

Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"Dollar stores are faring well, housed within the subcategory of "other general merchandise" stores which is the fastest growing sector within this category. Opportunities for improvement exist around in-store experiential retailing, e-commerce, grocery and overall quality perceptions."

- Diana Smith, Associate Director - Retail & Apparel

This report looks at the following areas:

- General merchandise stores ringing up billions
- Running a profitable e-commerce operation is fraught with challenges
- Lingering perception issues persist

For the purposes of this report, dollar stores are defined as retailers selling deeply discounted merchandise including name brand and private label products such as food, household supplies, health and beauty care, and more, typically ranging in price from \$1-20. Some dollar stores are known as single-price stores, offering one price for all merchandise in stores. Dollar stores include but are not limited to:

- Family Dollar
- Dollar General
- Dollar Tree
- 99 Cents Only
- Fred's
- Five Below

Note the market size used in this report sources revenues from "other general merchandise stores" as mentioned above. See Appendix – Data Sources and Abbreviations for more details. This report builds on the analysis presented in Mintel's Dollar and Discount Store Retailing – US, August 2013.

BUY THIS REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

_{АРАС} +61 (0) 2 8284 8100

EMAIL: reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview	
What you need to know	
Definition	
Executive Summary	
The issues	
General merchandise stores ringing up billions Figure 1: Total US sales and fan chart forecast of other general merchandise stores*, at current prices, 2011-21	
Running a profitable e-commerce operation is fraught with challenges Figure 2: Attitudes toward online shopping at dollar stores, by generation, September 2016	
Lingering perception issues persist Figure 3: Reasons for not shopping at dollar stores, September 2016	
Figure 4: Openness to shopping at dollar stores, September 2016	
The opportunities	
Not just for low income shoppers Figure 5: Changes in shopping the channel, by household income, September 2016	
Go beyond price; from transactions to experiences Figure 6: Select shopping behaviors and attitudes regarding dollar stores, September 2016	
Build up grocery Figure 7: Attitudes toward food and name brands, by core demographics, September 2016	
What it means	
The Market – What You Need to Know	
Poised for growth	
Affinity is high	
Store expansion leads to increased accessibility	
Market Size and Forecast	
Sector propels forward as Americans seek value Figure 8: Total US sales and fan chart forecast of other general merchandise stores*, at current prices, 2011-21 Figure 9: Revenues of other general merchandise stores*, at current prices, 2011-21	

Market Perspective

Low share, high growth

Figure 10: Revenues of general merchandise stores*, by type, at current prices, 2011-16

Staying relevant: easier said than done

Figure 11: Retailers shopped for household/personal care needs, August 2015

Figure 12: Planned retailer types for 2016 winter holiday shopping, by select demographics, May 2016

Figure 13: Grocery purchase incidence, August 2016

Market Factors

BUY THIS REPORT NOW



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Younger generations more likely to favor dollar stores Figure 14: Population by generation, 2011-21

America continues to diversify

Figure 15: Population by race and Hispanic origin, 2011-21

Value-centric mentality leads to changes in path to purchase

Rising wages could boost the channel

Figure 18: Median household income, in inflation-adjusted dollars, 2004-14

Macroeconomic factors continue to impact the market

Low food costs good for consumers, but challenges retailers

Consolidation rocks the industry; increases access

Key Players – What You Need to Know

Same basic proposition, but many business model executions

Profitable e-commerce is a challenge

Dollar stores must evolve for the modern day shopper

What's Working?

Growth seen category-wide

Dollar General overview

Figure 20: Dollar General storefront, greater Knoxville, Tennessee, November 2016

Figure 21: Fiscal year revenues of Dollar General stores, at current prices, 2011-15

Figure 22: Percentage of net sales by major product group, Dollar General, at current prices, fiscal year 2015

Figure 23: Dollar General store merchandise, greater Knoxville, Tennessee, November 2016

Figure 24: Dollar General in-store hiring promotion, greater Knoxville, Tennessee, November 2016

Dollar Tree Inc. (corporate) overview

Figure 25: Fiscal year revenues of Dollar Tree Inc., at current prices*, 2011-15

Figure 26: Percentage of net sales by major product group, Dollar Tree, fiscal 2015

Figure 27: Dollar Tree exterior and interior, Chicago, Illinois, November 2016

Figure 28: Percentage of net sales by major product group, Family Dollar, fiscal 2012-14

Figure 29: Family Dollar exterior and interior, Chicago, Illinois, November 2016

99 Cents Only overview

Five Below overview

Figure 30: Fiscal year revenues of Five Below, at current prices, 2011-15

Figure 31: Percentage of net sales by major product group, Five Below, fiscal 2013-15

Fred's overview

Figure 32: Fiscal year revenues of Fred's, at current prices, 2011-15 Figure 33: Percentage of net sales by major product group, Fred's, fiscal 2013-15

What's Struggling?

Keeping it "old school"; online operations not a main priority Figure 34: E-commerce overview of leading dollar store retailers, November 2016

BUY THIS REPORT NOW



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Why is e-commerce not more of a priority?

Hollar's entry raises the stakes

Figure 35: Attitudes toward online shopping at dollar stores, by generation, September 2016

What's Next?

Going beyond price

Mobile solutions

Figure 36: Coupon and mobile phone usage, by age, September 2016

In-store experiences

Figure 37: Select shopping behaviors and attitudes, September 2016

The Consumer – What You Need to Know

Dollar stores broaden appeal

Appeal extends to the upper echelon

Need to ramp up grocery

"I've never thought about it"

Retailers Shopped

Three out of four shop at dollar stores Figure 38: Retailers shopped, September 2016

Figure 39: Dollar Tree shopper profile, by select demographics, September 2016

Figure 40: Dollar General shopper profile, by select demographics, September 2016

Figure 41: Family Dollar shopper profile, by select demographics, September 2016

Time Spent Shopping

Nearly half of shoppers spend 15 minutes or less at dollar stores

Figure 42: Time spent shopping, September 2016

Figure 43: Time spent shopping, by dollar store retailers shopped, September 2016

Changes in Shopping the Channel

Nearly one third shopping more often at dollar stores

Figure 44: Changes in shopping the channel, September 2016

Dollar stores attracting more affluent customers

Figure 45: Changes in shopping the channel, by household income, September 2016

Millennials flock to dollar stores

Figure 46: Changes in shopping the channel – Shopping more, by generation, September 2016

Shopping Frequency

Frequency needs to increase

Figure 47: Shopping frequency, September 2016

Men and upper income 18-34s shop more frequently than all shoppers

Figure 48: Shopping frequency, by gender and age, September 2016

Figure 49: Shopping frequency, by age and household income, September 2016

BUY THIS REPORT NOW



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Dollar Tree shoppers are the least frequent dollar store shoppers in general Figure 50: Shopping frequency, by retailers shopped, September 2016

Customer Segmentation – Engagement Levels

High Engagement (HE)

Average Engagement (AE)

Low Engagement (LE)

Figure 51: Consumer segmentation groups, by select demographics, September 2016

High engagement observed at all listed retailers

Figure 52: Retailers shopped, by engagement level, September 2016

Categories Purchased

Consumables most popular items

Figure 53: Categories purchased, September 2016

Trip drivers vary by race

Figure 54: Categories purchased, by race and Hispanic origin, September 2016

Nearly half of shoppers buy at least four types of items

Figure 55: Repertoire of items purchased, September 2016

Parents are buying at a higher rate

Figure 56: Repertoire of five or more items purchased, by select demographics, September 2016

More needs, more time spent shopping

Food/Beverage Items Purchased

Pressuring convenience stores; top items sold for immediate consumption

Figure 57: Food/beverage items purchased at dollar stores, September 2016

Two out of five food shoppers buy at least five items

Figure 58: Repertoire of food and beverage items purchased, September 2016

Open to culinary suggestions

Figure 59: Attitudes toward technology and shopping, by key demographics, August 2016

Figure 60: Attitudes toward food and name brands, by key demographics, September 2016

Shopping Habits

Nearly four in 10 love to shop at dollar stores

Figure 61: Percentage who love shopping at dollar stores, by age and household income and engagement level, September 2016

'Highly engaged' with technology

Figure 62: Shopping habits at dollar stores, by level of engagement, September 2016

Coupons are influential, but not a key trip driver

Figure 63: Food/beverage items purchased, by shopping habits, September 2016

Figure 64: Family Dollar Smart Coupons in-store signage, Chicago, Illinois, November 2016

Figure 65: Dollar General in-store coupon signage, greater Knoxville, Tennessee, November 2016

Convenience is a key driver

Figure 66: Tendency to shop by proximity, by area, September 2016

BUY THIS REPORT NOW



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Attitudes toward Dollar Stores

Advantage - Shoppers see great ROI

Figure 67: Price-related attitudes toward dollar stores, by generation, September 2016

Figure 68: In-store signage featuring sales, Dollar General greater Knoxville, Tennessee (left) and Family Dollar in Chicago, Illinois (Right), November 2016

Opportunities - Expanded foods and innovation

Figure 69: Consumer expectations of dollar stores, by adults 18-34 with \$75K+ HHI, September 2016

Threats - Consumer confusion and abandonment

Figure 70: Potential risks for dollar stores, by key demographics, September 2016

Reasons for Not Shopping at Dollar Stores

Perceptions of poor quality and selection top barriers to entry

Figure 71: Reasons for not shopping the channel, September 2016

Now for some good news...

Figure 72: Openness to the channel, September 2016

Figure 73: Reasons for not shopping, by openness to the channel, September 2016

Appendix – Data Sources and Abbreviations

- Data sources Sales data
- Fan chart forecast Consumer survey data Abbreviations and terms Abbreviations Terms **Appendix – Market** Figure 74: Revenues of general merchandise stores*, at inflation-adjusted prices, 2011-21 Figure 75: Population by generation, 2011-21 Figure 76: Median household income, by race and Hispanic origin of householder, 2015 Figure 77: Hispanic Labor Force Participation and Unemployment Rate, October 2016

 - Figure 78: Black Labor Force Participation and Unemployment Rate, October 2016
 - Figure 79: GDP change from previous period, Q1 2007-Q2 2016
 - Figure 80: Disposable Personal Income change from previous period, January 2007-August 2016
 - Figure 81: Consumer confidence and unemployment, 2007-September 2016
 - Figure 82: US gasoline and diesel retail prices, January 2007-September 2016

Appendix – Key Players

Merchandise Definitions Dollar Tree Family Dollar Dollar General Five Below

BUY THIS REPORT NOW



Report Price: £3199.84 | \$3995.00 | €3775.81

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Fre	d′s
His	torical sales information
	Figure 83: Fiscal year revenues of Dollar Tree, at current prices, 2012-15
	Figure 84: Fiscal year revenues of Family Dollar, at current prices, 2012-14
Арреі	ndix – Consumer
	Figure 85: 99 Cents Only shopper profile, by select demographics, September 2016
	Figure 86: Five Below shopper profile, by select demographics, September 2016
	Figure 87: Fred's shopper profile, by select demographics, September 2016
	Figure 88: Time spent shopping at dollar stores, by repertoire of items purchased, September 2016
	Figure 89: Dollar stores shopped, past three months, August 2011-16
	Figure 90: Dollar stores purchased at, past four weeks, August 2011-16
	Figure 91: Resources always referred to while shopping, by select stores, July 2015-August 2016
	Figure 92: Resources sometimes referred to while shopping, by select stores, July 2015-August 2016

BUY THIS REPORT NOW