

# Future dairy aisle could add \$1b

By CLIFF GAULDIN\*

**R**ESearch shows that the dairy industry could benefit from grocery store dairy aisles that contain more of a “wow” factor.

Currently, many grocery store dairy sections leave something to be desired as shoppers spend no more time there than they do browsing canned vegetables.

“After coming out of the produce or deli department, shoppers turn that corner and tend to see this long, linear, uninterrupted space of white, sterile, not-so-shopper-friendly space,” said Scott Dissinger, vice president of sales and marketing with Dairy Management Inc. (DMI), which manages the national dairy checkoff program.

A three-year project funded by America’s dairy farmers could result in significant sales increases.

“It could raise overall dairy sales in supermarkets by about \$1 billion,” Dissinger said.

The Dairy Department of the Future research shows that a reinvented supermarket dairy section can increase dollar sales 1.6% and dairy unit sales 2-3%.

The dairy department generates superior returns on its space compared with other departments, generating 19% of store profit from 3% of store space. By optimizing space and creating a more shopper-oriented rather than operations-driven department, retailers can maximize new product potential, improve cross-merchandising opportunities and drive significant growth in sales and profits.

“The fresh perimeter departments — bakery, deli, produce, seafood, meat — have all received some type of re-imagining or reinvention or a way to bring them into the modern era of supermarket shopping,” Dissinger noted. “That same approach, at least on a broad-scale basis, has not been done in the dairy department.

Collaborating with The Dannon Co. and Kraft Foods, the project consisted of testing and research showing that in a reinvented dairy department, shoppers spend more time in the aisle, have a more enjoyable shopping experience and purchase more items overall.

Researchers analyzed 343,000 shopping trips dating back to 2006, audited 22,000 retail grocery stores, spoke with 2,500 consumers and implemented category and total dairy aisle reinvention efforts in more than 1,000 stores nationwide.

The research outlines four design principles that elevate the role of the grocery store dairy department and improve its positioning with shoppers. Each design principle describes a particular vision, including:

- **Contemporize** — changing shopper perceptions from “old-fashioned” to modern, relevant, fresh and new.

- **Dimensionalize** — slowing down shoppers by creating a three-dimensional space with cross-merchandising vehicles that answer lifestyle and usage needs.

- **Rationalize** — engaging shoppers by bringing clarity and organization

## Key Points

- Dairy generates 19% of store profit from 3% of store space.
- Retailers urged to create more shopper-oriented dairy aisle.
- Research outlines four design principles for future aisle.

to different segments.

- **Invigorate** — inspiring shoppers by communicating the value, benefits and usage occasions of dairy products.

The research reveals an opportunity to increase sales volume, according to Dissinger. In an industry that’s already moving 4 billion gal. of milk and 3.6 billion lb. of cheese annually, a 2% or 3% increase would be significant.

“Obviously, we realize it’s not something everybody is going to do tomorrow because there is a capital investment involved, but we were also able to demonstrate, by working with various industry suppliers, that there is a return on investment for brands and retailers collaborating to do this,” said Dissinger. “At the end of the day, people want to sell more product, and we’ve been able to demonstrate that you can do that.”

A new dairy department design can also help retailers emphasize the consumer benefits of dairy products, according to Dissinger.

“We’re working on a project called Path to Purchase, which really revealed that milk can be a cornerstone of a retailer’s health and wellness platform — communicating the health benefits of dairy, the fact that milk is a great anchor, that we don’t need to just put it out there at a low price but we can really talk about how it’s a natural, nutrient-rich product and really tout the benefits of milk, cheese and yogurt products,” he said.



**SHOPPER FRIENDLY:** Dairy checkoff-funded research shows that new designs in grocery store dairy sections could increase sales as much as \$1 billion while creating a more positive shopping experience. The Dairy Department of the Future research, conducted by the Innovations Center for U.S. Dairy and Dairy Management Inc., found that more imaginative dairy aisles can increase dollar sales 1.6% and dairy unit sales 2-3%.