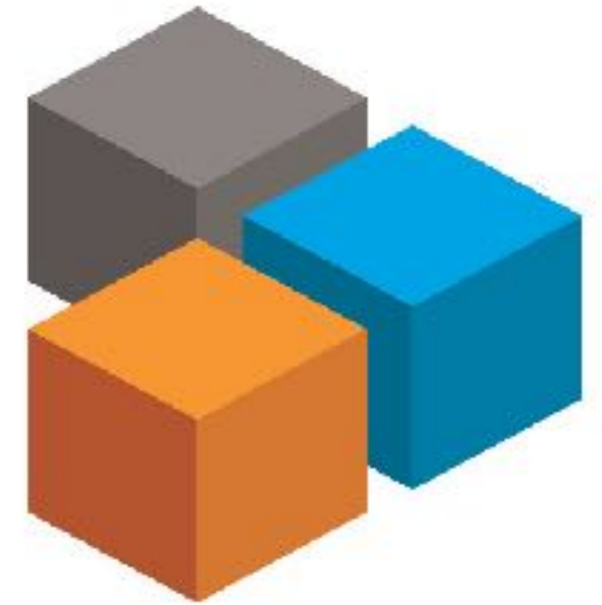


mmmu

Mastering Multi-Units

Leading Operational Excellence



How do world-class multi-unit managers use local store marketing to drive profitable sales?

Your Hosts Today



Andy Bull



Lee Sheldon

The MMU Mission



To develop multi-unit managers with the skills, knowledge and behaviours to enable them to deliver enhanced operational excellence and improved results for their organisation

“The road to operational excellence is paved with discipline and consistency”

What We Do

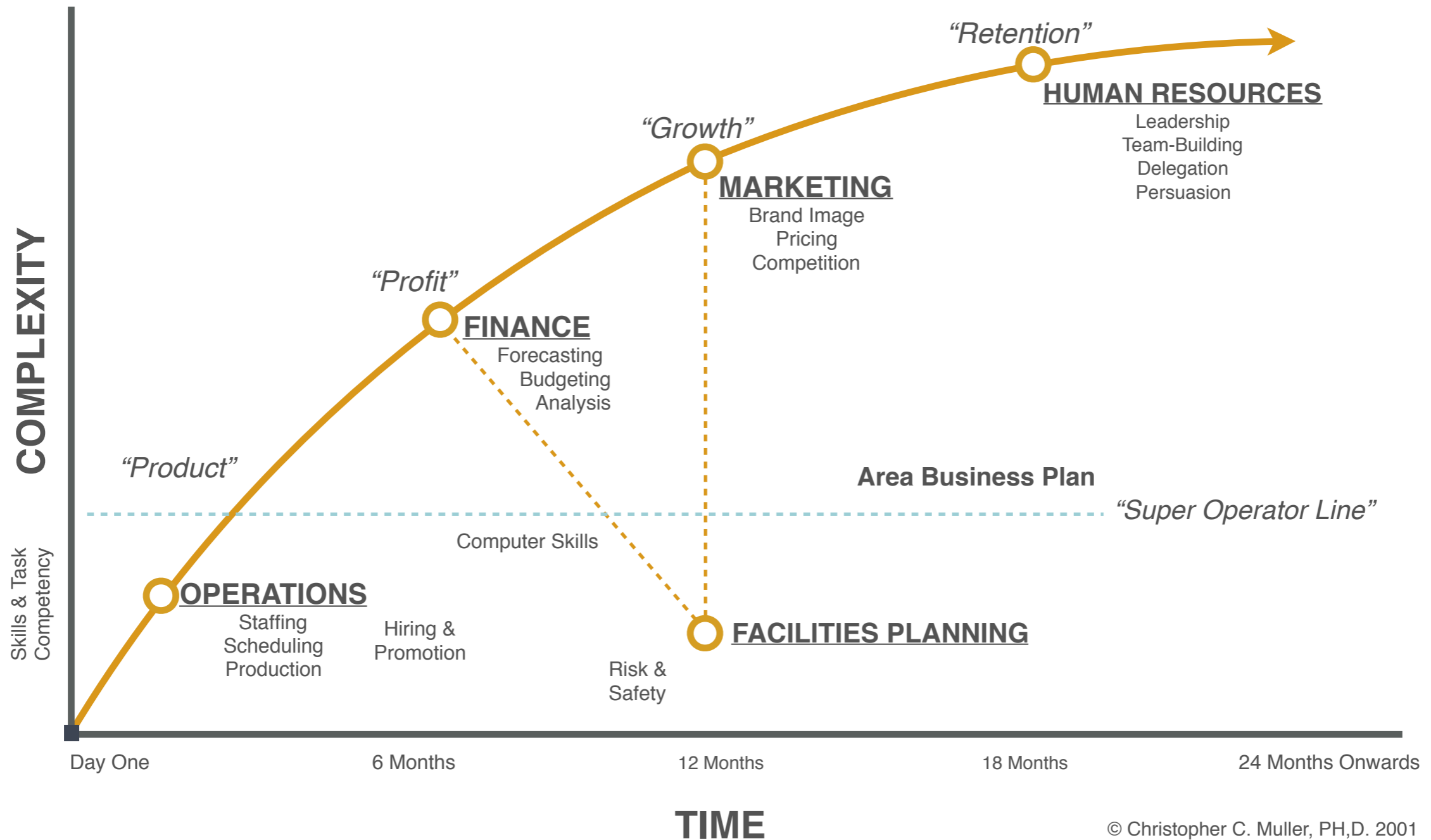
Developing the manager of managers

- Current multi-unit managers

Inspiring the manager of managers

- Building bench strength - the next generation of multi-unit managers

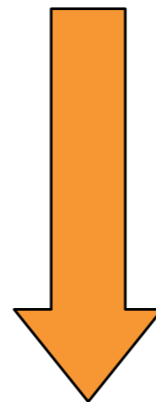
'Phases' In Multi-Unit Manager Development



The role of the operator

EXECUTION

(FIRST)



CHALLENGE

(APPROPRIATE)



Developing Multi-unit Managers

To *THINK* differently...

To *ACT* differently...

Our aim for today:

- explain what local site marketing is and how multi-unit managers use it to drive profitable sales.
- explore the sales formula and its two core elements – number of transactions and average spend
- identify the metrics that help operators understand how effective their teams are at “up or suggestive selling” to customers.
- apply the “five Ps” of marketing (place, promotion, price, product, people) to practically deliver local site marketing activities that make a difference
- Swedish airport case case study

Let's engage!



If you have a question

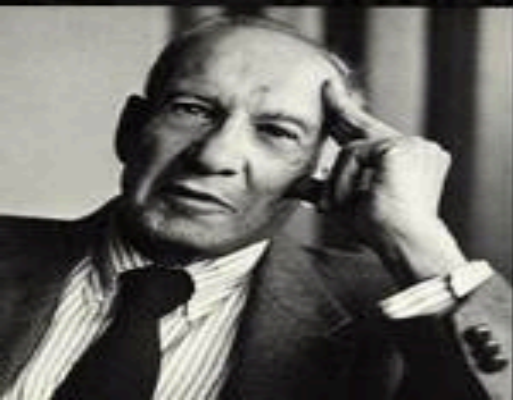
- Please type your question to Lee and we'll do our best to answer it



We will ask you to get involved

- During the webinar we will ask for your input on certain points

The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.



QUOTEHD.COM

Peter Drucker
Austrian-American Author

1909 - 2005

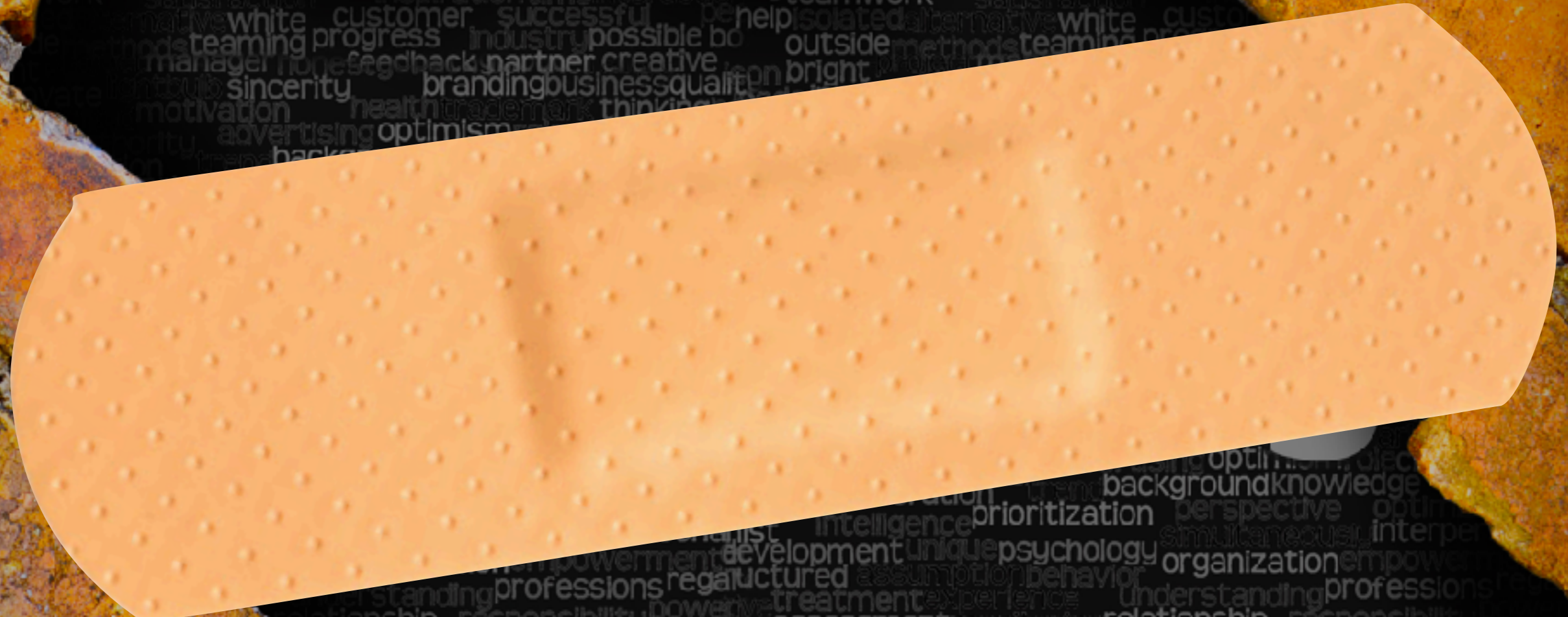
The image features a circular opening in a brick wall. The bricks are reddish-brown and arranged in a traditional pattern. The background behind the opening is a dark grey word cloud with various business and marketing-related terms in different sizes and orientations. The word 'marketing' is the largest and most prominent in the cloud. Overlaid on this background is white text.

**What does Local Store
Marketing mean to you?**

marketing

**And how do you use it
currently?**

LSM is *not* about masking operational deficiencies



LSM develops and exploits profitable sales at the individual store level

When should you be doing LSM?

When your current store operations (and any national / corporate marketing campaigns) are already being executed with excellence but
Sales are a Big Rock



Or

Operational excellence and Sales targets are being achieved but there's an
Opportunity to sell even more





Actions you can take to grow sales within your store

Actions to grow sales within your store's catchment area

Remember! If your operational execution is sub-optimal - do not do LSM!

Internal

- **Instore comms / POS**
- **Try before you buy**
- **Guest experience**
- **Recognise / reward loyalty**

External

- **Advertising / PR / Social med**
- **Vouchers**
- **Sampling**
- **Special events**



Is your focus on Internal or External LSM

The foundation of successful LSM



Understand your
sales formula

and

the customer
behaviours that
drive them

The Sales Formula

Number of Transactions X **Average Spend** =



Customers x % Frequency



Price / Item x # Items



What sales data do you monitor?

Understanding customer behaviours

Number of Transactions



Customers x % Frequency

Customer Journey



What do they experience at every step?

First Contact, Threshold, Counter, Ordering/Buying, Seating, Toilets, Exit

Customer Feedback



What are your customers saying about your store?

Moments of Truth



Key interactions that impact your customer's perception of your store / brand

Customer Service



What service standards do your customer experiences?

Understanding customer behaviours

Average Spend



$$\text{Price / Item} \times \# \text{ Items}$$

Does your team know their top selling categories and items by day / week / month / season?

Sales / Menu Mix



Gross Profit Matrix

↑ Profit	Hi / Lo	Hi / Hi
	Lo / Lo	Lo / Hi
	→ Sales →	

Could they identify the least and most profitable?

Loyalty



How do you measure customer loyalty?

Upselling / cross selling



Do they understand how to Sell?



The ultimate goal

Creating raving fans of your store is the key to sustaining success

1. Select your preferred measures e.g.
 - Customer Satisfaction
 - Likelihood to return
 - Net Promoter Score
2. Constantly monitor customer feedback:
 - Social media
 - Satisfaction surveys
 - Customer database
 - Syndicated / bespoke research
 - Word of mouth
3. Analyse the drivers of your customers' feedback and add corrective / improvement actions to your operational Action Plan

Understanding customer behaviours

Number of Transactions X

Average Spend =



Customers x % Frequency

Price / Item x # Items

Customer Journey



Customer Feedback



Moments of Truth



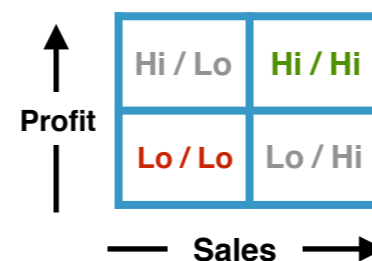
Customer Service



Sales / Menu Mix



Gross Profit Matrix



Loyalty



Upselling / cross selling



Which of these, if any, can I not influence as an Operator?





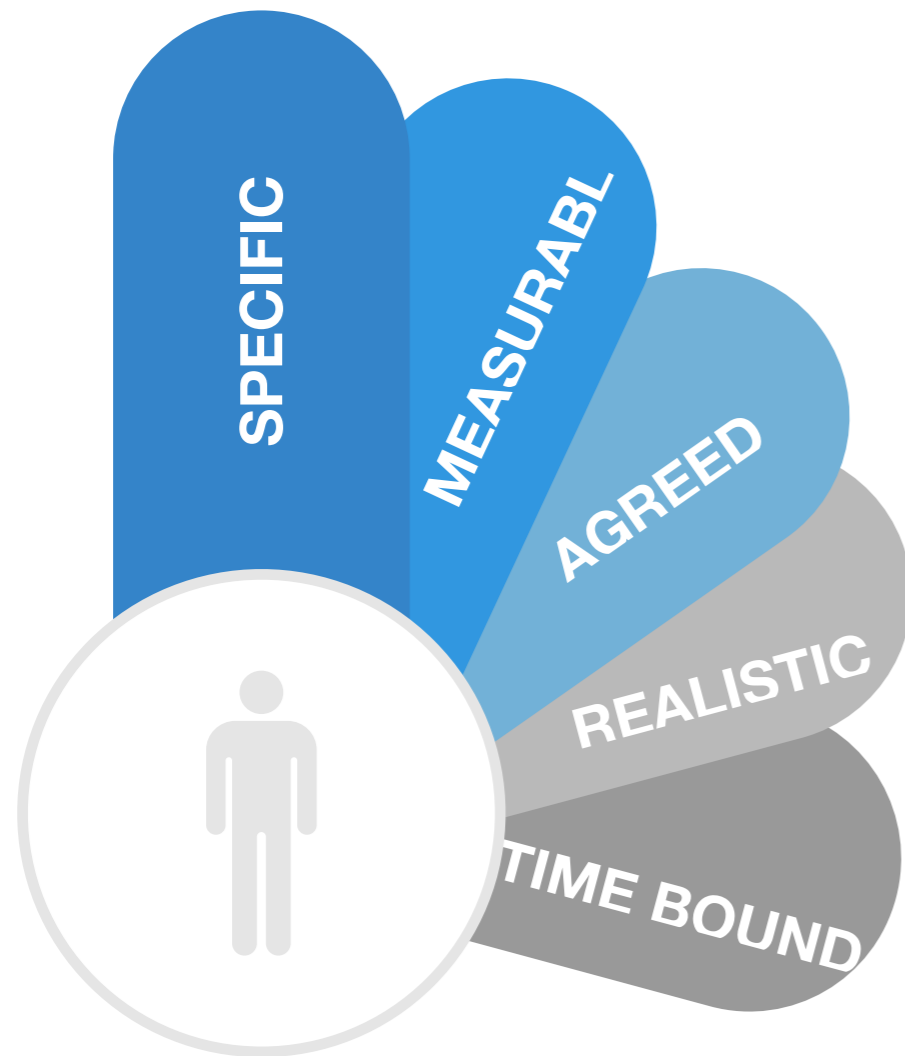
Look at your customer's experience through the lens of the 5Ps

- PRODUCT:** What value does the customer get from the 'product' benefits
- PRICE:** Cost to the customer: actual selling 'price' plus the customer's other hidden costs (time, search and opportunity).
- PROMOTION:** Communication of the service or product, a two-way dialogue between customer and enterprise.
- PLACE:** Place is where the service is performed or product is sold. Measured in terms of its convenience for the customer: location, ease of use and accessibility.
- PEOPLE:** Staff selection, motivation, attitude and particularly customer care training are critical to delivering your store's promise.

Combining the Sales Formula and 5Ps

	CUSTOMERS	X	FREQUENCY OF VISITS	X	PRICE PER ITEM	X	NUMBER OF ITEMS
PLACE	<ul style="list-style-type: none"> Store impact: signage, cleanliness, lighting Plug points; quality of seating, service time guarantee; 		<ul style="list-style-type: none"> VFM perception Convenience Comfort 		<ul style="list-style-type: none"> Product presentation Communication on counter/table 		<ul style="list-style-type: none"> Quality of merchandising and product presentation
PROMOTION	<ul style="list-style-type: none"> Sampling Value driving offer Menu of the day 		<ul style="list-style-type: none"> Loyalty program Daypart management 		<ul style="list-style-type: none"> Trade up / Go large promotion Today's special 		<ul style="list-style-type: none"> Combos (x2 ,x3 items) Add on promotion Loyalty program
PRICE	<ul style="list-style-type: none"> Entry price communication Day-part pricing Loyalty pricing 		<ul style="list-style-type: none"> VFM perception Mainstream price Day part pricing 		<ul style="list-style-type: none"> Pricing to match brand and location 		<ul style="list-style-type: none"> Simple, clear price architecture Low price for impulse purchasing
PEOPLE	<ul style="list-style-type: none"> Queue management Speed of service 		<ul style="list-style-type: none"> Customer satisfaction 		<ul style="list-style-type: none"> Staff up selling 		<ul style="list-style-type: none"> Staff up selling
PRODUCT	<ul style="list-style-type: none"> Ranging Product innovation 		<ul style="list-style-type: none"> Seasonal product 		<ul style="list-style-type: none"> Premium products if matches with brand and location 		<ul style="list-style-type: none"> Impulse products Right-size product eg. mini products to add on and build tick

Turn LSM Goals into SMART Objectives



- S SPECIFIC**
Well defined, detailed aim. Clear to anyone that has a basic knowledge of the task or goal
- M MEASURABLE**
Clear criteria & success measures identified to determine if the task/goal has been achieved. Ability to monitor progress towards the completion of the task/goal
- A AGREED**
All key stakeholders are engaged to gain mutual understanding what the goals should be & how to achieve it
- R REALISTIC**
Stretching yes, but within the availability of resources, knowledge and time
- T TIME BOUND**
Set time frames (includes regular reviews) with enough time to achieve the goal. Not too much time, which can affect project performance

Action Plan A

Area of focus	What needs to be done	Who	When
Book Club	<ul style="list-style-type: none"> • <i>Build poster / big advertise push through the store, plus use social media and leaflets to local libraries</i> 	Lenny	May 30th
Mother & Kids Group	<ul style="list-style-type: none"> • <i>Build poster / big advertise push through the store, plus use social media and leaflets to local libraries</i> 	Lisa	June 10th
Local businesses	<ul style="list-style-type: none"> • <i>Go and communicate with managers and teams about of products and offer 50% off all take away coffees after 2pm</i> • <i>Leave loyalty cards for them to give to their customers</i> • <i>Hair salons - offer whilst you wait coffee etc.</i> 	Simon	June 10th
Chocolate bar impulse sales	<ul style="list-style-type: none"> • <i>Promote locally produced chocolate bars at the register as an up-sell</i> 	Lenny	May 30th
Lunch time sales - salads	<ul style="list-style-type: none"> • <i>Free cookie with every salad sold (Monday to Thursday)</i> 	Adrianna	May 30th

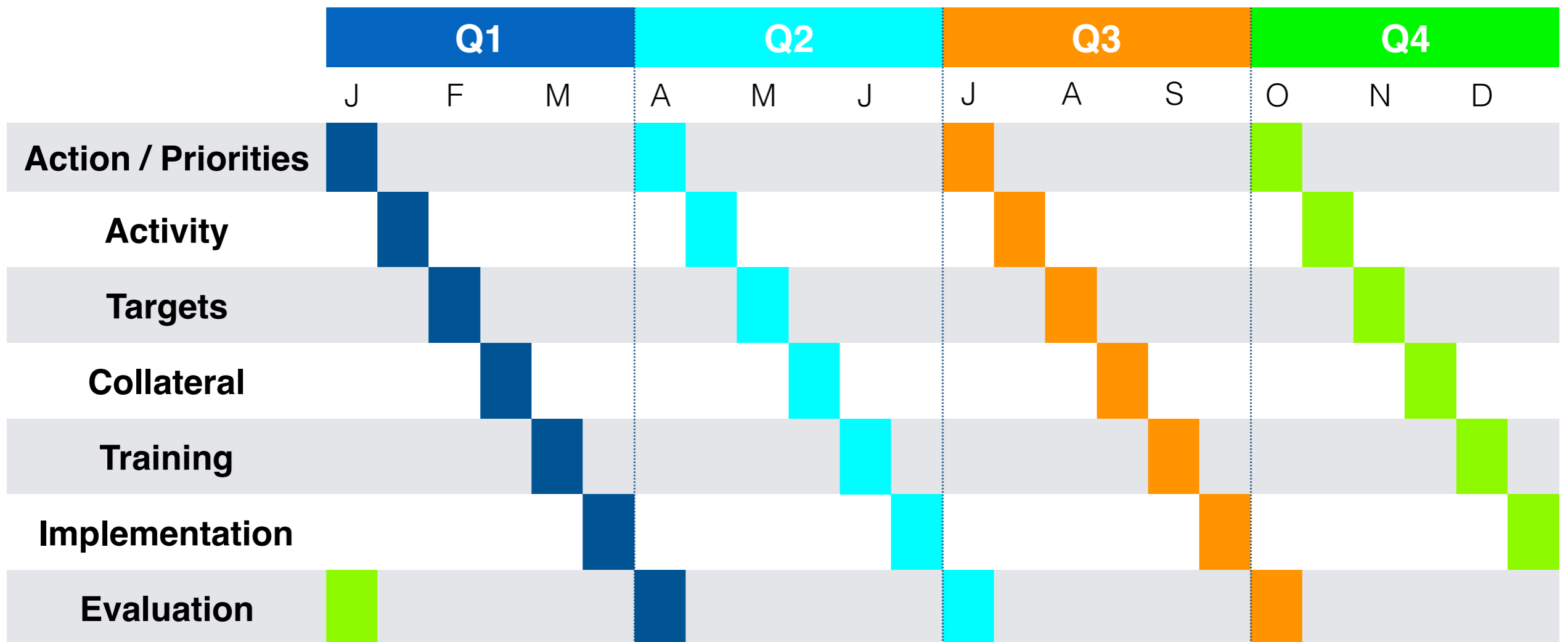
Action Plan B

Goal	Measure	Action Steps	Owner	Time frame
Promote sales of handmade, specialty chocolate bars as an impulse item from P9 and review after 3 months	Bars are £2.75 each. Currently sales of 2 per day. Increase to 20 a day = £55 per day = £330 per week (6 days) x 12 weeks = £3,960	All team members to be trained at team huddles on how to offer these impulse items to customers. Ensure ingredients are shared to enable the team to stress the home made nature of the bars.	John	05/30
		Sampling actively offered to customers to experience the chocolate during afternoon shifts 2pm until 6.30pm (Tues to Sat only)	Richard & Sam	06/30
		Local summer music festival - attend local concerts (x2) and set up our concession stall selling hot drinks and promote cookies, muffins and chocolate bars (goal to sell 100 chocolate bars per concert which would equate to £550 of additional rev)	All Shift Ldrs	29/07
		Team incentive - competition set up and tracked daily (maintained by Richard - Assistant Mgr) and used as a focal point for shift briefings.	Richard	08/15

Ensure action owners know, understand and agree what they are expected to do, and by when

LSM Planning Cycle

Even when lead-times are short - follow the same sequence



Building your LSM

**Understand
your numbers**

The Sales Formula



**Understand
your customers**

Using your Customer Insight to do your SWOT analysis

**Define your LSM
objective(s)**

The results you want your LSM to achieve

Create your LSM

Define the activity in terms of the Marketing Mix (5 Ps)

**Create your
Action Plan**

Use SMART objectives to ensure accountability

Share your goals with your team and work together - *effectively*



LSM planning in a corporate environment

Cafe example: Launch of a new recipe

Participants

Details

OPS & MKT	Site by site evaluation (If you have more than one) KPI analysis
OPS & MKT & PUR	Set priorities for promotion & Marketing-mix formulation (5Ps)
OPS & PROD	Planning for tasting
OPS & PROD & PUR	Recipes costing
OPS & MKT	Set targets
MKT	Plan POS collateral and briefing
OPS & HR	Training
OPS	Go - Live
MKT & OPS	Results evaluation

Stockholm Airport Cafe Case Study



S
S

Internal

WHY?

- Main route to departure gates
- Cafe was highly visible
- High level of impulse purchase
- Difficult to keep the cafe top of mind vs everything else in the airport



et

Cafe Analysis - Understand the customer

Customer Journey



- store design was mainly self-service
- in-store signage + menu boards difficult to see from outside

Moments of Truth



- very short dwell time at breakfast
- self-service pastry counter was inconvenient

Customer Feedback



- breakfast food items were perceived as expensive
- customers unaware breakfast food items were home-made on-site

Customer Service



- team members rarely engaged with customers at peak times because they were “too busy serving”

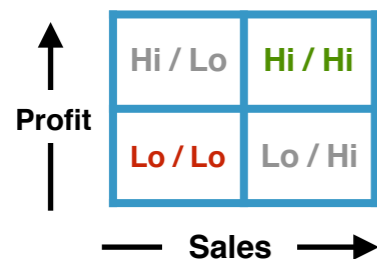
Cafe Analysis - Understand the customer

Sales / Menu Mix



- Hot Drinks biggest selling category in the morning
- Savoury Rolls and Pastries - most popular breakfast items sold with a hot drink

Gross Profit Matrix



- Savoury Rolls had differing margins - cheese had the highest
- Of the pastry range, Croissants had the highest

Upselling / cross selling



- Selling additional products had to be made easy

Cafe Analysis - LSM

SMART Objectives Set

- **Increase combined sales of Breakfast rolls (especially Cheese rolls) and Croissants by 30%**
- **To be achieved through individual shift targets per frontline team member - approx 10 extra items per person, per shift**
- **Key lag measure: Reduction in Single Item Transactions from 37% to 32% (-5% points)**
- **To be completed in 6 weeks from launch**

What sales KPIs did they use?

- *PP% # Perfect Partners (Rolls and Croissants) sold as a % of total transactions
- SIT% # transactions with just one item as a percentage of total transactions
- AIT average # items per ticket
- ATV average transaction value

**A Perfect Partner is an additional product sold with the one the customer asks for*



Which of these KPIs would you expect to go down?

PP%	SIT%	AIT	ATV
↑	↓	↑	↑

Upselling Effectiveness Index

Offering a specific product by name (Perfect Partner) is much more likely to be accepted *and* generates the highest spend

20% more than not offering an upsell*

13% more than offering ‘anything else....?’*

Measuring how often a specific product is upsold and how often it is accepted shows how effective team members are at selling

Upsell Offered	x	Upsell Accepted	=	Effectiveness Index
61%		56%		34%

**Mystery Customer Data - International Airport and railway station F&B units*

The Cafe's LSM Plan

Activity Plan

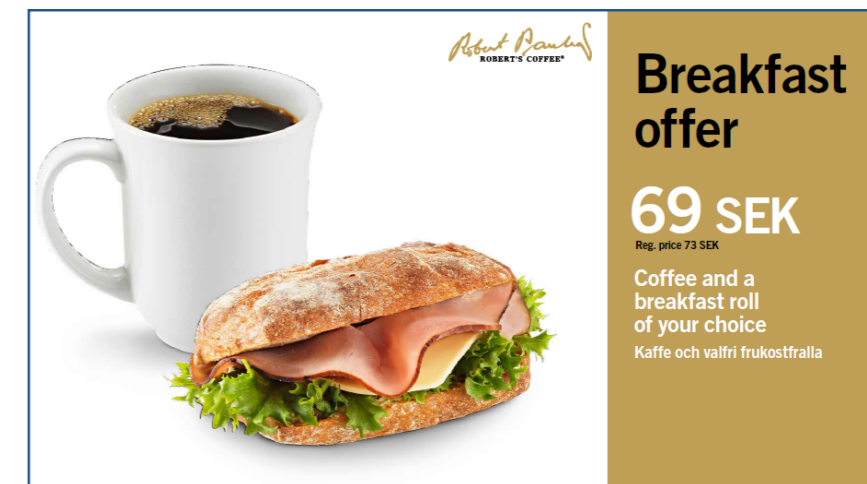
- **Product** Any Breakfast Roll or Croissant - the Perfect Partner to any standard size hot drink
- **Price** Maintain standard pricing on individual items
- **Place** Impulse counter displays of Breakfast Rolls and Croissants
- **Promotion** 5.5% discount when both items are purchased together. Support with POS and menu boards
- **People** Produce suggestive selling brief for team members (Features Benefits Incentives)

Execution (operational engagement):

- Perfect Partners communicated in advance on the Cafe's information board
- Products placed close to the till (Planogram)
- POS displayed
- Cafe Manager trained team members to use suggestive selling based on Features, Benefits and Incentives
- Individual targets set with team members during Shift Briefing

Measurement approach:

- Daily and weekly sales updates
- Sales league table with prizes for the 'most improved' as well as for achieving the overall store objective
- Final results and post evaluation shared with Team Members



So how did they do?

- Combined sales of Breakfast rolls and Croissants up 47% in 6 weeks (vs 30% target)
- Key lag measure: Single Item Transactions down from 37% to 33% (vs 32% Target)
- Other KPIs:
 - AIT and ATV rose 2%
 - GP increased by 3.8%

... it worked!

Summary:

- ✓ **Know how marketing works**
- ✓ **Execute day-to-day operations with excellence**
 - **including your brand's existing marketing activity**
- ✓ **Understand your customer as well as your numbers**
- ✓ **Don't go straight to External LSM**
- ✓ **Keep your LSM short and simple**
- ✓ **Less can be more – too many promotions kill promotion**
- ✓ **Plan ahead and avoid risky short cuts**
- ✓ **Set SMART objectives**
- ✓ **Engage everyone in the activity**
- ✓ **Measure and evaluate your LSM**
- ✓ **Reward and recognise excellence**

How can we help you?

MMU helps multi-unit managers, marketers and operators at every level to identify and analyse the critical levers that drive their sales.

We help turn Insight into action - whether through Local Store Marketing (LSM) or through the rest of the marketing mix

Marketing is not just for Marketers:

Essential marketing skill-sets and tool-kits for multi-unit managers are covered in MMU's three development modules. Each can be tailored to meet individual needs and delivered through one-to-one coaching or in groups.

For information about future MMU events or to find out more about the services we offer:

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