



Interview with Dan Munford, Managing Director of Insight

Working in market research many years ago, Dan Munford realized that there were two main areas of growth in the retail industry: online and convenience at gas stations. Over the years he gradually spent more and more time developing those two markets. In both of those areas he believes you need a global approach to truly understand how they work. Currently, he is the Managing Director of Insight.

In these years, has the convenience market developed how you expected it to back when you first realized its potential?

The development of the convenience market has exceeded everyone's expectations, including mine. The big story over the last 10 years has been changes in consumer behaviour. That took everybody by surprise, including some of the operators that went into convenience early, because it has affected their other channels. Insight has tried to be at the forefront for many years – we tried to ride the wave of convenience, but I think it was bigger than anybody expected and it seems set to continue.

Could you tell us a little bit about Insight. What do you do and where do you work?

Insight does three things: strategic consultancy on convenience retail in a global manner; we publish a monthly publication, Global Convenience Focus; and we also work as partner for NACS, supporting their annual conference, NACS Insight Convenience Summit – Europe.

How do you assess the general situation of the convenience market in Europe?

The trends across Europe are fairly similar, particularly in the urban centres – they are all driven by the consumer. There is a big trend towards urbanization, with similarities in the way we Europeans like to eat, drink and consume. The differences are mainly on where each country is at on the timeline of convenience development. Trends are very similar in urban centres. In rural parts of Poland convenience is not such a big thing, the same as a village in North Sunderland, in the UK; while Warsaw and London probably have very similar consumer behaviours.

Do the similarities between the different European countries make it easier for cross-country retailers to roll-out a programme or product in various territories?

We have an increasing number of retailers that operate across various countries – that seems to be a trend. We call it “petrolpreneurs”, to grow from being national players to regional European players,

either by acquisition or by organic growth. Although they know that the consumer is looking for convenience, how that is delivered can vary very much. For example, in the Irish market consumers are very used to buying fresh products, as well having their breakfast and lunch at gas stations. In the UK, we are not quite there yet so anybody operating in that market needs to know we are a few years behind in what the consumer will expect to find at a gas station. There are subtle differences that can have a big effect if retailers don't pay attention. Operators need to look at what brands can work in the different markets.

As convenience stores up their game in terms of food, are they becoming more and more of a threat to restaurants?

It is certainly the case. One of the reasons for that, in the U.S. particularly but also in Europe, is that a number of operators have really developed their food proposition. In these places it has become very competitive with restaurants, especially in the fast-food sector. Convenience stores players are trying to leapfrog from just providing basic fast-food to something more like fast-casual, which is a part of the market that is growing. The consumer is becoming more health conscious; they are eating out more and more. They also realize that they probably have to spend a little more to eat in a healthier way. That makes it a harder audience to please and is pushing the industry.

You have to think about the 'share of stomach', as we say in the UK, which means: Who are we competing with? The competitive set has changed remarkably over these last years. You can stay at home and get food delivered. The convenience industry needs to learn how it can compete with these new formats. The more international benchmarking we do as an industry, we can grab more of that 'share of stomach'.

New technologies are affecting the way customers and retailers interact. Do you expect more technological innovations to affect the market?

Any improvement in the way we can communicate with customers when they are not in the store is a real bonus. In every gas station quite a high proportion of customers just buy fuel - if it is pay at the pump, they don't come in. Any new technology which can have an impact on the consumer and help bring him into the store is very useful to retailers. You can see all the new apps that every operator has or is in the process of developing. Some allow customers to pre-order products, others improve loyalty and the most innovative even allow for targeted advertising.