SUPER-C-STORES

by

John W. Hurt, Jr.
Doc's Quick Shop Market
Easton, Maryland

Good morning! Our topic this morning is "Impact of Retail Store Design Upon Productivity."

Productivity...the quality or state of being productive. I am particularly intrigued by a definition of production--Yielding or furnishing results, benefits, or profits. I had almost forgotten about the word productivity until Jarvis Cain resurrected it in time for this conference.

My company operates convenience stores on Maryland's eastern shore. We opened our first store in 1965. They have typically been the 40' x 60' variety carrying the usual product mix, perhaps in a little greater variety. It has been interesting, to say the least, to witness the phoenomenon termed "fast food" as it has developed in our industry over the past five to ten years. I personally believe it can trace its origin to 7-11's "hot-to-go" microwave program. It has changed the circumstance whereby we counted supermarkets and other food stores among our major competitors; to, where today, probably McDonald's and Burger King rate that distinction.

Gradually, in our company, we found ourselves adopting the more successful new product categories, such as coffee and donuts. The breakfast meal has become almost an exclusive of the convenience store. In the initial stages, we were reticent about sandwich and other "fast food" programs, particularly because we could not rationalize the lack of quality. Three years ago, however, we joined the effort by remodeling our largest store to include: 1) complete deli, 2) sandwich operation, 3) fried chicken program, 4) hot entrees, and 5) bake-off.

Additionally, in our commissary operation, we cook our roast beef, make our own salads, and cut fresh chickens for our fried chicken operation. Our intent was to include as many of the new ideas as we possibly could in order to ascertain which of them might have application in our other units.

Actually, a fire gave us the opportunity to apply some of our experience from our first effort and begin a store design from the ground up. I should interject here that while I am a student of the times, and have had some experience in store design, I still basically employ the SWAG method.

We concentrate primarily on three profit centers:

1. CHECKOUT

   --Candy
   --Tobacco
   --Controlled Items (film, batteries, novelties)
   --Snacks (Lance, meat, etc.)
   --Ice Cream (hand dipped and soft serve)
   --O-T-C Beverages
   --Bakery (donuts, cookies)
   --Other Impulse Snacks (popcorn)

2. WALK-IN

   --Milk (still a staple)
   --Packaged Meats
   --Packaged Produce
   --Single Unit Beverages
   --Beer

3. DELI

   --O-T-C Meats and Cheeses
   --Salads

--Sandwiches
--Fried Chicken

In the checkout area, we have tried, by design, to incorporate as many profitable categories as we could in a tight compact area. There used to be an old saying in the supermarket business that if you wanted an item to move, you simply "Put it up front." Aside from the mechanical considerations (which is a seminar topic all by itself), we were interested in giving easy access to staff for processing, while maintaining an efficient checkout operation, not to mention security. I should mention also that we raised our checkout 6" from the store floor.

Our walk-in is located in close proximity to the delivery door and at the same time, provides the total store shopping effect considered essential in store design. I am amazed at the amount of business done these days from the walk-in or vault, including the old staples...milk, single unit beverages, and beer. Easy rear loading makes restocking simple and provides for proper rotation.

Finally, the new category...DELI. Perhaps the biggest consideration is whether to incorporate the deli operation in the checkout, maximizing utilization of your store staff, or remote it as a separate department. Obviously, we have opted for the second alternative. This is only feasible when projected sales would warrant. In the course of designing this particular store, we felt that some refrigeration storage adjacent to the deli was necessary, so we included a secondary walk-in. The thought then occurred, why not have the walk-in serve a dual function and include display? The importance here is that it enables you to prepare many items in advance of peak times. Our sandwich operation has been very well received. We invite our patrons to order their sandwich in a less congested area and pick them up sequentially. This tends to ease the traffic flow as well as offer exposure to additional high profit snack items.

With this store design, we have drawn a distinct separation between the convenience store and the "fast food" sections of our store. This may or may not be important.

Perhaps one of the newest innovations in convenience store "fast food" operations is self-service beverages, desserts, salads, etc. While we have not yet adopted such a program, I definitely believe it has a place, and could further enhance productivity.

Several footnotes:

1. While the national trend is and has been away from dry grocery sales, I have not totally given up on this category. I believe that the new trends and the proven categories can co-exist, particularly in rural areas. For instance, we are currently experimenting with a generic section.

2. We have not forsaken other areas within our stores simply because we have directed emphasis to the three profit centers. Specifically, packaged ice cream, snacks, HABA, and general merchandise (particularly automative) play a significant role in our overall product mix.

3. Gasoline is still a contributing factor to overall profit, but it has been much too volatile for my taste. I prefer categories that are more predictable.

4. Electronic Video Games are becoming more and more dominant in some markets. We have introduced them to our stores and are impressed with the results. We do, however, hope to keep this category in the proper perspective.

5. Lastly, I believe that we will experience more and more sit down facilities in convenience stores in the

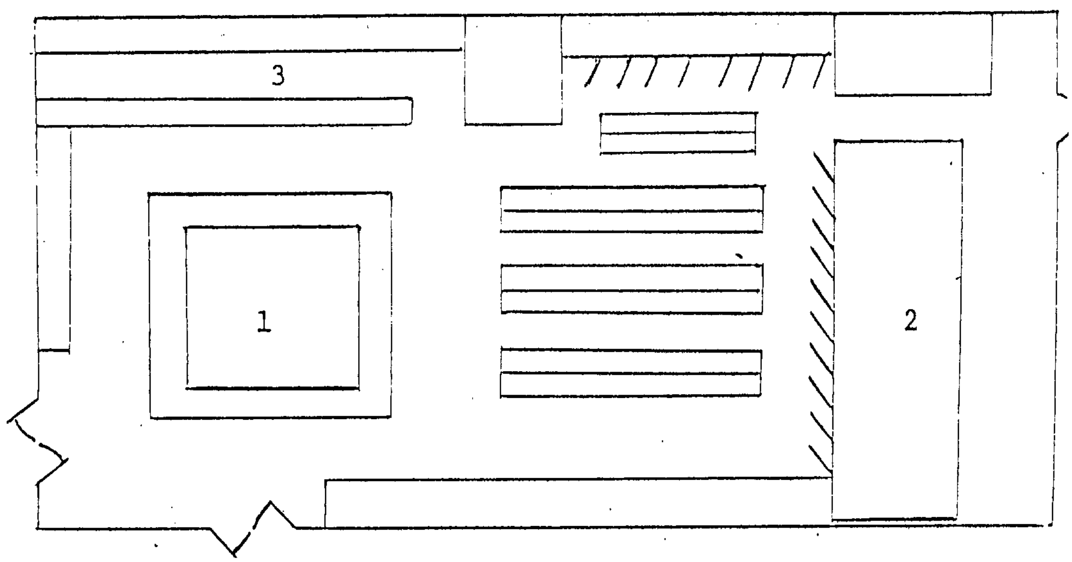
near future. Hopefully, we will be able to incorporate such a facility in our next store.

Thank you very much for your attention.

DOC'S QUICK SHOP MARKET, Route 50 near Dover, Street, Easton, Maryland

Size - 40' x 80'
Total Square Feet - 3200
Selling Area - 2120

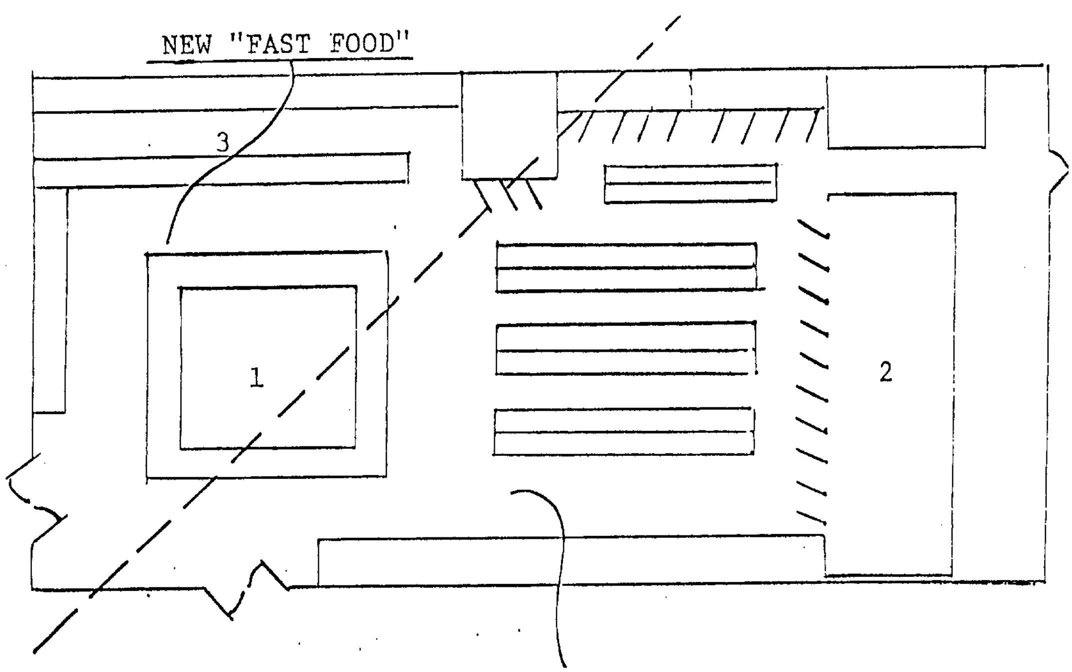
(1)



1 - Checkout 2 - Walk-in 3 - Deli

Size - 40' x 80'
Total Square Feet - 3200
Selling Area - 2120

(2)



TRADITIONAL CONVENIENCE STORE

1 - Checkout 2 - Walk-in 3 - Deli