

finding the way forward

A PRACTICAL ROADMAP FOR CAPTURING EMERGING
OPPORTUNITIES IN CONVENIENCE RETAIL



Based on a study conducted for the
NACS/Coca-Cola Retailing Research Council
by The Integer Group



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introduction

This report constructs a practical roadmap for growing store business based on research introduced in ***Fast Forward: Emerging Opportunities in Convenience Retail***. Both are published by the NACS/Coca-Cola Retailing Research Council, and based on a study conducted by The Integer Group.

The challenges facing the industry today cannot be overcome by simply doing what we already do more efficiently. Too many channels now compete for convenience dollars, and the shopper definition of convenience is changing before our very eyes. Given the urgent need for new ideas, the Council felt that it was worth the risk to try a different approach.

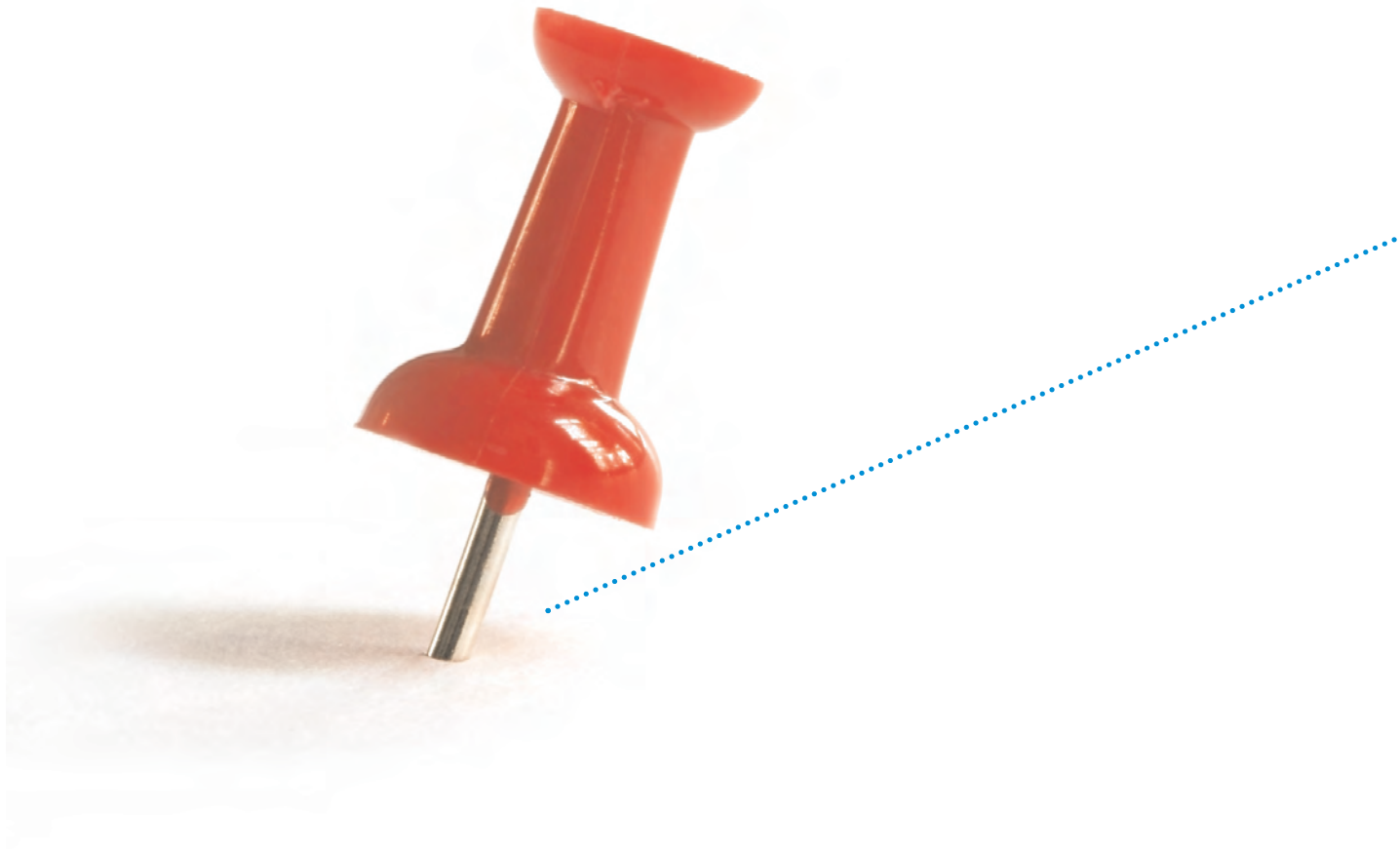
We chose to work with The Integer Group because they could do two things we believed were essential. They could conduct the research needed to take a fresh look at how shoppers view convenience, and they had proven experience with a process that helps businesses and industries “fast forward” to new and effective ideas about how to grow sales. The process is called “disruption.”

Retailers have been engaged in the development of these ideas every step of the way. Their participation in an intense two-day disruption workshop in 2008 made crucial contributions to the study findings. Their feedback has clarified and strengthened key insights. And the pilot projects they are conducting will yield valuable information on results.

The combination of retailer experience with formal research presented in this report has made it possible to reach our goal: to develop not just urgently needed new ideas about how to capture emerging opportunities for growing store business — but ideas that will work.

two pictures of convenience

Shoppers come to convenience stores to get their needs met. But if retailers don't fully understand what shoppers want, efforts to capture more of their business will probably miss the mark. The two pictures of convenience described in this chapter reveal a wide gap between the way shoppers think about convenience and the way industry retailers think about it.





mind the GAP

Understanding the gap is worthwhile, because moving closer to what's important to shoppers is how retailers will be able to capture new opportunities for growing store sales. Finding better ways to satisfy shoppers will generate more repeat visits, increase the amount of time customers spend in the store, and create the foundation for expanding beyond the industry's traditional customer base.



the shopper perspective

The study conducted in-depth interviews and shop-along visits with consumers from across America, and the process included an open dialog with shoppers about the meaning of convenience. Though most struggled to define the term outright, shoppers readily offered examples of their experience (see next page). Taken together, these examples suggest a number of insights.

CONVENIENCE ISN'T A STORE. Shoppers look for and evaluate convenience in all kinds of retail and commercial situations — on the phone, at airports or hotels, at gas pumps, in stores. They don't associate convenience with a particular type of store or outlet.

HELP ME. Shoppers notice how staff and personnel treat them. They especially experience convenience when someone makes an effort to help them solve a problem (such as when special assistance is given in what feels like an emergency), a guarantee is pleasantly fulfilled, or there is a surprise increase in the level of service.

MAKE MY LIFE SIMPLER AND EASIER. Shoppers also experience convenience when a routine task is made easier — when a kiosk allows the customer to avoid waiting and more easily “do it myself,” when a pre-scheduled order eliminates the need to think ahead, or when handy instructions are available for an unfamiliar task.

Not surprisingly, when these things don't happen, shoppers describe the experience as inconvenient. They cite examples like no help offered in a difficult situation, indifferent or negative service, or a policy or procedure that makes the shopping experience more difficult or frustrating.

While fast service is important, today it is expected in almost all situations. Unless there is more to the experience than just “fast,” shoppers may not judge it as convenient.

SHOPPERS CITED THESE EXAMPLES WHEN THEY TALKED ABOUT CONVENIENCE.

things I find **convenient**

Result of employee helpfulness

- Opening the fitness center earlier
- 100% satisfaction guarantee
- Excellent customer service
- Gift pick-up
- Customer service in finding options for online return
- Customer service that saves baby meltdown

Result of automation that increased ease of service

- Automated flight change
- Redbox DVD rental
- Mail-back return for Xbox games
- Automated movie ticket kiosk
- Amazon subscription for diapers
- Card instructions for the hotel room shower

things I find **inconvenient**

Result of lack of helpfulness

- Toll booth operator not familiar with own rules
- Stuck in endless phone loop
- Long lines with no assistance
- No one around at hotel to help with luggage
- Told by receptionist that gym was not open — when it was

Result of poor policy or procedure

- Too many prompts at the pump
- Strict 30-day return policy
- Airline — too early to check bags
- Luggage lost or extra charges
- Restrictive hotel rules only revealed at check-in

the industry perspective

The industry view of convenience is quite different. Shoppers seem to focus on the experience, while retailers focus on a formula — and it's hard to avoid noticing that it's a formula that dates back to c-stores' origins as gas station add-ons.

To learn about the industry's view of convenience, Integer interviewed a cross-section of executives, suppliers, and others knowledgeable about the business. It also conducted an intense two-day workshop in July 2008 using a process called “disruptive thinking” to focus the discussion. Uncovering the conventions that drive the system — the “unwritten rules” that guide industry practice — is at the heart of the disruptive thinking process. Although these conventions can guide a business, they can also limit the way a business views opportunities for growth.

Participants in the workshop included CEOs, middle managers, district managers, store operators, and a small number of supplier representatives. They wrestled with questions that touch every part of convenience retailing.

What assumptions do we make about our shoppers?

How do we approach products, packaging, pricing, and display?

How would we describe our culture, mission, and values?

How do we approach communication with our customers?



The picture that emerged looked like this.

CONVENIENCE IS SPEED. We assume that speed is what convenience is about — and that speed is more important than service to our customers.

WE STICK WITH A FORMULA. We promote the same top three categories the industry promoted 30 years ago, to the same bread-and-butter shoppers — young, blue-collar workers who come in for smokes, snacks, and beverages. In a way, we’ve primarily confined the convenience offering to these items plus gas.

WE SEE OUR CUSTOMERS AS BUYERS, NOT SHOPPERS. Buyers are only interested in products, prices, and efficiency; shoppers seek experiences and relationships too. We assume our customers want “stuff” from us, nothing more. As a result, we tend to push

price and products rather than our brands or the shopping experience. We also tend to underestimate the value employees bring to the experience for shoppers.

A LITTLE OF THIS, A LITTLE OF THAT. Except for the big three, we assume that carrying a little bit of everything for everyone is more “convenient” than a targeted offering. We don’t focus in-store communication either. Instead, we tend to put signs everywhere and let shoppers sort out the store organization themselves. We also let suppliers direct our merchandising — so items that shoppers expect to find together may be stocked at opposite ends of the store.

EFFICIENCY IS HOW WE MAKE MONEY. We focus on managing costs rather than growing sales in order to make money.

THE DISRUPTION PROCESS WAS USED TO IDENTIFY THE CONVENTIONS THAT DRIVE THE INDUSTRY.





closing the GAP

The gap between the two perspectives can be startling and uncomfortable at first.

Shoppers view convenience as an experience rather than a channel. If they could speak directly to retailers they might say:

Help me solve a problem. Make something I have to do easier or simpler. Pay attention to me. Think about what I need, rather than what you sell. Make it easy for me to find the items I want. Give me a good experience and I'll come back for more. I can find "stuff" and quick transactions in lots of places.

The industry, on the other hand, seems to be saying:

Our job is to get drinks, snacks, and smokes into your hands as fast as possible and then get you out the door. What we've been doing is working.

The role of "speed-based transaction broker" focuses retailers on managing costs and creating efficiencies. So while operators have a keen sense of what they are selling today, they are missing additional opportunities to connect with shoppers on multiple "convenience" fronts — convenience as defined by shoppers, not retailers.

The good news is that convenience retailers have many directions in which to move toward better satisfying shoppers, and more than one path to the goal. Improving performance on the basic fundamentals of retailing is one way, and thinking beyond the conventional convenience formula is another. Practical ideas for doing both are explored in this report.



creating the roadmap

Where will convenience retailers find the greatest opportunities to grow store business? This research strongly signals that it's by paying more attention to what's important to shoppers. But how do we get there?

The pathways introduced on the next page were developed from insights generated by the study's intensive look at convenience shopping. Used in an integrated fashion, they can help retailers focus on better satisfying shopper needs; then retailers can refine their appeal and expand their customer base using the information about how store types and shopper types intersect. "Disruption" can serve as a compass to keep retailers pointed in the right direction and help them get to their best ideas by the straightest path. The pages that follow explore each of these topics more fully.

No two retailers will create exactly the same roadmap. Instead, each will begin where their efforts will make the most impact and develop a direction based on the circumstances and opportunities unique to their situation. Chapter 5 describes the wide variety of ways in which retailers are beginning to apply these ideas to their stores.

Starting out, it helps to know that organizations often experience resistance at first to changing how they do business. This is normal; expect it and allow for it. People often feel loyal to a system that works, even if it doesn't work optimally; after all, they've been asked to support that system for a long time. Once they get used to the possibilities opened up by thinking differently — and realize that new ideas enhance rather than replace proven selling practices — people begin to generate their own ideas and support.

pathways

5 shopper needs

Presented as a hierarchy, these 5 needs are common to **all** convenience shoppers and **all** types of c-stores. They build, pyramid style, from a solid foundation in retailing basics to a pinnacle where the most sophisticated shopper needs are being met.

Select a need area to focus on. Get the basics solid, then move up the pyramid.

3 types of c-stores

Different kinds of stores attract different kinds of shoppers and present varying opportunities to build unique identities.

Refine your offering by identifying what kind of store you operate.

6 shopper types

Discover who they are, how they use c-stores, and how they'd like c-stores to change.

Refine it further by offering specific shopper types what they want, and consider expanding your customer base.



disruption

Disruption is an all-purpose brainstorming tool. It works by helping you identify the conventions that may limit how you think about business opportunities or approach a familiar problem — then you can see **around** them to new ideas.

Use disruption as a compass to guide you through the process of generating new ideas — at any stage of your planning.

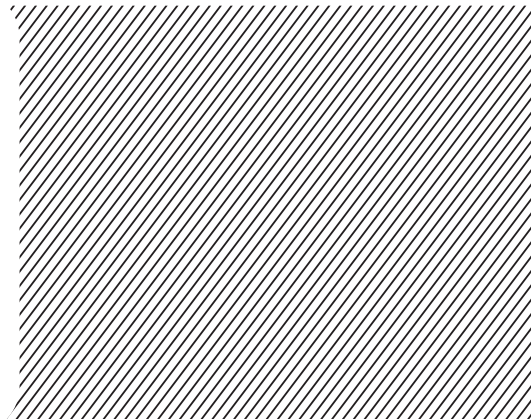
getting to **new** ideas

Integer introduced a simple and effective brainstorming method called disruption during the course of this study. Disruption was developed in the 1990s to produce more effective advertising by making a clean break with the status quo. Since then, it has evolved into a way of thinking that helps businesses create and manage change. It works by uncovering the “unwritten rules” that govern operations. Once you can see the rules, you can also see *around* them. This literally removes obstacles from your sightline, so you can get to new ideas and new opportunities.



disruption is a three-step process

- 1 Identify the conventional thinking that guides — but also can limit — the way you approach your business.
- 2 Think of ways to disrupt this thinking. This could be a radically new idea or simply something unexpected — the point is to challenge the conventional thinking.
- 3 Articulate a new ambition or vision based on the new way of thinking. In this way, you actually redefine your marketplace.



WHAT DISRUPTIVE IDEAS LOOK LIKE

At an intensive two-day workshop in 2008, retailers and their colleagues developed some disruptive ideas about both small and large industry issues. Watch how these shift the perspective on available opportunities.

SAFETY

What if we target communication to the “good guys” by promoting safety across multiple fronts instead of trying to scare away the “bad guys” with anxiety-producing warnings?

CLEANLINESS

What if we use Mom as the benchmark to leverage store cleanliness as a differentiator and traffic driver? If Mom wouldn’t give her seal of approval, it isn’t clean.

HOSPITALITY

What if we redefine our staff as “convenience ambassadors” and shift their focus from policing customers to serving them?

Above, the group applied disruptive thinking to some familiar retailing issues. Below is a strategic vision the group developed after using disruptive thinking to uncover the conventions driving the industry today.

What if c-stores adopted the ambition of becoming **trusted local resources** (instead of speed-based transaction brokers)? With that goal in mind, stores would aim to be recognized as a good neighbor that talks with shoppers, responds to their broader needs, and enriches the time they spend inside and outside the store.

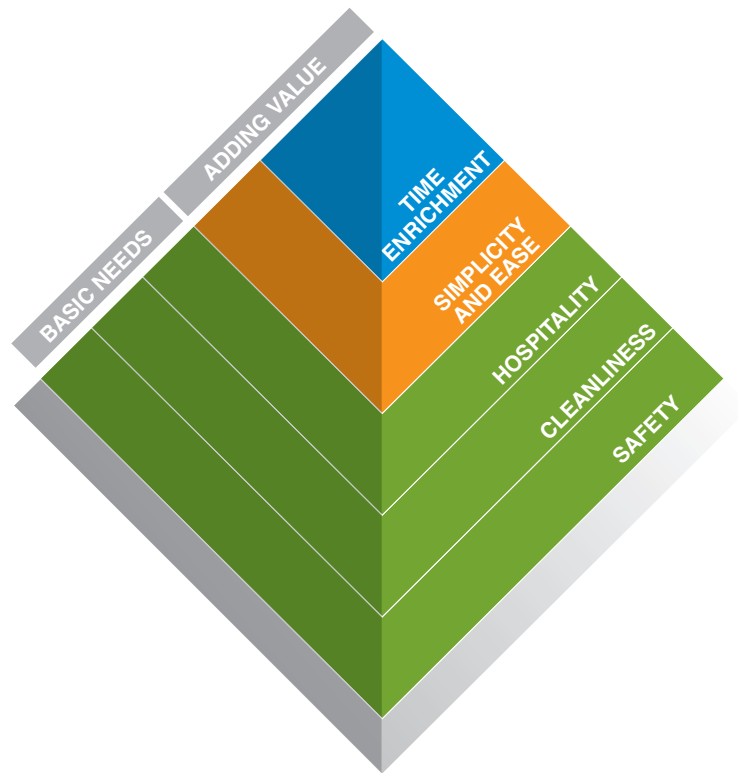


disruption



focusing on shopper needs

After sifting through a large amount of input from shoppers, Integer was able to develop a hierarchy of shopper needs that can be depicted as a five-level pyramid. These needs are common to all shoppers, whether they are harried mothers, urban professionals, or construction workers. And they apply to all types of stores, from the corner convenience market to the interstate travel stop. Most retailers will start here to identify an area on which to focus. The first three levels of the pyramid cover familiar territory, while the top two step up to a significantly different way of delivering value to shoppers.



the pyramid

The pyramid focuses attention on the importance of building a solid foundation of performance before moving up. Meeting shopper needs for safety, cleanliness, and hospitality are the basis for getting more business from existing customers and the prerequisite to attracting new ones.

At the upper levels — simplicity and ease and time enrichment — retailers are finding new ways to deliver value and building relationships with customers based around the shopping experience. Here, retailers can find positive opportunities to stand out and build the uniqueness of their brand.

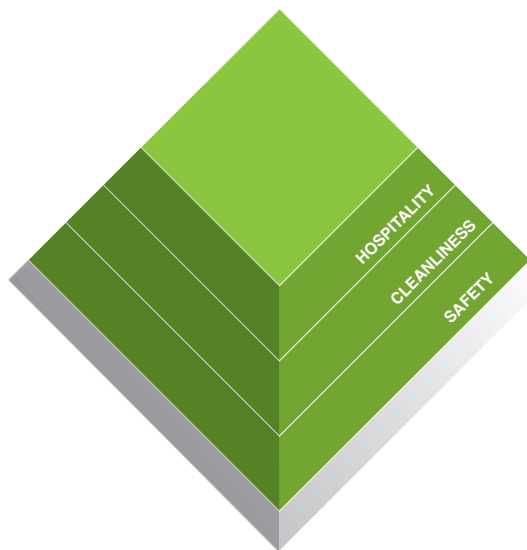
the basics: **safe, clean, and friendly**

Even though the basics are threshold needs, retailers often don't completely address them — maybe because they are so familiar or maybe because retailers think they have them covered. But it is vital to make a clear-eyed assessment of actual performance on these fundamentals before moving up the pyramid.

If a store doesn't feel safe, customers won't frequent it.

If it's not clean, they won't stay longer than they have to.

If they don't feel welcome, they won't feel comfortable and relaxed enough to linger and examine products for purchase.

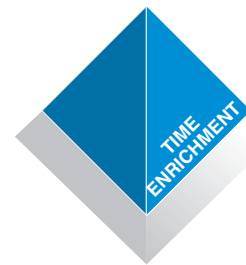


Raising standards on safety, cleanliness, and hospitality — and delivering on them consistently — represents a very real opportunity to grow store sales. Shoppers in the study reported a great deal of inconsistency in their c-store shopping experiences, and they expressed little confidence that the brand at the pump was a good indicator of in-store experience. Given this information, it's reasonable for retailers who can deliver on these areas consistently to expect to earn more repeat visits from existing customers.

the upper levels: new ways to deliver value

At the upper levels, retailers find new ways of delivering value. Value for money is important to people, especially these days, and so is time — but today nearly every retailer competes on price, and quick transactions are the norm. Increasingly, shoppers are seeking out retailers who can provide them with value beyond money. They are looking for retailers who can stand out in some way, solve problems for them, or enrich their time. At these levels, retailers make a deliberate effort to think like

their shoppers instead of thinking like retailers. The person who comes in for coffee may actually be looking for something more — an update on the latest neighborhood news, a quick hello with a friendly face behind the counter, or to see if the store has something new or different. And on the return trip the customer may want more than a soda — maybe a quick cook-at-home meal, a DVD to watch that evening, or someone to listen to a new joke.



For many retailers, stepping up to simplicity and ease involves a big change, because it runs counter to the industry's ingrained "product and category" orientation. Simplicity and ease is about becoming a solutions provider for shoppers. Think back to the descriptions of "Things I find convenient" on page 7 and approach the store like a shopper. What problems do your shoppers have that you can solve? How can you make their lives easier? Do they have a need they haven't even recognized yet?

Time enrichment is a stretch goal. It involves making your store a place where people *want* to spend time, and in fact enhancing and personalizing the shopping experience in a way that makes shoppers feel good about their purchase decisions and good about where they shop. It's about building a relationship of trust between the shopper and the retailer, so that the shopper sees the retailer as a trusted advisor.

the basics

The pages that follow include suggestions for actions on each shopper need level. The checklists included here for safety, cleanliness, and hospitality are by no means complete, but they can help retailers get started on their own roadmap to better serve customers on the fundamentals.



SAFETY

Customers have to feel comfortable in a store to frequent it, and they consistently reject stores that they feel compromise their safety. Feeling safe includes a sense of protection, stability and structure, and freedom from fear and anxiety. Promoting safety as a primary store value is job one for convenience store owners if they want to increase traffic to their stores.



Remove all signs that emphasize possible dangerous situations (No Loitering/Cars Illegally Parked Will Be Towed).

Distribute safe-driving literature and promote partnerships with AAA, MADD, and others.

"You can make all the jokes you want about police officers and doughnuts. In my store, we make them welcome, and customers really notice. They feel safe and they tell us so."

"We promise that our air pump is always working and always free. We want people to be safe on the road, and we brand it that way with prominent signage. We like being the good guys."



Upgrade lighting at the pumps and in the lot.

Remove window signs to enhance visibility in and out of the store. Rearrange displays to provide unobstructed views throughout the store; shift communication to pump toppers or other external locations.

Greet customers as they enter the store; this demonstrates that employees are alert and aware.



Arrange counters so customers and employees can easily see each other.

Add visible video surveillance of the pumps and entrance.

Create an entry vestibule with auto locks so staff can immediately secure entrance/exit if necessary.

CLEANLINESS

Unswept floors and a messy coffee station just make the nearby Dunkin' Donuts or Starbucks more appealing. Some shoppers will still visit your store if it isn't clean, but they won't stay long enough to buy high-margin, high-profile offerings like fresh food that can make your brand stand out. A consistently clean, neat appearance is critical (that goes double for restrooms).



Clean up around the pumps and in the parking lot. If these areas are a mess, shoppers aren't coming in to find out about the restrooms.

Add recycling containers in the trash bin area.

Keep the counter area clean and mess-free.

"When we upgraded our restrooms, I swore they would always be clean and inviting. What standard do I use? If my mom would think it's clean, it's clean."



Eliminate clutter and dated signs; use digital signage that can be updated electronically and by day-part.

Every time you restock an area in the store, clean that area. That way the store never gets dirty.

Provide hand wipes at the pump.

Furnish clean, attractive uniforms.

"My staff has a huge impact on satisfying customers. Once we made the connection, it was natural to base incentives on store sales."

HOSPITALITY

Friendliness is more than an attitude – it alerts shoppers that you recognize their presence and that they're important to you. When shoppers feel welcome, they tend to spend more time shopping. This is exactly what you want – comfortable, connected customers who take the time to examine and purchase your products. Help everyone understand the power of a smile and a friendly hello. Change the picture of success from "I gotta be fast" to "I gotta be helpful."

"We do customer service training now for employees. I realized that since I was expecting them to make customers happy, I should make sure they had a chance to hone their skills."



Hire employees who are confident, fun, and expressive.

Take a "Welcome to Moe's" approach – greet everyone with the name of your store.

Reward outstanding customer service with Employee of the Month recognition.

Hold a contest for the best customer service idea, and reward the winning employee.



Use ID-checking technology to reduce the amount of customer policing.

Add welcome signs to doors and a thank-you sign to the checkout area.

Begin or expand loyalty programs.

Have all employees wear name tags.

the upper levels

The menu of upper-level ideas is designed to help stores move beyond the typical definition of convenience to become extraordinary.



SIMPLICITY AND EASE

Increasingly, shoppers seek out retailers who can provide them with solutions — a value beyond money that makes their lives simpler and easier. Simplicity and ease is about becoming a solutions provider for your shoppers.



Organize merchandise into solutions centers.

Allow shoppers to custom-bundle offers for discounts (e.g., combo meal).

Sell gift cards and rent DVDs.

Sell stamps and provide packaging, shipping, ATM, or copy services.

Provide a kiosk for travelers seeking directions (Google Maps and MapQuest) along with clear instructions.

Recharge and reinvigorate travelers by offering massage chairs or cell phone charging stations.

Eliminate slow-moving items and use the space to test new, high-potential products that deliver value and convenience in new ways.

Establish a “Craigslist” trading zone that provides a safe and comfortable place for customers to conduct transactions with strangers.

Offer samples of prepared foods at the pump. Install an ordering kiosk at the pumps, then deliver items directly to shoppers while they fill up.

Install a self-checkout kiosk for shoppers making nonregulated category purchases.

Become the carpool mom’s best friend. Hire high-schoolers for the afternoon school-to-sports rush to pump gas and offer a basket of healthy snacks and sports drinks at car-side, so nobody has to get out.

TIME ENRICHMENT

Time enrichment involves making your store a place where people want to spend time, and in fact connecting with them on an emotional level. It's about reaching the emotional core of the shopper so that your store becomes an extension of the shopper.

IDEAS FOR STORES THAT SERVE LOCAL SHOPPERS



Support local schools or local causes; give discounts to teens based on grades; offer fuel discounts to customers who also support the community.

Offer shoppers unique products or cuisine that reflects local/regional culture, such as locally grown produce, work by local artists, and music from local musicians (played and sold or offered as free downloads).

Host community events in the evening or a farmers' market on weekend mornings.

Be the community connector – create a community board featuring services such as babysitting, lawn services, home repairs, or a good mechanic.

Develop a What's New section where valued customers can sample new products.

Have exclusive product launch nights for loyal customers and let them vote on whether new products are added to regular inventory.

IDEAS FOR STORES THAT SERVE COMMUTERS



Create product or service guarantees: fresh-brewed coffee every 15 minutes, restrooms cleaned every hour, or fresh sandwiches made to order in 5 minutes or less.

Offer auto refills on windshield, brake, and transmission fluids to loyal customers.

Provide docking stations to charge cell phones so commuters can stay in touch.

Create a shopper loyalty program that partners with nearby businesses and awards discounts to those who shop across all businesses.

Become a pickup point for consumer internet orders. Shoppers with 9-to-5 jobs often aren't home to receive deliveries.

Become a carpool pickup center and/or a destination for commuter bicyclists.

IDEAS FOR STORES THAT SERVE LONG-DISTANCE TRAVELERS



Offer some fast, fresh, healthy meal and snack solutions.

Sell stamps and offer shipping services. Give free shipping on selected items. Combine postcards, stamps, and a mailbox in one location so shoppers can send vacation messages on impulse.



CH 4

refining the offer



store types and shopper types

Once retailers have developed solid strategies for meeting the key shopper needs, information about store types and shopper types can help them refine their appeal and begin to expand their customer base.

Different store types as revealed by the research emphasize the fact that shoppers bring different sets of expectations to different types of convenience stores. Knowing this, operators can better arrange stores to meet the specific expectations and circumstances they serve most often.

Likewise, the study found that different shopper types seek different things from convenience store experiences. This information enables retailers to identify their most frequent shoppers by type and to shape the store's offering around what these shoppers value most — and also to consider expanding the store's customer base by appealing to other shopper types.

The following pages describe three types of convenience stores and six types of shoppers, and the chart on page 31 summarizes which shoppers are most likely to shop each type of store.

what type of store do you operate?

Distinguishing your store type can help you begin to define your service opportunities, because shoppers approach different types of stores with different shopping priorities and occasions in mind. The study identified three basic types of stores, but hybrids are also possible. In a rural area an interstate store may also be a neighborhood store, for instance. What kind of store do you operate? What opportunities are available as a result?

the neighborhood store

Neighborhood stores are used for everything from fill-in needs to specific category purchases by shoppers who live close by and think of the store as an essential part of the community. In urban areas, these stores may not even sell gas. They offer high potential for leveraging a local, community-center appeal, and may often be shopped by different-age members of the same family.



the commuter store

Commuter stores are located on busy streets and shopped primarily by workers on their daily commute. In this role, they most often serve as a fuel stop that is also shopped for snacks, drinks, and tobacco. Beyond safety and cleanliness, shoppers look for ease of access and fuel prices. Since commuters are mobile, helping them avoid another stop before reaching their destination could enhance store appeal. It may be possible to develop a whole different stream of business at other times of day (for the afternoon school-to-sports sprint, for instance).



the interstate store

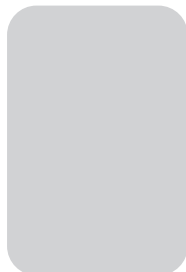
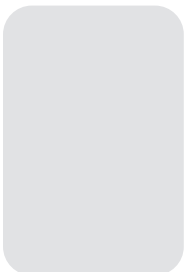
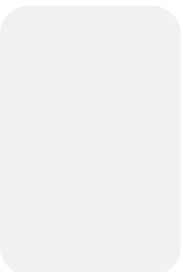
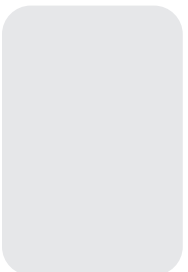
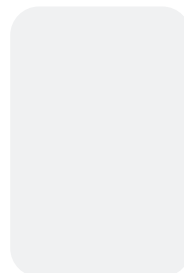
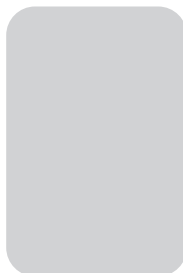
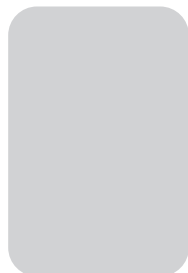
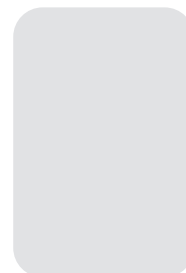
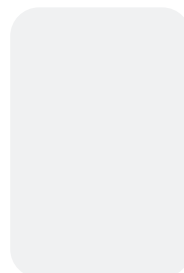
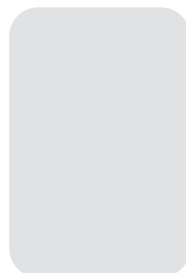
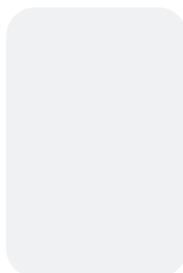
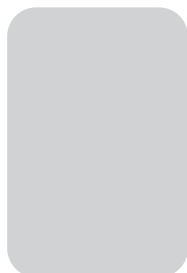
Found on major freeway exits, interstate stores are frequented by long-distance travelers, professional drivers, and locals who shop them primarily for fuel, meals, snacks, beverages, and restrooms. But they could also help shoppers stay in touch while they're on the road by offering wi-fi, phone chargers, shipping and mailing, and gift cards. Interstate/local hybrids can leverage some of the same opportunities as neighborhood stores.



who are you shoppers? who could they be?

Convenience stores have become extremely adept at serving the needs of the industry's stereotypical shopper — the drop-in-daily blue-collar worker who uses the store as a break from his job. But in some respects the industry has focused on him so exclusively that it has missed opportunities to build business around other types of shoppers. Drop-in-dailies may make a steady contribution to the bottom line, but growing store business will likely mean expanding the customer base.

The six types of shoppers identified in the study place different values on different parts of the shopping experience. The following pages describe each of the six — who they are, how they use convenience stores, and how they wish convenience stores would change. Recognizing which shoppers frequent your stores will help you adjust your offering to provide more of the value they seek (and less of what they find unappealing).



drop-in-daily



"On some days, I stop in several times a day during my breaks."

Jesus – Tampa

Jesus is the head mechanic at his shop, and his mom's house is only blocks away. He drops into convenience stores on his way to and from his girlfriend's house for drinks and chips, but his main purpose is as a daily break from work.

local loyalist



"The staff is friendly and I like to be recognized."

Mary – Albany

Mary uses two local convenience stores. One is within walking distance and the other is a two-minute drive away. She walks to the nearest one most afternoons for a Lotto ticket and a pack of cigarettes.

WHO ARE THEY?

- Mostly males
- Often blue-collar workers
- Traveling to and from work and stopping for gas and a snack
- Making an evening run to get adult treats or emergency household purchases
- Want the c-store experience to be simple and consistent
- Frustrated by poor parking, slow service
- Not loyal unless they have a gas card

HOW DO THEY USE C-STORES?

- As a break in their day
- As a place to stop daily or even more frequently
- To fill different needs during the day; often meal-driven

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Offer a wider range of quality, filling foods and snacks for different times of the day
- Make the c-store a place to pause and possibly even have a little fun

WHO ARE THEY?

- Urban residents with moderate incomes, feeling financially pinched
- Often pre-family singles or empty-nesters
- Frequent users of independent c-stores
- Sometimes feel they're being overcharged and offered an inferior range of products
- May feel unsafe in and around their local c-store

HOW DO THEY USE C-STORES?

- Frequent visits for products like candy, cigarettes, beverages
- Often purchase staples that they ran out of or forgot to buy

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Represent the local neighborhood with pride
- Make all aspects of store meet a higher level of cleanliness, safety, and politeness
- Offer a greater range of good-quality, branded staples

overstretched mom



"They fill the need when I don't have the time or strength."

Jessica – LA

Jessica uses convenience stores to fill in the gaps in the weekly shopping trips, often for something to help complete that evening's family dinner. She often visits on the way home from work "just to buy the one thing." Sometimes Jessica even uses a drive-thru store for basic items and she thinks that these are "really cool — I don't need to take the kids out of the car."

WHO ARE THEY?

- Frequently work full time, run the family; are short on time and on a tight budget
- Resent time spent on travel/shopping/chores — steals quality time from their families
- Appreciate focused shopping and lack of distractions for their kids
- Feel c-stores target men and ignore female needs; they rarely see other moms in c-stores
- Dislike having to unlatch kids from the car to purchase 1–2 items

HOW DO THEY USE C-STORES?

- To fill in gaps between weekly grocery trips
- When ferrying the family to/from school and other activities
- Less frequently than grocery and drug stores, which carry more items and do not require a separate trip

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Carry a wider range of staples like a mini-supermarket
- Satisfy more female-oriented needs, such as snacks (yogurt, fruit, wraps) and indulgences (flowers, cards, nail polish)
- Have sales and promotions (at least on lead items) to create better value

mobile professional



"I like that I'm able to pay for the convenience. It's worth it to me."

Jeff – San Antonio

Jeff is a 43-year-old married pharmaceutical rep who commutes 20 miles to a local hospital. He visits a convenience store during his morning drive to pick up a cup of coffee. Jeff likes this store because the gas prices are competitive and the coffee is always fresh. On the way home in the evening, he sometimes stops at another convenience store to buy a banana or an apple pie (which he says has to be "really, really fresh").

WHO ARE THEY?

- More upscale, white-collar workers who travel frequently as a part of their job
- Not as sensitive to price
- Not loyal unless they have a gas card

HOW DO THEY USE C-STORES?

- Primarily to fill up with gas; they see the c-store as an "en-route stop"
- To buy coffee on the way to work or as a stop-off on the way home
- To purchase snacks, not staples
- To buy the 1–2 items they need and move on quickly

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Have easier and faster auto access
- Deliver a more customer-focused retail environment (e.g., polite, uniformed, well-trained staff)
- Offer a greater variety of healthy, tempting, premium-quality snacks and beverages
- Provide a way to quickly browse a wider range of items

highly hesitant



"C-stores are for desperate purchases."

Brenda – Tampa

Brenda has not been impressed when she has visited convenience stores ("mostly when I get a chocolate attack"). She feels the stores look outdated and are "full of stuff that was bought 10 years ago...like silk roses! And those machines in the bathroom!" Beyond snacks, there is very little in convenience stores that Brenda wants to buy.

long-distance driver



"The rules change when you're choosing a c-store on the road. More is at stake."

Brad – San Antonio

Brad relies on gas stations that are on the side of the road, are well lit, and sell familiar brands of gas. These things reassure him. If he's hungry, he always chooses to purchase food from national fast-food chains, as the risk of making a poor choice is too high. And he feels that newer gas stations often have cleaner bathrooms.

WHO ARE THEY?

- Have not had good c-store experiences
- Tech-savvy, and appreciate the advantages of technology in their working and leisure lives
- Don't need or want to make spontaneous purchases in "unpleasant" environments
- Are often wary of c-stores, especially at night when they feel unsafe

HOW DO THEY USE C-STORES?

- Infrequent users
- Emergency trips, and these are only rarely necessary

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Be more consumer-driven in their approach — feel their needs are not being addressed
- Stock a wider range of products and services
- Provide a safer, more pleasant environment
- Update the experience by integrating technology

WHO ARE THEY?

- A combination of the other segments, framed against the occasion of travel
- Families on the road traveling the interstate for many miles
- View the c-store as a refueling stop

HOW DO THEY USE C-STORES?

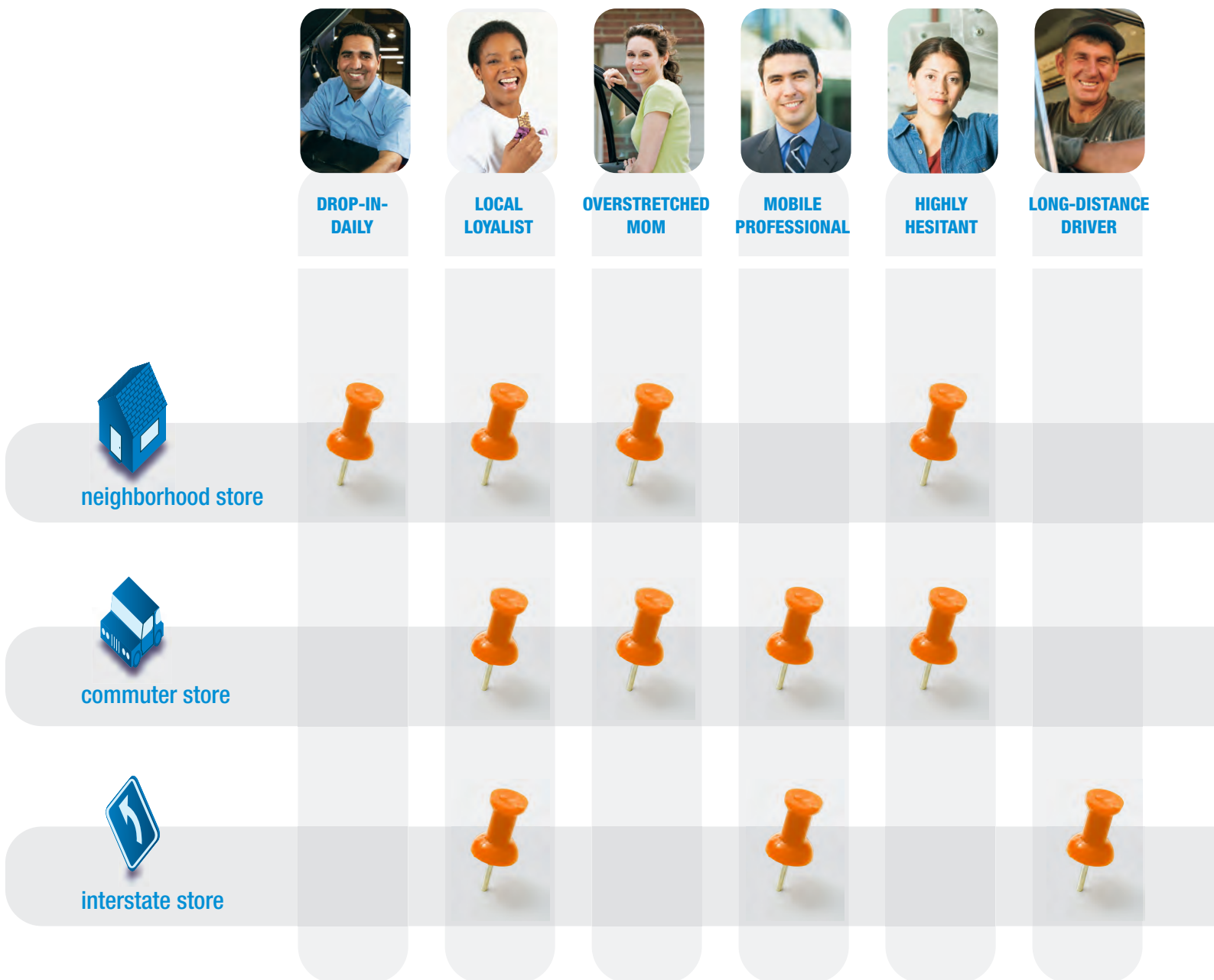
- Price of gas has a big influence on store choice
- Restrooms are in high demand — they look for clean facilities
- Branded food service is also welcomed
- They look for unique products that are locally influenced

HOW WOULD THEY LIKE C-STORES TO CHANGE?

- Provide a higher level of clean and functional restrooms
- Have healthier food choices available
- Offer dog walks for pets needing a break

who shops where?

The chart below shows which types of shoppers are most likely to shop which types of stores.





putting it all together

how retailers are using the roadmap

The two pictures of convenience presented in this report — one drawn by shoppers and one drawn by convenience retailers — are strikingly different. Shoppers describe convenience in terms of an experience and apply it to a wide variety of situations, while retailers tend to think about it as a format. This isn't bad news though, because it highlights the fact that c-stores have a much broader range of opportunities to satisfy shoppers with a convenience appeal than the industry is taking advantage of today.

Better satisfying shoppers is an urgent concern because of competition from so many channels. Supermarkets, drug stores, and fast-food restaurants have challenged c-stores for convenience dollars for many years, and new competition is developing. Large retailers have recently tested small-footprint stores specifically designed for the convenience shopper, among them Tesco's Fresh and Easy and Walmart's Marketside.

All of this makes it increasingly important for the industry to take a bold look at what customers are asking for and then find ways to give it to them. The solid research presented here can help us structure our efforts around what's most important to shoppers — and disruption provides a process for breaking out of the confines of conventional thinking to generate new ideas.

HERE ARE SOME OF THE WAYS THAT RETAILERS ARE ALREADY PUTTING THIS THINKING TO WORK IN THEIR STORES.



stand out!

One approach is to make sure you equal the competition on the basics (safety, cleanliness, hospitality), and then you can look for a way to excel — like Quick Chek does.

Quick Chek sometimes pours as much coffee down the drain as other retailers sell. The team's Coffee Commitment: fresh brewed every 20 minutes, guaranteed — a full 10 minutes more frequently than the industry average. In the store, an alarm sounds to alert customers that one pot is being discarded and another fresh pot of premium coffee is about to be brewed. "It's the guarantee brought to life," according to David Bishop, managing partner of Balvor LLC, a sales and marketing consulting firm in the convenience channel. Is Quick Chek's the cheapest cup of coffee around? Not at all, explains John Schaninger, VP of sales and merchandising. "We promote on quality, not price. Value is important, but taste and freshness are more so."



think outside the format

Smaller chains can sometimes grasp the concept of disruption intuitively and put new ideas into play relatively quickly. This is how two small-chain retailers reached outside industry conventions for new ideas to grow their sales.

NEW-FASHIONED CONVENIENCE. When Circuit City closed its doors in early 2009, Rahim Budhwani saw a new opportunity for his five Hoover, Alabama stores. "The disruption workshop helped me see my business differently," Budhwani says, "not just as a c-store. No one else nearby sold electronics, so I started stocking laptops and iPhones. Once I saw I could be a mini Best Buy, I had to do it. It's been hugely successful." Next he plans to try small furniture items like rocking chairs. "There's a huge profit margin on them, and they're on consignment so I don't have to pay anything out of pocket. I just give up a little space for items that weren't selling very well anyway, and see how it goes."

HERE ARE SOME OF THE WAYS THAT RETAILERS ARE ALREADY PUTTING THIS THINKING TO WORK IN THEIR STORES.

OLD-FASHIONED CONVENIENCE. Good2Go stores in Pennsylvania are going back in time to a convenience idea that fits again: home milk delivery. Unlike previous generations, though, many people aren't home during the day to accept delivery, so Good2Go will drop orders off to a cooler on the porch. For added convenience, the company delivers an array of other items in demand, from bread to hormone-free meat. Shoppers just sign up online for once-a-week delivery, and they're good to go.

formal pilot programs



Several larger retailers are building pilot programs around a specific shopper need, and they will report back to the industry once the pilots have concluded.

Ricker Oil is designing a pilot around simplicity and ease. As the company got more deeply into the project, it began to realize that certain conventions tended to focus retailer attention on products and product categories, and that this had caused it not to consider how people shopped their stores. Now, says President Jay Ricker, "We're grouping items together that haven't been grouped together in the past." The new goal is to combine products in ways that represent solutions to shopper problems. Among other aspects, the effort involves rethinking signage and merchandising. How quickly and easily can shoppers find their problem-solver when they enter the store?

Speedway SuperAmerica has taken on the challenge of leveraging a basic need into a differentiator. The chain felt that it had cleanliness and hospitality covered, but it had never organized a program promoting safety as a differentiator. The effort has provoked a number of changes, but it's also changed how Speedway looks at some existing practices. Its stores have had two-way communication at the pumps for some time, but this hadn't been promoted except for greeting customers. Now it will be, because shoppers find it reassuring to know that someone's always right there if needed. Speedway wants to be known as a safer place to shop.

chart your course

The definition of convenience is changing before our eyes, and to be a part of it convenience retailers are going to need to do more than simply become more efficient at what we already do. The ideas discussed in this report — forged from a combination of solid research and retailer experience — offer a structured way to focus our efforts on what's most important to shoppers and a way look beyond the industry's traditional conventions to get to new ideas for growing store sales.

So pick a shopper need, find out who your frequent shoppers are and what they value most, and think about the opportunities associated with your store type. Use these pathways to chart your own course for capturing new opportunities for growth — and don't forget to think outside the format. Those disruptive thoughts can be some of the most valuable.



credits



The NACS/Coca-Cola Retailing Research Council (www.cccrc.org) is composed of convenience industry leaders from around the world. It conducts studies on issues that help retailers respond to the changing marketplace. The unique value of these studies rests with the fact that retailers define the objective and the scope of each project and “own” the process through the release of the study and its dissemination to the broader retail community.



The Integer Group (www.integer.com) is one of America's largest promotional and retail marketing agencies and a key member of the TBWA/Marketing Services portfolio. Integer specializes in the intersection of branding and selling and creates strategic marketing solutions for clients in categories that include beverages, packaged goods, telecommunications, fast food, home and shelter, and power sports.

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