

When Worlds Collide - When Convenience Meets Gasoline

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When Worlds Collide - When C Meets G

- † What Happened When C-Stores and G-Stores Collided
- † Importance of Convenience Retailing to Petroleum Marketers
- † How do C/G-Stores Differ in Approach to Convenience Retailing
- † Differences in C/G-Store Retailers Expectations



When Did C Met G

† Definitions

† History

† Why Did C and G Meet

† Current Status of C and G Stores



Why Did C and G Meet

- † Customer Profiles Very Similar
- † Historical Marketing Emphasis Was Not
 - c-stores
 - » heavy market penetration
 - » emphasis on convenience
 - » sold pre-sold items
 - g-stores
 - » concentration on distribution networks
 - » building brand equity
 - » emphasis on car repair



Why Did C and G Meet

- † Trend Drivers Towards Meeting
 - additional investment for entry small
 - customers needs
 - rising real estate cost
- † Began Slowly
 - g-stores
 - » carrying cigarettes - then soda - then beer - then
 - » self service gas



When Did C Met G

† 1989 Watershed Year

- 1st year ave. c-store mdse. sales declined since 1978
- 1st year c-store mdse. margins declined in 7 years
- 1st year gasoline sales were greater than c-store mdse. sales



Impact of C and G Meeting

- † View of Each Other Products
 - c-store on gas
 - » minimize investment required
 - » use as a draw for traditional products
 - » compete on price
 - » brand less important than price
 - g-store on convenience retailing
 - » ancillary sales/sales “other than gasoline
 - » off-set to cost of selling gasoline
 - » not that difficult to do



Impact Of Worlds Colliding

- † Use Other's Core Products as Traffic Generator
- † Lower Prices/Margins/Profits
- † Net Effect --Meeting Detrimental to Both Industries
- † May Not Understand Each Others Approach to Business, But Today Each Needs the Other to Survive



Importance of Convenience Retailing to G-Stores ?

- † In a Word - **VERY**
- † Examples Everywhere
 - C-Store News Top 10
 - NACS membership
 - attendance at NACS Annual Trade Show
 - articles in trade press
- † The “Hot” Topic (next to foodservice)



Why Is It So Important?

- † **Survival**
- † **Leveraging Primary Asset - Location**
 - cost of land continues to increase
 - can no longer afford “dirt” based on single revenue stream
- † **Cost of Operation Increasing**
- † **Enhance Existing or Develop New**
- † **How To Participate in Additional Revenue Streams**



**For More Information On
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