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Supermarkets Chase Healthy Profits From Health Food



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Food & Drink

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As safety became a major concern amid the pandemic, supermarkets rolled out social distancing markers, customer limits, masks and plexiglass barriers. Lines stretched across sidewalks like crowds outside Studio 54 in its heyday. But a second safety trend is taking hold more quietly on supermarket shelves. As more consumers seek to eat healthy – and not just “health” food – supermarkets are stepping up to test programs both online and in-store that cater to consumers seeking healthy choices.

OK, not-so-healthy choices still cram supermarket shelves, which offer about 40,000 items on average. Sugary sweets and salty snacks and our craving for them have not disappeared. But there’s also a growing focus on diet, health and data among consumers – and stores are responding. In addition to sating

our sweet tooth, consumers search for keto, heart smart, gluten-free, no added sugar, peanut-free, fair trade and other products, and stores are trying to keep up. Retailers are tapping into health to win goodwill, satiate consumers' appetite for nutrition and information, build loyalty and grow sales.

Of course, this is occurring against a backdrop of big brands making and marketing treats that, well, maybe are more tasty than healthy. And vendors of processed foods high in sugar, salt and fat pay for prime locations, such as eye-level shelves and end caps. Still, some supermarkets are giving healthy foods a helping hand. Stores can't necessarily create demand for healthy foods, but they can satisfy existing demand – and even try to boost it a little.

Stores around the country are testing healthy checkout options like express lanes for healthy products that reward good diet, are rolling out improved signage and lighting for healthy choices and offering healthy food samples and more nutritional information. West Sacramento, Calif.-based, 126-store Raley's Supermarkets changed layouts, providing prime space in the cereal section to products with less sugar, not stocking sodas at checkout stands, and offering free fruit to children. These may be details, but they can add up to something bigger.

While supermarkets aren't necessarily crusading for health, they are catering to a sizable customer demographic. According to Label Insight, which provides product attribute data for retailers and CPG brands, the number of consumers in the U.S. shopping based on "personal need states" such as "diets, allergies, and health-related wellness preferences" has risen dramatically. About 200 million Americans follow health and wellness programs, and 180 million have food allergies that affect shopping, according to Label Insight. Where the demographic is big, the dollars also can be sizable.

Things have been trending toward plant-based products and diets, possibly amid an aging population. About 64 percent of shoppers follow a diet or health-related wellness program, up from 49 percent in 2018, according to Label Insight. Meanwhile, 55 percent say allergies or intolerances affect their shopping, up from 44 percent in 2018. Know thy customer? Cater to these consumers and they will return.

Many retailers, such as King Kullen and Kroger KR -0.8% KR -0.8%, provide advice online about how to eat healthy and they promote healthy products. Kroger gives dietician tips, helps start weekly meal plans and offers “better for you options” such as healthy snacks, plant-based foods and recipes. These services provide added value that drives consumers to stores, where they shop not only by price, but health.

Information can help unlock healthy choices and help stores differentiate. Raley’s debuted a shelf guide with icons on tags indicating whether a product is on sale, ketogenic, grain-free, has no sugar added, and other specifics. EWG developed a smart phone app that scans bar codes and rates 80,000 foods on a wide range of information from 1 (best) to 10 (worst) out of what EWG President Ken Cook calls stores’ “mind-boggling cornucopia of choices.” About 18 percent score green (1-3.5), 57 percent score yellow to orange (4-7) and 25 percent score a riskier, stop-are-you-sure-you-want-that red (8-10).

Still, many supermarket shoppers are starving for more data online, according to Label Insight. Retailers miss 92 percent of products in their assortment that should come up in common search terms, Label Insight says. This leads to “empty digital aisles” and a “massive opportunity for retailers to better serve this growing group of shoppers.” By helping consumers pick, stores can steer people to healthier choices – and make them feel and eat better.

Brands also are trying to raise awareness of the need for better nutrition in and out of stores. Dole Packaged Foods recently launched a marketing campaign called “Malnutrition Labels” with large projections filled with malnutrition facts. One such projected ad says “117 million U.S. adults suffer from at least one chronic disease related to improper nutrition and lack of exercise” near the Dole logo, suggesting healthy food and habits can help.

Disease, fueled by not-so-healthy choices, may be fueling a trend toward healthier food. About 121 million Americans have cardiovascular disease, according to Label Insight. These consumers search for “heart healthy” products. A 2018 study found 39.6 percent of American adults are obese, sometimes prompting healthier choices. Consumers are hungry for data as to which products among the 40,000 are healthy and fit diets.

Helping people find healthy food could be healthy for sales, although, at least for now, we may continue to see sugary treats at eye level and on end caps. If trends hold true, healthier foods may grow in market share, even if many consumers and retailers may still enjoy the benefits and the not-so-sweet effects of a sugar high.

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