



RETAILER TIPS





Store layout

In today's highly competitive fruit and veg retail market, you need a store design that not only attracts new customers and keeps them coming back, but also increases how much produce you sell. Although many customers have a written or mental list of fruits and vegetables they intend to buy, most buying decisions are made once they are inside the store. The layout and organisation of the store may encourage customers to make an impulse purchase, thereby increasing sales. The main factors to consider include accessibility (ease of reach to produce), visibility (effective merchandising techniques) and easy flow of circulation (make shopping convenient).



Display with colour

There are many different ways in which produce can be displayed with some more effective than others. The most common practice is to place different colours next to one another to create a contrast. For example, green capsicums next to red and yellow capsicums, or green apples next to red apples. This not only helps give each product its own identity, but also encourages your customers to scan the entire display and view all you have to offer. Greater time is spent looking at the produce which increases impulse purchases.



Grouping merchandise

Some stores set up their displays by grouping related products rather than just concentrating on the colour aspects of the display. For example lettuce and salad vegetables go together, as does stir-fry vegetables like eggplant, zucchini and capsicums. The more your display flows in favour of your customer, the more produce you will sell. When setting your store, don't think like a produce merchandiser or produce expert; think like a shopper!



Effective lighting

Ever heard the saying “eye appeal is buy appeal”? Research shows that consumers base the freshness, flavour, and food safety of fresh food products on the item's colour and perceived appearance. Nothing brings out the appearance of “fresh” in fruit and vegetables like correct lighting. Produce displays need an exceptionally rich light that reveals the true, vibrant colours of the produce, without damaging the fruit or causing premature spoilage. Traditional fluorescent lighting is often too bright, creates washed out colours and causes increased food deterioration. By using balanced spectrum and low UV lighting, many of the negative effects of traditional fluorescent lighting can be minimised. Colours appear true and vibrant, and shelf life is extended by up to 50%. Most importantly, your produce displays look at its best with greater shopper appeal and customer satisfaction.



Storing fresh produce

- Keep produce that requires cooling in refrigeration (1° - 5°C) as much as possible.
- Make sure the dry storage area has good air circulation, and isn't hot and stuffy.
- Store produce at least 15-30 cm off the floor in a crate or stable box, container or stand for sanitary and safety reasons.
- Produce storage should be away from lockers, toilets, garbage, mechanical rooms, sewer and water lines, under stairwells, or other areas of possible contamination.
- Store and display fruits and vegetables separately wherever possible. Potatoes, onions, and garlic should be kept separate from all fruits (including tomatoes and peppers). Apples and pears should be stored separately from peaches, citrus, or bananas. Bananas and citrus should also be kept separate from each other.



Tiered or step layout

Presenting the produce in a tiered or step layout makes the display look more attractive and uses less stock to maintain the look of abundance compared to flat or horizontal displays.

Take advantage of fruit separator trays, curved display modules, and straws/raffia to display produce more effectively.



Effective ticketing

Ticketing is as important as merchandising. Use clear, easy-to-read price tags that displays the product description, unit of measure, accurate pricing and country of origin. Stores also have the option to include nutritional information and cooking methods as a way of increasing sales.

Use of texture and contrast

Varying textures throughout the displays helps create a focal point of visual interest. Opposing textures work well such as shiny with dull, or metal with wood. Consider using wooden barrels, timber crates or sisal baskets.





Customer buying habits

Buyer motivations are quite complex and vary between demographics. They can also vary with gender, age, culture and region. The quantity and type of fruits and vegetables for sale should be able to satisfy the varying needs of the demographics in your area. However as a general rule, produce can be divided into two groups. "Basic" refers to bulk produce sales demanded by all types of consumers. "Specific" refers to those destined for certain niche markets. For example, areas in which there is a higher Asian population should stock greater variety of Asian greens, herbs and spices.



Buy less more often

If your produce in store is not selling fast enough you will need to adjust your buying/ordering schedule to match your customer shopping patterns so you have a continuous supply of fresh quality produce.

For example, instead of two large weekly orders on Monday and Friday, try adding a smaller top-up order on a Wednesday.



Ensure consistency

It is important that the product quality is consistent. Inconsistencies will have a negative impact on customer satisfaction and eventually sales.

Use the entrance

Display the freshest looking fruits and vegetables at the front of the store to attract and entice customers to come in and view other produce on offer.



Loss leader strategy

Although not highly recommended, some stores could use the loss leader strategy to pull customers in the store to buy other products. By offering a popular product of good quality at cost, means you will not make a profit, but your price conscious customer may remember you for the good deal on offer. Buckets and/or prepacks are potential examples of this. Be aware that this strategy does not only cost you money but is also labor intensive and should focus on offering good value (product perceived better than ticket price) when there is good supply.



Have a bargain rack

What do you do with slightly bruised or overripe produce? Create a separate area away from fresh produce displays where you can sell blemished fruits and vegetables at a markdown. Produce which is no longer fresh but still edible should be bagged up and priced to sell that day.

Offer tastings

Offering tastings of certain products such as specials, “just in season” or new product lines can be a great way to encourage impulse buying and increase sales.



Sampling produce

It is possible for some produce not to move off the racks if customers are not convinced about what they are buying. One strategy to overcome this fear of uncertainty is to cut produce in half so they can see what they are buying. Examples include avocados, melons and paw paws.

Help customers enjoy produce

Offer free recipe cards, cooking demonstrations and nutritional information to help customers trial, purchase and enjoy more fresh produce.



Minimise wastage

- Always stock displays from your oldest cases first, so your oldest produce is sold first. Display the oldest produce on top in each display. Rotate fruits and vegetables daily for best quality and success.
- Record deliveries in your order guide, and/or write the delivery date on every box of fresh produce, so you always remember which produce to sell first.
- Mouldy and overripe produce accelerates the decay of other nearby fruits and vegetables. Remove damaged produce as soon as possible.
- Remove produce with discoloration, bruises or holes.
- Discard cut/peeled produce with damaged packaging.
- Fresh produce is delicate so handle with care. Be as gentle as possible when handling your produce to avoid bruising or scarring.
- Pay close attention to your customers' buying habits and take careful notes. Watch what people buy, when they buy and in what quantities to assist with forecasting what to buy and what not to buy.



Visit your competition

As retailers we can be blinded with our in store operations. Hence, it's important to schedule a weekly/monthly meeting to visit stores in your competing trading area. Use this opportunity to be inspired by new ideas of what you see and incorporate it into what you are doing, using your own style and technique. Try to avoid doing the exact same thing that the store three blocks away is doing. Neither store will benefit from that strategy. Take what you see and employ your own originality as you incorporate it into your store.



Diversify your product offering

If you have experienced a sudden loss in customer count there will be a reason why. In some cases, fruit shops can no longer sustain themselves by offering only fruit and veg as they are competing with the convenience model.

You could investigate making your location a one stop shopping destination by either adding other product offerings such as deli, juice bars, organic, and grocery lines, or by complimenting neighboring businesses.



Think outside the box

Don't always place the same items in the same place on the rack. If your customers get too used to going immediately to the same place for the items they need, they may not explore your store enough to see new items. By mixing up the display, your shoppers can't get too comfortable being creatures of habit as they shop. A healthy alertness to where certain items are located can be very helpful in generating impulse sales.



Spend time on the floor

Although administrative duties are important, retail owners should make time to spend quality time on the sales floor rather than in the back offices.

This in turn may have a positive impact on customer service, operations and team morale leading to a more positive vibe on the sales floor.

Know your customer

Loyalty can not only be built through good quality, freshness, and fair prices. A personal interaction with customers on a name to name basis increases the likelihood of repeat patronage and buyer confidence. Some customers are more valuable to your business than others so it is in your advantage to know who these customers are and market to them accordingly.



Employ the right staff

Recruit, train and retain staff with the right knowledge and service attitude. Employ staff that have produce knowledge so that they are not only interact with customers, but can also create opportunities for up-selling and/or cross selling.

The image presented by sales staff is also important to the customer. Customers tend to think that people who take care of themselves also take an interest in the produce sold in the store. Sales staff also need to be courteous and friendly towards the customer.



Don't blame them, train them!

At times business owners are just not confident in the ability of their staff to take on additional responsibility, and fear incorporating innovation and/or other business ideas to grow the business.

Through staff training and retraining you could ensure your staff are equipped with the right knowledge, skills and ability to do their job which is essential for meeting your business goals.



Create staff incentive programs

Gone are the days when just because you employ someone and pay a salary or cash bonuses in exchange for their services they are motivated to stay on. Employees today look for recognition for a job well done, work-life balance, job satisfaction, a friendly workplace and promotion opportunities. An incentive program could be created in consultation with your employees or by thinking like one. Consider incentives such as recognition certificates, movie tickets, spa retreats, dinner vouchers, or a paid off day on their birthday.



Provide a safe work place

As a business owner you are responsible for providing a safe and healthy workplace environment for your staff and customers. Providing a safe environment is critical to the success of your business.

Maintain employee records

As small business owners who employ staff you are required to make, keep accurate and complete records for all your staff. Record time worked, wages paid, holidays taken/accrued, sick days taken, and pay slips issued to each employee.



Excellent customer service standards

Customer service is the lifeblood of any business. It's about giving customers what they want, when they want it, in the best possible way. Excellent customer service can help your business grow by increasing your loyalty base and also find new customers by favourable word of mouth by recommending your business to others. You can establish a culture of excellent customer service in your business by planning, developing and sustaining a customer service program. Staff with the wrong cultural fit can be detrimental to the morale of your business.



Stay secured

Some fruit shops handle a good deal of cash and credit card transactions every day. Without the proper security measures, the shop is at greater risk of robbery or other security breaches. Awareness of the potential dangers is the number one key to preventing criminal incidents on your premises. Some precautions include: be aware of surroundings, frequent cash drops, use safe bank deposit practices by varying your behaviour, use a time delayed safe, install a surveillance system, never open or close alone, prevent employee theft by limiting their access to money/use of safe count sheets, train staff on what to do in an event of robbery.



Cleanliness

Cleanliness is one of the top three (if not the top one) reasons people use to select where to shop for fresh produce. A clean appearance in a shop equates with a clean product in the mind of the shopper.

Whether this is true or not is not even the issue. It's all about perception, and the perceived value of a clean looking shop cannot be overstated! When your store looks clean then your customers will tend to trust the safety of the food you sell. It's as if the quality of your product is elevated because of the ambiance and setting of your store.



Service recovery processes

For any business, from time to time, failures in customer service are unavoidable. If handled appropriately, they can provide a business with excellent opportunities to establish stronger relationships with their customer base.

Since the cost of gaining a new customer generally greatly exceeds the cost of retaining a customer (it is often stated that it costs five times as much to attract a new customer as maintaining one), business owners, managers and employees should be increasingly concerned and have recovery processes in place to avoid minimising customer defections.



Goal setting

Goals provide direction, motivation and a clear path to measure your progress.

Without goals, you may struggle to find the path from where you are now to where you want to be. You can either be reactive and hopeful to see what the weekly sales report looks like at the end of the week, or be proactive and devise sales targets and strategies.

Compare sales figures from the previous year for the same week, as well as the previous four weeks leading to current week that you are tracking. The key is to set reasonable goals that are specific, measurable, attainable, revisable and trackable. If they are too high, then you set yourself up to fail. If they are too low, even though you may succeed, the success is not nearly as sweet as if there is a strong effort needed!



Forecast for the future

A lack of planning and control of cash resources can unfortunately lead to disappointment for small business owners. However, making a financial forecast builds accountability and helps you gain control of your business finances.

A financial forecast is simply an estimate of essential future financial outcomes for a business i.e. profit and loss statements, balance sheet and cash flow statements. Your accountant (not book keeper) should be able to assist with this requirement.



Track your business performance

As retailers we sometimes fall into the trap of just becoming creatures of habit, doing the same thing over and over again, yet expecting a different result. You must make sure that you take some time away from your business to work on the business. This will help to track the performance of your business that relates to your marketing, sales and business goals and make necessary adjustments if need be.

Remember, if you don't know where your money is going, you won't know where to start controlling expenses – often it's the little things that add up.



Maintain records

If you are just starting up or bought an established business, it may seem that building your business is a better use of your time than maintaining your financial records.

However, you should make time to update your records on a regular basis. By maintaining your financial records you can minimise costs, have more control and get a better understanding of your business before it is too late.



Know your breakeven point

The breakeven point is the point at which your business is making neither a profit nor a loss. Knowing your breakeven point is critical for any business owner, because you will know exactly when you begin to make a profit. The breakeven point is the lowest limit when determining profit margins. You will know how low a price you can offer, and the effects of discounting on your net profit.



Cash flow

Cash flow is the heart beat of any business. Understanding and managing cash flow is an essential skill to ensure business longevity. Even profitable businesses can fail if cash flow is not managed properly. If you don't have enough money available to pay your lenders or suppliers, banks may foreclose and suppliers could cut supplies.

Tips to improve cash flow:

- Control expenses whilst increasing profit.
- Monitor stock levels – holding too much stock will tie up cash and increase storage and insurance costs.
- Follow up on overdue accounts. Managing debtors and having good credit policies will keep your cash coming in. If you can get payment from your customers before you pay your suppliers, you will have zero out of pocket.
- Review banking products. Using the right banking transaction products can have the money in your pocket sooner.
- Increase income – try getting new customers, increasing frequency of customer visits or improving average ticket.
- Improve your financial skills or get expert advice.



Industry benchmarks

Ask your accountant to show you the business benchmarks relevant to your industry. Benchmarks are a quick and easy way of comparing the performance of your business with industry averages which in turn can highlight areas in your business that require immediate attention. Is your business income better than average? Are you spending too much on wages? Is your gross profit (GP) and cost of goods sold (COGS) at an acceptable level?

Understanding your GP and COGS is a really important building block for any small business owner, so spend some time with your accountant familiarising yourself with this figure and what it means!

Margin vs mark-up

Unfortunately margin is often confused with mark-up. When an item is being priced there is a tendency to define the process as “marking up” an item. This can easily lead to serious pricing issues. When you mark-up an item you multiply the price of the item by whatever percentage you want to achieve. For example, if we want to mark-up the \$10.00 item by 33% we will realise a price of \$13.33. Even though the item was marked up by 33%, the actual margin on an item that costs \$10.00 and sells for \$13.33 is only 25%.

Unfortunately, by marking a product up by 33%, it is easy to believe that you are realising a 33% margin when in fact, the result is much less.

How to price for margin (an example):

This may seem a bit complicated at first, but it works every time and will soon become second nature as part of your pricing strategy.

Determine margin objective	33%
Convert to decimal	.33
Subtract from 100 (answer is called a reciprocal)	.67
Find cost	\$10.00
Divide cost by reciprocal (\$10.00/.67)	\$14.92
Round up to price point	\$15.00



Speculate in order to accumulate

Investment in local area marketing is a critical element in encouraging customers to Your Local Fruit Shop, especially if you have experienced a drop in traffic or are a new shop within the first year of operation. Even well-established retailers with consistent trade need to engage in marketing activities, to continue to feed new customers into the business to stimulate continued growth.

Building awareness of Your Local Fruit Shop's location and offering is an important factor in attracting new customers to your store, but local marketing is also needed to encourage existing customers to visit more often and perhaps attract back customers who may have been lost in the past.



Tapping into the digital age

It's no surprise that businesses that don't tap into the digital mediums available are missing out on a whole new market. As retailers you can expand your reach and find new customers by investing in website, social media accounts (Facebook, Instagram, Twitter) and e-commerce platform creations.

If you have a limited budget you can start by getting your business listed on free online directories such as True Local.



Consider Online Sales

Online groceries sales in Australia are predicted to experience strong growth over the next few years. Local online shopping as a whole has exploded in popularity over the past five years and is predicated to see substantial growth with more than half (55%) of Australian consumers say online order and delivery is a service they are willing to use.

Consider signing up to BuyFruit.com.au - this is an exclusive opportunity for Retailer Program members to get established early in this growing market!



Give back to your community

Chances are more than 80% of your customers live locally. By actively participating and contributing in local charities, fundraisers, local sports teams and clubs, not only do you create a sense of belonging, but in turn you create an emotional attachment to support your business.

The buck starts and stop with you!

Every business is a reflection of the owner. Only you as the owner operator have control over the destiny of your business. If you are experiencing loss of customers, dropping sales, increasing shrinkage, high staff turnover and/or low employee morale, there has got to be a reason why and only you as a business owner can turn this around.