



The **Welsh** Local Shop Report 2018

A report by the Association of Convenience Stores

#LocalShopReport

ACS | the voice of
local shops

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THE IMPORTANCE OF THE CONVENIENCE SECTOR

This is the 2018 edition of the Welsh Local Shop Report, providing a comprehensive picture of the stores trading in the convenience sector, the people working in and running stores, and the impact that the sector has on communities and its customers.

The Welsh convenience sector is now worth £2.4bn, contributing to an overall UK convenience sector that is worth over £38bn. UK convenience store sales are forecast to increase to £40bn over the next year, and we expect stores in Wales to be an important part of that growth.

Convenience stores in Wales continue to diversify the range of products and services offered to consumers. This has made the sector more relevant than ever to every type of customer, from tech savvy millennials

who are re-defining what convenience means to them, through to a growing population of older customers who continue to rely on the local shop for essential products and services, and daily social interaction.

Convenience stores in Wales also embrace their increasingly important role in their local communities, and this report measures and explains the social benefits of the local shop as well as the economic value of the sector.

The information in this report, gathered from our own primary research as well as data kindly supplied by respected organisations such as HIM, William Reed, IGD, Nielsen, and the Plunkett Foundation, demonstrates the continuing appeal and contribution of the Welsh convenience sector.

LOCATION

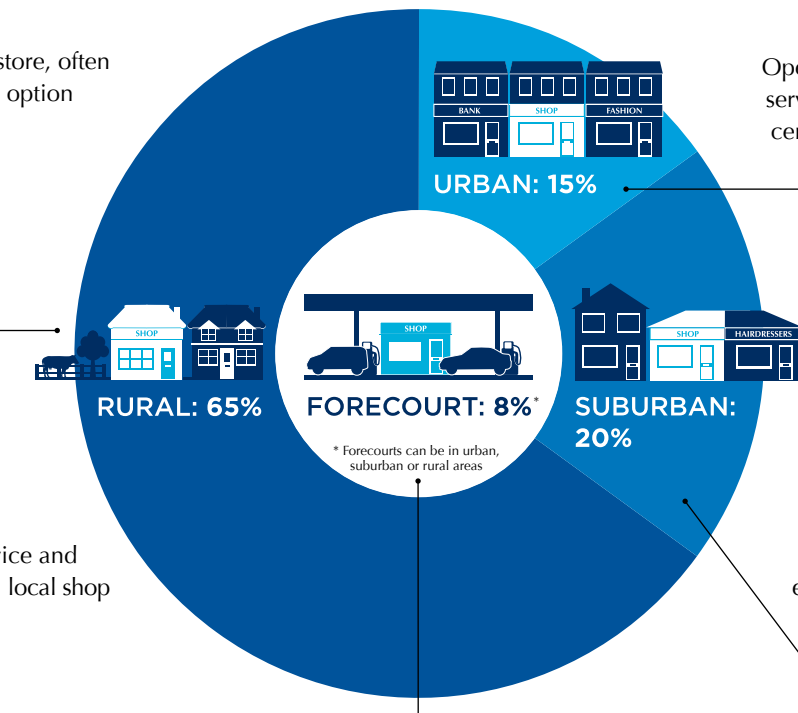
Much of the value of local shops comes from the places they trade, in every type of location and community, and often where there are no longer other services available to local people.

RURAL

A 'traditional' convenience store, often providing the only shopping option for the local community.

URBAN

Operating as part of a mix of stores serving the needs of those living in centres and the shopping needs of workers and residents.



FORECOURT

In some locations providing an important commuter service and in others providing the main local shop for the whole community.

SUBURBAN

Providing a focal point for suburban communities and estates sometimes standalone or alongside a small number of other local services.

Source: WRBM/Nielsen 2017

ISOLATED STORE

No other retail/service businesses close by.



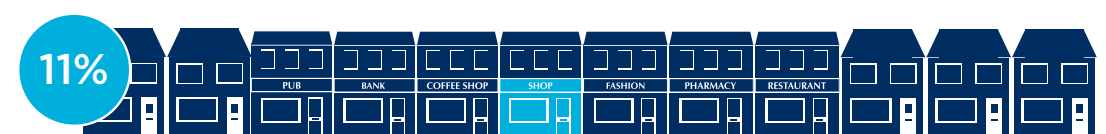
LOCATED ON A SMALL PARADE

Up to five retail/service businesses close by.



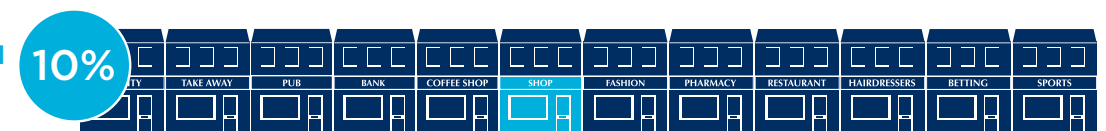
LOCATED ON A LARGER PARADE OR A HIGH STREET

Up to 10 retail/service businesses close by.



LOCATED ON A MAIN HIGH STREET OR WITHIN A CITY CENTRE

More than 10 retail/service businesses close by.



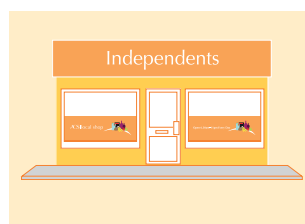
Source: ACS/HIM 2017 (independents only)

» SHOPS

THERE ARE **3,185** CONVENIENCE STORES IN WALES



Wales has more shops per head than any other part of the UK



80% OF CONVENIENCE STORES ARE RUN BY INDEPENDENT RETAILERS

82% OF INDEPENDENT RETAILERS OWN THEIR STORES

92%

OF INDEPENDENT STORES ARE SMALLER THAN 2,000 SQUARE FEET

» SALES

TOTAL VALUE OF SALES **£2.4bn**

(in the convenience sector in the year to March 2017)



Chilled foods are the top product category, accounting for **17.2% of sales** (UK average)

4%

of stores are open 24 hours

6%

of stores are closed on Sunday

Average number of hours open per day

Mon-Sat:

14.2

Sun:

12.5

» INVESTMENT

OVER THE LAST YEAR CONVENIENCE STORES IN WALES HAVE

INVESTED OVER **£49m** IN THEIR BUSINESSES



Refrigeration **33%**



In-store lighting **27%**



Shelving **27%**



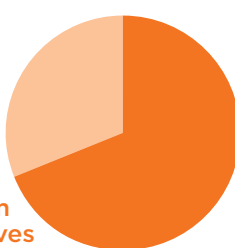
Internal building maintenance **21%**



Store signage **15%**

69%

of Welsh independents are funding investment from their own reserves



» JOBS

CONVENIENCE STORES PROVIDE

25,000

JOBS IN WALES

65% OF EMPLOYEES WORK MORE THAN 16 HOURS PER WEEK



19%

of stores only employ family members



42%

of employees have been with their current employer for more than five years

» ENTREPRENEURS

20%

OF SHOP OWNERS WORK

MORE THAN 70 HOURS PER WEEK

23%

have been in the business for more than 25 years

72% are first time investors **28%** Inherited family business

21% ARE UNDER THE AGE OF **40**

» COMMUNITIES

84%

of independent Welsh retailers engaged in some form of community activity in the past year

20

community owned shops trading in Wales

MOST POSITIVE IMPACT ON LOCAL AREA



TOP THREE MOST WANTED SERVICES

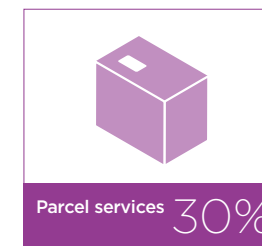


» TECHNOLOGY & SERVICES

72%



of stores offer contactless payment



80% of stores have an alcohol licence

» CUSTOMERS

27%

of customers visit the store every day



THE AVERAGE SPEND IS **£5.72**

81%

of customers pay by cash



48%

of customers come from within

1/4 mile of their local shop

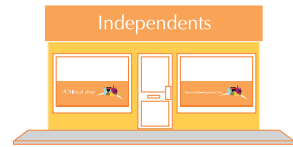
TOP THREE DRIVERS TO STORES



THERE ARE **3,185** CONVENIENCE STORES IN WALES



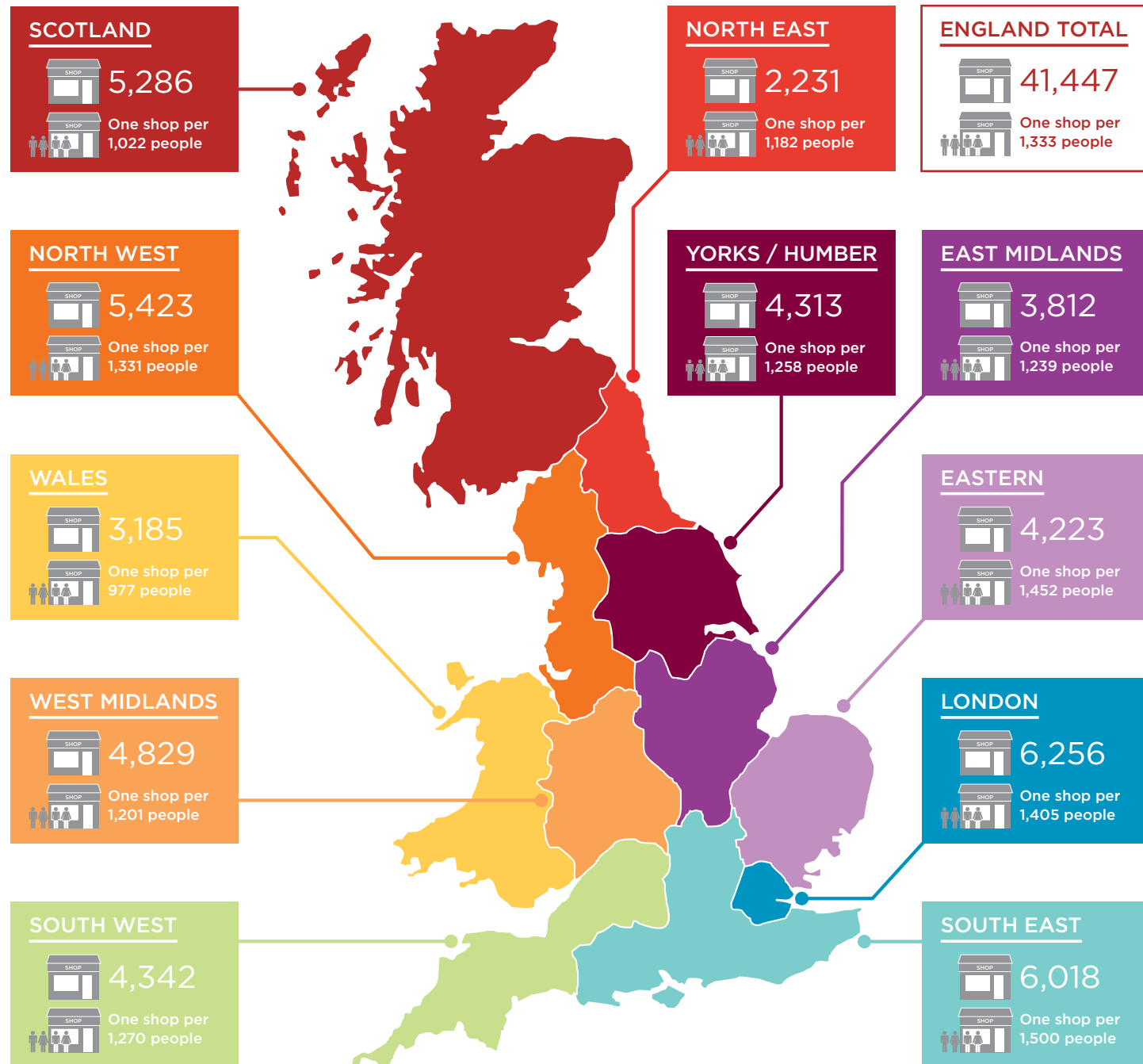
Wales has more shops per head than any other part of the UK



80% of Welsh convenience stores are run by **INDEPENDENT RETAILERS**

Source: WRBM/Nielsen 2017 and ONS 2016

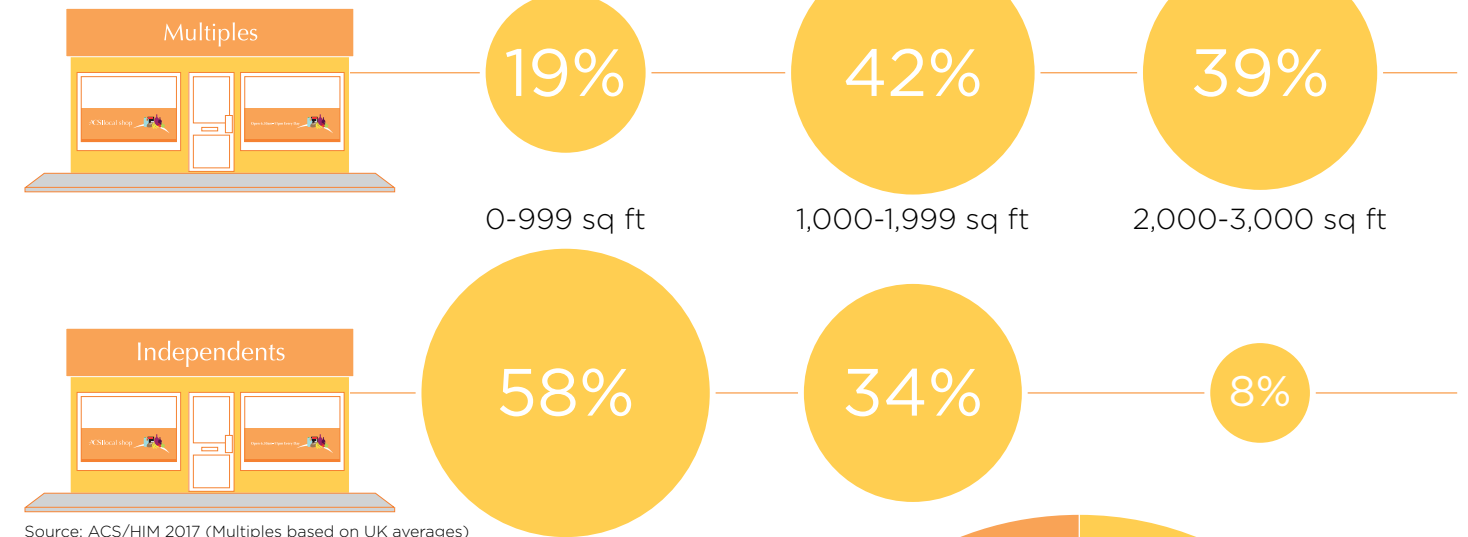
SHOP NUMBERS



Source: WRBM/Nielsen 2017 and ONS 2016

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SHOP SIZE



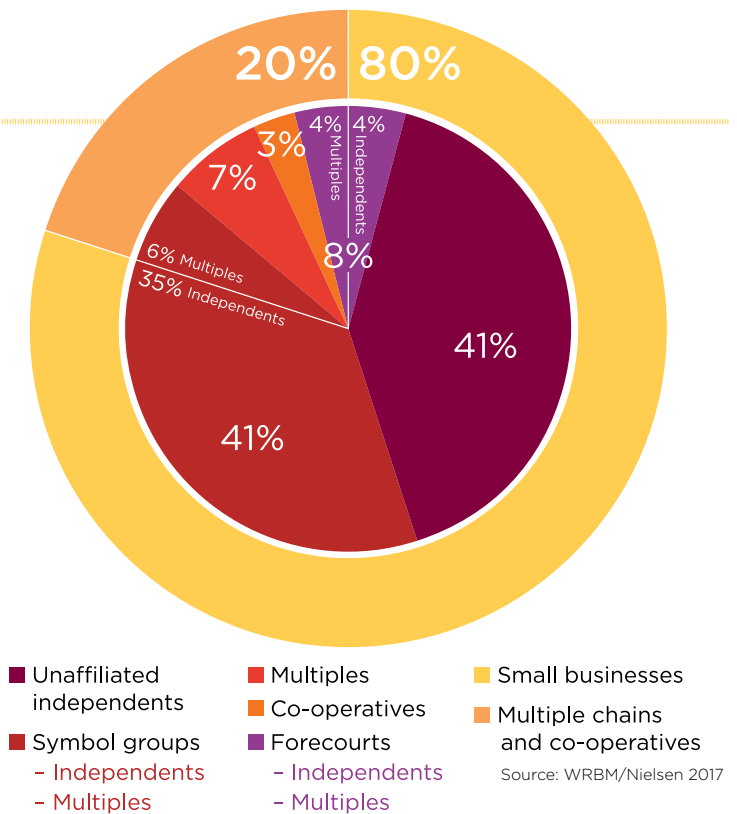
Source: ACS/HIM 2017 (Multiples based on UK averages)

SHOP OWNERSHIP

The vast majority of shops in the Welsh convenience sector are owned and operated by small businesses. Together, independent retailers make up 80% of the Welsh convenience sector.

Symbol groups are groups of independent retailers trading under a common customer-facing brand – familiar symbol groups include brands such as Spar, Nisa Local and Costcutter. There are more than 1,100 shops run by independent retailers that choose to trade in this way. However, there are also a small proportion of stores that trade under these brands but are chains of stores that are run from a central head office.

Convenience stores operating on petrol forecourts are an important part of the market with a combination of multiple owned and independently owned and run stores making up 8% of the convenience sector in Wales. More information about forecourts can be found in the ACS Forecourt Report.



PREMISES OWNERSHIP

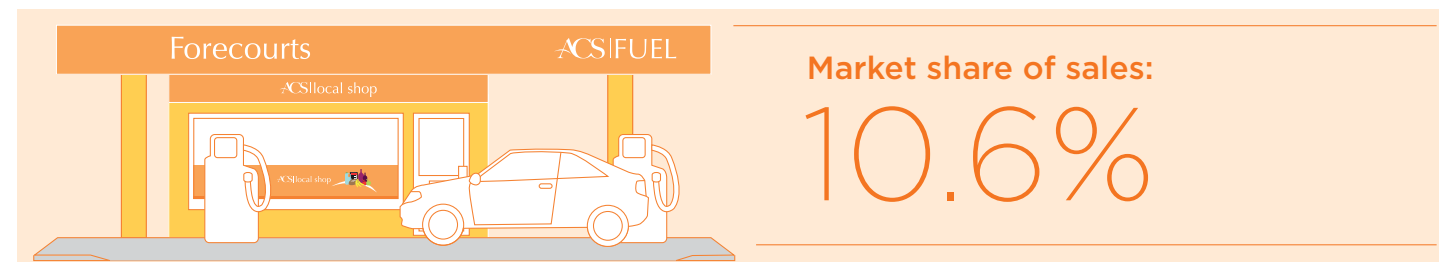


TOTAL VALUE OF SALES FOR WELSH CONVENIENCE STORES **£2.4bn**
(in the year to March 2017)

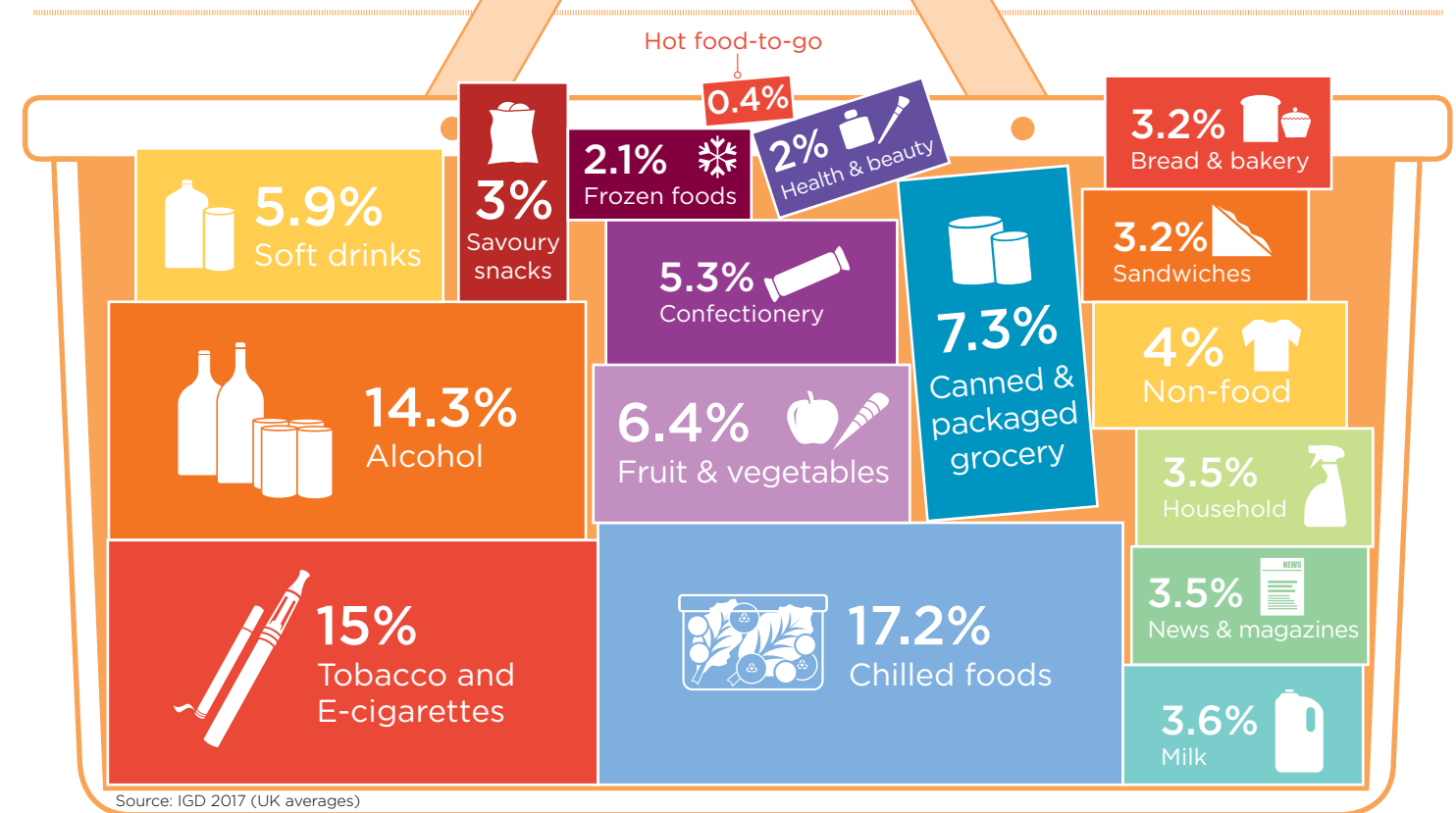
TURNOVER GREW **£126m** BETWEEN 2016 AND 2017

Source: IGD 2017

SALES BY STORE TYPE

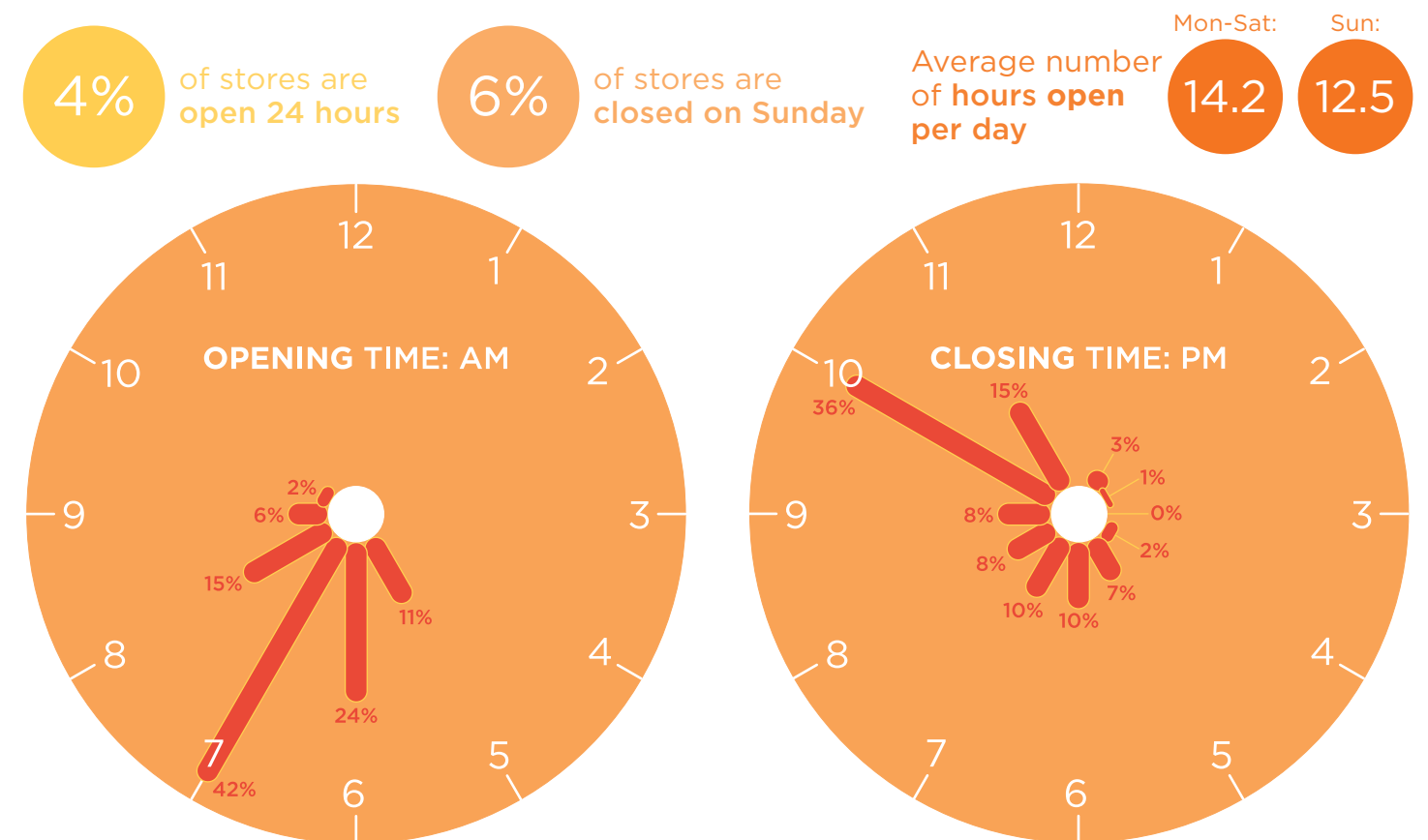


SALES CATEGORIES



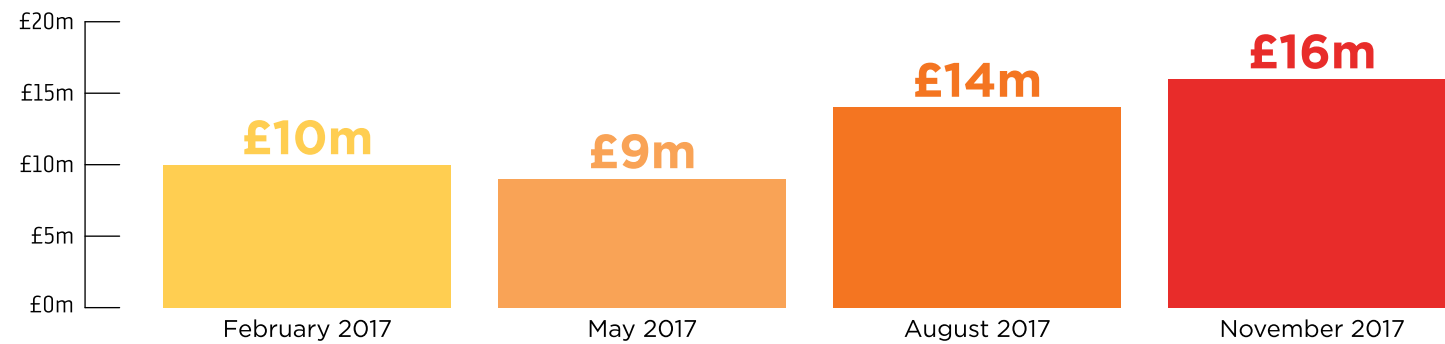
The products that are offered in convenience stores across the UK differ significantly, from store to store, based on a number of factors including the location, features and size of the store in question. The graphic shows the average sales contribution made by each product category. The sales data that is shown here reflects the sales by category of symbol and multiple stores. Sales by category in independent retailers may vary significantly from these averages.

OPENING HOURS



OVER THE LAST YEAR
CONVENIENCE STORES IN WALES HAVE
INVESTED » OVER **£49m** IN THEIR BUSINESSES

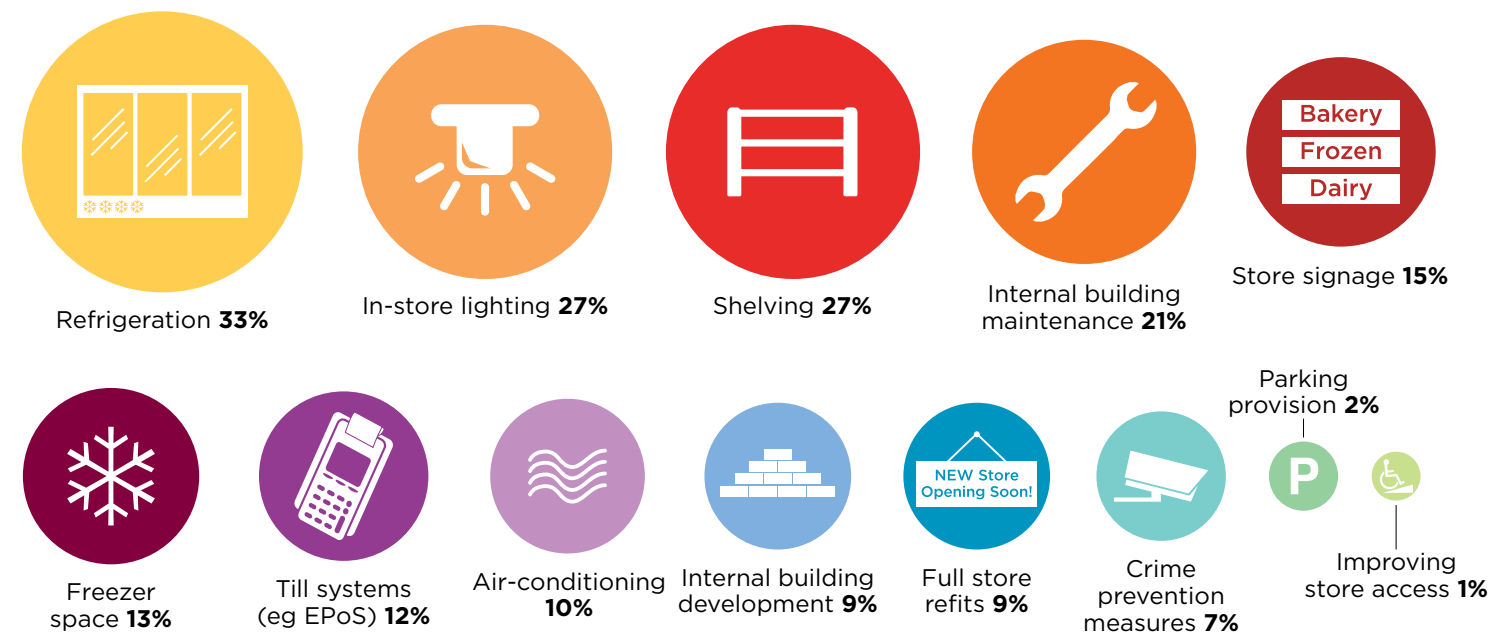
INVESTMENT PER QUARTER



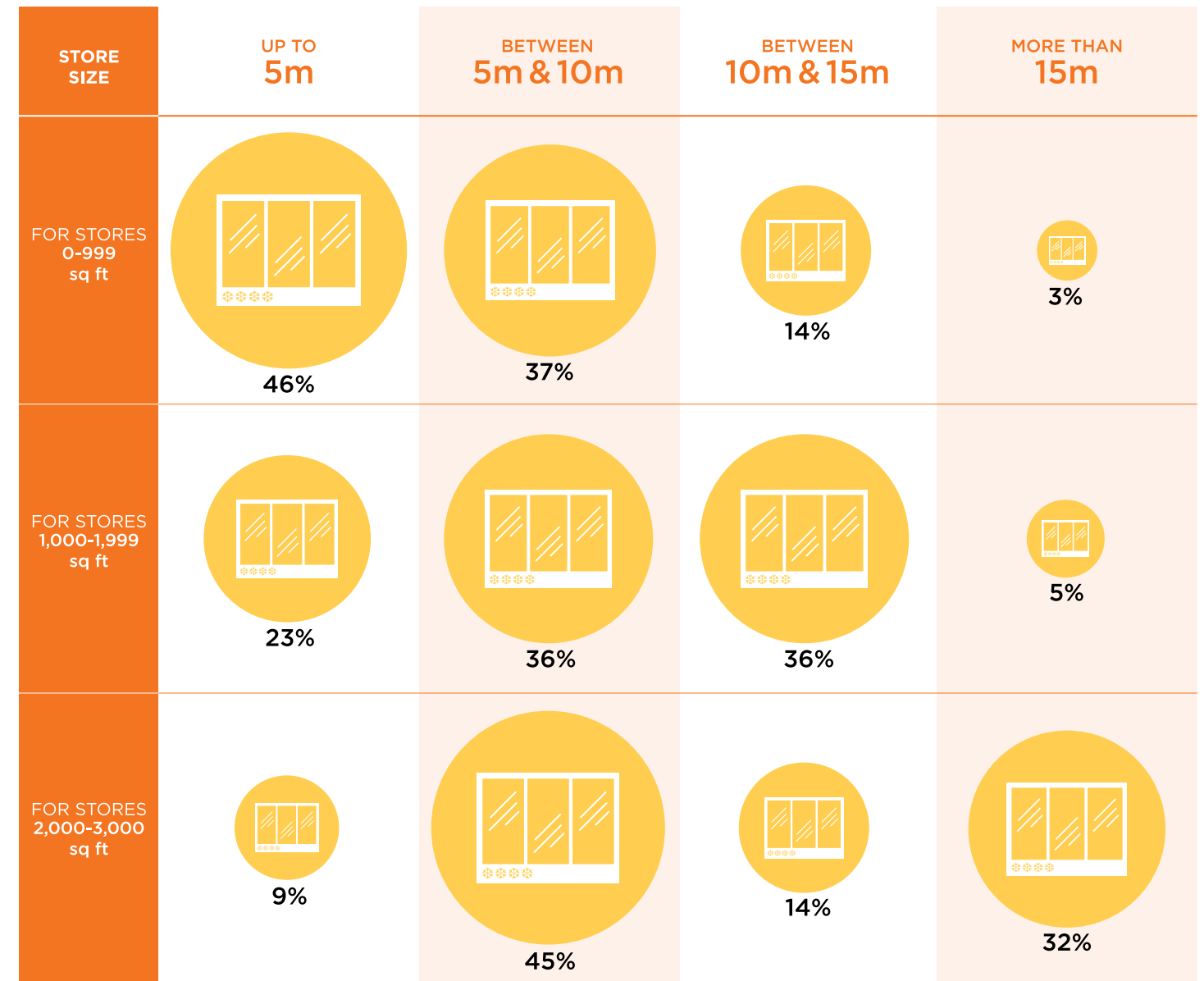
AVERAGE ANNUAL INVESTMENT BY STORE TYPE



AREAS OF INVESTMENT (OF THOSE INVESTING)

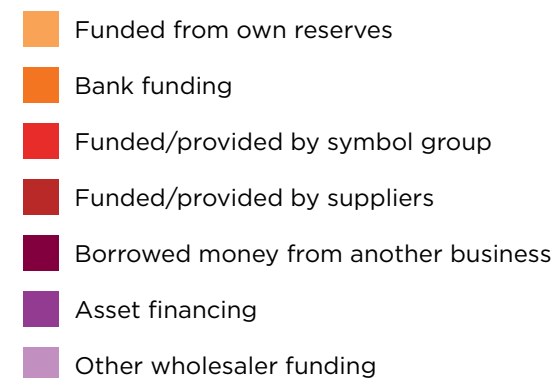


AMOUNT OF REFRIGERATION



Source: ACS/HIM 2017

SOURCES OF INVESTMENT



Source: ACS Investment Tracker 2017 (independents only)

CONVENIENCE STORES PROVIDE

25,000

JOBS IN WALES



56% OF SHOPS OFFER HEALTH AND SAFETY TRAINING

Source: ACS/HIM 2017

TRAVEL TO WORK

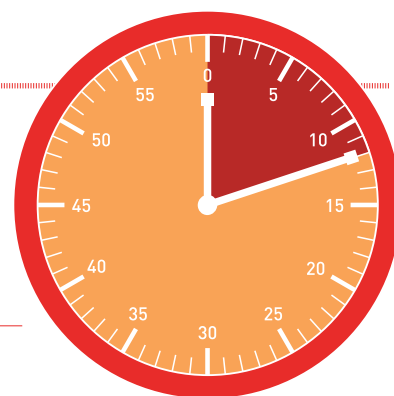
→ AVERAGE TRAVEL COST



£1.65
per day

→ AVERAGE TRAVEL TIME

12 minutes



→ MODE OF TRAVEL TO WORK



49%
Walk/on foot



35%
Drive



13%
Public transport



3%
Other

Source: ACS Colleague Survey 2017 (UK averages)

CONTRIBUTION TO HOUSEHOLD INCOME



32%

I am the only income earner in my household



41%

There is more than one earner, I do not earn the most



16%

There is more than one earner, I earn the most



11%

There is more than one income earner in my household and we earn roughly the same

PEOPLE

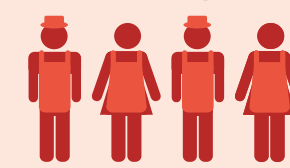
→ GENDER PROFILE

34% **66%**



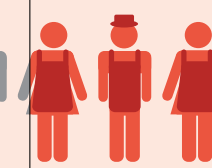
→ AGE PROFILE

20%



16-24
years old

14%

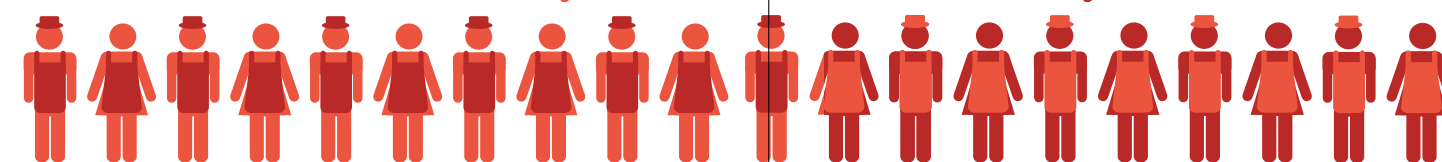


Over 60
years old

→ FAMILY EMPLOYMENT

52% Employ at least one other family member

48% Employ no family members



19% Employ family only

→ HOURS WORKED

0-16
35%



17-30
31%



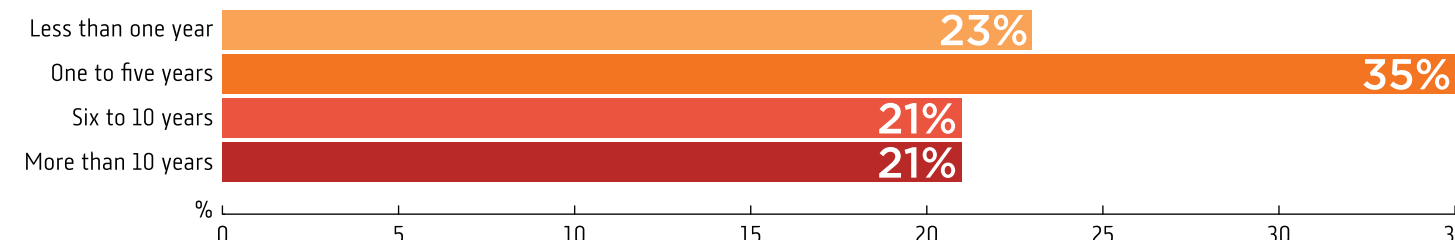
31-40
22%

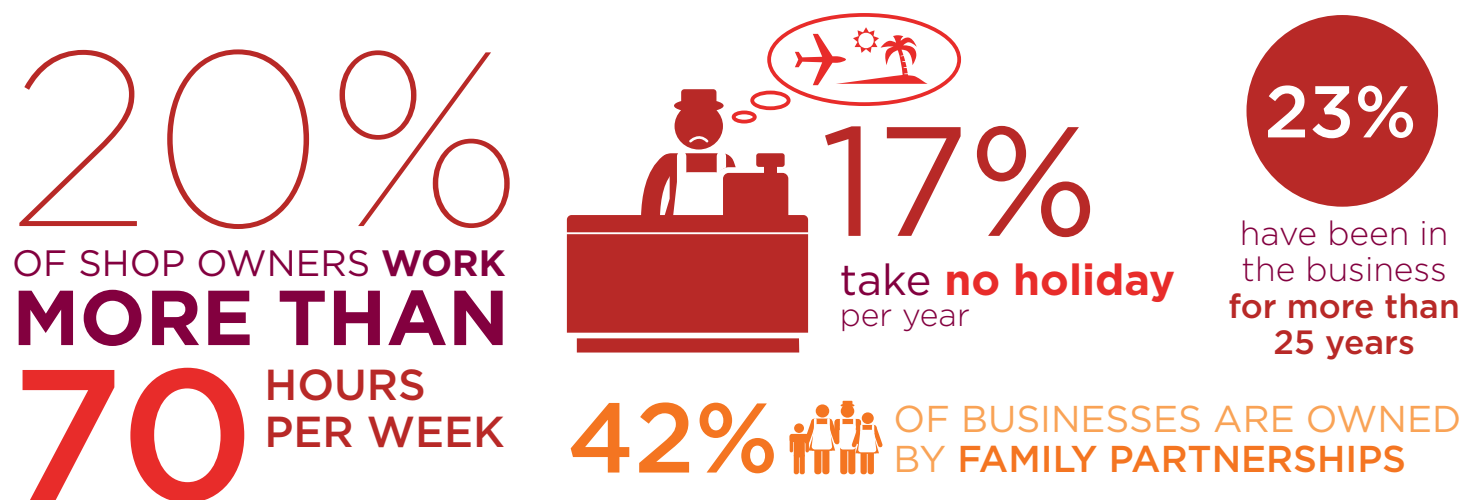


40+
12%

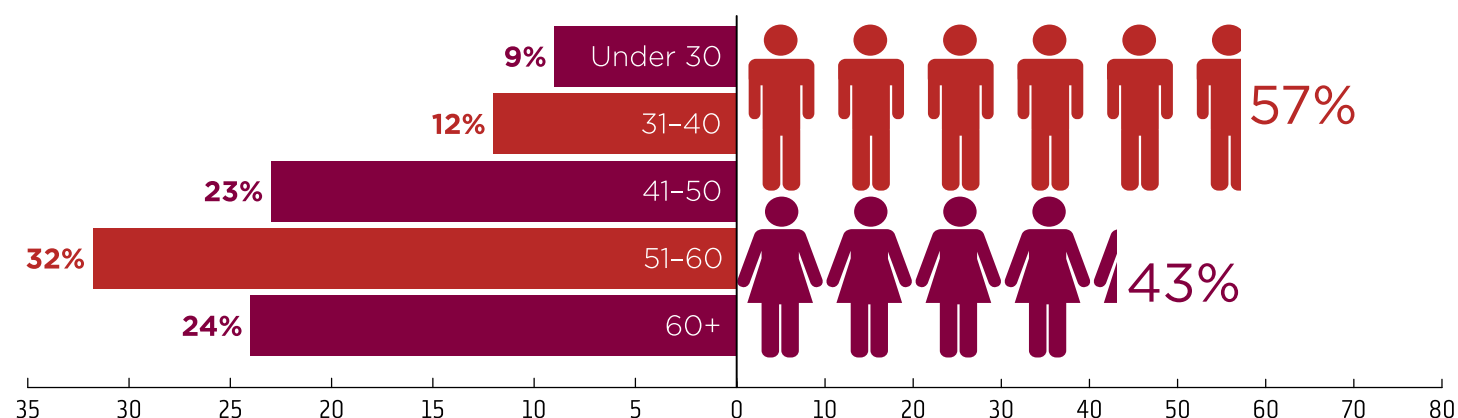


→ LENGTH OF EMPLOYMENT

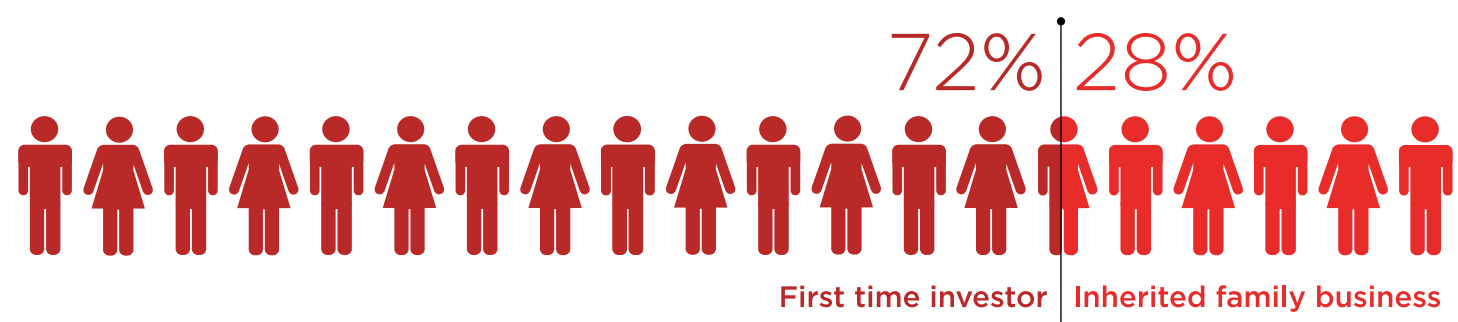




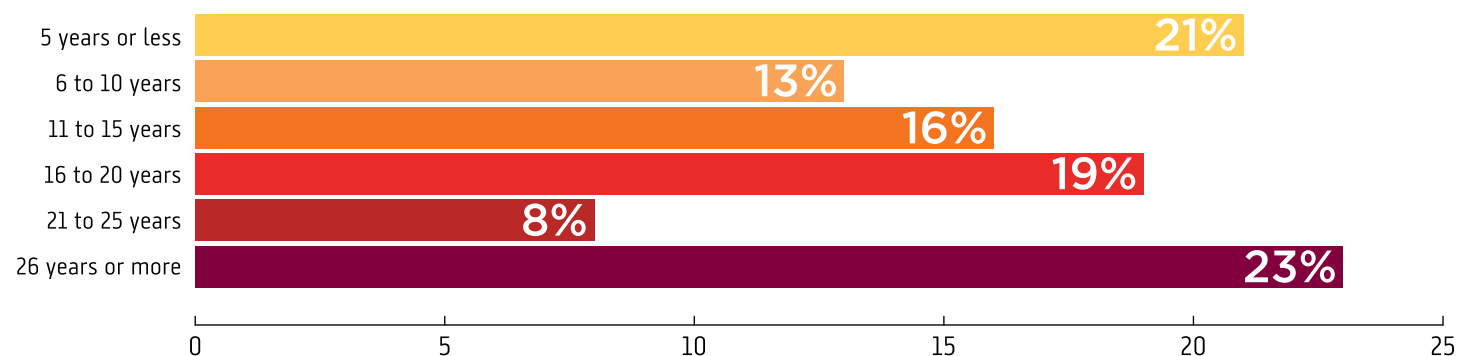
OWNERSHIP AGE AND GENDER PROFILE



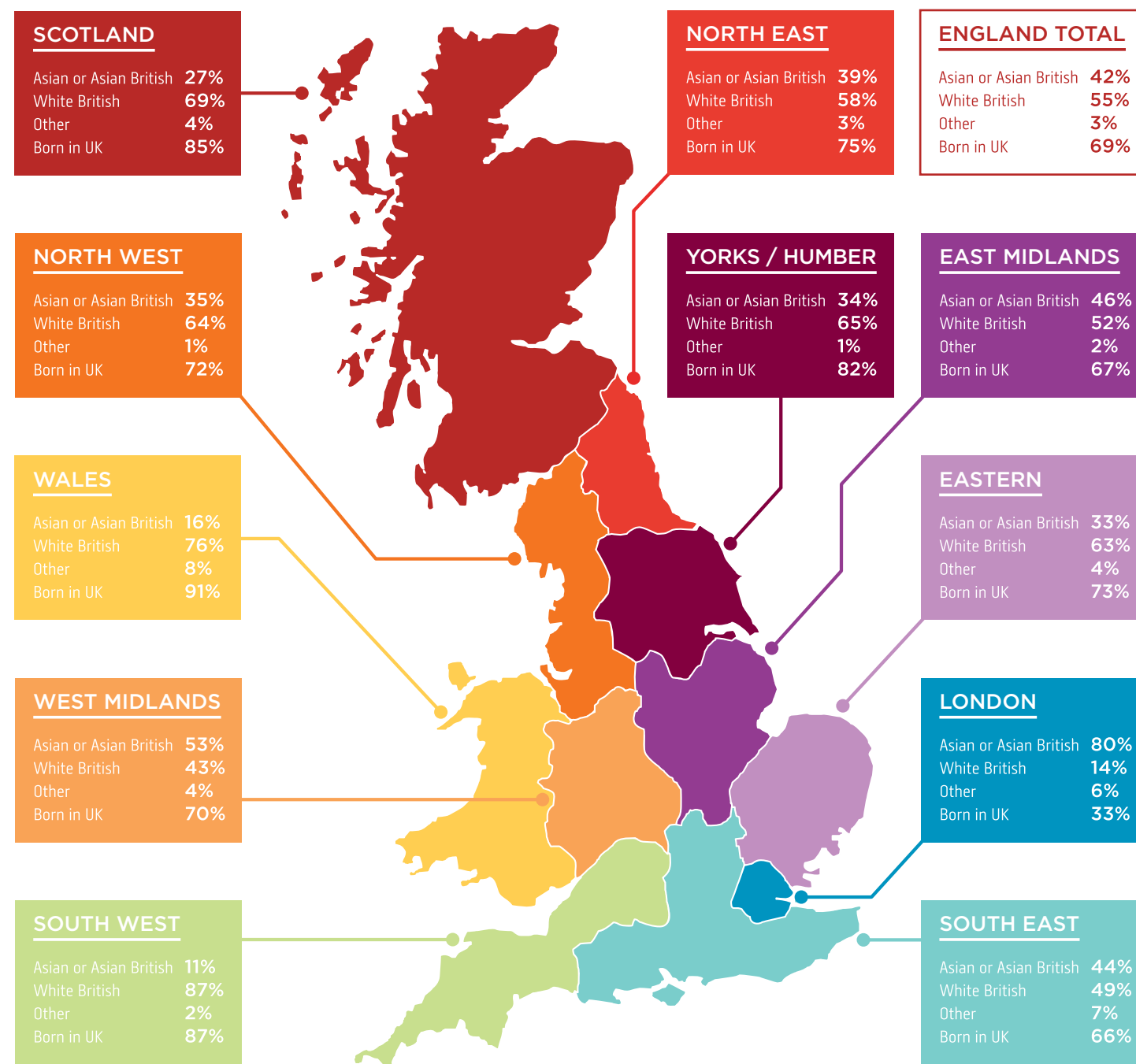
BUSINESS PROFILE



TIME IN BUSINESS



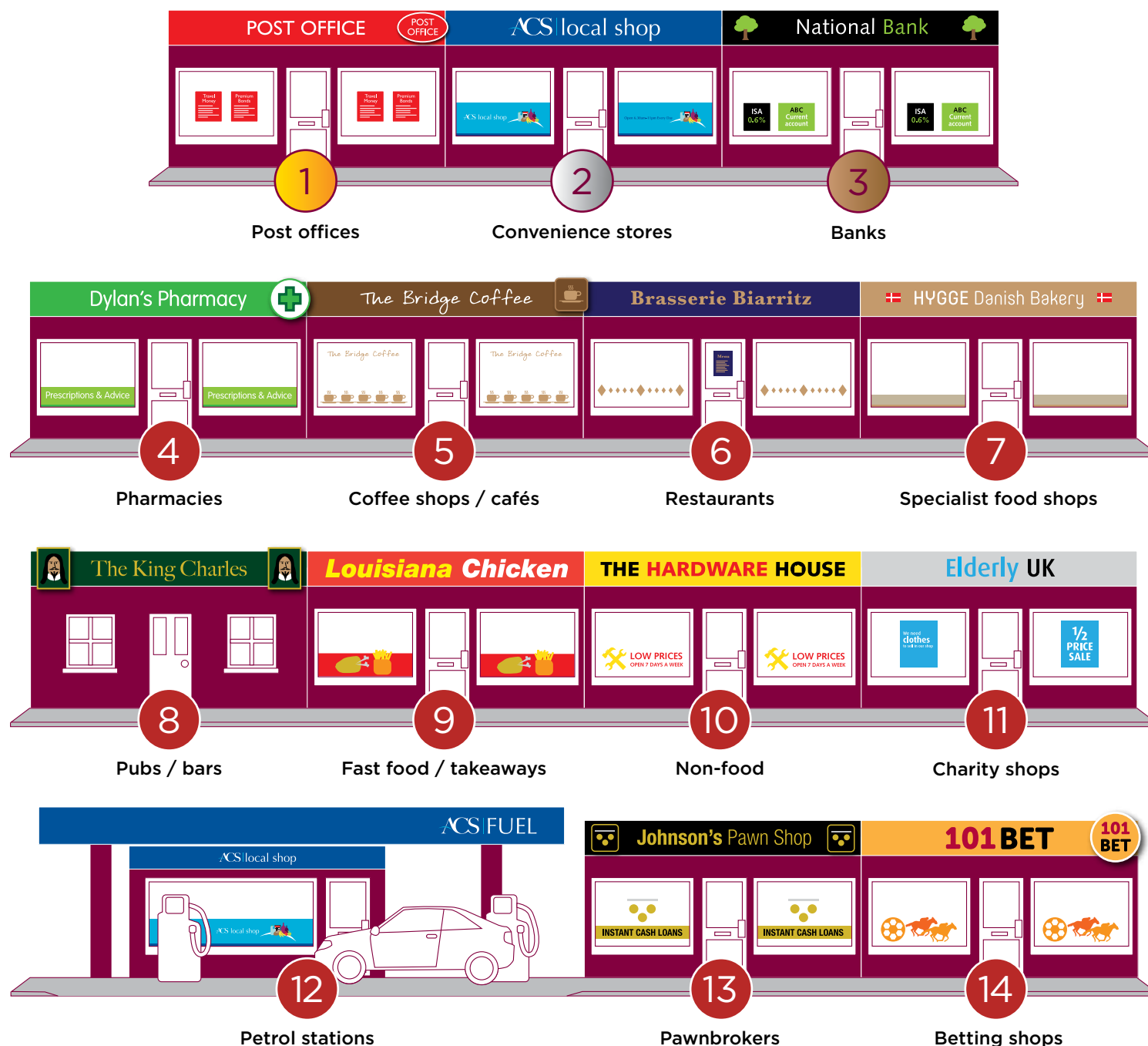
ETHNICITY OF OWNERS



LANGUAGES SPOKEN



MOST POSITIVE IMPACT ON THE LOCAL AREA



TOP THREE MOST WANTED SERVICES



COMMUNITY ACTIVITY

84% of independent Welsh retailers engaged in some form of **community activity** in the past year

Collecting money for a national or local charity:



79%

Providing funding, or in kind support, to a community event:



20%

Providing sponsorship to a local sports team or other community activity:



18%

Taking part in community, council or local business association meeting or project:



5%

Source: ACS/HIM 2017

COMMUNITY OWNED SHOPS

There are **20** community owned shops trading in Wales, out of... **348** trading across the UK



HALF of community run shops in Wales offer postal services



ALMOST 1/3 have **cafés**

280 paid jobs and volunteer positions created ★ ★ ★ ★ ★

Community shops in **Wales** generated a **combined turnover** of over:

£1 million

Community owned shops are resilient forms of business. **The success rate is:**

95%

The average for a small business is:

41%

(UK averages)

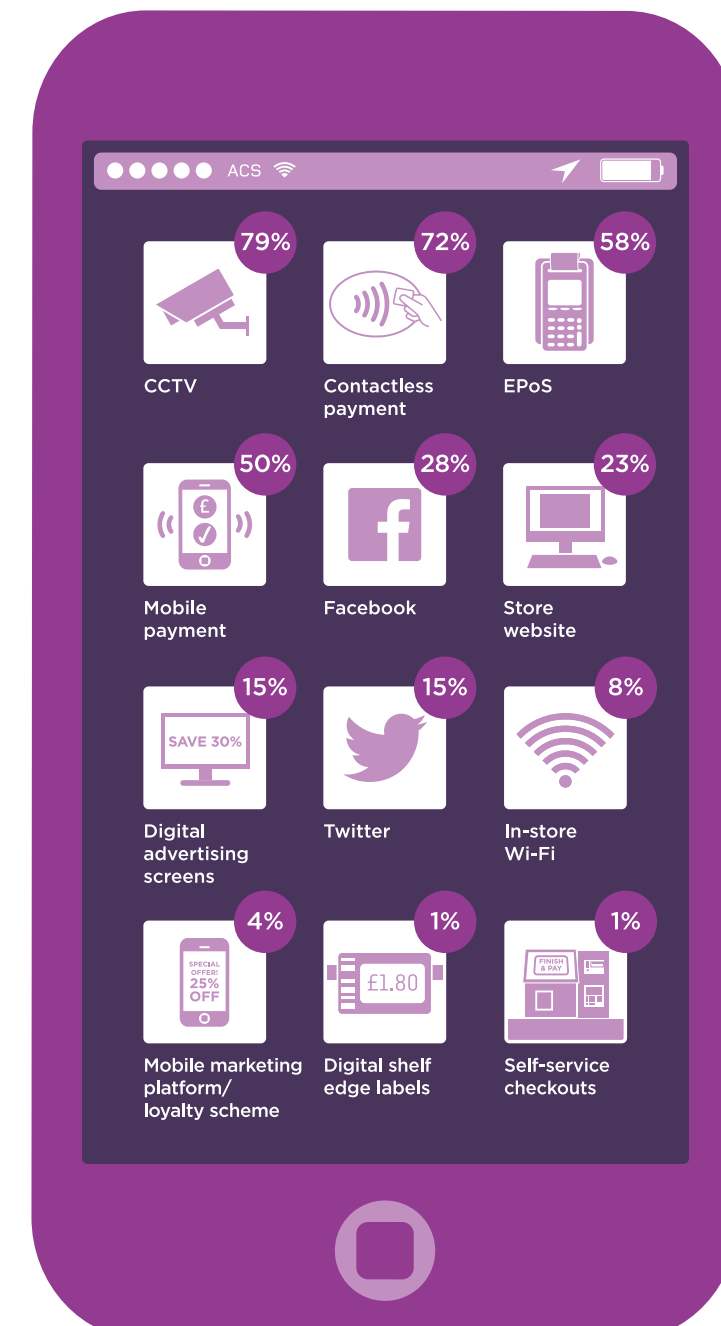
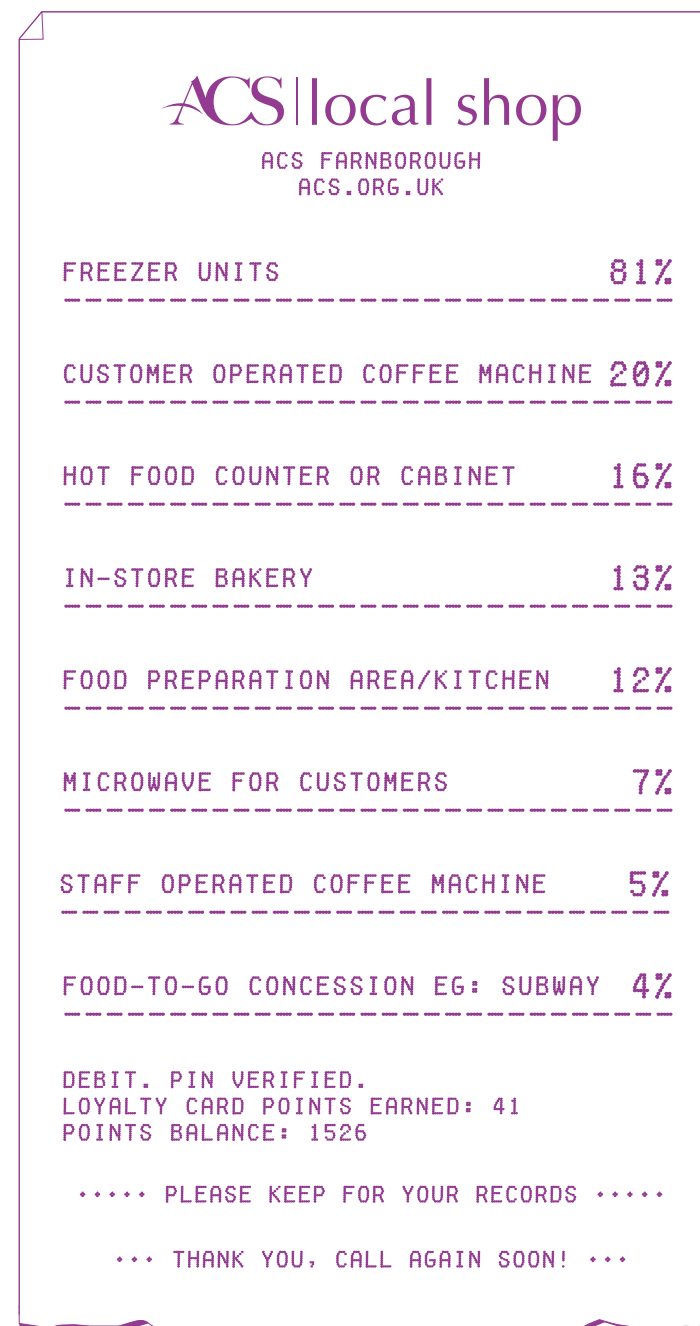
The percentage of stores in the Welsh convenience sector that provide each feature or service is as follows:



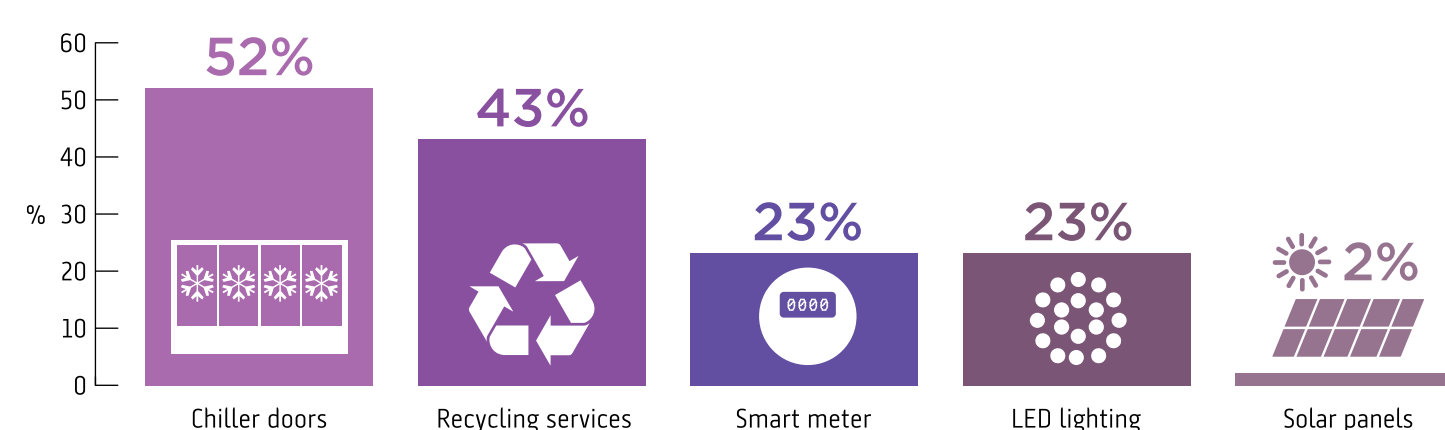
ACCESS

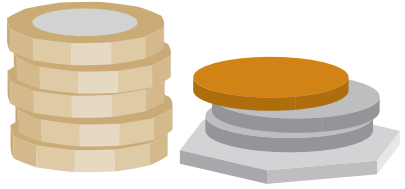
64%	Wheelchair access
36%	Community noticeboard
26%	Wider aisles to improve accessibility
10%	Hearing aid loops
6%	Customer toilets
4%	Seating areas

LICENSING



ENVIRONMENT





THE AVERAGE SPEND IS
£5.72

81%
of customers pay by cash



43%

WORK FULL TIME

THE AVERAGE SHOPPER
VISITS THEIR LOCAL STORE

3.69

times per week

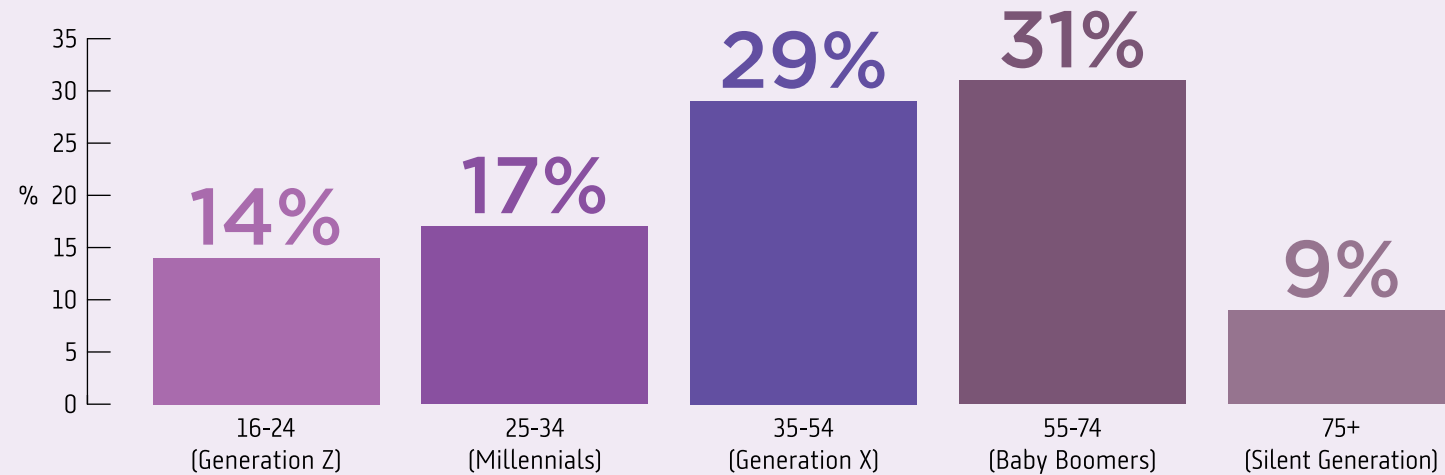
14%

are buying on

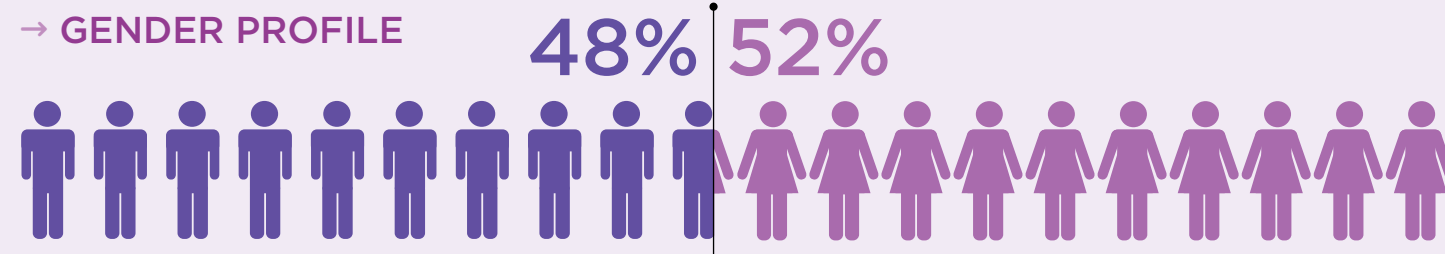
SPECIAL OFFER

CUSTOMER PROFILE

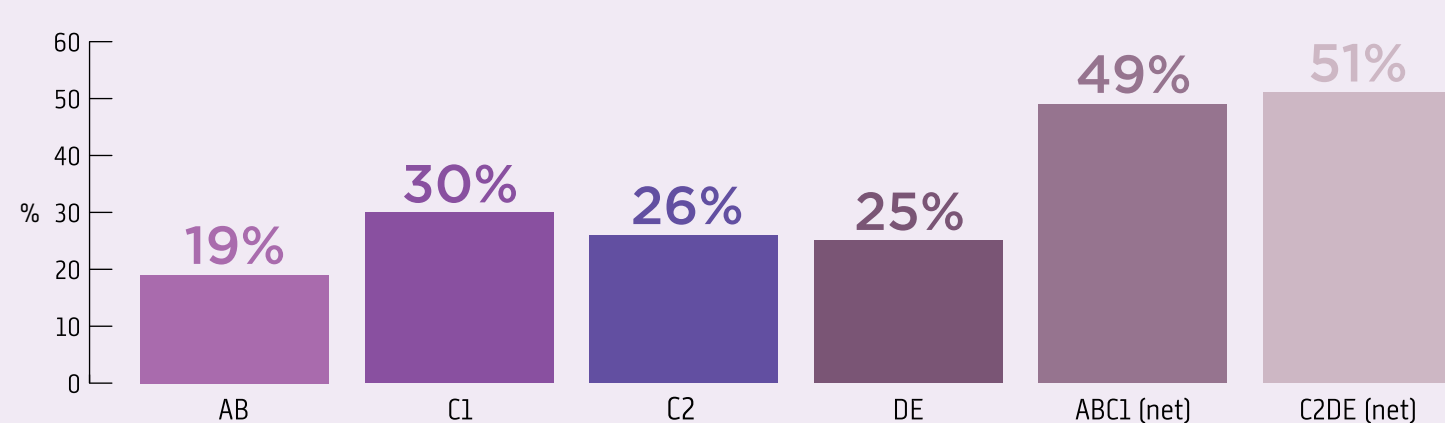
→ AGE PROFILE OF SHOPPERS



→ GENDER PROFILE



→ SOCIAL GROUPS



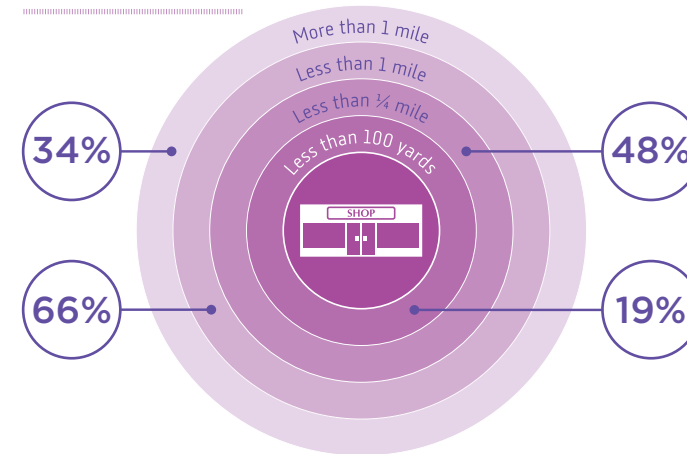
TOP TEN DRIVERS TO STORES



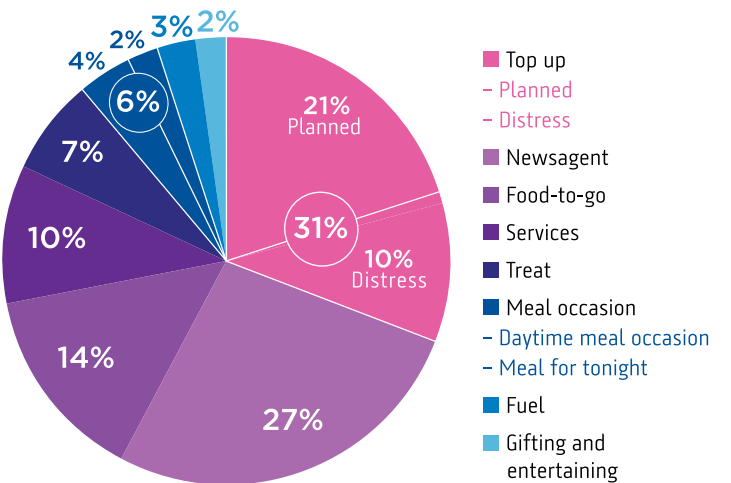
MODE OF TRAVEL TO STORES



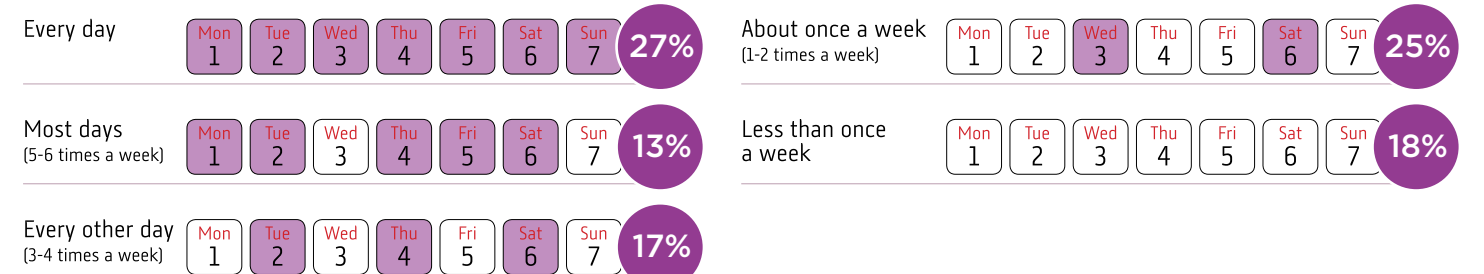
DISTANCE TRAVELLED TO STORE



SHOPPER MISSIONS



VISIT FREQUENCY



ACS Welsh Shop Report draws on data from the ACS Local Shop Report 2017.

New primary data for the Local Shop Report was undertaken by ACS in the form of two surveys:

1. Independent Retailer Survey – a sample of 2,420 independently owned convenience store businesses in the UK. ACS contracted HIM Research and Consulting to aid in the design and delivery of the survey. The survey was carried out over the phone by BCC Marketing between 26th June and 19th July 2017. The survey gathered responses from unaffiliated independent convenience stores, independent forecourt stores and independent stores that are part of central buying or marketing (known as ‘symbol’) groups. These are represented in the survey in the same proportion as they are represented in the market. The survey covers the nine regions of England, along with Wales and Scotland as set out in the report, each returning 200 responses. A copy of the survey questions and responses is available on request by emailing katie.cross@acs.org.uk

2. Multiple Retailer Survey – ACS conducted a survey of its multiple chain members. This survey was based on the questions asked in the Independent Retailer Survey, where relevant, to ensure consistency and accuracy of results. This survey returned results related to a sample of 6,291 stores. A copy of the survey questions and responses is available on request by emailing katie.cross@acs.org.uk

The results of these two surveys have been collated and figures for unaffiliated independents, symbol group independents, independent forecourts and multiples have been combined according to the proportion of stores in the market, in order to determine overall results for the sector.

Nielsen and William Reed Business Media sector data

Nielsen utilises cross referencing data from trade associations, retailers, suppliers and customer lists. This is supplemented by gap analysis and wide-search primary research.

WRBM continually updates data through re-registering customers thereby adding changed recipients, closures and new stores. This is through postal, telephone research, online delivery and events.

Convenience Retailing 2017 report – IGD (Institute of Grocery Distribution)

This report is compiled by the IGD based on the sales data up to the end of March 2017.

Convenience Tracking Programme 2017 – HIM Research and Consulting

This programme is a survey of over 20,000 convenience shoppers conducted at the ‘moment of truth’ in-store.

Population data – The Office of National Statistics

Data is taken from mid-2016 UK Population estimates.

Communities data

ComRes – Interviewed 438 local councillors in Britain, using a combination of paper and online surveys, between 19th April and 28th June 2017. Data was weighted by party and region to be representative of all councillors in Britain.

Populus – Interviewed 2,080 consumers in Britain between 14th and 15th June 2017. The sample has been weighted to be nationally representative of the population in Great Britain.

ACS Investment Tracker – Data obtained in the form of two surveys:

Voice of Local Shops survey – a sample of 1,210, independently owned convenience store businesses in the UK. ACS contracted HIM Research and Consulting to aid in the design and delivery of the survey.

Multiples Investment Tracker Survey – a sample of over 3,000 multiple stores in the UK. Questions in the Multiple Investment Tracker Survey are based on the questions asked in the Voice of the Local Shops Survey, where relevant, to ensure consistency of results.

The results of these two surveys are collated and combined according to the proportion of unaffiliated independents, symbol group independents and multiple stores in the sector. The ACS investment tracker is completed every quarter and an average has been taken across the latest four quarters of the survey (August 2016 to May 2017) unless stated otherwise.

ACS Colleague Survey – A sample of 1,230 staff working within the convenience sector. The sample consists of people working for both independent and multiple retailers. The data used within this report excludes respondents who reported their job role as ‘manager’ to be consistent with previous reports.

Community Shops – A better form of business 2017 – The Plunkett Foundation

Data on community shops is obtained from the Plunkett Foundation Community Shops report. The report is based on statutory data sourced from the Financial Conduct Authority and Companies House; electronic questionnaires and follow up telephone surveys; together with information held by Plunkett on every community shop.

References

Location (page 3) – percentages for rural/urban/suburban split sourced from WRBM. Definitions are based on population density and are derived from postcode data:

- Urban (density above 30 people per sq. km).
- Suburban (density 10-30).
- Rural (density 0-10).

Neighbouring Businesses (page 3) – Figures sourced from ACS/HIM independent retailer survey and refer to independent retailers (including those who own symbol stores and forecourts) only.

Shops (page 6-7)

- Store numbers – Figures sourced from WRBM.
- Store figures were divided by the mid-2016 population estimates to obtain population per store.
- When calculating store size, “don’t know” responses have been excluded.
- Shop ownership – ACS calculation based on figures sourced from WRBM
- Premises ownership – Results reflects statistics for independent retailers (including those who own symbol stores and forecourts) only. When calculating ownership “Some of the properties are owned and some are rented” responses have been excluded.
- Lease agreement – Results are based on retailers who own their stores.

Sales (page 8-9)

- Sales/market share – Figures sourced from IGD Convenience Retailing 2017 report.
- Shop categories – Figures sourced from the IGD Convenience Retailing 2017 report.
- Opening hours – ACS Independents and Multiples surveys asked respondents what time of day they open and close for the different days of the week. Results for unaffiliated independents, symbol groups, independent forecourts and multiples were collated and combined according to their proportion of stores in the market, to determine overall results for the sector.

Investment (page 10-11)

- Investment per quarter – Average investment per store was obtained from the Voice of the Local Shops survey for independent retailers and from the Multiple Investment Tracker Survey for multiples. Respondents were asked to estimate the cost of investment in their store over the last three months. The average investment per store was then multiplied by the number of stores for each store type in the sector, (figures taken from WRBM) and added together to give a total investment figure for each quarter.
- Top areas of investment – For unaffiliated independents and independent symbol groups the data was obtained from the Voice of the Local Shops Survey and for multiples, results were obtained from the Multiple Investment Tracker survey. Both surveys asked “in your store, which of the following areas have you made investment in over the last three months?” Results for unaffiliated independents, symbol group independents and multiples were collated and combined according to their proportion of stores in the market. The results were calculated for the latest four quarters (February 2017 to November 2017) and an overall average was taken.
- Refrigeration – The Independent Retailer Survey and Multiple Retailer Survey asked respondents to estimate how much refrigeration they provided for their stores of 0-999 sq. ft., 1,000-1,999 sq. ft. and 2,000-3,000 sq. ft. The results for non-affiliated independents, symbol group members, independent forecourts and multiples were collated and combined according to their proportion of stores in the market.
- Sources of investment – Data was obtained using the Voice of the Local Shops, respondents were asked to report their main source of investment over the last three months. Results reflects statistics for independent retailers (including those who own symbol stores) only.

Results were calculated for the latest four quarters quarters (February 2017 to November 2017) and an overall average was taken.

Jobs (page 12-13)

- Jobs – Per store employment figures obtained from ACS Independent Retailer Survey and Multiple Retailer Survey. Results for non-affiliated independents, symbol group members, independent forecourts and multiples were collated and combined according to their proportion of stores in the market, in order to determine overall results for the sector.

The average employment figure was calculated by dividing the total number of jobs in the sector by the total number of stores in the sector. The following averages were identified for jobs per store in each retailer type:

- Unaffiliated Independents (excluding forecourts): 3.40.
- Independently owned symbol stores (excluding forecourts): 8.73.
- Independently owned forecourts: 6.22.
- Multiples (Inc. co-operatives, forecourt multiples, multiple owned symbol stores): 17.95.
- Store average: 7.78.

- People – Data for age and gender statistics, hours worked, length of employment and holiday were obtained from ACS Independent and Multiple Retailer surveys and were collated and combined according to their proportion of stores in the market. Data for family employment statistics are based on the ACS Independent Survey only.

- Data for travel, income and commitments were obtained from the ACS Colleague Survey.

- Qualifications – ACS Independents and Multiples surveys asked respondents to list which qualifications were offered to staff. Results for unaffiliated independents, symbol group members, independent forecourts and multiples were collated and combined according to their proportion of stores in the market, in order to determine overall results for the sector.

Entrepreneurs (page 14-15)

- All data in this section was obtained from the ACS Independent Retailer Survey and reflects statistics for independent retailers (including those who own symbol stores and forecourts) only.
- Asian or Asian British category combined results received for each of the following categories: Asian or Asian British, Indian, Pakistani, Bangladeshi, any other Asian background.

Communities (page 16-17)

- Most positive impact – Respondents were given the following request “Which of the following types of services do you believe has the most positive impact on your local area? Select up to three which you think have the most positive impact”. Data was weighted to be nationally representative and answers were ranked to reflect opinion.

ABOUT ACS

The Association of Convenience Stores is a trade association representing local shops across the UK. We represent our members through effective lobbying, industry leading advice and networking opportunities for retailers and suppliers.

Our membership includes a diverse range of convenience store retailers, from stand-alone family run independent stores to symbol groups and multiple convenience stores. These retailers operate in neighbourhoods, villages, on petrol forecourts and in city centres. ACS’ core purpose is to lobby Government on the issues that make a difference to local shops. We represent the interests of retailers on a range of issues, including business rates, energy, regulation, planning, alcohol and many more.

ACKNOWLEDGEMENTS

This report would not have been possible without the support of a number of industry and research organisations that have helped by providing data.

- Top three most wanted services- Respondents were given the following request “For each of the following types of services, please indicate whether you think that it would be beneficial for your local area to have more or less of these types of services, or if you think the number should remain the same”. Data was weighted to be national representative and answers were ranked to reflect opinion.
- Community activity of shopkeepers – Data was obtained from averaging the results from the most recent four ACS VOLS surveys (February 2017 to November 2017) and reflects statistics for independent retailers (including those who own symbol stores) only.
- Community Shops – Data was obtained from Plunkett Foundation Community Shops Report 2017.

Technology and services (page 18-19)

- All numbers: ACS Independents and Multiples surveys asked respondents to list which of a selection of services were offered in-store. Results for unaffiliated independents, symbol groups, independent forecourts and multiples were collated and combined according to their proportion of stores in the market, to determine overall results for the sector.

*For independent retailers, the figure for EPoS was calculated by taking an average response from ACS Voice of the Local Shops survey (Nov 2016) and ACS Independent Retailer Survey 2017. The Voice of the Local Shops survey asked: “Does your till system scan bar codes as part of a Point of Sale system?” For multiples, the figure for EPoS was taken from the Multiple Retailer Survey. Results for independent retailers and multiple retailers were collated and combined according to their proportion of stores in the market, to determine overall results for the sector.

Customers (page 20-21)

- All data in this section was obtained from HIM CTP 2017.

Where shares are calculated, normal rounding is used which may result in totals not equal to 100%.

ACS produces several reports throughout the year, looking in detail at different aspects of the convenience store sector, all of which are available free to members. We can also provide further breakdowns of the Local Shop Report data to members. Please contact Katie Cross at katie.cross@acs.org.uk for further details.

For more information about ACS, visit our website.

ACS.org.uk

These sources are referenced alongside the relevant sections of the report, and those organisations are:





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