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**Strategic Alternatives for Small Retail  
Businesses in Rural Areas: Evidence from the  
Southern Western Isles of Scotland**

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### **Biography**

John Byrom is a Research Assistant within the Department of Retailing and Marketing at The Manchester Metropolitan University Business School where he is also reading for a PhD in the area of retail geography. His additional research interests include loyalty card schemes, locational decision-making and training in the independent retail sector.

Dr Dominic Medway is a Senior Lecturer at The Manchester Metropolitan University Business School. His research focuses on town centre management, rural retailing, retailing by the UK's South Asian community and retail location.

Gary Warnaby is a Senior Lecturer in the School of Management at the University of Salford. His research interests revolve around the role of 'place' in marketing, with particular reference to the marketing of urban places and town centre management.

## **Abstract**

The issue of retailing in rural areas has received relatively little attention in recent years. This paper considers retail businesses in a remote, rural area, the Uist chain in the Western Isles of Scotland. Drawing on the marketing and retail strategy literatures, a ‘funnical’ model of rural retail strategies is developed, and examples of independent retail businesses that have adopted both market-led and product-led strategies are posited. These have ranged from a situation of ‘strategic stasis’ within some retail organisations, where more ‘extensive’ methods of running retail outlets have been adopted, through to various new development strategies, including the expansion of businesses beyond the island locality to attract both national and international consumers. In the light of these findings, the paper considers the implications presented for retailers in other rural areas of the UK.

**Keywords: Retail strategy, Rural areas, The Uists**

## 1. Introduction

"For years the number of village shops has been in decline. At the same time there is a growing awareness of the valuable role that they continue to play in rural communities, both in the goods and services that they provide and as a focus to community life. There is general agreement that they are too important a feature of rural life to be allowed to slip into oblivion."

(Rural Development Commission, 1994)

These concerns of government and government-related organisations such as the Rural Development Commission (RDC) remain ongoing. The recent Rural White Paper (DETR, 2000), for example, recognises the need to 're-establish vital services that villages have lost', with the village shop and post office central to this concern and discussion. Indeed, the Rural Development Commission (1994) identify a range of activities that can be undertaken by village shops in order to maintain and hopefully improve their competitive position, including wide product ranges, excellent service, offering traditional local and regional produce and home delivery. Many of these activities suggested by the RDC, however, relate to tactical, operational activities. This paper seeks to explore the range of potential *strategic* options available to owners of retail outlets in rural areas in order to develop and secure a future for their businesses.

There have been few specific academic studies into issues relating to rural retailing, and those that do exist are now somewhat dated (Dawson, 1976; Kirby, 1982, 1987). With the exception of Jussila *et al.* (1992), more recent research has focused on strategies for small independent retailers as a whole as opposed to specifically rural retailers (Smith and Sparks, 2000a, 2000b). In their study of retailer strategies in rural Finland, Jussila *et al.* identify three strategic directions available to retailers, namely 'adaptation' (i.e. operating as effectively as possible within the prevailing, often hostile, market conditions), 'diversification' (i.e. expanding product ranges and/or offering other services in order to maintain or increase market share in what may be a declining market), and 'expansion' (i.e. increasing the number of customers, apparently through a focus on attracting custom from tourist visitors to the locality). This paper seeks to build upon this earlier work by addressing the strategies available to rural retailers in a

particular area of the UK and developing a typology of strategic action in the contemporary marketplace.

The area under study is the Uist chain of islands, in the southern part of the Western Isles of Scotland, bounded by Harris to the north and Barra<sup>1</sup> to the south (see Appendix). Specifically, the paper is concerned with the islands of Berneray, North Uist<sup>2</sup>, Benbecula and South Uist (thereafter referred to as the Uists), which are joined by a series of interlinking causeways. The Uists lie some two and a half hours by ferry from the Isle of Skye, which is joined to the mainland by a bridge. The population of the four islands, which has been decreasing over the last 30 years, was 5,724 according to the 1991 Census (General Register Office Scotland, 1991). Retailing in this area has recently been considered from a consumer perspective (Clark *et al.*, 1996; McKie *et al.*, 1998; Skerratt, 1999). This work focused specifically on *consumer* perceptions of the retailing of food products, relating to such aspects as access to food, food choice and healthy eating. However, an explicit *retailer* perspective was absent. Drawing on detailed interviews and observational work, this paper studies the means by which food and other retailers based on the Uists have attempted to address some of the issues arising from their isolated geographical situation, some of which have been identified in the above consumer-oriented research (with specific reference to food retailing).

Although a small number of multiple retailers are present on the islands, the paper concentrates mainly on those independent traders that comprise the bulk of the retail provision, a handful of which belong to symbol groups such as Spar and Nisa. This focus is due to the fact that for these independents, ‘strategic’ decisions relating to the scope and scale of the business are made locally rather than being dictated externally from a remote Head Office. Indeed, Jussila *et al.* (1992, p. 192) identify the ‘personal choice of the shopkeeper’ as a key factor influencing business strategy in these situations.

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<sup>1</sup> Place names used throughout this paper are referred to in the anglicised rather than their Gaelic versions

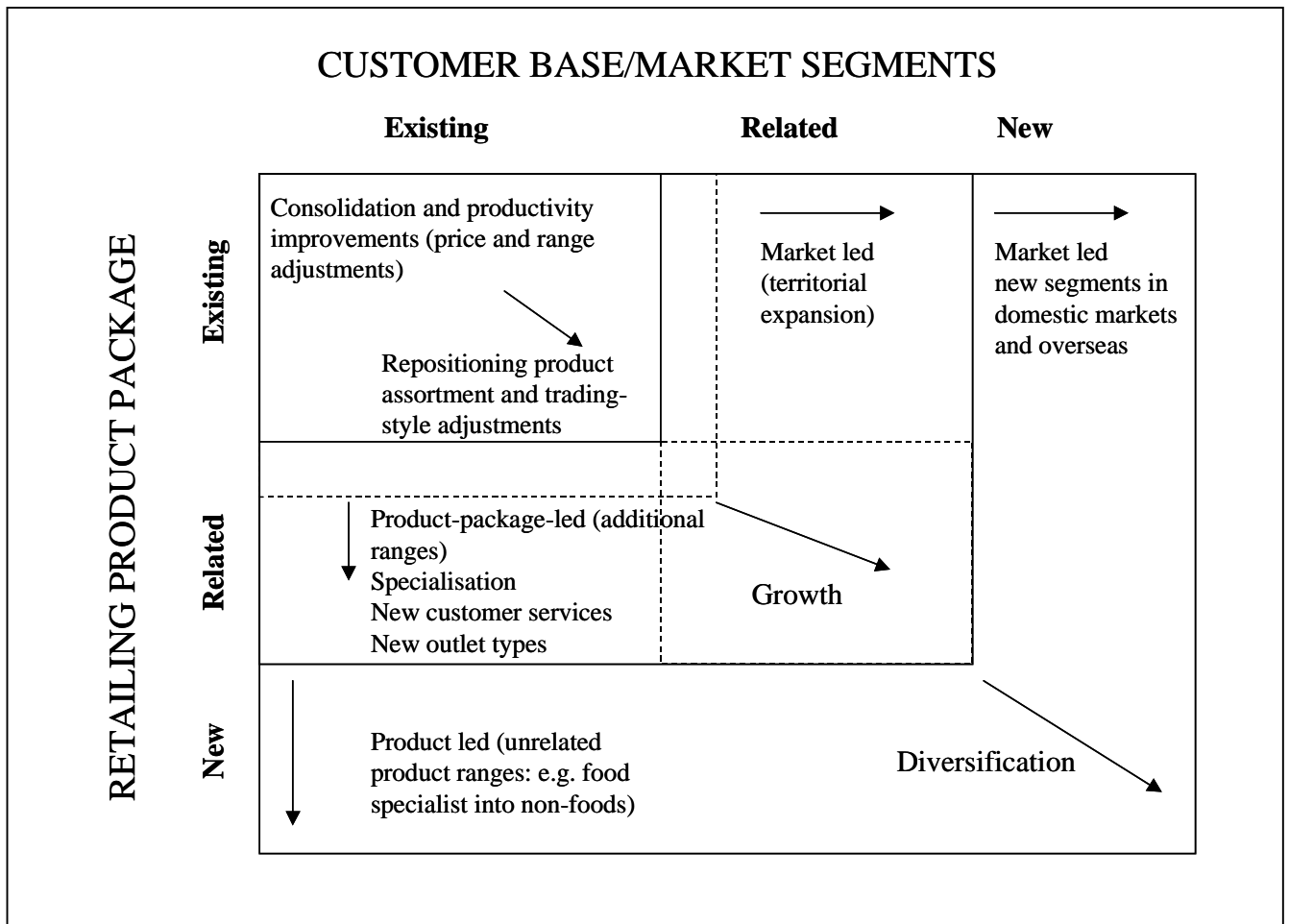
<sup>2</sup> North Uist also incorporates the small inhabited islands of Grimsay and Baleshare.

## **2. Alternative Strategic Options for Retailers**

In considering the strategic options open to organisations, Ansoff (1965) articulated the need for a ‘common thread’ between the present and future direction of the business, through the specification of what he termed the growth vector. This indicates the direction in which the firm is moving with respect to its current product-market positioning (which, of course, will be influenced by such factors as, for example, the firm’s objectives, management preferences, its competences and previous strategic decisions). The framework developed to illustrate this was the Ansoff matrix.

Ansoff’s basic four-box matrix has subsequently been developed and refined. In later work (1987) he added a third, explicitly geographical, dimension to the matrix, and there have been a number of industry specific variations on the basic matrix. The matrix has been modified for a retail context by various authors (Kristenson, 1983; Knee and Walters, 1985; Omura, 1986). The basic purpose of these variations is to describe retail-specific strategy options, ranging in level of risk from low at the top left of the matrix to high at the bottom right, coupled with the growth vector (or direction of growth across the matrix) to give strategic direction to the firm, both within, as well as across the quadrants, in line with its strategic capabilities. Thus, for example, Knee and Walters (1985), in adapting the basic matrix to a retail situation, broaden the ‘product’ dimension to include trading style as well as product or range assortment and expand the ‘mission’ dimension to include both territorial expansion and new customer segments (as shown in Figure 1).

**Figure 1: Retailing product-market strategy options (after Knee & Walters, 1985)**



An alternative classification of business strategies in a specifically rural retailing context – expansion, adaptation and diversification (as described above) – has been proposed by Jussila *et al.* (1992). This paper, therefore, aims to bring these different perspectives together by presenting a reworking of the basic Ansoff matrix (and Knee and Walters’ retail variant) in a rural retailing context, to explain the strategic options open to retailers on the Uists in order to combat the problems (and reap the possible benefits) of their rurality and relative isolation arising from their island context. The paper concludes by discussing the extent to which these strategies can be generalised across retail operations in other rural areas also.



### **3. Methodology**

Following an exploratory field visit to the Uists in the summer of 1999, the principal research for this paper was undertaken during April 2000. In the first instance this work involved the compilation of a census of all retail and service businesses on the Uists. This was achieved through the use of observational techniques and informal discussions with shopkeepers and/or workers. Data collected from this process included a range of information such as a retail business tenureship (for example independent / multiple / part of a symbol group), the type of goods or services it provided, and its exact geographical location. These data were subsequently collated in a computer database.

In order to explore the issues affecting retailers on the Uists more thoroughly, in-depth interviews were also undertaken with a convenience sample of six retail owner-managers. These interviews took a semi-structured format covering key themes such as the development of the retail business under study, the scale and scope of the business operation and the respondents' perception of internal and external factors affecting the performance of their business, using a SWOT analysis format (strengths, weaknesses, opportunities and threats). Interviews were taped and transcribed and analysis was carried out using standard theme and content analysis techniques. In addition to the research described above, content analysis of promotional literature produced by a number of retail businesses on the Uists was undertaken.

### **4. Basic Retail Provision**

In total 73 retail outlets were identified on the Uists through the retail census. Retailing in this instance was taken to include businesses for which a significant part of their product offer was the physical good as opposed to the provision of a service. Hence, businesses such as banks, hairdressers, laundrettes, estate agents and vets were excluded from the census. Retailing was, however, taken to include Post Offices, because these outlets typically sell physical products such as stationery and newspapers in addition to their basic service offer, and catering establishments such as cafés, public houses and

hotels. An important factor concerning hotels is that they provide food and drink to non-residents. This therefore marks them apart from guesthouses and bed and breakfast establishments which are not included as retailers in this study.

The retail and service provision on the Uists is detailed in Table 1. On the horizontal axis this table shows the tenureship status of the retail outlet in question. It can be seen that there are three key forms of tenureship: outlets which are independently owned; those that are owned by multiple retail companies; and those retail outlets which are affiliated to a symbol group such as Nisa, Premier and Spar<sup>3</sup>. On the vertical axis of the table the 73 retailers identified were classified according to the dominant retail sector within which they operated. Whilst most of these categories are self explanatory, some require further definition here. First, agricultural retail outlets were those attached to agricultural activities such as fish farms and plant nurseries. Second, the ‘other’ category refers to those outlets that are highly specialised in their merchandise offering and include a sports goods shop, a fashion retailer, and two builders’ merchants, one of which was multiple owned. The unclassifiable (mixed) category refers to outlets that include three or more of the other categories identified in the table as part of their product offer. This might, for example, involve a business that sold groceries, petrol and clothing and also incorporated a post office.

**Table 1: Retail businesses on the Uists**

Principal retail sector	<i>Tenureship status of outlet</i>		
	Independent owned	Multiple owned	Symbol group affiliated
Agricultural	5		
Catering	17		
Crafts / gifts	11		
Garage / petrol	3		
Grocery	4	3	3
Household	2	1	
Post Office	11		
Other	3	1	
Unclassifiable (mixed)	8		1

<sup>3</sup> The Spar affiliated outlet is managed by the NAAFI.

## **5. Strategic Product-Market Issues Influencing Retailers on the Uists**

There are a number of fundamental market and product issues affecting retail businesses on the Uists that result from the islands' rurality and relative remoteness.

### **5.1 Market Issues**

The key market issue arising from the islands' remoteness is the comparatively small size of the population and their situation far from the mainland. This obviously has disadvantages in that retailers are all competing to gain a slice of what is a comparatively small market. Moreover, the size of this market is declining as a result of the on-going out-migration of indigenous and temporary island inhabitants, a problem that hits all retailers hard, particularly those whose business is based on the sale of food and everyday grocery items. The islands have also been affected adversely by the downsizing of the military presence on the island of Benbecula. This has caused particular problems for non-food retailers in terms of the low turnover rate of the population. As one retail interviewee commented:

"The military going away has been a blow . . . With new families coming every year, the stock was new to them . . . now we have to get new stock in to keep the customers happy because the population is static."

Despite the problems outlined above, retail interviewees did identify some advantages arising from their small customer base. These included a high degree of familiarity with clients, which allowed traders to provide a better service and a product assortment more closely tailored to the needs and wants of their customers. In addition, high familiarity with the small customer base and local area benefited many retailers in terms of demand planning and the forecasting of turnover and business performance:

"You can predict, pretty much. If you know that someone is going away on holiday for a week then it's going to make a little dent in the turnover. But you see half a dozen cars coming in and all the rented houses on the island are full, it's almost inevitable that you're going to have that little bit extra."

Another important market issue arising from the islands' rurality and relative remoteness is the comparatively high level of relative shop density. For the islands as a whole there are 12.75 outlets per 1000 inhabitants. Even if catering outlets, garages and post offices are removed from the calculation of shop density, as some may not consider these activities true retailing, the average shop density on the islands is still 7.3<sup>4</sup> shops per 1000 inhabitants. Both these figures compare favourably with the 1998 UK average of 4.5 shops per 1000 inhabitants and a figure of 5.1 per 1000 for Scotland alone, as calculated by Euromonitor (2000). Possible explanations for this high density may relate to the islands' rurality and remoteness in an historical sense. In particular, for much of the 20th Century the islands were served by a poor road infrastructure that hampered mobility on and between islands. This may have resulted in small shop catchment areas and a consequent need for a high density of shop provision. Such problems have gradually been alleviated in the second half of the last century with the building of sea-crossing causeways between the islands and the partial improvement of road surfaces and widths, much of this work being funded by the European Union.

In terms of the islands' small and declining population, it would seem reasonable to assume that their increasing attractiveness to holidaymakers and tourists, particularly during the summer months, could offset this problem, especially for service providers such as hotels and catering establishments, those retailers with wholesale capabilities that supply them, and the ever-burgeoning number of craft and gift shops. One gift shop retailer, for example, reported that 50 per cent of business was carried out with tourists during the summer season. Rather ironically, however, returning to the issue of competition, one of these craft and gift retailers complained that turnover from tourists had been reduced of late due to competition from the two tourist information centres on the Uists (based at the two principal towns of Lochmaddy and Lochboisdale), both of which had started to sell their own range of craft and gift merchandise. Moreover, many food retailers felt that visitors to the islands still only accounted for a small proportion of their turnover, certainly in terms of direct tourist spend:

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<sup>4</sup> This figure probably underestimates the true density of retail provision on the Uists as a number of post offices on the islands sell other goods such as food, toiletries, books and gifts.

"If I had to rely on tourists, I'd be finished, totally and utterly finished. We even find they do bus tours here and bus tour operators are pretty good and stop and come in, thirty or forty old age pensioners come in and buy one bag of sweets amongst the whole lot of them. It's not something that's really worthwhile."

## 5.2 Product Issues

Product issues linked to the rurality and remoteness of the Uists relate to logistics and supply rather than the product itself. In particular, the islands' remote situation in the Atlantic Ocean presents logistical implications arising from the operational practices of suppliers and hauliers. In particular, some traders argued that for grocery products, manufacturers and hauliers operate a minimum order system for the Western Isles. As such they are often unwilling to deliver the smaller order sizes that are available for mainland-based businesses, to what they perceive as a 'remote' island location. The irony of this is that retailers on the Uists are more likely to require such reduced order sizes because of their small customer base. In turn, this creates problems in terms of grocery storage and, no doubt, having to commit substantial amounts of capital to grocery stock inventory:

"I'll give you an example of one company we used to buy nappies from. The minimum order used to be 45 cases and would be carriage paid to our door. If we were to contact them now it's 200 cases. Where on earth am I going to sell them all? . . . and it's not the right thing any more to hoard stock. You want to keep minimum stock, turn it over all the time."

Another issue surrounding the logistics and supply of products relates to the escalating rate of UK fuel prices. This, coupled with the costs of using the ferry service from the mainland and tolls on the Skye Bridge, has impacted heavily on the expense of deliveries to the Uists. Again, this is especially true for high volume, low margin grocery products that require regular delivery. Thus, for an articulated lorry delivering twenty pallets of goods, each pallet becomes notably more expensive to transport. One retailer recounted how a friend with an independent food retailing business on the nearby island

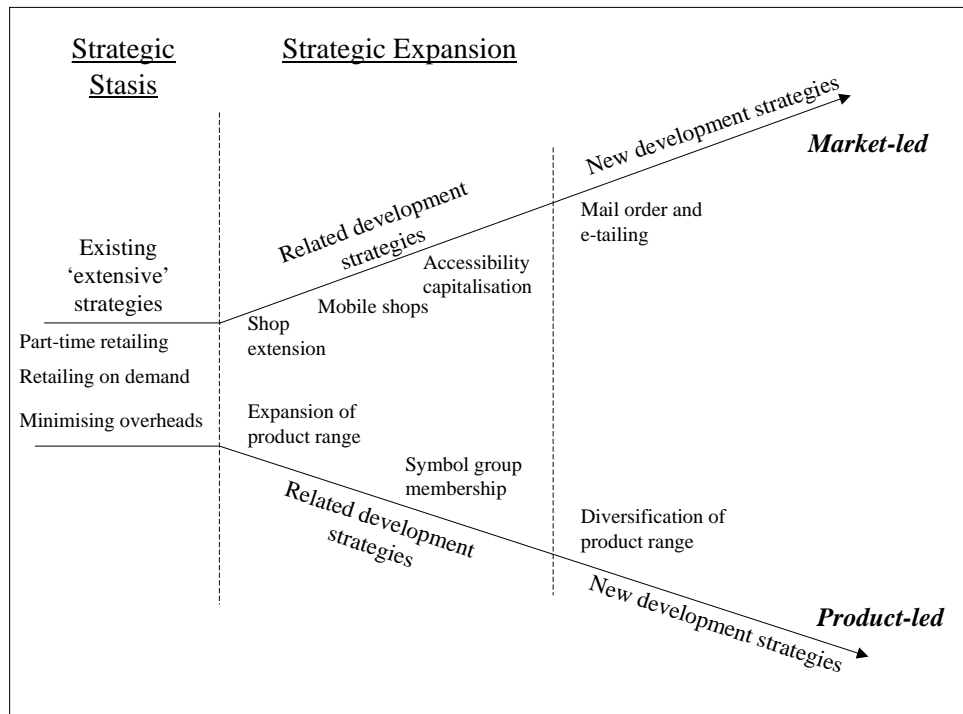
of Lewis had accumulated a carriage bill of £75,000 in the previous year, and this was with him 'keeping it as tight as he possibly can'.

## **6. Discussion**

This paper postulates that the market and product issues described above are dealt with by retailers on the Uists via strategies that can be developed using a variant of the Ansoff matrix as a framework. However, rather than using a four box matrix as originally adopted by Ansoff, the diagrammatic format adopted in this paper is 'funnical' (see Figure 2). It will be argued that this approach is better able to capture the fact that retailers may mix strategic directions for their business, within the specific geographic context that they are located. This appears to contrast with Jussila *et al.* (1992, p. 192) who imply that their three strategic alternatives are mutually exclusive and that the individual strategies are 'spatially bound'.

Some retailers on the Uists seem content to accept the environment within which they find themselves and exist in what might be termed 'strategic stasis', whilst others will seek a course of strategic 'expansion'. These 'expansion' strategies that retailers adopt in order to overcome the potential disadvantages arising from their situation can be in general alignment with the market and product-led issues. In Figure 2 the two sides of the funnel represent extremes in terms of a retailer exclusively adopting either a product-led or a market-led strategy. However, the reality for most retailers is that they are most likely to adopt elements of both product and market-led dimensions. Therefore these product and market dimensions should be regarded as orientations as opposed to mutually exclusive alternatives.

**Figure 2: ‘Funnical’ model of rural retail strategies**



### 6.1 Strategic Stasis

The first section of the funnel, or the spout, encapsulates those retailers on the Uists who are in what can be termed a strategic stasis. This suggests that their aim is to maintain the existing situation of their business in terms of customer base, turnover and profit through what might best be labelled ‘extensive’ strategies. In the same way that extensive farming is about minimum inputs, this is the retail equivalent, and on the Uists it can take three distinctive forms, all of which are locally grounded. The first of these involves part-time retailing, whereby the shop is not the main part of its owner’s business. Examples of this included a shop owner who considered his main occupation to be fishing, and another whose time was largely taken up with crofting activities. Typically, such shops had shorter opening times and received minimal inputs of their owners’ time, or were largely staffed by family members on an *ad hoc* basis. Another quite similar ‘extensive’ strategy is what might be termed retailing on demand. This included a shop that opened only when customers required it to. In such situations, the

shop was only opened by its owner when alerted by a customer, usually via a doorbell. A third 'extensive' strategy is where the owner of the retail business spends little or nothing on the upkeep and maintenance of shop fittings in order to keep overheads to a minimum and maximise profit margins. A number of shops on the Uists fit this description, and in such cases the minimal levels of shop maintenance and upkeep appeared to be determined by health and safety legislation and, in the specific case of those selling groceries, by food hygiene regulations. A key point to note is that although three different 'extensive' strategies have been identified here, retailers are often likely to combine a number of them to varying degrees.

## **6.2 Strategic Expansion**

Also represented in Figure 2 are the possible ways in which retailers on the Uists can potentially develop their businesses and move from a situation of strategic stasis, involving extensive strategies, to one of strategic expansion. Within the confines of product and market-led directions strategic expansion can take two main forms: 'related development' strategies and 'new development' strategies. The distinction between these two types of strategic expansion is spatial on the market-led axis. Thus, 'market-related development' strategies are bounded by the geographical confines of the Uists, whereas 'new development' strategies allow for retailers to expand beyond the island locality, often nationally or, in some cases globally. On the product-led axis the distinction between 'related development' and 'new development' strategies pertains to the extent to which the expansion of a retailer's product/service range is related to its original core offer.

On the product-led axis of the funnel, 'related development' strategies for retailers on the Uists involved two clear approaches. First the expansion of the retailer's product range within what they consider their core or original product sector. Examples of this included those traders selling groceries that had expanded their fruit and vegetable range and had started to stock more 'exotic' products such as gourmet foods. A second related development strategy on the product-led axis was the adoption of symbol group membership. This had the potential to provide two main benefits to retailers on the Uists. First membership of a symbol group created more of a 'presence' for the retailer



in terms of being able to capitalise on marketing initiatives organised by the group at both the national level, such as through media advertising campaigns, and at the local level through improved point-of-sale material. A second potential benefit was evident in terms of retail operations through the ability to utilise advanced systems and operating procedures (for example stock ordering) to improve business efficiency and ultimately profitability.

Turning to new development strategies on the product-led axis, the principal approach by retailers on the Uists in this respect involved the expansion of their product ranges into areas previously unrelated to their core businesses. There were numerous instances of where this strategy was occurring or had occurred in the past, typical examples being a food retailer that had moved into the merchandising of clothing and a limited range of electrical goods such as televisions and mobile telephones. Other cases included a food retailer that had opened a café and a petrol retailer selling groceries. Indeed, even though Table 1 identifies only 9 mixed retailers across the study area (simply because it was difficult to classify what the main element of their business was) it is fair to say that most retailers on the Uists had to a greater or lesser degree adopted a mixed product range.

On the market-led axis of the funnel, related development strategies for retailers on the Uists involved three approaches, all of which are locally-based. First, there were cases in which retailers had extended their shops. Using the more simple gravitational laws in retailing, and specifically the idea that larger is more attractive, shop extension is a means by which the catchment areas of retailers on the Uists, and therefore their customer bases, were expanded. A second related development strategy on the market-led axis was where retailers operated mobile shops. There were three of these on the Uists, each connected to an existing retail outlet. The use of the mobile shop was a means by which that outlet's catchment area and customer base could be extended, albeit on a temporary basis. A final related development strategy on the market-led axis was where retailers had taken new accessibility opportunities to expand their catchment area. In the case of the Uists this involved one particularly interesting example of a retailer on the small island of Berneray who had capitalised on the recent building of a

sea causeway between Berneray and North Uist. This development had widened the retailer's catchment area as potential customers on North Uist, who would have once needed to visit Berneray by ferry to shop, and may not, therefore, have bothered (preferring instead to travel further by road to the nearest shop on North Uist), could now simply drive over the causeway to do so.

The various market-related strategies described above were often combined with those on the product-led axis of the cone. For example, one retailer had combined a market-related strategy of shop extension with the new development strategy on the product-led axis of range extension. The rationale for this combination of strategic approaches was a straightforward one. New product ranges generally require more shop space, which often leads to shop extensions. In such cases, both the new product range and extension itself are a form of customer 'draw' that may increase the size and spatial area of a retailer's catchment. Indeed, this particular retailer, situated on the island of Benbecula, had taken these twin strategic approaches to develop what could be termed a mini retail park. Specifically, here, each strategic move on the product-led axis into a new product area had been accompanied with a new building or extension to house the expanded product range. Over a period of a few years this has resulted in the retailer becoming one of the main destination shops on the islands, a factor which has no doubt been enhanced by the central location of Benbecula on the Uist chain and it being the location for the main airport. As this retailer put it:

"We're pulling from North Uist, South Uist, Barra, Eriskay, Berneray. Just had a lady in the other day, she spent over £100, going on a plane."

Interestingly, in terms of product-related strategies this retailer was also drawing on the benefits of symbol group membership for the food side of his business. This demonstrates the interconnectedness of many market-led and product-led strategies, with retailers often adopting more than one of these approaches.

The one strategic approach shown in Figure 2 that has not yet been discussed is that of new-development strategies on the market-led axis of the funnel. Specifically on the Uists this involved situations where retailers have expanded catchment areas outside the

Uists to the national and sometimes global marketplace through the use of mail order and the Internet. The success of this strategic approach resulted from the nature of the products sold, which were highly specialised and tied culturally to the place and space of the Western Isles. Examples of this included retailers selling Hebridean Jewellery, Uist-farmed peat-smoked salmon or Hebridean woollen garments worldwide, always through a system of mail order, and sometimes via the Internet<sup>5</sup>. Interestingly, this market-led new development strategy has been long adopted by some retailers on the islands, and is by no means a recent strategic development. One retailer described how the business had been selling Hebridean tweed and woollen products by mail order UK-wide since the 1940s, using, it would seem, quite sophisticated methods of response measurement for the time:

"Advertising was mostly in England, in the South East, not Scotland as it [tweed etc.] is seen as a speciality good. My father-in-law advertised in magazines that targeted the farmer and the shooter with tweed and knitwear. Also, in South East newspapers like the *Evening Standard* and *The Telegraph*. He also advertised in women's magazines like *Vogue* and *Woman's Weekly* – the sort of magazines that get left in doctors and dentists' waiting rooms and have a long table life . . . He had a notebook in which he'd record responses. If there was advertising in *Vogue* he'd say 'write to department VGE for sample' or in *Woman's Weekly* he'd say 'write to department WW for a sample'. He could check who was responding by magazine and also by the date."

The various product-led and market-led strategies presented above in our 'funnical' model have shown the various routes by which retailers in a remote rural area of the United Kingdom have chosen to conduct their businesses. Some have sought to continue running their business but at a greatly reduced, more 'extensive' level compared to previously. Others, in contrast, have deliberately pursued a more aggressive, market and product-led route towards expansion. In some cases, this has resulted in expansion of markets beyond the confines of the islands into national and international territories. It is also apparent that a number of retailers have combined various strategies. They have not, therefore, pursued overtly market-led and product-led strategies. Rather, a combination

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<sup>5</sup> See, for example, [www.hebrideanwoolhouse.com](http://www.hebrideanwoolhouse.com) and [www.salar.co.uk](http://www.salar.co.uk)

of strategies has been adopted by a number of retailers, which thereby places them within the middle part of the funnel as opposed to along a particular axis.

## **7. Conclusion**

The funnical model represents a development of the existing typology of strategies for rural retailing, as posited by Jussila *et al.* (1992). The basic strategic categories are similar in both models. Thus, extensive retailing is analogous to Jussila *et al.*'s adaptation category, and their diversification and expansion categories can both be included within the strategic expansion section of the funnical model. However, the funnical model, and its explanation represents a progression in that the various strategic alternatives are explained fully (Jussila *et al.*'s description of expansion strategies is somewhat vague) and the funnical model gives specific examples of how the various strategic directions may be applied through the use of the interview data from respondents on the Uists. One significant area of difference however is the fact that research from the Uists indicates that individual retailers adopt more than one strategic approach in order to develop their businesses, as opposed to Jussila *et al.* (1992) who imply that their three strategic approaches are mutually exclusive alternatives. The funnical model is structured in order to accommodate this, emphasising that market-led and product-led strategies are not mutually exclusive and retailers may adopt a position somewhere in the middle of the 'funnel' that combines both market and product-led approaches. Alternatively retailers may adopt various positions within the model simultaneously, for example, a craft shop may open on demand to tourists visiting the Uists in the summer, whilst at the same time marketing its place-specific products via mail order and the Internet all year round.

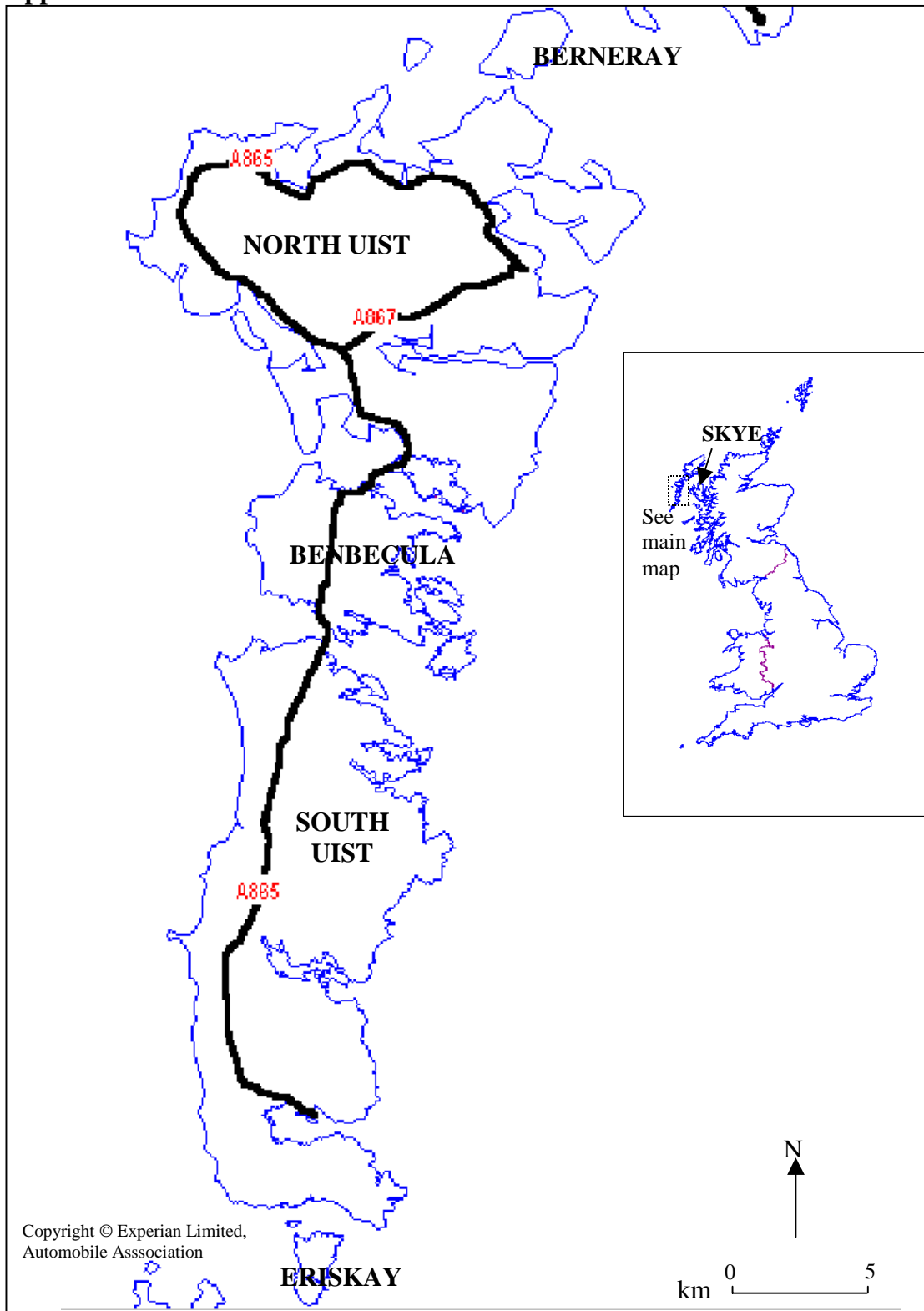
It could be argued that many of the strategies used by retailers on the Uists, such as product range expansion and diversification, symbol group membership and mobile shops, have already been adopted by some retail businesses in other rural areas (Rural Development Commission, 1994). Despite this, the paper still has implications for retailers in other rural areas of the UK. In particular, strategies seen at the extremes of

the funnel model may be less evident in a UK-wide context and as such, the situation witnessed on the Uists could offer useful lessons for rural retailing on the mainland. Specifically, the use of 'extensive' locally-grounded strategies of part-time retailing, retailing on demand and the minimisation of overheads seem to work quite well for some retailers on the Uists and perhaps such approaches could be adopted in those mainland-UK rural areas where village shops are under threat. At the other extreme of the funnel, and along the market-led axis, lies the idea of rural retail operations expanding their businesses territorially to national and possibly global levels through channels such as mail order and the Internet, and by marketing products which draw heavily on the specifics of the immediate locality in order to provide a degree of source credibility. This too is perhaps another way in which rural retailers on the UK mainland could develop their businesses. Indeed, there is evidence to suggest that a number of rural retailers on the mainland have been doing just that (Rural Development Commission, 1994, pp. 18-19).

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**Appendix: The Uist chain<sup>6</sup>**



<sup>6</sup> This map was prepared using Experian plc's MOSAIC package: their contribution is greatly acknowledged.