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DeMarrais: Variety spices up food shopping as more stores compete

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With the U.S. economy experiencing slow growth, persistent unemployment and stagnant household incomes, consumers are moving toward extremes when it comes to food shopping.

Cost-conscious shoppers continue to seek "extreme value and acceptable quality or better" at low prices, while shoppers who are less affected by the downturn have returned to upper-tier food retailers. And retailers who cater to the middle are finding their positions more challenging to maintain, trying to find a way to stand out from the competition despite being weakened by steps they took to deal with inflation.

That's the conclusion of a report, "The Future of Food Retailing," issued last week during a

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Webinar hosted by The Food Institute, an Upper Saddle River-based non-profit that tracks industry trends.

The good news for consumers is that food inflation, a hot topic in the food industry over the past four to five years, "is going to be moderate for the next four to five years," said Jim Hertel, managing partner at Willard Bishop, an Illinois-based food consulting company that compiled the report.

Over the past five years or so, shopping habits have changed, with consumers moving some of their buying from traditional supermarkets to a wide range of non-traditional stores for food and groceries. And that trend is likely to continue over the next five years, Hertel said.

Years ago, traditional supermarkets were the only game in town, Hertel said.

Just look at North Jersey. Twenty years ago we had about six regional chains with a major presence in this area, and except for King's, which was ahead of the curve in

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featuring prepared food and special events, there was very little difference among them beyond weekly sales and convenience.

Even with some comings and goings, that really hasn't changed much. Except for ShopRite, which has built a loyal following through aggressive promotions, there's not much consumer loyalty in the North Jersey marketplace, Hertel said in a follow-up phone conversation.

But competition has increased with the arrival and growth of businesses as varied as convenience stores attached to gas stations and megastores four to five times the size of a traditional supermarket. And the competition is only going to increase, putting more pressure on the traditional supermarkets.

This is good news for consumers, because we will have a lot more choices as stores try to carve out a niche, to make themselves stand out from the competition. That could mean more and better offerings at the prepared foods or bakery counters, technological advances to make your shopping easier, or in-store events to build brand loyalty.

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