

NACS

Fuels

Three Insights on Frequent Convenience Store Customers

Insights from NACS Consumer Fuels Surveys
on the shopping behavior of c-store loyalists

May 2018

NACS[®]

Three Insights on Frequent Convenience Store Customers

Frequent customer trips and transactions are vital to the success and profitability of the U.S. convenience and fuel retailing industry, signaling a strong in-store offer, customer loyalty and a high level of value placed on customer engagement.

The latest NACS Consumer Fuels Survey, based on January 2018 survey results, suggests that frequent customers, defined as 28% of fuel purchasers who shop “daily” or “multiple times per week” at a convenience store, are more likely to hold favorable opinions of their local store, as well as respond positively to new products and foodservice offers (for more see page 6). By contrast, rare shoppers are defined as the 37% of fuel purchasers who shop a convenience store either “less than once or twice per month” or “never.” These consumers may view a convenience store as a place for fuel only, and may have an unfavorable perception of the convenience store industry overall.

The findings reveal several broad insights relating to frequent convenience store shoppers:

- + They drive significantly more per week than rare shoppers
- + They prefer fuel quality over price compared to rare shoppers
- + They can be encouraged to change buying behavior to save money—and they are open to new technologies

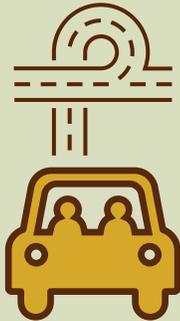
Shopper frequency

Convenience store shopper frequency among fuel purchasers

		Total	Gender		Age			Region			
(%) Gas Consumers		2018	M	F	18-34	35-49	50+	NE	MW	S	W
Frequent	Daily	7	9	4	11	9	2	7	7	8	4
	Multiple times per week	21	24	18	32	24	11	16	16	26	21
Rare Shopper	Once or twice per week	19	18	19	22	21	14	21	19	18	17
	Once or twice per month	16	14	18	18	14	16	14	24	16	10
	Less than once or twice per month	22	21	23	14	21	30	22	23	19	27
	Never	15	14	17	4	11	27	19	11	12	22

Key Insights:

DRIVING COMMITMENTS



FREQUENT CUSTOMERS ARE LIKELY DRIVING FOR WORK, SCHOOL OR OTHER MANDATORY COMMITMENTS

compared to rare customers (85% vs. 16%).

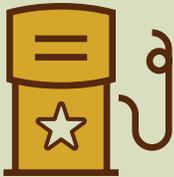
TECH LOVERS



Frequent customers **express more interest in technology**

that would **ALLOW THEM TO USE AN APP TO ORDER FOOD OR DRINKS** for in-store pickup (52% compared to 14% of rare customers).

QUALITY COUNTS



55% OF FREQUENT CUSTOMERS ARE MORE LIKELY TO

consider fuel quality BEFORE GAS PRICE

(46%) when citing a preference for a particular convenience store.

MORNING PEOPLE



27% OF FREQUENT SHOPPERS say they

make morning purchases

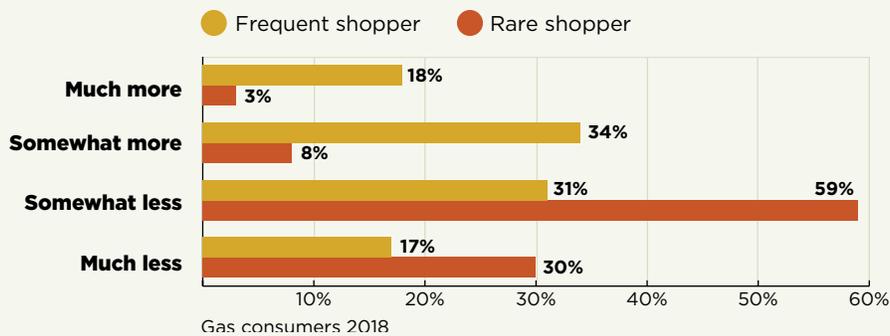
(between 6:00 and 10:00 am) at a convenience store.

Frequent customers drive significantly more per week than rare customers

More than half (52%) of frequent customers who say the amount they are driving has changed say they are driving “much more” or “somewhat more” this year than in 2017. By comparison, just one in 10 rare customers (11%) who say the amount they are driving has changed say that they are driving more.

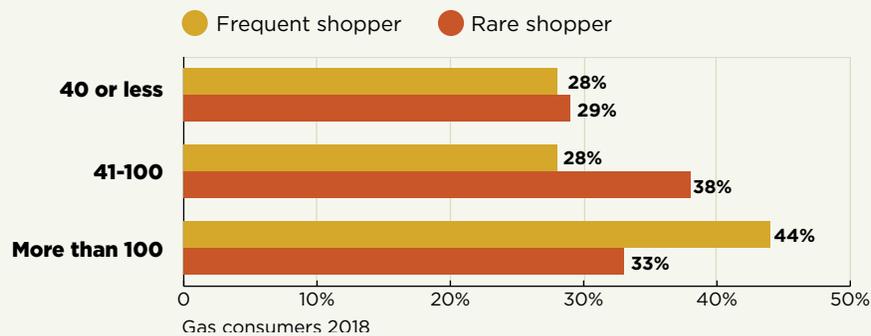
Driving in 2017 vs. 2016

Q: Are you driving more or less this year?



When asked directly how many miles they are driving in a typical week, frequent shoppers say they are driving an average of 75 miles per week more than rare shoppers (184 miles vs. 109 miles).

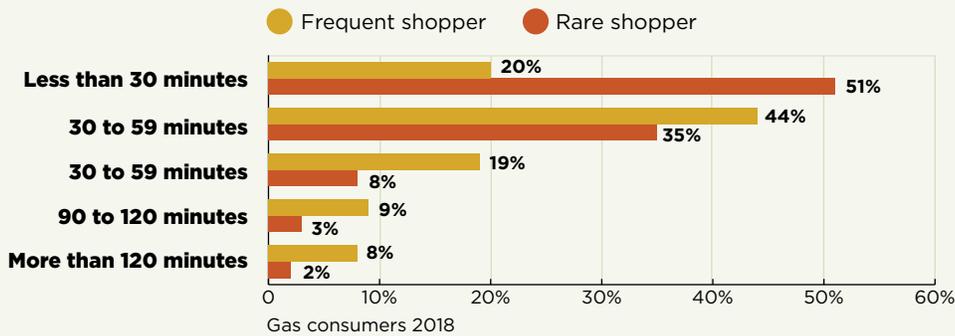
Miles per week



75 miles
FREQUENT SHOPPERS SAY THEY ARE DRIVING AN AVERAGE OF 75 MILES PER WEEK MORE THAN RARE SHOPPERS.

Frequent customers also spend more time in a vehicle each day. Four in five frequent shoppers (80%) say they spend more than 30 minutes in a car on the typical day, while less than half (49%) of rare shoppers say the same.

Time in car per day



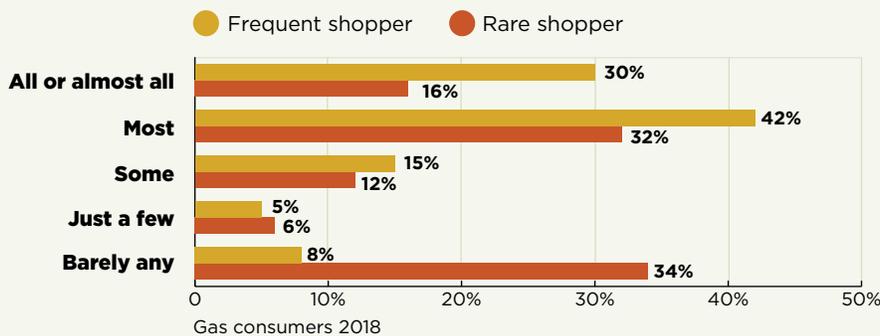
30 min

FOUR IN FIVE FREQUENT SHOPPERS (80%) SAY THEY SPEND MORE THAN 30 MINUTES IN A CAR ON THE TYPICAL DAY.

Not only are frequent customers driving more, the type of driving they do also differs from that of rare shoppers. Most frequent customers (85%) are more likely to be driving for work, school or other mandatory commitments either all, most or some of the time, while only 13% say they drive a few miles per day for such commitments. Meanwhile the rare shoppers are much less likely to be driving for work or school, and just 16% say “all or almost all” of the miles they drive are for mandatory commitments.

Miles required by commitments

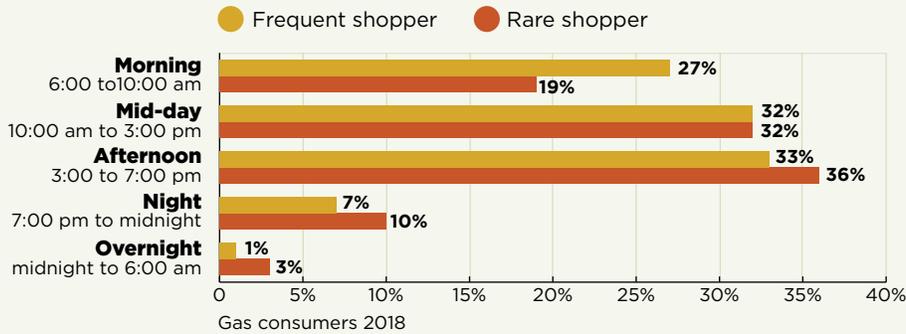
Q: How many of those miles are required by work, school or other mandatory commitments?



The findings suggest that there are ample opportunities to bring frequent customers from the forecourt to the store more often. Survey results indicate that these shoppers are more likely to visit convenience stores during the morning daypart—one quarter of frequent shoppers (27%) say they generally make purchases at convenience stores between 6:00 am and 10:00 am—suggesting that they are stopping for food and fuel during their morning commute.

Time of the day

Q: What time of the day do you most often make purchases at convenience stores?



When looking at the products frequent customers are buying, beverages, snacks and lottery are the top purchases. By comparison, the rare customers—as expected—are not buying much inside the store; however, there are untapped opportunities for retailers to build engagement with fuel-only customers with 2-for-1 promos, coupons or signage, particularly for cold beverages or coffee.

Purchases

Q: In the past 30 days, did you purchase any of the following items from a convenience store? (multiple responses permitted)

	Frequent Shopper	Rare Shopper
Soda / fountain drink	49%	8%
Coffee	39%	7%
Candy	36%	7%
Lottery ticket	44%	3%
Chips	10%	3%
Bottled water	31%	4%
Cigarettes / tobacco	37%	2%
Energy drink / energy shot	24%	1%

(continued on page 6)

Purchases (continued)

	Frequent Shopper	Rare Shopper
Donut	17%	2%
Beer / Alcohol	19%	3%
Milk	18%	2%
Juice	16%	2%
Sandwich or other meal item (from a grab-to-go fresh case)	17%	0%
Jerky (Beef, turkey, etc.)	17%	1%
Sandwich or other meal item (prepared on site)	18%	1%
Bagged ice	11%	1%
Nuts / trail mix	12%	1%
Slurpee or frozen beverage	12%	1%
Health / nutrition bar	8%	0%
Fresh fruit / vegetables	6%	0%
Yogurt	6%	0%
Over-the-counter medicine	7%	0%
Cut or packaged fruit / vegetables	6%	0%
Packaged salad	4%	0%
None of the above	4%	71%



WHEN LOOKING AT THE PRODUCTS FREQUENT CUSTOMERS ARE BUYING, BEVERAGES, SNACKS AND LOTTERY ARE THE TOP PURCHASES.

If we look solely at the morning daypart, capturing both frequent and rare customers is an opportunity across the board for convenience retailers to enhance their breakfast offer, whether its grab-and-go prepared sandwiches from the hot case, fresh-cut and packaged fruit, or items high in protein like yogurt, cheese and hard-boiled eggs from the open-air coolers.

These findings also demonstrate that there is opportunity for convenience stores to offer combo meals or other types of specials to increase sales of new breakfast menu items. For example, offering a free cup of coffee with the purchase of a new, hot breakfast burrito could entice frequent customers who already go inside the store for their morning coffee to explore other parts of the menu.

Overall, these findings are excellent news for convenience stores looking to expand their breakfast offer, as morning shoppers are more likely to be loyal, high-volume customers who value store selection and quality. As the industry seeks to expand its breakfast offerings beyond the traditional “coffee and donut” approach by offering fresher, hot, prepared foods, it can be assured that its morning clientele are more likely to be the types of customers receptive to engaging with new products and offers.



**MORNINGS GIVE
CONVENIENCE RETAILERS
AN OPPORTUNITY
TO CAPTURING BOTH
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ENHANCING THEIR
BREAKFAST OFFER.**

Frequent customers prefer fuel quality over price compared to rare shoppers

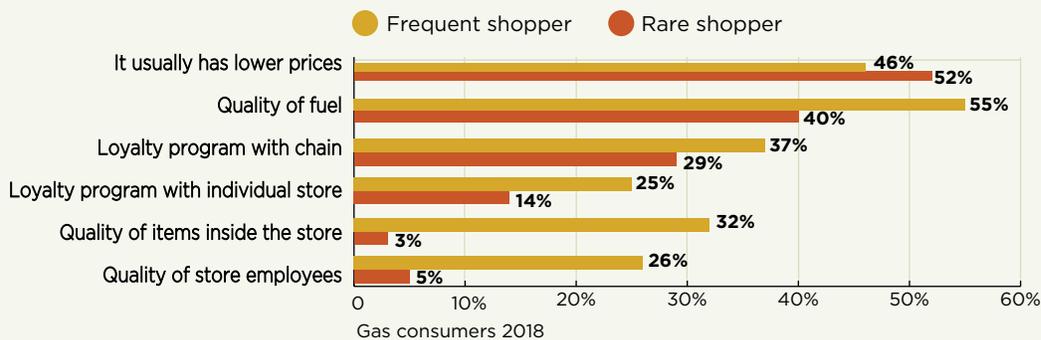
Historically, about two in three consumers shop on price, whether gas was as low as \$1.62 per gallon at the start of 2009, or as high as \$3.28 per gallon at the start of 2013. Previous NACS Consumer Fuels Surveys revealed that more than one in three consumers would drive 10 minutes out of the way to save 5 cents per gallon, equating to a 20-minute roundtrip. Assuming the car travels 45 mph and gets 30 miles per gallon, the trip would burn 0.5 gallons of gas—or roughly \$1.30 at January 2018 gas prices. To make it financially worthwhile to save 10 cents per gallon, one would have to buy at least 13 gallons of gas to simply to break even. More than anything else, this exemplifies consumer price sensitivity relating to gas prices. Whether they would save money, consumers want to feel like they found a “deal” or “did something” about the price they paid.

When deciding which convenience store to visit, frequent shoppers value the in-store offer on food and other merchandise, great customer service and friendly staff and loyalty programs. One third (32%) of frequent shoppers say that the quality of the items within the store helps them decide which store to shop, and about one quarter (26%) cite the same sentiment for the quality of the store’s employees.

Interestingly, however, frequent customers are more likely to consider the quality of fuel (55%) before the price per gallon (46%) when citing a preference for a particular convenience store.

Store preference

Q: Why do you prefer that gas station or chain?
(asked among those who have a preference; multiple responses permitted)



This is good news because it means customers who are already shopping frequently at convenience stores are also the types of customers who consider non-price factors when deciding which convenience store to patronize. Time-pressed frequent shoppers are focused on getting the items they need quickly, and are less likely to base loyalty on only price. Other factors such as expanded product offerings, new technologies or payment methods, and store programs such as loyalty programs, combo specials, or discounts for paying with cash have the highest impact with the highest volume customers because they make the convenience store shopping experience smoother and more efficient.

These findings speak to the value that convenience stores deliver to the lives of frequent shoppers. Frequent shoppers are more likely to be high-volume drivers, and whether driving for school, work or for their children, these individuals rely on the accessibility and expediency provided by the convenience store model. As a result, they are reliable return customers who are more concerned with getting what they need quickly than they are with shopping around for slightly lower prices.



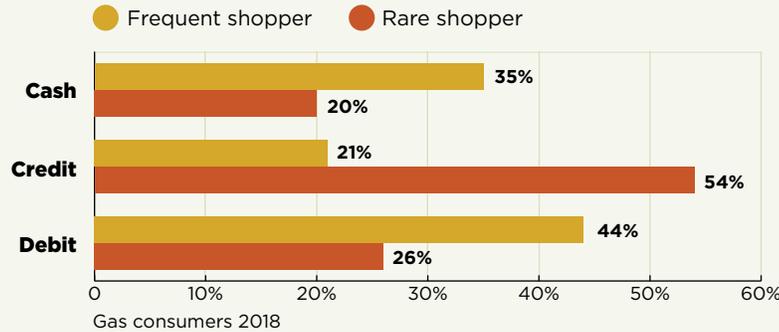
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Frequent customers can be encouraged to change buying behavior to save money—and they are open to new technologies

Frequent customers are more likely to use cash or debit cards when making their purchases than are rare customers (79% vs. 46%). Just one in five (21%) frequent customers say they typically use credit cards to purchase gas, compared to over half (54%) of rare customers.

Payment choice

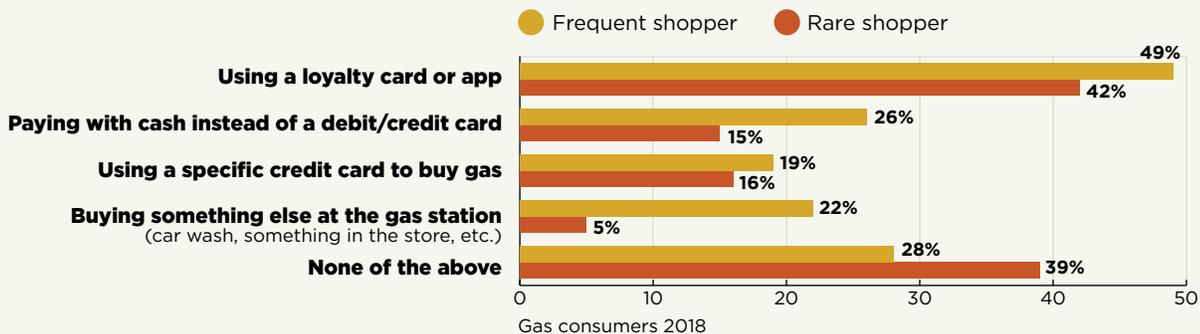
Q: What do you use to purchase gas?



Frequent customers are also more likely to have made use of store programs that reward customers with discounts either for using preferred payment methods or for making other purchases from the store.

Discounts

Q: Have you ever taken advantage of any of these discounts offered by gas stations? (multiple responses permitted)



A quarter of frequent customers (26%) say they have taken advantage of cash discounts at a convenience store, compared to just 15% of rare customers. Similarly, about one in five (22%) frequent customers say they have received a discount for buying something else at the gas station (car wash, a different product in the store, etc.) compared to just 5% of rare customers.

Frequent customers love the convenience of convenience stores. But retailers need to constantly redefine convenience because frequent customers want even more convenience.

Technology

Q: How interested would you be in the following?

	Frequent Shopper	Rare Shopper
“Automatic check-out” technologies that allow you to instantly pay without the need to stand in line or interact at all with a cashier	65%	27%
Having food trucks close to your home/work	55%	16%
Ordering drinks or food online /via app for pickup at an in-store location (for example, at a Starbucks)	52%	14%
Having online shopping orders (for example Amazon or eBay) delivered to physical store location for easy pick up	52%	15%
Ordering groceries online /via app for pickup at an in-store location (for example, at a supermarket)	51%	13%
Same day grocery delivery (for example, Peapod)	51%	10%
On-demand, local food delivery in 30 minutes or less (for example UberEats or PostMates)	54%	10%
Pre-prepared meal kits that can feed a family with minimal prep time (for example, Blue Apron)	45%	9%
“Smart fridge” technologies that can automatically re-order groceries or other items when supplies run low	48%	9%

Frequent customers express more interest in technology that would allow them to use an app to order food or drinks for in-store pickup (52% say they are “extremely” or “very” interested, compared with just 14% of rare customers).

As previously outlined, frequent customers tend to drive more than rare customers, so it seems likely that these shoppers would be more enthusiastic about new technologies that could provide added convenience to their morning commute, on their way to class, or driving home from work.

These findings demonstrate that while frequent customers do pay with cash more often than their rare customers counterparts, frequent customers are far from Luddites when it comes to new technology. Instead, they are always on the lookout for new and innovative ways to go about their business more efficiently, and the convenience store industry is primed to deliver on that promise whether through expanded selections, discounts and loyalty programs or new time-saving technologies. The key for convenience store operators is to stay on top of these trends to continue to drive frequent customer trips.

Methodology and Key Demographics of Frequent Customers

PSB conducted online interviews from January 22 to 25, 2018, among n=1,100 American adults who purchase gasoline for a vehicle, such as a car, truck or van at least once a month. The margin of error for this study is +/- 2.95% at the 95% confidence level and larger for subgroups. Some percentages may add to more or less than 100% due to rounding.

Frequent shoppers differ from rare shoppers (and from the general population of gas purchasers) in several key categories.

Demographics

		Gender		Age			Region				Habitat			Gas Purchase Daypart			
		M	F	18-34	35-49	50+	NE	MW	S	W	Urb	Sub	Rur	AM	Mid	Aft	Nig
(%) Gas Consumers																	
2018 Total		49	51	29	30	41	18	22	37	23	24	53	23	19	36	35	10
Frequent	Daily	66	34	49	40	11	19	24	44	12	31	44	24	18	40	33	9
	Multiple times per week	55	45	44	35	22	14	17	46	23	30	49	22	24	33	30	13
Rare Shopper	Once or twice per week	48	52	34	35	32	21	22	36	21	25	52	23	19	27	43	11
	Once or twice per month	43	57	33	26	41	16	33	37	14	23	49	28	14	34	42	11
	Less	47	53	18	28	54	18	23	32	28	21	59	20	20	36	34	10
	Never	44	56	7	21	72	22	15	30	33	18	61	21	18	49	27	6

Frequent convenience store shoppers are more likely to be male (58% male vs. 45% male for rare shoppers) and they are also significantly younger than less frequent shoppers are. Nearly half (45%) of frequent shoppers are under the age of 35, compared to just 14% of rare shoppers.

Frequent convenience store customers are also more likely to have children. Half of frequent shoppers (51%) say they have kids, while just a quarter (24%) of rare shoppers say the same.

Geographically, frequent shoppers are more likely to live in the South. Nearly half (46%) of frequent shoppers live in the South, compared with just about a third (31%) of rare shoppers. Frequent shoppers are also ten points more likely to live in urban areas than less frequent shoppers are (30% vs. 20%). Finally, frequent shoppers are more racially diverse than rare shoppers are (black: 16% vs 6%; Hispanic: 14% vs. 4%).

The January 2018 consumer survey explored a wide variety of topics related to the convenience store industry, including questions on convenience store purchasing habits and attitudes towards convenience store products and practices. NACS has published in-depth findings from this and other regular consumer surveys at www.convenience.org/fuels.

The NACS logo consists of the letters "NACS" in a bold, white, sans-serif font, positioned to the left of a vertical white line.

Fuels Resource Center

Survey Methodology: NACS has surveyed consumers about their perceptions related to gas prices since 2007 and has conducted monthly consumer sentiment surveys since 2013. NACS commissioned Penn, Schoen and Berland Associates LLC to conduct 1,100 online interviews with adult Americans on January 22-25, 2018. The margin of error for the entire sample is +/- 2.95% at the 95% confidence interval and higher for subgroups are referenced in commentary and a limited number of charts.

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 154,000 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 2,100 retailer and 1,750 supplier members from more than 50 countries.

FOR MORE INFORMATION, PLEASE CONTACT:

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