Convenience store 2020
Centre of the local ecosystem

The growth opportunity in establishing a hub – protecting the investment into physical locations

ResearchFARM

INCLUDED:
Access to our online database
with 500+ pictures

November 2012

CONVENIENCE 2012: CENTRE OF THE LOCAL ECOSYSTEM

We have identified 5 issues that will be crucial to the convenience store format in 2020. Today's convenience store retailers should start to...

- establish an ecosystem around the store,
- become completely catchment-centric (shopper and location),
- integrate their offer by maximising the private label opportunity,
- leverage the c-store in the supply chain and
- update the food service offers

...to remain relevant in the future.

Businesses covered include:

Ahold, Amazon, Apple, Asda, Boots, Budgens, Carrefour, Casino, Circle K, Coop Suisse, collect+, Coop Deutschland, Coop UK, Costa, Delhaize, DHL, dm, Duanne Reade, Edeka, E.Leclerc, FamilyMart, Febo, Franprix, Hubiz, Kiala, Lawson, Lidl, Migros, Monoprix, Morrison, Rewe, Rossmann, Sourced Market, Spar, Starbucks, SuperBest, Tesco, Waitrose, 7-Eleven

The report provides global best practice examples from the EU, US, Hong Kong and Japan and features exclusive access to our convenience store picture library.

This report will allow you...

- demonstrate how to protect the investment into bricks and mortar by using the convenience store as an ecosystem centre
- tell you what convenience shoppers are looking for in future
- help you to mitigate risk, minimise nasty surprises and shocks
- show you where the growth spots are and how to exploit them
- highlight innovative ideas that should not be missed and those that probably won't work too well
- help you to learn from the mistakes of others - what missteps to avoid and what successes to copy
- explain current best practise to benchmark your own performance against the best in the business

KEY QUESTIONS ANSWERED

- Among the various convenience types, which is the fastest growing convenience location? Petrol stations? Neighbourhood stores or travel hubs? And what is the reason for this rapid growth? Moreover, will it continue? What are the risks?

- What do Japanese convenience operators do really well? What can all others learn from their innovations? Which risks have they mitigated that will affect the rest of the world over years to come?

- Which is more important for a convenience store operator? Catchment centricity? Shopper centricity? Or location centricity?

- What are the low hanging fruit in terms of supply chain optimisation around convenience stores? Especially in terms of multichannel integration? What about travel hub locations? What will happen over the next 5 years - especially at the multichannel, multi-format retail giants? How can they utilise the convenience store as part of their customer centric supply chain?

- Where will convenience concepts go over the next 5 years? What trend crossovers can we expect from self check outs? Will shopping become even more automated and if so how?

- Is food service always the best option to generate growth for convenience operators? What are the drawbacks? Should convenience stores become cafes as well? Is fast casual the way forward?

- What effect have gas price rises on the different convenience store locations? Which location benefits, which does worst? And what can be done about this?

- How can convenience store operators establish an ecosystem and walled garden around their stores?

- Which EU, Asian and US convenience store retailers already have best practice concepts up and running? Who is operating totally integrated, holistic solutions from store location to private label proposition to time sensitive stock management and offers? What can be learnt from them?

- Why is click & collect the perfect addition to convenience? How can lockers work for a big basket shop and how can they extend opening hours? Should these lockers be in the store or rather on the outside accessible 24/7?

- What is best practice in community retailing in convenience stores? How can convenience store retailers become totally embedded and immersive and generate community based loyalty? Who is the outstanding player in this respect?

- What are the big risks and threats to the current convenience store model? What can convenience store operators do about encroachment from discounters and drug stores and from regulatory creep?

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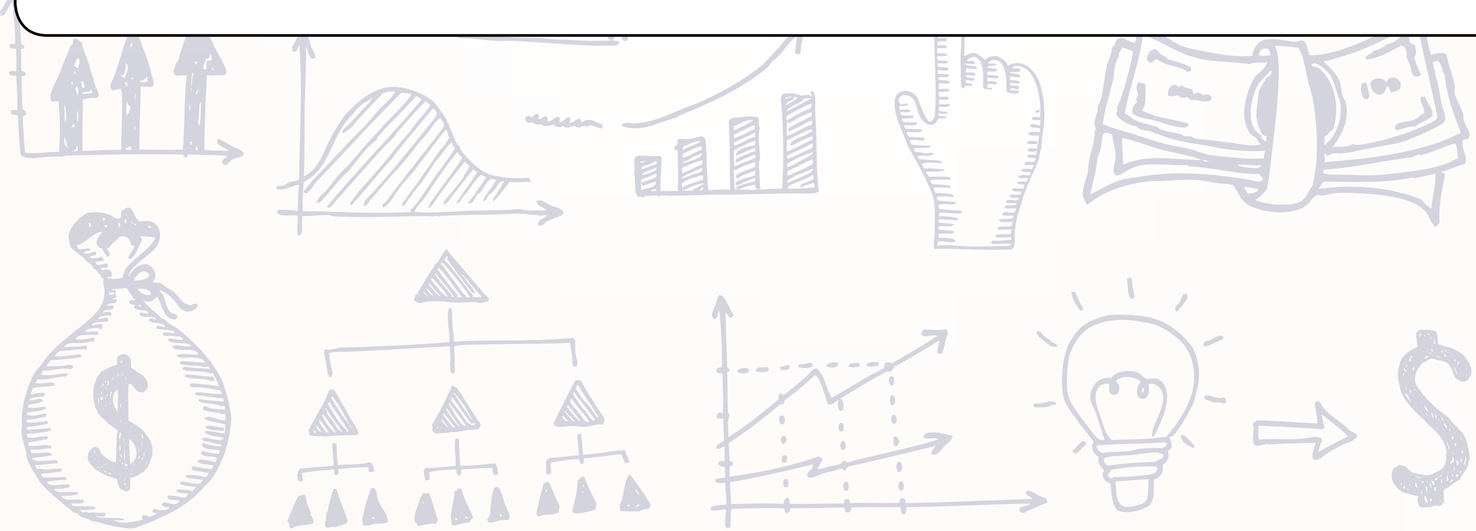

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TESTIMONIALS AND CLIENTS

« Our management team was very very satisfied with your reports. Your case studies really helped us. We are revamping our stores and have implemented a new way of thinking within the organisation and your piece of research helped us to understand how others are doing and how to apply it to our business.» (Retailer)

« The case studies helped us to think outside the box and we liked the fact that ResearchFarm is focussed on innovations and the future » (Financial services company)

« The report was very topical and very useful in explaining the technologies, players and issues and privided excellent case studies.» (Retail services provider)

« Very powerful piece of research. We often buy reports from other sources which are full of description and charts and very often with out to date info and things we already know. But yours are very compact and with current examples, re-commendations on what we should do and what we should not do. Examples that we can directly apply to our business.» (Department store)

«Your publications have been extremely useful so far especially because you are giving real life examples. those are really helpful so we can benchmark ourselves against others and see what works and what does not.» (Retailer)

« I found it very insightful. [...] Impressed with the amount of information that has been covered by your report.» (Retail merchandising company)

«I found the document easy to read, well laid out and the content thought-provoking. It reminds me of the major conside-rations that affect our markets, and to address these key issues when approaching the global brands and retailers. This re-port is a very good demonstration of the quality of how ResearchFarm operates and communicates.» (Technology supplier)

«The content is very interesting to us, as we look after many of the largest shopping centres and we also represent many international retailers entering our market. There is plenty of food for thought.» (Property consultants)

«It was helpful. It helped me to persuade my boss to take on a project about e-commerce research. I was really surprised by the importance of legal issues. I never read that elsewhere before.» (Government)

«On DLF's (Danish Association of Fast Moving Consumer Goods Manufacturers) New Years Conference on the 20th of January 2011 we had the great pleasure to hear ResearchFarm speak about future trends in online grocery retailing. The feed back from the conference participants was very positive as they gave ResearchFarm's presentation the highest score of all speakers, finding the analysis about the key success factors of chosen EU and US online retailers both very interesting and inspiring. We can therefore give ResearchFarm our best recommendation.»
Dagligvareleverandørerne – Danish Association of Fast Moving Consumer Goods Manufacturers

Zoom in to read

SAMPLE PAGES

Convenience stores: Stores as ecosystems, heart of infrastructure, sharing footfall

The phenomenon of ecosystems is important in two different ways. In nature, in the great oceans, masses of water see very little activity and life, apart from the occasional fish swimming through. Then in other parts such as the space on and around a coral reef, exponential growth of life forms takes place with a multitude of species cohabitating, resulting in rich biodiversity all crammed into the tight confines of an ecosystem.

Retailers should conceptualise convenience stores as an ecosystem in high footfall locations. This approach will ensure that retailers will make the store work to its best abilities and that the investment into real estate, business rates and staff will count and generate a return.

Seating the store at the heart and centre of an ecosystem will enable other services to ride on the back of the footfall and infrastructure created by the store. By these service provisions we mean anything from click & collect partnerships to legal, banking, foodservice and pharmacies services to extended range (in digital form) and to yet unknown technological breakthrough innovation that ties smartphones and shoppers to physical locations.

Offering click & collect capabilities makes eminent sense for convenience operators as a footfall driver. The benefits of being able to collect an ordered item at a time convenient to the shopper (i.e. after work, during lunch etc) and in the shopper's vicinity are obvious, driving retailers to partner with convenience operators in the neighbourhood through a third part player such as collect+ in the UK or Kiala in France or DHL in Germany.

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The other meaning of ecosystem: creating a walled garden

Multichannel using all channels to reach consumers - NOW using all channels IN STORE to reach the shopper - another ecosystem

Amazon, Apple techniques to tie shoppers in, "walled garden", hardware and software integration to sell content -> now used in store

Techniques used on high street, M&S, upload photo for make up advice (tie in), then shop in store, online used as ecosystem provider (2x conversion rate)

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SAMPLE PAGES

Localising convenience: Adapting for an older generation – 7-Eleven & Toyota collaboration

7-Eleven in Japan tied up with Toyota Motor Corporation to enable its staff to deliver customer orders, either made over the phone or in store to their houses by Toyota mini-electric vehicles.

According to 7-Eleven the company has managed to significantly boost its customer numbers among older consumers by offering this type of delivery service. Despite the convenience chain being perceived by shoppers as mainly catering to younger consumers, over 50s now account for 30% of its customer base, compared to 12% for under 20s.

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Duanne Reade: PL relaunch shifting perception from drugstore to convenience

Private label redesigned and repositioned to suit wider revamping efforts around store environments

The experience of Duane Reade goes to show that private label strategy plays an integral role in the rebranding and revamping process on the wider store level.

In order to create a holistic image for the company, it is vital to acknowledge the importance of its private label positioning in rebranding efforts. By redesigning and revamping its private label in conjunction with wider refurbishments and repositioning of its stores around its 'New York Living Made Easy' corporate initiative, Duane Reade has reaped the benefits of its turn around strategy, not just through a doubling of private label sales but also a more positive perception of the retailer among its target customer base in the city.

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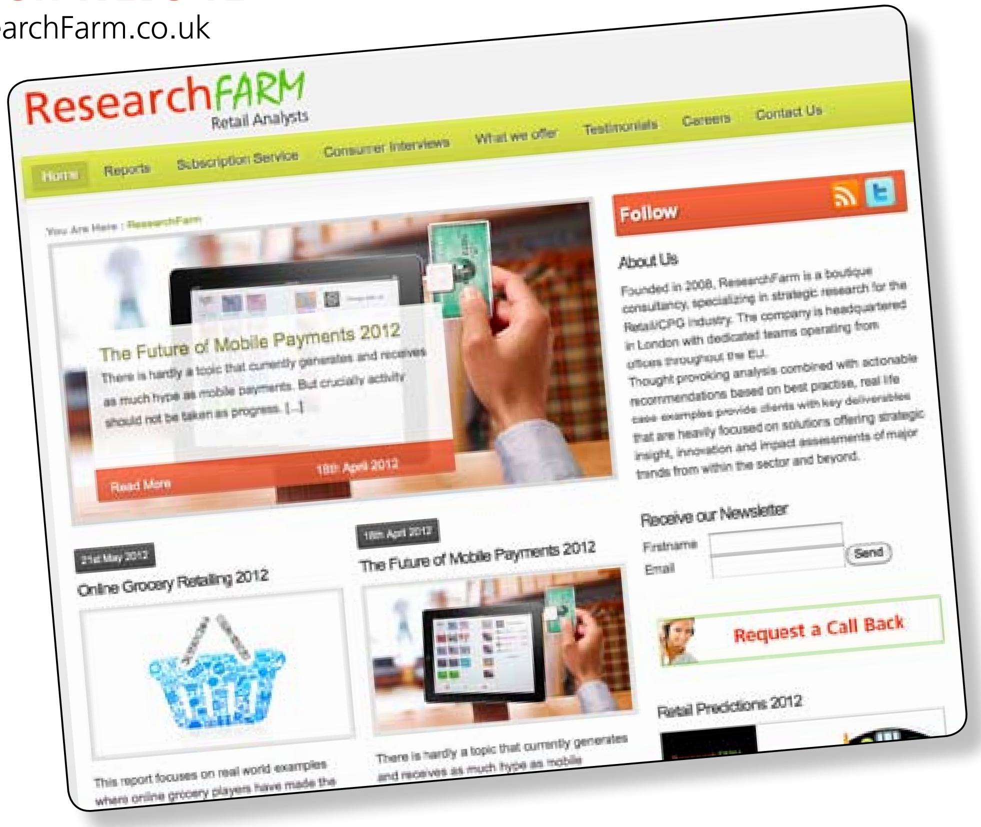

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