



LEVERAGING TOMORROW'S TECHNOLOGY TODAY

2021 NACDS REGIONAL CONFERENCE

ON TODAY'S CALL



BRIAN OWENS

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VMLY&R COMMERCE

Hello, #WeAreVYC.



The end-to-end Creative Commerce Company.

Built on the commerce expertise of Geometry, and scaled through VMLY&R's connected brand promise, we are on a mission to Reimagine Commerce.

We believe commerce holds the most untapped creative potential to grow brands and people.

As a result we've reimagedined the way we work, using Living Commerce™ our proprietary way of understanding how, when and why people buy.

Through this we deliver engaging new commerce experiences that enrich lives and drive conversion everywhere life intersects with commerce.

WHO WE DO THIS FOR

Third Party Retail

Brand that are selling through retail partners



Owned Retail Experiences

Brands that are selling direct to consumer or other businesses



Relationship Marketing

Re-imagined customer engagement models fueled by CRM and loyalty.



Transformation Changes

Worldwide ecommerce sales will reach \$5 trillion

New pharmacy opportunities

6

COVID and the rise of telehealth has created new opportunities to make more health services profitable year-round business.

Most independent pharmacies
miss over 70%
of possible
immunization
opportunities

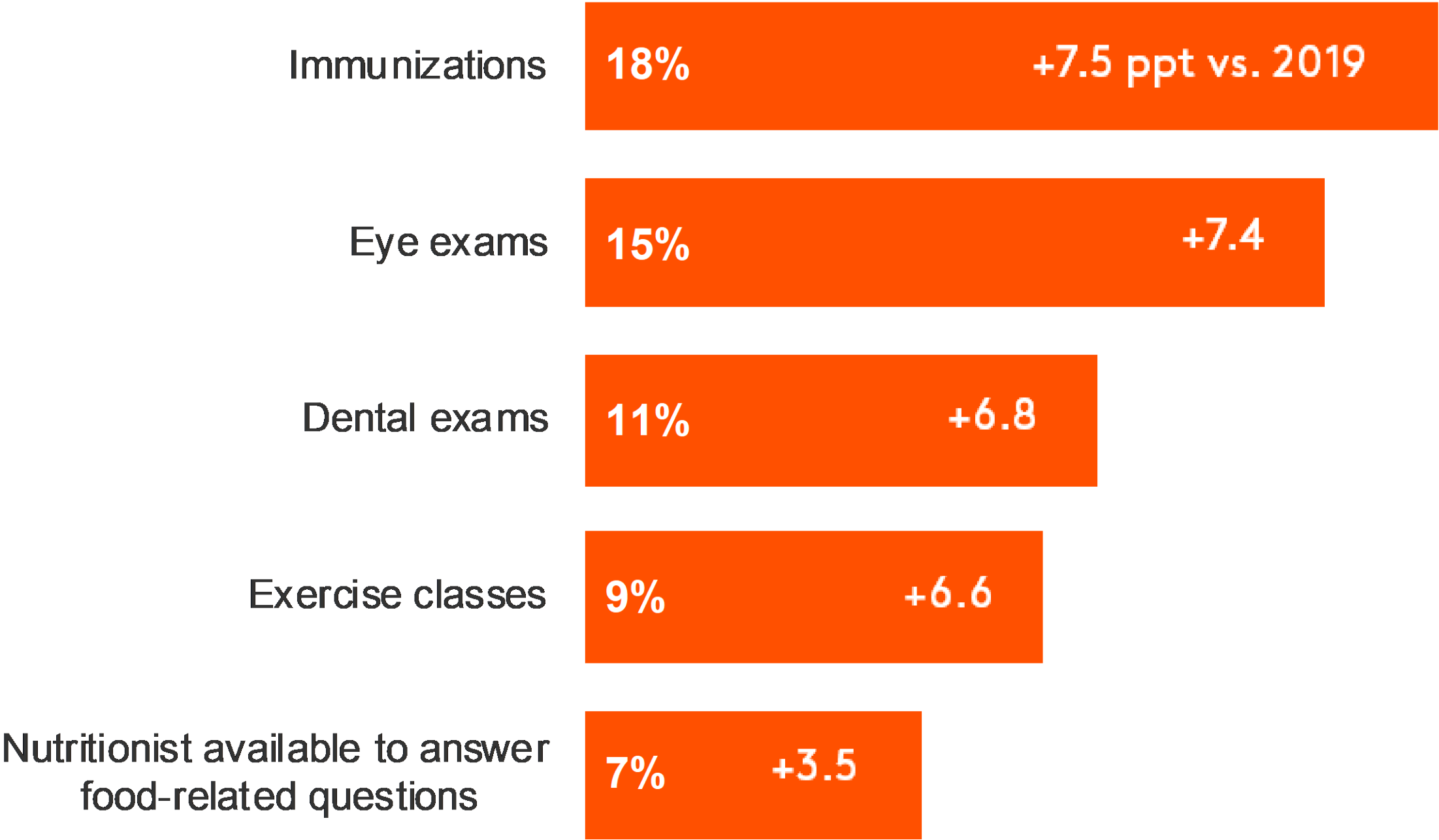


Per store, this represents
missing out on \$38,000
in gross profit annually

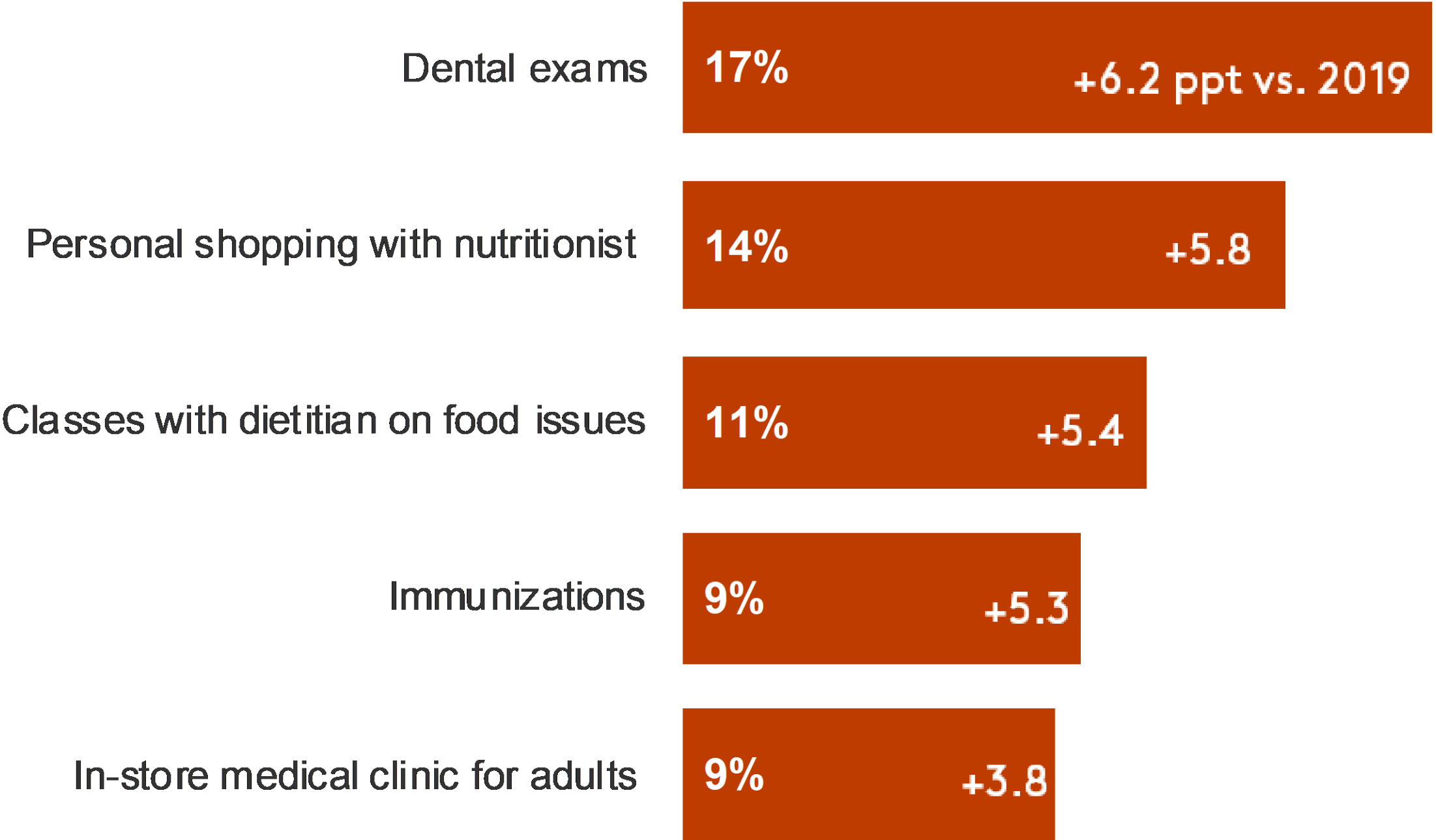
Source: PrescribeWellness

Health services are new consumer demand creation opportunities

Top 5 Services CVS Shoppers Have Used*
(share of CVS shoppers who indicated using service, percentage point change vs. year ago)



Top 5 Services Walgreens Shoppers Have Used*
(share of Walgreens shoppers who indicated using service, percentage point change vs. year ago)



Transformational Change in 2021

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1

Consumer
Lifestyle
Changes

3

Algorithmic
Commerce

5

The Role
of Stores

2

Retail
Ecosystem
Upgrades

4

Modern
Fulfillment

1

Consumer Lifestyle Changes.



Shifts in consumer spending are fueled by lifestyle changes



“Any Activity” from Home

The “home” has been promoted, taking on the role of school, office, gym, theater, and restaurant - it’s the new shopping mall.



Fewer, Shorter Trips

As consumers express greater intent to shop online month after month, they’re taking fewer trips to fewer stores, and ultimately spending less time in the aisles.



Holistic Wellness

Consumers are rethinking how they define health, shifting from counting calories to a holistic view of their wellness.

Hygiene and sustainability top of mind concerns

Sanitation is becoming active with new commercial HVAC solutions like Needlepoint Bipolar Ionization.

This chart shows laboratory testing of air-cleaning effectiveness of aerosol particles.

- Sustainability discussions have shifted from consumer recycling to the “circular economy.”

:

Norovirus* TIME IN CHAMBER: 30 MINUTES RATE OF REDUCTION: 93.5% <small>* Testing in the laboratory, actual results may vary. Refer to the ATCC 43862, Item F1.</small>	Tuberculosis TIME IN CHAMBER: 60 MINUTES RATE OF REDUCTION: 69.0%
Human Coronavirus** TIME IN CHAMBER: 60 MINUTES RATE OF REDUCTION: 90.0% <small>** Testing in the laboratory, actual results may vary. Refer to the ATCC 43862, Item F1.</small>	MRSA TIME IN CHAMBER: 30 MINUTES RATE OF REDUCTION: 96.2%
Legionella TIME IN CHAMBER: 30 MINUTES RATE OF REDUCTION: 99.7%	Staphylococcus TIME IN CHAMBER: 30 MINUTES RATE OF REDUCTION: 96.2%
Clostridium Difficile TIME IN CHAMBER: 30 MINUTES RATE OF REDUCTION: 86.8%	E.coli TIME IN CHAMBER: 15 MINUTES RATE OF REDUCTION: 99.6%



Health, safety, and sustainability

Disease has created new baselines; sustainability may have far more impact

Cleanliness matters

Post-COVID

50%

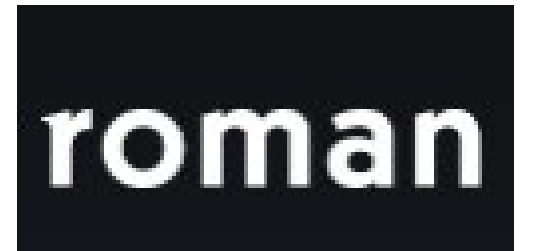
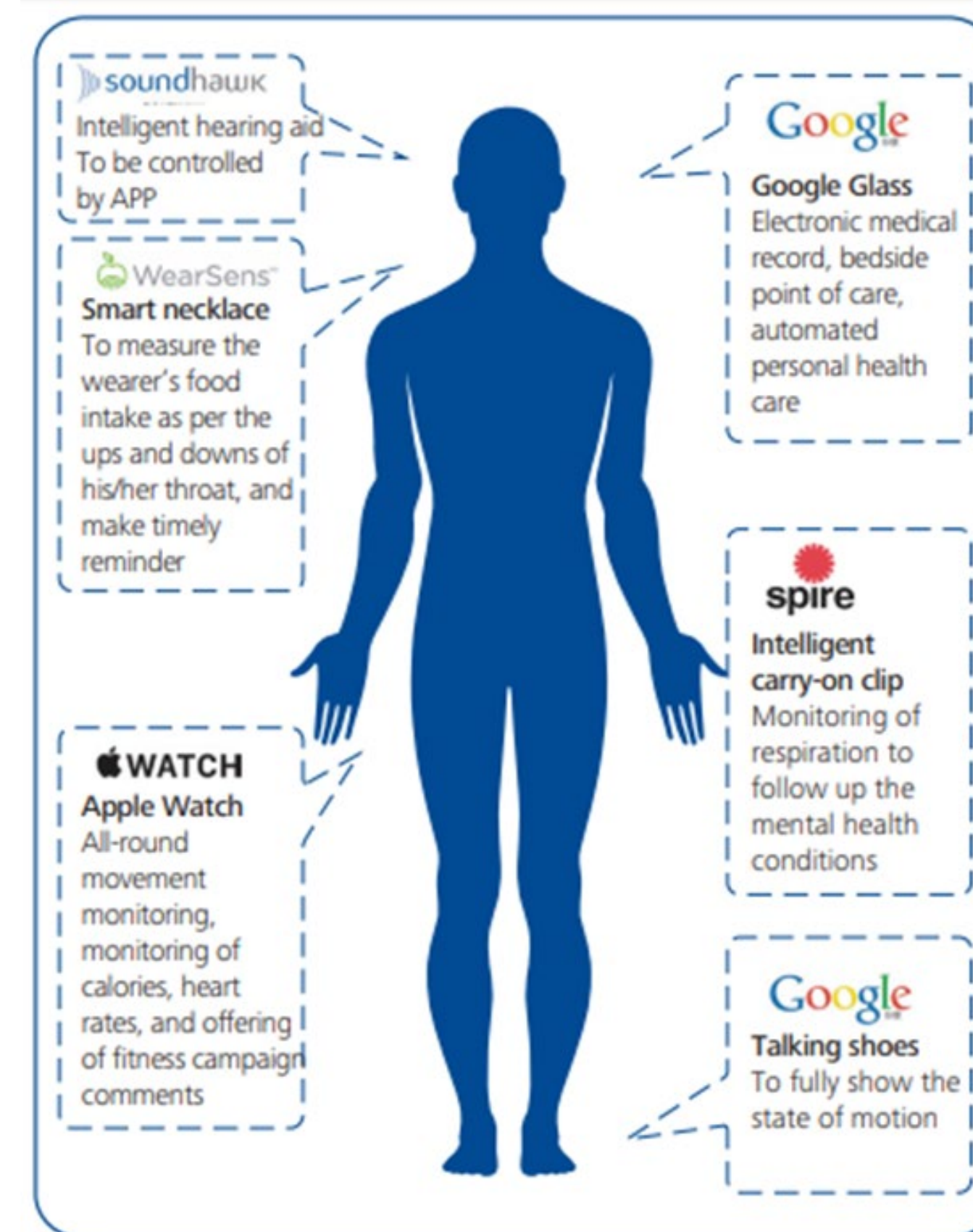
No matter what the product is, I will pay more if I know it's clean and sanitized

Prediction: Health & hygiene will emerge as the next digital

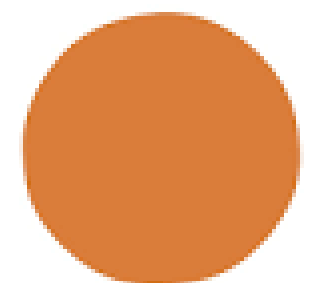


Cleanliness pledges

United partnered with Clorox and the Cleveland Clinic to develop their new cleaning and disinfecting procedures to keep air travelers safe.



TikTok

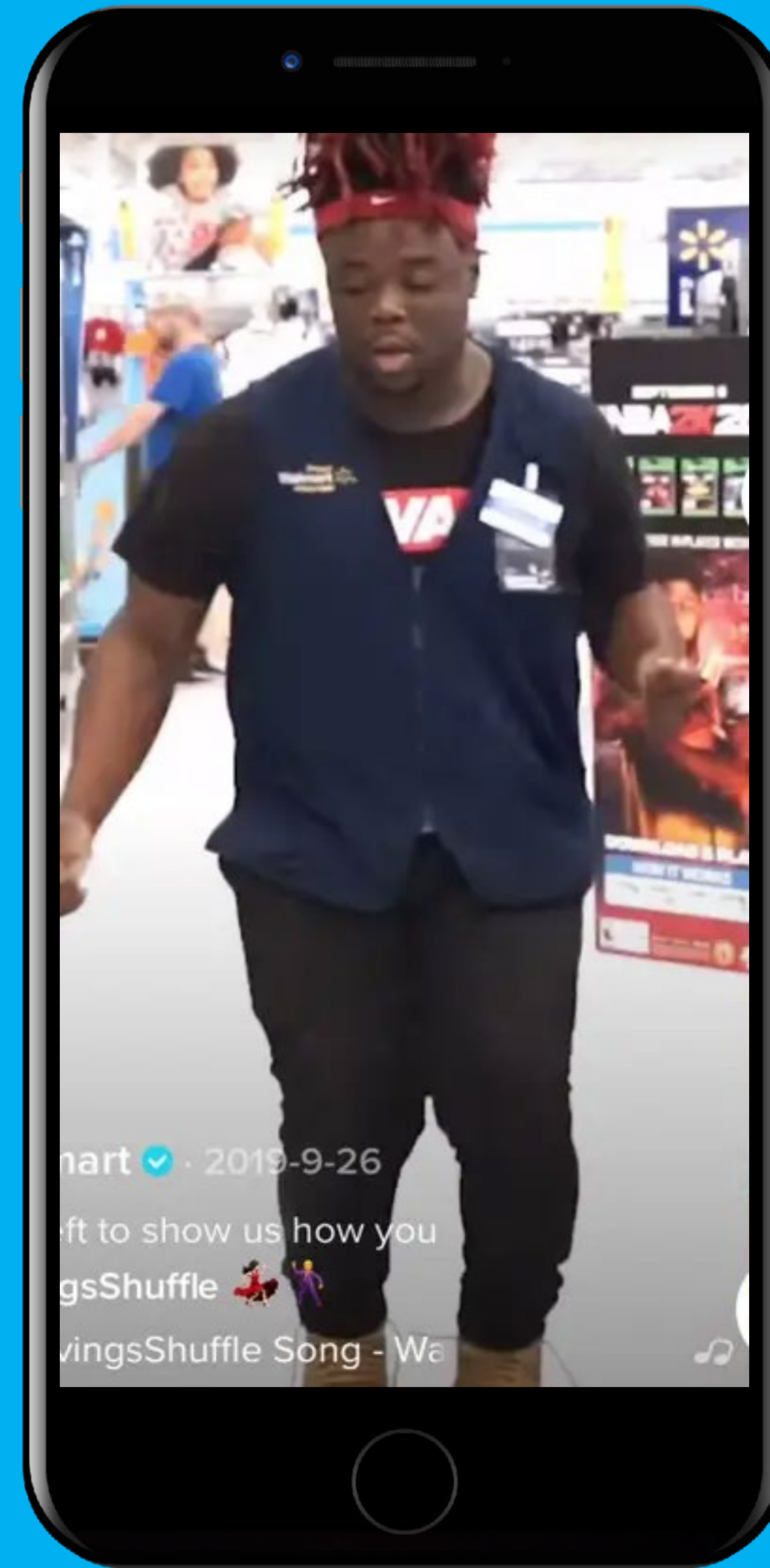


HEADSPACE

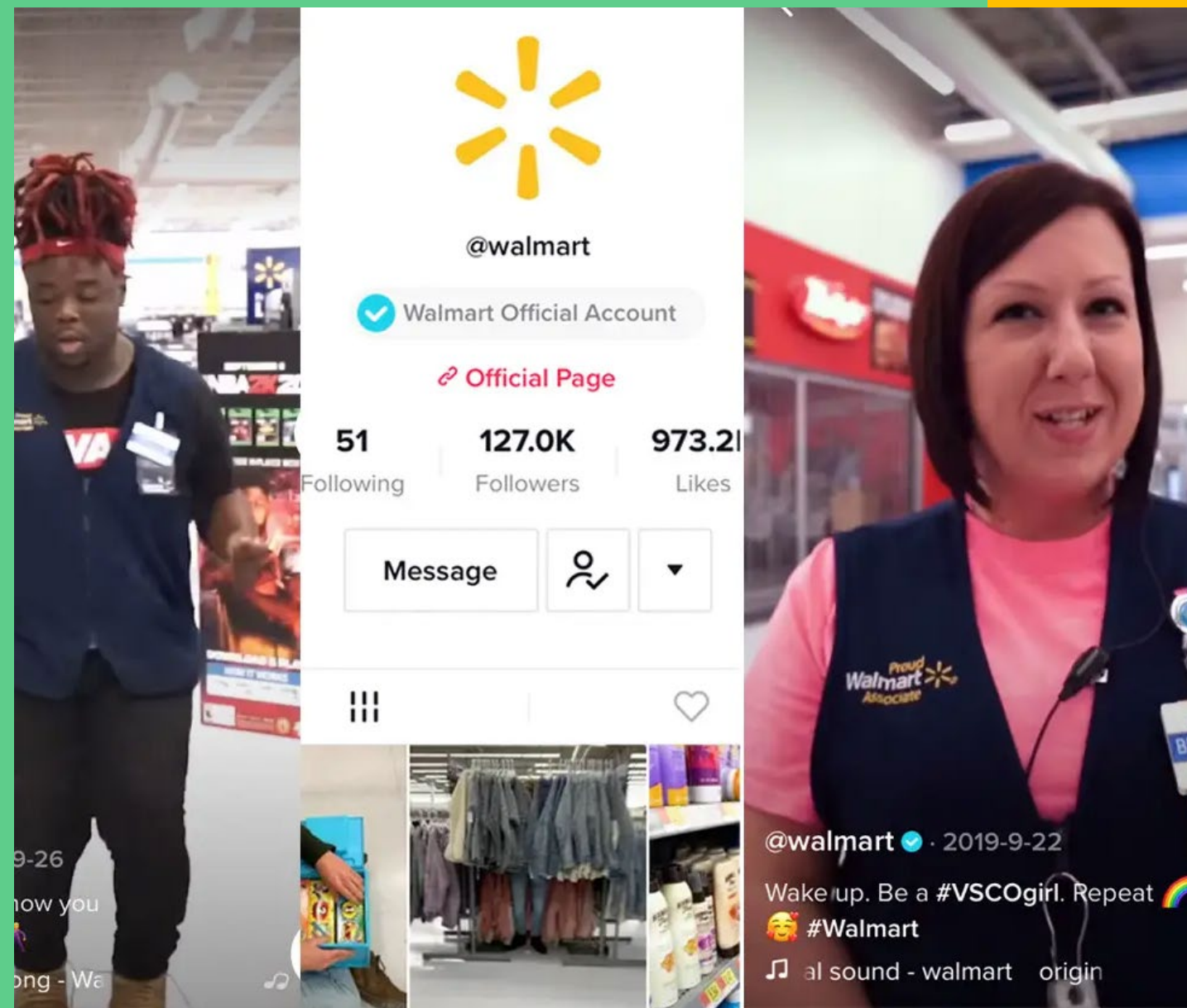


2

Retail Ecosystem Upgrades.



Shoppable interfaces create true end-to-end-commerce



Social Commerce

December 2020, Walmart and TikTok partnered for a live shoppable social event.



Video Commerce

In 2021, commerce experiences will gain relevance in the OTT space through directly shoppable ads that handoff to mobile devices and personalized placement.



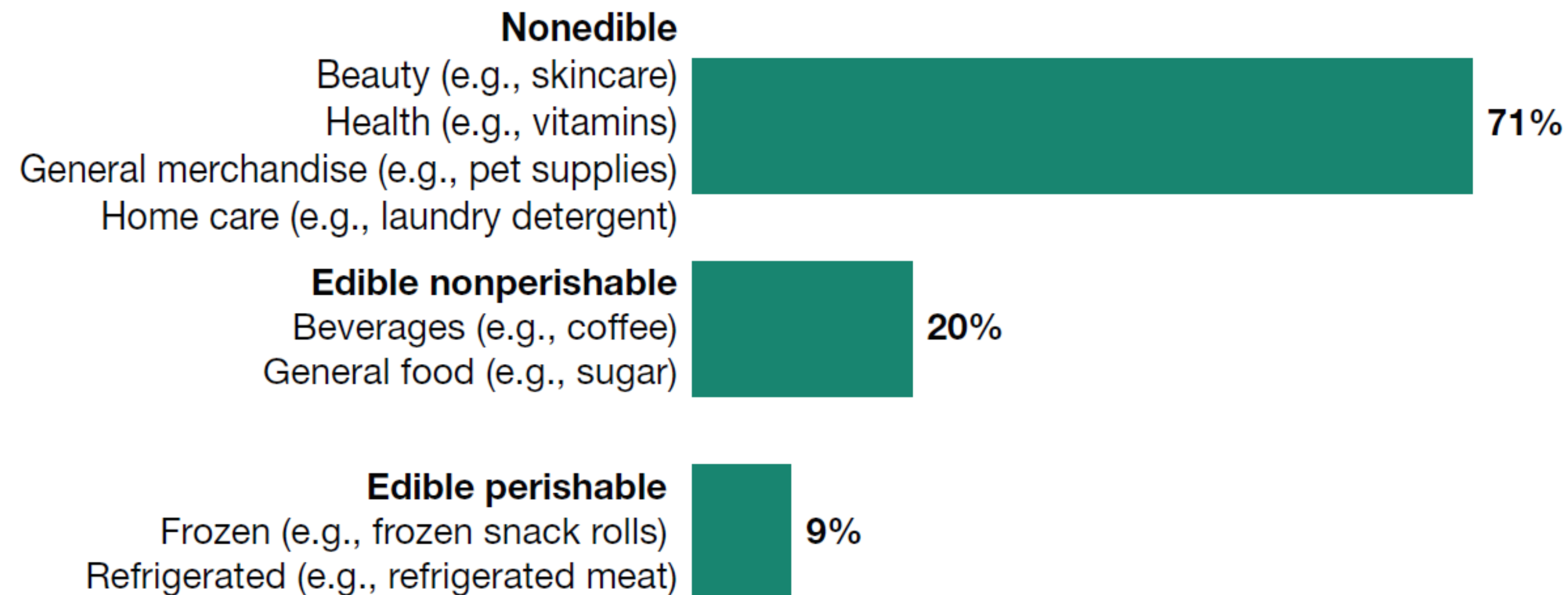
AR/VR Commerce

The IKEA Place app has been using AR to enable consumers to view products at home since 2017

Beauty and health online grocery categories accelerate in growth

16

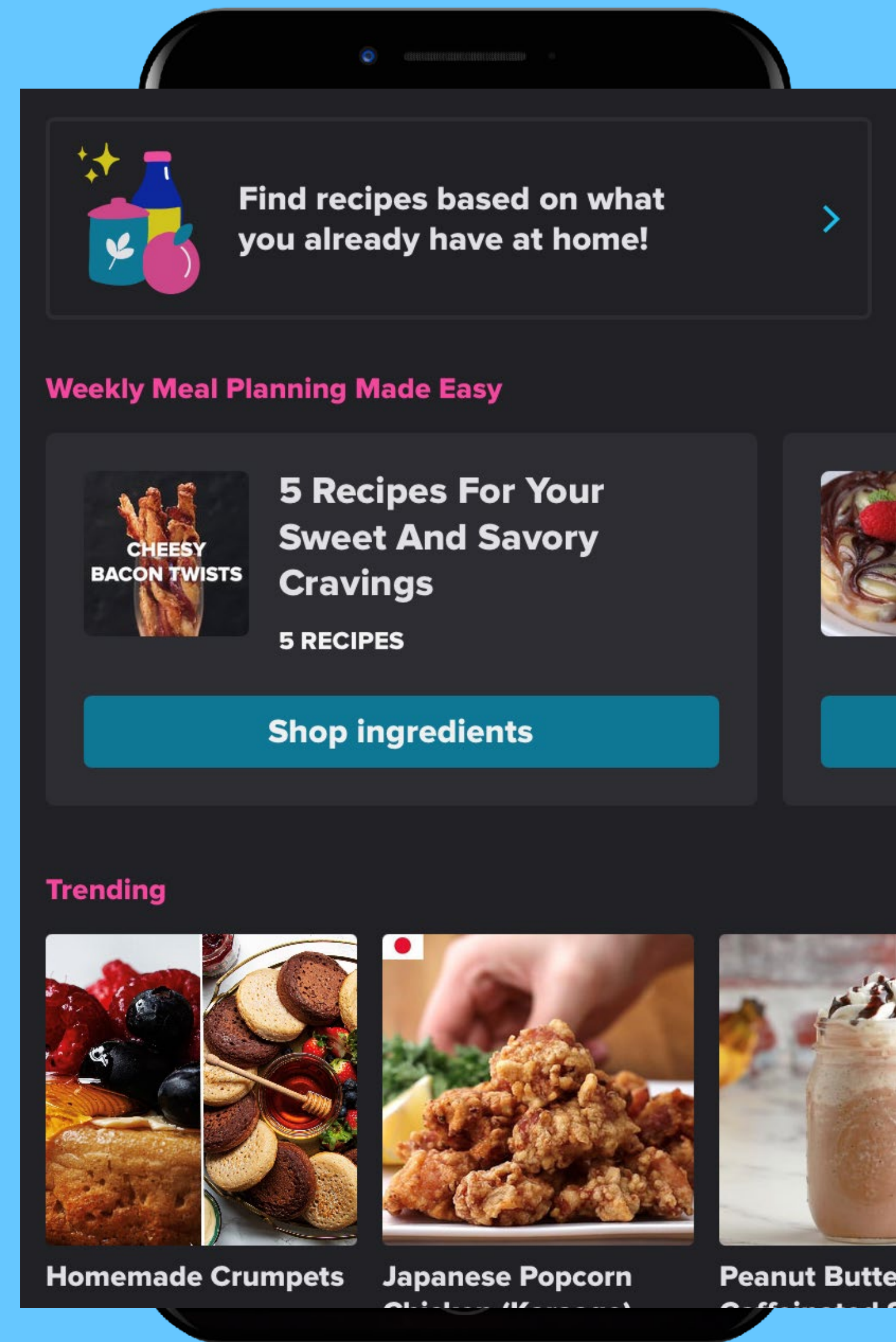
Breakout of e-commerce grocery



Source: "IRI eMarket Insights," IRI, October 4, 2020

3

Algorithmic Commerce.

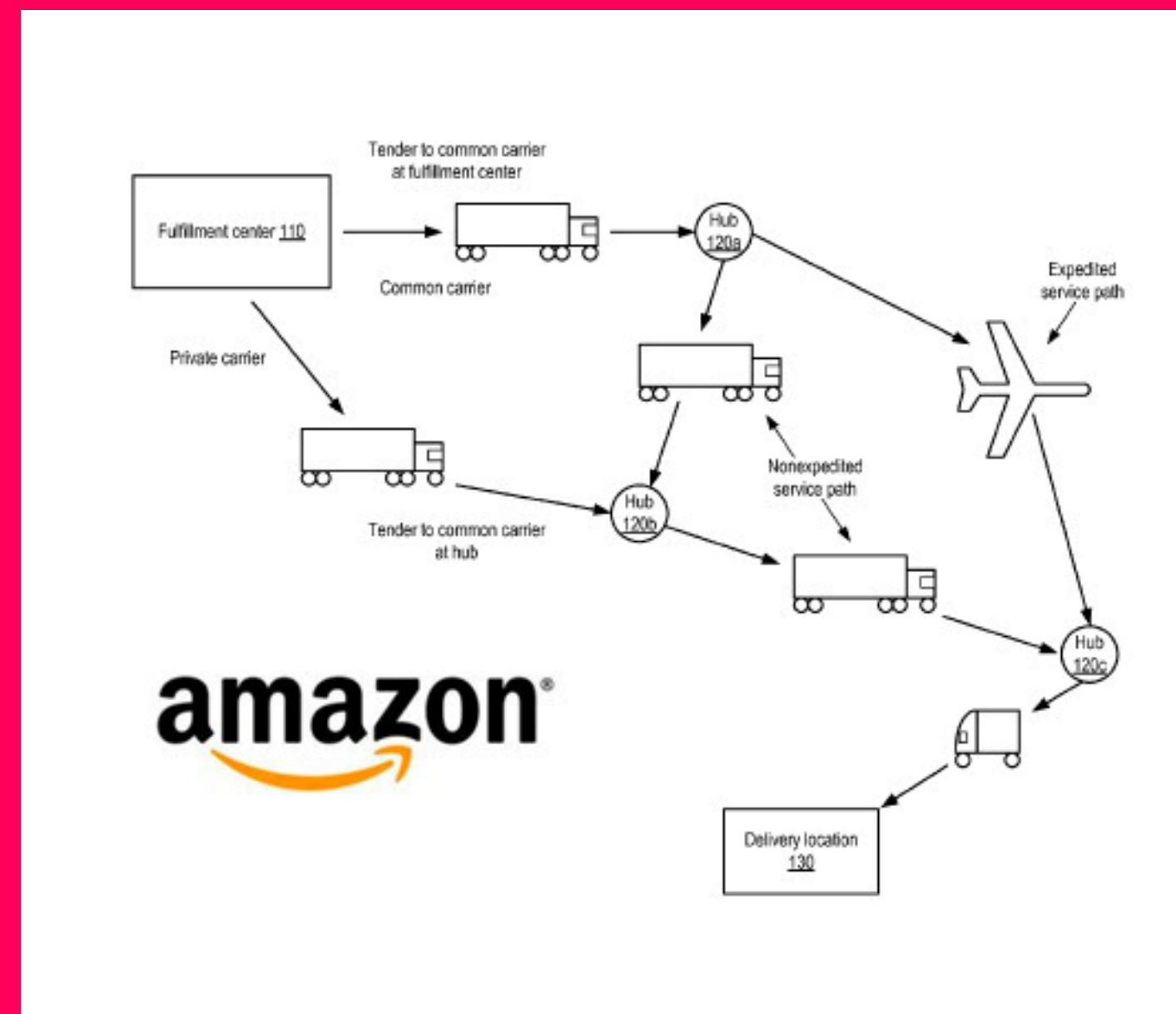


Retailers are creating deeper connections with individuals



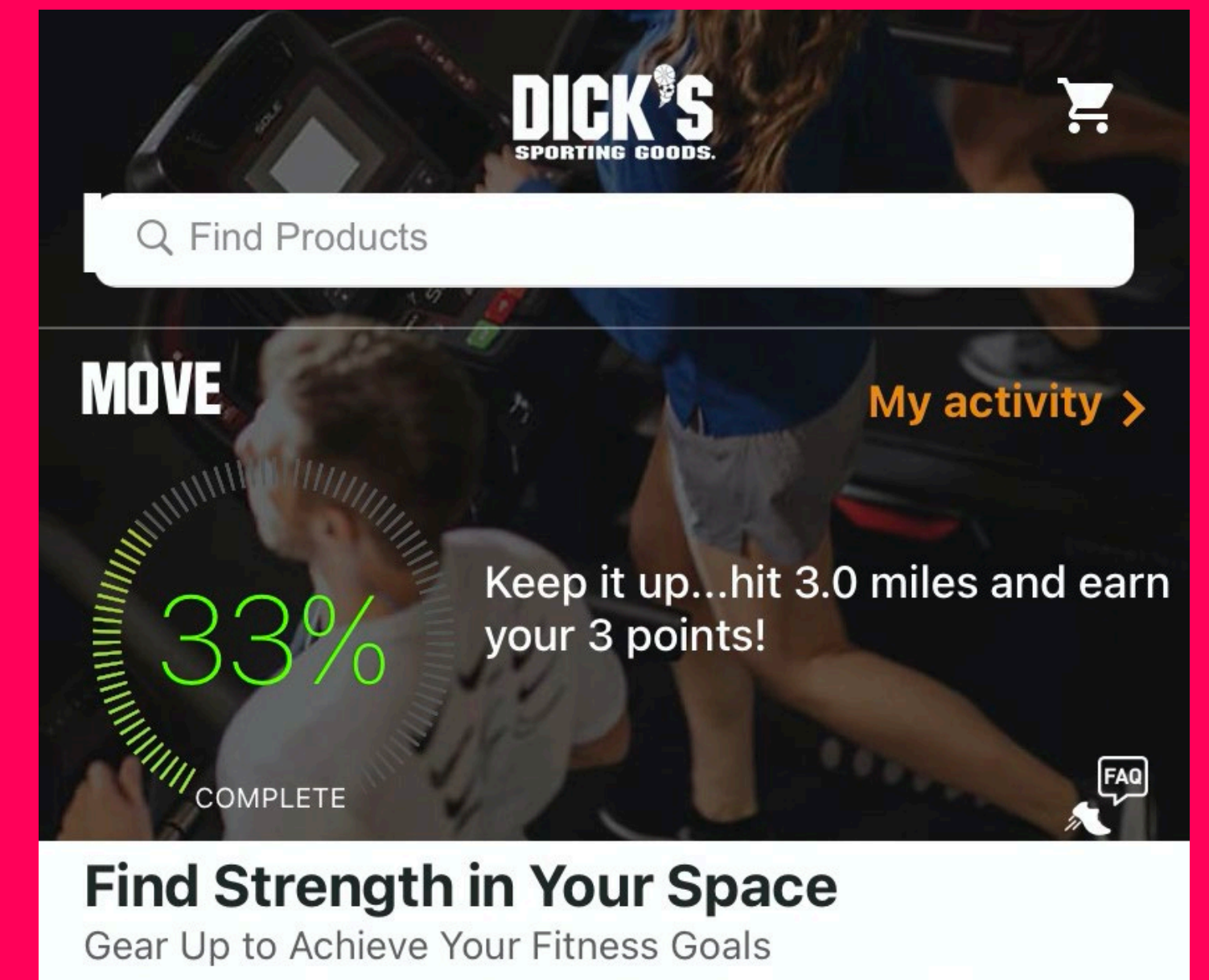
Shop the List 2.0

Recognizing 80% of their shoppers cross-shop on Amazon and 61% at Walmart, Kroger's new ChefBot is taking a full pantry view into consumers' kitchens,



Zero-Click Shopping

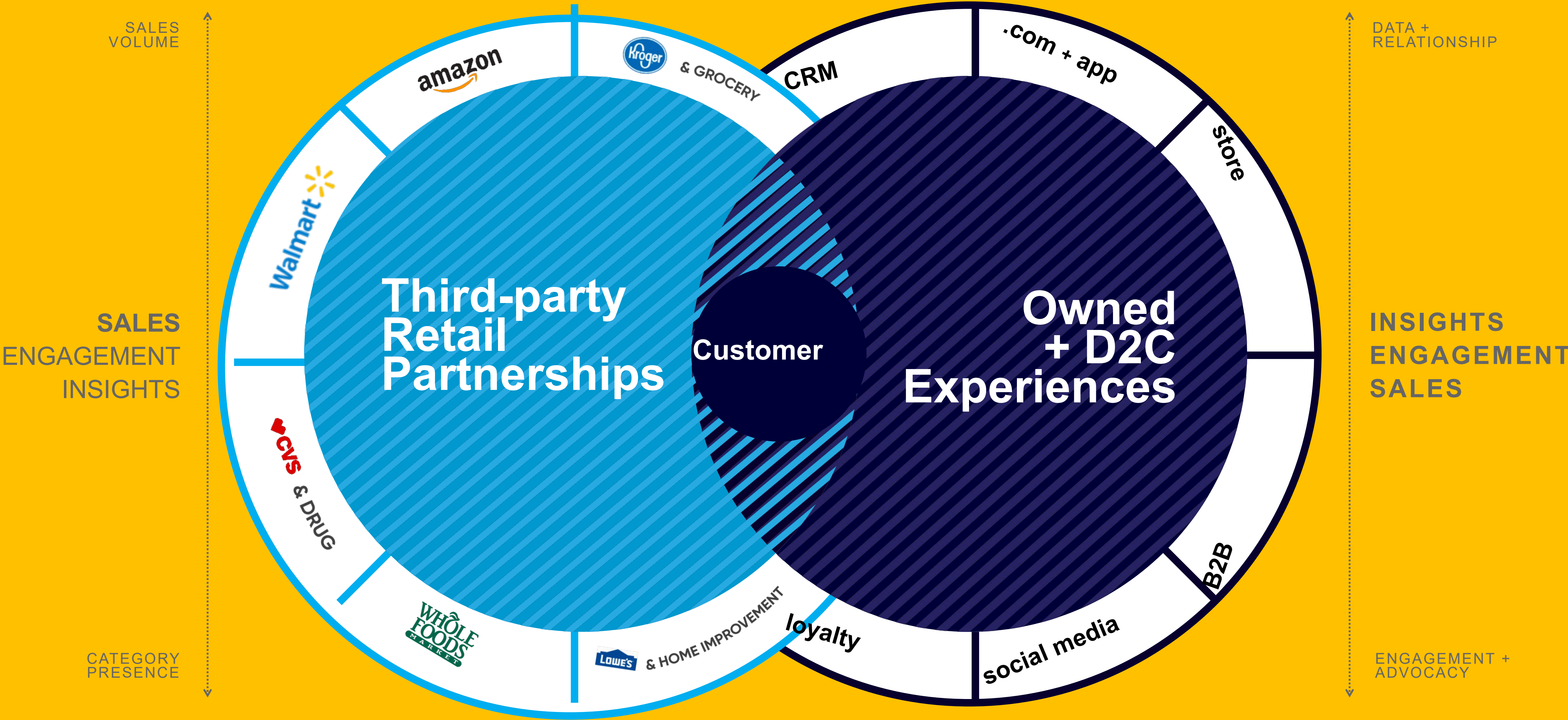
60% of retailers believe IOT autonomized purchases have already or will impact retail in the next 12 months (Euromonitor).



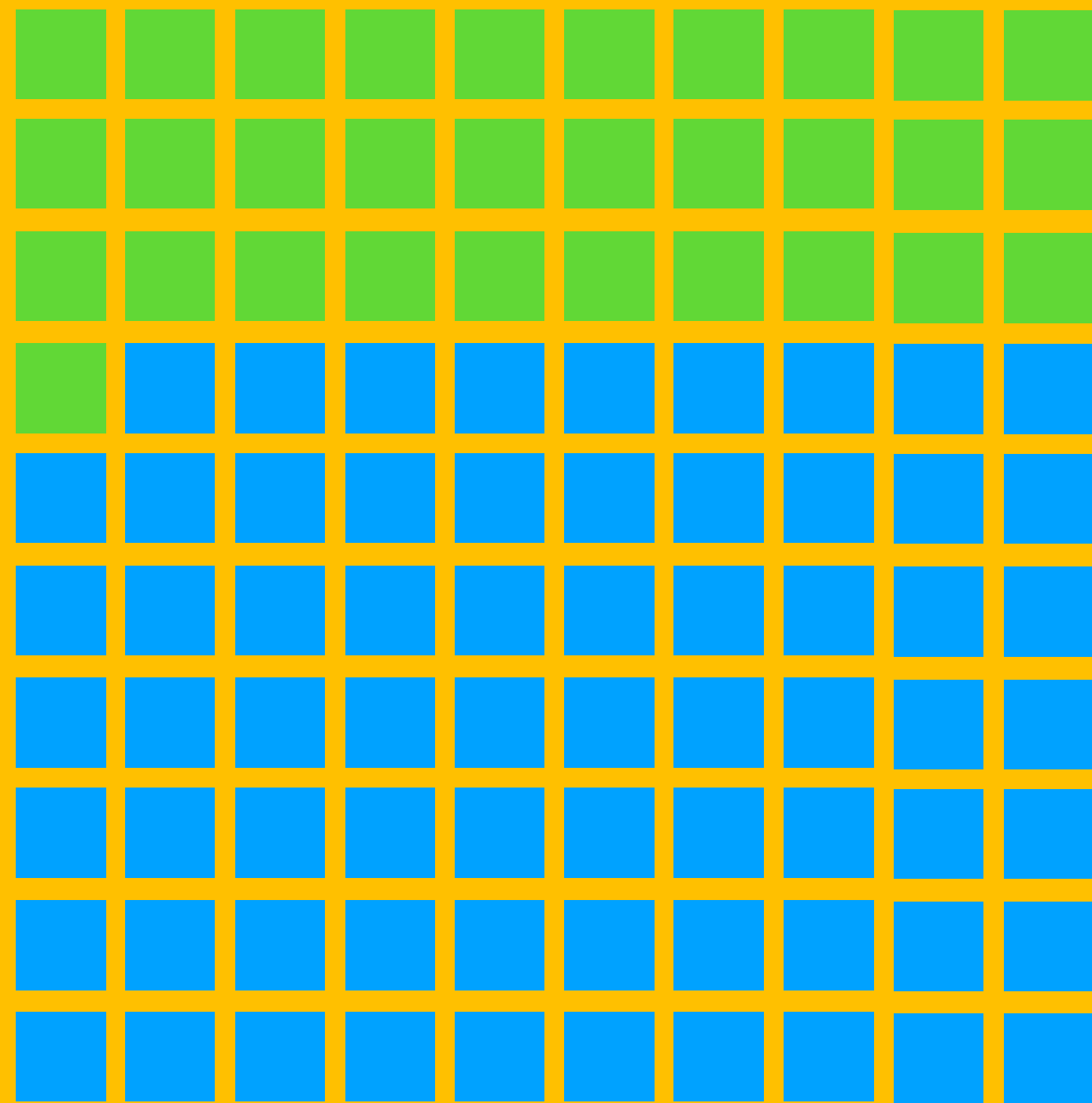
Digital Health Attributes

30% of consumers are comfortable with brands personalizing experiences based on their current mood (Euromonitor).

Conversion with addressable audiences



Walmart's TikTok platform could create a new incentive to change health behavior



31%

Of all Walmart shoppers* have used TikTok at some point for shopping

42% of Walmart online-only shoppers have used TikTok at some point for shopping



16% of Walmart shoppers* since COVID-19 are buying more from ads or people they follow on social media platforms.



Top three activities Walmart shoppers use TikTok for:**

- 1 Look at content posted by brand or retailer for fun
- 2 Discover a new brand
- 3 Look for inspiration about what to buy

Smart shopper marketing grows

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MOBILE PHONE TRACKING

cosmose AI

1B smartphones • 360K stores • 2m accuracy with no hardware



Latest Round: Series A (9/1/2020)

Amount: \$15M

SMART SIGNAGE

ADVERTIMA



Latest Round: Series A (7/28/2020)

Amount: \$17.6M

INTERACTIVE SCREENS

 **Cooler Screens**

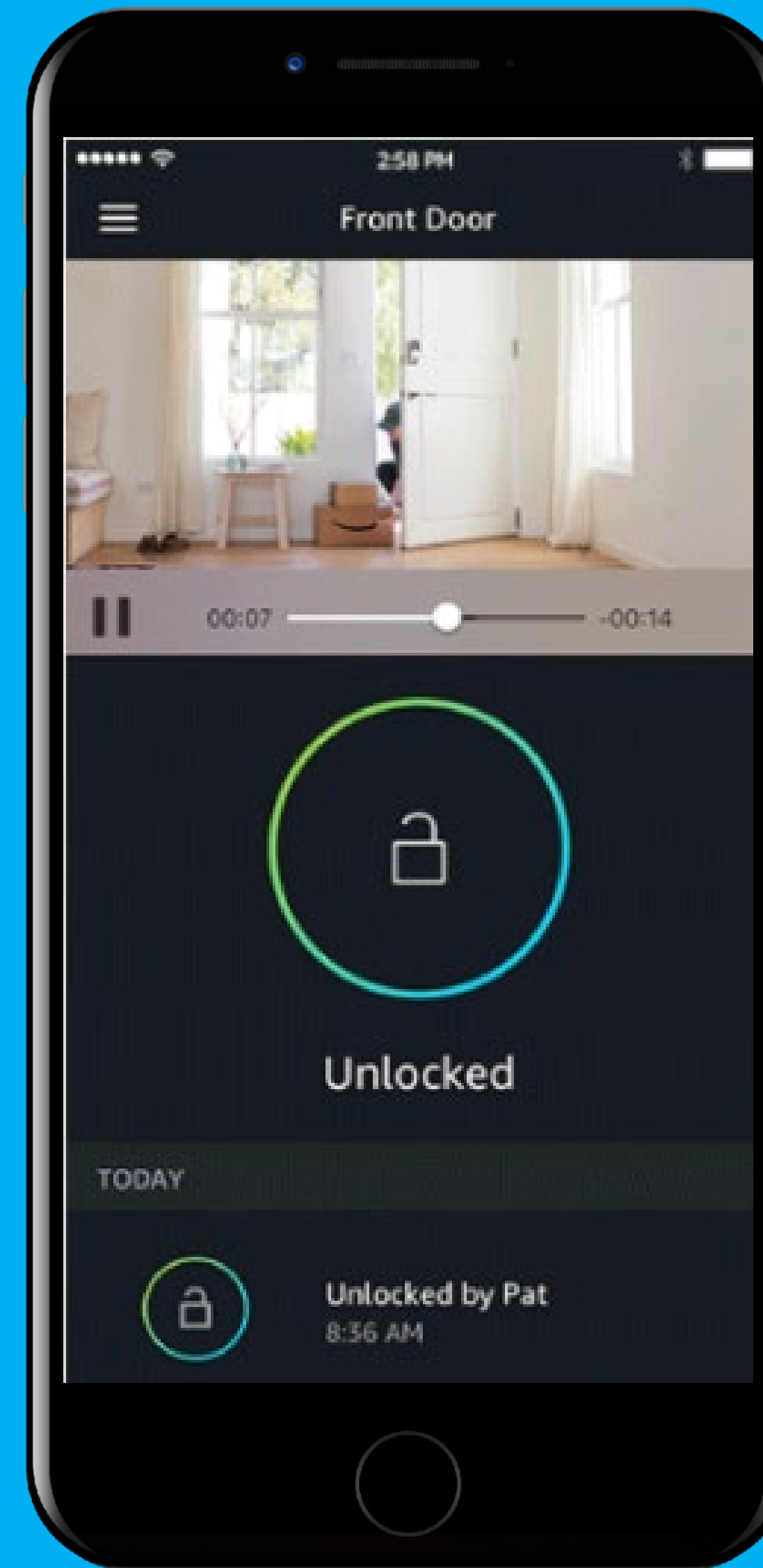


Latest Round: Series C (10/5/2020)

Amount: \$80M

4

Modern Fulfillment.



Rapid disruption has reset consumer expectations.



Same Day Delivery

Free delivery is the most desired value proposition for online shoppers but retailers continue to form competitive advantages around delivery time.



In-Home Delivery

Globally, 33% of consumers are more open to granting a robot access to a secure location such as their garage or vehicle than they are with granting access to a human.



Access to Everything, Anywhere

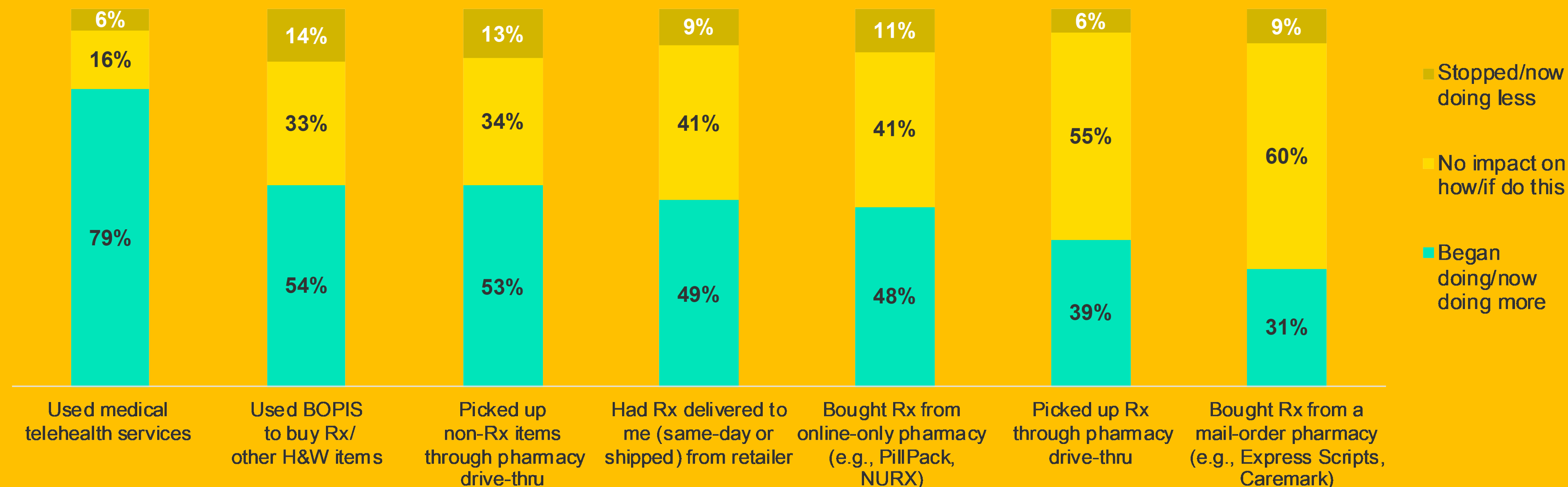
With millions of products available to consumers and steep competition for the last mile, there's never been a better time to be a shopper.

Users of Rx telehealth, BOPIS, and pharmacy drive-thru have expanded use in the pandemic

25

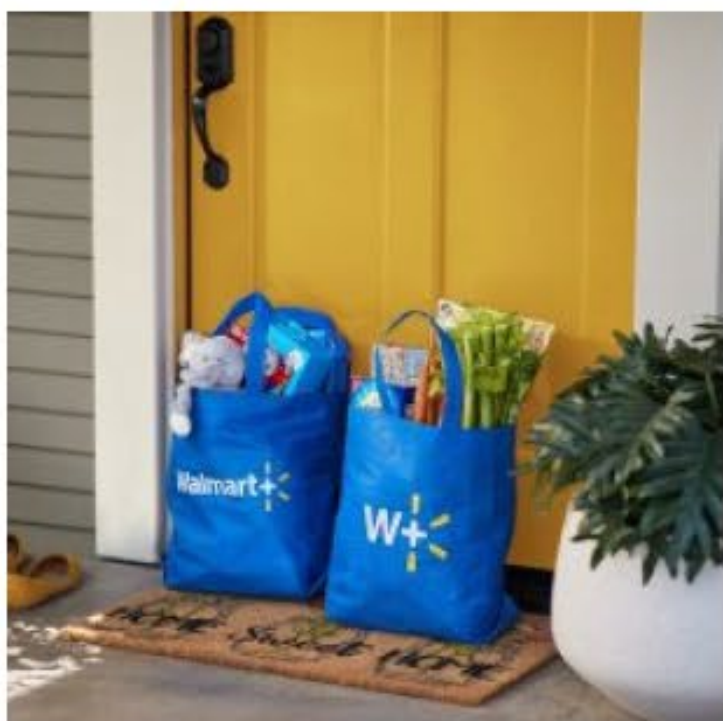
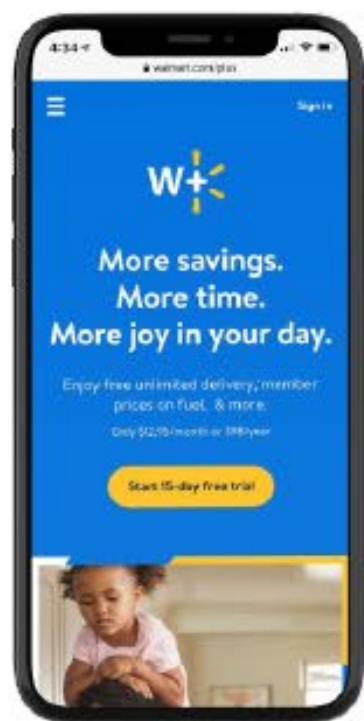
How Pandemic Has Changed Fulfilling Prescriptions

(among shoppers who have ever used fulfillment option)



Retailer rewards focus on free delivery, fast pickup

UNLIMITED FREE DELIVERY



FAST IN-STORE, CURBSIDE, DRIVE-THRU PICKUP



LIMITED FREE SHIPPING



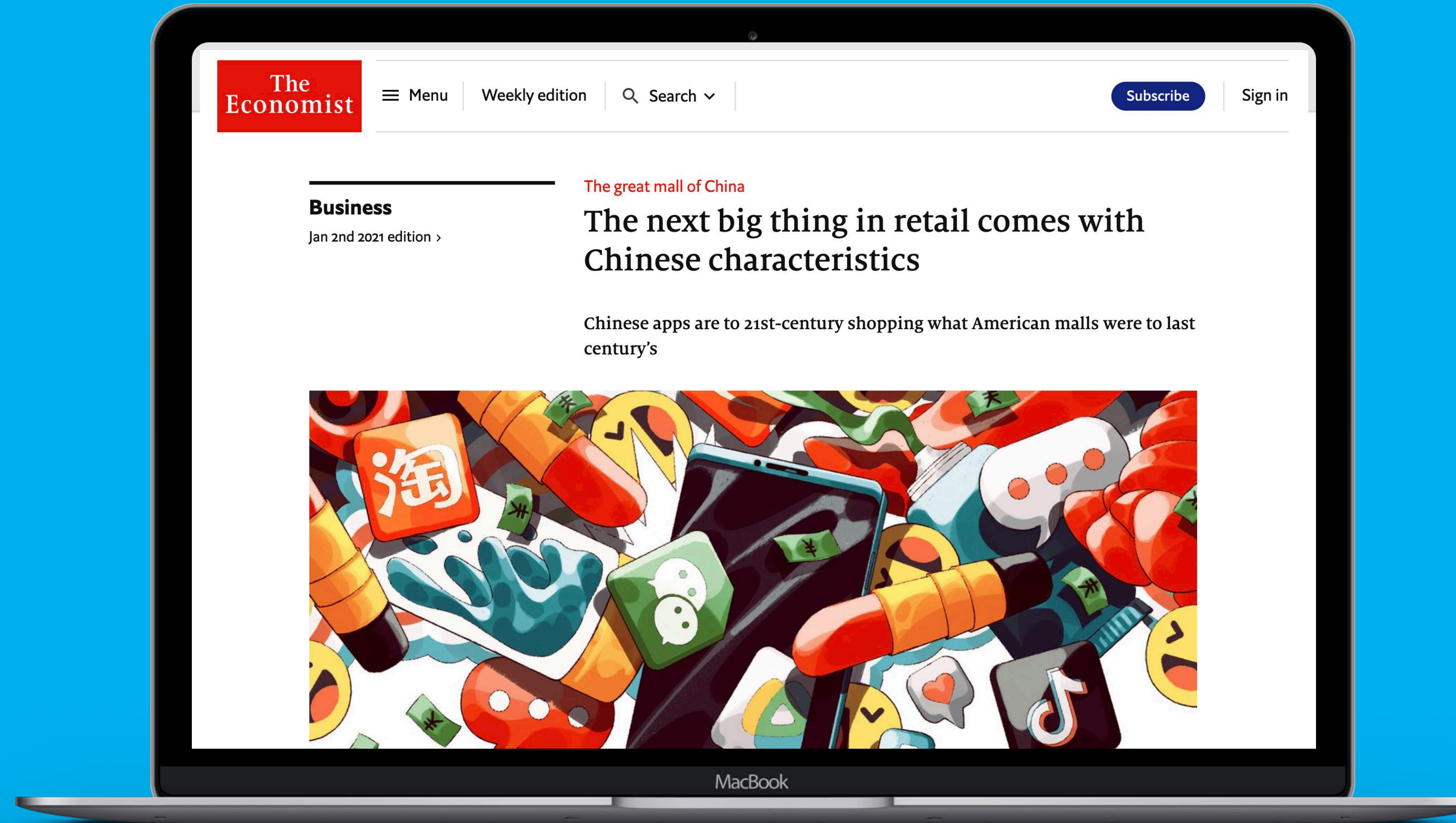
Sign up. Earn points. Get perks!

- 20% off next purchase
- Points = \$ rewards
- FREE birthday surprise
- FREE shipping twice a year
- Exclusive events and discounts
- Many ways to earn
- FREE to join



5

The Role of Stores



Redefining the role of the store.

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New Formats

COVID-19 is accelerating the integration of consumer technologies into stores, such as voice, AR/VR, 5G, and smart shopping carts.



End of the Checkout Lane

Consumers view scan-and-go or walk-in, walk-out tech as the most exciting in-store innovation.



Redesigned Floorplans

Retailers are seeking in-aisle equilibrium, utilizing AI to balance the role stores play in discovery and fulfillment.

43% of consumers report that they “like the pharmacist/staff”

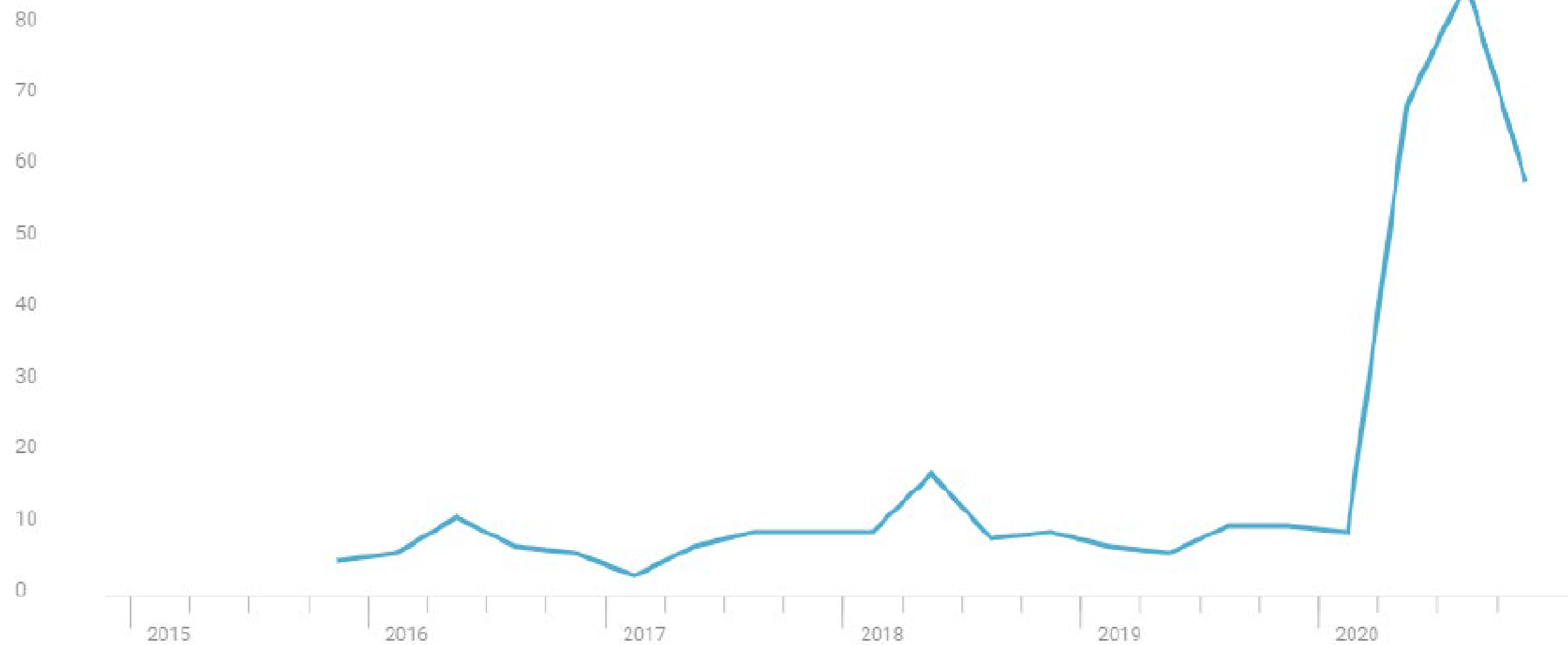
Dispensing Format	Top Four Reasons Cited by Consumers*
Chain Drugstores	<ul style="list-style-type: none">• Location (57%)• Accepts my insurance (35%)• Used pharmacy for a long time (28%)• Quickly fills my prescription (23%)
Independent Pharmacies	<ul style="list-style-type: none">• Like pharmacist/pharmacy staff (43%)• Location (41%)• Quickly fills my prescription (33%)• Used pharmacy for a long time (32%)
Supermarkets with Pharmacies	<ul style="list-style-type: none">• Location (56%)• Accepts my insurance (35%)• Used pharmacy for a long time (28%)• Like pharmacist/pharmacy staff (24%)
Mass Merchants with Pharmacies	<ul style="list-style-type: none">• Location (49%)• Accepts my insurance (36%)• Used pharmacy for a long time (27%)• Quickly fills my prescription (25%)
Mail Pharmacies	<ul style="list-style-type: none">• 90-day refills (60%)• Accepts my insurance (44%)• Health insurance requires use of this pharmacy (40%)• Quickly fills my prescription (20%)

Store automation becomes a major retail focus area

30

Earnings calls mentions of (“touchless” or “contactless” or “automatic”) and (“checkout” or “payment”), 2015 – 2020

Number of mentions



TAKEAWAY:

- Retailers introduced contactless technologies across payments and loyalty (Tractor Supply, Albertson's) as well as in fulfillment (touchless pickup lockers at Lowe's)
- More automation elsewhere in the store has the potential to drive efficiencies and profits

Future retail growth opportunities

How can pharmacies reactive demand across digital healthcare?



PLATFORMS

How are shoppers leveraging digital technology to diagnose, provide care, replenish, and purchase?



PROVIDERS

What are new ways health providers are referring OTC medications to pharmaceutical medicine?



PROCESSES

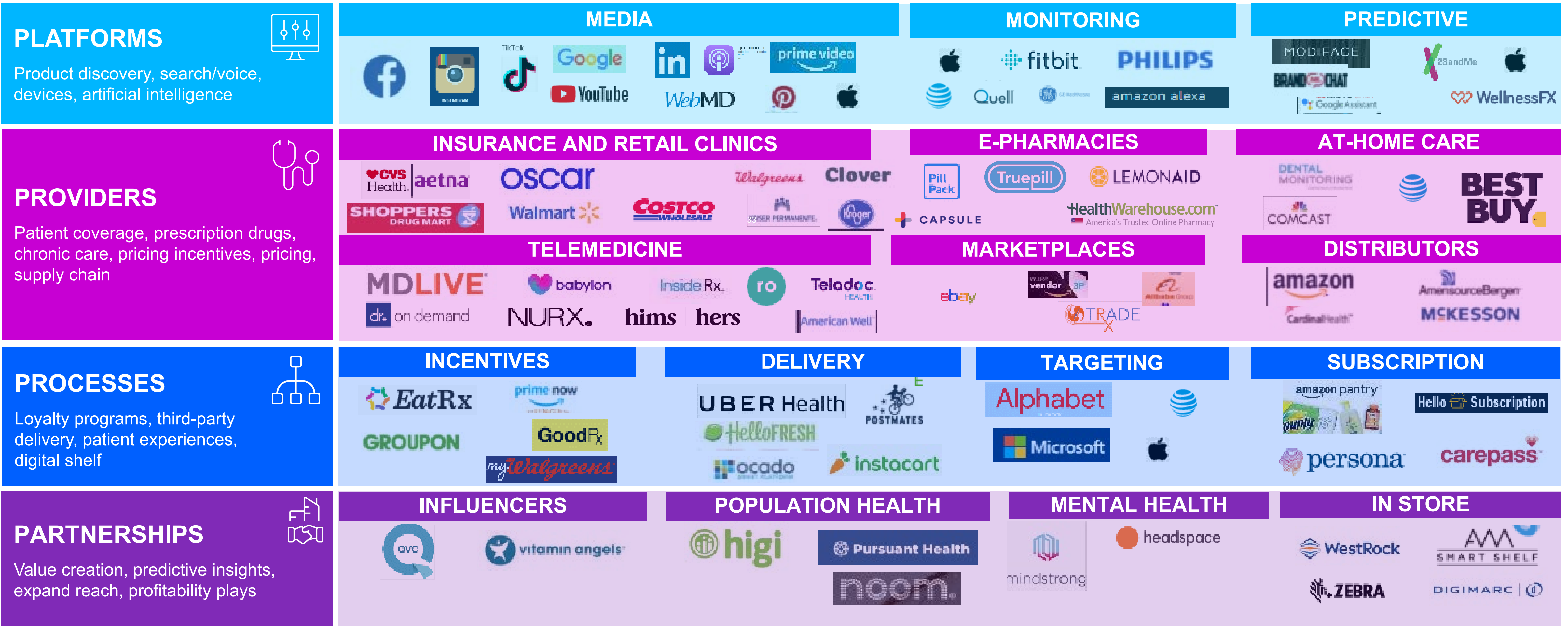
How do brands better use loyalty data and predictive analytics to better connect shoppers to digital offers?



PARTNERSHIPS

What new digital technology and innovative startups are reinventing consumer healthcare and population health?

Evolving digital health omni commerce category growth opportunities



How are shoppers leveraging technology to diagnose, and purchase?

PLATFORMS

Product discovery, search/voice, devices, artificial intelligence

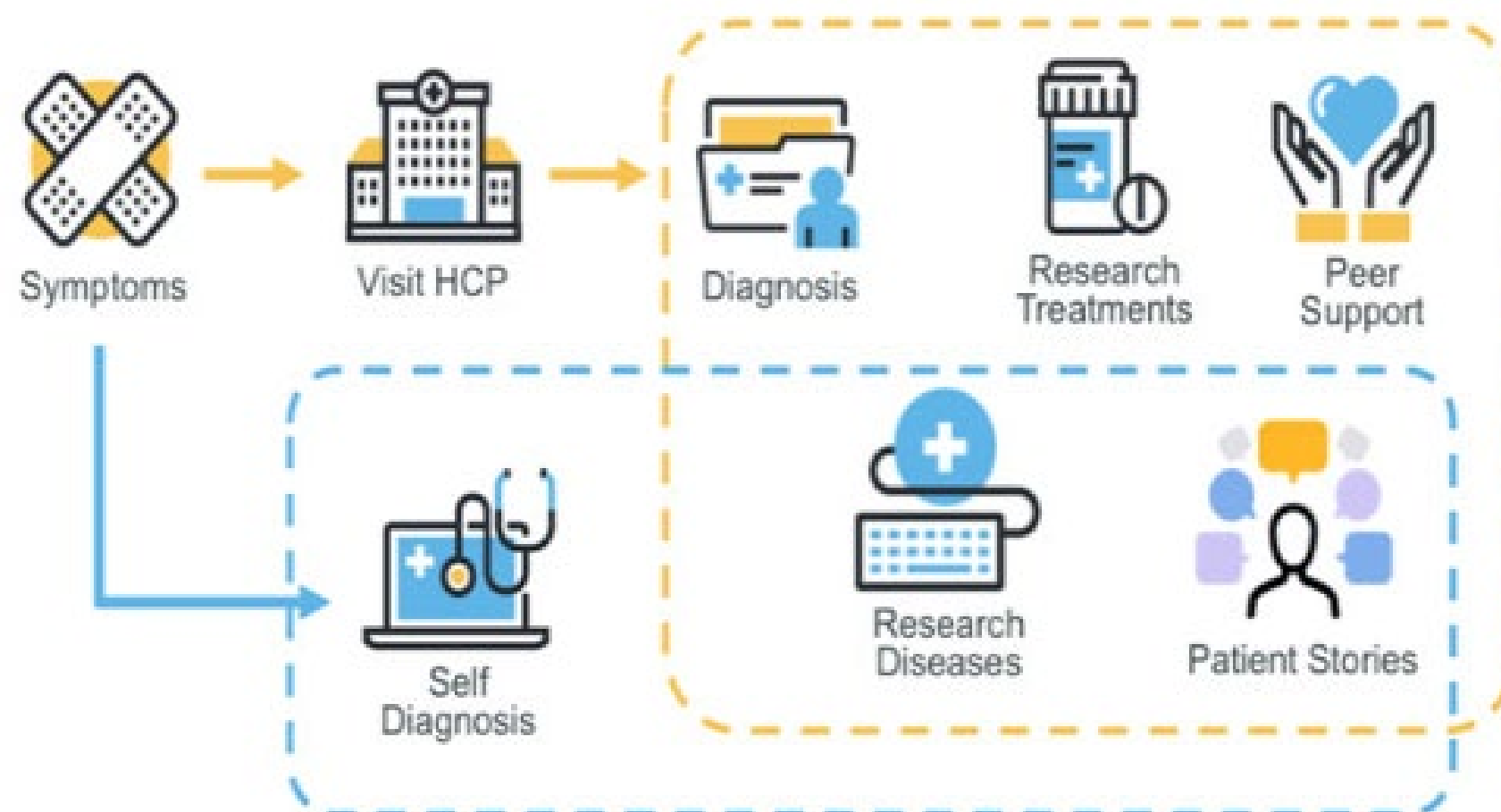


Image courtesy of LiveWorld. © LiveWorld

MEDIA

- Patients with chronic ailments or symptoms often begin with a digital research journey that includes searching social media channels.

MONITORING

- Data obtained from consumer health remote monitoring devices increasingly integrates seamlessly with hospital infrastructure, electronic health record Systems (EHRs) and retail point-of-sale

PREDICTIVE

- Healthcare institutions deploy AI-driven screening systems like a thermal-scanning face camera to help detect disease and manage population health.

Invest in meaningful experiences that connect and engage your customers



VMLY&R
COMMERCE

PUREOLOGY HYDRATE SHAMPOO

★★★★★
4.7 / 5 stars 1000+ reviews on ulta.com

“This product has great lather, amazing scent and gave my color a beautiful shine!”
Tif - Grand Rapids, MI

REDKEN ALL SOFT SHAMPOO

★★★★★
4.7 / 5 stars 200+ reviews on ulta.com

“This has been my go to product for 10 years. I love the smell and how my hair feels and looks.”
Yve - Phoenix, AZ

LIVING PROO PHD SHAMPOO

★★★★★
4.2 / 5 stars 500+ reviews on ulta.com

“This has been my go to product for 10 years. I love the smell and how my hair feels and looks.”
Yve - Phoenix, AZ

MATRIX BIOLAGE COLORLAST SHAMPOO

★★★★★
4.2 / 5 stars 850+ reviews on ulta.com

“Great product for keeping your color longer.”
Bon - Elk River, MN

ULTA
BEAUTY

What are the new ways health providers are referring online medications?

PROVIDERS

Patient coverage, prescription drugs, chronic care, pricing incentives, pricing, supply chain



INSURANCE AND RETAIL CLINICS

Digital connects patients' medication information and professional drug capability to insurance companies so they can implement reasonable pricing and consumer benefit plans, etc.

TELEMEDICINE

- Telehealth allows long-distance patient and clinician contact, care, advice, reminders, education, intervention, monitoring, and remote admissions.

MARKETPLACES

online ecommerce marketplace is where product or service information is provided by multiple third parties.

AT-HOME CARE

Home patient monitoring creates a full picture of a patient's health with the power of the Internet of Things to track, detect, troubleshoot, and resolve patient issues in real time.

E-PHARMACIES

An e-pharmacy (or online pharmacy) is a pharmacy that operates through the internet and posts and ships or mails products to patients/customers.

DISTRIBUTORS

The wholesale digitalized supply chain offers last-mile delivery services that wrap around traditional pharmacy and deliver drugs directly to patients

Create your own Prime-like experiences

amazon pharmacy



Fire TV and Amazon OTT growth.

It's always Day One at Amazon.

Our customer-centric approach led us to develop Amazon OTT video ads – helping you reach incremental and unique audiences across Fire TV, Amazon Publisher Services and IMDb TV.

And we're going to keep growing.



pharmacy

Let's bring the pharmacy to you

Here's what to expect:

- 1 Sign up for Amazon Pharmacy**
This won't take long—about 5 minutes.
- 2 Request your prescription**
Contact your prescriber or we can do it for you.
- 3 Place your order**
We'll let you know when you can check out.

What if you need a prescription right away? ›

Search Amazon Pharmacy

Welcome to your pharmacy!

Request a new Prescription

If you want us to fill a new prescription, you can contact your prescriber or have us request it for you by selecting 'Add Medication' below. [Learn more](#)

Health profile
 Account settings

Your upcoming orders [See all orders](#)

No upcoming orders

Your medications [+ Add medication](#)

No medications on file

How do brands use predictive analytics to better connect?

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PROCESSES

Loyalty programs, third-party delivery, patient experiences, digital shelf



INCENTIVES

- High deductibles are forcing consumers to play a more active role in their healthcare coverage. Digital incentives provide cash incentives from providers for adherence /healthier behaviors.

DELIVERY

- Online delivery services create cost savings for manufacturers given that last-mile movement of OTC/Rx goods from a transportation hub to a final destination is costly.

TARGETING

- Digital health targeting identifies and then intentionally aims created content, connections, and the use of platforms toward a specific demographic, psychographic, and/or health need

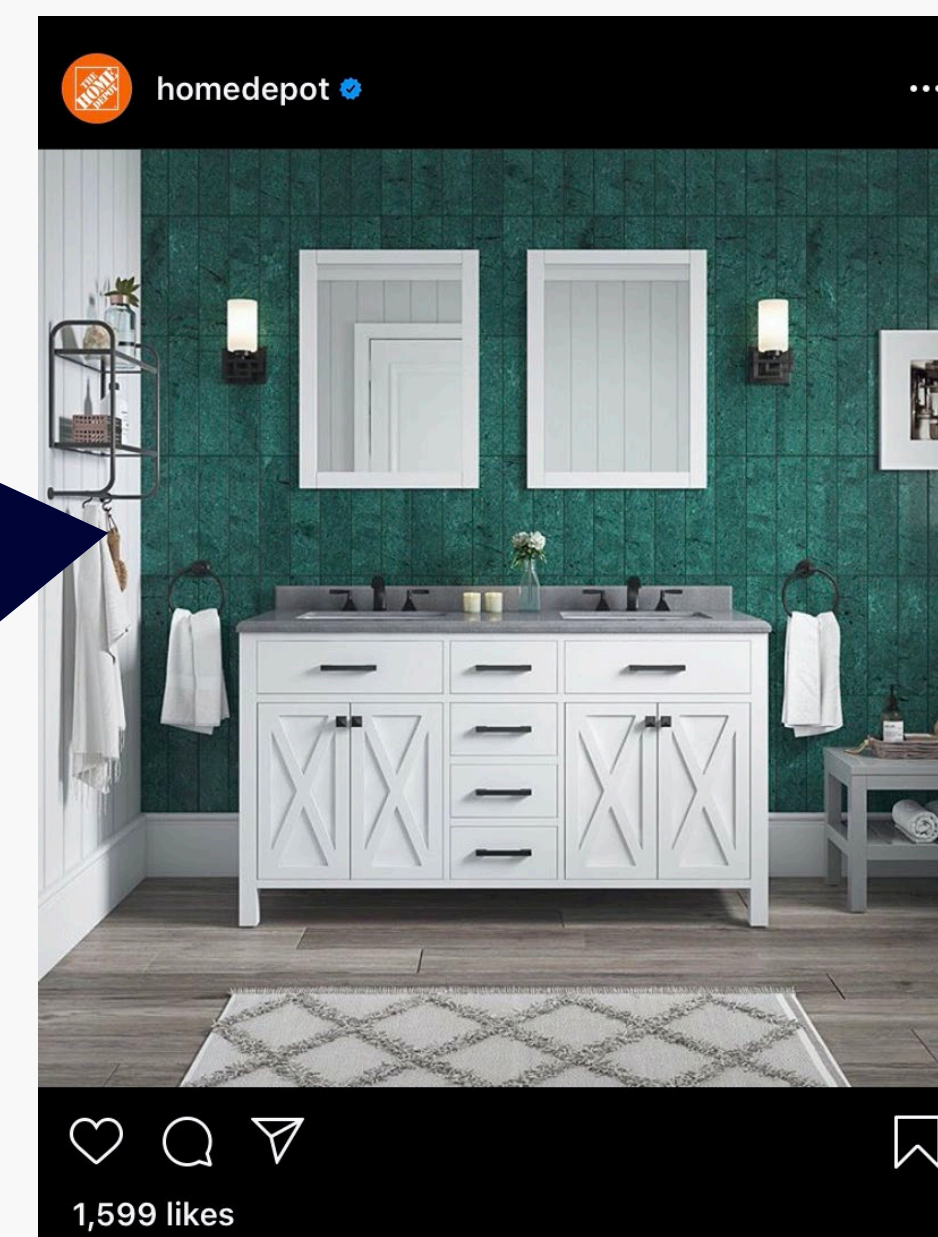
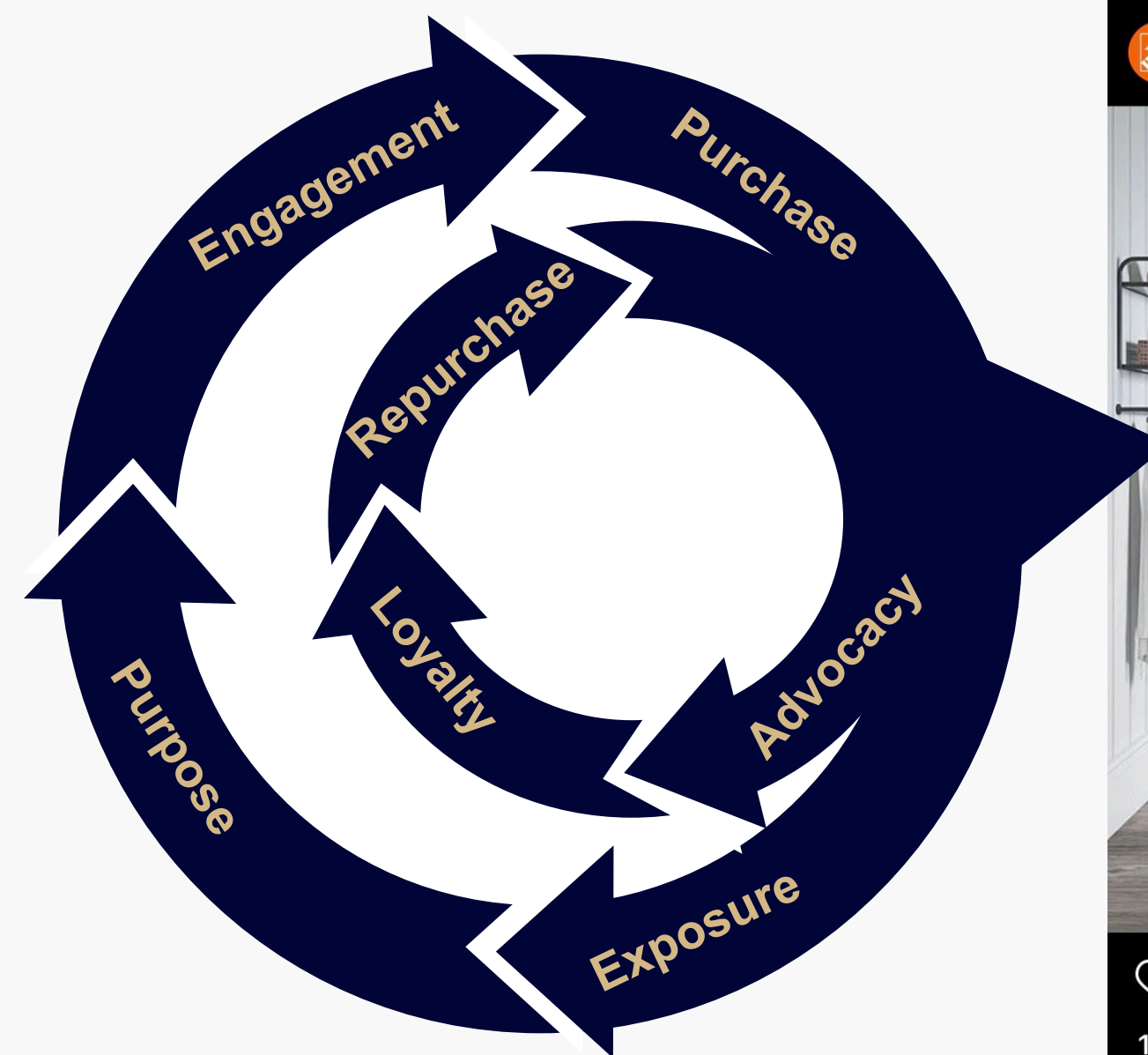
SUBSCRIPTION

- The subscription business model is a business model in which a customer must pay a recurring price at regular intervals for access to a product.

INVEST IN A MODERN APPROACH

Every interaction has commercial potential and every touch point must deliver both brand purpose and conversion, regardless of where a consumer is in their journey.

We call this connected commerce.



Connected brand touch points look to accomplish the entire marketing funnel simultaneously — introducing a consumer to a product, inspiring engagement, facilitating a transaction and enabling them to advocate for the brand.

What new digital technology are reinventing healthcare?

40

PARTNERSHIPS

Value creation, predictive insights, expand reach, profitability plays



Stefano Pessina, executive vice chairman and chief executive officer of WBA (left), and Microsoft CEO Satya Nadella.

INFLUENCERS

- A **digital influencer** is someone who has amassed noteworthy followings

POPULATION HEALTH

- Digital helps predict population health outcomes. Population health is defined as the health outcomes of a group of individuals, including the distribution of such outcomes within the group.

MENTAL HEALTH

- Mental health technology provide necessary insight into medication adherence, shopping needs

IN STORE

- The **digital shelf** is the collection of diverse and rapidly evolving digital

CONVERT MORE SHOPPERS AT SHELF

Leveraging consumer insights, brand assets and story telling to provide the consumer with a reason to buy

FROM

Content pulled from offline channels or store packaging,
Multiple angles of product.



TO

Keyword infused Product title, bullets and description.
Mobile Optimized imagery focused on telling the brand story, and key product benefits.



Health will create new competition while hygiene will move retail shopper-first

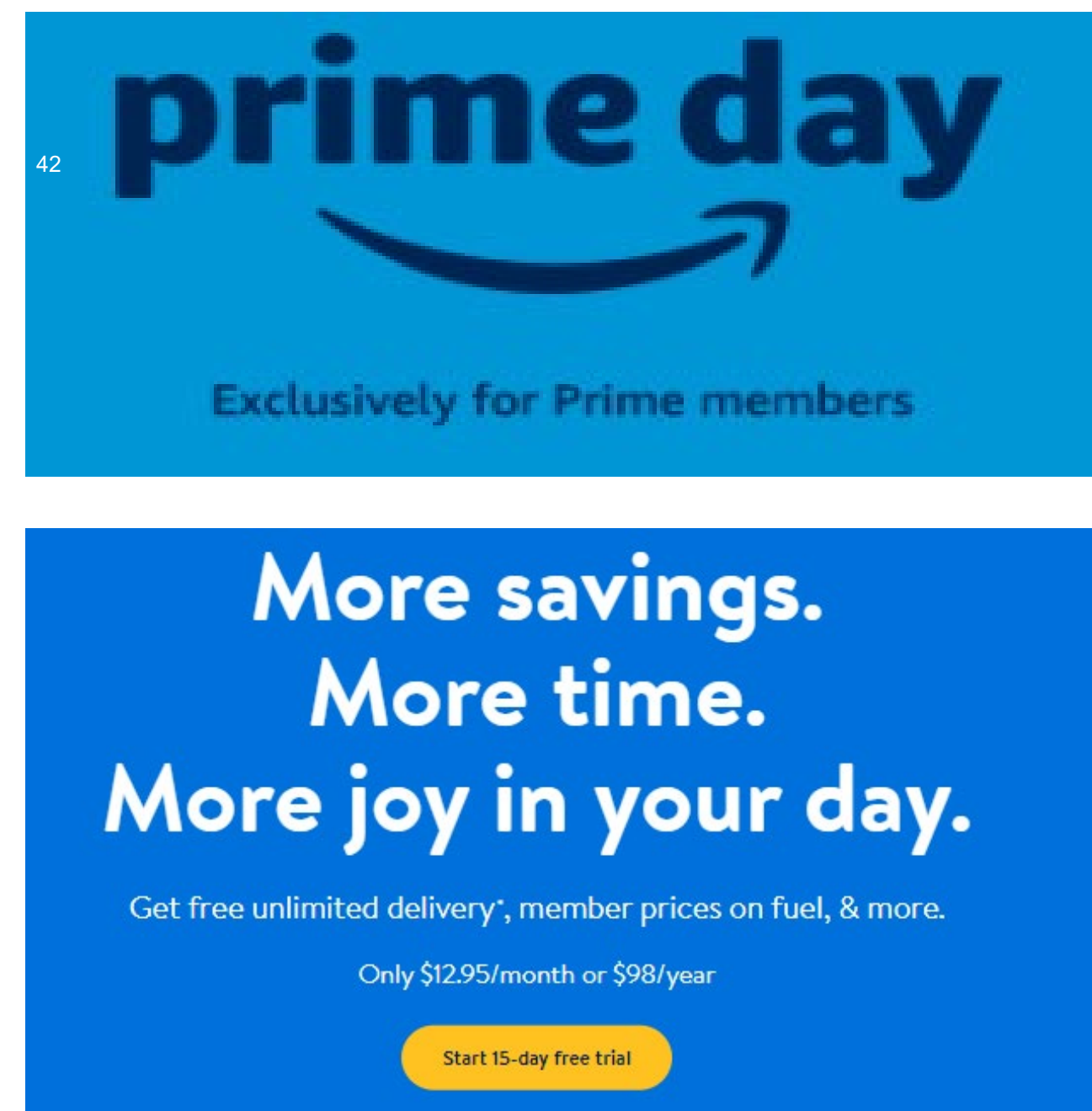
Brand

More DTC experiences will emerge
online / offline



Retail

Hygiene shifts retailer focus towards
shopper retention



Questions?

Thank you.

For additional information, please contact:

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VMLY&R

A network of experts across
retail platforms around the globe