

## Assessing the Competition

**F**armers markets nationwide have been under pressure from economic restructuring. Many of today's largest and most successful farmers markets have grown from humble beginnings and have been able to effectively compete with alternative food outlets by offering customers quality products, customer service,

**This chapter will enable you to:**

- ▶ **Assess your competition.**
- ▶ **Identify your major competitors.**
- ▶ **Determine how you compete.**
- ▶ **Compare your market to your competitors.**

contact with growers, and locally grown produce from small-scale farmers. When you begin to grow your market, you may start with internal factors. Analyzing the competition may not be part of your first round of strategic marketing, but strategic marketing is an ongoing process. Once you have developed some familiarity and skill with the process, you probably will want to extend your activities to include analysis of the competition and positioning or repositioning of your market to compete more effectively.

### Supermarkets as Competitors

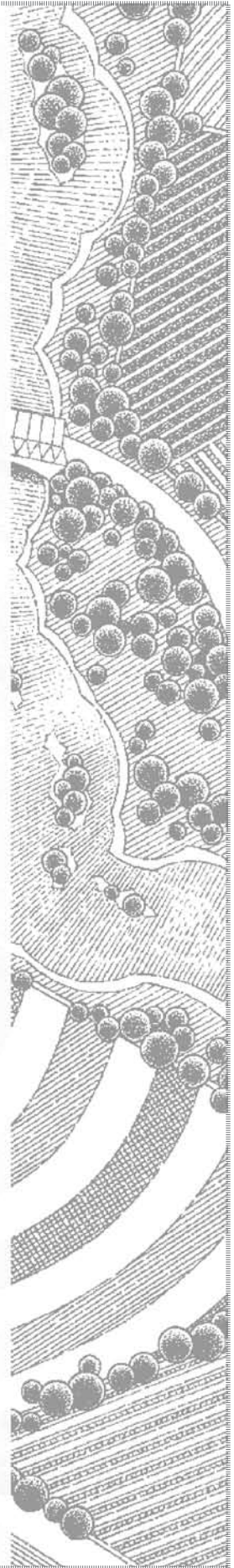
Almost every farmers market competes with supermarkets for customers. Although they may not offer the same variety of fresh produce as a farmers markets, supermarkets offer

convenient hours, convenient locations from home and work, adequate parking, store promotions, relatively low prices, and a consistent and dependable supply of produce. Disadvantages of supermarkets are that food may be transported hundreds of miles to warehouses and distribution centers and then to supermarkets. Varieties of fruits and vegetables are often selected for their ability to withstand transportation to distant markets rather than for taste. To keep them in good condition over the course of long trips, the foods undergo various levels of processing and then are packaged and preserved. So farmers markets may have an advantage in offering fresh, local, great-tasting fruits and vegetables. However, these factors only function to the advantage of farmers markets if they are known to consumers. Consumers who are not aware of the flavor and quality they can expect from their produce or of the effects of transportation and storage on supermarket produce may be satisfied with their supermarket purchases. Furthermore, many supermarket franchises are becoming increasingly aware of consumers' desires, see farmers markets as competition, and now offer a greater variety and selection of produce in addition to an enhanced shopping ambience. To respond to this competitive

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advantage, farmers market managers must address factors that make the supermarket a desirable outlet to customers compared to farmers markets.

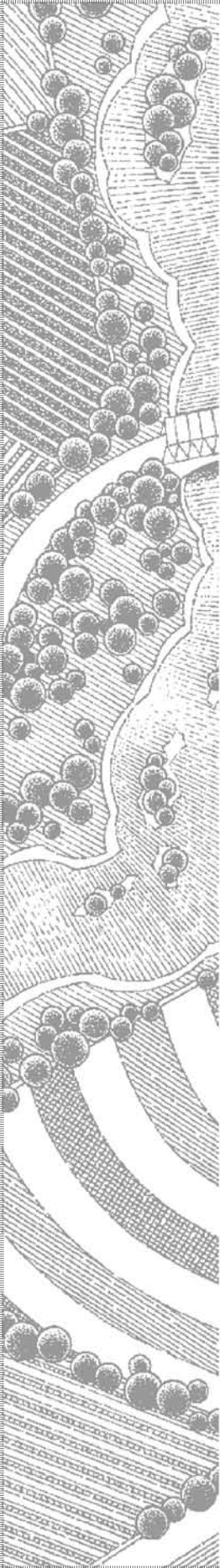
New York's Greenmarket is a good example of the development of a successful competitive strategy. Greenmarket is a collection of forty-two farmers markets in Manhattan, Brooklyn, Queens, the Bronx, and Staten Island. In the peak summer season, more than 250,000 customers frequent the markets each week to buy the products of more than 175 regional growers who produce fruit, vegetables, fish, meat, eggs, dairy products, honey, maple syrup, plants, and other foods. Greenmarket was started in 1976 at Union Square Park in the heart of Manhattan's Greenwich Village. Surrounded by cafes, restaurants, grocery stores, street vendors, and other retail operations, Greenmarket is one of the most successful farmers markets in the nation. Big city life limits residents' ability to obtain high-quality, reasonably priced products. Market managers could see early on that there was a very real need for alternative access to food products. Greenmarket filled this need by offering residents a moderately priced, high-quality alternative to the expensive supermarkets and restaurants in the Manhattan area. Greenmarket farmers markets have become so successful that many businesses have tried to replicate their cross-city expansion, utilizing options such as weekly street fairs and corporate-owned roadside vendors that employ immigrant cashiers to push wooden carts around so they "look the part." Greenmarket has been extremely successful in continuously identifying opportunities to market fresh produce in nontraditional ways, thus enhancing visibility and increasing competitiveness. Other markets have improved their position relative to competitors by diversifying their product lines and broadening the range of farm-based value-added products they offer to include such items as cheese, olive oil, soap, honey, pastured meat, and more.



### Look at Your Major Competitors

Identifying your competition is not as straightforward as it may appear since competitors may not always be obvious. Readily identifiable competitors are other farmers markets and nearby supermarkets. Other competitors include home-delivery operations (The Box, Urban Organic), specialty stores (Trader Joe's, Whole Foods), small grocery suppliers (corner markets), and roadside vendors.





List your top three competitors.

- 1.
- 2.
- 3.

Now you need to analyze these competitors thoroughly. Start by doing in-depth research on each competitor using the competitive strategy worksheet on the following page and these steps:

**First:** If the competitor has a website, review it for information about the company's mission statement, product offerings, management team, and financial statements. If the competitor does not have a website, get as of its much promotional material as possible.

**Second:** Search through newspaper and magazine articles at the library and on the internet. Find out what kind of a presence they have carved out for themselves.

**Third:** Visit each competitor's store location. Look at comparable products, prices, variety, and visual displays. Notice the atmosphere, lighting, and customer service. You may want to buy some of their products to get a feel for the entire buying experience. Ask questions and take notes (take the worksheet along with you and fill it in as you go).

*Stop and think . . .*

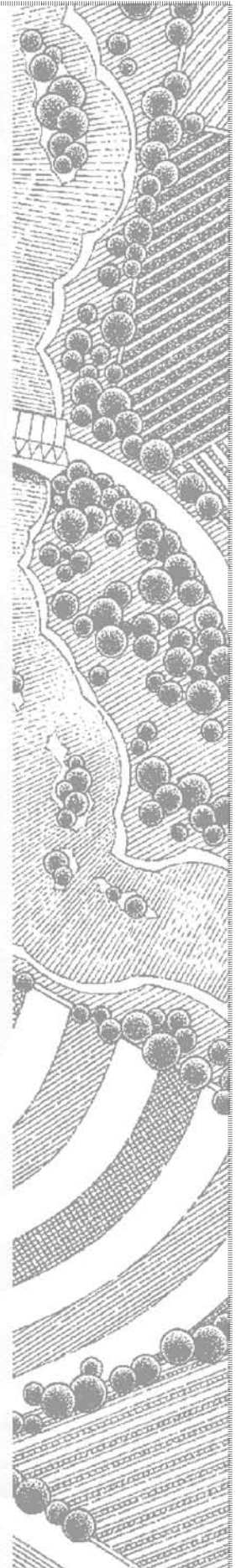
If you were to create a mental map of your competitive placement, where would you fall relative to your competitors?

Use the worksheets on the following pages to develop a mental map of where your market is located among your competitors.

### Competitive Strategy Worksheet: Customer Preferences

Rank and assign points for your market and each competitor using a ten-point scale in which one is the lowest rating possible and ten is the highest rating possible.

Feature	Your Market	Competitor 1	Competitor 2	Competitor 3
Produce Variety				
Produce Selection				
Specialty Products				
Purchase Prices				
Quality				
Customer Service				
Location				
Convenience				
Atmosphere/Ambience				
Shopping Experience				
Other:				
Other:				
Other:				
<b>Total Points</b>				
Notes:				







## Conduct a SWOT Analysis

Now you can develop a SWOT analysis. This matrix defines the Strengths, Weaknesses, Opportunities, and Threats for you and your competitors. This will serve as a foundation for building a competitive advantage. The strengths and weaknesses help to identify your internal environment, such as organization, vendors, image, experience, operational efficiency, financial resources, and market awareness of your brand. Opportunities and threats from the external environment can involve many factors, including customer preferences, market trends, technologies, residential patterns, social changes, economic environment, and the political environment.

**Strengths** are your farmers market's capabilities and resources that can be used as a basis for developing a competitive advantage. Examples of this include a good reputation with customers, access to top-quality produce, and strong brand awareness and perceptions.

**Weaknesses** are areas where improvement is necessary. Examples of these include weak brand awareness, a bad reputation, and a high cost structure. Certain elements may be considered strengths as well as weaknesses. For instance, say that you have a great location for your farmers market. It is easily accessible to walking customers but has no available parking and therefore is not easily accessible for customers who drive. In this case, location is both a strength and a weakness.

**Opportunities** for growth and profit in the external environment can be revealed through this process. Examples include filling a need for food access or entering a location where no other comparable grocery markets currently exist.

**Threats** to your success can come from unpredictable changes in the external environment, so contingency planning is warranted. Examples of such threats include new farming regulations that increase production costs and therefore prices or shifts in consumer tastes and behavior. For instance, in recent years, low-carbohydrate diets have become increasingly popular. Most of these diets suggest decreasing consumption of fruit and vegetables that are considered to be high in sugar and carbohydrates. This trend could dramatically affect your vendors and the desirability of your market.

## Positioning Your Market

The primary elements of positioning are quality, service, packaging, pricing, and your overall image. How you attend to these elements helps to define your posi-

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tion in the larger marketplace and further determines how effective your marketing efforts can be in attracting the type and volume of customers you desire. It is crucial to keep the vision and mission of your market in focus as you position your market; otherwise, you may find your attention consumed by practices that improve the market's position relative to its competition but also result in the unexpected loss of the market's former identity.

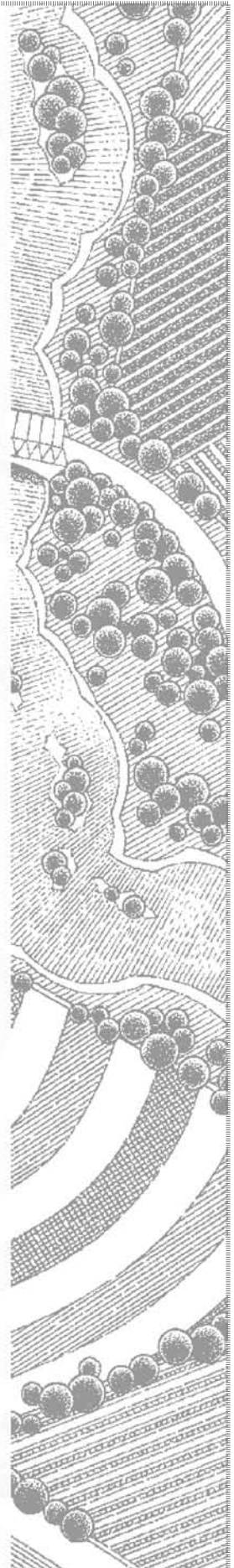
When considering quality, look at the level of value you want to provide to your customers. What controls are in place to assure consistency? Do you back your quality claim with customer-friendly guarantees or return policies? Issues of quality are further discussed in Chapter Ten.

When considering service, look at the added value of customer support that you can offer potential customers. Are there products available through your farmers market that can be customized? Issues of customer support are further addressed in Chapter Eight.

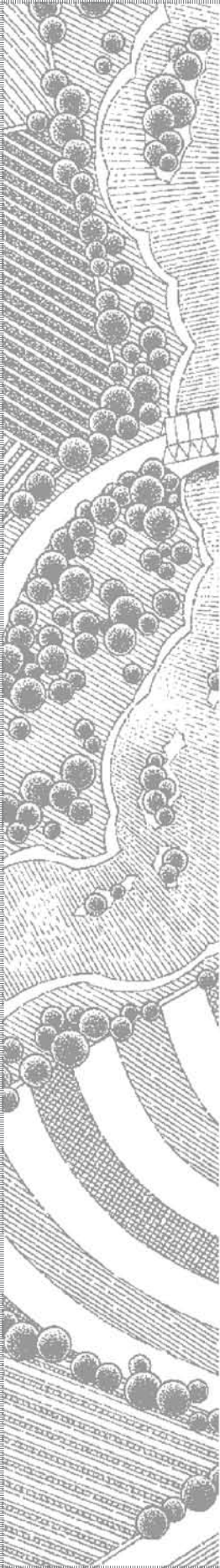
Packaging in a farmers market context refers to your logo and attributes associated with the market itself.

When considering pricing, research your local competitors and determine what types of items you offer that are similar and different. Fresh produce is generally regarded as a necessity. If the local grocery outlet offers a wide variety of vegetables, you may want to lower the price of some of your market's products to attract customers. On the other hand, you may decide to go after a more up-scale market, thereby charging higher prices while providing high quality and a more aesthetically pleasing atmosphere as part of your bundle of service offerings. Farmers markets can include products such as wine and fine edibles that are considered luxury items. If included, these luxury items should reflect the expectations of area customers regarding price and quality.

An example of market "repositioning" that is based on analysis of and adaptation to changing market forces is exemplified by the Berkeley Bowl Marketplace in Berkeley, California. Berkeley Bowl has been in operation since 1977 in the southern part of the city. Originally, it was located in a less affluent part of town in a building that for years had been occupied by a bowling alley. It catered mostly to students and other local, low-income residents. The site was a large, cold, dark warehouse with







broken concrete floors and makeshift fruit and produce stands and bulk food containers. The market carried a wide variety of good-quality produce that was never washed but was always very inexpensive. By 1999, the technology boom had taken the area by storm and this neighborhood in particular quickly gentrified. Berkeley Bowl decided to reposition itself to remain competitive in the changing marketplace. So it moved up the street into an upscale building that a famous architect redesigned for the market. The market now carries a full range of natural and conventional groceries, an extensive selection of bulk foods, an Asian food section, some household items, health and beauty specialty products, wine and beer, and a meat and seafood department, along with a gourmet cafe. The market is now defined as a full-service grocery retailer and caters to a more affluent, “hip” groups of consumers.

### Conclusion

This chapter addressed issues of the positioning of your market in relation to its competition. While it may not be a component of your first round of strategic marketing, at some point your efforts should include an analysis of your competition and awareness of your position in the marketplace as a whole. This may be the aspect of strategic marketing that poses the greatest threat to remaining true to your market’s vision and mission. As you consider the position of your market, keep its vision and mission in mind so that your efforts to compete successfully do not lead you astray from your core purpose. But, as the Berkeley Bowl example demonstrates, you can adapt your position, vision, and mission in response to changing circumstances, thus generating new opportunities.

