

## SHOPPER SENSE

Carman Allison



# BACK ON CENTRE STAGE

Centre store food departments, such as grocery, frozen and dairy, are up \$3.1 billion in the last five years. So, how come everyone thinks the centre aisle is dead?

### THERE'S NO DEBATE. AS A NATION

we now eat a lot more fresh food than ever before. The result for grocers: more traffic and business in the supermarket perimeter: produce, bakery, deli, meat and seafood. And, the theory goes, less business for the centre of store: frozen dairy and grocery.

But is it all downhill for the centre store? Believe it or not, the answer is no. Here at Nielsen, we've done a lot of research on the centre of store in Canada. Yes, this department faces some challenges, but it also retains enormous opportunity for retailers and CPGs. So, let's take a walk down the centre aisle and see

what's going on.

Looking at share of wallet across the grocery landscape, the perimeter of the store has gained 2.2 percentage points over the past five years, and now accounts for 44.6% of grocery store food sales. At the same time, centre of store food has seen its share decline, to 55.4%, from 57.6%.

But while the perimeter is now winning in market share gains in Canada, the centre of store is no slouch. It still contributes steadily to overall growth. Over the last five years, food centre store departments, such as grocery, dairy and frozen foods, were responsible for \$3.1 billion

worth of growth. Not bad.

Indeed, all three of these centre of store departments are contributing to growth: grocery accounted for 71% of gains; frozen food 15%; and dairy 12% in the last year (52 weeks to Sept. 19, 2015).

Of course, some centre store foods have seen declines in the last four years. Among them: shelf-stable juice and drinks, margarine and ready-to-eat cereals.

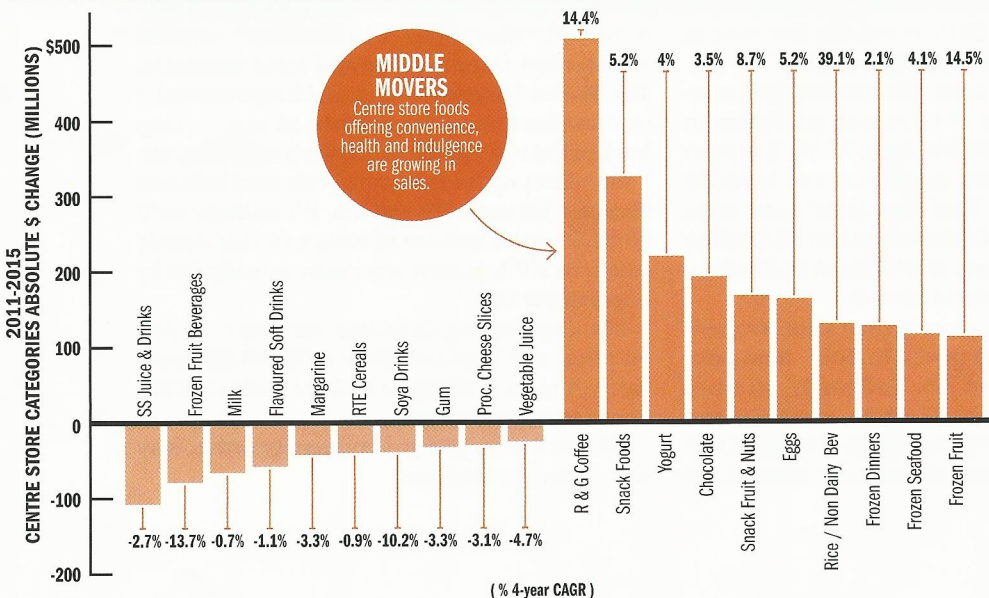
Yet other food categories have gained in the same period. They include roast and ground coffee, yogurt, snack foods, chocolate, frozen dinners, and snack fruit and nuts. The takeaway: indulgent, con-

venient and healthy foods are driving sales.

But centre store growth isn't limited to food. In non-food, expansion is fuelled by the needs of an aging population, which stores have evolved to meet by offering new health and nutritional supplements, face care and incontinent products. All three of these centre of store categories have grown, even as other non-foods, such as laundry detergent, air care, batteries and razor blades, have declined. Overall, centre of store non-food categories have grown \$1.1 billion in the last five years.

Keep in mind that changing shopping habits is but one factor that affects centre of store spend. Another is square footage. Many retailers today are downsizing stores, especially in city cores. But smaller footprints put pressure on centre of store assortment. As more products are added, shelves get crowded with choice. Since sales per item declines as choice increases, more can mean less for the centre in a small store.

Still, given the data I've just shared, the centre of store is far from dead. In fact, to paraphrase Mark Twain, its demise has been greatly exaggerated. There's plenty of growth potential left in it for retailers and CPGs who understand that, just as consumers are changing, so too must the centre of store adapt to meet their new needs. **CG**



NIelsen MARKETTRACK, CANADA, ALL CHANNELS 52 WEEKS ENDING SEPT. 19, 2015

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