



# Grab & Go

Fresh from the farms and fields—produce, meats, dairy and more...

# KROGER'S FILL-IN EVOLUTION

Stores offer hot prepared food alongside fresh fill-in, with room to grow

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Photos by Steve Starr



**A**t a new Loaf 'N Jug c-store in Colorado with a sprawling mountain backdrop, an experiment is taking place. The goal: determine the right mix of freshly prepared food, grab-and-go eats and take-home staples that will serve customers' convenience and fill-in shopping needs.

"We are still a convenience store—that was a key for us," says Van Tarver, vice president of The Kroger Co.'s Convenience Stores Division and the Supermarket Petroleum Group, based in Cincinnati. "We will not tell you that we have this right yet. What we're trying to find out: Is there a format where we can solve more of the customers' needs in that regard and meet their need with other products like fill-in shopping with a reasonable value?"

The Kroger convenience team provided CSP with an exclusive tour of its newest stage in the evolution, a 7,500-square-foot Loaf 'N Jug Market in Colorado Springs, Colo. The impressive store, with stone



Markets, Smith's Express and Loaf 'N Jug in the West; Kwik Shop in the Plains states; Turkey Hill Minit Markets in the Midwest; and Tom Thumb Food Stores in the Southeast. Together, they represent nearly 790 stores in 19 states. Each division—c-store chains that Kroger has acquired through the years—has its own headquarters and management team, and in the past had followed its own retail path.

But in 2006, Kroger began to bring greater consistency across the banners, beginning with the rollout of a single logo for all. More recently, the convenience group has worked to capture operational efficiencies in foodservice and share best practices. And it is leveraging its valuable relationship with Kroger's supermarket operations, the largest in the United States with more than 2,400 sites in 31 states.

According to Art Stawski, president of Loaf 'N Jug, Pueblo, Colo., his division first experimented with this c-store fill-in concept at another, smaller site in Fountain, Colo., and learned greatly from the experience.

"More than anything, it's really learning what that fill-in shopper is looking for, and making some tweaks to the product selection: produce, meat and frozen," says Stawski.

**Fresh Face Forward:** In 2006, Kroger rolled out redesigned logos for its six c-store banners as an opening cosmetic salvo, looking to bring greater consistency across its convenience network.

A large produce section, complete with misters and scales, offers a selection of fruits, vegetables and salad items. Just across from it, echoing the company's supermarket underpinnings, is an open-air fresh-meat cooler stocked with everything from breakfast sausage to family-size packages of chicken, ready to make into a meal. In the grocery aisles, take-home sizes of chips, cookies and household fundamentals help round out the possibilities.

It's a concept that is also playing out a few states over in Ohio, where Turkey Hill Minit Markets has finessed the fill-in offer at three sites, providing a similar mix of fresh produce and take-home staples. Like all of its retail initiatives, Kroger's pursuit of the fill-in opportunity was triggered by internal research and customer requests.

At the same time Kroger's convenience team is directing this fill-in shopping revolution, it is also raising its foodservice game, with a sophisticated new pizza program, made-to-order subs, breakfast

# FRESH ON

accents outside and an open, bright feel that emphasizes fresh, opened in 2013. It is positioned to answer the question of what needs a c-store can fulfill, while also testing how to bring greater consistency across Kroger's many c-store banners.

Kroger has six c-store divisions that span the country, including Quik Stop

sandwiches and Chester's Fried Chicken. The retailer sees enormous potential in increasing the consistency of the foodservice program across all of its c-store banners, with upgrades in equipment while testing new offers and promotions. In July 2013, the convenience group established a c-store foodservice team charged to do exactly that. Many of these efficiencies will begin to be realized in 2014.

"The businesses have operated autonomously for so long," says Rod Taylor, director of c-store foodservice for Kroger Convenience. "They've done a really good job of maximizing sales. There's an opportunity to become more uniform in the way we approach our business." One example is moving all sites to best-in-class coffee brewing and fountain equipment, a process that continues today.

And similar to its careful, staged test of the fill-in concept, Kroger's convenience team has evolved its foodservice offer. For example, while its Turkey Hill Minit Market site in Marysville, Ohio, offers hot fried chicken and biscuits from Chester's Fried Chicken, its Colorado Springs Loaf 'N Jug has added pizza to the menu.

From the convenience group's perspective, despite the potential rewards from greater consistency, there is no belief that the foodservice or fill-in offers need to be one size fits all. Instead, the retailer gauges store footprints and demographics to hone the offer.

In fact, just a mile away from the Colorado Springs site, Loaf 'N Jug is building a smaller, more traditional c-store. "Will we take pieces of what we're doing here? Maybe," says Stawski. "We're going to try to figure that out."

"Customer data will tell us what to build," says Tarver. "Our results and customer data will tell us what we need to do."



**Striking a Balance:** The Loaf 'N Jug team is still learning how to balance the mix of items in the produce section that serve grab-and-go vs. take-home occasions. Fortunately, the team's association with King Soopers has proven to be a huge advantage. "We've been able to use their expertise on product selection," says Stawski, "but they've also helped us with training, merchandising and employees. This isn't a product selection you can just throw in. It has to be worked." For example, King Soopers' produce specialists helped Loaf 'N Jug create a produce training manual that guides store associates on how to merchandise and maintain the product.



**Take It Home:** In the rest of the store, the fill-in shop is served with take-home sizes of cookies, snacks and grocery items. Six cooler doors alone are devoted to frozen dinners. The store also has monthly promotions on Kroger private-label grocery items, tied into the seasons, such as a grilling promotion in the summer and a baking promotion during the winter holidays.



**Fountain of Youth:** "The opportunity with fountain is to get the right number of heads in stores, and we'll spend a lot of time around that this next year," says Rod Taylor, director of c-store foodservice for Kroger Convenience. The team will know it has hit the right number, he says, by the store's overall fountain sales and its customer base, which for this category tilts heavily toward millennials. To this end, it also plans to experiment with new flavors and marketing campaigns, and leverage social media to promote the category. "It's understanding what best-in-class we have internally, looking at what the competition is putting forth, and what our strategy needs to be going forward," says Taylor of the effort.



**Pizza Please:** At the Real Time Café in the Colorado Springs Loaf 'N Jug, pizza has a big presence, with several pies behind the bar, including a breakfast pizza. However, it's not an offer fit for every store, says Taylor.

For example, the Colorado Springs site has a large in-store kitchen that provides room for the program and its in-store prep. "We have different models around the pizza program to be able to support store operations," says Taylor.

A Chester's Fried Chicken program, breakfast sandwiches, made-to-order subs, cheeseburgers and sides round out the menu. At the Colorado Springs site, chicken tenders are the top-selling foodservice item.

Here too, just as with the fresh program, Loaf 'N Jug coordinates its foodservice program with King Soopers. "We try to stay in balance with what we're doing at King Soopers," which helps to better leverage the relationship, Taylor says.



**Rolling Out:** Kroger Convenience recently hired a category manager to oversee roller grill for the divisions and examine opportunities that it can take across the banners. This includes a focus on bringing freshness to the category in 2014. Regardless, don't expect the retailer to explode its menu. "We want to be about simple, and it's not going to be about a whole bunch of different varieties," says Taylor. "And the whole store's like that. It gets back to that fill-in mentality."

#### View to a Fill:

"We are traditionally a convenience store operator that sells fuel," says Tarver of Kroger's c-stores division. "We are looking at what other formats we could successfully operate as we move into the future." As part of the process, the convenience division is taking advantage of the expertise and assets that parent company Kroger, and its supermarket chain sisters, have to lend.







**Getting Fresh:** One of the first impressions upon walking into the Colorado Springs Loaf 'N Jug is an emphasis on freshness. Indeed, the site's large produce and meats section greets customers as soon as they enter. But it's an area that is under constant evolution. "We are learning more and more every day what products we need in this section," says Stawski, who points out that, based on customer feedback, the assortment has changed several times since the site has been open.

For example, the Loaf 'N Jug site brought in winter squash and pumpkins last fall based on customer requests. For such products, the c-store division leans on its relationship with its local supermarket sister, King Soopers, to optimize its produce assortment.

"We work probably quarterly with King Soopers to look at their top-selling produce items," says Suzanne Berger, category manager for produce, candy, snacks and ice cream at Loaf 'N Jug. "We're pinging against their database and matching ourselves up." A recent matchup: Loaf 'N Jug switched from stocking random-weight, loose carrots to packaged baby carrots after learning that it was a top-selling item at King Soopers. It also introduced bagged russet potatoes, a top seller at King's, and saw strong sales in the c-store. Not every supermarket success translates to the fill-in shop occasion, however. For example, the Colorado Springs Loaf 'N Jug originally stocked a selection of organic fruit—berries, bananas, apples—because it sold so well at King's. But low sales, high waste and a lack of customer interest convinced the team it wasn't the right offer for the site.

**Sign of the Times:** In the Loaf 'N Jug division, testing of the fill-in shop concept began at its Fountain, Colo., store. "We're trying to provide that one-stop shop for the customer who's looking for a place for that fill-in shop: fresh produce, meat, meal solutions, whether it be hot meal solutions or expanded grocery, expanded frozen," says Art Stawski, president of Loaf 'N Jug.

