

Retailers Join Effort to Enhance Dairy Merchandising

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Eight grocery retailers are partnering with the Innovation Center for U.S. Dairy to gauge consumer acceptance of new dairy merchandising solutions designed to reinvigorate the category by making it more shopper-friendly.

“The dairy merchandising solution concepts build upon dairy department reinvention best practices that are proven to drive sales,” said John Stephens, who chairs the Rosemont, Ill.-based Innovation Center’s research and insights committee. “They position dairy and complementary products together to increase sales by addressing shopper needs at various meal occasions. By introducing total solutions that include dairy and make shopping for meals enjoyable and convenient, the dairy merchandising solution concepts will help enhance consumer engagement. They also create an added opportunity for retailers to differentiate from the competition.”

Over the next three months, the pilot tests will track sales lifts and consumer reactions at select Brookshire’s, Harris Teeter, Food City, Roche Bros., Save Mart and Weis Markets stores. When testing is complete, the Innovation Center will analyze the findings, and a final report will be released in early 2012 with proven merchandising recommendations for retailers.

Initial research tested 16 go-to meal solution concepts, centering on breakfast, dinner and snacking eating occasions. Consumer input helped identify the six strongest concepts for pilot testing.

The concepts that are being tested in-store create solution-based interest areas that emphasize freshness, including:

- **Breakfast Zone:** A section within the dairy department highlighting quick, satisfying breakfast recipes for easy weekday preparation.
- **Fuel Your Day:** A snacking area highlighting nutritious, hunger-satisfying options for between or with meals, including protein-packed dairy products.
- **What’s for Dinner:** An end cap that creates one-stop-shopping for a creative, family-pleasing dinner that’s easy to prepare.
- **Chef’s Creation:** A merchandising area that showcases restaurant-quality meal solutions for the adventurous home chef.
- **Perfect Pairings:** A place that cross-merchandises complementary dairy products in the produce section to provide well-balanced snack options.

Dairy continues to be a profit center for retailers; accounting for 19 percent of store true profit with just 3 percent of store space, the dairy department is one of the strongest contributors for

grocery retailers. In fact, the Center reports, for every \$1 invested in inventory, dairy yields \$16 in annual profits.

The pilot test is just one way the dairy industry and grocers are collaborating to realize the dairy department's full potential. The retail advisory panel is an initiative of the research and insights committee that works closely with retailers to identify pre-competitive strategies for growing dairy sales. Retail partners of the [Innovation Center](#) include Brookshire's, Harris Teeter, Food City (K-VA-T), Northgate Markets, Roche Bros., Roundy's, Save Mart and Weis Markets.