

Non-Alcoholic Beverages Rank #2 Behind Cigarettes in C-Stores. Loses Share. Beer Gains.

Non-alcoholic beverages were #2 in-store category in C-store dollar sales last year, according to data from National Association of Convenience Stores (NACS). Though losing share, beverages did move up from #3 spot, as foodservice dropped a notch. All data in this story is in dollar sales from NACS. Beer gained +1.0 share points and moved into tie for #3.

In-Store C-Store Categories		
Top-10 Overall		
	Share	Share +/-
Cigarettes	34.7	+0.2
Non-alcohol bevs	12.2	-0.8
Foodservice	11.9	-1.2
Beer	11.9	+1.0
Other tobacco	3.5	+0.7
Candy	3.4	-0.3
Salty snacks	3.3	+0.2
Fluid milk	2.5	-0.1
General merchandise	2.0	-2.5
Edible grocery	1.9	+0.7
Other	12.7	+2.1
Beverages		
CSDs	41.0	-2.0
RTD tea	16.8	+2.0
Bottled water	13.4	+0.3
Juices/juice drinks	10.3	-1.6
Sports drinks	9.5	+0.4
Alternative beverages	6.0	+1.0
Other beverages	3.0	-0.1

Dollars. Total C-store sales last year were \$395 bil, up +17.1% from 2003. In-store sales totaled \$132 bil, up +13.2%. Motor fuels totaled \$263 bil, up +18.9%. Total C-store industry racked up pre-tax profits of about \$5 bil. **Margins.** Gross profit margin last year on in-store sales was 29.7%. That compares to just 6.9% for motor fuels. **Average store.** On average-store basis, total in-store sales were \$956,000; motor fuel sales of \$1.4 mil.


Beverages. Total non-alcoholic beverage sales last year were \$16.1 bil, according to NACS. Compares to total beer sales of \$15.7 bil. Among non-alcoholic beverages sold in C-stores, CSDs led but lost share. RTD tea was biggest gainer. Juices/juice drinks lost share. Also gaining share were water, sports drinks and alternative beverages (partly

energy drinks).

Cigarettes. Cigarette category sales totaled about \$45 bil. Cigarette share of C-store sales has been growing. Last year, as shown in top part of table, it was 34.7. That compares to 18.1 share in 1984 and 26.4 in 1994. NACS report notes: "Convenience store industry has been extremely successful in garnering market share in cigarettes from other retail formats."

Profits. Non-alcoholic beverages are relatively profitable for C-store operators. Gross margins: beverages 34.8%; beer 20.9%; and cigarettes 19.5%.

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