

C-STORE INSIGHTS

Rebuilding profitable CSN sales with singles and PMPs.

2020 has been a year of unprecedented change in the world of food retail with a seismic shift in behaviours and shopping patterns.

Through Lockdown we have seen both opportunity and challenge in the Convenience channel as workplaces closed, travel and commuting reduced dramatically. We know 75% of UK adults have visited a convenience store in the last 6 weeks with people looking to shop more locally and less frequently in order to minimising leaving home¹. Understanding their changing needs will be critical to growing sales in the coming months and years in this sector.

Through the pandemic, the Bagged Snacks sector grew +1.7%² in value. We saw a shift in mix as people changed their habits, with Singles declining 36% and Sharing growing 18.4% to a 54% share of the Bagged Snacks category². Out of home bagged snacks saw a 50% reduction in shoppers versus this time last year, and a value decline of £70m³ as people adhered to Lockdown rules.

As Lockdown eases we are also facing into a recession but there is much to be confident about in the sector. We know the Bagged Snacks market is worth over £500m per year, with nearly half of all households buying on average 20x a year³. There is more of the population visiting C-Stores versus last year, and shoppers continuing to suggest they will use Convenience stores more in the coming weeks. Additionally we know that CSN is a top 3 category most purchased in a Convenience store⁴.

Bagged Snacks sector grew

+1.7%²

CSN is a **TOP 3** category most purchased in a Convenience store⁴

Sharing Growing 18.4% to a

54% share

of Bagged Snacks²

What do we need to consider in the coming weeks and months?

Lockdown Easing

The last 4 months saw a shift from out of home to in home consumption, growing 31% to 5bn through Lockdown, whilst Carried Out of Home and Eating Out occasions declined by 5.4bn. There will be an element of this in home occasion trend continuing as lockdown slowly eases but we are seeing signs of a return to out of home consumption with a 5% month on month decline in In Home meal occasions³.

As people return to the workplace and begin travelling and commuting more, there is a need to ensure that the shopper mission is well catered for, be it through Singles well supported at the lunch time occasion or continuing the growth seen in PMP Sharing which has seen +17.2% value growth vs YA, and is the fastest growing format in Bagged Snacks⁵.



27% of people expected to visit C Stores more often post lockdown¹

Equally, there is a need to cater for a change in the landscape with 27% of people expected to visit C Stores more often post lockdown¹. At format level we have seen a change in behaviours also, for example Tasty Nuts have seen strong growth in take home with people looking for variety and choice, and has seen value growth of +15% versus last year⁵.

In Home Sharing occasions give the opportunity to list PMP and Premium brands to deliver on this mission in store which has seen 31% of shoppers buy bigger packs in Lockdown⁶.

Recession Proofing your Store

We must be mindful of the financial and health impact that COVID-19 has had, both through lockdown and as we head into a recessionary environment. We need to help our consumers understand value in the new landscape, help those who are price conscious manage their spend, and ensure quality and choice for on the go and in-home missions.

We know 51% of people say Bagged Snacks are a good low cost way to boost mood, and we saw this trend in the previous UK recession. Making sure this is front of mind with on the go meal deals or take home consumption will ensure Bagged Snacks delivers on this.

We're expecting the trend to shop locally to continue

“CSN is a resilient category that plays into multiple occasions and missions. We're expecting the trend to shop locally to continue and as category trends pivot, retailers can maximise sales by using the right promotions and merchandising and stocking leading brands and formats to capitalise on shopper missions.”



Matt Collins
Trading Director, KP Snacks

Key Actions to Deliver Sales in 2020 and beyond

Bagged Snacks are the 2nd biggest driver of the Impulse Channel so present a great opportunity for post lockdown sales growth.

Focus on your best sellers to optimise sales in store

40% of Sales go through the **top 5 brands**. Make sure always available

Create a clear **shopper focused** fixture that is logical to follow



Make your Bagged Snacks easy and exciting to shop

Maintain availability on key lines and merchandise by Need State.

Interrupt shoppers with **new and interesting products** that will add value to their basket and compliment other categories in store



Keep your range relevant and meet your consumer's needs

Make sure there is an offering for consumers looking for **healthier lifestyle** choices

Range products that deliver into the sharing occasion – be it in home or on the go

Ensure **breadth of choice** to deliver against the shopper mission
Help shoppers understand value, be it big eat or price conscious

