

# HOW CONVENIENT IS IT?

## Julie Oxberry, managing director of Household Design, discusses the meaning of convenience in retail.

Certain things might spring to mind when we think about the word 'convenience': perhaps it involves saving time, or having fewer decisions to make. But in the world of grocery retail, the definition can be much broader.

There are a number of factors that are pushing this drive to convenience. On a global level, recent times have seen more people living in cities than in rural areas. There is, therefore, a drive to convenience from retailers like Carrefour, Walmart and Lidl that is increasingly relevant, simply because of this migration.

At the same time, there is concern for supermarkets. Globally, food prices are experiencing great volatility at the moment; retailers are divided as to how much of the cost should be passed on to the shopper. At home, out-of-town hypermarkets have saturated the market and are suffering as people continue to cut back on their spending. The UK was one of the last G7 countries to come out of the recession, and it was recently noted that, even for the five years prior to the recession, median income was stagnant.

Sociologically, shoppers are terribly savvy and terribly cynical, with only 8 per cent trusting what companies say, and the majority thinking things will get worse before they get better. Moreover, these shoppers, as with much of the Western world, are ageing, meaning more people will be less willing or less able to travel distances to shop. More and more, people are skipping meals, substituting snacks, and they are living by themselves.

So, what does convenience mean to people? For some it means the convenience of having things your way, choosing whether you want the item as a pack of six or buying it individually to suit your needs. For others, it is the opposite: a restricted range that to some extent makes up the shoppers' mind for them.

Given that location is a key decider in convenience shopping, playing the local community card has seen convenience formats taking on the more traditional formats. Deli counters and wicker baskets have created a more indulgent (and independent) feel. The People's Supermarket, and much in the same respect,



Groupson, are examples of ideas that play on the notion of what community means to people and the benefits that follow. Whether the store is one or the other (or a mixture of both) depends very much on the customer need and location.

Technology makes the process more convenient too - from contactless payment to loyalty cards that recognise your preference and provide you with relevant offers, making the shopper journey more efficient.

The way people make their way through the store is just as important now as the ease with which they can check prices and be exposed to promotions via their mobile, whether it be on Foursquare or through SMS, Bluetooth or NFC technology.

Convenience might mean getting to choose whether you want the sea turtle or sea cucumber killed in front of you or whether you want to take it home and kill it later, as with Wumart (like Walmart but not!) in China. Or it might mean stores like 7-Eleven, which will soon open its first store inside an airport's secured area. The store will have a significant focus on hot food, healthy options like pre-made salads, and all delivered daily.

One tactic that some retailers are experimenting with is tailoring the offering of product to the time of day. Waitrose in Crouch End is doing exactly that, and Chez Jean in France encourages people to pop in several times a day for food, coffee, or to re-charge their phones. Low value purchases, like offering coffee, helps drive customers into a store to make quick purchases as well as pushing up profit margins. The hope being that someone who goes in to charge their phone creates an opportunity to upsell.

Of course, as with most things, when it comes down to it, price is still an essential consideration. Recent figures from IGD show that, just this quarter, people are increasingly prioritising value over quality. While there are certainly some who expect to pay more for the convenience of having the product so near to where they live, for others this smacks of opportunism. It's a fine balance. People perceive prices in different ways. Not having a premium could lead people to think that there is not as much worth to the product, or, more holistically, that they might not see the worth in the convenience format itself. The premium exists to emphasise the importance of being able to buy things with such ease. It creates an expectation that might not otherwise be present. Price, though, is part of a much larger framework that informs the convenience experience, as SupermarketNews.com recently pointed out: 'Price is still paramount - but nearly irrelevant if not woven into an experience also providing sufficient levels of service, selection and convenience'.

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Waitrose, Crouch End