

Nutcracker Suite

On-Site Report

Overview of Business

The operation breaks down into two enterprises. The pecan farming enterprise (Petit Farms and Nursery) includes 100 acres of producing trees and 30 acres of nursery stock. The retail enterprise is called Nutcracker Suite. The attractive retail buildings and facilities are western themed. The primary sales building offers: pecans, fudge, pies and gifts. In addition, another building contains a kitchen and western-themed banquet hall and eating facility called Beba's.

The other attractive buildings include one for the Sheriff, Gunsmith, and Candy Shoppe. These buildings are not currently being used as retail businesses or show'n tell attractions.

Other business enterprises that fall under Nutcracker Suite are: wholesale pecan clients, lunches and private parties served in Beba's, school tours and custom pecan shelling.

Due to the extended illness of the owner, sales have been declining for the past several years.

2001 Breakdown of Retail Sales by Enterprise

\$ 56,000	Wholesale
\$ 60,000	Retail
\$ 7,000	Beba's
\$ 10,000	School Tours
<u>\$ 40,000</u>	<u>Custom shelling</u>
\$173,000	

Customer Base:

Currently Nutcracker estimates that about 80% of their clientele come from El Paso, Texas.

Location:

Nutcracker is a 20 –30 minute driving distance from Las Cruces, New Mexico and El Paso, Texas, which clearly makes it a farm destination to these city dwellers. It is not situated where it would receive much drive-by or convenience-stop customers.

Hours of Operation:

October – April

Tuesday – Friday 10 AM – 5 PM
Saturday 10 AM – 4 PM
Sunday 1 PM – 4 PM

May - September

10 AM – 3 PM
10 AM – 4 PM
10 AM – 1 PM

Always closed on Mondays.

Lunch served 11 AM – 2 PM Saturdays only.

IMMEDIATE GOALS FOR INCREASING REVENUE:

- **Attract more customers**
- **Increase the average sale**
- **Expand the food service potential**
- **Capitalize on the unique buildings and surroundings**
- **Create special events to attract families with children**

FARM APPROACH & FIRST IMPRESSION

The tree-lined entrance road, entrance sign, themed parking area and the outside of the western village create a wonderful first impression of the property and business. First-time visitors and repeat guests will appreciate what good care you take of the groups and your attention to detail.

Recommendation:

- The road sign for turning off Highway 28 from Las Cruces is down and needs to be put back up immediately. Continue to check that it stays up.

While the outside of the western village is wonderful, once the customers see these buildings are empty stores and a closed food barn, it give a negative impression -- like a ghost town.

Recommendation:

- These unique small stores are wonderful and should be transformed into retail space or other attractions, which will be discussed later in this report.

FARM RETAIL

In order to increase sales, you need to have more merchandise to sell that appeals to adults and children.

Recommendations:

- Seek out more pecan food products to sell: candies, syrups, pancake mix etc. I will be on the lookout for these kinds of products at the New Mexico State Fair next week and will pass on any vendors that seem appropriate.
- As a “destination” you will want to sell gifts. Western, farm and pecan themed gifts are a natural choice for your surroundings. Consider packaging unshelled pecans in an attractive basket with a western bandana and nutcracker for gift giving.
- A good product line extension would be to add a bakery counter in your store next to the fudge counter. Develop “signature” bakery products: pecan rolls, caramel apple nut pie, pecan tarts, chocolate pecan cookies, pecan bars etc. Other fast-moving bakery products to consider would be cookies, Rice Krispy treats (bought as a tray and cut into shapes) etc.
- You don’t need to make all your bakery products from scratch. There are many bake-off products available from your food suppliers that are of superior quality. (NOTE: Chef Pierre is a favorite brand of many farm markets.)
- Bakery products are good product movers between Thanksgiving and Christmas and this also coincides with your best sales season. Placing posters about your holiday baking and taking advance orders should help improve the sales of these new bakery products.

Your business hours are too limited to maximize your selling potential, and they cause the customer to be confused as to when you’re open.

Recommendations:

- Maintain regular hours. When hours change by day, the customer gets confused and frustrated and ultimately stops shopping with you.
- In the busier months, stay open 10 AM – 5 PM daily.
- In your slower months you could cut back to 4 PM closing but for consistency it is better to be open the same hours each day of the week. You could close an extra day during the week during your slow months.

Merchandise display plays an important part in sales movement. Your space could be better utilized.

Recommendations:

- The coffee display takes up a lot of space and the product is not selling. This is a slow mover that should be discontinued. Package the coffee beans you have and discount them. Or create promotional offers such as \$X with purchase of other merchandise. Utilize this space to sell new products and to add a bakery case.
- As a gift shop/tourist destination you need to make more attractive displays using your old furniture fixtures, fabric and other visual elements and props to draw attention to the products.
- Currently the shelves have very little merchandise for sale and make a poor first impression. When you allow your inventory to go down during your slow season remove some of the fixtures. You always want your product displays to appear full and not sparse. People don't buy from empty looking shelves.

Increase sales of good products.

Recommendation:

- Sampling sells food products, as you know from offering fudge samples. As you add more food products offer sampling.

BEBA'S LUNCH ROOM AND PRIVATE PARTY BUILDING

This is a wonderful room for serving lunch, dinners and hosting private parties but it is greatly underutilized. You have already spent the money on stocking your kitchen, purchasing tables and chairs, room decorations and restrooms. Now it's time to turn this space into a business enterprise.

Recommendations:

- You should immediately expand serving lunches on both Saturday and Sunday. As you become better known and have more traffic you can begin adding weekdays to your lunch service. Once people have made a commitment to drive to your farm they will gladly stay and have lunch in comfortable surroundings.

- Adding a Friday and Saturday night family dinner for more local traffic would be a logical next step to increase sales. As there are very few restaurant choices in your region, this is a natural. Promote this for family meals so it will not matter that you cannot serve alcohol.
- Increase the prices of your lunch meals. Currently you are charging \$4.00 for the BBQ sandwich, drink and homemade pecan pie and \$6.00 for the plate that adds beans and Cole slaw. Most likely you could charge \$2.00 more for each, without any problem.
- On special event weekends you may want to expand your menu to include hot dogs or other children's favorites.
- As you expand your food service business you may need to increase the meat choices.
- From a marketing point of view, I would prefer that the restaurant have a more themed name than Beba's. Try "Vittles" or some other western theme, such as Wild West Food Corral or Wagon Wheel Restaurant.

There are many opportunities to expand opportunities for private parties that are a guaranteed source of revenue with good profit margins.

Recommendations:

- Develop a marketing strategy (including advertising) and brochure/flyer for company dinners, dances, receptions etc.
- An immediate way to promote your private party business is to send a press release to the El Paso and Las Cruces newspapers about the availability of your space for private parties. There is still time to get company holiday party bookings.
- The room atmosphere sells itself once you are inside. I suggest that you always leave the doors open, even when you are not serving lunch, so people can see the wonderful space. (See simple flyer that could be posted at the door.)
- Determine if your current pricing of \$15.00 per person is too low. A good method is to call around to other banquet facilities, restaurants and hotels and see what they are charging. Raise your fees accordingly.
- In addition to charging a per-person fee also have a minimum food purchase for the party. Therefore, even if a small group wants to have a party at your site you are guaranteed a minimum charge to handle the event. (It takes just as much time and preparation to serve 50 as it does 150.)

- Send a letter of confirmation after booking private parties and request a deposit and guaranteed count at least one week prior to the event. Tell the client that this is the number for which they will be billed for because you have made food purchases and scheduled labor based. You should never expect less money just because the party count is not up to the guarantee. (See sample letter.)
- Don't limit your nighttime events to 180 people (based on seating in Beba's). Your event potential is much larger. Tents, tables and chairs can easily go outside and in the Western Village. Take advantage of your covered vehicle parking area for more seating, buffet line, entertainment, etc. Large companies would be good prospects to offer the full use of the grounds for a night party. (At our farm we have hosted outdoor corporate parties for over 1,000 people.)
- The private parties should be a separate enterprise from the public restaurant. Start recording the revenue of the private parties separate from your lunch or retail category. This can be an important profit center and should be tracked separately.

SCHOOL TOURS

School Tour programs should provide an important revenue stream for the Nutcracker Suite during the week, but you are not approaching this enterprise effectively so that it becomes a profit center.

Recommendations:

- Charge \$4 per child.
- Your goal is to book 3 or more classes a day. So limit the tour to 45 minutes or an hour (which is what most tours are).
- Provide a ten-to-fifteen minute educational talk then board the children on a wagon for a ten-minute ride. Return to the shelling factory for a short demonstration. End at the retail store to sample the fudge.
- Offer only the small bag of popcorn upon arrival and eliminate the drink. At the end of the tour, give each child a take-home bag of pecans with your farm brochure so the parents know where the child spent the day.

- To limit the duration of the tour, have the children interact with animals *after* the official tour is finished. Move a few farm animals to a pen under the vehicle shed so the children can enjoy the petting farm for as long as they want without putting the wagon behind schedule.
- Free Sandra from the responsibility of staying with the tour throughout its entirety, which means you can accommodate several groups a day. The school tour bookings should not be limited because of Sandra's availability. She should meet and greet the group, but designate a tractor driver to take the group through the farm and designate somebody else to give the factory tour. The cost of staff will be warranted by revenue from having multiple groups take the tour daily.

To build the school tour program you need to spread the word.

Recommendations:

- Develop a marketing strategy and a brochure/flyer to distribute to schools and youth groups. (Enclosed is a sample brochure that I would be happy to modify for your printing.)

Develop the educational component of School Tours

Recommendations:

- Contact The New Mexico Farm Bureau about its "Ag in the Classroom" program curriculum that they supply to teachers. This will be a good starting point to develop your tour content. (See resource sheet for contact.)
- Provide some of the "Ag in the Classroom" literature to give to the teachers so the learning experience can continue in the classroom.

ADVERTISING – MARKETING & PROMOTIONS

Your advertising expenditure of \$1,671 in 2001 is a very low ratio of money spent in relationship to sales. Typically farm markets are spending between 4 –6 % of sales.

Recommendation:

The retail sales of your store, lunches and tours were \$77,000. Therefore your annual advertising expenditure should be from \$3,080 - \$4,620. While your advertising dollars have been limited, increasing your advertising budget should also have the effect of increasing your sales.

The **target audience** of The Nutcracker Suite is a “destination” audience, but not necessarily for out-of-town travelers. The majority of your guests are resident families of Las Cruces and El Paso.

Recommendation:

- Build your business with the local audience before you try to reach travelers. The majority of your advertising dollars (\$1,200) were spent on the tourist magazine called SCENE. Since SCENE is distributed to hotel/motel lobbies and perhaps restaurants (clarify this for me if I’ve misunderstood its distribution), it does not reach your target audience. Consequently, I recommend that you discontinue advertising in this publication and spend your money on newspapers, brochures and event marketing.

You are not reaching your target audiences effectively.

Recommendations:

- The absolute best way to learn about your customers is by having them sign up for your mailing list. Use the enclosed mailing list sign-up form that should be placed by the store register and inside Beba's. It asks for their street address and their e-mail address. Even if you don't mail anything to them, you will learn where your customers live. That information allows you to choose advertising properly.

- Once you've captured your customers' e-mail addresses, create an e-mail newsletter. It is inexpensive to produce, gets to customers quickly and avoids postage costs.

- If you find that your customers come from El Paso and/or Las Cruces, research the newspapers that serve those areas. You would be smart to advertise in the section that promotes weekend events and festivals to encourage families to take a drive on the weekend to the farm.

The farm is one of four destinations in your area including La Vina, Gallery 28 and La Union Station. People often visit several of these destinations during one day.

Recommendations:

- Create a one-panel brochure that could be placed in these retail enterprises. In return, you can display any promotional pieces they have published. (See my enclosed flyer for the concept. It requires further development.)

- Next year, work with all the destinations to create one brochure promoting all of you. Each business would distribute the brochure. Such a cooperative marketing effort will be cost effective and yield more customers to each of you.

Marketing strategies that build repeat business are easier to implement than attracting new business.

Recommendations:

- Develop a “frequency” or “loyalty” card, which not only builds repeat business but usually increases the average sale as well. Based on our phone conversation I have designed a couple of cards that could be printed and put into use immediately. Here are a few suggestions:

Buy 3 Pounds of Fudge - Get your 4th pound FREE

Buy 6 Pounds of Pecans – Get your 7th pound FREE

Free publicity is an important component to drive customers to visit. Public Relations (PR) works because consumers are more likely to believe what they learn about you from the news than what they learn about you from advertising. Money and time spent on PR can absolutely be the best way to build your business

Recommendations:

- Write press releases about upcoming events, harvesting, private parties and any other new enterprises whenever possible to get featured in the news. Public Relations is all about letting the media know what's happening in your business. We will need to discuss PR for the upcoming Pecan and Western Days festivals that you will be planning later this year.

FESTIVALS & SPECIAL EVENTS

A good approach to build your business is by organizing and hosting special events appealing to families and children. Events when advertised and promoted correctly can bring in large numbers of new customers to your farm to shop, purchase food concessions and gifts.

- Festivals can be developed to augment slow periods, coordinate with crop harvest or be scheduled whenever convenient for your activities.
- Family farm events typically have these primary components:
 - Activities for the children: petting farm, face painting, pony rides, inflatables, games, playground-type activities, etc.
 - Activities for the family can include: wagon rides, pick-your-own, corn mazes, games, shopping, craft booths, contests, outside merchants, etc.
 - Educational tours.
 - Food concessions (variety is very important to the revenue stream of the event)
 - Music and other entertainment
- Festival activities can be provided by outside concessionaires so you don't have to buy/rent the equipment or provide for labor. You take a commission on sales or in some cases a booth rental fee.

- To increase revenue, have animal feed for sale in conjunction with the petting farm. The simplest way to handle this is to purchase a gumball machine. At twenty-cents a handful, the revenue generated on a busy weekend can quickly add up. (See resource sheet.)

You can increase revenue by providing your farm as a host site for community events.

Recommendation:

- Consider sponsoring events such as Art Exhibits, Antique Fairs, Flea Markets, as well as fundraisers or other activities where you become the “host site” for partnership efforts.

Nutcracker Suite Events:

Recommendations:

- Tentatively we have discussed plans to host two events this year:
 Pecan Festival November 16 & 17
 Western Days December 7 & 8
 (See enclosed sheets with ideas for these events.)
- These two events would be a perfect time to locate outside vendors/crafts people to occupy your vacant storefronts to create more excitement and activity at your farm. This should be a priority for you to locate these participants.
- The best season to host an event is the month of October to tie-into pumpkin season and Halloween. The inaugural Halloween event would occur in 2003, as there is not enough time this year to get everything accomplished.

WESTERN VILLAGE STORES

The Western Village stores are now vacant, but offer a wonderful opportunity to create revenue and attractions for farm guests.

Recommendation:

- Fill the stores with revenue-producing merchandise. Even if you don’t want to buy the inventory and provide the labor, I believe that you could find outside vendors to set up shop on weekends. As you begin to attract more customers to Nutcracker Suite it will be easier to attract an outside vendor. You could then charge either a flat fee for space rental or work on a commission basis.

Nutcracker Suite Resources

School Tour Curriculum
New Mexico Farm Bureau
Jennifer Hopper
Ag in the Classroom
Curriculum Coordinator
Las Cruces, New Mexico
505-532-4700

www.nmfb.org

Animal Feed/gumball machines

www.123vending.com

1-888-525-6115

The machines start at \$49.95 and pay for themselves and the feeding and upkeep of the animals very quickly.