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On the cover: Maren Caruso/Getty Images. This page: kyoshino/Getty Images

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\$302,346

Average sales per store of prepared food in 2021.



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Premier Manufacturing: Brands Built on Integrity

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Meal Time

A quick scroll through my c-store social media feeds left me feeling hungry and wishing I lived near enough to sample the great food on display. Cumberland Farms was touting breakfast pizza and a waffle sandwich, 7-Eleven was showing off Taquitos, Weigel's Stores beckoned with new cheese sticks and Spinx teased me with its Nashville Hot chicken sandwich.

One of the best burgers I've ever had at a c-store (or fast-casual restaurant for that matter) was from Urban Counter at The PRIDE Stores in St. Charles, Illinois. A hand-pressed all-beef burger served with cheese curds and deep-fried bacon on a pretzel bun. So good! There's a new Foxtrot Market in Alexandria, a nice lunchtime stroll from the NACS office, so on a recent sunny afternoon I stopped in and walked out with a grab-and-go sesame chicken salad and two doughnuts. Urban Counter/The PRIDE Stores and Foxtrot are among the convenience retailers differentiating their offers with food and carefully curated goods.

Foodservice done well is the convenience retailing industry's future. Our cover story this month, "The Main Course," delves into how the key category performed in convenience stores in 2021 and looks at how things are going so far this year. Overall, foodservice sales rose 24% in 2021, compared with 2020, according to preliminary data from the NACS 2021 State of the Industry survey, and prepared food drove much of the growth. Foodservice sales beat 2020's pandemic-battered performance but are still short of 2019's performance.



A push to win crucial "share of stomach" against the pull of QSRs is an ongoing battle. Nearly 29% of c-store shoppers plan to go to a QSR within 30 minutes of visiting a convenience store, according to the 2021 NACS Convenience Voices survey. See how retailers like Kum & Go, Neon Marketplace, Rutter's and TXB are fighting back in "Competing With QSRs."

At the soda fountain and in the cold vault, consumers seeking carbonated drinks with better-for-you ingredients and natural flavors are gravitating toward craft sodas, as we share in "Craft Soda Pops in C-Stores." The better-for-you trend is even having an impact in the candy category. "Candy, But Better" explores how confections can and do fit into health-conscious lifestyles.

If you have a few minutes, please check out the NACS annual report: A Look Back at Where We Are Going—a digital first for NACS. You can find it here: nacsannualreport.convenience.org. Keep them fed and fueled, my friends.

Kim



Kim Stewart, Editor-in-Chief

Foxtrot Market's pastries and Urban Counter's burgers are good eats.

“Foodservice done well is the convenience retailing industry's future.”

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Promotion in market July 1-Oct. 31.

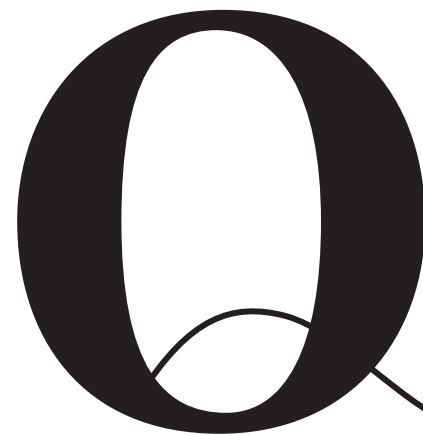
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What are the musts for any successful foodservice program?



▶ **Annie St. Romain Gauthier**, CFO, Co-CEO, St. Romain Oil Company LLC & Y-Not Stop

“I’ve often thought over the past several years that foodservice is like a race. Lots of competitors are vying to win. Some seem to think it’s a sprint and burn out. I believe that done well, it’s a long-form relay race that requires the staying power of a marathon. For a successful foodservice program, you must know your market and your capabilities and **be prepared to measure, monitor and move on.**”

Each market presents unique opportunities, and what works for one retailer will not work for all. Focus on what you’re passionate about that’s lacking in your market and can sell. Know your team’s capabilities—what experience do y’all have, how much space do you have, how willing are you to invest the money and time it takes to build a strong foodservice program?

One person alone cannot make a foodservice program; it requires a foodservice culture that involves your whole team and considers their abilities and needs as well.

You must track your item data, analyze it and act on what you learn to use yesterday’s lessons to make tomorrow better. We’ve been tracking purchases, sales, waste and shrink at item level for almost 15 years. I can’t imagine running a successful foodservice business without knowing what’s driving sales and costs. Many retailers, especially those who’ve been in the industry for years, struggle with a tendency to control their foodservice

programs to death. Literally. A thriving foodservice program will require an investment in fresh food—and that will show up as wasted food. If you don’t produce enough, you can never optimize your sales. That said, overproducing needlessly is costly. Be bold but not foolish.

We were talking to a new restaurant operator the other day who was blown away by the level of tracking we do. Unfortunately, despite his great food and fabulous personality, he’s headed for closing the doors because he’s not measuring his profitability. I hope he can get it together, but it’s a story we’ve seen repeated over the years. To stay the course, you must pace yourself.

Invest in tracking. Learn what works. Be patient. Give new products time—months not weeks, but not years either. Be willing to prune what’s not working. Sometimes great ideas are not right for a given store at a given time. We launched a fruit cup program at a rural store in 2009, and it was rotten timing—literally. We’ve since launched the same program a decade

later in a metro market with great results. We rolled it out to all our other stores, including the original store from 2009, and it’s thriving.

We’ve launched great products that customers asked for but then didn’t buy. We’ve brought in limited time offers and seen them take off and become permanent. We’ve grown sales—and streamlined operations for our team members—even while moving away from all-day breakfast and dropping pizza entirely from our menus.

Listen to your customers—it doesn’t matter how great a product seems—what matters is how customers vote at the register. Pilot items and then roll them out across your stores. Focus on building a reputation for your core items, and bring in simple LTOs to keep it interesting. Don’t reinvent the wheel; it’s a marathon of executing with boring consistency, not a sprint from one great new idea to the next. And while we never reach the finish line, we’re certainly stronger for running the race. **C**

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Calling All Foodservice Pros

NACS to host first-ever Food Safety Conference on October 1.

Join food safety, foodservice, quality and assurance and risk management professionals for the inaugural NACS Food Safety Conference—the first industry-specific event of its kind for the global convenience retail community—on Saturday, October 1, 2022, the first day of the 2022 NACS Show in Las Vegas.

The agenda is packed with renowned food safety and food safety culture professionals and academia who are experts in their field. This event is tailored to industry professionals who are leading their company's food safety and safe food-handling procedures and protocols.

The convenience retailing industry's foodservice category growth is in

lockstep with how customers engage with our stores—which makes safe food handling, cleanliness and food safety culture paramount to our industry's continued success as we meet the needs of the 165 million customers who frequent a convenience store daily.

The conference opens at 9:30 a.m. with remarks by Dr. Jay Ellingson, chief scientific officer at Kwik Trip Inc. The day ends at 3:30 p.m. with the session, What's Next for Our Companies? A panel of convenience retail food safety professionals will talk about what's keeping them up at night, followed by audience Q&A.

The full speaker lineup is being finalized, but here are some other sessions you can expect:

WHY FOOD SAFETY CULTURE?

There are well-established food safety and quality protocols and processes within the convenience retail industry. That said, there is also a need for leadership to foster a top-down food safety culture that protects and sustains the future of the business.

Dr. Lone Jespersen, founder of Cultivate and a food safety culture expert, will share exclusive insights on the NACS Convenience Store Food Safety Culture Maturity Model, the first and only global convenience retail industry specific model that advances food safety culture by initially focusing on the leadership level. Dr. Jespersen will also highlight how a company's food safety culture can support, align and contribute to its vision and mission.

WHAT THE PANDEMIC TAUGHT US

From recalls to managing the food supply, to the role of regulators and in-store food safety training, the global COVID-19 pandemic has had a massive impact on the food safety system. Dr. Ben Chapman, a professor and food safety extension specialist at North Carolina State University, will discuss what the industry has learned since March 2020 and how we can best prepare for the future.

Dr. Chapman is also the project chair of FoodCoVNET, which provides science-based strategies and practices to reduce the public health and economic impacts of COVID-19 on the food sector. He'll share ongoing research on virus persistence, inactivation and transfer.

Sign up for notifications about the conference and NACS Show at www.nacsshow.com/notify-me. **C**

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Here's Why You Should Add a Car Wash

Operating a car wash is a high-margin, low-labor venture.

The car wash industry is steadily expanding. In 2021, the industry grew to over \$15 billion in the U.S. and nearly \$30 billion globally, and further industry growth is expected during the next decade.

If convenience retailers are thinking about adding a car wash to an existing site or looking into new build locations that would incorporate a car wash, NACS has published a free white paper

on the current landscape of car washes. The paper, "Leveraging Car Wash Potential in Convenience Retail," provides insight on:

- Car wash types and site selection criteria
- Wash tiers and subscription models
- Marketing efforts, building car wash loyalty and customer expectations
- Wash maintenance and labor requirements
- Handling customer complaints

According to the paper, operating a car wash is a high-margin, low-labor venture for convenience retailers, and interest in tunnel washes is growing among convenience retailers with available space, particularly at new build locations.

Vehicle maintenance and upkeep levels are higher because consumers are keeping cars longer, particularly since March 2020. Plus, increased personal vehicle ownership for gig-economy work is prompting owners to take better care of their vehicles to create a more polished image.

NACS offers recommendations for retailers who don't own car washes on how to set them up, what type to implement, how to have a frictionless wash experience and more.

Find out how convenience retailers are leveraging car washes to drive traffic and deliver growth by downloading the free white paper today at www.convenience.org/carwash. **C**

Calendar of Events

MAY
NACS Industry Update Luncheon
May 05 | Des Moines, IA

NACS CEO Summit Europe
May 10 | London, U.K.

NACS Industry Update Luncheon
May 12 | Madison, WI

NACS Leadership for Success
May 15-20 | Glen Allen (Richmond), VA

NACS Convenience Summit Europe
May 31 - June 02 | Berlin, Germany

JUNE
NACS Convenience Leaders Exchange - South Africa
June 10 | Johannesburg, South Africa

JULY
NACS Financial Leadership Program at Wharton
July 17-22 | The Wharton School, University of Pennsylvania | Philadelphia, PA

NACS Marketing Leadership Program at Kellogg
July 24-29 | Kellogg School of Management, Northwestern University | Evanston, IL

NACS Executive Leadership Program at Cornell
July 31-August 04 | Dyson School, Cornell University | Ithaca, NY

NACS Convenience Summit Asia
July 19-21 | Singapore

OCTOBER
NACS Show
October 01-04 | Las Vegas Convention Center | Las Vegas, NV

NOVEMBER
NACS Innovation Leadership Program at MIT
November 06-11 | MIT Sloan School of Management | Cambridge, MA

NACS Women's Leadership Program at Yale
November 13-18 | Yale School of Management | New Haven, CT

For a full listing of events and information visit www.convenience.org/events.



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TruAge™ Welcomes CEO and Staff

Kyle McKeen has been named CEO of TruAge™, the new digital solution that enhances current age-verification systems and protects user privacy. McKeen has decades of leadership in retail, including serving as president and CEO of Alon Brands, which owned and operated hundreds


of convenience stores in Texas and New Mexico. “Kyle’s deep retail experience in growing brands and building business struc-

tures will be enormously beneficial as we roll out TruAge over the coming months,” said NACS President and CEO Henry Armour.

In addition, TruAge has tapped **Patrick Abernathy** as its manager of retail and systems engagement.

Abernathy has more than 20 years of industry experience, most recently as director of IT for Jacksons Food Stores and prior to that as IT director for Sapp Bros. Travel Centers.

Developed by NACS and Conexus, its standards-setting partner, TruAge makes the traditional carding experience more reliable and accurate.

TruAge was launched in limited tests late in 2021. A more robust round of pilot tests will commence this spring in locations in California, Texas and Virginia, with a national rollout planned for later this year. Visit www.convenience.org/truage. 

New Members

NACS welcomes the following companies that joined the association in February 2022. NACS membership is company-wide, so we encourage employees of member companies to create a username by visiting www.convenience.org/Create-Login. All members receive access to the NACS Online Membership directory, latest industry news, information and resources. For more information about NACS membership, call (703) 684-3600.

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Ventura Foods
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www.venturafoods.com

Vpr Collection
City of Industry, CA
www.vprcollection.com

Member News

RETAILERS



Jim Calvin

The New York Association of Convenience Stores announced that **Jim Calvin**, NYACS president, has been elected to the New York Convenience Store

Hall of Fame. NYACS will induct him during its annual Chairman’s Banquet on May 12, 2022, in Syracuse. Calvin will retire July 1 after 24 years as NYACS’ chief executive.



Ruth Ann Lilly

GPM Investments announced the promotion of **Ruth Ann Lilly** to senior vice president of marketing and merchandising. Lilly’s leadership has helped to

elevate community brands, the fas REWARDS program and the customer experience, GPM said.

Suppliers



Nici Bush

Mars Inc. announced that **Nici Bush** has been promoted to vice president of innovation, science and technology. Bush will report to the CEO and

serve on the global Mars leadership team. She will oversee research and development, including science and technology, quality and food safety, scientific and regulatory affairs, the

Mars Global Food Safety Center and the Mars Advanced Research Institute.



Randy Dominguez

Boise, Idaho-based Golbon named **Randy Dominguez** as its vice president of category management. He will also serve on the company’s executive team. Dominguez previously was head of direct procurement at Reef Technologies.



Jennifer Eaton

Haskel Thompson & Associates has promoted **Jennifer Eaton** to recruiting specialist. Eaton’s decade-plus of experience in the convenience store industry

includes work for multiple top 100 convenience chains in various capacities from merchandising, category and brand management to data analysis and project management.



Xavier Facon

Xavier Facon has been named to NielsenIQ’s leadership team as global head of retail media. Facon will lead the product strategy, commercialization and vision for NielsenIQ’s Retail Media offering, a key growth vector for the company.



Parm Singh

Parm Singh has been promoted to global head of retail analytics at NielsenIQ. Singh will manage NielsenIQ’s growing retail analytics

portfolio, working closely with the organization’s North American and International Retail commercial teams to build best-in-class solutions.



Jennifer Williams

Jennifer Williams has joined AccuStore, a GSP company, as vice president in charge of strategy and sales. Williams comes to

AccuStore from Perry Ellis International, where she earned industry recognition awards for excellence in operations and visual execution.

Kudos

7-Eleven Australia was recognized as Retailer of the Year for a third time at the recent annual Australian Association of Convenience Stores (AACS) Awards.

The award recognizes the convenience retailer who has delivered excellent in-store experiences and offers for consumers, showed leadership in the industry and who worked collaboratively with supplier partners to enable collective success.

CONVENIENCE CARES



Get Ready for 24/7 Day



The NACS Foundation is ramping up for another successful 24/7 Day! Industry retailers and suppliers can help us celebrate our industry's 24/7 commitment to the communities we serve on July 24.

Now in its fourth year, 24/7 Day unites convenience stores across America to recognize first responders, medical personnel and American Red Cross volunteers who work around the clock—24/7—to serve our communities and make sure people don't face emergencies alone.

Since the inaugural 24/7 Day celebration in 2019, industry participation has grown 1,033%. In 2021, 34 convenience retail companies participated in 24/7 Day at more than 30,000 store locations across the United States.

"It's our goal in every community to be the best neighbor we can be," said Nicholas Ruffner, public relations manager for Sheetz, a 2021 24/7 Day Community Leader Sponsor. "We've developed a strong relationship with those who keep us safe, and we wanted to honor their service on July 24," he said.

The annual event helps raise awareness and donations for the urgent humanitarian needs of the American Red Cross and spotlights our industry's important role in supporting local heroes and the communities we serve.

"These front-line workers and first responders are our neighbors, friends and customers," noted Corey Cuvelier, convenience retailing manager for the U.S. at Shell, a 2021 24/7 Day Community Advocate Sponsor. "Our participation in 24/7 Day recognizes their sacrifices and is one way we can express our sincere appreciation for their work in keeping our communities safe and secure," he said.

There is no entry cost to retailers to join 24/7 Day, and specific campaigns can be created based on retailer needs and goals, making the program very flexible.

To find out how your company can participate in this year's 24/7 Day, visit www.247day.org, or contact Stephanie Sikorski, NACS vice president of marketing and executive director of the NACS Foundation, at ssikorski@convenience.org. **C**

SOCIAL SHARES
NACS encourages retailers to share their giving-back news on social media using **#ConvenienceCares**.

In The Community

Every year, the convenience and fuel retailing industry dedicates billions of dollars to advancing the futures of individuals and families in our communities. The NACS Foundation unifies and builds on NACS members' charitable efforts to amplify their work in communities across America, and to share these powerful stories.

Learn more at www.conveniencecares.org.



MAVERIK AIDS UKRAINE

1 Salt Lake City, Utah-based **Maverik** initiated a "Round Up Your Change" register donation campaign March 28-April 28 to help people affected by the Ukraine crisis. Maverik also made a \$50,000 contribution to the Red Cross.

"We're terribly saddened by the events in Ukraine," said Chuck Maggelet, Maverik's president and chief adventure guide. "Our hearts and minds are with everyone impacted by this conflict. Our customers and team members have expressed they also want to help and we're grateful to be able to activate this donation program allowing everyone to respond."

Customers could visit their local Maverik to "Round Up." Cash or credit donations up to 99 cents per transaction were accepted at Maverik stores across 12 states, and anyone interested in donating \$10 or more could do so online.

DANDY HELPS VETERANS

2 **Dandy** partnered with the Bradford County Veterans Affairs Department in Pennsylvania to raise awareness for the county's Mobile Veterans Resource Center (MVRC) vehicle. The MVRC was stationed at multiple Dandy stores in late March and April, where local veterans could learn about the services available and apply for benefits and compensation.

"[W]e couldn't be happier with the partnership. We proudly support our veteran employees and customers, so taking the opportunity to use Dandy's presence in Bradford County to help more veterans acquire services and benefits is important to us," said Bill Bustin, Dandy's marketing director.

Meanwhile, Dandy's 2021 Dandy Canes community fundraising campaign raised \$90,303 across the chain's 67 locations, which is a record for the c-store.

HY-VEE SUPPORTS MILITARY FAMILIES

3 **Hy-Vee** locations have raised over \$156,000 for Hope For The Warriors, a nonprofit that helps veterans, service members and military families. With this recent donation, Hy-Vee has raised over \$1 million for the organization.

The Hy-Vee Homefront Round Up program allowed customers to round up their transactions to the nearest dollar—or any amount—with the proceeds going to support designated Hy-Vee Homefront organizations like Hope For The Warriors.

"Hy-Vee has been a strong advocate for veterans and military for nearly 20 years," said Brad Waller, assistant vice president of community relations at Hy-Vee. "We launched the Homefront initiative in 2013 as a way to provide financial support

to Hope For The Warriors and other veteran organizations. Together with our customers, we want to make sure our country's heroes know how much we honor and support them."

PILOT RAISES \$1.7 MILLION

4 **Pilot Company** customers and employees teamed up to raise \$1,773,232 for the American Heart Association's "Life Is Why" campaign in February. It was the largest donation in the company's six-year history of supporting the American Heart Association, reaching a total donation of more than \$6.8 million.

"What an incredible turnout we had from guests and team members donating at our stores during American Heart Month," said Brian Ferguson, chief merchant at Pilot Company. "On

behalf of our entire team, thank you to everyone who participated and helped make this the best year yet. It's an honor to continue supporting great organizations like the American Heart Association."

RUTTER'S BACKS YOUTH SPORTS

5 **Rutter's**, through its Rutter's Children's Charities, donated \$50,000 to local sports leagues and teams. The charity selected 100 youth sports leagues and teams to receive \$500 for use toward uniforms, equipment, travel expenses and other needs.

"We're excited to help encourage kids and young adults to go out and be active this year through sports," said Chris Hartman, president of Rutter's Children's Charities. "After a couple difficult years, due to the pandemic, we thought this would be a great way to support our local community and youth sports teams. We can't wait to see the results!"



Making Our Voice Heard

NACS Virtual Day on the Hill connected the convenience industry to lawmakers in D.C.

BY MARGARET HARDIN

Key Figures

243

Meetings with lawmakers

131

Convenience retailers, suppliers and state association executives participated

46

States were covered

It's never been more important for members of our industry to use their collective voice to advocate on consumer and fuel retailing issues before Congress. The industry has evolved dramatically over the past two years, and the way we interact with lawmakers has changed as well. Most business is conducted virtually, and in-person meetings on Capitol Hill are still restricted. However, that didn't stop convenience retailers and suppliers from making their voices heard during the annual NACS Day on the Hill.

During March 8-9, NACS Virtual Day on the Hill provided a platform for 131 convenience retailers, suppliers and state association executives to share their stories and ask legislators for support on key policies impacting the industry.

This year's group of advocates had 243 productive meetings with lawmakers from 46 states. Our retailers represented nearly 17,600 locations across the country—that's over 11% of all

Virtual Day on the Hill team leads discuss strategy ahead of meetings with congressional representatives.

convenience stores in the United States. Attendees met with lawmakers on the top three priorities for the convenience industry: advocating for competition on credit card swipe fees, a fair and competitive EV charging market and supporting legislation that allows SNAP customers to purchase hot foods.

CREDIT CARD COMPETITION

With the rise in gasoline prices and inflation, the convenience industry has seen a historic jump in credit card swipe fees. This is because the largest portion of these fees are a percentage of transaction amounts. So, when prices go up, swipe fees act as an inflation multiplier.

The credit card market in the United States is broken, and swipe fees keep

NACS | Day on the Hill

going up because there is no competition in the marketplace. Visa and Mastercard make up 80% of the credit card market. These two networks set the swipe fee rates that thousands of banks who issue their credit cards charge retailers. The companies then prohibit those banks from putting a second network on a card, so retailers, like those attending Virtual Day on the Hill, have no market choice and are stuck with high swipe fees.

This year, Virtual Day on the Hill teams asked Congress to support a legislative solution that would require two network routing options on a credit

card, just like what already happens on debit cards. By introducing these routing options, retailers would have a choice of which network to route the transaction over, bringing some competitive pressure to how the networks set prices. If introduced, this legislation would provide much-needed relief to the convenience store industry and every business in America that accepts payment cards.

CREATING A COMPETITIVE EV CHARGING MARKET

The White House and Congress are considering proposals to expand the electrification of the transportation sector, including more incentives beyond what was included in the Infra-



Keep Daylight Saving Time

Day on the Hill schedules were thrown a bit of a curveball when Lyle Beckwith, NACS senior vice president of government relations, was called to testify before the House Energy Committee subcommittee on Consumer Protection and Commerce on the benefits of Daylight Saving Time (DST), the morning of March 9, the opening of Day on the Hill.

Because of NACS support in the 1980s for starting DST six weeks earlier in the spring, congressional committee staffers requested a historical perspective of why we move our clocks in the U.S.

Beckwith testified that the concept is really "daylight optimization," and that commerce in convenience stores and other industries increases dramatically when consumers have more daylight after work and school. He acknowledged that losing an hour of sleep in the spring causes aggravation for some but suggested that it quickly dissipates as people enjoy the evening sunlight.

Beckwith also noted that it is a balancing act. When days grow shorter in the winter, switching clocks allows for optimal utilization of dwindling morning sunlight. While expressing support for the current system, when hypothetically asked which NACS would prefer, permanent Standard Time or permanent DST, Beckwith responded, "permanent Daylight Saving Time."



The Day on the Hill team meets with Rep. Debbie Lesko (R-AZ-08).

structure Investment and Jobs Act that President Biden signed into law at the end of 2021. Since the convenience and fuel retailing industry sells over 80% of motor fuels in the U.S., our industry needs to have a seat at the table while these debates happen in Washington, D.C. Convenience stores and gas stations are in every city, county and state across the nation, with convenient locations in rural and urban areas that will be key to offering new transportation energy, like electricity, to our customers.

The current electricity market is outdated and ill-equipped to handle a competitive EV charging market. Removing barriers to private sector investment is imperative to the long-term development of the EV charging market. Excessive charges and archaic policies involving the sale of electricity that never envisioned the use of electricity for vehicles make it virtually impossible for the private sector to make a business case for EV charging and thus, curtails private sector investment in EV charging infrastructure.

Virtual Day on the Hill attendees asked lawmakers to support legislation that would direct states to modernize their policies that discourage competition and private investment in the EV charging market. If lawmakers want to fulfill current U.S. plans to install

NACSPAC DONORS

NACSPAC was created in 1979 by NACS as the entity through which the association can legally contribute funds to political candidates supportive of our industry's issues. For more information about NACSPAC and how political action committees (PACs) work, go to www.convenience.org/nacspac.

NACSPAC donors who made contributions March 1-31, 2022, are:

Richard Amador
Capital One Bank

Lisa Biggs
Impact 21

Brandon Duckett
RaceTrac Inc.

Logan Garrett
Hi View Real Estate

Kevin Majewski
7-Eleven Inc.

Steve McKinley
Urban Value Corner Store

Carl Motter
VAN Oriental Food Inc.

Eva Rigamonti
RaceTrac Inc.

Ron Rutherford
Apter Industries Inc.

Stan Sheetz
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Barrett Sims
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Richard Spresser
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Nick Stanley
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Join these leading organizations in their work to standardize the **technology** that defines the c-store and retail fuel industry!

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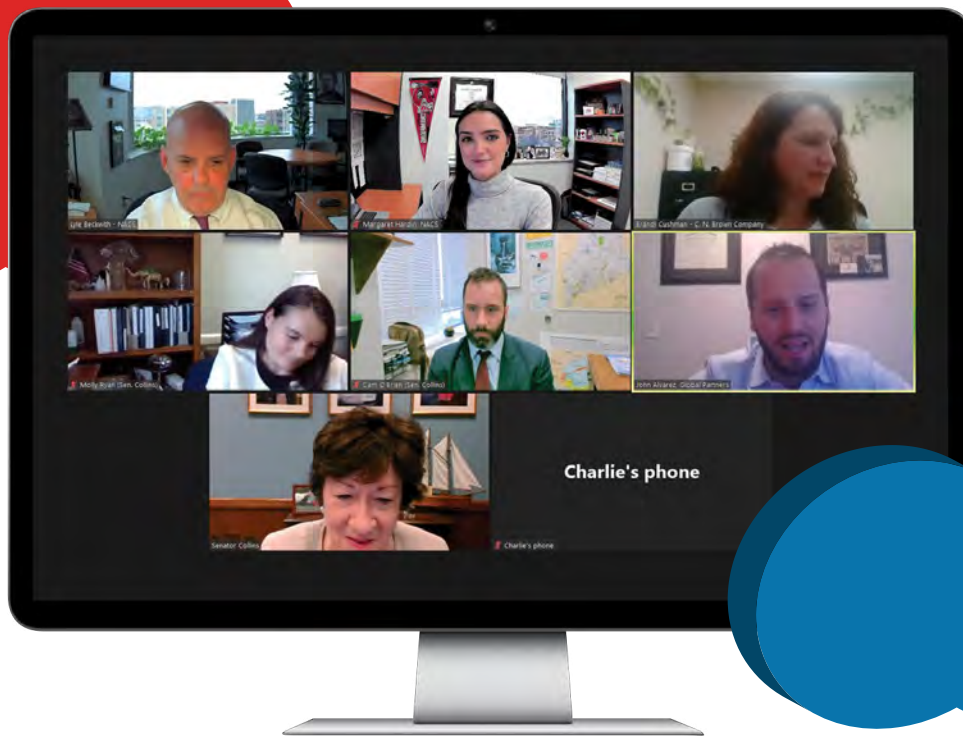


2022 Annual Emerald Sponsors



2022 Annual Garnet Sponsors





The NACS GR team and Day on the Hill participants meet with Senator Susan Collins (R-ME).

Top 3 Priorities



1. Credit card swipe fees



2. EV charging competition



3. SNAP hot foods access

500,000 EV chargers across the nation, they should support—not disincentivize—private sector investment and a competitive private market for EV charging.

SNAP HOT FOODS

Since the Supplemental Nutrition Assistance Program (SNAP) was established nearly 50 years ago, the way Americans buy, prepare and consume food has evolved. Yet, the 22 million families who rely on SNAP can only purchase cold prepared foods or foods for take-home preparation and consumption. Many Americans no longer prepare most meals from scratch; instead, they enjoy the convenience and flexibility of purchasing hot meals such as a rotisserie chicken, hot sandwiches or soup to eat on the go, at home or their workplace. Low income Americans who depend on SNAP need that flexibility as well.

Convenience stores play a vital role in SNAP by providing essential access to nutrition for low income Americans, particularly those in rural and urban America. Removing the SNAP hot

foods restriction is a commonsense update to modernize the program, and Virtual Day on the Hill teams shared this message with Congress. Attendees asked representatives to co-sponsor the SNAP PLUS Act (H.R. 6338), bipartisan legislation that would remove the SNAP hot foods restriction, and they asked senators to consider leading a similar companion bill in the Senate.

FINDING OUR PLACE WITH REP. NANCY MACE

Virtual Day on the Hill attendees also had the opportunity to hear directly from Congresswoman Nancy Mace (R-SC-01), who gave a behind-the-scenes update on how things are going on Capitol Hill and even revealed her favorite things to buy at a c-store (she loves her local gas station's prosecco!). She also had some helpful hints for everyone attending meetings during the NACS two-day event—be ready to have an honest conversation, make a concrete ask and, most importantly, share the compelling story of our industry.

THE SHOW FOR DAIRY, DELI, BAKERY

IDDBA 2022 is where the future of the industry begins.

NETWORK WITH MORE THAN 10,000

Serious retailers, buyers, merchandisers and manufacturing executives who share a passion for food and the industry.

THE ALL-NEW VISIONARY PAVILION

First-time exhibitors showcasing innovative new products!

WHAT'S IN STORE LIVE

The latest What's in Store trends come to life. See, smell, and taste the newest approaches for engaging customers!

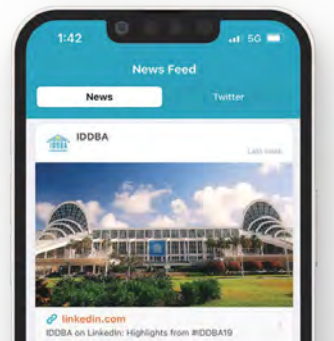
NEW PRODUCT SHOWCASE

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Atlanta, Georgia
June 5 – June 7

“
Do you want to be in the room where it happens?”

A SEAT AT THE TABLE

Nearly all attendees were Day on the Hill loyalists, meaning they come to the event year after year because they recognize that their voice has an impact. They want our industry to have a seat at the table, because as the saying goes: If you're not at the table, you're on the menu. NACS is incredibly grateful to everyone who attended. Even though we couldn't meet in person on Capitol Hill, we still need to share our stories with the members of Congress who can influence our future.

Do you want to be in the room where it happens? We're planning for Day on the Hill to be back in person in Washington, D.C., in 2023, and we encourage you to join us as we meet with lawmakers face to face. Lastly, Day on the Hill isn't the only way to tell your story to lawmakers; if you'd like to get involved in our grassroots efforts, reach out to Margaret Hardin at mhardin@convenience.org. **C**



Margaret Hardin is the NACS grassroots manager. She can be reached at mhardin@convenience.org.



ONE VOICE

This month, NACS talks to **Raymond Huff**, president, HJB Convenience Corp.

What role in the community do you think convenience stores should play?

The local convenience store provides a quick way to shop for necessities like a half-gallon of milk and a dozen eggs, and, of course, you can fill up your gas tank when you run inside the store to get those necessities without a long wait. Convenience stores also allow us to dream of winning the big one when we play the lottery.

What does NACS political engagement mean to you, and what benefits have you experienced from being politically engaged?

I have participated in NACS' political engagement programs over the years and have made my voice heard on the issues that matter most to our industry. I have even received calls and emails from my congressional representatives when there is federal legislation that is being considered that could affect my business and our industry. NACS Day on the Hill (DOH) is an exceptional program. I frequently use the tactics I learned at DOH with my local and state politicians to make sure they understand how their legislation affects our business. If you can be clear and concise about your business needs, your local politicians will hear your position on the issue and might even bring it up during city council meetings.

Additionally, being engaged has increased my involvement

within the communities and states we serve.

What federal legislative or regulatory issues keep you up at night (with respect to the convenience store industry)?

Any federal legislation that removes products from our shelves and adds additional taxation and regulation that creates busy work keeps me up at night. We already have enough on our plate as it is.

What c-store product could you not live without?

I can't tell you the number of times I've needed some eggs or bread and dreaded having to go all the way to the grocery store—thank goodness for the convenience industry. When my coffee machine decides not to work in the morning, I don't worry. I simply stop at my local convenience store.



Your voice can save your business. Scan the QR code to tell us what's keeping you up at night and where you're willing to lend your voice to NACS' advocacy efforts.



Shake things up! Save \$1,000 on your f'real self-serve blender!

Give customers what they crave –
milkshakes, smoothies and protein shakes.



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Custom Shakes
Pre-packaged cups, made with real ingredients.



No Mess in No Time
Automated self-sanitizing system offers low-touch blending in under a minute.



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LCD screens market the self-serve, self-sanitizing, low labor products.

To get f'real in your store, scan the QR code or call 1-800-483-3218



Denny and Brenda Roberts own the Fouke Monster Mart—dedicated to preserving the history of the Fouke Monster, a mythical creature made famous by the movie *The Legend of Boggy Creek*.



Name of company:
Fouke Monster Mart

Date founded:
1984

of stores:
1

Website:
www.foukemonstermart.com

NACS | Ideas 2 Go.

A Monster Store

How Fouke Monster Mart embraced its namesake—and became an international destination.

BY SARAH HAMAKER

The Fouke Monster has been good to Fouke Monster Mart in Fouke, Arkansas. Reported to haunt the web of creeks from the Sulphur River bottom near Fouke, the Sasquatch-type creature features prominently in the convenience store’s merchandise and drives traffic to the store from all across the world.

“We’ve had visitors from all 50 states and 29 countries come to see our monster,” said Denny Roberts, who owns the store with his wife, Brenda. “It’s evolved from a restaurant only into a tourist destination and monster museum, as well as a convenience store.”

A MONSTER BEGINNING

When the Roberts purchased the building in 1984, they only wanted to open a restaurant. But soon, Roberts added packaged chips and drinks to the restaurant to meet customer demand. Several years later, his brother suggested renaming themselves as the Fouke Monster Mart. “I thought it was a good idea, since we were starting to have more tourists stop by in search of a sighting,” Roberts said.

Before long, Roberts began acquiring more paraphernalia related to the Fouke Monster to satisfy the curiosity of customers. “I had kept newspaper clippings from the 1970s, which was the heyday of monster sightings,” Roberts said. “I realized that if we were going to call ourselves the Fouke Monster Mart, we needed to fully embrace the monster aspect.”

To that end, Roberts hired an artist to paint several in-store murals depicting the hairy monster, memorialized in the 1972 film, “The Legend of Boggy Creek.” He also had the front of the store redesigned to include the head and shoulders of the monster looming over the business name.

As word of the store spread, Roberts reorganized the interior to include a small “museum” area for the creature. “I framed the old newspaper articles and movie posters, commissioned a life-size ‘family’ of monsters for photo ops, and added other memorabilia people donated from all across the country,” he said. “It’s morphed into quite a nice little museum that tourists love to visit when they stop at our store.”

Even the pandemic couldn’t put a stop to interest in the creature. “Last year, I had one of the best years I’ve ever had, even with having to close on Sundays,” he said. Sales of monster and Boggy Creek souvenirs tripled, while sales of pizza rose 20% in 2021. “To me, that shows the enduring

popularity of our hometown monster,” Roberts said.

BEYOND THE MONSTER

Fouke Monster Mart might have “monster” in its name, but it still provides locals and tourists with traditional convenience store fare, made-to-order pizza, groceries, coffee, drinks and fuel. Roberts recently expanded the kitchen to provide a fuller menu. “I brought in hot dogs, burgers and fries—air fried for a healthier option,” he said. “Right now, I’m focusing on breakfast and lunch, but plan on keeping the full kitchen open into the evening soon.”

He stocks more than 400 beverages in all sizes and styles except for alcohol, since the store is located in a dry town. Among the more popular—and unusual—items are pickled vegetables and eggs. “We sell quite a few pickled quail and hen eggs, as well as 30 to 40 varieties of pickled vegetables,” Roberts said. “People traveling like the uniqueness of the pickled products.”

Employees are a key element to keeping the customers coming back. “When I worked for the FBI back in the 1960s, someone told me on orientation day to leave your home at home and your work at work,” Roberts said. “I try to tell my employees that as well—take time off if you need it, but bring a positive attitude to work.”

For Roberts, creating a positive environment for both customers and employees is his No. 1 goal. “I want my customers to leave having had a good experience,” he said. “We want travelers, tourists and locals to view Fouke Monster Mart as a fun stop.”



Sarah Hamaker is a freelance writer and NACS Magazine contributor based in Fairfax, Virginia. Visit her online at sarahhamakerfiction.com.



For customers looking for souvenirs, the monster-themed c-store carries Fouke Monster, Boggy Creek and Big Foot swag.

BRIGHT IDEAS

Fouke Monster Mart has capitalized on its connection to the mythical creature by stocking a vast assortment of Fouke Monster and Boggy Creek souvenir items. Bestsellers include t-shirts with various logos and sayings, cups and shot glasses.

Owner Denny Roberts is constantly trying new branded items and variations of current items. “I’ve probably had 40 to 50 different styles of t-shirts,” he said. “I’m always trying a new design to see how it will sell.”

He also creates his own merchandise at times. “I sell these little vials of swamp water that I actually go out to the swamp for the water, then bottle and label it,” he said. “It’s a popular novelty item my customers love.”

Roberts isn’t afraid to try a new product. For example, last year, Roberts brought in 20 different kinds of keychains, which sold well. “If I hadn’t tried those, I would have lost a lot of sales,” he said.



Ideas 2 Go showcases how retailers today are operating the convenience store of tomorrow. To see videos of the c-stores we profiled in 2021 and earlier, go to www.convenience.org/Ideas2Go.

THE MAIN



COURSE

Prepared food helped reignite foodservice growth in 2021.

BY KIM STEWART AND PAT PAPE

C-store foodservice has regained much of the sizzle it lost in 2020, marking progress that lends optimism for 2022. Customers are buying more prepared food than they did early in the pandemic and are visiting the soda fountain and coffee bar more often, but it's still not enough to push sales to the full flame that would mark a complete return to normal for the key driver of in-store profits.

Overall, foodservice sales increased 24% in 2021 relative to 2020, preliminary data from the NACS 2021 State of the Industry survey indicate. The category includes the subcategories of prepared food, commissary, hot dispensed beverages, cold dispensed beverages and frozen dispensed beverages.

"Prepared food was the standout in the data and is leading the recovery in foodservice as consumers seek out meals and refreshments from c-stores," said Lori Stillman, NACS vice president, research.

"Consumers who may have picked prepackaged sandwiches and salads over food prepared by c-store staff on-site during the first year of the pandemic don't hesitate now to go for that freshly made sub sandwich, slice of pizza or handcrafted burger."

Prepared food experienced the strongest year-over-year sales growth as c-store shoppers last year gravitated more toward hot food offerings than the prepackaged commissary items they snapped up in 2020.

Indeed, commissary—the only foodservice subcategory to chalk up sales growth in 2020—saw the smallest increase in year-over-year sales.

The foodservice category contributed 23% of total in-store sales and 35.5% of in-store gross profits last year. This compares with 22.6% of total in-store sales and 35.4% of in-store gross profits in 2020, and 25.4% of in-store sales and 38.9% of inside gross profits in 2019.

On an annual basis, foodservice sales edged up 1.3% to \$597,180 from \$589,241 in 2020 but fell short of 2019's \$651,934 in total sales. Gross profit dollars increased 2.7% to \$322,968 in 2021 from \$314,377 in 2020 and represented 20.1% of total gross profits. In 2019, the foodservice category notched gross profit dollars of \$356,496.

Gross margin for the foodservice category stood at 36.3% in 2021, up by 2.8 points compared with 2020 but still 1.6 points lower compared with 2019.

Across all foodservice categories for 2021, gross margin percentage was 54.08%, led by hot dispensed beverages at 65.95% and frozen dispensed beverages at 65.23%. Commissary had the lowest gross margin percentage at 36.15%.

Prepared food remains the largest sales and gross profit driver within the foodservice category, accounting for 66.7% of category sales in 2021 and average gross profit dollars per store of \$156,403. This compares with 66.6% of foodservice sales and \$130,935 average gross profit dollars per store in 2020.

THE FOODSERVICE CATEGORY REPRESENTED...

23.0%
of in-store sales

35.5%
of in-store gross margin contribution

Rethinking Foodservice

Life in general—and retailing in particular—took a big hit in 2020 when COVID-19 spread around the globe. Two years later, the U.S. is learning to live with the coronavirus, and convenience retailers are facing new challenges as foodservice marks a turnaround.

"For Casey's, we continue to see an increase in prepared food sales, and the key item to return to growth is our pizza-slice business, which is currently up 18% in unit growth compared to the prior fiscal year," said Richard Guidry, director, food and beverage at Casey's, based in Ankeny, Iowa. "The morning daypart overall is a bright spot for Casey's. Our breakfast launch in September 2021 has continued to drive momentum, and we're seeing growth in our freshly made, packaged wraps and sub sandwiches."

For Kum & Go of Des Moines, Iowa, the pandemic brought in new customers. "It looks like people traded some of their large format retail stops for smaller format options like convenience," said Tracy Ging, chief marketing officer, Kum & Go. "That ended up being a great time to expand our offering and reintroduce the convenience of convenience. People are ready to eat out again, and we think that's a great time to offer something different."

Consumers may be eager to treat themselves to prepared meals, but they also are mindful of rising inflation—and gasoline prices. When consumers have to pay more at the pump, their spending is hampered inside the store.

"Customer count is better now than it was last year, but high gas prices are hindering the increase," said Ray Rabroker, general manager, Slovacek's, a West, Texas, travel center located on a major interstate between Dallas and Austin. "January and February looked good, but about two weeks after the Ukraine invasion, gas prices jumped through the ceiling."

Another challenge for convenience retailers is the rising cost of staples coupled with supply chain disruptions, Rabroker said. "We've probably

seen the biggest increases in boxes, paper towels and napkins, and those might be the hardest things to get. We have three main vendors, and we still end up going to Amazon or Uline to find the stuff they can't deliver."

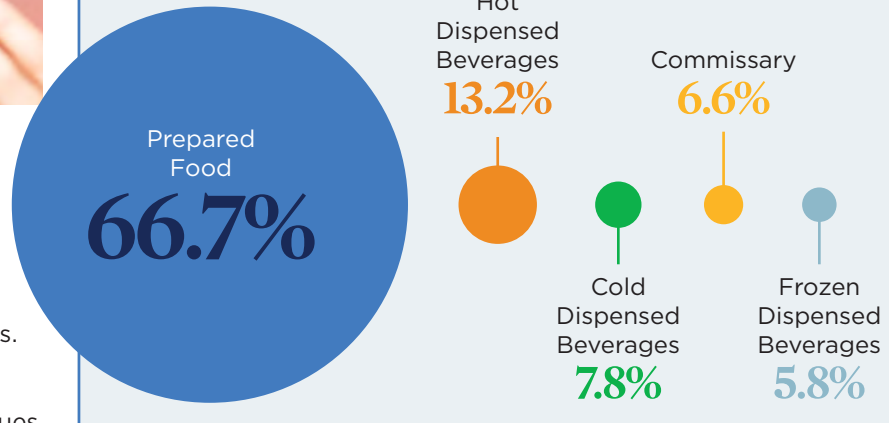


To Keep Food Hot *and Crispy* Think Out of the Box



Prepared Food Represented Two-Thirds of Foodservice Sales in 2021

Percentage of Foodservice Sales by Category



Source: CSX; www.csxllc.com

Labor Pains

In March, the U.S. unemployment rate edged down to 3.6%, with employment in the retail sector increasing by 49,000 jobs, according to the U.S. Bureau of Labor Statistics. The retail sector employed 278,000 more people than it did in February 2020, but the labor shortage continues to be an issue.

“We’re still dealing with it, and it’s retail-wide,” said Matt High, senior category sales manager for made to order, Sheetz. High presented the foodservice category deep dive at the 2021 NACS State of the Industry Summit in April. “We have some great teams in place, but we’d like to be able to supply more great people to the stores. You’ve got to have coverage in the store, and if you’re understaffed, everyone has to pick up the slack. It’s hard to ask people to do that.”

Texas-based TXB Stores has taken various steps to attract talent, including increased pay, referral bonuses, flexible scheduling and hiring more part-time employees.

“Our company is making a big push as part of the TXB rebrand to focus on company culture and doubling down on resources to train and provide more educational opportunities,” said Ben Hoffmeyer, vice president of marketing and merchandising, TXB. “At the end of the day, the biggest recruiting tip is ensuring you’re treating existing employees right and retaining current workers. If you can retain your current staff, they’ll help you recruit their friends and family.”

Despite the new challenges, this is the time to stay focused, said High. “We don’t want to lose all the momentum we’ve gained. A lot of the things going on now are outside our control.”

DISPENSED BEVERAGES

The self-serve areas of foodservice—especially the fountain and coffee bar—were pummeled by the pandemic due to a combination of forced closures and a plunge in morning foot traffic. Hot dispensed beverages have yet to shake off their pandemic doldrums, but the subcategory still represents the second largest portion of foodservice sales at 13.2%. Cold dispensed beverages (7.8%), commissary (6.6%) and frozen dispensed beverages (5.8%) account for the rest of foodservice sales.

Within the hot dispensed beverages subcategory, coffee represented 65.4% of 2021 sales, cappuccino/specialty coffee represented 14.9% of 2021 sales and hot chocolate made up 13.6% of category sales.

Sales of coffee at c-stores in the NACS SOI data set slipped 4.5% in 2021 compared with 2020, while cappuccino gained 18.9%, and hot chocolate sales jumped 48.2%. Gross margin percentage is highest for cappuccino/specialty coffee beverages at just over 73%, while coffee brings a 57% gross margin.

Relative to 2019, most hot dispensed beverage sales are still down significantly. Coffee sales on a per-store basis were 45% lower in 2021 compared with 2019, and cappuccino sales were 68% lower in 2021 compared with 2019.



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Pickup and Delivery

Demand for grocery delivery and food pickup options exploded during the pandemic and has continued to grow. In August 2019, online grocery deliveries and in-store pickups were a \$1.2 billion business, but by October 2021, that figure had reached \$6.4 billion, reports Statistica.com.

“The pandemic did not affect us much in our daily operations, although we had fewer in-store diners and more pickup and go,” said Pat Pitts, foodservice manager of The Market stores, based in Charlottesville, Virginia. “We saw less in-store business in the beginning and offered curbside pickup, but now it’s business as usual with quick pickup and to-go orders.”

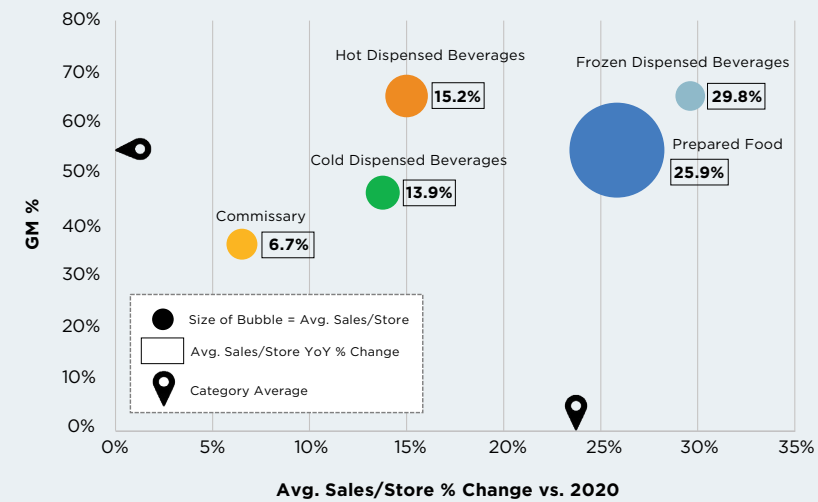
The team at York, Pennsylvania-based Rutter’s stores saw a shift in customer preferences as the pandemic progressed. “The majority of our sales were takeout prior to the pandemic, so that shift wasn’t huge,” said Chad White, foodservice category manager, Rutter’s. “We adjusted our menu to better focus on what customers want for on-the-go meals and have seen great success.”

Ensuring ease of ordering via third-party delivery platforms and the latest technology was key to foodservice survival during the crisis. Neon Marketplace with headquarters in Cranston, Rhode Island, partnered with Uber Eats, DoorDash and Grubhub to connect hungry customers with made-to-order meals and snacks.

Now, the chain is working with PDI and Vroom to introduce a new mobile ordering platform. “Customers will be able to order any item in the store from their phones,” said Peter Rasmussen, director of operations, Neon Marketplace. “They can pick it up or have it delivered.”

Prepared Food Sales Recovered by Over 25% in 2021

Foodservice Category Performance



Source: CSX; www.csxllc.com

“We see incremental growth in hot dispensed as commuters return to the office, school and other activities, but clearly, some c-store customers have abandoned their pre-pandemic morning routines,” Stillman said.

“They still may be brewing their own coffee before heading out for their day—if they leave their house at all. Yes, it’s a challenge for convenience retailers but also an opportunity to use loyalty offers and delicious food to convince those formerly frequent guests to reconnect with your stores.”

Among cold dispensed beverages, carbonated beverages account for 63.8% of category sales, with a 5.3% increase in sales in 2021. Other cold dispensed beverage sales climbed 61% in 2021 compared with 2020.

In the frozen dispensed subcategory, noncarbonated and carbonated beverage sales both grew in 2021 by nearly 30% and carried strong margins of over 60%. Compared with 2019, however, frozen carbonated beverages sales are 43% lower, but non-carbonated sales are 34% higher than before the pandemic.

Look for in-depth and exclusive coverage of the NACS State of the Industry Summit and the category performance data released there in the June issue.

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Give Them Options

The self-serve areas of foodservice—especially the fountain and coffee bar—were hard hit by the pandemic. In fall 2021, Casey’s upgraded its coffee program with bean-to-cup technology. “We see opportunity for a return to growth in dispensed beverages, and we are confident our bean-to-cup coffee offering will help drive interest and frequency with our guests,” said Richard Guidry, director, food and beverage.

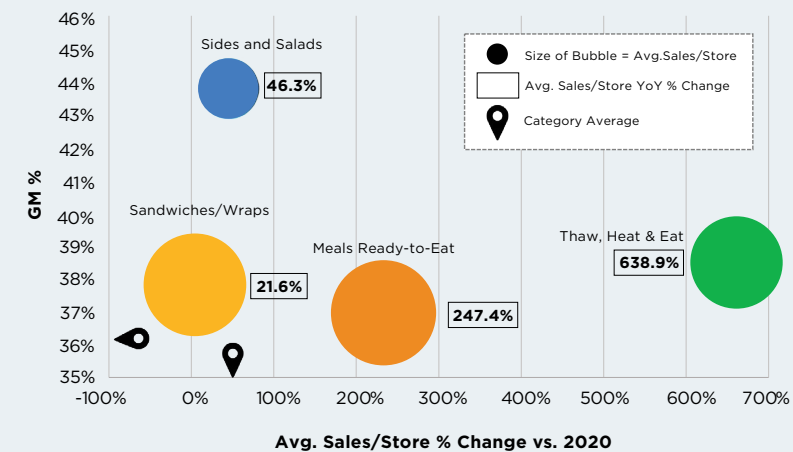
To reignite dayparts and continue to grow their foodservice business, retailers must focus on improving the quantity, quality and convenience of options available to customers, advises Kevin Smartt, president and CEO, TBX Stores. These include menu offerings, enhanced services and updated technology.

“Our industry is often criticized for serving unhealthy foods and being unclear,” he said. “C-stores trying to break through this stigma are offering healthier, fresh snacks and meal items like take-home salad kits, veggie kits and fresh fruit.

“Forecourt marketing is very important,” he said. “Having a clean, friendly environment nicely mirrors the standards for fresh-food options. This can be seen in landscaping and greenery surrounding the forecourt and fuel canopies equipped with bright LED lighting to ensure a welcoming, safe environment. It’s critical that c-stores innovate in this space as customers are grabbing and taking meals home now more often than ever.”

Commissary Meal Packs Experienced Expansive Growth

Commissary Subcategory Performance



COMMISSARY

Commissary typically accounts for the smallest percentage of sales within foodservice, but the subcategory has seen strong growth during the past two pandemic years as shoppers discovered that their local c-stores sell frozen meals or ready-to-eat meals that they would have purchased at a grocery store or a fast-food restaurant in the past.

In 2021, commissary sales were split across a few subcategories: ready-to-eat meals (roughly \$900 in sales per store, per month), sandwiches/wraps (roughly \$800 in sales per store, per month) and thaw/heat/eat meals at nearly \$650 per store, per month.

Commissary subcategory sales advanced significantly over the past year, particularly ready-to-eat meals and thaw/heat/eat meals.

The gross margin percentage for commissary subcategories remains lower than other foodservice categories at 36.2%, although sides and salads carry gross margins of more than 44%. Compared with 2019, all commissary subcategories were up sharply, including sandwiches/wraps, which gained 20.7%. **C**

The State of the Industry Report of 2021 Data will be available for purchase in June. Reserve your digital copy today at www.convenience.org/SOreport.



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W

hen Peter Rasmussen, director of operations for Neon Marketplace, passes a QSR with a long line of vehicles waiting in the drive-thru, his first thought is, "How can I get a piece of that business?"

Neon Marketplace was founded in Cranston, Rhode Island, just four years ago. Currently, the chain has two express stores and two stores with drive-thrus. A third drive-thru outlet opens this month. All of them aim to challenge the success of big, branded fast-feeders, and one way management will do that is by offering drive-thru service.

Maren Caruso/Getty Images

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Neon Marketplace has an open kitchen where customers can see fresh pizzas being prepared.



IF CONVENIENCE STORES WANT TO BE PART OF THE FUTURE, WE HAVE TO BE A DESTINATION—A PLACE SOMEONE WANTS TO BE.”

Retail outlets with drive-thrus have been around since the 1940s, but they gained a newfound respect during the pandemic when consumers hesitated to leave their vehicles to shop or dine. Since 2020, drive-thru windows combined with mobile ordering technologies have become game-changers for foodservice operators, and they’re poised to play a crucial role going forward. “But we’re still learning,” Rasmussen said.

ENHANCE THE IMAGE

When planning new stores, Neon Marketplace strives to create a “foodcentric” atmosphere for customers and works toward that goal with a design firm that usually serves the hospitality industry.

“When you walk in our stores, the first thing you see is a real brick pizza oven baking artisan-style pizzas,” Rasmussen said. “You see fire and feel the warmth. The kitchen is open and right in front of you. On

the right, you see fresh bakery, bean-to-cup coffee and made-to-order espressos.”

The pizzas are made with fresh dough produced by a local bakery and delivered to the stores daily. Rasmussen admits that the pizzas could easily be prepared in a rapid-cook oven, but “you don’t have the warmth of the fire. You don’t have the atmosphere. Now, more than ever, that’s important to us. If convenience stores want to be part of the future, we have to be a destination—a place someone wants to be.”

The York, Pennsylvania-based Rutter’s chain communicates the image of quality food even before customers take the first bite. “All restaurant managers wear chef coats as a symbol that we are not a typical c-store food program or QSR,” said Chad White, manager of foodservice, Rutter’s. “We are a restaurant within a convenience store, and from the top down, our culture is to push ourselves to continue raising the bar,” White said.

FOCUS ON FOOD

Iowa-based Kum & Go distinguishes its foodservice offerings from those of other operations by using fresh ingredients and clean-label proteins, a move that’s paid off. Consumer research conducted by Kum & Go found that 70% of consumers surveyed ranked the store’s menu higher in quality and taste than that of competitors, including QSRs.

“Everything is made to order, and since we have a whole store to play with, we’ve added items like crushed Takis on our Mango Pork Bowl or Stacy’s Pita Chips on our Falafel Bowl,” said Tracy Ging, chief marketing officer, Kum & Go. “Selection—both from the variety of flavors on our made-to-order menu, as well as the sides, snacks and our huge beverage case—is part of what differentiates us from QSRs, so we really leaned into that.”

When plant-based meat first came on the scene, Neon Marketplace wanted to add it to the chain’s menu. “But we wanted to do it a little differently,” Rasmussen said.

Neon Marketplace partnered with Plant City Express in Providence, Rhode Island. The self-described “first plant-based vegan food hall and marketplace” provides Neon Marketplace with plant-based wraps, burgers and other entrees.

“The program is doing very well,” Rasmussen said. “And when you pull the sales data, the product mix is interesting. It’s not uncommon to find someone walking out of the store with a plant-based wrap, two energy drinks and a pack of Newports.”

OFFER OPTIONS

According to a Gallup Poll, 5% of U.S. adults describe themselves as vegetarian. That percentage is even higher among younger consumers, with 8% of 18 to 34 year-olds saying they’re vegetarian.

The Market stores based in Charlottesville, Virginia, have something for everyone. In addition to crispy fried chicken, premade sandwiches and traditional wraps with meats and cheeses, the program includes offerings for the vegetarian palate.

“We offer vegetarian options on our

sandwich menu, as well as five different types of freshly prepared salads that customers can pick up or order on our app,” said Pat Pitts, foodservice manager, The Market stores. “We also have prepacked items in our cold cases—fresh fruit salad, cut up pineapple and watermelon and grape cups. We offer a variety of menu items that give our customers more options.”

UPDATE TECH AND INCREASE SPEED

There is no room for Luddites in the c-store business, and retailers must keep up to remain competitive. Current technology provides stores with valuable data while communicating with customers and speeding up service.

Inside Neon Marketplace, printed POS materials have been replaced by video messaging that promotes freshly made foods. Outside at the stores’ gas pumps, digital screens play videos of pizza production, tempting drivers to step inside, where they can order food from a digital touch screen.

“We’re in a world that’s digital,” Rasmussen said. “Motion pictures sell more than words. The millennials and Gen Zs are attracted to video content.”

In addition, Neon Marketplace will soon launch its rewards app so customers can order and pay in advance. Recent research from the Restaurant Friction Index, a PYMNTS and Paytronix collaboration, found that 41% of an average restaurant’s revenue is generated online. This revenue comes through digital channels, such as mobile apps, aggregators and websites, and exceeds the 32% in average restaurant revenue generated on site and the 26% of revenue generated over the phone.

Consumers expect to get their food fast and easily. The National Restaurant Association reports that



GIVEN THAT SELECTION IS ONE OF OUR DIFFERENTIATORS, WE’RE FOCUSED ON HOW FAST IT IS FOR CUSTOMERS TO COME IN AND PLACE THEIR ORDERS.”

28.4%

of customers plan to go to a QSR within 30 minutes of visiting a c-store, according to the 2021 NACS Convenience Voices survey.

24.6%

of c-store shoppers surveyed by NACS cited the wide variety of food options available elsewhere as a reason for heading to a QSR after a c-store visit.



Kiosks help speed customer food and drink orders at Neon Marketplace.

chain expands, new locations will have inviting seating, according to Ben Hoffmeyer, vice president of marketing and merchandising, TXB. “Already, some stores have a seating capacity for up to 40 people,” he said.

Some hungry shoppers at Kum & Go “really appreciate the chance for a respite from the car,” said Ging. “One insight we’ve uncovered is that no matter how portable or well-packaged the food, eating in the car is messy, and that’s part of what makes consumers feel bad about fast food. By design, we’re a fast option and by offering seating, we can be fast and a comfortable place to eat.”

According to a recent National Restaurant Association report, diners like outdoor seating. In a survey of consumers, nearly 40% said the option of outdoor dining would make them more likely to choose one eatery over another.

BACK TO BASICS

One of the most important things a retailer can do to compete with QSRs is to be consistent, said Rasmussen. “A lot of QSRs are successful because of consistency,” he said. “I can go to a McDonald’s, Chick-fil-A or Starbucks anywhere in the world, and I know what I’m getting.”

In addition to upping their foodservice game, retailers should ensure that each customer has a positive in-store experience.

“Our focus is to provide our customers with not only a place to stop for food but a place that truly provides a top-notch overall experience,” said White. “We’ve done this in many ways, from providing a restaurant-level foodservice program to enhancing our beer offering and even adding gaming rooms at 17 locations,” he said.

“The c-store industry has the ability to compete with and beat QSRs by focusing on our strengths,” said White. “We’re already a vital stop for drinks, lottery, fuel and more. Offering high-quality foodservice allows time-starved customers to make fewer stops during their day, which they greatly appreciate.” **C**



Pat Pape worked in the convenience store industry for more than 20 years before becoming a full-time writer. See more of her articles at patpape.wordpress.com.

54% of adults say purchasing takeout meals or having food delivered to them is essential to their lifestyle. That includes 72% of millennial and 66% of Gen Z shoppers.

Like many c-stores, Kum & Go offers mobile ordering and curbside pickup to let customers order any place at any time without stopping to make a phone call. “Given that selection is one of our differentiators, we’re focused on how fast it is for customers to come in and place their orders,” said Ging. “By the time a customer is finished grabbing a drink from the cold vault and snacks for the day, their food is ready.”

The Market stores’ ordering app gives customers added convenience in placing orders and picking up their food. “The ordering app has been a significant addition, enabling more flexibility for our customers,” said Pitts. “It offers our full menu, as well as our catering platform.”

The Market Rewards loyalty program rewards repeat visits. “By signing up for the rewards card, customers get points to use for free food, gasoline discounts, free Market beverages and other incentives that are added monthly,” she said.

PLEASE BE SEATED

In the past, c-stores nixed seating in favor of more shelves, freezers and products. But that’s changing.

Every Rutter’s store provides customers with a place to nosh, and some locations offer as many as 30 seats. “While the large majority of our customers are grab-and-go consumers, we believe that seating is important and allows us to ensure everyone has an enjoyable experience at our stores,” said White.

At TXB Stores, based in Spicewood, Texas, existing seating varies by store, but as the



54% OF ADULTS SAY PURCHASING TAKEOUT MEALS OR HAVING FOOD DELIVERED TO THEM IS ESSENTIAL TO THEIR LIFESTYLE.”

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Candy, But Better

This may be the answer to consumer demand for a (healthy) sweet treat.

BY SARA COUNIHAN

Healthy candy—sounds like an oxymoron, but thanks to innovators in the newly emerged better-for-you candy segment, candy is now fitting nicely into the health-conscious lifestyle.

“We know that the appetite for better-for-you [candy] is taking center stage,” said Michelle Villarroel, general manager of better-for-you, The Hershey Company. “With over 70% of people looking to reduce their sugar intake, we’re seeing sugar reduction and permissible indulgence options growing as a focus in the better-for-you candy industry.”

One out of six households buys sugar-free confections, according to IRI panel data, while about half of adults are looking for better-for-you options within the confection category, says Hershey.

Hershey’s answer to this consumer demand was a multi-pronged strategy to deliver better-for-you candy options to

consumers, and the acquisition of candy company Lily’s was a major part of the plan. Lily’s products are sourced from non-GMO and gluten-free ingredients, and they contain no added sugar. Plus, the unsweetened chocolate, cocoa butter and vanilla used in most Lily’s products are certified fair trade by Fair Trade International.

The acquisition was a good call. Hershey’s better-for-you category grew by \$52 million at retail in 2020, with Lily’s driving 41% of that growth, according to Hershey. Driving that growth was Lily’s gummy bears and sour gummy worms, as well as chocolate bars with peanut-butter, caramel and hazelnut-butter fillings. Hershey says Lily’s will be introducing candy-coated pieces in dark chocolate and milk chocolate with peanuts this year.



78%
of candy consumers say it's "perfectly fine" to occasionally treat themselves with chocolate or candy.

72%
of consumers believe physical health and emotional well-being are interconnected.

Source: National Confectioners Association



INDULGENT AND NICE

Can candy products that are indulgent still be better for you? Gigantic LLC thinks so. Gigantic is a better-for-you candy bar company that launched in January 2021 on the premise that candy can be fun and delicious without excessive sugar, over-the-top sweetness or shift-y ingredients.

"We rebuilt the candy bar from the ground up, focusing on all-natural, exclusively plant-based ingredients, a lot less sugar and a more moderate sweetness level that we call 'sortasweet,'" said Stu Davidoff, founder, Gigantic.

A big focus for Gigantic is responsible ingredient sources. The candy bars are made with fair trade, organic dark chocolate, and the company developed a new type of caramel made from plant-based ingredients including tapioca, coconut milk and almond butter.

All Gigantic bars are dairy and gluten free, and each bar has seven grams of sugar and does not contain artificial or alternative sweeteners like erythritol, stevia or monk-fruit. Flavors include salted peanut, almond horchata, hazelnut café and banana pecan.

"The result is an ingredient panel that a health-conscious adult can approve, but with a delicious, indulgent experience that fully delivers the old-school candy bar rush," said Davidoff.

FAMILY FRIENDLY

Reaching the health-conscious adult or the adult reentering the candy category is the demographic many better-for-you candy companies aim to reach, but there is a trickle-down effect.

BEHAVE is a better-for-you candy company launched in August 2020 offering sour gummies and sweet gummies made with low

sugar and all-natural ingredients without sugar alcohols or artificial sweeteners, colors or flavors. Though its target audience is millennials and older Gen Zs, BEHAVE finds that its customers are buying BEHAVE candies not only for themselves but also for their kids.

"[Our customers are] talking about having that experience, [saying] 'finally a candy that I can feed my kids and not feel badly about it or one that I can have at my kid's birthday party or that I can send my kids to school with,'" said Mayssa Chehata, founder of BEHAVE.

Because BEHAVE's candies only have one gram of sugar, older generations are reaching for BEHAVE as well, but the company's ultimate aim is the millennial consumer.

"We do solve a problem for an older demographic, but we felt that speaking to that millennial consumer ultimately helps us touch a lot of different age groups and demographics," said Chehata.

Gigantic says its candy bars are "a hit" with kids. "A lot of Gen Z and Gen Alpha don't habitually consume supersweet sodas and candies like their parents did because they find a lot of those products too sweet and actually prefer the 'sortasweet' level of Gigantic," said Davidoff. Gigantic's largest e-commerce customers are families with kids, so everyone in the family is enjoying the candy, says the company.

LOSE THE GUILT

A recent report from the National Confectioners Association found that 78% of candy consumers say it's "perfectly fine" to occasionally treat themselves with chocolate or candy, and 72% of consumers believe physical health and emotional well-being are interconnected.

The emotional aspect surrounding candy is something that BEHAVE's Chehata wanted

"We really try to stay away from anything that feels like diet messaging or is centered around food restriction or even sugar restriction."

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“A lot of Gen Z and Gen Alpha don’t habitually consume supersweet sodas and candies like their parents did because they find a lot of those products too sweet.”

to address with her products. BEHAVE already offers healthier candy with low sugar, high fiber and quality ingredients, and the company could have stopped there, but Chehata wanted to have an impact on the mental health of better-for-you candy consumers.

“We did not want to enter the candy category and take a position of shame, prescribe guilt or tell people that they shouldn’t be eating regular candy,” said Chehata.

A ticker on BEHAVE’s website displays positive messages such as, “Say yes to binging all 18 episodes ... actually tasty healthy options ... adding guac every time. And no to a salad when you want fries ... artificial food (or friends) ... ignoring your sweet tooth.”

“We do live in this better-for-you category within candy, but with our brand and a lot of our messaging and marketing, we really try to stay away from anything that feels like diet messaging or is centered around food restriction or even sugar restriction,” said Chehata. “[We say] you can finish the whole bag, you can grab two bags, eat as much as you want,” she said.

BEHAVE’s bag sizes are 50 grams, which is a smaller serving size than a bag of traditional candy, according to Chehata, but the company consistently hears from its customers that they are satiated after finishing a bag. That could be due to the high fiber content in BEHAVE candy because it uses plant fibers as a sugar alternative. BEHAVE candy ranges from 13 to 14 grams of fiber per serving.

COST OF GOODS

Although better-for-you candy can allow consumers to fit candy into a healthy lifestyle, it comes at a cost. Gigantic’s candy bars are \$27.99 for a pack of eight bars, and BEHAVE’s gummies are priced at \$30 for a six-pack box. Lily’s gummy candy offerings are roughly half the price of BEHAVE’s at \$2.78 for a 51-gram

bag, but its filled-chocolate bars are \$3.48 each, roughly the same as Gigantic’s.

BEHAVE and Gigantic offer a monthly subscription option. BEHAVE customers can receive 10% off a monthly subscription, and Gigantic offers a 15% discount for monthly subscriptions.

“It’s a convenient way for loyal Gigantic customers to stay stocked via automatic deliveries at a discount to regular retail prices. A good percentage of repeat customers opt for subscription,” said Davidoff.

BEING A KID AGAIN

The marketing industry often utilizes nostalgia to sell products because it’s a powerful tactic, and the better-for-you candy industry is no exception.

“We’re seeing imitations of more traditional and nostalgic candy forms, like gummy worms, chocolate-filled bars, lollipops and peanut butter cups,” said Emily Schildt, founder, Pop Up Grocer, a pop-up grocery company, which has opened seven sites across the country, focusing on mission-driven and better-for-you brands.

Nostalgia is the foundation of Gigantic. Davidoff said he was a “candy bar kid,” and he became more health conscious as an adult, but he was still missing that rush of excitement he’d get from a classic candy bar.

“We see a special amount of enthusiasm from our initial target market of consumers who had previously left the candy bar category,” said Davidoff. “For those health-conscious adults, [we offer] a permission slip to eat candy bars again.”



Sara Counihan is contributing editor of NACS Daily and NACS Magazine. She can be reached at scounihan@convenience.org.



Season’s Greetings

Better-for-you candy companies know the value seasonal candy brings to both consumers and their bottom lines. Convenience stores saw \$183 million in seasonal candy sales in 2020, according to Statista.

Gigantic launched two seasonal flavors last year—Smashing Pumpkin in the fall and Double Dark Mint in the winter.

“The limited-edition flavors are a fun way for our fans to enjoy the change of seasons with their favorite candy bar,” said Davidoff.

Hershey’s Lily’s brand also offers Peppermint White Chocolate and Mocha Hot Cocoa Extra Dark Chocolate bars during the holiday season.

Divine Chocolate, a fair trade and b-corporate brand co-owned by farmers, offers Easter items, such as milk and dark chocolate mini eggs, as well as Easter and Mother’s Day gift sets, which also are available with vegan chocolates.

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Marketers and retailers see potential for premium CSDs on the fountain and in the cold vault.

BY TERRI ALLAN



“Craft soda is a great fit for retailers who are building out more premium food offerings as it provides a point of differentiation.”

You know your brand has made it when it is featured as a limited-time-only Slurpee flavor at participating 7-Eleven stores. That was the case last summer for Jones Soda Co., when its birthday cake soda flavor appeared as an option for the iconic frozen dispensed drink at 7-Eleven stores across the Pacific Northwest. Customer response to the LTO was “phenomenal,” reported Mark Murray, president and CEO of Jones Soda, who noted that the drink—a

tribute to the brand’s 25th anniversary, which coincided with the convenience store chain’s 94th birthday—was just the latest in a series of collaborations with 7-Eleven over the years, and more are forthcoming.

Jones and other craft soda marketers see big opportunity to expand their products in c-stores, driven by the channel’s movement toward more upscale offerings and increasing consumer demand for better-for-you and cleaner drinks. “Craft soda is a great fit for retailers who are building out more premium food offerings as it provides a point of differentiation,” said Chase Slepak, COO at Boylan Bottling Co. With the premiumization trend in c-stores today, Boylan is putting a “big focus” on the channel, he noted, with chains including Speedway among those carrying the company’s drinks.

Norman Snyder, CEO at Reed’s Inc., the marketer of Reed’s and Virgil’s sodas, said he’s impressed with the transformation of food and beverage programs at so many c-stores, and for the past year, he’s been meeting with chain beverage buyers. “There’s been a massive change in the offerings, including made-to-order food and better-for-you cooler doors,” noted Snyder, adding that with c-stores’ clout with carbonated soft drinks, the channel marks the “final frontier” for marketers like Reed’s.

Similarly, Jim Fiene, vice president, convenience sales, at Sprecher Brewing Co., whose craft sodas are distributed in 35 states, said the company is emphasizing a

new 16-ounce can for c-stores. Among the outlets where Sprecher sodas are available are 7-Eleven and Kwik Trip.

NASCENT SUBSEGMENT

Craft sodas—which Murray loosely defined as “high-quality beverages, made from cane sugar, clean ingredients, innovative and fun”—remain a tiny segment within carbonated soft drinks. He put total sales of craft sodas at about \$600 million annually, as compared to \$35 billion for total carbonated soft drinks (CSD) sales. Still, Murray and other craft soda marketers noted that the premium beverages are growing at a healthy high-single-digit to low-double-digit rate while overall CSD sales languish.

Unlike other upscale subcategories like craft beer, craft soda has been slow to gain significant share in the packaged beverages category. Slepak surmises that may be due to soda’s image these days as being an unhealthy, sugar-laden beverage.

Rachel Krupa, owner of the Goods Mart in New York City, agrees. “People assume that a craft soda is still going to have the sugar and high calories of a traditional soda, and they’ve been preached to that sugar is bad,” she said. Indeed, Kristen Wemer, director of technical services at Flavorman, a beverage flavor consulting company, noted that some craft sodas are marketed as craft cocktail mixers or non-alcoholic cocktail alternatives to avoid the soda label. She added that consumers are more likely to indulge in “special occasion” alcoholic beverages than sodas, noting that alcoholic products have “benefited from years of not having to declare any nutritional stats,” and attributes like sugar content in those beverages aren’t as obvious as they are with non-alcoholic drinks.

Others said that the grassroots nature of products like craft beer has aided their growth, something craft sodas can’t often claim. “Craft breweries have done an incredible job with the grassroots movement,” remarked Snyder. “People support craft beer because it’s local.” Fortunately for Sprecher, it’s able to leverage thousands of customer visits to its Milwaukee brewery and promote its line of craft sodas. Fiene believes that the craft soda segment is “at the same place

“Some craft sodas are marketed as craft cocktail mixers or non-alcoholic cocktail alternatives to avoid the soda label.”

craft beer was 10-20 years ago. As consumer tastes get more refined, they’ll demand better taste, local ingredients, small-batch and hand-crafted products.”

‘POP AND FIZZ’

The typical craft soda consumer is more health conscious than the average CSD drinker. Slepak said that Boylan sodas, made with all-natural ingredients and no high-fructose corn syrup, “resonate with ingredient-conscious consumers.” Snyder added that fans of Reed’s and Virgil’s sodas are “label readers and are willing to pay a premium for beverages that don’t contain preservatives.” And Isabel Atherton, director of marketing for Sunny Sky Products, which produces craft sodas such as Pure and Jarritos for soft drink fountains, said her consumers are often looking for “hand-crafted, artisan products.”

According to Goods Mart’s Krupa, who reported a big increase in better-for-you and craft soda sales in recent years, “new age soda consumers tend to be young, millennials and female.” Among the standouts at the two-unit chain are Virgil’s, Olipop sparkling tonic and Culture Pop probiotic soda. At Goods Mart’s newest Manhattan location, caffeine-loving consumers have been asking for Diet Coke, a product the store doesn’t carry, so Krupa said it will soon begin offering Virgil’s Zero Sugar Cola, Root Beer and Cherry Cream products. Some craft sodas, such as Olipop, are even attracting non-soda consumers, the retailer noted. She described those customers as focused on “gut health, but they like the pop and fizz that comes with soda.”

Despite the growing opportunity for craft sodas in c-stores, there are challenges, too. “Cooler space is tight,” conceded Jones Soda’s Murray. “A retailer must decide what to take out.” Benjamin Hoffmeyer, vice president of marketing and merchandising at Texas’ TXB Stores chain, agreed. “Whether





“New age soda consumers tend to be young, millennials and female.”

it’s vault coolers or space on the fountain, finding space to leverage craft sodas can be challenging,” he said, “as often it means displacing national brands and potential funding.”

Craft soda’s traditional package—glass bottles—is another concern for retailers. Due to breakage, the bottled drinks are often merchandised on the bottom shelves of coolers, a tactic that doesn’t match up to their premium image, Slepak said. As a result, some marketers are now offering alternative packages for c-stores. Reed’s, for example, recently relaunched 20-ounce resealable PET bottles, and like Sprecher, it sees opportunity for canned options. Pointing to the success of products like craft beer, hard seltzers and cold-brew coffees in cans, Snyder said, “every year, more and more chains ask for cans.”

DRINKS DIVERSITY

According to suppliers, craft soda at the fountain allows c-stores to expand diversity of dispensed beverages beyond leading national brands. Murray suggests operators reserve one handle for innovation, or “something Coke and Pepsi don’t have, not to cannibalize them, but to augment. The fountain can build equity.” Sunny Sky’s Atherton agreed, encouraging retailers to consider secondary and tertiary slots at the fountain for brands like

Pure, which is naturally sweetened

and contains natural flavors and no corn syrup. While she conceded that vendor contracts can make it challenging to feature craft sodas at the fountain, she noted that many consumers today enjoy “fusion flavor combinations” and blending unique soda flavors themselves.

Rutter’s c-stores offer as many as nine fountain craft beverage options through a partnership with Sunny Sky, Chad White, foodservice category manager at the chain, reported, including such flavors as ginger beer, pineapple cream and homestyle lemonade. “While the top Coke and Pepsi flavors still maintain the majority of the volume, craft beverages have provided the customer with a unique alternative, and we continue to see incremental success since we added them,” White said.

TXB, meanwhile, features dispensed craft sodas under the TXB brand, and according to Hoffmeyer, the products are doing well, “driven by unique sweet fruit and sour flavors, as well as traditional Texas flavor favorites.” The craft beverages contain pure sugar cane, rather than corn syrup, and flavors include blue crème, cherry limeade, blood orange and strawberry lemonade. The chain is considering adding packaged TXB craft sodas, he said.

Hoffmeyer, White and Krupa all see continued opportunity for craft sodas in their stores. “Just like craft beer, I see customers wanting to know where their soda was made and the story behind it,” remarked TXB’s Hoffmeyer. “Craft soda brands that focus on flavor, social causes and reinforcing the uniqueness of their products will continue to attract demanding customers.” Suppliers are equally enthused about the prospects for their brands in c-stores. Said Reed’s Snyder, “As retailers continue to offer better-for-you and premium offerings, demand for craft sodas will follow.”



Terri Allan is a New Jersey-based freelance writer, specializing in the beverage industry. She can be reached at terri4beer@aol.com, and on Twitter at [@terriallan](https://twitter.com/terriallan).



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BUILD A WINNING PEOPLE STRATEGY

Speed to hire, leadership development and the latest convenience industry employee data took top billing at the NACS HR Forum.

BY SARA COUNIHAN

Labor issues have always been at the forefront of the convenience retailing industry, and attendees at this year's NACS HR Forum overwhelmingly agreed that hiring—and more so—retaining a quality workforce is the biggest HR challenge of 2022.

“To say that our businesses have evolved and that we are facing a talent shortage might be an understatement, and we need to continually re-evaluate how we are going to connect with our employees,” said Joanne Loce, managing partner, Fortify Leadership Group, and the forum’s moderator. “How do we attract, engage, develop and retain our most valuable asset—our people?”

To help attendees answer that question, Merrick Rosenberg, the CEO of Take Flight learning, kicked off the first day with a lively discussion of “the Birds”—four personality types that can help companies infuse personality into their culture and transform the way people work together and lead others.

RULES AND REGULATIONS

The pandemic completely upended the industry, and Megan Janes, an attorney with Fisher Phillips, presented attendees with COVID-19 information from a labor perspective. Janes polled the group, and while only 4% of attendees require their employees to be vaccinated against COVID-19, 82% have a written COVID-19 safety plan.

Janes expects face mask guidance and laws to continue to ebb and flow as states and localities alter their requirements based on current COVID-19 statuses. She also anticipates that workforce shortages will become an even bigger issue this coming winter, when infectious disease experts say that there could be a spike in virus cases. According to Janes, HR professionals should stay tuned for more legal changes in reaction to the anticipated uptick.

Convenience industry labor issues are as complex as they have ever been, according to Steven Bernstein, an attorney with Fisher Phillips, who also presented. In light of this

fona2/Getty Images



“You’re up against a declining workforce participation rate, but you’re also up against growing competition for labor, and today’s worker understands that.”

unusual labor market, he challenged attendees to think about the kind of workforce they really want. Is it the same workforce they wanted five years ago? Do they want employees who want to stay long enough to retire, or is a quality employee who will stay for a few years or even just a year good enough?

“Do we really want to retain an employee for 30 years?” he asked. “You have to be honest with yourself. You’re up against a declining workforce participation rate, but you’re also up against growing competition for your labor, and the worker of today understands that. They’re able to commoditize their labor in a way that workforces of yesterday never could.”

Bernstein says that workers don’t just request flexibility, they demand it in their schedules, and employers must accommodate them to stay competitive.

The workforce has gotten so competitive that Bernstein has a client that sought legal advice on how to pay a bonus to applicants if they remove themselves from the labor pool long enough for their drug test results to clear. Bernstein is also seeing material handlers in warehouses earning \$5,000 sign-on bonuses. “That’s the world we’re living in now,” he said. “That is your competition.”

EMPLOYEE VALUE PROPOSITION

For today’s workers, work no longer means a place they physically go to earn a paycheck. Work means wherever their car is while they’re busy ridesharing, or their living room while they’re crafting a career on social media.

So how can convenience retailers, where employees need to go to a physical place to work, attract the workforce of today? Having an employee value proposition (EVP), which tells future and current employees how they can benefit from working for you, can be the difference between a fully staffed store and scrambling to cover shifts.

“[Your company] already has [an EVP]. The difference is that some of you may be letting your employees define it 100% versus you articulating it for them,” said Chris McKinney, chief human resources officer, Victory Marketing/Sprint Mart.

McKinney says that about 70% of employees admitted in surveys that they had one bad day at work and were inspired to apply for a job when they got home. “[An EVP shows] the foundation of how you are going to treat your people and how you expect your leadership to treat those around them,” said McKinney. “Hopefully that resonates with the individual after they’ve had a difficult day.”

The 70% who had a bad day could get a text from a competitor that evening, submit an application with two taps on their mobile device, and in the morning, they could be talking to someone with a job offer that pays 50 cents to a dollar or more higher an hour.

“An individual that is not invested in your company or has no idea how the company is going to treat them is just going to leave for the money,” said McKinney. “[A fully articulated employee value proposition] needs to be woven into the fabric of the company as well and not just words on a page.”

According to Loce, who presented with McKinney, the building blocks for an EVP are the company brand, a commitment to the customer, values/purpose/mission, pay/benefits and development opportunities. But overall, she says, an EVP spells out exactly what it means to the employee to work for your company.

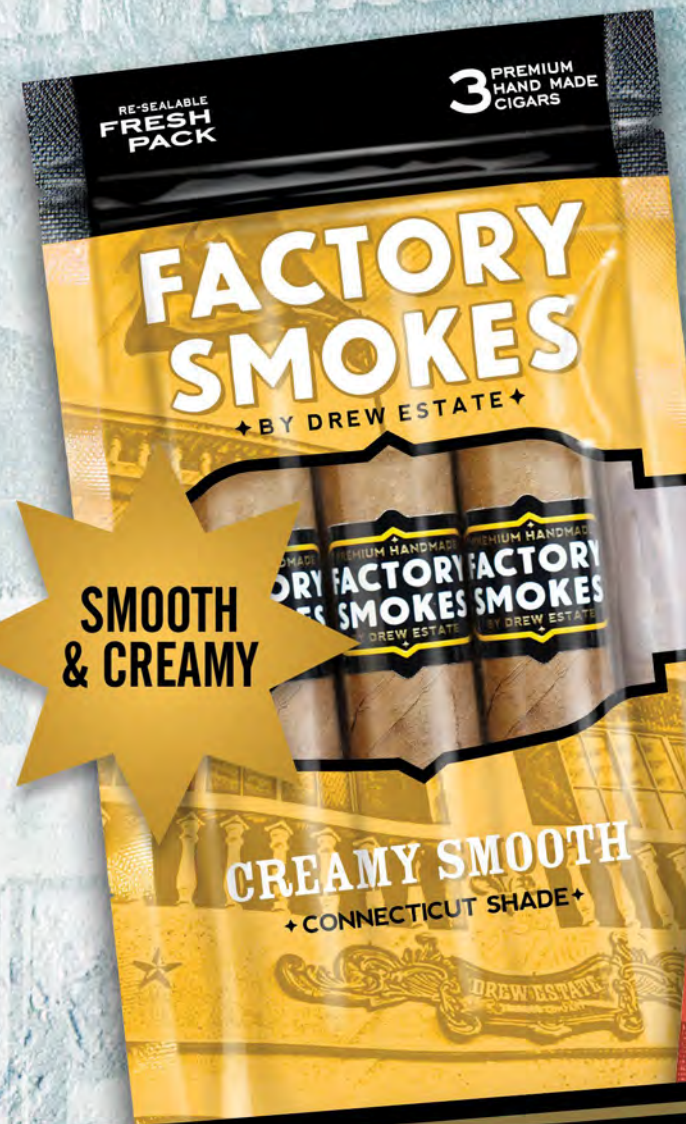
“[An EVP] is a way for us to attract people, and the quickest way to spread this is word of mouth,” said Loce.

QUICK TO HIRE

TXB Stores Inc. recently overhauled its hiring process from one that took five days from



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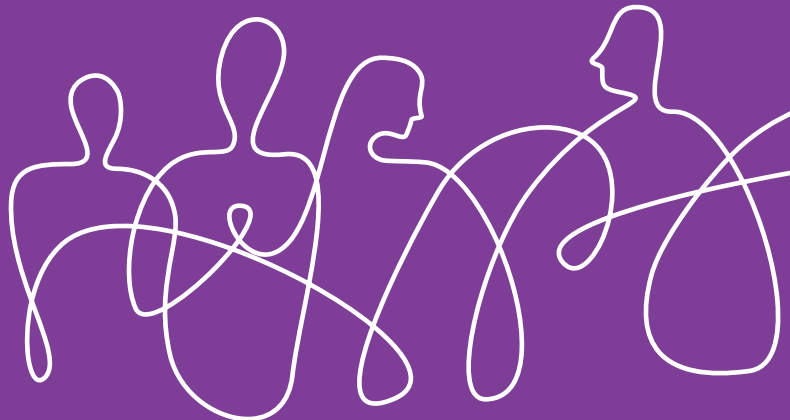


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Turnover and Benefits

Jayne Gough, NACS' research manager, offered HR Forum attendees a first look at the newly released NACS State of the Industry Compensation Report of 2021 Data, and reported that total turnover for the convenience retailing industry was 150%—the highest it has been since 2012. The full-time employee turnover rate is at 118.8%, and the part-time employee turnover rate is at 181.6%.

“We expected the turnover rate to be high in 2021, but 181.6% is a huge number,” said Gough.

She also noted that 87% of convenience store retailers offer health insurance to their full-time hourly associates. Dental is offered by 81%, vision coverage is offered by 76% and prescription drug coverage is offered by 83% of convenience retailers. “Health insurance is no longer a nice-to-have, it’s a need-to-have,” said Gough. “This is a baseline benefit, and it will not differentiate you from your competition.”

Other benefits expected by potential employees include remote work, flexible hours and unlimited paid time off. Benefits that can set an employer apart include employer-paid health care, four-day workweeks, wellness stipends, cash bonuses and child care.

Gough also said that U.S. job openings are at a 20-year high, and the national quit rate is at a record high of 2.9%. She also calculated that there are about 3.9 million people missing from the workforce since 2020. “That’s more people than our entire industry employs,” said Gough.

To purchase the NACS State of the Industry Compensation Report of 2021 Data, visit www.convenience.org/compreport.

interview to start to one that has an employee interviewed, onboarded and started in two days flat.

TXB completes the interview, background, hiring and onboarding in one day. “When [an employee] leaves, we hand [them] a schedule,” said Nathan Graham, director of human resources, TXB.

TXB shepherds potential employees through a four-step process. The first step is a store tour. When a job candidate walks through the door, a current TXB team member (not a manager) greets them and walks them through the store. They stop at the fountain drink area first, where the team member explains that all employees get a free drink during their shift, and the candidate gets a free drink. During the brief tour, Graham said, there is one-on-one conversation but no interview questions, and the team member is introducing the candidate to everyone working that day.

After the store tour, the candidate is handed off to another employee. Both sit down in the store, and the employee leads the candidate through a structured, five- to six-question interview process.

Next, the candidate is handed off to another employee who leads the candidate through a realistic job preview (RJP)—a 10-minute shadow process to show exactly the tasks required of the job.

The final step for the candidate is to speak with the store manager, who asks a few parting questions. At this point, the two employees who spoke with the candidate and led them through the RJP have given their approval. The store manager then extends a job offer.

“When the offer is made, the candidate has met every staff member on shift that day, so when he or she shows up for day one, they already have friends,” said Graham.

Every TXB store that has implemented this hiring process has seen reduced turnover, Graham says. Overall, the company has seen a 12% decrease in turnover over the past six months.

Other sessions included a presentation by Kum & Go about leveraging a partnership between learning and development and DEI to drive culture change for embedded inclusion and equity. In addition, Thorntons shared how culture guides the retailer’s investment in leadership development, how it engages and grows field operations team members, and how Thorntons focuses on developing its corporate staff. **C**



Sara Counihan is contributing editor of NACS Daily and NACS Magazine. She can be reached at scounihan@convenience.org.

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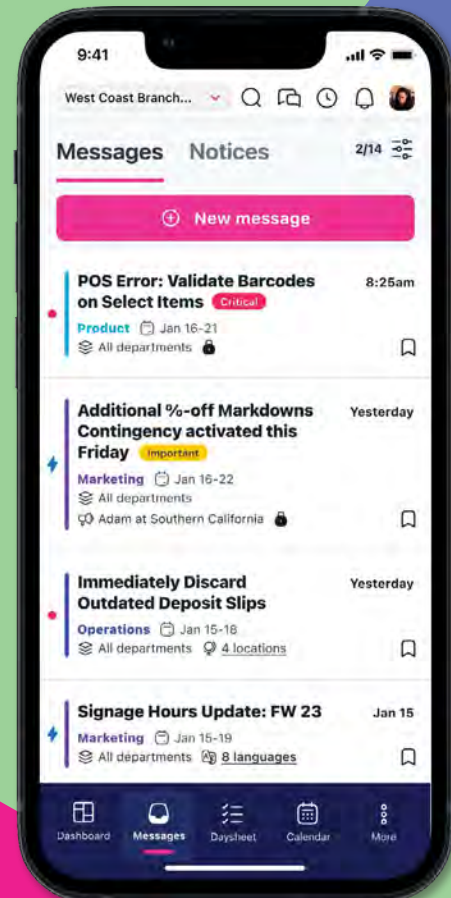
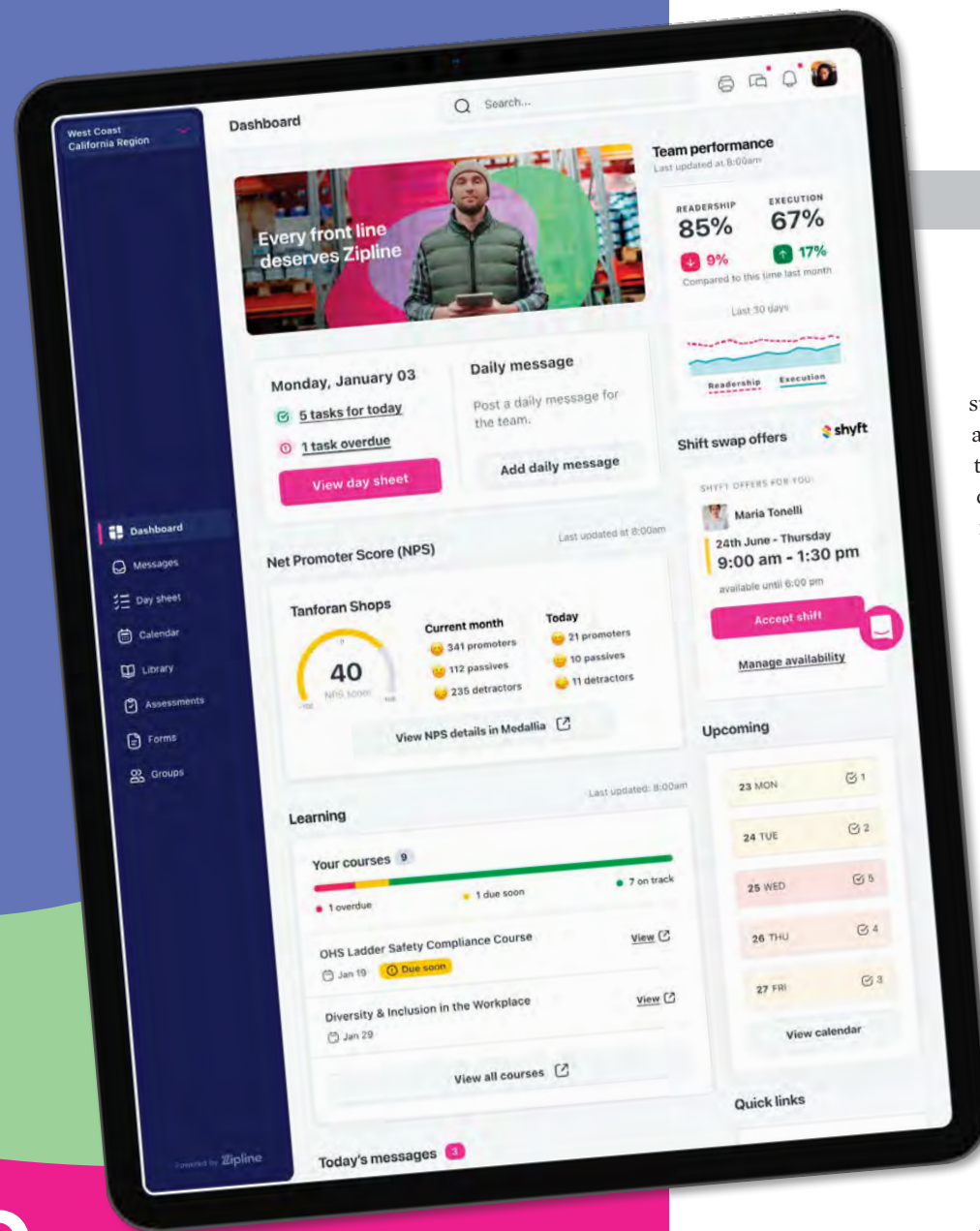


Front-Line Engagement

Streamline store operations and critical employee communications.

RETAINING AND ENGAGING EMPLOYEES IS A TOP RETAILER CONCERN. HOW CAN SOMETHING AS SIMPLE AS BETTER COMMUNICATION ENHANCE TEAM MEMBER RETENTION AND LOYALTY?

In an industry that's clamoring for workers, retaining great talent matters more than ever. Today's most successful retailers use communication strategies and internal technologies to combat turnover on the front lines. By setting clear plans and ensuring accountability, while also creating space for good ideas to bubble up organically, best-in-class retailers ensure their associates feel like they're a key part of the business—not just cogs in the proverbial machine.



Zipline This interview is brought to you by **Zipline**, a NACS member.

Zipline connects what stores need to know with what stores need to do in a way that enables front-line workers and makes clear what's expected. Store teams know how their work supports the larger picture, and they have context that allows them to make better decisions in the moment. As a result, store teams feel connected to their job and to the brand and are more engaged—and engaged employees are more likely to stay with their employer longer. We know it works because field teams that use Zipline experience far less churn than companies that don't use a field enablement platform.

WHY CAN COMMUNICATION IN A RETAIL ORGANIZATION BE SO DIFFICULT TO GET RIGHT?

Tactics and tools companies use to engage and retain employees often don't work for store teams. Store teams don't sit at their desks all day reading and responding to emails; they work odd hours, and they may even go days without an in-person meeting with their boss.

Nowadays, most complex organizations have tools at their disposal to mitigate misinterpretation from level to level: email, intranet, conference calls and even fax machines. But throwing all of these tools at a distributed workforce in the hopes that they can piece together priorities is a losing proposition.

On top of this, the physical experience of shopping is becoming more complicated. Retailers are now using stores as pickup locations, distribution centers and examples of their best brand experience. Store teams are being asked to provide a top-notch customer experience while also running product out to the curbside pickup. Managing a store was already hard, but the pace of retail change today has made it unbearably complex.

HOW DOES ZIPLINE SOLVE THESE CHALLENGES?

When I founded Zipline, I wanted to create a platform to make things simpler and more streamlined for field employees. Because Zipline targets information by role and location, employees don't see information that doesn't pertain to them. It also makes information readily available, so teams spend less time searching and reading and more time getting stuff done. We consistently see +90% adoption among our customers, and real-time reporting shows engagement levels so HQ can see what stores may need some extra help and which are knocking it out of the park.

HOW DO C-STORE CUSTOMERS BENEFIT?

The Zipline platform is designed for brick-and-mortar retailers and is the only tool on the market that seamlessly combines store

communications and task management in a simple user interface.

When Speedway implemented Zipline, their employees got a single source of store information and communication from the Store Support Center, targeted to their specific roles and customized by store type and size. Now that they don't have to root around for accurate information or distill which information is pertinent, they're saving a significant amount of time and getting more done, which is clear from Zipline's execution reporting.

Speedway's new agility didn't go unnoticed. After its acquisition of Speedway, 7-Eleven witnessed Zipline's power to improve store execution. The retailer quickly implemented Zipline in corporate-owned stores to publish information to its new employees, noting the ease of the publishing, store team love and high level of readership.

HOW ARE DAY-TO-DAY OPERATIONS ENHANCED?

We know store employees are constantly pulled in different directions—there are always tasks to complete, but they also have to put customers first. Zipline was built to give team members more agility: In this way, the benefits to a store's day-to-day operations are limitless.

If you're in the middle of a restock but a customer interrupts you, Zipline makes it easy to hand off a task midstream. If you're new in your role and need critical information on COVID sanitization guidelines, you can pull it from the Resource Library with a few clicks. And making store employees' jobs easier matters even more when there's more at stake—for instance, when implementing a fleet-wide POS rollout. Zipline organizes that work, gives teams the proper context and tracks the execution. Field leaders can see what their store teams are being asked to do so they can plan their visits and support accordingly. Roll-up reporting ensures that district managers and senior leaders have real-time visibility into what's getting done.

Today, only 29% of direction sent from HQ to stores is executed correctly—that's across all industries, not just convenience stores. In a study done with NAPCO Media around execution in the area of health and safety readiness, Zipline customers were ahead of the pack, averaging 90% in overall execution. This is exactly what Zipline is all about: providing greater agility and productivity in stores, while keeping employees and customers safe. **C**



Melissa Wong
CEO and co-founder
at Zipline
getzipline.com



Cool New Products Guide

This advertorial-style guide of services and packaging appears monthly and is an information-packed tour of ideas and approaches that can change how consumers view your store or choose your brand. It spotlights the newest thinking in convenience and fuel retailing and gives you an advance look at ways of staying in front of industry trends. Products are categorized the same way we organize the Cool New Products Preview Room at the NACS Show each year in October—*New Design, New to the Industry, New Flavors, Health & Wellness, Green (EcoFriendly), New Services and New Technology*. Products are considered “new” this year if they’ve been introduced since October 2021. **The products featured here also can be seen in the Cool New Products Discovery Center at www.convenience.org/coolnewproducts.**



COMPANY
Gold Medal Products Co.

PRODUCT
The ReadyPop® and ReadyPop® Jr

It's Simple. Push Button. Get Fresh Popcorn.

Convenience stores are responding to the need for fresh options that will draw customers in. They're choosing the ReadyPop and ReadyPop Jr. to save on labor and limit contact with staff. Its push-button dispensing is more convenient and sanitary than other options. Customers will enjoy the novelty of dispensing their own popcorn and operators will appreciate the ease of use!

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Stone Gate Foods

PRODUCT
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It's time to serve the Tater they deserve!

Tater Kegs are shredded potato mixed with delicious flavors. It's all of the best parts of a baked potato in the perfect handheld package. Flavors include Bacon Cheddar Chive, Bacon Jalapeno, Buffalo Chicken, Cheese Bomb, Crab Feast, Chorizo Burrito, Breakfast, Reuben and Cheddar Chive.

From the freezer to the fryer to the customer, it's that easy! Also, Tater Kegs have a hold time of up to 4 hours under heat lamps.

Product is well stocked! All flavors are available at DOT Foods so it's easy for any distributor to get them. Request samples today at TaterKegs.com



COMPANY
Ty Inc.

PRODUCT
Squishy Beans

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NEW TO THE INDUSTRY

COMPANY
Stewart's Enterprises, Inc.

PRODUCT
Stewart's Spiked Soda

Soda Just Got Serious

Say hello to the new, full-flavored, sodas with a kick. Stewart's Spiked Soda presents an alcohol version of the fan favorite soda flavors; Root Beer, Key Lime, Orange Cream, and Black Cherry. At 4.5% to 5.5% ABV, these traditional Americana inspired drinks will keep the fun going. We got the party started by hitting the shelves in April of 2022.

For inquiries, please contact Eric Breiding at eric.breiding@stewartspiked.com!



NEW TO THE INDUSTRY

COMPANY
NACS

PRODUCT
2021 NACS Show On-Demand Education Session Packages

On-Demand Education Available

More than 40 education sessions took place at the 2021 NACS Show, offering insider knowledge retailers need to compete and thrive in these tumultuous times. We have carefully curated 4 on-demand digital packages for you to choose from—ranging from access to the entire 2021 suite of NACS Show education sessions to the top 10 most popular sessions to our EV and thought leadership packages. Take this opportunity to revisit and immerse yourself in all the NACS Show education has to offer! Visit www.nacsshow.com/Sessions/Education-Sessions/Sessions-On-Demand.



NEW TO THE INDUSTRY

COMPANY
NACS

PRODUCT
NACS State of the Industry Compensation Report® of 2021 Data

Win the Race to Attract and Retain Talent

Today's labor market positions convenience retailers against QSRs and other retail channels in the race to attract, hire and retain talent. To compete, c-stores must keep up with the rapid pace of change by developing and implementing competitive compensation strategies. A data-driven strategy can inform decision making and execution. This year's report covers the latest industry data, trends and insights on salaries, benefits, turnover, recruitment & retention—plus: New Positions (Director of Food Safety and Social Media/Marketing Manager); New Benefits (career development planning, bonus/incentive programs, in-store discounts, severance); Cost to Hire & Cost to Train; Productivity (number of days to full productivity and number of training hours in the first 90 days). Order your digital copy at www.convenience.org/CompReport.



NEW FLAVORS

COMPANY
Monster Energy Company

PRODUCT
Java Monster Cold Brew

New Java Monster Cold Brew

Bold yet subtly sweet, powerful yet refined – the unity of opposites is what Java Monster Cold Brew is all about. Monster's nitro cold brew has full-bodied flavor without the acidic bite of traditional iced coffee. Nitro adds a smooth creamy texture and balance. With just a touch of sweetness and a full load of our legendary energy blend, Java Monster Cold Brew kicks like no other! Available now in two flavors, Sweet Black (10 calories) and Latte (100 calories). For more information, call (800) 426-7367 and visit www.monsterenergy.com

Great taste, no compromise!



NEW FLAVORS

COMPANY
Diageo Beer Company

PRODUCT
Smirnoff Ice Smash Lemonades

THE SMASH HITS OF SUMMER

Summer is about to get shook with big, bold, delicious Smirnoff Ice Smash Pink Lemonade and Peach Lemonade. From one of the fastest-growing brands in the 8% space, Smirnoff Ice Smash is bringing the cool retro vibes to one of the hottest trending flavors in adult beverage. Exactly what your shoppers want this Summer – a collision of fruit flavors that will make every occasion just a little cooler. For more information, call your Smirnoff Ice distributor. PLEASE DRINK RESPONSIBLY. SMIRNOFF ICE Premium Flavored Malt Beverage. The Smirnoff Co., New York, NY.

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GAS STATION GOURMET



Vautrot's rotates the plate lunch specials weekly. A recent one featured smothered chicken and sausage, field peas and cake.

Plate It

At Vautrot's Mini Mart, specialty meats and Miss Janie's TikTok-inspired Cajun lunches draw in customers.

BY AL HEBERT

If you find yourself in Church Point, Louisiana, it's because you made an effort to get there. This tiny town in the heart of Cajun Country is not close to any major highways or cities. However, road trippers head there because Vautrot's Mini Mart has become a food destination.

Some people drive 50 miles for lunch. "We get a lot of out of towners," said owner, Josh Venable.

What's the big draw? First is Miss

Janie's plate lunches. Then, there's the "product": boudin, sausage and tasso. These come from the specialty meat market and the tradition of Venable's godfather, Jude Vautrot. The store opened over half a century ago. When Venable purchased it in 2018, he did a complete remodel of everything except the way his godfather processed those Cajun favorites. Everything is made fresh daily. Sausage and tasso (seasoned pork used as a flavoring)

“Miss Janie is well known in Church Point, and she has a following.”

are smoked the traditional way with pecan wood.

Boudin is ubiquitous in South Louisiana. Most c-stores sell this mixture of rice, meat and seasoning inside a sausage casing. "I kept my godfather's recipe—everybody loved his boudin," Venable said.

Sticking with tradition creates flavor that pops. "We put fresh greens in our boudin, bell peppers, parsley and onion tops. A lot of people don't put greens in it because that will spoil first, reducing the shelf life. Others mass produce it. They're looking for a long shelf life," Venable explained, adding, "The fresh greens are better."

Venable only makes 160 pounds of boudin a day and usually sells out. He sometimes makes an extra batch for Miss Janie's boudin balls. Rather than placing the mixture of rice and meat in a casing, it can be rolled into a ball, battered and deep fried. These spicy balls are popular not only for the flavor but also because they're convenient to eat.

FOLLOWING MISS JANIE

What makes a popular gas station foodservice operation stand out from the competition? Venable quickly answers this one. "Miss Janie's plate lunches. You can't beat them!"

"Miss Janie" is Janie Monroe. Her cooking draws in customers two and three parishes (counties) away. Venable spoke of her with warmth and pride. "Miss Janie is well known in Church Point, and she has a following. When I opened up, she wanted to come work for me. If I didn't have her, I'd be in a bind."



John Venable, left, owner of Vautrot's Mini Mart, with Janie Monroe, who cooks up Cajun favorites and TikTok-inspired food that keeps customers and her social media fans coming back to see what's new.

Monroe comes up with the recipe ideas. "She follows so much TikTok," Venable said. "She did waffles and chicken. It was awesome. We haven't decided how we're going to break it out yet," he said, adding, "You got to keep it fresh. The menu can get out of hand, and you can't have too much stuff. I can't take any credit for it. She's the face of the kitchen."

The meat market plays an important role in meal prep. "We ramped up the specialty meat department. We do our own tasso, boudin, jerky and sausage. It supports the kitchen," Venable explained.

Initially, Venable had no plans to put such focus on the meat department, but customer demand sometimes prompts a pivot. "I wasn't going to come out this strong and heavy, but people wanted it. I thought we'd do short-order work."

Menus for the next week are planned on Friday and posted to Facebook on Monday. "We look at what we haven't done in a while and figure out what will work. It's never the same thing," he said, adding, "We'll throw rabbit in there or oxtails."



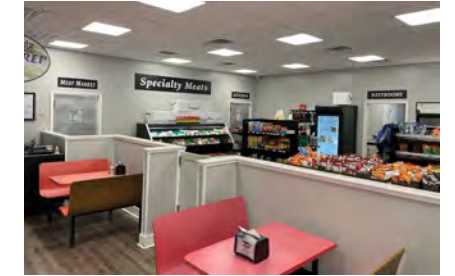
Al Hebert talks "Great Food Finds at Gas Stations" with Convenience Matters. Scan the QR code to listen.

Oxtails have become hugely popular. "We serve it with rice and gravy. Customers see it on the menu, and they will call and reserve it. For some reason, it knocks the door down, and when we're out, we're out."

THE GUMBO OF SOCIAL MEDIA

Social media is a lot like gumbo. There's a lot of stuff in the internet pot. Facebook, TikTok and Instagram can help even the playing field for a small c-store. Facebook, in particular, gets Vautrot's Mini Mart a lot of attention.

"We put the menu out for the whole week. It helps with the phone calls. It's more Facebook and TikTok—people want to see videos," Venable said. (Follow @vautrotscp on TikTok and @Vautrots Mini Mart on Facebook). The c-store's frequent video posts are often set to Zydeco music.



"I got one [video] that got up to 300K views," Venable said. "It was smothered turkey wings. I don't know why it went crazy like that. The best one I thought was cracklins, but that one didn't get as much traction. I'm trying to grow the business and reach out to new customers."

Social media leads to phone calls about directions and menu items. Customers come in the c-store to order food they've seen on TikTok.

"I did a video with fried crawfish potatoes, and I had people calling and asking for fried crawfish potatoes. When you put that out there, people get hungry for the food. We might pick up an extra \$1,000 a week from social media. We're getting people to think about our food."

"It [social media] is cheap. It's free. It only costs me a few minutes a day to post a video. I might not have gotten that business. It helps—every little bit helps. I could spend thousands on TV commercials, but then at the end of the day I'd have to turn a lot more business."

Riding around Church Point feels a little like stepping back into a different time. It is after all, the Buggy Capital of the World—that's horse and buggy. Vautrot's Mini Mart fits right in. From Miss Janie's plate lunches to his godfather's boudin, Josh Venable maintains a tradition of great food with attention to detail and flavor that keeps customers coming back. **C**



Al Hebert is the Gas Station Gourmet, showcasing America's hidden culinary treasures. Find him at www.GasStationGourmet.com.



Making Meals On-Site

C-store foodservice is aimed at growth after surviving a pandemic-related slowdown.

BY PAT PAPE

Prepared food contributed
69.5%
 of foodservice category sales in 2021.
 Source: NACS State of the Industry Report of 2021 Data.

Convenience-store foodservice sales took a big hit during the pandemic and lockdowns of 2020, but the unprecedented situation also gave the industry an opportunity. “We were an essential business, and if you needed anything, you could come to us, fuel up and grab a bite,” said Matt High, senior category sales manager for made to order, Sheetz. “We’ve had a wonderful opportunity to have people who’ve never eaten at a convenience store to come through our doors.” Fortunately, monthly sales of prepared c-store foods rebounded to above pre-pandemic levels in 2021, according to Jayme Gough, research manager,

NACS. “This is a function of workers going back into the office, waning concerns around COVID-19 and an increasingly ‘back to normal’ way of life for many people,” she said. In 2021, prepared food accounted for 13.78% of in-store sales, which was 1.43 points higher than 2020, and brought in \$302,346 in average sales per store, up 21.3% from 2020, according to the NACS State of the Industry Report of 2021 Data. Prepared food contributed 69.5% of foodservice category sales in 2021.

RETHINKING MENUS Everyone was forced to adapt to the changes brought about by the pandemic. Last year, many c-store operators pared down their foodservice selections to make menus more manageable. But recently, they are beefing up options once again. “We made significant cuts to focus on our core menu and execution,” said Ben Hoffmeyer, vice president, marketing and merchandising, TXB Stores. “This year, we’ve returned to our limited time offer schedule. We’ve introduced several new items, including Chicken Poppers—original or spicy. We use our current chicken tenders and cut them to create a

snacking option that leverages our new packaging. It’s a great way of taking an existing item, re-imagining it and still retain operational execution.” The Texas-based chain also uses chicken tenders in its enchiladas, available hot or as a take-and-heat option. “Not only does the customer get a great tasting product, but TXB can lower waste and increase profitability,” Hoffmeyer said. “And the enchilada plates in the cold case are SNAP EBT eligible, which allows us to hit another customer segment.” Early this year, Ankeny, Iowa-based Casey’s rolled out the Toastwich, a hand-held sandwich of made-from-scratch pizza dough and traditional breakfast fixings, such as eggs, bacon, sausage and cheese. “It’s highly craveable, it’s highly portable, it’s value priced and it’s something unique that you can’t get anywhere else,” said Darren Rebelez, president and CEO, Casey’s. Along with the Loaded Breakfast Bowl and Loaded Breakfast Burrito, which the chain added last year, the Toastwich has revived interest in Casey’s morning menu. In March, Casey’s announced that breakfast daypart same-store sales were up 17% from the same period a year ago.

INDUSTRY SALES

% of In-Store Sales
12.35% 2020
13.78% 2021

Avg. Sales/Store
\$249,292 2020
\$302,346 2021

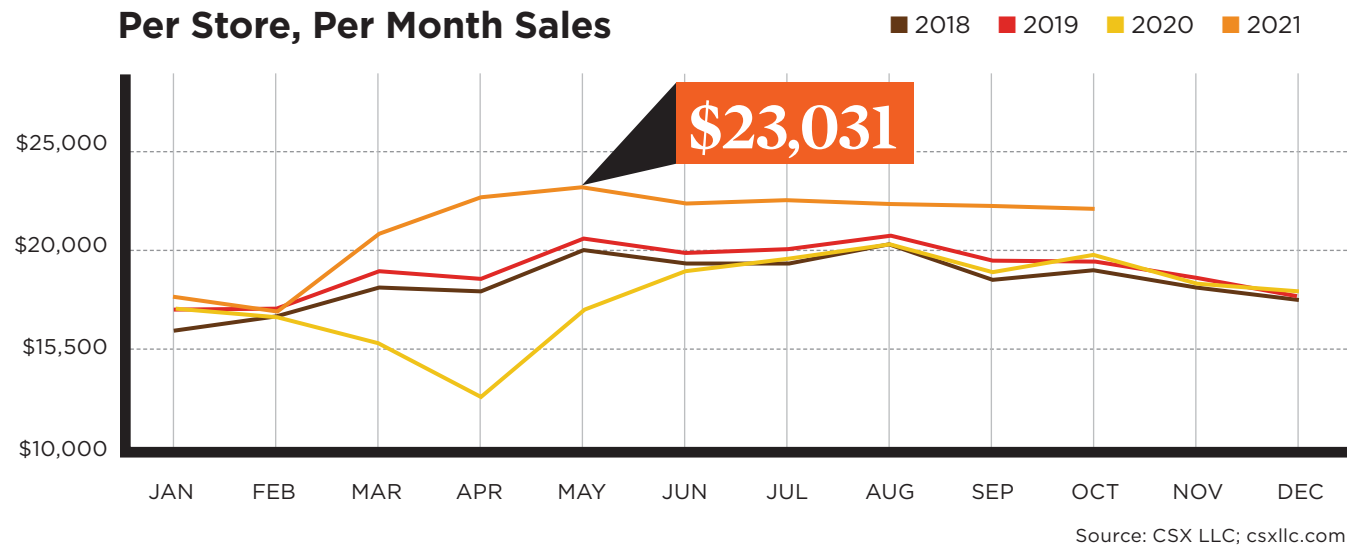
% of Stores Selling
88.3% 2020
91.3% 2021

Source: NACS State of the Industry Report of 2021 Data

Vladimir Mironov/Getty Images

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CATEGORY CLOSE-UP PREPARED FOOD



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“As more guests return to their daily commutes and outside-the-home activities, traffic for convenience stores will only grow,” said Richard Guidry, director, food and beverage, Casey’s. “We’re on the doorstep of the strong, summer season. Curbside and third-party delivery offerings only add to the convenient options for our guests to get Casey’s delicious food.”

BRANDED PROGRAMS

A successful foodservice program involves more than just managing a menu, and not every convenience operator has the time, energy or resources to create a proprietary program from scratch. A well-planned program requires procedures for dealing with food safety, managing waste and training employees, while creating advertising and promotions. To go directly to ringing sales and serving customers, many chains prefer to bring one or more turnkey foodservice programs in store.

“We’ve pressure-tested thousands of products and procedures, conducted due diligence on multiple equipment manufacturers,



“We’re on the doorstep of the **strong, summer season.**”

redmal/Getty Images

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Subcategory Data

Foodservice	Percent of Sales		Avg. Sales/Store		Avg. GP\$/Store		Gross Margin %	
	2020	2021	2020	2021	2020	2021	2020	2021
Prepared Food	67.8%	69.5%	\$249,292	\$302,346	\$130,935	\$156,403	59.04%	57.68%

Source: NACS State of the Industry Report of 2021 Data

“Simplicity and ease of implementation are essential for small- to mid-size c-stores that may be limited in staffing.”

negotiated competitive pricing with suppliers, built a reliable supply chain network and created a nationally recognized brand,” said William Culpepper, vice president, marketing, Chester’s Chicken, a fried chicken program currently available in 1,200 locations, offering chicken pieces and sandwiches, plus dipping sauces and sides.

“To do all of those things from scratch would be a massive undertaking in time, money and resources for any organization,” he said. “When stores partner with a brand like Chester’s, we’ve already done all of the heavy lifting, which means that our operators can simply focus on executing and driving sales to their location.”

Dee Cleveland, director of marketing, Hunt Brothers Pizza, said, “Foodservice programs can add significant value and

profit to any c-store operation. However, it’s essential for c-stores to do their research ... before they dive into a partnership.” The turnkey Hunt Brothers Pizza program is in 8,000 convenience stores in 28 states.

“Simplicity and ease of implementation are essential for small- to mid-size c-stores that may be limited in staffing,” Cleveland said. “Hunt Brothers sets up c-stores for success by offering kitchens that require little space. Our 59-square-foot kitchen option allows stores to offer both grab-and-go and made-to-order pizzas all day.”

Established turnkey programs come with an existing customer base, brand recognition and post-startup assistance to help the operator remain profitable.

“After learning to cook and serve the program, often the biggest learning



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Innovation is critical.”

curve is managing inventory cost and margin,” said Dan Shaprio, CEO, Krispy Krunchy, a Cajun-style fried chicken program available in more than 2,600 retail locations nationwide. “Foodservice must be set up to accurately consider the component costs that contribute to each menu item, such as packaging and food cost, and the retail price for that menu item. Otherwise, the operator is at risk of eroding retail price due to incorrect ringing at the register or significant shrink.”

Producing quality foods on site has become *de rigueur* for convenience stores, and “innovation is critical. In fact, it’s almost as critical for the

convenience industry as it is for a tech company,” said High of Sheetz.

To win in the world of convenience-store foodservice, “don’t fall in love with a product, a process or a price,” he said. “Listen to your customers and meet their needs. That’s fundamental in this business. If we’re unwilling to change, we’re going to miss some golden opportunities.”



Pat Pape worked in the convenience store industry for more than 20 years before becoming a full-time writer. See more of her articles at patpape.wordpress.com.

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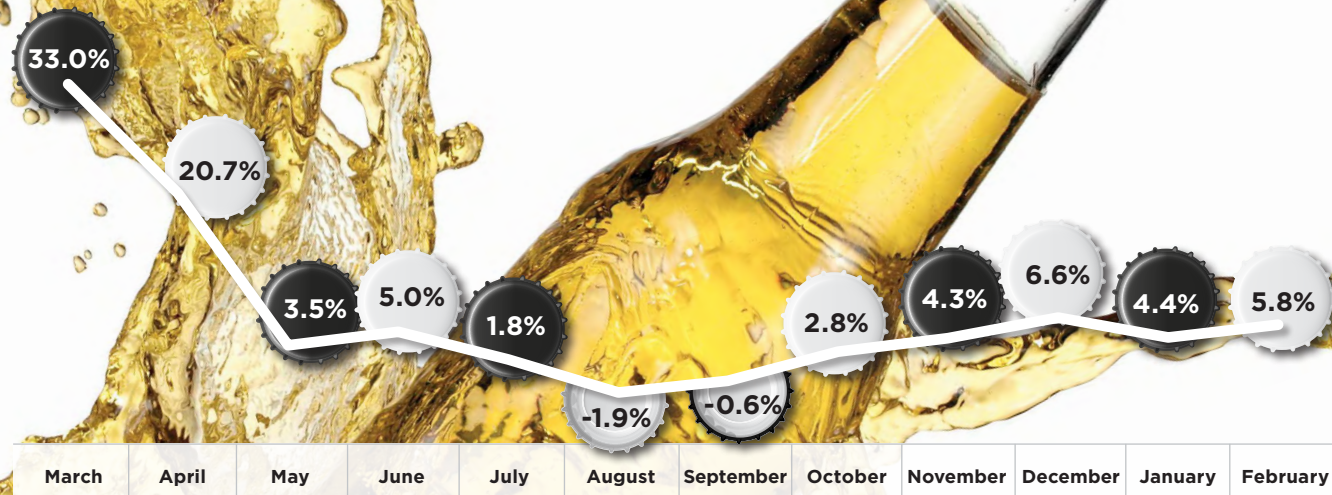
Checking In on Flavored Malt Beverages

NACS Research & Technology Flavored malt beverage (FMB) popularity has grown steadily during the past several years. The early stages of the COVID-19 pandemic did little to dampen FMB sales, which leapt 58.3% in c-stores from March 2020 to February 2021, compared with the year-ago period. While much less robust, FMB sales in c-stores continued to climb from March 2021 to February 2022 at a rate of 6.1%, compared with only 1.5% in all other channels. Bar and restaurant closures in 2020 accounted for the surge in FMB convenience retail sales during the pandemic's first year, but the positive growth continued in 2021. As a refreshing alternative to beer, wine or liquor, FMB

tends to sell best from June to August. FMB sales peaked at a high of nearly \$350 million in monthly convenience sales in July 2021, before cooling off to just over \$240 million in monthly sales in February 2022. While 20%+ year-over-year gains in monthly sales likely will be hard to come by for FMB in the near term, it is encouraging that monthly FMB sales in 2021 and early 2022 still outpaced most months in 2020. While March and April 2021 FMB sales were much higher vs. 2020, fall and winter month 2021 FMB sales did not disappoint relative to the year prior. This suggests that shoppers who gravitated toward FMB purchases during the first year of the pandemic have continued to buy these products even as bars and restaurants reopened during 2021 and into 2022.

FLAVORED MALT BEVERAGE SALES (CONVENIENCE ONLY)

Year-over-year monthly percentage change, 2021 vs. 2020, March to December; 2022 vs. 2021, January to February



Source: NielsenIQ Total U.S. Convenience, monthly beginning March 1, 2020, and ending February 28, 2022.

Published every year since 1972, the **NACS State of the Industry Report** is the convenience and fuel retailing industry's premier benchmarking tool and the most comprehensive collection of data and trends. Retailers rely on the report to improve their operations and better understand what's driving key performance metrics. Explore package options for purchase at www.convenience.org/SOI.

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