



# Market Report

A Snapshot of your Market Sector

## Convenience Store & Newsagent

This pack has been designed to provide information on setting up a business in the Convenience Store & Newsagent industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in February 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Convenience Store & Newsagent market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The convenience market is estimated to have seen a **1.7% growth** to reach **£40.1 billion in 2016**, a slight acceleration over the 1% growth registered in 2015. With all food retail sales advancing by 1.5% in 2016, this means that the convenience sector gained share, now **accounting for 25% of the total grocery market**. (Mintel, *Convenience Stores - UK*, April 2017).
- ◆ The UK newsagents' goods market was worth an estimated **£23.73 billion in 2016, marking an annual increase of 1.8%**. Growth is expected to be maintained at 1-1.5% despite thought new legislation aimed at reducing the appeal of smoking, particularly among young people. (Mintel, *British Lifestyles 2017: Preparing for Change: Newsagents Goods*, May 2017)
- ◆ Over the five years through 2017-18 industry revenue is expected to increase at a compound annual rate of **2.7%**. Changes in consumers' purchasing habits, particularly in terms of top-up shopping, have laid the foundations for this growth. In 2017-18, industry revenue is expected to **increase by 2.3% to reach £28.8 billion**. (IBISWorld, *Convenience Stores in the UK*, November 2017).
- ◆ Industry retailers are expected to continue to struggle against difficult conditions over the five years through 2022-23, with revenue forecast to **decline at a compound annual rate of 0.4%** to reach just under £3.2 billion by the end of the period. (IBISWorld, *Newsagents and Stationery Stores in the UK Report*, November 2017).
- ◆ A Local Data Company report found that supermarket branded convenience stores grew faster, in the period 2012-2016 than the larger branded stores, **increasing by 43.8%**. (The Local Data Company, Infographic – *Analysis on Supermarkets, Discounters and Convenience Stores across Great Britain*, June 2017) ([tinyurl.com/yb7qsvgw](http://tinyurl.com/yb7qsvgw)).
- ◆ The national organisation for this industry is the [Association of Convenience Stores](#) and the [National Federation of Retail Newsagents](#). Other industry bodies include the [British Retail Consortium](#), [Scottish Grocers Federation](#) and the [BOSS Federation](#).



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## Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **Mintel - Convenience Stores (April 2017)** Long term prospects for the market are positive. Mintel found that 47% of consumers regularly shop at convenience stores, and use is primarily driven by top-up needs. The age demographics of convenience store use skew towards younger, with those aged 16-24 most likely to regularly visit c-stores and also most likely to do their main shop via c-stores. Much of the expansion in the convenience store sector in recent years has been focused on urban areas, particularly in densely populated areas, as this is where usage peaks. The Co-operative Group is the market leader, holding a 16.5% share of the convenience market.
- ◆ **IBISWorld - Convenience Stores in the UK (November 2017)** Industry revenue is forecast to rise at a compound annual rate of **0.9%** over the five years through 2022-23 reaching **£30.2 billion**. Since the market is approaching saturation and supermarkets are encroaching on the industry's territory, the growth rate is projected to be slower than in the previous five-year period. However, more favourable economic conditions and higher disposable incomes are likely to support growth. IBISWorld estimates that 20.1% of industry revenue comes from the sale of tobacco products. However, as smoking rates decline and taxation on tobacco products increases, this product segment is likely to generate progressively less operating profit for operators. Having a well-established presence and a good relationship with customers is particularly important for one-store operators facing growing competition from chain stores and different retail channels.
- ◆ **IBISWorld - Newsagents and Stationery Stores in the UK (November 2017)** It has been a difficult period for newsagents and stationery retailers over the past five years. Industry players have had to operate in a tough trading environment and confront increasing competition from external players, declining newspaper circulation numbers and the growth of internet shopping. As a result, industry revenue is forecast to decline at a compound annual rate of 3.3% over the five years through 2017-18 to reach **£3.2 billion**. Industry revenue is expected to decline by 4.5% during 2017-18, with this decline exacerbated by McColl's, one of the industry's largest companies, rapidly reducing its industry-related activity.

There are also a number of online resources you may find helpful:

- ◆ **Association of Convenience Stores: Local Shops Report (2017)** ([tinyurl.com/y9l3t7yh](http://tinyurl.com/y9l3t7yh)) Scotland has **5,286** convenience stores, more shops per head than any other part of the UK. **74%** of UK convenience stores are run by independent retailers.
- ◆ **Scottish Grocer and Convenience Retailer** ([tinyurl.com/zbye4yk](http://tinyurl.com/zbye4yk)). This magazine contains latest industry news including top selling Scottish brands, legislation affecting the industry and latest product information.

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**



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## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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**Updated by: Fiona Elliot**



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