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**19 July 2022**

**UK convenience retail market set to return to turnover growth in 2022, to a value of £45.2bn**

According to the new Lumina Intelligence UK Convenience Market Report 2022, the UK convenience market is forecast to reach a value of £45.2bn in 2022, growth of +3.2% versus 2021.

This follows a small decline in 2021 of -0.8%, as market growth slowed as a result of hospitality reopening and coronavirus restrictions easing.

The market is also expected to see positive, albeit modest, outlet growth at +0.6%, with a post pandemic property boom creating greater prospects for operators to expand.

**Co-operatives and convenience multiples set to outperform the market**

Co-operatives and convenience multiples are expected to grow turnover by +5.6% and +3.8% in 2022, respectively. This growth will be underpinned by investment in store refits and physical expansion, as well as developments in delivery services.

Forecourts (+1.6%), symbol groups (+2.9%) and unaffiliated independents (+1.7%) are all also expected to see growth, but at a slower rate to the total convenience market.

**Shoppers revert to pre-pandemic patterns**

The percentage of UK adults that have had a convenience occasion (delivery, in-store or click & collect) stabilised at 64% in May 2022, with basket spend and basket size down 10.5% to £7.18 and 15.6% to 2.7 items year-on-year, respectively.

Shoppers are reverting back to pre-pandemic patterns. Planned top up missions are down -7.9ppts year on year, stabilising following a pandemic driven boost. However, positively, younger consumers traditionally under-performing in convenience have been retained year on year.

**Delivery accounts for 7% of all c-store occasions**

The pandemic accelerated growth in delivered convenience store occasions, with shoppers limiting the need to leave home and visit crowded places. Despite restrictions easing, delivery occasions have only declined by -1.6ppts year-on-year and now account for 6.8% of total convenience occasions.

The delivered route to market attracts valuable shoppers with higher frequency (+37%), basket sizes (+48%) and average spends (+134%) versus in-store shoppers.

**HFSS location restrictions to impact 47% of purchases**

Percentage of HFSS purchases made from locations set to be restricted by HFSS:

|  |  |
| --- | --- |
| Display on the end of an aisle | 23% |
| Display at the front of the store | 12% |
| Display at the till | 9% |
| Display within the queue system | 3% |

Confectionary is most at risk, over indexing in HFSS restricted locations, which accounts for 53% of purchases. Signposting in store will be important to guide consumers in aisle to the products on the main shelf. Reformatting stores in order to place HFSS products near categories with a high footfall, such as bread, eggs or milk will help maintain sales; or moving these items to the back of store could force shoppers to walk through aisles with HFSS products.

**Discounters win as cost of living rises**

There has been a notable uplift in convenience shoppers also visiting discounter stores, driven by increased price sensitivity. In the 12 WE 06/03/22 30.5% of convenience store shoppers also shopped in a discounter each week. In our most recent data (12 WE 29/05/22), this increased by +2.7ppts to 33.2%.

**UK convenience to grow by +£3.4bn from 2022-2025**

The convenience market is expected to total £48.6bn in 2025, with a compound annual growth rate (CAGR) of +2.6% forecast between 2022-2025.

Commenting on the findings, Insight Director at Lumina Intelligence, Blonnie Whist, said: “*UK convenience retail remains in a strong position. Despite cost of living challenges, the market will benefit from a resurgence in on the go missions in 2022, as shoppers seek more accessibly priced options compared to foodservice channels.* *Leveraging different store formats, including grocery-led, food to go-led, service-led and delivery will be key to growth across the next three years.”*

*“From a delivery perspective, retailers need to capitalise on events including the Women's Euros and the FIFA World Cup through encouraging shoppers to use delivery for entertaining and nights in.”*

Find out more about the Lumina Intelligence UK Convenience Market Report 2022 [here](https://store.lumina-intelligence.com/product/uk-convenience-market-report-2022/).

**ENDS**

**Report methodology**

The Lumina Intelligence UK Convenience Market Report 2021 is the trusted source of insight for UK leading manufacturers and operators.

The report methodology includes:

* 1,500 weekly consumer surveys from Lumina Intelligence Convenience Tracking Programme - the UK’s largest UK convenience shopper study
* Market sizing data tracking the performance of hospitality and grocery operators, based on published and estimated turnover and outlet numbers 2018-2025F
* Channel detail and topical content and subject deep dives from Lumina Intelligence Channel Pulse - 1,000 consumer interviews across UK grocery retail shoppers.

**About Lumina Intelligence**

Lumina Intelligence inspires the food and drink sector with deep, actionable insights powered by the best analytics technology. Our products and services are used by the major brands and organisations in these fast moving and growing markets to support business planning, strategic marketing and new product development.

With offices in London, Chicago, Montpellier, and Singapore, and local on the ground analysts across our businesses, you can trust our market knowledge. We are committed to providing all our customers with up to date accurate information to support critical decision making.

Combining the expertise and experience of HIM, MCA Insight and Lumina Intelligence, we are the experts in market and consumer insight across the food & drink and nutrition markets.

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