

RetailWeek

ON THE ROAD



# Scotland's retail crowning jewel

The latest stop of Retail Week's summer roadtrip takes us to Scotland where we visit Edinburgh, Glasgow, Aberdeen and the Highlands. **Luke Tugby** reports

**E**dinburgh and Glasgow have long grappled over the right to be called the jewel in Scotland's retail crown, both offering genuine shopping destinations for locals and tourists alike.

They now find themselves tussling over a direct flight from China, which should provide a boost to tourism. Whichever city winds up with that feather in its cap, both are well-equipped to thrive.

Edinburgh is perhaps more accustomed to servicing a tourism influx – the Fringe, currently in full flow, more than doubles the city's usual 500,000 population. But the area has adapted to create reasons to visit all-year round – and retailers have had to move with those times, too.

Jenners, the House of Fraser-owned department store that celebrates its 180th birthday next year, is a prime example of meeting such challenges. While its nine elevators, three escalator banks, six stairwells and countless nooks and crannies create something more akin to a maze, the store has embraced its unique layout and legacy – it boasts two royal warrants – to become the go-to location on Edinburgh's Princes Street.

"I love the fact that people come in here because they have heard about it, read about it and expect to have a fantastic experience," Jenners' store manager Alan Thomlinson tells Retail Week.

"Some people will absolutely love it, some people may not, and the difficulty is trying to keep all people happy and be all things to everybody – our core customer, tourists and the younger consumer we are trying to attract."

Like many retailers, Jenners believes its experiential credentials are central. The store houses restaurants, spas, hairdressers and an art gallery. It puts on gin, whiskey and cheese and wine tasting events and its boardroom even hosts small comedy shows during the Fringe. To support the shift towards year-round

tourism, it now employs Mandarin speakers permanently rather than seasonally on the shop floor, and dedicates the same amount of space throughout the year to Scottish souvenirs instead of contracting space during winter months.

But Thomlinson and Jenners aren't stopping there. "We're also looking at the possibility of maybe next year using the roof as an area to watch the firework displays, either during the festival or at Christmas and at Hogmanay, where we can have a small event for maybe 50 VIP customers," he says.

It's forward-thinking approach is mirrored across Edinburgh as the city seeks to realise its growth potential. The £1bn redevelopment of the Edinburgh St James scheme will provide a shopping and leisure destination, something it currently lacks, when phase one opens in 2020.

Anchored by John Lewis, it will comprise 850,000 sq ft retail space, a multi-screen cinema, 214-room hotel and 150 apartments. There is investment in other areas of the city, too. In April Moorgarth Group acquired the Waverley Mall, which links Edinburgh Waverley train station to Princes Street.

The new owner has wasted no time changing its image, adding a conceptual theme to its street level entrance, where bars and food-on-the-go stalls complement the likes of Superdry, New Look and Body Shop inside.

"We want to create a true destination here and nurture the convenience offer that currently

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Above and top right: Jenners, Edinburgh

exists with an interesting mix of uses and offers," Moorgarth chief executive Tim Vaughan says.

"Our proposals will massively improve the profile and prominence of the scheme."

## Glasgow packs a punch

Far from throwing in the towel amid such competition, Glasgow is countering with an increasingly powerful punch. Centred around the pedestrianised 'Z' of Sauchiehall Street, Buchanan Street and Argyle Street, retail in Glasgow has more than held its own amid the uncertainty sparked by Scotland's independence referendum, the Brexit vote and this year's snap general election.

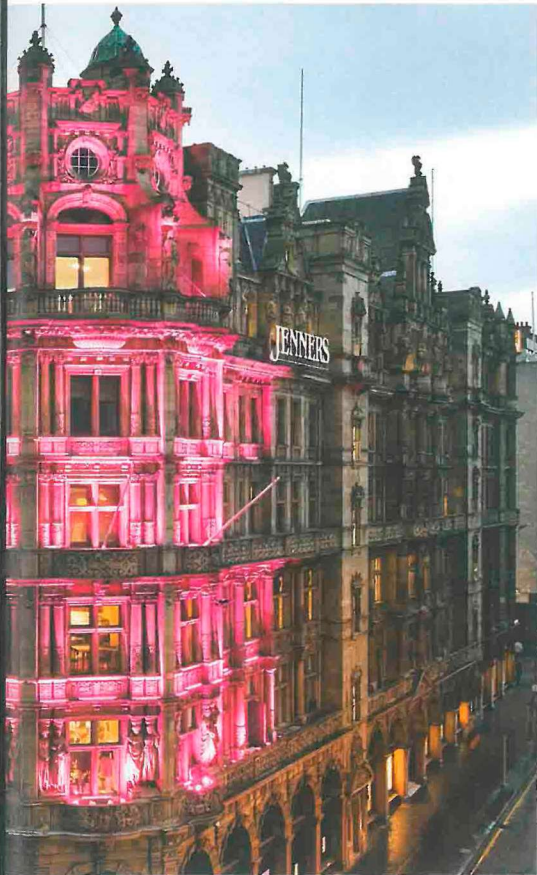
St Enoch Shopping Centre, at the apex of Buchanan Street and Argyle Street, offers affordable high street names including H&M, Debenhams, M&Co and Boots, while at the opposite end of the 'Z', Buchanan Galleries boasts the likes of John Lewis, Next, Oasis, Quiz and Glasgow-based Trespass.

The half-mile walk along Buchanan Street, which connects the two destinations, provides a world-class retail thoroughfare, featuring House of Fraser's first-ever store, Hotel Chocolat, L'Occitane, Michael Kors, JD and Paperchase.

It is easy to see why, according to data from commercial real estate firm CBRE, retail rents jumped 9.4% in Glasgow during the first quarter of 2017, compared to the same period last year.

Princes Square, Buchanan Street's outside-in development, which offers a Mediterranean feel with its design, provides a cheaper alternative for

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Here: St Enoch, Glasgow

luxury retailers looking for prime pitch. Indeed, independent Scottish operators including high-end kids' retailer Ollybear and jean maker Rabbie Denim have opted for the lower rents offered there, alongside the likes of Ted Baker, Vivienne Westwood, Kurt Geiger and Jo Malone.

John Menzies, partner in the Glasgow-based retail services team at Cushman & Wakefield believes London could learn from the city's successful pedestrianisation. "The principal retail 'Z' in Glasgow gets about 55 million shoppers per annum. That's a big footfall," Menzies explains. "It's busy and it's visibly crowded, but it creates a great buzz and it also lets you create a bit of theatre on the street.

"You see pop-ups and some of the restaurants putting tables outside and creating zones where people can have a bite to eat.

"You have to applaud the local council for letting Glasgow become a little bit more cosmopolitan and do these kind of things that you can't really do on a non-pedestrianised street."

### Schuh on the front foot

The focus remains on Glasgow and Edinburgh when it comes to Scottish retail, but there are other stories to be told north of the border.

Livingston, which lies 15 miles west of Edinburgh and 30 miles east of Glasgow, sprung up in the 1960s when it started to become something of an "overspill area" from the two key cities. "It is a bit like Milton Keynes in that sense," our trusted taxi driver informs us en route to West Lothian.

It's here that footwear retailer Schuh is based, having moved its central operations to Livingston in 1991. Since opening its first store in Edinburgh in 1981, the business has grown to 130 stores across the UK, Ireland and Germany, 17 of which are in Scotland.

It employs about 5,000 people, 328 of whom work at its Neilson Square headquarters, with a further 174 based five miles away at its European distribution centre just off the M8. From its low profile Livingston location, Schuh has masterminded a strategy to kick into touch the footwear blues being experienced by many of its rivals.

Investments in technology, mobile payments, its online platform and store openings helped pre-tax profits jump 9.3% to £16.6m in the year to the end of January, as sales rose 5.3% to £280.9m.

The retailer is eyeing further growth. Schuh managing director Colin Temple says: "There are some areas where we are very under-represented, such as central London, and we are also rolling out our kids' footwear standalone store chain, so we are definitely looking.

"How many will that be? We know it's not going to be 500, it might be 30 to 50 kids' stores, perhaps 150 to 200 Schuh stores, depending what happens with ecommerce."

Even with such targets in mind, Temple insists the Genesco-owned retailer has no plans to move its base south of Hadrian's Wall. "We are a Scottish-based UK retailer that is ambitious in Europe, but Scotland has a number of advantages with regards to the geography and location."

### Aberdeen slips into crisis

Smaller Scottish towns and cities can only dream of replicating their more illustrious neighbours Edinburgh and Glasgow. Aberdeen, the capital of North Sea oil, was once hailed as one of the richest cities in the UK, where retailers would consequently trade well.

But the nosedive in oil prices has sparked something of a crisis – even for a city accustomed to such fluctuations – as money dries up, residents move out and retailers struggle. Hammerson-owned Union Square and John Lewis-anchored Bon Accord & St Nicholas shopping centres undoubtedly still represent relatively vibrant destinations, where, during the good times, retailers were clamouring to be.

But for many businesses there now, it has become a case of weathering the storm. Former KPMG head of retail David McCorquodale paints a bleak picture of the current landscape. "Over the past two years, sales have been down 20 or 25%," he says. "It was a city that had a lot of disposable income when the oil times were good, but the dip in the oil price has significantly affected the retail market.

"Retailers there have five and 10-year leases, so they can't just get out when times are bad. They will batten down the hatches. But there is always a belief that something will come back in some way in Aberdeen and, when it does, that population will have money to spend."

Inverness, on the other hand, is in the midst of a growth spurt. The population of the unofficial capital of the Highlands has grown 17.8% within the past decade to more than 79,000, according to the 2011 census. The Highland Council expects that figure to top 100,000 by 2035.

Its retail and leisure offer is also moving fast to cater for a growing student population at the University of the Highlands and Islands – Scotland's newest university – as well as the thousands of retired residents seeking a quiet and scenic lifestyle in Inverness.

Spearheaded by Eastgate Shopping Centre, the city's retail proposition is expanding at a similar pace as its catchment, although retail parks and an out-of-town Tesco Extra have taken some footfall and trade away from the high street.

"The challenge it has had is the layout of the city centre with too many one-way streets," McCorquodale says, making parking difficult.

Yet the North Coast 500 road could create an appetite for retail in more remote Highland locations. Scotland's self-styled "answer to Route 66" – launched in March 2015 – begins in Inverness, taking in Applecross on the west coast, heading north to the towns of Torridon, Ullapool and passing by John O'Groats, before returning to Inverness via Dingwall. The route is becoming increasingly popular with holidaymakers who are keen to see more of the countryside having initially flown in to Edinburgh or Glasgow.

While those two cities remain unchallenged in their scrap to be seen as the Flower of Scotland, the country's wider retail scene can continue to blossom. **rw**