

## 10 Years to Save the High Street, U.K. MPs Warn

- Dominant superstores will raise prices, says report
- Local convenience stores are unlikely to survive

The big supermarket chains will start raising prices after achieving saturation point in the high street by wiping out small local shops, according to a major investigation into the retail industry.

Influential cross-party MPs paint a grim picture of the British high street over the next 10 years and warns that consumers will be the biggest losers if the supermarkets are allowed to continue expanding unchecked.

Their report says: "Prices of products will remain fairly low until consolidation reaches a saturation point and the attention of the multiples turns to increasing value to shareholders by growth through margin. Prices are then likely to increase with fewer competitors in the market."

The MPs call on the government to appoint a retail "tsar" to oversee the industry and introduce an immediate moratorium on further takeovers and mergers.

Particularly vulnerable to the might of the big four - Tesco, Asda, Sainsbury's and Morrisons - are convenience stores, grocers, newsagents and petrol forecourts. These are "unlikely to survive", the 91-page report from the Parliamentary Small Shops Group warns.

The domination of the supermarkets will have knock-on effects on local communities too, the report says, and the most vulnerable groups - the elderly, the less affluent and others without transport - will be hardest-hit. Women, who make up the majority of small shop workers, will also suffer as their jobs disappear.

Minority communities will also lose out, the report suggests. "The Muslim population of Britain have to rely on small shops to purchase halal meat, which is an essential practice in their religion."

The report says that between 1965 and 1990, 15 per cent of small rural settlements experienced the closure of their last general store or food shop. Between 1991 and 1997, 4,000 food shops closed in rural areas. Local shops have transformed into convenience stores to compete with the superstores. But now the majors are expanding their convenience outlets, again at the expense of the small shop keepers, forcing them into a "head-on" fight.

The supermarkets have argued that customers vote with their wallets. But, the report says: "Strong concerns have been raised over whether consumers genuinely are the ultimate power in the retail sector. Accessibility limits all consumers in terms of shops they can use. Immobile customers and those on low income are the most restricted in terms of choice."

It gives examples of local "monopolies" such as Inverness, where Tesco dominates the market with a 51 per cent share and in Twickenham, where it has 47 per cent. "In such areas voting with their purse is not a viable option, due to the lack of alternative offers."

Tesco, Britain's biggest retailer with a near one-third share of the food market, was critical of the report. "I do not really share the group's view that small shops are in terminal decline," said corporate affairs director Lucy Neville-Rolfe. "There are and will continue to be many thriving small shops that provide exactly what customers want." She added: "My conclusion is that the consumer is the best regulator and there is room in a thriving market for anyone who satisfies customers."

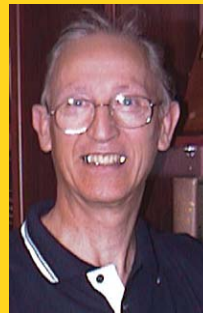
Friends of the Earth, said: "The government and Office of Fair Trading appear increasingly isolated in their view that market dominance is good for consumers. This report goes a long way towards finding solutions to protect the many small shops which offer genuine choice, good value, a personal service and a lifeline for local communities. They must now be taken forward by the competition authorities as part of an urgent investigation into the grocery market."

### Recommendations:

- A moratorium on further mergers and takeovers
- Creation of a retail regulator
- Comprehensive codes of practice across the retail sector
- Closure of the loophole that allows retailers to channel CD sales through Jersey to escape VAT

[www.guardian.co.uk/supermarkets/story/](http://www.guardian.co.uk/supermarkets/story/) Fiona Walsh

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