



Case Study:

Better-for-You Planogram Pilot Test

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The Purpose: A pilot test to was conducted in January 2016 at four E-Z Mart convenience stores to determine whether integrating healthier or better-for-you snacks into a traditional snacks display can nudge consumers into purchasing healthier snacks.

Location

E-Z Mart Inc. operates more than 280 stores throughout Texas, Arkansas, Louisiana and Oklahoma. Four E-Z Mart stores in Texas were selected to run the pilot test. E-Z Mart worked with the National Association of Convenience Stores (NACS), the Project on Nutrition and Wellness (PNW) and the Cornell Food and Brand Lab (CFBL) to design and implement the test.

Design

An October 2015 report developed for NACS by the Hudson Institute's Obesity Solutions Initiative illustrated the growing opportunity for convenience store retailers to grow sales of better-for-you foods and drinks. The report noted that the percentage of convenience store customers who are "interested in healthier foods that can be eaten on-the-go has increased from 59% to 66% in the past seven years." And healthier snacking has become the norm, with 75% of shoppers "interested in snacks that are nutritionally healthy."

NACS also has reported on the trend toward healthy snacking. "Younger consumers are looking for new flavors to try, as well as products with better-for-you positioning. They are excited by unconventional flavor combinations... but framed in a healthy context," according to the *NACS State of the Industry Report of 2015 Data*.



Four snacks (Bare Fuji & Reds Apple Chips, Sensible Portions Garden Veggie Chips, SnakClub Salted Pistachios and Kellogg's Special K Sea Salt Cracker Chips) were selected for the test based on the Hudson Institute's Better for You product designation, which refers to products that are "lite" and "good." (Figure A) The "lite" products are foods and beverages that contain low, no or reduced calories (typical designations include diet, lite and zero); and packages that contain fewer calories, such as 100-calorie packs. The "good" products are generally categorized as wholesome, such as whole grain products. It also includes traditional products that have been made healthier but do not qualify as "lite."

E-Z Mart worked with PNW and CFBL to determine the placement of these healthier products within the

snack aisles and displays. The healthier snacks were co-merchandized with traditional snack offerings such as peach rings and other gummi treats. Originally, trail mix had been one of the items, but only one store carried it during the data collection period. In addition, one of the stores did not carry Veggie Chips. No signage indicating “Healthy Choice” or similar messaging was employed. The only factor in play was the new location of the targeted items.

Execution

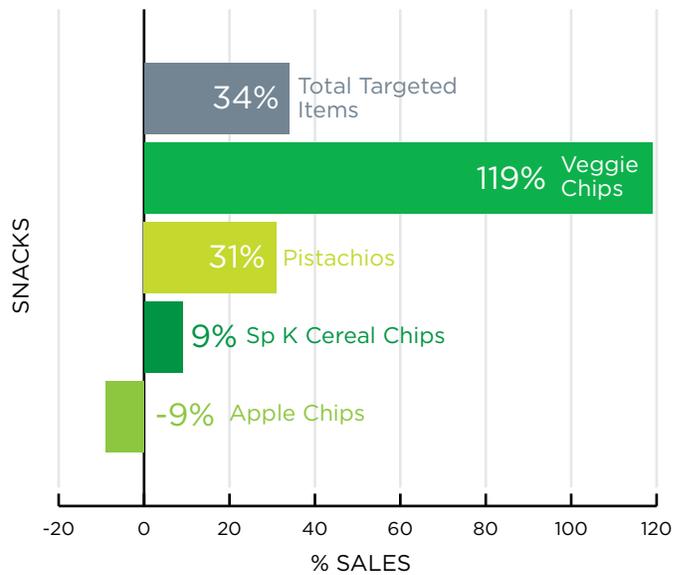
The pilot test launched on January 29, 2016, and data collection ran for 10 weeks: 5 weeks prior to the co-merchandising (baseline) and 5 weeks following (intervention). The before and after periods were then compared to see if any change in sales of the better-for-you category or the specific targeted items occurred.

Results

(See Appendix A for individual store details):

When taken in aggregate over the four stores, the overall category of the better-for-you items showed a sales increase of 34%, with all items except Apple Chips showing dramatic sales increases. (Figure B)

Figure B: ALL STORES COMBINED IN SALES POSE INTERVENTION



On an individual store basis, results were somewhat mixed. All stores saw an increase in at least one of the targeted items, with Veggie Chips showing the strongest sales increases. Interestingly, the store that did not sell Veggie Chips was the only one to see a dramatic increase in Apple Chips, which otherwise saw a decline



Figure A: Four snacks (Bare Fuji & Reds Apple Chips, Sensible Portions Garden Veggie Chips, SnakClub Salted Pistachios and Kellogg’s Special K Sea Salt Cracker Chips) were selected for the test based on the Hudson Institute’s Better for You product designation,

in the other three stores. One possible explanation is impact of the word “chip,” which has strong associations with snacking. Veggie Chips may have been considered a reasonable replacement for traditional chips and apple chips may have been seen as better than no chips at all.

Two of E-Mart stores saw large increases in the “better-for you” category with one showing flat (1 item) or increased sales for all items. One of the remaining two stores, one saw a large decrease, with the exception of Veggie Chips, and the other saw a small drop in the category. Differences in the demographics of the shoppers between the stores is the most likely explanation for the variance, although, there is not enough detailed information to make an official analysis of that hypothesis.

None of the stores in the test experienced a decline in sales of the candy items that were co-merchandised with the targeted items, suggesting that, where there were increases, the sales of healthier items were add-on sales that may not have occurred otherwise.

Lessons Learned

Retailers are increasingly looking for ways to enhance their sales of better-for-you items in their stores, but often face the challenge of waste for fresh items that have a limited shelf life. However, packaged items like those in the tests have much longer shelf lives and can also deliver increased sales without significantly changing operations.

Success with selling packaged better-for-you items could be an affordable entry point and lead to a more robust fresh offer. Additionally, signage could be used to further increase sales by promoting that these products are for sale and give stores recognition among consumers for providing healthy options. Also:

+ This test is a low-cost tactic that convenience stores can implement to grow sales of healthier foods. The intervention required only a simple planogram change that can be replicated by other retailers. Additional evidence-based low and no cost strategies to grow sales of healthier foods and beverages can be found in the NACS reFresh toolkit, “8 Evidence-Based Ideas for Growth” (convenience.org/refresh).

+ “Behavioral interrupt” is an effective strategy to grow sales of certain products, like the four used in this test. By unexpectedly placing healthier items where a customer would normally look for indulgent options, customer choice is maintained, while creating new, unanticipated options for customers that are more likely to grab their attention.

+ Displaying items in multiple locations increases the likelihood that they will be seen by customers. Using multiple displays of healthier options with the other items in the endcap (baked chips in with the regular chips, no-sugar-added dried fruit with the candy) as well as in the aisles, increases the visibility of these items and lets customers know they are available.

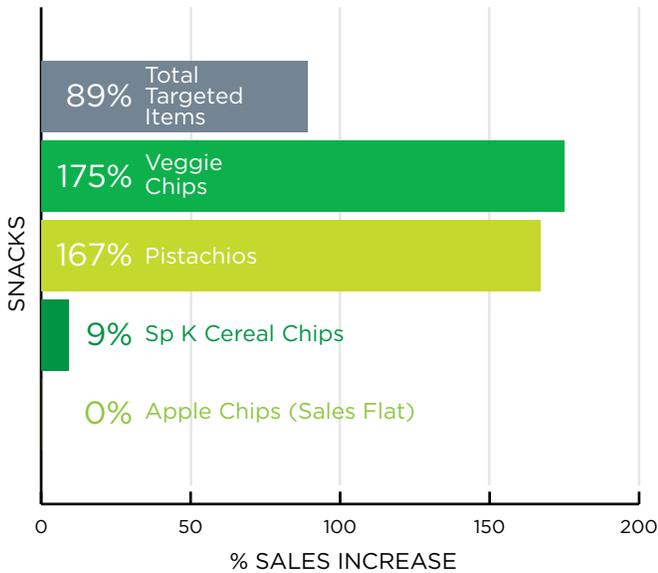
+ Co-merchandising the better-for-you items clearly had an effect, although it was not effective across all items equally and was location dependent. Co-merchandising is a promising opportunity that should be further explored. In particular, more targeted co-merchandising in terms of product affinity (i.e. low calorie cereal bars with candy bars) or complimentary products (apple chips with juice or water) should be explored. Other research that the Cornell Food and Brand Lab has conducted suggests that the number of the healthier items being grouped together has an impact, with a larger number being more successful. That is a hypothesis worth further testing in a convenience setting.

Appendix A

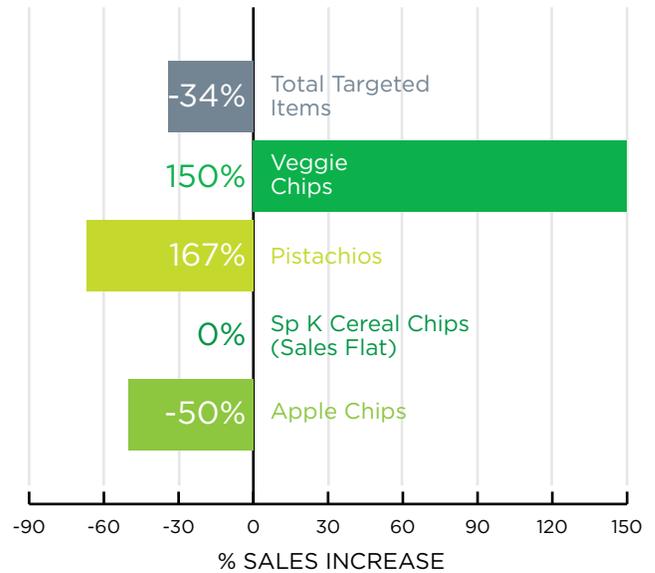
INDIVIDUAL STORE DETAILS

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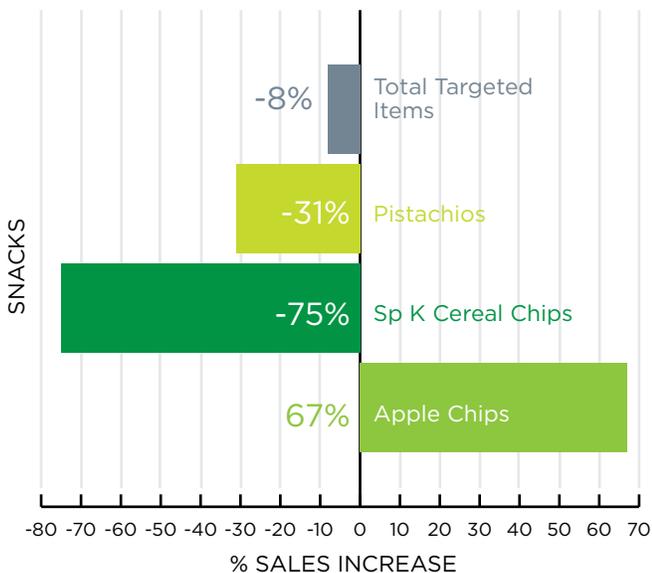
Store 1
CHANGE IN SALES POST INTERVENTION



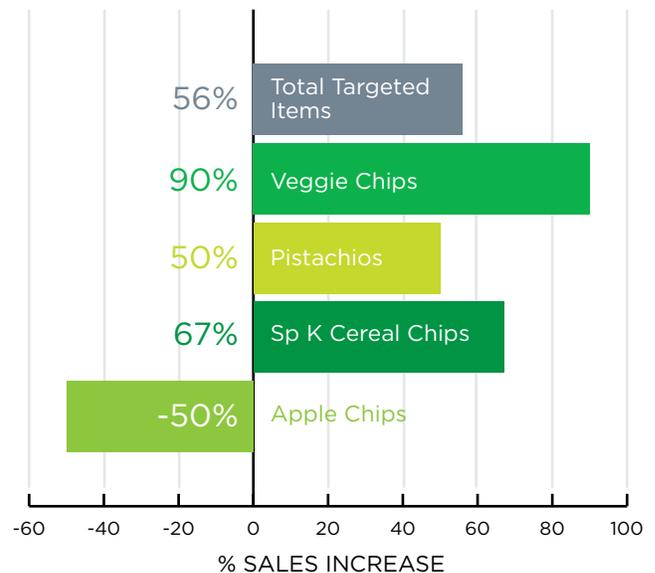
Store 3
CHANGE IN SALES POST INTERVENTION



Store 2
CHANGE IN SALES POST INTERVENTION



Store 4
CHANGE IN SALES POST INTERVENTION



Summary

The convenience store industry shares more ideas than any other retail channel. For this project, retailers allowed NACS to test key insights and share the results with other retailers who can consider how these findings may improve their own operations. As part of its reFresh initiative, NACS worked with food and merchandising experts to develop eight convenience store-specific ideas to grow sales based on evidence-based practices (read full report at convenience.org/refresh).

NACS then undertook additional pilot tests to further define how these practices could grow sales. This pilot test examined the concept that having multiple displays will remind customers of the offer of better-for-you products throughout the store.

