

Cross-Merchandising Gives Consumers Solutions

Millennials crave healthy but interesting snack combinations

By Bob Johnson

Crackers and cheese, bread and wine, and more recently hummus and pita go together in consumers' eyes, in the deli display.

Many new and interesting mixes can be effectively merchandised together in the deli if they combine to answer a question.

"The most effective cross-merchandising is a presentation that provides a complete pairing solution to the customer," says Cara Figgins, vice president at Partners, a Kent, WA-based cracker company. "With effective cross-merchandising the retailer could increase from selling just one of the items in the pairing to selling all three items. When it is made easier for the consumer, they are much more likely to buy the whole combination."

Because exciting answers to consumer questions sell, the operative word here is solution.

"The main thing to keep in mind when merchandising deli crackers and cheeses is that the consumer is always looking for a presentation solution, and if the retailer creates that solution, the consumer is very likely to buy it," says Figgins.

Combine Tasty and Healthy

While high-end ingredients that combine into a gourmet meal excite the connoisseur in us, and can be the holy grail of

deli cross-merchandising, items that make for a quick but nutritious snack satisfy the Millennial in us.

The Millennials are snacking because they don't have time, and if they're going to snack, they want healthier snacks," says Paul Cipolla, president of Plocky's Fine Snacks in Hinsdale, IL. "The trend the last four or five years has been toward the healthier snacks."

High nutritional value and clean labels matter in the eyes of the generation setting the standard in the deli.

Plocky's chips are gluten free, kosher, non-GMO, and have no trans fats. "They have good-for-you ingredients and the Millennials like that. They merchandise best over a refrigerated case where hummus is displayed."

Protein and produce items can be part of the cross-merchandising program because they help fill out a nutritionally balanced snack.

"There are many things in the deli that lend themselves to being cross-merchandised — meats and cheeses, vegetables and fruits with cheese spreads," says Jenni Bonsignore, marketing manager at Valley Lahvosh Baking in Fresno, CA.

Some producers make a point of helping retailers effectively

display their foods in combination with related items.

"Our field team consistently looks for opportunities to improve our customers' ring size and overall profitability by cross-merchandising with pre-packed deli meats and cheeses, sliced and dried meats, hummus, spreadable cheese and various dips: says Eric Van De Wal, vice president of marketing at The Snack Factory in Princeton, NJ.

Industry experts recommend displaying a variety of interesting items that can be quickly and easily assembled into an exciting meal.

"The latest trend is putting a meal solution together," says Sharon Olson of Olson Communications, Chicago. "The consumer can have the satisfaction of putting a meal together and they can get it all in one place instead of going all over the store."

She suggests the deli take a cue from the trend in which companies deliver ingredients for healthy, seasonal dinners to a patron's door weekly, to be assembled in their kitchen. Similarly "the supermarket can showcase all the items for an amazing meal together," says Olson.



Because some consumers crave gourmet meals at home, but are starved for time, this sort of solution has the potential to significantly increase deli revenues.

"When you combine a couple of products together you can increase your sales," says Eric Gerard, vice president of sales and marketing at Van Holten's pickles in Waterloo, WI. "Depending on the item retailers can easily boost the average ring 10 percent, and sometimes a whole lot more when they are pushing a full meal solution."

The largest number of consumers coming to the deli, however, will continue to be looking for healthy and interesting snacks they can eat on the go.

A number of companies are unveiling new products specifically targeted toward this hurried but health conscious demographic.

Dr. Kracker launched Robustica Flats on February 1, says Bob Obenberger, a partner in the Plano, TX company. "These products are great for pairing with dips and hummus, or as a carrier for cheese or other proteins. So far about half of the stores have placed them in the deli, and half in grocery. Dr.

Kracker's Robustica Flats are a distinctive offering that doesn't use flavoring agents, but the actual ingredients like real cheese. Flat-breads are a growing part of the category and have especially enjoyed a real success in the deli."

New varieties of higher protein chips will make a first public appearance late this spring.

"We have some different flavors we're going to introduce at the Fancy Food Show at the end of June," says Diane Cipolla, vice president for sales at Plocky's Fine Snacks, Hinsdale, IL. "In the deli we had the three-ounce hummus chips in 900 Publix stores and did very well. We also have an 8-ounce package of hummus chips. They do very well with hummus."

There will also be new snacks targeting a growing number of consumers trying to avoid gluten.

"We have recently launched Gluten-Free Pretzel Crisps Minis in many of our retailers nationwide," says Van De Wal of the Snack Factory. "It comes in two flavors, Original and Salted Caramel. We're excited to be able to provide consumers sensitive to this allergen more choices and variety."

Promotional Prices Optional

Many producers believe that discounted prices add to sales, but are not essential for an effective cross-merchandising program.

"Promotional prices are not needed, but it sure does help," says Gerard. "Customers want deals and even a small discount will encourage adding that additional item and increasing the ring."

Providing information about how to use two or more items together can help increase sales at least as much as offering a price break.

"Promotional prices are always helpful but I think it's more important to let the consumer know what to do with the items being cross-merchandised," says Bonsignore. "It's always helpful to provide serving suggestions or recipes that use the items being featured."

Creative pairing can seal the deal without a discount, in particular, when cross-merchandising for holidays or special events.

"I think the need for promotional pricing depends on whether it is during a time that people would be most likely to be entertaining or if you are presenting it to an everyday shopper," says Figgins of Partners. "I think an everyday shopper would be more likely to purchase the pairing if at least one of the items was on promotion."

If it is a busy holiday entertaining season, I think just providing the solution to the customer could be sufficient."

Retailers and producers find some items can be effectively cross-merchandised through displays outside the deli, in other areas of the store.

"I think stores can use themed displays in other areas of the store with recipes and coupons for deli items that will direct their consumers to the deli," says Bonsignore. "For example, in one store chain for Valentine's Day, our Heart Lahvosh

was displayed in the back aisle of the store with wine and serving suggestions for cheeses and spreads."

Some baked goods do well to stake out familiar space near, but not in, the deli department.

"We are primarily right next to deli in the bakery," says Michael Girkout, president of Alvarado Street Bakery in Petaluma, CA. "We are usually merchandised with organic cream cheese, almond butter or that sort of thing because we make organic bread."

Alvarado Street also makes what Girkout calls "kids bread," which is merchandised with peanut butter and jelly to make an inviting display for easy, healthy school lunch items.

The produce department, too, can serve as a display destination for deli foods that pair well with fruits.

"Cheese, crackers, cheese accompaniments like jams, jellies, etc. can all be in a great wine department presentation through demos, and cheeses and crackers can also be effectively merchandised in the produce department to create a fruit and cheese platter," says Figgins.

Cooperation among departments may create new possibilities for selling products in combination.

"We have been successful in cross-merchandising with our partners in the grocery department as well," says Van De Wal from The Snack Factory. "Try cross-merchandising with premium and craft beer as well as brands such as Nutella. A typical point of distribution can add a minimum of one case or 12 bags of incremental volume per store. Couple

as well as brands such as Nutella. A typical point of distribution can add a minimum of one case or 12 bags of incremental volume per store. Couple that with Nutella and the average ring goes from \$3.49 to \$7.00."

Some items that can be displayed in deli are better displayed in other sections of the store where consumers are used to finding the category.

"We made the decision to move our Crispbreads to grocery a few years ago, where consumers are used to finding Crispbreads," says Dr. Kracker's Obenberger. "The competition is merchandising in the grocery department so we found our sales increased by moving there, with Dr. Kracker being the only organic offering. When we were in the deli some people shopping the category

didn't even know about our Crispbreads."

At least a few producers and retailers are taking a second look at what items are best merchandised in deli, and what do better elsewhere in the store.

"Some retailers are moving more deli snacks and crackers into the grocery department, because of a desire to manage the entire category under one department," says Obenberger. "You're seeing limited dry goods selections in some delis while others are doing a good job of presenting a large variety of items to complement their cheeses, proteins and dips. We're always looking more in depth at the question of bringing items to the market that merchandise and grow sales in the deli." DB

