

Capturing Opportunities in the Convenience Store Foodservice Channel – 2025 Update

Industry observers have long pointed to convenience stores as a compelling foodservice opportunity. Yet the fact remains that approaches and execution vary widely across different operations, and the segment as a whole maintains an ongoing sense of flux. Some continue to offer less-than-enticing “gas station” food, while others have advanced their capabilities to the point that some consumers consider convenience-store prepared foods a worthy alternative to restaurants. The rise of delivery apps brought potential to expose new users to modernized c-store fare, and Generation Z has followed Millennials in creating a younger base of customers who are ardent fans of the channel.

With pandemic-driven shutdowns and (some of) the resulting challenges moving ever-further into the past, where do things stand now? What is the impact of younger consumers’ interest in convenience stores? To what extent are food-forward convenience stores the future of the segment? What most effectively draws patrons in-store more frequently? What does the quest for fresher foods and elevated quality truly look like at this point? How are preparation techniques evolving as a result? What offerings are vital to capture breakfast, lunch, morning and afternoon snack occasions and the long-desired dinner business? How widespread is interest in top-tier coffee programs with espresso drinks and nitro brews? Made-to-order or customizable options? A broader assortment of ethnic foods? How are limited-time offers and unique novelty foods shaping operator programs? How is grab-and-go evolving? Outside of trends that capture buzz, what are the critical success factors for convenience store foodservice in 2025?

Foodservice IP has expert insight into these dynamics; our consultants have been carefully tracking this segment from the early years of its advancement. This update is supported by a wealth of background research, building on landmark Foodservice IP studies completed in 2016, 2018, 2020 and 2022.

Engagement Objectives

- Provide a comprehensive assessment of the current state of c-store foodservice and the key shifts that have occurred since FSIP’s prior studies
- Determine consumer attitudes toward – and behavior within – c-store foodservice
- Provide purchasing behavior and frequency for specific c-store foodservice products
- Identify current and future success factors for participation in c-store foodservice
- Provide the option to test new products and concepts (on a confidential basis) with c-store operators and c-store consumers
- NEW to 2025: Identify the top 25 c-store banners according to Foodservice IP’s expertise
- Deliver detailed recommendations for each sponsor along with a targeted webinar or in-person work-session.

Key Issues

The following are proposed as common-interest topics to be shared with all study sponsors.

These are not meant to be exhaustive; our shared-cost studies are designed to be highly collaborative, and clients are invited to shape the scope of the research as well as submit proprietary questions. Final topics will be determined jointly by FSIP and sponsors upon project initiation.

Category Analysis

- What is the overall size of the convenience store foodservice market by major product category?
- What are the anticipated growth drivers and inhibitors?

Consumer Insights

- What is the price sensitivity relative to certain items? How are premium products positioned?
- What is the purchase frequency, level of satisfaction, etc., for hot, cold and frozen dispensed beverages, breakfast foods, pizza, bakery, hot and cold sandwiches and more?
- What are attitudes toward certain food categories (e.g., hot dogs, taquitos, pizza, sandwiches)? What packaged offerings compete with these foodservice options?
- What do patrons desire for various hot and cold beverages (e.g., coffee, tea, soft drinks, including preparation methods and customization)?
- Which restaurant segments are key competitors to c-stores for foodservice purchases? By which dayparts/occasions?
- How do consumers feel about self-serve options that require them to engage with different types of equipment? Are these products appealing? Do they find the equipment easy to use?
- How do consumers feel about the packaging for c-store prepared foods? Is it meeting expectations for functionality? How important are environmentally friendly solutions?
- Which promotions are effectively driving usage?
- For made-to-order foods, which considerations drive purchase? How do consumers perceive c-stores efforts to execute quality made-to-order foods?
- What is their satisfaction with the temperature of the food, doneness, appearance, etc. of prepared foods offered in c-stores?
- What products are consumers buying? How does this vary by occasion? What unmet needs exist and what innovations would they like to see?
- What are the motivators for selecting a specific foodservice product? What is the influence of operator merchandising?

Retailer/C-Store Operator Insights

- What are the key selection criteria for products/suppliers?
- From the operator perspective, what foodservice products are gaining share?
- What are operator priorities for foodservice programs in 2025? (e.g., expanded variety, more premium products, expanded daypart appeal, streamlined labor/execution, etc.)
- What is the current situation with staffing/labor? How is this impacting foodservice operations?
- What equipment do they have? What are their greatest needs? What drives decisions to add new pieces of equipment?
- How are merchandising strategies evolving?

- What additional services are they offering or considering to support foodservice sales? (e.g., delivery, app ordering, loyalty programs, etc.)
- What are operator attitudes toward disposable packaging? What attributes are most important in operators' minds? Are there differences by product category?
- Where do they seek additional manufacturer assistance? What are their unmet needs?

Supply Chain Analysis

- What are the sources of supply for foodservice products?
- To what extent are club stores, cash-n-carries and other alternative distribution sources used?
- Is purchasing centralized or decentralized? How does it differ by product category?
- What are the contract structures with manufacturers?
- What is the role of commissaries versus products prepared on-site?
- What are the distribution dynamics in the channel? How should manufacturers go to market? What are the sales force requirements?

Scope

This study focuses on proprietary foodservice provided and staffed by the c-store itself. Examples include RaceTrac, Kum & Go, Kent Kwik, Yesway, and Friendship Stores, among several others. C-stores with nationally branded QSR concepts, such as Subway, or A&W and others are excluded.

For this study, Foodservice IP defines convenience store foodservice as frozen, refrigerated and shelf-stable products sold to consumers in a prepared state. Outside of single-serve beverages, these products are generally found in areas dedicated to prepared foods versus general grocery sections.

Product Scope (Not Exhaustive)

<ul style="list-style-type: none"> • Dispensed hot, cold and frozen beverages • Single-serve bottled/packaged beverages • Sandwiches (wraps, burgers, deli) 	<ul style="list-style-type: none"> • Pizza • Sides/appetizers/bites • Prepared salads • Fresh cut fruit • Soups • Yogurt parfait • Entrées (bowls, pastas, etc.) 	<ul style="list-style-type: none"> • Baked goods • Desserts • Disposable/takeout packaging • Foodservice equipment
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Study Approach

FSIP will use the following framework to meet the objectives outlined in this engagement.

Activity	Description
1. Engagement initiation	<ul style="list-style-type: none"> • FSIP will meet privately with each sponsor to review this document and discuss program objectives. • Confidential requests can be accommodated and will be reported privately to sponsors. • Discussion (via teleconference) with stakeholders that will be using this research is recommended at this stage, but not required.
2. Existing Data Review	<ul style="list-style-type: none"> • FSIP will gather and review all publicly available information as well as prior non-proprietary research. • This information will be used as background to determine current and developing trends.
3. Consumer Research	<ul style="list-style-type: none"> • A nationwide survey of 500 consumers have visited a c-store in the last three to six months. • Sponsors will have the opportunity to review the survey and propose additions/modifications prior to launch.
4. Research with Convenience Store Retailers	<ul style="list-style-type: none"> • FSIP will conduct 150 interviews with major c-store chain and high volume independent retailers offering foodservice. • An additional 10-15 interviews will be conducted with foodservice executives at corporate headquarters.
5. Strategic Analysis and Reporting	<ul style="list-style-type: none"> • FSIP will prepare a written report to document study results and conclusions. • This report will provide each sponsor with targeted recommendations for how to leverage the c-store foodservice opportunity. • FSIP will deliver baseline industry and consumer data and projections regarding likely future developments in the segment. • The engagement team will be available for private meetings to discuss each sponsor's confidential business issues and strategies – and will continue to be available at any time for follow-up questions.

Study Deliverables

This thorough analysis of the c-store channel will provide sponsors with targeted sales and marketing approaches, improved understanding of product and brand positioning, and insight on strategic product refinement and innovation. Specific points of emphasis are:

- Key marketplace shifts since prior studies
- Critical success factors for effective participation in c-store foodservice
- Key areas where supplier education may be necessary/useful for c-store operators
- Outlook for current and emerging food and beverage categories
- Profiles of the top 25 foodservice banners as selected by Foodservice IP's expertise
- The extended outlook for c-store foodservice

FSIP Consulting's Experience

FSIP's engagement team includes experts with decades of in-house and consulting experience concerning strategic positioning, growth strategy, management development, innovation technique, trend identification, consumer behavior, culinary/recipe development, financial analysis, supply and distribution.

This project will be headed by Mr. Tim Powell, Principal. For nearly 20 years he has helped a variety of food manufacturers with business strategies to effectively penetrate, expand and sustain success within the c-store segment. Ms. Jenny Anderson, Consultant, who has a wealth of knowledge and experience in the retail foodservice space, will also be assisting.

Timing and Fees

FSIP anticipates it will require 8-10 weeks to complete this study. This program will be launched in the first quarter of 2025. A formal timetable will be issued shortly after initiation. Pre-launch sponsors will be on a steering committee and have the ability to help define study objectives. The cost for the study is \$15,000.

Our billing policy is as follows:

- 50% upon project initiation
- Balance due upon submission of final report

Conclusion

This strategic assessment will provide sponsors with a comprehensive understanding and go-to-market strategies for the convenience store foodservice segment. The final report will deliver targeted implications and illuminate potential opportunities for new products, concepts, services and strategies to advance segment performance.

Our approach to shared-cost research is unique in its emphasis on customization and collaboration for sponsors within the framework of a value-priced multi-client project. In addition, client support is ongoing, with our study team always available to answer questions. Our commitment to client satisfaction for this type of work is unparalleled.

Respectfully submitted,



Tim Powell, Principal



Jenny Anderson, Consultant

Engagement Acceptance

This proposal number 12715 is accepted in the amount of \$15,000.

ACCEPTED BY:

Name

Title

Company

Address

Email

Signature

If you'd like to discuss the proposal, call Tim Powell at 312-600-5151. To participate in the study, please sign this page and scan to tpowell@foodserviceip.com.

Thank you.