

CONVENIENCE STORES, GAS STATIONS FOUND BRIGHT SPOTS IN PANDEMIC

An Ipsos Point of View

GAME CHANGERS



Circle K, 7-Eleven, Wawa and other stores added/expanded their digital business models in 2020, addressing consumer concerns for health and safety, by seizing on the demand for curbside and in-store pickup. Will that continue if normal life returns? Here's what the data shows.



Key Objectives/Findings:

- Convenience stores and gas stations faced similar problems—including lower foot traffic and health and safety concerns—to other retailers in 2020 but found opportunity in pickup and delivery.
- Despite fuel prices falling and fewer people driving, these stores were able to take advantage of a boost in impulse trips and sales.
- Third-party app usage for convenience stores and gas stations soared, helping offset the decline in fuel demand.
- New Ipsos research shows how convenience stores and gas stations can adapt as consumer habits slowly return to ones common before the pandemic.



Over the past year, more buying shifted online amid the retail shakeout and the extraordinary circumstances presented by the pandemic—a trend that had major implications for convenience stores and gas stations.

From Circle K to 7-Eleven and more, convenience store chains and gas stations adjusted to a very different world of fewer drivers, fewer fuel purchases and a huge demand for delivery of household items. As life slowly returns to normal, will those trends continue? Here's what Ipsos has found from recent studies that can help convenience store leaders and managers prepare for the future.

The U.S. Department of Commerce published that 21% of retail sales in 2020 were done online. Further, Ipsos' Consumer Health and Safety Index just found that 55% of consumers expect to do more online shopping in 2021 and 82% do not expect to break their new routines in the next six months. Convenience stores that flourished in 2020 demonstrated a high degree of flexibility, awareness of health and safety precautions and a smart use of online. The stores have long been viewed as opportunities for add-on sales when consumers are fueling their vehicles. But some brands last year added further relevance: 7-Eleven partnered with Instacart, while QuickChek and Wawa brought in GrubHub, DoorDash and Uber Eats to bring digital access to their assortments and home delivery to their offerings.

These partnerships led many convenience chains' third-party delivery app sales to increase in 2020. At 7-Eleven and CVS, for example, third-party delivery app sales jumped 346 percent, according to a January research report from [Edison Trends](#).

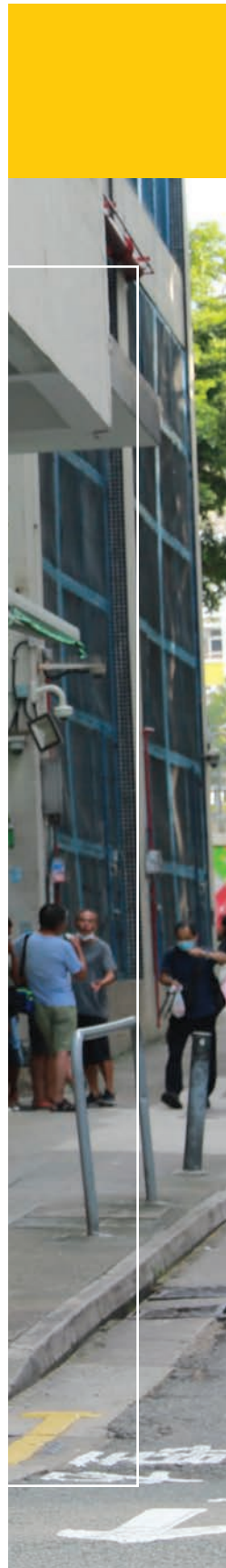
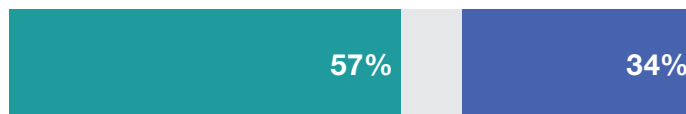
But what does that mean for 2021, as the vaccine rollout continues? Here's where our data helps: Seven in ten consumers agree that they will continue to use e-commerce in 2021, with 57% of consumers globally expecting to spend more online than in stores this year. That's great news for convenience stores who have invested in third-party delivery.

Global averages

I will spend more money buying things online than I spend buying things in stores

Likely

Unlikely



Convenience stores and gas stations that introduced or expanded their e-commerce capabilities in 2020 should continue to focus on easy pickup instructions, easy order building, order notifications, pickup availability and order accuracy.

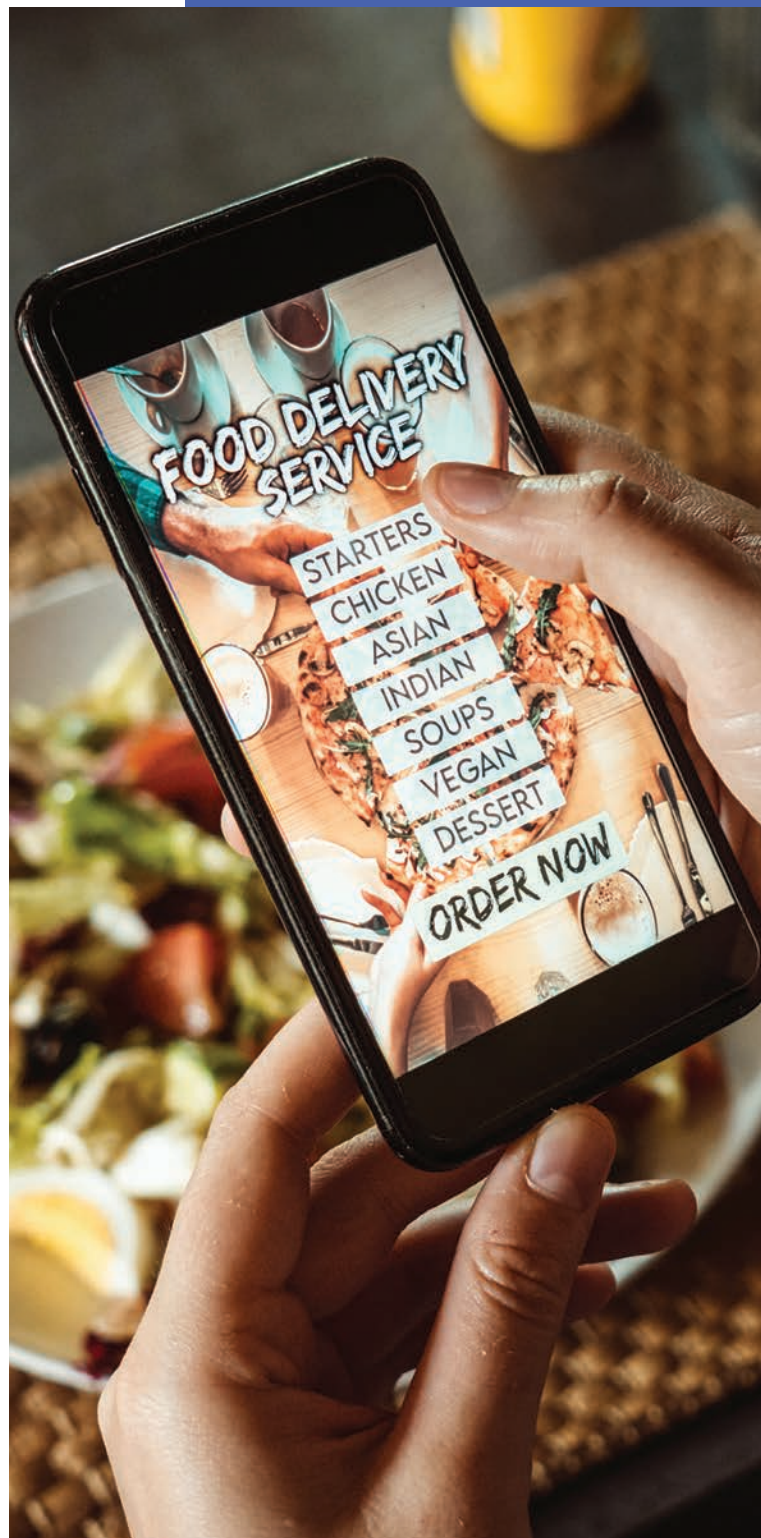
In addition to addressing the need for a more convenient way of shopping for these goods, these new digital capabilities have helped to bolster site level sales while fuel sales volume decreased. Average dollar sales on convenience store purchases typically do not break the bank. To tackle this, higher price point/margin items, including alcohol, have helped to overcome the minimum purchase thresholds for delivery. 7-Eleven launched 7NOW in 2020 with this in mind, while Drizly has focused on alcohol delivery for a few years before being acquired last year by Uber.

With the drastic and immediate increase in demand for e-commerce, the stakes for convenience stores getting digital fulfillment right are critical. And an Ipsos e-commerce study that looked at consumer expectations and retailer execution of curbside pickup and home delivery services found another clue to digital success: if convenience stores can find an inventory solution to make consumers aware of out-of-stock situations in real time, this can help keep consumers coming back to this type of shopping model.

To ensure your digital offering checks the boxes, we recommend the following:

- Inventory availability is connected to the app, ensuring consumers do not arrive to find items missing from their order
- Make it clear for the consumer if pick-up and/or delivery are available, and which is selected for this order
- Provide notification updates as the order progresses (confirmation with ready/delivery time estimate, ready, delivered/picked up)
- Have a dedicated curbside pick-up area to avoid other store traffic

One consumer noted having shopped online with the same retailer to pick-up groceries five times. Four of these times, the retailer was out of milk, and she was either not notified before she arrived, or she was notified but no replacement product was made available. Out-of-stock issues such as this can turn customers away for life, especially if other retailers can fulfill the orders better.





Improving Health and Safety

There is still room for improvement for convenience stores and gas stations in one key area: health and safety considerations.

Shoppers in 2020 felt safest at grocery and big-box locations, according to an Ipsos CXCompare study that focused on consumer expectations on health and safety. The Ipsos study showed that 30% of consumers surveyed in November 2020 were dissatisfied with their recent convenience store experience. There is an increased expectation for health and safety in the retail environment, with many aspects of cleanliness now viewed as table stakes by consumers.

Consumers may feel safe outside on a gas station forecourt fueling their cars, but they may be less inclined to go inside the convenience store to purchase a snack, given the higher risk of infection indoors—even as more Americans are vaccinated and begin to feel safer indoors.



Will continue or increase use after COVID-19 subsides

Whether sites are company owned and operated (COCO) or marketer/dealer owned, there are multiple easily-executed actions they can take to maintain cleanliness and consumer confidence.

On the forecourt:

- Visibly wiping down the nozzles and dispenser fascia shows consumers that cleanliness is important
- Make hand sanitizer available near the canopy columns to further promote health and safety

Within the c-store:

- Maintain mask requirements
- Have hand sanitizer available near the entrance
- Promote distance between consumers

Convenience stores and gas stations must continue to keep their “ears to the ground” to continually adapt and identify how best to move forward with their health and safety protocols, serving their customers both on and offline. As more data emerges about how the coronavirus pandemic has upended retail, Ipsos’ numbers shed light on new opportunities. C-stores and gas stations who continue to be driven by awareness of consumers’ desire for quick delivery and health and safety precautions could win over consumers for life.

Information

For more information on the results or participation in the Consumer Health and Safety Index or the Ecommerce Experience Study, please contact:

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Source

Health and Safety Consumer Study, Wave 2: July 7–9, 2020 n=2,010, Wave 3: February 25–26, 2021, n=2007

*Digital Commerce 360 analysis of U.S. Dept of Commerce data January 2021

**Placer.ai data 2020

***Ipsos research conducted February 2021

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