

# Positive Predictions

C-store retailers are more bullish than last year on how high their sales will rise

**T**he second-annual *Convenience Store News* Retailer Forecast Study shows that 82 percent of c-store operators expect their average sales per store to increase this year vs. 2015. In last year's study, 86 percent of c-store operators anticipated increased sales in 2015 vs. 2014.

Interestingly, although a smaller percentage of c-store retailers are forecasting higher sales for the new year, the growth prediction among those who are is more bullish — they believe 2016 sales will increase by 5 percent (in-store and motor fuel combined) for the average convenience store. Retailers participating in last year's study had predicted a 3.7-percent rise.

To increase sales and profitability, many c-store operators are planning to focus on foodservice, increase marketing, and create and/or leverage existing loyalty programs. Also high on the list of planned initiatives for 2016 is remodeling stores and building new ground-up stores featuring a larger footprint. Roughly one in six operators expects to increase store count.

"The marketplace is changing and we have to change with it," one retailer commented.

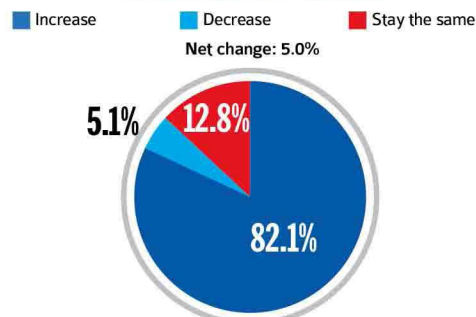
When asked about the issues that could have the biggest impact on their sales and profitability in the new year, motor fuel prices once again ranked No. 1, although it was cited by a lower percentage of operators this year (60.5 percent vs. 72.5 percent last year).

Health care costs/regulations jumped up one spot to rank second this year, followed closely by labor issues, which also moved up one spot. When it comes to government regulation, c-store operators have a lot to say. Comments by Forecast Study respondents included:

- "Can't control what the king does with his pen."
- "Compliance with government regulations is a huge cost to our business."
- "Higher wage costs for the first time in over 10 years is outpacing sales."

Also in the regulation realm, c-store retailers are worried about tobacco regulation, particularly the

## Retailer forecast for 2016 total store sales



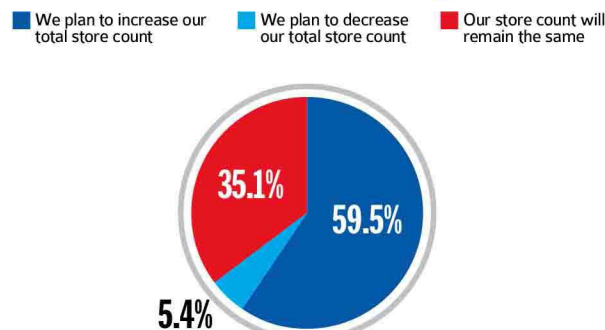
Motor fuel and in-store combined  
Source: Convenience Store News Retailer Forecast Study, 2016

## What will have the biggest impact on sales and profitability for your convenience store(s) in 2016?

Motor fuel prices	60.5%
Health care costs/regulations	44.2%
Labor issues	41.9%
Tobacco and e-cigarette regulations	37.2%
Competition	34.9%
Healthy eating trends	25.6%
Mobile commerce/marketing	20.9%
Demographic changes	14.0%
Emerging technologies	7.0%

Multiple responses accepted  
Source: Convenience Store News Retailer Forecast Study, 2016

## Retailer forecast for 2016 store count change



Source: Convenience Store News Retailer Forecast Study, 2016

new Food and Drug Administration rules pending for electronic cigarettes and vapor products. Respondents expressed concern that new rules will diminish sales.

Several other top-of-mind matters were mentioned by operators for a second consecutive year, including competition, healthy eating trends and demographic changes. For the first time, mobile commerce/marketing made the list, further proving the power of smartphones.