

[IDEAS 2 GO]

Supermarket Lessons

Grocery stores help customers streamline mealtime solutions.

BY AMANDA BALTAZAR

We've seen the research and heard the reports. Because of a tough economy and less discretionary spending, more consumers are dining at home. This mealtime trend has created an exciting retail environment for grocery stores — a trend easily translated into the convenience channel.

Grocery stores have explored and exploited several avenues to service their time-starved and well, hungry customers. For some of you, these tricks of the trade aren't necessarily new ideas, but they are putting dollars into the register.

BOLD BUNDLING

Packaging or merchandising foods together makes shopping convenient and easy for shoppers.

In its produce section, specialty grocer Trader Joe's makes available a small bag of avocados, tomatoes, a chili pepper, an onion, garlic and lime for customers who don't have time to figure out all of the ingredients that make a killer guacamole.

Amigos, a Hispanic grocery store in Plainview, Texas, features "little sections in the store to show what's for dinner," said Juan Enchinton, business manager of innovation.

Amigos recently put together a mealtime section called the Menudo Meal Deal, featuring all of the ingredients for the authentic Mexican stew. "It's really resonating [with customers] to have suggestions," said Enchinton. "It's a lot of work to think of what's for dinner, especially for dual-income families."

The grocery store also displays extra items customers may need, such as paper plates, napkins, beverages, salt and pepper or charcoal. "It's the incremental sales we're looking for," he pointed out.

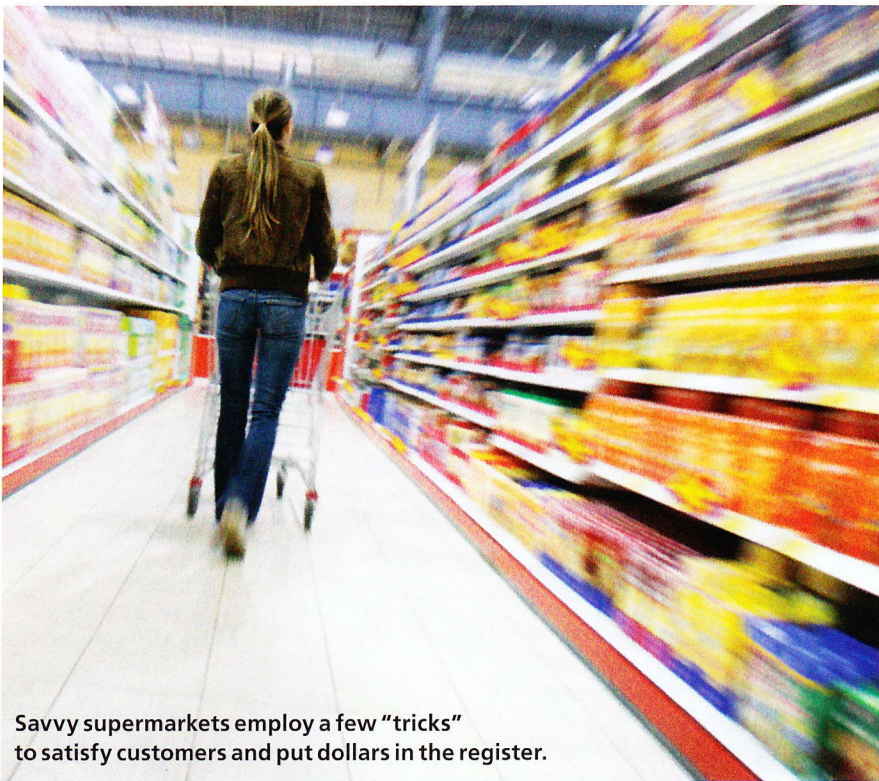
Meal solutions could be made even simpler for convenience stores, according to Jim Hertel, managing partner of Willard Bishop consultancy in Barrington, Illinois. Convenience retailers could offer bundles of a sandwich, chips and a drink, which, he said, is likely "to be reflective of trip behavior."

CROSS MERCHANDISING

In the past few years, grocery stores have become much more inventive with moving products across departments. This works well for both the shopper, who finds something he or she may not have thought about, and the store, which experiences a rise in incremental sales.

"It's all about creating a convenience for your customer," said Pat Hensley, assistant vice president of operations for West Des Moines, Iowa-based Hy-Vee.

Hy-Vee stores feature, for example, Reddi-wip with fresh strawberries in the produce section; meat thermometers and turkey basters in the poultry



Savvy supermarkets employ a few "tricks" to satisfy customers and put dollars in the register.

department; corkscrews and wine gift bags in the wine section; and disposable cameras and scotch tape in the gift aisle.

One of the most overlooked areas is the pharmacy, said Hensley. Hy-Vee displays vitamin C pills in the orange juice section, cold medications near the tissues, and toothbrushes near cereal or candy. "You're getting these people back into your store more often because you're making things convenient," Hensley pointed out.

Cross merchandising is particularly appreciated during the holidays, when shoppers are oftentimes busy and rushed. For Delta, British Columbia-based Choices Market, the holidays are indeed a key selling time, noted Jon Janower, manager of retail operations.

For Valentine's Day, Choices Market displays chocolates in the floral department and vice versa. A "sweetheart package" of chocolate and a sparkling beverage also entices customers.

TASTE TESTING

Shoppers armed with a list can still be convinced to buy a new product — if they're given the opportunity to sample.

Dorothy Lane Markets in Dayton, Ohio, finds success with product tastings and recipe cards for customers to take home. But most importantly, all of the ingredients are available for shoppers to easily gather.

"We have found out that if you don't have the products within a few feet [of the tasting], you lose the sale," said Ed Flore, store director at Dorothy Lane Markets.

At PCC Natural Markets in Seattle, it's the children who drive the tastings through the chain's Kids' Picks program. Every child who visits one of the chain's nine stores can choose a free single serving of a fruit or a vegetable.

"This program encourages kids to try a new fresh fruit or vegetable," said spokeswoman Diana Crane. "And it makes kids want to come to PCC, because it makes them feel like a shopper.

Their parents appreciate the program because it helps to entertain their children while shopping [and] opens the door to talking with them about food choices and nutrition."

PRIVATE-LABEL PROMISE

Grocery stores are also luring customers with private-label products, which oftentimes are just as good (if not better) and less expensive than national brands.

Sales of private-label products have seen huge growth in the past year, due in part to the tough economy and consumers' search for value. In fact, according to Nielsen data, sales of private label products grew by 5.9 percent for the year ending September 5, 2009.

"Private label can lead to brand loyalty," said Hertel, "and there are lots of [convenience stores] that should be looking at how they could make it work for them."

Furthermore, a successful private-label line doesn't skimp on product quality and attractive packaging. "If you attempt to use anything that's inferior to the comparable national brand you're dooming your product to failure," said Brian Sharoff, president of the Private Label Manufacturers Association, adding that convenience retailers must decide which products to carry, which are most important to customers in a particular market and which private-label products will perpetuate the image of the store.

And once the private-label product is launched, shout it out! "One thing you don't want to do is put the product on the shelf and expect it to sell itself," advised Sharoff.

So go visit your local supermarket and see what they're doing. Chances are you'll pick up more than provisions for dinner — and it will hopefully translate into higher sales at *your* stores. **NACS**

Amanda Baltazar is a freelance journalist. You can see her work at www.chaterink.com.

[BY THE NUMBERS]

TOP



Breakfast Trends for 2010

- 1. Ethnic-inspired items**
(e.g., Asian-flavored syrups, chorizo scrambled eggs, coconut milk pancakes)
- 2. Traditional ethnic items**
(e.g., huevos rancheros, shakshuka, ashta, Japanese)
- 3. Fresh fruit items**
- 4. Seafood items**
(e.g., smoked salmon, oysters, crab cake)
- 5. Prix fixe brunches**

(Source: National Restaurant Association's Chef Survey: What's Hot in 2010)