

Convenience Session

Data-Driven Strategies for C-Store Success

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NIQ

Who we are

NIQ Convenience

#1 market data and insights provider in the C-Store, C&G, and Petrol space across the globe

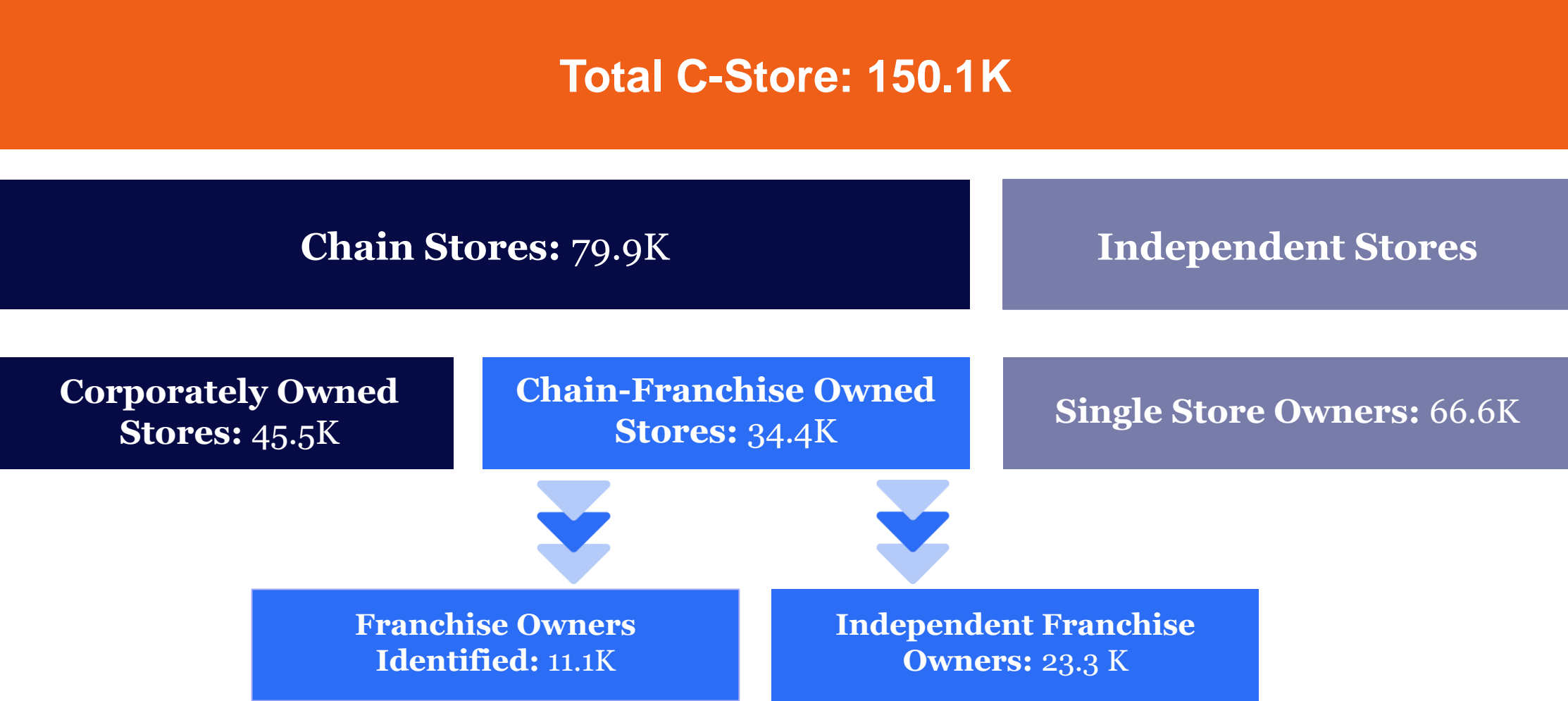
Cooperator with top convenience retailers in North America, South America, and Europe

Source of data and analytics in assortment, pricing, promotion, loyalty, supply chain, personalization and retail media

Enabler of collaboration platforms between manufacturers and retailers

Chosen data partner and strategic partner with NACS for thought leadership and industry data relevance

Convenience channel store decomposition



Source: NIQ TDLinx, Excludes Gas Kiosk Sub-Channel ~20,000

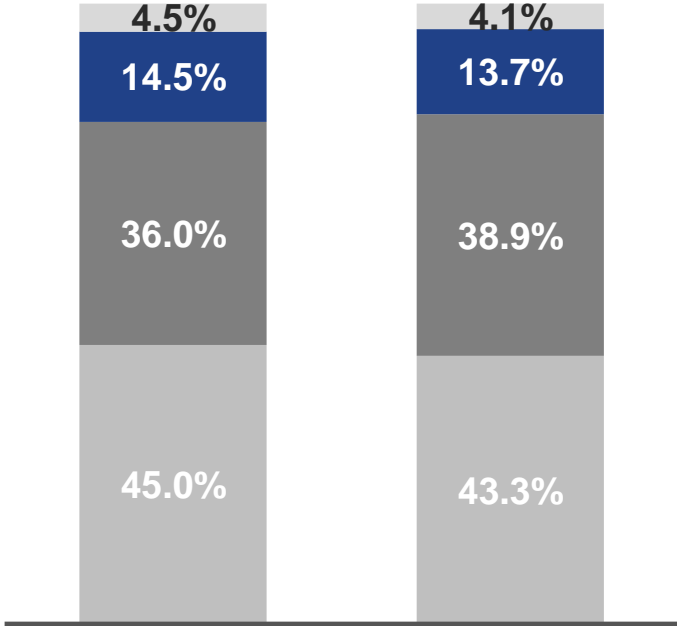


Understanding the Convenience Landscape

Convenience channel losing market share despite leading store expansion

Dollar share change

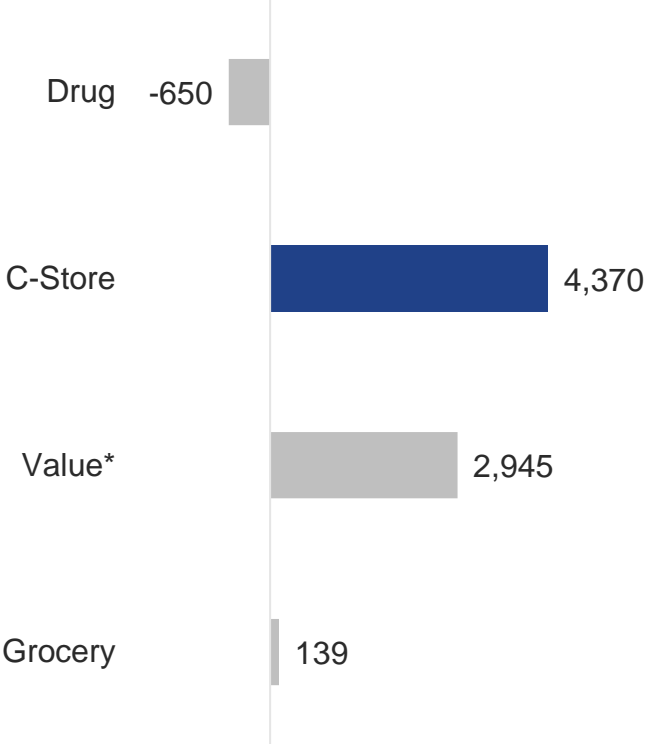
2024 vs 2021



Pt Chg. **-1.7 pts** **+2.9 pts** **-0.8 pts** **-0.4 pts**

Store count change

2023 vs. 2021



Major Chains growing stores

2023 vs 2022

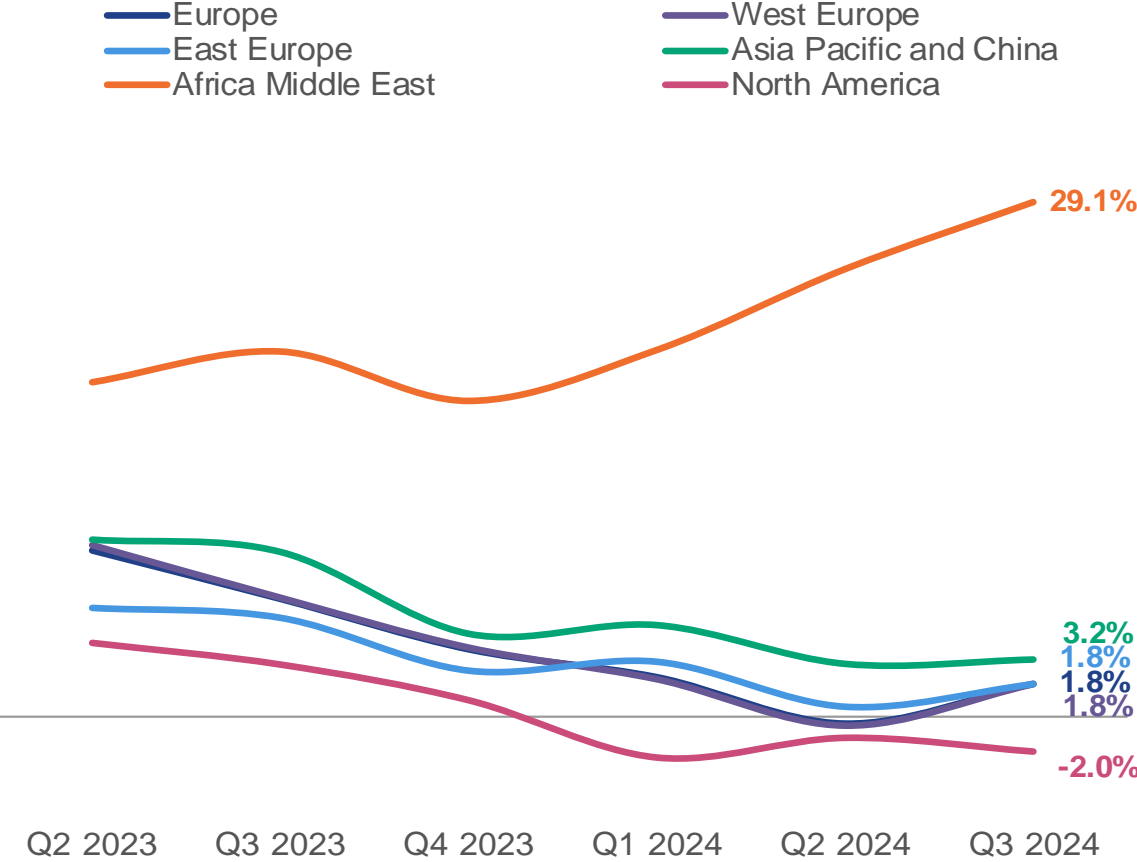
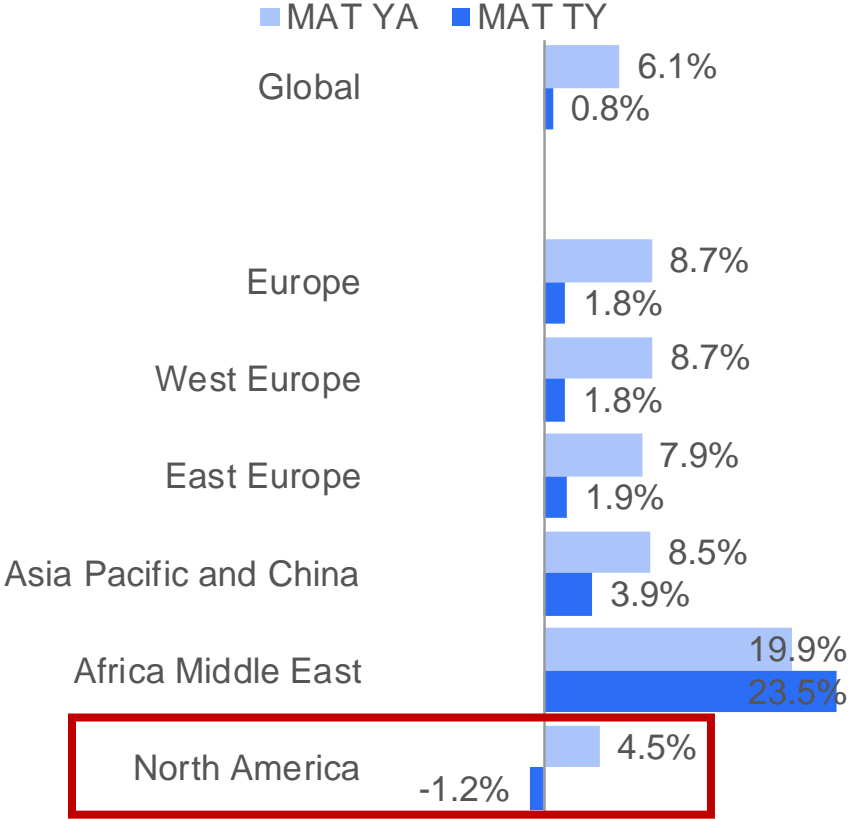


Source: NIQ, Retail Measurement Services, Total U.S. xAOC (UPC-coded + random-weight/Non-UPC) plus Convenience (UPC-coded), 52 weeks ended 6/29/2024 versus the prior three years; *mass-merchandisers, dollar stores, warehouse clubs, and military

Convenience delivered the lowest value growth across channels

Channel performance

% value growth vs same period YA

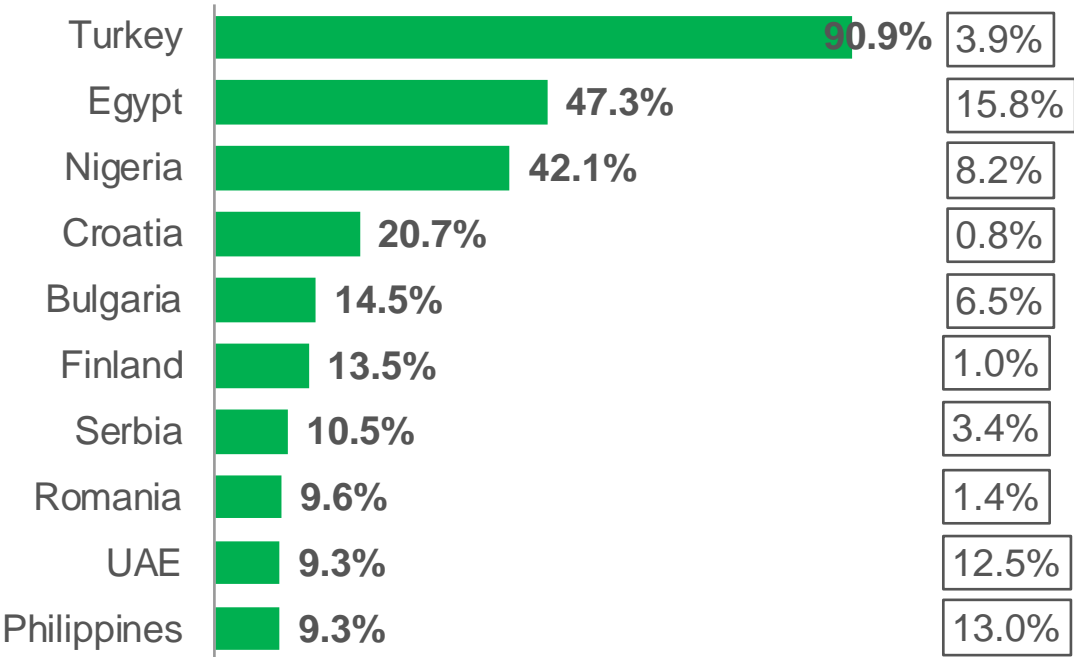


Source: NielsenIQ RMS FMCG data up to Q3 2024 - Convenience 36 markets considered

Convenience global top and bottom performers

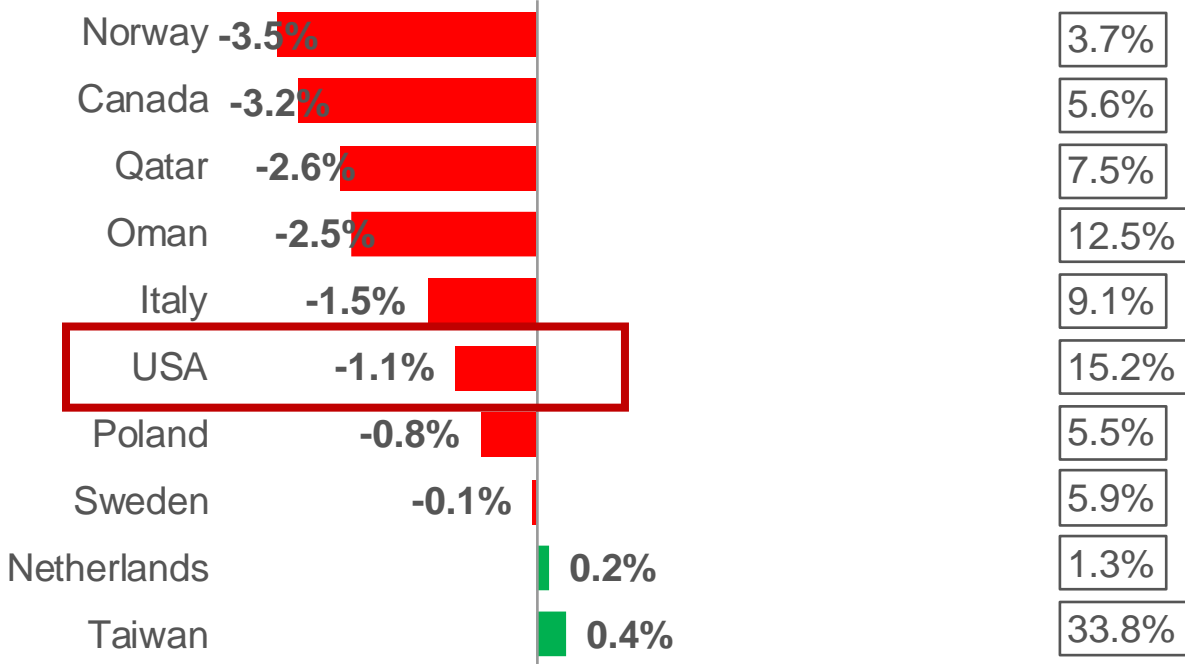
Top performers

% value growth MAT TY vs YA and % value contribution MAT TY



Bottom performers

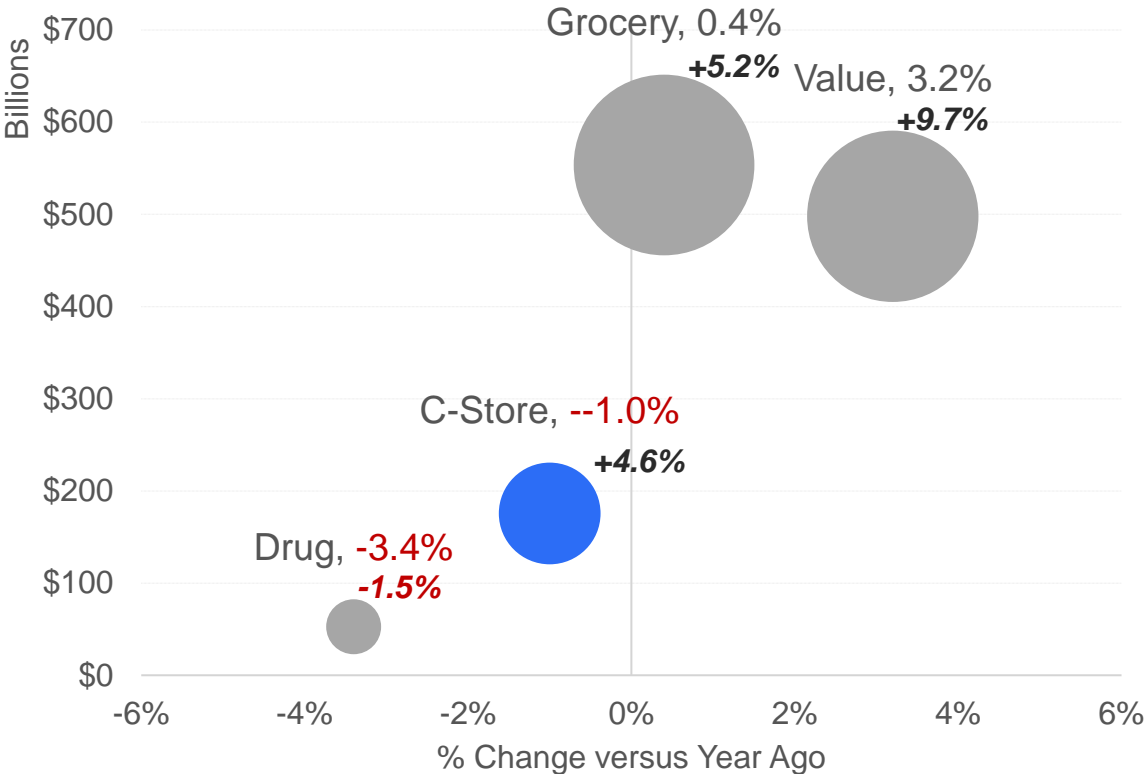
% value growth MAT TY vs YA and % value contribution MAT TY



Source: NielsenIQ RMS FMCG data up to Q3 2024 - Convenience 36 markets considered

Convenience decreasing as dollar growth slows in all measured retail channels as price pressures ease

All departments – dollar sales & trend



Bold italics = year ago dollar trend

Size of bubble denotes dollar share of Total U.S. xAOC, plus Convenience Stores

\$1,280 billion
total measured channels

+1.2%

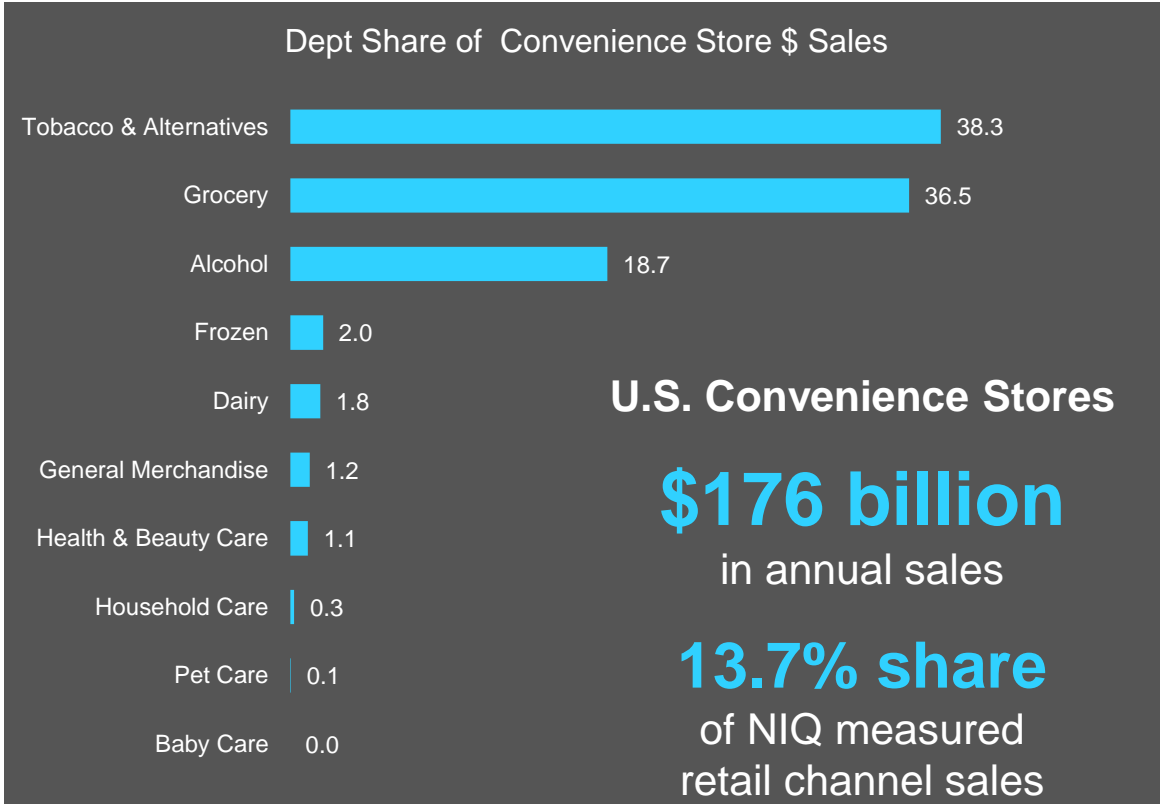
+6.5%

Source: NIQ, Retail Measurement Services, Total U.S. xAOC (UPC-coded + random-weight/Non-UPC) plus Convenience (UPC-coded), 52 weeks ended 6/29/2024; *mass-merchandisers, dollar stores, warehouse clubs, and military



Category Trends

Alcohol is the 3rd largest department in Convenience

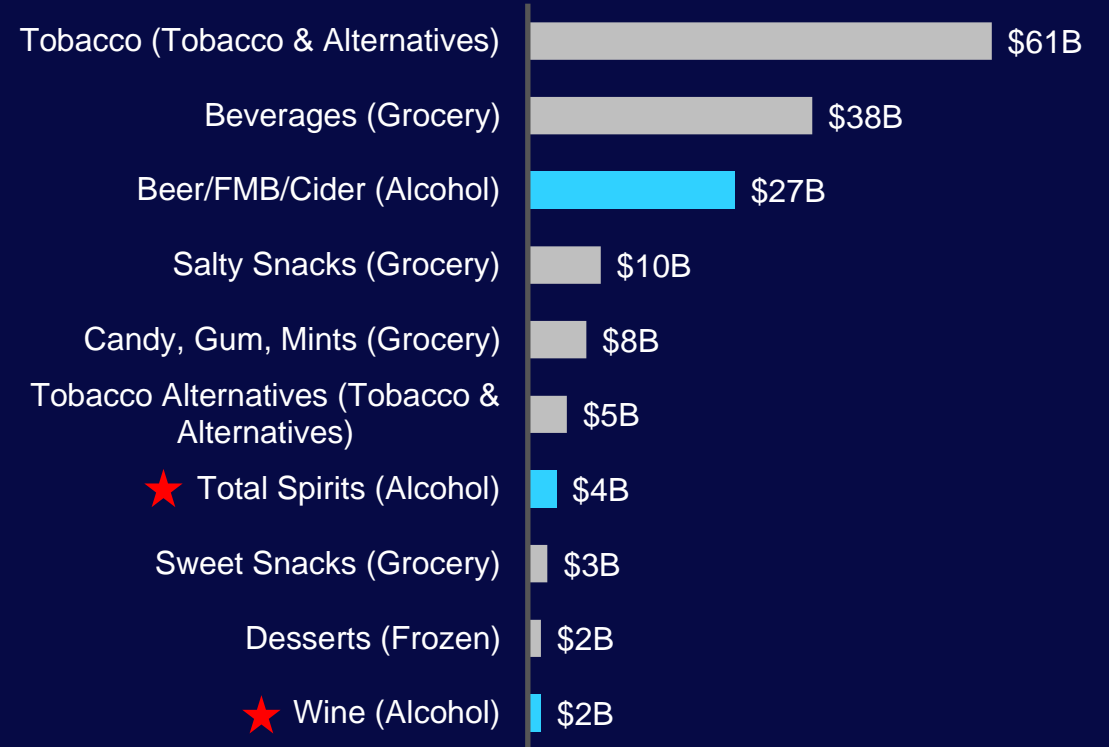


Source: NIQ, Retail Measurement Services, Total U.S. Convenience Stores (UPC-coded), 52 weeks ended 6/29/2024



Of the Top 10 super-categories; only Spirits and Wine are ranked among fastest growing

Top selling super-categories



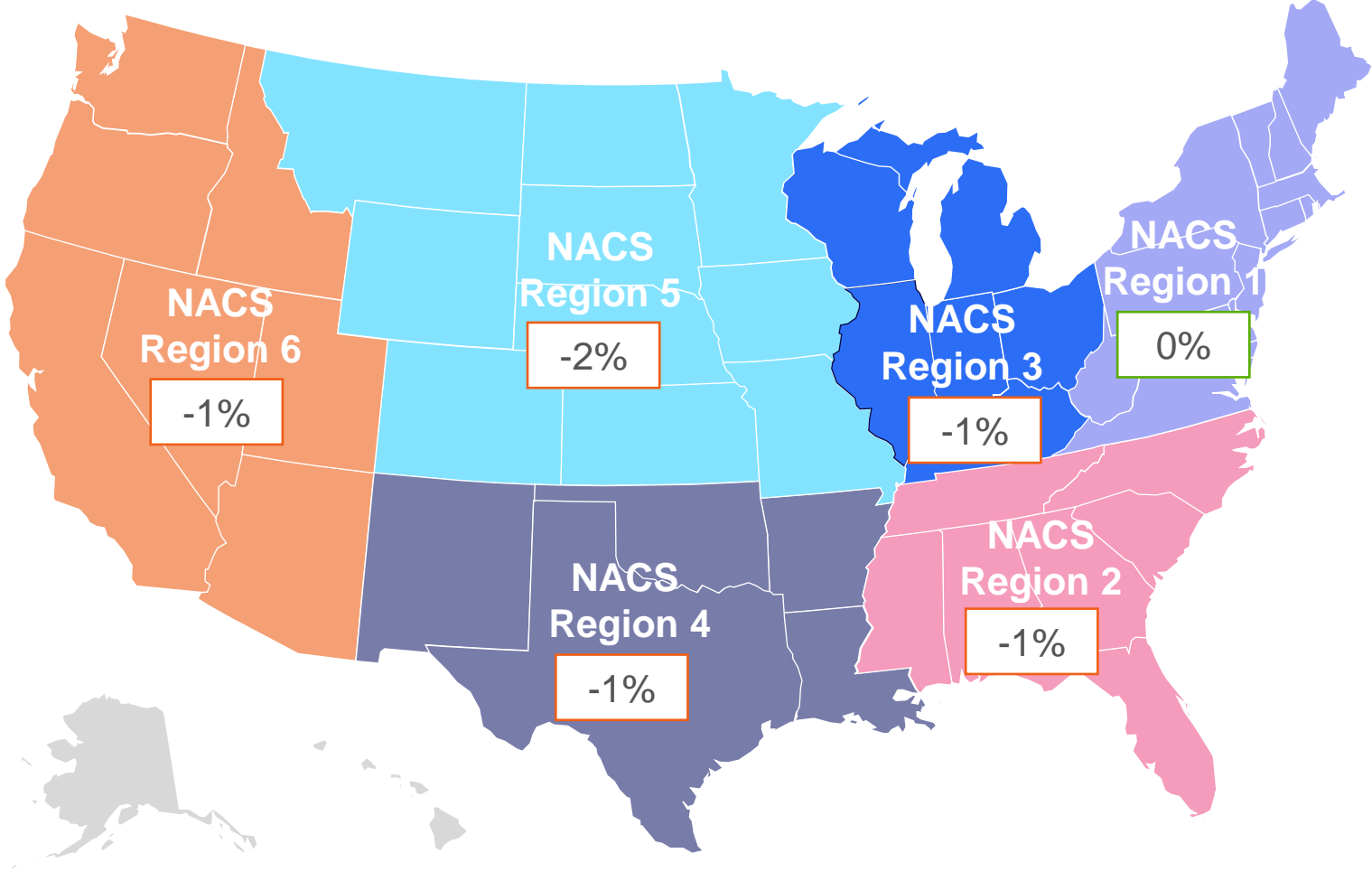
★ Rank among Convenience Top 10 fastest growing super-categories

Source: NIQ, Retail Measurement Services, Total U.S. Convenience Stores, Total U.S. xAOC (UPC-coded + random-weight/Non-UPC) plus Convenience (UPC-coded), 52 weeks ended 6/29/2024; Top 10 fastest growing super-categories based on % dollar growth

Over the past two months, Packaged Beverages and Other Tobacco products have been on an upward trend

Dollar and Unit % change vs. YA

Category	Total US C-Store	
	\$	U
Total Store	-1%	-5%
Cigarettes	-2%	-7%
Packaged Beverages	4%	0%
Beer	-2%	-1%
Other Tobacco Products	5%	0%
Salty Snacks	-1%	-5%
Candy	-2%	-4%
Food & Beverage Services	-10%	-18%
All Other	-5%	-10%



Beer/FMB/Cider/Seltzer is decreasing in Convenience despite largest share

Despite category decrease, it boasts the two largest growing single alcohol categories in Convenience

Convenience Market
\$ Share

B/F/C/S

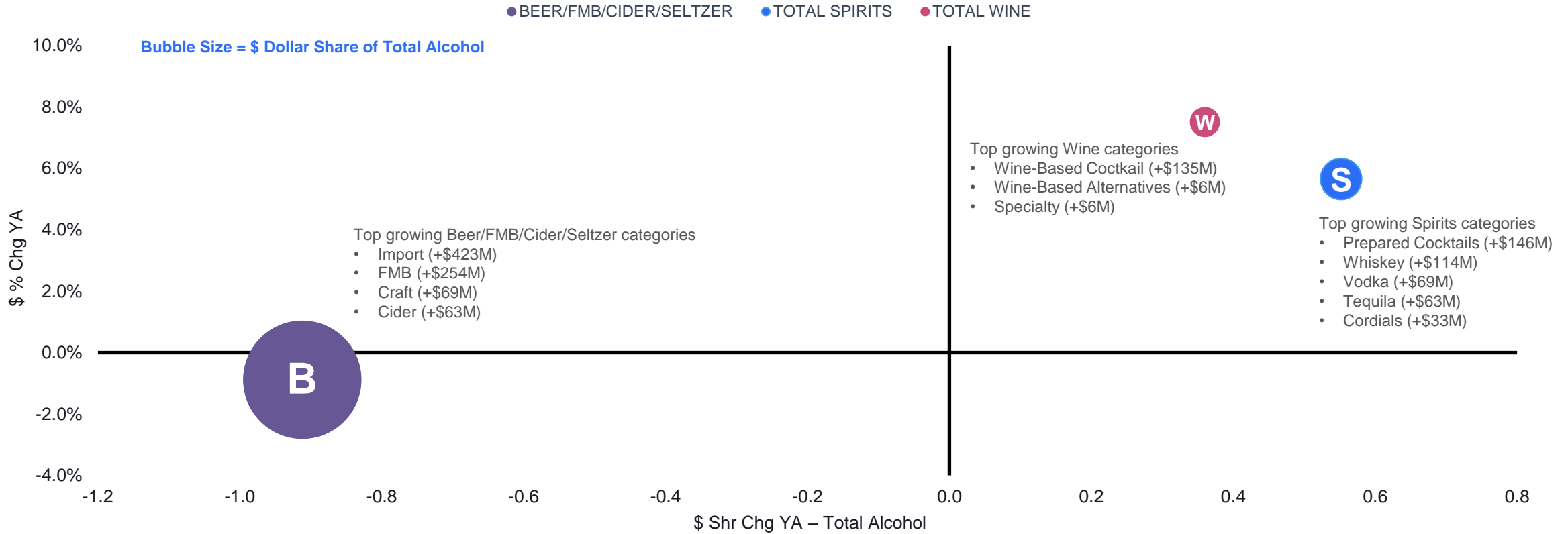
84%

SPIRITS

11%

WINE

5%

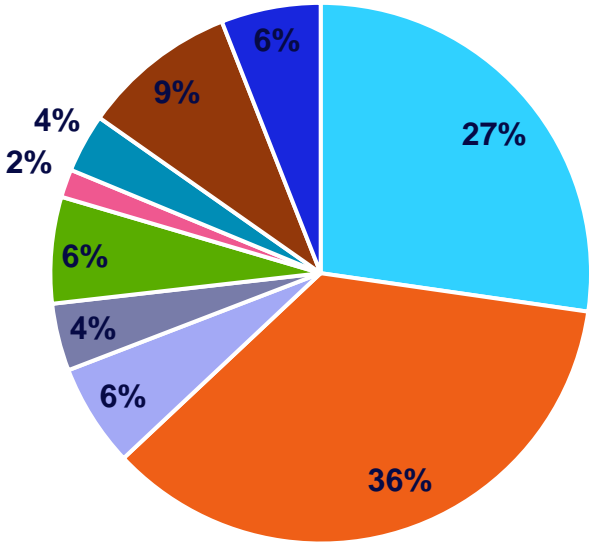


Source: NIQ RMS | US ALC – Integrated; L52 WE 9/28/2024, Total US Conv

Packaged Beverages are growing driven by larger shares of faster growing Energy Drink and Enhanced Water Subcategories

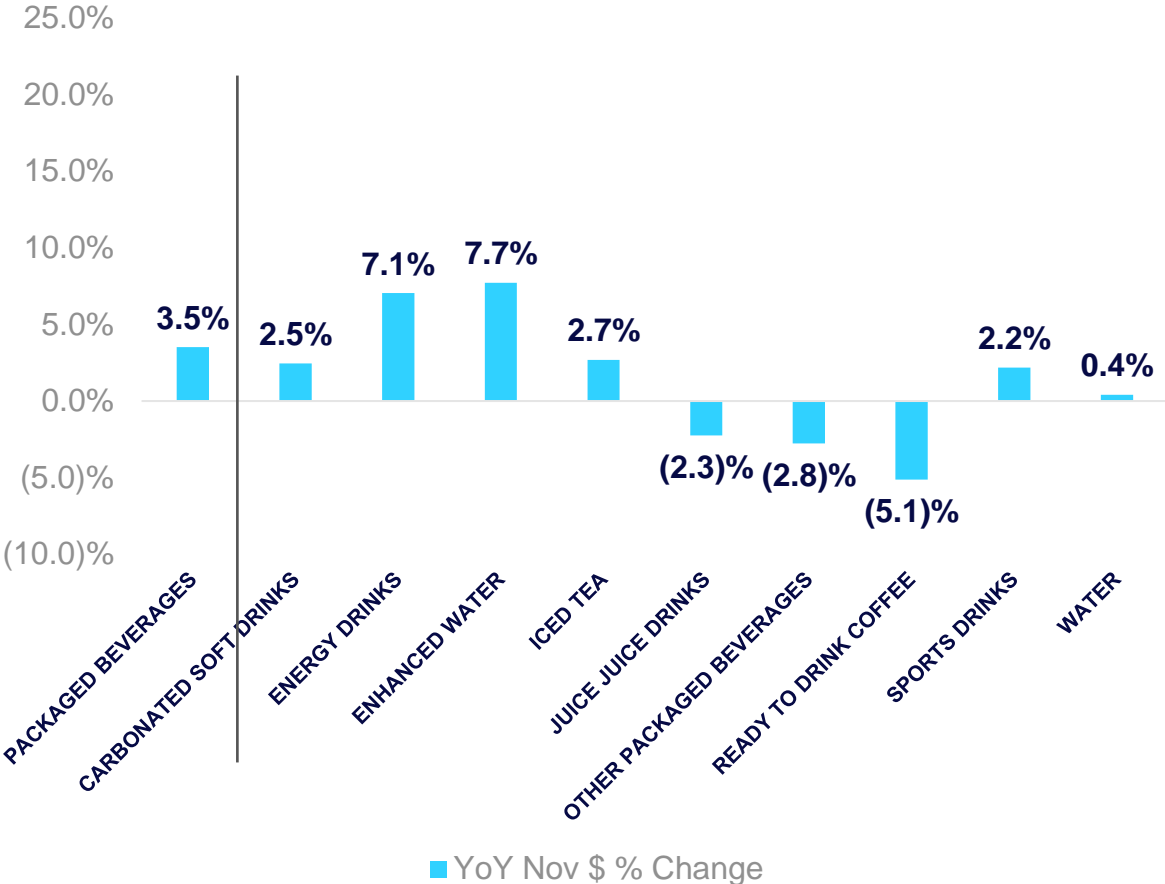
Dispensed Cold Beverage are dominated by Fountain Carbonated

Packaged Beverages (\$2.7B)



- CARBONATED SOFT DRINKS
- ENHANCED WATER
- JUICE JUICE DRINKS
- READY TO DRINK COFFEE
- WATER
- ENERGY DRINKS
- ICED TEA
- OTHER PACKAGED BEVERAGES
- SPORTS DRINKS

Packaged Beverage \$ % Growth





Assortment and Pricing Trends

Pressure on the shelf continues, with average items across the stores declining.

Ongoing Pressures

Labor Shortages

Online & Planned
In-Store

Online For Curbside

Online For In-Store

Personal Shoppers

88%

Offer Curbside Pick-up

81%

Sell Groceries Online

62%

*Offer Home Delivery
by 3rd Party*

85%

*Experimenting With
Customer Experience Tech*

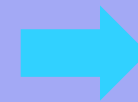


Winners will have a holistic view of assortment that predicts the needs of retailers, shoppers, and brands

Almost 40% of retailers plan to reduce SKUs in the next 12 months. Of them, nearly half say they'll do so to simplify shelves.



Winners will demonstrate their ability to provide efficiencies and improve retailer collaboration



Need to be able demonstrate understanding of the category and why your brands are important

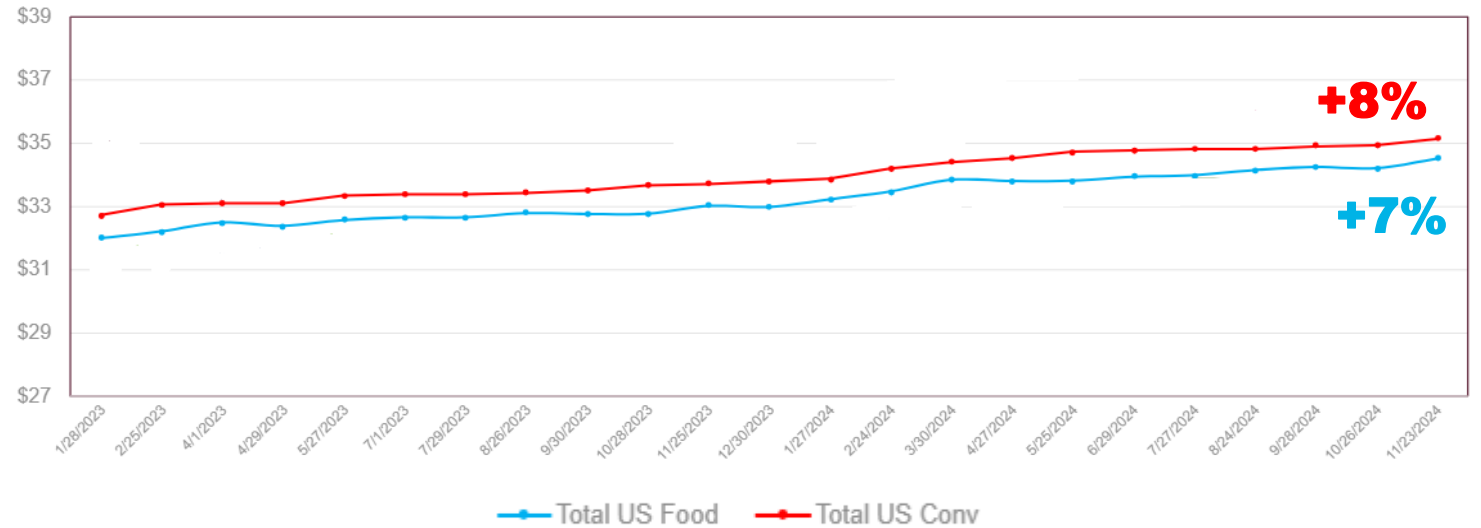
Retailers: "Will you be reducing branded SKUs over the next 12 months? Please select top 2 choices that apply."

Prices increasing slightly more than in Food stores, in a higher priced commom basket

C-Store Non-Promo Price

	Total US Food	Total US Conv
Item	Average Price	Average Price
2.0-3.0 oz Chocolate Bar	\$2.96	\$2.92
2.4-2.7 oz Potato Chip	\$2.55	\$2.59
12 pack 12 oz Premium Beer	\$14.12	\$14.37
1 pack Premium Cigarettes	\$9.47	\$9.42
16 oz Energy Drink	\$2.38	\$2.92
20 oz Soft Drink	\$2.30	\$2.35

Total Basket Non Promo Avg Price Trend



Creates promotional pressure in the Convenience Stores, with more weight, higher discounts, increasing YoY

C-Store Promo Price Variation

	Total US Convenience				Total US Food			
	% of \$ on Promo	% Change \$ on Promo	Any Promo Unit Price % Disc	Any Promo Unit Price % Disc Chg YA	% of \$ on Promo	% Change \$ on Promo	Any Promo Unit Price % Disc	Any Promo Unit Price % Disc Chg YA
2.0-3.0 Chocolate Bar	33%	8%	12%	1.2	33%	3%	14%	(-4.9)
2.4-2.7 potato chip	47%	20%	5%	3.1	32%	10%	4%	(-1.4)
12 pack 12 oz mainstream beer	11%	-3%	3%	0.8	25%	4%	9%	2.3
1 pack cigarette	6%	0%	7%	(-1.9)	5%	0%	9%	0.8
16 oz energy drink	44%	-3%	10%	0.3	47%	2%	17%	0.6
20 oz soft drink	38%	5%	9%	(-0.6)	15%	4%	6%	(-1.6)



Consumer Trends

The Convenience Consumer

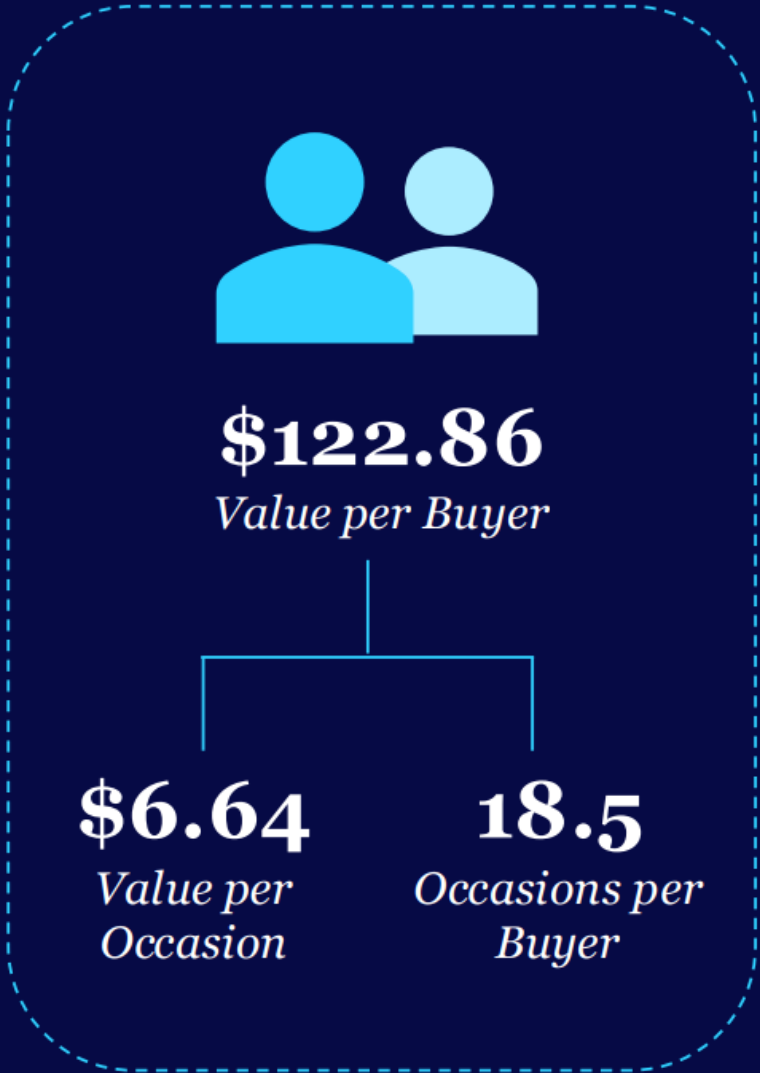
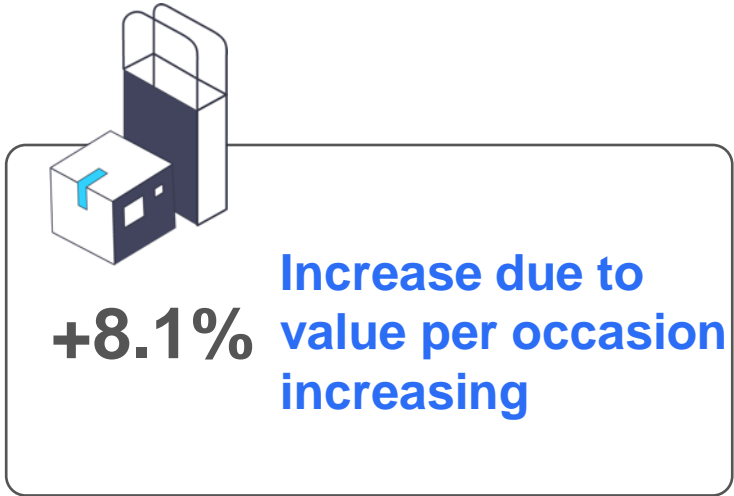
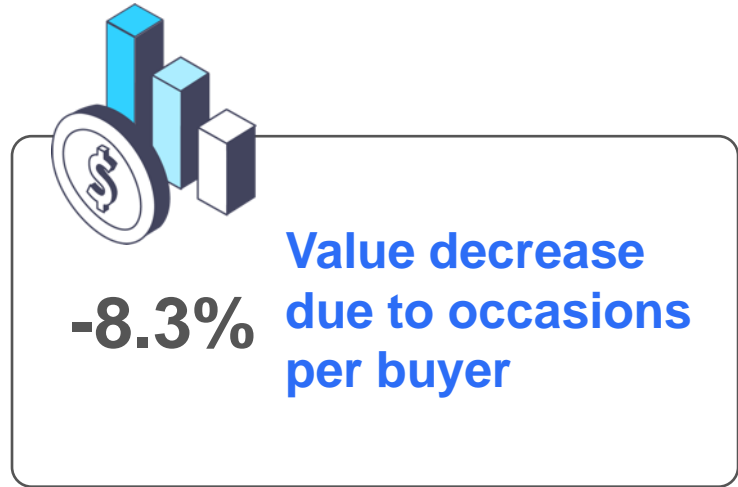
The convenience buyer is more likely younger, low income, and belongs to a Blue-Collar occupation



Source: NielsenIQ Panel on Demand Homescan Panel L52 w/e09/07/2024

Low average ticket, frequent buyer

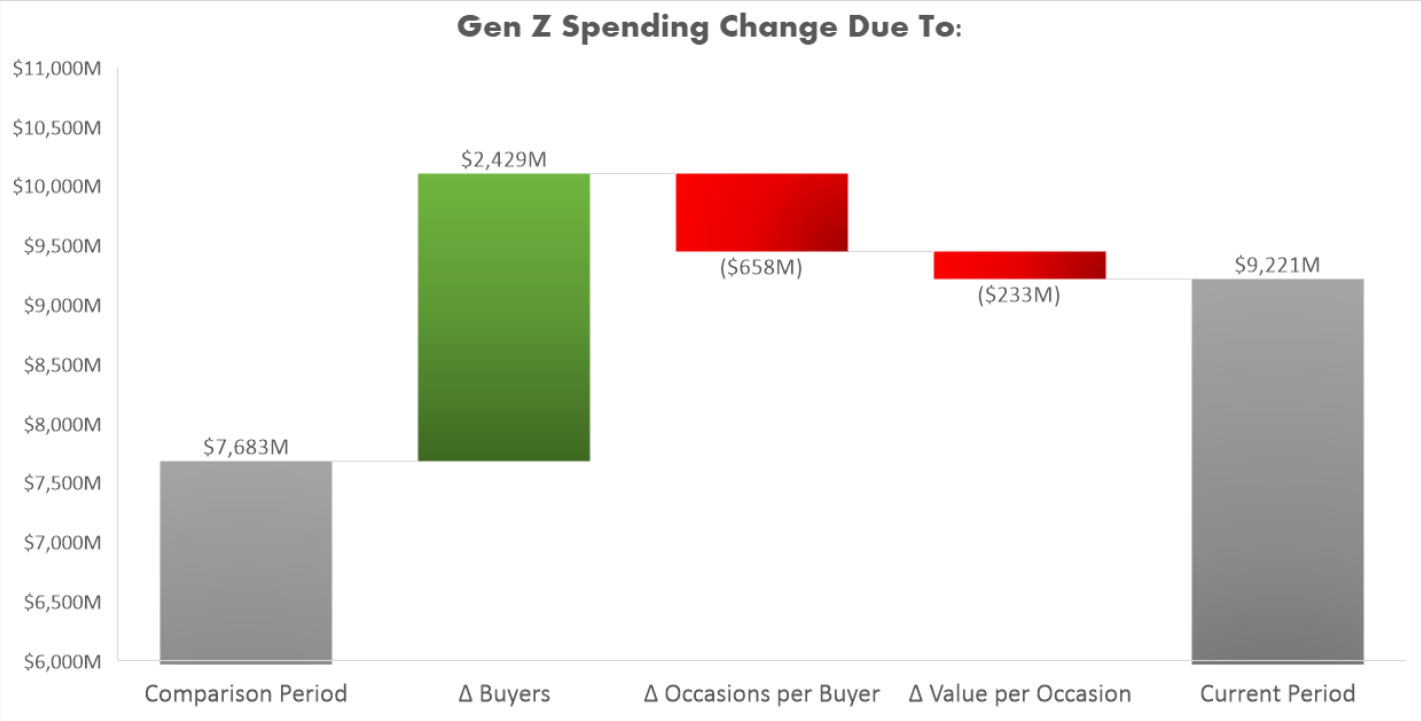
The shopper is making less visits, but spending more per occasion



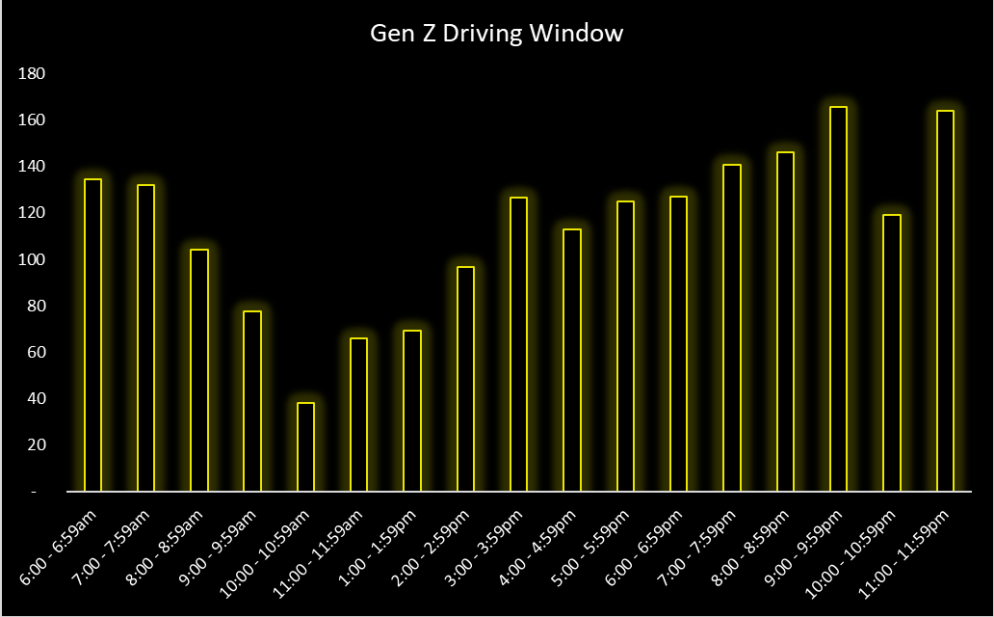
Source: NIQ Omnishopper, US ALC – Integrated (21+ Only); L52 WE 09/07/24, Total Convenience, Total US

Gen Z shoppers increased spending by \$1.6B at C-Stores YoY due to increased number of Buyers.

Occurrences per Buyer and Value per Occasion both declining among Gen Z



Gen Z over-indexes in late-night drivers. Highest peak in the 9:00pm hour.



Source: Value (Volume) for CONV/GAS CHANNEL (IN STORE) during 52w ending 11/02/2024 vs 52w ending 11/04/2023 of TOTAL STORE in TOTAL U.S. Who purchased Total Panel Who shopped at TOTAL AVAILABLE RETAILERS (IN STORE) Who are Demographic Gen Z (1995 or later)

Source: Spectra | Targeting National Behaviors | Data Version Nov 2024 (Retailers) | MRI-Simmons Adult Usage – National Psychographics | In A Car (Daily Activities > Traveling)



Gen Z'ers reaching legal age are propping up gains across categories.

Each of the select categories are experiencing growth due to increased number of buyers.

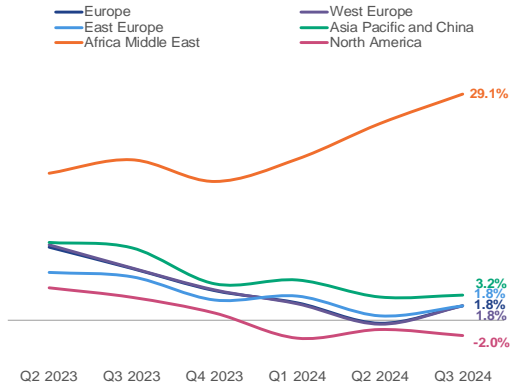
Product	Value (Abs Change)	Due to Buyers	Due to Occasions per Buyer	Due to Value per Occasion	Buyers % of Abs Change	Occasions per Buyer % of Abs Change	Value per Occasion % of Abs Change
FUEL TOTAL	\$664M	\$1B	-\$660M	-\$42M	205.9%	-99.5%	-6.4%
CANDY/GUM/MINTS	\$21M	\$36M	-\$14M	-\$2M	174.7%	-65.5%	-9.2%
COOKIES & CRACKERS	\$4M	\$6M	-\$2M	\$92K	154.0%	-56.4%	2.3%
BEVERAGES	\$164M	\$214M	-\$48M	-\$3M	131.0%	-29.4%	-1.6%
SWEET GOODS	\$25M	\$29M	-\$3M	-\$824K	114.4%	-11.2%	-3.2%
SALTY SNACKS	\$47M	\$47M	-\$3M	\$3M	100.2%	-6.1%	5.9%
TOBACCO	\$146M	\$131M	\$26M	-\$11M	89.8%	17.6%	-7.4%
NUTS & SEEDS	\$7M	\$6M	-\$945K	\$2M	86.5%	-13.6%	27.1%
TOBACCO ALTERNATIVES	\$33M	\$16M	-\$7M	\$24M	49.2%	-22.1%	72.9%
LOTTERY TICKETS	\$50M	\$22M	-\$6M	\$33M	45.2%	-11.3%	66.1%
BEER/FMB/CIDER	\$30M	\$13M	-\$11M	\$28M	42.2%	-36.6%	94.4%
ICE	\$2M	\$144K	-\$393K	\$3M	6.1%	-16.7%	110.6%

- Tobacco is the only category gaining sales among Gen Z due to increased buyers **and** increased occasions; but are spending less per trip – indicating a trade down in premiumization or reduction in unit quantity.
- Increased Value per Occasion is outpacing growth from new buyers in Tobacco Alternatives, Lottery Tickets, Beer
- Future growth among Gen Z will rely on increased Occasions or Spend per Trip; particularly in staple C-Store categories like: Fuel, Candy/Gum/Mints, Cookies/Crackers, Beverages, Sweet Goods, and Salty Snacks.



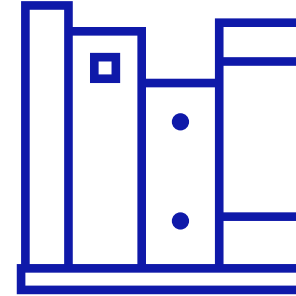
Key Takeaways

Today's Key Takeaways



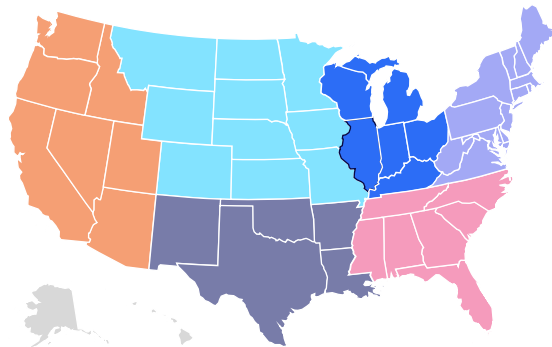
Challenging trends

The channel is decreasing its performance, not only in US but all across the globe. In US, even with the increase in opening stores, the channel is underperforming.



Correct Assortment & P&P

Shelf under pressure and depth promotions creates a complex scenario. Choosing the right assortment and having assertive promotions will make the difference



Best choice of Categories

We have categories of huge relevance performing below average. The choice of impulse categories that can leverage the business will be a key.



Consumers

GenZ will set the trends, beyond consumers with lower incomes and blue collars. We expect fewer visits to the POS but with higher spending per occasion

**We hope you
enjoyed the
presentation!**