THE STORES, THE STRUCTURE, THE SIZE

GROCERY RETAIL

2009

YOUR ESSENTIAL GUIDE TO THE STRUCTURE OF THE UK GROCERY RETAIL SECTOR

UK GROCERY RETAIL STRUCTURE 2009

CONVENIENCE RETAILERS (<280 sq m / 3,000 sq ft)

CO-OPERATIVE SOCIETIES	2009	2008	CHANGE
The Co-operative Group*	1,703	1,747	−2.5%
The Co-operative all fascias	*1,607*	*1,665*	*-3.5%*
*Somerfield**	*96*	*82*	*17.1%*
Midcounties	152	152	0.0%
Southern	95	93	2.2%
Midlands	90	91	−1.1%
Scotmid	86	85	1.2%
East of England	79	80	−1.3%
Plymouth & South West	59	58	1.7%
Lincolnshire	50	49	2.0%
Chelmsford Star	24	23	4.3%
Anglia	21	21	0.0%
Heart of England	20	20	0.0%
Tamworth	14	14	0.0%
Channel Islands	5	5	0.0%
Others	18	16	12.5%
TOTAL	2,416	2,454	-1.5%

CONVENIENCE MULTIPLES	2009	2008	CHANGE
Tesco	1,445	1,341	7.8%
Tesco Express	*938*	*840*	*11.7%*
One Stop	*507*	*501*	*1.2%*
Martin McColl/Rs McColl	498	450	10.7%
Sainsbury's Local	268	310	−13.5%
The Local (First Quench Retailing)	252	80	215%
M&S Simply Food	82	74	10.8%
Mills	73	45	62.2%
Whitlestop (SSP)	53	51	3.9%
Checkers (Sandpiper CI)	38	12	216.7%
David Sands	27	24	12.5%
Jones Convenience Stores JCS	16	11	45.5%
Others	60	80	−25%
TOTAL	2,812	2478	13.5%

SYMBOLS	2009	2008	CHANGE
AFFILIATED STORES			
Spar UK	2,557	2,579	−0.9%
Premier (Booker)	2,250	2,106	6.8%
Best-one/Best-in (Bestway)	1,900	1,800	5.6%
Musgrave Retail Partners GB	2,037	2,118	−3.8%
Londis	*1,861*	*1,917*	*−2.9%*
Budgens	*96*	*120*	*−20%*
Centra (Musgrave Retail Partners NI)	*80*	*81*	*-1.2%*
Lifestyle Express (Landmark Wholesale)	1,760	1,500	17.3%
Costcutter	1,600	1,500	6.7%
Nisa-Today's	1,255	1,275	−1.6%
Day Today	*650*	*790*	*−17.7%*
Nisa	*550*	*412*	*33.5%*
Todays	*55*	*73*	*−24.7%*
Palmer & Harvey	722	690	4.6%
Mace Express	*272*	*254*	*7.1%*
Mace	*214*	*188*	*13.8%*
Supershop	*124*	*174*	*−28.7%*
KeyStore	*57*	*0*	
Your Store	*55*	*74*	*−25.7%*
KeyStore/Shop (JW Filshill)	155	310	−50%
WHSmith	106	93	14%
Welcome Break	*43*	*33*	*30.3%*
Moto	*32*	*31*	*3.2%*
Roadchef	*31*	*29*	*6.9%*
Thoroughgoods/Select (Bargain Booze)	100	83	20.5%
VG/Vivo (Northern Ireland)	88	85	3.5%
Select & Save	112	102	9.8%
Spar Channel Islands	25	13	92.3%
TOTAL	14,667	14,254	2.9%

INCLUDING THESE MULTIPLES			
Tates – (Spar)	*206*	*206*	*0%*
Costcutter	*112*	*105*	*6.7%*
Waynes Foods – (Spar)	*112*	*103*	*8.7%*
CJ Lang – (Spar)	*85*	*78*	*9.0%*
G&E Murgatroyd – (Spar)	*81*	*80*	*1.3%*
Alfred Jones (Spar)	*75*	*78*	*−3.8%*
Andrew Millar – (Spar)	*66*	*58*	*13.8%*
Aramark UK	*64*	*n/a*	*n/a*
Botterills – (Spar)	*54*	*48*	*12.5%*
Gillett's – (Spar)	*51*	*41*	*24.4%*
Lawrence Hunt – (Spar)	*26*	*27*	*−3.7%*
GT Retail – (Spar)	*21*	*21*	*0%*
Compass UK	*11*	*n/a*	*n/a*
A M Landsburgh – (Spar)	*10*	*n/a*	*n/a*
Other multiples	*72*	*101*	*−28.7%*
Total Affiliated Multiples	*1,046*		
Total Affiliated Stores	*14,667*		

INDEPENDENTS	2009	2008	CHANGE
Unaffiliated independents	21,950	23,108	−5%
TOTAL	21,950	23,108	−5.0%
GRAND TOTAL	**42,891**	**43,240**	**−0.8%**

MULTI FORMAT STORE ESTATES

	C-STORES	FORECOURTS *STANDALONE*	FORECOURTS *ATTACHED*	OFF-LICENCES	SUPERMARKETS	SUPERSTORES	HYPERMARKETS	TOTAL 2009	TOTAL 2008	CHANGE %
1 The Co-operative Group	1,703	221	n/a	n/a	1,214	4	n/a	**3,142**	2,291	**37.1%**
2 Spar UK	2,557	617	n/a	n/a	n/a	n/a	n/a	**2,557**	2,579	**-0.9%**
3 Tesco	1,445	189	440	n/a	336	181	307	**2,458**	2,281	**7.8%**
4 Musgrave Retail Partners GB	2,037	142	n/a	n/a	87	n/a	n/a	**2,037**	2,183	**-6.7%**
5 Costcutter	1,600	212	n/a	n/a	n/a	n/a	n/a	**1,600**	1,500	**6.7%**
6 First Quench	252	n/a	n/a	1,190	n/a	n/a	n/a	**1,442**	1,828	**–21.1%**
7 Sainsbury's	268	n/a	247	n/a	222	154	164	**808**	826	**–2.2%**
8 Marks & Spencer	82	116	n/a	n/a	460	n/a	n/a	**658**	559	**17.7%**
9 Morrisons	n/a	n/a	288	n/a	153	190	44	**387**	375	**3.2%**
10 Asda	n/a	n/a	173	n/a	9	22	312	**343**	334	**2.7%**

Notes: Top 10 retailers ranked by multi-format estates. **Source:** IGD/William Reed Business Media

FORECOURT CONVENIENCE RETAILERS (<280 sq m / 3,000 sq ft)

FORECOURT MULTIPLES	2009	2008	CHANGE
SUPERMARKET OWNED			
Tesco	440	428	2.8%
Morrisons	288	283	1.8%
Sainsbury's	247	246	0.4%
The Co-operative Group	221	203	8.9%
Somerfield	*142*	*147*	*−3.4%*
The Co-operative	*79*	*56*	*41.1%*
Asda	173	170	1.8%
Waitrose	14	14	0%
TOTAL	1,383	1,344	2.9%
OIL COMPANY MULTIPLES			
Shell	585	558	4.8%
Total	509	492	3.5%
Esso	355	616	−42.4%
BP	351	336	4.5%
Murco	111	164	−32.3%
Maxol	32	33	−3.0%
Texaco	16	15	6.7%
TOTAL	1,959	2,214	−11.5

DEALER OWNED	2009	2008	CHANGE
OTHER MULTIPLE OWNED			
MRH (GB)	295	298	−1.0%
Park Garage Group	85	87	−2.3%
Euro Garages	63	73	−13.7%
Motor Fuel Group	49	73	−32.9%
Snax 24	43	78	−44.9%
Aleef Garages	23	39	−41.0%
HKS Retail	23	19	21.1%
Brobot Petroleum	21	21	0%
MPK Garages	20	52	−61.5%
Alfred Jones (Warrington)	19	19	0%
Calanike	19	20	−5%
Cornwall Garage Group	17	12	41.7%
Brookfield Group	14	n/a	n/a
Spring Petroleum	14	25	−44%
Hills Incorporated	13	13	0%
Sewell Retail	12	12	0%
AY & Y Patel	10	n/a	n/a
Golden Cross Group	10	n/a	n/a
Manor Service Stations	10	11	−9.1%
Roadside Group	10	n/a	n/a
Valli Forecourts	10	12	−16.7%
INDEPENDENT			
Others	4,519	4,110	10%
TOTAL	5,299	4,974	6.5%
... INCLUDING THESE JOINT VENTURE PARTNERSHIPS			
Spar	*617*	*552*	*11.8%*
Mace	*272*	*116*	*134.5%*
Costcutter	*212*	*285*	*−25.6%*
Tesco Express	*189*	*173*	*9.2%*
Others	*150*	*189*	*−20.6%*
Londis	*120*	*128*	*−6.3%*
M&S Simply Food/BP Connect	*116*	*75*	*54.7%*
Budgens	*22*	*18*	*22.2%*
Total	*1,698*	*1,536*	*10.5%*
GRAND TOTAL	**8,641**	**8,532**	**1.3%**

SUPERMARKETS (>280 sq m / 3,000 sq ft – see notes for full definitions)

	SUPERMARKETS 2009	SUPERMARKETS 2008	SUPERSTORES 2009	SUPERSTORES 2008	HYPERMARKETS 2009	HYPERMARKETS 2008	2009 TOTAL	CHANGE
MULTIPLES								
Tesco	336	281	181	186	307	300	824	7%
Iceland	707	660	0	0	0	0	707	7%
Sainsbury's	222	146	154	175	164	171	540	10%
Lidl	508	485	0	0	0	0	508	5%
Marks & Spencer	460	410	0	0	0	0	460	12%
Food Halls	*312*	*315*	*0*	*0*	*0*	*0*	*312*	*-1%*
Simply Food	*148*	*95*	*0*	*0*	*0*	*0*	*148*	*56%*
Aldi	415	380	0	0	0	0	415	9%
Morrisons	153	151	190	182	44	42	387	3%
Asda	9	22	22	104	312	208	343	3%
Wilkinson	322		0		0	0	322	
Netto	214	184	0	0	0	0	214	16%
Poundland	205		0	0	0	0	205	
Waitrose	160	153	35	29	6	6	201	7%
Home Bargains	174	138	0	0	0	0	174	26%
B&M Retail	114	61	0	0	0	0	114	87%
99p Stores	83		0	0	0	0	83	
J&J Wilson	51	47	0	0	0	0	51	9%
Booths	26	26	0	0	0	0	26	0%
CK's Supermakets	17	18	0	0	0	0	17	-6%
Curley's	15	21	0	0	0	0	15	-29%
Filco Supermarkets	11	10	0	0	0	0	11	10%
Others	0	9	10	10	12	12	22	-29%
TOTAL	4202	3202	592	686	845	739	5639	22%
CO-OPERATIVES								
The Co-operative Group	1214	1221	4	18	0	0	1,218	-2%
*Somerfield**	*635*	*669*	*0*	*18*	*0*	*0*	*635*	*-8%*
The Co-operative	*579*	*552*	*4*	*0*	*0*	*0*	*583*	*6%*
Midlands	71	72	0	0	0	0	71	-1%
East of England	56	55	0	0	0	0	56	2%
Midcounties	47	51	0	0	0	0	47	-8%
Scotmid	43	44	0	0	0	0	43	-2%
Lincolnshire	19	19	0	0	0	0	19	0%
Anglia	18	20	0	0	0	0	18	-10%
Heart of England	14	17	0	0	0	0	14	-18%
Southern	12	12	0	0	0	0	12	0%
Channel Islands	10	10	0	0	0	0	10	0%
Plymouth & South West	9	11	0	0	0	0	9	-18%
Chelmsford Star	5	6	0	0	0	0	5	-17%
Others	8	9	3	0	0	0	11	22%
TOTAL	1526	1547	7	18	0	0	1533	-2%
INDEPENDENTS								
Budgens	87	57	0	0	0	0	98	72%
Roys of Roxham	7	8	0	0	0	0	7	-13%
Whole Foods Market	5	6	0	0	0	0	5	-17%
Planet Organic	5	3	0	0	0	0	5	67%
GW Proudfoot	4	5	0	0	0	0	4	-20%
Tuffins	4	6	0	0	0	0	4	-33%
Others	20	20	0	0	0	0	20	0%
TOTAL	132	105	0	0	0	0	143	36%
GRAND TOTAL	**5,860**	**4,854**	**599**	**704**	**845**	**739**	**7,304**	**16%**

TRADITIONAL & SPECIALIST GROCERY RETAILERS (<280 sq m / 3,000 sq ft)

MULTIPLE: SPECIALIST CTNS	2009	2008	CHANGE
Martin McColl/Rs McColl	795	870	−8.6%
Northcliffe (franchised)	200	200	0%
Rippleglen	163	178	−8.4%
Supercigs/Supernews	*65*	*64*	*−8.4%*
Mercury News/Evening Telegraph/Evening Post	*53*	*66*	*-19.7%*
Arden News/Candies/York Smokers	*45*	*48*	*−6.3%*
News Express (Midcounties Co-op)	70	86	−18.6%
GT News	63	67	−6.0%
Aleef	30	28	7.1%
Newsplus Group	23	23	0%
Finlays Newsagents	20	21	−4.8%
George Newsagents	19	19	0%
Maynews	17	18	−5.6%
Eason & Son	16	45	−64.4%
J Wild	16	16	0%
John Turnbull	10	10	0%
Others	100	100	0%
TOTAL	1,542	1,681	−8.3%

MULTIPLE: SPECIALIST GROCERS	2009	2008	CHANGE
Farmfoods	304	299	1.7%
Heron Frozen Foods	140	135	3.7%
Jack Fulton (Frozen Value)	84	78	7.7%
Cooltrader (Iceland)	45	48	−6.3%
Cook	32	23	39.1%
TOTAL	605	583	3.8%

MULTIPLE: SPECIALIST OFF-LICENCES	2009	2008	CHANGE
First Quench Retailing	1,190	1,748	−31.9%
Thresher	*571*	*664*	*−14.0%*
Wine Rack/Bottoms Up	*313*	*370*	*−15.4%*
The Local	*210*	*607*	*−65.4%*
Haddows	*96*	*107*	*−10.3%*
Bargain Booze/Bargain Booze Plus	488	622	−21.5%
Wine Cellar	172	182	−5.5%
Booze Buster	*105*	n/a	n/a
Simply Drinks	*40*	n/a	n/a
Simply Food & Drinks	*27*	n/a	n/a
Majestic Wine Warehouse	147	141	4.3%
Oddbins	132	159	−17.0%
Nicolas	78	83	−6.0%
Winemark	77	80	−3.8%
G101 Off Sales	43	47	−8.5%
Rhythm & Booze/BigIn Booze (R&M Swaine)	35	34	2.9%
Wineflair/Wineflair - Mace	34	35	−2.9%
Russell Cellars (P Russell)	28	28	0%
Drinks Express (Landmark Wholesale)	16	16	0%
The Whisky Shop	13	12	8.3%
Curley's	12	11	9.1%
Jeroboams	8	8	0%
Others	100	130	−23.1%
TOTAL	2,573	3,154	−18.4%

MULTIPLE: FOOD SPECIALISTS	2009	2008	CHANGE
Greggs	1,409	1,357	3.8%
Greggs	*1,246*	*1,193*	*4.4%*
Bakers Oven	*163*	*164*	*−0.6%*
Thorntons	629	629	0.0%
Owned	*379*	*374*	*1.3%*
Franchised	*250*	*255*	*−2.0%*
Holland & Barrett	937	894	4.8%
Holland & Barrett/GNC/Nature's Way	*586*	*564*	*3.0%*
Julian Graves	*351*	*330*	*6.4%*
Lyndale Foods	158	197	−19.8%
Sayers	*98*	*99*	*−1.0%*
Hampsons	*60*	*98*	*−38.8%*
Whittard	84	129	−34.9%
Cooks	78	89	−12.4%
WT Warren	55	62	−11.3%
Stokes	34	31	9.7%
Hotel Chocolat	32	22	45.5%
Maison Blanc (previously Lyndale Foods)	12	13	−7.7%
Others — Bakers	1,543	1,700	−9.2%
Others — Butchers/delis	228	240	−5.0%
Others — Green grocers	117	150	−22.0%
Others — Confectioners	101	110	−8.2%
Others — Health foods	73	65	12.3%
Others — Others	37	40	−7.5%
TOTAL	5,527	5,728	−3.5%

INDEPENDENTS: SPECIALISTS	2009	2008	CHANGE
Greengrocers	7,547	6,835	10.4%
Butchers	6,756	6,835	−1.2%
Bakers	3,218	3,315	−2.9%
Farm shops	3,072	1,796	71%
Grocers	2,574	2,681	−4.0%
CTN	2,541	2,665	−4.7%
Off-licences	1,670	1,592	4.9%
Fishmongers	1,012	1,025	−1.3%
Forecourts	642	642	0%
Others	771	795	−3%
TOTAL	29,803	28,181	5.8%
GRAND TOTAL	**40,050**	**39,327**	**1.8%**

COMMENTARY

SUPPLIED BY IGD

GROCERY MARKET DEVELOPMENT

The UK grocery market was worth £141.7bn in the 12 months to May 2009, representing an increase of 5.1% over the previous year.

Over the past 12 months, the UK food and grocery industry has faced challenging trading conditions as shoppers, manufacturers and retailers have been impacted by a range of factors. Increased pressures on household budgets, volatile price inflation, the banking crisis and the availability of credit continues to impact consumer spending.

In addition, the weakness of Sterling on global currency markets continues to drive up the cost of imports, while also making UK sourced goods relatively cheaper beyond the UK, and therefore contributing to higher food price inflation as UK supply becomes more constrained.

Despite these challenges, the UK food and grocery market remains relatively robust, particularly relative to other parts of the wider retail market. While not recession proof, food and grocery is more resilient to the current external forces. Operators have responded swiftly to the trading conditions, and particularly the challenge of delivering stronger value for money for shoppers.

STORE TYPES	CO-OPS	MULTIPLES	SYMBOLS	INDEPENDENTS	2009	2008	CHANGE %
Hypermarkets	n/a	845	n/a	n/a	**845**	739	**14.3**%
Superstores	7	592	n/a	n/a	**599**	704	**−14.9**%
Supermarkets	1,526	4,183	n/a	143	**5852**	4,913	**19.1**%
C-stores	2,416	2,812	14,667	21,950	**41,845**	42,419	**−1.4**%
Forecourts	221	3121	1,393	4,548	**9,283**	9,174	**1.2**%
Ctns	70	1,472	n/a	2,541	**4,083**	4,459	**−8.4**%
Off-licences	n/a	2,573	n/a	1,670	**4,243**	4,942	**−14.1**%
Greengrocers	n/a	151	n/a	7,547	**7,698**	7,886	**−2.4**%
Butchers	n/a	228	n/a	6,756	**6,984**	7,075	**−1.3**%
Bakers	n/a	3,255	n/a	3,218	**6,473**	6,733	**−3.9**%
Grocers	n/a	605	n/a	2,574	**3,179**	3,272	**−2.8**%
Farm Shops	n/a	n/a	n/a	3,072	**3,072**	1,796	**71**%
Fishmongers	n/a	n/a	n/a	1,012	**1,012**	1,025	**−1.3**%
Health Food Shops	n/a	1,010	n/a	n/a	**1,010**	959	**5.3**%
Other Food Specialists	n/a	121	n/a	771	**892**	964	**−7.5**%
Confectioners	n/a	762	250	n/a	**762**	761	**0.1**%

CONVENIENCE RETAILING

Over the last 12 months, sales through the UK convenience market have increased by 6.1%. with the market now being worth £29.1bn. This is a strong level of growth, given a 1.6% decline in store numbers, outpacing the wider food and grocery industry. Factors such as on-going improvements to store formats, range propositions and higher levels of food price inflation, have all contributed to this strong level of growth.

There has been a 1.6% decline in the number of convenience and forecourt stores. However, this decline is restricted to non-affiliated independent stores, with all other elements of the sector, (symbol groups, forecourts, convenience multiples and co-operatives), all increasing their store numbers.

The number of convenience multiples was impacted by the transfer of Somerfield to the co-operative segment, and the disposal of a number of outlets by Sainsbury's Local. However, overall numbers were boosted by the continued expansion of Tesco Express and the roll-out of convenience ranges into First Quench Retailing's 'The Local' format.

The number of co-operative convenience stores has increased marginally, reflecting the acquisition of Somerfield and the subsequent regulatory divestments. Consolidation continues within the Co-operative Movement itself, and an increasing number of Co-operative Societies are choosing to adopt the national 'the co-operative' branding.

A significant proportion of non-affiliated convenience stores continue to transfer across to the various symbol groups. In addition to the benefits of national promotions, marketing packages and private label ranges, new format developments which enable retailers to develop propositions which are relevant to their local catchments are also attracting independent retailers.

The number of forecourt stores has increased marginally over the past 12 months, suggesting that the long-term structural decline in the number of outlets is beginning to stabilise.

TRADITIONAL RETAIL & DEVELOPING CONVENIENCE

The number of stores in the traditional retail and developing convenience sector increased last year by 0.8%, predominantly as a result of an increase in the number of farm shops and specialist grocers, mainly frozen food outlets. The number of CTNs, food specialists, and specialist off-licences all decreased, with the latter group impacted by portfolio rationalisation by a number of operators.

SUPERMARKETS AND SUPERSTORES

The number of supermarkets and superstores increased by 14.8%. This was driven by a number of factors including new store development by the major multiples and discounters, the acquisition of stores from the Co-operative Group (following its acquisition by Somerfield) and former Woolworths outlets. In addition a number of new retailers have been included this year including Poundland, 99p Stores and Wilkinson, reflecting their broader food and grocery ranges.

NOTES

Source: IGD/William Reed Business Media

Variations in data: totals for 2008 are based on historical data, and year-on-year variations are sometimes due to changing data sources. For example we included three new discounters in the 2009 totals. Another factor is changes of ownership. For example, the Somerfield stores have been included in 2008 under The Co-operative banner for clarity, when they were previously multiple owned. The actual number of supermarkets under co-operative ownership increased by 75%, while the number of multiple-owned supermarkets decreased by 5%. **Names:** where a company uses a fascia other than its own name, the fascia is given, with the parent company in brackets. **Multiples:** must have at least 10 stores. **Convenience Retailers:** must stock at least seven of the following product categories: alcohol, bakery, chilled, confectionery, fast food/FTG, frozen, fruit/veg, health & beauty, household/non-food, lottery, milk, newspapers/mags, packaged groceries, snacks, soft drinks, tobacco. Independents must not belong to a symbol or franchise group and must not display a wholesaler fascia. **Forecourt Convenience Retailers:** must be convenience retailers as per definition above. See also 'forecourts' under Traditional & Specialist Grocery Retailers. Joint ventures and partnerships are joint sites and have been subtracted from the total. **Traditional & Specialist Grocery Retailers:** CTNs are defined as having a confectionery, tobacco and newspaper sales base. Specialist grocers must have a strong grocery sales base. Off-licences have a BWS sales base. Food specialists include butchers, bakers, greengrocers, health foods and specialist confectioners. **Supermarkets, Superstores and Hypermarkets:** Supermarkets must be above 280sq m/3,000sq ft in size, and stock a wide range of general food and grocery categories. Superstores must be over 2,250sq m/ 25,000sq ft. Hypermarkets are over 3,600 sq m/40,000 sq ft.