



# Fresh Centricity

Create solutions for shoppers to extend the perimeter's pull throughout the store.

By Jim Dudlicek

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—Mimmo Franzone,  
Longo Brothers  
Fruit Markets

**I**s “category management” a thing of the past? If grocers are supposed to be selling whole meals, not just ingredients — solutions, not just products — the concept of categories necessarily has to be expanded beyond its traditional limits. The future lies with the synergies between fresh perimeter categories and the rest of the store.

“We strongly believe that creating solutions for our customers keeps them engaged,” says Mimmo Franzone, director of produce and floral for Vaughan, Ontario-based Longo Brothers Fruit Markets Inc. “We constantly work very closely with other fresh departments, like meat and seafood, to create meal solutions and ease of shop.”

Some examples at Longo’s: merchandising lemons in the seafood department, and mushrooms, cut vegetables, baking potatoes and corn lined in or beside the meat cases. “Also, recently, we have merchandised fresh potted herbs in our meat and seafood departments, along with recipes that pair up the herbs with a specific protein,” Franzone explains.

“We also work very closely with the center store team to create customer-centric experiences. In

our produce departments, we incorporate dry good items into our displays, which allows our customers to have a meal/recipe solution,” he continues. “For example, you can always find Longo’s olive oil and balsamic vinegar adjacent to our packaged salad category, whipped cream and flan cake shells displayed by our entire berry category, and salsa, black beans and tortilla chips merchandised right beside our pre-ripened avocado display.”

Granted, cross-promotions can be challenging due to varying temperature demands for products across categories. But portable meat display cases can be moved into other departments, such as produce or even wine and spirits, to display or inspire meal solutions for shoppers, notes Kari Underly, founder of the Chicago-based Muscolo Meat Academy, a retail butcher certification program.

“Be sure to feature a traffic-generating item or use this space to pick up margin,” advises Underly, author of “The Art of Beef Cutting” and principal of Chicago-based meat marketing consultancy Range Inc. “But do not be tempted to put an unseasoned meat clerk at the case. Rather, put your store chef or a seasoned staff member with confidence to recom-





### CHANNEL BLURRING

Consumers no longer confine food shopping to the traditional grocery store.

They now selectively pick from a variety of formats and outlets, depending on the occasion, type of food and channel that best meets their needs and expectations.

mend a meat cut and how best to pair it with other items in the produce department of the store.”

Megan O'Connor, Muscolo's co-founder, adds: “Employees in the meat department need to be educated and confident when talking to consumers. They must know the category extremely well and should be able to sell every cut in the counter. If not, the meat buyer may be stuck with product they projected to sell. And consumers aren't leaving satisfied.”

Cross-promotion initiatives work best when meat is marketed with featured or advertised products, or seasonal profitable promotions, asserts Underly, who says she's disappointed by the “lack of innovation when it comes to new store formats in the meat department.”

She elaborates: “The typical retail format has meat cases along the back of the store, because we can easily

wire them with refrigeration. New technology allows us to bring the meat case to the center of the store. For example, put a portable case near the fresh tortillas

## Fresh Food Channel Blurring

Most Frequent Channels\*

Food Categories	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Fresh produce			
Refrigerated dairy foods			
Fresh meats & seafood			
Fresh bread			

### LEGEND



Grocery



Mass/Super



Specialty/Natural



Local\*\*

\* Based on index scores (at least 115)

\*\* Local: farmers' market, butcher, fish market, community-supported agriculture (CSA), etc.

Source: “Food Shopping in America 2014” report, The Hartman Group

and salsas, and merchandise your ethnic meat cuts accordingly (i.e., arracherra, tampiquena, chorizo)."

Or add a 4-foot upright paleo section in the health trend-focused area of the store, Underly suggests, and merchandise grass-fed beef, antibiotic-free pork, organics, or fresh house-made sausages, and bacon and jerky, along with fresh-cut poultry.

### Understanding Shoppers

How can grocers determine what fresh category management initiatives are most effective for them?

Todd McCourtie, senior director for solution strategy at Scottsdale, Ariz.-based retail-planning consultancy JDA Software, advises that retailers take the time to understand shopper behavior data in targeting prime opportunities for fresh food, and how demographics unique to their market areas play into

understanding them at a local level.

What ingredient staples support meal creation? How price-sensitive is the typical shopper to fresh products? How much traffic will fresh promotions drive? What's the demand for specialty fresh, like organic, and what's the demand elasticity for those goods? What are shoppers' expectations in terms of variety, price, quality and convenience? How do produce and center-of-plate items impact brand image?

"You are seeing a trend with the likes of Whole Foods, Meijer and Fry's to blend in ready-to-go options based on time of day, with meal solutions tied around center of the plate," McCourtie observes. "There are also trends around wines being directly incorporated into the fresh areas to not only complement the meal, but drive

## Natural Products Are Driving Fresh Sales

By Daniel Lohman

Natural products are driving growth in almost every category. Shoppers are looking for healthier alternatives to supplement their diets. They're reading labels because they want to know what's in their food and how it was produced.

But what about the fresh department? How can retailers capitalize on these important trends in the fresh department to satisfy their shoppers' needs and attract new loyal customers?

First, retailers need to understand what's driving the trends in natural. Natural or better-for-you products are capitalizing on shoppers' demand for products that fully meet their nutritional needs. This includes unprocessed or minimally processed products. This also includes the raw ingredients that the products are made from, like grass-fed animals.

At the heart of the natural product movement are words like "authenticity" and "transparency." Many consumers believe that "non-GMO" is "better" than organic, but non-GMO simply means that the seeds used to grow a plant aren't genetically modified. It doesn't dictate how the crops are cultivated.

Only certified-organic products come with the promise of not containing pesticides and herbicides. Many organic products have "clean labels," meaning there's complete transparency and authenticity in every step of how they're made, from the raw ingredients to the final product. This frequently includes sustainable farming methods and giving back in the form of fair wages to growers.

A retailer that wants to be a market leader in better-for-you products needs to offer a healthy balance of natural/organic products to enhance and augment its current product selections.

The fresh department is the entry point for consumers who want healthier products. This is where they begin to explore nutritional options to decide what products will best meet the needs of their families. For example, several experts recommend that children drink only organic milk produced by cows that aren't treated with antibiotics and are given GMO-produced feed. Others may want fruits and vegetables free of pesticides and herbicides.

The important point here, regardless of retailers' beliefs regarding organic products, is that consumers want choices. Shoppers want to make choices based on their beliefs, wants and needs. Retailers willing to provide well-merchandised, quality choices will reap the benefits of increased category sales, loyal shoppers and a reputation for being customer-centric.

An added benefit of this strategy will be the opportunity for the retailer to help educate shoppers about healthy alternatives.

Several retailers have deployed nutritionists throughout their chains; other have adopted product nutrition-grading scales. Some retailers effectively use both.

These initiatives enable a retailer to develop a more intimate relationship with its shoppers. This is perhaps the best form of sustainable customer loyalty program. Shoppers want and need to be appreciated and valued. Sometimes, the best way to accomplish that is to partner with them to help them reach their goals for health and vitality — and the happier life that comes with them. **PG**



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natural affinities with fish, meat and produce. The physical shopping experience is critical with fresh foods, as consumers normally equate fresh foods with health and expect clean, visible and colorful shopping environments that inspire confidence in the quality of product."

While shoppers are generally trending toward convenience and health, McCourtie says that "the fresh areas aren't always set up for convenience. Provide more meal-ready solutions and complementary items — salad dressings, marinades, cheeses and wines, pizza kits, pastas, and breads — that create a more convenient shopping experience for those shoppers looking to quickly assemble that day's meal. Pre-packaging fresh meals also provides convenience, as do pre-order kiosks for areas in the stores like deli."

McCourtie stresses the idea of selling the meal, not just the ingredients. "You can capture more share of the fresh dollar by having ready-made offerings by time of day, understanding traffic and moving more items closer to the fresh area," he says, adding that progressive grocers "are building ingredients like spices, broths and other items into their fresh areas to complement the meal solution."

### **Understanding Demographics**

There are also category growth opportunities within key demographics.

To differentiate its produce and attract new retail partners, Coral Gables, Fla.-based Turbana, an importer of bananas, plantains and pineapples, has introduced a new line of tropical fruits and vegetables, called Turbana Tropicals.

The new line targets the "New Mainstream" population, particularly Hispanics and Asians, who often overindex in the fresh produce category because they are shown to consume more fruits and vegetables; cook from scratch more often, and either have larger average households or greater spending power than the general population. By selling new produce that caters to these groups' heritages and traditions, Turbana aims to help its retailers better serve their multicultural consumer base.

Some preliminary education was necessary, however. "Our retailers

understood that these populations are growing, but they do not understand what these groups are looking for," explains Marion Tabard, Turbana's marketing director. "When it comes to many of our products, they were literally clueless. With limited time and knowledge, produce managers have too much on their plate. To them, tropical produce is another headache, not an opportunity."

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To remedy the problem, Turbana moved to demonstrate the revenue that tropicals can bring. The strategy was anchored by Miami-based Geoscape's RetailTarget module, which allows produce managers to see the exact ethnic demographic breakdown in their stores' trade areas, and match their assortments accordingly. "We show our retailers the potential of these markets around their stores, and Geoscape's relevant data makes this opportunity possible," Tabard says. Turbana takes the education process one step further, with detailed pages about each product's usage and characteristics, including potential holidays when certain ethnic groups consume larger amounts of select produce. "Multicultural means that a high degree of customization is necessary," Tabard notes.



As a result, Turbana's tropicals business grew by more than 300 percent in 2014; one of its retailers reportedly increased sales 30 percent in less than six months. **PG**

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