5 Expert Tips For Launching a Food or Consumer Products Business During a Downturn

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With many people across the globe witnessing COVID-19 negatively affect their finances and way of living, studies show that consumers are starting to be more mindful about their spending.

With this in mind, starting a food or consumer products business in a downturn may seem like a risky endeavor. After all, as consumers tighten their belts they also tend to "trim the fat" when it comes to goods deemed non-essential. As such, one would assume that healthy foods, toiletries, or self-care products—some of the most popular product groups in these verticals right now—would be some of the first sacrifices made.

However, as someone who launched a healthy meals delivery business during the last recession—during which we witnessed our greatest period of growth and were acquired—I know that there is plenty of potential for businesses that are creative and adaptable from the outset.

Drawing from my own experience, and that of other successful entrepreneurs in the space, here are five tips for how to launch a food or consumer products business during a downturn:

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1. Place your values front and center.

Food and consumer products are fiercely competitive verticals. There are thousands of companies battling for consumers' attention, the majority of whom already have ingrained attitudes about how they buy. As a result, your business has to work extra hard to show why you, as a newcomer, are the better alternative.

Begin by addressing *why* you're pursuing your venture. A mission statement or manifesto allows you to articulate your big mission for the future, the value you'll be adding to consumers' lives and to the world as a whole right now.

For Trevor Smith, founder of on-demand 'better for you' snack marketplace Snack Jones, "the why is the fuel and roadmap for your businesses" and will allow you to see if you align with customer needs. The 'why' is also what will help you communicate and meet consumer needs, and in turn, come up with more innovative solutions than those that currently exist. If you don't clearly understand why your business exists, it's in danger of becoming an indistinguishable commodity.

For modern consumers, ethical buying is becoming more of a necessity. Downturn or no downturn, consumers are attracted to brands and products which position themselves as doing the right thing, while keeping their prices affordable. And while keeping prices affordable is essential when times are tough, one EY study found that consumers are now willing to pay 24 percent more for ethical products.

In light of more conscious customers, Kuda Biza, CMO of organic, baked goods company Nunbelievable, notes that they aren't "the cheapest cookie on the market but our value proposition is having better ingredients and giving back to communities. For every box bought, we buy two meals for those

in need.”

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2. Offer more value, for less.

In the midst of the chaos of a financial crash, consumers still strive to maintain control of certain aspects of their lives. While the price point is always going to be an essential factor, if what you’re offering can remain affordable while respecting their desires to do things right, you’re one step closer to embedding your product into their lives.

Striking a balance between offering value in areas that consumers feel strongly about (eating healthily, supporting good causes, patronizing ethical brands) and offering real value in terms of your price point in relation to the services or products offered is key.

One way of doing this would be to launch new models of your product that are specifically catered to people feeling the pinch. For example, smaller ‘sampler’ versions of your product that are smaller but cost a lot less, or bundled packages which offer more products for lower prices.

There are other ways to offer value too, such as offering additional services or content that ties into the core message and value proposition of your brand. For example, Barton Warner, CEO, and co-founder of R3set told me that when customers buy his brand’s vegan, GMO-free stress relief capsules they also gain access to a 14-day stress management course free of charge.

3. Validate your theory.

On average, American families repeatedly buy the same 150 items, amounting to 85 percent of all their household needs. Getting a new product on people's radar is no small feat – even the big players suffer unsuccessful rollouts.

To reduce the risk of a failed launch, and to have a higher chance of persuading people that your product belongs in their life, market research is absolutely necessary. You need to know what's currently working, what isn't, and how things have changed. Start with your competitors – track how they have pivoted, if their messaging is different, and what products they're placing the most focus on at the moment.

Check out customer reviews and don't be afraid to get out there and conduct your own interviews either. Anthony Shook, CEO and co-founder of Foster's Lab, remembers that when he launched his skincare company he held focus groups to get feedback from potential customers, and did competitor research by visiting Sephora, a multinational chain of personal care and beauty stores, to ask employees what was selling best and what common concerns customers had.

Look at feedback data to identify patterns in how consumers are behaving and feeling and remember to factor in the larger picture. Think about how your target consumers' behavior has been changed by the current situation, and how it has stayed the same in certain situations.

While people are looking for certain products to keep themselves safe in public spaces, they are also looking to create entirely different environments in their own homes when they relax in the evening, do exercise at home, or socialize online or in small groups.

Finding and exploring these pockets of opportunity will mean your business reacts to real customer needs, and will position

you as an ‘essential’ from an early stage.

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4. Choose your channels carefully.

From a marketing perspective, it’s important to look at where customers are congregating now. Shelter-in-place measures mean offline advertisements aren’t going to be seen on the same scale.

Biza says “you need to sell online to access people working from home – you have to show up where they are.” A notable advantage for food and consumer product businesses is that the price of digital ads has fallen since the pandemic began. Shook notes how the drop means founders “can spend less for each ad conversion they make”. It’s a double win: directly reach wider online audiences and save money in doing so.

Nonetheless, business is about striking a balance. There’s no doubt that food and consumer product companies *have* to have an e-commerce strategy, however, an offline presence should be factored in too. Both channels can serve different purposes: “online can drive brand loyalty and customer awareness, but retail gives you distribution”, Biza says. He continues to add that “being in offline stores gives you access to markets that can’t be replicated online.”

In regards to selling your product in brick-and-mortar stores, Alejo Vélez Ramírez, co-founder and Co-CEO of Back to the Roots, believes that “finding partner retailers who believe in your vision and your products, and doubling down on those partners” is a wise move. For products entering the e-commerce space for the first time, Shopify is ideal. In COVID-19, sales on the platform have shot up by 47 percent compared to the previous year.

Smith stresses that availability is a big part of offering value. “If your product is not available when a consumer looks for it then they can easily substitute it for another product. Yesterday’s loyalty is today’s availability.” Particularly during the online shopping boom, consumers want easy, on-demand purchases. Having your product be highly visible makes your customers’ shopping experience more convenient.

5. Cater to the evolving needs of your customers.

Rish Sharma, CEO and founder of Mallama, says that “brands have to express why their products should be in customers’ daily routines”. Look at products that have already achieved this for inspiration, and then look at ways that your product can enter households. Shook did this by “first concentrating on a skincare serum that works exceptionally well in terms of results, and then making a brand aesthetic that you would want to see on your bathroom countertop”.

But just fitting into current trends and routines won’t guarantee your business’ longevity. No-one yet knows what post-COVID-19 markets will look like, so building a company based only on the here and now is risky.

Ask yourself ‘how can we serve people more?’, ‘how can we innovate to constantly offer more value?’. Collect feedback, continually iterate, and remember that customer needs are always evolving. Biza adds “just as an app is updated and deployed, do the same with your product”.

Keep on top of macro and micro trends in order to orientate your product in the same direction. Read the news, speak to real customers, follow your competitors on social media, and use affordable tools like Hootsuite or SproutSocial to track engagement with your brand compared to competitors.

The big mission for any consumer product or food brand is to align with your customer’s long term needs and passions, not just momentary wants. Being essential means looking beyond the current COVID-19 situation and anticipating how your product will fit into your customers’ futures too.

Brands that can do a great job of weaving themselves through consumers’ constantly changing realities can develop loyal consumer bases, even when times are tough.

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