

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

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

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
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

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

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

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

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

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

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

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
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