04 The best possible customer experience

08 The guest should feel like a king

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The road takes us to Spain, where we support Burger King in making their guests feel like kings. Customer centricity is also the topic of our next stop, a tobacco shop in Belgium. Afterwards, we travel to Germany and take a look at the convenience solutions Lekkerland develops for airports and filling stations and how they are implemented together with our customers. Our journey ends in Frechen where our IT experts develop new digital solutions for our customers.

But we begin with a look back at 2017 and an overview of the topics that were important for Lekkerland. This is followed by a perspective on the future: Henry Armour, President of the trade association NACS, shows how convenience will evolve.

We hope you have a lot of fun reading all about us.

Your Board of Management

“Your most convenient partner” — that’s what we want to be for our customers.

Every day. In everything we do.

LEKKERLAND
AT A GLANCE

About

4,800
Employees

91,000
Points of sale in 6 countries

€12.8 billion
Revenues in 2017

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The best possible customer experience

What topics exerted an impact on Lekkerland in 2017? In the context of an interview, the Board of Management outlines the main topic areas and discusses the challenges that lie ahead for the company.

Competition in convenience is very dynamic. How is Lekkerland responding to this?

PATRICK STEPPE Conveni ne has developed into a mindset and can no longer be limited to a segment or a channel. The customer experience is the key factor for success in the increasing competition among convenience providers. In many cases, this experience needs to be improved in the channels we are serving so that they are able to come out ahead of providers like food retailers and bakeries. This involves supporting our customers in the context of our strategic approach “Retail Enablement”.

What does this mean in concrete terms?

PATRICK STEPPE We provide our customers with tailor-made solutions that enable them to meet the changing needs of consumers in relation to ambience, quality and product range. Examples of this are our bistro and coffee concepts, offers for optimising existing shops and our shop concept “Frischwerk”.

How was the business year 2017?

DR EDGAR C. LANGE The last business year was challenging. Our sales eased slightly to 12.8 billion euros.

The reasons for this included the continued overall increase in competitive intensity, the declining tobacco market and the gradual discontinuation of a major customer in Germany. Notwithstanding these challenges, we succeeded in continuing to increase the gross profit and the result from operations before financial result.

Dr Großpietsch, since October 2017, you have been responsible for the supply chain and digitalisation. What is your impression of Lekkerland in these areas?

DR JOCHEN GROßPIETSCH Lekkerland has very stable logistics. We succeed in meeting very complex demands with a high level of efficiency. However, we are not satisfied with the status quo. In future, we will look even more closely at how the processes and solutions can be designed to be even more customer-friendly.

Digitalisation is an important precursor for our strategy and we are working on a lot of very promising projects and initiatives. We now want to accelerate the pace at which we introduce new tools and solutions.
What topics will impact on Lekkerland in 2018?

_**PATRICK STEPPE**_ Our goal is clear: We want to be “Your most convenient partner” for our customers. As far as we are concerned, this means configuring all our processes and solutions so that they are as easy, uncomplicated and convenient as possible but also outstanding best-in-class quality and relevant services for the retailer. This means that they have more time for their customers – the consumers.

We also want to expand our market position in the area of organised food service and establish ourselves as one of the leading supply chain partners in system gastronomy.

_**DR EDGAR C. LANGE**_ We are continuing to work consistently on our process and IT landscape, Become One. This involves a number of aspects with a key project being the go-live for the German national company in 2019.

_**DR JOCHEN GROßPIETSCH**_ One focus will be the ongoing development of our web shops and the introduction of additional digital offers, including digital delivery tracking. We will also continue to work intensively on implementing Track & Trace in order to meet the requirements of the European Tobacco Product Directive (TPD II) for 2019.

How do you assess business development for 2018?

_**DR EDGAR C. LANGE**_ In view of the ongoing challenging framework conditions, we are expecting to follow the highly gratifying year 2017 with a result at the good level of 2016 during the coming business year.
Growing Convenience

There is no question that consumer trends favour convenience stores. The expression “time is money” is truer now than ever before. Convenience stores offer speed of service to time-starved consumers. Consumers seek out convenience stores for their convenient locations, extended hours of operation, one-stop shopping, grab-and-go food service, variety of merchandise and fast transactions. A NACS speed metrics study found that it takes customers, on average, 3 minutes and 33 seconds from the time they leave their cars until the time they get back in their cars with a purchase.

At the same time, younger consumers also seek out alternatives to the traditional meal at home or in a restaurant. They are more likely to eat on-the-go and to eat food from new food outlets like a food truck or convenience store. This group shops at convenience stores most frequently and is most likely to seek out healthy options – and notice retailers who are providing what they want.

Because convenience stores are addressing consumer trends, they are able to grow sales. Growth in healthy food and beverage sales led to positive overall sales at U.S. convenience stores in 2017, and retailers expect the momentum to continue in 2018, according to a NACS survey of U.S.-based convenience retailers released in early 2018.

Consumer needs are relatively similar around the world – they want convenience. The difference is how convenience is offered based on the needs of the market. In Europe, the focus on fresh food is much more ingrained than in the United States. And the types of competition also affect how convenience stores develop their offer.

Germany, for example, has a high density of supermarkets, discounters and bakeries, which obviously influences
“Frischwerk” is popular with consumers and shop operators alike

The needs of consumers were the starting point for the development of the Lekkerland “Frischwerk” shop concept. The roll-out has clearly been successful because consumers have given the first two test shops very positive assessments in surveys. The operators are very satisfied as well in view of the significant increase in sales – food service is one of the sectors with a sales hike.

“Frischwerk” has also impressed the sector experts. It was the first German convenience format to be granted an award by convenience and fuel retailing association NACS (see guest contribution by Henry Armour). And in February 2018, one of the pilot stores was awarded the accolade “Shop of the Year” in the category filling station/service area by a German trade magazine. The shop concept combines innovations and best practice elements. These include a modern, fresh look styled in wood and steel, integration of a complete bakery, the clear spatial and personnel separation between food service, and tobacco and fuel area plus further specifically developed processes and services.

Lab Store in the Netherlands

“Eet & Gerei” could be best translated as “Food and all related things”. Under this name, Lekkerland is testing shop modules for Dutch filling station shops in Katwijk aan Zee, the Netherlands. Besides freshly made sandwiches and home grilled chicken, consumers can also enjoy premium coffee and buy food related gifts and decorations. Other lab stores in the Netherlands are expected to follow, aiming to gain as much experience as possible.
Good food and fast service – this is what Burger King Spain wants to offer its guests. Conway makes sure that the products are available at any time in the restaurants.

The guest should feel like a king
On Saturday afternoon, the Burger King restaurants in Madrid are extremely busy. The reasons why guests come to the restaurants are likely to vary. It might be for a short break from shopping, a meeting with friends or to have some refreshments before an evening out at the cinema. However, their expectations will be similar. They want to have something tasty to eat in comfortable surroundings and within a short space of time. “The aim is to make our guests feel like kings by giving them good food and fast service,” commented Carlos Cifuentes, Supply Chain Director at Burger King Spain.

Tailor-made service packages in the supply chain are absolutely essential in order to ensure that sufficient products of the right quality are always available in the chain’s quick service restaurants. The platform for this has been provided by reliable, punctual and faultless deliveries.

Burger King Spain has teamed up with the ideal partner for this in Lekkerland’s Spanish subsidiary company Conway since 1992. “Conway takes care of our most important asset – food,” said Carlos Cifuentes. Conway establishes order quantities in consultation with Burger King on the basis of past data and forecasts. It then places the orders with the suppliers, which deliver their goods directly to the logistics expert.

The restaurants call up the goods electronically in accordance with their requirements. If there are any complaints, Conway takes care of processing with the supplier.

The strategic alliance between the two companies was extended in 2017 for another five years until 2023 and comprises delivery to currently 700 restaurants. Delivery covers the geographical areas of the Iberian Peninsula, the Balearic Islands and the Canaries, Andorra, Gibraltar, Melilla and Ceuta.

In March 2017, Conway was also honoured by Burger King Spain as Supplier of the Year. “The key factors for this award were Conway’s flexibility and the cooperation based on partnership. The two companies pursue the goal of being committed to serving the customer,” according to Carlos Cifuentes. The close cooperation with Conway contributes to the business success of the restaurant chain in Spain. And Burger King is able to concentrate entirely on its core business and its customers – making them kings.
Close to the consumer

Consumers define the trends in tobacco goods: “At the moment there is a big demand for large packs of fine-cut,” explained Klaas Vandendries and pointed to two customers who were standing in front of a pallet with plastic boxes from a wide range of different tobacco brands.

His recipe for success is to identify the needs of customers and react to them quickly. In the year 2000, he opened the first Real Tobacco shop in Adinkerke on the Belgian coast. His company now has a dozen shops in the region and he also operates two filling stations.

In keeping with the name of the company, the core of the product range is formed by tobacco goods. These are supplemented by typical national products such as Belgian beer and Belgian chocolate and pralines. The focus and large volumes allow Real Tobacco to give its customers affordable prices and special offers. Alongside price, the primary objective of the company is to impress customers with service and advice.

“Our customers need to know what they can expect from us and that they can do their shopping as simply and conveniently as possible,” commented Klaas Vandendries. “We want to offer them a one-stop shopping experience.”

The proprietor is committed to fostering the specialist knowledge of his employees when it comes to advice. “Some of our customers are looking for alternatives to traditional cigarettes, without having to relinquish taste and familiar rituals. We have responded to this with an attractive offer of e-cigarettes and heat-not-burn products,” explained Klaas Vandendries.

And if he himself needs advice about tobacco goods? Then he turns to his service provider Conway Belgium. “Conway has proved to be a totally
SUCCESSFUL TOGETHER

Once again in 2017, Lekkerland succeeded in impressing its customers throughout Europe with its services. The following extract from contract renewals, new customers and successful concepts highlights this achievement.

BELGIUM _ Conway in Belgium was able to extend a number of contracts including those with two oil companies. A new contract was concluded with another oil company for supply with electronic value products.

The launch of new shop concepts was also driven forward. A coffee corner module was developed specifically for smaller shops. It offers customers machines and furniture in different sizes. Shop operators are able to offer their customers high-quality Italian coffee and they are supplied with everything from coffee, through service to accessories in an all-round carefree package.

THE NETHERLANDS _ In the Netherlands, cooperation was expanded with Bakerstreet, a leading multi-brand operator in the Dutch convenience food segment. For example, Lekkerland is taking over the supply chain for Bakerstreet in relation to a food service concept in Dutch supermarkets.

New customers in the business year 2017 included an oil company and a retail company. Existing contracts were extended, notably those with three oil companies including Tamoil-Klik.

In 2017, another dedicated food service concept was introduced with “punto gust”. The concept has a modular structure and it is adjusted individually to suit the requirements of the customer, shop and location.

SPAIN _ The Spanish national company Conway has expanded its position as one of the leading supply chain providers. Long-standing customer Burger King Spain extended the contract by a further five years until 2023 (see p. 8).

Grupo Zena Alsea operates restaurants under the franchise of Domino’s Pizza in Spain and it awarded Conway a 5 Star Quality Award in 2017. This is the highest possible award that can be bestowed in the course of the annual customer audit.

reliable partner right from the start.” said Klaas Vandendries. “Apart from professional advice on the product range, we gain an all-round carefree concept from the offer and order phase, through delivery to accounting.”

Expertise in tobacco retail and customer orientation – two things that connect Real Tobacco and Conway Belgium.
Whether you want breakfast before starting your holiday, a coffee before a business appointment or an extra bottle of water – the “Convenience” lifestyle is particularly at home in traffic hubs such as airports. Creating this home from home is a logistic challenge. The special delivery conditions and checks, frequently long delivery routes, the special sales and peak times, the rapid delivery rate, and the service level expected by airport businesses require harmonised logistics and service processes.

“Lekkerland knows what we want, deals with our individual requirements and meets them,” commented Christine Sommer, Deputy Manager Purchasing, Travel Essentials at Lagardère Travel Retail Deutschland GmbH. She trusts her service providers to ensure that customers visiting the shops of Lagardère Travel Retail at Frankfurt Airport will always be able to purchase what they need for their trip.

Special service for Lufthansa

“Snowfalls mean that flights to and from Frankfurt are being cancelled and there will be delays...” If such an alert goes out in the media during bad weather in winter, this means that in the worst-case scenario passengers already at the airport will have to wait about. Lufthansa offers them a variety of services in order to make the situation for these
In Germany, contracts with Lekkerland have been extended by Esso, Tamoil, Q1 and Einkaufsgesellschaft freier Tankstellen mbH (eft) among others. Lekkerland will continue supplying filling station shops with a large proportion of their product range.

Furthermore, cooperation was agreed with eft in the area of food service. Additionally, close cooperation on the design of product range and shop was agreed with Esso. Lekkerland is thereby supporting its customers in serving the needs of the consumers even better.

The contract was also extended with the Tchibo GmbH coffee and retail firm. Lekkerland will supply the branches in Germany with deep-frozen, fresh and beverage products for a further three years.

In Austria, since 2017, the Austrian national company has been using a Fresh Box fitted with a temperature data logger so as to supply customers promptly and efficiently with small volumes of fresh products such as cold cuts, salads and milk.

An additional agreement has been made with Shell Austria GmbH in order to supply the “deli2go” bistros with frozen bakery goods and fresh products from the Lekkerland product range.

The Felber bakery chain was one of the new customers acquired. The branches are supplied with beverages, dairy products and ingredients for making products.

Like customers in neighbouring Austria, the past year has seen Lekkerland customers in Switzerland being supplied with small volumes of ultrafresh products in the Fresh Box within a very short space of time.

Furthermore, the activities for further development of filling station shops have been strengthened by a joint venture. The strategic partnership was agreed with Oel-Pool AG, a leading oil company and operator of 463 filling stations in Switzerland. The primary objective of the joint venture is to develop advanced concepts for filling station shops.

“Lekkerland knows what we want, deals with our individual requirements and meets them.”

Lekkerland has been a cooperation partner in Frankfurt since May 2017. When there are extended delays, the convenience specialist supplies catering trolleys to defined places with high passenger volumes at short notice. Passengers then have convenient access to soft drinks, sweets and savoury snacks.

“Our air passengers value this service from Lufthansa, which makes their waiting time more bearable,” reported Katja Stich, Manager Irregularity Management at Lufthansa. “We experience cooperation with Lekkerland as very professional and convenient.”

And the Lekkerland employees on the ground now keep an eye both on the needs of their customers and on the latest weather conditions.
With the “Prima Bistro” concept from AVIA and Lekkerland, filling stations become popular places for snacks and coffee, as a visit to AVIA tenant Rainer Brosi shows.
Our customers really appreciate being able to get a filled roll or hot snack when they fill up with fuel. They want to do everything in one go,” said Rainer Brosi. At his AVIA filling station in Mainburg near Ingolstadt, the conditions are ideal for meeting this customer requirement. This is because Rainer Brosi has implemented the “Prima Bistro” concept.

AVIA provides its lessees with a modular full-service bistro concept. This includes the design and fittings for the bistro corner, a comprehensive and flexible product range including all packaging materials. The offer is complemented with purpose-designed workwear, promotional materials, seasonal marketing materials, and advice and training sessions.

“Car drivers need to know what they can expect at Prima Bistro and then they will strategically look for AVIA filling stations as they seek refreshments on-the-go. That’s why we have created a brand with recognition value,” explained Julia Korner, Expert Marketing and Food Service at Deutsche AVIA Mineralöl-GmbH in Munich.

There is a dependable core range, which consists of a good range of filled rolls known as Prima Classics, complemented by a coffee based on the Prima Bistro recipe in cooperation with coffee roaster Segafredo.

“Lekkerland has always been exactly the right partner for us with its food service competence for development and implementation of this concept,” commented Julia Korner.

Alongside the wishes of consumers, the approach takes account of the requirements of the everyday routine at the filling station shop. Uniform recipes for bakery goods and coffee make preparation of the products much easier. Meanwhile, promotional materials and price labels displaying allergens and nutritional values reduce the work that has to be undertaken by the filling station personnel.

After the launch in spring 2017, “Prima Bistro” can now be found throughout Germany at around 140 AVIA filling stations. AVIA has joined forces with all the stakeholders involved to develop the concept further on the platform of the acquired experience. “The feedback from lessees is very positive. And we are also very satisfied with the development so far,” commented Julia Korner from AVIA. The same applies to Rainer Brosi. His customers like the new bistro a lot, reported the proprietor of the AVIA filling station in Mainburg. “A lot of people come here without even filling up with fuel. They want to get rolls or take a break for a snack.”

Transforming the filling station shop into the strategic purchasing outlet for convenience - this is a big success all round at AVIA Prima Bistro. •
Digital tools and solutions are increasingly making work and the everyday routine easier for people. Christian Grotowsky, Managing Director of IT subsidiary company Lekkerland information systems und Thomas Kühn, Director Corporate Digital Business Development, explain how Lekkerland is structuring processes even more efficiently and developing solutions from customers’ perspective so as to ensure that they enjoy long-term success.
What does digitalisation mean for Lekkerland?

CHRISTIAN GROTOWSKY_ We believe that digitalisation is the most important enabler for successful implementation of our strategy. Our goal is to become “Your most convenient partner” for our customers. Digital tools and services play a very significant role in creating the pathway for reaching this goal.

As well as our customers, our employees also benefit from the advantages of digitalisation. For example, we have launched the Microsoft Office 365 Cloud Solution throughout the Group and this will make both efficient cooperation and mobile working much easier for our workforce. That gives us more time for working for and with our customers.

Are you able to give some examples of digital tools and services from Lekkerland?

THOMAS KÜHN_ Lekkerland24 and Conway24 form a focus. This web platform has long been more than simply an internet shop. This is where our customers receive comprehensive information about our product range and the variety of options available for getting into contact with us – for example, if they have specific questions or a complaint. We are continuously expanding the functionalities, particularly in the area of self-service.

How is Lekkerland responding to the fast pace of digitalisation?

CHRISTIAN GROTOWSKY_ We have established the Digital Governance Board as a committee that identifies digital solutions for customers and employees, prioritises them and drives them forward. The board sees itself as an accelerator for supporting digital ideas by offering employees opportunities to contribute promising ideas and then implement them.

THOMAS KÜHN_ When we develop digital applications, we strategically adopt approaches from the start-up scene. For example, we deploy agile methods in product development in order to achieve results in the shortest possible time.

How do you ensure that your customers proceed at the same speed as you when they take the route into the digital future?

THOMAS KÜHN_ We talk to them on a regular basis about their requirements for digital tools and services – this provides an important foundation for our activities in this sphere. Naturally, the requirements vary and we adapt our offering appropriately to meet different needs.

At the same time, we integrate our customers in the ongoing development of our digital offer by inviting them to take part in pilot projects. This approach enables us to receive valuable feedback as well as ensuring that we involve our customers on the roadmap to the digital future and develop solutions from the customer’s perspective.

What is the significance of Become One for the digitalisation of Lekkerland?

CHRISTIAN GROTOWSKY_ The introduction of a uniform IT landscape is the backbone of our digitalisation strategy. It will open up new opportunities and place us in the position of being able to respond even faster to changing market and customer needs. Of course, we are already working in parallel with Become One in a lot of different digital projects.

Which digital innovations are you introducing in 2018?

THOMAS KÜHN_ We are currently working on a large number of new services that we are going to roll out or at least test this year. This includes a tool that informs the customer about the likely delivery time. And we want to make the ordering procedure even simpler for our customers. We will be testing voice-based order entry and a web shop tool that makes proposals to the customer concerning content and quantities on the basis of past purchase orders. All innovations have one thing in common. They improve the customer experience and take us a step closer to the goal of being “Your most convenient partner”.

CHRISTIAN GROTOWSKY
Managing Director, Lekkerland information systems GmbH

THOMAS KÜHN
Director Corporate Digital Business Development, Lekkerland AG & Co. KG

COMPANY MAGAZINE 2017
New offers in the fields of e-va, our own brands as well as preparations for "Track & Trace" - Lekkerland develops innovative solutions for the long-term success of its customers.

**e-va: Partner of the German Christmas Lottery**

Gift cards are extremely popular as presents. They are also right at the top of the list of last-minute Christmas gifts.

Lekkerland took up this theme and complemented the e-va (electronic value) range by offering its customers lottery tickets from the German Christmas Lottery during the period before Christmas. These represented an attractive additional product with a charitable purpose.

The lottery was organised by the charitable Navidad Foundation gGmbH based on the Spanish model of “El Gordo”. 30 percent of the lottery income benefited charitable organisations, which used the proceeds to fund social projects in Germany.

In offline retail, the lottery tickets were exclusively supplied in the e-va prepaid range. Lekkerland took over distribution of lottery tickets throughout Germany and supported its customers in presentation of the lottery tickets within their retail space. Compact counter displays were developed for this purpose and the lottery tickets were also positioned on seasonal e-va campaign displays.

**New own brand experiences strong growth**

Today, consumers expect a selection of fresh snacks, bakery goods and speciality coffees when they are on-the-go. The requirement for ingredients increases in line with this expansion. Lekkerland has responded to this development with a new exclusive and international own brand: “my basics”. This offers customers in Belgium, Germany, the Netherlands, Austria and Switzerland high-quality products in the entry-level price segment.

The “my basics” concept and product range is primarily intended for professional food service customers, and it has undergone a rapid and successful development. After the introduction of milk and cold cuts, the product range was expanded in 2017 by new categories such as cheese, eggs, margarine, fish and sausages.

The aim is to continuously extend the product range in the future.

**Tobacco: Preparations for Track & Trace**

From 20 May 2019, every pack of cigarettes and fine-cut has to be trackable from the manufacturer to the retail outlet (almost) in real time. This “Track & Trace” is one of several measures including shock images that are part of the Tobacco Products Directive (TPD II) of the European Union. The political goal of “Track & Trace” is to curtail smuggling and counterfeits.

While the impacts for individual shop operators are minimal, companies with several sales outlets and wholesalers have to make adjustments for additional administrative expenses and some new IT processes and systems, as well as changed processes in logistics. Independently of their size, Lekkerland will take on the majority of the burdens entailed by “Track & Trace” for its customers to the extent required. Since 2016, the company has been making very intensive preparations for “Track & Trace” and has supported the concrete arrangements of the regulation in close dialogue with politicians and government authorities in Berlin and Brussels.