

Farm shop challenges Tesco by undercutting prices

A small farm shop with only three members of staff is trying to beat Tesco at its own game by undercutting the prices of many of the supermarket chain's products.

By Richard Savill

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Pablo Dimoglou, who runs Yaxham Waters Farm Shop, near Dereham, Norfolk, has begun a daily price check at Tesco and has distributed 2,500 leaflets advertising his discounts.

Some of his food is up to 50 per cent cheaper than that offered by the retail giant.

Despite smaller profit margins, the shopkeeper said his business had been successful and customer numbers had trebled since he cut prices in the run up to Christmas.

He said his campaign proved that small stores were not necessarily more expensive and still offered bargains to shoppers.

"It is ingrained in the British psyche that supermarkets are cheaper and small shops are really expensive," he said. "We are showing that is not necessarily the case."

Broccoli at his shop is sold at £1.20 a kilo, while at Tesco in Dereham three miles away it costs £1.68 a kilo.

Cucumbers sell for 69p as opposed to £1, and at 15p each, lemons are half the price of those at the supermarket.

Mr Dimoglou, a former property developer, and his business partner, Timothy Hay, opened the farm shop in August last year but found it difficult to attract local custom.

Many of the 650 residents in the village shopped at Tesco in Dereham and Mr Dimoglou realized he was not serving customers on tight budgets.

After comparing prices with Tesco and checking profit margins, he thought many items in the shop could be heavily discounted.

He said: "I saw we could increase trade and keep our profits up while dropping prices.

"People are coming in and saying we are so much cheaper than they thought.

"We realise these are difficult economic times and people have to be careful with their money. We appreciate every single pound people spend here."

Mr Dimoglou, a father of two, who lives in Yaxham with his wife Rebecca, 32, a broadcast journalist, and their twin sons Chester and Hugo, both three, is launching a campaign, called 'Thumbs up for Local Business'.

He said he wanted to encourage shoppers to support local farmers by visiting the farm shop first before filling in the gaps on their shopping list by going to a supermarket.

Phil Hosking, president of the Small Farms Association, said: "It is a very good idea and if the shop can source food locally there is no reason why it should not be cheaper. Hopefully it will inspire more shopkeepers to do the same."

A spokesman for Tesco said: "It is good to have healthy competition in the area. Clearly the winners here will be the customers."

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