

Case Study: Marketing

Marketing Strategy for a Community Market

Overview

Ellers Market: Growing “Community” at Its Best

Sam and Meg Ellers, both in their mid-30s, have a dream whose time has come. Over the past three years, they have noticed a steadily growing demand for locally-grown, fresh, “clean” foods and a rising interest in community-based companies. Sam and Meg feel passionate about the “slow food” movement that is making its way into mainstream culture. Their dream is to own a market that offers an alternative to the status quo, provides fresh, local products, and creates a sense of community.

Background

Sam has been manager of Dawn’s, a specialty market, since the Daron family opened it 10 years ago in the western part of the city in Richmond, Virginia, in a neighborhood of independently owned shops and stores.

Meg grew up on a farm in Floyd County, Virginia and has worked as a nurse for the past 10 years at two hospitals since moving to Richmond. Over the past few years, Meg has increasingly noticed the strong connection between people’s health problems and their eating habits. She is also concerned about the high cost of medication. Meg loves the health care profession but feels a compelling desire to help people achieve good health through preventive measures, including diet.

Daron’s

Daron’s dates back to 1942 when it opened its first store on Lakeside Avenue in Richmond’s Northside. Beginning in the ‘60s, the family began expanding by opening new stores. By 2009, they had 25 stores. Since the ‘80s, Daron’s had retained the market lead in grocery stores by holding to the ideals of exemplary service, friendliness, and cleanliness and by putting their customers and employees first. They sought out locally produced foods and Virginia products, sold home-style prepared foods, hired retired community members and special-needs populations, and supported the community. In the past decade, they have opened health and organic sections in each store, staffed by licensed nutritionists. Daron’s had enjoyed a comfortable lead over their two main competitors—Food Lion and Kroger, but with Walmart, warehouse stores like Costco, Trader Joe’s, Whole Foods, and some privately owned markets, the grocery store landscape changed. Then came the economic downturn of 2008, which caused many to shift their spending toward products with the lowest monetary cost. At the same time, the growing numbers of health-conscious shoppers were spending more of their dollars at stores carrying natural and organic products. These factors, along with losing their lead in the grocery store market in 2009 to Food Lion, spurred the Daron family to reach the difficult decision to sell their stores after nearly 70 years in the grocery business. In 2010, they sold their 25 supermarkets to an out-of-state chain, Adams. All that remained was their smaller, specialty market, Dawn’s. The Daron family offered Sam Ellers the opportunity to purchase the store, and he and Meg had an important decision to make.

Planning Ellers Community Market

One of Dawn's biggest assets was that it was already successfully established with a well-respected name behind it, but what would a name change and a different type of grocery store do to that reputation? One of the big questions naturally was not only how to finance the acquisition but how to finance the marketing and day-to-day operations. Sam and Meg knew they would have to have a strong and well-financed marketing plan if they were to get off the ground as Ellers. Coming from Floyd, a rural area, Meg knew people who still bartered in an informal way. She brought it up to Sam, and they researched it. They discovered that bartering was a thriving means of exchange in the private sector as well as the business world and decided that it would be an excellent means of obtaining services they needed.

While Sam and Meg had certainly discussed their ideas for a small, community market, they needed to get their plans in order. The following considerations came into play.

The Consumers

Ellers Market customers could include a wide range of people:

1. Those who want "clean," real food choices as opposed to processed, packaged foods with a lot of ingredients they cannot pronounce or identify. When customers walk into Ellers, they can be assured of what they are NOT putting in their bodies. The market will not carry products with harmful ingredients, such as MSG, artificial sweeteners, nitrates/nitrites, genetically modified organisms (GMOs), corn sugar (formerly called high fructose corn syrup). Meat, eggs, and dairy products will come from animals that are not factory farmed and that are treated in a truly humane manner.
2. Those who are environmentally conscious, who care about having a smaller carbon footprint, and who value sustainability, organic farming, and fair trade.
3. Those with health problems and allergies. A knowledgeable staff member will be on hand to help customers find specific items for specific problems.
4. Those who want to know who is growing their food, who don't like their food being manipulated, and who demand clear labeling of ingredients.
5. Those who recognize the "true cost" of their purchases. By purchasing food products that hold greater nutritional value, one may avoid health problems that, for example, harmful additives may cause. While the initial cost of such products may be greater than the cost of others, the true value is realized in improved health and its associated benefits (e.g., fewer medical costs, less sick leave from work). Processed, packaged foods that theoretically save time and work are not inexpensive, and when their "true cost" is calculated, are even more expensive. Additionally, locally grown and minimally processed foods have greater value because they require less transportation, and thus have a lower carbon footprint. In reality, cooking simply is easy and takes little time. Also, when foods are produced with the environment in mind, you save in a global sense.

Income Categories of Consumers

- **Lower:** As described above, higher quality foods have a greater up-front cost than processed food. Many processed foods contain detrimental taste additives that trick people into eating more and more. With fresh, simple foods, people eat better and less, and benefit from good health, appropriate weight, and fewer medical bills. Ellers marketing plan must reach these people with this message. Also, SNAP — (Supplemental Nutritional Assistance Program) via Electronic Benefit Transfer (EBT) cards (formerly called food stamps) are accepted.

- **Middle:** The same message as that for Lower income category should be conveyed. These customers may shop for sales, from the bulk bins, and for specialty items they need and cannot find elsewhere.
- **Upper:** The same message as that for Lower income category should be conveyed. These customers will spend more of their dollars because they have the ability to do so.

The Competition

Sam and Meg's vision is not to overtake all other markets and certainly not to become a mainstream grocery store. They want to focus on a niche and build their strength in that capacity.

On the surface, it might seem as though the downturned economy would hurt any chances Sam and Meg have for success. On closer examination, they believe that with the right kind of "education," their store will assist people to take control at an important personal level. The first step will be to convey this to the public via a superior marketing strategy.

Since good marketing can be expensive, Sam and Meg have decided they will pay as much of it through bartering as they can. The Ellers will be using bartering in two ways:

- Ellers will create their marketing plans, set up, and operate using bartering as a priority option for doing business.
- For customers, there will be a bartering exchange area with chairs and a table, Internet access solely for this purpose (no wifi for general use), and a posting board within the store for customers to find and share their products and services.
- As an introduction to bartering for Ellers Market, read articles such as the following:
Discover the Rewards of Small Business Bartering.

Practices

Acquiring Goods

Ellers would like to eliminate the middleman (i.e., distributors) and buy in bulk directly from local markets and producers.

Community support

- Discount for nonprofits
- Scholarship program for high school employees
- Wellness clinics for free checkups and screenings
- In front of store: Girl Scout and Boy Scout sales of cookies and popcorn

Closed on Sundays

Ellers will support the concept of family and community by being closed on Sundays.

Overview of Products and Services

- Clean and ethically raised foods: free-range; hormone- and antibiotic-free; organic or certified naturally grown; non-genetically modified/engineered (non-GMO)
- "Fresh and local" : Produce, meats, wine and beer
- Posted alongside their products, information about the sources of (e.g., the farm/farmers, producers, practices, Web site, photos)
- Full line of quality homeopathic remedies
- Natural, quality coffees, teas

- “Fair trade” when available
- Prepared foods: Approximately 6 specials prepared daily, served in recyclable, sturdy cardboard, wax-coated containers
- Recycling bins available for containers
- Small eating areas inside and outside of store
- “Book Nook”: Area to house books and magazines related to food and health (no DVDs since they scratch). Customers may exchange or borrow, and items will be labeled as “May Keep” or “Borrow Only.”
- Bartering nook
- Local, handmade soap and lotion line
- Hyland’s brand homeopathic remedies
- Bulk food bins with items such as grains, oats, nuts, flours, dried fruits
- Heirloom varieties of produce and seeds from non-GMO sources

How Ellers will be different

- Motto: *Ellers’ “Edge”—Growing “Community” at Its Best*
- Store size: 12,000 square feet, modest size store, easy to navigate
- Store design: will be simple, clean lines, and vibrant, natural colors to reflect philosophy of store (use of no VOC [volatile organic compounds] paints)
- Location: western part of the city of Richmond, yet close to downtown, midtown, and on the bus line
- Simplicity: Does not try to be all things to all people. Focus is on community products and what is best for community.

Conclusion

There is a strong and steady growing demand for locally grown foods and community-based companies. Ellers is about being a trusted name. Customers will never have to wonder if any item they pick up has unhealthy ingredients or if unethical practices contributed to the product. Ellers is about community. Will customers spend more money? Much will depend on whether they learn how to shift their shopping habits. They may or may not end up spending more money up front, but they will pay less in terms of their health problems and in doctor, pharmaceutical, and hospital bills. They will save on their negative impact on Mother Earth. The community and the people in it will be stronger.

Assignment

Applying principles of marketing, formulate and present the marketing strategy that you would recommend for Ellers Market, using bartering as a means of obtaining marketing services. The more you incorporate bartering in your plan, the better. Your goals are to first get people to give Ellers Market a chance and then, to keep them coming back.

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