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What We Can Learn From a Trip to the Grocery Store

There is a huge message all businesses can learn from grocery stores, especially well run grocery stores. I'm not going to come right out with it, however. You're going to have to work for it. After all, I have to fill up a page here.



A grocery store is a marvelous study in merchandising. When you walk in to a grocery store you are almost immediately being manipulated. The goals of this manipulation are pretty simple:

- Get you to spend as much as they can.
- Get you to buy the most profitable stuff.
- Get you to come back.

So how does the grocery store do that? Let's break it down by each primary method of manipulation. Keep in mind that the store does this in countless ways. Here are just a few of the highlights:

Increase spend per visit:

- Question: 'Where's the milk and bread?' Answer: About as far away from the front door as possible. The idea is that the more ground you have to cover to come in to pick up one or two essentials, the more likely you'll walk out with 8 or 9.
- Make the perishables easy to find. The stuff you have to buy every week for freshness is easy to find. That's why the produce is almost always the first thing you'll see when you get in the store. They know you'll likely get something from the

produce section regardless of why you originally came in.

The store within the store. I'm of course speaking of that 10 car pileup of merchandise near the registers. Gum, candy, magazines. Impulse buys in an impulse location. You never had a chance.

Maximize profit per visit:

- The deli is a big profit center, which is why it's almost always one of the first areas you'll pass when entering. Think about it. \$7.00 per pound for plain old cheddar cheese? \$8 per pound for Turkey? You can buy a whole 20 pound turkey for what you pay for a few pounds of sliced turkey.
- Prepared foods and hot foods are very profitable. Most delis now serve plenty of hot food, and receive plenty of hot profit. Remember, they get to buy the source ingredients at wholesale. A pound of potato salad costs about \$1.00/pound while it sells for \$5.00

What you can see easily is what they make the most money on. Typically, the stuff on shelves that is at eye level is the higher profit products.

Increase the return rate of customers:

- Those store cards you swipe to get sale prices are often called loyalty cards. Their intent is to keep you loyal to the store. Lately I have noticed that grocery stores are using those cards to track points which you can use to lower the cost of gas for your car. The more you spend, the more points, the bigger per gallon discount you get. Smart.
- Ever notice that the coupons printing at the register as your order is being processed are things you normally buy? Loyalty cards carefully track your buying habits and make it so the "right" coupons print for you to bring back next time.

So what is the huge message you should learn from all of this? *That you should closely look at each customer contact point with your business for an opportunity to sell more, sell more profitable stuff, and ensure the customer comes back to buy from you the next time.* And by 'closely look' I mean study...extensively. Try different tactics and ideas and keep score so you know what works best and what doesn't.

Be careful to not over-manipulate your customers. What you sell them should be something they'll feel good about buying from you. And this tactic works for all businesses, not just retail. Any business that has a customer who is in contact with a business should be looking at every contact point from inquiry to after-the-sale follow-up for opportunities. It is infinitely easier to make more money from an existing customer during a transaction than to try to reel in a brand new customer to make money on.

You have countless opportunities to do this throughout the sales process. Take advantage of them. Grocery stores do, which is why you rarely see one go out of business.

See you next month.