

THE ROAD TO THE CONSUMER

Independent Grocery Stores



Packaging
Considerations



Pricing
Considerations



Distribution
Considerations



Product
Considerations

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1 INTRODUCTION



For small growers and food manufacturers, the road to the consumer is varied. Many start selling direct to the consumer through farmers markets and internet stores, then move on to specialty food and gift stores. Once the product is established, the small food manufacturer begins to seek larger volume sales opportunities through grocery stores.

GROCERY STORES

HOW GROCERY STORES WORK.

Grocery stores, like brokers, distributors, and manufacturers, are running a business. They want to purchase successful products that will sell well. They want to stock products that their customers demand. They want a good deal and to make a decent, if not sizeable, margin.



Most grocery stores are looking for the same thing: a unique product. A big draw is convenience items, but organic and natural items, as well as gluten-free products, also have wide appeal.

Purchasing is done by buyers or category managers, depending on the size of the store. Larger grocery stores have category managers who purchase and maintain products in their category or categories for many stores. Buyers and category

managers deal with many people and have a good understanding of what their customers want. They decide which products will be placed on store shelves, purchase products from distributors and manufacturers, and work with brokers.⁵

GOOD FIRST START. Retailers, large and small, agree that it usually is best to start small, with independent grocers, and work your way up to the big players. This progression allows you to gain experience, learn



how to play the game, and build production and delivery capacities.⁵ Note, however, that more than 10,000 new food products are introduced into the market each year, and 90% of these products will fail on the shelf. Furthermore, while the average food retailer may have to replace several hundred or several thousand new products each year, new and innovative products are becoming increasingly difficult to find.

INDEPENDENTS DEFINED. Independent grocery stores, for the purposes of this manual, are defined as those stores who are normally independently owned (often locally owned), typically smaller in size than larger chain stores but offer a complete lineup of all standard grocery items and brands, and usually part of a buying group (such

as Associated Foods or URM). Unlike regional and national owned chains, local independents:

- » make decisions at the store or local distribution warehouse level;
- » usually have fewer product requirements, making it easier to enter the market;
- » allow in-person sales visits at the store;
- » are part of the local community.

Independent grocery stores are finding that a way to differentiate from larger chain grocery stores is to offer locally-made products. This demand opens an opportunity for local products that hasn't been seen since the beginning of grocery consolidation¹¹.

COMMON CONCERNS. Retailers working with new manufacturers voice several concerns. The most common of these are the following⁵:

- » Inability to supply all stores (if a chain)
- » Not sticking to the agreed-upon promotional plan
- » Inability to supply the volume required by stores
- » Not following up with the retailer after the initial sale
- » Inability to acquire and use technology
- » Inability to resupply stores quickly when needed
- » Not conducting in-store demos
- » Not understanding how pricing works; and
- » pricing products well above the competition

ROAD MAP

Compiled from industry experts, research reports, how-to guides, etc., this manual provides small growers and food manufacturers with the most comprehensive guide to date - a detailed road map for successful selling to consumers through independent grocery stores.

Start at the beginning, as though this were your checklist for success. Cross off the items you've already done, circle the items you need to do, and view all of the website and attachment resources provided. Take notes throughout the manual as to how your product or businesses addresses all of the retailers' needs. Ask for guidance from your local store managers. Seek advice from other small growers and food manufacturers who are successful selling to grocery stores. At the end, you will use all of this information to develop your presentation.

Done properly, selling your product to the consumer should make money for your company and all of the intermediaries, such as brokers, distributors, warehouses, and grocery stores.

