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About the Report

RNCOS' "U.S. Convenience Stores: A Market Analysis" provides extensive research and rational analysis on the proliferating market of convenience stores in United States. This report helps clients to analyze the opportunities and factors critical to the success of the convenience stores market in US.

This report reviews the stores and industry practices across the globe in general and in US in particular. It provides an insight into how convenience business is shaping up to address the gamut of issues raised by this new standard-bearer of world retail.

In recent years, with convenience stores operators initiated on strategic moves to improve operations, enhance performance and differentiate from the competitor to position themselves—the changing nature of convenience retailing and the margin pressures brought on by encroaching competitive formats is driving c-store industry consolidation.

Key Issues and Facts Analyzed

- What is the market size of the US retail store industry?
- How is the convenience stores growth state-wise?
- What are the factors driving growth in this sector?
- What are the technologies that can help convenience store markets to improve their operations?
- How these technologies are increasing operational efficiency in this industry?
- Who are the major players of US Convenience Industry, their presence and strategies being used by them to improve profitability?

Key Findings

- C-store unit growth continues to outpace US' population growth as average person per store has declined by 0.72% in the year 2005 in comparison to 2004.
- California provides a big opportunity market for the C-stores to grow. California is, by far, the largest US state with a population of 36.13 Million in 2005 and accounts for the second highest number of C-stores in US.

- Convenience stores sell three-quarters of all the gasoline purchased in the United States through Convenience stores.
- As the gasoline prices are increasing day-by-day, two states, New Jersey (30.1%), and Oregon (51.7 %), had shown the lowest fuel sales in the year 2005.
- Gasoline theft is a major problem for retailers in US. It is estimated that on an average, one in every 1,100 fill-ups gasoline was theft in 2005.
- Credit card fees in 2005 constituted more than 90% of a store's profits; totaling to US\$ 38,383 per store, and it is expected to grow in the coming years.

Key Players

This section covers the key facts about major players currently operating in the C-store industry, such as 7-Eleven Inc., Kroger, Koninklijke Ahold N.V, Shell Oil Products US, Exxonmobil Corporation, Alimentation Couche-Tard Inc. and Sunoco, Inc.

Research Methodology Used

Information Sources

Information has been sourced from books, newspapers, trade journals, and white papers, industry portals, government agencies, trade associations, monitoring industry news and developments, and through access to more than 3000 paid databases.

Analysis Methods

Ratio Analysis, Historical Trend Analysis, Linear Regression Analysis using software tools, Judgmental Forecasting and Cause and Effect Analysis are the methods used to analyze the facts and figures given in this report.

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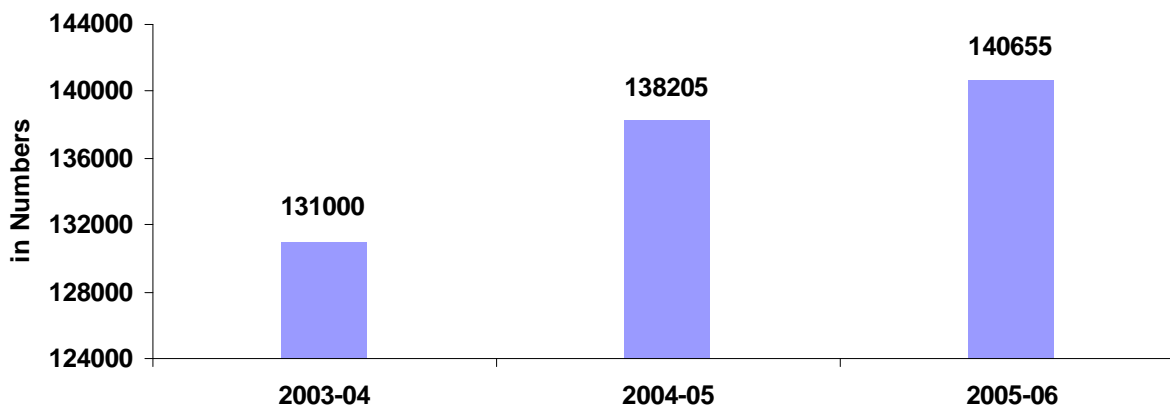
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4.1 Total Number of US C-Stores

The number of convenience stores in the United States stands at 140,655 in the year 2005-06. The new figure is a 1.77 % increase over the 138,205 stores in the year-end 2004.

Figure 4-2: US - Total Number of C-Stores (2003-04, 2004-05 & 2005-06)



Source: [REDACTED]

Historical Growth of C-stores

C-Stores growth in US saw a boom during the period 1973 to 1983. The CAGR during the period was around 12.11% and the number of C-stores increased by 51,900. But the CAGR slowed down during the period 1983 to 1993 (2.84%) and 1993 to 2003 (2.66%), although the overall number of C-store increased and touched the new height of 131,000 by 2003.

Table 4-1: US - Historical Growth of C-Stores (1973, 1983, 1993 & 2003)

Year	No. of Stores	CAGR
1973	24,300	-
1983	76,200	12.11%
1993	100,800	2.84%
2003	131,000	2.66%

Source: [REDACTED]

Total C-store industry sales increased from US\$ 186 Billion to US\$ 394.7 Billion from 1998 to 2004.

4.2.3 Midwest Region

The Midwest’s population growth since 2004 has only been 0.38%, but C-store development did not show any significant growth from 2004 to 2005. Ohio, Kansas, Michigan, Illinois and Missouri lead the way.

Out of twelve states, six states showed negative growth as the number of c-store have declined in the year 2005 in comparison to 2004 in these states.

Table 4-6: US - Total Number of C-Stores in Midwest States (2004 & 2005)

State	2004	2005	% Growth
Minnesota		3,820	
Nebraska	1,638		
Iowa	2,788		
Michigan	5,176		
South Dakota			-1.36
North Dakota			-0.60
Indiana		3,300	
Wisconsin		4,253	
Illinois	4,900		
Ohio			4.10
Kansas			13.64
Missouri			15.29

Source: [Redacted]
Note: [Redacted]

Four states have shown the declined saturation figure in the year 2005 where the average person per stores has decreased.

Table 4-7: US - C-Stores Saturation Figure for Midwest States (Average Person per Store), 2004 & 2005

States	Saturation Figure (2004)	Saturation Figure (2005)	% Change
Missouri		1451	
Kansas		1098	
Ohio	2328		
Illinois			-3.55%
Wisconsin	1295		

Indiana		1901	
North Dakota	760		
Michigan		1989	
South Dakota			2.05%
Iowa			2.46%
Nebraska			3.05%
Minnesota			4.68%

Source: [REDACTED]
Note: [REDACTED]

5. Industry Analysis

5.1 Driving Forces

5.1.2 Investment on the Part of Fuel Retailers

Retail margins have fallen significantly in the past two decades, as rising oil prices and taxation levels led to increased price-sensitivity among motorists and more aggressive price competition between retailers, spurring a complete transformation of the forecourt. Where once their sole business was the retail of fuel and car-related products, it has now become imperative for service stations to sell other goods and services in order to survive.

Increasing non-fuel sales has become a strategic priority and oil companies have been investing especially heavily in the forecourt shop in recent years, extending these to cover a greater proportion of the network, whilst expanding existing shops and increasing the range of products to attract 'on-the-go' consumers and top-up shoppers as well as motorists.

5.1.4 Demand for Convenience Shopping

Strong consumer demand for convenience shopping has made the convenience store (C-store) sector as one of the most dynamic sectors in the whole retail market. C-stores have established an important niche for themselves in the grocery supply chain, essentially serving top-up shopping requirements to supplement the supermarket shop.

5.2 Opportunities

5.2.3 Local C-Stores

There is an opportunity for local C-stores to develop their potential as community stores and 'lifestyle assistants', as they are better placed to know the particular needs of a town or village more intimately than the larger supermarkets. They could create solutions for the increasingly time-pressured element in the community, by offering anything that will give the consumer extra time, e.g. home deliveries of high-quality frozen food, whether it is lunch for the home worker, or the evening meal for a busy family.

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5.2.4 Online Presence

Finding space has always been an issue for an average C-store. Offering any product beyond the traditional boundaries is generally rendered impossible, simply as a result of size constraints. However, the development of the computerized kiosk is seen by some as one way to revolutionize the world of convenience retailing, making it possible to buy cars, book holidays or select sports gear from these outlets.