

## **Module 9 – Rural Grocery Operations**

There are many different functions needed for the successful operation of a grocery store. There are staff to hire, a storefront to maintain, marketing and promotions, accounting and bookkeeping, and more. Some of the key tasks are described below. This is not meant to be an all-inclusive list, but an introduction to the management process. The rural grocery store owner must be a jack-of-all trades and a problem solver extraordinaire. This section will give store owners insight into subject areas they must consider when operating a store.

### **Staffing**

Staffing is a high priority for all businesses, grocery stores included. Basic duties staff must complete involve following the product through the store. As product arrives, staff will unload and check in deliveries, then move stock to the shelves and coolers. As customers make selections the product makes its way to the front of the store, where staff will help to ring up sales and bag the groceries. Depending on store policy and services offered, employees may take groceries to the customer's car, or deliver to homes or to a designated drop-off spot.

Staff are also needed to keep the store clean, from the parking lot to the back room. Depending on the size of store and division of duties, other tasks to be completed are advertising and marketing, product orders, and merchandising. When looking for employees, the rural grocery store should focus on local, friendly, and customer-oriented individuals. Employees with local knowledge and local connections build on one of the advantages of a small rural grocery store, which is a sense of community. Those with local knowledge may also be able to assist with determining products to stock for specific local preferences. Employees should be outgoing and greet everyone who comes into the store, by name if possible. If the store owner/manager is not experienced with hiring and managing staff, a management class is recommended. Such a class could help the owners understand the interview process and how to determine which candidates are right for the job.

### **Training**

Once staff are hired, they will need training on the operations of the store. All employees should understand the importance of customer service, and depending on the level of responsibility they are given, they will need additional training in a variety of areas. For example, many employees will need to be trained on operation of the point-of-sale system. Others will need to understand how and when to replenish goods on shelves throughout the store. As part of the training process, the owner should identify at least one person to be trained in store management functions. Unfortunately, in many cases the store owner handles most of the key operational duties, and the necessary procedures are stored only in the owner's head. While this can be efficient under normal conditions, it can also create issues in the event of an emergency. If the store owner should need to be away for an extended period, this could result in disrupted operations or temporary or permanent store closure. It is important that business procedures and operations are documented and readily available, and that appropriate training has been completed.

There are, of course, many different training resources for both store owners and employees. The U.S. Small Business Administration ([learn.sba.gov](http://learn.sba.gov)) has a learning center with courses that include operations training. In addition, the National Grocer's Association ([nationalgrocers.org](http://nationalgrocers.org)) is one of many organizations with online training. Places like these are great resources for both new and established stores to get training for themselves and their employees.

## **Customer Service**

Smaller local stores are often known for providing excellent customer service. The level of service provided can be a key difference-maker and can keep some shoppers coming back to shop local. It is also another reason why hiring friendly and customer-oriented staff is critical to success.

Outstanding service can help to attract and retain customers. Research shows that a customer is four times more likely to switch to a competitor if their issue is service related, as opposed to product or price related. Conversely, 86% of consumers say a good customer experience can turn them from a one-time buyer to a loyal customer, and loyal customers will help to grow the business. (Short, 2022) Repeat customers tend to spend more money than new customers and they are a great source of referrals, which is important for any small business.

There are many ways for companies to set themselves apart with customer service. This is one area where small town stores have an advantage as they can spend more time getting to know their customers. Learning about the lives of individual customers and creating relationships can build the desired long-term loyalty. These local customers become very familiar with the store, its owners, its employees, and the items that are in stock. This can form a stronger bond than the simple brand recognition that large stores may have.

Another way to improve the customer experience is for staff to be visible and available to help customers. While all employees will not know the location of each product, it is important to at least have general knowledge about the layout of the store. All employees are viewed as ambassadors for the store and all need to understand that customer satisfaction is everyone's job. Customers will ask questions of any available employee, so it is important that all staff possess strong communication skills and treat each customer with care.

Going the extra mile for a customer can solidify a long-term relationship critical to the small stores. Stores can, for example, provide free delivery to certain elderly or disabled customers, or for orders above a certain amount. Staff can also help customers bag their groceries and take them to the car. As discussed in Module 11, Innovations, management should look for additional opportunities to serve customers in creative ways.

## **Accounting**

Accounting and Bookkeeping are another necessary function that must be managed by grocery store owners. Some small business owners use software like QuickBooks to maintain their records. Even so, unless business owners or staff have experience in bookkeeping, it may be more effective to outsource this task. In most cases the rural stores do not have the knowledge to accurately process the variety of accounting transactions that a store would encounter. A bookkeeping or accounting firm would be able to handle not only the transactions themselves, but could also handle payroll and payroll reporting, new employee paperwork, and file tax reports quarterly and at year-end. Utilizing an accounting firm would ensure that all these items are managed properly, as well as allow a business owner to focus on the other tasks that need to be done to run a store effectively.

## **Technology**

As in the larger economy, technology continues to evolve in the grocery business. There are some basic technologies that most grocery stores will use, and many others that are optional. Basics include things like point-of-sale terminals, self-checkout stations, office equipment, and telecommunications.

As stated above, one technology almost all stores will use is a point-of-sale (POS) system. The three main functions of a POS system are: it enables the cashier to enter items and calculate the total cost for each customer, it tracks inventory, pricing, and customer data, and it is used by employees working in different departments (e.g., produce) who need access to a wider variety of information about products that customers see at checkout. There are multiple systems to choose from: Retail Data Systems NCR ISS45, IBM SurePOS 700, TRUNO POS System, and IT Retail POS System, among others.

One technology that can reduce staffing needs is self-checkout. In locations where finding staff to hire is difficult, the use of self-checkout can be a partial solution. Self-checkout lanes are an investment. According to Storewise.com the average price for one self-checkout is currently about \$25,000. Costs can vary greatly depending on features and there is some evidence that prices are generally falling as the technology becomes common. Self-checkout provides two primary benefits to the store. They save on labor costs as self-checkout lanes are operated by machines, not people. Also, customers typically spend as much as 30% more per transaction because of convenience and speed. (Storewise, 2021)

There are many different considerations when thinking about installing self-checkouts. Variations in size and features should be researched and understood. Self-checkout lanes can take up to six feet of space per lane, so be sure you have enough room for them. Some systems accept both cash and credit, some do not. Self-checkout machines can be expensive to maintain, as the manufacturers or installers will charge a fee for repair and upkeep. Another drawback of self-checkout are the customers who have difficulty operating the self-checkout stations. Such frustration could cause the customer to shop elsewhere next time and negate the positive feelings generated by shopping in the friendly local store.

One new pricing technology is grocery automation software (GAS). Grocery automation software is technology that integrates with a grocery store's POS system to automate manual pricing and give analysis across your entire store. There are six main features of GAS. One, it eliminates potential inventory and pricing errors. Two, it gives you the ability to change prices easily and increase your competitiveness and/or margin. Three, it automates manual tasks typically done in spreadsheets. Four, it helps manage your temporary price reduction (TPR) program. Five, it helps report on store sales data & provide insight and education to improve daily store operations. Six, it helps you reduce your in-store losses and theft. Storewise is one company that sells this software to clients to improve processes.

Next are inventory management systems, a software used by grocery stores and retailers to manage their in-store products. When they have low inventory on the shelves or in the back of the store, they can assign someone to restock it. Inventory management systems have multiple different benefits. They can automatically reorder out-of-stock items. They can give low inventory alerts. They can help with stock room management by showing what's on the shelves in each aisle. The process will track individual products by tagging the barcode of the product. The system can perform "inventory forecasting", which predicts what products need to be reordered at specific dates based on purchase history. Lastly, it can save customer analytics and order data for review.

Barcode scanners are an important technology related to inventory management. These tools are faster and less error prone than manually entering product numbers by hand. It might not be an exaggeration

to say that without scanners, customers might refuse to shop at a store. Paired with an Inventory Management System, they also can track inventory in real time.

Stores can benefit by gathering contact information for their customers (email and phone, if possible), and using the information for personalized communications. While not necessarily new technology, stores have had some marketing success by sending personalized ads or coupons based on past purchases. Store websites have also commonly been in use for some time now. More recently, some store websites have begun offering online ordering. Particularly since COVID, many stores now offer grocery delivery, whether the order comes in through the store website, over the telephone, or through a third-party app like Instacart. Whatever medium is used, remote order and delivery are becoming more widespread in a world where convenience is in high demand.

There are a few different reasons why grocery stores choose to use an eCommerce Platform. Consumers can shop at the store 24 hours a day, 365 days a year, and are not limited to store hours. In addition, if the store offers it, consumers can order ready-to-eat meals just as they would from a pizza place or restaurant. Grocery stores that use eCommerce and/or delivery can help meet the needs of those who find it difficult to make it to the store in person.

A few other newer technologies are also worth a brief mention, with the understanding that these are currently being utilized primarily by larger stores. Scan and go checkout is in use in some stores, offering customers the ability to scan their purchases with their phones as they place them in their cart or basket. Along the same lines, smart carts are likely coming soon to a store near you. These are similar to scan and go, but these carts automatically scan products as they are placed in the cart. They can even weigh produce. Smart carts can also help customers locate the products they are looking for. Talking shelves can also now be used to draw customer attention to a new product, a coupon, or sale item. These and other innovations will no doubt become more common with time, and if proven to be successful could appear in some smaller stores.

Again, small local grocers should use caution when evaluating the adoption of new technology. First, given the costs involved, will the technology increase sales and/or reduce costs enough to positively impact the bottom line? Second, will the implementation of technological solutions reduce customer interaction and the customer service advantages enjoyed by the small-town merchants? Introducing technological changes one step at a time may ease the transition for both customers and for store management and employees.

### **Store Maintenance**

Store managers also need to make sure they maintain a clean and welcoming environment. A trash-free parking lot, clean floors, and tidy displays all help to create a positive impression. Employees should understand that a clean store is everyone's responsibility, and all are expected to take the initiative to clean up any messes they see.

In addition, management should ensure all aspects of the store are in good condition and look fresh and clean. It is advised that a detailed review of store condition be performed regularly, and ideally should be performed by different people from time to time. Having an outside party, who is not an employee, complete the review on occasion can bring a different perspective and a fresh pair of eyes. A checklist of items to note should be used and could start with these, for example:

- Cleanliness of parking lot and exterior of store
- Signage is in good order, lighting works properly
- Store doors are clean, work properly
- Entry area is clean
- Carts are clean, trash-free, roll freely
- Continue throughout the store...

### **Planning Ahead**

Finally, it is never too early to begin planning for a business transition. With proper planning and training it is possible for the store to continue operations after the owner departs. Having staff who can run the store in the owner's absence means the store has greater value when the owner is ready to sell. If there is no logical successor, it could be possible for an employee group to purchase and operate the store. Individuals who have been trained in management operations could also be potential successors. Well documented procedures that a new owner can rely on are also important to the transition.

In addition to planning for continuing operations, the finances of a business must be considered when preparing to sell. Often, in a typical year business owners will maximize deductions and expenses to lower their taxable income. When preparing to sell, however, a business would want to maximize profits to show potential buyers that their business is a profitable venture. For more information, the website [bizbuysell.com](http://bizbuysell.com) has resources for owners interested in selling their business.

### **References**

Short, J. (2022, May 23). *The Ultimate Guide to Small Business Customer Service*. Retrieved from Help Scout: <https://www.helpscout.com/blog/small-business-customer-service/>

Storewise. (2021, November 10). *What Technology is Used in Grocery Stores?* Retrieved from Storewise: <https://www.storewise.io/post/what-technology-is-used-in-grocery-stores>