

3-Trails Sales Tax Study

And

Recommendation

July 18, 2005



Prepared by:
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Kansas City Missouri

Summary of Tax Study

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Shopping trends are being reported by Business Journals and Marketing Research Activities as changing based on gasoline price increases and shopping behavior changes. The change favors a trend toward freestanding shops and easy access malls and disfavors destination shops in downtowns and in enclosed malls. The rise in sales from the freestanding shops has occurred for a two-year period. ((MARKET WIRE) -- 04/21/2004

This data is supported by other studies, which suggest a change in shopping behaviors and the related changes, which are anticipated by continued economic effects of gas prices and increased cost of real estate, food, and other essentials.

The challenge for the business community is to plan using local data to support business decisions. The units of government, which are closest to the business community, can make adequate responses.

A key premise to government is that the more local the decisions are the more effective the community in its development and economic development. The need to drive decision making to the local level is encouraged by the use of tax incentives to provide the base for implementing the decisions of local governmental agents.

The tax base is a method of collecting monies for the use of governmental agents to implement planning. In the case of the Community Improvement Districts the use of special tax assessments against sales revenues has been a successful tool. The CID to provide for studies of the issues for a data based decision-making model can use the monies. The monies generated can also be applied to implementing the decisions of the CID.

Possible use of funds can include the engaging in development activities in conjunction with community development agents and business interests, Land banking to acquire land blocks for development use, the purchase of development credits to enable CID to compete for development opportunities, a rainy day fund to provide for contingencies such as infrastructure needs, or emergency needs.

The Special Sales tax rates as of 8/10/04 for Kansas City and surrounds suggest that the 3 trails CID is at .1225, while other districts are at a rate of .5 to 1.0. The most common rate is at .5.

The study on the tax rates would recommend that the tax rate be expanded to a .50 or a 1/2cent rate.

JACKSON COUNTY, MISSOURI
Taxes

Special Sales Tax 8/10/04

	3 TRAILS	39TH STREET	PERFORMING ARTS	JAZZ DISTRICT	M150	PLAZA
SALES	.1225	.500	1.000	.525	.500	.500

**Sales & Use Tax Rates (Includes City, County and State),
Second Quarter 2004***

	Blue Springs	Grandview	Independence	Kansas City	Lee's Summit	Raytown
SALES	6.475%	7.475%	6.850%	7.350%	7.350%	6.975%
USE	4.225%	4.225%	4.225%	6.660%	4.225%	4.225%

*These are "non-food" rates; for food purchases, subtract 3% from each community's rate.
Source: [Missouri Dept. of Revenue](#).

Introduction

The purpose of this study is to consider the issues associated with the current tax level and to ascertain at what level the current rate should be drawn. The issues associated with this study include the level of the 3 Trails Community Improvement District special sales taxes and the level of other similar units. The role of the CID and the ability to utilize such funds is based in its ability to advance the CID goals and objectives. This role includes the future requirement, which might be needed.

CID Role and Mission

The role of the CID is unique in that it is a special governmental creation to engage in development related activities for the benefit of the community it serves. Similar units are similarly constituted and are associated with special tasks such as performing arts, jazz, and retail development. The CID has as its focus the Bannister area, which has been in the process of transformation from a destination shopping center to a more loosely structured shopping, and business area. The multipurpose attraction of the area has to do with its geographic benefits. The location at the intersection of major transportation arteries and the businesses, which surround the area, provide a basis for multipurpose transformation of the area. The enhancements to date have considered the improvement of infrastructure and the reassertion of the historic transportation role of the area. The residential area and presence of apartments provide a native population of consumers with a wide variety of needs. The institutional presence of schools, and health care facilities provide further institutional support to residential quality of the area. All of these features relate to the development agenda. The mixed use model as a development goal is appropriate to the complex nature of the 3 Trails CID.

The CID is a governmental entity, which was created by the action of the Kansas City Council and given authority to address the issues of development in the area of the 3 Trails. The historic rationale for creating such units of government is that the issues of development are best addressed at the level closest to where the issues. The involvement of business leaders in making economic and development decisions on the basis of study and reflection are known to produce creative and efficient results.

The ability of the CID to efficiently achieve the goals of development suggests that there is a need for adequate funding. The development mission requires funds to implement plans and to attract the opportunities consistent with the goals and objectives. The special sales tax needs to be set at a level to provide support for the CID to efficiently perform.

Taxes

The current level of special sales tax for the 3 Trails CID is at .1225 or at a 1/8-cent rate. The rate when compared to other similar units is the lowest rate.

Special Sales Tax 8/10/04

	3 TRAILS	39TH STREET	PERFORMING ARTS	JAZZ DISTRICT	M150	PLAZA
SALES	.1225	.500	1.000	.525	.500	.500

The CID rates range from a level of .1225 to 1.00.

Total Sales Tax by County

METRO CITY	COUNTY	TOTAL SALES RATE	STATE SALES RATE	CITY SALES RATE	COUNTY SALES RATE
KANSAS CITY	CASS	7.850	4.225.	2.375	1.250
KANSAS CITY	CLAY	7.475	4.225	2.375	.0875
KANSAS CITY	JACKSON	7.350	4.225	2.375	.750
KANSAS CITY	PLATTE	7.975	4.225	2.375	1.375

The state of Missouri levies a 4.225% sales/use tax on purchases other than retail sales of food. Food is taxed by the state at 1.225%. The sales tax is applied to all retail purchases plus taxable services such as utilities sold at retail to the consumer. Counties in the metro area impose levies ranging from 0.75% to 2.0%. Local municipalities have levies that range from 0% to 3.375%. Local county and municipal sales taxes apply to food as well as other retail purchases. However, many local counties and municipalities do not impose any use tax above the state rate. Total sales taxes in the Missouri portion of the metro range from 4.975% to 8.60% for non-food purchases and from 1.975% to 5.60% for food. Total use taxes (non-food) range from 4.225% to 7.975%.

Sales & Use Tax Rates (Includes City, County and State), Second Quarter 2004 *

	Blue Springs	Grandview	Independence	Kansas City	Lee's Summit	Raytown
SALES	6.475%	7.475%	6.850%	7.350%	7.350%	6.975%
USE	4.225%	4.225%	4.225%	6.660%	4.225%	4.225%

*These are "non-food" rates; for food purchases, subtract 3% from each community's rate.
Source: [Missouri Dept. of Revenue](#).

Consumer Issues Influencing Sales

The Consumer studies suggest that over the past two years changes in the consumer behavior and psychology are resulting in consumers engaging in new shopping and entertainment trends.

Shopping trends are being reported by Business Journals and Marketing Research Activities as changing based on gasoline price increases and shopping behavior changes. The change favors a trend toward freestanding shops and easy access malls and disfavors destination shops in downtowns and in enclosed malls. The rise in sales from the freestanding shops has occurred for a two-year period. ((MARKET WIRE) -- 04/21/2004

This data is supported by other studies, which suggest a change in shopping behaviors and the related changes, which are anticipated by continued economic effects of gas prices and increased cost of real estate, food, and other essentials.

" ``We do think that there is some effect by the higher gas prices," Jeff Noddle, chief executive of Supervalu Inc., the owner of Shop 'n Save and Save-A-Lot supermarkets, said in an interview yesterday. There is ``some evidence of shopping patterns changing somewhat."

Customers are making fewer trips to Eden Prairie, Minnesota- based Supervalu's stores, instead buying more during each visit to prevent having to make a return trip, Noddle said. "
Washington ctorres2@bloomberg.net. Last Updated: October 15, 2004 15:36 EDT

The consumer changes may be reflected in the sales tax revenues experienced by the 3 Trails CID. The current trend is not considered to change but to increase in terms of affecting entertainment sales and large destination enclosed malls.

“The convenience store is the only sector across food, drug and mass retailing to draw more than half of all U.S. shoppers on a weekly basis: 54% of primary household shoppers visit a c-store weekly, according to Retail Forward's ShopperScape™. Most visits are prompted by the need to buy gasoline. In contrast, only 24% of shoppers venture into the store to buy merchandise.

During the next five years, Retail Forward anticipates the convenience store sector will undergo significant transformation:

- ***Alternative gasoline retailers will gain share. C-stores will feel growing pressure from alternative sources. Alternative outlets already capture an estimated 10% share of the gasoline market. Retail Forward projects this number will grow to 15% in the next five years given stated expansion plans and shifting consumer-shopping patterns.***
- ***Structural shifts will redefine the landscape. In the coming years, Retail Forward anticipates that fewer big oil companies will be directly involved in retail operations. Foreign players will continue to fortify their stronghold while smaller, weaker players and independents will shutter operations amid mounting competitive pressure.***
- ***Progressive convenience store operators must get more in tune with shopper needs. Consumers are changing their shopping and eating patterns: They want convenience, easy preparation, and more grab-and-go options. The convenience store industry is uniquely positioned to capitalize on these market trends-if stores can deliver a quick, clean, consistent and quality experience relevant to shopper needs and shopping occasions. Progressive c-store players seeking differentiation will implement new, different and innovative concepts to keep their offer fresh, relevant, and convenient.”***

Geographic Benefit

The 3 Trails CID is located in a transportation vortex, which allows it to benefit from several major highways and several major thoroughfares. These major connectors provide consumers an opportunity to shop on the way to lunch, or on the way to or from work. The use of shopping while en route to and from work or home appears to characterize the consumer patterns.

CID Special Sales Tax

A key premise to government is that the more local the decisions are the more effective the community in its development and economic development. The need to drive decision making to the local level is encouraged by the use of tax incentives to provide the base for implementing the decisions of local governmental agents.

The tax base is a method of collecting monies for the use of governmental agents to implement planning. In the case of the Community Improvement Districts the use of special tax assessments against sales revenues has been a successful tool. The CID to provide for studies of the issues for a data based decision-making model can use the monies. The monies generated can also be applied to implementing the decisions of the CID.

Possible use of funds can include the engaging in development activities in conjunction with community development agents and business interests, Land banking to acquire land blocks for development use, the purchase of development credits to enable CID to compete for development opportunities, a rainy day fund to provide for contingencies such as infrastructure needs, or emergency needs. Additional uses include the meeting the match requirement for state and federal grants, and in providing funds to supplement city funding to achieve CID goals. Example is the Roundabout located at 87th street.

Recommendation

The CID can expect to have budgetary pressures to engage in development goals for the 3 Trails CID areas. The budget should be drawn to outline expected outlays, to outline the expected increase in infrastructure issues, rainy day needs, and development costs which might include development credits, and land bank acquisitions.

The comparison of special tax rates in the area suggests that there is a range to the sales tax. The range does not appear to give an area an advantage in terms of pricing particularly if consumers are purchasing on the basis of ease of access and convenience in terms of location. The amount of tax consideration in this study would not provide an undue burden to consumer.

sumer

Consumer impact of 1/8 cent to 1/2 cent special sales tax

RETAIL	SALES @.1225	SALES@.25	SALES@.3725	SALES@.50
40.00	.05	.10	.15	.20
75.00	.09	.18	.27	.36
100.00	.12	.25	.37	.50

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APPENDIX

TAX TABLES

ARTICLES ON CONSUMER BEHAVIOR

Tax Table Comparison of rate scheme

Retail	CID1	CID2	CID3	CID4	
Special Sales tax	.1225	.25	.3725	.50	
Sales tax	7.475	7.475	7.475	7.475	
TOTAL	7.5775	7.725	7.8475	7.975	

Tax Table of Sales Taxes in surrounding areas

Sales Tax Rates in Selected Municipalities (%)		
	Sales	Use
KANSAS (1)		
Atchison, Atchison Co.	7.300	5.3
Bonner Springs, Wyandotte Co.	7.550	5.3
Gardner, Johnson Co.	7.400	5.3
Kansas City, Wyandotte Co.	7.550	5.3
Lawrence, Douglas Co.	7.300	5.3
Leavenworth, Leavenworth Co.	7.300	5.3
Leawood, Johnson Co.	7.525	5.3
Lenexa, Johnson Co.	7.525	5.3
Merriam, Johnson Co.	7.650	5.3
Olathe, Johnson Co.	7.525	5.3
Overland Park, Johnson Co.	7.525	5.3
Paola, Miami Co.	7.550	5.3
Prairie Village, Johnson Co.	7.400	5.3
Shawnee, Johnson Co.	7.525	5.3
Topeka, Shawnee Co.	7.450	5.3
MISSOURI (2)		
Belton, Cass Co.	7.975	4.225
Blue Springs, Jackson Co.	6.475	4.225
Cameron, Clinton Co.	6.725	5.225
Chillicothe, Livingston Co.	7.225	4.225
Concordia, Lafayette Co.	7.975	4.225
Excelsior Springs, Clay Co.	7.100	7.100
Gladstone, Clay Co.	7.350	7.350
Grandview, Jackson Co.	7.475	4.225
Independence, Jackson Co.	7.225	4.225
Kansas City, Clay Co.	7.475	7.475
Kansas City, Jackson Co.	7.350	6.600
Kansas City, Platte Co.	7.975	7.975
Lee's Summit, Jackson Co.	7.350	4.225
Liberty, Clay Co.	7.350	5.100

North Kansas City, Clay Co.	6.600	5.100
Raytown, Jackson Co.	6.975	4.225
Richmond, Ray Co.	7.225	4.225
St. Joseph, Buchanan Co.	7.475	4.225
Warrensburg, Johnson Co.	7.600	7.600

Changing Shopping Patterns and Rising Gas Prices Pose Challenge for Malls

COLUMBUS, OH -- (MARKET WIRE) -- 04/21/2004 -- The trend for shopping at free-standing

stores and less at malls coupled with the rising cost of gas present downtown and mall-based retailers with a sales challenge, according to the April Consumer Intentions and Action Survey from BIGresearch.

For the second year in a row the two venues that people say they're shopping at less than last year are downtown stores and enclosed shopping malls. Free-standing stores repeat as the most popular shopping destination.

Fueling this trend is the rising cost of gas, currently averaging \$1.81 a gallon nationwide. More than 56% of consumers say that prices ranging from \$1.75 to \$2.00 a gallon are causing them to cut back their spending, but those shopping at free-standing stores say they won't cut back as much as those shopping in other venues.

Consumer shopping patterns have been changing over the last several years. Free-standing stores have surpassed the malls and downtown areas in popularity," said Gary Drenik, president of BIGresearch. "The increased cost of gas will only encourage more people to look for locations closer to home for shopping, and make fewer trips to other types of stores."

If gas prices reach \$2, just 13.6% of consumers say they'll shop less than last year at free-standing stores while 47.7% in downtown shopping areas and 41% of malls.

Gasoline Prices will affect Entertainment

by: Jason Cunningham

It does not take a rocket scientist to know that rocketing effect of higher gasoline prices will affect the economy, especially an individual's entertainment spending. Gasoline prices throughout the United States, now average over \$2.00 a gallon. Something has to give, maybe only one night a week at the club or a reduction in eating out.

Let's all take a deep breath. If your tank is 10 gallons then that's twenty dollars a fill up on regular unleaded gasoline. If you have to fill up twice a week, that can equate to two to four hours of a work day, depending on your salary. If these gas prices continue, people will be cutting back, it's a natural reaction. Hopefully they will consider eliminating entertainment before reducing their retirement contributions.

If you were used to paying twenty-six dollars a week for gas, and now must shell out fifty-two, that will cost an extra \$1,352 a year in out of pocket expenses. That extra \$112.67 a month, you may have been depending on that for a special dinner, maybe an anniversary, or tickets for a concert. Some sacrifices are going to be made as a result of these higher gasoline prices. It may take a quarter or two to show a significant affect on the economy. Meanwhile some people may be staying at home this

U.S. Economy: Retail Sales Rise, May Fade on Oil (Update3)

Oct. 15 (Bloomberg) -- U.S. retail sales rose by the most in six months in September, as discounts generated the biggest jump in spending for autos in three years. The pace may slow as record oil prices weigh on consumer confidence and manufacturing.

Retail sales rose 1.5 percent, after a 0.2 percent decline in August, the Commerce Department said in Washington. Sales rose 0.6 percent excluding autos. While both figures exceeded median forecasts, pushing down bond prices and helping retailer shares, other reports suggested companies and consumers are cautious about the economic outlook.

“Our view is the fourth quarter is going to be OK but not as strong as the growth we had in the first half,” George Pipas, Ford Motor Co.’s manager of sales analysis, said in an interview.

A 71 percent surge in crude oil prices over 12 months and job growth that slowed from earlier this year may limit the pace of economic expansion. October consumer confidence fell to the lowest since April 2003, a private survey said. Factories in September trimmed production and received fewer orders this month, Federal Reserve reports showed.

“The drop in confidence suggests that the strength seen in today’s retail sales report may prove to be transitory,” said Christopher Low, chief economist at FTN Financial in New York. Oil prices rose between surveys for retail in September and confidence this month, he said.

Consumer confidence fell to 87.5 this month from 94.2 in September in a University of Michigan survey. The median forecast was 94 in a Bloomberg News survey.

Industrial Production

Industrial production in September rose 0.1 percent, less than expected, and the manufacturing component declined, the Federal Reserve said today. The Federal Reserve Bank of New York’s separate regional index, which offers the first clues to the performance of manufacturing in the month, fell to 17.4 in October from 27.3. Readings above zero indicate expansion.

Fed Chairman Alan Greenspan said in a speech that oil prices aren’t high enough to spark inflation and slow growth like the U.S. experienced in the 1970s.

“The impact of the current surge in oil prices, though noticeable, is likely to prove less consequential to economic growth and inflation than in the 1970s,” Greenspan said in the text of remarks to the National Italian American Foundation in Washington. “The risk of more serious negative consequences would intensify if oil prices were to move materially higher.”

This year, the rise in the cost of imported oil has amounted to about three-fourths of a percentage point of economic growth, he said.

Markets

“Oil is not as important to the economy as it once was, but it’s still very important. It takes a bigger price increase to have a significant effect on the economy, but we have had such a shock,” said Peter Morici, a business professor at the University of Maryland in College Park, Maryland. “We are getting to the point where it bites.”

U.S. Treasury notes fell for the first day this week after the higher-than-expected retail sales bolstered speculation that the Fed will stay on a path of what it calls “measured” interest rate increases. The

benchmark 10-year note due in August 2014 fell almost 1/4 point, pushing the yield to 4.05 percent at 3:30 p.m. in New York from 4.02 percent yesterday. Wal-Mart Stores Inc., the world's biggest retailer, rose 50 cents to \$52.60.

Inflation stayed tame in September as producer prices rose 0.1 percent, the Labor Department said today. Average New York crude oil prices rose 2.3 percent from August to \$45.93 a barrel in September. The price has since resumed its surge, reaching a record \$54.88 yesterday.

Election

Today's reports were released two days after president George W. Bush and Democratic challenger John Kerry squared off in the last of three debates before next month's election. Kerry, a four-term U.S. senator from Massachusetts, said Bush shortchanged the middle class on jobs, health care and taxes. Bush called his opponent's record and proposals "out of the mainstream."

General Motors Corp. and Ford were among automakers to attract customers with special financing and price breaks last month to help clear dealer lots.

"We don't like to see oil prices at this level," Paul Ballew, executive director of market and industry analysis at General Motors, in an interview. "It says a lot about the resiliency of the U.S. economy we've been able to weather this shock."

Economists expected retail sales would rise 0.7 percent last month after a previously reported drop of 0.3 percent in August, based on the median forecast of 72 estimates in a Bloomberg News survey. Sales excluding automobiles were expected to rise 0.3 percent after rising 0.2 percent in August.

Auto Sales

Retail sales account for almost half of all consumer spending, which accounts for about two-thirds of the economy.

Sales at automobile dealerships and parts stores rose 4.2 percent last month after falling 1.3 percent. Sales of cars and light trucks jumped to 17.5 million vehicles at an annual rate in September, a 5.4 percent increase from August, according to industry figures released Oct. 1. Auto sales last quarter were the strongest in a year.

"This all proves that if you discount enough, consumers are still willing to dig deep into their wallets," said Sherry Cooper, chief economist at BMO Nesbitt Burns Inc. in Toronto.

General Motors raised incentives by 6.1 percent last month to \$5,168 and Ford's rose by 5.6 percent to \$5,179, according to CNW Marketing Research, an industry group. General Motors, the world's largest automaker, reported yesterday its first loss from car manufacturing in North America in six years.

Hurricanes

Sales at general merchandise stores, which include department stores, rose 1.1 percent last month, the most since February, after falling 0.3 percent in August. Sales at clothing and accessory stores rose 0.8 percent after dropping 0.7 percent. Department stores sold 0.9 percent more merchandise than the month before.

Sales at building material and garden supply stores rose 1.4 percent, the most in six months, after a 0.7 percent increase in August. The jump may be due to purchases to brace for the three hurricanes that hit the southeastern U.S. last month, and to make repairs afterward, according to economists.

"You can't keep people out of the stores, especially when they need to shore up their homes in the face of hurricanes," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pennsylvania.

Shopping Patterns

The rising cost of gasoline and other forms of energy poses a threat for the economy in coming months as it siphons money from consumers' pockets, causing spending on other goods and services to slow. The average retail price for all grades of gasoline rose to \$2.04 a gallon in the week that ended Oct. 11, the highest in four months, according to figures from the Energy Department. The price reached a record \$2.10 a gallon in May.

"We do think that there is some effect by the higher gas prices," Jeff Noddle, chief executive of Supervalu Inc., the owner of Shop 'n Save and Save-A-Lot supermarkets, said in an interview yesterday. There is some evidence of shopping patterns changing somewhat."

Customers are making fewer trips to Eden Prairie, Minnesota- based Supervalu's stores, instead buying more during each visit to prevent having to make a return trip, Noddle said.

Consumer spending is projected to grow at a 3.1 percent annual pace this quarter compared with a 4 percent rise forecast for the third quarter, according to the median forecast of economists surveyed in a separate Bloomberg News survey earlier this month. The slowing will cause the economy to cool to a 3.8 percent pace of growth this quarter from 4 percent, the survey showed.

High fuel costs are coming at a time when employment gains are falling short of expectations. Employers added 96,000 workers to payrolls in September, the Labor Department reported Oct. 8. An average 103,000 people a month found jobs in the third quarter, compared with 204,000 a month in January through June.

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Transition from "Fuel and Fill-in" to "On-the-Go" Model Critical to Convenience Store Industry Future, New Retail Forward Study Reports

COLUMBUS, February 25, 2005-Progressive convenience store operators must work hard in the coming years to transform the box from a fuel and fill-in stop to one that is top of mind for immediate consumption and convenience-oriented service needs, Retail Forward reports in its recently published report, **Industry Outlook: Convenience Stores**.

Convenience stores enjoyed double-digit sales increases in the past two years largely due to spiking gasoline prices. Gasoline and cigarettes/tobacco continue to dominate the convenience store mix contributing to 78% of the sector's sales in 2003. In this new report, Retail Forward forecasts sector sales to grow at an average rate of 6% a year through 2008, much slower than the rapid pace of 12.6% a year experienced during the past five years.

"The competitive landscape, not to mention, consumer shopping and eating behavior, is rapidly changing," comments Sandy Skrovan, Retail Forward Vice President and report author. "The convenience store industry cannot afford to remain complacent while the competition eats its lunch," she continues. "Nor can it continue to rely on gasoline and tobacco to sustain its livelihood."

The convenience store is the only sector across food, drug and mass retailing to draw more than half of all U.S. shoppers on a weekly basis: 54% of primary household shoppers visit a c-store weekly, according to Retail Forward's ShopperScape™. Most visits are prompted by the need to buy gasoline. In contrast, only 24% of shoppers venture into the store to buy merchandise.

During the next five years, Retail Forward anticipates the convenience store sector will undergo significant transformation:

- **Alternative gasoline retailers will gain share.** C-stores will feel growing pressure from alternative sources. Alternative outlets already capture an estimated 10% share of the gasoline market. Retail Forward projects this number will grow to 15% in the next five years given stated expansion plans and shifting consumer shopping patterns.
- **Structural shifts will redefine the landscape.** In the coming years, Retail Forward anticipates that fewer big oil companies will be directly involved in retail operations. Foreign players will continue to fortify their stronghold while smaller, weaker players and independents will shutter operations amid mounting competitive pressure.
- **Progressive convenience store operators must get more in tune with shopper needs.** Consumers are changing their shopping and eating patterns: They want convenience, easy preparation and more grab-and-go options. The convenience store industry is uniquely positioned to capitalize on these market trends-if stores can deliver a quick, clean, consistent and quality experience relevant to shopper needs and shopping occasions. Progressive c-store players seeking differentiation will implement new, different and innovative concepts to keep their offer fresh, relevant, and convenient.

What Lies Ahead for Competitors and Suppliers

"As more convenience stores transition away from a fuel and fill-in stop toward a grab-and-go model, the channel increasingly will go toe-to-toe with entrenched quick-serve restaurants," Skrovan comments. "C-stores will need to increasingly leverage their core competency—convenience—to tap other immediate service needs of consumers currently filled by a variety of service-oriented establishments," she adds.

Convenience stores will turn to suppliers to assist them in driving traffic into the store and helping them establish a position as immediate consumption providers. "For suppliers, this may mean different products, marketing and merchandising techniques than currently offered today and it could also mean new competition, as c-stores will seek suppliers who can help them foster a new image.