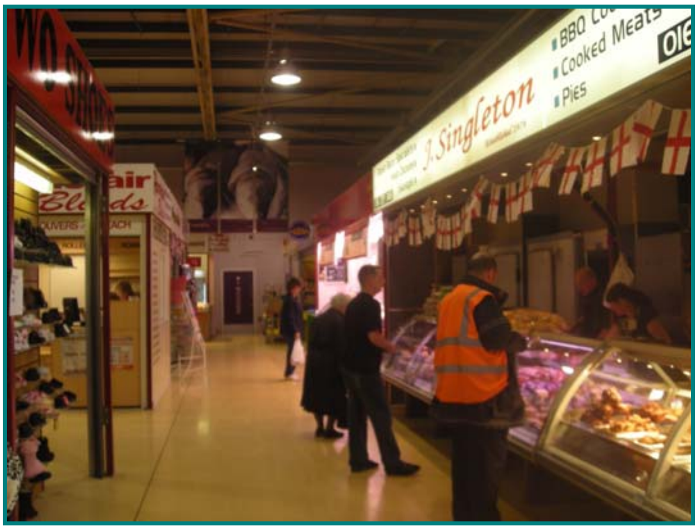
UNIVERSITY OF Southampton
School of Geography

# Revisiting the Impact of Large Foodstores on Market Towns and District Centres

Professor Neil Wrigley, Dr. Dionysia Lambiri
and Katherine Cudworth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## Executive summary highlights

- New high-quality, up-to-date research on the impacts of supermarket development on UK market towns and district centres has been long overdue.

- This rigorously designed and executed University of Southampton 'before/after' study conducted in eight centres 2007-09 provides the missing research needed to move forward highly polarised debates on the nature of those impacts

- Evidence from over 8000 consumers and 1000 traders surveyed finds that:

    - Supermarkets built on the edge of town centres encourage significantly fewer local residents to leave those towns for their main food shopping.

    - The new supermarkets are not just being used for 'one-stop' shopping. Via the mechanism of linked trips the existing town centres experience increased footfall and urban 'buzz', helping to maintain and enhance their vitality and viability.

    - The new supermarkets encourage a significant decrease in car usage and increase in walking on main food shopping trips amongst local residents.

    - A year after the opening of the new supermarkets two-thirds of consumers believed the new stores were beneficial to themselves, local residents and the town centre. Only 8% believed otherwise.

    - Feedback from traders was consistently positive about the new supermarkets' impact on local residents and the town centre. Contrary to popular opinion, traders also took a generally positive or neutral view on the impact on their own businesses.

    - Detailed study of changes in retail composition of the eight centres provides little support for widely held views linking supermarket development to the decimation of existing centres and their retail diversity.

**Aims of the study**

This report presents the results of a major three-year, two-region, before/after study of the impacts of foodstore developments on UK market towns and district centres. The aims of the study were to move forward highly-polarised policy debates, which have focused on and disputed the nature of such impacts, on the basis of findings obtained from a rigorously designed and executed, before/after investigation, conducted during 2007-09 by a research team from the University of Southampton. Specifically the study was designed to reflect the store development consequences of more than a decade of refocused retail planning regulation – regulation which from 1996 onwards has prioritized a *'town centres first'* approach to retail development and enjoyed strong cross-party political support.

In particular, the study represents a much needed revisit of the findings of the influential, but increasingly outdated, Department of the Environment, Transport and the Regions (DETR) report on the same topic - *The Impact of Large Foodstores on Market Towns and District Centre*s (DETR, 1998) - which summarised case study research essentially completed in the *pre*-PPG6 era That is to say, there was a growing need by the late 2000s to revisit and update the DETR commissioned research to reflect the consequences of the decade of more flexible *'town centre oriented'* foodstore developments which followed the implementation of PPG6 and the 'sequential test' in 1996. The Southampton study presented here is timely for two major reasons. First, because research on this topic since the publication of the DETR report has been limited in quantity, scope and depth – giving rise to a situation where policy debates have run dangerously ahead of an increasingly outdated evidence base. Secondly, because recently published planning policy guidance outlined in PPS4 *Planning for Sustainable Economic Growth* (DCLG, 2009), and articulated in the G V A Grimley-produced 'good practice guide' which accompanies PPS4, has reiterated and underlined the importance of 'impact' assessment to the consensus 'town centres' first' approach to retail development.

**Design and conduct of the study**

Commissioned by Tesco, the study was conducted by a University of Southampton based research team motivated by the opportunity to assemble and inject into policy debate the first new large-scale evidence base for more than a decade relating to the impacts of foodstore-development on smaller UK retail centres. The extensive data collection involved in the study took place during the period August 2007 to December 2009 and focused on eight centres in two clusters - a cluster of four market towns in the South West and a cluster of four district centres in the North West. In each cluster, three of the centres experienced the opening of a new large 'in-centre' or 'edge-of-centre' foodstore during the period September 2007 to November 2008. The remaining centre in each cluster was selected on the basis of having experienced no recent large foodstore opening. That is to say, it acted as a no-development 'control' study and, in turn, formed part of a more extensive control strategy used in the study.

In the six centres experiencing foodstore development, the impacts of the developments during the first full year of their operation were evaluated using extensive before/after consumer and trader questionnaires. In turn those questionnaires were supplemented by detailed Experian/Goad and Southampton research team surveys of the changing retail and service unit composition of the centres. Equivalent data was obtained for the two no-development 'control' centres and, additionally, an extensive wider system of 'controls' was created involving both 'analogue' centres and regional samples of retail centres. More than 8000 consumer and 1000 trader responses were obtained during the course of the study, and Experian/Goad retail-composition survey data for more than 200 centres were used as part of the study's wider 'control' strategy.

**Structure of the report**

This report begins by considering the policy context in which the study was commissioned. In particular, it examines the store development consequences of the decade of tightening planning regulation which followed the implementation of PPG6, together with debates relating to the potential effects of corporate foodstore openings on the vitality and viability of small retail centres. In the latter context, the report highlights the increasingly contrasting positions held by academic researchers, relative to those held by campaigning groups and frequently translated via media reports into received popular opinion.

Consideration of the policy context is then followed by a detailed discussion of the study's research design and methodology. That discussion highlights the methodological improvements - relative to the original DETR commissioned research - which were incorporated into the Southampton study. In addition, it stresses the rigour of the research design and execution, and the transparency of the study's methodology and reporting.

The main body of the report (Chapters 4 to 13) contains aggregate findings (Chapters 4 and 5) and detailed individual case study results (Chapters 6 to 13) from the clusters of market towns and district centres. Chapter 14 then outlines the wider 'control' strategy implemented to deal with the potentially distorting impacts of the crisis of consumer confidence and deepening economic recession which followed the global financial crisis and which affected the consumer and trader surveys completed during the second half of the study (October 2008 – November 2009). Finally, Chapter 15 provides a short summary of the study's major conclusions.

**Key findings of the study**

**1. Trade 'claw back' and the generation of linked trips**

In all six centres that experienced the opening of a new foodstore a significant level of *'claw back'* of food shopping, vital to anchoring other retail and services in the centres and promoting/sustaining their viability, was evident. The new foodstores encouraged significantly *fewer* local residents (those within 5 minutes drive time of the centres) to leave those towns/centres for their main food shopping. Indeed, whereas prior to the opening of the new stores, 55.7% of that group left the towns/centres to conduct their main food shopping - i.e 'outshopped' - averaging across the two post-opening surveys (6 and 12 months after) this figure reduced by more than a half to 25.4%. Conventionally defined, that implies an almost 70% increase in 'claw back' of food shopping relative to the pre-opening situation – most of which relates to local residents who switch to the new foodstores having previously 'outshopped' at distant 'out-of-centre' style supermarkets. In turn, this was accompanied by a significant *decrease* in car usage and *increase* in walking on food shopping trips amongst this group. Indeed the average level of walking for that purpose reported by the group *doubled* relative to the pre-opening position.

Critically important to market towns and district centres experiencing foodstore development on ‘in-centre’ or ‘edge-of-centre’ sites is the extent to which trade ‘claw back’ associated with the developments might spill-over, via the mechanism of *linked trips*, increasing footfall and urban ‘buzz’ in the existing centres and helping to maintain or enhance their vitality and viability. Evidence from the study’s consumer surveys relating to linked trip propensities, shows that the new foodstores are not just used for ‘one stop shopping’. Indeed 68% of respondents claimed to combine visits to the new foodstores with visits to other shops or services in the existing retail centres (with 42% reporting that they ‘always’ or ‘frequently’ combined visits in this way).

Despite considerable inter-case variation in linked trip propensities - with significantly higher average levels (80% compared to 51%) reported in the market towns than in district centres, reflecting typical differences between the two types of centre in terms of their retail- versus service-unit balances, attractiveness and comprehensiveness of their existing retail offers, structure and compactness of their layouts, proximity to competing centres and so on - there are indications that the overall linked trip levels found in the Southampton study are considerably higher than some of the extremely low levels reported by Guy (2006, 182-85) from UK studies relating to the 1990s. Possibly that reflects the post-PPG6 decade-long trend towards more sensitive *‘with the grain’* integration of new stores into pre-existing centre structures - examples of which are seen in the layout and design of some of the case study developments. More generally however, and taken together with the trade’ ‘claw back’ and detailed case study evidence, the study’s findings on the spectrum and likely upper and lower bounds of linked trip propensities throw considerable doubt on the DETR (1998) report’s conclusions regarding a ‘more limited than commonly claimed’ ‘claw back’ of food shopping expenditure, and of there being limited evidence of spill-over benefits to existing town/district centres, from ‘edge-of-centre’ foodstore developments

**2. Consumer attitudes to the new developments**

During the early to mid 2000s, the major UK food retailers experienced increasingly negative media reporting which reflected the anti corporate retail views of campaigning organisations and environmentally focused NGOs. As noted in Chapter 2, that sustained media and campaigning group pressure became highly embedded in public perception, and increasing examples of community based resistance to the store expansion programmes of the leading food retailers began to be reported. Perhaps surprisingly in this context, the extensive consumer surveys in the Southampton study reveal overwhelmingly *positive* consumer responses to the new ‘in-centre’ or ‘edge-of-centre’ foodstore developments - responses which became increasingly more positive over the first full year of operation of the new stores. Indeed, 12 months after the opening of the new stores 70.4% of survey respondents had concluded that the new foodstore was beneficial for themselves and their families (compared to just 4.8% who believed it to be non-beneficial) – their positive attitude being mainly attributable to the travel saving benefits of improved local access to full-range food retail (i.e. reduced food-shopping miles).

Consumers also perceived wider benefits accruing to both 'local residents' and to the existing 'town/centre'. Again these views became progressively more positive over the first full year of the new stores' operation, with the main reason given by consumers for perceiving these benefits relating to the belief that the new stores had attracted more people to shop in the existing centre. That is to say, a perception of urban 'buzz' and vitality benefits spilling over from the new stores and the trade 'claw back' which those stores generate

**3. Trader attitudes to the new developments**

In terms of trader impacts the research reveals a more complex picture, further complicated by the effects of the deepening recession which affected much of the second half of the study.

Local traders were consistently positive about the perceived effects of the foodstore developments for 'local residents', citing benefits accruing from the improved range of food products available and the accessibility benefits for the less mobile/car-less residents. Perhaps surprisingly to those who subscribe to a 'supermarket onslaught on small centres' thesis traders were also far more positive than negative about the effects of the new foodstore developments on the existing centres, citing the enhanced attraction of shoppers and the potential of the new stores to act as an 'anchor' for the sustained vitality and viability of the centres. Over the course of the first full year of the new stores' operation traders initial optimism in this regard gradually declined. However, 12 months after opening of the new stores, twice as many traders still expressed the view that the new stores were 'good' for the existing centres rather than 'bad'. Finally, and possibly even more surprising given the often forecast and popularly-believed likely decimation of existing centres and their retail diversity, it is notable that in all waves of the study (before opening, 6 months and 12 months after opening) more traders took the view that the new stores were likely to be 'good' rather than 'bad' for their own business, citing the spill-over benefits they expected to receive via linked trips from the trade 'claw back' achieved by the new stores. Once again, traders' optimism in this regard declined over the first full year of the new stores' operation. However, analysis of traders perceptions of the main factors which had affected their sales over the first full year following the opening of the new foodstores revealed that 43.5% believed the 'general economic climate' (specifically the economic slowdown and crisis of consumer confidence) to be the primary factor in that decline in optimism. In contrast only 15.4% cited negative impacts from the new store developments - indeed a figure slightly exceeded by the 16.3% who cited adverse local planning decisions (regarding traffic management schemes, town centre environment improvement, etc)

**4. Changing retail and service unit composition of the centres**

Retail/service unit numbers/composition evidence from Experian/Goad and Southampton research team surveys provides little support for popular views which assume new 'in-centre'/'edge-of-centre' foodstore development in small retail centres will be accompanied by decimation of existing centres and their retail diversity. Indeed, as the detailed case study chapters in the report show, and evidence from the 'analogue' control centres and regional-level samples of centres discussed in Chapter 14 extends in a novel way, we find the opposite to be the case for the majority of the 'development' case study centres. In particular, the analysis in Chapter 14 shows that relative to their analogue centres and to regional-level averages, the majority of the 'development' case study centres outperform expectations, suggesting robustness to the competitive impacts of the new foodstore developments. Moreover, there is little evidence to support the view that centres experiencing foodstore development have experienced greater economic health problems in the recession of 2008-09 than centres not subject to the impacts of foodstore development. Rather the opposite is frequently the case. Additionally, there is evidence of local media commentary and popular opinion incorrectly ascribing evidence of malaise in retail centres to the competitive impacts of corporate foodstore entry when much of any deterioration observed is more appropriately attributable to the onset and depth of the 2008-09 recession.

**Conclusions**

The highly polarised debates which have accompanied the foodstore development process in UK market towns and district centres have all too often become locked into channels defined by rather dated and poorly digested 'factoids' on what are claimed to be the uniformly negative impacts of the so-called 'supermarket onslaught' on small towns, high streets and small-scale local retailing as a result, policy debate has run dangerously ahead of the evidence base. The University of Southampton study reported here was designed to reconnect the two. In particular, by providing a major high-quality, up-to-date body of research evidence assembled to rigorous and transparent standards, it attempts to move debate on these topics beyond the often ill-digested and uncritical usage of the headline findings of the DETR (1998) research report - a report which has become seriously outdated as a result of more than a decade of tightening retail planning regulation and of retailer responses to that regulatory tightening. As retail planning regulation enters the next era of policy guidance - specifically PPS4 *'Planning for Sustainable Economic Growth',* the importance of impact assessment has once again been reiterated and underlined. In that context, it is the belief of the Southampton research team that the research reported here will be seen to have a vital and lasting role to play in re-energizing policy debate relating to foodstore impacts on the economic health and sustainable development of small centres - debate based on and sustained by the findings of first new large-scale study to have been conducted for more than a decade on these topics.