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**MIH Knowledge Article:
Healthier convenience stores: the modern,
small-format grocery concept**

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SCOTLAND
IT'S TIME TO INSPIRE



Small in size, and ethical in nature, a new kind of convenience store is emerging in the states. Its focus? To service the younger consumer, a demographic short on time, and hungry for healthy product. Is this a concept that will work in Scotland?

The Grocer's recent market research around convenience stores shows the majority of consumers visit their local convenience store regularly, especially 18-34 year-olds.

Around 51% of shoppers said they would buy healthier options if they were available. An estimated 68% said they would buy fresh fruit and vegetables, while 64% would opt for healthy snacks. Only 29% of those quizzed claimed there was a wide enough selection of fruit and veg in stores, and only 18% thought the healthy snacks selection was satisfactory.

So, what could a healthy convenience store look like? Those in the states are innovating with fresh salad bars, 'better for you' labels, healthy convenient fruit pots, protein-packed salads and freshly-made orange juice. They're also shifting towards homemade ready meals, made from fresh produce sourced locally.

Along with this shift towards healthier eating, the new consumer is often time poor, so the 'little and often' shopping trend is growing. This has a knock-on effect on the convenience market. So, how can Scotland capitalise on this?

Growth of convenience stores

According to research by IGD, the market share of convenience stores accounted for 21.1% of the total UK market in 2018. IGD puts this value at around £40.1 billion. Convenience stores are expected to grow their market share up to 21.6% by 2023. This will increase the value of the sector to around £47.2 billion.

Looking at the categories sold in convenience stores, in 2017, tobacco and e-cigarettes came in first, then alcohol, followed by chilled foods. While the fruits and vegetables category accounted for a much smaller part of overall sales.

So, it's a bit of a chicken and an egg thing. If the product ranges aren't on the shelves, consumers can't buy them. How can we change attitudes around what a convenience store is and make them better for the consumer?

The Goods Mart

Healthy convenience stores in America are catering to the healthy trend and the younger demographic. The Goods Mart convenience store opened this year, headquartered in Los Angeles. It focuses on healthy, high-end products from small brands, and this grocery interloper is trying to shake-up grocery shopping traditions.

With 800 square feet, packed with healthy convenience products, Goods Mart prides itself on an artificial colours and preservative-free buying experience.

The company also follows ethical and sustainable practices. They sell upcycled 'ugly' organic fruits and vegetables for less. Use recyclable packaging. Help customers give to local charities. While all out-of-date food is given to local homeless charities within 24-hours.

Choice Market

Another healthier convenience store, Choice Market, opened in Denver, in October last year. Millennials are one of its key target markets and it offers products consumers can't easily find elsewhere.

The 2,700-square-foot store features a basic grocery selection. It has an extensive menu of both made-to-order and grab-and-go foods, all made with fresh, local ingredients. And the grocery tech involves touchscreen kiosks and a mobile app for placing food orders.

Although Choice Market and Goods Mart only have one location each, they're planning to expand their operations in the future.

Scottish business growth opportunities

There's definitely a market for convenience stores that deliver healthier product ranges. Changing the whole image of the convenience market isn't going to happen overnight. But small changes here can make a big difference. Scotland can definitely capitalise on this trend.

We're here to help this happen, and work with companies so they can innovate their product ranges, workforces, and processes.

Innovation support for Scottish food and drink companies

Make Innovation Happen is a single source of innovation support for businesses involved in the Scottish food and drink supply chain.

Scotland Food & Drink, Scottish Enterprise and Highlands & Islands Enterprise work in partnership across academia, the public sector and the industry to deliver a comprehensive innovation support service.

Make Innovation Happen can help your business by providing:

- [Access to 'connectors'](#), who can offer support, advice and mentoring, as well as direction to appropriate support
- Ideas and insights on how to innovate through articles and events
- Funding through the [Collaborative Innovation Fund](#)
- Help to access other innovation services provided by Scottish Government, [Scottish Enterprise](#), Highlands & Islands Enterprise, Interface and others

To find out more about the support available, please get in touch with the Make Innovation Happen team:

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