



How Convenience Stores Work

and Their Contributions
to Communities

July 2017

NACS[®]

How Convenience Stores Work and Their Contributions to Communities

CONTENTS

Business Model	2
Community Engagement	4
Traffic	6
Locations	7
Jobs	8
People	9
Products	10
Investments	12
Property Values	13
Overnight Hours	14
Lighting and Noise	16
Safety	17
Environmental Impact	18
Resources	19



Introduction

During zoning hearings, opposition to convenience store permitting— whether for ground-up stores or remodels—often centers on general misperceptions about the value convenience stores deliver to the communities they serve.

Oftentimes, uncertainty about business models leads to concern— and resistance. Other times, store operations may be inaccurately portrayed to energize opposition. In either case, strong opposition to stores can lead to costly delays, the abandonment of a project or its unwarranted denial.

Misunderstandings about business models and a convenience store’s value to the community lead to a more significant roadblock to community growth: the building moratorium. The reasoning is simple: If you can prevent new entrants from coming into the market, you will prevent “bad” stores (or stores misperceived as “bad”) from being in the community. In reality, the opposite is true. Moratoriums minimize the need for competition. Businesses are given disincentives to improve. When competition is limited, why innovate to bring new offers to market? Why aggressively fight on price? Why spend money on capital expenditures to improve landscaping or beautify a location?

While specific opposition to stores varies by site and community, some common issues emerge about the industry and its operations.

This primer addresses these common issues, using data from NACS, other retail groups and government agencies as a starting point in defining our industry. Contact information for experts who can cover these topics in greater detail is also provided.

Business Model

Convenience retailers know that customers want value for their money and competition is intense for customers, whether from convenience stores or other retail formats that also sell the same convenience items.

While most people assume that stores that sell gas rake in big profits of \$1 or more per gallon, profits are pennies per gallon at the pump, and a store usually makes an average of about 30 cents total on a fill-up. Gross margins (the markup before expenses are factored in) on gasoline have averaged 20 cents per gallon (7%) over the past five years.

Gross margins for fuel at convenience stores are roughly one-half of the gross margin of that renowned low-cost retailer Costco establishes as a benchmark for its products. Convenience stores sell about 80% of the fuel purchased in the United States and after expenses, especially credit card fees, the average pretax profit is around 5 cents per gallon.

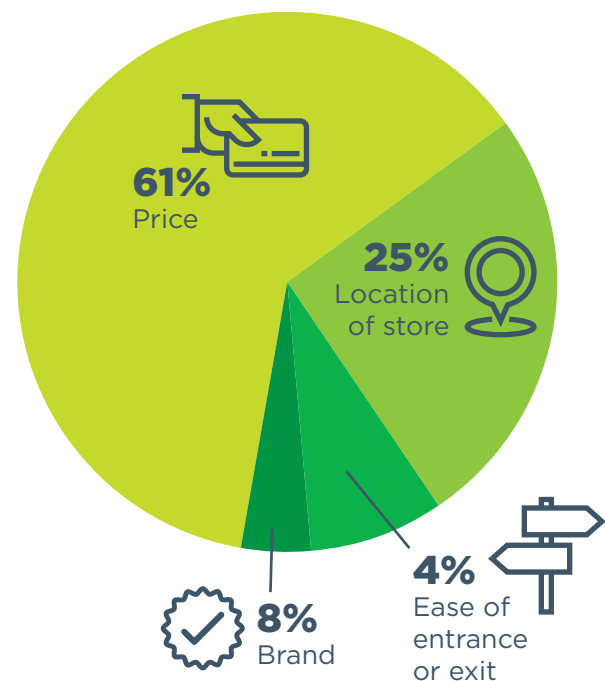
Fuel margins are slim because of consumer price sensitivity. Most consumers (61%) say that price is the most important factor in determining where they buy gas. The percentage of customers who say price is the most important factor has stayed fairly consistent since 2007.

Consumers also will drive somewhere else to find a better price. Two-thirds of consumers (64%) would make a left-hand turn across a busy road to save 5 cents per gallon and nearly the same percentage (67%) would drive five minutes out of their way to save five cents a gallon.

Why do retailers fight for price-sensitive gas customers? They do it because they know that if they can attract a consumer to the fueling island, they have a much better chance to get that consumer inside the store for additional purchases beyond the low-margin gas purchase. While motor fuels drive sales dollars for convenience stores, in-store sales drive profit dollars. On average, 58% of a store's total sales are motor fuels, but motor fuels only account for 34% of profit dollars.¹

Among the 42% of consumers who went inside the store the last time they bought fuel, most of them

MOST IMPORTANT FACTORS FOR GAS CONSUMERS



Source: 2017 NACS Consumer Fuels Survey

made a purchase. Convenience stores sell immediate consumption items—83% of the items sold inside a store are purchased for consumption within an hour. A beverage or snack are the two most popular items bought in stores by customers also buying gas.

While in-store items drive profits, gross margins inside the store are in line with those in other retail formats. In-store convenience store margins are about 28% for merchandise and 54% for foodservice. By comparison, grocery stores have gross margins of 27%, according to *The Food Industry Speaks 2011*, published by the Food Marketing Institute (FMI), the trade group representing grocery chains.

¹ NACS industry data

Profits also are in line with other retail formats. With overall profits of \$10.2 billion on \$549.9 billion, the convenience store industry's overall net profit margin was 1.85% in 2016.² Grocery stores, long known for having slim margins, had gross profit margins of 0.98% in 2011, according to FMI.

If a convenience store has higher prices than other retail formats it is because of higher wholesale costs, higher utility expenses per square foot and higher real estate costs. Convenience stores tend to pay a higher wholesale price for items because they get much smaller deliveries than larger store formats. The higher wholesale cost reflects higher distribution costs. Also, convenience stores tend to pay more per square foot for highly prized corner lots. Larger format stores often locate to the outskirts of town where real estate is cheaper, even if the experience is far less convenient.

In recent years, convenience stores have offered more healthy and nutritious foods to give customers choices and fight obesity—and consumers have noticed. More than three in five Americans (63%) say that convenience stores offer food they feel comfortable eating.³

The convenience store industry also has partnered with a number of health-related organizations to help redefine how fresh food is delivered to stores and merchandised, from the Partnership for a Healthier America to United Fresh, the association that represents produce suppliers. Convenience stores provide quick access to hydrating beverages for on-the-go consumers. Nationwide, convenience stores sell 46% of all single-serve bottled water.

² NACS State of the Industry Report of 2016 Data

³ April 2015 NACS Consumer Survey



Customers Choices

More than three in five Americans (63%) say that convenience stores offer food they feel comfortable eating.³



Community Engagement

Convenience stores share the neighborhood's interests because they are closely tied to their community.

As part of the fabric of the community, convenience stores support local charities. From youth sports teams to food drives, they strengthen the communities that they serve.

Consumers agree that convenience stores represent the community's values. More than two in three Americans (71%) say that convenience stores share their values and do business the right way. And more than three in four (77%) say they would be favorable to a new store being built or opened in their community.⁴

A NACS member survey conducted in 2016⁵ found that convenience stores actively support community groups and charities. Nearly two in three companies (64%) support five or more charities in their communities. And 83% of member companies have been involved in charitable giving for more than 10 years.

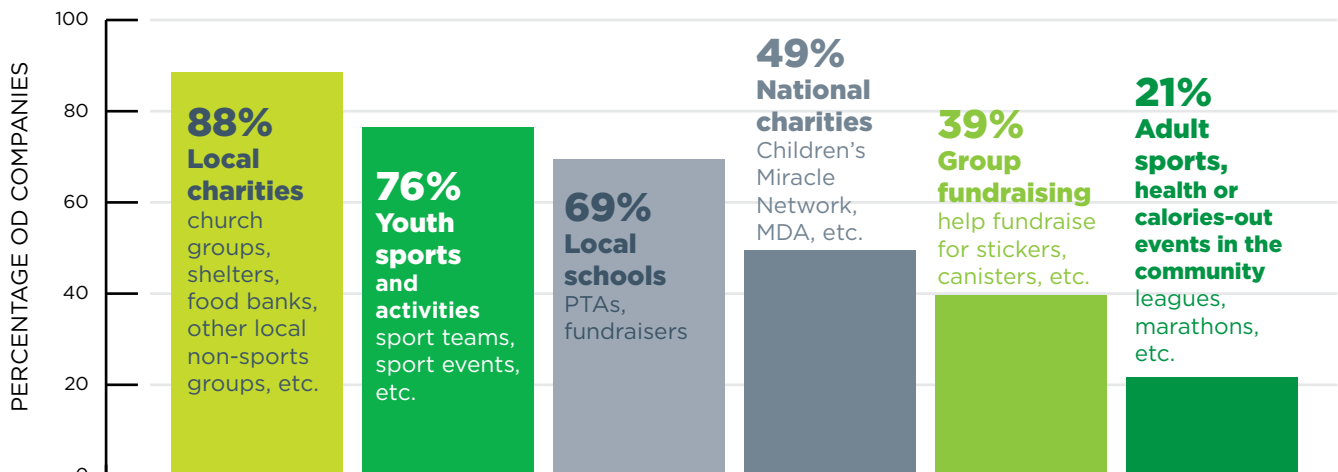
Here are a few other highlights from the survey responses:

- + Four in five companies (80%) have made donations when there was a specific emergency or crisis in the community.



- + Convenience stores give to local charities. More than half of all companies (52%) contribute 1%–5% of their profits to charities. Another 23% contribute 6%–10% of their profits and 5% contribute more than 10%. The median charitable contribution per store is \$4,100 in direct contributions and \$2,500 in donations collected. This means that as an industry, convenience stores contribute or collect nearly \$1 billion a year to charities.

PERCENTAGE OF COMPANIES THAT DIRECTLY CONTRIBUTE TO CHARITABLE CAUSES²



Source: 2016 NACS member survey

⁴ August 2016 NACS Consumer Survey

⁵ September 2016 NACS member survey of 115 companies

PERCENTAGE OF COMPANIES THAT ALLOW THEIR PROPERTY TO BE USED FOR:



Source: 2014 NACS member survey

In addition to directly donating to charities, companies also help groups raise funds.

In rural areas, convenience stores are often the only place in town to buy grocery items, fuel or other products or services. More than 8 in 10 rural Americans (81%) say that a convenience store is within 10 minutes of their home. These stores are often the community gathering point, providing essential services for the nearby residents, whether food, fuel, financial services or even mail.

Convenience stores are a small business success story. The convenience store industry has more entrepreneurs than virtually any other industry. The majority of convenience stores (63%, or more than 97,000 stores) are one-store operations, true mom-and-pop small businesses.

Convenience stores are responsible retailers in the community, creating store-level sales practices for “age-sensitive products” like tobacco and alcohol. The convenience store industry helped create and adopt the use of the We Card tobacco training curriculum and the Techniques of Alcohol Management sales training curriculum. Beyond the classroom training, convenience stores have extended their ongoing employee training in the store, using The BARS Program to monitor employee carding practices (ID under 30).



As responsible retailers, the convenience store industry helped create and adopt the use of the *We Card* training curriculum for age-sensitive products.

Convenience stores have embraced responsible sales training at a much higher rate than other formats. They conduct 4.5 million ID checks for age-restricted products every day, more than anyone in the country. By comparison, the Transportation Security Administration (TSA) conducts about 2 million ID checks a day.

Traffic

Communities that thrive have the right mix of retail stores to serve their citizens. When done properly, these businesses have strong customer traffic but also don't increase road traffic.

For convenience stores, the increase in customer traffic in stores doesn't necessarily correlate to more customers on the road—they are already on the road and visit a convenience store because it is on their way and convenient. Convenience stores seek out locations with a variety of favorable characteristics, including high traffic counts past the proposed site. In neighborhoods, convenience stores have the tightest shopping radius of any retail establishment (most customers generally come from within a 2-mile radius, as opposed to 10 miles for grocery stores and as much as 40 miles for big-box retailers) and the people in and around the stores reflect the community. When looking at traffic, it's important to look at both customer counts and the length of time customers spend in stores. The average convenience store has 1,386 transactions per per day. Of that total, 322 are at the pump, and 1,064 are inside the store.⁶ Of those consumers who buy gas, 42% say that they also went inside the store, whether to purchase merchandise, go to the bathroom or use the ATM.⁷

Parking lots at convenience stores are much smaller than other retail formats and the reasoning is simple: Parking lots are larger at locations where customers spend a lot of time inside the stores. The core proposition of convenience stores is convenience/speed of service. Time in convenience stores is limited; customers want to get what they need and move on quickly. The average time a convenience store customer spends from the time they leave their car to return to their car with a purchase is 3 minutes and 33 seconds. This transaction speed is less than one-tenth the time spent in grocery stores, where the average is 41 minutes, which doesn't include the time spent driving to and from the store. Convenience stores need parking lots large enough to accommodate peak traffic patterns, but overall these footprints are smaller than those of other formats, like grocery stores.

What about customer traffic compared to other retail channels? Convenience store traffic is below the average of other channels.⁸

STORE FORMAT	TRANSACTIONS/WEEK
ALL STORES AVERAGE	11,680
Supercenter	26,906
Super/combination store	13,432
Warehouse club	11,088
Target market-niche store	10,222
Convenience store	9,702
Conventional supermarket	8,621
Specialty store	5,798
Limited assortment store	4,030

⁶ NACS State of the Industry Report of 2016 Data

⁷ January 2017 NACS Consumer Fuels Survey

⁸ Food Marketing Institute's *The Food Retailing Industry Speaks 2011*

Locations

Convenience stores are intensely local businesses that offer an ever-growing range of products and services. Most of all, they sell convenience, allowing customers to quickly buy what they need and get on with their day.

There are 154,535 convenience stores in the United States—one per every 2,100 people. No matter their location, they are designed to serve customers on the go, whether for fuel, drinks and snacks, fill-in groceries or ATMs. Traffic patterns can play a big role in how people shop stores, whether they consider the store for a morning visit or an evening visit. As a result, stores directly across from each other on the same road can both thrive, because they serve different traffic patterns and consumer demand. Consumers prize convenience and for many drivers a left-hand turn across a busy road is inconvenient.

Before convenience store owners approach a zoning commission, they carefully examine whether an area is oversupplied or undersupplied with convenience stores. They conduct a location quotient analysis, a simple calculation that considers the population of the market and region with the number of operating convenience stores in those areas. Retailers can only be successful if there is enough business to justify the costs of buying/building and operating a store. If the area is oversaturated, it's unlikely that a retailer will consider a specific location unless there are unique growth opportunities.

Most of all, convenience stores sell time—time that benefits the community, whether this time is spent living in, working in or supporting that community. And this is a commodity that consumers value; 75% of consumers nationwide say that they would be favorable to a convenience store being built or opened near their home.⁹



Of the time spent in a convenience store, the customer controls much of the time of the visit. Here is the time breakdown of the average 3-minute, 33-second visit:¹⁰

THE AVERAGE TIME AT A CONVENIENCE STORE

Walk from car to the store	35 seconds
Select item(s)	71 seconds
Wait in line before paying	42 seconds
Pay	21 seconds
Leave the store	44 seconds

⁹ September 2014 NACS Consumer Survey

¹⁰ NACS 2002 speed metrics research

Jobs

Convenience stores produce 2.7 million jobs in the United States. Every store provides job opportunities for more than a dozen people in the community.

The average convenience store provides 15 jobs in the community, split about equally between full- and part-time workers. Many people in the community are familiar with stores because they worked in a store. Nationwide, 17% of adult Americans say they have worked at a convenience store or gas station. And those who have worked at convenience stores found it to be very positive experience.

CONVENIENCE STORE EMPLOYEES VALUED THEIR EXPERIENCE (percentage of people who worked in a convenience store and agreed with the statement)¹¹

I learned a lot about to how to work with different types of people	91
The experience I gained at that job was valuable	86
I learned a lot about the world of work, how to stay on task	86
I learned a lot about the world of work, how to stay on task	82
This job offered pay consistent with my level of experience	72
This job offered a flexible work schedule that allowed me to schedule work around other things in my life	72
I would recommend this type of work to others, particularly as a first job	71

Those who said their first job was at a convenience store were just as positive about the experience: 83% say that the work experience was valuable and 74% say that “the wages they earned were consistent with their experience.”

Business value was also cited by those who held a convenience store job in college: 90% say they learned a lot about how businesses are run and 81% say the job offered a flexible work schedule that allowed them to schedule work around other things in life.

Adult Americans who had never worked at a convenience store were equally positive about the potential opportunities available to employees. They said that convenience stores offer good first jobs for those looking to enter the industry and that these jobs are a potential path toward managing or owning a small business.

CONVENIENCE STORE JOBS PROVIDE OPPORTUNITY (percentage of people who never worked in a convenience store and agreed with the statement)¹²

Convenience store jobs are great summer jobs for high school and college students	85
Convenience stores provide good first jobs for those looking to enter the workforce	83
Convenience stores provide a way up for a lot of workers who can't or don't want to get a formal education	74
It's common for convenience store workers who work hard to become managers or eventually own their own convenience stores	71
Convenience stores offer employees room for advancement	58

Convenience store jobs also can help students successfully afford a higher education and increase their business success, no matter what career path they ultimately pursue. One in four (26%) of those with convenience store experience said that they had the job mainly while they were in high school and one in three (34%) say that they held the job mainly in college.¹³

Across the country, convenience store chains regularly show up on their state “Best Places to Work” lists. Nationally, two convenience store companies, Quik-Trip and Sheetz, are on Fortune’s list of top employers, another positive indicator of how convenience stores offer quality jobs.

^{11,12} National consumer survey by Penn Schoen and Berland Associates LLC, September 2016

¹³ September 2016 NACS Consumer Survey

People

The 154,535 convenience stores in the United States personify small businesses, both in terms of size of the store and the company. More than 6 out of 10 convenience stores (97,504 stores, or 63.2% of all stores) are owned and operated by an individual with one store.

Of these one-store operators, about 24% (23,000 stores) are either franchisees or dealer arrangements where a jobber (fuel distributor) contracts with a retailer to operate the store.

Common franchise companies include 7-Eleven, which operates only a few hundred of its more than 10,000 North American stores, and Alimentation Couche-Tard, which owns Circle K stores.

In the franchising model, store owners typically pay an upfront franchising fee plus monthly royalty and advertising fees or a percentage of sales dollars to the franchisor. In exchange, the franchisee gains the benefits that a larger company can provide a small business, such as market intelligence, training, purchasing power for products, proprietary products and services, marketing support and name recognition.

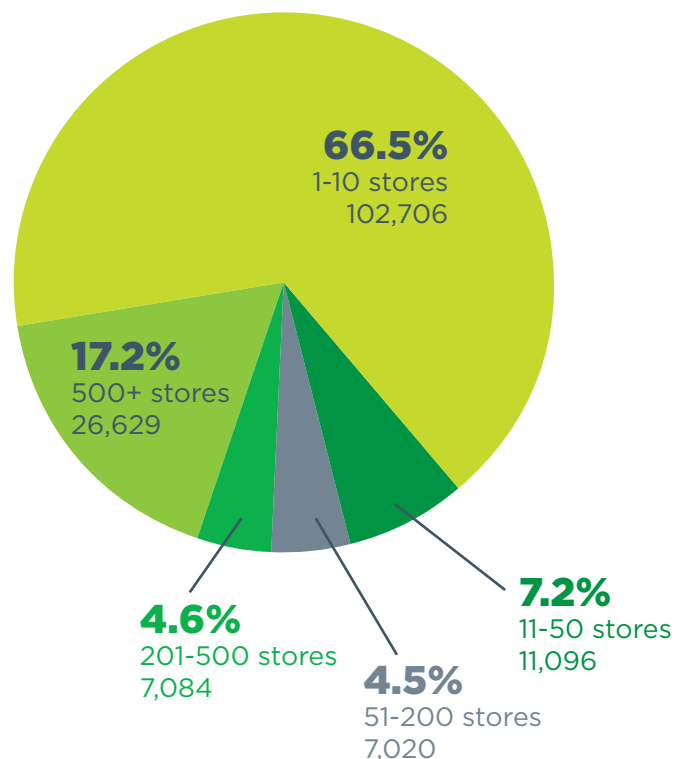
It is important to note that many oil company brands (Shell, BP, Chevron, Citgo, Mobil, Exxon, etc.) operate as jobber or dealer license arrangements. These arrangements are much different than the traditional franchise model and relate largely to the brand of fuel that is being sold. While branded fuel (fuel that contains additives by an oil company) is sold at about half of all retail fueling stations, the major oil companies own and operate about 0.3% of U.S. fueling outlets.

So who comprises the ownership of the franchise and other small businesses within the convenience store channel? There are significant regional variations across the country.

Nationwide, while some ethnic groups claim certain percentages of representation, data does not exist that verifies these claims.

Convenience stores clearly are attractive business opportunities for Americans of all ethnicities. Because of their small size and overall retail footprint, the cost of owning or renting the space is much less than other

OWNERSHIP OF CONVENIENCE STORES



larger retail formats. In many cases, an entire family is involved in operations and can help reduce the cost of outside labor, which can make an otherwise marginally unprofitable store profitable.

Ethnic Americans also find the convenience store industry attractive because the concept of convenience stores is embraced worldwide. There are an estimated 1 million convenience stores in the world and, in many cases, new Americans familiar with the convenience store concept can adapt and run a store in the United States.

Products

Convenience stores sell speed of service by selling items for immediate consumption. Overall, U.S. convenience store sales in 2016 were \$549.9 billion.

According to the *NACS State of the Industry Report of 2016 Data*, convenience stores sell approximately 80% of all fuels purchased in the United States, and in 2016, 58% of total convenience store revenues were motor fuels. However, because of slim margins, motor fuels only accounted for 40% of profit dollars.

Convenience stores had record in-store sales of \$233 billion in 2016. Prepared food sales grew 5.8%, packaged beverages (e.g. soda, water, sports drinks) were up 4.8% and dairy/deli sales were up 4.1%.

Consumers frequent convenience stores for immediate consumption items, whether food or beverages. In fact, 83% of all items purchased inside a store are consumed within the hour. According to a September 2015 NACS consumer poll, 49% of customers came to a store primarily to purchase a drink or beverage, 35% came to the store for food or a snack and 17% came to the store for another reason (e.g., use the ATM or bathroom, purchase tobacco).

In terms of profit dollars, foodservice was the top category, accounting for 36% of gross profit dollars, a 1 percentage point increase over 2015. Packaged beverages were second, accounting for 18.5% of gross profit dollars. Tobacco products accounted for only 14.0% of gross margin dollars.

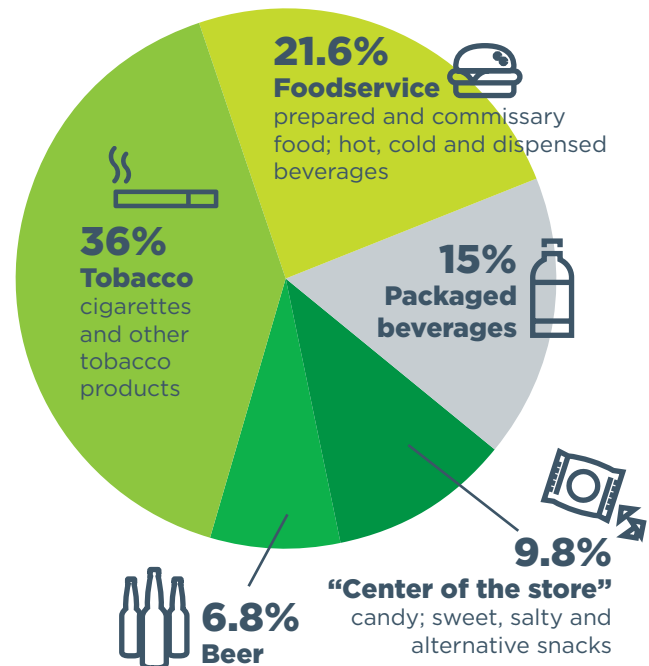
Increasingly, convenience stores are seeing strong sales in two areas: prepared food and better-for-you items.

Prepared Food

Customers expect good, quality food at convenience stores. An August 2016 NACS Consumer Survey found that 63% of Americans say convenience stores offer food that they feel comfortable eating. And 48% say that stores are a place to buy fresh items. Overall, prepared food was the largest in-store contributor to gross profits, representing 22.2% of profits. It is also the largest component of the broader foodservice category, accounting for 67.1% of total foodservice sales. Sales are largely from traditional items, such as sandwiches, hot dogs, pizza and chicken. However, an increasing number of convenience stores also offer high-end foodservice,



HOW IN-STORE SALES WERE BROKEN DOWN IN 2016:



Source: 2016 NACS State of the Industry Report Data

such as Joe's Kansas City Bar-B-Que (Kansas City, KS), Chef Point Café (Watauga, TX), Tioga Gas Mart (Lee Vining, CA), and El Carajo International Tapas and Wines (Miami, FL).

Better-For-You Items

There are a number of better-for-you options that can be found in convenience stores.

PERCENT THAT SELL:

Health Bars	96%
Nuts/trail mix	94%
Yogurt	75%
Fresh fruit and vegetables	74%
Packaged salads	54%
Cut fruit and vegetables	43%

NACS June 2017 member survey

The amount of space dedicated to better-for-you items also is increasing in stores.

PERCENT OF STORES THAT HAVE ADDED/ SIGNIFICANTLY EXPANDED DISPLAYS FOR:

Fresh fruit/vegetables	47%
Packaged salads	35%
Health bars	45%
Nuts/trail mix	41%
Cut fruit & Vegetables	29%
Yogurt	18%

NACS June 2017 member survey

Consumers are also turning to convenience stores for better-for-you items. Overall, 60% of Americans say convenience stores are offering more healthy items. Since 2007, convenience stores have more than doubled



produce sales, increasing 126%. And convenience stores sell nearly half (46%) of all single-serve bottled water purchased in the United States.

Other Products/Services

Convenience stores also sell a number of other products and services:

- + Lottery:** Convenience stores sell an estimated 68% of the lottery tickets purchased in the United States. (Six states do not have lotteries: Alabama, Mississippi, Utah, Nevada, Alaska and Hawaii.) Lottery customers also tend to have a higher basket ring than non-lottery customers (\$10.35 vs. \$6.29).
- + Car washes:** Car wash revenues were approximately \$69,000 per store but revenues can vary wildly per store based on location, weather and competition. Car washes, with their high water reclamation rates, are considered a more environmentally friendly alternative to at-home washes in areas with water restrictions.
- + ATMs:** Convenience stores operate roughly one-third of all ATMs in the country. The average convenience store has ATM revenues of about \$8,750 per year, although an increasing number of stores are introducing no-fee ATMs. The premise behind this trend is that customers will reward the store with more purchases once they complete an ATM transaction.

Investments

Convenience stores don't just serve communities—they invest in them. On average, a convenience store operator invests \$4.27 million to open a new store in a rural neighborhood. With this large investment, they have a stake in the community's success and seek to enhance it.

The costs to open a convenience store in an urban market are typically higher, averaging \$4.87 million, mostly because of higher real estate costs, even though the lots and stores typically are smaller. Store operators are twice as likely overall to own the stores than lease them; 66% of new stores built in 2016 were owned, and the remainder were leased.

Increasingly, convenience stores are seeing strong sales in two areas: prepared food and better-for-you items.

Investments In Existing Stores

There are very few old or historical convenience stores, although there are exceptions. Reighard's (Altoona, PA) proclaims to be the oldest existing gas station—dating to 1909—and a former Big Top

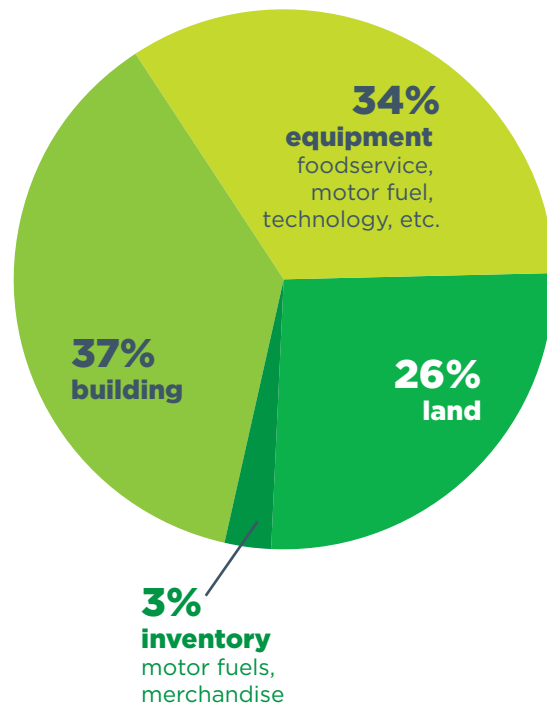
(Denver, CO) that first opened in 1965 may be the oldest convenience store that has continually sold gas.

Instead, today's convenience stores are very contemporary, and owners regularly upgrade stores to add modern conveniences, especially as stores continue to add new services and foodservice programs.

The average interval between store remodels is 10 years. It's more than likely that the typical car pulling into a convenience store—for food or fuel—is older than the store itself. The average age of vehicles on U.S. roads has steadily increased. In 2015, the average age of vehicles was 11.5 years, and vehicle ages are expected to continue to increase, according IHS

Automotive. Overall, 19% of all convenience stores were remod-eled in 2016. And the average cost of a remodel was \$450,021, up sharply from an average of \$292,819 in 2011. Cumulatively, the convenience store industry committed more than \$13.2 billion to improving stores in neighborhoods across the country.

INVESTMENT PER NEW STORE
(RURAL LOCATION)



Source: NACS State of the Industry Report of 2016 Data



Property Values

Homeowners are a major political force in all local decisions and for good reason: The purchase of a home is the single-biggest investment most people make. Homeowners will make their voices heard, whether in elections (they are twice as likely to vote as renters) or in local hearings.

Homeowners often oppose new development as a means of managing the risk of their investments. They most often oppose new development in their community over concerns that their property values will decrease.

While the argument is often made in zoning hearings that convenience stores can hurt property values, there is no evidence that the building of a convenience store has led to the deterioration of nearby business or personal property values. In fact, the opposite may actually be true. Legal rulings (including Middlesex, CT, Superior Court, 2007) have noted that “any project that would remove an existing eyesore (empty lot, closed or under maintained business, empty building, etc.) and replace it with a modern facility which would fit in well” . . . [would] “enhance the value of the properties in the vicinity.”

In addition to a successful business potentially increasing property values, convenience stores also can decrease the tax burden related to residential property taxes. The average convenience store collects \$1.28 million in taxes for local, state and federal governments. This includes property taxes, payroll taxes, sales taxes and taxes that are assessed on a variety of products sold at convenience stores. Moreover, these taxes are collected in a small footprint — the average store is 2,951 square feet. But even factoring in a total lot size of 70,000 square feet, convenience stores generate about \$17 per square foot per year in taxes, a figure that compares very favorably to even the busiest large-format stores.

Also, convenience stores create economic stability and growth. In 2015, U.S. convenience stores across the country had sales of \$549.9 billion, representing 3.3% of the \$17.5 trillion U.S. gross domestic product and providing a total of 2.7 million jobs across the country. Sales outstripped other comparable formats.



CONVENIENCE STORES BRING SALES REVENUES TO COMMUNITIES: SALES BY RETAIL FORMATS



Source: NACS State of the Industry Report of 2016 Data

Overnight Hours

More than anything else, convenience stores are identified as 24-hour operations. And rightfully so—the convenience store industry pioneered 24-hour operations in the early 1960s and the industry continues to enhance the concept.

More than 90% of new convenience stores have 24-hour operations and the reason is simple: consumer demand. Convenience stores are open when customers need them—especially early in the morning and late at night. They are a welcoming place to stretch or use a bathroom during long car trips, get a late-night snack, a bottle of water or a cup of coffee.

Convenience stores are one of the few 24/7 businesses that provide much-needed food, fuel and refreshment for millions of Americans, especially shift workers such as first responders, police officers, firemen, factory workers, hospital workers and restaurant employees.

Increasingly, Americans working later shifts depend upon convenience stores, which are often the only stores open to serve them. Today, more than one in seven workers (15% of all full-time wage-earners) are defined as “shift

workers” (those whose workday includes some or all of the time between 6:00 pm to 7:00 am), according to the U.S. Bureau of Labor Statistics.

For some professions, shift work is much more common. More than half (51%) of all protective service workers (police, fire, EMT, etc.) work either second or third shifts. More than one in four (28%) health-care support workers (hospital, home care, etc.) work second or third shifts. Workers supporting other critical services also are more likely to work later shifts. Approximately three in 10 (29%) of transportation workers (truckers, delivery, etc.) work second or third shifts, as do four in 10 (40%) of those involved with food preparation and related occupations.

CUSTOMERS LIKELY TO BE SERVED DURING OVERNIGHT HOURS¹⁴ (multiple selections permitted)

Shift workers	95%
Police/other protective services	89%
Travelers driving long distance	63%
Hospital workers/visitors	57%
EMT personnel	50%
Taxi drivers	48%

These shift workers rely upon convenience stores. Convenience store owners say that shift workers are the most common customers served during overnight hours, whether police and other protective service workers, hospital workers, taxi drivers and travelers driving long distances. Overall, 68% of these retailers say that the sales justify keeping the stores open.¹⁴



¹⁴ March 2014 NACS member survey

Late-night and early-morning customers depend upon stores for essential items that are not readily available elsewhere, and top reasons for a visit are shopping for a snack or meal, coffee or beverage, gasoline and cold medicine or to use the ATM, according to the NACS member survey results.

COMMON PRODUCTS PURCHASED/SERVICES USED OVERNIGHT AT CONVENIENCE STORES¹⁴

(multiple selections permitted)

Buy a snack or a meal	92%
Buy coffee	83%
Buy water, energy drink or soda	83%
Purchase gasoline	81%
Use the bathroom	81%
Use the ATM	56%
Buy cold medicine	35%

March 2014 NACS member survey

Access to ATMs is critical for those working late-night shifts. With convenience stores operating more than 150,000 of the estimated 425,000 ATMs in the country (35% of the market), they provide convenient access to anyone seeking access to their money¹⁴

The demographics of shift workers are similar to the overall demographics of the country and overnight customer counts at convenience stores reflect that. Convenience store owners say that nearly half of all overnight customers are female and they are overwhelmingly over age 25; roughly 4 in 10 of all customers who come inside the store have purchased fuel.

In addition to customer demand, stores also are open 24 hours so that essential services can be performed. Nearly half (48%) stay open so that preparations can be made for the morning rush, whether restocking shelves and taking inventory, thorough cleaning of food prep and serving areas and basic store maintenance.



REASONS FOR CONVENIENCE STORES BEING OPEN LATE HOURS¹⁴ *(multiple selections permitted)*

Sales justify it	68%
We feel it is what the community wants	64%
Allows us to best prepare for morning rush	48%
Enables us to accept deliveries at less busy time	24%

Finally, convenience stores account for approximately 80% of all gasoline purchased in the United States. A total of 123,807 convenience stores—or 80% of all such outlets—sell motor fuels, providing timely access in easy-to-reach locations, often at all hours of the day or night. For people travelling, stores operating 24/7 could provide the difference between someone fueling up and continuing on their way or being stranded until stores open in the morning.

¹⁵ National ATM Council

Lighting And Noise

Effective lighting is essential to convenience store operations. Customers patronize stores that feel welcoming, and lighting can play a role in creating this feeling. Effective lighting also can enhance safety.

Lighting

It is important to balance the need for lighting with concerns over excessive light. Too much lighting can raise concerns in communities. For stores in neighborhood areas or near a number of observatories, “Dark Skies” issues are often raised. These groups seek less lighting and often ask retailers to “turn their lights down” and change from high-pressure sodium and multi-vapor lamps to low-pressure sodium lights that resemble the light given off from the old “bug lights.”

The problem is that low-pressure sodium lights also have very poor color rendition—everything looks gray, and that can have a negative effect on law enforcement because it distorts the actual color of most everything—especially vehicles.

The answer is to try and find a balance with “vertical burn luminaires”—lighting that only looks straight down — and perhaps a better balance of lighting at the store front where there’s a legitimate slip/trip/fall hazard. Light shields can be effective tools to prevent spill-over to residential locations adjacent to stores.

Groups also cite concerns over “ratcheting”—the concern that one location’s lights will encourage others to be equally well lit. Communities can be best served by examining overall lighting and the percentage of 24-hour stores before examining concerns over ratcheting.

Effective lighting at stores also can be a crime deterrent for the surrounding neighborhood. Too many communities have boarded-up stores and even entire blocks or shopping centers that have been abandoned. Convenience stores that are open late night hours can help a community begin to take back areas that have fallen into disrepair and disrupt the ability of disreputable members of the community to loiter or commit criminal activities in relative anonymity.

Noise

Noise at convenience stores is an issue for some community groups, especially the noise associated with late-night and early-morning hours. Many of these concerns revolve around delivery-related noises, especially the safety-mandated back-up alarms (“beep-beep-BEEP!”). However, night-time deliveries reduce day time delivery traffic—especially in congested areas.

And as more communities encourage fresh fare at stores, more frequent deliveries are required to deliver fresh items, and often these deliveries must be made when the parking lot has more open space at night, or as part of the overnight ritual to prepare for the morning rush. There are solutions: Stores can add various landscaping elements (walls, shrubs, etc.) to help minimize noise concerns.

Another concern that is also raised about noise relates to the noise associated with car repair operations. While service bays are not a part of the current convenience store model, the old, outdated image of service bays and concerns over noise continues to linger. While 80% of convenience stores sell gas, the service bays long associated with gas stations aren’t at many convenience stores these days. Over the past 30 years, convenience stores have added fuels sales to their operations but not full-service bays. And for gas stations that added convenience stores, in most cases, the convenience store was added in the area that formerly housed the service bays.

Even service bays at traditional gas stations are declining as more car manufacturers require that service on vehicles be performed at the dealership.

Safety

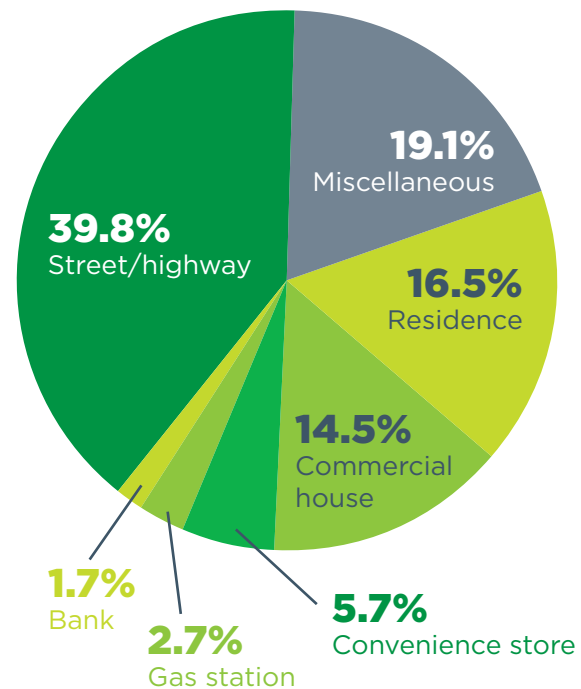
When security experts ask groups “What percent of all robberies in the country do you think are of convenience stores?” they guess from 25%-50% and are very surprised that it is actually 5%-6%.

According to the latest information in the FBI Uniform Crime Report, in 2015, 5.7% of total robberies were at convenience stores, and 2.7% were at gas stations. Meanwhile, 14.4% were at a “commercial house”—a bar or restaurant or other retail establishment, and 1.7% were at banks. Overall, most robberies in the United States occur at home or on the street. Street muggings account for 39.8% of robberies; robberies at a residence account for 16.5% of all robberies.

Concerns over a higher likelihood of fires are also raised by groups opposed to new convenience stores. However, the data show that these concerns are unfounded. The National Fire Protection Agency examined all fires between 2007–2011 (the latest analysis available) and reported that 1.6% of vehicle fires were reported at convenience stores and gas stations. The group also examined structural fires and found that convenience stores and gas stations combined were responsible for only 0.3% of all structural fires and only 0.4% of all damage associated with these fires.

Finally, it’s important to address concerns about drunk driving. Occasionally, concerns are raised about convenience stores that sell gasoline and beer, and the implication is that a full tank of gas and a six-pack of beer or bottle of wine sitting in a bag on the car seat will lead to drunk driving. But there is 30 years of data suggesting otherwise. Two California-based studies from 1985 found that less than 1% of drunk drivers had purchased their alcohol from a convenience store. An updated study found that more than half of all drunk

ROBBERIES BY LOCATION



Source: FBI 2015 Uniform Crime Report

drivers (54%) had their last drink at an establishment licensed to sell on-premise consumed alcohol (bar, restaurant, club, stadium, etc.). Another 33% had their last drink in a private residence. Nearly half of those arrested (47%) had been at their place of last drink for more than 2 hours.¹⁵

¹⁵ “Circumstances of Drinking Prior to DUI Arrest,” a 2008 report of the Orange County [Calif.] Drinking Driver Program Survey

Environmental Impact

Convenience stores that sell fuel often face community resistance because of environmental concerns, specifically related to land and air.

Land

The biggest concern raised about gas stations is the likelihood of spills from customers or leaks from underground storage tanks (USTs).

Spills caused by consumers are unlikely. Modern fuel nozzles automatically shut off when a gas tank is full, making it extremely unlikely that an attended or unattended fill up causes a spill.

Technology also has significantly enhanced underground storage tanks. As recently as the 1980s, underground storage tanks were made of steel, which could corrode over time. New federal rules that took effect in the 1990s have greatly changed the composition and operations of underground storage tanks. Today's modern underground storage tanks are equipped with anti-corrosion equipment, leak detection systems and spill prevention devices. Many are made of fiberglass and are double-walled, meaning that even if a tank were to experience a leak, the second tank would also have to fail before any contamination would occur. Modern leak detection systems are able to constantly monitor the integrity of these underground tanks.

Further regulations in the 2000s added provisions to ensure that all tanks are inspected for compliance on a regular basis, that tank operators are appropriately trained to ensure system safety and that regulators have the tools necessary to protect the environment from non-compliant tank systems. The higher standards led to more conformity to the high standards already in place at the retail level and forced the closure of many fuel tanks that were on private property or used in non-retail applications.

Air

The evaporation of chemicals into the air during fueling has also been addressed by technology and regulation. Today's fueling dispensers have vapor-recovery systems on their nozzles to limit the release of gas vapors during fueling. A similar system is used when a tanker refills the underground tanks, and newer passenger vehicles have onboard vapor-recovery systems. These systems are designed to limit the amount of airborne contaminants released at a retail facility.

While convenience stores sell fuel, they typically don't have repair shops so there aren't issues related to solvents or other chemicals used in repairs.



Resources

There are a number of resources available to assist those in the convenience retailing industry.

NACS

NACS State of the Industry Report

The convenience store industry's most comprehensive collection of data on financials, store operations, merchandising, motor fuels sales and quartile analysis.
convenience.org/soi

Ideas 2 Go

More than 150 videos showcasing the industry's best practices and most innovative operators. The online videos are searchable by topic.
convenience.org/ideas2go

The NACS Retail Fuels Report

The comprehensive report examines market conditions and other fuels-related issues.
convenience.org/gasprices

NACS Techniques of Alcohol Management (CD-ROM & DVD)

This interactive program is specifically designed to teach store employees how to legally sell age-restricted products.
convenience.org/shop

NACS Robbery Deterrence & Personal Safety (CD-ROM & DVD)

This tool trains employees with proven, solid everyday practices to avoid certain crimes.
convenience.org/shop

Government

U.S. Dept. of Commerce Minority Business Development Agency

Provides business development services to minority entrepreneurs.
mbda.gov

U.S. Census Bureau

Collects data about the American population.
census.gov

U.S. Chamber of Commerce

Offers valuable resources for entrepreneurs running a business.
uschamber.gov

U.S. Department of Labor

A good source of information about federal labor laws and regulations.
dol.gov

Occupational Safety and Health Administration

Information on federal workplace safety and health regulations.
osha.gov

U.S. Food and Drug Administration

Information about regulations concerning the merchandising and sale of products, including tobacco.
fda.gov

U.S. Environmental Protection Agency

Provides information on regulations and compliance issues relating to the storage and sale of fuel products.
epa.gov

FBI Uniform Crime Reports

The latest information on crime in the United States, sorted by a number of categories.
fbi.gov

Small Business Administration

SBA offers a number of valuable resources to help entrepreneurs.
sba.gov

Associations And Consultants

We Card

The coalition for responsible tobacco retailing, the group has information and tools to train employees and retailers comply with various state and federal regulations regarding tobacco sales.

wecard.org

The BARS Program

The BARS Program takes compliance training into a store or restaurant.

thebarsprogram.com

International Franchise Association

The group represents organizations that offer franchises.

franchise.org

Additional Resources

While not offering recommendations, there are a number of companies and consultants that examine specific retail issues. They include the following:

ZONING/PROPERTY VALUATION:

Parquet Public Affairs

parquetpa.com

Public Strategy Group

publicstrategygroup.com

Matrix Capital Market

matrixenergyandretail.com

NRC Realty Advisors

nrc.com

SECURITY

Rolland Trayte

President/CEO, Future Sentry

rtrayte@aol.com

(602) 739-0096

Tony Gallo

Senior Director, Sapphire Protection

sapphireprotection.com

(512) 422-7600

DEMOGRAPHICS/ANALYSIS

IMST Corp.

imstcorp.com

Applied Geographic Solutions, Inc.

appliedgeographic.com

Easy Analytic Software, Inc.

easidemographics.com

Kalibrate

kalibrate.com

LIGHTING/DESIGN

Paragon Solutions

paragon4design.com

Bona Design Lab

bonadesignlab.com

Refreshing Our Image

Through its reFresh initiative, NACS is addressing ongoing concerns about industry image by providing retailers with the tools to both evolve their in-store offer and to elevate their image.

The reFresh initiative is currently focused on three distinct elements:

- + **Creating tools for retailers** to use to address NIMBY (not in my backyard) issues by educating stakeholders about the contributions convenience stores make to their communities;
- + **Forming partnerships/relationships** with credible nutrition- and community-focused groups to accelerate the evolution of in-store offers; and
- + **Sharing credible facts/data** to demonstrate the evolution of the industry and to correct an outdated reputation. This report and other industry toolkits and resources can be found at convenience.org/refresh.

NACS (nacsonline.com) advances the role of convenience stores as positive economic, social and philanthropic contributors to the communities they serve. The U.S. convenience store industry, with more than 154,000 stores nationwide selling fuel, food and merchandise, serves 160 million customers daily—half of the U.S. population—and has sales that are 10.8% of total U.S. retail and food service sales. NACS has 2,100 retailer and 1,750 supplier members from more than 50 countries.

For more information, please contact:

Jeff Lenard
*Vice President,
Strategic Industry Initiatives*
703.518.4272
jlenard@convenience.org

Carolyn Schnare
*NACS Director,
Strategic Initiatives*
703.518.4248
cschnare@convenience.org

