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A Holistically Sustainable Concept and Its Marketing:

The RealFood Fusion Shop

**Bachelorarbeit**

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## Preface

The intention is to use the time and effort needed for the final thesis of the studies to support the transition towards a more sustainable society.

The RealFood Plus shop in Cairns is an ideal opportunity to do so, by supporting this project.



**Illustration 1: The RealFood Plus Shop in March**

Consequently, after my internship I started involving myself in the project to get an insight in the reality of such businesses and to see what needs to happen to make them financially sustainable. I offered to collaborate by concerning myself with a new, more engaging concept and the promotion of the shop as the topic of my thesis. The idea to introduce tea and coffee to increase the profitability of the shop was around before my involvement. Every other aspect of the thesis, portrayed in the following, is my input, excluding the hand painted cotton bags with the shop's logo on them. Some of the ideas for the new concept come from experiences during the internship, including teaching about cooking from sustainable produce, using modern online means for promotion and education and a good overview over the local food market. Further inspirations were concepts I observed in the past, for instance Ceres, a project in Melbourne with a café

which is situated in an environmental park with huge gardens, which also offers a market to buy the fresh organic produce twice a week. (Ceres organic Café 2012) Moreover activities and intentions of permaculture groups, observing people with gardens that live in remote areas of Australia and through listening to innovative ideas and current TED Talks. All this in combination with the desire to, not only have sustainable options for some parts of one's diet, but also to be able to have wholesome nutrition based only on local, plant-based foods, forming the foundation of the model.

Through those previous experiences and by including given opportunities, I came up with a holistically sustainable concept for the RealFood Fusion Shop and a suitable marketing strategy. Next to a abroad variety of references supporting my thinking, the work 'Sustainability Marketing: A global perspective' builds an incredibly suitable and current guideline for the paper.

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## Main Text

### 1. Introduction

#### 1.1 Background and motivation

Modern information exchange raises the awareness about the impacts of conventional farming practices on the environment and on human health in a large part of the population. These growing concerns about the environmental and social impacts of economic growth, and particularly concerns about the impact of resource depletion and climate change, are pushing businesses and marketers to search for more sustainable ways of maintaining relationships with customers and delivering value to them. (Belz & Peattie 2012, p.17)

This has led to the start-up of many green initiatives and even though their market share is still small they contribute to a worldwide trend towards future-orientated, sustainable practices of which the lifestyle of health and sustainability (LOHAS) movement is only the tip of the iceberg. (Belz & Peattie 2012, p. 96) This can be seen through examples like a worldwide anti-Monsanto march, the fact, that 60% of Germans say that they are willing to reduce their meat intake to ensure food security for poor nations, the spreading of supermarkets only offering organic produce, like Alnatura and Deni and last but not least the fact that major corporations like Nestlé and Unilever are forced by the created public enthusiasm to make fundamental changes to their agendas. (Correction: Marching Against Monsanto story 2013; Lonescu-Somers & Enders 2012; Neumann 2013; Klebs 2013)

To reduce society's negative impact a change is needed in every aspect of society, like individual behaviour, business models, production and distribution, and political frameworks.

The research for the marketing project done in the summer semester 2011 taught the whole course how difficult it is for independently run organic shops to make a profit. (Marketing Kurs 2011) One of the main reasons for this is a lack of demand for such

products. This is where the discipline of nutrition can be highly supportive of change, by promoting a sustainable eating behaviour, to create more demand for this niche market.

A change of habits in the way we buy and eat is needed to promote environmental sustainability, as much as to prevent diseases. This becomes very obvious by seeing, that nutrition related diseases are the main reason for deaths in Australia. (Australian Bureau of Statistics 2011)

The RealFood Fusion Shop is a great showcase to combine environmental protection and nutrition in form of a business model which prioritises sustainability over profit and is thereby a model for the future.

### **1.2 Aim and line of action**

The aim is to take the case of the RealFood Fusion Shop and to create a holistically sustainable business model and the marketing strategy for it. It shall serve all aspects of sustainability, socially, environmentally and economically and if successful can be a model for other regions in the area and through modern technology anywhere in the world. (Hollender & Breen 2010) To be fully sustainable, a holistic approach is needed, which pertains the whole by not only focusing on the singular components of a system but also their interdependence. (Credo 2013)

The RealFood Plus Shop in Cairns offers an ideal opportunity to evolve such a new concept. The shop is a great project for the transition away from an unsustainable mainstream diet to a fully local, ethically produced and wholesome diet, as it allows a slow extension of the range to reach this ambitious aim.

The following thesis portrays the new concept for the RealFood Fusion Shop showing how to become an inviting space for people to consume, buy and learn about sustainable nutrition, in a pleasurable environment. Thereby the concept does not limit sustainability to the practices within the organisation, its direct impact through sourcing, delivering and the means it uses to advertise but broadens its perspective on its secondary impacts on society and the environment.



The following paper focuses on the main aspects of a business plan, like details of the staff, the services and processes, the pricing and the financing of the shop. (Australian Government 2012) In relation to this it gives an overview over the market by portraying the results of a survey, done to better understand the customer base, their psychographics and needs, and also to get feedback on the intended changes of the business. The understanding of the market is increased by analysing some of the strengths and weaknesses, the competition and the target market.

The last main part of the thesis focuses on the marketing, which needs to be in accordance with the holistically sustainable concept. It uses modern means and insights to guide people back to a healthier and more sustainable way of eating. Modern technology can reach a lot of people with little resources, and to use the insights of current understandings of marketing, which starts to explore holistic concepts like social capital and interconnectedness, makes the promotion effective.

This paper shows how any café, restaurant or simple fruit and vegetable store can become a centre of education on the topic of sustainability in relation to food and local food market structures, which contribute to creating a healthier, greener community. The implementation of the concept shall create more awareness around the topic and therefore have an influence on the communities demand, and thereby support ecological agriculture principles, preserve nature and encourage better health.

In addition it can be the beginning of a local business structure starting with the most essential aspect of life, nutrition.

## **2. The RealFood Fusion Shop**

### **2.1 Concept**

The intention is to create a holistically sustainable enterprise with environmentally and health wise sustainable products and services, that supports the vision of a local business structure that firstly ensures the key elements of Maslow's hierarchy of needs to build the foundation of a happier and healthier community. It enables food security on a local level, prevents secondary impacts to ensure unpolluted air and water to breathe and drink, security of resources and employment, respect of others, a lack of prejudices and morality. (Maslow's Hierarchy of Needs 2012)

The way food is produced, supplied and consumed food has a huge impact on the environment. The mission is to reconnect people with where their food comes from; by using a business model that combines ecological, social and economic sustainability to supply the community and uses a combination out of modern technology and traditional ways to attract and educate its customers. People will be able to learn about sustainable nutrition in the shop and on the relating social media sites and the website.

The products, including their production and distribution, are ethical and ecological. The employment opportunities are highly social and ethical and the business is, through the collaboration of the profit organisation, the not-for profit organisation and the community involvement financially sustainable. The concept also represents a lifestyle and a shared vision for the future amongst all supporters; meaning the employees, volunteers and the buyers of the product, which they identify with. This is important for a solid customer relationship.

At the same time the business concept wants to educate the customer in the area of purchasing food sustainably and therefore points out that it is about taking into consideration different aspects, like local and unprocessed and thereby with a lower carbon foot print and free from additives, organic and bio-dynamic to encourage the right agricultural methods and a lower impact on the environment, and of course, fair trade. So that everybody gets a fair yield from their involvement in the model to make it financially sustainable for all its participants, from farm to fork.

One part of the RealFood Fusion Shop is to supply traditionally grown produce with a concept, which has been around for over 25 years, in the form of Food-Coop ideas (Smith & Crossley 1975, pp. 217) and also represents an ancient way of delivering food in a non industrialized world, in which there was not the means to transport goods all around the world. The second part concentrates on educating people on the impacts of their food choices and wants them to take responsibility for their food supply through participation in their local food network. The means to do so are partly traditional as modern marketing understands the value of experiencing to learn and adapt habits, and partly very modern. Using the newest ways of delivering the message through social media and an own website.

The intention is also to evolve a concept that it is able to financially support not only its farmers on a fair level, but also the staff and other costs of running the shop by the end of six months. Therefore the new concept combines the existing fruit and vegetable shop, including a broader range of products, with a trendy café and other services that make it a centre of education for eating with less destructive impact on the environment.

The inclusion of selling coffee and tea, juices and meals from the RealFood produce and the experience of a great personalised and inviting ambience in a café-like setting allows for much higher margins as the costs of buying and making coffee and especially tea are very low compared to the selling prices. All of the offered meals will also be available as take-away options, which will attract more people to the shop. (Euromonitor 2012)

A positive impression of the shop will not only be created through a stimulating visual design with attractive colours and herbs on the tables but also through ambient music and fragrance. ('Making sense of the senses', 2009) The shop will gently smell like vanilla, as it is a widely accepted smell with euphoric properties and because there is an organic vanilla bean farm in the region. (Strovny 2013)

## **2.2 Involvement**

The RealFood Fusion Shop is a collaborative project between the RealFood Network, Ostara and the community of Cairns.

### 2.2.1 The RealFood Network

All the fresh produce comes from the RealFood Network and their suppliers.

The RealFood Networks' 'primary practical objective is to get a generous selection of strictly locally grown fruit, vegetables, herbs and other farm products delivered to local families.' The intention is to have people shifting to more sustainable purchasing habits and, through involvement in the organisation, have the community taking responsibility for its own food. (RealFood Network 2012)

To ensure the supply the RealFood Network is establishing a network that assembles fresh produce from a constantly growing number of family-owned, mainly small farms, in the region, which use sustainable farming methods. This includes supporting the industrial farmers that are part of the network to change their practices by assuring to buy their products if they do so. Most of the produce is already certified organic or biodynamic.

Next to constantly offering food only from farmers in the region so that it has the highest nutritional value possible, as well as, the lowest destructive impact on nature, other aims of the network are to deliver information, especially to young people. The network informs on how their food is grown and how it gets from the farms to their plates to form an understanding on how important it is to support a local food economy. This includes education on the practicalities of sustainable farming and the impact of food production on the environment and human health, and that this is more important than monetary values. As young people are the main target market to create change in the future, the RealFood Network closely collaborates with the Redlynch State College to create social capital around a local food economy as a mean of preventing the long-term impacts of the existing industrial food market structure. (RealFood Network 2012)

The network runs market stalls in several markets in the area and delivers 80 - 100 harvest boxes of 100% local and seasonal fruit and vegetables to Cairns and the tablelands every week. The Managing Director, Chris Gloor, has funded the establishment of the RealFood network and is the past president of NSDA (Network for Sustainable and Diversified Agriculture).

The Real Food Network is a for profit organisations, however, run as a social enterprise, which works together with the Fusion Shop, a lot of voluntary workers in the community, farmers and the box customers. All these collaborators form a functioning and expanding network. (RealFood Network 2012)

‘RealFood Network also supports a ‘restorative business practice’, with respect to the agricultural, environmental, business and social implications of the food economy. Its intentions go beyond so-called ‘sustainability’ to restoring land quality, soil biology, biodiversity and the social, business and agricultural practices upon which future generations, flora and fauna will rely.’ (RealFood Network 2012)

### 2.2.2 Ostara Australia

The staffs are financed through Ostara.

Ostara is a not for profit organisation and ‘[t]he largest provider of disability employment services for Australians with a mental health issue within the Disability Employment Services (DES) sector. [It] deliver[s] employment services nation-wide through a network of partnerships and direct delivery sites [...] [and] strive[s] to dispel the myth that people with a mental illness or disability are unemployable; aiming to create a more inclusive Australia.’ (Ostara Australia 2012)

Ostara pays for the staff, supervision of the staff including a manager and the rent for half a year for new business with the intention to teach disadvantaged people the routines of being part of the workforce so that they can be employed by this business or other similar areas of work afterwards. As a non-for profit organisation Ostara is eligible for grants, funding and donations.

This support is a great opportunity to start a business which can after that period of time be handed over to the community as a collaborative project or a private manager. In this time frame the work intensive set up can be finished and the new business owner can kick start without the extra costs of setting up a business.

### 2.2.3 The community

A central mean of the RealFood Fusion Shop's business concept and its relationship marketing is partnering with sustainability stakeholders which include the broader community. (Belz & Peattie 2012, p. 162) Additionally, the money that Ostara gets from the government, members of the community or other organisations can be seen as part of the community involvement that helps funding the model.

### **2.3 Staff**

The shop will be set up and partly run by people with reduced mental capacities, as described above, financed by Ostara in the beginning. Thereby, the RealFood Fusion Shop's concept makes these people a part of the society and gives them purpose. So, the model provides next to the produce which has health benefits for the community also social support through including disadvantaged people.

Craig Bate, the Regional Social Enterprise Manager and current managers of the shop is employed by Ostara to run the venues, coordinate the employees and for his skills in marketing staffs to employers. He focuses on establishing independently run businesses, and networking with other businesses, developing a network of employers for the purpose of generating more sustainable employment for the staff. Currently Mr Bate manages 10 to 14 employees. Supporting disadvantaged people and sustainable products is a great combination and builds a perfect case for sustainability marketing, as it imbeds two of the three aspects of the triple bottom line of sustainability, environmental, social and economic long-term maintainability. The model puts a focus on the human being by taking the time to connect socially while getting served. According to the survey, which will be discussed later on in this paper, 88% of the current customer base is satisfied with the service these employees deliver.

Next to the staff employed by Ostara, there will also be a charismatic supervisor, which will assist with the customer service, for instance as a barista for the coffee. This is a

feature of the new model of the RealFood Fusion Shop to be more appealing for the mainstream.

To make the new concept work, the employees need to represent the concept and therefore learn about sustainable nutrition and its agricultural background. (Belz & Peattie 2012, p. 220) If some of the staff members struggle to learn all the detail and representing the message, they are educated on where customers find the information so that they can point them to the right sign, flyer or part of the website.

Next to the delivery of the produce and passing on the details of each product the RealFood Network supports the shop with one of their staff members. Sjoerd Ardema, their marketing and sales executive, comes from a back ground as a chef and has experience in running food venues himself. He assists in the shop on a casual basis, for example by arranging the produce to make it more attractive. Moreover he is a collaborator for the integrated marketing and other public relations of the shop and gives advice on the processes when needed.

To meet the objectives in regards to the staff employed by Ostara, they are involved in sales and marketing, so that they develop skills in this area and build on their confidence levels. About half of the employees are engaging in the opportunity to learn and become responsible employees. And, as a result, can be taken over or employed elsewhere after a three to six month education time. (Expert interview Bate)

Apart from this, the community of Cairns involves itself more and more, which might be of great importance, once the subsidies of Ostara come to an end. This involvement includes people bringing their skills and resources into the project by working voluntarily in the shop, by making donations of materials or excess produce from their garden and the land lord even offered a rent free extension of the shop for the first three month.

## **2.4 Products**

The products as much as the services and processes of the RealFood Fusion shop's concept focus on the modern realisation of consumers of the need for morals, and a

production and supply chain that has less impact on the environment. (Belz & Peattie 2012, p. 16)

By getting all the fresh fruit and vegetables from the RealFood Network the produce is 100% local, which is a main aspect of sustainability, as it increases the energy efficiency of the food supply. (Belz & Peattie 2012, p.261)

The staples, meaning items that are in the shop pretty much all year around in abundance, are potatoes, sweet potatoes, pumpkins and taro, bananas and papayas. The following examples are some other common items that are available on a regular basis, like cucumbers, chokos, pineapples, oranges, limes and zucchini. All the other fruit and vegetables differ according to the seasonal availability. Some typical examples for seasonal produce are mangoes, custard apples, mangosteens, pomelos, grapefruit and persimmons.

Some of the farmers that supply the network are real niche, specialty farmers, who grow exclusive products that are not commonly available in supermarkets.

The new business model includes a greater variety of local primary and value added products, like jams, chutneys and relishes. By offering coffee, tea and pre-made meals out of the fresh produce the shop gets turned into a healthy take-away café. Due to the positive predictions of the coffee industry and their higher margins the extension of the shop to a café will play a huge role in making the Fusion Shop financially independent. (Wong 2010)

From the opening on items like milk, rice milk, oats milk, soy milk, honey, and products like chutneys, relishes and jams are available and the range will constantly grow at least another ten to fifteen items by the end of the first quarter. These will include items proposed by the interviewees of the conducted survey, like nuts, seeds, olives, bliss balls, peanuts, chocolate and organic sourdough bread or raw sprouted bread. It was also suggested to offer super foods like goji berries and quinoa. To stay local, the shop will only sell Australian super foods, like some of the native berries and spices. Next to an extended range of products to buy for using at home the new concept includes the service based offers, like coffee, tea, fruited waters, juices, smoothies, fruit salads, soups and other meals.



More details on those products are portrayed in the following:

- Coffee: There are three different coffees from the region and after two month all of them will be available in the shop, starting with Jaques Coffee from the beginning.

The bio-dynamic local milk from Mungalli Creek Dairy will be used in all the coffee varieties which include milk, like Cappuccino. Through the pricing customers will be encouraged to choose milk alternatives because they take fewer resources to be produced. (Styles 2011)

- Infusions: As the processing of coffee requires a lot of energy the Fusion Shop will offer a wide range of attractive tea options, which will also be sold cheaper to encourage choosing a tea over a coffee. The unique local experience and the extensive product range of teas will add to the shop's competitive edge.

All herbal infusions will be blended in house using 100% fresh local ingredients, like ginger, lemon, honey, rosehip, hibiscus, sage, cardamom, lemongrass, lemon myrtle, fresh mint, raspberry leaves, turmeric, black pepper, aniseed myrtle, chilli, cacao husks and vanilla.

Additionally they will be portrait online and on the menu with trendy names, like 'Truly Green', 'Sunshine' or 'Flower Power'.

The tea options made with black tea will be based on the local tea available from Nerada and Daintree Tea.



Next to the hot infusions, fruited and scented waters served will be offered as the ultimate drink in regards to rehydration, weight control and ecological footprint. By using fresh ingredients the cocktail-like presentation will make this offer especially attractive.

Soda water is getting fashionable at the moment and people love icy cold drinks in Australia. Therefore, the fruited waters they will be chilled with ice or based on soda water on request. This will add to their popularity.

**Illustration 2: Nicely decorated ginger-lemon drink**  
**Source: Policano 2012**

Descriptions of the medicinal properties, nutritional value and the origin of the ingredients will be provided on well designed menus, with preferences of the season.

All the exclusive tea blends from local ingredients on site are available to take home.

- Fresh juices: A wide range of seasonal blends and juices using the range of local, fresh fruit and vegetables, mainly those in season, add value to the existing products and will make full use of produce that may be marked or not presentable for retail.
- Smoothies: The smoothies are made with the previously described range of 100% local fresh fruit to make efficient use of the excess produce and to create higher margins , as well. Just like the blends and infusions they are a healthy option instead of a snack between meals and an ideal breakfast. They will be made using local, biodynamic milk or yogurt, or preferably rice, almond or oats milk, as reducing the consumption of animal products is good for the eco-footprint. (Australian Conservation Foundation 2012) As an example, one of the drinks is called 'Qld – Eco Banana-Smoothie' and is made with local bananas and rice, almond or oats milk. This example serves all the previously discussed values. Bananas grow locally, all year around. The smoothie can be made from those that don't look perfect anymore, as the local lady finger bananas have the best taste when their skin starts to turn brown. Additionally, this smoothie is made with a milk alternative, which has a lower ecological footprint and reduces animal fats in ones diet, which is a reason for many health issues. This offer will also open peoples' minds through choice giving and encourage them to buy milk alternatives for at home, as well. (Belz & Peattie 2012, p. 285)
- Salads and fruit salads using 100% local ingredients will be part of the offer, too. They will be premade daily to eat in house and prepacked for fast service during lunch, a healthy RealFood alternative for those looking for healthy, local food.

'Gardener's Favourite', is an example made with papaya, nasturtium and poppy seeds which provide complete protein. This attracts customers that believe in a low-carb diet which is a huge trend at the moment. (Zelman 2009)

- Soups: Moreover, soup made from fresh, seasonal and 100% local produce will be served with locally made, organic bread. There will also be cold soup options available during the hotter months of the year.

## **2.5 Services and processes**

A main focus of the RealFood Fusion shop is education on the one hand, as previously described, as a training facility for people with learning disabilities to develop day to day skills as an employee to be able to work in other venues, as well.

On the other hand and more importantly, it is a brilliant showcase to learn about sustainable processes in the food industry throughout the whole supply chain, all the way from farm to fork. It can thereby function as a centre of education on the topic, it provides information on sustainable agriculture; nutritious content of the produce and teaches how to prepare the produce in a healthy and sustainable way. Information on all parts of the supply chain of the produce, including recipes, will be conveniently portrayed in-store, delivered in form of signs and online, on the website and on social media, like Facebook. Supported by a set up of the preparation area which will allow the public to see how simple, delicious meals get created by only using the local produce.

Next to the locality, the model also caters for the other two main factors of short distribution channels which is the transport infrastructure that connects producers and customers, and the location of the depots involved in supplying goods to the intermediate or the customer (Belz & Peattie 2012, p. 260)

Therefore the transportation distance and the need for cool storage is minimal, which results in a much lower foot print on the environment, monetary savings due to the energy savings and fresher, more nutritious food.

A study in the UK showed one out of every eight miles driven in the food supply system come from people driving to shops to get their supplies. This is driven by the trend towards one-stop shopping in shopping centres on the outskirts of cities. Therefore one

of the services will be to deliver the purchases and perform the personal selling in the inner city by bike or walking, which also prevents another negative impact, of having the shopping opportunities outside of the main population areas, which is the social impact that people without car or with health conditions get left behind. (Belz & Peattie 2012, p. 260)

The delivery bike has a big cart in the front to be able to transport several large boxes of vegetables or pre-made foods. It is painted red and has a big banner on the side of the cart with the RealFood logo and the website url on it.

By pointing the customers to the other services of the RealFood Network more food miles, from car trips to shops, are saved, as one trip to deliver the boxes using one car, instead of having all those 80 or more customers drive to the shops to get their supply contributing to reducing the co2 balance significantly. The offer to deliver the RealFood Fusion Shop's products to the central business district (CBD) by bike is a completely environmentally friendly solution and even benefits the health of the employee that goes on the bike ride.

Another important aspect to make processes sustainable is the packaging, as it is responsible for 20-36% of municipal solid waste. (Belz & Peattie 2012, p. 261) Moreover packaging is regarded as an important factor of convenience, which will be discussed under 4.2 Key elements of the marketing strategy. (Belz & Peattie 2012, p. 262)

Therefore customers are encouraged to bring reusable containers, like glass jars and plastic bags. And they have the option to purchase a linen bag, hand painted with the shop's logo, for AU\$3. The fresh fruit and vegetables are sold 'face-to-face' by weight or by unit to reduce packaging and customers may take a paper bag or cardboard boxes to take their purchase home. All the prepared take-away meals are handed out in environmentally friendly coated cardboard containers. (Think Eco 2013)

Disposal and recycling are important to most people even those that are not willing to make major changes to how or what they buy. (Belz & Peattie 2012, p. 268) To only offer these options makes it easy for them to do the right thing. As for all the described process, making the healthy and environmentally friendly option easy and affordable is the key for participation of more people in the sustainable development.

To learn about environmentally friendly disposal different options are displayed and actively used, a compost system, a worm farm and the venue donates its coffee ground to a mushroom project in the community.

For cleansing, only environmentally friendly detergents are used and the equipment will be replaced by energy efficient options, step by step. Starting with a new fridge with CFC free polyurethane injected insulation, electronic temperature control and a fan forced ventilated cooling system. These features will ensure even temperatures and therefore make the produce stay fresh longer and will thereby make the food handling more economical.

Indoor education is in place for every new employee to learn about responsible use of water and electricity.

As part of the information delivery, there will be a screen on the wall showing TED-talks, documentaries and movies around the topic of sustainable eating and a monthly workshop for people to attend to learn how to make delicious meals from the offered local produce. A public computer is part of the interior to give the customers the chance to visit the shop's website, to point them to further information online and as part of attracting tourist to the venue.

On the inside of the shop is a huge black board encouraging people to get involved in every aspect of the business model and to make suggestions on how to improve the model. They will have the same option online in a section 'Get Involved' on the RealFood Fusion Shop's website. This is to create interaction and dialog between the business and its customers. This is wanted by the consumer in the future and adds to the targeted consumer relationship. (Belz & Peattie 2012, p. 223)

## **2.6 Pricing**

The price of a product or service 'is a key factor in the purchasing decision'. (Finch 2006, p. 147) Therefore it is an important aspect of the business model. A trusted differentiation through sustainability aspects that get well communicated to the consumer adds to the perceived value and therefore allows for a premium price. (Breuer & Spillecke 2010) Nevertheless the strategy in the RealFood Fusion Shop is a different

one. The prices will be set in a way that they reflect the environmental impact of the product.

The business is structured in a way that there is hardly any waste, which is a key element to keep costs low. (Finch 2006, p. 148) This allows for lower prices or higher margins.

Due to the relation to the farmers and lower transportation costs due to shorter distribution distances and no middle men the product can be offered for a competitive price. This gives a good start off point for customer-friendly prices that still generate enough money to pay the farmers a fair price.

The pricing is always subject to change and requires to be reviewed regularly. Introducing the new model of the shop is a good occasion to check the current pricing and requires setting prices for the new products. ('Pricing a Product' 2013)

Next to the educative factor of having the prices encouraging an environmental and health aware consumption, a cost-based pricing approach is needed to making sure the costs are well and truly covered, including the running costs of the shop.

Taking these two aspects into consideration plus a customer, value-based approach which allows building a strong relationship with the customers and satisfies their wants and abilities seems appropriate. (Belz & Peattie 2012, p. 237)

In general lower price form a higher demand, however that is not always appropriate as the price is also an indicator for quality and exclusivity (Belz & Peattie 2012, p. 237)

Thus the general prices are set just under the prices of the competitors and then to encourage the consumption of certain products they are the cheapest of the product range.

Table 1 is a price overview for the main products sold in the shop:

Cappuchino large (cow milk)	AU\$ 4,50
Cappuchino large (milk alternative)	AU\$ 4,20
Cappuchino small (cow milk)	AU\$ 3,50
Cappuchino small (milk alternative)	AU\$ 3,20
Tea	AU\$ 2,50
Meals	AU\$ 5,00
Soup	AU\$ 3,00
Fruit juices	AU\$ 5,00
Fruited waters	AU\$ 2,00
Smoothies	AU\$ 5,00
Fruit & vegetables	AU\$ 1,00
Dairy 2l	AU\$ 5,00
Value added products	AU\$ 4,00

**Table 1: price overview for the main products sold in the shop**

The value added products will be mainly chutneys, relishes and jams with prices between AU\$5 and AU\$6.5 the average price, however, is calculated with AU\$4 because some of the sold items will be Bliss Balls which only cost AU\$3.

The fruited waters are the healthiest and most sustainable option, therefore they will be the cheapest offer with a price of AU\$2.

As it takes far less energy to produce tea and to promote drinking more in general, the price of tea, AU\$2.5 is lower than the price of coffee and cheaper than the competitors' prices. (see appendix) This is easily possible as the expenses of those options are lower, as well.

In the first two weeks after the opening the customers can choose the price they pay between a commended minimum price expressing that that is what is needed to cover the costs and the highest price amongst the competitors, which do not even have the same ethical standards. Additionally a flyer will explain in which sustainable projects the money gets invested if they pay a little more for the products.

This shall show how much a customer needs to pay to simply cover expenses, which adds to the transparency of the business and allows people to pay according to their financial capacity. It also indicates that making money isn't the main focus. It is also a check on the intentions for the pricing and what is accepted by the customers.

This idea of letting the customer choose the price between a certain price range comes from the biggest lifestyle festival in Germany, 'Fusion', where they had very good results as people still pay what they are used to paying or at least the average of the given prices. Only very few people pay the lowest price given.

This initiative and the fact that the prices get reviewed every half a year is part of the active price management which allows the most efficient usage of resources and capacities. (Belz & Peattie 2012, p. 237)

## **2.7 Finances**

To have a holistically sustainable concept in an economic setting, it also needs to be financially maintainable.

The following paragraph gives a short overview of the finances of the concept.

Table 2 shows the expenses for the running cost and the set up costs of the RealFood Fusion Shop:

<b>Expenses in AU\$:</b>	<b>Once</b>	<b>Monthly</b>
Cleaning		40
Advertising & newspaper		200
Computer software		38
Bank fees EFTPOS		77
Packaging		300
Telephone		80
Licences		38
Electricity		400
Accounting		192
Maintenance		40
Rent		2000
Fitout Floor	2.500	
Fitout Kitchen	2.500	
Pre-opening advertising	300	

**Table 2: Expenses for the running and set up costs**

These expenses add up to AU\$1405 of running costs per month plus the rent which is calculated with AU\$2000 and the fit out costs of AU\$5000. (Expert interview Bate)

The pre-opening advertising costs will be taken over by the RealFood Network as they see the venue as part of their promotion of the network.

The following table 3 shows the revenue from the products.



	Price in AU\$	units per day	turnover per day in AU\$	Cost in %	Profit per day AU\$	Profit per week AU\$
<b>Coffee</b>	4.50	59	266	0.2	212	1487
<b>Tea</b>	2.50	33	83	0.2	66	462
<b>Meals</b>	5.00	54	270	0.5	135	945
<b>Soup</b>	3.00	34	102	0.25	75	522
<b>Fruit juices</b>	5.00	21	105	0.5	53	368
<b>Fruited waters</b>	2.00	27	54	0.15	46	321
<b>Smoothies</b>	5.00	16	80	0.4	48	336
<b>Fruit &amp; vegetables</b>	1.00	40	40	0.5	20	140
<b>Dairy</b>	5.00	17	85	0,8	17	119
<b>Value add prod</b>	4.00	5	20	0,3	14	98
<b>Sum</b>			1104		685.30	4797.10

**Table 3: Revenues through products**

The profit through the products adds up to AU\$ 4797.10 per week which is AU\$ 20627.50 per month. This is the expected revenue as soon as the Fusion Shop is up and running.

The percentage of the actual cost of a product in relation to the price they get sold for comes from Craig Bates experience. (Expert interview, Bate) He explained, that the percentages he suggested are very conservative as the following example shows.

The sales cost of coffee is calculated with 20% of the price that the customers pay. As 1 kg of the local coffee costs around AU\$ 30 and for a shot of coffee you only need about 8g (Jaques Australian Coffee 2013; 'How many oz of ground coffee in a shot of espresso?' 2013) which makes a shot of coffee roughly 24 cents, 2 shots for 48 cents and the average price for a coffee will be AU\$ 4.5, which leads to about 8%. The figures are chosen so conservative to cover waste of coffee through accidents, consumption of staff, bonus activities and the fact that not all the sold coffees are large coffees and those made with rice milk are sold cheaper, too. The cost of tea is calculated with 20%, as well. Usually the cost of tea is even lower than the cost of coffee, but as fresh ingredients are used to make the tea and for the presentation, the costs will be similar to the costs of coffee.

The weekly expense on staff is AU\$ 4070, which adds up to AU \$17501 per month. The working hours and rates of the staff are portrait in the appendix.

The expected growth rate is between 2.5%, which equals the inflation rate and 10 to 20%, which is the expected growth for the sustainable coffee industry. (Trading economics 2013; Australian Coffee Traders Association) The portrait figures calculate with 5% growth in half a year period, which is realistic for the dry season. In the wet season, meaning from November to March, there is a lot less tourism and in general less people in the region, the business will probably only grow according to the inflation rate.

The overall profit means subtracting the running costs of the shop and the wages from the revenue of the shop. The development of the overall profit over a time period of six month in the dry season, so for instance April to September, calculating a growth of 5%, is portrait in the following table.

	month 1	month 2	month 3	month 4	month 5	month 6
revenue	20627.5	20833.8	21040.1	21246.4	21452.7	21658.9
profit	-278.5	- 72.2	134.1	340.4	546.7	752.9

Table 4: revenue and profit of the shop in the first six month of operating

The growth during the wet season would only be about 1.25%, according to the annual inflation rate. (Expert interview, Bate) That is what the following table shows.

	month 7	month 8	month 9	month 10	month 11	month 12
revenue	21704.0	21749.1	21794.2	21839.3	21884.5	21929.6
overall profit	798	843.1	888.2	933.3	978.5	1023.6

Table 5: revenue and profit of the shop in the second six month of operating

According to the calculations, which are done without the rent and wage subsidies of Ostara, to check on the economical independence of the shop, the model should be able to completely cover its costs, after three month.

To cover the fit out costs, the pre-opening advertising and the wages during the set up and to have a few months to raise awareness of the business, the wage and rent subsidies from Ostara are a great way to start a new business without going into debt.

### **3. Market**

#### **3.1 The Survey**

##### 3.1.1 Background

The survey was performed on the 6th of May in the Main Street Arcade between 11 am and 4 pm, which includes the lunch break of the local businesses.

It was designed to get a better understanding of the customer base, their demo- and psychographics and to test the extension of the services of the new concept. Moreover it revealed insights in the awareness of people of the existing shop and how they think about the products, the services and the location of the venue.

The survey was designed in accordance with the current shop Manager Mr Bate.

Most importantly it needed to be easy to understand and quick to fill out as it should not be an inconvenience for the customers to participate in the survey but more showing that their opinion is valued and inform them indirectly on the intended changes. Therefore most questions are rating questions.

##### 3.1.2 Who are the interviewees?

The ice breaker question to know if the person is willing to take the survey, to see if they are suitable and to raise awareness and interest in the shop was: 'Have you ever bought anything in the RealFood Shop?' Notes were made on how many answered this initial question with 'yes', so that it can also be used for measuring the current awareness of the shop. This is also the start off point, which allows the manager to see if milestones, in regards to increased awareness of the shop are met in the future.

Only 17.4% of the people answered this ice breaker question with 'yes'. Those were the ones that were interviewed. Thus all the interviewees had bought something in the shop before answering the survey and therefore have experienced the services, prices and products.

The interviewees were given an introduction on the purpose of the survey, so that they knew, that their data would not get misused and to gain trust and create familiarity with the situation to be able to talk openly. However compared to previous experiences with surveys, people in Australia are a lot less concerned with the topic of data security or the use of the research data than in Germany.

Six out of the 17 interviewees were customers that were willing to take a few extra minutes to answer the questions, two of these answered the survey at home and handed them in via e-mail. The rest of the people were currently in the arcade and knew the shop from previous experience.

### 3.1.3 Reasoning for the design

Question one is simply to show if the customers of the RealFood Plus shop use the shop as their main source to get their fresh vegetables, which would mean that they come to the shop regularly, or if they only occasionally or rarely use the shop to get their supply.

The second question ‘How can we improve your shopping experience?’ allows measuring the customer satisfaction and is thereby an important part of the quality management. The answers of this question can also be used to check on and modify the new model to suit the wants of the customers. This is also the main intent of the following questions.

Question two and three reveal a lot about what is important for the customers of the shop and therefore what the new model needs to focus on to improve or maintain to satisfy the customers’ needs. Especially the question ‘Are there any additional products you would like to see us carry?’ helped to know with which products needed to be added to the range first.

Questions four to six directly were asked to get feedback on the new concept.

Question seven was designed as a ranking question to force people to compare the values of healthy eating and environmental protection as health and environmental values with the importance of a personal, financial security. Rather than giving them the option to just say all of them are important. ‘Secure employment’, ‘home ownership’ and ‘wealth creation’ were chosen as they represent typical, material values in a western society to

thrive for. This question also made it necessary to swap from having the customers fill out the survey themselves to interviewing them as they kept rating the options.

The direct questions on personal information were put in the end as it might make people feel awkward if they are asked to answer them in the beginning. More so if someone does not want to reveal this information the survey results can still be used. People were asked to assign their age to age groups, to not have the need to give their precise age and as a rough overview is enough for a determination of the customer demographics. The age groups were chosen to be the same as the ones given in the Facebook data set to be able to match the given information.

The make-up of the survey can be seen in the appendix under 2. Survey design.

3.1.4 Summary of the results

The results of the survey are portrayed in the following paragraphs.

Two of the interviewees shop ‘regularly’ at the shop, twelve ‘occasionally’ and three ‘rarely’.

The numbers in the tables 6, 7 and 8 represent the amount of people that gave the portrayed values the given ranks.

Table 6 portrays the answers to the question: ‘How can we improve your shopping experience?’

‘Value 1’ represents ‘no need for improvement’, ‘value 2’ means ‘a change could be considered but not important’, ‘value 3’ stands for ‘a change would be good’ and ‘value 4’ means ‘a change is necessary’.

	Value 1	Value 2	Value 3	Value 4
Product Quality	8	9	0	0
Customer service	9	5	3	0
Location	10	4	2	0
Prices	9	6	1	1
Ethics	15	2	1	1
Product Range	4	11	2	0

**Table 6: Number of given answers on ‘[h]ow can your shopping experience [be improved]’, in regards to the listed aspects of the shop**

According to the survey, ‘additional products that’ customers ‘would like to see us carry’ include food items, like organic lemonade, fresh herbs, coconuts, tea, coffee, Mungalli milk, snacks, healthy bars, berries, chocolate, peanuts, goji berries, maca powder, spirulina, cacao, organic sourdough bread or raw sprouted bread, locally grown nuts and seeds, rice milk and oats milk. Some general suggestions were made, like ‘more greens’, ‘more diversity when it comes to fruit’, ‘other organic products’, ‘superfoods’ and ‘more variety’. Even to offer plant seedlings was suggested.

These results of the survey are imbedded in the concept and the products of the RealFood Fusion Shop.

The following results helped to define the target market.

The next table represents the answers of question 3, ‘how important [the following] attributes are for [the customers] when it comes to purchasing food’.

‘Value 1’ means not important at all, ‘value 2’ indicates not so important, ‘value 3’ represents ‘medium important’, ‘value 4’ ‘fairly important’ and ‘value 5’ ‘very important’.

	Value 1	Value 2	Value 3	Value 4	Value 5
Environmental ethics/ agricultural principles	0	1	1	2	13
Social ethics	0	0	3	5	8
Locality	0	0	3	4	10
Price	0	0	4	8	5
Quality	0	1	0	4	11
Convenience	0	5	5	7	5

**Table 7: Number of answers given on how important the listed aspects of the shop are when buying food**

Nine of the interviewees answered both questions, ‘[d]o you buy take away coffee?’ and ‘[w]ould you buy take away tea?’ with ‘yes’ and when they were further asked how often they would buy these offers, six of them said ‘sometimes, three chose ‘often’ and none of the asked persons would buy them every day.

15 out of the 17 interviewed people said they would shop at a ‘café with local, ethically produced teas and coffees and delicious meals from local produce’.

The given ranks of the interviewees on the importance of each of the portrait values can be seen in the following table. Rank 1 means it is the ‘most important’ value to them, rank 5 represents ‘least important’.

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Secure employment	1	1	2	3	3
Environmental protection	3	5	1	0	1
Home ownership	0	1	3	2	4
Healthy eating	6	3	0	1	0
Wealth creation	0	0	4	4	2

**Table 8: Number of ranks of the perceived importance of the portrait values**

Seven interviewees only rated the values instead of ranking them. All of these people gave environmental protection and healthy eating the importance one and two, which supports that a clear majority of the customers of the current shop make them a priority.

The results of the survey are also used to define the target market under 3.3.3 psychographic.

Two people didn't answer the question on where they are from and the other results can be seen under 3.3.1 geographic target market.

### 3.1.5 Discussion of the survey results

Some of the important aspects of the survey will be discussed in the following paragraph. The fact that none of the interviewed customers buys regularly in the shop means there is potential with the wider product range to increase the sales within the current customer base. In general most customers were satisfied with the services and there are hardly any of the services for which more than one person stated that 'a change would be good' or even 'a change would be needed'. That makes it important to look at those services for which this is the case. Three people stated 'a change would be good', for the customer service, two people for the location, and another two for the product range. The new concept involves an extension of the product range, this supports the intent to extend the product range and implementing the new model is an attempt to have an even higher customer satisfaction in regards to the product range. The negative perception of the customer service is most likely due to the difficulties of the staff, and as the new model focuses more on communicating this issue and includes a charismatic staff member, this service will hopefully be perceived differently, as well. By having a closer look at those

suggesting a change in location, one notices that they do not even live in Cairns. This means they aren't even the main geographic target area and as great as it is that they come to the shop, the location will never be perfect for everybody.

Even though the concept appeals to 88% of the interviewees and they say they would buy in a shop with the offer of the RealFood Fusion Shop, it remains a challenge to translate those intentions into sales by gaining a good reputation and effective communication. (Belz & Peattie 2012, p. 100)

### **3.2 S.W.O.T Analysis**

The following paragraph analyses the model in regards to its internal strength and weaknesses and its opportunity and threat in regards to the market.

One of the main strength, of the concept, is that there is no similar venue in the area, which provides a unique selling position. The take away food offers currently in Cairns are very unhealthy and the awareness of good food grows as a result of government campaigns and media presents. (Queensland Government: Department of Health and Aging 2013) Therefore a market for a health aware choice is evolving. As the shop is situated in a business area, it has the potential to gain a reputation for supporting the business community through providing a pick and pack service for those with busy lifestyles that want to get away from traditional Australian fast food.

Other strengths of the model are more customer satisfaction for the existing customers, due to a wider range of products and the ability to enjoy a coffee on the run.

And low costs due to the low resource requirements of the holistically sustainable concept and close to no wastage.

Moreover the support of Ostara makes the set up financially easier and by offering take-away foods, tea and coffee, the concept provides high margins and a much wider target market. (Euromonitor 2012; Wong 2010)

The weaknesses of the new business concept are:

- Firstly there will be a lot of new processes which means a lot to learn for the staff members to be able to represent the business model.



- The second weakness of the business model is that the offer is restricted due to seasonality and as many people are looking for a 'one stop all in' shopping option this might be perceived as a disadvantage. However, the broader Cairns region offers one of the largest varieties of agriculturally produce in the world, which makes this project in particular a good start for the implementation for such a model and to educating people on the topic. (Tablelands Future Corporation 2007, pp. 20)
- Thirdly, the model is dependent on a manager or a supervisor who is also capable of social media marketing tools and websites maintenance, which makes it harder to find suitable people for those positions.
- Last but not least, the staffs provided by Ostara might, due to their difficulties, seem unappealing to some people. In contrary this provided social service, if explained and advertised in the right way, so that the community understands the advantages of embracing people with difficulties, this can result in support from other members of the community. Thereby a possible weakness actually ends up being an opportunity.

Another opportunity for the RealFood Fusion Shop is to be part of creating a really trendy and sustainable inner city area of Cairns that is a real alternative to the supermarket and attracts both transient and permanent residents, by making the shopping an educational and social experience.

The most important opportunity of the concept is to become a driver for a transition towards more sustainability in society, through changing peoples' shopping habits in regards to food, first in the region and through its online presents it can also be a model for other regions throughout the world.

The model also allows for setting an example of a new age business which collaborates with established businesses and implements social and environmentally-friendly practices in every detail.

Last but not least there are some threats, like the concern that the responses from the survey are only due to what people think is the right thing to answer and a lot less might actually purchase the local coffee and tea and premade meals form local produce. (Belz & Peattie 2012, p. 98 ff.)

Plus, as much as the uniqueness of the model can be a strength, the fact that there is no similar service or product in the region might also be a threat in form of possible market entry barriers, which make education needed, so that people see a value in the new offer. (Belz & Peattie 2012, p. 158) At the same time, the RealFood Network exists already for two years and communicates the topic. Additionally purchasing local food has a huge presence in many media channels at the moment, like on TV in form of cooking shows, government campaigns and the internet. (Queensland Government: Business and industry portal 2013) So that the market entry barriers aren't as big as they would be if the topic hadn't got the current media presence.

To sum it up, it is hard to determine which of these observations will have the strongest impact on the development of the business moreover others will become more apparent as the new concept gets implemented and therefore it is hard to say if the predicted figures under 2.7 Finances will be met straight away or if it takes a few months to get there.

### **3.3 Competition**

The timing and the related market barriers are an important topic to take into consideration, as just introduced with the topic of possible market entry barriers. In contrary, if there are already other businesses in the same niche there are rather competitor-related challenges. (Belz & Peattie 2012, p. 158)

The RealFood FusionShop case can be seen in two ways. Either by looking at it as just another Café, in which case there are direct competitor, or by looking at the sustainability focus of the venue.

A table listing fifteen direct competitors in the close surrounding, their competing offers and prices can be seen in the following:

ORGANISATION	TEA	JUICES			SMOOTHIES		COFFEE		
		SMALL	MED	LARGE	REGULAR	LARGE	SMALL	MED	LARGE
SNOWYOGURT					\$5,20	\$7,20			
LILYPAD				\$6,00				\$3,80	\$4,80
RUSTY'S		\$4,00	\$6,00	\$8,00	\$6,50	\$8,50			
PALEO	\$3,50		\$6,50	\$6,50		\$7,00	\$3,00	\$4,00	\$5,00
CORNER CAFÉ		\$3,50	\$4,80						
CRUZ COFFEE							\$3,00	\$4,00	\$5,00
CAFFIEND							\$3,80		\$5,00
GOSSIP COFFEE							\$4,00	\$4,50	\$5,00
MELDRUM							\$3,00		\$3,60
SWISS CAKE AND COFFEE SHOP	\$3,00						\$3,30		\$4,30
DOUBLE SHOT							\$3,00	\$3,50	\$4,50
SUBWAY					\$4,95	\$5,95			
MACAROON	\$4,00		\$5,50			\$6,50	\$3,00	\$4,50	
REHAB	\$4,00						\$3,00		\$5,00
SNOOGIES									\$5,00

**Table 9: Prices of possible competitors, situated close to the Real Food Fusion Shop**

The other potential competitors are a Woolworth, which is one two dominant supermarket chains in Australia and the local fruit and vegetable market called Rusty's. (Rusty's Market 2013) Even though a lot of their produce comes from much further away then what the RealFood Network calls 'local' this is a clear competition in regards to the fresh produce. However firstly it is only open during the weekend and secondly this potential threat can be turned into an opportunity by advertising for the shop at the market. It is a good advertising platform as those that are interested in purchasing local food already go to the market. And people can be pointed to the offer of pre-made dishes from the local produce available in the shop which is just across the road. All the stalls that are at Rusty's Market might include the local fruit and vegetables, however, base their meals on other ingredients, like noodles, pastry or meat, clearly not sourced from the region.

By looking at the RealFood model as a showcase for sustainable food purchasing habits, and its offer of meals from local, sustainable sources or local coffee and teas from fresh local produce, there is no venue in the entire CBD that can be regarded a direct competition.

This provides a unique selling position. Thus there is a need for communicating the focus of the RealFood Fusion Shop and the advantages of local buying for the community, so

that people see the difference and the value in the new offer. (Belz & Peattie 2012, p. 158)

### **3.4 Target Market**

The target audience identification provides a short overview over the market in a traditional way, taking geographics, demographics and psychographics into consideration and then suggests that an anti-targeting approach is much more suitable for the case.

#### **3.4.1 Geographic**

The geographic definition of the target market is straight forward. Since 2012, 173.233 people live in Cairns. (Queensland Treasury and Trade 2012) So roughly half of the people have an interest in eating healthy, thus by communicating the health aspects of the RealFood Fusion Shop's offer these become a direct target.

The Community of Cairns, including a wider area has a population of 283,197 thousand people, which is more than the capital of Queensland, Townsville has and it has been growing 24% in the last 10 years. (Nick Dalton 2012) The survey identified that 35% of the current customer base lives in towns in these areas around Cairns. Thus they are a target, too.

However, the main customer base can be identified a lot closer.

As the shop is located in the CBD of Cairns most of the customers come out of the 'Cairns, City' region with 1512 inhabitants. However a percentage would also come from Cairns North with 3753 people living in the area, Paramatta Park with a population of 2906 and Portsmith with only 169 residents. All together that makes 10487 people potential customers of the shop. (Cairns Regional Council 2006, pp. 16) And there is a second belt of surrounding suburbs including, Whitfield, Manunda, Edge Hill and Brinsmead which together add another 6947 people. (Cairns Regional Council 2006, pp. 16)

The survey on the current customer base reveals that 53% come from these areas in Cairns. 18% come from the northern beaches which are half an hour north of Cairns and another 18% people come from the tablelands which is a one to one and a half hours drive from Cairns.

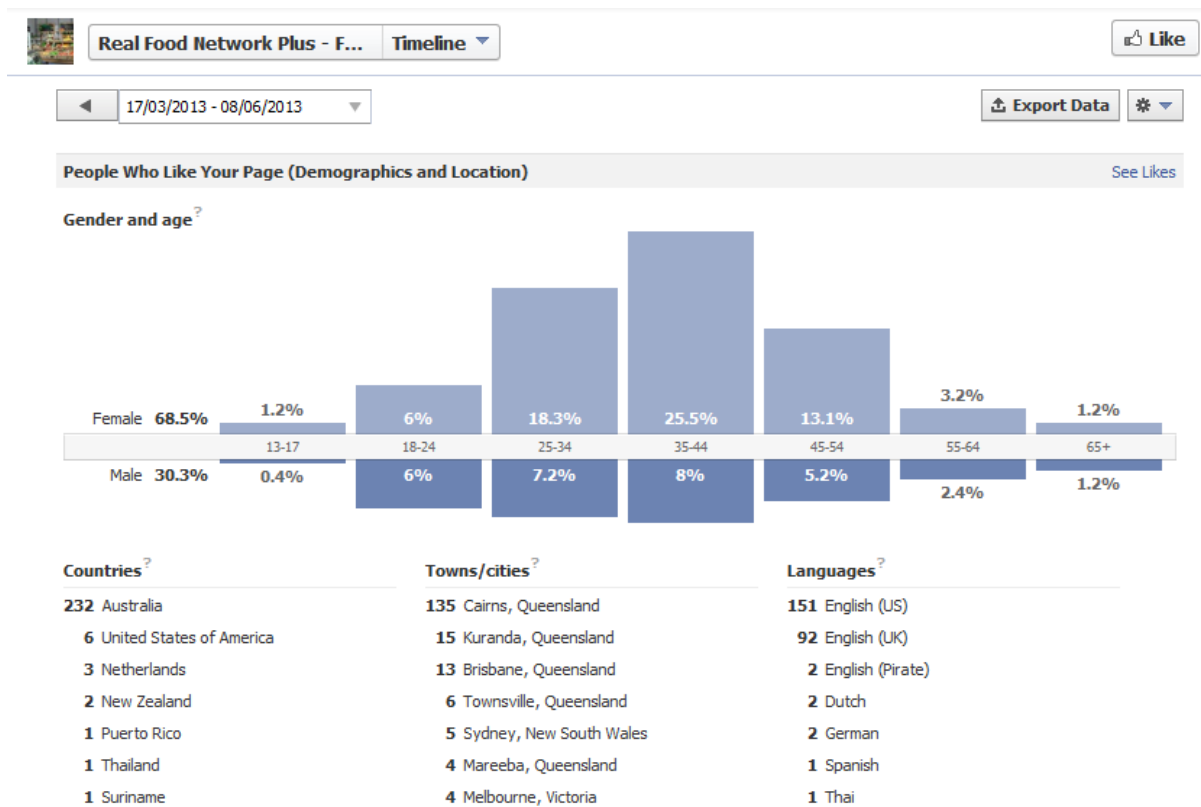
Additionally, due to the online presents of the shop the geographic target audience for the intellectual property of the business is not restricted to the Cairns area.

### 3.4.2 Demographic

The targeted demographics and psychographics are less clear to identify. In the following one can see a definition of the current customer base and an identification of how the concept change might influence the reach of the shop. Nevertheless, the actual targeting attempt is portrait under 3.4.4. Anti-targeting.

From experience out of the current shop, Mr Bate identifies people with an income between AU\$800 and AU\$2999 a week, out of the income groups identified in the 'Census of Population and Housing 2011', as the main target group, which means 52.8% of the population. (Australian Bureau of Statistics 2011, expert interview Bate) This is in accordance with the information given in the book 'Sustainability Marketing: a global perspective'. The so called affluent consumer class, families that earn more than US\$ 7500, which equals AU\$7241 per month and a weekly income of AU\$1724, care about sustainability and are thereby definitely a main target market. (Belz & Peattie 2012, p. 153) This group is growing, in Europe, Australia, the United State and some other countries and makes up 80% of the population. With the trendy services, the ambience that gets created in the shop and the convenience feature these higher income classes that are often time pressured will be attracted to the Fusion Shop. In Queensland the percentage of this group is rather 30% as it is very rural and the average income is lower. (Australian Bureau of Statistics 2011)

According to Mr Bate, the demographics of the customer base is well represented by the Facebook statistics in the time period from the 16.03.2013 to the 08.06.2013. (Expert interview Bate)



**Illustration 3: 'Likes' of the shop on Facebook**  
**Source: Facebook 2013**

The results of the customer demographics of the survey generally correlate with the demographics of the people that like the RealFood Plus Shop on Facebook.

Almost all customers are between 18 and 64 years old and they come from the Cairns region.

Only eight of the 17 surveys were done by women, so the gender distribution in smaller sample size of the survey does not represent the fact that on Facebook two thirds of the people that like the shop are female.

The age group distribution in the survey was the following: No one was under 18, 17.6% were in the age groups 18 to 24 and 25 to 34, 23.5% were in the age groups 35 to 44 and 45 to 54, 11.8% were aged between 55 and 64 and 5.9% of the surveyed persons were over 64 years of age. So in both data sets, the overview of customers on Facebook, as well as, in the survey, most people are aged between 25 and 54 a closer look at the age groups is not necessary for this research and only makes sense if a larger number of people was interviewed, as a small number of interviewees makes the results imprecise. (Schnell et al. 1989, p. 281)

The marketing strategy for the new model will also target younger potential customers like teenagers and school kids.

### 3.4.3 Psychographics

An aspect of defining the psychographics of the target audience is looking at what percentage of the population might be interested in healthy food options in general.

As there is no comparable information for the Australian market available figures from the American market a few years ago are taken into consideration to get a rough idea about what percentage of the population is already looking for an offer like described under 2.1 Concept. As Australia is, like America a young society and the food market structure has many similarities, like a high market share of fast food chains having a look at the American population seems most appropriate. (Euromonitor International 2012)

A look at a segmentation of the population according to their healthstyles as portrait by Kotler's and Nancy R. Lee's book ' Social Marketing' gives insight. This audience segmentation identifies the 'Physical Fantastics' which make up 24% of the population as the 'most health orientated group, leading a consistently health-promoting lifestyle', which includes eating nutritious food. (Kotler & Lee 2008, p. 125) So this is the group that is most likely to buy at the shop when they get to know about it. Additionally there are two groups, that are 'moderately health orientated', the 'Active Attractives' and the 'Tense but Trying' who have a 'moderate desire to [...] eat better, and control their weight better', together they make up another 23% of the population. The rest of the people are not very interested in 'eating nutritiously and work to stay at their ideal weights'. (Kotler & Lee 2008, p. 125)

Even though the majority of customers attracted to sustainable offers might be people with an income as discussed above, by offering a part of the produce for less money than the supermarket prices, the shop is also attractive for lower income classes and niche markets like the LOVOS (life of voluntary simplicity) group. (Belz & Peattie 2012, p. 155)

The survey gave insights into the demographics and psychographics of the current customers. The answers show that most of the customers are health aware and that it is

important for them that their food is produced ethically. This indicates that everybody with a LOHAS (lifestyle of health and sustainability) is a potential customer.

The survey, furthermore, shows that nine out of ten people put healthy eating on the top ranks and eight of them also ranked 'environmental protection' over all material values. More so 13 people out of 17 stated that 'environmental ethics/ agricultural principles' are very important to them, when it comes to purchasing food. In regards to the concept of a local food supply, the main target market are people that live or work close to the shop to get their fresh produce rather in the RealFood Fusion shop, where one can be sure it is sourced locally, than from the supermarket, where a lot of the produce comes from other states or even from overseas.

Understanding the fruit and vegetable market also helps to identify the customers of the concept. In Australia, roughly 1.8 million dollars get spend in a three month period on fruit and vegetables about 80% of those go to fresh fruit and vegetables. (Freshlogic 2012, p. 23) Due to the offer of fruit and vegetables, this is clearly one of the venue's markets.

With the new concept we are likely to keep the current customers as the fresh fruit and vegetable offer stays and even gets extended. Due to the orientation towards coffee and tea this growing market, which is predicted to make AU\$ 1473 million in 2013, is part of our market, too. (Datamonitor 2010) By offering the meals, the tea and the coffee as take-away foods, the new concept enters another large and continuously growing market, the fast food sector. (Euromonitor 2012)

With the take away offers and advertising that points out how healthy nutrition can raise efficiency in the work place one of the new targets are business people, working in the CBD.

#### 3.4.4 Anti-targeting

Next to the traditional way of defining a target market, there is a much more suitable approach, called 'anti-targeting'.

Due to its orientation towards social marketing and education, the RealFood Fusion Shop concept as a whole, does not have one or a few distinct target markets. Everyone needs an unpolluted environment to live, has the need to eat and shall to be healthy eat a



variety of fresh fruit and vegetables. Therefore the information on sustainable food sourcing to implement more sustainable habits concerns all of us which allows a broader approach, in regards to the target market. (Mosley 2013) In this context, the following paragraph explains a different point of view in regards to a potential customer base.

Modern literature like *Brand Valued* by Guy Champniss and Fernando Rodés Vilà suggests, an approach, called 'anti - targeting' or 'anti - segmenting' communication, which doesn't define one or a few distinct target groups as this would exclude other potential markets. (Champniss & Vilà, 2011, p. 206) The opportunity of such an inclusive approach is simply a deeper connection with a wider audience. Additionally, the authors suggest imbedding the following principles into a modern marketing strategy: interconnectedness and inclusiveness. Inclusiveness has two principles, depth and breadth.

Interconnectedness and depth in this context will be discussed under 4. Marketing. Inclusiveness supports the anti-targeting approach as breadth suggests to focus on more people, people who are usually not considered valuable to the brand, because they might not buy the product themselves, however they can still act as carriers for the message of values relating to the brand or in this case the image of the shop and thereby stimulate sales in their personal networks. (Champniss & Vilà, 2011, p. 207)

As the concept of creating a sustainable food network, in the community, can have such diverse implementations. It is a great example for a case that does not have one distinct target audience, like most social marketers it has many different audiences to address. (Weinreich 2010)

Nevertheless for a specific marketing action target market segmentation might still be useful. Next to the targets identified above, in Cairns, an example of this would be the tourism industry, as billions of dollars get spend by tourists. (Queensland Government Department of Infrastructure and Planning, p. 14) Here the tailoring is more a choosing the aspects of the concept that are likely to be the most appealing to the person, organisation or network that is addressed at the time. So a behavioural or psychographic targeting of specific societal groups according to the benefits they seek is advisable. (Belz & Peattie 2012, p. 154)

Franks-Martin Belz and Ken Peatties work 'Sustainability Marketing' also explains in detail why it is difficult to define a target market for sustainable consumption. Firstly because

the term is a contradiction in itself as consumption generally goes against conservation. Secondly, those that say they purchase sustainable products in the context of market research, do not necessarily act accordingly to what they say, which is called an attitude-behaviour gap. (Belz & Peattie 2012, pp. 98) Furthermore the work points out that in the context of social marketing the question is rather, what offerings, circumstances and reasons make people choose the greener or ethical product. (Belz & Peattie 2012, p. 103) So it is more about defining the sales channels, marketing activities and about creating an environment that attracts people, so that they become aware of the offer and get encouraged to choose the more sustainable option. How this topic is approached is portrayed in the following chapter.

## **4. Marketing**

Marketing has an enormous impact on consumer behaviour and as in a commoditized world pretty much every body is a consumer it has a huge impact on society. (Wadekar 2007, p. 567) Therefore how effective and what gets communicated has an important influence on developments in the future.

Thus the marketing is an essential aspect to make the concept work and to attract people to sustainable food with the aim to lower the environmental footprint, increase the well-being of the community and drive an extra percentage of people to the shop.

The marketing strategy of the RealFood Fusion Shop focuses on behavioural change through pleasurable experiences, trust and convenience, information delivery and relationship building with the community. Therefore a focus is to evolve the current business model which can be described as, salutary as it has the potential to 'benefit consumers and society in the long run' to also be a desirable model which provides 'immediate consumer satisfaction'. (Belz & Peattie 2012, p. 25)

### **4.1 Relevant marketing concepts**

Existing marketing approaches that are relevant for the shop include Ecological, Green, Societal, Social Marketing and Sustainability Marketing.

In the 1970s Ecological Marketing started to build an understanding on the influence of marketing on nature by focusing on the depletion of non-renewable resources and the negative impacts of consumption and production. (Belz & Peattie 2012, p. 27)

Green Marketing stresses mainly environmental problems and the reduction of the environmental burden. (Zigmund & Stanton 1971)

Green and Environmental Marketing extend this perspective by taking topics like inequality in developing regions and an organization's impact on the overall ecosystem into consideration. (Belz & Peattie 2012, p. 27)

Societal Marketing combines the aims of the organisation, the consumer and society with a long-term perspective. (Belz & Peattie 2012, p. 25)

All these marketing approaches build the conceptual base of the following marketing strategy. Moreover it embeds sustainable marketing 'accepts the limitations of a market orientation and acknowledges the necessity of regulatory alterations to the market mechanism'. (Sheth & Parvatiyar 1995, p. 17) Instead of avoiding regulations, sustainable marketing fosters corporate and collective commitment to necessary alterations of institutional settings and price signals in favour of sustainable development. From this perspective it is a macro-marketing concept. (Van Dam & Apeldoorn 1995, p. 51) It embraces the idea of sustainable development, which requires change in the behaviour of virtually everyone, including both producers and consumers. In addition, to the macro-marketing perspective, sustainable marketing emphasizes the triple bottom line of ecological, social and economic issues, which are the base of the RealFood Fusion shops concept.

Social Marketing is the application of marketing programs 'to change unsustainable aspects of consumer behaviour.' (Belz & Peattie 2012, p. 26) And when Philip Kotler and Gerald Zaltmann realized that the same principles for marketing products apply when promoting ideas, attitudes and behaviours, they defined it as: 'Social marketing seeks to influence social behaviours not to benefit the marketer, but to benefit the target audience and the general society.' (Weinreich 2010)

Or in other words, 'whatever you do, the target individuals will be at the heart of your strategy, and this is why it is called social marketing.' (Eagle, Dahl & Hill 2013, p. 36)

#### **4.2 Key elements of the marketing strategy**

The old concept might have more focused on the socio-ecological aspects than on the individual benefits, which usually only caters for a small target segment (Belz & Peattie 2012, p. 155) It's more about stimulating behavioural changes by making a different lifestyle attractive and informing the public on the impacts of their current habits in contrast to sustainable options, rather than simply selling the produce.

This is the intention of the concept which is reflected in the marketing strategy portrait in the following.

The RealFood Fusion shop encourages sustainable marketing transformations through promotion and offering of an easy accessible, attractive and affordable sustainable

option. (Belz & Peattie 2012, p. 284) Or in other words it drives change in society towards a more environmentally friendly consumption through choice giving and choice influencing. (Belz & Peattie 2012, p. 285)

As the concept represents social marketing in its purest it is mainly a matter of how effective the model and its message get communicated across the channels.

#### 4.2.1 Using modern technology

The same modern technological means, like websites and social media, that created awareness of the topic all around the world in the first place, are used to promote the concept, as they provide affordable and effective marketing opportunities for the small start-up business to grow in an organic manner based on relationships and personal recommendations through word of mouth, face to face and online. The following statement indicates that it is good to apply the same tactics online: 'How you optimize your customers experiences on your website and on social media sites to create an online connection socially, emotionally, and visually will ultimately lead to your success and differentiate you in your prospects' minds.' (Hunt 2011)

Engaging online is also important as it has an influence on the shopping behaviour of children. (Williams et al. 2013, p. 322) Targeting young people definitely has to be a focus to maintain operations in the future. Therefore customers are able to order online and get their purchase delivered to their door. One way of directing people to the site are QR codes, which are also on the outside of the shop and on the flyers, so that people are able to order while the shop is closed. Those orders are then processed as the first thing the next morning. To make this possible, the website and the Facebook page need to be functional on smart phones, as well. Thereby the customer's personal shopping list on their smart phone can straight away be turned into a convenient order.

In regards to social media the staffs have started to post informative and funny messages designed with the current fruit and vegetables from the shop on Facebook. As Facebook is quite a cluttered medium, a high frequency of advertising is needed, thus different images are posted there every day during the week. (Belch & Belch 2012, p. 351) The aim is to engage in at least four other social media platforms by the end of the first two

month after the introduction of the new model. (Weintraub & Litwinka 2012, pp. 97) This is important as niche social networks offer the advantage of a tighter, better networking community which is likelier to convert towards an attractive new offer. (Weintraub & Litwinka 2012, pp. 96)

One of the jobs of the manager or the supervisor is to manage the social media sites everyday to prevent negative chain reactions due to comments on the wall. (Weintraub & Litwinka 2012, p. 33) They will also post a couple of the best photos and flyer designs onto the walls of related interest groups every two weeks to expand the social networks.

To get recipes online on sites like 'Chefkoch.de' has gain popularity and big supermarket chains have adopted the model to give recipes that include their food offers. ('Chefkoch.de - Europas größte Kochseite', 2013) This represents convenience to customers as there is no need for them to do a search outside of the corporations offer anymore. If Woolworth, with its marketing department executes this strategy, it holds potential. (Woolworth Supermarkets 2013) That is why this is a feature of the RealFood Fusion Shop' marketing, too.

Moreover coupons will be available through social media and the website as next to 12% that bought a product due to seeing it in social media and 17 % due to advertising on the website, 45% bought products as a result of online coupons. (Grocery Manufacturers of America 2009, p. 326)

#### 4.2.2 Information

The integrated information delivery of consistent information across different channels is important. (Belz & Peattie 2012, p. 12; p. 217) Therefore the same messages or precise descriptions of the product, how it is grown and delivered to the shop, its preparation and its nutritional value, get communicated through personal selling, in-shop display and online. These different channels are used to deliver the message of sustainable nutrition and agriculture principles to create awareness around the topic, in regards to social marketing, and to stimulate sales.

Only about 20% of the information given online will be self-promotion, meaning information on the shop or prices and 30% will be about the currently available offer in

combination with individualised advice on the advantages of the products. 50% is actually on complementary content, like general nutritious advice on the seasonal produce and new offers and the philosophy of sustainable eating and its background and the previously mentioned recipes. (Weintraub & Litwinka 2012, p. 177)

As things that work on Facebook also work in the material world and delivering consistent information across channels is beneficial, the flyers and signs in the shop will be design after the same guidelines. (Weintraub & Litwinka 2012, p.36)

#### 4.2.3 Convenience

This extended information delivery is the first part of the orientation towards convenience, convenience through augmented benefits, as people do not need to spend time to search for the wanted information anymore. (Belz & Peattie 2012, p. 262)

Convenience through the whole process of consumption is important, especially for those that earn good money and are time pressured. (Belz & Peattie 2012, p. 257) Next to having the bus-stop conveniently right outside of the Main Street Arcade to promote the shop. It is more important to deliver convenience at the right time and in an appropriate way than the location of a venue. (Belz & Peattie 2012, p. 257) Embracing that convenience is incredibly important for building a solid customer-relation which is one of the most important aspects of a future orientated marketing strategy. (Belz & Peattie 2012, p. 17)

#### 4.2.4 Customer relationship

In regards to building solid customer relationships, depth and interconnectedness are needed. Interconnectedness is based on collaboration and portraying products and services relating to what consumers are looking for at a particular point in time. (Champanis & Vilà 2011, p. 204) Depth means taking the whole person into consideration. This is one of the major aspects for customer satisfaction that was also crystallized out in the study 'Ethik als Abgrenzungsmerkmal inhabergeführter Bio-Läden' in the marketing project supervised by Mr Bernd Wulf at the University of Applied Sciences of Hamburg in 2011.

A lot of the aspects that 'Brand Valued' points out in regards to building social equity brands can be applied to creating the image of the shop. The focus is not only to sell products and services. (Champniss & Vilà, 2011, p. 207) The intent is more so to find those that already identify with principles of sustainability and to stimulate the same intrinsic motivation and emotional attachment in other members of the community. (Champniss & Vilà 2011, p. 195) This interaction with the customers and exchange with the community and especially the results of it, a strong relationship, are the main intent of the marketing strategy. Therefore the marketing approach needs to be as inclusive as possible, as discussed in the previous chapter, to stimulate the biggest social capital behind the concept of the business as possible. (Champniss & Vilà 2011, p. 207)

The book 'Sustainability Marketing: A global perspective' describes a similar tactic to build solid customer-relationships naming it partnering with sustainability stakeholders. It explains how important it is to include not only the employees, the suppliers, the broader community and the customers but even governments and regulators and the so called competitors which then become collaborators. (Belz & Peattie 2012, p. 162)

The LOHAS movement is a strong partner as they inform themselves, act sustainably and promote concepts through their networks online and in the physical world. (Belz & Peattie 2012, p. 165) One of the main pillars of building a strong customer relationship is to understand social capital, a principle 'almost beyond reach of traditional research and analysis methods' that is aware of the importance of relationships and networks, reciprocity and commonly shared understandings, which can be called interconnectedness, for a 'smooth running protection, growth and development of society'. (Champniss & Vilà 2011, p. 111)

Even though society cannot point out a precise value of social capital at this stage, as it is, due to its diverse influencing factor, hard to measure. The fact that the World Bank and the OECD (Organisation for Economic Co-operation and Development) invest into research on the phenomena indicates a significant potential. (Champniss & Vilà, 2011, p. 110)

To maintain a good customer relation and to keep them informed about changes the customers get up-dates via the RealFood Networks e-mailing list every week.



Through targeting different social media platforms, more people will be subscribing to the e-mailing list, which is part of the focus on enlarging the customer base continuously. To serve this purpose, the survey included an outcall for more engagement on the shop's social media, which can be seen under 2. Survey design in the appendix. This is also part of relationship management, which is a key means of the marketing for the business concept, as it is the most lasting way of promotion. (Belz & Peattie 2012, p. 17)

#### 4.2.5 Trust

Different sources suggest that creating trust and credibility is one of the most important tactics for an organization to stay competitive in the future. (Jackson 2005)

The base for this is to gain trust back and a shared vision with the customers.

To be able to gain the future consumer's trust back it is also important to live the message that is communicated in the promotion. (Belz & Peattie 2012 p. 216; Breuer & Spillecke 2010)

The given reliable and detailed in-depth information on the product and on every step of the process delivers the transparency which is needed to create credibility and to prevent the impression of green washing or other forms of manipulation. (Belz & Peattie 2012, p. 12; p. 217)

#### 4.2.6 Behavioural change through experiencing

The task of creating a constant demand for the offer of the RealFood Fusion shop is the same as for social marketing of a healthier and more sustainable diet or fighting obesity; a change in the eating behaviour of people. The main means to make it possible is motivation.

The work 'The Good Enough Diet' states some important facts why interactive cooking is such a good means to introduce a behavioural change when it comes to eating. The authors suggest to 'make it social' by 'join[ing] a group of like-minded people', as the positive emotional connotation of a social surrounding motivates. (Diversi et al. 2011, pp. 101) Moreover '[o]ur desire to stick to any lifestyle change is controlled by the emotion we relate to that task.' (Diversi et al. 2011, p. 99)

In his work, 'Motivating Sustainable Consumption: A Review of Evidence on Consumer Behaviour and Behavioural Change', Tim Jackson refers to the fact, that 'learning by trial and error, observing how others behave and modelling our behaviour on what we see around us provide more effective and more promising avenues for changing behaviours than information and awareness campaigns'. (Jackson 2005)

### **4.3 Implementations in the RealFood Fusion Shop**

The Shop design and its functionalities build the foundation for its marketing. Matt Holt, the associate director for the digital strategy at OgilvyOne UK supports this approach in his article 'SX sells - championing social experience over social media', by suggesting 'Think real world – the best experiences touch people in the real world and move them to spread the word using digital and social media.' This means, in the case of the Fusion Shop, creating the desired social experience first. (Holt 2013) Then the marketing strategy and the online presents just reflect the ideologies and practicalities of the business. This is needed for integrated marketing communication, which is regarded as essential for successful marketing. (Williams 2013, p. 71) The book 'Internet Marketing: an hour a day' reinforces this for promotion online. (Bailey 2011, p. 3)

#### **4.3.1 Learning through experiencing**

To embrace the facts that behavioural change needs emotionally triggered motivation and the fact, that the best way to adapt new behaviours seems to be copying observed behaviour, as the saying goes: 'monkeys see, monkeys do', with the opportunity to do it yourself, a part of the social marketing means of the concept will be regular, interactive cooking workshops.

These workshops will be on every month, using the local produce to involve the community. The intent is to create an enjoyable, social surrounding, so that the message, the products and the services get connected to positive emotions, which will help people to find the motivation to change their eating and thereby purchasing habits and will contribute to a positive image of the shop. The intrinsic motive that makes workshops such an effective mean is group influences. (Peterson 2013, p. 224) These workshops

inform about the produce, as well as, environmentally friendly practices of the food preparation, like energy saving cooking methods and earth friendly cleaning. Every three month there will be a cooking competition of which the winner gets his RealFood box for free until the next competition, to engage the community.

One of the main ways for the business, to make the shopping itself a real experience, is through show cooking, education and the features of the Fusion Shop.

It will serve both, 'bargain hunt[ers]' (Breuer & Spillecke 2010) as the unprocessed fresh produce is available for highly competitive prices and with the other services like the coffees, teas and prepared dishes they want for a pleasant experience for which the consumer is said to be willing to pay high prices for. (Breuer & Spillecke 2010)

The reason for having all the local coffees available as prepared coffees and to buy in the shop is, that people can explore the local offers to find their personal favourite and are inspired to also replace their imported variety at home to reduce imports and to support a local business structure.

To keep the design environmentally and financially sustainable and as through the support from Ostara and the community human resources aren't the restricting factor, everything that is possible will be done by hand to keep costs low to have control over the used materials. Hand-painted banners and a big logo above the entrance will add to the natural and comfortable atmosphere of the shop. The shop front needs to be done before the opening, additional banners will be done in spare hours after the first few busy weeks. To be finished by the end of the second month of operating.

This and other features of the shop, including music and smells are incredibly important for the emotional attachment of the customers. (Porter 2012) According to Perry Marshall and many others emotions are far more important for successful marketing than logic. (Marshall 2013; Huang 2001)

#### 4.3.2 Information

In the shop information on the products will be given in form of little signs or leaflets on each product with an embedded QR (quick response) code, which leads to a page on the website. This page holds information on the foods in form of internal and external links.

There, one can read up more and see photos of how the product was grown, transported and its nutritional value. This information includes practical descriptions on how to choose, use and appropriately dispose the product, alongside with pictures, similar to how this website '<http://shesimmers.com/2009/07/how-to-choose-prepare-and-eat-mangosteens.html>' does it. Mangosteens, the 'fruit of Queens' are a great example of the exotic offers available in the shop, however only during the Mangosteen season.

Another aspect of social marketing is to not only communicate details on the produce itself but to broaden the information delivery. In this context the main aspects of a sustainable nutrition, like a plant based diet, local and seasonal produce, reduction of wastage, less processed and less packaged foods, get communicated through the different channels. Inside the RealFood Fusion shop will be a huge screen on the wall on which customers can watch movies that matter on the topic. The links to the movies will, again, be provided on the website. Moreover there will be a computer with internet access in the shop, so that customers have access to the website, which delivers more details on the information provided on the signs in the shop and verify the information through online research. This will help to improve the integration between off and online services. Moreover the given information enhances the consumer experience and thereby contributes to the desired positive relationship with the customers. (Breuer & Spillecke 2010) The fact that people take the initiative to inform themselves shows that they want information, which makes the service to deliver it on the spot part of the focus on customer satisfaction and convenience. (Breuer & Spillecke 2010)

As an implementation of social marketing and to prevent a negative impression of the staff, it is very important to communicate the conditions under which they are employed and that they have difficulties. Thereby a perceived weakness can be turned into an opportunity to portrait the importance and advantages of allowing disadvantaged people to be part of the workforce.

#### 4.3.3 Convenience

Convenience is also offered in the acquisition of products by having the shop right in the middle of the CBD of Cairns. A quick and enjoyable service in the shop including the ability to use a credit card for payments also contributes to the perceived convenience for customers. (Belz & Peattie 2012, p. 262) 88% of the interviewees are satisfied with the service in the shop.

Parts of the consumption process move into a virtual environment through the ability to choose and order online and get it delivered to the door. The usage of the produce is simplified by offering preparation suggestions, workshops and the take-away offer. As the produce gets sold in recycled containers or paper there is close to no extra waste produced, which serves the want for convenience in post-use.

All these factors and the business model in general contribute to the convenience in the purchasing process. (Belz & Peattie 2012, p. 259)

To have the same sustainable and healthy food at home, one can do their shopping, in an enjoyable, social atmosphere, while spending leisure time in the café, either by buying the raw ingredients and trying out the portrayed and other recipes or by simply using the take-away options.

#### 4.3.4 Pricing

Through setting the prices similar to conventional products, the RealFood Fusion Shop wants to market their sustainable products and services to the majority of the population and not only to socio-ecological actives and approachables, like the supporters of the LOHAS. It is about the genuine creation of a more sustainable food supply within an economically working business model and not about using it only as a way of marketing. (Belz & Peattie 2012, p. 239) The mainstream needs to be approached to expand the market for sustainable products from a niche market into a major component of the market and to drive change in the way we produce, transport and sell goods in a greener economy. Moreover promoting concepts like this, in the mainstream, will help to compete in a market, which is driven by artificial economies of scale. There is no need for production and purchase of sustainable products to be more expensive in the long-term. (Belz & Peattie 2012, p. 240)

In addition, as an opening promotion, customers choose the price they pay in the first two weeks of operating the business. This has different reasons. Firstly, it is part of creating transparency, by providing how much the expenses are to be able to offer the product, which gives people insights into how the running costs of the venue are reflected in the prices. Secondly, it encourages all social classes to be a customer by contributing according to their abilities. Thirdly, it puts emphasis on the value of the offer by not focusing on the price.

Pricing, products and service will encourage drinking herbal teas and fruited waters over coffee. By offering fruited waters, which are an ideal hypo- to isotonic drink, people are encouraged to choose them over coffee.

The classy presentation of teas and fruited waters in combination with the information delivery on the product and the price advantage of buying them will encourage a healthier and more sustainable consumption and increase the appreciation of those options in general. This is an aspect of social marketing imbedded in the concept. The intention is to make people aware of the most important aspect of their health which is drinking enough liquids without diuretic properties. Moreover these offers help to connect people with the range of local plants usable for human consumption to increase the perceived value of the natural surroundings. This is an important step towards conservation.

#### 4.3.5 Direct outreaches

Next to these main focuses through information and experience delivery, there will be a few direct out reaches as part of the integrated marketing strategy, to raise awareness and popularity of the venue.

To encourage community involvement from the beginning on and to keep the set up costs low, the first marketing activity will be an announcement in the local newspaper and on Facebook saying: 'Gift a cup and get a tea, for free'. This innovative and interactive promotion will be accompanied with a short description on the new model to kick start

the business, which otherwise relies, as described above, on an organic, long-term marketing approach.

Some of the marketing initiatives are in the field of personal selling. One is to visit the local business with samples of produce to sell them on the spot and to drop a flyer with the weekly offer every Monday. For this and to go to some of the crowded areas in town, like the Esplanade, the RealFood delivery bike will be used and due to banners with the url of the website on the side of its trailer, the shop will be promoted all through the centre of Cairns. Moreover the main bus stop is right outside of the Main Street Arcade, which gives a great opportunity to advertise there not only with posters and flyers but also personally. The staff will go there in fruit and vegetable costumes with samples and inform people about the shop and its offer. Moreover the manager or the supervisor directly approaches events, schools and kinder gardens, and suggest supplying their kitchens with the RealFood produce, delivered through the Ostara staff, or to use the take-away offer for catering purposes.

To use existing channels, the RealFood stalls on every market will carry the message of the RealFood Fusion shop as these reach exactly the market that is already interested in the offer and the philosophy and even goes out of their way to get the desired produce.

All the marketing actions regarding the produce will be approved by a key member of the RealFood Network to ensure accordance and close collaboration.

The offer of the RealFood Fusion Shop will appeal to the identified health aware customer base, however as explained under 3.4 the intention is to be appealing to an as broad crowd as possible by targeting different sections within the community with different offers and different messages, there will be different flyers addressing elderly people, children, families or tourists and the same messages get posted on the website and in social media.

#### **4.4 Marketing Messages**

On the one hand the promotional outreaches will include the message of the concept, on the other hand, to address the mainstream, the advertising needs to put the individuals'

motives in the centre of attention. (Hawkins & Mothersbaugh 2010, p. 367) Ideally the individuals needs and the sustainability aspects of the RealFood Fusion Shop model are communicated together to appeal to the ego driven individual and connect responsible behaviour to those. (Shaver 2010)

And thereby give an understanding that only with a healthy environment, healthy social relationships and a healthy body one can be happy. (Shaver 2010)

An example, for combining individual wants and the message of sustainable eating, is to have a flyer or a webpage with a big heading, 'Health is attractive' and under it the questions: 'You want: - white, shining eyes? - a flat stomach? - smooth skin?' and the answer: 'eat green and healthy!' with the explanation: 'beauty comes from within'.

Another slogan can have the heading: 'Save time and be happy,' and then the following text underneath: 'by combining the need to eat with spending enjoyable social time.' With an additional description, like: 'Come to our interactive workshops and become a main driver for a green and healthy future in Cairns.'

This combines many effective emotional triggers, like saving time, trend-setting, a feeling of leadership, instant gratification and belonging in one slogan. (Gunelius 2010)

Or in big letters: 'green and healthy - cheap and easy' and under it: 'Explore the real deal! Order online or come around and enjoy the great taste of produce from the region.'

Some of the flyers, especially those designed for the backpackers and hotels, will also be in German, as Germans are one of the main tourist groups in the region. (Australian Government 2011, p. 7) And a German flyer in an English speaking country catches attention of those that identify their mother tongue, like: 'Aus der Region, günstig & bequem' and in the next line: 'Erkunde Cairns - genieße Gerichte aus lokal angebautem Obst und Gemüse. Order online oder komm vorbei!'

All the messages above focus on prevention in addition here is one to appeal to those already suffering from diseases: Three questions underneath each other to attract attention: 'High cholesterol or blood pressure?', 'Negative moods?', 'Diabetes?' and below these words: 'Try a Food-style Change!' and 'Evolve some of your food habits to meals based on local, unprocessed fruit and vegetables.'



Additionally it is of interest to also communicate the results of the currently common practices by portraying horrible pictures of the impacts of conventional farming on nature and next to it really peaceful, beautiful pictures of nature. With the message under it, 'Think about your impacts!' or 'The way we eat is the way out.' This targets the inner perception of security and will thereby trigger a main personal motive. (Hawkins & Mothersbaugh 2010, p. 361)

Each of those would then get put into the context of the RealFood Fusion Shop.

To add to the branding of the name one of the main slogans is: 'RealFood – Real People – Real Value'.

Moreover to add significance to the offer and to have people feel more familiar with it, using the power of recognition, in regards to the expression 'Know me love me' some of the messages in the store and in other media channels connect to government campaigns. (Weintraub & Litwinka 2012, p. 216) Two of the messages that get implemented in the communication are the 'Buy locally' and the '2 & 5' campaign. (Queensland Government 2013; Queensland Government: Department of Health and Aging 2013)

#### **4.5 Marketing goals**

The overriding goal of the new concept is to support a growing awareness and a growing demand of the RealFood Network to enable the support of more traditionally and ethically producing farms in the region.

Additionally there are goals that are hard to measure and still very important for a holistic approach to sustainability. For instance, to have more people eating healthy which reduces medical costs in the long run, creates more well-being and decreases the destructive impact on the environment. Growing awareness of the impacts of what we eat and the implementations of sustainable nutrition is another one of those aims.

At this stage the key performance indicators will be the likes on Facebook, the revenue and community involvement, meaning apart from buying the products. Moreover the percentage of people who pass through the Main Street Arcade that have bought

something in the shop before. The aim is that at least 25% of the people that come through the arcade have bought something in the shop, 30% more likes on Facebook, a revenue increase of at least 5% by the end of the six month and 50% more community involvement.

## 5. Discussion of the model

This thesis shows what it actually means to be a social enterprise, by focusing on holistic sustainability and not only misuse this terms for green washing. If there is a profit it gets invested to sustain the project or flows back into the community, rather than being taken out of the market by private parties or corporations. Only resource management like this can be maintained in the long run. Or do you expect ever continuous growth of the market in a world with restricted resources?

The concept is built on the advice of Mahatma Gandhi, as a leader of societal transformation, 'Be the change you want to see in the world'.



Illustration 4 'Be the change you want to see in the world'

Source: <http://majestictruth.files.wordpress.com/2012/10/be-the-change-you-want-to-see-in-the-world-mahatma-gandhi.jpg>

Or as expressed in recent times by Norm Trainor, 'Align Business Decisions With Your Values Every Day'.

Even though Corporate Social Responsibility gets widely implemented in organizations it is usually not a framework for the core activities of the business but rather implemented in side processes in the office. (Belz & Peattie 2012, p. 34)

Due to the shops location and the current niche situation of such models, it will probably grow fairly slow but, as based on relationships and word of mouth promotion, solidly. Possibly there is the need for alternative ways of financing like crowd funding or

government grants for when the financial support of Ostara stops until the model is able to finance itself just by sales and the involvement of the broader community.

In this context, a working paper of the Harvard Business School predicts, 'funding will flow as social entrepreneurs experiment with new models based on a range of individual priorities and relationships'. (Rangan, Leonard & McDonald 2008)

Statements like this and the fact that there is already an offer of the owner of a couple of the shops in the Main Street Arcade to support the project by offering free rent and supplies for periods of time and that there are many grants currently available, on the topic of sustainability and community development, indicate that this is indeed a realistic possibility for the RealFood Fusion shop. (Expert interview Bate; Cairns Regional Council 2013)

To form a strong customer relation with emotional attachment and trust takes a long time. Nevertheless, if there is a genuinely growing desire for a sustainable food supply, as assumed, the model will naturally grow and be successful. And delivering value to 'customers, clients, partners, and society at large' is according to many definitions of Marketing, for example by the American Marketing Association what marketing is about. (Keefe 2008, p. 28)

## 6. Future Visioning

Even if just a few people out of those that I have been talking to about the concept or those that pointed me in the direction of more information or those that helped me through their actions to evolve the concept or those that read this paper once it's finishes, think about the topic and change some of their habits and spend a few dollars less on anything that has a destructive impact on the environment, which is pretty much anything you buy, the project was worth it. (Australian Conservation Foundation 2013)

Nevertheless, at least the ideals that stand behind the portrayed concept have a lot more potential than that, it can be seen as the embodiment of a new area, which moves environmental, social and health aspects out of a niche area of human resource management, like often the case when discussing corporate social responsibility, into the centre of a business focus and is thereby a model for real, holistic social entrepreneurship. (Belz & Peattie 2012, p. 32) Moreover moves sustainable consumption from the 'niche market into the mass market', by providing convenience and offering sustainable products and services at a lower price than conventional offers. (Belz & Peattie 2012, p. 291)

Corporate social responsibility and true social enterprises are very important as they not only have an influence on private people, but reduce the negative impact of organizations, which take up a large amount of resources and therefore hold a huge potential for savings.

Of course a holistic approach is needed for this market transformation to happen. Next to the focus on sustainability within corporations, society and political frameworks, in regards to a holistic approach, it is all about a better networking and collaboration amongst these elements. These political frameworks can be either setting positive incentives for the purchase, use and post-use of sustainable products or negative incentives for conventional or unsustainable products. (Belz & Peattie 2012, p. 291) Social Capital might be this holistic understanding, that through the motivation created through interconnectedness and collaboration the results are greater than the sum of its individual elements, in an economic setting.

The mentioned political actions could be, for instance, taxing companies for unhealthy food, so that it becomes less attractive to produce calorie rich, innutritious food before it enters the market. This would reduce the cost of the healthcare system in the long run, as well. The cost of the healthcare system in Australia, in 2002, only due to obesity, was AU\$ 1.5 billion and expected to rise. (James 2002, p. 16) It can even go as far as tax agricultural practices that impact the environment negatively and spending this money on setting up or subsidising projects that grow food with low resource requirements and no destructive results for nature.

If one believes in what Faith Popcorn, America's foremost trend expert, founder and CEO of BrainReserve predicts, there will be a so called 'SHE-CHANGE', a shift in society towards more compassion instead of competition and innovation rather than invasion. (Popcorn 2013, Popcorn 2012, p. 4) Faith Popcorn calls women 'the key to economic growth and recovery' due to their creativity and natural management skills and she foresees that as they prioritise people above profit they will cause a shift in the current value system. (Popcorn 2012, p. 1)

This societal development would facilitate a more holistic approach to business and give models like the RealFood Fusion Shop better chances to flourish.

## Abstract

This paper portrays a holistically sustainable concept and its marketing.

The case of the RealFood Fusion shop shows how a fruit and vegetable shop can become a centre of education on the topic of sustainable nutrition. In the context of community development, it contributes to a healthier community with less destructive impact on its environment. At the same time, a local food distribution centre is a key element of a local business structure. To have a long lasting effect on a region's awareness on how to support socially and environmentally aware community development the new business model also has to be financially sustainable. The new business concept offers prepared take away meals, juices, smoothies and local teas and coffees because they have higher margins than unprocessed fruit and vegetables.

The concept is a link between a monetary driven society and the desire to push the implementation of sustainable values and habits into the mainstream. While the transformation of the economy and politics takes a long time, this model creates a demand for traditional and at the same time sustainable small-scale agriculture on a grass-root level by reconnecting the community with their local food supply. Another social aspect of the RealFood Fusion Shop is supporting disadvantaged members of the community by involving them in the workforce.

The main promotional means of this model are education, experience and relationship building. Education on the impacts of modern farming methods shows the need to change habits; the transparency of the model portrays an alternative food supply and the practical guidelines on sustainable nutrition allow the community to learn about the day to day practices that allow health for the individual and the environment. Creating pleasurable, social experiences gives the context and the motivation to learn and change behaviour and builds the foundation of strong relationships within the community. This enables organized collaboration. The marketing strategy for the concept involves modern means, like social media and websites to reach a wide audience and to spread its message in society.

This case study is an example for the practical implementations of sustainability on a micro level to solve international concerns, like resource depletion and the rising costs of the health system.

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### **Expert interview**

Expert interview, Mr. Craig Bate, Regional Social Enterprise Manager of Ostara Australia, personal interview held on the 30.04.2013, 15.30 – 16.30 pm., at the RealFood Plus Shop, Main Street Arcade, Cairns



## Appendix

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#### 1. Details on the finances

Calculations for product earnings:

Expected purchases in the Fusion Shop:

Place	customers	6-7am	7-8am	8-9am	9-10am	10-11am	11am-12pm
<b>table 1</b>	3 seats		2 coffees		3 teas		
<b>table 2</b>	3 seats			1 coffees, 1 tea	3 coffees		1 coffees, 2 juices
<b>table 3</b>	3 seats				2 juices		2 coffees, 1 smoothie
<b>table 4</b>	3 seats			1 tea, 2 smoothies		1 juices, 2 teas	
<b>table 5</b>	8 seats		3 coffees, 1 juice				
<b>take away meals</b>						1 meal, 1 soup	2 meals, 3 soups
<b>take away drinks</b>		11 coffees, 5 teas, 4 juices, 2 smoothies	2 juices, 5 coffees	2 teas, 4 coffees	3 coffees, 2 teas, 1 juice	3 juices, 2 coffees, 3 fruited waters	2 coffees, 2 juices, 3 fruited waters, 1 smoothie

**Table 10: Expected count of units per product, to be sold on each table and as take-away option, each hour until lunch time**



Place	12-1pm	1-2pm	2-3pm	3-4pm	4-5pm	5-6pm
<b>table 1</b>	3 meals, 3 fruited waters		3 soups, 2 fruited waters, 1 juice	2 coffees	3 soups, 2 fruited waters	3 meals, 1 soup, 1 smoothie, 1 juice, 2 fruited waters
<b>table 2</b>		2 meals 2 soup	2 coffees, 1 soup	3 teas, 1 smoothie	1 coffee, 1 tea	2 meals, 1 tea, 1 fruited water
<b>table 3</b>		3 meals, 2 fruited waters		2 teas, 1 smoothie		2 soups, 1 fruited water, 1 juice
<b>table 4</b>		1 meal, 1 juice			2 juices, 1 tea	
<b>table 5</b>	4 meals, 1 soup	4 meals, 2 soups, 3 fruited waters, 2 coffees,		1 coffee, 4 teas,		3 meals, 1 soup, 1 smoothie, 1 juice, 2 fruited waters
<b>take away meals</b>	12 meals, 5 soups	7 meals, 2 soups	4 soups, 2 meals	4 soups	3 meals, 2 soups	
<b>take away drinks</b>		4 meals, 3 soups	5 coffees, 2 juices, 2 smoothies, 2 fruited waters	2 coffees, 2 juices, 3 fruited waters, 2 smoothies	4 coffees, 3 teas, 2 smoothies	3 juices, 3 coffees, 3 teas

**Table 11: Expected count of units per product, to be sold on each table and as take-away option, each hour until lunch time**

Although the café opens later on the weekend it is expected to have a similar turnover due to more customers in the opening hours.

Working times and expenses for the staff:

**Monday-Friday**

Staff Member	AU\$ per Hour	6-7am	7-8am	8-9am	9-10am	10-11am	11-12pm	12-1pm	1-2pm	2-3pm	3-4pm	4-5pm	5-6pm
Manager	27						1	1	1	1	1	1	1
Supervisor (2)	21	1	1	1	1	1	1	1					
Service	17	1	1			1	1	1	1				
Service	17									1	1	1	1
Kitchenhand	17	1	1	1	1	1	1						
Kitchenhand	17							1	1	1	1	1	1
		3	3	2	2	3	4	4	3	3	3	3	3

**Table 12: Working hours and rates of different staff members on a week day**

On the weekends the café only opens at 10 am and the second supervisor, one service staff and a kitchenhand work 8 hours on both days. This means AU\$3550 during the week and AU\$520 on weekends, which makes up an overall weekly expense of AU\$4070 on staff. This adds up to AU\$17501 in a month. This expense is covered by Ostara for six month.

**2. Survey Design**

This is the design of the survey that was conducted.

**Survey**



**The Real Food - Fusion Shop**

Date:

**1. How often do you shop at the RealFood Plus Store?**

- Regularly       occasionally       rarely

**2. How can we improve your shopping experience?**

Please rate from 1 to 5.

(1 =no need for improvement, 2 = a change could be considered, but not important, 3 = a change would be good, 4 = a change is necessary)

Product Quality	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Customer service	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Location	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>

Prices	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Ethics	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
Product Range	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>

Are there any additional products that you would like to see us carry?

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**3. Please let us know how important these attributes are for you when it comes to purchasing food:**

(1 not important at all, 2 not so important, 3 medium important, 4 fairly important, 5 very important)

- |  |                            |                            |                            |                            |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| a) Environmental ethics/<br>agricultural principles                                      | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |
| b) Social ethics<br>(like fair trade and employing people with disabilities or barriers) | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |
| c) Locality<br>(origin, where the food is grown)   | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |
| d) Price   | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |
| e) Quality   | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |
| f) Convenience   | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | 5 <input type="checkbox"/> |

**4. Do you buy take away Coffee?**

- a)    yes         no     (continue with question 5)
- b)    sometimes         often         everyday

**5. Would you buy take away Tea?**

- a)    yes             no     (continue with question 6)
- b)    sometimes             often             everyday

**6. Would you shop at a Café with local, ethically produced teas and coffees and delicious meals from the local produce?**

- yes                                     no

**7. As a general approach to life: How would you rate these 5 qualities?**

(1 = most important to you, 2, 3, 4, through to number 5 = least important.)

Secure employment    \_\_\_\_\_

Environmental protection    \_\_\_\_\_

Home ownership    \_\_\_\_\_

Healthy eating    \_\_\_\_\_

Wealth creation    \_\_\_\_\_

(optional)

**Where do you live?**

Post code:

**Gender:**     female                                     male

**Your age:**

- 13-17     18-24     25-34     35-44     45-54     55-64     65+

... and if you appreciate what we do, like us on Facebook and Twitter and promote a lifestyle... FB: RealFood Plus – Fusion Shop & Twitter: RealFood Plus

