

THE 15-MINUTE NEIGHBORHOOD

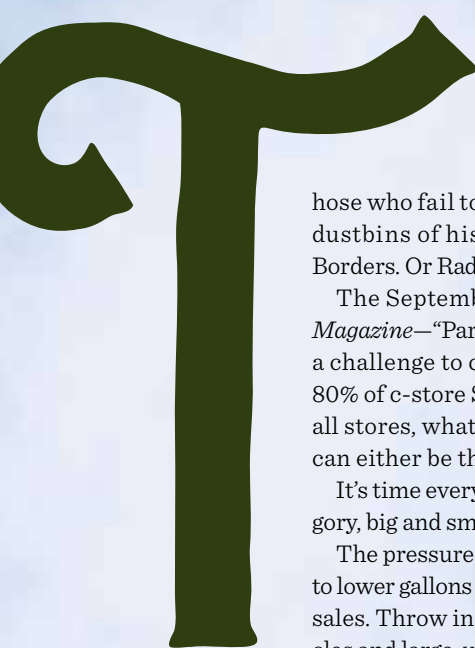

By John W. Martin and Matt Thornhill





The evolution from 24-hour one-stop shops to
24-hour neighborhood centers.





those who fail to plan for tomorrow end up in the dustbins of history. Just ask Blockbuster. Or Borders. Or Radio Shack.

The September 2017 cover story of *NACS Magazine*—“Pardon the Interruption”—ended with a challenge to convenience store leaders: “With 80% of c-store SKUs essentially the same across all stores, what are you doing to stand out? You can either be the disruptor, or be disrupted.”

It’s time everyone in the convenience store category, big and small, got serious about tomorrow.

The pressure is building as traffic is declining due to lower gallons of gas pumped and declining tobacco sales. Throw in the coming waves of electric vehicles and large, ubiquitous fleets of autonomous cars operated by the likes of Google and Uber, and we’ll see many “Blockbusted” convenience stores ahead.

There’s no reason to be mystified, stymied or flummoxed over this coming sea change. The good news is that the industry has time to prepare and reinvent itself. The future for convenience stores is not more of the same. You’ll need to change. The question is when and how.

Be More Convenient

For the last century, human beings have been on the move from rural to urban areas. The United Nations predicts that 66% of the world’s population will live in urban areas by 2050 (up from 30% in 1950). Already, 82% of the population of North America lives in urban areas.

Let’s be clear, though, “urban areas” doesn’t mean “downtown.” It means the entire metropolitan area surrounding the urban core. The trend we’re seeing in the data, and in preferences by consumers, is to live where everything about their lives—home, work, play, retail, services, health care—is convenient, or within about 15 minutes in travel time. Travel can be walking, biking, driving, catching an Uber or Lyft, or

using transit. This is called the “15-minute livable” lifestyle or community.

Americans apparently are tired of spending time in their cars just to commute to work, or run errands. People want to live in an area that is more convenient.

In a national study for the office of the Secretary of Transportation for the Commonwealth of Virginia, we surveyed people around the United States who moved, or were considering moving, more than 100 miles, and found that 8 in 10 agree with the statement: “Having access to stores, restaurants and services close to my home (within about 15 minutes) is very important to me.” In fact, it was the most important attribute they considered when thinking about a new place to live. The second-ranked attribute was living about 15 minutes away from work.

Urban planners are now hard at work creating such 15-minute livable communities or “activity centers” across metropolitan landscapes, some by going back and filling in available space. Activity centers are a shift away from the suburban sprawl of the last 50 years, which created thousands of look-alike tracts of cul-de-sac neighborhoods connected by sidewalk-free multilane boulevards, lined with big box retailers and acres of parking lots.

But the 15-minute livable community isn’t just about living downtown. Such communities can be outside of major metros, even in small towns across America. Everyone wants to be in neighborhoods where life is more convenient. How much more convenient? We already have Amazon Prime two-day shipping practically everywhere, and goPuff testing in two dozen cities. (Their tagline: “Goodbye, Convenience Store. Hello, goPuff.”) With drones sure to follow, convenience is the price of entry.

So what does this mean for the local convenience store? Obviously, you’ll need to become even *more* convenient. In today’s time-starved

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world, consumers in every community will want their convenience store to be even more than it is today.

But what does *more* mean? Think like a rural convenience store. Rural stores already realize the need to be a robust resource in their community and, as a result, stock a different range of products and offer more services than a typical convenience store—all to keep the customer from having to go elsewhere.

Are you near a transit stop? Could you make your lot available as a pick-up place for Uber and Lyft, which offer rides home for transit riders? Could you partner with a local dry cleaner for pick-up/drop-off services? Could the local brewpub sell growlers at your store? How about packing and shipping services?

What else can or should you be offering to make yourself more convenient and relevant to today's consumer? Frictionless payment options? Delivery via UberEATS? It's critical to up your game when it comes to convenience.

That's step one.

Be More Neighborly

Step two is to tap into an emerging mindset in America: Be more neighborly.

For decades, America has been growing more and more polarized, especially politically. But a cultural change is getting under way and it will influence life in America for the next 20 or more years. And it's a good thing.

The two drivers of this shift are the millennial generation and America's growing diversity.

First, even though America appears to be ripping itself apart politically, at this same point in history we're seeing the rise of the "we"-minded millennial generation, or people between the ages of 16 and 34 in 2017. Their mindset is all about working together, collaborating and focusing on the common good, not individualism. Millennials are seemingly hard-wired to be all about community.

Practically all 84 million millennials believe they are "special" (thanks in part to daily reminders from Mom and Dad). And while they think they are unique and special, they firmly believe everyone else is also special—in their own way. That means millennials have created a world where everyone is special, which means everyone has value, and everyone has a place. No one is above anyone else, and no one should be left out. All are special and included. The "we" generation is here.

Second, in the last several decades, American society has grown more and more diverse. What once was a binary choice is now multiple choice:

- Men/women are just endpoints on a fluid gender continuum.
- Old/young has given way to four or more generations.
- Race and ethnicity choices come in at least 31 Baskin-Robbins-like flavors.
- Sexual orientation went from gay or straight to LGBTQ, and with more letters TBD.

Even social uprisings are no longer for or against a particular thing, but for or against a multitude of causes and issues. All in the same march—protesting separate issues, but doing so together. We have gone from having a simple majority, which ruled, to a collection of individual identities. All of which are valid.

These two factors—the emerging millennial "we" culture, plus growing societal diversity, add up to a future that will be pluralistic. Pluralism is "a condition or system in which two or more states, groups, principles, sources of authority, etc.,

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coexist." More than that, pluralism reflects the America we have become.

When one views America as a "melting pot," it means *anybody* can come and become American. But today, maybe a more accurate metaphor is that America has become a bento box, the Japanese multi-compartmented tray where there's a separate place for all the elements of a meal. America the bento box means *everybody* has a place in America—every identity, race, nationality, religion, income level, mindset and orientation.

In a pluralistic America bento box, everyone can find a place to belong and there won't be much melting. But—and it's a big BUT—that's okay as long as we come to accept that we're all in the box together. All of our identities coexisting is what makes America what it is.

This attitude that we're all different but we all belong has already started in cities, where millennials are clustered and diversity is evident and accepted. Over time it will spread throughout the fruited plain, which remains somewhat homogeneous.

This trend toward pluralism provides convenience stores a huge tailwind. Convenience stores are already one of the most blended and universally welcoming retail environments in America, where anyone can work and everyone shops. This shift toward pluralism creates a bigger opportunity to be even more neighborly. Effectively, convenience stores can be the "big tent" in the neighborhood, or community, where anyone who is able can work, anyone can visit, and everyone is welcome.

Being more neighborly means focusing on what your local market wants or needs from you. For example, Starbucks has community bulletin boards. Very neighborly. Could that work for you?

Just Be More

The opportunity to be more convenient and more neighborly offers a path toward continued relevance for the channel. Think about it, the convenience store channel has been constantly evolving since 1927 when the Southland Company started selling eggs, milk and bread at their icehouses. It's time to rethink today's mindset of being 24-hour one-stop retailers that primarily offer convenient access to tobacco, snacks, beverages and fuel. The winners tomorrow will realize they need to be 24-hour one-stop retailers that are also 15-minute neighborhood centers—all the while providing convenient access to fresh, healthy food, beverages and relevant local services.

The imperative is to start looking at products and services you can add to the mix, customized to your location and neighborhood, to meet the consumer desire to live more convenient lives. And to do it in a way that makes your convenience store a place where everyone belongs.

Remember all business is local, and being more convenient and more neighborly requires a local mindset. Being "more" will ensure your relevance for years to come. **NACS**



John W. Martin and **Matt Thornhill** of SIR's Institute for Tomorrow share insights on the key demographic trends impacting convenience stores. This is the second in a series of regular articles to appear in *NACS Magazine* on what convenience stores need to do today with employees and customers to win tomorrow.