

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.



"Consumers are increasingly looking for convenience in all aspects of their grocery buying habits. That is why we have seen a shift to more fluid grocery shopping habits with consumers, particularly younger consumers, shopping on a more when-needed basis."

- Nick Carroll, Retail Analyst

# This report looks at the following areas:

- Getting food-to-go right
- 7-Eleven and Postmates: A logical online grocery solution for c-store operators?
- Consolidation in the market: a necessary evil?

The convenience sector is a diverse one in terms of both the retailers that operate within it and the consumers, and needs, that it can serve. However, it is clear that the recent growth is being driven by the younger Millennials generation, those aged 16-34. This age group shows the highest and most frequent c-store usage and is also most likely to use c-stores for a broader set of needs than older consumers. Within this age group there has been a shift to more top-up grocery shopping habits, particularly amongst those living in urban areas, and convenience stores are perhaps the best suited grocery format to satisfy these needs.

# **BUY THIS REPORT NOW**

VISIT: store.mintel.com

CALL: +44 (0) 20 7606 4533

> Brazil 0800 095 9094

+1 (312) 943 5250

+86 (21) 6032 7300

+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: £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**

#### Overview

#### What you need to know

Areas covered within this report

#### **Executive Summary**

#### The market

### Multi-track growth

Figure 1: Convenience store sector sales and forecast (incl. VAT), 2010-20

#### Multiples account for over half the market

Figure 2: Estimated leading retailers' share of the total market, by type of operation, (excluding VAT) 2011-15

## Deflation: Holding back value

Figure 3: Annual percentage change in the price of food and non-alcoholic beverages and alcoholic beverages and tobacco, 2010-February 2016

#### Growth in other channels benefiting the convenience market

Figure 4: Market size for both online grocery retailing and grocery discounters, 2011-16

### Leading retailers

### Market shares: Tesco continues to gain

Figure 5: Leading convenience retailers' estimated market shares, 2014 and 2015

### The consumer

### Convenience stores remain primarily a top-up destination

Figure 6: Where people shop, by shopping behaviour, February 2016

## Younger consumers driving the market

Figure 7: Usage of convenience stores, by age and shopping behaviour, February 2016

## Where they shop

Figure 8: C-stores used, February 2016

## What they buy

Figure 9: Products bought in c-stores, February 2016

### Driving footfall with services

Figure 10: Services used in convenience stores, February 2016

## Satisfaction with convenience stores

Figure 11: Overall net satisfaction with last convenience store used, by criteria, February 2016

## C-stores seen as a good option for food-to-go but variety is needed

Figure 12: Attitudes towards food-to-go in convenience stores, February 2016

# What we think

### Issues and Insights

## Getting food-to-go right

The facts

The implications



VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100 | EMAIL: reports@mintel.com



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.

7-Eleven and Postmates: A logical online grocery solution for c-store operators?

The facts

The implications

Consolidation in the market: a necessary evil?

The facts

The implications

The Market - What You Need to Know

Market growth slows but continues ahead of the wider grocery sector

Food price deflation affecting the market

Growth in other channels benefiting the market

A move back to urban areas, and into rented accommodation, a driver

Market Size and Forecast

Figure 13: Convenience store sector sales and forecast (incl. VAT), 2010-20

Figure 14: Convenience store sector sales and forecast (incl. VAT), at current and constant prices, 2010-20

How the market is made up

Figure 15: Estimated leading retailers' share of the total market, by type of operation, (excluding VAT) 2011-15

Figure 16: Store numbers of the leading convenience operators, by operation, 2011-15

Market Drivers

Figure 17: Annual percentage change in the price of food and non-alcoholic beverages and alcoholic beverages and tobacco, 2010-February 2016

Real wages rising

Figure 18: Real wages growth: Wages growth vs inflation, 2011-16

Growth in other channels benefiting the c-store market...

Figure 19: Market size for both online grocery retailing and grocery discounters, 2011-16

Rise in renting fuelling top-up shopping...

Figure 20: UK household tenure status, 2010-14

...particularly amongst younger consumers

Figure 21: UK household tenure status of 16-34-year-olds, 2010-14

Growth in larger household sizes

Figure 22: Household size as a percentage of total households, 2010 and 2015

The Consumer - What You Need to Know

Convenience stores remain primarily a top-up destination

Usage being driven by the young and affluent

Tesco Express comes out on top

Fresh an important category

New services can replace lost footfall

Satisfaction with convenience stores

Many see convenience stores as a viable alternative to foodservice outlets

How They Shop



VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100



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 23: Where people shop, by shopping behaviour, February 2016

### Where people do their top-up shopping

Figure 24: Where main shoppers do top-up shopping, by grocery format used for a main shop, February 2016

### How grocery shopping habits are evolving

- Figure 25: Where people do their main shopping, 2014-16
- Figure 26: Where people do their top-up shopping, 2014-16

### Demographics and Frequency of Convenience Store Use

### Younger consumers driving the market

- Figure 27: Usage of convenience stores, by age and shopping behaviour, February 2016
- Figure 28: Convenience store usage, by socio-economic group and shopping behaviour, February 2016

### Urban areas: A key battlefield for c-store operators

- Figure 29: Usage of convenience stores, by type of area lived in and shopping behaviour, February 2016
- Figure 30: Usage of convenience stores, by region lived in, February 2016

#### Frequency of convenience store usage

- Figure 31: Frequency of c-store visits by c-store shoppers, February 2016
- Figure 32: Profile of c-store shoppers, by frequency of use, February 2016

### Where Do They Shop?

Figure 33: C-stores used, February 2016

# Symbols gaining shoppers

Figure 34: Convenience store retailers used, 2014-16

## Co-op sitting outside the growth areas

Figure 35: Profile of convenience stores, by any shoppers who have used them in the last three months, February 2016

## The focus on urban areas paying off for the multiples

Figure 36: Convenience store retailers used, by area lived in, February 2016

## Store repertoire

Figure 37: Store repertoire of convenience store users, February 2016

## Products Bought and Services Used in Convenience Stores

- Figure 38: Products bought in convenience stores, February 2016
- Figure 39: Profile of convenience store shoppers, by what products they buy, February 2016

# Multiples over-indexing on growth categories

Figure 40: Products purchased in convenience stores, by convenience store retailer regularly used, February 2016

## Repertoire of products purchased

Figure 41: Repertoire of products purchased in convenience stores, by age, February 2016

## Services – A traffic generator

- Figure 42: Convenience store services used, February 2016
- Figure 43: Profile of c-store shoppers, by services used, December 2015

### Satisfaction with Convenience Stores

Figure 44: Overall net satisfaction with last convenience store used, by criteria, February 2016



VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100 | EMAIL: reports@mintel.com



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.

#### Key driver analysis

Figure 45: Key drivers of overall satisfaction with convenience stores visited most often, February 2016

Figure 46: Overall satisfaction with convenience stores visited most often - Key driver output, February 2016

#### Overall satisfaction with retailers

Figure 47: Overall satisfaction with last convenience store used, by type of convenience store used most often, February 2016

#### How do the big three fare?

Figure 48: Overall satisfaction with last convenience store used, by retailer used most often, February 2016

### Pricing, range, quality and availability

Figure 49: Satisfaction with factors relating to range, by retailer used most often, February 2016

Figure 50: Satisfaction with factors relating to availability, quality of fresh products and pricing, by retailer used most often, February 2016

## The store experience

Figure 51: Satisfaction with factors relating to availability, quality of fresh products and pricing, by retailer used most often, February 2016

## Attitudes towards Convenience Stores

Figure 52: Attitudes towards food-to-go in convenience stores, February 2015

Figure 53: Agreement with statements regarding food-to-go in convenience stores, February 2016

#### Convenience stores and loyalty schemes

Figure 54: Agreement with the statement 'Loyalty schemes would encourage me to shop at particular convenience stores', February 2016

## Opening hours and free time

Figure 55: Agreement with statements regarding free time on the impact of convenience store use, February 2016

Figure 56: Agreement with statements regarding free time on the impact of convenience store use, by age and socio-economic group, February 2016

## Sunday trading hours

Figure 57: Attitudes towards a potential change in Sunday trading regulations, February 2016

## Key Players - What You Need to Know

### Multiples continue to gain share

# Competitive strategies

Multiples give over more space to fresh

Spar and the Co-op struggle in the brand perception stakes

## Leading Retailers – Key Metrics and Market Shares

Figure 58: Leading convenience retailers' estimated market shares, 2014 and 2015

# Sales

Figure 59: Leading convenience retailers' net revenues, 2011-15

## Outlets

Figure 60: Leading convenience retailers' outlet numbers, 2011-15

## Sales per outlet

Figure 61: Leading convenience retailers' annual sales per outlet, 2011-15

## Detailed market shares

Figure 62: Leading convenience retailers' estimated shares of sector sales, 2011-15

Competitive Strategies



VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100

EMAIL: reports@mintel.com



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.

#### Multiples

Figure 63: Major grocery multiples, key sector metrics, 2011-15

Tesco Express: Consolidating a commanding lead

M&S Simply Food: Appealing to the affluent Millennials and branching out in food-to-go

The Co-op: Expansion into urban areas crucial Sainsbury's Local: Rapid expansion fuelling growth Little Waitrose: A smaller presence but growing quickly

M Local: A cautionary tale Symbol and buying groups

Figure 64: Leading symbol, buying and retail groups, key sector metrics, 2011-15

Booker: Now the leading symbol operator

Spar: Continues to perform well but the brand may need a refresh Costcutter Supermarkets Group: A diverse range of operations

Nisa: Looking to modernise its approach Lifestyle Express: Member numbers falling Best-One: Continuing to attract members

Leading forecourt operators

Figure 65: Leading forecourt operators, key sector metrics, 2011-15

## Space Allocation Summary

## Space allocation overview

Figure 66: Convenience stores: Summary space allocation, by percentage share of in-store shelf space, April 2016

## In-store food mix largely dictated by space and refrigeration capacity

Figure 67: Convenience stores: Fresh food and other food mix, by percentage share of in-store shelf space, April 2016

## In-store bakery an integral part of the c-store destination appeal

Figure 68: M&S Simply Food, Notting Hill Gate, London: In-store bakery

## Detailed space allocation

Figure 69: Little Waitrose, West Hampstead, in-store seating area

Figure 70: Convenience stores: Detailed space allocation, April 2016

Figure 71: Convenience stores: Detailed space allocation, April 2016

## Retail Product Mix

Figure 72: Leading convenience stores: key operating statistics, 2014/15

Figure 73: Leading convenience stores: estimated sales, by broad product category, 2014/15

Figure 74: Leading convenience retailers' sales mix, 2014/15

## Innovation and Launch Activity

Drive-thru convenience store

On-demand delivery

Targeting 'Transumers'

New value-driven c-store formats



VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100



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.

New supermarket convenience store formats

'Black Friday' comes to the c-store sector

Smartphone app loaded with special offers and benefits

Medical centres

Unmanned 24 hours a day convenience store

Meeting on-the-go consumers' service needs

### **Brand Research**

### What you need to know

#### Brand map

Figure 75: Attitudes towards and usage of selected brands, August 2015 and January 2016

#### Key brand metrics

Figure 76: Key metrics for selected convenience store brands, August 2015 and January 2016

## Brand attitudes: The Co-op hits the ethical mark

Figure 77: Attitudes, by convenience store brand, August 2015 and January 2016

## Brand personality: M&S Simply Food stands exclusively on its own

Figure 78: Brand personality - Macro image, August 2015 and January 2016

#### Sainsbury's and Tesco seen as being reliable but Spar disappoints

Figure 79: Brand personality - Micro image, August 2015 and January 2016

### Brand analysis

# Sainsbury's Local: scoring well with the key demographics

Figure 80: User profile of Sainsbury's Local, January 2016

## Tesco Express: High trust despite some negatives

Figure 81: User profile of Tesco Express, January 2016

## M&S Simply Food: High prices and high earners

Figure 82: User profile of M&S Simply Food, August 2015

## Spar: An outdated image

Figure 83: User profile of Spar, January 2016

## The Co-operative: Getting the message across in the right way

Figure 84: User profile of The Co-operative, August 2015

# Advertising and Marketing Activity

# Total advertising spend down 3.7% in 2015

Figure 85: Recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarket and convenience store operators, 2011-15

## Biggest c-store brand advertiser spenders in 2015

Figure 86: Leading UK supermarket and convenience store operators: Recorded above-the-line, online display and direct mail total advertising expenditure, 2011-15

# Press and TV dominate

Figure 87: Leading UK supermarket and convenience store operators: Recorded above-the-line, online display and direct mail total advertising expenditure, by media type, 2015

## Nielsen Media Research coverage

Appendix – Data Sources, Abbreviations and Supporting Information

BUY THIS REPORT NOW VISIT: store.mintel.com

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

APAC +61 (0) 2 8284 8100



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.

Data sources:

Financial definitions:

Abbreviations

Trade definitions

VAT

Consumer research methodology Key driver analysis: Methodology

Interpretation of results

Figure 88: Overall satisfaction with convenience stores visited most often – Key driver output, February 2016

Figure 89: Satisfaction with convenience stores visited most often, February 2016

Market size and forecast: Forecast methodology

Space allocation methodology

APAC +61 (0) 2 8284 8100 | EMAIL: reports@mintel.com