

Going Mobile

C-stores need to speed adoption of new technology to shore up customer visits

While many c-store retailers will achieve record in-store sales and profits this year, many of them must be concerned that customer shopping frequency appears to have leveled off, or slightly declined, in recent months.

According to the just-released, exclusive 2016 *Convenience Store News* Realities of the Aisle consumer research study (see page 24), roughly 72 percent of c-store shoppers surveyed said they visited a convenience store daily or weekly over the past month. That's a bit below last year's 73.9 percent.



For comments, please contact **Don Longo, Editorial Director**, at (201) 855-7606 or dlongo@stagnitomail.com.

Conducted among a 2.5-million-strong panel, with 1,501 respondents who shopped at a c-store in the past 30 days, our annual Realities of the Aisle study is the most comprehensive, proprietary research on why consumers shop at c-stores, what types of products they buy and what influences their purchasing decisions.

One of the more interesting findings of this year's survey offers a potential solution to the problem of flat or declining c-store visits. Asked what influenced their decision to visit a convenience store, almost 16 percent of shoppers said word-of-mouth, up slightly from 15 percent a year ago. Mobile apps, hardly mentioned a year ago, ranked third after coupons,

with about 11 percent of respondents citing a retailer's mobile app as an influencer.

Mobile app usage was pretty much the same by gender, but 16.7 percent of higher-income consumers (with yearly household incomes of between \$75,000 and \$100,000) drove the increase in mobile app use this year. So did younger consumers, aged 18-24 (18.3 percent using) and aged 25-34 (16.4 percent using).

It's obvious we're witnessing major shifts in how consumers shop and spend their money. Therefore, it's vital for retailers to have sound strategies to leverage new innovations like mobile apps and other digital marketing tools to drive stronger results.

All that is my way of pointing out that you must read our industry-first Digital Marketing Study, the result of a unique collaboration between *Convenience Store News*, sales and marketing firm Balvor and industry consulting firm Brick Meets Click (turn to page 62).

This study examines how U.S. convenience retailers are using new marketing technologies and, more importantly, how they are measuring the performance of these technologies. Hint: Less than half of retailers give their own company a "B" grade or higher for doing a solid or outstanding job of evaluating their own digital marketing activities.

And, I'll leave you with a final thought: One-half of 1 percent of the shoppers surveyed in our Realities of the Aisle study actually paid for their c-store purchase with a mobile app. One wonders how much this figure will increase over the next year.

CSNews has been recognized with more editorial awards, including the prestigious Jesse H. Neal Award for business journalism, in the past six years than any other industry publication.



- 2013 Jesse H. Neal National Business Journalism Award**
Best Single Issue, October 2012
- 2013 Jesse H. Neal National Business Journalism Award**
Finalist, Best Profile, August 2012
- 2008 Jesse H. Neal National Business Journalism Award**
Best Single Issue, October 2007



- 2015 Eddie Award Honorable Mention, Folio: magazine**
Business to Business, Retail, Single Article, February 2014
- 2014 Eddie Award Honorable Mention, Folio: magazine**
Business to Business, Retail, Full Issue, October 2013
- 2014 Eddie Award Honorable Mention, Folio: magazine**
Business to Business, Retail, Single Article, February 2013
- 2013 Eddie Award Honorable Mention, Folio: magazine**
Business to Business, Retail, Full Issue, October 2012
- 2011 Silver Eddie Award, Folio: magazine**
Business to Business, Retail, Full Issue, October 2010
- 2011 Silver Eddie Award, Folio: magazine**
Business to Business, Retail, Best Single Article, October 2010
- 2009 Gold Ozzie Award, Folio: magazine**
Best Use of Illustration, October 2008
- 2009 Silver Eddie Award, Folio: magazine**
Business to Business, Retail, Full Issue, October 2008
- 2009 Bronze Eddie Award, Folio: magazine**
Business to Business, Retail, Website



- 2015 American Society of Business Publication Editors, National Silver Azbee Award**
Best Profile (long form), February 2014
- 2015 American Society of Business Publication Editors, Midwest Regional Gold Azbee Award**
Best Special Supplement, November 2014
- 2015 American Society of Business Publication Editors, Midwest Regional Silver Azbee Award**
Best Profile (long form), February 2014
- 2013 American Society of Business Publication Editors, Midwest Regional Bronze Azbee Award**
Best Editorial/Commentary, July 2012
- 2010 American Society of Business Publication Editors, Northeast Regional Silver Azbee Award**
Feature Article Design, November 2010



- 2010 Trade Association Business Publications Intl. Tabbie Awards**
Honorable Mention, Front Cover Illustration, October 2009
- 2009 Trade Association Business Publications Intl. Tabbie Awards**
Gold, Front Cover Illustration, February 2008
- Honorable Mention, Best Single Issue, October 2008

The State of C-store Industry Digital Marketing

Exclusive research shows less than half of retailers give their own company a “B” grade or higher

By David Bishop, Balvor LLC

Technology continues to shape the way we live and work. Personal computers in the ‘80s, the Worldwide Web in the ‘90s, and the modern-day smartphone in 2007 each had a profound impact on how we form new connections, communicate with others and conduct commerce.

Convenience store retailers are adapting how they engage consumers in this evolving environment. For example, more than one-third now have a mobile app. However, the mobile app is neither the first nor the last technology convenience retailers will apply to marketing.

Retailers recognize such tools have the potential to enhance experiences, strengthen relationships and generate value. We’re already witnessing shifts in how consumers and brands spend their money. Therefore, it’s vital for retailers to have sound strategies guiding how innovations are leveraged. So, what should c-store retailers do to drive stronger results?

Convenience Store News, sales and marketing firm Balvor LLC and industry consulting firm Brick Meets Click collaborated to examine this question. This article draws on the insights we gained by engaging U.S. convenience retailers and understanding their views on and usage of marketing technologies — or what is commonly referred to as digital marketing.

DEFINITIONS

“Digital marketing” refers to the use of digital media channels in support of broader marketing and business objectives. These “digital media channels” are defined in a similar manner as traditional media — like radio, print or billboards — based on how the message is broadcast.

Each channel (see Table 1) may consist of multiple “platforms” that support different forms of content (e.g., text, image, video) and types of content (e.g., owned, paid, shared).

Digital Media Channels

TABLE 1

CHANNELS	PLATFORM EXAMPLES
Email	Branded emails
Mobile	Apps (proprietary, third-party)
Social	Facebook, Instagram, You Tube
Text	SMS
Web	Website, search, review sites

Source: Balvor Digital Media Matrix

Primary Marketing Strategy

TABLE 2

CHANNELS	DRIVE TRAFFIC	CREATE EXCITEMENT	ENHANCE IMAGE	BUILD BASKET	DEFEND TURF
Email	77%	14%	5%	5%	0%
Mobile	47%	24%	12%	18%	0%
Social	31%	41%	24%	3%	0%
Text	80%	10%	0%	5%	5%

Note: Rows may not equal 100% due to rounding
Source: *Convenience Store News*/Balvor/Brick Meets Click, 2015

“Devices,” whether a computer, mobile phone, tablet, etc., allow consumers to access platforms in order to, at a minimum, receive messages. “Technologies,” such as beacons, geofencing or even shopper reward programs, are tools that enable more targeted communications.

USAGE

The website has typically served as the digital hub. However, it appears some c-store retailers are now assigning that role to social media. Today, more use social media than a website (see Figure 1). The social channel’s presence has grown since 2011 when usage stood at 46 percent, according to earlier joint research conducted by *CSNews* and Balvor.

Nowhere is social media’s growth trend more evident than with c-store retailers operating 50 or fewer locations. In fact, between 2011 and 2015, usage grew from 28 percent to 53 percent among retailers with

TECHNOLOGY

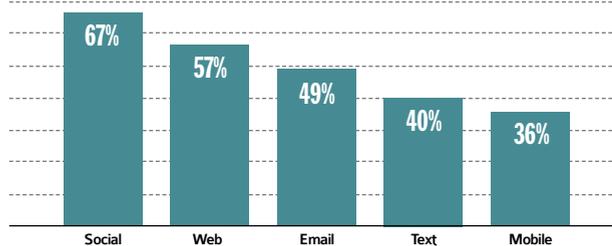
Enterprise + POS + Digital + Payment Systems + Business Intelligence

one to 10 stores, while it increased from 54 percent to 86 percent for operators of 11 to 50 locations. In this area, small and medium-sized convenience store chains have played catchup with the bigger retailers because well over 90 percent of the larger c-store chains were

Current Usage of Digital Media Channels

(Percent of c-store retailers using)

FIGURE 1

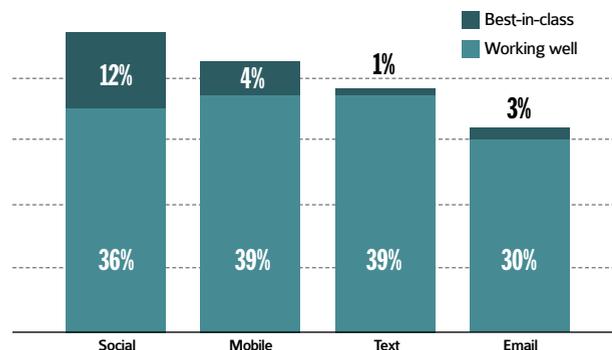


Source: Convenience Store News/Balvor/Brick Meets Click, 2015

Description of Execution

(Percent of c-store retailers indicating)

FIGURE 2

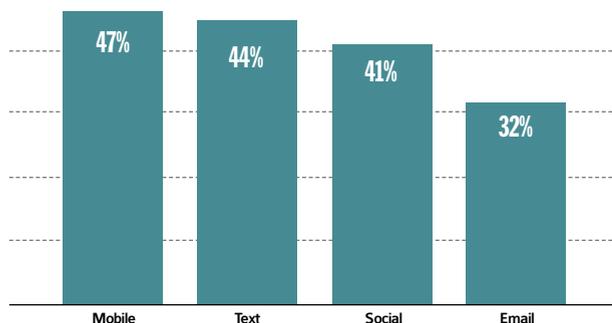


Source: Convenience Store News/Balvor/Brick Meets Click, 2015

Evaluation Grade — “B” or Higher

(Percent of c-store retailers indicating)

FIGURE 3



Source: Convenience Store News/Balvor/Brick Meets Click, 2015

already using social media in 2011.

The lower usage rate for mobile (36 percent) is understandable since mobile has been in the market for less time, requires a different level of investment, and may not be a good fit for all retailers. It's also interesting that only 40 percent of retailers use texting even though it's the least complex and has the broadest consumer reach.

PERFORMANCE

When retailers describe how well digital channels support their marketing strategies, social media performs the best (see Figure 2). Nearly half of those using it indicate their efforts are working well or are best-in-class. But these views are affected by how performance is evaluated, which helps to explain the lower scores that email and text both receive.

It's clear based on the primary strategy used with each channel that retailers are relying on different metrics to evaluate social media, and mobile to a lesser extent (see Table 2).

We found that 41 percent of retailers focus on creating excitement with social media, while 47 percent attempt to drive traffic with mobile. Whereas, retailers are leveraging text (80 percent) and email (77 percent) to drive traffic.

What retailers actually know about performance is also influencing their perceptions. It turns out less than half of the retailers surveyed give their own company a “B” grade or higher for doing a solid or outstanding job in the area of effectively evaluating digital marketing activities on a consistent basis (see Figure 3). In other words, there's an opportunity for retailers to better understand which indicators they should measure and how often these indicators should be monitored.

STRATEGY

Only one in five c-store retailers surveyed (22 percent) have a sound, strategic framework guiding what their company and team members are doing in digital marketing.

However, when a sound framework is present, retailers have significantly stronger organizational alignment with category managers and vendor partners (see Figure 4) because the framework fosters collaboration, improves coordination and clarifies choices.

Establishing lines of authority and assigning accountability are other foundational components of a framework. Our research reveals that retailers who have a sound framework are dramatically more likely to have well-developed roles and responsibilities

(73 percent vs. 33 percent), as well as planning and budgeting processes (68 percent vs. 21 percent). These specific aspects help to minimize conflict and ensure the appropriate allocation of resources.

CAPABILITIES

Strategy is about making choices based on fit and competitive positioning. The level of success attained is dependent on doing many things well that are consistent with overall strategic direction, reinforce other activities and optimize the shopper's experience.

Analyzing a range of capabilities — from identifying opportunities to consider, through monitoring the effectiveness of activities — retailers with a sound framework perform at 73 percent of effectiveness while those without are trailing at 47 percent.

As far as the specific capabilities, retailers are strongest relative to rolling out and promoting activities; whereas, developing the business case is generally the weakest.

It's not surprising that rolling out receives the strongest score as retailers are very good at getting consumers to like, follow, subscribe or download via promotional offers. The challenge is ensuring digital marketing activities are generating the desired outcomes and to do that, requires retailers to work on the business case and moni-

tor efforts to assess gaps between plan and actual results.

TARGETING

Digital media possesses the potential to broadcast more relevant messages, which retailers may define based on geographical, personal, spatial or temporal measures. However, the benefit of targeting is only as good as the retailer's capabilities, or if it fits with the overall strategies as we learned.

Time (e.g., seasonal event, day of week or time of day) is the most common targeting tactic, used by 31 percent of the retailers surveyed (see Figure 5). It is a standard feature of most digital platforms.

When it comes to geographical targeting, nearly 30 percent of retailers use a static location set by the consumer, like their preferred store. Meanwhile, 11 percent use dynamic locations that depend on consumers opting to share their location and receive notifications. This appears to be a still-emerging opportunity.

In terms of targeting by customer, just shy of one-quarter of c-store retailers are doing this today. While a sophisticated shopper reward program is beneficial, retailers can still leverage this tactic by using other assignable attributes that help to segment shoppers, such as past-deal redemptions or user preferences. Otherwise, while some tactics may possess more potential to deliver more relevant messages, retailers need to focus on the bigger picture of how it creates value for the consumer.

OPPORTUNITIES

As technology continues to change, having a framework that guides which innovations to pursue and how activities are coordinated is becoming ever more vital.

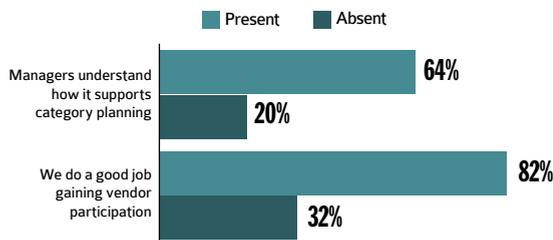
Whether a retailer does or does not have a sound framework today, 60 percent of all those surveyed believe that developing more effective ways of evaluating what to do and how to do it will be very or extremely helpful going forward.

This research is only beginning to reveal these latent opportunities and our goal is to continue exploring these areas so that we may be able to share additional insights that, when applied, will help drive stronger results in the convenience channel. **CSN**

David Bishop is managing partner of sales and marketing firm Balvor LLC and segment leader at industry consulting firm Brick Meets Click. At Balvor, Bishop has worked with supermarket and convenience store retailers in evaluating integrated marketing programs across digital and traditional communication channels. At Brick Meets Click, he has led shopper research initiatives with retailers, examining how technological and digital innovations are impacting the way consumers shop in-store and online. For more information, he can be contacted at davidbishop@balvor.com.

Presence/Absence of Sound Framework (Percent of c-store retailers agreeing)

FIGURE 4



Source: Convenience Store News/Balvor/Brick Meets Click, 2015

Consumer-Targeting Tactics (Percent of c-store retailers already doing)

FIGURE 5



Source: Convenience Store News/Balvor/Brick Meets Click, 2015