

Alimentation Couche-Tard Inc.

In the bustling town of Laval, Quebec, 1980 marked the humble beginnings of what would become a global retail giant. Alain Bouchard, a visionary entrepreneur, founded Alimentation Couche-Tard Inc., setting out to revolutionize the convenience store industry. With a single store and a dream, Bouchard's journey began, not just to build a business, but to craft a brand that would resonate with customers far beyond the borders of Canada.

As the years rolled on, Couche-Tard's distinctive owl logo became a familiar sight across Quebec. The company quickly gained a reputation for its exceptional customer service and the sheer convenience of its locations, where motorists could not only fuel up but also grab a quick snack or essential item. The success in Quebec soon sparked ambitions for expansion.

Through a series of strategic acquisitions, Couche-Tard spread its wings across North America, rebranding under the name Circle K in the United States and Mac's in English-speaking Canada. Each acquisition was carefully chosen, allowing the company to maintain its core values while expanding its reach. With every new store, the brand's identity grew stronger, rooted in the principles of convenience, reliability, and a customer-first approach.

But Bouchard's vision didn't stop at North America. With a keen eye for opportunity, Couche-Tard extended its operations to Europe and Asia, becoming a true multinational force. The company's network of stores spanned over 25 countries, from the bustling streets of New York to the historic avenues of Paris, and even the vibrant cities of Asia. In every location, customers knew they could count on the familiar offerings of snacks, beverages, fresh food, and daily essentials.

As Couche-Tard grew, so did its influence in the global retail landscape. The company's ability to adapt to diverse markets, combined with its commitment to quality and service, solidified its position as one of the largest convenience store operators in the world. Despite its massive growth, Couche-Tard never lost sight of its origins in Laval, where the journey began.

Today, Couche-Tard is more than just a convenience store chain; it is a testament to the power of strategic growth and a strong brand identity. Alain Bouchard's dream has transformed into a global empire, serving millions of customers every day, all while staying true to the values that started it all.

History:

Alimentation Couche-Tard Inc. has a rich history of growth and expansion since its founding in 1980. Here are some key milestones in the company's history:

Founding and Early Growth

Alain Bouchard opened the first Couche-Tard convenience store in Laval, Quebec in 1980. In 1985, Bouchard acquired 11 "Couche-Tard" branded stores in the Quebec City area and merged them with his existing stores in Montreal, officially naming the company "Alimentation Couche-Tard".

Expansion in Canada

- 1987: Purchased the 7 Jours chain from Metro-Richelieu
- 1993: Acquired 54 Mac's and La Maisonnette convenience stores
- 1997: Acquired C Corp, a subsidiary of Provigo, which owned the Provi-Soir, Winks, and Red Rooster chains, growing to 610 outlets in Canada

International Growth

- 2003: Acquired Circle K, marking the beginning of Couche-Tard's global expansion
- 2012: Entered the European market by acquiring Statoil Fuel & Retail

Recent Milestones

- 2021: Reached nearly 16,900 stores and operations in 31 countries
- 2021: Celebrated 20 years since acquiring Circle K
- 2021: Launched a new five-year strategy called "10 for the Win"

Leadership

Couche-Tard has had remarkable leadership stability, with only two CEOs in its almost 45-year history. Brian Hannasch served as President and CEO for 10 years before announcing his retirement in 2024. Alex Miller, the company's Chief Operating Officer, was appointed as the next President and CEO.

Corporate Culture and Recognition

Alimentation Couche-Tard has been recognized for its exceptional workplace culture, winning the Gallup Exceptional Workplace Award for three consecutive years. The company has also made sustainability a key focus, integrating it into its business strategy. Throughout its history, Alimentation Couche-Tard has demonstrated a consistent pattern of growth through strategic acquisitions and a commitment to its core mission of making customers' lives a little easier every day.

Alimentation Couche-Tard faces several key challenges in its global expansion efforts:

1. **Market Fragmentation:** The convenience store industry, especially in the United States, is highly fragmented. While this presents opportunities for consolidation, it also means Couche-Tard must navigate acquiring and integrating numerous smaller chains and independent operators.
2. **Regulatory Hurdles:** As the company expands into new markets, it must comply with varying regulations across different countries and regions. This includes labor laws, food safety standards, and environmental regulations.
3. **Competition:** Couche-Tard faces stiff competition from other major players like 7-Eleven, as well as local chains and new entrants in the convenience retail space. The company needs to continuously innovate to maintain its competitive edge.
4. **Changing Consumer Habits:** With the rise of e-commerce and shifting consumer preferences towards healthier options, Couche-Tard must adapt its product offerings and store formats to meet evolving customer needs.
5. **Technological Disruption:** The company needs to invest in and integrate new technologies, such as mobile payment systems and loyalty programs, to enhance customer experiences and stay relevant in the digital age.
6. **Fuel Market Volatility:** As a significant portion of Couche-Tard's business involves fuel retailing, fluctuations in oil prices can impact profit margins and overall performance.
7. **Sustainability Pressures:** There is growing pressure from consumers and governments for businesses to adopt sustainable practices, which may require significant investments and operational changes.
8. **Cultural Adaptation:** As Couche-Tard expands into new regions like Latin America and Southeast Asia, it must navigate cultural differences and adapt its business model to local preferences and market conditions.
9. **Post-Acquisition Integration:** With over 70% of its current network sourced from mergers and acquisitions, Couche-Tard faces the ongoing challenge of successfully integrating new acquisitions while maintaining operational efficiency.
10. **Electric Vehicle Transition:** The long-term shift towards electric vehicles poses a challenge to Couche-Tard's traditional gas station model, requiring the company to adapt its offerings and potentially invest in EV charging infrastructure.

To address these challenges, Couche-Tard is focusing on strategic acquisitions, enhancing its food offerings, exploring new markets, and investing in technology and sustainability initiatives. The company's decentralized structure and ability to retain local management teams have been key factors in its successful expansion thus far.

Business Strategy:

What began as a single store in Laval, Quebec, has blossomed into a global empire, with a presence in 25 countries and over 14,400 stores. But Couche-Tard's journey to the top is not just about expansion—it's about executing a meticulously crafted business strategy that continues to push the boundaries of what a convenience store chain can achieve.

At the heart of Couche-Tard's strategy is its relentless pursuit of **global expansion**. Recognizing the vast potential in international markets, the company has methodically grown its footprint, both through strategic acquisitions and organic growth. This global ambition has led them to operate in diverse markets across North America, Europe, and Asia, with eyes set on new territories like Latin America and Southeast Asia. Each acquisition is carefully chosen, ensuring it aligns with the company's broader goals of building a robust and unified network.

Consolidation is another key pillar of Couche-Tard's strategy. Despite being the second-largest convenience store operator in the United States, the company only represents about 5% of the market—a figure that reveals the vast opportunity for growth. By targeting the highly fragmented convenience store industry, particularly in the U.S., Couche-Tard aims to consolidate its position and bring more stores under its banner, enhancing its market presence and operational efficiencies.

A critical component of this consolidation is Couche-Tard's **acquisition strategy**. Remarkably, over 70% of its current network has been sourced from mergers and acquisitions, showcasing the company's expertise in identifying and integrating new assets. These acquisitions are not just about adding numbers; they're about finding the right fit—stores that align with Couche-Tard's vision of convenience, quality, and customer service.

But Couche-Tard's strategy is not solely focused on growth; it's also about **diversification**. While fuel sales have traditionally been a significant revenue stream, the company recognizes the need to expand its offerings. By increasing its focus on non-fuel services and merchandise, Couche-Tard is tapping into higher profit margins, ensuring that its revenue streams are as diverse as its global locations.

One of the most exciting areas of diversification is the company's **food and beverage focus**. Investing in fresher, higher-quality food options, Couche-Tard is transforming the typical convenience store experience. The introduction of these offerings is designed to drive higher-margin sales, positioning Couche-Tard as more than just a stop for gas or a quick snack, but as a destination for quality food and drink.

Innovation is also at the core of Couche-Tard's strategy. Embracing **technology** in its operations, the company is rolling out mobile payment options, loyalty programs, and even testing dynamic pricing technology to optimize its pricing strategies. These

innovations not only enhance the customer experience but also streamline operations, making Couche-Tard one of the most **cost-efficient** operators in the industry.

As Couche-Tard explores new markets and prepares for future trends, it's also laying the groundwork for potential opportunities in emerging sectors, such as **cannabis retail** in markets where it's legal. This forward-thinking approach ensures that the company remains adaptable and ready to capitalize on the next big thing.

At the center of it all is a **customer-centric approach**. Couche-Tard understands that at the heart of its success is the satisfaction of its customers. By focusing on enhancing convenience and delivering value through quality products and services, Couche-Tard ensures that its customers keep coming back, no matter where in the world they are.

This multi-faceted strategy is encapsulated in Couche-Tard's ambitious "**10 for the Win**" five-year plan, which aims to double its EBITDA to US \$10 billion by FY2028, up from US \$5.8 billion in FY2023. It's a bold goal, but for a company that has consistently defied expectations, it's just another step on the road to success. With a strategy as diverse and dynamic as the markets it serves, Couche-Tard is not just preparing for the future—it's shaping it.

Alimentation Couche-Tard's "10 for the Win" strategic plan, announced in October 2023, outlines the company's growth strategy for the next five years. The key components of this plan include:

1. **Winning Offer:** This focuses on improving and expanding the company's product and service offerings to meet customer needs.
2. **Winning Fuel:** This component likely involves optimizing the company's fuel retail operations and adapting to changing energy trends.
3. **Winning the Customer:** This emphasizes enhancing customer experience and loyalty across Couche-Tard's network of stores.
4. **Winning Growth:** This involves both organic growth initiatives and strategic acquisitions to expand the company's market presence.
5. **Foundation - Fit to Serve:** This component focuses on cost efficiency, with Couche-Tard aiming to position itself as one of the most cost-effective operators in the industry.

The plan aims to achieve several key objectives:

1. **Financial Goal:** Couche-Tard aims to reach US \$10 billion in EBITDA by FY2028, up from US \$5.8 billion in FY2023.
2. **Expansion:** The company plans to build 500 new-to-industry Circle K stores by 2028.

3. **Store Remodeling:** Couche-Tard is implementing a "One Touch" remodel program, which will affect about 80% of its sites in the United States and Canada.
4. **Cost Efficiency:** The company is doubling down on cost efficiency to maintain its competitive edge.
5. **Customer Value:** The strategy aims to bring more value to customers, team members, and shareholders.
6. **Brand Trust:** Couche-Tard strives to become the most trusted brand in convenience and mobility.

This multi-faceted approach combines organic growth, acquisitions, operational improvements, and customer-centric initiatives to drive Couche-Tard's growth over the next five years.

Enhanced customer experience plan :

1. **Product and Service Improvement:** The plan focuses on improving and expanding the company's product and service offerings to better meet customer needs. This likely involves introducing fresher food options, better quality products, and potentially new services that add value for customers.
2. **Innovation:** Maintaining an innovation pipeline is crucial for staying ahead in competitive markets. Couche-Tard is likely investing in continuous innovation to keep its offerings fresh and relevant to customers.
3. **Customer-Centric Design:** The strategy emphasizes creating value propositions that resonate with customers and fulfill their needs. This requires a deep understanding of customer behavior and preferences to design offerings that truly enhance the customer experience.
4. **Convenience:** As a convenience store chain, Couche-Tard is likely focusing on making its offerings more convenient for customers, potentially through technology integration or improved store layouts.
5. **Value Proposition:** The plan likely involves clearly articulating the unique benefits of Couche-Tard's offerings to customers, helping them understand why they should choose Couche-Tard over competitors.
6. **Addressing Pain Points:** By conducting market research and gathering customer feedback, Couche-Tard can identify and address customer pain points, improving overall experience.

7. Personalization: With the focus on winning the customer, the plan may include efforts to personalize offerings and experiences based on individual customer preferences and behaviors.
8. Quality Improvement: The strategy likely includes initiatives to enhance the quality of products and services, directly impacting customer satisfaction and experience.

Couche-Tard's management:

1. Leadership Structure:
 - The company has a Board of Directors that oversees corporate governance.
 - There are specific committees within the Board, including Audit and Human Resources and Corporate Governance committees.
2. Key Executives:
 - Louis Tetu serves as CEO and Chairman.
 - H       Drolet is VP Operations Excellence North America.
 - David Hall is Vice President Global Foodservice.
 - Jonathan Shaanan is Managing Director, M&A.
3. Governance Practices:
 - Couche-Tard emphasizes strong and transparent corporate governance.
 - The Board strives for continuous improvement in governance practices.
 - They aim to meet regulatory requirements and reflect evolving best practices.
4. Management Approach:
 - The company uses data-driven decision making, leveraging sophisticated analytics to understand buying patterns and optimize inventory.
 - There's a focus on innovation in services and technology integration.
 - Couche-Tard has a strong track record of acquiring and integrating other convenience store chains.
5. Strategic Planning:
 - The management team has developed the "10 for the Win" five-year strategic plan.

- This plan includes initiatives like "Winning Offer," "Winning Fuel," "Winning the Customer," and "Winning Growth."
 - The strategy aims to achieve \$10 billion in EBITDA by FY2028.
6. Operational Management:
- The company emphasizes efficient supply chain and distribution network management.
 - There's a focus on sharing best practices across the network.
 - Management aims to maintain cost efficiency and a strong financial position.
7. Employee Base:
- As of the latest information, Couche-Tard employs approximately 128,000 people across its network.

Some key strengths of Couche-Tard's management team include:

1. The company has had remarkable leadership stability, with only two CEOs in its long history. This suggests a consistent strategic vision and execution.
2. Management has demonstrated a strong track record of successfully acquiring and integrating other convenience store chains, which has been crucial to the company's growth.
3. The development of long-term strategic plans like "10 for the Win" shows the management's ability to set clear goals and chart a path for future growth.
4. The team leverages sophisticated analytics to understand buying patterns and optimize inventory, indicating a modern, tech-savvy approach to management.
5. There's a focus on cost efficiency and maintaining a strong financial position, which has helped Couche-Tard remain competitive in a challenging industry.
6. Management emphasizes innovation in services and technology integration, helping the company stay ahead in a rapidly evolving retail landscape.
7. The team has successfully expanded Couche-Tard's presence internationally, demonstrating their ability to operate on a global scale.
8. The management's willingness to evolve the company's offerings and strategies in response to changing consumer needs and market conditions shows flexibility and foresight.
9. There's an emphasis on mentoring and developing the next generation of leaders within the company.

10. The Board of Directors, which oversees management, is committed to maintaining high standards of corporate governance and transparency.

These strengths have enabled Couche-Tard's management team to guide the company through significant growth and maintain a strong competitive position in the convenience

Brian Hannasch's leadership style(First CEO) has significantly influenced Couche-Tard's growth:

1. Hannasch has played a pivotal role in Couche-Tard's major acquisitions, including Statoil Fuel & Retail, CST Brands, and Holiday Station stores. His leadership in executing and integrating these multibillion-dollar acquisitions has been crucial to the company's expansion.
2. While skilled at acquisitions, Hannasch has also emphasized organic growth. Under his leadership, the strategic plan aims for more than 50% of growth to be organic.
3. Hannasch led a multiyear global rebranding campaign to unite the company's diverse brands under the Circle K banner, demonstrating a vision for global cohesion and brand strength.
4. With his background in operations, Hannasch maintains a strong focus on the operational aspects of the business. He regularly conducts "Pride Tours" to visit stores, meet employees, and learn best practices from around the globe.
5. Hannasch has set ambitious goals, such as doubling the company's financial performance within five years, showing a commitment to aggressive but calculated growth.
6. He emphasizes integrating new talent from acquired companies into Couche-Tard's culture, focusing on making people feel welcome and part of the company.
7. Hannasch recognizes the need to adapt to changing retail environments, particularly in terms of digital advancements and evolving customer needs.
8. While maintaining the core DNA of Couche-Tard, Hannasch has shown a willingness to innovate and adapt to maintain the company's competitive position.
9. Despite his high-level role, Hannasch maintains close ties with operations, spending significant time in the field rather than in the office.

Under Hannasch's leadership, Couche-Tard has grown to become the largest company in Canada by revenue, the largest independent U.S. convenience store operator in terms of company-operated stores, and one of the largest convenience store groups

globally. His leadership style, combining strategic vision with operational expertise and a focus on people, has been instrumental in driving this significant growth.

Business Issues:

How does the "10 for the Win" strategic plan align with Couche-Tard's long-term vision, and what challenges might the company face in achieving its goal of \$10 billion in EBITDA by FY2028?

What contingency plans should the company consider if market conditions change?

How should Couche-Tard prepare for the long-term shift towards electric vehicles, and what strategic investments are necessary to adapt its traditional gas station model?

Given Couche-Tard's expansion into diverse markets across North America, Europe, Asia, and potentially Latin America and Southeast Asia, how should the company approach cultural adaptation and localization in its business model?

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