

September 21, 2017

Welcome to the 11th Annual National Team Selling Competition! We are looking forward to meeting all of you when you arrive at the Indiana University campus in Bloomington, Indiana on October 12<sup>th</sup>.

We hope everyone will find the case challenging as well as learn from the experience. At the same time, we want everyone to have fun working with your teams, interacting with Altria and 3M and meeting students from universities across the United States.

As the corporate sponsors of the competition, we worked closely with the faculty and staff at the Center for Global Sales Leadership at Indiana University's Kelley School of Business to develop a case that would highlight your abilities. Our goal is to give you the opportunity to take your classroom knowledge and experience and apply those skills in a selling situation that is realistic and relevant in today's market.

The Altria and 3M employees participating in the case competition have a wide range of sales and other career experiences. During your visit, we hope you will take the opportunity to get to know us better.

On behalf of Altria Group Distribution Company and 3M, we wish you good luck and great selling!



Altria



**Note: This case is a fictional situation.**

The following case situation was developed for the Indiana University National Team Selling Competition presented by Altria Group Distribution Company and 3M. Although it reflects real-life conditions, both the company you are representing and the account you are selling to are fictitious. All similarities to actual companies are coincidental and unintended. Any actual trademarks used or mentioned are the property of their respective owners. In this case, you will find the use of actual and fictional market data about the convenience store industry to develop the case scenario. The market and volume data is not intended to reflect real life market data for companies mentioned. The market volume and pricing data for the account has been fabricated. Market information about the company you are representing was also fabricated.

## **Case Introduction**

Your sales team represents Nature's Nibbles. You have secured an appointment to meet with Friendly Corner Stores for an opportunity to sell your line of healthy snack bars. Your current clients are supermarkets and grocery chains and you are hopeful to expand your products into the convenience store trade class.

Your four-person Nature's Nibbles account team is comprised of the below:

1. Director of Accounts – Oversees account strategy and strengthens relationship with key stakeholders
2. Account Manager – Creates purposeful account strategy and leads the relationship with account
3. Lead Analyst – Analyzes business indicators to identify opportunities and assists in creation of selling materials
4. Operations Lead – Aligns with account operational teams & monitors the execution of product resources

Your prospective client is Friendly Corner Stores. Friendly Corner Stores is a large chain of convenience stores located in the Midwest with hopes to expand into the Western Region. Their F.R.I.E.N.D. Model is the core of their business and drives all decisions.

You have two appointments planned with Friendly Corner Stores. You will only have a third appointment if you are selected as one of three final teams competing for the overall first, second and third place finish.

### **First Appointment - 20 Minutes**

Your first appointment will be with Stacey, the Category Buyer, and Andy, the Director of Marketing, for Friendly Corner Stores. Your primary objective for this meeting is to gather information and test possible solutions that will help you prepare for your second appointment. There is important information that you will need to uncover during this meeting to be successful.

### **Second Appointment - 20 Minutes**

During your second appointment, your team will have a selling conversation and presentation with Stacey, Andy, and will be joined by Kelly, the Director of Operations. Your objective for this meeting is to gain acceptance of your healthy snack bar line and agree upon an implementation plan.

### **Third Appointment TOP 3 FINALISTS ONLY – 10 Minutes**

If selected as a top 3 finalist, your team will present a summary of your proposal to James Morton, the President and CEO. Your goal is to generate excitement and convince James that your product is a good fit in Friendly Corner Stores.

## The Challenger Sale

*The Challenger Sale-Taking Control of the Customer Conversation*, by Matthew Dixon and Brent Adamson, argues that classic relationship building is a losing approach, especially when it comes to selling complex, large-scale business-to-business solutions. The authors' study found that every sales rep in the world falls into one of five distinct profiles, and while all of these types of reps can deliver average sales performance, only the Challenger, delivers consistent high performance.



Source: *The Challenger Sale*

As you prepare for the competition, challenge yourself and your team to reflect on your selling approach. Will you have a strong understanding of the customer's business and challenge their way of thinking? Will your approach allow you to differentiate yourself from your peers and co-workers?

## How Will You Become a Challenger?





Growing up in Breckenridge, Colorado, Lisa always had a love for the outdoors. Family hiking and camping trips were a regular weekend activity for the Hurman family. Lisa's father taught her at an early age how to pack her backpack for their weekend excursions—extra clothing and socks, sunscreen and bug spray, a sleeping bag, flashlight, and snacks to keep her energized for the trip.

Packing always came easy for Lisa until she had to pack her snacks. Lisa had an extensive list of food allergies limiting her ability to bring along many of the common pre-packaged snacks that her family and friends could bring. Generally, this forced her to pack fruits and vegetables that would get smashed in her bag, or not last her for the entire trip. Soon, Lisa and her mother, Jane, started exploring the healthy and organic snack sections at the grocery store in hopes that they would find something that Lisa could take with her. Unfortunately, many of the snacks that claimed to be natural were not as healthy as advertised, and contained preservatives and dyes that Lisa could not eat.

After months of research and trial-and-error snack options, Jane decided to start testing out different recipes and making snacks for Lisa at home. While it was difficult to navigate around Lisa's allergies and include adequate nutrients to sustain her daughter through the weekend excursions, Jane finally had a variety of dried fruit bars and snack bars that her daughter could pack.

Fast-forward and now Lisa has a family of her own, as well as a daughter, Eva, who inherited the same extensive food allergies. Thanks to years of snack preparation with her mother, Lisa already knew exactly where to turn when she found out about Eva's allergies. When it came time for Eva's class to do their first overnight hiking field trip, Lisa made sure to pack plenty of homemade snacks for her daughter and her classmates. After a successful trip, many of the parents approached Lisa about the snack bars asking where they could get them and how grateful they were that their children had nutritious snacks on the hike.

This got Lisa thinking about how many other families could benefit from her all natural snacks. She now had a new goal and new idea—providing all natural healthy snacks, now known as Nature's Nibbles, to families and friends outside of her Breckenridge community.

Nature's Nibbles began in the kitchen of Lisa's home, only being produced by her small family of three. However, demand increased rapidly and the family's small home kitchen could no longer contain the production process. Having over 3 acres of land, her husband decided that it was time to build a barn large enough for Lisa to produce, package, and distribute Nature's Nibbles from the comfort of their own backyard. With more space, Lisa was now able to hire friends and members of the community to help build her brand.

Nature's Nibbles currently offers four different flavors including Cocoa Cran, Berry Bliss, Carmel Corn, and Pineapple Chip. With her new space and employees, Lisa hopes to expand the flavors. All the ingredients used are organic and locally sourced to ensure healthy, natural flavors. They also all accommodate Eva's dietary needs and taste buds.

Lisa packages Nature's Nibbles in transparent, biodegradable plastics. She prefers the transparent packaging because Lisa is transparent with her customers about what they are receiving in a Nature's Nibble. Being a person who spends a lot of time outdoors, a biodegradable plastic wrapper was a must when it came to packaging.

Lisa's barn has now become Nature's Nibbles Headquarters. It employs 98 people and is currently producing \$5 million in sales per year. Primarily partnering with local supermarkets and grocery chains, Lisa is anxious to expand her business into other trade classes. Getting an appointment with Friendly Corner Stores might be Nature's Nibbles next big break.



## Product Facts

Flavors	Berry Bliss	Carmel Corn	Cocoa Cran	Pineapple Chip
Product Description	Sweet berry flavor that puts a smile on your face	A combination of salty and sweet that is sure to please	Chocolatey paradise with bursts of cranberry	Full Hawaiian flavor that explodes in your mouth
% of Sales	32%	15%	45%	8%

\*All products and flavors are 100% natural and gluten free

Nature's Nibbles Product Offerings	Cost	Suggested Retail Price
Individual Bar (1-1.42 oz. bar)	-	\$1.25
Box (5-1.42 oz. bars)	-	\$3.49
Case (30-1.42 oz. bars)	\$6.89	-
Floor Display (240-1.42 oz. bars)	\$47.12	-

\*Nature's Nibbles only sells to retail in cases



Display contains 8 cases of product

- 4 Cases of Cocoa Cran
- 2 Cases of Berry Bliss
- 1 Case of Carmel Corn
- 1 Case of Pineapple Chip





When Dave Morton was a young boy he worked at his uncle's gas station outside of Grand Rapids, Michigan. The summers he spent pumping gas and watching his uncle's personal interactions with customers sparked Dave's love for three things; a great car, an entrepreneurial spirit and quality customer service. At his uncle's station, they always wore a bow-tie and a smile. Dave's love of cars led him to a successful career in the automotive industry. After Dave retired, he invested all his savings into acquiring a 35-store convenience chain. He immediately rebranded the chain into what is known today as Friendly Corner Stores. He felt that the convenience store industry was lacking the customer service that he experienced as a child. Dave's focus for his chain was providing quality goods and services along with a superior customer experience by always wearing a bow-tie and a smile. Dave built his business through acquiring other small chains to leave a legacy for future generations.

When Dave started the business, he created the F.R.I.E.N.D. model below to help ensure all his convenience stores stayed true to the businesses' core values. The model has led to the success of Friendly Corner Stores; however, the customer's overall satisfaction continues to drive the profitability of the retail store.

## Be a F.R.I.E.N.D.



**F**ind ways to engage every customer, because every customer matters.



**R**ecognize opportunities to enhance the customer experience and the business.



**I**nclude all key stakeholders to ensure our goods are always fresh & relevant to the local marketplace.



**E**mpower all employees at all levels to contribute to the business; every voice is heard & appreciated.



**N**ever let a day go by without having fun.



**D**elight our "friends" with the ultimate customer experience by consistently providing clean, adequately staffed, well-lit stores.

Dave's son, James, is currently the President and CEO of Friendly Corner Stores. Friendly Corner Stores has grown to 747 stores expanding into 12 states, doing \$1 billion in annual sales. They have two separate divisions within their company and hope to expand to a third division with an acquisition of a 300-store convenience chain scheduled to be completed early next quarter. Currently, James is focused primarily on the upcoming acquisition.



Dave's grandson, Andy is the Director of Marketing of the Crossroads division who received his MBA from a top business school in Indiana. Andy is focused on increasing profitability as he knows his division is incredibly important to Friendly Corner Stores success. Andy always works well with others, shares successes and makes recommendations his peers.

Friendly Corner Stores		
Crossroads Division	Plains Division	Central Division Pending Acquisition
62% Sales	38% Sales	NA
Ohio	Wisconsin	Montana
Michigan	Minnesota	Wyoming
Indiana	Iowa	Colorado
Illinois	North Dakota	
	South Dakota	
	Nebraska	
	Kansas	
	Missouri	

Stacey, the category buyer for the Crossroads division, has been a part of the Friendly Corner Stores business for the past 12 years. Stacey is a health-conscious mother of three, who recognizes the need for healthier product line assortments at retail. While Friendly Corner Stores sells some healthy snack bars, averaging 64 bars per week, Stacey still thinks there is an opportunity to expand in the alternative snacks category but is always concerned with the stores limited space. Due to the limited space, if a floor display of new product is accepted it is only allowed on the floor for 30 days. She has been incredibly successful in increasing the sales of the Crossroads division. Stacey's responsibility is to maintain high profit margins, further develop partnerships with existing vendors, and create partnerships with new vendors that align with Friendly Corner Stores key strategies. Andy values Stacey's feedback and expertise, often consulting her on big initiatives. He works closely with her to establish their portfolio of brands and products carried at retail.

Kelly, the Director of Operations, is laser focused on the customer and their experience inside Friendly Corner Stores. Kelly is constantly trying to keep up on technology. She understands that social media is a great way to connect with consumers and pushes her store managers to come up with unique marketing campaigns for their social media pages. One of Kelly's major accomplishments is the loyalty program she put in place at Friendly Corner Stores.

Friendly Corner Store's loyalty program, Best Friend Funds (BFF), gives customers access to new item information, free merchandise, and coupons on items they purchase frequently. Customers scan their BFF card each time they make a purchase. The software analyzes the customers purchases and sends them coupons and special promotions on items, or like items, that they frequently purchase. Customers can collect points on their product or gas purchase and redeem them on future purchases. Via the BFF mobile application, customers can monitor their points and coupons on their phone. The app, in turn, allows Friendly Corner Stores to send notifications to customers about new products and specials that are happening in their stores.



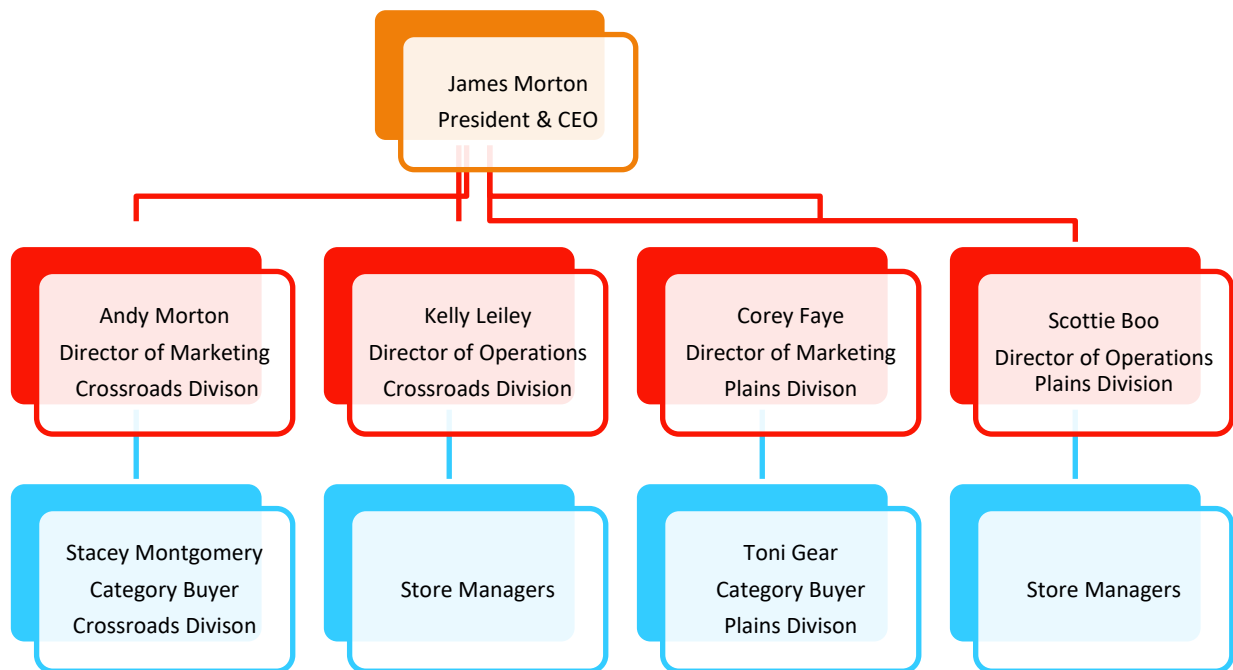
Historically, 61% of customers entering Friendly Corner Stores are male in their late 20s to early 30s, looking for quick, convenient food and beverage items; such as pizza, hot dogs, sodas, chips, and candy. This customer is typically a blue-collared worker who visits the store 2-3 times a week and utilizes the loyalty program. Friendly

Corner Stores is trying to develop a marketing plan to reach out to health conscious female buyers. They hope to learn more about this target market after the acquisition of the Central Division in the west. This chain of stores has a history of offering healthier options for their customers; like fresh foods and all natural alternative snacks.

A few weeks ago, Stacey and Lisa ran into each other at their alma-mater's homecoming football game tailgate. They were in the same business fraternity in college, and have kept in touch over social media over the years. After their last visit, Lisa called Stacey and spoke with her about Nature's Nibbles. Stacey agreed to a meeting with Nature's Nibbles to learn more about the business, especially since Stacey is interested in increasing the number of alternative healthy snacks Friendly Corner Stores has in their portfolio. Lisa read *The Challenger Sale* and understands that the "relationship builder" got her this appointment, but the "challenger" is going to get her the signed contract.



## Friendly Corner Stores Organizational Chart



## Consumer Packaged Goods Facts

### What are Consumer Packaged Goods (CPG's)

CPG products are non-durable goods consumed by consumers every day (any item that must be replenished or replaced at least once per year falls under the category of CPG). Examples include food and beverages, tobacco, cosmetics, and household products. CPG's have a short lifespan and are intended to be used quickly and often sold at a relatively low cost. They have high sales volume and require little deliberation on the part of consumer.

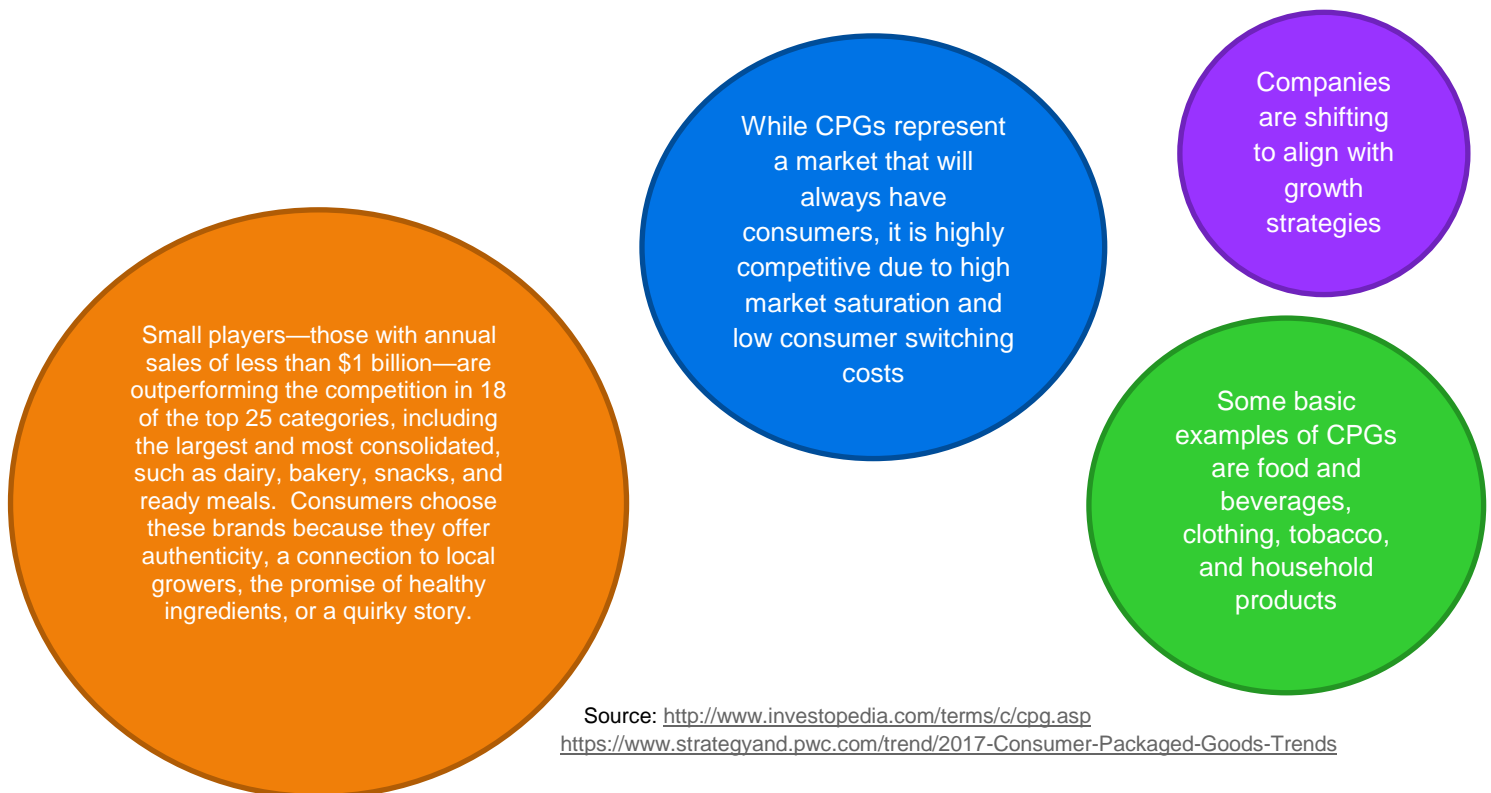
### The Industry

CPG is one of the largest industries in North America, valued at approximately \$2 trillion. Some of the best-known CPG companies include Altria, Coca-Cola, Procter & Gamble, and L'Oréal.

### Durable Goods

Durable goods are intended to last several years; they are expected to remain in relatively good condition when being used over an extended period; i.e. car. They require considerable thought and comparison shopping on the consumer's part, often representing a significant financial investment.

Economic slumps accompany flagging sales in durable goods industries. A family might, for example, decide to hold on to an outdated washing machine instead of upgrading to a newer model in times of economic stress. In contrast, CPG companies that sell staples such as bread or other basic food products are less affected by market fluctuations.

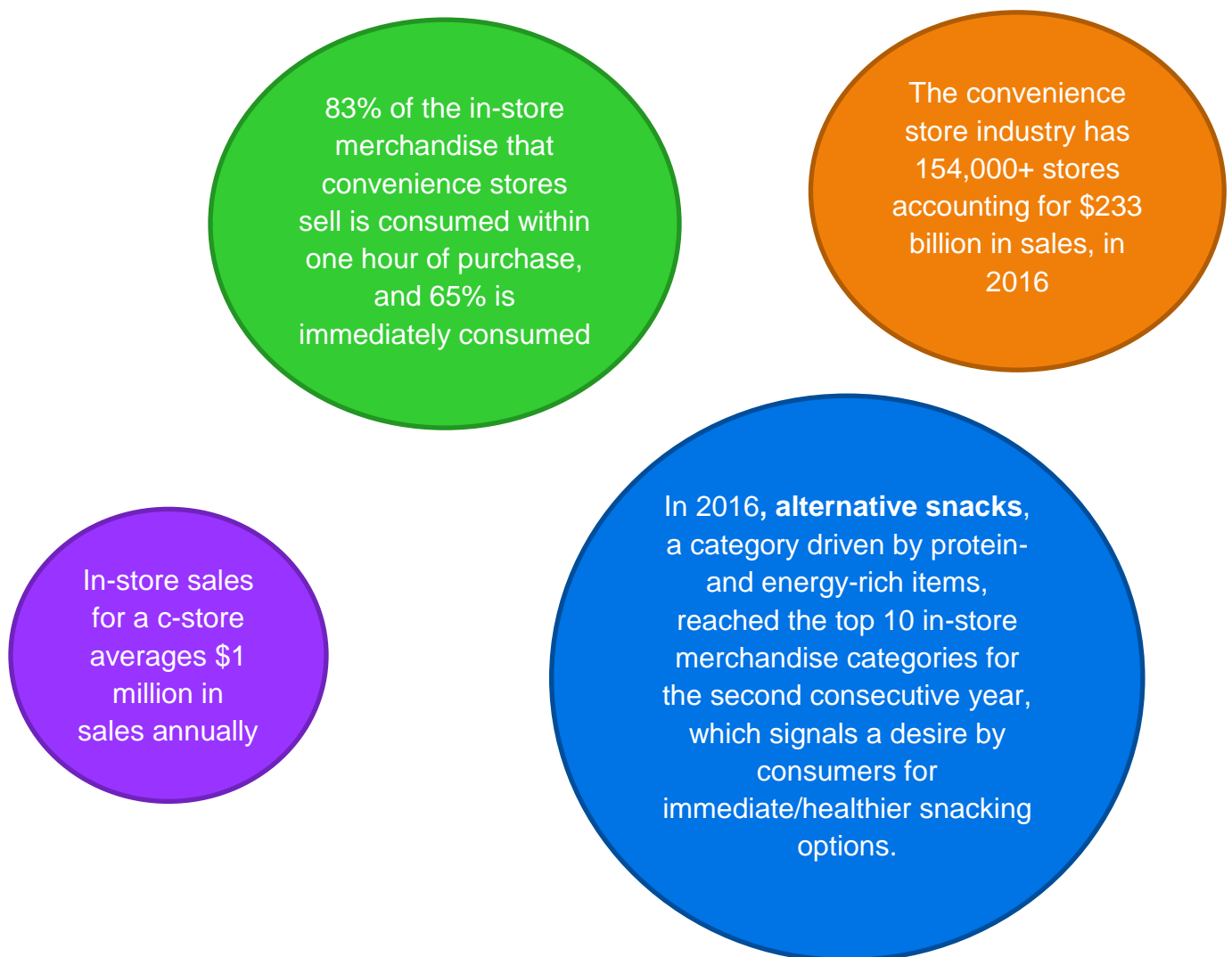


## Convenience Store Facts

### What are Convenience Stores?

A convenience store, also known as a c-store is a small retail business that stocks a range of everyday items such as groceries, snack foods, confectionery, soft drinks, tobacco products, over-the-counter drugs, toiletries, newspapers, and magazines. In some jurisdictions, corner stores are licensed to sell alcohol, typically beer and wine. They differ from general stores and village shops in that they are not in a rural location and are used as a convenient supplement to larger stores.

A convenience store may be part of a gas station, so customers can purchase goods conveniently while filling their vehicle with fuel. It may be located alongside a busy road, in an urban area, near a railway or railroad station, or at another transport hub. In some countries, convenience stores have long shopping hours, some remaining open 24 hours.



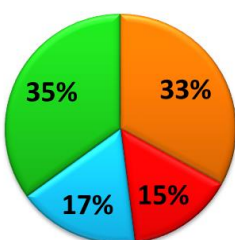
Source: <http://www.nacsonline.com/Research/Pages/What-is-a-Convenience-Store.aspx>

Category	Average Convenience Store		Friendly Corner Stores	
	In-Store* Revenue	Profit Margin	In-Store* Revenue	Profit Margin
<b>Tobacco</b> (cigarettes and other tobacco products)	36%	11.2%	38.9%	10.9%
<b>Food service</b> (prepared and commissary food; hot, cold, and dispensed beverages)	21.7%	61.7%	19.3%	62.1%
<b>Packaged beverages</b> (carbonated soft drinks, energy drinks, sports drinks, water, juices, and teas)	15%	49.8%	17.6%	50.2%
<b>Center of store</b> (salty, candy, packaged sweet snacks and alternative snacks)	14.8%	36.7%	10.2%	28.6%
<b>Beer</b>	6.7%	13%	5.3%	13.4%
<b>Other</b>	5.8%	35%	8.7%	35%

\* This does not include the sale of fuels and various services that can generate fees (car wash, lottery, ATM, etc.)

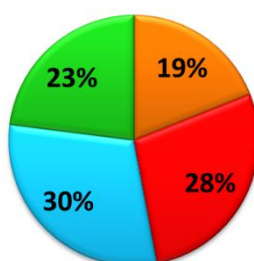
Center of Store Category	Average Convenience Store % of Center of Store Revenue	Friendly Corner Stores % of Center of Store Revenue
<b>Salty</b>	58%	62%
<b>Candy</b>	13%	15%
<b>Packaged Sweet Snacks</b>	10%	12%
<b>Alternative Snacks</b>	19%	11%

Store Visits By Age



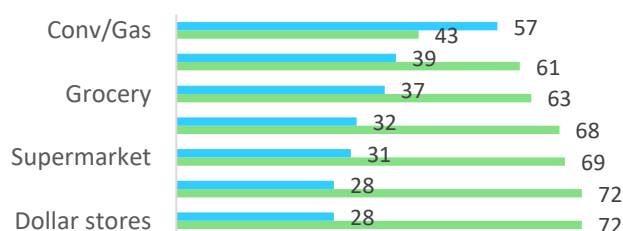
■ Less Than Once a Week (18 Years+) 
 ■ 45+ Years - At Least Once a Week 
 ■ 35-44 Years - At Least Once a Week 
 ■ 18-34 Years - At Least Once a Week

Time Spent in C-Stores



■ More than 10 Minutes 
 ■ Less than 5 Minutes 
 ■ 5 Minutes 
 ■ 6-10 Minutes

Share of Retail Trade Class Shopping Trips



■ Males 
 ■ Females

Source: <http://www.nacsonline.com/Research/FactSheets/InsidetheStore/Pages/default.aspx> and <http://she-economy.com/facts-on-women>

## Consumer Insights

When a consumer enters a convenience store, their average spend per trip is \$7.75

While women say they make the final decision about the food they buy, 96% admitted to being influenced by their kids

Floor displays for a new item increase trial in sales by 23%

Half of consumers always/frequently seek information on special offers and price

86% of moms ranked "healthy and nutritious" as the most important characteristics of an ideal food

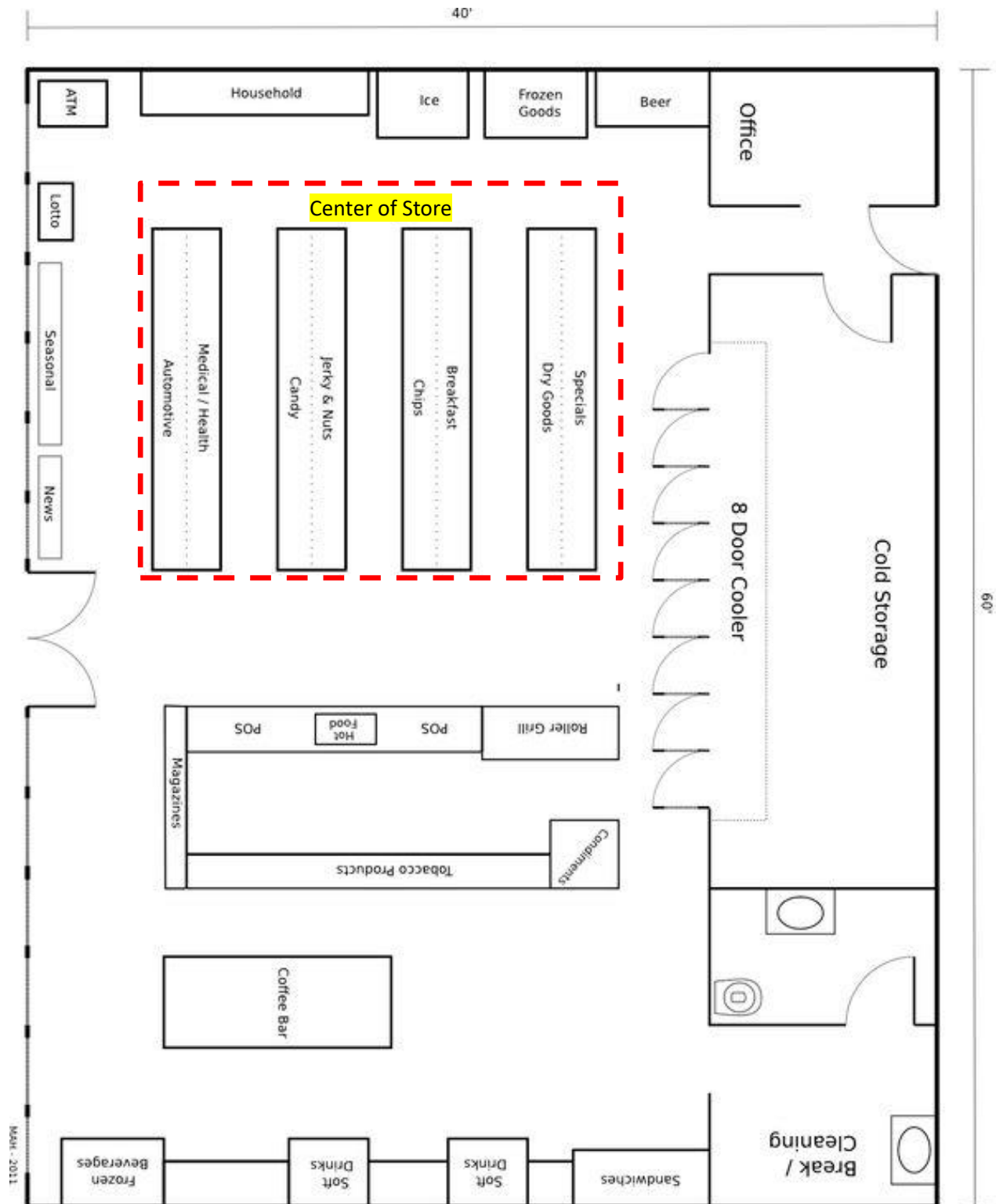
25% of consumers always/frequently seek information on new products

90% of women agreed that they wish convenience stores offered more healthy food options

63% of consumers participate in some type of loyalty program

Source: Nature's Nibbles Consumer Insights

## Friendly Corner Stores Layout



Source: Friendly Corner Stores