

Summary of hearing held with the Retail Enterprise Network held on 1 September 2006

1. The Retail Enterprise Network (REN) is an academic, enterprise and research unit based at Manchester Metropolitan University Business School. It was set up in 2001 to look specifically at retailing in traditional areas including a remit to examine the independent retail sector. In the course of its work the REN has formed partnerships with and collected data from organizations in the UK and abroad. It was instrumental in advising the All-Parties Small Shops Group in relation to the report on High Street Britain.
2. In the REN's view, the competition authorities had tended to focus on the problems supermarket multiples created rather than looking at the problems which existed in the small retail sector. It was believed to be weaknesses within the dynamics of the small retail sector that caused the imbalance across the industry. The 2000 inquiry into supermarkets, while accurately identifying the problems regarding the grocery sector, was unable to find appropriate solutions because there was no detailed assessment of smaller retailers. As a consequence, the problems were never addressed in the previous inquiry and still existed today.
3. The REN did not believe that consolidation in the grocery market across the UK was as important as consolidation in local areas (which had increased) because consumers could only walk, drive or take public transport so far, and to a certain number of retailers within a specific catchment area.
4. A large number of small retailers were struggling to compete in the grocery market for a number of different reasons even though they were good businesses. These reasons might not necessarily be related to the activities of larger retailers, for example rents, rates and other costs were factors which impinged on local retailers, especially in high street locations. The loss of independent fascias from the high street negatively impacted upon the town and the multiple retailers concerned. Some retailers, such as Boots and Waitrose saw the value in acting collectively so that the town in which they were located was able to offer the consumer what he or she wanted, thereby enabling the town to compete successfully against rival towns. Both retailers played an active role in town centre management.
5. The concept of Town Centre Management was first introduced during the mid to late 1980s as an initiative by Sainsbury's and Boots (in response to out-of-town developments). It was originally funded by retailers and local authorities and by capital intended for urban regeneration. The REN believed town centre managers had an important role in ensuring that the needs of a town rather than one specific operator were met, especially as some local authorities had a poor understanding of the dynamics of the retail sector (where retailing was looked on entirely from a planning perspective). Although a large number of towns now had town centre managers, a significant number of smaller areas were not represented. In response, the REN in conjunction with the Association of Town Centre Management (ATCM) started an initiative to look at ways of developing community-led town centre management (led by independent retailers) for those areas. The REN believed it was important that town centre managers had a good link with the independent retail sector and a good understanding of retail and local issues. However, many town centre managers had struggled to have a strong relationship with the independent retail sector because some of them came from a local authority background.