

Meat Managers Share Advice on Competing with the Big Boys

BY PETE HODGSON



A decade ago, it was still a challenge for consumers to find high quality, locally raised meats. Nowadays, there is no shortage of choices. Everyone from the mom-and-pop grocer to the big-box retailer offers some kind of deal on meat—even the gas station! Competitors of all stripes have learned how to capitalize on trends such as fresh, sustainable, organic, local, and no hormones/antibiotics.

Convenience is the name of the game for most customers, even the ones who cook, and retailers have stepped up their game in all areas of fresh foods to attract them. According to a 2016 Nielsen survey, top grocery performers saw 50 percent of their sales occurring in fresh departments, while the low performers had only 30 percent in fresh foods.¹

Strong meat, deli, and produce departments are effective drivers for attracting customers. That's a no-brainer for a lot of food co-ops that have long focused on fresh, local, and organic. The bigger issue is price perception. Savvy competitors promote attractive pricing, and the ones engaging in price wars entice people with rock-bottom deals.

For retail food co-ops, this competitive environment is putting a lot of pressure on meat departments to be excellent in all phases of operating: sourcing, quality, customer education, service, and, of course, prices. The last place any food co-op wants to find itself is in the middling realm in terms of retail execution.

The good news is that not everyone is a fan of corporate stores, and since shopping is a highly local experience for the customer, retailers that provide convenience along with a good experience can do well.

Meat quality and value

Tristan McLarty, meat and seafood manager at BriarPatch Food Co-op (Grass Valley, Calif.), says there are many merchandising tools they use to stay ahead of the competition. “Co-ops can't compete with the large chain stores on pricing perception or volume. Our opportunities lie in quality and service.”

Meat department managers find that focusing on what they do best—local sourcing and gaining good word-of-mouth from customers—is a strong competitive edge. In order to gain a following, most successful meat departments offer regular demos and events where in people have the opportunity to meet the farmer as well as taste the product and learn ways to prepare it. “Co-ops can feature small, local farms and artisanal products unavailable in the chain store,” McLarty said.

While “local” is a byword for a lot of customers, it's often not enough to attract sales. People need to know more about the product, both from signage and from positive experiences through hand-selling techniques.

There is a lot of confusion among consumers about what is a natural

product versus conventionally raised, and part of that is because the competition is capitalizing on buzzwords and advertising subterfuge. Customer confusion also contributes to a negative price perception when people are comparing products that are not even the same thing. Educating consumers about what makes meat sustainable, humanely raised, and organic is critical.

Consistently telling people about your meat's value proposition is important to success. You need to make sure the customers notice. People often don't know what they are buying from your competitor, but you can make absolutely sure that when they shop at the co-op they have the opportunity to be informed.

Shoppers also like to pinch pennies, and the value isn't always about getting organic but something high quality at a certain price point. "Co-

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ops must also be aggressive with promotions and pricing strategies to help drive volume and attract more mid-level shoppers who want better quality but may believe it is out of their budget," McLarty said.

Some food co-ops also bring in quality regional or national products that help meet lower price points for their customers. Just focusing on local or organic isn't always the key to meeting customer needs. Having a strong understanding of your customer in your specific market is going to inform what strategy will enhance your sales.

Meat department as destination

If a food co-op (or any retailer) wants to compete, their customer service has to be top-notch. In addition to good prices, people expect good service, and those retailers that cultivate relationships with customers have a leg up. "A well-trained staff in a cooperative environment is the best way to separate us from the rest of the retail herd," said Sonny Porter, the meat and seafood manager at Ever'man Co-op Grocery & Café (Pensacola, Fla.).

Being competitive starts with the hiring process. Look for people who love food, are energetic in the hiring process, and have strong customer service or people skills. Above all, meat staff must answer customer questions, and you'll need to invest in people who are good communicators and have the capacity to learn on the job. During the interview, ask them: How do you envision your perfect meal? How would you cook a steak? How would you cook/prepare salmon a fillet?

"Our staff tend to be foodies, and when they get to see the farmer deliver, they share those stories with our customers," said Dana Tomlin, fresh foods manager at Wheatsville Co-op (Austin, Tex.).

After the hiring process, you'll need an excellent training program, one that focuses on all phases of the job, including follow-up. A recommended resource is *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, by Zeynep Ton.

You'll also need good resource materials for employees on meat cuts, cook times, a Frequently Asked Questions fact sheet, and recipes. Encourage your staff to talk to people about different cuts of meat and how they themselves cook it or use the product.

"In order to stand out from all the rest we have to believe in our higher standards in cleanliness, processing, product selection, and engaging our customers on a one-on-one basis," said Porter from Ever'man. In addition to daily interactions, invite people in with promotional events, celebrations, public recognition, and customer-appreciation days.

Strong customer service is how customers are persuaded that buying meat from you is going to deliver what they want, not only in the product but also in the experience of doing business with you. Your department is doing well when it is clear that customers are learning from you about meat quality and cooking various cuts and are taking the risk of trying new things your staff suggests.

Differentiate through value-added

Grab-and-go and other food-prep conveniences are big sellers in today's grocery environment. Meat departments that capitalize on heat-and-eat or easy preparation are going to see their sales grow. Value-added meats include sausages, burgers, marinated chickens and steaks, prepared meatballs, stir-fry meats, and more. Today's consumer wants something quick, especially busy families. This is a category that's been growing tremendously, and retailers that invest in the equipment and staffing to meet this need are seeing growth.

One of the advantages of chain operations is that they typically operate unconstrained by department "silos" and can easily cross-merchandise things people are looking for, such as prepared meats, pizzas, sandwiches and condiments—thereby focusing on a convenient shopping experience for the customer. Independent businesses in competition with them should take note. Customers like cross-merchandising, and it builds sales.

While a lot of the competition does offer this convenience, especially in sliced meat or prepared foods, they often they don't quite hit the mark in terms of quality ingredients or special diets for the natural customer. Porter at Ever'man thinks that value-added convenience products from the co-op with a more natural-food approach are a big differentiator. "We can walk hand in hand into the future with our customers to provide them the natural and organic products they want that the rest of the retail herd has failed to provide."

Promote, promote, promote

You need to make it obvious that you are competing. Your customers need to notice your great deals, big signs, your friendly staff. Even though word-of-mouth is a powerful motivator, other customers rely on sales flyers, social media, and awesome price points. Get the word out through every communication platform you have available: newsletters, staff, social media, flyers, signage, merchandising, events, cooking classes, demos. Offer great deals on the most sought-out sellers—ground beef, whole chicken, ribeye steak, house-made sausages, wild salmon—and promote them.

Customers also appreciate the fact that the co-op is not just any grocery store. It's friendly and involved in the community. These messages can be conveyed just as easily through your meat department as any other area of the store.

Tomlin from Wheatsville said, "We have to be better every day and be excellent grocers at all times. Don't be afraid of change, and be willing to take chances in order to have the meat department that our customers want NOW and in the future. We need to tell our story often and loudly." □

"Fresh Guiding Principles: How Top Retailers Stay Ahead of the Competition," 6-28-16: <http://www.nielsen.com/us/en/insights/news/2016/fresh-guiding-principles-how-top-retailers-stay-ahead-of-the-competition.html>

More Meaty Comments

How can co-ops compete with big box stores and supermarkets?

Don't solely focus on the price-point battle, which can be a losing one for some or most of us. Make your co-op a destination for consumers—a destination because you offer products they can't get elsewhere, or because you offer an unmatched value-added program, or because you have invested employees who go the extra mile.

—Matt West, meat & seafood manager, Monadnock Food Co-op

How can co-ops stay on top of continuous competition and make our meat departments stand out above the rest?

While the competition is always a challenge with supermarkets, our primary areas are selection, quality, and service. We try to highlight our offerings from local farms and our commitment to all-natural, vegetarian-fed, no antibiotics EVER, and/or grass-fed and sustainable meats.

In poultry, we feature local, pasture-raised chickens; air-chilled poultry; and poultry raised without antibiotics, hormones, or animal by-products.

Everything must be bright, fresh, and attractive in the displays. Every day.

We have experimented with setting our prices on sale items to extremely low margins to compete with and beat the pricing at the supermarkets in the area. We have had success depending on the items we choose.

We sacrifice margin to get customers into the store, and it seems to be working—our comparative sales over last year are positive.

Service is what also sets us apart from the competition. We want to engage every customer who comes by the department. We greet them, offer a sample of whatever we are cooking that day, and provide knowledgeable, helpful answers to their questions or requests. The employees really set all of this in motion. Without them, we wouldn't have the success we do.

—Kevin Morrissey, meat & seafood manager, Boise Co-op

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WEST COAST

MIKE NOVAK

(510) 496-2232

mnovak@ncb.coop

CENTRAL

BRIAN MISENHEIMER

(336) 298-7231

bmisenheimer@ncb.coop

EAST COAST

DAMI ODETOLA

(703) 302-1939

dodetola@ncb.coop



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