SUMMER 2022

CONVENIENCE STORE TRENDS

» CONSUMER HABITS
» EXPECTATIONS
» BRAND PERFORMANCE

INTOUCH INSIGHT

Intouch Insight provides customer experience measurement services and software that empowers CX and operations professionals to listen to their customers, interpret the results and act on powerful data.

As North America's most technologically advanced **mystery shopping** company, Intouch Insight helps multi-location brands align operational delivery with customer expectations.

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Introduction

With compounding external factors such as supply chain pressures, labor shortages, and rising inflation impacting the daily operations of convenience stores, consumer insights serve as a foundation for informed action.

This report highlights five key trends around consumer habits and purchase preferences that directly impact convenience stores as well as critical insights on how brands are performing in relation to these trends.

The data included is based on Intouch Insights ongoing surveys, each receiving over 1,000 responses and providing details about their recent experiences as well as how they inform their current and anticipated actions, and observations from working with leading convenience stores brands throughout North America.

Key Findings

- Convenience stores can continue to increase their market share around prepared food by leaning into their one-stop-shop nature and ensuring the speed of service is competitive with quick-serve restaurants.
  - **Audit and mystery shopping data shows that variety and quantity of items is an area for improvement.** Skip to Section

- Convenience is a leading factor for consumers choosing where to purchase coffee. This means by ensuring they deliver quality products and great customer service, convenience stores can win customers away from traditional coffee shops.
  - **Audit and mystery shopping data reveals that to remain competitive, brands could do more to offer additional items such as milk alternative.** Skip to Section

- A large number of consumer interactions with convenience stores are taking place outside at the gas pump, making it imperative that operators capitalize on every in-store opportunity to connect with customers.
  - **Mystery shopping data indicates that additional staff training around greeting customers would elevate the overall experience.** Skip to Section

- Consumers are less likely to be a loyalty member at convenience stores than other industries and this is resulting in missed opportunities for operators. Better promotion of the availability and benefits of these programs stands out as an area for improvement.
  - **Audit and mystery shopping data shows that promotion of loyalty programs at convenience store locations is a major area for improvement.** Skip to Section

- A significant increase in the adoption of alternative shopping methods offers additional channels that convenience stores can leverage to sell non-fuel related products.
  - **Audit and mystery shopping data indicates that focusing on order accuracy and speed of service will help operators grow this channel.** Skip to Section

1. Competition with quick serve restaurants

Convenience stores offering ready-made food are increasingly in direct competition with quick serve restaurants, with the potential to win customers away from traditional fast-food brands when they are more conveniently located or offer a faster alternative to drive-thru.

What Do Consumers Have to Say?

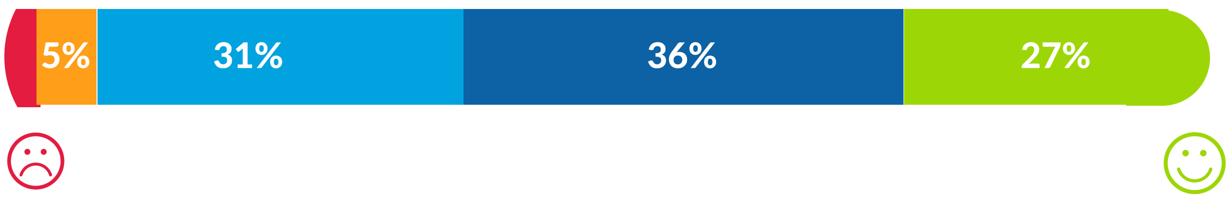
Ready-made meals at convenience stores proved popular with **76%** of those surveyed indicating that they have **purchased prepared food from a convenience store.**

Popularity of these meals is **highest with consumers <50 years old** — peaking among those in their 30s with a steady decline among those over 50.

The **quality of ready-made food** from convenience stores ranks relatively high overall.

Percent of respondents who purchased ready-made food from a convenience store, by age

On a scale of 1-5, how would you rate the quality of the ready-made food you purchased from a convenience store?



To purchase or not to purchase?

In order to stay competitive, convenience store operators need to understand why customers may choose to purchase ready-made food from a convenience store instead of a restaurant.

Top reasons to purchase food from a convenience store instead of a quick-serve restaurant	Top reasons NOT to purchase food from a convenience store that operators can capitalize on
1. Can purchase gas at the same time 2. Faster than drive-thru 3. Located along my commute	1. Prefer options at fast-food restaurants 2. Convenience store food too expensive 3. Prefer to remain in vehicle

Insights from the field

Through our ongoing work conducting mystery shopping and operational audit programs with convenience stores across North America, we have seen that brands are doing a good job keeping their prepared food areas clean and wait times reasonable.

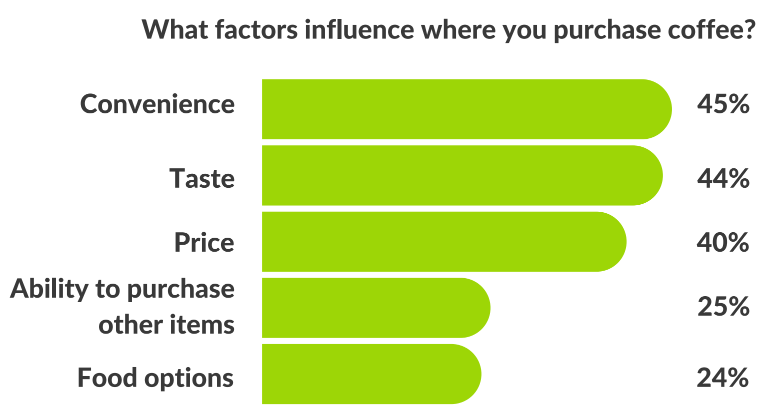
However, there is room for improvement around the variety of items available and ensuring they are consistently in stock. The brands that consumers can rely on to have their favorite food items in stock are the ones that will continue to see their prepared food sales increase.

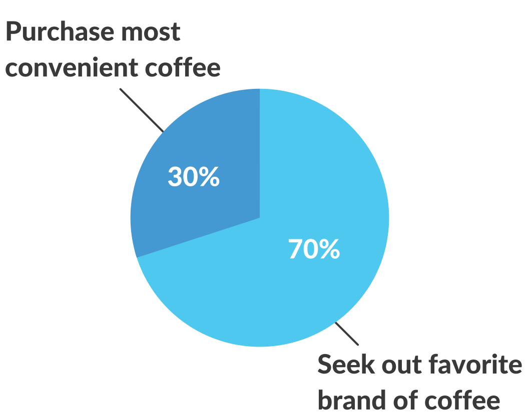
2. Convenience driving coffee sales

Coffee is a major commodity for today's retailers with 75% of consumers reporting they regularly purchase coffee. Convenience stores are already a major player and, of consumers who reported purchasing coffee, 88% said they had purchased coffee from a convenience store. However, to retain their share of the market, convenience stores need to ensure they can deliver a quality product and excellent customer experience.

What Do Consumers Have to Say?

When asked what factors are most important when deciding where to purchase coffee, **convenience ranked #1** followed closely by taste and price.





While this focus on convenience plays directly into the strengths of convenience stores, it is important to note that convenience does not trump brand loyalty.

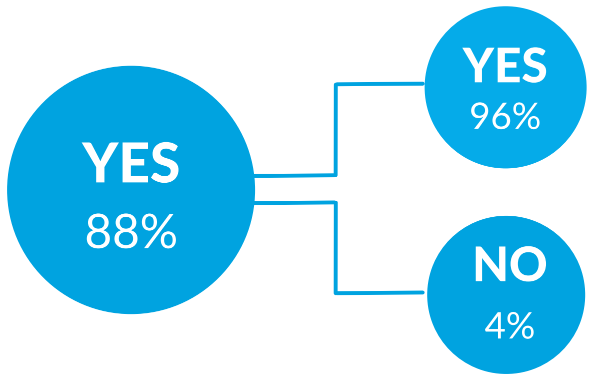
70% of consumers reported they would seek out their favorite brand of coffee rather than simply purchase the most convenience cup.

Of the consumers who reported purchasing coffee from a convenience store, **96% said they would again**.

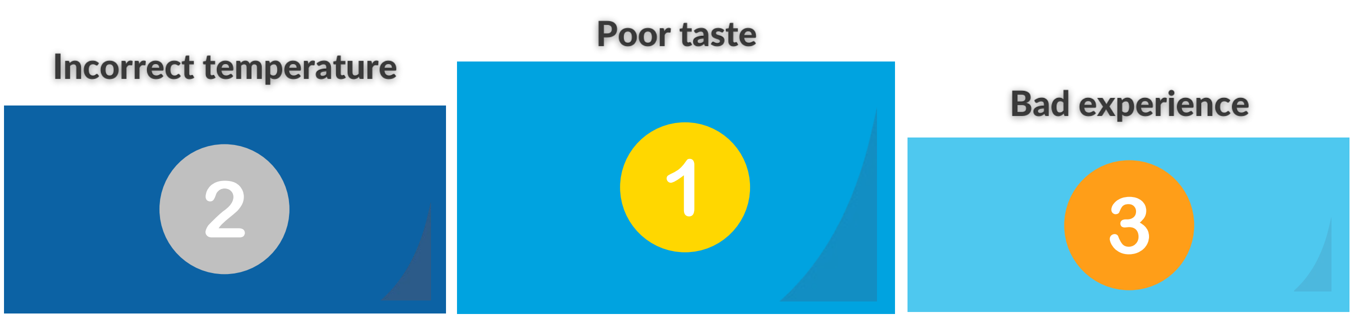
Of those who would not, the leading reasons were **poor taste, incorrect temperature and a bad store experience**.

Have you purchased coffee from a convenience store?

Would you again?



Why wouldn't you purchase coffee from a convenience store again?



Insights from the field

Generally, convenience store brands score quite well when it comes to key elements of their coffee service, like cleanliness and having equipment in good working order. Even in these areas, however, there can be the need to improve in busy times and in certain locations.

One additional area of opportunity when competing with traditional coffee shops would be to offer items such as milk alternatives. As we learned in Section 1 of this report, data shows that younger consumers are purchasing prepared food with greater frequency from convenience stores, and since milk alternatives are a popular choice among this demographic, doing so would put convenience stores on even footing with their competition.

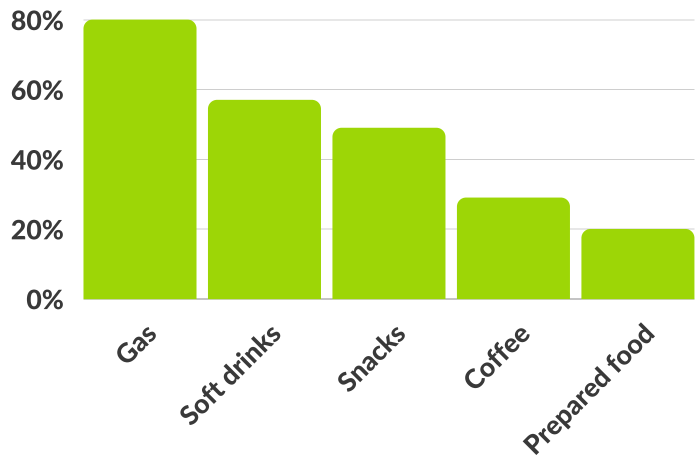
3. Capitalizing on in-person interactions

After years of forced closures and social distancing, many brands are finally re-connecting with their customers face-to-face. But, for convenience stores, a lot of customers are completing their purchases at the pump. This means it's even more imperative to make consumers feel appreciated and valued when they enter your locations.

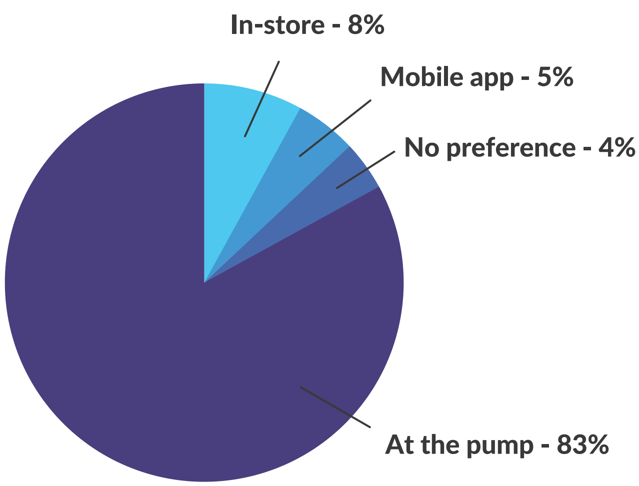
What Do Consumers Have to Say?

Gas is the most popular item purchased from convenience stores with **80% of consumers reported purchasing gas** during a typical visit. This is a significant lead over soft drinks in second at **57%**.

What items do you typically purchase from a convenience store?



How do you prefer to pay for gas?



When asked their preferred payment method for gas **83% of consumers said they would rather pay at the pump**. This means a large number of consumer interactions with convenience store brands happen **without them stepping foot inside the location**.

Insights from the field

Because so many consumers are visiting convenience stores with no intention of entering the building, the impression made by a location's forecourt can be a key factor in whether they walk into the store or ever return to purchase something else.

The main aspects we've seen that could use improvement in this area are ensuring pump islands are fully stocked at all times as well as keeping the main entrance clean and free of debris. It is easy to forget about the pumps when there are customer demands happening in-store, but given the high traffic and potential impact of the fuel experience it is vital that procedures around checking and restocking the pump area, as well as the cleaning of location entrances are updated and adhered to.

When customers do enter a location, it becomes an important opportunity to capitalize on this interaction and win their loyalty. While we've found cashiers to be friendly when interacting with customers, it is often transactionally based. For example, they may not provide a courteous greeting when someone enters the store or a friendly parting remark when they leave.

It is important to interact with customers outside of when they approach to ask for assistance or need to make their payment. Encouraging and rewarding staff for engaging with customers outside of the mandatory transactions will go a long way to making visitors feel truly valued and motivated to return.

4. Opportunities around customer loyalty

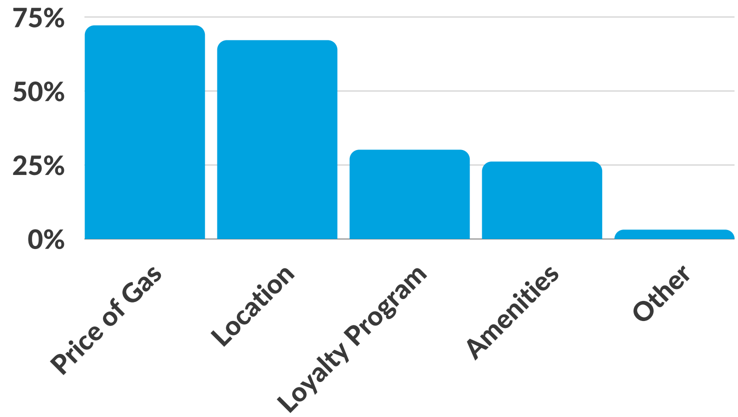
Loyalty programs are very popular with 94% of consumers reporting they are part of at least one. However, convenience stores did not make the top 3 most popular rewards programs. By doing more to promote their loyalty programs and the ways in which consumers can earn rewards, convenience stores will be in a better position to influence customer purchasing habits.

What Do Consumers Have to Say?

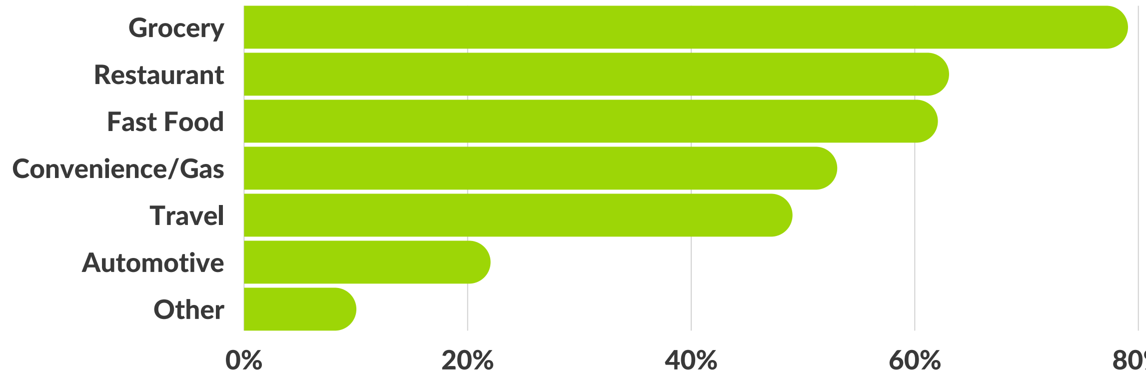
Loyalty programs were ranked the **3rd most important factor** when consumers are choosing which convenience store to visit.

However, convenience stores were the **4th most common type of loyalty program**.

What are the most important factors when choosing a convenience store?



Which types of businesses do you have a loyalty membership with?



The **#1 reason** respondents were **not part of a loyalty program** was that they feel it takes **too long to build up enough loyalty points** to redeem a reward.

Regular purchase from the same business makes point accumulation faster, which can explain the popularity of grocery stores over restaurants, but the same should be true of convenience stores.

Insights from the field

Mystery shopping data reveals that a lack of in-store promotion could be a major factor in the lower adoption of loyalty programs with convenience stores. In a recent study of convenience store brands across the United States, it was reported that cashiers only mentioned the loyalty program in **28% of customer interactions**.

Additional signage promoting loyalty programs as well as training cashiers to inform customers of the benefits and savings associated with membership would boost consumer participation.

Better promotion of loyalty programs can not only help **attract more customers**, but they are also an excellent way to **influence consumer purchases**.

Consumers who would choose a brand with a loyalty program over a competitor without

76%

Consumers who would purchase an item worth more loyalty points if equal in value

82%

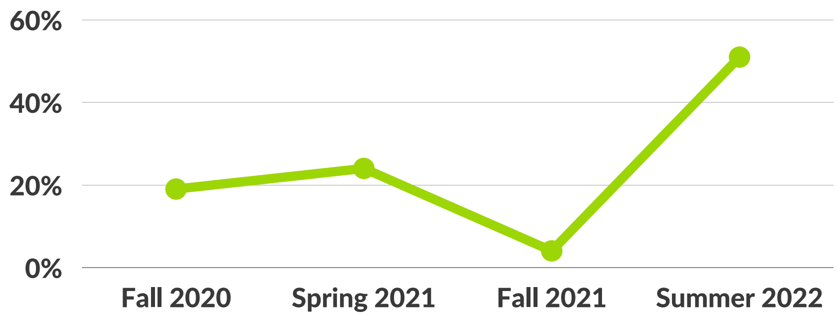
5. Rising use of alternative shopping methods

While consumers were initially slow to adopt alternative shopping methods with convenience stores, we've seen a recent spike in the use of delivery from third party applications; representing a growing revenue stream for operators.

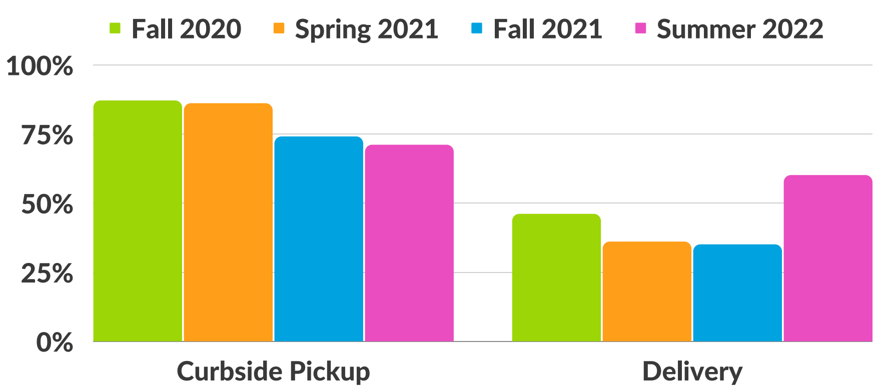
What Do Consumers Have to Say?

Having observed relatively low adoption rates over the past two years, we've seen a **47% increase in consumers' use of alternative shopping methods** when making a purchase from convenience stores since the fall of 2021.

Have you used an alternative shopping method to make a purchase from a convenience store?



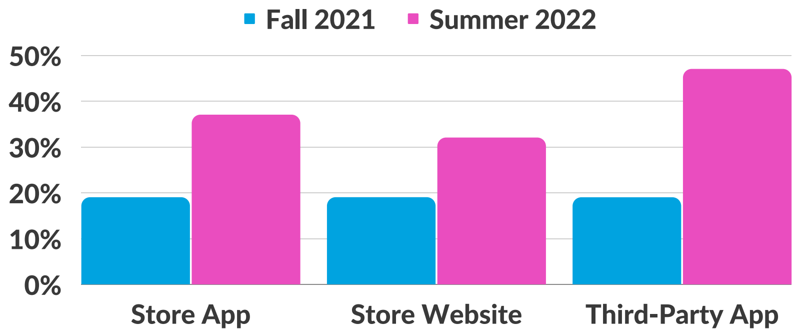
Which alternative shopping method have you used?



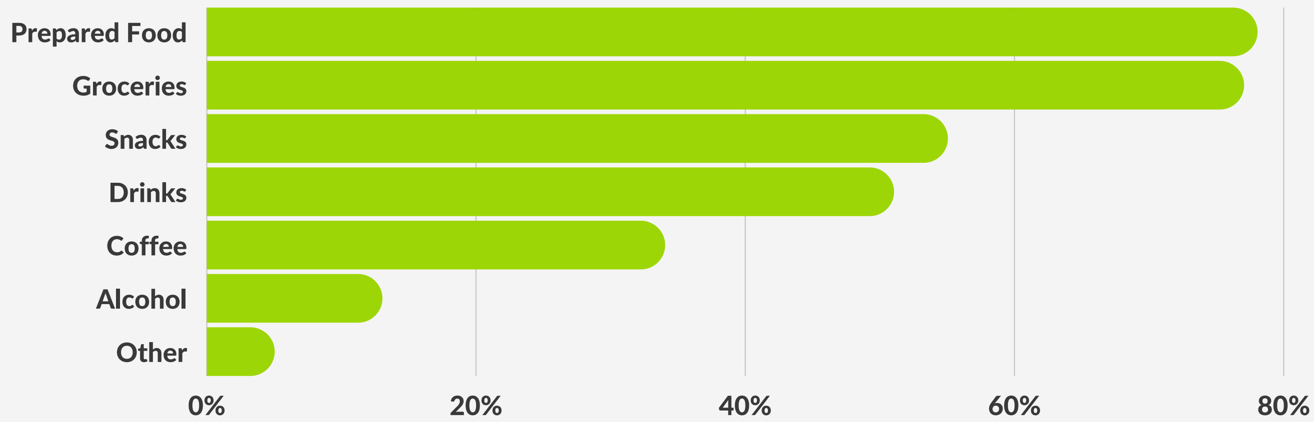
This growth can be attributed to **increased adoption of delivery services** while the use of curbside pick up continues to slowly decline.

While this **increased use of delivery services** applies across various channels, the largest surge comes from the use of **third-party applications**.

How did you make your delivery purchase?



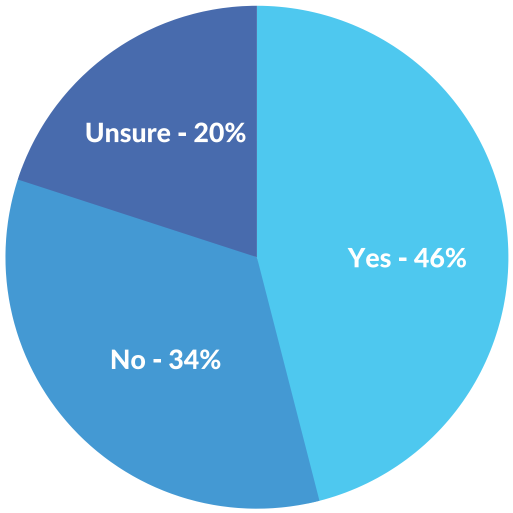
Which item(s) did you purchase via alternative shopping methods?



Of the items purchased through alternative shopping methods, **prepared food and groceries are the most popular**.

The leading reason among consumers who have not used alternative shopping methods remains lack of interest, but **46% who have used them say they will again**.

Will you use alternative shopping methods again?



Insights from the field

In a recent mystery shopping study conducted by Intouch Insight, we examined the ordering and fulfillment experiences of convenience store brands through their own 1st party mobile apps vs 3rd delivery partners.

The results showed that 1st party apps performed better across key metrics including overall satisfaction, likelihood to use again, adherence to estimated wait times, and properly processing orders — with accuracy and timing showing the biggest difference between the two channels.

	1st party	**3rd party**
Overall satisfaction	90%	89%
Likelihood to use again	86%	83%
Order ready/ delivered by estimated wait time	86%	79%
Was the order processed properly	90%	83%

The data provided within this report is based on responses from **consumers across North America**. However, the patrons of your establishments will naturally be a subset of this group.

Intouch Insight will continue to collect data across a broad spectrum of consumers, but nothing can replace **listening** to your customers and **measuring** the impact that changes to your operational standards has on your business.

That's why **Intouch Insight** offers products and services to **listen**, **measure**, and **manage** multi-location businesses from mystery shopping, operational audits, survey tools, and inspection software.

Want to know more? Contact us at **letschat@intouchinsight.com** or visit us at **www.intouchinsight.com**.

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