

# BAKERY TOOLKIT

*How To Manage Your Business Through A Tough Economy*

**The Merchandising Issue:**  
*Strategies and Tactics to Enhance Your  
Brand and Grow Traffic Counts*



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## Merchandising Guide

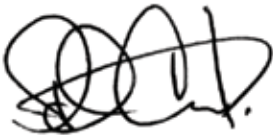
Merchandising – the way in which you sell, promote or present products and services to customers – is one of the fundamental elements of marketing. It is how you stand out from the crowd, the unique way in which you display, manage and enhance your brand image.

It is important to pay close attention to merchandising because it involves so many key facets: product display, signage, labeling, colors, lighting, cross merchandising, packaging and more.

In this *Bakery Toolkit* on creative merchandising, the first of 2010 in our popular series on profit tips for retail bakeries, Dawn Foods brings together a well-balanced plate full of ideas for improving your bottom line.

From signature display tactics to cross merchandising strategies to open doors for additional sales, this *Bakery Toolkit* is designed with your needs in mind to help you grow your business.

At Dawn, we are pleased to bring the latest merchandising ideas from bakers who know their customers better than anyone. It is that personal touch that is so important in today's competitive environment, and we at Dawn are committed to helping you make the most of every opportunity.



Paul Caske  
Vice President Retail and  
Distribution Served  
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# Display Tactics

One of the simplest and least expensive things you can do to improve your bakery business is to put yourself in your customer's shoes as you walk through your bakery's front door. Ask yourself: Is your bakery inviting? Do your signature products stand out? Are your employees interacting with customers? Or do barriers exist between your staff and the customer?

Displays are the ticket to making your bakery a fun and festive destination where customers know they can treat themselves to something truly special.

The first step is to bring down any "walls" that may exist that get in the way of customer interaction. Your display cases need to be lower than eye level, so customers can walk up and be greeted immediately by your employees with a

friendly, "Hello. What can I help you with today?"

The next step is careful item optimization. Make sure to have enough of what sells, and focus on beautiful displays. Keep track of what's selling and what's not. Understanding item rationalization matters greatly to your display merchandising strategies and tactics because you need to make sure that your bakery spotlights signature items.

One strategy to consider is grouping displays by product categories. Make sure you communicate to customers what types of products you sell (cakes, cookies, donuts, etc.), what varieties you offer within each category, and what tiers of pricing you offer. Displays can be organized by each major category you offer so that customers can immediately decide

*Deerfields Bakery pulls traffic through its store using a center island filled with bite-size sweets.*



where they want to go. Never underestimate the power of simplicity in making the shopping experience easier for customers who are increasingly on the go.

As customers enter your bakery, consider the entry area as the “decompression zone.” This is where customers decide what you are all about. They take a second to look around and see what’s enticing – what they want to buy. This is why it’s important for you, as a bakery owner or manager, to step back into their shoes from time to time to make sure your bakery gives off the right impression.

#### TOUT WHAT YOU DO BEST

Introductory displays that incorporate catchy graphics are the starting line to success. Make sure you call attention to signature items and seasonal specials in the entry area. Here are examples of creative tips:

- Create a display that calls attention to a special item that was voted the top favorite in your city among readers/viewers in any local media poll.
- Position a menu display board to the immediate right of the front door (where most people turn first) called “Today’s Specials” – highlighting a flavor of the day or any seasonal specials that you offer for upcoming holidays or special events. Research from Dawn and Technomic identifies four “need states” with shoppers: Connection, Craving, Convenience

## FAST FACT

Secondary displays, like those located near the checkout counter, can boost sales of a product category by more than 20% by driving impulse sales.

and Celebration. By connecting with these need states, you can make your displays and promotions more successful than ever.

- Communicate the styles of wedding cakes you offer with a display case full of cake designs in current styles available, and make sure to update every few months to emphasize the latest trends.
- Celebrate your history in the community by pointing out the number of years that your bakery has been in business and include nostalgic photos that showcase your bakery offerings over the decades.

#### ORGANIZE TO MAXIMIZE

The next step in the process of effective display merchandising is to organize your bakery into sections or areas where customers can quickly find what they

crave. Using displays to emphasize the amount of variety that you offer within each category is one key to this mission. One creative merchandising tactic is to organize sections by eating occasions: breakfast, lunch, snacks, desserts, and more. This involves the positioning of displays cases, carts, tables and other merchandising structures into distinct areas, often with seating available nearby. Here are some ideas:

- The Breakfast Nook – Donuts, muffins and breakfast pastries displayed in a section with several hot beverage options, including custom coffee blends
- The Lunch Lounge – Fresh prepared sandwiches, cookies, single serve desserts, salads, and bottled beverages displayed in a grab-and-go case near the front of the store. You may even consider donuts for lunch because research from Dawn reveals 67% of donuts are eaten after the breakfast daypart.
- The Snack Attack – Bite-size pastries, brownies, cookies, cupcakes and other sweet treats featured on a well-lit non-refrigerated table in the center of the store to spotlight snacking options
- The Indulgence Corner – A table of multiple varieties of large gourmet cookies displayed prominently in glass cookie jars
- The Dessert Shoppe – Dessert cakes and other signature desserts, including single serve options, displayed on cake stands

#### DRIVE TRAFFIC FLOW

You want customers moving through your bakery, so make sure to give them ample reasons to do so. The right side of your store is considered by merchandising experts to be your most valuable real estate (where people turn first). This area of the store is typically best suited for value items such as packaged cookies. It's also important to reserve items in this area for high-impulse products – items not already on the customer's mental list of what they plan to buy that day.

Deerfields Bakery in Deerfield, IL, offers an effective example of driving traffic by using a wide array of secondary and primary displays to pull customers through the store. When entering the bakery, shoppers immediately see a secondary display of branded coffee, followed by a center island display filled with bite-size sweet goods. High demand items – cakes, donuts, cookies – should be positioned on displays in the back of the store to pull customers through the store, ensuring the opportunity to add impulse items to their shopper basket. Upon checkout, make sure to position small displays of impulse items (individually wrapped brownies or cookies tied shut with colorful ribbon) in wicker baskets. Your ultimate goal for effective merchandising displays is to make unique and lasting impressions. Don't be shy about promoting what you do best.

# Sign Language

How you communicate the value of your product offerings depends heavily on the use of signage – outside your bakery, in window displays, and throughout the interior of your store. You don't have much time to make a lasting impression. In fact, the average shopper spends just three seconds with instore communication messages, according to shopper psychology research from Saatchi & Saatchi X. Be clear and concise in signage and communicate the value of each product to any consumer "need state."

Saatchi & Saatchi X research points out there are two distinct strategies that forge a lasting shopper impression: sensory conspicuity, or disruption; and cognitive conspicuity, or relevance. Contrast – in color, font size, or any other tool – is the most important element of sensory conspicuity. The higher the contrast, the

more obvious the element becomes to the shopper. It disrupts their behavior pattern, so they stop and look.

Cognitive conspicuity, on the other hand, is typically more effective in drawing longstanding attention because it involves relevance. People are more like to notice things that are relevant to them – a special dietary need, an upcoming birthday party, or a quick solution to their individual cravings. A sign that emphasizes convenience, for example, speaks to the shoppers' need to save time. Convenience is an important factor in driving impulse purchases.

Research by Dawn and Technomic reveals that impulse is driven by two specific consumer need states: convenience and craving.

- Product qualities that deliver

*Zingerman's creates fun and festive signage to draw attention to its fresh baked goods.*



best on satisfying craving have the greatest opportunity to drive impulse purchases: aroma, freshness and pleasurable. Signage that reflects these product qualities is sure to make a difference in driving impulse sales.

- Likewise, factors that make products easy to carry and more convenient will also drive impulse purchases. Signage that emphasizes convenience should stress such factors as product size (ease of eating) and packaging (ease of opening and carrying).

While disruption can be an effective short-term strategy, relevance is more important because it attracts interest. Of note, using signage to communicate relevance translates into emotional benefits for the shopper.

- Research from Saatchi & Saatchi X shows that relevant connections lead to increased shopping time, increased basket size, increased spending, increased spending over budget, and increased loyalty.

But when the shopping experience creates a stressful environment, people shut off to only items of absolute need. The importance here is to use signage to create a shopping experience that reflects the shoppers' desires, which will result in a more effective strategy in driving both impulse sales and repeat business.

Behavior expert Malcolm Gladwell, best-

## FAST FACT

Shoppers spend just three seconds to read a sign, so make sure your messaging is clear.

selling author of "The Tipping Point," recommends that retailers edit out marginal information and get right to the point. Communicate the value to the shopper with simple, clear messages and merchandising strategies. "There are powerful advantages to having an edited plate," Gladwell says. "We can help (shoppers) by taking information away from them. It restores their ability to make a useful and informed snap decision."

### BE CONSISTENT WITH SIGNAGE

There are many effective ways to execute signage in your retail bakery, but the first and foremost step is to be consistent. Having hand-written signs in different styles and sizes scattered throughout the interior of your store may be inexpensive, but it also puts you at risk of not projecting a professional look and can erode your brand image.

According to professional merchandising expert George Little Management's Display and Merchandising Guide, interior signage can be a medium for promoting a campaign, previewing a product "coming soon" or announcing an upcoming event like a demonstration or

a holiday promotion. Here are a number of relevant tips when preparing your in-store signage:

- To reinforce an overall store image, be sure font and letter type is consistent with all other signs within the campaign.
- Signs can have an upscale look, but need not be expensive. They can be computer generated or handmade as long as they are well done and reflect the image of the store. It only takes a few poorly done signs to detract from the store's overall impact. Keep signage fresh.
- Repeated or related photos can be used throughout the store to reinforce a campaign or overall look. For a graduation promotion you might want to create a "Great for Grads" sign including a mortarboard. This sign can be placed in areas with merchandise for graduates, such as calendars or interview books. To add impact, include this graphic in your window display with your featured products.

One of the most underutilized strategies in retail bakery is making signage fun. Zingerman's Bakehouse in Ann Arbor, MI, offers a pertinent example. At Zingerman's, bakery displays complement the store's overall festive atmosphere by calling attention to unique items like "marvelous mandel bread, biscotti's

eastern European cousin," or "cinn-oh-man!" rolls. Each sign features a drawing of the baked good, a brief description, and the price in large letters.

Amy Emberling, a managing partner for Zingerman's Bakehouse, points out that creative merchandising does wonders for customers who stop in, not only to buy breads and sweet goods from their retail store, but also for a tour of the bakery. Food tourism is one of the hottest trends among vacationing Americans, who are hitting the roads more often for two- or three-day driving trips, or what Zingerman's calls "bake-cations."

As a result, the innovative bakery/deli operator just introduced its new "Tour de Food," offering people who come to Ann Arbor, MI, and visit all five Zingerman's retail outlets in one day a free, limited-edition Zingerman's T-shirt. The tour is free, and each person gets a pamphlet with a map and a "passport" to be signed and dated by a Zingerman's team member at each stop, including Zingerman's Delicatessen and Zingerman's Bakehouse.

"It's unbelievable the number of people who do it," says Emberling. "We have people coming here from Chicago just for the weekend. We do tours of the bakery all the time."

Making the shopping experience fun and enjoyable, as Zingerman's has done, is a sure-fire way to draw more customers into your store and build higher profits for your bakery.

# Illumination & Colors

A well thought-out approach to lighting and color schemes can do wonders for the success of your retail bakery. From a design standpoint, it's important to create a warm and inviting color palette for the interior of your store and make sure to stick with them throughout. Brown and pink, for example, are the principal colors at Pinkalicious Cupcakes in Redmond, WA, and those two colors are carried through on walls, counters, menu boards and more.

It's equally vital to pay close watch to how you illuminate your merchandising displays with effective and energy-efficient lighting. There are three types of lighting you need for your bakery: general lighting – for illuminating above merchandising fixtures and traffic paths; accent lighting – for spotlighting signature displays and special products; and

*Pinkalicious Cupcakes uses pinks and browns, along with subtle lighting, in its retail store.*



task lighting – for lighting work areas.

What type of lighting fixtures you use depends on the task at hand. Track lighting can be moderately expensive but is highly effective for lighting signature displays. Use either quartz-halogen or incandescent bulbs in track lighting. On the other hand, fluorescent bulbs are best used for task lighting and offer excellent life.

Lighting, on average, accounts for roughly 15% to 20% of a retail store's energy costs. Depending on how many ovens you operate at your bakery, that percentage can run lower. No matter what your costs are, it's imperative that you strive to lower energy use wherever possible. Last summer, the U.S. Energy Department issued new standards for lighting that aim to save large amounts of energy by boosting the efficiency of fluorescent tubes common in office buildings and reflector lamps used in recessed fixtures in retail stores.

The new standards will take effect in 2012. The new rules are part of changes in lighting set in motion by the 2007 energy bill, which also mandated standards that will result in phasing out the 130-year-old incandescent light bulb by the middle of the next decade. The rules also will phase out less efficient fluorescent tubes, and new standards will apply to reflector lamps used in recessed and track lighting.

## MAKE YOUR COLORS MATTER

Use of color is another important step in

the interior design process. Don't underestimate the power of a subtle or even aggressive store makeover, and a splash of color can help perk up any store design. Make sure your colors match the style of your bakery.

#### WHAT COLORS SYMBOLIZE

- Black – power, stability
- White – innocence, purity
- Red – courage, passion
- Blue – truth, peace
- Green – nature, balance
- Yellow – cheerful, happiness
- Purple – luxury, magic
- Brown – solid, order
- Pink – love, beauty
- Orange – vitality, endurance
- Gold – wealth, prosperity

It helps to keep pace with color trends to ensure you are in step with what customers are craving. Turquoise is the color of the year for 2010, according to the Pantone Color Institute, which cites the fact that turquoise evokes thoughts of soothing tropical waters and escape from everyday troubles. Turquoise adds a splash of excitement to neutrals and browns.

*Using turquoise evokes a tropical feeling, as seen in this cake at Atlantic Bakery Expo.*

## FAST FACT

Turquoise is the color of the year for 2010, according to the Pantone Color Institute.

#### TOP COLORS FOR 2010 IN FASHION:

- Lagoon/Turquoise
- Golden Glow
- Living Coral
- Lipstick Red
- Purple Orchid
- Chocolate Truffle
- Endive
- Woodbine
- Oyster Gray
- Rose Dust

One final trick of the trade is to make sure your color palette translates to your packaging. Your brand image depends on giving customers a consistent look. Stick to your color palette for the interior and exterior of your store and with all packaging to ensure you are leaving customers with a positive lasting impression.



# Cross Merchandising

Cross merchandising is one of the fastest-growing segments of the retail industry, and retail bakery is no exception. Bakeries across the country are enjoying impressive growth in selling products beyond baked goods, ranging from signature gifts to custom blends of coffee.

At Haydel's Bakery in New Orleans, LA, David Haydel Jr. explains they began a branded coffee program about two years ago. Looking back now, the campaign has far exceeded expectations, he says. "It's neat to see how our name brands can go on something else – not a baked item – and still be successful," he says. To learn more, visit [www.bakingbuyer.com](http://www.bakingbuyer.com) to watch video clips from leading bakeries and Retail Bakers of America members like Haydel's and Deerfields on the new Discovering America's Bakeries tours sponsored by Dawn.

*Haydel's Bakery in New Orleans turns Mardi Gras celebrations into a cross merchandising opportunity.*



Deerfields Bakery in the Chicago marketplace is another bakery operator that is witnessing a huge uptick in coffee business, thanks to a strategically executed branded coffee program. When general manager Tim Schmitt joined the family business a few years back, Deerfields had been roasting coffee for 12 years, "but no one knew that we roasted our own coffee. People need to know this – that it's not only freshly ground, but freshly roasted. So we started our own branded program, Deer Joe Coffee, which has been hugely successful."

Schmitt says they worked with a class of college students from a marketing program at Notre Dame University to help Deerfields come up with the name and graphics for their bakery's branded coffee line. The result is a distinguishable purple and brown logo featuring a deer holding a cup of coffee.

The Deer Joe Fair Trade coffee line includes four varieties: NoJoe, a caffeine-free blend from Sumatra with hazelnut aromas and a light sweet flavor; LoJoe, a blend from El Salvador with a light-hearted flavor; GoJoe, a lively Nicaraguan blend with nutty aromas and a spirited flavor; and MoJoe, a bold Sumatra blend for the caffeine diehard with aromas of baker's chocolate and a sharp, sassy flavor.

Local flavors are important when determining what coffee blends you are going to roll out in your branded line, accord-

ing to Haydel. In New Orleans, chicory flavor is immensely popular with local, so Haydel's Bakery worked with a local coffee roaster to develop a coffee-chicory blend, which Haydel says is probably their top-selling variety. The reason behind chicory's popularity is that, during the Civil War, the root was ground up and mixed in with coffee.

Haydel's Bakery sells its branded coffee line both at its retail store in New Orleans and through its booming mail-order business shipped via UPS. Thousands of mail-order packages of king cakes or Cajun Kringle shipped out every month by Haydel's Bakery include a small, 2-ounce package of their branded coffee. Other varieties of Haydel's branded coffee include Bayou Pecan, French Quarter Vanilla, and Bride's Blend – flavored with almond amaretto that offers a taste like wedding cake.

#### ROUND OUT THE PARTY SUPPLIES

Gifts, cards, party supplies and even party apparel are some examples of the growing list of items being sold successfully at today's retail bakeries.

- Haydel's Bakery in New Orleans turned an annual fundraising event called its Bead Dog Promotion into its own line of Bead Dog apparel (T-shirts, hats, baby outfits), perfect for Mardi Gras parade gear. As a Mardi Gras tradition in New Orleans, carnival people throw beads and other trinkets from floats. Often, the beads become tangled

## FAST FACT

Profit margins on custom coffee blends can be twice – or more – than margins for other products.

and broken. For years, children have enjoyed twisting the broken beads into animal figurines. The most popular animal to make is the dog. Various groups like Cub Scouts and Brownies make the little bead dogs and sell them for fundraising activities. In the spirit of this tradition, Haydel's created a rendering of the old time bead dog, jazzed up for the 21st century.

- Roeser's Bakery in Chicago, IL, operates its own Party Palace in another building right across from the bakery. Roeser's Party Palace offers a full selection of products for baby showers, bridal showers, weddings, or special birthday parties in more than 100 themes.
- Frost Doughnuts in Mill Creek, WA, a Seattle suburb, sells its own line of Frost Logo gear featuring the Frost "badge" style logo. Shirts, hats, coffee cups and more are featured in the store and their website: [www.frostology.com](http://www.frostology.com).

# Packaging for Purpose

Packaging plays many important roles for your bakery. It protects your products and keeps items safe and secure. Done well, it enhances your brand image and reminds customers where they bought their favorite baked goods. And increasingly nowadays, the introduction of “green” packaging can give your customers an idea about your commitment to the environment. The first step to a well-executed packaging program is to start by defining your desired goals for each packaging option.

- What type of baked good are you packaging, and what structural integrity is needed to protect the item inside?
- Is it being picked up by a customer, or being delivered? How is it being delivered, and how far?

*The famous Ladurée Bakery in Paris uses packaging to enhance its brand image of elegance and sophistication.*



- Play close attention to the image that your packaging conveys. Remember that a cheap looking container translates into a negative image for your brand.
- Will customers know your name from your packaging? Is the name of your bakery imprinted prominently on the top or the side?

John Roeser of Roeser’s Bakery points out that even though imprinting your bakery’s name on every package that you sell can add pennies per package to your costs, the expense is more than worth it. That’s especially true when you consider how much free advertising you get out of the deal.

Here are some other ideas to consider when evaluating your approach to packaging to maximise sales.

- Make your packaging thematic. Themes are a great hook for shoppers, and make sure to maintain a consistent look throughout your campaign. Bright colors and unusual shapes draw attention to your products.
- Use single-serve packaging to increase your takeout business. Consumers are increasingly on the go, and typical household sizes are smaller. So make sure to give them options.

- Don't forget the little extra touches. Placing two gourmet cookies in cello wrap with a fancy ribbon around the top can be a great way to add impulse sales at the front counter.
- Make sure customers can see your products. Packaging should enhance the presentation of your baked goods, not overwhelm it. Make sure to use packaging with clear fronts or tops, or place by hand in boxes after the customer has ordered.

One valuable lesson can be learned from how bakeries in France package their sweet goods, similar to the way jewelry is merchandised. The famous macarons from Ladurée Bakery in Paris are displayed behind a glass case that showcases the dozens of flavors available. Shoppers select the flavors they want, and a variety of packaging sizes are available: 6-count, 12-count, 18-count and more. The macarons are carefully placed in tissue and then in elegant boxes to take home.

Frost Donuts in Mill Creek, WA, subscribes to a similar strategy by showcasing the numerous flavors available of its “doughnuts evolved” on a large sign behind the front counter. Donuts are grouped in three tiers: Classics, or simple glazed varieties priced at 99 cents apiece; Premium, or donuts with premium icings or fillings priced at \$1.49 each; and

*Frost Doughnuts features unique grab-and-go packaging near the checkout.*

## FAST FACT

Bakeries are creating new sales opportunities by tapping into foodservice trends of snacking and smaller portions.

Evolved, including signature varieties like Salted Caramel priced at \$1.89 each. Frost Doughnuts offers another creative idea by packaging “Frostini Duets,” or eight donut holes, with a cup of dipping sauce on top and packaged all inside a clear plastic parfait-style container.

Packaging is a valuable tool to promote your bakery, both inside your store and throughout all neighborhoods you serve. Don't let this opportunity slip away.



# Tips and Trends from Courtney Clark



CLARK

ABOUT COURTNEY CLARK OF CAKE NOUVEAU IN ANN ARBOR, MI: Beginning her career as a Fine Artist, Courtney Clark attended The School of the Art Institute of Chicago, focusing on Life Drawing & Painting. While experimenting with edible art Courtney became interested in culinary arts, specifically pastry. It was at this time that she decided to leave art school to study with famed Pastry Chef Jacquy Pfeiffer at the French Pastry School. Upon graduation, Courtney received the “L’Art de la Patisserie” certificate for mastering French pastry techniques.

1. Cake designs seem to be getting more creative, or “out of the box.” Customers want what they see on TV!
2. Cake colors are brighter, even electric, with wild animal prints. Stripes and polka-dots are hot!
3. Couture cakes are right on trend with fashion designs. Purse and shoe cakes are highly sought after.
4. Wedding cakes seem to be moving away from white. Brides are splurging for cakes that match their invitations, flowers, or bridesmaids’ dresses.
5. Decorated cupcakes are a definite trend among brides on a budget. Many couples even add a small 2 or 3 tiered cake so they don’t miss out on the cake cutting ceremony.
6. Faux cakes are all the rage for small weddings, as couples can have a large cake without all the leftovers!

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