The Intricacies of HBC

Follow these five best practices to craft the ideal health & beauty care section

By Renée M. Covino

GOOD THINGS COME IN SMALL PACKAGES and perhaps nowhere is this more accurate in a convenience store than in the health and beauty care (HBC) category — a smaller but critical category for sales, profit and delivering that "convenience" factor.

To craft the ideal HBC section, industry experts and analysts offer up these five tips:

Concentrate on Convenience

This may seem obvious, but it's really the backbone of HBC category success in the convenience channel. "Convenience is the driving force, and greatest opportunity, for health and beauty brands in c-stores," Rulynn Hansen, senior account director for Epsilon marketing agency, told *Convenience Store News*.

The best approach is to treat the HBC department as "convenience-oriented," echoed Don Stuart, managing partner at Cadent Consulting Group. "The role in the convenience channel is to satisfy basic needs in terms of top consumer decisions, especially in categories such as HBC with high walk rates."

Keep It Small

This is another obvious practice, but just as crucial as the convenience aspect. In a c-store, space is at a premium and shopper patience is at a minimum.

"Shoppers want to be in and out of the store quickly, so brands that deliver on product assortment in smaller package sizes and low-entry price points are more likely to win," Hansen advised.

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The typical footprint is small — usually three or four feet wide — making it vital to get the assortment right, according to Convenience Valet, a division of Mechanical Servants Inc. based in Melrose Park, Ill., distributing trial- and travel-size consumer products. The company's concentration is on the top seven subcategories that it says represent more than 85 percent of the total HBC category and the corresponding best-selling SKUs.

Choose Brands Wisely

Based on retail channel research, Convenience Valet found that 68 percent of consumers shopping for HBC will leave a store if their brand is not available there. HBC shoppers have an immediate need and often a specific brand in mind to fill their need.

When the shopper leaves to find what they are looking for, they go to a competitor and if they find the desired product there, nearly seven out of 10 consumers will then purchase an incremental item, the company found. "Retailers must get the brands and products right or more than just HBC sales will be lost," the company stated.

Stuart agrees that brand is critical in a customer's path to purchase — or not purchase. At a minimum, he recommends the following four guidelines when it comes to HBC category brands:

- Carry the top one or two brands;
- Stock a minimal size variety, which typically means a "convenience-oriented" size (this translates into small or midsize);
- Carry the most popular variant or sub-brands in terms of benefits; and
- Stock a minimal flavor/fragrance or strength variety.

"The overall goal is to satisfy basic needs and minimize defection on these convenience-oriented purchases," reasoned Stuart.

Consider Category Innovation

C-stores don't have a lot of room to play with in HBC, but innovation in this category from the big players is worth considering, experts maintain.

Procter & Gamble, for instance, recently unveiled several new HBC and non-edible grocery category items for c-stores, including Tide Antibacterial Spray, Tide Pods (9-count), Gain Flings (9-count), Febreze Car Platinum Ice and Febreze Car Old Spice.

Items like these, which are supported by large and well-thought-out marketing campaigns, could prove beneficial in putting incremental profit in c-store operators' pockets.

Do a True Category Analysis

Knowing HBC can be a tricky category to manage, suppliers and distributors of HBC products are ready, willing and able to help c-store retailers evaluate and optimize their offering.

Grand Rapids, Mich.-based S. Abraham & Sons (SAS), a convenience distributor to retailers in eight states throughout the Midwest, helps its customers utilize their point-of-sale (POS) scan data, pairing it with store layouts and planograms.

The SAS team will perform a custom sales analysis for its retailer partners. The retailer is asked to provide a one-year snapshot breakdown. A report is then generated whereby the category's actual profit dollar is weighed against its actual percentage of shelf. This provides a store-specific measure of the category's sales health. Taking it one step further, the data is then color-coded on top of a digital model for a custom "Profit Heatmap."

With POS data driving the category, it is much easier to adjust product placement and create a better profit-generating scenario, according to SAS, which was recently acquired by Imperial Trading Co. Across all analyzed categories, the distributor reports that participating stores average year-over-year, same-store sales dollar increases of 16 percent. Participating stores also lower their inventory costs through the elimination of SKUs.

Convenience Valet likewise works with retailers to assess their current category performance, understand and/or help define strategic objectives, and provide

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category tactics to support those objectives. The company will generate detailed planograms to ensure proper implementation and then review the performance of the category on a six-month and annual basis.

Although results will vary by retailer, analyzed sets typically generate double-digit sales increases year over year, the company reports. Depending on the initial starting point, first-year results often reveal sales increases in the 20-30 percent range and, in some cases, help retailers drive sales increases of more than 40 percent. **CSN**