

## Convenience Stores - UK - April 2011

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### What is this report about?

This report demonstrates that the entrance of the major multiples into the C-store arena has galvanised the existing players into action. Investment has increased dramatically and all the major symbol groups have responded by improving their offer, their stores and their systems.

### What have we found out?

- C-store volumes have been static for the last 5 years - so it looks as if the long term decline of the sector has been halted. This is entirely due to the entry of Tesco Express, Sainsbury's Local and M&S Simply Food which has raised standards and brought new ideas to the sector. The symbol groups have responded by upping their game as well.
- However the multiples are the most visited stores, partly because they target high footfall locations. They have also seen the biggest growth in customers as they have expanded their store portfolios. Tesco Express, for example, has attracted 54% of all C-store users in the last 12 months compared with only 31% four years ago.
- Some 24 million people (60%) use a C-store at least once a week, though only 27% are happy with the offer and most don't like having to pay more. The key factor, however, is that with so many regular customers, improvements should be quickly recognised and grudging users may be converted to willing users and start spending more.
- The legacy of years of underperformance is that the brand strength of the symbol groups is poor and worse than that of the multiples (Tesco, Sainsbury's and M&S).
- Some 9 million people (23% of consumers) say they would like to see more locally sourced products in C-stores. We believe that capitalising on local strengths and making the C-store a focus for the community is one of the great opportunities for convenience retailers.
- More than a quarter of consumers do their top up shopping at a superstore and with 24 opening and a greater number of self service checkouts (which makes it easy to purchase a small basket of goods) they will clearly pose an additional threat to the traditional C-store retailer.

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