

Meet the Neighbours

Petro-Canada's new store model redefines retail north of the border

By Bill Donahue

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Photos by Rick Chard



Stan Wilson was running nine McDonald's restaurants in downtown Toronto when he heard about an opportunity to join a small but promising chain of stores. The store model, called Neighbours, was neither convenience store nor restaurant, and neither service station nor coffee shop.

It was all of the above.

After six months of mulling the opportunity and getting comfortable with the chain's cautious pace of expansion, Wilson ended his 16-year career with McDonald's to run a Neighbours store in Milton, Ontario, just outside of Toronto.

"I was happy at McDonald's, but I thought this was a pretty neat idea," he says. "I had looked at other businesses, like Mail Boxes and [Tim Hortons]. I had actually thought of becoming a franchisee with McDonald's. But Neighbours is a can't-lose concept. It's going to take some time to build like anything, but where else can you go to get a bag of milk and tobacco through the drive-

CONSUME: Neighbours has DNA from several "parents": It's a restaurant, c-store, coffee shop and gas station all in one. Fresh foods, packaged beverages and other immediate-consumption items are the collective backbone of Neighbours' in-store offering.

"I think it could revolutionize things here in Canada. . . . Over a five-year period, more and more of us will be talking about Neighbours."

DAVE BRYANS *Ontario Convenience Stores Association*

thru? Basically, we're a one-stop shop."

In development for nearly four years and in the pilot phase for the past three, Neighbours is not the creation of someone who's long on dreams and short on cash. It's a pioneering concept from one of Canada's true oil giants, Calgary-based Petro-Canada. In its ambition, design and sense of imagination, Neighbours stands in stark contrast to the c-store models offered by many oil companies.

Neighbours' allure begins from a distance, with its striking stone façade, restful signage and European-style entryway. Its structure and design materials blend seamlessly into the Canadian landscape. At all but one location the store sits apart from Petro-Canada's iconic hockey-rink-shaped gas canopy, signaling a separation of equals.

"We thought people would just park at the gas pump and come inside—leave their car there," says Ed Burcher, a former foodservice star at Wawa who is now senior director of foodservice at Neighbours. "No, they pull up to the

front door. In a regular gas store, they leave their car at the pump and come in. It's not like that with Neighbours."

That the Neighbours logo sits above the Petro-Canada logo on the road sign suggests this is something far different than a traditional Big Oil c-store concept.

"For an oil company, it's pretty amazing," says Joe Bona, president of the retail division for New York-based design firm CBX, which helped design the store and shape Neighbours' identity. "Their stores always had high standards; the wheels weren't falling off the wagon. But with most oil companies, their stores are more a reflection of the corporation.

"This establishes a personality for the Neighbours brand. It doesn't look or feel or taste like a convenience store," he continues. "One of the guys on the project said it reminded him of an old Canadian railway station."

Inside the store, however, is where the concept comes alive. If there's one word to describe the store's offering, it's "unexpected."



“We’ve very consciously taken a measured approach to expanding this. Our history in our business has been to come up with an idea and replicate it as fast as you possibly can and get yourself into deep trouble.”

PHIL CHURTON *Petro-Canada*

Customers—“guests” in the Neighbours lexicon—step through the stone entryway and are visually arrested by an expansive coffee and foodservice area, complete with touch-screen order points. In a market where most retailers tend to have a slim coffee selection, guests face an abundance of choices, from steaming pots of Peruvian Paradise coffee to just-made cups of espresso and cappuccino.

In addition, a made-to-order menu tempts the palate: custom-made panini sandwiches, double-iced cinnamon buns and freshly tossed salads, for

example. Paninis, created with the help of an in-house executive chef (see sidebar, p. 35) and honed to perfection using rethermalization technology, are the store’s signature item.

“Selling a panini in a convenience store is not logical,” says Burcher. “But we’re selling a lot of paninis.”

The floor space has moved away from employing traditional gondolas in favor of island merchandising “pods” that open up the store, trim inventory and welcome customers into the space. Merchandisers focus on quick-turning, immediate-consumption items, while

old-line grocery items have been downplayed if not removed outright.

“We don’t even have oil in the store anymore,” says Burcher. “It’s out at the pumps, where it belongs.”

From the drawing board to the parking lot, Neighbours is not just a name but an identity that touches everything the company does. It’s about choices and friendliness and “being subtly Canadian,” says Burcher. Most Neighbours stores have in-store seating, punctuating more a coffee shop feel than convenience store, more gathering place than gas bar. At some stores, seniors and construction workers get together for informal coffee klatches.

Just barely out of the incubator—as of press time, fewer than 20 of Petro-Canada’s 670 stores were Neighbours, and all were in the province of Ontario—Neighbours is breaking new ground in a region where operators tend to not take chances. It’s the result

STONE-FACED:

Neighbours’ allure begins at a distance. Its stone façade, European-style entryway and exterior signage invite customers to explore what’s inside the store.



of Petro-Canada's willingness to say "not good enough" and embark on a journey to redefine not only its own store model but also the way a whole country eats, drinks and fills up the gas tank.

Early results suggest the company is successfully chipping away at customer perceptions. And having already captured the attention of observers in Canada and the United States, Neighbours is likely to be compared to stores from made-to-order foodservice masters south of the border, namely Sheetz and Wawa.

"Neighbours is essentially our new model," says Petro-Canada vice president of marketing Phil Churton. "This is what we see as where we want to go. . . . Our top-line sales are exceeding our expectations, but it's a whole different operating model for us. It's a different culture for our retailers. Even for our company it's a different culture."

A Legendary Start

While many U.S. oil companies continue to shift their focus away from direct-operated stores and retail in general, Petro-Canada has been busy proving—internally and externally—that Neighbours is a viable, licensee-run model that could potentially change the face of Canadian convenience retailing forever.

The Neighbours concept was born out of a desire to step out of a profitable, however comfortable, space that had helped Petro-Canada achieve years of respectable growth. As 2003 came to an end, Petro-Canada's retail network had closed the books on yet another year of healthy growth, with downstream earnings of \$264 million, a \$10-million increase over the prior year. But it wasn't good enough.

Company executives concluded

something dramatic was needed to jolt this trend of steady, single-digit growth. Until that time, Petro-Canada's c-store brand was SuperStop, an effective, clean and somewhat nondescript store that delivered year-over-year sales increases. But it lacked the power to move the company from good to great.

In February 2004, Petro-Canada started an ambitious and somewhat clandestine project to recast its retail future, led by the so-called "gang of six." Six Petro-Canada employees were taken off their regular jobs and charged with creating a new retail identity to help Petro-Canada connect with Canadians in an entirely different way.

"We were doing very well prior to Neighbours," says Churton. "But for the executives to say, 'Not good enough, and I need a breakthrough, and I need a leapfrog,' it's easy to do that when there's a disaster and the world's falling apart. But to actually take people off their jobs for six months and dedicate them to something entirely different, that's the visionary thing."

The six—Alain Bibeau, Burcher, Al Conquergood, Bob Maloney, Ron McIntosh and Howard McIntyre—came from different backgrounds and different disciplines, from foodservice specialist to retail strategist to chemical engineer. Churton says the group meetings were "legendary" and had a reputation for being provocative.

"It was a conscious decision to take people that had relatively little experience in the oil-and-gas business and



VERY COOL: In addition to made-to-order foods, Neighbours also offers packaged salads, sandwiches and other freshly made items stocked in an open-air merchandiser. The merchandiser also contains an array of packaged beverages.

strong, strong experience outside the business, and mix those people up with people that had been around for a while," says Churton. "Some of the meetings I hear were quite spectacular—a clash of cultures. But they were chartered with 'I want a breakthrough. Where are we going and how are we going to leapfrog what we're doing because this steady growth, as good as it is, it's not going to get you to where you need to go?'"

Culture clashes erupted around everything from what the name and look of the store should be, to the number of parking spaces out front, to which logo—Petro-Canada or Neighbours—should get top billing on the

GETTING GOOD

According to Dave Bryans, only two words keep most Canadian convenience retailers from embracing the foodservice business: Tim Hortons.

"Canadians run to them for the coffee and bagel in the morning and their sandwiches and soup at lunch," Bryans says of Tim Hortons. "And that makes it very difficult for a convenience store to develop a food model. Petro-Canada's stepping out of the box because they can afford to."

Bryans, president of the Ontario Convenience Stores Association, applauds Petro-Canada for having the courage to do something different with its Neighbours model. When he shops there, he tends to get either a breakfast sandwich or a Philly cheesesteak, depending on the time of day.

"Our sandwiches are made fresh daily here," says Ed Burcher, senior director of foodservice for Neighbours. "It's not some gas-flushed sandwich made 15 or 20 miles away."

Neighbours' food is on par with something that might be found at a Panera Bread Co. or some other gourmet fast-casual restaurant. It, like the Neighbours store itself, is the result of constant testing and fine-tuning driven by research and measured processes.

"You've got to step off the edge sometimes," says Burcher. "You've got to think big, and at some point you've got to go with what you've got. It's either good or good enough. For the first couple of stores, that was the kind of screen we used. By the time we got to store No. 8, it was no longer, 'Is it good enough?' Our Buffalo chicken BLT is a good example. That went through some revisions. Now it's a great sandwich. We've gone back to some items that were good enough and made them great."

Executive chef Bob Geitz helps create new items for the Neighbours menu. He's a hired gun with his own foodservice-consulting firm rather than a Petro-Canada employee. Geitz, a classically trained chef who learned his craft in Germany and Italy, with an emphasis in fine and casual dining, joined the Neighbours team in August 2004.

"What we're doing hasn't been seen on the Canadian front," says Geitz. "Being European, and having trained in Europe, I'd seen this type of concept for the last 20 years. I knew with what they wanted to do that it would take a huge paradigm shift. ... One of our signature items is our panini program. And it's something you don't see in our segment at all. It continues to be an area where we see growth and opportunity."

Generally it takes six to eight months to bring a new item to market—to make sure it's quality-tested, meets operational demands and can be delivered quickly and consistently. Work on a mango-chicken panini, for example, began last June and launched at retail in March of this year. Partnerships with strategic vendors play a big part in menu development, according to Geitz, who started his career in restaurant operations before pursuing the culinary arts in his mid-20s.

"In the last three years we've done a fair amount of development work," he says. "We haven't had any flops. I know they say if you're not failing you're not trying hard enough, but we've been very fortunate. We just keep learning and testing."

reader board, to how stores would go about delivering fresh foods to customers. Every detail of the would-be retail model was discussed and dissected, without mercy.

"You had an engaged group that was willing to disagree with each other at the drop of a pin," says McIntosh, senior director of new-concept brand

development. "I remember the debates about what our capability was more than about the opportunities. The opportunities became rather apparent after eight or nine months. But what were we capable of taking on? We were thinking: Do we buy it? Do we develop it? Do we lease it to foodservice operators or do we go proprietary?"

The retail team relocated to a warehouse about four miles from downstream headquarters in Mississauga, mainly because of space requirements but also because the gang-of-six meetings tended to become quite impassioned.

In alliance with design firm CBX, the Neighbours team contracted a Hollywood set designer to create a scale version of a Neighbours store inside the warehouse. ("If you went behind the scenes, there were 2-by-4's holding up the walls," says Bona. "It was as realistic as you could imagine.") The warehouse store helped convince anyone that still needed convincing: Petro-Canada executives, internal employees, vendors and even city planners.

"The warehouse made it real," says Mark Hancock, market manager for Neighbours operations. "They could see the differentiation, and even though it was more of a façade built in a warehouse, it had functioning pieces of equipment and the physical plant was representative of what the vision was. You didn't realize you weren't in a real store. When people would walk in, you could see the light bulbs going on: 'OK, now I see what's different.'"

Churton agrees: "I don't want to lose sight of the fact that if we hadn't done the warehouse, I'm absolutely convinced we would have not proceeded with the concept inside the company."

Going Forward

The warehouse, which opened 10 months later in December 2004, included a test kitchen, so it became a working lab to develop new food concepts and merchandising ideas, as well as to train for the future. After additional months of polishing the



TOUCH AND GO: While touch-screen order points have been ubiquitous in the United States for some time, Neighbours is pioneering their use in Canada. Customers have adapted to using them for ordering custom-made paninis and other signature food items.

model, Neighbours debuted in August 2005—by way of a retrofitted Super-Stop—in the city of Barrie, about 50 miles north of Toronto.

That first store, which Burcher admits was chosen primarily “because we could get it permitted quickly,” is relatively small, at little more than 2,000 square feet. And unlike all subsequent Neighbours stores, the canopy connects the store to the fuel island. Nevertheless, this prototype store set the stage for a new mindset focused on fresh food. A ground-up store today generally measures much larger, though the Neighbours team continues to adjust the ideal square footage and store layout.

“We went from stores of 4,000 square feet to 3,500 square feet, and we took that space out of the entryway and some of the floor space,” says Burcher. “Then we figured out, ‘Oh, we can trim here and here.’ It took us until store No. 10 to figure that out. We took that square footage out, which helps us save on costs. . . . When you have a network of stores to convert, you trim

where you can.”

Although its main headquarters are out west in Calgary, Petro-Canada launched Neighbours in Ontario, largely because of the proximity to downstream headquarters. “The last thing we wanted was a concept where we had to step on a plane to see it,” Burcher says. “We can drive to all the stores. The first 20 stores, we’re taking that as learning. If we waited till we knew what the perfect store would be, we’d still be sitting here in 10 years.”

Since opening the first Neighbours store, Petro-Canada has moved methodically in contrast to chains eager to build split-second market density. As of March 2008, Petro-Canada had 14 Neighbours stores throughout Ontario. While each location has its own personality, the newest location, in the belly of a building at downstream headquarters in Mississauga, is perhaps the most unique and certainly among the most scrutinized.

It’s a company cafeteria, a test kitchen, a learning lab and, most impor-

tant, a way for the Neighbours team to endear company members to the still-fledgling concept. Opening the cafeteria store was much needed, according to Churton, because only 23 of Petro-Canada’s more than 2,500 downstream employees work on Neighbours. The thinking was that the company can use as many Neighbours cheerleaders as possible.

“I have as big a challenge internally in growing this as I do externally,” says Churton. “Sometimes I think it’s a bigger challenge internally. The huge breakthrough for us was to put the cafeteria in. . . . When you get the board of directors coming out to your sites and having a look at it and asking when they’re going to get one in their neighborhood, then you know you’ve started to create that internal credibility.”

In addition, the headquarters store also helps the team make improvements to existing products and test new items. For example, based on tests it had done at the cafeteria store, Burcher and his group changed packaging on its Neighbours Fresh to Go sandwiches and salads. The new packaging merchandises the product better and should ultimately multiply sales, according to Burcher.

“Another one that I think came out

“Selling a panini in a convenience store is not logical. But we’re selling a lot of paninis.”

ED BURCHER *Petro-Canada*

FRIENDLY FACES

The long-term success of Neighbours hinges not only on prepared foods or even the stunning store environment. It rests on the shoulders of the people who serve Neighbours' "guests" every day: its retail licensees.

Petro-Canada has had to scout out "a different kind of candidate" to man its Neighbours stores, according to Ed Burcher, Neighbours' senior director of foodservice. Half of the retailers running Neighbours stores have come from the SuperStop network. But running a Neighbours store is much different than running a traditional SuperStop.

"We've got stores with 35, 40 people, so you're now a general manager," Burcher says. "It's a different business than what we were in before. Foodservice was the catalyst, but it really was bigger: How do I manage a larger retail operation? We have some people doing it, and we have successful large stores—I call them truckstops and A&W combo stores—but they were not the typical facility we had."

Most gas-station managers don't come from backgrounds in fine dining. But Bala Siran does. He's the retail licensee for a smaller Neighbours store—just 2,500 square feet, with no drive-thru—in Vaughn, Ontario, along a strip of highway that's just now being peppered with rooftops and additional retail centers to nurture store volume.

Siran, a native of India, formerly worked in foodservice for Carnival Cruise Lines, sailing out of Los Angeles, New Orleans and Tampa, Fla. He moved to the greater Toronto area to become an executive chef of a fine-dining restaurant. His preferred styles of cooking are Italian, Mexican and Thai, but in his store the Buffalo chicken BLT generates the most requests.

"We have no shortage of candidates," says Burcher. "A lot of candidates come from word of mouth. Some come from franchise shows. Some come from the Petro-Canada Web site. ... We want them to have a business plan. And we want to make sure we feel comfortable with them and they feel comfortable with us."

Training has evolved to include "a Neighbours component," says Burcher, which includes a foodservice education. Neighbours retailers are continually motivated to improve; retailers share in their stores' operating profit under the retail-licensee arrangement. Licensees own the in-store inventory and get the fuel on consignment from Petro-Canada. They're also responsible for working capital, supplies and provincial and federal taxes. As for terms, the relationship begins with a one-year contract that has an evergreen clause.

Robert Pennacchietti is a Neighbours retail licensee in Niagara Falls. He joined Petro-Canada in May 2007 from Shoppers Drug Mart, a drug-store chain whose product mix has evolved in recent years to resemble a conventional c-store's.

Pennacchietti, who calls himself "a wannabe chef," embodies the commitment Petro-Canada looks for in candidates. He already had the merchandising and management skills but needed more experience on the foodservice side. As part of his due diligence, he took shifts at a local Wendy's to gain food-handling experience—and that was after working long days at the drug store. He did that for more than a month.

Yasir Suliman has an equally impressive pedigree. A veteran of the Petro-Canada network and a pharmacist by trade, Suliman runs a Neighbours store in Georgetown, Ontario. He used to run multiple SuperStop stores—"Some of them were very busy," he says—dating back to 2000. He took over the Georgetown Neighbours in November 2006. Now this is the only store he runs, but he promises it's more than enough.

"This I think is the face of the company," Suliman says of Neighbours. "It's about learning something new. I was scared in the beginning because it was new. But I found out after two months or three months of training that I was suited for this. ... Now I want to be a leader and be No. 1.

"It's all about service," he continues. "Nothing is hard. I have the right staff and they give me the tools I need. Plus I have a good history of working hard and performing."

in terms of self-serve—and this is going to take longer—is self-serve hot," he says. "I always think of Sheetz. They started all made to order. How do we start with both so we can train the guest? Forty percent of our products today are cold grab-and-go sandwiches and salads. How do I add hot onto that? Our perfect mix would be 50/50, and getting more people to just come in, grab it and go."

Doing Well

The unique in-store offering has resonated with Canadians. In consumer panels, customers have referred to Neighbours as "better than Quiznos" and "comparable to Tim Hortons." That's a significant milestone considering the latter's status as a Canadian coffeehouse legend. Yet others have been unable to effectively describe it—"That's a good thing," says Churton—but never do they refer to it in traditional gas-station or c-store terms.

Neighbours stores that have been open at least one year are experiencing year-over-year sales increases of more than 10%, and that's putting it conservatively. Average store sales have climbed "significantly" above those of Petro-Canada's base store network in Ontario. Officially, customer reaction has "exceeded our expectations," says Churton.

Wilson, who left McDonald's to become a Neighbours retail licensee in Milton, puts those expectations into perspective. He spent nearly a year in training while he waited for his store to become available. The chance to spend time with experienced retailers as part of three other Neighbours store openings was "a big help" in ramping up his progress (see sidebar, left). But even that

didn't fully prepare him for the rush of opening day—one that continued well past the initial "getting to know you" stage.

"We had thousands of breakfast sandwiches going out and hundreds of cars going through the drive-thru," he says. "I don't know if you could ever be 100% prepared for that. That was a bit of a shock."

Dave Bryans thinks he understands the reason for Neighbours' early success. Ontarians, he says, are "getting bored" with Tim Hortons, McDonald's and other quick-serve and fast-casual options, and that has opened up a fertile niche for Neighbours. As an occasional Neighbours customer, and as president of the Toronto-based Ontario Convenience Stores Association, he's qualified to make such statements.

"We're all learning from them," says Bryans, whose group represents Canadian convenience retailers controlling approximately 14,500 stores. "They've invested heavily, and they've given us a model for everyone to follow. I think it could revolutionize things here in Canada. ... Over a five-year period, more and more of us will be talking about Neighbours."

Even though much of Neighbours' focus is on high-margin foodservice, motor fuels have not been downplayed.

"We have to stop being a gasoline retailer that sells convenience products and become a convenience retailer that sells gasoline," says Churton. "And that's



OPEN UP: Switching from gondolas to "pod" merchandisers has opened up Neighbours' floor space and made the store easier to maneuver. The merchandising approach has a welcoming feel and helps showcase new items.

a huge mindset change. It's not about compromising your expectations on fuel. ... I want the person coming to my site every single day to buy a cup of coffee or five cups, as I've discovered. And when they need gas, sure, it's just one more reason for them to turn into my site compared to someone else's."

He realizes that U.S. convenience retailers have already begun to shift their thinking as it relates to the c-store business. But among Canadian retailers, he believes, such a change of approach is nothing short of revelatory.

"I had made the assumption that our fuel sales wouldn't be as strong as they were at our standard offering," he says. "The throughputs, although they aren't U.S.-type throughputs, for a Canadian marketplace they're very strong. The surprise to me has been

that the gasoline side of the business has been extremely strong."

Burcher believes that's because the Petro-Canada brand has such a core following. It doesn't hurt that the oil company has become "very good" at identifying locations that will pump a lot of gallons.

"The bet was we could develop a retail offer that would become more a part of the customer's day so they would buy more fuel from us," says Burcher. "The traditional oil-company model is to sell something to the gas person while they're buying fuel. The Neighbours model is, yes, we'll sell them something, but now we'll develop a core guest that's for coffee or lunch, and they'll get gas the couple times they're there."

Step by Step

Petro-Canada will use the rest of 2008 to add more Neighbours stores in Ontario. Come 2009, the company intends to move the concept outside the province. Next stop: Alberta, in western Canada. The Neighbours network should fill out quickly by 2010 "because the stores will be there, ready for us," says Burcher.

"We've very consciously taken a measured approach to expanding this," says Churton. "Our history in our business has been to come up with an idea and replicate it as fast as you possibly can and get yourself into deep trouble. I think we've done a reasonable job over the past three years; we're up to 13 stores—14 including the one downstairs.

"Somebody inside an oil company might say, 'That's kind of a slow pace,'" he continues. "But we've very consciously wanted to move at this pace. We wanted to build our internal capa-

"You had an engaged group that was willing to disagree with each other at the drop of a pin."

RON McINTOSH *Petro-Canada*



BREAKING WITH TRADITION: Petro-Canada's pre-Neighbours retail model was its steady, more conventional SuperStop. The company's challenge now is to convert its existing SuperStops into Neighbours stores.

bilities. We wanted to build our relationships with our vendors before we start pushing this well beyond where we wanted to.”

While the new builds are impressive, if not breathtaking, they're also costly to build. Early results suggest the incremental cost to build a Neighbours store is in excess of \$500,000, depending on the size of the store and whether it has a drive-thru.

In addition to building and land costs, Neighbours also costs more to run due to higher labor costs. But Burcher says the high-margin food sales, heavy guest traffic and the ability to attract repeat business are all helping Neighbours move toward revenue goals. And the model continues to evolve.

All that said, does Petro-Canada have the patience and resources to cul-

tivate a Neighbours network through new builds *and* retrofits of existing SuperStop stores? The company believes it put that debate to rest early on, with the opening of the very first Neighbours store in Barrie.

“That store helped us prove we could retrofit,” says Burcher. “Without a retrofit option, we couldn't get to 100

stores or where we needed to get to. Three thousand square feet and above is ideal, but we needed to know we can put this in a 2,000-square-foot site. If you can't do it, and if you can't do it efficiently, then it will be unable to grow us. Green sites are necessary, but they're unable to get us where we need to be long term.”

Bona of design firm CBX sums up Neighbours by calling it “one of the best things we've ever worked on.” He applauds Petro-Canada for taking bold steps and daring to be different, and he thinks the company will be rewarded for its adventurousness.

“For an oil company, I do think it's one of the most advanced things out there,” he says. “Who's to say if it survives long term, but early indications seem to suggest that it has already achieved best in class.” ■



MORE ON NEIGHBOURS

Don't miss a Neighbours store tour and exclusive interviews with Phil Churton and Ed Burcher on CSP TV: www.cspnet.com/pcneighbours

Thinking Inside the Box

X Company will introduce the nation's first completely restructured grocery store model designed to fit how people intuitively shop ... Groupings of like items ... A layout designed to feel like home, with modern décor, wood flooring and soft lighting. ... For the first time ever, a new prototype that makes shopping easy ... While many food retailers have introduced cosmetic changes, this is the first store re-created from the ground up. Its

creators expect it to change the industry model that's been in place throughout the country for more than 50 years."

The above appeared in a supermarket publication last week, but it could have been written five or even 35 years ago. Wow! Somebody finally figured out that stores should meet the needs of customers! Food retailers have been trying to develop future stores as long as I can remember. Have the people who write these stories been living on another planet?

In a recent column I cited how Apple's glass cube entrance to its New York store makes it cool to shop the basement. I promised, in a future column, to deal with how the problem-solving aspect of good retail design applies to store interiors. This issue could not be a more appropriate place to do that because Petro-Canada's Neighbours store doesn't claim to be a brand new concept; it is just one of the best examples of great retail design that I have seen in a long time.

The Neighbours store is in fact the embodiment of the program around which it was built: to elevate the level of retailing at gas sites, creating a store that people would see



as more than a normal convenience store, while still creating a retailing format that would generate a lot of profitable sales.

Falling Into Place

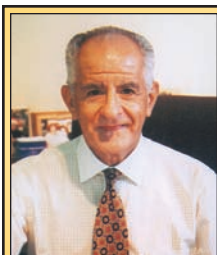
Petro-Canada's leaders were very clear about what they wanted to do and had the wisdom to seek the best outside team they could find to augment their in-house expertise, to challenge their thinking and to guide them through the

process. In approaching the project, they knew there were no silver bullets and that success would depend on getting both the overall concept and every detail of its execution right. Thus they selected a team that could start with the market positioning and end with an operating store, coming up with everything including the name and the foodservice program.

How does Neighbours use design to achieve specific objectives? First, from the outside, the name, the architecture and the building materials promise a neighborly experience. It doesn't look like a convenience store.

On entering, the layout brings you face-to-face with the appetizing foodservice presentation that is both the heart of the program and the key to its success. People and food—not pieces of equipment—are put on stage. The open truss ceiling gives a feeling of spaciousness; dropped curved elements suspended from it contain soft lighting to guide you through the preordained shopping pattern, which encourages you to shop the rest of the store, pay for your purchase and sit at a table in a comfortable area by the window to eat.

Petro-Canada is a company that knew exactly what it wanted to do and found, and trusted, the team that could help do it. Together they developed and implemented a winning strategy. Everything clicked. That's the way it should be but so often isn't. It's so much more than "a layout designed to feel like home, with modern décor, wood flooring and soft lighting." ■



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