

2.19: Variety and Assortment of Goods in Food Retail

Learning Objectives

- Assess the variety and assortment of goods carried by each type of food retailer

Let's examine again how food retailers can vary from one another, considering assortment. Let's say you want to purchase a can of soup. How would you find the soup in each of the different stores? You might check a specific aisle or section of the store. How would this change if you were in a dollar store, a convenience store, or a warehouse club?

A category (such as soup) may be divided into several segments and sub-segments of soup (such as dry soup, chicken soup, or condensed soup). These segments can be further divided into brands (such as Campbell's Chicken Noodle Soup and Healthy Choice Chicken Noodle Soup) and then further divided into SKUs, or Stock Keeping Units.

- Typical segments and sub-segments for soup:
 - Dry soup section, such as ramen and mixes
 - Ingredients, such as bouillon
 - Ready-to-Serve (RTS) segment
 - Condensed, which can be further divided by
 - Ingredient
 - Meal, which can be further divided by:
 - w/o Protein
 - w/ Protein, e.g. Chicken or Beef
- Leading brands in the Ready-to-Serve segment:
 - Campbell's
 - Progresso
 - Amy's
 - Healthy Choice
 - Wolfgang Puck
- SKUs, which can number from single digits to dozens or more

It's important to understand merchandise this way because retailers make assortment decisions at the category, segment, brand, and SKU level to target a distinct consumer or shopping occasion.

With this in mind, think about a non-traditional format like a Walgreen's drug store. Do they have freezer space? How much? Are they able to carry ice cream, frozen pizza, frozen dinners, and frozen vegetables? If not, what do they exclude? When we consider their model and focus, we can understand how they make assortment and distribution decisions.

Consider Family Dollar, a dollar store. With low staffing levels and a focus on low costs, Family Dollar must consider how to reduce their risk of spoilage. Without large refrigerators or freezer space, they would not be able to stock a wide assortment of milk, eggs, fruits, vegetables, or meat.



Shelf stable and packaged items aren't generally differentiated across formats or retailers.

A Sam's Club warehouse, which has a limited assortment, will offer some products in the soup category. But they likely will not carry all segments, and they certainly will not carry most brands or SKUs. By comparison, a traditional grocer and mass

merchandise will have considerably more selection on-shelf. Again, these differences in assortment are important because they reflect one dimension of competitiveness for retailers—assortment.

However, there is a limit to how much differentiation the various retail formats will have from each other. A 10.75-oz can of Campbell's Condensed Tomato Soup is the same product at Target, Kroger, HEB, and everywhere else it is carried. A 21-oz box of General Mills' Cheerios is the same at Wal-Mart, Safeway, Food Lion, Mi Pueblo Food Centers, and every other store that stocks it.

(Note: In rare cases, some large retailers such as Wal-Mart, Target, Sam's, and Costco have the clout to request unique items from manufacturers. However, these unique items are usually offered either in limited supply or for limited periods. These retailers are able to do this because of their scale and sales volume, which reduce costs and risk for the manufacturers.)

? Practice Questions

<https://assessments.lumenlearning.co...essments/9140>

Contributors and Attributions

CC licensed content, Original

- Variety and Assortment of Goods in Food Retail. **Authored by:** Patrick Williams. **Provided by:** Lumen Learning. **License:** [CC BY: Attribution](#)

CC licensed content, Shared previously

- Cheerios. **Authored by:** Mike Mozart. **Provided by:** Flickr. **Located at:** <https://flic.kr/p/LVVUYz>. **License:** [CC BY: Attribution](#)

2.19: Variety and Assortment of Goods in Food Retail is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.

- 2.19: Variety and Assortment of Goods in Food Retail is licensed [CC BY 4.0](#).