

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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



“Growth in the convenience sector accelerated for the third consecutive year, in part driven by inflation. However, it was the structural changes, both through acquisitions and failures, which made it a defining year for the sector.”

– Nick Carroll, Senior Retail Analyst

This report looks at the following areas:

The increased power of the multiples in the market is likely to be both beneficial to those who find themselves now supplied by some of the biggest names in the grocery sector, but equally challenging to those outside of these new organisations.

- **Consolidation-on-consolidation: the future of supply and own-brand in c-stores**
- **Healthy eating in c-stores: From food-to-go, to top-ups do retailers need to up their health offering?**
- **Deliveroo and Co-op: Is this the solution to shatter the glass ceiling to online for the sector?**

**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

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

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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
Products covered in this Report

Executive Summary

The market

Rising inflation a key trend of 2017

Figure 1: Average weekly earnings growth vs CPIH inflation, January 2014-February 2018

Growth in the convenience sector accelerates for the third consecutive year

Figure 2: Convenience store market size, including VAT, 2012-22

The convenience sector accounts for around a quarter of all grocery sales

Figure 3: Estimated breakdown of the grocery sector (inc-VAT), 2012-17

Companies and brands

Tesco the largest player, a position only consolidated by the merger with Booker

Figure 4: Estimated C-store market shares (ex-vat), 2016 and 2017

Multiples give far more space to fresh-food

Figure 5: Convenience stores: space allocation estimates, April 2018

The consumer

One in three regularly shops for groceries in c-stores

Figure 6: Where consumers typically shop for groceries, February 2018

Usage skews toward the younger generations

Figure 7: Convenience store shoppers, by age and gender, February 2018

Most visit at least once a week

Figure 8: Frequency of convenience usage, February 2018

Most visit to top-up shop

Figure 9: Reasons for using convenience stores, February 2018

Tesco Express the most popular destination

Figure 10: Convenience retailers regularly used and used most often, February 2018

C-store users want more hot lunch options on the menu

Figure 11: What consumers would like to see more of in the convenience stores they use most, February 2018

Own brand plays an important role in c-stores

Figure 12: Convenience users' attitudes towards own-brand in c-stores, February 2018

Just under half agree it is difficult to eat healthily when frequently shopping in c-stores

Figure 13: Attitudes to healthy eating and food-to-go in convenience stores, February 2018

What we think

Issues and Insights

Consolidation-on-consolidation: the future of supply and own-brand in c-stores

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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

The facts

The implications

Healthy eating in c-stores: From food-to-go, to top-ups do retailers need to up their health offering?

The facts

The implications

Deliveroo and Co-op: Is this the solution to shatter the glass ceiling to online for the sector?

The facts

The implications

The Market – What You Need to Know

Rising inflation a key trend of 2017

Levels of renting remain high with smaller households set to grow

Growth in the convenience sector accelerates for the third consecutive year

The convenience sector accounts for around a quarter of all grocery sales

Market Drivers

Real incomes under pressure, but growing again

Figure 14: Average weekly earnings growth vs CPIH inflation, January 2014-February 2018

High inflation in core categories

Figure 15: Annual percentage change in the price of food and non-alcoholic beverages and alcoholic beverages and tobacco, January 2016-February 2018

Food retailers continue to underperform

Figure 16: Annual percentage change in the value of retail sales at current prices, non-seasonally adjusted, January 2016-February 2018

Ongoing changes in the housing market

Figure 17: UK households, by tenure, 2012-16

More people living in smaller households

Figure 18: UK Households, by size, 2012-22

Figure 19: Breakdown of UK Households, by size, 2012-22

Market Size and Forecast

C-store market estimated to have grown by 2.7% in 2017

Figure 20: Convenience store market size, including VAT, 2012-22

Figure 21: Total convenience store market size (including VAT), at current and constant (2017) prices, 2012-22

How the grocery sector breaks down

Figure 22: Estimated breakdown of the grocery sector (inc-VAT), 2012-17

Forecast methodology

The Consumer – What You Need to Know

One in three regularly shops for groceries in c-stores

Usage skews toward the younger generations

Most visit to top-up shop

Tesco Express the most popular destination

C-store users want more hot lunch options on the menu

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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Own-brand plays an important role in c-stores

Just under half agree it is difficult to eat healthily when frequently shopping in c-stores

How They Shop for Groceries

More than one in three consumers uses convenience stores

Figure 23: Where consumers typically shop for groceries, February 2018

Almost a third are loyal to one type of store

Figure 24: Repertoire of where consumers typically shop for groceries, February 2018

More than half shop multiple times a week

Figure 25: Frequency of convenience usage, February 2018

Similar usage against last year

Figure 26: Usage of convenience stores in the last year, February 2018

Demographics of Convenience Store Users

Men more likely to use convenience stores

Figure 27: Convenience store shoppers, by age and gender, February 2018

Usage linked to affluence

Figure 28: Convenience store shoppers, by socio-economic status, February 2018

Proximity to convenience stores also influences usage

Figure 29: Convenience store shoppers, by location, February 2018

Young people shop more frequently...

Figure 30: Frequency of convenience store use, by age, February 2018

...and have increased convenience store usage in the last year

Figure 31: Usage of convenience stores in the last year, by age, February 2018

Why They Use Convenience Stores

Most see convenience stores as an opportunity to top-up

Figure 32: Reasons for using convenience stores, February 2018

Young people more likely to do main shop

Figure 33: Reasons for using convenience stores, by age, February 2018

More than two thirds have multiple reasons for usage

Figure 34: Repertoire of reasons for using convenience stores, February 2018

Convenience Retailers Used

Over half of c-store users regularly visit Tesco Express

Figure 35: Convenience retailers regularly used and used most often, February 2018

Figure 36: Repertoire of convenience stores regularly used, February 2018

Over half of Tesco Express shoppers use it most often

Figure 37: Convenience retailers used regularly, by those used most often, February 2018

Traditional categories a driver for symbols

Figure 38: Leading convenience retailers regularly used, by age, February 2018

M&S under-indexes with 16-34s compared to rivals

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Figure 39: Leading convenience retailers regularly used, by age, February 2018

What They Would Like to See More of In-Store

Consumer want more lunch-to-go options

Figure 40: What consumers would like to see more of in the convenience stores they use most, February 2018

Local produce would have a broad appeal

Figure 41: What consumers would like to see more of in the convenience stores they use most, February 2018

M&S could offer more premium food-to-go products

Figure 42: What consumers would like to see more of in the convenience stores they use most, by retailer, February 2018

Own-brand in Convenience Stores

Three quarters typically buy own-brand when visiting c-stores

Figure 43: Purchasing of own-brand products, February 2018

25-44s most likely to buy own-brand

Figure 44: Purchasing of own-brand products, by age, February 2018

Most see own-brand as a good way to save, and high quality own-brand could drive patronage

Figure 45: Convenience users attitudes towards own-brand in c-stores, February 2018

Premiumisation of own-brand

Figure 46: Grocery Tracker: Purchasing of premium own-brand, March 2016-December 2018

Attitudes Towards Healthy Eating and Food-to-Go in Convenience Stores

Most agree healthy eating options in c-stores are expensive

Figure 47: Attitudes to healthy eating options and food-to-go in convenience stores, February 2018

16-34s most likely to feel it is hard to eat healthily when shopping in c-stores

Figure 48: Attitudes to healthy eating options and food-to-go in convenience stores, by age, February 2018

Most see range as an issue for more frequent use of food-to-go

Figure 49: Attitudes to food-to-go in convenience stores, February 2018

Limitations of food-to-go felt more by symbol group shoppers

Figure 50: Attitudes towards food-to-go in convenience stores, by convenience retailer used, February 2018

Leading Retailers – What You Need to Know

Tesco the largest player, a position only consolidated by the merger with Booker

The Co-op in line to make its own significant acquisition

Further consolidation was seen throughout the market

M&S winning in the experience stakes but Tesco Express has ubiquity

Multiples give far more space to fresh-food

Competitive Strategies

Multiples

Figure 51: Leading multiples, key metrics, 2017

Co-operatives

Figure 52: Co-operative food, members by estimated stores and sales, 2017/18

Symbol groups

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Figure 53: Top 20 convenience store retailers total store numbers by type of operation, 2014-17

Petrol forecourts

Figure 54: Total number of, and breakdown in ownership of UK forecourts, 2015-17

Leading Retailers – Key Metrics

Sales: Co-op had a positive 2017 despite store consolidation

Figure 55: Leading c-stores, sales, 2013/14-2017/18

Stores: Tesco & Booker provide a significant store presence

Figure 56: Leading c-stores, outlets, 2013/14-2017/18

Sales-per-outlet: multiples see a far greater return per unit

Figure 57: Leading c-stores, sales per outlet, 2013/14 - 2017/18

Market Shares

Co-op the largest player in 2017, but Tesco and Booker will become market leader

Figure 58: Estimated C-store market shares (ex-vat), 2016 and 2017

Figure 59: Estimated C-store market shares (ex-vat), 2013/14-17/18

Brand Research

What you need to know

Retailer map

Figure 60: Attitudes towards and usage of selected retailers, April 2018

Key retailer metrics

Figure 61: Key metrics for selected retailers, April 2018

Retailer attitudes: M&S seen to be worth paying more for

Figure 62: Attitudes, by retailer, April 2018

Retailer personality: Tesco Express has the edge in accessibility

Figure 63: Retailer personality – macro image, April 2018

Spar seen as basic by many

Figure 64: Retailer personality – micro image, April 2018

Retailer analysis

M&S Simply Food: Seen as expensive, but recognised for its quality

Figure 65: User profile of M&S Simply Food, April 2018

Tesco Express: Broad usage driven by accessibility

Figure 66: User profile of Tesco Express, April 2018

Sainsbury's Local: High awareness and usage but lacking a distinctive trait

Figure 67: User profile of Sainsbury's Local, April 2018

The Co-operative: history weighs heavy but the message is connecting with younger consumers

Figure 68: User profile of The Co-operative, April 2018

Spar: Lagging behind rivals

Figure 69: User profile of Spar, April 2018

Space Allocation Summary

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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Space allocation overview

Figure 70: Convenience stores: space allocation estimates, April 2018

Fresh food is a key footfall driver for convenience stores

Figure 71: Convenience stores: Fresh food and other food mix, by percentage share of total in-store space allocated to food, April 2018

Food-to-go and RTE meal options are popular reasons to visit a convenience store

Figure 72: Budgens of Islington, Cook freezers, April 2018

Detailed space allocation estimates

Figure 73: Convenience stores: Detailed space allocation estimates, April 2018

Figure 74: Convenience stores: Detailed space allocation estimates, April 2018

Retail Product Mix

Figure 75: Leading convenience stores, estimated proportion of sales by broad product category, 2017

Figure 76: Leading convenience stores, estimated sales by broad product category, 2017

Innovation and Launch Activity

On-demand convenience store that brings groceries to your door step

24/7 fully automated convenience stores

Carrefour trialling new convenience store format for immediate consumption

Embracing digital currency

Co-op speeding up the checkout process with 'shop, scan and go' app

Hard Rock-branded c-store

7-Eleven redefining convenience with expanded delivery options

Connecting and engaging with today's digital-savvy consumers

Advertising and Marketing Activity

Supermarket and c-store advertising spend down 8% year on year in 2017

Figure 77: Recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarket and convenience store operators, 2013-17

Convenience store campaigns

Figure 78: Leading UK supermarket and convenience store operators: Recorded above-the-line, online display and direct mail total advertising expenditure, 2013-17

TV attracts the lion's share of advertising expenditure

Figure 79: Recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarket and convenience store operators, by media type, 2017

Nielsen Ad Intel coverage

Appendix – Data Sources, Abbreviations and Supporting Information

Data sources

Financial definitions

Trade definitions

Sales per store, sales per square metre

Exchange rates

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores - UK - April 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Forecast methodology

**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

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com