

A TASTE FOR Success



Versatile, delicious, convenient and increasingly popular, gourmet specialty foods are a product category that can add significantly to a gift retailer's bottom line if properly merchandised and marketed.

To help us understand the who, what, where, why and how of this ever-growing market, *Gifts and Tablewares* turned to

Diane Chiasson of Chiasson Consultants Inc., a specialist in food retail merchandising and marketing.

Why are gourmet foods gaining in popularity?

DC: There are a number of reasons, the first and foremost of which is quality. Today, the emphasis is on all-natural, healthy ingredients with no preservatives or additives. MSG is a dirty word. Gourmet foods are produced in relatively small quantities using quality ingredients. They have a homemade feel, they're convenient and easy-to-use, and are often premium-priced.

In addition, they're a truly versatile gift item, crossing all seasons, occasions and target markets. They can be purchased as a gift or for the buyer's own use. They can also be given to someone who has everything. After all, everyone loves to receive a gift of good food.

And, besides tasting good, these items look good. Their packaging is often distinct, projects a high perceived value, and is decorative. For example, beautiful bottles of oil and vinegar can add sophistication and panache to an ordinary kitchen; spices and ethnic dips can add a touch of the exotic.

Finally, although gourmet foods are usually more expensive than regular priced food items in the same category, they're not readily available in supermarket chains or neighborhood grocers. And gift retailers have a very broad range of product to choose from. An excellent introductory assortment might consist of dried fruits and nuts, chocolates, truffles, coffees and teas, cookies, maple syrup products, pasta and sauces, crackers, condiments such as mustards, hot sauces, BBQ sauces, spices, herbs, oils and vinegars, salsas, bagel chips, gourmet popcorn—the category offers virtually anything eaten on a day-to-day basis but with a special twist.

Why should gift retailers be interested in specialty foods?

DC: Gourmet specialty foods sell better during slow periods than other segments of the gift industry because of their wide customer appeal. They also represent a quick turn for the retailer. And, they can be used to make an impression without spending a lot of money.

For example, it might cost \$2,000 to fill a wall unit with gift merchandise, but only \$200 to fill it with bright, colorful specialty food items. Retailers can also cross-merchandise gourmet products with gift items—beer dough packaged in planters, nachos and specialty dips merchandised in baskets or containers that can be re-used. When packaged creatively, gourmet foods can be a real help in moving non-food items that have been sitting around the store for a while. Gourmet foods also make the store environment interesting and interactive. Customers will come in to sample the food and once you have their attention you can sell them other products.

In addition, good food is becoming a must for everyone, not just for a select "gourmet" few. Corporations that used to give employees or customers a gift of wine or liquor are now giving gourmet food baskets. *Sales and Marketing Management* magazine has reported that food-stuffs are the number one choice of corporate gift givers, and *Incentive* magazine's supplement on Corporate Gift Giving reported that gourmet food accounts for 33 percent of all business

gifts. And, according to *Gift Basket Review*, coffee is the most frequently purchased treat for corporate gift baskets with chocolates, confections, gourmet popcorns, teas, deli-type snacks and patés all ranking in the top ten list. Great food makes life more fun and doesn't carry the stigma of alcohol.

Another big plus is that customers don't have to know preferences of the recipients they're buying for. Will it fit in with their home? Food fits everywhere and it's never the wrong size or color.

Who is buying these products?

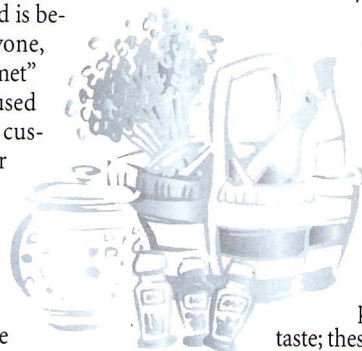
DC: Generally the market can be divided into three groups: Educated, white-collar consumers who are looking for unique products and have less time to prepare sophisticated dishes; those people who only try gourmet items on Saturday or Sunday—the meat-and-potatoes types, and people who are looking for specific ingredients for a recipe they are preparing.

Specialty food sales are around \$4 billion retail in the U.S. this year and this figure is expected to grow by 10 percent per year for the foreseeable future. Sweets such as fudges, brittles, caramels, chocolates, licorice and fondants turn some of the highest profits per square foot of any food classification. An average of 17 pounds per person per year are consumed.

What's the best way to select and maintain gourmet/specialty foods stock?

DC: Sell what you're passionate about and remember, the first people you have to sell the products to are members of your staff. Let them taste the products. Educate them as to the unique properties of each product—history of the food, origin, etc.—to help them sell the items. Know your product. Look, smell and taste; these are the three most important points when getting to know a new food product.

Do educate yourself as to what's out there. Understand why the product is a spe-



cialty food and know what's in it. Your clientele knows food and so should you. You need to be able to speak intelligently about food and ingredients.

When selecting product you should limit your selection of seasonal food items. Buy non-seasonal goods and augment them with seasonal products. The non-seasonal goods can be repackaged and put back on the shelf. Re-use everything red from Christmas for St. Valentine's Day, everything green for St. Patrick's Day, gold for Easter. Seasonal items can't be re-used if they don't sell.

You should also develop a first in, first out inventory system to ensure freshness. Create a code system that can't be detected by customers but is easily understood by staff.

Do not expect to make the same margin on food items that are made on gift items. For example, a frame that you buy for \$10 may sell for \$20. But a bag of chocolate pretzels that you buy for \$4 may only sell for \$6. So retailers have to use their intuition to determine prices.

Do put yourself in your customer's shoes and think about the kind of goods they would like and how they would like to see them displayed. And, don't expect suppliers to supply you with free samples. Expect to buy them at a discounted price. Do not assume that suppliers pay for goods damaged in transit. Ask ahead of time.

How do you find good suppliers?

DC: Search out specialty food suppliers at gift shows. Go to the Canadian Fine Food Show held each May at the International Centre in

Toronto. Go to the Fancy Food Show in New York. Subscribe to trade publications such as *Fancy Food Magazine*, *NASFT Showcase*, *Gourmet Retailer* and *Gifts and Tablewares*.

The Specialty Food Consumer

The growth of the specialty food industry in North America can be traced to the late 1940s. Two key factors shaped its beginning: the Second World War and the advent of everyday international air travel. These events exposed millions of Americans and Canadians to an exotic array of foreign cultures and foods. By 1948 the first specialty food sections began to appear in American supermarkets.

The growing demand for specialty foods in the 1970s and 1980s reflects the many demographic, socio-economic and attitudinal changes that took place in the population at large in both Canada and the United States over this time period. The more important of these changes:

- Slowing population growth.
- Changing ethnic mix.
- Aging population.

- Trend to smaller households.
- More women working outside the home.
- Increased demand for quality.
- Increased demand for freshness.
- Increased demand for "healthy" foods.
- Growing preference for attractive foods.
- Continued demand for more variety.

As the baby boomers (those born between 1946 and 1965) moved toward adulthood in the late 1960s and 1970s, the specialty food market matured with them. The emerging "yuppie" population was large, affluent, adventurous (at least in terms of taste) and acquisitive. Also deeply concerned about the use and avoidance of food additives and preservatives, its members demanded freshness, purity and quality. They also exhibited an overwhelming desire to indulge in and demonstrate a knowledge of fine foods.

Source: *A Profile of the Canadian Specialty Food Industry*. Prepared for: The Federal/Provincial Market Development Council. Prepared by: Peat Marwick Stevenson & Kellogg. This report is available in its entirety, in both English and French, on the Internet at <http://aceis.agr.ca/misb/special/spec-eng.html#Introduction>



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Develop relationships with suppliers. They can provide point-of-sale materials, training kits, free products and sometimes even money for co-op advertisements and demonstrations. Some of them will also supply in-store merchandisers and back-up promotional materials such as posters and recipe cards. Make sure that what you are selling is not regularly found on supermarket or grocer's shelves. That way, customers will come to your store for something truly unique and distinctive.

How should specialty foods be merchandised?

DC: Display, promotions and signage are all very important elements in selling specialty foods. I would suggest the following:

- ◆ Fill your shelves. No-one buys product when there isn't much of it or if it's hidden in a corner. You have to make a statement.
- ◆ For added punch and multiple sales, group together specialty foods with other related merchandise. For example, put mugs and teapots with teas and coffee.
- ◆ Repetition sells. Be unique, find your own style, your own personality. Create excitement. Merchandise what sells best first.
- ◆ Merchandise all the products of a popular manufacturer together. If a customer likes a company's olive oil then they will be

more likely to try its salad dressings, vinegars and dips.

- ◆ Change displays often. Rearrange products so that customers have the perception that certain items have just arrived.
- ◆ Check displays: Is there clutter, debris, dust or dirt on the shelves or the floor?
- ◆ Ensure that each display has sufficient lighting and that it's on the product not on the customer or the floor.
- ◆ Refurbish and recycle props and fixtures.
- ◆ Change your windows at least every 10 days.
- ◆ Products such as co-ordinated cups and plates, silverware, cookbooks, music, candles and ornaments can be featured in your gourmet displays.
- ◆ Don't discount slow moving items. Bring the food together on a table and do a quick promotion and/or repackage it in smaller quantities or put it in a gift basket. If it doesn't sell, give it as a free-gift-with-purchase to customers.
- ◆ Give customers brochures, handouts and recipe cards so they can read about the product when they are at home.
- ◆ Make photocopies of applicable food articles and recipes to give to customers.
- ◆ Do a lot of fun, energetic, entertaining promotions. Try to get local press attention.
- ◆ Create a focal point in each display. Be

sure items are arranged in triangles by height and always in odd numbers such as three, five and seven.

- ◆ Leave some open space to create a clean image.
- ◆ Make sure displays are at eye level.
- ◆ Don't be afraid of color; it adds drama and impact.

But most importantly, watch your customers. Watch where they go when they first walk through the door, watch how they look at things and what attracts them. Track the traffic patterns of your customers and you'll learn where to put your displays.

With regard to signage, four things should be included: One, the product name should be mentioned clearly and in full. Can the customer read it? Is the spelling accurate? Two, what's the product's primary value? Delicious? Nutritious? Low fat? What? Three, the price should be visible. Four, make sure the sign features descriptive words—flavor, texture, aroma, etc.—which play up the product's sensory appeal.

Finally, take the time to read about all types of foods. Visit other stores to see how they're merchandising the product. Take supplier courses and seminars. Take time to taste, listen, touch and smell. Follow the food trends. Right now infused oils and vinegars are very popular as are sweet and savory sauces.

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Sampling is an integral part of selling specialty foods. Do you have any tips for retailers?

DC: Lots. The best way to get customers to buy the product is to get them to taste it first. Make arrangements with the suppliers to get some samples. If you leave product samples just sitting on any table or counter, customers simply try the products but are not motivated to purchase immediately. Those are called "free-bie-ers."

What works is "active sampling," having someone offer the product to the customers and talking to them about the product immediately. Samplings and giveaways are big reasons for customers to stop, look, listen and buy. Some retailers I've dealt with have reported as much as a 75 percent increase in sales after introducing sampling.

Begin by hosting tasting sessions to educate your customers. Invite customers to sample your oils and vinegars. Most specialty food stores sample two or three products regularly, especially on the weekends when there is heavy traffic. But during the holidays you should double or triple your efforts.

Some sampling ideas retailers can try are:

- ◆ Keep a pot of gourmet coffee brewing near the store's entrance during the hours of nine to noon; the aroma will entice customers into the store to buy coffee and other goodies.

- ◆ When serving jams, jellies or preserves, always serve on plain crackers or biscuits. You want the customer to taste the pure flavor of the product not the cracker it's on.
- ◆ Sweet smells and sumptuous aromas work in your favor when it comes to selling gourmet foods, use this to your advantage. If your strawberry jam doesn't quite have enough of a scent, supplement it by having a pot of simmering strawberry potpourri nearby to draw customers in closer.
- ◆ Keep products fresh and offer as large a sampling variety as possible. A customer might not like the first dip he or she tries, but may love the second or third.
- ◆ Always have a trained, knowledgeable salesperson available to man the demo in case customers have questions regarding the products.

And finally, keep the area where the sampling is taking place clean and tidy. If you are offering sampling in a gift store environment, make sure someone monitors the area closely to clean-up spills and debris left by customers. □

Diane Chiasson, FCSI, president of Toronto-based Chiasson Consultants Inc., is a food and retail merchandising and marketing specialist who has worked with high profile independent restaurants, casinos and store operators as well

as major restaurant and hotel chains for the past 17 years.

MERCHANDISING MAGIC

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may not always be available and if you don't have your products and props ready they can't do the best possible job for you.

Merchandising magic is made by careful planning, preparing and presenting with plenty of time to stand back and say "wow" when the Christmas lights come on in your shop. You'll also enjoy the extra glow that will fill your heart along with the "wow" you exclaim over your sales figures for this year. Merry Christmas and Happy Holidays. □

If you have merchandising/display questions you would like help with write to Linda c/o Gifts and Tablewares, 1450 Don Mills Road, Don Mills, Ontario, M3B 2X7 or fax her at (416) 442-2213.

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