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# Opportunities & Challenges for Convenience Retail Post Covid-19



May 2020

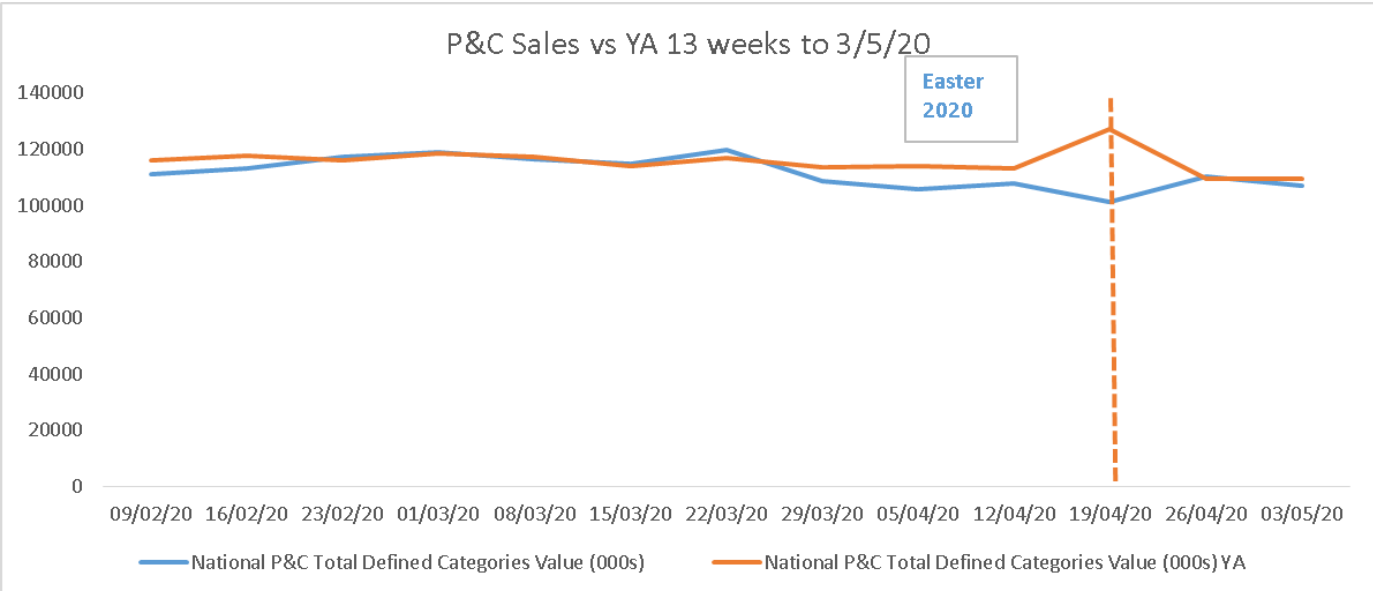
Jackie Campbell  
Lead Consultant



**IRi**

Growth delivered.

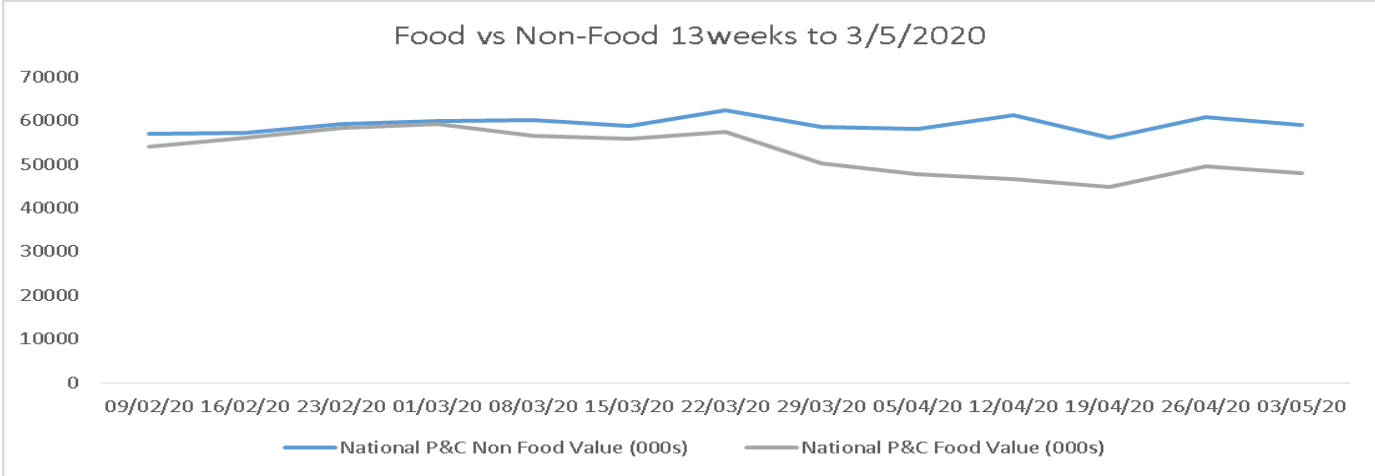
Sales were flat across March with less impact from panic buying vs other channels, however the pain was felt in April with no boost from Easter & school holidays



Australian Petrol & Convenience Sales declined **-3.3%** (13 weeks to 3/5/2020).  
 March declined **-0.3%**, April declined **-7.2%**

Australian Grocery expenditure increased **+23%** in March

US Petrol & Convenience grew between **+1-5%** in March, declined **-1-9%** in April

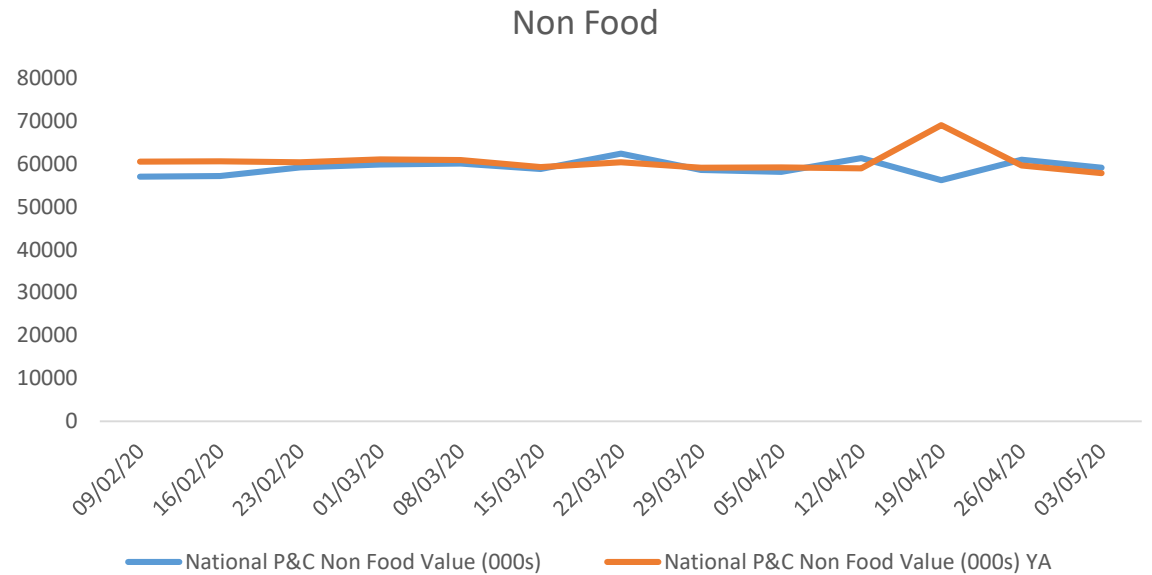
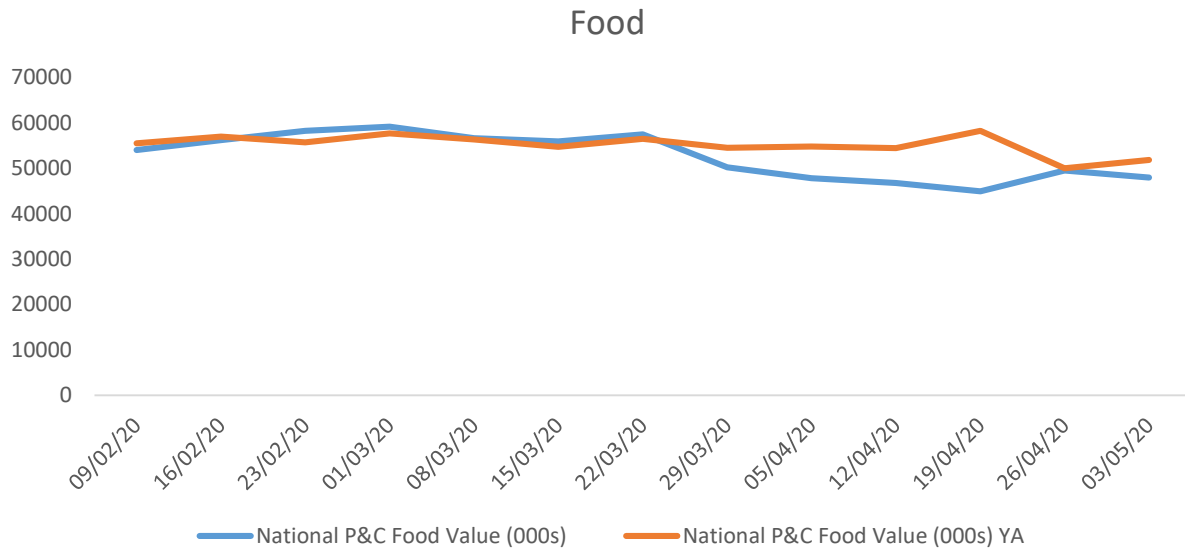


Caltex reported “retail fuel volumes were down 16 per cent between January and April 2020 compared with a year earlier”  
 The West 7/5/2020

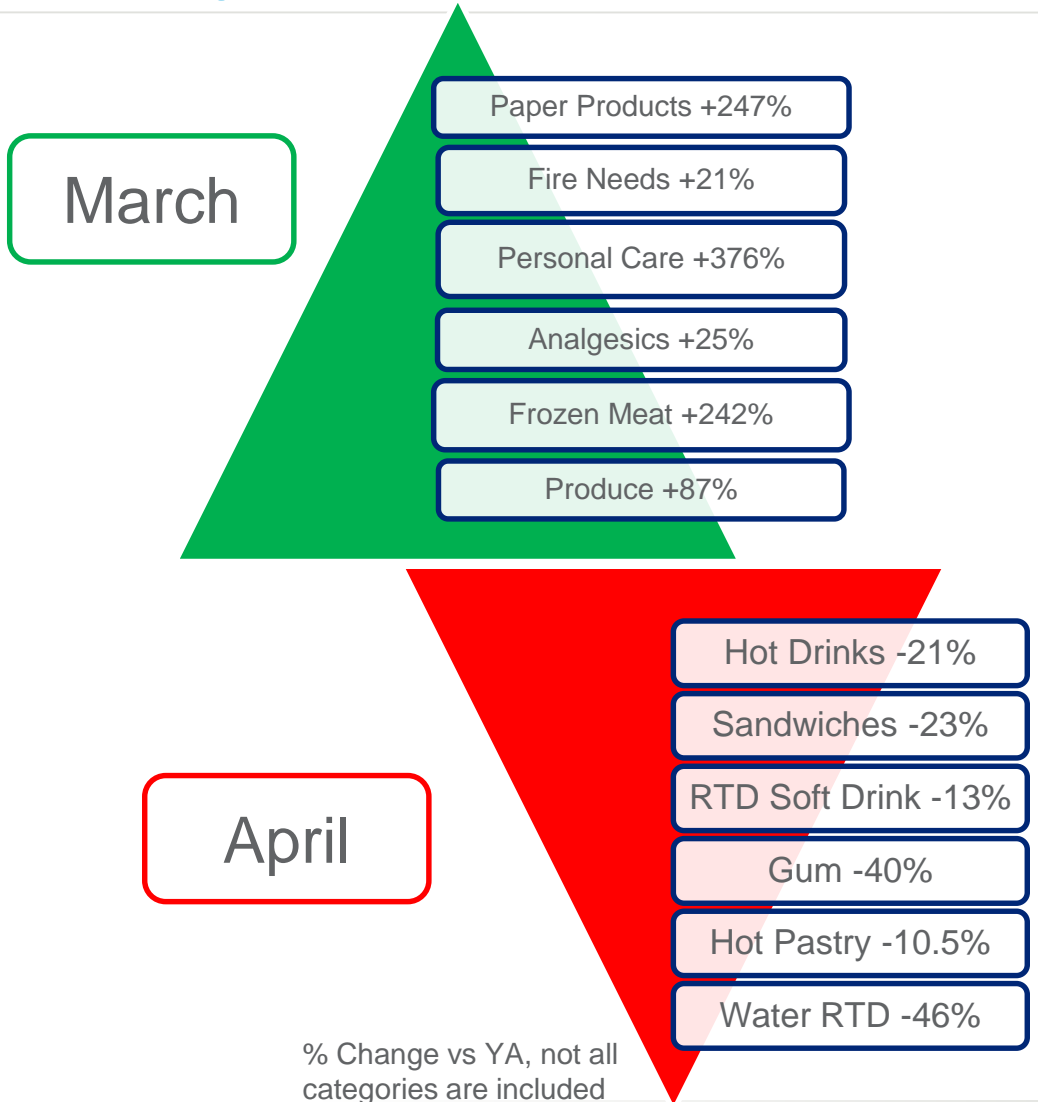
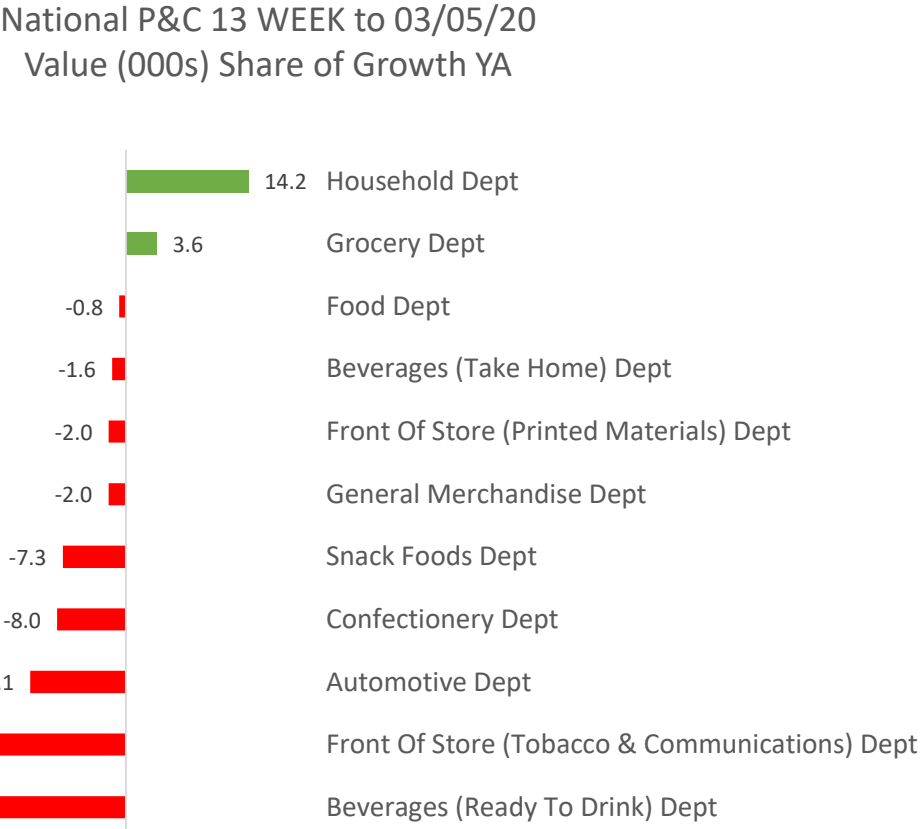


# Food categories were impacted more than Non-Food by the lack of an Easter trading period

The pain was felt most in tobacco and impulse categories such as drinks, confectionery & on-the-go food.



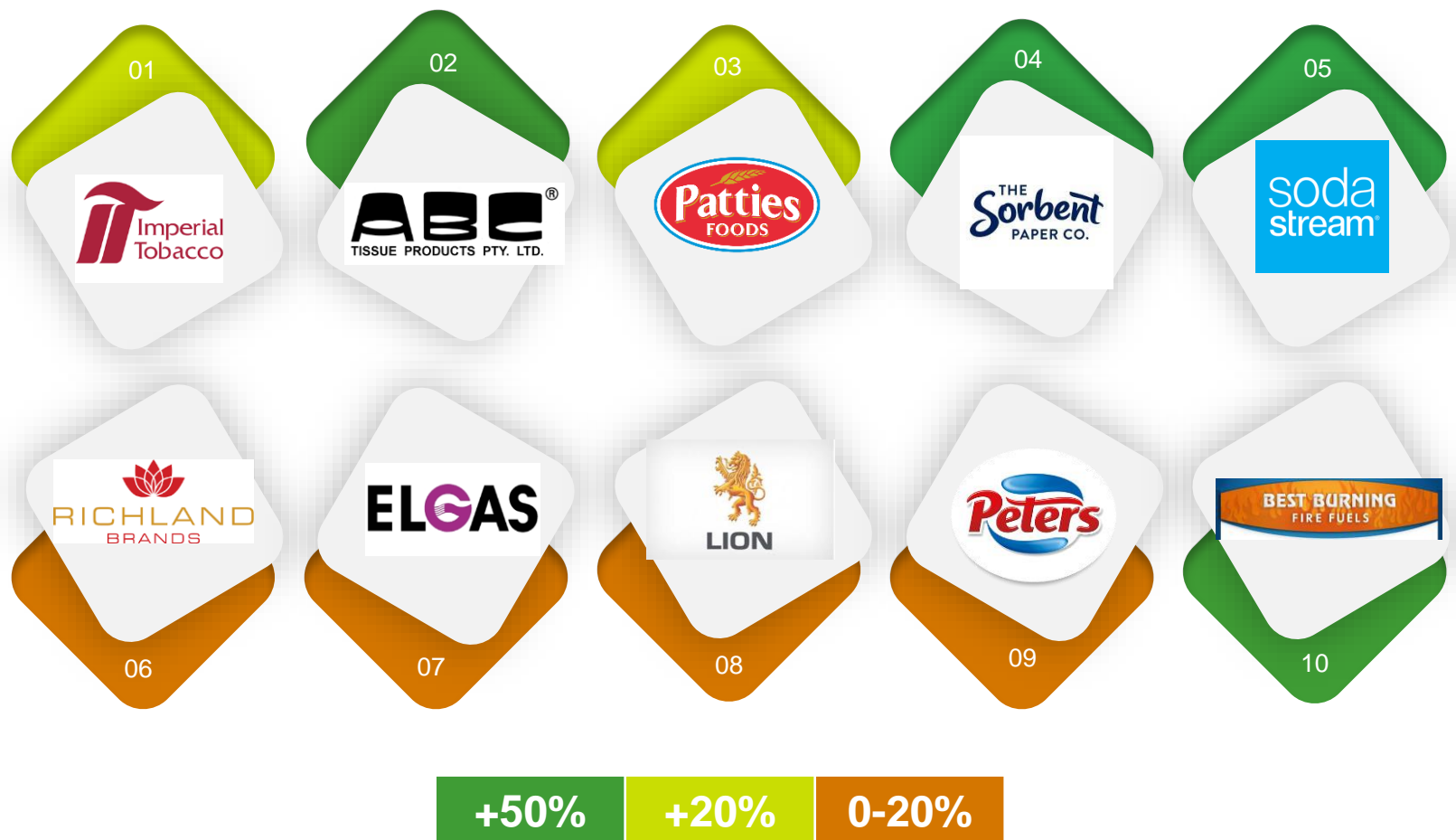
# March growth drivers were largely panic-buying categories, April drainers were impulse categories, traditionally boosted by Easter and on-the-go (fuel and transport tickets)



% Change vs YA, not all categories are included

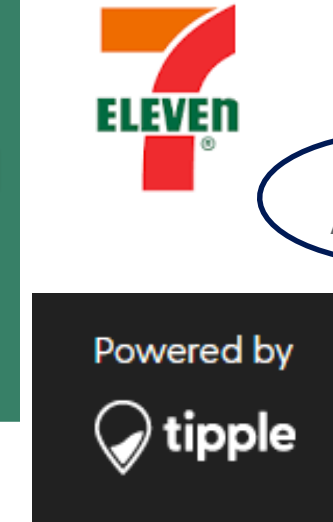
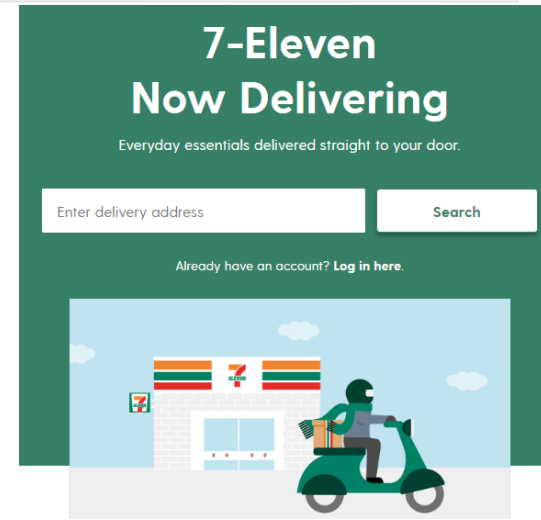
Non-Food Manufacturers drove growth over the Covid-19 period, with some impact from panic buying and Tobacco.

## Top 10 Manufacturers by Value Growth vs YA (Excluding Private Label)



- Non-Food Manufacturers dominated the Top 10 by Value growth
- Only 4 Food Manufacturers were in the Top 10
- Patties, Peters and Lion Dairy & Drinks were standouts in Food

# Consumers turned to Online & Home Delivery during Covid-19 with some retailers providing innovative responses



Launched April 2020

## McGrocery list grows: Macca's finds new ways to make money during COVID crisis

Elizabeth Daoud • 7NEWS • Saturday, 11 April 2020 8:10 am

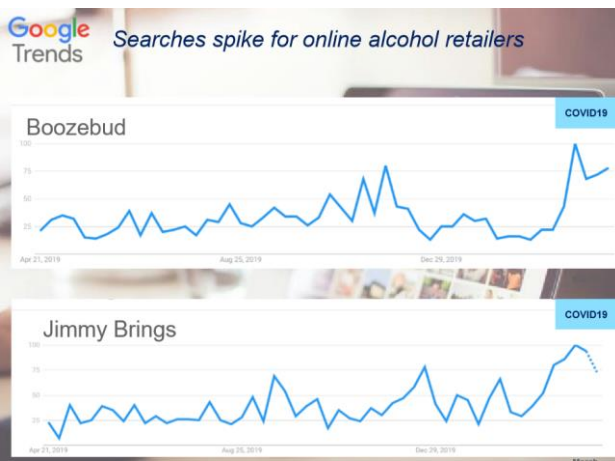


McDonald's has added eggs to its list of available groceries. Credit: Mike Egerton - PA Images/PA Images via Getty Images

## No Contact, No Worries Delivery



Launched mid 2019



# Health & Safety concerns, reassuring consumers and positioning as a responsible retailer will be key to maximising retailer loyalty



### Free drink for healthcare workers

To say thank you to the amazing work Australia's health care workers are doing, we are offering them a free small coffee or bottled water from our Wild Bean Cafes. Visit the [Find your nearest BP](#) page of the website to locate your closest Wild Bean Cafe.

### PPE donation to the Royal Flying Doctor Service

Together with Air BP, we have donated 35,000 N95 masks to our partner the Royal Flying Doctor Service. This will support the safety of their staff as they continue to provide emergency and health care services during this time.

### Keeping St John Ambulance on the move

We are supporting St John Ambulance by providing fuel cards to keep their fleet on the move. As their work is now more important than ever – we're helping St John volunteers get their ambulances to where they are needed most.

### Fuelling Meals on Wheels

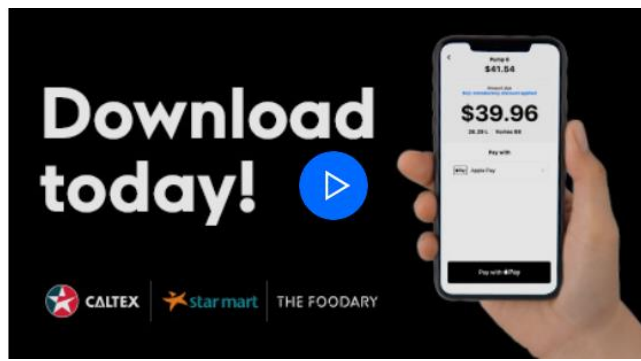
As there is now a greater demand for their services – we're helping Meals on Wheels by providing fuel cards to support their volunteers in delivering food to vulnerable and isolated Australians.

### Supporting Rapid Relief Team

Rapid Relief Team volunteers are delivering isolation boxes to vulnerable Australians during this time. We are providing them with fuel cards to support their volunteers in delivering these isolation boxes.



## Apple Pay, now available on the Caltex app

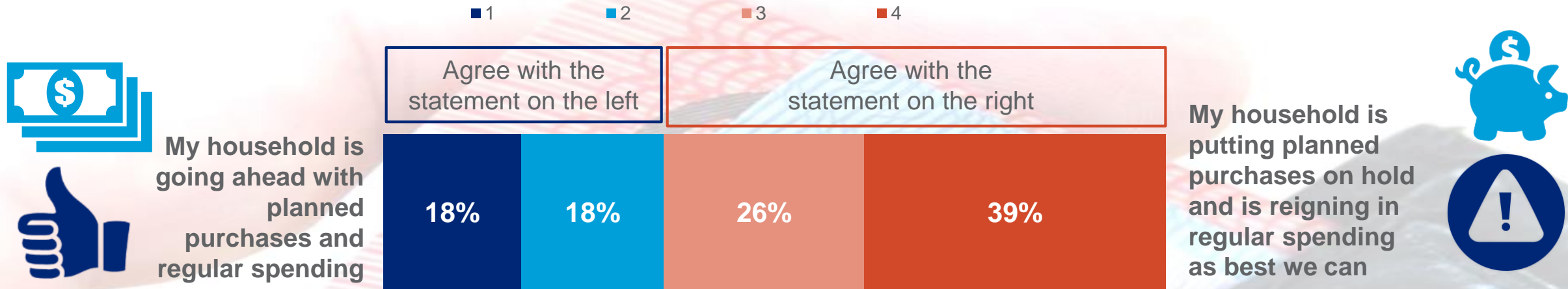



### These measures include:

- All stores are increasing hygiene practices, wiping surfaces regularly, monitoring any signs of illness, regular hand washing and maintaining safe distances wherever possible. This includes wiping down pump nozzle handles daily and ensuring hand wipes are available in all stores for customers to use at the pumps and on request at the counter. Our stores with public bathrooms are also having more frequent cleaning cycles for your comfort and hygiene.
- Team members are only coming to work if they are feeling well, not presenting any symptoms, nor been around any suspected or confirmed cases. We are supporting all our team members through these times.
- We're engaging with our team to ensure they practice social distancing to ensure our community and team maintain good health and hygiene practices.
- We are also working with our business partners in Viva to ensure we keep you moving with Shell Fuel supply ongoing throughout this challenging time.



As will navigating the “recessionary mindset”. In April 65% of Households reported they will reign in spending.





  
 “Less income, have to save money to pay for the bills”

  
 “It has also forced me to try and save more money”

  
 “We are saving on fuel, public transport and incidental spending like the cinema or an occasional cafe lunch”

  
 “I am too scared to go to the shops”

  
 “My husband has lost some work hours. This will mean cutbacks to our family's finance”

  
 “My hours being cut at work along with my partners hours. I am more conscious of what I spend”



# The Post-Covid environment presents opportunities & challenges for convenience retail

## THE HEALTH & ECONOMIC CONTEXT



- The intense battle to ‘win price perception’ will take centre stage again, led by retailers, prompting comparisons to other channels
- Prepare for a probable migration to value brands as a ‘recession mindset’ takes hold
- Existing or newly developed affordable luxuries will be important as deserved ways to treat oneself
- Prepare for a likely acceleration in private label assortment, led by retailers
- Anticipate which products shoppers will see new value in and which have decreased in relevance
- Convenience stores will need to navigate health & safety concerns and reassure safety conscious consumers of contactless payment options, cleaning regimes and food preparation processes

## LIFESTYLE & BUYING CHANGES



- There will be winners and losers in the ‘new normal’. Now is the time to prepare
- Impulse purchases may suffer as less consumers are on the road
- Lower priced/lower penetration brands have an opportunity to entice deal conscious buyers
- More people working from home provides an opportunity to attract and retain locals as the “support local” movement gains momentum
- Potential boost to domestic tourism could provide the opportunity to attract new shoppers, in particular in regional areas

# THANK YOU!



**For More Information, Contact Us...**

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