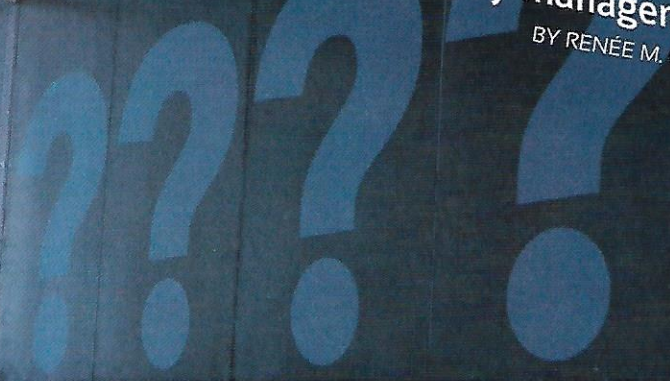


# ARE YOU GETTING THE MOST OUT OF YOUR WHOLESALER RELATIONSHIP?

Savvy single-store owners rely on third-party expertise to optimize category management

BY RENÉE M. COVINO



**W**ho's minding your store or, more importantly, who's managing your categories?

Category management — what Nielsen defines as a process that involves managing product categories as business units and customizing them to satisfy customer needs — is not just for the big guns (i.e. convenience store chains). Single-store owners are just as entitled to reap the benefits of increased profit and customer satisfaction that the practice is known for.

However, single-store owners in the convenience channel do have somewhat of a double handicap. For one, even in the chain world, convenience stores have traditionally lagged other retail channels in category management techniques. Secondly, independent c-stores don't have a team of category managers like their chain counterparts do.

“Through a team of dedicated territory managers, data analysts and category specialists with years of expertise in the convenience store industry, we deliver a store-specific marketing plan,” Bratta said. “Beginning with a thorough survey of the store, comparison of neighborhood trends and demographics, along with current store data analytics, Core-Mark's FMI Team will develop comprehensive and customized recommendations. The result will focus on driving foot traffic, and improving sales and profits.”

Mike Means, owner of Four Seasons Handy Market in Visalia, Calif., is one who can attest to this. “Awhile back, Core-Mark came in with software and took a bunch of notes on our store — what we carried, our price points and comps in the surrounding area — and it came back that we were really missing the boat on hanging bag candy,” Means recalled.

Now, the independent Four Seasons Handy Mar-

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Still, that doesn't mean single-store owners have to sacrifice the more sophisticated category management techniques. Rather, the savvy players often rely on large and medium wholesalers, local distributors, suppliers, franchisors and more to help keep them abreast of the latest products, trends and best practices in the industry.

### **The Large Rally for the Small**

It's a mistake to think large wholesalers/distributors are only available for large chains. Core-Mark International Inc. is one large convenience distributor that gears programs for smaller players, too, including the single-store operator.

“As larger chains continue to leverage data and analytics to improve their consumer offerings, the independent operator has to work that much harder to remain competitive in the world of continually evolving consumer preferences,” explained Jon Bratta, vice president of marketing for South San Francisco, Calif.-based Core-Mark.

Core-Mark's Focused Marketing Initiative (FMI) is designed to arm retailers of all sizes, including independents, with information and resources to drive higher sales and profits.

ket has a four-foot section of pegged bag candy, with a high single-digit increase in profit and accompanying customer satisfaction. Core-Mark also encouraged the successful additions of DVDs and sunglasses to the store.

The distributor's product team also works to bring best-in-class solutions across what it calls the “critical categories,” such as fresh foods, foodservice, bakery, produce, dairy and dispensed beverages, to help drive differentiation even at the single-store level.

And another way Core-Mark helps independents focus more on customers is through its Vendor Consolidation Initiative (VCI), a program that consolidates many of the direct-store delivery (DSD) vendors onto Core-Mark trucks. This frees up store parking lots, reduces transactional costs at the store level, and decreases the number of check-ins.

### **Big Resources**

Temple, Texas-based McLane Co. Inc. is another large convenience distributor that offers three value-added solutions for single stores that the company says gives them “the buying power and merchandising resources of much larger competitors.”

First, the McLane Virtual Trade Show is an Internet-based trade show that enables retailers to review and order products from dozens of leading manufacturers without the expense, time loss or hassles of traveling to live trade shows. Using any standard browser, single stores can see and learn about a variety of new products and promotions in seconds — and even take advantage of special pricing, bundle deals or volume discounts; the exact same deals the larger chains get.

Other advantages of this tool for operators include:

- Staying ahead of seasons and trends with easy access to information about new products and suppliers.
- Creating multiple distribution dates, allowing large product purchases to be delivered over time instead of all at once, freeing up valuable storage space at the store.
- Planning your purchases months in advance, enabling you to focus on advertising while receiving the deepest discounts from the manufacturer community.
- Many virtual shows are run in conjunction with live trade shows, providing retailers extra time to take advantage of the special offers.

Second, Live-Image Planograms is another category power tool offered by McLane that can be utilized by single-store operators. Working together with the McLane Space Management Team, operators can leverage the distributor's extensive category management expertise and research to identify items that should be added or deleted from the current product mix. By using these planograms, operators have the ability to design their store shelves to deliver a bigger impact and higher sales while limiting out-of-stocks, according to the company.

Finally, the McLane Strategic Merchandising Portal offers in-depth trends, insights and information on key categories, as well as quarterly updated



planograms. McLane publishes a quarterly Strategic Merchandising Solutions magazine that's filled with category updates, merchandising tips, planogram examples, and more.

### Local Flavor Matters

Beyond the national distributors like Core-Mark and McLane, single-store operators can still make strides in category management — albeit to perhaps a less sophisticated extent — with local distributors, which they very much rely on for localized trends and flavor.

Marylou Mendez, owner of Plaza Chevron in Costa Mesa, Calif., praises her local distributor for being right in step with the recent popularity of the Quest Bar and Lenny and Larry's Protein Cookies, and helping her bring these products into her stores in all flavors.

"I can get items like these much quicker at the local distribution level," she said.

Craft beer is another category that is very localized and dependent on local distributors, especially in Southern California where San Diego beer is all the rage now, said Mendez.

Echoing this, Will Carne, owner of single store Nanoseconds in Escanaba, Mich., said he gets some merchandising input from his local beer distributors who are dialed in to the local breweries in town — what's selling now and what is up-and-coming.

These local wholesaler/distributor relationships are growing in importance to the independents' ability to compete and thrive.

With or without a supply partner, however, industry experts say single stores can't be naïve to the overall category management process.

### Strategy From Within

As category management grows in all corners of retail, the independent c-store can grow with it, in its own little corner. Whether or not independent convenience store owners utilize the more sophisti-

## Category Management Dos

According to industry experts, these are the foundational category management must-dos for independent operators:

- Know your key categories.
- Develop a strategic plan for your key categories.
- Investigate how large distributors can work with you.
- Approach local distributors for unique store "flavor" ideas.
- Require more of your suppliers when they bring in new products or are trying to sell you something. Ask questions and demand fact-based recommendations.
- Learn to leverage supplier partner insights to help you make category decisions.
- Don't be afraid to try something new; just be sure and track it.

cated programs of a wholesaler, they should challenge themselves to become more familiar with category management strategy, according to Sue Nicholls, president of the Category Management Knowledge Group (CMKG), based in Calgary, Alberta, Canada.

The first and most important step that single-store owners can take is “to educate themselves on how to improve their approach for more strategic, fact-based decision-making for their store to better satisfy the shopper,” advised Nicholls.

Questions every operator should be able to answer (with or without supply partners) are:

- How do I make the best assortment decisions? What are the best products to carry?
- How do I shelve the products to match how the (target) shopper shops the category (vs. basing positioning on gross margin, or where it best fits)?
- How do I price products, beyond calculating my gross margin percentage and applying that requirement across categories, to consider the (target) shopper?
- In net, how do I make better category decisions tomorrow than I do today to maximize profit and sales for my store through increased shopper satisfaction?

Many of the foundations of category management apply to independents, Nicholls noted.

“As a single-store owner, you need to develop strategies for your store and categories, including articulating your overall retail strategies — what are you trying to accomplish; define the categories and their segments (using NACS as a basis); assign category roles to identify the most/least important categories for the shopper and correspondingly determine the right assortment, shelf space, pricing and promotions for them,” she advised. “You should also be using data to help you make the best decisions for your stores vs. relying on intuition and experience only.”

### Future Collaboration

Partnerships between retailers and vendors are continually evolving. Vendors that sell to the convenience channel need to ground themselves in the foundations of category management and realize the significant differences not only vs. the other channels they may sell in, but across store types and formats within the channel, Nicholls said. This includes the independent format.

“There are some common practices evidenced in the convenience channel that have too much focus on contracts, negotiations and ‘the way it’s always been done,’ and not enough focus on the

## Category Management Don'ts

These are the biggest blunders independent operators make in the practice of category management, according to industry observers:

- Don't rely solely on experience and “gut feel” to make decisions for your store.
- Don't let your business run on contracts and the few dollars those contracts yield.
- Don't lag behind in technology compared to your area's competition.
- Don't ignore special requests by your best customers.
- Don't stop configuring and reconfiguring. The continual movement of merchandise often depends on the continual movement of strategy.

shopper and what the retailer is trying to accomplish,” she pointed out.

The way c-store industry supplier Beth Noteman, senior director of category management for health and beauty care company Lil' Drug Store Products Inc., sees it, the very traits that delayed some c-stores from diving into category management initially are now some of what offers its best potential for the future. And this applies to single-store operators.

“The wild elements about c-stores, the fact that they are so varied in store size and store purpose, these are what offer it so many caveats and possibilities in the [category management] practice,” Noteman said. “More and more c-store retailers are looking to maximize their business day in and day out, without basing it on contracts. I believe it's going the right way.

“This isn't rocket science. But if you're going to do it, you might as well use the evolving science and the tools, instead of your gut and past history.” **SSO**

