

# Port Orford CommUnity Co-op

A local and regional market in Port Orford, Oregon



## Marketing Plan

October 2012

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## Market Research:

The Port Orford Community Co-op conducted two marketing surveys; the first in December 2011 and the second in March 2012. The marketing surveys targeted the regional population and queried respondents on a number of issues: current shopping habits, amount spent on groceries, selection of food desired at the Co-op, interest in a local Co-op, and demographics.

### Summary of December 2011 survey:

The average respondent is between the ages of 55-64, shopping at the local grocery chain store. They shop for themselves and their spouse or partner, spending \$51-\$75 per week on food. They consider the quality of food at their current grocery store to be OK and store personnel are very friendly and helpful. They are moderately satisfied with their current food choices, and concerned about nutritional value of their food. They purchase local food when they can and are in support of a local Co-op, but currently not a member of any Co-op. They see themselves as potential members of the Port Orford Community Co-op. They are mostly interested in produce and consider quality and freshness to be most important.

### Summary of March 2012 survey:

Respondents are most interested in fresh produce and dairy products. Most are willing to spend \$40.00 each week at the Co-op and feel the Co-op should have a deli for eat in or take out. A majority of the respondents (73.5%) were willing to purchase memberships of up to \$250.00.

## Industry Trends:

The Port Orford Community Co-op is not unique in the need it serves to the community or in its rural population. There are hundreds of small rural cooperatives that have been established since 1990 that are successful today. The goal of these cooperatives was to provide an alternative, organic and anti-corporate alternative to chain grocery stores. The Co-ops take on many activities, and may function as food growers, processors, distributors, retailers, and even food service providers. They have a wide selection of food products from the freshest vegetables and fruit, to pastured and cured meats. All emerging food Co-ops have six characteristics in common:

- Bringing local farmers and eaters closer together
- Growing and supplying fresh, healthy food locally
- Keeping money in the community
- Trading fairly, whether domestically or internationally
- Saving energy, building the soil, and protecting water
- Celebrating good food, culture and community

People are organizing local food Co-operatives as an alternative to the current highly centralized, energy dependent, industrial food system. Local food Co-ops are quickly becoming a popular means of engaging in an otherwise alienating food system, offering individuals a chance to practice good health,

community-sufficiency, food sovereignty, and participatory democracy through their active membership.

<b>Case Studies-Rural Cooperatives</b>	
<p><b>Root River Market Cooperative — Houston, Minn.</b>            The Root River Co-op is a full-service retail grocery store that provides a conventional inventory of foods and other grocery items in a city of 1,020, located in the southeastern corner of Minnesota. A study showed it would cost \$400,000 to launch a Co-op store. Some 310 members joined, who contributed \$170,000 in member equity and loans. North Country Cooperative Development Fund (NCDF) then originated a loan for \$225,000. About \$12,500 in grants were also raised.</p> <p>The store generated \$1.06 million in the first year, about 12 percent below the projection. Summer has been the heaviest sales period, driven by tourism to the area. In recent years, the Co-op’s gross sales have held steady at just over \$1 million. A pharmacy (which rents space from the Co-op) has drawn customers, particularly elderly residents.</p>	<p><b>Midtown Food Co-op - Memphis, TN</b>            A group decided to open a neighborhood Co-op to sell natural foods, bulk items, and locally grown produce. For the next two months, members gathered in work parties to tackle site preparation. Community members donated plumbing, construction, and electrical work. The group purchased \$10,000 worth of bulk bins and kitchen equipment from another food Co-op at a low price.</p> <p>They determined that with 1,000 square feet of selling space, the Co-op would need to sell \$25 per square foot per month, or about \$6,000 a week. To meet this goal, the Co-op needed 350 members, and each member would have to spend an average of \$20 a week at the Co-op. Financing came from three sources. Member investments provided base capital of \$10,000. In addition, the Co-op secured a \$10,000 long-term loan through the Ben and Jerry’s Hot Fudge Venture Fund. Finally, a local bank loaned the group \$20,000.</p> <p>By opening day in August, Midtown Food Co-op had 400 members. Members invested \$25 per year and received discounts on purchases.</p>

**Customers:**

The Co-op will be the only established food Co-op in Curry County giving Port Orford an opportunity to engage consumers in the story that their products offer. Everything from fresh local seafood, greens, fruits, local meats, handcrafted gifts, and locally made products.

Consumers are becoming more aware of and concerned about where they are not only spending their money, but where their products are coming from. There is a lack of places to purchase local goods and there is a need to create this storefront. The Co-op can expect to attract local residents from as far south as Brookings and to the north from Bandon. Additional customers will be the tourists who either pass through or are visiting the area.

Port Orford is beginning to attract a large number of eco-consumers and eco-friendly visitors and demand for local product has increased. The Co-op will serve the needs of local and visiting eco-consumers.

## Positioning:

Positioning the Port Orford Community Co-op involves creating a unique, consistent, and recognized customer perception about the store offerings and image. The Co-op may be positioned on the basis of an attitude or benefit, price, or level of quality. It targets the Co-op for specific market segments.

A common framework for positioning is taken from a series of questions. The Co-op can position them by using a positioning statement that answers these important questions:

- For who is the store designed?
- What kind of store is it?
- What is the single most important benefit it offers?
- Who is its most important competitor?
- How is your store different from that competitor?
- What is the significant customer benefit of that difference?

Suggested position statement for the Port Orford Community Co-op:

*“The Port Orford Community Co-op is a welcoming, local food market, owned by a community of members, for individuals and families who care about the source and quality of their food.”*

## Branding:

Branding is one of the most important factors influencing business’ success or failure in today’s marketplace. A brand is the combination of name, words, symbols or design that identifies the product and its company and differentiates it from competition.

Businesses use branding to market a new product, protect market position, broaden product offerings, and enter a new product category. Four types of branding are:

- New product branding -- creating a new name for a new product in a category completely new to the company.
- Flanker branding -- protect market position by marketing another brand in a category in which the firm already has a presence.
- Brand line extension -- use of the company’s brand name in the firm’s present product category.
- Brand leveraging (franchise extension) -- use of the existing brand name to enter a new product category is called leveraging.

Why is it important to develop a brand for your product?

A brand offers instant product recognition and identification. Consumers identify branded products and, as a result of effective advertising, have confidence in product quality. Retailers like branded products because they make the store profitable.

Branding is beneficial for four reasons:

- Differentiation -- A brand provides a clear and definitive reason for customers to buy your product. If this reason does not exist, your product is a commodity and the only measure of value is price. Small, value added businesses cannot compete on price successfully and need to incorporate some form of differentiation.
- Conveys value -- Consumers perceive brand-name products as higher quality, more reliable and a better value than non-branded products. Generally speaking, the number-one brand in a category can command a 10 percent price premium over the number-two brand, and a 40 percent premium over the store brand. This price premium is known as a brand tax. Consumers understand that a strong brand can reduce getting stuck with disappointing or faulty products.
- Builds brand loyalty -- Brand loyalty is the recurring stream of profit generated by repeat and referral sales of a specific brand. Repeat sales can be as much as 90 percent less expensive to a company than new customer development.
- Builds pride -- Branded, recognizable products invoke a sense of pride in those associated with production, promotion, sale and distribution of those products.

What is the process of branding a product?

A brand must be clear, specific, and unique to your business. To achieve the same successes with your products, you need to execute the following steps to establish an effective brand:

- Find a name--Choose an appropriate name that is easily remembered and specific to the business or product. The name should be restricted to three words or less – anything longer is difficult for customers to recall. This process may require legal screening to guarantee availability of the name and customer input to assess attractiveness and appropriateness of the name.
- Develop a slogan-- The selected slogan needs to be two to three words, catchy and easily remembered. To generate slogan ideas, you must stay focused on the shopper. Why should they shop at the Co-op? What will they like about the brand? How does competition compare? The slogan should take into account answers to these questions.
- Create an appropriate symbol or logo-- It can be as simple as a geometric shape or as elaborate as a silhouette of a person or object. Use the name, slogan and symbol on every piece of correspondence related to the business: e-mails, invoices, letterhead, business cards, advertisements and promotions, etc. This system will eliminate inefficiencies in creative and production fees and extend the branding process throughout everything you do. In a sense, it will prevent recreating the wheel with each new media effort.



What are the challenges of building a brand?

The greatest challenge faced when developing and building a brand is creating just the right name, slogan and symbol for the product. It will take a great deal of time and consideration! A thorough thought process and feedback from others will help to get past this obstacle.

It is often difficult to achieve initial customer recognition of a new product, regardless of branding. However, branded items are more recognizable and memorable. Effective advertising before and after the sale is key to overcoming this obstacle. Advertising and promotion before the sale are essential to obtain first purchases and follow-up advertisements after the sale will promote customer satisfaction and repeat purchases.

Repeat purchases are one of the primary objectives in brand development. Repeat purchases are critical to your businesses long-term success and contribute to brand loyalty.

The Port Orford Community Co-op has already implemented one of the three branding steps: Find a name.

### Marketing Goals:

The Port Orford Community Co-op needs to incorporate two separate marketing strategies; marketing to the consumer, and marketing to the vendors and producers. Each of these strategies must include start-up marketing and long-term strategic goals.

It would also be advisable that the Port Orford Community Co-op Board of Directors form a Marketing Committee to carry out the Marketing Plan. The committee goals are:

- Provide marketing ideas and materials to the Board of Directors.
- Develop store branding, logos, and promotional materials. Work with the NCGA <https://www.ncga.coop/> to utilize their branding materials <http://strongertogether.coop/> to their advantage.
- Begin promotion of the store, polling customers, and preparing promotional material.
- Develop a sales strategy to focus on timely product delivery. Work toward the initial product mix, choosing a representative set of products.
- Develop the job description for a marketing manager and a merchandising manager.
  - Marketing Manager – communicates primarily with customers, coordinates the work of a customer education worker and an advertising worker, and does public relations with the community at large, both individuals and organizations.
  - Merchandising Manager – maintains product inventory, orders stock, communicates with producers and distributors, manages Receiving, supervises stockers, etc., and coordinates with the Marketing Manager to poll customers about needed new products.
- Develop customer/owner food education materials, handouts, classes, presentations, web site, and Facebook materials. Promote the Co-op using online resources like [www.curryfoods.org](http://www.curryfoods.org).

The Marketing Committee should focus on these goals initially and develop a budget:

Consumer Marketing Goals:

- Advertising the start-up version of the Co-op to the initial customers.  
Strategy:  
 Plan your Grand Opening through local newspapers and radio stations. Post flyers, send email blasts, personal invites, and communicate with the City and Chamber of Commerce. Invite producers and vendors to be on hand during the Grand Opening to talk about their products, offer samples and demos. Recruit more member-owners during the Grand Opening. Collect contact information from all customers for future mailings. Update the website to reflect store offerings, Grand Opening specials, Member-owner opportunities.
- Marketing needed to add product lines and services (bakery, deli, educational and informational classes).  
Strategy:  
 With each new addition of a product line or service, send out information via email blasts and advertising. Offer new product or service discounts.
- Marketing and advertising for a mature Co-op with regular customers.  
Strategy:  
 Be careful to never forget your loyal customers, whether they are Member-owners or not, your mature customers will be your stores financial base. Offer good customer discounts or special recognition. Develop a 'Good Customer' reward program.
- Marketing needed to grow other value-added ventures (certified kitchen).  
Strategy:  
 Market the Certified Kitchen as an economic tool for area producers, not only can they sell their product in your Co-op, but they can produce a value-added

product which can be sold regionally. Connect your local producers to other Co-op who might carry their product.

#### Producer and Vendor Marketing Goals:

- Marketing the idea of the Co-op to prospective owners and producers.  
Strategy:  
As a new Co-op, you will need to market your Co-op as a viable store to attract producers and vendors. Work with your producers to develop “Know your Farmer, Know your Food” promotional materials. Discuss expectations for sales and delivery.
- Develop cooperative marketing opportunities.  
Strategy:  
Producers will make money when the Co-op makes money. Work with producers to develop cooperative advertising in local papers and radio ads, especially if the producer is introducing a new product. This is standard practice for many retailers, in fact there are a number of retailers who expect the producer to market their own product without assistance from the store.
- Vendor-producer product demonstrations  
Strategy:  
Plan regular producer and vendor demonstrations and samplings. Engage the consumer in food choices.

#### **Hints & Tips:**

##### **Beware of common pitfalls and challenges:**

- Trying to be all things to all people
- Trying to do everything all at once
- Too many rogue identities
- Underestimating the importance of aesthetics
- Failing to teach the link to customer service
- Be present –nurture relationships, one at a time
- Aim for a balance of courtesy, knowledge, friendliness
- Curate your brand aesthetics
- Collect and edit your stories
- Train: everyone on staff is important to the brand

##### **Develop a best practices approach**

- Study the best practices of successful Co-ops
- Aim for good internal communication
- Try not to duplicate efforts
- Know what differentiates you: Local, organic, fresh, bulk, sustainable, healthful
- Consistency of information
- Service orientation with respect to your community
- Dignity and respect for all individuals

- Public relations can lead your advertising strategy
- Understand the value you bring to your community
- Focus on quality of experience
- Partner with your consumers no matter where they are on their health and wellness journey (or their Co-op journey)

#### **Co-op marketing resources**

- Food Co-op Initiative
- Cooperative Grocer Magazine
- Other Co-ops and their websites
- CGIN: Cooperative Grocers Information Network
- NCGA's public face: new consumer website, Eat Local, America!, My Co-op Rocks websites
- Cooperative Development Centers: Cooperation Works!
- Cooperative Development Services (CDS)
- Farmers markets
- Grower's guilds
- National food activism sites: Cornucopia, Fair Food Fight, Growing Power, Farm to School
- Build out from board member linkage to other community collaborators
- Your own backgrounds: establish your reputation as a trusted source of information

#### **14 marketing strategies for Co-op start ups**

- Remember that everything you do is your brand.
- Think about differences between identity and image.
  - identity: who you [think you] are
  - image: who they [think you] are
- Build a customer-focused orientation.
- Create a storytelling platform to move beyond marketing clichés (use the Story Plotter).
- Store cleanliness speaks volumes: brand = look and feel.
- Allow those with expertise to influence and shape decisions.
- Identify champions and common stakeholders –connect with farmers.
- Respect, understand and use basic good design principles.
- Build initiatives on a solid strategic foundation: set 30-90 day goals and focus on specific projects.
- Cultivate creativity and collaboration: honor your wordsmiths, artists, and musicians.
- Audit and evaluate all the time.
- Think wide and shallow, narrow and deep.
- Learn to listen and to draw out differing points of view, respecting diversity of opinion: move from debate to deliberation.
- Rise to the occasion: You are creating something great!

## Plan Evaluation:

1. Look at the sales. They should be going up!

2. Ask the clients. Check to find out where they heard of the store. Most businesses never ask this question and miss out on gleaning valuable insights into how clients select a place to shop.

3. Does the advertising and/or promotional activity produce direct responses?

It should. If the answer is “I don’t know” then there is some work to do. In addition to 2. above, there are some things to improve response rates.

Firstly, make sure you are advertising in the right media. Choose media to suit your selected audience. Be as specific as possible. And avoid rejecting options just because they don’t look “exciting”, such as trade journals that might have relatively small readership. Importantly, check with your audience to make sure they actually do read the publication.

Use a strong headline that asks a pertinent question, or gives a solution-oriented statement.

Include a clear call-to-action. Tell people what they should do. For example: Call today for your free information sheet. Include multiple methods of contact. Phone, email, and web site are all important. Give prospects a choice of how to contact you.

4. Do the networking activities create new opportunities? One of the major principles of effective networking is to “give” rather than “sell”. That is, look to help others as you spread word about your store. But this soft approach can make it hard to measure effectiveness.

To measure your networking activities make sure you track the source of incoming inquiries. Then see if any of your visible/tangible tactics can be credited with generating the inquiry. If not, then maybe you can safely say it was a referral generated by networking.

5. Do your marketing tactics make it easier to sell your services? To do this, your marketing activities and/or material should do the following:

- Attract qualified prospects (who have shown a specific interest in your services).
- Anticipate and diffuse potential questions/concerns from prospects.
- Be easy to use when personally selling to prospects. For example: material should be relevant; images/charts easy to understand; and be presented in a format the prospect will be likely to keep.

Focus on your client needs and your points of difference (Unique Selling Proposition).

7. Does your plan have a positive return on investment (ROI)? Does it bring in enough new/repeat business to justify the expense? Rather than just look at the “marketing budget” as one total, you really need to evaluate the cost effectiveness of each specific marketing activity. Even if you think you’re getting a great ROI overall, maybe you can do even better by changing or eliminating unproductive tactics.