

How Cravin's was created

Family Express made sure its new foodservice program hit all the marks, from idea to execution

By Jennifer Bulat

Don't mess with Family Express. When the decision-makers at this Valparaiso, Ind.-based chain get an idea in their heads, you can't stop them.

The folks at Family Express dreamed up the Cravin's Market foodservice concept around the first of the year. By the end of April, Cravin's was in place in one-third of Family Express' 42 stores.

Yes, you read that right. They turned the concept around in four months.

But considering what Gus Olympidis, president and CEO of Family Express, has said about the Cravin's concept—that its success isn't an elective, that it's "for all the marbles"—maybe we shouldn't be surprised.

The Cravin's Market area is a dedi-

cated space in the store. The food is presented in one big cooler, in either a 12-by-7-foot or 8-by-7-foot display. In the cooler sits sandwiches, salads, fresh fruit, yogurt, pastries, muffins and other items, all ready-made and delivered by a commissary. Fresh flowers sit alongside the cooler. To accommodate Cravin's, in some cases the stores had to be completely reset.

But we're getting ahead of ourselves. Deborah Holand, director of perishable and retail information analysis for Family Express, gave CSP the details on how the company took the idea for Cravin's from concept to execution and never looked back.

In the beginning

The idea behind creating Cravin's was twofold, Holand says. The genesis of Cravin's sprung, in part, from a reaction to reduced gasoline margins. In theory, a successful foodservice program could negate the effects of the lower margins.

Also, before Cravin's launched, the stores' foodservice items varied from store to store, Holand says. They offered pizza, sandwiches, chicken and burgers. It's not that customers complained about the food. But those at Family Express knew they weren't offering something solid.



Constant Cravin's: CEO Gus Olympidis samples some of Cravin's foodservice items, which holds everything from sandwiches and salads to yogurt and fresh fruits.

Innovation information

Who: Family Express

What: 42-store chain based in Valparaiso, Ind.

Where: Northwest Indiana

When: Launched Cravin's Market in 15 stores in April 2002; will roll out to 95% of the chain

Why: To offer a consistent, healthy foodservice program to Family Express customers

"It is hard to build your brand over-all without consistency," she says. "It is fair to assume that our 'promise' to our customer was confusing, so we fixed it."

Holand says they also wanted to "close the loop" of brands from Family Express, adding onto Java Wave coffee, Family Express milk, spring water and gasoline.

"It enables us to offer something that our competitors really aren't: a fresh-food offering that's really not in any other trade channels in our area," she says. They feel their competition is more likely quick-serve restaurants (QSRs) and supermarkets, she says.

After reviewing financials at the end of 2001, Holand and others at Family Express had to decide what they wanted the foodservice offering to be. They put together a "strategic innovation chart" to help guide them through the process of creating Cravin's. The phases in the chart helped ensure that what they created would fit with the company's vision and culture, Holand says. The chart

is something Family Express can use in developing other private-label products, too.

Through every step of the development process of Cravin's, Holand and her team would go back to the chart to make sure that they were living up to what they wanted the program to be.

The foodservice program came down to this: It had to have a brand name, it had to be non-labor-intensive, and it had to be fresh. And it had to be done efficiently.

Name that foodservice

Working with Food Concepts Inc., Middleton, Wis., Holand developed the name Cravin's. Turning the concept around quickly was important to Family Express, says Julie Pedretti, vice president of sales for Food Concepts. It was easy, because Holand and her team were so committed to the concept of Cravin's.

"It was a very aggressive [goal], and decisions had to be made quickly," Pedretti says. "It wasn't by committee. I would call Deborah with ideas and she'd say, 'Do it. Get it done.'"

Once the name Cravin's and the mascot, Mr. Cravin, were chosen, the

marketing strategy began. Cravin's had to say "freshness" to the consumer. Family Express worked with Griffin Marketing, Chesterton, Ind., to create billboards that blanketed the market, hammering home the idea of a place where you could go to get a sandwich and some "go-with" items such as fresh fruit and yogurt.

Pedretti says, "They wanted to make it more like a supermarket, and convince the customer that [Cravin's] was a made-daily program."

The billboards were spread across a 150-mile radius. Point-of-purchase signs, counter easels, a life-sized Mr. Cravin cutout and signage for pump-toppers and store banners also were created.

Service and efficiency

Part of the mindset behind the Cravin's concept was reducing the amount of labor—and stress—involved in the company's foodservice program. Nothing is made on-site for Cravin's; the idea of a commissary doing all the food preparation off-site is to put the store employees in a position of helping customers.

"We wanted the associates to focus on providing customer service," Holand says. "What labor is devoted to it is service."

Cravin's has a 16-hour response cycle, meaning that from the time an order is placed in a store to the time the

Bevy of boards: Billboards promoting Cravin's Market were spread across a 150-mile radius, with 20 new billboards appearing monthly.

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order is delivered, no more than 16 hours will have gone by. All the ordering is done automatically, along with the invoicing.

“We did not know how to achieve [the 16-hour supply-chain cycle] without automation,” Holand says. “We thought automatic replenishment would address labor efficiency at both the store and commissary environments and, generally speaking, would not add stress at the store level.”

Family Express put another system in place to achieve efficiencies at the store level: what they call a centralized program overview. The overview is designed as a mechanism to detect “early intervention,” Holand says.

“If our standard that we have



“It is fair to assume that our ‘promise’ to our customer was confusing, so we fixed it.”

—Deborah Holand
Family Express

established is not being achieved, we want to know early on in the process ... before we go below our standards rather than reacting once we’re below our standards,” she says. “We look at sales, waste, out-of-stocks, those types of things, to identify stores that are not ordering correctly. Things that

would affect freshness, or our ability to have product for the customer.”

As part of the stores’ commitment to streamlining processes using technology, personal computers were upgraded, along with e-mail programs and system hardware.

Once the systems were in place, it was time to tear up the stores.

Makeover mania

In making room for Cravin’s, disruption of the stores was inevitable, so Family Express took advantage of the disarray. They remodeled virtually all of the facilities.

“We thought, how can we improve positioning of the store of everything that we’re doing and take that opportunity to improve what we’re offering to the customer?” Holand says.

In some stores, the smoke shop got a new look. The beverage bay was expanded, including a new space for the Java Wave brand of coffees. Sometimes there was room to add a second cappuccino machine. In other stores, a new condiment area was installed. Shopping patterns changed and redirected the flow of the store in many cases, Holand says.

“In a number of facilities, we even gained retail space from our previous foodservice operation,” she says.

Copying Cravin's

The Cravin's concept is going over well, says Deborah Holand, director of perishable and retail information analysis for Family Express, and the company is constantly evolving the program and systems to better control costs and waste.

"Cravin's is not just a reaction to declining gasoline margins," Holand says. "It is an integral part of our strategy to cash-flow our business at zero cents per gallon."

But such a solution might not work for just any retailer. A big factor in the development of Cravin's is that all of Family Express' stores are in Northwest Indiana.

"I think they could do it because their stores are close geographically," says Julie Pedretti, vice president of sales for Food Concepts Inc., Middleton, Wis. "If you do that with a big chain, with stores spread over a 15- to 20-hour radius, there are geographic limitations. Family Express has only 42 stores, so they were able to do [Cravin's] because of that."

Being a Midwest chain also helps, Pedretti says. "Because they're a small regional company, they have strong employees," she says. "They don't have labor issues as much as larger metro markets do."

Redoing the stores was a necessity, but so was finding suppliers to help make Cravin's happen.

Food, glorious food

One necessity in a partner for Cravin's was having someone who had the technology to comply with Family Express' automated replenishment system.

"We put a lot of emphasis on our vendor alliances," Holand says. "Daily consolidation and logistics are absolutely critical to give us the kind of freshness we need to maintain our quality level."

For Cravin's sandwiches, salads and some pass-through items, Family Express went to H.C. Schau & Sons, a fresh-food commissary in Woodridge, Ill., that supplies many convenience store chains in the Chicago area, Wisconsin and Indiana. They worked together to develop 25–30 SKUs for Cravin's.

"Their standards [at Family Express] are high," CEO Chuck Schau says. "If a SKU doesn't move well over

a few months, we pull it and then put a new one in."

This fall, Schau says, they'll place a warmer in a few stores and test a "held hot" program as part of Cravin's.

Bakery and sweet items in Cravin's come from Talerico & Martin, a commissary with plants in Summit and Woodridge, Ill.

"They wanted something a little more unique," says co-owner Bob Talerico. Family Express didn't want to use a brand-name pastry because "they realize that they'd be buying from their competition, which doesn't make a lot of sense," Talerico says.

As part of the fresh-bakery option, customers also have the option of having a cake custom-made through Cravin's.

With the quick turnaround of the Cravin's concept in mind, one wonders what's next for Family Express.

"We approach our business very aggressively," Holand says.

It's hard to disagree. Pedretti sums it up: "They're committed." ■