

HOW TO GROW FOODSERVICE SALES

Retailers recognize that an effective food program helps position them as a destination for on-the-go consumers. Creating competitive points of differentiation in today's hyper-competitive environment.

By Elie Y. Katz | October 30, 2023

Understanding what your customers want and how to sell it to them is more important than ever. Competition for the convenience customer's disposable income has never been higher, and this is especially true for foodservice. QSRs are embracing delivery, and supermarkets are redesigning their stores to accommodate busy customers with more front-door parking and emphasizing the front end to get people in and out quickly.

This is all being done with one goal in mind: to convert convenience store customers.

As restaurants emphasize delivery, Amazon has jumped into the fresh foodservice market and delivery business to influence how consumers purchase their meals. Other third-party delivery services have gained momentum, keeping customers away from convenience stores in favor of home delivery. To remain competitive, convenience store operators must keep pace to maintain sales in this crucial category.

Traditionally, one of the biggest barriers to foodservice acceptance at convenience stores was that the industry lacked the skillset, space and labor to produce fresh food daily. While the labor issue still persists, the other issues have evaporated thanks to the leadership of top-quartile convenience store chains, which are as much a household name in their markets as McDonald's.

To keep moving the needle forward, convenience stores must track foodservice trends and keep tabs on the competition. Here's a look at some consumer trends that are driving foodservice purchases:



Changing Customer Preferences. Bold and exotic flavors, snacking and health and wellness are at the forefront of consumer food preferences, and the millennial generation is frequently driving those choice options with their adventurous palates.

Packaging. On-the-go, convenient packaging, like bowl-based choices, will grow in demand as eager consumers look for quick but healthy eating options. Bowls, in particular, are an ideal solution for convenience stores. Packaging must pass the commuter test. That means it can't leak when transported in a car, and it must seal properly to retain heat and freshness. The worst thing chains could do is serve outstanding food and then fail the packaging test.

Delivery Services. Home delivery is one of the most convenient options foodservice operators can offer to address consumers' needs for convenient meal solutions. And operators have new options available to them when entering the delivery market. Furthermore, c-store owners no longer need drivers, vehicles and insurance to offer their customers a delivery option. Third-party delivery services can fill this need. Some work with select restaurants only, some charge restaurants a fee to offer their services and others do a mix of both, charging the customer and restaurant.

Food Safety. Various healthy, fresh food options are currently accessible from most c-stores, as many have adapted their facilities to meet consumer demand. C-stores also offer prepared food options and onsite food preparation stations as store concepts converge to keep up with consumer tastes. As a result, delivering fresh food that customers want while keeping the food safe, reliable and profitable is a growing issue. Customers need to know the food is fresh and safe, especially as chains like Chipotle struggle with repeated outbreaks of foodborne illnesses.

High Expectations. Consumers of all ages wish to establish trust with food providers, and young consumers are expected to continue this trend in future years. Some 68% of millennial consumers prefer local sourcing of ingredients, and 66% of them are willing to pay a little more for food that comes from local producers, according to a Y-Pulse study titled *The Modern Consumer: Understanding Tomorrow's Tastemakers Today*.

Convenience stores will need to react to this consumer group to continue to earn their business. The key is understanding what you can do well and doing it consistently. Be innovative, be fast, be fresh, but above all else, you have to be good.

Elie Y. Katz is the president and CEO of National Retail Solutions (NRS).