

Marketing In-Store the Heart of Our Business

Tony Barcroft

Good morning and welcome to all of you.

The subject of my talk today is "Marketing In-stores the Heart of Our Business".

As many of you will appreciate, it's impossible to do the subject justice in 30 minutes - but what I will be able to do today is give you a glimpse of what we've been doing for the past few years. But before I do this, I'd like to give a five minute background on Bakers Oven.

Bakers Oven was originally conceived as a Brand name and store design package back in 1987, when ABF were trying to integrate their retail bakery business, which had many names above the door across the UK. If you talk to people who were in the business back then, they would say that it was initially successful - particularly with instore bakery stores - but as often happens; the "vision" got watered down as the capital got tighter, and the grand plan became no more than a pot of green paint and a slipper to apply it.

In 1994, ABF decided to call it a day and the 400+ store retail business became part of Greggs plc. Our "Vision" was to create a dual brand strategy, designed to allow the plc to capture more of the bakery based retail market. Greggs, focus would be on take-away with stores mainly situated in densely populated metropolitan areas, supplied daily from regional bakeries, offering products with great taste and great value for money. Bakers Oven would focus on catering with a higher quality product and prices slightly higher than Greggs. Supply of daily fresh bakery products would be primarily via in-store bakeries giving better quality and more flexibility to trade in more remote areas like East Anglia.

You will appreciate that getting our in-store bakeries right was pivotal to getting the business to perform as a whole. How we travelled along this road is what I want to explore over the next 15 minutes.

So let's start by considering the in-stores in 1996 - 2 years after purchase.

- • Quality varied from very good to poor - mostly due to inconsistency, but also some cost-cutting of ingredients and recipes.
- • Store conditions and equipment were pretty poor due to years of under investment.
- • Many of our bakery staff were badly trained, de-motivated and more interested in cutting costs rather than quality.
- • Our goal was to make the best quality in-store products - consistently. The focus was therefore to get three things sorted.
- • Recipes that would give great looking and tasting products.
- • Equipment and environment.
- • People quality, motivation, training and focus.

- So let me take each in turn and explain what we have achieved so far;
- Recipes for great looking and tasting products.

In 1998 we set up a team called Instore 2000 (12K) chaired by me, made up from the in-store operational heads around the Group, and some Group technical people. The objectives were threefold:

- To give the in-store people a sense of how important they were to the success of the overall business.
- To get "buy-in" on improving product taste and appearance amongst those who had to make it happen.
- To innovate and create the necessary changes across the Group.

Here are a few of the things that this Team has achieved:

- Every recipe and ingredient has been improved in some way some quite major - some quite minor - but all contributing to either taste or appearance.
- A computerized system now tracks theoretical labour and ingredient usage vs. actual letting us know whether we are under/over using.
- We have recipe books covering every single product we make with illustrative pictures and troubleshooting guides.
- We are growing on bread, rolls; bucking the market trend.
- Equipment and environment

Back in 1994, there were hardly any retarder/provers in the business, most mixers were high speed, and the general fabric of many in-store bakeries was pretty poor. So, we did a survey to identify what equipment we had, what condition it was in, and planned for it to be changed.

As many of you here today will appreciate, it's like painting the Forth Road Bridge - but I'm pleased to say that We have made great strides making our in-store bakeries a better place to work.

Today, pretty much all in-stores have spiral mixers, retarder/ provers, decent donut frying equipment and the general working conditions from lockers that work to changing facilities have vastly improved.

People quality, motivation, training and focus.

I have left this until last because it is the most important and the one I want to finish on.

When I sat around the table with some of our senior in-store people the other week, I asked them to describe the difference in the bakers we employ today and the situation in 1994. The answer was "Our best people in 1994 are about as good as our worst people today." We put the change down to a few things:

- Passionate leadership of in-stores at divisional level - the senior people at divisional level have raised the stature of bakers within the business. They now feel like they are a respected and pivotal part of the business.
- Fewer lines that are simpler to make and equipment that works.
- Accurate measurement of performance and proper on the job training. Every in-store is audited regularly for quality, hygiene, cost control, etc. The results provide the framework for personalized training and development plans which every baker has to focus on and which are reviewed every quarter. This more than any other single initiative has had the most impact on the quality of our people. People with the right attitude always improve and prosper. Those who don't care usually want to find an easier life.
- Management training. Back in 1994, none of our in-store managers had any formal management training. Now every manager gets off the job management training, delivered by professionals.

The high point for me in 2002 was our decision to start the Bakers Oven Apprenticeship Scheme. This was a litmus test of the positive changes that have happened within our in-store business.

We should have around a dozen youngsters in the apprenticeship scheme by the end of this year.

- So that leaves me with a couple of views on the future, which came out of a session with our senior in-store bakery people.
- There will always be a market for hand-made quality products that look and taste great at fair prices. If we concentrate on doing what we do better than anyone else, we will grow our business and prosper. In-stores are here to stay.

However, we could do a better job of telling the customer about some of the virtues of what they are buying already.

- Attracting, developing and retaining quality people will get harder. Loyalty comes from being valued, appreciated and wanting to be part of a family not money. Making our company "A great place to work" is the best thing we can do.

In closing I just want to thank Jean and the committee of the BSB who have given me the opportunity to speak about a part of the business of which I am immensely proud.

I'm happy, if we have time, to take any questions that you might have.

Question - The concept that you used for bucking the trend in bread and rolls, how do you see that going forward? Are you going into more speciality items, is it all mixed Instore? Could you give us your thoughts on that please?

Answer - I would be honest and probably say now that part of the bucking of the trend for us is probably getting first of all to where we should have been. You know, when you are coming from a base that is lower than you should be we've done quite well. We are obviously going to continue doing what we are doing, and it's going to be interesting if we chatted down a few years as to whether or not that is still happening, but I think the main thrust for us is to try and say: well, that market for bread and rolls is becoming increasingly linked with sandwiches at the end, because I don't know whether you realise this; 50% of all bread I think goes as toast and I think 30% of it goes as sandwiches so one of those two things is where the consumer is actually using bread at the end of the day so we say: well, we've got a sandwich business. We could do a lot I think about getting people to buy the sandwiches with bread that they really like and then maybe saying to themselves: well, I'd like to have that bread for making sandwiches at home so, I think the sandwiches and the bread bit, if you can link the two together, can be quite a powerful tool for getting cross selling on the other one. So we're always going to be in the bread business and I think it's going to become more and more a speciality but whether it's the virgin product or whether it's as an added value product in the form of a sandwich or a savoury snack or something like that, bread is still going to be with us. It's just going to be in a less or more added value form.

Question: Jim Brown, Falkirk

Q1. How many staff did you retain after the takeover?

Answer ~ I don't think I can answer the first question accurately but I think the answer was a lot or a little. Perhaps you can answer, Russell. The majority of staff stayed on after Bakers Oven were taken over by Allied Bakeries. They went through a training programme and they either decided to stay with Bakers Oven or go elsewhere. I think what's interesting is we've had a lot of people who have left, and this is the interesting thing, to other places and I would say for those of you in the supermarket business we've seen some people go to supermarkets, In-stores and become quite worried about the trend but we're finding they are coming back. You could say all sorts of reasons why but part of it I think is the cultivation of a family atmosphere, as being part of a little business that's a store at the end of the day, that has the unit manager and the bakery manager, it's kind of like a team of two at the end of the day and I think that for some people, the ones we retain, that's quite important. So I think there was some fallout at the beginning, I think it's a lot lower now. I look at our retention levels on the bakery side and they're high and the number of vacancies are relatively low so generally speaking without wanting to get figures out which would end up with me getting the lash probably when I get back, it's in good shape at the moment and a lot better than it was back

in 1994, so I know it's answering the question around the houses a bit but you get the flavour.

Q2. What is the relative sales turnover now to what it was before you took over, on a percentage base, are you doing double?

Answer - I don't think I can give you a figure but I think if you take 3 or 4 % and multiply it by sort of ten years it's about that sort of gross figure. I mean we have underperformed Greggs as a brand because I think our markets that we're in generally are harder to get volume out of, so we've been focusing a lot on the bread and rolls and confectionery side and the catering side, which are fairly static markets, so if you want to grow your business you've got to take a share from somebody else. If you are in the sandwich business or the takeaway business you are like a filter feeder, you just sort of stand with your arms out, if the market grows by 10% in people you'll get 10% growth if you do as good a job as you were doing last year, it's harder to get business that way.

Question: Sarah Auton, Chorleywood

I'm very pleased to hear what you said about your Apprenticeship Scheme and I'd like to hear a little bit more about that. What kind of reading does it have and how broad are the subjects you teach. Is there any kind of accreditation?

Answer - Yes, it's NVQ accredited and in fact I think we're just finished the work with our external assessor that binds our in-house programme, which has run in the Midlands successfully for a number of years, to an NVQ qualification so we're going to do it our own way because we train our own people at the end of the day but they come out of the course with an accredited qualification. In terms of details I couldn't give you chapter and verse now; I know it sort of broadly. If you want details on it I would be quite happy to send you a booklet outlining the whole thing. I can't tell you as an expert what we have and haven't got, all I know is it's very craft focused so it's really about running an in-store bakery at the end of the day with your hands mostly rather than working big pieces of plant so it's really focused on what we believe is going to be good for our business.