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BUSINESS INSIGHT FOR NATURAL AND ORGANIC BUYERS

NETWORK

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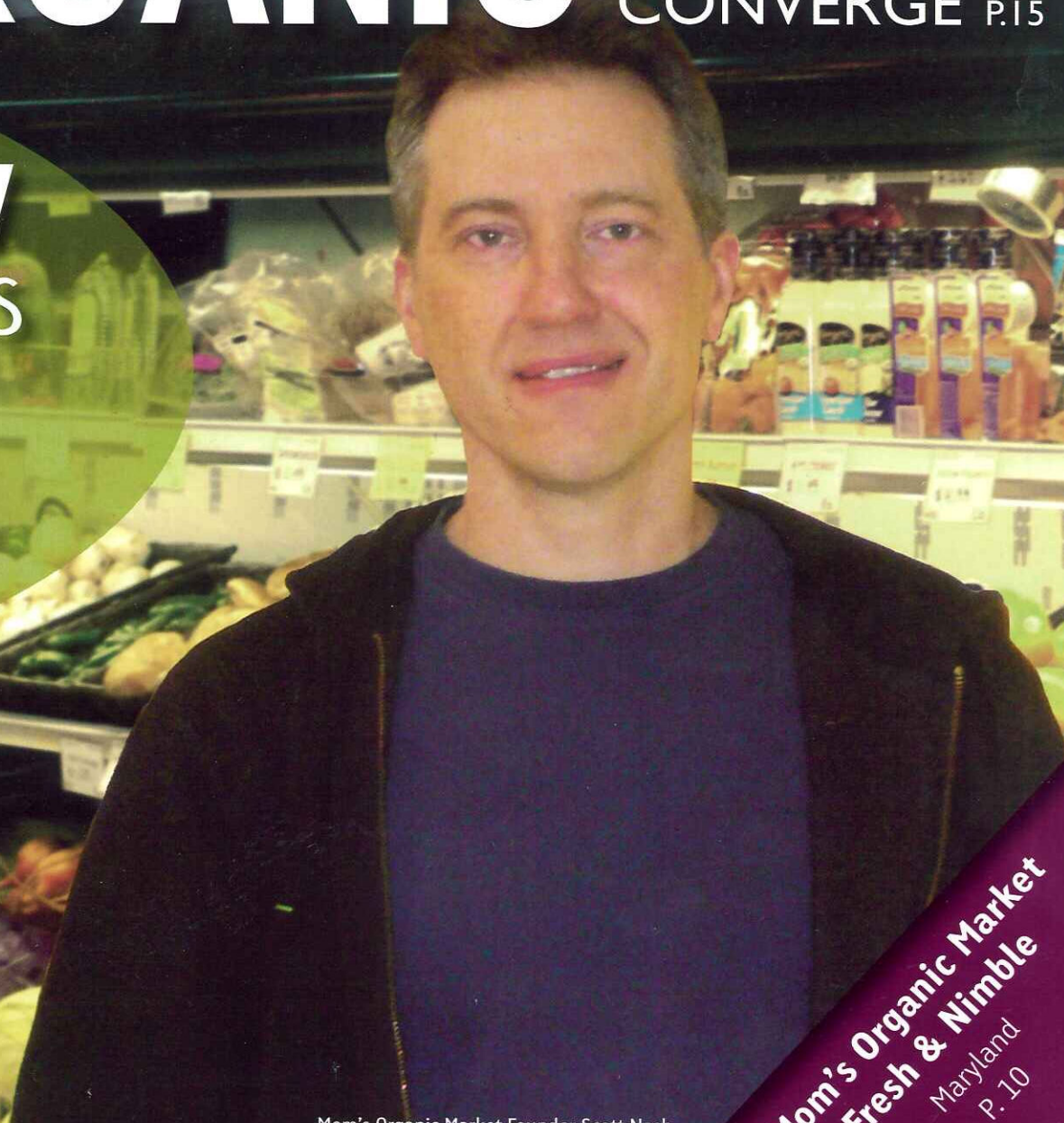
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Mom's Organic Market Founder Scott Nash



Scott Dissinger

Senior Vice President, Dairy Management Inc.™

Over a three-year period, a coalition of Dairy Management Inc.™, the Dannon Company and Kraft Foods analyzed 340,000 shopping trips, 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. Here is what they discovered.

Natural Food Network: What were some of your observations?

Scott Dissinger: The dairy department generates far superior returns on its space compared with other departments, generating 19 percent of store profit from 3 percent 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.

NFN: It sounds as if dairy departments need to be reinvented.

Dissinger: Our research shows that in many dairy departments shoppers lack emotional engagement, have difficulty

Destination Dairy

A REINVENTED DAIRY DEPARTMENT CAN INCREASE SALES AND PROVIDE POSITIVE SHOPPING EXPERIENCE

finding items, and hurry through the aisle to replenish planned purchases. In a reinvented dairy department, shoppers spend more time shopping and less time searching. They report a more enjoyable shopping experience and are more likely to purchase more dairy products and buy more grocery items overall. This reinvention provides the opportunity to increase overall dairy department sales by as much as \$1 billion.

NFN: What are some of the design elements in the dairy of the future?

Dissinger: The coalition developed the following shopper-centric design principles that elevate the role of the dairy department within the store and improve its positioning with shoppers:

- **Contemporize** — Update the look and feel of the department to make it modern, fresh and new
- **Dimensionalize** — Arrange items to fit consumers' lifestyle and needs, such as having "grab and go" or "healthy snacking" sections
- **Rationalize** — Clearly label and organize sections by putting items next to each other that make sense based on shopping behavior
- **Invigorate** — Use signs that

showcase the nutritional value and health benefits of the products, and offer samples to expand shoppers' exposure to variety

NFN: Can all this be done without an entire remodel or rebuild?

Dissinger: Absolutely. One of our discoveries is that no two stores or dairy departments are alike. We have created actionable options versus one redesign solution. Retailers can adapt our best practices and design principles to whatever format they have, tailoring it to their décor, layout and go-to-market strategy.

For information on how to reinvent your store's dairy department, contact the Innovation Center for U.S. Dairy at innovationcenter@usdairy.com. The Center provides a forum for the dairy industry to work pre-competitively to address barriers to and opportunities for innovation and sales growth.