

foo-go

A case of higher value-added innovation and environmental responsibility in the UK snack food market

Questions and issues from the case study

1. 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?
2. What are the barriers to growth that an organisation such as foo-go can face? How might these be addressed by the managers of the business?
3. Look at the foo-go website, www.foo-go.com. How effective do you think this is as a marketing tool? Would it motivate you to seek out and purchase their products?
4. 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?

Indicative answers

1. An existing supply chain and distribution network, such as the fresh sandwich industry, can be dominated by a small number of large organisations which will defend their market share against new entrants to the market. The small independent venture such as foo-go has to educate their base of retailers and customers to raise their awareness of the benefits of their product and business process and to influence buyer behaviour, overcoming this inertia. This takes both time and significant investment in marketing and communications. There is also the risk that if they are perceived by larger competitors to be successful, they will be imitated by existing producers.
2. The barriers to growth faced by firms such as foo-go, and possible responses, include these:
 - Loyalty by retailers to their existing suppliers, which may be countered by more effective marketing and incentives, such as point of sale displays to increase sales

- Perception that they are a small firm, possibly with limited capacity, limiting the size of orders they may receive. A response is to show the national accounts already being supplied and to reinforce the high quality niche position they offer
 - Limited capacity and budget to promote and represent the product. A focus on a small number of key clients who offer significant potential volume in orders is a response to this.
3. This will be a subjective judgement where the value lies in the discussion of individual perceptions. However, factors to discuss could include these:
- What are the objectives of the website?
 - What are its target audiences?
 - What are resulting actions from visiting the website intended to be?
 - How successful is it likely to be in stimulating these?
4. The strengths of this brand development strategy could include increased awareness and consumer loyalty, with the overall value of the brand increasing over time and the likelihood of becoming a corporate acquisition target. Its weaknesses could include the view that the brand may not be perceived as a memorable or high-impact one, limiting potential growth. By expanding from one business, supplying food; into retailing, focus may be lost and the time and investment required for a small independent operator to develop a retail chain is likely to be substantial. Another option is to seek a partner for this development.