



RICH, FLAVORFUL AND SALTY

C-Stores Become Culinary Destinations

"Reservation for two at Wawa."

Although we're not there yet, could we be in five years? It's an interesting question to ponder. The growth of convenience stores (c-stores) as culinary hubs has surpassed even the wildest expectations from 10 years ago. Pizzerias are losing market share to c-stores. So are cafes and sandwich shops. Even barbeque joints are competing against c-stores that have invested in smokers and pit masters.

Three significant trends are driving c-store growth in the foodservice arena:

• **Convenience:** This one is pretty obvious, but essential to understand the growth of the segment. As foodservice options elevate in taste and sophistication, the convenience factor must, and has, remain a priority.

- **Cost:** Consumers are tired of paying more for groceries and restaurant checks. C-store foodservice options may not always be cheaper than quick service restaurants, but there is a perception that they are, which is enough to compel consumers to check out what's available.
- **Innovation:** This is a big one. C-stores haven't rested their laurels on pizza, hot dogs and donuts. They've driven innovation across all food segments, which in turn has driven consumer excitement.

Bluegrass Ingredients has been a key player in driving these trends by supplying ingredients that are convenient, costeffective and innovative. We've worked directly with c-stores and their commissaries, culinary consultants, and food manufacturers who supply food to c-stores. They all love our convenient and cost-effective <u>cheese powders</u> and <u>citrus</u> <u>powders</u>, as well as our <u>dairy seasoning blends</u>.

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The C-Store Industry By the Numbers

There continues to be a tremendous amount of potential for commissary kitchens and food manufacturers to increase sales through the c-store foodservice channel. Here's a snapshot of the scope and opportunity available, according to statistics from NACS:

- There are 150,174 convenience stores in the United States. That's about one store for every 2,225 people.
- The number of convenience stores grew in 2022 1.5%, whereas the number of grocery stores declined -0.7%.
- Texas has the most convenience stores in the United States, followed by California, Florida and New York.

An even more impressive stat comes from Mintel, which predicts c-store foodservice sales to reach \$54.7 billion by 2027.

What's Trending C-Store Foodservice

The first step in capitalizing on the c-store foodservice channel is to understand the food trends driving its popularity.

c-store trend #1: Expanding Breakfast Foods

One of the most sure-fire ways to grow c-store foodservice sales is through a revamp of the breakfast menu with expanded offerings. Donuts, breakfast sandwiches and burritos will always sell, but innovation can be found in other places. Here are some examples:

- Casey's Breakfast Pizza
- <u>Rutter's Scrambled Breakfast Bowl</u>
- <u>Wawa Breakfast Hoagies</u>

C-STORE TREND #2: Reengineering Value

Peter Losee, Bluegrass Ingredients' vice president of marketing, recently spoke with <u>Convenience Store News</u> about this specific trend. "One trend that we're particularly focused on as an ingredients provider is around reengineering value. Reformulations in ingredients and recipes can help enhance flavors to match evolving consumer demands, while better navigating challenges like supply chain shortages or surging costs," Losee said.

As inflation ebbs, c-stores will face stiffer pricing competition from restaurants and grocery stores, necessitating constant attention to driving costs out of the system. We have vast expertise in reformulations that lessen product costs and maintain quality. <u>Contact us to learn more</u>.

C-STORE TREND #3: Global Cuisine

In all foodservice channels, consumer interest in global cuisines continues to grow. C-stores can capitalize on this through overarching trends (Mexican or Asian cuisines), while also offering foods that capitalize on regional demographics.

c-store trend #4: NEWstalgia

Innovation is great, but during chaotic times (hello 2024!) consumers retreat to comfort foods that evoke memories of their childhood. The key to success in this trend is providing comfort with a slice of innovation, i.e. NEWstalgia. In terms of building a menu, focus on mac and cheese, soups and dinner plates with sides.

C-STORE TREND #5: Plant-Based Options

Plant-based meat alternative sales have fallen flat in the grocery segment, but there is still significant interest and opportunities in foodservice. Hangry Planet made a big splash in 2023, opening a <u>plant-based convenience store inside a</u>. Shell station in California. The store offers both plant-based packaged snacks and foodservice options.

We also anticipate seeing an increase in c-store mobile apps, affording customers even more convenience to place orders in advance. If you want a deep dive into the c-store segment, contact our <u>Agile Kitchen[™] team</u>, who can schedule a virtual consultation.





The Agile Kitchen at Bluegrass is a creative space that blends innovation and insights to deliver formulations and products that align with pressing consumer trends. Bluegrass Ingredients food scientists and culinary experts partner with customers to use these powders and all our products to invent and improve the future of food.

Delivering Great Taste

Bluegrass Ingredients operates at the cutting edge of taste and flavor trends. **The Bluegrass Agile Ingredient Innovation®** Model is custom built to help brands and flavor houses achieve the rapid food innovation they need to stay ahead of today's dynamic consumer taste and dietary demands.

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