Case Study:
Healthy Cooler Planogram Pilot Test

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The Purpose: The Marine Corps Xchange (MCX) implemented a two-phase pilot test to assess beverage case layout changes and functional messaging to sell lower calorie beverages at its Marine Mart convenience stores.

Location

Marine Mart convenience stores are located on military bases throughout the continental United States, Hawaii and Japan. These stores serve active-duty, reserve and retired service members, their family members, as well as marine base civilian staff. Their competitive environment is different than most convenience retailers; only those with clearance to enter a base can purchase items from a store, limiting their potential customer base. In addition, these stores compete with other military facilities, including commissaries. On the other hand, there is no competition from non-military retailers on the base, which could be a big competitive advantage for certain convenience items.

Troop health is a priority for the Marines, as “failure to meet weight standards is a leading cause of involuntary separation from the military, and obesity in the civilian community limits the department’s ability to recruit qualified personnel,” according to the Department of Defense’s Healthy Base Initiative. The 2013 Department of Health and Human Services study, “Obesity and the US Military Family,” found that within the civilian population, 68.8% are overweight including 35.5% of the population classified as obese. “Active-duty military rates of being overweight or obese now rival civilian rates. Further compounding this troubling trend, being overweight is more common among certain racial and ethnic minorities, who represent over 36% of the U.S. military,” according to the report.
PHASE 1 (3-MONTH DURATION)
Beverage case planogram design and execution. Low- and no-calorie beverages are placed at the top of the case and at eye level, while high calorie beverages are moved to the bottom of the case.

Two U.S. Marine Mart locations were chosen as the test sites: Pendleton, California, and Quantico, Virginia, and two control sites were selected. MCX stores are similar to a small grocery store, and they do not have a large focus on hot prepared foodservice, but they do have a large selection of packaged items and a growing selection of grab-and-go snack and meal options. On average, those on base who visit MCX retail stores shop three times a day.

**Design**

Packaged beverages (non-alcoholic) account for 15% of total in-store revenues at convenience stores, according to the NACS State of the Industry Report of 2016 Data.

Nationwide, 49% of convenience store customers say they went inside the store primarily to purchase a drink or beverage (compared to 35% who went inside to buy food and the 17% who went inside for something else), according to a September 2015 NACS consumer survey.

MCX wanted to test if beverage case planogram changes and promotional displays could emphasize the availability of lower-calorie, healthier beverage options.

**Execution**

MCX worked closely with the National Association of Convenience Stores (NACS), the Project on Nutrition and Wellness (PNW) and the Cornell University Food and Brand Lab (CFBL) to design the two-phase pilot. At the test sites, the first phase (Figure A) involved changing the beverage case planogram to move zero- and low-calorie beverages at eye level and/or to the top of the
case, while higher calorie beverages were shifted to the bottom of the case.

With the new planogram still in place, the second phase (Figure B) involved adding cling displays on the beverage cooler doors with functional messages. The purpose of functional messaging is to provide positive messaging or informational facts about a product, such as the healthfulness or a specific health benefit a product offers. The goal was to quickly provide a cue to time-starved customers and potentially change their purchase behavior by providing additional benefits related to the beverage.

MCX, PNW and NACS helped develop the functional marketing messages for the door clings. The messages included: “Balance in a Bottle,” “Fluid = Function,” “Jumpstart your Cells!” and “Hydrate Like You Mean It!” Marine Mart’s internal design team executed the designs and created the door clings for the test sites.

Both pilot test phases ran for three months. Sales data from the same time period in the previous year were used to control for any variations in sales as a result of seasonal or other unforeseen events.

**Results**

Water, enhanced waters, functional beverages and diet soda sales increased by 21.3% over the control weeks—and the sales increase did not come at the expense of other cooler items. Total purchase of goods (POG) increased by 11.7% in retail sales over the control weeks. Higher-calorie beverage sales were essentially flat, so the increase in sales of water, enhanced waters, functional beverages and diet sodas were added revenue for the stores.
The results demonstrate that minor changes in planogram design, coupled with marketing displays, can increase sales of healthier beverage options.

(Figure A)

Lessons Learned

This two-part pilot test, executed through a simple plan-o-gram change and the addition of cling stickers, demonstrates that placing these low and no-calorie beverages at eye level and at the top of beverage cases can increase overall sales of all no and low-calorie beverages. The functional messaging displays on the door clings further increased sales of all no- and low-calorie beverages.

Other key takeaways from the pilot test include:

+ **Messaging:** Convenience store shoppers come to a store to solve a problem (hunger, thirst, etc.) but don’t necessarily come into the store with a preconceived desire for a product that will address that need. Therefore, communicating the functional benefits of specific foods and beverages choices can help customers make a choice and help grow sales of healthier options.

  Functional messages, like communicating the hydration benefits of water or benefits of Vitamin C in fruit or fruit juice, provided added value to customers. Defining a product attribute as “healthy” alone does not generally test well with consumers. Instead, focus on descriptive and functional words that convey value, health benefits, taste and desirability.

+ **Partners:** Convenience stores can work with their distribution partners to develop new planograms and displays to grow sales of healthier foods and beverages. Marine Mart, however, elected to use the designs that were developed by their internal team in partnership with PNW and CFBL.

+ **Planogram changes:** As demonstrated by this pilot test and others, simple planogram changes throughout the store can lead to increased revenue. There was a similar effect in a pilot test conducted at E-Z Mart stores, where test stores incorporated healthier snack options into the candy and snack aisle displays, ultimately leading to increased sales of better-for-you items. (Results of that test have been published in a separate report.)
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.

NACS then undertook additional pilot tests to further define how these practices could grow sales (read more at convenience.org/refresh).

This pilot test examined the concept to have multiple displays to promote healthier options, keeping similar categories together and to let your store “talk” using signs and stickers to provide functional benefit facts and/or positive messages about healthy items.