



Cigarettes Generate Big Revenue for Convenience Stores

Analysis of 2013 State of the Industry Report



The Association for Convenience & Petroleum Retailing (NACS) is an international trade association that represents convenience and fuel retailers. NACS releases an annual report on product sales, store operations, motor fuel and other topics of interest to the convenience store industry. This report is important to the tobacco control community because it includes figures about cigarette and tobacco product sales at convenience stores, which demonstrate just how lucrative selling tobacco can be. This fact sheet highlights data from the 2013 State of the Industry Annual Report of 2012 data. Please note, all of these numbers are national averages for 2012 data, not California specific.

Cigarettes Are the Number One Product Sold at Convenience Stores and Generate \$622,248 in Sales

- Cigarettes accounted for 36.27% of sales inside convenience stores in 2012, by far the number one product. Non-alcoholic packaged beverages were second, with only 14.74% of inside sales.
- This number is a slight decrease from 2011, when cigarettes accounted for 37.73% of sales.
- Average sales of cigarettes per store were \$622,248, a decrease of 0.91% from 2011. This figure is almost \$370,000 higher than any other product's per store average.
- Other tobacco products were the fourth best selling product, accounting for 4.38% of inside sales with average sales of other tobacco products per store at \$78,864, a decrease of 6.48% from 2011.
- Smokeless tobacco products make up 61.09% of other tobacco product sales, followed by cigars at 32.11%.

Cigarettes Generate 16.74% of Gross Margin and Are a Very Important Product for Convenience Stores' Bottom Line

- Convenience stores were the top sellers of cigarettes nationwide. According to this report, in 2012, 86.2% of total cigarette sales were made at convenience stores.
- Other tobacco products were the most common item found in stores, with 99.56% of stores selling them. This is significantly higher than its fifth place standing last year. Cigarettes were sold in 99.09% of stores, the sixth most common item found in stores.
- The average gross margin dollars per store for cigarettes was \$88,908.
- While cigarettes were the top selling product, they rank second in gross margin dollar contribution. Cigarettes contributed 16.74% of the average gross margin dollars per store, ranking behind non-alcoholic packaged beverages which were first at 18.78% and \$99,708.

What This Means for Local Tobacco Retailer Licensing Ordinances

Convenience store owners and other cigarette retailers often oppose efforts to enact strong local tobacco retailer licensing ordinances, which 107 cities and counties in California have adopted (as of June 2013) in order to reduce illegal sales of tobacco products to minors. A strong local tobacco retailer licensing ordinance requires all tobacco retailers to obtain a license with an annual renewal fee and includes enforcement efforts that result in the suspension of a retailer's license for selling tobacco products to minors. The State of the Industry Report shows just how lucrative selling cigarettes is to convenience stores. It is a product that accounts for more than a third of sales inside convenience stores and generates more than \$622,248 in sales for the average convenience store. Being unable to sell cigarettes for a month or longer due to a suspended license would be very detrimental to the bottom line of any store.

Sources: The Tobacco Education Clearinghouse of California (TECC) has a copy of the 2013 State of the Industry Report available for checkout. Call (800) 258-9090 to borrow the report.

The Center has many other resources related to local tobacco retailer licensing ordinances, including a matrix of communities with strong local licensing ordinances and a fact sheet on the effectiveness of local licensing efforts, available at www.Center4TobaccoPolicy.org/localpolicies-licensing.