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HAVI Global Solutions | Grow Smarter

SMART PACKS for C-Stores

Capitalizing on changing marketplace dynamics and consumer focus in on-the-go options, C-stores are well positioned for growth beyond anything that has been seen in the past. However, the channel's success is not going unnoticed. From unexpected channel entrants to customized packaging strategies, the explosive growth of C-stores is influencing changes inside and outside the channel.



GLOBAL MOMENTUM

Around the globe, C-stores are experiencing strong, positive growth. Growth slowed to 1 percent for U.S. C-stores, yet the segment still outperformed other retail formats during the same period.¹

In China, more than 26,000 stores were projected to generate \$6.7 billion, reflecting a growth rate of 14.8 percent over the last six years.² Japanese C-stores, with historical growth rates of 13.8 percent,³ fuel demand for Just In Time (JIT) deliveries and display-ready packaging.



RETAIL REQUIREMENTS

For a C-store to be “convenient” to its target consumer, the individual store must carry a broad range of desired products but limit the number of SKUs. Japanese retailers employ real-time, predictive analytics models based on the principles of TPO: Time Place Occasion. The minuscule store footprint of an average Konbini requires smaller, more frequent deliveries throughout the day. JIT replenishment orders target a wide variety of consumer profiles and specific needs by day part (e.g., the lunchtime rush of school children, the afternoon housewife picking up items for dinner preparation).





With more than 17,000 stores, Japan is 7-Eleven’s primary market, recognized as an industry model for JIT supply chain management. Sharing each store’s point-of-sale (POS) data with suppliers, 7-Eleven has been scheduling three daily deliveries—each order precisely tailored to meet customer demands—since 1987. This year, 7-Eleven is raising the bar and complexity of JIT replenishment by adopting a more regional approach to product supply. Since up to 50 percent of SKUs in a store can vary by region, the ability to further customize product assortments is expected to help optimize the overall supply, merchandising and product lineup.⁴

PACKAGING POWER PLAY

Across Japan, the increased demand on retailers’ supply chains due to recurring deliveries (more than six per day for some stores), high inventory turnover and limited shelf space have also increased pressure on manufacturers to deliver products in retail-ready packaging.⁵

The second largest paper packaging market in the world behind the U.S., Japan is often recognized for

driving technological packaging innovation. The CEO of EP Resources, a Singapore-based publishing and packaging consultancy, notes, “It usually takes eight years for a Japanese innovation to make it to Western supermarket shelves.”⁶ Japan’s largest corrugated carton supplier, Rengo, sits in the unique position of having to marry the needs of both the brand owner and a very specific, dynamic retail environment. For that reason, Rengo tasked itself with developing a system of attractive, shelf-ready containers—tailored to the needs of the Japanese marketplace—that satisfies the brand and the retail customer.⁷

The Rengo Smart Display Packaging (RSDP) system is based on three principles: easily identifiable whether in the warehouse or store stockroom, easily transitioned from stockroom to store shelf and easy-to-construct, attractive displays. With a vibrant color palette and retail-driven design details, the RSDP product elevates corrugated packaging beyond a simple transportation role, adding sales functionality, improving in-store promotional visibility and increasing staff efficiency from unpacking to product display.

SOLVING for C-Stores

These days, there's nothing convenient about operating a convenience store. With six C-store formats in operation globally (traditional, hyper, kiosk, limited selection, expanded and mini), customer wants and needs vary dramatically based on store location. Such wide variation in an operation means decisions about product assortment, packaging, distribution, and promotion can be difficult to streamline because they must reflect individual store needs. C-stores have also lagged behind grocery and mass retailers when implementing sophisticated retail analytics, because "one size fits all" solutions simply don't apply. However, in the face of explosive channel growth, things are changing.

BEYOND ANALYTICS

4R Systems, Inc., a leading provider of advanced inventory and supply chain services, and **Impact Analytics & Services**, a C-store retail solutions and services provider, recently announced a new strategic alliance geared toward delivering more powerful supply chain analytics to C-store retailers.⁸ Their goal? To leverage supply chain analytics in driving inventory profit increases across all items in all stores. The companies will utilize powerhouse analytics to assess Profit Optimized Inventory re-order points, providing expert inventory management and analysis across thousands of SKUs and delivering optimal profits by ensuring the right product is in the right place at the right time.

REAL-TIME RESPONSE

CStorePro is launching a competitively priced web and mobile service that provides business intelligence for C-store retailers.⁹ The online software system will integrate with point-of-sale (POS) systems to pull transaction data into CStore's cloud. Store managers

can then track a store's overall margins, inventory levels, sales reports and more. The software also offers predictive analysis, alerting business owners with recommended changes based on current trends (e.g., weather, gas prices) so they can make real-time decisions that impact the store's bottom line.



WALLET Wars

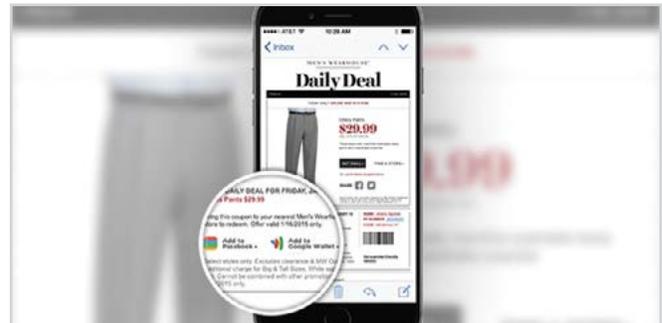
Interest in mobile payments reached a frenzied peak when **Apple** launched Apple Pay, but according to **Forrester Research**, this is just the beginning. Forrester believes the true value of mobile wallets lies in leveraging them as marketing platforms to drive deeper engagement with consumers. Twenty-seven percent of marketers and digital business executives plan to use mobile wallets to engage their customers,¹⁰ a figure that could grow exponentially as consumer adoption of the technology reaches critical mass in coming years.



MASTERS OF MOBILE

Often cited as the leader in mobile payments, **Starbucks** recently reported that 16 percent of its U.S. transactions, approximately 7 million mobile payments per week, come from mobile devices.¹¹ The company credits its loyalty program as a key driver to the Starbucks app. With access to precise

records of customer habits and preferences, the company calibrates its marketing and promotion efforts to suit each customer's tastes. Starbucks' unique model of payments and rewards lends credibility to the idea that payment apps can successfully drive customer engagement.



PROMOTIONAL PAYOFF

U.S.-based retailer **Men's Wearhouse** is anticipating a seven-figure increase in 2015 revenues based on the performance of recent programs linked to mobile payment platforms.¹² An email program with coupons that saved offers to consumers' Google Wallet or Apple Passbook generated a tenfold increase in coupon redemption versus traditional email coupons without the added feature. Based on the program's success, the retailer then created a mobile game featuring the same mobile wallet mechanism, a campaign that drove a 166 percent increase in coupon redemption versus their non-mobile program tactics.

ECO-LUXE PACKAGING: Dream or Reality?

Is less really more? When it comes to luxury product packaging, historically, the answer has been no. However, trend researchers at **Smithers Pira** have noted increasing public and industry pressure on luxury brands to reduce their environmental impact,¹³ signaling a need for change. Yet, when luxury packaging must add impressions of prestige and product quality to persuade consumers of the products' worth, can manufacturers develop viable solutions, or will consumers have to choose eco-friendly over premium aesthetics? The answer may be somewhere in between.



MESSAGE IN METAL

Experts in metal packaging, U.S.-based **Crown** designed Jean Paul Gaultier "Classique" Intense product range in a high-impact, metal can design. "The 100 percent recyclable metal cans encapsulate the distinct style of the Jean Paul Gaultier brand and demonstrate its commitment to sustainable development."¹⁴ Crown is also credited with the development of champagne brand **Nicolas Feuillatte's X'ploration** range. Developed in luxurious gold and deep black metallic sheen finishes that reflect the brand's quality and premium price point, the metal tins celebrate a "day and night" campaign theme. An on-pack recyclability message expresses the brand's ongoing commitment to sustainability.¹⁵



FROM TRASH TO TREASURE

London-based luxury accessories line **Heidi & Adèle** combines traditional materials (such as cow leather) with eco-exotic materials, including salmon, sea snake and eel exteriors.¹⁶ The practice of procuring exotic leathers typically requires the illegal slaughter of endangered animals, so the brand adopted an innovative, eco-friendly approach to creating exotic leather goods: reusing fish leathers from seafood by-products destined for the trash. Sourced directly from suppliers and citing benefits that include vibrant color absorption and comparable durability to conventional leathers, the premium-priced product line not only stands out in color palette and hue, but also in social responsibility practices.

SECOND Life



Most people are familiar with recycling, but the movement to repurpose and reuse items intended for the trash also has its fair share of fans. Upcycling—the practice of creating new products from old or discarded items—has grown in popularity across the world, though only recently has the movement turned from entrepreneurial or do-it-yourself (DIY) projects to broader retail and corporate social responsibility ventures.



PRODUCTS WITH PURPOSE

India-based creative agency **DDB Mudra** teamed with **Aarambh**, an NGO in Mumbai, to create

the **Help Desk**, a low-cost solution for underprivileged students who attend classes without chairs or desks.¹⁷ Forced to sit on the floor, the students write while hunched over, which can lead to poor posture and eyesight. Using discarded cardboard boxes sourced from retailers, businesses and recycling hubs, DDB and Aarambh created a preset stencil design for a dual-purpose portable desk and bookbag.

Invented in Japan and launched as both an introduction to gardening and upcycling for children, **Petomato** transforms old water bottles into micro hydroponic planters that are perfectly sized for urban spaces.¹⁸ Consumers fill any used plastic bottle with water and top it with the Petomato cap, a special bottle cap pre-planted with a small amount of sand, fertilizer and tomato, basil or habanero pepper seeds.



RETAIL REVOLUTION

U.K.-based **Remade in Britain** is the first dedicated retail hub for upcycling-focused vendors. The website launched with more than 300 retailers selling repurposed items. From furniture made out of discarded pallets to lamp stands created with motorbike parts, lighting fashioned from plastic drink bottles and vintage textiles repurposed into clothing and home accessories, Remade in Britain has something for every consumer.¹⁹ Retailers sell their products directly to consumers, providing a commission fee to Remade in Britain on each purchased product. Designed as a retail and education platform, participating retailers and consumers alike are excited to expand the reach and awareness of the upcycling movement.

Credits

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