

# Companion pieces: Tie-ins can boost profits

If you're focusing strictly on fruits and vegetables in your produce department, you could be overlooking a major profit source.

Companion products — things like glazes, dressings and dips — have been showing up in produce for years, but savvy produce directors are putting more emphasis on these tie-in items and seeing big increases in their bottom lines.

In Sandy, Utah, for example, Mark Crandall, produce manager for one of 10 Macey's supermarkets, says 40% of his department sales come from companion products. What's more, he says, the markup on these items is 40% to 50%, compared to an average of 35% for produce.

## **LARGE INCREASE**

Macey's offers about 40 companion products in all, an increase of 50% since Crandall arrived at the store five years ago.

Tony Mai, produce manager at the Market Place store in Chicago, says about 20% of his produce sales come from companion products, which is a big increase from the 5% to 10% the category garnered five years ago. At the two Market Place stores, the markup on companion products is 30% to 40%, compared to 45% for produce.

Jeffrey Delamater, assistant manager at a Fairacre Farms store in Lake Katrine, N.Y., one of three stores in the group based in Poughkeepsie, N.Y., says companion products account for 2% of produce sales.

Sales in the produce department have increased up to 10% over the past couple of years, and Delamater estimates that sales of companion products, which have a 40% markup, have experienced similar growth.

## **NO SHRINK**

Besides bringing in bigger returns, companion products aren't nearly as perishable as fruits and vegetables so there's little or no shrink. The items don't need to be rotated constantly, which means less labor. And, suppliers say, consumers who take home one or more companion products are more likely to buy more produce.

Syd Pell, director of marketing for Linsey Foods Ltd., Markham, Ontario, says that when shoppers buy an Et Tu Caesar salad kit that contains croutons, bacon bits, dressing or other nonperishable salad accompaniments for \$1.99, they are likely to buy a head of romaine for about \$1.

"You basically triple your sale over what you would do just selling a head of lettuce," he says.

In addition, consumers are likely to pick up onions, tomatoes and other salad ingredients, resulting in an even higher ring.

Macey's Crandall says salad dressings are by far the best-selling companion products at his store, especially when they're merchandised with bagged salads. He sells from 15 to 20 cases of dressings a week.

Of course, sales of companion products can vary with the popularity of the produce they go with.

Crandall says he sells about half a case of strawberry glaze each week during the off-season for strawberries, but that number swells to four to five cases during peak season. About half the shoppers who buy strawberries at Macey's also buy glaze.

Mai says shortcakes are a popular companion to strawberries at the Market Place. He sells about three cases a week and features whipped cream with his berry displays.

Other popular companion items at Macey's include 15 varieties of salad dressings, of which Mai sells about six cases a week, and lemon and lime squeezes, of which he sells one case each a week.

And Mai merchandises guacamole mix, chocolate dip for bananas and smoothie mixes for bananas and oranges on hanging racks next to their respective produce products.

## **CLOSE COMPANIONS**

Companion products almost always are impulse items, and produce managers and suppliers alike recommend merchandising them as close to the produce item they accompany as possible.

And keep them highly visible, advises Linsey's Pell.

He refers to shelves underneath produce tables as "shadow boxes" and calls them "the kiss of death for products like ours."

Vegetables are cut and bagged in-store at Macey's, and Crandall displays veggie dips on a shelf just above them. As a result, one of five customers who buy cut vegetables also buy veggie dip. He displays caramel apple dip in a 4-foot book-shelflike fixture next to the apples.

"I try to keep everything pretty close and easy for people to find," he says.

Fairacre Farms offers up to 15 varieties of private-label salad dressings, Delamater says, and they are merchandised next to the lettuce wet rack.

Delamater estimates that sales of dressings and croutons alone had reached almost \$9,000 for the year as of late August.

Different stores have different philosophies when it comes to pricing companion products.

Crandall says Macey's sometimes puts produce items, like strawberries, on sale for a rock-bottom price, like 79 cents a quart, but sells companion products, like glaze, for the regular price.

Other times, he'll feature glaze for \$1 off its regular \$2.99 price in the top corner of an ad that features strawberries. Promoting both items may encourage younger shoppers who may not be familiar with the idea of making strawberry pies with glaze to give it a try.

At the Market Place, Mai says he also often includes companion products on ad when he advertises produce items.

Consumers have the final say about which companion products a store will stock.

"If a customer requests a special item, I'll bring it in," Mai says. "And, as long as it's moving, I'll keep it coming in."

Similarly, Crandall says he'll try just about anything and is willing to demo new companion products to see if they catch on. He usually gives new products a month or so to prove themselves.

Most products he tests become permanent additions to the department.