

Irish smiles all round

Leading convenience and forecourt store adapts to a more competitive trading environment

BY STEVE MAISTER

What would cause a country's most successful forecourt store to change course? A dramatically changed trading environment did it for Damian and Rachael Kilmartin, owners of Kilmartin N6 service station in Athlone, a town situated near to the geographical centre of Ireland.

Since it opened in 1997, this store has been a leader in the Irish forecourt business, recognised by the many awards it has won. This includes their Centra Group Forecourt of the Year award, Ireland's Forecourt and Convenience Retailer of the Year award, a Best Community Initiative of the Year award and a Supreme Hygiene National award, among many others.

The store features a deli-style restaurant with seating for 32 customers, as well as a tea and coffee bar.



Kilmartin N6 opened in 1997 and has been a leader in the Irish forecourt sector. The site has won a number of awards, including Ireland's Forecourt and Convenience Retailer of the Year.

This success is clearly due to the Kilmartin couple's drive, enthusiasm, foresight and attention to detail. For example, they had a major remodel three years ago. Before starting, they went on study tours to visit forecourt stores in the US, Germany, Scotland and the UK. As a result, they made radical changes to their store, including an interior décor breakaway from their Centra franchise image, although maintaining

Centra's green identity on the outside.

Their mission statement also clearly articulates what has been behind their success: to provide every customer with a high level of customer service on every visit, with the goal of exceeding customer expectations.

Site development

The present site in Dublin Road, Athlone,

was a Ford dealership for more than 20 years when Mr Kilmartin senior decided that there was no money in the car dealership business and knocked down the showrooms and workshops to redevelop the property. The site was conveniently situated on the well-travelled main road between Dublin in the East and Galway, Ireland's third largest city, in the west, which was an ideal position to capture the trade of passing motorists. This customer market was the store's major business till August 2008, when a new motorway took motorists on another route that bypassed the site. Now, it's no longer on the main road to Galway, but it is still fairly accessible, being close to one of the on and off ramps on the new motorway. At the time of our visit, last October, Kilmartin's reputation with regular travellers between Galway and Dublin and its halfway position between the two areas still make it a popular stop for travellers.

However, by the time the new motorway came to pass, the Kilmartin's drive to increase their local trade was already in full swing. Damian was also preparing for the opening of several new forecourt stores that were due to open on the new motorway, which would reduce their passing trade component even further.

All this was taking place against a background of a more competitive retail and forecourt market. Just four years previously, there were 4 000 forecourt stores in Ireland, but competition on fuel margins reduced this to 1 500. At the same time, the structure of the food business in Ireland, which largely protected

Owner of Kilmartin N6 service station Damian Kilmartin (second from left) together with some of his employees.



independent and small stores from supermarket chain price competition, was changing, as pressure for structural change in retail to reduce supermarket prices threatened convenience stores.

The new strategy has worked for the Kilmartins: where 70% of their turnover previously came from passing travellers, it is now 50% passing trade and 50% local.

However, with the economic collapse of world markets, Ireland's very strong economy (second highest living standard in the European Union) has not proved immune and the drive for lower prices from a more price competitive retail environment is on. Meanwhile, adding even more pressure, shoppers in the Irish republic are flocking across the border to Northern Ireland, where prices are lower.

Building local business

So how has Kilmartin N6 thrived and survived in this challenging business environment?

Firstly, the store is a member of Musgraves, a full line wholesaler and owner of the Centra franchise. Ninety-five percent of all their stock either comes direct from Musgraves or from central billing (drop shipment) for items like cigarettes and wine. Musgraves has gone out of its way to source special deals for the store in its transition, with the aim of building purchases for regular use at home. Many of them are also clearly aimed at pantry loading, with discount activity on bulk pack sizes. This is a major point of departure as forecourts traditionally carry grocery and food items that are only bought as

The wine is categorised by country, rather than by red and white varietals. Each major wine producing country, including South Africa, has its own drop.



Bulk packs of wine offer consumers a value-for-money alternative to single bottles.



The store merchandises its new premium range of artisan breads in the front of the store. These breads yield a very good margin. Lower margin everyday bread is situated at the back of the store.





Rich, warm colours turn the coffee and tea counter into a welcoming oasis for the store's customers.



The store has been transformed from an emergency purchase shop into an impulse and destination site. However, shoppers can still find emergency lines such as these household and beauty products.



A view of the magazines corner, which also includes a nuts and sweets display.



Motorists paying for their fuel purchases at the main cash point are also able to buy Lottery tickets, snacks and sweets.

emergency purchases. Many of the specials offer '3 or 4 for a special price', or provide extra size, banded and twin packs, six packs or even an 18-pack case of beer. Price is boldly presented on these special offer items and they are available everywhere you turn in nearly every department of the store.

The store is very impulse sales driven, which has helped it change from an emergency shop to a semi mainstream convenience offer. Floor to ceiling front windows have also helped the Kilmartin's turn their store into an impulse showroom for motorists looking in from the pumps.

Solutions to fit

At 4 500 square feet (418m²) gross and 3 700 square feet (344m²) trading area, the store has the space to offer various solutions to different shoppers on shopping missions through the day and night.

The restaurant has become a meeting place for local Athlone residents and business people.

For example, there is a steady stream of fuel customers coming into the store to pay for their fuel purchase at the self-service pumps. The key cash point at the service counter catering for these customers features displays of snacks, including their number one confectionery item – 'car bag' sweets, as well as Lottery tickets. The fuel customers are also exposed to high margin artisan health breads, a 'grab and go' fresh hot coffee and tea display and the temptation of a deli restaurant.

Meanwhile, people off to a party can drop in and buy a bottle of wine and a gift bag, while people having a party can buy the 18-pack case of beer, a multi-pack of wine at a good price or a keg of draft beer, also at a promoted price.

Travellers and anyone wanting something hot to drink and a quick bite have the self-service tea and coffee offer facing them

from the back wall as they enter the store. This is flanked by an open multi-deck fridge offering an array of prepacked sandwiches on the one side and by a bakery products display on the other, with items like muffins and pastries.

The deli restaurant

For those with more time there is a deli restaurant, which opens at 7am in the morning and closes at 8pm in the evening. Previously a great attraction for travellers who made a point of breaking their journey to eat here, it is now being promoted as a meeting and eating place for local Athlone residents. Operating with eight staff members, it specialises in value for money, freshly prepared food that ranges from hot cooked breakfasts, lunches and dinners to an assortment of made to order sandwiches, panini's, bagels, wraps and desserts.

The site has 36 CCTV cameras with excellent resolution that allows them to see registration numbers in the event of non-paying motorists who drive away after refuelling.

One of the interesting ideas at the deli is the way the staff can change the menu through the day. Menu boards, hung like pictures behind the food service counter, are simply and easily turned around to show the current time of day offer.

The deli's serve-over service counter, which was especially sourced from Germany, is designed so that the employees working behind it almost always face the customer. The counter style is one that seems to have gained favour in Ireland. It features flat glass on top and on the front - a configuration that enables customers to get close to the food.

With seating for 32 guests, the deli restaurant accounts for 28% of store sales and is also a major contributor to the store's overall margin, which averages 28% across all departments.

The store has special offers galore with boldly presented pricing on many of its product lines in nearly every department in the store.

Store security

It may be Ireland, but security is still a key component to keeping margins intact. They have 36 CCTV cameras on the site that cover the pumps and the store. These are very high quality cameras and all feeds are recorded on disc. One of the benefits of the quality is that they can capture details, including number plates and people. This helps to trace drive-away motorists, which have become a problem in Ireland as a result of high fuel prices and the crashing economy. There are also two or three staff members on the forecourt at any given time, to beef up security, providing a service that includes air, tyres, water and oil and to maintain interaction between motorists and the business. And while most fuel customers come into the store to pay, the forecourt attendants will take payment from a motorist if they really don't want to come inside.

All excess cash from the checkouts is sucked up through an air tube system into a remote cash office.

Also, the office staff is not in uniform and can double as store security.

Staff training

Trained employees are very important to this business. The staff has three days of training every six months at a Chevron training facility. Each staff member has their own folder in which their training is tracked and they also receive on-site training at the store.

A hands-on approach

Damian and Rachael are their own store managers. They believe that "if you want to do it right, you have to do it yourself." Their work ethic and professionalism have paid off.



Fact File: KILMARTIN N6

Trading area: 3 700 square feet (344m²)
Fuel sales: 145 000 litres per week (Euro: 120,000 per week)
Store sales: Euro: 120 000 per week
Deli/cafe/teria: 28% of store sales
Fuel supplier: Chevron (2 price changes per week)
Wholesaler: Musgraves, a full line wholesaler and owner of the Centra retail brand
Staff: 55
Hours: 24 hours a day trading