



Market Report

A Snapshot of your Market Sector

Retail

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **July 2023**. 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:

- ◆ Rising inflation is impacting both the food and non-food sectors. While sales of clothing and footwear retailers have seen strong year-on-year growth (it is bigger-ticket items which again appear to be suffering such as household, suggesting consumers are deferring larger purchases while they assess the impact on their finances of recent increases in energy bills and other costs. (Mintel, *Retail Briefing*, June 2022)
- ◆ The retail market has become increasingly more online over the last decade with over **26% of the market being online retail as of 2022**. **56% of consumers agree that it is more environmentally friendly to return items in person rather** than by courier or any other method, furthermore, **62% think that free returns encourages people to be wasteful** by buying more than what they need. Despite these concerns and the growing awareness of the human impact on the planet, consumers still value convenience and speed first with 75% of consumers agreeing that a retailer that charges for returns is less appealing than one that does not. (Mintel, *Online Retailing, Delivery Returns and Collection UK*, Nov 2022).
- ◆ **Over 55% of consumers note an increase in food, drink, electric and gas prices yet 63% of consumers said that they were willing to pay for same-day deliveries of online orders**. This suggests that even in a period of financial uncertainty, consumers are still willing to pay extra for convenience. Over the last few years, retailers have offered generous delivery and return options in attempts to entice new customers and develop market share. (Mintel, *Online Retailing, Delivery Returns and Collection UK*, Nov 2022).
- ◆ Over the course of 2022-23, the expansion of the retail sales index is expected to ease significantly, **growing by a projected 0.4%, to reach 106.1 points**. This is a product of an array of macroeconomic headwinds the UK which includes rising inflation partially caused by the Ukraine-Russia fuelled energy and supply chain crisis, which is set to exceed wage growth, dampening real household disposable income. (IBISWorld UK, *Retail Sales Index*, May 2022).

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).



Connect with us

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.

- ◆ **Mintel – UK Retail Briefing (June 2022)**. Grocery sales in May were up 2.3% a slow on a month before when sales increased 2.8%. Online grocery sales are also declining and in may were down 10.2%. Consumer are noticing the increase in prices and are either switching to more affordable retailers such as discounters and/or cutting back on nonessential items.
- ◆ **IBISWorld – Department Stores in the UK (May 2021), (September 2022)**. The Office for National Statistics (ONS) reported that department stores volume sales declined by 5.2% over 2020. A greater contraction was avoided by operators using online channels. Consumers are generally price-conscious and will shop around and compare prices to find bargains. The range and quality of products offered by operators will also influence where consumers shop. If industry players operate at the higher end of the market, they are likely to ensure that their product ranges and quality are comparable with other operators and in line with consumer tastes, which change every season.

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

- ◆ **The British Retail Consortium** (brc.org.uk) publishes a Scottish Retail Sales Monitor. The latest report is from July 2022, Scottish Retail Sales, but shoppers remain cautious.
- ◆ **The Scottish Retail Consortium** (brc.org.uk/src/) (part of the British Retail Consortium) is an excellent source of information, with regularly posted articles and press releases along with research and analysis insights available to retail members of the Consortium.
- ◆ **Scottish Government, Monthly Economic Brief, July 2022** (tinyurl.com/4226kja4) reports that non-food stores sales remained stable over the month with increases in clothing (+2.2%) offset by falls in sales of household goods (-2.3%), and department stores (-1.1%). The ONS set out that feedback from retailers suggests that consumers are cutting back on spending due to increased prices and affordability concerns, however clothing likely increased over the month due to consumers planning holidays and buying new clothes.
- ◆ **Retail Sector** (retailsector.co.uk/) is an online news publication which covers the UK retail industry and publishes stories on a range of industry-related topics. Their site also has a dedicated section for Scotland looking specifically at Scottish news stories, trends and other topics.
- ◆ There's also **Scottish Local Retailers** (slrmag.co.uk/) which is a smaller news outlet focusing solely on the Scottish market and issues that impact on smaller, independent retailers.

Disclaimer: Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.



Connect with us

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**



Connect with us

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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

Last updated: July 2023

Updated by: Christopher Dalmas

Connect with us