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Peaches and cream lattes, 42,000 sandwiches a day

ORLANDO - Don't look for drive-through windows or clownfaced characters advertising a meal at 7-Eleven.

But make no mistake: The Dallas-based convenience store chain is eyeing quick-serve dining as a major part of its growth.

"The ultimate goal is to make 7-Eleven a fresh food destination," says Mark Westhauser, manager of LSG Sky Chefs' Orlando operation, which supplies area 7-Elevens with up to 42,000 customized sandwiches a day.

Westhauser was part of a daylong regional presentation to managers of all 450 Florida 7-Elevens, one of nine staged around the country.

The events bring together management of the company's 5,800 stores in the United States and Canada for a look - and a taste - of the hundreds of new products the stores will be selling this year.

Each store gets a weekly information sheet complete with photos, demographic information and the type of marketing support for new products. Managers order based on those reports - and their impressions of the product presented at these sessions.

Some, such as the upcoming Remix Berry flavor of Sprite, are sold in various forms. By April, patrons at 7-Eleven can purchase the soft drink in bottles or as one of three new Slurpee flavors - the others being a green Sierra Mist tied to a Hulk movie promotion and a Crystal Light strawberry-kiwiflavored Slurpee.

Still others are copies of popular products that attract customers based on price. Mad Croc, for example, looks and tastes very much like the \$1.99 can of Red Bull energy drink, but carries a 7-Eleven price tag of \$1.49.

The decisions can literally change the fate of a manufacturer.

Take Yosha! Enterprises. A year ago, the three-person New York firm literally walked the city streets with a pushcart, selling its **Momints** breath mint door to door.

Smaller than a BB, the gelatin capsule in spearmint, peppermint and cinnamon flavors is produced in France, packaged in Japan and sold in a perfume samplesized glass tube or a slim pack. The mint "packs a wallop of flavor," says Margaret Chabris, head of 7-Eleven corporate relations. In 12 months, 7-Eleven's contract to carry the product has the New York Post calling the product a "fashionista's latest accessory."

Back to basics

The ready-made sandwiches served up by the chain are also getting a makeover.

Two of the sandwiches planned for release this year are a ham, salami and artichoke sandwich on an artesinal hard roll and a ham, salami, feta cheese, roasted bell pepper sandwich with balsamic vinaigrette on a soft roll.

There's a new low-carb steak or turkey and cheese wrap, as well as the steak, cheddar and Monterey Jack cheese or spinach and artichoke Taquitos prepared on the company's hotdog cooker.

Also new to the menu are croissant ice cream cones, filled with cream and topped with chocolate, and produced by Bakery Express in Orlando. A new cream-filled, mocha-topped cruller drew an appreciative crowd of managers.

To wash it all down, Kris Nelson was on hand to advise. An evangelist about her specialty, she's known as the coffee queen.

The gospel according to Nelson is, "to create a coffeehouse environment in a convenience store."

Coffee, says Nelson's boss, CEO Jim Keyes, is the company's "crown jewel." Speaking on The Motley Fool Radio Show, Keyes said the beverage had generated double-digit growth, aided in part by an increasingly varied lineup.

The variety is paying off.

Coffee is a seasonal product. Normally, sales in coffee peak in the cold weather and drop off during the summer. Last year, however, Nelson says that didn't happen. "We are targeting the young adult, female and Hispanic market segments with products that are lighter in flavor, such as the peaches and cream latte," she says. There's also a centerpiece coffee carousel that includes syrups, flavors and toppings that allow customers to prepare coffee according to a recipe series atop the carousel. As a result, customers can make a cup of coffee that tastes like a candy bar, using the mini-marshmallows, chocolate and caramel syrups.

Says Nelson, "We have as many as 1,300 combinations of ingredients in every store. Everybody makes a masterpiece."