



Emphasizing a Strong Breakfast Business

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Given that the morning daypart is such a high-growth segment, it should be no surprise that the industry's leading retailers are focusing a lot of effort on solidifying their offerings.

By John Lofstock, Editor.

Americans are more amenable to buying meals at convenience stores, but won't budge when it comes to quality, price or convenience factors like portability and packaging.

Of the three major daypart, breakfast appears to have the biggest upside, fueled by a combination of increased demand, new products and more competition for QSRs and fast-casual restaurants.

"Convenience stores have done a wonderful job of creating restaurant-like settings and credibility," said Arlene Spiegel, president of Arlene Spiegel & Associates in New York City. "It's all in the sensuality—see, smell, taste, touch, which provides credibility and proof of freshness and quality."

While items like breakfast sandwiches provide portability and value for convenience stores, and most chains offer an upscale coffee program, Spiegel pointed out that convenience stores still struggle to overcome consumer perception.

"Operators need to continue their commitment to building a brand that is not only credible, but exceeds the customers' expectations," Spiegel said. "The foodservice industry is all about credibility, and then getting the message out to the consumer that they are in the food business and not just selling fuel or magazines."

Follow the Leaders

As consumer demand for fresh foods has grown, so too has the number of foodservice establishments, making it difficult to stand out with a unique offering. C-store operators have embraced the numerous foodservice options available to them, ranging from developing a proprietary food program, partnering with a well-know national or regional brand or contracting with a local supplier for daily third-party distribution. Determining which option is best depends on a number factors ranging from demographics, market competition and, ultimately, each chain's level of commitment to the category.

To help spur consumer confidence, operators must take steps to provide value to guests. Smart operators will look to build sales by marketing healthful menu items and responding to consumer demand for convenience and variety.

Focusing on Food

While some retailers are still finding their way with food, Nice N Easy Grocery Shoppes in Canastota, N.Y. is anything but typical when it comes to foodservice. Convenience Store Decisions' 2009 Chain of the Year offers an extensive line of hot and cold sandwiches and entrees around the clock. Whether it's breakfast, lunch or dinner, the food is always fresh, and so is the coffee.

Customers Express Confidence in Convenience

Research firm Technomic Inc. conducted an online consumer survey—"The Convenience Store Foodservice Consumer Trend Report"—with a nationally representative sample of more than 1,500 American consumers. Among its findings: coffee beverages are one of the main draws to convenience store beverage programs not only at breakfast, but throughout the day.

In fact, 31% of consumers who purchase coffee at convenience stores said they do so more often than once a week. Other highlights included:

- Convenience stores continue to develop coffee offerings, highlighting specialty preparations and a wider variety of flavors.
- A strong coffee program can drive traffic. About one-fifth (18%) of consumers said they choose their favorite store based on their individual coffee preferences.