

STUDY REVEALS MISSED OPPORTUNITY FOR BRICK-AND-MORTAR RETAILERS TO DIFFERENTIATE FROM ONLINE STORES, WHILE UNDER-REPRESENTED CONSUMER GROUPS PAY THE PRICE

More accurate method for in-store data collection exposes major inequalities in pricing out consumers from eating healthier in some cities, and making it more costly to raise children or retire in others

Seattle, WA – May 24, 2017 – [Observa](#), provider of real-time insight into retail sales, today released a study comparing the true pricing of consumer goods supporting different lifestyles in cities across the U.S. The 2017 Observa Index Report reveals troubling trends that are cutting out large segments of business for brick-and-mortar stores, and making it much more difficult for consumers in certain cities to afford things like eating healthy, raising children, or retiring. These insights point to missed opportunities for brick-and-mortar stores not only to better serve their customers, but also to differentiate from the online retailers that are rapidly gaining market share.

Key findings of the 2017 Observa Index Report include:

- It costs 396% more to eat healthy in New Orleans than it does in Palo Alto
- For parents shopping for newborns, products cost 215% more in Tucson than in San Francisco
- For retirees, a typical trip to the store costs 200% more in Orlando than in San Francisco

Unlike the U.S. Department of Labor's Consumer Price Index, which measures pricing for an "average" set of consumer goods and services, Observa's study analyzed prices of products that reflect the lifestyles and choices of specific segments of consumers. By measuring more specific baskets of goods including things people in different behavior groups actually purchase, the Observa Index Report pinpoints where there are gaps in the abilities of people to live those lifestyles in certain geographies. This awareness can inform efforts to shore up inequities locally and provide brands and retailers with data about where unmet business opportunities exist.

Observa's Healthy Shopper Price Index, Parenting Price Index and Golden Years Price Index examine baskets of goods made up of items common to each lifestyle. The Healthy Shopper Price Index includes items like organic bananas and Justin's almond butter; the Parenting Price Index includes baby care items such as diapers and Avent bottles; and the Golden Years Price Index includes items like Ensure and playing cards.

"Using macroeconomics doesn't provide enough information about what real people are experiencing shopping in stores, which is where daily decisions are being made about which products to buy," said Hugh Holman, CEO at Observa. "The data collected by our Observers shows that it really does cost more to eat healthy in places like New Orleans, Orlando and Honolulu – which is likely to drive people in those cities to avoid buying those products. If we want to change shopping habits, we have to first have a true understanding of what is impacting those habits today."

Observa used its nationwide network of Observers to collect real-time pricing data in stores across 22 U.S. cities in January and April of 2017, during a one-week period in each month. Normalization using median income for each city was performed to create a comparison showing the percentage of the typical paycheck it costs to buy products that support each lifestyle.

Based on Observa's findings, the percentage of income required to purchase each basket of goods, adjusted for median income, is as follows for the top three most expensive and bottom three least expensive cities in each category:

Observe Healthy Shopper Price Index

City Name	Percentage of Income
New Orleans, LA	11.1%
Memphis, TN	10.1%
Indianapolis, IN	9.6%
Anchorage, AK	5.0%
San Francisco, CA	5.0%
Palo Alto, CA	2.8%

Observe Parenting Price Index

City Name	Percentage of Income
Tucson, AZ	8.8%
Indianapolis, IN	8.0%
Orlando, FL	7.5%
Anchorage, AK	4.6%
Scottsdale, AZ	4.4%
San Francisco, CA	4.1%

Observe Golden Years Price Index

City Name	Percentage of Income
New Orleans, LA	5.4%
Orlando, FL	5.4%
Tucson, AZ	5.0%
Honolulu, HI	3.0%
Scottsdale, AZ	3.0%
San Francisco, CA	2.7%

The ability to collect real-time data in specific and often hard to reach locations is at the core of what Observe provides its customers. Observers gather both quantitative, measurable information about products and prices as well as qualitative information in the form of photos and videos. These data points are used immediately to make decisions about optimizing marketing campaigns, checking stock levels, maintaining advantages over competitors, and many other tactics that require insight on a very granular level.

The 2017 Observe Index Report is the first segmented basket of goods study of its kind. The company plans to expand the study to include more cities and lifestyles to fuel better understanding and decision making by brands, policymakers, and others seeking to better serve consumers and their communities.

About Observe

Observe provides real-time insight into retail sales and marketing efforts, so brands can see what their customers see on the shelf. Observe makes it simple to check product availability, pricing, promotional placements, and competition in stores. With an increased understanding of store execution, corrective action can be taken and sales can be increased. Observe's services are available to any company interested in accessing this real-time observation model, with no setup fees or hidden costs. For more information, visit www.observeanow.com.