# Market Report

## A Snapshot of your Market Sector

# Convenience Store & Newsagent

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This pack has been designed to provide information on setting up a business in the convenience store and 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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in January 2019. 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 and 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:

◆ We estimate that **the convenience market grew by 2.7% in 2017**, an acceleration of the 1.9% growth seen in 2016 which is in part a reflection of rising inflation across key grocery categories (Mintel, *Convenience Stores*, April 2018).

◆ Industry revenue is forecast to rise at a **compound annual rate of 1.7%** over the five years through 2023-24, reaching £33 billion. Since the market is approaching saturation and supermarkets are encroaching on the industry's territory, revenue growth is projected to be slower than in the previous five-year period (IBISWorld*, Convenience Stores in the UK*, October 2018).

◆ Newsagents and stationery stores have endured difficult trading conditions over the past five years. Growing competition from supermarkets and convenience stores has sliced into demand for industry operators due to their comparatively lower prices and the convenience they offer to consumers (IBISWorld, *Newsagents and Stationery Stores in the UK*, September 2018).

◆ Tesco is the convenience store with the largest market share, **holding 19.8% of the UK convenience market in 2017**, with 42.9% of shoppers surveyed in GlobalData's convenience survey 2017 having purchased items in a Tesco Express/Metro (GlobalData, *The UK food and grocery convenience market will grow by 22.0% by 2022*, January 2018) (tinyurl.com/y7sw5jbr).

◆ 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 British Office Supplies and Services 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 2018).** In general younger consumers were found to be more likely to say they typically shop for groceries in c-stores, with 43% of 16-24s and 42% of 25-34s using such stores compared to 26% of over-65s. Usage amongst this younger group also skews towards male consumers and we found higher usage in cities and indeed with those in the higher socio-economic groups, perhaps a reflection of the price-premium associated with the sector. A majority (58%) of c-store users say they visit at least twice a week, with a further 30% saying they tend to visit once a week, which highlights that the convenience format is one that sees frequent patronage from its consumer base.

- **IBISWorld – *Convenience Stores* (October 2018).** People aged between 25 and 44 account for an estimated 36.1% of the convenience store market. This is the largest market segment for the industry, with members of this age group typically having the highest disposable income. This age group is also usually the earliest to adopt technology such as e-grocery shopping. Adoption of e-grocery shopping is an important driver in the use of convenience stores as customers often complement online orders with smaller, more frequent purchases of goods at convenience stores.

- **IBISWorld – *Newsagents & Stationery Stores* (September 2018).** Newsagents are expected to react to changing consumer trends by offering innovative services. The growing availability of high-quality news and features online is likely to correspond with a fall in demand for physical newspapers and magazines. Equally, efforts from health organisations and the government to reduce the number of smokers in the United Kingdom are expected to lead to a slight decline in tobacco sales for newsagents. Tobacco and newspaper sales are incredibly important to newsagents as they both increase footfall into stores and stimulate impulse purchases, in addition to directly providing revenue.

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

- **BBC News, *How convenience stores are surviving the retail storm*, May 2018** ([tinyurl.com/y9lu4y8q](https://tinyurl.com/y9lu4y8q)). The big supermarkets have tried to make inroads into this market with the likes of Sainsbury Local and Tesco Express, but so far they make up roughly 1,500 of the UK's 50,000 convenience stores. Even chains such as Costcutter, Nisa, Spar or McColls, account for less than a quarter of the total. The remaining 75% are still in the hands of independents.

- **Neilsen, *The Four Key Influencers of Convenience Stores in 2018*, May 2018** ([tinyurl.com/ybptf953](https://tinyurl.com/ybptf953)). The increase in shoppers looking for meals for the next-three-days is growing: 55% of shoppers claim to visit a convenience store for a top-up mission, 11% for a meal prep mission and 17% for food-to-go.

- **Scottish Grocer and Convenience Retailer** ([tinyurl.com/ybjpvvtf](https://tinyurl.com/ybjpvvtf)). This magazine covers market news, articles, business, legal and property and many categories such as free-from, healthier options, technology and world food and drink.

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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 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 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* 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.

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## 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 Accountant" 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:** Rebecca Trail

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