



ARIZONA STATE UNIVERSITY &



building a more independent future.

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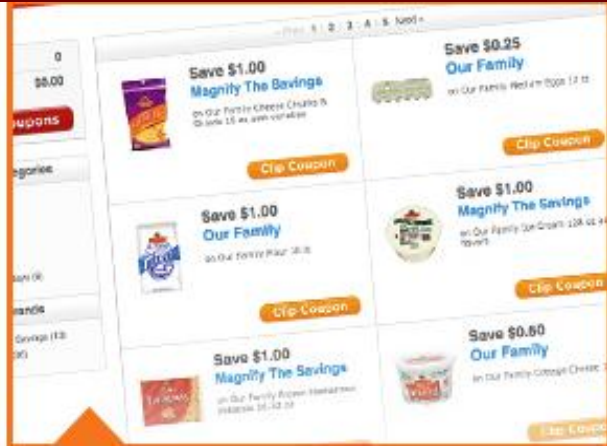



Case Question:

Can - or should - "Local" be used to
create a competitive advantage?

If so, how?

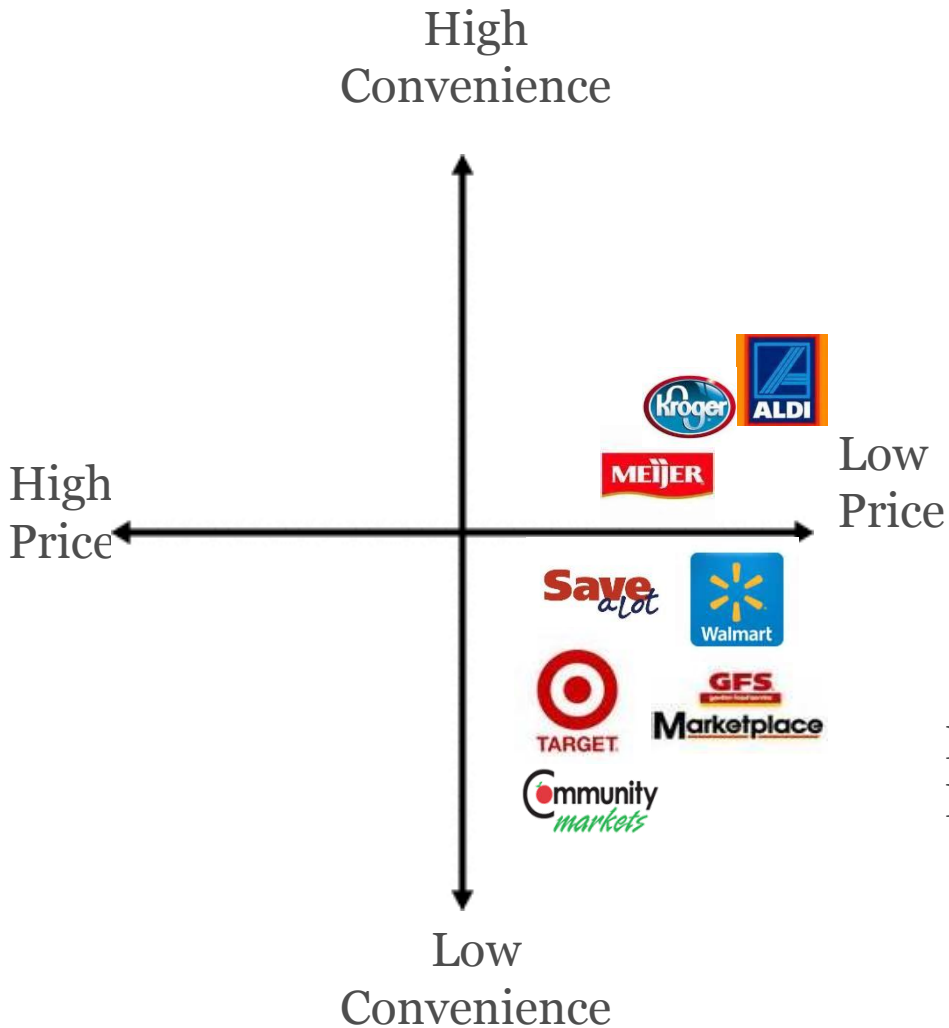
Current Position
conventional, full-fare
grocery store that carries
traditional brands,
focuses on fresh produce,
and is community-oriented





Actually, question is much broader ...
How do we create a differentiated
position?
...and can "Local" be part of that
differentiating identity?

Perceptual Maps





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- Culture –flexible independent, family-owned
- Community Involvement
- Already works with local growers
- “Grow for it”
- Benji
- Sizeable chain (31 units)



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- Several categories below regional sales averages
- Only 1 store, only 1 Benji
- Limited resources (greenhouses are labor intensive)
- Lacks a meaningful, differentiated position



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- Underperforming categories
- Educating the consumer
- Gen Y is up for grabs
- Research shows that most consumers view shopping as a drudgery



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- Mature, saturated marketplace
- Highly competitive industry
- Can't be the low price leader with giant superstores
- Other supermarket concepts entering marketplace
- Consumers unwilling to pay for local



Positioning

Local • Fresh • Community

Exciting!



It's the
EXPERIENCE
that matters!



The Strategy

- Understand your consumers
- Adjust underperforming categories
 - Consider retail atmosphere
 - Communications Strategy

Consumer Markets



Baby Boomers: health-oriented



Generation X: deal-oriented



Generation Y: up for grabs!



Gen Y

- 48% of Millennials surveyed have sole responsibility for purchasing groceries and 45% share the responsibility –
- **93% of Millennials 18+ surveyed are in the grocery store!**

Grocery Retailing – US- February 2013 Mintel Report

- Liked: flavor-intense foods, products that are portable, digital technology and special events
- Concerned about health and the environment
- Impulse buyers
- **Waiting to be wooed!**

Jason Dorsey – January 2014 Address to FMI



Baby Boomers

- Fresh and healthy products are particularly important
- Prefer local food
- Less price-sensitive

Marketing to Baby Boomers—U.S., December 2012, Mintel Reports



The MALE Consumer

- 46% of all male respondents take sole responsibility for purchasing groceries; another 48% share the responsibility
- Want healthy versions of the products they like to buy
- Less price-sensitive

Grocery Retailing – US – February 2013 – Mintel Report

Can effectively reach these 3 segments by:

- ❖ Continuing to emphasize fresh, healthy and local food
- ❖ Incorporating on-the-go foods in underperforming categories
- ❖ Adding excitement to the shopping experience
- ❖ Connecting through digital technology
- ❖ Offering consumers healthier, fresher versions of foods in typically “unhealthy” categories



Store Categories To Improve

Grocery • Wine • Dairy • Frozen
• Produce

Grocery (packaged goods)

- Comprises 31% of Community Markets sales
- Comprises 40 % of regional grocery store sales
 - Profit margin 23%
- ✓ **Make it local**
- ✓ **Add interest and excitement**
- ✓ **Support healthy lifestyle**

**Give 'em a reason to come to
YOUR store!**



- Pair packaged goods with healthy meal solutions.
- Give consumers meal ideas & solutions.
- Create merchandise displays to help & entice them.

41% of people who cook meals at home do so because they feel it is healthier than eating out .

Grocery Merchandising Strategy

Add interest and excitement

Support healthy lifestyles

Make it easy!



Wine

- Comprises 1% of Community Markets sales
 - Comprises 3% of regional grocery store sales
 - Profit margin 21%

Facts

- Wine consumption at all-time high in the U.S.
- Largest segments of wine drinkers: 21-24 (54%) and 25-34 (65%)
- Most wine drinkers are overwhelmed; like to drink wine, but don't know what kind to buy!

Wine Merchandising Strategy

Make it easy.

- Provide ratings & descriptions
- Suggest pairings



Wine Merchandising Strategy

Make it easy.

Carry what they want

- ▶ Good-tasting wines
- ▶ At reasonable prices
- ▶ With local appeal



Wine Merchandising Strategy

Make it easy.

Carry what they want

Make it an experience

- ▶ Wine tastings
- ▶ meet the proprietors
- ▶ social events



Dairy

- Sales decreased by 0.3% sales from 2012 to 2013.
- Milk - still a staple, but...
- Sales of non-milk based drinks (coconut, soy, almond)
largest category increase
 - Biggest purchasers Gen Y
- Diet-related evidence supports dairy and bone-density concerns among boomers leads to heavier consumption



Dairy Merchandising Strategy

- Make the store brand a sought-after brand
 - new flavors, textures, innovative packaging
- Make it convenient
 - yogurt & cottage cheese placed up front with spoons for on-the-go consumption



Dairy Merchandising Strategy

Stew Leonard's knows how to make dairy fun!

Make it an experience

- ▶ Through hard to replicate, fun point-of-purchase displays



Frozen Merchandising Strategy

➤ Sales decreased by 0.12% sales from 2011 to 2013.

Make frozen interesting

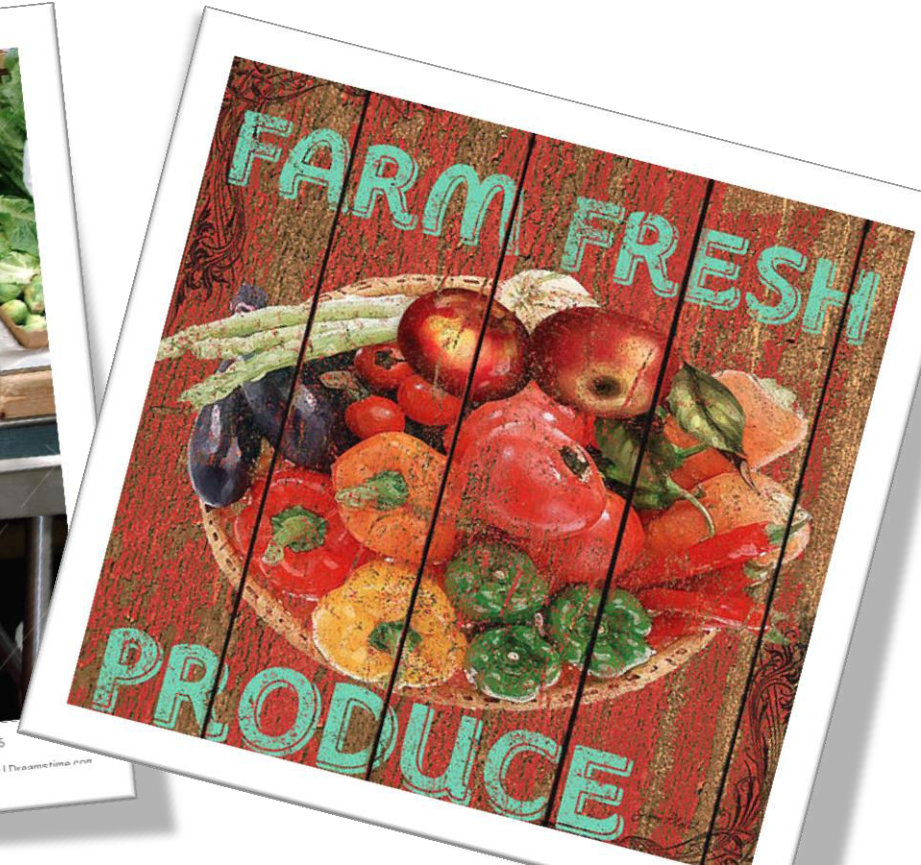
- ▶ new flavors, brands, and partnerships that can't be replicated
- ▶ sample
- ▶ Point-of-purchase displays



+ Recommendations for Produce

- Regional produce sales are 10%
 - Community Markets 8%
 - Profit margin 28%

Produce displays and signage may help convey farm fresh produce.





Building the Experience



Customer Service

- Employee product sample days.
- Create excitement about new products.
- Make local **STAND OUT**.



Consumers indicated customer service is an important component to a positive shopping experience.

Experiential Shopping

Develop local food demonstrations and tastings to Gen Y & Boomer preferences!

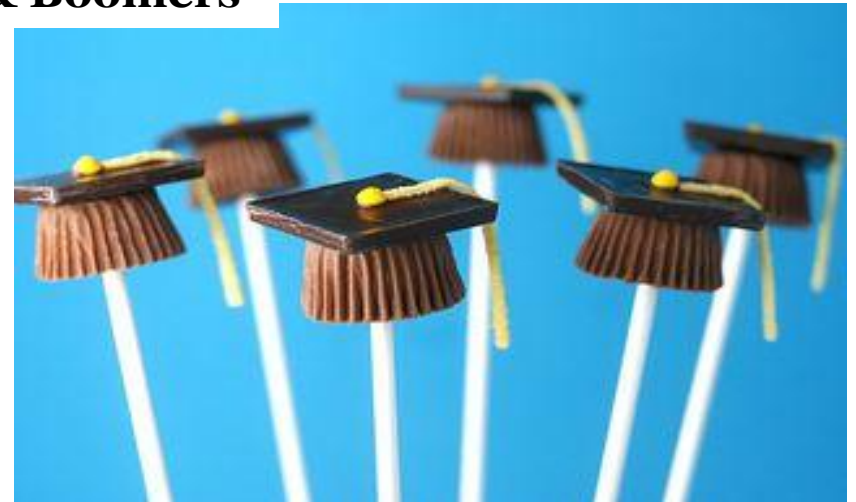
*“Established culinary instructor
Barbara Tenney shares her talents
at local grocery store”*



Customize the Shopping Experience



Products to appeal to Males, Gen Y & Boomers



Farmers Markets...



LOCAL INDEPENDENT
FARMERS AND ARTISANS



EVERY THURSDAY
MAY THROUGH SEPTEMBER • KICKING OFF MAY 2

4PM - 7PM

EAST PARKING LOT AT WFM

1800 LASKIN RD
VA BEACH
VIRGINIA 23454
WHOLEFOODSMARKET.COM  

- Exciting, fun, fresh
- Supports positioning objectives
- Drives sales!

Be Nimble.



Monthly Pet Adoption Events



Translates to loyalty and purchase of high margin items

Cookie Walk ... and other creative merchandising displays



IGA – Winner 2014 Creative Merchandising

“The Cookie Walk is an extremely effective way to celebrate the holidays and boost sales not only in the bakery department, but throughout the entire store”

Broulim’s Display Drives Spectacular Grape Sales
Progressive Grocer 2013





Communications Strategy

You're tweeting...
But are they listening?

Already Has an Outstanding Social Media Presence

TYSON BONELESS WINGS & CHUNKS
\$4.99 /LB.

9-13 OZ. • SELECTED VARIETIES
TOSTITOS CHIPS
2/\$7

Community Markets
4,213 likes · 46 talking about this

✓ Liked ✓ Following Message *

Grocery Store · Specialty Grocery Store
Findlay, Ohio 45840
(419) 422-8090
Always open

About - Suggest an Edit

Photos Coupons Tweet Us Shopping Spree

Text & Save E-mail Savings Your Local Mar... Likes

Events Notes Pin With Us

4,213

4,200 likes / 30 stores ~ 140 likes per store

Twitter



- Tweeting about craft beer on tap before the big game...how cool is that?



- 1,700 Twitter followers, 31 stores
- On average, 50 followers per store.



Strategies to increase consumer interest on social media

- ❑ Provide incentives
for males: billboards, bumper stickers promoting
“Tweet me and I’ll tweet you to a beer”
- ❑ Promote in relevant places – not simply in-store
- ❑ Collect email addresses at social events (beer/wine tastings, farmers’ markets) and then offer cool incentives to “like” FB page.

TWEET ME
&
I’LL TWEET YOU TO A BEER!
 **@communitymarket**

SUMMARY

- “How does CM achieve a clearly differentiated position?”
- Local is great, but not enough.
- No large food retailer has successfully claimed the “great experience” position
- By incorporating fun and exciting **products**, **displays** and **events**, CM can move into this unclaimed, but highly valued, market position.
- Independent nature allows them to do things the big guys can't
- CM is already well established in social media – now they need to be heard.
- These are attainable goals!





EXPERIENCE THE DIFFERENCE.

Community Markets

