



May 2019

FEATURE

Expert Advice

A winning category management strategy includes empowering your in-store staff.

BY JERRY SOVERINSKY

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Years ago, while a high school student, I worked at a tennis store stringing racquets. It was a unique store for its time, as most tennis equipment was sold at big box sporting goods stores. A racquet's a racquet, right? Not to those who patronized the store.

The owner built a dedicated hitting lane, where customers could hit balls fed by a ball machine, testing out the myriad racquet choices. Each racquet also was available in four to six different string tensions, so that visitors could test not just the racquet model but also hone in on the string tension with the best feel. The owner spent hours each week training his staff of roaming store associates on racquet and shoe materials and compositions.

The result? Despite two neighboring big box stores on its busy four-corner intersection, the tennis store, with its team of knowledgeable employees, thrived and became one of the largest retailers of tennis equipment in the United States. What's more, despite the growth of the internet over the past two decades, during which many stores opted to trim their staffs to compete on ever-shrinking margins, the tennis store continues to flourish.

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Recommendations are simple, but they go a long way in increasing sales.

“[K]nowledgeable sales associates—and the conversations they have with customers drive sales,” writes *Chain Store Age*, in addressing the role that staff play in driving sales and grooming customer loyalties. “In fact, 75% of shoppers buy items that an expert recommends, and shoppers spend 50% more after talking with a knowledgeable person. Every conversation on the sales floor counts—and traditional retailers can both benefit greatly from sales associates with expertise and experience and create experts of their own with minimal investment.”



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While the convenience store model is obviously distinct from tennis stores or big box retailers, the practice of knowledgeable store employees interacting with customers—category management at its most personal level—can produce similar bottom-line effects.

PEOPLE PLEASING POWER

“It’s important to create a culture of hospitality,” said Derek Gaskins, senior vice president of merchandising and procurement for Yesway. “While speed of service is paramount, providing friendly, helpful, kind service is more important.”

It’s a foundational retailing concept, yet one that NACS has continually focused on in developing research to help grow industry sales. Partnering with Coca-Cola, NACS formed the NACS/Coca-Cola Retailing Research Council (CCRRC), a collaboration to understand and develop practical responses to strategic challenges facing the convenience store industry. In its initial report, the 2012 *Using Shopper Research to Grow C-Store Sales*, the CCRRC identified five fundamental shopper needs, which included hospitality. “Friendliness is more than an attitude. It alerts shoppers that you recognize their presence and that they’re important to you. When shoppers feel welcome, they tend to spend more time shopping. More browsing means spending more money.”

The next year, the CCRRC released *Playbook for Success: A 3-Step Guide to Growing C-Store Business*. Again, hospitality was an integral retailing directive. “Hospitality and variety can be incredibly effective tools when it comes to defending your turf. A smile, a greeting, a surprise offering—these can make your grab-and-go shoppers’ day a little better. They can also make a big difference in whether these customers choose your store again and again over other alternatives.”

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Providing staff with regular reporting, while distributing rewards around those efforts, are effective ways to help catapult category sales.

Three years later, the CCRRC expanded the point in releasing *People Power for C-Stores: Using Employee Engagement to Build Business Results*, a dedicated look at employee engagement. More than just offering a smile, the concept of hospitality was one that recommended that store employees become knowledgeable brand ambassadors for both the store, as well as its products.

“Companies in other channels were raising salaries, and we were facing strong price competition,” explained Bill Bishop, chief architect of Brick Meets Click and who worked closely with the Council on its earlier NACS-CCRRC initiatives. “We knew people are ultimately the marketing vehicle for delivering the brand experience and growing the business, so we put our focus there.”

LOYALTY: ONE CATEGORY AT A TIME

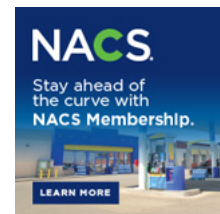
It’s a focus that continues to shape the success of stores across the industry.

In Kent, Washington, Ronnie Singh operates Kent Mini Mart with his wife, Michelle, who purchased the store in 2015 after nearly 17 years in the c-store business. While the store sells traditional c-store fare, it has carved out a strong neighborhood following with its spices and organic health offerings, educating customers about their health and even medicinal benefits. “I just want to let people know that there are ... benefits of turmeric, cardamom and anise leaves,” he told the *Kent Reporter* soon after opening the store. “Knowledge is meant to be shared, and I want to share that knowledge with people,” he said.

Singh encourages his staff to share their product knowledge and customer feedback with others. “Recommendations are simple but they [go a long way in increasing sales],” he said.

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Singh places his store's health section near the checkout, facilitating staff-customer interactions. "Elderly people live nearby, and they're on tons of medication, yet they're always looking for natural remedies. They can browse our selection and discuss their goals with our employees, who can then make recommendations while soliciting feedback."

It's an intuitive, hospitable approach to retailing, and one that is paying sizable returns. "We are seeing a 10% increase in health [& beauty] category sales each year, which offers 35% to 40% margins. We attribute that increase to having a knowledgeable staff that interacts with the customer."

A STRATEGIC APPROACH

While Singh's training strategy is somewhat informal and personal—ideal for the small retailer—Liza Salaria, principal consultant at Impact21, advocates a more systematic approach for those with larger operations.

Activating your in-store staff to enhance your category management strategy requires a dual focus, she said. "First, retailers need to communicate their brand strategy to their staff, which includes [letting them know the] role that categories play for their brand. And second, they need to explain how those categories help differentiate their brand."

At the tactical level, Salaria stresses the importance of product rotation and freshness, along with display aesthetics, as day-to-day imperatives. But on a more personal level, category performance is impacted by customer interactions, for which suggestive selling can be beneficial. "The easiest thing to do is to offer a contest to encourage suggestive selling and engage with products [and customers]," she said. "And providing them with regular reporting, while distributing rewards around those efforts are the most effective ways to help catapult category sales."

Salaria is quick to distinguish suggestive selling from inauthentic pestering. "You need to be careful that as you suggestive sell that it's natural. You need to make sure that your customers are receptive and don't become irritated with your team's approach."

ELEVATING THE EXPERIENCE

The overarching premise of either approach is to have your staff over-deliver on customer expectations. "Our company is very customer centric, which means listening to feedback and acting on things where warranted," Gaskins said. "Convenience is about creating positive interactions, via either suggestive selling or being friendly and helpful. That's what drives sales and builds loyalty."

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For Gaskins, delivering customer centricity requires an empowered staff, something that requires corporate-wide buy-in and cooperation. "The key is to have collaboration among category managers and district managers, establishing a rhythm of communication with phone calls, emails and newsletters."

As for empowering staff, Gaskins said it's not a one-size-fits-all proposition. "With some things, we have them sample new products to familiarize themselves with them. Other times, vendors will do similar things, letting store employees sample things and then sharing their experience with customers," he said. "If questions arise, there's a process in place that leads to resolution. There's a hierarchy, so that a store manager can address questions at any time."

The approach helps Yesway over-deliver on its customer-centric mission. "Listening and empowering those closest to customers gives you real-time, actionable feedback and insights, which separates good retailers from great ones. My team

member in the store helps bring our brands to life for our customers, and we take that role very seriously.”

ON THE OTHER HAND ...

While empowering store staff to execute basic category management fundamentals is universally embraced by retailers, less settled is finding a balance between having staff simply act friendly and instead become enthusiastic product experts.

John Zikias, former chief operating officer for Holmes Oil Co. and now its executive adviser, said he tested various iterations of providing in-store category expertise. “We tried assigning individuals to specific sections, making them responsible for ordering and being there for the customer, and it worked to mixed success,” he said. “Our initial idea was that if we gave them ownership, they would take better care of the category.” While it helped improve the merchandising fundamentals—ordering, facing and fronting—Zikias said it failed to deliver on the most important convenience store value proposition: convenience.

“The main thing we sell in our stores is time. And if there’s a line of three people and you’re spending several minutes explaining or educating the lottery [or another product] to the first customer, the other two get frustrated and leave,” Zikias said. “That’s been the challenge in our industry, to get people to certain areas where people aren’t familiar.

“So, while having some basic knowledge is good, we’re not the best venue to become experts,” he continued. “Customers want to spend just minutes in the store. And getting your staff to be experts and going deep with customers ... that goes counter to what we’re trying to do.”

That’s not to say proactive assistance isn’t welcome, if not a requisite. “Yes, you can help customers,” Zikias said. “But I think you’re still somewhat of a generalist first rather than a specialist ... Educating the customer is OK, but when you need to spend too much time explaining things, that’s too much. We sell time, and we need velocity and volume.”

OPERATIONAL EXCELLENCE

To whatever degree your staff interacts with customers, it should all be with an eye toward enhanced category management, Bishop said. “There’s a fair amount of energy that goes into category management plans, and the question is how they get executed in the store. Whether you have [staff] category experts or not, you should find effective ways to communicate the category plans and the behaviors needed to bring them alive.”

This includes having them improve in-stock positions, merchandising and adjacencies, which maximizes sales. And all of this can and should be performed by in-store staff, regardless of whether they’re product experts or not.

“It’s hard to overstate how much is lost from the plan to the eventual store-level execution,” Bishop said. “It’s a big deal, and any progress that can be made in this area will improve the return on the substantial investment that we make in understanding the relationship between shoppers and products.”

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TEAMING UP FOR CATEGORY MANAGEMENT SUCCESS

NACS has partnered with Impact21 in offering its Certified Convenience Category Manager (CCCM) and NACS Certified Convenience Advanced Category Management (CCACM) courses, which teach analytical skills to help stores grow category sales. Integral to both courses is the role that store employees play in executing category management fundamentals. For more information on the programs, visit www.convenience.org/categorymanagement (<https://www.convenience.org/Solutions/Training-Development/CCCM>).

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