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& DRINK  
SHOWS**

**UK Convenience – insight exclusive for exhibitors at the 2022 Food & Drink Shows**

May 2022



**Lumina** Intelligence

# THE TRUSTED SOURCE FOR FOOD, DRINK AND NUTRITION MARKET INSIGHT SOLUTIONS

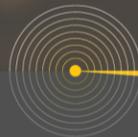
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# CONVENIENCE MARKET SEGMENT DEFINITIONS

The total convenience market is made up of five segments, unaffiliated independents, symbols, convenience multiples, Co-operatives and forecourts.

Unaffiliated Independents	Symbols	Convenience Multiples	Co-operatives	Forecourts
 <p>Independent retailers operating under their own fascia, sourcing from wholesale</p>	 <p>Independent retailers who trade under a common fascia e.g. SPAR, Premier, Best-one. Multiple businesses can also trade under a symbol group e.g. A.F. Blakemore (SPAR), Best-one, Costcutter</p>	 <p>Retail businesses operating chains of 10 or more convenience stores under a centrally-owned managed or franchised fascia e.g. Tesco Express, Sainsbury's Local, One Stop, McColl's Convenience</p>	 <p>Co-operatives are businesses owned by their members. The central Co-operative group owns a network of company owned stores and operates as a wholesaler supplying the regional co-op groups.</p>	 <p>Convenience stores located on petrol filling stations are included within each of the retailer types including unaffiliated, symbol group, multiple or co-operative businesses. Sites can be dual branded</p>

# CONVENIENCE MARKET VALUED AT £43.2 BILLION IN 2021

The total convenience market is set to grow +0.3% in 2021. In the first half of the year, convenience retailers continued to benefit from higher volumes through the UK's third lockdown, but as restrictions ease in the second half, average sales per store are expected to return to more typical pre-pandemic levels.

Convenience market value 2021F: £43.2bn (+0.3%) and outlets: 46,438 (-0.4%)

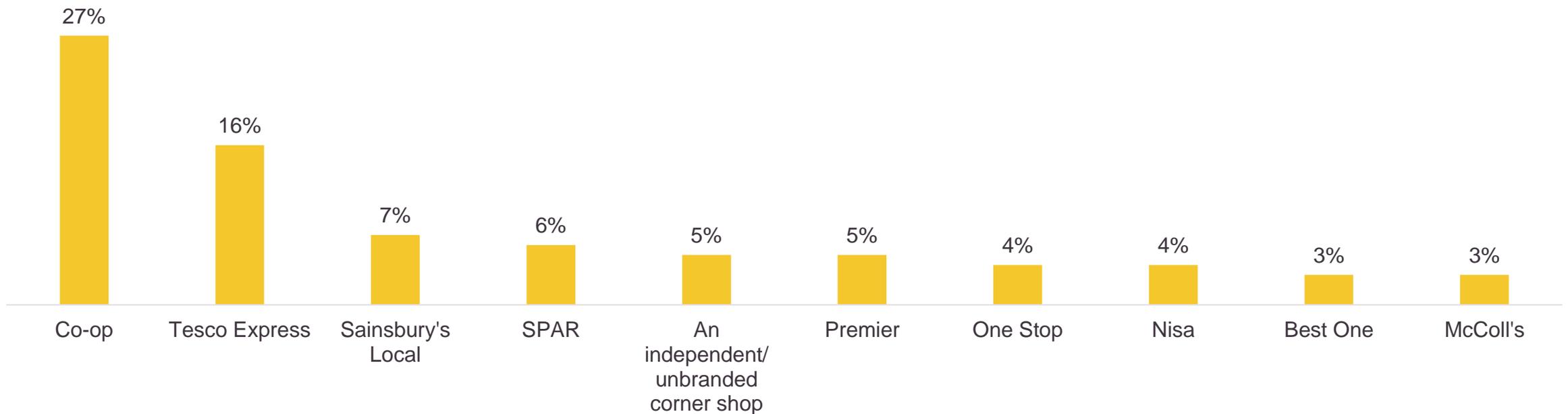
Unaffiliated Independents	Symbol groups	Convenience Multiples	Co-operatives	Forecourts
£8.2bn (-2.2%) 17,830 (-0.4%)	£16.1bn (-0.4%) 15,220 (+0.1%)	£8.6bn (+2.1%) 5,075 (-0.2%)	£6.1bn (+5.3%) 3,452 (+5.1%)	£4.3bn (-2.7%) 4,861 (-2.5%)
Independents are expected to see slight decline in 2021 as shoppers return to larger stores in the second half of the year. The segment value will remain higher than pre-pandemic.	A lack of outlet growth in the segment in 2021 will lead to static sales performance, with 2020 growth largely maintained with shoppers continuing to use the segment for in-store and delivery.	Convenience multiples are expected to see higher growth in 2021 compared to 2020 with shoppers returning to city centre and work locations especially in the second half of the year.	Co-operatives are set to continue to achieve strong growth in value and outlets with ambitious growth plans, further expansion into delivery operations and developments in own-label.	Forecourt convenience is not expected to retain all growth achieved in 2020 with shoppers returning to foodservice and other retail locations. 2021 value remains notably higher than pre-pandemic.

Source: Lumina Intelligence, July 2021

# CO-OP LEADS IN SHARE OF SHOPPER VISITS

Among the top 10 retailers, Co-op was visited the most with 27% of visits. Supermarket retailers Tesco Express and Sainsbury's Local complete the top 3.

Top 10 Retailers (% share of visits)



Source: Lumina Intelligence Consumer Tracking Programme (CTP) w/e 07/03/2021 to w/e 06/03/2022

# CONVENIENCE MARKET DRIVERS, 2022

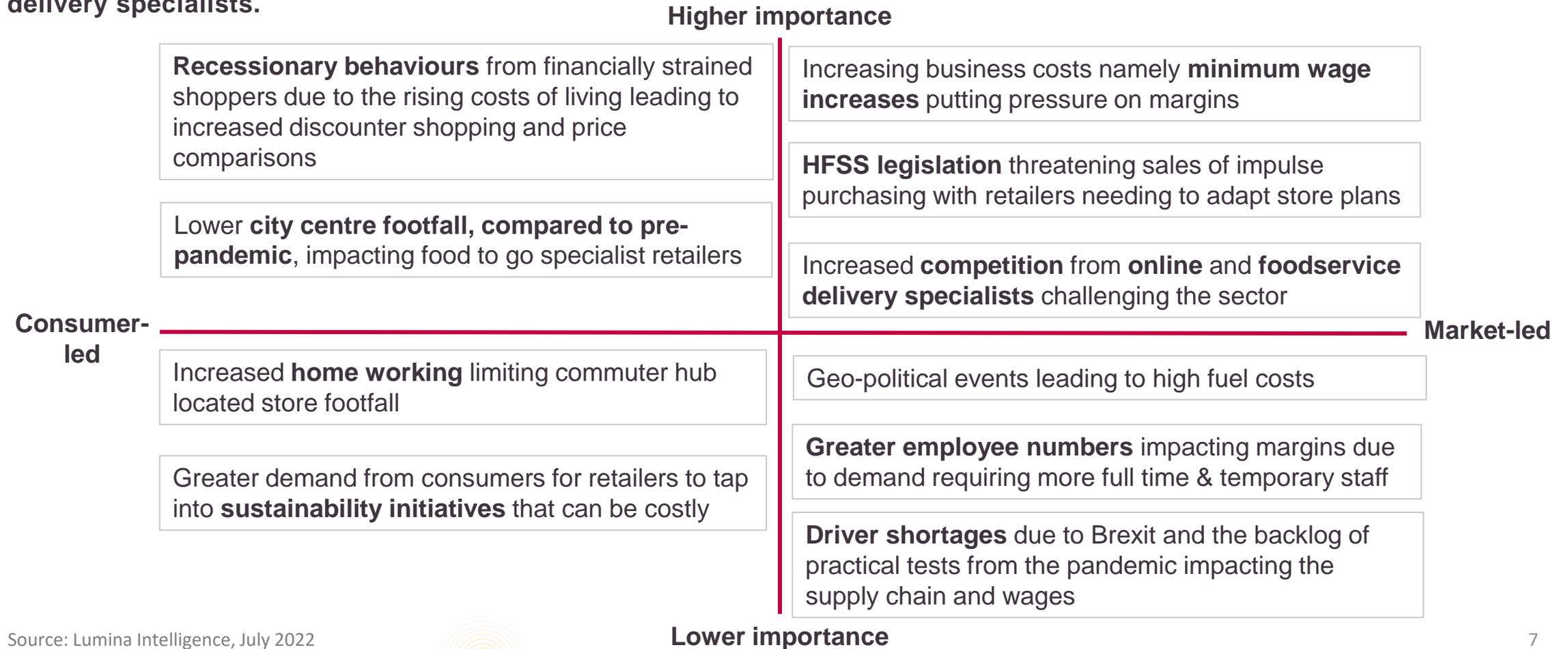
Hybrid working benefits the convenience market particularly those in non city-centre locations through strong and innovative food-to-go offerings and the rapid growth of delivery in the convenience channel.

		Higher importance	
Internal	Greater availability of <b>delivery</b> boosting spends and expanding the reach of the channel	Grocery benefits from <b>increased in home consumption</b> due to financial pressures amid rising costs of living	External
	<b>Adaptation</b> to get creative with sourcing to ensure stock availability has increased consideration of convenience stores in shoppers' repertoires	More <b>home working</b> benefitting stores located in suburban areas	
	<b>Supporting communities</b> , offering delivery to those isolating, picking up prescriptions etc. has driven loyalty	Greater transport and car use benefitting travel hub channels namely forecourts	
	<b>Innovation into meal kits and bundles</b> offering an accessibly priced and convenient alternative to foodservice delivery	Greater consumer intentions for <b>supporting local businesses and produce</b> enhancing c-store appeal	
	Continued shift to <b>more premium ranges and offerings</b> boosting spend, particularly in BWS	Suburban c-stores with strong <b>food to go</b> propositions benefitting from foodservice-led options being limited	
	<b>Increased professionalism</b> in the market delivering better offerings, store ranges and layouts	<b>Time poor convenience revolution</b> with busier lifestyles resulting in a greater shopper demand for meal for tonight and food to go solutions	
		Lower importance	

Source: Lumina Intelligence, March 2022

# CONVENIENCE MARKET INHIBITORS, 2022

Tighter budgets from cost conscious consumers is likely to lead to price comparison behaviour, benefiting the discounters. Convenience must compete with a broad competitive set including online retailers and foodservice delivery specialists.

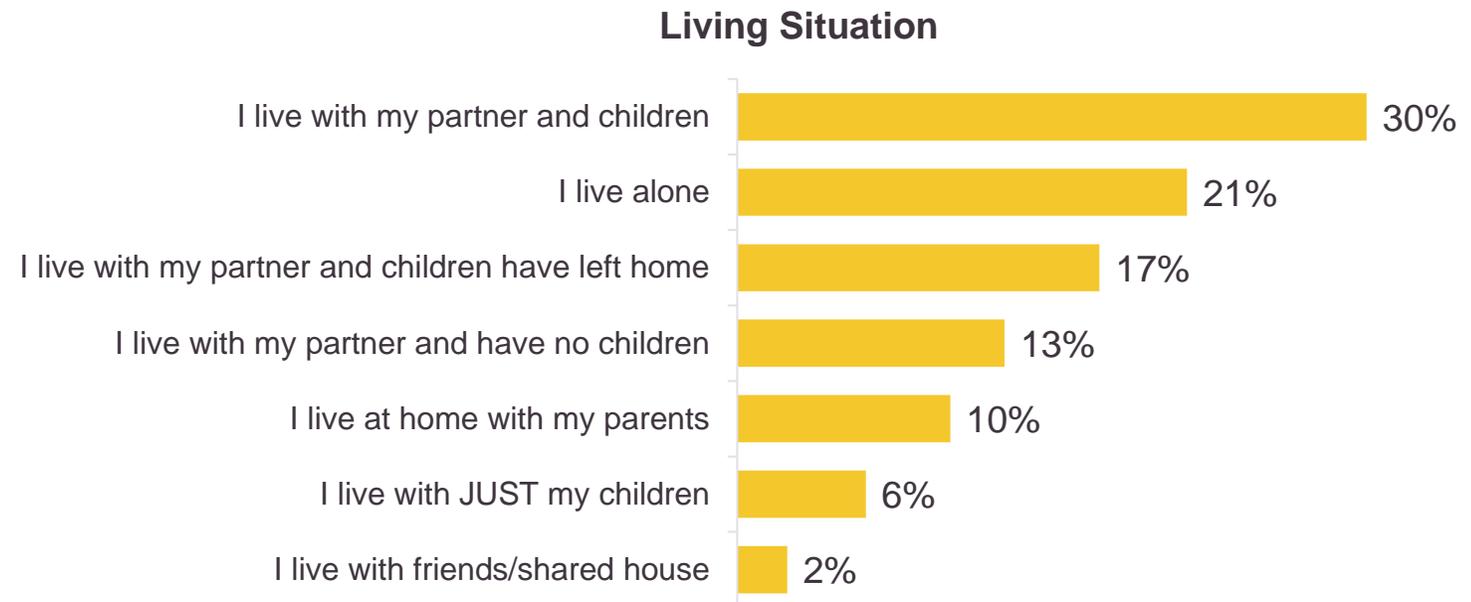
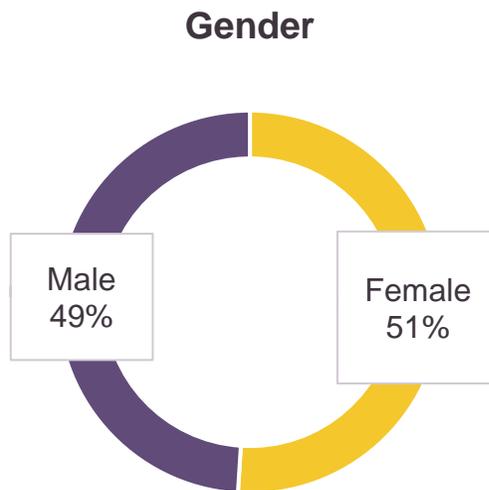
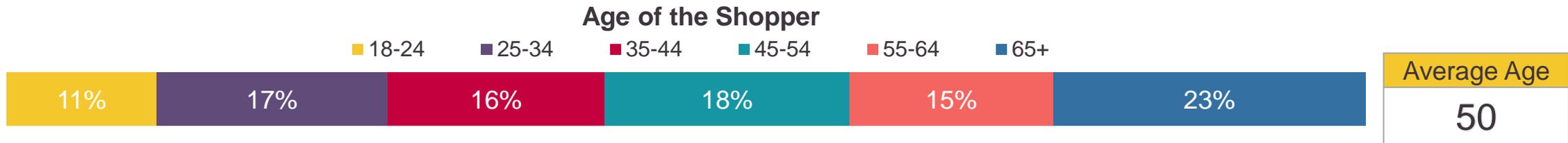


Source: Lumina Intelligence, July 2022



# FAMILIES SHOULD BE A KEY TARGET FOR CONVENIENCE

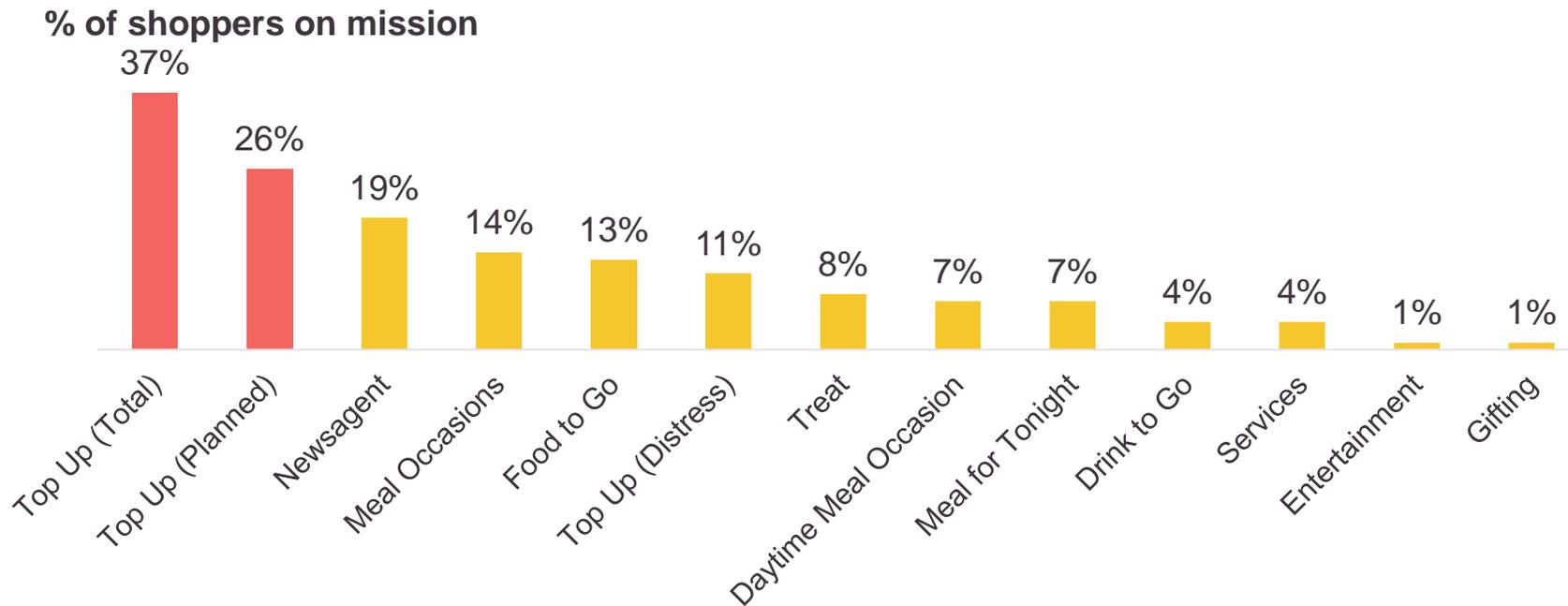
**30% of convenience shoppers live with their partner and children.** Promotions/offers that provide larger quantities for better value should be preferred. Moreover, offering strong own-label propositions will appeal to families feeling the pinch from the residual impact of the coronavirus as well as the rising costs of living.



Source: Lumina Intelligence Consumer Tracking Programme (CTP) w/e 07/03/2021 to w/e 06/03/2022

# 1 IN 4 CONVENIENCE MISSIONS ARE PLANNED TOP UP

**37% of shoppers visit a store on a Top Up mission.** The most common top up mission is planned accounting for 1 in 4 of all convenience missions. As more consumers are now able to work from home compared to pre-pandemic, less time is spent commuting, giving consumers more time to plan shopping trips around their working schedules. The Meal Occasion mission ranks in the top 5 most common missions, highlighting an opportunity for retailers to drive meal spend by collaborating with foodservice operators, to provide premium hospitality-inspired meal kits.

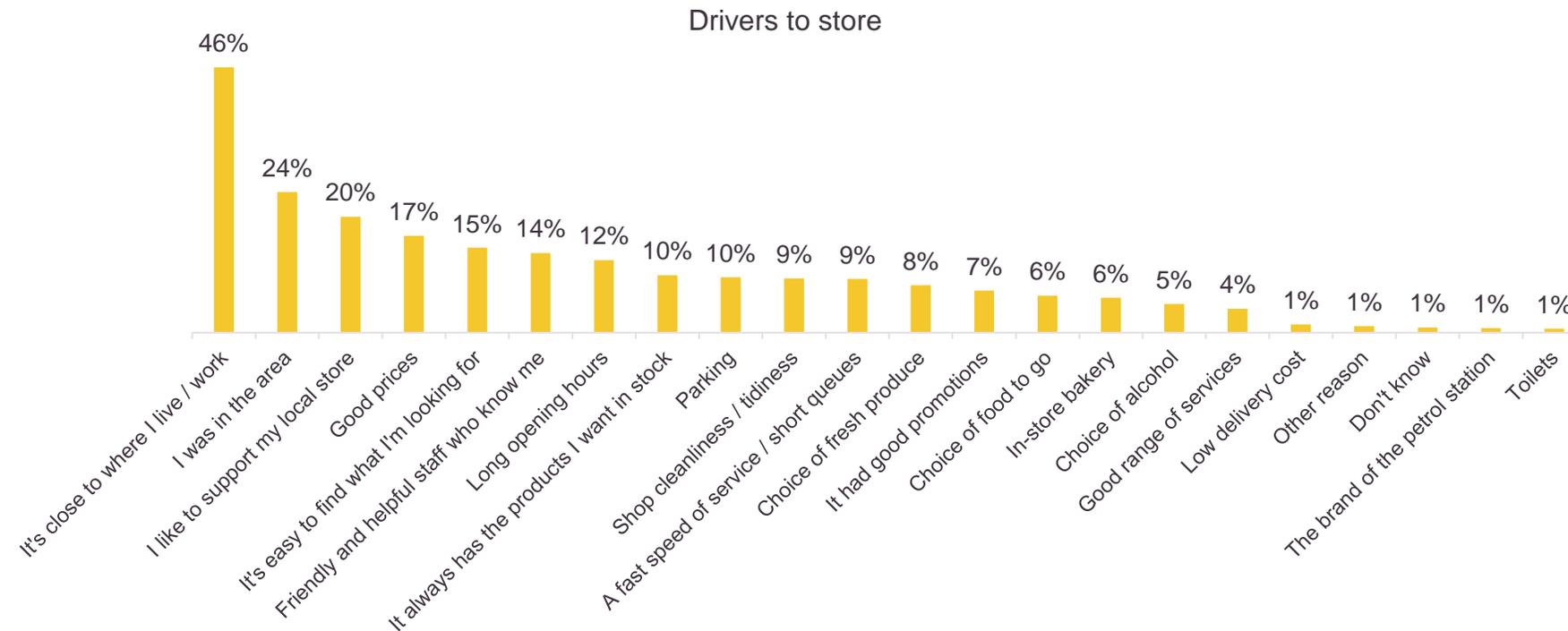


**Irie Eats** Sainsbury's launches brand new Caribbean street food range from national favourite

Source: Lumina Intelligence Consumer Tracking Programme (CTP) w/e 07/03/2021 to w/e 06/03/2022

# CONSUMERS STILL WANT TO SUPPORT LOCAL

Location is a big factor in determining where consumers are shopping with proximity driving 46% of respondents to stores as it was close to home or work and 24% as the consumer was in the area. Aside from proximity, supporting local is also a big driver to stores, a residual impact of the global pandemic where the “Support your local” rhetoric was emphasised in a difficult time for business. It would be beneficial for retailers to maintain good community relations through offers and loyalty/membership schemes to increase frequency of visits, average spend per visit and thus sales.

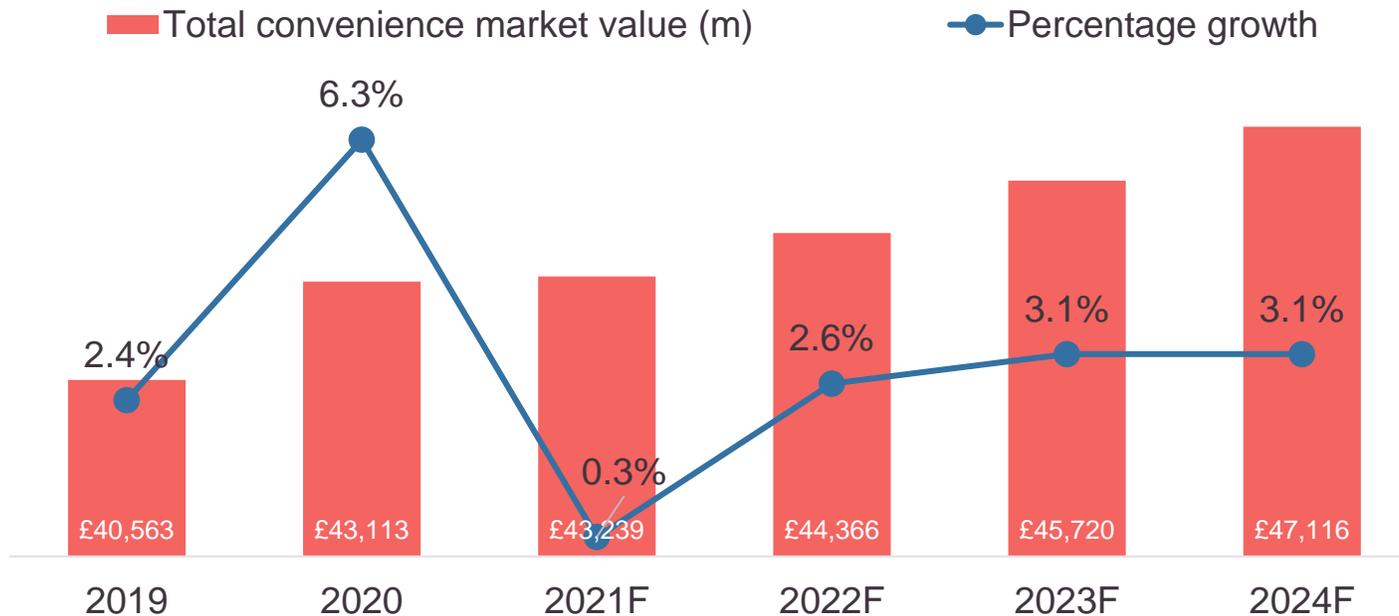


Co-op's membership scheme is designed to offer more personalised offers – allowing members to choose two tailored offers a week, as well as exclusive in-store-only discounts. The Co-op said that “top spending customers” could actually expect to save “almost 150% more” through the new membership proposition.

Source: Lumina Intelligence Consumer Tracking Programme (CTP) w/e 07/03/2021 to w/e 06/03/2022

# FUTURE GROWTH WILL BE ROBUST FOLLOWING 2021F

The convenience market is set to total £47.1 billion by 2024F, a net increase of +£3.9 billion from 2021F.



“The profile shopper has changed for the better. We are seeing the biggest basket spends we have ever had. consumers got into a routine of coming to us. We were well stocked and adapted changes to ranges during the pandemic, Customers did not realise the products ranges we had before the pandemic. We retained 27% of our new shoppers which is huge. But in order to keep these and gain more we have to adapt and keep updating our ranges as necessary.”  
**Susan Connolly, Business Development Manager, Connolly Spar**

The convenience market has a unique opportunity to build on the customers and spend gained throughout the pandemic to continue to grow as a core shopping channel for consumers. Growth drivers in convenience will include the continued expansion and roll out of on-demand and delivery services as well as click & collect for larger more urban stores. Suburban stores can continue to enhance their role as key community destinations including continuing to provide core household essentials and increasing reach into attractive lunchtime meal solutions for home workers.

Source: Lumina Intelligence, July 2022

# FUTURE MARKET DRIVERS AND INHIBITORS, 2021F-2024F

**The pandemic has accelerated pre-existing drivers.** Continued innovation to develop new and evolve existing solutions in delivery, food to go and local will further futureproof the channel. New legislation around HFSS products and calorie labelling on pre-packaged ready-to-eat food are set to be market inhibitors in the next three years.

## Collaboration and partnerships

- Retailers developing partnerships with foodservice brands specialising in food to go is changing range and extending reach of the channel, it is expected that further collaborations will take place in the coming years as foodservice brands look to extend routes to market.

## Omnichannel shopping and price comparison behaviours

- A K-shaped outcome for the economy has seen some consumers financially worse off. Tighter budgets lead to more price comparison and omnichannel shopping behaviours.

## On-demand convenience

- Growth in ODC is set to drive growth going forward. Tapping into delivery allows convenience to compete with grocery and maintain a USP however awareness remains low and so boosting awareness in store will drive usage.

## HFSS and calorie labelling legislation

- April 2022 introductions of calorie labelling on pre-packaged ready to eat food items as well as HFSS legislation will be a challenge for both convenience stores with a focus on fresh food to go and stores with a reliance on impulse categories including crisps and snacks.

## Local and expanded services

- Independent retailers have a unique opportunity to drive traffic through effective communication around their role in the community as well as enticing alternative services including prescriptions, specialist alcohol concessions and dessert kiosks.

## Heightened competition from other channels

- As well as competition from other grocery channels, convenience is also in competition with foodservice delivery specialists, delivery and foodservice players offering consumers convenient meal solutions. Collaborations are an opportunity to overcome this.

# Get in touch

For further information about this report please contact:

[Enquiries@lumina-intelligence.com](mailto:Enquiries@lumina-intelligence.com)

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