



Food marketing and communication in self-service stores

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To be successful on the market, marketing managers must make important decisions about which products to market, at what price, how to communicate them and where to sell them. In this chapter, we will analyze some unconventional communication methods in the field of Large Distribution and Organized Distribution because this channel, despite frequent and substantial changes, assumes a very great importance for sales in the food sector. Sales of food products are growing in the GDO channel in almost all European countries, while approaching a possible saturation phase, combining sales growth with decreasing operating returns.

The market share of the large-scale retail trade underwent a strong increase in the first years of the millennium, reaching 62% of the total market for edible food products in 2011, compared to 44% in 2000. The aggregate revenues of the eighteen main international groups in 2017 amounted to 1,258 billion euros, up 3.3% from 2016. According to the major international operators, the share referable to e-commerce is still marginal and could still be around 4-5%.

In Italy in particular, according to an updated study conducted by Mediobanca, the aggregate turnover of the major oper-

ators of the Italian GDO, representing 97% of the national GDO market, stood at 83 billion euros in 2017 (net of VAT), marking an increase of 4.4% on 2016. This is the largest growth since 2014. However, it has been noted that this increase has been recorded above all in the discount chains. The growth recorded in the non-discount supermarket chains was less significant.

1. OBJECTIVES

We will present some marketing and communication techniques that can be implemented in favor of agri-food products to optimize sales focusing on the aspects that concern the “staging” of food products in large self-service sales areas.

In these points of sale, customers are free to move as they like. They are free to interact with the goods, to read the labels, to evaluate and compare prices and promotions of products belonging to the same family, or satisfying the same need, to the point of defining a trolley consistent with their spending budget.

The trolley will include products that shoppers had already decided to buy before the visit (programmed purchase products) and products whose purchase decision has matured within the supermarket (impulse purchase products).

Supermarket operators have less direct influence on the consumers compared to traditional retailers, but they still have many indirect ways of influencing purchase choices, guiding them towards products with a higher margin or to get rid of, for example because they are present in large stocks, or seasonal, or close to the expiry date.

This chapter focuses on these techniques.

We will ask ourselves how the manager of the GDO can act to achieve his business objectives in the food category through communication techniques. Since we will focus on indirect communication methods, which therefore do not involve personal interaction with the customer, we will not deal with that broad category of persuasive techniques that are exercised on physically present and interacting subjects, for example during the sale of a product or during a commercial negotiation.

Specifically, the cognitive question is:

What marketing and communication “levers” can be activated to create value for the customer, to contribute to the correct expression of the company’s positioning and to orient and increase sales in the food sector of the large-scale retail trade, achieving its economic objectives?

This management approach assumes that the food category is identified as a real Strategic Business Area (SBA), within which to build a category marketing plan.

2. COMBINING DIFFERENT FOOD MARKETING ACTIONS IN SELF-SERVICE STORES

The self-service stores managers can implement a mix of strategically conceived marketing and communication actions. These

must be considered as real decision variables for the manager of the GDO, defined one by one, harmonized with each other and consistent with the positioning of the supermarket brand. The final goal of these activities is to enhance the offer of products in the "grocery" and "fresh" areas of the supermarket and maximize their sales.

From the point of view of managers of companies in the retail sector, the design of sales spaces requires greater transversal skills that involve not only the economic aspects, but also architecture, painting, psychology, sociology and semiotics. We will understand this concept better if we consider the pragmatic aspects of communication which, in this context, will be defined as the intentional emission of planned messages "capable of sharing certain meanings on the basis of symbolic and conventional systems of signification and signaling, according to the culture of reference". When we talk about pragmatic communication, we refer to a type of communication developed with the conscious purpose of exercising an influence on the recipients. McCarthy (1998) determined the mix of marketing communications as a specific combination of elements: advertising, personal selling, sales promotion, public relations and direct marketing that companies use to implement their targets for advertising and marketing.

We will not consider communication in the food sector as an independent variable, but we will place it in a wider decision-making framework that can be adopted by the retail manager, which includes:

- Assortment of products
- Price scale and promotional pressure
- Sensory levers and visual merchandising

3. ASSORTMENT

Assortment is one of the marketing levers included in the retail manager's decision-making set. It can significantly influence food purchases. Assortment can be "specialized", if it includes only fresh foods, such as fruit and vegetables, bread and pastries, fish etc., but in most supermarkets it also includes various goods such as oil, flour, pasta, preserves, drinks, snacks, tea and coffee, house cleaning products and toiletries. Larger stores add non-food products, such as textiles, gardening, electronics etc.

A master grocery list that includes these different categories could be structured as follows:

- Edible products
 - Fruit
 - Vegetables
 - Meat
 - Seafood
 - Frozen
 - Bakery
 - Baking
 - Snacks

- Pasta & Rice
- Cans & Jars
- Refrigerated
- Seasoning
- Sauces & condiments
- Drinks

- Non-edible products
 - Baby
 - Pets
 - Personal care
 - Cleaning
 - Paper products
 - Misc. items

Within each category, families and subfamilies are identified.

The assortment is the key element in managing the offer of a store in quantity and quality.

There must be consistency in terms of communication between the image of the supermarket, the assortment and how it is arranged or enhanced within the store. In terms of food, it is necessary to determine what importance needs to be given to this sector compared to the total assortment, and also where to place it within the store so as to give it greater or lesser emphasis. For example, the manager could focus on a particular group or family of products, such as ready meals if the supermarket is in a business district, or fruit and vegetables if he is able to offer good quality at good prices for this group of products.

Each product family satisfies a need. Having an assortment rich in width and depth means being able to satisfy a greater number of different needs, but it requires more space and represents a higher cost in terms of economic and managerial resources. A balance should be found. For example, the yogurt family is included in the "refrigerated" category. Having a wide and deep assortment means satisfying many specific needs, for example low-fat yogurt vs. creamy, white vs. fruit, with or without lactose, in twin pack vs. multipacks; but also, for each specific need, to have a greater or lesser number of brands on the shelf.

The assortment can be considered a real communication act and determines (and is determined by) the strategic choices of the brand. A distribution company that wants to enhance the food area will have to make decisions, also based on the following parameters:

- Brand mission
- Brand image
- Market situation, in particular
 - number of suppliers
 - concentration of supply
 - range and trend of expected demand

The distributor will have to build its own assortment by first defining what the width of the food (and in particular of fresh products) area inside the store will be. Given the short amount of time spent in the consumer's home, fresh products (bread, fresh milk, meat etc.) are one of the main determinants of the frequency of visits.

Then, having chosen the number of edible products compared to the total number of references, it will be necessary to choose the breadth and depth of assortment in each category, family and subfamily of products.

Another typical strategic categorization of products divides up products as follows:

- Leaders, i.e. the most popular products, those which have the largest market share in their segment
- Low price, which include the cheapest products, target a price-conscious consumer and generate a high volume of sales
- Private labels, created by the manufacturer himself, to support the brand image and increase profitability
- National / regional, which rely on the reputation of the manufacturer in a given area and benefit from a strong quality image.

The following table summarizes the contributions of each of these product groups to the store's turnover and the commercial margin:

Product type	Contribution to store turnover	Contribution to store commercial margin
Leader	Strong	Weak
National/regional	Medium/weak	Medium
Low price	Strong /medium	Weak /medium
Private label	Medium	Strong

For each subfamily there should be one or more references representing the group (Leader, N / R, LP, PL). But this criterion is not enough. In general, the stronger the demand for a certain product family (in other words the higher the potential turnover generated), the larger the coverage of needs and the choice proposed to the consumer.

In other words, the VA / REF ratio should tend to unity, where:

- VA is the percentage of sales volume (in value) of a given family compared to the global sales volume (in value) of the brand
- REF is the percentage of sales volume (in quantity) of a given family compared to the total sales volume of the brand (in quantity).

However if you settle on this criterion alone, you do not take into account new consumption trends and you risk going out of business. If the consumption of a specific product, a subfamily or family of products tends to grow or decrease as a result

of a market trend, the store must be found ready to meet new consumer demands.

4. PRICE RANGE AND PROMOTIONAL PRESSURE

Retailers will choose their own assortment in line with the market in which they operate and the chosen positioning. Retail spaces are limited. Furthermore, the wider and deeper the assortment, the higher the management costs. Two aspects to be considered in this choice of products are the price range in which they are placed and the level of promotional pressure: how many and which products, compared to the total assortment, will promote the supermarket image of convenience?

The price structure proposed for each family or subfamily of products must consider the number of references on sale, the breadth of the price range and the average price. In general, the larger the area, the greater the number of references per family and the size of the price range. However, it could happen that there are "holes" in the price range leaving areas of supply uncovered.

For example, if 6 extra virgin olive oils are on sale and this is the price range:

E. V. Olive Oil 1 (low price)	3.8 €/liter
E. V. Olive Oil 2	4.2 €/liter
E. V. Olive Oil 3 (private label)	4.2 €/liter
E. V. Olive Oil 4 (leader)	4.5 €/liter
E. V. Olive Oil 5 (premium price)	7.9 €/liter

You can observe that there is a significant difference between the average (4.92 euros) and the median (4.20 euros) of prices. A more accurate analysis shows a significant "jump" between the fourth and fifth price.

Smaller supermarkets, depending on their strategic positioning, may have fewer references in a category (unless they choose to have a specialization in that category) and will be able to choose a high price positioning (for example, prices between 4.5 and 9 euros / liter), medium (for example prices between 4.2 and 6 euros / liter) or low range (for example prices between 3.5 and 4.5 euros / liter).

Another factor of great importance in the management of the retail "marketing mix" is the promotional policy. You can choose an "every day low price" policy or schedule promotions of limited duration. In any case, from a strictly communicative point of view, the number and type of products on promotion, and the frequency of promotions will show a very precise image strategy in the eyes of consumers. This type of communication can be implemented both outside the store (for example through flyers, billboards and banners), and internally, giving great emphasis to products in promotion through stoppers, placing them in the end-cap displays or in queuing areas (cash register barrier, assisted service areas).

A check of the price differences with any direct competitors and the performances of the categories, families, subfamilies and individual brands to compare them with the relative developments of the markets and micro markets, will highlight any errors in the assortment or in the prices offered.

5. SENSORY LEVERS

The sensory levers are powerful tools for theming and the-
atralizing the offer, characterizing the store and increasing turnover.

The sound environment, according to numerous studies, would influence purchases for various reasons. First of all, ambient music cancels silence, which is synonymous with "absence", "emptiness". For example, in western culture, the minute of silence is a ritual usually associated with pain and mourning. Silence is unacceptable because it is not an explicit form of communication. Ambient music also makes customers more cheerful. However, if the music is known to customers, it interferes with impulse purchases because it evokes images of singers, video clips and adverts whose recall in memory interferes with the act of purchase.

Music can have the effect of drawing attention to some brands or categories of products, food in our case, and can change the perception of time spent in the store. During a scientific experiment it was shown that there is a significant relationship between the geographical origin of the music played in the sales area and the choice of products. Customers purchased more French wines if French music was broadcast and more German wines if German music was broadcast. The researchers concluded that the geographical origin of music can activate thoughts that are related to a particular country and influence individual choices.

Other research shows that consumers have the impression of spending more time in the store or waiting at the checkouts if they listen to known, appreciated or slow-paced music, as long as it is associated with a visually stimulating environment. Retailers usually prefer to minimize the perception of time spent in the store and, in particular, to cash desks. The time spent in the place of purchase or consumption, for example the restaurant, is influenced by the time of the music, as the heartbeat naturally adapts to the rhythm of the music. Customers have been shown to move faster in a supermarket and spend less time in a restaurant where music is played at a faster pace.

The smells widespread in supermarkets are very important, for example in the gastronomy (roast chicken, ready meals etc.), dessert or fishmongers counters, or where food tastings are organized. Research carried out on Hollywood mint chewing gum has shown that the presence of mint smells in the sales area has increased sales between 10% and 25%. The presence of aromas can attract attention to products and departments and improve environmental comfort. Given the specificity of the olfactory

memory, a food store, as well as a food sector company, can find in a specific smell an important means of evoking the brand and its identity, without making any use of other signs. Who does not remember the smells of old delicatessens or bakeries frequented when he was a child?

The management of the aspects of light and color performs the function of stimulating attention, attraction, well-being and congruence. Since the dawn of consumer society, light has played a significant role. Starting around 1850, it was possible to produce larger shop windows. Moreover, in that period, mirrors were added to amplify the spectacular effect, give greater prominence to merchandise and attract the attention of passers-by. Shop windows were used as if they were a theater stage on which a show could be performed, with the passers-by as the audience.

Today, with the help of new technologies that allow you to change intensity, color and even program different lighting scenarios according to the occasions, seasons and hours of the day, it is possible to determine a true reference map for the customer, influencing cognitive processes and determining correct symbolic associations.

A supermarket can be illuminated following a general criterion for the self-service area, with high efficiency lighting bodies preferably positioned perpendicular to the shelves. The presentation of certain products, promotions or tasting counters can be enhanced through pendant lights or spotlights on tracks. Different techniques can be used for assisted service areas, for fresh products in general and in particular for dairy products, bread and fish. The appearance of products can vary considerably depending on the type of lamps used. As an indication, warm shades are recommended for the bakery, that is, color temperatures located between 2,700 and 3,000 K; for meat, fruit and vegetables or dairy products, it is better to use intermediate, neutral shades, between 4,000 and 5,000 K, such as neon or fluorescent lamps, and colder shades still for seafood. One need only go to any traditional market, bakery or grocery store, to understand how these indications have long been known and do not constitute a surprise. For example, cold shades give the fish a particular brightness, especially if abundantly sprayed with water and ice. In any case, the use of filters or colored lights, which distorts the appearance of the products, should be avoided.

Warm colors stimulate consumers, make them more active, curious and spontaneous. Their perceptions (positive or negative) will be reinforced. On the contrary, cold colors make the consumer more relaxed, calm, but at the same time less attentive to commercial offers.

Finally, for the aspects relating to tactile sensations, reference is made to contact with the products on sale. This aspect continues to be the real strength of physical stores compared to online sales, together with total immersion in an environment where it is possible to live sensorially and re-

lationally satisfying experiences. In addition to the possibility of coming into contact with packaged or bulk products to be purchased, perceiving their size, weight, consistency, freshness, degree of maturation, the customer experiences a physical relationship with the store itself and its materials and equipment. Thermal and hydrometric variations can be perceived when entering the dairy or frozen products department. The consumer will be, or will not be, in a situation of physical comfort that will interact with his trust in the seller and in his ability to better preserve the products with the most up-to-date equipment, allowing him to correctly decode the prices, the offers and providing him with all the facilities to move without hindrance in the sales area.

All these factors facilitate a sense of generalized pleasure in individuals who require more and more products and places capable of communicating with their physicality. This change of vision has been caused largely by the progressive abandonment of the negative conception of the body and by the reassessment of pleasure of senses without self-reproach or feelings of guilt.

The communicative message thus breaks down into stimuli perceivable by the different senses, which act on the rational and emotional sphere of the customer to transform the intention in the act of purchase and the purchasing process into a consumer experience.

FOCUS 1

Basic classification of food sales areas

When classifying food sales areas, they can be divided on the basis of various variables. For example, if the buyer purchases the products for immediate or for delayed consumption. This is the first hierarchical level, identifying the two macrosectors of "out of home" consumption (such as bars, kiosks, petrol stations' forecourts stores, vending machines and HO.RE.CA (hotels, restaurants and catering), and "in home" use. The latter can be divided into Modern Grocery Distribution (MGD), traditional grocery distribution, and specialist retail outlets (mostly nongrocery). MGD includes all self-service channels, ranging from hypermarkets and superstores to supermarkets, superettes, and mini- and micromarkets. This classification is normally linked to the store sales surface and the merchandise on sale. A simple classification of sales areas has been proposed by the research company Nielsen:

- Hypermarkets: sales area from 2.500 sqm
- Superstores: sales area from 1500 to 2499 sqm
- Supermarkets: sales area from 400 to 1499 sqm
- Superette: sales area from 200 to 399 sqm

▪ **Mini- and micromarkets:** sales area from 100 to 199 sqm. The nongrocery offering is normally very limited in superstores and smaller stores, while hypermarkets also sell houseware, textiles, consumer electronics, domestic appliances, and car accessories.

The same food product may be sold in different stores, which will most likely also differ in the degree of assistance provided to the customer. In fact, in small areas there will be less competition from alternative products and greater assistance from the sales force (assisted service areas). The larger the sales area however, the greater the degree of freedom that the consumer will have in determining his choices (self-service areas), being influenced by factors such as packaging, shelf position, and number of products.

FOCUS 2PHERE AS A MARKETING TOOL

Philip Kotler: the origins of store atmosphere as a marketing tool

Kotler was the first scholar to understand the importance of a correct organization of the place of purchase and place of consumption:

*In many areas of marketing in the future, marketing planners will use spatial aesthetics as consciously and skillfully as they now use price, advertising, personal selling, public relations, and other tools of marketing. We shall use the term **atmospherics** to describe the conscious designing of space to create certain effects in buyers. More specifically, **atmospherics** is the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability.*

Anticipating the future paradigm of sensory marketing, Kotler notes that the store atmosphere can be perceived through senses, identifying the key senses as being sight, hearing, smell and touch. In particular, he mentions the most relevant dimensions of each of the senses involved. As for the view, he mentions: color, brightness, size, shape. The main aural dimensions of an atmosphere are volume and pitch. The main olfactory dimensions of an atmosphere are scent and freshness. And the main tactile dimensions of an atmosphere are softness, smoothness and temperature.

The sense of taste is not considered by the Author, because:

An atmosphere is seen, heard, smelled, and felt, but not tasted. At the same time, certain artifacts in an atmosphere can activate remembered tastes.

However, taste plays an important role in modern sensory marketing strategies, in particular as regards food, since

the tastings offered in the stores can encourage the purchase of products, that are new, that have a premium price point, are on offer or are brands that are less well known. Kotler hypothesizes how the atmosphere influences purchasing behavior:

The purchase object is nested in a space characterized by certain sensory qualities. These sensory qualities may be intrinsic to the space or may be designed into the space by the seller. Each buyer perceives only certain qualities of this space. His perception is subject to selective attention, distortion, and retention. The perceived qualities of the atmosphere can affect the person's information and affective state. The buyer's modified information and affective state may increase his purchase probability.

This concept is synthesized in the following diagram:

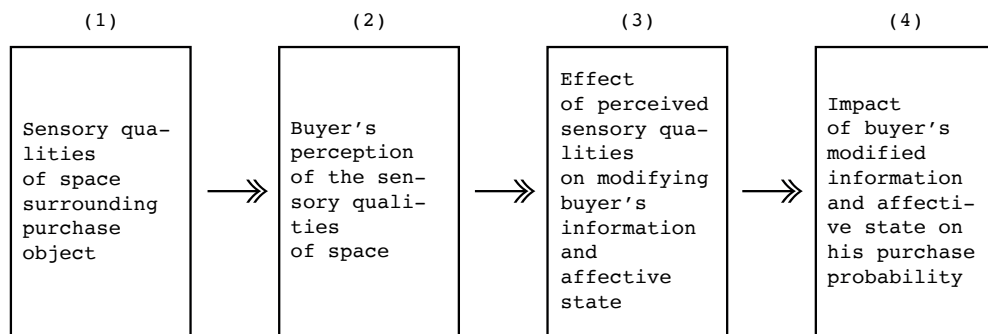


Diagram. 1. The casual chain connecting atmosphere and purchase probability

Other authors have expanded Kotler's initial idea, including through studies in environmental psychology, and have considered how the store atmosphere is able to determine the emotional state and, therefore, the purchasing behavior of the customer.