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Spotlight on coffee and tea

Retailers could drive sales of own-brand coffee via attractive and informative packaging, creative storytelling and suggestive cross-merchandising.

By Kathie Canning

These days, shoppers browsing the coffee and tea section of the store face an ever-growing array of choices. Whole bean, ground, single-cup or instant coffee? Loose-leaf, single-cup bags or cups, or instant tea? Add in the varying quality levels, organic and free trade options, and flavor varieties, and shoppers' quest to find that perfect product fit becomes even more difficult.

Thoughtful merchandising, of course, can work to ease the shopper experience here. And when that merchandising also puts the spotlight on a retailer's own-brand offerings, all the better for that retailer's bottom line.

To see what retailers are doing well and not so well here, we visited three supermarkets in Seattle (a city rather well known for its coffee): a Metropolitan Market store in the Uptown/Queen Anne neighborhood of Seattle, operated by Seattle-based Metropolitan Market; a Top Food and Drug store in the Seattle suburb of Edmonds, operated by Bellingham, Wash.-based Haggen Inc.; and a Quality Food Centers (QFC) store in the Capitol Hill section of Seattle, operated by Kroger Co., Cincinnati. Our visits took place in the late afternoon and early evening on a weekday in late January — a few days before Seattle clinched its first Super Bowl title. It's worth noting that all three stores dedicate much more space to their coffee assortments than to their tea offerings.

Metropolitan Market

General observations: The coffee and tea products are located in an aisle situated near the middle of the store. The coffee is located on the left-hand side of the aisle toward the front of the store (looking into the store from the front entrance); tea is located on the same side of the aisle, after the coffee.

The Metropolitan Market location boasts a large assortment of coffee, ranging from bulk and bagged whole bean and ground options to single-cup and instant varieties. It merchandises a smaller tea selection, in comparison, and has no own-brand teas in that mix. Premium and organic offerings are plentiful on both the coffee and teas side.

The section was neat and well-organized, and foot traffic was moderate during our late afternoon visit.

The upside:

- The store puts the spotlight on its own-brand premium coffee beans by dedicating a front-of-store end cap to them (seven varieties), accompanied by a large sign touting "Metropolitan Coffee." Shelves below the bulk bean containers hold Seattle-themed souvenir coffee mugs.
- The white packaging for Metropolitan Market brand bagged coffee really stands out on the shelf; the retailer further enhances shelf impact by blocking its own bagged whole bean and ground options at eye level and just below eye level.



Pictured above: The white packaging for Metropolitan Market brand bagged coffee really stands out on the shelf.



Pictured right: An end-cap display at the Metropolitan Market store merchandises own-brand bulk coffee beans; shelves below the bulk bean containers hold Seattle-themed souvenir coffee mugs.

The downside:

- A large chalkboard called out the names of locally roasted coffee available in store; however, the sign excluded the Metropolitan Market brand (which also is locally roasted).
- Shelf tags are small and hard to read; we noticed no signage to promote the lower price of store brands.
- Metropolitan Market sells no tea products under its own brand (however, the chain is small, so most own-brand items fall across the prepared foods space).

Top Food and Drug

General observations: The coffee and tea aisle is located toward the right-hand side of the store (looking into the store from the front entrance). Coffee products are located in roughly the back two-thirds of the aisle; of the three stores we visited, this store boasts the most extensive collection of store brand and regional/national brand coffee offerings. Tea products get roughly the front third of the same aisle and also count a number of store brand offerings among the mix.

Store brands we noted among the coffee and/or tea items include Haggen's Original, Haggen's Best of the Best, Food Club, and Full Circle and Full Circle + Project 7 organic brands (with the latter three brands being supplied by Topco Associates LLC, Elk Grove Village, Ill.) The section was very neat and well-organized, and foot traffic was moderate during our late afternoon visit.

The upside:

- The portion of the aisle closest to the back of the store merchandises an extensive selection of the retailer's Haggen's Original (nine varieties) and Haggen's Best of the Best (six single-origin varieties) bulk whole bean coffees, and several varieties are merchandised in more than one dispenser bin. The aisle also boasts a similar format for two regional brands' coffee beans — and offers three coffee grinders within the setup.
- A sign above the Haggen's Original bulk coffee area encourages shoppers to "Buy our Brand," while a sign above the Haggen's Best of the Best bulk coffee area tells shoppers the beans are roasted locally — in Bellingham, Wash.
- The store merchandises Haggen's Original bagged ground coffee in two areas of the aisle: under the bulk whole bean bins and then again in the middle of national and regional brand bagged coffees.



Pictured above: Large shelf tags point shoppers to a sale on Food Club tea products at the Top Food and Drug store.

Pictured right: A tea display at the Top Food and Drug store merchandised Tazo and Bigelow brand teas, but no store brand items.



The downside:

- We noticed a shipper display toward the end of another aisle holding tea products, but no store brand products were included in that display.
- The beige packaging for the Haggen's Original bagged coffees gets a bit lost on the shelf.
- In several cases, the store brand product was priced higher than the branded product next to it. For example, all varieties of The Coffee Bean ground coffee were on promotion — \$7.99 for a 12-ounce bag — but the 12-ounce bags of Haggen's Original ground coffee merchandised next to them were priced at \$8.99.

QFC

General observations: The coffee and tea aisle is located on the left-hand side of the first floor of this two-story store (looking into the store from the front entrance). The coffee starts at the front of the aisle and continues about half-way down the long aisle. At the aisle's front end, the store has a three-unit display containing numerous bins of bulk coffee and grinders. Tea is located in the same aisle, after the coffee products.

Store brands we noted during our visit include Kroger, Private Selection and Simple Truth Organic. The store was neat and reasonably well-stocked, and foot traffic was heavy during our early evening visit.

The upside:

- This store is the only one of the three we visited that merchandises ready-to-drink tea products in the same aisle as traditional tea products. These products were located in the part of the aisle closest to the back of the store.
- Of the three stores, the QFC store has the largest selection of store brand tea, much of it under the premium Private Selection brand.

- The store has more single-cup options than the other two, including several varieties of Kroger and Private Selection products.

The downside:

- The three large bulk coffee bean displays were dedicated to the Tully's, Coffee Bean & Tea Leaf and Kivu brands; store brands are not present here.
- We noticed that a large number of cans holding Kroger ground coffee products were dented.
- We noticed no displays dedicated to coffee or tea.

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Smart Merchandising

Make the packaging compelling

Although Seattle grocery outlets might offer a larger assortment of coffee than retailers in many other geographical markets, the abundance of coffee and tea brands in almost any U.S. grocery store can be overwhelming to shoppers. So any efforts retailers can make to get their own brands noticed can go a long way toward building sales. One of the best ways to attract attention is via packaging.

"Packaging is your one shot — your one shot to capture the customer's attention and begin that consideration process," stresses Jonathan Haley, marketing director for Café Vittoria, with U.S. offices in Portland, Ore. "Without that, you don't have any chance."

Jonathan White, executive vice president of New York-based White Coffee Corp. agrees that packaging is crucial.

"Consumers review the shelves for a mere instant," he says. "Aside from brighter colors, there needs to be a compelling product and niche that [are] translated in the packaging."

Retailers will want to put a greater emphasis on design here, says Henry Stein, vice president of sales for Distant Lands Coffee, Renton, Wash., noting that his company offers package design services and market research that can help retailers create "an overall look and feel that communicates the quality" of their own-brand coffees.

"Graphics should be aligned across all items in the assortment to enhance the billboard effect on shelf," he explains.

Sustainable packaging, too, is becoming more important, notes Holger Lohs, CEO of Haelssen & Lyon North America Corp., New York.

Clay Dockery, division vice president, corporate brands for Portsmouth, Va.-based Massimo Zanetti, agrees.

"Environmental awareness continues to grow, and there is room for continued significant growth," he says.

Speaking of sustainable packaging, Lincoln, Calif.-based Rogers Family Company Inc. offers the OneCup format on the single-serve coffee side. The product is more than 97 percent biodegradable, and the infusion method through the filter also creates a better-tasting product, maintains Jon Rogers, the company's founder.

"When you determine the best packaging for your products, it is critical to recognize that your package is also your advertising vehicle," Dockery adds. "Communicating to the consumer why you chose a particular packaging format is important."

Also critical to communicate is a credible "coffee story," says Rich Sermone, vice president of sales for Portland, Ore.-based Coffee Bean International. Efforts here are particularly important for specialty coffee products.

"Packaging should show how your program is differentiated," he adds. "With less-expensive options becoming more and more readily available in other channels, retailers must differentiate the program to keep shoppers' coffee purchases in store."

Seasonally themed formats such as tins could help differentiate own-brand items in the coffee and tea aisle,

Sermone notes. Such items could be placed in the aisle, as well as in the seasonal merchandising area.

A well-positioned QR code on the packaging also can work to engage the consumer, notes Jason Barrow, co-owner and president of Luna Gourmet Coffee & Tea Co., Denver, Colo.

“Creating a unique landing page on your website that’s tied to your packaging’s QR code ensures that it can be updated to communicate the latest news, allowing your packaging set to have a long shelf life,” he says.

Set the stage for sales

In addition to creating compelling and informative packaging, retailers would be wise to invest in simple merchandising efforts that put the spotlight on their own brands. One relatively easy thing they could do is communicate the source of coffee and tea products via signage or shelf talkers.

“We saw a major boost in sales — and interest — when we added extra information about the source of the coffee above and beyond what has been the norm,” notes Victoria Lynden, founder of Kohana Coffee, Austin, Texas. “Nowadays, just listing the country of origin is simply not enough. Consumers love to know the name, location and full story of the farm where the coffee was grown.”

Café Vittoria’s Haley agrees that consumer education, via story-telling, presents the biggest opportunity to move the category — and store brands within it — forward.

“The education can’t be forced,” he maintains. “When done right, it’s more of an invitation, but that ultimately is how you’re going to get brand awareness and loyalty.”

And think outside the coffee and tea aisle, too. Billie Rice, vice president of sales for Trilliant Food & Nutrition, Little Chute, Wis., says secondary locations can be key drivers of store brand sales.

“Shippers, clip strips, island displays and end caps are a few examples of how to gain recognition of the store brand offering,” she says.

Cross-merchandising, too, can drive sales — and if those efforts involve other private brand products, all the better.

“We encourage store brands to leverage cross-merchandising opportunities with other store-made products to drive awareness and trial of their coffee and tea products,” Luna Gourmet’s Barrow

says. “Because we roast our coffees to order, the fresh aspect translates especially well to cross-merchandising with bakery items.”

Shippers placed near complementary areas of the store also can attract attention, Massimo Zanetti’s Dockery says. For example, his company has “seen great success” in merchandising shippers near the in-store bakery and the dairy case.

Retailers also should give store brand coffees their fair share of promotional activity, Dockery stresses. Moreover, such promotions should include complementary products such as non-dairy creamer and sweeteners.

“Careful consideration of price shielding is important while the brand promotional activity is running,” he adds. “Within the premium bag and single-serve segments, we would strongly encourage multiple price events, as the consumer choice is significant.”

Selection also is critical. Retailers need to provide a wide selection, Distant Land’s Stein says.

“Offering organic, Rainforest Alliance, fair trade and/or other certifications is not simply an option; it is vital to success,” he adds.

Along with variety, retailers need to provide options for consumers in terms of product sizes, Trilliant’s Rice says.

Finally, retailers could “elevate the aisle” to attract attention to and boost sales of own-brand coffee and tea products, Coffee Bean International’s Sermone says.

“Think about the aspirational nature of the coffeehouse experience,” he advises. “The wine section has done it, and is one of the only product [segments] also in the higher price tier. Coffee is not just a drink, but offers an ‘experience’ — making shopping the first step toward that is a great opportunity.” **SB**



Pictured left: Large shelf tags tout the low price for Kroger canned coffee products at the QFC store.

Pictured above: QFC’s Private Selection premium teas get premium shelf space, but a few SKUs were in need of restocking.