Convenience Stores Must Always Be Innovating to Capture Gen Z, Millennials

Page 06

Get to Know Generation Alpha

Page 11

How to Capitalize on One-Stop Shopping at Convenience Stores

Page 08

Latest Tariff News Sparks Concern Among Retailer Groups

Page 12







In This Issue

MAY 2025



17 In Store IN ACTION

29 Partners IN ACTION

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Convenience Stores Must Always Be Innovating to Capture Gen Z, Millennials

'I like to think for Generation Z, snacking is a 24-hour daypart,' Technomic's Donna Hood Crecca says at CSP's Convenience Retailing University.

By CSP Daily News

To stay competitive and capture more of the Gen Z and millennial audience, convenience stores must always be innovating.

"Respective to foodservice, they're looking for a couple of key things: innovation and functionality," said Donna Hood Crecca (pictured left), principal of CSP sister research arm Technomic, Chicago. "They're looking for things that can nourish them, give them energy, power them through their day. Things that contribute to health, whether it's gut health or mental health."

Crecca spoke last week at CSP's Convenience Retailing University along with Billy Colemire, vice president of marketing and brand at Boise, Idaho-based Stinker Stores. The session, Turning Data into Strategy for QSRs and C-Stores, was hosted by Abbey Lewis, vice president of content strategy for CSP.

Crecca said these are groups are also very engaged with global cuisines and global formats. "So, pulling in an interesting ingredient—turmeric or something in a smoothie or whatever you want to do," she said. "That's going to pique their interest. They're looking for those types of innovation."

24-Hour Daypart

These younger consumers are gravitating to snacking. "I like to think for Generation Z, snacking is a 24-hour daypart," Crecca said. "That's how they live, so this is a channel that people go to for snacks, and we need to own it. We need to reinforce that we are the place for really good and tasty snacks, better-for-you snacks, indulgent snacks, whatever your snack desire is."

Crecca added. "That's another threat from the QSRs because they're starting to play in snack. Think about Subway's footlong cookies, things like that."

She added: "We need to play defense there and really innovate to continue to engage that younger consumer."

At Stinker, Colemire, said, the snacking occasion is an area of focus for the company right now.



Spud Alert

"We've really worked to put some sweet snacks in the cold case to complement those chicken tenders or that burger," he said. "We've private-labeled so many cheesecakes. We're doing a lot of the sweeter stuff right now, and there's a lot of opportunity in the savory side. I'm really excited – we have some potatoes coming in 2025, 2026."

Colemire said Stinker considers demographics when making decisions in foodservice offerings, but "we don't ever want to have so many facts that we get into this situation where it's analysis paralysis and then you don't move forward at all."

Stinker will evaluate the demographics from a socioeconomic perspective and other facets, and its focus when examining demographics is, "Is there a trending flavor profile that's coming up that we don't meet right now, and if we're going to do that, how can we do that?" Colemire said. "We try to cross-utilize a lot so we don't make the operations overly complex."

He added, "We're pretty confident that we have a quality product. We source high-quality ingredients and have a tremendous marketing merchandising team promoting that and executing it, so we look at the demographics, but it's not the end all be all."

Beware Big Discounts

Colemire also warned of excessive price discounts, which can devalue a product.

"You don't want to be known as cheap," Colemire said.
"That's a negative connotation." Dropping prices for a limited-time offer is one thing, he said, but "those deep, deep discounts are not sustainable."

Colemire said he's seeing a lot of combo offers and "very price-driven discounting right now" from QSR and c-store competitors. But for Stinker Stores, "We've tried to make sure that the value to us is not always price; it's the value that we offer, it's having that one-stop shop in our app and CPG (consumer packaged goods) offers and working with a lot of those partners."

Colemire said Stinker is paying attention to the combo offers, "but we can't erode margin forever, so rather than trying to beat the QSRs on the combo—that's a little difficult based on the scale, we have 105 stores—it's more of being innovative now. They're not going to be able to do these combos for three to four years from now, so how can you continue to differentiate yourself from the QSRs?"

Crecca touched on the importance of reaching consumers via social media, getting messages "out there in very visual ways: reals, videos, those types of things, and get the consumer engaged," she said. "That's where they're looking to get cues on: 'Hey, what's cool, what's hot, what's now?'"



How to Capitalize on One-Stop Shopping at Convenience Stores

Data from Technomic, Upside highlights c-store customer journey.

By CSP Daily News

Wouldn't you just love to crawl into the mind of your convenience-store customers? Find out what they're thinking, considering, mulling as they roam the aisles of your premises?

CSP, using data from its sister research arm, Chicago-based Technomic, and digital marketplace Upside, Washington, D.C., presents a deep dive into the c-store consumer's journey—which begins before the customer has even entered the c-store.

"It's likely when they're pulling into the convenience store,

they're thinking about what's on their to-do list," said Donna Hood Crecca, Technomic principal. "And you know, that's really the key to convenience. That's why these stores exist."

More people are returning to work after the COVID-19 pandemic—"We're at a point now where about eight in 10 convenience-store patrons said they're commuting to their workplace at least a few days a week"—Crecca said. "That tells us that their schedules are hectic. Their time is a precious commodity."

Technomic's C-Store Consumer Market Brief for 2024's

fourth quarter shows 64% said they enter the convenience store "nearly every time or every time they come onto the lot for fuel or to charge their vehicle."

Fuel patron conversion gradually increased in 2024, going from 54% in January 2024 to 64% in 2024's fourth quarter, Crecca said. "It typically runs in the low/mid 50% range, though there are sometimes seasonal blips," she said.

Once a customer is in a c-store, they're gravitating toward food and beverage—particularly prepared beverages and then packaged beverages, and prepared and packaged food, Crecca said.

"It's really food that brings them through the doors," she says. "They're thinking, 'I got to fuel my vehicle. I got to fuel my body."

One-Stop Advantage

Understanding what a customer is thinking is the key driver to the c-store business because it's really important to understand the consumer needs states—"what are they specifically looking to satisfy," Crecca said. "And which needs state is the store best position to satisfy? Is it thirst? Is it hunger?"

The primary appeal of a convenience store is the ability for a consumer to multitask while there, Crecca said, adding that 75% of consumers prioritize the one-stop shopping available at convenience stores, "and that rises to 86% for consumers between 18 and 34."

But Crecca adds that c-stores often fail in marketing this advantage. "Even subtly reminding the consumer we can solve for many of their needs in one stop and get them out the door in 5 minutes or less—often that's kind of a miss."

Dawn Boulanger, vice president of marketing at Nashvillebased Tri Star Energy, which owns 194 stores under the Twice Daily, Sudden Service, Southern Traders and Little General c-stores and White Bison Coffee brands, said even if a smaller c-store chain cannot afford a lot of advertising or paid marketing, they should include relevant messaging on social media.

Tri Star Energy/Twice Daily is No. 42 on CSP's 2024 Top 202 ranking of U.S. c-store chains by store count.

"Make sure that if you have data on your specific customers, that you're communicating to them about information you know is relevant," she said.

Tri Star has insights on its loyalty customers, including what they buy, she adds, and subsequently sends them personalized messages.

Boulanger said with messaging, c-stores should target what the customer has purchased, not what the c-store would like them to buy.

Price Points

Consumers today will continue looking at "cost, price and the value piece of it," Boulanger said.

Consequently, c-stores must highlight the categories, items and brands where they are competitive on price value.

"We need to take a hard look at how competitive are we, where can we win, where does the combination of time savings, one-stop shopping and an attractive price point elevate the value that's going to bring them through the doors," Crecca adds.

Tied to luring customers, Boulanger said, is using excellent photographs.

"One of the things we do is with our proprietary food is we use really beautiful, appetizing professional photography to try to get people to crave products," she said.

"It's a little bit of the way restaurants market," she adds. "If you go to a QSR, typically there's a poster up of something."

Thought Process

Aside from food, Crecca said toward the end of 2024, there was an uptick in consumers buying tobacco products, lottery tickets and alcohol, the last helped by promotions and deals.

When they enter a c-store, consumers are thinking about what they need: tobacco products, coffee, bottled water, sandwich, paper towels and a phone charger, Crecca said.

Boulanger said tobacco still sells, but "in today's world, they're coming for more of the new modern oral products, like nicotine pouches."

While a customer may have something in mind when they enter a store, they're also open to suggestions, Crecca said.

"Consumers really understand that their neighborhood convenience stores' offering can be reliable and also intriguing," she adds. "I think it's the kind of store that people go into and think, 'I know that they're going to have XYZ that I need, but I'll keep eyes open because there might be something cool that I want."

In prepared beverages, "It's all about reviving and refreshing drinks," Crecca said.

"Energized beverages overall are on the rise." —Dawn Boulanger, Tri Star Energy

"Think about coffee," she said. "We're seeing growth across hot, cold, iced and frozen coffee, and I think a lot of it is the caffeine, the energizing element of it but also the flavor and the indulgence piece and the refreshing piece.

"Energized beverages overall are on the rise," she adds, such as refreshers with a caffeine boost or an "energy piece from something else like ginseng, guarana, something like that. Tea also is now seen as kind of an energizing source."

Crecca expects that in 2025, "We're going to see more complexity in prepared beverages, more texture, like boba, or layering—think about dirty sodas; they have that layering aspect."

Boulanger said people are seeking healthier choices, such as gluten-free, vegan, "the types of products that fit their lifestyle and their needs; clean food, keto-friendly. People are using c-stores for more than just those traditional packaged goods. It's an alternative to a restaurant, and so their expectation is that they have some of those options out there."

At Tri Star, they lay out the store to encourage impulse buys, like by putting bags of chips next to the sandwich cooler.

Other areas retailers should be attentive to are checkout lines: "If you walk in in the morning and see a line of 20 people, that may deter you," Boulanger said, noting the importance of proper staffing.

"Some people may think this is crazy, but in our higher-volume stores, we took lottery out because it just slowed down the process and you could watch people get really irritated," she adds. "It wasn't worth it. You don't make that much money off of it."

Their Generation

When addressing the consumer mindset, Crecca said, it's important to examine it from the perspective of different generations. "The Gen. Z mindset is very different than the Gen. X mindset, than the boomers," she said.

Younger consumers, such as millennials and Gen Zers, "see a lot of utility in the convenience channel. They like it and use it. It solves a lot of their problems," Crecca said.

C-stores also provide solutions for older generations, but their needs are different, she said, adding that c-store retailers need to know the makeup of their customers and figure out what to offer them and how to sell and promote it.

Look at Loyalty

To get customers in the door from the pump or charger, c-stores can use tools such as personalized offers via loyalty apps—"especially if the offer is in connection to a fuel purchase," which is very appealing to customers, Crecca said. Of particular use are loyalty programs that have geofencing capabilities.

"They know you're driving by," she said.

Retailers also should think about the basics of marketing on the forecourt, she said. "Speak to those key need states of the consumer," Crecca said. Are they hungry? Thirsty? Is there an emergency need? It is dinner?

"You need to market against that and highlight the ability to quickly execute against the key need states in the four walls at a very accessible and attractive price," she said.

While working on all this, retailers also should avoid clutter, she said.

"I can't tell you how many c-stores I drive by and there's so much clutter that my brain doesn't even pick up on anything," Crecca said. "There's just too much." An overload of signage might spur the consumer to disregard everything, she adds.

One other factor that Boulanger said remains really important is customer service, she said.

"Some people want that contactless [transaction], but at the end of the day, I think it is nice for somebody to walk in your store in the morning and somebody speaks to them," she said. "You don't know what's going on with people, and so just to have that interaction is really important."

What Data Has Value to You?

Data and insights are vital to anticipating consumers' needs, Donna Hood Crecca, Technomic principal, said. C-store operators have "mounds" of data from purchases and loyalty programs, she said. "The key is identifying what data actually has value to your organization and what can you activate against. And by activating it, can you serve up really compelling promotions and offers?"

She adds, "Can you optimize the category to align with consumer demands and get ahead of the curve in terms of trends that become evident through the purchase data, through the loyalty data?"

At the same time, however, one cannot operate in a vacuum, she said. "You can't only look at your own data. It's really important to also analyze broader industry data to see if you are tracking with the industry—or is there white space—a place we're not playing where there could be opportunity for our stores to build some incremental sales?"

Another piece to gain the edge is monitoring social media to identify what's trending, what's of interest to one's core consumer and to the desired consumer. ■



Get to Know Generation Alpha

Adapted from Convenience Store News

By 2029, this cohort's spending power is projected to reach \$5.5 trillion

Born between 2010 and 2025, members of Generation Alpha are still young, but it is crucial for brands to begin preparing for and engaging with this emerging cohort now, according to a new Mintel report. By 2029, Gen Alpha's spending power is projected to reach \$5.5 trillion. Here's a look at this generation's unique behaviors, values and expectations:



Already, Gen Alpha has three key core characteristics:

Independent and influential
They are growing up amid a parental and mental health revolution in which their opinions are valued and their influence on household decisions is significant.

Tech savvy and digitally native
Growing up in a digital-first world,
Gen Alpha is more tech savvy than
any preceding generation. However, there
is growing awareness of the importance of
screen-life balance.

Sustainably and ethically focused
Growing up in a world marked by social and environmental issues has fostered a strong ethical consciousness in Gen Alpha, making them discerning consumers who prioritize food brands with genuine values.



Alphas Are Adventurous Foodies

This generation is growing up with adventurous palates due to their parents exposing them to diverse cuisines early on. Fueled by social media, migration and the food-delivery boom, Alphas are becoming familiar with a wide variety of tastes and culinary experiences.

Alphas Are Health Conscious

As the first generation to come of age with a focus on functional food and drinks, enriched with vitamins, minerals and probiotics, Alphas are likely to have a deeper understanding of the connection between diet and overall wellbeing. In the United States specifically, there is growing demand from the parents of Gen Alpha for food and beverages that support immune function and digestive health.



Alphas Are Poised to Become a Powerful Force

Gen Alpha, a generation raised on health consciousness and sustainability, is poised to reshape the food industry, prioritizing functional foods, sustainable sourcing and ethical consumption. Growing up in a world of instant access and abundant choices, Alphas are already influencing trends in the food industry. Despite their young age, they are impacting family food decisions today — making them a force to be reckoned with in the future of food and drink.





Latest Tariff News Sparks Concern Among Retailer Groups

Consumers could come up against higher prices, according to NRF and RILA.

By Convenience Store News

NATIONAL REPORT — Three months into his second term, President Donald Trump leveled tariffs on goods from many of the United States' trade partners. How they will affect the U.S. consumer remains to be seen.

On April 2, Trump announced a 10% baseline tax on imports from all countries and higher tariff rates on dozens of nations that run trade surpluses with the U.S., as The Associated Press reported.

With the action, Trump fulfills a campaign promise to level the playing field with trade partners, but the move caused some concerns among the retail community and calls into question how the tariffs will affect consumers.

"More tariffs equal more anxiety and uncertainty for American businesses and consumers. While leaders in Washington may not care about higher prices, hardworking American families do," said David French, National Retail Federation (NRF) executive vice president of government relations.

"Eighty-eight percent of voters say that small businesses play an important role in their local economy, according to an NRF poll conducted by Morning Consult. These tariffs will have a disproportionate impact on local communities and will be particularly harmful to small retailers," French added.

Trump's tariffs moves came on the same day that NRF forecasted that retail sales during 2025 will grow between 2.7% and 3.7% year over year to between \$5.42 trillion and \$5.48 trillion. The 2025 sales forecast compares with 3.6% annual sales growth of \$5.29 trillion in 2024. This year's forecast is also in line with the 10-year pre-pandemic average annual sales growth of 3.6%, the organization said during NRF's fifth annual "State of Retail & the Consumer" virtual event on the health of American consumers and the retail industry.

"Tariffs are a tax paid by the U.S. importer that will be passed along to the end consumer. Tariffs will not be paid by foreign countries or suppliers," French continued. "Even more so, the immediate implementation of these tariffs is a massive undertaking and requires both advance notice and substantial preparation by the millions of U.S. businesses that will be directly impacted."

He added NRF encouraged President Trump to "hold trading partners accountable and restore fairness for American businesses without creating economic uncertainty and higher prices for American families."

The Retail Industry Leaders Association (RILA) also took issue with the impact tariffs will have on the U.S. consumer.

"The American people are counting on President Trump to grow the U.S. economy and end inflation. Unfortunately, the president's plan for universal tariffs on household goods — including clothing, groceries, home goods and school supplies — will raise costs on every American family. The president's plan is not a targeted attempt to protect American innovation or national security but will hit every family's budget. Americans cannot afford another round of price increases," said Michael Hanson, RILA senior executive vice president, public affairs.

"These newly announced tariffs — and the expected retaliatory tariffs on American businesses — risk destabilizing the U.S. economy, undermining the goals of bolstering domestic manufacturing and growth," Hanson added. "We urge the president and his economic team not to abandon the pro-growth policies that powered his first term — namely the Tax Cut and Jobs Act. Before lasting damage is done to the economy and family budgets, we urge the White House to reconsider its course."

"THE STRENGTH OF THE TEAM IS EACH INDIVIDUAL MEMBER. THE STRENGTH OF EACH MEMBER IS THE TEAM."

-Phil Jackson, Former NBA basketball player and coach