Case 1

Big Bottom Market

How Can a Small Restaurant and Specialty Food Store Cope with Highly Seasonal Sales?

After Michael Volpatt, co-owner with Kate Larkin of a successful public relations firm, moved to Guerneville, California, a small town in Sonoma County in the heart of the Russian River valley's wine country, he decided to realize his longtime dream of owning a specialty food and wine store. After meeting Crista Luedtke, the owner of two Guerneville businesses, the Boon Hotel and Spa and Boon Eat and Drink, Volpatt convinced Larkin to join him and Luedtke in opening the Big Bottom Market, a restaurant and specialty food and wine store that also sells local crafts. The three entrepreneurs invested $100,000 of their own money to convert a 1,500-square-foot storefront on Guerneville's Main Street into a restaurant and retail store. They decided to name the restaurant Big Bottom Market after the once-booming logging town's original name, which was inspired by its location in the alluvial flats of the Russian River. "The unique, quirky, and inspiring name fits not only the historical nature of days gone by but also the unique aspects and incredible environment of our restaurant-market," says Volpatt. Originally settled in 1860, the well-to-do town is a now popular destination in the spring, summer, and fall for tourists and visitors who are drawn by the availability of activities on the river, hiking among the giant redwoods in nearby Armstrong Woods, or visiting the valley's many boutique wineries.

Volpatt and Larkin, who are based in New York City, would keep their day jobs but would handle the marketing and finance functions, respectively, for Big Bottom Market. They would count on Luedtke, who has experience in both the food and hospitality industries to manage the business's day-to-day operations.

The renovated storefront features hardwood floors, walls made of barn wood, funky metal chairs at its nine tables, bar stools at the counter, and a "communal table" for large parties or for people who want to mix and mingle. "Think gourmet deli meets farmer's market meets a modern-day general store—now add in 'lumberjack chic' style—that's us," explains Volpatt. Currently, Big Bottom Market serves only breakfast and lunch, but executive chef Tricia Brown, who came to Big Bottom Market from New York City's famous Gramercy Tavern, is pushing the owners to begin offering dinner. Brown's menu is varied and, except for several staple dishes, changes frequently. Some of her most popular dishes include chilled cucumber soup, wild salmon Niçoise salad, green chile cheddar turkey meatloaf, chipotle sweet potatoes, and baguette sandwiches. The Big Bottom Market's signature item is its homemade Big Bottom Biscuits, which come in a multitude of flavors, including regular, cheddar and thyme, ham and cheese, and sea biscuit (house-smoked salmon, capers, and red onions). The biscuit recipe came from Luedtke's mother, who is one of Big Bottom Market's 20 employees and who oversees their baking.

Big Bottom Market opened in July, and in its first year of operation, sales during the busy summer months were strong, averaging between $20,000 and $24,000 per week. In September, sales began tapering off, and by November, sales were down 80 percent. "We thought we'd lose about 30 to 40 percent of our business [in the off-season]," says Volpatt, "but not 80 percent. This is my first time at the rodeo, and we were freaking out." After analyzing their financial statements, their accountant had grim news. "At the rate you're going, you're going to have to close your doors," he said.

Volpatt, Larkin, and Luedtke began to trim Big Bottom Market's expenses immediately. They closed on Mondays and Tuesdays, the slowest days, and trimmed their staff. They gathered their remaining employees and conducted a brainstorming session designed to generate ideas to keep the business afloat during the slow off-season until sales picked up again in the spring. Some of the ideas they came up with included introducing a Big Bottom Market food truck to increase sales and build the company's brand name in the area, adding a catering service, opening for dinner, focusing more on marketing to Guerneville residents, and emphasizing the Big Bottom Market's signature biscuits and selling them through a gourmet wholesaler, such as Bi-Rite in San Francisco.

Questions

C1-1. What steps do you recommend that the owners of Big Bottom Market take to manage cash flow in their seasonal business?

C1-2. Identify the advantages and the disadvantages of each of the ideas that the owners and their employees came up with to help Big Bottom Market survive the slow off-season. Based on your analysis, do you recommend that they pursue any of these options? Explain your reasoning.

C1-3. Identify at least two other options that the owners should consider to get through the slow off-season and the advantages and disadvantages of each one.

C1-4. Develop a two-page marketing strategy for Big Bottom Market. Which social media tools should the owners use? How, specifically, should they put them to work?

Sources: Based on John Grossman, "A Seasonal Business Aims to Survive the Off-Season," *New York Times*, July 11, 2012, *www.nytimes.com/2012/07/12/business/smallbusiness/a-seasonal-business-aims-to-survive-the-off-season.html?pagewanted=all&_r=0;* Carey Sweet, "Guerneville's Big Bottom Market Rolls Out Dinner Service," *Inside Scoop SF*, June 8, 2012, *http://insidescoopsf.sfgate.com/blog/2012/06/08/guerneville%E2%80%99s-big-bottom-market-rolls-out-dinner-service*; "About," Big Bottom Market, *www.bigbottommarket.com/about.html;* John Grossman, "A Tourist-Dependent Business Decides to Reboot," *New York Times*, July 18, 2012, *http://boss.blogs.nytimes.com/2012/07/18/a-tourist-dependant-business-decides-to-reboot/?pagewanted=print.*