



TRADE DRESS: Lost your shirt betting on last night's game? There's always a spare at a Giant store. But don't look for tennis shoes—those didn't go over very well with customers.

Generally Speaking

High-margin merchandise can appeal to broader customer base

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It's Thursday evening, you're on your way home from work, and after filling up your car at the local c-store, you head inside for a snack. "Do you have any beef jerky?" you ask the clerk.

"Go just past the rack of brown leather jackets, before the pajamas but just after the tennis shoes," you're told. "If you reach the fishing bait, you've gone too far."

Huh? Is this *my* convenience store? The answer could very well be yes if you live in Arizona and head to your

nearest Giant store.

Giant is not alone. More retailers looking to complement staples and boost their space to sales are plugging big-ticket items whose fewer rings are more than offset by their high-dollar profit. The strategy is designed to move beyond fuel, smokes and drinks, and woo a broader customer base.

"We carry the nontraditional [general merchandise] items because they are high-impulse, high-margin and [they] really set us apart from our competition,"

says Jared Sturtevant, category management director for Canastota, N.Y.-based Nice N Easy Grocery Shoppes.

Setting 80-store Nice N Easy apart from its competition is an understatement. The merchandise it sells would rival those sold at a small department store. It begins with the rather mundane.

"[We] offer licensed merchandise—hats, clocks [and] mugs—for NFL, MLB and NASCAR," he says. But that's just the beginning. He ticks off a list by category. First, there's a section

General Information

Nice N Easy Grocery Shoppes' general-merchandise department accounts for 3.4% of inside sales

Product	Percentage of sales
Cigarettes	21.7%
Alcohol beverages	13.7%
Packaged beverages	13.0%
Pizza	7.8%
Subs and wraps	5.9%
Hot dispensed beverages	5.7%
Milk products (liquid)	3.4%
General merchandise	3.4%
Other tobacco	3.2%
Salted snacks	2.7%
Candy	2.6%
Publications	1.8%

Source: Nice N Easy Grocery Shoppes

aimed at the outdoorsman: propane burners, blankets, and fishing tackle and bait.

Kids? TY Beanie Babies, Webkinz Virtual Toys and remote-control helicopters. And that's in addition to an extensive collection of trading cards,

“We sold more 12-count packages of night crawlers—fishing bait—that we did 8.3-ounce cans of Red Bull [or] Slim Jim Giant.”

JARED STURTEVANT

Nice N Easy Grocery Shoppes

which includes Yu-Gi-Oh, Topps, Upper Deck, Press Pass, Webkinz and Fleer.

There's the seasonal: Christmas wrap, gift bags and Easter egg-coloring kits, among a long list of other items that seems to go on indefinitely: firewood, greeting cards, iPod accessories, cell-

phone accessories ...

While the items certainly distinguish Nice N Easy from neighboring c-stores—“Some of our regional competitors do carry general merchandise, but ... rarely do they have a unique item,” says Sturtevant—they're not marketing gimmicks, he insists; rather, they're business decisions that contribute to a profitable bottom line.

The general-merchandise department for Nice N Easy accounts for 3.4% of our inside sales, “ranking dead even with milk and ahead of OTP, salty snacks and candy,” he says. (See sidebar, p. 96.) The head-to-head comparisons seem to belie any commonly accepted perceptions

of c-store merchandise popularity.

“We sold more 12-count packages of night crawlers—fishing bait—that we did 8.3-ounce cans of Red Bull [or] Slim Jim Giant,” he says. “[And] we sold more \$9.99 DVDs than Budweiser 40-ounce [or] Gatorade 20-ounce lemon-lime.” The figures don't seem to raise many eyebrows at Nice N Easy, which has carefully developed its general-merchandise category, drawing from a loyal

customer base that has come to expect the unexpected.

“Our regular customers have become accustomed to finding these types of items in our stores,” Sturtevant says, before acknowledging that first-time

visitors are sometimes caught off-guard when browsing his stores' displays. “We certainly do get the occasional happily astonished responses from consumers that are passing through.”

Giant Offering

Like Nice N Easy, Scottsdale, Ariz.-based Giant Industries, a subsidiary of Western Refining Retail Group, with c-store locations in New Mexico, Colorado and Arizona, actively promotes its nontraditional c-store items.

“We have a strong focus on general merchandise [and] novelty in our chain,” says Mike Polo, Giant's director of retail marketing. “We have sold a wide variety of items, including leather jackets, remote-control helicopters, circus bikes, mini [motorcycles], seasonal hats ... [and] tennis



GREAT INDOORS: Nice N Easy Grocery Shoppes' fishing-tackle selection lures customers to its stores. The stores carry other outdoor items such as propane burners and blankets.

Does Expanding General Merchandise Make Sense For You?

Giant Industries' Mike Polo, director of retail marketing, offers some guidelines. It makes sense:

- ▶ When you're able to limit downside risks (this includes receiving full credit for returned or unsold merchandise).
- ▶ When you have adequate space to effectively merchandise the offerings.
- ▶ When the product selection has been vetted to ensure items do not pose safety or obvious moral concerns.
- ▶ When the program being considered is the highest and best use of the available merchandising space.

Once a retailer decides to offer general merchandise, Polo says maximum profitability depends on several factors:

- ▶ Maximize points of interruption; ensure product placement is designed for maximum consumer awareness. Nontraditional general merchandise is the definitive impulse category.
- ▶ Whenever possible, have product accessible for consumer interaction. Consumers prefer to "examine" (hold, feel, push buttons) nontraditional general merchandise when making a purchase decision.
- ▶ Ensure your display vehicle (rack, bin, etc.) is as graphically appealing as possible.

shoes." (However, he concedes, the tennis shoes didn't quite hit the mark with Giant's customers.) And the items are sold not only at interstate locations that reach passersby, though the stores do sell typical travel trinkets such as shot glasses and CDs. Rather, the merchandise is available in multiple stores in a variety of settings.

"We have three locations where we sell feed and tack," he says, "and 30 locations selling fishing bait and tackle." And building on the popularity of the category, Polo says Giant is looking to expand even further.

"Our next initiative is to reconfigure the center store to implement an expanded auto-accessories section," he says.

The decision for companies such as Nice N Easy and Giant to carry nontraditional items is not difficult to understand, says Mike Hinshaw, executive vice president of retail for CEFCO, operator of 123 locations in Texas, Mississippi and Alabama. At CSP's Convenience Retailing Conference earlier this year in San Antonio, he explained his company's success in two words: featured destination.

It's a strategy that eschews a reliance on the lowest fuel price and instead focuses on developing loyalty from a customer base that recognizes value beyond just cost. There are a number of service-related elements that further a "featured destination" focus; among them, Hinshaw lists "clean restroom and excellent customer service." But offering an expanded merchandise selection is a notable contributor. And among the general-merchandise items that set CEFCO apart from its competitors, leading to its "featured destination" status?

"Gifts [and] souvenirs from Texas," he says, a broad category that includes Western hats and soft goods, wrought-iron items and rustic ice chests, among others. In addition, his stores sell "homegrown food products," including "canned goods like Grandma used to make," he says. And don't forget front-porch rocking chairs and 50-pound bags of deer feed.

The common focus, of course, for companies such as Nice N Easy, Giant Industries and CEFCO, is finding ways to build a healthier bottom line, which comes from understanding local demographics and responding with appropriate merchandise. And as each continues to develop and expand its general-merchandise category, all are pleased—if not at times surprised—at their results.

"[We sold] more firewood bundles than ... Heineken 24-ounce singles," Sturtevant says, still ticking off an end-

less list of impressive stats. “[And] we sold [more than] 1,000 remote-control helicopters at \$19.99 during [the fourth quarter of 2007]—in just 20 of our locations.”

The figures are notable. And as fuel prices continue to rise, retailers will be pressed to find additional ways to generate in-store traffic. If it comes from selling deer feed, fishing tackle or tennis shoes, as long as it’s in line with the company’s branding efforts and contributes to a more robust bottom line, all the better.

Even still, the picture is not one of creating an instant fix, insists Sturtevant. General merchandise is, after all, one of many elements of smart retailing. And a minor one at that.

“We give our customers countless



SOMETHING FOR EVERYONE: Items such as Webkinz and Beanie Babies toys sit next to beef-jerky displays at a Nice N Easy store. The company also does well with high-impulse items such as greeting cards.

reasons to stop at our stores rather than at the competition,” he says. “General merchandise is a tiny piece of a much larger puzzle. We believe that consumers frequent our locations because

of our people, our foodservice program and the overall experience of shopping at Nice N Easy.”

All of that, plus competitively priced gasoline. Try getting that at Target. ■