

**convenience teens**  
**building loyalty with the next generation**



A study conducted for the NACS / *Coca-Cola* Leadership Council by Clickin Research

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## overview

When the NACS/Coca-Cola Leadership Council (NCCLC) considered research topics for this study, findings of an overall decline in visits to convenience stores had been published in a number of places. Effective ways to address the decline was on the minds of many in the industry.

We chose to focus on teens because of their strategic position as the next generation of shoppers. If the convenience industry can connect with them now, we will be laying a foundation for building lifelong loyalty.

We designed the project to look at teens from multiple vantage points—from the teens' perspective, through the lens of satisfaction drivers, by age segment and by behavior profiles. The result is a 360-degree view that highlights multiple, actionable opportunities convenience store operators can use to build strong relationships with their teen customers.





## about this study

This study was designed to offer insights on capturing the next generation of shoppers, specifically teens 16 to 20 years old who are convenience store customers. Based on research and analysis conducted by Clickin Research, these insights point to specific actions convenience store retailers can take to gain and keep teens' business as they emerge into their 20s.

The study examines key market opportunities for convenience store retailers associated with

- gas
- ready-to-eat food
- visit frequency
- in-store ring
- shopping patterns
- channel competition

Findings were based on responses to an online customer survey conducted by Clickin through participating convenience stores. Potential participating stores were recruited, and a representative sample was selected from this pool—a total of 119 convenience stores across the nation operated by 35 companies.

Customers were invited at each participating store to complete Clickin's online customer survey, and stores provided incentives for participation. Surveys were fielded in three waves; each wave invited customers to take the survey over a two-week period. More than 8,000 convenience store customers—including 600 teens—responded during June, July and August 2005.

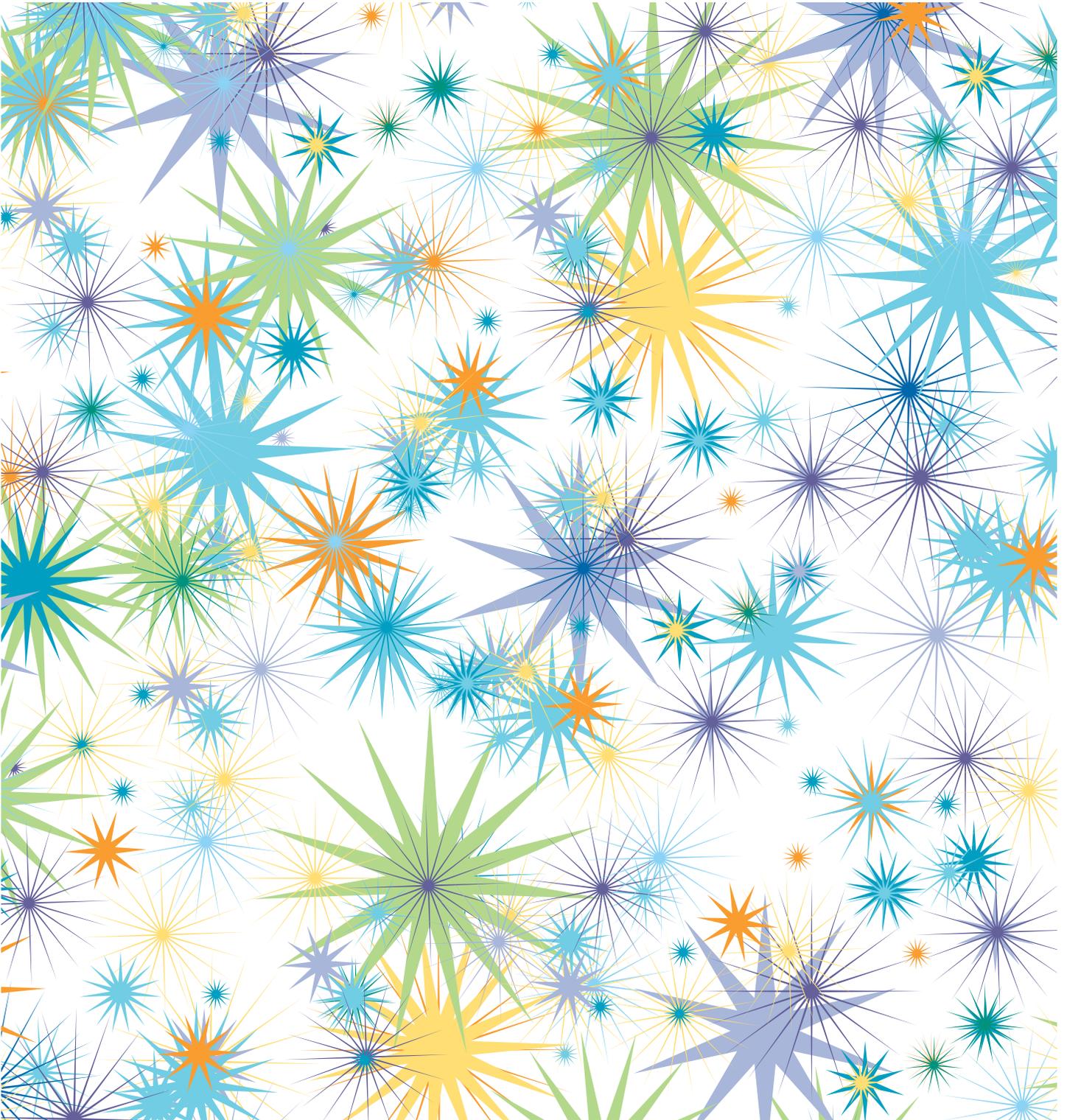
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## chapter 1

teen math is powerful





## teen math is powerful

### who's worth more to your store?

**Who's worth more to your store? The 32-year-old who just spent more than \$10.00 or the teen who rang up a Coke, a sandwich and a candy bar? Surprisingly, the teen is worth nearly as much as the 30+ shopper — today. If c-stores can hold onto convenience teens' business as they move into their 20s, these customers have the potential to be worth substantially more.**

Roughly two-thirds of teens between the ages of 16 and 20 shop at convenience stores at one time or another.\* These teens—who already shop at convenience stores—are the focus of this study. We call them “convenience teens” to distinguish them from the overall teen population.

So how can that 16-year-old be worth as much as the 30-something who spent more?

#### **Teens spend less, but they visit more often**

Among convenience store customers surveyed in the study:

- Teens spent 12% less than 30+ shoppers.
- Teens visited 14% more often than 30+ customers.
- Net/net: a teen convenience shopper has roughly the same value as a 30+ convenience customer.

Analysis of the data gathered in the study—using a customer value index computed by multiplying the visit frequency index by the spend index—shows that teens are worth 99% of the value of 30+ shoppers. In plainer terms, one could say that—on average—though teens spend only 88 cents for every \$1.00 spent by 30+ shoppers on a given visit, they make 11.45 visits for every 10 made by older shoppers. The spending pattern is different, but the value is virtually the same.

\* **Source:** The TRU Study, Fall 2004/Wave 44.





## teen math is powerful

### who's worth more to your store?

#### Why build loyalty with teen customers?

- They'll be worth even more to your store when they reach their 20s.
- They are part of a population swell that will have a significant impact on retailers.
- Other channels are actively working to capture teens' convenience business.

#### 20-somethings are the most valuable customers c-stores have

As a group, 20-somethings contribute more to convenience store bottom lines than any other age group. Here's how they compare using an index of 1.00 for the total sample (all ages).

Customer spend, visits and value indices by age segment	All customers	Teens	20s	30+
Visits per month	1.00	1.10	1.09	0.96
Spend	1.00	0.88	1.00	1.01
Customer value	1.00	0.95	1.14	0.96

Twenty-somethings' incomes are rising faster than their obligations, and their freedom of movement is at its peak. If convenience stores can hold onto teens' business as they transition into their 20s, they stand to gain much.

#### A wave of new shoppers

Today's teens are members of a population bubble following a population depression. The U.S. population grew more slowly between 1975 and 1985 than in previous decades; birthrates were down. But between 1985 and 1990, the birthrate returned to its previous level. This wave of new shoppers will emerge into adulthood during the next five years—and the retail experiences they have as teens will shape their shopping preferences for years to come.

#### The competition is working hard to capture teen convenience business

In the last decade, convenience stations at the front of the store have become nearly ubiquitous. When was the last time you visited a grocery store, mass merchandiser or drug store that *didn't* have a drink cooler and snacks near the register? Teens today buy the same products at other channels that they purchase at c-stores. For them, convenience isn't a store—it's everywhere.

#### Teen spending power

In 2004, U.S. youth between 12 and 19 each spent an average of **\$91** per week or about **\$169 billion** total per year (The TRU Study, Fall 2004/Wave 44).

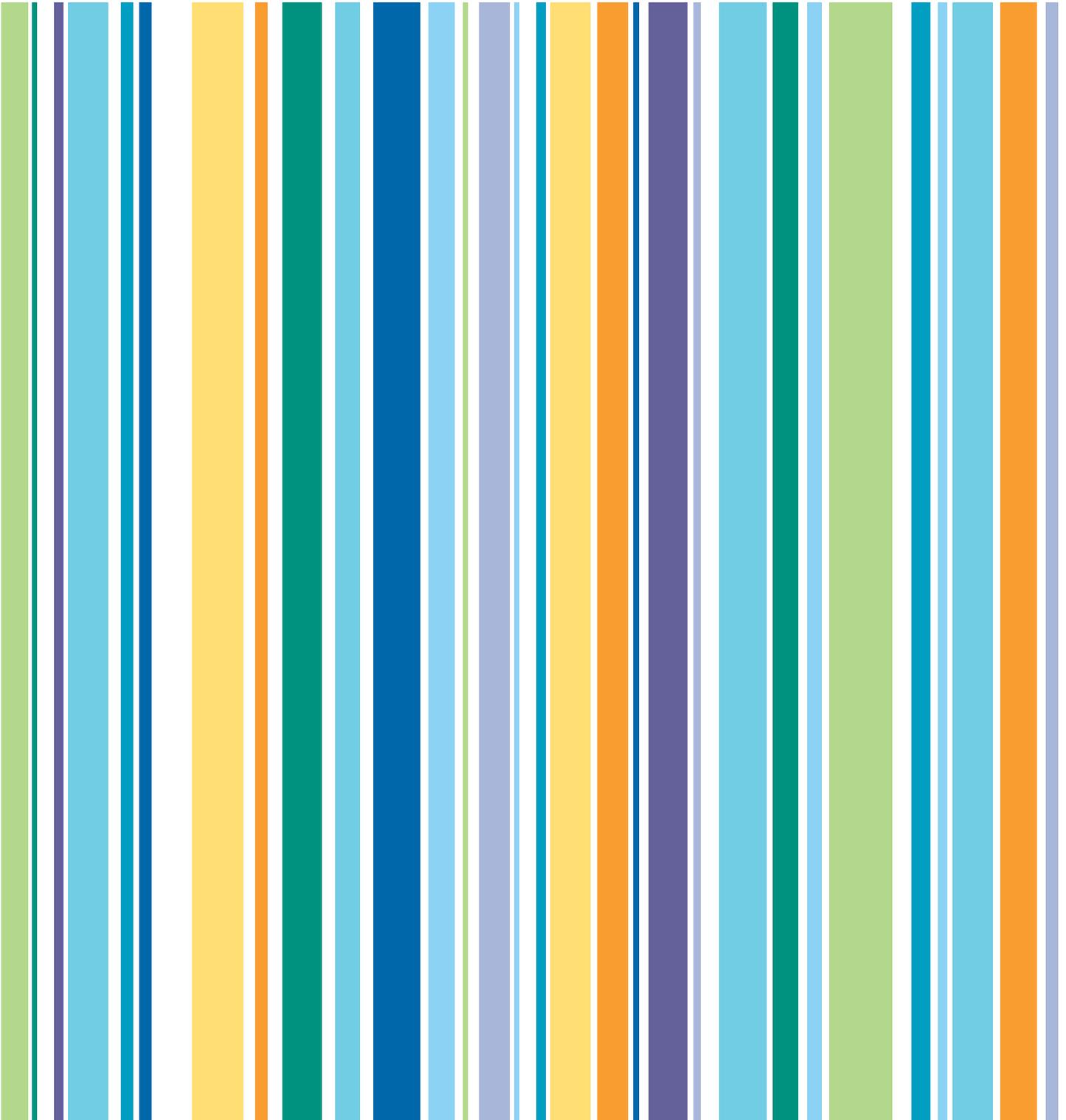
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## chapter 2

# convenience from the teen perspective





## convenience from the teen perspective

### “my way”

#### Teens are at a crucial stage on the learning curve of “how to be me.”

Shopping and shopping experiences play an important role in teen development. Through shopping, they experiment. They make decisions. They make mistakes. They watch and learn from others. They learn about themselves. They cultivate “my way.”

Older shoppers in the study showed definite shopping preferences related to their motivations and personal feelings. Visit frequency strongly correlated with taking a break, responding to an immediate need and topping up the gas tank. Spending strongly correlated with feeling energetic and powerful. Such strong preferences were not apparent for teens in the study. They are still trying things out. They are still developing “my way.”

Shopping is an acquired skill, pleasure and preference. Because teens are at the beginning of this process, retailers have an important opportunity to connect with them. Teen perceptions of retailer benevolence, problem-solving and friendship can become powerful bonds capable of building long-term relationships.



## convenience from the teen perspective

### “my way”

#### **Conventional wisdom says that teens love technology. The truth is they take it for granted.**

They expect it to be there when needed, and count on it to deliver things and experiences. Their attitudes about shopping are being formed in a culture that customizes. ATMs greet users by name, individual product recommendations are delivered to email inboxes, songs can easily be downloaded, and meetings can be arranged by sending text messages or IMs to groups of friends. What they love about technology is what it can deliver to them. Listen to their ideas:

- I want to order my food at my gas pump so when I come in to pay for gas my food can be ready.
- I want a Coinstar so that people can dump change into the machine and get gas or merchandise in the store. So many of us ride with change in the door and cup holders.

#### **More than previous generations, today's teens expect to be set up to succeed**

They are accustomed to rewards for participation, to a spirit of inclusion in which everybody gets a turn, and to a sense of entitlement that someone will make the hard tasks easy to accomplish. The more c-stores can align themselves with these expectations, the greater their opportunity to become an integral part of these young shoppers' lives—this desire for recognition and solutions isn't going to go away as they age. Recognition such as rewards programs and greeting them by name, and solutions such as places to power up cell phones and get internet directions, can build loyalty that makes c-stores the place they continue to stop for drinks, snacks and gas as they get older.



## convenience from the teen perspective

## “my stuff”

**Teens are refueling— their cars, themselves and their devices.**

10, 15, 20 times a month. Teens buy gas more frequently than older shoppers. It’s no wonder they cite it as the number one motivation for visiting a convenience store. Unlike older shoppers who tend to fill up the tank when they refuel, teens buy a little gas a lot of times a month—thereby creating a lot of opportunities for retailers to welcome them into the store.

How else do teens refuel? No surprises here. “Satisfying a craving” was the second most frequently cited motivation for visiting a c-store. They describe their purchases as

- drinks
- snacks
- something to eat
- candy
- cigs
- groceries

In convenience store terminology, the purchase profiles for teens, 20s and 30+ shoppers break down as charted below. These profiles reflect what customers “usually” buy when they shop at “this or another convenience store.”

Products purchased, by age	Teens	20s	30+
Packaged beverages	88%	88%	85%
Candy, gum, snacks	81%	80%	79%
Cold or hot dispensed beverages	80%	80%	81%
Gas	74%	88%	91%
Branded fast food or food prepared in store	46%	40%	42%
Fresh packaged food	29%	23%	20%
Cigarettes, other tobacco	27%	48%	40%
Groceries	16%	17%	22%



*Make it easy for teens to get from the pump into the store.*



## convenience from the teen perspective

### “my stuff”

Teens shop the rest of the store more than older customers do, the study found. They buy non-food items—electronics, batteries and consumer tech supplies, health and beauty products, prepaid phone minutes, music (where they can get it)—in higher proportions than older shoppers do. Groceries and cigarettes were the only exceptions.

#### Nonfood products usually purchased at a convenience store, by age

	Teens	20s	30+
Electronics, batteries, consumer tech supplies	19%	11%	8%
Health	16%	11%	8%
Novelties, gifts	15%	12%	9%
Prepaid phone minutes	12%	9%	6%
Prepaid gift cards	9%	7%	4%
Beauty	8%	5%	3%
Music	7%	4%	2%

#### “They have what I want” often means brands

Over and over, teens described a particular store as “having what I want.” For convenience teens, this often means brands. Asked why a particular store was chosen over other options, one said, “It’s close and I needed gas and a Hershey Bar and a Coke.” Notice the description wasn’t “a candy bar and a drink.”

Teens are looking for “my brands” when they shop, and many volunteered brand names as reasons for loyalty to a particular convenience store. Most frequently cited were sandwich-type items made in the store, packaged beverages, sodas, energy drinks, coffee and rewards cards.

- **Fast food:** McDonald’s, Subway, TacoTime
- **Soda or pop:** Coke, branded fountain drinks
- **Energy drinks:** Branded energy drinks such as Rockstar
- **Other beverages:** Branded teas, juices and chocolate milk
- **Snacks:** Combos, Little Debbie Snack Cakes, Double Dutch
- **Tobacco:** Newport, Skoal Mint Pouches
- **Rewards cards:** Exxon/Mobil card, Speedway rewards program



*If you’re not offering teens ways to support and refuel their devices, you may be missing an important connection — and sales.*



## convenience from the teen perspective

### “my store”

#### The social aspects of shopping are important to convenience teens.

When teens talk about why they choose a particular c-store over other options, they talk about the nice people, a sense of belonging, and cashiers who know them by name or are “my friend.”

They notice the attractiveness of employees and regular customers. They talk about the look and feel of “my store”—the nice colors, the warm atmosphere and the ease of finding things they want. They appreciate a safe environment. They talk affectionately about a sense of community at the store, the people they become accustomed to seeing and a feeling of welcome.

Teen responses differed markedly from older shoppers when social motivations were included as reasons for visiting a particular convenience store. Teens chose “Social, I wanted to see other people” as a motivator twice as often as 20-somethings and three times as often as 30+ shoppers.

#### Employees seem to provide this social dimension

A high proportion of teens’ open-text responses about the social aspects of their visit—including “hanging out”—referred to store employees rather than teens’ friends. Being called by name has a very positive impact on teens’ visit frequency. On the other hand, like shoppers in general, teens who felt they had been given the runaround at the c-store reported fewer visits to convenience stores.



One of the least expensive and most effective ways to build loyalty with teens is to greet them by name.



## convenience from the teen perspective

### caution: channel blur

#### Convenient shopping isn't limited to convenience stores for teens.

The good news is that c-stores capture 64% of all shopping trips to grocery, drug and convenience stores among teen convenience shoppers. However, teens today are extremely mobile and very familiar with shopping a wide variety of channels. In addition to grocery and drug stores, they also regularly shop at

- mass merchandisers
- dollar stores
- fast-food restaurants
- casual restaurants
- other specialty stores

Grocery stores, drug stores and mass merchandisers offer them convenience stations up front. Fast-food and takeout restaurants compete directly for their ready-to-eat dollars. In fact, teens buy many of the same items that they purchase from c-stores from other channels as well.

- Over half buy the same c-store items at grocery stores.
- Over 40% buy the same items at fast-food or takeout restaurants.
- Over one-third buy the same items at mass merchandisers, drug stores and dollar stores.
- Over one-fifth buy the same items at other stores including school stores, office stores, and stadium or theater stores.

Clearly, capturing and retaining teen convenience shoppers requires competing with other channels. The upside is that there are plentiful opportunities to take share away from the competition.

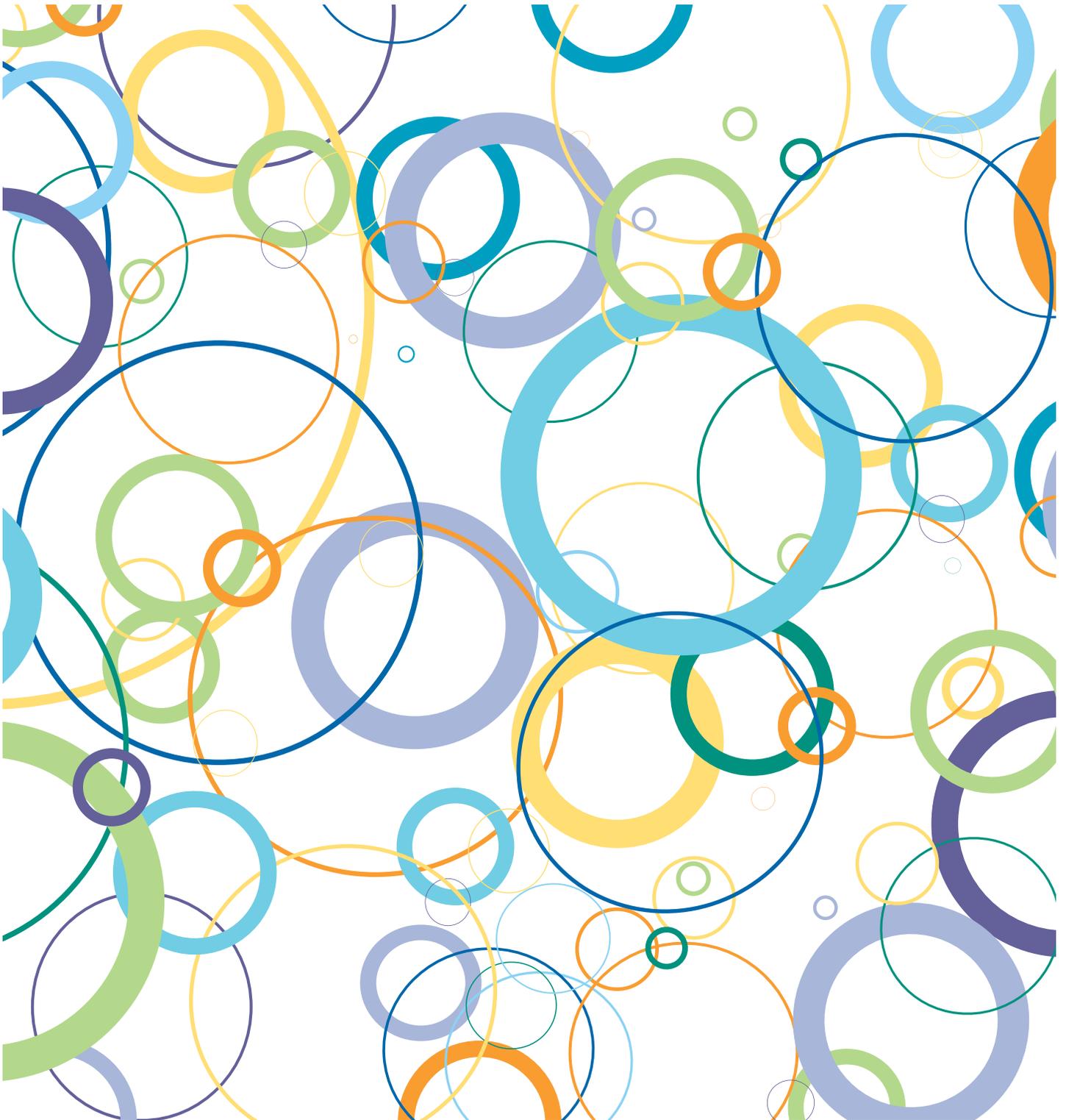


*These represent opportunities for c-stores to increase their share of teens' overall spending.*

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**to capture teens, know their drivers**





## to capture teens, know their drivers

### Standing out from the competition requires knowing what matters to convenience teens and delivering it dependably.

This chapter looks at “what matters to convenience teens” in several ways.

#### Satisfaction drivers and opportunity matrices

First, the report examines nine satisfaction drivers\* and how well c-stores perform against them according to teens by age—early teens, middle teens and late teens. The resulting opportunity matrices show what’s important to teens and how well stores are performing in those areas.

#### A closeup look at four drivers

Of the nine satisfaction drivers, four were important across all teen age groups. Safety, fueling equipment, food quality and service quality are traced through the early, middle and late teen years.

#### Segments based on shopping behavior

Four segments presented meaningful differences among teen convenience shoppers on spend, trip patterns, purchases, influences, motivations and attitudes. Here those segments are described so that retailers can better understand what is meaningful to these shoppers.

#### A note on reputation

All teen groups consider c-store reputation and brand to be very important, though less so with age. What the store stands for, what the brand means, are first and lasting impressions for teens and a long-term hook for their business. Satisfying teen drivers has a direct impact on store reputation and brand strength over time.

\* **Source:** National Association of Convenience Stores.





## to capture teens, know their drivers

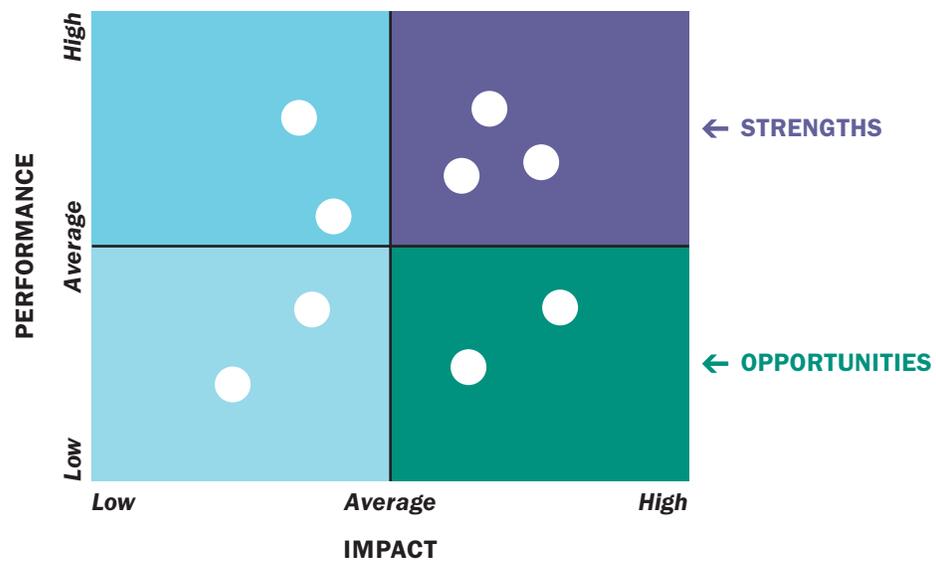
### Reading an opportunity matrix

Opportunity matrices plot both impact and performance.

**IMPACT** describes how important a driver is to convenience teens. The farther to the right a driver is, the more important it is.

**PERFORMANCE** describes how well c-stores deliver results according to convenience teens. The higher a driver is, the better performance is.

The matrix looks like this:



Drivers in the upper-right quadrant are important **STRENGTHS** for stores—their importance to shoppers is high and stores perform well on them.

Drivers in the lower-right quadrant reveal **OPPORTUNITIES**. They are important to shoppers, but stores perform poorly in those areas.

It's vital for convenience stores to perform well on high-impact drivers—the features teens care a lot about.



## to capture teens, know their drivers

### satisfaction drivers

#### early teens: 14–15 years old

- 1 Cleanliness
- 2 Convenience
- 3 Food quality
- 4 Fueling equipment
- 5 Prices
- 6 Products
- 7 Safety
- 8 Service quality
- 9 Store layout

#### Top drivers for early teens

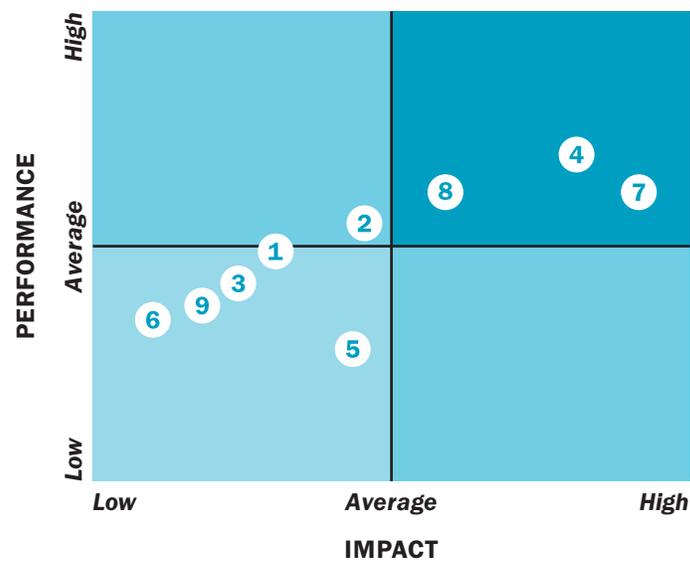
(in order of importance)

**Safety**

**Fueling equipment**

**Service quality**

**Convenience**



Safety, fueling equipment and service quality top the list of high-impact drivers for early teens, and c-stores are measuring up on all three; no scores are in the lower-right quadrant. These younger teens are just forming opinions, preferences and expectations about shopping and may be the easiest to please because of their inexperience. Or store personnel may respond more kindly to younger teens, as they might to children.



## to capture teens, know their drivers

### satisfaction drivers

#### middle teens: 16–17 years old

- 1 *Cleanliness*
- 2 *Convenience*
- 3 *Food quality*
- 4 *Fueling equipment*
- 5 *Prices*
- 6 *Products*
- 7 *Safety*
- 8 *Service quality*
- 9 *Store layout*

#### Top drivers for middle teens

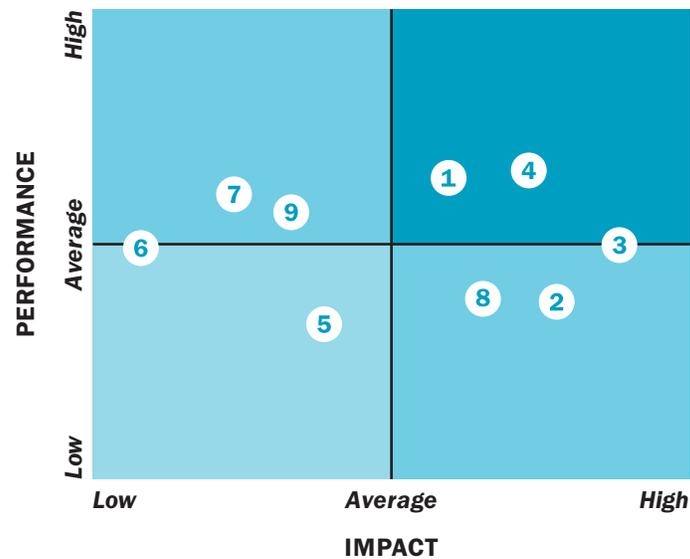
(in order of importance)

**Food quality**

**Convenience**

**Fueling equipment**

**Service quality**



Now food quality takes the lead as the most important driver, safety ranks low on the impact scale, and convenience (most notably the availability of parking) and service quality need improvement.

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## to capture teens, know their drivers

### satisfaction drivers

#### late teens: 18–20 years old

- 1 Cleanliness
- 2 Convenience
- 3 Food quality
- 4 Fueling equipment
- 5 Prices
- 6 Products
- 7 Safety
- 8 Service quality
- 9 Store layout

#### Top drivers for late teens

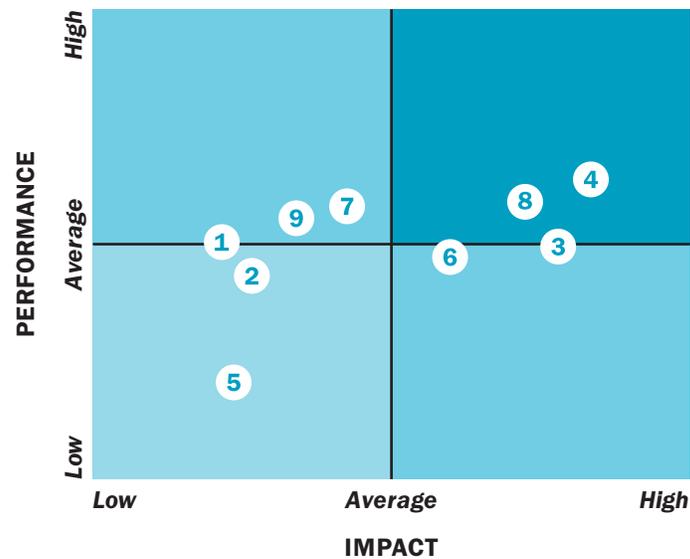
(in order of importance)

**Fueling equipment**

**Food quality**

**Service quality**

**Products**



For late teens, fueling equipment, food quality and service quality are still important—and the products driver climbs all the way from least important for both early and middle teens to fourth most important for late teens. C-stores are seen as improving in service quality, and food quality has decreased somewhat in importance. Are late teens looking elsewhere for ready-to-eat food? They won't have to go far to find satisfaction from a wide array of fast-food competitors.



## to capture teens, know their drivers

### satisfaction drivers safety closeup

#### Safety

##### Teens might ask:

*“Can I easily see inside the store?”*

*“Is the store well lit inside and out, especially near the gas pumps?”*

*“Do the employees seem to be in charge and have everything under control?”*

##### Formal definition:

*Lighting on the premises; ability to see into the store from outside; feeling of safety and security*

#### Early teens 14–15 years old

##### MATCH:

*high impact,  
high performance*

*Safety is the number 1 driver for early teens, in particular the ability to see inside the store. Teens that feel less sure of themselves — younger teens — are most concerned about this. Early teens rate c-stores as performing well on safety.*

#### Middle teens 16–17 years old

##### MATCH:

*low impact,  
low performance*

*Safety is much less important for middle teens. It drops all the way to 8th in importance. These teens can drive; they are more sophisticated than early teens. They are more independent and may come into the store by themselves. Possibly teens who feel more in control depend less on external perceptions of safety.*

#### Late teens 18–20 years old

##### MATCH:

*medium impact,  
medium performance*

*Safety matters more to late teens than middle teens — it moves up to 5th in importance. Perhaps these teens' growing sense of responsibility brings safety back into the picture, but it's not front and center.*

- **MATCH** means impact and performance are roughly equal, e.g., impact and performance are both high or both low. A match indicates c-stores are probably operating at an appropriate level to meet the need.
- **MISMATCH** means impact and performance are not equal, e.g., impact is high but performance is low or vice versa. A mismatch indicates an opportunity for c-stores to build greater overall satisfaction.



## to capture teens, know their drivers

### satisfaction drivers fueling equipment closeup

#### Fueling equipment

##### Teens might ask:

“Are there enough gas pumps so I don’t have to wait?”

“Is the equipment accurate, easy to use and not broken?”

“Can I pay different ways and get a receipt at the pump?”

“Are car washes and other extras offered at the pump?”

##### Formal definition:

Accuracy of signs, meters, gauges; working operation of equipment (e.g., gas, air, water pumps); information display at pumps; technology for paying — touchless, card swipes, pay wands, cash

#### Early teens 14–15 years old

##### MATCH:

high impact,  
high performance

Early teens notice fueling equipment — perhaps because they are aspirational drivers who are paying attention to the entire driving experience, including fueling. Early teens rank it 2nd in importance. Most states allow teens age 14 and older to dispense gas even before they are drivers, so they may have enough hands-on experience with fueling equipment to form a firm opinion.

#### Middle teens 16–17 years old

##### MATCH:

high impact,  
high performance

Getting a driver’s license is one of the rites of passage for teens. However, fueling equipment drops to 3rd in importance for middle teens, possibly because buying gas is part of their normal driving routine. These teens buy a little gas a lot of times a month. They have to park to come into the store, so parking availability has become nearly as important as fueling equipment.

#### Late teens 18–20 years old

##### MATCH:

high impact,  
high performance

Late teens rank fueling equipment number 1, and they give c-stores good marks for performance. It’s important to late teens that signs, gauges and meters are correct and work well. Gas payment options are also key. Like middle teens, late teens tend to refuel often and put a minimal amount in the tank each time.

- **MATCH** means impact and performance are roughly equal, e.g., impact and performance are both high or both low. A match indicates c-stores are probably operating at an appropriate level to meet the need.
- **MISMATCH** means impact and performance are not equal, e.g., impact is high but performance is low or vice versa. A mismatch indicates an opportunity for c-stores to build greater overall satisfaction.



## to capture teens, know their drivers

### satisfaction drivers food quality closeup

#### Food quality

##### Teens might ask:

“Is the food as fresh and good-tasting as other stores?”

“Do they have deli food like pizza and chicken nuggets?”

“Can I get brand-name food like McDonald’s or TacoTime?”

“Is the store clean so I know the food is safe?”

“Do they have good choices for breakfast, including fresh coffee?”

##### Formal definition:

Quality of prepackaged takeout food; quality of food prepared at the store; food safety and sanitation; freshness of coffee; quality and selection of coffee

#### Early teens 14–15 years old

##### MATCH:

low impact,  
low performance

Early teens are the only group that ranks food quality as unimportant. They rank it 7th in importance.

#### Middle teens 16–17 years old

##### MISMATCH:

high impact,  
medium performance

Middle teens rank food quality number 1. This item shows the greatest increase in impact of any driver for any age group. Food has suddenly become very important, and in these teens’ opinions, c-store performance isn’t measuring up. This points to a big opportunity for convenience stores. Meeting middle teens’ expectations in terms of food quality and availability could capture more of their fast-food dollars and increase their spending at c-stores.

#### Late teens 18–20 years old

##### MISMATCH:

high impact,  
medium performance

Late teens rank food quality number 2. Now it rivals the impact of fueling equipment and service quality. Teens are purchasing fast food at many locations; c-store food is a supplement to but not a replacement for other convenient food occasions and purchases. Still, an opportunity to capture more of late teens’ ready-to-eat dollars is in play here.

- **MATCH** means impact and performance are roughly equal, e.g., impact and performance are both high or both low. A match indicates c-stores are probably operating at an appropriate level to meet the need.
- **MISMATCH** means impact and performance are not equal, e.g., impact is high but performance is low or vice versa. A mismatch indicates an opportunity for c-stores to build greater overall satisfaction.



## to capture teens, know their drivers

### satisfaction drivers service quality closeup

#### Service quality

##### Teens might ask:

“Are the employees friendly? Do they greet me by name?”

“Do the employees pay attention to what I need?”

“Do employees look like they take care of themselves?”

“Are they quick and efficient at the register? Do I have to wait long?”

##### Formal definition:

Speed of checkout; quick and easy payment systems; friendliness during checkout; attentiveness and grooming of employees

#### Early teens 14–15 years old

##### **MATCH:**

medium-high impact, medium-high performance

Early teens rank service quality number 3 in importance. They also give c-stores the highest marks for performance among all teen groups. Maybe early teens’ lack of experience means they are less particular.

#### Middle teens 16–17 years old

##### **MISMATCH:**

high impact, medium performance

Service quality moves down to 4th in importance for middle teens — but their satisfaction with c-store performance drops even more, creating a mismatch. Maybe now that they are older, they are more discriminating. Or greater confidence leads to greater expectations. Either way, improving friendliness, helpfulness and the speed of transactions for middle teens could significantly strengthen their bond with c-stores.

#### Late teens 18–20 years old

##### **MATCH:**

high impact, high performance

Service quality is still important—they rank it 3rd—and they rate c-stores as performing better than do middle teens.

- **MATCH** means impact and performance are roughly equal, e.g., impact and performance are both high or both low. A match indicates c-stores are probably operating at an appropriate level to meet the need.
- **MISMATCH** means impact and performance are not equal, e.g., impact is high but performance is low or vice versa. A mismatch indicates an opportunity for c-stores to build greater overall satisfaction.



## to capture teens, know their drivers

### segments based on shopping behavior overview

Four segments present meaningful differences among teen convenience shoppers on spend, trip patterns, purchases, influences, motivations and attitudes.

Motivations are many: some teens come to buy gas, others come to satisfy cravings. Some visit out of habit, and others come for social reasons. Understanding their differing needs and preferences helps retailers connect with teen shoppers.

Segment	% of teens	Customer value*
Timekeepers	33%	1.01
Carefree	24%	0.49
Independents	22%	0.94
Materialists	21%	1.40

\* Based on a customer value index that combines visit frequency and usual spend. Index: 1 = average of all customers in all age segments.

**Timekeepers** are the largest segment of teen shoppers and **Materialists** the smallest. Yet when visit frequency is multiplied by usual spend, **Materialists** offer the most potential value. The **Carefree** segment—roughly 24% of teen shoppers—represents the lowest potential value. (It is important to note that the study used a nationwide teen sample; c-store operators may see a different proportion of teens per segment than represented here due to store location.)

Stores have to know teens to hold them. They are used to marketing that reaches them in personally relevant ways. Communications that reach **Materialists** may not be noticed by **Timekeepers**, and vice versa. Satisfying every segment means serving differing occasions and attitudes. Pursuing this strategy should help stores retain these important shoppers into their 20s and beyond.

**Note:** C-store percentage share of reported gas trips on the following pages are distinguished from trips to gas-only stations and reflect share of visits rather than share of gallons sold. The convenience store industry does not typically make this distinction, so retailers are more accustomed to seeing gas share findings in the 45% to 60% range.



## to capture teens, know their drivers

segments based on shopping behavior  
timekeepers (33%)

**Timekeepers are busy teens who feel good about themselves — they feel attractive, energetic, powerful, like they belong. They are regulars at their c-store, and during a store visit they are likely to be rushed but decidedly in control of themselves, their time and their money.**

<b>Total reported retail visits per month</b>	<b>24</b>
<b>C-store share of reported retail visits</b>	<b>73%</b>
<b>Total reported gas trips per month</b>	<b>18</b>
<b>C-store share of reported gas trips</b>	<b>32%*</b>
<b>Ready-to-eat food visits per month to other stores</b>	<b>13</b>

Most Timekeepers are 18- to 20-year-old single students living at home, and some have service jobs. On an average trip, they might drive to a friend's house, get some fast food, and go work out or study.

### They favor c-stores

Timekeepers really like their convenience stores—for reputation, store environment, food quality and product variety. Nearly three-fourths of their retail visits are to c-stores, though they also visit grocery stores, fast-food restaurants and occasionally mass merchandisers.

### They refuel often

Timekeepers buy gas approximately every other day and do so at c-stores for roughly one-third of those visits. They look at number of pumps, safety, clean restrooms and good fueling environment—as well as price and deals—when choosing where to buy gas. They will most likely buy a few dollars' worth of gas and a drink/snack combo to recharge for the evening, and want to know they can use the restroom.

### They value price and quality

Timekeepers are savvy shoppers. They like shopping at stores they know. Though not generally concerned about price at convenience stores, price is a factor in where they choose to buy ready-to-eat food; so are service, taste and ingredient quality. A full 60% of Timekeepers buy ready-to-eat food at c-stores, though they also visit other ready-to-eat food retailers about three times a week.

#### Usual c-store purchases/activities

- Gas
- Restroom
- Water
- Fast food
- Carbonated drinks
- Juice
- Sports/energy drinks



#### Meet their needs by...

- Offering a shopping environment that's easy to understand and navigate
- Promoting other products they are likely to buy at other outlets
- Promoting more than just snacks at the pump

\* See note on page 23.



## to capture teens, know their drivers

### segments based on shopping behavior carefree (24%)

Carefree teens also feel good — attractive, like they belong — but they don't feel rushed. They usually buy a single item in the store, and when it's not too busy they enjoy talking to the c-store operator. Most Carefree teens live at home; most are students and many have service jobs.

<b>Total reported retail visits per month</b>	<b>25</b>
<b>C-store share of reported retail visits</b>	<b>75%</b>
<b>Total reported gas trips per month</b>	<b>16</b>
<b>C-store share of reported gas trips</b>	<b>28%*</b>
<b>Ready-to-eat food visits per month to other stores</b>	<b>13</b>

#### They visit often and spend less

Carefree teens are the most price sensitive about food and fuel. However, they don't like bargain hunting and will pay extra to save time and bother. Though they visit c-stores most days of the week, they don't like to shop. Their favorite convenience store is a great place to slip in and out of without a problem. Their in-store spend is the lowest, but they're loyal—three-quarters of their retail visits are to c-stores.

#### They buy food elsewhere

Snacking and grabbing fast-food meals is a part of the Carefree lifestyle, but these teens are less satisfied with the freshness of packaged food at convenience stores than other teen segments.

They also rate their c-store low on food safety and sanitation, and on quality of food prepared in the store. Service strongly affects where they buy food, but they also take into account location, taste, price and restroom cleanliness. They visit other ready-to-eat food retailers about three times a week.

#### Usual c-store purchases/activities

- Restroom
- Fountain drinks
- Candy
- Gum
- Snacks



#### Meet their needs by...

- Promoting snacks at the pump
- Displaying easy-to-see/grab snacks as they enter the store/go to restrooms
- Providing clean restrooms to encourage them to come into the store

\* See note on page 23.



## to capture teens, know their drivers

### segments based on shopping behavior independents (22%)

**Independents need gas and need a break. They are the youngest segment, their in-store spend is modest and they often feel rushed. Yet Independents have the highest retail visit frequency. About half their visits are to convenience stores, often as a routine stop in the morning. Safety and environment influence their choice of gas location.**

<b>Total reported retail visits per month</b>	<b>53</b>
<b>C-store share of reported retail visits</b>	<b>54%</b>
<b>Total reported gas trips per month</b>	<b>20</b>
<b>C-store share of reported gas trips</b>	<b>26%*</b>
<b>Ready-to-eat food visits per month to other stores</b>	<b>13</b>

This segment has the highest proportion of teens living alone, with friends or with a spouse as well as the highest incidence of young parenthood—living with a child or children under three.

#### They aren't persuaded by price

Independents are not strongly motivated by price for convenience, gas or ready-to-eat purchases. Most visit ready-to-eat locations several times a week and choose by ingredient quality and service.

#### They feel uncomfortable and dissatisfied

Of the segments, Independents are least satisfied with convenience stores. They feel out of place when they visit, and they give the lowest ratings for service quality and reputation. They are dissatisfied with the safety and quality of food prepared in the store and with fueling equipment.

We have no information that they are happier with other retailers. They are young, strapped, with constrained resources, and feel like they don't fit in at the c-store. One interpretation is that their limited resources are accompanied by limited options, and a "safe haven" from their life struggles will be a place they return to regularly.

#### Usual c-store purchases/activities

- Gas
- Food



#### Meet their needs by...

- Offering a more friendly, welcoming atmosphere
- Delivering faster service to speed them on their way
- Promoting quality of service and fresh food

\* See note on page 23.



## to capture teens, know their drivers

segments based on shopping behavior  
materialists (21%)

**Materialists are born to shop. They are regulars at grocery stores, drug stores, dollar stores and mass merchandisers. Over half of their convenience visits are to c-stores. These confident, experienced shoppers are completely at home with instant messaging and wireless internet access. Females outnumber males by roughly two to one.**

<b>Total reported retail visits per month</b>	<b>30</b>
<b>C-store share of reported retail visits</b>	<b>57%</b>
<b>Total reported gas trips per month</b>	<b>21</b>
<b>C-store share of reported gas trips</b>	<b>31%*</b>
<b>Ready-to-eat food visits per month to other stores</b>	<b>14</b>

**They visit less but spend more**

When they shop c-stores, Materialists grab food, candy or a pack of gum and branded water—brands matter to them—and put some gas in the car. They choose c-stores for close to a third of their gas visits and base their decision on price, environment, restroom cleanliness, safety and no waiting.

**“Who wants to go home in the middle of having fun?”**

Materialists like the freshness and quality of c-store packaged food, but restroom quality and cleanliness have the greatest influence on whether they come into the store and buy it. They also value great service, flexible payment methods, good prices and deals, and the ability to buy other items in the same visit.

**Usual c-store purchases/activities**

- Gas
- Packaged carbonated drinks
- Fountain drinks
- Water
- Candy
- Gum
- Snacks

**Meet their needs by...**

- Merchandising their brands, i.e., the ones they look for
- Reinforcing their high spending through loyalty programs
- Focusing on speeding new items to the shelf

\* See note on page 23.



**Though these four segments reach across all income brackets and regions, each c-store will have its own unique mix of teen shoppers.**

Perhaps a specific store's teen customer base has more Timekeepers and fewer Carefree teens than this study suggests. Or more Materialists and hardly any Timekeepers at all. Any combination is possible.

Materialists are great customers for a c-store. Their spend is high per visit, and three-fourths of this segment is female. Materialists fit the bill when it comes to a long-term goal for convenience store retailers: attract more female shoppers.

Customer surveys are an inexpensive way to discover which teen segments visit a c-store most frequently. If more of one teen segment is regularly stopping by a store, the c-store operator can direct more time and energy to satisfying that segment's distinct preferences and needs.

However, a survey isn't necessary to gain an essential truth: like other shoppers, all teens want to be treated well. This is a best practice c-store retailers can improve on immediately for quick and positive results.

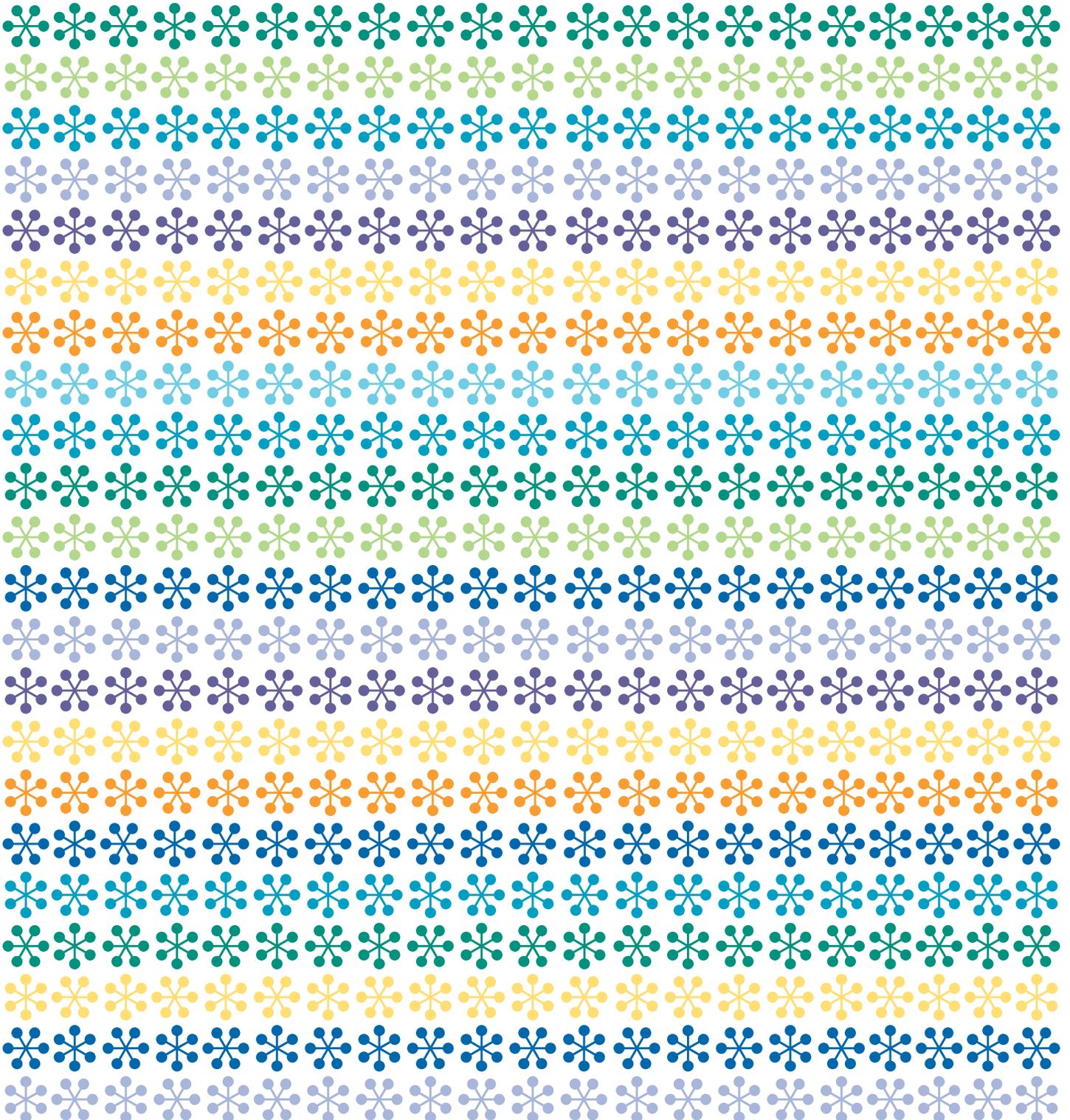


*Find out which teens visit most frequently and focus on satisfying their needs.*

to contents



# tactical hooks for teen shoppers



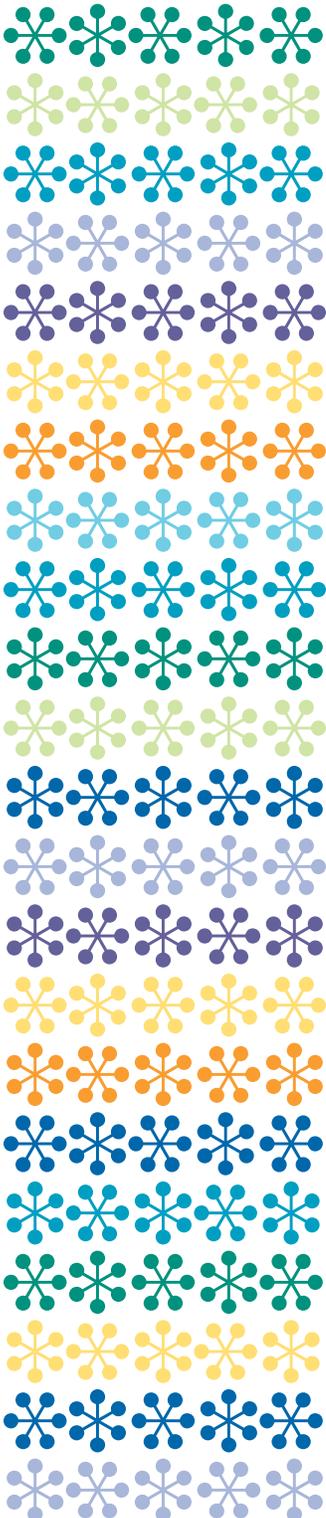


## tactical hooks for teen shoppers

**Convenience teens come into the marketplace with extraordinarily high expectations: convenient locations, innovative product selection, quick transactions, convenient packaging and consumption choices.**

To capture teens' business and build loyalty into their 20s and beyond, c-stores need to meet these expectations consistently—to provide the brands and experiences convenience teens seek out. Other retail outlets and numerous websites are vigorously competing to do just that.

The section on Teen Drivers introduced four teen segments—Timekeepers, Carefree, Independents and Materialists—to help c-store retailers recognize broad categories of teen shoppers and link them to the products and services they desire. In this section, four key opportunities that reach across all four segments—gas, ready-to-eat food, restrooms and technology—provide hooks to build and keep teen business. Together, teen segments and the hooks that attract them provide a road map for gaining and keeping their business.





## tactical hooks for teen shoppers

### gas

Getting a driver's license is a major milestone. For teens, it's often their first real taste of independence. Now it's their turn to put gas in the tank and maintain the car.

#### Choices and drivers

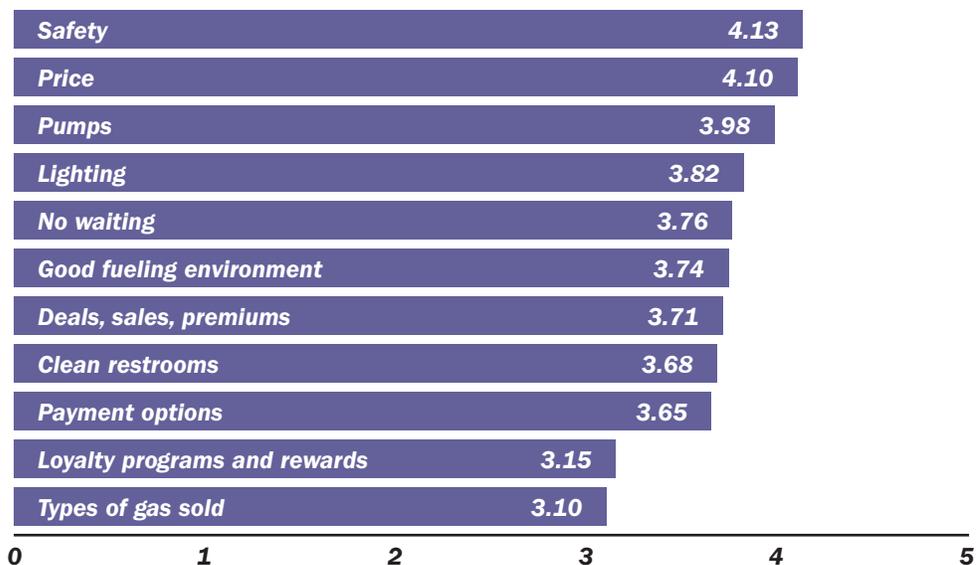
Of convenience teens, 62% say the convenience store is where they most often purchase gas (determined by visit frequency, not total gallons purchased). About 18% say they most often purchase gas at gas-only stores; the remainder favor grocery stores, mass merchandisers and buying clubs.

Of the 62% of convenience teens who refuel primarily at c-stores, a high proportion say great price, a low tank or routine provides the occasion. And while these teens often buy gas at their usual c-store, a better price can lure them away.

Safety also matters substantially in choosing a gas location, closely followed by number of fueling stations and lighting. Teens' perceptions of these key characteristics factor strongly into where they become regular refuelers.

#### Gas purchase reasons: Teens

Reported on 5-point scale from **1 (not at all important)** to **5 (extremely important)**





## tactical hooks for teen shoppers

### gas

#### Small amounts, many visits

Teens tend to buy small amounts of gas quite frequently—10, 15, even 20 times a month. All these visits offer opportunities for c-store operators to welcome teens from the pumps into the store for a drink or snack. Even gas-only teen customers—who tend to be rushed and sensitive to price—are often willing to pay more to save time and trouble. For them, c-stores can offer no-hassle solutions at the pump.

#### The experience at the pump matters

Fueling equipment is one of the highest-impact drivers of convenience teens' satisfaction with their stores. Number of pumps, modern equipment and ease of use all factor into the equation. Middle teens report a lower impact of equipment on satisfaction and loyalty than do late teens. For late teens, the importance of signs, gauges and meters in good working order and gas payment options increases—and persists into the 20s and 30s.

#### The parking challenge

In open-text responses to the question, “Thinking about the next time you will shop at this store, what could this store do to improve your experience at this store?” more parking is mentioned frequently by convenience teens.

Gas brings teen customers to the store, and adequate parking lets them come inside. Parking availability—getting in and out quickly without incident—has a high impact on teen satisfaction and loyalty. It can determine whether they return the car in its original condition and win the opportunity to drive it again.

#### The in-store experience

Teen gas customers shop in the store 33% more often than 20-something customers and 20% more often than 30+ customers. They often travel together; when accompanied by a friend of about the same age, either both teens come into the store or neither does. Deals, sales and premiums matter more to teen and 20-something refuelers than to many older refuelers. Loyalty and rewards programs that link teen refueling and in-store visit patterns—more frequent visits, visits influenced by what their friends are doing—will help capture teen customers.

#### Act on opportunities

- Reinforce convenience teens' perception that their c-store has great prices and deals.
- Ensure gauges and meters on pumps are in good working order and easy to use (some are definitely easier to use than others).
- Offer payment options at the pump.
- Keep the pump area well lit and free of debris.
- Make it easy to repark and clearly mark all structures that a novice driver could back into.
- When rewarding fillups, give passengers the same in-store discount as drivers.
- Designate parking for customers who want to eat in their cars.



## tactical hooks for teen shoppers

### restrooms

**When asked what they want to do at a convenience store in addition to making a purchase, 60% of teens say, “Use the restroom.”**

This activity preference is second only to refueling. Interestingly, high ratings by teens for restroom cleanliness are highly correlated to teens’ buying gas most often at the convenience store. C-store operators take note: Teens revealed through the survey that being denied access to restrooms was a significant turn-off.

#### Dress rehearsal

Backstage arenas let teens prepare for and cope with public settings, and restrooms can be one of those special backstage places. Bathrooms at school, home and work may be shared, but c-store restrooms offer teens a private opportunity to regain composure and return to the retail setting feeling better about themselves.

Teens who reported that they felt like splurging, felt they belonged and had plenty of time spent more money during their convenience store visits. A restroom visit that enhances good feelings like self-esteem and confidence may set the stage for a higher register ring.

#### In-store feelings and ring size

Positive feelings correlated with higher rings at the register. Teens in the study described how they were feeling during their most recent c-store visit using the descriptive pairs below. They chose from a 5-point scale where 1 equaled the descriptor on the left, and 5 equaled the descriptor on the right.

<b>1</b> → <b>5</b>	<b>Lower ring</b>	<b>Higher ring</b>
Cheap → Like splurging	2.82	3.15
Out of place → Like I belonged	3.87	4.13
In a rush → Had plenty of time	3.31	3.58



## tactical hooks for teen shoppers

### restrooms

#### Let it be clean

Survey results show that clean restrooms strongly influence where convenience teens buy gas (see “Gas Purchase Reasons,” page 31). Teens who buy ready-to-eat food in the store often use the restroom, but can restroom cleanliness improve appetites and increase register rings? Results suggest that yes, clean restrooms can and do—for both male and female teens (see “Ready-to-eat Purchase Reasons,” page 36). Size matters, too; the restroom has to be large enough for comfort.

#### Location

Store location is another influence. Teens shopping at c-stores located near grocery stores are more likely to report interest in using the c-store restroom, suggesting that it is more accessible or otherwise preferable. In any case, a clean, well-maintained restroom may provide an impetus for teen customers to visit the c-store, where purchase opportunities exist.

#### Act on opportunities

- Let teens know they’re welcome to use the restroom via signs and staff behavior.
- Keep restrooms clean and well maintained.
- Provide a large mirror and good lighting.
- Locate single-use packages of towelettes, health products and beauty products close to the restroom.



## tactical hooks for teen shoppers

### ready-to-eat food

#### **Many teens are taking care of themselves; some are even taking care of others they live with.**

Food is an essential part of caretaking, yet teens—like customers of all ages—have to balance daily needs for energy and nutrition with competing demands for their time, money and attention. Ready-to-eat food at convenience stores is a big draw for teens.

#### **Teen bodies need fuel**

Frequent retail visits for ready-to-eat food are today's equivalent of raiding the pantry at home. The pantries teens most want to raid are the c-stores where they feel a sense of belonging.

At c-stores that sell food prepared in the store or branded fast food, 44% of convenience teens buy ready-to-eat food there. In convenience stores where hot, cold or frozen dispensed beverages are sold, nearly three-fourths (74%) of convenience teens buy them.

#### **Higher spend, higher frequency**

In many ways, convenience teens who buy ready-to-eat food at their c-store are ideal customers:

- They have a higher spend and a higher visit frequency.
- They are more likely to use their store's ATM, check cashing and other digital services.
- They are more likely to buy beverages, fresh packaged foods and fill-in groceries.
- They are more likely to buy nonfood items like novelties, electronic supplies and prepaid phone minutes.

High-frequency teen convenience shoppers are more satisfied with ready-to-eat food quality, and they buy branded fast food and food prepared in the c-store more often.

#### **Market share opportunity**

Teens who buy ready-to-eat food are more likely to be part of the busy and value-conscious Timekeeper segment. In particular, teens who buy ready-to-eat food at c-stores

- buy a lot of fast food in general
- buy it from other fast-food retailers
- buy it from other fast-food retailers as frequently as teens who don't buy at c-stores

In other words, teens' fast-food purchases at c-stores augment, rather than replace, fast-food purchases elsewhere—an important opportunity for convenience retailers to capture greater share.



## tactical hooks for teen shoppers

### ready-to-eat food

#### Influences on choice

For all convenience teens, the choice of where to buy ready-to-eat food is influenced primarily by service, restrooms and prices. Food taste, quality of ingredients and healthfulness as well as no waiting are also important considerations.

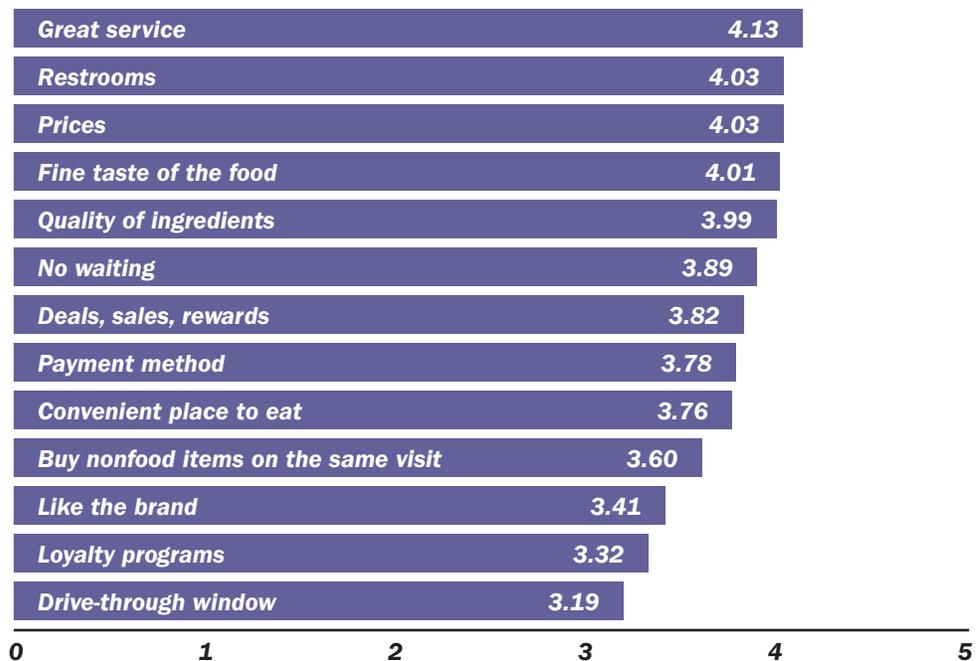
In-store and outdoor seating, convenient parking and drive-through service enhance quick purchase and immediate consumption. And for some convenience teens who buy carryout fast food, availability of other staples and grocery items means they can avoid another stop at a grocery store.

#### Act on opportunities

- Ensure teens feel welcome—a sense of belonging influences store choice.
- Include ready-to-eat purchases in rewards programs.
- Keep restrooms clean and well maintained.
- Provide an ATM and check cashing.
- Bundle fast food with other purchases for immediate consumption (like drinks) or takeaway consumption (like fill-in groceries) so the c-store is a one-stop shop.
- Offer what's hot with teens—vegan, low-carb, macro.
- Provide in-store and/or outdoor seating, and keep it clean and inviting.

#### Ready-to-eat purchase reasons: Teens

Reported on 5-point scale from **1 (not at all important)** to **5 (extremely important)**





## tactical hooks for teen shoppers

### technology

#### Teens today are growing up immersed in technology.

Security cameras and POS scanning are part of the landscape; technology-enhanced transaction systems like self-checkout, touchless payment and biopay are easy for convenience teens to accept if they haven't already. But teens aren't impressed by all this technology. They expect a threshold level that accommodates their "access anytime, anywhere" devices and routines. Stores that can ante up the technology and/or support teens' devices stand to catch and keep this promising market segment.

#### Teens expect digital access and are prepared to pay for it

For teens, music, videos and games are portable, not relegated to a specific time or place. At stores where photo printing, fax, copy, wi-fi (wireless internet access) and downloads are available—for example, a kiosk that offers music for MP3 players—convenience teens purchase these services almost twice as often as older customers.

#### Wired and unwired

Communication is crucial to teens. Most are connected to their friends and the world by both phone and the internet, and convenience teens say that they would like to have wi-fi, possibly using computers at the c-store to check email or get driving directions. Teens were also interested in a TV inside the store tuned to local news and sports. They already wonder when they will be able to order and pay for food from the pump.

While many convenience teens—like older shoppers—have their own credit cards and bank accounts, some don't. C-stores that offer check cashing and prepaid cards along with ATMs and credit/debit payment systems won't leave any teens out.

Convenience retailers willing to deliver in-demand technologies stand to capture and retain teens as they grow into their 20s. Their technology needs are unlikely to diminish as they age.

#### Act on opportunities

- Stock products that support teen digital accessories.
- Stock products that support communication—ink cartridges, earphones, memory sticks.
- Stock brands teens prefer.
- Provide music or ring tone downloads as rewards.
- Provide check cashing and free ATM use.
- Provide an in-store TV tuned to news and sports.
- Provide in-store internet and wi-fi access.
- Use dynamic messaging at the pump, register or fast-food station to keep teens engaged in the c-store shopping experience.



## conclusion

### Teens are an important market segment for convenience stores.

They are part of an influential population bulge that will affect the marketplace for many years to come. And because they are now forming the shopping preferences that will shape their adult spending patterns, they present a unique opportunity to retailers: building bonds with them now could help cultivate loyalty for a lifetime.

The study examined teens from several perspectives in order to identify opportunities retailers can use to take action.

The teen perspective on convenience offers several useful insights:

- Teens buy a little gas a lot of times a month. Retailers need to recognize and take advantage of this frequency by making it easy for them to enter the store.
- Once inside, teens shop the rest of the store more than older shoppers do. They buy nonfood items (like electronics, batteries, consumer tech supplies, health and beauty products, prepaid phone minutes) in higher proportions than older shoppers.
- The social aspects of shopping are extremely important to them—namely, whether or not they feel welcome and like they belong.
- About technology: teens love it for what it can do for them, not because it's novel. They expect to refuel their devices the same way older shoppers expect to refuel their vehicles.
- Watch out! Teens purchase the same items from other retailers that they buy at c-stores. For teens, convenience isn't a store; it's everywhere.

Tracking nine satisfaction drivers using opportunity matrices reveals shifting priorities as teens move from age 14 to age 20.

- Early teens' top priority is safety.
- Middle teens' top priority is ready-to-eat food.
- Late teens' top priority is fueling equipment.

Opportunity matrices also uncover key areas that are important to teens but underserved by c-stores. The most important are

- ready-to-eat food
- service quality

Improvements in these areas have great potential for strengthening teen business.



## conclusion

The study also identifies four distinct teen segments differentiated by shopping behavior. Each has different priorities.

- Timekeepers value efficiency.
- Carefree teens want to get in and out without a hassle.
- Independents want respect.
- Materialists want the latest, greatest thing.

Identifying which kinds of teens shop the store can enable c-store operators to appeal to teen segments in ways that are most meaningful to them.

Gas, restrooms, ready-to-eat food and technology are four key opportunities that cut across all teen segments.

- The sheer number of times teens stop for gas creates significant opportunities for retailers who can get them inside the store. Parking is crucial to getting them to make the trip from the pump into the store. Rewards programs are popular. Easy-to-use, up-to-date fueling equipment and payment options are important.
- Clean restrooms can actually drive teen spending, significantly influencing where they choose to buy gas and ready-to-eat food. Availability is key: Teens hate it when they are denied restroom access.
- C-stores compete head on with fast-food stores for teen ready-to-eat dollars. Great service, clean restrooms, price, taste and quality are what teens look for. Seating or designated parking for food consumption is a plus. There's no reason c-stores can't capture teen spending from other outlets if they can measure up.
- If convenience stores can offer a quick place to recharge a phone, download a song or obtain directions off the internet, they may become the place teens stop to top off their digital needs as well as their gas tanks. Those needs won't go away as they age, and competitors would find them hard to incorporate in their convenience offerings.

Perspectives and actionable items throughout this study are offered as building blocks for effective sales strategies. Retailers that understand and apply the concepts can be rewarded with more teen shoppers and higher rings. And as teens grow up—as they become that most valuable segment, the 20-somethings—they can contribute even more to the bottom line.



## credits

### The NACS/Coca-Cola Leadership Council (2003–2006)

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The National Association of Convenience Stores (NACS) is an international trade association representing 1,900 retail and 1,800 supplier company members. NACS member companies do business in nearly 40 countries around the world, with the majority of members based in the United States. The U.S. convenience store industry, with 130,600 stores across the U.S., posted \$337 billion in total sales for 2003, with \$220 billion in motor fuel sales.

The NACS Customer Satisfaction metrics have been specifically developed for the convenience industry and are reviewed and updated by Clickin Research in conjunction with NACS. Clickin Research has worked with major retailers, suppliers and advertising agencies over the past 18 years, specializing in customer insights at the store level and system-wide.

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