

# ‘Center’ of attraction

Organic and natural/free-from private-branded products can help retailers revive the center store

**G**rocery’s center store isn’t exactly hustling and bustling with activity these days. According to a recent report from research firm Mintel, the center store — with its array of frozen and shelf-stable packaged food categories — has generated minimal growth recently.

Here’s a startling statistic: While center store sales rose 7 percent between 2011 and 2016, the number is actually only 1 percent after being adjusted for inflation over the five-year period, according to Mintel.

Meanwhile, the party can be found in the grocery store’s perimeter departments, where Mintel says consumers perceive foods to be fresher, healthier and tastier and where growth is soaring.

But despite the center store’s flat-as-a-cookie’s performance, there is opportunity to grow it — with the focus on private brands. Organic and natural/free-from store brands can rejuvenate the center store.

Consider ShopRite as an

example. Last December, the Keasbey, N.J.-based-retailer introduced Wholesome Pantry line, a comprehensive line of organic and free-from foods that includes hundreds of items. Many of the products introduced at ShopRite’s 270 stores in New Jersey, New York, Connecticut, Maryland, Delaware and Pennsylvania include center store items.

Wholesome Pantry’s organic line complies with standards set by the USDA National Organic Program. Its free-from line includes products void of 110 ingredients and contains no artificial additives, flavors or ingredients.

“We’re pleased to report that our Wholesome Pantry store brand has created excitement throughout our entire store, including center store,” says Loren Weinstein, director of private label/branding at ShopRite. “We’ve found that since we launched in December, many of our customers are now specifically shopping this brand. Consumers of all ages are clamoring for products that are simple and have transparent labeling — and that is a key message of this line.”

By Lawrence  
Aylward

“From a product standpoint at center store, consumers are really enjoying our award-winning nut butters; our selection of bagged snacks such as nuts, fruits and trail mixes; as well as other popular items, such as our Wholesome Pantry Organic Apple Cider Vinegar.”

### Organic continues to surge

Eighty-eight percent of U.S. households have purchased organic food and beverages in the past year — a trend that’s growing in strength as consumers increasingly turn to more healthy and clean options in food, beverage and non-food categories like personal care, according to a recent report from Nielsen.

Retail measurement data validates the shift. In the year ended Sept. 2, dollar sales of UPC-coded organic products grew 9.8 percent, and unit volume increased 11.4 percent compared to the previous year, Nielsen stated.

Organic growth is also spreading across the store, according to Nielsen. While fresh departments are top drivers of success for retailers with organic offerings, there are other opportunities for growth across center store aisles that carry shelf-stable packaged goods, dairy and frozen foods, Nielsen reports.

In addition, while natural and fresh outlets account for 26 percent of organic spend, share has started to shift in the last two years. For instance, warehouse/club stores, which gained 0.8 percentage point in the past two years, now represent 27 percent of the total organic spend. Supermarkets, mass merchandisers and discount grocery channels now represent a combined 25 percent share of organic spend, up 2 percent from two years ago, according to Nielsen.

Enter private brands, which offer organic products at a more affordable price than national brands. When looking at the average price for a selection of organic items, the private brands basket was 18 percent less expensive than the branded basket, according to Nielsen’s research.

“For retailers looking to boost their organic sales at price points that resonate with the average shopper, investing in private-branded organics may open doors to a larger set of consumers on the hunt for healthier foods, regardless of which channel they shop in,” Nielsen states in the report.

Back to the center store. According to Mintel, young adults are far less likely to shop center store at supermarkets. But consider this: More than half of 18- to

29-year-old Americans actively try to include organic foods in their diets, compared with one-third of Americans who are 65 and older, according to a recent Gallup Poll.

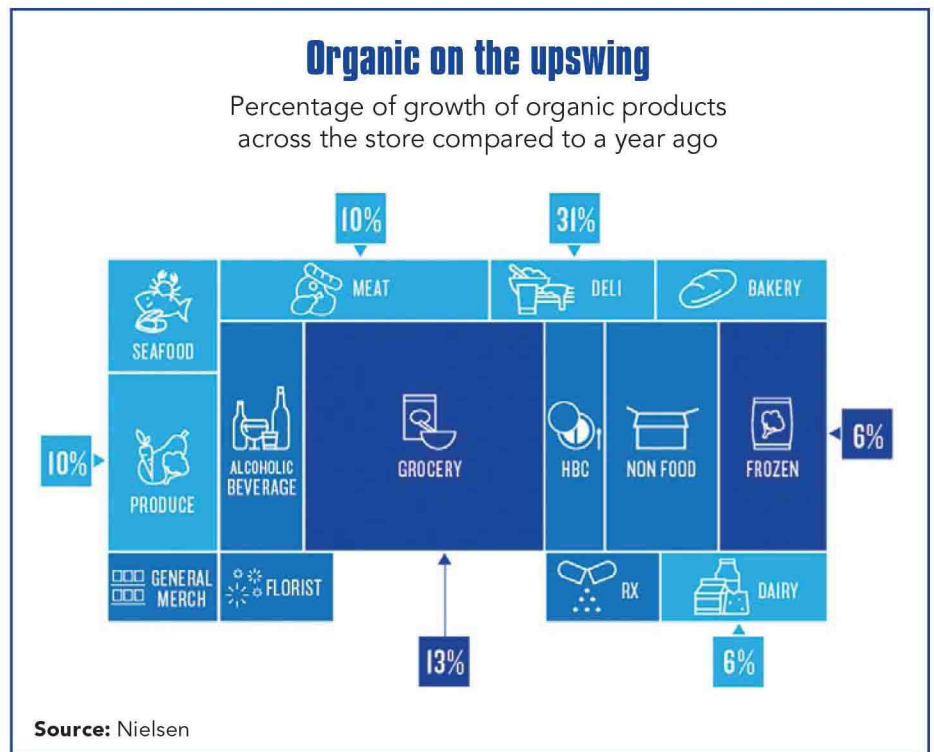
What’s more, among U.S. parents, more than five in 10 (52 percent) organic buyers are millennials. And they are purchasing organic products on a regular basis, according to the Organic Trade Association’s “U.S. Families’ Organic Attitudes and Beliefs 2016 Tracking Study.”

While Mintel’s study says food shoppers aged 18-34 are only about half as likely as those aged 55 and older to cite grocery stores as the channel they shop most often for center store foods, Mintel also points out that young food shoppers are also more likely to shop for center store food at natural food stores or specialty/gourmet stores. It’s a reason for grocery retailers to boost center store sales with organic and natural/free-from products.

In its report, Mintel also notes that shelf-stable grocery items and frozen foods are far less likely than fresh produce and fresh meat to be seen as healthy, tasty or fresh, a disparity that may help to explain why center store sales growth lags that of the perimeter and why food retailers looking to differentiate themselves have invested in the perimeter. Again, this is another reason for grocery retailers to boost center store sales with organic and natural/free-from products.

“It’s logical that if you want to boost center store sales, why not put in more organic and natural products, which are selling better?” says Carl Jorgensen, Daymon’s director of global thought leadership/wellness.

The most-favored fare among private label organic products in order are fresh produce, milk and eggs.



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No surprise there. But No. 4 on the list, according to research from Daymon, is canned organic vegetables.

“Organic consumers seem to have the reputation of wanting everything fresh, but there are certain foods for the sake of convenience that they are willing to buy in canned form and frozen form,” Jorgensen says, citing frozen organic pasta as also a rapidly growing category at center store.

Jorgensen says Daymon has been examining the relationship between center store and the perimeter. “What we have found is a phenomenon we call ‘the participation halo of fresh,’” he says.

The halo begins in the fresh section with produce, which has expanded to prepped fresh fruit and vegetables, Jorgensen says. Then the halo expands to other fresh-related categories, such as prepared meals, bakery, meat, seafood and deli.

“But then look out a little further as you are thinking about this halo,” Jorgensen says. “In consumers’ minds and in their shopping behavior, how does fresh translate a little bit further afield?”

The answer is organic and natural/free-from products. “All of these attributes fall within the same fresh halo,” Jorgensen says. “Even center store shelf-stable products that have those attributes resonate with the consumer who has been migrating to the perimeter. So if you really want to revitalize center store, you need to emphasize products that have those characteristics and those propositions.”

And you need to make them stand out.

“Wholesome Pantry’s distinctive packaging makes it a standout on the shelves, as does its robust in-store merchandising campaign,” Weinstein adds.

When it rolled out Wholesome Pantry, ShopRite implemented a multi-tiered marketing campaign, in-store signage and shelf-talkers to inform shoppers about the line. In addition, the retailer’s team of more than 130 in-store dietitians host demonstrations and provide product



## Sales Boosting Strategies

suggestions and recipes featuring Wholesome Pantry items.

“We also continue to employ an omnichannel marketing program that supports the line’s brand promise across multiple platforms,” Weinstein says, noting the products are available online through the retailer’s ShopRite From Home service. “The overall effect is cumulative, but the most important element is that our shoppers have told us that they appreciate the quality and transparency that these products deliver.”

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Weinstein calls continued consumer demand for organic and natural/from-from products “a bellwether moment,” including at center store.

“I don’t think there’s going to be any turning back,” he adds. “We know that consumers are looking for transparent, simple ingredients. We know people are more concerned about what’s in the products they buy

than ever before. We know consumers want organic and free-from items at affordable price points. I think this is a growing movement that’s here to stay, and we fully expect to continue to develop products and items that align with our consumers changing needs for the long run. And we plan to continue to increase the portfolio of Wholesome Pantry products, both center store and total store, to further expand the assortment and variety we offer our customers.”

Jorgensen says growth in organic and natural/free-from foods will not stop anytime soon.

“When you consider overall that about 5.3 percent of food sales are represented by organic, that leaves a lot of room to grow,” he adds.

And that includes the center store. When it comes to private brands, what better way is there for a store to say to its customers that it wants to partner with them in their wellness journeys by offering them an increasing variety of organic and natural/from-foods as store brands, Jorgensen asks.

“Your private brand is your ambassador,” he states. “It says who you are as a retailer.” **SB**

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