

# Q & A

WITH ERIC METZENDORF  
PRESIDENT OF DAWN BAKERY DISTRIBUTION

To better understand the key challenges and opportunities facing retail bakeries today, Baking Buyer visited with Eric Metzendorf, president of Dawn Bakery Distribution, to examine what is happening on the front lines of the retail bakery business and what obstacles may be on the road ahead.

**Q.** What can retail bakeries do to better position themselves competitively during this tough economic climate?

**A.** There are a number of challenges retail bakers are facing – two specifically. The first is the continuing popularity of bakery cafes and other places that offer takeout bakery, for example, a foodservice cafeteria. There are a lot of opportunities today for people to buy baked products. Retail bakers need to emphasize their points of

differentiation: Personal, Cheerful service, Clean and inviting facilities. And, of course, quality products... locally owned and operated.

Another opportunity to differentiate their bakery is to offer value-added menu options like premium coffee products and other beverages, or perhaps sandwiches. They can also offer ice cream. We've seen this become a successful strategy at several bakeries.



These ideas help to attract more customers at different times of day.

The second challenge facing bakeries is from rising costs and, perhaps, financing difficulties as lending becomes more restrictive.

Bakers must continue to watch the labor line and efficiencies. In addition, it is vital that they recognize the value of the products that they sell and price them accordingly.

It is necessary to have a thor-

ough understanding of the impact of the cost changes on the items they produce. Looking at high-end coffee houses by comparison, retail bakery products have been, historically, undervalued. Today, in many instances, the quality and creativity of the retail bakery has a value to consumers that is untapped, but I don't believe that has to be the case. Their customers won't go away if they realize the full potential value of their bakery's products.

**Q.** Is now a good time to introduce new products? If so, why?

**A.** This is a great time to introduce new products. Anytime when customer traffic is the greatest is a good time to introduce new products. This holiday season, when the customer count is high, more bakery customers will visit their local retail bakery to buy a holiday item, perhaps a pie or a cake. Bakers have an opportunity to show off their best products and provide a compelling reason for

their customers to come back again and again, long after the holiday season is over. What better time to get people excited about their products and what they have to offer? Customers who come in during the holidays will remember there is something of interest at the bakery to come back for.

**Q.** How can Dawn Food Products help retail bakeries develop new products or improve existing ones? What about assistance with SKU management?

**A.** There are several ways. When you look at our bakery mixes and bases, they are very versatile. We encourage creative thinking around existing items – to make them more appealing or exciting. We call that 'product spinoffs.' A particular item may be extremely well-liked, but ultimately the consumer may become bored and want to try something else. Presidential candidate ballot cookies are a great example of something new that creates an impulse buy. There are all sorts of variations – from the more complex to the simple. The idea is to use the same ingredients to make a lot of different products.

It really is our job to learn more about our customers' needs because we depend on each other for success. Dawn supports customers with our technical service team, both online and onsite. We have a large technical sales team – folks with a lot of baking knowledge,

experience, and passion – that will help our customers understand our manufactured products and work on new ideas, as it relates to product spinoffs. We host bakers' gatherings across the country. So they can share ideas, talk about business opportunities and build some camaraderie. We also partner with DDA (Dawn Distributors Advantage) suppliers on a broad range of items, and each one of them helps provide technical support to our customers to foster growth.

We inventory a complete range of products along the entire value chain. Bakers have the choice of making a cake completely from scratch, using a mix, or some form of frozen product – cake layers, base-iced cakes or fully decorated thaw-and-sell. So that range gives them options.

**Q.** What are some effective strategies for building new business and increasing average ring/basket size?

**A.** One tried-and-true method of building a higher ring is suggestive selling; training your customer service team to suggest to the customer that there is something else they may like. This is more effective if it is prepared in advance. Another tried-and-true method is sampling. Slice up a muffin, break up a cookie, whatever product it happens to be. A lot of people who sample the product will be compelled to buy some-

thing. Sampling is a tremendous opportunity for increasing the size of the transaction. The other thing bakers can do is bring sampling out to local businesses. That creates an opportunity to attract a wider customer base.

It's also noteworthy that a bakery can be considered a gourmet food store in itself. There is an opportunity to offer gourmet food items, prepackaged goods, candy, and honey, the list goes on... greeting cards, stuffed animals, gift boxes... anything that ties into a gift occasion or celebration.

**Q.** What are bakery consumers today looking for most of all? And how can retail bakeries best respond to those evolving needs?

**A.** One of the big trends we see is natural, better-for-you, healthy alternatives. I think for retailers, it's a natural for them. Bakery retailers are producing fresh, quality products. They are produced locally, and their businesses are locally owned and operated. Freshness and quality – those are appealing attributes that definitely creates a significant point of differentiation.

They are also selling fun and fulfillment. Have you ever seen a child eat a cookie and not smile? In today's harsh economic environment, Bakeries are a friendly place where people can come to feel good. This presents a huge opportunity to build new relationships and strengthen existing loyalty.