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naturalfoods merchandiser

July 2009
Volume XXX - Number 7 • \$18
naturalfoodsmerchandiser.com

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PRODUCTS
EXPO

THE OFFICIAL PUBLICATION OF
NATURAL PRODUCTS EXPO

Special issue:

Rethinking Value

Why dining in sells

The pros and cons
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Sizzling chef lines

Make a bundle
on bulk

A new look at the
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cost & savings

Get more bang for your bulk

Kelly Pate Dwyer

Consumers looking to stretch their dollars are bulking up on bulk foods—or perhaps trying them for the first time.

"Most retailers' bulk sales are up 5 percent to 10 percent over a year ago," says Scott Johnson, president of Little Rock, Ark.-based Trade Fixtures, which supplies bulk-food equipment to retailers. "Bulk's the third-most important section, right behind deli and produce."

Organic oats, organic short-grain brown rice, organic almonds, organic quinoa and organic red lentils are top sellers at Debra's Natural Gourmet in Concord, Mass. "Top values are always going to be foods like lentils, rice and beans," says Owner Debra Stark. "You can feed a small army with a few cups of cooked lentils. They fill you up and not out."

Spices are hot, too, and it's no wonder—bulk bay leaves are 26 times less expensive than their jarred counterpart, says Jim Clemons, executive director of the Bulk is Green Council in Little Rock, Ark.

U.S. consumers save 30 percent to 60 percent buying most foods and spices in bulk, according to a 2007 study by U.K.-based Waste and Resources



Action Programme. The profit margins are higher as well. "Retailers should be making a 45 percent to 50 percent margin on bulk foods. That's higher than their average margin," says Clint Landis, chief marketing officer for Frontier Natural Product Co-op, based in Norway, Iowa.

On the downside, some retailers find the gain is offset by the cost of maintaining a clean bulk section. "Profit margins are about the same because there's more labor in bulk," Stark says. "We do price to try and cover those extra expenses, but the end result is that it's a wash."

Cleanliness is bulk's greatest challenge. Customers spill and bins get clouded with food residue. Retailers must carefully seal stored inventory to keep critters at bay. It's a lot of work, but many

natural foods retailers are committed to bulk to reduce waste and keep customers happy. "When there are growth areas—especially in a down economy—you have to jump on it. Bulk's one of them," says Landis, who reports that Frontier's bulk sales increased 7 percent in the past year and tracked a 12 percent increase in the first few months of 2009.

"A lot of people who are dedicated to this industry want to cook from scratch," says Shannon Hoffman, owner of GreenAcres Market in Kansas City, M.O. She adds, "having a bulk department is very helpful when you have a deli for leveraging your ability to use your resources in house."

Quick tips:

Staff your section: This is your best investment. A dedicated staff not only keeps the section clean but educates new customers, answers questions about specific foods and provides recipe ideas.

The right tool for the job: Gravity bins look great and can allow retailers to control dispenser flow, helping with shrinkage. But gravity bins can't go on low shelves. Consider using both scoop bins and prepackaged items. The latter is best for sticky and more perishable foods, snacks and treats. But customers consider in-store wrapped foods the most sanitary way to buy in bulk.

Inform and promote: Display food brand, ingredients, nutrition profiles, cooking instructions, sell-by dates and price per ounce (vs. pound) for each SKU, on the bin or in a reference section to avoid clutter. Debra's includes bulk-food-sourced recipes in its e-newsletter.

Sample it: It's inviting and often shoppers will buy what they sample, says Bart McKnight, natural foods category manager for Trade Fixtures. "This can discourage grazing and break the ice for bulk-food newcomers."

Debra's Natural Gourmet recently tripled its bulk assortment and moved it near the front door. "Bulk foods—real foods—are what our industry was built on," says Stark. "We believe that just about everyone can afford to buy a pound of lentils, oats or whole sesame seeds."

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