Segmentation of Independent C-stores

January 2014

Independent C-store Segmentation

BACKGROUND

❖ The c-store industry continues to be dominated by independent operators, accounting for nearly two-thirds of all stores.

❖ Independent (1-4 stores) operators differ dramatically in size, store characteristics, product mix, source of supply, volume and the customers they serve.

❖ Gaining a better understanding of this independent-retailer universe, by both retail operators and manufacturers, will facilitate category and item management and the offering of the optimal assortment of products to satisfy shoppers' needs.

❖ To that end, in collaboration with key manufacturers, MSA took on the challenge of developing a broad-based segmentation of the independent c-store universe.

❖ This effort, undertaken in 2012, was a first-of-its-kind cross-category segmentation of the 70,000+ stores that comprise the independent c-store universe among participating manufacturer data sources.

　o Universe was segmented into groups based on key performance characteristics across multiple categories.

Independent C-store Segmentation

CATEGORIES STUDIED

- ❖ The **categories in the study** include warehouse-delivered products for:

  - o Cereal
  - o Cigarettes
  - o Confections
  - o Health & Beauty
  - o Home & Auto
  - o Nutritional Snacks
  - o Other Tobacco Products
  - o Salty Snacks
  - o Sweet Snacks
  - o RTD Tea
  - o Water

- ❖ For the purpose of this study, the category and item measurements are related solely to the data provided by the participating manufacturers

Independent C-store Segmentation

SEGMENTATION SUMMARY

Characteristic	"Traditional" Loyalists	Small Town Mom n' Pop	Urban Hispanic	Smaller Metro Cigarettes	Variety	Smaller Southern	High Volume Southern	Full Service Eastern
Geography Concentration	National	National	Pacific & Middle Atlantic (PA/NY/NJ)	National	New England, Mid Atlantic, and Southeast	South Atlantic and South East/ Central	Southeast /Central	New England, Rust Belt & Appalachia
County Concentration	Suburban & Rural	Rural	Urban	Urban & Suburban	All	All	Suburban & Rural	Suburban
Store Size	🟢	🔴	🔵	🔴	🔵	🔴	🟢	🟢
Category* Breadth	🟢	🔵	🔵	🔴	🟢	🔴	🟢	🟢
Item* Count	🟢	🔴	🔵	🔵	🟢	🔴	🔵	🟢
"Core" Items*	🟢	🔴	🔴	🔴	🔵	🔴	🔵	🟢
Volume Performance	🟢	🔵	🟢	🟢	🔴	🔴	🟢	🟢

🟢 **Higher Than Average**   🔵 **Average**   🔴 **Lower Than Average**

*Categories and items of manufacturers participating in this study
**Averages indicate performance for a segment on a row characteristic relative to all other independent c-stores in this study