

Attention grocers...

**It's time to change your thinking around the centre store.
A good place to start: shopper missions**

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Over the past few years we've seen grocery stores do many interesting things to attract customers. We've seen them tinker with new formats, emphasize their fresh department and create enticing loyalty programs, such as those tied to gas fill-ups. We've also seen some cool uses of technology; in-store kiosks and smartphone apps, for example.

What we haven't seen, though, is much innovation in the centre store. Too bad. The centre store generates 40% of a typical grocery store's sales. But other retail channels, like drug stores and dollar stores, are now chipping away at the supermarket's dominance of these aisles.

Over the last year at grocery retailers, trips to the centre store declined one percent. That may not seem like much but it translates to an absolute loss of 26 million trips and equates to \$207 million in lost opportunity due to customers heading to other types of retailers for their centre-store items.

While grocers have focused a lot on perimeter departments, their centre stores have become vulnerable to "value"-focused retailers. Shoppers are visiting retail formats based on a product's price. So, for instance, cleaning supplies once bought as part of a weekly grocery trip are now sometimes purchased at mass merchandisers, club or dollar stores offering lower prices.

It's time for grocers to win back these trips. To pull it off, we need a new model. At Nielsen, we believe grocers should focus on what's called the "demand landscape." It requires that you think more about what drives shoppers to visit a store.

Simply put, shoppers plan their shopping missions based on needs. A mission could be a quick trip to pick up medicine for a sick child. Or it could be a longer shop that involves planning all the meals for the upcoming week. Once you understand a customer's mission to shop, you can come up with solutions targeted to that customer.

Here's the tricky part, though: fulfilling mission-based demand requires a shift from a product-centric, category-management approach to one focused on consumer-centric shopper management. The good news: there's tremendous opportunity for you to act on shopper-centric solutions and drive sales across the total store. Let's look at a few ways to do it:

Meal solutions

Centre-store items are at the heart of most retail meals. So let's create fully integrated meal or event-driven store sections that include an assortment from the centre store and beyond (dry grocery, frozen, fresh, refrigerated and prepared foods) along with written or video-driven recipe centres. Think "taco night" or birthday parties. Other potential mission-based store solutions cover breakfast, lunch and dinner, and seasonal events such as summer barbecues.

Non-food missions

Many shopping missions don't include food at all. They're about spring cleaning, health ailments, beauty, pets, back-to-school or at-home entertainment. Rejuvenate your centre store by establishing standout sections for some of these missions. A "store within a store" area will provide a destination where shoppers can complete each mission.

Convenience shopping

We know that shoppers are sometimes in a rush. But the centre store environment can actually slow them down. That's why we're seeing retailers in other countries add online ordering with curbside pickup, home delivery options and drive-thru windows. It may not be long before we see this trend in Canada. Here's another option: display staples like milk, bread and eggs right at the front of the store. Shoppers who are in a hurry will appreciate the convenience.

Technology

Technology has improved our lives. Why not our grocery stores as well? Smaller retailers, in particular, who might not have the space or budget to make big changes to their stores, can use technology to make shopping more convenient. There are several good examples that incorporate the centre store already: in-store kiosks that convert lists to a shopping "road map"; coupons loaded onto loyalty cards; cart-mounted product locators; and smartphone apps for meal planning, list generating, aisle finders and more.

Regardless of how you execute a new approach to the centre store, the magic lies in tailoring solutions to your customers' needs. They want solutions that span the entire store. Over the next few years, winning grocers will be those who are flexible and adjust formats to cater to shoppers' needs at a mission level, not simply category by category.

It means paying attention to why people visit your store. It also requires a balance between the perimeter and the centre store. It's a mission your store can definitely profit from.