



Brooks Marsh

Mahomet IGA
Mahomet, IL

Department: Whole store

Difficulty: medium

Store Specs
40,000 sq. feet

BEST PRACTICES

ADD EXPERTISE TO YOUR STORE BY PARTNERING WITH INDEPENDENT NICHE BUSINESSES

STRATEGY

“We think that it is important to build business by opening our store and customer counts to independent niche businesses that create synergies and reach millennial shoppers through a business incubator approach. Millennials are attracted to a smaller box that focuses on local entrepreneurs, fresh foods, and connection with people. Grocery stores aren’t always known as a destination for high-end products. But through unique relationships with local producers, our store is changing that. In recent years, we have brought in a variety of independent businesses, including a sushi bar, Kaffee Mahomet, a bank, and a tee-shirt maker. None of these producers are employees of IGA, but they are part of our team. Instead, we have created a symbiotic relationship in which I provide them with space, and the store still gets some of the sales and profits. Of course, we could hire a barista and make espresso, but it’s not going to have the same focus and the same expertise that we get from bringing in a real expert. Currently, I am introducing a new independent company, MaMa Deb’s eggrolls, to the store. She sells a variety of innovative eggrolls, such as breakfast sausage, reuben, and buffalo chicken, out of a home shop. Our deal will give me exclusive distribution rights for a year, and I will help her develop and grow her business.”

60%

**GROSS PROFIT ON
OBERWEIS ICE CREAM**

30%

**GROSS PROFIT ON
WRIGHT ORGANIC AND NATURAL**

30%

**GROSS PROFIT ON MAMA DEB’S
EGG ROLLS**

WHY IT WORKS

For Our Shoppers

Support Local

Our customers love that they get to buy products from so many of their neighbors in one store.

Offer Unique Experiences

Providing products that customers can’t easily get online makes it more convenient for our customers and it helps us compete against digital retailers like Amazon. For example, our tee shirt maker creates local team shirts and jerseys, which are cumbersome to procure individually online. While it is often easier to shop digitally, items like this can help us prioritize brick and mortars.

Sense of Community

Bringing so many local companies together reinforces the idea of community and showcases the ideals of “Hometown Proud.”

For Our Store

Helps Us Stand Out

Business can be a real struggle and we have to continue to identify niches.

New Revenue Streams

Modern stores, especially in smaller markets, need to become specialists in a generalist’s market. We have to do what we do better than the others around us, and bringing in experts really helps that.

Rewarding to Help Others

We have helped several of the small businesses in our store navigate the many logistical challenges associated with starting and growing a business.

PRICING

We work together to determine expected profit margins and set pricing for each individual purveyor.

TACTICS

- 1.** When considering a new independent business to bring into your store, look for a brand-new niche that you don't have. The more niches you can enter into, the more potential new customers you can attract.
- 2.** Engage in thorough and open discussions, including a detailed financial analysis, before signing a contract. It is imperative that the relationship works well for both parties.
- 3.** Determine opportunities for you to help the independent business thrive. For example, with MaMa Deb's, we have been helping her with things like packaging, UPCs, and insurance.
- 4.** Market the partnership on your social channel, web properties, and ads.

PRO-TIPS

Pay attention to trends in your community. Knowing who is an up-and-coming food producer is the best way to secure an exclusive deal that will pay dividends for you both.

Focus on quality. When we decided to add the café, we didn't want to just add your run of the mill café. Instead, we waited until we could bring in somebody who creates beautiful coffees that you can't get anywhere else in town. The reality of today's employment landscape is that it is very difficult to bring on employees with real expertise. So, to achieve that, you might have to look elsewhere.

If you are going to truly turn your stores into community centers, you must be willing to seek out and form different types of relationships. Don't be afraid to say no. We have engaged in discovery for new partnerships, and once the analysis was complete, we realized that the business wasn't a good fit. It is also important to get buy-in from department managers by opening their minds to this opportunity.

With small entrepreneurs, we have to help them learn the business, whether it be UPC's or product liability insurance, etc. The key is creating close ties to the community in a way that creates a destination and ties to local!

