scotland scotland

Scottish retailers face similar challenges to those south of the border, but operate under very different legislative and market pressures, says Phil Mellows

or the Romans it was the edge of the world, the limit of empire. Rather than invade they decided it was better to just build a wall and try to ignore it. And ever since, there has been something about Scotland that's been fiercely independent – and curiously different.

That's as true of the news and convenience trade as it is of everything else. Independent retailers north of the border face some challenges that are little understood further south. Since devolution Scotland's own government has pressed ahead with legislation that continues to throw obstacles in the path of Scottish shopkeepers' attempts to run a viable business.

But the trade is getting organised – and there are signs that the Scottish government is starting to listen.

Newstrade trouble

Scottish newspapers are in crisis. The latest ABC figures show sales of the three leading home-grown titles - the Daily Record, The Herald and The Scotsman - have fallen by nearly 10% in the past 12 months. Even southern invader The Sun, which last year overtook the Daily Record as Scotland's best-seller, is losing sales.

What's harder for retailers to take, however, is that, thanks to the price war that's raged between the two papers since 2001, The Sun and The Herald are collectively losing more than £1m a year in news revenue compared to counterparts in the rest of the UK. In England a newsagent's profit on each copy of The Sun is 8.2p. In Scotland it's only 6.9p – and it hasn't changed in eight years.

News International, publisher of The

10 Teacakes Sun, points out that, during price-cutting campaigns, newsagents have still got their 6.9p as sales have risen. But, as NFRN Scottish council executive member David Woodrow, of Woodrow's in Bishopton, paper revenue is forcing retailers to find additional sources of income - including or give up. "I'm making no money whatsoever from

Scot topics

Renfrewshire, explains, declining newsincreasingly regulated tobacco and alcohol

news," he says. "It's a labour-intensive part of the business. The whole Scottish trade is in turmoil and a lot of shops are closing because of it. But at least now the problem is getting some recognition in the political domain.

Scottish

PRIDE

At the end of January Jim Maitland, who heads the NFRN Scottish council's legal and parliamentary committee, drew attention to the trade's plight at a parliamentary reception attended by minister for enterprise, energy and tourism, Jim Mather, and last month Woodrow represented the organisation at a top-level meeting with Menzies, the Scottish news trade's distributor.

igh hopes for solution to NB/

GM feed

from lab to

market?

One exciting possibility to emerge from that meeting is that Scotland could follow France's lead in giving teenagers a free year's subscription to a newspaper.

"Of course, the mechanics need to be sorted out and the scheme needs sup-

Scot off the press

While Scotland's best sellers don't differ too much from the rest of the UK, People's Friend, published in Dundee by DC Thomson since 1869, is higher up the chart at number 13, and trade title Scottish Farmer registers at number 36. The top 10

1	TV Choice
2	Take a Break
3	What's on TV
4	Closer
5	Radio Times
6	New!
7	Chat
8	That's Life
9	Now
10	OK!
	Stats supplied by Menzies Distribution



"The whole Scottish [news]trade is in turmoil and a lot of shops are closing because of it. But at least now the problem is getting some recognition in the political domain." David Woodrow.

retailer

idea," says Mr Woodrow.

Tobacco display

Holyrood is more hawkish than Westminster on health matters and has made clear its aim to stop Scotland smoking altogether. While tobacco sales are in overall decline they are growing among the young – and plans to address this have put CTNs in the firing line.

The Scottish government wants to scrap gantries and ban tobacco displays in shops because, it says, it is encouraging youngsters to smoke.

Retailers believe the ban will not only hit their business but will do nothing to stop young people smoking - as Marco Santoriani had the opportunity to explain to health minister Shona Robison when she visited his shop, Santoriani Bros in Kilmarnock, last month.

"She was here for nearly two hours and seemed genuinely interested, but we were still at odds over some things," says Mr Santoriani. "What the government can't seem to understand is that tobacco is less accessible than it was 10 years ago - there's no advertising, the price has doubled, there are 1,000 fewer outlets - but young people are still choosing to smoke. So something else must be causing it."

But the minister insists that point-ofsale displays are "part of the problem".

"We are not trying to make life difficult for retailers," Ms Robison told the Kilmarnock Standard after the visit. "The reason we're doing this is to tackle the situation where young people see smoking

port from government, but it's a positive as a normal activity – because it's not."

Jagdev Munday, who has run The Newsagents in Airdrie for 15 years,

"They are making life difficult. People will still buy cigarettes if they can't see them – and we'll have to spend money on fittings to keep them out of sight."

Alcohol legislation

New legislation, which comes into effect this year, will bring alcohol legislation closer in line with what is already law in the UK. Scottish retailers who want to sell alcohol after 1 September have to make sure they are operating within the laws laid out in the 2005 Licensing Act. This means that, by September, they will need a premises licence setting out conditions of alcohol sales; a named premises manager who must be a trained personal licence holder and training for all staff serving

Many retailers have yet to apply to their local licensing board for a personal licence. This involves showing they have passed a relevant qualification, to train other staff. All this takes time, and licensing boards are already suffering backlogs.

As if an expensive transition to a new licensing regime isn't enough for Scotland's alcohol retailers to cope with, the Scottish government has just announced proposals which will aim to tackle alcohol abuse.

Proposals include ending "irresponsible' drink promotions, establishing a minimum price per unit of alcohol, raising the purchase age for off-sale purchases to 21, restricting the use of alcohol advertis-

22 · 6 March 2009 · RETAIL NEWSAGENT

ing in off-licenses to one of the two display areas permitted with current laws and placing a "social responsibility fee" on some alcohol retailers to deal with the adverse effects of alcohol.

The trade is preparing for a fight, but for many small businesses such restrictions on trade could be the final straw, and more could stop selling alcohol.

Grocery success

Despite the difficulties retailers face, not to mention the deepening recession, grocery sales in Scottish convenience stores are up – at least according to Landmark Wholesale member Bellevue, which operates cash and carry stores in Edinburgh and Stirling.

"For all the doom and gloom the market is very buoyant," says head of sales and marketing Colin Smith. "Nearly all our customers are in growth compared to this time last year."

Since the economic crisis started to bite it has introduced a promotion called Ruby Tuesday, which takes place every three weeks, in a bid to help customers compete against the major multiples. And later this month retailers are invited to an exhibition featuring leading suppliers and advice sessions.

Local opportunities

One potential source of growth for Scottish convenience stores is local produce. A survey in 2007 showed that 49% of shoppers said their main reason for choosing to buy local food was "to support local retailers".

In this the trade has the Scottish government behind it, too. Launched last summer, the nation's first Food & Drink Policy addresses quality, health, sustainability and access to affordable food for all. Within

Thistle do nicely

Never mind haggis and shortbread, there are a host of unique products and brands that tingle the tastebuds of Scots – and they like to keep them to themselves. Here's our top three:

- Tennent's Lager: still Scotland's numberone beer brand with a lager volume share more than six times its nearest rival, accounting for one in three lager sales in off-licences. The Tennent's Lager Care (TLC) Programme was extended to the off-trade in September 2008 giving retailers the incentive to make sure Tennent's is highly visible, well presented, chilled and ready to drink.
- Irn-Bru, the secret recipe soft drink from AG Barr that boasts mysterious restorative properties – and a name that's unpronounceable for non-Scots
- Lorne Sausage, otherwise known as Square Sausage, invented by sausageloving comedian Tommy "Sausages are the Boys" Lorne (1890-1935)

"For all the doom and gloom the market is very buoyant. Nearly all our customers are in growth compared to this time last year"

Colin Smith, Bellevue

Retailer viewpoint

Mohammed Issa's family has run 1st Stop 2 Shop in Dundee for 30 years. He stopped selling alcohol in 2003 to create a "safer shopping experience" for his customers. He will face extra costs if the Scottish government bans cigarette gantries, though.

"I will have to spend on fittings and there will be no help from suppliers as there is with branded gantries. I'm worried about security, too. If cigarettes are under the counter, staff will have to bend down and then they can't observe the shop – it could encourage shoplifters.

"Perhaps if they really want people to stop smoking they should stop them manufacturing cigarettes altogether. That could be the best option. I'd go along with that.

"I won't stop selling cigarettes now though. Customers will just go elsewhere for them. The government needs to consult with the people at the forefront. Retailers are doing all they can. They're expected to be enforcement officers and they need help with that."

that campaign, Scotland Food & Drink, formed in June 2007, has a mission to grow Scotland's industry from £7.5bn to £10bn by 2017 by bringing together all sectors of the food and drink industry in a series of projects and initiatives.

There is already evidence that shoppers are keen to buy local Scottish produce. Paisley-based First Milk Cheese Company has seen steady growth for its Scottish cheeses over the past three years.

"Regional provenance and consumer support for locally sourced produce has increased significantly," says Graham Sheach, regional brand controller. "Sales of Scottish origin cheese in Scotland increased from 66% of the market in 2007 to 69.4% in 2008 and this trend looks set to continue."

National chains have also cottoned on to the Scottish opportunity. Booker introduced its Booker Scotland range late last year, with 30 home-grown permanent lines such as Mackie's Ice Creams, Tunnuch's Caramel Logs and Lees' Snowballs designed specifically for the Scottish market. This renewed focus on Scotland also led the wholesaler to create the position of trading controller for Scotland last year in order to strengthen relationships with suppliers and retailers via products and promotions in its 22 Scottish depots.

Scotland may be troubled by tobacco and alcohol legislative issues and newstrade trends, but the popularity of local goods creates a welcome opportunity for growth. The Romans might have tried to fence it off, but manufacturers and wholesalers recognise there are significant opportunities north of the border.