

Convenience Stores: Inc Impact of COVID-19 - UK - June 2020

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 shift to localised shopping during the peak of COVID-19 will have benefited the convenience sector, driving larger-basket demand and sales as consumers necessarily shopped more in their local communities.”

– **Nick Carroll, Associate Director of Retail Research**

This report looks at the following areas:

- The impact of COVID-19 on consumer behaviour and the convenience store sector.
- The types of shopping missions c-stores are used for, and how this could change in the face of COVID-19.
- The use of and attitudes towards different retailers operating within the convenience store sector.
- Attitudes towards the position of convenience stores within the grocery sector and the community.

The COVID-19 outbreak has placed a strain on the UK's convenience store sector and reinforced its essential nature at the heart of communities. From a sales perspective the shift towards in-home food and drink has driven significant additional demand through the channel, with Mintel forecasting almost 8% growth in 2020 to take the market to £47.5 billion.

Whilst the sector is benefiting from the larger basket sizes which greater in-home demand brings, this comes at the expense of lower on-the-go food demand. This is a key aspect of trade within convenience retailing, with 44% of consumers using c-stores for on-the-go food and drink, but with the lockdown restricting consumer movement and widespread working-at-home practices, this demand has naturally been depressed.

**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: Inc Impact of COVID-19 - UK - June 2020

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
- Report issues covered in this Report
- Products covered in this Report

Executive Summary

- The market
 - Figure 1: Convenience store market size, (inc VAT), 2015-25
- Impact of COVID-19 on convenience stores
- Shift to in-home food and drink brings opportunities to boost basket sizes for c-stores
 - Figure 2: Expected impact of COVID-19 on convenience stores, short, medium and long term, 2020
- Real incomes growth continues
 - Figure 3: Average weekly earnings (excluding bonus pay) growth versus CPIH, January 2016- May 2020
- Consumer confidence rose before the lockdown
 - Figure 4: Mintel's Financial Confidence Tracker, January 2018-June 2020
- Retail sales growth holding up
 - Figure 5: Retail sales: growth in all retail sales and all food retail sales, by value and volume, January 2018-May 2020
- Move towards renting homes
- Companies and brands
- A year of consolidation
- Consolidation in wholesaling
- Other deals
 - Figure 6: Leading c-store retailers, shares of all retail sales, 2019
- Huge tail
 - Figure 7: Leading c-store retailers, shares of all c-store outlets, 2019
- COVID-19 – c-stores should prove to be a beneficiary
- Technology – short-term boost for being hygienic
- Brand analysis
 - Figure 8: Attitudes towards and usage of selected brands, April 2020
- The consumer
- 85% of all internet users have shopped in a c-store in the last year
- Food the most bought item
 - Figure 9: UK: Items bought from convenience stores, March 2020
- Key to the appeal is the broad offering
 - Figure 10: Number of different types of items bought from c-stores, March 2020
- Chilled goods most bought for the home
 - Figure 11: Usage of c-stores for food for the home, March 2020
- Snacks the most bought food-to-go item

**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: Inc Impact of COVID-19 - UK - June 2020

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 12: Usage of c-stores for food for the home, March 2020

Services very important

Figure 13: Usage of services in c-stores, March 2020

C-stores not enough

Figure 14: Grocery stores used by c-store shoppers, March 2020

75% of c-store shoppers use a c-store at least once a week

Figure 15: Frequency of c-store usage, March 2020

Tesco the most used store, followed by the Co-op

Figure 16: Stores used by regular c-store shoppers, March 2020

Figure 17: C-store most often used by regular c-store shoppers, March 2020

Convenience the main driver to purchase

Figure 18: Key factors behind choosing a c-store, March 2020

What people want from a c-store

Figure 19: Attitudes towards c-stores, March 2020

Time for lunch

Figure 20: Factors influencing lunch solutions, March 2020

What we think

Implications of COVID-19 for Convenience Stores

Figure 21: Expected impact of COVID-19 on convenience stores, short, medium and long term, 2020

Short term

Medium term

Long term

Opportunities and threats

Shift to in-home food and drink brings opportunities to boost basket sizes...

...but it also presents threats to traditional footfall drivers

...but placed pressure on supply chains...

...and presents threats to traditional footfall drivers

Location has never been more crucial

COVID-19 to accelerate mobile scanning

Figure 22: Sainsbury's SmartShop, mobile scanning technology, July 2020

Convenience sector plays its part in ensuring access to groceries

Figure 23: Co-op notice board, April 2020

Figure 24: Tesco Nightingale London Excel, April 2020

Impact on the market

Figure 25: Convenience store market size, (inc VAT), 2015-25

Shift in consumer behaviour

A focus on localism can highlight the importance of c-stores to communities

Figure 26: Co-op local cause funding, June 2020

Heightened online demand heralds more influence in the online channel for 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: Inc Impact of COVID-19 - UK - June 2020

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 27: Deliveroo Grocery, June 2020

- Impact on key consumer segments
- Shift to online from older shoppers presents a threat
- Younger shoppers more financially impacted
- How COVID-19 recession will reshape the market
- On the face of it convenience demand held up well in the past financial crisis

Figure 28: Convenience store market size, including VAT, 2007-17

- Impact on the marketing mix
- COVID-19: Market context

Issues and Insights

- Sunday trading – Not to everyone's taste
- The facts
- The implications
- Time for a shakeout in the symbol groups
- The facts
- The implications

The Market – What You Need to Know

- Real incomes growth continues
- Consumer confidence rose before the lockdown
- Retail sales growth holding up
- Move towards renting homes

Market Drivers

- Strong underlying growth in real incomes
 - Figure 29: Average weekly earnings (excluding bonus pay) growth versus CPIH, January 2016- May 2020
- Consumer confidence on an upward trend, pre-COVID-19
 - Figure 30: Mintel's Financial Confidence Tracker, January 2018-June 2020
- Retail sales since lockdown buoyed by greater in-home food demand
 - Figure 31: Retail sales: growth in all retail sales and all food retail sales, by value and volume, January 2018-May 2020
 - Figure 32: Supermarkets, performance of large and small businesses, January 2018-May 2020
- Inflation trending downwards in 2020
 - Figure 33: Inflation in core food and drink categories, 2015-May 2020
- Housing tenure – recovery in numbers of homeowners
 - Figure 34: UK households, by tenure status, 2009-18
- Ageing population
 - Figure 35: UK population, by age, 2014-24
- Household size decreasing
 - Figure 36: UK household size as a percentage of all households, 2014-19

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: Inc Impact of COVID-19 - UK - June 2020

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.

A record year forecast for 2020

Figure 37: Convenience store market size (inc. VAT) and forecast, 2015-25

Following a rebalance in 2021, steady growth is forecast for the sector through to 2025

Figure 38: Convenience store market size (including VAT), 2015-25

The Consumer – What You Need to Know

85% of consumers have shopped in a c-store in the last year

Food the most bought item

Services very important

C-stores are primarily a secondary location

75% of c-store shoppers use a c-store at least once a week

Tesco the most used store, followed by the Co-op

Convenience the main driver to purchase

What people want from a c-store

Time for lunch

Convenience Store Shoppers

A note on the timing of this research

The vast majority shop in convenience stores

Figure 39: UK: Items typically bought from convenience stores, March 2019 and 2020

Convenience use peaks in urban areas

Figure 40: Usage of c-stores, by type of location, March 2020

Products purchased by age and income

Figure 41: Profile of c-store shoppers, by age and income, March 2020

Most use c-stores for a variety of missions

Figure 42: Number of different types of items bought from c-stores, March 2020

Figure 43: Profile of c-store shoppers, by number of items bought, March 2020

In-home Food Purchasing

Over half (55%) of consumers buy food for home from c-stores

Figure 44: Usage of c-stores for food for the home, March 2019 and 2020

Younger shoppers key in-home food shoppers

Figure 45: Profile of shoppers of food items, by age and income, March 2020

Number of food-for-the-home items bought

Figure 46: Number of different types of food for home items bought from c-stores, March 2020

On-the-go Food

44% of consumers buy on-the-go food from c-stores

Figure 47: Usage of c-stores for food to go, March 2020

Younger shoppers over-index in terms of food to go

Figure 48: Profile of shoppers of food to go, by age and income, March 2020

Number of food-on-the-go items bought

**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: Inc Impact of COVID-19 - UK - June 2020

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 49: Number of different types of food-to-go items bought from c-stores, March 2020

Lunch Solutions

Pricing crucial for lunch

Figure 50: Factors looked for in lunch solutions, March 2020

Figure 51: Factors influencing lunch solutions, by type of location, March 2020

Meal deals crucial for current users, but more healthy options could bring in more consumers

Figure 52: Factors looked for in lunch solutions, by current level of c-store lunch buying, March 2020

Services Used in Convenience Stores

Services a crucial footfall driver

Figure 53: Usage of services in c-stores, March 2020

Figure 54: Users of c-store services, by age and income, March 2020

Number of services used

Figure 55: Number of c-store services used, March 2020

Convenience Stores in Context

Where else do c-store shoppers shop?

Figure 56: Grocery stores used by c-store shoppers, March 2020

Figure 57: Store format where the most is spent in a typical month, November 2019

Frequency of c-store usage

Figure 58: Frequency of c-store usage, March 2020

Figure 59: Frequency of c-store shopping, by age and income, March 2020

Frequency of c-store shopping by products bought

Figure 60: Purchase of items from c-stores, by frequency of purchase, March 2020

Retailers Used

All stores used

Figure 61: Stores used by regular c-store shoppers, March 2020

Figure 62: Number of c-stores used, March 2020

C-store most often used

Figure 63: C-store most often used by regular c-store shoppers, March 2020

Figure 64: Profile of shoppers at leading c-stores, by age and income, March 2020

Most often used stores by location

Figure 65: Distribution of customers for most often used stores, by location, March 2020

Most often used stores and what is bought

Figure 66: Buyers of food-to-go goods relative to the proportion of all shoppers, March 2020

Figure 67: Buyers of newspapers and lottery relative to the proportion of all shoppers, March 2020

Key Attributes for a Convenience Store

Convenience naturally crucial for patronage

Figure 68: Key factors behind choosing a c-store, March 2020

Key factors and favourite retailers

**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: Inc Impact of COVID-19 - UK - June 2020

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.

Co-operative Food

Figure 69: Co-operative Group key factors relative to the average, March 2020

M&S Simply Food

Figure 70: M&S Simply Food key factors relative to the average, March 2020

Sainsbury's Local

Figure 71: Sainsbury's Local key factors relative to the average, March 2020

Tesco

Figure 72: Tesco Express key factors relative to the average, March 2020

Symbol groups

Figure 73: Symbol groups key factors relative to the average, March 2020

Attitudes Towards Convenience Stores

C-stores seen as essential to the community

Figure 74: Attitudes towards c-stores, March 2020

Younger shoppers value the multi-mission experience

Figure 75: Agreement to attitudes towards c-stores, March 2020

Development of range is crucial to continue to engage young shoppers

Figure 76: Agreement to attitudes towards c-stores, March 2020

Leading Retailers – What You Need to Know

A year of consolidation

Consolidation in wholesaling

Other deals

Huge tail

Technology the way forward

Competitive Strategies

Sector structure

Convenience stores not as homogeneous as one might expect

COVID-19 early results

High-footfall stores

Major multiples

Co-operative societies

Figure 77: Leading Co-operatives' sales, 2017/18-2019/20

Figure 78: Leading Co-operatives' outlets, 2017/18-2019/20

Figure 79: Leading Co-operatives' sales per outlet, 2017/18-2019/20

Low-footfall stores

Figure 80: Leading symbol groups, 2019/20

Other – predominantly wholly owned groups

Petrol forecourts

Figure 81: Total number of, and breakdown in ownership of, UK forecourts, 2016-19

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

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

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Convenience Stores: Inc Impact of COVID-19 - UK - June 2020

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.

Leading Retailers – Key Metrics

Turnover

Figure 82: Leading c-stores' sales, 2015/16-2019/20

Figure 83: Leading c-stores' outlet numbers, 2015/16-2019/20

Figure 84: Leading c-stores' sales per outlet, 2015/16-2019/20

Market Shares

Figure 85: Leading convenience stores' market shares, 2015-19

Figure 86: Leading convenience retailers' share of all c-store outlets, 2019

Launch Activity and Innovation

Supermarkets' smaller neighbourhood retail formats

Figure 87: Aldi Local, Balham, 2019

'Cashierless' convenience stores

Student campus convenience store opportunity

Emphasis on expanding foodservice and food-to-go proposition

Convenient vending

On-demand delivery

Vegan convenience store concept

Convenience store's pop-up food market

Reducing food waste and tackling plastic pollution

Convenience stores adapting operations to cope with COVID-19 restrictions

Advertising and Marketing Activity

Supermarket and c-store advertising spend up 1.2% year-on-year in 2019

Figure 88: Recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarket and convenience store operators, 2015-19

Convenience store campaigns

Figure 89: Leading UK supermarket and convenience store operators' recorded above-the-line, online display and direct mail total advertising expenditure, 2015-19

Majority of advertising spend channelled through TV

Figure 90: Recorded above-the-line, online display and direct mail total advertising expenditure by UK supermarket and convenience store operators, by media type, 2019

Nielsen Ad Intel coverage

Brand Research

What you need to know

Brand map

Figure 91: Attitudes towards and usage of selected brands, April 2020

Key brand metrics

Figure 92: Key metrics for selected brands, April 2020

Brand attitudes: Spar and the Co-op well trusted

Figure 93: Attitudes, by brand, April 2020

Brand personality: Accessibility the key

Figure 94: Brand personality – macro image, April 2020

**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: Inc Impact of COVID-19 - UK - June 2020

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.

Spar basic, but Tesco reliable and responsive

Figure 95: Brand personality – micro image, April 2020

Brand analysis

M&S Simply Food still sets the standards in the sector

Figure 96: User profile of M&S Simply Food, April 2020

Sainsbury's Local most improved c-store in 2019/20

Figure 97: User profile of Sainsbury's Local, April 2020

Tesco Express – The market leader

Figure 98: User profile of Tesco Express, April 2020

Co-op Food – the ethical one

Figure 99: User profile of Co-op Food, April 2020

Spar the nearest competitor to Tesco and the Co-op among the voluntary groups

Figure 100: User profile of Spar, April 2020

Appendix – Data Sources, Abbreviations and Supporting Information

Data Sources

Financial definitions

Trade definitions

Sales per store, sales per square metre

Abbreviations

Consumer research 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