

## **The Traditional Baker and the Modern Customer    Reg Woda.**

Good morning ladies and gentlemen.

This conference is well named - Rising to the Millennium Challenge, or how to put more yeast into the baker and his bread?

This presentation looks at the position of the traditional baker in today's market place, Why are numbers of master craftsmen going down and not enough trainees coming into the industry?

Too many bakers fail and blame everybody else for their failure instead of themselves.

I have been working over the last eighteen months with a small cross section of bakers to try to identify a programme that will help all bakers survive, or better still PROGRESS!

The starting place for this review has to be the changing habits and attitudes of today's customers.

They have been influenced by a variety of changing elements in their way of life.

Continental travel to Europe, America and beyond has opened their eyes to new foods, new cultures and new lifestyles, all have made a huge difference.

Our society is affected by new influences - we are a multi-cultural nation now and we have developed a liking for food other than that which is traditionally British.

It may have started with pasta - spaghetti, lasagne, minestrone and ciabatta But now it is - chicken tikka or tandoori chicken, naan bread and popadoms plus the more recent influences from countries like Thailand and Japan.

We are also witnessing the Tex/Mex invasion - chilli, fajitas, bunitos, tacos, guacamole and salsa.

The explosion of Indian, Chinese and Thai restaurants plus the advent of huge numbers of fast-food restaurants have all changed our diet and our palette.

Shopping methods have also changed - its easier to one-stop-shop at a hypermarket situated on a motorway on the edge of town, rather than stroll up and down the traditional high street, selecting and paying in each shop for one item at a time.

Add to this the perennial problem of car-parking. This generation has been influenced by the supermarket style of shopping and likes it.

The high street has been fighting back and modern retailing methods of marketing and promotion have also educated the customer to new standards of shopping. The customer likes these standards and expects to see them everywhere!

So, where does this leave our baker?

Let me show you some differences: There are probably two types - those that have responded to the challenge and have taken on board modern retailing and marketing techniques and as a result have flourished.

And then there is the other type!

One must not forget of course, that the baker is the purchaser, the manufacturer as well as the retailer. His hours of work are long, arduous and tend to be influenced by the requirements of the manufacturing of his products rather than the retailing of them.

We can therefore say that our master craftsman is production orientated and not sales led!

The independent baker has been lost in the slipstream of change. Bread and confectionery now only account for about half of their turnover. Take-away in the form of filled sandwiches and rolls, pies and pasties provide the developing area of their business.

How do they accommodate this new area of their business alongside the more traditional element of the bakery trade?

New skills have to be learned. Over the last 18 months I have been involved in a project to identify how best to help the independent craftsman baker survive.

Let me tell you something about Bakery Retail 2000. It is an initiative sponsored by a consortium of Baker, Suppliers and Manufacturers.

As a retail consultant I was contracted to do a feasibility study across my local area, the South East, to identify the major problems and develop a blue-print that could be used to enable them to take their business forward.

Over 6 months my local group of bakers helped me to develop a practical handbook identifying key points that the baker can easily relate to.

Briefly, I identified 12 key points to emphasise and to underpin daily management of the baker's shop How does it work?

It is an individually tailored consultancy giving advice and support underpinned by the blueprint and updated as an action plan following each visit to the baker.

This is monitored on a regular basis together with area network meetings that provide the forum for like-minded crafts people to exchange and compare ideas and views.

Ten bakers provided the basis for the feasibility study and this is now in project form and has been applied to a further 40 bakers across the country.

These are producing positive and welcoming results. The final report will be available early next year.

Let me introduce my colleague, Janet Carr, MD of Warings, who has had first hand experience of the project and its achievements.

## **WARINGS BAKERY A CASE HISTORY**

Janey Carr

The business was established in 1932 in the form of a Bread Round followed shortly after by a shop in the front room of the family house. The premises still house one of the shops but the remainder of the house forms the Company offices.

The business now comprises of 5 secondary position outlets and a bakery at the rear of one of the shops.

### PRE-PROJECT

To increase business efficiency and make life easy, in October 1997 we combined our two bakeries under one roof. It brought us major headaches. By Christmas I knew I was going to have to do something regarding the control of the shops, a job I had undertaken until this point.

This led to the Company for the first time employing a Sales Manager, who subsequently joined the company in January 1998.

Turnover was showing very little growth and although the average sale per customer had increased slightly customer numbers were falling on the previous year. We were certainly in need of inspiration.

Knowing you need to address a situation is the easy part. The real problem is knowing where to start.

Being invited to take part in the pilot scheme gave us an opportunity to have the services of a consultant already vetted and funded and who would hopefully, help us get to grips with an area foreign to our nature - SALES PROMOTION. We also hoped it would lend a fresh eye to the impression or perception customers had of our business in general.

The offer to take part in the pilot scheme came at a good time for us. We had a new enthusiastic Sales Manager who was very much sales based.

We also had a shop where the manager was resisting change and whose sale per customer and customer numbers was disappointing. However the shop did have the highest turnover of the four. The shop was in a good position on the main road and in an area with other shops.

Having made a commitment to ourselves and the project at the very beginning to take on board any suggestions with an open mind we decided to roll out any new ideas across all four shops. We knew the expenditure, given Regís remit, would be

minimal but were prepared to invest in the cost of any suggestions to improve the look of the shop.

## **IMPACT ON THE BUSINESS**

The style of the project was certainly very refreshing. The format of individual visits followed by group meetings worked very well. The chance for the Sales Manager and the Shop Manager to meet and talk to other delegates was invaluable.

It set up a certain friendly challenge between the companies and motivated them to achieve certain targets between the meetings. It produced many good tips on things not even related to the project, but none the less very useful to the business.

Things moved very swiftly.

After the initial visit and meeting we were looking at improvements to the shop front. We had revamped our pricing structure and were working towards a 2 weekly rolling promotion system.

By the end of the first 6 months we were showing an increase in turnover of 9.6% on the same period the previous year. The decision to extend the project for another 3 months was good news and we continued to show an increase January to March of 9.7% on the previous year.

## **A NEW AWARENESS**

It became noticeable during the project that training was going to be a key issue for the future. We had good reasonably well trained staff, trained that is in how to take an order, how to use the till, how to clean and polish, we didn't have one single member of staff trained in

## **HOW TO SELL**

Customers have changed; they are more demanding and more forceful. Customers not only like a bargain they expect it. Once again the supermarkets have led the way, they created a culture of something-for-nothing with 3 for the price of 2 offers and selling staples as loss leaders.

We needed to take on board this new culture and use it to build sales and customer loyalty for our own business.

## **THE FUTURE FOR US**

Customer perception and needs are becoming the criteria around which the business is focused, I can foresee there will be some wailing and gnashing of teeth, as the customer focused business that we have paid lip service in the past, becomes a reality in the future, especially as the needs of the customer start to take priority over inconvenience to production and sales staff.

The training of sales staff will be given priority over the coming year. This means committing a fair amount of expenditure as we have so far been unable to source useful and convenient training for shop managers in People Management or for sales staff in Courtesy Selling, within any of the recognised government packages.

However we still feel it will be money more than well spent.

## **IN CONCLUSION**

We entered the project with a good deal of enthusiasm and a will to make it work, we already knew we needed to increase sales but whether this meant a change of product base, a shop refit or some other major expenditure like a new shop it was difficult to decide.

The project gave us the opportunity to see no matter how good or bad your shops might appear to be improvements in sales can be made for very little expenditure and sales figures depend more on offering a product the customer wants, adopting customer friendly policies and on the selling ability of your staff.

The project was refreshing, at times uncomfortably enlightening but based on a lot of common sense and delivered up in an easily digestible format.

We are certainly more focused on where we need to go and have now, thanks to Reg, got some of the tool to get us there. Supporting Companies who instigated and funded the project should be congratulated in coming up with something unique and with potential to be immensely valuable to Small Bakers, however forward thinking they feel they already are.

That completes what I had to say to you and I hand you back to Reg.

**CONCLUSION.** Reg Woda

And so by the end of the year we will have completed the pilot scheme involving 50 bakers throughout the country. We will have a programme for retail skill improvement which could be rolled out to every retail bakery. The programme will be different from any other in that it takes a holistic approach to the problem, involving management, shop staff and production in the task of improving retail sales and profits.

The original consortium having invested a tremendous amount of time and contributed in excess of £50,000 to enable the pilot scheme to take place want the programme to move forward involving many more bakers but obviously they cannot fund a roll out open to every retail bakery.

So what are the future options?

Here are two possibilities, although I am sure there are others:

The programme becomes an accredited training package and is taken over by a training provider such as the Bakery Training Council (BTC).

Local and central government funds could be sought, probably on a matched spend basis.

2. The original consortium organised the programme to be delivered to groups of bakers who met the direct costs of the programme (approximately £1,000 each).

The consortium would provide venues, promotional materials and assistance as required. They would not make any profit out of organising the programme. The real question however is, will those bakers, whose businesses could benefit by the application of basic retailing skills, be willing to invest time and a modest amount of money trying to improve the profitability of their business?

The success of the Bakery Retail 2000 programme proves that they have the opportunity to do so Ladies and Gentlemen, I am confident that this project is a positive way forward for the master baker and I hope that the programme will be extended to give as many bakers as possible the opportunity to be involved.

David Smith: Thank you very much Janet and Reg. I'm sure that you've got this conference off to a wonderful start and you've justified all the confidence that Jean had when she asked you to speak.