

Differentiating Your Co-op in Tough Times

Thinking like a guerrilla marketer

BY MARK KASTEL

As someone who has been immersed in agricultural economics over the past 25 years, I have fielded many questions lately—questions about the price and availability of conventional and organic food, organic price differentials, and what this economic downturn's impact will be on the organic marketplace. I have one stock answer: "We are in uncharted waters."

Although many food co-ops predate the rapid growth of organics, no one in the co-op community has faced more macroeconomic uncertainty than we have now. Skyrocketing energy costs and the rise in general inflation will lead some customers and members to look for lower-cost food shopping options. And some of your competitors might turn to price-cutting to remain competitive.

Guerrilla marketing—the co-op advantage

How do co-ops successfully compete and excel in this challenging environment? Co-ops have a unique competitive advantage—your store should be taking advantage of it!

Co-ops' real strength is selling more than food. It's selling the story behind the food and creating community surrounding food. Your co-op might very well be utilizing some of the techniques I'm going to mention. But can you improve the execution? Can your management team meet to make sure your promotions, outreach, education, advertising, and marketing are all building upon each other—all promoting the same fundamental themes?

Local food

Other grocers are talking about local food, but in most markets, co-op already is the gold standard. At Viroqua Food Co-op, where I am a proud member, color-coded signs indicate local or regional products throughout the store. They're keyed to a giant map with two concentric colored circles, hanging over the produce section. The Wedge takes a different angle by including photographs of local farmers on the price sign above their homegrown produce.

Many co-ops are incorporating farmer profiles in newsletters, sponsoring farm tours,

and inviting farmers in for sampling. Beginning in the 1980s, Peoples Food Co-op (Ann Arbor) held a harvest banquet briefly introducing each farmer and including plenty of time to schmooze with members.

Remember that you're not only selling food! Other stores will be selling "local food" too, whether it is genuine or not. Your job is to dramatically differentiate your cooperative from other competitors, some of whom might have bigger advertising budgets.

Marketing outreach

Here's where some of the guerrilla techniques come in. Who gets your newsletter? Only members? Depending on your printing technique, the incremental cost of printing a few thousand extra newsletters is incredibly small. You have already spent a sizable amount of staff time and production expense.

Take a look at your market and the demographics of potential customers and new members. Then use these newsletters wisely. Every group (retired teachers, the Sierra Club, progressive politics, neighborhood associations) is looking for speakers. Offer someone for a short presentation on a timely topic involving organic or local food. Handing out the newsletter to all in attendance, and maybe some samples, can be a highly cost-effective communications vehicle.

Co-op staff educators—the experts

No matter how large or small your media market, someone on your staff should be the prime spokesperson. Every media outlet should be contacted. If your co-op does not already have a relationship with reporters who cover food, cooking, agriculture, business, and the environment, invest your time to establish these connections.

Periodically you should be making news. Besides announcing co-op events, such as the annual meeting or farm tours, take advantage of a large state- or national-breaking story to "localize" it. Reporters love stories with local content. Take a news service story and add quotations from your staff or farmers who supply your co-op.

You should seek to establish yourself as a local expert on farming issues, food safety, pricing and value. By investing in these long-term relationships, you will find reporters calling you the next time there is a big meat recall, a scare on Chinese imports, or another story touting scientific proof that organic food offers superior nutrition.

Your price is right—sell it!

This is an old marketing adage. Make sure your margins are correct and fair. Then defend your pricing, never apologize. The products co-ops sell are not necessarily cheap – but its pricing can be competitive. And the products you sell are of high value.

You will want to illustrate cost competitiveness through selected value-priced products, the CAP program, and special promotions. But through education you can add recognized value to your products.

Selling the sizzle, not the chicken

Here's a final example of using an integrated approach through education and marketing. As people start tightening their belts, they will be eating out less and looking for value in home cooked meals. I don't have to tell you that organic chicken is expensive. But I will tell you it's a great value. Unfortunately, many people in our culture have forgotten how to cook—even my mother!

Don't assume that your members know what to do with a whole chicken. Consider a newsletter article with a recipe (profiling your grower, the nutritional value of organic meat, the cost-effectiveness of cooking from scratch, etc.), a free cooking class, promotional pricing on whole chickens, an end-cap display with low-cost enameled roasters, and pitching a local newspaper on the trend back to home cooking and how the co-op is involved.

Sell the story behind food we believe in. Make this your story. Own it. And it will give you a competitive advantage in the marketplace. ■

