



QUIKTRIP

KWIKTRIP

MYSTERY SHOP

QuikTrip by a Nose

*It's a photo finish, but QT has the edge
on Kwik Trip in the 11th annual derby P. 38*



QuikTrip with a “Q” or Kwik Trip with a “K”? When industry folks talk about these two premier chains, they frequently add such a descriptor. But when you consider how much they have in common—both family-owned and -operated, employee-focused and with excellent reputations within the retail business—the need to distinguish between them seems arbitrary.

Another example of the separated-at-birth relationship: QuikTrip and Kwik Trip finished within only two-tenths of a point of each other as they clinched first and second place, respectively, in the 2015 CSP/Service Intelligence Mystery Shop. It’s a remarkable performance for two chains that in the 11-year history of the program always seem to finish within no more than one point of each other.

“Maybe the name is all that matters,” jokes Chet Cadieux, president and CEO of QuikTrip Corp. (QT). “‘Quick trips’ always win.”

For the Tulsa, Okla., retailer, which has more than 700 locations in 11 states, it marks a return to the top after it finished first in the inaugural and second CSP/Service Intelligence Mystery Shops a decade ago. For 2015, the chain led a triumvirate of retailers—including last year’s winner, Cumberland Farms—to earn overall average scores that broke the 95% barrier for the first time in the program’s history. And QuikTrip did one better, nailing the highest overall score ever—96.1%—in the mystery shop.

The score was all the more impressive given that QuikTrip upped its workforce by 25% to 30% in the past year to accommodate its growing foodservice program. “It made me smile when I heard we’d won,” Cadieux says. “In our employees’ views, we didn’t do as well this year because we had so many newbies. We’ve got a whole bunch of people who don’t know any better but to do it right.”

For Kwik Trip Inc. (KT), a four-time winner, coming so close to first was bittersweet, even though it earned its highest overall score (95.9%) since it began participating in the mystery shop. “You never want to be second,” says Don Zietlow, co-founder and CEO of the La Crosse, Wis., chain. “When first is available, you want to be first.”

In exclusive interviews with *CSP*, the CEOs of both companies spoke about the culture and strategies behind their success and how they plan to maintain their momentum.

THE QUICK PATH TO SUCCESS EMPLOYEE FOCUS PROPELS QUIKTRIP AND KWIKTRIP TO TOP SPOTS IN CSP EXCLUSIVE MYSTERY SHOP



QT excelled in exterior cleanliness in the mystery shop.

QUIKTRIP

Building a winning team

BY MELISSA VONDER HAAR
PHOTOGRAPHS BY BRANDI SIMONS

As impressive as QuikTrip's record-breaking 96.1% score is, Chet Cadieux views this kind of success as necessary for surviving in an increasingly competitive environment. The challenges the c-store industry faces are hardly a secret: core categories being squeezed, nontraditional channels going after fuel and smokes, operational expenditures

growing along with health-care costs and rising minimum-wage requirements across much of the country.

However, that the majority of the 10 chains in the mystery shop topped 90% across about three dozen barometers speaks well of a c-store channel that is transitioning from guilt pricing and historic dependence on cigarettes and high fuel margins.

"These close results show the channel is evolving to survive," Cadieux says. "In a hostile environment, it's natural to see a sort of evolution occur. People who aren't able to become better every day are probably not going to be long for this industry."

CONTINUED



KWIKTRIP

It pays to be nice

BY SAMANTHA OLLER
PHOTOGRAPHS BY STEVE WOIT

One would think that Don Zietlow, at 80 years old, should be fly-fishing in a river along the rolling countryside of western Wisconsin. It's been 50 years since he opened his first Kwik Trip store in Eau Claire, Wis. In the past half-century, he has seen the business grow to \$4.5 billion in annual sales and more than 450 stores in Wisconsin,

Minnesota and Iowa.

Meanwhile, the family's second and third generations are actively engaged in the company's vertically driven retail model. Zietlow's three children have all of the voting shares, while the third generation now owns the company. Zietlow officially owns none of it.

That said, he remains immersed as if he has a financial stake, keeping two offices in La Crosse and still being actively involved in the business. He was juggling two meetings the same morning CSP visited. He describes himself as "the happiest I've ever been."

"The involvement of the family, the growth of our

CONTINUED

KwikTrip has grown customer count by about half a million this year.





QT

Also hardly shocking is the investment in new revenue sources. “The industry’s biggest challenge is going to be replacing margin dollars from the dying categories,” says Cadieux. “I’ve said for 15 years: When some category comes to an end, we’ll have to figure out something else to sell.”

Enter foodservice. For QT, it was not love at first sight. Unlike Sheetz or Wawa, QT did not have a decades-long foodservice history. In recent years, as the company has rolled out foodservice commissaries and embarked on expanded menus, the mantra has been the same.

“We need to get as good at food as we are at gasoline,”



QT CEO Chet Cadieux was all smiles when he heard of the company’s win.

Cadieux says, a refrain he has been preaching for about a decade. “We’re pretty good at selling gasoline. That’s a pretty tall hurdle, and it’ll take us a long time to get there.”

Outside-In Challenges

Clearing that hurdle means hiring new employees, implementing new policies and, perhaps most challenging,

facing new competition from classic food destinations.

“For the food category, QSRs and fast-casual restaurants are our competition,” says Cadieux. “There’s a lot of competition in the food business and a lot of smart people who have been doing this for a long time. They all know how to do it better than most companies in our industry, QuikTrip included.”

Facing such stiff competition isn’t simply a matter of offering high-quality food. For operators looking to establish themselves as QSR alternatives, excelling in all areas of the consumer experience is a necessity.

As such, Cadieux is proudest not of QT’s impressive scores for its coffee station or sandwich cooler, but for its 96.8% score at the pumps and 96.6% score for exterior cleanliness.

The fuel island may seem to have little to do with foodservice sales. But Cadieux likens it to arriving at an open house with a disheveled lawn: “You gotta think, ‘If it looks this bad on the outside, imagine what it looks like on the inside.’ It’s hard enough to be in the food business as a gasoline retailer. It’s probably

KT

company and knowing that the third generation wants to continue to share with our co-workers—that gets me excited,” says Zietlow.

Counting What Counts

Customer count and sales per customer are important metrics for the famously numbers-obsessed Zietlow—and he likes the direction in which they’re moving. Kwik Trip’s customer count has grown more than 10% per week at new and same stores combined. Considering that Kwik Trip sites have about 6 million customers per week, that means 500,000 more guests per week.

Meanwhile, Kwik Trip is seeing promising growth from



Customers choose KT because of its co-workers, CEO Don Zietlow says.

one of its newest offers, a fresh-meat program launched in 2014, featuring packaged pork chops, ground beef, steaks, brats and more, merchandised in freestanding, open-air coolers. The results from the first year are impressive: Kwik Trip sold 4 million bratwurst in

2014 alone and has been selling three to four truckloads of Cargill-sourced packaged meat per week.

The program is a natural fit for Kwik Trip’s commodities-driven strategy, which pushes value on items such as bananas, bread, milk and eggs, and

further fulfills its mission to be customers’ best fill-in grocery option. This model puts Kwik Trip in direct competition with a channel most c-stores stay away from: the big box. Yet the company relishes the chance to butt heads with the hypermarkets on food.

“I like to build my store in front of Costco, Walmart,” says Zietlow. “We have a better value and better quality food, so that’s the growth.”

The next big food project for Kwik Trip is prepared meals: take-home, heat-and-eat entrées such as meatloaf, lasagna, chicken or salmon. Zietlow describes the effort as “a huge undertaking,” partly because of the challenge of dealing with the product’s short shelf life, but also delivering a

impossible if you're not taking care of the outside."

Though Cadieux calls the relatively new foodservice program "an exciting challenge" for QT's employees, it makes maintaining the outside of the stores increasingly difficult. Given the

"People who aren't able to become better every day are probably not going to be long for this industry."



All of QT's 716 locations have nearly identical floor plans.

fact that QT's lots are large—the company's generation-three locations average 16 to 20 MPDs—Cadieux says keeping the exterior as clean and appealing as inside the store is "the hardest part" of his

employees' jobs.

"You don't necessarily get upset about gum on the sidewalk like you do a pop spill inside, but it is at least as important," he says. "The reality is, the outside's just a lot harder."

Pursuing Consistency

Maintaining a tidy exterior and interior and positive customer experience with more than 17,000 employees across 716 locations is no easy feat, foodservice program or not.

One tool QT provides its team is meticulous consistency: All locations sell the same products, with nearly identical layouts. Walk into any QT store and you'll find candy and the cooler to the right, soda fountains and fresh food to the left and the checkout stand front and center.

Cadieux says this model not only benefits QT's time-starved consumers (who know they can walk into any location and immediately find what they

CONTINUED



quality offer at a \$5-to-\$8 ring that is still rare in c-stores. It is hoping to apply the same lessons learned when it rolled

The Karuba Gold program has helped boost category profits.



out its foodservice program more than a dozen years ago.

"We were able to digest how we want to sell food—make it in our commissary, take the labor out of the store—and I think we've been really successful," Zietlow says. As proof, foodservice sales are growing faster than any other category, up 23% in 2014. He expects the same level of growth over the next few years as KT builds 35 to 40 new sites annually.

"You've got to get the right product the consumer wants to buy," he says of the prepared meals. "How many different items do you have and still be fresh and good? That was a challenge when we rolled out that food too, but it's easier now that we have more volume."

And Kwik Trip is seeing

success with its Karuba Gold self-serve espresso beverage program, which rolled out to all stores in 2014. The chain installed espresso machines from Franke Coffee Systems that allow customers to make their own coffeehouse-quality hot and cold beverages. During CSP's visit to a La Crosse Kwik Trip, customers kept making a beeline to the machine, despite several powdered-cappuccino machines available nearby. Since its launch, the program has helped boost Kwik Trip's overall hot-beverage category profits by more than 30%.

Another area in which Kwik Trip has blazed a trail but is fully prepared for a longer-term return: alternative fuels. It is on track to have 40 sites selling compressed natural gas



KT's foodservice sales are growing more than 20% year over year.

(CNG) by year's end. By 2016, it expects to have its 400-truck fleet converted to CNG or liquefied natural gas (LNG).

Zietlow acknowledges that CNG and LNG are a big investment; average installation costs for a CNG fueling site run about \$1.5 million. But at the same time, Kwik Trip is counting its savings. Despite relatively lower diesel prices

CONTINUED



Hiring great people is the reason for QT's success, Cadieux says.

QT's 'Secret' Edge

Cadieux readily admits he's something of a broken record when it comes to QT's strategies for success. It all comes down to the people.

"The hardest thing from an execution standpoint is continuing to find the number of good people we need to

satisfy our growth desires," he says. "You've got to really work at finding talent to be able to grow at a decent pace.

"We're good at training, but we're not necessarily the best in the world. We're good at coming up with policies, but we're not necessarily the best in the world at that either. But I think we're really good at finding quality people to come work for us."

That strength is the result of what Cadieux calls a "top secret" process of screening applicants, which he jokingly likens to Coca-Cola's famed recipe—and is not something QT is willing to share publicly.

"At the end of the day, everybody wants the same people," Cadieux says, citing "high energy" and "overachievers" as desirable

descriptors. "The question is, can you actually get them to come work for you? We make it a point to not settle."

Here's an extraordinary statistic: QT hires less than 1% of its applicants. To put that in context, Harvard had a record-low acceptance rate of 5.3% in 2015.

This razor-thin rate speaks admirably to QT as recruiter and employer, a fact reinforced in business books about the company's well-known employee-centric approach, which has landed QT on *Fortune* magazine's "100 Best Companies to Work For" 13 years in a row.

"QuikTrip stands out in that employees praise its

CONTINUED



KT may sell as many as 50 million pounds of bananas in 2015.

by example. Kwik Trip focuses heavily on leadership training for its managers and conducts yearly 360-degree evaluations on all of them.

And then there are the benefits, beginning with a profit-sharing program that returns 40% of the profits Kwik Trip earns each year back to its 15,000 employees. The company's reputation as a great employer—the *Milwaukee Journal Sentinel* ranked Kwik Trip first among its

don't execute, we fail."

Evidence of this execution is Kwik Trip's 98.6% CSP/Service Intelligence Mystery Shop score for exterior cleanliness, placing it well above the 94.8% average, and a 98.0% first-place finish for clean restrooms, vs. a 93.9% average.

The success of the company's business model hinges on its ability to keep its employees happy so they will keep customers happy. There's a process for hitting what Zietlow says are the industry's lowest shrink and turnover levels. The first step is to hire right. Kwik Trip hires for attitude, with the belief that associates can be trained to learn everything else. "I want our people to be nice," says Zietlow.

The second step is to lead

over the past year, the company is still seeing a 20-cent-per-mile savings for running its trucks on CNG. Considering that its fleet racked up 20 million miles in 2014, this equates to an annual cost savings of \$4 million.

And in 2015, Kwik Trip hit another financial milestone for natural gas: It finally made a profit after three years in the business.

People Matters

Food and fuel are the two biggest offers at Kwik Trip, but what drives the company are its employees. "The success of Kwik Trip is our people," says Zietlow. "We can have the best stores, we can have the best of everything, but if our people

Top Workplaces 2015 for large companies—has allowed it to be incredibly choosy. In 2014, it hired only 6,000 of the 113,000 people who applied, or 5.3%.

Interestingly, one of Kwik Trip's biggest challenges today is employee-related. It is not minimum-wage regulations; the company already pays well above the industry average. But Zietlow calls out the Affordable Care Act (ACA) for its effect on Kwik Trip's health-insurance costs and those of its employees. Since ACA has been implemented, the annual deductible for a family on Kwik Trip's health insurance plan has ballooned from \$2,000 to nearly \$8,000.

"The normal worker's

CONTINUED



QT

above-industry-average pay and overall friendly, supportive atmosphere,” *Fortune* said of the company in the 2015 list. “Employees who ace a ‘mystery-shopper’ test or demonstrate good attendance get bonuses as well.”

Cadieux says he’s “not sure” if these policies affect day-to-day performance, so much as whether folks stick around. The company has an extremely low turnover rate of 13% (compared to an industry average of 59%, according to *Fortune*).

“If you’re a great employee, everyone else in the world wants you too, not just QuikTrip,” says Cadieux. “We recruit them by having a good job with good pay; we keep

them by looking after them and being fair and caring.”

But while the compensation package certainly is a lure, QT scores high in the business sector for its keen eye in recruitment.

“We don’t believe that we can teach someone culture or values,” he says. “Instead, we’re looking for people who already have those values.

To us, that’s what culture is all about: having a whole bunch of people with the same vision, the same values, the same

“We don’t believe that we can teach culture or values. Instead, we’re looking for people who already have those values.”



QT is striving to be as successful with foodservice as it is with gasoline.

reason to get out of bed in the morning.”

It’s this team of go-getters that Cadieux credits with QuikTrip’s success, not only in this year’s mystery shop,

but also in thriving in today’s competitive landscape.

“Any CEO can beat on their desk and say, ‘We have to get better,’” he says. “But you have to have a whole lot of people within the organization who get out of bed in the morning and naturally want to do things better.

“If you’ve got a whole bunch of people who are like that, I’m not going to say it’s easy, but at least you’re in it together.” **CSP**



KT

paying for this,” says Zietlow. “This is wrong. They’ve got to make more money just to pay their health insurance.”

The chain appreciates the link between employees’ health and their happiness. In 2013 it opened the Kwik Trip Center for Health, which offers services from checkups and acute care to lifestyle coaching. Employees who meet certain goals—losing weight or quitting smoking, for example—earn discounts on their health-insurance premium.

“It comes at a cost,” Zietlow says. “But I think it’s a savings because we’ll spend less money on our workforce health care five to 10 years from now because they’ll be healthier.”

Customers Count

Kwik Trip takes a broad approach as it pushes to attract various demographics and boost customer counts.

“I want them all,” Zietlow says with relish. “But you reach everybody in a different way.” For example, Kwik Trip targets millennials via social media

Store cleanliness is a source of pride for KT co-workers.



and offers such as the Karuba Gold program, which lets them customize their coffee.

It aims for soccer moms with the value of its commodities—Kwik Trip strives to be competitive on the prices for fill-in staples such as milk, eggs and bread—as well as its fresh food cases, stocked with fruit, yogurts, salads and sandwiches.

There are still instances when Kwik Trip cannot meet customer demands. The company is unable to move organic produce fast enough to ensure it can offer a consistently fresh selection. But it has considered gluten-free breads, and it phased out trans fats well ahead of the recently announced federal ban.

In many ways, Kwik Trip paces a few steps ahead of

the market, government, competition and industry. Even when Zietlow describes what he admires about QuikTrip, it seems as if he is speaking about an earlier stage of his own company.

“They take care of their people,” Zietlow says. “They used to have a lot of cigarettes, and now they are focusing more on food: warehouses, commissaries, bakeries.”

Zietlow tries to visit QT stores two to three times a year, and he greatly admires the Cadieux family. And the chains share a common purpose.

“Whether it’s QuikTrip, Wawa, RaceTrac, Sheetz or whoever it may be—we’ve all got the same message,” says Zietlow. “Either we’re the best, or we’re going to fail.” **CSP**

QUIKTRIP VS. KWIK TRIP

QUIKTRIP CORP. TULSA, OKLA.

KWIK TRIP INC. LA CROSSE, WIS.

1958	FOUNDED	1965
716	NUMBER OF STORES	450
\$11.5 billion	ANNUAL SALES	\$4.5 billion
793,000	FACEBOOK FANS	411,000
13,300	TWITTER FOLLOWERS	21,900
Be the best; focus long-term; do what's right for QuikTrip; never be satisfied; do the right thing	CORE VALUES	Honesty and integrity; respect; excellence; humility; innovation; work ethic

“Any CEO can beat on their desk and say, ‘We have to get better.’ But you have to have a whole lot of people within the organization who get out of bed in the morning and naturally want to do things better.”



FROM THE CEO

Chet Cadieux
Don Zietlow



“The success of Kwik Trip is our people. We can have the best stores, we can have the best of everything, but if our people don't execute, we fail.”

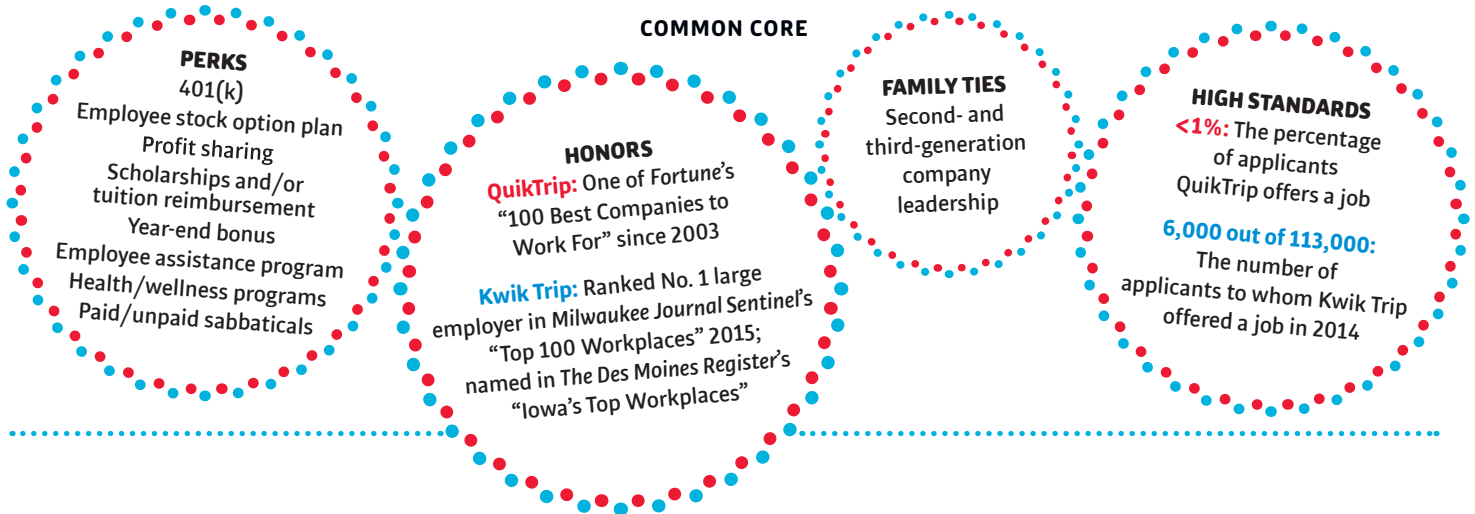
To get as good at food as they are at fuel	OPPORTUNITY	Fill-in shopping occasion
QuikTrip claims to sell more than 2% of all U.S. gasoline.	FUEL FACT	Kwik Trip turned a profit on compressed natural gas for the first time in 2015.
Full-service QT Kitchens counters	NEXT BIG THING	Prepared take-home meals

QT targets what its founder, Chester Cadieux, refers to as “two-tank” towns—where commuters have to fill up twice a week to get to and from work and home. Examples include Atlanta, St. Louis and Phoenix. It then clusters stores in these markets to build critical mass and gain local economies of scale.

GROWTH PATTERN

Kwik Trip has built out from its core state of Wisconsin into similar “low-growth” markets such as Iowa and Minnesota. Its vertically integrated structure and commodities focus enables it to compete handily while building about 40 new locations per year.

COMMON CORE





C-STORES BRING IT

Embrace of foodservice sends scores soaring

BY SAMANTHA OLLER AND MELISSA VONDER HAAR

Another year, another record-high average score for the chains studied in the CSP/Service Intelligence Mystery Shop.

In 2012, the average overall score for mystery-shop participants was 85.2%. In 2013, that average jumped to 90.8%. It was 91.9% in 2014. The 2015 average rose to 92.5%.

The reason is hardly a mystery. As foodservice becomes a tenet of the industry, the channel must up its game to compete not just with other c-stores, but also the wider net of competitors for foodservice dollars. This means an overall improved customer experience, whether it's the attractiveness of sandwiches, the cleanliness of the restrooms or the state

of trash cans at the pumps.

And this year's retailers did just that, improving on 2014's high scores:

- > Exterior cleanliness: 94.8% average score, compared to 92.7% in 2014
- > General interior: 92.2% vs. 90.9%
- > Restrooms: 93.9% vs 91.5%

(It is worth noting that many of the chains in the mystery shop change year over year.)

When it came to excelling in the individual categories, retailers *really* excelled. From KwikTrip's 98.6% exterior-cleaning score to Cumberland Farms' 97.8% sandwich-cooler average, near-perfect ratings showed up for a number of retailers. Both Cumberland,

last year's winner, and QuikTrip earned 100% in the employee section.

Ask any retailer about the importance of excellence in a given section and the answer will likely lead back to the obvious: foodservice.

"When you go out to eat and the floor isn't clean, or you go into the restroom and the restroom is not clean, or the outside's not clean, your perception may be: How clean is the kitchen? How good is the food?" says Don Zietlow, CEO of Kwik Trip Inc., La Crosse, Wis., which finished second overall thanks to a strong performance in restrooms and exterior cleanliness. "That's important to me. And it's also a source of pride with our co-workers."

For others, there were more sources of pride. "A clean and attractive coffee area is very important to [our] business," says senior communications manager Ashleigh Womack of RaceTrac's leading 97.6% coffee score. "Not only does it reinforce that our coffee offering is high-quality, but that positive halo extends to our overall food offer."

It's one thing for senior management to understand this. But to succeed day by day, store by store, this sentiment must resonate with store-level employees.

"We have to be able to go out there every day and ... work with them, and show them we're good at the hows and whats," says Ian Johnstone, general manager of Cenex Zip Trip, Spokane, Wash., which garnered a 94.5% overall score. "We've got to be better at the whys: why it's important to make sure these things are done correctly, whether it's the food bar, the temperature of the hot dogs, making sure the bathroom is stocked 100%."

"From top to bottom, our role is to have ordinary people do extraordinary things."

CSP/SERVICE INTELLIGENCE MYSTERY SHOP

The mystery-shop audits were conducted from April 22, 2015, to May 27, 2015. These audits took place between 11:30 a.m. and 7:30 p.m., any day of the week. Following each visit, mystery shoppers completed a survey in which each response received equal value. Here are the chains that were shopped and how often each chain was visited during the course of the mystery shop.

OVERALL BRAND PERFORMANCE

In the most competitive, high-scoring mystery shop to date, QuikTrip took top honors, edging out Kwik Trip by two-tenths of a point.

BRAND	OVERALL SCORE
QuikTrip	96.1%
Kwik Trip	95.9%
Cumberland Farms	95.1%
RaceTrac	94.8%
Cenex Zip Trip	94.5%

BRANDS SHOPPED

BRAND	NUMBER OF SHOPS
7-Eleven/Alon	98
Cenex Zip Trip	63
Chevron	104
Cumberland Farms	105
Kwik Trip	105
Mapco	84
Maverik	92
QuickChek	91
QuikTrip	103
RaceTrac	105



EXTERIOR CLEANLINESS

Were the pump island and its pumps clean?

Kwik Trip	97.1%
QuikTrip	97.1%
Cumberland Farms	94.3%
RaceTrac	94.3%
Cenex Zip Trip	92.1%

Was the pump island properly supplied?

QuikTrip	100%
RaceTrac	97.1%
Cenex Zip Trip	95.2%
Chevron	91.3%
QuickChek	87.9%

Was the parking lot and store entrance free of garbage and debris?

Kwik Trip	97.1%
Maverik	95.7%
Cenex Zip Trip	95.2%
Chevron	93.3%
QuikTrip	93.2%

DAIRY COOLER

Was the dairy cooler clean?

Kwik Trip	99.0%
Chevron	98.9%
Cumberland Farms	97.1%
QuikTrip	97.1%
Cenex Zip Trip	96.8%

Were the products in the dairy cooler within their expiration date?

QuickChek	96.7%
Kwik Trip	96.2%
QuikTrip	96.1%
Cumberland Farms	93.3%
Mapco	92.5%

Was the temperature within the range of 32° F to 41° F (0° C to 5° C)?

Kwik Trip	100%
Cenex Zip Trip	98.4%
Cumberland Farms	95.2%
Maverik	91.3%
QuikTrip	91.3%

CHET CADIEUX QuikTrip

“There are positive or negative merchandise or food cues all over the place, whether it’s inside or outside. It’s faulty to suggest that the outside doesn’t matter just because the food isn’t out there.”

DON ZIETLOW Kwik Trip

“[Customers] want to come to a clean, friendly environment. They want to be appreciated. There’s no better way than to have a clean bathroom.”

IAN JOHNSTONE Cenex Zip Trip

“What’s the hardest part of the store to keep clean? Absolutely stocking the coolers and keeping them organized. When you talk about everything that goes into our stores, there are so many products coming out, so much pressure from vendors. Do we have these products represented?”

IAN JOHNSTONE Cenex Zip Trip

“When we started remodeling our stores, we were going to have a consistent fountain offer. Yes, we knew there were limitations, but we needed to start [to] develop a program that we were proud of and that was consistent.”

INTERIOR CLEANLINESS

Were the floors inside the store clean?

Chevron	99.0%
Cenex Zip Trip	96.8%
QuikTrip	94.2%
QuickChek	90.1%
Cumberland Farms	89.5%

Were all the lights you saw in the store working?

Cenex Zip Trip	100%
RaceTrac	100%
QuikTrip	99.0%
QuickChek	98.9%
7-Eleven/Alon	98.0%

Was the restroom clean?

Kwik Trip	96.1%
QuikTrip	94.2%
RaceTrac	92.4%
Cenex Zip Trip	90.5%
Cumberland Farms	90.5%

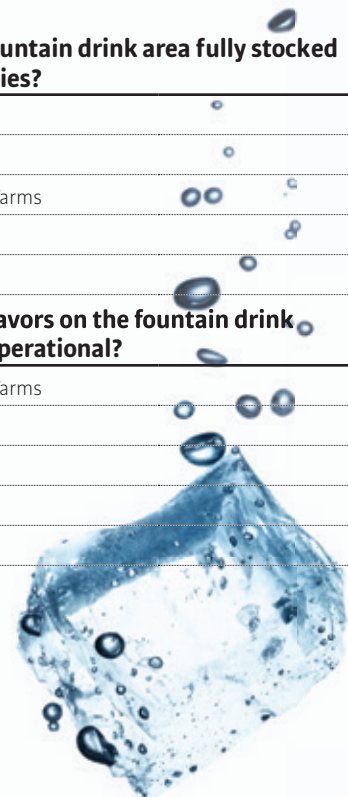
FOUNTAIN DRINKS

Was the fountain drink area fully stocked with supplies?

Kwik Trip	100%
Chevron	99.0%
Cumberland Farms	99.0%
QuikTrip	99.0%
RaceTrac	99.0%

Were all flavors on the fountain drink machine operational?

Cumberland Farms	97.1%
Cenex Zip Trip	96.8%
QuickChek	96.7%
Kwik Trip	92.4%
Chevron	91.1%





COFFEE

Was the coffee area clean?

QuikTrip	99.0%
Cenex Zip Trip	98.4%
Chevron	98.1%
Kwik Trip	98.1%
RaceTrac	95.2%

Was all coffee equipment operational?

7-Eleven/Alon	100%
Cenex Zip Trip	100%
Maverik	100%
QuickChek	100%
Chevron	99.0%

Did the location have a working thermometer to test the temperature of the coffee?

RaceTrac	99.0%
Kwik Trip	94.3%
QuickChek	91.2%
Cumberland Farms	83.8%
QuikTrip	81.6%



ASHLEIGH WOMACK RaceTrac

“RaceTrac’s coffee equipment has timers and gauges that help our associates monitor the freshness and amount of coffee in each urn. This allows us to provide a quality full-service coffee offering to our guests.”

BEN WILSON regional retail operations manager, Kwik Trip

“This is one of those environments where we constantly have to check everything because it takes one guest to do something to make a huge impact.

The coffee bar is constant because of the volume we do there.

The condiment bar is constant because we sell a lot of food.

As soon as it gets messy, it’s a huge turnoff.”

JAMES HILL customer experience manager, Cumberland Farms

“It is important to not only offer a wide variety of foodservice items, but to also make certain that the product and the equipment that the product is being displayed in are appealing.

As consumers ourselves, each of us knows that we shop with our eyes; eye appeal is buy appeal.”

SANDWICH COOLER

Did the sandwiches have expiration/ made-on dates?

Kwik Trip	100%
QuikTrip	100%
RaceTrac	98.1%
QuickChek	97.7%
Cumberland Farms	97.1%

Were the sandwiches within their expiration date?

Kwik Trip	99.0%
QuikTrip	99.0%
RaceTrac	99.0%
Maverik	97.3%
QuickChek	96.5%

Did the sandwiches look appealing (fresh and attractively presented)?

Cumberland Farms	100%
QuikTrip	100%
RaceTrac	100%
Kwik Trip	99.0%
QuickChek	98.9%

Was the temperature in the sandwich cooler/ bunker within the range of 32° F to 41° F (0° C to 5° C)?

Cenex Zip Trip	98.4%
Cumberland Farms	95.2%
Chevron	90.5%
RaceTrac	88.6%
Maverik	84.8%





EMPLOYEES

Were all on-duty employees wearing a uniform, including a nametag?

Cumberland Farms	100%
QuikTrip	100%
Kwik Trip	98.1%
RaceTrac	97.1%
QuickChek	96.7%

Were all on-duty employees well groomed?*

Cenex Zip Trip	100%
Chevron	100%
Cumberland Farms	100%
Kwik Trip	100%
QuikTrip	100%
Mapco	100%
RaceTrac	100%

* More than five chains represented because all scored 100%

Source: 2015 CSP/Service Intelligence Mystery Shop



JAMES HILL
Cumberland Farms
 “The face of our company is our store team members, who represent our brand to our everyday guests. Each one of them takes pride in their appearance and understands that they are our brand ambassadors.”



CENEX ZIP TRIP'S PROGRESS REPORT

Progress, not perfection: That's one of the mottos for the operations team at Cenex Zip Trip, Spokane, Wash. The 70-store chain—the corporate-owned stores of CHS Inc., Inver Grove Heights, Minn.—is a brand-new participant in the CSP/Service Intelligence Mystery Shop. And for its first year in the program, Cenex Zip Trip did very well, ranking with the top five brands, thanks to its strong results in interior and exterior cleanliness, dairy cooler, fountain and coffee bars, and employee appearance.

Ian Johnstone, general manager for the chain, says it's a matter of store associates focusing consistently on six key priorities:

- > **Customer service:** Are you greeting customers with a smile?

- > **Cash control:** Are the tills correct and secured?
- > **Check stand and image:** Is the counter neat and uncluttered?
- > **Food bar:** Are the roller grills stocked and the hot dogs at the proper temperature? Are condiments filled?
- > **Coolers:** Are they faced and full of product?
- > **Facing:** Are shelves neatly faced and each section fully stocked?

“We're not always going to be the least expensive and we're not always going to be the most expensive,” Johnstone says. “But **we're going to do things right**, be consistent and predictable, so that when people come in, they're going to walk out of here 99% of the time satisfied.” That consistency depends on

communicating to store associates why the six priorities are so critical—why it is so important that the hot dogs are at the right temperature, the bathroom is clean, the coolers are fully stocked. “If we can't get all of our associates to buy in and move in the same direction, we're going to have issues,” he says.

Cenex Zip Trip has been testing **two additional daily priorities**—bag 10 bags of ice and wipe down dispensers, for example—that change each week. The idea is to improve communication between corporate and stores.

“Even though we have a communications book where we could write this stuff down, it's trying get people to open the book and say, ‘Here's what we're working on today,’” says Johnstone. “It's just trying to

bake a cake a different way.”

Training forms the backbone of this effort, with management constantly emphasizing the importance of the priorities. Cenex Zip Trip's own mystery-shop program ensures that the stores are executing.

The chain has eschewed the mystery-shop performance contests that other retailers often use to motivate employees; Johnstone believes they result only in short-term improvements in execution that quickly fade once the contest ends. Instead, the **retailer focuses on hiring for attitude** (and training for skill), providing great benefits and offering plenty of positive reinforcement and guidance from store managers.

“Everything we do starts with the store manager,” he says. “We may have all of the greatest ideas in the world, but if I can't get them to be executed, I've got nothing.”



CUSTOMER EXPERIENCE: STOP THE MEDIOCRITY



CAMERON WATT
is president and CEO of
In-Touch Insight Systems.
Reach him at
cwatt@intouchinsight.com

When we were in the planning phase of this year’s study with CSP, we paused to explore what we should measure.

For a decade, we conducted a customer-service-style mystery shop, testing for items such as greetings and suggestive selling. We measured important fundamentals such as cleanliness and product availability (out of stocks), but not to any level of detail. Last year, we began approaching each of the participating chains for permission to shop in their stores.

We talk about the speed of change in the world of technology. A cellphone from 2010 or a first-generation tablet won’t do you much good in 2015. We have seen a similar acceleration in customer expectations. And the question we began asking ourselves is: **How are c-stores performing in the areas in which customers are most likely to judge you?**

Overt vs. Covert

Imagine you receive feedback from customers that they are unhappy with the quality of your coffee at a particular location. Does it mean that location is not adhering to standards, or do the customers in that area not like your particular formula? As part of your investigation, you need

to ascertain whether to focus on training or to consider a different coffee blend. At the same time, if you are measuring excellent store execution and not listening to customers, you may never figure out why sales are not growing.

The simple reality is, **there are things you can measure overtly that you cannot measure covertly, and the reverse is also true.** There’s still a

third leg that is missing to ensure balance and stability: a customer-experience component that solicits feedback from your patrons.

Covert and overt mystery shop/audit activities are great at telling you whether your locations are living up to your internal standards, while customer feedback lets you know if customers agree with those standards.

What does this mean for the 2015 study? Because we did not have access to the information required for all three legs of the stool, we continued our movement toward the overt program that we started in 2014

because we felt it provided more robust information in line with where the industry is going. So we again asked chains for permission to shop in their stores. We would choose the stores and times, but our mystery shoppers would have a form granting them the right to measure freshness across the entire foodservice offering.

The truth is, if you’re going to compete with QSRs and casual dining for share of stomach, **you have to be better at more areas than just**

those traditionally necessary to sell fuel and smokes.

We checked to make sure the staff was well-groomed and that the pump islands and front counter were clean,

but we also went deeper.

For example:

- > Was the temperature in the dairy and sandwich coolers within range?
- > Did the sandwiches look fresh and were they presented attractively?
- > Were the sandwiches within their expiration date?
- > Was the ceiling, including vents, clean?
- > Was the fountain area clean, stocked and functional?
- > Did the location have a working thermometer for testing the coffee temperature?

In appreciation, we offered each chain all of the store-level information. We hope these fine operators will combine our research with in-depth customer surveys and assess whether their procedures and offerings meet—if not exceed—their customers’ expectations.

Embrace Technology

This is where I see great news for the convenience channel. **Multiple data streams from diverse sources can now be brought together easily** to provide common dashboards and analytics.

In fact, there are ways to structure the storage of data to allow for diverse programs, even from different vendors, to merge and provide meaningful, automated information. The cost of providing data aggregation, storage, reporting and related services has dropped dramatically for the vendors who provide it.

If you are not on a path that lets you see things such as the correlation between the execution of suggestive selling and transaction size by location, or gives you the ability to know which organizational standards need to be changed and which locations need to be retrained, speak to your vendors about getting on this path.

With the latest technology, not only can you get what you need, but you also can do it for far less cost than ever before. Don’t settle!

Was the temperature in the coolers **WITHIN RANGE?**

The Big Meaning of Small Actions



MITCH MORRISON
is vice president and group editor of CSP Business Media's Convenience Group. Reach him at mmorrison@cspnet.com.

When I shared with Steve Loehr that Kwik Trip finished in a virtual tie with QuikTrip in our 11th annual CSP/Service Intelligence Mystery Shop, his response hardly surprised me:

“While it is a virtual tie, we see it as losing by 0.2!”

Entrepreneurial types don't like anything but being No 1. That may sound like hubris or excessive testosterone, and in many cases it is. But it's also a dichotomous form of humility, a conviction of wanting to fulfill one's maximum potential.

Anyone who knows Loehr knows him as a family-focused person of deep faith and incredible integrity. His traits are emblematic of Kwik Trip and the culture created by founder Don Zietlow.

It is no different at Tulsa, Okla.-based retailer extraordinaire QuikTrip. I can count on hands and feet the number of times CEO Chet Cadieux has said creating good-paying jobs is what fuels the company's craving for growth. (See p. 38 for a closer look at Zietlow and Cadieux and their excellent teams.)

Neither Zietlow nor Cadieux (nor Chet's father, Chester) seeks to have his face chiseled on Mount Rushmore. Their brilliance is that it is not fame that drives them, but rather a greater humanitarian goal that centers around their thousands of employees and countless customers.

“From top to bottom, our role is to have ordinary people do extraordinary things.”

Mind you, I'm not discounting the importance of ego. And when I say ego, I don't mean the euphemistic application represented by the likes of Donald Trump and other high-decibel types. I mean it from the psychoanalytic sense: that of one's self, the opened eyes of a curious child eager to absorb, distill and experiment. The belief that God has granted me life to accomplish something positive, maybe even something great.

Our mystery shop is a maze of metrics, a ledger of observable and measurable benchmarks. It impartially assesses whether we are executing our programs effectively. And it does not tell you whether your store is an architectural Rembrandt or your foodservice an epicurean delight. Nor should it.

Too many of us speak about magic bullets, about fool's gold. We look for the big serve as a way of winning points, when often in tennis it is the player with the most consistent strokes who wins the match.

In our current mystery shop, my favorite performance was that of Cenex Zip Trip. I've known Ian Johnstone for many years, and he's one of the most pleasant and honest folks you'll ever meet. He was very reflective when I shared with him that his chain had finished in the top five among an all-star cast of larger operators.

“I know we're not the biggest store, and we're certainly not the fanciest,” he said to me during a recent Cenex corporate event in Sioux Falls, S.D. “But we take the basics very seriously. Are the floors mopped, the bathrooms cleaned? Are the promotions positioned correctly, is the coffee fresh, is the roller grill working, is our fountain fully stocked?”

Johnstone summed it up well for Samantha Oller during an interview for our cover story: “From top to bottom, our role is to have ordinary people do extraordinary things.”

This is a chain that takes great pride in

the fundamentals. In my opinion, their next challenge is to be more daring, to apply those fundamentals to a more alluring and distinguishing offer that further distances Cenex Zip Trip from its competition.

This is precisely what QuikTrip, Kwik Trip and Cumberland Farms have truly mastered: the art of crafting what Jim Collins artistically calls the Big Hairy Audacious Goal (BHAG) and pursuing that vision with extraordinary discipline and fundamentals.

For more about the results of this year's CSP/Service Intelligence Mystery Shop, turn to p. 47.

Too many of us speak about **MAGIC BULLETS.**

Forgive me for my digression and indulging in my personal life. I'm writing this column in early July, just days after we as a nation celebrated our country's birthday. Two years ago, I spent July 4 on a pediatric cancer ward as our younger son, Daniel, was undergoing treatment for non-Hodgkins lymphoma.

I remember looking outside of the room and seeing medical staff and a row of strangers coalescing about 20 yards down the hallway. A young man in his early 20s—a former starting high school quarterback just a few years removed from his glory days—was exhaling his final breaths.

The silence was deafening. Tears for a stranger streamed down my face.

As I embraced the victim's girlfriend, she asked about my son and said, “Remember the little things. Have a dream, but remember to get there takes lots of steps.”

Each step is a lesson. Each time we clean the floors, stock the shelves, change out the coffee, we are giving our customers—our fellow human beings—a greater experience. Our acts are not monumental, but when we think about their outcomes, we suddenly transform perfunctory tasks into meaningful actions.

We are saying to our customers and to ourselves, “I care.”

HOW TO STREAMLINE YOUR OPERATIONS

BY AMAR MAKIM
PRODUCT SALES
& SUPPORT
SPECIALIST

What are the major problems you're enduring with your current process for managing operations?

Employee productivity?
Issue management and resolution?
Collecting insightful data about operational performance?

If you are facing any of these challenges, we have the answer to your problems: mobile data collection.

Pen and paper checklists and audits are commonly the root of these issues. If you're using this process, consider ditching pen and paper and adopting something new.

Mobile data collection will improve how you manage operations in three ways:

1. Increase employee productivity.
2. Improve communications and issue management.
3. Provide better insights into operational performance.

1 INCREASE EMPLOYEE PRODUCTIVITY

Do you wish you could reduce the time your employees spend creating and completing checklists, and performing data entry? With mobile data collection software like OpsMatrix, you can create online checklists effortlessly and quickly. You can even import your company's existing checklists.

Users can access checklists on any mobile device, so field teams can perform audits and checks anywhere – even if they're offline. Results are uploaded from the device to the cloud in real-time. No more time wasted on photocopies and data entry, or time waiting to view results. Employees can focus their efforts on more important projects and react to audit results faster, contributing to an overall increase in productivity across your business.

2 IMPROVE COMMUNICATION AND ISSUE MANAGEMENT

Think about your current process for completing operational audits: how do field teams and managers communicate when an issue is found? How long does it take for issues to be identified and fixed?

The time it takes between completing the audit to inputting the data on a computer, and then manually contacting the people responsible for issues found, makes your data more susceptible to errors. It also increases the chances that people will not be notified of issues.

Mobile data collection streamlines communication between teams, so issues get resolved faster and don't go forgotten. Using operational audit software like OpsMatrix, managers automatically receive emails about issues found. Teams can have real-time discussions, upload photos and add comments, and mark issues as resolved. All issues requiring follow up can be viewed in one place, so issue management is clearer, easier and always taken care of.

3 BETTER INSIGHTS INTO OPERATIONAL PERFORMANCE

Decoding data and compiling it into charts and graphs that accurately depict the results you are trying to relay can be a challenge.

Using OpsMatrix mobile data collection software, your results are automatically organized into reports for you. You can choose from four different types of reports, and view clear visual summaries of your data. Get overviews of how locations are doing in a certain region, or drill down into a specific location. These reports give you richer, better insights into operational performance so you can react faster.

CONCLUSION

Pen and paper checklists hinder your ability to optimize processes for managing your operations. Increasing employee productivity, improving communication for issue management and resolution, and getting better insights into operational performance are all vital elements contributing to the success of your business.

Start exceeding standards across your locations. Adopting mobile data collection for your operational audits and checks is a smart choice that will empower you and your employees to make your business run smoothly and more efficiently.

MOBILE AUDIT & CHECKLIST SOFTWARE

Audit on any mobile device.
See results in real-time. Fix issues faster.

