



Grandma's Tips

Executive summary

The retail concept

'Grandma's tips' is a store that combines a green and cosy atmosphere with natural and fresh products. It aims to bring back the advice we got from our grandma for all sorts of problems we face, such as physical aches, artificial cosmetics or removing stains from your clothes. The grandma's in the store will help customers with whatever remedy they need and provide them with fresh, organic and natural homemade products made in-store. Customers will not find these products in a pharmacy, nor will they find it in a grocery store, by which it is targeting a niche market. The advice given by the grandma's is free and the pre-packed products are inspired by their recipes.

Market analysis

The market trends for our products are on the rise. Three main trends can be identified; 'all-natural-health-remedies', nutricosmetics and green household products. The worldwide demand for 'natural remedies' is increasing. Specifically, the attitude of French consumers under 30 is changing and the customers moving towards health and well-being show a strong preference for 'all natural' products. A large market for nutricosmetics can be identified as well. The biggest nutricosmetics market is France as French health and beauty retailers experienced a value share of 67% in 2010. Lastly, a change towards more eco-friendly household care products can be seen, due to government regulations and consumer scepticism towards harmful ingredients. This change is mainly experienced in North America and Western Europe. We believe the three demanding markets will be targeted by our store.

Positioning & targeting

Grandma's tips positions itself in between a pharmacy and a grocery store and exclusively sells its own homemade and organic products. The latter means that the products sold in the store are placed in a premium price segment. The core values of the positioning of the store are essence, hearth, earth, whole being and ethics, which result in a unique experience for the customer.

The customer coming to the store are mainly female middle-aged professionals (25-40) who are educated and active. They have a middle to high income and want to spend it on premium organic quality products. Moreover, they live in urban areas. Our customers are interested in a healthy lifestyle, but look for ready made products as they have a busy life. Accessing the store should be easy for them and the grandma's should be able to help them in a quick manner but also offer the possibility to let customers discover the store and the products if they want to.

The store

The store will be located in the Lyon area Pentes de la Croix Rousse, a historical area with a village atmosphere. As French consumers are rapidly moving towards the healthy and natural lifestyle, France is a good option. Moreover, in this area in Lyon there are 54% women and the average income is €38 000, in line with our premium price strategy. There is a large amount of middle-age

professional in this area as well.. This area in Lyon would permit our customers to visit the store on their way from home to work or vice versa, without having to stroll around in the main shopping street. Most of the competitors here are indirect as we target a niche market.

The store layout will stimulate customers to walk around and will trigger a 5 senses experience. This experience will be given through its relaxing music, soft visuals, fresh smell and a tasting & trial bar where customers can see how products are made. People will be able to see the bar/kitchen and the store interior from the outside. There will be no advertising outside the store, only plants/flowers to signal the positioning. Inside, the store will communicate a green and natural atmosphere with grandma's, translating into a homely feeling to communicate a lifestyle, yet looking professional.

Products & services

The products in the store are organised by category through different colors so they are easy to find. The functional food categories present in the store are 'relaxing', 'cold', 'stomach', 'for her', 'pain relief', 'seasonal'. Additionally there are natural cosmetics and cleaning products. For customers who want to make their own products at home, DIY merchandise is sold. These products will be sold in ecological packaging such as recycled cardboard and refillable glass.

To manage the relationship with the customers, several services will be offered. These include in-store events such as workshops and testing of products, access to tips and recipes, a close look at the making of our products and lastly, the opportunity to share recipes and tips on a blackboard in the store. These services will add to the loyalty of customers and the exclusive experience they get within the store by interacting with them.

The financials

Our premium and top quality products enable us to have high margins (55-60%): products are local (i.e low transportation costs) and our no waste policy enables us to optimize costs. In the first year, the average selling price is 12€, with a range of low price products (such as cosmetic masks) that engage customers to try the brand or increase basket size, as well as more expensive products such as limited editions for gifts. Average basket size is 2.7 articles. The communication costs are low given that most communication is employee based. In the first year, we have to take a loan of 120k€ for treasury needs, especially for launching the store and pay the leasehold rights (a non-depreciable asset in France).

For the future, we expect a considerable growth in the 2nd and 3rd year thanks to loyal customers that shop more often and increase basket size. Moreover, our product range will grow, addressing new customers and needs. In year 7 the store achieves its whole potential: loan is reimbursed, 3 employees, and sales become stable. At that time we would start thinking of opening new stores in other French cities.