

# Merchandising ✓ Do's and ✗ Don'ts

Tips on how to side-step common merchandising mistakes and successfully sell specialty diet products.

*By Mindy Hermann*

Specialty diet products, including gluten-free and free from are hot categories today with a large following, but knowing what products to carry, where the best placement is—or is not—and how much to charge can make the difference between building loyalty and scaring away customers.

Progress has been swift and sales steady during the last several years, but as some industry observers have noted, grocers are still making a number of gaffes merchandising gluten-free and other specialty diet products. The good news, note observers, is that the vast majority of these mistakes can be easily remedied.

The following are the missteps happening most often today and solutions on how to address them from some of the chief experts in the field.

## 1. Offering too much gluten-free

Many grocers go too far with gluten-free. Sylvia Klinger, MS, RD, of Hispanic Food Communications, based in Chicago, says her local store has so many gluten-free items that it is hard to find grain items like flour tortillas. “Consumers clearly want gluten-free called out but many feel stores go overboard advertising foods that never had gluten in the first place as

gluten-free such as fruits, vegetables and even bottled water,” says Klinger. The trick when stocking shelves and promoting products, she stresses, is to maintain a balance between trendy and traditional.

## 2. Struggling with the Dietary Guidelines

This year marks the release of the latest version of the Dietary Guidelines for Americans, the government’s recommendations for a healthful diet. While the guidelines are big news for food companies, they may not resonate with shoppers. Retailers may look to change their offerings to promote the Dietary Guidelines, but the reality is shoppers are not likely interested in changing their habits. To remedy this, supermarket chains can help reinforce the Dietary Guidelines in subtle ways by providing shoppers with information sheets and recipes available through the government’s [www.ChooseMyPlate.gov](http://www.ChooseMyPlate.gov) website.

## 3. Lacking consistent nutrition messaging

Nutrition is a confusing topic for most shoppers, so consistent nutrition information is an asset for both the retailer and the shopper. According to Jessica Serdikoff, RDN, a retail dietitian at Brookdale ShopRite in Bloomfield, N.J., and one of 115



ShopRite uses shelf tags with shopping lists, recipes and tours.

registered dietitians on-site in ShopRite stores, the retailer uses a unified shelf tag system to point out health and nutrient attributes of foods, including gluten-free and organic. “We supplement these with shelf talkers that change each month based on holidays and current events with a food or diet connection,” she says.

ShopRite also uses shelf tags with shopping lists, recipes and tours. “The average customer tends to go up and down the same aisles each shopping trip. Often, having a registered dietitian at their side helps open their eyes to other nutritious options they may have overlooked before,” adds Elisabeth D’Alto, RD, retail dietitian at ShopRite of Timonium in Maryland.

**4. Pricing too high**

Grocers face the challenge of properly pricing gluten-free and other specialty foods items in a way that does not turn off the price-sensitive shopper. In fact, according to the Food Marketing Institute’s Shopping for Health 2014 report, price is the number one reason given by shoppers for not eating healthier foods.

Kate Scarlata, a Boston-based RDN specializing in digestive health, thinks that grocers often miss the opportunity

to promote less expensive, less processed products that are made from naturally gluten-free whole grains, such as quinoa, teff and sorghum. She says a good sampling program can help familiarize shoppers with grains they may be unfamiliar with and alleviate their fear of spending money on foods they may not like. “Shopper trial is crucial,” says Scarlata. “Consumers are afraid of spending a lot on special products that don’t taste good to them. Product and recipe demos give them a chance to try before they buy.” Given that gluten-free foods range in taste and quality, an open return policy could be helpful for building shopper loyalty and trust, she says.

**5. Hiding specialty items**

Should gluten-free and other specialty products be segregated in their own section or integrated into the shelves along with conventional products? The answer is yes and yes. The Food Marketing Institute’s most recent Food Retailer Contributions to Health and Wellness survey found that 62% of retailers say they group foods for designated lifestyles in specific aisles, while 76% place alternatives next to original versions.

Each has its merits, note observers. Karen Buch, a supermar-



## Haggen — Fresh and Local

Haggen officials believe that one does not have to sacrifice values to get value.

For most of its 80 years, Haggen has operated a small chain of markets in the Pacific Northwest. The Bellingham, Wash.-based retailer has built its reputation on carrying a strategic mix of specialty and conventional food items positioned in both segregated and integrated sections. Haggen, which was founded long before Whole Foods and Sprouts emerged on the scene, chose to occupy a unique middle ground. Its original 18 Northwest locations offer one-stop shopping with fresh meats and organic produce, locally sourced fresh and packaged specialty products, and other specialty items, side-by-side with big brands and everyday household goods and all at attractive prices.

According to company officials, Haggen carries a greater array of organic produce, higher-quality meats and seafood than can be found at a typical supermarket, but with similar prices. Additionally,

Haggen stores carry products like Tide, Snickers and Campbell's soup alongside natural and organic brands. Blurred lines between grocery competitors means that Haggen plays in the same space as large supermarkets chains such as Ralphs and Albertsons, specialty foods marketers Trader Joe's and Whole Foods, and smaller markets.

"In establishing themselves in the space between organic and conventional, the original 18 Haggen stores do a remarkable job of attracting and retaining shoppers and building shopper loyalty," says Chris Linskey, senior vice president of marketing for Haggen Pacific Southwest.

"We stock all the major grocery brands that shoppers expect to find in a conventional market plus many major organic and other brands," notes Linskey. The retailer makes space for all these options by reducing redundancy and choice within a particular item. Instead of stocking four or five different size bottles of bleach, for example, the retailer stocks just two. "Less size choice frees up space," says Linskey. "Multiplying space savings times thousands of products creates ample room for us to add a greater variety of organic and specialty items."

Haggen's positioning and identity—to present both local and national brands, merge homegrown quality with affordable prices, retain employees and support the community—are being put to the test during the first half of 2015, as the company and its private equity partners rebrand nearly 150 former Vons, Albertsons and Safeway

markets in the Pacific Southwest as Haggen's.

Linskey says that Haggen stores in the new Pacific Southwest group will continue to double-merchandise "good for you" products in both segregated sections and integrate on shelves.

The company reinforces this approach in its weekly circular by striking a balance among conventional, natural, organic and specialty items. Some appear on their own themed page, while others are placed side by side.

"We do not want to use advertising money and support from only big companies," says Linskey. "It is part of our mission to help promote smaller and local companies that do not have big CPG money behind them."

With the chain's expansion, shoppers can expect an even stronger Haggen presence in organics and specialty items, according to Linskey. Currently, Haggen carries more than 700 gluten-free items, stocked in a gluten-free section in larger stores and integrated into the frozen aisles in all stores. It also offers more than 2,000 organic options that mainly are integrated into the regular aisles. The Pacific Southwest stores started with 1,000 new specialty items toward a goal of adding 5,000 items.

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ket specialist, RDN and owner of Nutrition Connections, based in Harrisburg, Pa., says that creating a specialty food section guides shoppers to foods that specifically match their needs. A special section also communicates to shoppers that the retailer recognizes their needs, values them as customers and is willing to take the extra effort to help make shopping quicker and easier.

One drawback to segregating specialty items is that shoppers will look for gluten-free only in that section and overlook mainstream foods that have the same health attributes. "These mainstream items may not make their way onto the planogram of a specialty section, even though the health attributes are listed on the label. That could translate to lost sales from

specialty shoppers who are not walking down the conventional aisles to shop," says Buch. She adds that integrated placement can also result in fewer impulse or trial purchases from mainstream shoppers who do not notice mainstream products with health benefits shelved next to traditional favorites.

"Retailers that get it right will boost loyalty among special-needs customers. These customers tend to become raving fans who will share their delight with others through social media, support groups, blog posts and word-of-mouth," says Buch.

Tracee Yablon-Brenner, RDN and owner of Triad to Wellness, a nutrition communication company based in Haworth, N.J., suggests using strategic positioning to call out specialty



▲ *“Improper placement of perishables can impact sales success.”*

—Hannah Kullberg, marketing and community relations manager for The Better Bean Co.

food items. “Place them on a higher shelf rather than on a bottom shelf that shoppers are likely to miss,” she says. “Also, consider displaying meal starters and ingredients next to specialty food items so that people shopping the section can visualize the ingredients as a complete meal.”

### 6. Too much (shelf) talking

The Food Marketing Institute survey found that shelf talkers are extremely popular, with 90% of retailers calling out gluten-free products, 81% pointing to organic foods and 67% noting sugar-free products. While an effective tool, retailers that overpopulate their aisles with shelf talkers run the risk of losing shoppers in the clutter. With more than a dozen health and wellness attributes to call out, retailers need to think carefully about where shelf talkers are likely to have the greatest impact.

### 7. Too little training

Retail staff members serve as ambassadors for the supermarket, so staff education is key. “Provide store associates with a working knowledge of what it means to be gluten-free and where shoppers can find gluten-free items in the market,” says Lola O’Rourke, MS, RDN and education manager of the Gluten Intolerance Group, based in Auburn, Wash. “Gluten-free shoppers are pretty particular. If store employees are not helpful, shoppers may be turned off,” she says. The Gluten Intolerance Group and others may have a local branch that can serve as a resource for shoppers, as well as retailers.

O’Rourke notes the importance of in-store communications that guide shoppers to specialty items, regardless of whether a store segregates or integrates their products. Given the health risks involved, she says it is critical that retailers make sure employees can direct shoppers to the right products. She cautions

store personnel when recommending bulk products, including those without gluten, for example, because of the high risk of cross-contamination.

“Our products have been highly successful in stores that put time and energy into staff education,” says Cara Figgins, vice president of Partners, a tasteful choice co., based in Kent, Wash. “Mainstream grocery chains often lack the resources to train store employees. If you can not educate the staff, how can you educate the consumer?” she asks.

### 8. Misplacing perishables

Improper placement of perishables can impact sales success, according to Hannah Kullberg, marketing and community relations manager for The Better Bean Co., based in Portland, Ore. Illogical locations hurt sales, not help, says Kullberg.

“One major chain puts our refrigerated bean products in the natural foods section next to products people already buy as part of natural lifestyle. Here our products sold well. In a different chain, we were placed in the deli area next to fresh salads and meal solutions that are not necessarily natural products,” says Kullberg. “In this scenario, the risk is high that our customer might not walk past that section of the store, thus never seeing our product.”

Kullberg says customers that shop for specialty foods are often in the store for the experience rather than to shop quickly and get the best prices. She says that in addition to choosing logical product placements the secret to success is making these shoppers feel welcome and cared for. **GF**

*Mindy Hermann, registered dietitian and nutritionist, is passionate about connecting businesses with consumers to help consumers eat more healthfully.*