July 2021 | GRIP SPECIAL REPORT

MENARDS CASE STUDY

Menards Success is based on 6 Key Business Strategies



6 Key Strategies

Regional Footprint - 1 Mega-Centers - 2 Low Prices - 3 Memorable Marketing - 4 Private Company - 5 On Shelf Availability - 6

MENARDS CASE STUDY

by Elias Amash

With over 330 stores in 15 states, Menards continues to thrive while other retailers close up shop. Incorporated in Wisconsin in 1962, the same year as Walmart and Target started, Menards is the 3rd largest home improvement chain behind Home Depot and Lowes. John Menard, the company's iconic founder was a detail-oriented, thrifty opportunist and with his penny-pinching approach, he built a successful organization with a culture that celebrates his midwest values. While that may be the company's superpower, there are actually 6 key business strategies that continue to propel their growth.

SUCCESS STRATEGY #1 REGIONAL STORE FOOTPRINT

Menards success stems from their regional store locations in the midwest where there is a lower population density and where it is largely agricultural in nature. By focusing on areas dominated by rural living, the company has been able to deliver on its promise of midwestern values of modesty, friendliness and hard work. In addition, the per capita spending on home improvement in the midwest is much higher than in any other region. With the strong car culture there, consumers will drive farther and stock up more at Menards convenient locations.

Success Strategy #2 Large Format Mega-Centers

While other retailers are downsizing or testing smaller format stores, Menards continues to build their Mega-Center stye stores that in some cases exceed 200,000 square feet. They leverage their midwestern locations by offering an eclectic mix of merchandise that not only includes the typical home improvement categories but adds grocery, toys, and furniture. This larger footprint has allowed them to become a one-stop-shop and destination that many consumers are looking for. ow the different hobbies,



SUCCESS STRATEGY #3 LOW PRICES

From his first store, John Menard focused his business strategy on being a low-cost provider. His success was in part due to his ability to negotiate the lowest prices with his suppliers but much of it was because of his early decisions to manufacture some of the company's building supplies. This gave Menards a competitive advantage over other retailers, especially the smaller hometown hardware stores. Menards will also undersell Home Depot, even if it's only a few pennies but the message is loud and clear, Menards will not be undersold. Not everything at Menards is low priced. They bring customers in with low prices and those same clients buy other items which increase overall store profitability.

Success Strategy #4 Memorable Marketing & Advertising

Ray Szmanda was the "Menards Guy" who appeared regularly on TV and radio using their slogan "Save big money at Menards". From 1976 to 2018, Ray was featured in the company's folksy, low-budget but memorable marketing campaigns. The ads generate a lot of foot traffic to get people in the door with their loss leaders and then they can sell other and higher priced products, increasing profits. Every day, they pound home the same message over and over, Save Big Money at Menards!



"Save Big Money at Menards" is the message driven home over and over in their advertising.

SUCCESS STRATEGY #5 PRIVATE COMPANY

One of Menards greatest strengths is its flexible business plan and being in tune with what the community needs. Being a private, family-run company gives them more leeway to run with different kinds of margins, operating profits and net profits. Home Depot, Lowes and other public retailers are constantly hammered by the stock market and analysts who expect faster growth and higher profits. They also pride themselves on taking care of their vendors by paying faster than the competition.

Success Strategy #6 OSA & New Items

On-Shelf-Availability can make or break customer relationships. Menards keeps a massive amount of inventory available at all of its stores. This is a major investment but critical to any brick-andmortar retailer's success. They also bring in new items that are unique and novel. This excites customers as they can always expect some innovative product assortments. You cannot build a house without materials and Menards commitment to OSA is one of their superpowers. Carrying new products creates excellent foot traffic to their mega-stores as well.



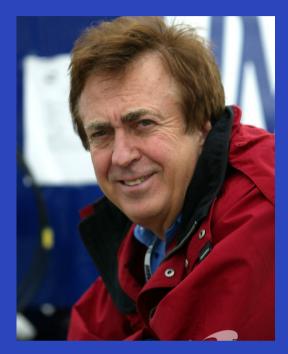
John Menards saw his net worth grow by more than \$3 billion over the last 2 years.

July 2021 | GRIP SPECIAL REPORT - Page 5

LAST WORD

Up until recently, Mr. Menards was active in the business operations down to the last detail. And most recently, he saw his net worth grow by \$3 billion during the pandemic when many families stayed home and focused on home improvement projects.

Menards has managed to thrive while many retailers are shutting down or testing small store concepts. Their formula appears to work as they maintain the upper hand with midwest consumers. There are many opportunities where they are growing now and in the future such as implementing robotics in their distribution centers and improving their internet and mobile presence. Their success will likely continue long into the future as long as they remember their "Midwestern Values" and serve their customers well.





On average, Menards® pays its vendors over **34 DAYS FASTER** than the competition.



Lowe's & The Home Depot information is derived from their publicly-released 2017 financial statements.

ABOUT THE AUTHOR

Elias Amash, President of GRIP, is an industry veteran with more than 25 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has "leveled up" the industry with GRIP's undying commitment to offering only the highest levels of service to its customers. Amash has recently published his fifth business book, The Retail Advantage: How to Win the War with Amazon. He is also the author of Retail Survival: Who Lives, Who Dies and Why, The Future of Retail, Importing from China: The Good, The Bad, and The Ugly, and 101 Bright Ideas: Winning Tactics to Increase Retail Sales.

About GRIP

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation's top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq ft state-of-the-art warehouse facility including a 2,000 sq ft product showroom. GRIP carries a product line of over 1,000 specialty tools, tarps, automotive, cargo control, cleaning, LED lighting, magnetics, outdoors, household items, impulse and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It's about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we're hoping that you can be a part of it as one of our many Customers for Life.

Where to get educated: GRIP Retailer Education www.gripretailered.com

Check out our New Company Website! https://www.gripontools.com/

Online Catalog: https://Gripontools.dcatalog.com /v/Grip-Catalog-2021/

> Learn more at www.gripontools.com For more information: 616-877-0000