

Supermarkets try to defend turf; [FINAL Edition]

Lorie Grant. USA TODAY. McLean, Va.: Aug 10, 2005. pg. B.3

Abstract (Document Summary)

The changes force supermarket operators to be nimble and to cater to local shoppers. For example, they stopped using milk as a loss leader to lure shoppers because now even the corner gas station carries dairy products. Rather, supermarkets shun a one-size-fits-all strategy in favor of offerings tailored to the neighborhood.

*Value. Supermarkets are adding products that save time. In the meat case, there are prepared items such as fish already seasoned, or chicken and sausage on skewers ready for the grill, or a variety of salads in the deli.

*Extras. Supermarkets provide services such as coin-counting machines and items such as gift cards and phone cards that can be used like cash.

Full Text (381 words)

(Copyright (c) 2005 USA Today. All Rights Reserved.)

As the conventional supermarket turns 75 this month, its celebration takes shape amid sweeping changes in the industry.

Consumers are buying nearly half their food at restaurants and takeout establishments, up sharply from 25% in 1980. Fueling the trend is a rise in dual-income households with time-starved couples, as well as young adults who don't want to cook.

"Families still eat most of their main meals at home, but a dramatically increasing number of those meals are fully or partially prepared by outside sources," says Todd Hultquist, spokesman for the Food Marketing Institute.

Conventional supermarkets still account for a big share of the grocery business -- about \$600 billion of the \$950 billion market. But they now compete with supercenters, warehouse clubs and other formats offering an array of products at lower prices.

The changes force supermarket operators to be nimble and to cater to local shoppers. For example, they stopped using milk as a loss leader to lure shoppers because now even the corner gas station carries dairy products. Rather, supermarkets shun a one-size-fits-all strategy in favor of offerings tailored to the neighborhood.

"Future success for supermarkets depends on understanding and effectively responding to the needs of their shoppers better than non-traditional operators (do)," says Jon Hauptman of retail consulting firm Willard Bishop Consulting.

Most competitors offer a price advantage over traditional supermarkets. But supermarkets are working to defend their turf.

*Value. Supermarkets are adding products that save time. In the meat case, there are prepared items such as fish already seasoned, or chicken and sausage on skewers ready for the grill, or a variety of salads in the deli.

*Convenience. Supermarkets offer more one-stop solutions, including pharmacies, floral shops and health and beauty products.

*Extras. Supermarkets provide services such as coin-counting machines and items such as gift cards and phone cards that can be used like cash.

"These have slowed but not reversed the trend," says Ted Taft, partner at Meridian Consulting.

The industry has come a long way since the first supermarket, King Kullen, opened in August 1930 in Queens, N.Y., with about 1,000 products. Others opened shortly afterward, and the key to their success was the introduction of the shopping cart and refrigeration.

[Illustration]

GRAPHIC, B/W, Robert W. Ahrens, USA TODAY, Source: Food Marketing Institute (LINE GRAPH)

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.

Subjects: Restaurants, Competition, Supermarkets, Consumer behavior

Document types: News

Section: MONEY

ISSN/ISBN: 07347456

Text Word Count 381

Document URL: