

Easy Shopper

Drive-through Farm Stores exceed the definition of convenient

by SANDY SMITH

Maurice Bared of Farm Stores knows his customers. He knows how much they spend, how often they shop and how long they're willing to wait for service.

Now the Florida chain of drive-through food markets is testing how much that insight can help the company grow as it takes its concept to franchise. A staple of the company will be one key to its success: fresh bread, baked daily in the stores that range from 380 to 750 square feet.

"We're the only people that are delivering fresh, hot baked bread to the door of your car," says Bared, Farm Stores' chief operating officer. "The methodology behind it is what gives us an advantage. We don't consider ourselves retailers. We consider ourselves in the service business."

That means in-depth knowledge of their customers — and the market. The stores rely on the dominant brand in the dominant size for 80 percent of its inventory. So if shoppers want cookies, it will be Oreo. Paper towels? Nothing but Bounty.

It's part of a strategy to offer convenience without falling into the c-store mindset. "Most convenience stores are grab-and-go," Bared says. "We are convenience for the home. We don't [target] the guy who just wants a quick bite. There's not a lot of loyalty there."

And loyalty is what the organization rides on. Bared says it's not unusual for customers to call store managers ahead of time, asking for a few loaves of bread to be popped in the oven, or for a few items to be pulled together to speed things along. That's not to say that a typical experience is slow: "Our goal is to keep everything under two minutes, but it depends on the size of the order," he says. "A typical

customer order is over \$8, but if they know no one is waiting behind them, they'll keep adding on."

That's exactly what Bared and Farm Stores hope to do with franchising. While the 70-store chain, formed in 1957, is based primarily in south Florida, the opportunity is ripe to go well beyond, Bared believes.

Replicating what has worked is always a challenge for new franchises, but Farm Stores has the benefit of defying neat categories. Bared sees its competition as the express lane of the supermarket, not other convenience stores.

Overall, the franchise market is strong, says Matt Haller, senior vice president of communications and public affairs for the International Franchise Association. According to "The Franchise Business Economic Outlook: 2015," which was released in January, "franchise businesses are expected to grow and create more jobs at a faster pace than the rest of the economy in 2015 for the fifth consecutive year," he says.

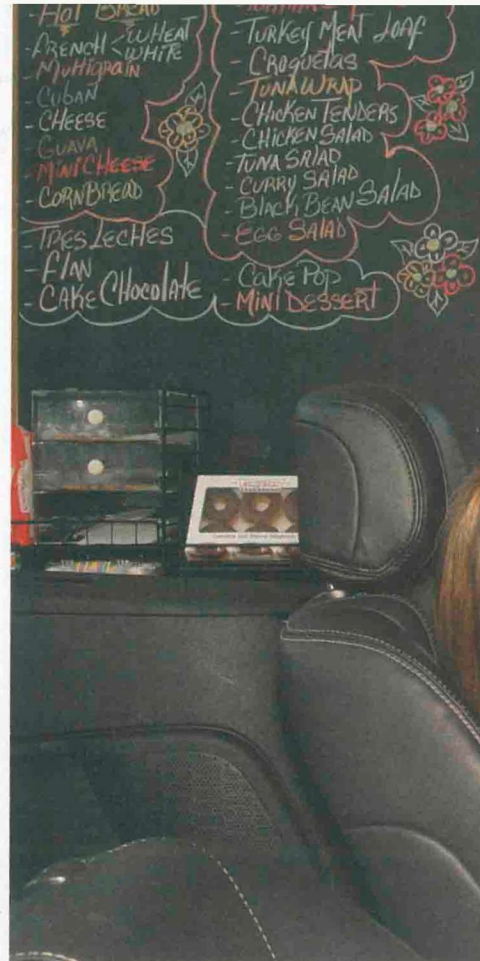
"Franchise businesses are not only growing faster, but also creating more jobs at a quicker pace and producing higher sales growth than other businesses."

Haller points to quick-serve restaurants and retail franchises as growing the fastest. Farm Stores fits comfortably between those two categories.

THE DRAW OF HOT BREAD

Any conversation about Farm Stores always comes back to French baguettes. Bared knows from personal experience the lure of fresh-baked bread: Growing up on a small island in the Bahamas, he and his siblings used to argue over who could drive to town to pick up fresh bread.

"My mom would radio ahead



— since she didn't have a phone — and place her order ... With that experience, we created the concept of hot, fresh bread. We knew that it was something that people couldn't resist."

Customers seem to follow that pattern: About 30 percent visit two or three times per week; 23 percent visit daily. Bakery — which also includes cakes, muffins, pies and specialty breads — accounts for 30 percent of



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Farm Stores' sales. Grocery is another 20 percent; food service — relatively new — is growing rapidly and accounts for about 10 percent.

Grocery may continue to grow once Farm Stores releases an app that allows customers to see the full lineup of items. Because of its drive-thru nature, customers don't have the same ability to browse as they do in other stores.

"We deliver our product in a friendly format," Bared says. "We don't have associates behind the counter. The way we serve our customers is more similar to a restaurant than a typical convenience store."

Because of that service, customers make strong connections with the

local store. "We've spent the last 20 years working with our customers and getting into their heads," he says. "Today through social media, we get incredible feedback. Moms are the most vocal. They tend to influence more than fathers. They're making 85 percent of the buying decisions." But men, when they come, tend to start off following a list — and then add on impulse purchases.

Social media, though, doesn't negate the need for managers to know their customers. "When we train them, we train them to develop a relationship with the customers. The customers adopt ... a 'that's my store' attitude."

Individual stores include some level of localization, which will grow as the company franchises nationwide. "In our franchise model, about 20 percent

of the products will be neighborhood-friendly. If it's like South Florida, we have large Hispanic populations in some of our stores' areas and we carry products they want. ... We feel about 80 percent of the products will remain the same."

SHIPPING STORES

The Farm Stores' concept includes a pre-fab store the size of a shipping container. Using shipping containers was an idea Bared originally had two decades ago when Checkers restaurants were manufacturing the Farm Stores buildings; the idea was passed over then, but has since been instituted. "Shipping containers are the strongest structure, designed to withstand a major beating," he says. "The availability of shipping containers is more than people can imagine. They're out there and they're 'green.'"

The move into franchising has required a reimagining of the store concept, complete with a rebranding. It's also meant a definitive move away from the convenience-store feel. That means buying a bunch of bananas, rather than a single. It means more walk-in freezers and faster ovens.

Franchising the drive-thru store may be an idea whose time has come, Bared believes. It's an area where others have not succeeded. "I don't know why they've failed, but we know why we've succeeded," he says. "We've learned from mistakes. For us to succeed, we can't mimic the traditional convenience store. We took this company back to the traditional roots, which is all about families. Not about the construction worker. We don't sell single beers. We used to. We knew that it was a mistake."

Loyalty, he believes, is hard to come by when a customer drops by for a single item like a beer or a soft drink. Unless, of course that item is fresh-baked bread. **STORES**

Sandy Smith grew up working in her family's grocery store, where the only handheld was a pricemarker with labels.