



Retail News in Context, Analysis with Attitude by Kevin Coupe

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“Guiding Stars” Nutrition Program Proves Boon To Hannaford Sales

One year after Delhaize-owned Hannaford Supermarkets launched its “Guiding Stars” program – designed to help customers choose nutritious foods by grading the good, better and best products with one, two and three stars – the company has found that sales of many designated items have improved significantly compared to a year ago.

Indeed, some of the greatest improvements were seen in center store, where the selection by consumers of “starred” edible grocery items – such as cereal, commercial bakery, canned products, and snack foods – grew at 2.5 times the growth rate of those that were not given any stars. Selection of breakfast cereals with Stars increased 3.5 times more than no-Star cereals, which increased only slightly.

According to Hannaford, “starred” ground beef (90 percent or more fat-free) selection increased by seven percent, while ground beef without Stars dropped by five percent. “Starred” chicken grew at five percent while chicken without Stars decreased by three percent. Movement of all meats and poultry with Stars grew at more than 2.5 times the rate of those with no Stars. And, movement of yogurts with Stars grew more than 3.5 times faster than no-Star yogurts.

In an exclusive interview with MNB, Caren Epstein, director of external communications at Hannaford, said that the company went into the program “without expectations. We were the first in the country to have this kind of program, and there was nothing really to measure it against.” And, Epstein noted that it is impossible to be sure to what extent the “Guiding Stars” program influenced sales, since there was no control store – Hannaford ran the initiative at every one of its 160 stores.

“Anecdotally, though, I heard from so many stores about parents who would walk into the cereal aisle with their children and say that they could pick out anything they wanted as long as it had a star,” Epstein said.

The Hannaford program was created using input from a scientific panel to create a proprietary algorithm that analyzes food products and assigns them a rating. The formula credits a food’s score for the presence of vitamins and minerals, fiber and whole grains. It debits the score for trans fats, saturated fats, cholesterol, added sugars and added sodium.

There are some 25,556 products in Hannaford’s stores that were eligible to be rated; just 7,155 SKUs were assigned one, two or three stars – which meant that more than 70 percent of each store’s products did not carry any sort of rating. Epstein emphasized that all vendors were consulted and informed before the program was launched, and that manufacturers were told that Hannaford would not “market, merchandise or promote their (non-starred) products any differently than in the past.” The goal was not to demonize certain products, but rather make the process of selecting healthier products easier for consumers.

In certain categories – produce, seafood and fresh bakery – the starring of items didn’t seem to have much impact, which Epstein said probably was because most people had a strong feeling about which of those

products were healthy and which were not. Baby foods will be rated starting September 15. Star ratings for oils and other fats will be in Hannaford stores toward the end of this year.

The only category not rated is bottled waters, coffees, teas, spices and other foods with five or fewer calories per manufacturer's serving size because they are not a significant source of nutrients.

Epstein noted that while consumer interest in starred items has been across the board, there has been particular interest in three demographic segments – families with young children, older people with specific health issues, and people in their thirties, forties and fifties who have begun thinking about maintaining a higher standard of personal health. "But we've been careful to say that this is not a diet and is not a disease prevention or management program," Epstein said.

Hannaford has been aggressive in its outreach efforts, talking to schools as well as health care and child care professionals about how to use the "Guiding Stars" program. And, the company also has been expanding its use by Delhaize's other US divisions – Sweetbay Supermarkets in Florida started using the program earlier this year, and Food Lion is expected to adopt it sometime in 2008.

While Epstein would agree with the assessment that the "Guiding Stars" program is pioneering and ahead of the wave, she also noted that Hannaford was only doing what customers were asking for, and that consumer interest in starred items reflects what is happened in a broader sense across the nation. Consumers are more interested in healthy products, and therefore they respond to how the retailer has highlighted them on shelves and in cases.

Epstein fully expects that in a matter of years, there will be a higher percentage of starred items in Hannaford's stores, in part because of cultural changes and in part because of regulations that could demand it. "That's not a goal for us," she said, noting that company buyers aren't buying any differently than in the past. "But I think it is going to happen, simply because customers are looking for those kinds of foods ... (Manufacturers) are hearing the same things from consumers that we are. They want more nutritious foods."