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CSNews Exclusive: Consumers Have Strong "Connection" to Their C-store

By Don Longo



November 02, 2009 - SEATTLE -- A new qualitative research study identifies four key types of convenience store

shoppers based on their need-states and purchase-triggers, and found consumers have a strong relationship with their convenience store and the store plays distinct a role in their lives.

The new study, released to the industry for the first time by *CSNews Online*, was conducted by Seattle-based ad agency Cole & Weber United, part of WPP's United Network. The study takes a deep dive into the convenience store environment using four distinct information-gathering approaches: ethnographic audits (videography), consumer interviews, employee/manager interviews and researchers working behind the stores' counter. The study was conducted August 2009 over nine days in three geographically diverse cities: Cedar Rapids/Iowa City, Iowa; Henderson, Nev.; and Seattle, Wash.

The study found there are four key shoppers in the c-store space:

- Mr. Jones: A regular convenience store shopper, this person knows what they want and the store is just a means to an end.
- The Neighbor: The c-store serves as a part of this person's daily routine; they know the clerk by first name and often have something to converse about.
- The Last Minute: Rarely enters the c-store unless there is a direct need; and,
- The Thrillseeker: In search of an experience; they walk into the store without a clear defined idea of what they're looking for, but they know they want something.

In an exclusive interview with *CSNews Online*, the researchers pointed out that understanding the c-store shopper has more to do with need-states than demographics. "It doesn't matter if Mr. Jones is rich or poor," said Mike Doherty, president of Cole & Weber United. "He shops the same way."

Doherty continued: "Each consumer type corresponds to a distinct marketing challenge. For example, how do we encourage exploration within 'the last minute' segment? How can we help 'the neighbor' change their consideration set? The c-store environment is a complex world in which consumers make seemingly split-second decisions based on a wide range of stimuli. Our goal was to define this consumer and the various touchpoints in order to better reach them."

Both explicit touchpoints (pump signage, in-store point-of-purchase (POP), specials, pricing, packaging) and tacit touchpoints (clerk's product knowledge, word of mouth, supply, opinion of other customers, element of surprise) were observed and analyzed to uncover the decision-making process and to help marketers figure out the best way to reach this socially and racially diverse target.

"How marketers apply these findings is key," said Britt Peterson, partner and director of business development at Cole & Weber United. "Whether it's matching a product's packaging style to its intended consumer, focusing on in-store POP or rethinking a price point based on customer type, there are a variety of effective channels for penetrating this unique and profitable environment."

Peterson said one of the more noteworthy findings of the study was that people have a connection to their convenience store. "People have a distinct connection with their c-store -- it plays a role in their life," said Peterson. "We found a lot of people have that relationship. It's not just a store to them."

That connection just emphasized the importance of the clerk. "It's all about training and making the clerks realize they are empowered," said Doherty, adding with much of the grocery industry abandoning personal interaction and going to self-checkout, the convenience store has a real opportunity to engage the customer with truly empowered store clerks.

The Market Characteristics

The three markets surveyed were distinct and offered different views of the convenience store industry.

In Cedar Rapids/Iowa City, Iowa, the researchers used a combination of videography, consumer and store manager interviews in a market whose major players include *Kum & Go*, *Road Ranger*, *Casey's*, and *Shortstop*. The researchers remarked the market has several economically depressed areas, particularly those affected by the 2008 flood.

The major players in the Henderson, Nev., market included *7-Eleven* (where researchers spent two-days working undercover), *Terrible's*, and *Shell*. Like its nearby neighbor, Las Vegas, Henderson is a 24-hour city, with video lottery terminals in every store, ultra-wealth living beside abject poverty, extremely hot weather (with constant need for refreshment) and a large Hispanic population.

Seattle is described as a relatively wealthy, cosmopolitan community with a high number of mom-and-pop stores, but also featuring major chains such as *BP's ampm* and *Chevron's ExtraMile* (where researchers spent one day behind the counter). While it has many health-conscious neighborhoods, poorer areas feature well-stocked selections of *flavored alcohol beverages* and single-serve *cigarettes* are available under the counter in many stores.

Some other key findings from the report include:

- The most common request from non-frequent c-store customers is to have healthy options in the store. "When a perceived 'healthier' option is offered in a category, those items fly off the shelves (e.g., sugarfree soft drinks, Powerade Zero, Light beer, low tar cigarettes)."
- There's an emotional sense of well-being associated with control and c-stores provide customers with this control in various ways -- from *Slurpee* machines and do-it-yourself milkshakes to adding their own cheese to their nachos. An outstanding usage of "do-it-yourself" was found in the fountain drink areas at several convenience stores which allow customers to add *flavor shots* of vanilla, chocolate and lemon to their soda fountain purchases.
- In Nevada, in particular, the researchers found several well-executed c-store loyalty programs. One Shell convenience store provided audio

prompts to customers who did not have a frequent purchase number at the point of purchase to enroll in the program.

-- The convenience store is somewhat of a makeshift community center. Brands that are able to effectively capture an element of local pride (such as Anheuser-Busch promoting the University of Iowa through a multifaceted can/signage program) appeared to do well. Supporting local charities (such as Casey's in-store promotion that encourages customers to donate \$1 to a local charity in return for getting their name handwritten on a store display) is another way for the store to entrench itself into wider community values.

-- A surprising amount of marketing goes on at the store level. At a ShortStop convenience store in Cedar Rapids, the store manager noticed people who purchase fountain drinks often look for accompanying products to buy. On a whim he decided to line the top of the fountain machine with Snickers candy bars with a multiple-item discount. Almost immediately, the store saw a dramatic increase in the sale of Snickers -- eclipsing same-store targets for the year. This incredibly simple marketing technique was also successful in other areas of the store and was done outside of the "corporate gaze."

The report also presented a case study on Chevron's ExtraMile stores. According to the report, "These locations pay a franchise fee and in return are provided a holistic marketing package that is customer-centric and based on a careful analysis of purchase behavior."

Specific themed areas within the store allow products to be shopped for based on consumer need-state. For example, the HydraZone provides a central, well-stocked location for beverages in a variety of flavors, sizes and brands. The planogram and stocking is controlled from corporate.

The report also applauds ExtraMile's use of consistent-looking POP pieces throughout the store that visually reiterate the perceived consumer's mind-state.

Cole & Weber has strong roots in the convenience store space, having developed successful campaigns for clients including Colt 45, Washington's Lottery, Carlo Rossi and Jones Soda.

The study was conducted in partnership with The Palmerston Group, a Toronto-based communications consultancy.