

# GUIDED BY NUMBERS

Data can drive foodservice success.



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By: Amanda Baltazar

Today’s customers have high expectations. They’re used to shopping in grocery stores and buying food in quick serve and fast casual restaurants that often know everything about them, allowing them to receive personalized offers and experiences that are relevant to their behavior and lifestyle.

“Industry research shows that if we can understand our guests they’re more likely to be loyal to us and if it’s more relevant, they’re more likely to buy it,” said Cheryl Davis, director of digital strategy for EG America. “The more we can cater to our customers, the better.”

Retail is powered by data today, said Gary Hawkins, the CEO of Denver-based Center for Advancing Retail & Technology. “Data has become mission critical because of AI and the other tools that can leverage that data,” he said.

“This information can be incredibly valuable to convenience stores because the customer is becoming the battleground,” he added. “If I want to succeed as a retailer, I need to understand [customers] and I need to grow my share of [their] wallet and what [they] spend. Being able to leverage the data is the most important thing to drive business to your store.”

## LEVERAGING LOYALTY PROGRAMS

Convenience store loyalty programs are a goldmine of information. They can provide both customer data—who is buying what and when—and data on the performance of foodservice items stores are offering.

Loyalty programs are essential to gather any meaningful amount of customer data, said Hawkins.

EG America likes to look at dayparts and know when customers are coming in to buy foodservice products. This helps understand when to boost staffing and when to cut back.

The retailer also likes to use its loyalty program to understand what’s selling in foodservice and which additional items customers are adding on. Dispensed beverages are a popular driver of visits and a good area to target, said Stephen Skidds, director of food service.

Loyalty programs are “probably the primary area to gather data,” said Art Sebastian, founder and CEO of Nexchapter, a contemporary growth advisory firm in Des Moines, Iowa, and former vice president of omnichannel marketing for Casey’s.

Who, what, and when are the most important data sets you will get from loyalty programs, Sebastian said. “It provides the richest view of your customer.”

## MOBILE APPS AND E-COMMERCE

TXB Stores, based in Spicewood, Texas, pulls data from its loyalty program and mobile app to track which foodservice items customers are buying. “This also helps us phase out slower SKUs to keep the menu fresh,” said Sam Sawaged, vice president of operations.

“We can drill down to where the purchase is happening, such as the grab-and-go case, and we have specific data on how many items we’re selling per day,” he said.

TXB recently used its mobile app to track a cold food program it launched. TXB analyzed the first 15 days and saw the response was positive. Having this data tells the company which items are popular, and thus should be readily available; how much of each to prepare on a store-by-store basis; and when to have them available.



This data, said Sawaged, “gives us more of an understanding specific to the guest,” and helps TXB understand how to entice them to buy more. The company can send customers messages within the app, offering free or reduced items to encourage them to try new items, as well as offers for items the customer already purchases to bring them in at different times of day. For example, a recent promotion aimed to drive traffic to stores on one of the slowest days of the week by offering special pricing only on that day.

Vroom Delivery is a Miami-based company that helps c-stores build out their delivery and e-commerce programs. Stores run their programs using Vroom’s software and tie in their loyalty program, pricebook and inventory systems.

Through the software, retailers can get granular details in terms of who buys what, where. They can see who to upsell to and who should receive special offers.

They can also track data over time, encouraging customers to return to the store if they haven’t visited recently. Retailers can also look at the bigger picture and see which stores are doing well and which are underperforming, and compare them to other stores regionally, which can lead them to make product recommendations.

The most important metrics to track, said John Nelson, Vroom’s CEO and founder, are growth and customer retention, average basket size and cancellation rates. “Having good data allows you to see a problem and address it,” Nelson says. It also allows stores to keep a close eye on inventory, he adds, so stores can remove what’s not selling.

Kiosks can provide similar information as loyalty programs, said Nelson. However, less information about the customer is available, such as their physical address. The real strength of a kiosk, he pointed out, is when it’s paired with a robust loyalty program so you can tie the kiosk purchase to other purchases.

When customers shop on a kiosk, their purchase behavior is different, said Sebastian. “When you’re interacting with technology, the experience is different. You have ads popping up, you have cross sell, you have upsell—buy a large instead of medium, reminders when you pay.” It’s different than ordering in-person but also different than ordering online in a way that can shift a retailer’s strategic thinking.

When it comes to e-commerce, Sebastian said retailers need to know which pages customers look at and for how long. They need to examine the conversion rates—of those people who came to the site and the page, how many people actually ordered.

## WORKING WITH THIRD-PARTY COMPANIES

EG America derives insights from its third-party delivery companies. “We’re able to ask our partners, is our data in line with what they see from our competitors?” said Davis. “They provide industry aggregate views to provide us with some benchmarking ... so we can see how our metrics compare to the industry.”

Is the company attracting new guests? New app customers? And is it building basket size? “The more we can drive our topline sales, the better, so we have the metrics fall from there,” Davis added.

MarketDial, based in Salt Lake City, Utah, helps convenience stores measure their foodservice programs.

“Our technology helps them design experiments so they can run basically a clinical trial to compare stores,” said Morgan Davis, CEO and cofounder. Retailers then funnel the information to MarketDial, which examines it and offers suggestions on what to sell, how much of it and where, and how test stores compare to stores not running the test.



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“Retailers are testing all these things that are risky or new or innovative and they want to run an experiment first,” he said.

Only about one-third of c-store foodservice ideas work, said Morgan Davis. “It’s really important to be able to kill two-thirds of these innovations,” he adds.

Testing products like these and running the data typically takes eight to 12 weeks. It’s way better, Morgan Davis said, to run a test program than launch something that bombs.

“We help them kill a lot of ideas. They can

save millions of dollars in terms of getting it on the shelves, marketing, food and beverage development, etc.”

## USING IN-HOUSE TECH

EG America mines its back-office technology, provided by PDI Technologies, for data to guide its foodservice programs based on a market basket approach. One of the metrics it looks at is what customers are buying with an item, which allows the team to promote products based on consumer buying habits within specific markets.

When it comes to the secondary items, it then uses its knowledge of these—is a customer ordering guacamole on the side or a bag of chips—to upsell customers with additional items. “These are big drivers of check averages going up,” said Cheryl Davis.

PDI also helps EG America see what center store customers are picking up with their foodservice, or vice versa, Skidds added. “We want to make sure people have a foodservice item and a center store item in each hand.”

## AI AND THE FUTURE

We’re all hearing more about AI. Convenience stores ought to be leveraging some of the available tools, said Hawkins. These can help with everything from inventory management to demand forecasting, and, he said, “are particularly important with fresh foods because they can make such an impact ... by containing and lowering costs and helping with margins.”

AI tools are so advanced now because they can use so much more data, Hawkins pointed out. “It’s not just looking at historical sales data, it could be and should be incorporating weather data, incorporating local events like a big football game. It can dig down deeper and broader,” he said.

The new AI capabilities bring much more accurate forecasts and projections and help keep products in stock, he said.



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Coming soon, we'll see CDP (customer data platforms), said Sebastian, which many retailers are already considering. CDPs take data from many sources, including loyalty programs, e-commerce ordering, social media, even call centers, and aggregate it so the retailer has a single view of its customer. “The most progressive retailers will have a CDP,” said Sebastian. “It’s becoming a hotter topic for the upper end of convenience retailers.”



### **Amanda Baltazar**

Amanda Baltazar has been writing about foodservice and retail for trade magazines for more than 20 years. Read more of her work at [www.chaterink.com](http://www.chaterink.com).

