



Convenience Store Operations: Trends and Opportunities

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3/13/09 1:30 – 2:30p.m. | Session # 3-02

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Resource Handouts

- C-Store Description & History
- 2008 Top Selling Products (Wholesale)
- NACS Product Category Description
- C-Store Regional Associations
- C-Store Industry Websites

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Experience In the Room???

Dick Wood

- Older Than Dirt
- Invented the C-Store Industry
- 35+ years (15 Corporate / 20 Consulting)
- 9 years Supermarket / Grocery

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What is a C-Store?

“ ... a retail business with primary emphasis placed on providing the public a convenient location to quickly purchase from a wide array of consumable products (predominantly food or food and gasoline) and services...”

Source: National Association of Convenience Stores

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What is a C-Store?

Convenience Stores have the following Characteristics:

1. *Size varies – typically less than 5,000 sq.ft.*
2. *Off-street parking and/or convenient pedestrian access*
3. *Extended hours of operation with many open 24/7*
4. *Stock at least 500 SKUs*
5. *Product mix includes grocery type items – beverages, snacks, confection, tobacco, etc.*

Source: National Association of Convenience Stores

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What is a Campus C-Store?

Definition to be developed from
Thursday's Workshop

March 12, 2009

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What do You Operate?

Traditional C-Store

Versus

The College Campus C-Store

(List the Major Differences in Notes Below & Discuss – work
these differences up after Thursday's Workshop)

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Current Trends

- Branded Propriety Food Service Programs
- Alternate Formats
- Consumer Research
- Technology
- Customer Loyalty Programs

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Current Trends

- Training Focus
- Rising Credit Card Fees
- Close Scrutiny of Labor
- Government Intervention

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Current Trends

Store Level – Key Financial Indicators:

- ✓ Weekly Sales - \$24,972
- ✓ Gross Profit % - 24.89%
- ✓ Labor Exp to GP\$ - 32.90%
- ✓ Average # of Employees – 10.5
 - Full Time – 56.4% / Part Time 43.6%
- ✓ Average C-Store Sq. Ft. – 2617
- ✓ Sales per Labor Hour - \$77.37
- ✓ Customer Transactions per Labor Hour – 20.3
- ✓ Labor Cost per Hour - \$11.58

Source: National Association of Convenience Stores

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Current Trends

Per Square Foot Analysis

Departments	<u>Wtd AVG</u>
Merchandise Sales	\$30.95
Food Service Sales	\$5.99
Other Store Income	\$1.35
Direct Operating Expenses	\$11.59
Facility Expenses	\$2.97
Pretax Income	\$1.30

Source: National Association of Convenience Stores

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Opportunities

Operational Point of View ?

Marketing Point of View ?

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Opportunities

What are the Current Opportunities You
are seeing???

(Bullet Point Opportunities Developed in Thursdays Workshop)

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Operational Opportunities

- Is Your C-Store Designed / Expected to Make a Profit?
- Do You Have an Annual Operational Budget?
- How Do You Measure Your Business?
- Technology

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Operational Opportunities

- Timely & Accurate Store Level P&L
- Training
- Customer Research
- Customer Retention
- Planning / Flawless Execution of Plan

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Marketing Opportunities

- Create a Home for the C-Store Offering
- Create Store Layout / Product Departments
- Plan-o-Gram the Store
 - Positioning / Display of Products
- Establish Retail Pricing Guidelines
 - Product Cost
 - Product Retail

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Marketing Opportunities

- Establish & Utilize a Category Management Process
- Endorse Multiple Management Tools
 - Technology
- Exit Strategy
 - Unsold Promotional Product
 - Code Dated Products

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Marketing Opportunities

- Vendor Authorization Process
- Product Supply / Sources
- Inventory Management
- Auction Process
- Loyalty Programs

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Marketing Opportunities

- According to the National Association of Convenience Stores (NACS) there are **33 MAJOR CATEGORIES** that a C-Store will carry
- There are numerous “sub-categories” under these major categories

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Marketing Opportunities – Product Categories

Categories	Categories
Fuel Products	Liquor
Cigarettes	Packaged Beverages
Other Tobacco	Candy
Beer	Fluid Milk Products
Wine	Other Dairy & Deli Products

Source: NACS Category Definitions & Numbering Guide - Version 6.1

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Marketing Opportunities – Product Categories

Categories	Categories
Commissary & other Pkg Products	Perishable Grocery
Frozen Foods	Edible Grocery
Packaged Bread	Non-edible Grocery
Salty Snacks	Health & Beauty Care
Packaged Sweet Snacks	General Merchandise

Source: NACS Category Definitions & Numbering Guide - Version 6.1

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Marketing Opportunities – Product Categories

Categories	Categories
Publications	Ice
Automotive Products	Foodservice Prepared On-site
Automotive Services	Hot Dispensed Beverages
Store Services (other income/fees)	Cold dispensed Beverages
Lottery/Gaming (comm./fees)	Frozen Dispensed Beverages

Source: NACS Category Definitions & Numbering Guide - Version 6.1

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Marketing Opportunities – Product Categories

Categories	Categories
Pre-paid Cards	Supply
Service Charges	

Source: NACS Category Definitions & Numbering Guide - Version 6.1

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Product Opportunities

CATEGORY	SEGMENT	UNIT UPC	DESCRIPTION	RANK
CANDY	CANDY ROLLS / MINTS / DROPS	009800 - 00001	FERR TIC TAC FRSHMNT TR .5 OZ	1
CANDY	CANDY ROLLS / MINTS / DROPS	034000 - 00764	HRSHY BRTHSVR PPRMNT CT	2
CANDY	CANDY ROLLS / MINTS / DROPS	034000 - 00767	HRSHY BRTHSVR WNTRGRN CT	3
CANDY	CANDY ROLLS / MINTS / DROPS	073390 - 00016	VM MENTOS MXD FRT CONTENT	4
CANDY	CANDY ROLLS / MINTS / DROPS	073390 - 00011	VM MENTOS PPRMNT CONTENT	5

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Product Opportunities

CATEGORY	SEGMENT	UNIT UPC	DESCRIPTION	RANK
CANDY	GUM	022000 - 00172	WRIG DBLMNT PP.30 5 STK	1
CANDY	GUM	022000 - 00514	WRIGLEY 5 RAIN 54 GR	2
CANDY	GUM	022000 - 00512	WRIGLEY 5 COBALT 54 GR	3
CANDY	GUM	022000 - 00484	ORBIT SPRMNT 14 STK	4
CANDY	GUM	022000 - 00178	WRIG WNTRFRSH PP.30 5 STK	5

McLane Company, Inc. 2008

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Key Challenges Faced By The C-store Industry & How They Relate To The College Campus C-store

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Key Challenges

What is the purpose for a C-Store on
Campus

- Top 5 Reasons Why?
- Top 5 Concerns?

Fill In Answers from Workshop

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Key Challenges

What is the purpose for a C-Store on
Campus **Top 5 Reasons Why?**

Reasons to be listed after Workshop

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Key Challenges

What is the purpose for a C-Store on
Campus **Top 5 Concerns?**

Concerns to be listed after Workshop

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Key Challenges

- Control of the C-Store Operation
- Space Available for the C-Store
- Product Selection / Product Restrictions

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Key Challenges

- Where is Product Purchased
 - DSD Vendors / Distributors
 - Sam's / Wal-mart / Costco
- Cost of Product
- Retail Pricing / Margin (GP) Expected
- Product / Program Testing

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Key Challenges

- Management Controls
 - Sales & Gross Margin
 - Labor Scheduling
 - Store Schematics
 - Product Layout / Plan-O-Grams
- Training
 - Managers & Ass't Managers
 - Associates

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Key Challenges

Determine Who Your Customer Is and
What They Want

Effectively Service That Customer

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Contact Slide

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