



# Alive and **Kicking**

Center store isn't dead — but it does need a creative boost.

By Randy Hofbauer

**M**any have claimed center store to be “dead” or “dying.” But grocers need not fret: Such news appears to be, for the most part, a lot of doom and gloom.

Although the perimeter of many retail stores is starting to account for larger sales, center store is still contributing to overall growth, Schaumburg, Ill.-based research firm Nielsen notes. Looking at the 52 weeks ending Aug. 22, 2015, center store accounted for \$709.4 billion in sales across the United States, up \$56.7 billion from 2011.

“In fact, center store sales have benefited from many of the same trends driving growth in the perimeter,” says Jordan Rost, VP of consumer insights at Nielsen. For instance, while bread sales have been flat over the past four years, those of tortilla wraps have grown at nearly 8 percent. Vinegars and liquid coffee and tea also have experienced rising sales.

The bad news, however, is that Millennials, an incredibly large generation that’s gaining spend-

ing power, aren’t making center store purchases as much in the supermarket channel as they are elsewhere, such as mass merchandisers or dollar stores, says John Owen, senior food and drink analyst with Chicago-based market research firm Mintel. This could spell trouble for many traditional grocers, which now need to come up with new ways to attract this increasingly valuable demographic to center store.

So, in time for 2017, here are five things grocers can consider doing to “spruce up” center store:

- 1 Deliver solutions, not just products:** Since consumers today have experienced the ease of online curation, they now often seek more solution- and occasion-based shopping offline, too. New ways of rethinking center store include organizing around themes such as breakfast, school lunches and entertaining, as well as secondary placement in the faster-growing perimeter depart-

ments to create comprehensive solutions, says Jim Holbrook, CEO of Stamford, Conn.-based branding firm Daymon.

“Loblaws in Canada created a President’s Choice Insider Collection destination, with products curated by theme: Dine, Brunch, Mingle and Gift,” he explains. “Similarly, in its new Market 32 format, Price Chopper is reconstructing center store around meal solutions, moving cooking staples — e.g., oil, spices, pasta — from in-aisle to their own merchandising units alongside fresh.”

Adds Steve Abdo, SVP of marketing firm Catapult Integrated Services, in Westport, Conn.: “At Kroger, there was communication in dairy with offers for cereal and milk, coffee and creamer, crackers and dip. In each case, [it’s] tying a center store brand to a dairy department brand in a simple, relevant way that incents shoppers to purchase cross-category.”

Center store is an area where Millennials are more likely to say they would buy items on impulse, Mintel’s Owen adds. So when suggesting cross-category purchases, grocers may be able to suggest more center store products than they would items in other departments. Sampling, too, helps here to pick up incremental sales, as Millennials show a desire for trying before buying in this section.

And given that meal solutions are all about convenience, adding other forms of convenience also can help drive sales. Michael Tyson, CMO with Highland, Ind.-based grocer Strack & Van Til, notes that in the new year, his team is adding not just meal solutions, but also click-and-collect and home delivery options.

**2 Add click-and-collect or home delivery options:** As the months go by, it becomes increasingly hard to picture a world of grocery retail, especially in larger metropolitan areas, where a time-starved consumer doesn’t have the option to order groceries via smartphone and have them delivered or available for pickup nearby. In fact, 34 percent of CPG retailers today offer either click-and-collect or home delivery (direct or third-party), according to the 2016 “Trends & Research Report” from *Retail Leader*, a *Progressive Grocer* sister publication. And among the 66 percent of retailers not offering such services, more than six in 10 reported, to some degree, the likelihood that they would offer such services within the next two years.

While such services provide a number of competitive benefits to grocers, one in particular can be a boon to center store: continuous automated replenishment, a new type of shopping trip observed by Pat Walsh, VP of supply chain and business development with Arlington, Va.-based Food Marketing Institute (FMI). Center store is home to a lot of frequently purchased staples, and being able to simply set up auto-replenishment for anything from

coffee and cereal to paper towel and toothpaste not only takes items off shoppers’ grocery lists, but also creates loyalty and regular sales for grocers.

“I think there’s a lot of opportunities to grow the center store in the traditional sense,” he explains. “It just may not necessarily mean that all that growth will come in a bricks-and-mortar environment.”

**3 Draw them into the aisle, then wow them:** The entrance to an aisle should offer an enticing taste of what’s inside.

For instance, Bashas’ has been adding upgraded, designer end-cap fixtures that create a boutique look at the entrance of center store aisles, encouraging customers to enter and further explore what each aisle has to offer, according to Ashley Shick, director of communications and public affairs for the Chandler, Ariz.-based grocer.

“We are also actively evaluating the center store shelf tags to ensure that they are making an easier, more informative, interactive and engaging shopping experience,” she notes.

A helpful resource grocers can use here is Smart-Label, a program launched last year that makes it easier to find more information about products, says Jim Flannery, executive SVP, operations and industry collaboration with the Grocery Manufacturers Association, in Washington, D.C. Via the scan of a barcode, shoppers can get instant access to hundreds of product attributes.

With an increasing number of places to shop, it’s more critical than ever for grocers to differentiate and capture shopper attention, especially in center store aisles. Incorporating in-aisle multisensory experiences that attract and encourage product interaction extends time in center store and increases basket size.

“Outside of food, incorporating emerging technology in nonfood categories, like Whole Foods’ Whole Body interactive mirror in their health and beauty section, provides a fun and engaging way to recommend new products to shoppers, based on their ‘aura,’” Daymon’s Holbrook notes. “I’ve seen many creative ways to bring engagement into store aisles, and some are so simple, yet effective.”

Strack & Van Til’s Tyson notes the importance of converting “quick trips” into “longer, exciting trips.” Center store, by informing and romancing shoppers, can do this.

“We need to convert secondary shoppers into primary shoppers,” he says. “Knowing the customer directly by store is key to ensuring these opportunities are met.”

**4 Focus on healthier eating:** Whether products are natural or organic, free from allergens or loaded with superfoods, consumers are flocking to items with health-and-wellness benefits faster than ever.

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**CLASSY CAPS**  
Bashas' has added designer end caps that create a boutique look at the entrance of center store aisles, encouraging customers to enter and explore further.

And grocers see a “huge upside” if they’re quick to respond, Nielsen’s Rost observes.

“Shoppers are looking to fill their shopping carts with healthier items, which provides numerous opportunities for all grocery stores,” Bashas’ Shick says. “Overall, integrating natural and organic sections and products to the center store is changing the look and feel of every aisle.”

This applies even to pet food, which is gaining more space in center store, she adds. Pet owners think of themselves more as “pet parents” and want only the best for Fido or Mittens. Therefore, more healthful and natural options here are favored.

But free-from, natural and organic products don’t have to be the only ones positioned as healthful. Many traditional canned foods can be marketed as containing all of the nutrients found in their fresh counterparts, but also available year-round and conveniently packaged.

Canned fruits and vegetables, for instance, are picked and packed at the peak of freshness and are as nutritious as — or even more nutritious than — their fresh counterparts, says Katie Toulouse, communications manager at the Pittsburgh-based Canned Food Alliance. Additionally, canned beans are a convenient source of fiber.

“Last year, we provided over 60 supermarket dietitians with toolkits to help them communicate the benefits of canned produce within their stores. This includes a What’s Inside the Can display for use in store demos or in media segments,” she notes. “It’s accompanied by an online toolkit that offers seven themes. Each theme has a recipe, talking points, a sample Tweet and a consumer-friendly educational handout to support the theme.”

### 5 Offer destination private brands:

Consider that in 2015, 97 percent of Millennials said that they were more likely to buy store-brand products over name-brand ones, Mintel research shows. Also consider that 70 percent of Millennials who purchase store brands believe that the products are of higher quality than they used to be, and 42 percent even believe that store-brand goods are more innovative than national-brand ones. Now, in an area of the store that could use a shot of innovation, couldn’t unique, quality store-brand items have the potential to boost sales — especially among the highly valued Millennial demographic?

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Bashas’



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“In an era of brand agnosticism, retailers have tremendous opportunities to better leverage and capitalize on their private brands,” Holbrook points out. “Uniquely positioned to better address the needs of their trading area, private brands are evolving from national-brand equivalents to destination brands, aligning with the latest culinary and wellness trends.”

For instance, San Antonio-based grocer H-E-B brings hyperlocal food and flavors to private brands via its TX Street Eats product line of food-truck-style foods. And Netherlands-based Ahold Delhaize, at its U.S. banners, creates “artificial scarcity” through its “Limited Time Originals” cross-category platform, bringing together unique items across the store based on seasonal flavor profiles such as Limoncello and Honeycrisp Apple, available only for a proscribed time.

“These types of approaches to private brands,” Holbrook explains, “can help drive traffic while boosting sales — and profitability — of center store.”

Bashas’ Shick agrees: “Private label brands continue to break barriers as they move past a price-only merchandising strategy. Private label items have become more category-specific, like Topco’s Simply Done brand for nonedible products, and are attracting new customers in different ways through increased marketing and branding appeals, like Topco’s Culinary Adventures brand that targets the Trader Joe’s product image.” **PG**