

TODAY'S LARGEST NATIONAL CHAINS: GONE BY 2015!

Sound crazy! Maybe so, but it isn't the first time SIRS made a predication that caused a "double take". Over the years of monitoring the retail landscape and consumer behavior, we brought you a few other memorable "crazy predictions". Looking back, how crazy were they?

- ★ 1992 – "Wal-Mart Supercenter: Store of the Decade"
- ★ 1994 – "Emotional Retailing: Retailing Above the Rim...the Best Defense against Wal-Mart"
- ★ 1999 – "Two of the Remaining 5 national food chains will go out of business or become unrecognizable within the next 5 years: Kroger, Safeway, Albertson's, Winn Dixie, Ahold?"
- ★ 2001 – "The Great Art in the 21st Century will be in Retail ... combining painting, sculpture, theatre, music, architecture, physical comfort, special effects like virtual reality and other technological innovations to move people's emotions and enhance their shopping experience."

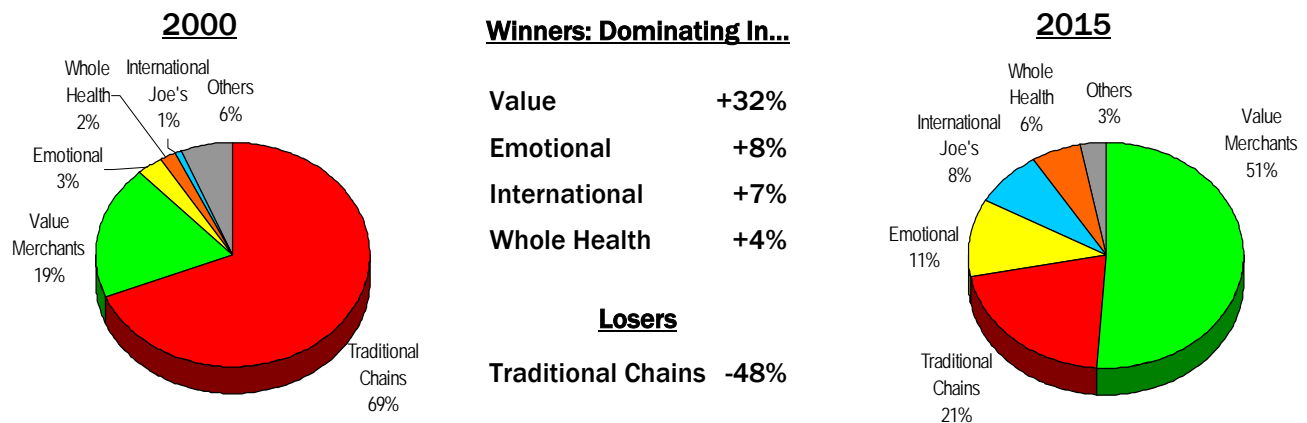
And NOW...You Won't Recognize Food Retailing in 10 years: By 2015, the largest food National Chains Will Disappear As We Know Them Today: New Powers Will Emerge.

SIRS new concept studies revealed what the supermarket industry will look like in 10 years. Conclusions...

1. Large Traditional Retailers cannot develop breakthrough concepts if they HAVE TO.
2. Today, they HAVE to because there are powerful new breakthrough concepts capable of rapid growth.
3. Most of the largest national chains will disappear or become unrecognizable within 10 years.

WHAT WILL A TYPICAL MARKET LOOK LIKE? WHO WILL THE WINNERS AND LOSERS BE?

New concept Evaluation Studies, Market Positioning & Performance and Shopper Oracle Analyses lead to the following view of the future.



BAD NEWS FOR THE OLD GUARD!

Most of today's largest national chains will disappear or become unrecognizable within 10 years (and it's not just going to happen in food retailing either). **Why?** SIRS Syndicated Studies (covering 8 of the most promising new retail concepts) and national consumer monitoring data bank revealed a changing retail landscape with the "giants" who NEED a breakthrough concept unable to react quickly enough or effectively. Consider these critical factors:

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BAD NEWS FOR THE OLD GUARD! (continued...)

1. **The ability of new breakthrough concepts to proliferate at a rapid rate.** It took Kroger 100 years to grow to 1200 stores. Staples, Lowe's, Home Depot, and Wal-Mart Supercenter did it in less than 25 years. Household names like Costco, Sam's Club, and Whole Foods were practically "no names" 20 years ago. Under this pressure, the traditional national chains cannot exist if they lose one-third to one-half of their market share to emerging new breakthrough concepts....and consumers say they will.
2. **The growth of minorities and their cultural impact.** By 2050, today's "minorities" will make up HALF the U.S. population.
3. **An Aging Population:** Baby Boomers are now the "Over 50" market...the largest growing segment in the country.
4. **Today, restaurants represent over half of all food consumed....have grown at over twice the rate of food stores for 20 years...and they are getting into retail!**
5. **Large traditional retailers cannot develop breakthrough concepts if they HAVE TO...and today they HAVE TO!!** Examples: Who has tried? Winn Dixie, Albertson's, Kroger, Eckerd, Montgomery Ward, Ames, Sears, and Kmart.

CONCLUSION: The only constant we will continue to see is that the largest chains will have to reinvent themselves or disappear, and new leaders will emerge. Just as King Kullen replaced the General Store, A&P replaced King Kullen, Kroger replaced A&P, and Wal*Mart replaced Kroger as the dominant player and way of shopping for food. Only today, it will happen sooner rather than later.

HOW DO YOU WIN? Learn from others. Develop, Fine Tune and Expand a New Concept before it's too late. Learn from mistakes. Remember the prophetic quote from Walter Wriston: "Failure isn't a crime. Failure to learn from failure is a crime."

If you would like to learn where your company is positioned or whether your New Concepts are "breakthrough" and can withstand the future challenges of a changing retail environment, please give us a call.



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