



# **BUSINESS PLAN**

Created By:

Kristie Maurer, Owner, MUM LLC

## EXECUTIVE SUMMARY

Food is a central theme in people's lives, especially if access to it is limited. Maurer's Urban Market wants to prevent as many food insecurities as possible for its customers. As an independent grocer, our goal is to prevent an ethnically diverse neighborhood from becoming a food desert. We believe that by reducing our square footage and increasing our store sales, we can have a neighborhood grocery store that becomes a fixture of the community. We believe that by innovating and building relationships we can have a store with strong sales. If we can remove the fear of food insecurity from people's lives, and be part of their food journey, we will have a lasting impact on them. While this goal is mission focused, it will also have an impact on the bottom line and make this business extremely profitable.

## COMPANY OVERVIEW

### Company Summary:

Maurer's Urban Market is a local independent grocery store. It will be owned and managed by people who live in the community it serves. While it might have a smaller footprint at 24,00 square feet, it will focus on product variety and engaging our customers in a conversation about food. Our staff will not just be "associates"; they will be people who have independent thought, who will want to engage our customers and have purpose in their own lives, therefore spreading purpose to others. We believe food is our vehicle. Maurer's Urban Market wants to meet the customer where they are on their food journey. That journey might be transactional or experiential, regardless, we can be their store. We want to feed our community. We might be small, but we will be a player in the grocery market in Madison. We will focus on three (3) core values, Be Curious, Be Resourceful & Take Initiative. These core values will guide us as we build a team, build sales and become a lasting member of our community.

### Mission Statement:

Maurer's Urban Market exists to feed our community by providing accessible, affordable, and culturally inclusive food, while building meaningful relationships that honor where our neighbors are on their food journey.

### Company History:

The idea of Maurer's Urban Market first started in 2018. An existing store, Pick N' Save (Parent Company Kroger) decided it wanted to close its doors. This move by the company would trigger an ethnically

diverse and lower income part of Madison becoming a food desert. Originally, Kristie Maurer was approached by a broker who was putting together a deal for a large complex to be built with a hospital group and for a grocer to be an anchor tenant on the property. At the time, Kristie was the Store Director of Fresh Madison Market and was a leader in the small format grocery store concept. This initial concept fell through as the City of Madison decided to file a Request for Proposal on its already owned property known as the Truman Olson. The Truman Olson Property was adjacent to the existing Pick N' Save location. The RFP stipulated that all proposals had to include a grocery store tenant. It was at this time that Kristie Maurer decided it was her opportunity to start her next venture in the grocery industry. She had always been passionate about urban grocery store design and another urban store in Madison, a town she was already familiar with, became the obvious choice. So, Kristie filed the initial response to the RFP, then partnered with Gorman & Company a local developer and property management firm, to file the formal RFP with the City. After several neighborhood planning commission meetings, the Maurer/Gorman concept did not win. Despite the setback Kristie Maurer went on to design and launch a Maurer's Urban Market concept in Milwaukee, WI in a partnership with Northwestern Mutual and under the family business banner.<sup>1</sup>

The Maurer's Urban Market history takes a turn in 2022 just as grocers from around the world take a collective sigh of relief that they survived a global pandemic; the Truman Olson Project in Madison, WI is now in need of a new grocer. The Madison Mayor had expressed her desire to see this project come to completion and had made a commitment to the south side of Madison that those neighborhoods would not become a food desert. The City agreed to own the condo portion of the property to ensure that a grocery store is always part of the neighborhood. It was at this announcement that Kristie and the City reunited. Kristie saw this as her opportunity to begin where she left off many years ago, and this is the core of Maurer's Urban Market.

#### Services/Markets/Products:

Maurer's Urban Market is going to be a local neighborhood grocery store in downtown Madison, WI. It will feel and look like an urban grocery store, however it is going to operate like the local neighborhood market. It will be conscious of price and the diverse neighborhood that it represents. We will be a full-service grocery store with all departments represented. Meat/Seafood, Produce, Beer/Wine/Liquor, Deli, Dairy/Frozen, Bakery, Catering, Sushi, Coffee Shop, Center Store including dollar items and

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<sup>1</sup> City of Madison Grocery Study

health/beauty products are all departments that will be represented. A large ethnic section for specially sourced products will also be available, as the neighborhoods have asked for this type of specialization.



Maurer's Urban Market will have online shopping with delivery that we will do in-house and not with a third-party vendor. Maurer's will also have home delivery for customer-shopped groceries. This service is in recognition of the fact that many of our customers will be older and/or may not have a personal vehicle yet want to shop for their own food. Our home delivery program will allow our customers to shop in-store and have their groceries delivered to their residence later in the day.

Catering will also be a service that is provided by Maurer's Urban Market. The catering market is extremely "hot". Sadly, many restaurants have closed, and a few local grocers are reducing their catering footprint due to the labor market. This puts Maurer's Urban Market in the driver's seat to cultivate sales for its food service team, this in turn helps promote the brand and build customer awareness and loyalty. Kristie also built her reputation in catering several years ago in Madison and still has many of those relationships, which will help Maurer's pick-up contracts with several established businesses in town.

#### Management Team:

Kristie Maurer will be the onsite daily owner/manager. She will also be the acting Store Director. This role will ultimately be filled within 3-5 years pending sales and growth. Kristie follows the servant leadership model of management and believes that the only way to ensure the success of this store is to hire the right people and train them in her way-of retail. A staff of 15 department managers will directly report to her, each with their own group of employees to manage.



#### Legal Structure and Ownership:

MUM LLC will be 100% female owned and operated and will be dba as Maurer's Urban Market.

#### Locations and Facilities:

Maurer's Urban Market will be the only commercial tenant of the Truman Olson Project. The developer Brandon Ruhl partnered with Movin Out, a local non-profit charity that specializes in providing

affordable housing to people with disabilities.<sup>2</sup> <https://www.movin-out.org/> This complex will have 150 apartment units and as of May 2023 already has a waitlist for tenants. The condo documents require that Ruhl/Movin Out have a grocer as their tenant for a minimum of ten (10) years.<sup>3</sup> Maurer's Urban Market will be the tenant of a 24,000 square foot space that is owned by the City of Madison.<sup>4</sup>

#### Permits/Regulations:

Maurer's Urban Market is subject to extensive and frequently changing federal, state, and local laws and regulations for continued operation in the food business, specifically in the processing and sales of fresh foods. The statutory and regulatory framework imposes compliance burdens and risks on Maurer's Urban Market, including requirements to obtain and maintain government permits for initial & continued operation. Maurer's Urban Market permits will be subject to periodic review and may be subject to modification or revocation by the relevant regulatory authorities. Permits include but not limited to Women & Infant Child (WIC Program), Quest/Food Stamps, Tobacco Regulations, Alcohol Permit (Special Rules for Downtown Madison), Food Service License, USDA/Meat Processing, PCI/credit card payments.

## PRODUCT DESCRIPTION

#### Opportunity:

Maurer's Urban Market has a great opportunity with this location. The trade area is centered in south Madison. The opportunity comes from the fact that an existing grocery store wants to close, and the city and neighborhoods are desperate to keep a grocery store. As this business plan will point out, the city has invested over ten (10) million dollars into this project. They purchased the Unit 2 parcel to be the landlord to ensure that a grocer stays in this location. The city has continued to invest in south Madison. It should be noted that Park Street is a major throughway into and out of the city and the city has committed to continue to build and improve the trade area all the way to the highway over the next ten (10) years. As the market research indicates from 2018 to 2021 the trade area has improved with increased market rate apartment units, a bus corridor, two major remodeled hospital clinics, and a

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<sup>2</sup>[Movin' Out, Inc. - Housing Solutions for People with Disabilities \(movin-out.org\)](https://www.movin-out.org/)

<sup>3</sup> 2023 Condo Declaration

<sup>4</sup> July 2023 Proposed Fixture Plan

technical college. Madison has two major roads in/out of the city on the south side: that being Park Street & Fish Hatchery Road.

Another major opportunity is the existing grocer (Pick N' Save) has not yet closed and has given a verbal commitment to remain open until Maurer's opens. Pick N' Save will close their doors in conjunction with the opening of Maurer's Urban Market. The opportunity here is that customers do not have to shop elsewhere before they change stores. Not losing the existing customer prior to opening day is a huge opportunity and one we do not want to lose.

The size of Maurer's Urban Market will also be a huge opportunity. After all the research was completed, it was determined that 24,000 sq ft would allow the store to maximize its product skus and have a higher-than-average dollars per square foot. The current projected dollars per square foot are \$9.82 year one (1) and increase to \$11.40 by year three (3).<sup>5</sup>

The fact that Maurer's Urban Market is an independent local grocer is another opportunity. This will allow Maurer's to be adaptable to changing customer demands and pivot to keep sales growth always in the positive. Much of the trade area competition is under corporate ownership, which means that out-of-state players are directing sales. This advantage is worth mentioning because a marketing campaign will be created, highlighting the strength of the "Buy Local" which is a campaign that is already strong in the downtown Madison market.

#### Product Overview:

This will be a traditional grocery store that will have all departments represented. The perimeter departments will be of heavy focus based on the demographics. Departments like produce, deli/bakery, meat/seafood will all be sought after. The store will have a large sushi station with hot bowl options as well as boba tea. A coffee franchise will be in this store as well. Maurer's Urban Market will partner with Biggby Coffee based out of Michigan. This will be the first Biggby location in the Madison area and will be the first Biggby inside a grocery store. While the store wants to make sure it caters to its local neighborhood shopper it will not forget about all the business within walking distance of its doors. The grab-in-go options for those customers who want somewhere for lunch or need a meal solution for dinner that night will be focused on with the perimeter as well.

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<sup>5</sup> 2021 Market Study & 2023 Proforma



### Pricing:

The pricing strategy will be a major factor in the success of this store. Within the trade area the median income is \$49,100 and approximately 43% of the population has an income below \$40,000. The apartments directly above the store are income adjusted, so we will be judged very critically if our pricing strategy is not competitive. Inflation and reduced food stamp money is furthering the strain on families' pocketbooks. Maurer's needs to showcase that they can help the customer stretch their food dollars. The weekly ad will be extremely important, competition in the trade area does not focus on ad or ad sales, so this will be a way to differentiate. Meal deals, meat sales, store events and direct mailer campaigns will help the customer see us as a business trying to ease their food dollar burdens. We will have a pricing profile evaluation completed before the store opens and will be opening our doors with the best pricing strategy in the market. The current plan is to complete another full pricing evaluation after year three (3). This pricing strategy evaluation is sooner than the industry recommends, but it indicates our desire to keep the sales growth pressure high and make sure we have not lost touch with our market.

Maurer's Urban Market will also be implementing ESL (Electronic Shelf Tags) at the time of opening. ESL tags will allow the store to stay more competitive and pick up any penny profits by being able to adapt to changing supply costs. Traditionally, price changes require three to four days of lead time. ESL allows the retailer to adapt instantaneously, helping us maximize the gross profit dollars.

## MARKET ANALYSIS

### Industry Overview:

Maurer's Urban Market will be competing in what was a highly competitive grocery landscape. Pre-Covid, Madison was known in the industry as one of the most competitive grocery markets in the country. Post covid, that competition has cooled. Rising inflation, supply chain issues, decrease in food stamp monies and a less than 2% unemployment rate in the area has all retailers feeling pressure and burnout. Many retailers are accepting flat store sales and status quo as a win. Entering the market at this moment in our economy has some challenges, as mentioned above, however the opportunities for sales growth are exciting. The market is ready for a new grocer.

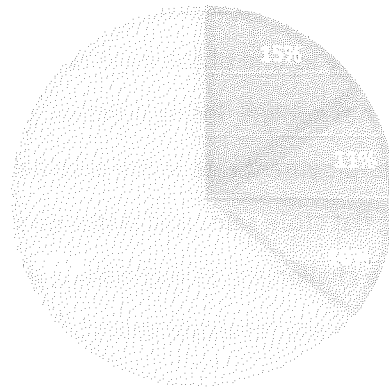
### Customers & Market Segmentation:

Like many city-urban grocery stores, Maurer's Urban Market will have many different types of customers. But by defining those customers into categories, Maurer's can make a strategic marketing plan that will focus on sales growth.

1. Neighborhood Customers (those people that live in the area, apartments above, surrounding apartments and homes & those that already shop at Pick N' Save)
2. Daytime Customers (those people that travel into the city for work, that work in the surrounding area and are looking for a daytime meal solutions)
3. Business to Business Customers (local businesses who need in-store food for breakrooms, etc as well as catering needs)
4. Float Customers (those people who leave the trade area to shop as well as those that are not in the trade area but feel committed to our mission)
5. Online Customers (those that will only shop with us online, may or may not be in the trade area)

## TRADE AREA DEMOGRAPHIC

● Hispanic ● Black ● Asian ● White



The trade area demographic is important information to review as it determines what sections of the grocery store is the most important. There are certain customer generalizations that we use for store design and growth implementation. For example, the Hispanic and Asian customer prioritizes fresh, specifically produce, then meat/seafood. The Black customer prioritizes center store items and meat/seafood departments. Therefore, when looking at the trade market we can determine that perimeter departments (meat/seafood, produce) are going to be extremely important in our go-to-market strategy.<sup>6</sup>

### Business to Business & Daytime Statistics

600 Businesses in Trade Area

18,600 employees

47% Health Care & Social Assistance

69% White Collar

50,200 Daytime Population

Median Salary \$48,100/Average Salary \$60,600

The location of Maurer's Urban Market will lend itself well to the daytime customer specifically. The store is located within walking distance of two major clinics and less than a mile from two major hospital groups. Meriter Unity Point Health Hospital and Saint Mary's Hospital both have hospitals with

<sup>6</sup> 2018 & 2021 Market Study

emergency rooms within walking distance. And both Saint Mary's and UW Hospital group both have large clinics with a "lunch time" walk of the store. The daytime customer will be an important customer for departments like deli, bakery, coffee shop and sushi. A portion of the store sales needs to recognize the power of the daytime customer whether that be a walking coffee break or need for "fresh" lunch options. The casual food options around the store and the subsequent hospital groups are minimal. It should be noted that daytime customers are not your neighborhood customers, you most likely cannot change their already existing shopping pattern closer to home, but the goal will be to become part of their daily food needs centered around work<sup>7</sup>.

Catering will also be a large portion of our sales growth. The Madison catering market is extremely hot right now. Restaurants are closing in record fashion around Madison which puts the pressure on local grocers for catering needs. However, grocers either cannot keep up with the volume of requests, due to staffing, and are attempting to get out of the space altogether. As the pandemic closed many gatherings down for several years in Madison, the University, law offices and other local businesses are attempting to get back together and have catering needs that cannot be met. Maurer's is in a perfect position to go after that business.

Float customers refers to those customers who currently leave the trade area to shop. They often go to big box chains or dollar stores. They feel the need to go outside the trade area for their traditional grocery needs. The opportunity here is to convert a portion of this customer base.

The online shopping customer is a customer that typically will not come to your physical store. Traditionally these customers were often home bound, elderly, disabled, or a college student but the pandemic helped explode the grocery online shopping trend. At Maurer's Urban Market we will not outsource our shopping and delivery program. The best way to ensure that deliveries and shopping are done correctly and efficiently is to keep the service internal. While many grocers are uncomfortable in this area, Kristie has been involved with online shopping/home delivery since 2010 and has adopted many best practices to make the program as efficient as possible. The other adjacent service we will be bringing to the market is refrigerated lockers. Refrigerated lockers in the right locations around town will allow for us to bring grocers to certain areas, this will increase our sales and reduce our labor since all those deliveries will be in one location.

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<sup>7</sup> 2021 Market Study

#### Competition Breakdown:

A breakdown of the competition given the complex nature of the market is necessary. It should be noted that these market studies are unique, in that Madison is an Isthmus and therefore large portions of the trade area do include bodies of water. It also means that car travel is different than typical areas because the waterways create extra barriers for people. Within the 1-mile radius of the location, there is no other grocery store, with the exception of an Asian grocery store. It has been reported that the Asian grocery store will be closing in 2025 for a multi-use apartment complex to be built and may not reopen.

The 1 to 2-mile radius includes Trader Joes, Fresh Madison Market, and Capital Center Foods. Trader Joes is a chain retail grocery store that does not have a full-service store yet has a large cult-like following and does 16% of the market share. Maurer's Urban Market needs to have a strong go-to-market strategy against Trader Joes. Capital Center Foods is an independently owned grocery store with 5% market share. The owner is looking to retire, and the store is focused on the immediate community around it and no one has seen much growth from it in recent years. Fresh Madison Market is the store I am most familiar with and has 7% of the market share.<sup>8</sup> This store is known as a "college campus" store and many older adults are turned off by it. Fresh Madison Market is now a corporate chain run by SpartanNash based in Michigan. The opportunity here is their catering business which puts Maurer's Urban Market in a strategic position to go after. The purpose of the competition breakdown is to show that the location of the Maurer's Urban Market is a strategic advantage, and that the ownership of Maurer's Urban Market is extremely familiar with its competitive landscape and can use that for sales growth.

## MARKETING AND SALES PLAN

Maurer's Urban Market has already gotten a lot of great press within the last year. All the major news outlets have reported on the store opening at least twice within the last year. The pre-opening and opening excitement will be huge. We will be using that "hype" to build an aggressive marketing campaign. One of the major pre-opening activities will be to hire the Executive Chef and Catering/Events Manager. The Catering/Events Manager will be able to sell catering before Maurer's is even open. Catering events also allow us to showcase our food and what we stand for, while building sales.

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<sup>8</sup> 2018 Market Study

#### Key Message:

Our Mission is to feed our community, both literally and figuratively. Maurer's Urban Market is a locally owned independent grocery store that wants to feed its community.

#### Marketing Activities:

The strategy will be to use as many marketing options as possible within the first year and see how customers respond. We will be using traditional print media, digital media, social media, catering/events, nonprofit sponsorship and community events. We will be attempting to add more suburban/rural marketing strategies within the urban store format. The current plan is to:

- Two-week Ad: We will be running an extremely aggressive weekly Ad, that will turn over every 2 weeks. This will help us tell our pricing story to the customer. While we cannot compete on price with the large box stores, we can make our ad the most aggressive in the market.
- Direct mail: These will include fridge magnets and 4-part couponing.
- Events: Ideas such as Meat Sales, Buy 2, Get 1 Free Event, Ribfest, Holiday Showcase, Made in WI Event. These types of events are both fun for the store/neighborhood but get great press and word of mouth. Food is fun and we need to be able to celebrate that story. Events are a great way to meet our mission of feeding our community.
- Radio/On Air: Maurer's has already secured several reporters to report on its build out and design. Local anchor people have already been secured to be on site for grand opening plans. This free advertising will be used as much as possible.
- Non-profit work: Donations and sponsorships of local non-profits will be vital to showing the community who we are and what we stand for. Our core management team will all be expected to donate time/talents to local charities that they are passionate about.
- Traditional Print: Will attempt a few weeks of billboard ads and bus route ads to create brand awareness.
- Digital: Digital marketing such as social media, email marketing or SEO. I have an idea for a U-tube channel with a local anchorwoman giving all sorts of behind-the-scenes scoop.

It should be noted that Maurer's Urban Market will hire a firm that specializes in grocery store marketing, and they will keep us on track with our yearly goals. We will also be hiring a local independent contractor to advise on a more local approach that is specific to Madison, such as small videos and the use of local influencers in our digital marketing.

Sales Growth:

Sales Growth	
1	\$12,256,400
2	\$13,585,821
3	\$14,224,800
4	\$14,438,172
5	\$14,654,745
6	\$14,874,566
7	\$15,097,684
8	\$15,324,150
9	\$15,554,012
10	\$15,787,322

The sales growth is budgeted and projected over a 10-year period. This sales growth is for forecasting purposes and shows a relatively modest or “flat” growth rate. This is what would be expected in a worst case scenario, and I believe given all the reasons above that Maurer’s Urban Market has the capacity to increase those sales. However, for financial planning purposes we will assume modest growth rate scenarios.<sup>9</sup>

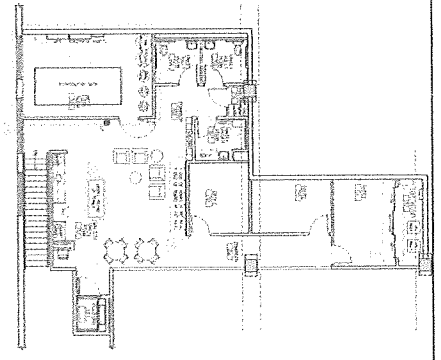
## FINANCIAL PLAN

Funding Request:

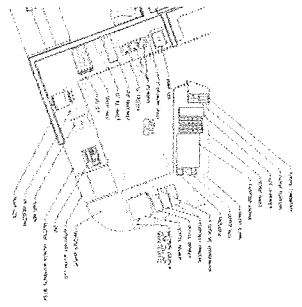
Equipment Build-Out	\$3,600,000
Construction Build-Out	\$3,600,000
Building Construction	\$1,000,000
Total Build-out Costs	\$8,200,000
Pre-Opening Inventory	\$720,000
Pre-Opening Soft Costs	\$500,000
Total Start-up Costs	\$9,420,000
UNFI Support	(\$250,000)
City of Madison	(\$3,853,000)
Total Funding Request	\$5,317,000

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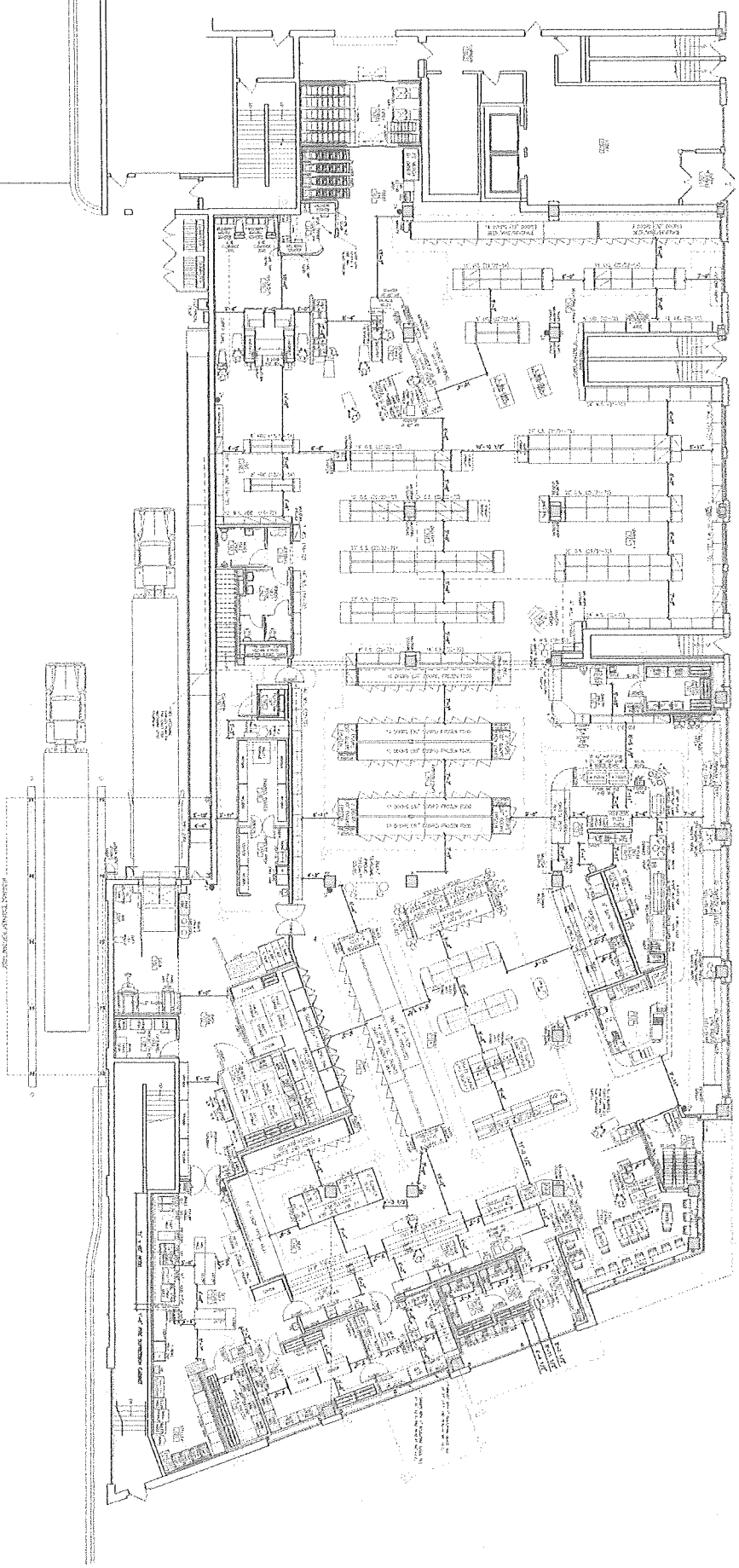
<sup>9</sup> Proforma



MEZZANINE LABELED PLAN



ENLARGED COFFEE LABELED PLAN



FIRST FLOOR LABELED PLAN

**GENERAL NOTES**

1. ALL WORK SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE BUILDING CODES AND SPECIFICATIONS.

2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES.

3. ALL MATERIALS AND WORKMANSHIP SHALL BE SUBJECT TO INSPECTION AND APPROVAL BY THE ARCHITECT AND LOCAL AUTHORITIES.

4. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AND UTILITIES AT ALL TIMES.

5. ALL UTILITIES SHALL BE PROTECTED AND MAINTAINED THROUGHOUT THE CONSTRUCTION PROCESS.

6. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING UTILITIES AND STRUCTURES.

7. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME AND BUDGET.

8. THE CONTRACTOR SHALL MAINTAIN A SAFE WORKING ENVIRONMENT AT ALL TIMES.

9. ALL MATERIALS SHALL BE STORED PROPERLY AND PROTECTED FROM THE ELEMENTS.

10. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION AND REPAIR OF ALL EXISTING MATERIALS AND FINISHES.