



Back to the future

50 years of
convenience retailing

The **co-operative** food
Here for you for life



INTRODUCTION

This report highlights how community retailing has evolved over the past 50 years, moving from counter-service to self-service, which is now the norm in shops up and down the land. The modern trend of shunning the big monthly shop in favour of buying smaller amounts locally reflects exactly what was happening 50 years ago. After the war The Co-op pioneered relatively small self-service shops and it is again aiming to be the leading convenience operator in the UK.

Although The Co-op had opened the first purpose-built, self-service store at Southsea in 1948, it was not until 1965 that the majority of its shops had been converted to the new format. In half a century much has changed while in many other ways little has altered. Many of the staples found in people's shopping baskets in the 1960s remain, yet, there are new additions which reflect changing lifestyles and modern shopping habits.

Our report shows what a typical newly-converted store would have looked like and, while today there is far more emphasis on fresh produce, many aspects of the layout are still familiar.

In the mid-sixties there were individual butchers and greengrocers, many operated

by The Co-op, and so Co-op grocery stores concentrated on selling food in packets and tins. Another big difference was there was very little alcohol sold because drink consumed at home was generally purchased at standalone off licences.

This report is the first in a series of in-depth looks at modern community shopping trends. And as a retailer with a store in every postal area and serving people from the Shetland Isles to the Isles of Scilly, The Co-op is uniquely placed to provide such insights.

STEVE MURRELLS,
RETAIL CHIEF EXECUTIVE,
THE CO-OPERATIVE GROUP



HALF A CENTURY OF CONVENIENCE EVOLUTION

Corner shops to superstores. In 1965 there were 150,000 grocery shops across the UK and supermarkets were considerably smaller than those seen today.

In 1965, The Co-op's average store was 3,000 sq ft. — the size of a modern day convenience store.

SELF SERVICE

The Co-op opened its first self-service supermarket in the UK in 1942. The trend from counter-service to self-service was slow to spread and almost 20 years later, only one in five of all grocery shops had made the conversion across the UK although more than half of all Co-op's had been converted. The move was, and remains, one of the biggest changes to grocery retailing.

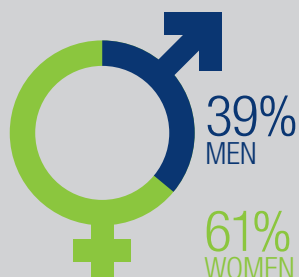
As well as flower power and the rise of rock music, the sixties led a retailing revolution with the growth of wines and spirits trade. The decade witnessed hundreds of new licenses. In 1959 only 150 licenses were in existence and these were held by chemists for the sale of medicated wines*.

The Co-op entered the market in 1960 and by 1965 the number had risen to 1,254 — and these were predominantly for the sale of beers, wines and spirits in retail shops.

According to the ONS**, today the average weekly expenditure is £517.30 with food and non-alcoholic drinks accounting for 11 percent of this expenditure at an average of £58.80. In 1965***, families spent 23 percent of their income on food.

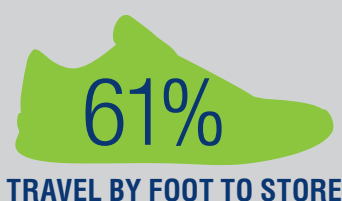
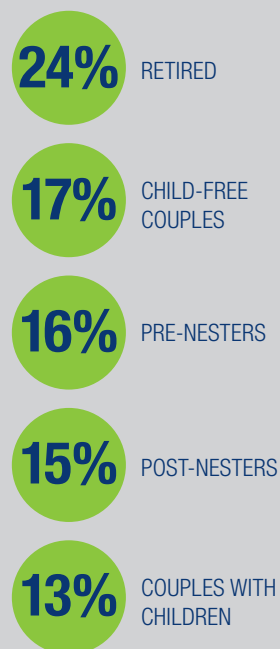
2015

THE AVERAGE SHOPPER



AVERAGE AGE
48

TYPES OF SHOPPERS



3.8 VISITS A WEEK

SHOPPING BASKET PRODUCTS

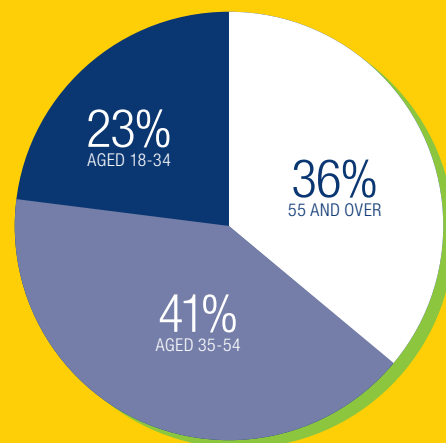


1965

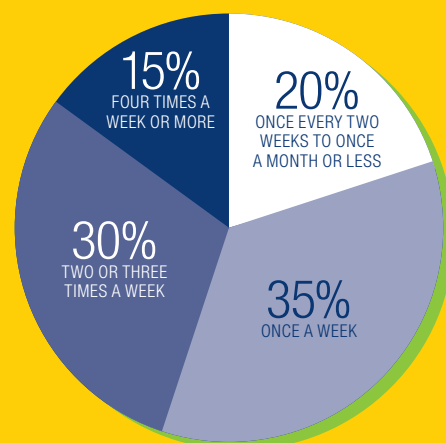
THE AVERAGE SHOPPER



AGE OF SHOPPERS



NUMBER OF VISITS TO A STORE



SHOPPING BASKET PRODUCTS



OTHER NOTABLE TOP SELLERS: LARD, SUET, YEAST

TO SHOP OR NOT?

Convenience shoppers have a clear 'mission' when visiting a convenience store****.

The day of the week and the time of day can heavily influence shoppers' missions when visiting convenience stores. Shoppers claim to use convenience stores for more missions on Mondays compared to any other day of the week.

Shoppers generally use convenience stores on Mondays for certain administrative tasks e.g. PayPoint and cash machine, but also to top-up on certain products e.g. cigarettes, staple items and fruit & veg. The most likely time for a visit on a Monday is in the morning or at lunchtime. However the busiest day for shopping is a Friday, just like the sixties. 5-10pm being the key busy period for top-up shopping on a Friday.

As the weekend approaches, shoppers are more likely to use convenience stores to buy alcohol or something for their evening meal. The reason for a visit to a convenience store evolves over the course of the day - not surprisingly, meal occasions drive certain missions at different times. For instance, in April and May, strawberries become a big seller, particular when sunny weather makes an appearance.

SHOPPING HABITS ARE EVOLVING*****.

- 48% of the nation say they no longer tend to do a big weekly shop (peaking at 6 out of 10 of 25-34yr olds)
- Greater London and the North East are most likely to have moved away from the weekly shop (57% and 51% respectively) alongside Brighton and Plymouth (58% and 57%)

- 35% of us tend to adopt a 'grazing' shopping mentality, shopping for food multiple times a week and 3% of the nation shop for food every day
- Only 19% of UK households now plan their meals for the week ahead – with 31% only deciding that day what to eat and 7% only deciding on what to eat when in store
- Reasons for the decline of menu planning include not knowing what you want that far in advance (32%), uncertain weekly schedule (22%), menu planning killing spontaneity (20%) and getting stuck in a food rut (14%)
- Reasons for the decline of the big weekly shop include efforts to reduce food waste (1 in 4) and 27% saying it no longer fits in with a busy lifestyle

But back in 1965, one in three women shopped every day of the week for groceries

with another one in three shopping at least three times a week*****. Convenience shopping was in its ascendancy. Despite the growth in car ownership, 68 percent of shoppers still walked to a store and 72 percent shopped alone.

Nearly three-quarters of all expenditure was made at the end of the week with the Friday the most important shopping day of the week. One-fifth of all the shopping on a Friday was done after five o'clock.

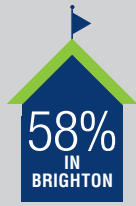
Interestingly, the research found that one-fifth of shoppers entered a store without a clear idea of how much they intended to spend. The typical shopper did not plan their trip but preferred to rely on what they saw in the store for suggestions. Only one in five carried a shopping list, with the upper classes and those using larger stores the most likely to use them. The average shop lasted 13 minutes.



2015



NO LONGER DO A BIG WEEKLY SHOP



MOST LIKELY TO NOT DO A WEEKLY SHOP



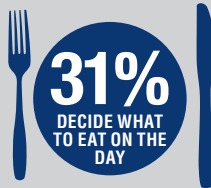
SHOP FOR FOOD MULTIPLE TIMES A WEEK



SHOP FOR FOOD DAILY



PLAN MEALS FOR THE WEEK



DECIDE WHAT TO EAT ON THE DAY

BACK TO THE FUTURE

Stores are now laid out based on how customers want to shop - little and often - rather than how retailers want to stock them.

The biggest change in retailing over the past 50 years was the advent of self-selection of products with the customer no longer handing over a list and relying on the shop keeper to serve them. Intuitive layouts now group key product categories together to help decision making and speed of shop.

Few stores are alike; with space, flows and products in a particular location reflecting how customers use it. For instance, a city centre store focuses on food to go, such as sandwiches and ready meals. Ease of navigation around the store and speed of service is a key design consideration with simple signage, aisle widths, shelving heights and depths, passing points, number of tills and service points to facilitate access for all.

Breadth rather than depth of range provides the choice but not overload. 50 years ago there was little choice, now there is much more but all with careful editing by the retailer. Ever changing population demographics now requires greater tailoring to cater for different cultural needs and expectations.

Other advances include the re-emergence of own brand products and the number of promotional vehicles to drive customers to stores, from traditional advertising on TV and in newspapers, to the use of digital media, which can alert consumers to deals on their mobile phones when they are in the vicinity of a store.

The sector continues to see changes with online ordering for either home delivery or collection, with innovations such as railway station lockers.

Self-service has moved to a new level in more recent times, with customers now scanning and packing their own items. However, manned checkouts offer scores of other facilities at the till point. The Co-operative is the UK's largest PayPoint operator, handling more than one million transactions each week. In a year, The Co-op handles over £1bn of PayPoint transactions. More than four million households in the UK have around 7.5 million pre-payment gas and/or electricity meters that can be 'loaded' at PayPoint terminals. The service also handles bill payments for water, telecoms, TV Licensing, housing associations and transport operators, plus local authorities and other public sector bodies. Cash machines and post offices can be found at stores and contactless payment is revolutionising the retail environment.

Opening hours have changed the landscape of high streets, with stores available much longer each day and gone are early closing on Wednesday afternoons or not opening at all on a Sunday. Changing customer lifestyles – less time, more demanding – as well as better informed consumers mean high expectations for retailers regarding health matters and the provenance and ethics associated with products.

Changes in global sourcing and worldwide travel has opened up new channels to market and changed customer tastes while seasonality has disappeared with fresh products available almost all of the year.

But despite the advances, in the production of food and technological changes, and consumers flirting with hypermarkets for a period, one thing has remained constant over 50 years – the small community corner shop.

1965



1 IN 3 WOMEN SHOPPED EVERY DAY OF THE WEEK



WALKED TO A STORE



SHOPPED ALONE



ONLY ONE IN FIVE CARRIED A SHOPPING LIST



AVERAGE SHOP (MINUTES)



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*Co-operative management and marketing volume 1, 1968
**http://www.ons.gov.uk/ons/dcp171766_385729.pdf
***1965 family expenditure survey
**** IGD Shoppervista report Nov 2014
*****Opinion Matters conducted research for The Co-operative between 17/06/2015 and 22/06/2015. Sample: 2,047 UK Adults
*****Gallup Poll for the Association of Point of Sale Advertising, 1967



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