

<b>Institution:</b> University of Surrey		
<b>Unit of Assessment:</b> 17 Business and Management Studies		
<b>Title of case study:</b> Adding value to convenience retailing through improved pricing, a new store concept and capacity building		
<b>Period when the underpinning research was undertaken:</b> 2016 - ongoing		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Sabine Benoit	Professor of Marketing	2016 - present
<b>Period when the claimed impact occurred:</b> 2016-2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<p><b>1. Summary of the impact</b> (indicative maximum 100 words)</p> <p>Independent convenience retailers compete with major grocery retailers such as Carrefour or Tesco, which have more data and resources to support managerial decision-making. Based on consumer behaviour, price management and technology research in the convenience sector, Professor Benoit worked with European wholesaler <i>{Text removed for publication}</i>, a major supplier to independent and convenience stores, with an annual turnover of <i>{Text removed for publication}</i>, to introduce a new store concept licenced to petrol stations. Her research also led to a successful change of <i>{Text removed for publication}</i> wholesale pricing strategy and an increase in sales totalling <i>{Text removed for publication}</i> for the 20,000 German retail customers. Benoit's research led <i>{Text removed for publication}</i> to reform price management for its German forecourt stores. In the UK, this research underpinned capacity-building initiatives offered by the Association of Convenience Stores to their 33,500 member organisations.</p>		
<p><b>2. Underpinning research</b> (indicative maximum 500 words)</p> <p>Since 2013 the <a href="#">Competence Centre for on-the-go Consumption</a>, led by Professor Sabine Benoit at Surrey Business School (SBS), has been researching convenience retailing and on-the-go consumption in partnership with industry experts from <i>{Text removed for publication}</i> and others.</p> <p>Benoit's <b>consumer behaviour</b> research examining on-the-go consumption and convenience stores [R1, R2], highlighted the extent consumer perception of <i>convenience</i> contributed to the perception of the overall experience. Research showed that <i>search convenience</i> (looking for products) and <i>transaction convenience</i> (checking out and paying) have the strongest impact on overall perception. The former focuses on an optimised (rather than maximised) product range to prevent information overload, which could potentially lead to choice-deferral. The latter is directed at ease of payment through different payment methods and well-trained checkout clerks [R1]. Convenience was found to be particularly important for utilitarian shopping (e.g., groceries), smaller households and time-pressed consumers, whilst consumers with high shopping enjoyment are willing to spend more time and effort and care less about convenience [R1].</p> <p>The research investigated when and why consumers choose convenience stores over retail outlets offering larger product ranges and more choice [R2]. Due to their size, many convenience stores offer a limited number of standard branded goods that can be easily evaluated by consumers, i.e., search goods with limited risk, such as a Mars bar or a Coke, while reducing the number of experience goods, i.e., goods whose quality cannot easily be evaluated before purchase, creating a feeling of higher risk among consumers, such as fresh bakery products. The</p>		

research showed that consumers consider on average 2.65 different types (formats) of retail store for search goods, but only 2.14 types for experience goods, suggesting the competitive landscape for convenience stores changes in accordance with a shopper's mission. When consumers buy a pre-packed drink (search good) they consider different stores than for buying a fresh product like a coffee (experience good) [R2]. Similarly, different aspects of a store are important for different products. Store price level and speed (economic utility) are more important for search goods, whilst quality and variety of the product range (functional utility), store atmosphere and service (psychological utility) are more important for experience goods [R2]. Highlighting the importance of adapting store design and service processes to shopper missions, research demonstrated that convenience retailers wishing to benefit from the growing market of fresh products for on-the-go consumption need to understand the consequences for store design, shopper mission-based target groups, product ranges and service processes.

Benoit's research on **price management** [R3] in the convenience sector has shown that independent store managers mainly rely on intuition for their price management decisions, based on their beliefs about the market and their consumers. Compared to larger competitors they lack sophisticated data analysis processes and capabilities. However, testing store managers' beliefs with consumer data from the point of sale showed only half of their beliefs are accurate. This suggests that current practice needs to be adapted to enhance pricing effectiveness, for example where intuition in pricing results in over-emphasis on internal aspects in determining the price (e.g., buy-in prices from the wholesaler).

Benoit's research on **retail technology** in the convenience retailing sector synthesised information on over 80 different technology products and services used within the sector [R4]. It covers, for example, location-based services, in-store communication, gamification services, and checkout and payment systems. It examined tools to support pre-shopping, in-store, stabilising relationships, connecting customers, replacing store visits, supporting retailers, and reducing food waste. Based on this data, research created typologies of tools for different contexts including faster, easier and cheaper, and enhancing sales vs. enhancing experience.

### 3. References to the research (indicative maximum of six references)

#### Consumer behaviour:

[R1] Benoit, S. Klose, S. Ettinger, A. (2017), Linking service convenience to satisfaction: Dimensions and key moderators, *Journal of Services Marketing*, 31 (6), 527-538. DOI: [10.1108/JSM-10-2016-0353](https://doi.org/10.1108/JSM-10-2016-0353)

[R2] Benoit, S. Evanschitzky, H. Teller, C. (2019), Retail Format Selection in On-the-Go Shopping Situations, *Journal of Business Research*, 100, 268-278. DOI: [10.1016/j.jbusres.2019.04.007](https://doi.org/10.1016/j.jbusres.2019.04.007)

#### Pricing:

[R3] Benoit, S. Kienzler, M. Kowalkowski, C., (2020) Intuitive pricing by convenience store managers: Challenging beliefs and practices, *Journal of Business Research*, 115, 70-84. DOI: [10.1016/j.jbusres.2020.04.027](https://doi.org/10.1016/j.jbusres.2020.04.027)

#### Technology:

[R4] Benoit, S. (2017), Digitization at petrol stations and small/medium sized food stores, report published at [www.cc-otgc.com](http://www.cc-otgc.com)

### 4. Details of the impact (indicative maximum 750 words)

{Text removed for publication} is a European wholesaler to retailers, mainly petrol station shops, kiosks and convenience stores. Food and logistics are its core business. It has over {Text removed for publication} retail customers in {Text removed for publication} European countries and revenues {Text removed for publication} per year. {Text removed for publication} benefits from SBS research by having the [Competence Centre for on-the-go Consumption](#) as a key partner.

**Impact on new store concept** {Text removed for publication}: Benoit's research on consumer behaviour [R1, R2] led to substantial changes in {Text removed for publication} target group focus and product range. It changed {Text removed for publication} convenience store consumer target group focus from young, single, price-sensitive consumers to small, higher-income households and created a focus on small-size food-to-go items (e.g., bakery products or coffee) [S1]. The re-orientation yielded {Text removed for publication}, a new store concept the company licenses to petrol station clients that offers more fresh food and bakery items, leading to increased sales of petrol and store goods. According to {Text removed for publication} former Senior Vice-President Corporate Strategy and Development, Benoit's research "substantially and positively influenced the design of the store concept. The results on age patterns of the convenience target group triggered us to rethink our approach. We considered these results when the assortment [product range] of our concept store was designed" [S1]. Benoit's clarification of the different dimensions of convenience [R1], and identification of the relationships between shopper mission, store design and service level [R2] underpinned changes to the layout of the concept store. {Text removed for publication} states Benoit's research inspired the company "to rethink the store layout and implement a fast and a slow lane to allow for different consumer purposes [missions] in the store" [S1].

The new store concept resulted in an increase in sales. Within 15 months of rollout, sales of all shops increased 9.1% (18.4% without tobacco) [S2]. Sales of Foodservice (food-to-go freshly prepared on site, e.g., sandwiches or coffee) increased by 50-100% [S3]. Data from Statista [S3] shows Aral and Shell foodservice sales are €70-100k per store per year, suggesting a sales uplift of €350k - €1m per year for all updated stores since 2018. {Text removed for publication} believes "the increase in sales figures follows logically from the refurbished {Text removed for publication} store" [S2]. This is corroborated by a consumer survey in which 96% of respondents rated the stores "very good" or "excellent" after refurbishment compared to only 39% before refurbishment [S2]. The success of the {Text removed for publication} store concept directly impacts the company's ability to remain competitive and to meet its strategic goal of making their retail clients stronger.

Since the launch of {Text removed for publication} the new store concept has received an honourable mention at the International Convenience Retailer of the Year Award, presented by the US-based National Association of Convenience Stores (NACS), which considers convenience stores globally [S4]. The concept was elected "Shop of the year" by the main {Text removed for publication} newspaper the "Convenience Shop" [S4]. {Text removed for publication} states: "We are very proud to have received various awards for this store [...] and thank Sabine Benoit for her contribution to this." [S1]

**Impact on price management practices:** research on price management [R3] led to changes at {Text removed for publication} and one of their clients, {Text removed for publication} company {Text removed for publication}, operator of {Text removed for publication} petrol stations with {Text removed for publication} convenience stores across Germany. In 2018, prior to publishing [R3], Benoit ran workshops explaining research results and implications for both companies [S4]. One major impact on {Text removed for publication} was the appointment of a price manager {Text removed for publication} to restructure the wholesale pricing system [S6] and transform the intuition-based approach to pricing among some independent store managers [R3]. {Text removed for publication} states: "{Text removed for publication} operated on the assumption that a more fine-tuned wholesales pricing system will indirectly also professionalise the retail pricing by the store owners and support their client's business" [S6]. The price manager appointed {Text removed for publication} was very successful and the department has grown, as at Spring 2020 their five staff members now oversee 20,000 {Text removed for publication} market client stores. This new pricing system has a positive economic impact on both {Text removed for publication} and their retail clients. The 20,000 retail clients (convenience store owners and tenants) have an annual turnover of €2.5bn, with an overall sales increase of 3% [S6] and a client-side sales increase of €75m in 2019. {Text removed for publication} reports that the new pricing system had "a positive impact on {Text removed for publication} own operations having led to increased

margins of around {Text removed for publication} with a planned increase of around {Text removed for publication} in margins in 2020" [S6].

Research created change in the pricing structure and price communication at {Text removed for publication}. The company was one of the research partners enabling data collection for the consumer survey at the point of sales [R3]. The presentation of results at {Text removed for publication} in 2018 resulted in a greater "focus on dealer pricing", ensuring {Text removed for publication} headquarter managers influence the pricing their dealers set. The company's then {Text removed for publication} and the {Text removed for publication}, {Text removed for publication} state in {Text removed for publication} that "thanks to the results from the study of Prof. Benoit {Text removed for publication} adjusted parts of the pricing and advertising strategy inside the shop assortment [product range]" [S7].

**Impact on Association of Convenience Stores (ACS) service portfolio and sector capacity building:** ACS, a UK-based organisation, benefited from Benoit's research by improving the services it offers to its 33,500 members. First, building on her consumer behaviour and technology knowledge, Benoit supported ACS's ongoing events and study tours [S8]. Study tours rely on insights from research: they enable the members to learn from international experience and generate revenue for ACS [S8]. Second, the success of this activity was instrumental in setting up the "ACS explorers" membership group, a capacity-building network formed of "forward-thinking, innovative and tech-savvy independent convenience retailer ACS members" [S8]. The group gathered at the University of Surrey for an event and was accompanied by Benoit to two Convenience-related trade fairs in 2018/2019 (in Germany and the US). "For the ACS [this] was an important new initiative that enhanced member benefits and generated increased revenue and Sabine's contribution and support in all of these activities was invaluable for the ACS and its members" [S8]. Third, the ACS and the University of Surrey jointly developed the 'Convenience Leadership Programme' (CLP) "to support our members through capacity building" [S8], as a result of the SBS research. The CLP is a 9-day executive education programme supporting retailers in taking their business forward [S9]. The programme started in January 2020 with 10 participants from firms including {Text removed for publication}. Participants were asked after one 2-day session what they would change in their work the following week and many reported a shift in thinking to consider consumer perspectives, be more innovative, and have more confidence to present their own ideas to senior management [S10]. One participant said they would "aim for 80/20 ranges within stores and local areas", giving local store managers discretion to choose 20% of their product range to enhance competitiveness. One participant noted the programme "has made me see a different side to this as I'm understanding the business sector I work in and this is vital to my job and my role as a leader" and concludes this was "an excellent programme with so much context and so many learnings to help shape my future and the business I work for." In October 2020, after the first cohort successfully completed the programme, the ACS Board decided to continue the programme in 2021 and are about to start the second cohort in March 2021.

#### 5. Sources to corroborate the impact (indicative maximum of 10 references)

[S1] Impact statement 2018, {Text removed for publication}, at that time Corporate Strategy & Business Development, {Text removed for publication} (Confidential) (PDF)

[S2] Updated Impact statement 2020, {Text removed for publication}, at that time Corporate Strategy & Business Development, {Text removed for publication} (Confidential) (PDF)

[S3] Statista dossier "Tankstelle", deduction of sales figure calculations (Confidential) (PDF)

[S4] {Text removed for publication} announcement of awards: {Text removed for publication} (Confidential) (PDF)

**[S5]** Impact statement 2018, {Text removed for publication}, at that time General Manager Germany, {Text removed for publication} (Confidential) (PDF)

**[S6]** Impact statement 2020, {Text removed for publication}, Vice President National Sales, {Text removed for publication} (Confidential) (PDF)

**[S7]** Impact statement 2018, {Text removed for publication} and {Text removed for publication} (Senior Manager), and conversation notes 2020, {Text removed for publication} (Confidential) (PDF)

**[S8]** Impact statement, Association of Convenience Stores (ACS), James Lowman, Chief Executive and award letter from the ACS honouring Sabine Benoit's contribution as one of the 25 people having supported the ACS and its members in 2020 (PDF)

**[S9]** Brochure of the Convenience Leadership Programme:  
<https://www.surrey.ac.uk/sites/default/files/2019-10/convenience-leadership-programme-brochure.pdf> (PDF)

**[S10]** Feedback collected during the Convenience Leadership Programme (CLP) (PDF)