

THE GREAT PROGRESSION

2020

↑
TODAY

2030

2040

2050

A PERSPECTIVE ON THE
FUTURE OF THE GROCERY RETAIL CHANNEL

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CHAIRMAN AND CEO

PART 1
AN INDUSTRY IN TRANSFORMATION



Topics of Discussion

- ✓ **A Perspective on Retail 2025 - 2050**
- ✓ **Understanding the Evolution of Consumer Dynamics**
- ✓ **Banner and Channel Evolution**
- ✓ **The Impact of Technology**
- ✓ **Exploration of Insightful Takeaways and Future Actions**



Technology changes exponentially, but organizations change logarithmically

***The Pace of Change
has never been this
fast; yet it will never
again be this slow!***



A PERSPECTIVE ON RETAIL 2025 - 2050

The Next Five Years...Executive Summary -- *Challenges and Opportunities*

The “Big 3” will continue to dominate grocery retail



Super-regional Grocers will continue to succeed with their regional to local market position

Many Independent Operators are expected to compete with localization – others are expected to merge / close

Agentic Commerce is expected to further disrupt grocery retailing driven by DTC, B2B, and B2C

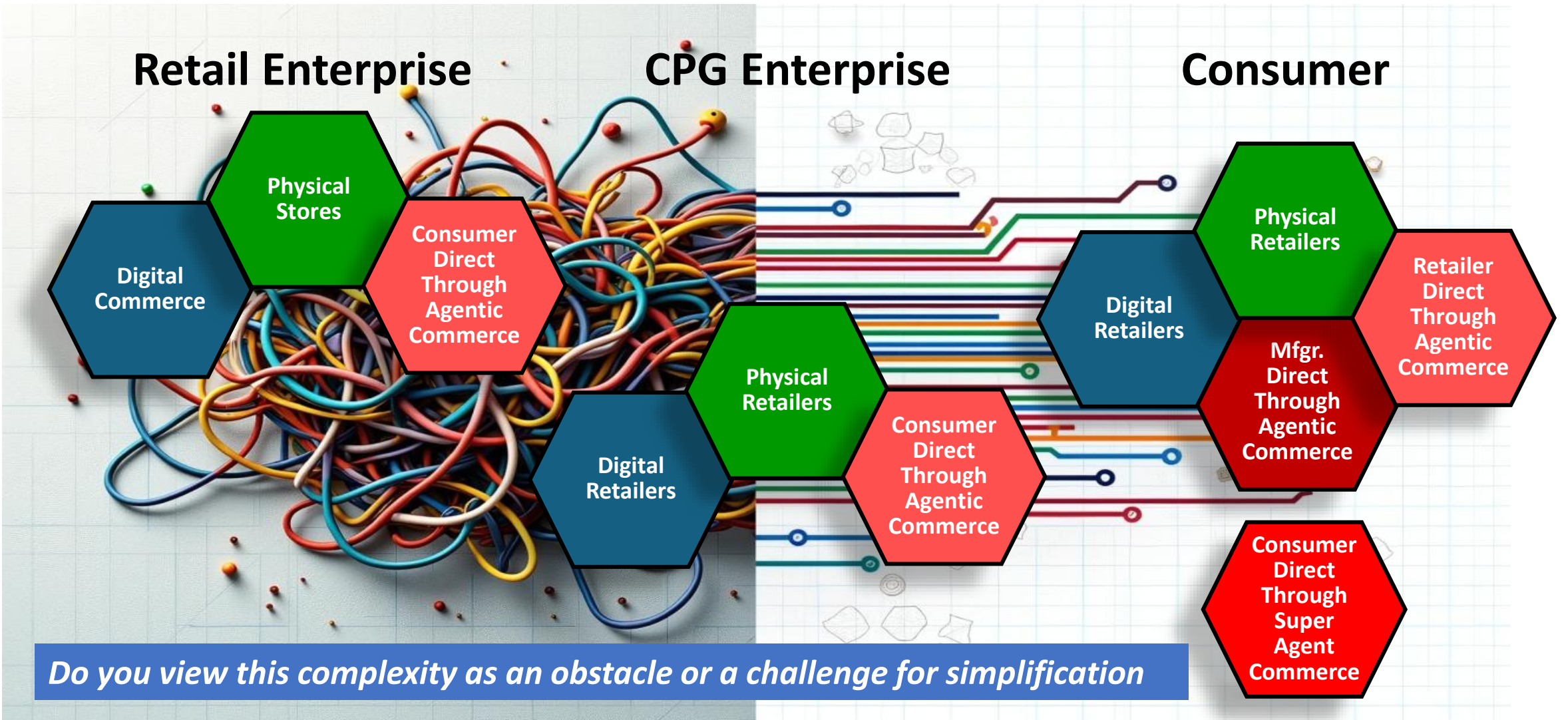
Loyalty Programs are expected to diminish in leverage as shoppers engage in Agentic Shopping

Consumers will no longer shop channels – they instead will shop value and convenience

Both Retail and organizations must rethink GTM capabilities in the emerging retail landscape

All parts of the retail ecosystem are focused on improving the shopper experience and reducing the cost of serving shoppers.

The Next Five Years... Modeling the Retail Ecosystem



2025 - 2030...Executive Summary -- *Challenges and Opportunities*

What Are Five Key Trends That Will Both Define and Impact the Future of Grocery?



Retail Leadership Survey – 2026 (February)

- 1. *The Technology Revolution – Automation/analytics/robotics/process transformation***
- 2. *Omnichannel shopping experience including agentic shopping***
- 3. *Changing workforce expectations including talent recruitment and retention – growing challenge***
- 4. *A continuously changing shopping dynamic – catering to new behaviors***
- 5. *Continued population shifts in age/ethnicity/gender/geographic location***

How will these trends impact your future grocery business?



- 1. *The Technology Revolution – Automation/analytics/robotics/process transformation***
- 2. *Omnichannel shopping experience including agentic shopping***
- 3. *Changing workforce expectations including talent recruitment and retention – growing challenge***
- 4. *A continuously changing shopping dynamic – catering to new behaviors***
- 5. *Continued population shifts in age/ethnicity/gender/geographic location***

Executive Summary From a C-level Perspective – February 2026

Multiple C-level executives in Retail, CPG, Wholesale Distribution, and Service Providers actively participated in conversations regarding Retail 2025 - 2030



63%+ expressed concerns about their ability to survive in their current form. Growth, competitiveness, profitability are in question



72%+ believe that their organizations lack the skill sets to compete in the future state



78% indicated that they must radically improve and/or simplify organizational and operational decision making



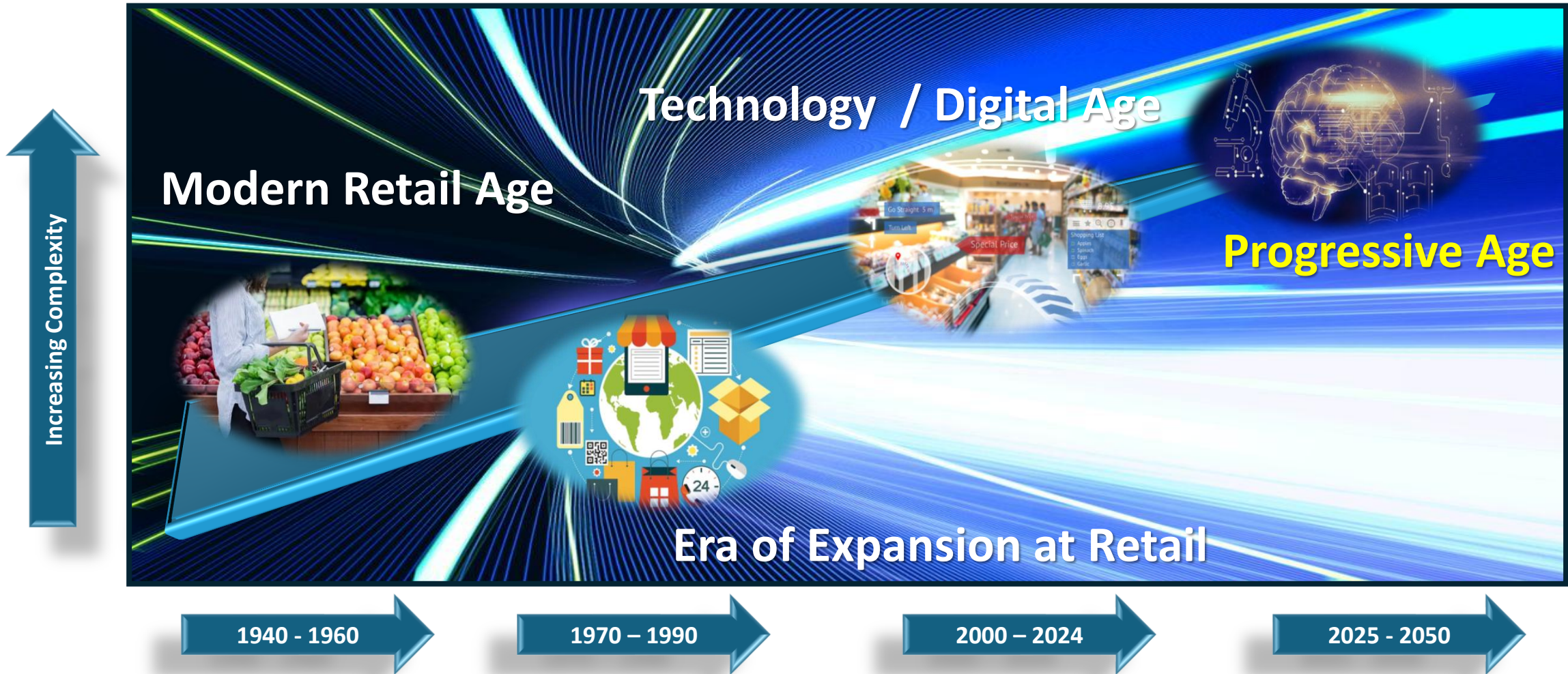
74% do not think their organizations can adapt quickly enough to the rapidly changing future state driven by technology adoption



93% believe they will require new /changed/altered operating models coupled with new capabilities (people, process/ technology) to compete in the future

2025 -- The beginning of a profound economic transformation

A transformation that is going to change the world in profound and largely positive ways.



The Connected World is the New Norm... 2025/2030/2040/2050

80 Billion Globally Connected Devices

Artificial Intelligence and Data Reign

AR / VR Devices Replace the Cell Phone

Computers Are Everywhere, But Unseen

Successful Retailers and CPG manufacturers must have a clear and well developed SEAMLESS CONNECTIONS strategy/capability

A photograph of a modern grocery store aisle. The aisle is lined with refrigerated shelves filled with various packaged goods, likely frozen pizzas or snacks. In the foreground, there is a counter displaying several pizzas. The lighting is bright and blue, creating a clean and modern atmosphere. The text "UNDERSTANDING THE EVOLUTION OF CONSUMER DYNAMICS" is overlaid in the center of the image.

UNDERSTANDING THE EVOLUTION OF CONSUMER DYNAMICS

The 2026-year end economic outlook (October 2025 perspective)

Insights into the 2026 Economic Landscape: Predictions and Trends

**Economic Growth
Year over Year**



1.4 – 1.8%
Slowing

**Core Inflation
Year over Year**



2.3 – 2.6%
Flat

**Monetary Policy
Rate**



3.2% - 3.4%
Lower

**Unemployment
Rate**



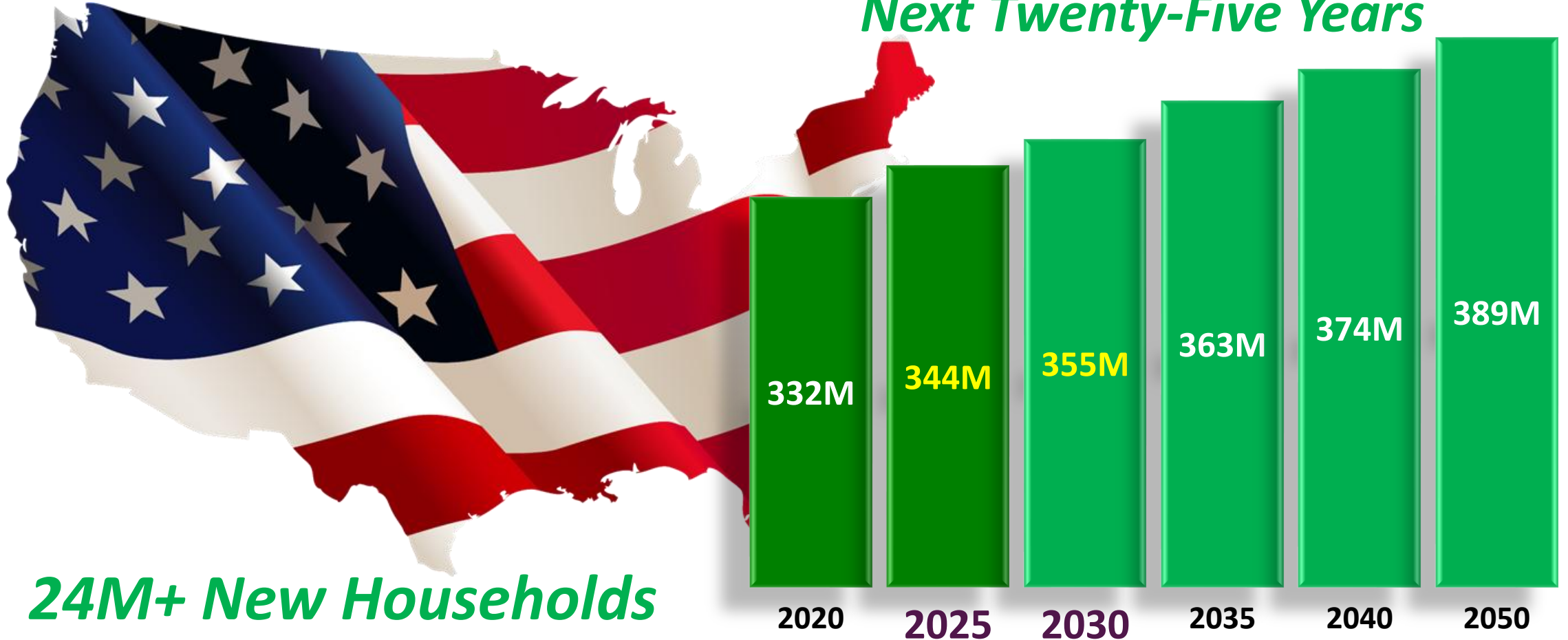
4.2%
Lower

Retailers and CPG manufacturers will be challenged to navigate an increasingly stressed consumer

The USA Population Grows Creating New Shopper Opportunities

US Population Changes 2020 - 2050

54M+ New Consumers Over The Next Twenty-Five Years



By 2030, One In Five Americans Will Be Over 65

US Population Changes 2020 - 2050



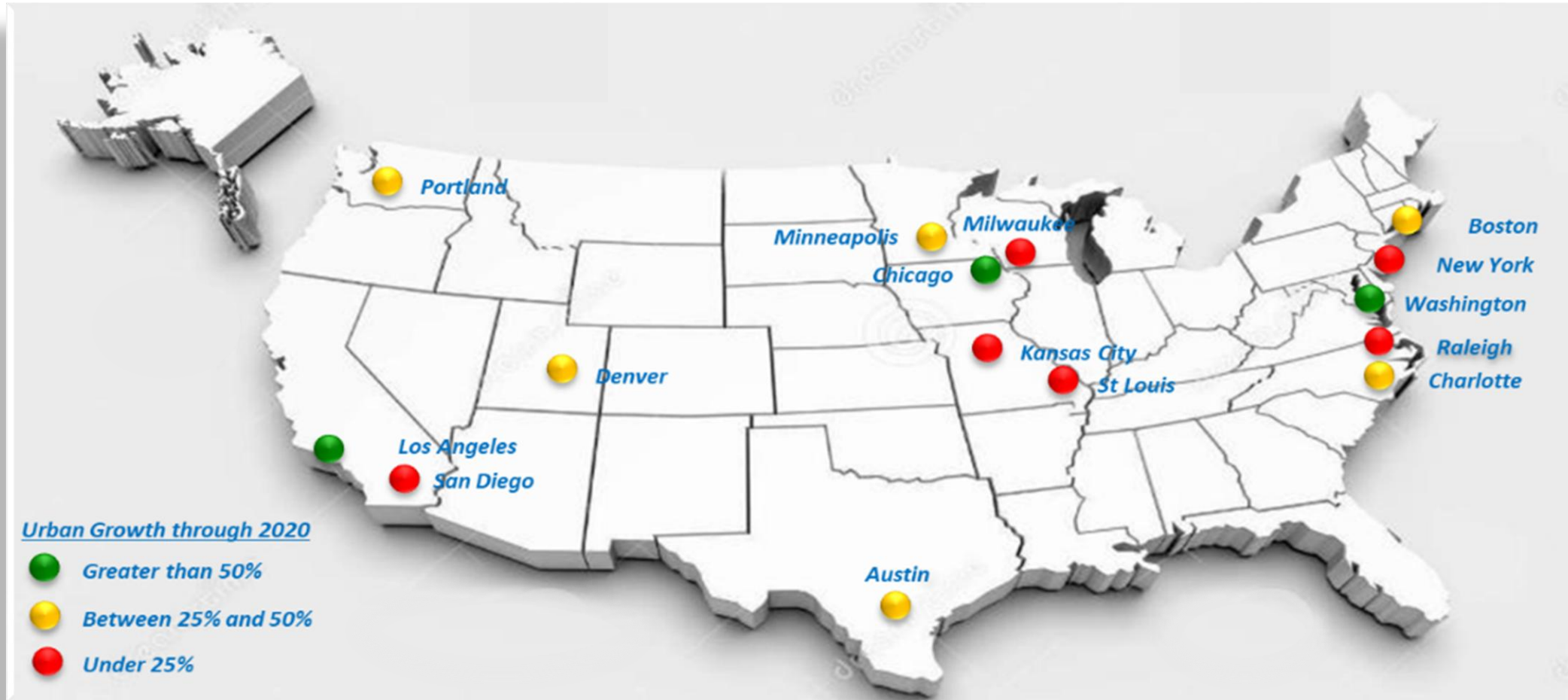
The “Graying” of America

AGE	2025	2030	2035	2050
Under 18	74.8M	75.7M	76.5M	78.2M
18 - 44	123.2M	125.0M	125.7M	129.6M
45 - 64	82.5M	83.1M	85.2M	95.4M
65 - 84	64.6M	73.1M	76.8M	85.7M
85 - 99	7.4M	9.1M	11.7M	18.6M
100+	0.1M	0.1M	0.2M	0.4M

How will you adjust the frozen and refrigerated categories to serve a specific aging shopper base?

2025 – 2050 - Millennial movement toward core urban locations is clear

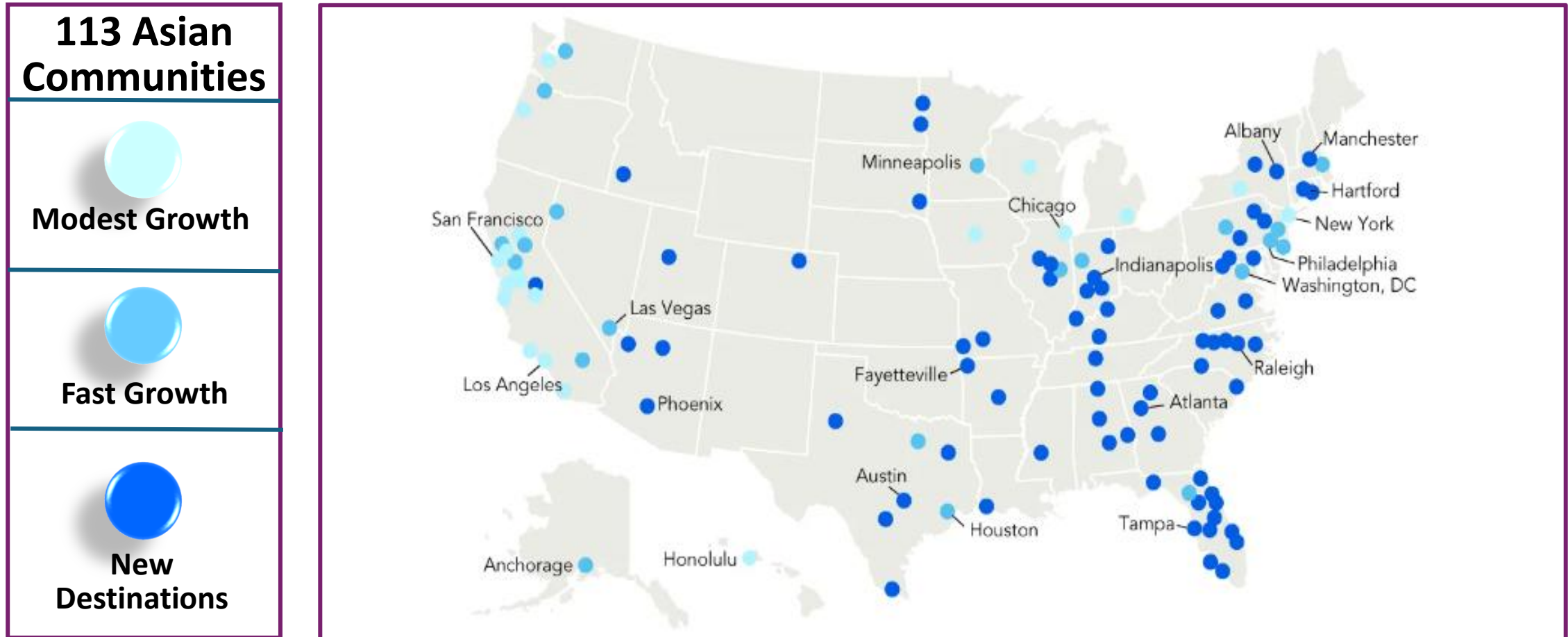
To compete and / or grow, retailers need to consider how best to capture this generation



Millennials are a primary driver in frozen and dairy – how will you differentiate for their loyalty?

Asian Communities Explode – 2025 – 2050 – Culturally Adaptive Retailing

Asian Concentration and New Asian Grocery Markets



How will you adjust the frozen and refrigerated categories to accommodate this emerging shopper base?

A significant change in the driving forces behind consumer purchasing habits

The stimulus behind customer loyalty Circa 2025: what retailers and brands need align on



Affordability redefined: from ***“What I can afford”*** to ***“What I want to afford”***

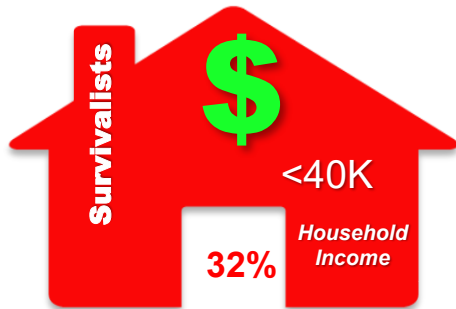
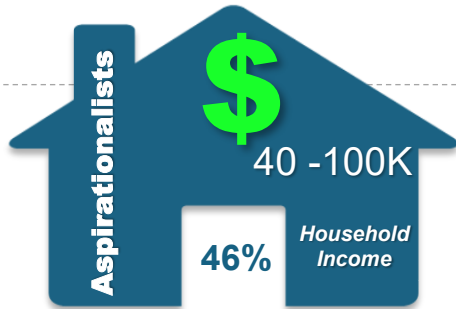
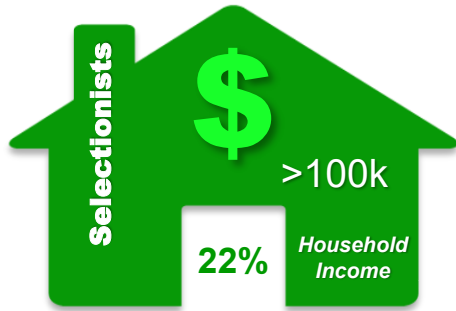


Brand Loyalty redefined from ***“I’m Brand Loyal”*** to ***“I’m Loyal to Value”***

2026 Merchandising / Marketing strategies and tactics should consider these two factors and forces

The psychology behind spending: Understanding the affordability threshold

Breaking down retail strategies: Market segmentation as a tool for growth



78% of America Continues to Struggle

Continuing with traditional core and are increasing purchasing of innovative and specialty products including "Better for You" products

UNIQUE/VALUE/price



Channels of Choice:

- Specialty Retailers
- Mass Merchants
- Independent Retailers
- Clubs (Costco)
- "Everyday" On-Line

Continuing with controlled cutbacks by category with some aspirational shopping as disposable income allows

VALUE/price



Channels of Choice:

- Value / Discount Stores
- Mass Merchants (WM)
- Traditional Grocers
- Local Specialty Retailers
- Clubs (SAM's)
- "Proportional" Online

Continuing with substantial cutbacks of non-food and aggressive searching for value - limited aspirational purchasing

PRICE/value

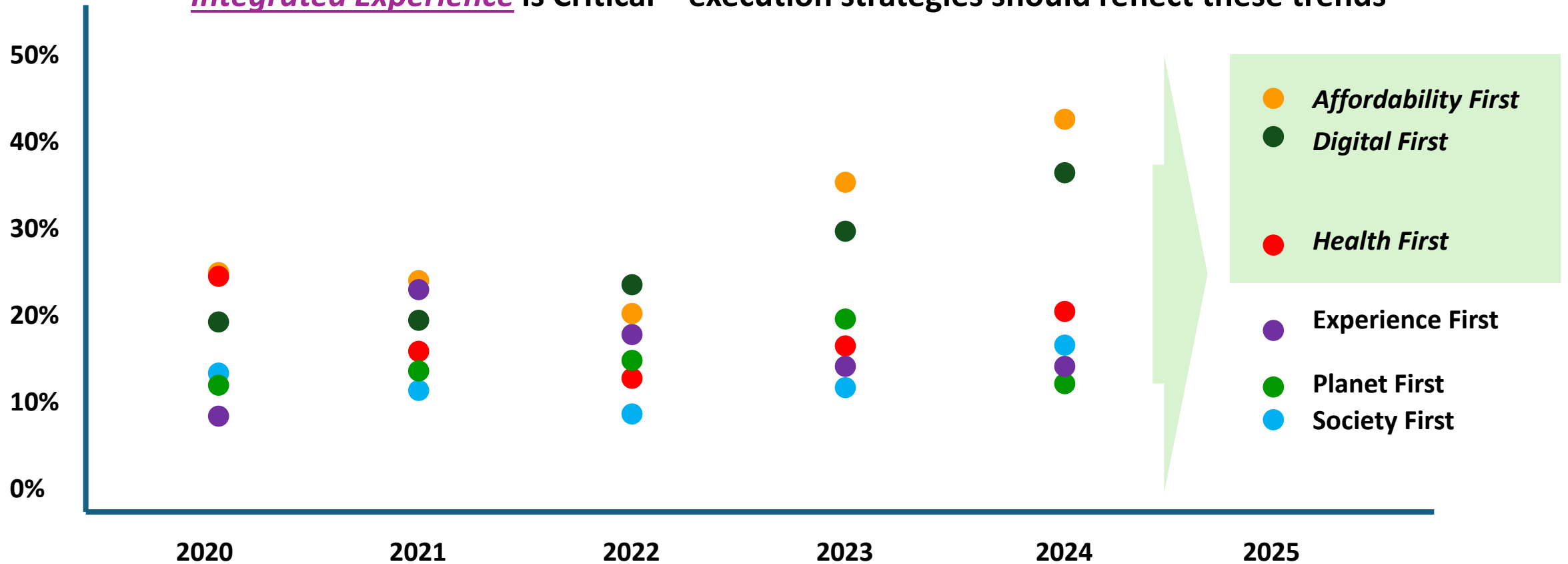


Channels of Choice:

- Value/Discount Stores
- Mass Merchants (WM)
- Dollar Stores
- Limited Clubs (Sam's)
- "Limited" Online

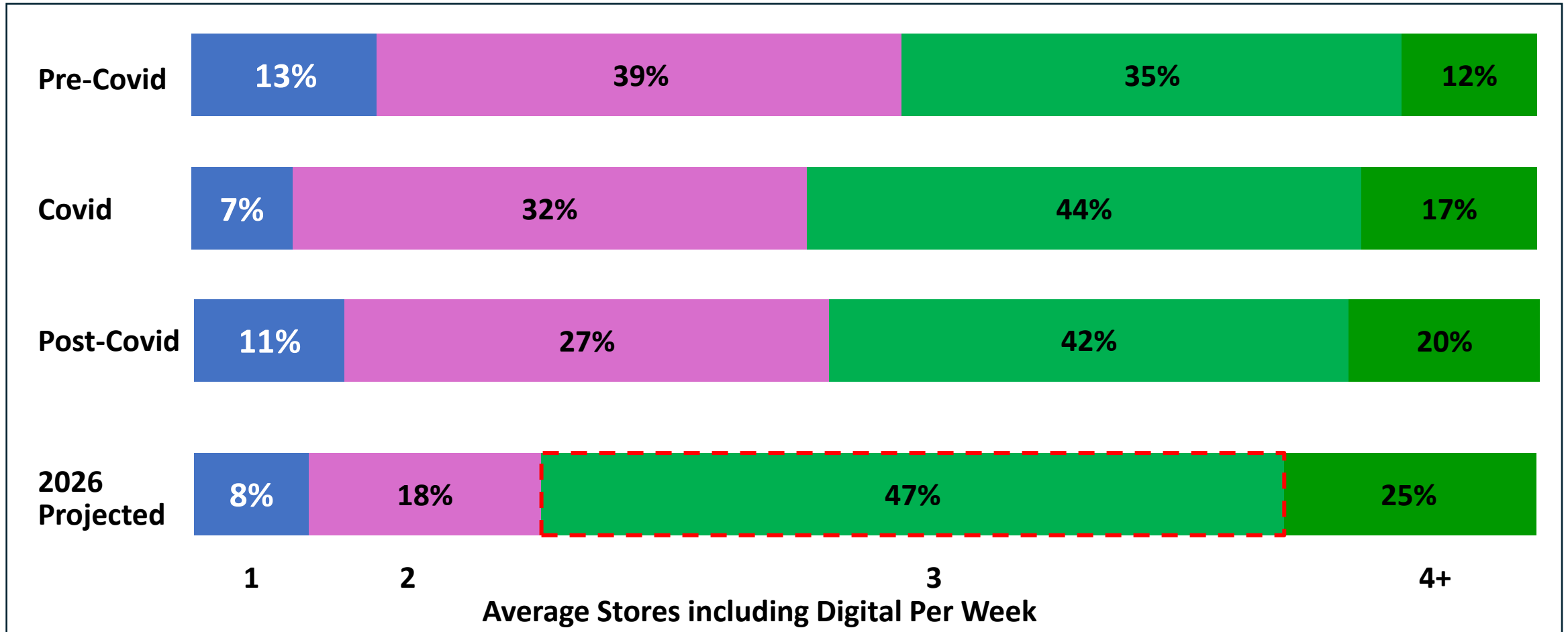
Affordability emerges as the number one strategic influencer in 2026

To compete effectively in 2026, A focus on Affordability, Digital, and Healthier Foods and Integrated Experience is Critical – execution strategies should reflect these trends



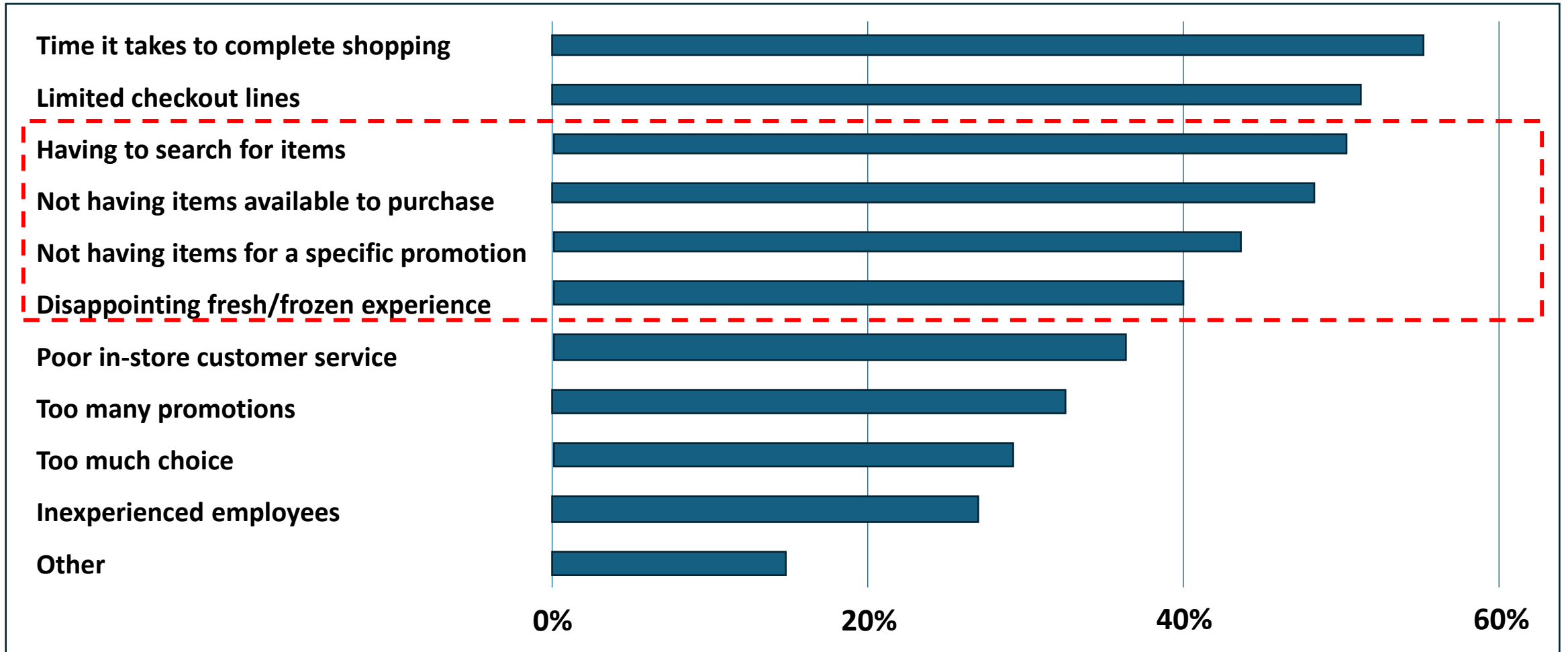
Consumer affordability / convenience preferences influence shopping evolution

Shoppers are expected to continue to evolve purchase locations 2025 - 2030



Mastering the Art of Customer Retention in the New Normal

Understanding Customer Psychology: What Annoys Them In-Store – *Impact on Banner Loyalty?*



Anticipating 2026 - 2030: retailers are implementing various tactics to delight shoppers

How and where retailers are creating and leveraging unique selling propositions for market success



Relevant Pricing to Deliver Value



Simple to shop – Easy to Navigate – Informative



Renowned for Local Assortment (NB / PB)



Best in Class in Fresh



Known for Protein



Welcoming / Seamless Shopper Engagement/Experience

BANNER AND CHANNEL EVOLUTION

The key retail industry battleground for the foreseeable future

Amazon and Walmart set the pace for retail industry impact over the next ten plus years



- ✓ Supply Chain
- ✓ Sourcing Innovation
- ✓ Store Innovation
- ✓ Digital Experience
- ✓ Partnerships
- ✓ Services

**90% of the US population
lives within 10 miles**
*2024 – 5200+ locations, 34 fulfilment centres,
Optimizing store deliveries*



- ✓ Digital Experience
- ✓ Automation
- ✓ Services
- ✓ Supplier Expansion
- ✓ Partnerships

**64% of the US population
lives within 20 miles**
*2024 – 100+ fulfilment centres
Optimizing distribution network deliveries*

The Walmart strategy going forward -- Seven Core Growth strategies

Significantly improve overall shopper engagement while implementing a lowest cost so serve operating model

- 1. Continue to transform and win in the overall store experience**
 - *Fresh and perishables, simplified assortments, EDCP / VALUE-based pricing – always, alternate delivery mechanisms*
- 2. Transform “Farm to Table” distribution, especially supply chain/logistics**
 - *Redesign, technology Integration, partnerships / Alliances (global sourcing initiative)*
- 3. Win with Hispanics / Asians**
 - *A fourteen Billion Dollar plus real growth opportunity*
- 4. Accelerate vertical integration**
 - *Milk, Beef and Seafood production transitioning to AI-based farming/harvesting*
 - *Private label relationship/manufacturing*
- 5. Design and implement next-generation store formats**
 - *Walmart Convenience, Destination, and multi-store food malls*
- 6. Continue to implement the circular Economy (sustainability)**
 - *Eliminate waste throughout the grocery ecosystem (\$4.5T in 2030)*
- 7. Significantly advance digital capabilities (farm to table/home)**
 - *Invest over \$100B - \$150B in future earnings in digital transformation assets*



Amazon is attacking all structural elements of retail

Retail is under an ongoing structural siege unlike any previous industry transformation

Amazon Grocery Juggernaut

- amazon.com

- amazon.com
Auto Replenishment
- amazon.com
Pharmacy
- amazon.com

- amazon COUNTER
- amazon go
- amazon
Grocery
- amazon
fulfillment
- amazon
MONOPRIX
- amazon
GROUPE
Casino
- amazon pay



Retail Capability Strategy

- A **significant increase in branded 3P supplier sales** including CPG
- A continued **focus on fresh grocery** (Pantry to Prime Now/Fresh)
- More Partnerships / Alliances – **Retail banners, logistics companies, farms**
- Compliant **packaging innovation including reusable**
- Amazon Pay – **entering the digital payment arena**
- Amazon Go 2.0 as a **next generation retail platform**
- Amazon Retail Media Network **redefining media spend**
- Amazon AWS services **positioned to support retail**

Wholesale Distribution Strategy

- Historically **92% of current B2B buyers purchase** something on Amazon
- Offers **606M products today** expanding over 1M per day
- Emerging **grocery infrastructure coupled with Amazon Grocery** wholesale/distribution
- **Logistics infrastructure** could easily provide wholesale distribution (**Strong Potential**)

Pharmaceutical Strategy

One-stop **pharmaceutical and medical supplies shop products** for emergency rooms, operating suites and outpatient facilities

Licensing in **47 states and the District of Columbia** selling medical products like gloves, stethoscopes and sutures

Global Logistics Strategy

- Amazon CARGO Airline -- ~ **100 airplanes (Boeing 767/737)**
- **175+** Fulfillment Centers
- **4000+** tractor trailers
- **350 - 1000+** Truck cabs
- **5000 – 50,000+** containers
- **20,000** Mercedes Delivery Vans
- **100,000** Rivian Electric Delivery Vans
- **2,500** Utilimaster walk in vans
- **300,000** logistics robots

35B+ PER YEAR IN TECHNOLOGY INNOVATION

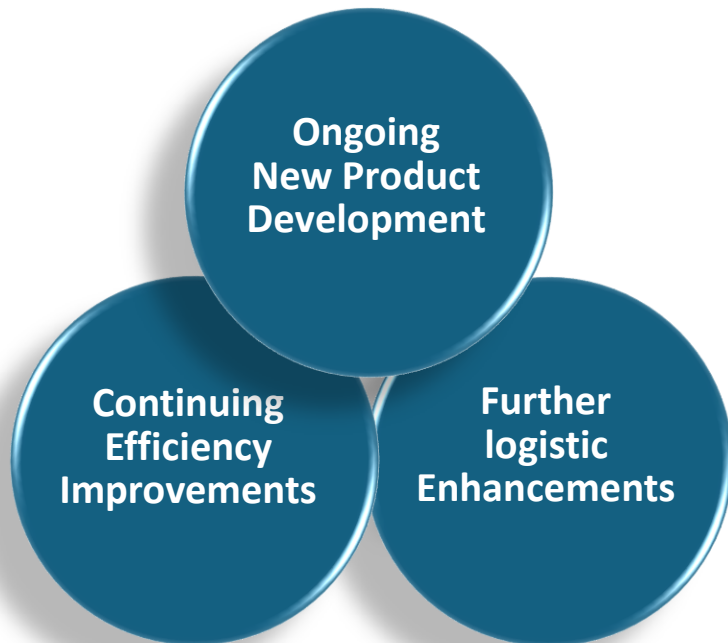
COSTCO will continue to dominate the club channel



Strategic Objective:

Increase member value through increased buying power

- **Invest in the in-club experience**
 - *Continue to lead in member value equation*
 - *Further capitalize on Kirkland Brands*
 - *Expand range of membership value (services)*
- **Expand both domestically and internationally**
 - *Smaller clubs as well as additional market centered clubs*
 - *Asia, Africa, Middle East, South America*
- **Differentiate with technology**
 - *Sustainability investments*
 - *Supplier collaboration*
 - *Club assortment planning and execution (market unique items)*
 - *Next generation distribution and logistics*
 - *Club automation (robotics, sensors, cameras – data / analytics)*



The Kroger Strategy 2025 - 2050

Kroger will continue to reshape the food and beverage value proposition and shopper experience

Strategic Objective:

At the core of continued growth is the “Restock Kroger” Initiative

Invest in the overall shopping experience

- *Further capitalize on Loyalty*
- *Extend private label brands and categories*
- *Extend in-store “Grocerant” offerings and niche store within a store concepts*
- *Expand the role of data to optimize every shopper interaction*

Implement vertical integration

- *Further investments in private label manufacturing capabilities*
- *Extending market partnerships (Alibaba, Walgreens -- procurement Alliance)*

Differentiate with technology

- *Market Expansion through White Space Automated Fulfillment centers*
- *Ocado (limited)*
- *NURO*
- *Auto-replenishment capabilities*
- *Technology Capabilities Incubators*



The Discounter/Value Channel – Growth today – Future looks promising

Value Retailers have a unique value propositions

Banner	Market Positioning	Banner Promise
	“Hard Discounter” 2400+ Stores	<i>“Impressively High Quality with Impossibly Low Prices”</i>
	“Alternative Grocery” similar to Trader Joe’s 170+ Stores	<i>“Rethink Grocery”</i>

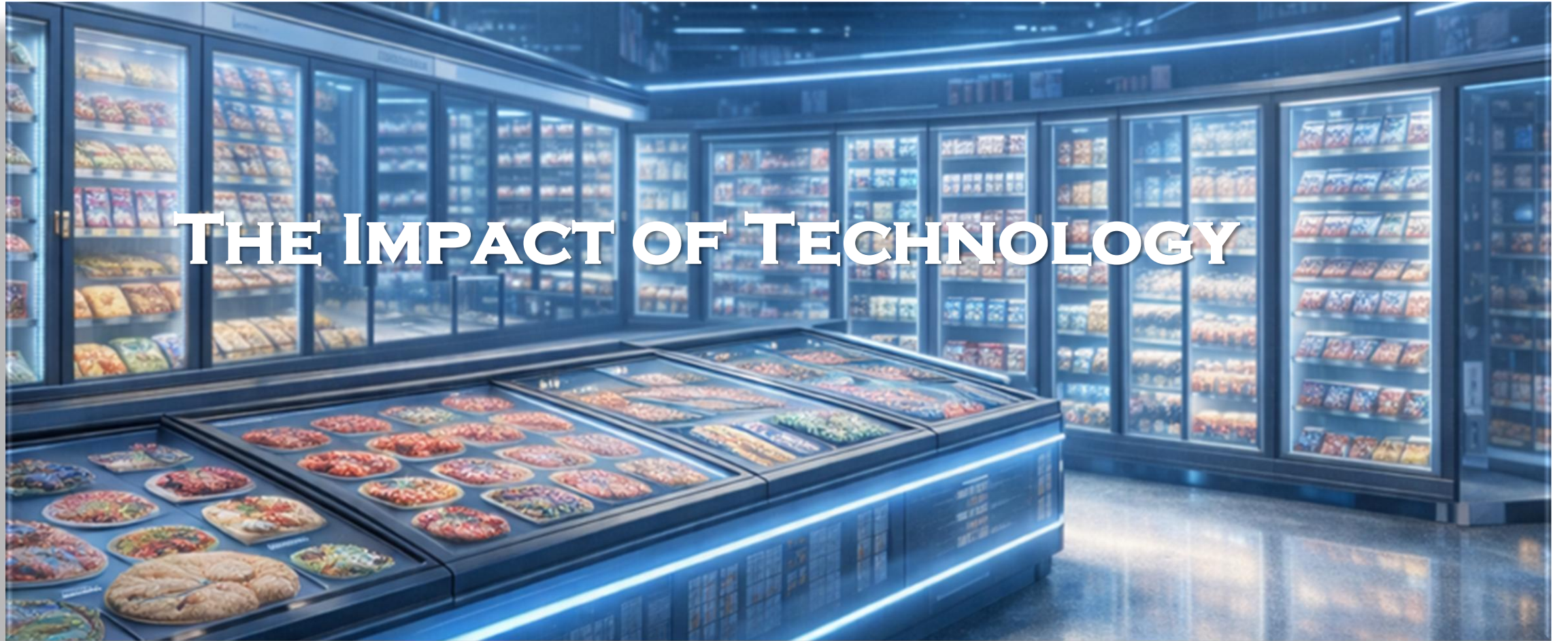
Banner	Market Positioning	Banner Promise
	“Extreme Discount Store” 17,000 Stores	<i>“A compelling place to shop”</i>
	<i>Potential for additional 25,000 stores</i>	<i>Amazing values with great shopping experience”</i>
	“Rural and Small Town America” 20,000 Stores	<i>“Mastering / Serving the local community”</i>
	<i>Expansion of 15,000 additional Stores</i>	

2025 – 2050 - An increasingly competitive retail landscape

Where do you anticipate the most significant competitive challenges will arise?

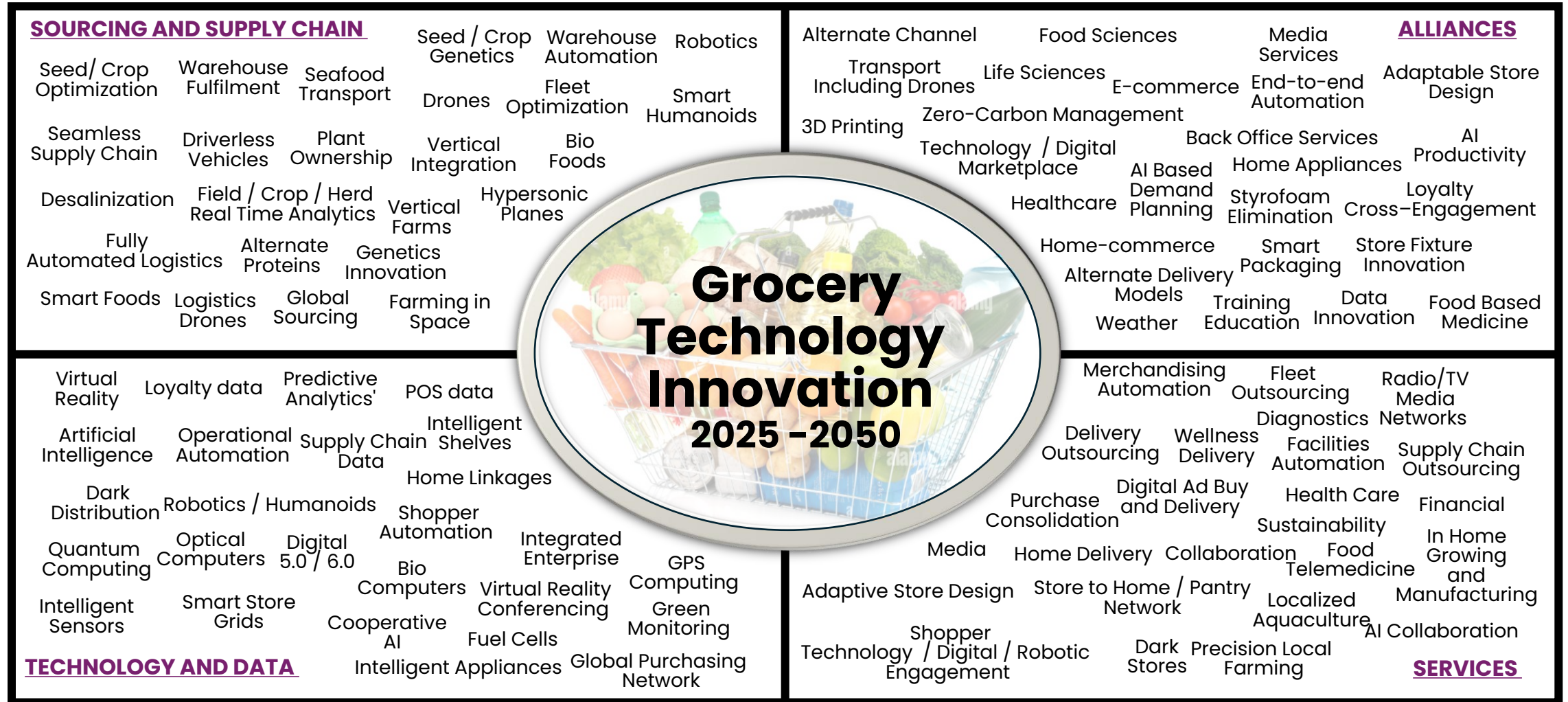


Select three and identify why you believe they will present the greatest challenges



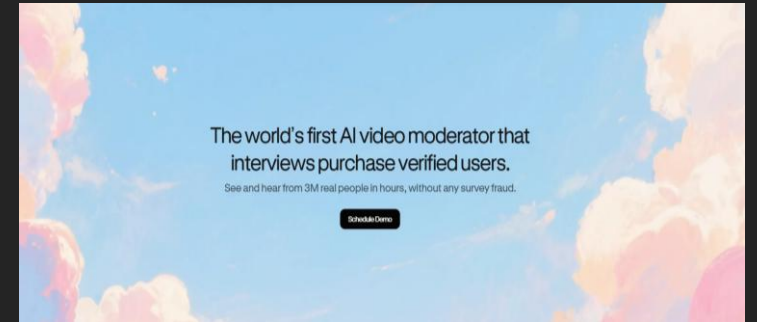
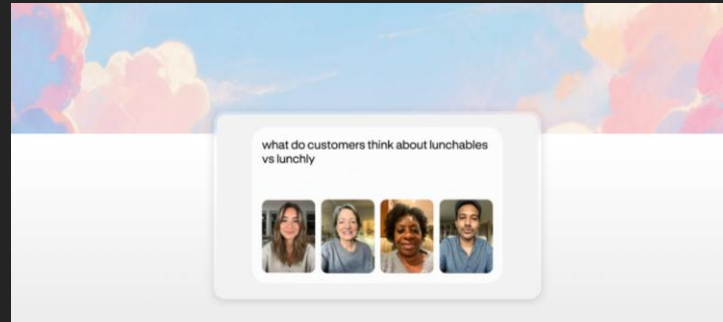
THE IMPACT OF TECHNOLOGY

Food and beverage retailing technology innovation – TECHNOLOGY 4.0





In-store robotics – enhancing shelf and associate productivity



Real-Time AI-Enabled Video Interviewing

Monday Morning 10:00 AM

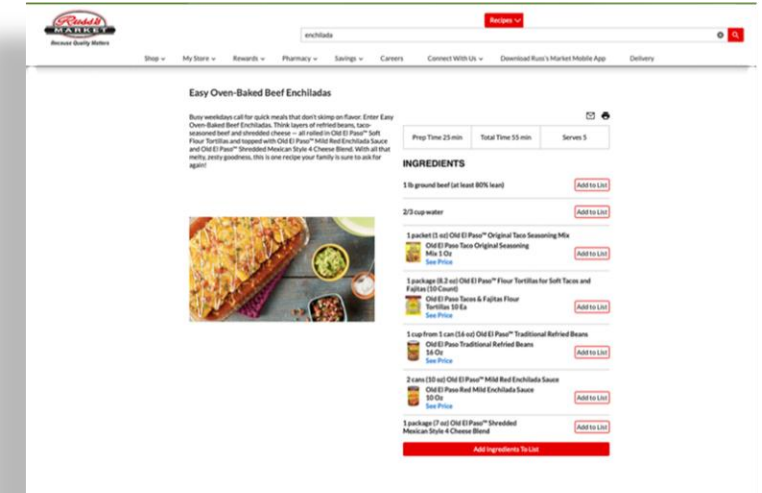
- ✓ Create a Family Meals Ad featuring the meal promotion
- ✓ Collect the image and design the messaging
- ✓ Link to the website
- ✓ Ad completed
- ✓ Launch 10:15 AM



Reaching

- ✓ The Loyalty database
- ✓ Meta
- ✓ Multiple other sites

There are over 80,000 potential shoppers, along with the entire loyalty shopper database.



Tuesday Morning 11:00 AM

- ✓ Create an Independent Operator brand Promotion
- ✓ Collect the image and design the messaging
- ✓ Ad completed
- ✓ Launch 11:15 AM



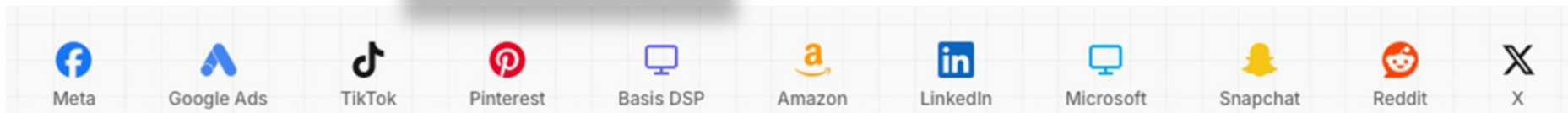
Reaching

- ✓ Retailers' shopper databases
- ✓ Other Media Channels
- ✓ Multiple other sites

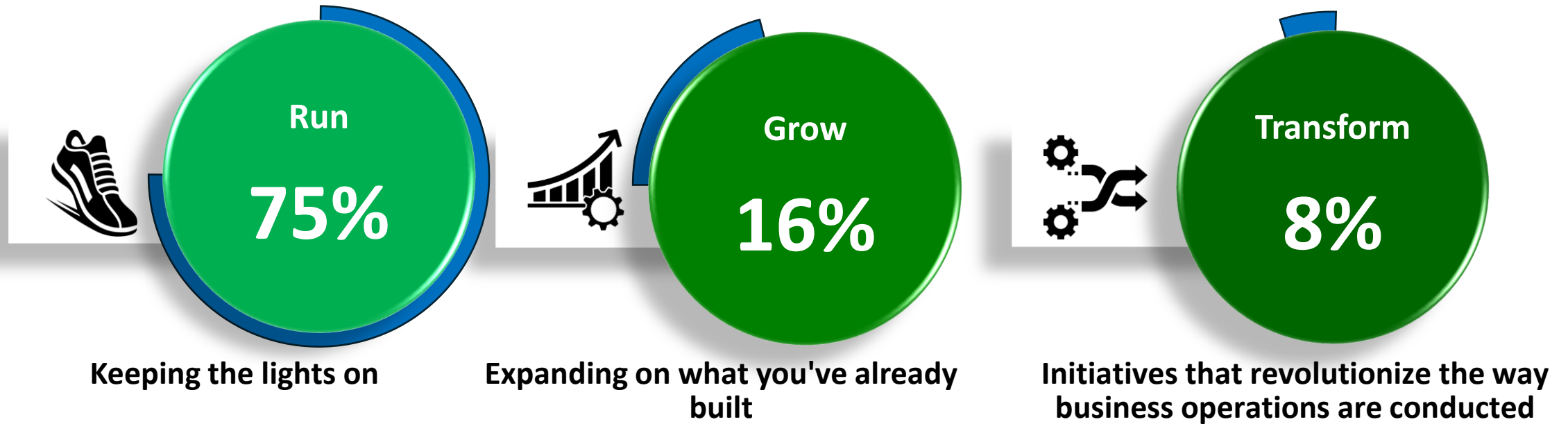
Exponential targeting opportunity



Affinity Pairing



Food and Beverage Retailing Technology Innovation – TECHNOLOGY 4.0



1. Information technology is no longer being viewed as a support function

2. Instead, it is now a catalyst for organizational transformation, reshaping structures, processes, and culture

In Traditional Organizations (75% – 16% – 8%)

Most IT Investment Dollars are spent on maintenance an/or limited expansion of technology capabilities.

In Digitally Driven Organizations (15% - 25% - 60%)

Digitally engaged organizations invest in a range of areas to enhance their operations and customer experiences.

Which technologies will have the greatest impact on growth and profitability in 2025?



- 1. Store process automation (process and equipment)***
- 2. AI-enabled shelf location management capabilities focused on effectiveness***
- 3. Advanced promotional management and ROI measurement capabilities***
- 4. Next generation shopper loyalty / personalization capabilities***
- 5. Improved / personalized /dynamic pricing systems***
- 6. AI driven merchandising capabilities***

A photograph of a modern grocery store aisle. The aisle is lined with tall, refrigerated shelves filled with various packaged goods, likely frozen pizzas or snacks. In the foreground, there is a deli counter with several trays of prepared food, including pizzas and salads. The lighting is bright and modern, with blue accents. The text "EXPLORATION OF INSIGHTFUL TAKEAWAYS AND FUTURE ACTIONS" is overlaid in the center of the image.

EXPLORATION OF INSIGHTFUL TAKEAWAYS AND FUTURE ACTIONS



What are the top three takeaways from this session?

FURTHER QUESTIONS...

DO NOT HESITATE TO CONTACT:

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THANK YOU