

Can Convenience Stores Compete in a Digital World?

Location, location, location is less important in omnichannel retailing

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From 1-hour delivery to [drive-thru grocery pickup](#) to offering myriad payment methods, convenience rules for the modern shopper.

But when it comes to actual convenience stores, one of the only things going for them is being in the right place at the right time. Location is the primary draw.

But is that enough?

There are no shortage of stores. According to a March 2018 [Nielsen](#) analysis, the retail channels that opened the most stores from 2007-2017 were dollar (11,249), convenience and gas (8,650) and drug (5,632).

A new [Dunnhumby](#) study theorizes that eventually these overlapping channels could morph even further. At least in the eyes of the convenience-driven consumer. They compared the three channels using a number of criteria, and in a consumer survey, drug stores outperformed convenience and dollar stores on emotional factors like trust, likelihood to recommend and sadness if the store closed. Drug stores also won out on digital offerings and discounts.

Where convenience stores had an advantage over the other channels was as a meal destination.

According to the [National Association of Convenience Stores \(NACS\)](#), 83% of convenience store purchases are consumed within 1 hour and 65% consumed immediately. Prepared food makes up roughly 23% of items sold but the category is responsible for 34% of gross profit. Tobacco products have the largest share of convenience store sales at 34% but are less profitable (17%).

[Prepared food has become a differentiator at supermarkets](#) and the growing trend is what Amazon Go [aims to tap into with its expansion](#) geared towards office workers.

Convenience stores don't lend themselves to ecommerce as online shopping is antithetical to a 7-Eleven or a Wawa's core mission of being a source for unplanned, quick—and often frequent—shopping trips. In a February 2018 survey by [TrendSource](#), the largest number of US internet users purchased from convenience stores two to three times per week, with the highest incidences coming from men (33.3%) and shoppers ages 37 to 52 (31.9%).

Frequency with Which US Internet Users Make Purchases at Convenience Stores, by Demographic, Feb 2018

% of respondents

	Gender		Age				
	Male	Female	18-27	28-36	37-52	53-71	72+
Daily (i.e., 7 or more times per week)	11.3%	10.5%	10.5%	14.8%	13.0%	5.3%	7.0%
2-3 times per week	33.3%	28.3%	30.7%	30.0%	31.9%	26.3%	19.7%
Once a week	19.6%	16.8%	20.2%	15.0%	16.5%	19.4%	12.7%
More than once a month	11.8%	12.6%	16.0%	11.0%	11.2%	12.9%	15.5%
Once a month	9.4%	9.6%	7.3%	8.3%	9.0%	11.8%	11.3%
A couple of times per year	7.4%	9.1%	6.3%	8.8%	8.1%	9.8%	14.1%
Only when I'm traveling	5.9%	11.3%	6.6%	10.2%	9.0%	11.9%	19.7%
Never	1.3%	1.9%	2.4%	1.9%	1.2%	2.6%	0.0%

Note: numbers may not add up to 100% due to rounding
 Source: TrendSource, "2018 Convenience Store Report," April 4, 2018

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It's the omnichannel model that could put pressure on traditional convenience stores with the use of mobile for added convenience.

Beyond mobile couponing and loyalty programs, shoppers could use mobile self-checkout or ordering on the go for pickup.

And delivery, the ultimate convenience, isn't completely out of the question. According to TrendSource, a nearly equal number of US internet users were at least somewhat interested in delivery services from convenience stores (37.0%) as those who had no interest (36.6%). Interest level rose by shopping frequency; 44.7% of the core two to three times per week convenience shoppers were at least somewhat likely to use delivery and 54.5% of daily shoppers were on board with the idea.