

# Cross-Party Group on Independent Convenience Stores

22<sup>nd</sup> September 2022 at 6pm

Minute

Present

MSPs

Jackie Baillie MSP  
Stephanie Callaghan MSP  
Murdo Fraser MSP  
Daniel Johnson MSP (Vice-convener)  
Gordon MacDonald MSP (Convener)  
John Mason MSP

Invited guests

Joanne Burns, Scotland Food and Drink  
Wendy Craig, Camelot Group  
Barbara Henderson, Lomond Foods Ltd  
Ernie Miller, Total Produce  
Zac Miller, TOMRA  
John Murray, Highland Food and Drink Club  
Phillippe Rondepierre, Snappy Shopper  
Dr Maria Rybaczewska, University of Stirling  
Professor Leigh Sparks, University of Stirling  
Mark Steven, Snappy Shopper  
Helen Wallace, Scotland Food and Drink

Non-MSP Group Members

Antony Begley, SLR  
Dan Brown, Lothian Stores Ltd  
Jamie Buchanan, Scottish Grocers' Federation  
Dr Pete Cheema OBE, Scottish Grocers' Federation  
Andrew Kenney, UK Retail, BP Oil UK Ltd  
Dr John Lee, Scottish Grocers' Federation  
Mike Leonard, C J Lang & Son Ltd  
Luke McGarty, Scottish Grocers' Federation  
Graham Watson, Watson's Grocers'

## Apologies

Maurice Golden MSP  
Monica Lennon MSP

## Welcome and introductions

Daniel Johnson MSP (deputising for the convener, Gordon MacDonald MSP) welcomed attendees to the meeting including Murdo Fraser MSP, John Mason MSP, Jackie Baillie MSP, and Stephanie Callaghan MSP who were also in attendance. Apologies were received from Monica Lennon MSP and Maurice Golden MSP.

He also indicated that this was the first full meeting of the reconstituted CPG since the start of the new Scottish Parliamentary term.

The Convener Gordon MacDonald MSP who had been delayed subsequently joined the meeting.

## Approval of minutes and action points

The Vice Convener (Daniel Johnson MSP) asked for the approval of the previous minutes from the 23<sup>rd</sup> of June 2021 meeting. These were approved.

## Protection of Workers Act Update

Daniel Johnson MSP reported to the CPG that since the passing of his Protection of Workers (Retail and Age-restricted Goods and Services) (Scotland) Act 2021, Police Scotland had advised him that they had already been using the powers contained in the Act to charge people with relevant offences against retail workers.

## How convenience stores and the wider industry have supported customers and communities during the pandemic

John Lee explained that the aim of the meeting was to look at how the Scottish convenience sector and wider industry had made a massive contribution during the pandemic in terms supporting customers and communities. Specific items for discussion would cover a) How on-line shopping was impacting on retail; b) Innovation from food service and wholesale and c) Convenience retailers and their communities.

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

### **Mark Steven – Chief Executive - Snappy Shopper**

Mark informed the CPG that Snappy Shopper were a Scottish Tech start up business based in Dundee and had been funded by the Scottish National Investment Bank.

Throughout the pandemic they had enjoyed real success business wise and that this had largely been through supporting local convenience stores.

He explained that in terms of their solution Snappy Shopper provided a home delivery platform for the convenience sector and was available as web based and in App (iPhone and Android). Orders could be delivered from as little as between to 30mins to 60mins at in-store prices. The retailers benefitted from having full in-store control over pricing, range, and licensing. Mark highlighted that the message back from customers was that they liked what Snappy Shopper had to offer and were very enthusiastic about it. He reported that it drove incredible sales for their partner stores.

Mark stated that convenience retail was at the heart of Scottish communities but indicated that it was under threat from margin hungry migrating aggregators with their own dark store operators. He added that these aggregators were trying to gain market share in the convenience sector. He also explained that they operated a margin hungry model, and were looking for between 20% to 40% of the sale and that this meant that convenience retailers were as a result having to increase their retail prices and that this was off-putting to the consumer. These organisations were increasingly moving to the 'dark store operations' where they were cutting out the high street outlet as they wanted to drive more margins for their own business. He highlighted that these organisations were setting up distribution hub stores in the community and that they bought products wholesale and delivered it straight to a customer's doorstep.

Mark informed the CPG that Snappy Shopper's mission was protect local convenience retailing, enable local stores to compete online and to provide a 'true partnership' cost effective solution. He explained that Snappy Shopper did not make any money unless it was driving sales for its retailer partners and highlighted that the top 20 convenience retailers on their platform had driven £588k average annual sales. The top stores however on the platform were doing over £1m of home delivery sales in and around their local communities. He stated that as far as customers were concerned, when they did spend on Snappy Shopper, they tended to spend more than they did in-store with average basket spend of £26 versus £10 when done in-store.

He advised that in terms of growth Snappy Shopper pre-lockdown (March 2020) had 22 outlets, £2m annual sales and 2 staff however post lockdown there were now 1,712 outlets, £120m annual sales and 98 staff. He indicated that they were currently one year into a three-year plan to 2024 with plan being to take Snappy Shopper to where it would be connect with 15,000 outlets, have £1.5bn annual sales and 400 staff.

Mark highlighted that in terms of how Snappy Shopper had helped during the pandemic, particularly in relation to Scottish convenience retailers, it had provided retailers with a new route to market and offered a quick set up and onboarding process. It was explained that their service was fully compliant with social distancing regulations and government guidance and was provided as a prepayment service as opposed to cash so helped eliminate contact. He added that Snappy Shopper had supported free deliveries to the less able and elderly during the pandemic. On the marketing side, they had been working with local community retailers so as to support them acquire new customers and retain existing ones. Mark also commented that Snappy Shopper allowed convenience retailers to provide a trusted friendly service all the way to the doorstep.

In terms of benefits to the Scottish economy, Mark indicated that their platform had protected local businesses and helped them to trade safely and legally while also generating new jobs. He added that Snappy Shopper had made a significant contribution to GVA ad taxes.

John Lee asked about how easy it had been for Snappy Shopper to get funding from the Scottish National Investment Bank (SNIB). Mark stated that SNIB had been very supportive.

### **Barbara Henderson – Director – Lomond Foods Ltd**

Barbara informed the CPG that Lomond Foods Ltd was a wholesale food business based in Glasgow and distributed chilled, frozen, and ambient food products across Scotland. They currently employed 96 staff and had around 26 commercial vehicles running daily.

She explained that after the outbreak of the pandemic they initially saw a slow decline in sales but on the introduction of lockdown they fell significantly. By early April 2020, the business was trading at 40% of pre-covid sales. The workforce had to be reduced to allow the business to operate at 75% of pre-covid-19 sales. Another response was to focus on wastage as 65% of sales came from short shelf-life chilled products.

Barbara stated that they approached things head on and ensured a robust analytical approach to the threats and costs. This also involved utilising support through the Coronavirus Job Retention Scheme and grants available from the Scottish Government which allowed them to have a business model which would see the company get through the pandemic successfully.

She highlighted that despite a fall in sales due to the pandemic the business was able to deal with this as they had previously already begun to diversify their product range and customer base and that this was underpinned by a five-year plan which had been put in place in 2016 (e.g., rebranding, and relocation to another site etc). She explained that through the acquisition of another business it enabled Lomond Foods to inherit a large number of retail customers, convenience retailers and high street butchery customers. They also saw a significant increase in the takeaway delivered food sector.

Barbara stated that by mid-May 2020 sales had grown to 65% then grew to 85% by the end of August 2020 and that they kept an eye on their costs and embraced every opportunity for additional sales volume. She highlighted they had also mitigated waste by donating stock to the NHS across the UK and to local charities. The focus on food waste continued and she reported that in the year-to-date food waste had been reduced to 0.002%.

She explained that as wholesalers they have maintained their full Scottish coverage and to have high availability in all the stocked items and with this in mind, they launched their 'Welcome back, Give back' campaign. The aim was to work further with supply partners and to offer customers exceptional pricing on core lines and this ran from July to October 2020 and was a great success. She highlighted that during this

time the business attracted 600 new customers and certain soft core food lines increased by over 300%.

Barbara stated that over the last 18 months the biggest challenges by far had been uncertainty and future proofing of the business in terms of diversification and the supply chain. She explained that the focus in recent months had also been to have a supply chain based around quality and locally manufactured food products and a short, circular, and sustainable local supply chain. As a business they had set targets for sustainable local sourcing and the reduction of their environmental impact. She commented that they had chosen to engage and invest time with Scottish supply partners to achieve a minimum of 50% of all stock purchased to be sourced locally in Scotland by the end of 2021.

She informed the CPG that Lomond Foods had taken delivery of 20 new commercial vehicles all fitted with hybrid refrigeration technology. They had also purchased their first fully electric commercial vehicle and would take delivery of this in October 2021. She added that they had changed 80% of their company car fleet over to electric in the last six months. Barbara stated that they had partnered with a major Scottish energy supplier who would work with them on hydrogen cell fuel technology and were also working towards replacing their fleet with a full hydrogen fleet by 2025.

Barbara highlighted the focus on working with local producers and manufacturers had proved to be highly rewarding in terms of growth but also through ethical, sustainable, and local approaches. Lomond Foods were fully committed to buying local where possible however as a business they were not against sourcing products from out with Scotland, however if they could source product in Scotland they would.

### **Graham Watson – Owner – Watson’s Stores**

Graham informed the CPG that going into lockdown in March 2020 things had already started to change for this family run business as panic buying was widespread and stock lines were in short supply. In his store there was an impact on staffing due to the implications of the pandemic and related matters. Ultimately the staffing situation was resolved and a suitable work routine was put in place for his staff. He reported that for the first six to eight weeks of lockdown, a significant amount of time was spent sourcing stock from the wholesalers which was available on a first come first served basis. This presented a challenge as his convenience store was 20 miles away from the nearest wholesaler which necessitated him doing between 400 to 500 miles per week.

He indicated that he was able to keep his local community updated in terms of what stock was available in-store through by doing a video update two to three times a week. Graham stated that in a way this enabled him to be the mouthpiece of the community as he also used it to inform the people about local matters such as births, death, and anniversaries etc.

Graham reported that while food shortages had at that time got worse, he was able to rely on the good relationships that he had with suppliers to enable him to source whatever stock he could to fill the shelves in his convenience store. He stated that he had a hot line with the local community council for people or families who were struggling. The community council would call him and discreetly ask that he put a food box

together for whoever it was needed for, and he would also deliver it. He stated that he had continued to prepare and deliver such food boxes throughout lockdown but met the cost himself. Graham also commented that he had started to put free food out for anyone who needed it. In doing so he put two food bins outside his village store in the evening with some free food items already in it and left it for members community to donate items by putting them in the bin. He informed the CPG that the by the following morning these bins were full. In addition, he had an arrangement with the YMCA in Dumfries who picked up short-dated or food that going out of date from supermarkets and bringing the equivalent of five or six baskets worth to his store each week where he put it on allocated shelves where local people could take these items for free. Any items that he had in store that were going out of date were also given away by him.

He also reported that in terms of other activities for this local community he had set up a book library, book, and video swap where people could help themselves and return them when finished. Also, he indicated that if some local people were feeling low, he would sometimes drop-off flowers, chocolates, and a bottle of wine on their doorstep. Some of these gifts came from donations and feedback on this had been very positive. In addition, Graham stated that in the last 18 months he had completed a major shop-fit and had also got involved in the Go Local/ shop local programme. He had also completed a charity cycle, swim and run event where he had raised £4,500 for charity and had also raised £1,000 for Maggie's cancer research.

Graham informed the CPG that throughout the pandemic it had not been easy as it had been relentless, but he kept on going. He stated that it had been a high point of his business career in terms of what they been able to do for the local community and in helping people to feel better about themselves.

## Questions and Answers

John Lee then invited comments and questions.

John Mason MSP asked if there was a difference between rural and urban areas in terms of the use of Snappy Shopper and also asked if there was a reason why more customers were choosing them and what types of products were customers purchasing as part of their basket spend.

Mark Steven explained that Snappy Shopper had a rural model which had recently been introduced with a delivery time of between 30 to 60 minutes delivery time. For the rural model there could be two pre-determined delivery slots during the day to make the deliveries easier for the retailer. In terms of customers choosing Snappy Shopper, he explained that this was down to the composition of the market due to the number of convenience stores across both Scotland and the UK. These convenience retailers in the community had the delivery hubs ready at the heart of their communities. This was an attractive proposition for the retailer and the platform drove good incremental sales for them. In terms of increased basket spend and the products purchased this was down to the convenience of the service offered to customers and everything being brought to their doorstep.

Zac Miller highlighted the issue of DRS and wondered how small retailers would overcome or make an advantage of the scheme design with regards to home delivery. He added that if retailers did not look at the technology such as for example as was being offered by Snappy Shopper – with some further development – then they could be at a disadvantage.

Mark Steven responded that the whole Snappy Shopper business was driven by retailers. They continued to engage with retailers so as to be aware of their wants and needs for the platform. In terms of DRS, he explained that it was very much on their road map as a business and was something they were currently working on.

John Lee asked Barbara Henderson of Lomond Foods Ltd two questions, those being 1) that the business had made impressive strides towards shortening the supply chain and engaging with local businesses but how difficult or otherwise had this been and 2) had they noticed any impact yet from Brexit in terms of the supply and availability of goods.

Barbara Henderson explained that in terms of the supply chain it had been challenging because some of the solutions were not as simple as going out to large manufacturers and buying whatever they happened to produce. Her business had to be more creative in its approach. This included engaging with the Scottish Rural College who had supplies of chicken meat and so Lomond Foods had put in place an arrangement to buy this from them which enabled Lomond Foods to now stock and sell it across Scotland. She also stated that they then took it a step further and spoke to a Scottish meat producer who processed the chicken meat for them. This meat was then supplied to one of Scotland's major sandwich manufacturers who used it to make sandwiches and which Lomond Foods then bought back from them which they could then distribute across Scotland. She also stated that in terms of the supply chain generally they were experiencing less difficulties than most others overall.

Stephanie Callaghan MSP stated that she was impressed by the ideas, creativity, and passion by the all the speakers and their engagement and connectivity with the local communities which they served and as part of this creating local employment.

Maria Rybaczewska thanked the speakers for their inspiring and thought provoking presentations. She asked what initiatives from the close collaboration with local communities during the pandemic would continue post-covid-19.

John Lee put this question to Graham Watson. Graham said stated that certain aspects would carry on such as the availability of free stock and the book library. He indicated that he would also continue with his fund raising and quizzes in the community too. He also explained that there would be changes and that mentioned that some customers had reverted to deliveries from their local supermarkets but that this was to be expected. Going forward he stated he would keep engaging with his local community and that this for him was a way of life. Graham highlighted that in his view the biggest impact on the retail trade would be Brexit over the next two to five years.

John Lee asked Mark Steven if the move towards digital would continue exponentially. Mark informed the CPG that it would continue to grow exponentially and that the signs

had already been seen pre-covid-19 with people wanting rapid deliveries to their doorstep. He added that throughout the pandemic and now as the country began to emerge from it, that sales had held up with continuing interest from convenience retailers to join the platform.

John Lee asked Barbara Henderson if she thought that the moves she had made to shorten the supply chain would continue and how far could she go with it. Barbara stated that they intended to take it as far as they possibly could as they were committed to it. She explained that it would provide a stronger base with which to serve their customers and indicated that Lomond Foods were committed to their 50% target of sourcing local by the end of 2021.

Antony Begley asked Graham Watson how many holidays he had taken off over the last 18 months. Graham informed the CPG he had only taken a very limited amount time off away from working in his convenience store. Antony commented that this demonstrated something about the convenience sector.

Dan Brown stated that it been a fantastic evening with such a strong attendance and excellent speakers who had been inspiring. He also thanked the support from MSPs and that it had been a thoroughly worthwhile meeting of the CPG.

Dr Pete Cheema OBE commented that he thought the meeting had been one of the best the CPG had held to date and thanked all three speakers for their presentations. He informed the CPG that the pandemic was not over, and that Brexit also still had a huge part to play. He also explained that consumer demand had changed forever, and that the last 18 months had brought the digitisation of the sector forward 10 years and that those retailers and wholesalers who had yet to embrace it, were starting to embrace it now. Digitisation would continue to accelerate over the next 12 months. Pete informed the CPG that with a lot of people working from home this would also change the way that people would shop. He observed that Scottish convenience stores had gone back to the ethic of the 1950's whereby they were embracing the whole community spirit in getting together as well as shopping more locally and using more local producers. He highlighted that the SGF Go Local programme and stated that in the next five years this programme would also accelerate and that those producers that had not been retailer ready before would also look to be part of it.

Pete mentioned that in terms of DRS retailers would have an obligation to take returns back (including relevant home delivery items) and SGF would have discussions with Snappy Shopper to see how this could be taken forward with Circularity Scotland. He concluded by thanking the MSPs present and for everyone who attended and supported the CPG.

John Lee added that the conversations from the CPG meeting would continue. He stated that it had been one of the best CPG meetings and had been insightful, informative, and inspiring.

## Any other business

There was no other business.



## Date of next meeting

John Lee stated that the next meeting would take place on 16th November 2021. The subject for discussion was still to be agreed.