

THE FUTURE OF THE DAIRY DEPARTMENT IS NOW!



How reinvention can accelerate growth
and strengthen differentiation.

October 2009



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EXECUTIVE SUMMARY

Beginning in 2006, Dairy Management Inc, the Dannon Company, and Kraft Foods formed a coalition focused on building a shopper-centric set of proven principles to grow overall dairy department sales. By creatively reimagining the way dairy is merchandised at retail, and backing up that vision with comprehensive testing and research, the coalition has proven a significant opportunity exists for the dairy industry and retailers alike to increase overall dairy department sales by \$1 Billion.

The coalition has learned that in a reinvented dairy department, shoppers spent more time in the department, had a more enjoyable shopping experience, were much more likely to purchase, and bought more items overall.



Before Reinvention

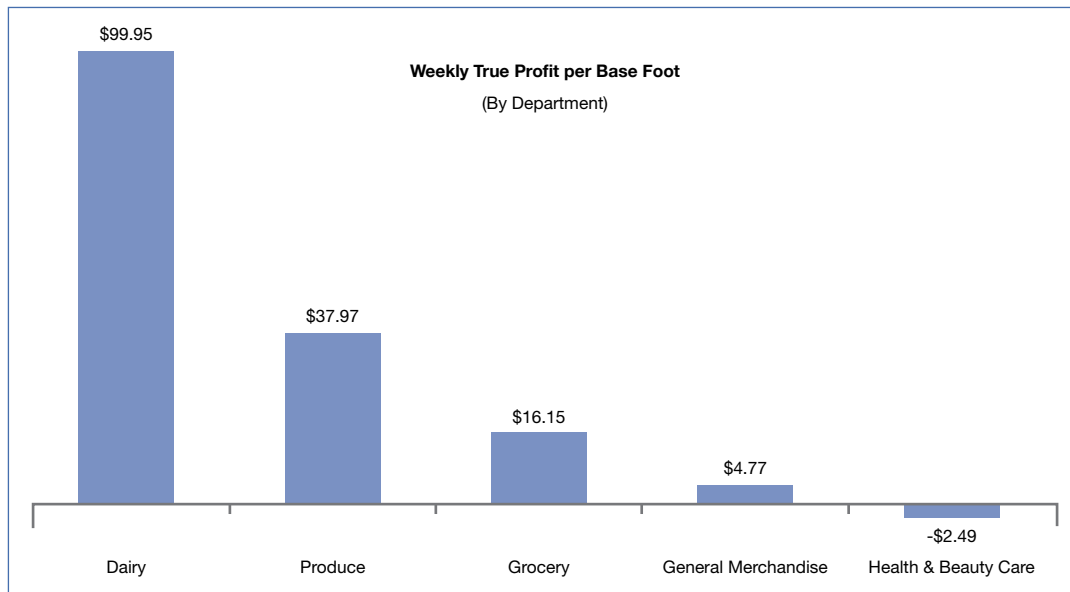


After Reinvention

The work also reveals that the dairy department has the potential to drive significant growth in sales and profits for the retailer but is currently underutilized. Consider some key facts:

- Space allocation for dairy products is underdeveloped relative to profit contribution. Dairy generates 24.8 percent of center-store profit from less than 4.7 percent of space.¹
- Dairy delivers significantly higher true profit per base foot than other departments - 2.6 times greater than produce and 6.2 times more than the grocery department. (See Chart 1 Below)
- Shopping experience in dairy has lagged behind other fresh, perimeter departments as dairy's:
 - > Visual appeal doesn't effectively engage the shopper.
 - > Sections are difficult to navigate due to clutter.
 - > Signage lacks communication messages that emphasize suggestive selling and/or consumer benefits.

CHART 1



IMPROVED EXPERIENCE

However, shoppers express more favorable and positive shopping experiences in the reinvented dairy department as compared to before the enhancements. For instance, shoppers like how the department is presented, believe the enhancements make the department easier to shop, and indicate that the new look creates a more welcoming experience.

IMPROVED SALES

Beyond the attitudinal improvements, the coalition has documented since 2006, that reinventing the dairy department can help retailers build unit sales for the entire dairy department by more than 2 percent. This relative lift in sales would translate to incremental volume equal to roughly between 14,000 and 28,000 dairy units annually per store depending on the total sales volume of a store.

“Reinventing the dairy department and improving shopper engagement to better serve today’s shopper is a key to growing same-store sales.” Bill Bishop, Chairman, Willard Bishop

FOUR PRINCIPLES

As part of the reinvention process, the coalition has developed four design principles that take advantage of opportunities to elevate the role of the dairy department within the store and improve its positioning with today’s shoppers. Each principle describes a particular vision:

- **CONTEMPORIZE** the dairy environment so as to change shopper perception from old-fashioned to modern, relevant, fresh and new.
- **DIMENSIONALIZE** the dairy department in order to slow down the shopper by creating a three-dimensional space, complete with cross-merchandising vehicles.
- **RATIONALIZE** the dairy shopping experience and engage shoppers by bringing organization and clarity to the different segments within dairy.
- **INVIGORATE** the dairy shopping experience in order to inspire shoppers by communicating the value, benefits and usage occasions of dairy products.

THE DATA

To date, this work is based on the coalition’s collective analysis of more than 340,000 shopping trips, approximately 22,000 retail grocery store audits, 2,500 consumer intercepts, and the execution of category and department reinvention activities in more than 1,000 retail stores across the U.S. Additionally, the work includes:

- Audits and store group analysis conducted by IRI and TNS Sorensen to help develop specific recommendations to increase dairy sales by optimizing shelf space and allocation.
- Shopper path to purchase studies, involving journal exercises, shop-alongs, and in-store observations that helped uncover barriers and opportunities in shopping for dairy products.

Total store sales and profit performance that help put dairy’s true contribution into context relative to other departments within the store from the Willard Bishop Grocery SuperStudy™.

THE FUTURE

Moving forward, the coalition is committed to expanding upon the “Dairy Department of the Future” concept. This on-going initiative leverages all of the work conducted to date and demonstrates why the dairy department is a unique opportunity to create differentiation and build sales!



HOW IT STARTED

The initial research performed by this unique coalition revealed that both the space devoted to dairy and the experience in shopping for dairy products at retail was suboptimal. The coalition's efforts to date has validated the case for making the dairy department the centerpiece or signature department of the store. It is clearly a department that can be leveraged to strengthen retailer differentiation.

The coalition embarked on a path to establish actionable reinvention best practices and principles that are shopper-centric and retailer tested which the industry can utilize to build the "Dairy Department of the Future" today. The goals of the coalition were to:

- Leverage shopper insights to drive incremental sales and accelerate growth in the dairy department.
- Improve the overall shopping experience in the department by identifying and removing barriers to expanded consumption.
- Optimize space opportunities both within the store and department by improving the organization, flow, adjacencies, and allocations.
- Enhance shopper perceptions about dairy so as to encourage them to slow down and shop more of the department.

Since its inception, the coalition has amassed one of the most expansive collections of dairy retail and shopper insights available today, analyzing more than 340,000 shopping trip transactions, auditing approximately 22,000 retail grocery stores, intercepting at least 2,500 consumers, and executing category and department reinvention activities in over 1,000 retail stores across the U.S.

THE SHORTCOMINGS OF TODAY'S DAIRY AISLE

In today's dairy case, shoppers lack emotional engagement, have difficulty finding items, and hurry through the aisle to replenish planned purchases. As if that wasn't enough, many shoppers associate dairy departments with words like "old fashioned," "stale," and "boring." These are not the types of insights that a grocer wants to hear in general – let alone about such a large contributor as dairy – when they're steadily losing market share to other classes of trade.

In many ways, dairy is not treated like a department at retail today. In many stores dairy is merchandised in a linear fashion down one side of the aisle, physically separated into two sections for whatever reason, or doesn't stand out visually like other departments such as produce. From this perspective, dairy is treated as another "center-store" category rather than as a leading fresh-food department.

These observations are difficult to reconcile with what we know about grocery retailing today. For instance, we know that retailers:

- Understand that new products are critical to sustaining sales growth by converting more shoppers into buyers... more often.
- Recognize that health and wellness will continue to grow in strategic importance, driving shopper interest and decision making.
- Are extremely aware that differentiation strategies are becoming even more vital to their survival given the ever increasing competitive pressure for the shopper's wallet.

However, few retailers have yet to fully leverage dairy effectively against these three strategic issues. If properly addressed, the dairy department can:

- Play a more pivotal role in creating competitive points of differentiation for the store if it received the showcase status afforded other, fresh-food perimeter departments.
- Have an expanded presence if retailers wanted to simply reinforce the importance of dairy not only to the store, but to the shopper's everyday life.
- Improve shopper perceptions and sales results if retailers invested in truly creating a department – not simply another "center-store" aisle.

This paper highlights the two strategic steps retailers should take, reviews current lessons learned based on testing to date, provides an overview of the proven principles, shares the shoppers' response, and describes how retailers can customize to meet various objectives.

STEP ONE: OPTIMIZE THE DAIRY SPACE

Retailers would benefit tremendously by optimizing the dairy department's space in the store for three key strategic reasons:

ROBUST PRODUCT INNOVATION

Retailers have long recognized the value associated with new products as they build consumer interests, create excitement, and stimulate incremental purchases. Ideally, new products strengthen the base retail business by adding greater shopper value than the discontinued products.

The dairy department dramatically outpaces other areas of the store relative to the rate of new products. For instance, the number of new products introduced in dairy has increased at a compound average growth rate of 10.5 percent since 2004 as compared to 6.2 and only 1.5 percent for produce or food and beverage respectively. Furthermore, the absolute number of new products introduced in 2008 is 1.7 times more than in 2004.²

Enlarging the department allows a retailer to drive more value from new products while protecting the sales and profit contribution amongst existing products in the department. This point is especially critical to building base sales for the store as even low-performing dairy SKUs are generating more than 14 times the adjusted gross profit per SKU compared to low-performing grocery products.³

SUPERIOR SPACE PRODUCTIVITIES

Retailers – especially in new store builds and major remodels – spend significant resources to understand how to maximize the sales potential of the entire store. This is typically accomplished by evaluating how productive space is utilized across the store, which identifies opportunities to drive the top-line sales while also improving operational efficiencies. If done more broadly across the total store base, a retailer would uncover where to make further refinements that would improve financial returns while better serving the shopper.

While there are many metrics to use when evaluating space productivities, the following table highlights three key measures that offer evidence for expanding the dairy department's space. (See Table 1 Below) First, retailers would realize more value associated with new products by not removing existing dairy SKUs that are still more valuable to the store as compared to low-performers in other departments. Second, retailers would reduce out-of-stocks on core, top-selling SKUs that would prevent lost sales and dissatisfied shoppers while they would also lessen demands on in-store labor to constantly stock the case. Lastly, retailers would increase the rate of return received from working capital invested into product inventory given the efficiency of dairy relative to the alternatives.

Therefore, expanding the footprint dedicated to dairy enables a retailer to make room for the additional variety associated with new products, create new, shopper-relevant sections for emerging segments, such as proactive health, and optimize the potential returns from sales space amongst competing areas of the store to drive stronger results for the store.

TABLE 1 – KEY PERFORMANCE INDICATORS

(RANKED IN ASCENDING ORDER BASED ON "PERCENT OF SKUS SELLING...")

Department	Percent of SKUs Selling Less Than One Unit/Store/Week	Average Days-of-Supply on Shelf	True Profit Return-on-Inventory-Investment
Dairy	2.9%	7	\$15.71
Packaged Deli	3.1%	15	\$6.67
Frozen	10.0%	21	\$4.24
Grocery	23.6%	23	\$2.90
Deli & Foodservice	29.8%	11	\$5.54
Bakery	30.7%	10	(\$3.97)
Meat	32.7%	10	\$4.04
Produce	34.0%	6	\$19.17
Seafood	41.0%	22	(\$2.80)
Floral	43.6%	15	\$1.37
Liquor	43.8%	30	\$1.55
GM	74.1%	51	\$0.69
HBC	80.6%	60	(\$0.33)

* Reflects annual true profit (gross profit plus trade spending less activity based costs) generated per dollar invested in shelf inventory.

Source: SuperStudy™, Willard Bishop, 2009.

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TREMENDOUS STRATEGIC FIT FOR QUICK TRIPS

Forty-eight percent of all shopping trips in the grocery channel are “quick trips”⁴

Supermarket retailers continue to lose market share to other classes of trade.⁵ This is in part due to increased availability as more stores open as well as to greater convenience in terms of being able to get in and out more quickly as compared to supermarkets.

Convenience is a more salient point with shoppers than most retailers realize. Transactional analysis reveals that approximately one in two trips to the supermarket are considered “quick trips.” The importance of dairy to grocery quick trips is evident by the fact that roughly 40 percent of all those trips contain at least one dairy item. And, fluid milk is part of nearly one out of every five quick trips in the entire store.⁶ Leveraging dairy in general, and fluid milk in particular, helps a retailer defend against further share loss to other classes of trade by aligning how products are merchandised to better satisfy the quick trip. Otherwise, trade channels like drug will probably benefit by the simple fact that shoppers can get in and out of their stores more quickly as over 80 percent of all trips made in their stores for fluid milk are quick trips.^{7,8,9}

The primary strategies that retailers can utilize to optimize dairy include enlarging the existing, primary department space, utilizing current space more efficiently or by extending the availability of core dairy products throughout the store via secondary display locations.

STEP TWO: ENHANCE SHOPPER ENGAGEMENT

The dairy department is a tremendously valuable, but under-utilized strategic asset for three primary reasons:

INCREDIBLE REACH AND FREQUENCY

“The dairy department is very essential to our everyday life and is a section that my family and I couldn’t do without.” – Ima¹⁰

In terms of reach, nearly 91 percent of U.S. households purchase fluid milk in the grocery channel, the top dairy category, as compared to only 84 percent for bananas, the top produce category. As far as frequency, these households purchase fluid milk 10 percent more often than bananas. And, if the second and third top categories are compared to one another between these two departments, the same general observations would be made relative to reach into U.S. households and purchase frequency.¹¹

While produce departments have received a lot of merchandising upgrades over the past few years the dairy department has received little investment relatively speaking, resulting in what some describe as a sterile sea of white. Making it easier to shop the dairy department will help a retailer improve the overall shopping experience and its competitive positioning given the strategic value associated with this critical shopper destination. And, these improvements can help recapture the 5 to 8 percent of households that buy dairy, but just not from supermarkets anymore.¹²

UNDER-DEVELOPED SHOPPER ENGAGEMENT

“They are products that I need to have at home every day. Definitely my children need: calcium, vitamins and minerals daily...” – Mariela¹³

Given the relative importance that the dairy plays with shoppers’ everyday lives as echoed by shopper insights, it’s surprising the low level of interaction that the shopper actually has when shopping the department.

Consider that shoppers spend nearly 19 percent less time shopping the top-three dairy categories (~38 seconds) as opposed to when they shop for bottled water (~47 seconds).¹⁴ This is revealing as these three dairy categories, in aggregate, occupy 20 percent more space in the store versus this one grocery category.¹⁵ However, the low shopping times in dairy are likely due in large part to shoppers making fewer unplanned purchases in dairy as compared to grocery, regardless of whether it’s a quick trip or stock-up trip.¹⁶

Improving visual cues and calling out various products and/or sections can help slow the shopper down. The key to success is employing messaging that addresses shopper lifestyle and usage needs as well as the shopping mission.

CRITICAL COMPONENT OF HEALTH AND WELLNESS

The 65+ age segment is projected to grow nearly three times faster than the overall U.S. population.¹⁷

Health and wellness will continue to grow in importance to today's shopper. Whether it's due to the rising cost of healthcare in our country, the aging of America's population, or the increasing prevalence of obesity in the U.S., it's increasingly clear that shoppers are becoming more concerned with their diets.

Dairy plays a vital role in the shopper's view of healthy eating. Shoppers cited "health" more frequently as the primary purchase driver when selecting a dairy product, which is equal to the response rate given when purchasing produce.¹⁸ And, the dairy industry continues to offer even more products better satisfying the growing needs of today's shopper in this area as the number of dairy products with a functional digestive claim has increased at a staggering 3-year compound annual growth rate of more than 300 percent.¹⁹

Elevating communication about dairy's role in supporting a healthier lifestyle and providing specific consumer benefits will strengthen a retailer's storewide health and wellness proposition.

APPLYING THE LESSONS LEARNED: BEST PRACTICES

It's clear from all the work to date that there are many things a retailer can do with the dairy department to drive stronger financial results, elevate the strategic role within the store, or improve the shopping experience. To accomplish these goals simultaneously, a retailer needs to first understand what to change and secondly how to effectively make the required improvements.

Here are eight strategic Best Practices that retailers should ensure are part of their reinvention process.

- *Establish a dairy department versus just another aisle* – Make it clear to the shopper when entering and leaving the department. This orientation brings the department together, creates a three dimensional space, provides a more engaging environment, and signifies to shoppers that this is an important component of the overall store.
- *Make the department easier to shop* – The key is to improve shop-ability and minimize clutter. Make it easier to move through this high traffic department by eliminating elements which create congestion and bottlenecks. Organize and segment the department based on prevailing shopper lifestyles and need states, thereby creating more shopper-centric product placements.
- *Utilize a broader array of methods to "personalize" the engagement of the shopper* – Shoppers, like shopping trips, are different so be sure to offer communication that can be personalized to satisfy various occasions. Using kiosks, offering meal solutions, or providing information about consumer benefits on danglers are all various ways to slow the shopper down with useful and relevant information.
- *Build stronger emotional connections leveraging health & wellness* – Help shoppers better understand the role that dairy can play in living a healthier lifestyle for them and their families. Communicating consumer benefits within the department will serve to increase impulse sales opportunities. Shoppers will come to rely and reward stores that assume this important role in becoming a strong advocate for the family.
- *Leverage more meaningful merchandising* – Assist shoppers in locating the various categories more effectively as categories often blur together in a long-running aisle format. Also, re-organize categories based more on how shoppers interact with these various product categories.
- *Offer stronger freshness cues* – While having fresh, cold, clean products is vitally important so is the communication of those attributes; freshness guarantees, proper lighting, keeping the department looking and smelling fresh and inviting signage all create shopper trust and engagement.
- *Foster interaction and engagement* – Shoppers sleepwalk through the dairy shopping process, defaulting to replenishment of planned purchases. Change the dairy space from linear to three-dimensional.
- *Inspire shoppers* – Throughout the store, shoppers want to know "what's new". In dairy, shoppers tend to find new products accidentally, or not at all. To maintain shopper interest, consistently update messaging and solutions. Provide messaging that educates shoppers about new items and new usage occasions.

REINVENTING THE DAIRY DEPARTMENT: DESIGN PRINCIPLES

The coalition has developed four design principles that take advantage of the opportunities to elevate the role of the dairy department within the store and improve its positioning with today's shoppers.

PRINCIPLE #1: CONTEMPORIZE THE IN-STORE ENVIRONMENT

Shoppers generally perceive the dairy as "old fashioned, stale, and boring," which is in dramatic contrast to the terms associated with produce, such as, "modern, fresh, and stimulating." These perceptions are preventing retailers from fully leveraging the value related to a department that currently generates more gross profit dollars than any other fresh-food department in the store with the exception of produce.

Refreshing the look and feel of the dairy department can help enhance the shopping experience and the competitive differentiation associated with a vitally important department in the store.



PRINCIPLE #2: DIMENSIONALIZE THE DEPARTMENT

Shoppers spend nearly as much time shopping dairy as they do bakery even though the dairy department is much larger in terms of square footage of selling space. While purchase intent may have some impact, layout also is a driving factor as dairy is often merchandised in a linear fashion, which doesn't encourage the shopper to browse through the department.

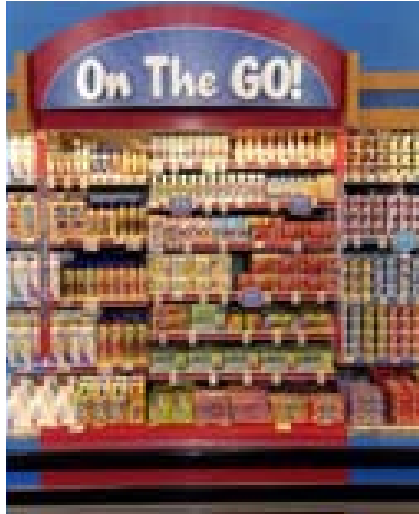
Modifying how the department is merchandised, which includes secondary locations, can cause the shopper to slow down and purchase more products by better satisfying their lifestyle and trip needs.



PRINCIPLE #3: RATIONALIZE THE SHOPPING EXPERIENCE

Shoppers buy more fluid milk than any other dairy category in grocery stores, which probably doesn't surprise many retailers. What's interesting is that nearly 30 percent of all trips for fluid milk in grocery are considered "quick trips," which is the highest amongst any of the key dairy categories. Knowing how consumers are shopping categories in the store and what they're buying at the same time can be invaluable when laying out the department.

Improving category flow and adjacencies can make it easier for the shopper to find products and drive incremental sales via improved product placement.



PRINCIPLE #4: INVIGORATE SHOPPER COMMUNICATIONS

Dairy products play an important role in a shopper's everyday life. Shoppers are looking for a range of new solutions including finding ways to eat better, getting ideas for meal solutions, and finding new snacking options. Unfortunately, most dairy departments don't provide a lot of signage that either guides or informs a shopper with these types of needs.

Calling out key usage benefits and/or occasions can help shoppers better understand how dairy products satisfy various need states.

By applying these core design principles to the dairy department, retailers can:

- Increase shopper traffic by designing a more modern feeling department that reinforces dairy as a fresh-food section.
- Convert more shoppers into actual purchasers by giving them reasons to slow down and become more aware of the range of products and consumer benefits available.
- Increase the transaction size by making it easier to shop by improving the department flow and how various products are organized on the shelf.
- Build the shopper's basket by providing more helpful information at the point of purchase relative to lifestyle and usage needs.

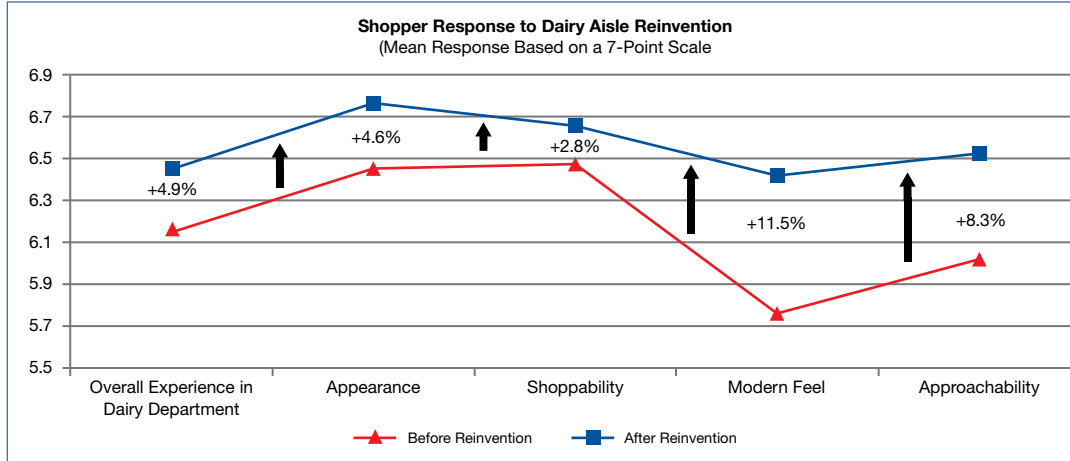
How do we know that these principles work? From extensive testing over the last two years in over 1,000 stores with dozens of geographically dispersed retailers across the U.S.



CHECKING THE SCORECARD

The shopper has responded positively, dramatically, and swiftly to the reinvented dairy department. (See Chart 2 Below) In terms of perceptions, shoppers are stating that the overall experience in the department is better as a result of the enhancements. They like how the department is presented. They believe the enhancements make the department easier to shop. They agree that the new looks create a more modern-feeling experience. And as a result, they perceive the department as more welcoming.

CHART 2 – PERCENT CHANGE BETWEEN BEFORE AND AFTER REINVENTION



Source: In-store shopper research related to total dairy reinvention, DMI, 2007/2008.

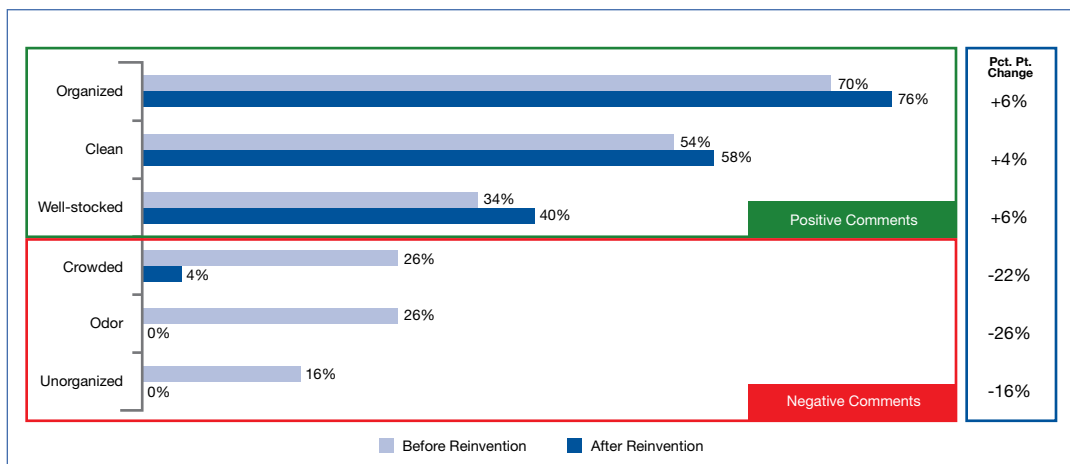
The design principles have helped to improve long-held shopper beliefs and to strengthen positive aspects associated with the department. (See Chart 3 on Page 13) Therefore, the design principles at the core of reinventing the dairy department enable retailers to virtually eliminate the negative associations and overcome fundamental barriers to unlocking the full potential of dairy.

The success of the principles is also evident in actual shopping behavior observed in the department. This change in shopping behavior is driving stronger results across the entire department. In particular, the reinvention efforts assisted in building shopper traffic into dairy by approximately 3 percent, converting more of those shopping experiences into purchases of dairy products by as much as 7 percent, and motivating shoppers to spend more than twice as much time shopping various dairy sections.²⁰

Ultimately, these positive changes in attitudes and behaviors are clear in the sales results. To date, applying the reinvention principles has helped retailers lift units sold by 2.2 percent and dollar sales by 1.6 percent.²¹ This would result in an incremental \$ 1 Billion dollars and 600 million units being sold in the Dairy Department.

While individual results across retailers will vary based on a multitude of factors, the coalition has demonstrated, through extensive shopper research and retail testing, that these principles are proven to improve shopper engagement, optimize space opportunities, and produce stronger sales results for the entire department.

CHART 3 – WORD ASSOCIATIONS RELATED TO DAIRY AISLE (UNAIDED RESPONSES)



Source: In-store shopper research related to total dairy reinvention, DMI, 2007/2008.

MOVING FORWARD

The coalition's efforts demonstrate that retailers can customize the four design principles to various retail circumstances, such as building a new store, refreshing or remodeling an existing store, or even improving the use of end cap displays around the store.

The application of these principles to such elements as fixtures, department layout, space allocations, shopper communications, and signage also illustrates their versatility in enhancing how the store engages the shopper.

What this means is that the proven principles can support a very broad range of initiatives at retail if construction, marketing, merchandising, operations, or store design has a genuine desire to integrate within their internal development and evaluation process.

Therefore, if you're interested in further understanding:

- How can you better leverage basic shelf signage to engage the shopper more effectively thus triggering more impulse purchases?
- Where you can adjust space allocations within the existing department in order to drive greater sales and profit growth related to new and existing products?
- How you can create special interest sections that promote health and wellness, convenience, and snacking products within the dairy department to take advantage of growing consumer trends?
- What type of enhanced signage can you employ to help the shopper navigate the sections more easily or build a stronger emotional connection with the shopper through visual cues throughout the department?
- How you can improve the overall layout so that the department flow and category adjacencies align much more with prevalent shopper trip missions and purchase patterns?

Consider where your stores could benefit from using these principles within the dairy department. Then contact the dairy coalition to learn how they may be able to support developing and evaluating your dairy department of the future today.

CONTACT

Contact us at innovationcenter@usdairy.com for access to additional tools and resources.



ABOUT THE COALITION



Dairy Management Inc.™ (DMI) is the nonprofit domestic and international planning and management organization responsible for increasing sales of and demand for U.S.-produced dairy products and ingredients on behalf of America's dairy producers. DMI manages the American Dairy Association®, National Dairy Council® and U.S. Dairy Export Council®.



The Dannon Company is America's founding national yogurt company and continually leverages its expertise to develop and market innovative cultured fresh dairy products in the United States. Headquartered in White Plains, N.Y., Dannon has plants in Minster, Ohio, Fort Worth, Texas, and West Jordan, Utah and produces approximately 100 different types of flavors, styles and sizes of cultured fresh dairy products. Dannon is a subsidiary of Danone, one of the world's leading producers of packaged foods and beverages, and Dannon is the top-selling brand of yogurt products worldwide, sold under the names Dannon and Danone. For more information, please visit www.dannon.com.



Kraft Foods (www.kraftfoodscompany.com) makes today delicious in 150 countries around the globe. Our 100,000 employees work tirelessly to make delicious foods consumers can feel good about. From American brand icons like Kraft cheeses, dinners and dressings, Maxwell House coffees and Oscar Mayer meats, to global powerhouse brands like Oreo and LU biscuits, Philadelphia cream cheeses, Jacobs and Carte Noire coffees, Tang powdered beverages and Milka, Côte d'Or, Lacta and Toblerone chocolates, our brands deliver millions of smiles every day. Kraft Foods (NYSE: KFT) is the world's second largest food company with annual revenues of \$42 billion. The company is a member of the Dow Jones Industrial Average, Standard & Poor's 500, the Dow Jones Sustainability Index and the Ethibel Sustainability Index.

FOOTNOTES

- ¹ SuperStudy™, Willard Bishop, 2009.
- ² U.S. only, GNPD, Mintel International Group, 2004 – 2008.
- ³ Low-performing dairy SKUs computed based on taking bottom 10 percent ranked on adjusted gross profits (109 SKUs), which had an aggregate weekly gross profit per store of \$314. Then computed how many SKUs from comparable categories were required to generate similar profit levels (1,553 SKUs for grocery). SuperStudy™, Willard Bishop, 2007/2009.
- ⁴ “Quick trip” is a shopper transaction that has between 1 and 5 retail units and a total retail value less than \$40. Trip Typology: Trip Mission, Total US, Grocery, 52 weeks ending 5/25/08, Information Resources Inc.
- ⁵ Nielsen Strategic Planner, 52 weeks ending 3/22/08, Total U.S. Grocery/Drug/Mass, including Wal-Mart. *Consumer Expenditure Study*, Progressive Grocer, 2002-2008.
- ⁶ Trip Typology: Trip Mission, Total US, Grocery, 52 weeks ending 5/25/08, Information Resources Inc.
- ⁷ Trip Typology: Trip Mission, Total US, Grocery, 52 weeks ending 5/25/08, Information Resources Inc.
- ⁸ Shoppers are not visiting drug stores necessarily to buy a single-serve size of fluid milk. In fact, more than 80 percent of fluid milk volume in the drug channel is sold through the gallon packaged size. (Volume equalized based on gallons sold.) InfoScan®, Total U.S., Drug, 52 w/e 5/3/09, Information Resources Inc.
- ⁹ Shoppers are not going to drug stores because they offer lower prices as compared to supermarkets. For instance, the retail price for a gallon of fluid milk in a drug store was at near parity with supermarkets. (*Price differentials based on comparison of white gallons at drug and grocery stores.*) InfoScan®, Total U.S., Grocery and Drug, 52 w/e 5/3/09, Information Resources Inc.
- ¹⁰ Path-to-Purchase Study, DMI/RTC, 2008.
- ¹¹ Household penetration rates: fluid milk (90.6%), non-cream cheese (90.5%), and yogurt (71.5%), Quarterly Panel, 52 w/e 3/29/09, Food channel only, Information Resources Inc.; bananas (84.4%), tomatoes (69.3%), and apples (67.1%), 2007 Annual Produce Operations Review, Progressive Grocer, 10/1/07.
- ¹² Related to comparison of household penetration across all channels versus grocery, 52 w/e 3/29/09, Quarterly Panel, Information Resources Inc.
- ¹³ Path-to-Purchase Study, DMI/RTC, 2008.
- ¹⁴ Top-three dairy categories, based on dollars sales are fluid milk, cheese, and yogurt. Bakery includes bread and service bakery. PathTracker®, TNS Sorensen.
- ¹⁵ Based on linear feet of shelf space, SuperStudy™, Willard Bishop, 2009.
- ¹⁶ Only 33 percent of quick trip purchases in dairy were unplanned versus 46 percent for total grocery. The unplanned rate was essentially unchanged with stock up trips as only 35 and 47 percent were reported for dairy and total grocery respectively. Path-to-Purchase Study, DMI/RTC, 2008.
- ¹⁷ Projection through 2020, “U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin,” U.S. Census Bureau.
- ¹⁸ Attributes, or purchase drivers included: convenience, goes with, have on hand, health, occasion, for person, sale/price, and taste. Path-to-Purchase Study, DMI/RTC, 2008.
- ¹⁹ Based on fluid milk, cheese, and yogurt categories only, U.S. only. *GNPD, Mintel International Group, 2004-2008.*
- ²⁰ In-Store Shopper Research based on two retail chains reinventing cheese section, Kraft/DMI, September 2007.
- ²¹ Comparative analysis of post- and pre-install performance between test and control store groups, composite figures based on weighted averages from total dairy aisle reinvention tests, DMI, 2008/2009.