



Q&A

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.

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Sticky Questions

We've suggested some answers to frequently asked sticky questions covering the following issues:

1. Threat to local shops
2. Benefits of local shops
3. Shoppers on a tight budget
4. Jobs
5. Healthy competition
6. Providing what consumers want
7. Convenience of supermarkets
8. Relevance to environment
9. No good food in local shops
10. What does the Government think
11. What can shoppers do

1. Why are local shops under threat?

The structure of the food market has changed massively over the past 10 years but policy and regulations have not kept up to protect small shops. As multiple supermarkets like Tesco, Asda-Walmart, Sainsburys and now Morrisons have got bigger, smaller locally owned stores and chains have found it hard to compete. The biggest four supermarkets now control over three quarters of the grocery market. This gives them the money and marketing clout to buy their supplies cheaper and entice customers with deals, discounts and 'loyalty advantages' which family owned businesses can't afford to do. As the big supermarkets located in out-of-town sites they pulled trade away from high streets and town centres. Now they are returning to edge-of-town sites where they still pull people away from the centre or even setting up back on the High Street where their ruthless discounting damages trade amongst the remaining independent stores.

2. What is so special about local shops?

Local Shops have local character

Local shops are much more likely to reflect the character of the local community than a big supermarket. Whether it's a village shop selling local eggs, a butcher in a market town selling sausages made from local meat produced to its own recipe, or a neighbourhood shop in a city selling foods traditional to the cultures that live there, local shops represent genuine diversity. This diversity provides more choice to shoppers than having an Asda, Sainsbury's and a Tesco in the same town. And the same diversity can be good for the local economy – some towns such as Castle Douglas in Scotland have branded themselves as Food Towns.



Local shops are part of the community

Locally owned shops are more likely to be linked into the local community. Many village shops carry out additional services for local people, delivering shopping for elderly customers, even looking after their pets when they are away. Local ownership ensures that important decisions are made locally by people who live in the community and who will feel the impacts of those decisions.

Local shops keep money in the Local Economy

Compared to chain stores, locally owned businesses recycle a much larger share of their revenue back into the local economy. This is particularly true of shops that source food and other products locally.

Killer fact - 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 more (New Economics Foundation).

3. What about shoppers who are on a tight budget?

Low income families and communities are likely to be served better by a range of local shops where they can compare prices and which do not have to be accessed by car. Cheap prices on bulk buys at out-of-town stores are not helpful if you don't have a car. In 2003 the Social Exclusion Unit stressed the importance of strengthening local shopping provision but the government has not acted on that advice. Supermarkets are certainly not always the cheapest option especially for healthy food. Several studies have shown that fresh fruit and vegetables are cheaper at greengrocers and street markets. In 2005 the National Consumer Council found that the supermarkets with the highest proportion of low-income shoppers (in particular Morrisons, Somerfield, Iceland and Tesco) performed worst in terms of making their food healthier and providing health related information on their labels (the Co-op was a notable exception to this).

Killer Fact - A 2005 New Economic Foundation Survey carried out in London found that for fruit and vegetables, "Street markets are substantially cheaper than the neighbourhood supermarket".

4. But supermarkets bring jobs into the area – surely that's a good thing?

Comparative figures for jobs in supermarkets vs local shops are hard to find. But we do know that as supermarkets have grown their share of the market retail employment has failed to grow by the same amount. Also if we look at the number of jobs provided by supermarkets and independents compared to their market share it seems that local shops do employ more people.

Local shops can provide new jobs if they are allowed to flourish. Research in East Suffolk found that since a supermarket proposal was turned down 14 new shops have opened creating new jobs for local people and existing shops have continued to thrive and are employing more staff. In the same area three large village shops (affiliated with Spar and the Co-op) were found to provide 60 jobs between them.

There may be less jobs in supermarkets in the future. The big supermarkets' plans for improving efficiency and making shopping trips faster include self-scanning checkouts – no need for staff to slow the process down. Tesco has already opened a store in Cumbernauld in Scotland with self-scan checkouts.

Killer Fact – Using 2004 figures we calculated that supermarket chains control more than 80% of the grocery market but employ only 50% more staff than the independent sector.

5. Local shops are closing because they can't compete with supermarkets on price and choice but what's wrong with that – is Friends of the Earth against healthy competition?

The supermarkets have got so powerful in the market compared to independent shops and smaller chains that the competition can not be described as 'healthy'. In some places Tesco already controls 45% of the grocery market. With their market power the big supermarkets can afford to undercut local shops but once the alternatives have closed down prices may go up again.

Prices are not always lower in supermarkets anyway. Friends of the Earth's survey of apples in 2003 found that apples were cheaper in greengrocers and markets (including farmers markets) than in Tesco. A survey for the London Development Agency found that on average fresh produce was one third the price of supermarkets and that farmers' markets were broadly competitive with supermarkets even before the quality of the produce and its provenance was taken into account.

Supermarkets may seem to offer a huge choice of food and other goods but they are also limiting choice. With over 2,000 independent shops going out of business in 2004 alone, many communities are being left with little real choice of where to shop. As supermarkets increase their share of the non-food market specialist shops like bookstores are also under threat – supermarkets will only stock the most popular books, CDs and magazines so their range will be very limited compared to specialist high street shops.

When the Competition Commission investigated the take-over of Safeway it warned that prices may go up as the major supermarkets get more dominant. And when the Competition Commission investigated supermarkets in 2000 it found them using anti-competitive practices but action has not been taken to stop this. It is likely that a new inquiry into supermarkets will start this year because there are concerns that the dominance of the big supermarkets is harming consumer choice.

Killer Fact - More than 13,000 specialist stores, including butchers, bakers, fishmongers and newsagents, closed between 1997 and 2002 (New Economics Foundation).

6. Surely supermarkets are just providing what consumers want?

Consumers did not choose to have the life sucked out of their high streets. They may be buying from the multiples but they are increasingly demanding an alternative. Opinion polls show that people value their local shops. Opinion polls also show that people want to buy local or at least British food. Big supermarkets may claim to be selling local food but most of these products still go via the central distribution system. Local shops are much better placed to source genuinely local food.



Killer Fact - A recent 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.

7. Supermarkets are more convenient because they open long hours and you can buy everything in one trip which is much quicker.

Supermarket shopping may not seem to convenient if we added up all the time taken to drive there and back, make our way around a huge store and then join a checkout queue.

It's true that some local shops have more limited opening hours than the big supermarkets – often because they are family run businesses. But shoppers could still shift some of their shopping to these local shops – for example at weekends. Many convenience stores open long hours – and if they don't sell what you want they may be open to suggestions – locally owned shops are often more responsive to shoppers' requests.

Killer Fact - Supermarkets tend only to be convenient for car-users - a survey of low income families carried out by NCH, The Children's Charity, found that travel costs to go food shopping added 23 per cent on the average shopping cost. If local shops were still present, people wouldn't have to travel so far, or spend so much.

8. Why is this important for the environment?

Transport – the rise of the supermarkets, with their centralised distribution systems, global sourcing and their emphasis on processed food offerings, has created far more 'food miles' than ever before. This means more climate change gas emissions, local pollutants, road-building and congestion.¹ Over the last decade, the distance that food travels before it reaches shoppers has increased, and the amount being imported have tripled by volume since 1980. Big supermarkets are also geared up to car-based shopping – even if they are located on the edge of a town rather than out-of-town - contributing more to these problems.

Killer Fact - Big supermarkets are geared up to car-based shopping. Recent work for DEFRA suggests that car use for food shopping results in costs to society of more than £3.5 billion per year, from traffic emissions, noise, accidents and congestion.

Energy: Big shed like stores emit far more CO2 than small shops. Studies show that people can reduce their greenhouse gas emissions by eating more locally produced, fresh and in-season foods, but supermarkets are not the best places to find them. A survey by Friends of the Earth in 2005 found that, in the middle of the UK apple season, well over half of the apples in Asda and Tesco stores were imported.

Killer Fact - It would take more than sixty greengrocers to match the carbon dioxide emissions from a single average superstore (Based on a study by Sheffield Hallam University).

Waste – Supermarket specifications for cosmetically perfect fruit and vegetables cause a great deal of waste in the food chain. In contrast, buying fruit and vegetables from independent shops, markets or farmers' markets can produce far less waste.

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Killer Fact - It is estimated that between 40 and 50 per cent of raw vegetables and salad (by weight) are rejected at some stage of the production line before reaching the shopper (UK Journal of Cleaner Production).

Farmland: As shops like butchers and greengrocers close down farmers are losing their choice of who to sell to. Supermarkets are so powerful compared to farmers they can drive prices ever lower, pay invoices late, demand contributions to in-store promotions, cancel orders at the last minute and make other unfair demands. As prices are pushed down it is harder for farmers to invest in environmental measures and in some cases such as dairy farming the only way to remain financially viable is to intensify production even if that means more environmental harm.

Killer Fact – The farmers’ share of a basket of food staples is estimated to have fallen by 25 per cent between 1988 and 2004 (Ain UK 2004).

9. But my local shop has no good food. What can I do?

Where local shops fail to provide sustainable food, it is often because they are under so much pressure they can not invest in a better offering. They could do better given a fair playing field and with support and encouragement from both shoppers and local agencies. But if we lose the infrastructure of local shops that we have it's going to be a lot harder to bring them back. We think that all local shops have the potential to be more sustainable and we know that the organisations representing small shops are taking an increased interest in local sourcing as a way for these businesses to show they are offering something that the big supermarkets don't.

If you shop locally you can start to ask your local shop to stock locally sourced food or organic food – if enough people ask they are more likely to respond. Local shop owners can respond to local demand but big supermarkets make decisions from their head office giving store managers little discretion.

10. What do the government think about this?

The government made some attempts to stop the growth of out of town supermarkets by changing the guidance for planning authorities. This has had only limited success and many out of town supermarkets have continued to be built. New planning policy now encourages planners and councils to provide sites for large supermarkets in and on the edge of towns. This can be just as damaging to smaller shops especially when the supermarket is not well connected to the rest of the town. Supermarkets are also expanding existing superstores and taking over convenience stores and petrol forecourt formats.

The competition authorities (the Office of Fair Trading and the Competition Commission) are responsible for ensuring that there is healthy competition in the grocery market but they concentrate on competition between the biggest supermarkets. The Competition Commission, in a report on supermarkets in 2000, did consider the impact on smaller shops but its findings have not been acted on. The OFT has recently responded to a request by Friends of the Earth and others agreeing that a new investigation into the impact of the big supermarkets is needed. If this goes ahead the Competition Commission would be able to bring in measures to protect farmers and stop anti-competitive practices – it even has the power to make Tesco sell off some of its land or stores if it concludes that it has got too big.



11. We'd like to support local shops but what can we do?

- Buy local first – even if you don't switch all your shopping away from the supermarket you may be surprised at how much you can get from your local shops. If they don't have what you want ask them to stock it.
- Get involved in local campaigns to promote local shops and local purchases (see our Action Guide).