2012 Planning Document

We have identified the main subjects affecting the convenience channel in 2012, and in particular the insights that we will deliver through our CTP 2012 programme that will help suppliers and retailers to make their key strategic decisions based on shopper insights and FACTS rather than upon assumptions.

What we are going to include in the CTP 2012 programme

Missions
- What missions are shoppers on? Which ones in a typical month?
- Which missions not done here? Why not?

Importances
- What are the 3 most important things that this store MUST deliver against for shoppers to be satisfied here today?

Range credibility
- Which products or services bought today?
- Which products or services bought here in last 3 months?
- Which products do they buy from elsewhere but not from here and why?

Loyalty
- How much do they spend on grocery per month for household?
- How much do they spend here today?
- Which other stores do they shop at?
- What percentage of their grocery shopping do they do online?

Visit frequency
- How often do they visit this store?

Impulse and failed purchases
- Did they buy anything on impulse here today?
- Did they fail to buy anything here today?

Key drivers to store
- Are shoppers travelling far to this store and what is their mode or transport?
- Which categories are the key drivers today?

Satisfaction of offer
- Shopper ratings
- Would they recommend this store to friends/family?
- Will they continue to shop here?

Drivers for growth
- How is each chain delivering against their shoppers' fresh needs? Is this store meeting their needs currently?

Promotions
- Which products do shoppers want to see increasingly on promotions? Are consumers collecting coupons more than they used to?

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What we are <u>proposing to include</u> in the CTP 2012 programme as these are areas we believe will be a key focus for retailers and suppliers in 2012

Sustainability

- What role do convenience stores play in a shoppers total grocery portfolio? Are shoppers shopping around more, are they visiting different types of shops (i.e. local grocers, discount stores, online, etc) and has this changed the role of a convenience store to them?
- To what extent is a trip to the convenience store planned or unplanned and how does this affect the shopper mentality once in the store, i.e. are they more likely to browse or purchase on impulse.
- Do convenience stores need to better reflect the need for which they now meet in the current environment – how can retailers and suppliers work together to achieve this and satisfy more customers, drive footfall and sales?
- What else do shoppers' buy, where else do they visit, etc, and how does this change by region, time of day, day of week, urban v rural, planned v unplanned shopping trip and more.
- How are shoppers' habits changing over time, i.e. are they eating out more/less, are they living hand-to-mouth more/less, etc
- Which types of stores are convenience stores competing with – is it traditional supermarkets or food to-go high street stores, pharmacies, etc? Are they using other chains or store types more/less than they use to and why?
- The future trends – are we watching them? Are we *creating* the future trends? How can we secure today's customers stay with us tomorrow, and attract new customers at the same time? What will the market place look like? How will it need to change/evolve

Communication & engagement

- What are the best ways for suppliers and retailers to communicate with shoppers in a c-store, in order to get the desired message across and encourage an increase in planned and impulse purchases?
- The impact of internal and external signage
- What role does technology have to play in the way convenience stores communicate with their customers
- Is the in-store navigation and signage correct for shoppers, can they find what they are looking for easily. If it could be improved, how?

Focus on missions

- We believe that it's increasingly about mission management in convenience stores, not category management. With this in mind......
- Gain an in-depth understanding of the key missions that are likely to drive footfall and sales to convenience stores in the next 12 months, i.e. Top-up, FTG, meal for tonight etc. In particular how can retailers and suppliers maximise these missions for their benefit. What are the barriers that prevent shoppers from using certain stores for certain missions? Does choice of mission affect choice of store?
- Lunch meal deals are popular with shoppers, but should retailers be focussing effort on meals deals for other occasions, i.e. dinner, breakfast, big night in. What products do shoppers want to see in these categories and how are they best displayed to gain maximum awareness and cross-category purchases.

- How easy is it for customers to purchases associated products – are they given every opportunity to do so in-store?

Demonstrating value

- Beyond "price"**.** But on the subject of price: EDLP Vs regular promotions? Are decisions made based on perceptions rather than actual knowledge
- Do shoppers know how much certain products cost?
- Are shoppers still prepared to pay a premium for convenience, and if so how much? What is the premium tolerance and will this reduce over the next 12 months?

Own label

- Are consumers looking increasingly at retailers' own brands? Is this driven by economic necessity or are retailers improving their ranges and quality of the offering, or a bit of both?

Up selling

- To what extent can up-selling at the till increase sales for specific categories? Does it differ by category, and what other factors will encourage a greater up-take from the shopper? How much focus should retailers and suppliers be placing on this potential to increase incremental spend?

Shopper loyalty

- How can retailers and suppliers work together to drive loyalty to stores, this could be through loyalty cards, coupons, weekly promotions, competitions, etc. With ever increasing competition, many of which run well established loyalty schemes, this is an area that should be receiving greater focus over the next couple of years.

Range in a convenience store

- What do shoppers expect from a convenience store in terms of range? Do they want a little bit of everything or a larger/wider selection of the main products (i.e. more brand/pack size options) do shoppers even expect convenience stores to stock everything they are looking to buy? How relevant are premium brands and value brands – what categories do shoppers want to see these product ranges in and alternatively which would they never/only ever buy?
- ***Complimentary insight to build upon with a category deep dive***

Local community

- Retailers are placing more focus on their role within the local community but what do shopper's actually want them to be doing – is it sponsoring local events, or having an area in store for local events/notices etc, or indeed something else? What influence does this activity have on driving footfall and loyalty to store?
- What more could convenience stores do to become the hub of the community?
- What does "local" mean to shoppers?

Services

- With more and more local niche retailers leaving the high street, i.e. dry cleaners, key cutters, cobblers, etc, is there an opportunity for local convenience stores to offer services similar to these which will increase footfall and could help increase incremental shop spend.

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As standard with CTP you will be able to manipulate the data yourself and look at all the information by the following data cuts;

- Retailer and channel averages
- Store format
- Geographical region
- Time of day/ day of week
- Categories bought here today (and in the last month)
- Shopper missions
- Shopper demographics
- Shopper life stage
- ....as well as any bespoke data cuts that you specify

Methodology

- Face-to-face shopper interviews.
- Moment-of-truth interviews with shoppers on entry and exit from the store
- Nationally representative UK adults (16+)

Sample

CTP covers all the major UK convenience stores. The 26 individual retailers included in the research for 2012 are as follows;

BP	Budgens	David Sands Ltd
Chelmsford Star Co-op	The Co-operative Group	Esso
Lifestyle Express (Landmark)	Londis	"Little Waitrose"
Mace (P&H)	McColls	Mid Counties Co-op
Midlands Co-op	"M-Local" (Morrisons)	MRH
Nisa	One Stop	Premier
Sainsbury's Local	Scotmid (incl. ex Botterills)	Shell
Southern Co-op	Spar (Independents)	Tates (Spar managed, incl. 25 ex Capper stores)
Tesco Express	Today's (Independents)	

2012 Planning Document

Additional studies available to purchase in 2012

The following we believe are issues will sit OUTSIDE of the main scope of CTP for 2012 and will be separate standalone studies. Apart from the PMP study which is already available, all the others will depend on client involvement and interest levels.

Price & Promotion Study

- With some symbol group convenience stores now committing to price matching the likes of Tesco, now is the perfect time to understand, in depth, whether strategies on price such as these really drive footfall and shopper loyalty
- A deeper dive than we could ever get from CTP
- Much more detailed information and insights
- Insights on chosen categories, sub categories and even brands in some cases
- How can suppliers and retailers effectively communicate promotions to convenience shoppers, both internally and externally?
- What is the most effective promotional mechanic?
- What general shopper & consumer trends are changing which will/should impact retailers and suppliers convenience strategy for 2012/13?
- Understand shoppers overall awareness of prices, are they more price savvy than 12 months ago. What role does price play in a shoppers' purchase decision?

The Future of Convenience Report

- A full 360 industry survey of convenience shoppers, store owners, wholesalers, suppliers and head office executives at managed retail chains, to understand what the future holds.
- The report will combine feedback from all the key convenience industry stakeholders to ensure a complete and integrated understanding of future trends and priorities. This is your glimpse into the future.

Events Study

- There is a HUGE opportunity for both the on-trade and off-trade to optimise sales and footfall through events and it seems UK customers agree; only 1-in-2 shoppers think convenience stores are making the most of events
- him! will be interviewing 1,000 UK consumers, 250 convenience store staff and pub tenants to identify how both the off-trade and on-trade can better maximise events

PMP Study (already available)

- Are PMP's right for my category/shoppers
- Understand the role of PMP in convenience and what do shoppers really think about them?

Digitalisation (Tech Track study)

- What should both retailers and suppliers be doing to keep up with the ever changing technological landscape? How to best utilise these emerging technologies to drive brand loyalty and increase sales.
- Who is embracing it? How are retailers using technology today? What might they use technology for tomorrow? How can retailers and suppliers drive this activity?

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Category Deep Dives

- With over 75 organisations in CTP, we are introducing category specific "deep dives" for 2012 as we are unable to focus on categories or services in robust detail due to questionnaire capacity. You will obviously still be able to cut the CTP results by shoppers who have bought key categories – but further insights on your category will be available via a bespoke bolt-on category shopper study. These can either be private and confidential for you, or syndicated with other suppliers/retailers
  - Do suppliers have the correct range/space/pack size, etc for their categories within a convenience store environment?
  - Understand what promotional mechanics can drive the greatest sales uplifts and encourage brand switching for my suppliers specific categories
  - What role do convenience stores play in the grocery shopping portfolio for suppliers' specific categories
  - How do shoppers rate the current offer provided by suppliers in a convenience store, and how would they like to see them improved?
- Categories that are suitable for a deep dive focus include;
  - Soft drinks
  - Confectionery
  - Crisps & snacks
  - Beers
  - Wines
  - Spirits
  - Cigarettes & tobacco
  - Frozen
  - Chilled
  - Bread & bakery
  - Ambient grocery
  - Health & beauty
  - Newspapers & magazines
  - Services
  - ...and others can be considered

Feet-on-the-street (In-store audits)

- How can suppliers improve the in-store execution of core range/ planograms/ promotional compliance, etc in stores for their categories?
- In-store trials of new concepts, new products, etc – how successful are they, what do the retailers and shoppers think?

Focus on the food to-go mission

- In April/May 2012 we will be conducting the 3rd annual wave of our Food to-go Programme which takes an in-depth look at those shoppers on a food to-go mission in convenience stores, quick serve restaurants and coffee shops
- Valuable insights on the breakfast missions – did shoppers eat breakfast at home today? Would they buy breakfast to go from here?

Relationship building

- How can him! help suppliers and retailers to drive depth and breadth within their current relationships and help to develop new relationships.

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Key dates for the diary

- **February 2012**: Future of Convenience Retailing Report *(free to all contributing clients)*
- **February – March 2012**: CTP Fieldwork
- **February – March 2012:** The Future of Convenience Report *(the new report for 2012 will be released exclusively at the ACS Conference in March 2012)*
- **February – August 2012:** Category deep dives *(these can either take place alongside the main CTP fieldwork period or at other key strategic points in the year depending on the category)*
- **March 2012**: "Tech Track" and "Price & Promotion" study launches
- **April 2012**: CTP Shopper Report available
- **March - June 2012**: Tobacco "Going Dark" Study *(understanding the impact of the tobacco display ban on shoppers at supermarkets and convenience stores)*
- **May 2012**: CTP Store Staff & Manager Report available
- **May 2012**: CTP Awards *(16th May at the spectacular Tate Modern)*
- **May 2012**: Symbol Track report available *(insights from symbol retailers benchmarked against competitors)*
- **June-July 2012**: Wholesale Reports Available *(complete the convenience picture with valuable route-to-market insights from our Cash & Carry and Delivered Wholesale programmes)*
- **July 2012**: FWD Conference & him! Wholesale Awards *(14th July)*
- **August – September 2012:** Events Study *(With the sporting and seasonal events just around the corner the time to maximise profits via upcoming events is NOW)*

For more information on CTP or any of the other dates above please contact your client manager directly