

Counter-intuitive

Getting the most from your front-of-store space

BY RANDY RAY

A huge increase in potato chip sales was all the proof Bruce Nicholls needed to begin capitalizing on the prime space on and around the front counter at his Ontario c-store.

“We located a four-foot by four-foot rack of small bags of chips within six feet of the counter and saw a 248% increase in sales,” Nicholls, operator of the Masonville Corner Store near Shelburne, Ontario, told participants during the 2008 Convenience U CARWACS seminar Front counter: Small Space = Big Money.

Further success followed when Nicholls began selling CDs from a small box on his front counter. Priced between \$9.99 and \$12.99, the CDs, featuring music from the '50s and '60s, literally flew off the counter.

During the seminar, c-gas operators learned that 85% of their customers spend five minutes or less in their stores, so they need to grab a sale when consumers pass by the lucrative front counter area, the busiest shopping location in their stores, accounting for 43% of all purchases.

In the average convenience outlet, the front counter, which typically takes up just 150 sq. ft. in a 1,500-sq. ft. store, accounts for 68.3% of total sales, said seminar presenter George Anastasopoulos.

In most c-stores, operators bring in sales of \$7.27 per square foot. But at the front counter area, sales are generally \$49.13 per square foot. Front counter profits are \$6.34 per square foot, compared to \$1.32 per square foot in other locations.

“Your front counter is a large piece of the business, and it should be managed as a piece of the business,” he said. “Spend lots of quality time in that area and you will be more successful. ... you must have the right assortment and merchandise impeccably.”

Anastasopoulos urged c-gas operators to take advantage of their front counter top sellers, led by cigarettes (32.1%) and lottery (24.2%) and followed by confectionery (5.3%), other tobacco products (3.7%) and phone cards (2.3%).

Cigarettes, more than 70% of which are sold in c-gas outlets, have shown a five percent increase in sales, while smokeless tobacco sales are up 66% in the past five years and cigar sales have doubled since 2006. Although dark markets in many provinces are forcing operators to hide their tobacco products from view, customers should be reminded that the products are still available.

Lottery, a \$2.7-billion business in Ontario, with convenience and gas capturing two-thirds of sales, must also be further developed at the front counter, he added, because most consumers make additional purchases while buying lottery products. He suggested store operators capitalize by promoting jackpots and installing new ticket bins and waterfall units that make the most of limited space at the front counter. Store owners should also ensure their tickets sales areas are well organized and neat and tidy, Anastasopoulos advised.

Operators should take advantage of continued strong sales of chocolate, mints, gum and candy by displaying their products within four feet of the checkout in well-organized displays that simplify purchases, he said. Avoid clutter in confectionery, and all other displays.

By employing the following strategies, Anastasopoulos says front counter sales can be doubled or quadrupled:

- Offer multiples or combos that represent good value and consider launching a loyalty program that rewards customers with a free item.



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- Promote products for one to two months while they're popular.
- Use signage inside and outside your store to drive people to the counter and install counter signs to further grab their attention.

Seminar participants served up the following additional tips to boost front counter sales:

- Pay close attention to what's hot and not by tracking sales through POS systems or manually.
- Communicate with manufacturers' reps to ensure your front counter is stocked with the latest and greatest products.
- Adjust front counter offerings throughout the day and during different seasons to reflect the changing needs of your customers.
- Take advantage of cross-promotional opportunities, such as selling lighters with tobacco products.
- Keep counter space organized, neat and tidy and ask manufacturers' reps to provide display tools that will avoid clutter.
- Dedicate some of your front counter to new and innovative products.