



GHRA In Action

OUR MEMBERS ARE OUR MISSION! VOL. 12 | JANUARY 2025

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Welcome Members

*On behalf of the Board of Directors and staff at GHRA,
please welcome our new members:*

STAR MAXX 2

ALWAYS MARKET #6

SMILEY'S EXPRESS #4

BRYAN MART

FUEL MAXX #98

BREAKTIME C-STORE LLC

FUEL MAXX #96

24 SEVEN #1

COUNTRY STORE

JR FOOD MART

KROOZIN MARKET

LA MONARCA MEAT MARKET #2



A Cigar Counterattack

Value-priced approaches and data-driven innovations can help mitigate category contraction.

By Convenience Store News

Data from Management Science Associates Inc. (MSA), a Pittsburgh-based company focused on analytics and informatics, shows that cigarillos — classified as “large cigars” by the convenience store trade — started to decline last year by almost 4% in wholesale shipments across all channels. This year, that decline is estimated to be 6% to 8%.

In the c-store/gas channel specifically, cigarillos were down in volume more than 12% for the 52 weeks ended June 29, 2024, compared to the previous 52 weeks. Filtered cigars, classified by the trade as “little cigars,” were down in volume 16% for the same period. “Now that the pandemic is over and employment is high, more consumers are in a work environment and they’re finding it more difficult to find the time to smoke a cigarillo. They’ve returned to vapor or cigarettes and, even possibly, the new modern oral pouch products,” said Don Burke, senior vice president of MSA, while also noting that there may be some production issues currently with natural leaf cigarillos.

Swisher, a major player in the cigarillo/large cigar space, calculates that from 2019 to 2024, the large cigar category has witnessed a roughly 3.7% annual decline.

“One of the key challenges to the overall large cigar category has been maintaining shelf space on the backbar as retailers continue to increase their vape and modern oral nicotine sections,” said Greg Schmidt, Swisher’s vice

president of business analytics. “Retailers are facing added pressure to find new options for category growth. We’ve seen planograms evolve and expand to fit with the changing consumer preferences for new backbar subcategories, and we expect that to continue.”

Regarding filtered cigars, Burke pointed out that since they are now taxed similarly to cigarettes, there is no longer a significant price advantage. “So, that decline is probably because there have been more cigarette brands being stocked in deep discount and they are competing with little filtered cigars,” he explained. Burke also noted that local bans on flavors are a factor in cigar declines. “It’s very likely that the additional purchases made in the black and grey markets are allowing customers to get the flavors they want, rather than through the classes of trade we track,” he said. “In California and Massachusetts particularly, the black and grey markets are flourishing and a lot of cigar purchases are not being tracked.”

The Fate of Flavors

Looming in the background of all tobacco declines is regulation, and cigars are no exception — at least not yet.

Banning flavored cigars is still very much in play, although there has been no recent federal update. The U.S. Food and Drug Administration (FDA) proposal to ban characterizing flavors other than tobacco in cigars “remains on hold,”

relayed Bryan Haynes, a partner specializing in tobacco at the national law firm of Troutman Pepper.

“Although the ban on flavored cigars proposed by the FDA has been delayed indefinitely, FDA continues to state, publicly and often, that it wants to see the ban finalized,” Schmidt cited. “This is notwithstanding the massive body of evidence brought forward by the industry and others, such as law enforcement and civil liberties groups, that the proposed ban is problematic and unnecessary. We will continue to engage in opposition to the proposed rule, and other unwise and unwarranted regulations, at every opportunity.”

The National Association of Tobacco Outlets (NATO) and its retail members remain engaged with federal, state and local legislators/regulators on key issues, including the federal rulemaking to ban flavored cigars. On the state level, NATO Executive Director David Spross told Convenience Store News that while no state banned flavored cigars in 2024, “it is expected that 15 to 20 states will consider flavor bans on all tobacco products in 2025.”

Jeremy Weiner, category director of cigars and premium products at Smoker Friendly, a Boulder, Colo.-based cigarette and tobacco retailer with more than 800 stores nationwide, said he’s bracing for continued legislation, including the FDA ban on flavored cigars. “That is the regulation that is most concerning. If it happens, our cigar set would shrink by more than 50%,” he said.

Smoker Friendly participates in most of the trade organizations that fight these regulations and taxes. “As soon as we find out about these proposed regulations, we get the word out to our store personnel, so they can get our customers involved in helping to fight back,” said Weiner.

Retailers play an important role in speaking up in opposition to local regulations, including flavor bans, according to Swisher’s Schmidt. “Retailers should make sure legislators and regulators have an opportunity to hear the other side of the story, particularly the negative impact of these regulations on small businesses,” he urged.

Planogram Push

So, what can convenience retailers do in these times to sell more cigars? Smoker Friendly refreshes its domestic cigar planograms, which include cigarillos and filtered cigars, every year. The annual reset presents a good opportunity for manufacturers to refresh signage and shelf talkers as well, Weiner noted.

“We add new items that manufacturers want to feature and remove slower-moving items or items that have been discontinued. This helps create new excitement for the domestic cigar consumer,” he said.

Like Schmidt of Swisher, Weiner has observed that many cigarillo customers are starting to switch from combustible products to other alternative products, such as vapor and

nicotine pouches, which makes an annual reset even more imperative.

“We suggest retailers continue to work with their vendors on a customized promotional strategy while keeping a close eye on the Fair Share SKU Index to ensure the proper lineup of cigars are stocked,” said Schmidt. “Offering a variety of options to adult cigar consumers drives store profitability since they tend to make more trips per buyer vs. other tobacco shoppers, and they also have larger basket sizes as they’re inclined to purchase items from other categories more often than other tobacco shoppers.”

Swisher’s vision is to drive value and consumer-driven innovation with cigars that have staying power and a differentiation on-shelf. “We know that short-lived launches drive complexity and costs for our retail partners, as well as confusion and frustration for our adult consumers. An insights-backed innovation pipeline has been a key for success to drive shelf consistency and minimize disruption,” Schmidt stated.

A surge in retailer capabilities in the digital space offers additional opportunity. “In-store digital merchandising and loyalty app platforms in c-stores are increasingly robust, enabling efficient opportunities for manufacturers to connect brands with consumers in-store and activate more awareness, trial and conversion-driving tactics,” he added.

Value is at the center of it all, according to MSA’s Burke. He pointed out that the dollar store trade is the only one where cigars are growing, so it might behoove c-store retailers to check out their area’s dollar stores and offer similar cigar products and pricing.

“We’re seeing consumers buying down in all tobacco categories,” Burke said. “So, in order for retailers to make the most of the category in this environment, there needs to be a strong value-priced approach and there’s only so much promoting you can do. Make sure you’re also offering discount branded cigarillos. Many cigar customers are simply looking for the lowest price and they’ve even moved to dollar stores to try to get that pricing.”

Unfortunately, category experts don’t foresee the cigar declines going away anytime soon, and cigarillos are still the largest segment within the other tobacco products category for c-stores.

Burke expects “the decline trends of today to continue well into 2025,” while Schmidt and Swisher expect the category to see volume decline over the next five years.

“Swisher’s investments in adult consumer engagement, combined with data-driven innovations tailored to adult consumer trends, should help mitigate category contraction,” said Schmidt. “C-stores will continue to be the main channel of distribution and sales for the large cigar category, so it is important that they continue to devote sufficient space to it.” ■



From Fuel to Food: 3 Convenience-Store Food Trends That Are Reshaping the C-Store Segment

As the notion of convenience evolves, so too must the offerings. Kwik Trip is among the convenience retailers driving traffic through innovative foodservice offerings.

By Cham Silvy

It was the late 1960s when 7-Eleven introduced the world's first coffee to-go. With this product, the company offered

its customers convenience, speed and customization—all delivered in a simple paper cup.

Fast forward 60 years and takeaway coffee is still a mainstay of convenience stores. At the same time, modern customer needs have evolved and expanded. Shopping patterns have been disrupted. Even the gas pump is subject to change as the rise in ridesharing and EVs reshape the market. In short, the definition of convenience has changed.

All of these trends, preferences and behaviors are redefining the concept of convenience—and the c-store category itself. So, what's next for this segment? Here are three emerging food trends that are redefining the convenience-store experience and the steps operators can take to continue to deliver new levels of convenience, choice and customization to their guests.

Focus on fresh food. The convenience-store experience may be anchored at the pump, but company margins are made in the store. For that reason, many c-stores have come to place greater emphasis on food and beverage sales, expanding selections to include pantry staples, healthier snack options and fresh fruits and vegetables.

With 30% of sales and 40% of gross profits for c-stores coming from foodservice, this topic is more relevant than ever.

For example, Wisconsin-based, family-owned Kwik Trip offers more than two dozen different fresh bakery items each day, and sources milk from dairy farms within a 100-mile radius of La Crosse, Wisconsin.

Becoming a QSR. In addition to serving basic grocery needs, convenience stores are also increasingly operating as quick-serve restaurants (QSRs). In fact, one recent study found that between 2019 and 2023, dining visits to c-stores grew about 3%, making up about 27.1% of the discretionary dining category.

For example, Casey's, which operates more than 2,500 stores across 16 states, is the fifth-largest pizza chain in the United States. While they may be one of the best-known examples of a c-store-QSR crossover, they're far from the only chain to make the shift. In recent years, Wawa, Sheetz and Buc-ee's are among the brands recognized by Food & Wine magazine for great dining options.

The shift to private label. Similar to the expansion into the QSR world, c-stores are also focused on the shift to private-label items. Like takeaway options, this is another important way to differentiate the product offering and drive loyalty in a crowded and sometimes hard-to-distinguish category.

For example, in 2023, 7-Eleven announced plans to add 150 new products, including oat milk smoothies, sparkling water and tortilla chips, to their existing catalog of 1,300 private-label items. As with the shift to private labels in the grocery segment, c-store brand expansions are in response to high inflation and price sensitivity from consumers. ■



Stocking the Shelves: *It's the Little Things*

By Ready Training Online

To build the best experience possible for your customers, you want to make sure everything in your store is as good as it can be. You have great employees, a great store layout, and an amazing selection of products – but are those same products being displayed as well as they should be? Stocking your shelves well can be deceptively difficult, and very easy to overlook if you're not checking them often. Many employees think that it's "just" stocking shelves, so how hard can it be? Unfortunately, that leads them to miss a lot of the nuances involved in the process.

Why Is Stocking So Important?

On the most basic level, stocking the shelves is how you can make your product available for customers to buy. However, it has some less obvious benefits as well:

- **Inventory Control:** If your employees stock the shelves in your store often, then your inventory in the back is more stable. You won't have big drops from someone needing to restock an entire shelf all at once, since they'll just be "topping off" the shelves. This can help you keep a better eye on the inventory and better know when you need to order more product just from taking a glance in the back.
- **Expiration Dates:** Your employees should be trained to check the expiration dates on your products while stocking the shelves. This can give you a better idea of how fast you're selling product, and your employees can take expired products off the shelves while they're stocking, preventing an unlucky customer from buying an expired item. Your store can greatly benefit from employees showing this level of care while doing something as routine as stocking shelves.

- **Improving Customer Experience:** Your customers are in your store for a reason: they want to buy something you have, or hope you have. Having full shelves not only makes it easier for them to buy what they want, but they'll notice that you're well-stocked. This can inspire confidence that you'll have what they need next time as well, and they'll be much more likely to return.

Get Your Employees on Board!

Anyone can take a product and put it on a shelf, but you'll want your employees trained in the proper way to stock the shelves, and make sure they're checking the dates on the products. You can use a learning management system (LMS) to train them on this method, as well as other duties important to convenience stores. Shelf-stocking in particular is an excellent opportunity to use blended learning in the training – you can use role-play to make sure your employees know how to help any customers that need it while the employee is stocking shelves. Plus, roleplaying about helping customers gives an opportunity to practice suggestive selling as well! When your store's merchandising goes well, it can improve your store's image and how smoothly inventory goes as well, but your employees must be ready to help you get there.

Keeping Up Appearances

Shelves are only one part of your store – to truly impress your guests, don't neglect the rest! Ensure your employees know the proper way to clean other parts of your store that customers see during every visit, like your doors and windows, the floor, and the restroom! ■

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