

Buy Like The Big Guys

October 1, 2011

2:45pm – 3:45pm

Agenda

- **Who We Are / What Do We Do**
- **Understanding How Big Guys Buy**
- **How Can You Buy Like The Big Guys**
- **Q&A**

Who We Are

- **Team of Industry Experts with Over 500 Years Experience**
- **Work With Retailers And Suppliers**
- **Clients Include Single Site Operators, Jobbers, Regional Chains, and The Major Oil Companies**
- **Provide Expertise on As Needed Basis**

What We Do

- **Site Selection / Analysis / Forecast**
- **Store Design / Layout**
- **Marketing Strategy / Plans / Tactics**
- **Primary Distributor Evaluations**
- **Operations Analysis / Improvement**
- **Foodservice Analysis / Improvement**
- **Information Systems RFP / Evaluations / Implementation**

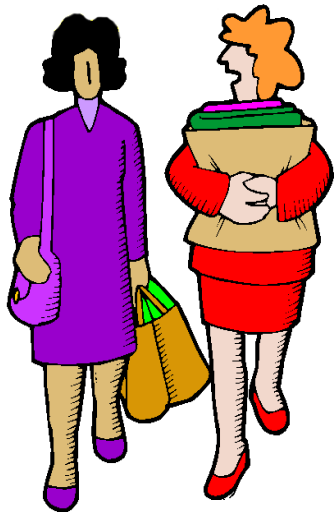
Big Guys Are Customer Focused



Why Do They Care

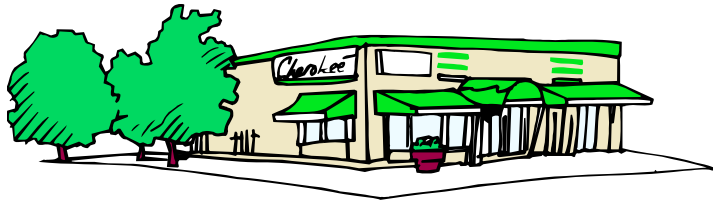
Three Ways To Increase Sales

- **Get New Customers**
- **Get Existing Customers To Come More Often**
- **Get Existing Customers To Buy More Each Trip**

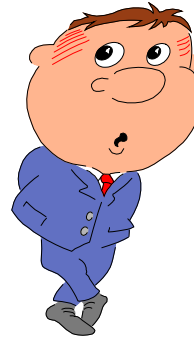
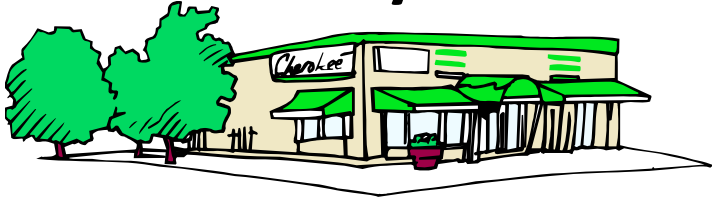


Consideration Set

On Way To Work



On Way Home



Weekends



What Do They Want?



How Do The Big Guys Buy?

How Do Big Guys Buy?

**Buy For Their
Customers**



**Not Sell
For Their
Suppliers**

Big Guys Know

Is Not All About The Cost



Its About Buying **RIGHT!**

Big Guys Buy Right

- **Right Product**
- **Right Supplier**
- **Right Quantity**
- **Right Time**
- **Right Cost**

Right Product

Right Product

Not What You Want to

SELL

Its What They Want to

BUY

Why Are You Buying “X”?

Are you buying “X” because:

- You Got A Great Deal On It?
- Rebates / Allowances?
- It Has A Great Margin (If It Sells)?
- It Is A Item That A Sales Person Sold You?

Or

- Its An Item Your Customers Have Asked For?
- Its An Item Your Competitors Are Selling?

Right Product

– Did You Make Money Selling It?

Mark Up vs. Gross Profit

- 50% Mark Up Yields 33% Gross Profit
- 33.3% Mark Up Yields 25% Gross Profit
- 25% Mark Up Yields 20% Gross Profit
- 20% Mark Up Yields 16.6% Gross Profit

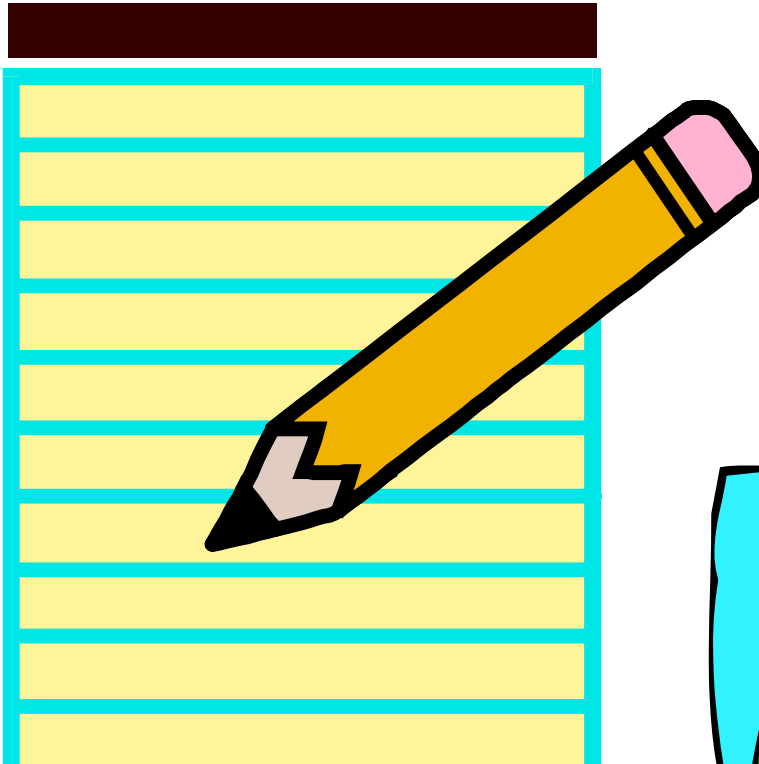
Wrong Product

- **Dust Test**
- **Always Moving It To New Area / Display**
- **Order Frequency / Quantity**
- **Sales Ranking**
 - **Top 10**
 - **Bottom 20**

Right Product

– What You Could Have Sold?

Want List



Focus Groups



Consumer
Intercepts

Right Supplier

Right Supplier

– It Take Two To Tango

Those
That You
Want To
Dance
With
And
Those
That Want
To Dance
With You



Right Supplier – DSD

- **Typical Items (Coke, Pepsi, Beer, Snacks)**
- **Sales / Delivery Person Makes Store Calls**
- **May Make The Authorization Decision**
- **Too Often Makes The Decisions**
 - Item
 - Quantity
- **Big Guys Control The Buy Via Build To's**
 - Pen and paper (Excel forms)
 - Scanning systems (system develops inv. requirements)

Right Supplier – Primary Distributor

It's Not Just Candy and Cigarettes Anymore

- **Milk**
- **Bread**
- **Snack Cakes**
- **Fresh Programs (Fruits, Vegetables, Etc.)**
- **Foodservice Items**
- **Coffee & Other Product Equipment Programs**

Right Supplier – Negotiation

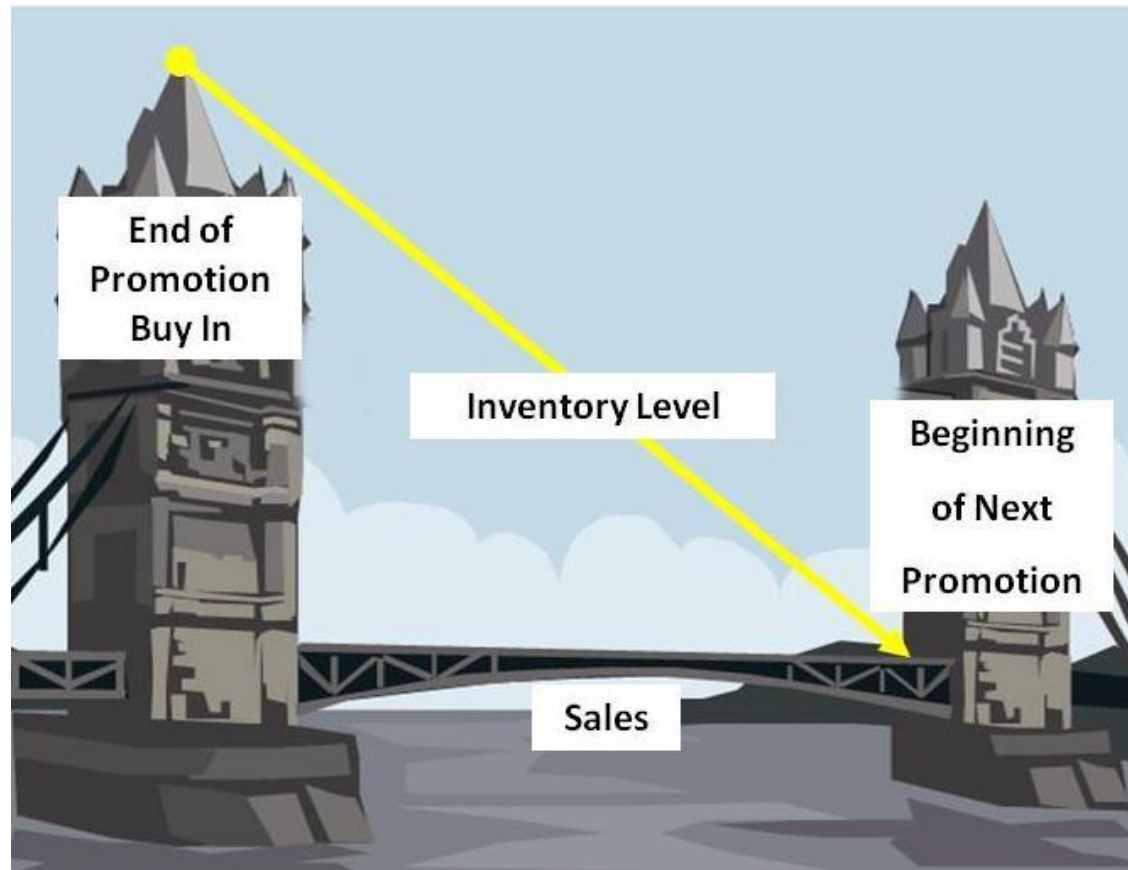
- **DSD (major vendors)**
 - Not a lot of choices
 - Little or no room to maneuver
 - Generally set contracts with various levels
- **Primary Distributor**
 - May or may not be a lot of single source alternatives
 - More room to maneuver, but not unlimited

Right Quantity / Inventory Management

Manage Inventory At Category / Item Level

- **Big Guys Control Their Buying By Controlling Their Inventory**
- **Build To's**
 - Replace what you sold
 - Anticipate what is needed
- **Methods**
 - Pen and paper (Excel Forms)
 - Scanning systems (system develops inv. requirements)

Bridge Buying



Right Time / Right Quantity Requirements

- **Know Your Inventory Level**
- **Know Your Historic Item Movement**
 - **Beer / soda (build to sheets)**
 - **Candy (purchase records)**
- **Know Your Vendors Promotion Plans**
- **Work With Your Vendors**
- **Make Sure You Got What You Paid For!**

Right Cost

Right Cost

How Do You Define

Cost?

Right Cost

**The Total Cost You Pay
Is More Complex
Than Just The Price
On The Invoice**

Total Acquisition Cost – An Example

Primary Wholesaler

- Invoice Price
- Terms
- Any Misc. Charges
- Rebates / Discounts

Membership Organization

- Invoice Price
- Time Away From Store
- Auto Expense
- Risk – Car / You
- Opportunity Cost

Questions?



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Thank you!