**The Supermarket: Prime Real Estate**

BY Marion Nestle

A visit to a large supermarket can be a daunting experience: so many aisles, so many brands and varieties, so many prices to keep track of and labels to read, so many choices to make. No wonder. To repeat: An astonishing 320,000 edible products are for sale in the United States, and any large supermarket might display as many as 40,000 of them. You are supposed to feel daunted-bewildered by all the choices and forced to wander through the aisles in search of the items you came to buy. The big companies that own most supermarkets want you to do as much searching as you can tolerate. It is no coincidence that one supermarket is laid out much like another: breathtaking amounts of research have gone into designing these places. There are precise reasons why milk is at the back of the store and the center aisles are so long. You are forced to go past thousands of other products on your way to get what you need.

Supermarkets say they are in the business of offering "choice." Perhaps, but they do everything possible to make the choice theirs, not yours. Supermarkets are not social service agencies providing food for the hungry. Their job is to sell food, and more of it. From their perspective, it is *your* problem if what you buy makes you eat more food than you need, and more of the wrong kinds of foods in particular.

And supermarket retailers know more than you could possibly imagine about how to push your "buy" buttons Half a century ago, Vance Packard revealed their secrets in his book *The Hidden Persuaders*. His most shocking revelation? Corporations were hiring social scientists to study unconscious human emotions, not for the good of humanity but to help companies manipulate people into buying products. Packard's chapter on supermarket shopping, "Babes in Consumerland," is as good a guide as anything that has been written since to methods for getting you-and your children-to "reach out, hypnotically ... and grab boxes of cookies, candies, dog food, and everything else that delights or interests [you]."

More recent research on consumer behavior not only confirms his observations but continues to be awe-inspiring in its meticulous attention to detail. Your local library has entire textbooks and academic journals devoted to investigations of consumer behavior and ways to use the results of that research to sell products. Researchers are constantly interviewing shoppers and listening carefully to what they are told. Because of scanners, supermarkets can now track your purchases and compare what you tell researchers to what you actually buy. If you belong to a supermarket discount "shoppers club," the store gains your loyalty but gets to track your personal buying habits in exchange. This research tells food retailers how to lay out the stores, where to put specific products, how to position products on shelves, and how to set prices and advertise products. At the supermarket, you exercise freedom of choice and personal responsibility every time you put an item in your shopping cart, but massive efforts have gone into making it more convenient and desirable for you to choose some products rather than others.

As basic marketing textbooks explain, the object of the game is to "maximize sales and profit consistent with customer convenience." Translated, this means that supermarkets want to expose you to the largest possible number of items that you can stand to see, without annoying you so much that you run screaming from the store. This strategy, is based on research proving that "the rate of exposure is directly related to the rate of sale of merchandise." In other words, the more you see, the more you buy. Supermarkets dearly wish they could expose you to every single item they carry, every time you shop. Terrific as that might be for your walking regimen, you are unlikely to endure having to trek through interminable aisles to find the few items you came in for-and retailers know it. This conflict creates a serious dilemma for the stores. They have to figure out how to get you to walk up and down those aisles for as long as possible, hut not so long that you get frustrated. To resolve the dilemma, the stores make some compromises-but as few as possible. Overall, supermarket design follows fundamental roles, all of them based firmly on extensive research.

\* Place the highest-selling food departments in the parts of the store that get the greatest flow of traffic-the periphery. Perishables-meat, produce, dairy, and frozen foods-generate the most sales, so put them against the back and side walls.

\* Use the aisle nearest the entrance for items that sell especially well on impulse or look or smell enticing-produce, flowers, or freshly baked bread, for example. These must be the first things customers see in front or immediately to the left or right (the direction, according to researchers, doesn't matter).

\* Use displays at the ends of aisles for high-profit, heavily advertised items likely to be bought on impulse.

\* Place high-profit, center-aisle food items sixty inches above the floor where they are easily seen by adults, with or without eyeglasses.

\* Devote as much shelf space as possible to brands that generate frequent sales; the more shelf space they occupy, the better they sell.

\* Place store brands immediately to the right of those high-traffic items (people read from left to right), so that the name brands attract shoppers to the store brands too.

\* Avoid using "islands." These make people bump into each other and want to move on. Keep the traffic moving, but slowly.

\* Do not create gaps in the aisles that allow customers to cross over to the next one unless the aisles are so long that shoppers complain. If shoppers can escape mid-aisle, they will miss seeing half the products along that route.

Additional principles, equally well researched, guide every other aspect of supermarket design: product selection, placement on shelves, and display. The guiding principle of supermarket layout is the same: products seen most sell best. Think of the supermarket as a particularly intense real estate market in which every product competes fiercely against every other for precious space. Because you can see products most easily at eye level, at the ends of aisles, and at the checkout counters, these areas are prime real estate. Which products get the prime space? The obvious answer: the ones most profitable for the store.

But store profitability is not simply a matter of the price charged for a product compared to its costs. Stores also collect revenue by "renting" real estate to the companies whose products they sell. Product placement depends on a system of "incentives" that sometimes sound suspiciously like bribes. Food companies pay supermarkets "slotting fees" for the shelf space they occupy. The rates are highest for premium, high-traffic space, such as the shelves near cash registers. Supermarkets demand and get additional sources of revenue from food companies in "trade allowances," guarantees that companies will buy local advertising for the products for which they pay slotting fees. The local advertising, of course, helps to make sure that products in prime real estate sell quickly.

This unsavory system puts retail food stores in firm control of the marketplace. They make the decisions about which products to sell and, therefore, which products you buy. This system goes beyond a simple matter of supply and demand. The stores *create* demand by putting some products where you cannot miss them. These are often "junk" foods full of cheap, shelf-stable ingredients like hydrogenated oils and corn sweeteners, made and promoted by giant food companies that can afford slotting fees, trade allowances, and advertising. This is why entire aisles of prime supermarket real estate are devoted to soft drinks, salty snacks, and sweetened breakfast cereals, and why you can always find candy next to cash registers. Any new product that comes into a store must come with guaranteed advertising, coupons, discounts, slotting fees, and other such incentives.

Slotting fees emerged in the 1980s as a way for stores to cover the added costs of dealing with new products: shelving, tracking inventory, and removing products that do not sell. But the system is so corrupt and so secret that Congress held hearings about it in 1999. The industry people who testified at those hearings were so afraid of retribution that they wore hoods and used gadgets to prevent voice recognition. The General Accounting Office, the congressional watchdog agency (now called the Government Accountability Office), was asked to do its own investigation but got nowhere because the retail food industry refused to cooperate.

The defense of the current system by both the retailers who demand the fees and the companies that agree to pay them comes at a high cost-out of your pocket. You pay for this system in at least three ways: higher prices at the supermarket; taxes that in part compensate for business tax deductions that food companies are allowed to take for slotting fees and advertising; and the costs of treating illnesses that might result from consuming more profitable but less healthful food products.

In 20%, supermarkets sold more than $35o billion worth of food in the United States, but this level of sales does not stop them from complaining about low after-tax profit margins-just 1 to 3 percent of sales. One percent of $350 billion is $3.5 billion, of course, but by some corporate standards that amount is too little to count. In any case, corporations have to grow to stay viable, so corporate pressures on supermarkets to increase sales are unrelenting. The best way to expand sales, say researchers, is to increase the size of the selling area and the number of items offered. Supermarkets do both. In the last decade, mergers and acquisitions have turned the top-ranking supermarkets-Kroger, Albertsons, and Safeway-into companies with annual sales of $56, $40, and $36 billion, respectively. Small chains, like Whole Foods and Wegmans, have sales in the range of just $4 billion a year.

But sales brought in by these small chains are peanuts compared to those of the store that now dominates the entire retail food marketplace: Wal-Mart. Wal-Mart sold $284 billion worth of goods in 2005. Groceries accounted for about one-quarter of that amount, but that meant $64 billion, and rising. Many food companies do a third of their business with this one retailer. Wal-Mart does not have to demand slotting fees. If a food company wants its products to be in Wal-Mart, it has to offer rock-bottom prices. Low prices sound good for people without much money, but nutritionally, there's a catch. Low prices encourage everyone to buy more food in bigger packages. If you buy more, you are quite likely to eat more. And if you eat more, you are more likely to gain weight and become less healthy.

Food retailers argue that if you eat too much it is your problem, not theirs. But they are in the business of encouraging you to buy more food, not less. Take the matter of package size and price. I often talk to business groups about such matters and at a program for food executives at Cornell University, I received a barrage of questions about where personal responsibility fits into this picture. One supermarket manager insisted that his store does not force customers to buy Pepsi in big bottles. He also offers Pepsi in 8-ounce cans. The sizes and prices are best shown in a Table.

In this store, the 2-liter container and the special-for-members 6-pack of 24-ounce bottles were less than half the cost of the equivalent volume in 8-ounce cans. Supermarket managers tell me that this kind of pricing is not the store's problem. If you want smaller sizes, you should be willing to pay more for them. But if you care about how much you get for a price, you are likely to pick the larger sizes. And if you buy the larger sizes, you are likely to drink more Pepsi and take in more calories; the 8-ounce cans of Pepsi contain 100 calories each, but the 2-liter bottle holds 800 calories.

Sodas of any size are cheap because they are mostly water and corn sweeteners-water is practically free, and your taxes pay to subsidize corn production. This makes the cost of the ingredients trivial compared to labor and packaging, so the larger sizes are more profitable to the :manufacturer and to the stores. The choice is yours, but anyone would have a hard time choosing a more expensive version of a product when a cheaper one is right there. Indeed, you have to be strong and courageous to hold out for healthier choices in the supermarket system as it currently exists.

You could, of course, bring a shopping list, but good luck sticking to it. Research says that about 70 percent of shoppers bring lists into supermarkets, but only about 10 percent adhere to them. Even with a list, most shoppers pick up two additional items for every item on it. The additions are "in-store decisions," or impulse buys. Stores directly' appeal to your senses to distract you from working about lists. They hope you will:

\* Listen to the background music. The slower the beat, the longer you will tarry.

\* Search for the "loss leaders" (the items you always need, like meat, coffee, or bananas, that are offered at or below their actual cost). The longer you search, the more products you will see.

\* Go to the bakery, prepared foods, and deli sections; the sights and good smells will keep you lingering and encourage sales.

\* Taste the samples that companies are giving away. If you like what you taste, you are likely to buy it.

\* Put your kids in the play areas; the longer they play there, the more time you have to walk those tempting aisles.

If you find yourself in a supermarket buying on impulse and not minding it a bit, you are behaving exactly the way store managers want you to. You will be buying the products they have worked long and hard to make most attractive and convenient for you-and most profitable for them.

But, you may ask, what about all those beautiful fruits and vegetables? Aren't you supposed to eat more of them? Isn't the produce section the one place in the supermarket where the store's goal to sell more is exactly the same as the goals of healthy eating? Perhaps, but nothing in a supermarket is that simple. Collect a shopping cart, turn right or left at the entrance to the store, and let's take a look at the produce section.