



Discounter  
er 6" Has A  
ficant Impact  
resh Produce  
ng Behaviour





# Now one in seven are buying their food online: Number doubles in two years as big supermarkets offer same-day delivery

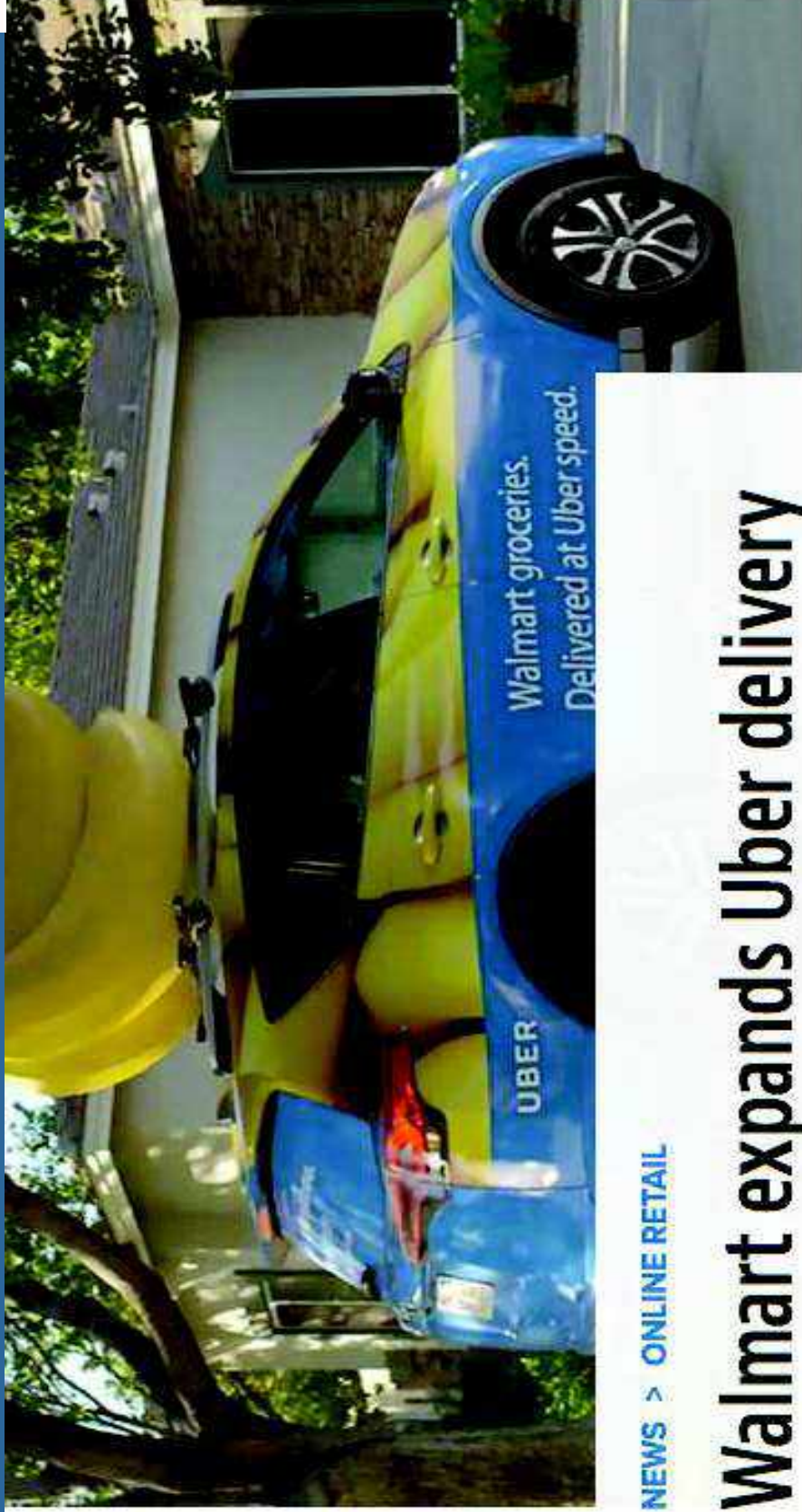
- Total online grocery spending is predicted to rise by £1.2billion this year
- The trend will continue over the next five years, reaching a massive £17billion
- Tesco even recently tried out a robot that can deliver groceries in an hour
- Marks & Spencer are also planning same day delivery trials



ONLINE GROCERY CLICKS IN THE UK: SALES SET TO SURPASS £11 BILLION IN 2017



Daily Mail



NEWS > ONLINE RETAIL

# Walmart expands Uber delivery test to more cities

# Kroger's driverless delivery test underscores a focus on the future





## Grocery Delivery Options Proliferate in the UK





**BRIEF**

# **BREAKING: Amazon to buy Whole Foods in \$13.7B deal**

August 2017

# Market Capitalization of Some Major Grocery Retailers (US\$ bn)\*

	\$898 bn.
	\$466 bn.
	\$268 bn.
	\$99 bn.
 **	\$29 bn.
	\$34 bn.
	\$14 bn.

\* as of August 8<sup>th</sup>, 2018

\*\* Woolies Australia

FYI Woolworths RSA  
Market Cap. approx. US\$4 bn.

Our Blog, July 17<sup>th</sup>, 2017

What if ..... Amazon Bought Sainsbury's?!

Published on July 18, 2017 by Prof David Hughes & Miguel Floran - Leave a comment



NOW AVAILABLE AT



### Asda-Sainsbury's merger: MPs fear squeeze on suppliers

April 30<sup>th</sup>, 2018

Politicians call for watchdog to gauge affects of deal, saying it should not hurt suppliers



Sainsbury's - Asda merge to fend off Germany's £26bn supermarket superpower

UK supermarket shares slip as fears rise about effect of Amazon's move to slash prices at Whole Foods



Market Cap. Morrisons \$8 bn.  
Market Cap. Amazon \$898 bn.  
Recent share price hike for M reflects analysts view that it may be an Amazon target (with small change!).

[www.supermarketsinyourpocket.com](http://www.supermarketsinyourpocket.com)

## Tesco, Carrefour waste no time in trying to leverage power of partnership

August 7<sup>th</sup>, 2018



Fresh Produce  
is on Their List!

It's official. **Tesco** and **Carrefour** have joined forces, entering into a formal long-term, strategic alliance that is slated to become operational in October.

In an official release from Tesco, the alliance is said to cover the strategic relationship with global suppliers, the joint purchasing of own brand products and goods not for resale.





Oct/Nov 2017



**Alibaba buys stake in Chinese hypermarket chain Sun Art**



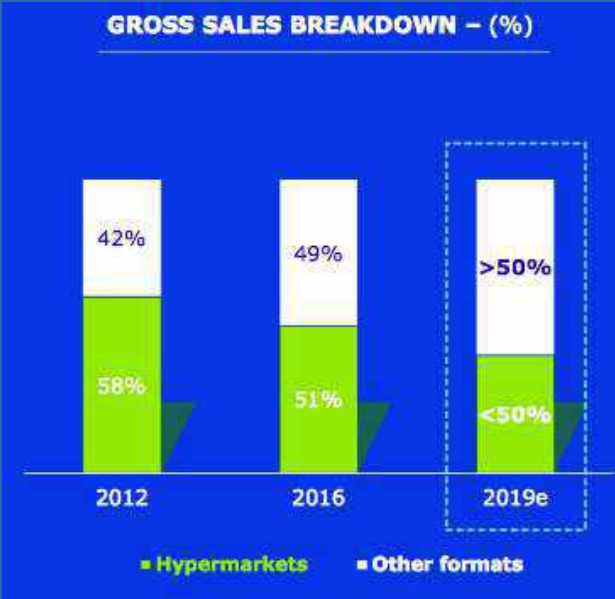
**Alibaba is trying to reinvent China's mom-and-pop stores**



**Ling Shou Tong  
Free Retail-Management Platform  
Assists Store Owners with Selection  
& Range and Products Sourced via  
Alibaba**



For Major Supermarket Companies around the World:  
The Future is Omni-Channel.  
One Product Does Not Fit All Channels!



# Restaurant delivery services are a growing challenge for supermarkets

- Food delivery sales from companies like GrubHub and Uber Eats grew 51% between August and March, according to data from analytics firm Second Measure [cited by Recode](#).
- GrubHub has the highest sales of any food delivery company in the U.S., but Uber Eats is coming on strong, and now leads in market share and customer spending in several major cities, according to Second Measure.
- DoorDash and Postmates recently discussed a merger, according to Recode. The combined companies would have a 24% market share in food delivery, making them bigger than Uber Eats but smaller than leader GrubHub.

## Ordering Platforms and Meal Deliverers for the Global Restaurant Trade



It's a Dynamic Sector!

**Australia is becoming an Uber Eats nation**

# How Deliveroo's 'dark kitchens' are catering from car parks

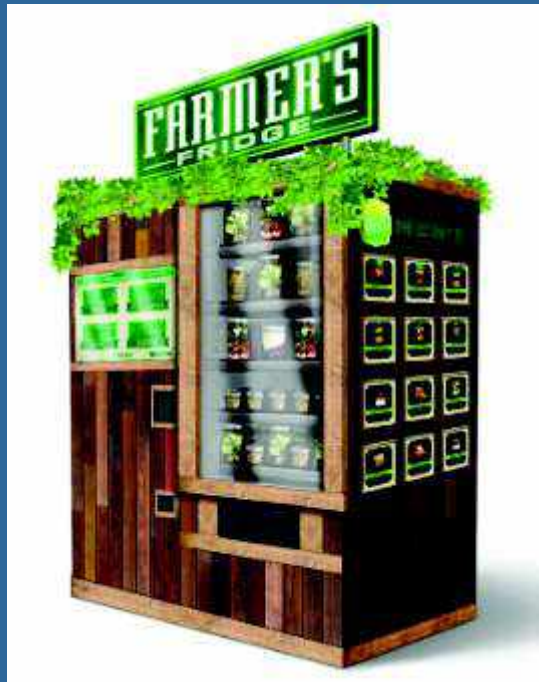


As appetite grows for upmarket takeaways, delivery service is setting restaurants up with satellite kitchens inside metal boxes

The Guardian  
Oct. 28<sup>th</sup> 2017

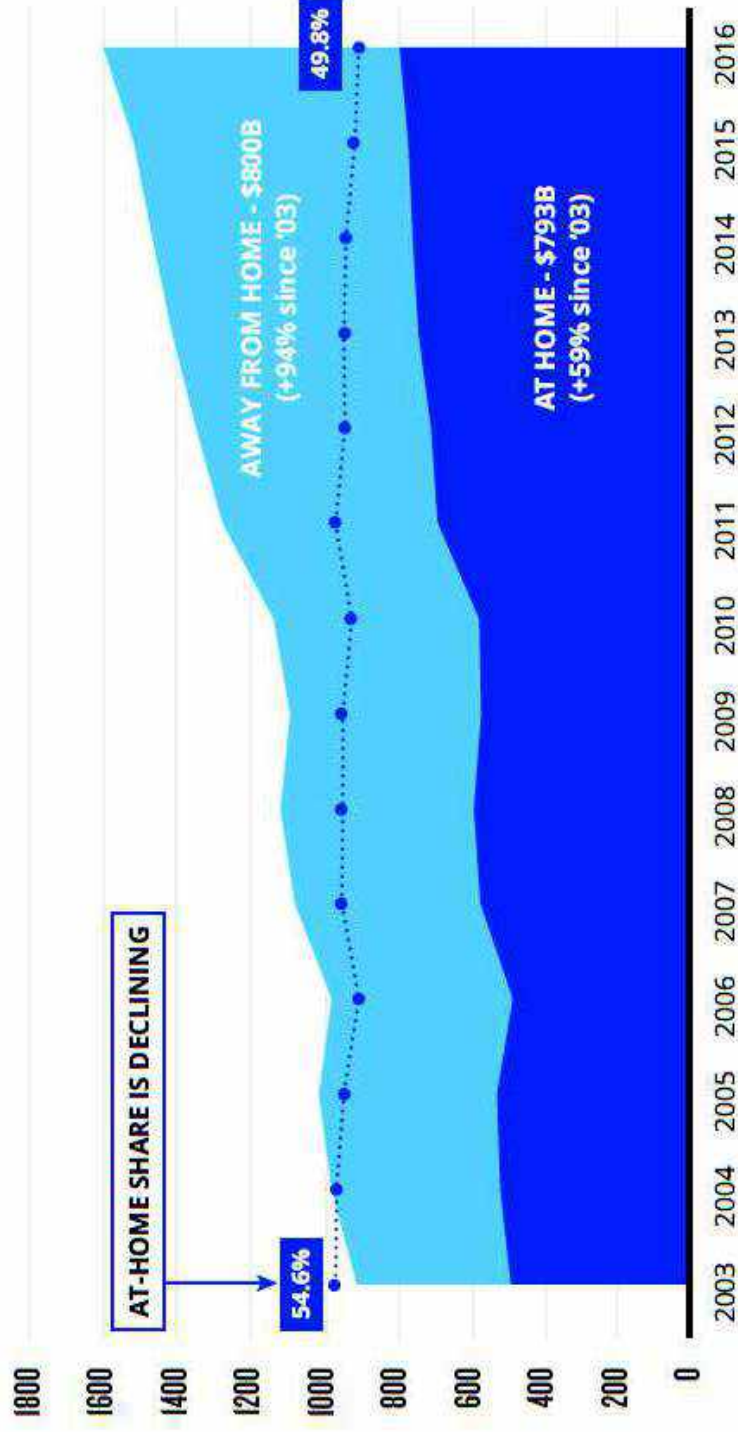


Danone VC Arm Buys into Farmer's Fridge Franchise Vending Business in USA



# CONSUMERS ARE INCREASINGLY EATING OUT

Total Food Expenditure (in \$B) and At-Home Share



Source: U.S. Department of Agriculture Economic Research Service

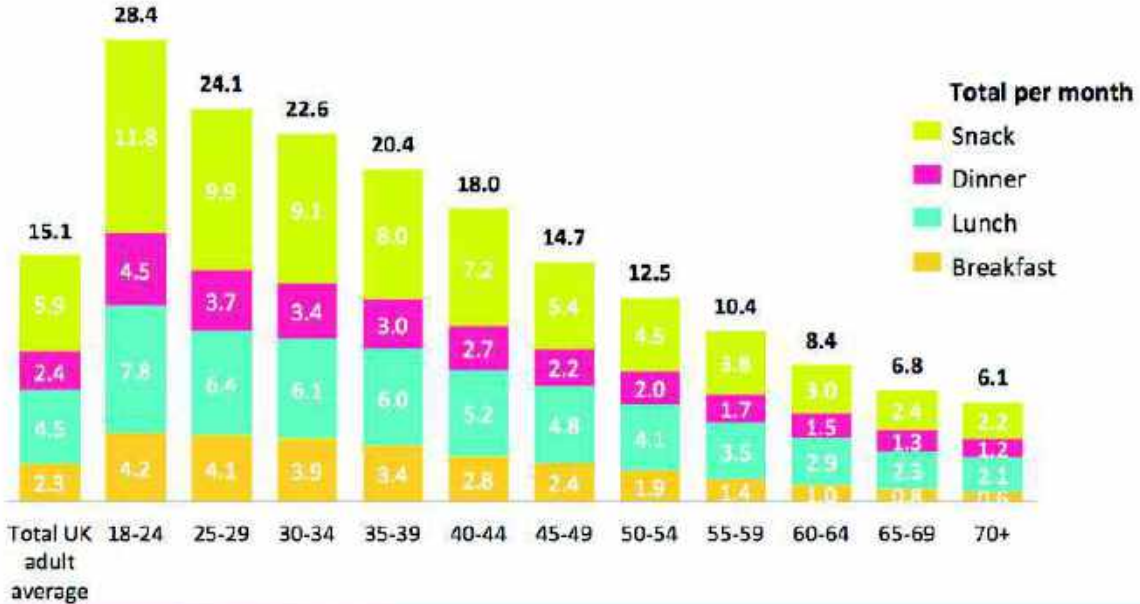




# Younger Consumers Eat Out Most Frequently in the UK

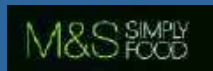


The Ageing Demographic - Eating out frequencies



MCA, 2016 © | Oxford Farming Conference, the UK Foodservice Market, Jan 2017

# Food-to-Go Accelerates the Convergence of Food Retail & Food Service



JAB Holdings Buys Majority Stake in Pret for £1.5 Billion May 29<sup>th</sup>, 2018



Evolution of Starbucks Logo

## Starbucks to focus on China growth, doubling food sales

- 30+% of all US sales made using Starbucks app
- Virtually US ALL same store sales growth digital
- Globally planning to double food business by 2021
- Particular expansion of premium food and drink lines
- Expanding Bistro Boxes and Reserve Cafés (20% y-o-y growth 2016/18)
- Focus on cold drinks (50% of drink sales 2017/18)
- Market leader in cold brewed coffee in USA
- China expansion: 800 cafés in 2013 to 3200 end of 2018
- 1<sup>st</sup> Reserve Roastery opened in Shanghai Dec. 2017
- Opening a new café in China every 15 hours! Currently, 600 in Shanghai

Source: Starbucks, March 20<sup>th</sup>, 2018





The Other Day, I was in an Outlet with a Huge Hot & Cold Beverage + Snack Offering





## Healthy Food Offer



## Asian and Western Food & Beverages





# Noodle Bar

Noodle Bar		
<b>\$28 Noodles in Soup</b> 湯麵類 (任食及半)		
<b>1 Noodle</b> 麵類 (任食)	<b>2 Soup Base</b> 湯底類 (任食)	<input type="checkbox"/> Spicy (辣) <input type="checkbox"/> Hot (熱) <input type="checkbox"/> Mild (淡)
<b>3 Toppings</b> 配料類		
<b>Each Topping \$10</b> 每款	<b>Each Topping \$8</b> 每款	<b>Each Topping \$5</b> 每款
<input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋) <input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋)	<input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋) <input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋)	<input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋) <input type="checkbox"/> Soft-boiled Egg (半熟蛋) <input type="checkbox"/> Hard-boiled Egg (全熟蛋)
<b>Make it a Set</b> 套餐		
<input type="checkbox"/> \$12 Drink (12元飲品) <input type="checkbox"/> \$15 Drink (15元飲品) <input type="checkbox"/> \$18 Drink (18元飲品)		







Hong Kong

**“IN ASIA, THE CONVENIENCE SECTOR IS BY FAR THE SECTOR THAT IS GROWING THE MOST— 7-ELEVEN IN TAIWAN OR IN THAILAND, THAT’S WHERE WE ARE MOST LIKELY TO SEE INNOVATION HAPPENING.”**

**PETER GALE - MANAGING DIRECTOR RETAILER SERVICES, ASIA-PACIFIC, NIELSEN**

How Well Represented are Grapes in Convenience Stores?

## What's Your Point of Difference Versus Other Grape Suppliers?

- Cleaner and Greener?
- Safer?
- Cheaper (why would you want to be?!)?
- Tastier?
- Better Quality?
- Better Availability?
- Earlier/Later than Competitors?
- More Interesting Range/Selection?
- Proprietary Ownership of Grape Varieties?

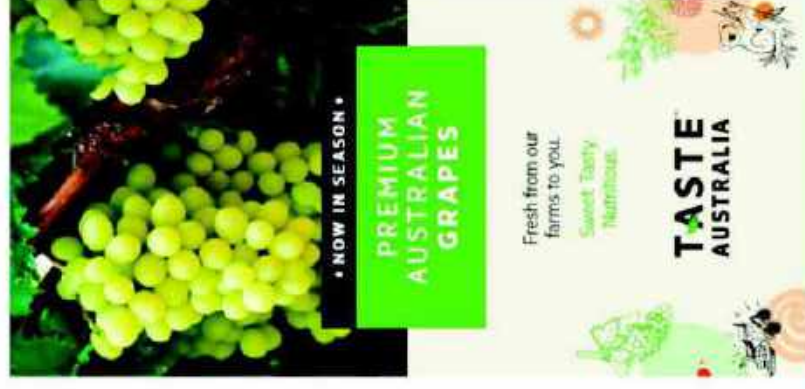


# TASTE AUSTRALIA

New point of sale

Tested with Japanese consumers. Winning key message: "Fresh from our farms to your table"

品味澳洲





Origin Green is Ireland's food and drink sustainability programme, uniting government, the private sector and food producers through Bord Bia, the Irish Food Board.



# How Do You Communicate Value for Money?

Two Coffees £5: Routine Daily Purchase  
“I’d Buy More Fruit but it’s Expensive”!



Av. Weekly Household  
Spend on Fruit £3.93



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