

More than mileage: Grocers embrace story and transparency in local marketing

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Deep Dive

Products sourced from regional players provide a path to growth for supermarkets of all sizes, but retailers need to clearly communicate their brand's definition of "local" to make the sale.

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When today's shopper picks an apple, loaf of bread or rack of ribs from the grocery store shelf, one question increasingly comes to their mind: Where did this come from?

Many consumers now conflate quality with proximity to their local store, and they are willing to pay more for a product sourced from a neighboring county than one that was shipped across a nationwide supply chain.

The U.S. Agriculture Department estimates sales of locally produced foods, which reached \$12 billion in 2014, will jump to \$20 billion by next year. And according to management consulting firm A.T. Kearney, 78% of shoppers said they will pay more for local products across grocery segments.

“So much of local is about emotional benefit and about stories... not only the technical requirements about where something comes from, but the heart factor that gives people a sense of quality.”

Tamara Barnett

Vice president of strategic insights, The Hartman Group

This demand gives supermarkets big and small a lucrative path to growth, and a chance to differentiate from competitors in an increasingly cutthroat retail space. But communicating local values is difficult when consumers are demanding rigorous transparency from the products they buy. There is, after all, no uniform definition of local.

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“Retailers have to take real care in how they execute [local marketing],” Tamara Barnett, vice president of strategic insights at The Hartman Group, a consulting firm that specializes in consumer trends, told Food Dive. “So much of local is about emotional benefit and about stories... not only the technical requirements about where something comes from, but the heart factor that gives people a sense of quality.”

These nuances can be a headache for grocery marketing teams to navigate, but it also gives retailers the freedom to develop a brand definition that reflects their unique values, mission-based initiatives, sourcing standards and goals.

Despite the many possible permutations of the concept, Barnett said a winning local marketing strategy must be rooted in a two-pronged approach, appealing to the consumer's desire for quality and a sense of “locale.”



Credit: [locally grown](#)

Navigating 'local' versus 'locale'

Many grocers are bolstering their local claims by investing in transparency measures. Natural foods retailer Lucky's Market highlights the number of miles away a product was sourced from on in-store signage.

Tim Overlie, the newly named director of local foods at the 30-store chain Lucky's Market, told Food Dive that the retailer partners with thousands of local producers ranging from "regional" companies found within a 250-mile radius of a given store to hyper-local "microgrowers" that are often so small, they can only produce enough inventory for a store or two.

"You've got to establish what the distance is between each [producer and store] and load it into our system in order to make accurate signs, and that's why many conventional supermarkets don't do it," Overlie said. "We're looking for that [local] niche, and we can do more because we're smaller and more nimble."

Calling out mileage on in-store signage can be an effective way to capture shopper attention. But retailers first need to make sure their definition of local sourcing squares with that of the consumer — both in terms of distance traveled and the suppliers they work with.

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Walmart learned this the hard way in 2010, when it pledged to double its local produce sales from 4% to 9% by 2015 as a way to support local farms.

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Even though the retail giant topped that goal, sourcing 11% of its fruits and vegetables from local growers, there was a backlash when an NPR story found that five of the eight local farms it partnered with were “very large” by the USDA’s definition, raking in millions of dollars in annual sales. These mega-farms didn’t reflect the picture of the small, idyllic family farm shoppers had envisioned — their local proximity, in other words, didn’t make up for their lack of “locale.”

“For many people, local is about a personal connection, about association with natural,” Barnett said. “It’s about a sense of place and confirming all of the symbolic and sometimes even objective benefits of intentional [production].”



Credit: Lucky's Market

Experience is everything

Telling that “locale” story, whether it centers on the legacy of a family farm, a ranch’s free-range beef cattle or an orchard’s dedication to organic growing practices, is a crucial piece of

the local marketing puzzle. Without context, a product's local designation isn't always enough to warrant to lure shoppers, Barnett said.

Overlie said Lucky's caters to both of these demands by placing local vendor profiles — including the vendor's photo, background and location — throughout the store.

While bios and label claims can familiarize shoppers with local suppliers, one of the most engaging ways to establish a sense of locale is through experiential events.

Both Barnett and Diana Sheehan, vice president of retail and shopper insights at Kantar Retail, called out Texas grocer H-E-B's "Primo Picks" competition as a best-in-class example of experiential local marketing. The event seeks out the best emerging food and beverage products made in the Lone Star State, with entrepreneurs competing for a coveted spot in H-E-B's private label lineup. Since the competition began in 2014, H-E-B has added 135 local products to its store brand portfolio.

"Every single shopper has an opportunity to participate in this ... and it's not just about 'Let me offer you something that's local,' but 'Let me engage you in eating and cooking and translating that ingredient into something that's a part of your food life'," Barnett said.

By incorporating high-performing local products into its own private label assortment, H-E-B can effectively communicate its dedication to area farmers and food entrepreneurs to its customers — a tactic Barnett said major players like Kroger and Albertsons would be savvy to emulate.

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Marketing campaigns such as this require a significant investment of time and money, as well as a solid process for developing emerging brands and getting them to scale. Without the right supply chain procedures in place, promising products could never make it to market or fail on the shelf.

Some supermarkets have embraced the local strategy with an event that carries significantly less risk. Wisconsin-based Festival Foods regularly hosts farmer's markets at its store locations. Lucky's Market invites local vendors to attend the grand openings of new stores to answer shopper questions and provide samples of their product.

Overlie also said that cross-promoting local products throughout the store can keep that value proposition top of mind for the shopper.

"If we have a [local] barbecue sauce in the grocery department, we also merchandise it in the meat department and ... use it in the hot bar and call it out so it can have a greater impact," he said.

Digital is the new local frontier

As retail competition intensifies and grocers invest in their local assortment to strengthen their brand, supermarket chains will use digital marketing to differentiate themselves, analysts and retailers told Food Dive.

“It has to happen at this point,” Sheehan said of online local marketing strategies. “Retail today demands full, expanded communication that doesn’t happen just in-store.”

While Sheehan pointed to [Trader Joe’s recent podcast launch](#) as evidence of this strategy gaining traction, she cautioned that it’s too early to tell the extent to which consumers actually engage with digital, experience-driven marketing tools like this.

Kroger’s [“Kroger Stories” website](#) is another example of what experience-focused local marketing can look like online. The site’s content is written by freelancers and store associates, and focuses mainly on Kroger employees, the retailer’s initiatives and the local communities served by its stores.

“KrogerStories.com allows us to present easily shareable stories with our customers and associates about our talent, social impact, innovation and the ideas that are changing the way people eat, drink and think about food,” Kristal Howard, head of corporate communications at Kroger, told Food Dive in an email.

“The online portal is going to be one of the key places that people are looking for inspiration and more information, and it can come alongside list-building and other more functional aspects of shopping that are now converting to online.”

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With a sprawling network of more than 20 store regions and a shopper base of more than 9 million, the nation’s largest grocer could have a tough task in making itself down-to-earth and approachable.

“Digital play is going to become increasingly important ... as people are now starting off their shopping journey on an app or perhaps online and using click-and-collect,” Barnett said. “The online portal is going to be one of the key places that people are looking for inspiration and more information, and it can come alongside list-building and other more functional aspects of shopping that are now converting to online.”

As Amazon pushes retailers to improve their digital grocery game, both regional chains and national players will need to optimize their local marketing strategies for their websites, whether by including blog-like entries like Kroger Stories or even video profiles, such as [Ahold](#)

USA's "Fresh Stories" series. The retailer's campaign, part of the larger Ahold Delhaize corporation, features producers talking about how their businesses started and how they're supplying Ahold's stores. The work has earned several awards and millions of views.

Still, in order to fully communicate a retailer's local stance, grocers will need to maintain omnichannel marketing efforts that span the store, online and through social media.

"Retailers need to create some theater around the local angle," Barnett said. "There's room for all [grocers] to play because local is so multifaceted ... each retailer has their own opportunity to put their unique spin on it without feeling like their banner is replicating a [competitor]."

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