

## Convenience Store Comeback

The corner shop was once an integral part of daily life then it virtually disappeared as supermarkets began to dominate the suburbs. But the convenience store is staging a comeback, albeit in a new format and is now one of Australia's fastest growing industries.

With growth forecasts above 10 per cent per annum for the next couple of years, business information analysts IBISWorld, say Australia's convenience store industry is enjoying a bullish run as cashed up, time-poor residents are increasingly willing to top up their weekly shopping at an outlet with easy access, quick parking, no queues and they don't mind paying for the privilege.

"In some cases, people are paying as much as 40 per cent more for some items at convenience stores to avoid battling the crowds and parking lots of large shopping complexes. It's a particularly popular way to shop for young people who tend to be less conservative and more willing to pay for convenience and customer service" explains IBISWorld General Manager (Australia), Mr. Jason Baker.

The more 'extra' services convenience stores offer, such as ATMs, photocopying, dry cleaning, video rentals, lottery outlets and film processing, the more frequently customers are likely to visit and succumb to impulse purchases.

IBISWorld reports the category of people most likely to visit convenience stores are between 15 and 38 years old (36.8 per cent of the population).

On the other hand, nearly half of all Australians still visit supermarkets for shopping top-ups and this is more often the middle-aged and elderly demographics who became accustomed to the weekly supermarket visit following the debut of large chain stores in the suburbs early in the 1960's.

To attract a wider buying audience Mr. Baker recommended convenience stores dedicate themselves to improving customer service and to increase market spend to target middle-aged consumers.

"This should include attractive product presentation, trained staff delivering quality customer service, effective stock control and, of course, securing a busy location close to residential areas to compete with the local specialty outlets which are popular with the older demographic" advises Mr. Baker.

The five most popular items sold in convenience stores are cigarettes, beverages, telecommunications services, confectionery and food services. Tobacco accounts for around 33 per cent of sales, telecoms products adding more than 17 per cent and beverages contributing 15 per cent.

As for the future, IBISWorld has several key predictions. Firstly, Mr Baker expects convenience stores will look somewhat different from the way they do today, with larger stores featuring more comprehensive kitchen facilities and display space for fresh food. He says "chairs and tables are likely to be introduced in more stores to appeal to consumers buying meals and stores will take on more of a 'restaurant feel', with convenient shopping an added bonus."

Drive-through convenience stores are also likely to gain in number and popularity after Swift introduced Australia's first in Ballarat four years ago. Shortly afterwards its drive-through service accounted for 40 per cent of sales with cigarettes the first product to experience a hike in demand and taxi drivers, disabled customers and women with children the most frequent customers.

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