July 2023

Lumina Intelligence Convenience & Wholesale Market Report

The cost of doing business is an increasing pressure

Legislation

Extended Producer Responsibility – Eligible businesses are those who place 25 tonnes on the market and turnover +£1m. A ban on plastic plates, cutlery, cups etc. was expected to be coming in from 2024. The Grocer announced in July 2023 that it is at risk of being shelved until 2025.

Deposit Return Scheme – implementation in Scotland has been delayed until October 2025. The Grocer has noted that this is also at risk of being shelved. A plan for an England and Wales rollout remains to be seen.

HFSS – HFSS promotion restrictions delayed until 2025, there are views that these have been shelved and that a labour government is also unlikely to act.

Potential vape legislation - the Government is looking at vapes from a health and sustainability viewpoint.

Business/global

Global trade – Global factors including China and Ukraine conflict. The Windsor framework and border checks coming in from October 2023.

Living wage – Government has set a target of £11.08 an hour by 2024, these increasing costs drives inflation and costs for businesses.

Food price inflation – CMA is investigating prices including in the wholesale sector as Government raised concerns about profiteering. It is expected to fall over the coming months.

Energy costs – Global crisis is leading to higher prices. There has been limited Government support and planning restrictions.

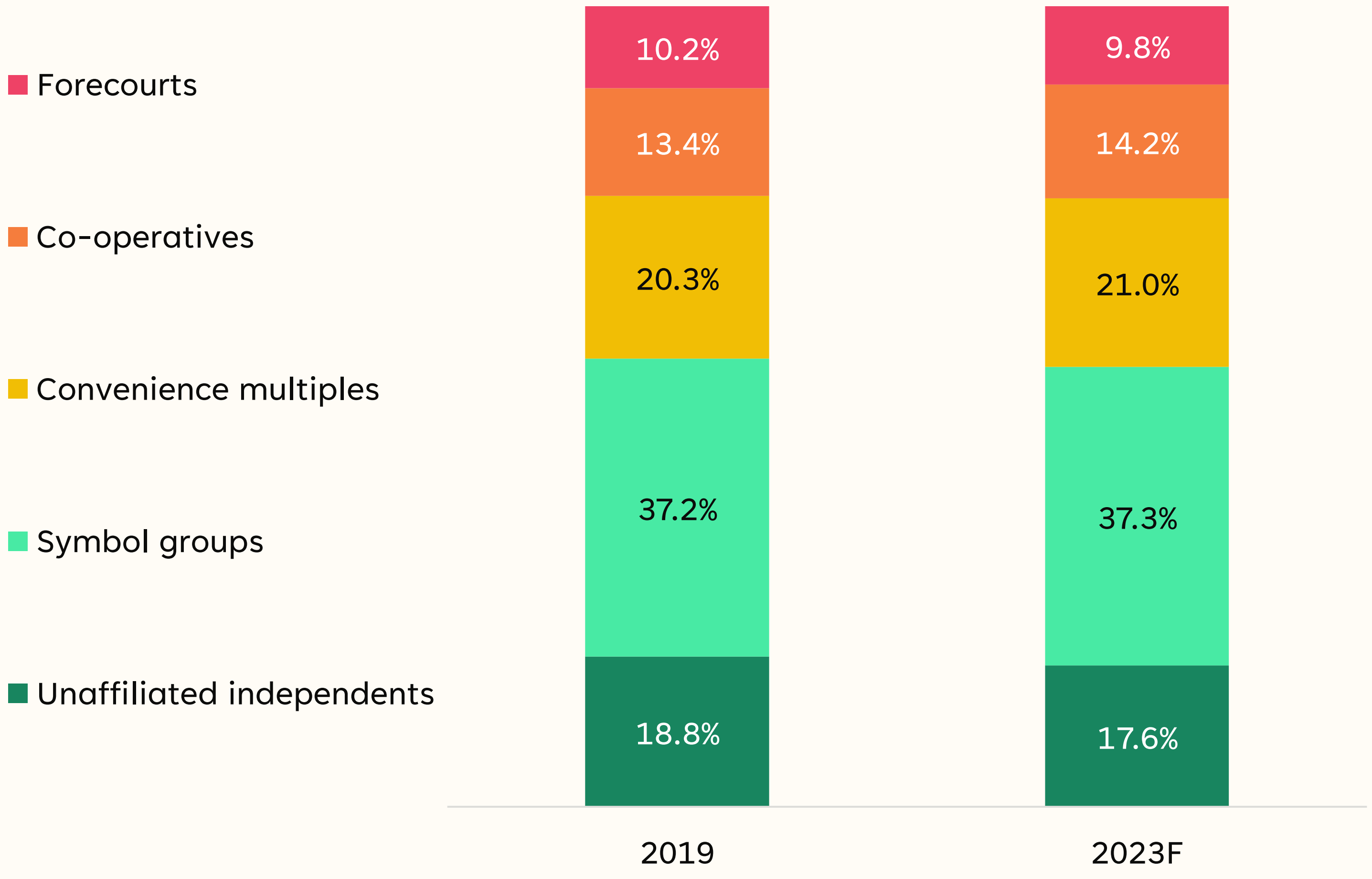
Source: FWD, July 2023

Symbol groups grow market share amid strong post pandemic performance

Symbol retailers have been able to capitalise on additional shoppers attained throughout the pandemic to retain market share. Some shoppers will be prioritising local convenience as a way to shop little and often and reduce food waste.

Multiples have been able to leverage scope to push value propositions throughout the cost of living crisis alongside continued strong outlet growth.

Segment share of convenience market value, 2019 & 2023F

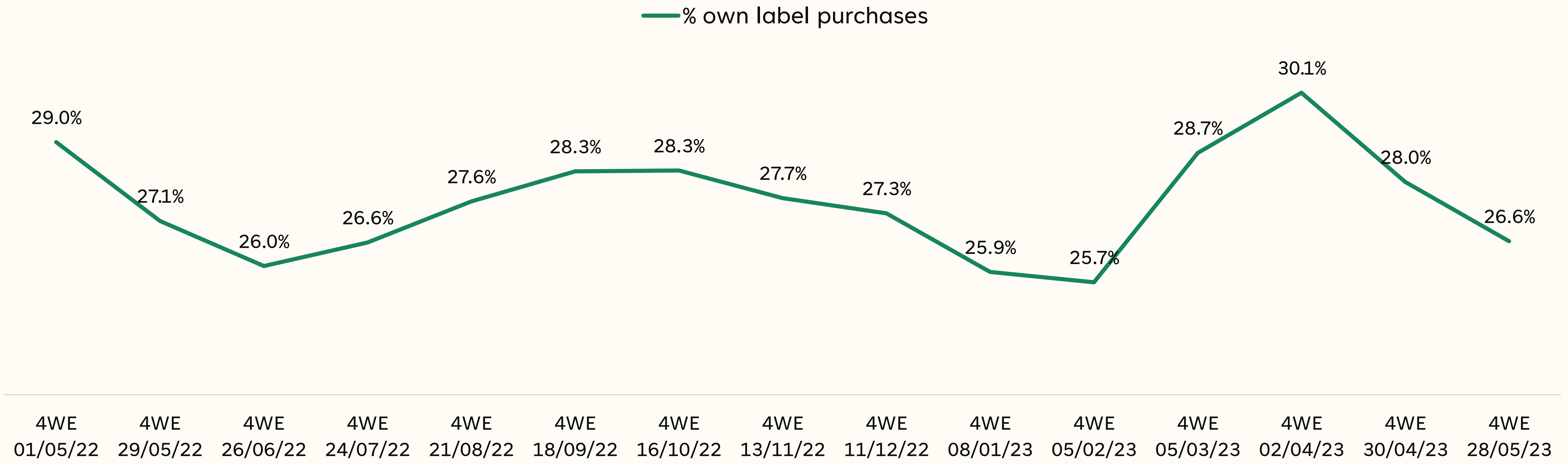


Source: Lumina Intelligence, July 2023

Increased cost of living drives own label purchasing

Own label purchasing peaked in April 2023. Shoppers are switching from branded to own label to save money. Brands should emphasise trust, quality and comfort credentials in marketing as shoppers are also seeking treats.

% Own Label Purchasing

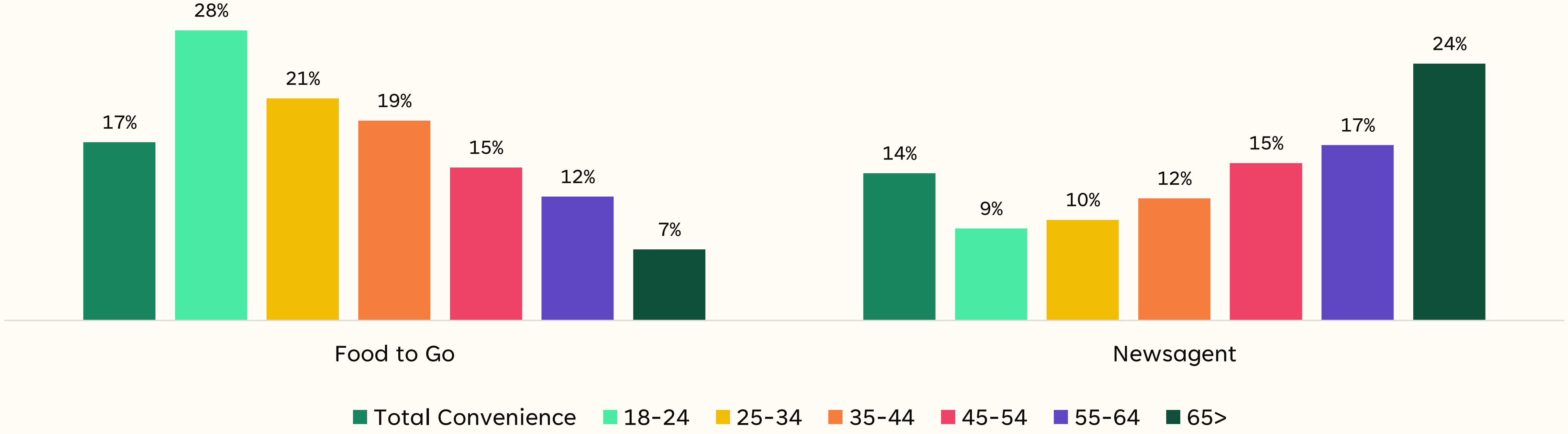


Source: Lumina Intelligence Convenience Tracking Programme, data collected 4WE 01/05/22 - 4WE 28/05/23

Food to go and newsagent missions by age demonstrates the extremes of the convenience channel

Differing drivers to store is linked to different shopper needs. Younger shoppers are more likely to be transient and visit convenience stores when on the go and looking for quick meal solutions. Locality is more important to older shoppers and this demographic are most likely to visit on a newsagent mission.

Missions

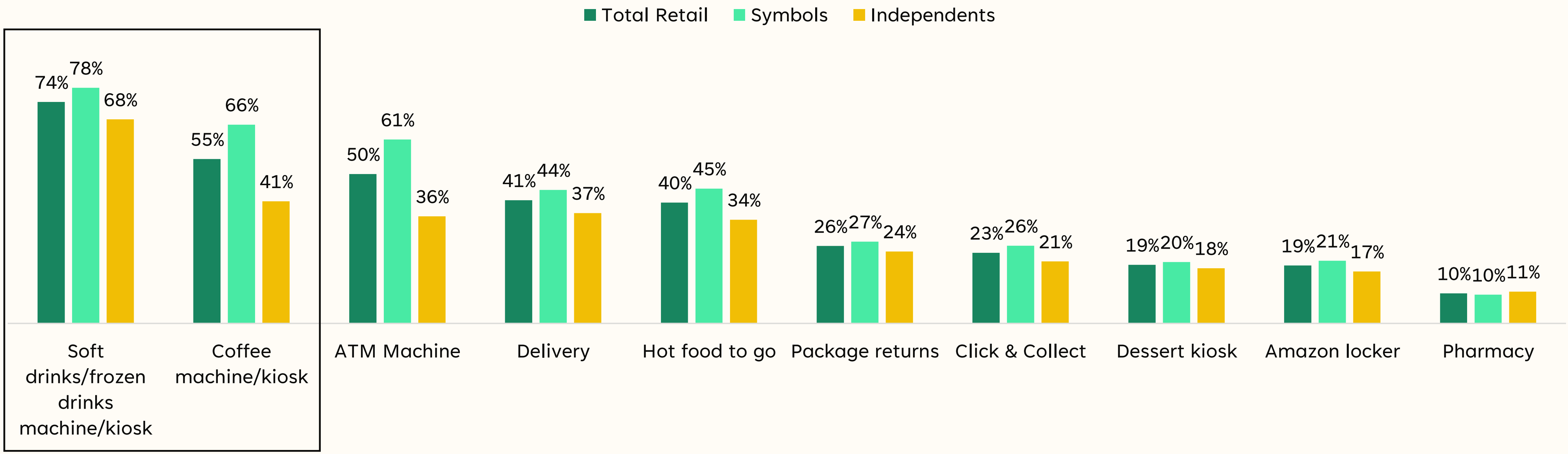


Source: Lumina Intelligence Convenience Tracking Programme, data collected 12WE 28/05/23

Soft drinks and coffee machines most common services

Soft drinks and coffee kiosks are the most common services offered in convenience stores as these drive footfall and give the opportunity for retailers to compete with foodservice outlets. Symbol retailers over-index in most of the services offered as they have greater investment capabilities, support and guidance from their groups compared to independents.

Q: Which of the following services/products do you offer?



Source: Lumina Intelligence Retailer Attitudes and Behaviours Study, July 2023

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Lumina Intelligence

To learn more about how Lumina Intelligence can support you, please get in touch using the contact details provided below.

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