

Tackling the front end

Many grocery retailers are not doing enough to maximize front end sales, according to study sponsored by a consortium of manufacturers. Here are some ways to improve those numbers.

GROCERY RETAILERS should stop complaining about losing impulse sales to other retail channels and do something about it. At least that was the message of Front End Focus, a study sponsored by several leading suppliers.

The report, a follow-up to a similar study conducted seven years ago, found that grocery retailers may not be paying enough attention to check-stand merchandising. The result, it says, is that more consumers are going to other retail channels for high-impulse—and

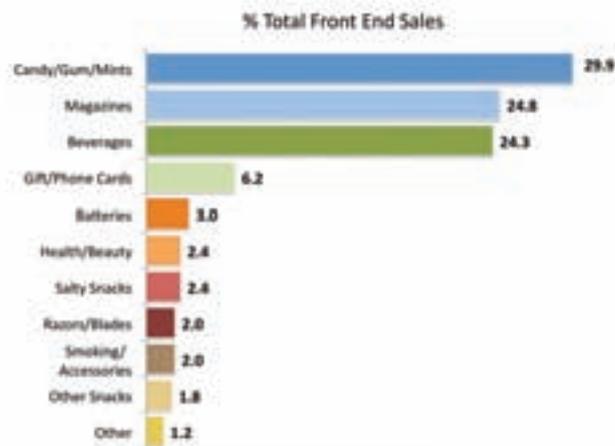
often high-margin—products as such candy, gum, magazines and even carbonated beverages and water because supermarkets are not giving these categories enough space and visibility at the front end.

The study was sponsored by Mars, Time Warner Retail Sales & Marketing, Wrigley and Coca-Cola. Dechert-Hampe conducted the research, which included working with a number of retailers across the country that operate a total of more than 3,200 stores.

The study developed a list of best practices:

- Merchandise front-end checkout displays to reflect shopper buying behavior. Retailers should select items with high penetration, that are purchased frequently and that are commonly bought on impulse.
- Focus at the front-end checkout should be on “power categories” that represent 80% of front end sales and profits. Candy, gum, magazines and beverages represent 83% of this opportunity.
- Be sure to merchandise the self-checkout lanes with a focus on the key power categories.
- Carry confectionery products on all the checkout lanes and merchandise confectionery products on both sides of the aisle to generate impulse purchases.
- Maximize the presence of magazines at the front end, on endcaps and in-aisle. Shoppers need to browse magazines.
- Make sure the top selling magazines are available in key front-end lanes. Quality is more important than quantity when it comes to magazines.
- Make beverage coolers available to shoppers at 80% of front-end lanes, including the express and self-checkout lanes. Stock an assortment of beverages in each cooler that includes water, energy drinks, non-carbonated and carbonated beverages.
- Provide a moderate amount of space for GM/HBC items. □

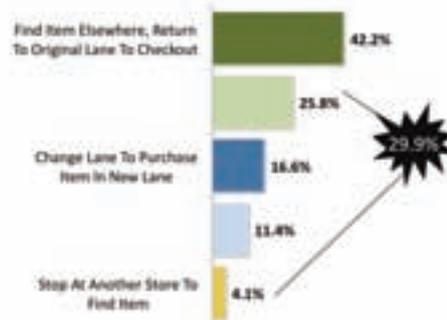
Confectionery, Magazines and Beverages Account for 79% of All Front-End Sales



Source: Front-End Focus; Dechert-Hampe Analysis of Retailer Data.

Almost One In Three Shoppers Would “Walk Away” If The Item They Wanted Was Not Available at the Checkout

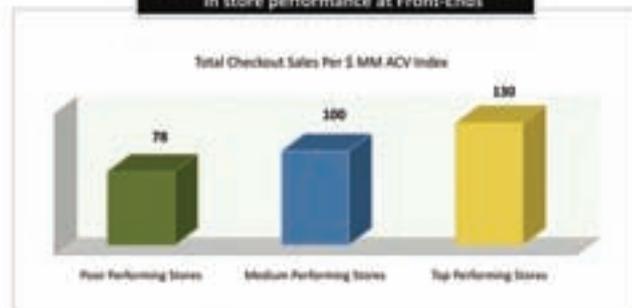
If Item Was Not Available, What Would You Most Likely Do? (% Of All Respondents)



Source: Front-End Focus; Shopper Interviews

The Opportunity For Improved Performance at the Front-End Checkout Is Huge

Top performing retailers enjoy a 30% advantage in store performance at Front-Ends



Source: Front-End Focus; Dechert-Hampe Analysis of Retailer Data.