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by Kenneth Parsons

## Rural shops in current conditions

The economy is putting pressure on many consumers and helps to explain the current pattern of business in rural shops. Customers want to save car miles by shopping locally, whilst some are consciously shopping in smaller shops little and often to reduce their impulse purchases in supermarket aisles. However, they are also attracted by the perceived lower prices claimed by the supermarkets. Local shops that offer high standards are benefitting from the current situation with excellent sales increases, whilst many smaller less attractive stores are suffering a real loss of business. Value for money is key.

## Food price inflation

Food prices have been going through the roof over the last few months, with food price inflation generally running at over 5%. It is probably still higher than this for small shops. New deliveries are arriving with prices increased not just by a couple of pence but by 10p or 15p. This is a real dilemma for small retailers – the big supermarket chains are squeezing their suppliers really hard to keep prices down and not to give away a penny of their own margins. In the meantime, manufacturers are facing cost price pressures and are loading price increases onto the independent sector. The RSA is telling retailers that they must not fool themselves into thinking they are doing OK just because sales figures are up over last year. We are encouraging them to manage their prices carefully to maintain margins whilst meeting customer demands for better value – a very hard tightrope for them to walk.

## Grocery code adjudicator

The Bill to set up the “grocery ombudsman” has finally started its path through Parliament. The RSA appeared before the House of Commons Select Committee looking at the Bill. The powers proposed for the GCA are far less than we think are needed to create a level playing field, but even so, the supermarkets are fighting this measure every step of the way. The GCA is intended to oversee the Grocery Supply Code of Practice, which applies to the top 10 supermarkets and outlaws a number of specific unfair buying practices. The RSA is urging MPs to give the GCA sufficient powers to do the job effectively and not to define the job too tightly – this is a fast-moving trading environment and the GCA needs discretion to keep up with it.

For more information, see:

<http://www.bis.gov.uk/assets/biscore/business-law/docs/g/11-920-government-policy-groceries-code-adjudicator.pdf>

## Grocery code adjudicator

Thousands of High Street shops are closing this year. Recent casualties amongst high profile multiple retailers have included Habitat, Jane Norman, HomeForm, Focus DIY, Life & Style and Officers Club, with more casualties likely. Other chains, such as Mothercare, Dixons and Thortons, are planning extensive store closures over the coming months. The number of vacant premises in many market towns has reached alarming levels. In the meantime, the Big 4 supermarket chains are opening 6 million sq.ft. of new space this year, most of it, of course, out of town centres. Each new supermarket puts more pressure on the nearby High Street. In a flat market, sales gained by the new openings can only be at the expense of existing outlets, including rural shops that are often actually only a few minutes drive away.

Other reasons are not hard to fathom. Costs are under constant pressure from energy bills, increasing staff wages and high rents, sometimes set by upward only rent reviews, agreed in more prosperous times. Many customers are cutting back on discretionary purchases. On-line shopping is dysoning up an ever increasing proportion of the available spend. And too often high streets present an inconvenient fading shopping environment with costly parking.

Mary Portas, aka Mary Queen of Shops, is currently reviewing the future of the High Street on behalf of the government. It is not a hard task to analyse the problem or even to see solutions, although solutions acceptable to all stakeholders could be trickier.

## Localism bill

Amongst many other provisions, this Bill would give community groups the right to nominate local shops and pubs as assets of community value and gain rights to delay their commercial sale to allow a community bid to be put together. The RSA has been involved in discussions with the Dept. for Communities and Local Government on these provisions. It is obvious that most businesses should continue to be sold on to new commercial owners in the normal way, with the proposed additional community provisions there for when this approach fails. It is vital that the right balance is reached between these requirements – there could so easily be the unintended consequence of making hundreds of village shops

## Localism bill

far harder to sell as going concerns, leading ultimately not to a community shop but closure. The RSA will be meeting the Department again once the results of the consultation are available.

The RSA has produced a briefing paper on this initiative. If you have not already received a copy of it and would like one, please contact Anne Unwin at [anne.unwin@ruralshops.org.uk](mailto:anne.unwin@ruralshops.org.uk)