



**Friends of  
the Earth**

# Background information

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**Friends of the Earth inspires solutions to environmental problems, which make life better for people.**

**Friends of the Earth is:**

- the UK's most influential national environmental campaigning organisation**
- the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide**
- a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland**
- dependent on individuals for over 90 per cent of its income.**

**To join or make a donation call us on 0800 581 051**

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## Background - Why is this activity needed?

Friends of the Earth's supermarkets campaign

The supermarkets campaign involves a two pronged approach:

- restraining the power and growth of the biggest supermarkets
- supporting the more sustainable alternatives.

We are pushing for policy measures at the national, regional and local level on both these fronts. We have been lobbying hard for retail planning policy at the national and regional levels that supports a diverse and sustainable pattern of retail provision rather than simply giving a green light to more superstores. In 2004 lobbying by Friends of the Earth resulted in a government commitment to close a legal loophole which had allowed multiple retailers to expand their stores without planning permission by building mezzanine floors. The recent decision of the Office of Fair Trading to propose a new supermarkets inquiry was a direct result of a submission by Friends of the Earth, the Association of Convenience Stores, the National Federation of Women's Institutes and FARM. If this inquiry goes ahead it will present our best opportunity yet of getting action to curb the power and growth of the biggest supermarkets. During the inquiry we will be pushing for a moratorium on supermarkets taking over smaller chains, changes to the planning system to better protect and encourage smaller shops, a retail regulator and a stricter Code of Practice to protect suppliers.

But policy change takes time and meanwhile local shops will continue to go out of business. To survive they need to attract customers back from the supermarkets – opinion polls are increasingly showing that people value local shops<sup>1</sup> but this is not always followed through in terms of where they spend their money.

**Over the next twelve months the Shop Local First campaign will be our main focus for supporting alternatives to the big supermarkets.**

For more information on all aspects of the supermarkets campaign see the further reading list below.

### **The threat to Local shops and markets**

*"This is a family business, trading for 34 years but we've had a 35% drop in trade in the last two years (since Tesco opened), I don't want to sell up but I don't think I can stay in business much longer"* James Cawdron, Butcher, Stalham, Norfolk (who since talking to us in 2004 has managed to keep his shop open by diversifying his business e.g. offering catering)

*"There is no doubt now that London's local food markets are in jeopardy. Every year dozens of traders, some of whose families have run a stall for a century or more, give up their barrows. Few young men and women are taking their places. Government and councils need to take action to reverse the decline, but so too do we, the punters, or all we'll be left with is the monotony (and expense) of supermarkets."* Phil Harris, author of 'London Markets' (Cadagon Guides)

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<sup>1</sup> A Lancaster University study comparing shoppers attitudes in 1980 and 2002 found that consumers now name 'small and local' as the single most important factor in choosing a store (Lancaster University, Retail Competition and Consumer Choice, 2004)



The four biggest supermarkets already control over three quarters of the grocery market<sup>2</sup>. They are continuing to increase their dominance by taking over smaller chains, building new stores and expanding existing ones. Smaller independent shops are not surprisingly struggling to survive.

- In 2005 only 8% of food was purchased from the independent sector<sup>3</sup>
- In 2004 alone 2,157 independent shops went out of business or became part of a larger company compared with a previous annual average of around 300 a year<sup>4</sup>.

In many parts of the country grocery is in fact dominated by just one big supermarket: Tesco so “Tesco-isation” is already a reality for some communities.

- Tesco now has a massive 30% of the grocery market nationally - a rapid rise from just over 13% in the late 1990's
- Recent analysis by market researchers CACI shows that Tesco has more than 40% of the market in 14 districts and more than 45% in five towns<sup>5</sup>.

The big supermarkets are able to cut prices on particular items without taking a big dent in their profits – either by absorbing the price cut themselves or by hard bargaining with their suppliers to get a cheaper deal. A small shopkeeper can not afford to do this so it's very hard for them to compete. Ian Proudfoot, owner of a small chain of shops in East Yorkshire complained to the Office of Fair Trading when Tesco moved into town, gave his customers vouchers for a 40% discount at their new store and slashed prices on popular items to levels lower than at its stores elsewhere in the country. The OFT dismissed the case.

We are reaching a critical point for independent retailing in the UK. As more and more small shops go out of business the wholesale sector which they are dependent on for their supplies could become unviable.

And supermarkets are now selling more books, CDs, clothes and other goods which start to threaten other specialist high street shops. **In 2005 non-food sales in the supermarkets grew by 10% compared to just 2.6% for food**<sup>6</sup> The All Party Parliamentary Small Shops Group in January 2006 warned that independent newsagents may not survive beyond 2015 and that the future looks very bleak for all independent shops unless action is taken. (see Resources for a link to the report)

“The new Tesco in Dumfries now sells chart music cheaper than me so people now only come to me for the rare stuff and the staple 35% of my income from the chart music, has disappeared.” Record shop owner, Dumfries

Its not all bad news, some local shops are keeping one step ahead of the supermarkets by making sure they offer something the big stores – but even the most special local shop will find it tough unless shoppers return to the high streets and town centres.

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<sup>2</sup> Tesco 31%, Sainsburys 17.2%, Asda 16.2%, Morrisons/Safeway 11.9% (AGNielsen homescan October 05 in The Grocer 19/11/05)

<sup>3</sup> ibid

<sup>4</sup> Institute of Grocery Distribution (2005) Convenience Retailing

<sup>5</sup> A map by CACI illustrates just how dominant Tesco has become:

[http://www.caci.co.uk/page\\_content/dl/mdg.pdf](http://www.caci.co.uk/page_content/dl/mdg.pdf)

<sup>6</sup> Non food driving sales in grocery (2006)The Grocer February 18<sup>th</sup> 2006

## **What sort of local shops is this campaign about?**

Its pretty clear why Friends of the Earth would want to support farm shops, local food shops and farmers markets. Many Friends of the Earth local groups will have already been involved in promoting these kind of businesses via local food guides etc. But this campaign is about supporting a much wider range of shops. We believe that to provide a real alternative to the supermarkets we need to ensure that shoppers have access to vibrant town centres with a diversity of shops, we need corner shops in urban areas and village shops in rural areas – not owned by Tesco – where people can do ‘top-up’ shopping, we need thriving street markets selling fresh fruit and vegetables, and we probably need some smaller scale supermarkets where people can do their weekly food shop.

So this campaign is about ensuring that all kinds of smaller chains and independent shops can stay in business – from the specialist cheese shop to your local corner shop. Supermarkets have set their sites on taking over convenience stores– we think there’s a big potential for these kinds of shops to bring local food to more people (more on that below) – so its important to help them stay independent. It can be a bit confusing to work out just how independent your local corner shop is or you may be wondering why you should support your local SPAR so we’ve explained in the box below just what it means if a local shop is part of a franchise or symbol group.

### **How independent is your convenience store?**

Stores which carry well known fascias such as SPAR and Londis are independently owned but affiliated with a particular brand. By joining a franchise group (also known as a symbol group) shop owners benefit from increased buying power, participation in marketing initiatives, and being able to sell a recognised brand at reasonably competitive prices. As competition increases these benefits to the shop owner are perceived to be more important and as a result completely independent convenience stores are in decline. However because stores belonging to a symbol group are still independently owned they are still able to stock locally sourced food in addition to branded products.

Completely independent shops will have even more scope to source locally over all their products. Some independent shops may group together in local or regional buying groups rather than join a national franchise.

**We don’t want to set out strict rules about which shops you include as Shop Local First should be a locally led campaign. But as a rough guide we’d like to support locally or even regionally owned shops or small chains. It’s fine to support convenience stores under a national franchise because the shops are still locally owned and have great potential to source more local food in the future.**



## The benefits of local shops

### 1. Real Food

In Thame, Oxfordshire, a unique shop has opened selling foods grown or made within a 30 mile radius including local varieties of apples such as the Blenheim Orange, locally made wine, ice cream and honey. Overall it sells about four hundred items from sixty five producers. These kind of specialist shops selling high quality food sourced from the local area or specialising in organic produce are clearly providing what we would call 'Real Food' and should definitely be part of your Shop Local First campaign but we also want to include a wider range of shops.

The more traditional high street shops such as butchers and greengrocers are also more likely to source some local produce or at least to source British seasonal produce. For example we found that independent greengrocers and market stalls were better for sourcing British apples in season than the big supermarkets despite the big claims and glossy adverts from the big boys about supporting British growers (see further reading for more details). Caroline Cranbrook's research In East Suffolk found that local butchers sold several varieties of local bacon and ham as well as each having its own special recipe for sausages<sup>7</sup>.

Specialist shopkeepers are often very knowledgeable about the products they sell – whether it's a butcher who can advice customers on how to cook different cuts of meat or a cheesemonger who knows what temperature to store a particular cheese for the best flavour. Supermarkets may have counters trying to convince shoppers that they are just the same as a high street store but they don't have the same specialist staff and do not offer the same kind of service as author and food critic Joanna Blythman found when researching her book about the power of supermarkets:.

*Q. "I need minced ham or bacon to make meatballs. Can you do that for me?"*

*A No, we can't do that here. To be honest I've never seen it. You could try Cranston's [the local butcher]*

(Morrison's, Kingtown, Carlisle)

Joanna Blythman, *Shopped: The Shocking Power of British Supermarkets'*

Compared to these specialist shops convenience stores may not sell much fresh produce and you may think that it's unlikely to be locally sourced. But it is worth looking at your local corner shops a bit more closely. The Spa corner shop in Saltaire, West Yorkshire, sells bread made on the premises and home-made samosas and the milk comes in returnable bottles. In Dersingham, Norfolk, the SPAR shop sells organic milk and yoghurt and its bread and cakes come from a local bakery.

### 2. Part of the Local Community

Local shops have an importance beyond the food they sell. They may be the only place that elderly people can get to on foot and the social interaction they provide may be very important to their customers.

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<sup>7</sup> Cranbrook, C, Supermarkets and the East Suffolk Food Story

*“Wherever we went, we learnt about yet another amazing service that the shop-keepers undertake for their customers - in Westleton the Lincolns organised a dog-walking service for an elderly lady who could not longer exercise her dog and would otherwise have had to have it put down. The Mitchells of Hunts Hill Stores at Glemsford rescued an a lady whose wardrobe had fallen on top of her and they even look after their customers' pet birds when they go on holiday. Eve and Martin Crosby of the Jackdaw Service Station at Troston organise transport and food deliveries for customers who can no longer drive. Judith and Bill at Alderton, whose shop is in a very isolated area, take shopping home for their customers if they can't carry it...*

Caroline Cranbrook, judge in the Suffolk Small Shops Competition (see Campaign Ideas section)

Useful backing for local shops comes from the Department of Health (DoH) and the Government's Social Exclusion Unit both of which stressed the importance of strengthening local shopping provision to benefit low income households. The DoH also recommended that local authorities should discourage the provision of new stores over 1,000 square metres gross floorspace outside named major centres.

Although supermarkets claim to offer affordable food to their consumers this often isn't the case for fresh fruit and vegetables – local greengrocers and street markets are more likely to help low income households to access a healthy diet (see further reading for more details).

Local shops are sometimes referred to as the 'social glue' of the community because they are a hub for local people and because they in turn use a lot of other local services and businesses.

### **3. Better for the Local Economy**

*“The whole picture comes down to the simple adage that a pound spent in my shop circulates some 16 times in the local economy; a pound spent in Tesco goes into the back of a Securicor van and out to faceless shareholders with no interest in the local area of Stalham at all. The 'leaky bucket' syndrome”!*

Nigel Dowdney, who runs the Stalham Shopper and is joint originator of Norfolk's Localise it campaign featured in the Case Studies

The benefits of local food schemes to the local economy is fairly well known. A Friends of the Earth study of local food schemes including farm shops, farmers' markets, box schemes and community supported agriculture found that on average just over 50 per cent of business turnover was returned to the local economy, usually in the form of spending on local produce and inputs, staff wages and money spent at other local shops and businesses. This compares favourably with supermarkets, which may siphon as much as 95 per cent of their takings away from local areas to shareholders and distant corporations<sup>8</sup>. Local food schemes also provide an alternative market for farmers – this is vital to ensure they can achieve fair prices and decent treatment. A New Economics Foundation study<sup>9</sup> of food procurement for local authorities in Northumberland found that local suppliers re-spent on average 76 per cent of their income from contracts with local people and businesses, while suppliers from outside Northumberland spent only 36 per cent in the area. This means that every **£1 spent with a local supplier is worth £1.76 to the local economy, and only 36 pence if it is spent out of the area.** That makes £1 spent locally worth almost 400 per cent

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<sup>8</sup> de Selincourt, K, 1997, Local Harvest: *delicious ways to save the planet*

<sup>9</sup> NEF press release “buying local worth 400 per cent more” 07/03/05



more. The benefits of local shops to the local economy are less well studied but the same principles of the benefits of local money circulation will apply.

An interesting example of how this works in practice is the Redorange Ltd group in Norfolk, a group of almost 50 independent retailers. Redorange does deals with local and national suppliers on behalf of its members – offering suppliers a way into its members shops, a guaranteed payment and a central invoicing system in return for an extra discount.

Redorange is involved in the 'Localise It!' campaign in Norfolk (see case studies) which is focussed on encouraging an active local economy and the group is committed to get the message across to its members. Its members are encouraged to use other small local businesses (painters, builders, electricians, accountants, solicitors, post offices etc), to buy local produce and use local suppliers. Nigel Dowdney who owns 2 shops in the group has around 50 local suppliers coming into his shops.

#### **4. Better for the Environment**

There are good environmental reasons for supporting local shops.

Friends of the Earth sees the dominance of the big chains as a significant threat to a more sustainable food and farming system. Whilst supermarkets may sell some organic and fair trade food in response to consumer demand the vast majority of their shelves are filled with globally sourced intensively produced and over-packaged food. If farmers are to be able to turn to more sustainable methods of production they need alternative outlets to sell their produce. Farmers markets are on the increase and this is to be welcomed but we need many more outlets in order to provide a real alternative to farmers and shoppers. Independent stores and smaller chains will find it hard to put ethical and sustainable sourcing ahead of cheap prices while they have are struggling just to stay in business.

Although it's hard to imagine persuading many families to switch all their food shopping from the supermarket to the high street a shift to local shops for 'top-up' shopping could still reduce car travel. People are increasingly making return trips to big supermarkets to do top-up shopping that they could do in a local shop. For example research for the Grocer magazine in 2004 found that nearly a quarter of shoppers use a Tesco superstore or Tesco Extra for top-up shopping. Whilst some of this trend probably relates to the loss of local shops some of it must be people choosing to drive to a Tesco rather than use a more local shop (41% of shoppers in the Grocer survey said ease of parking was a key factor in choosing where to shop).

Local shops are also more energy efficient than big supermarkets. An average big supermarket emits three times more carbon dioxide per square foot than an average greengrocer shop and it would take more than sixty greengrocers to match the carbon dioxide emissions from a single average superstore<sup>10</sup>. Food miles also contribute to carbon dioxide emissions and the rise in supermarkets has been clearly linked to a rise in food transported in the UK.

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<sup>10</sup> Elsayed MA, Grant JF & Mortimer ND (2002) *Energy use in the United Kingdom non-domestic building stock: 2002 catalogue of results* Resources Research Unit, School of Environment and Development, Sheffield Hallam University

Supermarkets also generate vast quantities of waste – both in terms of packaging and wasted food. Fresh produce is often rejected because it doesn't meet supermarket cosmetic standards. One Austrian study found that shoppers going to producer-consumer co-operative stores generated 75% less waste than those using supermarkets.<sup>11</sup>

For more information on why supermarket dominance is damaging the environment and why we should be supporting local shops see the Q&A in this pack and further reading below.

## Further Reading

### **Competition Commission/Office of Fair Trading:**

Submissions to the Office of Fair Trading requesting a new inquiry into supermarkets:

[http://www.foe.co.uk/resource/evidence/oft\\_consultation\\_response.pdf](http://www.foe.co.uk/resource/evidence/oft_consultation_response.pdf)

[http://www.foe.co.uk/resource/evidence/proposal\\_for\\_a\\_market\\_stud.pdf](http://www.foe.co.uk/resource/evidence/proposal_for_a_market_stud.pdf)

### **Planning Policy**

Submission to Office of the Deputy Prime Minister about Planning Policy Statement 6:

[http://www.foe.co.uk/resource/briefings/pps6\\_damage\\_town\\_centres.pdf](http://www.foe.co.uk/resource/briefings/pps6_damage_town_centres.pdf)

### **Briefing on Local Development Frameworks**

[http://www.foe.co.uk/resource/briefings/ldfs\\_and\\_retail\\_policy.pdf](http://www.foe.co.uk/resource/briefings/ldfs_and_retail_policy.pdf)

### **Retail Planning in Wales**

<http://www.foe.co.uk/cymru/english/resource/index.html#planning>

### **Planning in Northern Ireland:**

[http://www.foe.co.uk/resource/action\\_guides/ni\\_planning\\_guide.pdf](http://www.foe.co.uk/resource/action_guides/ni_planning_guide.pdf)

### **All-Party Parliamentary Small Shops Group report:**

High Street Britain: 2015, House of Commons

<http://www.nfsp.org.uk/uploads/pdfs/High%20Street%20Britain%202015%20report.pdf>

### **Tesco**

Tesco Takeover

[http://www.foe.co.uk/resource/briefings/the\\_tesco\\_takeover.pdf](http://www.foe.co.uk/resource/briefings/the_tesco_takeover.pdf)

### **Tescopoly website**

<http://www.tescopoly.org/>

### **Supermarkets not sourcing British apples;**

Latest Friends of the Earth apple survey:

[http://www.foe.co.uk/resource/media\\_briefing/applesurvey.pdf](http://www.foe.co.uk/resource/media_briefing/applesurvey.pdf)

### **Pricing of healthy food in supermarkets**

Friends of the Earth survey 2003

[http://www.foe.co.uk/resource/briefings/apples\\_short\\_supply.pdf](http://www.foe.co.uk/resource/briefings/apples_short_supply.pdf)

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<sup>11</sup> Checking out the Environment, 2005,

[http://www.foe.co.uk/resource/briefings/checking\\_out\\_the\\_environment.pdf](http://www.foe.co.uk/resource/briefings/checking_out_the_environment.pdf)



New Economics Foundation, 2005, Trading Places: The local economic impact of street produce and farmers' markets

[http://www.neweconomics.org/gen/z\\_sys\\_PublicationDetail.aspx?PID=216](http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?PID=216)

**Environmental impacts of supermarkets**

Friends of the Earth briefing 'checking out the environment'

[http://www.foe.co.uk/resource/briefings/checking\\_out\\_the\\_environme.pdf](http://www.foe.co.uk/resource/briefings/checking_out_the_environme.pdf)

**Community Impacts of supermarkets**

Friends of the Earth briefing 'good neighbours?'

[http://www.foe.co.uk/resource/briefings/good\\_neighbours\\_community.pdf](http://www.foe.co.uk/resource/briefings/good_neighbours_community.pdf)

**General reading on the impacts of supermarket dominance:**

'Shopped – The Shocking Power of British Supermarkets', Joanna Blythman

'Not on the label - What really goes into the food on your plate', Felicity Lawrence

*both available from Friends of the Earth publications*

[http://www.foe.co.uk/pubsinfo/pubscat/real\\_food.html](http://www.foe.co.uk/pubsinfo/pubscat/real_food.html)