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'Do the Right Thing'

Former Southwest CEO: Bond with employees, customers

By Bill Donahue

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Free whiskey and a little luck helped shape Southwest Airlines into one of the most dominant, and perhaps most profitable, fliers in the nation. But mostly, according to former Southwest CEO Jim Parker, the airline's incredible success has been driven by "an unbreakable bond" between employees and customers.

"A low cost structure is very important, probably essential," he said, "but by itself a low cost structure is not enough. ... We knew from the very beginning it would have been very easy to have a low cost structure and lousy service," or vice versa.

In the early 1970s, just a few years after the company's inception in 1968, Southwest was on the verge of turning a profit. Competitors did everything they could to keep that from happening. One rival—the now-defunct Braniff International Airlines—tried to drive a stake through Southwest's heart by promoting flights between Dallas and Houston at a lowball price of \$13, half of what Southwest charged.

Southwest, which at the time flew only in the "Texas triangle" of Dallas, Houston and San Antonio, had to make a decision: keep flights priced at \$26 or drop them to \$13. Company executives realized that slashing prices would have

sapped the company of much-needed revenue, while keeping prices at \$26 would have driven customers into the arms of Braniff.

It found a different solution and proclaimed it boldly in a two-page advertisement in Texas newspapers. In the ad, Southwest explained that nobody would "shoot Southwest Airlines out of the sky for a lousy \$13," said Parker, and told customers that if they thought \$13 was a fair price, they could pay that. However, if they thought \$26 was the right amount, they would receive, when they got off the airplane, a free bottle of whiskey.

"For a time Southwest was the leading distributor of whiskey in the state of Texas," said Parker, who served as Southwest's chief executive from 2001 to 2004 and currently sits on the board of casual-dining chain Texas Roadhouse. Braniff's promotion "badly backfired" and Southwest wound up turning a "massive profit," according to Parker. The year was 1973.

"Every year since," he said, "Southwest Airlines has been profitable and has voluntarily shared profits with employees."

Parker explained that Southwest probably should not have survived its early years, but ultimately it became "the

most-studied company in the world." He attributed that partly to luck and partly to risky decision-making but mostly to the bond between its employees and the customers they serve. Such a bond comes as a result of an environment "where people feel valued and feel like they can make a difference" and where they understand the company's mission.

Perhaps the greatest example of the bond between Southwest and its employees and customers came in the immediate aftermath of the Sept. 11, 2001, terrorist attacks. After the company learned all its aircraft, employees and customers were safe, it made a decision to offer customers refunds for future flights, no questions asked, no strings attached.

"We didn't have time for the bean counters to tell us how much it would cost," he said.

Customers responded in an unlikely fashion; many told Southwest to keep the money. Some even sent additional money of their own. And in the midst of "the most challenging quarter for the airline industry," Southwest found a way to get people back on its planes and make a profit in the fourth quarter of 2001.

"You can't make people do the right thing," he said. "What you can do is create an environment where people want to do the right thing, not just from an ethical standpoint but from a business standpoint." ■



Parker

'Personal Accountability'

Executives urge strong identity, staying in touch with customers

By Mitch Morrison

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Emil Brolick, COO of Yum! Brands—the world's largest QSR portfolio, with iconic brands including KFC, Long John Silver's, Pizza Hut and Taco Bell—pulled no punches when asked about the economy and its effect on his business.

While acknowledging the obvious, harsh reality of today's business climate, Brolick sought to transcend it. "Take personal accountability for your success," he said. "It's times like this where survival seems like a victory. But we should have loftier goals than survival. ... I'm personally very optimistic about growth."

Brolick, who presented along with Sam's Club executive Michael Heintzman before they joined a larger retailer panel, cited the similarities connecting his world of QSRs with that of his attentive c-store audience: the on-the-go consumer, strong franchising commitments, the relatively low transaction ring, the total scale of each industry (QSRs at \$510 billion, convenience stores at \$600 billion).

Brolick sought to engage his listeners to avoid the traps that scissored into the

success of Kmart, Sears, Circuit City and other retail giants. "Too often we fall in the trap of focusing on things we have no control," such as weather and competition, he said. "The only way to predict the future is to invent the future."

Brolick urged all operators to build a store identity, not just a retailing outpost. He then followed with a litany of powerful retail names such as Best Buy, Target, Toyota and Costco as "incredible brands."

"The reality is we're competing for the consumer's mind," he said. "[We need] to create and build a brand identity ... not just sell products."

As he continued, "the marketplace has clearly taught us sameness is the death of brands."



"It's definitely a challenging period, but it's also a period to thrive through."

FIONA MACLEOD *BP*

Economic Challenges

NACS president and CEO Hank Armour moderated an executive panel discussion that featured Brolick; Heintzman; Kum & Go president and CEO Kyle Krause; Stripes LLC president and CEO Sam Susser; Nichole Torsey, president of Mt. Counties Supply Co.; and Fiona MacLeod, BP's president of convenience retailing in the United States and Latin America.

Of the economy, retailers represented both micro and macro markets. For

Susser, who caters to a large Hispanic base near the Mexican border, the harsh economy has not ripped through his region. "The need for convenience is strong," he said. However, "we're very sensitive to price points," he said.

Susser drew laughter when the conversation moved toward health trends. Susser quipped he took his customers' appetite needs to heart—those of high-cholesterol, greasy, bad-for-you menu items.

Offering a broader, cross-country view, BP's MacLeod said, "it's definitely a challenging period, but it's also a period to thrive through."

She pointed to the importance of BP's decision to embrace a single-brand U.S. retailing strategy around amp. "What is it we stand for, and really to stick to that," she said. And the company's not trying to be all things to all people: "We're not trying to be a sit-down restaurant or a grocery store."

Armour asked the panel whether they were witnessing the so-called new customer or the same old customer perhaps with some new needs. While Susser said that he didn't see any "signs of big consumer changes yet," MacLeod said that patrons are pursuing more value deals.

On the issue of so-called health trends among consumers, Brolick was quite effusive, especially about the 18- to 24-year-old population, which he sees as much more health-conscious. "There is absolutely no doubt about it," he said. "We're working to offer lower-fat, lower-calorie [menu items.]" ■

Retailers Contemplate Idea of 'Dark' Tobacco Laws

As stringent marketing rules in Canada literally force c-store retailers there to hide their tobacco displays, operators here are contemplating the potential effects such laws could have on their chains.

"Bleak" is what Mark Wolbert, director of sales and marketing for Wilson Farms Inc., Williamsville, N.Y., said the situation would become for his chain of about 200 stores. Wolbert was part of a panel that discussed both the pressures and opportunities surrounding the industry's No. 1 category.

Canadian law now bars merchants from even showing cigarettes in the store. Photos presented at the NACS workshop depicted back-bar displays covered with curtains, flags or tarp. The regulations even extend to what

employees can say and what customers have to do to correctly request merchandise, according to Dave Bryans, president of the Canadian Convenience Stores Association, Oakville, Ontario.

Lyle Beckwith, senior vice president of government relations for NACS, Alexandria, Va., provided an update to the estimated 125 session attendees on potential new legislation that could affect U.S. tobacco retail. Although told by lawmakers to "strike a deal" regarding impending government oversight of tobacco from the Food & Drug Administration (FDA), the association got its biggest concern off the table, which was the need for states to retain ultimate control over regulation vs. turning complete control over to the FDA, he said.

If tobacco as a category would disappear tomorrow, a Canadian retailer on the panel said simply that he would be out of business. "It would mean 27% to 50% of merchandise sales and 17% to 40% of gross profit [gone]," said Norm Dickinson, director of merchandising for the chain Quickie Convenience Stores, Ottawa, Ontario. "It's our largest source of sales revenue and gross-profit dollars."

Theory aside, Dickinson's chain has managed to beat the odds, focusing in on inventory turns and internal mystery shops to address key operational issues. Today, he said that while the convenience channel in Canada is averaging a 10% decrease in cigarette sales, his company is up 9%.

—Angel Abcede

Small Operators Concerned About PCI Mandates

Concern and fear bubbled over at this fall's NACS Show as retailers discussed upcoming deadlines for compliance with payment card industry (PCI) data-security standards.

"I've got a single store, DSL [digital subscriber line] ...and I get a notice that in 60 days, [my point-of-sale] will no longer be supported," said Robert Lamb, vice president of Pinedale Food Mart, New Bern, N.C. "I feel like hanging a sign on the door saying, 'Please put your credit card in the trash before you enter.'"

Panelists at the session, which covered PCI compliance, said Lamb he was not alone in voicing his frustration, especially for the one- to 10-store operator who may not have the resources to carry out

mandates put forth by San Francisco-based credit-card giant Visa.

Addressing concerns of c-store owners using legacy POS devices that will soon become noncompliant with PCI, Lisa Stewart, president of Impact 21 Group LLC, Lexington, Ky., said that industry representation within the PCI rule-making process is actively addressing operator concerns, especially with POS devices she dubbed "workhorses"—equipment that's still in good working condition but not compliant with the new standards. Ultimately, she said, "PCI security is an ever-evolving process and as hackers get more sophisticated, [so must] the devices."

Panelist Karl Goodhouse, president of Clark Brands LLC, Naperville, Ill., said

that since the major breach of information that occurred with retailer T.J. Maxx more than a year ago, scrutiny has moved to other retail industries and down to even the single-store level.

Unfortunately, while requirements are less stringent on smaller operators, that same small business could go from a lower-level classification to the highest "Level 1" scrutiny if a data breach occurs. According to Chris Wolff, vice president of alternative-product sales for Cybera Inc., Nashville, Tenn., said that in addition to becoming subject to more stringent requirements, retailers' subsequent fines could range from \$100,000 to \$200,000—numbers that could put an operator out of business.

—Angel Abcede

The Idea Parade

Ideas 2 Go spotlights 'going green,' foodservice, store design

By Bill Donahue

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Saving the planet, taking dollars out of the credit-card companies' pockets and finding categories to supplement others that might one day disappear: Retailers that have adopted these survival strategies took center stage—and the screen—during Ideas 2 Go.

Ideas this year came from multinational players, large regional chains and small retailers alike. Executives from retailers such as Power Mart Corp, Oak Brook, Ill., and Shipley Fuels Marketing LLC, York, Pa., for example, explained how cash discounts, loyalty programs and alternative forms of payment have helped soften the scourge of credit-card interchange fees, which costs the industry more than \$22 million per 24 hours, as outlined in an Ideas 2 Go introduction by Jay Ricker, president of Ricker Oil Co., Anderson, Ind.

Strategies for "going green" also pervaded the session. Architects extolled the benefits of white reflective roofs, light-emitting-diode technology and energy-efficient cooler systems, while retailers spoke of solar panels and open-air stores that require no artificial climate control.

"You can be green and make money," said Sam Odeh, CEO of Power Mart, who implemented energy-saving skylights, biodiesel and other environmentally friendly components at his newest store in the Chicago suburbs [CSP—Sept. '08, p. 117].

Las Vegas-based retailer Green Val-

ley Grocery installed a water-reclamation system that enables its car wash to reclaim 90% of its water. Though the system cost \$22,000, deploying it freed up the retailer from having to pay exorbitant fees for excessive water use. (See story, p. 75.)

Also highlighted were ways to improve store performance through customer service and good hiring practices. Chet Cadieux, president and CEO of QuikTrip Corp., Tulsa, Okla., explained during the session that his company places tremendous importance on choosing the right people to staff its stores. "We stink at a lot of things," he said, "but we're pretty good at picking people."

The company hires less than 2% of all job applicants; the thinking is that if every person on the store team is the "right kind of person"—one who makes good decisions and excels in customer service—patrons will notice and respond by regularly spending dollars in QT stores. QuikTrip employees are paid well above the industry average and are rewarded handsomely for significant workplace anniversaries.

Many retailers featured in Ideas 2 Go spoke of a march into foodservice. California stores run by Famima Corp., a U.S.-based arm of Japanese c-store chain FamilyMart Co., do as much as 40% of their sales in foodservice, featuring items such as sushi, sandwiches and unique "steamy buns," doughy rolls filled with meat.



POPULAR: Pops 66's design, location and sales focus—soft drinks and prepared foods—have made the unique store a destination stop in the small town of Arcadia, Okla.

In the Northeast, York, Pa.-based Rutter's Farm Stores has focused on proprietary made-to-order foods that can be prepared quickly. Rutter's vice president of foodservice Jerry Weiner said his company targets "everything to be produced in 4 minutes or less." Newly added wok-prepared meals, for example, can be made in 3 minutes and 20 seconds.

Arcadia, Okla.-based Pops LC, meanwhile, operates one of the nation's most distinctive c-store, restaurant and fuel-marketing sites in the form of Pops 66. The store has become a destination because of its design, quality food and the fact that it sells more than 500 SKUs of soft drink [CSP—Dec. '07, p. 122]. Customers have come to see the store as a soda shop and restaurant that just happens to sell gas, rather than the other way around, according to Marty Doepke, general manager of Pops 66.

"We've had people call and make reservations for a convenience store, if you can believe that," he said. ■

Loyalty 101: Make It Part of Culture

Consumers typically have three c-stores they frequent on a monthly basis: one near work, one close to home and one that gets most of their weekend business. By this logic, a c-store shares each of its customers with two competitors and receives only one-third of their monthly business.

“That is the opportunity for loyalty: to get that other two-thirds,” said Anton Bakker, CEO of Outsite Networks Inc., Norfolk, Va., at a session on how to build customer loyalty.

Also consider that consumers who frequent retailers with successful loyalty programs average a higher monthly spend: \$28 in the c-store and 31 gallons at the pump, vs. sharing \$26 and 40 gallons with two other retailers.

U.S. Oil’s Express Convenience Cen-

ters is one such c-store chain. Kelly Dewey, sales and marketing manager, explained that the company’s GoFor Rewards program has five components: four levels of monthly rewards, transaction rewards, random rewards, rolling rewards and sweepstakes.

With its first year, the GoFor program signed up 50,000 members; 27% of them are actively using the program. Express, meanwhile, is seeing basket rings averaging \$1.30 higher and gas purchases averaging 2 gallons higher for loyalty members. Inside sales chain-wide have grown 7%.

Russ Quick, formerly vice president of sales and marketing with GPM Investments and now a consultant to the company’s Fas Mart/Shore Stop c-store chains, said the Fastback Rewards

program has three tiers, which define the customer by purchase frequency.

Fastback also encompasses a Club Rewards program, which rewards frequent purchases of milk, fountain drinks, deli sandwiches and other products; transaction rewards for those who make large purchases; random rewards, driven by individual purchase frequency; and sweepstakes. The result so far? The average spend for Fastback loyalty customers is \$6.52 per transaction, nearly 10% higher than nonloyalty customers.

Dewey and Quick advised retailers that if they’re going to get into loyalty, they must make it part of their culture. “It’s like a car,” Quick said. “How well you drive it will decide how fast you’ll get there.” —Samantha Oller

Choose Best Loyalty Model to Ensure Success

On the menu of loyalty programs, there are many options—rewards-based, single-brand points-based, coalition rewards. Regardless of the model chosen, retailers should keep best practices in mind. At a session on choosing the best loyalty model, representatives of Chicago-based W. Capra Consulting Group LLC, offered the following pointers:

Be serious. A retailer can’t engage in a loyalty program half-heartedly. “Programs that are taken for granted take on the look of a discounting program,” warned Dale Blotter, director of payment practices. A program must constantly be kept fresh and exciting to encourage customer involvement.

Measure your investment. Consider

not only the start-up costs but also ongoing expenses, such as marketing, IT and operational costs.

Focus beyond increased sales. Also consider metrics such as the number of customers participating, usage and purchase frequency to determine the health—and success—of your program.

Involve everyone. “A program built entirely on the back of what marketing thought would be successful can backfire with operations” and other departments, said Blotter.

Involve everything. The most successful loyalty programs encompass all categories of the business—fuel, food, beverages, etc. This balances the margin opportunity and gives customers multiple chances to participate.

Consider a coalition. An up-and-coming loyalty model involves forming a partnership with a retailer or retailers in another channel, such as an independent grocery store, in which purchases at the other retailer generate incentives at the c-store, driving sales and frequency at both. It’s critical to decide which partner is going to “own” the program.

Use data to your advantage. Not only does the data collected by a loyalty program help a retailer understand its customers and focus its offer, but it also maximizes the marketing dollars available from suppliers, who would welcome the opportunity to learn more about their consumers’ buying habits. —Samantha Oller

Green Theories Put to Work

Las Vegas chain proves green initiatives can be profitable

By Abbie Westra

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Despite all the rhetoric around fixing our wounded planet, the bottom line for retailers faced with the challenge of going green remains the same: the bottom line.

At “Going Green: A Case Study on the Implementation of Sustainable Convenience Store Design,” panelists sought to prove the financial merits of building a more eco-friendly convenience store by dismissing myths and demonstrating green methods in action.

The panel was moderated by Michael Lawshe, president and CEO of Ft. Worth, Texas-based consulting firm Paragon Solutions. Last October, Lawshe teamed with Green Valley Grocery COO Cliff Beadle to create a new prototype design for the Las Vegas-based convenience chain. During initial consultations, Beadle expressed his interest in building an eco-conscious store—but not for the altruistic reasons we’re told to follow.

“He didn’t say, ‘Make my store green,’” says Lawshe, “He said, ‘Make my store more profitable.’”

Beadle saw an opportunity in green design to actually improve his bottom line, and he and Lawshe created a team—including fellow panelists Jeffrey Roberts of Lucchesi Galati Architects and Denise Wight of New Wave Industries—to draw parallels between hemorrhaging energy and water and hemorrhaging money.

The proof is in the numbers:

▶ After an incremental cost of



GREEN SCENE: Green Valley Grocery’s idea to build an eco-friendly store came from a profitability standpoint, not a green one.

\$22,000, a Purclean water-reclamation system will generate an annual savings of \$12,424 and 1.8 million gallons of water.

▶ With the installation of Anthony International ESP System cooler doors with an incremental cost of \$3,300, Beadle will experience a return on investment in less than 1.3 years.

▶ LSI’s LED exterior-lighting system, with an incremental cost of \$9,000, will garner annual savings of \$7,506 for a 1.2-year ROI. By switching over interior lights, Beadle experienced an initial cost savings of \$12,000, with an annual savings of \$2,365.

Marketing vs. Savings

Lawshe stressed that going green need not be a 100% overhaul of a store: “It’s small steps.” He gave attendees 10 areas to target: recycling, lighting systems, Energy Star equipment, water reclamation, waterless urinals and dual-flush

commodes, daylighting, landscaping to minimize heat island effects, radiant barrier on roof and exterior walls, and alternate energy sources. Also, check for state and local green-building incentives.

Roberts, meanwhile, stressed that not all green strategies will save money. Much attention is given to the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, but Roberts warned that when retailers start going after LEED certification, the savings can stop. At this time, it is an expensive investment, he says, and is best used when marketing is a retailer’s primary agenda.

But Beadle doesn’t intend on advertising his new green initiative, because he doesn’t know if his customers would really care. For him, it was simply seeing an opportunity to save money, by saving energy, water and waste.

The first eco-friendly Green Valley Grocery is slated to open in 2009. ■

Strategy, Execution Key to Foodservice Success

As two retailers explained in the session “Selling Foodservice,” success requires a strategic approach that focuses on not only maximizing the marketing potential of a foodservice program, but also ensuring a solid execution.

Joe Chiovera, senior director of fresh foods for Dallas-based 7-Eleven Inc., said while there is no “silver bullet” for foodservice marketing, there are six key areas every retailer should focus on—what he refers to as the “Six P’s of Marketing”:

Product. This area centers on product development and considering the item’s size, shape and other characteristics.

Packaging. Today, packaging is a strategic decision, Chiovera said, because it not only ensures product integrity but also influences consumer perception.

Price. Know how the competition

prices similar products, and be flexible so you can respond effectively.

Placement. “We all shop ourselves; we are all consumers,” said Chiovera. Approach the product’s placement with that consumer perspective in mind.

Promotion. This needs to be creative and powerful to engage the consumer and raise awareness of your offering.

People. The object is for the employees to transfer their knowledge of the product to customers; training—and passion—are key.

From the perspective of Jennifer Jensen Vespole, marketing sales manager of foodservice for Quick Chek Corp., Whitehouse Station, N.J., a strong brand gets customers to your store on a regular basis; the rest of the battle is determined by the strength of the com-

pany’s marketing program. Foodservice is a core category for the 100-store chain, delivering slight more than 20% of corporate sales but more than 50% of profit dollars.

“Quick Chek is most successful when we limit the message and drive it repeatedly,” said Vespole. She cited the chain’s March and April “Search for the Quick Chek Hot Italian” campaign, which promoted its new Italian sub and invited customers to find and take a photo with the Quick Chek “Hot Italian” at each of its locations. The retailer drove the campaign with billboard, radio, online and guerrilla marketing.

The winner got a vacation to Italy; Quick Chek enjoyed boosts in store traffic, and the promotion was “great PR,” said Vespole. —Samantha Oller

Real-Estate Market Gets Too Real

If there’s a bright side to current economic troubles, it’s this: A global recession should lead to lower oil prices. That said, those lower prices will likely be characterized by shifting retail margins, according to George A. Overstreet Jr., a professor at the McIntire School of Commerce at the University of Virginia, Charlottesville, Va., and the lead presenter in a real-estate session, “Best Practices in Turbulent Times.”

But in examining the economy’s effect on real estate, there’s not much to look forward to in the immediate future, according to fellow presenter Barry D. Bain, vice president of acquisitions for Sovereign Investment Co., Wheaton, Ill.

“Returns will continue to diminish”

on commercial property, said Bain. “Going forward the value of [commercial] properties is going to be worse. If you’re going to sell, don’t wait. . . . The garage door is closing.”

It may be a good time to buy, however. Panelists advised buyers to be patient because property values should continue to slide leading up to a recovery, ultimately giving buyers a good look at assets that can be purchased for far below their peak value.

“Find a way to protect your interests; you’ve got to know who’s in your market and who’s looking to buy,” said Bain. “Shed yourself of B properties. Focus on the stores that are making good margins.”

Some relief looms, but it is farther

off than most would like. The panelists said they expect things to turn around by the first quarter of 2010, when the expansion of a self-sustaining economy begins. By the third quarter of 2010, real-estate prices should resume an upward climb. Either way, retailers are looking at 18 to 20 months of recession, according to Overstreet, citing a fellow economist’s study.

Another possible silver lining: Remember all those banks that used to compete with convenience retailers for real estate? With the pace of consolidation in the banking industry accelerating, extraneous branch locations will become “prime opportunities” for c-store retailers seeking plum corners, according to Overstreet. —Bill Donahue

Back on the Bike

Armstrong inspires through saga of struggle, survival

By Bill Donahue

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His words did nothing to help convenience retailers sell more soft drinks or ratchet up their gasoline margins. He had no soothing advice for selling underperforming stores in troubled times or numbing the pain of credit-card fees.

Nonetheless, seven-time Tour de France winner and cancer survivor Lance Armstrong spoke to a full auditorium early in the morning on the last day of the NACS Show. His message, literally and figuratively: Always get up and get back on the bike, no matter how hard and painful the fall.

"I encourage you all to be compassionate and active, to give of your time, space and passion," he said. "That's the way that our country will be great again."

He spoke with humor and conviction as he scrolled through a list of career highs, such as winning the Tour de France seven times in succession, from 1999 to 2005. His tone mellowed, however, as he shared intimate details of his 1996 battle with advanced testicular cancer that had spread to his lungs, abdomen and brain. He talked about the folly of ignoring warning signs such as raging headaches and blurry vision. It took coughing up a sink full of blood to get his attention that something might be wrong with him.

"It was the rock bottom of my life," he said. He recalled a meeting with a neurosurgeon, who likened Armstrong's impending brain surgery to "carving a pumpkin": cut a hole in the top, pull off the lid, scoop out what's

inside and put the lid back on. "That's all it is," Armstrong remembered the doctor telling him. "He kept telling me how minor it was."

He got through it and was cancer-free by 1997, when he decided it was time to rebuild his life and start racing again. He and his agent sent out a news release announcing he would get back on the bike. They sat back and waited



SPOKESMAN: Lance Armstrong, who won the Tour de France cycling race a record seven times, shared with show attendees his approach to overcoming his battle with testicular cancer.

for the offers to join professional racing teams from around the world, but the phone never rang. Most teams considered him "damaged goods," he said.

All other options gone, he convinced the U.S. cycling team, which at the time was widely considered the "Bad News Bears of cycling," to add him to the roster. The same mental strength that pushed him through his cancer battle helped him start over and eventually make cycling history.

"What is winning and losing?" he said. "Losing equals death. Winning equals life. If I lose, it feels like death."

Building an Army

By 2004, he had won the Tour de France six times. That year also represented another milestone in Armstrong's life. Nike approached him about a unique partnership that led to the development of the now-famous Livestrong yellow bracelet. The company funded 5 million bracelets and gave \$1 million to the Lance Armstrong Foundation for cancer research and cancer awareness. He didn't expect to sell very many, but supporters from around the world have since purchased more than 70 million Livestrong bracelets.

"It built an army," said Armstrong, now 37. "Cancer had a color. Cancer had a name. Cancer had a cause."

The decision to become a sort of evangelist for cancer awareness was an easy one for Armstrong. He told show attendees about a conversation he had on Dec. 13, 1996: the day he left the hospital after his cancer surgery. His doctor told him he was cancer-free but that he could relapse "in a month, in a year, in 20 years—I don't know." His doctor also spoke of the "obligation of the cure": sharing his story with others.

Armstrong has been in the news of late, having announced he plans to return to competitive cycling for the 2009 season. Despite that commitment, he remains intent on continuing his "obligation" to shine more light on cancer awareness and prevention. Working toward a cure, he said, "is a lot better than winning an eighth Tour [de France]."

"But I'm going to pedal as hard as I can." ■

Engage in the Art of Delighting Customers

Steve Zipkoff, president and CEO of Zipkoff Solutions, Richardson, Texas, likes to tell folks about his five-year saga of trying to get American Express to remove an erroneous \$1.68 charge on his account. Needless to say,

while he originally signed on with AmEx in 1976, Zipkoff is a customer no more.

Despite experiences such as this, keeping customers happy is not rocket science. Retailers simply need to follow Zipkoff's "six working tools to deliver customer delight":

1. See yourself as a service provider, regardless of what you do. "Once you realize that's your function, now it's not my job to pump gas; it's to provide a service," Zipkoff explained.

2. Ensure you add value. Value is a perception, and it's different for each person, Zipkoff said. It's more important to shape your offering based on your customers' value system, not yours.

3. Become a quick-change artist. When it comes to the customer, a retailer must learn to be adaptable. As a general rule, customer policies don't work, Zipkoff said. They allow employees to rely on one-size policies that don't necessarily fit all situations.

4. Be a fixer, not a finger-pointer. "You're not in the business of revenue building," said Zipkoff. "You're in the business of profit building." As such, it's better for employees and management to address the underlying issues of a problem rather than simply blaming a specific person or policy.

5. Practice continuous improvement by doing the small things better, consistently. "The big picture won't kill you; it's the tiny little things that happen that murder companies," said Zipkoff.

6. Behave as if you're in the business for yourself. Regardless of whether you're the CEO or a store associate, "you own the company," said Zipkoff. This mindset will provide a much better perspective with which to address customer perceptions. —Samantha Oller

SESSIONS IN BRIEF

► **Tips for Supplier Success:** Attention, suppliers: Get the product right, get the package size right and make sure a new item targets convenience-store shoppers without being “me-toos.” If possible, provide an SRP and a proven track record of the product from another channel or another part of the country. That’s what a team of some of the industry’s largest wholesale distributors said in the supplier-focused session, “Leveraging Wholesale Distribution to Maximize Convenience Retail Revenue.”

Also, when pricing a product, suppliers should take into consideration the profitability needs of other parts of the puzzle. “We put ourselves in the shoes of retailers,” said Steve Shing, corporate vice president of marketing and trade relations for Grocery Supply Co., Sulphur Springs, Texas. “We make sure the retailer is as profitable as possible.”

► **Customer Loyalty All About Feedback:** It is possible to create an upscale—even gourmet—convenience store and make customers loyal to it, Phyllis Wsol, national director of corporate affairs for Power Mart Corp., Oak Brook, Ill., told audience members in the session, “How to Win Customers and Keep Them.” Wsol gave an oral tour of Power Mart’s new store in Palos Heights, Ill., drawing attention to the store’s interior skylights, flat-screen TVs, fuel pumps equipped with full-motion video and proprietary

American Wood Grill in-store restaurant. The store also does strong business in gift baskets, which customers fill with unique merchandise.

The company also uses unique promotions and discounts to specific target groups—women, men, seniors, etc.—each day of the week, and has partnered with the likes of the Make-A-Wish Foundation to foster customer loyalty. Gathering and paying attention to immediate feedback from customers aids the company in its decision-making, according to Wsol. “If customers like it, we keep it. If they don’t, we pull it. It’s that simple,” she said.

► **Five Truths of Store Branding:** Joe Bona, president of the CBX Retail Division store-design firm, offered what he called the “five truths” of how consumers “experience” a store, during a workshop titled “Global Trends in Retail Branding and Store Design.” These truths and what you want to come from them, he says, can translate to your overall store design and brand image:

1. We learn through experience.
2. We understand “simple.”
3. We remember when we repeat, repeat, repeat.
4. We are motivated by rewards.
5. We embrace what makes a positive difference in our lives.

SESSIONS IN BRIEF

► Understand the Cash Cycle

Despite all the revenue their retail facilities generate, many operators face severe cash challenges, according to Francis O. Bologna of

Francis Bologna & Associates LLC, New Orleans. Bologna said in the "Running Out of Cash When You're Making Money" session that by understanding the cash cycle and managing the bal-

ance sheet more aggressively, retailers can have more cash at the ready.

By shaving days off accounts-receivable (processing receipts, depositing checks, etc.) and inventory (reconciling inventory, arranging displays, etc.) activities, and adding a day or two to accounts-payable activities (recording invoices, preparing and mailing checks, etc.), retailers can compress their overall cash cycle and, in the process, "find" more money.

"Spend some time looking for inefficiencies [in the inventory cycle]," Bologna said. "Allow invoices to age because sometimes bills get paid faster than they should."

► Play It Safe

The keys to a successful food safety, quality and security program are consistency, validation and documentation, said Jay Ellingson, director of food safety and quality assurance for Kwik Trip, La Crosse, Wis. Ellingson and Jim Bressi, Kwik Trip's director of food research and development, explored how to create a food-safety program that protects retailers and customers alike.

There are 325,000 hospitalizations, 80 million illnesses and 6,000 deaths annually from food-related illnesses. If the food industry reduced illnesses by just 10%, it would save at least \$3 billion in medical bills, lost productivity and other costs.

One of the easiest yet most important tools for proper food sanitation is employee hand-washing. A proper hand-washing should last as long as it takes to sing "Happy Birthday."

Time and temperature are the crucial components of proper food handling.

When receiving food products from a vendor, ask for the following paperwork: product indemnity, general liability insurance, a third-party audit and an independent questionnaire.

Maintain proper documentation for all steps, including vendor interactions and food-processing programs and sanitation procedures.

Create a HACCP (Hazard Analysis and Critical Control Point) program, emphasizing validation and record-keeping. ■