

Rural Grocery Store Marketing

By Hannah Miller
Graduate Student in Agricultural Economics

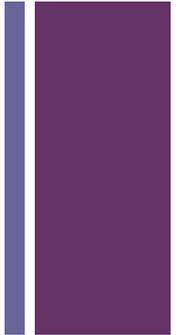
+ About Me

- Graduate Student in Agricultural Economics
- From Enterprise, KS
- Worked at Zey's Market in Abilene, KS
- Sparked an interest in marketing and small town life
- Thesis over the economic impact rural groceries have on Kansas communities





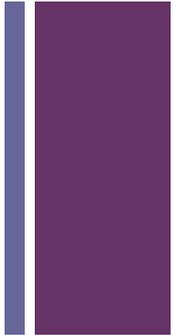
Role of grocery stores in Rural America



- Economic development
 - Rural grocery stores are an important driver of local economy
- Food access
 - Rural grocery stores provide a primary source of nutritious foods
- Social infrastructure
 - Rural grocery stores provide local, civic, and social meeting spaces

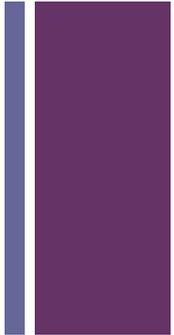
+ What's going on?

- Small Rural towns are struggling.
- Chain store dilemma
- 1960, there were 849,870 people in rural Kansas.
- In 2010 that number was down to 736,157. 113,713 people left rural Kansas!
 - Have seen the entire population of Kansas decrease in recent years.
- We drive more than ever now. The average commute time to work in the U.S is 25 minutes.





+ The Stores

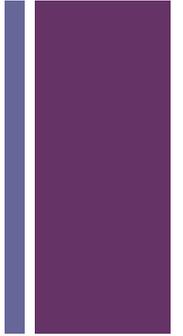


- Cuba, KS
- Minneola, KS
- Sedan, KS
- Smith Center, KS
- Hebron, NE





What's Making you Successful?



- Meat counters
- Local Food
- Customer Service/Knowing your grocer
- Institutional Accounts

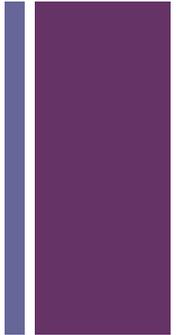
+ Custom Meat Counters

- High percentage of sales (40-50%)
- Custom cuts
- Consumers want fresh never frozen products
- Could be utilized to reduce waste





Local Food

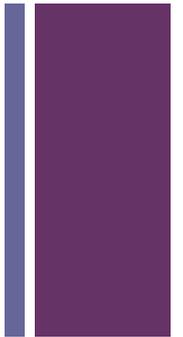


- Consumers like the idea of buying local
- Meat, produce, and bake goods can all do well
- Rules and regulations can limit sales of these products



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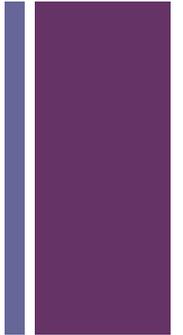
Customer Service/Knowing your Grocer



- In small towns, everyone knows who works at your store
- Can customize experience or orders because of frequency
- Puts a name and face to the local business



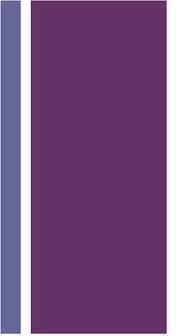
+ Institutional Accounts

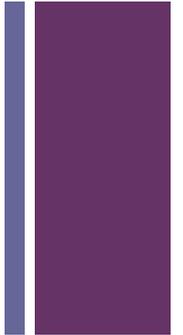


- Working with nursing homes, schools, or businesses and creating accounts can help meet volume requirements for wholesale discounts
- Can help with basic supplies or other orders
- Biggest challenge is competing with food contractors
- Market the image of buying local and locals business helping other local businesses
- Use custom meat counters to help with potential catering options

+ What's Hinderling Success?

- Dollar General Effect
- Lack of Selection
- Profit Margins on Services
- Small Town Norms
- Not necessarily price...
 - Small town stores are competitive on price with chain stores.

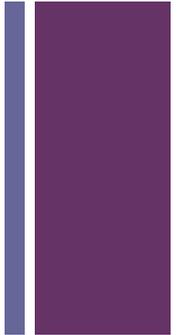




Items	Store A	Store B	Store C	Store D	Store E	Midwest D
Apples (\$/lb)	\$1.49	\$1.39	\$1.00	\$1.99	\$1.49	\$1.55
Bananas (\$/lb)	\$0.75	\$0.65	\$0.59	\$0.69	\$0.75	\$0.53
Broccoli (\$/lb)	\$1.86	\$1.50	\$1.49	\$1.86	\$1.99	\$1.53
Potatoes (\$/lb)	\$1.99	\$2.09	\$0.44	\$0.60	\$0.35	\$0.50
Milk, 1% low fat (\$/gal)	\$3.89	\$4.15	\$3.49	\$3.99	\$3.99	\$2.40
Eggs, Grade A Large (\$/doz)	\$1.89	\$2.03	\$1.85	\$1.95	\$2.25	\$1.66
Ground beef (\$/lb)	\$3.69	\$4.09	\$2.99	\$2.79	\$3.69	\$3.85



Basket	Cheapest Generic Brand	Store
Milk 2%(gallon)	\$2.98	Ray's and Dillons
Processed Cheese (12oz)	\$2.49	Ray's
Orange Juice (59oz)	\$1.81	Walmart
Eggs (1 doz)	\$1.64	Walmart
Chicken \$/lb	\$1.99	Zey's
Ground beef \$/lb	\$3.49	Zey's
Bacon \$/lb	\$2.99	Ray's
Bread Whole Grain (1 loaf)	\$1.18	Dillon's
Canned Green Beans (14.5 oz)	\$0.29	Hy-Vee
Canned Black Beans	\$0.68	Walmart
Peanut Butter (18oz)	\$1.98	Walmart
Ranch Salad Dressing (16oz)	\$1.55	Ray's
Coffee Classic Roast (11.5 oz)	\$2.79	Ray's
Chunky Tuna (2.6 oz)	\$0.98	Walmart
Flour (5lb)	\$1.64	Walmart
Celery \$/each	\$0.79	Zey's
Bananas \$/lb	\$0.50	Zey's
Carrots \$/lb	\$1.20	Dillon's
Lettuce \$/head	\$0.98	Walmart
Ice Cream-Vanilla (1/2 gal)	\$2.50	Dillon's
Total	\$34.45	

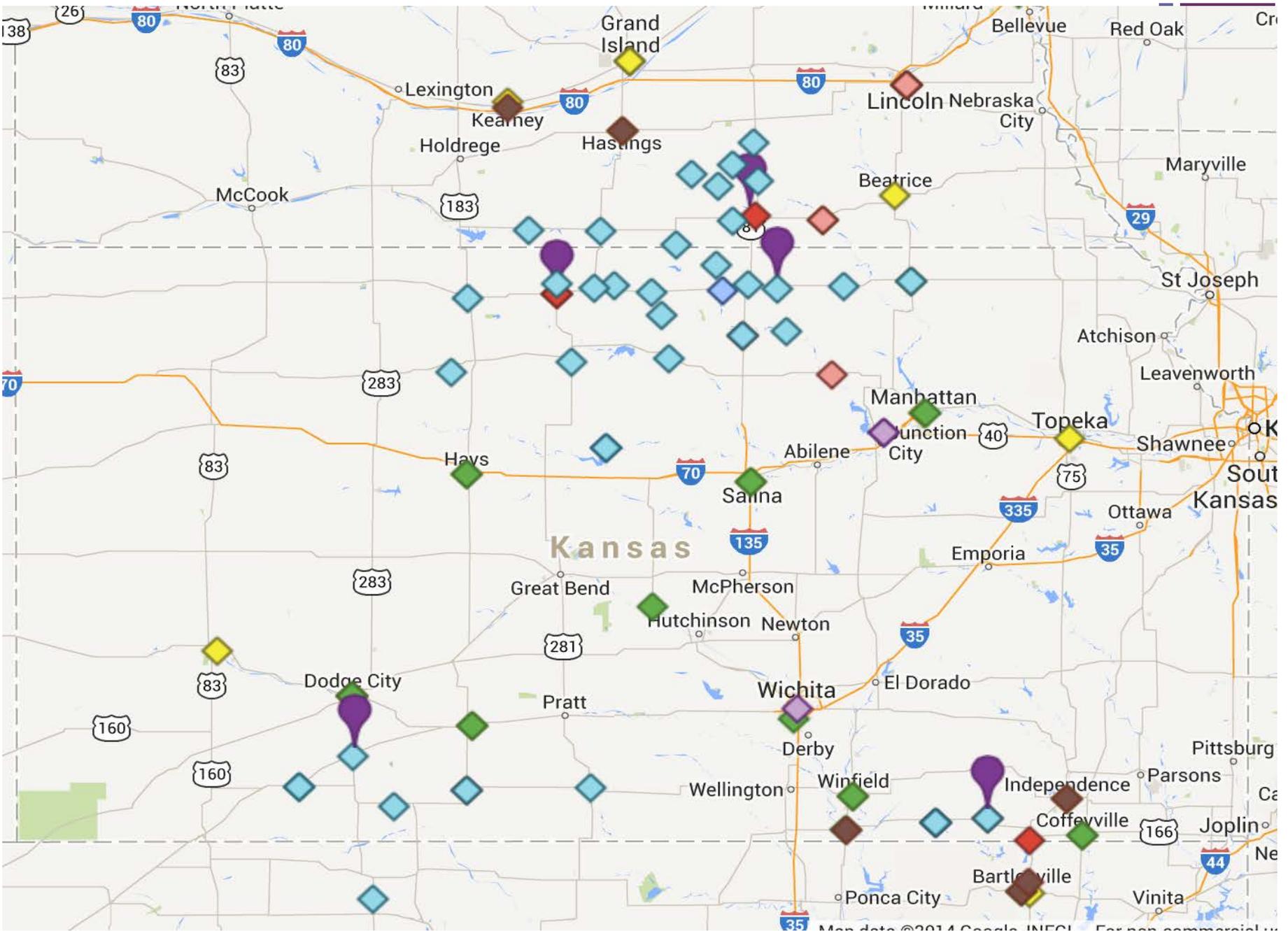


+ Dollar General Effect

- Dollar Generals are popping up everywhere!
- They have a business model of trying not to compete with Walmart and set up shop in small towns



COURTESY: DOLLAR GENERAL



+ Lack of Selection

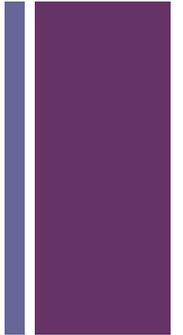
- This isn't your fault. Sometimes you don't have the space.
- It does cause customers to shop where they work verses shopping locally.
- Create seasonality among some products that you can't dedicate shelf space for entire year



+ Profit Margins on Services

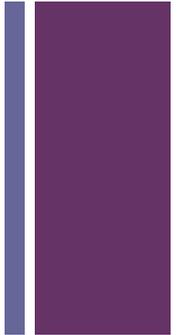
- Don't nickel and dime customers, but don't short yourself either
- You are providing a service and resource for you customer
- Increasing prices some areas that are special to your store could help the bottom line. Don't try to compete, but realize that it is a service that you are providing to customers.
 - Photo development, movie rentals, small gifts etc.

+ Small Town Norms



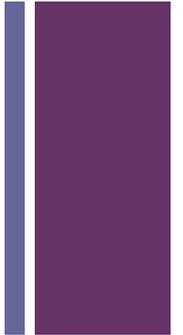
- Don't compete with other businesses, cooperate!
- Sell local store items in your store too.
- Put a convenience price to them
- Everyone wins!

+ Having a Better Business



- Ordering and Shipment
- Restaurants or Read to Eat meals
- Competing with Dollar General
- Maintaining Selection
- Co-Branding/Co-Merchandising
- Keeping the Small Town feel

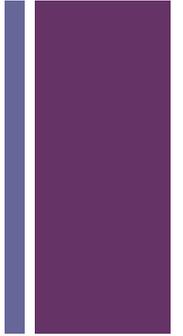
+ Ordering and Shipment



- Some stores may have trouble meeting minimum orders set by distributors
- Depending on distributors policies, may be able to split palettes to help avoid penalties
- Institutional accounts are a great way to help with this.



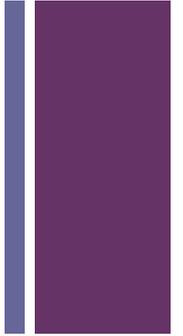
Restaurants or Ready to Eat Meals



- A restaurant may be too big of a commitment for some.
- Ready to Eat meals may be more feasible
- Created in house and a customer can take them when there on the go
- Have produce or meat that you can't keep on the shelf any longer? Make it into a meal or offer to local places at a discount
- Reduces waste and creates a new sector of your business

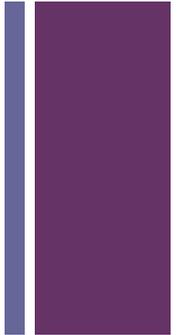


Competing with Dollar General or other Chain Stores



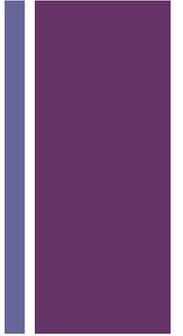
- The biggest emphasis here is local
- Remind customers that those places are good for make up and party supplies, but don't contribute to the local economy
- Emphasize what you do for the community and brag a little

+ Maintaining Selection



- Look towards providing some items on a seasonal basis
 - Football season, summer BBQ season, etc. could
- Get creative with how you present these items.
 - End caps or product displays with recipes are a good way to capitalize on this market
- Consumers will know that once the item is in season they will stock up

+ Co-Branding/Co-Merchandising



- Work with other local stores and not against them
- Sell both of your items in store!
- Market it to where it is from and work together on pricing
- Can keep the small town feel and loyalty amongst stores

+ Other Suggestions



- What does your online presence look like?
 - Facebook, Pinterest, Twitter, blogs are all free
 - Posting recipes, how to articles, or sales you are running get you name out there for customers
- If your supporting an event, are the provider for schools meals, get your name out there.



QUESTIONS???

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