

Consumer Insights

Consumer Behavior at the Pump

NACS consumer surveys reveal how, when and where customers buy gas at U.S. convenience stores.

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NACS[®]

Consumer Behavior at the Pump

Nearly 40 million Americans fill up their vehicles every day. How they drive, consider gas prices and determine whether to shop inside a convenience store for food, snacks and beverages has a profound impact on the retail channel that sells 80% of the fuel purchased in the United States. Let's look at some of the broad characteristics of how consumers buy gas and examine how convenience retailers can keep them coming back.

In particular, we examine:

- + **Overall driving habits**
- + **Gas-buying behavior**
- + **Opportunities for retailers to change consumer behavior**

Key Insights:

DRIVING TIME



Consumers who are **DRIVING MORE** are doing so **BECAUSE OF A JOB OR A LONGER COMMUTE**

PRICE AND CHOICE



PRICE DOMINATES WHERE CONSUMERS CHOOSE TO PURCHASE FUEL:
59% in 2019

QUALITY COUNTS



THE QUALITY OF FUEL, FOOD AND EMPLOYEES influences where consumers choose to shop

IN-STORE SHOPPING



44% of gas customers also COME INSIDE THE STORE

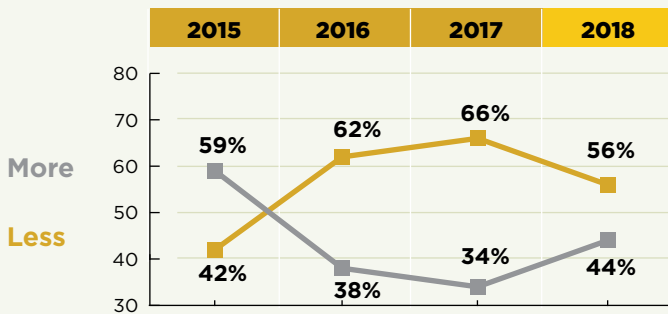
Overall Driving Habits

In 2018, fuel demand remained flat at 9.3 million barrels per day, while gas prices have averaged under \$3 per gallon for more than 50 straight months (October 2014-January 2019) and are about 30 cents lower than a year ago.

What impact does steady fuel demand and sub-\$3 gasoline have on consumer behavior? Historically, NACS consumer surveys have found that gas prices often don't determine whether people will drive more or less. However, for those who say they drive more when gas prices are low, that sentiment is likely more related to the state of the economy overall.

How driving changed in 2018

Did you drive more or less this year?
(asked of the 40% whose behavior changed):



OBLIGATIONS (53%) ARE OVERWHELMINGLY THE REASON CONSUMERS SAY THEY WILL DRIVE MORE IN 2019 COMPARED TO MONETARY REASONS (10%).

Some consumers say they changed their driving habits in 2018: 18% say they drove more and 22% say they drove less than the previous year. But the main reason they changed their driving habits was because they needed to because of work or family obligations. Only 26% of drivers say that they drove more because of lower gas prices in 2018, compared to 57% who cited jobs and errands that required more time on the road.

Furthermore, Americans don't expect to curtail driving in 2019: 95% say they will drive at least the same amount in 2019, with 21% projecting that they will increase their driving.

More than half (53%) of drivers say obligations will make them drive more in 2019, compared to only 10% who cited monetary reasons. Women are more likely than men to cite jobs (36% vs. 23%) and those age 65 and older say vacations (46%) would cause them to drive more. Meanwhile, money is a concern for those who say they will drive less: 34% cited economic issues compared to 26% who cited a decrease in job- and family-related obligations.

Why People Will Drive More in 2019

| Reason for driving more (% gas consumers) | |
|--|------------|
| I have a new job/longer commute | 29% |
| Traveling/taking vacations | 16% |
| I have more errands to do | 12% |
| Driving children to more places/activities | 8% |
| Gas prices are lower in my area | 8% |
| I have a new car/[more efficient] car | 4% |
| I moved and need to drive more now | 4% |
| I have more money and can afford to drive more | 2% |
| Other | 16% |

Why People Will Drive Less in 2019

| Reason for driving less (% gas consumers) | |
|---|------------|
| Higher gas prices | 19% |
| I have less money and can't afford to drive as much | 15% |
| I have a new job/shorter commute | 14% |
| I moved and drive less now | 5% |
| I have fewer errands | 4% |
| Driving children to fewer places/activities | 3% |
| Other | 40% |

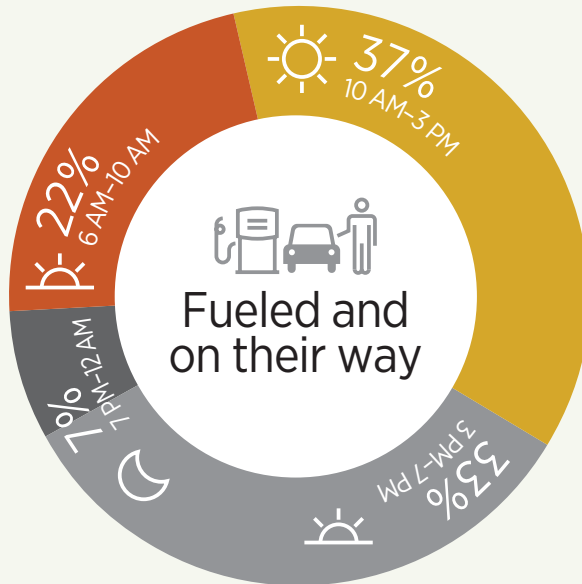
Gas-Buying Behavior

Understanding how gas prices affect consumer behavior and driving habits can help convenience retailers execute their marketing strategies. But it's also important to examine how consumers buy gas, which reveals some interesting variations.

Consumers are more likely to buy gas during the evening rush than the morning daypart (33% vs. 22%), likely because of morning time pressures. But these time pressures vary by demographic. Those most likely to purchase fuel in the morning are consumers ages 35 to 49 (29%), so there may be an opportunity for convenience retailers to expand their breakfast foodservice marketing to focus on this segment of shoppers. Meanwhile, those age 65 and older are most likely to purchase gas mid-day (61%), outside of rush hours. A promotional campaign around slowing down and enjoying a snack or meal inside the store might appeal to this demographic. And those in the Midwest are most often likely to purchase gas during the evening rush (40%), which may present an opportunity for retailers to promote fill-in dinner items, or even meal kits.

Filling up the tank

When do most Americans fill up?



CONSUMERS AGES 35 TO 49 ARE MOST LIKELY TO PURCHASE FUEL DURING THE MORNING DAYPART (29%), WHILE MORE CONSUMERS BUY GAS DURING THE MID-DAY DAYPART (37%), LIKELY BECAUSE OF LESS TIME PRESSURES.

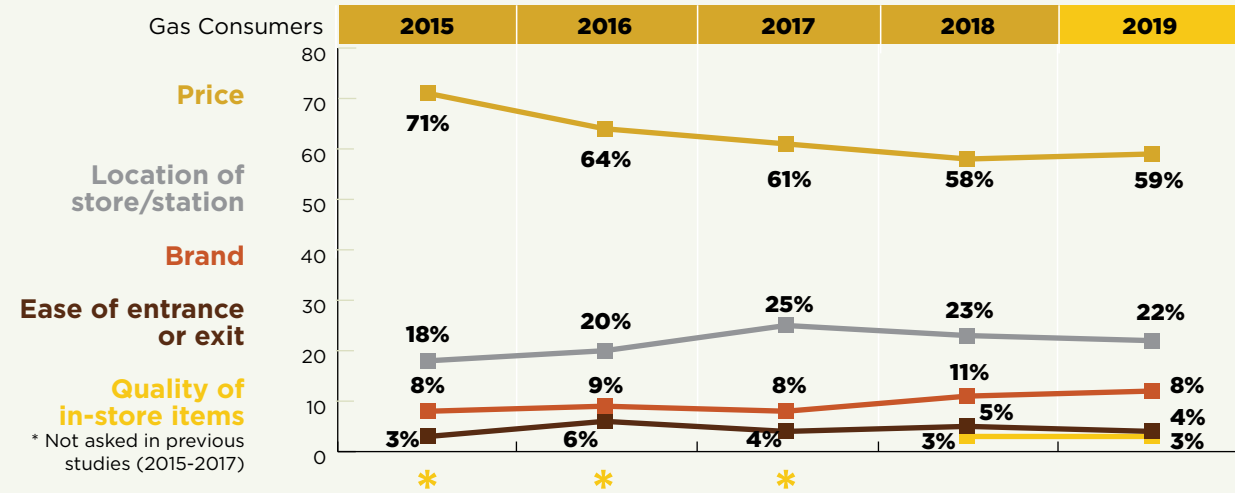
Shopping on Price

The rise of mobile commerce, smartphone apps and price-checking websites make it easier for consumers to shop for deals on everything from appliances to new shoes, a mentality that also carries over to gasoline. Simply put, no matter what the price per gallon is, consumers want to find the best price.

Historically, about two in three consumers shopped based on price, whether gas was as low as \$1.62 per gallon at the start of 2009, or as high as \$3.28 per gallon at the start of 2013. However, a focus on price is diminishing and has fallen 12 percentage points in just four years.

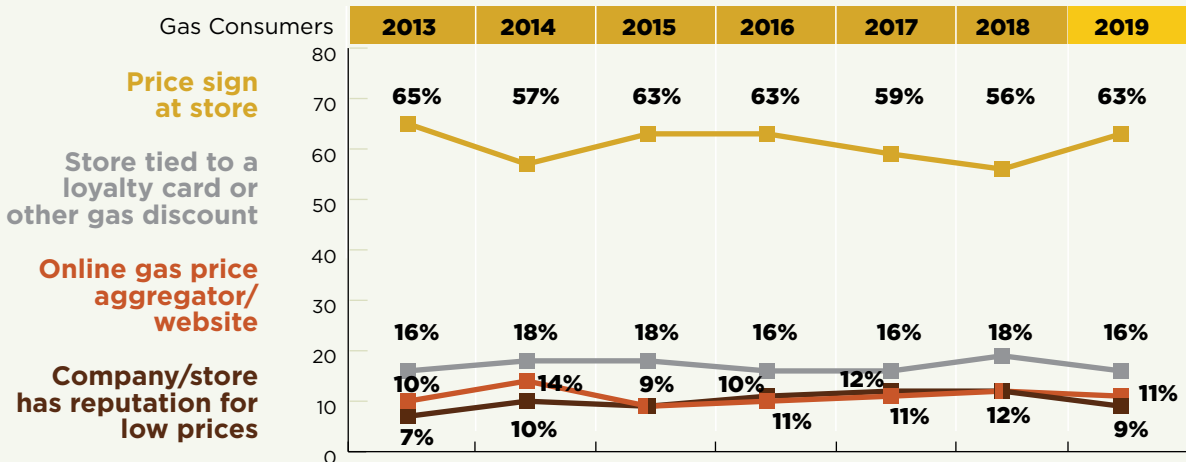
Price is least important to those who consider themselves frequent shoppers (48%) and most important to those who say they rarely shop inside the store (65%).

Characteristics most important in purchase decisions

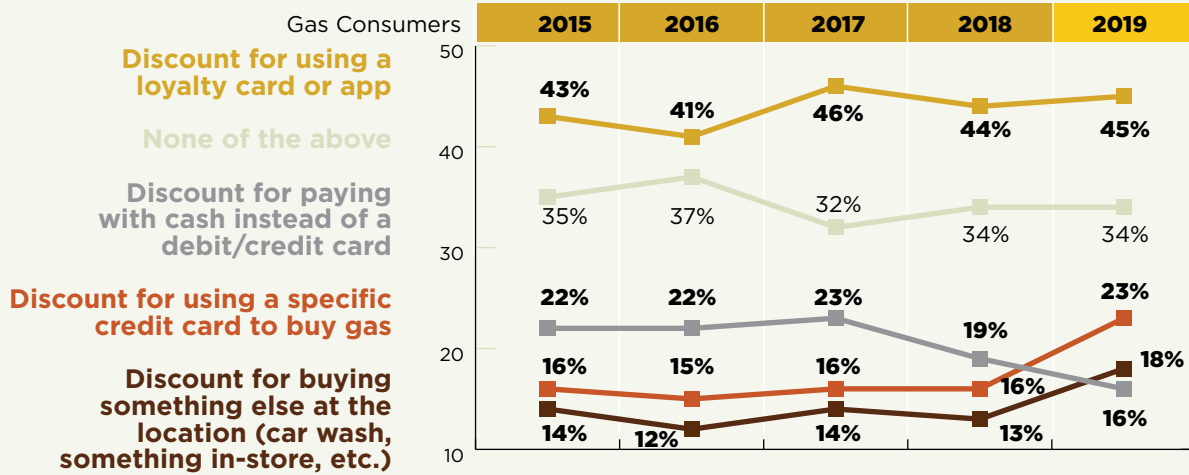


In terms of how price-sensitive consumers shop by price, the traditional gas price sign remains the most common method, particularly among drivers age 18 to 34 (68%). Loyalty cards are a second choice and are used by nearly one in six (16%) price-sensitive consumers, but interestingly, loyalty cards are not popular with tech-savvy younger consumers ages 18 to 34 (10%).

How customers shopped for price

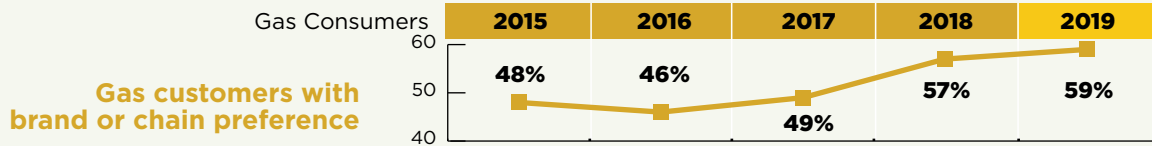


Discount offers tried by customers



Those in the Midwest are most likely to have tried a loyalty app (55%) and consumers ages 18 to 34 are most likely to have tried a cash discount (30%).

Customers who prefer a certain brand or chain



Gas customers are increasingly saying that they prefer a specific station to fill up. In fact, the percentage has almost doubled in six years (59% in 2019 vs. 31% in 2012). Those in the West (67%) are the most likely to prefer a certain store or chain.

Price is the top reason for this preference (59%), but reputation also plays a strong role, whether for quality of fuel (47%), in-store items (18%) or employees (18%).

Those who are daily convenience store customers are most likely to care about the fuel quality (59%).

Why customers prefer a specific store/chain

| | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|------|------|------|------------|
| It usually has lower prices | 47% | 51% | 50% | 59% |
| Quality of fuel | 39% | 41% | 44% | 47% |
| Loyalty program with chain | 37% | 33% | 30% | 36% |
| Loyalty program with individual store | 17% | 17% | 16% | 16% |
| Quality of items inside the store | 12% | 16% | 14% | 18% |
| Quality of store employees | * | * | 13% | 18% |
| Other | 8% | 9% | 8% | 9% |

* Not asked in previous studies



GAS CUSTOMERS ARE INCREASINGLY SAYING THAT THEY PREFER A SPECIFIC STATION TO FILL UP. IN FACT, THE PERCENTAGE HAS ALMOST DOUBLED IN SEVEN YEARS.

Changing Consumer Behavior

Retailers know that if they can get a customer to fill-up at their store, they have a good chance of getting them inside the store to buy other merchandise. Because in-store sales make up around two-thirds of a store's overall profits, it's vital that customers buy something besides low-margin fuel. Nearly half of all gas customers do go inside the store (44%), a 8-point jump from four years ago. And those ages 18 to 34 (50%) and those who purchase gas in the morning (50%) are most likely to go inside the store.

As in previous years, the top reason that gas customers go inside the store is to pay for gas at the register. While 78% of all customers pay by credit or debit card, a sizable percentage of customers pay by cash inside the store. Fully half (50%) of all female customers pay for gas at the register.

To buy drinks (42%) and snacks (37%) are the next two reasons that gas customers come inside the store after filling up at the pump. Retailers also could consider the importance of two services that attract customers: More than one in five customers say they used the bathroom (21%) and one in eight used the ATM (13%) the last time they went inside the store. The importance of amenities like bathrooms and ATMs becomes much more apparent when looking at the order of purchases: Most drivers go inside the store before they buy gas (59%). Certainly, this includes the 45% of gas customers who pay inside, but many customers go inside the store before buying fuel, most likely to withdraw money for a cash purchase or use the bathroom.

Reasons why gas customers also go inside c-stores:



50%

HALF OF ALL FEMALE CUSTOMERS PAY FOR GAS AT THE REGISTER.



Over 1/3

OF CUSTOMERS BUY DRINKS (42%) AND SNACKS (37%) AFTER FILLING UP AT THE PUMP.



21%

MORE THAN ONE IN FIVE CUSTOMERS SAY THEY USED THE BATHROOM (21%).



13%

USED THE ATM THE LAST TIME THEY WENT INSIDE THE STORE.

Items purchased

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------------|
| Paid for gas at the register | 42% | 46% | 50% | 45% | 45% |
| Bought a drink (coffee, fountain drink, or frozen beverage, can or bottle) | 36% | 42% | 45% | 41% | 42% |
| Bought a snack | 33% | 31% | 36% | 33% | 37% |
| Bought lottery tickets | 22% | 25% | 25% | 24% | 23% |
| Bought cigarettes | 24% | 21% | 24% | 22% | 21% |
| Used the bathroom | 17% | 15% | 22% | 18% | 21% |
| Bought a sandwich or other meal | 8% | 9% | 8% | 10% | 7% |
| Used the ATM | 6% | 8% | 11% | 9% | 13% |
| Bought fill-in grocery items, like bread or milk | 9% | 10% | 6% | 8% | 11% |
| Bought beer / wine | 11% | 6% | 8% | 7% | 11% |
| Went in to look but did not buy anything | 6% | 3% | 4% | 3% | 4% |
| Other | 3% | 4% | 3% | 3% | 2% |
| None of the above | 4% | 3% | 3% | 4% | 2% |



49%

DRINKS WERE THE MOST POPULAR ITEMS PURCHASED AMONG CONSUMERS AGES 18 TO 34



47%

SNACKS WERE THE MOST POPULAR ITEMS AMONG CONSUMERS AGES 18 TO 34

Ultimately, success for retailers is often determined by how they can attract customers to their lot to buy fuel and also get them inside the store to purchase other items. Or, increasingly, by developing a strong in-store offer that translates to a fuel purchase that may be less dependent upon only the gas price sign.

The NACS logo is displayed in a large, white, sans-serif font against a dark yellow background. The letters are bold and clear, with a registered trademark symbol (®) at the end of the word.

Survey Methodology: NACS has surveyed consumers about their perceptions related to gas prices since 2007. The NACS Consumer Fuels Survey is conducted by noted marketing and polling firm PSB. A total of 1,101 fuels consumers nationwide were surveyed over the period of January 17-23, 2019, and consumers reported a median gas price nationally of \$2.23. The margin of error for the study is +/- 2.95 at the 95% confidence level.

About NACS

NACS (www.convenience.org) 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 153,000 stores nationwide selling fuel, food and merchandise, serves 165 million customers daily—half of the U.S. population—and has sales that are 10.8% of total U.S. retail and foodservice sales. NACS has 1,900 retailer and 1,800 supplier members from more than 50 countries.

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