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Today's Convenience-Store Consumers Are 'Driving an Elevated Expectation of Healthy Offerings'

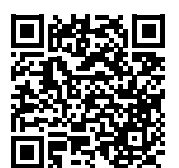
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PepsiCo to Eliminate Nearly 20% of Products, Reduce Prices

Moves are part of a deal with an activist investor.

By CSPDailyNews.com

PepsiCo says it will reduce prices and eliminate about 20% of its products by early 2026 in a deal with an activist investor announced Dec. 8.

The company didn't say which products or how much it would reduce prices.

"Today, we are announcing our plans and initiatives that aim to accelerate organic revenue growth, deliver record productivity savings and improve core operating margin—starting in 2026," said Ramon Laguarta, chairman and CEO of Purchase, New York-based PepsiCo. "PepsiCo Foods North America will play a critical role toward achieving these targets and we feel encouraged about the actions and initiatives we are implementing with urgency to improve both marketplace and financial performance."

The company is making the changes after being urged by West Palm Beach, Florida-based Elliott Investment Management, which took a \$4 billion stake in the company in September, according to the Associated Press. Elliott, in a letter to PepsiCo's board, said the company is being "hurt by a lack of strategic clarity, decelerating growth and eroding profitability in its North American food and beverage businesses," according to AP.

"Accelerating organic revenue growth and improving core operating margin expansion are critical to enhancing long-term shareholder value," PepsiCo said. "To achieve these objectives, we are acting with a high sense of urgency to improve the marketplace competitiveness and financial performance of PepsiCo Foods North America by:"

- Implementing sharper everyday value through a targeted approach on affordable price tiers by brand and channel, aimed at stimulating growth and improving the purchase frequency of our mainstream brands.
- Elevating an expansive innovation agenda,

with permissible and functional offerings that remove artificial colors and flavors, provide simpler ingredients and include more protein, fiber and whole grains. This includes the recent introduction of Simply NKD Cheetos and Doritos, the restaging of Lay's and Tostitos and the 2026 launch of Doritos Protein.

- Aggressively reducing operating costs and improving operational excellence with savings generated to support meaningful investments in advertising and marketing and consumer value. For example, we have closed three manufacturing plants and shut several manufacturing lines this year and are in the process of reducing nearly 20% of SKUs in the U.S. by early next year.

"We appreciate our collaborative engagement with PepsiCo's management team and the urgency they have demonstrated," said Marc Steinberg, a partner at Elliott. "We believe the plan announced today to invest in affordability, accelerate innovation and aggressively reduce costs will drive greater revenue and profit growth. In addition, we welcome the comprehensive review of PepsiCo's North America supply chain and go-to-market systems, as well as PepsiCo's commitment to Board refreshment. We are confident that PepsiCo will create substantial value for shareholders as it executes on this plan, and we look forward to continued engagement with the Company."

PepsiCo products include Fritos, Doritos, Cracker Jack, Cheetos, Aquafina, Lipton, Lay's and many more.

In February, the company said that "years of double-digit price increases and changing customer preferences have weakened demand for its drinks and snacks," AP wrote. PepsiCo said in July it was trying to "combat perceptions that its products are too expensive by expanding distribution of value brands like Chester's and Santitas," according to AP. ■



Today's Convenience-Store Consumers Are 'Driving an Elevated Expectation of Healthy Offerings'

45% of c-store customers expect c-stores to offer healthy foodservice items, up from 40% in 2022, according to Technomic.

By Chuck Ulie

This was the question asked by Donna Hood Crecca, senior principal at CSP sister research arm Technomic, Chicago, in her Health in C-Stores report.

C-stores for years were the go-to spot for indulgent foodservice items such as doughnuts and frozen beverages, Crecca said. However, "as consumers embraced healthful eating patterns in prior years, many c-store operators incorporated better-for-you items into their offerings, only to experience lackluster sales and high waste."

Today's c-store consumers are bringing their more current

approaches to wellness to c-stores, "driving an elevated expectation of healthy offerings," Crecca said in the November report.

Meanwhile, the rising use of GLP-1 medications is a new and evolving market dynamic, she said.

"Is better-for-you foodservice a viable growth opportunity in c-stores, or will convenience operators and their supplier partners be burned again?" Crecca asked.

Today, 53% of consumers say they seek out nutritious foods

and 45% report looking at nutritional information frequently when ordering or buying prepared foods and beverages, according to Technomic data.

“Consumers who frequent convenience stores for foodservice align with this trend, with 52% confirming increased interest in healthy eating in the past year,” she said. In addition, 45% of c-store customers expect c-stores to offer healthy foodservice items, up from 40% in 2022.

C-Store Recognize Changing Demand

Convenience retailers recognize this evolving demand, with 74% now agreeing that better-for-you foodservice offerings boost their ability to compete with other c-stores and quick-service restaurants, Crecca said. She added that 69% are increasing healthy prepared beverages and 74% are expanding prepared food selections to meet consumer expectations.

Satisfying the better-for-you demand while ensuring sales velocity and profitability “requires that convenience operators and their supplier partners understand key dynamics of healthful eating occasions in the convenience channel,” Crecca said.

“C-store consumer approaches to eating healthy shift throughout the day,” Crecca said. For example, 44% are likely to choose more healthful items during breakfast, up 16 points from 2022, while dinner ranks second, at 37%. However, more consumers seek indulgent items at lunch, at 22%, up 4 points from 2022, while afternoon snack has the lowest tendency to seek healthy options, “likely as consumer look to treat themselves.”

Elsewhere, Technomic data reveals a disconnect between consumer and operator perspectives on healthy attributes in

convenience foodservice items. Low sugar and high protein are top of mind for consumers, while operators lean in on more general attributes, such as organic and all-natural.

“This data suggests c-store operators are lagging consumer priorities in healthful eating,” Crecca said.

GLP-1 Use Speeds Demand

The use of GLP-1 medications will accelerate demand for healthier food and beverage items, Crecca said.

“As the insurance and regulatory environment shifts and availability of these medications at mass merchants, including Costco and Sam’s Club, increase access and affordability, usage is expected to rise rapidly,” she said. “GLP-1 users are more likely to enter a convenience store actively looking for better-for-you prepared food and beverages.”

A strategy is required to make sure that c-store foodservice offerings satisfy consumer and business goals, Crecca said.

Actions include assessing offerings to identify “healthful attributes that are top of mind for consumers and can be called out across menus, marketing and packaging,” she said.

In addition, “Showcase value in healthful items by highlighting taste and flavor, as well as other attributes, such as portion and brand,” she said. “Consumers will not sacrifice taste and flavor for health.”

Finally, identify foodservice formats “where better-for-you options will differentiate and drive traffic, sales and margin,” Crecca said. “For example, calling out protein content of roller grill and hot case items can heighten the consumer appeal of these formats and may enable premium pricing.” ■





Measuring Customer Experience to Maximize ROI in Fuel Retail

Running the numbers behind fuel gallons sold can drive growth.

By CSNews.com

I've recently started running again, and like many people, I rely on a smart watch to track my progress. I check my stats after each run and review trends every week. Just the other day, I came within 29 seconds of the mile time I've been chasing. Since late June, I've managed to improve my pace by about 7%.

That data tells me something important: the investment I'm putting in is adding up to real performance gains. It also keeps me accountable. Without measurement, I'd have no way to know if I'm getting better, stagnating or slipping backwards.

Fuel retail works the same way.

Retailers are operating in an extremely competitive landscape, so they're making significant investments in their business and technologies, from forecourt equipment to in-store systems. Margins are tight, and customers expect

speed, convenience and a seamless experience at the pump and in-store. In that environment, measuring and understanding what's working to ensure a return on every investment has never been more critical. While gallons sold is a great starting point, today's retailers can go even further with other valuable indicators, like transaction counts, customer conversion or engagement at the pump, that show whether the business is becoming more efficient and delivering stronger results.

How Measurable Experience Drives Measurable Growth

At Dover Fueling Solutions (DFS), we decided to put this strategy into action to measure the business impact of providing an enhanced experience at the pump. We analyzed data from 100 fueling sites across the United States. Fifty sites were equipped with dispensers featuring a large interactive touch screen, and the other 50 were nearby sites

that had smaller dispenser displays. The study compared sites across the street or around the corner from each other to understand if the modern technology investment was paying off for retailers.

In one month, fuel stations equipped with the large touch screens sold an average of 27% more fuel and processed 28% more pump transactions than nearby competitors. While many factors influence site performance, from location to loyalty programs, the data begins to suggest that deeper customer engagement at the pump can influence higher volume and repeat visits.

To put those numbers into perspective, let's consider a fuel site that sells 1.2 million gallons annually. A 27% increase in fuel volume would add roughly \$1.1 million in revenue and \$100,000 in margin per year. That's assuming a pump price of about \$3.50 per gallon and a 30-cent margin per gallon.

Every business operation is different, but this shows how measuring and improving customer experience at the pump can, in some cases, completely reshape the economics of a store. Retailers can apply similar measurement principles in their own operations, using benchmarking and trend analysis to identify where technology is paying off, and where there's room to capture more value.

Turn the Pump Into a Profit Center

Another insight we've uncovered in our research is that the fueling experience impacts more than just gallons sold. Technology investments can grow market share, build loyalty and drive store foot traffic. In a consumer survey, DFS found that half of drivers would switch stations if they believed a competitor offered a significantly better fueling experience.

The pump is often the first and most prominent interaction a customer has with a station, which makes it valuable real estate for engagement. The same survey found that 51% of fueling customers often notice ads at the pump and another 32% say pump promotions have convinced them to enter the store.

For operators, that means the ROI of dispenser technology doesn't stop at the forecourt. Measuring changes in in-store traffic, promotion redemption or basket size can reveal how technology at the pump is driving broader business outcomes.

Measure What Matters & Do It Consistently

As fuel retailers think about how to capture the full return on their technology investments, three practices stand out as especially important. The first is expanding the metrics that matter. Gallons will always be the foundation of the business, but looking beyond volume reveals a fuller picture of performance. Transaction counts, conversion into the store, engagement with promotions and shifts in customer loyalty can all demonstrate how technology is driving value in ways that gallons alone cannot capture.

Consistency is another critical piece. Retailers who monitor performance regularly are better positioned to identify emerging trends and build on early gains. Occasional measurement may provide snapshots, but consistent measurement can guide smarter decisions about where to invest and how to adjust.

Finally, it's about turning proof points into practice. Industry studies already show the measurable impact of newer technologies, but the greatest ROI comes when retailers apply that same level of discipline to their own networks. By benchmarking, tracking and acting on the data, operators can not only justify investments but also create a culture of continuous improvement that drives long-term growth.

Because whether in running or in retail, what gets measured is what improves.

John Morris is senior director, Anthem Product Management at Dover Fueling Solutions (DFS). He is responsible for setting and executing innovation-related goals and objectives across all of DFS platforms. He applies his domain expertise and strong relationships with customers and distributors to drive success, and skillfully communicates market trends to key stakeholders, enabling them to assess potential opportunities with emerging technologies and to refine existing strategies. During his tenure at DFS, Morris has been directly involved with the introduction of DFS Anthem UX platform and DX Market powered by GRUBBRR. Prior to joining the DFS team in 2010, he held leadership roles at Kershner Trading Group, UBS Investment Bank and Instinet Corp. ■

