REVISITING THE IMPACT OF LARGE FOODSTORES ON MARKET TOWNS & DISTRICT CENTRES

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The Need for Updated Research

- Findings of 1998 DETR report based on pre-PPG6 case studies of out-of-centre and edge-of-centre developments
- After 15 years of post-PPG6 supermarket development, conforming to town centres first policy, surely it is time for more up-to-date findings?
Aims of Southampton Study

• To provide long overdue new evidence on impacts of edge-of-centre/in-centre supermarket developments on market towns and district centres.

• To move forward highly polarised debates on nature of those impacts by providing large-scale, up-to-date body of research evidence assembled to rigorous and transparent standards.

• To provide the first major study of these issues to be focused specifically on the new generation of town-centre-orientated supermarket developments built to meet the requirements of revised planning regulation supported by successive Governments since 1996
Study Design

- Extensive **before/after** study (2007-09) - centres surveyed **3 times**; before supermarket opening, 6 months & 12 months after

- 4 centres in each cluster – 3 ‘development’ cases (2 Tesco, 1 competitor) & 1 ‘no development’ control case
Study Design

8000+ consumer & 1000+ trader responses collected plus focus groups conducted in each case

Other features of study

• Detailed retail/service composition mapping – Experian GOAD supplemented by Southampton surveys measuring the changing composition of centres

• In addition to ‘no development’ control cases in each cluster - wider control structure used involving both ‘analogue’ centres and regional samples to take account of deepening recession during study period
Key Findings

• Supermarkets built on in-centre/edge-of-centre sites have important role to play in helping to maintain & enhance vitality & viability of centres

• Encourage significantly fewer local residents to leave the town for their main food shopping

• New stores not just used for ‘one-stop’ shopping.

• Shoppers link their visits to other existing retail/service outlets increasing town centre footfall & urban buzz
Consumers overwhelmingly positive about impacts of new stores on themselves & their families, local residents and the town centre.

Local traders positive about impact of new stores on local residents and the town centre – take a neutral or positive view on impacts on their own businesses.

Retail composition changes provide little support for widely held views linking supermarket development to the decimation of existing centres and their retail diversity.
Key Finding 1: Fewer local residents leave their town for main food shopping

Prior to new supermarket openings

55.7% of local residents left their towns/centres to conduct their main food shopping (i.e. ‘outshopped’) – largely at distant out-of-centre supermarkets

Post supermarket openings

25.4% of local residents left their towns/centres for main food shopping

Furthermore……..

Post opening local residents significantly increase walking on food shopping trips – **double** their pre-opening levels
Key Finding 2: New in-centre/edge of centre supermarkets not just used for one-stop shopping

Shoppers link supermarket trips with visits to other retail/service outlets, increasing town centre footfall and urban buzz helping to maintain and enhance vitality & viability.

Results for market towns cluster

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always/frequently/occasionally combine foodstore &amp; existing centre shops</td>
<td>80.2%</td>
</tr>
<tr>
<td>Never combine foodstore &amp; existing centre shops</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Results for all ‘development’ cases

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always/frequently/occasionally combine foodstore &amp; existing centre shops</td>
<td>67.6%</td>
</tr>
<tr>
<td>Never combine foodstore &amp; existing centre shops</td>
<td>32.4%</td>
</tr>
</tbody>
</table>
Key Finding 3: Consumers are overwhelmingly positive about the impacts of the new supermarkets

- Overwhelming majority of consumers very positive towards new foodstores & become more positive over first year of store operation.

12 months after store openings:

- Two-thirds of consumers believe new supermarkets to be beneficial to themselves & their families, local residents and the town centre. Only 8% believe otherwise.
Key Finding 4: Local traders are positive about impact of new stores on local residents & town centres
Key Finding 4: Local traders take neutral-positive view on the impacts of stores on own business

- Post opening **largest percentage of traders** reported that they had not experienced any effects (either positive or negative) on their business.
Key Finding 5: Retail composition provides little support for views linking supermarket development to the decimation of existing centres.

Example: Crewkerne retail composition

<table>
<thead>
<tr>
<th>Retail/service type</th>
<th>Oct-08 (pre-opening)</th>
<th>Nov-09 (12 months post opening)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>COMPARISON</td>
<td>33</td>
<td>26.8</td>
</tr>
<tr>
<td>CONVENIENCE</td>
<td>10</td>
<td>8.1</td>
</tr>
<tr>
<td>SERVICES</td>
<td>58</td>
<td>47.2</td>
</tr>
<tr>
<td>Vacant Retail</td>
<td>14</td>
<td>11.4</td>
</tr>
</tbody>
</table>
Key Finding 5: Retail composition provides little support for views linking supermarket development to the decimation of existing centres

Additionally, wider control structure of ‘analogue’ centres and ‘regional’ averages used to separate out recession effects from supermarket impacts revealed that:

- Centres with new supermarket development did not experience greater economic health problems in the recession than centres without such development.
- In the majority of the centres experiencing supermarket development opposite is the case.

Ilminster, Whitefield & Shepton Mallet; all perform strongly relative to their analogues and regional-level averages
Building the evidence base – contribution of the Southampton study

- As planning regulation enters new era of policy guidance post-PPS6, importance of impact assessment continues to be stressed

- Impacts of trade claw back and capacity to generate linked trips seen as vital to viability and vitality of existing centres and longitudinal studies of impact encouraged

‘The objective is to seek to accommodate main town-centre uses in locations where customers are able to undertake linked trips in order to provide for improved consumer choice and competition. In this way, the benefits of the new development(s) will serve to reinforce the vitality and viability of the existing centre.’ PPS4 Good Practice Guide
Building the evidence base – contribution of the Southampton study

- Southampton study provides essential contribution to:
  - enriching impact evidence base relating to the generation of supermarkets built post-1996 in accordance with town-centres-first approach of successive Governments
  - understanding the maintenance and promotion of sustainable and competitive centres
Any Questions?

Ilminster: Competitive impacts of supermarket

In Ilminster, despite the new supermarket becoming main shopping source for almost 60% of respondents, competitive impacts 12 months on are mainly confined to existing corporate retailers

Independent retailers remain relatively unaffected by trade diversion
Case study allows more detailed analysis of linked trips between new supermarket & new local trader market

- New supermarket functionally linked to rebuilt local trader market
- 34.1% of consumers plan to directly combine new foodstore and the market
- Of these 57.7% plan to visit food market stalls

<table>
<thead>
<tr>
<th>Top 3 Shopping locations</th>
<th>12 months post opening survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>Tesco only</td>
<td>156</td>
</tr>
<tr>
<td>Market &amp; Tesco</td>
<td>77</td>
</tr>
<tr>
<td>Tesco &amp; Market</td>
<td>53</td>
</tr>
</tbody>
</table>
Trade displacement – from where?

- Post supermarket openings, significantly greater number of local residents stay in their town centres for main food shopping – majority shopping at the new supermarkets.

- 64.8% of these residents previously ‘outshopped’ at out-of-centre style supermarkets.

  Majority of trade displacement not come from in-centre independents, but from poorly integrated out-of-centre stores which offer little opportunity for linked trips.