
September 24, 2018

Welcome to the 12th 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 10th.

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



2018 Case Overview and Objectives

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 are 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 Calm Coolers. In January you successfully sold two of your four Ready to Drink (RTD) chilled relaxation tea flavors to a new customer, Champion Convenience Stores. Unfortunately, in recent months the sales of your products have declined suddenly. The goal of your appointment will be to convince Champion Convenience Stores to maintain or expand the Calm Coolers product offerings in their stores.

Your four-person student team represents the Calm Coolers account team, otherwise known as the “Quad” and 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 and monitors the execution of product resources

Champion Convenience Stores is a chain of convenience stores located in the Northeast.

You have two appointments planned with Champion Convenience 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 Andy, the President and CEO, and Sam, the Director of Marketing, for Champion Convenience Stores. Your primary objective for this meeting is to gather information and discuss 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

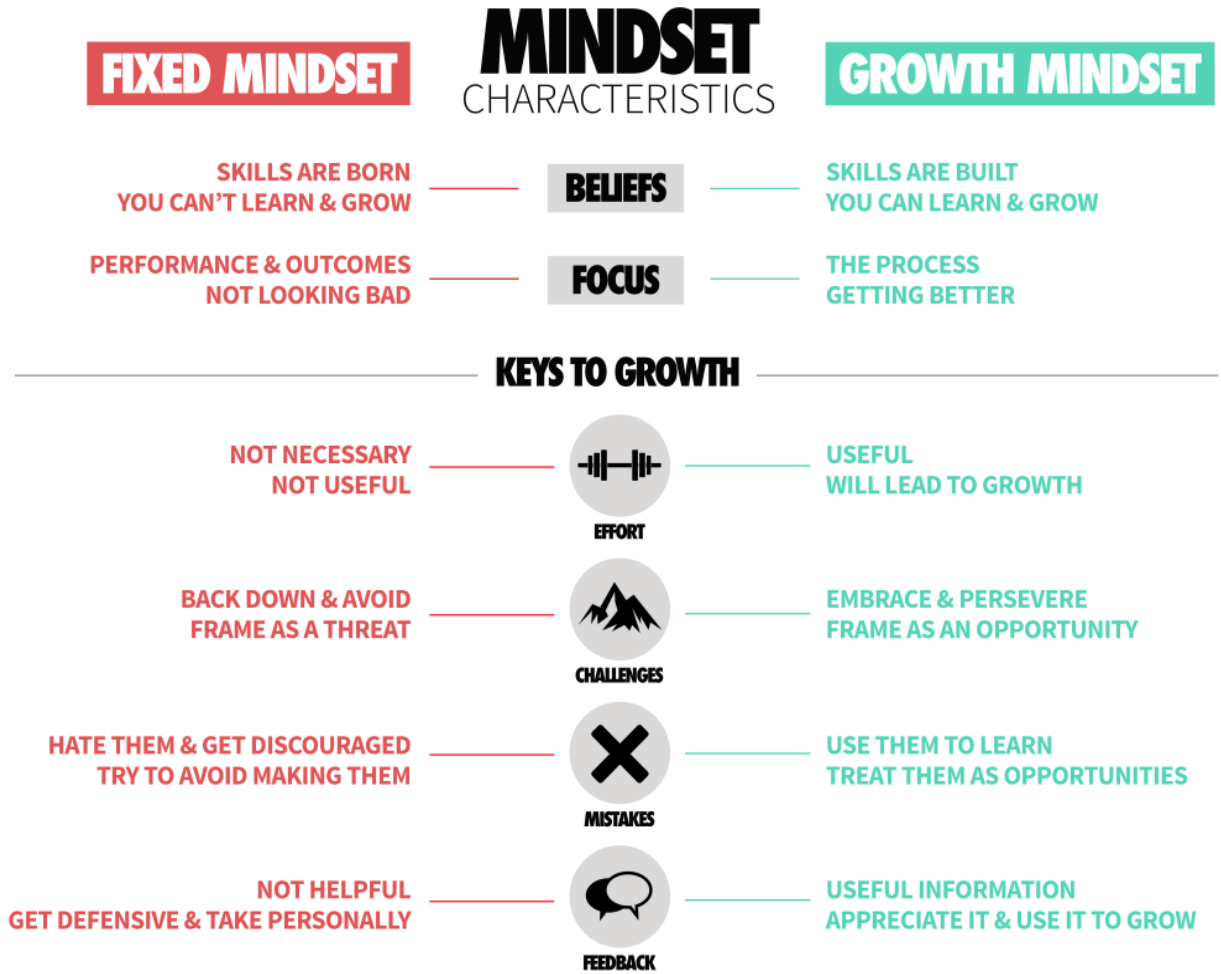
During the second appointment, your team will have a selling conversation and presentation prepared for Andy and Sam. Your objective for this meeting is to gain commitment of maintaining and possibly expanding distribution of Calm Coolers in their stores.

Third Appointment TOP 3 FINALISTS ONLY – 10 Minutes

If selected as a top 3 finalist, your team will present a summary of your proposal at a Store Managers meeting. Your goal is to generate excitement and convince the Store Managers that your product is still a good fit in Champion Convenience Stores.

Growth Versus Fixed Mindset

As your team prepares for your selling appointments, challenge each other to think about the Growth versus Fixed Mindset. How will you develop and grow as a team? How will you overcome challenges during your selling conversations? Individuals who believe their talents can be developed through hard work, good strategies, and input from others have a Growth Mindset.



Source: <http://trainugly.com/portfolio/growth-mindset/>





Being an athlete, Jordan Foster knew how important it was to take care of himself to perform at his best. From playing basketball at age 6 to playing on his high school team, he had always tried to be conscious of what he was using to fuel his body to stay active. Jordan learned from his mother, who was a pediatrician, how to choose the right meals, snacks, and beverages to prepare for a big game. His mother also taught him the great lesson of always having a Growth Mindset; focus on learning new things and taking risks, not sticking to what you know. Jordan was successful applying this while in school and at the start of his career.

While in college, Jordan had the opportunity to study abroad in Tokyo, Japan. While he loved the fast-paced studies, he still wanted to live a balanced lifestyle and incorporate his passion for staying physically active. It was there where he learned to drink hot tea to wind down after a long evening workout. It was also in Japan where Jordan met his “Quad” friends. Assigned to a group project of four students, Jordan and his new friends were tasked in their business class to create a fictitious company, complete with a business plan. Jordan explained to his Quad the dilemma of having trouble relaxing and calming down after being active and how helpful the hot tea had been for him. Jordan’s new-found love of hot tea was their inspiration for creating their company.

The Quad started thinking about how the company could benefit other consumers like Jordan. The target market was students, professionals, athletes, and generally active people that might also struggle to calm down, but don’t necessarily enjoy the hot options available. They now had a new goal and idea—an all-natural beverage with the same calming effects as herbal teas, but chilled and easily accessible. This idea soon turned into Calm Coolers. The Quad was thrilled when they received an “A” on their business plan and soon realized that the company could be more than just a classroom project.

While in Tokyo living in a danchi, the Quad began experimenting with tea. They started making different local exotic herbal teas early in the morning and chilling them in the fridge while at class. Once they had cooled and set for the day, they transferred them to different reusable water bottles. They soon realized that their variety of herbal teas was helping to calm them in the evenings and they were waking up feeling rested and refreshed. They were excited for the future. Upon graduating from their universities, the Quad’s plan would be to manufacture and launch Calm Coolers in New York.

Calm Coolers are now produced in a warehouse in New York. The Quad works tirelessly to build their company which employs 63 people and is currently producing \$2.5 million in sales per year. Calm Coolers currently offers four different calming flavors including Luscious Lavender, Chill Chamomile, Peaceful Passionflower, and Relaxing Roseroot. They primarily sell Calm Coolers in local partnered supermarkets, however have some distribution in small, regional convenience stores. They had a big win earlier this year and were successful in selling two of the four Calm Cooler flavors into their first large convenience store chain, Champion Convenience Stores. Andy Knight, one of Jordan’s childhood basketball coaches, is the President and CEO of Champion Convenience Stores.

In February of this year, two of the four flavors of Calm Coolers were successfully shipped to all 223 Champion Convenience Store locations and initial sales were great. However, in the last few months, the Quad has noticed that sales are slowing. They had hoped to sell the remaining two flavors to round out their portfolio in Champion Convenience Stores, however they now need to uncover why sales are slowing and identify the biggest selling opportunity.



Product Facts

Flavors	Luscious Lavender	Chill Chamomile	Peaceful Passionflower	Relaxing Roseroot
Product Description	Sweet floral flavor with undertones of mint	Flowery sweet flavor with hints of honey	Full sweet berry flavor with bursts of raspberry	Mild earthy flavor with a splash of orange
% of Sales	20%	33%	28%	19%

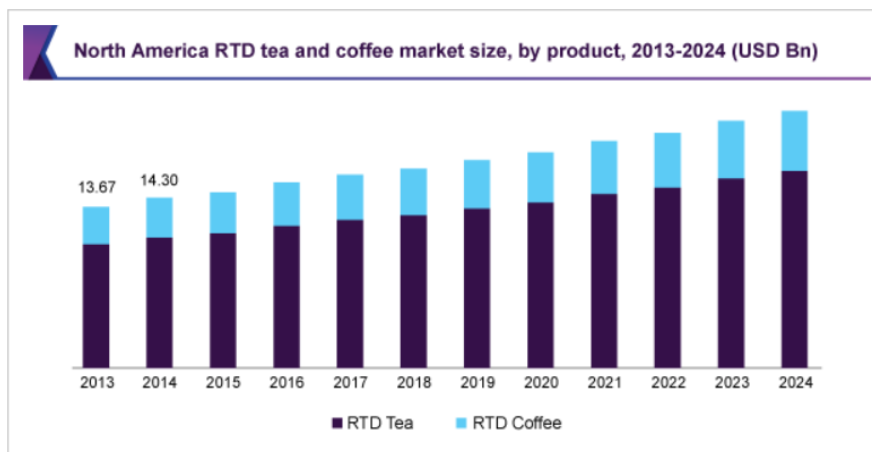
Calm Coolers Cost and Suggested Retail	
Calm Coolers Case Cost (24 - 8.4 oz. cans)	\$22.80
Calm Cooler 8.4 oz. Can Suggested Retail	\$ 1.99

Product can only be purchased from Calm Coolers in the 24 (8.4 oz. can) case, however product is sold to consumers by the single 8.4 oz. can.

Consumer Insights

- Ready to drink (RTD) tea consumers visit convenience stores 4 times per month and spend an average of \$8.05 per visit
- 53% of RTD consumers will go to another store if their preferred brand is out of stock
- 25% of RTD consumers are looking for alternative/innovative products
- On average, 50% of RTD consumers always/frequently seek information on special offers and price

Industry Information



Source: <https://www.grandviewresearch.com/industry-analysis/ready-to-drink-tea-and-ready-to-drink-coffee-market>



Champion
Convenience
Stores



Andy Knight was a sport enthusiast, but his first love was basketball. Being a family man, he always took the opportunity to coach his boys' basketball teams. During his years of volunteer coaching, he had the chance to coach Jordan Foster. Andy's nickname for Jordan was "Jumping Jordan". He had speed and passion on and off the court. Jordan was always very driven to be the best and lead his peers. Andy's sons were friends with Jordan and they stay connected on social media and occasionally would play a pick-up game of basketball at the local gym. It was no surprise to Andy when he received a call from Jordan asking for an appointment to meet with him to pitch his new product, Calm Coolers. Andy knew Jordan would excel in all his endeavors.

As Andy's boys grew, so did his convenience store chain, Champion Convenience Stores. Starting with just 10 stores in the Northeast, the chain grew quickly through acquisitions. With 223 stores today and almost \$3 million in yearly sales, Andy is always looking for ways to expand his business; however, his approach to running his business is very traditional. Some might even say that Andy has a Fixed Mindset. It was a major step for the business in 2017 when Andy invested in an automatic replenishment system that would allow for system-driven product orders versus the traditional employee manual order entry. The replenishment system was initially set-up to establish base inventory levels on products driven by the previous 13 weeks of sales data for each individual item in the store. In the event of a new item with no sales history, Sam would manually set inventory bases.

The culture within Champion Convenience Stores is one of winning. Being a competitive coach, Andy wanted to bring the sports theme into his business. Early on, Andy created the "Play Like a C.H.A.M.P.", a company moto that complemented his business' name. To add to this culture, all employees wear their favorite sports team jersey. Whether it's basketball, baseball, football or soccer, all sports teams are welcome.

Play Like a C.H.A.M.P.

-  **C**ollaborate with all key stakeholders to ensure our goods are relevant to the local marketplace.
-  **H**ave respect, integrity, and most importantly fun.
-  **A**lways empower employees to contribute to the business.
-  **M**ake customer engagement a top priority.
-  **P**ay attention to opportunities to enhance the customer experience & business.



While Andy has been receptive to accepting traditional new products in his stores, he has been very hesitant when it comes to innovative new items. For this reason, when he received Jordan's call, he agreed to meet, but made no promises to accept the product. Andy explained to Jordan that his Marketing Director, Sam, would also be joining the sales meeting. Jordan and his Quad did an outstanding job selling the Calm Coolers features and benefits and convinced Sam to accept all four flavors, however Andy said they would try the two best selling flavors and monitor sales for three quarters. Two cases of each flavor, Chill Chamomile and Peaceful Passionflower, were distributed to all 223 stores in January. Andy remained unsure how these innovative items would appeal to his existing customer base.

Today, initial sales of the two flavors have exceeded Andy's expectations. He and Sam even considered contacting Jordan at the end of the second quarter about adding the additional two flavors. Andy's mindset got the best of him though and he decided they would wait and evaluate their decision in October. Unfortunately, the weekly sales of the two flavors in Champion Convenience Stores slowed drastically starting in July. Andy asked Sam to investigate why the sales have declined. Andy's opinion is that the product is a fad and was exciting while it lasted. While Sam did his own analysis, he also reached out to Jordan for help. Jordan eagerly agreed to assist, and they scheduled an initial appointment to discuss opportunities on Thursday, October 11.

Prior to the appointment, Jordan had a meeting with the Quad to discuss the information they would need to research and prepare. The first thing they wanted to dig into were the sales trends and if product orders were keeping up with demand. Jordan had experienced other chains selling their product who had problems with their automatic replenishment systems keeping up with the growing demand. To evaluate the inventory levels and out of stocks (OOS) at retail, the team conducted store visits to gather the data. The Quad also agreed it would be a good idea to compare the retail prices and visibility of their product in stores competing with Champion Convenience Stores. They will categorize the observations they make during the store visits into three specific categories; Visibility, In-Stock and Price (V.I.P.). With the V.I.P. information collected, Jordan has no doubt they will be ready for the appointment. He only hopes they will be able to convince Andy and Sam to maintain or expand the Calm Coolers product offerings in their stores.

Store Visit Data Observed and Collected

(July – September)

The below data is an average of what was collected by the Quad during store visits in a sample of 110 Champion Convenience Stores and competitive stores selling Calm Coolers.

This information has not yet been shared with Andy or Sam at Champion Convenience Stores.

Visibility



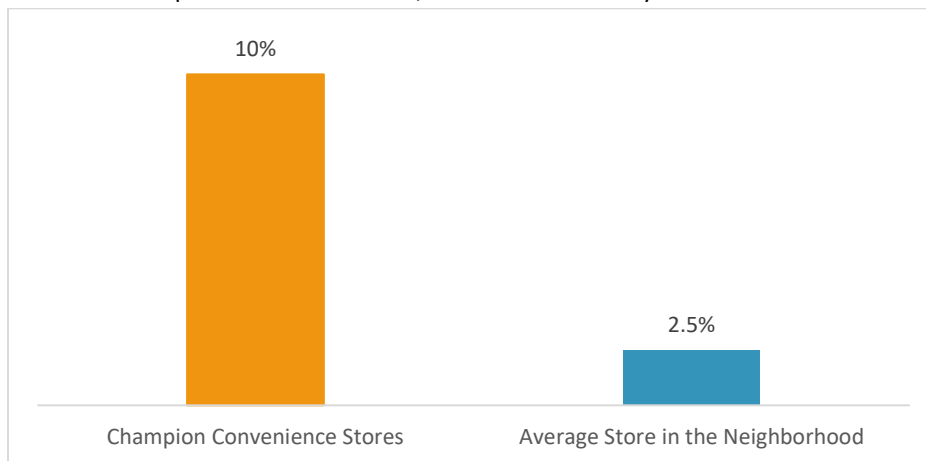
In Champion Convenience Stores, the two flavors of Calm Coolers are merchandised on the top left shelf in the cooler with one facing of each and a new item shelf sign. Many stores visited were out of stock on both flavors.

In-Stock

Calm Coolers Out of Stock (OOS) Rates

OOS is the rate that the store runs out of an item.

When a product is out of stock, there is no inventory in the store to sell.

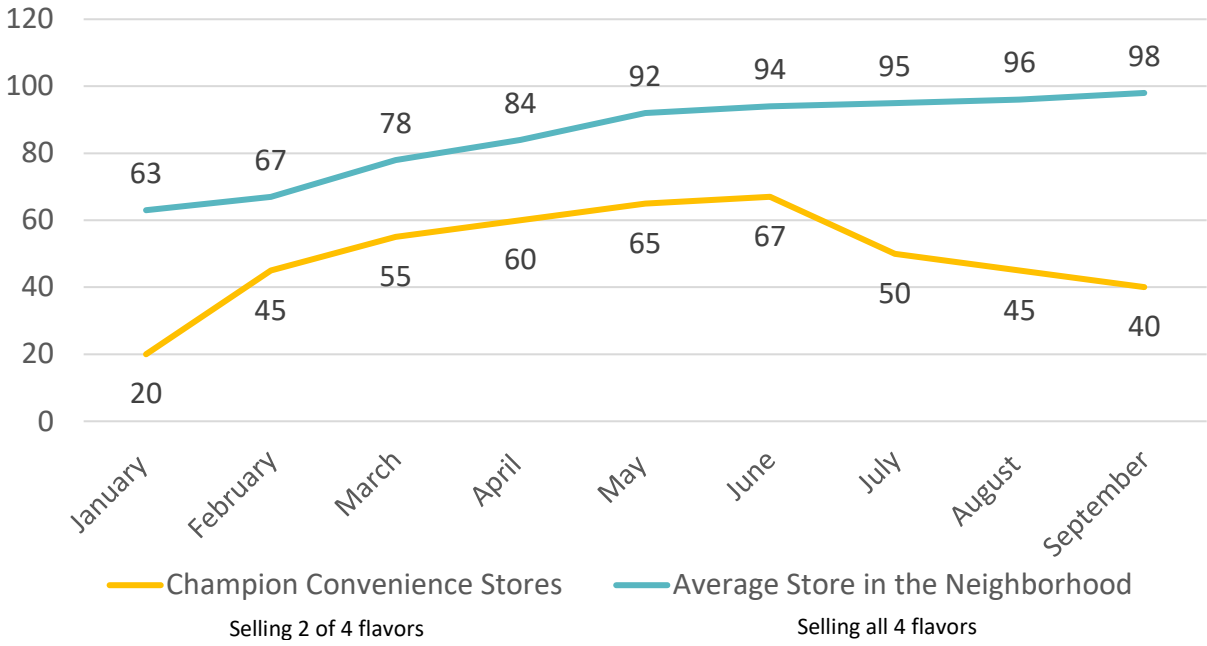


Price

Retail Selling Prices & Cost

Champion Convenience Stores		Average Store in the Neighborhood	
Calm Cooler 8.4 oz. Can Selling Price	\$ 1.99	Calm Cooler 8.4 oz. Can Selling Price	\$ 1.96
Calm Cooler 8.4 oz. Can Cost	\$ 0.95	Calm Cooler 8.4 oz. Can Cost	\$ 0.95

Calm Coolers Weekly Unit Sales
Unit = 8.4 oz. can



Appendix

Champion Convenience Store's Automatic Replenishment System Overview

The replenishment system reads historical sales data for the most recent 13 weeks to determine how much product should be ordered weekly. It requires store personnel to have a physical count total of what is currently on-hand in the store to calculate the units to be ordered.

$$\text{Projected product units to order} - \text{physical on-hand unit count} = \text{product units to order}$$

Champion Convenience Stores can customize the system's parameters to best suit their ordering needs. When a longer historical sales period is evaluated, the system is less reactive. When evaluating a shorter sales period, it is more reactive. The system can be shortened to read the most recent four weeks for new items.

When Andy implemented the new automatic replenishment system in 2017, he set all parameters to look at the most recent 13 weeks. No adjustments have been made since.