



The Convenience Store Market

Today I bought Chiquita brand bananas for 29 cents. Is this a sign of a new depression in banana prices? Am I a shrewd bargainer with my local green grocer? Or is it a price war between the supermarket chains being played out in banana pricing? The answer is none of the above. I actually did pay 29 cents for bananas, but it wasn't per pound. It was 29 cents for each individual banana finger. And I was happy as anything to pay the price, because I bought these bananas in my local 7-Eleven convenience store.

Previously the snack choices sold at this 7-eleven were limited to chips and cookies with an occasional shrink-wrapped apple as the only produce alternative. But today, 7-Eleven is getting serious about fighting hard for a piece of the produce business. And this is very good news for the produce industry, because, almost certainly, the great bulk of the sales 7-Eleven wins will not be taken from supermarkets and other traditional outlets. The sales will, instead, be from additional demand for fresh produce created by the availability of a convenient source of supply.

The problems of product distribution, staff handling and quality maintenance aren't yet solved, but efforts at 7-Eleven at least hold the potential for sufficiently resolving them that the produce industry should be paying attention, trying to help spread the gospel of selling produce throughout the convenience store industry.

After all, the produce industry needs the convenience stores just as much as they need produce. If the produce industry is to be successful in the 5 a Day effort to double produce consumption, two things will be essential components of that campaign. First, the produce industry needs to reach out to new distribution channels that have a totally distinct sales opportunity from other channels. Second, the produce industry needs to appeal to men.

Convenience stores offer a distinct distribution channel that does not infringe upon existing channels. If produce isn't in the convenience store, the consumer obviously can't buy it. And it is unlikely that the consumer would buy more produce on his next trip to the supermarket to make up for it. In fact, that sale is gone forever. So, convenience stores provide a new outlet for the produce industry to pick up marginal sales, sales that wouldn't happen if we aren't in those locations.

The Focus on Produce consumer research has shown conclusively that the 5 a Day project must succeed in getting men to boost their per capita produce consumption if consumers are going to reach the consumption levels being aimed for. About twice as many women as men say they eat three servings of produce per day or more. If we are to increase consumption, we will need to get the male half of the population to start eating more produce. And since blue collar males are their main customers, convenience stores seem prime for produce marketing efforts.

The 7-Eleven produce effort is not really one program but a

plethora of different programs being tried in various parts of the country. As part of Southland's "Vanguard" project to develop the C-store of the future, for example, it set up a commissary system in Austin, TX, with produce deliveries every day of the week. Special eight-linear-foot half wet and half dry racks were installed to sell not only snack fruits, but produce basics such as onions and potatoes. The 50 stores now in this pilot project sell produce by the pound and have scales interlaced with the registers.

In Florida, a gradual roll-out is expanding, and today about a third of the stores have installed specially designed snack fruit racks selling bananas, apples and oranges. Everything is sold by the piece. The apples and oranges are coming once a week on the same trucks that bring the produce for the deli from the central warehouse. The bananas are being store-door delivered three days a week by Banana Supply Co., which is a wholly-owned subsidiary of Chiquita Brands.

The involvement of Banana Supply is very significant, because, in the past, most produce firms haven't been interested in doing store-door delivery of such small volumes as a convenience store can buy. And Banana Supply has had to set some limits. It only does deliveries to stores near existing routes, and 7-Eleven agreed to make sure the stores get the banana trucks out of the parking lots very quickly. But still it's not a business every produce firm would take on. It takes an iconoclastic company like Banana Supply to move into this market.

Banana Supply may just lead the way for the whole produce industry. Hopefully, some entrepreneurial person in the produce industry, after reading this article, will pick up the phone and call his or her favorite major oil company and ask for a meeting to figure out how their mini-marts can be supplied.

Sales in convenience stores are impulse sales, and prices will have to be set high enough to meet the costs involved. But it could be well worth the effort. Here's a chance to develop a big market that is likely to be willing to pay a higher price in exchange for value-added services like racks, training manuals, ripe fruit, smaller packs and frequent low-volume delivery. As an industry, we need to work on developing the infrastructure to develop this new class of produce consumers.

Promotion is an important part of building a demand for a product, and with most nutrition authorities on our side, the industry is blessed with getting a lot of good P.R. But the industry needs to go beyond public relations to make our products available in the places consumers go to buy things. If, as an industry, we get involved and make these 7-Eleven projects and other projects like this a success, we will realize higher demand and better prices for our products. If we wave the banner that says "eat more produce," but do nothing to make it easier for consumers to do that, we shouldn't be surprised if the message falls on deaf ears. **pb**

7-Eleven is experimenting with new ways to sell produce. Is the supply side serious enough about 5 a Day to help them?