

## Learnings & Takeaways

### Retailers, suppliers distill wealth of information, insight during summit recap

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By Bill Grabarek

CHICAGO -- Members of the convenience store industry took part in an intense review of key points concerning strategic initiatives, new products and everything in between. The recap was part of the 2003 [NACS SOI Summit in Partnership with CSP](#), held May 20-22 in Chicago.

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Retailers were urged to take a wide-angle approach to studying best practices and the importance of focusing on top-quartile performance for real learning. "But not just top quartile of the c-store industry in the United States--[focus on] the top quartile across retail channels and globally. That's the way new strategic initiatives might be discovered and brought to a company and the industry," said Hank Armour, president and CEO of [West Star Corp.](#) and 2003 [National Association of Convenience Stores](#) chairman, at the SOI Summit.

Targeted store-level customization was discussed as a way to expand a store's core of customers. Using an 80-15-5 guideline, 80% of the store's SKUs would be the traditional core merchandise, 15% of the SKUs would be aimed at the demographic of an individual store and 5% of the merchandise would be reflective of what customers and managers are requesting.

On the tobacco front, retailers were treated to more bad news, in addition to tax hikes, Internet sales and counterfeit cigarettes. Not only are more smokers switching to fourth-tier products, but those less-expensive cigarettes are affecting their total purchase. "As we end up with a group of people going to a lower tier of cigarette buying, their market basket is much less rich for the retailer. So you are taking a double hit when you look at what is happening in that category," said Gene Gerke, president of [Gerke & Associates Inc.](#), Columbia, Mo.

In motor fuels, several behavioral characteristics of consumers were identified. Location and price are the dominant factors in purchase decisions, while brand and product performance are secondary and have been declining over time.

Retailers and suppliers discussing new products and possible opportunities suggested that a fresh flowers offering is worth another look. "We talked a lot over the years about fresh floral. It has moved, in my estimation, a lot further than what many of us have been doing," said Ron Becker, president of [Speedway SuperAmerica](#), Springfield, Ohio.

"Folks such as Jim Conway [of [Conway Oil Co.](#)], have concluded it's advantageous for them to take a cooler door and devote it to fresh floral at some of their stores," Becker added.

In the foodservice arena, the importance of having unwavering, top-down company support for the foodservice program was discussed. "It's not something you can delegate. It is going to take...commitment to get into foodservice. There are a lot of complex issues with foodservice," said Jay Ricker, president of [Ricker Oil Co.](#), Anderson, Ind.

Just as important as commitment to the program is commitment to food safety. Ricker talked about a successful quick-serve restaurant that had food safety problems, and it took the fast-feeder approximately four years to overcome the financial effects. "You don't want to do all the hard work in getting into a foodservice program...to have one problem sink your whole program," he said.

After retailers and suppliers discussed ways to use snacks and candy to broaden their customer base by appealing more to women and ethnic consumers, the prevailing sentiment was that "although there is interest in broadening the [base], retailers wanted help from suppliers to build on or draw more from their core, male customer," said Kim Feil, president of global innovation for [Information Resources Inc.](#), Chicago.

According to retailers, the days of doing cooler sets once a year are over. "Retailers, by far, were saying that's not the way to go to market anymore. 'We have to be flexible. We have to be willing to bring in new products quickly. We have to make room for them,'" said Hal Adams, vice president of retail merchandising for [Valero Energy Corp.](#), San Antonio, Texas.

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