

Case Study - Foo-go

The UK fresh snack food market, including pre-prepared sandwiches, has expanded rapidly, but the products available are of uneven quality and can often be produced several days before being consumed. The foo-go case is an example of a small independent business which has an ambitious growth strategy to offer a fresher product based on sound environmental principles. It is also an example of a food-based business which is creating a higher value-added product through product and process innovation. The case is structured using the four thematic headings of the **opportunity-centred entrepreneurship approach** (Rae, 2003; 2007). These are:

- Personal enterprise
- Creating and exploring the opportunity
- Planning to act
- Acting on the opportunity.

foo-go produce and distribute premium pre-prepared fresh snack foods, including sandwiches and salads, for the UK retail sector. Their entire approach is based on:

- Leadership in quality
- Innovation
- Environmental awareness.

Personal enterprise

The founders of foo-go had gained career experience in the food and sandwich industry, and realised that there were major opportunities to improve on the way the industry worked. They were also dissatisfied with the poor quality, ethical and environmental standards of the industry which produced high levels of wasted product and led to high costs through inefficient systems. Their personal values (being passionate about taste and fresh food produced naturally by 'real people and producers' in environmentally responsible ways) led them to form foo-go, based in converted barns on a farm in South Carlton in rural Lincolnshire.

Creating and exploring the opportunity

The pre-prepared fresh snack foods market in the UK is valued at some £3.3bn annually, and continues to grow. This growing demand is met by a number of high-volume producers supplying retail chains, service stations, garages and other outlets, and many small independent sandwich shops. The high-volume producers rely on a business model using:

- Telesales to find out the order requirements of their customers
- Long-distance transportation to move ingredients to production units and deliver the product to customers (meaning food takes several days to get from manufacture to point of sale)
- Use of non-biodegradable plastic 'wedge' boxes to protect sandwiches.

Most sandwich and fresh snacks are commodity, convenience purchases and there is an opportunity towards the top of this market to produce a fresh, high-quality range of food which appeals to the health, taste and environmental awareness of the consumer. foo-go saw the opportunity to create a new business concept different from the industry norm. Their food would use the highest quality ingredients, organic, locally sourced and free-range wherever possible. It would be prepared and delivered in the shortest time possible, with a short shelf life rather than using technology to extend its life. This would be achieved through an innovative business ordering system called POPS (predictive order processing system) which enables customer orders to be updated and met a day faster than the industry norm.

Planning to act on the opportunity

foo-go created a distinctive identity which expresses values of natural and fresh food, with the strapline 'we are what you eat'. This identity is reinforced through the design of the packaging, which appeals to the customer – it uses card and a corn film starch window, rather than cellophane, meaning that the package will quickly biodegrade after disposal. This is more costly, but increases sales. The menu of food choices was created with input from producers and potential customers, providing distinctive and tasty, healthy options.

A small team of experts in marketing, sales, food production, distribution and information systems were brought together. foo-go products are prepared at the purpose-built food production plant and shipped to customers the same day. Much of the production is done by hand rather than by machine, providing individual attention to each item.

From the beginning the approach has been creative, finding new ways to appeal to the customer, to offer the highest quality and freshest product, and to eliminate unnecessary cost, time and waste. A vital aspect of foo-go's advantage is POPS, which integrates with customers' systems to enable each store to be offered a tailored order, minimising waste, maximising sales and responding quickly to market trends.

Acting on the opportunity

The foo-go strategy was initially to develop a business-to-business operation, then to develop the business from the recognised brand identity. Major customers whose core offer was non-food but who were interested in providing sandwiches and fresh snacks were identified, such as major newsagents and chemists' chains. Customers include WH Smith, Travel Centres, Road Chef, Total forecourt shops, Superdrug stores and LivingWell gyms. From a launch in 2000, sales climbed rapidly through profitable growth to achieve over £5m in the company's fifth year, with significant further growth anticipated.

Questions and issues from the case study

- foo-go offer a better-tasting product which uses high-quality ingredients; an ordering system which guarantees a fresher product; and environmentally responsible packaging. This gives them clear points of difference in the market place. Yet they are still a small, independent operator with a small market share. What are the possible reasons for this?
- What are the barriers to growth which an organisation such as foo-go can face? How might these be addressed by the managers of the business?
- The business aims to create a recognisable brand which can be developed from their own product range into other channels such as, for example, their own retail outlets. What are the strengths and limitations of this brand development strategy?

References

1. Rae, D: 'Opportunity centred learning: an innovation in enterprise education?' (*Education and Training*, Vol 45, No 8–9, 2003)
2. Rae, D: *Entrepreneurship – from opportunity to action* (Palgrave Macmillan, 2007)