

FOOT TRAFFIC REPORT — & DRIVING TRENDS —

for the fuel & convenience store industry

— 2017 YEAR IN REVIEW & 2018 FORECAST —



2017 YEAR IN REVIEW & 2018 FORECAST

GasBuddy and Cuebiq examined 121 million consumer trips to convenience and fuel retailers in 2017—with 35 million visits taking place between October 1 and December 31. This data provides insights into consumer behavior that will continue to be relevant throughout 2018.

Highlights:

Ricker's Captures the Top Spot in 2017

The Indiana-based retailer edges out the competition for the highest ratio of footfall per station in 2017—nearly five times the industry average. Costco claims second place after capturing the top spot in Q4, and Meijer comes in a close third.

Good Forecourt Lighting is Good for Business

Throughout 2017, there was a strong correlation between overnight foot traffic and the quality of forecourt lighting. Stations near interstates with above-average outdoor lighting ratings on GasBuddy saw a 50% increase in foot traffic, during the hours of 9:00pm to 5:00am, when compared to those with below-average ratings.

Visits were up in Q4

From Q3 to Q4 2017, visits to gas stations and convenience stores saw an uplift of 5.15%.

Busiest Time of the Day

An analysis of location data reveals that Friday at 12:00pm saw the highest average levels of foot traffic in 2017. Lunch hours were the busiest during the work week, and the morning commute was comparatively slower.

GasBuddies Go Beyond the Pump

McDonald's narrowly edged out Subway to become GasBuddies' favorite quick-service restaurant of 2017, and Starbucks took the title over Dunkin' Donuts in the coffee shop category. Some holiday weekends were popular times to shop and dine out, but others were comparatively slow. GasBuddies rushed to retailers on Thanksgiving weekend to leverage post-holiday sales, but many chose to stay home during Christmas.

GasBuddy examined nearly 121 million consumer trips to gas stations and c-stores in 2017.

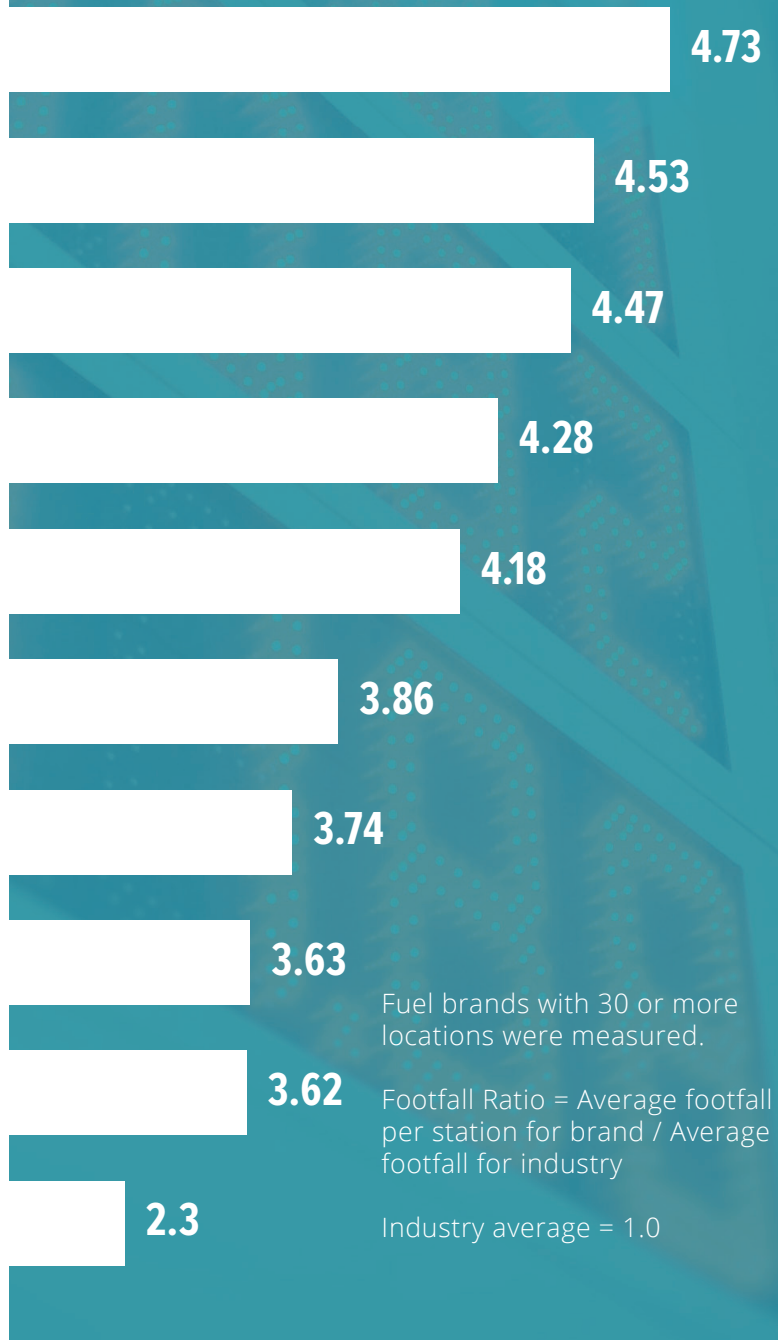
Which fuel brands captured the highest ratio of footfall per station?

TOP 10

- 1 **Ricker's**
(49 locations measured, Indiana)
- 2 **Costco**
(454 locations, national)
- 3 **Meijer**
(192 locations, IL, IN, KY, MI, OH, WI)
- 4 **Thorntons**
(173 locations, FL, IL, IN, KY, OH, TN)
- 5 **Family Express**
(68 locations, Indiana)
- 6 **Kroger**
(965 locations, 17 states)
- 7 **GetGo**
(199 locations, IN, WV, PA, OH, MD)
- 8 **United Dairy Farmers**
(162 locations, IN, KY, OH)
- 9 **Pilot**
(426 locations, national)
- 10 **Flying J**
(177 locations, national)

Ricker's captures the number-one spot for 2017.

The Indiana-based retailer brought in nearly 5x the industry average footfall per location in 2017. Costco and Meijer finished in a close second and third place.



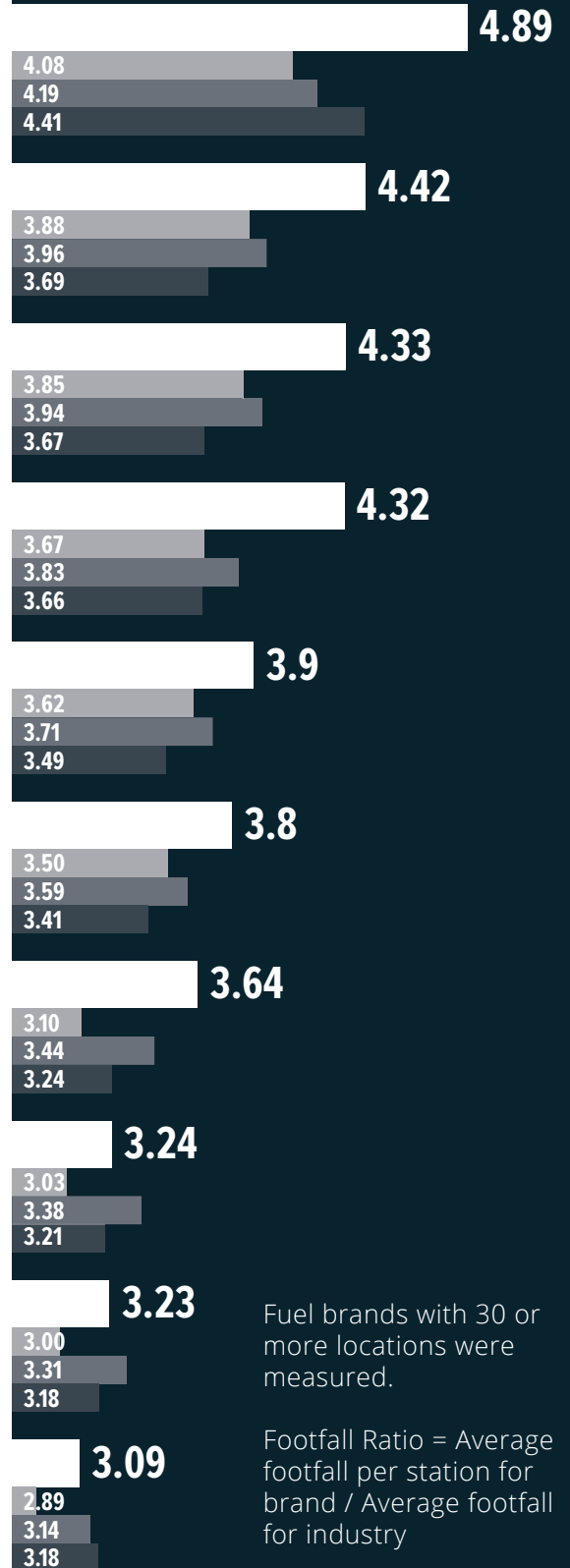
TOP 10 BRANDS, Q4 2017

Q3 | Q4 Fuel brands with the highest ratio of footfall per station, Q1-Q4

- 4** **1** **Costco** (450 locations, national)
Q1: Ricker's | Q2: Ricker's | Q3: Meijer
- 2** **2** **Ricker's** (48 locations measured, Indiana)
Q1: Family Express | Q2: Meijer | Q3: Ricker's
- 5** **3** **Thorntons** (172 locations, FL, IL, IN, KY, OH, TN)
Q1: Thorntons | Q2: Family Express | Q3: Family Express
- 1** **4** **Meijer** (192 locations, IL, IN, KY, MI, OH, WI)
Q1: Costco | Q2: Costco | Q3: Costco
- 7** **5** **Kroger** (951 locations, 17 states)
Q1: Meijer | Q2: Thorntons | Q3: Thorntons
- 6** **6** **GetGo** (190 locations, IN, WV, PA, OH, MD)
Q1: Pilot | Q2: United Dairy Farmers | Q3: GetGo
- 3** **7** **Family Express** (68 locations, Indiana)
Q1: GetGo | Q2: Kroger | Q3: Kroger
- 8** **8** **Pilot** (424 locations, national)
Q1: United Dairy Farmers | Q2: GetGo | Q3: Pilot
- 9** **9** **United Dairy Farmers** (160 locations, IN, KY, OH)
Q1: Fry's | Q2: Pilot | Q3: United Dairy Farmers
- New** **10** **Wawa** (522 locations, Ohio)
Q1: Kroger | Q2: Flying J | Q3: Bell Stores

● Q4 ● Q3 ● Q2 ● Q1

Avg. Footfall per Location:

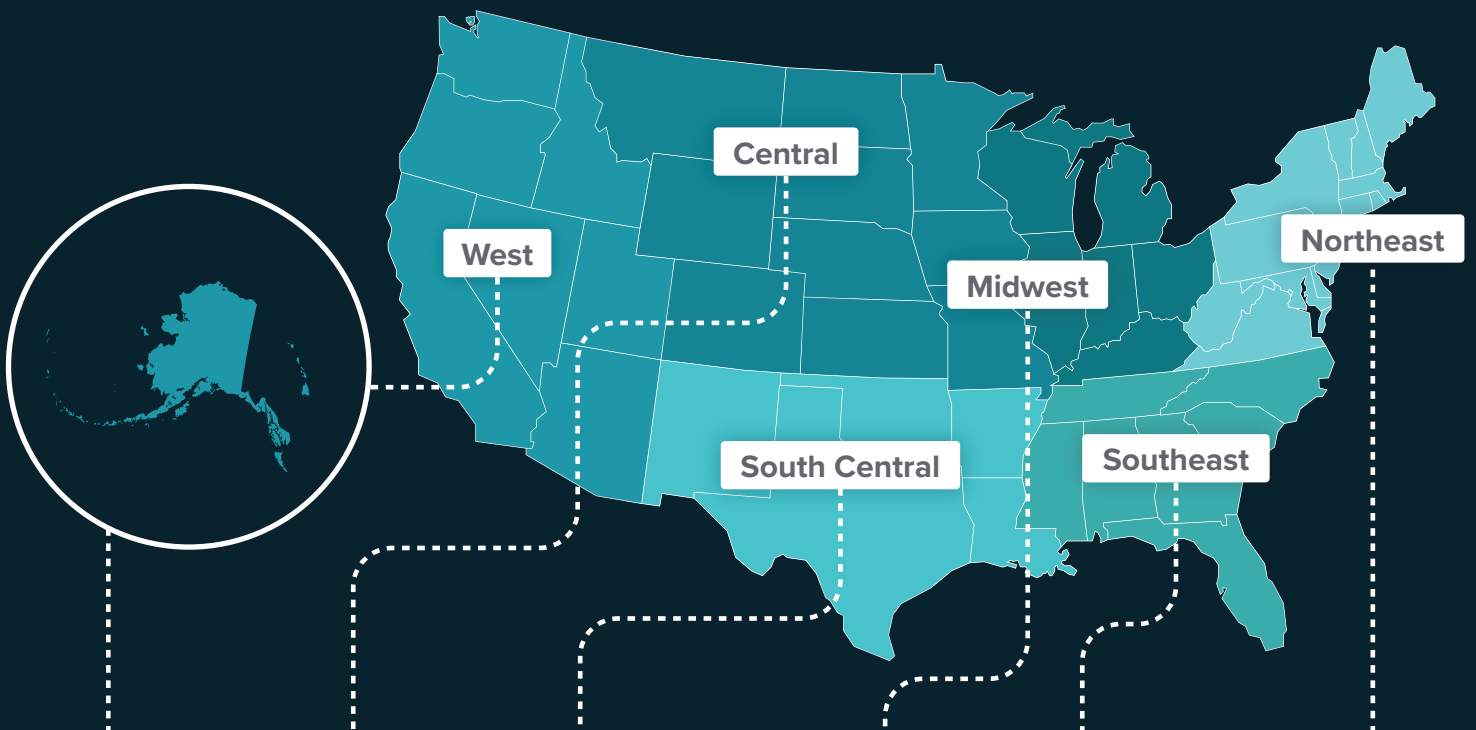


Fuel brands with 30 or more locations were measured.

Footfall Ratio = Average footfall per station for brand / Average footfall for industry

Industry average = 1.0

BRANDS WITH HIGHEST AVERAGE FOOTFALL IN 2017, BY STATE



West	Central	South Central	Midwest	Southeast	Northeast
AK Holiday	CO King Soopers	AR Kroger	IL Thorntons	AL Circle K	CT Cumberland Farms
AZ Fry's	IA Kwik Trip	LA RaceTrac	IN Pilot	FL Costco	DC Exxon
CA Costco	KS Dillon Stores	NM 7-Eleven	KY Pilot	GA Pilot	DE Wawa
HI Texaco	MN Kwik Trip	OK Love's	MI Kroger	MS Kroger	MA Cumberland Farms
ID Maverik	MO On The Run	TX Costco	OH Sheetz	SC Pilot	MD Wawa
NV Smith's	MT Town Pump		WI Speedway	TN Speedway	ME Cumberland Farms
OR Fred Meyer	ND Casey's				NC Sheetz
UT Smith's	NE Bucky's				NH Cumberland Farms
WA Costco	SD BP				NJ QuickChek
	WY Loaf 'N Jug				NY Speedway
					PA Wawa
					RI Cumberland Farms
					VA Wawa
					VT Mobil
					WV Kroger

Results based on brands with a minimum of 20 stations per state; average footfall = total footfall/number of stations

GOOD FORECOURT LIGHTING IS GOOD FOR BUSINESS

It's no secret that today's customers value a clean, well-lit forecourt experience, but does it actually drive foot traffic? Late-night and early-morning customers are often able to choose from competing retailers since 90% of new convenience stores are 24-hour operations*, and we suspected that a correlation may exist between the quality of lighting and consumer foot traffic. We dug deep and examined millions of station ratings to learn more.

TOP 5 BRANDS FOR OUTDOOR LIGHTING IN 2017

(minimum of 30 stores)

- 1 Buc-ee's
- 2 Kelley's Market
- 3 Costco
- 4 Wawa
- 5 Hy-Vee Gas

Recommendation: Many consumers depend on gas stations and convenience stores during non-traditional hours, and retailers who capture this market can drive sales of higher-margin products and services. According to NACS, 92% of purchases during overnight hours include snacks or meals. A well-lit forecourt can draw customers from the road and set the stage for the in-store experience.

With 69% of GasBuddy users saying that they wouldn't visit a store with less than 3 out of 5 stars on the app, it's important to understand how consumers feel about your outdoor lighting. Poor ratings and negative reviews at a single store can impact the reputation of an entire brand while positive online feedback can enhance it.



In 2017, stations near interstates with above-average outdoor lighting ratings received **50% MORE VISITS** from 9:00pm to 5:00am than those with below-average ratings

*Analysis of nearly 30,000 stations



VISITS ON THE RISE

5.15%

UPLIFT IN TOTAL US VISITS FROM Q3 TO Q4

From Q3 to Q4 2017, visits to gas stations and convenience stores in the United States increased 5.15%



GasBuddy Station Store Visit Frequency in Q3 and Q4 2017

CATCH THEM WHILE YOU CAN

In 2017, 70.3% of GasBuddy users spent more than 5 minutes at any gas station or convenience store.



Recommendation: Today's convenience stores face strong competition from coffee shops, restaurants, grocery stores, and new services and technologies that have disruptive potential. It's important to drive fuel customers into the store where they can purchase higher-margin products and services. With an average refueling time of 2-3 minutes, convenience retailers have an opportunity to leverage well-timed promotions, forecourt signage, and location-based marketing. It's also important to know and understand your existing customers. Attractive loyalty rewards can boost in-store foot traffic.

WHEN DO GASBUDDIES VISIT GAS STATIONS?

Location data from 2017 reveals that lunch breaks were especially busy times for gas stations and convenience stores. Post-work on Fridays also experienced high levels of foot traffic. Monday mornings were comparatively slow.

DAY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	TOTAL
SU	0.18%	0.12%	0.09%	0.06%	0.06%	0.08%	0.13%	0.23%	0.40%	0.60%	0.80%	0.96%	1.13%	1.09%	1.03%	0.98%	0.94%	0.89%	0.81%	0.69%	0.54%	0.38%	0.25%	0.16%	12.62%
M	0.10%	0.06%	0.05%	0.05%	0.08%	0.17%	0.33%	0.53%	0.63%	0.70%	0.79%	0.95%	1.09%	1.00%	0.97%	1.00%	1.04%	1.04%	0.88%	0.70%	0.54%	0.37%	0.24%	0.15%	13.46%
T	0.09%	0.06%	0.05%	0.05%	0.08%	0.18%	0.36%	0.58%	0.67%	0.71%	0.79%	0.95%	1.10%	1.00%	0.97%	1.02%	1.06%	1.09%	0.93%	0.74%	0.57%	0.41%	0.26%	0.16%	13.88%
W	0.10%	0.07%	0.05%	0.05%	0.09%	0.19%	0.37%	0.61%	0.69%	0.73%	0.80%	0.96%	1.11%	1.02%	0.99%	1.03%	1.08%	1.12%	0.96%	0.77%	0.61%	0.42%	0.27%	0.17%	14.25%
TH	0.10%	0.07%	0.06%	0.06%	0.09%	0.19%	0.37%	0.61%	0.69%	0.74%	0.81%	0.98%	1.12%	1.03%	1.00%	1.04%	1.09%	1.12%	0.97%	0.79%	0.62%	0.44%	0.29%	0.19%	14.47%
F	0.12%	0.08%	0.06%	0.06%	0.09%	0.19%	0.38%	0.63%	0.73%	0.81%	0.92%	1.09%	1.26%	1.18%	1.16%	1.21%	1.24%	1.25%	1.11%	0.91%	0.72%	0.55%	0.39%	0.27%	16.39%
S	0.17%	0.11%	0.08%	0.06%	0.07%	0.11%	0.21%	0.37%	0.59%	0.84%	1.04%	1.18%	1.22%	1.18%	1.12%	1.06%	1.02%	0.97%	0.91%	0.79%	0.66%	0.52%	0.38%	0.27%	14.93%
TOTAL	0.86%	0.57%	0.44%	0.40%	0.56%	1.12%	2.15%	3.56%	4.40%	5.14%	5.95%	7.07%	8.03%	7.50%	7.24%	7.34%	7.46%	7.49%	6.56%	5.38%	4.25%	3.10%	2.09%	1.36%	100.00%

Numbers represent the percentage of weekly foot traffic.

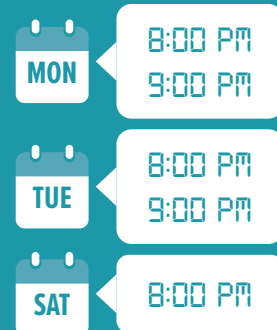
Recommendation: With the evolution towards foodservice in convenience retailing, highly-trafficked lunch hours offer significant opportunity to drive sales and increase market share. Consider your signage at the pumps and be sure to present products that appeal to a broad range of consumers.

Additionally, location-based marketing tactics can help draw customers and boost foot traffic during morning commutes. It's also important to monitor consumer perceptions of your coffee program. An analysis in Q2 2017 found that stations with above-average coffee ratings on GasBuddy saw a 12.5% increase in foot traffic from 5:00am to 10:00am over those with below-average ratings.

TOP 5 BUSIEST DAYS & TIMES



LEAST BUSY TIMES DURING WORK WEEK (Mon - Fri, 8am - 8pm)



TOP 5 BUSIEST TIMES



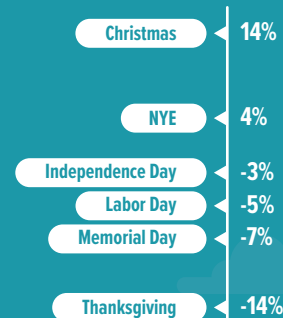
BUSIEST DAYS



VISITS TO GAS STATIONS & CONVENIENCE STORES DURING MAJOR HOLIDAYS IN 2017

* Christmas was compared to the previous weekend and saw 14% more foot traffic.

Change in Total Foot Traffic from Holiday to Next Weekend



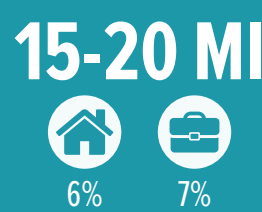
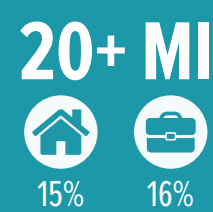
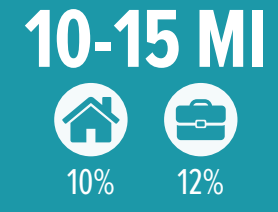
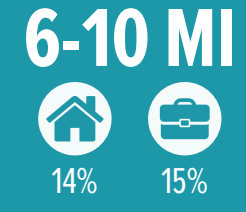
COMMUNITY STORES

In Q4 2017, approximately 1-in-2 GasBuddies limited their gas station and convenience store visits to within 6 miles of their home or place of employment.

According to a recent report from PYMNTS.com, the 135 million Americans who commute to work on weekday mornings are driving \$212 billion in commerce each year. As the original hyperlocal retailers, convenience stores are positioned to leverage this opportunity by understanding and anticipating the needs of consumers in their communities. Enhancements in coffee and foodservice enable many to differentiate themselves from coffee chains and QSRs.

But it is vital to reach consumers where they are, and for many, that means connecting via mobile devices. 89.6 million Americans use the internet when commuting, and convenience retailers have an opportunity to stand out by monitoring online reputation, promoting loyalty offers, and leveraging geotargeted advertising solutions.

Source: <https://www.pymnts.com/intelligence-of-things/2018/digital-drive-report-connected-cars-commerce-order-ahead-visa/>





GasBuddy

GASBUDDIES GO BEYOND THE PUMP

GasBuddy users took to the road for a year of shopping, vacations, road trips, and holiday travel. Let's take a closer look at their habits and preferences.



Winter Holiday Visits

Some retailers experienced a boost in foot traffic from GasBuddies during the Christmas weekend, and others experienced a decline due to holiday hours and many gifts already having been purchased.

(shows % uplift during Christmas weekend, compared to the previous weekend)



Grocery Stores

- Albertsons | **+39.19%**
- Stater Bros | **+33.01%**
- Food 4 Less | **+26.15%**



Consumer Electronics Shoppers

- Redbox | **+6.48%**
- Fry's Electronics | **+1.71%**
- Cricket Wireless | **-8.76%**



Big Box Retailers

- Meijer | **-2.8%**
- Fred Meyer | **-5.48%**
- Target | **-7.32%**



Thanksgiving Shopping

Many retailers experienced a large boost in foot traffic as GasBuddies took advantage of post-Thanksgiving sales.

(shows % uplift during Thanksgiving weekend, compared to previous weekend)

- Fry's Electronics | **+136.78%**
- Best Buy | **+125.15%**
- Bose | **+97.79%**
- JCPenney | **+81.59%**
- Menards | **+77.78%**
- Dillard's | **+67.12%**
- Macy's | **+65.39%**
- Super Target | **+61.54%**
- WalMart | **+38.35%**



Labor Day Activity

Grocery providers and restaurants were popular destinations for GasBuddies during the Labor Day weekend.

(shows % uplift during Labor Day weekend, compared to previous weekend)

- HEB | **+111.66%**
- Brookshire | **+86.06%**
- Whataburger | **+60.63%**
- Dave & Buster's | **+44.96%**
- Rainforest Cafe | **+32.65%**
- Cici's Pizza | **+32.41%**
- Sonic | **+15.22%**
- Auntie Anne's Pretzels | **+14.77%**
- WalMart | **+13.21%**



Most-Visited Coffee Shops

[Starbucks](#)

[Dunkin' Donuts](#)

[Tim Hortons](#)



Most-Visited QSRs

[McDonald's](#)

[Subway](#)

[Taco Bell](#)



Most-Visited Grocery Stores

[Walmart Supercenter](#)

[Metro](#)

[Kroger](#)



Most-Visited Casual Dining

[Chipotle Mexican Grill](#)

[Mikes](#)

[Jamba Juice](#)



Most-Visited Insurance Providers

[Farmers Insurance](#)

[State Farm](#)

[Allstate Insurance](#)



Most-Visited Financial Service Providers

[Edward Jones](#)

[Jackson Hewitt](#)

[Liberty Tax](#)



Most-Visited Auto Parts Stores

[AutoZone](#)

[Advance Auto Parts](#)

[Jiffy Lube](#)



Most-Visited Convenience Stores

[7-Eleven](#)

[Circle K](#)

[Sheetz](#)



Most-Visited Auto Rental Brands

[Enterprise Rent-A-Car](#)

[Hertz](#)

[Avis](#)



Most-Visited Big Box Stores

[Walmart](#)

[Costco](#)

[Target](#)



Most-Visited Home Improvement Stores

[The Home Depot](#)

[Lowe's](#)

[Sherwin-Williams](#)



Most-Visited Consumer Electronic Stores

[GameStop](#)

[Verizon Wireless](#)

[Best Buy](#)

2018 FORECAST

— Data & Analysis by CSP —



WHAT'S IN STORE FOR 2018

By Abbie Westra, Editor in Chief, CSP

It's an era of contrasts in the c-store industry. Consumer confidence is way up—hitting 122 in December. (As a point of reference, 80 or higher is considered good.) Unemployment was 4.1% in December, continuing a streak of 17-year lows. But many consumers, particularly those in lower incomes and younger demographics who are critical to c-stores, haven't seen strong wage growth since before the Great Recession. They are struggling to make ends meet.

The contrasts don't end there. GasBuddy reports a solid 5.15% rise in total visits to U.S. gas stations and convenience stores from third-quarter 2017 to fourth-quarter 2017. But other indicators show sales were soft during the same time period. Throw in relentless threats from digital and brick-and-mortar competitors and ongoing regulatory anguish, and we've got ourselves a tough battle if we want to see notable growth in 2018.

OK, now that the Band-Aid's off, what can we do about it? The CSP editorial team took GasBuddy's latest Foot Traffic Trends report and paired it with industry trends to identify some tactical ways to drive traffic and sales in the new year. All of it points to one great, big theme: creating a store-forward business strategy.

Look to the Leaders

Ricker's topped GasBuddy's ranking of highest foot traffic overall in 2017, and hit the No. 2 spot for the fourth quarter. The brand is the perfect example of a next-generation c-store retailer that puts a major emphasis on the store experience. Ricker's is using design to evolve various elements of the shopper journey, from foodservice to employee engagement. It has embraced tablet ordering with open kitchens at its newer stores and an open design plan that is inviting and relaxing. The foodservice offerings rival concepts at quick-service restaurants, and everything from coffee to fountain drinks are well laid out and easy to navigate. And the stores are very committed to cleanliness, down to installing metal in the corners where the floor meets the wall so that it's impossible for dust to collect.

Arguably, Ricker's most important tool is its dedication to its employees. "No amount of architecture, materials, store layout or color palette can make up for an environment in which employees are unhappy," President and CEO Quinn Ricker told CSP in 2014. If more retailers put as much energy and resources toward courting and nurturing employees as they do customers, the industry would truly start winning the war for talent.

Think Critically About Dayparts

According to the GasBuddy report, Friday and Saturday netted the busiest hours of the week for foot traffic, with noon Friday and 5 p.m. on Friday taking the Nos. 1 and 2 slots, respectively. On the flip side, Mondays—when consumers are most thrifty, organized, immune to cravings and have a well-stocked kitchen at home—saw the smallest foot traffic.

What products should retailers be promoting as the week winds down, indulgence sets in and consumers begin preparing for the weekend ahead? They should consider a mobile rack of fill-in grocery purchases to help customers get by before the next supermarket trip. Or create a convenient yet craveable take-home meal solution paired with beer or a bottle of wine for an easy, indulgent Friday evening.

Such items certainly won't move the needle Monday mornings, when workday conveniences are prioritized. Instead, retailers report an increase in consumers grabbing a packaged salad or sandwich for lunch when they come in for their morning coffee. The key here is making the guest put two and two together through strong signage and smart merchandising.

Don't Neglect the Fundamentals

The c-store industry will never stop talking about clean bathrooms—and nor should it. It's the fundamentals that make stores worthy of consumers' trust and money. Just look at GasBuddy's figures: Stations with above-average outdoor lighting ratings on the GasBuddy app received 50% more visits between 9 p.m. and 5 a.m. than stations with below-average ratings. It's the perennial revelation that can't be emphasized enough: A great foodservice offer, killer loyalty program and state-of-the-art technology will mean nothing if a retailer doesn't have a clean, safe store environment.

So where does a c-store retailer go from here, in an era of complex consumer needs, increased competitive threats and equal demand for both disruptive evolution and critical fundamentals? C-store retailers must keep the market on convenience cornered by leveraging their greatest asset—the store itself. The “new-era” convenience store with a strong in-store experience will draw traffic—and drive the industry forward.



2018 CATEGORY TRENDS

The past year was transformative for the c-store box from a regulatory, M&A and innovation standpoint. Courtesy of the editors of CSP magazine, here are the stories that are shaping the c-store's biggest categories, as well as some opportunities for retail growth in 2018.

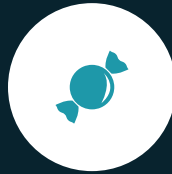


TOBACCO

Tumultuous: That's the best descriptor for the tobacco category in 2017, as retailers witnessed a change of heart on vaping at the federal level, a frenzy of regulations on a local level and a flurry of new, promising products.

In midsummer 2017, the FDA unveiled a new direction focused on nicotine levels and alternatives to combustible cigarettes that put a more positive light on the category. Conversely, lawmakers at the state and local levels—see: Minneapolis and San Francisco—made tobacco retailing more difficult with new bans on menthol and other efforts to restrict sales. For 2018, local regulations will continue to bubble up, from more restrictions on the sale of menthol cigarettes to municipalities raising the legal age to purchase tobacco products from 18 to 21.

Despite the regulatory headwinds, retailers do have avenues for growth in 2018. The NACS Show revealed an array of products designed to keep the category vital leading into the coming year.



SNACKS & CANDY

J&J Snacks Foods and Labriola Baking. Utz and Inventure. Ferrero and Ferrera. Campbell and Snyder's-Lance. The consolidation taking place in the snack and candy market in 2017 is likely to continue into 2018, and shape the look (and taste) of new products hitting c-store shelves in 2018.

Many of the major acquisitions in the category involved larger companies getting in on the better-for-you (BFY) snacking trend by purchasing the makers of successful, healthier brands. Think Mars' minority stake in Kind, Hershey's purchase of Amplify Snack Brands and Kellogg's acquisition of Chicago Bar Co. These companies and others are either debuting new BFY brands or introducing line extensions to popular and healthy products.

For the rest of candy and snacks, getting creative can help retailers grow the category in 2018. For example, in the king-size candy segment, Indiana chain Pak-A-Sak places best sellers in the cold-vault with carbonated soft drinks during the summer months. And Massachusetts' VERC Enterprises has gone vertical, merchandising brands in a vertical line, with king-size chocolate on the top, down to king-size nonchocolate on the bottom, which has boosted sales.



FOOD SERVICE

Competition, disruption, innovation: The convenience-store foodservice segment was faced with both numerous challenges and flourishing opportunities in 2017. Retailers and suppliers looked for growth avenues through acquisitions, c-stores began to muscle in on the at-home dining trend and brands invested in menu innovation by bringing top-tier restaurant talent on board.

For 2018, the trend to watch is meal solutions. As third-party delivery, meal-kit companies and supermarket prepared foods increasingly grab share, c-stores and other foodservice locations are angling for ways to offset the competition, by upping the ante on conveniently packaged foods and easy-to-prepare entrees that take the guesswork out of meal planning.

Major mergers and acquisitions are changing the game for the convenience segment overall, but from a category-specific point of view, foodservice-centric purchases and deals are also bringing about new growth opportunities for companies along the supply chain. Some immediate takeaways from these acquisitions point to companies extending their presence further into c-stores, and finding complementary brands that broaden their product ranges.



BEVERAGES

2017 has been a challenging year for beverage retailers as sales have languished and new taxes have cropped up. Convenience-store traffic declined 2.4% during the first half of 2017, according to reports. And while the measure reportedly improved in the second half of the year, retailers still struggled to drive feet through their doors. This provided a drag on beverage sales, where unit sales of carbonated soft drinks were down 5.5% for the year, sports drinks down 5.8% and beer down 1.8%, according to IRI c-store scan data for the period ending Dec. 2. Energy-drink unit sales were up only 1.0%.

Sweetened-beverage taxes, meanwhile, remain a threat heading into the new year, but at least a couple were beaten back in 2017: Santa Fe, N.M.'s soda tax and the repeal of the sweetened soft-drink tax in Cook County, Ill., home to Chicago.

Growth opportunities are still available in the category, however. The continued growth in ready-to-drink (RTD) coffee is bringing an amazing number of iced coffee and cold brew SKUs to store shelves. Premium brands are animating the bottled-water category. And after a few years of leaning on craft and imported beers to drive growth, the beer category is now putting its fortune on premium light beers.



FUEL

In 2017, three hurricanes in the space of two months exposed the weak links in regional fuel supply and retailer practices. Refinery outages in Texas from Harvey pressured national fuel prices, supply constraints in Florida stymied consumers looking to exit the state, and Puerto Rican consumers dealt with an inefficient fueling infrastructure. Meanwhile, higher fuel prices during after the hurricanes led to charges of price gouging. While each weather event caused damage to c-stores and communities, they were also an opportunity for fuel retailers to demonstrate their brand's reliability.

While fuel is largely a commodity, there may still be opportunities for retailers to differentiate themselves on the forecourt in 2018. Cases in point: the return of the Amoco fuel brand after more than 20 years, meant to serve as an alternative for BP-branded marketers. Also, the launch of the Top Tier program for diesel provides a quality distinction that previously had been reserved for gasoline.

Finally, chains continue to upgrade their fuel pump point-of-sale systems to EMV (Europay, MasterCard, Visa) standards, giving those first movers an edge in with the loyalty of consumers concerned about protecting themselves from data theft.



2018

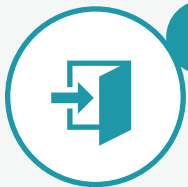
2018 CONVENIENCE RETAILING TRENDS FORECAST

As a year of industry-rocking acquisitions and jaw-dropping technology disruption nears its end, the editors and industry experts at CSP and Technomic gathered to identify what convenience stores can expect in 2018. Here are Winsight's 10 big trends set to drive industry progress—and pain—in the year to come.



1 7-Eleven vs. Couche-Tard: The Battle for Supremacy

Convenience behemoths 7-Eleven and Alimentation Couche-Tard will continue to fight for U.S. store-count supremacy into 2018. With nearly 9,000 stores, 7-Eleven will hold onto the top position when it adds 1,100 Sunoco sites to its tally. Couche-Tard, with 7,200 stores, will maintain the No. 2 spot with its acquisition of the more than 1,100-store CST Brands and the pending acquisition of 500-store Holiday Stationstores. Even with Speedway off the M&A board—its 2,700 stores will remain with Marathon Petroleum—there are still plenty of companies left for deal-hungry 7-Eleven and Couche-Tard to assimilate. But other large players, such as Casey's General Stores and GPM Investments, aren't conceding the playing field to the two giants.



2 RIP MLPs, Welcome VC & PE

Venture capital and private equity have been replacing master limited partnerships (MLPs) as the engines driving M&A in the industry, and this trend is poised to continue. Despite their favorable tax structure, MLPs don't appear to have staying power, and they haven't performed as well as expected. More stable forces—traditional companies armed with fresh funds, as well as new investors and private-equity firms with a solid grasp of the nuances that define convenience retailing—have powered recent deals. Expect historic multiples to be the exception rather than the rule for M&A in 2018.



3 Employee benefits get personal

In this historically snug labor market, convenience stores are finding innovative ways to directly connect with team members. To tie workers' heartstrings to the store, some retailers are offering more flexible and generous parental-leave policies. They're also taking an individualized approach to career ladders and training programs, providing employees with the freedom to set goals beyond the company. Expect to see more town hall meetings, feedback boxes and hotlines directly to top-level executives as the industry listens to employee concerns and desires.



4 Regulation frustration

Heads up, retailers: With a gridlocked Washington and an executive agenda aimed at granting more power to states, c-stores should look out for legislation being hurled at them from different directions. States and cities have already begun to tussle over minimum-wage increases and scheduling laws. Up against judicial oversight, some municipalities are also pushing through menthol bans and soda taxes. Convenience stores could also be caught in the middle as federal pressure on immigration policies potentially force pro-immigrant sanctuary cities to directly oppose or bend to national directives.



5 Battle of the 'last mile' becomes war for the 'last block'

For years, retailers and distributors have wrestled over making the "last mile" of getting goods to the consumer cheaper, faster and more efficient. With disruption from e-commerce and delivery pressing down on the industry, the last mile has become the last block—and, in some cases, the last 100 feet. Expect the trend to continue as digital players and even far-off contenders, such as driverless cars and drones, continue to close the gap between product and person.



6

The race to own EV charging

As more mass-market electric cars hit the streets in 2018—thanks to Tesla’s Model 3 and its more than 450,000 preorders—expect the race to become the preferred charging solution to ramp up. Homes, shopping malls and offices will likely still reign as preferred charging sites, but c-stores will have the opportunity to be part of the decision-making equation. Even Tesla has hinted at getting in on the game. “People are coming and spending 20 to 30 minutes at these stops,” said JB Straubel, the electric-car company’s chief technical officer. “They want to eat; they want to have a cup of coffee; they want to use the bathroom.”



7

Grocery: The new profit center

As foodservice operations in c-stores continue to evolve and mature, gaining share of overall convenience sales, retailers are looking at other avenues for incremental profits. Fresh produce, meat and grocery items are showing a lot of upside in terms of attracting new customers, as well as boosting the market baskets of even the heaviest convenience users.



8

The benefits of Big Brother

The future is already here, with Amazon Go plunging an unsuspecting industry into a possible cashier-free reality. Beyond the technology that’s already in use on a limited scale, new gadgets are arriving with facial-recognition capabilities that could one day be used for payment across all retail environments.



9

Robots are coming?

Robots probably aren’t going to take over convenience stores, at least not yet. If the c-store industry has one thing on lock, it’s the customer-facing, service-oriented mission consistent within the industry as a whole—and you need people for that. But that doesn’t mean certain back-office or administrative tasks won’t be automated. Look for retailers to begin implementing automated hiring and human-resource practices as they dip their toes in the AI (artificial intelligence) waters.



10

C-stores: The next meal-solution destination

When the world’s largest c-store chain, 7-Eleven, rolls out 15 globally inspired takeaway entrees, and food-focused c-stores such as Sheetz introduce meals just for kids, it becomes apparent that the convenience segment is prepping for a much larger piece of the foodservice pie. Angling for space in the meal-kit revolution, c-stores are beginning to reposition away from mere in-and-out convenience and more fully into the consumers’ consideration set for quick, high-quality meals at home.



About GasBuddy

GasBuddy is a smartphone app connecting drivers with their Perfect Pit Stop™. With more than 70 million downloads, GasBuddy is the leader in crowdsourced information to help drivers find the best gas prices, closest stations, friendliest service, cleanest restrooms, tastiest coffee and much more. GasBuddy is the leading source for the most accurate, real-time fuel prices at more than 140,000 gas stations in the U.S, Canada and Australia. The Company's B2B Retailer Software-as-a-Service (SaaS), known as GasBuddy Business Pages, provide Fuel Marketers and Retailers their best opportunity to maintain their station information, manage their brand, and promote to their target consumer audience.

About Cuebiq

Cuebiq is a next generation location intelligence and measurement company, leveraging the largest database of accurate and precise location data in the U.S. to help marketers map and measure the consumer journey. Its leading data intelligence platform analyzes location patterns of 61 million monthly active U.S. smartphone users on over 180 mobile apps, allowing businesses to glean actionable insights about real-world consumer behaviors and trends. Cuebiq's SaaS platform provides clients offline location analytics, real-time campaign optimization and footfall attribution, and geo-behavioral audiences for cross-platform ad targeting. Cuebiq does not collect any personally identifiable information. Its privacy-sensitive methodology has earned the company membership status with the Network Advertising Initiative (NAI), the leading self-regulatory industry association dedicated to responsible data collection and its use for digital advertising. Cuebiq is headquartered in New York with offices in San Francisco, Chicago, Italy, and China.

About CSP

For more than 20 years, CSP and its award-winning editorial team have covered the convenience and petroleum retailing industry, consistently at the forefront of the day's critical issues and trends, keeping business leaders one step ahead of the competition. Read the latest news and analysis and access the most recent issue at CSPDailyNews.com.

Methodology

Throughout 2017, GasBuddy and Cuebiq analyzed location visit data at more than 100 fuel and convenience store brands across the United States to understand foot traffic trends, provide geo-behavioral and consumer insights and identify the impact of key factors such as ratings and reviews on POI visits. To be considered a "visit," a user must be within 30 meters of a fuel pump for between 2 and 15 minutes.