

# 7 BEST TIPS AND TRICKS FOR HOME DELIVERY

COVID-19 has changed the business model for many farmers. As some markets close and traditional sales channels adapt, farmers need to find new ways to reach their customers.

We were very excited to ask **Darren Stott** from **Greenchain Consulting** for his best tips and tricks when it comes to successfully (and efficiently) offering home delivery to your customers.



## 1. Find your Unique Market Position

There are a lot of grocery home delivery businesses existing and popping up during the pandemic, so the competition is steep. As a small business, you need to find your unique position in the market. How can you compete with larger retailers?

As a farmer, you are offering fresh, local products directly from the farm. Use this. Do NOT compete on price or convenience. Instead, you are offering a unique, premium product. This is your selling point. Luckily, customers are now willing to order from multiple home delivery services to get the products they want. Your customers will more than likely be ordering from Amazon, or Costco. None of these offer your direct from the local farm product.



## 2. Sturdy Packaging

Good packaging can make or break your business. The packaging must maintain the quality of the product during transportation. This means that the products remain fresh and at a safe temperature during transit. No dirty or flimsy cardboard boxes. You need to pack in a way that prevents any damage to the product such as wilting, bruising, or breaking. Also, in regards to damaged products, be sure to have a good return or credit policy. Great customer service will keep customers coming back to you.

## 3. Efficient Packing

Packing is also an essential part of your home delivery business. This needs to be efficient and cost-effective. Darren recommends to layout all products in order over two shelves, in front and behind the packer. This allows the packer to move very little and identify what needs to be packed in the bin. Ideally, you want to be packing at least 7 to 10 bins in an hour (depending on your range of products). Anything you can do to minimize friction and make the packing line more efficient, the better. Additionally, be sure to map out days and certain times of the day for packing. If you work with packers, this allows you to map out when they're needed. Incentivize packers to be more efficient by offering bonuses if they meet thresholds and disincentivize damaged goods.





#### **4. Make Routes as Dense as Possible**

After packing, the delivery aspect of your business needs to be efficient. Densely packing your routes allows you to reach as many customers as possible in a short period of time. Start with only certain neighbourhoods or areas before offering delivery to your entire customer base. You need to ensure that you'll have a sufficient number of stops in one area to make deliveries worthwhile. Some larger food delivery businesses ask for a certain amount of residents to join before beginning delivery in that area.

Be sure to make deliveries efficient. Ideally, you want to spend between \$5-10 per delivery. If the truck is 70 cents and you're paying staff \$15-20 an hour, the cost for that delivery day could be \$200-300. This means that you need to do 30 to 60 deliveries a day. Always do your research before offering delivery. You want to be sure the margins are good and you are remaining profitable with each delivery.

## 5. Strive for High Customer Retention

Home delivery and CSA services are infamous for having bad customer retention with a high turnover of customers each season. There is only a finite number of people that will subscribe to farm to table home delivery services, so you must work hard to keep them. Otherwise you either lose sales quickly or you must spend a lot of money on marketing to attract new ones. Apart from the obvious ones such as good customer service, fair prices, and high-quality products to retain customers, Darren suggests these other tips. For customer service be personable and share your stories, even daily. Get to know your customers as best you can and try and surprise and delight them (e.g. free product on their birthday). Another key tip is to encourage them to place standing orders with you (like a CSA). Spud has been doing this over 20 years and even offers a 5% discount on any item added to a standing order. Finally, automate a campaign to encourage customers to place another order or to return as a regular customer.



## **6. Keep Your Online Store Up to Date!**

A key essential to running a successful home delivery business is to keep your store up to date. Offering out of stock items can have a large impact on the success of your online store. The last thing any customer wants is to have something in their basket that cannot be delivered. Additionally, it puts extra work on you to manage customer success if this is the case. Operate using a live-automatic inventory system, so that when a customer purchases a product the inventory gets automatically updated. Using a Local Line online store, you can do this.

## **7. Don't Grow Before You're Ready**

A common mistake Darren sees with many businesses getting into home deliveries is growing before they are ready to. Many people jump into renting large warehouse space, buying a new delivery truck, or bringing on too many people too early. Before jumping into anything, look at what you already have and how much time it takes to pack and deliver orders yourself. Look at borrowing or renting a delivery truck on a short-term basis. Growing too early can seriously hurt your cash flow and may not be worth it at the time! Invest some budget (about 3-5%) into marketing and customer retention to ensure sales.



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