

July 2024

Lumina Intelligence Convenience Market Report

Brochure



Executive Summary



- 1 Strong market growth was underpinned by inflation in 2023**
 - The convenience market valued £47.4 billion in 2023, growth of +5.0%. Market drivers included demand for convenience food to go with weak household spending power alongside a colder than average summer restricted growth.
- 2 The convenience market is forecast to achieve a growth rate of +4.2% in 2024F, to reach a value of £49.4 billion**
 - Robust growth is forecast to be driven by stronger volumes with more financially confident consumers following improvements to household spending power. Food to go is a lever of growth with store and ranging developments including meal deals, hot counters and brand partnerships.
- 3 Symbol groups are increasing market share through investment in renovations centred around destination categories**
 - Symbol groups are forecast to account for 38.0% of the convenience market value in 2024F – up +0.8ppt versus pre-pandemic. The segment is set to overtake independents in share of outlets by 2027F. Booker, Bestway and Spar are focused on driving value credentials through own label ranges to compete with the multiples.
- 4 Acquisition and conversion changing the shape of convenience retail**
 - Supermarket brand presence is growing in an independently dominated market, Morrisons Daily and Asda Express is expected to lead outlet growth driven by site conversions from McColl's and Co-op and EG Group acquisitions, followed by Nisa growth through targeted forecourt store recruitment.
- 5 Convenience is forecast to value £54.6 billion in 2027F**
 - The convenience market is forecast to see a compound annual growth rate (CAGR) of +3.4% from 2024F-2027F. Stronger economic indicators alongside burgeoning demand for local shopping, food to go and low-ticket treating will support a more regular market growth rate from 2025.

Source: Lumina Intelligence, July 2024

How to use this report



Report section:	Market & Competitive Landscape	Shopper Insight	Retailer attitudes to wholesale	Future Outlook
Relevant teams	Commercial, finance, data and insight, holding company, board	Brand, creative, data and insight and marketing	Brand, creative, data and insight and marketing	Commercial, finance, data and insight, holding company, board
Operator Questions answered	What does the market look like and how will changes impact my business case and forecast? What are possible gaps that can be capitalised on?	What are shopper motivations? What are the opportunities to be exploited?	How are retailers interacting with the wholesale channel and should I be looking to follow suit with any trends in the market?	How will the market change across the next three years and what are the threats and opportunities?
Supplier/ Wholesale Questions answered	What does the market look like and how will changes impact my customers? What factors will need to be priorities for supporting customers?	How are retailers having to adapt to deliver against changing shopper needs? What can we do to support our customers?	How should we be adapting to deliver against changing customer needs? What can we do to support our customers?	How will the market change across the next three years and what are the threats and opportunities?
Investor Questions answered	What is the landscape and the opportunity for growth in the market?	What are key shopper behaviours and considerations that a prospect needs to be prioritising?	What are key retailer behaviours and considerations that a prospect needs to be prioritising?	How will the market change across the next three years and what are the threats and opportunities?

Source: Lumina Intelligence, July 2024

Sample Slides





Key party manifesto promises that directly impact convenience

UK July 2024 general election: what it means for grocery retail

UK Prime Minister Rishi Sunak has called for a General Election on 4 July 2024. There is an unclear political future with a Labour government majority expected according to polls. Lumina Intelligence expects the Conservative and Labour party to focus campaigns on issues that will impact the grocery retail market including crime and shop theft, business rates, Brexit, energy costs and staff costs.



1. Staff costs and business rates

Labour has a plan to reform current business rates to safeguard high streets and town centres in the age of online shopping. Retailers should push local MPs for more information on how parties will invest and improve town centres and local parades.



2. Crime and violence – shop theft and shopworker abuse

Labour is pledging laws to tackle violence against shop workers and to stop police ignoring thefts under the value of £200. Retailers should ask local MPs how they will tackle shop theft, violence and abuse towards shopworkers.



3. Energy and sustainability

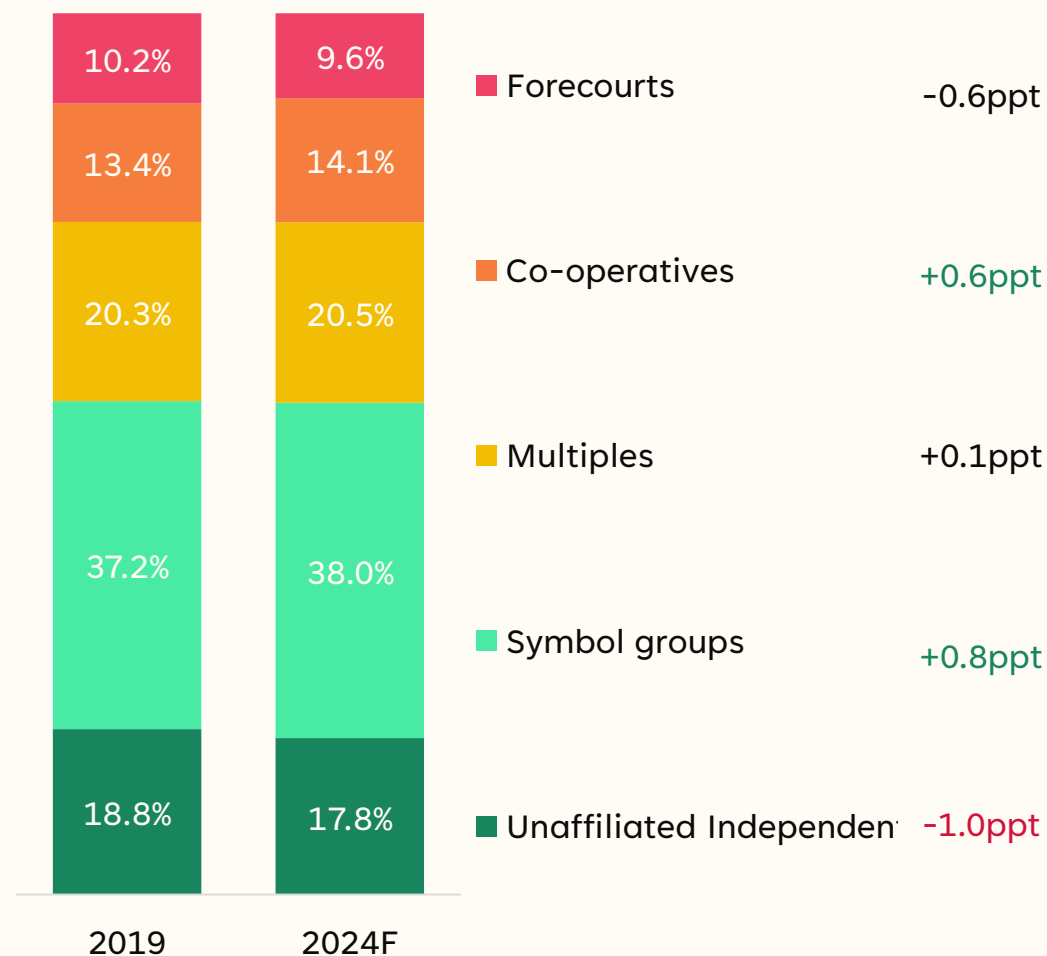
Labour plans for publicly owned energy companies to lower costs for both homes and businesses. Labour has pledged to remove Vehicle Exercise Duty on electric vehicles purchased for fleet use above £40,000, encouraging electric vehicle usage among businesses.

Source: Lumina Intelligence, June 2024

Symbols are growing share through innovation & investment

Symbol groups are forecast to account for 38.0% of the convenience market value in 2024F – up +0.8ppt versus pre-pandemic. The coronavirus pandemic was transformative for the symbol sector, with shoppers discovering the quality and value of their local symbol store range. Post pandemic symbol groups including Booker, Bestway's Best One and Parfett's Go Local have built on success with store renovation projects centred around destination categories. The groups have also focused on driving value credentials through own label ranges to compete with the multiples.

Segment share of convenience market value, 2019-2024F

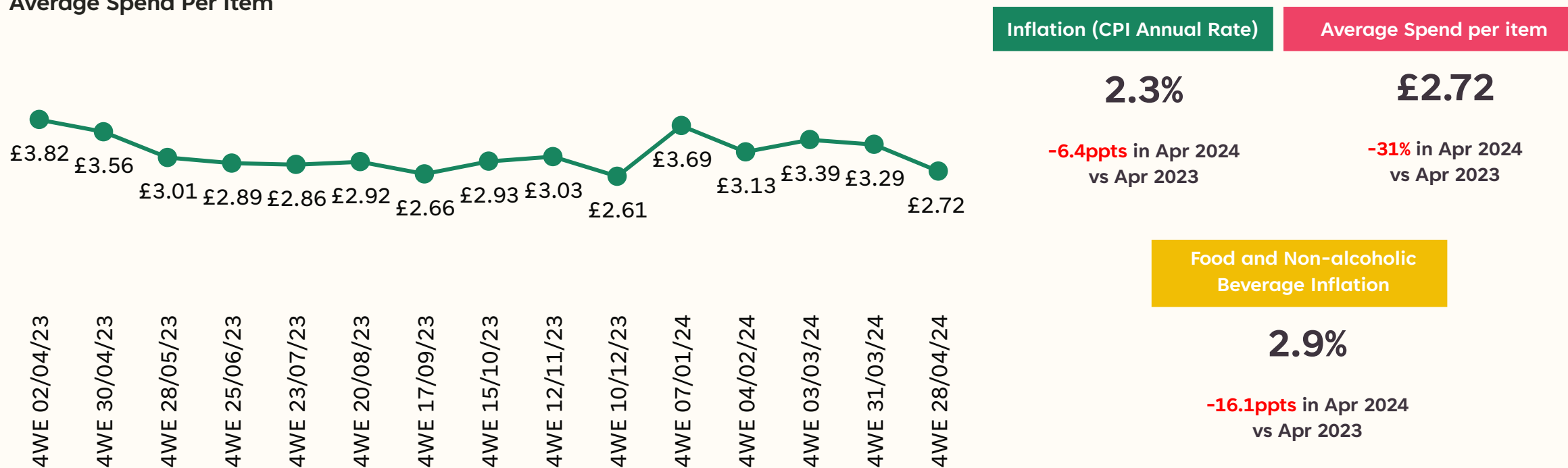


Source: Lumina Intelligence Market Sizing Insight & Analysis, June 2024

Reductions in spend per item outpace falling inflation, unlocking bigger basket potential

Average spend per item has steadily fallen by -£0.84 YoY in the latest 4 weeks, at a faster rate than inflation. This is making the convenience channel more affordable to shoppers that seek to maximise their budget and buy more items per visit as a result.

Average Spend Per Item

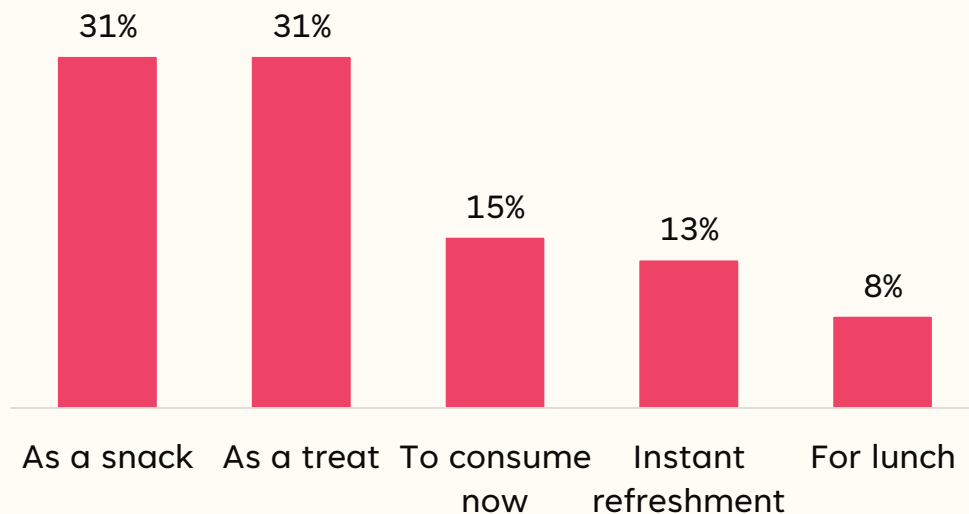


Source: Lumina Intelligence Convenience Tracking Programme, data collected 4WE 02/04/23 to 4WE 31/03/24 | Office of National Statistics, May 2024

Breakfast and lunch are the fastest growing occasion trends in the evolution of food to go

Snacking is key for food to go alongside affordable treating. Shoppers increasingly buy food to go for important meal occasions such as breakfast and lunch, as a hybrid workforce becomes ever more office-based. Meal deal offers, including those stemming from loyalty programmes, have helped provide convenience shoppers with affordable choices to meet their food to go needs.

Key food to go mission occasions



Biggest YoY occasion gains

As a treat **+1ppt**

For lunch **+1.5ppt**

To go with breakfast **+1.5ppt**



Meal deals help drive loyalty, such as Co-op's Member Prices programme, featuring exclusive pricing to encourage repeat purchase

Source: Lumina Intelligence Convenience Tracking Programme 52WE 30/04/23 and 52WE 28/04/24 | Co-op Ancoats Manchester, March 2024



Development expectations, 2024F-2027F

Convenience market: 2024F-2027F trends

Convenience market trends including destination categories, digital innovation and hybrid models are expected to be at the centre of strategies for growth across the next three years.



Destination categories will become more important for maximising spending opportunities through premium and hyperlocal concepts



Digital innovation aligned with artificial intelligence will mitigate staff costs and drive operational efficiencies



Value & loyalty will be executed to a larger degree through technology including digital loyalty apps and personalised deals that use historical purchase data



Hybrid models of dual concepts in the symbol channel are expected to continue to expand as retailers boost specialisms and increase consumer reasons to visit

Source: Lumina Intelligence, June 2024



Extended Table of Contents

Market Context

- Uncertain political future
- Falling inflation against business and consumer pressure
- Personal finance and consumer confidence
- Travel: transience and pre-covid levels
- Key metrics impacting shoppers
- Home food and drink spend shares

Market Context

- New legislation and business costs
- UK July general election

Market Performance

- Convenience market forecast 2024F
- Convenience market segment definitions
- Inflation and market growth in 2023
- Convenience value forecast 2024F
- Convenience market growth drivers 2024F
- Convenience market growth inhibitors 2024F

Market Performance

- Food to go in the convenience market
- Symbol shares, innovation & investment
- Symbol groups and multiples

Extended Table of Contents



Competitive Landscape

Strategic expansion and tech innovation

Leading operators forecast to see combined average outlet growth

Top 10 fascia profiles by outlets

Convenience store retaining its lead

Convenience multiples set to see growth in 2024

Convenience store leads outlet growth

Competitive Landscape

Convenience trends and growth drivers

Tech-led innovation drives operational efficiencies

Advanced digital solutions integration

Retailers increasingly adopting tech-based solutions

Superstore leverages AI to personalise the shopper experience

Hybrid models and C-stores

Competitive Landscape

C-stores hybrid store targets impulse and FTG missions

Independent convenience store of the year

Brand enhances immediate and future food offerings to meet shopper needs

Wholesalers refresh own-label ranges

Own-label launches capitalise on growing market trends

Shopper overview & demographics

Consumer visit drivers

The convenience market and accessibility to young shoppers

Convenience shoppers are more engaged in the market

Reductions in spend per item

Older shoppers and locality and accessibility

Profiles that gravitate towards convenience more

Younger shoppers at core

Extended Table of Contents



Shopper overview & demographics

Retailers use community and sustainability initiatives to successfully drive loyalty

Focus on quality driving value

Young shoppers seek health and experience

FTG missions continue to grow year-on-year

Opportunity to capitalise on breakfast and lunch to go

Shopper group growth

Shopper overview & demographics

Fastest growing occasions in food to go

C-store promotional activity

Target top up missions with chilled and frozen foods

Retailer share growth for loyalty investments

Shopper trends and opportunities

Key shopper trends and opportunities

Meal occasions growing

Meal for tonight growth driver

Premium meals and kits in convenience

Wider adaption of 4-day working week

Treat and impulse growth

Key drivers for treat shoppers

Shopper trends and opportunities

Treat missions likely to grow in importance

Health-consciousness expected to continue to grow

Health as a product consideration

Health as a choice factor

NPD in chilled drinks and dairy

Increased attention on ultra-high processed foods

Loyalty is shifting to rewards

Extended Table of Contents



Shopper trends and opportunities

Loyalty cards steady and increase

Loyalty usages on the rise

Retailers maximise on young shopper loyalty

Opportunity for retailers to tap into key sporting events

Value scrutiny is moving beyond just price

Ongoing cost-of-living pressures

Own brand premiumisation

Shopper overview & demographics

Opportunities for premium own brand ranges in key categories

Wholesale: retailer attitudes & behaviours

Objectives and methodology

Ongoing economic challenges impacting behaviour

Finance-driven factors remains the most influential

Retailers adopting new initiatives in a bid to combat shoplifting

Rising inflation and business rates left retailers wary

Challenging market conditions

Wholesale: retailer attitudes & behaviours

Refurbishment of stores has been delayed the most

Independents are more likely to stock up lower-cost products

C-stores revamp own-label ranges to stay

Retailers prioritise sustainability and marketing related investments

Improving shopping experience and driving productivity

Extended Table of Contents



Wholesale: retailer attitudes & behaviours

- Depot visits increasingly seen as an opportunity to get good deals
- C-store capitalises on exclusive depot promotions to drive engagement
- Delivery continues to grow in share post-pandemic
- C-store investing in delivery management
- Main shop mission is on the rise
- RRP driving product choices

Wholesale: retailer attitudes & behaviours

- Price-marked packs offer a blend of consumer trust, operational efficiency, and competitive advantage
- Confectionary and soft drinks are the PMP favourite
- Promotions and own label appeal to independents
- Soft drinks contribution to generating store footfall
- Key drivers of store footfall
- Confectionary key profit generator for indies

Wholesale: retailer attitudes & behaviours

- Soft drink lead in sales for symbol retailers
- Coffee machine and soft drink kiosks most common services offered in store
- Hot food to go top priority for independents
- Fewer frustrations when shopping in depots YoY
- More needed on search function navigation
- Opportunity to enhance search function

Wholesale: retailer attitudes & behaviours

- Best practices for optimising internal search function
- An omnichannel approach is key to informing retailers about new products



Extended Table of Contents

Future outlook

Convenience value forecast 2027F

Convenience market growth drivers, 2024F-2027F

Convenience market growth inhibitors, 2024F-2027F

Future outlook

Convenience market: 2024F-2027F trends

Sainsbury's announces 75 new convenience stores in the next three years

Adaptations to changing legislations

Future outlook

Innovative retailers utilising technology

Improved operations through expanding services

Future outlook

Loyalty and feedback schemes driving engagement

Loyalty schemes strengthen retailer-supplier relationships

Report Details



Format
Electronic PDF

Pricing
£3250

Publication
July 2024

Access
Corporate Access

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