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ENTRIES DUE NOVEMBER 3



OBJECTIVE

The 2016 PAVE design challenge invites you to explore a new health and wellness design concept for future Kroger Marketplace stores.

Kroger is sponsoring this year's PAVE competition as a way to reach out to design schools and students around the world in anticipation of stimulating new design concepts for one of the most important and rapidly evolving areas of our future stores, referred to as "Total Health". Our goal is to create a uniquely uplifting experience that is attractive, welcoming, progressive and immersive. We want to inspire emotional connections with our customers that will raise their shopping expectations and reinforce the trust and confidence they have in the Kroger family of stores.

We recognize the abundance of choices people have to shop for items and services related to health and wellness across multiple channels, including supermarkets, drug stores, specialty shops and on-line. Our challenge is to present Total Health as a seamless and comprehensive offering of medical and personal care needs so they feel inspired, appreciated and validated by their decision to shop in our store.

The design aesthetic should be uplifting and transformational to entice shoppers to engage in an immersive environment that appeals to all five senses. We want to promote a sense of adventure, educational curiosity and encouragement for our customers to become advocates for their personal and family health and well-being. We encourage projects, which are a departure from our current aesthetic.

Research opportunities for this project extend across multiple retail channels, as we seek to change traditional expectations of health and wellness within a supermarket environment by designing a space that offers genuine hospitality for all our shoppers regardless of age, gender, ethnicity and economic status. There are several concepts within the drug and supermarket industry worth exploring, including: Walgreens/Duane Reade (particularly their more recent "wellness" concepts), Whole Foods, Wegmans, Hy Vee and Giant Eagle. You are also encouraged to check out other retailers such as Starbucks (and their Seattle Roastery), REI, Lululemon –among many others that go beyond just attracting customers, but strive to create memorable experiences that connect with customers and give them a reason to come back again and again.

We invite you to dream big and rise above tradition – creating an unparalleled shopping experience that challenges the norm, provides creative solutions, and encourages repeat visits.

KROGER BACKGROUND

Kroger was founded in 1883 in Cincinnati, Ohio. It is the largest grocery chain in the US, with nearly 3000 stores coast-to-coast, representing multiple formats and banners in 35 states and serving nearly nine million customers each day. Much of Kroger's growth has been through acquisition. In addition to the "Kroger" banner, we are recognized by different names in regions across the country, including: Fred Meyer, QFC, Ralphs, King

Soopers, Frys, Smiths, Dillons, Harris Teeter, Mariano's and Pick N Save.

The Kroger Marketplace format is primarily utilized for our store program in many parts of the US. It has 100,000 square feet of selling space and features an extensive assortment of high-quality fresh foods, groceries, drugs and general merchandise –all under one roof. Our "Total Health" solution, housed in 6500 square feet, is one of the major areas of the format, and the focus of this year's PAVE Design Challenge. Please refer to the attached Exhibit A to see the current standard layout of the Marketplace format and Exhibit B for an enlarged image of the Total Health area.

THE PAVE DESIGN CHALLENGE

Traditionally, the PAVE competition is divided into two groups; store design and visual merchandising. This year, we are integrating the disciplines into a comprehensive challenge and inviting students to consider the full spatial context while focusing on their primary area of design interest.

For example, students that consider "merchandise presentation" to be a personal strength are encouraged to focus on the Visual Merchandising aspect of the challenge and may choose to apply their design solutions to the layout already provided by Kroger in the exhibits. For students that consider "interior design" or "space planning" to be their strength, they may focus on overall layout and redefine the existing spatial arrangements and adjacencies.

The PAVE awards are aligned with primary design disciplines of (choose one):

- **Store Design and Planning** (shopping flow, spatial relationships, merchandise adjacencies, interior design, etc.)
- Visual Merchandising (product presentation, graphics, signage, way-finding, etc.)

KROGER "TOTAL HEALTH" ELEMENTS

There are several elements that comprise "total health." Though each element has a distinctive role, we want to use design language as a way to pull them together into a comprehensive destination that honors the differences but celebrates the connectivity and relationship each has to helping each of our customers look and feel their best. Current elements in this area are:

Pharmacy

The Pharmacy is the "professional cornerstone" of the Total Health destination. It offers prescription services with in-store as well as drive-thru access. We want to express professional credibility, accessibility and "one-stop shopping" convenience.

Design challenges

- o General layout and positioning of customer facing elements including:
 - Prescription Drop-Off counter-Interactive space where customers can drop-off their prescriptions and communicate personal information
 - Prescription Pick-Up counter-Interactive space where customers can pick-up their filled prescriptions, communicate personal information and complete their purchase
 - Private consultation rooms-For a pharmacist and 1 or 2 customers
 - Customer waiting area-Comfortable seating for 10-12 customers as they wait for their prescriptions to be filled

Note:

The drive-thru requires the pharmacy to be connected to the exterior wall. The design of the exterior drive-thru for this challenge is optional

- o Queuing solution for customers to drop-off and pick-up prescriptions
- o Related signage, graphics and way-finding to ensure convenience, relevant and intuitive information, professional credibility and sensitivity to personal needs
- Total space requirement: 2200 sf, (includes customer waiting area, 2 private consultation rooms and 2 family restrooms)

TLC (The Little Clinic)

TLC is our current branded solution for in-store, non-urgent care medical services. Patients are accepted on a convenient "walk-in" basis and offered basic out-patient medical services that are traditionally only obtained in a hospital or by appointment at a medical center. We want to promote the simplicity and accessibility with professional credibility, comfort and sensitivity to personal health interactions.

Design challenges

- o *General layout and positioning of customer facing elements, including:*
 - Customer check-in point
 - Comfortable seating for 10-12 customers to wait for the doctor to be available
 - Exam room arrangement
 - Medical supply room
 - Family restroom
- o Signage/graphics/way-finding to ensure convenience, relevant information, professional credibility and sensitivity to personal needs. The current TLC brand identity (and logo) may be redesigned.
 - Total space requirement: 1,000 sf,(includes customer waiting area, 2 exam rooms, medical supply room and family restroom)

Vitamins, Wellness, OTC (Over the Counter)

This area includes self-service display of medical remedies, vitamins and nutritional items that can be purchased without a prescription. We want to build on the perception of having "everything you need" within a simple and intuitive environment that makes it convenient to find what is needed. The design should amplify Kroger's role as a credible authority and source of education about the products available in addition to symptom identification and treatment options. This area will include an "Endless Aisle" feature that offers self-service, on-line access to thousands of additional items through Vitacost (a Kroger subsidiary) with direct home delivery.

Product categories include:

• Cough/Cold, Allergy/Sinus, Pain Relief, First Aid, Vitamins, Diet/Adult Nutrition, Meal Replacement, Protein Powders, etc.

Design challenges

- General layout of product display shelving and associated fixtures
- Signage/graphics/way-finding
- Lighting concept design
- Fixturing designs (concept only) relative to materials, colors and point of sale identification)
- o Anticipated shelving/display: 150-200 linear ft.+ Vitacost order kiosk

Beauty & Personal Care

This is an opportunity to create a destination that inspires shoppers to look and feel their best with an uplifting and holistic experience that may be a personal journey or an opportunity to partner with professionals that are advocates. Product choices in this category are abundant and often changing, so the design should make it easy for shoppers to intuitively find and select items.

Design challenges

- This area must be dramatically appealing and comfortably approachable for women and men of all ages and ethnic backgrounds. It must be trend relevant and considerate of shoppers that may be physically challenged.
- Product categories include:
- Cosmetics, hair care, skin care, make-up, oral care, bath and personal appliances
- Design challenges:
- General layout of product display fixturing/shelving
- Interactive "engagement" center where customers can try on make-up with assistance from store personnel
- Lighting concept design
- Fixture design/materials concept design
- Signage/graphics/way-finding
- o Anticipated shelving/display range: 400-500 linear ft.

Customer Orientation Feature

This element may be envisioned as an iconic focal point that offers customer welcoming and orientation to the total compliment of health solutions in this area of the store. It may be a physical kiosk or a designated area with physical and/or digital engagement that is visually attractive, intuitive and readily approachable for all customers.

Design challenges

- Fixture (or spatial) design with signage/graphics, lighting, digital innovation (as applicable) and considerate of function, human ergonomics and branding
- o Anticipated space: 50-100 sf

Customer Experience Narrative: Kroger Total Health:

"A guest approaches and immediately feels the allure and warmth of the setting. Pleasant aromas-- peaceful sounds. The lighting is perfect. Everything is balanced— the tension of the day begins to drift away. A soft "hello, thank you for joining us, how may we help you?" pulls them in closer. They feel confident in their decision. The experience has just begun—and they already know they have chosen wisely. The setting has a familiarity, like a trusted friend – but is still edgy and unique enough to solicit a quick snap of a photo – and posting to Instagram. An "I saw it first" sense of discovery scampers across their conscience. They have entered "Kroger Total Health".

Nearly 9 million people a day shop at Kroger. Some are very healthy, some not and most—somewhere in between. But ALL... are seeking solutions, from choosing a skin lotion in Beauty Care, to treatment for a sinus infection at the Clinic, to diabetic counseling at the Pharmacy. Everyone comes to Kroger with needs –and they trust us to help. They expect us to help.

Kroger Total Health provides the vehicle that builds a bridge between difficult decisions – and simple choices. Making healthy easy. The customer is in control. Kroger does the work."

PRESENTATION REQUIREMENTS AND FORMAT

- Each entry should be submitted in an $8-1/2 \times 11$ or $8-1/2 \times 14$ inch bound booklet, not to exceed 12 pages (cover page is not included in the page count).
- The design may be hand-drawn, rendered, photographic, and/or computer-generated.
- Students also must submit a copy of their design in PDF format entry on a CD. A PDF version of the booklet is also required.
- The submission should address the general requirements above at a scale and composition determined by the student. A written concept statement limited to two paragraphs must highlight the unique approach to the concept, the rationale for design decisions, material selections, and the demographic for whom the design was made.

GENERAL INFORMATION AND ENTRY REQUIREMENTS

- This competition is open to undergraduate college students only.
- Students may only enter ONE category; either the visual merchandising category or the store design
 category. The student's name and school name is not to be visible anywhere on the presentation pages or
 cover.
- Each entry must include an entry form and disclaimer clipped to the back of the entry.
- Each entrant must complete and submit an online copy of the entry form as well.
- Students must also submit a copy of their entry on a CD,DVD or USB Stick in a PDF format with the entry. Please make sure to label the CD, DVD, USB.
- Students are advised to keep a copy of their entries, as entries will not be returned.
- All questions should be directed to info@paveglobal.org

Entries must be received by 5:00 p.m. Eastern Time on Thursday, November 3, 2016

Send to:

The Kroger Co.
PAVE Entries Attn: Ken Pray
1014 Vine Street
Cincinnati, Ohio 45202

Please do not contact Kroger with any questions regarding the competition; this address is for entries only. For all questions regarding the competition contact PAVE at info@paveglobal.org

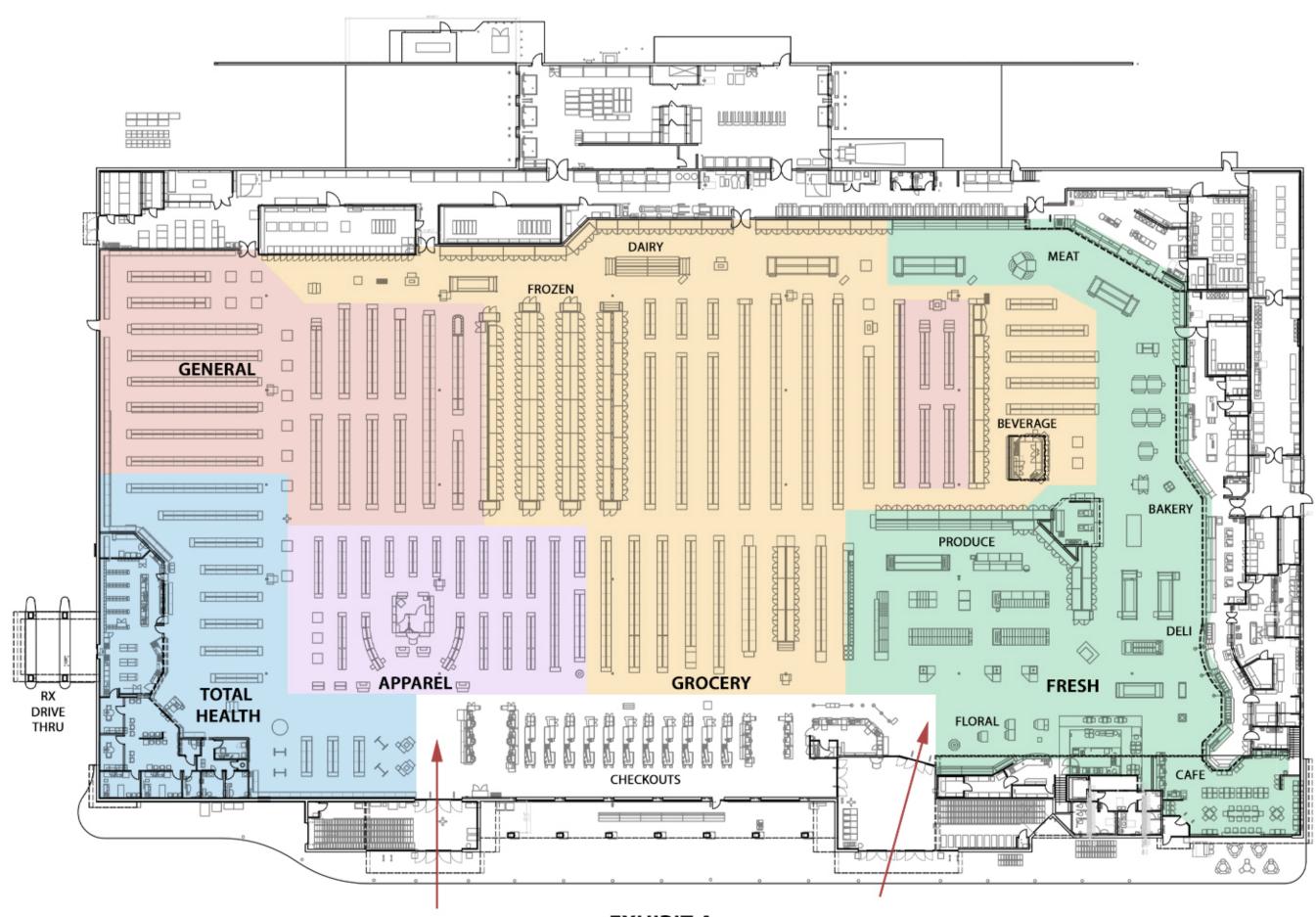


EXHIBIT A
KROGER MARKETPLACE FORMAT

