



The Power of Freshness

Effective category management in the perimeter can help drive sales throughout the store.

By Jim Dudlicek

How important is an effectively managed fresh department to the supermarket retailer?

“The only strategic benefit a grocer has is freshness,” asserts Gordon Wade, chairman of the best practices advisory board at the Wimberley, Texas-based Category Management Association.

Wade, speaking at last February’s 2014 Meat Conference, in Atlanta, hosted by the Food Marketing Institute (FMI) and the American Meat Institute (AMI), said grocers need to “build a moat around their perimeter” by leveraging their fresh offerings, meat in particular, and leveraging their shoppers’ need states by driving traffic to other areas of the store to categories that complement those fresh proteins.

“Winning the dinner need state is absolutely critical to the grocer,” Wade said, defining “need state” as a multifaceted shopper requirement and emotional attitude that create a desire for a comprehensive solution.

Obviously, grocers seek to draw shoppers through every department in the store as a way to build their baskets. But the fresh perimeter is much more likely to be an entry point to the store than other departments, because fresh is a showcase that nontraditional grocery retailers have a harder time replicating. As Wade explains, traditional grocers are struggling with leakage to other channels in many categories,

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in particular baby care; he notes that 25 percent of all diapers are sold by Amazon, an edge that he says supermarkets will never be able to overcome.

After all, there's minimal risk in buying a box of diapers sight unseen, but most shoppers still don't want to try that tactic with a choice rib-eye, seasonal fruits, or baked-on-premise cakes and pies.

Meeting Meat Needs

Patti Tavelli, deli category manager at Pittsburgh-based Giant Eagle, says the ability to stay on top of the most current customer preferences and industry trends — including healthy snacking, convenience, global taste profiles and gluten-free lifestyles — will be crucial to successful perimeter category management in the years to come.



“Strategic category management in the perimeter can help grow related center store categories by leveraging seasonal, themed cross-merchandising displays that link key perimeter items with related center store products to provide customers with simple ideas and solutions based on their usage occasions,” Tavelli notes.

For example, Tavelli's team at Giant Eagle recently selected a seasonally appropriate focus item that leveraged the current customer-driven convenience trend. “We used our automatic replenishment system for the first time in the deli department, adjusted the retail price and package size based on a competitive analysis, and built huge displays using cross-merchandising with related items to inspire a simple meal solution,” she explains. “Results included triple-digit unit growth, double-digit sales growth, and double-digit unit and sales growth for the overall category versus the same time period the year before.”

Feedback from grocers appears to support Wade's dinner need-state assertion. Three-quarters of retailers responding to *Progressive Grocer's* 2014 Retail Deli Annual Review survey, published in June 2014, reported increased sales in the past year of deli prepared foods and other retail meal solutions. Retail deli departments are also securing more space to accommodate demand for this increasingly important category, further indicating that skillful category management here has the potential to ripple through the rest of the store.

Key protein-centric areas that Wade says are right up grocers' alleys are family dining, cultural cuisine, weight control, health and wellness, gluten-free, natural/organic, and value.

Suppliers are answering the call by effectively partnering with retailers to drive more traffic through the perimeter, as exemplified by PG's most recent Category Captains Awards honorees.

Springdale, Ark.-based Tyson Foods helped boost its retail partners with initiatives like guaranteed availability of rotisserie birds at peak times, mobile merchandisers to increase awareness and impulse sales of hot prepared foods; a major retailer saw a sales increase of more than 20 percent in stores with these merchandisers, as well as implementing point-of-sale materials aimed at shoppers in the Supplemental

Optimizing the In-store Experience

The shopping experience is influenced in myriad ways, from product to merchandising to customer service.

Columbus, Ohio-based measuring instrument manufacturer Mettler Toledo has published a free guide, “Optimizing the In-Store Experience,” which suggests guidelines for how counter scales can contribute to optimizing shoppers' in-store experiences at grocery store fresh food service counters. The guide is aimed at helping grocery retailers realize the potential of counter scales to set themselves apart from competitors, to reinforce their branding and customer loyalty, and to improve the shopping experience for customers while also maximizing profits.

Marketing at service counters aims to stimulate profit-boosting impulse purchases. Like the checkout, fresh counters are key interfaces between shoppers and store employees in modern grocery retailing. But unlike at the checkout, customers are still in “shopper mode” at the fresh-counter, still making buying decisions and, hence, open to tips, inspiration and cleverly placed purchasing triggers.

Mettler Toledo cites statistics indicating that shoppers spend an average of three minutes on each fresh-counter purchase, and about 80 percent of that time is taken up by the ordering and serving process. Shoppers spend 75 percent of their waiting time at the fresh counter looking at products, counter employees and the counter scale display. During each visit, shoppers see the scale display for about 60 to 90 seconds.

Customer displays on fresh-counter scales can function both as a platform for promotional and cross-selling activities and as a communication channel for branding campaigns. Applications like Mettler Toledo's Fresh Look Promoter can manage the content and distribute it to counter devices. Meanwhile, solutions enabling fresh-counter scale displays to be used for shopper marketing create an infrastructure for an effective digital signage solution, allowing the incorporation of components such as wall-mounted screens and kiosk systems.

“Optimizing the In-Store Experience” is available for download at www.mt.com/retail-experience.

Nutritional Assistance Program (SNAP) that increased foot traffic and engagement, and increased deli prepared food sales in the cold case.

Meanwhile, Chicago-based Hillshire Brands introduced category leadership platforms (CLP) for six fixed- and variable-weight meat categories. Designed to be a one-stop shop for all insights related to a category, the platforms were structured to understand shoppers at pre-shop, shop and post-shop times. Partner retailers' category sales made strides; Hillshire has since developed a learning agenda to further expand the CLPs and introduce department leadership platforms during 2014.

Healthy Returns

Fresh food is at the core of health and wellness, and since fruits and vegetables are the core of fresh food, produce — a \$54 million category that accounts for an eighth of all supermarket sales — is essential to managing the broader wellness category.

“Make sure your banner is identified with health and wellness,” Wade said, this time to an audience of dietitians, at *PG*'s Retail Dietitian Symposium last month, in Chicago. “Get your top management to embrace it.”

Retailers ought to demonstrate to shoppers the price comparison between eating out and buying fresh food at the grocery store, and offer them solutions for preparing healthy meals, Wade urged. “I'm amazed retailers don't compare side by side every day,” he remarked.

Freshness adds to basket ring, as demonstrated by another of *PG*'s Category Captains honorees. Monterey, Calif.-based Dole Fresh Vegetables conducted a study revealing that shoppers who purchase on freshness shop more frequently while spending more. Additionally, for items like lettuce, mushrooms and peppers, shoppers are five times more likely to be driven by freshness than price, while for other categories, including melons and potatoes, the opposite is true.

As such, Dole persuaded its retail partners to emphasize key pillars like price and promotion, leading to heightened category sales. Further, Dole's proprietary DART platform enables grocers to establish co-existence between lettuce and packaged salads to maximize profit and sales, cross-promote with complementary vegetable items, and trade consumers up to value-added products.

Great examples of value-added produce could be

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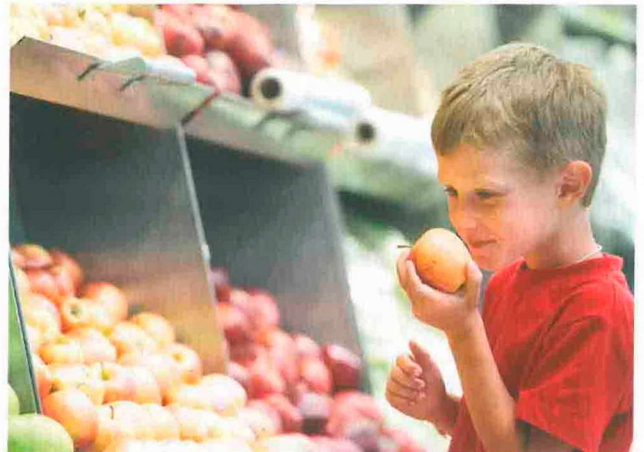
Fresh Food Category Management

found at last month's 2014 United Fresh show, co-located with FMI Connect, in Chicago.

Among them: single-serve, easy-open packages of watermelon sticks and pineapple spears from Coral Gables, Fla.-based Del Monte Fresh Produce; Cherriots snacking tomatoes in peel-and-eat cups from San Antonio-based NatureSweet; and fresh-cut peaches and nectarines in single-serve snack bags from Fresno, Calif.-based Woot Froot. Any of these products can be cross-merchandised in the deli, or even in mobile coolers in the snack aisle, to offer fresh, healthful alternatives to traditional salty snacks and meal accompaniments.

Meanwhile, complementary products, such as the Dip & Devour line of melting chocolate and peanut butter, from Charlotte, N.C.-based Tropical Foods, for dipping fresh-cut fruits, stand to draw more users to the category and drive incremental sales when effectively merchandised.

Del Monte aimed to help one of its retail partners drive fresh-cut sales by using syndicated data to find the right mix of products and pack sizes for specific regions. By employing other data to



analyze potential versus actual sales to pinpoint the sales gap, Del Monte was able to ensure handling and merchandising best practices to reduce shrink or out-of-stocks. Further collaboration between the retailer and grower account managers allowed for thorough and regular program maintenance, a double-digit gross-profit dollar increase — and recognition as a *PG* Category Captain. **PG**

Read about
how grocery trading partners are
winning the sales battles for poultry
(page 111) and tomatoes (page 115).