



ACTION REPORT #3

Ready-To-Eat Food Shapes Reputation and Referrals





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Research findings – based on the previously conducted NACS / Coca-Cola Leadership Council study, Building Loyalty with the Next Generation – encourage convenience store retailers to recognize that the American teenager is vital to the industry’s future. Further, ready-to-eat food is one of teens’ primary spending categories.¹ Nearly half (44%)² of teens shopping in convenience stores purchase ready-to-eat food such as sandwiches, wraps, chicken, pizza, prepared fruits or vegetables, as well as soups and salads.

Action Report #3* translates research key learnings into actionable ideas for convenience store retailers.³ The following tips showcase how ready-to-eat food can be used to attract and retain teen consumers⁴, differentiate your store and, ultimately, increase sales.

Tip 1: Sell High-Quality Food

Tip 2: Showcase Fresh and Healthy Food Items

Tip 3: Give Teens Control of Their Ordering and Purchasing

Tip 4: Make the Store Environment Compelling

Tip 5: Drive Word-of-Mouth Recommendations

In addition, this Action Report contains content adapted from select 2007 NACS Magazine case studies reflecting Council members’ validation studies and their meaningful insights into teen shoppers and the significance of ready-to-eat food.

* This document is part of a series of Action Reports developed by Clickin Research that reflects key findings of Building Loyalty with the Next Generation, research previously conducted by the NACS / Coca-Cola Leadership Council. The study was designed to better understand and serve the needs of “emerging” shoppers, focusing primarily on teens ages 16-20. The study and all Action Reports are available at no cost on the Council web page at www.ccrcc.org via the NACS/CCLC tab.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 1: Sell High-Quality Food

Teens' enthusiasm for taste and freshness can translate into strong word-of-mouth promotion. This age group reports freshly made subs or hoagie sandwiches are among their favorites and help differentiate a store from its competitors.

"The food! It has the best sandwiches and pretzels. Everything is good." – 17-year-old boy, New Jersey

"I shop at this store because I like to get their drinks after I get off work. And, they're one of the few stores in this area that have the kind I like." – Andrea, 19, Virginia

Consider

- Identify products that teens consider to be fresh and healthy. Promote these items to enhance the perception that your store offers healthy food options.

Validate

- Observe teens:
 - Track times of day when they purchase products with high nutritional content.
 - Determine if those who buy healthy foods also purchase less nutritional products.
 - Monitor whether this buying pattern happens on the same or different visits.
- Talk with teens:
 - Ask what foods they consider to be fresh or healthy.
 - Determine what would encourage them to invite a friend to "my" store for a ready-to-eat food purchase.
 - Inquire how your store can better serve their ready-to-eat needs.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 1: Sell High-Quality Food (*cont.*)

Test

- Offer the fresh and healthy foods that teens say they want to buy.
- Publicize the availability of fresh and healthy foods, encouraging word-of-mouth promotion.
- Reward frequent buyers who purchase fresh and healthy items.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 2: Showcase Fresh and Healthy Food Items

Teens believe that food presented in areas of the store that can be seen from the front door is better cared for and fresher. Also when healthy food options are displayed near other choices, they seem to make all items appear more attractive to health-conscious consumers.

“You need fresh food you make, like pizzas and other hot food.” – Ryan, 16, Missouri

Consider

- Enhance the location and display of your fresh and healthy food choices, as well as ready-to-eat offerings.
- Cross-sell, identify and bundle companion products that support teen ready-to-eat purchases.

Validate

- Observe teens:
 - Track other purchases they make with ready-to-eat products.
 - Monitor what products they buy after considering but not purchasing ready-to-eat food.
- Talk with teens:
 - Ask on what occasions they purchase or consume ready-to-eat food.
 - Inquire about what occasions typically precede or follow their store visits.
 - Determine how your store fits into their schedules, learning where they’re coming from and where they’re going to next.

Test

- Locate displays of fresh and healthy foods in areas where consumers will see them when entering the store.
- Experiment with displays that offer companion products to your ready-to-eat food.
- Reward frequent purchasers with savings and introductions to new items.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 3: Give Teens Control of Their Ordering and Purchasing

Teens want to be in control and express themselves. Store features that enable customization and remixing of elements play well with this target audience.

"It's just too complicated to tell someone what I really want. I'd rather do it myself." – Tabitha, 17, Arizona

Consider

- Use automated ordering and check-out technologies that appeal to teens' interest in interactivity, customization, and control.

Validate

- Observe teens:
 - Monitor behavior when they create their own "mix" at candy, fountain, and touch-screen food-ordering stations.
 - Watch how they navigate online ordering and use automated check-out technology.
- Talk with teens:
 - Ask about the products and services they like to customize.
 - Learn which in-store and at-the-pump ordering and purchasing conveniences are most important to them.

Test

- Offer touch-screen controls on automated coffee beverage and milkshake machines.
- Provide touch-screen controls for ordering ready-to-eat food.
- Offer choices that allow teens to mix and match. Examples include: coupon to select three candy bars for a promotional price, fountain beverages, flavor shots, hot dog or burrito toppings, and sandwich or salad ingredients.
- Make self-scan, check-out available to pre-approved teen customers.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 4: Make the Store Environment Compelling

Although a convenience store visit may be routine for older customers, teens often regard it as an event. New products and services add to their sense of adventure, yet a positive experience still depends on the basics: product price and promotions, clean restrooms, quality ready-to-eat food, and customer service.

“It usually has the newest promotions available for the newest products. The coffee is fantastic, and the store has everything that I need.” – Ashley, 18, New Mexico

“If the restroom is clean, I feel okay about eating at the place.” – Abby, 18, Idaho

Consider

- Identify employee ideas and concerns about store initiatives designed to build teen visit frequency.

Validate

- Talk with teens:
 - Ask about their experiences in your store and what they think about its atmosphere.
 - Learn what improvements they recommend.
 - Inquire about their experiences with and their feelings about “sharing” the store with older customers.
- Ask employees:
 - Solicit concerns about teen customers, as well as advice about how to attract and retain this target segment.
 - Learn how your store stacks up to competitors targeting teens. Determine its strengths and weaknesses.
 - Seek ideas about how to promote a culture of cross-generational respect and how to handle related issues.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 4: Make the Store Environment Compelling (*cont.*)

Test

- Implement an employee suggestion that addresses teen customer feedback.
- After launching a recommended initiative, share feedback from employees and teens.
- Use additional employee and teen input to further refine your efforts.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Tip 5: Drive Word-of-Mouth Recommendations

Teens enjoy experimenting with food, regardless of whether it is consumed at the outlet or purchased as take-out to eat at home or at school. Promote your ready-to-eat foods to encourage trial, build grassroots “buzz,” and drive ongoing purchases.

“It is awesome, and their food is almost as good as the way they treat you.” – Kendra, 16, Pennsylvania

Consider

- Use communication and entertainment technology employed by teens to communicate about ready-to-eat food offerings and promotions.

Validate

- Observe teens:
 - Identify mobile technology used by teens such as phones, music players, and computers.
 - Monitor whether they carry frequent shopper cards that may be visible when they open their wallets to make purchases.
- Talk with teens:
 - Ask how they learn about good food to buy.
 - Learn what their friends say about your store’s ready-to-eat food.
 - Determine how your store can better communicate about ready-to-eat items and promotions.

Test

- Execute a trial text messaging program with measurement and evaluation elements.
- Reward frequent purchasers with specials that encourage them to introduce their friends to your ready-to-eat offerings.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Insights into Teen Shoppers and the Significance of Ready-To-Eat Food

Adapted from “Attracting Teens: The Good, the Bad and the Unexpected”
NACS Magazine, April 2007

Travis Sheetz is vice president of regional operations for Sheetz Inc.

- Installing seats turned out to be the pivotal factor that changed the store dynamics and provided our greatest insights into teen behavior. Although teenagers were by no means new to Sheetz, this initiative immediately magnified our appeal: they hung out in the restaurant, clustered in the parking lot, and gathered at the store in the afternoon and late into the evening. While some would buy one beverage and stay on the premises for hours, many young folks made multiple purchases of food and higher-profit-margin products such as specialty coffees. Our teen business skyrocketed!
- Teens are more open-minded and willing to try new things. Their habits and perceptions are still forming; they are less inhibited by age-old perceptions and stereotypes. Teens enjoy touch-screen ordering technology and, according to a Sheetz Brand Metrics Study, they are more likely than their other counterparts to try food or beverages from the store’s 300-plus expanded SKU beverage selection.
- This generation does it “my way” and on “my terms.” Teens seek out places that contribute to their individuality and uniqueness. Specialty coffees, customized smoothies, and made-to-order foods are popular with this customer segment.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Insights into Teen Shoppers and the Significance of Ready-To-Eat Food (*cont.*)

Adapted from “Parker’s Has Designs on Teens” NACS Magazine, March 2007

Greg Parker is president and CEO of The Parker Companies

- With teens, food is often fashion. Whoever drinks the trendiest energy drink or eats the latest snack bar is, by association, “cool.”
- Ready-to-eat recommendations include: the opportunity to watch employees prepare food, more healthy food and drinks, cups that fit standard car holders, the chance to create own mix (increases engagement and establishes loyalty), and recipes / featured fountain drink combinations, as well as chewy ice.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Insights into Teen Shoppers and the Significance of Ready-To-Eat Food (*cont.*)

Adapted from “Wawa Learns From Older Teens” NACS Magazine, February 2007

Howard Stoeckel is president and CEO of Wawa Inc.

- Focus groups with older teens found that customization and food freshness are important, and interactivity is highly valued. We are known for our fresh hoagies, and this makes Wawa a desired food destination. This group of teens likes to watch food being prepared and seeing that it is freshly made. They like our touch-screen ordering system and their ability to specify exactly how they want their sandwiches. They enjoy controlling the ordering process and knowing that we got it right.
- We have a great milkshake machine that allows customers to choose the thickness of their shakes.
- To differentiate our stores from the competition, we have a large fresh food selection, including our own brand of built-to-order products and our own Wawa-branded juices and teas.





READY-TO-EAT FOOD SHAPES REPUTATION AND REFERRALS

Insights into Teen Shoppers and the Significance of Ready-To-Eat Food (*cont.*)

Adapted from “Taking Care of Business; Spinx Adapts to Appeal to Teens”
NACS Magazine, May 2007

Stewart Spinks is founder of The Spinx Company

- Important satisfaction-drivers for teens include safety, fueling equipment, food quality and service quality. Those ages 16 to 17 rated food quality as most important, while teens ages 18 to 20 rated it second.
- The teens in our focus groups confirmed that fresh, high-quality food matters to them. We offer healthy choices and have become more assertive about marketing these products. Spinx removed trans fats from its cooking oils years ago. However, we only posted signs with that information recently when national news stories focused attention on the issue and we became aware that healthy options are important to our teen consumers. We also were a bit ahead of the curve in offering healthier snack alternatives such as fresh fruit and energy bars. Because of our enhanced awareness, we’re considering posting signage or dedicating space to healthy snack alternatives, perhaps with 100 calories or less.

1 Spending Power of the Teen Consumer, September 2006

2 Some 44 percent of teens buy ready-to-eat food prepared in the outlet or branded fast food sold at convenience stores. Nearly three-fourths (74%) of convenience teens purchase hot, cold or frozen dispensed beverages.

3 Recommendations were developed through a process of data mining, fieldwork with customers from a nationally representative sample of convenience stores, and validation studies conducted by members of the NACS / Coca-Cola Leadership Council. Each recommendation is endorsed by the Council and validated by teen panelists.

4 For suggestions on how to appeal to teens, visit <http://theclickinfohorn.blogspot.com/2006/10/talking-to-Teens-r-u-ready-2-engage-ur.html#links>

