

Localize Your Product Mix

With local products becoming more important to consumers, c-stores that develop partnerships with local vendors can capitalize on this growing trend

By Tammy Mastroberte

LOCAL PRODUCTS ARE MORE IMPORTANT to consumers today than in the past. While localization spans multiple categories, food and beverage is at the top of the list. Whether sitting down for a meal at a restaurant or shopping for food, consumers are looking for more information on what they are eating and drinking, and are especially interested in items that are fresh. In many cases, local food and produce equals fresh.

“Millennials and Gen Z have challenged us to have more transparency in everything we do, and they want to trace food back to the source,” said Ryan Krebs, director of foodservice at Rutter’s, based in York, Pa., and operating 71 convenience stores. “They are more attached to the shopping experience than the previous generation. They want to know where it comes from, and there is a perception that it’s fresher if local because it travels less and sits for less time in the store.”

In the convenience store space, community is important, and many chains already work with local businesses and charities in a variety of ways. This makes the convenience channel a prime player to offer local products because the community is often familiar with them already, and tend to be more loyal and supportive of businesses in their area.

In fact, 55 percent of consumers in the United States have very little confidence in big brands, according to the *2017 Global Future Consumer Study* by management consulting firm A.T. Kearny. This is up from 36 percent in 2012.

“Our community is very passionate about keeping the money in the community and, with us being in business for 85 years, we pride ourselves as being locally owned. We even have a sign that says, ‘Thank you for shopping local,’ when you walk out the door,” said Jim DeFilippis, vice president and general manager of NOCO Express, the Tonawanda, N.Y.-based operator of more than 35 c-stores. “There are also a lot of products people grew up with that are ‘must-haves,’ so we support them because they have a good following.”

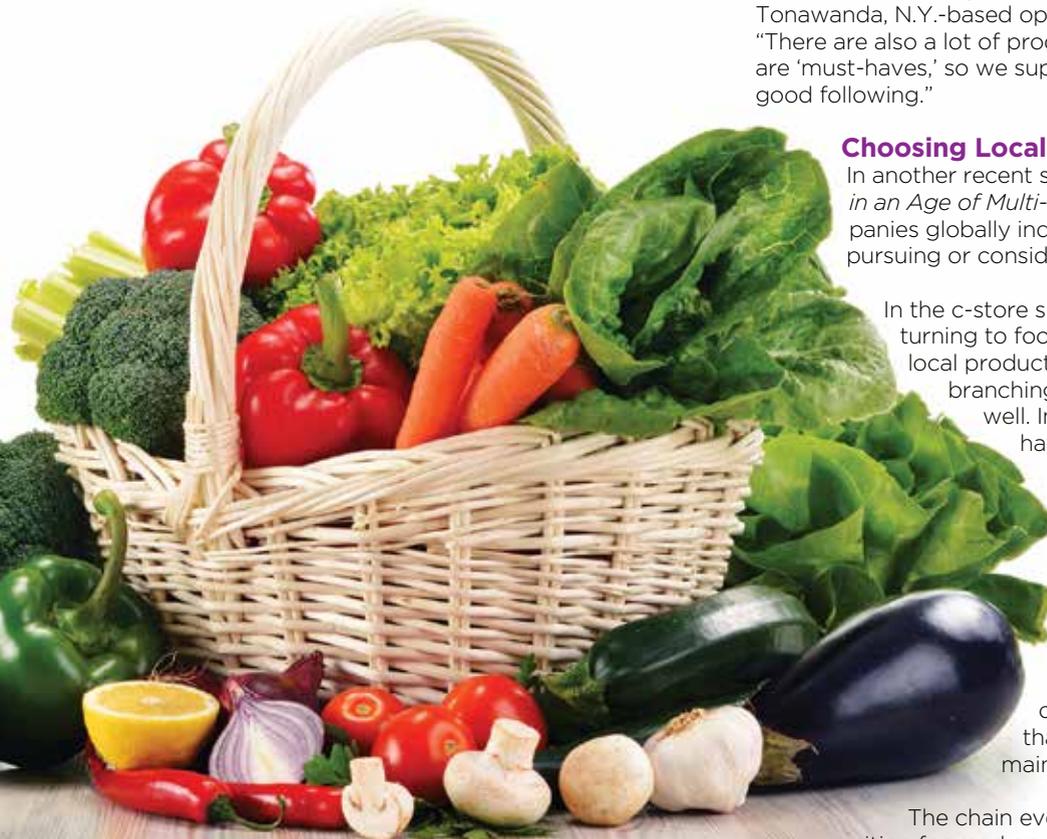
Choosing Local Products

In another recent study by A.T. Kearny, *Competing in an Age of Multi-Localism*, 89 percent of companies globally indicated that they are already pursuing or considering pursuing localization.

In the c-store space, the majority of retailers are turning to food and beverage when choosing local products — although there are some branching out into other categories as well. In addition, some retailers that have been offering local products for years are now advertising them in a bigger way.

“We had over 70 food items already local before we started telling the story about it, and now we are up to more than 85 on our foodservice menu, and seven or eight local produce items,” Krebs said, noting that local offerings have become a main driver for Rutter’s.

The chain even created a category manager position focused on local products and promoted



Call to Action

- If you're looking to add local products to your assortment, start out by creating a definition of what "local" means to your business. It could mean manufactured in the state, or produced within a certain mile radius of your headquarters.
- Once you've set your definition, investigate what is available that falls into that footprint. You'll likely be surprised at how many options you find.
- Don't limit yourself to just local foodservice items, or local beer and wine, which is where many retailers start. Think outside the box, such as a partnership with a florist in the area or a local farmers market.
- Check if your existing distributors have any local products available. Some of them may carry products that fit into your definition of local, and they're already delivering product to your stores.
- Once you find partners and get distribution set up, it's time to advertise so that shoppers know you carry local products and can easily identify them in the store. Product tags, voiceover and digital screen messaging in-store and at the pumps, and social media promotion are all valid approaches.



NOCO Express partners with several local businesses, including Charlie the Butcher and doughnut shop Donut Kraze.

Cheri Booth from her role as foodservice quality assurance manager. In her new role, Booth oversees all aspects of local and fresh procurement, which includes produce, seasonal fruits and vegetables, foodservice, snacks, beverages, beer and wine.

"This isn't going away. This is going to be around for a couple of lifetimes, so we felt we needed to have someone who could become an expert and own everything local to drive the category," Krebs explained. "She has already started new relationships calling out local wines and potato chips."

For c-stores looking to add more local products to their assortment, Krebs recommends first creating a definition of what "local" is to them, and then investigating what is available that falls into that footprint. At Rutter's, local means it's grown or manufactured in the state of Pennsylvania or within a 100-mile radius of the retailer's corporate headquarters in York.

"C-stores would be surprised how many opportunities for local partners they have in their territory," he said.

C-store operators should also think outside the box when it comes to local products because it doesn't only have to be foodservice, or local beer and wine, which is where many start. At NOCO Express, the chain partners with a local florist that has a couple of shops in the area. The florist delivers directly to the stores and maintains the displays.

"It's in 40 percent of our stores. They offer fresh bouquets, arrangements and single roses. Where can you get nice flowers in a c-store?" DeFilippis pointed out. "I get a percentage of the sales in the store, and they even supply the refrigerated coolers, so the arrangements stay fresh. I ran electric for the cases and we met halfway on the expenses."

NOCO also partners with a local doughnut shop called Donut Kraze, which supplies fresh doughnuts to select stores every morning. So far, Donut Kraze is in eight locations.

Another partnership, with Costanzo's Bakery, supplies local bread for its sandwiches. "They sell soft, dense bread that everyone who grew up here is used to, so we toast them for sandwiches. They are also in business in the area for more than 80 years,



Johnny Junxions, a single store, offers local produce and seasonal items through a partnership with a farmers market.



and we use thousands of rolls a month, so it's a strong partnership," DeFilippis explained.

In yet another food-based move, NOCO Express partners with a local butcher, known as Charlie the Butcher, who has a couple of locations in the area. NOCO runs his franchise out of a few of its c-stores. Charlie the Butcher is best known for his roast beef sandwiches with horseradish on Kimmelwick rolls with caraway seeds and salt.

Offering local products, though, is not just for c-store chains with bigger buying power. Single-store owners and small operators can localize their product mix, too.

At Johnny Junxions in Bedford, Ind., which opened in 2004, the single store offers local produce every year from June through October. The produce is sourced from a farm approximately 45 minutes from the store. What started as just watermelon, corn and cantaloupe being sold out of the back of a trailer outside the store has now grown to include tomatoes, potatoes, apples and even seasonal flowers, pumpkins and squash during the fall.

"The farmer asked if we wanted to sell some fall goods. We tried it and they sold out so fast. We went from 25 mums the first year to 1,500 the second. Now, we sell 2,500 mums per year, and around 3,000 watermelons," said Mark Murphy, marketing manager at Johnny Junxions.

The store also offers local honey that is pro-

duced two miles away. Johnny Junxions purchases it and resells it in the store, and does the same with Claeys Candy, a local candy shop. Old-fashioned hard candy and peanut brittle is featured in the fall.

Sourcing & Distribution

Retailers already diving into localization at their stores don't report difficulty in finding willing partners in their areas. In fact, once companies in the area realize the stores are carrying local products, they will often reach out to the retailer themselves.

"Once we sent out the release that we hired a local category manager, the phone started ringing," said Krebs of Rutter's. "People want to work with you."

At NOCO, DeFilippis finds it works both ways. Sometimes, he is approached and other times, he will discover a product that he would like to carry. He did this with Platter's Chocolates based in Buffalo, N.Y. They are known for their Orange Chocolate Sponge Candy, so the chain now carries it in the stores using large displays.

HOW TO

NOCO Express stores sell candy from Platter's Chocolates, a Buffalo institution.

"We also offer candy and chocolate for holidays like Easter and Valentine's Day," he noted. "It's a point of difference because 7-Eleven, for example, doesn't play in that sandbox, being managed out of Texas."

It's the same at Johnny Junxions. Offering the produce and fall items each year started by them approaching a local farmer, but once people began to realize the store had a focus on local, the offers came to them. Murphy recommends c-stores interested in offering local produce or other farmers market items do their research first.

"I would see how many farmers markets are around the store or stores to know if there is a need for it in your

area. Some might only be open a few hours a day, and you can fill in that need," he advised. "The farmers market we buy from is far enough away that it's not competition. Find someone who is willing to sell you product and be consistent with it. You don't want fresh tomatoes one week and then not have it the next. People don't like that."

The one challenge that can occur with localization is finding distribution for the local products. In some cases, a company can pick up the product themselves — Johnny Junxions does this. Once a week, Murphy travels to pick up the produce, while the honey vendor delivers the product to the store. Meanwhile, at NOCO, the local bakery delivers fresh bread every day to the stores, but one of the retailer's rules is that all its vendors must have liability insurance with a threshold of \$1 million.

"That is in case they come on the property and get hurt or hit one of our pumps or something," DeFilippis said.

For small and large chains alike, checking with their distributors — who are already delivering product to the stores — is a great place to start. Some of them may already carry products that fit into the local footprint, according to Krebs.



THE



Because Rutter's has 71 stores, buying power is an advantage the company can use to have its distributors add products they might not already be carrying.

"We have one company out of Altoona, Pa., doing pepperoni rolls for us that are made by hand, and we connected them with our distributor U.S. Foods so they could distribute to us," said Krebs. "If there is a product I want, because of our volume and credibility with the distributor, they will often figure out how to get the product. That is an advantage we have over the single-store operator."

Calling Out Local

Once you find partners and get distribution set up, it's time to advertise so that shoppers know you carry local products and can easily identify them in the store.

At Rutter's, a local tag is used physically and digitally. At its kiosks for made-to-order items, there is a local tag next to the sausage, for example. For produce items such as watermelon or blueberries, they get a local tag placed right on the package.

"We also have messaging with store voiceover and at the pumps to tell our story, as well as in-store television

screens," Krebs noted, adding that Rutter's website also lists all the local manufacturers the chain works with and features videos from the farmers and manufacturers so that customers can take a deep dive.

Utilizing social media is another way to get the word out, and is one of the approaches Murphy takes at Johnny Junxions. Like Rutter's, the store utilizes in-store screens for messaging, and it created roadside banners that call out local homegrown tomatoes and Indian sweet corn for sale.

"The majority of our customers know it, but we always pick up new ones each year," Murphy said. **CSN**



Elaine's Flower Shoppe & Gifts supplies 40 percent of NOCO Express' locations with fresh bouquets and single roses.

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