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The Changing Face of the Convenience Shopper

Leroy Kelsey - NACS

#SOIsummit

NACS | State of the Industry Summit

Four Convenience Shopper Trends that Will Drive Growth in 2022

Digital Influences Every Stage of the Customer Journey

Shoppers Pick "Winners" and "Losers" in the Face of Inflation

Communicating Value Will Start Before the Shop

Elevated Expectations at Every Interaction

Digital influences every stage of customer journey

Source: NACS Convenience Voices 2021

Where/when do shoppers decide to purchase?

43%	38%	19%
Before Today/Left	On-the-way to/from	C-Store
Premeditated	En Route	Onsite
+1.9 YoY	-0.6 YoY	-1.3 YoY

♥U, NEED YOU(Essential Biz)

Digital will Extend the Retail Runway

Relationship Building Will Extend Well Beyond Four Walls

43%	38%	19%
Before Today/Left	On-the-way to/from	C-Store
Premeditated	En Route	Onsite
+1.9 YoY	-0.6 YoY	-1.3 YoY

Where/when do shoppers decide to purchase?

Digital will Extend the Retail Runway

Relationship Building Will Extend Well Beyond Four Walls

19%

C-Shoppers used digital search for products/services to select C-Store

79%

of digital devices used were mobiles

43%	38%	19%
Before Today/Left	On-the-way to/from	C-Store
Premeditated	En Route	Onsite
+1.9 YoY	-0.6 YoY	-1.3 YoY

Where/when do shoppers decide to purchase?

Source: NACS Convenience Voices 2021

The Pandemic has Democratized Digital Influence Across Generations

C-Store Selection by Digital Device by Generation

Digital Device Used	Gen Z	Millennials	Gen X	Boomers	All
Voice activated car navigation system	3%	5%	4%	0%	4%
Car navigation system	10%	7%	9%	18%	8%
Mobile	72%	81%	81%	69%	79%
Tablet	3%	2%	4%	0%	2%
Laptop	8%	4%	2%	6%	5%
Desktop	4%	1%	0%	4%	2%
Other	1%	0%	0%	2%	0%

Shoppers (19%) that used digital search to select a C-Store by digital device by generation

Source: NACS Convenience Voices 2021, n=7,150

Unlock Growth Opportunities with Purposeful Placements Along the Journey

Boomer Purchase Decision

39%
En Route

Store Selection by Digital Device by Generation

Digital Device Used	Gen Z	Millennials	Gen X	Boomers	All
Voice activated car navigation system	3%	5%	4%	0%	4%
Car navigation system	10%	7%	9%	18%	8%
Mobile	72%	81%	81%	69%	79%
Tablet	3%	2%	4%	0%	2%
Laptop	8%	4%	2%	6%	5%
Desktop	4%	1%	0%	4%	2%
Other	1%	0%	0%	2%	0%

Shoppers (19%) that used digital search to select a C-Store by digital device by generation

Source: NACS Convenience Voices 2021

Shoppers Pick “Winners” and “Losers” in the Face of Inflation

Pandemic Leads to Subscription-everything Culture

Time For A Quick Poll!

4

Subscriptions in Average HH in 2016

Prime Gold Pass
Netflix
Hulu
Spotify
DashPass
Prime Gold Pass

8

Subscriptions in Average HH in 2021

48%

of C-Shoppers

18-34 w/ E-com Subscriptions

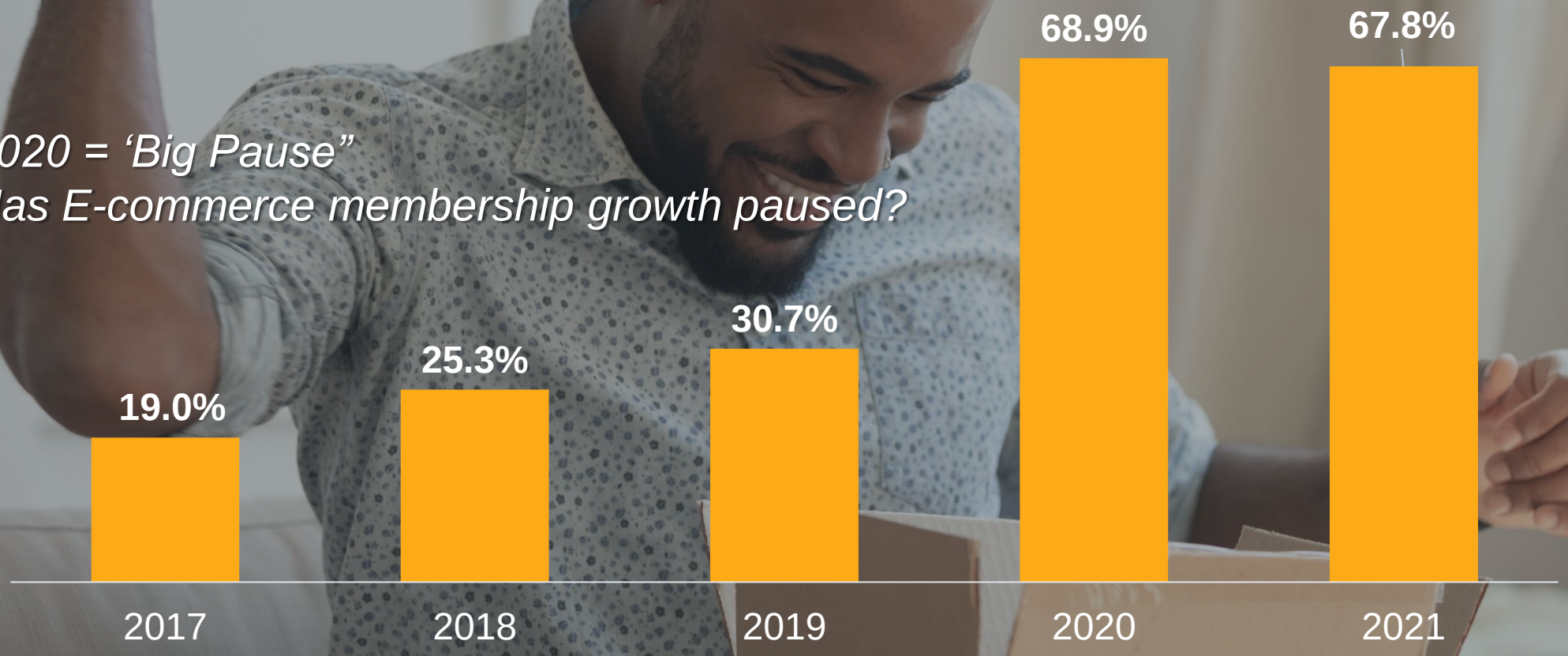
11

Subscriptions in Average HH in 2021 Where Head of HH is 18-34 Years

Source: Bloomberg.com, U.S. Households Streaming Services Doubled, NACS Convenience Voices 2021

E-commerce Membership Retreats for the First Time in 5 Years

2020 = 'Big Pause"
Has E-commerce membership growth paused?



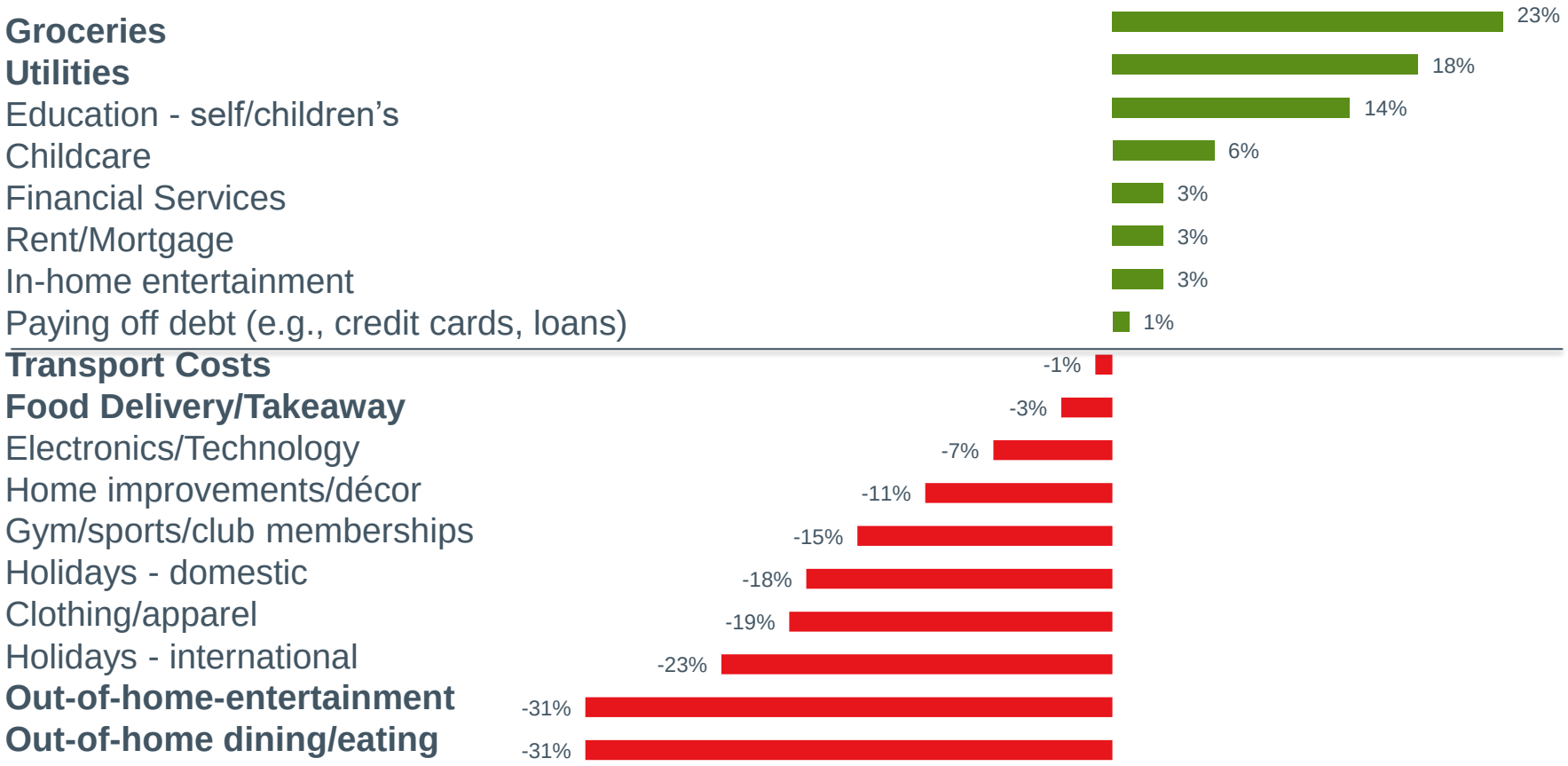
Are you a member of an e-commerce service?

Source: NACS Convenience Tracking program 2017-2019, NACS Convenience Voices 2020-2021, n = 14,300

Consumers Intend to Spend Less Out of Home in 2022

Is Your 2022 Strategy Above or Below the Line?

Spending Intentions for the Next 12 Months

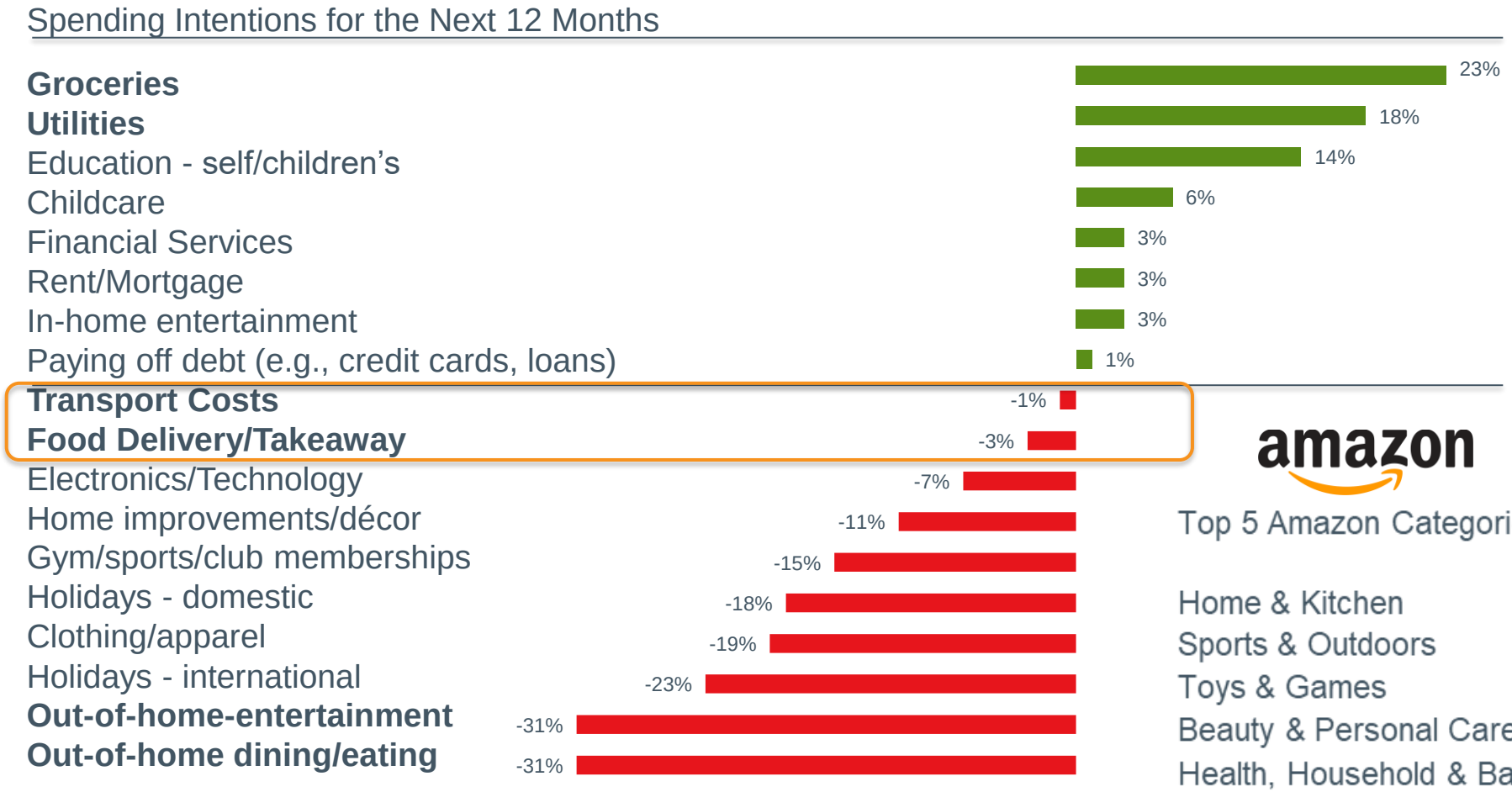


Source: NielsenIQ Consumer Outlook 2022 Survey, Dec 2021

Consumers Intend to Spend Less Out of Home in 2022

Is Your 2022 Strategy Above or Below the Line?

The Crème de La Crème Of Boarder Categories **Will Cross Cross the Line**



amazon

Top 5 Amazon Categories

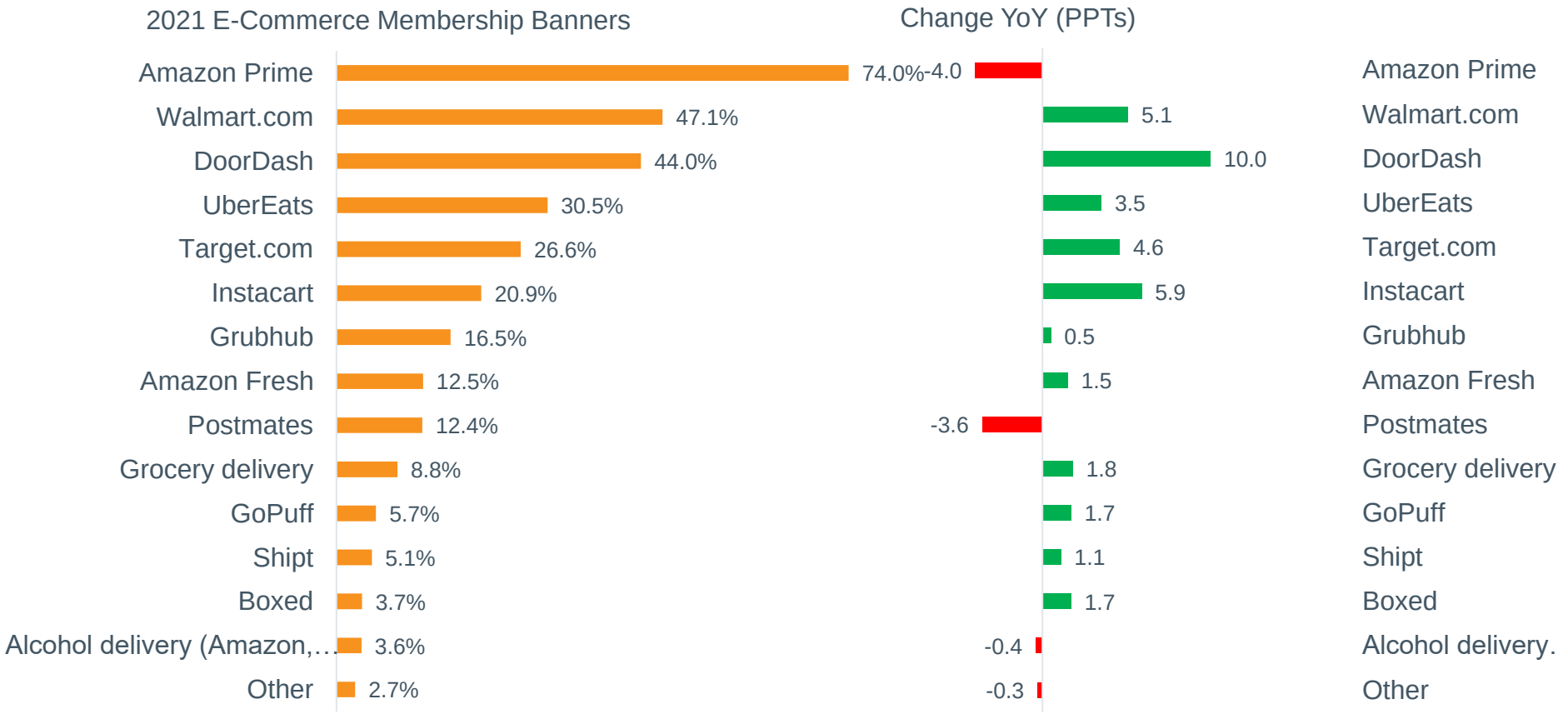
Home & Kitchen	40%
Sports & Outdoors	21%
Toys & Games	19%
Beauty & Personal Care	19%
Health, Household & Baby Care	18%

Emerging Fresh; Core Business Below the Line

Source: NielsenIQ

C-Shoppers Rationalizing Premiums; Picking "Winners" and "Losers" for '22 and Beyond

Anxious C-Shoppers redirect limited resources and engagement to preferred service providers



Of which E-Commerce services(s) are you a member?
Source: NACS Convenience Voices 2020-2021, n=14,322

Retailers Lean Into Subscription Models to Hurdle Premiums, Drive Share and Increase Incremental Value

Car Wash

Reduces Cost to Acquire Customers and Streamlines Sales Forecasting

Delivery

Makes Upselling, Cross-Selling and Basket-building Easier

Fuel

Builds Loyalty and Makes Revenue Predictable

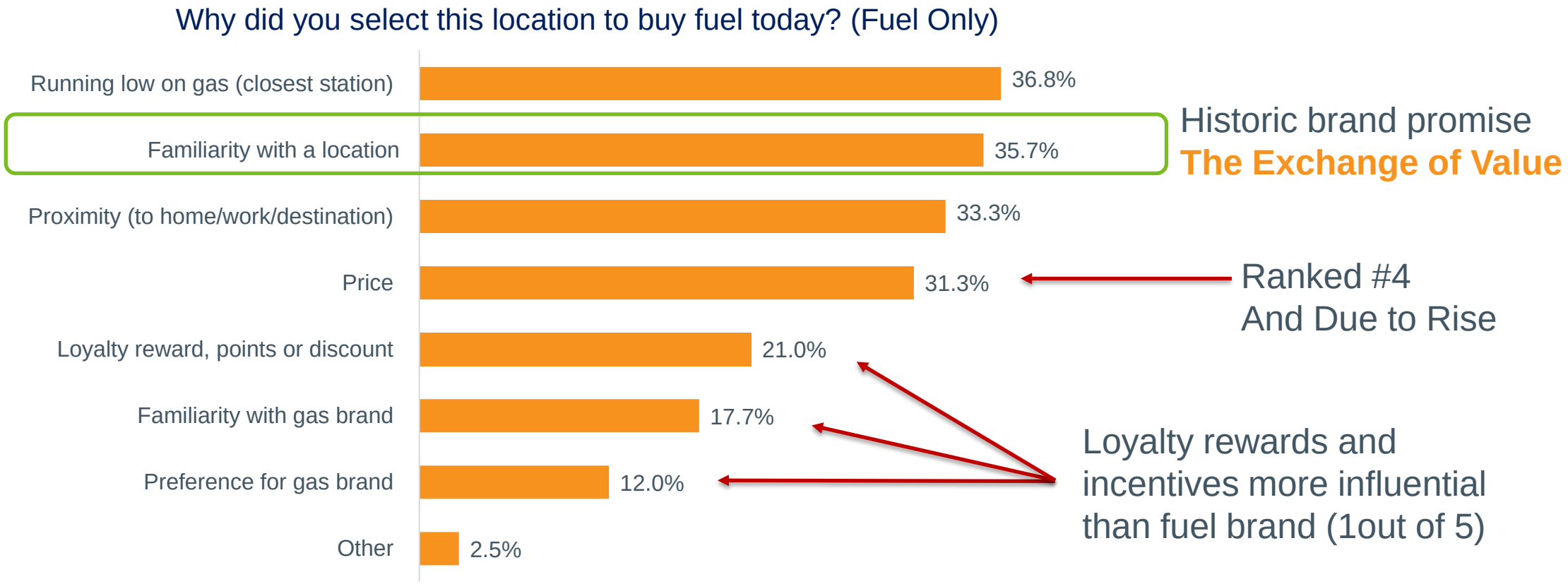
31%

Fuel Only customers selected a site based on price ALONE

The Search For Value Starts Before the Shop

Source: NACS Convenience Voices 2021

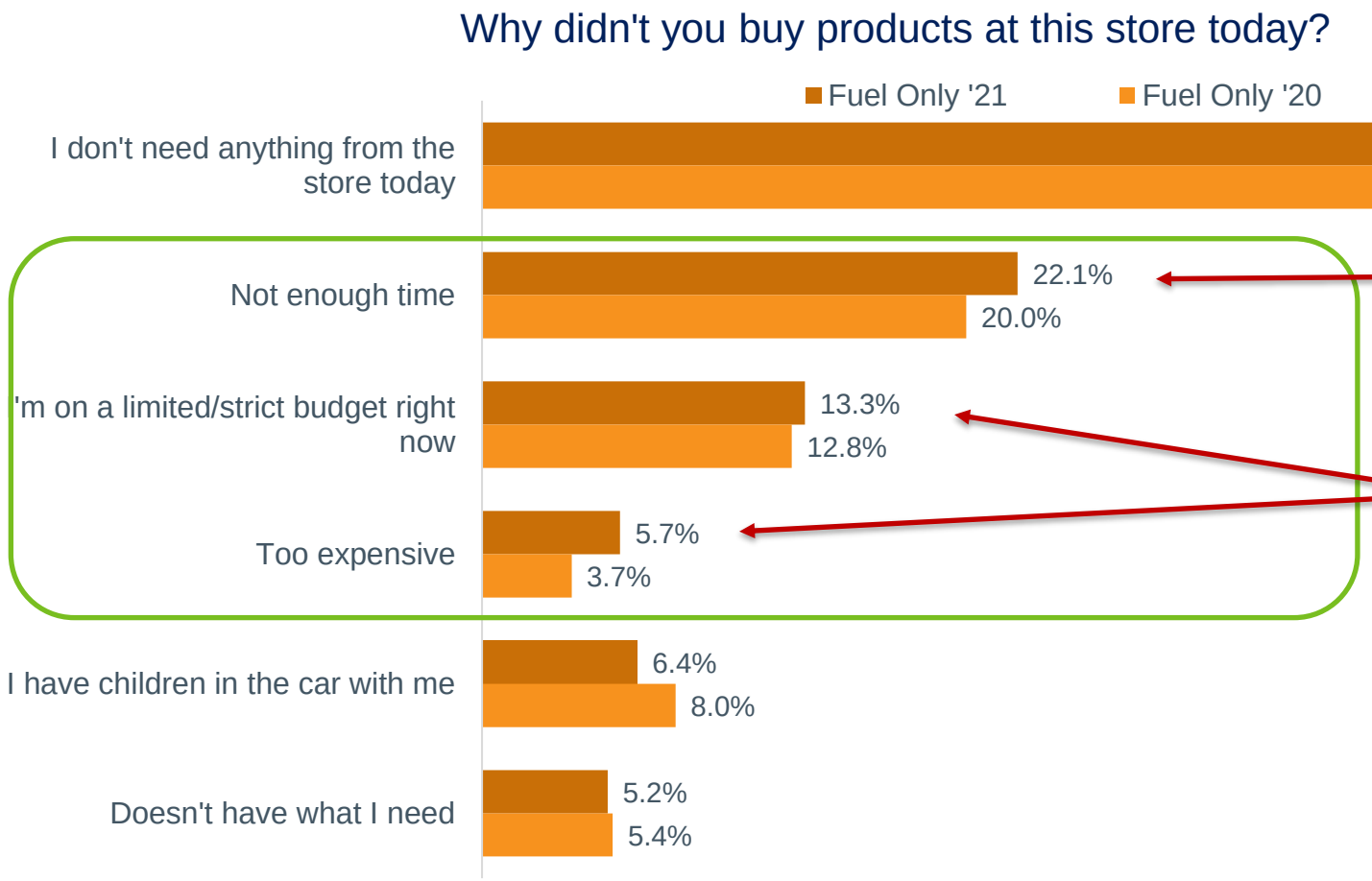
Yet, Past Experience had More Influence on Site Selection than Price Alone



Why did you select this location to buy fuel today? Fuel Only
Source: NACS Convenience Voices 2021, Fuel Only Survey n =1870

The New Battleground

What Happened?: Time Crunch and Rising Prices are Leading Fuel Customers to Opt Out of In-store Shopping



Commuter Atrophy
Pre-pandemic 26%
We're heading there!

7% Inflation is a Blunt Instrument!
8.5% for March Announced Today!

Why didn't you buy products at {LOCATION} today?
What Convenience products do you typically buy? Fuel Only
Source: NACS Convenience Voices 2021, Fuel Only, n = 1870

Strategies that Lead to Battle-Wins

Optimize Their Time

No Time: **19% of Shoppers Indicate Curbside Influenced Site Selection, 26% interested in Drive-Thru at Current Location**

Source: NACS Convenience Voices 2021

Customize Promos

Limited Budget: **30% of Shoppers Noticed a Promotion While Visiting, 15% of Noticed Promotions were Received Via Mobile**

Offer Value Brands

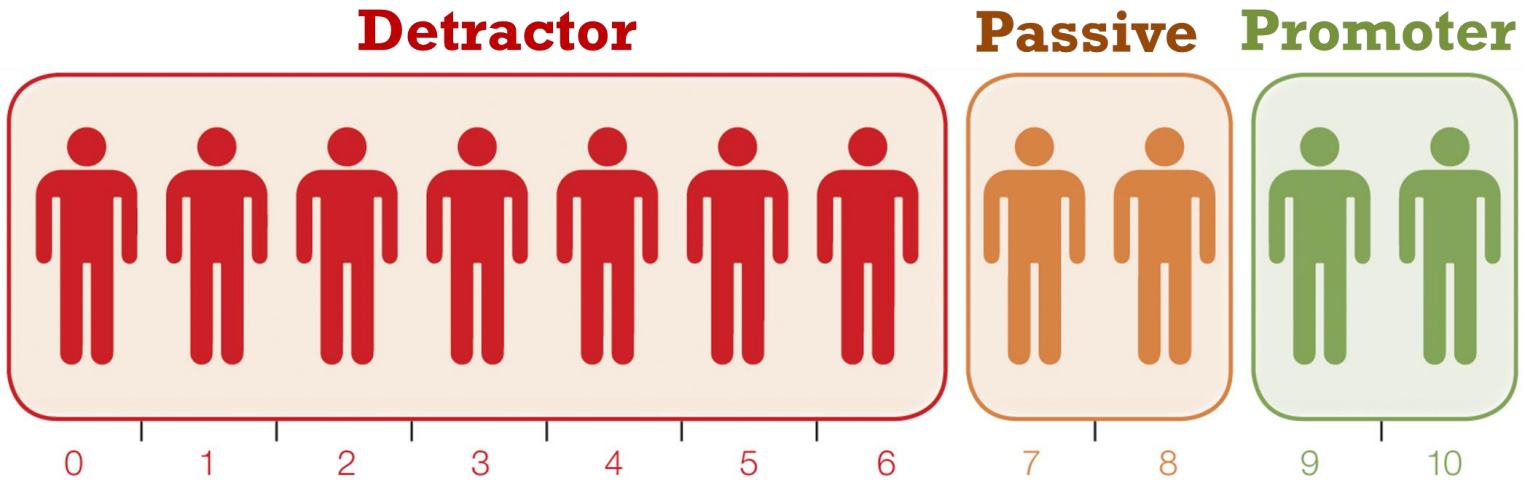
Too Expensive: **71% of C-Shoppers were Likely to Purchase Store Brands at Current Location**

Elevated Expectations at Every Interaction

Optimizing Customer Experiences is Key to Gain Share and Grow In-Store Sales

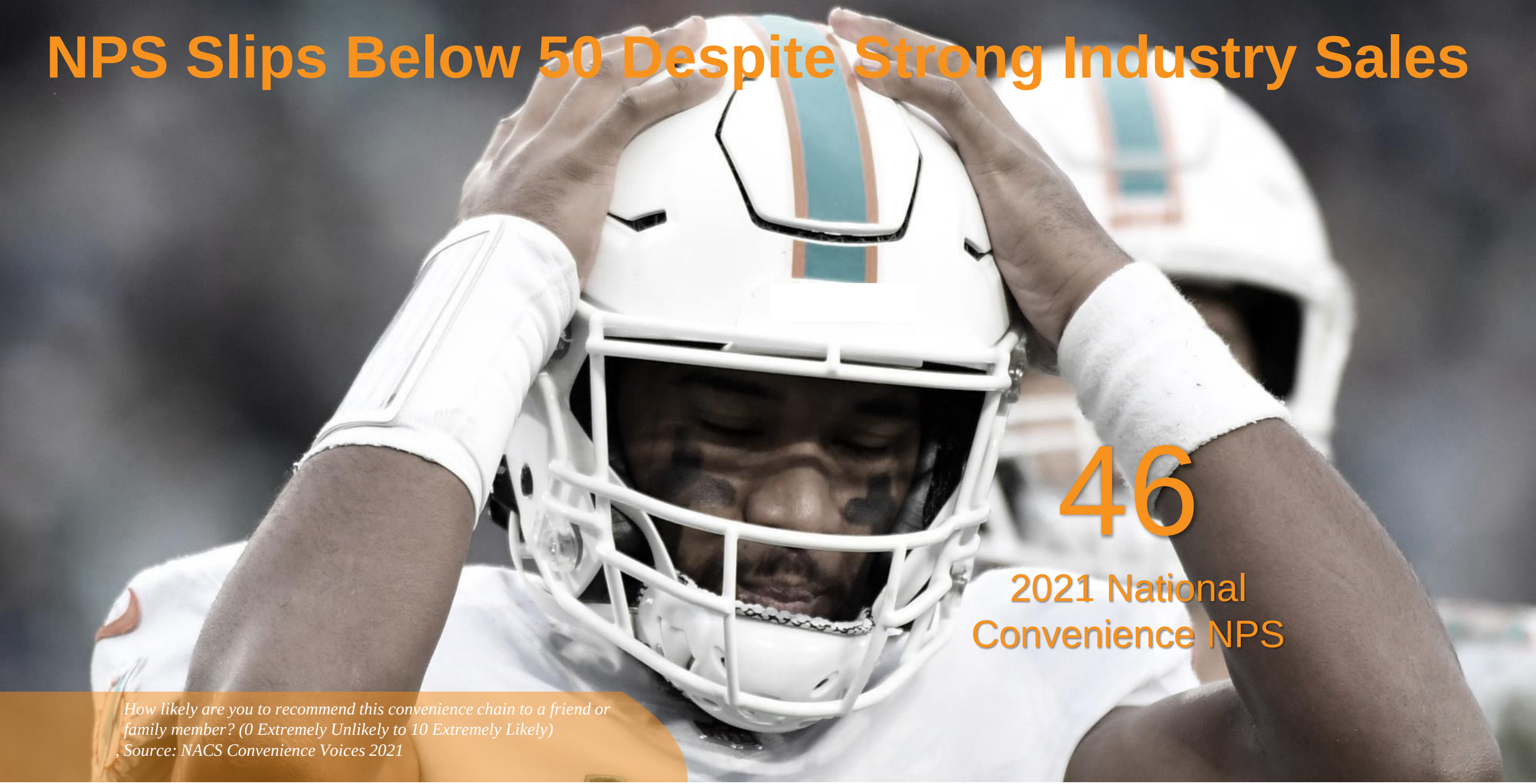
Net Promoter Score % Basics

How likely are you to recommend to friend or family member? (0 Unlikely - 10 Likely)



Net Promoter Score = % Promoters - % Detractors

NPS Slips Below 50 Despite Strong Industry Sales



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2021 National Convenience NPS

How likely are you to recommend this convenience chain to a friend or family member? (0 Extremely Unlikely to 10 Extremely Likely)
, Source: NACS Convenience Voices 2021

Not for Lack of Effort

Kicking Into the Wind

Headwinds

- COVID-19
- Demand Destruction
- Inflation
- Labor Shortages
- Supply Chain Disruption
- Geopolitical Instability
- Inclement Weather

Kicking Into the Wind

Requires Calibration

Headwinds

- COVID-19
- Demand Destruction
- Inflation
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- Inclement Weather

So Many Missions, Where Do We Start?

Mission/Need State	% of Shoppers	Chg YoY (PPTs)	NPS 21'
Thirsty now (drink)	46.3%	-0.9	48.5
Hungry now (snack)	32.9%	-0.6	50.1
My treat/indulgent	16.4%	-1.3	52.1
Store services (lottery, car wash, etc.)	15.2%	0.6	43.5
Specific urgent need	17.0%	0.6	43.8
Multiple throughout day	11.0%	-1.6	46.4
Restroom	17.3%	1.7	44.0
Meal for now (hot/cold)	12.4%	-0.5	50.1
Gathering of friends/family	4.6%	-2.2	35.3
Meal to take home/away (hot/cold)	9.0%	-1.6	59.9
Fill in a few items	5.6%	0.2	39.2
Stock up	5.9%	0.3	50.6
Find something new and interesting	7.1%	1.7	42.1
All Occasions (Total Sample)	100%	-10.2	44.5

Source: NACS Convenience Voices 2021

Start With Missions Below the Overall Average

Mission/Need State	% of Shoppers	Chg YoY (PPTs)	NPS 21'
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Growth is Coming From @Home Consumption Giving Way to Mobility and Utility On-the-way"

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Growth ≈ Below Average Missions

Mind the Gap!

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Growth is Coming From @Home Consumption Giving Way to Mobility and Utility On-the-way"

Growth ≈ Below Average Missions

Mind the Gap!

Re-Focus on the Fundamentals

Foundation Before Differentiation!

The Experience Drumbeat!

Its All About the 3 C's

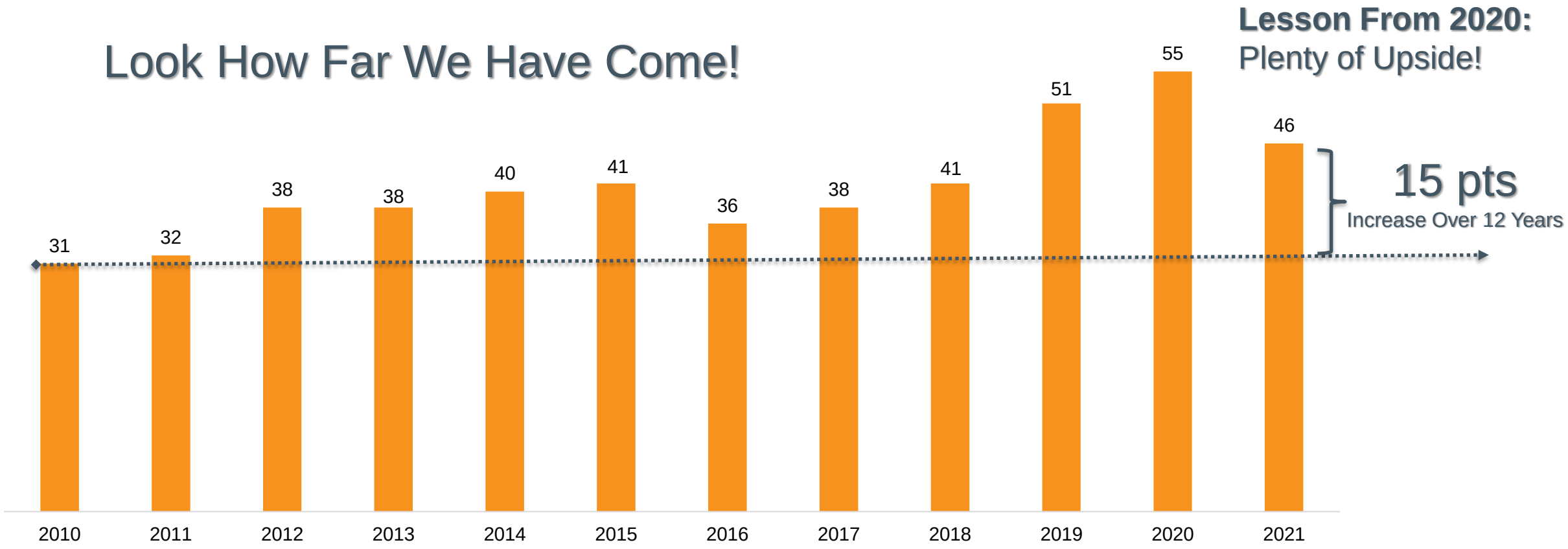
1. Consistency
2. Consistency
3. **See Number 1**

Takeaways

- **Digital will** continue to **influence** every stage of the **customer journey** – a fully integrated **loyalty and digital** platform is **not optional**
- **Shoppers rationalizing** discretionary **expenses; Picking "Winners" and "Losers"** from service providers—**subscription models offer** a promising but developing **solution**
- **Value** has taken on a much **greater importance** in the face of inflation and economic uncertainty
- Access to **shopper consideration set requires** commitment to **exceeding expectations** at every interaction

Convenience NPS Up 47% Over Past 12 Years

The Profile of the Shopping Experience Continues to Rise Despite Short-term Setbacks



How likely are you to recommend this convenience chain to a friend or family member? (0 Extremely Unlikely to 10 Extremely Likely)
Source: NACS Convenience Tracking Program (CTP) 2010-2019, n= 196,442, Convenience Voices (CV) 2020 to 2021, n =14,324

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April 12-14, 2022

Hyatt Regency O'Hare Chicago, Rosemont, IL

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