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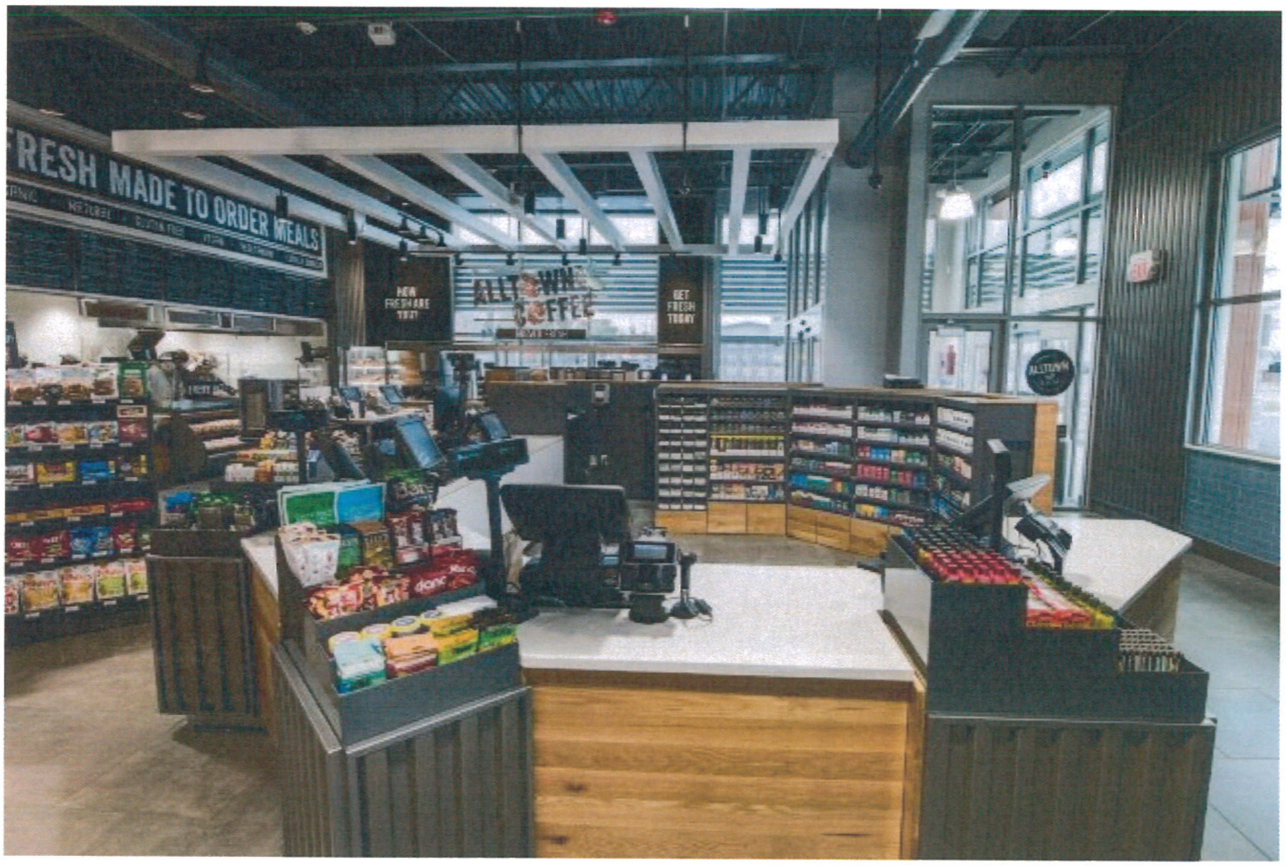
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FOOD CHOICES
IT'S ALWAYS GOOD TO BE FRESH
FRESH FROM THE
TRY SOMETHING FRESH
FRESH ICE


YOUR CORNER MARKET
CELL PHONE ACCESSORIES
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FRESH & LOCALLY SOURCED

Record U.S. Convenience Store Food, Merchandise Sales in 2018

- Total sales surged 8.9% to $654.3B, led by a 13.2% increase in fuel sales

- In-store sales increased 2.2% to a record $242.2 billion

- Foodservice sales accounted for 22.6% of in-store sales

- Wages increased 4.4%; the average wage for a store associate increased to $10.74 per hour

NEWS PROVIDED BY
National Association of Convenience Stores →
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CHICAGO, April 3, 2019 /PRNewswire/ -- U.S. convenience stores experienced a 16th straight year of record in-store sales in 2018, according to newly released NACS State of the Industry data, the convenience and fuel retailing industry's premier benchmarks and key performance category insights.

U.S. convenience stores sales overall surged 8.9% to $654.3 billion, led by a 13.2% increase in fuel sales, which account for 69.6% of total sales. In-store sales increased 2.2% to a record $242.2 billion. Overall, convenience stores sales are 3.1% of the U.S. gross domestic product of $20.5 trillion.

VIEW PDF

U.S. convenience stores experienced record sales in 2018, according to newly released NACS State of the Industry data, the convenience and fuel retailing industry's premier benchmarks and key performance category insights.

Higher gas prices, up 13.7% from $2.37 per gallon in 2017 to $2.69 per gallon in 2018, contributed to the increase in overall industry sales. Fuel margins, which have increased over the last five years, were also higher in 2018, up 7.5% to 23.35 cents per gallon, while gallons sold decreased by 0.4%.

"Fuel sales were strong in 2018 but consumers were making fewer stops to refuel, which suggests that greater fuel efficiency in vehicles is translating to less trips per week to the convenience store," said Andy Jones, NACS vice chairman of research and president/CEO of Sprint Food Stores Inc. in Augusta, Georgia. "Utilizing NACS research can help retailers track trips per transaction and develop new marketing strategies to bring customers from the pump inside the store."

Snapshot	2017	2018	% Change
Store Count	154,958	153,237	(1.11)%
Inside Sales (Billions)	$237.0	$242.2	2.2%
Fuel Sales (Billions)	$364.1	$412.1	13.2%
Total Sales (Billions)	$601.1	$654.3	8.9%
Pretax Profit (Billions)	$10.4	$11.0	5.8%
Credit Card Fees (Billions)	$10.1	$11.1	9.9%
Employees (Millions)	2.38	2.36	(0.84)%
Fuel Margin (cents per gallon)	21.73	23.35	7.5%
Net of Credit Card Fees (cpg)	16.90	18.02	6.6%

(Sources: NACS State of the Industry data; 2019 NACS/Nielsen Convenience Industry Store Count)

Foodservice Powers In-Store Growth and Strategies

Foodservice sales accounted for 22.6% of in-store sales, a category that continues to be a key focus area for the convenience store channel. Foodservice is a broad category that mostly encompasses prepared food (69% of both category sales and profits) as well as commissary foods and hot, cold and frozen dispensed beverages.

The growth in foodservice also has led to an increase in store size. Overall, the average convenience store is 3,230 square feet. But as newer stores feature touchscreen food-ordering kiosks, add space for in-store seating and waiting areas and incorporate an open-kitchen design, the size of new stores has increased to 4,991 in rural locations, and 4,603 square feet in urban locations.

Cost of Growth

New business investments are also leading to higher direct store operating expenses (DSOE), which include wages, payroll taxes, health-care insurance, card fees—higher than overall industry pre-tax profit for the first time since 2014 ($11.1 billion vs. $11.0 billion)—utilities, repairs/maintenance and supplies, as well as several other categories including franchise fees and property taxes. For the third consecutive year, DSOE has outpaced inside gross profit dollars, a trend that continues to create challenges for convenience retailers.

"The cost of growth, whether it's higher acquisition multiples, new store construction or retrofitting older sites, has never been higher in our industry," said Jones. For example, the average cost to build a new store has increased over the last five years from $5.6 million to $7 million. "These are business trends that convenience retailers should be prepared to address as they continue evolving and growing their businesses."

Employment and Wages

Beyond sales, convenience stores are an important part of the economy. The industry employed 2.36 million people in 2018, a slight decrease from 2.38 million in 2017. Part of this decline can be attributed to the slight decrease in the U.S. convenience store industry store count reported in March 2019 (convenience.org/storecount).

Despite a tight labor market, store associate turnover decreased from 121% in 2017 to 118% in 2018; however, retailers are also paying employees more: Wages were up 4.4% and the average wage for a store associate increased to $10.74 per hour.

Category Performance

Convenience stores are the destination of choice for the 165 million U.S. customers who frequent their favorite location each day, and 83% of the items bought at a convenience store are consumed within the first hour of purchase.

Here are overall merchandise sales groups as a percentage of overall merchandise sales:

- Cigarettes: 31% of in-store sales
- Foodservice (prepared and commissary food; hot, cold and dispensed beverages): 22.6%
- Packaged beverages (carbonated soft drinks, energy drinks, water, sports drinks, juices and teas): 15.3%
- Center of the store (salty, candy, packaged sweet snacks and alternative snacks): 10.4%
- Other tobacco products: 6.7%
- Beer: 6.3% (12.4% for stores selling beer)
- Other: 7.7%

Convenience retail industry data was announced at the NACS State of the Industry Summit, taking place April 2-4 at the O'Hare Hyatt Regency in Chicago. More than 600 leading retail and supplier company representatives are at the industry's top conference for benchmarking and analysis of retail trends.

The industry's 2018 metrics are based on the NACS State of the Industry survey powered by its wholly owned subsidiary CSX LLC, the industry's largest online database of financial and operating data. Complete data and analysis will be released in June in the *NACS State of the Industry Report® of 2018 Data*. Metrics related to turnover were from the recently released *NACS State of the Industry Compensation Report® of 2018 Data*.

Download the infographic, "Strong Sales for Convenience Stores." (PDF)

NACS (convenience.org) advances the role of convenience stores as positive economic, social and philanthropic contributors to the communities they serve. The U.S. convenience store industry, with more than 153,000 stores selling fuel, food and merchandise, serves more than 165 million customers daily—half of the U.S. population—and has sales that are 11% of total U.S. retail and foodservice sales. NACS has 1,900 retailer and 1,800 supplier members from more than 50 countries.

SOURCE National Association of Convenience Stores

Related Links

https://www.convenience.org

2020 was the year of the convenience store. What will 2021 hold?

We've analyzed industry trends and changes in consumer behavior in order to predict big changes in the fuel and retail industry over the coming year. The "new normal" has settled in – and is here to stay. How will your store adapt?

December 14, 2020 | 5 minutes

2020 has been a tough year for many business owners and the uncertainty to

So with 2020 being "the year of the convenience store", what's in store for 2021?

The future is unclear. With possible changes in government and ongoing vaccine trials, the rumor mills are rife, and it's not clear how different outcomes will affect the fuel and convenience retail industry.

Many authorities are predicting that the pandemic is set to continue. The Institute for Health Metrics and Evaluation (IHME) predicts that COVID rates may not settle for some time. So we can assume that traffic levels will remain lower, as people continue to work from home, avoid busy areas, and restrict travel where possible.

The IEA's 2019 – 2025 forecast still predicts a slight increase in global fuel demand in 2021. Their forecasts show that after a dip in 2020, the demand will pick back up above the levels seen in 2019 and although long-term growth rates may have taken a hit, the industry will rebound in 2021. A blog we published back in July mirrors this prediction with multiple demand rebound projections suggesting a return to normal in 2021.

2021, the year of the delivery service?

Throughout the pandemic, quick service restaurants (QSRs) with drive-through facilities have remained popular. But rather than rebuild sites to accommodate drive-throughs, many savvy business owners have come up with creative ways to promote their QSR businesses. Remote ordering, contactless service, and carry-outs have been introduced to allow QSR sales to continue while maintaining social distancing and safety measures.

As the big fast-food brands, who have never offered delivery services before, start to introduce partnerships with the likes of Uber Eats and GrubHub, consumers now expect easy delivery options for their food orders. If you haven't already got a delivery option in place for your QSR, 2021 is the time to introduce one.

2021, the year of the tech checkout?

expectations of what a shopping experience should be. Over time, no queues and multiple quick payment options will become the norm.

Introducing new point-of-sale systems that allow mobile payments will help to increase convenience and speed up transactions in your store. New self-service checkouts can reduce queues and give customers a contactless checkout option, which is increasingly important to many consumers during this pandemic.

2021, the year of the gas station experience?

Technology and the internet have changed the way we shop, for good. The convenience offered by internet shopping has caused a steady decline in sales for physical retail stores. To combat this, many stores are turning their attention to "experiential retail".

This is the idea that stores should be used to give consumers an immersive experience. It's not just about buying goods, but the things that customers can get from you that they can't get online. It's all about creating emotional connections and shareable experiences for your patrons.

For gas stations and convenience stores this means delivering a service and experience that your customers just can't get online. Welcoming seating areas, fresh deli counters, and arcade games are just some of the things we've seen introduced into gas stations to improve on shopper's overall experiences.

Some fuel and convenience retailers have successfully harnessed the power of social media through their in-store experiences. Way back in 2018, 7-Eleven Australia's "Slurpee BYO Cup Day" had customers flocking to their store to drink Slurpees out of coconuts, kettles, shoes, water coolers, and a host of other interesting containers — all happily shared on Instagram using #BYOCUPDAY. More recently, QuikTrip released "let it snackle" Christmas jumpers as part of their #QTfortheholidays series. Experiences and promotions like these can attract people into your stores and give you great brand exposure, assuming they're executed with any future social distancing measures in mind.

These experiential changes will become more and more necessary as electric vehicle (EV) usage grows. The rise of EV is set to impact the size of, and the services offered by, gas stations and convenience stores. Even with the fastest EV charging points, customers will need to spend approximately 15 minutes at your site. Creating a welcoming retail experience for consumers will impact how EV customers view your store and make your site the destination of choice for EV drivers.

Sizing Up

06/17/2002

With its January opening of a 7,400-square-foot convenience store, Wawa Inc. ushered in a new era of development, raising questions about the future of c-store design and merchandising, use of space and optimum store size.

The 530-unit chain has traditionally built relatively larger stores to accommodate a robust fresh-foods offering — typical Wawa units range between 2,800 and 4,400 square feet. But the new location in Mays Landing, N.J., virtually looms over the average existing c-store, which measures 2,464 square feet, according to the 2002 CSNews Industry Report.

"The question of what size the box should be is central to the conversations I've had with several large retailers I've worked with recently," noted David Bishop, director, Willard Bishop Consulting Ltd., based in Barrington, Ill. "If you look at what some players in the industry are doing, it may indicate where some others will follow."

Customer comfort was foremost in the minds of the designers of the Mays Landing Wawa store, which, with 20 fuel positions, will serve as a template for new units in

Pennsylvania and New Jersey over the next few years, noted Maureen McFadden, store design project manager for the Wawa, Pa.-based chain.

"On every level, we constantly strive to anticipate the needs of our customers and to make their lives easier," she said. "Store design is at the core of that promise."

The open floor plan offers ample customer circulation space. The unit features "sensible displays" of complementary products, with items that are often purchased together grouped throughout the store. The facility also has more storage capacity; cold beverages are housed in a 17-door cold box and fresh foods are in the center of the store.

Some see the new Wawa store as the first of many very large units to come from c-store operators. "If we look at this as a 10-year trend, we will have a lot of stores in the 7,000-, 7,500- maybe even 10,000-square-foot range," predicted Jim Mitchell, of Mitchell Design Group, based in Irving, Texas. "Not all c-stores will be that way, but you will see 3,000 square feet of branded or other fresh foods added to 4,000-square-foot c-stores."

Another trend that Wawa is tapping, Mitchell said, is the reemergence of neighborhood markets, in essence large c-stores acting as grocery stores. "The country has been aging for the last 10 years and supermarkets have been getting larger," he said. "Grandma is not going to walk though 100,000 square feet to buy the little bit of food she gets."

At 7,400 square feet, the Wawa store may be challenging the traditional definition of convenience store, Bishop said, but consumers will still consider the location convenient. "They may be creating a separate store format that is supported in specific markets based on the demographics, geography and neighborhood, similar to Wal-Mart's Neighborhood Market strategy. They are redefining their position relative to a market, then capitalizing on a specific niche and filling it."

Over the last few years, c-store size in general has been pushed by the growing presence of gasoline, noted Coney Elliott, president of Solutions Inc., a consulting firm based in Midland, Texas. As gasoline facilities stretched from two pump positions to 10 or more, the industry's 2,400-square-foot box has been dwarfed.

"Even before the introduction of fast food inside the store," he noted, "folks were trying to make stores appear bigger to get a visual impact from the street."

More Space, Less Product

The average new c-store (less than a year old) measures 3,225 square feet, according to the 2002 CSNews Industry Report. But from a merchandising standpoint, larger stores today often have fewer products on the floor than older 2,400-square-foot stores.

"I'd say 3,000 square feet to 3,200 square feet is the minimum for new stores, with even more space added whenever additional services or product categories are added," Elliott noted. "While store size initially increased to add fast food, even retailers still offering the basic selection have increased store size to change the customer's perception.

"Some stores are designed to be more open, spacious and functional, and potentially accommodate more bulk or free-standing displays. The extra space may be used in the walk-in cooler storage or in the fountain area, but the floor space devoted to basic products hasn't increased over the years."

Retailers are not trying to fill stores with as many products, according to Bishop, who noted that two things are evident walking into BP plc's newest Connect stores: There are fewer products and most are immediate consumables.

"We've seen a shift in the industry toward immediate-use products," Bishop said, "which can mean single-serve and smaller containers gaining merchandise space in some categories. For instance, 20-ounce sodas have become more visible than 12-packs of cans."

The optimal BP Connect store is 4,200 square feet, with 3,000 square feet of merchandisable area, dimensions created after considerable consumer research.

"The new stores have a wide frontage to optimize front-door parking spaces for our customers and to project street presence, showing we are in the merchandise business," said Michael O'Brien, manager global design, for London-based BP, which has U.S. offices in Chicago and New York.

"Our strategy is to provide our customers with wide aisles, lower gondolas and clear visibility to give them an easy, pleasant and efficient shopping experience."

The oil company has specific guidelines for determining the amount of space devoted to merchandising each category, to project a sense of "product authority" to customers, driving sales and margin throughout the store. An emphasis on store-operating skills ensures each unit remains uncluttered, but "it is a continual battle," he noted.

Smaller stores of 2,400 square feet and less cannot provide the same shopping experience, O'Brien commented. "But we are doing our best to upgrade the retail skills, capabilities and product offering to give the best shopping experience within our smaller stores."

In some units, this could mean eliminating subcategories to give the customer a clear, uncluttered choice within core categories. "The number of product SKUs is tightly managed within each store size by planograms," explained Richard Griffin, BP's vice president of marketing, Central Business Unit. "We pay a lot of attention to SKU count discipline."

Returns on site and store investment are carefully managed by BP, he added. "We have a rigorous process and high return expectations. We are continually working at building more efficiently to drive down unnecessary costs and look for new ways of presenting our customers with the same standards. We also are continually looking at ways to drive our merchandise intensity within the store to drive sales and margin efficiencies."

Bigger Not Always Better

While operators like Wawa have an established, destination foodservice business or other retail driver, larger formats aren't a guarantee of larger sales or profits, industry players caution. "Some retailers built a few [newly designed, larger] stores and spent $300 per square foot — they were never going to make money off those darn things," said Ian Rattray, vice president, senior project director, for Miller Zell, the Atlanta-based design consulting firm that created Sunoco Inc.'s new, award-winning A-Plus design. "Good design really makes money. It's got to bring a return on investment."

Redesigns can look better and be more efficient, while costing less than a retailer's current new builds, he noted. "Image does not necessarily mean more money," Rattray said, noting retailers who have larger stores in mind should analyze the costs associated with traditional brick-and-mortar construction; pre-manufactured, modular buildings; and pre-engineered buildings that are put together like giant Erector sets, which may be less costly, especially in union areas.

"You need to look at the store in totality, making what the customer feels and sees better, at less cost," he said.

In some instances, c-store operators have tried to compete through their facility, rather than execution, Elliott added. "You can't sell the look of the store. The facility will attract, but not hold the customer. You've got to have the right location, product offering, price and personality to be successful.

"Some people have invested excessive dollars into building monuments to themselves or the community or for whatever reason. In many cases, those have not succeeded because they were not functional or didn't have the right product offering."

A number of successful c-store operators, such as QuikTrip Inc. or Love's Country Stores, have not substantially increased the size of their stores, but have continued to modify the basic rectangle, upgrade merchandising and expand their primary offering, such as fountain drinks and coffee, Elliott noted. "They build nice, modern facilities that are appealing, but are not monuments," he said. "They have stayed traditional when it comes to store design, but have enhanced location, overall presentation and product. Some folks are putting dollars in people and location, as well as facility. Others tend to put it only in facility."

At Oak Brook, Ill.-based Clark Retail Enterprises Inc., which operates units from 300 to more than 3,000 square feet, as well as a 7,500-square-foot truckstop, facility size is tied to the store brand, the nature of that brand's offerings and the space required to merchandise each item. Clark's Oh Zone! stores are more than 2,800 square feet in size; White Hen stores are 2,000 to 2,400 square feet or greater; On the Go units range from 300 to 3,000 square feet.

"Location dictates the offering," said John Matthews, vice president marketing and facilities. "Where we have the opportunity to control size, we attempt to do so. We have target spacing for each of the brands, but store size is generally dictated to us, unless we are doing a ground-up.

"C-stores generally don't offer the luxury of creating vast allotments of space. We find if you design a merchandising set for the smallest stores, you can enlarge the set or add incremental sets to your large stores in a modular fashion. There is a tendency to squeeze as much in as possible, while allowing for all of the necessary ADA [Americans with Disabilities Act] requirements. If space were not as much of a constraint, we would instill customer queuing and resting areas in the store to enhance the overall experience."

While others are sizing up, one of Clark's newest store concepts — for office buildings — requires only 2,000 square feet. "We would like to have more, but where we put this concept — generally high-rise buildings — it becomes cost-prohibitive to go much larger due to rents. Therefore, we make 2,000 work."

Making Over the Small Box

Regardless of how many retailers start building 3,500- or 4,500- or even 10,000-

square-foot stores, the majority of c-store locations are still in the area of 2,400 square feet. While few retailers do wholesale retrofits, many are making changes to present a more spacious feeling, including reducing SKUs and reconfiguring gondola runs.

"The industry average is 3,200 SKUs [per store]," Bishop said. "But you will see stores today going below 2,000 SKUs and in some cases 1,500. That opens space in smaller stores and begs the question, what do we do with all this free space? It gets to reinventing the store and how some retailers are defining their markets more narrowly."

Mitchell is involved in a number of remerchandising efforts with retailers looking for ways to open up the traditional c-store. "We reduce shelving, but not product offering," he said. "Many retailers are not paying attention to what is on the shelf. They may have two or three sizes of bleach, two brands of dishwashing fluid, maybe in different sizes. If we reduced some of these to one SKU in a medium size, we won't lose sales, but can reduce the amount of shelving."

What's more, most retailers usually buy shelving that is too deep and don't use vertical space efficiently, said Mitchell, who recommends a flexible system of wire shelving and slat board, where shelving can be adjusted horizontally and vertically. "Go over to the shelf that holds groceries or paper products, squat down and look at it straight on from the end. You will see about 20 percent of the space is not used, especially height-wise and depth-wise. Retailers are spending money on shelving they don't need. I can go into almost any store in the country and take out 8 feet of shelving, but put 10 percent more product in it."

A-Plus for Design

Sunoco's A-Plus design for its new 4,200-square-foot stores was used to retrofit more than 400 smaller existing locations before the first new build broke ground; it has now been used to retrofit more than 500 stores. "You are trying to get an impact in the marketplace with any new brand development," said Miller Zell's Rattray. "To do a new build and expect that to carry the day, just won't happen. The new design acts as a catalyst for the right thing to happen at the 500, 3,000 or 10,000 locations already there. That's when you get the brand into the marketplace and have in impact on sales, margins and profits."

With the new A-Plus, the designer wasn't looking only to increase the footprint. The total volume of the store — the sense of space, increased height, etc. — was important.

"Based on our consumer research, we wanted to give the store the feel of a marketplace," Rattray said. "In many ways, people have a negative impression of c-stores. Having the sense of openness and security helps draw people in from the forecourt into the backcourt."

Added David Kotke, vice president of marketing, for Miller Zell: "There are specific avenues of retailing we think have trailed all of the trends — and any woman would know that. The oil industry is one of those. The majority of stores are cold and industrial looking with a sheet of bulletproof glass. We have to bust a paradigm, and that need to bust out is driving the height and sense of volume in the store."

Clean and Simple

The visual clutter in the typical c-store can be broken in a larger store, helping customers focus on specific product segment. "One way to do that is to give a larger volume and to simplify communication in the store. It makes the space feel less cramped and easier to shop," said Rattray.

In the new A-Plus design, each primary product category — cold beverages, fountain, tobacco, foodservice — has its own "storefront" with a distinct, but complementary feel. The cooler area, for instance, has a lower ceiling and change of color of the tile. "We wanted that area of the store to feel like a traditional c-store," he said. "It makes the foodservice side of the store more unusual and reinforces it."

Merchandise is raised up off the floor in many cases, thereby cross-merchandised at eye-level. "While getting coffee, a customer will see a Twinkie at eye level," Rattray noted."

To retrofit this spacious image and "company brand," Sunoco took key parts, refined them and put them in the existing store base. In the tobacco category, for instance, the department is branded and given a defined planogram, making its presence substantial. Then, depending on the size of the store, the department fluctuates from 6 feet to 16 feet. "But the brand image is maintained," he said, adding that "the skillful paring down of SKUs to get to the right level of offering is definitely the trend and will open the store up."

Cosmetically, simple things can be done to retrofit older stores to make them feel bigger and bring a sense of consistency to newer, larger stores in a chain. "A lot of it has to do with cleaning up the location and doing things as simple as putting in new floor tile," Rattray said. "While the designs are not exactly the same, the general feel is the same."

Summed up Kotke: "Being able to maintain store imagery is critical. This industry has struggled with that."

BEVERAGES (/BEVERAGES)

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SEPTEMBER 1, 2019

ALLTOWN® UNVEILS ALLTOWN FRESH™, THE FRESH CONVENIENCE MARKET

WALTHAM, Mass., Jan. 16, 2019 — Today, Alltown® launches Alltown Fresh™, the fresh convenience market in Plymouth, Massachusetts. Alltown Fresh is the first fresh convenience market in America to offer fresh food choices, as well as gas/diesel, a cafe, bean–to–cup coffee, outdoor seating, groceries, craft beer, Wi–Fi, pet relief areas, traditional snack options, and phone, and electric vehicle charging stations. Unveiling a completely new convenience store concept featuring a sleek, modern store design and organic food menu items, Alltown Fresh is located at 22 Long Pond Road in Plymouth, MA.

Alltown Fresh offers the local community healthy, fresh food choices and made–to–order meals — including organic, natural, gluten–free, vegan, vegetarian, and locally sourced alternatives — all in a rush–free environment where neighbors can hang out with one another and enjoy a delicious coffee, snack or meal. The 4,800 square foot store incorporates classic hardwood signage, exterior and interior seating, an open grill for fresh made–to–order food items, kiosk ordering, a variety of organic self–serve beverages on tap, smoothies and artisan bakery items. In addition, Alltown Fresh features a wide selection of grab–and–go favorites and healthier packaged alternatives.

"We believe our guests shouldn't have to sacrifice healthy food for convenience, and it's our mission to establish Alltown Fresh as a go–to destination for fresh food choices, including organic, natural, gluten–free, vegan, vegetarian, and locally sourced alternatives, and a comfortable environment where our guests can enjoy grabbing food on–the–go or sit down and enjoy the moment," said Eric Slifka, CEO of Global Partners LP. "It's our hope to inspire the community to take advantage of locally sourced products and provide a menu that incorporates natural ingredients, freshly made food and amenities that go beyond what Alltown has ever offered before."

The Alltown Fresh menu will include made–to–order fresh food options suited for every palate and dietary preference, featuring locally sourced ingredients and products from brands in the Plymouth area. Below is a sample of the unique and delicious menu, featuring all organic produce and fresh, on–site roasted vegetables:

- Curated breakfast options such as **Clean Green Avocado Toast**, complete with cage free eggs or tofu, spinach, fresh avocado, chia seeds and Himalayan sea salt on guests' choice of bread, which is locally sourced from Hearth's Artisan Bakery in Plymouth.
- Specialty protein bowls, featuring locally sourced dressing from Cindy's Kitchen in Brockton, such as **Korean Kim Chi**, made with baby peas, shredded purple cabbage, shredded carrots, sautéed mushrooms, quinoa and Korean Kim Chi sauce, and **Mango Tango**, complete with roasted summer squash, roasted zucchini, roasted peppers, roasted red onions, shredded carrots, three grain brown rice blend and a mango coconut pepper sauce.
- Wholesome sandwiches on guests' choice of bread, such as the **Fresh Pilgrim**, featuring roasted turkey breast, quinoa, homemade cranberry orange relish, and mayo. Also, **Veggie Palooza**, made with fresh avocado, shredded purple cabbage, shredded carrots, green leaf lettuce, sliced tomatoes, red onions, garlic hummus and pesto.
- A selection of specialty beverages, including smoothies, which are blended fresh on–site using all organic produce and come in a variety of flavors, such as **Green Glow** and **Green Monster**, kombucha on tap from Vermont based Aqua ViTea, organic, non–GMO soda alternatives sourced from Tractor Beverage Co, as well as certified fair–trade options made with organic cane sugar from Maine Root Beverages and fresh, organic juice options.

The brand is also elevating coffee offerings by bringing the boutique coffee shop experience to guests in a convenient and affordable on–the–go setting. Alltown Fresh is enlisting "bean–to–cup" Swiss Made coffee machines specially designed to press beans under five bars of pressure instantly for maximum flavor. Brewed hot or iced on–demand in small batches for the freshest cup possible, these beans are locally roasted in Connecticut and offer blends from around the world including fair trade and organic choices such as Monadnock Blend, Stratton Blend, Guatemala San Marcos, and more. Made–to–order classics such as macchiatos and lattes will also be available.

The new gas pumps include 12 regular fueling spots in the front of the market and three high–speed diesel–fueling stations in the rear for 18–wheeler trucks. Alltown Fresh will also offer four Electrify America direct–current fast chargers (DCFC) to serve customers with electric vehicles (EVs). The chargers range in power from 150kW to 350kW. Electric vehicle chargers that offer 350kW are capable of delivering energy for up to 20 miles of range per minute, which is seven times faster than most of today's DC chargers. These chargers are part of Electrify America's national network of high–speed workplace, community, and highway EV charging stations.

About Alltown Fresh™

As part of the Global Partners LP family of brands, Alltown Fresh™ is the first fresh convenience market in America to offer fresh food choices, as well as gas/diesel, a cafe, bean–to–cup coffee, outdoor seating, groceries, craft beer (where permitted), Wi–Fi, pet relief areas, traditional snack options, and phone and electric car charging stations. Alltown Fresh offers the local community healthy, fresh food choices and made–to–order meals — including organic, natural, gluten–free, vegan, vegetarian, and locally sourced alternatives — all in a rush–free environment where neighbors can hang out with one another. Follow Alltown on Twitter, Instagram and Facebook.

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Convenience stores getting bigger; building, operating costs going up

By Marianne Wilson - 04/03/2019

Convenience store sales are booming, but some worrisome trends may cast clouds going forward, including higher store operating costs and declining store count.

Total U.S. convenience stores sales surged 8.9% to $654.3 billion in 2018, led by a 13.2% increase in fuel sales, which account for 69.6% of total sales, according to just-released NACS State of the Industry data. In-store sales increased 2.2% to a record $242.2 billion.

Higher gas prices, up 13.7% from $2.37 per gallon in 2017 to $2.69 per gallon in 2018, contributed to the increase in overall industry sales. Fuel margins, which have increased over the last five years, were also higher in 2018, up 7.5% to 23.35 cents per gallon, while gallons sold decreased by 0.4%.

The growth of foodservice, which has grown into a key focus area for the c-store channel, has led to an increase in store size, according to the NACS report. Overall, the average convenience store is 3,230 sq. ft. But the footprint of newer stores, which increasingly feature such elements as touchscreen food-ordering kiosks, open kitchen designs, in-store seating and waiting areas is averaging 4,991 sq. ft. in rural locations, and 4,603 sq. ft. in urban locations.

New business investments are also leading to higher direct store operating expenses (DSOE), which include wages, payroll taxes, health-care insurance, card fees (higher than overall industry pretax profit for the first time since 2014), utilities, repairs/maintenance and supplies, as well as several other categories including franchise fees and property taxes. For the third consecutive year, DSOE has outpaced inside gross profit dollars. Construction costs are also rising.

"The cost of growth, whether it's higher acquisition multiples, new store construction or retrofitting older sites, has never been higher in our industry," said Andy Jones, NACS vice chairman of research and president/CEO of Sprint Food Stores Inc. "For example, the average cost to build a new store has increased over the last five years from \$5.6 million to \$7 million. These are business trends that convenience retailers should be prepared to address as they continue evolving and growing their businesses."

The industry employed 2.36 million people in 2018, down from 2.38 million in 2017. Part of this decline can be attributed to the slight decrease in the U.S. c-store store count, according to NACS. The number of c-stores declined from a record 154,958 stores in 2017 to 153,237 as of Dec. 31, 2018.

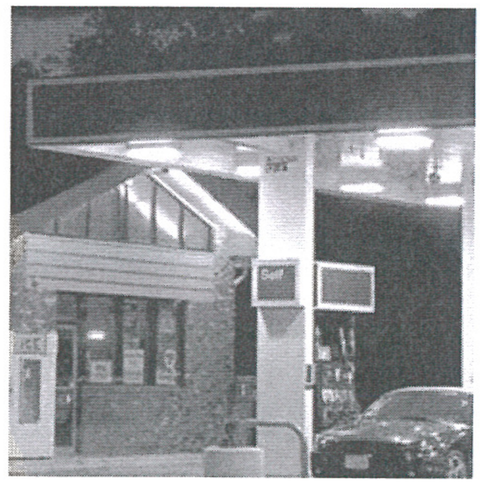
In other NACS findings:

• Foodservice sales accounted for 22.6% of in-store sales. The category is comprised mostly of prepared food (69% of both category sales and profits) as well as commissary foods and hot, cold and frozen dispensed beverages.

• Cigarettes accounted for 31% of in-store sales.

Growing Appetite for C-Stores

Opportunities Remain for Growth



nielsen

Defining Convenience Stores

For this report, convenience stores (C-stores) are 800 to 5,000 square-feet, carry 500 to 1,500 SKUs and include stores that may or may not sell gasoline and offer fast food services.

Making a Store Convenient Can Be Hard Work

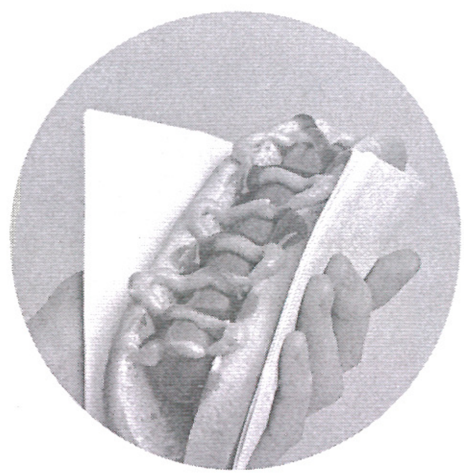
Convenience stores may be small, but they wrestle away a big market share from other types of stores. It takes persistent effort to meet evolving consumer demands and to compete. It also takes the right information. Where do C-stores stand in the marketplace? Who is shopping at convenience stores and what are they purchasing? How can storeowners and manufacturers work together to boost sales? What innovations are industry leaders around the globe working on to address coming headwinds?

It can be a challenging and fragmented market, but the right insights help make sense of it all and give a glimpse into the opportunities.

Choosing Convenience

Americans are flocking to convenience stores, leading to enormous growth in the industry. More than 8,100 C-stores have been added nationwide since 2005, bringing the total to 148,764, a footprint that dominates the big and small box retail landscape. In fact, there are more C-stores than warehouse clubs, supercenters, dollar stores, supermarkets and drug stores combined. Most other types of store formats have also added locations in the past seven years, some at a higher rate than C-stores, but no other retail format can match the number of new C-stores. This much is clear: as much emphasis as American consumers have put on cautious spending in recent years, Americans like convenience. There is now one C-store for every 2,000 people in the United States.

It is perhaps unsurprising that convenience stores are more numerous. They are, after all, less costly to build and operate than their larger-format counterparts. However, the total number of C-stores only tells part of the story. They also outshine the marketplace in revenue growth.

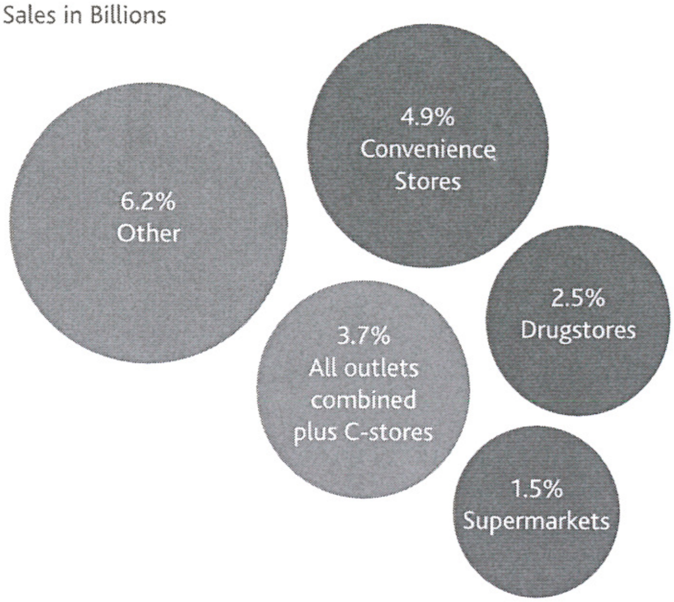


Revenues Growing Too

C-store year-over-year sales in the U.S. grew 4.9% in the 52-week period ending August 4, 2012, compared to 3.7% growth for the marketplace overall. Without even taking gasoline sales into account, C-store sales have topped $123 billion. Compared to the same 12-month period, the $310 billion grocery store segment grew by 1.5% and the $49 billion drug store category, not including prescription sales, grew by 2.5%. [1]

Revenue Growth

Total Sales in Billions



C-Store Chains

Since 2007, 23 of the top 30 largest C-stores increased their store count. The top ten chains added 1,588 stores – more than the combined store count increase from the next 20 largest chains. We see some minor store count compression from the remaining chains, but those smaller chains and individual store operators command 68% of the overall store count within the C-store format.

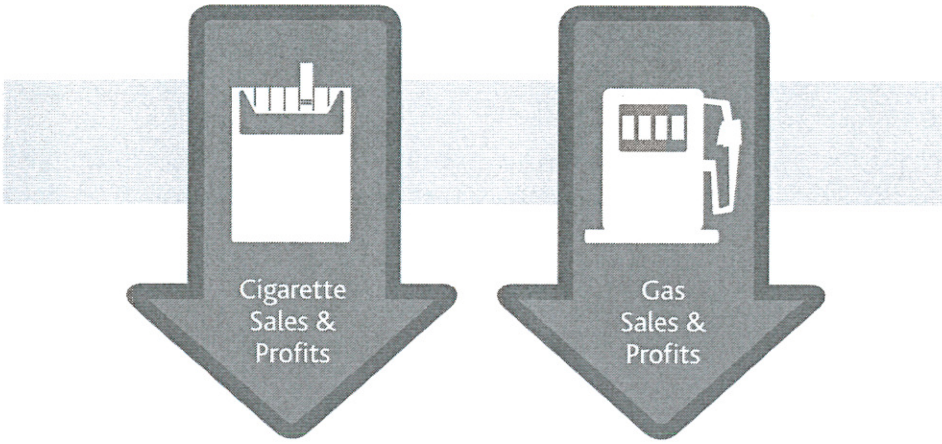
Within the top ten chains, the non-oil company outlets such as 7-Eleven and Couche-Tard led the way in terms of store count expansion. On the other hand, oil company outlets like Shell, BP and Chevron Texaco display negative or slower store growth. This is in large part due to oil companies focusing on their oil business rather than their retail stores.

Expansion From Top Tier Chains, But Smaller Chains and Independents Still Command 68% of Total Store Count

C-Store Universe (% of stores)	2007	Mid-2012	Change	Leading Gainers
Top 10	34,838 (23.8)	36,426 (24.5)	+1,588	7-Eleven (+1,319) and Couche-Tard (+577)
11-20	6,542 (4.5)	7,144 (4.8)	+602	Pilot Flying J (+183) and QuikTrip (+123)
21-30	3,453 (2.4)	3,939 (2.6)	+486	Sheetz (+79) and Kwik Trip (+45)
All Other	101,461 (69.3)	101,255 (68.1)	-206	–
Total C-Stores	**146,294**	**148,764**	**+2,470**	–

[1]These sales represent UPC-coded products across the universe of departments and categories coded by Nielsen.

Leading Trip-Motivators Decreasing



C-Store Customers

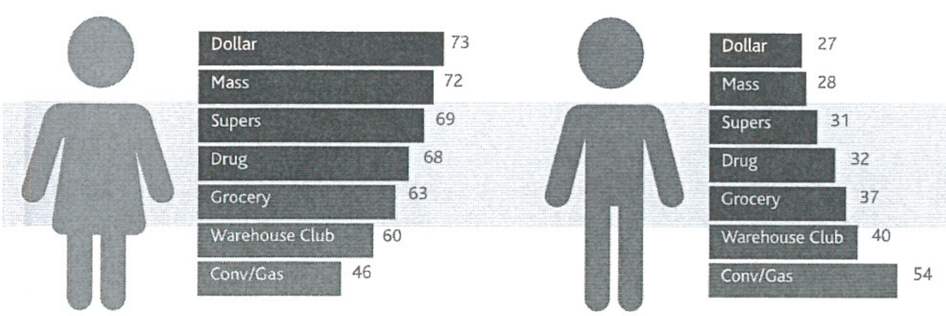
73% are without kids

65% are households with two members or less

54% are households with incomes below $40K

27% are male-only

Share of Retail Channel Shopping Trips



2011

Speed Bumps Ahead for C-Stores

By far, C-stores have the most locations nationwide, but over the past five years, others in the small box category are increasing store count at a faster clip. Dollar Stores added 19% more stores and drug stores added 6% more, compared to 2% in the C-store category. This trend is likely to continue because, in addition to competition with other retail formats, two of the leading reasons people stop at C-Stores are under pressure. First, more fuel efficient vehicles mean fewer trips to the pump, and second, increasing cigarette health education and taxes are taking a big bite out of tobacco demand. With fewer consumers needing fuel and tobacco, what will motivate consumers to visit C-stores?

Who Is Shopping Where?

Convenience stores pull 54% of their sales from households with incomes below $40 thousand and 73% are without kids. In fact, around 65% of all C-store sales come from households of two members or less, and 27% are male-only. Unlike all other retail channels, where women command 60% share or more, men drive 54% of shopping trips to C-stores, making them the highest contributor. [2]

C-stores also have a particularly strong multicultural market. Unlike larger retail formats where purchases from African Americans make up between 9% and 11% of sales, African Americans contribute greater sales in C-stores (17%) and other small retail formats like dollar stores (21%) and drug stores (13%). C-stores also capture a higher share of spending (13.7%) from Hispanic households. In contrast, Asian household share of spending in C-stores (1%) is lower than other channels examined. However, there has been a rapid 29% growth in the number of C-stores in the Asia Pacific region over the past two years. U.S. and Canadian C-store operators might learn something from retailers in that part of the globe to propel sales among this growing and affluent population segment in the Americas.

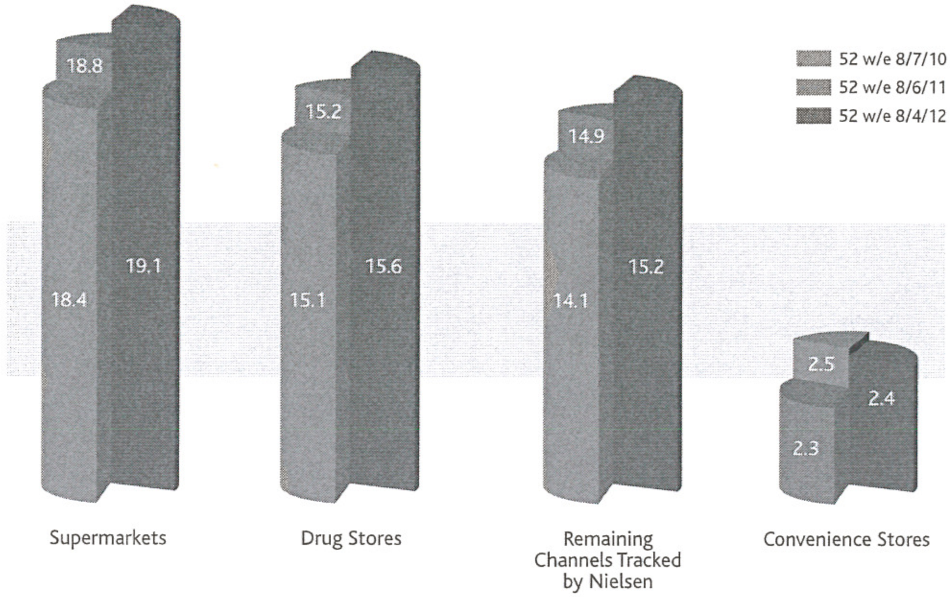
[2] In the 52-week period ending December, 31 2011.

Name Brands Dominate

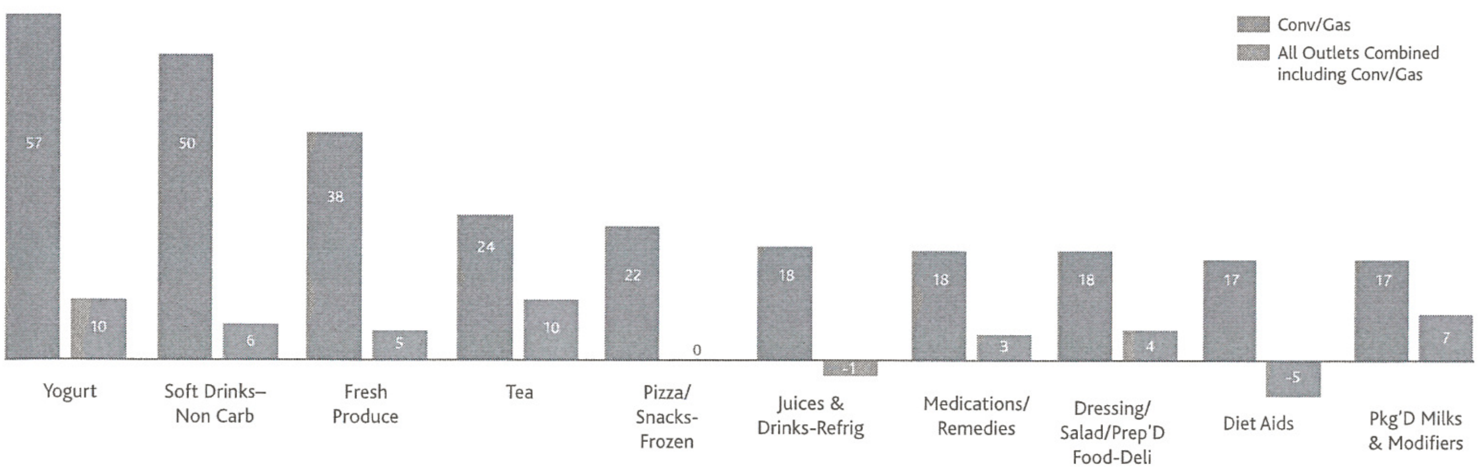
Unlike other retailers who often sell private label brands, C-store shelves are dominated by brand name products. Only 2.4% of C-store sales are private label goods, compared to 19.1% at supermarkets and 15.6% at drug stores.

Name brands in several categories rely on C-stores for a significant portion of their sales. For example, C-stores claim 85% of all tobacco and accessories sales in the U.S. and 53% of all beer sales. Consumers also buy a considerable amount of their carbonated beverages (38%), snacks (21%) and candy (21%) from C-stores. However, some of the fastest growing categories include healthy options such as yogurt, fresh produce, tea and salad.[3]

Private Label $ Share



Fastest Growing Categories in Convenience Stores



% change in dollar sales during the 52-week period ending 8/4/12

[3] In the 52-week period ending August 4, 2012. Data collected from Nielsen measured retail channels.

Innovations Likely to Drive Future C-Store Growth

The current trends in consumer lifestyles have led to great innovations that benefit today's busy consumer. The emerging leaders in the C-store realm have focused efforts toward on-the-go meals that provide quick and/or healthy options. Within the past year, common grocery items like yogurt and fresh produce have increased sales in C-stores by 57% and 38%, respectively. C-stores in the UK have incorporated further innovations with a focus on freshly prepared food options. They offer grocery staples to take home and prepare as well as healthy food to go. These stores are making it easier for consumers to eat fresher, buy less and shop more often. The trend is gaining traction across the U.S. and can draw higher income shoppers. C-store drive-thrus are also gaining in popularity with Americans, making most store items (including grocery staples such as bread, eggs and cereal) available without leaving the car.

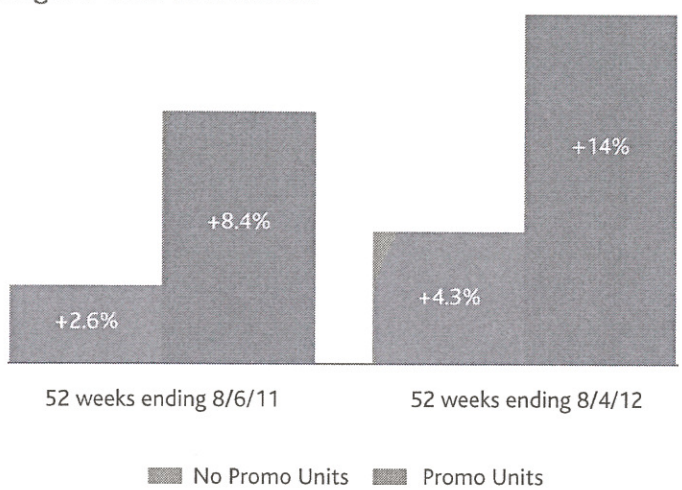
Following another European retail innovation, U.S. leaders in the industry have introduced small-scale, fully automated C-store machines that are freshly stocked daily in convenient locations such as universities and apartment buildings. About the size of an enclosed bus stop, robotic kiosks are self-contained, refrigerated vending machines that can carry up to 200 items. To keep transactions simple and convenient, these machines accept cash, debit and credit cards, and even federal supplemental nutrition-assistance program cards.

Promotions on Display

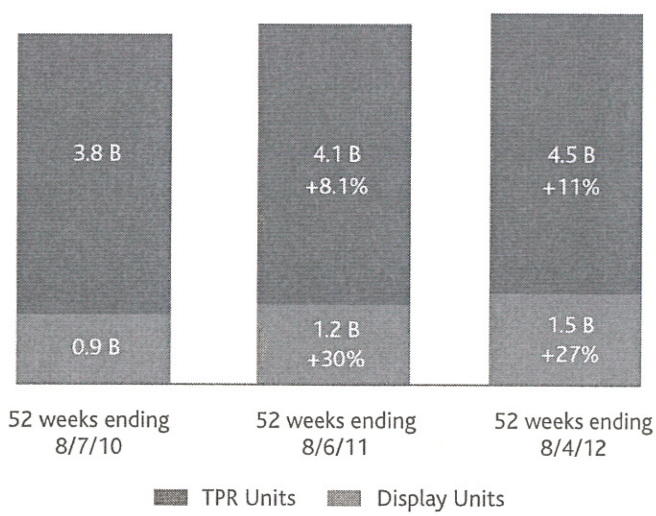
With weakening demand for gasoline and tobacco, consumer trip compression is a big challenge for C-stores. While sales trends are crucial, trip and purchase incentives are equally important. Success demands collaboration with brands to utilize smarter and more effective promotions and business partnerships. Consumers will respond strongly to promotions as seen by a 14% growth in promoted unit sales, which is over four times the rate of growth of non-promoted unit sales.[4] All in all, C-store sales are growing, and promotions are a big reason why.

So how to promote? Innovative C-stores have been taking a lesson from other competitive channels and are incorporating more compelling promotions to drive greater in-store sales. Items sold with more common, low-effort Temporary Price Reduction (TPR) promotions drove 8.1% and 11% growth for like annual periods in 2011 and 2012. However, product displays, which typically enable a higher level of shopper engagement, grew by 30% and 27% over the same time frame. Smart retailers have increased their displays and other promotional techniques, and it's helping to optimize in-store promotions.[4]

Unit % Change for Total Convenience



Product Displays Enable Higher Engagement



[4] In the 52-week period ending August 4, 2012.

Innovations from Nielsen

New Causal Facts from Nielsen offer updated insights into understanding merchandising opportunities in the convenience channel. These will help manufacturers and C-store retailers understand how location, signage and display types affect sales to optimize in-store sales. These offer weekly granularity and are available at both market and account level.

Granularity: Understand how Location, Signage and Display Type Affect Sales

- Location by display "zones"
  - Impulse
  - Food/Bev./Prep Area
  - In Aisle
  - Cold Vault Area
  - Perimeter
  - Outside of Store
- Signage by "vehicle"
  - Marquee
  - Electronic
  - Pump Topper
  - Window
  - Static Cling
  - Other
- Display captured by "type"
  - Temporary
  - Semi-Permanent
  - Retailer
  - Countertop
  - Cooler

New Collaborations

Interesting partnerships between C-stores and other retailers and manufacturers may also accelerate growth. One such collaboration with an internet retailer uses C-store locations to house delivery lockers for online purchases. By providing a secure location for deliveries, Internet merchants are able to cut shipping costs and C-stores are able to attract customers. Taking a page from Asia Pacific retailers in countries such as Indonesia and Thailand, domestic retailers should look for new revenue opportunities by considering in-store technology for paying utility bills, buying movie tickets and receiving money transfers.

Looking Ahead

After looking at successful trends in C-store innovation, it's clear that many of them will play an important role in the future of retailing, but what can be expected in retailing over the next five years?

Ecommerce, club, dollar, supercenters and pet stores will continue to drive strong CAGRs (compounded annual dollar growth rates) between 2012 and 2016 – between 8.5% and 4.1%, respectively. Drug stores will beat the average channel growth rate and not lose share, while all other channels (including C-stores, growing or not) will lose share. Specialty retailers will be particularly challenged. With Nielsen insights on retail innovation around the globe and more granular assessments of what really works to drive in-store sales, U.S. C-stores have the opportunity to accelerate growth and continue their winning ways.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

Pathways to Growth

1. **Connect with the right shoppers:** Understand the needs of current shoppers and capitalize on the trends of expanding multicultural markets.
2. **Keep options fresh and convenient:** Offer items for consumers' growing preference for a healthy and on-the-go lifestyle.
3. **Incorporate new revenue streams:** Utilize business partnerships, C-store kiosks and drive-thrus that increase accessibility for consumers and boost opportunities for business.
4. **Optimize promotions:** Encourage more visits and increased spending by utilizing smarter promotional techniques.

November 30th 2020

Maureen Giusti
Interim Planner
Town of Berlin
240 Kensington Road
Berlin, CT 06037

Dear Maureen,

I am writing to you today as there is one part of the Berlin zoning regulations that I feel is in need of looking at and modifying to some degree. That piece of regulation is in section 11s and has to do with gas filling stations. As currently written, the Town of Berlin will not allow two gas stations to be any closer than 1500 feet from property line to property line.

I feel that it stifles competition and takes away a large development tool for developers on the Berlin Turnpike. With the recent interest in investing in town, I expect to see more investment including those projects now in the pipeline. Gas stations of the type we are seeing now in Connecticut are much more than gas, include convenience stores which offer fresh and made to order foods. They desire to be close to each other much like McDonalds and Burger King, Walgreens and CVS. The investment in one of these new stations is in the millions!

I would ask that this be brought up in discussions with the Zoning Board of Appeals and the Planning & Zoning Commission.

Thank you very much for your time and consideration.

Sincerely,

Christopher D. Edge