Good Neighbours?
Community impacts of supermarkets
The last fifty years have seen major changes in the way that people buy their food. Fifty years ago most people bought their food from markets or specialist food shops, such as greengrocers, butchers and fishmongers. Today, £76bn is spent on groceries, and more than 80 per cent goes to supermarkets. These are huge corporations; Asda Walmart is now the world’s largest company by turnover, while Tesco takes one in every three pounds spent in the UK. This briefing looks at the economic and social effects of the competitive policies of large supermarket chains, and the subsequent impacts on local communities in the UK.

The rise of the supermarkets

The characteristic retail outlet for large supermarket chains is the superstore, typically more than 25,000 square feet in size. The number of superstores in the UK rose from 733 to 1,147 between 1990 and 1998. Smaller, independent shops struggle to compete with the buying power and aggressive pricing policies of these big supermarkets – in 1995 there were 230,000 banks, Post Offices, pubs, grocers, and corner shops in Britain. By 2002 there were 185,000, and it has been projected that there will be just 140,000 by 2009. The rate of loss of independent shops is increasing - a recent study by the Institute of Grocery Distribution revealed that 2,157 independent shops went out of business or became part of a larger company in 2004, compared with a previous annual average of around 300 a year.

During the last twenty years, a range of alternatives to supermarkets have developed, including farmers’ markets, farm shops, direct sales and delivery schemes. And when added to traditional shops and food markets, there is still a great variety of ways of buying food. But all of this variety is under threat from the aggressive sales tactics of the big supermarkets.

In addition, supermarkets are now muscling in on non-food markets such as clothing, electrical goods, books and CDs, as well as financial and other services, such as pharmacies and photo development. It is clear that the big supermarkets see these goods and services as key to their continuing expansion. They are aiming to compete directly with the entire range of shops found in our towns and high streets.

Eroding Choice

Supermarkets claim that they provide choice to consumers, but in reality they often erode real choices for people: a recent Mintel survey of shopping patterns commented that “arguably the biggest threat to smaller towns and the high street is increased provision of convenience items by major grocery superstores.” By dominating food sales, they take away the choice to shop in traditional shops such as greengrocers and butchers; they make it hard for new schemes to start and expand; and by targeting non-food shops they could take away the choice to visit a thriving town centre. Several companies, in particular Sainsbury and Tesco, are also buying up independent convenience stores.

Tesco already controls nearly 30 per cent of the grocery market, and in areas where it is also buying up convenience stores, its market share may be even higher. If this trend continues, the only choice available to consumers will be between Tesco or Asda, Sainsbury or Morrison’s; in the worst cases shoppers may only have the choice to go to different size stores of the same chain.

Supermarkets provide a ‘one size fits all’ solution to retailing, but communities contain a
huge diversity of people with different needs and demands. There are already many
different formats for buying food (including but by no means limited to):

- Traditional specialist stores such as greengrocers, butchers, fishmongers.
- Local corner shops and convenience stores
- Traditional markets and the newer farmers’ markets
- Farm shops, pick-your-own and direct sales
- Food co-operatives and box delivery schemes

Providing genuine choice should be about making provision for this diversity, rather than
stifling it. Supporting this diversity also brings local economic and social benefits.

But supermarkets can use very aggressive tactics to remove local competitors. The
Proudfoot chain in North Yorkshire is a long-established local business. When Tesco
opened a store in Withernsea, they sent money-off vouchers to local households giving them
40% savings at Tesco. Ian Proudfoot, owner of Proudfoot stores, asked the Office of Fair
Trading (OFT) to investigate, claiming that Tesco was trying to put him out of business, but
the OFT saw nothing wrong in Tesco’s behaviour\(^7\). Recent reports suggest they are
repeating this approach in several cities with discount offers to customers. Local retailers
are angry at what they say is an aggressive, anti-competitive tactic\(^8\) - even successful
businesses can struggle to compete against such activities.

Supermarkets are also increasingly moving into non-food goods, such as clothes, electrical,
garden equipment, medicines, household goods and so on. The New Economics
Foundation has been researching the decline of all types of independent retailers, revealing
the extent of supermarket and chain store takeover of the high street.\(^9\) One of the worst
towns surveyed had only one independent shop – the rest were chains. In contrast Hebden
Bridge, in West Yorkshire, has only three chain stores. ‘Their report states that ‘many town
centres...have lost their sense of place and the distinctive facades of their high streets’.’ High
streets dominated by ‘identikit chain stores’ also have fewer categories of shop than towns
that have resisted the invasion of chain stores and supermarkets.

**Impacts on the local economy**

Independent shops are part of the local economy and often support their local community.
Many independent stores buy their supplies locally, and this can help the local economy. A
Friends of the Earth study of local food schemes\(^10\) 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 very favourably with supermarkets, which may siphon as much
as 95 per cent of their takings away from local areas to shareholders and distant
corporations\(^11\).

- In **Hove**, Brighton. Tesco opened a large superstore in 2003, and the company
  claims that this attracted 30,000 new customers. Yet local traders feel that they are
  worse off\(^12\). They have seen falls in takings and the new store ate up land previously
  used for a car park, while the store’s own parking is only for two hours, giving
  customers little time to shop anywhere other than Tesco.
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- A study in Fakenham, found that town-centre food retailers experienced a 64 per cent decline in market share following the opening of an out-of-town supermarket. The number of convenience food stores fell from 18 to 13, and the number of vacant shops rose by 33%\(^{13}\)

The impact of the closure of local shops can be widely felt, as they often exist in a network with other local businesses. A survey of shopkeepers around the town of Saxmundham in East Suffolk\(^{14}\) was carried out in 1998 when a new Tesco store was proposed. It found that 67 out of 81 food retailers in seven market towns and 19 villages, employing 548 people, predicted they would go out of business if the Tesco store opened. The survey reported that this would lead to the loss of a further 295 related local jobs.

And it is unlikely this lost local business will be picked up by supermarkets. It has been estimated that, using a definition of local food as coming from within 30 miles of the store, it is typical for supermarkets to have only 1-2 per cent of turnover from local food providers\(^{15}\).

In contrast, Friends of the Earth’s study of local food schemes\(^{16}\) found that most of them sold food directly from their own land, and where they were unable to do this they were going to considerable effort to source locally. 94 per cent of the businesses sourced produce from within a thirty mile radius, and nearly a quarter of them sourced most or all of their food locally.

**Edge of centre superstores**

As supermarkets have found it increasingly difficult to get permission for out-of-town superstores, there has been an increasing move towards locating them at the edge of town centres. The impacts of such developments are highly dependent on exactly how and where they are sited.

One Government-commissioned study\(^{17}\) highlighted the case of a superstore classed by planning authorities as edge-of-centre, which was actually so far away from the main centre it was difficult to get between the two for linked shopping trips. The study concluded that the current definition of an ‘edge-of-centre’ store as being 200-300m from the centre (as used by planning authorities) was likely to be too wide for smaller market towns.

Ease of access is also important – it’s not just a case of distance, but also the way that access is laid out and how easy it is for pedestrians to make their way from the superstore to the town centre; a large road in the way will deter many people. The Government study in fact concluded that “the principle effect of the new stores was to divert trade from the town centre to the edge-of-centre locations”\(^{18}\). Parking restrictions in supermarket car parks (for example restrictions to two hours’ parking) can also discourage shoppers from visiting other shops.

In other words, rather than leading to spin-off shopping, edge-of-centre has the potential to produce ‘spin-away’ effects, where shopping is drawn away from the existing centre. Even a study by a supermarket (Somerfield) bears this out. In 1996, their survey of 12,000 people doing their main shop at a Somerfield store at 33 sites found that for every pound spent in one of its town centre stores, an average of 46 pence was spent at other nearby shops\(^{19}\). But at edge-of-centre stores this linked spending more than halved to 21 pence for every pound spent at the supermarket. At out of town locations it fell even further to just 10 pence.


**Bringing in Jobs?**

Supermarket companies claim that all these impacts should be overlooked because they are providing jobs for local people. Tesco and Asda Walmart have been using this argument to gain planning permission for so-called regeneration sites – putting up large superstores in deprived urban areas. Any opposition to the new store can be quickly overcome by the promise of jobs in areas where they may be very hard to come by. For those people who do escape long-term employment for a job at a new superstore there is no doubt this must be beneficial, but the question is whether there are wider costs. Do the supermarkets really provide extra jobs?

Supermarkets usually herald plans for new superstores with the claim that they will bring hundreds of new jobs. Considering how many new stores have been opened, this should add up to a significant increase in employment nationally. But the figures don't add up. Supermarkets are very efficient companies, particularly when it comes to the productivity of their staff. One study, which compared national retail employment between 1991 and 1995 against employment claims made by the supermarkets noted that while grocery retail sales grew in that period by 12.3 per cent, grocery retail employment did not grow by the same amount – just 2.7 per cent growth. So while the businesses grow, numbers of staff do not grow as fast. As the author of the study commented, the "extra jobs have simply evaporated in the competitive process".

Another way to look at this question would be to consider how many people would be employed if grocery sales were not dominated by supermarkets, but were instead in the hands of smaller grocery stores. In 2004, small grocery shops had a total turnover of around £21 billion and employed more than 500,000 people. The big supermarket chains have much bigger sales (Tesco alone has a turnover of £29 billion) yet they only employ around 770,000 people. So the supermarket chains control more than 80% of the grocery market and yet they employ only 50% more staff than small shops. The simple conclusion is that small shops are better for employment than having a superstore. Any council wanting to increase local employment would be better off encouraging new local food businesses than trying to attract a supermarket.

Supermarkets have not just reduced employment, they have also affected the quality of life for other business owners, for example through extended opening hours. A survey of working conditions for self-employed retailers in 2003 found that more than half of shopkeepers did not take any holiday at all during the year, 67% said they worked a seven day week and 68% were working 12 hour days.

**Impacts on local people**

The loss of local, independent shops can cause serious problems in terms of access to food, particularly for people on lower incomes or those who don’t have the use of a car. A recent survey of shopping habits found that there is a strong bias towards use of local shops in less affluent urban areas, including council estates and multi-ethnic low-income areas. It also found that people in these locations were more likely to use local shops for their main shopping. So if local shops close down, the effects are more likely to be felt by those who may already struggle to get their food each week.

Another study looking at access and choice for food shopping in Portsmouth found that people on low incomes, including elderly residents, felt that their lives had not been made
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easier by the large scale development of supermarkets and the loss of local shops. Many felt they had been forced into dependence on supermarkets due to the loss of local shops, while at the same time the supermarkets did not cater to their needs because they are set up primarily for affluent car users. The study found that, because of the loss of local shops, people without a car had to make special arrangements to do their shopping, including expensive options such as getting a taxi.

The takeover of convenience stores by supermarkets has also led to problems, particularly where they have been closing ‘in-store’ post offices, leaving local communities without easy access to a post office. This hits the elderly and infirm particularly hard. A pensioner in Witney, where the local post office was due to be closed by Tesco commented “I am a pensioner and disabled and will be in difficulty if Cogges Post Office closes…It seems to me that the community is being sacrificed to the god of money”.

Impacts can also go beyond loss of local services – ‘just-in-time’ delivery by supermarkets can mean multiple daily visits from supermarket trucks in areas not designed to support them. A new Tesco Express in Kew, South London, led to deliveries arriving between 4am and 11pm with consequent noise and traffic disruption. Following discussions with the council and residents, Tesco agreed to restrict deliveries to between 8.30am and 7pm, but has so far failed to honour this agreement.

And a father and daughter in Manningtree, Essex, have attempted to get an Anti-Social Behaviour Order served on Tesco after becoming frustrated with noise from refrigeration equipment at a neighbouring Tesco Express. The council had already taken out a noise abatement order against the store, but Tesco has lodged an appeal, which could be a lengthy process. The father commented “While this appeal is being dealt with my daughter and I are virtually unable to leave windows open, use the garden and go about our normal daily lives without the intrusion of continual noise”.

Drowning out democracy?

“They are too big and powerful for us. If we try and deny them, they will appeal, and we cannot afford to fight a planning appeal and lose. If they got costs it could bankrupt us.”

John Sweeney, leader of North Norfolk District Council

Supermarkets can use aggressive tactics to get their own way with councils as well. On paper, there are often grounds for local authorities to refuse permission for a new supermarket, but supermarket chains succeed because they have such large resources at their disposal. Threats of legal appeals can frighten cash-strapped councils into giving in. In the case of Sheringham, North Norfolk, Tesco has taken 8 years to win approval against a determined campaign by local people opposed to the superstore. In other cases, Tesco prepares the ground, purchases land and gets agreement with council officials well before it seeks planning permission, making it hard to refuse.

‘These guys are professionals and are in for the long haul. They have plenty of experience from around the country in winning planning permission – from PR campaigns in the local press to planning experts and expensive lawyers. What can we, a bunch of amateurs, do to stop them?’ A local resident from Dorset.

Local people can find it hard to make their voices heard or their wishes taken into account. In Leyton, East London, many local people wanted a disused railway yard, which after 30
years had turned into woodland, to be turned into a community woodland\textsuperscript{32}. But the site was actually turned into an ASDA superstore, a deal clinched by ASDA with the provision of £1million for a new road.

But this doesn’t mean that local people can’t fight back: many communities have managed to resist superstore applications. For example, in Norwich there has been a long campaign to prevent a new Tesco opening in the Unthank area of the city. The application was recently turned down as a result of local opposition and the clear evidence that the new store would have created traffic and congestion problems. As local campaigners say; “For many, many reasons we believe that a proposed shop would severely reduce the quality of life in an area that we enjoy living in. Our neighbourhood is special and we want to keep it that way.”\textsuperscript{33}

\section*{Conclusion}

It is clear that big supermarkets don’t usually make good neighbours. There are often significant social and economic impacts associated with the opening of new supermarkets. But there are plenty of things consumers can do to support their local food economy and avoid large supermarkets.

\begin{itemize}
  \item Support local independent retailers, and encourage them to stock locally produced food.
  \item Support local food schemes such as farmers’ markets, box schemes and farm shops.
  \item Grow your own fruit and vegetables.
  \item Keep an eye on local planning proposals and applications and press the council to ensure retail developments have a full environmental, economic and social impact assessment.
\end{itemize}

But supermarkets must also be made accountable for their impacts.

\begin{itemize}
  \item More robust planning policies and decisions are needed to prevent damaging developments, congestion and transport increases and to protect town centres and high street shops.
  \item Local authorities must take steps to protect retail diversity through, for instance, local development plans, regeneration, or consideration of rate relief for small shops.
  \item Measurable and binding targets are required to make supermarkets reduce their waste and transport impacts.
  \item A strict Code of Practice is needed to ensure that supermarkets are treating all suppliers, including farmers, fairly.
  \item A supermarket watchdog must be created to ensure that the grocery market is operating in the interests of consumers, farmers and small retailers.
  \item There should be a moratorium on any further mergers and takeovers until the competition authorities have conducted a market study to consider the wider impacts of supermarket power on society and have examined the issue of local competition.
  \item Corporate accountability legislation should be introduced to make companies accountable for their impacts on communities, workers and the environment worldwide.
\end{itemize}
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Also see our new briefing Checking out the Environment: environmental impacts of supermarkets, June 2005 and our extensive materials on planning at http://www.foe.co.uk/resource/local/planning/

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