



forager™

Beyond the Hype of Hyperlocal:

*Three Tactics for Launching
and Building a Successful Program*

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What is ‘hyperlocal’ and why is it so important?

“**Hyperlocal**” and “**microlocal**” are terms that have grown from their original association with vertical farming into a broad idea of ‘localizing’ sourcing by purchasing, as much as possible, from producers in the same ‘community’ in which a store or stores is located. ‘*Hyper*’ refers to the idea that in this type of program, products are sourced perhaps just a few miles from a store location.

Hyperlocal is so important because it addresses fundamental features of consumers’ long-running demand for local that have become even more relevant due to the Pandemic. These features can help us answer the question of how grocers can use expanding local selection to build engagement, foot traffic, sales, and ultimately loyalty.

Drivers of growing consumer demand for local include:

- ▷ More sustainable and safe supply chains demonstrated by direct relationships with vendors
- ▷ Spending household budget with brands committed to reinvesting in local communities
- ▷ Access to the healthiest, highest quality food available, particularly fresh food

While these features may seem familiar and well-worn, their recent importance actually reflects a changed consumer, one who is putting far more emphasis on the invisible aspects of supply chains not just for ethical reasons, *but in their own interest*. As consumers bring new urgency to the role of diet in their families’ health, pre-COVID factors like convenience and apparent quality (e.g. ‘organic’) have given way to a more democratized view of food and its role in healthy communities. Jolted by national coverage of rotting food last Spring, consumers want to buy into a better solution for food production for their own sake, not as an expression of status.



Bumbleroot Farm readies spring greens for market.

Hyperlocal is essential to consumers because it reflects a commitment to community health and nutrition, a concept missed by the many ‘healthy food’ initiatives launched by grocers in recent months.

It is nearly impossible to build a hyperlocal program based on a centralized warehousing and distribution system.

From this perspective, hyperlocal is essential to consumers because it reflects a commitment to community health and nutrition, a concept missed by the many ‘healthy food’ initiatives launched by grocers in recent months.

Capturing this consumer demand driver by building a hyperlocal sourcing program is a vital opportunity for many grocers fighting to keep the consumers they have attracted during the Pandemic. But building a profitable and efficient hyperlocal program is very difficult.

Realities and risks of building a hyperlocal program

As the definition suggests, it is nearly impossible to build a hyperlocal program based on a centralized warehousing and distribution system—be it an internal one or a partner distributor. There are several obstacles to doing so, including:

- ▶ Basic geographic limitations
- ▶ High coverage cost and volume minimum barriers that exclude most hyperlocal suppliers and deliver bad economics for others
- ▶ The logistics of aggregating and redistribution defy the goal of improving sustainability

With these limitations, the reality is that a **Direct Store Delivery (DSD)** model is the only way of building an authentic hyperlocal sourcing program that has the potential to deliver profitable growth. Grocers will immediately recognize how difficult a prospect this is for their organization, particularly at scale. Some of the primary considerations in launching a DSD program include:

- ▶ How to find, vet, onboard, and order from existing and future new hyperlocal vendors
- ▶ How to coach and build relationships with hyperlocal vendors, many of whom are at a younger stage of business and sophistication when it comes to servicing retailer accounts
- ▶ How to track and evaluate the hyperlocal supply chains you establish under the program so that you have the data you need to optimize and scale
- ▶ How to prepare store-level teams to order, receive, and stock hyperlocal products and maintain direct vendor relationships



Sean Hagen, owner of Left Field Farm, delivers his produce to the Portland Food Co-Op.

When thinking about such a DSD program, there are some key best practices:

- ▶ Burden on stores needs to be tightly defined—focus on buying lifecycle execution and building relationships that translate to customer service and satisfaction—store personnel should know what is local and be able to provide useful background on who/where it came from across the store
- ▶ Keep vendor discovery and evaluation, supply chain analysis, and buying program/approved vendor processes at ‘HQ’ level

Hyperlocal DSD carries its own concerns and limitations, some of which can be overcome. Some potential risks include:

- ▶ Loss of control that results in bad inventory management and shrink
- ▶ Volume, quality, fill rate, and related procurement failures at the vendor, store, or program level
- ▶ Vendor network build failure due to bad process or poor supply chain management
- ▶ Success but at too high a price in time and systems expenditure

Perhaps the greatest risk is the last one listed above—either a failure to build a reliable supply chain or excessive cost of success. In this sense, Hyperlocal DSD can seem like a failure waiting to happen in one way or another.

Preventing these failures and avoiding excessive cost to deliver success are the most important considerations in building a hyperlocal sourcing program. **They are the failures that our three key best practices are designed to prevent.**



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3 Key Tactics:

- 1. Name a 'czar'*
 - 2. Find a partner*
 - 3. Know and articulate your goals*
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3 Key Tactics

To launch a hyperlocal program that can achieve success without creating an unsustainable level of labor cost, Forager has identified 3 key tactics out of its years of hyperlocal program development with retail partners.

- 1. Name a czar with the right strengths.**
Someone with the power and credibility to drive adoption across regions/stores/functions, who is highly bought into mission and success, who knows the organization and the difficult history of scaling local, is ready to build an integrated approach from discovery through to consumer marketing and PR to link procurement program with sales strategy, and has had prior success with driving organizational change and solution adoption.
- 2. Find a partner to help build and run the program.**
A partner needs to have the right combination of supply chain/procurement tech and services, an experienced, passionate team, a proven track record across technical, customer support, and vendor relations and management workloads, the technical bench strength to work toward seamlessness, and one who is willing to make a long-term commitment and co-invest in your success.
- 3. Know and articulate your goals.**
Programs that don't have clearly defined success metrics are being set up to fail, especially if there is a program partner putting their own business reputation and resources at risk to succeed. In building goals, be specific by doing the internal work to provide shared vision on the current state of any existing sourcing, and expectations for how that will evolve through the program. Setting KPIs for sales, product and vendor discovery and diversity, supply chain performance, and overall program management efficiency are critical areas of focus as you think forward to analyzing program performance and shaping assessments for leadership and public consumption.

Hyperlocal is a huge opportunity enabled by partnering with the right program solution

Building a sourcing program to bring hyperlocal food onto your store shelves in a cost- and time-efficient way is a formidable challenge for a grocer of any size. The added labor cost that comes with trying to do this yourself is an expense no grocer should bear when a better approach—one that carries a much higher likelihood of success—is available.

With providers like Forager in the market today, hyperlocal is within reach and is transformed from sourcing nightmare to loyalty and sales driver and, eventually, to a strong competitive advantage over larger players focused on industrial conventional and organic sourcing that does not meet consumer expectations.

We would love to dive into how hyperlocal sourcing might work for your organization. [Talk to us](#) today.



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