

Retailing in Scotland 2001/2

Data and information on retailing in Scotland have never been plentiful. Official estimates of the sector are often encompassed within wider United Kingdom figures. The size, scope and directions of change of the sector in Scotland are thus open to question. The situation may be beginning to improve however. The Royal Bank of Scotland/Scottish Retail Consortium monthly retail sales monitor provides a picture of retail sales change in Scotland. The Scottish Executive's annual analysis of new major retail applications for development adds another piece to the jigsaw. The weekly press digest compiled by the Scottish Retail Consortium maintains current awareness. The establishment by the Scottish Higher Education Funding Council of the Centre for the Study of Retailing in Scotland (CSRS), combining the academic retail expertise of the Universities of Stirling, Edinburgh and Glasgow Caledonian, offers new research capacity and approaches to the issues facing retailing in Scotland. Some light is now being shed on some aspects of retailing in Scotland.

This commentary examines what these various sources reported about retailing in Scotland during the period of September 2001 to September 2002. A number of issues and themes can be identified:

1. A Year of Sales Contrasts

The RBoS/SRC Scottish Sales Monitor (covered in more detail elsewhere) points to a year of contrasts for Scottish retailing. Particularly in the run-up to Christmas 2001, retail sales were roaring ahead, at previously unseen levels of growth. This growth pattern reversed sharply in early 2002 as consumers switched off spending. Whilst sales growth was still reported, the rate of growth was much lower than before. A further contrast can

be drawn between food and non-food sales in Scotland. Food sales progressed broadly in step for much of the year. Sales growth overall was powered by non-food sales expansion. When this slowed drastically, so did all Scottish sales. For once, it would also appear that the extremes in Scotland were greater than elsewhere in the UK, with higher peaks and lower troughs.

2. *A New Number One in Food*

Food retailing has in 2001/2 brought a number of new initiatives to Scotland. Safeway opened a megastore/hypermarket in Anniesland. Marks and Spencer opened a food only store at Fort Kinnaird (Edinburgh) retail park. An Asda-Wal Mart Supercenter has been developed on an existing site at Livingston. Morrisons have announced their first foray into Scotland with an application for planning permission for a site in Glasgow. Multiple retailer convenience stores and city centre formats have continued to develop. The Co-operative Group in Scotland has reported strong convenience store sales growth. For indigenous Scottish food retailers, the year has also been good. Morning, Noon and Night, Abernethy and Scotmid have produced strong results for example. Farmfoods is one of the fastest growing private retailers in the UK. In short, the Scottish food market has continued to become ever more modern and competitive as well as more closely integrated to the UK market.

Arguably the biggest change however has come in the replacement of Safeway as market leader in Scotland by Tesco. Safeway's fall was compounded later in the year by figures suggesting that Asda had also matched their Scottish market share. Whilst market share figures are always open to question over their accuracy and importance, for Tesco and now Asda to catch and exceed Safeway in Scotland is a major shift in the balance of the

market and will affect consumer perceptions of the major players. Given announced expansion plans, it is difficult to see Safeway regaining its former position through organic growth.

3. *Scotland in the Wider World*

Scotland is perhaps more a part of the wider national and international retail scene now than in the past. The last year has seen several UK and international retailers come to Scotland, or expand their presence. A number of fashion chains such as Zara have announced their entry. IKEA added a second store in Scotland, this time in Glasgow and their largest in the UK. In food, as identified above, Morrisons have announced their first store for Scotland. Debenhams is to open in Perth, Inverness and East Kilbride. Most notably Harvey Nichols opened in August 2002 in Edinburgh and Selfridges have signed to open in Glasgow by 2007. Even Ann Summers has appeared on Princes Street in Edinburgh and on other Scottish high streets and claims to be trading well, much to the consternation of (stereotypical) Scottish traditionalists. These are often new chains to Scotland, in new locations and bringing different formats. Even institutions such as Jenners has expanded, in their case into a development in the New National Park of Loch Lomond and The Trossachs. As the Scottish Executive annual studies show, some 300,000 sq. m. of sales space is being added to Scottish retailing floor space through new build each year, with a substantial amount of it being in the four major cities and in-town centres.

Such expansion of space and by existing and incoming retailers can be expected to have a competitive effect. Closures and loss of retail space are not often recorded, unless they are high profile or on key sites. Within the last year, the House of Fraser has decided to

close its stores in Aberdeen, Dundee and Perth. The old C&A site on Princes Street in Edinburgh has been the long-running subject of disagreements over the size and shape of redevelopment. Most drastically perhaps, the long-established booksellers chain, James Thin went into administration before being bought and split up by Ottakers and Blackwells. In the same sector, John Smith was purchased by Coutts. Habitat have moved location in Glasgow away from Buchanan Galleries. Texstyle World was rescued (again). Other effects of the enhanced competitive market have seen John Lewis open on a Sunday in Edinburgh, the Ocean Terminal Shopping Centre (next to the Royal Yacht Britannia) still be under 75% let and various Scottish retail suppliers struggle or close. These are the headline components of wider changes in the market, much of which goes unreported, but which is visible in closed shops and empty units in many Scottish towns and cities.

Scottish retailers however have also been expanding outside of Scotland. There are a number of strong middle-ranking Scottish chains which concentrate primarily on the Scottish market. Internacionale (clothing) and Fopp (music) in different sectors have expanded their network considerably and into the English market. Tiso (outdoor clothing and equipment) has opened in Selfridges in London as well as expanding in Scotland. There is perhaps a need for a stronger belief in the potential for these and other Scottish chains both inside and outside Scotland, but there are emerging signs of this confidence.

4. Other Issues

Many of the issues confronting Scottish retailing are the same as elsewhere. Crime is a major concern of many businesses and has a high profile in the industry and with other bodies. Security guards have had to be posted on some pharmacies in Edinburgh. The

largest proportion of reported racist attacks in Scotland are on shopkeepers. Other issues emerging or recurring in the year include the role and position of Scottish suppliers to Scottish based and other companies, the price paid by retailers and producers to farmers for milk (which saw retailer distribution centre blockaded), and the annual concern over the availability and sale of fireworks in stores. No doubt these are issues that will continue to recur in coming years, although they may also be ones on which the Scottish Parliament could intervene.

For the future, a number of concerns can be highlighted. The ongoing consideration of the implementation of road tolls for access to central Edinburgh remains controversial in terms of its implications or impacts on retailers. Likewise in Edinburgh, the potential redevelopment under Princes Street has raised temperatures. In Glasgow concerns are emerging over the reduction or concentration of the retail city centre core, whilst at another level, the city council remain concerned over the formal 'relocation' of Braehead Shopping Centre into Renfrewshire. Potentially there is much more development to occur around the city, with consequent impacts, even if the Ravenscraig development does not go ahead. Longer term, the initial 2001 census reports indicate considerable future problems in consumer spending and staff recruitment in Scotland. A demographic timebomb, which academics warned of some years ago, looks likely to see a smaller and much older Scottish population.

The discussion above is drawn from published events in Scottish retailing over the last year. Certain themes and topics have been developed. What comes across from this however are two main messages. First, Scotland's retailing is now more integrated with and impacted by retail (and other) events and trends from outside the country than ever before. Whilst

Scottish consumers still buy different products at different times and in different ways, the retail experience in Scotland is more similar now to elsewhere in the UK than in the past. Secondly, however, it may be the case that this is a Central Belt phenomenon. Much of the dynamism and change and the negative impacts, is concentrated on the Central Belt of Scotland and its cities and towns. This concentration of population attracts businesses who can 'do Scotland' in a small concentrated spatial area. Outside of this, and the other two leading cities, the picture may be different and problems and issues highly contrasting. Rural and island retailing remains a rarely considered topic. Access issues and store closures go on almost un-noticed in many parts of Scotland. Areas reliant on tourism have suffered badly in 2001. There are many opportunities and dangers in the diversities that make up Scotland and Scottish retailing.

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