

# CROSS MERCHANDISING: Create A Meal... Or A Snack



## Customers have questions; retailers should be ready with the answers By Bob Johnson

Cross merchandising can answer the question what's for dinner or lunch, or even breakfast or a snack. And when the deli is a source of those answers, the experience can definitely be a cut or two above quick-service alternatives.

"We're at a point where there is so much competition that cross merchandising gives customers an alternative for lunch or dinner," says **Jennifer Hamann, vice president at Olson Communications in Chicago, IL.** "You can offer a complete meal. They're still making it at home, but they don't have to start from scratch."

Olson Communications which works exclusively in the food industry, has been helping clients build their brand and develop communication strategies for more than a quarter century.

"People use the deli for meals at holidays or for events like tailgating," says Hamann. "You need to convince them to come every day, and not just special occasions. You do that with pairings that make sense and are simple."

It takes imagination to concoct effective combinations, and this essential ingredient can come from the supplier, the retailer or a fruitful meeting of the minds.

"We do a lot of collaborative things," says Bob Sewall, executive vice president of sales and marketing at Blount Fine Foods in Fall River, MA. "We're doing a promotion with Raley's Family of Stores that is phenomenal. We produce sides in 12-ounce bowls. They have a deal where you buy a whole chicken, you get

three sides bowls [for a single price of] \$19.99. We were collaborative on that one, but Raley's took the lead. It creates a "meal deal." The kids can have mac and cheese with their chicken, mom can have a spinach and kale, and you also get a sweet potato dish."

Blount's Fine Foods has been rooted in seafood since the Blount family came to work the New England oyster beds after the Civil War. Today, the company has branched out to produce a full line of higher quality soups and side dishes.

### Offering Value, Participation

"You have to create value," says Sewall. "If you have fresh pasta and fresh sauce, that's a natural. There are combinations that include some locally grown or produced ingredients. Your real competition could be the restaurant in the parking lot. If you create value, it's an opportunity to bring the customer into your store."

The deli can win the meal deal wars both on quality and on providing the consumer with an opportunity to assemble the meal at home.

"Consumers often want the satisfaction of participating in the meal," says Mary Shepard, director of sales for retail and foodservice at Fortun Foods, Inc., in Kirkland, WA. "It is still important for that shopper to feel as if they are preparing a meal for the family, and not just grab and go from the deli. I think cross merchandising can be very effective if it is promoting 'a meal option' for that consumer. For example, retail fresh soup that can pair with a salad from the deli, or a finishing sauce that can pair with protein from the deli. Show how easy it is to make a gourmet meal by putting the two together."

Fortun Foods, named for found-

ing chef Kevin Fortun, has been producing gourmet sauces, soups, chowders and chilis for more than 25 years.

"Fresh sauces that can change a whole meal are becoming a huge category," says Shepard. "Ingredients are especially important — not high in sodium, not full of sugar — but real restaurant quality."

A meal deal can provide the ingredients or lunch or breakfast just as easily as the more traditional deli dinner. "A lot of retailers are doing a combo deal where you get soup and a sandwich," says Sewall. "If you have good coffee, you can have a deal that also includes steel cut oatmeal or cinnamon apples."

There also are intriguing combinations of deli products that make for a distinctive, appetizing snack.

"There are many possibilities for cross merchandising in the deli: meats and cheeses, produce and salad dressings, cheese and crackers, fruits and dips," says Jenni Bonsignore, marketing manager at Valley Lahvosh Baking, Fresno, CA. "Valley Lahvosh is a carrier cracker, so it's a natural fit for the cheeses, meats and vegetables found in the deli. Consumers can create interesting hors d'oeuvres with our smaller-sized crackers or use the larger sizes for a healthy crust option for pizzas."

Pretzel Crisps increased sales significantly after they

were moved from the grocery section to a new home in deli.

"We have found that consumers are shopping more frequently around the perimeter of the store, seeking fresh and better-for-you options, which reinforces our deli section placement of Snack Factory Pretzel Crisps," says Bryan Dobson, senior director of marketing at The Snack Factory in Princeton, NJ. "With each new innovation, we identify which perimeter section best fits the product in both product style and related items. Recently, we decided to place our new tortilla chips in the deli section where the product is organically complemented by other deli items like hummus, fresh salsas and guacamole."

Decisions about placement and cross-merchandising



opportunities within the deli are guided by information gleaned from customer purchase decisions.

"We make it a point to closely monitor consumer purchasing data to learn about other products that are typically bought in the same cart as Pretzel Crisps," says Dobson. "This insight occasionally leads us to potential partner products outside of the deli. Wine brands have historically been a good partner for us — after all, what's better than wine, cheese and Pretzel Crisps?"

The Snack Factory is preparing to use this approach to find the natural partners for its newest product, tortilla chips.

"As the first new innovation under the Snack Factory umbrella beyond Pretzel Crisps, the introduction of tortilla chips now gives us an opportunity to cross merchandise with a new set of foods which we look forward to exploring in the coming days," says Dobson. "To start, we'll look to promote the product alongside fresh salsas made within the deli of individual accounts and then branch out from there."

### Cross Merchandising Store-wide

Other suppliers also find natural snack companions in the deli department, and throughout the store.

"Our field team has great success with shelf-stable sliced meats, like pepperoni from Boar's Head and store brand products," says Eric Van De Wal, vice president of marketing at The Snack Factory. "The key is not to always couple and cross merchandise with just deli products. If we show the grocery and produce depart-

ment that we are partners to the overall store, then we can merchandise our product storewide.

"Success happens when our sales people cross merchandise with what is on sale, like bottled water or kids' juice boxes," he says. "Cross merchandising our products at full margin with these sale items increases the overall profitability of the sales item because of the blended margin."

Sara and Warren Wilson began merchandising Pretzel Crisps under the Snack Factory label in 2004, after they sold their highly successful New York-style pita and bagel chips to RJR Nabisco.

Sometimes a cross-merchandising opportunity can be built on helping customers see entirely new ways of using familiar ingredients.

**"There are deli salads that make good toppings for sandwiches," says Hamann. "It comes down to being able to provide an idea to the customer. You can do that with recipe cards, or sampling."**

**Good ideas addressing which items to display together are invaluable, and they can originate with either the supplier or the retailer.**

**"It goes both ways," says Hamann. "It depends on the supplier and how aggressive and innovative they are. If they have partners they work with that supply other items in the deli, they can offer a combination deal."**

Some say this sort of imagination is part of the package deli retailers should expect from the people selling them products.

"The supplier should absolutely be giving the retailer ideas to cross merchandise and the benefits," says Shepard. "Some retailers are very savvy and know what a great marketing strategy this is for the impulse consumer. Keep them in your department or they will venture to the frozen meal aisle."

Developing collaboration on cross-merchandising programs is part of a good relationship with suppliers.

"Cross merchandising can start with either the retailer or the supplier, and probably works best when it's a partnership," says Bonsignore. "Ultimately, it's in the supplier's best interest to show retailers and, in turn, consumers how to use their products."

Regardless of where they come from, clear and creative ideas add to the value of the products merchandised together.

"It is all about convenience and looking for fresh ideas," says Shepard. "Marketing meal ideas is brilliant. The majority of shoppers come in without an idea about what they will make for dinner; the time is usually right before dinner. Customers need quick, convenient meals with easy preparation. I think bundling the idea and pricing it together is again another advantage and convenience for the consumer. They want ideas and this helps them make a quick decision with perceived value."

Sometimes just the power of suggestion from arranging ingredients next to one another can increase sales — even without

a special combination price. “We have found that just displaying the products together on a separate point of distribution is all that is needed,” says Van De Wal. “Merchandising with a promotion helps; but we still move cases off promo.”

That means information effectively communicated can move product even without a price break.

“Although promotional pricing never hurts, I think it’s more important to let the shopper know what to do with the items you are featuring together,” says Bonsignore. “That can be done with signage, photos, recipes and serving suggestions.”

