

# C-store Growth Ideas in a New Era of Convenience

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We live in a day when “convenience” is being redefined. Many new trends—meal delivery, online shopping, and a focus on fresh and natural foods—can pose challenges to the traditional convenience store model. Still, convenience stores today can thrive by embracing the trends now shaping our society.

## Convenience redefined

Convenience is now shifting from *convenient foods* to *convenient preparation and delivery*. In the last several decades, convenience meant easy-to-prepare foods. Microwave meals, meal kits and foods with long shelf life provided convenience for consumers in the ‘80s, ‘90s and early 2000s.

For many, *convenient preparation* is now the wave of the future. Rather than immediate consumption of food, consumers are now focusing on natural and fresh ingredients. Convenience is only a secondary concern. At-home kitchen appliances are growing to meet the need of quickly processing and cooking foods.

There is also a rise of meal delivery programs like Blue Apron, Hello Fresh and Plated. Blue Apron, for instance, will deliver fresh ingredients for an entire meal to your doorstep. While creating a meal from scratch is not necessarily convenient, Blue Apron makes the process easier by providing the exact ingredients in a box and clear step-by-step instructions anyone can follow. Clearly, many consumers are still hoping for convenient options, but with a larger focus on natural foods than ever before.

While some consumers focus on natural foods, others seek freshness through *convenient delivery*. Consumers are “eating in” more than ever before. With the advent of online video streaming through Amazon, Netflix and Hulu, Americans can be fully entertained without leaving home. Uber Eats, GrubHub, DoorDash and other services will pick up a restaurant meal and deliver it to your door for a nominal fee. Many are delighted to trade out microwave meals for a warm meal from their favorite restaurant.

## A challenging time, an exciting time

At first glance, the challenges for convenience stores can seem daunting. Not only is convenience being redefined, but other challenges persist. There is greater statewide regulation of alcohol sales, growing delivery services from Amazon and Walmart, not to mention the threat of electric cars that reduce trips to gas stations.

However, these trends can provide opportunities for c-stores. Almost every neighborhood has a c-store nearby, allowing proximity to consumers that other retailers can’t match. There are at least three ways c-stores can embrace these trends and see new growth in their stores: become a one-stop shop, provide an experience and develop a foodservice program.

### Growth Idea #1: Become a one-stop-shop

In the new age of ecommerce and home delivery, convenience stores can still win by providing immediate solutions to consumers. According to Videominig

2016, the top four categories shopped at a convenience store include all immediate consumption items: tobacco, beverages, foodservice and snacks. Some convenience stores are taking this a step further by providing beauty care items, phone accessories and baby supplies.

Offering a good assortment of snacks is also critical. Most snacking occasions take place in the morning and afternoon. Interestingly, the reason for snacking shifts during the day. People are more likely to make a healthy snack choice early in the day and give in to temptation later on—three-quarters of salty snacks are purchased after noon, according to 2018 c-store loyalty card data. Snacking is driven by both taste and emotion, and it is important to understand what consumers will gravitate towards at various points throughout the day and merchandise accordingly. The more that c-stores can truly be a “one-stop-shop,” the more immune they will be from lower-priced competitors and the convenience of home delivery.

**Growth Idea #2: Provide an experience**

In a world where retail is shifting to ecommerce, providing an experience is critical for all brick-and-mortar stores to survive, including convenience stores. One example of creating an experience is F’real, a milkshake and smoothie machine located in many convenience stores. Shoppers select a frozen milkshake cup from a clear fridge, place the frozen cup in a blending machine, then watch as the product is blended to a desired consistency. By blending the product before your eyes, F’real provides a novel experience that can’t be replicated online.

Another example comes from promotions. In 2017, 7-Eleven used a promotion to create a unique experience by providing a hot pizza, beverage and Redbox movie for under \$7. Rather than sell those items individually, the promotion sold a “date night experience” at an affordable price.

Finally, experiences can also come from strong relationships with store employees. At one independent c-store, regular customers frequent the store to chat with the owner, swap stories and connect on a personal basis, providing an experience that can’t easily be replaced.

**Growth Idea #3: Foodservice**

Survey data reveals a major reason why consumers stop at convenience stores: an immediate desire to eat or drink. Many c-stores are opting to invest in foodservice to drive foot traffic. For now, the focus is on breakfast. According to 2018 shopper loyalty card data, two-thirds of foodservice sales happen between 5 a.m. and 2 p.m.

Interestingly, many foods served at breakfast time are not traditional breakfast foods. C-store audits across the United States in 2017 revealed that chicken

tenders, hamburgers and hot dogs are commonly served at breakfast as well as other parts of the day, no doubt helped by workers who are coming off a night shift and looking for savory options.

Although foodservice is important, developing a foodservice program is not easy. Usually an investment is required to gain awareness in this category. One foodservice manager shared the story of how she converted her convenience store to a hot food destination in her small town. With her manager’s support, she stocked the hot box with hot food items, then dutifully threw out the food every two hours to ensure high quality. At first, shoppers weren’t aware of the hot food offerings; most of the hot food items were not sold but thrown away. After a couple weeks of high food waste, awareness built steadily. Consumers learned to trust that store for high-quality, regularly stocked hot food items, and the foodservice business has been strong ever since.

Many c-stores fail to become foodservice destinations because they focus too much on food waste, especially in the first few weeks of a new program launch.

Once a foodservice program is established, there are multiple ways to bring it to life. Sheetz now allows customers to order food before they arrive at stores and provides a kids’ menu. 7-Eleven has meal kits available for \$4.99 that allow customers to grab a meal for home consumption.

Other c-store chains have opted to invest heavily in foodservice to fully compete with QSRs. Sheetz and Wawa, for instance, provide upscale customized sandwiches that compete with Panera while Royal Farms is famous for its fried chicken. Unlike most c-stores, these chains invest heavily enough in foodservice that they compete more in lunch and dinner than typical c-stores.

As home delivery and online shopping grow, now is the time for c-stores to embrace new ways to meet consumer needs. By creating novel experiences, providing foodservice and fully becoming a “one-stop-shop,” convenience stores can thrive in this new era of convenience. **CD**



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*For more information on this topic, make sure to register for our webinar “Understanding the Impact and Opportunity with Snacking and Foodservice in the Convenience Channel” on 3/12/2019 at 1pm EST. Contact Carrie Abernathy (carriea@cdaweb.net) for more details and additional resources on foodservice.*