GHRA In Action

OUR MEMBERS ARE OUR MISSION!

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A NOTE FROM THE CEO

BRIAN TROUT, CEO

Greetings Members,

I want to thank all the members who came to our General Body Meeting in early May and also to congratulate the 25 members who won a cruise! The meeting was a great success, and the Board of Directors shared all the successes GHRA has had over the last few years and the substantial increase in Rebates the members have received. During the meeting, the election committee ratified the new directors we have on the board, and we recognized the retiring Directors and their contributions to GHRA over the years. I want to personally thank previous directors for their commitment to GHRA. I also want to welcome the new Directors to GHRA.

On May 7th, GHRA co-hosted a luncheon with the National Association of Convenience Stores (NACS) President and CEO, Henry Armour, and welcomed over 50 retailers and vendors to discuss the state of the industry. GHRA had over 20 people attending this wonderful event. Thank you to those members who attended.

As we enter the Summer months and prepare for the selling season, I want to remind all the members of the readiness of the GHRA Warehouse to serve you and your stores. The warehouse continues to improve the product assortment and availability and continues to enhance the ordering app functionality. This is the Member’s warehouse, and we want to serve all the members of GHRA.

The future is bright for GHRA, and with your continued support and commitment to GHRA, there is no limit to the greatness of this organization.

Thank you for your ongoing commitment to GHRA and I wish you all continued blessings!

Sincerely,

Brian Trout

OUR MEMBERS ARE OUR MISSION!

Save money by purchasing fuels through GHRA Fuels

We're a fuel distributor specializing in high-quality, cost-effective **unbranded fuel.** By uniting the purchasing strength of all our members, we aim to expand our supply services to a broader customer base with the primary goal of passing on the benefits to our members.

To learn more and sign up for GHRA Fuels, please contact

Imraan Nabi - Director of Fuels
(281) 295-5342 | Inabi@ghraonline.com

Donald Taylor - Fuels Territory Manager
(281) 295-5378 | Dtaylor@ghraonline.com

Sign up now by scanning the QR Code

In This Issue

JUNE 2024

Welcome Members

On behalf of the Board of Directors and staff at GHRA, please welcome our new members:

SMILEY'S EXPRESS CINCO RANCH

BELTWAY EXPRESS

CHECK POINT FOOD MART

THE MARKET AT SUNTERRA

CULLEN CHEVRON FOOD MART

QUIK FOOD STORE

FUEL DUDE #2

QUIK MART

RUSHWAY

ANGELS AIRLINE

TAILGATE #3

FIVE STAR SHELL

SHOP SMART

SM FOOD MART

2024 GHRA EXECUTIVE COMMITTEE

The Greater Houston Retailers Cooperative Association, Inc. (GHRA) is pleased to announce the 2024 GHRA Executive Committee.

2024 GHRA Executive Committee members are as follows:

President: Riyazali Momin
Senior Vice President: Navid Karedia
Vice President: Naveed Ali
Honorary Secretary: Imran Ali
Treasurer: Renish Momin
Warehouse Chairman: Norain Momin

The GHRA is pleased to introduce five exceptional individuals from diverse backgrounds and with unique talents who have recently joined our honored board of directors, commencing their service on May 1, 2024. Asim Karedia, Inayat Momin, Inayatali Maknojia, Javed Maredia, and Shahbudin Sunesara bring a wealth of experience and perspectives to our organization's leadership team. Alongside our existing six board members, their primary responsibility is to steer the organization towards achieving its mission and provide strategic direction.

As we extend a warm welcome to our new board members, it's also important to express our gratitude to those who have completed their tenure on the board. President Imran Ali, Tanvir Ali, Moez Maredia, Jamal Jivani, and Sohail Ali have made invaluable contributions during their time with us, and we acknowledge their dedication and service.

Greater Houston Retailers Cooperative Association, Inc.

2024-2025 BOARD OF DIRECTORS

RIYAZALI **MOMIN**
PRESIDENT

NAVID **KAREDIA**
SENIOR VICE PRESIDENT

NAVEED **ALI**
VICE PRESIDENT

IMRAN **ALI**
HONORARY SECRETARY

RENISH **MOMIN**
TREASURER

NORAIN **MOMIN**
WAREHOUSE CHAIRMAN

ASIM **KAREDIA**
DIRECTOR

INAYAT **MOMIN**
DIRECTOR

JAVED **MAREDIA**
DIRECTOR

SHAHBUDIN **SUNESARA**
DIRECTOR

INAYATALI **MAKNOJIA**
DIRECTOR

GHRCF 2024
GOLF TOURNAMENT

We extend our heartfelt gratitude to all the vendors who generously participated and contributed to the success of the GHRCF Golf Tournament. Your support and donations have made a significant impact on our cause. Looking forward to seeing you again next year for another memorable event!

THANK YOU TO ALL OUR SPONSORS!

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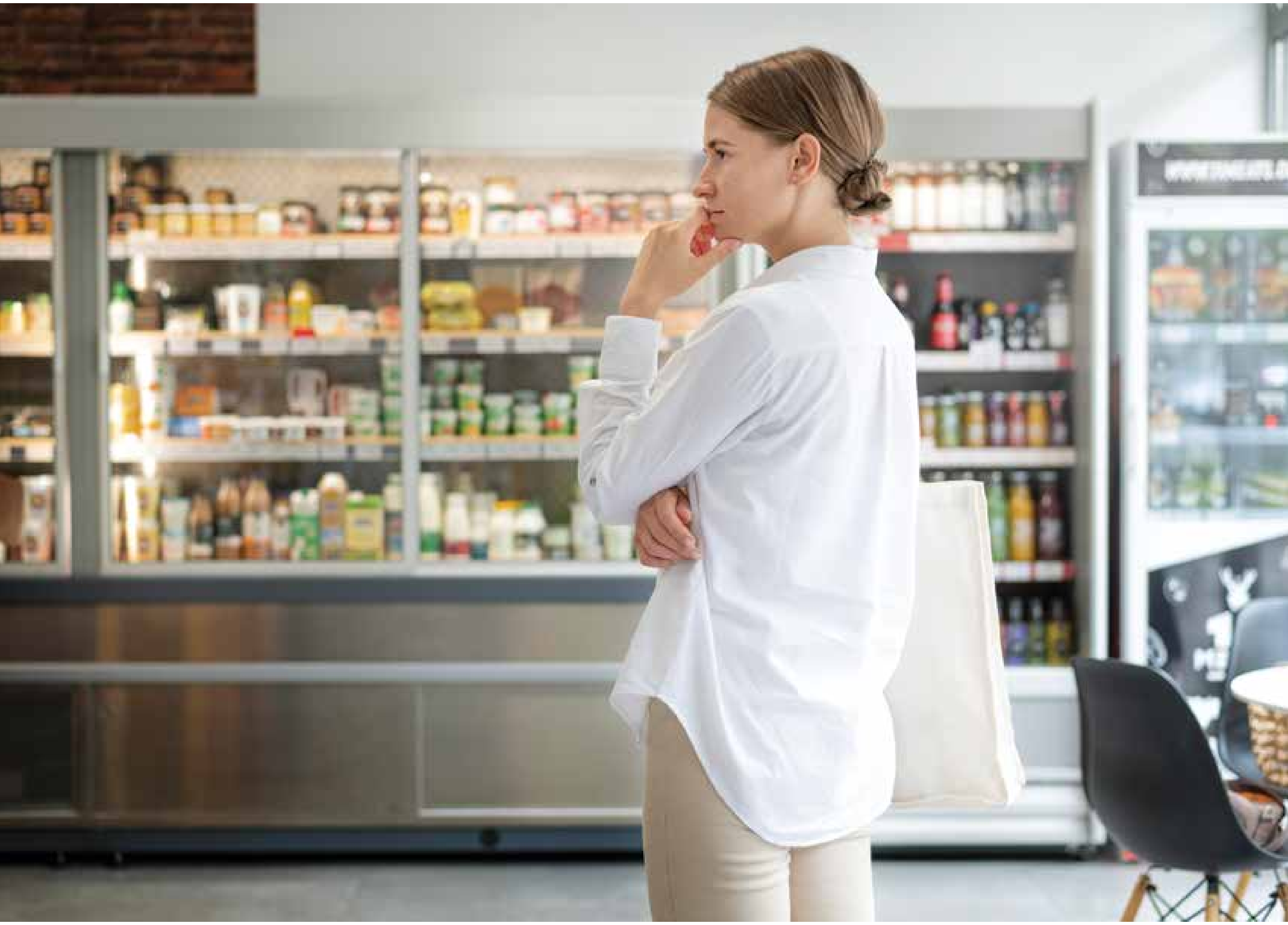

P&G, PepsiCo, Nestle, Kimberly-Clark: *Consumer Behavior Snapshot in a Bifurcated Market*

Are consumers trading up or down? It depends upon whom you ask in the latest round of earnings calls, and both sides are right.

By Consumer Goods Technology

With non-discretionary purchases still facing the squeeze, consumers continue to cut back on spending in dining out, clothing, toy and hobby, gifts, and entertainment, Sally Lyons Wyatt, Circana global EVP and chief CPG and foodservice advisor, tells *CGT*.

Though the cuts are even more acute for consumers with student loans, things aren't all doom and gloom in retail.

"More people are coming back into retail, but you can't really tell because the pricing is softer than a year ago," she says. "So [even though] it doesn't look like there's been growth on a dollar basis, the volumes are starting to turn into positive, which we haven't had in a couple of years. … So there's an undercurrent of positivity coming."

While trade-down is predominantly being driven by lower-income consumers, trading up is across the board, she says. Higher-income consumers are trading up the most because they have the means, but lower-income consumers are trading up to premium products because they've drawn down on their discretionary spend.

For example, pricing has softened in food and beverage. With out-of-home pricing up due to labor costs, retail volumes are rebounding as consumers eschew restaurants to indulge at home, says Wyatt.

Prestige beauty is also on fire and continues to outpace in unit volume and dollars thanks to video-driven younger consumers flocking toward their products.

A bifurcation is occurring in CPG: "Price and value can mean different things to different people. … Dollar [stores] and convenience have done a really good job of capturing those consumers because of the sizes they have," though the price per ounce may not be as economical as consumers desire.

Procter & Gamble

U.S. consumers are not trading down to private label when it comes to P&G products, per Andre Schulten, P&G CFO, in an earnings call. In fact, they're more inclined to trade up, with the company seeing a particular opportunity surrounding their mid-tier Luv's brand. "Once they trade into P&G propositions, they continue to trade up actually within those propositions, be it from liquid detergent to unit dose to power pods," Schulten stressed.

PepsiCo

Noting that lower-income U.S. consumers are "stretched," PepsiCo is pivoting its beverage and snack commercial and innovation plans to provide value during different parts of the month, as well as using different strategies for digital and physical retail channels, said CEO Ramon Laguarta.

Nestle

Nestle was another company calling out the bifurcated market, noting that although lower-income consumers are trading down, there's increased interest in premiumization. As a result, the CPG will try to spur softened demand through stepped-up marketing and promotions this year, as well as a pipeline of new products.

Kimberly-Clark

While the premium sector is growing robustly, middle- to lower-income households are becoming more stretched, said Kimberly-Clark CEO Mike Hsu, and they're seeing limited trade-down in a few categories, such as adult care and household towels. The company's long-term growth drivers include elevating products across the good-better-best ladder.

Helen of Troy

The maker of brands like Hydro Flask, Revlon, Braun, and Oxo will increase distribution, marketing, and customization efforts this year to better meet a softer consumer. This includes exclusive Hydro Flask launches with retail partners for new configurations, formats, and designs. "[Consumers] are very willing to purchase multiples if it's a color or design, or a special edition that they have to have. … And I think you can expect to see more configurations and more different formats as we go across the year to meet those different occasions as we've done more work to understand our target [consumer] as well as distribution opportunities," said Helen of Troy CEO Noel Geoffroy. ■

CPG Focus List

Wyatt also provided some guidance for manufacturers in this environment. Among the strategies that are critical right now:

Targeted engagements: CPGs should zero-in on targeted communications to address the different ways the different cohorts are buying.

Price pack architecture: Driving value to these cohorts means pack size is important. "Low-income and younger households buy less on promotion than other households in a high/low environment."

Consumer relevance: "When they're making choices, some non-discretionary categories may end up becoming more discretionary if they just don't need it as much." As a result, CPGs should ensure joint business plans embrace occasion and/or need-based strategies to stimulate growth.

Brands matter: Low-income and non-Caucasian households are more likely to buy branded products vs. store brands when looking at total store sales. "Finding ways to keep yourself in the mix is key."

Product innovation: "More frequent newness" is critical after years of the dearth of new products. It doesn't have to be a new brand — It can be a new way of using something.

Artificial intelligence in the supply chain: Opportunities abound surrounding the use of AI in the supply chain to drive speed, communication, and flexibility.

Foodservice Sales Stack Up

Convenience foodservice categories add another win as all foodservice categories increase in sales and gross profit dollars.

By NACS Magazine

Each May, NACS releases preliminary foodservice State of the Industry data. The data not only tells us how the industry performed but sets a tone for the coming year—especially in an important category such as foodservice.

Of course, the data is just that—preliminary. This data comes before the release of the NACS State of the Industry Report® of 2023 Data, which will be hitting the (online) shelves in mid-June.

However, the NACS 2024 State of the Industry Summit has already come and gone, and you may have heard the news: sales in prepared food once again beat sales of cigarettes, bringing its winning streak over the long-time c-store juggernaut to two years.

At this point, it is easy to drive home the point that foodservice has become one of the most important parts of the convenience business. Foodservice—which consists of prepared food, commissary, hot dispensed beverages, cold dispensed beverages and frozen dispensed beverages—grew to 26.9% of in-store sales.

Foodservice has become one of the most important parts of the convenience business."

Foodservice adds a much-needed opportunity for growth for convenience retailers who face the ongoing challenge of encouraging customers at the pump to go inside the store and make additional purchases. Foodservice, across all its categories, contributed $60,578 in sales per store, per month, a year-over-year increase of 9.3%. In comparison, the other top two best-sellers of packaged beverages and cigarettes brought in $40,339 and $44,765, respectively.

And it's profitable. Foodservice margins are consistently higher than those of other in-store items, with 2023 margins at 51.34%, a year-over-year increase of 0.65 points. Foodservice gross profit numbers rose to $31,103 per store, per month, a solid 10.7% increase from $28,106 in 2022.

When looking at total profits, which include in-store and at the pump, foodservice is responsible for 21.2% of total gross profit dollars, up from 19.8% the year prior.

Prepared Food

Prepared food accounts for 71.9% of total foodservice sales, by far the largest contributor to the category. It is also continuing to experience growth, increasing sales 12.2%, to $51,500 per store, per month in 2023.

Prepared food gross profit dollars increased 13.9% to $28,627 per store, per month. Margins increased 1.5 percentage points, rising to 55.59%.

Foodservice does more than drive great margins—it also drives frequency among c-store shoppers. According to NACS' Convenience Voices program, which captures insights from thousands of c-store shoppers, nearly one in nine customers (10.9%) who purchased prepared food said that they shopped more than once a day. Because these customers tend to be store loyal, becoming a prepared food destination creates brand stickiness for core categories other than prepared food. For example, of customers who purchased prepared food at a certain c-store chain, 70.5% of them also purchased a cold dispensed beverage from that chain.

Commissary

Commissary—which includes ready-to-eat meals; sandwiches and wraps; thaw, heat and eat meals; and sides and salads—was 6.0% of foodservice sales in 2023. Sales increased 6.0% to $4,260 per store, per month. Margins had solid growth, rising 1.77 percentage points to 31.62%. Gross profit dollars had even more impressive growth—up 12.3% to $1,347 per store, per month in 2023.

Commissary can be an unsung hero of the c-store foodservice operations—according to NACS' Convenience Voices program, 27.7% of customers chose a certain site because of the availability of good pre-packaged foods.

Dispensed Beverages

Foodservice, across all its categories, contributed $60,578 in sales per store, per month."

Hot dispensed beverages—including coffee, tea, hot chocolate, cappuccino/specialty coffee, refills and coffee club mugs—were 8.8% of foodservice sales in 2023. In 2023, hot dispensed beverage sales were $6,324 per store, per month, a 5.1% increase from the year prior. Margins decreased by 0.38 percentage points, falling to 63.21%; however, gross profit dollars increased from $3,825 to $3,997.

While hot dispensed beverage margins declined, profits in this category increased because of increased sales—not an easy feat when the morning daypart is still struggling to recover from a decrease in morning commuter traffic related to the pandemic and the resultant work-from-home policies that many office workplaces have at least partially embraced. In 2023, only 27% of workers commuted, a still-significant drop from the 35% who commuted before the pandemic, although the number of commuters has increased over the past few years.

2023 Inflation Gauge: Did Your Company Grow or Keep Pace?

NACS Research calculated that if a company's sales growth was 8.9% or better, their stores experienced true growth.

Foodservice sales were up 9.3% in 2023, meaning that sales beat inflation, and foodservice saw true growth, not just increased numbers fueled by inflation-related price increases.

Cold dispensed beverages—carbonated, non-carbonated, refills, sports drinks, club mugs, other non-carbonated—were 7.3% of foodservice sales. This category increased sales by 9.4% to $5,233 per store, per month. Margins, however, decreased 3.53 percentage points to 50.97%, although strong sales helped grow gross profit dollars 2.3% to $2,667, per store, per month.

The smallest contributor to foodservice sales mix is frozen dispensed beverages—which includes the subcategories of frozen-non-carbonated, frozen-carbonated and other. While it was the smallest contributor at 5.8% of sales, it increased the most in sales dollars, surging 18.0% to $4,182. Frozen dispensed beverages historically have the highest margins among foodservice categories, and 2023 was no different. Frozen dispensed margins in 2023 were 64.12%, a year-over-year increase of 0.76 percentage points.

Foodservice Presents More Opportunities in 2024

According to the NACS Convenience Voices program, nearly one of two (46%) shoppers describe their c-store visit as a meal or snack occasion, and three out of the top five reasons why people stopped at convenience stores related to food. Additionally, 23.3% of people reported that they would shop more at convenience stores if they had higher quality food.

To continue to grow sales and customer loyalty, convenience retailers must continue to find ways to connect the needs and wants of the consumers to their offerings. The first step in growing foodservice sales could be to grab the attention of the consumer with the quality of the options.

Pay to Play: Prepared Food and Wages

Prepared food is obviously the most labor-intensive foodservice category, and foodservice wages reflect this. According to the 2024 NACS State of the Industry Talent Insights Dashboard (previously known as the NACS Compensation Report), foodservice associates are responsible for a clean, safe and customer-friendly foodservice area, and that requires mastering multiple skills. They receive both register and food preparation training and work under the supervision of the foodservice manager.

In 2023, the average foodservice employee wage was $14.76, just slightly more than the $14.73 earned by other full-time employees. This is almost a full dollar more per hour than part-time employees, reflecting the value of that regular, familiar face behind the counter. Foodservice employees also complete more training than part-time employees. Overall, 17.8% of foodservice employee training is focused on foodservice safety training, compared to 9.1% for non-foodservice employees. For cleaning protocols, 13.9% of foodservice employees' training focuses on cleaning, compared to 11.0% for non-foodservice employees. ■

Shifting Consumer Behaviors Blur the Lines Between Snacking & Meals

Gen Z has the buying power to have an impact on convenience stores and the snack categories in the years ahead.

By Convenience Store News

NATIONAL REPORT — In a pre-pandemic world, it wasn't like Americans were short on snacks. However, the COVID-19 pandemic accelerated snacking habits so much so that snacking evolved into the "fourth daypart" in the convenience channel. Now, in the post-pandemic world of remote work and inflationary pressures, the once clearly defined line between "snack" and "meal" continues to blur, with 2024 expected to see even more melding of the two.

"The snack category will continue to be shaped by consumers' desire for foods that offer emotional comfort, time-saving convenience and health benefits. Snacks that can bridge these attributes will stand out in the market," said Michael Berro, CEO of Chipoys, a rolled tortilla chip brand inspired by authentic Mexican flavors.

Recent research shows an increased prevalence of between-meal occasions, particularly during midday, and highlights a shift in consumer behavior toward more flexible and snack-centric meal patterns.

The Time-Crunch Conundrum

Although there are 24 hours in a day, 80% of Americans feel as though their days have fewer hours, according to the fifth-annual "U.S. Snack Index," recently released by PepsiCo Inc. divisions Frito-Lay North America and The Quaker Oats Co. This burden is most acutely felt by younger generations (85%) with no sign of letting up. Six in 10 consumers say they anticipate demands in their life will increase in 2024.

When considering snacks at the store, consumers cite protein as the most important nutritional attribute they seek (55%). This is especially true among those most time-crunched.

Energy is also a top-rated attribute as 60% of consumers look to their favorite snack products to provide energy. Generationally, millennials (72%) are, by far, the group most likely to be looking for a pick-me-up, followed by Generation Z (62%), the Snack Index reported.

For Love's Travel Stops, the Oklahoma City-based operator of 640 travel centers in 42 states, customer demographics reveal shoppers are seeking out quick, smaller-portion items to curb their hunger between each meal. The rise in retail prices due to inflationary pressures is also driving some purchase behavior toward value-type items for such occasions.

"Love's has seen more interest in items like corn dogs and 'chicken drummies' in our hot snack category. Those options cost less than a full meal, but provide protein and energy between meals," Bryan Street, manager of deli for Love's, pointed out. "Additionally, open-air cooler snack items like meat and cheese snacks have seen growth as they are items that complement hot snack items, but also provide that additional snack option as customers go through the day."

When it comes to dayparts, consumers turning to snacks and other convenience foods at mealtime is particularly evident at lunch, followed by breakfast. A consumer sentiment survey commissioned in July 2023 by New York-based NCSolutions, which tracks advertising effectiveness in the consumer packaged goods (CPG) industry, found that 52% of consumers opt for convenience foods at lunch, followed by 50% at breakfast.

The same survey highlighted consumers' significant reliance on snacks: 35% of respondents said they eat snacks on the go either "always" or "often." And these numbers are even higher among millennials (52%) and Gen Zers (49%).

A Who's Who of Snacking

Convenience store retailers are well-positioned to capitalize on the movement toward snack-centric meal patterns by offering a diverse range of products that meet the evolving demands of consumers around convenience, flavor and value. But first, c-store retailers must know who their shoppers are, and understand the influence they can have on their business.

Generation Z has $360 billion in spending power and is three times more likely to shop at c-stores than baby boomers, according to NCSolutions data.

The firm's consumer sentiment survey commissioned in October 2023 revealed that more than a third of Gen Zers (38%) are looking for new flavors and products to try, making convenience stores an ideal place for CPG brands to test new snacks. ■


GHRA
JUNETEENTH
Freedom Day
THE GHRA CORPORATE OFFICE WILL BE CLOSED ON WEDNESDAY, JUNE 19TH 2024
THE GHRA WAREHOUSE WILL REMAIN OPEN FROM 8:30 AM TO 6:00 PM


GHRA
HAPPY 4TH OF JULY
INDEPENDENCE DAY
THE GHRA CORPORATE OFFICE
AND WAREHOUSE WILL BE CLOSED
ON THURSDAY, JULY 4TH 2024

“ Opportunities don’t happen. You create them.”

— Chris Grosse

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