

The Master Plan

To do fresh foodservice right, it's critical to make marketing and the supply chain work together.

For convenience food retailers who are not part of a large national chain, foodservice—and particularly “fresh” foodservice—creates a world of opportunity. On the other hand, the foodservice business is viewed as one of peril, especially when it comes to success practices in managing the food supply chain and food marketing. Knowing some of the best practices in these two disciplines is the start of making informed decisions in driving improved overall foodservice business performance.

First, some definitions. An efficient food supply chain is the complex, interrelated, end-to-end network from farm and field to processing, warehousing, and ultimately store delivery. Daily, a network of mainline and DSD distributors safely and efficiently supplies the broad and deep range of all the products required by the industry.

As for marketing, my favorite definition comes from Peter Drucker: “The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.” Effective foodservice marketing focuses first on every customer, every day, and at every store. After all, the sole reason for the c-store retail business is to create and to serve customers.

Starting with the Plan

Classic marketing definitions suggest four Ps form the marketing equation: Product, Price, Place, and Position. To me, though, food marketing includes a fifth P, the annual strategic Plan.

To be honest, I was not always a believer in a food-specific strategic business plan, updated each year as part of the overall business planning cycle. However, I became a believer after experiencing what the right food plan can accomplish in both mega-companies like Starbucks and mid-size and small c-store chains.

Detailing the comprehensive and realistic business case for a c-store food program provides a vehicle for assuring the program is sound

Linking Marketing and Supply Chain

Here are two examples of how marketing and supply chain work together in a successful c-store foodservice operation.

	EFFICIENT SUPPLY CHAIN	MARKETING
SANDWICH SUPPLIER EXAMPLE	Manages all aspects of the product supply chain: ingredient sourcing, production, assembly, packaging, labeling, store delivery, merchandising and freshness (spoils) management of the c-store's fresh food offer, as well as business performance and food safety reporting.	Selects the right supplier as the starting point in an efficient and safe foodservice supply chain. Creating comprehensive operating standards and performance KPIs provides the necessary management framework. Rigorous on-going supplier management of all aspects of the contracted offer is required.
MAINLINE DISTRIBUTOR EXAMPLE	Responsibilities include product sourcing, warehousing, and in-store distribution. In addition, the distributor delivers the lowest negotiated contracted costs, while providing maximum product freshness, on-time delivery, and meeting in-stock levels. Incremental capabilities in the area of foodservice product R&D, new product sourcing, and development, plus flexibility with product additions (e.g., LTO promotions) and additional store deliveries (volume or special-circumstance driven) are desirable supply chain partner services.	Marketing establishes the Foodservice Business Strategic Plan along with structuring each of the other four Ps of marketing specific to the retailer's c-store foodservice business model. Enabling Marketing's five Ps requires the diligent sourcing, negotiation, and selection of the right efficient supply chain strategic partner. Further, ongoing rigorous partner management is necessary to fully garner all of the expected benefits from the supply chain partner relationship. In many organizations, procurement specialists are partners with marketing in this process.

from a customer, economic, and overall business model fit. Plus, the food business plan provides the vehicle for aligning everyone in the company—from the board of directors to the store associates—around the objectives, the opportunities, the challenges, the specific strategies, and the tactics and resources to be deployed.

This alignment and business ground-setting is necessary for garnering direct supporting resources as well as the critically important cross-functional resources like IT/systems, HR/training, and operations, among others, required to deliver the plan's key success targets.

Several years ago I was working on a large and respected c-store company's foodservice business. At the time, a dynamic foodservice strategic business plan did not exist. Framing the plan, using specific foodservice challenges and opportunities this retailer faced, both demonstrated and convinced the company of the critical role of such a plan. A few of this company's foodservice business opportunities and challenges included:

Margin Potential: The foodservice business, in comparison to any other category in

the c-store business, has the highest margin opportunity.

Improved Performance: The business was underperforming on many of the financial, operational, and customer experience measures benchmarked against best-in-class industry leaders.

Inefficient: Efficiencies were not being fully realized in many areas of the business. One example implicating the supply chain and product assortment was the need to rationalize suppliers and products.

Inconsistent: The current offer, presentation, customer positioning, and service delivery was inconsistent and not effectively managed across stores.

Food Message Opportunity: The food offer was poorly communicated to target customers (both potential and those already in the store) and generally lacked necessary cues for effective fresh food and beverage appetite appeal.

Do these challenges and opportunities resonate with you and apply to your c-store foodservice business? Do you have a strategic food plan that proactively addresses the challenges and missed opportunities in your business?

More Marketing Ps

Back to our definitions.

Product is the range and depth of the right foodservice products, or the assortment. These products result from dynamic planning, selection, and management processes. Category and subcategory roles are the drivers of the food and beverage items selected. Both speed and flexibility to meet customer needs, while responding to the ever-changing market conditions, are key requirements for effective product assortment management.

Place is the location, the space, the product adjacencies and equipment and fixtures in store deployed to present and merchandise the offer. Micro-merchandising strategies detailing the

degree of difference from store-to-store and across store clusters are a key component.


Maximizing the place requires decisions on the degree of variation in space used from store-to-store and across store clusters for the food and beverage assortment overall, as well as specific offer sub-categories. Are the stores all the same in terms of space allocation and merchandising approach for the food and beverage offer? Or is flexibility incorporated for taking advantage of localization opportunities?

Price refers to the retail pricing strategy deployed for the foodservice product assortment. Small changes in pricing can have a significant result on the overall profitability of the business. Setting different prices for stores or for store clusters can be a missed opportunity. Even large, respected foodservice retailers like McDonald's set different prices for their products across the store network (yes, Big Mac prices do vary). This pricing strategy is designed to take advantage of regional and competitive price differences while also recognizing that each location potentially has different capital and operating costs.

Promotion is the effective communication of the food offer, both in the store and externally, designed to inform and to educate the customer. Customers buy foods based on their five sensual cues. For product promotions to be most effective, they need to incorporate fresh food- and beverage-appropriate words, messages, images, and in-store displays that trigger the emotional call-to-action responses.

What Now?

To positively change your c-store foodservice business now, start with a soul-searching look at the opportunities and challenges you face relative to your current foodservice business. A great place to begin this process is with a serious scrub and rigorous check of your foodservice strategic business plan.

And if you don't have a plan, create one. It will provide the path for improving your business performance. 

Maurice P. Minno is president of the MPM Consulting Group and a partner of ISUS (Inventive Strategies and Unique Solutions). He has been responsible for strategy; marketing and category management; brand, concept, and product development; and reinvention for multiunit and independent c-store foodservice retailers including Petro-Canada, BP and ampm, Chevron, Starbucks, Irving Oil, Circle K, and Wawa, among many others. Maurice is also a long-serving member of Maverik's Board of Directors. Contact him at (760) 250-7791 or visit the MPM Group website at www.MPMGroup.net.

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