

# GROCERY HEADQUARTERS

## Q&A with Rebecca MacKay, Innovation Center for U.S. Dairy

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Rebecca MacKay, vice president, strategy, insights and planning, for the Innovation Center for U.S. Dairy talks to *Grocery Headquarters* about its recent research into merchandising trends and consumer needs.

### Grocery Headquarters: How does the Innovation Center for U.S. Dairy's work benefit retailers?

**Rebecca MacKay:** Since our founding in 2008 by U.S. dairy producers, the Innovation Center for U.S. Dairy has had a history of partnering with grocery retailers to help identify win-win opportunities to grow dairy sales. Our most recent research offers merchandising best practices that tap into key trends and consumer needs, such as increased focus on health and wellness and a desire for more homemade meals.

We developed and tested dairy meal solutions merchandising concepts that provide shoppers with a complete solution: product usage suggestions, recipes and all the key ingredients in one convenient location.

We tested this approach with several retailers and proved it can drive double-digit increases in both dollar sales and units sold on average. The resulting industry report builds a solid business case for implementing dairy meal solutions merchandising and provides best practices to help optimize success.

### How is dairy meal solutions merchandising different from cross-merchandising?

Unlike cross-merchandising, a specific consumer need is central to the dairy meal solutions approach. With this strategy, retailers move from product-providers to solutions resources because it goes beyond grouping complementary SKUs together. Instead, dairy meal solutions merchandising seeks to answer shoppers' higher-level needs, such as the desire to prepare a family-pleasing dinner on a time crunch or the wish for healthy snack ideas.



Because dairy meal solutions merchandising builds on consumer insights, it offers benefits beyond traditional cross merchandising, including:

- Support in driving shopper loyalty: Providing a consistent solutions resource that takes the guesswork out of meal planning gives consumers an additional reason to come back to your store.
- Increased flexibility to latch on to key trends: Health and wellness is expected to continue to be a main focus of shoppers. Offering healthy meal and snack ideas builds baskets and can differentiate your offerings from your competitors.
- A better play at convenience: As the economy strengthens and restaurant traffic rebounds, convenience will be king. Making at-home meal preparation easier can help protect sales.

### **Which meals should merchandising displays focus on?**

Our Innovation Center testing leveraged the breakfast, snacking and dinner eating occasions in the in-store pilot tests.

As a highly ritualized eating occasion, getting in on the breakfast mix could drive repeat, long-lasting sales. Consumers seek nutritious grab-and-go options in the morning, so this occasion presents strong potential for you as a retailer to grow your health and wellness connection. The Breakfast Zone display was a dedicated endcap in the dairy department with products (such as yogurt, pineapple and juice for smoothies) and recipe cards that rotated monthly.

We tested two snacking displays that offer retailers added ability to get in on this \$90 billion eating occasion. Both displays focused on consumers' desires for healthy accompaniments to weekday meals, food that "provides energy" and new twists on old favorites. One was a dedicated cooler for the deli/on-the-go/produce department that offered single-serve milk, yogurt, parfaits and granola bars. Another was an on-shelf co-merchandiser in the produce department that provided fruit, snack cheese and yogurt.

Because dinner holds the greatest potential to increase sales (for a \$500k per week store, there's an upside potential of more than \$5,100 per week), getting this meal right is key. We tested two concepts, one that focused on families and one for smaller, dual-income, no-kids households. Both concepts rotated recipes and ingredients. The family dinner merchandiser focused on providing convenient, nutritious meal options. The other concept, Chef's Creation, offered higher-end recipe ideas, leveraged local chefs and communicated the value of higher-quality meals at lower prices than restaurants.

## **Why should dairy be included in meal solutions merchandising?**

When it comes to meal solutions, dairy has a lot of star power. Milk, cheese and yogurt are all key components in meal-building baskets. Plus, dairy products are included in more grocery trips than items from nearly every other aisle, and dairy outperforms every other department with its profit-to-space ratio. Additionally, dairy is a proven performer in secondary locations. Dairy products provide higher true profit per linear foot than carbonated beverages, crackers and cookies, even though they are given fewer displays.

Beyond the dollars and cents, consumers have an emotional connection to dairy and inextricably link its nutrient profile to health and wellness. In fact, fluid milk is second only to produce as a top category that consumers include in their health and wellness regimens. Yogurt and cheese are also strong performers.

## **Where can I learn more?**

USDairy.com/retailers offers a suite of tools to help you learn and use the Innovation Center's retail research, including a video testimonial from some of our retailer partners. You also can email [InnovationCenter@USDairy.com](mailto:InnovationCenter@USDairy.com) for additional resources.

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