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# FOOD & PETROLEUM REPORT

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# Take Back Your Shelf

No longer content to sell their space to the highest bidder, stores are once again focusing on the shopper's needs. *Neighborhood, local, and relevant* are the new watchwords.



By Jeff Weidauer

One of the advantages of growing older is the ability to look back and identify when I've seen something before. Bell bottoms, for example. I'm not passing judgment here, just noting they are back. We all know that virtually everything in life is cyclical. We plan our lives—and look back on them—in terms of those repeating events.

Business is no different. Though we are currently deep into one of the worst recessions in modern times, we also know the pendulum will ultimately swing back to better times. We're already seeing signs of improvement, and while things aren't snapping back quickly enough, we know that the economy will get better.

Of all types of business, retail is perhaps one of the most cyclical. It follows a yearly calendar that is often focused on seasonal offerings; at the same time, it has its own longer-term cycle of change. That larger change is driven by customers as a subset of society. In other words, as people change, consumers change, and shoppers change. Their needs and expectations change. Retailers must either change with them, or suffer the consequences.

A change of epic proportions is currently underway in retail, and the long-term effects will be significant. Over the past generation or so, we've seen a major change in the retail grocery environment. Fifty years ago, local stores were the norm, and they competed very effectively with the few large chains. Over time, the chains grew, either swallowing the local stores, or putting them out of business.

At the same time, stores began to lose their personality and become homogenous conglomerations of product, price, and promotion. There was little left to differentiate the major players; it was said that you could drop a customer into virtually any major supermarket and she wouldn't be able to tell which one she was in. Worse, it wouldn't really matter.

The journey to homogeneity was partly the result of the major players trying to cut costs: standard store footprints and layouts allowed for production scale and efficiencies. It was thought that this would assist shoppers as well, by making all of a retailer's stores alike to allow cross-shopping.

The problem was ongoing acquisitions negated these effects, and most shoppers didn't do much cross-shopping. The net was all stores began to look the same, and the growing "secondary shopper" base

showed loyalty was a thing of the past.

Add to this mix the discovery that the store could be used as a base for advertising consumer packaged goods. Soon, not only did the products on the shelf look the same, there were ads on the shelves, carts, floors—you name it—that were the same as every other store. Not just within one chain, but across all stores nationwide.

Suddenly, what little differentiation remained was blotted out by the ever-increasing blight of signs, banners, posters, and giant television screens. But the hook was in: Retailers were making millions of dollars from these ads, and they were now dependent on them even as sales through the front door continued to fall.

It was no surprise that one day we found ourselves overstored, and making all our money through the wrong door. Restaurants were taking people away from home to eat, superstores owned price, and grocers watched as both market share and share of wallet fell. Then the economy collapsed.

However, as the cycle continues, there is change on the horizon. More and more retailers are taking back their stores, and their shelves. As shoppers come back to stores to learn how to shop and how to cook,

more and more retailers are reclaiming what is theirs and changing the game.

No longer content to sell their space to the highest bidder, stores are once again focusing on the shopper and her needs. Neighborhood, local, and relevant are the new watchwords. Shoppers are looking for authenticity, not just in the products, but in the seller of those products. Differentiation is coming back, with better branding, and a growing commitment to the shopper above all.

Taking back your shelves need not be expensive, and the sales growth it will drive will overcome any loss in "wrong door revenue."

There are three steps to effectively taking back your shelves:

1. Be where the shopper is—put your message where you know the shopper is looking, for example at the shelf edge.
2. Be relevant—do more than offer price; offer information or ideas that help.
3. Be consistent—make the shelf edge yours and make it work for you by letting the shopper count on what she sees there as being supported by you.

Change is constant, but being able to see that change as an opportunity rather than a difficulty is what sets the leaders apart. The time is now to take advantage of the opportunity.

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