

Forecourt store concept gains momentum

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Freshstop, the retail franchise network owned by Fruit and Veg City, last week opened its 150th forecourt store with petroleum company Caltex.



Consumers in the middle- to high-income bracket, who are struggling with free time, are fuelling demand for convenience shopping at filling stations, and while it is not a game changer, retailers are using their multichannel presence to grow brand awareness. The forecourt market is believed to be worth about 4% of SA's retail sector.

Fruit and Veg City CEO Brian Coppin said that in recent years changing consumer lifestyles had led to the emergence of convenience stores as a shopping destination.

"With convenience stores open for longer hours, South Africans have found the forecourt retailer concept to be a safe and time-saving shopping experience. There is a growing demand for one-stop fuel and food purchases," he said.

In its first three months of trading, the Freshstop Airport City site near Cape Town International Airport attracted more than 160,000 customers and achieved sales of more than R4m.

"Our figures show that when a fuel forecourt store converts to the FreshStop brand, the franchisees experience growth of around 60% in sales in the first year after conversion and after three years, a compound growth of 25% in retail sales," said FreshStop director Joe Boyle. FreshStop was launched in 2009.

Last week, Woolworths opened its 50th Foodstop at Engen in Sea Point, Cape Town, signalling the start of an accelerated plan to open 45 more Woolworths stores at Engen forecourts by June 2016. Turnover is expected to grow from about R600m to more than R1bn in 2016. Woolworths group director of retail operations Paula Disberry said: "The forecourt model is particularly attractive for Woolworths as, not only can our customers shop for Woolworths food around the clock,

but the Engen forecourts also allow us to reach new customers."

By expanding the forecourt model, Woolworths products are made available at new locations, particularly outside the larger urban areas. A new Woolworths Foodstop is planned for Uppington in the Northern Cape, for example.

In August, Spar Group opened its first Spar Express store in Germiston, in partnership with fuel giant Shell. Through its partnership with Shell, Spar is testing the waters of the forecourt business with the roll-out of about three or four Spar Express stores in Gauteng over a nine-month period.

Spar business development executive Bill Brown said the deal mirrors similar Shell-Spar agreements in countries including Austria and Germany. Shell also operates its own Shell Select stores across SA.

Pick n Pay in April teamed up with oil giant BP to build 120 more food convenience stores at its fuel stations over the next five years.

"In terms of forecourt retailing, you have to make sure ... because you do have different price points within the forecourt stores as oppose to your other mainstream stores, that you don't dilute your central pricing philosophy and price perception.

"Forecourt retailing is obviously good from a convenience point of view and to create brand awareness," Noah Capital Markets retail analyst Roger Tejjwani said.

Source: Business Day

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