

The Consequence of Failure

What happens when things go wrong



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The battle is won or lost before the consumer ever crosses the threshold

- Supermarket Prepared Foods is NOT top of mind in the 4:00 dilemma
- It ranks third in the consideration set, behind QSR and pizza
- In most cases, Supermarket Prepared Foods is not driving awareness outside of the store
- And...

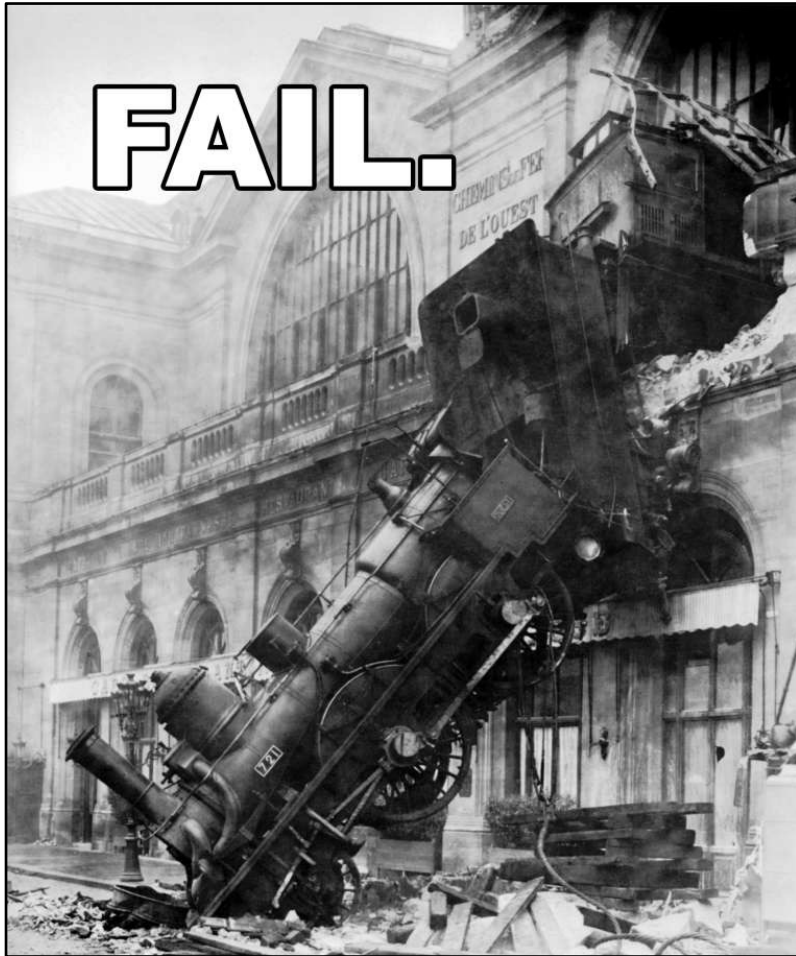
The battle is won or lost before the consumer ever crosses the threshold

The single biggest driver to future visitation is satisfaction with the previous experience

How should we feel about that?



What failure looks like



48% of shoppers **report a problem** in their prepared foods shopping experience in the past 90 days

Of those who experience a problem, **38%** will **stop shopping** the retailer's prepared foods department for a period of time

Incidence of problem types

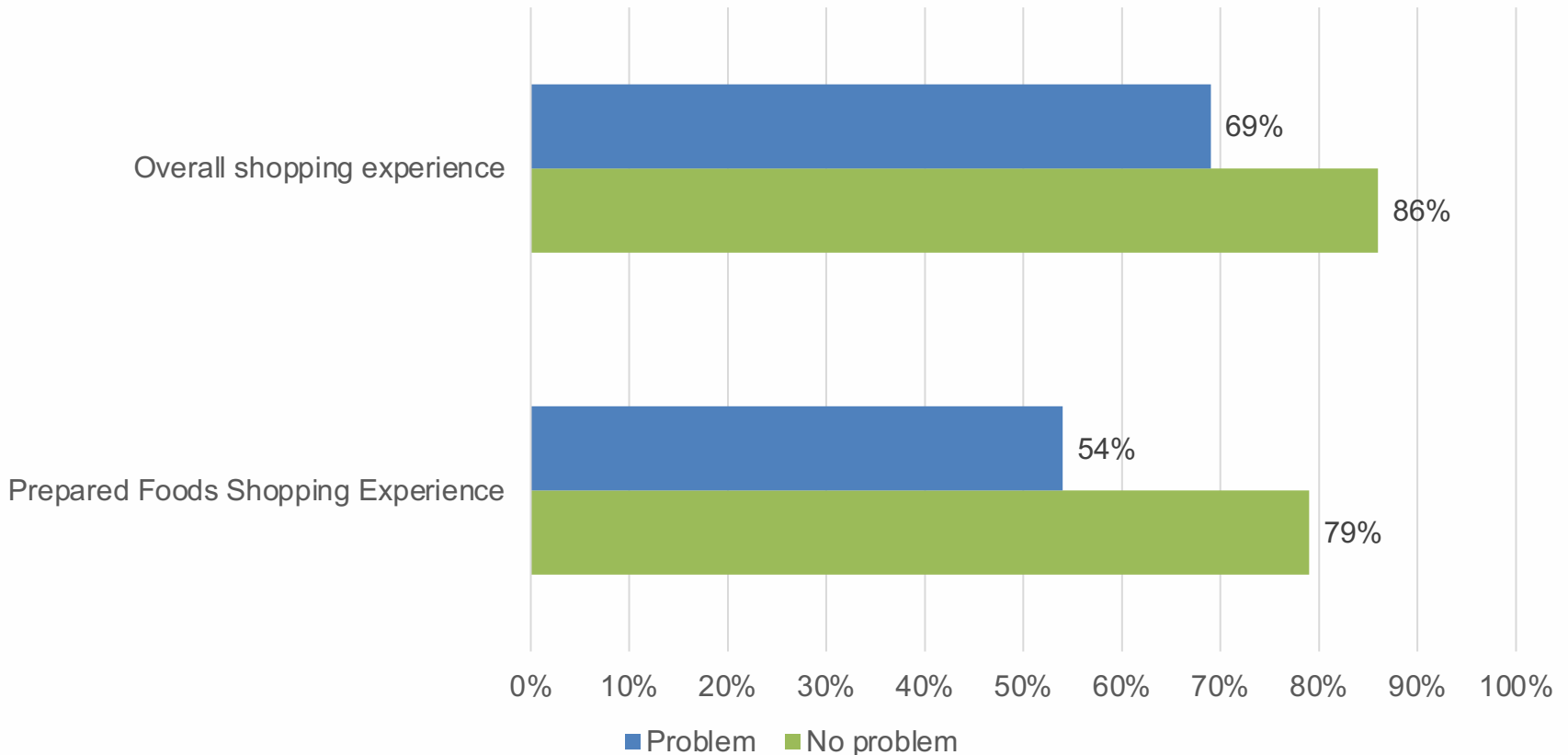
Issue Type	% Shoppers reporting 2015	% Shoppers reporting 2016
General Issues	64%	68%
Product Issues	69%	70%
Staffing Issues	31%	34%

INCIDENCE OF
ISSUES REPORTED
INCREASED
ACROSS ALL
PROBLEM TYPES
FROM 2015 TO 2016.

- **General** Issues: long wait time, products weren't ready, products weren't available or were difficult to find, area wasn't sanitary
- **Product** Issues: product didn't appear fresh, wasn't tasty, wasn't of good quality, was overcooked/dry, was undercooked
- **Staffing** Issues: staff wasn't knowledgeable, helpful, or friendly; staff was rude

Impact of a problem on satisfaction

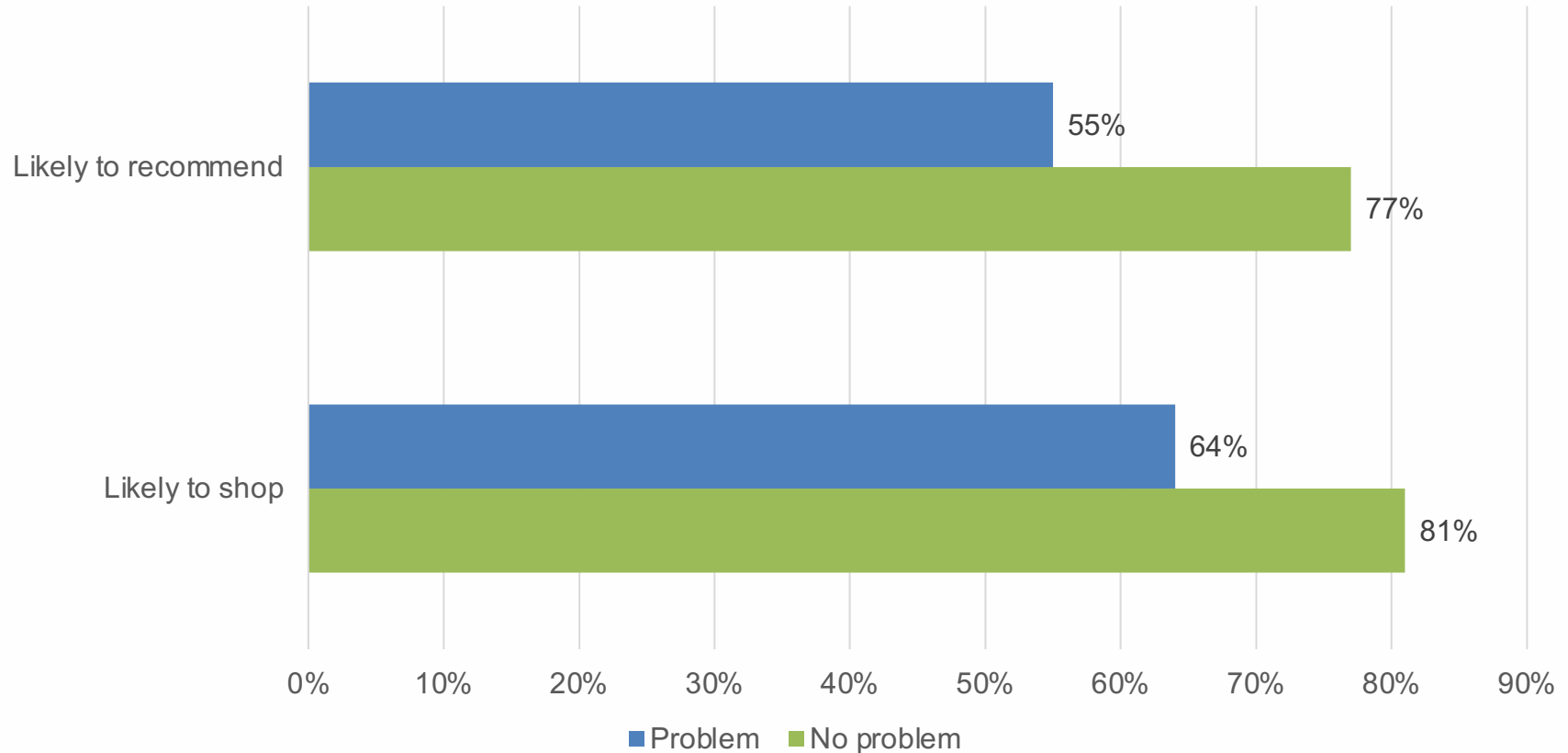
% of Shoppers Reporting (Top three box)



Satisfaction with the prepared foods shopping experience AMONG PREPARED FOODS SHOPPERS lags their satisfaction with the whole store shopping experience (even where there are no problems)!

Impact of a problem on likely to recommend or shop:

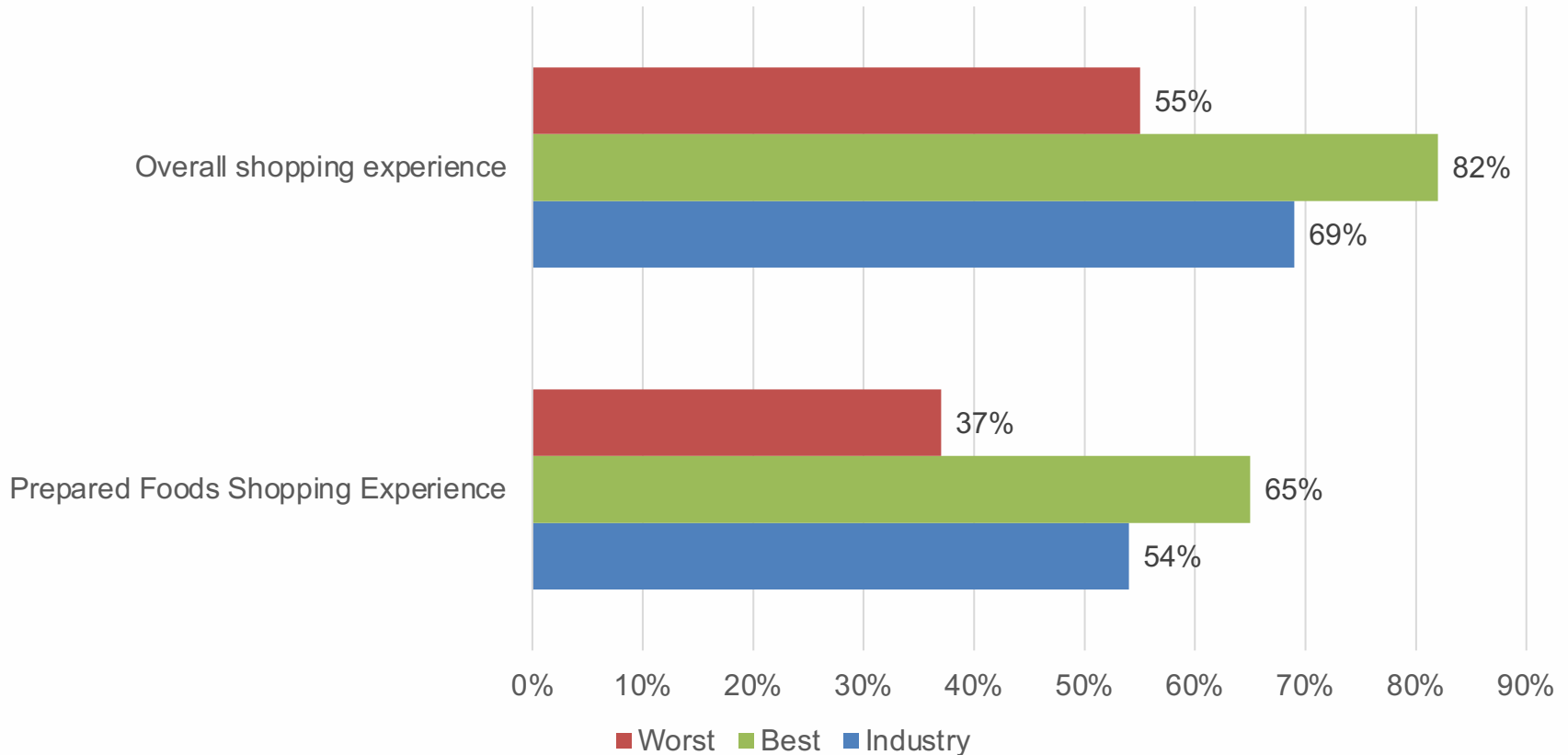
% of Shoppers Reporting (Top three box)



Given that the consumer has so many choices for convenience meals, retailers cannot afford this negative impact on the pre-shop decision-making process.

How satisfied are you with:

% of Shoppers Reporting (Top three box)

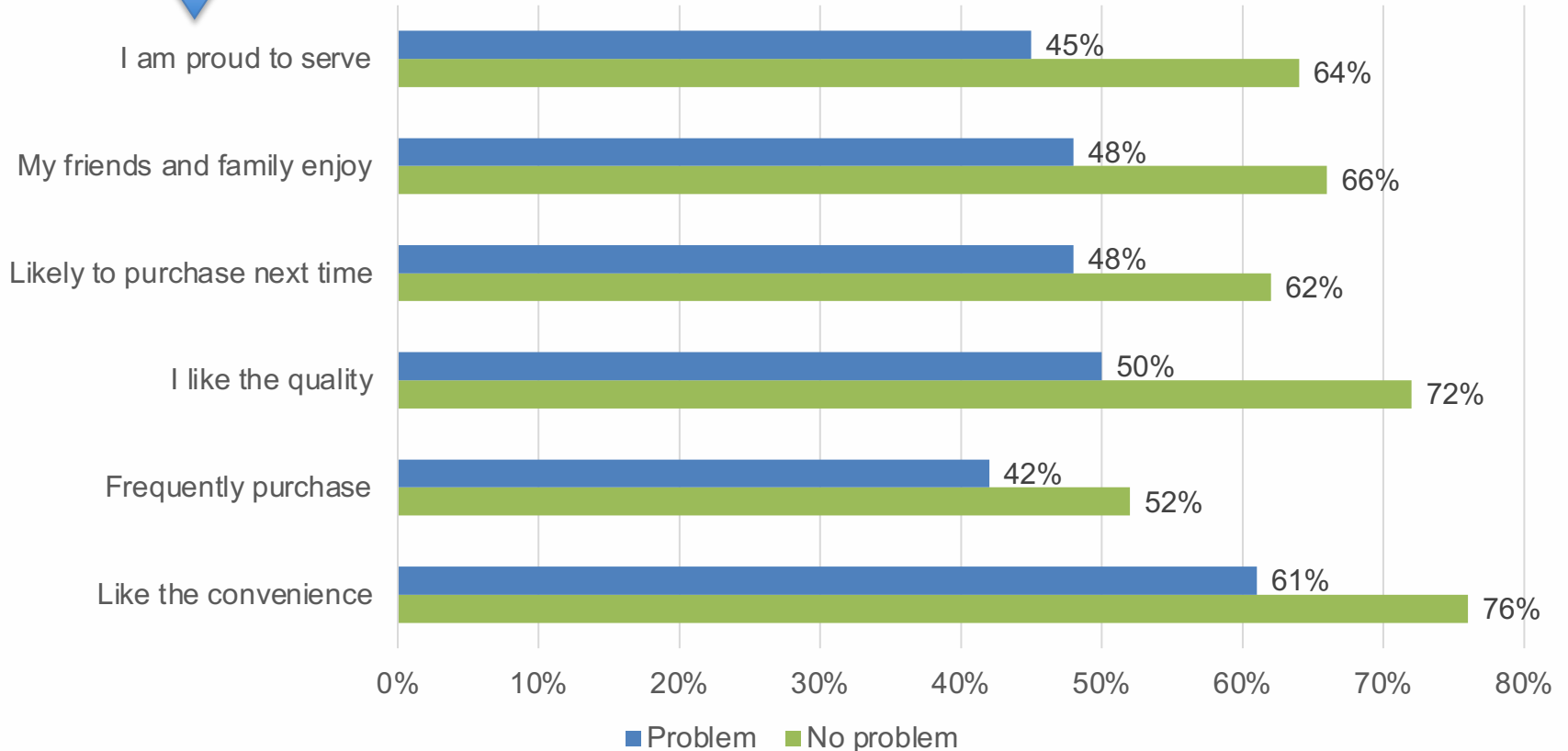


Drivers of purchase intent: Problem vs no problem

#1 driver of
purchase
intent

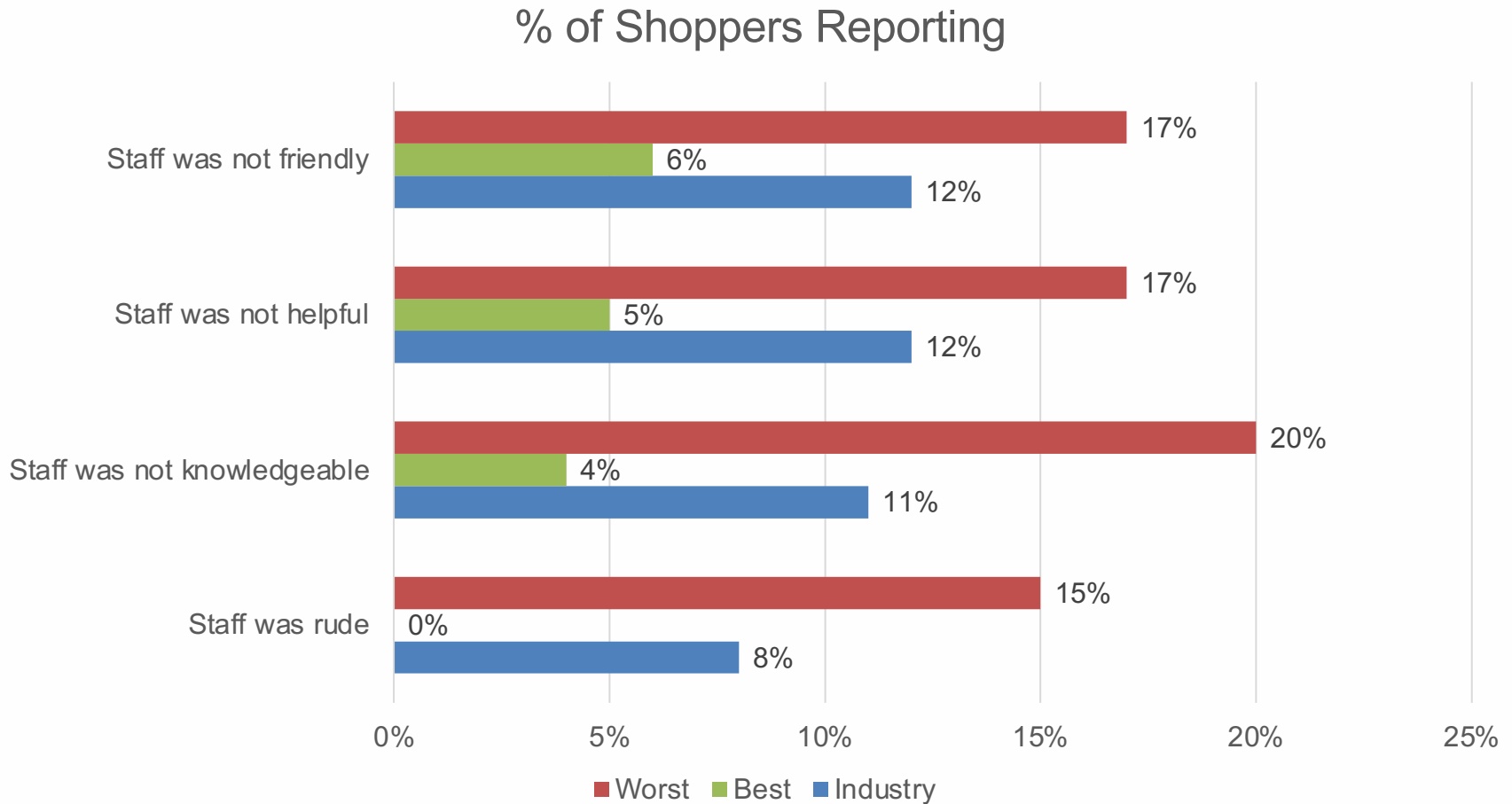


% of Shoppers Reporting (Top three box)



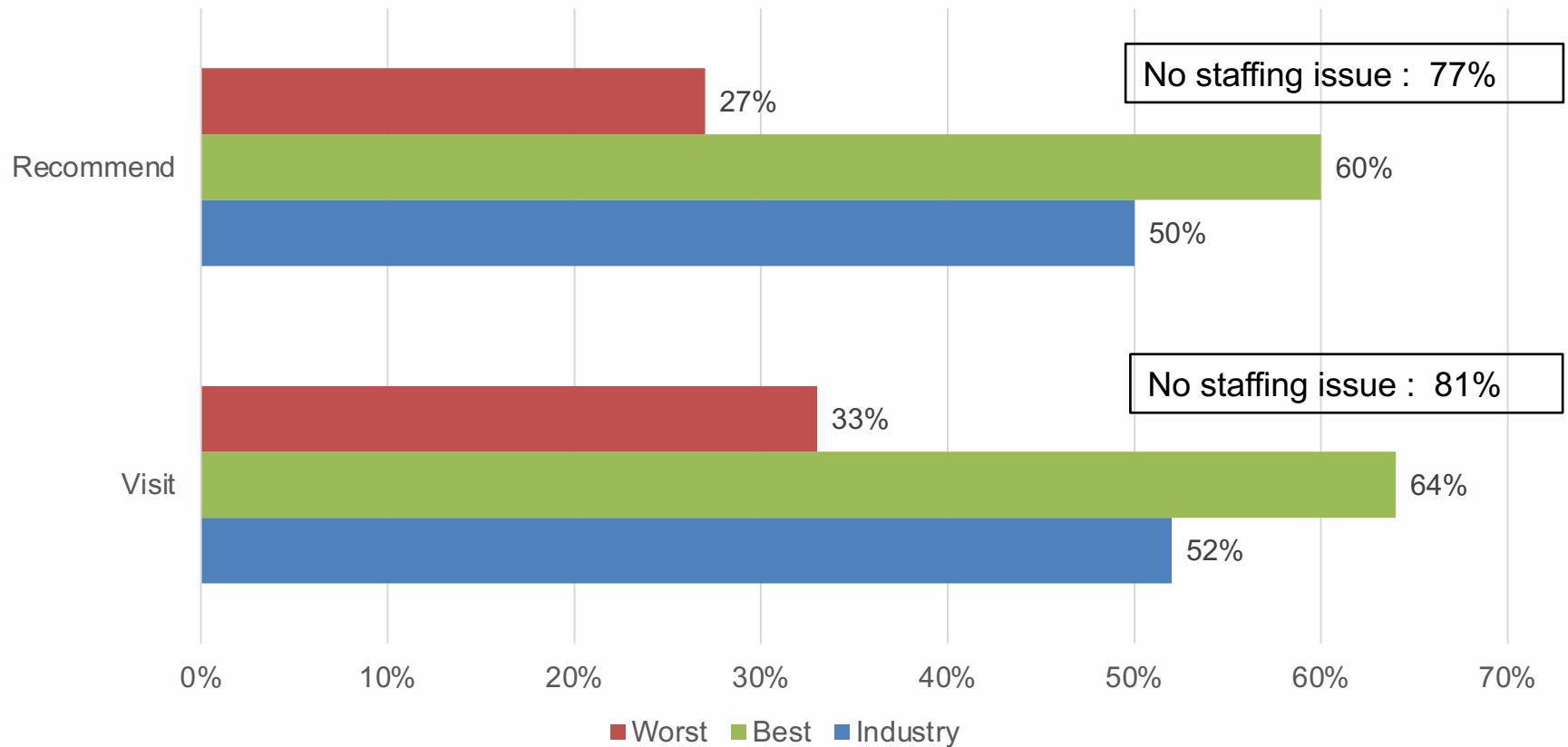
Prepared foods shoppers who have experienced a problem show drastic reductions on all drivers of purchase intent. **This reduction is a strong negative impact on pre-shop attitudes and behaviors.**

Staffing issue types reported

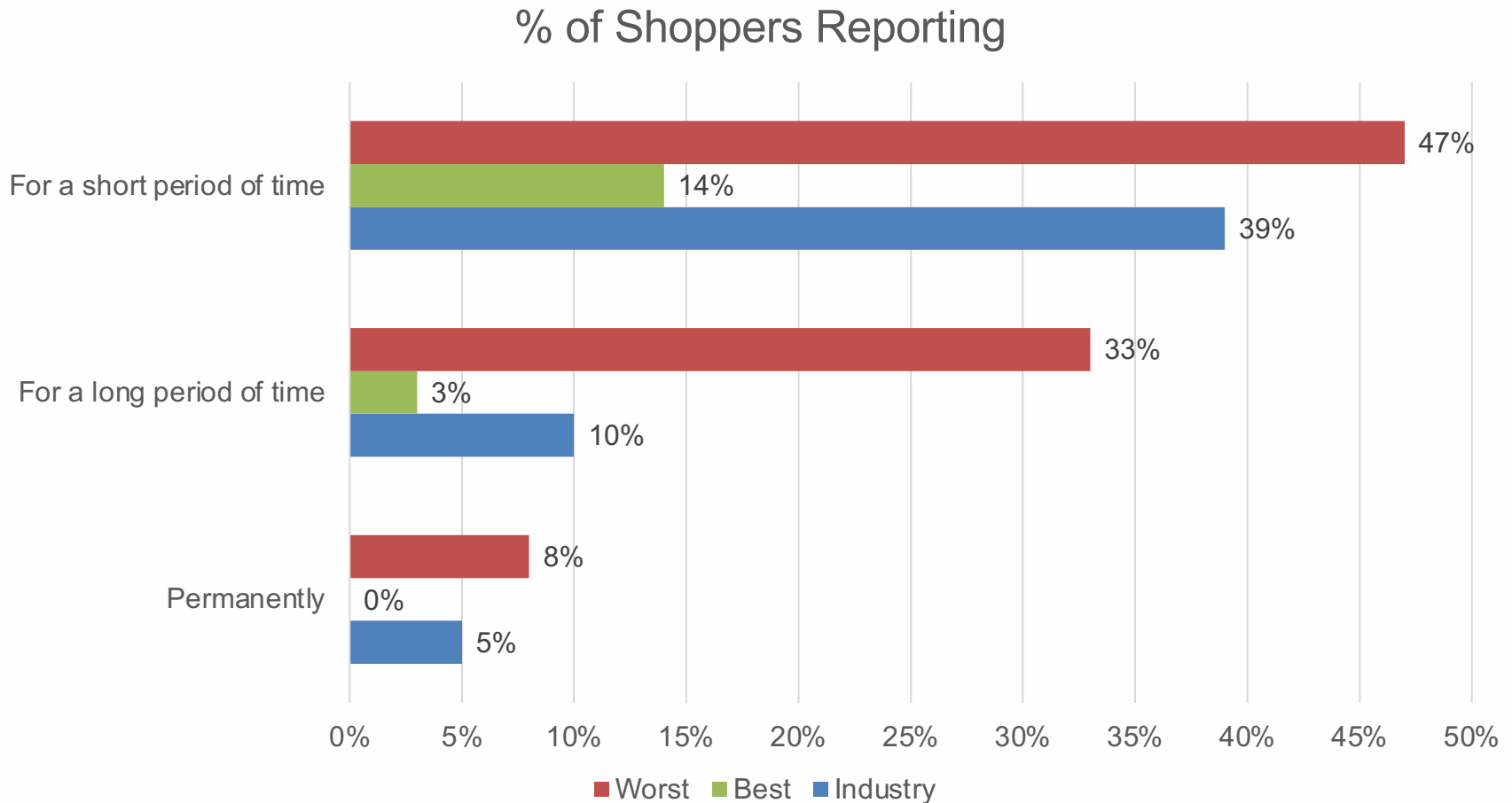


Considering staffing issues, how likely are you to:

% of Shoppers Reporting (Top three box)



Change in store visitation as a result of staffing issues

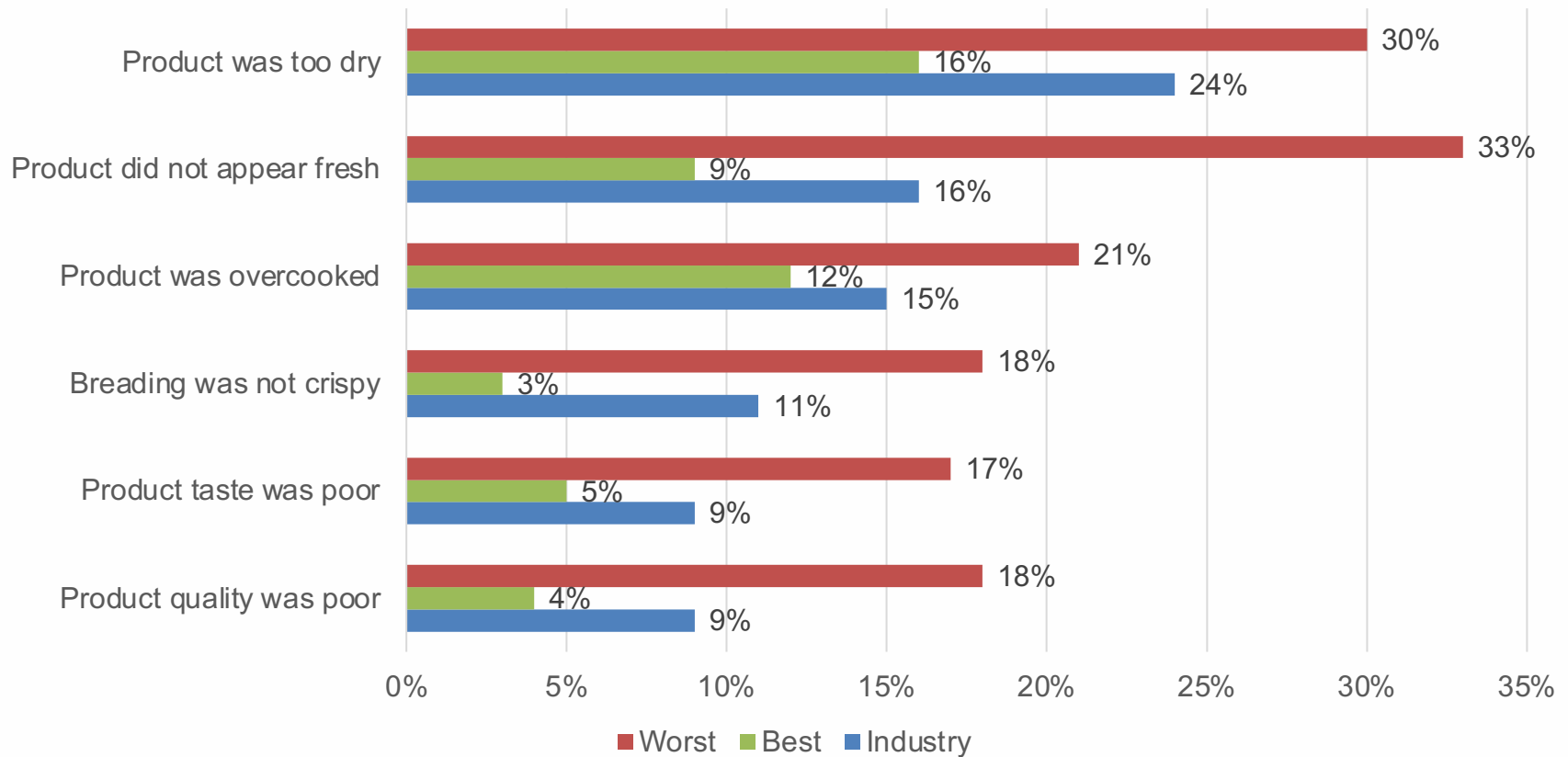


Although the incidence of staffing problems reported is lower than product & general problems, **staffing problems have the greatest negative impact on store visitation changes.**

Product issue types reported

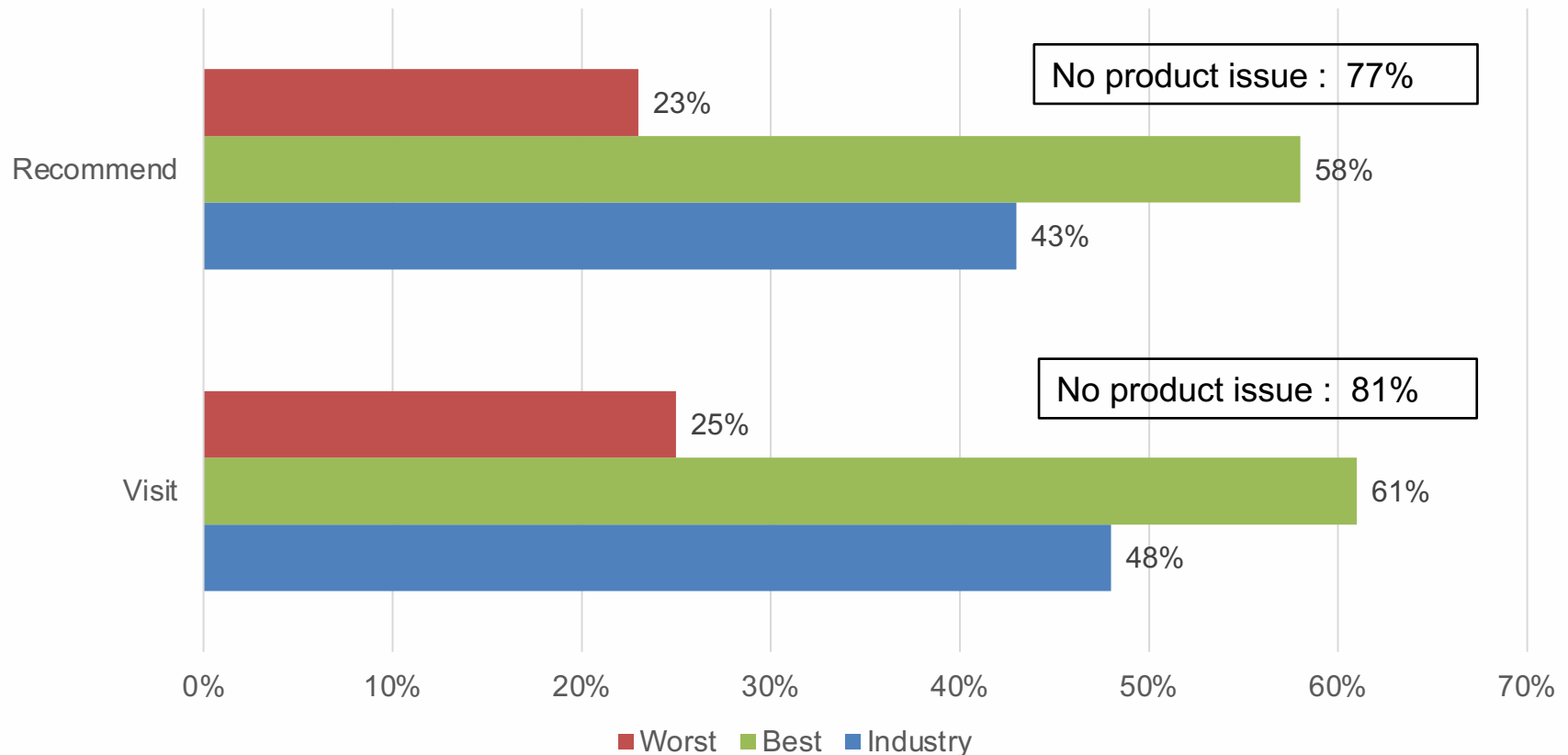
Cook to proper temperature and follow holding procedures to eliminate major product issues

% of Shoppers Reporting



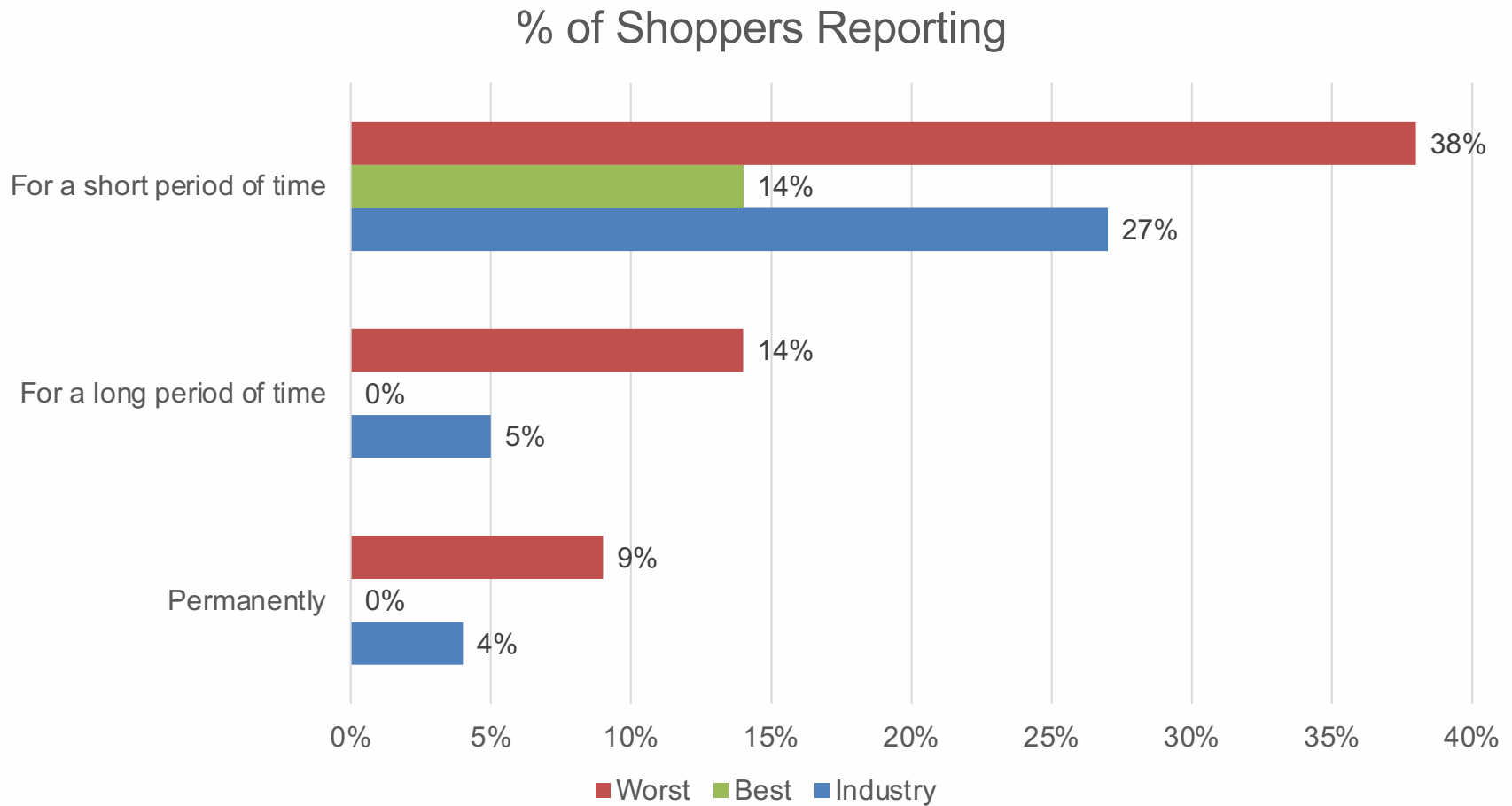
Considering product issues, how likely are you to:

% of Shoppers Reporting (Top three box)



As with staffing issues, the greater negative impact is on likelihood to recommend

Change in store visitation as a result of product issues

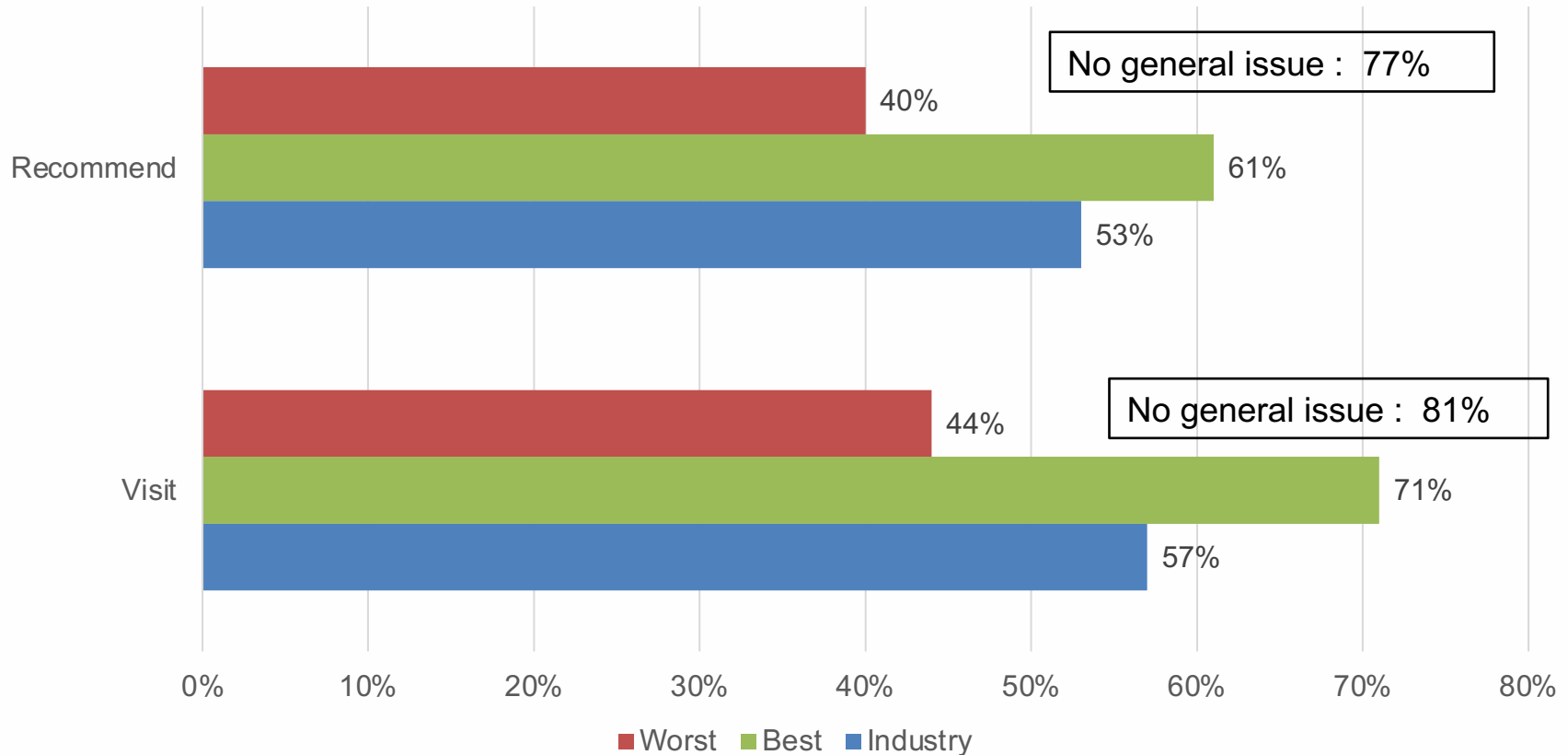


General issue types reported



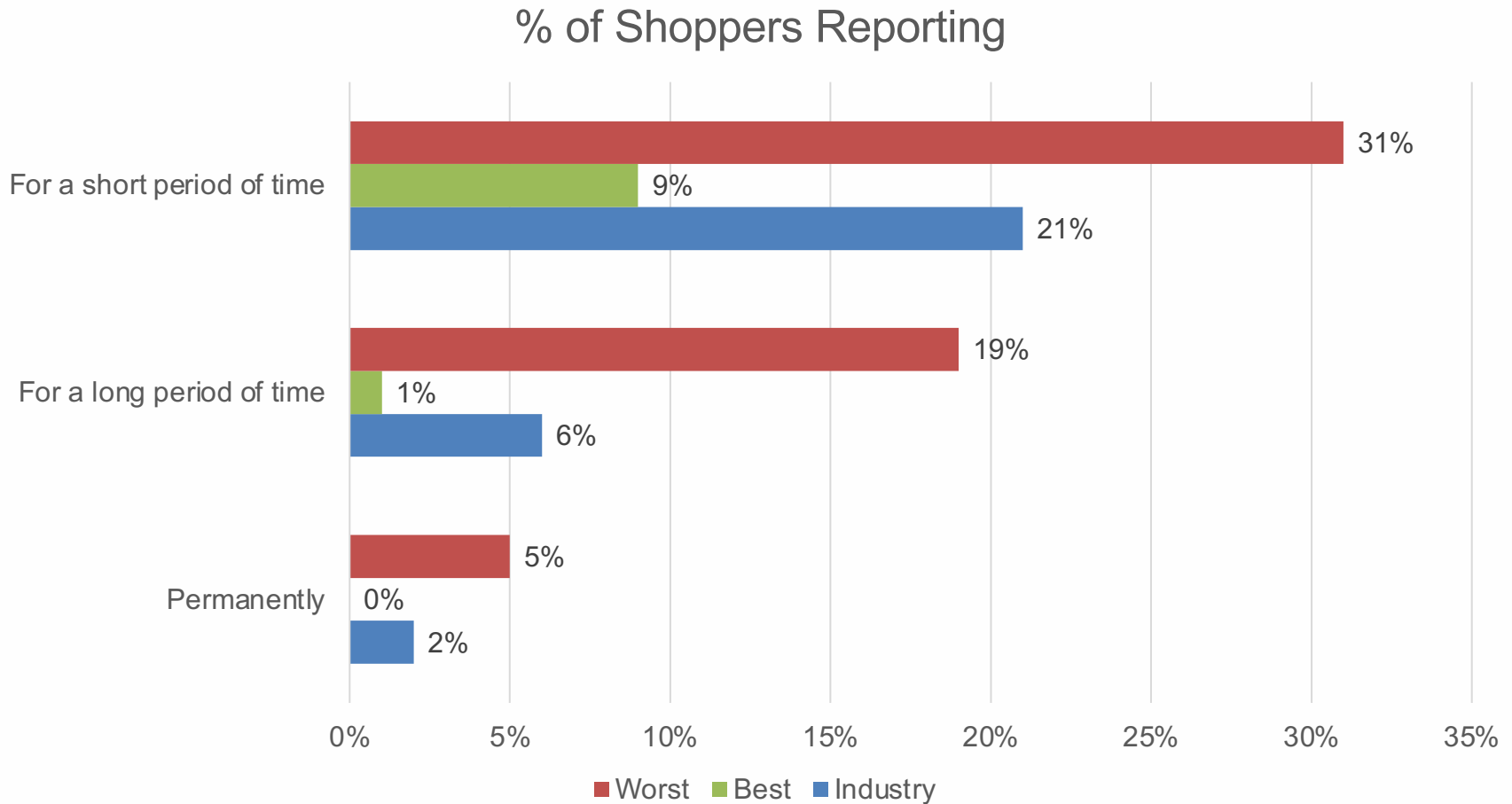
Considering general issues, how likely are you to:

% of Shoppers Reporting (Top three box)



Comparing all problem types, the shopper appears to be most forgiving of general issues, suggesting issues like long lines are an unpleasant though expected feature of the shopping experience. **This no doubt has a negative impact on consumer loyalty.**

Change in store visitation as a result of general issues



Conclusions

- The battle for the prepared foods visit is won or lost OUTSIDE of the store
- Problems happen FAR too frequently and the consequences can be severe far beyond the prepared foods area of the store
- The ability to execute may be the single greatest competitive point of difference

Implications

- Drive awareness
 - Elevate your place in the 4:00pm consideration set
- Train store associates for:
 - Product knowledge
 - Customer service principles
- Control product
 - Availability
 - Cooking time/hold time



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Thank you!