



**CENTER
STORE**

BIN BY BIN

More people are shopping the bulk department, but can retailers keep them there? **By JEFF WELLS**

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WITH ITS ROWS OF PLASTIC BINS and pull-down levers that dispense everything from almonds to curry powder, the bulk department has always been on the fringes of mainstream food retailing. Then came the recession, and suddenly, yesterday's niche started looking like tomorrow's opportunity.

And so it is with bulk. With their budgets tight but still wanting to eat fresh, healthy foods, consumers are ditching packaged foods in favor of their less-expensive bulk counterparts. According to the Bulk Is Green Council, a coalition of manufacturers based in Portland, Ore., bulk sales last year increased 15% over the previous year, and more than 1,000 retailers added bulk foods to their stores.

"Two years ago, retailers were thinking of pulling out bulk departments," said Mark Susalski, bulk sales manager with Hain Celestial, and a member of the Bulk Is Green Council. "Two years later, you're seeing a lot of folks looking to add it. You're just seeing a dramatic shift in interest because of sustainability, because of value and because of the economic downturn."

With the possibility of saving 50% off packaged products, not to mention no-waste portion control, consumers are overcoming their initial reluctance towards buying bulk. Home cooks enjoy taking only as much seasoning as they need. Cash-strapped college students like stopping in for an inexpensive snack. And active types appreciate the selection of grains and nuts they can custom-mix into their own trail mix and other energy foods.

Now that people are shopping the bulk department, though, the question becomes:

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Meanwhile, Ellen Bouchard, bulk category manager with Frontier Natural Co-op, which sells a wide range of bulk spices and other items to retailers such as Whole Foods Market, said she's seeing explosive growth in newer, more experimental ingredients. Sales of chia seeds, which are high in fiber and omega-3s, are up 100% over last year, while goji berries, which have garnered considerable media attention for their "superfruit" status, are up 150%.

"People are making a lot of trail mixes these days, and things like cacao nibs and goji berries go very well in those," said Bouchard.

Offerings such as these have helped build a loyal and growing following, but there are still many consumers out there who skip the bulk section altogether. Reasons for this range from believing it's unsanitary to feeling intimidated by the bag-your-own process.

Category Management

As bulk's popularity grows, it's important for retailers to sharpen their plan of attack for the department. Mark Susalski, bulk sales manager with Hain Celestial, said that more of the retailers he works with are dedicating category managers to the section rather than sticking another department head with the job.

"Category management practices are not very prevalent in bulk foods, but you're seeing renewed interest today because of consumer traffic," said Susalski.

Best practices, according to Doug Sanders, president of 50-store Sprouts Farmers Markets, include big-picture thinking as well as attention to details. His managers are always anticipating the next hot item, while at the same time making sure their bins are frequently cleaned and rotated, he said.

Ellen Bouchard, bulk category manager with Frontier Natural Co-op, said that the most successful bulk departments are the ones inside a store-within-a-store health concept, where knowledgeable employees can answer questions and explain the process to new customers.

"If you don't have someone dedicated to that aisle, people who are new to it do feel intimidated," she explained.

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BY THE NUMBERS

- **6,000:** Number of U.S. retailers that currently have bulk sections
- **1,000:** Number of retailers that added sections last year
- **15%:** Bulk foods sales increase between 2008 and 2009
- **100:** Average number of SKUs that fit into a standard 16-foot bulk display
- **30%-60%:** Average savings compared to packaged products

SOURCE: Bulk Is Green Council

To counter this reluctance, supermarkets use a variety of marketing techniques to introduce consumers to the concept of bulk. In PCC stores, signage plays up the cost savings and fun that the department offers.

"Make our Bulk Foods section in our store your new 'best friend,'" one sign reads. "The savings are terrific, the nutrition is solid, and the flavors and textures are delightful."

The retailer's website complements this by listing "quick tips" on how the bulk shopping process works and how shoppers can get the most out of it. These include letting customers know they can bring their own container, that they can

fill up with as much or as little product as they want, and reminders to make sure they write down the product number on filled containers so the cashier can charge correctly.

To keep customers thinking about bulk even when they're away from the section, Steiner cross-merchandises items in stores and on the website.

"For example, we promote bulk trail mix and hiking guides on the same page on our website," she said.

Sprouts Farmers Market, in contrast, prefers to create an occasion, then let customers come up with their own reasons to visit the bulk section. Several times a year, Sanders said, the entire department will go on a 25%-off sale. Doing this helps bring new customers over to the section, and it helps attract existing bulk customers to items that they haven't tried before.

"When you can create some excitement about the entire department, you'll get people to try certain things that they may not ever try," said Sanders. "That's usually what we notice, that when we run the entire department on sale, the big hitters like raw nuts continue to sell, while we see a lift in the slower moving items that maybe aren't as popular."

Bulk is challenging, and bulk is different. But sources agree that bulk is an opportunity not to be underestimated. Beyond recession-friendly value, it embodies many of the top health and wellness trends attracting customers these days — reduced packaging, transparency, freshness — and, if managed correctly, many believe it can become a department as vital as any other in the store.

"I think if you take out the health and environmental aspects of bulk and you just had the value side, it would reset after the recession," said Bouchard. "But when you add all these aspects in, along with the fact that there are so many neat natural and organic products being added, and not just the basics, I think the growth is going to be there." ♦