

Augustus Martin 

The Monthly Food Retail Insights Report

February 2023



Welcome to our Monthly Food Retail Insights

Every month we will publish this Retail Insights report, looking at a range of activities within food retail.

Content type will vary month to month, depending on the news that surfaces, but we will be looking at the following information:

- New store formats and concepts; the exciting new shopping environments
- Technology developments, what is new to the market in food interactivity
- Industry reports; expert analysis and research into food retailing
- Innovations and trends emerging in grocery retail; what is new and exciting

So, let's get started with this month's issue.



Amazon opens first mixed check out Go store

Amazon has opened a new Fresh grocery store in the London borough of Croydon, just days after closing one of its stores in Dalston, north east London. The store, which uses the company's Just Walk Out technology solution, will enable visitors to walk do their shopping without needing to visit a checkout. Once they have removed their products off the shelves they simply walk out through a barrier. A selection of cameras and sensors detects which items they have pulled off the shelf before charging the bill to the customer's Amazon account once they have left.

Customers are also able to pick up or return items they have purchased on Amazon's website at the Amazon Hub in store, without the need to package or print a shipping label.

The surprising move comes just after the closure of Amazon's Fresh store in Dalston, which it permanently closed after just 18 months of operating. The new store has multiple ways of entering and paying for products, and also includes physical checkouts. I see this as a sensible and logical 'upgrade'. It will be interesting to see how shoppers respond.

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EL&N opens first café in Jeddah

UK based café and restaurant sensation EL&N London, the world's most Instagrammable café opened their first flagship in Jeddah, at Atelier La Vie with a stylish destination that blends creative spirit with the glitz and glamour of the French Riviera, labelling the new destination café as "The Riviera paradise in Jeddah".

"EL&N London" is expanding their presence in the Kingdom of Saudi Arabia, after opening six locations in Riyadh and more locations in Jeddah opening later this year.

EL&N, which stands for "Eat, Live & Nourish" has become famous for its iconic interiors, painting cities across the globe pink, with neon signs nestled in flower walls and unique photo backdrops where guests can get the perfect picture opportunity while benefiting from an interactive all-day dining menu.

As well as featuring a patisserie display with freshly baked goods, EL&N also offers a variety of artisan coffee and speciality drinks and dishes on their menus including hot chocolates, colourful alternative lattes and cakes, as well as offering brunch options, main courses, and afternoon tea. The opening ceremony of EL&N in Jeddah was attended by VIPs, media and top of the notch social figures of Jeddah.



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Lloyds Pharmacy closing Sainsbury's concessions

Lloyds Pharmacy is to close all of its branches inside Sainsbury's stores, which puts 2,000 jobs on the line. It will close the 237 outlets over the course of the year in response to "changing market conditions".

The company said it was "working with colleagues potentially affected by the changes and has underlined its commitment to support them through the process". The pharmacist is "currently exploring options for each individual branch", as it attempts to offload them.

Lloyds Pharmacy's parent company bought Sainsbury's 280-store pharmacy chain in 2015 for £125m when it transferred around 2,500 staff to its business. Private equity firm Aurelius snapped up Lloyds Pharmacy last year.

Lloyds Pharmacy chief executive Kevin Birch said: "This decision has not been an easy one and we understand that our patients and customers may have questions about how the change will affect them."

"We would like to thank them for their continued support and assure them that we are committed to providing a smooth transition over the coming months."

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Aldi offers free bus rides to shoppers outside competitor stores

A new Aldi bus has been picking up shoppers outside rival supermarkets and dropping them at its own stores. The shameless stunt saw surprised Tesco and Sainsbury's shoppers offered a free ride to the nearest Aldi.

Aldi bosses organised the cheeky initiative after the budget supermarket was crowned the UK's cheapest supermarket by Which? for 2022. To celebrate, special bus stops were placed outside Tesco, Sainsbury's and other supermarkets across Aylesbury in Buckinghamshire.

A branded Routemaster bus, driven by a traditional-style conductor, then arrived to pick up customers and deliver them to the nearest Aldi store. Aldi said the gesture was to 'stop other supermarkets taking customers for a ride'.

Managing director Julie Ashfield said: "We're so proud to have been named the UK's cheapest supermarket for the second year running, we wanted to share the good news with customers and what better way than by giving shoppers a free ride to come and experience the lowest prices for themselves!"



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Dollar General launches mobile health clinics in the US

Dollar General is the latest retailer to expand into health care clinic services. The discounter is partnering with DocGo Inc., a provider of mobile health and transportation services, to pilot mobile health clinics. The clinics are located in vans that are set up in the parking lots of three Dollar General stores in Tennessee, with two in Clarksville and one in Cumberland Furnace. Although appointments are recommended, visits are also available for walk-ins.

In 2021, Dollar General announced plans to expand its health care offerings and appointed Dr. Albert Wu as its first chief medical officer. In July 2022, Dollar General announced the appointment of four members to its new healthcare advisory panel.

Operated as part of Dollar General's Wellbeing initiative, the mobile clinics offer a wide range of preventive care services, including routine checkups, vaccinations/immunizations, recommended screenings, lab testing, diagnostics such as EKGs and kids' sports physicals, and more. In addition, the clinics provide urgent care services and chronic condition management for conditions such as high blood pressure, diabetes, asthma and chronic obstructive pulmonary disease.

Dollar General's push into health care services comes as pharmacy and other retailers are also increasing their focus on health care. In November, Walgreens' Village MD unit entered into a deal to buy Summit Health-CityMD. In addition to CityMD urgent care centers, Summit Health operates independent physician-run medical groups. And in September, CVS Health reached an agreement to acquire health care company Signify Health.



Barcelona bans dark stores in the city

Barcelona's city hall on Friday approved a total ban on so-called "dark stores" - distribution hubs used by companies that provide grocery home deliveries - joining other European cities such as Amsterdam that announced restrictions in 2022.

Such stores are like retail shops, but without any on-site sales, just deliveries from them. Delivery services expanded across Europe in recent years to meet soaring demand during the pandemic's lockdowns but have faced growing scrutiny from authorities because of their effects on neighbourhoods.

The ban by the left-wing Barcelona local government seeks to "preserve (traditional) neighbourhood stores and residents' quality of life", it said in a statement, arguing that dark stores' activities were causing excessive disturbance.

The ban will affect local delivery app Glovo - majority-owned by Germany's Delivery Hero (DHER.DE) - which has focused on the dark stores segment in recent years.

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Walmart introduces new design features in store

Walmart is rolling out a fresh strategy aimed at wooing them into other aisles: stores with brighter lights, fashion-forward mannequins and colorful displays of makeup, pet supplies and more.

Five SuperCenters have been remodeled: Hodgkins, Illinois, Teterboro and North Bergen in New Jersey; Yaphank, New York; and Quakertown, Pennsylvania. This is part of a strategy to sell more higher margin products like jeans, lipstick and baby strollers — that usually carry a higher profit margin than groceries.

Walmart declined to say how many of its approximately 4,700 U.S. stores will get the new look. Through a spokesperson, the company said it will share its plans for remodels and capital expenditures for the fiscal year when it reports earnings in late February.



Sainsbury's launches first drive thru

Sainsbury's has launched an overnight 'Flourish Fuelling Station' to offer free meals from its new Flourish healthy food range. The drive-through, which is also accessible for walk ups, is located in London Colney, St Albans, and was open last week.

The PR stunt comes after Sainsbury's found that shift workers have the unhealthiest diets in the UK, with professions such as security guards and taxi drivers topping the list.

Working the night shift is when diets particularly suffer, with over three quarters (79%) saying unhealthy cravings increase during overnight working. As a result, shift workers spend an average of £86 a month on fast food.

The 'Flourish Fuelling Station' offers meals featuring over 65 products, each packed with health benefits, with prices ranging from £1 to £4.

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Wakefern are the first US retailer to trial Trigo autonomous tech

Wakefern said it is the first U.S. company to test Trigo's technology, and noted in the press release that frictionless checkout technology allows smaller-format stores or convenience markets to create store-within-store offerings.

Trigo provides retailers with predictive inventory management, real-time analytics, planogram compliance and marketing. The Israeli firm also can give insights into product availability, product switching, price sensitivity and the amount of time it takes shoppers to find items.

Trigo already has several retail deployments across Europe, including a 2,700-square-foot, fully autonomous Tesco Express store with 3,320 SKUs in London and a nearly 2,400-square-foot checkout-free Netto discount store with 3,500 SKUs in Munich.

Nestlé Purina uses VR to optimize shelf merchandising

Nestlé Purina PetCare announced that it has implemented a new category management solution and virtual reality technology to assist its retail partners.

The company provides its retail partners with planograms, which create shelves to improve product merchandising and meet customer needs. With travel remaining constricted by COVID-19, Purina sought to provide a remote way for its associates to collaborate with retail partners.

3DVRS offers a Retail Visualization Suite (RVS) Virtual Reality Headset that combines planogram data from Blue Yonder with virtual reality capabilities, providing Purina's partners with an interactive, avatar-based merchandising solution. The integrated system brings together Purina associates and retail partners in the metaverse, enabling them to plan and interact with one another.

Since the implementation of the metaverse system, Purina has eliminated the need of a physical store to create shelving solutions, reduced its travel and environmental impact, decreased training costs, reduced the time need to merchandise a shelf, incorporated real-life factors into retail shelf planning, and established partnerships to enhance a customer's store journey.

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Google launches AI shelf inventory tool for retailers

Google Cloud said it has developed a new artificial intelligence tool designed to help big-box retailers better track the inventory on their shelves, aiming to improve a technology that has struggled to work well in the past.

Google Cloud said Friday its algorithm can recognize and analyze the availability of consumer packaged goods products on shelves from videos and images provided by the retailer's own ceiling-mounted cameras, camera-equipped self-driving robots or store associates. The tool, which is now in preview, will become broadly available in the coming months, it said.

Lack of timely, accurate information about shelf inventory is a major problem for retailers and so difficult to manage that it is industry standard to just make guesses, said Robert Hetu, VP analyst for retail at IT research and consulting firm Gartner Inc. Having that information would help retailers pad their lines in a variety of ways, including giving them the chance to replenish out-of-stock items faster, and lose fewer sales opportunities, according to Carrie Tharp, Google Cloud's vice president of retail and consumer.



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Age recognition technology trial is deemed a success in the UK

Last year, UK supermarkets – including Asda, Morrisons, Tesco and The Co-op – trialled the Yoti digital age verification at self-checkouts in a scheme run by the Home Office.

- Participating supermarkets confirmed they support digital age verification, and would welcome legislative change in this area.
- No underage customers purchased age restricted items when using the new Yoti age verification technology.
- Informed consent was gathered from all customers, who were given a choice whether to use the technology or present an ID document to a member of staff.
- The majority of shoppers who used Yoti digital proof of age solutions liked the technology and would use it again, once available.
- Digital age verification technology provided an opportunity to reduce the number of physical age interventions, giving retail staff more time to monitor other activities, including spotting proxy sales.
- Yoti facial age estimation is more accurate than humans which reduces the risks of incorrectly estimating the age of shoppers.
- Yoti facial age estimation is more inclusive because anyone who looks over the required age threshold does not need to carry around a physical ID to prove their age.

Digital age verification supports the ability for retailers to achieve the Licensing Objectives.

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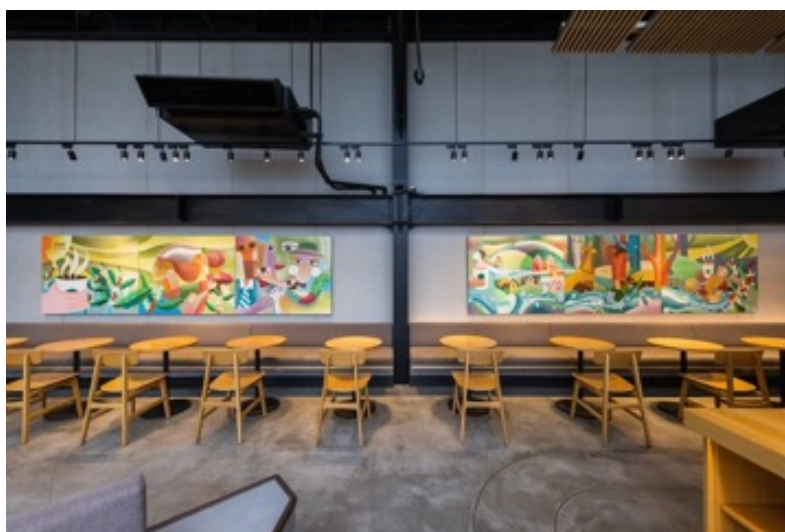
Starbucks opens first community café in Taiwan

Starbucks Taiwan has launched its first community concept cafe, in Xiulin Township, in partnership with local operator Uni-Wonder Corporation, joining the chain's portfolio of 150 community stores internationally.

The store's design is influenced by Hualien culture and has works of art by regional artists Miru Hayung and Eleng Luluan. In addition, Shi Ma Hsiu-Hua, a Truku traditional weaver, worked with indigenous women to design the brand's green apron, which features totem ornamentation.

Starbucks Xiulin Township will donate a portion of its profits to Hualien County Private Heping Sustainable Charity Foundation to support a local emergency relief fund. Since its debut in Taiwan in 1998, Starbucks has established more than 540 locations in the region. Through its "Indigenous Hope" program, the company has supported the educational growth of indigenous children since 1999.

Starbucks Taiwan said that the first Community Store in Hualien builds on the company's long-standing commitment to the indigenous community.



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What do you think?

We hope you enjoyed reading the Augustus Martin Monthly foodinsight report.

We welcome your feedback and thoughts; The report is a new initiative, and we are keen to evolve it to suit your interests and area of focus.

If you wish to discuss any in-store communication projects or challenges, please get in touch.

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