

## C-Store Operators See Foodservice Opportunities in New Light, Says Technomic

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Higher gas prices may be hurting customers at the pump, but c-store operators are sharing their pain. With gross margins on fuel hovering around 5 percent, it's no wonder that many c-store operators are taking a fresh look at their foodservice programs, where margins are easily over 40 percent and may exceed 60 percent.

As a percent of total c-store sales, foodservice remains small. But higher gas prices may actually help c-store operators grow their foodservice sales. 'Consumers are much more interested in reducing their driving,' explains Tim Powell, Convenience Store Foodservice Program Director at Technomic. 'A trip to the gas station may be unavoidable, but now consumers are more likely to also pick up a quick meal or a snack at a c-store and avoid another stop.'

The Technomic study found that when consumers are hungry for a meal, convenience stores typically fall behind restaurants and grocery stores as a top-of-mind destination. However, when asked about snacks, most consumers think of c-stores ahead of all other venues.

The study identified many opportunities for traditional foodservice suppliers to provide expertise in a channel that has historically behaved more like retailers than foodservice operators, including snacks, beverages and meal items. While the major chains (1,000 units or more) hold most of the industry's foodservice share, mid-tier chains (10 to 1,000 units) account for 23 percent of all units and nearly a fifth of all c-store foodservice industry sales.

'These chains are often easier for suppliers to target and penetrate, particularly since there are fewer management levels and fewer competitors,' says Powell. 'Any food or beverage supplier that can help implement a branded solution, even if it's just for one product category, is likely to find success.'

The Technomic study *Target: C-Stores, A Growing Opportunity on the Foodservice Landscape* provides foodservice suppliers with a road map for penetrating the c-store industry, including market size for specific c-store foodservice products, consumer attitudes and behavior towards c-store foodservice, recommended action steps and growth strategies. To learn more about the study, please contact Tim Powell at 312-876-0004, ext.3704.

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