

21! In Wisconsin, QmartMarketplace has grown to 21 stores, which include this store in Oostburg, Wis., up from 13 six years ago. Such growth has helped the company build out its presence and gain leverage with vendors.



In Sheboygan, Wis., Qmart Marketplace has taken a different approach. The modest size chain has been slowly building its store count, creeping from 13 stores to 21 over the course of six years. Some have come through acquisition, such as last year's purchase of five stores from former rival Ryan Oil Co., with the rest coming by way of the occasional ground-up.

Adding stores has not meant more bodies at headquarters, according to John Winter, Qmart's vice president of planning and development.

"We could add two or three more stores without a problem," he says. "We have a steady plan to keep growing. The way we're currently setup, we can stretch our resources without adding another area manager."

This management by shoestring has not caused performance to suffer. As a chain, Qmart does two and a half times the in-store sales it did seven years ago, the result of more units paired with reinvestment projects designed to make existing stores better at moving



How—and why—small c-store chains become not so small

By Bill Donahue

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merchandise. Growth has fostered reinvestment and vice versa, according to Winter.

Besides keeping the competition from gaining a toehold in a new market, another benefit of growth comes from getting better deals from vendors.

“Our size has helped us negotiate lower costs because we’re growing their business by me growing their volume,” says Winter of Qmart. “You’ve got to keep working it and develop new business, because it gets you through the rough times.”

For the past six years, for example, Qmart has hosted an event called “Yesterday, Today and Tomorrow” for its banker and key vendors. Winter terms it “a celebration of the past year but also what we have planned for the coming year.”

“I think that’s been the most influential meeting we’ve had annually,” he says. “Our in-store sales are up \$13 million this year, and that [meeting] has been the key because the banker sees our relationships with our vendors, and the vendors get to see how the banker helps us grow the business.”

The company’s Qmart Rewards loyalty program, through Norfolk, Va.-based Outside Networks, is another example of the advantages of size. Vendors team with Qmart to give customers special deals and incentives in exchange for their sales dollars. In three years Qmart has amassed a loyalty-program base of 61,000 customers. One recent Rewards promotion: A partnership with Miller Brewing enabled customers who purchased four cases of Miller products to receive \$4 in free gas.

“It allows us to be more aggressive in a world of competing with Wal-Marts and other discount stores out there,” says Winter. “We’ve got 75 major partnerships [with vendors].... You can’t gain partnerships if you don’t grow the business, and vice versa. If I can’t prove to [vendors] that I can grow their business, they’ll spend their money elsewhere.”

Excerpts from the article, “Bigger Fish: How—and why—small c-store chains become not so small” by Bill Donahue, CSPIndependent September 2008

Picking Up

Over the past three years, the number of convenience stores operated by category-B retailers, defined by NACS as those running 11 to 50 stores, has fluctuated, according to TDLinx, a service of The Nielsen Co., New York.

No. of stores run by category-B retailers as of:

December 2005	13,733
December 2006	12,529
December 2007	12,953

Source: TDLinx, a service of The Nielsen Co.