SOI 2019: Modern Consumers Want Convenience That Delights

Market trends and the redefinition of convenience require the c-store channel to adapt.

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By Kim Stewart

CHICAGO, Ill.—There's no question that consumers' views of food and shopping are shifting, but their desire for convenience remains—and that's a big opportunity for the convenience retailing industry as it grapples with competing channels, changing demographics and cultural trends and evolving ideas about what convenience means. That's one of the many takeaways from the 2019 NACS State of the Industry Summit.

At the event, Laurie Demeritt, CEO of the Hartman Group, shared findings from the latest NACS/Coca-Cola Retailing Research Council (CCRRC) study examining the changing needs of convenience store shoppers: Embracing Modern Convenience: Responding to Shopper Needs.

"What we found overall…is that consumer needs are changing and changing at a more rapid pace than they have in the past, and that's caused a lot of consternation in the retail landscape," Demeritt told Summit-goers. "For many in our industry, retail blurring is seen as a negative thing, and there are certainly operational challenges that are associated with it. But our point of view, which is the consumer point of view, is that retail blurring is actually a real positive. Because it's opening up the consumer to new ways to think about your channel."

For instance, five to 10 years ago, being able to have a sit-down, restaurant-quality meal at a grocery store was uncommon—so was finding fresh produce at a dollar store, Demeritt noted. Today, "there's a lot of freedom for you to develop new products, new services to speak to them in new ways to get out of that paradigm that maybe they had you in five or 10 years ago."

There's no one path to get there, Demeritt said. Instead, the NACS/CCRRC study, published in December 2018, outlines various opportunities "so that you can pick and choose the right pathway for you," she said. The good news is that "convenience is not going away," Demeritt said, but is changing. This idea of modern convenience, she said, "takes all of the traditional notions of convenience, then layers on top of them the more emotive or experiential ideas of convenience as consumers describe it today."

Demographic shifts

Demeritt dove into the broad demographic and cultural trends that are shifting the way that consumers eat and shop for food and other daily necessities. The last census showed that households are changing, with a marked rise in single-person households. The U.S. is also seeing households with fewer or no kids and an increase in the number of households with two working parents.

"They have unique needs," Demeritt said. "They are the perfect sort of customers that convenience stores should be going after."

Urban areas and suburbs are growing, and technology is influencing how consumers approach shopping and eating—think mobile orders and food-delivery services. Meanwhile, the middle-income bracket is shrinking, giving rise to shoppers on the high-end and lower-end of the retail landscape. The so-called value shopper and premium or natural shopper are both showing growth.

Consumers now spend more hours outside the home and are more likely to eat alone, to add multiple eating occasions into their day—such as early morning snacks—and to seek food and beverages from outlets beyond the grocery store. "Fifty percent of all eating occasions include the desire to save time and energy in preparing or cooking food, making convenience the No. 1 driver across occasions," Demeritt said.

Changing habits

Trips to multiple retailers are the norm. Forty-five percent of shoppers visited two or more retailers per grocery shopping trip, the study found, and they are frequenting an average of 4.4 channels per month for food and beverages. "Most consumers aren't shopping one-stop shopping," Demeritt said. "They go to a bunch of stores. There's not a single store that stands out in their minds as their primary store—that's an opportunity."

When consumers step into a convenience store they want to fill an immediate physical or emotional need, grab beverage, a snack or a ready-to-eat meal. Trips to stock-up channels—traditional grocers, drug stores or dollar stores—tend to be void of emotional needs—it's more about getting errands done and buying groceries, staples of other household items for later use, Demeritt said.

"For many consumers stopping at a convenience store is seen as plan B. We want to make it plan A," Demeritt said. One way to do that is to provide what Demeritt calls "an element of delight," whether that's offering new and unique flavors of foods and beverages, fresh ingredients so consumers can finish creating meals at home, or in-store gathering spots—eating areas with Wi-Fi, for instance—or entertainment that helps form an emotional connection that keeps a store top of mind.

"That's what we hear again and again from consumers. There's an emotional connection there about serving consumer needs that we think has been underleveraged."

C-store shoppers to watch

Demeritt profiled three types of c-store shoppers to watch: c-store loyalists, millennials and busy parents. Millennials and busy parents are emerging as new focus areas because their modern convenience needs are compelling them to seek new retail solutions that other channels aren't providing.

Millennials already buy more items per visit than others—59% of those surveyed had purchased three or more items on their last c-store trip—and are likely to use c-stores more as the selection of fresh, healthy, portable snacks and small meals expands. Forty-three percent of millennials surveyed said they bought items from a deli counter or cold case at least weekly vs. 32% of Generation X and 15% of Baby Boomers.

On-the-go parents are more likely to outsource meals and more likely to visit convenience stores than nonparents. They were more likely to say they'd use innovations like digital pre-ordering tools and would take advantage of in-store seating areas and ready-to-eat meals to make their lives easier.

The need for delight was strongest among c-store loyalists—they want unique flavors and chances to discover new foods and beverages. They are more likely to walk out of the store with a cold or hot beverage and to buy multiple items, both for themselves and for others who are present on the trip.

Meeting future needs
Demeritt highlighted four key areas to consider to respond to future consumer needs.

Maintain—Retain traditional relevance, including speed and ease, location, accessibility and familiarity. Continue to fill immediate consumption needs.

Improve—Deepen satisfaction. Upgrade basic store features and offerings to create more enjoyable experiences and focus on humanizing your service. **"**The fact that you can walk in [to a c-store] and see another person and get a smile is so so important," Demeritt said. Try sourcing products locally and experiment with things like private-label juices and beer.

Exceed—Strengthen competitiveness. "The idea of buying for later is especially important for millennials and parents. It's another way to get them into your store," Demeritt said. Think customizable experiences via self-and full-serve options and digital engagement.

Expand—Create new relevance. Create unique spaces for a wider range of functional and social purposes. Provide a welcoming environment for customers to linger or meet up with others. In-store entertainment creates new reasons to stop in. "Consumers are looking for more emotional experiences," Demeritt said. "And they're open to give you more leeway."

Kim Stewart is editorial director of NACS and editor in chief of NACS Magazine