



food and GROCERY

A FRESH CHOICE

Generally considered to be an “all-weather” sector performing well in boom-times and recessions, food and grocery retailing is an industry niche with a proven track record, demonstrating attractive returns for buyers.

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THE MARKETPLACE

From a selling perspective, there is a powerful combination of factors that are influencing the food and grocery retail marketplace. These include:

- Positive economic conditions and population growth
- An increasingly diverse set of consumer tastes and preferences
- Higher expectations of variety, quality, service and customer experience

The smaller format food and grocery retail store, typically 1,500 sqm or less in floor space that provides a range of items - necessity to extravagant - is where growth has been the most significant. This has led to a huge upswing in the creation, acquisition and on-selling of new business opportunities coupled with strong buyer enquiry.

WHAT WILL BUYERS WANT TO KNOW?

If you were to sell your business, the first question asked by many potential buyers will be why is the business being sold? Existing food and grocery retailing business owners, like in any sector, may be looking to sell up for personal reasons, lifestyle changes, new opportunities, or to allow someone with more drive and enthusiasm to take their 'baby' to the next level. As an owner, having the answer to this question is essential. **Other common questions owners should consider the answer to before looking to sell include:**

- Who and what is my demographic target market and why? What will customers be purchasing on a regular basis, what profit margin does that product line deliver, and is it a necessity or ancillary item only purchased from time to time?
- Are there any other businesses in the area that may pose real competition now or in the future? And are there any other competitors looking to enter the area, either new or existing?
- What are the other supporting retail services nearby or in the same development that will draw in customers and increase foot traffic? And how are these set to change in the future?
- What is the state of the building in which the business is located?
- What are the lease conditions and terms, rent review mechanism, and operational expenditures?
- What is the cashflow, profitability and financial aspects of the business. How have these been independently verified over previous trading periods?
- Who are my key suppliers? And what are their dynamics in terms of my customer's requirements?
- Is there a clear business plan for future success and increased revenue opportunities (especially for newly established businesses)?

HOW TO GET THE BEST RESULT

For a successful outcome, vendors who can assist with as much material as possible for the due diligence period often see the best results. While not all business owners have this information at hand, or the familiarity with compiling this information, an experienced Bayleys business broker can assist. Their speciality is to showcase an owner's businesses' strengths and opportunities as well as differentiate it from other potential competing businesses that may also be for sale. If selling your business for a new opportunity is what you desire, then just like in business the hard work up front, will make all of the difference.

Contact one of our specialist business brokers for an informed and timely take on the market and how we can achieve a great result for you.

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