

PROGRESSIVE **GROCER**'s  
*2016 Retailer of the Year*

**GIANT  
EAGLE**



# *Sewing the Threads of* **SUCCESS**

Strong values, innovation and a constant drive are woven into **Giant Eagle's** splendid tapestry.

By Meg Major and Jim Dudliceck

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**L**ike a carefully crafted patchwork quilt whose individual pieces — each of which is original, with a beauty of its own — have been sewn together over time, stitched intricately by hand and designed to stand the test of time, the splendid tapestry created by Giant Eagle Inc. over the past 85 years is a work of art. Indeed, the careful selection of the various fabrics, and the unique placement of each, embodies the Pittsburgh-based retailer's admirable abilities to weave its various elements into a uniquely distinctive, highly durable heirloom to be passed on for future generations to nurture, preserve and further enhance.

As one of the 40 largest privately held companies in the United States, standing at No. 16 on *Progressive Grocer's* Super 50 ranking of the nation's leading food retailers, Giant Eagle exhibits many hallmarks of a company setting the pace for its peers, including continued strategic expansion; multi-format store designs tailored to specific commu-

nity needs; an expanding focus on culinary, wellness and convenience-oriented offerings; demonstrated investments in technology, infrastructure and logistics; an ongoing commitment to providing quality goods to consumers hungry for value; and extraordinary success and leadership not only in the industry, but also in local communities.

For these important reasons, and numerous others, *PG* is proud to recognize the extended Giant Eagle family — including its pioneering corporate visionaries, dedicated corporate support teams and thousands of outstanding store associates — as its 2016 Retailer of the Year, an honor bestowed annually on one select retailer that truly stands apart in the highly competitive food industry.

While officials from the regional food, fuel and pharmacy retailer are fiercely proud of its vibrant heritage and superior track record, they're equally enthusiastic about perpetuating their diverse and dynamic organization by adhering to the foundational threads woven into Giant Eagle's DNA, which, as CEO Laura Karet explains, are its strong values, innovation and constant drive to reinvent itself for shoppers in a changing marketplace.




**CAREER BUILDER**

**Giant Eagle Seven Fields associates (from left) Joe Seibel, meat merchandising support leader; Dan Clunan, senior store leader; and Shannon Christy, seafood team leader, with CEO Laura Karet and EVP Jerry LeClair.**



"We have a unique blend of an incredibly strong value system that came from our founders that I think is one of the key reasons we've been able to stick together so long," she says. "It's a pretty unique thing that five families have stuck together for four generations, combined with a very strong entrepreneurial drive to constantly better ourselves. It's like we have a house that was built on these values, but we keep remodeling it. We can do that because the foundation is so good."

profitable like everyone else, and we hold ourselves accountable to public company standards, but we think for the long run, not quarter to quarter."

This philosophy helps to explain and support the family environment at Giant Eagle, adds Jerry LeClair, EVP of merchandising and marketing. "Any time you talk to a team member, the first thing that comes up is that 'I'm part of this family.' It's because of how the board has put the order, with team members being held out there first," he says.

Giant Eagle's value system rests upon four pillars — four key constituencies in which the company's leadership firmly believes: team members, or associates; customers; communities; and shareholders.

The order is deliberate, Karet explains: "We put our shareholders last purposely. We strongly believe that if you do the right things for the first three, good things happen for them. It's allowed us to really think long-term about the business and doing the right things for the right reasons. We want to be

Photo by Charles LeClaire

"We want to be profitable like everyone else, and we hold ourselves accountable to public company standards, but we think for the long run, not quarter to quarter."

—Laura Karet, CEO



Photo by Charles LeClaire

“It is an extremely competitive environment. You have to be true to what you are known for, and also be innovative enough to remain relevant.”

—Jerry LeClair, EVP  
of merchandising  
and marketing



Photo by Charles LeClaire

“It truly is an environment where we care about each and every person in the company. A lot of people say it, but Giant Eagle walks the walk.”

Karet feels it more than most, because she grew up in the business. “I believe that we operate like a family. It’s always helpful when you have someone who has experienced other things that come and reaffirm that we truly do have that,” she says. “It truly is different — you’re a part of something.”

### Tree-mendous Longevity

And when you grow up in a business, you’re justifiably proud of many things. As far as Karet is con-

cerned, however, the collective longevity of Giant Eagle’s workforce tops them all.

“At the lobby of our corporate office, we have something called the 40-year wall,” she says, explaining how company associates with four decades of service are honored with their own leaf on the intertwined branches of a sprawling tree mural. “It’s filled with more than 3,000 people, which I just think is stunning.”

“I’m watching my kids grow up and looking at the world through their lenses, and how they think about their careers,” she continues. “No one talks about being at a company for their whole career anymore — it just doesn’t happen. To be a company where people want to and can make a lifetime career is just awesome.”

Karet is also exhilarated by the number of intergenerational families working side by side at Giant Eagle. “When you talk to someone who’s been here a long time, inevitably they met their spouse here, their kids work here, and their aunt works here,” she says. “Beyond being a place where people can make their own careers, being a place where people



### STRONG AS OAK

Giant Eagle associates with four decades of service are honored on the 40-year wall at the grocer’s corporate headquarters.





## Multiformat Overview

### Giant Eagle Inc.

One of nation's largest multiformat food, fuel and pharmacy retailers, Giant Eagle Inc. operates 425 stores throughout western Pennsylvania, north central Ohio, northern West Virginia, Maryland and Indiana.

**Total supermarket count:** 223

**In-store pharmacies:** 219

### Banner breakout

#### Giant Eagle

Traditional supermarket stock-up trips

**Store count:** 208



#### GetGo Convenience Stores

(including newer GetGo Café + Market locations)



**Store count:** 202

(72 feature made-to-order foods found in the café/market concept, while nine locations have Café + Market on the marquee)

**Description:** In the GetGo café, customers can custom-order meal selections nearly exactly the way they want them, from subs, burgers and wraps, to breakfast sandwiches and burritos, as well as an array of beverages at the Smoothie & Espresso bar. Light, refreshing meal options are also available, including oatmeal, flatbread sandwiches and made-to-order salads. For those who want to dine comfortably, the GetGo café offers indoor seating for 38 and outdoor seating for 12.

GetGo's market aisles are stocked with sweet and salty snacks, along with a selection of traditional grocery store staples, including cereals, condiments and canned soups. Fresh-cut veggies and fruit, yogurt parfaits and to-go salads are also within arm's reach. Added to these delicious foods options are an assortment of frozen drinks, fresh-brewed iced tea and cold sodas.

The adjacent fuel station offers 100 percent guaranteed fuel at 16 outdoor pumps, including dispensers for those with diesel fuel vehicles. In addition, the format offers customers a surcharge-free PNC Bank ATM, full-service lottery, free wi-fi and free air for vehicle tires, as well as no-contract and pre-paid wireless phones and more than 150 retailer gift cards.

#### Market District

Destination shopping/dining experience for food enthusiasts

**Store count:** 13

#### Market District Express

The best of Market District in a more intimate, neighborhood grocery setting

**Store count:** 2



#### WetGo

Adjacent car washes at select GetGos



would recommend their family should come work makes me proud."

It all starts with respect for people, Karet notes. "This is a business where Jerry and I are the least important part of the whole thing," she insists. "The people that make our system work — such as the teams picking cases in the warehouse, or managing the parking lots — if they don't show up, we have problems. If Jerry and I don't show up, the world goes on. The respect for people is incredibly important, and we try to live up to it every day."

### Get Up and Go

Integral to Giant Eagle's continued success in the years ahead, according to Karet, is the company's development over the recent past as a multiformat retailer.

"I'd like to say that we had agreed on a plan and knew that the world was going to change the way that it did," she says, in a nod to Giant Eagle's varied retail banners. "What actually happened was we 'entrepreneuried' our way into a bunch of different formats. It ended up that the world had changed in such a way that being a multiformat retailer has been a huge advantage to us. In the last two years, we've really focused on a couple of the formats that we think have huge growth potential."

The first of these is GetGo, Giant Eagle's convenience format, which, beyond the ability to capture grab-and-go business as well as fuel sales, is emerging as an innovative cog in the retailer's click-and-collect grocery machine.

GetGo began as an outgrowth of Giant Eagle's pioneering and highly successful Fuelperks loyalty program. "It's an incredibly strong program, and we found our way into convenience stores because we needed a redemption system," Karet explains. "We still thought about ourselves as a supermarket retailer. But we knew that gas was an important way to benefit the 'big box,'" and with it, the potential to build a new business platform, for two reasons: "One, gasoline is something you need all the time," and two, "because of the changes in the way people eat as a result of changing lifestyles."

Using her own family as an example,



Karet says: "I have a 14-year-old, a 12-year-old and a 10-year-old. In the last two days, we've had three soccer practices, two soccer games, tae kwon do, four hours of homework for each kid, guitar lessons. Somewhere in there, we're supposed to sleep, go to school and go to work. The hours between 4:30 and 9:00 p.m. are insane. When I wake up in the morning, I'm not thinking about how I'm

going to feed these kids. I'm thinking about how I'm going to get all these kids to the places they need to be and not forget anything."

Positioning GetGo as a place where busy families and other folks on the run can get all of the things they need and feel good about it "is a really big idea," Karet says. "What we've been doing with GetGo is figuring out how to position it to grow

## Powering the Omnichannel Crusade

As the decided grocery market leader in its hometown of Pittsburgh, and a complementary strong presence in its adjacent core markets of Akron-Cleveland and Columbus, Ohio, Giant Eagle enjoys some unique advantages while facing some equally unique challenges, notes Kimberly Aylward, VP of marketing and e-commerce.

"Our geographic marketing territory is certainly unique, and Pittsburgh in particular," says Aylward, who's been learning a lot about regional nuances and corollary customer peccadilloes since joining Giant Eagle a little less than one year ago.

"While Giant Eagle is the hometown, local grocer, it gives us a competitive advantage, but because we've been in the marketplace for so long, expectations are set high for us," observes Aylward.

"Therefore, we have to hold ourselves to very high standards, from what we do in stores from a customer service perspective, to our fresh prepared foods, to our produce, meat and seafood. We have a deep sense of pride, and I see [it] in the local folks that work in our stores. It also shows with our employees, as well as in our customer base."

Formerly chief commerce officer at Famous Brands International, parent company of TCBY Yogurt and Mrs. Fields Cookies, and prior to that, VP of e-commerce for Ascena Retail Group Inc., Aylward provides tremendous talent and experience that serve as linchpins in Giant Eagle's rapidly evolving digital-first strategy. Involved in the digital arena since 2000, she considers herself "a real e-commerce person through and through."

Originally hired as GM of digital marketing and customer experience, Aylward was quickly promoted to VP of marketing and e-commerce, which she believes "really speaks volumes about Giant Eagle," for taking the leap with someone whose main focus was on digital, and quickly realizing the benefits of overlaying those talents with corporate marketing.

### Digital-first Takes Hold

"We are moving in a digital-first mindset, and we're at the beginning of a true enterprise-wide omnichannel strategy," Aylward asserts.

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—Kimberly Aylward,  
VP of marketing and  
e-commerce



What's most interesting, she notes, is that the grocery sector — Giant Eagle included — "has been behind the curve of digital engagement, and also with transactional e-commerce properties. But Giant Eagle is positioned to be able to accelerate over its competitors, and catch up with some of the leading pure-play digital front-runners. It's a great opportunity," which Aylward equates to "countries that never built landlines for telecommunications infrastructure, and then, all of a sudden, everybody has a cell phone, and the countries now have more cell service than they ever would have had, had they built landlines."

And so it goes for Giant Eagle's rapidly expanding digital enhancements, which she says include transformative efforts "with online transactional capabilities, as well as engaging customers through multiple touchpoints across both in-store and digital properties. It's a new state of mind," affirms Aylward, who gives vigorous props to CEO Laura Karet, whom she describes as "innovative, full of passion and an exceptional leader who continues to follow in the footsteps of all of the company's innovators of the past."

Reflecting on the retail food industry's ongoing gradual migration with e-commerce, Aylward says, "The dynamics, and the way consumers shop for everything but groceries, has evolved dramatically in the past 15 years. But we are at the point where there's going to be a massive shift, and we're going to see this industry take off. And we will not only be a full participant in the growth, but in some cases, a pioneer."

Giant Eagle is no stranger to pioneering, as evidenced by its forerunner role in customer loyalty with the Advantage card, Fuelperks gasoline rewards, in-store pharmacies and gift cards, among other efforts. Aylward credits Giant Eagle's pervasive entrepreneurial edge as being key. "For a \$10 billion company, this is the nimblest place I've ever worked at in terms of being able to spin on a dime, roll up your sleeves and get things done," she enthuses. "And I think that all plays back to the heritage of not only Pittsburgh, but of this region."




**COMPETITIVE  
ADVANTAGE**

Giant Eagle will open five additional GetGo Café + Market locations in its newest expansion market, Indianapolis, beginning this month.


**Fast Fact**

No. 16 on Progressive Grocer's Super 50 ranking of the nation's leading food retailers

and leverage the opportunity of a small format to deliver food in a different way to meet people's changing lifestyles."

The idea of tapping GetGo as a pickup point for deliveries from the core supermarket business took on new momentum after Polly Flinn joined the company earlier this year as Giant Eagle's new SVP and general manager.

"She realized right off the bat that she had a great source with our big-box format by using Market District as a platform to deliver healthy, good prepared foods," LeClair says. "She's jumped on the bandwagon of everything that we're doing in terms of cross-category synergies such as soft drinks or snacks. "We take the insights and ensure that what works in a GetGo environment is passed through in what they're doing in their sets. Along with that, we've taken



our fresh food manufacturing facility, where we've traditionally made products for the big box, and are now delivering fresh food every day to a number of GetGo locations, such as garden salads, sandwiches and prepared entrées. It really ups the quality and trust of our offerings."

As such, Giant Eagle is looking to boost the

## Saluting the 'Immeasurable' Contributions of John Lucot

After 42 years at Giant Eagle, most recently as president and COO, John Lucot retired this past June 30. As one of the company's most instrumental leaders, Lucot was a member of the senior management team that orchestrated some of Giant Eagle's most important initiatives during a period of significant growth and diversification, including the launch of its multiformat strategy and the popular Fuelperks customer loyalty program.

Lucot, who began his career in 1974 as a Giant Eagle supermarket clerk, equated his longevity with the company to its dynamic role as an employer and community emissary. "The fact that I have spent my entire career with Giant Eagle is a testament to the compassionate spirit and commitment to the personal growth of others that is at the core of our wonderful organization," he said, "and it is this commitment to serving others, including our tens of thousands of team members and millions of customers, that I will miss most."



John Lucot  
with CEO  
Laura Karet

CEO Laura Karet, who has added his COO duties to her role, lauded Lucot's legacy of contributions and dedicated service: "John's value to Giant Eagle is immeasurable. In addition to his expertise, steadfast leadership, and competitive and fiery spirit, the profound and positive impact he has had on the lives of our team members cannot be understated."

During Lucot's leadership tenure, Giant Eagle experienced significant growth, entering new markets while expanding throughout its primary communities and launching such new banners as Market District. Additionally, Giant Eagle launched the Fuelperks customer loyalty initiative, which is regarded as an industry-best fuel rewards program, and also significantly enhanced its own-brands program, which now offers more than 12,000 private brands.

Lucot took on his most recent role in January 2012, prior to which he held executive positions in distribution, retail development, real estate and operations. Lucot was also instrumental in the development of Giant Eagle's GetGo, real estate and independent-operations businesses, while investing hundreds of millions of dollars in capital expenditures to ensure that the company's stores deliver a world-class shopping experience.



Photo by Charles LeClaire



image of convenience store foods, much like fellow Pennsylvania-based c-store chains Wawa and Sheetz have done. "We consider ourselves lucky to compete against Sheetz in some ways," Karet says, "because they have redefined what convenience store food is."

From a strategic standpoint, she continues, "We see the [grocery/c-store] interplay as being a key differentiator and competitive advantage. The supermarket business and the convenience store business have a lot of overlap, but they also are different businesses. We're trying to manage them in such a way that we can tap specific expertise that we need, when it makes sense from an industry perspective."

But while they're distinct and separate busi-

nesses, the supermarket and c-store sides offer unique potential career paths for Giant Eagle associates.

"We have people that go back and forth between the businesses all the time," Karet notes. "If you think, for example, about someone who's a first-time manager, managing a smaller format like GetGo is a wonderful place to get experience. We have people that go over to a GetGo, figure out how to manage a box, go back to Giant Eagle, manage a department, then go back to GetGo. It's seen as an expansion of development opportunities. It's a really nice platform to have."

LeClair adds: "Then you have Market District, so that keeps our innovation alive. We utilize Market District for Giant Eagle and for GetGo to bring those foods down that are on trend and making sure that happens."

### Unleashing the eAdvantage Assets

Having joined the company as EVP of merchandising and marketing three years ago, LeClair has brought a fresh set of eyes to the company, as well as



### CUSTOMIZED CONVENIENCE

GetGo cafés feature kiosks where patrons can custom-order meal selections and beverages.

## Local Motion

"Local is a definite focus point for us," affirms Jerry LeClair, EVP of merchandising and marketing. As such, the retailer has recently consolidated its local platform to one back-door delivery truck from the previous 50 deliveries from various suppliers. "Unfortunately, there's a lot of paperwork that has to be done to set up a single vendor, so establishing a single-source, local product presence improves across the entire store with enhanced variety, which is what was really needed."

From a product penetration and popularity standpoint, LeClair says Giant Eagle has seen its greatest success with local perishable vendors, particularly produce. "We've had great response with our farmers' training programs, which are designed to enable them to pass the required inspections," he notes. "It give our customers the ability to purchase some absolutely great-quality produce in our stores."

In the meat department, the company's local beef and Berkshire pork programs continue to expand from their initial launch in Market District, which is often the case with specialty line additions. "But it's now found in our signature conventional



### HOMEOWNED EDGE

Giant Eagle has had great success with local produce, which is a credit to its front-line store teams, including Produce Leaders Dan Lewis (left) and Dan Henry.

stores, which [comprise] roughly 30 stores, and it's doing very well," LeClair says. "It's pretty neat to be able to tell the story about our local beef and pork products," the quality of which, he notes, also speaks nicely for itself.

Photo by Charles LeClaire



considerable talent and enthusiasm, the last of which was particularly roused by the rich assets residing in Giant Eagle's pioneering Advantage loyalty card, insights from which are used for "category plans, targeted customer marketing and better overall decisions for our entire team," he notes.

One of the most recent ways Giant Eagle has become more digitally engaged, says LeClair, is through its eAdvantage program. Piloted in Giant Eagle's Columbus, Ohio, market stores in late 2014, eAdvantage comprises three unique digital elements: the new Offer of the Week, the integration of the popular eOffers program, and optional eReceipts.

The digital savings program provides Giant Eagle Advantage Card customers with exclusive free products and deep-discount offers, which are automatically loaded to registered Giant Eagle Advantage cards. Shoppers are notified of the Offer of the Week through weekly emails, in-

store signage, Giant Eagle social media communication and other avenues.

The eOffers program allows Giant Eagle customers to choose from more than 100 electronic coupons on popular products ranging from parmesan cheese and ice cream to shampoo and paper towels. New offers on favorite brands are added every week. After a consumer signs up on the retailer's website, all clipped eOffers are automatically applied to a purchase when scanning the shopper's registered Giant Eagle Advantage Card.

The new eAdvantage program combines the best of the company's digital savings opportunities, and builds on the exclusive offerings and other compelling customer-facing programs, including 10-cent Fuelperks gasoline discounts offered for every \$50 purchase when scanning a Giant Eagle Advantage Card, weekly specials and a strong pharmacy offering.

*"We see the [grocery/c-store] interplay as being a key differentiator and competitive advantage."*

—Laura Karet, CEO

## Giant Eagle First Pennsylvania Grocer to Pop Corks Under New State Law

Less than two weeks after historic liquor reforms took effect across Pennsylvania, Giant Eagle's Market District store in Robinson Township, Pa., became the first grocery store in the Keystone State to sell wine since before Prohibition, following the August passage of a wine privatization bill to allow wine sales in the state's supermarkets.

The store hosted a ceremonial champagne toast on the morning of Aug. 19, attended by Giant Eagle officials and Pennsylvania House Speaker Mike Turzai, the bill's primary sponsor.

Under the new law, businesses with restaurant or hotel liquor licenses may sell up to three liters of wine to go per customer. So far, nearly 200 stores have applied for wine permits, and 81 have received approval. Currently, 10,000 businesses in the state hold restaurant liquor licenses, including about 300 grocery and convenience stores currently allowed to sell beer.

Giant Eagle and the Pennsylvania Liquor Control Board (PLCB) first met in early August to collaborate on planning and developing the processes for a system-wide rollout of wine to go at many of the chain's stores in Pennsylvania. A limited pilot program, which is intended to test and refine processes for forecasting product needs, planning replenishment orders and delivering wine from a PLCB distribution center directly to the store, was developed for one Giant Eagle location.

So far, 32 Giant Eagle stores have been granted expanded wine permits.

The PLCB is currently in discussions with a number of large chain retailers interested in selling wine to go and will encourage the development of similar limited pilot programs with each retailer that intends to sell wine at multiple locations.

"Since Act 39 was signed into law, we've been stressing that we want to bring wine to go to consumers as quickly as possible, but that we're determined to do it right," said PLCB member Mike Negra. "Giant Eagle's introduction of wine-to-go sales is the culmination of a lot of hard work by individuals across all of the PLCB's departments, and the PLCB is ready and eager to achieve similar success with retail chains across Pennsylvania."

One of Giant Eagle's guiding forces, Giant Eagle EVP of Merchandising and Marketing Jerry LeClair, toasted the development as "a tremendous convenience for our customers."

### VINTAGE CONVENIENCE

Giant Eagle's Market District store in Robinson Township, Pa., became the first supermarket in the Keystone State to sell wine since before Prohibition, following the August passage of a wine privatization law. From left: Giant Eagle execs Jerry LeClair and Laura Karet join Rep. Dan Frankel (D-23, Allegheny County); Erin Molchany, of Gov. Tom Wolf's staff; and Pennsylvania House Speaker Mike Turzai (R-28, Allegheny County) to toast the occasion.



**GIANT  
EAGLE****PROGRESSIVEGROCER's**  
*2016 Retailer of the Year*

**EASY  
eADVANTAGES**  
Giant Eagle's  
eAdvantage  
program provides  
exclusive free  
products and  
deep-discount  
offers.

### Twinkies on Top

When discussing consumers' evolving preferences for receiving information, discounts and promotional offers, LeClair says that while digital delivery is expanding, it's not a one-size-fits-all conversion process.

"We know that we can communicate with shoppers two, three and possibly four times a week digitally, whereas a circular will make it into a home one time a week. With digital delivery, we can provide the latest offers much more frequently, which helps foster more of the value of what they're getting from Giant Eagle," LeClair says, noting that this vastly enhances the value proposition and customer engagement during the pre-shop, in-store and post-visit, by offering value, planning and savings options for both time- and price-conscious shoppers, and everyone in between.

The eAdvantage program is seeing "some great

**Dannon Whole Milk Yogurt**  
5.3 oz., selected varieties



Discounts will be automatically taken at the register.

redemption rates," LeClair affirms, noting that it first started with GetGo items. To date, Twinkies have been the biggest success. Of the many free or deeply discounted products offered weekly, he muses: "Who would think that a single Twinkie for nothing would generate the highest redemption rate?"





When asked what's been learned about redemption patterns, LeClair says that "the shocking thing is that if it's a free event, 55 percent is redeemed, with the other 45 percent purchased." Equally impressive, he adds, is the strong repeat purchase patterns generated by free eAdvantage items.

"What we're seeing, especially on a new item, is that shoppers are repeating trial," a scenario which, he notes, "is spectacularly improved if it is an eAdvantage item versus just on the shelf with a 'new' tag clip. It's been an amazing success" for both participating vendors and team members, the latter of whom get an opportunity to try the products and gain familiarity with them for customer inquiries.

Considering that loyalty is key to engagement, Giant Eagle will continue to build on its well-established strategy to deliver what's most relevant

to its customers, LeClair says, including when and where customers want it.

### Maximizing Curbside Convenience

Indeed, as Giant Eagle expands its digital talons, its click-and-collect Curbside Express has expanded to 24 stores in the past 18 months, from the initial four pilot stores.

"In some cases, we're doing hub-and-spoke, which means that we pick the order in one store and deliver to another," LeClair says. One of these locations is a GetGo convenience store located in close proximity to the retailer's expansive Market District store in Robinson Town-

ship, Pa., which has an equally expansive parking lot. "It is much more convenient for customers to pick up their orders at the Robinson GetGo, where grocery orders are loading in their car while they're filling up their gas tanks," he explains.

LeClair says it's a model that can potentially be replicated in other areas, including in its newest expansion market, Indianapolis, where the chain is opening five additional GetGos beginning this month, all of which will have Curbside service, to complement Giant Eagle's Market District store in the Indy suburb of Carmel.

"Rather than just having our one Carmel Market District, we'll be able to expand the service to customers in a full 30-mile radius," he says, despite the fact that roughly 7 percent of the store's existing customer base drives more than 20 miles to shop there.



### CURBSIDE CLICKS

Giant Eagle's click-and-collect Curbside Express service has expanded to 24 stores from the initial four pilot locations, to great success.

"We are upping our ante as it relates to our ability to innovate."

—Laura Karet, CEO

## Catalyst of Change

For 85 years, Giant Eagle has been dedicated to giving back to the communities it serves, including as a stalwart champion of employment for people with disabilities. Proof of the same can be found in the company's recent honor, The Arc's 2016 Regional Business Employer of the Year Catalyst award, which recognizes industry leaders that have made extraordinary contributions in the lives of people with intellectual and developmental disabilities.

Team members with disabilities are treated just as they should be at Giant Eagle — no differently from their colleagues without disabilities. People with disabilities thrive in a variety of positions throughout the company's 423 retail locations, where individuals aren't limited, but rather given the opportunity to find a job that best fits their skill sets and interests.

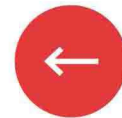
Giant Eagle also has disability awareness training for its associates, which includes a review of the Americans with Disabilities Act, interviewing skills for hiring people with disabilities, and disability simulations. The goal is not just to promote employment for people with disabilities within the company, but also to educate, empower and enable other companies to follow in its footsteps. The grocer is advocating in communities and working with other companies to help them begin employing people with intellectual or developmental disabilities.

Additionally, Giant Eagle is focused on expanding its liaison project with its community partners Blind and Vision Rehabilitation Services, Achieva, New Avenues to Independence, and Goodwill. In this project, outside job coaches are embedded into the company to help facilitate hiring and retaining more people with disabilities. Each of Giant Eagle's major markets has at least one liaison.





Photo by Charles LeClaire



#### APPLE PIE ORDER

Market District Pine Township's team includes (from left) Tami Nemeth, executive store leader; Toni Gallo, deli team leader; Ricky Barnes, senior grocery team leader; and Jackie Parker, senior team leader.

Expanding Curbside to its GetGo c-stores — some of which also boast the Café + Market format, including the one in Carmel, which is on the other side of the Market District parking lot — offers a twofold advantage, notes LeClair. Since Fuelperks isn't offered in Indianapolis, he says, "it's another way to introduce something to the area by expanding our delivery options while also enhancing our presence" in an important, albeit one-store, market.

All five central Indiana GetGo Café + Market stores are currently under construction and will be open by the end of this year, which LeClair says will boost the retailer's brand and provide richer opportunities to shine with its signature specialty products and premier-quality perishable items "that really get people excited and interested in that visit. Over time, I think it will just

continue to build. We're not washing our hands [of] it. We are definitely there for the long haul, and we'll continue to improve."

After opening its first Café + Market location in 2015, the company is transitioning more stores to the bigger, brighter, fresh-focused format, which LeClair says reflects Giant Eagle's overarching strategy to put the customer first.

"The most important thing we want to do is treat our customers right, beginning with quality products that solidify our quest to be the perishable leader in every market that we operate in, followed next by offering value to every customer that comes through our doors. It's having a strong opening price point, all the way up to having the most impressive olive oil that you can find in the country, if not in the world. That is really what we're all about,"

says LeClair, "along with our Advantage program, our fuel program and closing the loop once again with putting our customers' needs first."

#### Platform for Innovation

Giant Eagle launched its Market District format about a decade ago as consumers were starting to get more interested in food as an experience.



#### Fast Fact

Number of unique items carried in each supermarket: 20,000-60,000

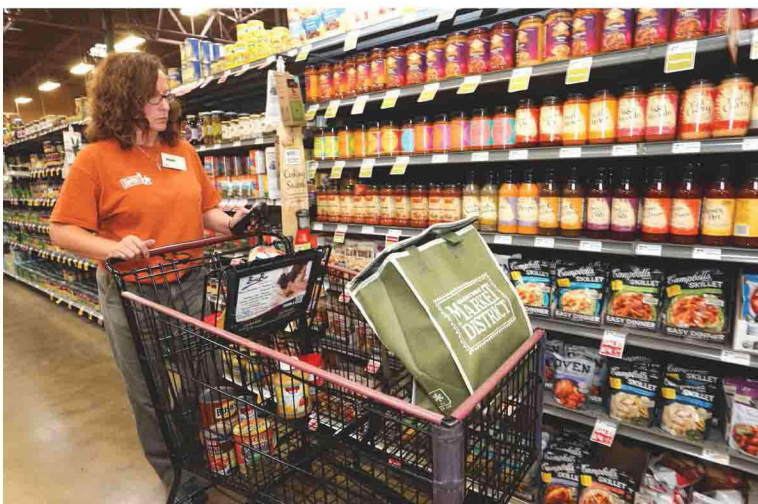


Photo by Charles LeClaire



#### TOP PICKS

Curbside Lead Megan Caputo prepares a click-and-collect grocery order for pickup.





**COOK'S TOUR**  
Chefs Brandon Rogozinski (left) and Dagan Gabany are among the driving forces behind Giant Eagle's culinary offerings.



"It came from a combination of the Food Network and its explosion into people's consciousness," Karet says. "Whole Foods was part of this, too, and Trader Joe's and Wegmans. We started seeing people being interested in learning more about food, trying new things. I really don't know how to



Photos by Charles LeClaire

cook the way that my mom used to cook. Teach me all of that stuff."

Around this time, Giant Eagle opened its Shadyside store, in Pittsburgh's East End. As Karet recalls, the company set up a skunkworks project group within the development team, "and we said to



### SAY CHEESE!

**Deli Team Leader  
Eli Green guides  
shoppers in  
search of the  
latest specialty  
varieties.**



### Fast Fact

Annual sales of  
approximately  
\$9.5 billion

them, 'We want to be the best passion-for-food store in North America. Use any resource you want,' and they went off and created this fantastic thing."

Giant Eagle got the ball rolling by remodeling two of its best stores to create the Market District format, experimenting with different concepts. "We actually took our single best store in the South Hills, which at that time was doing something like \$1.6 million a week," Karet says. "It was mid remodel and we got so excited about doing this concept, we stopped the remodel and remodeled it again as a Market District. People thought we were insane."

That led to the Market District in Robinson Township, the first ground-up location for the format. "We had been somewhat constrained by one of the stores, a slightly smaller store for us. It was a city



store; you couldn't expand it more than it already had been. We did what we could with the space we had," Karet says. "Then came an opportunity that doesn't happen very often in Pittsburgh, to do a ground-up store in a part of town that was growing, had great access, all the things you'd want."





## PROGRESSIVEGROCER's *2016 Retailer of the Year*



### Fast Fact

Number of  
team members  
employed: 34,000

Interestingly, Giant Eagle's No. 4 store, freshly remodeled, just happened to be sitting next door to the new site. "We said, 'If we're going to do this, we have to do it right and close that store and build a new store,'" Karet recalls. "There, we got to try everything we ever wanted to try. We will never build another one of them. Because we don't need to, because we learned so much from that. What it did for us is it significantly im-

proved our ability to innovate."

With its vast high ceilings, sweeping floor plan and open terminal market look and feel, the 150,000-square-foot Robinson store features extensive offerings in every category, from produce, to prepared foods, to meat and seafood, to deli and bakery.

"When we developed Market District, we tried to find the best of whatever we were trying to do," Karet explains. "We went to farmers' markets and

### Giant Eagle's Chicken Truck Rolls On

One of Giant Eagle's most recent successes was the launch of its fried chicken Express food truck, which serves the retailer's signature fried chicken at stops in Pittsburgh and throughout western Pennsylvania. It's the retailer's second food-truck venture; the first, the Market District Foodie Truck, has been operating in Columbus, Ohio, since 2012.

With a fanatical fan base clamoring for its menu of chicken-centric items,

which are priced comparably to parity items in its stores, Steel City's Chicken Express features the Firecracker Chicken Sandwich, an eight-piece bucket of fried chicken, and individual meals, fajitas, salads, wraps, chili, and side dishes such as Market District macaroni and potato salads.

Giant Eagle employs social media to update the public about where and when to find the truck via dedicated Facebook and Twitter pages.





### **SOMETHING FOR EVERYONE**

**Giant Eagle's Market Districts — and many of its traditional banner stores — feature an extensive collection of prepared foods, ranging from made-from-scratch pizza, sandwiches and rotisserie meats, to self-serve salad bars, sushi, grab-and-go dinners, and an array of soups and wet salads.**

produce markets, and said, “How do we make that happen in this building?”

European charcuterie influenced the deli, Italy inspired the cheese shop, French patisseries inspired the bakery. “In the restaurant, we tried to do an Asian thing over here, a hamburger thing over here, so you could sample your way through lunch,” she says. “It’s been very successful.”

The experience proved to Giant Eagle that the idea of “food as an experience” was an opportunity worth seizing, Karet acknowledges.

“All 220 of our stores are not going to be those stores. We decided to do enough of them so that each of our key regions would have one or two of them. They could be the center of innovation for the stores around them and create an overall halo effect for the rest of our stores, which, in fact, has proved to be true,”



Photo by Charles LeClaire

she says, noting that in the past two years, Giant Eagle reached its goal of getting Market District stores into every one of its key regions, opening five new Market District locations in that period.

With this solidified platform, Giant Eagle is well positioned to learn what works, as well as what




**SHOWCASING  
SEASONAL  
FAVORITES**

Seasonal displays factor heavily in Giant Eagle's merchandising schemes, particularly for its own brands, which feature on-trend flavors and relevant packaging.

doesn't. Like when the grocer decided to get into in-store dining, as Karet relates: "We decided we would have real silverware. We had the silverware, but we didn't have a system to get the silverware back from the dishwasher out to where you're supposed to pick it up. It was just all sitting back there. We know how to stock shelves, but we had never thought about getting someone to actually get the forks back out to where people can get them."

The team also underestimated the consumer response, she observes: "The store opened at about double the volume that we expected. It was all hands on deck. I actually made pizza for three weeks. Our CFO at that time washed dishes, because the dishwasher was not big enough. It was actually fabulous. We figured all that stuff out."

Indeed, because within the past couple of years, Karet declares that "we've gotten the right number



Photo by Charles LeClaire

of stores, we've gotten the stability of operation. We are upping our ante as it relates to our ability to innovate, for the kind of personnel that we have in terms of food, as well as our fresh food manufacturing facility. That's going to be a very important growth platform for us going forward."



ADVERTORIAL

## Talking with **Eric Frank** President, Tosca



**The USDA & EPA announced that food waste needs to be reduced by 50% by 2030. What impact can reusable plastic containers (RPCs) have on this initiative?**

**Eric Frank:** According to the National Resources Defense Council, as much as 40% of food is wasted in the U.S. each year. Waste can happen at any number of points along the food supply chain: on farms; during processing, handling, and storage; during transport; and/or at retail. Reusable plastic containers, or RPCs, can be instrumental in helping to reduce food waste because their durability provides much better protection of what's inside. When product arrives in better condition with little to no damage, there is less shrink and, therefore, less food waste. All in all, RPCs allow for a much better journey from farm to store.

**Tosca had great success implementing their innovative egg RPC with a national retailer and reducing shrink by 50%. What other opportunities exist to leverage RPCs to reduce food waste?**

**Eric Frank:** Based on the fragile nature of perishables and the success of the egg RPC,

we knew there were other products that could benefit by being transported in RPCs. The price per pound is significantly higher for case-ready meat, so it makes sense to leverage a packaging solution that can provide greater product protection and reduce damage. Because Tosca has a proven packaging solution for the case-ready meat industry, we were able to demonstrate the value of making this change.



To that end, we are implementing a case-ready meat RPC solution with a national retailer in the majority of their DCs for select cuts of meat. This promises to reduce food and packaging waste while ensuring higher quality products and an improved customer experience – a win for customers and the retailer.

**Speaking of packaging waste, many retailers have announced zero waste initiatives as part of their sustainability goals. How can reusables support their efforts?**

**Eric Frank:** Reducing waste is a key priority for many of our customers and it's at the heart of all we do. Reusable packaging not only reduces product damage and food waste from supplier to shelf, it is also a more sustainable solution. In a year, about \$11.4 billion of disposable packaging ends up in landfills, according to research by the nonprofit organization As You Sow. The very nature of reusables supports a zero waste vision. The containers can be used over and over again, eliminating waste from even entering the supply chain. For every RPC used, approximately 1-1.5 lbs of corrugated is eradicated. For a grocery store, this means millions of tons of corrugated can be eliminated by using reusable containers in its place. Just as one-time-use shopping bags are being used to take product out of the store in a more environmentally responsible way, why not bring product into your stores with reusables – the more environmentally preferred packaging solution.

## **All Formats, Big and Small**

Flush with the success of its huge Robinson Township, Pa., Market District store, Giant Eagle cast its experimental eye in the other direction.

“We decided to try a really small store,” Karet says of the first Market District Express, in the South Hills of Pittsburgh, which runs about 20,000 square feet. “The idea was that it would be a restaurant plus a fill-in shop. That’s been a huge success in

## **Specialty Pharmacy Earns Full URAC Accreditation**

Giant Eagle’s specialty pharmacy subsidiary has received full specialty pharmacy accreditation from URAC, a Washington, D.C.-based independent health care accrediting organization that assesses quality standards for the health care industry.

“Attaining URAC accreditation is especially exciting, given our ability to offer specialty pharmacy customers the unique convenience of our retail pharmacy presence,” says Mark Doerr, SVP of pharmacy for the Pittsburgh-based retailer. Noting that URAC is a symbol of excellence for commitment to quality and accountability, Doerr says that the combination of a “high level of specialty service and the personal support available in-store has helped to encourage medication adherence, which is critically important to patients taking specialty medications.”

Giant Eagle Specialty Pharmacy is dedicated to providing both choice and convenience, in addition to offering patients personal support as they manage complex medical conditions including hepatitis C, cancer, rheumatoid arthritis, psoriasis, Crohn’s disease, multiple sclerosis, HIV, human growth hormone deficiency, and osteoporosis. Patients can choose to have their specialty medications delivered directly to their home, or they can pick up their medication from one of more than 200 Giant Eagle pharmacy locations where they can receive face-to-face support like injection training and medication counseling.





**"We cannot  
lose sight  
of center  
store, which  
continues  
to hold  
opportunities."**

**—Jerry LeClair,  
EVP of merchandising  
and marketing**



### **Fast Fact**

Amount of  
material Giant  
Eagle recycles  
in one year: 141  
million pounds

terms of customer acceptance."

South Hills delivered the learnings that Giant Eagle needed to launch its newest store, in Bexley, Ohio, near Columbus (to be featured in PG's November 2016 issue). "We think we're really on to something with that store," Karet says of the two-story, 30,000-square-foot market, which features a restaurant that allows diners to consume wine they've purchased in the store's spirits department.

"It's a really interesting concept. I am so proud of what we have accomplished," she says. "When I walked in, I had this overwhelming rush of emotion because I was so proud to be associated with it. It's just great."

The Bexley store further exemplifies Giant Eagle's ongoing mission to deliver a unique, diverse, relevant shopper experience. "We started as corner grocers. We didn't have refrigeration. One of the first big debates in the company was should we put in delis," Karet says. "Looking back, it was a huge risk," that sparked a heated discussion among the five founders. "The same thing happened when we put in scanning, because it was a huge investment. No one was doing it at that time," and the decision to proceed, she notes, required a big leap of faith.

To be sure, Giant Eagle has been an industry leader in introducing many new concepts to the public.

"To be totally frank, when we decided to be the best passion-for-food company, and we had said we wanted to be a restaurant, it was hard for us to convince people that supermarkets could be a place that you could do that. There were vendors that wouldn't sell to us because they said, 'You're a supermarket.' We had a hard time at the very beginning hiring chefs," Karet admits.

## **Eagle-eye Vision**

As a majority shareholder in Seegrid — a fellow Pittsburgh-based company that makes vision-guided vehicles (VGVs) used in factories and warehouses — Giant Eagle recently invested an additional \$12 million in equity to help the company develop new products, enhance customer support resources, and accelerate operational efficiencies with optimized workflow processes, increased productivity, and reduced labor and operating costs, all while improving workplace safety.

The regional retailer has also agreed to provide an additional \$13

million on an as-needed basis.

A pioneering leader in vision-based autonomous industrial vehicles, Seegrid equips forklifts and other industrial vehicles with cameras and computers that enable them to move safely to and from loading docks, warehouses, production lines and other industrial settings.

In addition to Giant Eagle, Seegrid's customer portfolio includes leading global companies such as Whirlpool, Daimler and Jaguar Land Rover, all of which use its driverless autonomous-vehicle robots to streamline their manufacturing and distribution operations and improve their outstanding safety processes.



## Icing on the Own-brand Cake

Giant Eagle's robust own-brands program, which includes more than 10,000 products that offer name-brand quality at various value-driven price points, is backed by a double-money-back guarantee. "One of our major objectives has been, and will continue to be, a keen focus on improving our quality, variety, and really differentiating our products against the national brand," says LeClair. "As innovation has slowed down for some national-brand manufacturers, we've actually had to pick up where they

But today, supermarket foodservice is considered a highly desirable culinary venue. "I shouldn't say we can't keep chefs away, but people perceive that working in a Market District is a compelling business opportunity, and the lifestyle that goes along with it is extremely appealing," Karet says. "I think 10 years ago, if someone had said I would see someone in one of our stores having a drink at 2 o'clock in the afternoon, I would have had a hard time picturing that."

## Owning the Brand

Giant Eagle enjoys a broad customer following for its own-brand products, which encompass nearly every category throughout the store. The retailer freely admits that it looks to other industry leaders for cues on best practices in private label.

"We're not shy about" researching best-in-class concepts and heeding their lead, Karet says, pointing to several success models, including Canadian grocer Loblaw's President's Choice ("a fabulous brand") and Trader Joe's ("their overall brand marketing is just spectacular"). Leveraging these success stories with a hometown spin has given Giant Eagle a winning program, placed in the capable hands of "a team of folks that are unbelievably good," she declares.

At the time of PG's visit with the Giant Eagle team in mid-September, the retailer was rolling out its fall merchandising programs, featuring many store-brand products such as apple cider, including a salted caramel flavor, an uncommon profile for a beverage, as well as pear ginger.

"Food as an experience brings with it a sense of discovery and joy," Karet affirms.

have left off, so there are plenty of opportunities for new items and new growth in the segment."

Accordingly, Giant Eagle's teams stay abreast and attuned to inspiration to be drawn from all channels, including restaurants, to study top-trending items to continuously expand and further perfect the grocer's private-brand portfolio.

Seasonal items are particularly ripe for further expansion, affirms LeClair, and serve as the "icing" on Giant Eagle's own-brands R&D cake.

It's an imperative to do so, he adds, because the intensifying competition has "made it a tough place out there right now," with much more to follow from the likes of Aldi, Lidl, 365 by Whole Foods Market, more dollar stores, Walmart, Kroger and Meijer, the last of which is planning to open as many as 10 stores in the Cleveland-Akron area — one of Giant Eagle's principal markets — over the next four or five years.

"It is an extremely competitive environment," LeClair confirms. "You have to be true to what you are known for, and also be innovative enough to remain relevant."

## Centrally Filling the Need

In the realm of meeting — and ambitiously seeking to exceed — its customers' needs, Giant Eagle's in-store pharmacies are integral.

"Pharmacy represents a tremendous percentage of our business," asserts LeClair, who marvels at the "daunting number of prescriptions filled by our store teams," which tallies an estimated 150,000 per week.

Mirroring the pharmacy segment's growth is an automated central-fill facility opened in the past year, which LeClair describes as "truly



**EXTRAORDINARY OILS**  
A highlight of Market District's bulk food department is a collection of extra-virgin olive oils and gourmet balsamic vinegars that provide a tasty and economical way to select personal favorites.

"Food as an experience brings with it a sense of discovery and joy."

—Laura Karet, CEO



**INNOVATE  
FOR GOOD**

**Giant Eagle's in-store pharmacies are integral to its overall business, which is underscored by its store teams filling an estimated 150,000 prescriptions per week.**

awesome. We have five robots that are filling scripts," which are married with a sorting mechanism for daily deliveries to every store with a pharmacy.

The new central-fill hub is co-located in Giant Eagle's Freedom, Pa.-based Fresh Foods Manufacturing facility, which is a varied and many-splendored thing. The complex houses the grocer's central kitchen products, as well as the provisions and supplies for its GetGo stores and WetGo car washes. "It really gives us the opportunity to enhance our internal supply chain with the ability to pick up everything and deliver it to stores at once," LeClair says.



Photo by Charles LeClair

**Welcome to the Future**

Looking ahead, LeClair alludes to a potential home delivery model in the offing while describing Curbside as the stepping stone.

“We’re seeing all kinds of different startups trying different things, but we believe that with our model, we can do it better and faster. But it represents a great service for our customers, and is something that will definitely help us better meet their needs,” he says.

Addressing the brewing e-commerce battle, LeClair minces no words: “We cannot let Amazon, or Walmart, take over. We are really focused on getting our digital properties up to speed in order to deliver the basics and more. Gift cards are a big part of our business,” he continues, noting the retailer’s existing digital gift card site, which is being continuously improved. “Soon, customers will be able to load gift cards to their mobile devices, instead of having to stop at a store to make a purchase. They’ll be able to download their gift card and use it within minutes of their purchase,” or use it for e-gifts for others in the same way.

Giant Eagle is also hard at work on building similar platform efficiencies for its internal and local business affiliate teams, “which will enable us to take all the things that we did on index cards and transform them to digital,” a development LeClair describes as both “very promising and very exciting.”

So, too, are the opportunities with the company’s trading partners, the underpinnings for its Customer Connect CRM program, which LeClair says has dramatically evolved over the past three years as a result of tapping the insights it’s harnessed. “Our vendor portal is live right now, and many of our manufacturer partners are already engaged by looking at the insights, and coming to us with the targeted offers” featuring mutually advantageous rewards. “We’ve had some great success stories, and this is clearly the future.”

### **The Center of Super**

When asked to assess the intersection of the in-store experience and higher-growth categories, LeClair replies that while perishables will undoubtedly remain an area of continued focus for all food retailers, “we cannot lose sight of center store, which continues to hold opportunities.”

Future Millennial parents in particular, who’ve deferred having children until their late 20s and early 30s, will help center store “come alive again,” LeClair predicts. “If you’ve let it die, you’re in trouble, so I think we’re in a very good position today. We’ve reset our stores with a total moving of categories, aisles and adjacencies, and are 85 percent complete throughout the company to make sure that we have the give and take within the center store to really look at the categories that have high growth. We now have the flexibility to flex where something’s growing, and contract when something is not.” **PG**