



**CONSUMER AND
RETAIL GROUP**



**Accelerating Your
Foodservice Strategy
Through Customer
Centric Innovation**



Competition is heating up in the fight for share of stomach






As the traditional strongholds of fuel, tobacco and alcohol see stagnant or even declining sales, foodservice is rapidly becoming a major driver of revenue and margin for convenience store chains. With foodservice accounting for **37% of in-store profits and 27% of overall sales¹**, winning in the category has become a top priority for many companies. The foodservice category is facing strong competition from other channels that are driving significant innovation and new products. C-stores must successfully execute on innovation, or risk falling behind.

Foodservice as a Differentiator

Consumers are increasingly seeing foodservice as a primary reason to visit c-stores. According to recent A&M survey data **consumers cite beverages (50%) and prepared foods (30%) as top reasons to visit a c-store**. Additionally, survey data suggests that a large number of consumers may favor c-stores over QSR and grocery as destinations for foodservice, with **more attractive beverages (41%) and prepared food (22%)**.

It is therefore not surprising that we continue to see more c-store operators focusing on Foodservice and making investments in innovation and product development.

Why Consumers Choose C-Stores Over Other Retail Locations

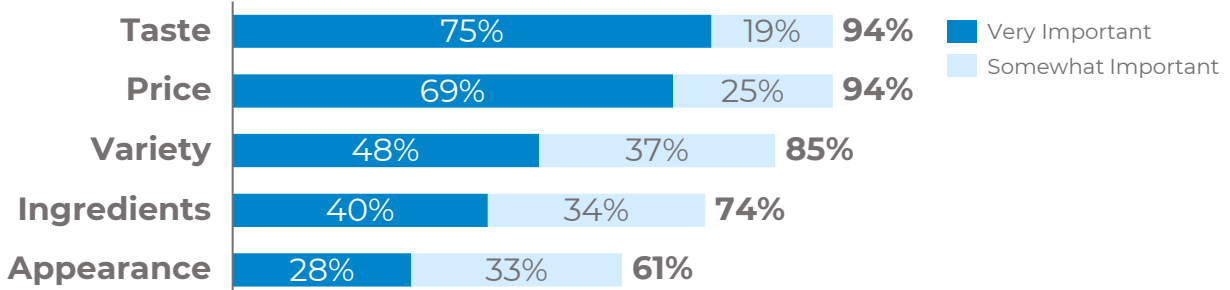
	Most convenient location	46%
	Beverages I really like	41%
	Needed gas on route	34%
	In a hurry	28%
	Cheaper gas	25%
	Prepared food I really like	22%

A&M survey of C-store customers conducted Oct 2024;
Respondents selected up to 3 choices

What's Important to win in Foodservice

Consumers are **primarily looking for taste and price** when choosing c-store foodservice (94% cite those as very or somewhat important). Like in other channels, getting the right quality/value equation is critical to winning and retaining customers.

What Matters to Consumers in C-Store Foodservice?



A&M survey of c-store customers conducted Q4 2024 – respondents who very often or somewhat often purchased foodservice products at convenience stores



Leading companies across global markets have taken customer-centric approaches to foodservice innovation

Foodservice as a Critical Performance Driver

A clear link has emerged between financial success and high-quality, customer centric foodservice innovation. Operators across the globe are customizing their approach in targeted ways to fit their specific markets and business strategies, but all have the common theme of placing the customer at the center. Here's a few successful examples:



Buc-ee's: Texan Identity



Buc-ee's continuously introduces new and exciting Texas-inspired offerings, such as made-in-house slow-smoked BBQ brisket, custom kolaches, and made-to-order breakfast tacos.

60%
Location
growth
since 2019¹

Investing in local offerings that resonate with customers has been a catalyst for store growth. Buc-ee's mix of Texas-inspired food paired with proprietary grab-and-go snacks has transformed stores into foodservice destinations.



7-Eleven Japan: Freshness and Hyper-Localization



7-Eleven Japan tailors its individual store's product assortment via *Tanpin Kanri*, or "management by SKU," empowering individual stores to make data-driven decisions about product selection.

45%
C-Store
Market Share
in Japan²

Combined with a robust supply-chain network that can deliver fresh new offerings multiple times per day, assortments at Japan 7-Eleven stores experience up to 70% annual turnover, **keeping shelves dynamic, relevant, and tightly aligned with changing customer demand.**



Marks & Spencer: Culinary Innovation



Marks & Spencer has transformed to become a leader in the UK market for fresh, restaurant-quality ready-to-eat meals that appeal to its time-starved consumer base.

40%
EBITDA
growth
since 2020

Today, M&S offers over 300 types of ready-to-eat meals catering to a variety of tastes and diets. **Food sales increased by over 8% in 2024³ and contributed to 40% EBITDA growth since 2020.**

1. [Buc-ee's US expansion – C-Store Dive](#), [Locations – Buc-ee's](#)
2. [Japanese C-Stores – NACS](#), [Domestic Convenience Store Operations – 7Eleven](#)
3. [M&S Press Release](#)
Sources: A&M Analysis, M&S Financial Statements



Successful innovation doesn't just happen – winning innovators follow a proven playbook

The Innovation Playbook

Successful product innovation is a built and curated capability that has enabled leading innovators in foodservice to differentiate in the marketplace. It has evolved and improved over many years in the QSR and grocery sectors but has been embraced by c-store operators only more recently.

While specific strategies and execution can vary by channel or company, most successful foodservice innovators follow a playbook that includes at least six core elements:

CUSTOMER CENTRICITY

The customer is at the core – start with a deep understanding of your current and potential customers: “who”, “what”, “when”, and “how”

PROCESS, REPETITION, INSTITUTIONAL MUSCLE

Innovation is an ongoing process that is strengthened with repetition, not a one-time effort

INTEGRATED INNOVATION TEAMS

Collaborative, cross-functional effort across internal and external teams is critical to success

STRATEGIC SUPPLIER PARTNERSHIPS

Successful innovation often hinges on **collaboration with strategic supplier partnerships**

GO-TO-MARKET APPROACH

Execution of product launches is key to success: great products can fall flat with poor execution in stores, supply chain, or marketing

MEASURING SUCCESS

Accurately measuring what works informs decision-making and reinforces execution

The customer is at the core of successful innovation

Customer Centricity

There are many ways to leverage innovation to meet unique customer needs. But at the core, defining and understanding your current and potential customer base is crucial to direct innovation to deliver differentiated value for consumers.

Innovation Driving Differentiated Value for Consumers

Menu Innovation

Evolution of core offerings, unique new flavors, promos, and seasonal items to stay relevant and spark trial

Engagement Innovation

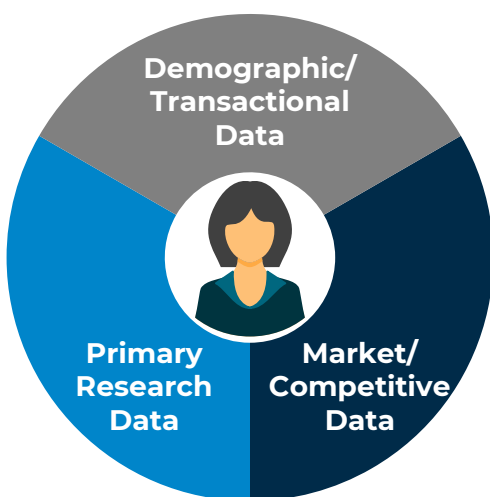
Mobile tools, delivery, and loyalty programs that personalize experience and improve the overall customer experience

Operational Innovation

AI forecasting, kitchen automation, and sustainable practices that increase efficiency and cost-effectiveness

Effective innovation requires collecting data on customer preferences and behavior and interpreting that data to anticipate future needs. Companies should invest in robust customer segmentation and analytics to identify key consumer groups and tailor offerings to those specific segments. Additionally, continuous engagement via customer feedback loops ensures that innovation remains aligned with evolving consumer expectations.

Data at the Core of Customer-Focused Innovation



What's Measured

Key Questions

- Who are our current and potential customers?
- What, how, and where do they buy?
- How do they engage with us?

Sources: CRM systems, POS systems, transactional databases, web/mobile analytics, loyalty programs

- What do they need and want?
- What attributes are key to them?
- What shopping missions are most relevant?

Sources: Surveys, interviews, focus groups, day-in-the-life observations

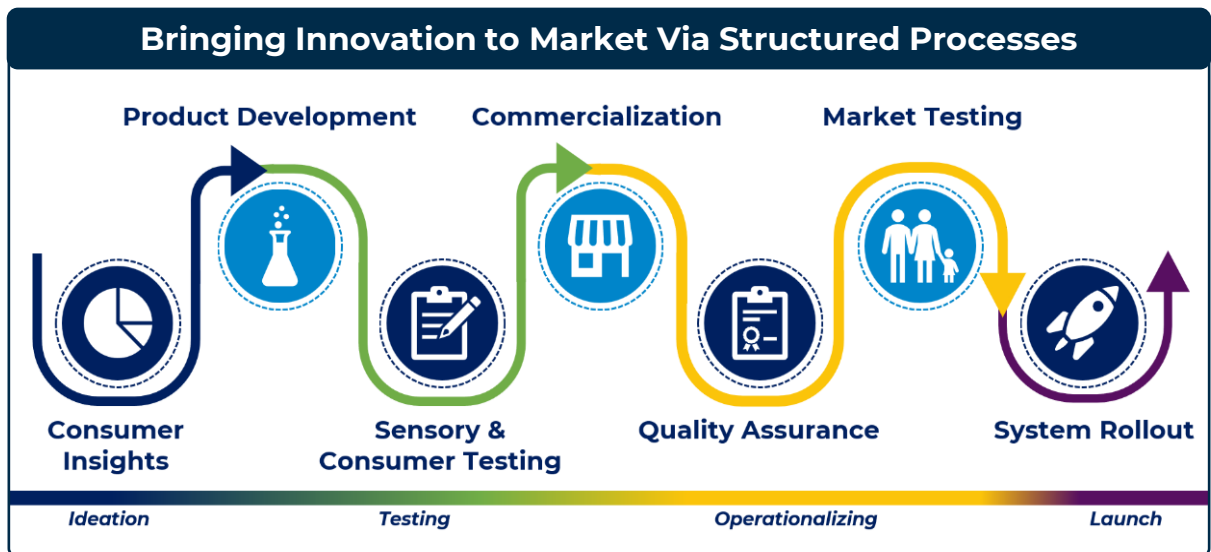
- Who is winning / best-in-class, and why?
- What are competitors offering them?
- What external factors shape their opinions?

Sources: Market research, sentiment analysis, social listening, competitor analysis, secret shopping

Successful innovation is grounded in a formalized, repeatable process

Process, Repetition, Institutional Muscle

Innovation is not a one-time event. It is a capability best executed when driven through a defined process. Leading innovators establish formal processes with clear stages across ideation, testing, operationalization and launch. Repeating the process builds institutional muscle, drives learning, and makes innovation a core competency rather than a sporadic or one-off effort.



At the beginning of the innovation process is ideation. Leading innovators across the QSR and grocery channels evaluate hundreds of new product ideas every year and ultimately bring only a small sub-set of ideas to market. Companies must leverage screening questions (e.g., whether the idea appeals to multiple consumer groups, ability to execute the idea well, and impact to operations) to focus efforts and investments on ideas with the highest chance of success.

Innovation Centers

Some companies have upped the ante on innovation with investments in infrastructure with test kitchens or even larger dedicated innovation centers. Such investments may be less common for c-stores but are increasingly the norm for companies in the QSR and grocery channels, with McDonald's and Kroger leveraging innovation centers for years.

Not surprisingly, as foodservice innovation has become more critical, companies in the QSR and grocery sectors have made these investments earlier in their growth trajectories.

Collaboration across functions and with external partners is critical to success



Integrated Innovation Teams

Cross-functional collaboration is essential for driving innovation. Integrated innovation teams that include stakeholders across the organization (including R&D, marketing, supply chain, finance, quality assurance, operations, and more) can ensure that all stages of the innovation process are executed effectively. These teams should work closely from ideation through system rollout, with clearly defined roles and responsibilities that align each team to specific process areas and outcomes.

Consistent communication and collaboration is also key to anticipate challenges and ensure that products and offerings are brought to market effectively. This integrated approach fosters accountability, encouraging ownership and a shared commitment to overall success.

Strategic Supplier Partnerships

Building strong, trusted relationships with key suppliers who feel deeply invested in successful product innovation can unlock faster insights, accelerate speed to market, and enable more collaborative innovation. Supplier partnerships play a pivotal role in product innovation and should be assessed based on two critical factors: the depth of the relationship and their ability to support innovation.

Successful innovators need to identify those suppliers who can align with the overall strategic direction and bring proactive thinking, market intelligence, and a willingness to co-develop products and offerings. This approach centers on working closely with a select group of partners who can truly accelerate foodservice innovation and help bring it quickly to the market.



Effective go-to-market planning is key to successful product launches

Go-to-Market Approach

Successful innovation doesn't end with the developed product. Success ultimately depends on how well new products are brought to market. To ensure successful execution, operators must take a structured go-to-market approach that aligns planning, product, people and promotions across every phase of execution. This involves careful program management across all internal and external teams to ensure coordinated execution.

Following initial product launch, it is important to remain agile and able to respond to results in the market. Rapid feedback loops (between central teams, the field, and customers) and targeted adjustments ensure that new products and offerings are effectively deployed to market.

Key Go-to-Market Considerations



Planning

Marketing calendar, sales forecasting, inventory planning



Program Management

Supplier coordination, cross-functional execution



Store Readiness

Execution guides, in-store training, communications



Marketing

Promo planning, personalization, in-store execution



Launch

Initial pilot, system launch, analyses & feedback loops

Measuring Success

Effectively measuring the success of a new foodservice product is critical to the long-term success of any foodservice strategy. New products have extensive impacts on many elements, from sales product mix and traffic to operational complexity and waste.

It is critical to clearly understand and measure these elements (the "total economic impact" of innovation). Accurately measuring the impact of new products will support better understanding of what works and what doesn't as well as better decision-making.

Typical Elements Measured

- Direct Product Sales
- Indirect Product Sales ("halo effect")
- Earned Media Impressions
- Voice of the Consumer

Other Elements Driving Overall Economic Impact (non-exhaustive)

- Cannibalization
- Product Waste
- Ingredient Waste
- Operational Complexity
- Speed of Service
- Additional Labor Hours (including Training)

CRG has unique expertise to partner with retailers who want to accelerate their foodservice strategy

Innovation Built on Insight and Execution

Successful foodservice innovation requires a deliberate, strategic approach rooted in deep customer understanding and cross-functional execution. Leading companies start by investing in rich consumer insights, then build the specialized capabilities needed to bring new ideas to market. Innovation thrives when functional teams from Culinary to Marketing collaborate seamlessly, supported by strong data systems that enable smarter, faster decisions. By aligning on these pillars, retailers can unlock sustained growth and stay ahead in an increasingly competitive landscape.

A&M's Consumer & Retail Group combines the expertise of seasoned consultants with the hands-on experience of operators who can quickly assess and accelerate foodservice innovation for retail clients.

Lead Authors

Marco Valentini, Managing Director

marco.valentini@alvarezandmarsal.com

John Benson, Senior Director

jbenson@alvarezandmarsal.com

Contributors

Kit O'Connor, Director

Ian Walker, Manager

Scott Berger, Associate

DJ Akkala, Associate