



2019 C-Store Year in Review: Industry Overview

Warehouse-delivered Products

February 5, 2020



Angie Simonetti
Executive Vice President
AngieS@CDAweb.net



Ask the speakers questions throughout this webinar using the Q&A function – in your GoToWebinar Control Panel, type in any questions you have for the speaker in the Questions box under the Questions tab.



Kimberly Kissel

Director of Education

KKissel@CDAweb.net



Ask the speakers questions throughout this webinar using the Q&A function – in your GoToWebinar Control Panel, type in any questions you have for the speaker in the Questions box under the Questions tab.



Mike Farrah

**Client Relationship Director,
Management Science Associates, Inc.**



Thomas Baldwin

**Product Manager,
Management Science Associates, Inc.**

NOTICE:

This presentation is based solely on an analysis conducted by Management Science Associates, Inc. (MSAi) and does not necessarily reflect the opinion of any client.

Unless stated otherwise, NACS category definitions are used in the following presentation.

Data source: C-Metrics® Projected Data for warehouse delivered products

Overview

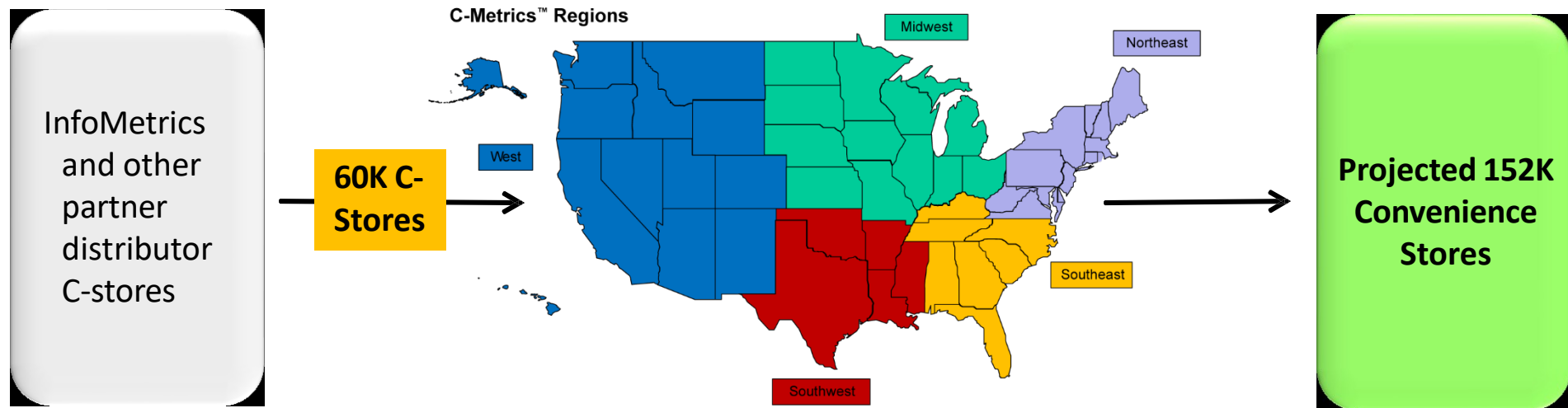
- C-Metrics overview
- C-store snapshot
- Category Trends and Performance
 - Cigarettes
 - OTP
 - Candy
 - Alternative Snacks
 - Salty Snacks
 - Packaged Sweet Snacks
- Conclusions

C-Metrics™ - Projected Convenience Channel Database for Warehouse Delivered Products

- Capturing the complete Convenience Channel is not easy and requires resources
 - Over 152,000 convenience stores in the U.S.
 - Not all of them scan
 - Over 2,000 warehouses supplying these stores
- How then to answer the following questions:
 - How is MFG A performing in the Total C-Store channel?
 - What is my competition up to? What else is happening in my market?
 - What are my distribution opportunities at a regional level? Nationally?
 - How can I better understand white space and adjacencies?

C-Metrics Overview

- A sub-set of C-stores are selected from over 60K C-stores provided by InfoMetrics distributors and other national distributor partners
- This set of C-stores are projected to total C-store universe of 152K+ stores using projection methodology (representative of C/I, Regionality, Size, etc)
- C-Metrics is used to get market benchmarks at regional level for **warehouse delivered products only**



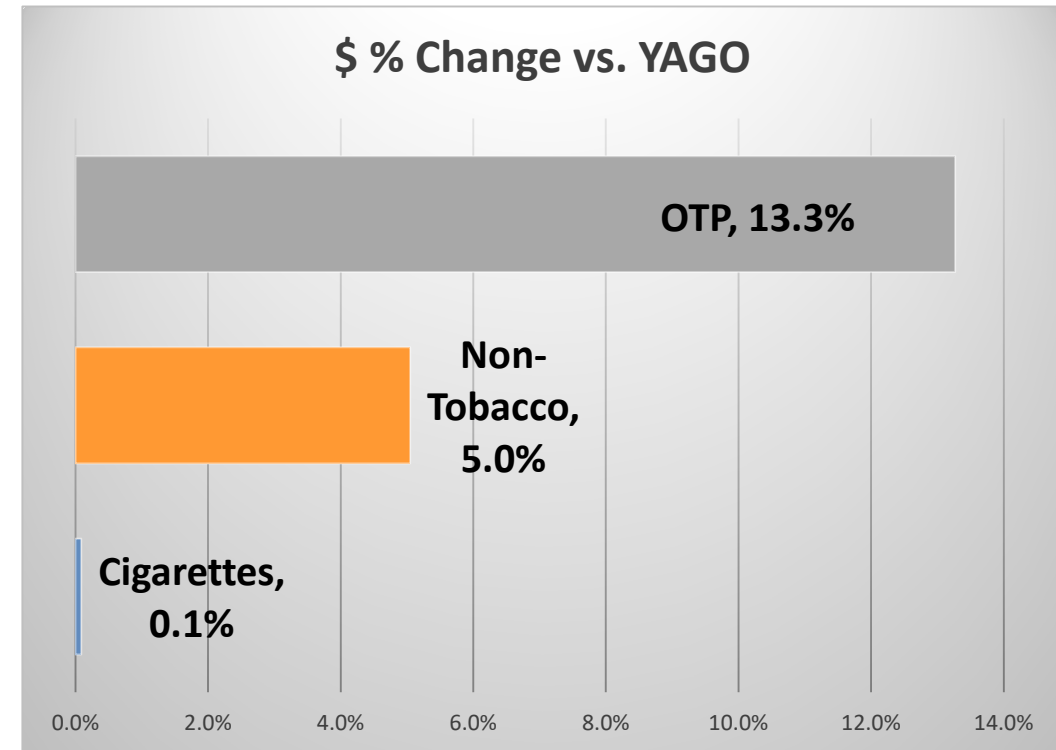
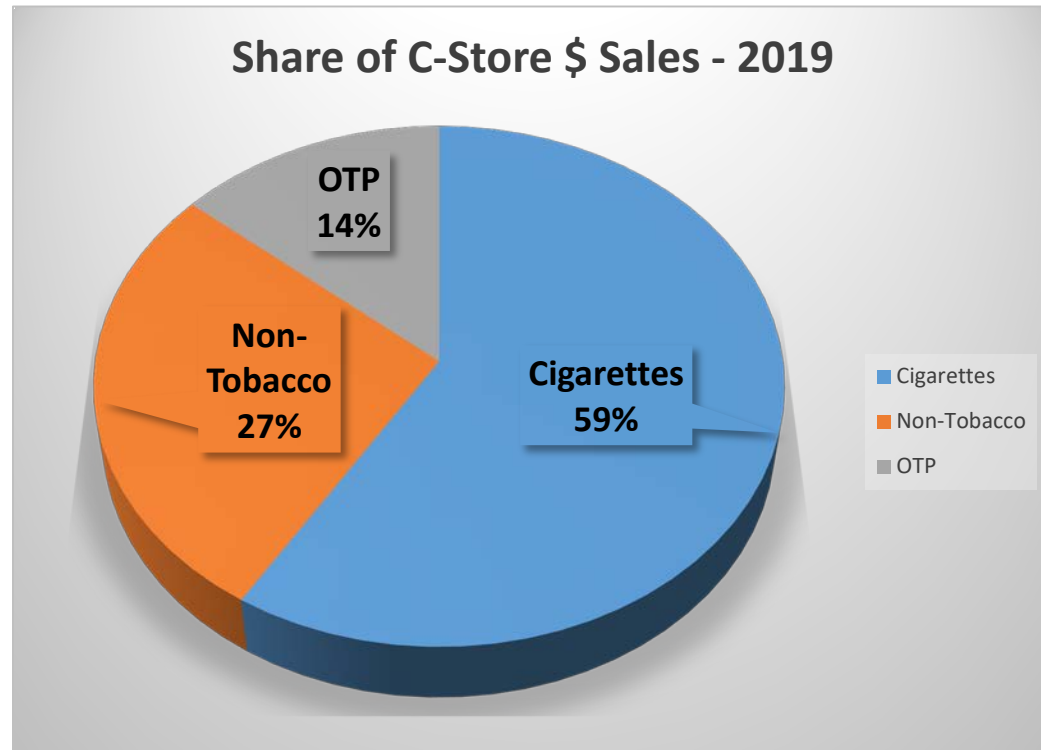


Total C-Store Snapshot

Year Ending 2019

Convenience Channel: Tobacco vs. Non-Tobacco

- Total warehouse-delivered convenience store retail sales dollars for year 2019 are projected at \$89.1 billion, up 3.1% vs. YAGO



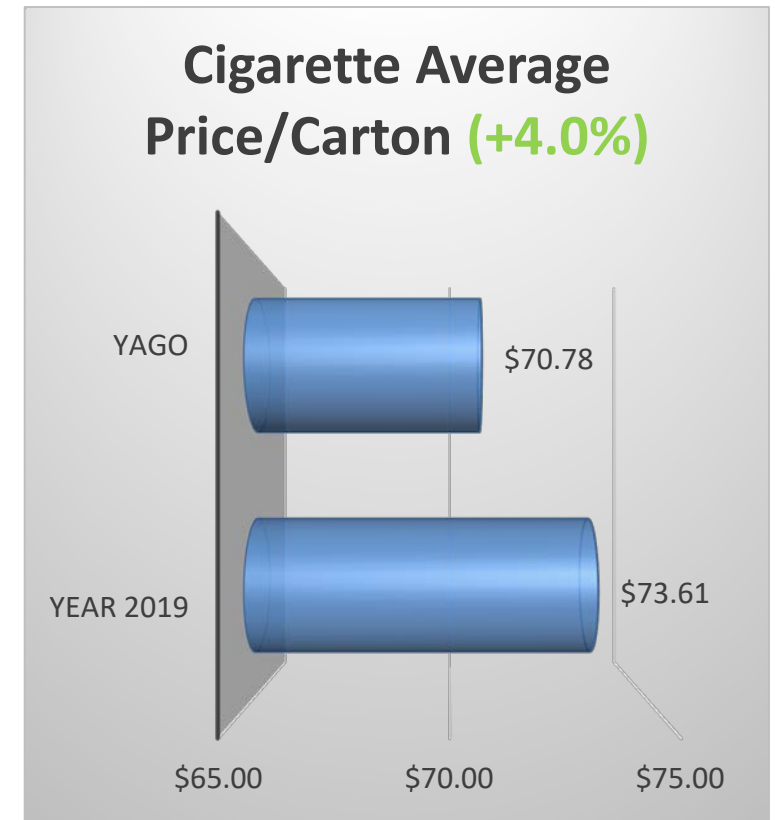
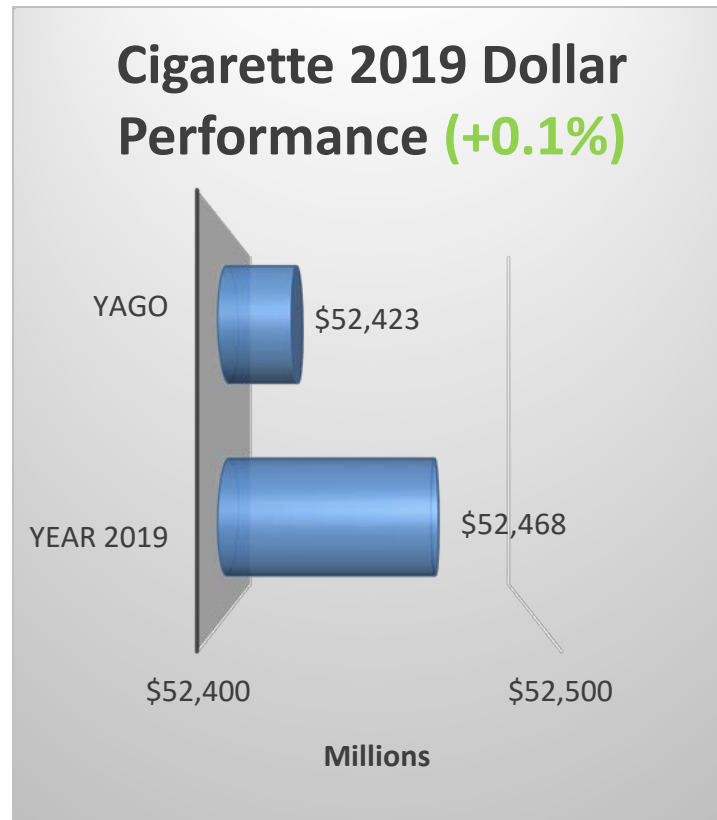
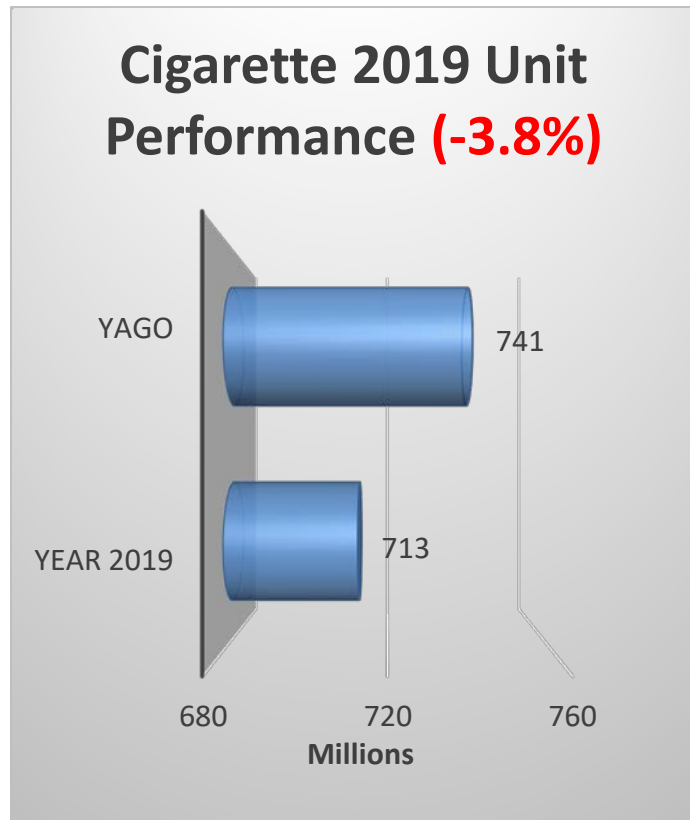


Total Cigarettes Category Performance Total Convenience Stores

Year Ending 2019

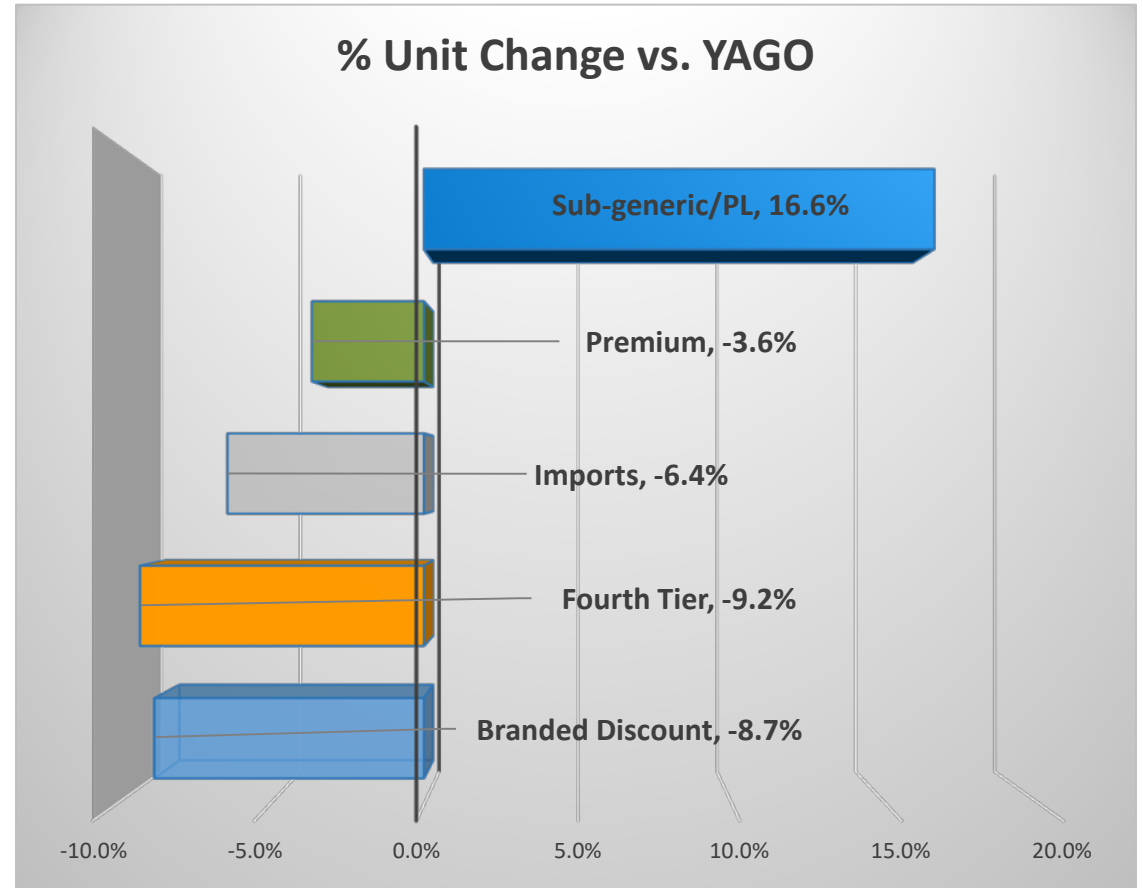
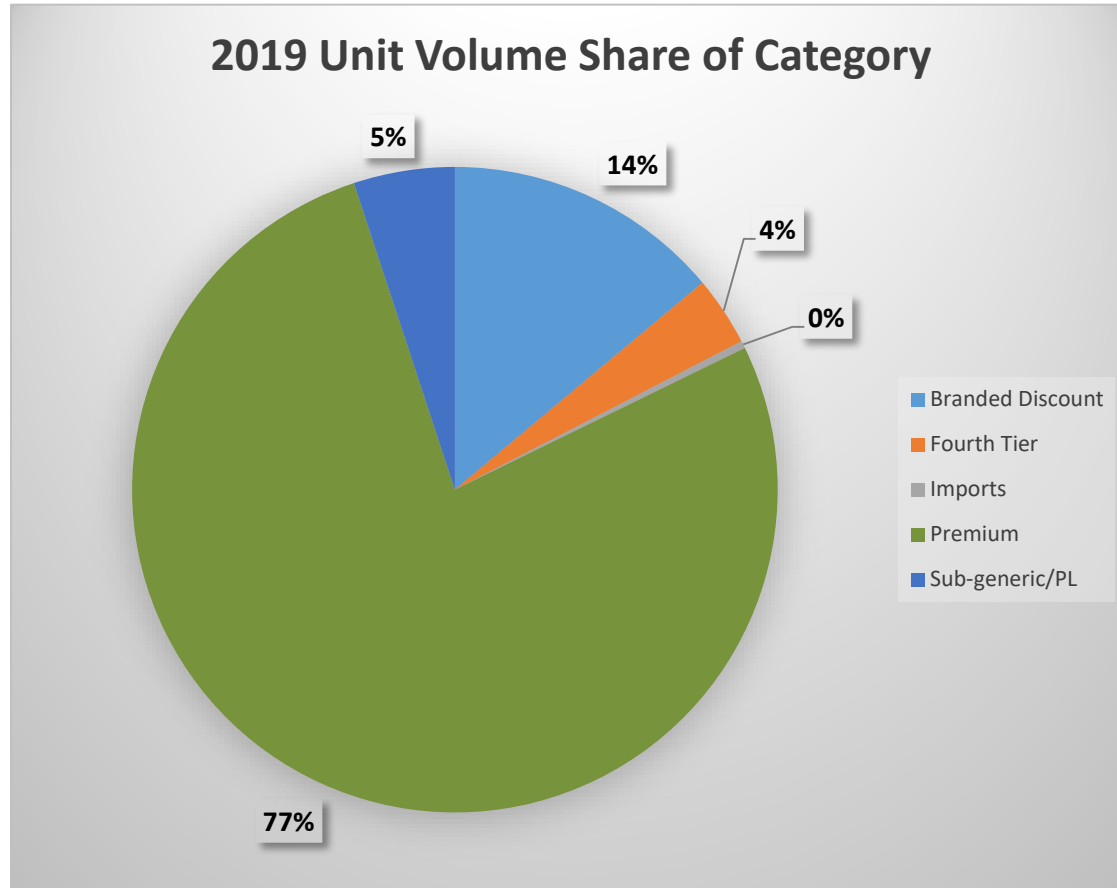
Total Cigarette Category Performance

- Carton sales are down, Price per carton is up = Dollar sales slightly up



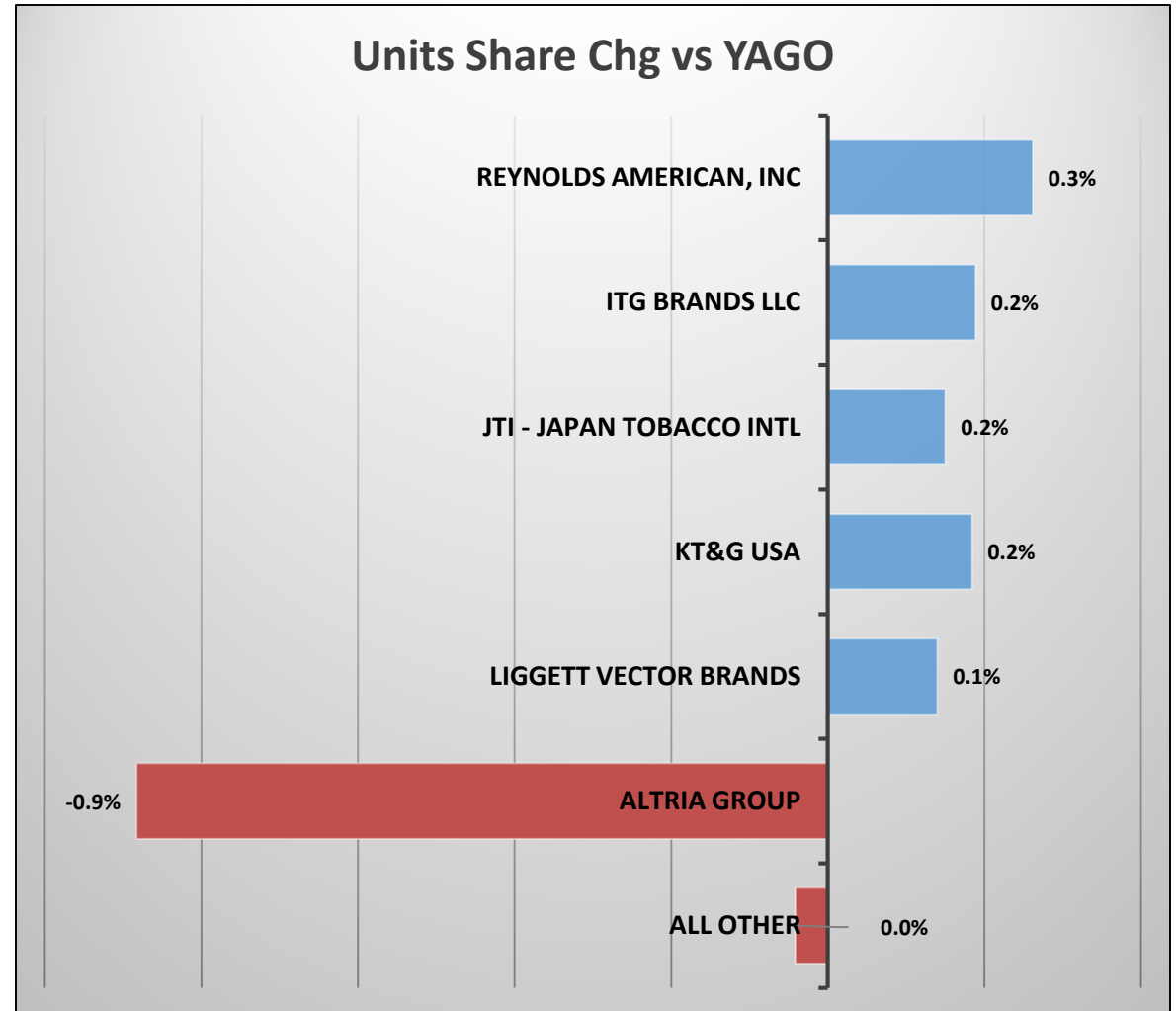
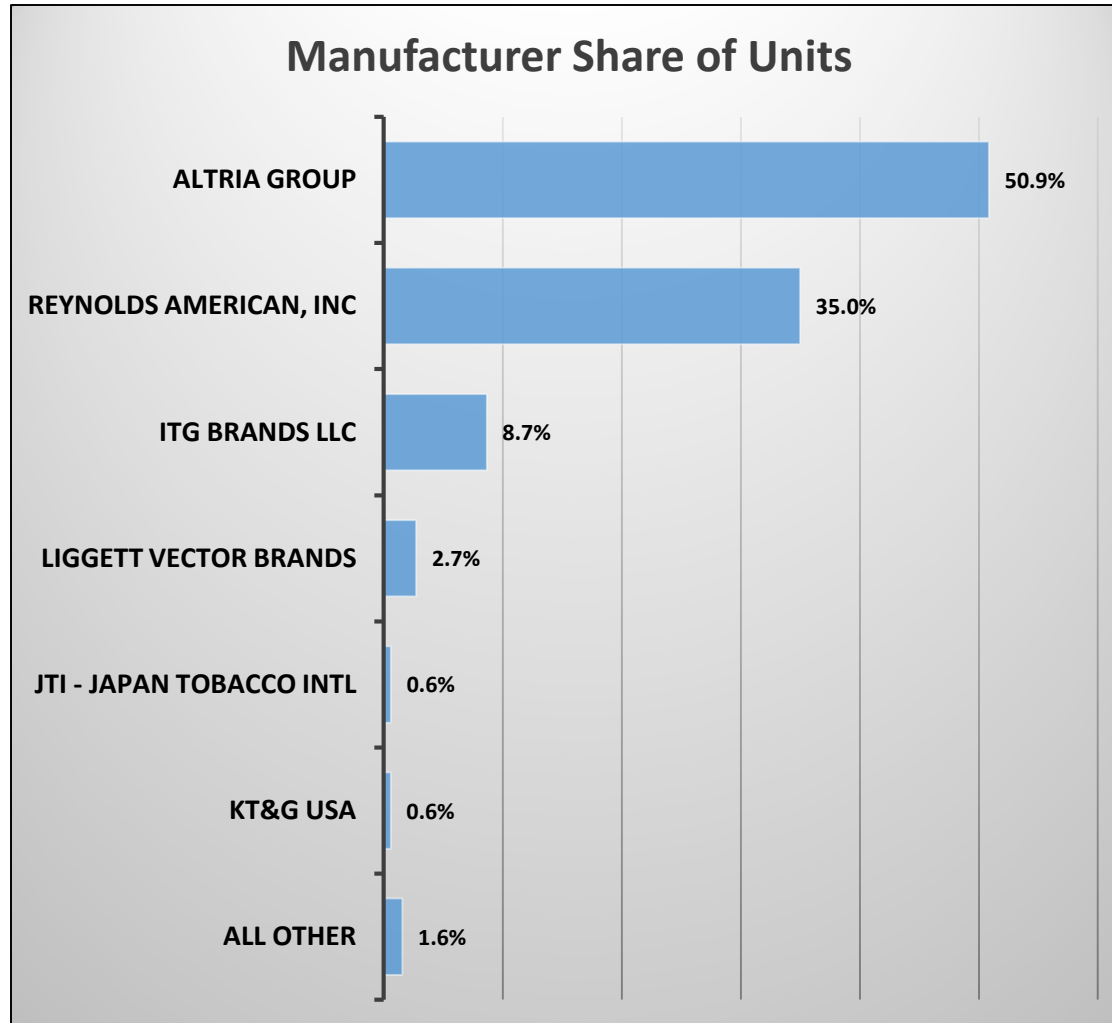
Total Cigarette Performance

- All Cigarette segments are declining except for Sub-Generic/Private Label



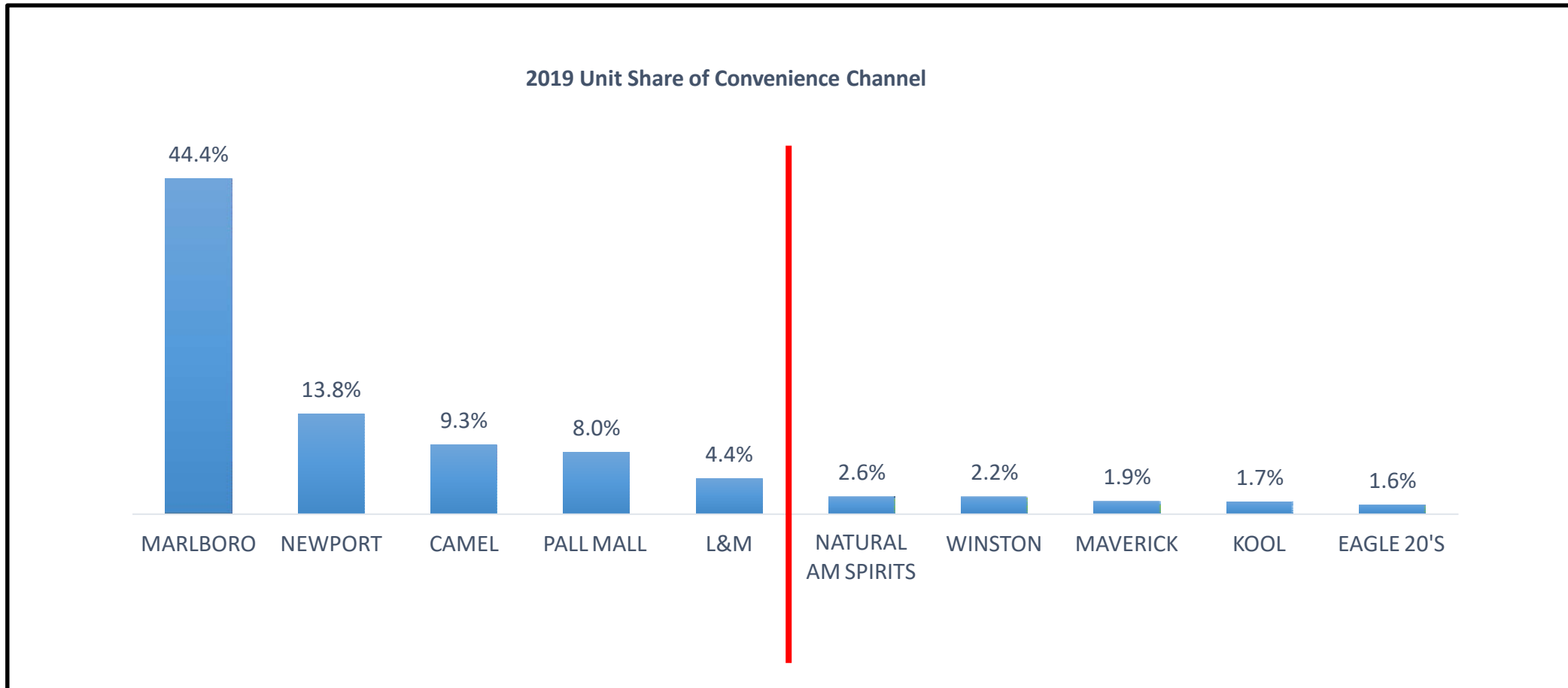
Cigarettes: Manufacturer Unit Share Performance

- Manufacturer share position is mostly the same



Cigarettes: Brand Unit Performance

- Marlboro continues to dominate share, with Newport maintaining #2 spot



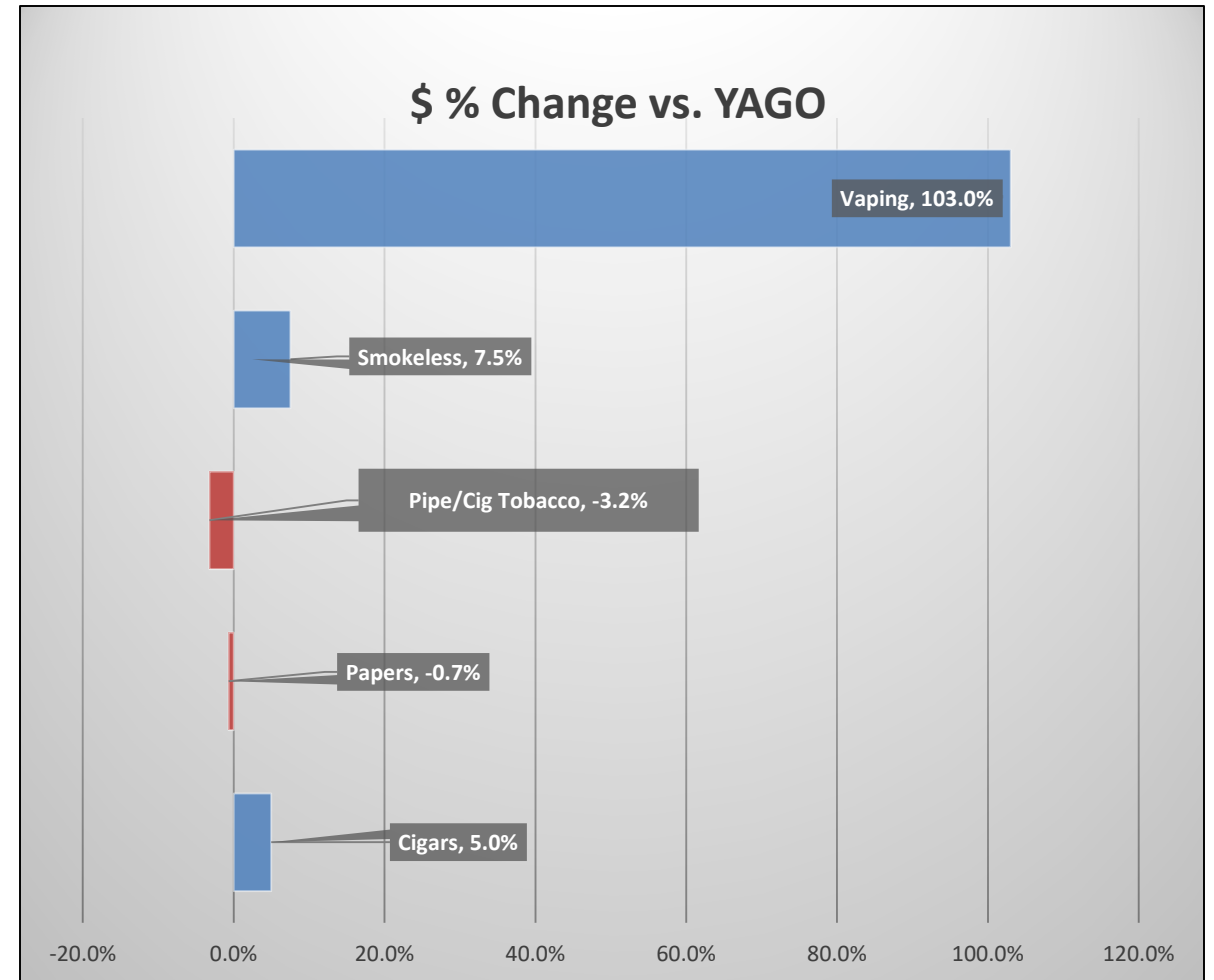
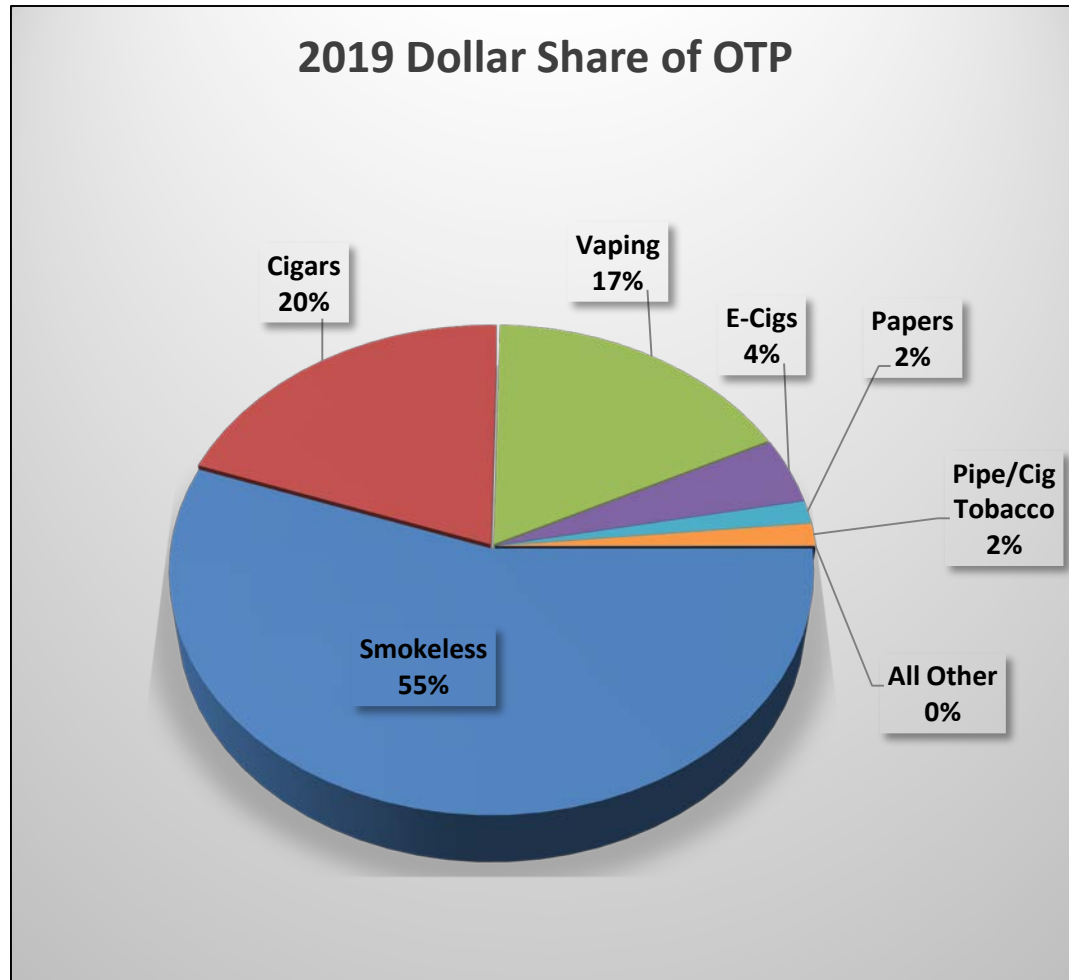


Other Tobacco Category Performance Total Convenience Stores

Year Ending 2019

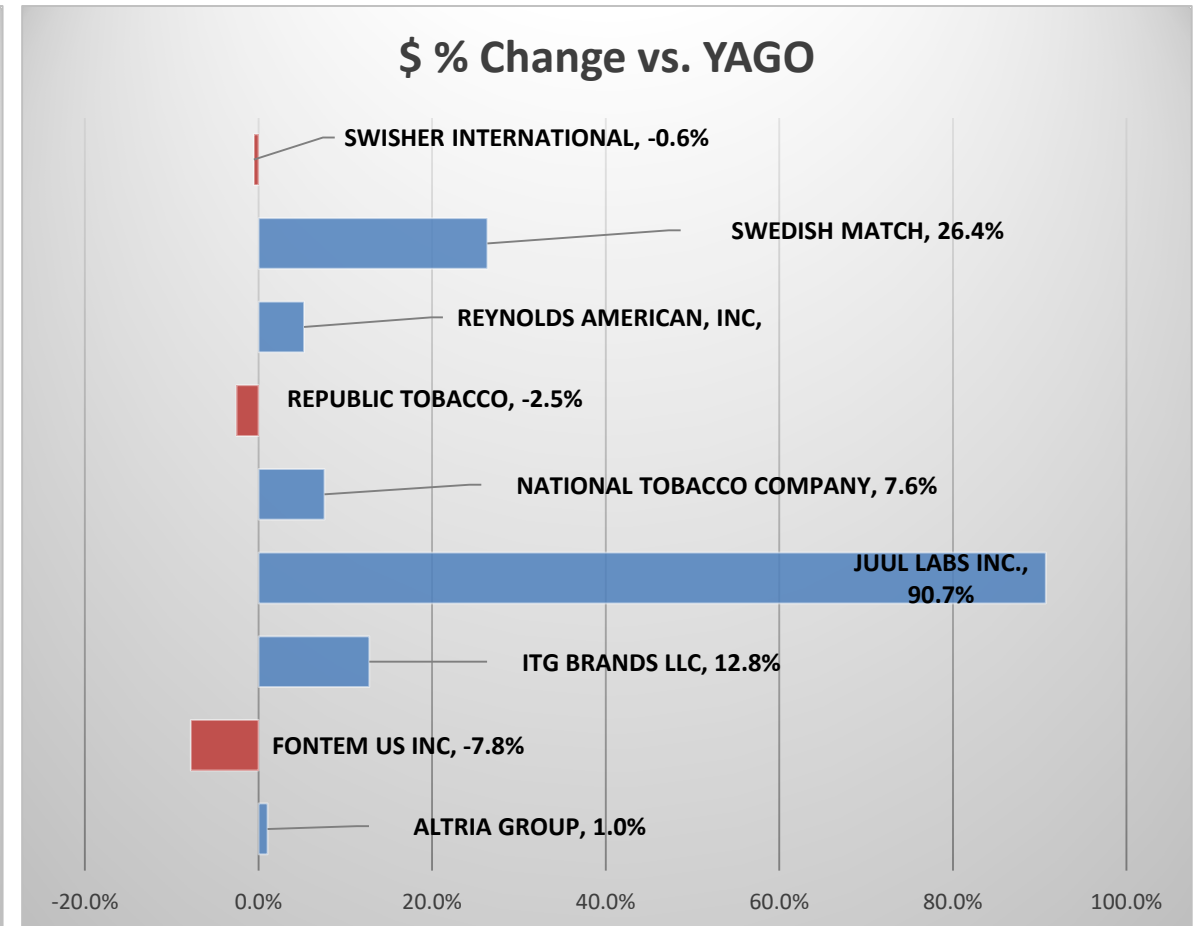
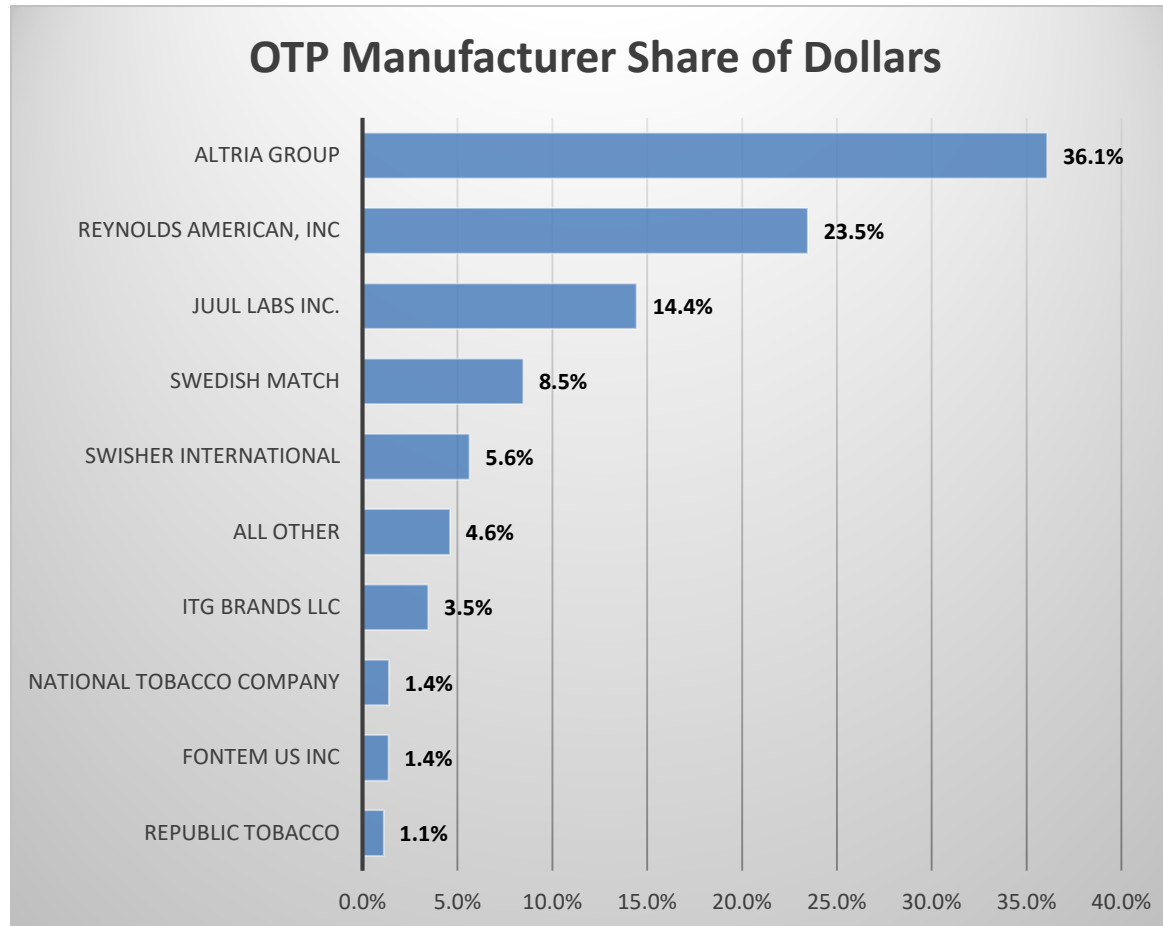
OTP Sub-Category Performance

- OTP retail dollar sales are projected at \$12.3B in 2019, up 13.3% vs. YAGO



OTP: Manufacturer Performance

- Most manufacturers are experiencing growth in this category, showing +13.3% growth



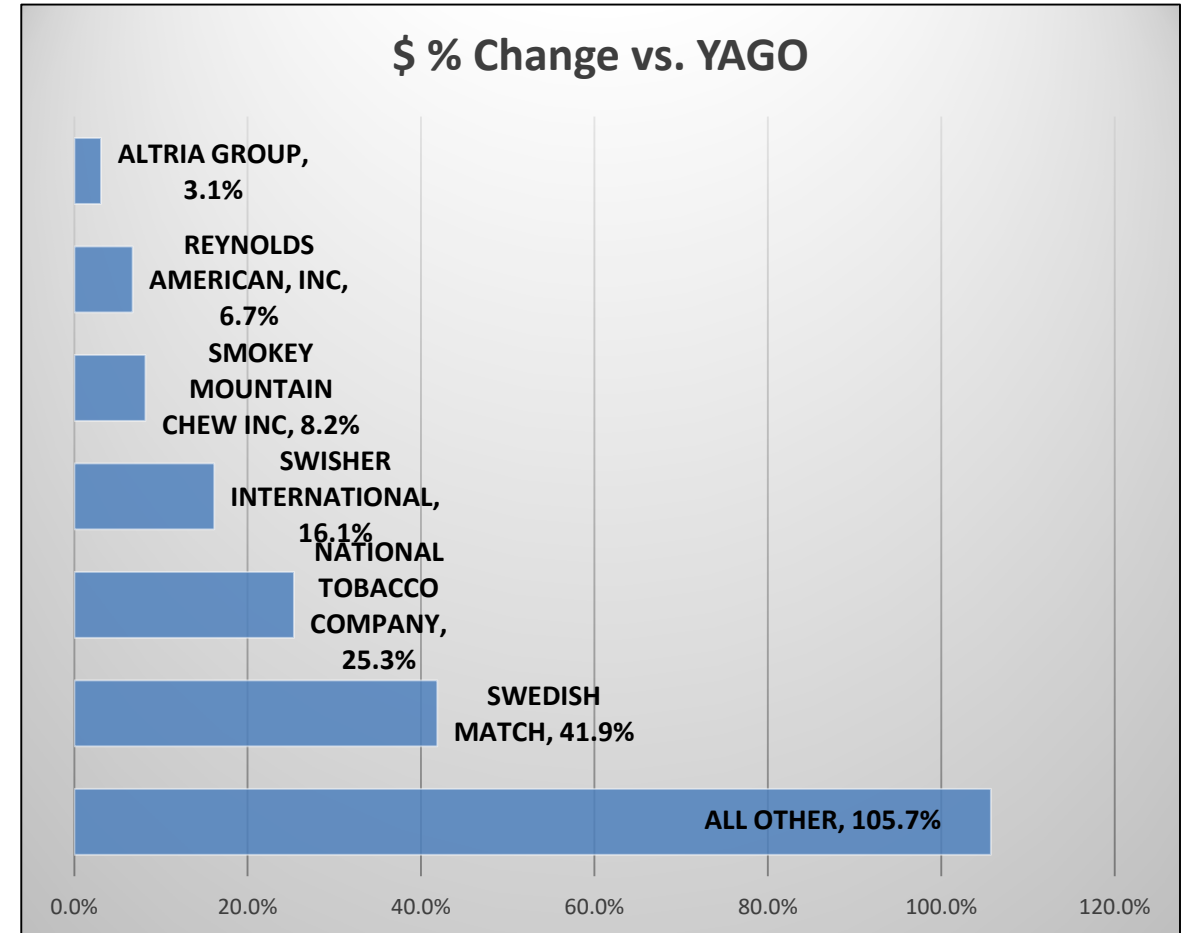
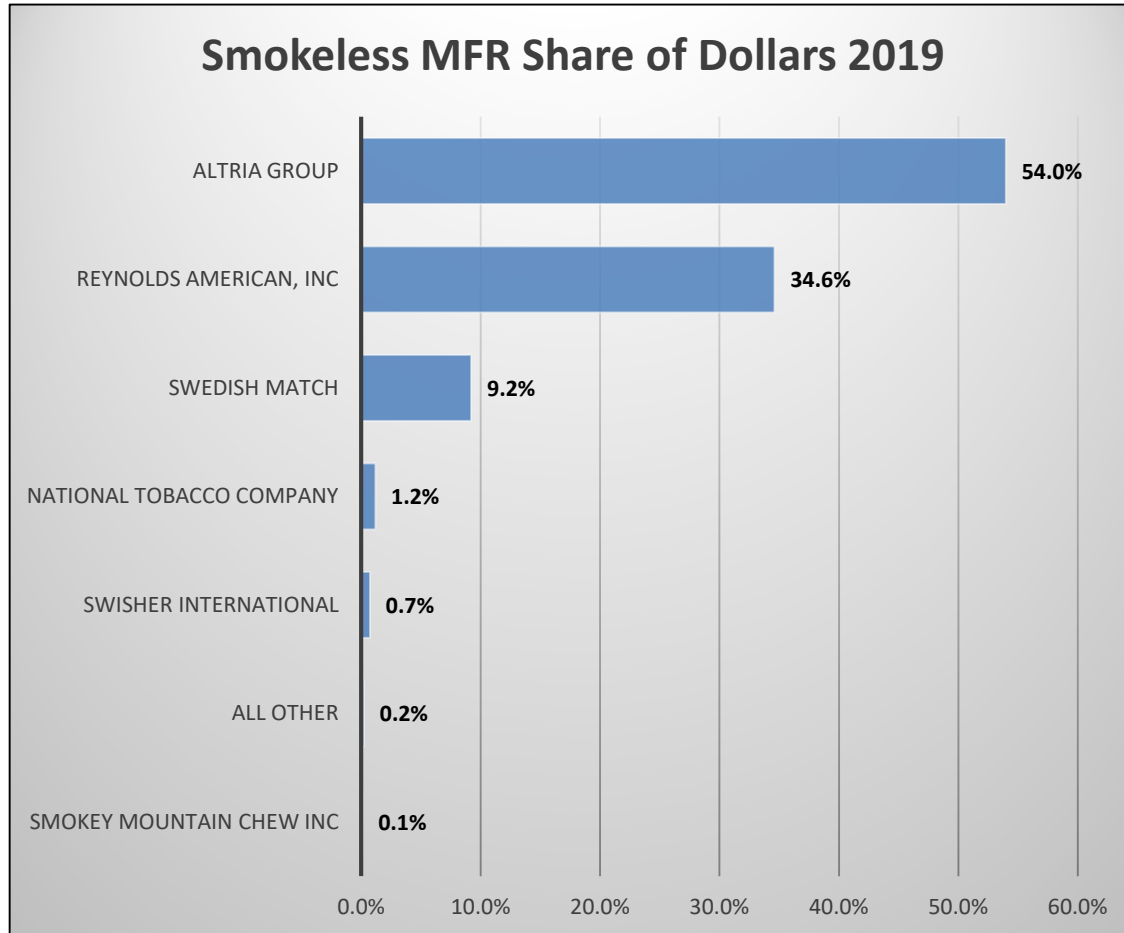


Smokeless (Moist & SNUS & Hard Snuff) Sub-Category Overview

Year Ending 2019

Smokeless Manufacturer Performance

- Smokeless retail dollars are projected at \$6.8B for 2019, up 5.5% vs. YAGO



Smokeless Brand Family Rank and Share

- The top 10 Smokeless Brand Families

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Smokeless |
|--------------|------------------------|------|-------|-----------------------|
| COPENHAGEN | ALTRIA | 1 | Up | 35.0% |
| GRIZZLY | REYNOLDS AMERICAN, INC | 2 | Up | 27.6% |
| SKOAL | ALTRIA | 3 | Up | 14.3% |
| RED SEAL | ALTRIA | 4 | Down | 4.3% |
| ZYN | SWEDISH MATCH | 5 | Up | 3.3% |
| CAMEL SNUS | REYNOLDS AMERICAN, INC | 6 | Up | 2.9% |
| KODIAK | REYNOLDS AMERICAN, INC | 7 | Up | 2.6% |
| LONGHORN | SWEDISH MATCH | 8 | Up | 2.4% |
| RED MAN | SWEDISH MATCH | 9 | Up | 1.9% |
| TIMBERWOLF | SWEDISH MATCH | 10 | Up | 1.3% |

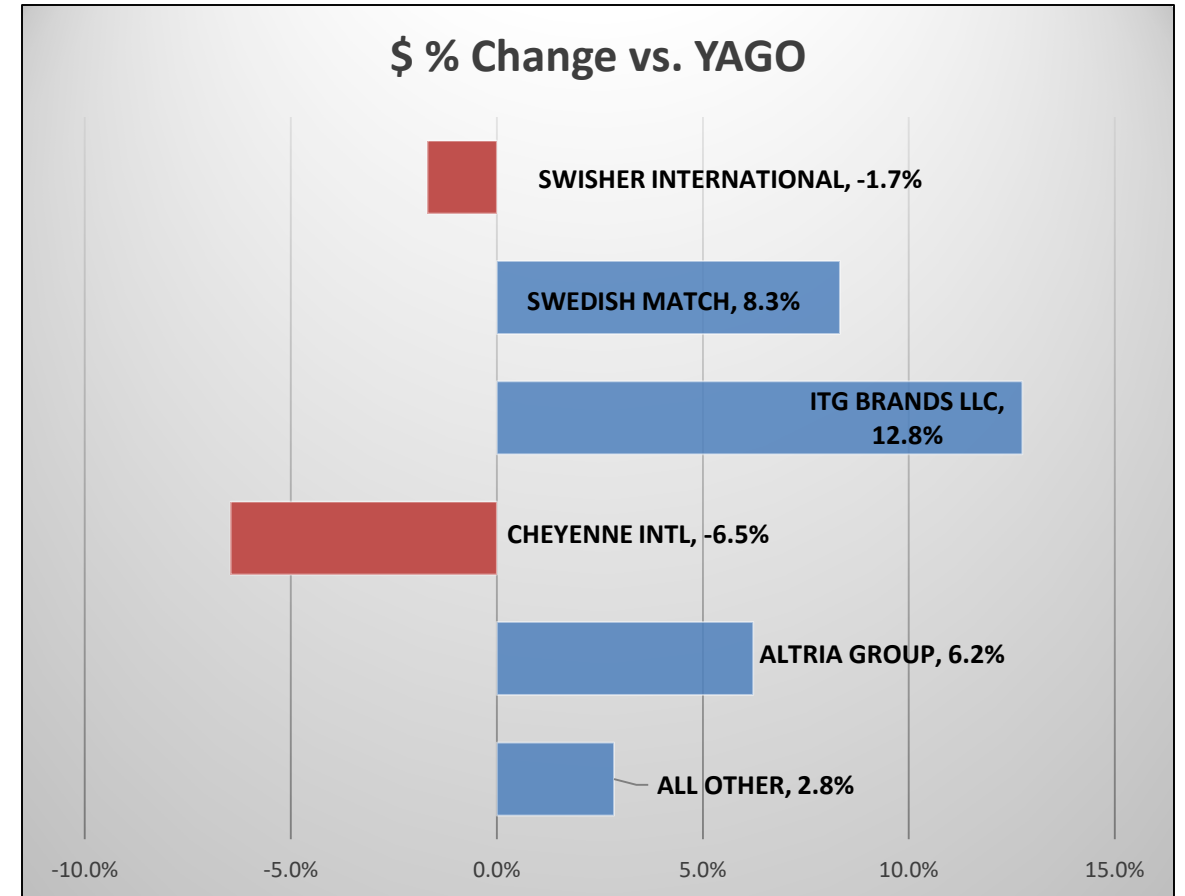
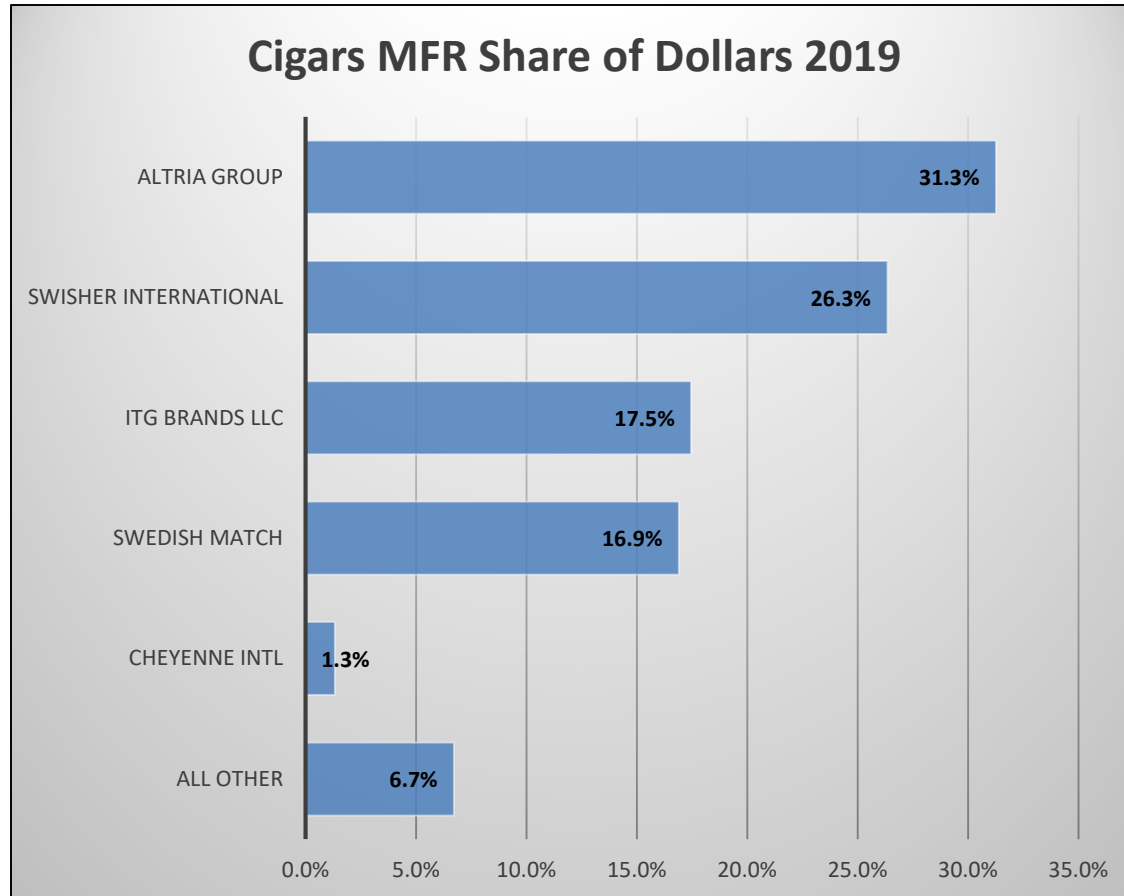


Cigars

Sub-Category Overview

Cigar Manufacturer Performance

- Cigars retail dollar sales are projected at \$2.4B in 2019, up 5.0% vs. YAGO



Cigars Brand Family Rank and Share

- Top 10 brands at the National level comprise 91% of the dollars

| Brand Family | Manufacturer | Rank | Dollar Trend | \$ Share of Cigars Segment |
|----------------|------------------------|------|--------------|----------------------------|
| BLACK & MILD | ALTRIA | 1 | Up | 31.1% |
| SWISHER SWEETS | SWISHER INTERNATIONAL | 2 | Down | 23.0% |
| BACKWOODS | ITG BRANDS LLC | 3 | Up | 11.4% |
| GAME | SWEDISH MATCH | 4 | Up | 9.8% |
| WHITE OWL | SWEDISH MATCH | 5 | Down | 5.3% |
| DUTCH MASTERS | ITG BRANDS LLC | 6 | Up | 5.0% |
| OPTIMO | SWISHER INTERNATIONAL | 7 | Up | 1.4% |
| CHEYENNE | CHEYENNE INTERNATIONAL | 8 | Down | 1.3% |
| POM POM | SWISHER INTERNATIONAL | 9 | Up | 1.2% |
| JACKPOT | SWEDISH MATCH | 10 | Down | 1.2% |



Vaping

Sub-Category Overview

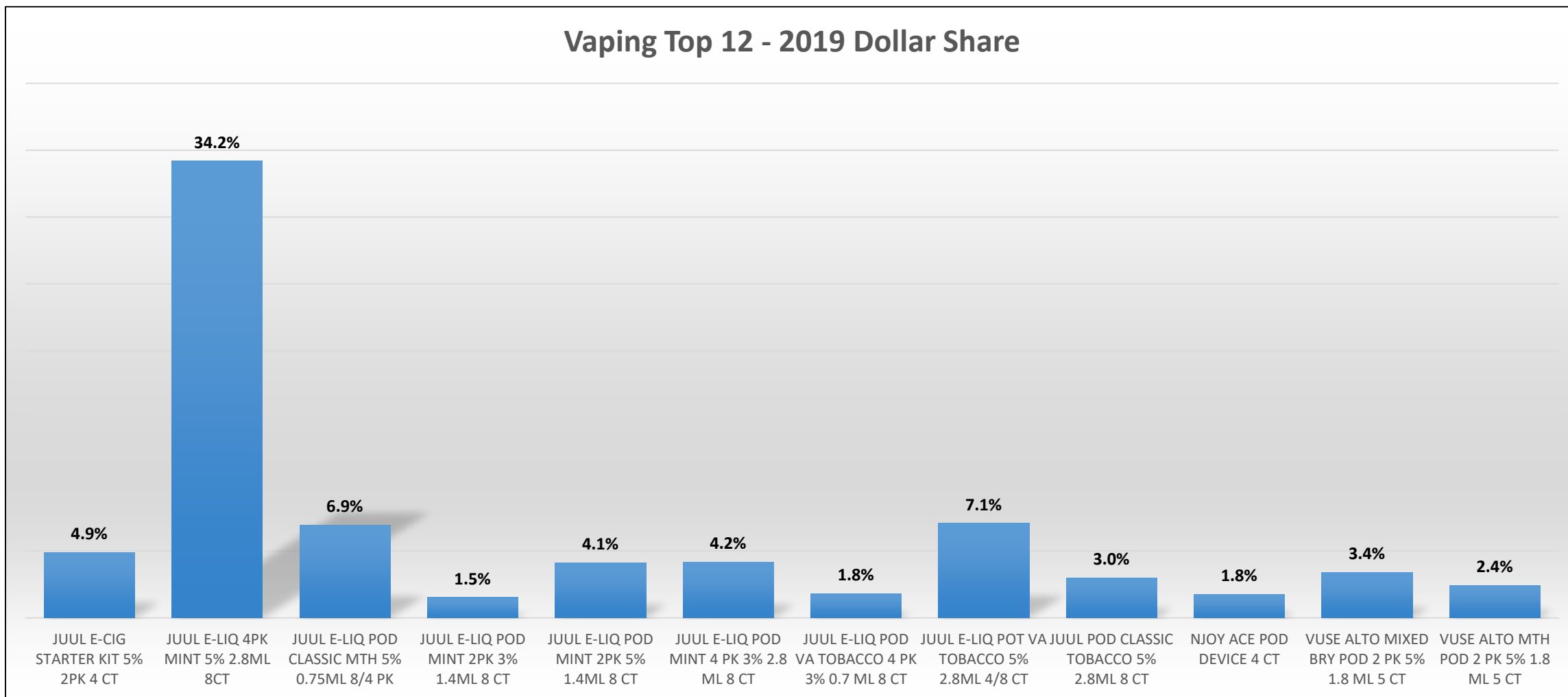
Vaping Brand Family Rank and Share

- Vaping retail dollar sales are projected at \$2.1B for 2019, up 103% vs. YAGO
- Juul Labs Inc. dominates vaping in c-stores, capturing almost 73% of the dollars

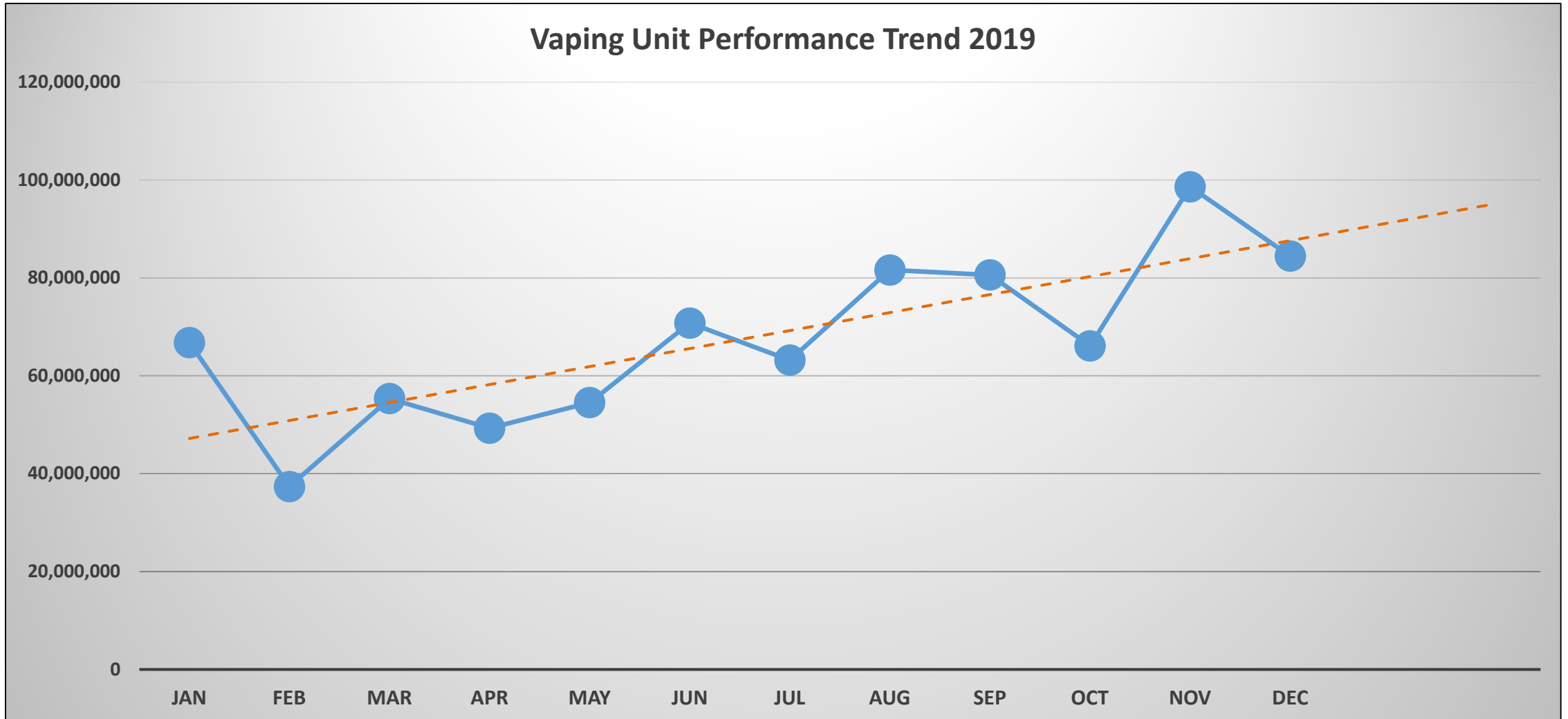
| Brand Family | Manufacturer | Rank | Trend | Share of Vaping Segment |
|--------------|------------------------|------|-------|-------------------------|
| JUUL | JUUL LABS INC. | 1 | Up | 73.1% |
| VUSE | REYNOLDS AMERICAN, INC | 2 | Up | 13.3% |
| BLU | FONTEN US INC | 3 | Up | 5.9% |
| NJOY | SOTTERA INC | 4 | Up | 4.5% |
| EONSMOKE | EONSMOKE LLC | 5 | Up | 1.0% |
| LEAP | EAS | 6 | Up | 0.6% |

Vaping Top 12 Items

Top 12 items account for 75% of 2019 Dollar Share



Vaping Performance



Cigarettes, OTP & Vaping - Summary & Conclusions

- Cigarettes carton volume is down 3.8%, prices are up also about 4% yielding an overall +0.1% dollar change vs. YAGO
- Sub-Generic / Private label continue to contribute to growth
- JUUL, Vuse and NJOY driving the Vaping category, which is in turn driving growth in OTP
- Keep a close eye on effects of Tobacco 21 laws and Flavor Bans.
- Retailers have options when it comes to OTP – optimization will be the challenge

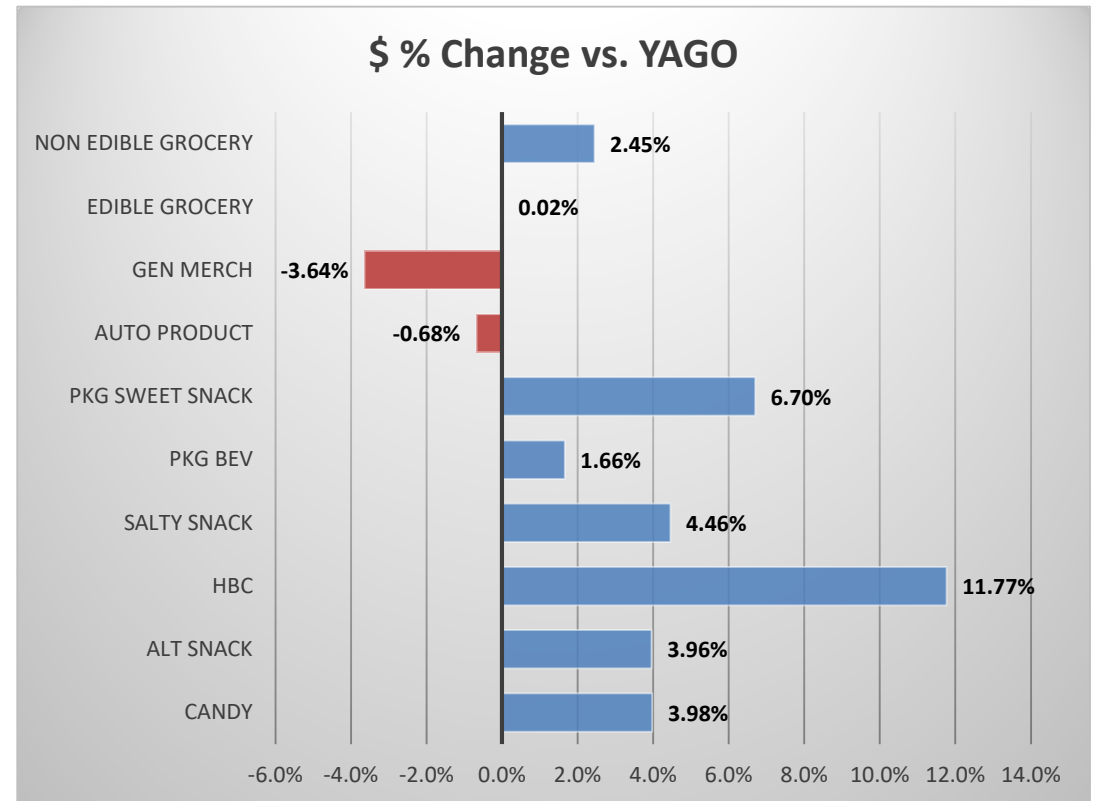
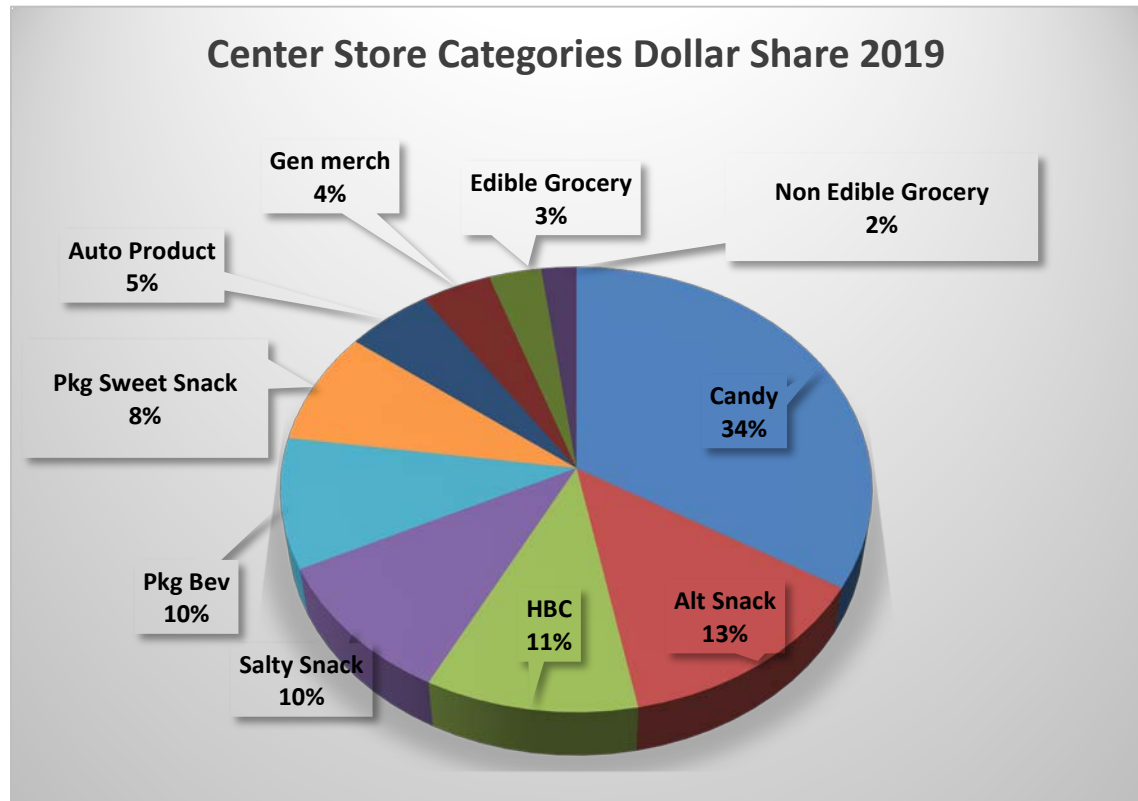


Center Store Performance Total Convenience Stores

Year Ending 2019

Center Store Category Sales Performance

- Warehouse delivered Center Store sales account for \$14.3B in 2019, increased 4% vs. YAGO
- Driven by Candy and Snacks, while Health and Beauty products see a significant increase vs. YAGO



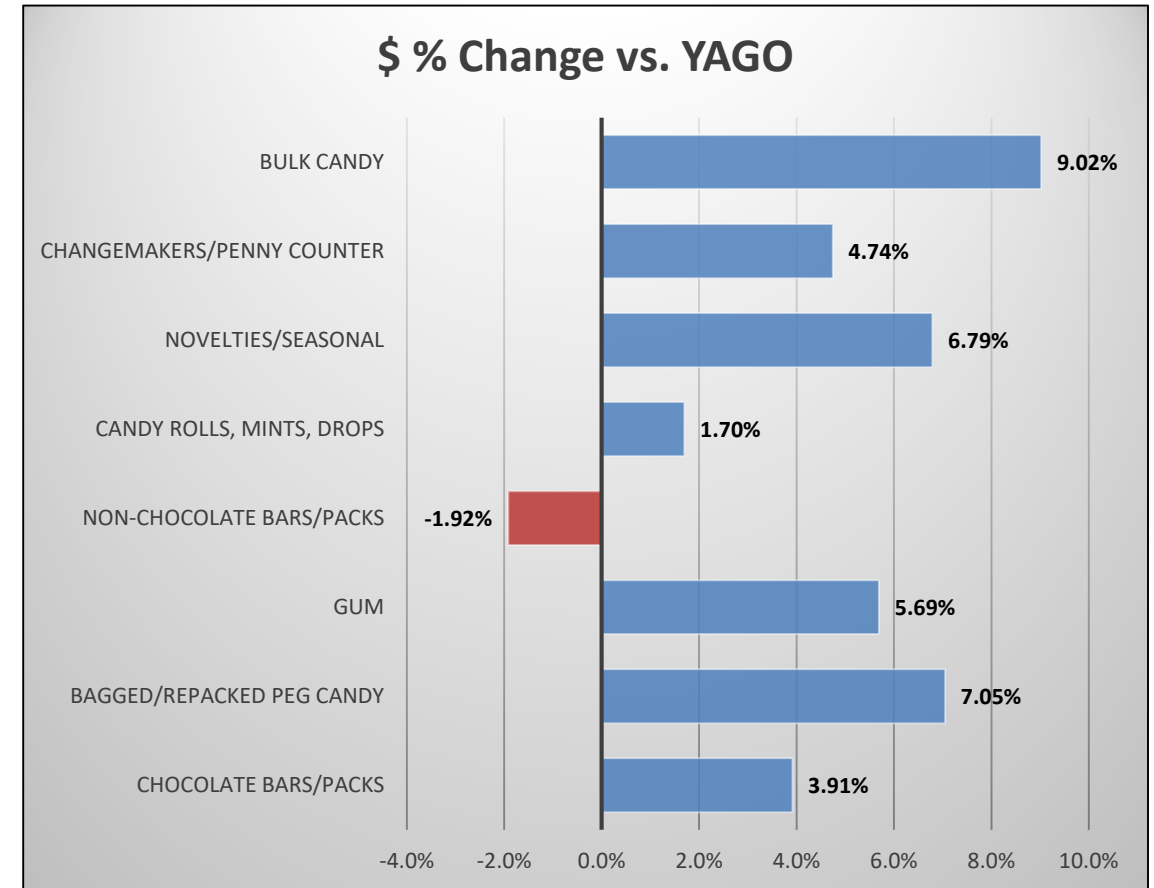
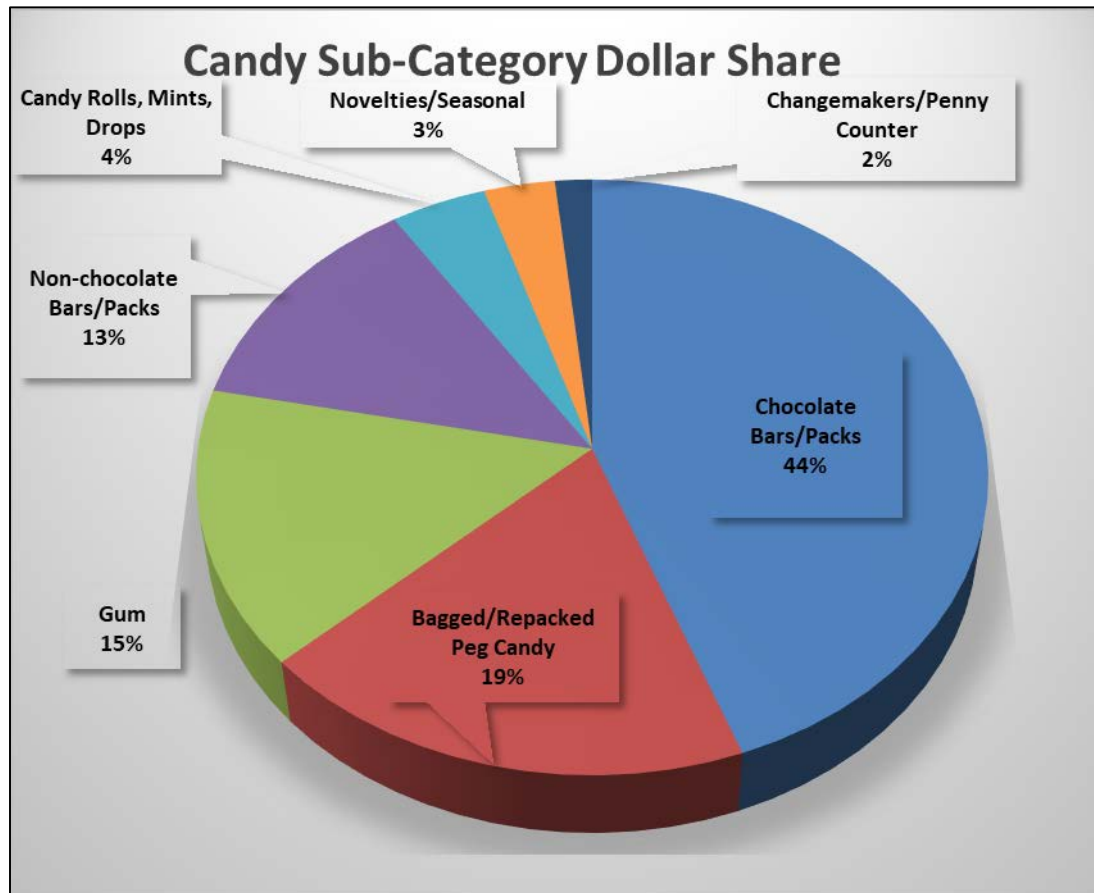


Total Candy Category Performance Total Convenience Stores

Year Ending 2019

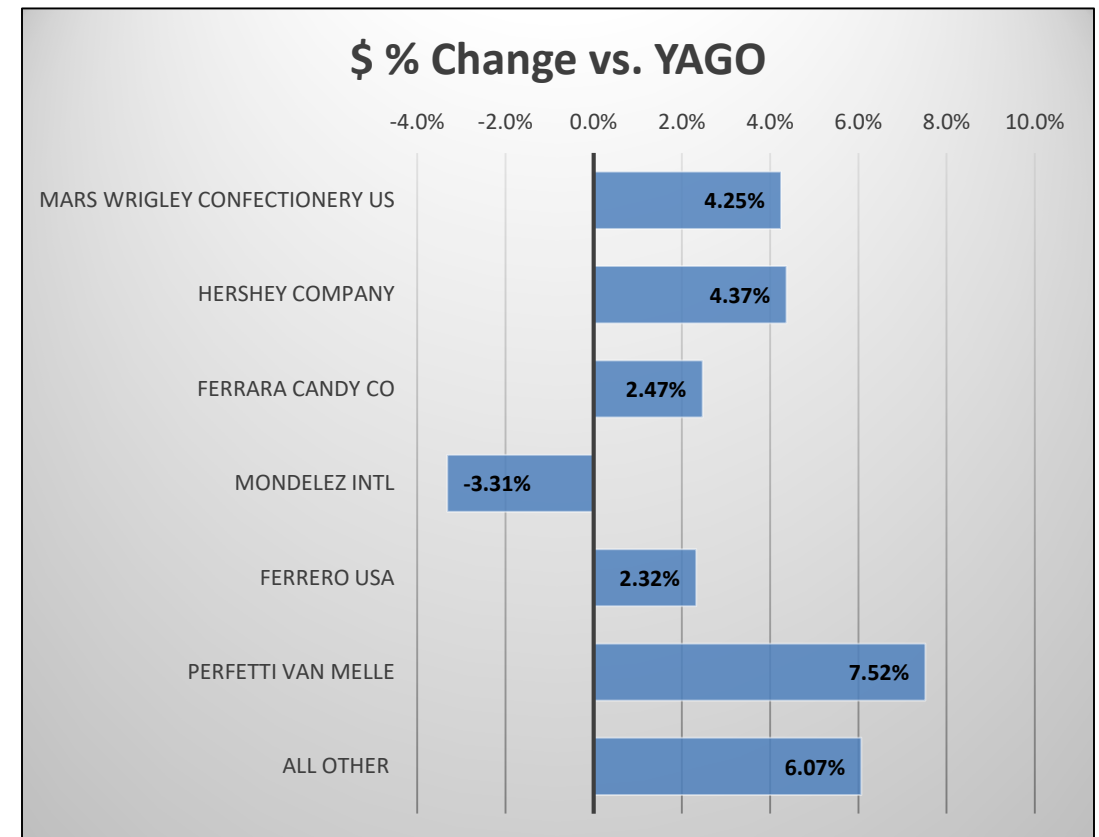
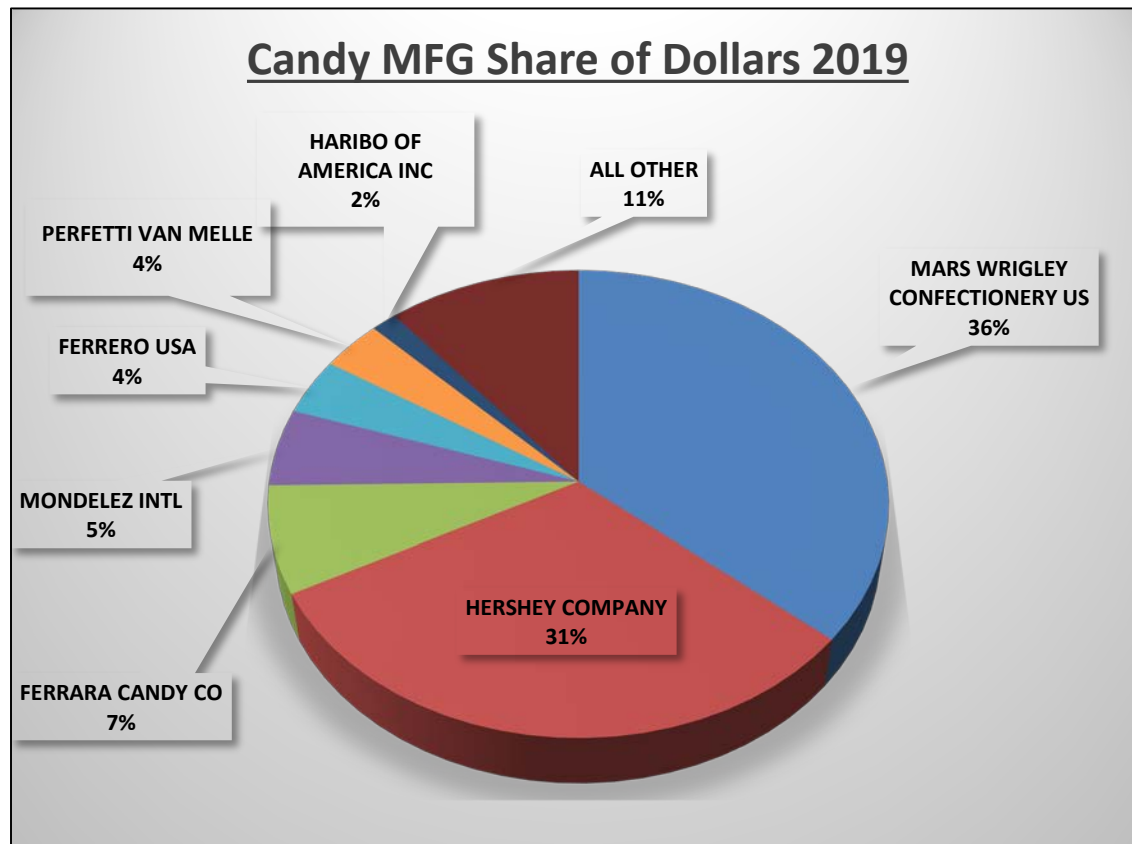
Candy Category Performance

- Total Candy Category retail dollar sales are projected at \$4.8B in 2019 remaining consistent vs. YAGO



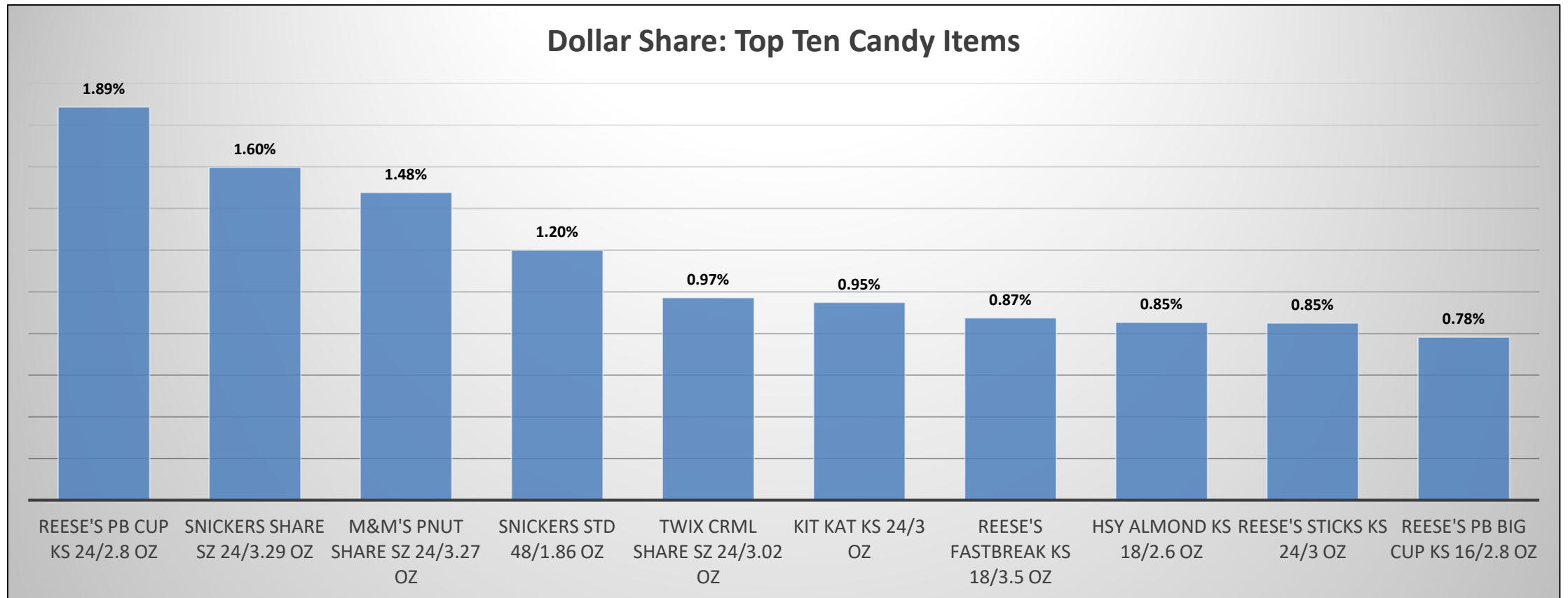
Candy Manufacturer Performance

- Most manufacturers are seeing growth most notably, Perfetti Van Melle at 7.5%, while Mondelez saw a drop of 3.3% vs. YAGO
- Overall Candy \$ change vs. YAGO increased 3.8%



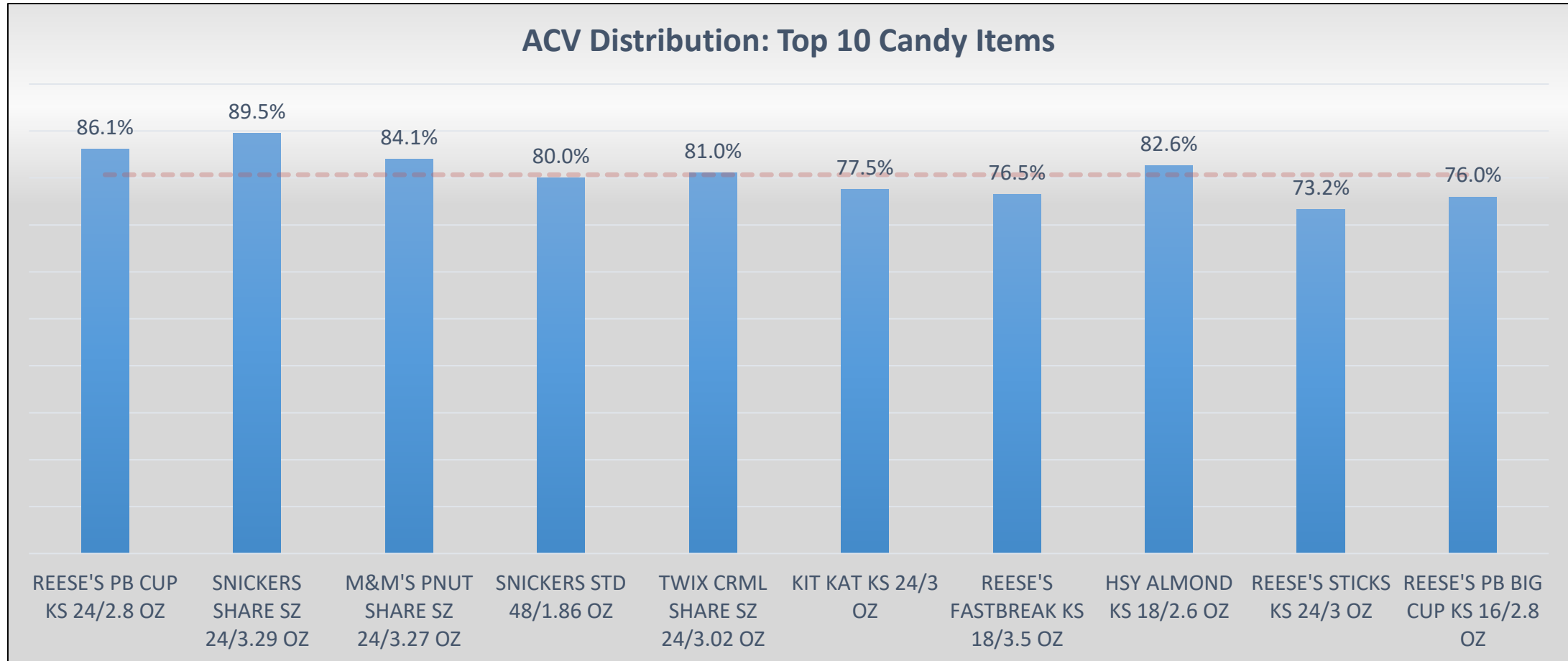
Candy: Top 10 Item Ranking

- Top 10 items account for 11.5% dollar share of the category
- Chocolate rules



Candy: Top 10 ACV Distribution

- If 100% ACV were achieved, annual opportunity would be \$124MM annually.



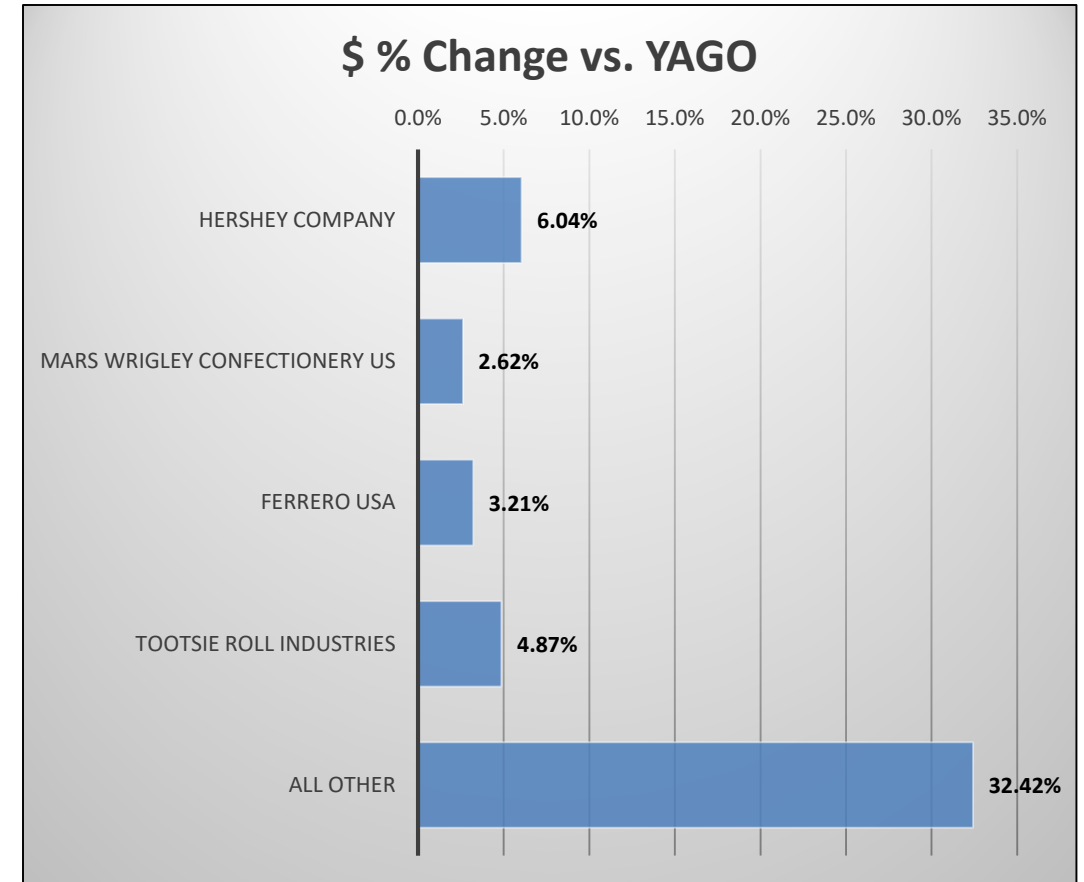
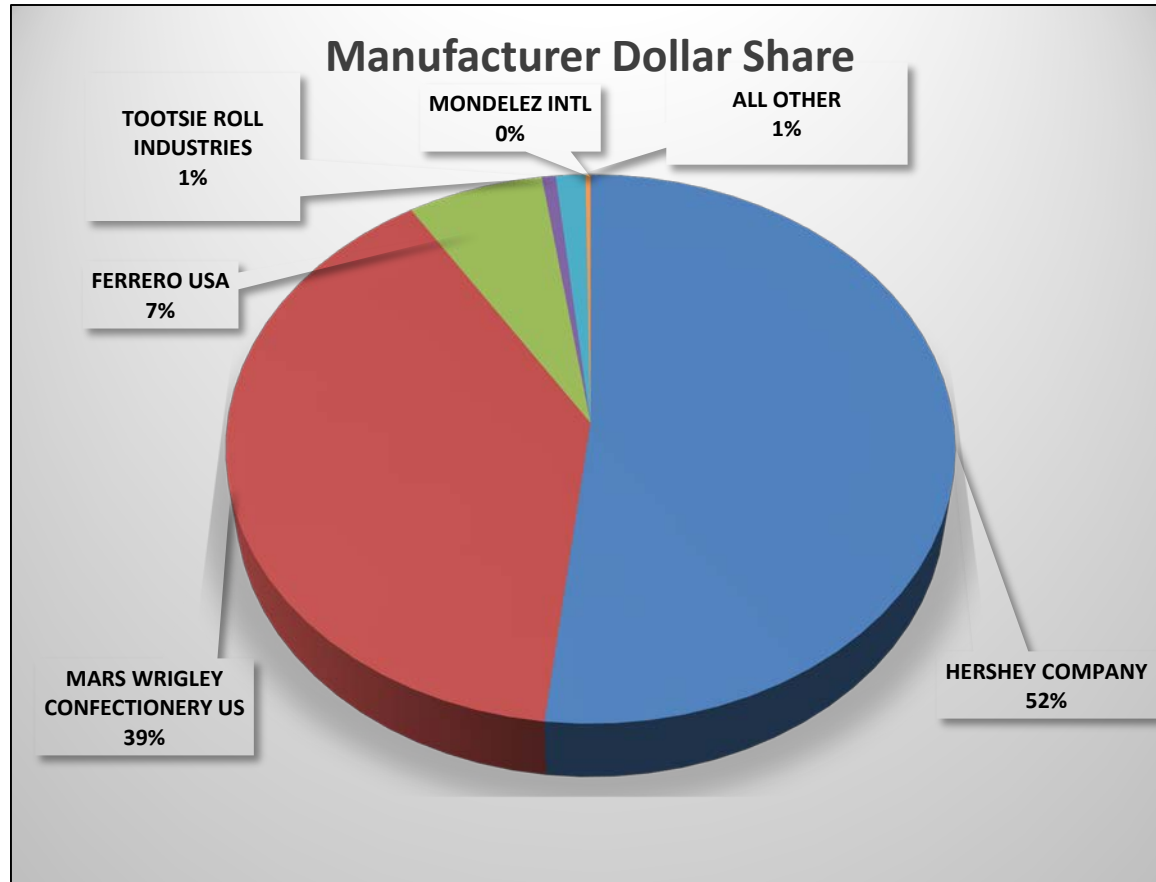


Chocolate Bars & Packs Sub-Category Overview

Year Ending 2019

Chocolate Bars/Packs Manufacturer Performance

- Chocolate Bars/Packs are projected to be \$2.13B for 2019, with an overall growth of 9.85% vs YAGO



Chocolate Bars/Packs Brand Family Rank and Share

- Top 10 remains the same, capturing almost 73% of dollars

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Chocolate Bars/Packs |
|----------------|-------------------------------|------|-------|----------------------------------|
| REESE'S | HERSHEY COMPANY | 1 | Up | 20.7% |
| M&M'S | MARS WRIGLEY CONFECTIONERY US | 2 | Up | 13.7% |
| SNICKERS | MARS WRIGLEY CONFECTIONERY US | 3 | Up | 12.4% |
| KIT KAT | HERSHEY COMPANY | 4 | Up | 6.8% |
| TWIX | MARS WRIGLEY CONFECTIONERY US | 5 | Up | 5.1% |
| HERSHEY MILK | HERSHEY COMPANY | 6 | Up | 3.8% |
| MILKY WAY | MARS WRIGLEY CONFECTIONERY US | 7 | Down | 3.3% |
| HERSHEY ALMOND | HERSHEY COMPANY | 8 | Up | 3.0% |
| BUTTERFINGER | FERRARA CANDY COMPANY | 9 | Down | 2.3% |
| 3 MUSKETEERS | HERSHEY COMPANY | 10 | Up | 2.1% |

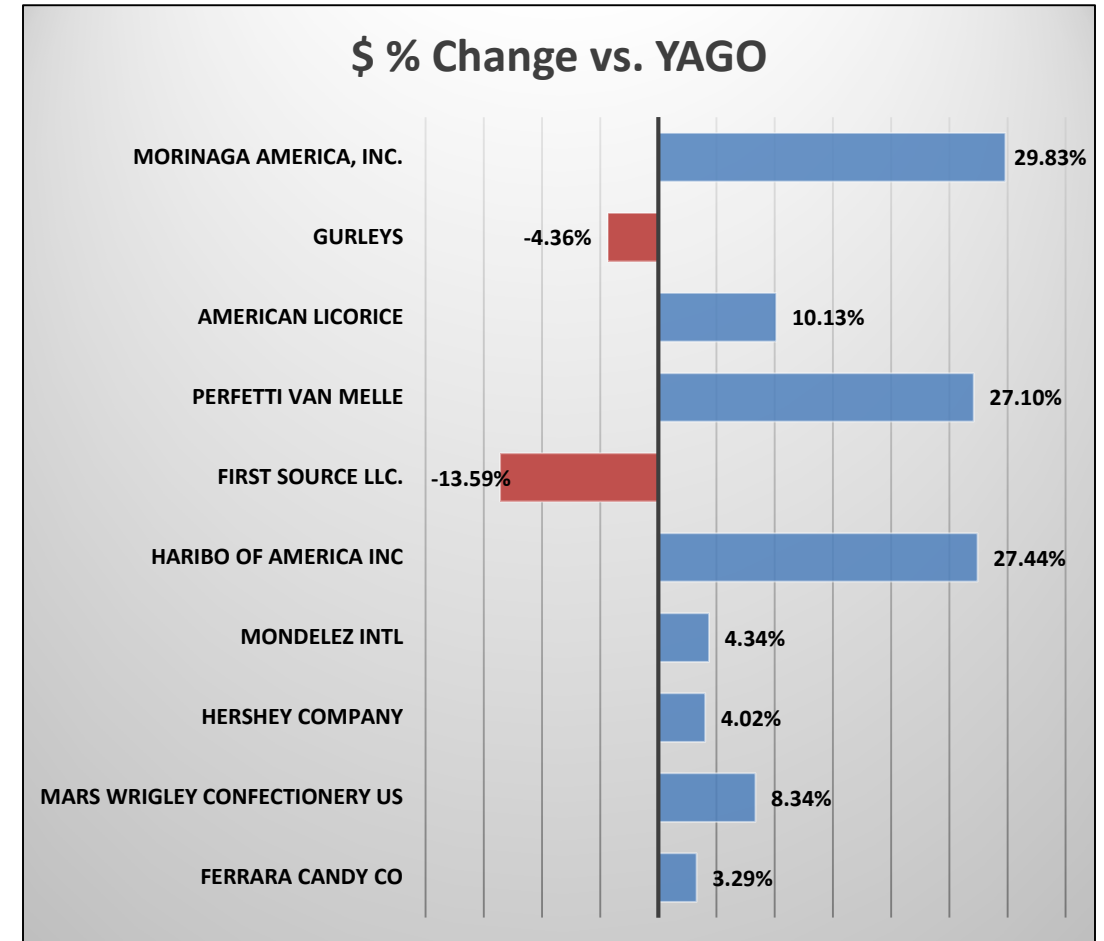
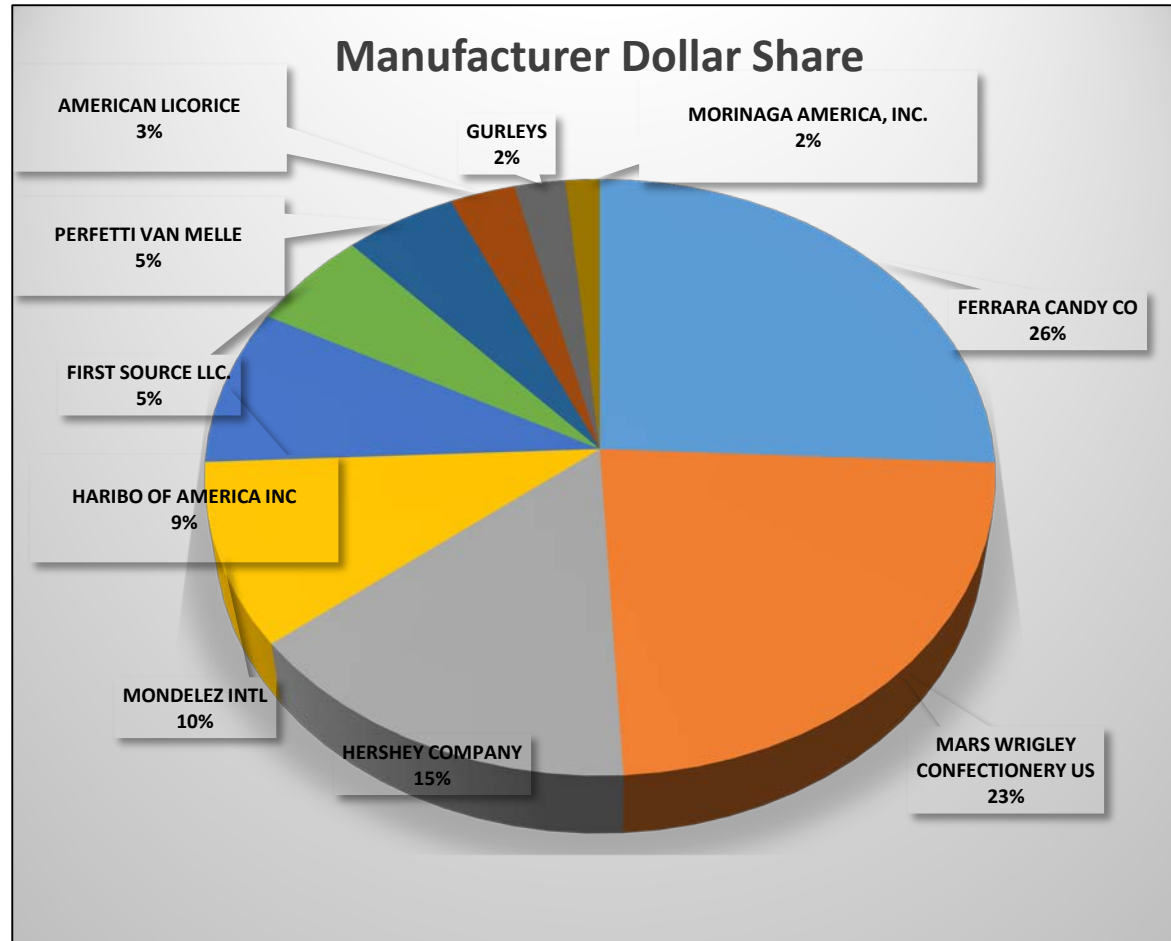


Bagged and Repackaged Candy Sub-Category Overview

Year Ending 2019

Bagged/Repacked Peg Candy Manufacturer Performance

- Bagged Candy retail dollar sales are projected at \$898MM, up 6.2% vs. YAGO



Bagged/Repacked Peg Brand Family Rank and Share

- Top 10 captures almost 62% of Bagged dollars, with most brands showing a decline in dollar share vs. YAGO

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Bagged/Peg Candy |
|---------------------|-------------------------------|------|-------|------------------------------|
| TROLLI | FERRARA CANDY CO | 1 | Up | 10.1% |
| SATHERS | FERRARA CANDY CO | 2 | Down | 8.0% |
| LIFE SAVERS GUMMIES | MARS WRIGLEY CONFECTIONERY US | 3 | Up | 7.7% |
| HARIBO | HARIBO OF AMERICA INC | 4 | Up | 7.7% |
| SOUR PATCH | MONDELEZ INTL | 5 | Down | 6.8% |
| GONZO | FIRST SOURCE LLC. | 6 | Down | 4.6% |
| AIRHEADS | PERFETTI VAN MELLE | 7 | Up | 4.5% |
| M&M'S | MARS WRIGLEY CONFECTIONERY US | 8 | Up | 4.2% |
| STARBURST | MARS WRIGLEY CONFECTIONERY US | 9 | Up | 4.1% |
| JOLLY RANCHER | HERSHEY COMPANY | 10 | Up | 3.8% |

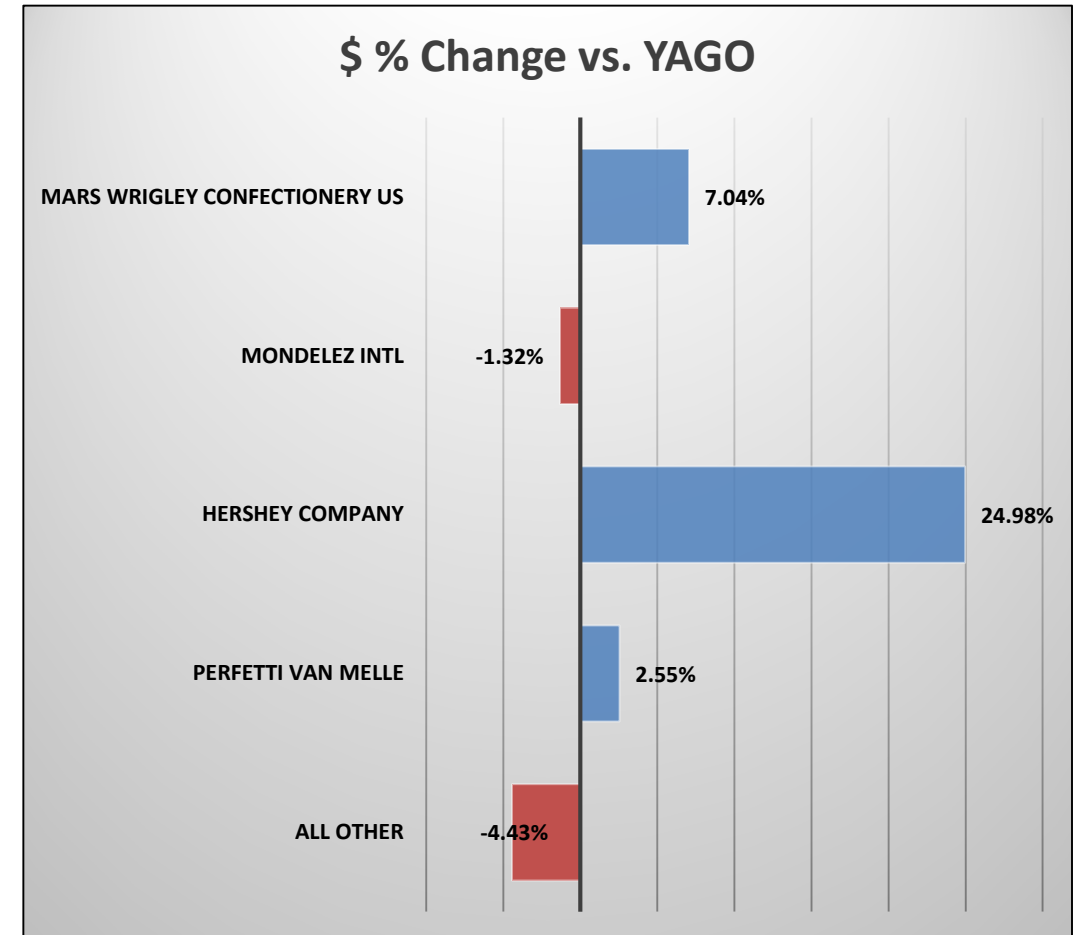
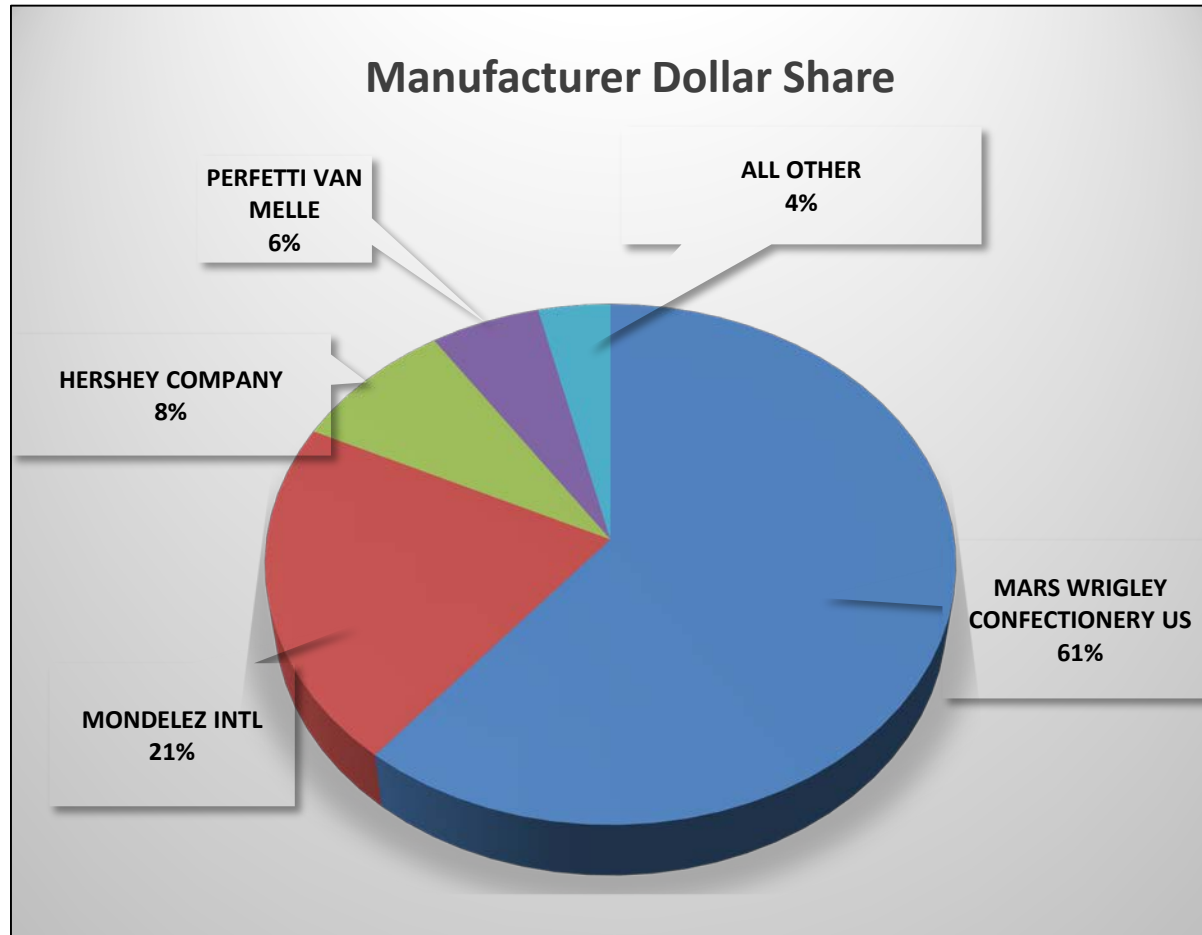


Gum Sub-Category Overview

Year Ending 2019

Gum Manufacturer Performance

- Gum retail dollars are projected at \$725MM in 2019, showing growth at 5.4% vs. YAGO



Gum Brand Family Rank and Share

- Top 10 captures almost 85% of dollars, still some brands declining

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Gum |
|--------------|-------------------------------|------|-------|-----------------|
| EXTRA | MARS WRIGLEY CONFECTIONERY US | 1 | Up | 17.0% |
| TRIDENT | MONDELEZ INTL | 2 | Down | 15.9% |
| 5 GUM | MARS WRIGLEY CONFECTIONERY US | 3 | Up | 14.3% |
| ORBIT | MARS WRIGLEY CONFECTIONERY US | 4 | Down | 10.5% |
| ICE BREAKERS | HERSHEY COMPANY | 5 | Up | 8.2% |
| MENTOS | PERFETTI VAN MELLE | 6 | Up | 5.0% |
| DENTYNE | MONDELEZ INTL | 7 | Up | 4.6% |
| JUICY FRUIT | MARS WRIGLEY CONFECTIONERY US | 8 | Down | 3.8% |
| DOUBLEMINT | MARS WRIGLEY CONFECTIONERY US | 9 | Up | 3.7% |
| HUBBA BUBBA | MARS WRIGLEY CONFECTIONERY US | 10 | Down | 2.9% |

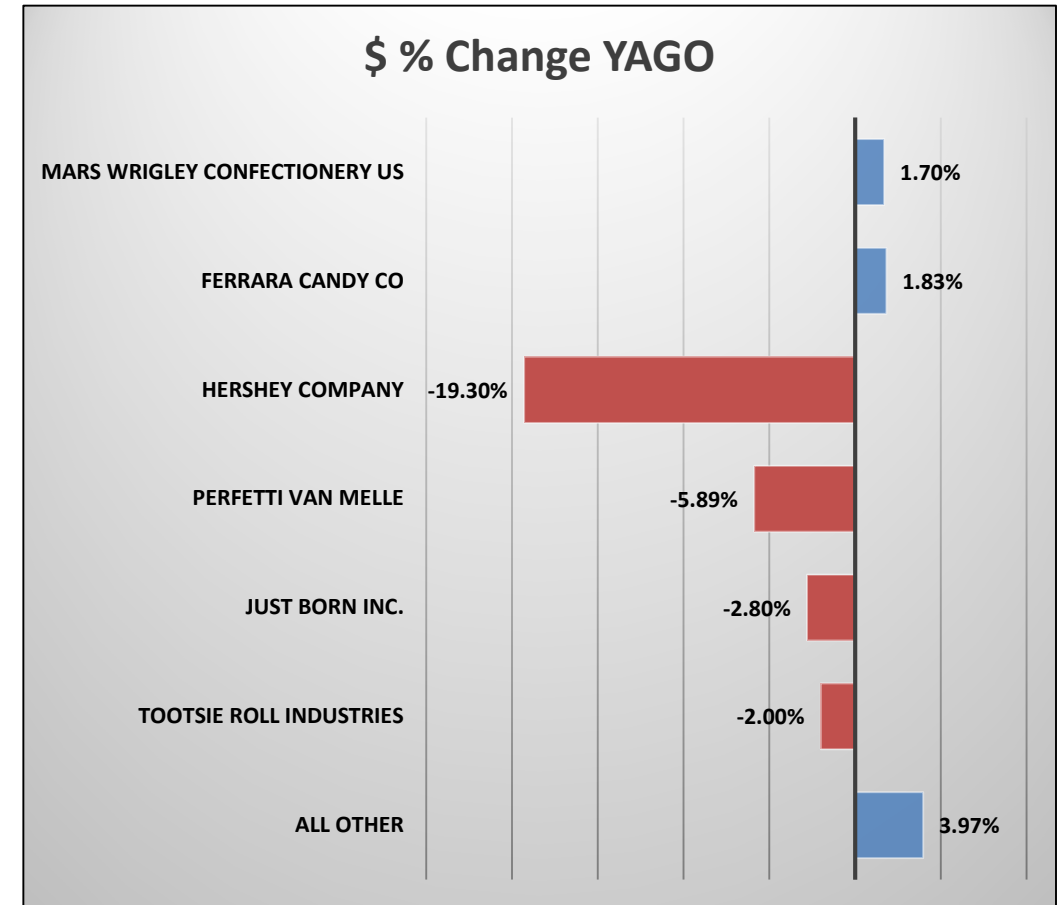
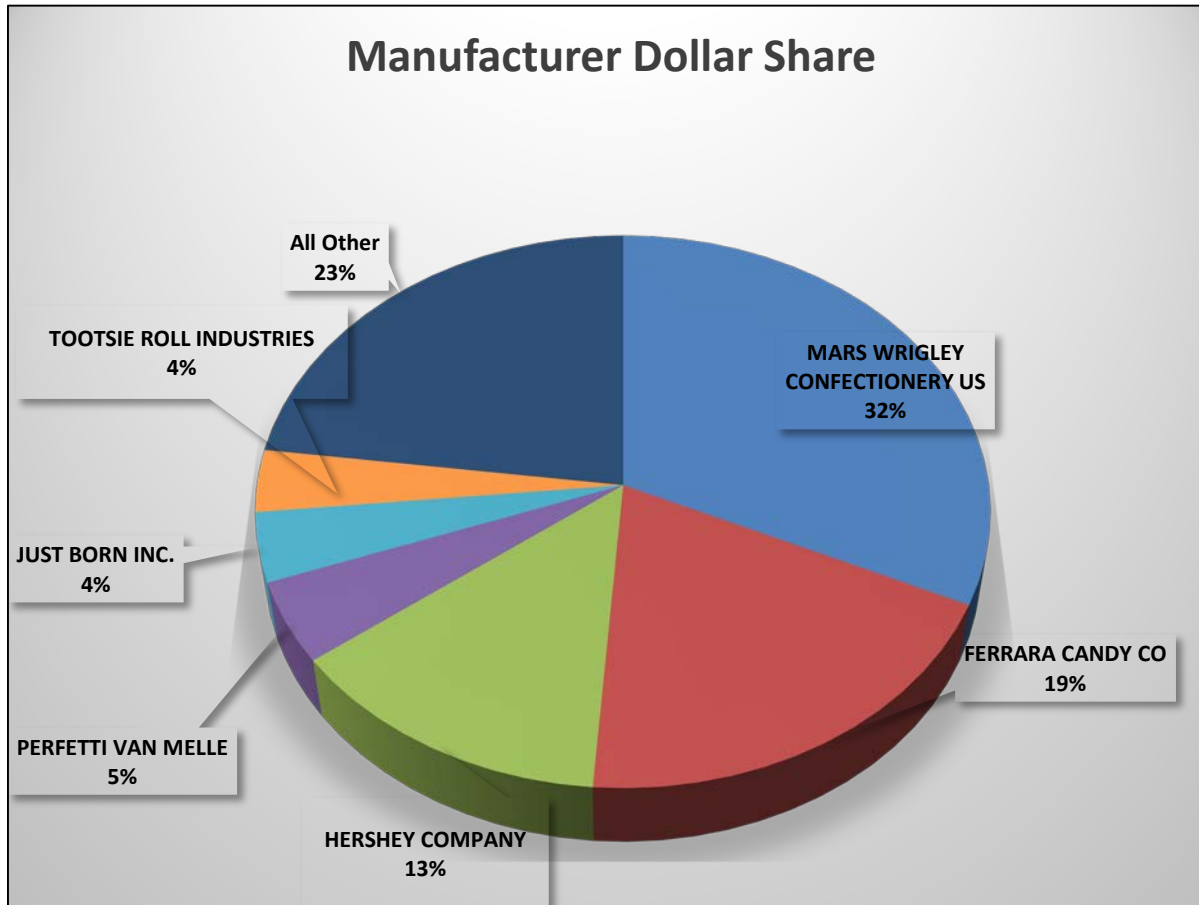


Non-Chocolate Bars & Packs Sub-Category Overview

Year Ending 2019

Non-Chocolate Manufacturer Performance

- Non-Chocolate Bars/Packs retail dollar sales are projected at \$609MM, down -1.4% vs. YAGO



Non-Chocolate Bars/Packs Brand Family Rank and Share

- Top 10 captures only 66% of dollars, with Hershey Gold dropping off as a highly competitive item

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Non-Chocolate Bars/Packs |
|---------------------|-------------------------------|------|-------|--------------------------------------|
| SKITTLES | MARS WRIGLEY CONFECTIONERY US | 1 | Down | 16.4% |
| STARBURST | MARS WRIGLEY CONFECTIONERY US | 2 | Up | 12.3% |
| PAYDAY | HERSHEY COMPANY | 3 | Up | 8.0% |
| SWEETARTS | FERRARA CANDY CO | 4 | Down | 7.7% |
| LAFFY TAFFY | FERRARA CANDY CO | 5 | Up | 5.3% |
| AIRHEADS | PERFETTI VAN MELLE | 6 | Down | 4.7% |
| TWIZZLERS | HERSHEY COMPANY | 7 | Up | 3.0% |
| LIFE SAVERS GUMMIES | MARS WRIGLEY CONFECTIONERY US | 8 | Up | 2.9% |
| MIKE & IKE | JUST BORN INC. | 9 | Up | 2.8% |
| HI-CHEW | MORINAGA AMERICA, INC. | 10 | Down | 2.2% |

Summary & Conclusions

- Candy remains the largest segment in the “Center Store”, with over one third of all dollar sales in the area
- Gum is rebounding, up +5.4%
- Chocolate is up 9.8%

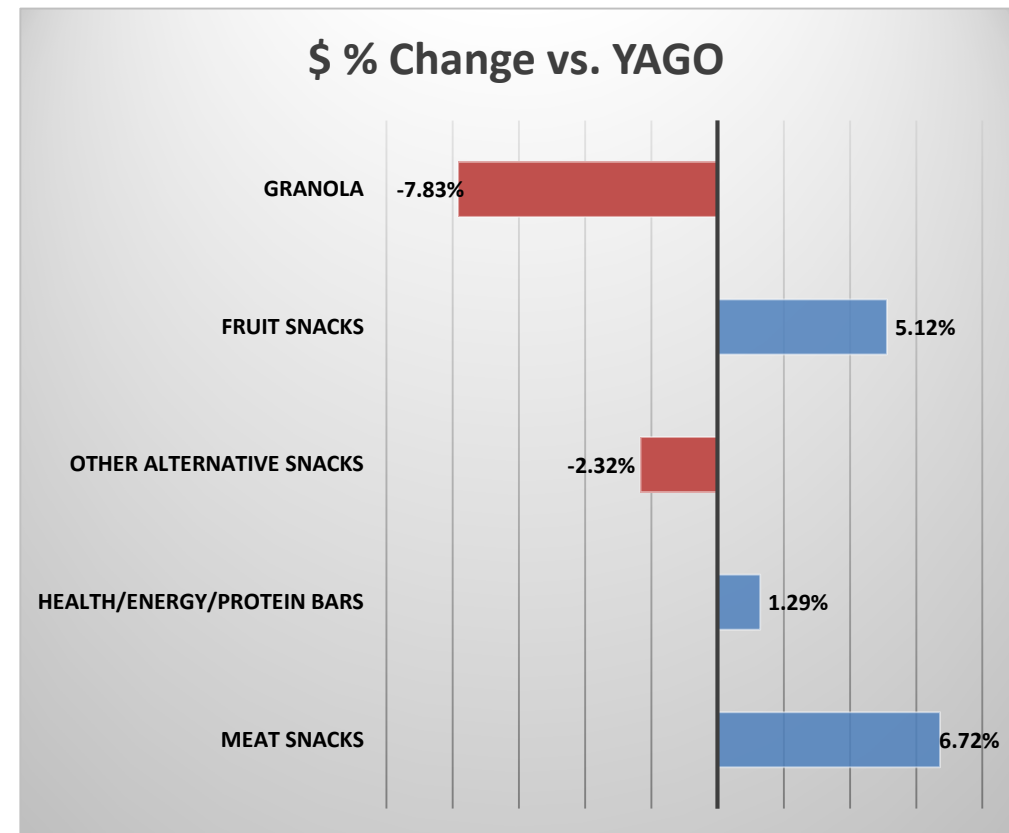
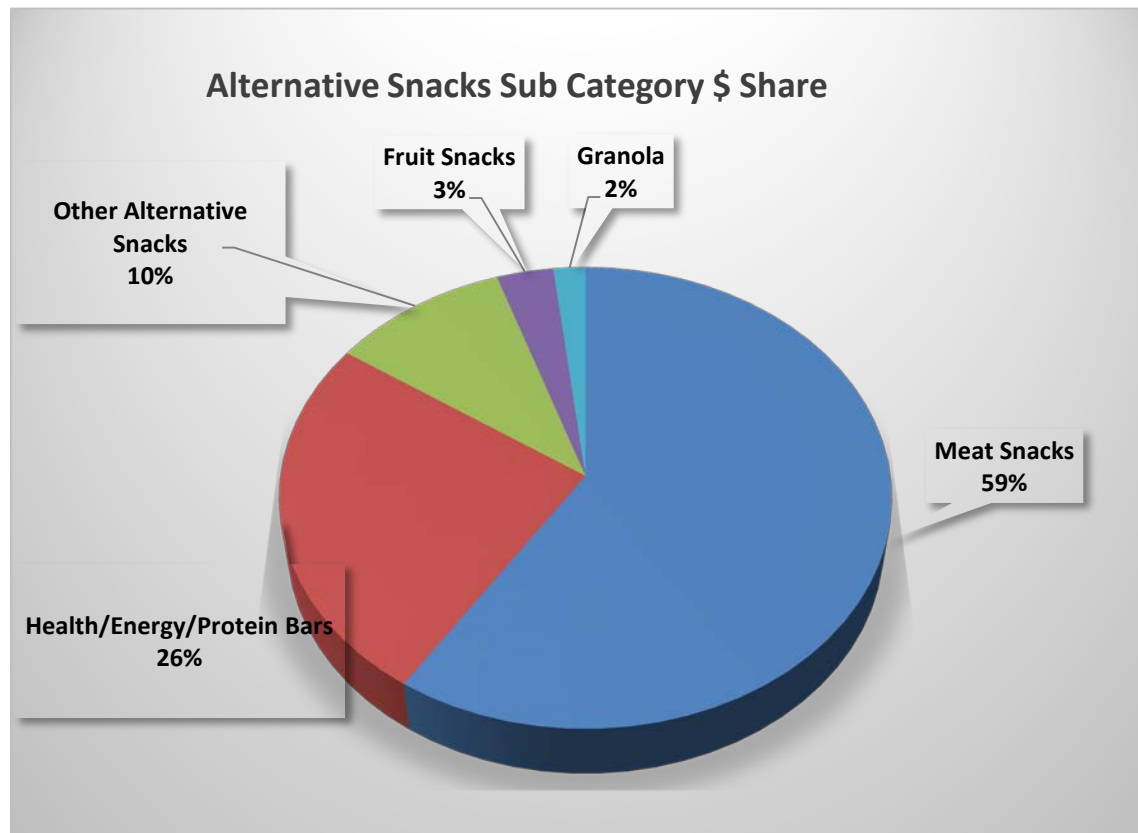


**Total Alternative Snacks Category
Performance
Total Convenience Stores**

Year Ending 2019

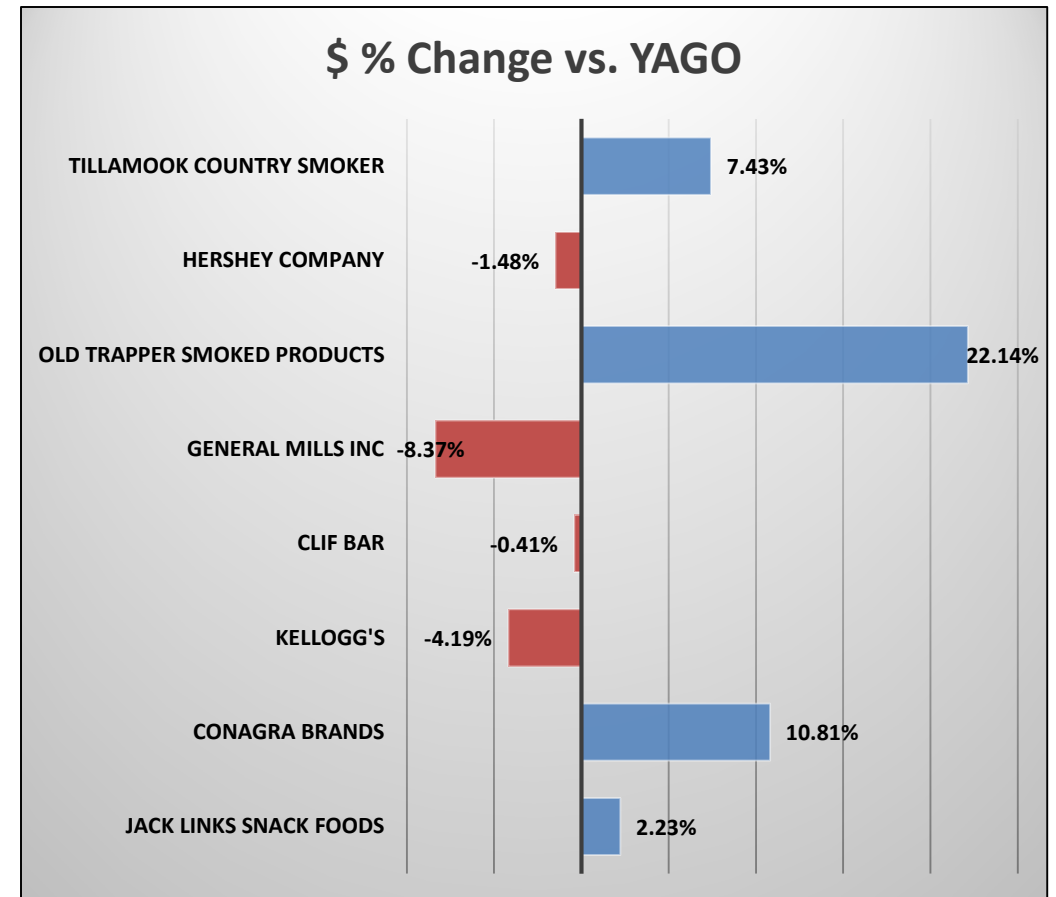
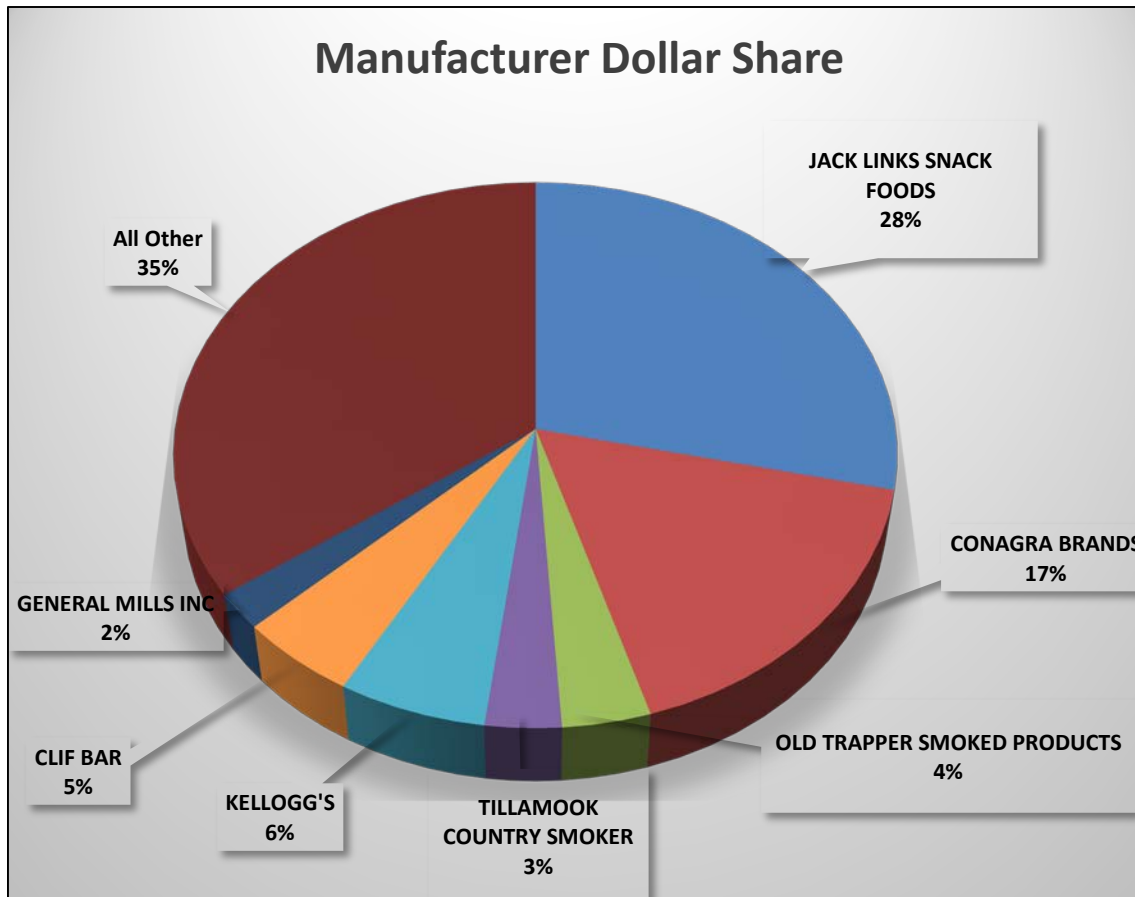
Alternative Snacks Category Performance

- Alternative Snacks retail dollar sales are projected at \$1.9B in 2019, up 3.9% vs. YAGO
- Meat Snacks are performing well (+6.7%), as is Fruit Snacks (+5.1%)



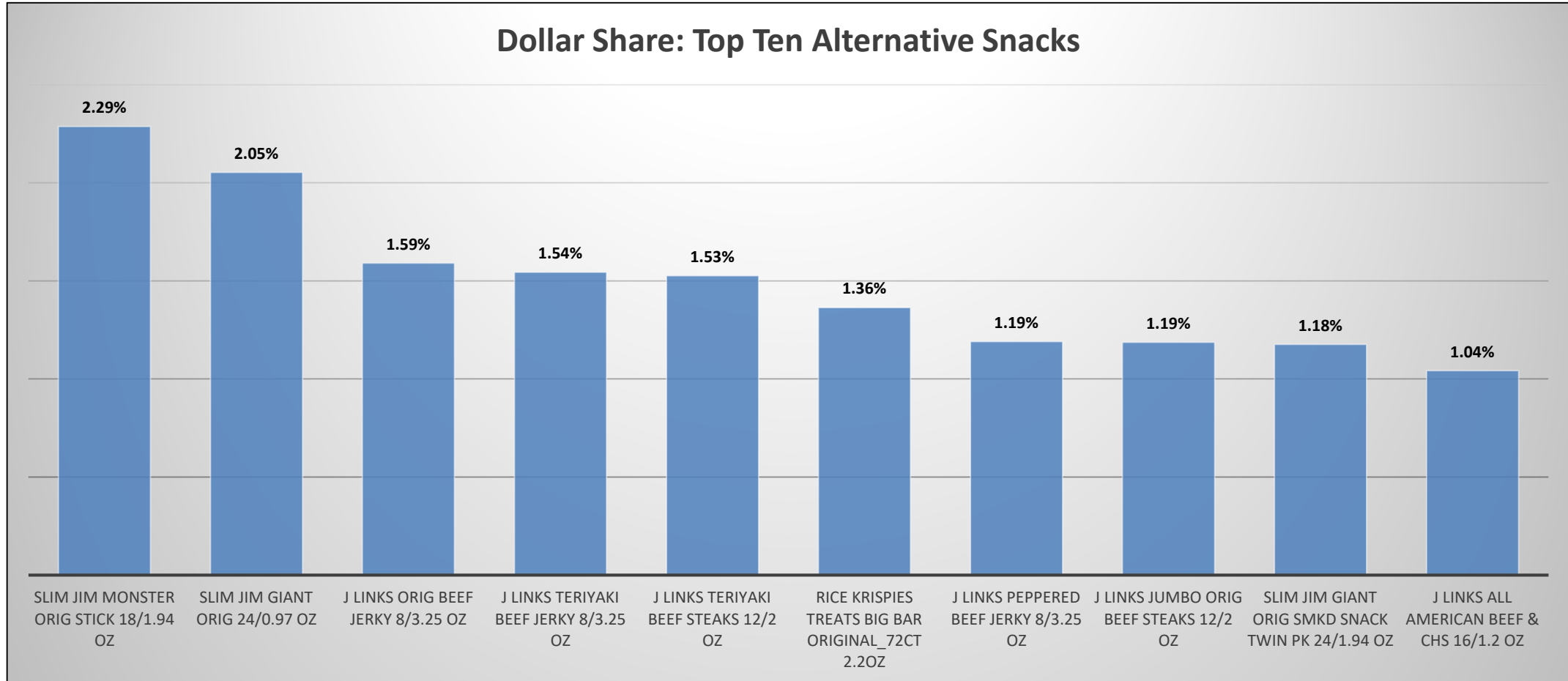
Alternative Snacks Manufacturer Performance

- Old Trapper showing significant growth vs. YAGO; Category at +3.6% growth



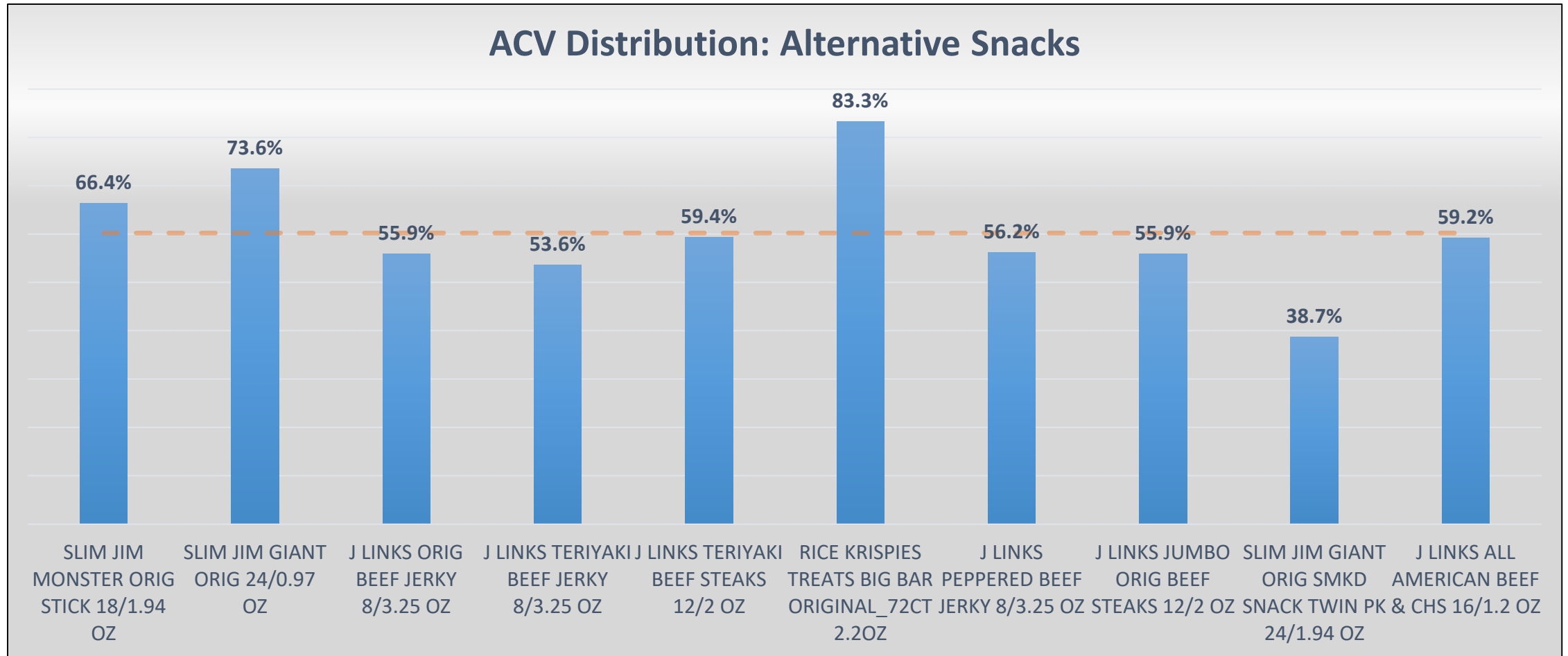
Alternative Snacks: Top 10 Item Rank

- Top 10 items account for 17% of total category dollar sales
- Most products are meat items



Alternative Snacks: Top 10 ACV Distribution

- If 100% ACV achieved, annual opportunity would be \$195MM



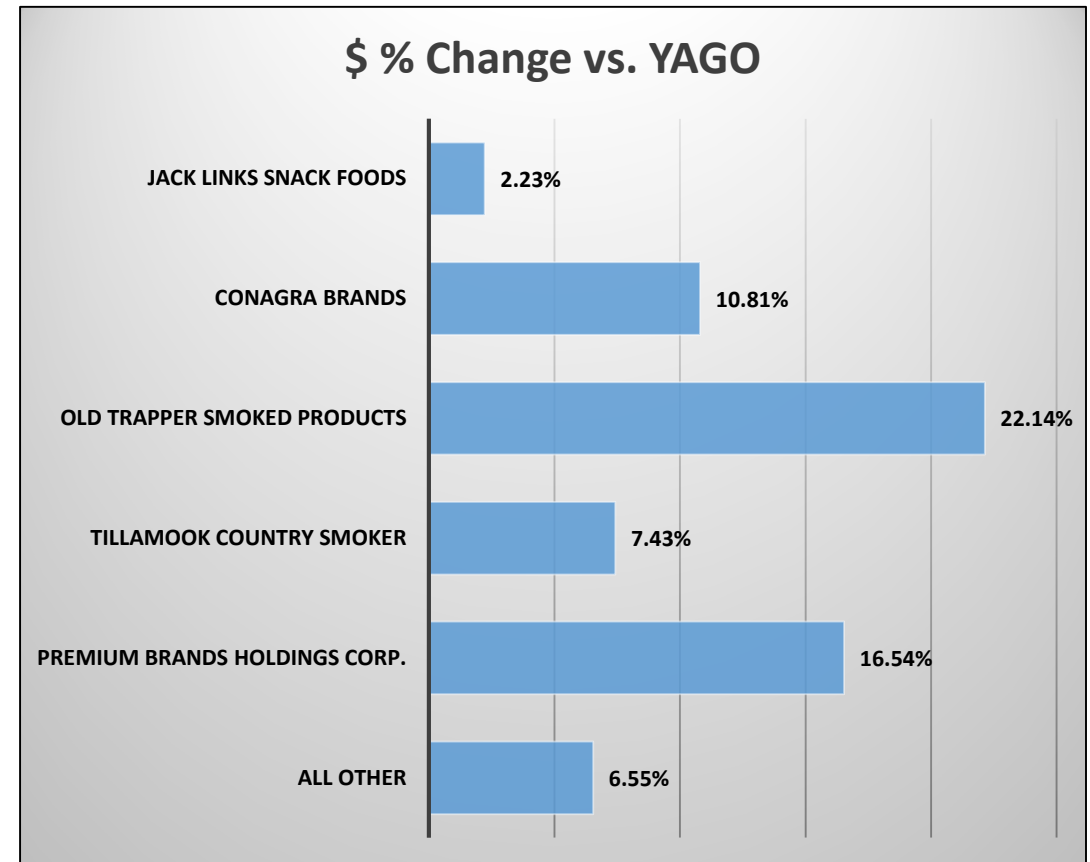
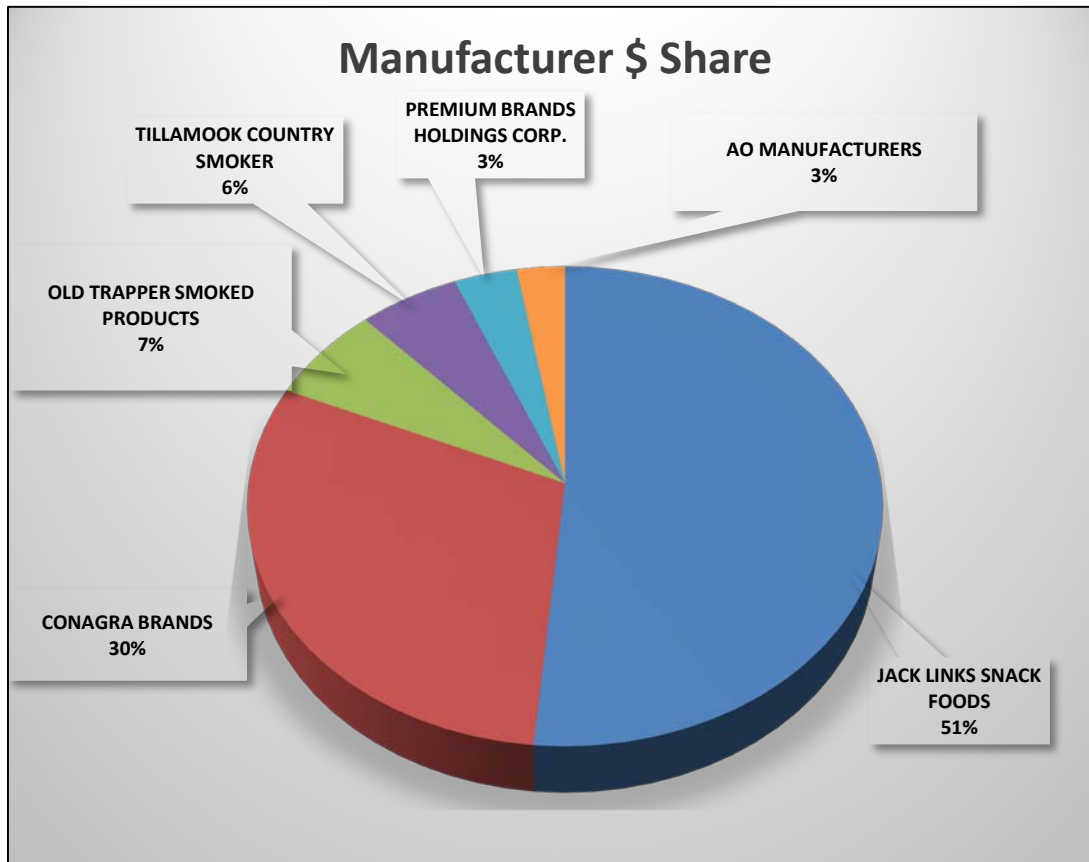


Meat Snacks Sub-Category Overview

Year Ending 2019

Meat Snacks Manufacturer Performance

- Meat Snacks retail dollar sales are projected at \$1.1B for 2019, up 6.7% vs. YAGO
- The top MFRs are all showing growth



Meat Snacks Brand Family Rank and Share

- The top 10 capture almost 86% of dollar sales

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Meat Snacks |
|-----------------|-------------------------------|------|-------|-------------------------|
| JACK LINK'S | JACK LINKS SNACK FOODS | 1 | Up | 40.4% |
| SLIM JIM | CONAGRA BRANDS | 2 | Up | 23.4% |
| OLD TRAPPER | OLD TRAPPER SMOKED PRODUCTS | 3 | Up | 6.1% |
| TILLAMOOK | TILLAMOOK COUNTRY SMOKER | 4 | Up | 5.3% |
| WILD | JACK LINKS SNACK FOODS | 5 | Down | 3.4% |
| COLD CRAFTED | JACK LINKS SNACK FOODS | 6 | Up | 2.1% |
| OBERTO | PREMIUM BRANDS HOLDINGS CORP. | 7 | Up | 1.8% |
| BIG MAMA | CONAGRA BRANDS | 8 | Up | 1.7% |
| CATTLEMAN'S CUT | PREMIUM BRANDS HOLDILNGS CORP | 9 | Up | 1.5% |
| TIJUANA MAMA | CONAGRA BRANDS | 10 | Up | 1.2% |

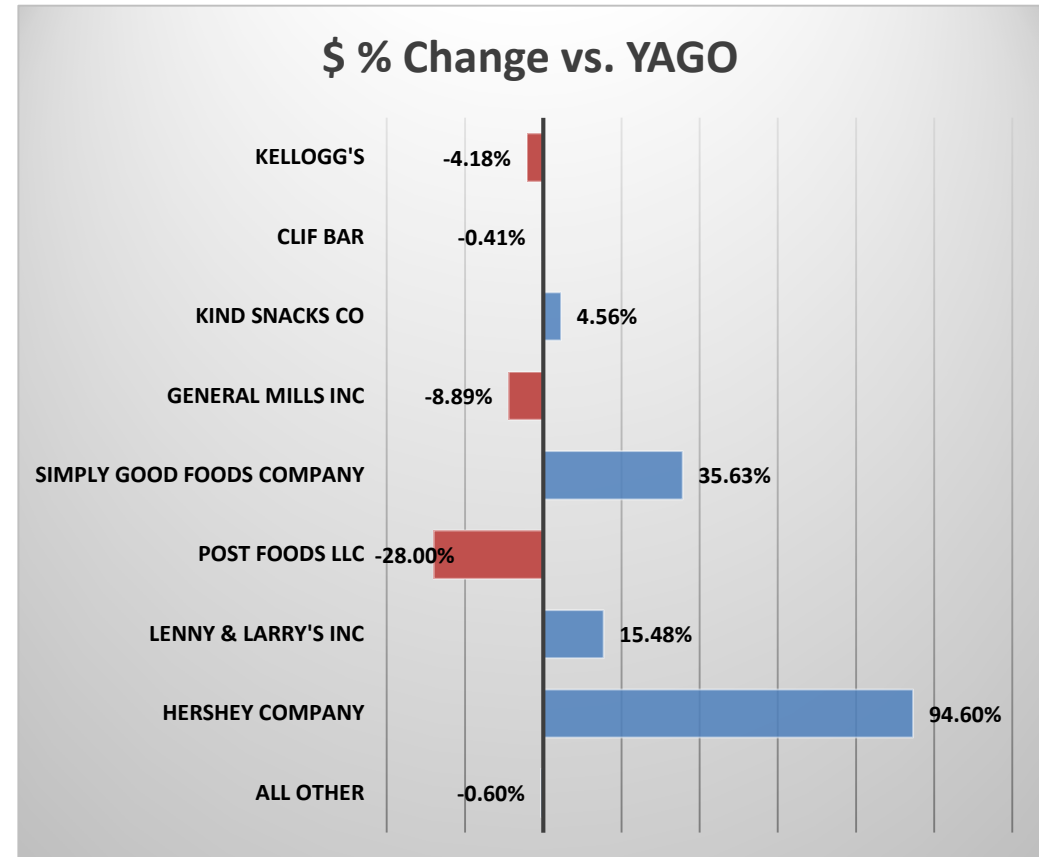
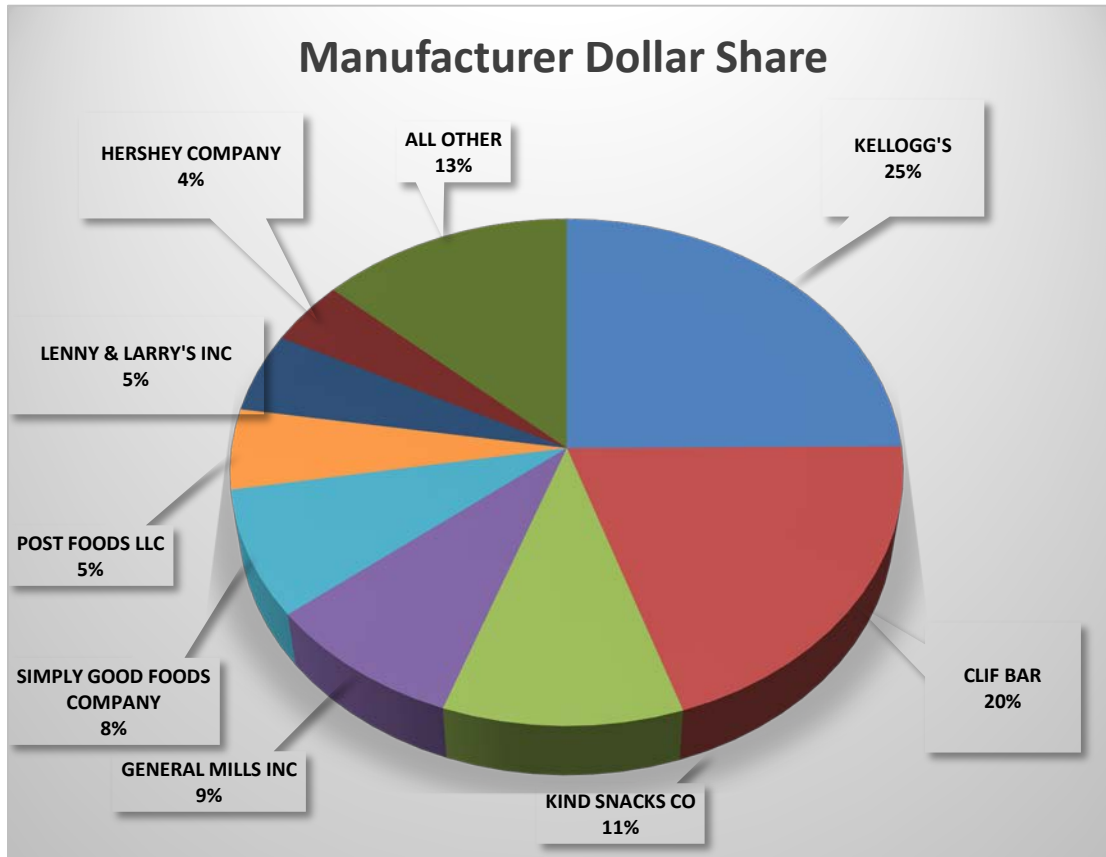


Health, Energy & Protein Bars Sub-Category Overview

Year Ending 2019

Health, Energy & Protein Bars

- The Bars sub-category retail dollars are projected at \$483MM in 2019, showing growth at 1.44% vs. YAGO
- Hershey seeing major increase in sales dollars with two products



Health, Energy & Protein Bars Brand Family Rank and Share

- The top 10 capture about 68% of dollar sales

| Brand Family | Manufacturer | Rank | Trend | \$ Share of Health/ Energy/ Protein Bars |
|--------------------|--------------------------|------|-------|--|
| CLIF BAR | CLIF BAR | 1 | Up | 13.3% |
| RICE KRISPY TREATS | KELLOGG'S | 2 | Up | 13.4% |
| KIND | KIND SNACKS CO | 3 | Up | 10.1% |
| QUEST | SIMPLY GOOD FOOD COMPANY | 4 | Up | 7.7% |
| SPECIAL K | KELLOGG'S | 5 | Down | 5.5% |
| LENNY & LARRY'S | LENNY & LARRY'S INC | 6 | Down | 4.8% |
| NUTRI-GRAIN | KELLOGG'S | 7 | Down | 3.6% |
| MET-RX | MET-RX/US NUTRITION | 8 | Down | 3.7% |
| BUILDER'S | CLIF BAR | 9 | Down | 3.3% |
| POWERBAR | POST FOODS | 10 | Down | 3.2% |

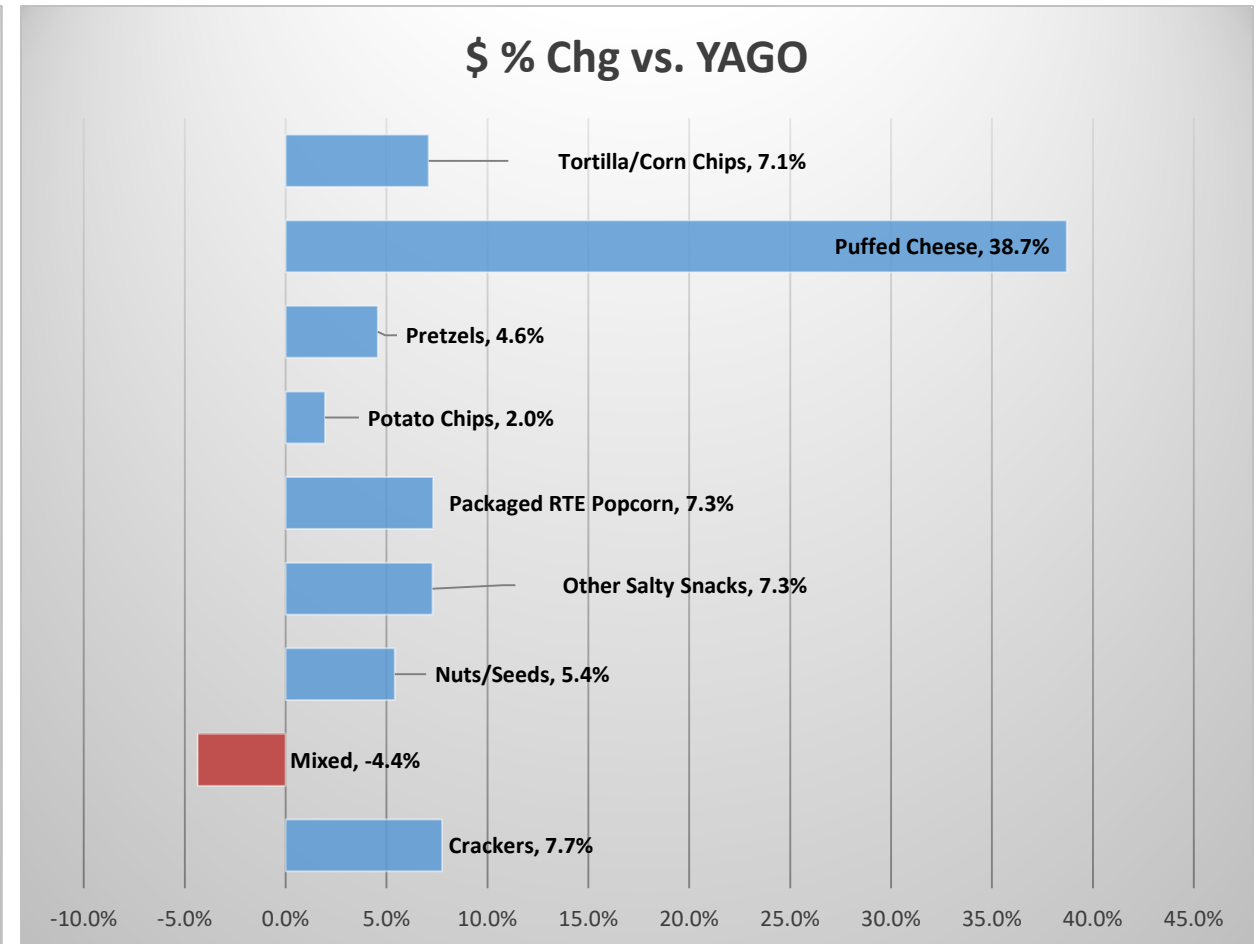
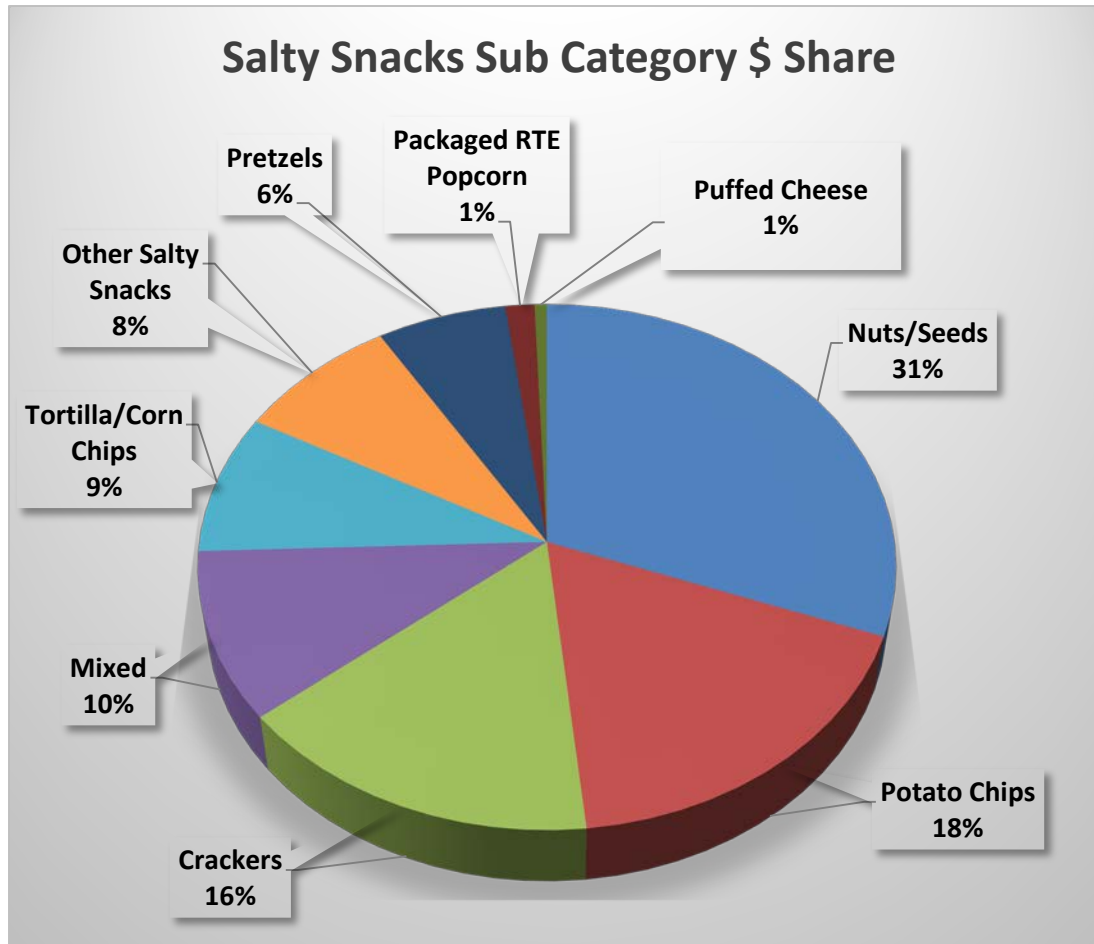


Total Salty Snacks Category Performance Total Convenience Stores

Year Ending 2019

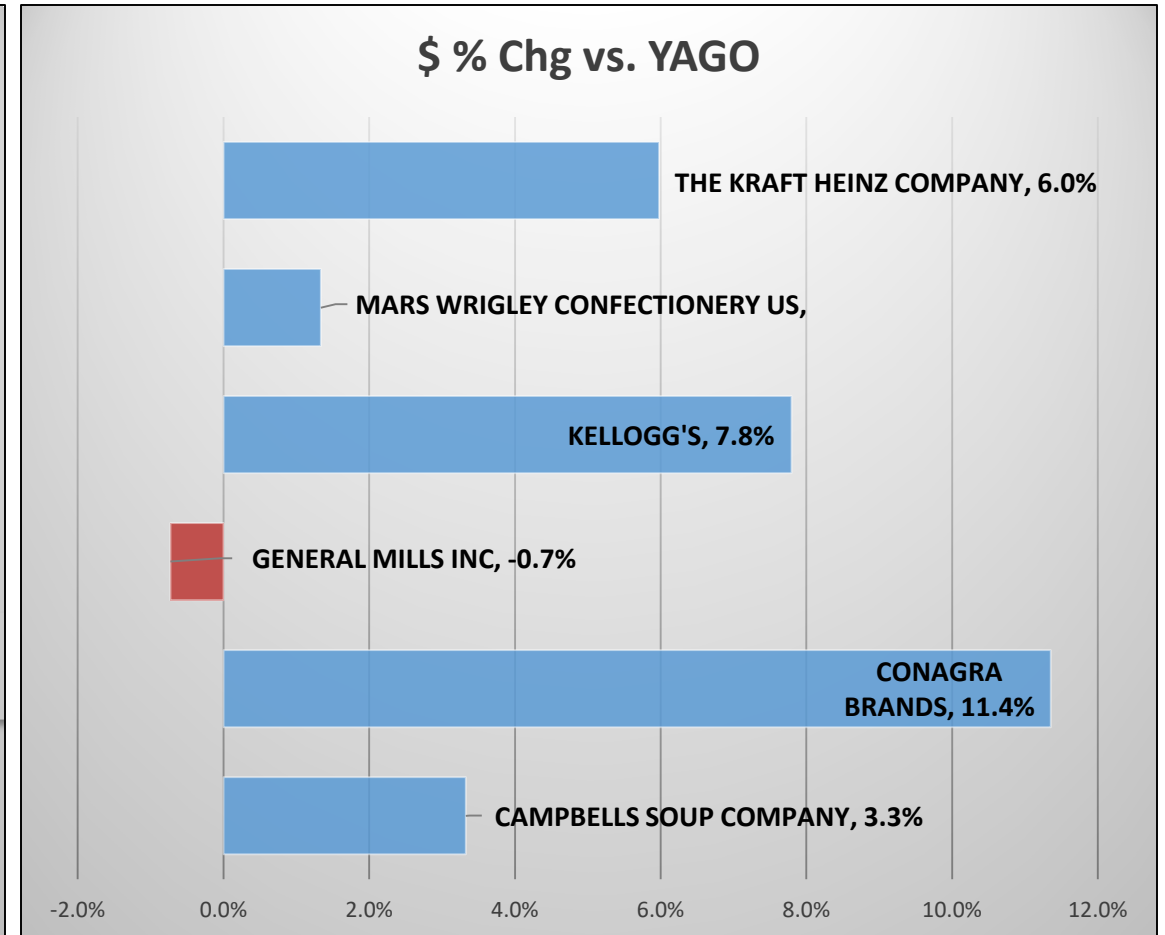
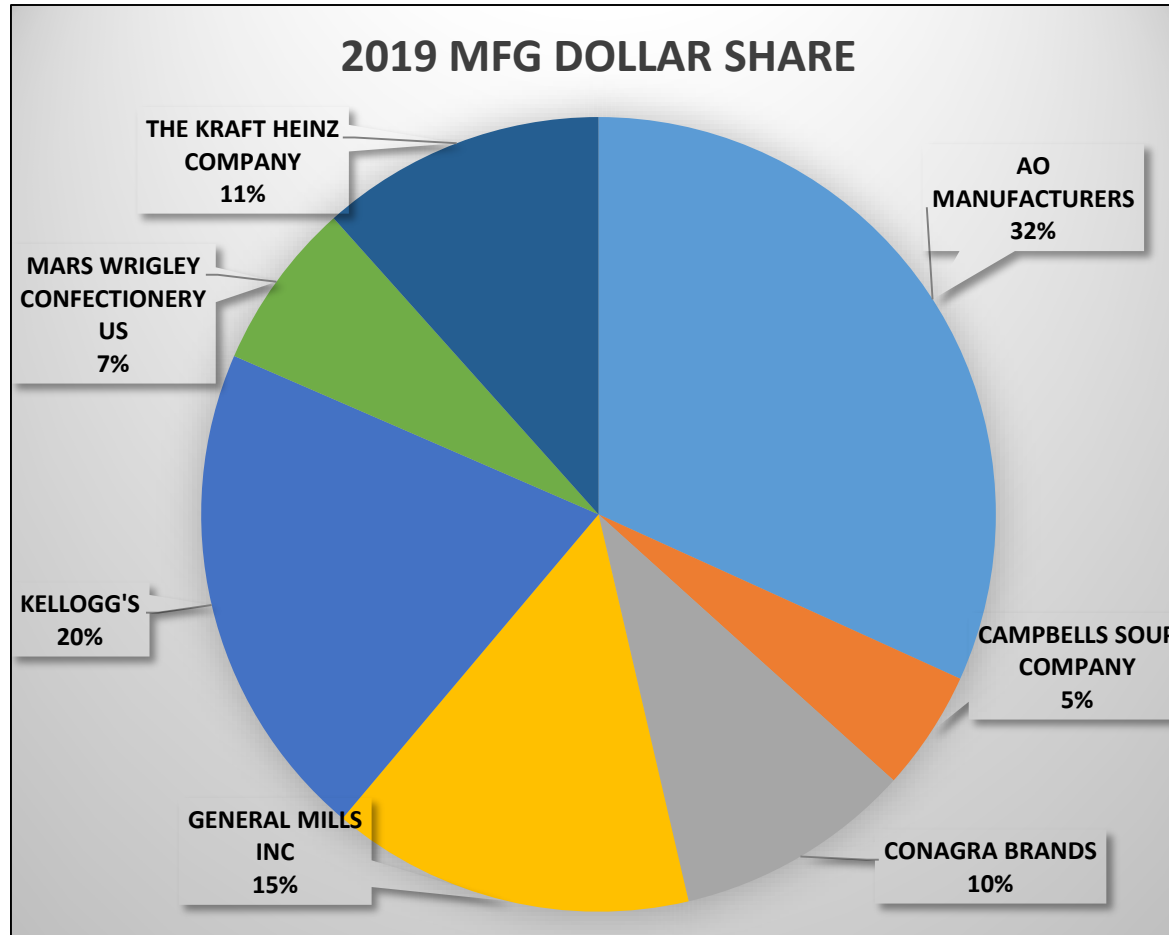
Salty Snacks Category Performance

- Warehouse delivered Salty Snacks Category retail dollar sales are projected at \$1.45B in 2019, up 4.5% vs. YAGO



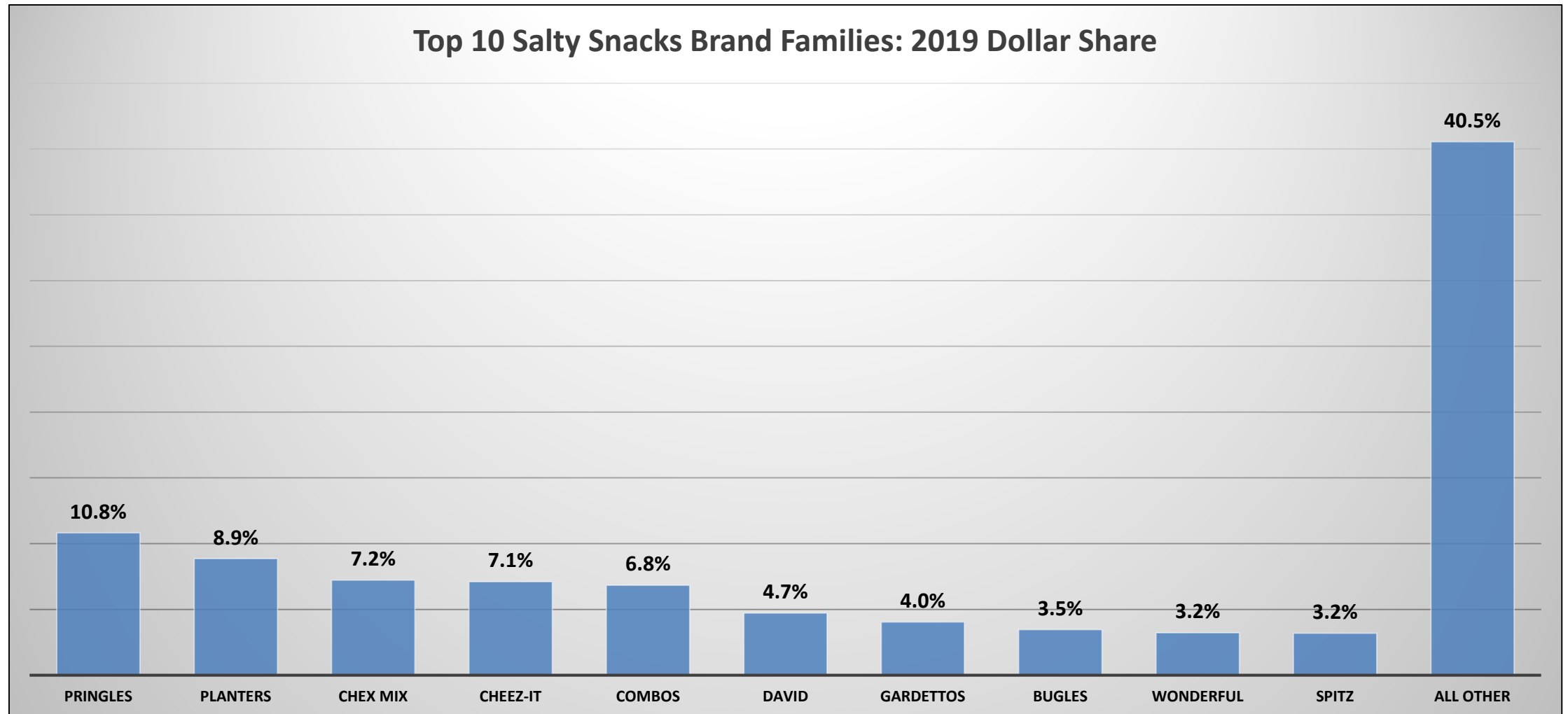
Salty Snacks Manufacturer Performance

- Majority of manufacturers showing growth in 2019 vs. YAGO



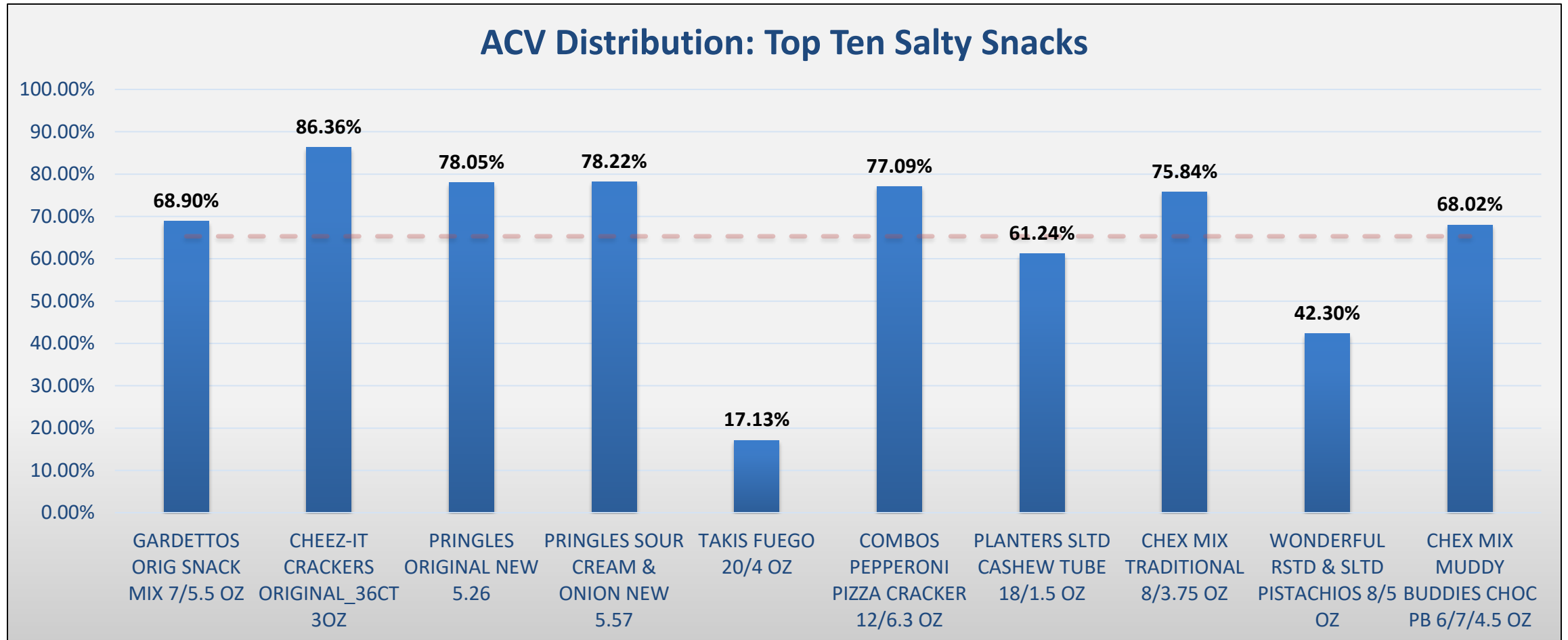
Salty Snacks: Top 10 Brand Ranking

- Top 10 Brands account for 60% of total category dollar sales



Salty Snacks: Top 10 ACV Distribution

- If 100% ACV were achieved, annual opportunity would be \$40MM.



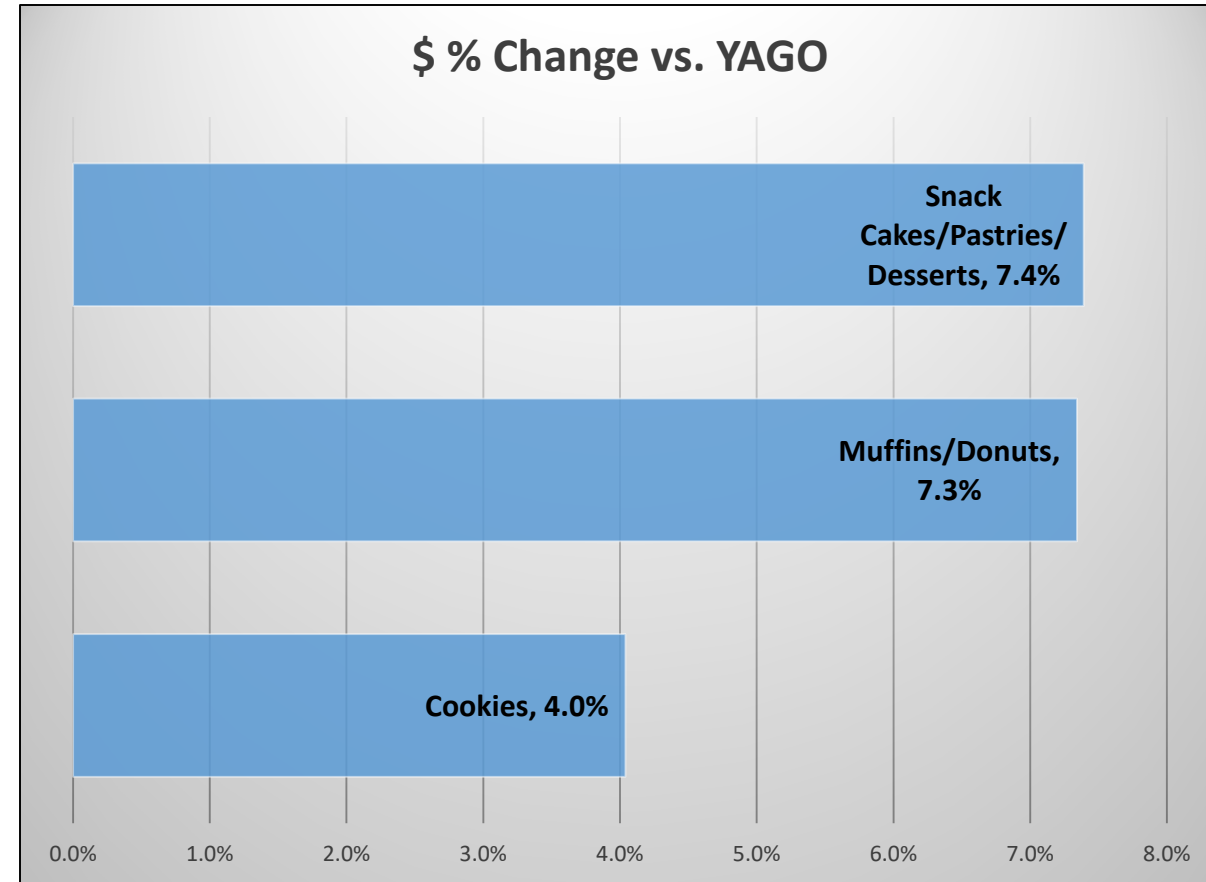
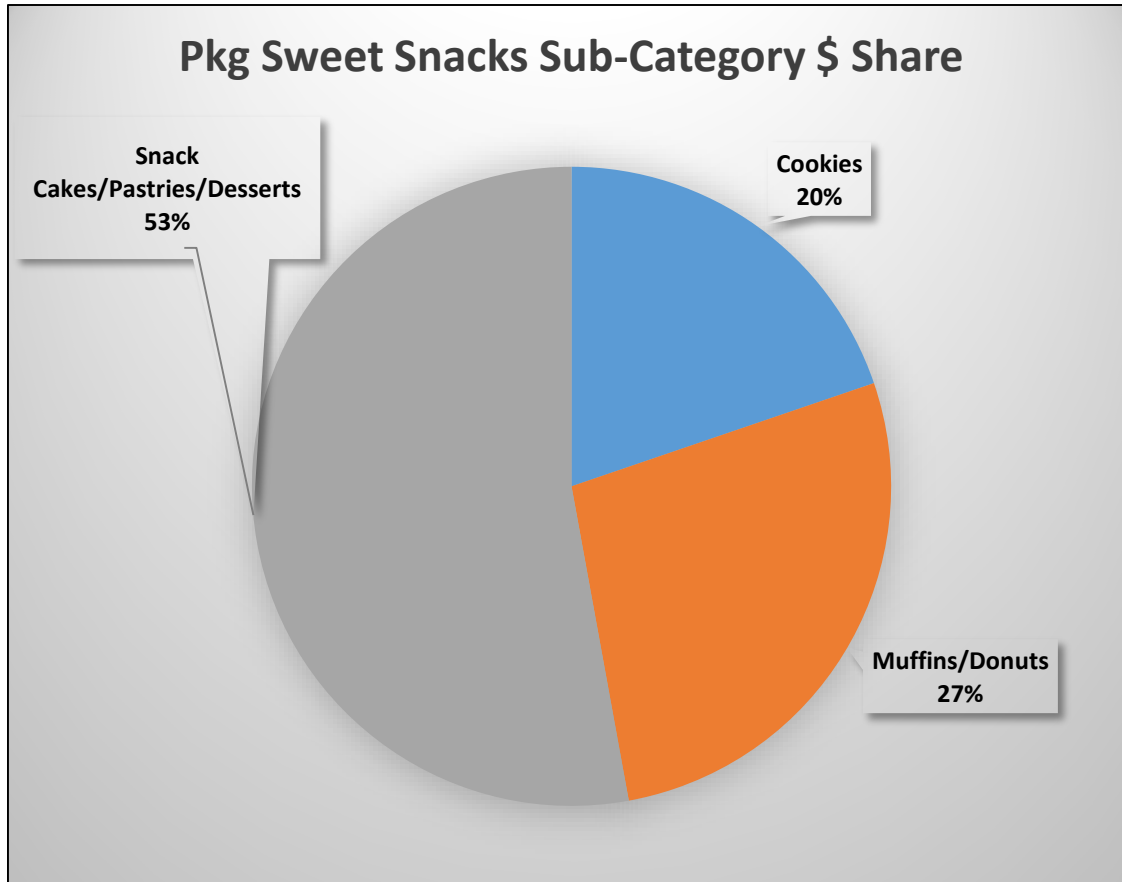
Source: ACV Distribution – C-Metrics 52 Weeks Ending 12/28/2019



**Total Packaged Sweet Snacks Category
Performance
Total Convenience Stores
Year Ending 2019**

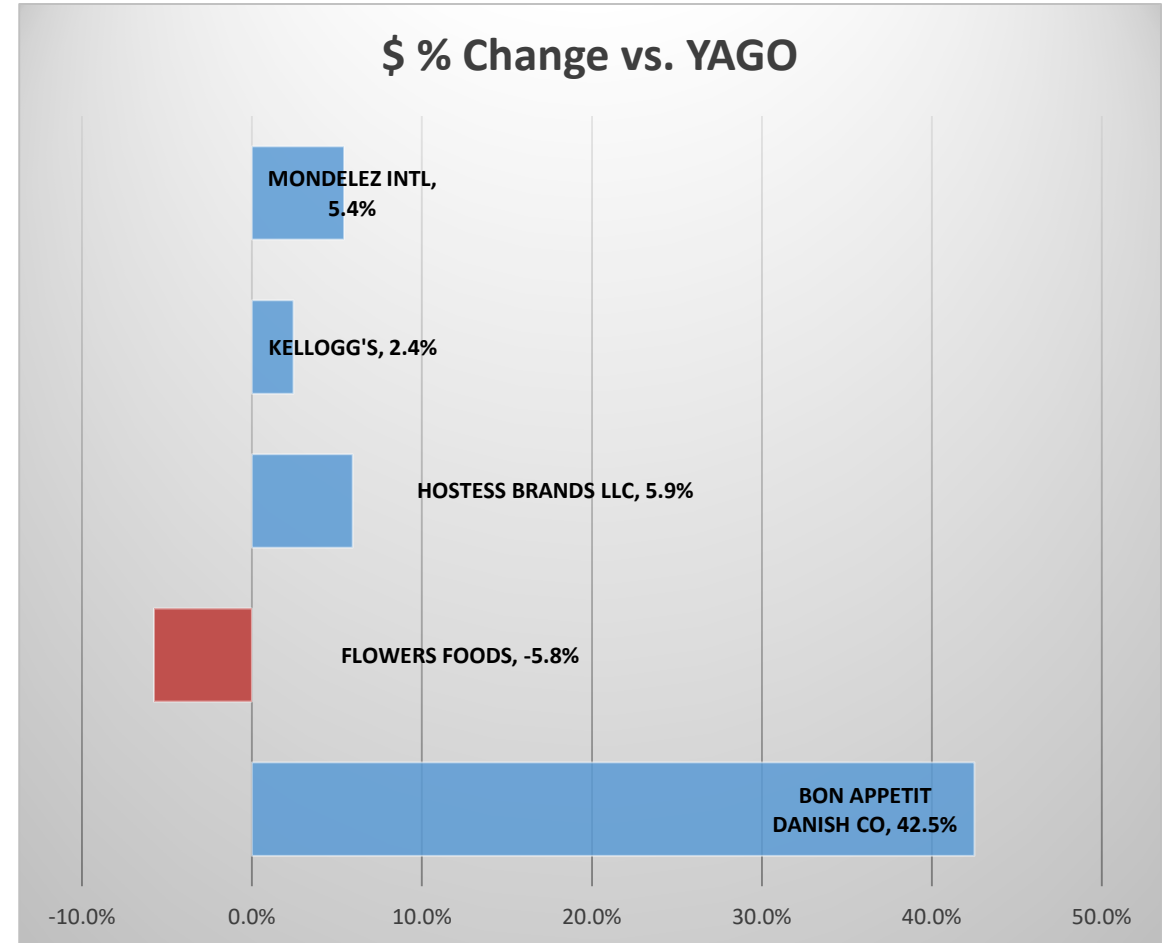
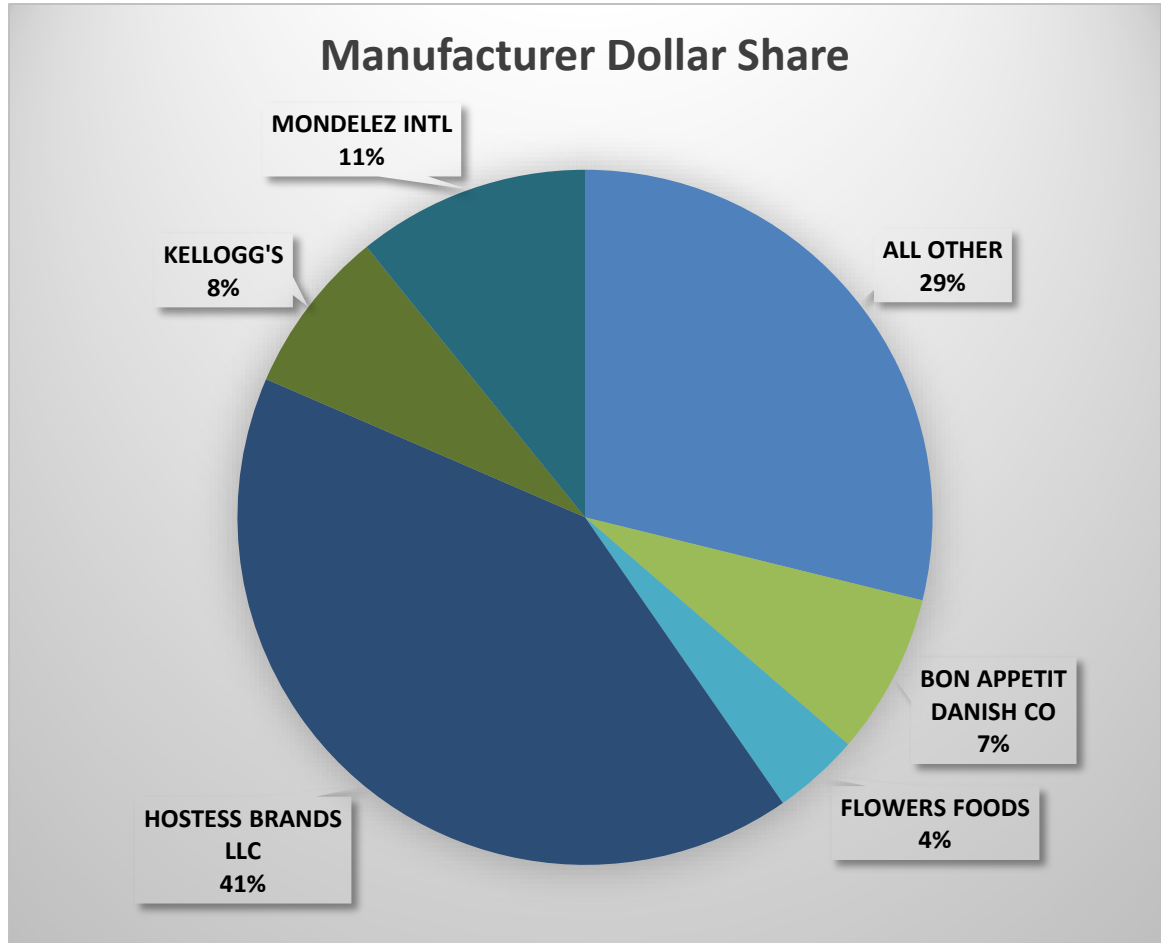
Packaged Sweet Snacks Category Performance

- Packaged Sweet Snacks retail dollars are projected at \$1.2B for 2019, up 6.7% vs. YAGO



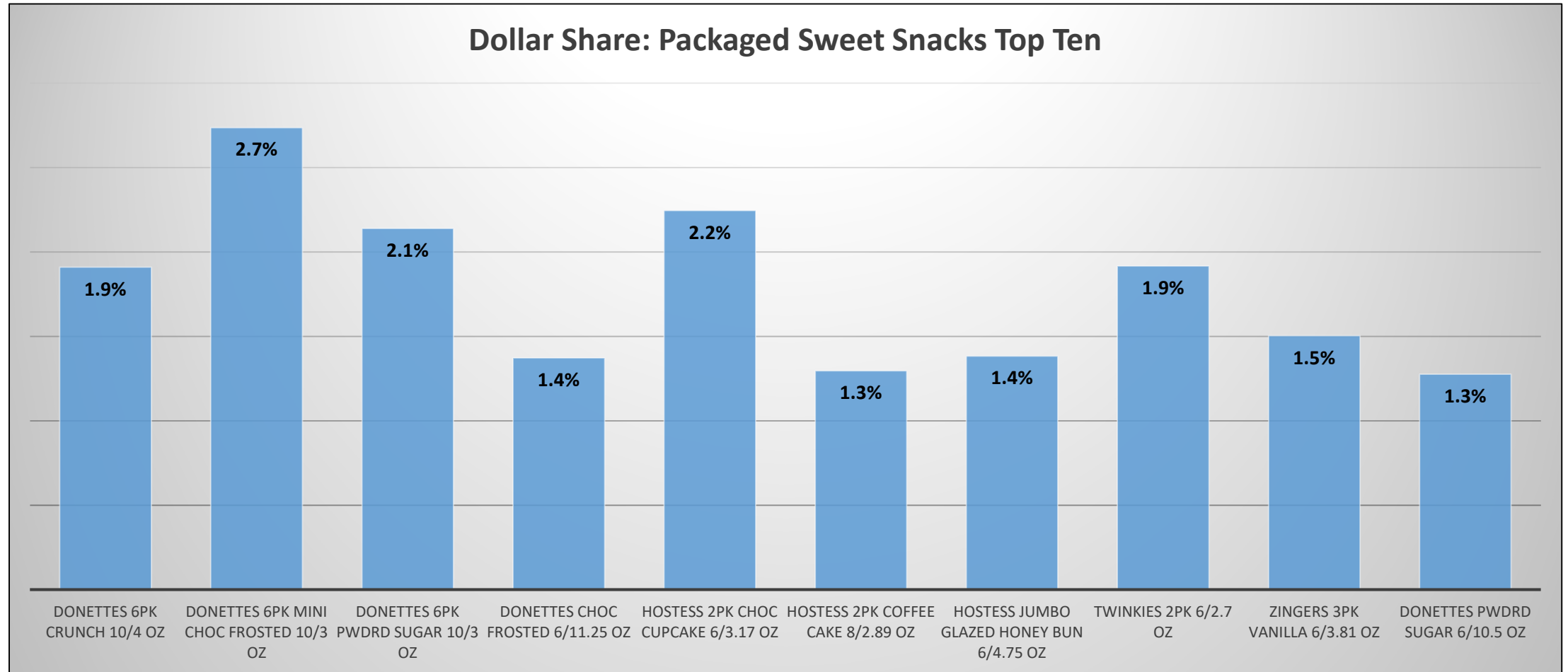
Packaged Sweet Snacks Manufacturer Performance

- Majority of Manufacturers are showing growth in 2019



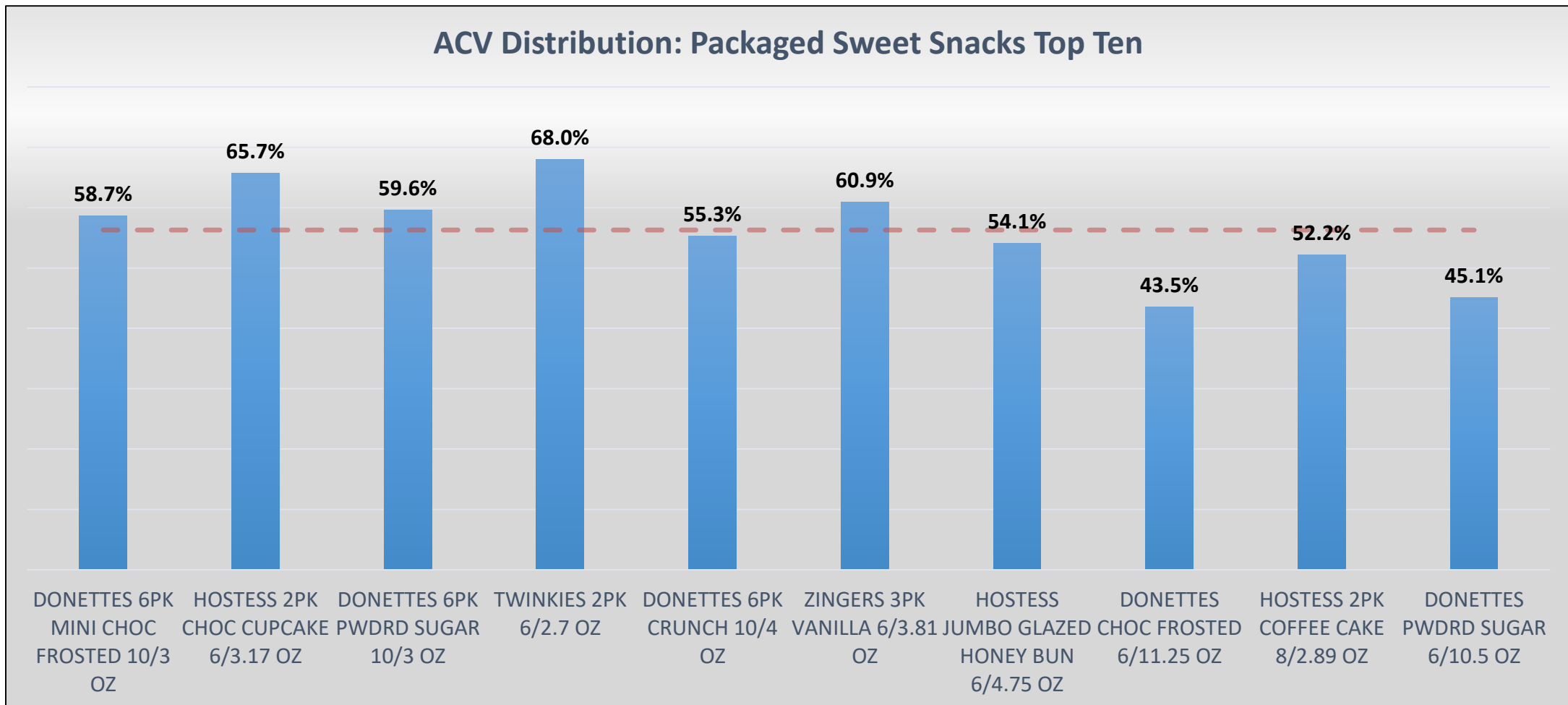
Packaged Sweet Snacks: Top 10 Item Ranking

- Top 10 items account for 18% of the total category dollars



Packaged Sweet Snacks: Top 10 ACV Distribution

- If 100% ACV distribution were achieved, annual opportunity would be \$160MM



Source: ACV Distribution – C-Metrics 52 Weeks Ending 12/28/2019

Center Store - Summary & Conclusions

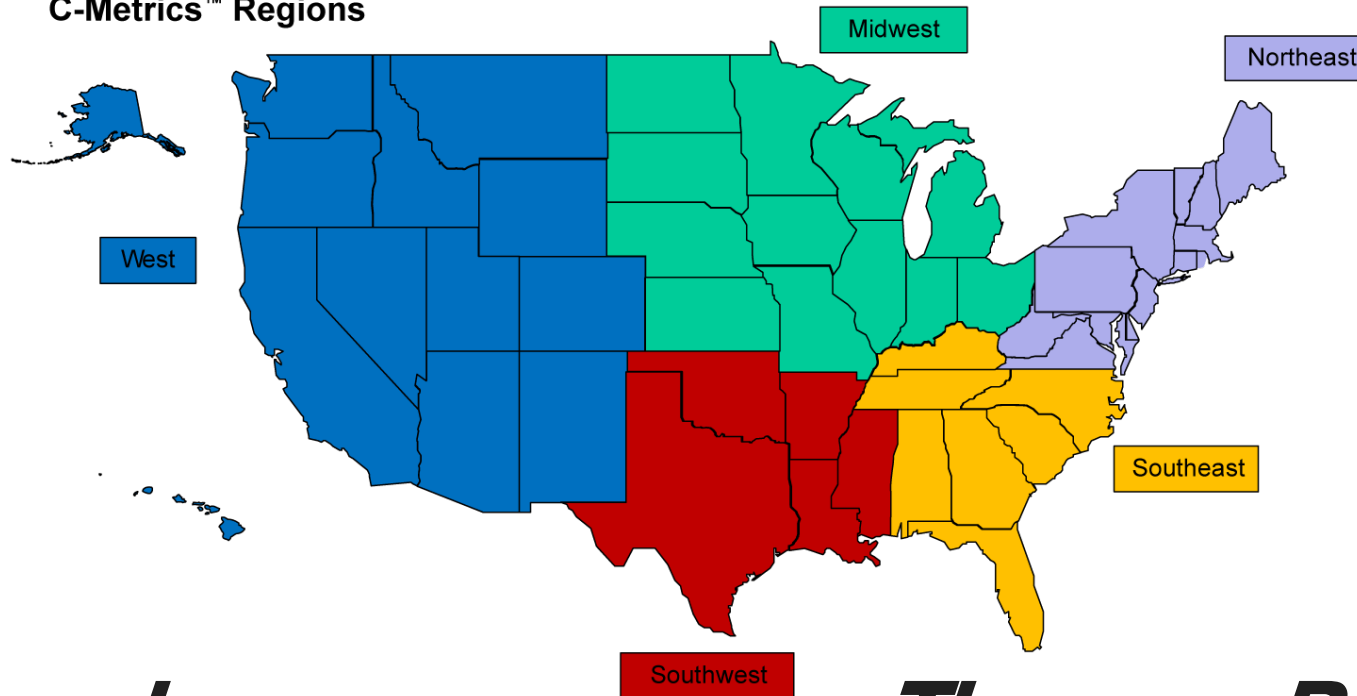
- Both Salty and Sweet snacks are performing well in the Convenience channel
- Candy is still the dominant category in convenience
- Granola and Energy/Protein Bars are trailing category trends
- Health and beauty products saw significant growth in 2019
- General merchandise and auto products displayed losses vs. YAGO



Thank You



C-Metrics™ Regions



Mike Farrah
Client Relationship Director
mfarrah@msa.com
412-924-3813

Thomas Baldwin
Product Manager, InfoMetrics
tbaldwin@msa.com
412-924-3663