

Grocery Shoppers

Vital Information

Start-up Investment

Low - \$2000 (advertising costs)

High - \$20,000 (includes a van)

Break-even time - Two week to one year

Estimate of Annual Revenue and Profit

Revenue \$15,000 - \$1 million (solo at low end, with employees at high end)

Profit (Pre-tax - \$12,000 - \$500,000)

Food for Thought (and Profit)

In this age of two-income families, it is a rarity to find a woman who has time to manage both her career and her home with the finesse she would like. As the number of frozen meals and fast food restaurants attest, when something has to give, it is often the time spent in the grocery store. Grocery shopping is one of the newest and potentially lucrative services now being offered to the American consumer.

Who, What, Where...

There are many different types of grocery-shopping services popping up all over the country. Some are attached to large supermarket chains; a division of the parent company or someone leasing space as a concession. At the other end of the spectrum are homemakers who can make an extra dollar or two while doing his or her own shopping (not reporting the income on their taxes).

No matter what form the service takes, the opportunities can be mind-boggling. Even the single enterprising shopper can make a good living for the next dozen years or so,, until supermarket chains catch on.. At that time, it may be highly possible to present your existing service to the supermarket chain as an already

in-place service and be able to realize a hefty profit from selling your business to the chain.

In the meantime, if you're really ambitious and want to spread your wings, it may be profitable for you to computerize your record keeping and hire enough employees to fill several hundred orders a day. If you add a warehouse and more employees, you can increase your profits even more.

Since there are so few grocery shopping companies around, you will have to decide for yourself what the market will bear when setting your prices. You will probably want to break down your prices to reflect the dollar amount of the order, the distance for delivery and whether you can handle several orders at the same time. (For example: \$10 for a \$50 order within a 5 mile radius). Keep in mind, the bottom line in this business is volume. The more orders you can fill at one time and the fewer miles you have to travel, the more lucrative your business will be.

On Your Mark, Get Set, Go

All you really need to start a shopping service is customers. Investing in flyers and peppering the neighborhoods you choose may be the place to start. You can design an eye-catching flyer and print several thousand copies. You will want to target your potential area carefully. Look for affluent neighborhoods where both spouses are working. Singles rarely frequent the service because they don't buy enough groceries at one time to make it worthwhile. You will also want to target women. Although men are sometimes patrons of this type of service, patrons of shopping services are predominantly women.

You can either hire kids to hand deliver the flyers in the specified neighborhoods or utilize bulk mail to send your flyers to a particular zip code. Neighborhood newspapers and pennysavers are often an economical place to advertise.

You might want to speak with the management at the supermarket you plan to utilize to see if you can post a notice in the store on the bulletin board or pass out brochures or flyers in the parking lot or at the door of the store. But remember, referrals are a wonderful way to increase business and costs nothing.. So, do a good job at what you're doing and be courteous. Especially in a service as grocery shopping, you want to appeal to your customer's friends.

Other than advertising costs, the only start-up cost you will really need is a vehicle (a roomy station wagon or van) that can accommodate your orders. If you don't have such a vehicle and money is tight, you can explore the possibility of

leasing one. As business picks up, you may want to add coolers to keep perishables on ice so you can lengthen your delivery route.

You may eventually want to consider turning your basement or extra bedroom into warehouse so you can stock high profit bulky items like sodas or disposable diapers. This way you can purchase in quantity from a wholesaler or food warehouse, increase your profits by increasing the price, and cut down on the time you have to spend in the stores.

...and How

Some shopping services ask their customers to place orders on a regimented schedule; one a week, every ten days, and ask them to check off their items on a pre-printed shopping list. This method guarantees a minimum number of orders per week and allows for long range scheduling.

Other services stay more flexible by allowing customers to call in to order on as-needed basis. This method maybe harder to schedule but could pull in more business because of increased frequency or impulse buying.

Because it is not a very good idea to carry a lot of cash around with you, it may be a good idea for your company to pay for the order as you purchase them and then collect a check from your customers upon delivery.

In order to save you and your employees time and effort and eliminate any confusion, you will probably want to create a standardized shopping list (complete with brand names). In order to fill out the shopping lists quickly, you may arrange them alphabetically by item or store layout. If you have a personal computer at home, you may be able to take the orders in alphabetical order and then rearrange the listing by store layout, producing a print-out in asile-by-asile order. This will definitely speed shopping.

You will probably want to choose one particular supermarket in which to do all your shopping. Not only do you become familiar with the location of all the items you need, but you can become familiar with the store's personnel. A friendly "hello" how are you", may be the little boost you need to be able to get the best cuts of beef from the butcher or the best produce from the produce manager.

Time Is Money

If you are only shopping for prepackaged food, you can really move through the supermarket, but if you have to inspect produce or meats or fish, the time you

spend is going to be greatly increased. remember this when you are putting together your pricing schedule but also remember, you won't have clients for long if they aren't receiving quality merchandise.

You may also want to consider shopping in stores other than supermarkets. Customers may want you to stop by the liquor store, deli or carry-out. You may wish to increase your fees for this additional service or charge the same as for groceries. remember if you're basing your pricing on the dollar volume for the delivery, the more expensive price tags at those specialty stores will make it worthwhile to make the extra stops.

Organizational ability is the key to a successful grocery shopping service. It is a challenge to keep orders straight since you will probably be shopping for several accounts at once. As time goes by, you will discover ways to make this easier, but you may wish to use two carts and put hand held baskets into the carts to create separations. Of course, the cashier must ring each order separately in order to provide receipts for each of your clients.

Re,member, in any service organization, you are selling yourself, as much as you are selling your product. Courtesy, punctually, and a big smile can take you a long way down the road to success.

For additional information helpful in setting up your new business, information about licenses, permits, the legal structure of your business, taxes, insurance and much more refer to the Business Start-Up Fact Finder Manual