

Scottish Parliament Cross Party Group on Independent Convenience Stores

Approved minute of meeting held on 23rd June 2021

1. Welcome and introductions

The meeting opened with Daniel Johnson MSP in the Chair. John Lee welcomed attendees to the meeting including Foyso Choudhury MSP, Murdo Fraser MSP, Maurice Golden MSP, Daniel Johnson MSP, Paul McLennan MSP and John Mason MSP who were also in attendance.

He stated that for the new parliamentary session the CPG had the following MSP members, they were as follows: Jackie Baillie MSP, Stephanie Callaghan MSP, Foyso Choudhury MSP, Maurice Golden MSP, Murdo Fraser MSP, Rachel Hamilton MSP, Daniel Johnson MSP, Monica Lennon MSP, Gordon MacDonald MSP, John Mason MSP and Paul McLennan MSP.

John confirmed that there were no apologies for the meeting.

Gordon MacDonald MSP joined the meeting and took the Chair.

2. Election Office Bearers

The chair informed the CPG that the re-election of office bearers for the positions of Convenor, Vice-Convenor and Secretary was required. The CPG agreed to re-elect to Gordon Macdonald MSP as convenor and to select Daniel Johnson MSP as vice convenor. Dr John Lee, Head of Policy and Public Affairs at the Scottish Grocers' Federation was re-elected as CPG secretary.

3. Approval of previous minutes and action points

John Lee reported that the minutes of the previous meeting had already been agreed and so were not on the agenda.

4. Supporting the food & drink sector – the SGF go local programme

John Lee stated that Fergus Ewing MSP - the then Cabinet Secretary for Rural Economy – had originally asked SGF to consider what actions could be taken to help support the Covid-19 recovery effort with a positive focus on Scottish business and local Scottish products. A key focus was to maximise opportunities to local retailers to stock Scottish products and provide them with additional routes to market.

John then informed the CPG that they were going to hear about the initial pilot project which had been funded by the Scottish government and who had been impressed by the original proposal put forward by SGF. It was noted that there had been a partnership approach to the pilot involving for example the convenience sector, Scotland Food and Drink and the Scottish government.

John then introduced the speakers, and the following presentations were delivered:

Jamie Buchanan – SGF Go Local Programme Director

Jamie informed the CPG that the objective of the Go Local programme was to aid economic recovery and as part of this to increase the dedicated space for locally and nationally produced Scottish products within the convenience store sector. This had also led to improved consumer engagement. It was explained that the programme operated as a match funded scheme and that its focus was not about replacing mainstream brands but rather using new techniques in offering locally sourced products which had a bias towards fresh and healthy.

He explained that the Go Local programme had a range of benefits which included: a new route to market; shorter supply chain; reduced food miles; fresher food; differentiation for retailers and a local food economy impact.

It was explained that the pilot project had been launched on 1st December 2020 and that the remit had been to select 10 stores, arrange site visits to discuss the programme requirements in detail and scope out participation potential by category by the end of December 2020. The focus was on fresher, healthier products but did not include alcohol within the remit.

Jamie stated that in joining the Go Local programme there was commitment on the participating retailers to accept to provide additional space for local and national Scottish products and as a minimum, maintain that level of space for the lifecycle of the funded equipment. In addition, they would also need to support additional local suppliers, support the Go Local branding when available, provide scanning information at line-item detail (for analysis purposes) and accept ongoing audits.

He also mentioned that in terms of participating stores there was a wide geographical spread and included a store in Durness in the north-west Highlands and one in Moniaive in Dumfries and Galloway. Stores ranged in size from 6,000 sq ft to just over 1,000 sq ft. It was explained that going forward the programme would look to focus more on the highlands and Islands.

He also informed the CPG that participating stores had on an average spent 10 times the match funding (£1m across the stores involved) and that SGF had been successfully working with Scotland Food and Drink, Scottish government and Too Good to Go. Two examples were given of convenience stores that had participated in the Go Local Programme, they were Moniaive which used a local butcher, fishmonger and utilised free flow dispensers and the Scotmid store in Broxburn which had introduced a full-blown butchery department in store. Both had benefited from being the part of the pilot.

In terms of results, Jamie highlighted that the average annual local multiplier was £694k per year and average annual local multiplier increase per store £221k per year. In addition, the value of Go Local compliant products was £1.57m and it was calculated that the local multiplier benefit extended over 6 years would work out at £9.44m. The Go Local programme had also led to more food-to-go areas being installed in-store. Jamie also informed CPG that in terms of the Go Local partnership that there would soon be joint branding in conjunction with Scotland Food and Drink.

He explained that Phase 2 of the Go Local Programme had been approved and that the application process would open on 1st July 2021. The plan was to deliver a further 21 match funded stores by June 2022 as well as continuing to develop the original 10 stores used in the pilot. It was also pointed out that the Go Local programme would use data to drive distribution.

Kirsty George – Local Sourcing Manager - Scotmid

Kirsty informed CPG members that Scotmid had taken part in the Go Local pilot project. She provided an overview of Scotmid indicating that it had 189 stores in a range of formats and have been trading for over 160 years and currently employed over 4,000 staff. In terms of 'How we make Scotmid, Scotmid' she highlighted this was focussed on a Scottish theme, innovation, new initiatives, new ranges and project availability. It was explained in terms of Scotmid's local strategy this focussed on there being a point of difference which involved collaborating with other Scottish businesses.

She stated that in terms of the proposal rationale – for the pilot - they had developed an offering in line with the guidance provided by SGF and the Scottish Government. As part of this process Scotmid had chosen their Broxburn store which was a larger store format and had been theirs for the last 20 plus years. Kirsty highlighted that the store had a large food to go area and a higher-than-average basket spend. As part of the tendering process for the butchers which they wanted to be put into the store for the Go Local pilot, Scotmid had created a candidate specification setting out the key aspects which would require to be met (e.g., Local Butcher with Scottish provenance). In addition, Scotmid also considered matters such as industry engagement for reaching the audience and industry press after launch.

She indicated that the business chosen for the Broxburn store was the 'Border Meats T/A The Butchery Lockerbie' which was a family run business. It was explained that this business was vertically integrated across the supply chain and that it was engaged with all industry bodies. The butchery had been installed in May 2021 and had innovative ideas and a good offering for customers. She explained that it was a great eye-catching offer for customers to have an expert butchers in-store.

Kirsty stated that while it was very early days a positive start had been made. She mentioned that success would be defined across basket spend, footfall, reputation, halo effect and engagement with Scottish produce.

Helen Wallace – UK Market Development Manager – Scotland Food and Drink

Helen informed the CPG her role at Scotland Food and Drink encompassed product sourcing and branding and liaised with SGF on the Go Local pilot.

She explained that Scotland Food and Drink was industry led and was working on growing the value and reputation of the industry. They also had two, interlinked roles: 1) An industry leadership organisation for food and drink, developing and delivering the Ambition 2030 strategy to grow the industry; and 2) that they were also a membership organisation, representing the voice of food and drink companies in Scotland, supporting their growth.

She highlighted that in terms of Go Local programme that it sought the growth of Convenience, and they recognised that the channel was increasingly important to those consumers using it. She explained there was a desire to support local but that the biggest barrier to purchase of local food and drink in convenience was availability. In terms of a product sourcing strategy a three-strand approach was being used, those be 1) Existing supply 2) List local and 3) Scotland Food and Drink - linking retailers to producers.

Helen stated that in terms of sourcing going forward this would build on work from the pilot, look at gap analysis and supply chain efficiencies. It was noted that a store in Glasgow was spending up to £1k a week with Scottish producers for its food to go counter. She explained that branding would be coming soon along with a range of assets and that there would be trial in pilot stores before roll-out from which they would take learnings.

5. Questions and answers

John Lee then invited comments and questions.

Paul McLennan MSP stated that East Lothian had set up the first sector-based Business Improvement District and it had been a fantastic success and continued to grow. He indicated that any collaboration that could be done around that and with producers would be strongly supported by him. He stated that he endorsed the work of Scotland Food & Drink and the work around the Go Local programme and would pass on the details about it to traders in East Lothian and hopefully try and get them to take part in it.

Maurice Golden MSP asked whether in terms of the increase in spend which was being seen in stores, was there any research or anecdotal evidence about whether this was a change in consumer spend from supermarkets or whether it was an increase in consumer spend overall in local convenience stores as well as people already going to the supermarkets.

Helen Wallace stated that there was data which suggested consumer spend was switching from supermarkets although overall the take home grocery market had grown exponentially while the food service market had been in lockdown.

Kirsty George added that it was difficult to tell against last year but that they – Scotmid – marked growth against 2019 at the moment but that their average basket spend was still significantly higher running into this year as was the number of items that their shoppers were putting into their baskets. Whereas customers would have usually shopped for an evening or afternoon meal, they were now seeing customers shop for a few days at a time and that they were putting more items in their basket and spending more.

John Mason MSP mentioned the issue of pricing and stated that if he went into a supermarket, he may have to pay more to get Scottish butter. He also made the point that often there was the scenario where a convenience store did not have Scottish butter. He asked if there was a feeling that customers in convenience stores were willing to pay a bit more for Scottish and local products or whether there was not that price differential in the smaller stores.

Jamie Buchanan stated that on many occasions Scottish products were cheaper in convenience stores where they had already been locally sourced and so were fresher and better quality. There were some more premium items which would be slightly more expensive however judging by the numbers which were coming through consumers were more than happy to pay for them. Butter was one of the challenges and he explained that consumers were not brand loyal for this product and would buy whatever was on promotion and because of that large manufacturers tended to force their products in. The Go Local programme was working with some very recognisable Scottish dairy producers to get butter in, and they had given a fairly competitive price on it. So, in short, price did not appear to be a significant barrier with the work carried out so far.

Lucy Husband informed the CPG that soon to be published Scottish Food and Drink consumer perception data showed that 44% of Scottish consumers would be willing to pay more for Scottish produce.

Mike Leonard asked for information on the launch arrangements for phase 2 of the SGF Go Local Grant Fund in terms of the marketplace and for making retailers aware of it.

Jamie Buchanan stated that SGF were currently working on the application process for the Go Local Grant Fund. Information would go out through SGF networks and there would be engagement with SLR magazine as part of this. He explained that there was a three-month window for applications to come in and that when they did, a panel would sift through them to make sure they were geographically spread fairly across retail symbol groups and independents. SGF wanted to give everybody the opportunity to apply. Jamie highlighted on completion of the sift, he would personally vet each applicant and so make sure they were fit for purpose and that they understood what they were committing to. SGF would also be focussing on getting the best returns on the Scottish government's funding.

John Lee asked those in attendance whether there continued to be manufacturers in the Scottish food and drink sector who were not convenience ready and would still need either to be convinced that there was a market there or who just for one reason or another had not been able to re-engineer their processes to make them more convenience ready.

Lucy Husband mentioned that from the Scotland Food & Drink's perspective, there were so many operators out there who had not really considered the convenience sector and independents yet. There were a number of businesses in hospitality that would have to look for new markets and sustainable opportunities, but they had not yet mastered how to do that. The packaging for the convenience sector was different as was the pack size and issues around product positioning needed to be considered too. Scotland Food and Drink had a lot of work that they would be doing with food manufacturers to get them ready for the Go Local programme, but it did give them opportunities in the future to bring new and innovative suppliers to it.

Kirsty George stated that she echoed the sentiment of Lucy's comments. She explained that a lot of suppliers, particularly Scottish suppliers did not have an eye on the prize of convenience of which there was a significant market in Scotland. Issues around pack sizes, prices and the understanding of promotional cycles needed to be looked at. Scotland Food and Drink were doing a lot of significant work with suppliers. Kirsty indicated that had Scotmid been supporting this too through involvement with the supplier academy and educating suppliers as to what convenience retailers were actually looking for in those discussions.

John Lee asked Jamie Buchanan whether he thought retailers had responded well – to the Go Local programme – and had it been easy to convince them of the benefits of getting involved or were some of them moving in this direction anyway.

Jaime Buchanan replied that retailers had been hugely supportive and had been pleasantly surprised by the results that they had seen. He reported that what had been seen so far had exceeded the high-end expectations and having these sorts of testimonials behind the programme would make phase 2 easier. There were a lot of lessons that would be learned from phase 1 through the very robust feedback from interaction with retailers and suppliers who had taken part. The support from retailers had been fantastic and phase 1 had been over-subscribed. Given the successful results from phase 1, the challenge moving forwards would be selecting 21 retailers from the number of applications which would be received for phase 2.

John Lee followed up by asking what hurdles had been overcome or whether there had not been any.

Jamie Buchanan stated that when they set the Go Local programme in motion at the beginning of December 2020, thankfully the covid-19 restrictions still allowed him to get out and about and had he not been able to do that and travel across borders, they would not have been able to get the programme off the ground. The beginning of January 2021 another lockdown again and so that clearly created a challenge. He also explained that Brexit too was a challenge because there were issues around bringing in the equipment for the refits because a lot of the came from Europe. One pilot retailer had to withdraw from the Go Local programme because they required their architect to work for them but because of lockdown the architect would not come out.

Helen Wallace added there had been a few delays around branding as it was currently having to pass through Scottish government legal teams but that they were nearly there now. She stated that some fantastic branding would be out there soon.

Jamie Buchanan added that the last lesson they had learned was the unintended consequences of pilot retailers focussing on Scottish products. Retailers having supported other Scottish suppliers through the pilot had also supported other Scottish suppliers because they had seen the benefit to the ones involved in the programme. He stated that in hindsight the pilot maybe should have secured additional space and other areas at no extra cost. SGF had now had discussions with the Scottish government, and they had allowed the programme to now include other Scottish producers. For instance, there was a Scottish coffee company in Inverness with five staff who have had two of the pilot stores engage with and support them. Scottish government was minded that this is kind of action was the thing to do. Jamie mentioned the pilot had been a steep learning curve but a very good one.

Jamie Buchanan then asked Kirsty George to share with the CPG the number of new jobs that were created at Scotmid's store in Broxburn which had participated in the pilot and the numbers of job applications they had received. Kirsty stated as a caveat that Scotmid did not directly employ those who were working in the butcher's unit within the store. It was a concession arrangement and so it was managed by the butchers themselves. It led to five new jobs for the butcher's unit and there were around 80 applications for roles. A significant round of interviews had taken place and there had been a great group of candidates. This helped with a lot of the publicity around the butcher's unit and the new jobs being created in the local area within a really interesting trade.

Pete Cheema informed the CPG that the Go Local programme had showed what collaboration could achieve with retailers and in particular with Scotland Food and Drink and the Scottish government. This had been absolutely extraordinary.

He stated that he wanted to reach out to MSP colleagues and say that here is an opportunity which we have taken on board but here also is an opportunity to expand the Go Local Programme further because literally it had been done with a limited budget and if more money was available at a later stage, so much more could be achieved. He explained that beyond phase 2 and indeed phase 3 – as funding had been ear marked for latter too – receiving more of a budget would be really helpful so that both Scotland Food & Drink and SGF could expand their respective teams so as to take on more people to do this type of project. At present there were only Helen Wallace and Jamie Buchanan working on the Go Local programme.

John Lee added that it would be good to engage further with MSP colleagues with how the local Scottish aspect could be expanded. He also welcomed Foysoyl Choudhury MSP as new member of the CPG and stated that SGF would look forward to working with him.

6. Date of next meeting

Gordon MacDonald MSP left the meeting at this point. Daniel Johnson took the Chair.

John Lee stated that the next two meetings would take place on 22 September 2021 and 17 November 2021 respectively. The subjects for discussion were still to be agreed.

7. Closing remarks

Daniel Johnson MSP stated that it was really welcome that the CPG had been reconvened and thought that it had definitely demonstrated this in the last parliamentary session that this CPG could make a difference. He indicated that his Protection of Workers Bill and subsequent Act was just one demonstration of that. The CPG brought to life the broad range of issues that faced convenience stores and retail more generally.

He highlighted that looking ahead to the next 5 years retail faced a broad range of very real challenges and thought that it was certainly very difficult to overstate this. Covid-19 was going to herald huge change for the industry and that change was going to be quite different depending on what sections of retail were being looked at. Daniel also explained that it was important that the CPG continued to bring those issues to life and to identify things as they occurred and as the work continued to build the recovery. There were challenges many of which were undoubtedly on local high streets but that there were also opportunities. He stated that there were opportunities in retail and that particularly where government can play a role facilitating new opportunities, new links that bring about genuine partnerships and enable new products to be brought to customers in innovative ways. He concluded by thanking everyone for attending.

Appendix A – Attendance List

MSPS	
Name	Company
Choudhury, Foysol	
Fraser, Murdo	
Golden, Maurice	
Johnson, Daniel	
MacDonald, Gordon	
McLennan, Paul	
Mason, John	

MEMBERS	
Name	Company
Brown, Dan	Lothian Stores Ltd
Buchanan, Jamie	Scottish Grocers' Federation
Cheema OBE, Pete Dr.	Scottish Grocers' Federation
Edgar, Gillian	Health Living Programme
George, Kirsty	Scotmid
Kelly, John	Motor Fuel Group
Kenney, Andrew	UK Retail, BP Oil UK Ltd
Lee, John Dr	Scottish Grocers' Federation
Leonard, Mike	C J Lang & Son Ltd
McGarty, Luke	Scottish Grocers' Federation
Neil, Kathryn	Healthy Living Programme
NON-MEMBERS	
Name	Company
Rybczewska, Dr Maria	University of Stirling
Sparks, Dr Leigh	University of Stirling
Husband, Lucy	Scotland Food and Drink
Wallace, Helen	Scotland Food and Drink