

4/23/09

CPGmatters: Hormel Foods Aims to Simplify Center Store Shopping

By John Karolefski

Through a special arrangement, presented here for discussion is an excerpt of a current article from the monthly e-zine, *CPGmatters*.

Last month, Hormel Foods Corporation and Cannondale Associates released the results of a study finding that, rather than having convenience items scattered throughout the store, shoppers would prefer a dedicated convenience meals aisle where the full range of quick and easy products could be found.

The convenience meals aisle would be located in the center store, a highly profitable area for retailers, representing 88 percent of total store net profit.

"What are consumers looking for in the shopping environment?," Jeffrey Ettinger, Hormel's chairman and chief executive officer, asked recently at a presentation recently at the Food Industry Summit hosted by St. Joseph's University in Philadelphia. "They're still time pressed and don't want to spend a lot of time in the store. They find the store layout to be frustrating."

For example, he said microwaveable products such as soups, meals and pasta are in different aisles of the grocery store. This identified a potential problem and a potential solution for the Hormel team.

"The center of the store - particularly in some retailers - has not gotten much attention and wasn't calling out new items to consumers. So we thought the center of the store was ripe for innovation," said Mr. Ettinger

Research for the study involved interviewing 1,500 shoppers in-store, and analyzing more than 15 million frequent shopper card households and more than 100 million baskets.

Hormel Foods designed its convenience meals aisle solution to allow retailers to customize it to specifically meet the needs of their stores and shoppers. For example, retailers can implement the solution in small steps, starting with key adjacencies, and can integrate private label with national brands to find the right assortment of products to serve their clientele.

During this study, shoppers defined which products they would include in the convenience meals aisle, as well as the organization of those items within the aisle. Shoppers requested that ultra-convenient items, such as microwavable meals and microwavable soups, should be placed at the end of the aisle nearest the front of the store, and more time-intensive meals, such as boxed dinners and sides, including macaroni and cheese and add-meat-and-heat entrees, should be placed toward the back of the store. Shoppers also chose a name for this aisle: the "Convenience/Prepared Foods" aisle.

The research also found that convenience meal shoppers are worth up to 31 percent more annually than other shoppers for retailers.

"Based on the study results, we are now communicating with many of the retailers in the U.S.," said Mr. Ettinger. "We've started pilots with a few of them to try and change the section. It won't be a radical change in one day from the way the store is designed today to a complete reset, but we are encouraging them to try a sub-section at a time in a few stores."

