

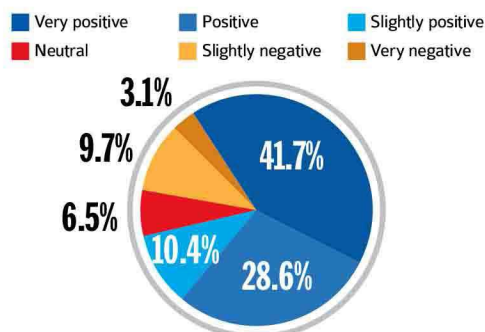
A Full Stock of Optimism

Suppliers and wholesalers give convenience high marks among its competing channels

On a broad scale, 2015 was an interesting year for the United States and with the presidential election in full swing now, 2016 promises to be every bit as exciting. The same can be said about the convenience store industry.

Based on the results of an outlook survey conducted in early November by the National Association for Business Economics, the average forecast for growth in 2016 is 2.6 percent, down slightly from 2.7 percent in its previous survey conducted in September.

How does your company view the overall conditions for the U.S. economy in 2016?



Source: Convenience Store News Supplier Forecast Study, 2016

Rate conditions in each of the following retail channels your company works with:

	POSITIVE	NEUTRAL	NEGATIVE
Convenience	86.7%	13.3%	0.0%
Drug	65.4%	23.1%	11.5%
Mass merchandise	57.1%	32.1%	10.8%
Grocery	50.0%	30.8%	19.2%

Source: Convenience Store News Supplier Forecast Study, 2016

Top Concerns

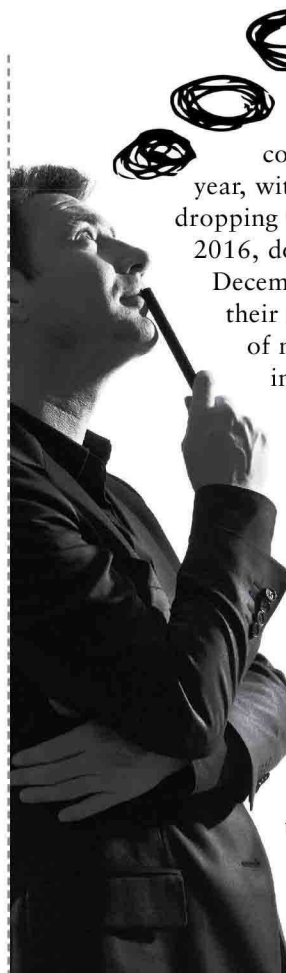
The CSNews Supplier Forecast Study asked c-store suppliers and wholesalers to list the top concerns for their business in 2016. While some mentioned fad brands and private-label brands, the issues weighing most widely on their minds for this year are:

Government regulation
Political events
Consumer confidence
Gas prices
Rising costs

The panel of 49 business economists expect the jobs market to continue strengthening this year, with the unemployment rate dropping to 4.7 percent by the end of 2016, down from 5 percent in mid-December. The experts lowered their earlier forecasts on a variety of measures of economic health, including housing starts and industrial production.

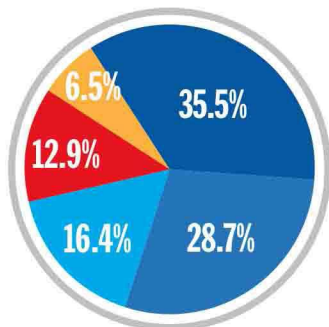
Looking further down the road, two-thirds of the business economists surveyed expect potential economic growth of between 2 percent and 2.5 percent over the next five years.

When it comes to the business of convenience and fuel retailing, at least one side of the equation is going into 2016 with an upbeat attitude. As part of this year's Industry Forecast Study, *Convenience Store News* conducted its first-ever Supplier Forecast



For your particular product category, how do you view the upcoming year?

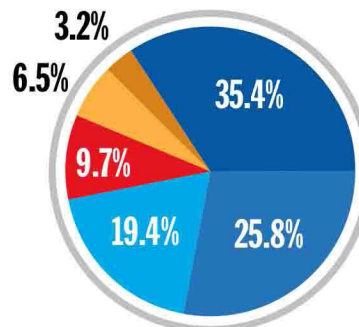
Very positive Positive Slightly positive
Neutral Slightly negative Very negative



Source: Convenience Store News Supplier Forecast Study, 2016

What do you believe will be the biggest factor in your company's success in 2016?

New product development Raw material costs
Consumer spending growth Retailer consolidation
Retailer unit expansion Increasing regulation



Source: Convenience Store News Supplier Forecast Study, 2016

Study to complement the Retailer Forecast Study started last year. The majority of c-store suppliers and wholesalers that participated have a favorable outlook when it comes to the 2016 economic picture.

Notably, 41.7 percent hold a "very positive" view of the overall conditions of the U.S. economy, 28.6 percent hold a "positive" view and 10.4 percent hold a "slightly positive" view. On the other hand, only a combined 12.8 percent view the U.S. economy of 2016 negatively.

When asked about their particular product categories, the supply side of the convenience retailing chain does hedge its bets a little. While still overwhelmingly positive, those indicating they are very positive about their particular product category dipped to 35.5 percent, followed by 28.7 percent who are positive and 16.4 percent who are slightly positive.

No respondents from either the supplier

or wholesaler communities said they are very negative on their product category, and only 6.5 percent said they're slightly negative.

Stacking up the convenience channel against the other retail channels they serve, c-store suppliers and wholesalers gave convenience high marks for performance. A whopping 86.7 percent of respondents placed convenience in the positive column when asked to rate conditions in the retail channels where they work. This rating placed convenience squarely in front of all competing channels, with drug coming in second at a 65.4-percent positive rating.

The inaugural CSNews Supplier Forecast Study also asked participants to weigh in on what the key factors for their business' success in 2016 will be. New product development, an uptick in consumer spending, and growth in store count were the top three factors cited. **CSN**

Bright Spots

C-store suppliers and wholesalers are looking to put the "new" in new year. Here are their top five responses when asked to list their top reasons for optimism in 2016:

- Innovation and new products**
- New or remodeled store locations**
- Strong business pipeline**
- Growth across small-format channels**
- Category uptick**