



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

This market report was updated by Business Gateway in **October 2020**. 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:

- ◆ According to the ONS, the total volume of UK retail sales in April 2020 plummeted by a record **18.1%** month-on-month, subsequent to a **5.2%** drop in March 2020, whereby volumes were largely propped up by e-commerce sales - the proportion of total retail sales attributed to online retailing increased to a record **30.7%**, compared to **19.1%** in April 2019 - as consumers swapped the high street for the internet. (IBISWorld, *Retail sales index*, June 2020).
- ◆ We forecast that the retail sector as a whole will see a record 4.2% fall in sales in 2020. This is an unprecedented decline. The ONS began recording the retail sales series which informs our forecast in the mid1980s, only once have retail sales declined on an annual basis. That was in 2015, and even then sales only fell by 0.1%. Even in 2009 following the financial crisis the sector recorded growth, albeit marginal at +0.1%. (Mintel, *The Impact of Covid-19 on retail and e-commerce UK*, June 2020).
- ◆ During lockdown in April (+33.1% year-on-year) and May (+59.0% year-on-year) growth in the channel was strong. However notably, despite non-essential stores reopening, demand further accelerated in July (+73.4% year-on-year). Whilst this is reflective of some non-discretionary demand beginning to be released it also demonstrates the persistent concerns from consumers around shopping in-store. (Mintel, *Online Retailing: Inc Impact of COVID-19 – UK*, August 2020).
- ◆ In August, the value of retail sales increased by 0.7% and volume sales by 0.8% when compared with the previous month. When compared with February 2020's pre-pandemic level, total retail sales were 2.5% and 4.0% higher in value and volume terms respectively. (The Office for National Statistics, *Retail sales, Great Britain: August 2020*)

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.

- ◆ **Mintel – UK Retail Briefing: Inc Impact of Covid-19 (September 2020).** According to ONS figures, the UK has seen retail sales (ex-fuel) rise by 4.1% on a non-seasonally adjusted basis in August 2020. This was the third consecutive month of year-on-year growth for the retail sector in the country, and the strongest growth rate seen yet since lockdown. The figure is slightly above the 3.9% total growth reported by the BRC earlier this month. It is worth noting that this year the data did include the full Bank Holiday Weekend (2-29 August), whilst in 2019 the data only covered the Saturday (28 July – 24 August). This, along with an extra week of back to school trade, will have boosted that growth rate a little.
- ◆ **IBISWorld - Department Stores in the UK (August 2020).** Conditions began deteriorating in June 2016 due to the EU referendum. This has caused consumer confidence to fall and disposable incomes to contract. In turn, demand for discretionary products decreased and, to an extent, sales of industry products were constrained. These effects are expected to be exacerbated in the current year as the COVID-19 (coronavirus) lockdown caused widespread disruption within the economy. In response to growing external competition, industry operators have expanded their online operations by offering click-and-collect services, as well as increasing product offerings and retail space.

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

- ◆ The **Office for National Statistics** (tinyurl.com/s5r8nel) and the **Scottish Government** (tinyurl.com/y4ktbxzm) both publish quarterly statistics on retail sales in Scotland and the rest of the UK, with historical data available to track changes year on year.
- ◆ **Deloitte** recently published an article on retail trends for 2020 (tinyurl.com/y3oyxca7)
- ◆ While the article was published before the Covid-19 pandemic hit the UK, this article from the Guardian (tinyurl.com/snzhq6o) referencing data from the British Retail Consortium and other sources talks about 2019 was the worst year on record for the UK retail industry, highlighting the fact that the industry may not have been in the best shape even before having to withstand the impact of Coronavirus.
- ◆ **The Scottish Retail Consortium** (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.

Disclaimer: This report has been updated on the 19th October and we have included Post COVID-19 market material where available. 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.



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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**

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 websites, 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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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.

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Updated by: Patrick MacDonald

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