



# Here, There and

Convenience stores in nontraditional locations help retailers keep up with today's consumers while tapping into a larger customer base.

By Chris Blasinsky

SINCE THE INDUSTRY'S FOUNDING IN 1927, convenience stores have focused on locations where traffic is heavy, particularly with respect to automobile traffic. This focus helped spur the industry to dominate motor fuels sales in the United States by the 1980s, a position that has continued to strengthen in the ensuing years. However, as the industry approaches 80 years of constant evolution and refinement of its core offer of convenience, shrinking gasoline margins and changing consumer behavior patterns are leading to one of the industry's biggest evolutions to date — how and where to locate the stores themselves.

## Location, Location, Location

In some respects, the look to new locations is a back-to-basics approach. The industry's first 24-hour stores were located near hospitals and factories that maintained the same 24-hour schedule of operation. Stores thrived in these locations not for the heavy automobile

traffic, but for the steady stream of customers.

As retailers meet the challenge of being "everything to everyone," many are finding that store location is just as important as their in-store offer. Street corners and busy roadsides are relatively ideal locations for stores that have fuel centers, enjoy high

vehicle traffic volume and provide convenient parking. However, by moving past the traditional location, retailers are realizing how expanding the notion of "location, location, location" can tap into a broader consumer base — particularly when gasoline sales are not a component of the store's offer.

## Where the Shoppers Are

According to Retail Forward's January 2005 "Industry Outlook" report on the convenience industry, retailers understand the benefit of locating their stores closer to their customers and keeping up with their busy lifestyles. Nontraditional locations are also bringing a new set of customers to the channel, evolving from patrons who would only frequent a convenience store when it was time to put gasoline in the car.



Grabbing a quick beverage or snack before a connecting flight is made easy at the Dallas/Fort Worth International Airport thanks to the DFW Travel Mart — the first airport convenience store in the United States.



items and more at the DFW TravelMart. The store also offers travelers a taste of local fare from a town favorite, barbeque from the Two Podners eatery.

demand speed, convenience and variety, a more convenient foodservice option.

“Understanding that doctors and nurses have limited time for breaks, we are confident the C-3 Express brand will better meet their needs and improve their job satisfaction,” says Aramark Vice President of Retail Operations Nancy North, adding that better service also translates into better care for patients.

C-3 Express customers can choose from a variety of merchandise found at traditional convenience store locations, such as packaged beverages and other

# Everywhere

The 1,700-square-foot convenience store opened its doors in May 2004 in the airport’s C Terminal. Not only does DFW TravelMart cater to air travelers, it also serves nearly 300,000 airport employees during their breaks and before and after their shifts.

Developed and operated by Atlanta-based The Paradies Shops, TravelMart is the first full-scale convenience store located inside the terminal of a U.S. airport and was featured in the NACS 2004 “Ideas 2 Grow” program.

snack food items. Starbucks brand coffee and grab-and-go sandwiches and salads are made fresh daily at the hospital’s production facility.

## Retail Therapy

Street Corner stores have capitalized on locating the convenience store concept where U.S. consumers often go to spend their hard-earned dollars: the shopping mall. Operated by Topeka, Kansas-based McColla Enterprises Ltd., Street Corner

More people today maintain a lifestyle that mirrors a busy beehive. To satisfy the on-the-go lifestyles of today’s consumers, whether it’s in an airport terminal, shopping center or hospital, industry entrepreneurs expanding the convenience store offer into more nontraditional locations are realizing the benefits of meeting people where their lives take place.

## The Sky’s the Limit

Air travelers are often pressed to make flight connections while simultaneously navigating their way through busy airports. At the same time, airlines, trying to cut expenses any way possible, are offering fewer meals, snacks and amenities in-flight. What better place for a store to offer on-the-go meal solutions and snacks? Travelers passing through Dallas/Fort Worth International Airport — approximately 54 million a year according to the airport’s Web site — can quickly reach for snack foods, soft drinks, reading materials, health and beauty care

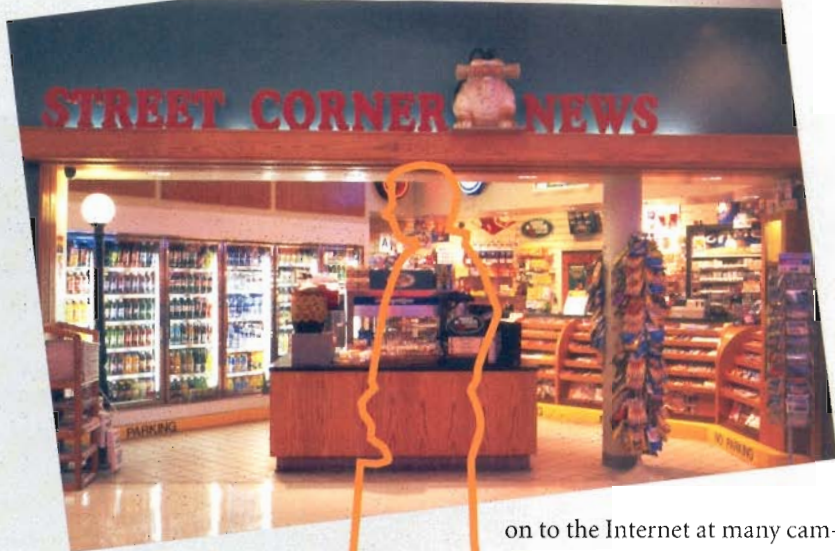
## Is There a Doctor in the House?

Hospitals are tapping into the convenience concept by offering an alternative to cafeteria dining. The C-3 Express store, operated by Aramark Health Management Services, opened its doors in May 2005 at the Henry Ford Hospital in Detroit. According to Aramark, the 100-square-foot store complements the hospital’s traditional café services by offering on-the-go hospital employees and visitors, who

C-3 Express in the Henry Ford Hospital serves as a quick and convenient alternative to the hospital’s cafeteria for grab-and-go merchandise.







Street Corner stores changed its name in 2004 from Street Corner News and added the tagline, "Sips, Snax and Stuff," to emphasize that the stores are more of a convenience store than a typical newsstand. Street Corners are located in 51 shopping malls across the nation in either a kiosk or store format.

franchises, originally called Street Corner News, can be found at 51 mall locations across the United States.

"Street Corner has realized great success since 1988 by locating our stores in non-traditional venues such as regional shopping centers," says Kirk Braun, marketing director of Street Corner. "Since we started franchising in 1995, our growth has been strong and steady."

Not only do Street Corner stores service mall shoppers with single-serve snack foods and packaged beverages, the stores also provide a quick pick-me-up for mall employees. All of the stores sell tobacco products, and a few are licensed to sell beer and wine. Street Corner stores are available in a variety of formats, occupying anywhere from 200 to 800 square feet, or in a smaller kiosk format.

Street Corner is also exploring expansion opportunities in busy downtown areas and office buildings.

### Be True to Your School

Students are another example of a long-untapped market that may be a perfect match for convenience stores. Students in the late teens and early 20s grew up with the concept of food — and good food — being available at convenience stores. And their often irregular, late-night hours are a perfect fit for the industry's expanded hours of operation. Students on many campuses can shop for snacks and other on-the-go products, grab a cup of coffee, pick up a sandwich for those late-night study sessions, or log

on to the Internet at many campus convenience stores. Although convenience store chains have yet to take a lead in bringing their store concepts to college campuses, food service companies such as Aramark and Sodexo are harnessing the demands of today's college students by managing numerous stores across the country, as well as full-service grocery stores.

### We Built This City

In the summer of 2005, 7-Eleven took to the streets of one of the largest, most populated cities in the United States, marking the retail chain's reentry to New York City since 1982. The walk-up store is a smaller format at 1,500 square feet and incorporates many ideas that have proved successful at 7-Eleven's other downtown locations in Boston, Philadelphia and Chicago.

The store is located in Manhattan's busy Flatiron district and features an entire wall devoted to self-serve beverages and a coffee station complete with regular and gourmet fare.

Meeting the challenge of appealing to city denizens accustomed to having numerous food choices outside their front doors, the Manhattan 7-Eleven is catering to its patrons' taste buds by offering grilled chicken Caesar wraps, sushi, panini sandwiches, fresh fruit and salads, as well as bakery items such as single-serve bundt and crumb cakes.

### Economic Potential

There has always been a small store or kiosk selling convenience products in

hotel lobbies, airports and hospitals, but convenience store chains historically have never put much emphasis on expanding into these locations, according to Steven Montgomery, president and partner of industry consulting firm b2b Solutions LLC. However, in today's competitive retail environment, retailers are realizing the profit potential of setting up shops in nontraditional locations.

"We're finding more people are interested in opening stores as long as there is an economic incentive," says Montgomery, adding, "For example, is the store being subsidized by the building's landlord with reduced rent? Is the store going to serve as the premier coffee shop for that building during the morning hours, and is the store going to service the building as its internal foodservice location at lunch time? If all of these things are in place, retailers will make a return on their investment and extend their brand to customers they don't normally see."

Montgomery comments that the high cost of real estate is also driving retailers to seek alternative ways of reaching customers. "While each situation is different, non-traditional locations should be a lower entry cost than what they are paying for a stand-alone store. This store won't see the same kind of volume as a traditional convenience store, but it's also not meant to be full-service location. What it does is serve as an add-on to the larger store." ◊

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