

## Micro Market – A Retail Food Establishment

With the rapid growth and success of the Micro Market concept, there seems to be an ongoing discussion of whether Micro Markets are classified as vending, convenience stores, or employee break rooms. The majority of states and localities are treating Micro Markets as retail food establishments.

Micro Markets are **not** convenience stores and should **not** be made to look like one. Micro Markets are more limited and focused on a select group of consumers, offering a wide range of “better for you” products, particularly in the fresh fruit and food categories. Selling the same sandwiches, salads and other fresh products that are sold in C-stores may be a mistake that could lead to lower sales and customer satisfaction. Food manufacturers are urged to assess what they produce and sell to Micro Market operators and use this channel to promote their highest quality products, allowing for greater profit margins.

Manufacturers and operators need to understand and help define Micro Markets by offering products that are proprietary to this fast growing retail business channel. Decisions to only include the highest-quality fresh food can ensure the industry raises the consumer experience, increases sales and produces a more positive shopping experience. The ability to focus on a high volume of traffic within a large ADI (area of dominant influence) sets convenience stores apart from Micro Markets. Micro markets generally have a limited customer base and so the success will not and should not come from anticipated high volume of traffic, but from the QUALITY and VARIETY of products offered.

So what can manufacturers and operators do to ensure success for today and the future? They can provide products that are of greater perceived value for the customers who in return will buy higher priced items and make more frequent visits to the Micro Market; expand product lines to appeal to more meal times and day parts , particularly focusing on breakfast items that can now be sold throughout the day; improve the packaging with less graphics and more actual visible product; and offer complementary products enabling “bundled” sales which generates higher per purchase sales. This approach will allow products to be sold at higher prices and generate larger profits (contribution margin).

The good news is that some manufacturers have already committed resources specifically to the development of products for Micro Markets.

Operators may believe that selling the same products in your Micro Market that are sold in C-stores will make you more competitive, but it may relay a different message that you are no different than the C-store down the street with limited savings, if any. We all know that there are a myriad of low price shoppers out there that this could impact.

The marketing strategy for Micro Markets should be different and unique by offering larger sizes, more variety and higher quality products which can be sold at higher retail prices.

Many C-store customers want cheaper products and larger quantities – the goal of the Micro Market is **not** to compete with this demand. So use this knowledge to guide your Micro Market operation and marketing strategy.

Success starts by knowing your customers' preferences for products and categories. Don't sell items that you like or are convenient for you to stock, sell items that your customers want. This may include working with local bakeries, restaurants and delis to sell popular and local brand items.

In addition to regional and national food manufacturers, support your community by selling locally made products, keeping in mind that you are in business to satisfy your customers and at the same time make a profit. This is another way to set your Micro Market apart from many C-stores that are "cookie cutter" operations: the same products at all stores with little or no local brands available.

As you read this article, keep in mind that even though you should not be a C-store per se, you will still want to compete against them as you should against Quick Service Restaurants (QSR's) and other food facilities.

Statistically, 25% of C-Store sales come from customer purchases to and from work. So, focus on capturing this business in your Micro Market. Needless to say a lot of this business is related to breakfast in the morning and drinks and snacks on the way home. Take some time and monitor what items are selling during these time periods at C-stores: the product, size and price. Then, work to improve on these items and offer them at your Micro Market.

Coffee and tea are key items within the hot beverage category and they help drive traffic to Micro Markets throughout the day. The best way to offer these items is via single servings. In addition, all condiments should be provided as individual packaged items. This is another way to set your market apart from C-store's that offer open pots of coffee/hot water and many condiments that are not individually packaged or protected.

And one more way to capture additional business is to offer take home meals-fresh, frozen or a combination. Consumers picking up meals on the way home is another fast growing food segment that can be captured in Micro Markets.

**The message is simple:** Develop your Micro Market to compete with c-stores, just do not make it the same as a c-store.

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