

## The Disappearing Middle

Several midsize chains are gobbled up by this year's Top 20 Growth Chains.

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### INSIDE

2018 CATEGORY CAPTAINS  
ARE DRIVEN BY DATA





# Driven by Data

Twelve suppliers are named 2018 Category Captains for helping retailers achieve excellence By Susan Durtschi, Past Times Marketing

**IT'S ALL ABOUT THE DATA.** At least that seems to be a key component of this year's winners in the *Convenience Store News* Category Captains awards program.

The power of data is everything — it bolsters convenience stores' capacity to personalize the customer experience, increase sales, and drive brand loyalty. Category Captains know a data-driven business achieves a sustainable competitive advantage and delivers greater value to c-store retailers in every way.

This year's Category Captains honorees are helping c-stores capture more than their share of consumers' attention and dollars. The 12 suppliers recognized as 2018 CSNews Category Captains have earned convenience store retailers' trust.

Now in its fifth year, the CSNews Category Captains awards program honors outstanding category management initiatives implemented in the convenience channel over the past year. All entries were judged based on the following criteria:

- Product innovation;
- Creativity in merchandising, marketing, promotion and advertising;
- Use of consumer insights to drive category sales;

- Innovative and dynamic category management tools;
- Demonstrated commitment to meeting the specific needs of retailer customers;
- Efficiently lifting sales for the entire product category; and
- Fact-based evidence of market-specific or account-specific results.

Past Times Marketing, a consumer research and product evaluation firm based in New York, once again judged the entries based on information supplied by participating companies.

Several of this year's winners are repeat honorees, like The Hershey Co. in candy, Swisher International Inc. in other tobacco products, Tyson Convenience in foodservice/prepared food, Anheuser-Busch in beer/malt beverages, and The Coca-Cola Co. in packaged beverages. This year, Kellogg Co. won in the salty snacks category after being honored in edible grocery in 2017.

New winners include Jack Link's Protein Snacks in alternative snacks, McLane Co. Inc. in cigarettes, Land Mark Products Inc. in foodservice/grab-and-go, Eby-Brown Co. LLC in foodservice/hot dispensed beverages, S. Abraham & Sons Inc. in general merchandise, and Convenience Valet in health and beauty care.

Here's an in-depth look at this year's winners:

## **ALTERNATIVE SNACKS: Jack Link's Protein Snacks**

Jack Link's has worked to establish itself as a trusted advisor in the world of snacking. Over the last 12 to 18



expanding their offering. There is a significant emphasis beyond its own products by providing consumer insights and in-store support to help retailers grow in today's changing convenience channel.

**GENERAL MERCHANDISE:  
S. Abraham & Sons Inc.**

Every time a cash register beeps, valuable information about the item, the customer and the overall profitability of a store is captured. Grand Rapids, Mich.-based S. Abraham & Sons (SAS), a convenience distributor to retailers in eight states throughout the Midwest, has been helping stores utilize this point-of-sale (POS) scan data to unlock valuable insights captured by their cash registers each day. By pairing POS scan data with store layouts and planograms, the SAS Retail Merchandising Team helps retailers understand their stores on a more holistic level before planning shelf resets. The transformations fueled by these insights are providing sales boosts and extra foot traffic that retailers are praising.



The transformations begin with the SAS Retail Merchandising Team and its proprietary "True" space vs. sales process. Before a store reset takes place, the SAS team gets to know the location intimately through a custom shelf review and sales analysis. They measure the layout and draft an accurate digital model

of the store using Trimble SketchUp software to measure the saleable space category by category. The goal is to understand the true profit productivity of each category on an equal basis, gross profit per linear foot, and to consider how the store's layout may be affecting sales.

With the store's physical layout mapped and categorized, the SAS team next turns to the POS scan data for a custom sales analysis. Retailers are asked to provide SAS with one year of item-level POS sales data for each location. A report is generated to give a one-year "snapshot" breakdown. Each product category has its actual profit dollar weighed against its actual percentage of shelf. This difference provides a store-specific measure of a category's sales health. Taking it one step further, this data is then color-coded on top of the digital model for a custom Profit Heatmap, which gives an easy-to-comprehend visual of where shoppers are flocking and where they are leaving products unnoticed — for instance, a section of salty snacks that is getting overlooked because a prominent DSD endcap steals the customer's attention first.

With some data behind the situation, it is much easier to make the call to adjust the category placement and create a better profit-generating scenario for the retailer. Retailers also learn the true dollar size of each category. Tried-and-true categories like edible and non-edible grocery are often culprits of having too much space allocated without the sales to back it up.

SAS customers have this service available to them at their request at no extra charge. Positive results are coming in from stores that utilized the process to plan resets. Participating stores average same-store, year-over-year retail sales dollar increases of 16 percent across total center-of-store categories. Participating stores also have lowered inventory costs through the elimination of SKUs.

**HEALTH & BEAUTY CARE: Convenience Valet**

The health and beauty care (HBC) category generates high margins for convenience store retailers but, due to space constraints, it is imperative to know that not all subcategories within HBC are equal in a c-store.



The typical footprint is small — usually 3 feet or 4 feet wide — making it crucial to get the brand and product assortment right. Convenience Valet's concentration is focused on the top seven subcategories that represent more than 85 percent of the total HBC category, and the corresponding best-selling SKUs.

Based on other channel research, Convenience Valet has found that 68 percent of consumers shopping for HBC will leave the store if their brand is not available. HBC shoppers have an immediate need and will be specific in filling it. When the shopper leaves to find what they are looking for, they go to another c-store (i.e., a competitor) and when they find it, nearly seven out of 10 consumers will then purchase an incremental item. Retailers must get the brands and products right or more than just HBC sales will be lost.

Convenience Valet works with the retailer to define the category, assess current category performance, understand



an equal basis, gross profit per linear foot, and to consider how the store's layout may be affecting sales.

Armed with this information, retailers plan impactful resets and reallocate underproductive space to make room for the higher profit-generating items demanded by customers frequenting that location. The shelf review is a key component and involves interviews with store personnel and managers to understand their impression of any pain-points and opportunities. Having the input of store personnel and involving them in decision-making