



DOT C·CHAT

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Kent Sauvage
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and Products



NON-FOODS: OPPORTUNITIES Abound

For the past few years, the foodservice category has outperformed other categories at the c-store retailer level. That's certainly not news to you. Foodservice now ranks third in sales behind fuel and tobacco, and the category grew at 13.1 percent last year.

Within the store, there are also products that are essential to foodservice operations and could be just as profitable for wholesalers as a foodservice program. Items like cleaning supplies (think degreasers), disposable gloves, can liners and pizza cutters are used in foodservice preparation and overall store operations.

Are these opportunities on your company's radar screen?

"We know retailers are getting these products from somewhere," says Devin Fogleman, Dot convenience channel national account manager. "As foodservice grows in the channel, there will be a demand for equipment to process and serve foods. We are learning more and more about those non-foods opportunities for our wholesaler customers."

Foodservice margins have held steady while other categories have struggled. The non-foods category has even better margins than foodservice.

"Our retailers are looking for other categories to make up for diminished margins on fuel and tobacco," says Holiday Wholesale's Director of Foodservice Mike Weaver. "I think non-foods and equipment & supplies are two very large opportunities. As our retail customers see the need to enter into foodservice to survive, they will see a larger need for the proper equipment to run a successful and safe program."

"Foodservice is a pretty hot category right now, and with that, our non-foods business will grow at about 12 percent this year," says Mike.

Holiday Wholesale, founded in 1951 in Wisconsin Dells, WI, has sold roller grills and other foodservice equipment for about 15 years. The company has continued to add blenders, Oneida china and small wares to offer its customer base of retailers and foodservice operators.

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WHEN ARE INVENTORY TURNS BAD?



As supply chain managers, we're all constantly trying to improve our inventory turns to reap larger profits.

But, is there a time when you start turning inventory too much?



Devin Fogleman •
CONVENIENCE CHANNEL
NATIONAL ACCOUNT
MANAGER

DOT SUGGESTS TO ORDER THESE ITEMS MONTHLY OR IN LAYER QUANTITIES.

At Dot we define inventory turns as how many times an inventory is sold and replaced per year. Our company goal is to average 14.8 turns over all temperatures this year.

The reason to increase inventory turns is it means better profits. Increased inventory turns reduce the amount of inventory on hand and allow you to increase cash flow, improve your return on inventory investment and free up valuable warehouse space.

"Turns are typically a good thing, and our program helps wholesalers to buy what they need, when they need it. They can bring in minimum quantities of product on a frequent basis to enhance their ability to control inventories to the maximum level of efficiency," says Devin Fogleman, convenience channel national account manager. "However, there are situations where handling product too much can outweigh those turn benefits."

Dot's developed a tool to allow wholesalers the ability to identify items that might need a turn analysis. The items are usually slower-moving items that wholesalers continue to source weekly. In some instances, the inventory replenishment and putaway costs outweigh the benefits of better turns.

"Dot suggests to order these items monthly or in layer quantities," says Devin. "It's hard to say what the volume threshold is, and our analysis tool should help wholesalers to quantify the cost and make the best decisions."

Dot district sales managers (DSMs) can email the spreadsheet file to buyers and answer questions about ordering items in more profitable quantities.

GUEST COLUMN

Kent Savage • NON-FOODS NATIONAL SALES MANAGER



As foodservice products are one of the fastest growing lines for convenience wholesalers, we feel our non-foods program will translate to your channel. And, as margin pressure increases, everyone is looking for additional opportunities to increase sales and profit.

Many wholesalers have some type of strategic plan in place to capture more of the foodservice volume at their retailers. Part of the overall store operation includes food preparation. There is also the overall maintenance and operation of the store that require certain products as well. We offer a complete line of non-foods products that can help you capture these additional sales. If you are already stopping the truck at a retailer, why not try and capture more categories? This will help you improve overall sales dollars, increase drop size and, most importantly, make you more important to your customer.

Dot's non-foods offering can be broken down into three categories:

Equipment and Supplies

- **Tabletop** - glassware, china, flatware, table condiments
- **Smallwares** - storage containers, chafers, tongs, trays
- **Janitorial** - mops, brooms, trash cans
- **Countertop Equipment** - roller grills, warmers, heat lamp, pretzel machines

Disposables

- **Gloves, can liners, cash register rolls, t-shirt bags, foil/film, deli paper**

Chemicals

- **Cleaning Supplies**

Let's talk about the profit opportunity for a minute. We all understand the challenges with shrinking margins and continued competitive pressures. The typical margins on traditional equipment and supplies are around 4-6 % NET profit. On certain categories the margins are even higher!

Non-Foods Resources

We have several sales and marketing resources available to help you market this profitable category to your customers.

1. **Non-Foods Catalog** - Our new 5th Edition Catalog is now available. Everything in the catalog is stocked and can be shipped with your regular food order.
2. **Flyer Program** - Our flyer program allows you to focus on a more concentrated product offering with your customers. We recently introduced a mini-catalog/flyer called "Convenience Store Essentials." This was developed exclusively for you, and the product offering is targeted for a c-store retailer.
3. **Dot on Demand** - This is our expedited shipping program where we can ship most products via FedEx, directly from our distribution center to your customer. Dot remains completely transparent in this transaction. When the product arrives at your customer location, your name will appear as the shipper on the box. This program allows you to respond quicker to customer needs, reduce overall operating expenses and eliminate the worries of obsolete inventory ending up in your warehouse.
4. **Non-Foods Sales Team** - We have a complete sales team dedicated to the non-food business. We can help you develop an overall strategy for the category.

If you would like to learn more about the non-foods programs and services available to you, please feel free to contact us.

Dot Adds New Suppliers

Our c-store offering continues to expand. As always, please let us know of manufacturers that would be beneficial for you to source through redistribution.

Wrigley (www.wrigley.com)

First deliveries begin July 31.

The Wrigley Company, a world leader in the confectionery category, now offers its full product line through Dot. Dot has continued to service the Altoids and LifeSaver lines once Wrigley bought that confectionery business from Kraft. We will now carry Wrigley's entire product offering, including notable brands such as Eclipse, Orbit, Big Red, Juicy Fruit, Hubba Bubba, Doublemint and more.

B. C. Bundt (www.bcbundt.com)

First deliveries began June 5.

Dot Foods will offer all products from this specialty bakery manufacturer. The most usable item for Convenience will be the 6 oz package of parfaits under the label of "Walk Away Parfait". Available flavors will be Strawberry, Boston Crème, Mango, and Key Lime.

Sargento Foods (www.sargento.com)

First deliveries began the week of June 26.

Sargento offers a variety of cheese items and snacks specifically designed for the Convenience customer. The popular 1 oz string cheese item serves as a healthy addition to the snack category. Sargento also offers a selection variety of cheese snack dips such as dip & pretzels, dip & bagel chips, and dip & tortilla chips. Sargento will be a welcome addition to Dot's Convenience supplier line-up.

If you would prefer to receive Dot C-Chat via email, or would like to be removed from our subscriber list, please contact:

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"Right now, we're trying to find the right item mix on small wares," says Mike. "It's sometimes hard to know exactly what mix the retailers need, and therefore we don't stock too many items."

Where does Dot fit?

We're obviously learning more about the non-foods opportunity in the convenience channel. We believe big sales opportunities exist for equipment like roller grills, pizza ovens and sandwich warmers. Some wholesalers have developed programs with manufacturers to get their foodservice and equipment programs into retailers.

Dot can help wholesalers source these products. In looking at the non-foods category, you should be able to open up sales opportunities that you were missing before. Check out the Guest Column on page 3 for a message from our non-foods business manager.