

Innis Maggiore's Lorraine Kessler delivers smart positioning counsel for convenience stores in *NACS Magazine*.

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Following is the complete article published in *NACS Magazine*



You've got a fresh foodservice offer, but how do you get customers in your stores to see for themselves? **BY NICK DIULIO**

Get Your

FRESH





Halfway through the 1983 film *Vacation*, a road-weary Clark Griswald turns to his family and says, “I’m so hungry I could eat a sandwich from a gas station.”

It’s a memorable line, but one that probably wouldn’t play as well to an audience in 2009 — today’s consumer expects noticeably more from the convenience store experience than just two decades ago. The aisles should be wider, the ceilings higher, and the foodservice is expected to be tasty and fresh enough for the entire family to enjoy. But how do retailers get the message out to consumers that the days of Clark Griswald are over?

FOOD HERE!



DID YOU KNOW?

Foodservice sales accounted for about 25 percent of in-store profits in 2008.

(Source: NACS State of the Industry data)

“There is no doubt that the value equation is a much higher priority in the consumer’s mind today than it was just a few years ago,” said Jeffrey Leedy, senior vice president of marketing for the York, Pennsylvania-based Rutter’s Farm Stores, which has generated plenty of industry buzz with its latest foodservice offerings.

Last year, Rutter’s unveiled an ambitious growth plan, investing more than \$55 million to build 10 stores and 11 car-washes. The emphasis was on adding value to the entire in-store Rutter’s experience, which meant the addition of innovative foodservice options such as custom stir-fry, fajitas and fresh-baked breads. Customers can even design their own “oriental bowls” with their choice of chicken, beef or pork, as well as fried rice, white rice, noodles and veggies. Rutter’s also offers a sub and ciabatta in seven different varieties, as well as a chilled grab-and-go counter with fresh sandwiches and locally inspired food creations.

The idea, says Leedy, is to create a restaurant atmosphere with the speed of a traditional convenience store experience. “What we try to do is maintain value in the everyday experience, not just add value at times of promotions and sales,” said Leedy. “And much of our success has come to us because we have these made-to-order fresh food offerings.”

Jack Cushman, vice president of foodservice for Nice N Easy Grocery Shoppes in upstate New York, saw a record 8.2 percent increase in sales in 2008. Echoing Leedy, Cushman said that Nice N Easy’s recent success comes from its continued effort at branding itself as a mid-level dining alternative, not just a quick stop for soda and smokes.

“We like to think of ourselves as positioned somewhere between Panera Bread and Subway,” said Cushman. This means offering everything from free wireless Internet access to made-to-order salads, subs and fresh fruit cups made onsite.

“Everything is moving in the direction of ‘fresh,’” explained Cushman.

“Just the word ‘fresh’ alone elicits a psychological response. Children who have been educated in the public school system about nutrition and obesity over the last 20 years are now making financial decisions. They’re buying things. And if you can’t be the one to give them the things they know are good for them, or if you try to sell them only what their parents ate 20 years ago, you’re going to miss the boat.”

Get Them Inside

But innovative food offerings are only effective if customers come into the store to purchase them. To highlight their new focus on foodservice, some retailers are beginning to tie fuel purchases more closely with in-store shopping. Consider Giant Eagle’s foodperks! promotion, a complementary twist on the supermarket chain’s popular fuelperks! program, which rewards shoppers with discounts on gasoline.

Foodperks! enables customers to earn discounts on regular supermarket purchases for pumping gas at the retailer’s GetGo fuel stations. Every 10 gallons of fuel pumped at GetGo using the Giant Eagle Advantage Card earns customers a 1 percent foodperks! discount off the price of a single trip’s purchases inside one of Giant Eagle’s 23 Columbus, Ohio, markets. Discounts can be saved up, for a maximum of 20 percent off a single purchase. So customers stocking up with \$200 in food, for example, could save \$40, and any additional earned discounts beyond the 20 percent can be saved for later.

Rutter’s also rolled out a promotion this summer — Fuel Up Free! — that tied together its food and fuel purchases. The chain will give away a one year supply of free gas to eight grand-prize winners. (Six winners have been announced as of presstime.) A customer participates in the contest every time he or she purchases a food or beverage special in the store — the more specials purchased, the better one’s chances of winning.

“There is tremendous opportunity for

c-stores to influence purchase behavior,” said Jeff Weidauer, vice president of marketing for Vestcom International, a point-of-purchase marketing firm that works with several retail chains nationwide. “Sixty percent of shopping trips are fill-in, quick trips to grab a gallon of milk or a loaf of bread on the way home. But convenience stores are finding ways of tying in fuel purchases with food, which gets customers to spend more time in the store.”

St. Joseph’s University marketing professor Scott Testa says the recent expansion of the c-store shopping experience is not only unlimited in terms of more nuanced foodservice options but also refers to the growing size of the stores themselves. Pointing to the recent construction of a new 4,400-square-foot Circle K in Tucson, Arizona (twice the size of its typical store footprint), Testa believes the most effective way of driving foot traffic is going to come from a pervasive redesign of the stores themselves.

“You’re seeing some of the chains, like Circle K and Wawa, coming out with bigger footprint stores with more gas pumps and a wider selection inside. This might seem like a site selection strategy, but it’s really a branding and marketing strategy,” said Testa. “Consumers want their c-stores to have ATMs, gas, prepared foods and clean bathrooms. And the c-stores are trying to attract their customers with bundle purchases. They can now pick up milk, get a coffee, order a sandwich and use the ATM. It’s all about providing more and more services to the customer.”

Online Marketing

Rita Bargerhuff, vice president of marketing for 7-Eleven, noted that the Internet has been an invaluable resource in fine-tuning the chain’s foodservice marketing strategy. Consider the Slurpee Nation rewards program. This summer, Slurpee cups featured codes that can be entered online and redeemed for prizes, along with entry into a sweepstakes and instant-win

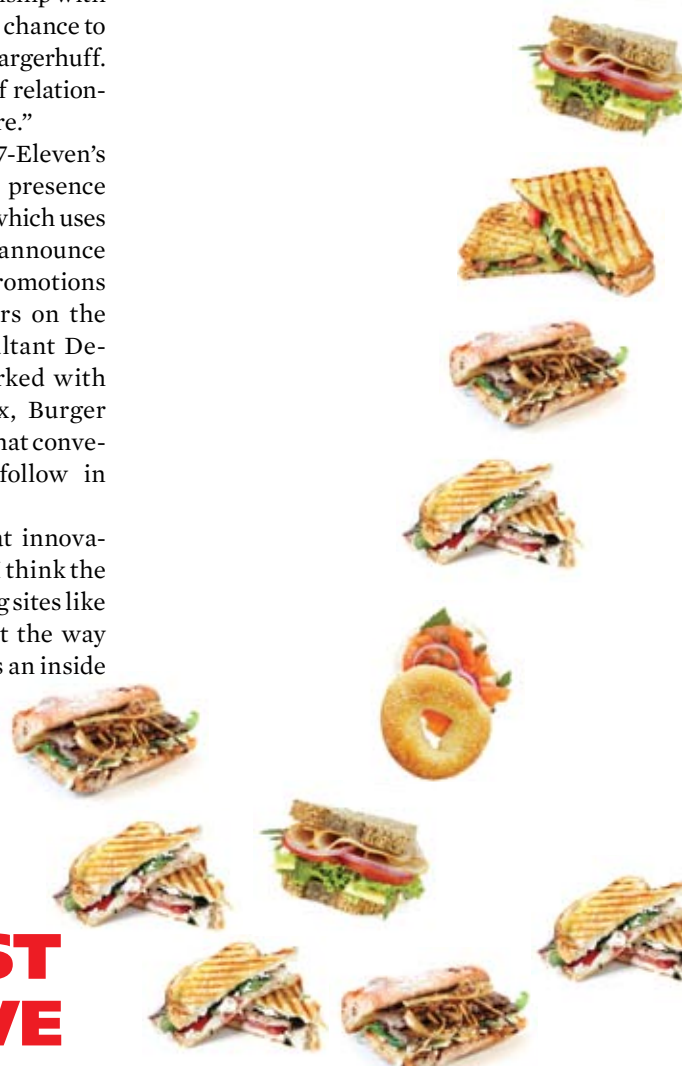
games. Not only does this promote the Slurpee brand to younger, tech-savvy consumers, it also allows 7-Eleven to build more nuanced relationships with its customers.

“It’s a terrific initiative for us because it’s mutually beneficial. It allows us to understand and have a relationship with the Slurpee fan, and they get a chance to see what’s coming up,” said Bargerhuff. “We’ve never had this kind of relationship with the Slurpee fan before.”

The same could be said for 7-Eleven’s recently launched Twitter presence (twitter.com/7ElevenSoCal), which uses the social networking site to announce new products, services and promotions to a select group of followers on the West Coast. Industry consultant Denise Lee Yohn, who has worked with chains like Jack in the Box, Burger King and Jamba Juice, says that convenience would be wise to follow in 7-Eleven’s Twitter steps.

“7-Eleven has shown great innovation in this,” said Lee Yohn. “I think the stores most successful at using sites like Twitter are the ones using it the way 7-Eleven is, giving consumers an inside track on what’s going on. It’s not like this corporate voice that’s out there treating this as another advertis-

THE MOST EFFECTIVE WAY OF DRIVING FOOT TRAFFIC IS GOING TO COME FROM A PERVASIVE REDESIGN OF THE STORES THEMSELVES.





ing channel. It shows more of the personality of the brand and engages people on a more intimate basis.”

To be sure, another benefit to social media marketing is the potential cost savings retailers can realize. A Facebook or Twitter presence, for example, is far less expensive than a television commercial or direct mail campaign — and it can be equally effective.

“The costs of such tactics are indeed much lower than broadcast media and even direct mail, so the recession has certainly fueled their adoption by marketers,” said Lee Yohn. “But these tools have also proven to be quite effective in generating traffic. Facebook and Twitter can spread the word far and fast about promotions.”

Case in point: Starbucks’ “Free Pastry Day” on June 21. By the afternoon, that promotion reached the number six slot on Google’s most searched list.

“C-stores can use these tools to promote their foodservice by running special offers without the hassle of coupons, announcing the arrival of a new product, and broadcasting to local followers when a product is fresh out of the oven,” said Lee Yohn.

This is not to suggest every tradi-

tional marketing outlet has been sacrificed for the latest trends of the Internet. Rutter’s, for example, still uses billboards on a regular basis and purchases extra boards on a temporary basis to help with new program rollouts.

“The use of full-page newsprint is still going on but with less focus here than before,” said Leedy. “It’s good to explain complex programs, but [newspaper] readership is declining and getting older. The next choice is radio for us, which is aimed at a younger demographic.”

What the Future Brings

Experts say in-store foodservice will continue to play a more significant role over the next decade. According to NACS State of the Industry data, in-store sales jumped 3.2 percent in 2008 to \$173.9 billion nationwide. Moreover, foodservice sales accounted for about 25 percent of in-store profits last year. But Lorraine Kessler has a word of caution as retailers move forward.

Kessler is chief strategist at Innis Maggiore, a marketing agency that has worked with several national convenience store and QSR brands, including BP, Arby’s and Arabica Coffee House. She says the rise of “C-Store 2.0” is a positive step for the industry, but that retailers should be careful not to lose sight of their overarching purpose: speed and convenience.

“If convenience stores blur the lines too much between themselves and QSRs, people will start wondering, ‘What are they?’ They are neither fish nor fowl. They should be a convenience store first and foremost,” said Kessler. “In certain competitive markets you should get wider aisles, larger stores and more food options. But in other places I think ubiquity will kill its uniqueness fast. I think each retailer will have to find a targeted strategy based on the competitive space it’s in.” **NACS**

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FACEBOOK AND TWITTER CAN SPREAD THE WORD FAR AND FAST ABOUT PROMOTIONS.