

Marketing Makes the Difference at Sheetz



Destination:
Sheetz Inc.
York, Pa.

In addition to outstanding service and unsurpassed leadership, a keen focus on the customers' needs has propelled the Pennsylvania chain into an elite class of retail marketers.

SHEETZ. ONE WORD AND all the images come to mind: Made To Order (MTO) foodservice, a great store design, loyal employees and a world-class distribution center. The list goes on and on.

You know how well the chain is operated, how tough a competitor it is and how it continues to grow to unprecedented levels. But did you ever wonder, "What caused that exponential growth? Where were the critical moments?" or "How did one dairy store in Altoona, Pa., grow to be this successful?"

Ever wish you could steal a glimpse of the behind-the-scenes focus that makes them great?

You can.

One critical timeframe for Sheetz was an eight year window from 1993-2000 when foodservice and marketing started to click. The chain went from 150 stores and \$300 million in sales to 300 stores and \$1 billion in sales. During that time, I worked for a Pittsburgh consulting group and Sheetz was my account. I was an insider with the Sheetz team and helped implement new retail strategies and advertising campaigns, and experienced all the 24/7 madness that rapid growth brings.

Our team, working with Louie Sheetz, Ray Ryan, Jeff Wild, Dan McMahon, Bill Reilly, Dave Hazlet and Sharon Vaughn, was able to market Sheetz products—especially MTO

food—in ways that electrified the industry, broke sales records and created a foundation that helped put them on the path they're on today.

Those eight years were a key intersection of opportunity meeting preparedness.

Here are the core tenets we used to catapult Sheetz to a multibillion-dollar industry juggernaut.

1 We really understood the Sheetz customer and his needs. We didn't just refer to him as "Bubba." That's lazy targeting. This blue or white collar customer had a great work ethic. He spent lots of time on the road in a lot of cold, wet or snowy Northeast weather. He had one Sheetz store he called his own, and he watched his money and looked for value. We understood



With its trademark focus on service, Sheetz has cultivated several generations of convenience store customers.

and met his needs with creative food programs, coffee, snacks and loyalty programs, and he rewarded us with repeated purchases.

2 Recognized that district managers and store managers were the company's secret weapon. I challenge you to visit 20 Sheetz stores in Pennsylvania's Blair and Cambria counties where Sheetz was born. The women who run these stores are from hard working European heritage. They run Sheetz stores as they run their homes—clean, efficient and with pride. They know their customers and if they don't recognize you at first, they'll give you a long look to make sure you can be trusted to enter their Sheetz family of customers. If you behave yourself—and I suggest you do—those employees will be as loyal to you as family. These women were critical to the operational success we were attempting in a period of rapid growth.

3 Leveraged designated media areas (DMAs). In those eight years, the cost of TV, radio, outdoor and print advertising was relatively inexpensive in their geographical footprint compared to DMAs nationwide. That meant if Sheetz wanted to raise the bar by promoting products in creative new ways in the media, they could, and they did.

We promoted new MTO foods when the industry thought it couldn't be done. We created the Sheetz brand of gasoline on TV and used the tankers and facilities to reinforce the brand and the quality message. We introduced Jacks cigarettes, "it" cola and a range of private label products that not only cost less, but helped Sheetz negotiate better prices on national brand products. Our mantra was get leverage to fuel the rapid growth.

4 Used price point to drive sales. We never believed retail advertising had to look hokey. Everything we advertised looked first class, but it almost always had a price point. Why? We felt this was the best way to communicate our value to that customer we knew so well, and it never failed to move foot traffic through the stores.

5 Emphasized testing and rolling out new food products. The mission developed by Steve and Stan Sheetz during those years was, "Get people on the lot with low prices on gas, so we can sell them something inside the store." That something was MTO food. But the key to our food program was keeping it energized with new products. We designed a "test it and roll it" program that had us constantly developing new products, such as the MTO steak sub, DOTZ bakery and Schmuffins, testing them in 15 stores, working out the kinks, then rolling them chainwide.

It might come as a surprise, but the key element that made this successful was trust. As a company grows, you risk introducing a clunker. Still, don't be afraid to try new stuff.

At Sheetz, we were expected to make mistakes. But there was never the politics of blame if we laid an egg, which we rarely did. We simply learned from it and moved on to the

next test. That kind of trust is rare in business today.

6 Used TV to reach customers quickly and cost effectively. We learned that the best way to get customers in the stores during the day was to reach them at night. TV advertising was a key way to make that happen. Because we had tested a new high margin MTO product and had confidence in its success, the investment in TV was just that—an investment. The resulting number of new customers trying prod-

an architect to design a store of the future, which influenced some of the chain's current store design.

8 Systematized new store openings. Not only were we facing challenges we had never seen before, but to top it off, Stan and Steve Sheetz were shooting for a goal of opening 40 stores a year. We had to get super organized and create a systematic, step-by-step campaign to open a Sheetz store—or several simultaneously—during a three month period.



Building on its brand equity, Sheetz last year launched Sheetz Bros. Kitchen to make and distribute fresh foods daily to the company's more than 350 convenience stores across six states.

ucts at Sheetz was a major element in growing the chain into the regional foodservice provider it is today.

7 Designed the store to communicate the Sheetz message. When you think of Sheetz, the first image to come to mind is often the red canopy. We were proud of the canopy and referred to it as our Golden Arches. We always challenged ourselves to see if the store design could create more uniqueness, functionality and communicate more effectively with customers. Our group even hired

We sequenced a teaser campaign that created buzz about the new store, an educational phase promoting the reasons to visit Sheetz and a "we're happy to be part of your community" phase. After that, the store was folded into our monthly corporate promotions.

9 We had fun. During those eight years, I was lucky to work with a team at Sheetz that worked incredibly hard, cared deeply about the products we marketed and kept a sense of humor under pressure.