



ARE YOU FIT FOR FRESH?

More than anything else, convenience stores sell immediate consumption: 84% of food items purchased are consumed within the hour.

That means fresh fruits and vegetables compete against other snacks within the store, whether chips, candy or even health bars. Produce today comes in many convenient ways, from fresh pre-cut fruit and veggie snacks, to grab-and-go salads ideal for lunch or dinner.

As you consider a fresh produce program, you need to be aware that produce also requires more handling because it is perishable, and also carries a much higher shrink rate than packaged items. **But, don't let that fact stop you from considering fresh produce items in your store.** A strong produce program can attract new customers, increase sales, plus deliver strong margins. Gross margins for produce at convenience stores can be as high as 43% — compared to 27% for overall merchandise margins and less than 6% for fuel margins.

As more consumers seek out convenience stores for fresh food, there are a number of opportunities for convenience stores to grow fresh produce sales, whether whole or value-added/fresh cut. **For retailers who want to grow their produce sales, there are two critical areas to assess:**

1. Customer demand/demographics and
2. Resources required to effectively acquire, merchandise and market produce.

Here are some broad considerations to examine whether a fresh produce program could be successful at one or more of your stores:

1. CUSTOMER BASE

Since women and millennials seek out fresh products to a greater extent than other demographics, is your store in a high-traffic location for these demographics, in particular? If so, you may want to explore how to market or merchandise specifically to these groups.

2. EXISTING PRODUCT SALES

There are several products that go hand-in-hand with produce sales. Strong sales of yogurt and health bars and nuts are good indicators that your customers would support a fresh produce program. Other items may also demonstrate support, like strong coffee sales.

3. TRAFFIC PATTERNS

What time of the day do you have the most customers and what are the demographics associated with each daypart? Men are more likely to buy gas in the morning, while women are more likely to buy gas in the evening. Are there specific opportunities within these patterns to sell more produce by daypart? And are you in or near a high traffic area? You may be able to sell more to-go snacks to these commuters.

(continues on reverse)



4. LOCATION

Are you located near a college/university, hospital or upscale residential area? These groups may be more likely to purchase produce for snacks, particularly value-added produce. Are you in an urban food desert or rural food desert? These areas may be more supportive of some pantry sales/bulk purchases of produce. Also, examine how you might increase produce sales as part of SNAP (formerly known as food stamps).

5. DISTRIBUTION

Do you receive at least two deliveries per week? Without more frequent deliveries, examine whether you want to seek out alternative distribution from other sources and have the ability to manage this added complexity.

6. STORE LAYOUT

Does your store have enough room to add an open-air cooler to display produce and other better-for-you items? Do you have enough room for racks or bins for other produce that does not need to be refrigerated (bananas, onions, tomatoes, etc.)? Do you also have the room to display product in multiple locations — abundance is an important factor in selling produce to customers. And how easily can you reset the store to capitalize on seasonal opportunities, especially in the late summer and fall for local produce?

7. EQUIPMENT

Do you have adequate refrigeration space for perishable products, whether merchandising coolers or backroom storage for product not yet on display? Is there other equipment that you might use to reduce shrink -- whether blenders to make smoothies or ovens to cook pizzas with vegetables?

8. CLEANLINESS

Is your store clean? Cleanliness is a strong visual cue to support the sales of fresh items, whether produce or other foods. Cleanliness is also important for bathrooms and the parking lot.

9. SIGNAGE/MARKETING

Do you have the capability to offer signage both inside the store and outside — including at the pump or even on the gas price sign?

10. RESOURCES/COMMITMENT

Will you have the time and ability to train staff to handle fresh produce and ensure proper rotation? And will you have the tools to train employees about how to manage spoilage? Many operators have found it important to at least temporarily delink manager compensation from waste, which typically increases when a fresh produce program is first introduced, especially the first 30-60 or even 90 days. And will the management team be prepared to commit to a program for a minimum of six months, to ensure a proper trial of a new produce program?

If you can answer “yes” to a majority of these questions, it’s time to look seriously at adding fresh produce to your food offerings, and join the “fresh convenience” trend.

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