

Sandwich Shop Retailing - UK - January 2010

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What is this report about?

Estimated to have reached £1.85 billion in 2009, sandwich shops' sales grew by 8% against 2008 and by 66% since 2005. The impressive growth comes on the back of rapid expansion by the leading operators. Their combined store numbers increased by around 1,100, or by nearly half, over the period.

The sector appears to have held its ground relatively well in the recession despite intense competition from non-specialists, such as coffee shops and grocery stores. However, it is the homemade sandwich that represents the main challenge for sandwich shops, with two in five adults saying it's pointless to buy one that could be made at home, and an equal number seeing bought sandwiches as over-priced.

What have we found out?

- The market potential of healthy sandwiches is not being fully exploited. Three in ten sandwich buyers seek out such sandwiches, yet, low fat variants accounted for just 7% of new launches in 2009.
- Starting to provide nutritional information could open a market of nine million people to sandwich shops. Unlike the supermarkets, very few sandwich shops currently offer nutritional information, despite one in four sandwich buyers seeing it as important.
- Sandwiches made on the spot provide a means to attracting the 17m people who prefer on-the-spot to pre-packed ones. Three million affluent consumers would pay more for the former, suggesting a sizeable niche for premium, tailor-made sandwiches.
- Product innovation and new launches are in demand even in the price-focused market: eight million people in this group like to try new ingredients or flavours, including 2.3m 25-34-year-olds.
- Cupcakes, chocolate brownies and other tempting treats could provide a sizeable added revenue stream for sandwich shops: 3.3m 16-34-year-olds buy themselves small treats even when saving money and five million usually buy such added extras at the same shop.
- Meal deals could drive sales among the 16-24-year-olds as 40% of this group say they have cut back on spending on lunch, and are looking out for meal deals.

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