



September 2018

FEATURE

# Shifting Gears

In North Dakota, the Hub extends its brand by operating high school and university concessions.

BY JERRY SOVERINSKY

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After spending more than 15 years working “every possible job” at Bobby and Steve’s Auto World in Minneapolis, Minnesota, c-store veteran Jared Scheeler decided to strike out on his own. Returning to his native North Dakota to fulfill a professional dream, the 34-year-old had refined a business plan to develop his own convenience store brand in Dickinson, North Dakota, a town of just 23,000 residents.



Even before The Hub opened to the public in 2015, Scheeler was planning for its expansion. “Long term, we’re looking to build a series of flexible business models to accommodate the sparse population here,” he said earlier that year. “Those models will include a standard c-store, a travel center and a full-blown truck stop.”

Integral to these plans was the implementation of “some creative marketing,” Scheeler said, ongoing efforts to engage his local market while building brand awareness for his store. One of his first initiatives included launching a private-label bottled water, an unusual step for a small store, especially noting the minimum purchase requirements and other logistics. “Freight cost is very high, and we had limited storage space at our store,” he said.

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To address these challenges, Scheeler reached out to a local high school, which agreed to co-brand a bottled water with him, adorned with the school's mascot and Hub logo. The partnership eased the financial burden for Scheeler while generating substantial good will and building awareness for his brand. "It was a popular, small initiative, but we got a lot of positive feedback," he said. "The school loved it. And we thought it was something to build on."

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We thought it would be a natural fit because a concession stand is essentially a pop-up convenience store.

#### NEXT STEPS

Later that year, Scheeler got word that another local school was in the midst of a fundraising campaign, trying to raise money to build a new wing. Scheeler wanted to support the school, but "we didn't have a lot of money, so we donated [branded water] to them. The retail value of the water was the equivalent of a large, cash donation." The school sold it at their concession stands during school events, generating additional brand awareness for Scheeler's new store. From there, The Hub's school partnerships began to build.

"We reached out to a school in a neighboring town and sold them water at cost, which again was co-branded with The Hub," Scheeler

said. "We decided that this could be a standard offering in our communities, so we started working on label design to build the program. It fostered school spirit and it led to additional school opportunities."

Within the first year of The Hub's operation, it was building a local reputation as a school partner. "Being involved with concessions at the schools in Dickinson, there was a natural feeling that we were now connected with concessions." And that's when The Hub got a big break—from Dickinson State University (DSU).

To see The Hub's concessions efforts in action, attend the NACS Show General Session on Tuesday, October 9, and catch this year's "Ideas 2 Go" video debut. Or visit [www.convenience.org/ideas2go](http://www.convenience.org/ideas2go) (<https://www.convenience.org/Media/Ideas2Go/?vzid=11838280>) post-Show to watch the program online.

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“I got a call one day from a representative from Dickinson State,” Scheeler said. The school approached The Hub and said that it was looking for a new concessions operator for a one-year, exclusive contract. It was an intriguing offer, one that Scheeler researched and found had little downside.

“We thought it would be a natural fit because a concession stand is essentially a pop-up convenience store,” Scheeler explained. “I figured that my experience as an operator would translate naturally to operating a concession.”

In developing the school’s concession program, Scheeler tapped his c-store background, integrating pizza, sandwiches and snack items into what was becoming a burgeoning business. “It was a great revenue source for our store, and a great way to market our brand,” he said—but it was not exactly like running a convenience store. “We learned a lot in that first trial,” he said. “Operating a convenience store is a lot different than running a concession stand. You are dealing with thousands of dollars in business over a very short period of time. You’re constantly filling and refilling product. There’s a lot going on at once.”

With its initial concession contract with The Hub nearing expiration, DSU put up for bid a seven-year contract, which The Hub bid for and won. What had started out as a creative branding initiative had now evolved into a considerable part of the company’s business.

The Hub was now a fixture at DSU’s venues, operating concessions at its football stadium (which hosts college and high school football games in the fall and track meets in the spring), events center, basketball arena (which hosts basketball, wrestling and volleyball) and other on-demand events. “We were selling hot dogs, pizza, sandwiches, Cinnabon [baked treats], along with other c-store staples,” Scheeler said.

With the business still evolving, Scheeler has begun looking at bidding on a convenience store “snack shack” within DSU’s student union, which is up for bid later this year. “It’s another version of a popup c-store,” he said.

## **AN EVOLVING BUSINESS MODEL**

While Scheeler spent more than 15 years working in the convenience store business prior to starting The Hub, for which he created a very deliberate, strategic business plan, the concession spinoff has evolved somewhat informally. “It started with just a bottle of water and it has led us to this point,” he said. “The original contract [with DSU] wasn’t even something that we pursued. It was presented to us.”

And once things began maturing, “we jumped in with both feet,” Scheeler said. “We wanted to be great concession operators, enhancing the game-day experience for the school’s fans. We became partners with the university and we took it very seriously.”

An unexpected benefit of partnering with DSU involved staffing, an otherwise challenging proposition in convenience stores throughout the country. “[Staffing] is one of the best parts of our partnership,” Scheeler said.

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“There’s an opportunity to spread brand awareness and goodwill, and that’s all from a concessions operation.

Like any school, DSU is always searching for funding opportunities, and concessions offer its various clubs revenue opportunities. “We worked it out so that we only provide one representative onsite at their events, with the remaining workers provided by the school and their various organizations.”

In return for supplying workers at the concession stand, the organizations receive a share of the sales revenue (“that goes toward supporting their program, for instance, if it’s a sports team”), a win-win-win situation for The Hub, DSU and its clubs. “It’s a great

arrangement,” Scheeler said. “We don’t have to find temporary workers, and training is easy—we can do it on the fly with our one rep.”

To enhance its concession offerings, The Hub invested in a point-of-sale system and merchandising tools. “We put up digital menus, for instance, something that took their existing plan to a much higher level,” Scheeler said.

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Because we’re getting new workers for each event, we had to introduce formal procedures that allow them to get up to speed in under an hour.

#### FINAL EXAM

As The Hub’s concession operation has evolved, Scheeler cites two key learnings that he has applied to ongoing operations. “First, operating a concession stand means you’ve got a short period of time to capture as much revenue as possible while being a good operator.” (Each football game, for instance, generates roughly \$3,500 in revenue “at concessions margins,” Scheeler said.) Like any good operator, Scheeler is constantly introducing new items, an effort to keep things “fresh” for his customers while searching for revenue builders. “We have limited time offerings at each game,” he said, “like lobster rolls.”

“Second, because we’re getting new workers for each event, we had to introduce formal procedures that

allow them to get up to speed in under an hour,” he said. With so much monotony and sales activity, it’s critical to have competent employees who understand foodservice procedures.

Building off his success with DSU, Scheeler has been reaching out to other schools in the state, including universities that are more than 100 miles away from The Hub. “There’s an opportunity to spread brand awareness and goodwill, and that’s all from a concessions operation,” he said, something that has helped build The Hub in Dickinson and beyond.

It’s all going more or less according to what Scheeler imagined, calling back to 2014 when we first spoke to Scheeler about his plans. “Most c-stores here are small with aluminum siding, the old stereotypical store that the industry is getting away from. I look forward to helping this area get a business and building that they deserve.”

That seems just about right, for in just the fourth year of operations for The Hub, “business has grown tremendously,” Scheeler said, “with year-over-year growth exceeding my expectations. And a great deal of that is attributed to our community involvement and concessions operation.”

Hardly the stereotypical store.

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#### **ABOUT JERRY SOVERINSKY**

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