

# SN

SUPERMARKET NEWS

## The New Strategists

SN profiles five decision-makers who face fresh challenges in 2010 — Page 12

**executives TO WATCH 2010**



## Blizzards A Boon to Retailers

By JON SPRINGER

WASHINGTON — Supermarkets along the East Coast last week braved a pair of heavy snowstorms — and their associated shopping sprees.

Dubbed “Snowmageddon,” the storms contributed to record-breaking annual snowfall totals here and in places like Maryland, Delaware and parts of Pennsylvania and New Jersey. They brought strain to supermarkets, but also plenty of business, particularly among shoppers who stocked up ahead of the first storm Feb. 5, then experienced lengthy power outages before a second helping of snow five days later.

“Fortunately, we had a  
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NGA SHOW

## Communication Key to Thwarting Regulations

By ELLIOT ZWIEBACH

LAS VEGAS — Retailers should spend more time talking with consumers to determine what they want to buy rather than leaving it up to the federal government to make those decisions, a panel

of industry executives told the National Grocers Association’s annual convention here last week.

Joe Sheridan, executive vice president of Wakefern Corp., Keasbey, N.J., said the industry needs to make more information accessible to consumers “to give them the choice to make the right decisions on their own. But a lot of us are wrestling with the proper amount of information to give to avoid government regulations.

“And given Mrs. Obama’s ‘war on obesity,’ I’m sure the various Cabinet departments will move soon to put out more regulations.”

More NGA Show coverage on Pages 6 and 8

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# DMI Unveils New Dairy Department of the Future

By MATTHEW ENIS

Enhancements to dairy departments in new or remodeled supermarkets could generate incremental volume of 14,000 to 28,000 dairy units annually per store, according to research compiled by Dairy Management Inc., the Dannon Co. and Kraft Foods.

Since 2006, the coalition has compiled and analyzed data from 340,000 shopping trips, 22,000 retail supermarket audits, 2,500 consumer intercepts, and category and department “reinvention activities” in more than 1,000 retail stores. One result has been the “Dairy Department of the Future,” a virtual prototype developed to illustrate the best practices gleaned from the coalition’s research, which DMI debuted at last week’s National

Grocers Association’s Annual Convention in Las Vegas.

“When you look at gross margin return on investment, a dollar spent in dairy is going to give you better returns than just about any other department in the supermarket,” said Scott Dissinger, senior vice president of DMI, the producer-funded organization that helps manage promotional efforts at the American Dairy Association, the National Dairy Council and the U.S. Dairy Export Council.

“It has been this sterile department that quite often is at the end of the shopping trip,” he told SN. “Shoppers blew in and blew out, and made rote purchases. It’s not a delightful shopping experience.”

The coalition’s research contends that dairy departments net grocers 2.6 times

more true profit per base foot than the produce department, and 6.2 times more than the grocery department. However, DMI’s “Dairy Department of the Future” report argues that most merchandising schemes don’t tend to treat dairy as a modern department. With the common linear, two-sided layout of dairy aisles “dairy is treated as another ‘center-store’ category rather than as a leading fresh-food department,” the report reads.

The virtual prototype developed by DMI presents some high aspirations for the new department. Located adjacent to produce near the entrance of the store, the department’s coolers are spaced widely apart, and feature endcaps with grab-and-go dairy, juice and eggs. In between the coolers there is plenty of room for smaller



The prototype features wide aisles with cross-merchandising kiosks in between.

coolers, meal solution centers and portable cross-merchandising displays such as a sandwich center with a selection of deli meats, sliced cheeses and bread, and a sampling kiosk where shoppers can try out new products. The milk area remains on the back wall, to preserve traffic flow patterns.

Employing some or all of these suggestions will make the department easier to shop, will offer stronger freshness cues in the area, will foster more shopper interaction and engagement with dairy products, and will allow retailers to merchandise products more intuitively, among other best

practices, the report suggests.

Noting that many of the changes suggested by the prototype would only be feasible in a newly built store or a whole-store remodel, Dissinger said that DMI hopes the virtual prototype can give retailers a new sense of the dairy department’s potential.

“We’re trying to get away from that very long, white, sterile dairy department/aisle, and turn it into something much more engaging,” he said.

“It’s the collective power of all these best practices that would make it work. It’s the concept of shopping, not searching.”