Driving Profitability by Capitalizing on Convenience Industry Trends

How to balance foodservice takeover with increasingly tight labor challenges.

THREE CRITICAL TRENDS ARE DRIVING A WEDGE, FURTHER DISTANCING THE BEST-IN-CLASS OPERATORS—whether they be large chains or independents—from their peers in the convenience channel. Those trends are:

| Foodservice as a daypart destination | Snacking as both a delight and meal replacement | 24-hour foodservice solution |

These are the holy grails of the channel, representing some of the most vital opportunities for the industry to capture consumer spending from QSRs and casual dining, drug and dollar segments. But with ever-present labor challenges, retailers may feel backed into a corner—how can they compete and offer great food without overextending themselves on labor or cut into the additional profits?

Here’s a deeper dive into these three trends—plus, how retailers can implement them without overspending on labor and equipment.

FOODSERVICE: DAYPART DESTINATION

Foodservice is the No.1 growth area in convenience, and it continues to accelerate, both in made-to-order and fresh pre-packaged (also known as grab-and-go). According to an exclusive 2019 study by Technomic and CSP, Era of Disruption, 82% of c-store decision makers confirmed that foodservice is a strategic priority for their business and that it is important for driving future growth. Additionally, 71% of survey respondents said they offer proprietary foodservice in their stores, and many operators are building larger locations to accommodate expanded menu offerings along with larger fountain and coffee bars.

Inside c-stores, foodservice drives 22.6% of total sales dollars and delivers 21.5% of c-stores’ gross margin contribution, according to NACS’ 2018 State of the Industry report. But simply offering food isn’t enough; c-stores need to offer the item mix that customers want, from grab-and-go sandwiches to salads, and from made-to-order pizzas to fried chicken and more. By installing equipment like combi ovens, retailers can offer an array of prepared foods without investing in multiple pieces of equipment that consume significant space and require dedicated labor.

Prepared food yielded more than $208,000 in GP$ per store, per year, according to NACS’ 2018 State of the Industry report, and with numbers like that, it’s important not to let foodservice be an afterthought. Retailers also should consider ways to make purchasing food easier. Some convenience chains are making investments to compete more effectively with casual and fast-food restaurants, including offering mobile ordering, curbside pickup, third-party delivery and frictionless payment. These tools simplify and accelerate the order-to-pickup process.

SNACKING: BOTH A DELIGHT AND MEAL REPLACEMENT

More consumers are eschewing the traditional “three meals a day” in favor of all-day snacking. In fact, 80% of consumers snack at least once a day, and nearly a quarter (23%) snack three or more times per day, according to Technomic’s 2018 Snacking Occasion Consumer Trend Report. Additionally, consumers report that 75% of their snacking occasions include snacks purchased from a retail location, and 37% say they believe any food can be a snack if the portion is small.

By offering an assortment of foods throughout the day, c-stores can satisfy consumers’ desire to graze. According to Technomic’s Snacking Occasion report, some of the most-preferred snacks include chicken items (i.e. strips or nuggets), pizza/flatbread, doughnuts, french fries and cookies, so retailers may feel overwhelmed about how to provide everything their customers want. With the right equipment, such as a multifunctional combi oven, an operator can execute a standardized foodservice program by producing a wide variety of items in a single, ventless unit. This reduces the space required for food preparation.

By diversifying the prepared foods offerings to include options for snacking—whether that means smaller portions of favorite foods, different categories of snacks or an expanded selection overall—c-stores can cater to consumers’ changing eating habits.

75% of snacking occasions include snacks purchased from a retail location
24-HOUR FOODSERVICE SOLUTION

Similar to all-day snacking, c-stores are inching away from focusing on breakfast and lunch, and expanding into continuous meal and snacking satisfaction. While labor in the wee hours can be costly, some operators are investing in intuitive, user-friendly combi ovens to drive a continuous, labor-simplified foodservice program.

By using a combi oven rather than multiple, smaller pieces of equipment, c-stores can save money on upfront capital costs and labor—no foodservice specialists are needed to operate it—all while expanding their menu options. Using a combi oven also promises the opportunity to feature limited time offers, which can spark customer interest and purchase. The relatively small space these ovens occupy is also a benefit—they are optimal for independent c-stores and chains alike that have limited square footage. What’s more, they are self-cleaning and low-maintenance.

RATIONAL’s SelfCookingCenter®, the market-leading combi oven in North America, has a footprint of approximately four square feet, and allows users to air fry, roast, grill, steam, bake and more, and is capable of cooking pizza, sandwiches, meat, poultry, vegetables, breakfast, baked goods, appetizers, sides and desserts. This allows c-stores to offer thirty or three hundred (or more!) food options and to adapt to changing consumer food preferences. The SelfCookingCenter® also offers the convenience of nearly autonomous cooking, so employees don’t need to monitor, flip, or rotate the food, enabling them to focus on other tasks.

With its ease of use, versatility, reduced reliance on skilled labor and automatic cleaning, the combi oven is a c-store foodservice program’s dream come true. With pre-set cooking programs, consistent, delicious food is delivered all day (and all night) long, no matter who’s operating the unit.

With these foodservice trends, retailers still may worry about how to successfully execute a foodservice program within a tight labor market. Labor is a challenge for virtually every quick-transaction retail segment, whether it be restaurants, hardware stores or clothing outlets. One of the biggest impediments to growing foodservice and 24-hour snacking is labor – arguably the #1 challenge for the convenience industry.

Fighting the war for talent: how to be the employer of choice for frontline workers while saving on labor costs

Finding reliable employees with a strong work ethic can be difficult, especially with shrinking labor pools and increased competition from other retail segments. C-store retailers cite retention and turnover, offering benefits and increased wages as specific recruiting challenges.

So how can convenience operators attract—and retain—great workers?

Showcasing current employee satisfaction is key. An exclusive 2017 study by Technomic and CSP, War 4 Talent, found that although outside perception of c-store employment is lower than other segments, overall job satisfaction for individuals working in the channel is high—84% of current c-store employees expressed satisfaction with their jobs, and 74% would recommend convenience store employment.

Driving this satisfaction are several factors, including work-life balance, competitive wages, ability to interface with one’s manager and opportunities for advancement. When potential candidates interview, retailers should know that the top factors contributing to employees’ job satisfaction include communication from managers and corporate, and perks (e.g. bonuses, paid vacation, tuition cost coverage, profit-sharing, etc.).

A more holistic approach to talent management will help c-stores attract and retain higher quality frontline workers with the potential to advance to store management positions. While hiring strategies are important, operators should consider growth plans that include full-time positions, health benefits and the creation of a culture that values employee input. What has not been a turnover panacea is simply raising wages to compete against the McDonald’s and Targets of the world. Strategies must be more comprehensive, leveraging more of what c-store employees like—job flexibility, easy home-to-work commutes and advancement opportunities.

Beyond offering competitive and comfortable workplaces, though, using the right foodservice equipment is key. By using combi ovens, retailers save on expenses like not needing to hire specialized staff, savings that can bolster total meal and snack sales and expand a store’s customer base, all while controlling labor costs.

Additionally, because training staff how to comfortably use combi ovens is fast and easy, there’s no requirement to hire a chef or a foodservice professional, and all staff can be properly trained—so there’ll never be a shortage of employees who can support the foodservice program.

By enabling retailers to quickly and easily train every employee to cook great food, combi ovens afford c-stores the opportunity to offer the foods today’s consumers are looking for, without sacrificing profits or losing money on staffing.

Learn more about combi ovens

Solving for both labor issues and foodservice opportunity can advance an operator from a mid-tier to top-quartile industry performer. Using a combi oven, which can prepare consistently excellent food and does not require intensive training to use, can bolster total meal and snack sales and expand a store’s customer base, all while controlling labor costs.

Visit RationalUSA.com today to learn how combi ovens can help c-stores develop and maintain a robust foodservice program.