

OFFERING MORE THAN CONVENIENCE

The Benefits of Adding a Food Program to Your Store



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Convenience stores are built around the idea that consumers want a fast and easy method for purchasing items throughout the day. For years, c-stores have relied on gas and tobacco sales to keep their business profitable. But with cigarette smoking at an all-time low and gas prices maintaining a reasonable cost per gallon, operators are now looking at other cost-effective options for increasing revenue. Internal store sales are helpful, but products often have low profit margins, resulting in minimal profitability. Instead, c-store owners and operators are turning to a low cost, lucrative method for increased revenue: food service.



Food service is the perfect fit for convenience stores of any size. From large chain units to mom and pop shops, most can benefit from adding some hot and ready food items to their menu. In fact, according to a report from NACS, in 2011 convenience stores saw a 13 percent increase in the sale of prepared foods. After cigarettes, foodservice accounts for the largest percent of in-store sales and surpasses cigarettes in overall gross margin dollars. And, CSP reports that from 2011 forward, foodservice has continued to grow anywhere from 1-3% each year.



Many c-store operators recognize that an effective foodservice program can increase revenue and also increase new customers as well as customer return rates. But new research suggests that these programs are vital for creating competitive points of differentiation in today's hyper-competitive world.



In this guide we aim to highlight the benefits and challenges to implementing a food service program to an existing convenience store operation. From there we will give you some strategies to make the program a success and ideas for promotion of your new program. We hope by the end of this guide you will be well informed on your options and equipped to make the leap into the food service arena.

WHAT PEOPLE WANT FROM C-STORES

Before we can take the plunge into offering food service as part of a well thought out food program, we have to identify what consumers want when they make the choice to stop at a convenience store. More importantly, what makes them choose one store over the next?

NEED FOR SPEED

One of the key components to a successful convenience store food program is speed. People shop at convenience stores because they are convenient, which means your food had better be too! That means offering food that is ready to serve and fairly easy to make and keep warm. As a result, you will need compact, easy to use equipment and pre-made food. Offering fresh food is also an excellent way to drive profits, but this option is only realistic for c-stores with space for a small kitchen area.

KEEP IT QUALITY

People have so many options for food in today's marketplace. From c-stores to superstores, prepared foods are everywhere which means you have to stand out on quality. Because kitchen equipment has vastly improved over the last 20 years, c-stores have changed the game in foodservice. They can now offer high quality food items in less or the same time as their fast-food and QSR competitors. People also want quality service, be sure to train your employees on all new equipment so they can offer the very best service to your customers.

LEAN, MEAN AND CLEAN

You must keep a critical eye on the overall appearance of your store. People equate cleanliness with quality and it will be a crucial factor in fostering consumer confidence in your new food product offerings.

GREAT VALUE

Customers expect a good value when shopping in your store which means the value of the food you offer must exceed expectation. If you cannot offer food service at a reasonable price, than food service is not for you. Also, if you're new to the food service arena, you may consider serving name brand items with positive customer recognition to help establish value with the customer.

CONSISTENCY IS KEY

Customers still don't expect quality food to come from their local convenience store, which is why you must meet and exceed expectations EVERY TIME. Remember, it is better to only offer five items and do them perfect every time, than it is to offer ten items and only perfect them some of the time. Consistency is essential for building a loyal customer base.

THE FUTURE OF FOOD SERVICE IN C-STORES

As you begin to think about a food service program, it's helpful to understand the market at its current state, so we can predict the future of food service in c-stores. This will help you to plan accordingly and make smart decisions about your food service direction.

PROMISING STATISTICS

84% of adults who prefer to purchase food at a c-store do so because of high quality offerings.

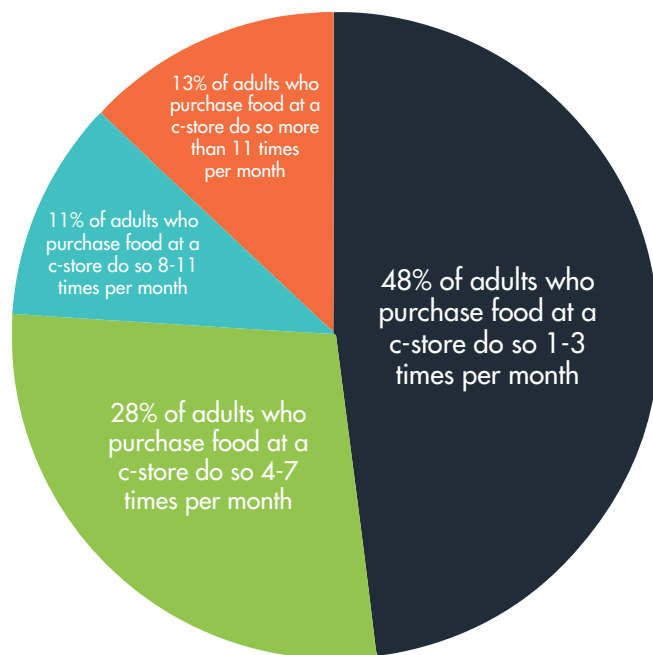
88.4% of adults who purchase food at a c-store agreed that clean restrooms are important factors in deciding whether or not they will buy food.

98.5% of adults who purchase food at a c-store agreed that cleanliness of the foodservice areas, such as roller grills and the coffee station are important factors in deciding whether or not they will buy food.

93.1% of all adults who purchase food from a convenience store agree that a store can improve foodservice programs by selling higher quality food, and **only 79.6%** agree lowering prices is a way for stores to improve foodservice. This means c-store customers are likely to agree that higher quality food can improve a foodservice program more so than simply just lowering prices.

43.3% of adults who regularly purchase food at a convenience store have purchased pizza at least once in the past 60 days.

PURCHASING FOOD IN C-STORE



Source: Convenience Store Decisions' 2014 Foodservice Study

PRELIMINARY CONSIDERATIONS



One of the first things you will have to determine is what you want to serve. For some locations it makes more sense to strictly serve breakfast while other locations are more compatible to serving a full menu at all dayparts. To determine your food menu you need to consider your budget, customer demographics, kitchen layout and staffing.

STARTUP COSTS

Can you afford to make the food service leap? Don't just think cost of food, consider every cost that you will incur as a result of adding food to your line up. Start with the bigger items and work your way down to the minor costs. Consider cost of equipment, cost of additional food prep labor, and cost of waste removal. All these things add up and while the additional profit of adding food should work to offset those costs, you want to make sure your offerings will be strong enough to produce those sales. If you are working with a limited budget, think about ways you can reduce startup costs: leasing or buying used equipment, cross training current staff on food service rather than hiring new staff, starting a limited day-part program rather than offering food all day, etc.

CUSTOMER DEMOGRAPHICS

Do your research and do it well. This is KEY before making the leap into food service. If you didn't do demographic research when opening your c-store, you had better do it before starting a food program. Get to know your customers. You have regulars; ask them if they would want food from you. Ask them what kind of food they would want and ask them how much they would be willing to pay for your food. Visit area restaurants and QSRs, see what is on their menu and include similar flavors on your own menu. Don't copy the competition, rather see what your potential customers already enjoy and use that knowledge when choosing one food item over another.

EQUIPMENT OPTIONS

When it's time to select equipment, allow your menu to drive the equipment you purchase. One of the most important things to consider is how will your product be cooked and held? Will you be rethermalizing already-cooked food? Do you need moist holding or dry holding? Perhaps both? Also, because you need fast food service to be considered convenient, you'll need machinery that is fast, easy to operate and maintain, easy to clean and fits within your limited space. If you don't have floor space, consider countertop units. If you can't afford to add a hood system to accommodate frying, consider a ventless fryer like the AutoFry.

BENEFITS, CHALLENGES & SOLUTIONS

POTENTIAL BENEFITS

The benefits of adding a food program to your c-store are exponential. There is huge opportunity for profit with increased bill and basket sizes.

Your public persona also benefits as you will also appear to be more than just a c-store. This means you can now brand yourself as a one stop shop for your guests to get gas, lunch and a gallon of milk all in one visit.

Guest frequency has been shown to rise with the addition of food service to c-store offerings as well as guest satisfaction. Most importantly, you set yourself apart from the crowd as a place that has everything your customer could want, all under one roof.



CHALLENGES AND SOLUTIONS

Full time food service is a big commitment. You'll need to plan out exactly what you want to offer, how much it will cost to start and be sure to be thorough when composing a budget.



If full time food isn't viable, consider only offering a single day part to start. Breakfast is the easiest daypart to start with, especially if you already have a coffee program.

Staffing will need to increase with this new commitment to food, be sure you train your staff well and offer them the support they need so they don't feel overwhelmed by the addition.

Also potentially challenging is the fact that people often don't view c-stores as a place of high quality. You'll need to overcome that stereotype and make sure everything you offer is clean, quality and still fast.

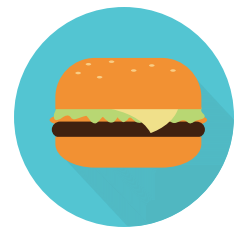
PLANNING FOR EACH DAYPART

BREAKFAST

If you plan to start small and just offer food for one daypart, breakfast should be your first choice. In addition to being one of the most profitable dayparts for convenience stores, breakfast is the easiest food service program to implement. Breakfast is easier to manage than other dayparts because there aren't as many food variables or customer expectations of variety. Moreover, if you already have a hot beverage program, adding food to the mix will be a breeze and an easy up-sell when you begin promoting your new food items. If you don't have a morning beverage program, now is the time to invest in one. Keep in mind, quality beverage offerings are a key factor in customer decision on where to stop for breakfast, so your coffee should be quality and if possible locally sourced, which is another growing trend for c-stores.

LUNCH TIME

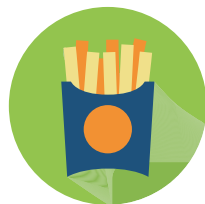
Lunch is a great time to offer quick, made to order options like subs and burgers. Both of these items can be added with limited resources and offer the customer the ability to customize their lunch which is a HUGE trend at the moment. Quick sides like fries, mac and cheese bites, onion rings and mozzarella sticks are also easy to prepare and offer good upsell opportunities. Make sure you have some healthier options available too, as many of your customers will be looking for lighter fare.



DINNER DASH

Dinner is the largest of all food programs to implement and therefore has the highest risk. Many people will expect a large variety of items for a dinner program and you will have to thoroughly consider what will be the best for your menu. If you're looking to keep it simple, limit your dinner menu to two items that offer the most variety. Pizza and chicken wings are perfectly paired together and can be prepared with so many different sauces and toppings, allowing you to have a larger menu while still only preparing two types of product.

SUPER SNACKS



America is really big on snacking at the moment. As health concerns stay top of mind, people are turning to smaller meals and snack items more frequently and leaving full meals in the dust. Make sure you have some items on your menu that can be identified as snack portions. An easy way to make a larger item snack size is to offer regular and ½ sized portion.

EQUIPPING FOR YOUR MENU

Kitchen equipment is going to be one of the larger startup expenses to adding food and you want to be sure you've purchased the right equipment for the food you wish to prepare. Common c-store food equipment includes deep fryers, convection ovens, charbroilers, refrigeration and dishwashers.

If you're on a limited budget, think about trying a fully contained, ventless oven or fryer like the MultiChef and AutoFry. Ventless options remove the need for hood and venting installation, saving you thousands of dollars and are also safer for employees to operate, giving you the added peace of mind as a benefit. If you've got limited space, skip floor models and focus on countertop options, which often can be stacked for added space saving.

Make sure that anything you purchase will be easy to operate, maintain and clean. If you run on limited staff consider fully automated equipment to keep the load on your staff light. Keep in mind, your staff will need to be trained on any new equipment and you want that process to be as easy as possible.

Maintenance is also another huge budget factor, so be sure to choose well built, reliable equipment. Finally, you want a machine that is easy to clean, as this will ensure that employees clean it thoroughly and lead to longer lasting equipment.

If a full purchase price is too lofty at the start of your food venture, look for leasing opportunities or buying used equipment. Keep in mind used equipment is more likely to breakdown though, so it should really be a last resort and through a reputable dealer.



Also, don't forget about smaller purchase items like utensils, knifeware, plateware, gloves, storage containers and cutting boards. These are all part of the kitchen equipment mix and will be vital to your ability to prepare food for customers.

Consider This...

- ☒ *Cost to Purchase*
- ☐ *Safety Benefits*
- ☐ *Ease of Operation*
- ☐ *Ease of Cleaning*
- ☐ *Maintenance*
- ☐ *Leasing Options*

SPREADING THE GOOD NEWS

So, you figured out a budget, you've decided on which daypart(s) and menu to go with and even outfitted your kitchen and store with the necessary equipment to start implementing that menu... but now what? No one is going to know you sell food without a little promotion, and now is the time to start telling everyone about your food service addition.

SOCIAL MEDIA

By now you should already be using social media to engage with your fans and new patrons. You'll want to announce the food news on Facebook, Twitter, Google+ and Instagram. Try posting enticing photos of your new food items and consider a first launch promotion with limited time discounted pricing for followers of our social accounts.

WORD OF MOUTH

You've already got patrons, before you announce the news publicly you should tell your regulars and frequent patrons that you've got big news to share. Let them spread the word to their friends and family and soon you will have a nice buzz going about your upcoming addition.

INTERNAL SIGNAGE

Advertising is expensive, but advertising within your own establishment is free and very effective. Place signage throughout your store in high traffic areas like cashier stations, lottery stations, beverage area and at the front door. If you already have a coffee program, place signage near there and consider a discount price when someone buys a drink and food in one transaction.

WANT TO TAKE PROMOTIONS FURTHER?

People love to try food, consider **offering samples** of your new products to entice your customers to buy on their next visit. The most effective way to sample is by~ offering different daypart food from the time of day it actually is. For example, during breakfast, sample lunch or dinner items to get people back through your door later.



In addition to sampling, **pass out coupons** to your guests for a discount on their next food purchase. Follow the different daypart method for sampling and provide lunch coupons during your morning hours.

Bundle up! Research shows that **bundled food and beverage deals** can increase check averages by up to 10% and raise basket size by more than 15%.

AFTER THE LAUNCH

Now that you've made all these changes to your business, you want to make sure that this new venture into the food service world is actually profitable. It is imperative for you to keep careful watch on your records and create action items based on what you find.

WATCH YOUR RECORDS

Make note of what food items sell the best and what doesn't sell at all and adjust your prices and inventory accordingly. If you see burgers sell really well, but chicken patties don't sell at all, consider swapping the chicken patties for another variation of your bestselling burger. You're first few months should be heavy on learning from sales records, now is the time to adjust your menu based on hard data.

MAKE NOTE OF TRENDS

Watch for trends, is there a time of day or day of the week that performs the best? If so, try implementing food promotions for the remaining days of the week. This can help you to boost sales during non-peak times. If you find a certain time of day gets limited or absolutely no food sales, consider removing that daypart from your lineup and focusing on the ones that do perform.

REDUCE WASTE

Be cognizant of what gets thrown away at the end of each week and work towards reducing waste. Ultimately, you are responsible for the success or failure of your new menu and that all revolves around keeping great records and acting on the trends you see within those records. Waste management is a huge factor in that equation and should be watched very carefully as you continue with food service.

KEEP THE MOMENTUM GOING

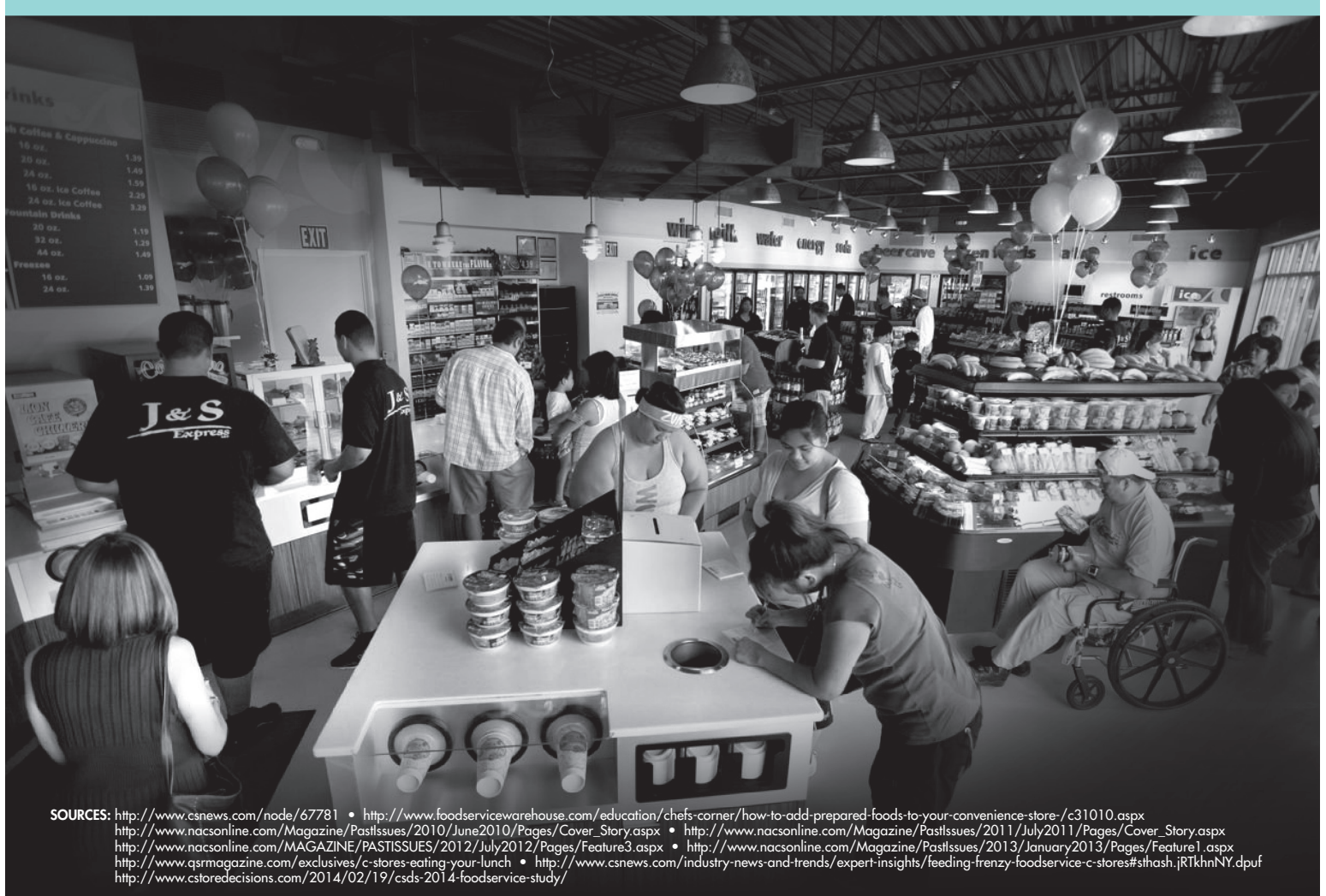
Don't just stop talking about your food now that you're a few months into the program. Continue spreading the word on social media, train staff to up-sell and keep an eye on what the public is saying about you. Sites like Yelp and Google Reviews can be both a blessing and a curse for business owners. If you weren't keeping an eye on your online reputation before, you had better be now that you've added food to the mix.

MAINTAIN OFTEN

Keep up with maintenance on your equipment. This is such a vital step in keeping your investments working as long as possible. Just like a car, the better you take care of your kitchen equipment the longer it lasts and better the quality of your output.

ABOUT MOTION TECHNOLOGY, INC.

Motion Technology, Inc., a Northborough, MA based company, manufactures and sells ventless kitchen equipment solutions to the food service industry. Since 1990, Motion Technology has consistently provided the best equipment and dedicated technical service and support to customers from small mom and pop shops to large campuses and theaters alike. For more information on Motion Technology, Inc., and ventless kitchen equipment options please call 800-348-2976 or visit MTIproducts.com, AutoFry.com and MultiChef.com.



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