



**WALMART'S  
FOODIE  
MAKEOVER**

**1 OPEN FLOOR PLAN**  
Shelving is closer to the ground to open up sight lines.

**2 WOODEN CRATES**  
Okay, it's not real wood, but the look is decidedly farmers' market.

**3 AESTHETIC ARRANGEMENT**  
Fruits of a color are stacked together for effect.

**4 CHALKBOARDS**  
You may recognize them if you've been to a Whole Foods recently.

**MACRO**

deceptively simple: Put leafy greens closer to the front of the store, replace black plastic crates with ones that look like wood for a farmers' market feel, and group like-colored produce to create a visual pop. Another key part of the transformation will be lowering display cases and opening up floor space so that shoppers can see clear across the food area, lending it a higher-end feel. It's even adding faux chalkboards, evoking a Whole Foods.

As for other foods, Walmart is emphasizing things like 100% grass-fed beef and antibiotic-free meat, it now prepares 60% of bakery items on site, and it's putting more refrigeration on the floor so that less food lingers in back rooms—which increases freshness and means less running back and forth by workers.

So far the effort seems to be working. Walmart's U.S. comparable sales have risen seven quarters running, and shopper traffic has increased for six, making it a standout in a sea of laggard retail brands. But the stakes are high: About half the company's total sales come from the grocery aisles it's remaking. Fresh food "is a major traffic driver," says Kantar Retail's Laura Kennedy. "They need people to come into the store to buy it." **FB**

**SMACKDOWN IN AISLE 1**

**THE 500'S FOOD FIGHT**

WALMART IS RETHINKING GROCERIES, ITS MOST IMPORTANT BUSINESS. IT'S NOT ALONE. BY PHIL WAHBA

**THE LARGEST** company in the U.S. by revenue is also the country's biggest grocer; its branded stores sold Americans \$167 billion worth of food last year. But increasingly, the titan's food supremacy is under assault.

At the lower end, no-frills discount chain Aldi is expanding aggressively and loading up on organic fare. At the higher end, Whole Foods is launching

its 365-branded discount chain. Kroger is pushing better in-store service and fancier private brands. And Walmart archival Target is plotting a multibillion-dollar grocery reinvention.

What's an incumbent leader to do? In this case, rethink everything. Walmart is in the process of overhauling the layout of the food section at 3,000 stores, including super-

centers and the smaller Neighborhood Market stores, by year-end.

Inside a Walmart supercenter in Springdale, Ark., near company headquarters, Shawn Baldwin, senior vice president of produce and global food sourcing for Walmart, gestures toward rows of brightly colored vegetables. "If you do fresh well, there's a halo that goes around everything else," he says. The new initiative is called Fresh Angle and is now at 180 stores and counting. The goal is to quickly convey to customers that Walmart's food is high quality and fresh.

Some of these steps are

**THE  
COMPETITION**

**AMAZON THE 800-POUND GORILLA IN THE RETAIL WORLD IS RAMPING UP FRESH FOOD DELIVERY AND PLOTTING PRIVATE-LABEL BRANDS.**

**TARGET WALMART'S ARCHRIVAL IS PLANNING WHAT IT CALLS A "FOOD REINVENTION," A BIG-BUDGET PUSH THAT WILL FOCUS ON HEALTHIER FARE.**

**WHOLE FOODS THE UPSCALE GROCER IS LAUNCHING ITS 365 LINE OF DISCOUNT STORES THIS YEAR.**