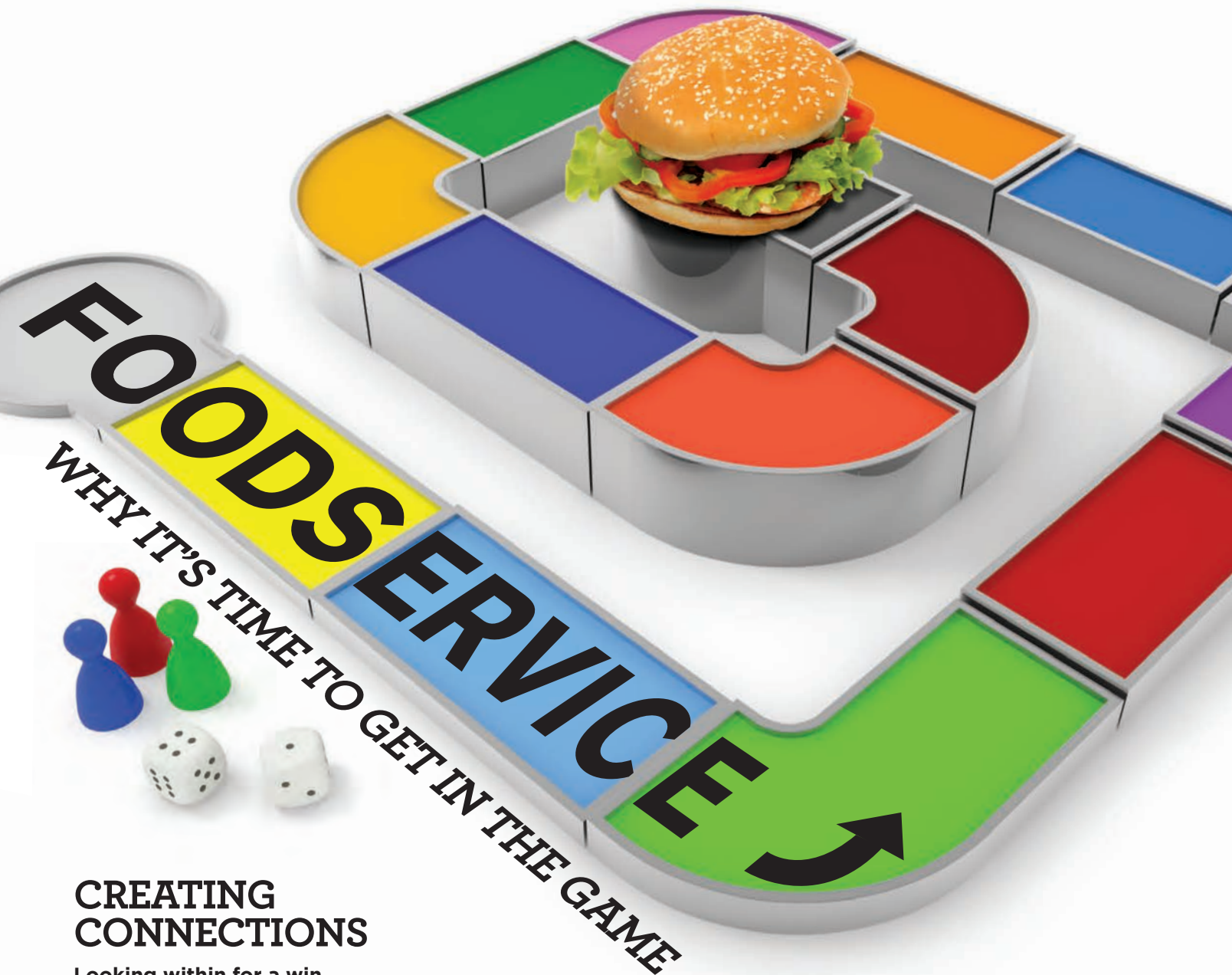


Dedicated to helping independent operators turn greater profits

SEPT/OCT 2012

C SQUARE

MAGAZINE



CREATING CONNECTIONS

Looking within for a win

TRENDSPOTTING

C-store product trends

We Grow Our Brands So You Can
GROW YOUR STORE SALES!



**NEW
FLAVORS!**

**Introducing Rice Krispies Treats®
Buttery Toffee and Chocolatey
Chip Big Bars.**

- Two exciting on-trend flavors join Original and Double Chocolatey Chunk
- From the fastest growing Snack Bar brand with the #1 and fastest turning SKU¹, Rice Krispies Treats® Original Big Bar
- Driving 65% of Snack Bar segment growth, Rice Krispies Treats® brand has 3 of the top 6 Snack Bar SKUs²

**Grow your Snack Bar sales by stocking all four
Rice Krispies Treats® Big Bars!**

Up to
4%
Member
Rebate



Building your business with trusted brands™

Go to www.kelloggsconvenience.com to
register for **"GROW MY STORE"** to access
tools to help maximize your business' potential.
Call your Kellogg Representative at 1-877-511-5777



Scan to
learn more about
Kellogg's® Products
and Grow My Store.
Message and data
rates may apply.
Check your carrier
for details.

¹Nielsen C-Store YTD ending 12.31.11 (Original Big Bar had \$28.8MM in sales)
²Nielsen Total US C-Store 24 weeks ending 12.31.11

©, TM, © 2012 Kellogg NA Co.

FOOD ENTHUSIASM



C Square is published by:



P.O. Box 5287
Oak Brook, IL 60522-5287
(630) 455-0175
(630) 455-5946 fax

**VICE PRESIDENT,
RETAIL DIVISION**

Pamela Romeli

EDITOR

Renee Pas

ART DIRECTION

Mike Miller
CSP Information Group

**FOR ADVERTISING
INFORMATION:**

Please contact
Pamela Romeli at
(866) 455-3411, ext. 113.
e-mail: info@cbuying.com

**FOR EDITORIAL
INFORMATION:**

Please contact
Renee Pas at
(630) 455-0175 ext. 140

C Square is a quarterly publication produced by CBC exclusively for C-Buying, Citgo Buying Group, eMpowered Buying with Marathon and Max-Buying members. All rights reserved, including the right to reproduce in whole or in part. Copyright 2012.

Postmaster:

Please send address changes to CBC,
P.O. Box 5287
Oak Brook, IL
60522-5287.

I'm a foodie at heart. I enjoy all aspects of food—cooking, serving and especially, eating it. For more than 20 years, I was involved in the restaurant industry before I became ingrained in c-stores. That is probably why I'm a bit anxious for independents that are considering entering into the foodservice arena. I know the commitment it takes to really be successful with food.

I strongly believe that foodservice is a perfect fit for convenience, with one big "if ...

It is such a different way of operating that I immediately recognize the challenges independents will encounter when exploring this opportunity.

In our cover story on p. 8 the experts that offered their views provide a solid base to help you identify and build your own foodservice approach. I strongly believe that foodservice is a perfect fit for convenience, with one big "if": If you can consistently deliver on price, quality and time savings for customers. That's what mainstream consumers are looking for in foodservice today. All three must be integrated to achieve success.

I encourage you to take the Terry Lambert foodservice challenge in his column on p.28. Then, head online to www.myCsquare.com for tactical ways to deciding which food program is the right fit for your operation. You'll find a special series on the topic under Retail Tips Videos.

Foodservice is definitely one of—if not the—biggest trend out there. But, there are other categories to examine as you start to plan your 2013 calendar. We offer you a scoop on the latest trends and what to do about them starting on p. 18.

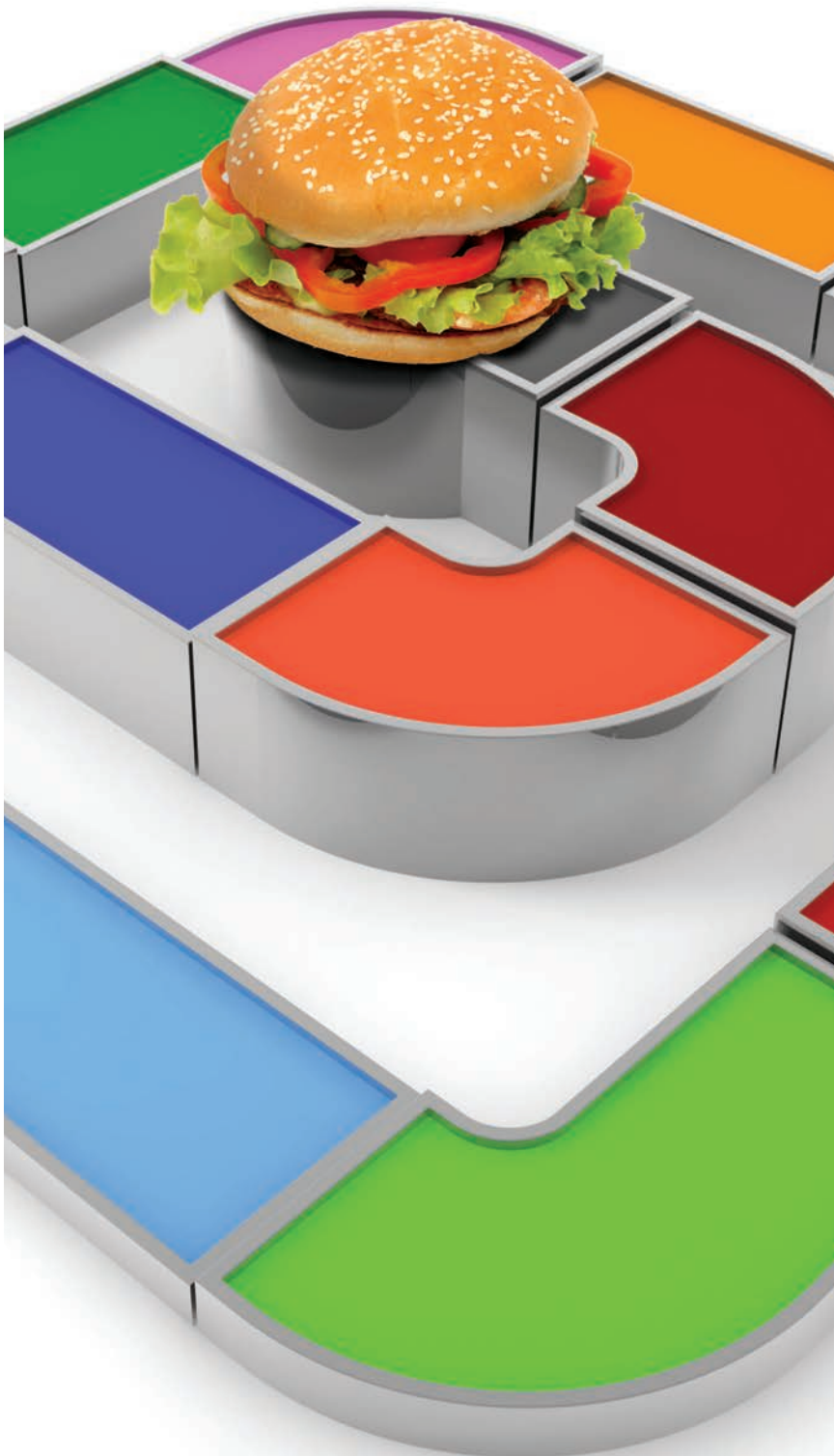
Additionally, our Member Profile series on p. 22 talks about how one independent operator, Jireh Patel, constantly builds on trends.

Whether you choose to ramp up foodservice or build on an alternate trend, we hope planning for the new year renews your appetite for your business.



Much success,

Pam Romeli
romeli@cbuying.com
Vice President of Retail Division
CBC



8

COVER STORY

Foodservice Why It's Time To Get In The Game

By Renee Pas

Thinking about adding or expanding foodservice? Hold that thought. While there is much ado about the potential of foodservice in c-stores today, to reap the rewards operators must first fully understand what it takes to win with food. The insights in this story will get you headed in right direction.

FEATURES

18

Trendspotting

By Kathryn Barnack

Figuring out what's trendy and worthy of more attention can be a daunting task. We've rounded up the latest and greatest c-store data to offer an expert's view of what to beef up at your store. The data shows sometimes it's tweaking segments already there and realizing that they have the potential to do so much more.

22

Creating Connections

By Kathryn Barnack

CITGO Buying member Jireesh Patel has the kind of can-do attitude it takes to successfully run a c-store. His approach to the fundamentals helped him solidify the first store he purchased and paved the way for success at a second store. He shares his insights on growing a business.

DEPARTMENTS

3 Inside View: *Pam Romeli*

6 Community: *Tom Terrono*

26 Featured Supplier: *BIC*

28 View From the Field: *Terry Lambert*

30 Action Items

STOCK UP SEPTEMBER REBATE OFFER

RETHINK ENERGY



Earn a \$10 Rebate* when you stock up on AMP Energy during the month of September 2012.

Simply purchase 5 cases of AMP Energy on a single invoice during the month of September 2012 and get a \$10 rebate. (Maximum one (1) \$10 rebate per store).

PLUS, automatically be entered to WIN an AMP Energy Racing Cooler!*

**Five AMP Energy Racing Coolers (#15072) will be awarded.*

All AMP Energy cans in all flavors and sizes, regular and diet, count toward your qualifying purchase.

*Rebate Information: Consolidated Buying Company will issue the incremental rebate for those sites that qualify by buying 5 cases of qualifying AMP Energy products.



COMPLETE THE INFORMATION BELOW FOR YOUR CHANCE TO WIN

NAME: _____ (PLEASE PRINT NEATLY OR TYPE)

BUSINESS NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: () _____ FAX: () _____

PLEASE PROVIDE STREET ADDRESS; UPS® IS UNABLE TO DELIVER TO P.O. BOXES

All entries must be received by 10/31/12. Entry forms received after 10/31/12 may not be processed or acknowledged. Rebates will be reflected on your rebate check. Any questions please call 248-322-5450.

Mail or fax completed form along with a copy of your invoice to:

AMP ENERGY FULFILLMENT CENTER

40 W. Silverdome Industrial Park • Pontiac, MI 48342 • Phone: 248-322-5450 • Fax: 248-322-5454

REQUIREMENTS

\$10 rebate and drawing entry for one of five AMP Energy Racing Coolers (#15072) is subject to verification and confirmation of invoice submitted.

Multiple invoice purchases will not be accepted. Entry will not be processed without the proper invoice as a support document.

All qualifying entry forms must be received by October 31, 2012 for drawing to be held on November 15, 2012. Entry forms received after October 31st do not qualify for rebate or drawing and will not be processed.

Limit one entry per store location.
Maximum one (1) \$10 rebate per store.

#PC775/PCTMAU



WHAT YOU'RE MISSING ... LITERALLY

I am amazed every time I talk to retailers who believe they only have a little issue with employee theft. I'm starting to think that most just don't want to know the truth or, more accurately, don't want to deal with it.

The only thing that might be more frightening for owners than realizing how much is stolen by employees is being forced to face up to it and possibly losing long-term staff. That is the impression I get time and again as owners instantly become defensive when I approach the topic.

"You don't know my employees," they tell me. "She wouldn't do that to me." Or my favorite line: "They've been with me forever."

I do understand that you may actually really like your team—you should like your staff! It's very upsetting to even consider that a long-term, trusted employee could be stealing. They are the ones you rely on the most.

If you are among those retailers who just cannot bare to think about dealing with this kind of employee issue, there is another way to tackle the theft problem: Inventory.

DIFFERENT WAY TO WATCH

Managing your inventory better will help keep theft at bay. Here's why: most stores have too much.

Operators can easily get bogged down in inventory overload. Take cigarettes for example. One store I visited counted 375 different kinds of cigarettes in stock. Wow. They had cigarettes all over the place, stashed everywhere.

Guess what? Most experts say a mere 125 SKUs will cover 90-95% of your cigarette business. That's less than half of what that store had in stock.

Having too much to keep track of is a sure-fire approach to creating an easy way for people to steal.

Lottery is another area that can be managed better. Lots of operators have lottery tickets shipped to the store automatically. Until you call to say "stop," you keep receiving more. Instead of letting lottery inventory get out of control, keep the numbers down and place excess lottery tickets in a safe or locked in a file cabinet. Maintain inventory at a manageable level.

MASSIVE ISSUE

Lottery and cigarette theft is rampant. Stores tend to have massive amounts of both hanging around. Before you know it these items go missing because you were too overwhelmed by it all to keep track of it successfully.

Theft is a big, big problem. Don't let this business killer get the best of you. Start better managing inventory now to reduce the likelihood for theft. For more tips and tools to better manage your employees and inventory, visit www.myCsquare.com. You'll find everything you need, all in one place.



TOM TERRONO
CBC Learning Center
Instructor

Terrono@cbclearningcenter.com

Tom Terrono's operational and financial management expertise stems from more than 42 years working in the convenience store industry as a manager, owner and consultant.



JOIN THE DISCUSSION!

Share your ideas! Go to the community section of www.myCsquare.com to add your input and read what others think about the latest operating challenges.

STOCK UP OCTOBER REBATE OFFER

TRY ALL 31 FLAVORS

JUST NOT ALL AT ONCE



Earn a \$10 Rebate* when you stock up on SoBe Lifewater during the month of October 2012.

Simply purchase 5 cases of SoBe Lifewater on a single invoice during the month of October 2012 and get a \$10 rebate.*
(Maximum one (1) \$10 rebate per store).

PLUS, automatically be entered to WIN an Xbox 360 4GB Console with Kinect Sensor, Wireless Controller and Angry Birds Trilogy Game!**

***One Xbox 360 Game System with Game will be awarded. Angry Birds Trilogy Game is scheduled for release on or around October 16, 2012. Actual release date may vary.*

All SoBe Lifewater in all flavors and sizes, B-Energy, 0-Calorie, and 40-Calorie, count toward your qualifying purchase.

**Rebate Information: Consolidated Buying Company will issue the incremental rebate for those sites that qualify by buying 5 cases of qualifying SoBe Lifewater products.*



TRY EVERYTHING™

COMPLETE THE INFORMATION BELOW FOR YOUR CHANCE TO WIN

NAME: _____
(PLEASE PRINT NEATLY OR TYPE)

BUSINESS NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: () _____ FAX: () _____

PLEASE PROVIDE STREET ADDRESS; UPS® IS UNABLE TO DELIVER TO P.O. BOXES

*All entries must be received by 11/30/12. Entry forms received after 11/30/12 may not be processed or acknowledged.
Rebates will be reflected on your rebate check. Any questions please call 248-322-5450.*

Mail or fax completed form along with a copy of your invoice to:

SOBE LEFWATER FULFILLMENT CENTER

40 W. Silverdome Industrial Park • Pontiac, MI 48342 • Phone: 248-322-5450 • Fax: 248-322-5454

REQUIREMENTS

\$10 rebate and drawing entry for one Xbox 360 Game System with Kinect Sensor and Angry Birds Game is subject to verification and confirmation of invoice submitted.

Multiple invoice purchases will not be accepted. Entry will not be processed without the proper invoice as a support document.

All qualifying entry forms must be received by November 30, 2012 for drawing to be held on December 15, 2012. Entry forms received after November 31st do not qualify for rebate or drawing and will not be processed.

Limit one entry per store location.
Maximum one (1) \$10 rebate per store.

#PC777/PCTMAU





Foodservice continues to make great strides in the c-store world and consumer acceptance of food in c-stores has never been better. The range of concepts is broader than ever before, with some operators rolling out the red carpet for foodservice. It is no longer a category that can be ignored.

By Renee Pas



"Convenience store operators need to seriously evaluate how foodservice fits in," said Pam Romeli, vice president of retail division for CBC. "There are many different ways to integrate a food offering, but it's definitely the way things are going. Every c-store owner should closely consider a food offering as they look toward 2013 planning."

Johnny Mullins, foodservice and fresh manager for Core-Mark Texas, agreed that foodservice is an ever-growing and expanding part of the c-store business. "We have seen substantial change and expansion over the past few years in how the medium and larger chains are creating a destination for hot and cold foods and beverages in their stores. Oftentimes, they compete head-to-head with many surrounding QSRs," he said. "Independent retailers should know that quality foodservice is an investment. Not only monetary-wise, but in time, effort and execution. But it pays off!"

THE PAY-OFF

Looking at the stats from the National Asso-

ciation of Convenience Stores' annual State of the Industry Report, prepared food enjoyed double digit gains—13.8%—in gross profits in 2011. Cold dispensed beverages, which fall under the foodservice category, also soared, seeing a 14.9% change versus a year ago.

Stores that have already invested in food upped gross profit gains as well. NACS' same-firm sample showed foodservice gross profits rose 7.5% to reach an average of \$11,854 per store per month, as reported in CSP.

Attractive stats. And the experts predict that will continue to prove favorable for the industry. Consumer market research firm Packaged Facts estimates that convenience store foodservice sales will rise by 5.3% in 2012.

Its recent study, *Convenience Store Foodservice Trends in the U.S.*, states that the convenience store industry "continues to aggressively build out increasingly sophisticated foodservice platforms designed to go head-to-head with established restaurant players." The study went so far as to suggest c-store



“It’s a whole different feeling when you walk into a store with foodservice.”

—Ted Roccagli, Mansfield Oil

foodservice sales growth would even outperform the retail foodservice category on the whole.

Sounds like a sure thing, right?

MINDSET FOR SUCCESS

Food’s sales allure and promise of high margins are tantalizing, but those most familiar with foodservice know that it comes with a lot of hard work. Romeli views food as both an opportunity and one of the biggest challenges out there.

“C-store operators need to understand exactly what they are getting into if they want to properly execute foodservice,” Romeli said. “It is a very different category to manage. I don’t even consider it a category; it’s another business entirely. Food is perfect for convenience stores only if the store can deliver on consistency, quality and price.”

Mullins advised that retailers start by taking an honest evaluation of what their growth goals are and realize that foodservice, at some level, should be an integral part of the plan.

“Now is the time to act vs. react,” Mullins said.

“The gap between new state of the art convenience retail chains and the independent retailer is growing when it comes to product lines, presentation and marketing. The large chains are ever expanding. The smaller retailers have a far better chance to compete with those locations if they put a well organized foodservice plan in place now.”

Ted Roccagli of Mansfield Oil said he talks about food solutions every day with retailers to continue the push for food. “They have got to get into the food arena to survive,” he said. “We are constantly trying to bring food solutions to the struggling c-store owner.”

He finds that retailers are listening. “A couple of years ago they were not as open to food,” he noted, adding that he continually works to tune store owners in to the value of food.

One of the drivers that experts agree is pushing c-store owners to open the door wider on food is the fact that two other key business segments continue to falter: gasoline margins and cigarette sales. Years ago gasoline was a profitable business. “Those days

TWO MAJOR REASONS TO RECONSIDER FOOD

1. MINI MEALS

Consumers are eating smaller, more frequent meals today. And convenience stores are well-positioned to cater to that niche. The majority of consumers (64%) already choose c-stores as the ideal destination for a snack, according to Chicago-based research firm Technomic.

Watch for a slew of new products catering to the snacking niche, including bite-size roller grill snacks.

2. MORNING TRAFFIC

C-store’s share of traffic for morning meals was 34%, up 7% vs. a year ago, according to data from The NPD Group/CREST, as reported in FARE Magazine.

That earned c-stores the highest share of morning traffic when comparing day-part distribution with food and drug chains, QSRs and college/university stores.

The only day-part that topped the morning meal was the evening snack, which c-stores again led the pack with a 41% share of traffic, a 2% gain from the previous year. Food and drug chains took the No.2 spot, with 32% (which actually represented a 4% drop in share).



are gone,” said Roccagli. “Fuel will not pay the bills. Retailers have to look at other ways to make money at their store.”

Romeli agreed: “Foodservice is seemingly the light at the end of the tunnel for independents. As gasoline and cigarette profits have diminished, foodservice has all the makings of something that can grow a store’s business.”

The perceptions of the importance of foodservice have evolved over the years. Smaller retailers in particular are showing more desire to get into foodservice, said Allison Morrow, Subway’s assistant director of new business development and global account manager for convenience stores. “Nowadays, it is necessary for a smaller retailer to have a good foodservice program to compete in the marketplace, especially again the larger chains.”

There is a growing confidence that food can be a successful venture. “The reluctance for food used to be the unknown,” said Roccagli. Over the years as other larger chains have found success with food, that has helped smaller chains overcome the uncertainty of foodservice.

GETTING GOING

Mansfield Oil guides its retailers through the foodservice maze via its Preferred Vendor Network. Food partners such as grocery wholesalers (for pre-packaged sandwiches) and Chester’s International (a chicken concept) provide turnkey solutions with little upfront investment cost.

Roccagli said the excitement in the store is easily noticeable once foodservice is part of the mix. “It’s a whole different feeling when you walk into a store with foodservice. You can see there is a lot more excitement.”

Food can also be a great differentiator, said James Venable, VP of operations for Chester’s International. “Foodservice becomes the item of differentiation between locations that provide much of the same items,” he said. For example: Everyone offers Pepsi products, everyone stocks Kellogg’s snacks. Foodservice, however, can draw a distinction.

Venable believes front-of-store brands, such as Chester’s, are a perfect fit for c-stores. “It’s easy to execute because it’s all set up,” he explained, versus a proprietary brand that a store would create on their own. He added that because foodservice takes a lot more work than just adding another category, owners cannot simply add it to a list and check it off. To be successful, it needs constant attention, promotion and running the operation as its own business under that roof.

A good rule of thumb in deciding whether or not foodservice is a good fit for your stores is the following guidelines that Venable applies:

- ▶ 1,000 customers a day
- ▶ 100,000 gallons of fuel a month
- ▶ 100,000 gallons of diesel a month (if a truckstop)
- ▶ \$100,000 in inside sales a month

Having all four is not essential, but if a store has at least two of those guidelines, it makes for a good front-of-house foodservice opportunity, Venable believes. The really successful stores have the customer count number, he said. “That is the most important figure.” He did add, however, that there are some stores with only 500 customers a day that still do well with the Chester’s program.

Brand names can also work to instill confidence in the food as customers are familiar with the name and what they are going to get, said Subway’s Morrow. “The brand can also drive traffic to the c-store, which

Irresistibly Fresh Breath

Mentos Pure Fresh Gum

Item #63736

54ct counter display

Mentos bottled pellets are the fastest growing brand with room for upside. Bottled pellet gum holds a 10% share of the category and is up 13% versus 2011.



Up to
16%
member
rebate



Mentos Gum Pure Fresh Bubble Fresh

Item #63623-4

10ct counter display

Bubble Fresh flavor offers a hint of fruitiness. The innovative liquid-filled center further amplifies the gum's flavor.

For every Mentos Pure Fresh Gum product purchased through your grocery wholesaler during the month of October, Perfetti Van Melle will donate \$0.10/bottle to the Breast Cancer Society of America.



WINNING FOOD SECRET

Waste is the one area that foodservice operators tend to battle the most. Managing it takes a major mindset change. Not being able to adjust to food waste is a key reason one food expert sees c-store operators exiting the business.

"It can be a death spiral," said Keith Solsvig, vice president of marketing for Hunt Brother's Pizza. "Waste is a necessary piece of the business. Don't try to get rid of waste."

Instead, Solsvig advises managing waste and understanding how waste fits into the foodservice picture. It's the exact opposite mentality of the mega-focus c-store operators place on shrink, he noted, which is why it is so hard to switch gears.

Solsvig placed a big focus on waste during his tenure running foodservice at Thornton's, educating operators on how waste supports

foodservice by keeping a food showcase. "You need to keep food out there and fresh to build consumer confidence," he said. "Keeping fresh product builds confidence."

The training that is put into waste and other areas of foodservice, such as suggestive selling, will get the business going, Solsvig said. "C-stores are already getting a lot of people in their stores. If half of those people buy foodservice, it's huge."

Solsvig believes Hunt Brother's Pizza is a great jumping off point for operators getting into foodservice because of the universal appeal of pizza. "Everyone loves pizza," he said. Hunt Brother's Pizza's minimal square footage requirement—anywhere between 50 to 100 sq.ft.—and a relatively low investment also appeals to independents.

can help to increase inside sales and fuel sales."

DON'T MISS OUT

Understanding your customer base is a very important concept to leverage when considering food options. David Morris, author of the Packaged Facts foodservice report, said that knowing customers quickly puts operators in a better position to plan.

For example, if a store has a strong pattern of morning customers, build around that. "Coffee is a great leverage for which you can start bundling food items," said Morris. "It's definitely a good launching point."

Packaged Facts research shows that planned purchases, such as coffee, can lead to additional unplanned purchases. And with repeat customers and a positive experience, those planned purchases widen.

Maybe the first few times it's just coffee, said the report, then the customer might try a donut and then the trip becomes a planned coffee and donut purchase. "With a strong foodservice platform comes the potential for a host of cross-selling opportunities," the report noted.

Additional notable findings from Packaged Facts research:

► The more coffee a person drinks, the greater likelihood they will purchase food outside the home. Only 4% of non-coffee drinkers reported purchasing breakfast at a c-store in the past seven days, compared with 7% of one-cup-a-day coffee drinkers reporting they purchased breakfast at a c-store. That number

jumps to 15% for two-cups-a-day coffee drinkers.

► Convenience store users who purchased prepared foods six or more times in the past three months were 21% more likely to cite food as their primary reason for visiting the store.

► Convenience stores have the potential to tap into the quick-serve restaurant customer base. The reason? Customers of both c-store food and QSRs look for low price and convenience. C-stores are known for having both. Morris noted that as c-stores continue to address issues of food quality and variety, they will gain a greater base from QSR customers.

GREAT POTENTIAL

All the data seem to point toward "go" when it comes to foodservice. The real commitment to food, however, starts with the operator.

"Retailers must make a commitment to invest in quality equipment, training, marketing and product," said Mullins. "Presentation of fresh, quality products in a clean, well managed environment is key to success. The consumer must feel confident in the quality and preparation of the items they are purchasing."

Marketing support, education and training are all areas Roccagli agreed are essential to success. "It's an ongoing education."

In Roccagli's view, food is fast becoming a must. "Retailers cannot afford to not take that step any longer. Your competitors are going to do it and will leave you in the dust." His advice: Just do it. ■



C SQUARE HAS MORE!

For more foodservice tips, head online to www.myCsquare.com. Click on the Retail Tips Videos to access a special 3-part series on foodservice.

Limited Time Offer

Interstate Alkaline Battery Counter & Floor Displays

PART NUMBER	DESCRIPTION	NUMBER OF PACKS	TOTAL COST*
Counter Interstate Batteries Alkaline Display - Shipped with 72 battery packs			
DRY0030	AA 4 Pack	24	<div>\$251.28 SRP</div> <div>- \$149.95 COST</div> <div>\$101.33 profit</div> <div>40%</div>
DRY0035	AAA 4 Pack	12	
DRY0015	C 2 Pack	12	
DRY0020	D 2 Pack	12	
DRY0005	9V 1 Pack	12	
PROM050	Counter Display 12.50L x 11.00W x 18.25H inches	1	
Floor Interstate Batteries Alkaline Display - Shipped with 192 battery packs			
DRY0030	AA 4 Pack	60	<div>\$670.08 SRP</div> <div>- \$380.95 COST</div> <div>\$289.13 profit</div> <div>43%</div>
DRY0035	AAA 4 Pack	48	
DRY0015	C 2 Pack	24	
DRY0020	D 2 Pack	36	
DRY0005	9V 1 Pack	24	
PROM013	Floor Display 15.50L x 12.75W x 52.00H inches	1	

PROFIT
OVER*
\$101



PROM050

**MEMBER
REBATE
2.5%**

FREE SHIPPING!
USE PROMO CODE IB2012



PROM013

PROFIT
OVER*
\$289



Outrageously Dependable®

*Special pricing not valid with any other offer or any other location. Total cost and profit assumptions based on selling all of the battery packs at a retail price of **\$3.49**. Place order now at myCsquare.com to receive special pricing and free shipping. Pricing is valid through 09/30/2012.

Power up your sales now!

Go to myCsquare.com/ib2012.html or call 888-380-7283.

LOGIC[®]

PREMIUM

DISPOSABLE ELECTRONIC CIGARETTES

BREAKTHROUGH TECHNOLOGY

- > Large vapor, long-lasting
- > Rich, satisfying flavor
- > Guaranteed 400 big puffs



=



Made with the finest ingredients

PLATINUM = Extra High 2.4%

BLACK Label = Regular 1.8%

GOLD Label = Medium 1.4%

ZERO = None up to .01%

Available in two flavors tobacco and
menthol with four levels of nicotine

LOGIC[®] products must be used by persons of legal smoking age according to each state law;
Identification of all persons under the age of 26 is required before purchase.

THE MOST TRUSTED BRAND

FACTS

- Best POS in the Industry
- No Charging! No Refills! No Wires!
- Outstanding Customer Service
- Guaranteed Sale!
- Fully Insured

FEEL THE DIFFERENCE!

NEW ITEM!
ONE PACK

Retail Price: \$5.99 + tax



LOGIC®
ONE PACK

=



Brokers/Distributors Welcome.

Please Call: 973.204.0864

**FOR ALL OTHER INQUIRIES,
PLEASE CALL: 973.251.2087**

www.logiccig.com

*American
Brand*

TRENDSPOTTING


C-STORE PRODUCT TRENDS

By Kathryn Barnack

Stay relevant.

That is sage advice. And advice the experts give often. Today's retailers must remain relevant to their customers and innovate to survive. The trick is how to actually do that.

We've gathered a few ideas for you here. Since we've already suggested the promising future for food in c-stores (flip back to p.8 if you missed it), here are

A close-up photograph of a woman's face as she looks through a pair of black binoculars. Her hair is blonde and slightly out of focus. The binoculars are held in her hands, and the right eyepiece is prominent in the foreground. A semi-transparent circular area is overlaid on the right eyepiece, containing text.

*additional category trends to tap to
their fullest potential in 2013. We've
scanned all the recent c-store data
to offer highlights from NACS State
of the Industry Report 2012, CSP
magazine's coverage of the NACS
State of the Industry Summit, FARE
magazine and views from our own
C Square retail experts.*



The first thing to note is that the best of the best in c-store retailing tend to put all their eggs in one basket, choosing to be famous for something. That is a primary point of differentiation when examining what makes the top 10% of c-store retailers more successful than everyone else.

Selecting one area where you can hone in your efforts could help you rise to the top.

CODDLE COFFEE

Coffee drinkers are particularly valuable c-store customers. On average, they spend more on foodservice than any other demographic—even heavy c-store users. So, for any operator looking to grow foodservice, best be sure your coffee section is up to snuff. Stats show most c-store customers still buy regular brewed coffee, so the key is maintaining a high quality brew over time.

Tips for a better brew:

- ▶ Promote your coffee brand. Customers will gain confidence in the product when it's showcased well.
- ▶ Use a quality water filter to ensure great-tasting coffee.
- ▶ Keep a coffee schedule. Track times to be sure a fresh pot is brewed every 90 minutes.
- ▶ Switch to air pots, which keep coffee fresher, longer without the bitter taste that comes from glass pots sitting on a burner too long.

Another avenue to consider when looking to beef up coffee is to consider what replaces coffee entirely. Both energy drinks and energy shots are being advertised as an alternative to coffee/caffeine and are generally faster and easier for customers—and easier than brewing coffee for operators.

GRAB A FOUNTAIN FAVORITE

Fountain is the motor behind a lot of foodservice growth as cold dispensed beverages are rolled into foodservice numbers in most c-store data analysis.

Cold dispensed beverages enjoyed a double-digit gain in gross profit in 2011 with a nearly 15% change from a year ago. Average margin dollars per store per month registered at \$2,099 with a 52.8% gross

margin. Monthly average sales per store were \$3,975, up 12.3% from the year prior.

Analyze this category thoroughly. Break it down to understand its contribution per square foot to determine the true value of your fountain program. Conducting some detailed analysis may guide you toward seeing growth potential in the category.

Three musts for fountain success:

- ▶ Examine in-line water filters regularly. Remove and clean nozzles daily.
- ▶ Check brixing (the mixture of water and syrup) at least twice a week to ensure high quality taste.
- ▶ Clean ice storage bins weekly and be sure your ice maker is properly maintained and cleaned. Bad ice can ruin an otherwise great-tasting fountain drink.

SWEETEN UP A BIT

Sweets performed quite well in c-stores last year, suggesting that perhaps consumers are seeking more small pick-me-ups these days. Packaged sweet snacks posted large gains in sales and gross profit dollars, nearly double the percentage change from other categories. And candy continues to be a top gross margin earner in terms of percent with 48.5% gross margin for 2011 sales data.

On top of that, candy sales rose 4.9% in NACS' same-firm sample. Those in the top quartile of performers reached an average of \$4,191 in sales per store per month. Those in the bottom quartile had \$2,976 in monthly store sales.

One trend to make sure your store is in on is king-sized items and chocolate. Subcategory insights show chocolate bars/packs earn the biggest piece of the candy pie. The mega-popularity of king-sized items is something The Nielsen Co. pointed out as a contributor to chocolate's success.

Take advantage of all your partners—vendors, distributors and, of course, your buying group—to help you stay on top of the trends. Keeping your product mix relevant will make a difference to both your customers and your bottom line. ■



CSQUARE HAS MORE!

For additional ideas and solutions visit www.myCsquare.com.



Cheesier Combos. Meatier Profits.



Stacked with Flavor and Built for Profit.

Our 2.5-oz Smoke Stacks are the **LARGEST** and **BEST-SELLING** products in the stick and cheese category, and our four delicious flavor combinations fit any consumer taste profile.

Contact your local sales representative at 1.800.558.7840
to learn more about our Smoke Stacks, or to place an order.



Creating Connections

Independent grows business by being in-tune with product selections

By Kathryn Barnack

When Jiresh Patel purchased his first CITGO store in Hampton, Va., he realized early-on that there was room for improvement. “I liked the store location and the way they were running it, but I just knew I could do it better,” he said.

And he did. So much better, in fact, that business has now doubled. Since purchasing the store in 2004, he did major store clean-up, improved displays and applied customer service fundamentals.

Local vendors create a strong partnership for weekly supplies, Patel noted. “I rely on them for fresh products.” He also works closely with his distributor, Southco, for prepackaged sandwiches and other items.

‘ROUND THE CLOCK’

The 24-hour operation keeps Patel busy. Most of the weekend business comes from young crowds hitting the local nightclub scene nearby. During the

Mountain Dew and energy drinks outperform coffee in the early a.m. hours at Patel’s store.

On top of that, he improved inventory. That meant adding lots of new varieties to the product mix and expanding brands. “I carry all brands of cigarettes,” Patel said. “The same with beer.” In addition to building out cigarette and beer brands, he added to the cigar lineup, groceries, wine and nearly everything else in the store.

Patel continually watches trends to stay on top of new products for customers. “I try to introduce new things to customers regularly,” he said. “Most of the time it works.” His rule of thumb is to keep new items for four months before deciding to pull out.

week the store’s core base stems from its military/naval town surroundings that has people up and heading to work at 4 a.m.

For most operators that would mean a huge coffee business, but Patel said that while coffee does well, Mountain Dew and energy drinks outperform coffee in the early a.m. hours at his store. “I am very surprised,” he said. “I attribute it to the age of the people, with a lot of 25-year-olds.”

TIES THAT BIND

After getting the first store where he wanted it,



DISTRIBUTION FACILITIES:
Farmingdale, NY - Albany, NY - Waterbury, CT
Auburn, MA - Ewing, NJ

HLA-Your Full-Service C-Store Distributor

We are proud suppliers of the following services:

- Same Day Delivery Available*
- Monday-Saturday Deliveries Available*
- Availability Of Over 17,000 Different Items
- EDI Compatibility with Web Ordering Availability
- Individual Sales Professional Handling Each Member Location
- Professional Store Design and Planogramming
- Seasonal Trade Shows (Spring & Fall) & 2 On-Line Virtual Trade Shows
- Participation In CBC Sponsored Events
- Foodservice Programs & Merchandising Support
- Exclusive Supplier of Island Coffee & Chock Full of Nuts Programs
- Turkey Hill Ice Tea Distributors
- Logic e-Cigarette Distributor

**not available in all areas.*



www.hladistributors.com | Telephone: 631-962-2400 | Fax: 631-962-9000

Patel purchased store No.2 in 2008. Another CITGO-branded site, the second location is in Newport News, Va., and is a quieter, neighborhood store.

He relies on the store manager to keep the site up to par. For other independents looking to expand to a second location, Patel advised adding a strong manager to the additional site eases a lot of the burden of overseeing multiple operations.

Patel looked to an existing employee for the job and Nick Bhaget became not only a manger, but a partner in the acquired store. "It gave him an opportunity to invest his money in the store as well," said Patel. It also

instantly created the kind of connection to the store's success that only an owner can possess. Patel visits the store only periodically to check paperwork.

Building a strong base of employees is key to success, as is having those employees in turn build a strong connection with customers. Most customers are locals, noted Patel, who knows most by name. "I talk to them and just have a friendly relationship with them; I tell my employees to do that as well."

Patel's friendliness with both employees and staff, in addition to his attention to operational detail continue to keep his store running smoothly in tough times. ■

STORE STATS

LOCATION

Hampton, Va. and
Newport News, Va.

STORE HOURS

24 hours for the
Hampton, Va.
6 a.m. - 10 p.m. for
Newport News, Va.

NUMBER OF EMPLOYEES

6 at the 24-hour store
and 4 at the neighbor-
hood store

BUYING GROUP WINS

A CITGO Buying member, Patel participates in programs with Lorillard, All Over Media and Southco. He also stays tuned in to www.myCsquare.com for ongoing new program information and Retail Tip videos.

GUESS WHAT'S STRANGLING YOUR ATM PROFITS?

Month after month, the cost of your ATM phone-line connection really adds up. If you're like most ATM operators, You could **cut that cost in half** with a Wyless wireless connection!

\$9.99
per month
**Unlimited
Transactions**

**CALL 888-799-5377
AND SAVE TODAY!**

**Nationwide Money
Services, Inc.**
A Wyless Wireless Company

A FRESH MAKEOVER IS

GOOD

A more attractive partnership is even better. When you team with CITGO you get an unmatched commitment to building your business. We've got a bold, dynamic new look. But what hasn't changed is our unprecedented service and support. From marketing programs you can tailor to your local markets, to a spirit of open dialog and idea sharing, we're driven to help you succeed. To learn more about how CITGO can make you look even better, email us at cmktsales@citgo.com.



POCKET LIGHTER POTENTIAL

A lot of people think a lighter is just a lighter, but that is not really the case. The BIC brand is instantly recognizable to consumers as possessing all the important features of lighters:

performance, quality and price. BIC is the best, earning a whopping 90% market share of the disposable lighter category.

Data from Information Resources Inc. shows BIC has an 89.6% share in the disposable lighter segment for the yearlong period ending May 27, 2012. That makes BIC America's #1 lighter. And BIC is still growing, gaining 10% in dollar sales vs. a year ago and gaining 2.0 share points.

WHAT TO LOOK FOR

BIC meets and exceeds all lighter best practices, providing the quality, value and continued performance that consumers expect. Lighter consumers are actually extremely loyal to the BIC brand.

Nearly 90% of pocket lighter consumers are familiar with the BIC brand, according to a Directive Analytics study. And even those familiar with other brands choose BIC most often when purchasing a lighter.

Make the most of lighter sales by merchandising lighters on the front counter. Pocket lighters are a huge impulse category and placing them where consumers can easily see them will drive sales.

Consumers look for the BIC brand because they know they can rely on BIC for a quality product. BIC lighters meet all international and consumer product safety standards, definitely a key item to watch for when selecting lighter brands to stock at stores.

Every BIC lighter receives over 50 quality inspection checks. That's one of the reasons consumers seek out the BIC brand. They know when they buy a BIC they can rely on the lighter to work.



Quality and performance differentiate BIC from all other lighters.

BIC is the lighter of choice, for consumers and retailers.

WHAT TO AVOID

One area that many store owners still don't have the full knowledge about is the danger of toy-style lighters. In fact, many states throughout the U.S. now ban the sale of toy-style lighters because of the hazards to children. For example, a lighter in the shape of a small orange fish kids have grown to love through the movies, or a motorcycle lighter that would appeal to young boys.

They are extremely attractive to children and BIC urges all retailers not to sell these lighters in order to protect children. Not stocking novelty lighters disguised as toys helps keep children safe and helps fire prevention.

No owner wants to stock products that pose a liability to their business. The consequences are too great.

Stick with BIC. We understand the importance of value. We believe in providing simple products that offer high quality and high performance for reasonable prices. Our philosophy is: More for your money ... Always!



More for your money... Always!



POCKET SIZE LIGHTER

SUPER SIZE PROFITS

Sell BIC® Lighters at your register
and see how a classic product can
spark front end sales.

.02¢
per lighter
rebate



vs. the next leading brand*



Lighter

BIC® Lighters offer several lines of exclusive
designs, including the **Classic® Series**.

biclighter.com | 1-800-546-1111 ext. 2461 for more information



More for your money...Always!



FIRST STEPS TOWARD FOOD

You have to be an above-average c-store operator to even consider adding foodservice in your store. Not sure how you rank? Answer these questions:

- ▶ Is your store spotless?
- ▶ Are you rotating your products ? (first in, first out)
- ▶ Do you dust your shelves and products daily?
- ▶ Are your employees friendly, helpful and knowledgeable?
- ▶ Are you successfully running a quality coffee and fountain program?

If you can answer a firm YES to all of the above, congratulations! You can now consider adding food to the mix. If you stumbled on any of the above, my strong advice is to remedy those items first. Ensure your store is at peak operating level before stepping into the foodservice mix. It will ensure success down the road.

FOOD 101

To figure out exactly what kind of foodservice to add to your store, start considering all the options currently around your store, as well as how the set-up will function within your store. Key questions:

▶ Does food make sense throughout the entire day and evening? Consider your traffic pattern. Do the majority of customers stop at your store on the way to work? On the way home? Understanding your regular customers' routines and how your store functions in their lives will point you in the right direction of what kind of food offering to jump into.

▶ Who will be your competition? Most c-stores with a heavy food focus compete head-to-head with quick-serve restaurants (QSRs). One reason for that

is the customer base is very similar: people with a desire for inexpensive, fast food. Check out what your nearest food competitors are doing right—and wrong—to give yourself an edge in planning a food strategy.

▶ Do you have the space for foodservice? Really a good oven, refrigerator and a prep table are all you need to offer food for all three dayparts. Consider how involved you want to get. If you are planning more of a full-fledged offering, seating will be critical to complete the offering.

The best advice I can give if you are new to foodservice is start small and then learn to be great. That's why the question of coffee and fountain came up as a precursor to food. Those are mainstay c-store items with great potential and good margins. Manage and market these areas successfully and you're on your way to building a strong foundation for your next level of foodservice.

Foodservice knowledge is also crucial. If you don't have existing expertise, hire a foodservice manager or even consider outsourcing the program to an experienced restaurant operator and charge rent for the space. There are many different options of how to approach food, evaluate them all to decide which is right for your store. Use resources such as your grocery wholesaler and www.myCsquare.com to learn more.

WANT MORE?

Check out Terry's Retail Tips on www.myCsquare.com. Simply click on Retail Tip Videos and choose from 20 different episodes.



TERRY LAMBERT
CBC Learning Center
Instructor

Lambert@cbuying.com

Terry Lambert is a CBC Learning Center seminar instructor as well as an active convenience retailer, operating two suburban Chicago locations and a jobber partnership.

Terry is 100% focused on helping retailers just like you overcome today's business challenges by learning how to identify and embrace opportunities.



*Ingredients: water,
natural flavorings, &
UNTOLD WEALTH.*

Now you can make every element of your c-store much more profitable. Learn how—by tapping into the only online community of successful c-store operators, experts, and suppliers from around the country. C Square, the town square of C-store resources. And here's an ingredient you'll really like: *your membership is free.*

Find out more at myCsquare.com

C SQUARE



CROWN YOURSELF KING

King-sized candy bars have secured their spot in confectionary. The popularity of those mega-sized bars are credited with helping build sales in the chocolate bar/pack segment in the latest c-store data. Check your king-sized lineup to capitalize on the trend.

MORE TREND DATA ON P. 18

QUICK QUIZ

- Do you have enough space for food?
- What's your store's traffic pattern?
- Should you choose a brand partner or build a proprietary program?

The questions are endless when considering how to approach food in c-stores. C Square is here to help. A new 3-part video series specifically addresses these questions and more.



WORK IN REWARDS

Turn your employees into ambassadors for your foodservice program. Hunt Brother's Pizza found it was a win-win approach with 60% increases in sales when employees were engaged in selling. The carrot enticing them? A big screen TV. The suggestive selling kicked into high gear for that reward.

MORE TIPS FROM HUNT BROTHER'S ON P. 14

ACTION ITEMS

DEW BREAKFAST

Early morning customers are more apt to purchase a Mountain Dew or an energy drink at Jireh Patel's store than a cup of coffee. He credits the age of his customers, young twenty-somethings, as a key reason for the coffee alternative preference.

**MORE INSIGHTS
FROM PATEL ON P. 22**



WALGREENS FOOD PUSH

Multiple channels are looking at how to break into foodservice, including Walgreens. The drug-store chain wowed customers when it opened a new store in Chicago that included premium coffee prepared by a barista, fresh-based pastries and on-the-go meal options such as wraps and sandwiches. The store combines all of the company's most forward-thinking initiatives, according to the CEO.

**START MOVING FORWARD WITH YOUR FOOD
MINDSET ON P. 8**



GO FULL SPEED AHEAD

Reason No. 1 that you can no longer turn you back on foodservice: sales continue to grow year after year. Reason No. 2: margins remain strong. Reason No. 3: your competitors are moving at a fast forward rate with food.

MORE ON P. 10



SHOOT FOR 125 CIG SKUS

Experts say a mere 125 SKUs will cover 90-95% of your cigarette business. That's less than half of what one store had in stock. That over-inventory was not only difficult to manage, but added an increased risk for employee theft. A better approach: Keep inventory at a manageable level.

**MORE ON INVENTORY
MANAGEMENT AND
THEFT ON P. 6**

MAGNUM

BITE INTO PROFITS FROM A \$1 BILLION BRAND

Finally, our biggest ice cream brand is in the world's biggest ice cream market

- Magnum is Unilever's #1 ice cream brand
- Made with Belgian chocolate and silky vanilla bean ice cream
- Metallic packaging brings premium appeal to your freezer and excitement to your customers
- Embossed "M" on Magnum Classic shell brings sophistication to indulgence
- Millions of dollars in ad and promotions support will drive consumers to freezers



Your Favorite Candy's Now an Ice Cream

Reese's
PEANUT BUTTER ICE CREAM CUP



.50¢
per box
member rebate

PEANUT BUTTER ICE CREAM WITH A REESE'S® PEANUT BUTTER
SWIRL DIPPED IN A MILK CHOCOLATE FLAVORED COATING

REESE'S® trademark and trade dress, the Peanut Butter Cup Design and Orange Background color are trademarks used under license. ©2012 Unilever

Wasting buckets of money on cleaning chemicals?



Signet™ Cleaning Chemical Service from Cintas saves you time and money by ensuring proper chemical dilution to reduce waste, and maximize cleaning performance.

5% member rebate available

Contact your Buying Group Representative for rebate and program information at **888.380.7283** or visit www.myCsquare.com

SIGNET®

cintas

Diversey