MARKETING ANALYSIS FOR RUIZ FOODS PRODUCTS IN CONVENIENCE STORES

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Abstract

This study was undertaken to determine whether or not the location of convenience stores that are in close proximity to a freeway have an impact on the sales of Ruiz Foods products. Store audits were conducted in the months of January and February, 2010 using twenty convenience stores from two major convenience store chains that carried Ruiz Foods products: *Johnny Quick* and *Circle K*. As a sample for this study, six cities in California were used: Clovis, Fresno, Selma, Fowler, Dinuba, and Bakersfield. Store locations were selected by the company's marketing department preferences. The store audits posed questions assessing: the convenience stores location in relationship to a freeway, which Ruiz Foods' products sell, the appearance of those products, environmental conditions of the stores, identification of store distributors, and the frequency of product replenishment.

The data collected from the audits were entered into Microsoft Excel and then converted to a statistical program called Standard Package for the Social Sciences (SPSS) for analysis. Each variable in the audit was tested against the proximity of the store to a freeway.

Results from the study concluded that the stores located near the freeway sold Ruiz Foods products more often than the stores that were located away from the freeway. However, when considering signage in convenience stores, the stores located near a main freeway have more (Point-of-Purchase) POP and (Point-of-Sell) POS signage advertising Ruiz Foods products to their customers.

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CHAPTER 1

INTRODUCTION

It is common practice for foodservice companies to use "middlemen" to transport products from storehouses to their shelves. Most foodservice companies do not do business with just one major distributing company, but with numerous companies. Large chain stores are unique in this situation due to the fact that manufactures will sell their food products to the supermarkets chain's distributing centers. In the foodservice industry, the middlemen take the forms of a distributor and a store manager. The distributor buys the product from the foodservice manufacturer and sells it to retail or convenience stores. A distributing company does not only transport one company's product to a store, but takes on many clients to increase its revenue. The store manager orders from the distributor the products that are needed each week based on his customers' preferences. Distributors and stores alike, have a variety of products that are being sold and put on the shelves. Equally, these two middlemen have the responsibility to get the product on the shelf in a quality condition that represents the manufacturing image of the product and the responsibility of making the product conveniently available for the consumer to purchase. Both of these middlemen have no vested interest in ensuring that each foodservice company is getting its maximum revenue from a store.

Managing multiple products from various manufacturers can be a burdensome task.

Once the distributor purchases the food products from the main manufacturer, his focus is on the store distribution of the products and not on the products themselves. Ruiz Foods frozen Mexican products have experienced this problem in convenience stores. With the use of middlemen, distributors and store managers, to get products on the shelves, Ruiz Foods has seen

a lack of sales within its convenience stores division. After extensive analysis on Ruiz Foods products, the company has concluded that their convenience store products sales are not meeting revenue expectations.

Ruiz Foods is a privately owned, family-run company that started in 1964 by the father and son team, Louis and Fred Ruiz. The company's main headquarters and manufacturing plant are located in Dinuba, California. The company has two additional manufacturing plants in Tulare, California and Denison, Texas. The company is known for their high quality frozen Mexican products which include 200 different items such as: Tornados, burritos, taquitos, quesadillas, tamales, chimichangas and enchiladas. The most popular item of Ruiz Foods products is the Tornado. A Tornado is a hand-held food product containing a variety of fillings and flavors wrapped inside a crispy seasoned tortilla. The products are sold under three different company brands: Ruiz Foods, El Monterey, and Tornadoes.

Over the past couple of years Ruiz Foods has grown into a multimillion-dollar company and has been named the number one Mexican frozen food company in the United States.

Currently, Ruiz Foods employs about 2500 employees and generates annual sales of \$453 million. The company's products are carried nationwide in retail stores, convenience stores, vending machines, foodservice and military bases. Though the company has seen much success, they continuously strive to maintain their prominence.

Problem Statement

Does the location of convenience stores that are in close proximity to a freeway have an impact on the sales of Ruiz Foods products?

Hypothesis

The convenience stores that are located near a main freeway have a significant impact on the sales revenue of Ruiz Foods products in convenience stores when compared to the stores that are not located near a freeway.

Objectives

- 1. To gather data on current convenience store conditions which are responsible for sales of Ruiz Foods products that do not meet corporate expectations.
- 2. To provide additional information to convenience store employees about the heating and storage of Ruiz Foods products.
- 3. To provide ideas to convenience store employees on how to increase sales of Ruiz Foods' products.

Justification

In the category of Frozen Specialty Food Manufacturing there are 360 companies with 417 establishments in the United States (US Census Bureau, 2007). These manufacturing companies use middleman distributors to transfer their products to the consumer. Ruiz Foods products are sold in convenience stores around the United States. Due to the fact that Ruiz Foods uses well over 500 different distributors, the company does not know the exact number of stores

their products are sold in. The findings of this study will benefit the company's marketing division. The results of this study will not only affect Ruiz Foods products nationally, but can be used by all frozen food manufactures.

CHAPTER 2

REVIEW OF LITERATURE

The literature review will provide relevant information pertaining to convenience store practices, relationships between the distributor and the manufactures, consumer preference towards the addition of displays and given information, trends of consumer behavior and the process of conducting a marketing analysis study. The project is being conducted to confirm whether or not the location of the stores located near a main freeway have a significant impact on the sales revenue of Ruiz Foods products in convenience stores when compared to the stores that are not located near a freeway. Store audits will be conducted in twenty-one convenience stores in California's Central Valley. Marketing analysis using the audit data will be used to determine future recommendations.

Conducting a Marketing Analysis Research Study

Conducting a researched-based marketing analysis involves a variety of ways to gather valuable data. Authors can use secondary data from their main company such as: pricing, products sold, and generated income to develop a strong analysis on their study (Angle 2010). Also, secondary data can be collected by researching and evaluating competitors of the company (Devaurs 2010). Using secondary data provides significant information that can help explain the result of the primary data that is collected. Primary data collection is a significant part of marketing analysis. Constructive ways of collecting primary research are: conducting a questionnaire and doing interviews (Carrick 2010). These techniques are valuable to provide representative samples of a given population. Another way to collect primary data is through the

use of literature surveys such as: peer-reviewed journal publications, government reports, industry magazines, and relevant publication sources (Bolotova and Patterson 2008). After collecting primary data, through multiple techniques, most researchers enter their data via technical software, such as Excel. Subsequent to organizing the collected information a marketing analysis is done through the use of statistical analysis program called Statistical Package for the Social Science (SPSS).

A good example of conducting a proper marketing analysis is displayed in Durham, Johnson, and McFetridge (2007) study on how variables other than price and seasonality, influenced the demand and profit for produce products. In the study, the authors used variables such as: display sizes and location, product origin identification, in-store flier ad size and location, price promotion's residual effect, and point-of-purchase signage. To determine the demand for apples, bananas, pears, oranges, and grapes the authors used linear approximation of the Almost Ideal Demand System (AIDS). The authors collected weekly purchases data from two retail grocery stores in Portland, Oregon. The researchers recorded prices, location of product origin, labeling, fruit sizes, display sizes, size of point of purchase (POP) signage and corresponding sensory-wording data on apples, bananas, pears, orange and grapes.

By doing so, the weekly quantity sold was organized by product number. The total revenue accrued was evaluated on a weekly basis. After data was statistically analyzed, it was found that display size and the amount of displays had a tremendous impact on profit for those products. The use of POP signs only had a partial significance to profit and demand of products. The researchers concluded that produce managers have some influence on what consumers purchase, but the managers do not have as big of an affect as the displays (Durham et al 2007). The study recommended that further research be done on the trade-off between making larger

primary displays versus offering a second display to determine if one affects the profitability over the other.

Convenience Store Practices

Convenience stores provide a quick and easy way to get snacks or beverages when on the road or when time is an issue. In convenience stores, travelers and reoccurring customers' preferences are important to study in order to achieve sales goals. In a study conducted by Gore, Lehrk, and Miljkovic (2010) the authors found that there are two driving forces in consumers' choice towards a product: the size of the choice set and the type of trivial attribute. Trivial attributes become significantly important when consumers do not recognize brand names on the products. This can cause the consumer to base his decision on trivial attributes such as the appearance and positive reinforcement attributes, like health and nutritional value (Gore et al, 2010). In convenience stores there are only a few competitors in a selected food group.

Companies use a marketing strategy such as creating an attractive label to appeal to the consumers. This strategy is used to draw attention to one company's product over another.

Convenience stores in the United States are distributed widely throughout urban and rural areas. In a Minnesota case study of convenience stores the authors Ashman and King (1998) found that convenience stores in rural locations carry a larger variety of products and offer more services than urban and suburban convenience stores. However, the rural convenience stores did not adopt Efficient Consumer Response (ECR) practices. ECR is a technique used by distributors, suppliers and brokers in the grocery store industry to create more efficiency in order to provide the consumer with a product of the highest quality. Food processors, distributors, and retailers use the ECR and Efficient Foodservice Response to lower costs and to move products

through the system. (Larson 1997). When the authors analyzed the use of ECR practices, they found a positive correlation between them and the store's sale performance (Ashman et al 1998).

Analysis on the way convenience stores treat their consumers and product displays are two important factors that manufacturing companies need to consider when determining which stores will be selected to carry their products. The Minnesota study found that larger chains more frequently used the costly technology practices compared to the smaller chains. The larger chains also stayed in communication more often with their suppliers (Ashman et al 1998). In order for manufacturing companies to continually make profitable gains they need to consistently monitor and evaluate chain store practices. Manufacturers benefit from looking at successful convenience store practices and using these practices to determine which stores will carry their products.

Contractual Relationship Between Distributors and Producers

The use of a middleman distributor has a significant impact on the sale of products provided to convenience stores by manufacturers. This role has such validity to the manufacturer that the distributors' contracts need to be examined closely. In the study done by Bolotova and Patterson (2008) the contractual relations in the production and marketing of potatoes, barley and wheat were scrutinized. They found that due to globalization, technology progress, and continual changes in consumer preferences, the need and complexity of contractual arrangements have increased. The authors conducted their methodology in a framework that most manufacturing companies can use to examine their own contract agreements with their manufacturers. In this framework the authors compared and contrasted the types of contracts and the types of contract provisions. The study concluded that there are problems that need to be addressed in contractual relations between producers and distributors. With agricultural

companies not having a clear understanding of the contracts they have with their distributors, disputes over distribution, payments and labor can occur. Contracts with distributors are critical to manufacturers to ensure that their products are delivered in quality condition and purchased for an acceptable price.

In the study done by MacDonald and Korb (2006) the authors recognized that there is a lack of knowledge in the area of agricultural contracting, such as who uses contracts, how the usage has changed over time, what prices are received under contract production, and/or how features of specific contracts have evolved. The authors conducted their study on data that was obtained from the 2003 Agricultural Resource and Management Survey (ARMS), USDA's primary source of information on the financial condition, production practices, resource use, and economic well-being of U.S. farm households. The study collected data by distributing a survey via mail to farms and also executed personal interviews with trained enumerators. Both the survey and interviews asked the farmers about the use of production or marketing contracts and the volume of production, receipts, and unit prices or fees received for each commodity under contract. The study concluded that in 2003, marketing and production contracts encompassed 39 percent of the value of United States agricultural production (which increased from the 36 percent in 2001.) Moreover, the increase in contracting reflects the increased volumes of production among large farms. The authors stated that several of the price advantages of contract may replicate price premia paid for specialized varieties, while others may mirror timely marketing decisions (MacDonald et al 2006).

Consumer's Preferences by Display and Information Given

Consumer preference is an essential factor in marketing products successfully. A study by Durham and Johnson (2007) examined variables other than price and seasonality that influenced the demand and profit for produce products in grocery stores. After analyzing variables such as sizes and location, product origin identification, in-store flier ad size and location, price promotion's residual effect, and POP signage size, the authors concluded that produce managers have partial influence on what produce consumers purchase, but displays have a larger effect (Durham et al 2007). The use of POP signage and displays are effective marketing techniques that influence the consumer's choice between competing brand products. Another beneficial factor in marketing products to consumers is the use of additional information on the packaging label. In the study done by Festisova (2009), the author determined the effect of consumers' decision-making when given information about a particular product in a retail store. The author deduced that there was a significant effect on consumer's behavior due to information provided for a given product and this information can change an individual's perception and evoke response (Festisova 2009). A company can increase profitability by implementing effective use of displays and providing high quality information on labels.

Consumer's Behavior Trends

In the segmentation analysis of United States grocery stores shoppers, Mangaraj and Senauer (2001) concluded that there are four main characteristics that the average consumer desired in a grocery store: a clean and well-organized store, high quality produce, high quality meats, and courteous and friendly employees. Consumer store preferences should be a factor in the product placement of a manufacturing company. Grocery stores need to maintain an

atmosphere that is desirable for the consumer and also carry quality fresh products. Hiring practices need to include a procedure for screening friendly employees. The study found that the typical American grocery shopper was described as a middle-class American, sophisticate, time-pressed, convenience seeker (Mangaraj, et al 2001).

The typical consumer identified quality and services as the most important characteristics in a grocery store. The shopping majority is middle-class Americans that are attracted by pricing and value factors. Manufacturing companies need to keep open and good communication with the store managers to ensure that their products are displayed in a quality environment with reasonable prices. Furthermore, in a study done by Nurse and Onozaka (2010), the findings concluded that researching the intersection of economic and psychological factors assists in predicting and explaining consumer behavior. The authors organized their study by using the Theory of Planned Behavior to aid in exploring the foretelling ability of psychological concepts in determining the customer's willingness to pay for different attributes associated with sustainable food. In 2008, they used a thousand respondents across the nation to explore public benefits assigned to sustainable food products, that are apparent for potential increase in the willingness to pay. After analyzing the data, the results showed that there was a significant relationship between the consumer perception of the product, perceived consumers effectiveness, and willingness to pay (Nurse 2010). Product sales would benefit from companies studying consumer behavior trends.

CHAPTER 3

METHODOLOGY

Procedure for Data Collection

Ruiz Foods distributes their products in convenience stores across the United States. As a sample for this study, six cities in California were used: Clovis, Fresno, Selma, Fowler, Dinuba, and Bakersfield. Store locations were selected due to the company's marketing department preferences. Ruiz Foods has products in various convenience store chains but only Johnny Quick and Circle K were studied. Out of the two convenience store chains, twenty convenience stores were analyzed during the months of January and February. A store audit was conducted within each convenience store. The audit had questions such as: if the convenience stores are located near a freeway or not, which Ruiz Foods' products are being sold, the appearance of the products, environmental conditions of the store, identification of the store's distributor, and the frequency for product replenishment. (Appendix) The store audits were conducted with a formal introduction from myself to the store managers. Then questions were asking pertaining to who their store distributor was, how frequently they delivered their shipment to the stores, and if they received enough shipment of products to last them until the next shipment arrived. After questioning the store manager, evaluations of products in the Warmer Unit, the Cooler Door, and the Roller Grill were performed. The Warmer Unit is a merchandising device used to store and heat products while they are being displayed in the convenience stores. A cooler door in a convenience store is usually located on the inside perimeter of the store. Its front is a set of clear doors. Behind the doors is a refrigerator that displays the products while keeping them cooled. A roller grill is a set of rollers that heat unwrapped products while displaying them. The products

maintain an internal temperature while being rotated on the grill. In the store audits, evaluations were done addressing the types of product in the units, organization of products in the units, cleanliness of the units, and how frequently products were sold in the units. At the end of the store audit, I briefly conversed with the store manager to get his opinion on how well the El Monterey/ Ruiz Foods products were being sold in the store and if he had any recommendations to improve sales for Ruiz Foods products. Secondary data of the responsibilities of store managers and retail managers, at both *Johnny Quick* and *Circle K*, were researched prior to visiting the convenience stores.

Procedures for Data Analysis

The audits served as indicators of whether products were being frequently sold in convenience stores based on whether the stores were located near a freeway or not. The data collected from the audits of each convenience store were organized in Microsoft Excel. Each question of the audit was a separate variable and each convenience store had its own row, or it was one survey response. After the data was entered into Excel, the information was converted to a statistical program called Standard Package for the Social Sciences (SPSS) for analysis. Once the data was converted in SPSS, a frequency test was conducted for every question that was on the store audit. Nominal and ordinal data was examined using frequency tables. Nominal data (also known as category data) are the numbers that hold places for names. Ordinal data, the variables, are assigned to a number, in which they are ranked or placed of order. The frequency table delineates how often nominal or ordinal data shows up in each question. This information is used to understand what are the majority characteristics and qualities of the twenty convenience stores.

Once the frequency tables were conducted a chi square test was performed to see how the location of the freeway impacted other variables of the convenience stores. A chi square test examines the interdependence between the nominal or ordinal data. The target and non-target variables used were determining whether or not convenience stores located near the freeway or not had a relationship with the results of the other variables that were asked on the audit. A chi square test was conducted for each question on the store audits. After conducting these tests frequency tables and chi square tables were structured to organize the information in a professional manner. The tables were constructed in a way that the variables being tested were on the layout vertically and rather or not the stores were located or not near a freeway were run horizontal. Totals of the categories were located at the bottom of the tables. Specific conclusions were drawn regarding their convenience store products and presented to Ruiz Foods.

Assumptions

This study assumes that store managers and employees of convenience stores have had at least some prior training on how to heat and store frozen food products in their stores. It also assumes that sales of products run in a similar pattern throughout the year. The convenience stores examined in the study are assumed to be representative of a quality sample of stores in the Unites States due to the fact that both rural and urban areas are included in the sampling.

Limitations

The assumptions lead to limitations in time and location. The data was collected in the months of January and February of 2010, exclusively in California's Central Valley. The results

gathered will be beneficial to manufacturing companies nationwide, but will be of significant value in California where the study's sampling was taken.

CHAPTER 4

DEVELOPMENT OF THE STUDY

Data Collections Problems

When conducting the store audits for this study, the store managers/employees continued business with their customers at the registers. This affected the amount of time and attention that they devoted to formulating their answers to the audit questions. Another problem faced was a language barrier. In a few stores, the employees spoke limited-English and this inhibited the selection of questions to be asked.

<u>Analysis</u>

The audits of the convenience stores were conducted within two days. The majority of the audits were accomplished during the first round of audits, which took place on January 29, 2010. The second round of audits was evaluated on February 14, 2010.

Table 1: Dates of Audits

Date	#	Total %
January 29, 2010	13	65
February 14, 2010	7	35
Total Dates	20	100%

Circle K and Johnny Quick were the two convenience store chains audited in this study.

Circle K had the least amount of stores in the audit, accounting for thirty percent of the total stores involved. Johnny Quick composed seventy percent of the twenty stores audited.

 Table 2: Number of Stores Audited to certain Convenience Stores

Company Name	#	Total %
Circle K	6	30
Johnny Quick	14	70
Total of Stores Audited	20	100%

The majority of the Central Valley store audits were conducted in the locations of Bakersfield, Fresno and Clovis. In the cities of Dinuba, Fowler, and Selma an audit of one store was completed.

 Table 3: Location of Stores

Location	#	Total %
Bakersfield	4	20
Dinuba	1	5
Fowler	1	5
Selma	1	5
Fresno	9	45
Clovis	4	20
Total Locations	20	100%

Whether the location of the convenience store was near a freeway or not was taken into consideration. Out of the twenty stores only eight of the stores were located near a freeway exit. However, the majority of the stores were not located near the freeway, calculating about sixty percent of the stores.

 Table 4: Store Location Near Freeway

Near the Freeway	#	Total %
Yes	8	40
No	12	60
Total of Stores	20	100%

The time of day that the stores were examined was also a factor involved in the audit. The stores were separated into two sections of time. The first section was from 8:00am-12:00pm and the second section was from 12:01-4:00pm. In general, most of the stores were evaluated in the time frame of 12:01-4:00pm, which accounted for eighty percent of the stores, while only twenty percent of the stores were audited between 8:00am-12:00pm.

Table 5: Time of day stores were audited

Time of Day	#	Total %
8:00am-12:00pm	4	20
12:01-4:00pm	16	80
Total of Stores	20	100%

In the beginning of the audit a question was asked to determine the convenience store's main distributor. The majority of the stores have as their main distributor *Core Mart*, which accounted for eight-five percent of the stores. *MTC* and *Valley Foods* were also named as main distributors for store convenience stores however they were not part of the majority.

Table 6: Stores Main Distributor

Main Distributor Name	#	Total %
Core Mart	17	85
MTC	1	5
Valley Food	2	10
Total of Stores	20	100%

After acknowledging the main distributor, the next question addressed if the distributor was delivering enough products to the convenience store to last them until the next delivery date. The answer to this question for every store was "Yes." Stores had the correct amount of product in their stores to last them between deliveries.

 Table 7: Enough Products to Last Until Next Delivery

Enough Product	#	Total %
Yes	20	100
No	0	0
Total of Stores	20	100%

Knowing that the stores were getting enough products, the next question was then posed on how frequently the distributors were delivering products to the convenience stores. The bulk of the stores were getting delivery of products weekly, which accounted for ninety-five percent of the sampling, while only one store was getting deliveries twice a week.

Table 8: Frequency of Delivery

Frequency of Delivery	#	Total %
Twice a Week	1	5
Weekly	19	95
Total of Stores	20	100%

Each store's overall appearance was evaluated. The auditor had a choice of stating that the store appearance was either clean or dirty. As a whole, all of the stores were thought to have a clean appearance.

 Table 9: Overall Store Appearance

Store Appearance	#	Total %
Clean	20	100
Dirty	0	0
Total of Stores	20	100%

The uses of Point-of-Sale (POS) and Point-of-Purchase (POP) signage were taken into consideration. Seven out of the twenty stores had signage in their store, while the majority of the stores did not have signage (which was sixty-five percent).

Table 10: POS and POP Signage In Stores

Signage in Stores	#	Total %
Yes	7	35
No	13	65
Total of Stores	20	100%

The types of products in the Warmer Unit were evaluated. In Table 11, the data shows that seventy-five percent of the stores did not have products in the Warmer Grill. Of the remaining twenty five percent of stores that had products in their Warmer Unit, sixty percent of five stores that had products in the Warmer Unit were selling *chimichangas*; eight percent were selling *burritos*; and twenty percent were selling *Tornadoes* (Shown in Table 12).

Table 11: Have Products in the Warmer Grill

Have Products in the Warmer Unit	#	Total %
Yes	5	25
No	15	75
Total Stores	20	100%

Table 12: Products in the Warmer Unit

Products in the Warmer Unit	#	Total %
Chimichangas	3	60
Burritos	4	80
Tornadoes	1	20
Total Stores	5	25%

Competitors in the Warmer Unit were examined. Out of the five stores that carried products in the Warmer Unit, the only competitor was *chicken strips*, and they only sold in one out of the five stores. The remainder of the stores had no products competing with the Ruiz Foods products in the Warmer Unit.

Table 13: Competitors in the Warmer Unit

Competitors	#	Total %
Chicken Strips	1	20
None	4	80
Total of Stores	5	100%

The quality of the products in the Warmer Unit was examined. In general, all of the products seemed to be broken and in bad condition. None of the products were in good condition to sell to consumers.

Table 14: Quality of Products in the Warmer Unit

Quality	#	Total %
Broken	5	100
In Good Condition	0	0
Total of Stores	5	100%

The organization of the products in the Warmer Unit was assessed to see if the products were placed systematically in the Warmer Unit and not mixed with their competitors. The auditor had the choice of stating that the products were organized or not. In general, a hundred percent of the stores had their products neatly organized.

Table 15: Organization of Products in the Warmer Unit

Organized	#	Total %
Yes	5	100
No	0	0
Total of Stores	5	100%

The store managers were asked to quantify the frequency of products being sold in the Warmer Unit. The store managers had the choices of saying "Never," "Sometimes," or "Often." Approximately sixty percent of the store managers answered that "Sometimes" the products sell

and the other forty percent answered "Often". None of the store managers answered that the products were "Never" selling in the Warmer Unit.

Table 16: Frequency of Products Being Sold In Warmer Unit

Frequency	#	Total %
Never	0	0
Sometimes	3	60
Often	2	40
Total of Stores	5	100%

The variety of products in the Cooler Door was evaluated. In Table 17, the data shows that approximately sixty percent of the stores did not have products in their cooler. Of the remaining forty percent of stores, the distribution of products in the Cooler Door was: two out of eight stores were selling *Butcher Wrapped Burritos* and *Gigante Burritos*; eight out of eight were selling *XXL Burritos*, and only one store was selling *5 oz Burritos* (Shown in Table 18).

Table 17: Have Products in the Cooler Door

Have Products in the Cooler Door	#	Total %
Yes	8	40
No	12	60
Total Stores	20	100%

Table 18: Products in the Cooler Door

Products in the Cooler Door	#	Total %
Butcher Wrap Burritos	2	25
XXL Burritos	8	100
Gigante	2	25
5oz Burritos	1	12
Total Stores	8	40%

Ruiz Foods' competing products in the Cooler Door were documented for the study. The two main Ruiz Foods competitors in the Cooler Door were *Don Miguel* and *Hot Pockets*. Out of

the eight stores all but one store had *Don Miguel* products in their Cooler Door. The competitor *Hot Pockets* was sold in all of the eight stores that had Ruiz Foods products in their Cooler Doors.

Table 19: Competitors in the Cooler Door

Competitors	#	Total %
Don Miguel	6	86
Hot Pockets	8	100
Total of Stores	8	100%

The quality of the products in the Cooler Door was taken into consideration. Overall, all of the products were in good condition to be sold. None of the products in the Cooler Door experienced damage or were broken.

Table 20: Quality of Products in the Cooler Door

Quality	#	Total %
Broken	0	0
In Good Condition	8	100
Total of Stores	8	100%

The organization of the products in the Cooler Door was examined to see if the products were sorted separately and not mixed with their competitors. The auditor had the choice of stating that the products were organized or not. In general, a hundred percent of the stores had their products neatly organized.

Table 21: Organization of Products in the Cooler Door

Organized	#	Total %
Yes	8	100
No	0	0
Total of Stores	8	100%

The frequency of products being sold in the Cooler Door was asked of the store managers. The store managers had the choices of saying "Never," "Sometimes," or "Often." Out of the eight stores only one of the store managers said that the products in the Cooler Door were not being sold. Approximately fifty percent of the store managers answered that "Sometimes" the products sell and the other thirty-eight percent answered "Often".

Table 22: Frequency of Products Being Sold In Cooler Door

Frequency	#	Total %
Never	1	12
Sometime	4	50
Often	3	38
Total of Stores	8	100%

The last section of the audit dealt with the use of a Roller Grill Unit. Out of the twenty convenience stores being audited, fifteen of the stores had Roller Grills located in their store and five stores did not.

Table 23: Number of Stores that Have Roller Grill

Have Roller Grill	#	Total %
Yes	17	85
No	3	15
Total of Stores	20	100%

The location of the Roller Grill compared to the store's floor plan was documented. The auditor had three choices for the location of the Roller Grill. The options were: on the "Island (Center)" of the store; Roller Grill is located "closest to the front counter" of the store; or Roller Grill is located "closest to the back counter" of the store. Seventy percent of the stores had their

Roller Grill Unit located close to the front counter. The other thirty percent of the stores had their Roller Grill Unit on the island in the center of the store.

Table 24: Location of Roller Grill

Location of Roller Grill	#	Total %
Island (Center)	7	30
Closest to the Front Counter	10	70
Closest to the Back Counter	0	0
Total of Stores	17	100%

The size of the Roller Grill Unit was also evaluated. The sizes of the Roller Grill were either recognized as "small" or "large." The majority of the Roller Grill Units were categorized as "small," which accounted for eight-eight percent of the stores.

Table 25: Size of Roller Grill

Size of Roller Grill	#	Total %
Small	15	88
Large	2	12
Total of Stores	17	100%

The last question of the audit dealt with the appearance of the Roller Grill. The auditor had the choice of recognizing that the Roller Grill Units were either "clean" or "dirty." In general, the majority of the Roller Grills were stated as "clean." Only twelve percent of the stores had dirty Roller Grill Units.

Table 26: Appearance of Roller Grill

Appearance of Roller grill	#	Total %
Clean	15	88
Dirty	2	12
Total of Stores	17	100%

Description of Target and Non-Targets

In this study there is a target versus a non-target used to analyze the given data. In the analysis the target market is "convenience stores that are located near the freeway." The non-target used is "convenience stores that are not located near the freeway".

Description of Stores in Relation to Freeway

When considering the store's main distributors, seventy-five percent of the stores located near the freeway use the distributing company *Core Mart*. The other twenty-five percent use *Valley Foods*. When looking at the stores not located near the freeway, over ninety percent of the stores use *Core Mart*, while the other eight percent use the distributing company named *MTC*. Overall, *Core Mart* counts for eighty-five percent of the stores' main distributing company.

Table27: The stores' main distributor based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Core	75%	91.7%	85%
Mart			
MTC	0	8.3	5
Valley Food	25	0	10
Total	100%	100%	100%

The frequency of distributing companies delivering products to the stores has a similar relationship between the stores that are located both near and not near the freeway. The majority of the stores have weekly delivery of their products. The only store that gets their products delivered twice a week is a store that is located not near a freeway.

Table28: The frequency of distributing companies delivery products to stores based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Twice A	0%	8.3%	5%
Week			
Weekly	100%	91.7	95
Total	100%	100%	100%

When looking at POP and POS signage displayed in stores, seventy-five percent of the stores located near the freeway did not have signage in their stores, while twenty-five percent of the stores did. In the stores that were not located near the freeway about fifty-eight percent of the stores did not have signage hung up in their stores. The other forty-one percent did have signage. Overall sixty-five percent of the twenty stores did not have signage in their stores.

Table 29: Stores having signage in stores based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Yes	25%	41.7%	35%
No	75	58.3	65
Total	100%	100%	100%

When looking at the products in the Warmer Unit compared to the location of the stores near the freeway versus those stores that are located not near the freeway, the majority of the stores are selling chimichangas and burritos in the Warmer Unit. Out of the stores located near the freeway twenty-six percent of the stores sell *chimichangas* in the Warmer Unit, while only a little over thirteen percent of the stores not located near the freeway sell *chimichangas*. When looking at *burritos*, sixteen percent of the overall stores sell burritos in the Warmer Unit.

Table 30: Products in the Warmer Unit based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Chimichangas	26%	13%	16%
Burritos	16	13	16
Tornadoes	4	0	3
Stores Don't Sell Products	63	75	75%
Total	100%	100%	100%

When analyzing the relationship between the frequencies of products sold in the Warmer Unit compared to the store locations near the freeway, the frequency of products being sold is higher near the freeway than the stores that are not located near the freeway. The stores located near the freeway have a twenty-five percent rate of "sometimes" selling their products and approximately twelve percent are "often" selling their products. The stores located away from the freeway have the same rate of about eight percent to sell their products "sometimes" and "often."

Table 31: The frequency of products sold in the Warmer Unit based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Sometimes	25%	8.3%	15%
Often	12.5	8.3	10
Stores Don't Sell Products	62.5	83.4	75
Total	100%	100%	100%

When investigating products that are located in the Cooler Door more of the products are sold in stores that are located not near the freeway. In stores that are located not near the freeway, approximately thirty percent of the stores are selling *XXL Burritos* and the second highest product sold was *Gigante Burritos*. With stores located near the freeway the stores were only selling *Gigante* and 5 oz Burritos. Overall, in both locations near and away from the freeway, the stores sold a majority of *XXL Burritos*.

Table 32: Products in the Cooler Door based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Butcher Wrap	0%	8.3%	5%
Burritos			
XXL Burritos	0%	30.7	25
Gigante	6.25	12.5	5
5oz Burritos	6.25	4	5
Stores Don't Sell Products	87.5	44.5	60%
Total	100%	100%	100%

After examining the relationship between the frequencies of products sold in the Cooler Door unit compared to the store locations near the freeway, the frequency of products being sold is higher from stores located away from a main freeway than those that are located near the freeway. The stores located near the freeway had a twenty-five percent rate of "sometimes" selling their products. However, the stores that were located away from a main freeway had approximately thirty-three percent of "sometimes" selling their products and about twenty-five percent of "often" selling their products.

Table 33: The frequency of products sold in the Cooler Door based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Never	0%	8%	5%
Sometimes	25	33	20
Often	0	25	15
Stores Don't Sell Products	100	33	60
Total	100%	100%	100%

When evaluating the placement of the Roller Grill in comparison to the location of the stores near or not near the freeway, the stores that are located near the freeway display their Roller Grill more on the center island of their stores while twenty-percent of the stores have their Roller Grill on the front counter of their stores. When looking at store locations that are not located near the freeway, over sixty percent of the stores have their Roller Grill located on the front counter of the store (near the register) rather than having the Roller Grill in the center of the store.

Table 34: The location of the Roller Grill based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Island	50%	25%	35%
(Center)			
Closest to the	25	66.7	50
Front Counter			
Stores Don't	25	8.3	15
Sell Products			
Total	100%	100%	100%

The majority of the stores use a small Roller Grill Unit. Over sixty percent of the stores that are located near a freeway have a small Roller Grill, while approximately twelve percent take use of a large Roller Grill Unit. In a similar situation, the stores that are located a way from a freeway, over eighty percent have a small Roller Grill Unit and only eight percent have a large Roller Grill Unit.

Table 35: The size of the Roller Grill based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Small	62.5%	83.4%	75%
Large	12.5	8.3	10
G. D. I.	2.5	0.2	1.7
Stores Don't	25	8.3	15
Sell Products			
Total	100%	100%	100%

After analyzing the appearance of the Roller Grills in the twenty convenience stores there was a similar relationship between the two target variables. Both of the two locations had a seventy-five percent rate of having a clean roller grill. However, when looking at stores that were not located near a freeway, approximately sixteen percent of the stores had a Roller Grill that had a dirty appearance.

Table 36: The appearance of the Roller Grill based on stores located near the Freeway vs. Not Located near the Freeway

	Located Near	Not Located Near	Total
	Freeway	Freeway	(N=20)
	(N=8)	(N=12)	
Clean	75%	75%	75%
Dirty	0	16.7	10
Stores Don't	25	8.3	15
Sell Products			
Total	100%	100%	100%

CHAPTER 5

SUMMARY, CONCULSION, AND RECOMMENDATIONS

Summary and Conclusion

Ruiz Foods current challenge is to increase sales of their products in convenience stores. The analysis of this study found that the majority of the stores audited was from the company, *Johnny Quick* and located in Fresno, California. In general, the stores' locations were not near a freeway. The analysis showed that *Core Mart* was the main distributing company and delivered enough products to last the convenience stores until their next week's deliveries.

Evaluation of the stores' overall appearances concluded that every store was clean and welcoming to customers. When examining the use of Ruiz Foods POS and POP signage to attract buyers, the analysis did not provide a clear distribution in all convenience stores. The majority of the stores did not use signage to advertise Ruiz Foods products in the stores.

Ruiz Foods products have the potential to be displayed in three different store sections: the Warmer Unit, behind the Cooler Door, or on a Roller Grill. When the Warmer Unit was taken into consideration, the analysis found that the majority of the stores did not have Ruiz Foods products this section. However, in those stores that had a Warmer Grill, Ruiz Foods burritos made up the bulk of the products on display. These products tended to be broken and not in good condition to sell to the consumers. Nevertheless, the analysis showed that the products sold in the Warmer Units were well organized and sold from time to time to consumers.

In terms of the Cooler Door, most of the convenience stores did not carry Ruiz Foods products in this section. Out of the stores that did carry Ruiz Food products in the refrigerated area, *XXL Burritos* were the majority of products sold. The products in the Cooler Door were well organized, in good condition to sell, and occasionally sold to consumers. Ruiz Foods' main competitors in the Cooler Door Unit were *Don Miguel* and *Hot Pockets*.

The last unit analyzed was the Roller Grill. The mass majority of the convenience stores evaluated had Roller Grill Units in their stores. These units were usually placed close to the front counter where customers made their purchases. In general, the Roller Grill Units were smaller in size and kept in a clean condition that appealed to the consumers.

In the analysis the hypothesis was tested to determine if convenience stores located near a main freeway have a significant impact on the revenue of Ruiz Foods products in convenience stores when compared to the stores that are not located near a freeway. The analysis proved that the stores that located near the freeway sold products more often than the stores that were located away from the freeway. In addition, those stores that are near a freeway provided more of a variety of Ruiz Foods products in the warmer grill and kept their units cleaner than those stores that were not located near a main freeway. In contrast, the stores that were not located near the stores used POP and POS signage to advertise Ruiz Foods products.

From the analysis a conclusion can be made that selling Ruiz Foods products in convenience stores located near a freeway can increase revenue more than selling products in stores located away from a main freeway. Due to the fact that all Ruiz Foods products sold in convenience stores are easy to grab and go, the products become more appealing to travelers and drivers on freeways. The stores located near the freeways are recognizable and provide quick and

clean facilities, which are documented as main preferences of consumers. When looking at the signage in convenience stores, a conclusion can be made that the stores not located near a main freeway use the POP and POS signage to advertise new products to their reoccurring customers. The stores located near a freeway do not advertise their products because they have irregular customers. In conclusion, selling products in convenience stores located near a freeway is beneficial to Ruiz Foods net income.

Recommendations

With respect to Ruiz Foods' corporate financial expectations, the following recommendations were created from the data gathered through the study and its audits. The first recommendation for Ruiz Foods is to continue selecting convenience stores that are located near a main freeway.

The second recommendation would be to hire a merchandising team that would visit the convenience stores periodically as needed. Having this team would be very valuable due to the fact that there is a lack of communication between Ruiz Foods, the convenience store managers, and their distributors. This team would have the responsibility of contacting the main distributors to make sure that they are adequately resupplying the selected stores that stores managers are requesting enough products to last them until next delivery. In their periodic visits, the team members would have to examine the appearance of the products and ensure that all the convenience stores are maximizing Ruiz Foods products sells. Timing is a crucial part of product appeal and freshness. Placing the product out just prior to peak sales hours and then resupplying them as needed will cut down on spoilage. The merchandising team would also provide POP and POS signage to the stores so that these stores are advertising Ruiz Foods products both

inside and outside of the stores. Overall, the merchandising team would become the main connection between Ruiz Foods, the store managers, and the distributors.

The last recommendation is to have a reward incentive for the store managers to sell more Ruiz Foods products. This incentive would come in a form of a competition with the store managers in different district areas of the United States. The managers would compete for a prize, such as a trip to a NASCAR race as Ruiz Foods guest, or other equivalent rewards. These incentives would increase the managers desire to promote the sales of Ruiz Foods products.

The aforementioned recommendations could help Ruiz Foods attain corporate financial expectations, increase communications with the store managers and distributors, and create incentives to promote the sales of their products.

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APPENDIX

Survey Audit of Convenience Stores Carrying Ruiz Foods Products in Central California

Information on the Overall Store:

1.	Store Address:		
2.	What time of day were you in the store?		
	a.	8:00am-12:00pm	
	b.	12:01-4:00pm	
	c.	After 4:00pm	
3.	Who is	the store's main distributor?	
4.	Does the store have enough products to last until the next shipment?		
	a.	YES	
	b.	NO	
5.	How fi	requently does the distributor deliver products to the store?	
6.	The appearance of the store is:		
	a.	Clean	
	b.	Dirty	
7.	Is there	e any POS or POP signage in the store?	
	a.	Yes	
	b.	No	
Inforn	nation o	on the Warmer Grill:	
8.	Which	Ruiz Foods products are in the Warmer Grill?	
9.	Who a	re the competitors in the Warmer Grill?	
10	. The qu	ality of the products in the Warmer Grill are:	
	a.	Broken	
	b.	In good condition	
11	. Are the	e products in the Warmer Grill organized?	
	a.	Yes	
	h	No	

12. How fi	requently do the Ruiz Food products in the Warmer Grill sell?
a.	Never
b.	Sometimes
c.	Often
Information o	on the Cooler Door:
13. Which	Ruiz Foods products are in the Cooler Door?
14. Who a	re the competitors in the Cooler Door?
15. The qu	ality of the products in the Cooler Door are:
a.	Broken
b.	In good condition
16. Are the	e products in the Cooler Door organized?
a.	Yes
b.	No
17. How frequently do the Ruiz Foods products in the Cooler Door sell?	
a.	Never
b.	Sometimes
c.	Often
Information o	on the Roller Grill
18. What i	s the location of the Roller Grill in relation to the rest of the store?
a.	Island (Center of Store)
b.	Closest to the Front Counter
c.	Closest to the Back Counter
19. Is the I	Roller Grill size small or large in this store?
a.	Small
b.	Large
20. <u>Is the</u>	appearance of the Roller Grill in this store clean or dirty?
a.	Clean
b.	Dirty
21Any a	dditional comments about the store: