



Keeping Center Store Relevant

5 WAYS TO REINVIGORATE AN UNDERAPPRECIATED SECTION OF THE STORE. **By Bridget Goldschmidt**

It doesn't get a lot of love these days, what with the current focus on fresh, but center store is still a force to be reckoned with.

"Center store absolutely has an important role to play in large stores, and research shows that this area of the store is a key profit driver — 75 percent to 80 percent of grocery bottom-line profit is contributed by center store," asserts Ron Hughes, senior manager of shopper strategy and innovation at the Coca-Cola Co., in Atlanta. "On the other hand, we know Millennial consumers believe the center store is uninteresting and unappealing. In fact, 25 percent of Millennials say [that] the 'center store is a boring part of the store,' and 23 percent say, 'I almost get claustrophobic when shopping center store.' Given that Millennials are a key shopper segment for growth, this presents a notable challenge."

Meanwhile, Shelley Balanko, Ph.D., SVP at The Hartman Group, in Bellevue, Wash., believes that the section "has lost a lot of relevance in modern eating. Today's consumers orient toward fresher eating and immediate consumption, so they are more inclined to shop the perimeter to meet their fresh-quality expectations and get inspired for immediate or very near-term cooking/assembly. Contemporary consumers have generalized their 'fresh expectations' from the perimeter to center store, and now use 'minimal processing' and natural product formulations as cues for 'fresh packaged' food in center store. Unfortunately, the majority of conventional center store aisles fail to have a strong assortment of such products, and thus, center store slips in relevance."

Faced with such drawbacks as these, how can the center store get its groove back? Following are some expert recommendations:

1 Engage shoppers through a spectrum of solutions: “It is important that we appeal to all cohorts, but especially Millennials,” advises Hughes. “We can do this by developing complete solutions that fit with their busy lives, that are environmentally conscious, and offer authenticity, which is very important to them. Calling out product features and benefits when defining value is very important as well.”

These complete solutions would “cross departments, from center store, frozen, produce and beverages, and ways to link perimeter purchases to key center store items can be effective,” he adds, going on to note, “Shoppers will require us to deliver on more experiential and holistic ideas across the total center store landscape.”

Balanko cautions, however, that retailers shouldn’t implement a single fix for all customers. “Provide a continuum of solutions for consumers who vary the degree of involvement in cooking/assembly from occasion to occasion,” she suggests. “Not everyone desires a complete solution or scratch ingredients all of the time.”

2 Focus on product offerings: “Despite declining to flat dollar sales earlier in the year, the center of the store continues to provide consumers with essential products to fulfill their everyday needs,” observes Jordan Rost, VP consumer insights at Schaumburg, Ill.-based Nielsen. “Encouraging the purchase of certain items can often drive higher overall basket sizes. Many center-of-store edibles rank highest as basket builders for driving larger purchases in-store,” among them popcorn and gum.

Beyond the staples, retailers should spotlight the special. “Increase the proportion of premium products – clean label, no legacy branding, contemporary cues of quality sourcing and production – to capture consumers’ attention and share of wallet,” advises Balanko. In fact, she predicts that the center store of the future will offer “a much smaller footprint with primarily young premium brands, because consumers will be increasingly interested in trading up for freshness and premium quality, and there will be little room at shelf for brands that don’t deliver on quality expectations.”

“**Identify explicit consumer needs around health and what’s considered ‘clean,’ and then make sure product label claims appropriately publicize desirable attributes to win over consumers’ dollars.**”

—Jordan Rost, Nielsen

“For products sold in the center of the store ... identify explicit consumer needs around health and what’s considered ‘clean,’ and then make sure product label claims appropriately publicize desirable attributes to win over consumers’ dollars,” recommends Rost.

For its part, Chicago-based market research firm Mintel observes that “[p]romoting premium and wholesome indulgences ... could be an effective way for retailers to drive incremental center store sales.”

The firm also puts forward a case for carrying more items that encourage shoppers to stimulate their taste buds: “[C]enter store categories that facilitate flavor exploration, such as spices and seasonings and hot sauce, ... generated better-than-average growth in [multioutlet sales] between 2011 and 2016. ... [I]nternational foods overall are projected to continue to generate moderate growth, driven by consumers’ expanding palates and exposure to a wider range of ethnic foods as the U.S. multicultural landscape evolves. The strong performance of these categories points to an opportunity to position the center store as a focal point for exploring new flavors and cuisines through serving ideas and recipes highlighted at the shelf and cross-promotions with perimeter departments.”

Additionally, recently introduced items should be highlighted for maximum impact. “Dedicating convenient space to feature new items will become pervasive” in center stores of the future, according to Hughes. “A new-item center, for example, will provide excellent visibility with shoppers and can serve as incremental display space.”



GROCERY

Center Store

3

Up the ante on merchandising:

When deciding on the right mix of items, retailers should make sure they're accessibly placed. "We must get shelf presence right," notes Hughes. "Most of us get pretty overwhelmed by too much choice. If we can make the category both visible and shoppable, then we will have a better chance of turning shoppers into buyers."

Retailers shouldn't stop there, however. "Many center store aisles today adhere to the 'come find me' approach to merchandising and product presentation," he points out. "If we want to win with shoppers, we have to make shopping a much easier task, and much more fun and exciting." One way Coca-Cola has identified of doing just that is to offer "delightful and engaging end caps that interrupt the shopping experience, providing an arresting point of difference, having stopping power and providing an enjoyable place for shoppers to convene."

Balanko agrees that retailers should be more assertive in this area, suggesting that they "merchandise to inspire consumers for a variety of meal/snack occasions."



4

Incorporate tech into the shopping experience:

“Embracing technology and social media in the in-store environment in an intentional and purposeful manner is a staple of future innovation,”

says Hughes, no doubt thinking of computer-savvy Millennial and Gen Z customers. To lure these “digitally engaged shoppers” to center store, supermarkets will need to understand the way they use technology, and adapt accordingly. “Along this journey, even social media could become a form of currency, sometimes carrying more weight than money,” he notes. “Trial will likely be leveraged through social media, i.e., Instagram photos and Facebook posts about the brand.”

Ecommerce is another important consideration. “While online shopping can deter in-store traffic, center-of-store packaged items are the top areas driving online [fast-moving consumer goods] growth, meaning potential growth opportunities for retailers and manufacturers alike,” says Nielsen’s Rost.

It’s not just the internet that retailers should be leveraging, though. “We also know that shoppers will want a mobile-led interaction and multisensory solutions with intentional use of lighting, digital, scent and sound experiences,” observes Hughes, adding, “Technologies such as informational and self-service kiosks will become more pervasive throughout the total path to purchase of the future store.”

5

Make optimal use of physical space:

Even as they acknowledge the importance of technology, supermarkets shouldn’t neglect the unique

attributes of their brick-and-mortar center stores. “Retailers are transforming their stores to amplify the benefits of three-dimensional space,” says Hughes. “The goal? To motivate store visits and loyalty by delivering a new type of value that is differentiated from what can be found on the internet.” He further notes that grocery sections of the future “will enable like-minded consumers to converge and connect in their physical spaces, especially with sampling/trial and connections with food-and-beverage pairings, which must be integrated into the traditional center store format,” and that “destinations with one-stop shops — i.e., store-within-a-store

concepts — for all similar-occasion needs will become more and more the norm and will deliver on shopper convenience.”

Ultimately, notes Hughes, “While there isn’t a perfect silver bullet to grow retail sales or re-energize the center store, we are confident that if retailers are prepared to test new solutions and try new things, they will stay ahead of the game.” **PG**