

Innovation, product diversification drives forecourt retail growth

Expansion in the forecourt convenience retail industry continues, despite the general downturn of the retail industry as a whole.



In South Africa, this market is led by FreshStop at Caltex, the largest and fastest growing 24-hour convenience store retail brand, which has opened 255 stores nationwide, followed by Pick n Pay in association with BP, and Woolworths Foodstops at Engen.

According to a report by the South African Petroleum Industry Association (SAPIA), the outlook for the South African fuel industry is looking strong, with the sector as a whole contributing in excess of 6% to the country's GDP and supporting employment of more than 100,000 people directly or indirectly.

Growth sector for entrepreneurs

Joe Boyle, director at FreshStop, named International Convenience Retailer of the Year 2013 and a finalist at the 2017 International Convenience Retailer of the Year Award, says, "As a growth sector for entrepreneurs, fuel retail continues to pay dividends. Our stores' year-on-year growth stands at 8%, compared to the industry norm of 1% and the growth figure jumps to 14% when new stores are included.

“We have invested more than R600 million over the last eight years and we have seen this investment lead to the creation of approximately 2,500 direct jobs and reach an annual turnover of almost R2 billion in that period. Our focus has always been on convenience, innovation and quality fresh product and we will continue with this strategy.”

A related study by Nielsen showed that when selecting a supermarket, South African consumers are influenced by convenience of location (71%), speed (61%), high-quality fresh produce (71%) and product availability (68%), more so than price (56%) and promotions (56%).

Diversification increases growth

Innovation and diversification of product is one way in which forecourt c-stores are commanding the market. Forecourts are leading the food-to-go trend internationally and customers want a variety of food product offerings to choose from, from crispy chicken to fish and chips, to burgers and grill items; and they want them quickly.

“Another key trend is that consumers want to lead healthier lives and health involves eating healthily but also having the opportunity to have a healthy state-of-mind; so taking time out to relax, take a break and treat yourself is important. This juxtaposition can be seen in the rapid growth of our in-store Biltong Bars, as well as the passion customers have for full-service Seattle Coffee Bars with a Barista offering. They want to be good but also be treated,” adds Boyle.

Long queues lead to abandoned items

Naturally, in convenience retail, fast consumption is king. As time becomes more precious and commuting takes longer, customers want to be in and out quickly. Research shows that 7 in 10 shoppers globally say that a long queue would make them abandon their purchase in a c-store.

“Our business is all about serving the on-the-go shopper and despite the in-house brands and food offerings increasing to meet growing demand for choice, we realise that that preparation and service has to be fast, efficient and friendly – they want to be in and out in less than seven minutes maximum,” concludes Boyle.

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