



# Market Report

A Snapshot of your Market Sector

## Retail

This pack has been designed to provide information on setting up a business in the Retail 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 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 Retail 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:

- ◆ Consumer finances were **under pressure in the UK throughout 2017**, with high levels of inflation outstripping wage growth throughout the year. However, despite this trend, consumer confidence has proven robust and people have remained relatively positive about their finances. As a result, UK consumers have shown a **continued willingness to spend and retail sales growth was strong**. (Mintel, *Department Stores UK*, April 2018)
- ◆ Online retail sales grew by **15.8% in 2017 to reach £59.7 billion**, representing a slowdown of the decade-high growth of **21.1% seen in 2016**, but nevertheless a continued strong performance from the growth channel in UK retail. Indeed there remains much room for online to grow within UK retail, and we forecast **double-digit growth through to 2023**. (Mintel, *Online Retail UK*, July 2018)
- ◆ Since the EU referendum, the consumer market has endured widespread economic uncertainty, with consumer confidence levels falling since. Typically, when confidence is low, consumers tend to become more cautious of their spending patterns and budget more. Falling levels of consumer confidence and constrained disposable incomes are expected to have led to an increasing number of consumers deferring purchases of industry products until the economic environment is more stable. The effect of weak consumer confidence is already apparent within the industry, with John Lewis's department store chain and Debenhams attributing subdued sales. (IBISWorld, *Department Stores in the UK*, February 2019)
- ◆ The national organisation for this industry is [The British Retail Consortium](#) and [The Scottish Retail Consortium](#). Other industry bodies include the [British Independent Retailers Association](#), [Association of Convenience Stores](#) and [IMRG](#) (Interactive Media in Retail Group).



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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 – Online Retailing -UK- July 2018** - Fashion takes the single largest share of online sales in the UK, with clothing, footwear, accessories and jewellery accounting for 33% of all online sales in 2017. Electricals is close behind and is the sector that has seen the greatest share (54.2%) of consumer spending move to online channels. Online grocery sales, despite being the third largest category below, accounted for just 6.7% of all grocery retail sales in 2017 meaning that there is still great potential for online grocery to grow within UK retail.
- ◆ **Mintel – Department Stores – UK – April 2018** - The line between in-store and online is increasingly blurred as more and more consumers adopt a multichannel approach to shopping. Although online purchasing remains behind in-store within the department store sector, the influence of online is growing. The research found that more than a third (36%) of UK department store shoppers now research online before going into a department store to buy a product. The tendency to do this shows little disparity by age, which further reiterates the importance of online as a research tool for a significant proportion of department store consumers. The research found that the 25-34s are the most likely to engage with multichannel retailing.
- ◆ **IBISWorld – Department Stores in the UK – February 2019** - In the coming years, the strength of the UK economy is likely to be the most important determinant of industry growth. Following the EU referendum, uncertainty over future economic conditions has increased. Although expected to be constrained in the short term, consumer confidence is expected to improve over the longer term, which is anticipated to benefit the industry. Intense competition from supermarkets and online retailers is expected continue to threaten department stores, pushing inefficient businesses out of the industry. As a result, over the five years through 2023-24, industry enterprise and establishment numbers are expected to decline at respective compound annual rates of 0.4% and 0.5%.

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

- ◆ **Retail Sales Index Scotland -Scottish Government** ([tinyurl.com/or26u79](https://tinyurl.com/or26u79)). The Retail Sales Index for Scotland (RSIS) is a quarterly measure of goods sold by retailers in Scotland. It is an early indicator of how the economy is performing and the strength of consumer spending.
- ◆ **Scottish Retail Consortium – Some Cheer As Growth Returns in New Year -February 2019** ([tinyurl.com/yydr4ysn](https://tinyurl.com/yydr4ysn)) Following a dreary December for retailers, January brought a glimmer of hope, with total sales increasing 2.2 per cent in Scotland – the highest increase since June.

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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](#) 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 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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