

'Dairy Department of the Future' Launches At NGA Convention

by Innovation Center for U.S. Dairy

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Rosemont, Ill. — Tomorrow's dairy department will be on display Feb. 9 through 12 at the National Grocers Association 2010 Annual Convention and Supermarket Synergy Showcase in Las Vegas. Show attendees will get a glimpse at how a reimagined dairy aisle could increase dairy department sales by as much as \$1 billion, while creating a more positive shopping experience. Visitors to the Innovation Center for U.S. Dairy and Dairy Management Inc.[™] (DMI) Booth 114, can take a virtual walk through the

Dairy Department of the Future via a video presentation that showcases results of a three-year dairy farmer-funded project that is helping to shape the future of the retail dairy aisle.

The Dairy Department of the Future research shows that a reinvented dairy aisle can increase dollar sales by 1.6 percent and dairy unit sales by 2 percent to 3 percent. The dairy department generates 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.

“The dairy industry continually explores innovative ways to increase demand for nutrient-rich dairy products,” said Thomas P. Gallagher, chief executive officer of the Innovation Center for U.S. Dairy and DMI, which manages the national dairy checkoff program on behalf of the nation's dairy farmers. “By building a coalition with The Dannon Company and Kraft Foods to creatively reimagine the way dairy is merchandised at retail, we proved a significant opportunity exists for the dairy industry and retailers alike.”

The coalition's comprehensive testing and research show that in a reinvented dairy department, shoppers spend more time in the aisle, have a more enjoyable shopping experience and purchase more items overall. Starting in 2006, the coalition analyzed 343,000 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.

Shopper-focused design principles

The research outlines four design principles and eight best practices that elevate the role of the dairy department within the store and improve its positioning with shoppers. They serve as actionable options versus one redesign solution, allowing retailers to adapt them to their unique needs, including their format, décor, layout and go-to-market strategy. Each design principle describes a particular vision:

- **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 to different segments.
- **Invigorate:** Inspiring shoppers by communicating the value, benefits and usage occasions of dairy products.

Shoppers described their experiences in the reinvented dairy department more favorably than before the enhancements. They reported that they liked how the new department was presented, believed the changes made shopping easier and indicated that the new look created a more welcoming experience.

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Innovation Center for U.S. Dairy provides a forum for the dairy industry to work pre-competitively to address barriers to and opportunities for innovation and sales growth. The Innovation Center aligns the collective resources of the industry to offer consumers nutritious dairy products and ingredients, and promote the health of people, communities, the planet and the industry. The Board of Directors for the Innovation Center represents leaders of more than 30 key U.S. producer organizations, dairy cooperatives, processors, manufacturers, and brands. The Innovation Center is supported and staffed by Dairy Management Inc.TM For more information, contact innovationcenter@usdairy.com or visit USDairy.com.

The Dannon Company is America's founding national yogurt company and continually leverages its expertise to develop and market innovative cultured fresh dairy products in the United States. Headquartered in White Plains, N.Y., Dannon has plants in Minster, Ohio; Fort Worth, Texas; and West Jordan, Utah; and produces approximately 100 different types of flavors, styles and sizes of cultured fresh dairy products. Dannon is a subsidiary of Danone, one of the world's leading producers of packaged foods and beverages, and Dannon is the top-selling brand of yogurt products worldwide, sold under the names Dannon and Danone. For more information, please visit www.dannon.com.

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and dressings, Maxwell House coffees and Oscar Mayer meats, to global powerhouse brands like Oreo and LU biscuits, Philadelphia cream cheeses, Jacobs and Carte Noire coffees, Tang powdered beverages and Milka, Côte d'Or, Lacta and Toblerone chocolates, our brands deliver millions of smiles every day. Kraft Foods (NYSE: KFT) is the world's second largest food company with annual revenues of \$42 billion. The company is a member of the Dow Jones Industrial Average, Standard & Poor's 500, the Dow Jones Sustainability Index and the Ethibel Sustainability Index.

Source: Innovation Center for U.S. Dairy

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