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CONTENTS

Welcome to the latest issue of *In-Store Insights*.

As schoolchildren across the country prepare to take their SATs, GCSEs and other further and higher education exams, we're entering into an era of 'testing'. But this doesn't start and end with the exam hall. As an industry, we should be constantly testing ourselves. Questioning ourselves, looking at what could be done differently to make things better.

Because otherwise, we fall into a stupor – the Einstein state of insanity, simply doing the same things over and over but expecting different results. The industry is changing and evolving too quickly and too much for us to use the 'that's how we've always done it' fallback. It's no bad thing to reflect, to look at what went well, and use this as a springboard. But today's shopper expects us to be nimble, agile, reactive and responsive. Not sluggish and complacent.

So how do we test ourselves? A good place to start is to look to your peers, and the POPAI Awards are a great showcase of what industry best practice looks like. Our judging panel is comprised of peer experts from a range of retailers and brands. They look for examples of true excellence and innovation, taking a deep dive into every entry. They will only deem an entry worthy of a Gold Award if it shows real creativity and meets all the criteria defined in the entry guide. If your work is as good as you think it is, why not put it to the experts? Entries are closed for this year, but take a look at the nominations when they're announced in July and the winners in October. And challenge yourself to take the POPAI Awards test in 2024!

Let's take a look at what's in this issue. Our Shopper Investigation report into Christmas in retail asks how P-O-P influences shoppers at this crucial time on the retail calendar. Are they swayed by in-store promotions or are they on a single-minded mission? Find out more in our festive focus on **page 5**.

The beers, wines and spirits (BWS) category is a wide and varied one, with shoppers on all kinds of missions. Our Shopper Segmentation report on **page 9** explores the 10 most common types of BWS shopper, and highlights how to attract them using the right type of P-O-P.

Our Storedits report on **page 16** explores the fascinating world of the petrol forecourt shop. These small-format spaces can be invaluable for shoppers seeking on-the-go snacks and drinks and auto essentials. But how do the retailers harness this space to best effect to fuel sales?

Finally, our Global Trends report on **page 13** takes a look at the interesting theme of the end of abundance. Brands and retailers are seeking to make 'conscious consumerism' less of a burden on shoppers, looking at ways to introduce used or upcycled everyday products and increase their focus on sustainability.

Enjoy the issue, see you next time!

Phil Day, POPAI

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IN-STORE INSIGHTS

In-store Insights Reports are published monthly by POPAI UK & Ireland, Office F104, Atkins Building, Lower Bond Street, Hinckley, Leicestershire, LE10 1QU.

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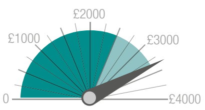
CHRISTMAS IN RETAIL

SHOPPER INVESTIGATION

How do shoppers approach their Christmas shopping? Do in-store promotions influence them? Our Shopper Investigation takes a deep dive into this key time for retailers.



The typical UK household's average monthly spend increases from £2,500 to £3,300 at Christmas

One constant in the retail world is the importance of Christmas, which remains pivotal on most retailers' calendars. November and December account for more than a fifth of the year's total sales, reaching £84 billion in Christmas 2021.

Meanwhile, the typical UK household's average monthly spend increases from £2,500 to £3,300 at Christmas.

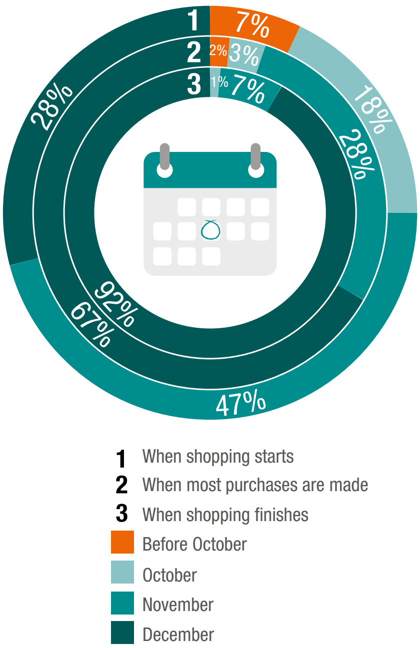
Our research

We asked 96 shoppers to visit Aldi, Asda, Lidl, Morrisons, Sainsbury's, Tesco, Waitrose, Boots, Superdrug, B&M, Poundland and Wilko, and to record the amount and type of Christmas signage, decoration and display they saw.

Festive findings

We also asked our shoppers about their usual Christmas shopping habits. The vast majority—70% — divide their present shopping evenly between stores and online.

When do shoppers start and finish Christmas shopping?



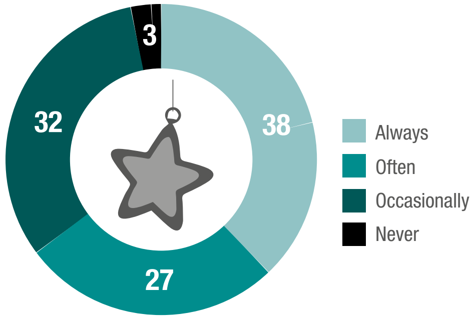
Source: POPAI/Roamler

Almost half said they start shopping in November with just over a quarter starting it in December; 92% of shoppers told us they still make purchases right up until Christmas itself.

Many stores now feature seasonal aisles. However, only a third of our shoppers said they always visit this area when doing their Christmas shopping.

It seems that Christmas shopping is somewhat spontaneous, with just 6% of our shoppers saying they know exactly what they intend to buy beforehand. However, even the most pre-prepared shopper was open to influence once in store. Of those who told us they had some idea of what they were going to buy, 70% said they sometimes changed their mind if they saw a promotion or more attractive alternative.

Percentage of shoppers who visit the seasonal aisle when Christmas shopping



Source: POPAI/Roamler

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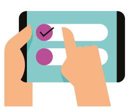

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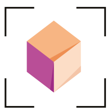

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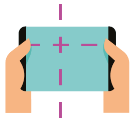

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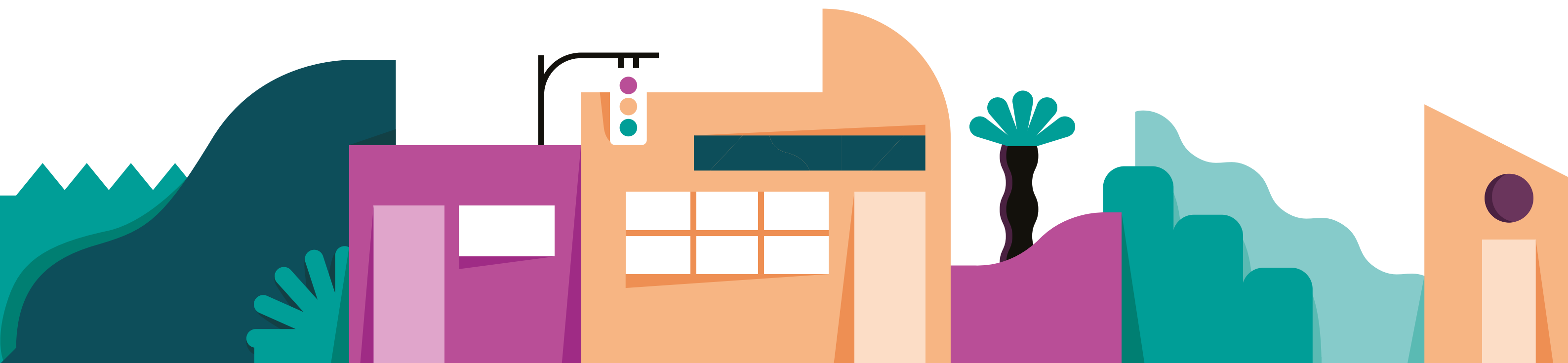


CHRISTMAS IN RETAIL

SHOPPER INVESTIGATION

IN THE STORE

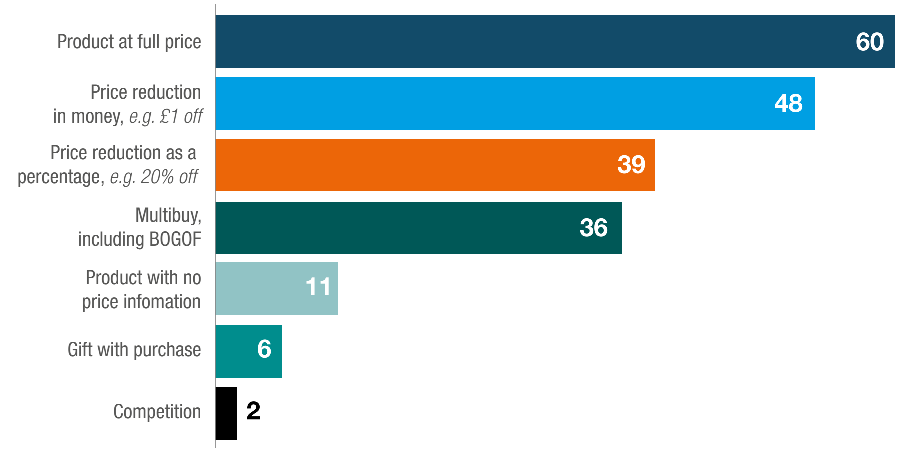
Seasonal signage

The type of P-O-P most commonly seen in store windows by our shoppers was window posters, noticed in a third of all stores. Decorations in the windows were in short supply, seen in just 20% of the stores.

Seasonal aisles are almost ubiquitous now, and this was backed up by our shoppers' findings, with these aisles featuring in all but six of the stores visited. Hanging signs were the favoured method for directing shoppers to the seasonal aisle.

Our shoppers also noticed promotional activity in most of the other store areas beyond the seasonal aisle. These included gondola ends, festive products in other aisles across the store and at the checkouts, and Christmas floor displays.

Types of promotional messaging used



Source: POPAI/Roamler

Merry messaging

The most popular promotional messaging was a product advertised without price reduction. Reductions on single products were also noticed, with monetary reductions more common that percentage discounts.

Festive imagery was widely employed, seen in 89% of all stores.

Deck the stores?

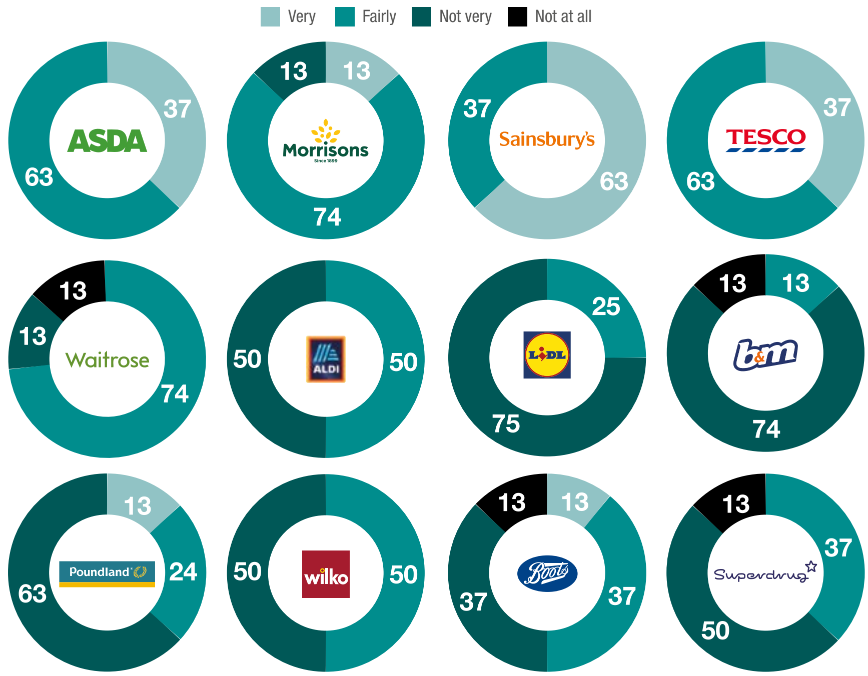
Sadly, the seasonal spirit was actually fairly lacking. Our shoppers told us that 61% of stores they visited had no decorations.

In fact, Christmas clothing such as jumpers, hats and reindeer antlers, was seen much more than decorations.

Frosty reception

Finally, we asked our shoppers to rate how festive they thought the stores they visited were. Unfortunately, just 15% said they thought the stores were very festive

Festive rating by retail chain *(percentage of stores by festive rating)*



Source: POPAI/Roamler

Our investigation showed that retailers are increasingly using and promoting a seasonal aisle, and that messaging, promotions, signage and colour were all used to good effect. However, the 'seasonal spirit' did seem to be somewhat lacking. A little more festive focus might go a long way.

Sources

Retail at Christmas 2021/2022 – the British Retail Consortium

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BEERS, WINES AND SPIRITS

SHOPPER SEGMENTATION

In this report, we explore the beers, wines and spirits (BWS) market and highlight the most common types of shopper.

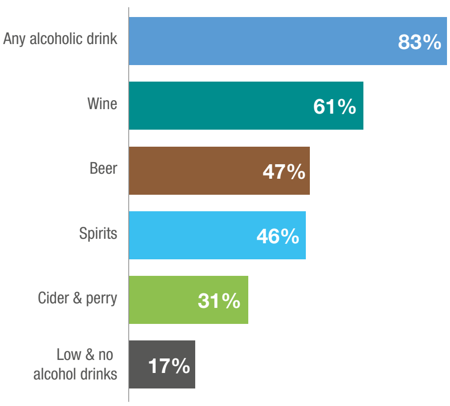
The BWS market

The UK beers, wines and spirits (BWS) market is big business, with 83% of adults making a BWS purchase in 2022.[1] Total BWS sales in all channels across the UK in 2022 were £45.6bn.[1]

Economic concerns could impact on our drinking habits. Nearly 80% of consumers said that financial concerns would cause them to spend less in bars and clubs, preferring to drink at home instead.[2]

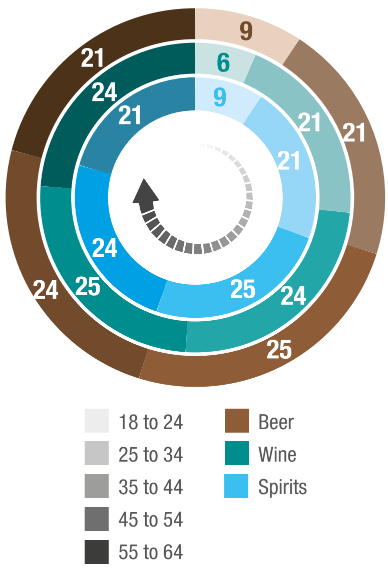
P-O-P can play a significant role in driving purchases, as just 12% of shoppers conduct online research before buying alcohol in store. Social media also has a limited influence on purchases. New High Fat Sugar and Salt (HFSS) regulations offer retailers the chance to use gondola ends in power aisles and entrances for other products.[3]

BWS drinks purchasing habits: adults who have bought alcoholic drinks in 2022



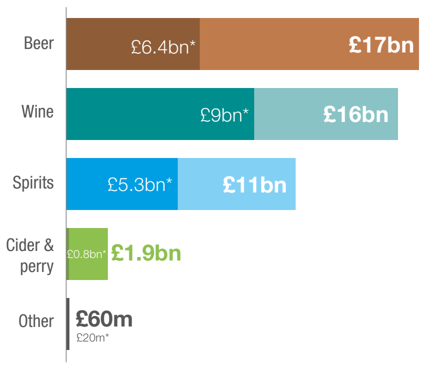
Source: Mintel

Percentage of total spend by BWS category by age group



Source: Statista

2021 UK BWS sales



** Off trade sales values*
Source: Statista

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BEERS, WINES AND SPIRITS
SHOPPER SEGMENTATION

BWS SHOPPER TYPES

In our report, we drill down into the different shopper types for this category, offering an invaluable asset for retailers seeking to tailor and target their in-store promotions and communications.

We identified ten types of BWS shopper. Here is a snapshot.

1. The Immediate Consumer

As the name suggests, this shopper is planning to enjoy their beverage soon after purchase. This could be when they get home, while travelling to a destination or when arriving at a party or occasion.

This shopper is not making a particularly considered purchase and has often stopped off at a convenience store or service station.

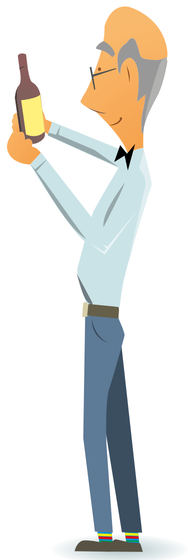
How to appeal to the Immediate Consumer

If the shopper is at a familiar store, they often make a super-fast grab-and-go purchase. The job of the retailer here is simple: to make sure shelves are well stocked.

However, retailers could also look at the best ways to communicate within their chiller area, which can be challenging with limited shelf-edge space and chiller doors obstructing messaging.

Meanwhile, those shopping in unfamiliar surroundings need some guidance and navigation, so effective signage is key here.

*POPAI would like to extend special thanks to **James Waterworth**, Head Of Trade Marketing at Anheuser-Busch InBev, and **Charlie Hartley**, Marketing Activation Controller at Heineken.*



2. The Connoisseur

The Connoisseur is only brand loyal when there is an associated underlying quality. This shopper is interested in exploring a range of products and trying new releases.

The Connoisseur is likely to conduct research before purchasing and will study labels carefully. Their purchases tend to be highly considered but limited in quantity.

How to appeal to the Connoisseur

As this shopper likes to explore, they are likely to visit a wide range of retailers, making good navigational signage a must to direct them to the unfamiliar BWS area.

Once there, they will be looking for additional information to either validate their planned purchase or to tempt them to delve further into the category. Detailed shelf-edge labelling, with information about the product's style, ingredients and provenance, can help to entice them to purchase.

Sources

1 *Statista*

2 *How People Shop for Alcoholic Drinks – UK – 2022 – Mintel*

3 *Alcohol Drinks Review UK 2022 – UK – 2022 – Mintel*

3. The Party or Celebration Shopper

This shopper could be buying for a formal celebration such as a wedding, a less formal one like a birthday, or a very informal event such as a barbecue.

Guest numbers will be larger than for the big night in or sports event, and it is likely that the host will not know all the guests well. This means they need to supply a wide range of options which could cover all the BWS categories. Their purchases range from celebratory drinks such as champagne to low- and no-alcohol choices, and everything in between.

How to appeal to the Party or Celebration Shopper

This shopper is very likely to have a budget, so will be looking for bulk offers across all the different BWS categories. Although this mission is likely to be a dedicated shop, their desire to find strong promotions means that high footfall areas such as front of store and aisle gondola ends are also likely to get their attention.

As well as competitive promotional prices, this shopper may also benefit from simple-but-informative shelf-edge product information to help them cater to their wide range of guests.

Retailers could offer a simple solution to this shopper by providing dedicated bays of popular party drinks. This should be a one-stop-shop for the event, encompassing all categories from low- and no-alcohol options to staples such as gin and vodka and their accompanying mixers.

FORECOURT RETAIL

STOREDITS

In this report, we put forecourt shops under the spotlight, asking: how do they fuel purchases?

Storedits *[stor-ditz]* is an analytical qualitative survey (or store audit) of a retail space carried out by POPAI.

Forecourt formats

For many people, filling up with petrol also means making a few purchases. This demand is reflected in the number of forecourt shops in the UK: of the 8,379 fuel forecourts, 7,575 have shops.[1]

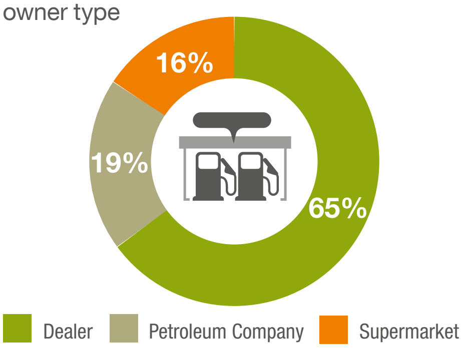
Formats include traditional (selling a range items), convenience (similar to a high street convenience store) and kiosk shops.

Most forecourts are found in urban areas, usually surrounded by other shops and businesses.

Over a third of forecourts have no other retail outlets in their vicinity and just under a third have up to five other stores nearby. This means the retail forecourt can often play an important role in servicing the needs of local residents and workers.

This is reflected in the fact that 21% of shoppers will visit a forecourt every day with a further 20% visiting most days. The average shopper will visit 4 times a week.[5]

Ownership of UK forecourt shops by owner type

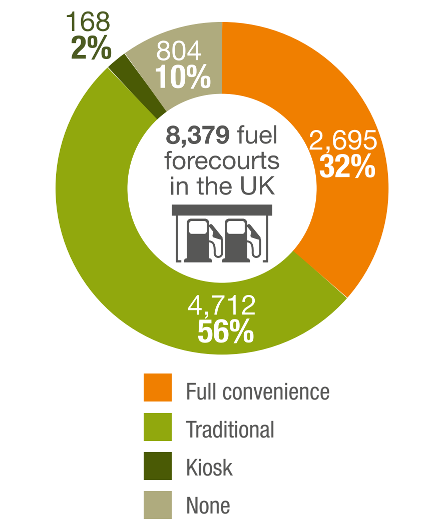


Source: Association of Convenience Stores

Powering sales

The total value of UK forecourt sales in 2022 was £4.8bn.[2] In multiple forecourt retailers, tobacco and vaping accounted for the biggest share of sales, at £884m.[3] The average basket size, excluding fuel, is three items valued at £10.38.[4 & 5]

Types of UK forecourt shops by location

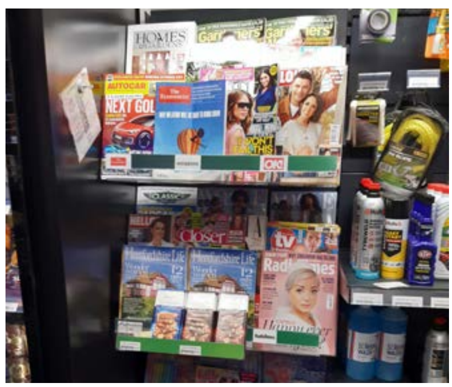


Source: Association of Convenience Stores

Our research

POPAI surveyed 48 forecourts across the UK during April 2023.

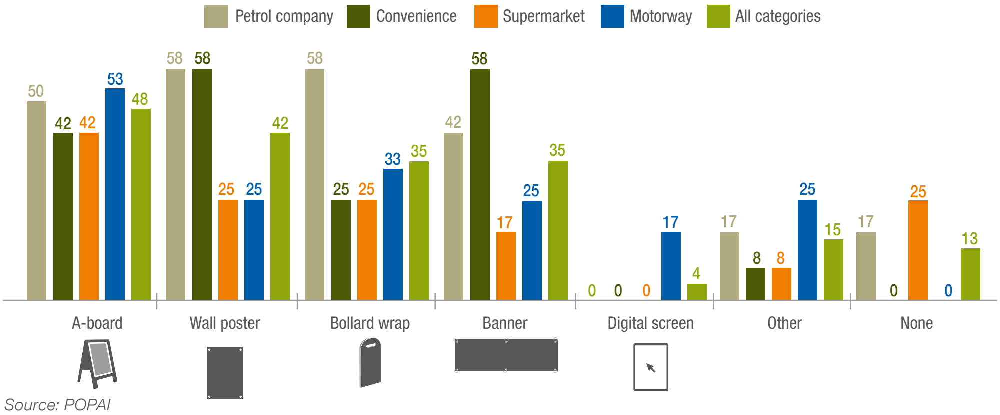
- **Petrol company:** smaller non-retail-branded forecourts, e.g. Shell Select
- **Convenience:** retail-branded forecourts – those operated by a convenience chain, e.g. Co-op
- **Supermarket**
- **Motorway:** only the shop where petrol is paid for, not the full services



FORECOURT RETAIL

STOREDITS

External display – *percentage of stores using*



Source: POPAI

AT THE OUTSIDE

We looked at the types of external P-O-P used and the messages they were communicating.

Displays

The most common external displays were A-boards and wall posters, seen at 48% and 42% of all stores. Banners in the refuelling areas and bollard wraps were seen at 35% of forecourts.

Digital displays were extremely rare, seen at just two motorway stations.

In terms of window signage, posters and vinyls were by far the most popular, seen in 60% of forecourts. We also noticed products displayed in windows in 42% of petrol company shops and 17% of convenience forecourts.

As well as displays and promotional messaging, in some cases, external areas were used to merchandise products.

Automotive products such as screenwash, newspapers, and barbecue and home fire products were seen displayed outside in almost three-quarters of all forecourts.

IN THE INSIDE

Moving inside the shop, we found that themed gondola end displays (for example, displaying seasonal products) were being used in nearly half of the shops. FSDUs were also popular, especially in motorway forecourts.

We found a wide range of product categories merchandised in the shop entrances. Confectionery was the most popular, displayed in 46% of shops. Ambient food and salty snacks were seen in a third, and we noticed automotive products, soft drinks and flowers displayed at the entrance in almost a quarter of forecourt shops.

Irrespective of forecourt type, the categories of products found in most stores were consistent: confectionery, salty snacks, other ambient food, automotive and soft drinks. Ambient shelving was used for merchandising a wide range of products across the shops we visited.

During our visits, we checked out the in-store chillers to establish where they were located and which product categories they were used for. By far the most popular location was against the side and back walls of the shops, noticed in over 90% of all shops. Others were found in the centre of the shop, with a few shops having chillers in both locations.

Moving to the checkout area, we wanted to establish which products were displayed on them and in front of the counter, and if queuing systems were used.

At least half of all the forecourts visited had queuing systems. Confectionery, a big category throughout the store, was by far the most popular to be displayed in queuing systems and in front of the checkouts, noticed in 71% of all the shops surveyed.

As a regular go-to for many shoppers, the forecourts we visited proved to be a robust and reliable part of our retail landscape.

Sources

1 *Association of Convenience Stores*

2 *Experian's V2 database release, September 2022*

3 *NielsenIQ Scantrack 2022*

4 *acs.org.uk @ACS_Localshops*

5 *Lumina Intelligence CTP 2022*

Access all our findings.

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THE END OF ABUNDANCE

GLOBAL TRENDS

Brands and retailers are making conscious consumerism less of a burden on consumers by providing avenues for circular habits to take hold.

Conscious consumerism is now part of everyday habits. The trend took hold in early 2022 but matured throughout the year to seep into almost every aspect of people's lives. From buying clothing for the entire family to shopping for weekly meals at the local supermarket or charging one's phone, conscious consumerism does not require as much effort and thinking process as it once did.

This quarter, we have seen a lot of mainstream names entering or confirming their presence in the rental and resale space, cementing the idea that buying used or upcycled everyday products is here to stay, and signalling that the new 'end of abundance' era is underway.

Consumers are also reckoning with the fact that sustainable consumption may be good for their wallet, especially in the particularly tense economic context. The aura of unattainable luxury once associated with sustainable behaviour is now long gone. Eco-conscious consumerism is definitely on the rise in the UK, with 85% of UK consumers adopting at least one lifestyle change to be more sustainable since the pandemic.[1]

UK supermarket Sainsbury's ran a walk-in freezer-inspired store in Shoreditch's BOXPARK to educate consumers about food waste. The London location was stocked with fresh food that had been prepped and frozen down, rather than the retailer's traditional frozen range. Sainsfreeze – as the pop-up was known – included items from across the supermarket that are most commonly thrown away, such as milk, eggs, bread, bananas and herbs.

Sainsbury's hosted live demonstrations showing how items like these could be frozen to save space and avoid food waste. Visitors were also invited to take a free frozen item, so they could test the quality at home.

The pop-up was a reaction to statistics that show a third of food produced for human consumption is lost or wasted, but it also aimed to show consumers how a few life hacks can save them money this winter.

THE END OF ABUNDANCE
GLOBAL TRENDS

Lidl accepts 'ugly' fruit and vegetables to support growers

The supermarket chain Lidl will accept fruit and vegetables that look and feel different from usual, as crops have been suffering record high temperatures and low rainfall. By being more flexible, Lidl is preventing food going to waste, while supporting growers in one of the toughest years they have lived through.

Selfridges launches kidswear rental offer

Luxury retailer Selfridges is expanding its rental offering by launching its first kidswear collection. Powered by rental platform HURR and curated by Selfridges' expert buyers, Selfridges Rental helps customers rent their favourite styles from leading designers and brands at Selfridges. In keeping with the retailer's Project Earth initiative, this new addition to the rental range makes sense, given that children tend to grow out of their clothing on a regular basis.

Sizes range from six months up to 16 years, and pieces are available from four to twenty days. Prices start from £20 for a four-day rental. Brands include Self-Portrait, Off-White and KENZO. The kidswear rental collection expanded to include skiwear in late 2022. In a release, Selfridges noted that its ski rental, which initially launched in 2021, accounted for 33% of the retailer's total rentals in the autumn-winter season.

Source: [1] Companies House

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An in-depth report will be available to POPAI members soon.

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