Time to change!

The marketplace is evolving. How about you?

BY HUGH LARGE

Working with independent retailers from one end of the province to the other over the last few months, I've been struck by the consistency of the challenges they face, whether they operate a gas/convenience store or a traditional c-store, in a small town or a big city:

- They believe their sales have been declining over the last year or two, and that this decline is a result of weakening tobacco sales and changes in competition (i.e. new competitors have opened up or existing competitors have upgraded their stores, opened longer hours, etc.).
- They've operated the store with very few changes over the last 10 years or more, and they've finally realized their store image has become old and tired and they must change if they're going to continue to attract customers.
- They realize that large segments of their store are no longer contributing the sales they once were and they aren't sure how to change that.
- They rarely see manufacturers' reps as they once did, and those they do see are not often as helpful as they once were, so these retailers feel out of touch and as if they're missing out on new products, categories and trends.
- Although they feel they have a good handle on their business, when questioned, they admit they haven't updated their POS system and they really don't have good information on which to base their decisions.

When I spend time with these retailers to better understand their situation and what they hope to achieve with a renovation, I almost always find the following:

- They haven't focused enough attention on tracking sales by category to enable them to know what's really happening to their business. (What categories are growing, which are declining, and by how much?) Often there are large groups of merchandise lumped into one category (i.e. candy, snacks and groceries together). Usually a proper analysis shows categories like groceries taking up 20% of the space yet contributing only four percent of sales.
- The stores are missing many of the best-selling products their customers want. Stores don't have enough space devoted to the growth segments of the beverage business, like energy drinks, water and isotonics, and have too much space for carbonated soft drinks. Plus they're missing snack foods, cereal/nutrition bars, king-sized bars, etc.
- They're not in the "grab & go" fast foodservice and don't have a good coffee program, sandwich program or slush program.
- Their layout no longer generates traffic throughout the entire store, so they are effectively using only a small part of the space. One retailer was getting traffic to only about 150 sq. ft. at the front of his store although his entire store was about 1,800 sq. ft.
- They know they need to make changes, but they're not sure where to start, so they do nothing and the business continues to decline.

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As part of the change process, here are some first steps you need to make:

1. Get into your numbers to clearly understand what's been happening to your business over the last few years.
2. Look at your sales by category to see where you're over-spaced and under-spaced. Get rid of the inventory that's not selling, even if you're not sure what to put in its place.
3. Get out and look at the competition. What are they doing well, and what are they doing that you could do in your store?
4. Talk to your customers about what they want and need and what changes they'd like to see you make.

Once you have this information, you'll have a better idea what you need to do. Don't be afraid to ask for outside help to make sure you make the right changes. The worst thing is to do nothing. **YCM**

HUGH LARGE is a retail consultant with over 20 years of experience working with chains and independents to develop and implement successful merchandising and marketing programs for the gas and convenience channel. For information on his services, visit www.convenienceguru.com.