

## Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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



“Attributes such as quality standard marking, food traceability and low food miles/freshly produced on-site can all be compelling reasons for shoppers to favour specialists and eschew the mainstream retailers.”

– Chris Wisson, Senior Drinks Analyst

### This report looks at the following areas:

- The importance of the online channel to specialists
- Specialists and the supermarket price wars
- Is the horsemeat scandal still benefiting the specialists?
- How can specialists compete with c-stores more effectively?

The specialist food and drink grocery market continues to see modest growth, with turnover reaching over £10 billion in 2014. The number of specialist stores has been broadly declining for a number of years. This is a likely result of the rising business rates in many city centres and increased competition within the food and drink retail sector, leading to the growth of many online operators and a rejuvenation in food box deliveries such as HelloFresh and Graze.

The category saw an upturn in fortunes in the wake of the horsemeat scandal in early 2013 as food transparency became more important to many consumers. It has also benefited from the increasing trend for consumers to do less of their main shopping at supermarkets, instead looking towards top-up shopping trips. However, specialists are being overshadowed by the performance of convenience stores which are often doing a better job of securing the business of top-up shoppers, with the online channel and continued growth of the ‘discounters’ adding further competition.

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[reports@mintel.com](mailto: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

# Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## Table of Contents

### Introduction

- Definition
- Financial definitions
- Abbreviations

### Executive Summary

#### The market

##### Food and drink specialists' sales remain relatively flat

Figure 1: Forecast of UK value sales of food and drink via specialist retailers, 2009-19

#### Market factors

##### Inflation continues to drive grocery prices down

##### The 'savvy shopper' remains commonplace

##### Population changes should benefit specialists

##### A shrinking pub landscape has contributed to the growth of c-stores

#### The consumer

##### Bakers and butchers are the most popular types of specialists

Figure 2: Specialist food and drink retailers used in the last 3 months, December 2014

##### Specialist retailers can appeal by leveraging unique produce

##### Food specialists fall down on cost comparisons

Figure 3: Perceptions of food and drink specialists versus supermarkets, December 2014

##### Cost is the key barrier to usage of specialists

Figure 4: Factors that would encourage more shopping at food and drink specialists, December 2014

#### What we think

### Issues and Insights

#### The importance of the online channel to specialists

##### The facts

##### The implications

#### Specialists and the supermarket price wars

##### The facts

##### The implications

#### Is the horsemeat scandal still benefiting the specialists?

##### The facts

##### The implications

#### How can specialists compete with c-stores more effectively?

##### The facts

##### The implications

### Trend Application

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
 CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
 EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Return to the Experts

Locavore

Accentuate the Negative

## Market Drivers

Key points

**Inflation continues to drive prices down**

Figure 5: Consumer prices: Annual % change, January 2012-January 2015

Figure 6: Annual consumer prices inflation (food, beverages, tobacco) versus annual growth in grocers' sector sales, 2009-14

**The 'savvy shopper' remains commonplace**

Figure 7: Percentage of 20-34-year-olds living with their parents in the UK, by age group, 2004-13

Figure 8: Consumers' financial health, December 2014

Figure 9: Financial confidence index, 2009-2015

Figure 10: Grocery shopping habits, December 2014

**Food labelling information was under scrutiny prior to the horsemeat scandal**

Figure 11: Retail value and volume sales of selected UK food categories, 52 weeks to December 2012 and to April 2013

**An ageing population should benefit the specialists market**

Figure 12: Projected trends in the age structure of the UK population, 2014-19

**A shrinking pub landscape has contributed to the growth of c-stores**

## Strengths & Weaknesses

Strengths

Weaknesses

## Market Size and Forecast

Key points

**Food and drink specialists' sales remain relatively flat**

Figure 13: UK food and drink value sales via specialist retailers, at current and constant prices, 2009-19

Figure 14: Forecast of UK value sales of food and drink via specialist retailers, 2009-19

**Focus on online specialist sales**

Figure 15: Forecast of UK value sales of online food and drink via specialist retailers, 2009-19

Figure 16: UK online value food and drink sales via specialist retailers, at current and constant prices, 2009-19

Figure 17: Online shares of grocery sales: major supermarkets/multiple grocers vs specialists, 2009-19

Forecast methodology

## Channels of Distribution for Food, Drink and Tobacco

Key points

**Major supermarkets dominate but are seeing their share eroded**

Figure 18: Estimated sales of food, drink and tobacco (excluding vat), by type of retailer, 2009-14

Figure 19: Estimated sales of food, drink and tobacco, by type of retailer, 2014

**Food and drink specialists are falling in number**

Figure 20: Number of food and drink specialists, 2008-13

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

## Butchers are the most prevalent food specialist

Figure 21: Share of food and drink specialists turnover, 2013

## Companies and Products

Figure 22: Major specialist or regional food retailers' financial performance (excluding vat) and outlet numbers, 2011-14

Figure 23: Major specialist or regional food retailers' financial operating performance, 2011-14

### Greggs

Background and company information

Financial performance

Figure 24: Greggs financial performance, 2011-14

Recent activity

NBTY (Holland & Barrett/GNC)

Background and company information

Financial performance

Figure 25: Holland & Barrett Retail financial performance, 2012 and 2013

Recent activity

Majestic Wine

Background and company information

Financial performance

Figure 26: Majestic Wine Warehouse financial performance, 2011-14

Recent activity

Thorntons

Background and company information

Financial performance

Figure 27: Thorntons financial performance, 2013-14

Recent activity

Direct Wines

Background and company information

Financial performance

Figure 28: Direct Wines financial performance, 2011-14

Recent activity

The Wine Society

Background and company information

Financial performance

Figure 29: The Wine Society financial performance, 2011-14

Abel & Cole

Background and company information

Financial performance

Figure 30: Abel & Cole financial performance, 2011-14

FARMA

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

# Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Background and company information

## Who's Innovating?

Selected NPD activity

Drinks retailers

Butchers and Greengrocers

Bakeries and Confectioners

Health stores

## The Consumer – Usage of Food and Drink Specialists

Key points

Bakers and butchers are the most popular types of specialists

Figure 31: Specialist food and drink retailers shopped at in the last 3 months, December 2014

Limited usage of other specialist stores

Most drinkers prefer to buy alcoholic drinks from supermarkets

Figure 32: Repertoire of types of specialist retailers used, December 2014

Specialist stores are most widely used to top up the main shop

Figure 33: Specialist retailer shopping habits, December 2014

## The Consumer – Shopping at Specialist Retailers

Key points

Specialist retailers can appeal by leveraging unique produce

Figure 34: Shopping at food and drink specialists, December 2014

Convenience also shapes usage of specialists

The inconvenience of 'shopping around'

## The Consumer – Comparison of Food and Drink Specialists vs Supermarkets

Key points

Food specialists fall down on cost comparisons

Figure 35: Perceptions of food and drink specialists versus supermarkets, December 2014

Staff can also be a USP for specialists

The convenience of specialists

## The Consumer – Boosting Visits to Food and Drink Specialists

Key points

Cost is the key barrier to usage of specialists

Figure 36: Factors that would encourage more shopping at food and drink specialists, December 2014

Access and convenience are also potential enticements

Figure 37: Main benefits of shopping online, December 2014

Range and quality of goods are additional ways of boosting business

## Appendix – Market Size and Forecast

Figure 38: Best- and worst-case forecasts for the UK food and drink specialists market, by value, 2014-19

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)

## Specialist Food and Drink Retailers - UK - March 2015

Report Price: £1750.00 | \$2834.04 | €2223.04

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

Figure 39: Best- and worst-case forecasts for the UK online food and drink specialists market, by value, 2014-19

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [reports@mintel.com](mailto:reports@mintel.com)