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Relocalising Food Shopping

Consumer Responses to Supply Chain Transformation in the UK Convenience Store Sector

University of Southampton

Background to the study

What is lost in public debate/ press hysteria on the incursion of corporate food retailers into the convenience store sector are the profound benefits to consumers flowing from connecting local stores into world-class distribution & supply chain management systems.

Tesco brings expertise & systems which, in comparison to previous operators in sector, allows it to extend the range of products available to local communities significantly at price points which, despite additional costs of small-batch distribution, are not dissimilar to superstore levels.

"Our study was conducted as a contribution to a public policy debate on issues where arguments are both heated and polarised, but where robust research evidence is almost entirely lacking"
Professor Neil Wrigley,
University of Southampton

"It is clear that the introduction of the Tesco Express format to these communities helped bring about a major re-localisation of top-up shopping - away from distant superstores towards local shops"
Professor Neil Wrigley,
University of Southampton

Methodology

The study consisted of three case studies located in Hampshire. Each case study had a Tesco Express conversion of a One Stop store within a year of the fieldwork taking place.
n.b. all conversions studied took place between Aug 2004 & Dec 2004

Two of the case studies were in semi-rural locations, as was the pilot study in Alresford. One of the case studies, in St Mary's Southampton, was in a highly disadvantaged urban location.

Population for the study

Both the Whitchurch and the Four Marks communities were approximately the same size (4, 350 pop.). Local consumers' primary food shopping typically involved significant round-trips to nearest superstore:

- Whitchurch 22 kms round trip: Tesco, Andover
- Four Marks 14 kms round trip: Sainsbury, Alton
- Pilot study in Alresford 24km round trip: Tesco, Winchester

- In Four Marks, the converted One Stop store was the dominant food retail outlet in the local community.
- In Whitchurch, the converted store faced competition from another corporate food retail outlet.

St Mary's Southampton (2,300 pop) was a highly disadvantaged urban location where primary food shopping typically involved 1.6 km round trips across the city centre to Asda, Southampton.

Sample

The research was conducted using a questionnaire survey of 200 respondents in each case study location (plus 50 in pilot study).

Respondents were selected using stratified, quota-based sampling. *In order to achieve a representative sample, respondents were stratified by age and distance from the Express store in question.*

Survey

Respondents were asked:

- Questions on current shopping behaviour, perceptions of changes in shopping environment, plus demographic, household structure, car availability, income and attitudinal information.
- To recall shopping behaviour one year ago – prior to the conversion of the One Stop store to the Tesco Express format.

Results were reported for all 4 locations (650 respondents) to maximize sample size.

Occasionally, due to changes in questionnaire wording between the pilot & main surveys it was only possible to report results for the three main case study locations (600 respondents).

In addition, a supplementary in-depth qualitative investigation of the shopping behaviours and attitudes of 72 of the original 600 respondents in the main case study locations was completed.

"The conversion was brilliant. It's now a far superior store. Whereas I would've just bought milk & newspapers in the One Stop, now I do actually buy things like salad, meat, and other bits and pieces in the Express"

Four Marks respondent

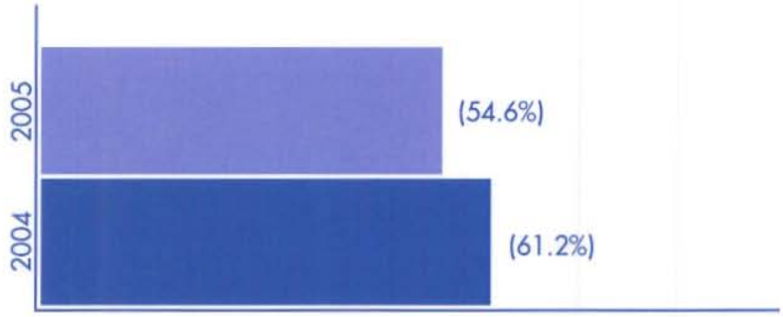
Results

Changes in shopping patterns

The Impact on Primary Shopping

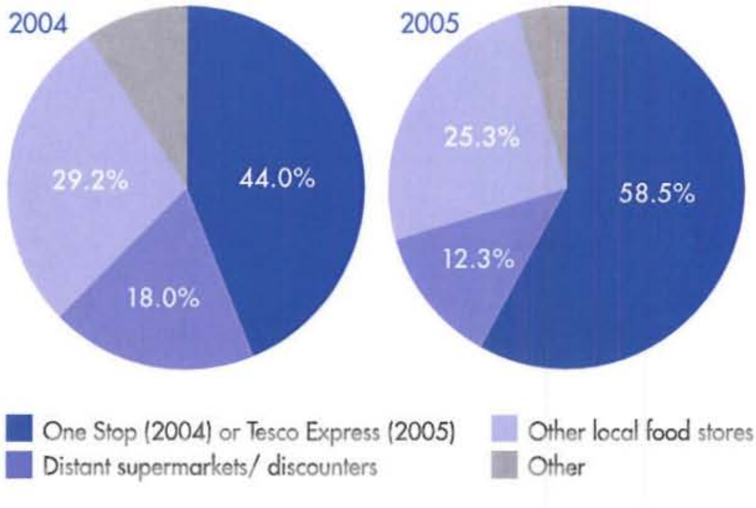
% of respondents using local stores (inc OS/TE) as main food source

% of respondents using most commonly frequented food superstore in each location



The Impact on Secondary Shopping

Pie chart showing what the respondents are using as main secondary food store in 2004 and 2005



Relocalisation Effects

There was some relocalisation of primary food shopping which was relatively modest but not without significance in terms of the local sustainability agenda.

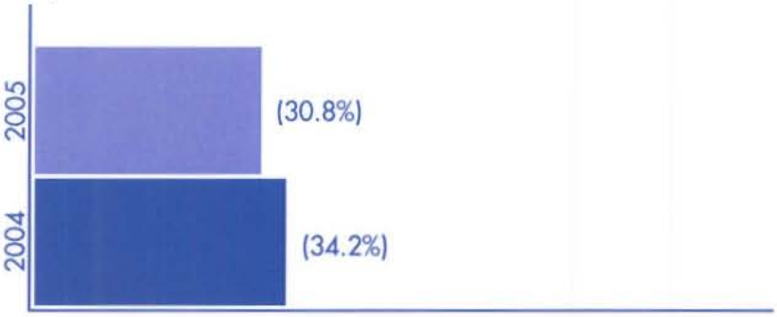
Trade was essentially diverted in each study area from the most commonly used 'one stop' superstore 1 year ago.

In contrast, secondary shopping patterns exhibited **large and significant relocalisation**, with important impacts on the mode of travel used for food shopping supportive of both PPG13 Transport and the local sustainability agenda.

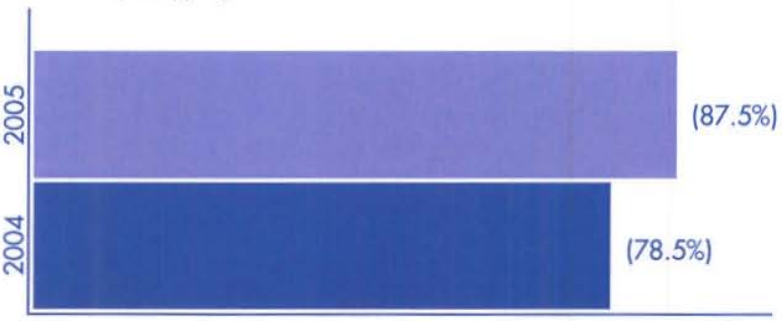
The results reported were based on the first named (main) secondary food store, and the second named (leading 'top-up') secondary food store currently and one year prior.

Impact of Travel Mode for Secondary Shopping

% of respondents using car to conduct secondary shopping at more distant supermarkets/discounters

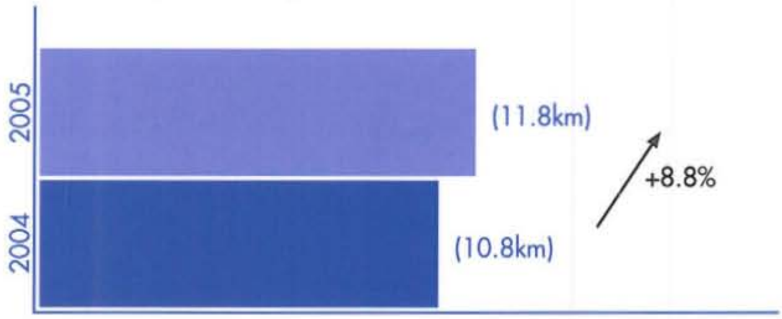


% of respondents walking/cycling to local stores (including OS/TE) for secondary shopping

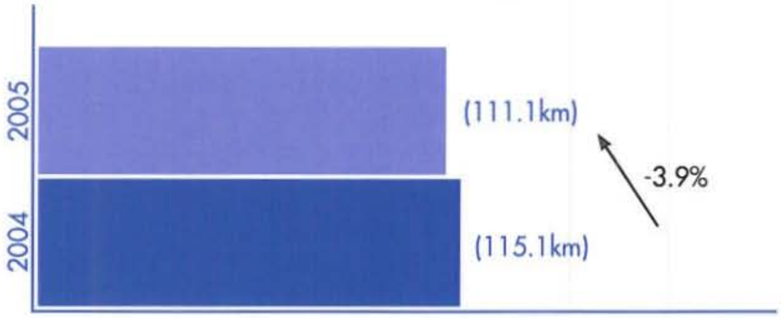


Impact of Relocalisation on Food Shopping Travel Kms

Total walk/cycle food shopping kms in a 4 week period per respondent



Total car based food shopping kms in a 4 week period per respondent



Taking travel mode substitution effects on primary and secondary shopping together.

- We attempted to estimate (using shopping destination/frequency questionnaire responses and GIS techniques) total travel kilometres per month on car-based food shopping journeys and on walk/cycle-based food shopping journeys for each of the 650 respondents.

The impacts observed are supportive of the objectives of *PPG13 Transport* and of the Department of Health White Paper objectives on exercise & health:

- For example, PPG13 Transport suggested the value of providing 'facilities at local neighbourhood level' so that 'the need for people to use cars to meet their day-to-day needs will be reduced'.

Tesco Express conversions have clearly achieved that.

In assessing the more modest impact on reduced car-based journey kilometres, it is necessary to remember that the *National Travel Survey* reports car-based shopping trips in the UK are on an upward trend of around 1% per annum. Hence the swing from car to walk-based food shopping journeys is stronger than the raw car-based kilometres reduction data might initially suggest.

Why has Food Shopping Relocalised?

1. Because the range of products now being supplied **locally** by Tesco Express stores. This is as a result of those stores:

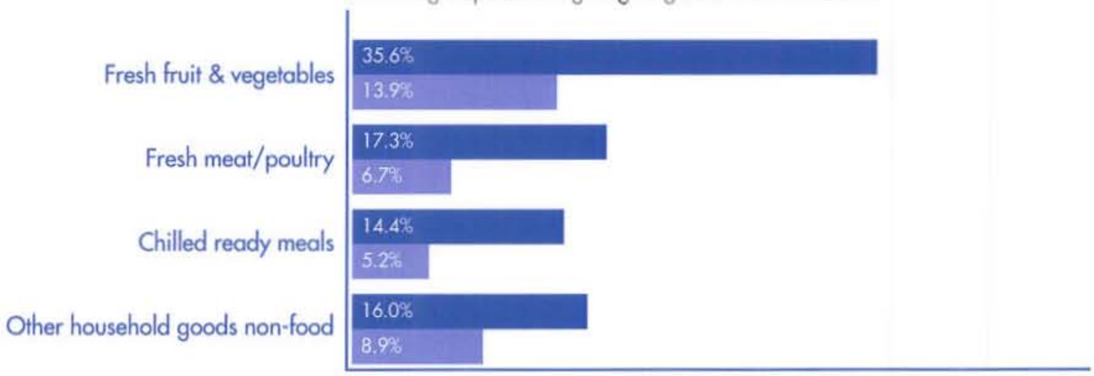
- being tied into a world-class supply chain with excellent store replenishment systems
- being fitted out with better quality chilled food facilities

Consequently, residents now have access to products locally that they previously had to travel considerable distances to obtain.

"Now Tesco is here you can get a much better range of food, you know better quality fruit & veg. The store's clean, bright and airy, and it really wasn't when it was a One Stop. It seemed very worn-in, old and dirty then"
Whitchurch respondent

This was indicated by comparing products which respondents now buy more often at their local Tesco Express store than they did at the unconverted One Stop store a year ago.

Product groups showing largest gains after conversion



Product groups showing smallest gains after conversion

* figures show % respondents buying (frequently/occasionally) at store

Before* After*

Largest differences between perceptions of Tesco Express now and One Stop stores prior to conversion	
Shop is cleaner	+62.2%
Shop layout has improved	+58.7%
Range of fresh fruit & vegetables has improved	+58.7%
Range of other food has improved	+55.4%
Quality of fresh fruit & vegetables has improved	+54.8%
Quality of other foods has improved	+47.9%

2. Because of the quality of the main secondary food store in terms of store environment and quality and range of products has significantly improved.

This was indicated by respondents' perception of the key differences between Tesco Express now and the One Stop prior to conversion.

"I'm impressed with a lot of things in the Express shop really. There seems to be like more fruit on the shelves, which is good, you know, better than the few scraggy ones that used to be in there when it was a One Stop"
Four Marks respondent

"The store is definitely much better now. It's cleaner and I find there's a greater choice of food in there and the quality of that food is much better than what was in there before when the store was a One Stop"
Four Mark respondent

Which Respondents have Relocalised their Shopping?

In order to answer this question, we compared the characteristics of respondents who switched their main secondary food shopping to the Tesco Express store following the conversion (n=143), against those who had previously used One Stop for secondary shopping and simply continued to use it (n=232).

The data showed that: Switchers to the Tesco Express stores are

1. Slightly younger with more children
2. Significantly better educated
3. Significantly more health-conscious – in terms of their attitudes to healthy eating & their smoking habits
4. Are slightly more income and time constrained

What impacts are the Tesco Express Conversions having on other Local Businesses?

Use of other local stores compared to 1 year ago	
Use less	6.0%
Use same	36.7%
Use more	7.1%
Never use	48.5%

Where items they now bought at Tesco Express were bought one year ago

Most commonly used supermarket 1 year ago	Other more distant supermarket/discounters	Other local independent stores+	N/A*
23.2%	10.0%	4.0%	62.0%

+ excluding one case of a rival corporate supermarket (Somerfield – Whitchurch)

Most commonly used supermarket 1 year ago	Other more distant supermarket/discounters	Other local stores (inc Somerfield W'church)	N/A*
23.2%	10.0%	11.3%	54.7%

N/A* – no change in products brought, less bought at TE than OS, TE not used, use online food shopping, not recorded

In each of main study locations (Four Marks, Whitchurch and St Mary's) we asked respondents whether the opening of a Tesco Express had made any difference to their use of other local stores.

We also asked where items now bought in the Tesco Express stores, that were not bought at the unconverted stores, had previously been purchased.

The key findings were:

- The responses received suggest that the Tesco Express conversions have had very minor impacts on other local stores.
- Trade is essentially being diverted from more distant supermarkets especially the most commonly used superstores one year ago.
- The responses in the sample suggest that people use most other local stores either marginally more or marginally less. Respondents suggested there were several cases of positive spillovers on trade following the opening of a Tesco Express.
- The exception to this is the sizeable impact on trade of a competing local corporate supermarket suggested in one case study area (Somerfield, Whitchurch). The previous local dominance of that store was strongly challenged by Tesco Express.
- So, despite the reports of loss of trade and significant numbers of store closures following Tesco Express conversions by bodies such as the Association of Convenience Stores, our study finds no evidence to support these claims.
- Indeed sometimes the opposite is the case:

I do go into Tesco more now than I did the One Stop and if I have time, or especially if I have some time to kill, because I'm there anyway I usually tend to wander around those other shops nearby ... you know just to see if there's anything in there that takes my fancy. If there is I'll get it"
St Mary's respondent

Caveat: this study was not set up as a longitudinal study of medium/ long-term impacts on local businesses. This matter would need a separate study in order to investigate it thoroughly.

Dislikes

What are the qualitative aspects of the study telling us?

Number of supplementary qualitative in-depth interviews conducted in each study area by age group

Research site	Age-group	Number of interviews conducted
Four Marks	34 or under	8
	35-64	8
	65 and over	8
Whitchurch	34 or under	8
	35-64	8
	65 and over	8
St Mary's	34 or under	8
	35-64	8
	65 and over	8
Total interviews conducted		72

Dislikes mainly focused around notion of Tesco destroying a sense of 'localness' and/or disregarding local community.

There were also concerns about:

- post office issues
- perceived flouting of planning regulations
- car parking problems
- congestion caused by delivery lorries

"I am not against supermarkets, but I want villages to stay villagey, and individual, private and cosy. You know, I don't feel that these people should be here, they're out of place and destroy our sense of, you know, localness"
Four Marks respondent

"I dislike the way Tesco is taking over the world; I was not very keen on there being a Tesco here. When it quickly became obvious that they were going to take over and then remove the post office ... that definitely confirmed, you know, like my hatred for them"
Whitchurch respondent

Perceived Benefits

Perceived benefits mainly focused around:

- the stores being cleaner, brighter and better laid out
- the stores having a better range and better quality of food available
- the stores offering lower prices and better value

"The Express store is noticeably cleaner than the One Stop store and also has a much better layout. In general I think that the store has been well received here and that's seen in the fact that it's much busier now"
Four Marks respondent

"Tesco Express is a more convenient store. It has cheaper goods and a wider range"
New Arlesford respondent

Conclusions

Many local communities in which Tesco Express store conversions have taken place previously experienced high levels of out-shopping for both food and non-food.

'Clawing back' of food shopping trade is vital to these communities to:

- help maintain an 'anchor' for other services
- reduce unnecessary (largely car-based) shopping travel miles
- sustain provision for groups with limited mobility

Case studies of consumer responses to Tesco Express store conversions in three communities in Hampshire provide evidence of:

- major relocalisation of food shopping away from distance superstores
- important travel-mode substitution effects involving increased walk/cycle-based and reduced car-based food shopping travel miles supportive of Government objectives on transport sustainability and health
- important increases in consumer welfare from, and positive community response to, being able to access fresh/ healthy foods locally which previously involved considerable travel distances to obtain
- little observable adverse impact on other local retailers (other than on previously locally dominant corporate retailers)
- indeed possibility that trade 'claw - back' might increase patronage and viability of local services
- adverse qualitative reactions focused around the notion of Tesco potentially destroying a sense of 'localness' and/or disregarding local community opinion-with specific reference to concerns focused on loss of Post Office facilities, planning regulations, car parking problems and congestion caused by delivery lorries
- positive qualitative reactions focused around; improvements in quality of store environment, better range and quality of foods available and lower prices/enhanced value of the store's offer

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