

Making Local Food Work

Community shops network



Community shops: identifying opportunities for growth

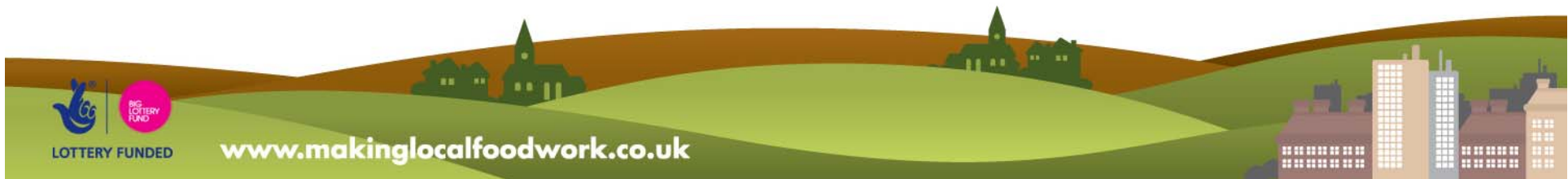
Simon Michaels



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Why grow? no.1: money

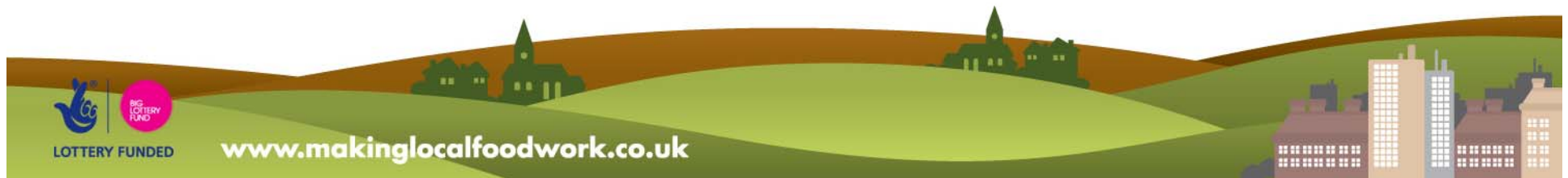
- **creating a more robust business model**
 - **cost of overheads** – profitability improves if turnover grows while fixed costs stay roughly the same
 - **higher turnover** may allow investment in better staff, better facilities etc
 - **cashflow** may be less vulnerable - you may be able to create a 'rainy day' account
- **getting credit or loans**
- **returning interest to shareholders (if they want it)**



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Why grow? no.2: results

- meet or exceed output objectives, eg:
 - no. of people who can shop locally
 - supporting skills, employment, volunteering
 - building and maintaining your community
- improve your service offer, eg:
 - make it a better shop – eg invest in a new fridge
 - home delivery
 - range of products
- to have the time and space to innovate and enjoy doing it!



What's the right business model?

Do you:

- really know the market you're in?
- understand where you fit within it?
- and whether you can do so profitably?

“Success doesn't just happen ... it comes from offering what the market wants”

Patrick Forsyth



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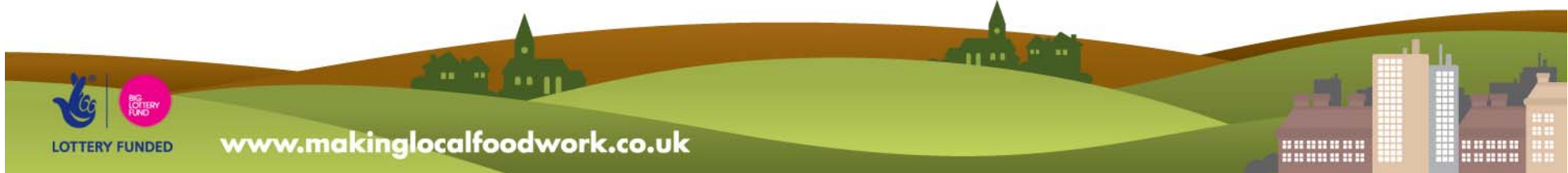
Marketing – what does it mean to you?

- seeing your enterprise from the customer's point of view
- understanding how your product or service meets your customers' needs



she'll love the extra kale we've given this week

hell... more green stuff going in the bin then



Approaches to business development

You have an idea to make more money: great the question is, are you right?



Two approaches:

1. just do it and see what happens, then refine it and scale up
– risky, but if low investment, why not?
2. study the marketplace, model it, refine the plan, get everything ready, then launch
– less risky, but may not come naturally!



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What we're going to look at:

- market research
- knowing the competition
- your USP, branding and identity
- diversification
- building a customer relationship
- promotion and PR
- online sales and e-marketing



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Why do market research?

market research is: ‘systematic problem analysis, model building, and fact finding’

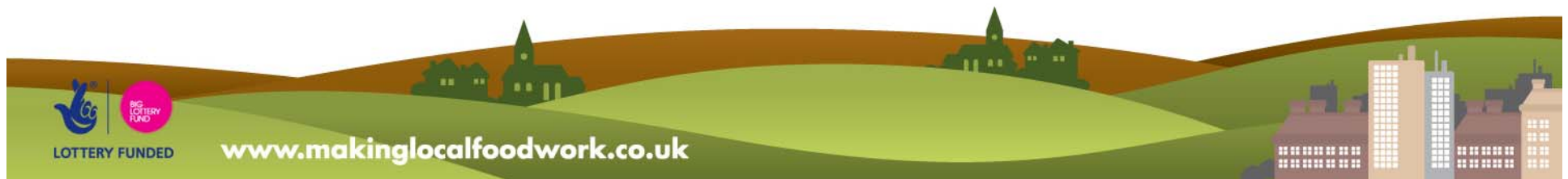
- to reduce uncertainty
- and monitor performance – *marketing is an on-going process*



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What to research

- the market and potential customers
- the product range – what will they buy, from you?
- promotional method – what's the best form of communication?
- motivations – what makes people do things?
- image – are you who they want you to be?



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Researching your customer

How

- your own knowledge
- informed opinion by people you trust
- published research
- surveys at targeted locations
- focus groups
- online surveys – use existing networks



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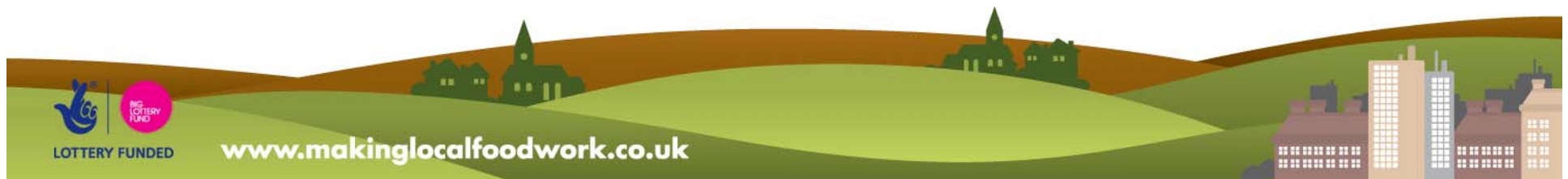
Knowing your customer

- **location** - where are your customers, just locals?
- **demographic profile** eg age, gender, ethnicity, social class
- **specific issues they may have** eg diet/exercise
- **what motivates them** – what kind of people are they?
- **work/ lifestyle** - what they do and where
- **what media they prefer to use**

Create your typical customer profile/s - name her/him



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How can you find out more about your customer?

exercise:

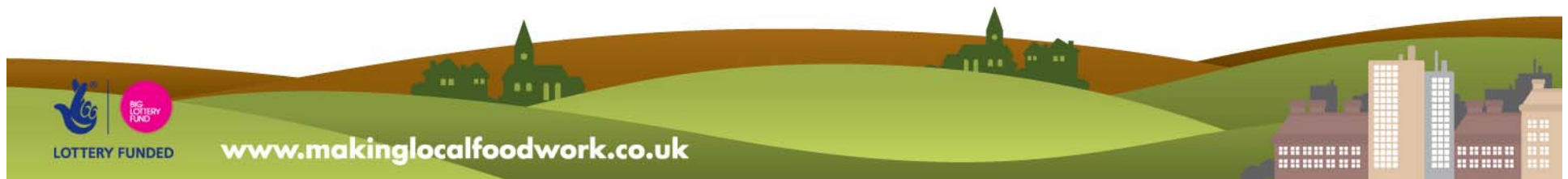
3 things you need to know

best way to find out


how will you do it?



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Stages of interaction

- 
- **non-awareness** – why is this? are they happy with their existing provider? have you tried to get awareness and failed?
 - **awareness** – associate the need with your product
 - **interest** – what is the motivation that sparks this? have you summarized your offer succinctly?
 - **evaluation** – is it clear how it works and what it provides?
 - **trial** – feed reminders of what it is they're buying
 - **usage** – keep feeding information about the product
 - **repeat usage** – identify what leads to satisfaction

negative cycle:

lose contact > dissatisfaction > lost (forever?)



Working with your customer base

- sell them more of the same
- sell them something new

- set up standing orders or direct debits
- recommend a friend
- loyalty schemes
- *appropriate* gifts
- newsletters
- events / celebrations / sausage week
- special offers / incentives
(which cost you little)



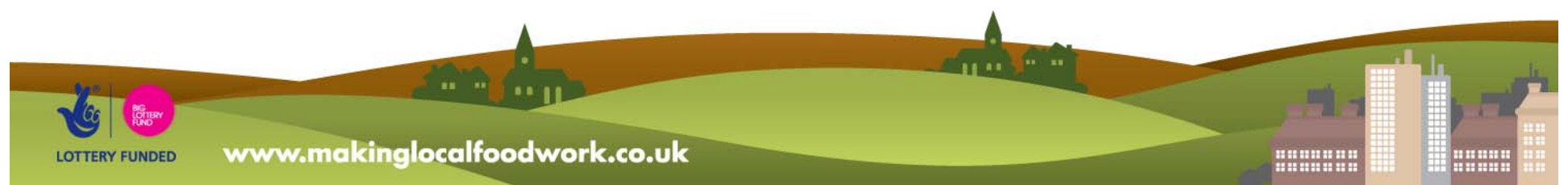
Call to action

So, you've made contact:
now, what do you want your customer to do?

- come in to the shop
- visit the website
- trial something
- give help
- tell others



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How unique are you – what's your USP?

- what you sell and how
 - quality / value / service / innovation
- the way you operate – community owned
- customer service - convenience / aftercare
- your enterprise's 'personality' / friendliness
- your values and objectives
- the people involved – local heroes?



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Branding

What does it mean?

- the promise you make to the customer
- it's about everything you do
- how you communicate it
 - in the nature of your product/service
 - 'visible' signs eg packaging, graphics
 - 'invisible' elements eg re-cycling
 - how you interact with people
- telling your story – get personal

Logos: *an expression of the brand*



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What's most important to your customer?

exercise:

create a strapline and a two line description of your shop

- what does it need to communicate?
- how are you different? (the USP)
- what is the call to action?



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case study: Riverside Market Garden



The bare facts:

- veg growing enterprise
- 5 acre site near Cardiff
- deliver into Cardiff
- picked on same day delivered
- community-owned
- education and environment



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Riverside Market Garden

Sowing Seeds of Change



you too can have the freshest, tastiest, healthiest vegetables in Cardiff, picked and delivered on the same day – you can try a box this week!

every vegetable you buy supports your local community and environment - ask us how!



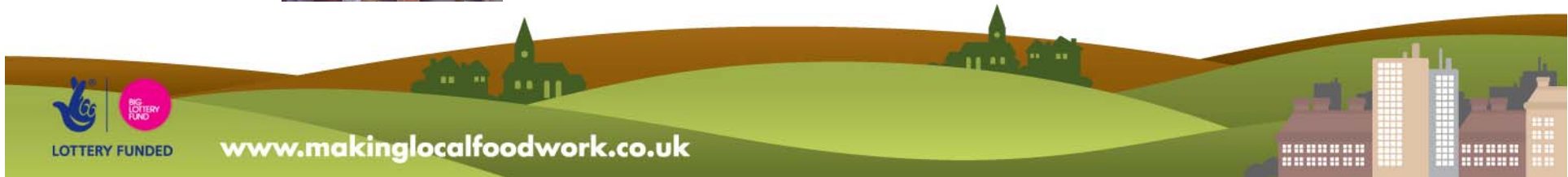
“you can always try some if you like”



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Learn from the competition

See what the competition are doing:

- can you afford to do the same, **or better?**
- do something different? **but learn from others, they may have been doing it longer**
- how can you **differentiate** yourself from them?
- do you look as professional as they do – **do you want to?**
- what do you have that they don't? **build on it**
- what resources do you have ?
(that the competition may not)



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Competition

What else is out there which competes for:

- the product/service
- your customer's time/energy/ money

Do you have a weak point ?

- quality / price / convenience / service?
- lack of capital, for a van for example?
- if so, what can you do about it?

How could competitors become partners?
(they may fill the gaps in your current infrastructure)



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Some of the strengths of community shops *(that Tesco will never have...)*

- trusted access to community networks
- your customer as marketeers
- customer/supporter's time, energy, skills
- your focus on community benefit
- intimate local knowledge
- unique suppliers

and things you ought to aim for:

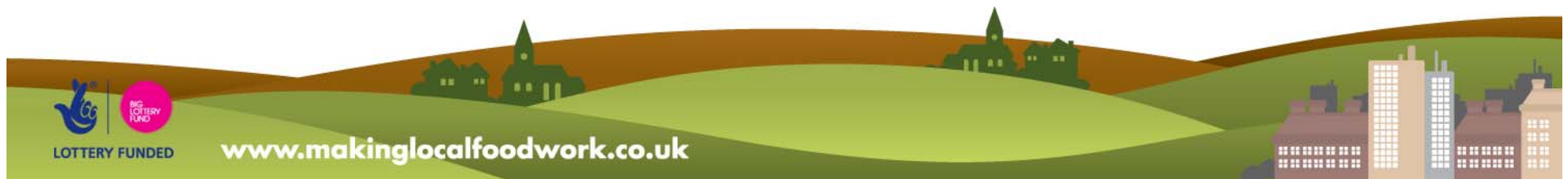
- **quality** - esp. freshness
- **differentiation** (blue tomatoes)
- **loyalty** – needs to be earned and worked at!



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Diversifying

- growth could be in the *same* sector, eg a better range of food, or into *other* areas such as health products
better profit margins and turnover per sq ft?
- offering *related customer services* such as delivery



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To whom can you sell what?



**new
customer**



**old
customer**

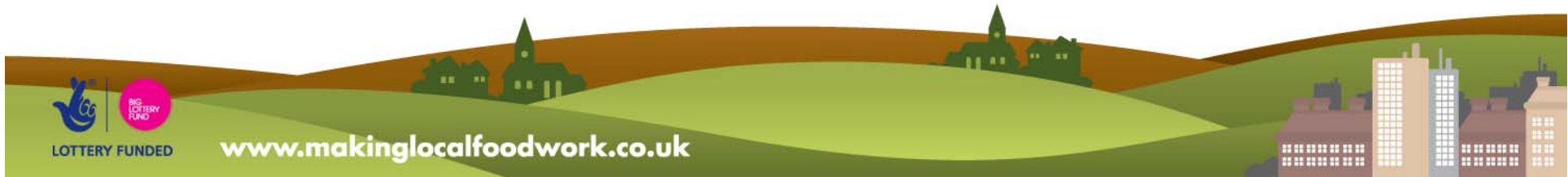


old product

new product



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How can you diversify?

exercise:

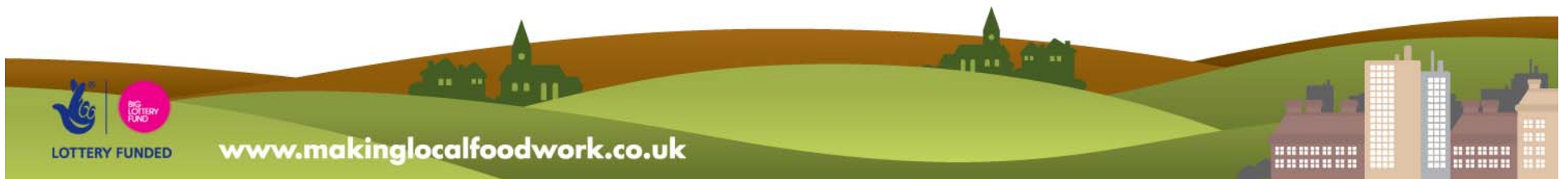
what other products or services can you sell?

how else can you sell them?

to whom, will you sell what?



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PR – getting the media on your side

- develop good relations with local media – **bake them a cake**
- keep in with agencies, **eg local authority**
- **learn how to write a good press release**
- **have a selection of good high res images**
- **speak at events eg food fairs**
- **write articles**
- **set up a competition or award**
- **run a campaign, go on a march**
- **build a portfolio of personal stories**

What headline grabs your attention better?:

1: ‘community enterprise publishes social benefit monitoring results’

OR

2: ‘pensioner proposes at cheese counter in community shop’



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Sales promotions

- what can you give away that costs you nothing or little?
- introductory offers
- time-limited offers
- competitions
- credit - pay later
- recognize the value of having a customer and invest in getting them



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Online sales 1

Why do it?

- reach new customers
- advance orders
- link to promotions, new lines etc

What to watch

- can you manage the demand?
- is it linked to EPOS?
- do you have IT skills?



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Online sales 2

Systems

- cart, gateway, merchant account
- one-stop eg Paypal, Netbanx

Tips

- mimic the supermarkets
- respond quickly
- repeat orders / customer data
- make sure your service matches the promise



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Social media

Audience

- 87% people in UK access social media
- esp young people (Facebook) or professionals (Linked In)

Content and frequency

- nudge, don't pester
- how useful is your content ? – avoid 'noise'
- what action do you want 'listeners' to take (eg go to your website or blog –tracking the end-goal)
- interact – don't just preach

Getting started

- choose your media (Facebook, Twitter, Blog, Linked In, Flickr, You Tube..)
- create content
- link up your media
- build your network



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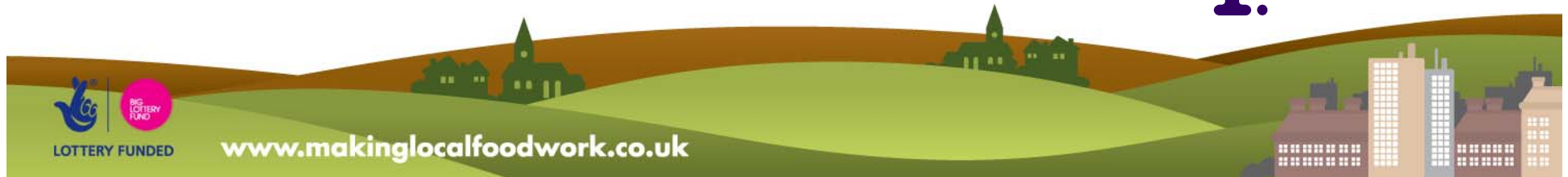
Making a plan

It's not rocket science!

- understand the market
- understand the customer
- refine your offer to meet their needs
- see where you can grow most profitably
- promote via the best channels
- get feedback



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Contacts



Simon Michaels

- simon,michaels@localfood.org.uk
- Twitter: f3simon
- www.localfood.org.uk



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