

17 November 2007



**Friends of
the Earth**

Shop Local First:

A sustainable future for independent shops

Seminar summary

On 17 November 2007 Friends of the Earth hosted a seminar to discuss the challenges and opportunities facing the independent retail sector in its move towards increased sustainability. Supermarkets may dominate the headlines with their 'green' initiatives but it is independent local shops that have the biggest potential to deliver sustainable food retailing. The aim of the seminar was to hear practical examples of how this is already being done, and to discuss the barriers, opportunities and policies that must be addressed to make local shops the 'green' retailers of the future.

This summary gives a brief overview of the day, including some of the main points made by our speakers, as well as the outcomes from the afternoon's discussion group sessions. Firstly, these are the main outcomes we identified from the day:

- Independent shops can provide the vision of enjoyable, convenient and sustainable retailing that many consumers want. Local food should be a key ingredient in this as it is increasing in popularity and provides a way of distinguishing independents from the bland multiples. Local food hubs which can supply a range of shops with a variety of local products are a challenging but excellent way of helping to make this vision a reality (see page 4).
- Planning rules must be changed so that diverse retailing is promoted, not further supermarket expansion. It is vital that the Government doesn't accept the Competition Commission's recommendation that we need a greater choice of big supermarkets, rather than a real choice of where to shop. Contact richard.hines@foe.co.uk for more information on this.
- Finally, there was a real sense of enthusiasm for this work at the event. There were a lot of excellent ideas and opportunities for taking sustainable retailing and the promotion of local food forward. We will be discussing the best ways of doing this with our partners.

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Speaker sessions

Below are brief summaries of the points covered during the morning's speaker and Q&A sessions.

Sandra Bell – Friends of the Earth

What is the Shop Local First Campaign?

The main focus of Friends of the Earth supermarket campaign has been on curbing supermarket power – something that we are trying to do through the Competition Commission and Planning policy.

In recognition that policy change takes time and meanwhile local shops continue to close at an alarming rate, we launched Shop Local First in 2007. The short term aims of the campaign are about changing shopper behaviour, raising awareness of the benefits of local shops and encouraging them to shift some spending from supermarkets. The longer term aim is to ensure supportive local policies that support independent shops but also to work with local shops at a local level to encourage more sustainable practices such as local sourcing.

The campaign has proved popular with participants in the Shop Local First campaign ranging from individual shops to whole towns.

Why is FOE supporting local shops?

Supermarkets may have been grabbing the headlines with their claims to be green grocers but we believe that local shops and street markets have greater potential to be the sustainable retailers of the future. And in some respects they are already ahead of the big four.

- Research has shown that local shops are more energy efficient than big supermarkets large supermarkets emit on average three times as much carbon dioxide per square foot than an average greengrocer.
- In greengrocers and street markets fresh produce is often sold loose compared to only half of Tesco's fruit and veg – the rest being packaged. And a study by the LGA found that a higher proportion of packaging at street markets was recyclable than in the big supermarkets.
- Our own surveys of apple sourcing have shown that greengrocers and street markets sold a higher proportion of British apples when they are in season.
- And this is not just about specialist shops like greengrocers. Your average convenience store is more likely to be visited on foot by its customers. An important consideration given that urban car journeys for food shopping rose 9% in one year between 2005 and 2006.
- Because local shops can do local sourcing more genuinely this could be a real point of difference between them and the big supermarkets.

Why is it so important to do this work now?

It's a crucial time for the future of retailing in this country with threats and opportunities for the independent sector.

The Competition Commission is investigating the grocery market and has the power to redress the balance to curb the dominance of the supermarkets and introduce measures that will help independent shops to thrive. But its Provisional Findings failed to recognise the problems facing local shops trying to compete with the big supermarkets. One of the reasons that it is failing to act on behalf of local shops is that it has failed to understand the importance of local shops to the communities they serve. It has also failed to grasp the potential of the independent sector to meet consumers' demands for 'greener lifestyle' and specifically local food. By focussing on choice of large stores within 10 minutes drive time it has ignored the needs of those households without a car or choosing not to use one. So it's crucial that we emphasise all the values of local shops.

Following the Commission's report we are also facing a shake-up in planning rules. The Commission wants to free up planning policy to allow more big supermarkets to be built on the edge of town centres and out of town. This would clearly be a disaster for independent shops. But the planning shake up is also an opportunity, so we need to convince Government that we actually need stronger planning policies that encourage local shops, neighbourhood parades, and shops that sell local food.

Joanna Blythman – food journalist

Joanna described how independent shops can provide a positive vision of enjoyable shopping, as opposed to the dull homogeneity of the supermarkets. People actually enjoy shopping for good quality produce, and there are signs that some areas of the market are strong e.g. farmers markets and mail order schemes are booming.

But convenience stores in particular are vulnerable. It was suggested that by being creative and providing people with the chance to improve their quality of life was the way out of this. Supermarkets are poor at offering local produce, so independents should provide it e.g. c-stores could be a drop-off point for veg box schemes. They need to step out of the supermarket paradigm and offer something different.

Shane Brennan – Association of Convenience Stores

Convenience stores are being lost at an alarming rate each year, especially independent stores that are not affiliated to a symbol or franchise group. Shane suggested some of the measures that are needed for them to survive:

- Source more local produce – one survey showed that 27% of customers said they'd shop more at local shops if they sold more local products
- There is a need to get local products into cash and carries and delivery wholesale so that they are more reliable to stock. Shops need consistency
- Thought needs to be given to whether local should be a premium product or part of a shop's normal brand
- Convenience store owners need to develop knowledge about their products
- Stores need to modernise – some currently appear to be poor relations of the supermarkets' offerings
- Shops can make links with the community e.g. deliveries to the elderly, charity events

Jonathon Bayne - Musgrave Retail Partners GB

Musgrave Retail Partners GB has a number of policies aimed at getting more local food into Budgens and Londis stores. They work with local food groups and local food hubs, and can help provide shopkeepers and producers with an 'ethos and vision', expertise on labelling and 'meet the buyer' events to help build links between producer and retailer.

They aim to have a range of 100 local products to offer to retailers through local hubs. Food hubs provide shopkeepers with a number of benefits, including:

- single consolidated delivery and single invoice
- local products have in some cases been shown to outsell traditional brands

They have also identified a number of barriers which need to be overcome to get more local food onto shelves:

- Suppliers can be nervous of dealing with retailers the size of Budgens/Londis
- Small producers are over – regulated
Help is needed with bar coding, labelling, packaging and working with hubs something that Musgrave can provide.

Nigel Dowdney – East Anglia Food Links

Nigel has been an independent retailer in Norfolk for the past 20 years. He has two stores; in Stalham, North Norfolk and Norwich. He has always been committed to local and seasonal sourcing, providing produce everything from hens eggs to ice cream. And as well as getting produce from local farmers he has also sourced produce from gardens, allotments and even chestnuts collected by school kids. Being a recognised part of the local community is key to this.

Nigel is also chair and a founding member of 'Buy Local (Norfolk) Ltd.', an accreditation scheme set up to promote local independent businesses in Norfolk to the public and to each other. This means that as well as using local suppliers, his business is also committed to using other local services such as plumbers, the post office and banks. This means that profits circulate in the local economy.

Some of the challenges that Nigel highlighted included:

- It is difficult for independents to meet the criteria in turnover to get discounts on bulk buying. Becoming part of a local buying group, such as RedOrange Ltd of which Nigel is a Director, can help overcome this by combining buying power
- Symbol groups could also help boost local food by allowing affiliated shops to count local foods towards their bulk buy discount.
- Stores providing local food have difficulties at the point of sale – how do you make it look good on the shelves?

Tully Wakeman – East Anglia Food Links

Tully emphasised that we need to be clear what we're talking about when discussing the issue of 'local'. Do we mean local food, local shops or both? We also need to be clear about the kinds of products we're talking about. Are we trying to get locally produced staples into shops, or are we focussing on the niche products, something which some local food hubs have tended to do. A final question was that of local manufacturing – is food that is manufactured locally really local if the raw ingredients are from elsewhere. On the latter,

East Anglia Food Links are developing certification that would require food to be grown locally.

Some of the challenges highlighted were:

- How to get staples into independents on a daily basis if local food is going to be more than a niche market?
- Hubs need to generate £1-2 million turnover a year to be viable – how can these figures be achieved?
- How to tackle the supermarkets' inappropriate use of terms like local and sustainable?

Q&A session

Challenges, opportunities & comments:

- Planning Policy needs to be changed to promote diversity.
- Start-ups must be encouraged – new retailers are needed to sustain small producers.
- Could Regional Development Agencies (RDAs) be a source of funding for local food hubs?
- Ties should be built between markets and local shops.
- There is too much focus on getting better products into supermarkets e.g. Fair Trade, Organics, and as a result independents struggle to get them in store. More needs to be done to support independents.
- Shopkeepers need more information on how to deal with local suppliers – skill shares, advice and training needed.
- Do we need certified definition of local so that consumers can be clearer about what they're buying? This will be especially tricky for processed foods e.g. where does the flour in locally manufactured bread come from?

Discussion groups

Below are the challenges, opportunities and recommendations that came out of the afternoon's discussion group sessions (please note that some of these points are personal opinions rather than the views of the entire group):

What needs to happen at the national level?

- There is a distinction between the policy solutions required to foster the survival of local shops (such as the Competition Commission and Planning Policy), and practical policy measures that will support and enable local sourcing.
- Planning policy is both local and national yet local measures will be affected by national level policy. We must therefore act now to ensure that changes to planning policy promote diverse retailing instead of even more supermarkets.
- There is a need for joined up food policy from different government departments - Health, Economics, Transport etc.

Food hubs

- There are great benefits in bringing local producers and hubs together. Products have new markets and hubs get new producers but it has to be commercial and viable. Hubs can be supported by regional food groups.
- Funding is needed to start hubs because the level of risk is so high and generally the money for long term investment is not there. Although DEFRA has cut funding to regional food groups, in some cases RDAs have stepped in. There is also EU funding available.
- There have been major problems with hubs not being run professionally or as commercial entities. Some people think that because they are locally-run operations, retailers will put up with non-professional approach. This is not true. For example, it is very important for retailers to have continuity of supply.
- Instead of starting hubs everywhere (which doesn't address problems of transport) we need a more coordinated structure for forming hubs e.g. Musgraves uses Spar hubs.
- Local food hubs should build links with restaurants, schools etc. as well as shops.
- Serious consideration needs to be given to the question of scale. There is a conflict between sustainability and profitability – a hub with a smaller catchment area would provide truly local food but would it bring in enough money?
- Local food/supplier directories could be set up as a forerunner/alternative. These would need to be online and easily updatable.

Provenance & Traceability

- There may be options of policy support for local food through provenance information and traceability. However, it was stressed that we need to be wary of very prescriptive provenance regulation because it puts additional burden on retailers - especially smaller ones.
- Any labelling schemes need to be accurate and tightly regulated because customers will rely on them because they are easy.
- We should steer clear of too much bureaucracy but need a regulator like an ombudsman for the grocery market. Especially because so many of the big players provide extremely misleading information.

Education & community

- It was suggested that we need to get right down to the basics, such as cookery lessons for children. Supermarkets love people who don't know about food. Sustain are already doing excellent work on this but there is a need for more Government programs in this area.
- There is also a need for education in the broadest sense for traders, food producers etc on supply chain and food issues.

- We need to challenge people's perception of what good food tastes like – knobbly carrots, not shrink-wrapped bananas – independent shops could help with this.
- Communities need to get involved with the ideas behind local food – independent shops could act as champions of this
- Plans should be put in place for communicating the message to those who are originally not interested

Next steps

We will be discussing the best ways to take this work forward with our partners. One of the questions we will be asking will be whether there is suitable group who could facilitate further discussions and take the lead on making the group's ideas a reality.

There is also **an urgent need to act now on the planning issues raised at this event**. If you would like more information on how to do so, such as distributing our new action postcard please contact Richard Hines at richard.hines@foe.co.uk. In the meantime you can take individual action at:

http://www.foe.co.uk/campaigns/real_food/press_for_change/supermarkets_planning/index.html.