

Convenience Channel Opportunity

Insights for the Dairy Industry



Dairy Management Inc.

Prepared for the Innovation Center for U.S. Dairy

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Executive Summary

By improving the visibility and presentation of single-serve dairy products in convenience stores, the industry has an opportunity to grow dairy sales by almost \$250 million annually¹ —and there's likely even more upside as this number relates only to findings from a secondary merchandising concept.

New shopper insights reveal that a broader possibility exist to leverage dairy's strategic value throughout the path to purchase, from the fuel pumps to the cold vault shelves, in order to better satisfy the on-the-go shopper.

Research and testing also highlights that the benefits of enhancing dairy merchandising in convenience stores go beyond simply increasing dairy sales and include:

- Increasing sales of complementary products
- Attracting under-developed shopper segments
- Strengthening the store's overall fresh-food image

Further educating the industry about the opportunities is critical to realizing the full potential associated with dairy and the positive affect it can have on sales and the shopping experience. This business case provides the evidence that supports the reasons why this is a strong opportunity to pursue.

Situation

Convenience retailers are facing tougher competition on many fronts, providing shoppers more choices as to where they shop for motor fuel, tobacco, and fresh foods. Successful convenience retailers are responding to these threats by refining how they market to shoppers and merchandise products in their stores. (Figure 1)

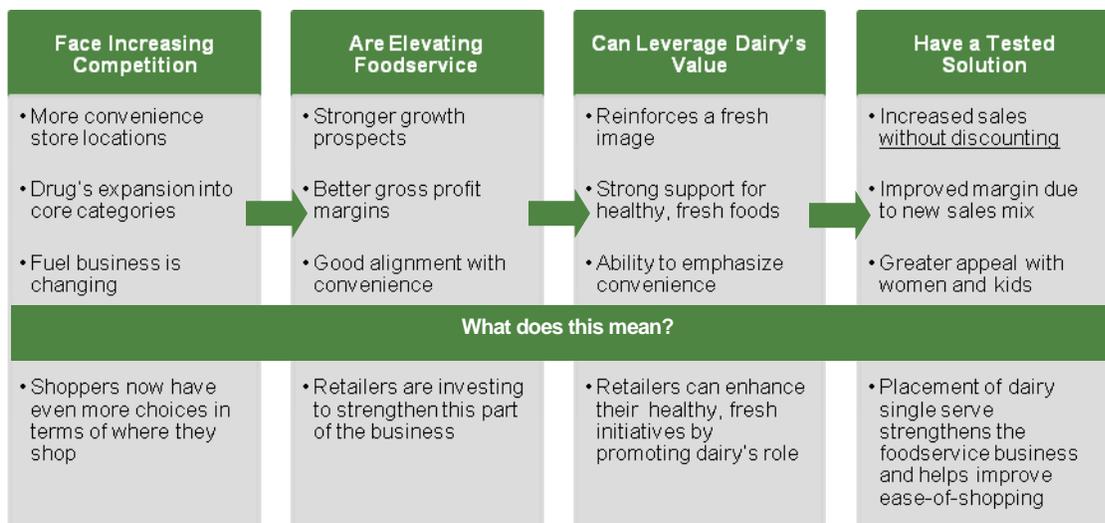
Foodservice, a vital business for convenience retailers, provides a way to defend against the growing competitive threats by creating differentiation through its offering. Although foodservice in convenience retail generally includes dispensed beverages, food prepared on-site, and commissary products, retailers tend to include other products that also support a fresh foods focus.

Even though dairy, especially fluid milk has the potential to improve a convenience retailer's fresh food image, very few are leveraging its strengths in this manner today. Declining milk dollar sales in the convenience channel² or the prevailing belief that convenience needs to concentrate on competing against grocery and drug stores' milk gallon offer and price points are just two factors affecting how convenience operators merchandise dairy.

In either case, the sales trends and working assumptions illustrate that it's critical to re-evaluate the current strategies employed in convenience retail in order to create positive changes.

To help the industry understand how best to leverage dairy offerings, DMI launched a strategic initiative in the convenience retail channel in 2008 to identify the issues, build a business case, and develop testable hypotheses in the convenience channel. To validate the hypotheses, DMI participated in a NACS/Coca-Cola Retailing Research Council pilot test at a regional convenience store chain, which demonstrated the value of a secondary merchandiser relative to building single-serve dairy sales.

Figure 1: Today's Convenience Retail Environment – Retailers:



Secondary Merchandising Concept

The “Refuel and Refresh” concept is a refrigerated, secondary cooler designed to appeal to more health conscious, on-the-go shoppers. (Figure 2) The concept was part of a broader NACS/Coca-Cola Retailing Research Council initiative at Ricker Oil, which tested various ways to enhance the experience and engage the shopper.

DMI assisted in testing the concept in four stores over a 13-week period. Coolers were placed in various under-utilized, front-end locations^a and the tests involved both interstate and neighborhood store types.

The concept incorporated custom graphics and messaging on the cooler that connected to the “refuel and refresh” theme. The cooler provided a range of single-serve national and private-label brands and flavors across fluid milk, cheese, yogurt, and enhanced water segments.^b (Table 1)

Figure 2: Secondary Cooler Concept



Table 1: Secondary Cooler Schematic

Facings by SKU						
Shelf 1	Brand A: Milk Single-Serve, White, Whole	Brand A: Milk Single-Serve, White, 2%	Brand A: Milk* Single-Serve, White, Skim	Brand A: Milk Single-Serve, Chocolate, Whole	Brand A: Milk Single-Serve, Chocolate, Whole	Brand A: Milk Single-Serve, Chocolate, 1%
Shelf 2	Brand B: Milk Single-Serve, Chocolate	Brand B: Milk Single-Serve, Chocolate	Brand B: Milk Single-Serve, Dbl. Chocolate	Brand B: Milk Single-Serve, Strawberry	Brand B: Milk Single-Serve, Strawberry	Brand C: Cheese Single-Serve, Colby Jack, Stick
Shelf 3	Brand A: Yogurt Strawberry Cup*	Brand A: Yogurt Strawberry Cup*	Brand A: Yogurt Peach Cup*	Brand D: Drinkable Yogurt* Banana Berry	Brand D: Drinkable Yogurt* Strawberry	Brand C: Cheese Single-Serve, Pepper Jack, Stick
Shelf 4	Brand E: Enhanced, Bottled Water SKU #1*	Brand E: Enhanced, Bottled Water SKU #2*	Brand E: Enhanced, Bottled Water SKU #3*	Brand E: Enhanced, Bottled Water SKU #4*	Brand E: Enhanced, Bottled Water SKU #5*	Brand E: Enhanced, Bottled Water SKU #6*

*New item - not previously in distribution in test or control stores.

Source: Shopper Forward: *Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.

^a Locations included: along the front window on the left and right side of the entry and across from the checkout, free-standing, center-store placement directly across from the checkout, and on a center-store end-cap facing and near the checkout.

^b DMI provided suggestions relative to assortment and graphical elements; however, the retailer made all the final creative decisions.

Retail Opportunity

Shopper insights reveal that the secondary cooler enhances the shopping experience and engages the on-the-go shopper. Shoppers “like that flavored milk is in a spot [easy-to-reach] where a child could see and then reach for themselves,” according to shopper intercepts. And, in-store shopper tracking highlighted that the percent of shoppers browsing and then purchasing from the cooler (conversion rate) doubled during the first four weeks.³

From a sales perspective, the secondary cooler drives significant and incremental gains in the featured product segments. An analysis of sales performance^c between test and control stores documented that retailers can grow single-serve dairy sales by almost 30 percentage points over current sales trends.⁴ This growth rate, related to single-serve dairy products alone, represents between \$1,266 and \$2,210 in incremental dollar sales per store annually, depending on a store’s current sales level. And, this opportunity translates to nearly a \$250 million opportunity across the convenience retail industry.⁵

Previous research reinforces the findings from the recent testing and serve to further validate that secondary placements help drive stronger sales performance. For instance, a milk barrel cooler test reported that the secondary placement increased pints sold by over 21 percent.⁶ And, in both tests, the positive results were achieved by improving the visibility and presentation of immediate consumption dairy items via secondary placements.

Lessons Learned

The dairy secondary merchandising concept dramatically increases shopper engagement with featured products, while it also helps retailers increase units sold without price discounting, grow gross profit dollars via shifts in the sales mix, and broaden reach with typically underdeveloped shopper segments in convenience retail (women and kids).

The extensive research and testing also makes clear that:

- Dairy can play a larger role in building sales and relevancy with the convenience shopper.
- Dairy can help drive stronger performance in other important categories.
- Effective merchandising of single-serve dairy products generates impressive sales gains.
- Dairy provides an excellent platform to engage shoppers via messaging and graphics related to a variety of themes, including refueling the body and enjoying a healthier food option.

The following sections share evidence supporting these points and how convenience retailers can take advantage to grow the dairy business.

^c Evaluation compared the change in sales performance between the post-install period (CY vs. PY) versus the pre-install period at test stores (those with the secondary cooler) versus control stores (business as usual.)

Build Greater Relevancy with Today's Convenience Shopper

Fluid milk can play a more strategic role for convenience stores given its importance to the consumer and retailer. To understand this point, it's important for the industry to recognize that:

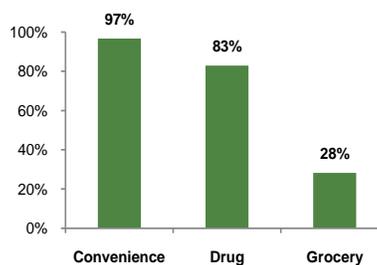
- Fluid milk is the second most widely consumed non-alcoholic, packaged beverage in the U.S. With over 56 percent of the consumers drinking milk on a weekly basis, it ranks only behind carbonated soft drinks (CSDs).⁷
- Fluid milk is the third most heavily consumed non-alcoholic, packaged beverage in the U.S. In fact, the average weekly consumption per capita of milk is greater than the consumption of fruit juice, sports drinks, ready-to-drink iced tea, and energy drinks combined.⁸
- Fluid milk represents the third largest non-alcoholic, packaged beverage segment sold in U.S. convenience stores. On a dollar sales basis, only CSDs and energy drinks generate more dollar sales.⁹

In terms of the offering, single-serve products are the cornerstone of convenience retail and this is equally true with fluid milk. Insights related to the convenience shopper and fluid milk sales in convenience stores illustrate:

- Many more shoppers visit convenience as part of a quick trip versus either drug or grocery. (Figure 4) Although this insight may be intuitive, it's still important to recognize as it suggests a need to employ different merchandising strategies that build on the channel's strength as well as the role it plays in the consumer everyday life.¹⁰
- Convenience generates a larger share of dollar sales from single-serve sizes (less than 32 fluid ounces) than drug or grocery. Interestingly, even though both convenience and drug have a high percentage of quick trips, single-serve share of dollars in convenience is five times more than it is in drug. (Figure 3)¹¹

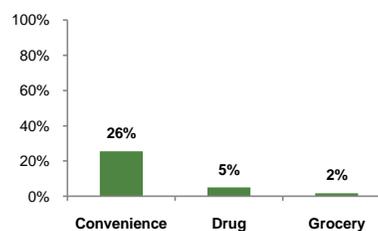
So, enhancing how single-serve dairy products—and fluid milk in particular—are merchandised helps a retailer better serve the on-the-go shopper.

Figure 4: Quick Trip Share – Milk (% of Total Category Trips)



Source: Trip Typology: *Trip Mission*, Total US, Grocery, SymphonyIRI, 52 weeks ending 5/25/08.

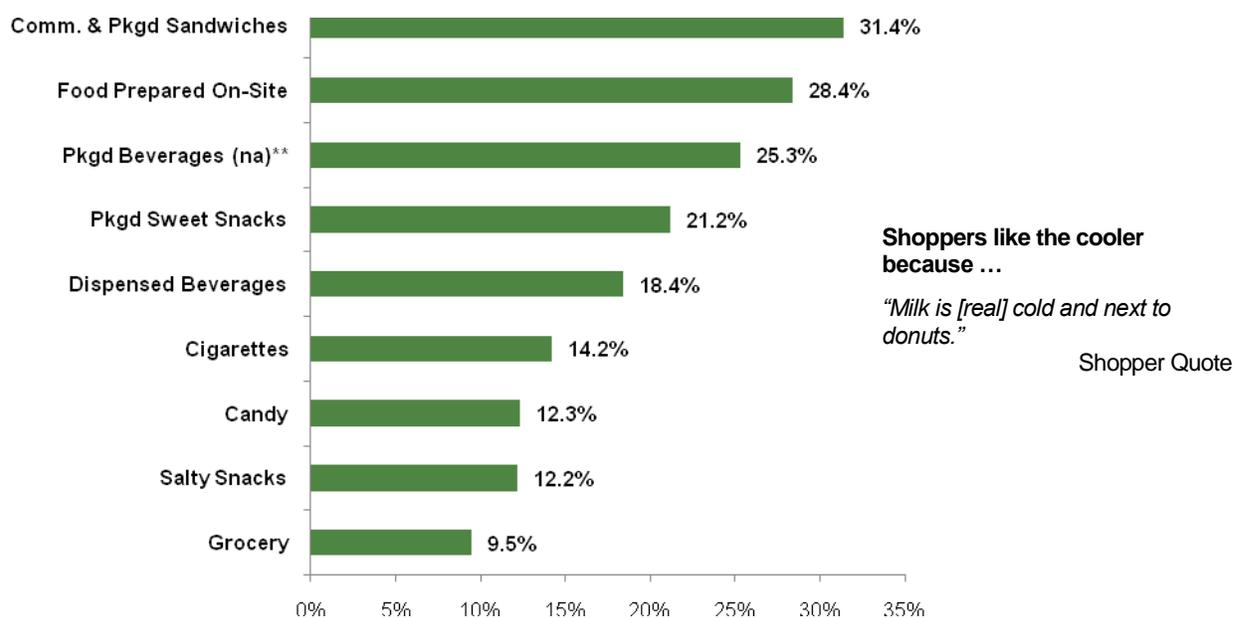
Figure 3: Single-Serve (32oz) Milk (Share of Total Milk Dollar Sales)



Source: C-Store Monthly Report, SymphonyIRI, 52 weeks ending 6/27/10; InfoScan®, Total U.S., Drug & Grocery, SymphonyIRI, 52 weeks ending 6/27/10.

Additionally, retailers who take advantage of fluid milk in this manner create other cross merchandising opportunities as single-serve milk has a strong affinity with many different types of fresh foods.

Figure 5: Purchase Affinity – Milk Pints (Percent of Transactions)



Source: Convenience Store Transactional Analysis, Balvor LLC, 31 days ending 3/31/10.

For example, 31 percent of the shopper transactions with a milk pint also contain a packaged sandwich while another 28 percent are accompanied by a food prepared on-site, e.g., hot dog, pizza, etc.¹²(Figure 5)

These opportunities, in turn, further simplify the shopping experience by making it easier for shoppers to get in and out more quickly, which are vital to a convenience retailer’s long-term success as it’s the second most important factor affecting store choice for convenience store shoppers.¹³ And, according to the in-store merchandising pilot, 38 percent of shoppers indicated that it’s “extremely important” to get in and out quickly, which is comparable to being a convenient location.¹⁴

The cross-merchandising also creates chances to increase the basket size by stimulating impulse purchases. For instance, 33 percent of the shoppers who made an unplanned purchase from a display did so because it satisfied a hunger/thirst need.¹⁵

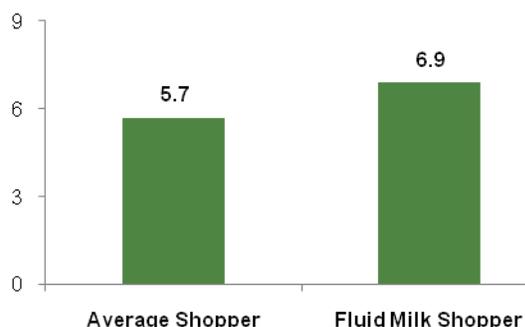
These opportunities extend to packaged stick/string cheese too as they can serve as a snack or even a meal component that accompanies a drink and a sandwich. In fact, improving product placement and category adjacencies generates extremely strong results as the in-store pilot documented. (See figure 10 on page 10.)

Drive Stronger Performance in Other Important Categories

Fluid milk shoppers are a very valuable segment for a convenience retailer, which becomes more evident when realizing two key facts.

- Fluid milk shoppers visit convenience stores over 20 percent more often than the average shopper visiting the store nearly 7 times a month.¹⁶ (Figure 6)
- Fluid milk shoppers spend 12 percent more dollars during a visit than the average shopper, representing \$8.39 per transaction.¹⁷ (Figure 7)

Figure 6: Store Visit Frequency (Past 30 Days)



Source: Convenience Store Monitor, The NPD Group, Inc, 2009.

Figure 7: Dollars per Transaction (Last Visit)



Source: Convenience Store Monitor, The NPD Group, Inc, 2009.

These two metrics combined indicate that fluid milk shoppers are worth 35 percent more to convenience stores as compared to an average shopper, highlighting their economic value to a store operator.

While convenience stores satisfy a range of usage occasions, the primary focus is on satisfying frequent and immediate needs quickly and easily. Analyzing share of units sold illustrates this is especially relevant in the fluid milk category. In fact, single-serve fluid milk, defined as a package size less than 32 fluid ounces, represents over half of the fluid milk products sold on a retail units sold basis.¹⁸

So, if units sold are used as a proxy for consumer demand, then clearly retailers would benefit by ensuring that single-serve milk is well merchandised in the store. However, this insight is not commonly top of mind for many convenience retailers as most tend to manage the category with a focus on dollar sales as opposed to units sold.

Beyond having higher consumer demand in convenience retail, single-serve fluid milk also offers retailers a way to generate stronger profits. Single-serve sizes generally have a weighted average, non-promoted gross margin over 40 percent. This is more than ten percentage points higher than the weighted average margin for the category.¹⁹

Therefore, increasing the units sold of single-serve milk products helps to improve profitability. And, price discounting is not necessary to driving sales growth with single-serve products. As the secondary merchandising concept highlighted, improved placement is very effective for this category.

Enhancing how single-serve fluid milk is showcased in the store also builds the size of the shopper's transaction and creates other merchandising opportunities. Transaction analysis reveals that shoppers who are purchasing single-serve fluid milk are:

- Buying a total of over 5 items per transaction on average, which is more than the typical convenience store shopper.²⁰
- Much more likely to also buy a packaged sandwich, food prepared on-site, or packaged sweet snack during the same transaction than other packaged milk sizes.²¹

What this means is that by making it easier to buy single-serve fluid milk, convenience retailers can drive incremental sales on complementary products by placing adjacent to one another or via cross-promotional activities. For example, previous research found that when single-serve milk products were cross-promoted with complementary products, like donuts, sales of milk increased nearly 13 percent while unit sales of donuts grew by over 6 percent.²²

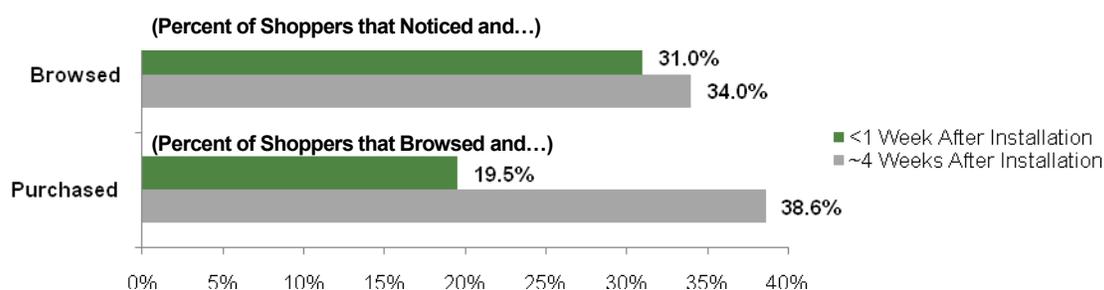
Generate Impressive Gains with Effective Merchandising of Single-Serve Dairy

Building shopper engagement is critical to capitalizing on sales opportunities and the in-store testing revealed that the secondary merchandising concept was successful from this regard.

Whether during the first week or the fourth week in the store, it consistently motivated approximately one-third of the shoppers who noticed the display to spend time browsing it.²³ (Figure 8) Although browsing is an important step on the path to purchase, getting a shopper to purchase is essential.

The conversion rate evaluates a display's effectiveness in triggering a purchase and measures the percentage of shoppers browsing a section that end up buying an item from that same section. During the first month of the test, conversion rates for the cooler almost doubled as they started at nearly 20 percent in week one as shoppers were becoming familiar with the new display and reported 39 percent rate by week four.²⁴ (Figure 8)

Figure 8: Key Shopper Metrics



Source: Shopper Forward: *Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.

These shopper metrics indicate that the display was effective not only at grabbing the attention of shoppers, but also at building sales over time as evident with increasing conversion rates.

Improving retailer sales is a good indication that the store is doing a better job satisfying the shopper. Results from the secondary merchandising test highlight just how well the display performed.

To quantify the incremental impact associated specifically with the secondary merchandising concept, the analysis evaluated changes in sales performance before and after the installation of the fixture amongst a matched panel of test and control stores for the specific products and their respective segments and categories.

The sales analysis documented that the secondary merchandising concept:

- Accelerated unit sales growth of single-serve fluid milk substantially. In fact, comparing sales trends prior to and after the install period between test and control stores shows that the cooler generated significant incremental demand for these products.²⁵ (Figure 9)
- Helped reverse negative sales trends and generated even stronger incremental gains with string/stick cheese products involved in the test.²⁶ (Figure 10)

To put these results into context, this means that if the control stores—those doing nothing different—reported that single-serve fluid milk units sold remained unchanged versus prior year, then the test stores would have reported that sales grew by 24 percent during the same time period.

Figure 9: Percent Change vs. Year Ago (Fluid Milk – Single Serve)

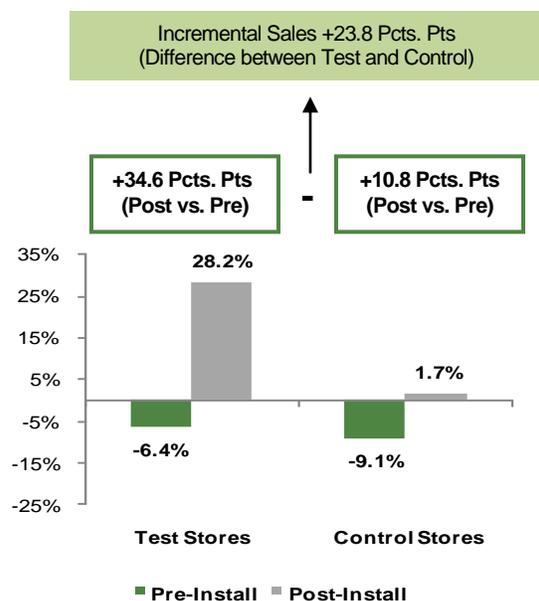
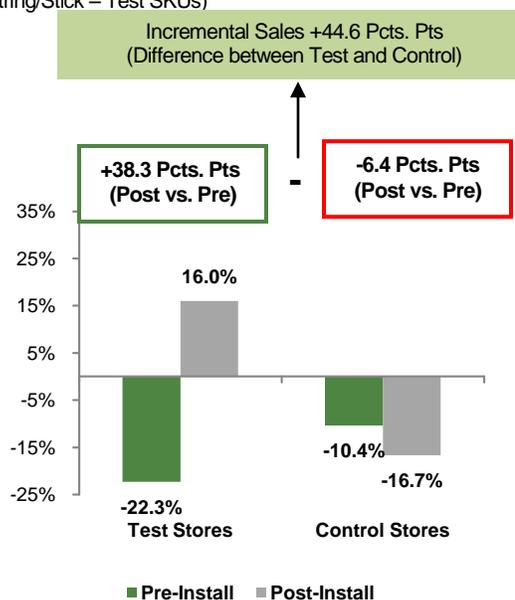


Figure 10: Percent Change vs. Year Ago (Cheese – String/Stick – Test SKUs)



Source: *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.

Engage Shoppers via Messaging and Graphics

Most convenience retailers are focused on providing a shopping experience that's quick and easy as shoppers like to get in and out fast. As a result, the challenge is being able to grab the attention of the shopper that's in a hurry or very familiar with the store and typically makes routine purchases.

In-store observations highlight that shoppers who were familiar with the store were less likely to notice any of the tested display concepts as they knew exactly where to go for the items. However, the test displays were more effective at capturing the attention of the infrequent shopper—those less familiar with the store—as they were not on autopilot and spent more time searching the store.²⁷

Placement is one element of merchandising that helps to get more shoppers to notice a display. And, in the case of the secondary merchandising concept, this was accomplished by locating the fixture in under-utilized space that wasn't generating any profits for the store and didn't interfere with existing packaged beverage agreements.

Signage is another merchandising element that is essential to communicating the offering to the shopper and effective signage increases the likelihood that they'll browse the display. Interestingly, the “refuel and recharge” concept attracted a disproportionate share of female shoppers with children.²⁸

Messaging and graphics are both vital components of signage and play an important role in highlighting the product offering in a way that connects with shoppers, helping trigger higher conversion rates and stronger sales results. (Figure 11) Therefore, retailers should consider creative that emphasizes:

- Themes related to on-the-go lifestyles or care for self and/or family.
- Graphics depicting various usage occasions or product segments.

Beyond signage on the secondary merchandising fixture, retailers should utilize the shopper communication in other, key locations like dairy's cold vault door, the fresh foods' case, and even out at the fuel dispensers.

Figure 11: Examples of Cooler Graphics and Messaging

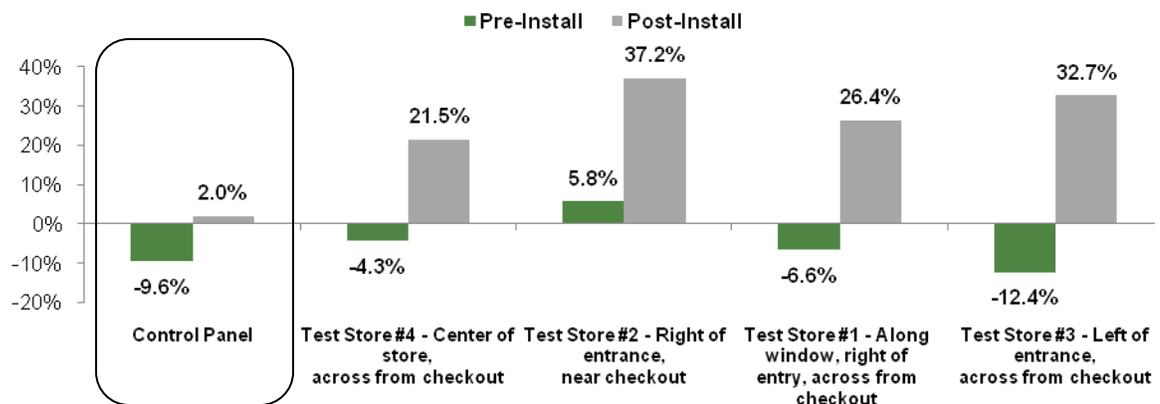


Go-Forward Recommendations

As retailers apply this new learning to the business, consider the following recommendations when taking advantage of the opportunity related to the secondary merchandising concept.

- Enhance efforts on single-serve dairy products. Select items that best serve the immediate consumption nature of the on-the-go consumer; however, realize there could be instances where it makes sense to also include larger packages sizes.
- Offer the products that satisfy your shopper. Provide the proper mix of flavored and white fluid milk, leading SKUs of string/stick cheese, and a selection of cup and drinkable yogurt based on what's selling in your market and what customers are buying in your store.
- Leverage under-utilized front-end space. Place cooler in locations with good visibility that may be currently not generating any or sufficient return as the test demonstrated that the cooler is capable of generating strong results in various areas of the store. (Figure 12)

Figure 12: Percentage Change vs. Year Ago (Fluid Milk – Single Serve – Test SKUs) – By Placement of Secondary Cooler



Source: Shopper Forward: *Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.

- Ensure product availability. Prevent out-of-stocks due to supply-side issues by selecting products with established distribution in convenience retail or by working closely with the distributor to ensure that your store will be able to receive a stable supply of the product.
- Collaborate with product suppliers to create high-impact graphics and messaging. Utilize colorful imagery depicting products and/or target shopper segments that link to themes, such as, convenience, health and wellness, or kids.
- Integrate consumer communication throughout the “path to purchase.” Leverage pump toppers on the fuel dispenser outside, shelf wobblers with complementary products like packaged sandwiches, and door clings or shelf strips at the cold vault.

Conclusion

This initiative reinforces the rationale on how to enhance dairy merchandising in convenience and specifically the opportunity related to the secondary merchandising concept.

The industry can leverage these insights and learning going forward to develop and implement additional concepts, whether that's messaging out at the fuel pumps, resetting the dairy door in the cold vault, or cross-promoting with key fresh-food items to name just a few possibilities.

Ultimately, changing how dairy is managed and presented in the stores will better satisfy the needs of the on-the-go consumer, leading to improved sales performance beyond simply dairy.

Contact

For more information on resources and tools that can help convenience retailers build their dairy sales, contact us at innovationcenter@usdairy.com.

Appendix A: Convenience Store Types

Distinguishing store types helps to define possible opportunities, because shoppers approach different types of stores with various shopping priorities and occasions in mind. And, according to a NACS/Coca-Cola Retailing Research Council study there are three basic types of stores, but hybrids are also possible. For instance, an interstate store in a rural area may also be a 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.
- 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).
- Interstate stores are located on major freeway exits and are frequented by long-distance travelers, professional drivers, and locals who shop them primarily for fuel, meals, snacks, beverages, and to use the 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.



Source: Finding the Way Forward: A Practical Roadmap for Capturing Emerging Opportunities in Convenience Retail, NACS/Coca-Cola Retailing Research Council, 2009.

Appendix B: Convenience Store Shopper Types

The types of shoppers identified in the study place different values on various parts of the shopping experience. The following table describes each of the six shopper types in terms of who they are, how they use convenience stores, and how they would like convenience stores to change.

	Drop-in-Daily	Local Loyalist	Overstretched Mom
WHO ARE THEY?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Frequent visits for products like candy, cigarettes, beverages • Often purchase staples that they ran out of, or forgot to purchase 	<ul style="list-style-type: none"> • 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?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Source: Finding the Way Forward: A Practical Roadmap for Capturing Emerging Opportunities in Convenience Retail, NACS/Coca-Cola Retailing Research Council, 2009.

Appendix B: Convenience Store Shopper Types – cont.

	Mobile Professional	Highly Hesitant	Long-Distance Driver
WHO ARE THEY?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Infrequent users • Emergency trips, and these are only rarely necessary 	<ul style="list-style-type: none"> • 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?	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Provide a higher level of clean and functional restrooms • Have healthier food choices available • Offer dog walks for pets needing a break

Source: Finding the Way Forward: A Practical Roadmap for Capturing Emerging Opportunities in Convenience Retail, NACS/Coca-Cola Retailing Research Council, 2009.

Endnotes

- ¹ Projected based on stores selling single-serve fluid milk or cheese, Dairy Management Inc., 2010.
- ² Data is from firms that have reported data in the last four years, survey of 2009 data powered by CSX, State of the Industry Summit, NACS, 4/14/10.
- ³ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ⁴ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ⁵ Projected based on stores selling single-serve fluid milk or cheeses, Dairy Management Inc., 2010.
- ⁶ Milk Barrel Cooler Test, Fluid Milk Strategic Thinking Initiative, 1999.
- ⁷ eSip, year-ending 6/10.
- ⁸ eSip, year-ending 6/10.
- ⁹ State of the Industry Report, based on 2009 data, NACS, 2010.
- ¹⁰ Trip Typology: Trip Mission, Total US, Grocery, SymphonyIRI, 52 weeks ending 5/25/08.
- ¹¹ C-Store Monthly Report, SymphonyIRI, 52 weeks ending 6/27/10; InfoScan®, Total U.S., Drug & Grocery, SymphonyIRI, 52 weeks ending 6/27/10.
- ¹² Convenience Store Transactional Analysis, Balvor LLC, 31 days ending 3/31/10.
- ¹³ Convenience Store Monitor, The NPD Group, Inc., 2010.
- ¹⁴ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ¹⁵ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ¹⁶ Convenience Store Monitor, The NPD Group, Inc., 2009.
- ¹⁷ Excludes fuel sales, Convenience Store Monitor, The NPD Group, Inc, 2009.
- ¹⁸ Composite of convenience store retailers, Balvor LLC., 2010.
- ¹⁹ Composite of convenience store retailers, Balvor LLC., 2010.
- ²⁰ Convenience Store Transactional Analysis, Balvor LLC, 31 days ending 3/31/10.
- ²¹ Convenience Store Transactional Analysis, Balvor LLC, 31 days ending 3/31/10.
- ²² Milk and Donut Combo Meal Deal Promotion Test, Fluid Milk Strategic Thinking Initiative, 1999.
- ²³ Based on in-store observations conducted four weeks after installation. *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ²⁴ Based on in-store observations conducted four weeks after installation. *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ²⁵ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ²⁶ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ²⁷ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.
- ²⁸ *Shopper Forward: Using Simplicity and Ease to Meet Shoppers' Needs*, In-Store Merchandising Pilot, NACS/Coca-Cola Retailing Research Council, 2010.