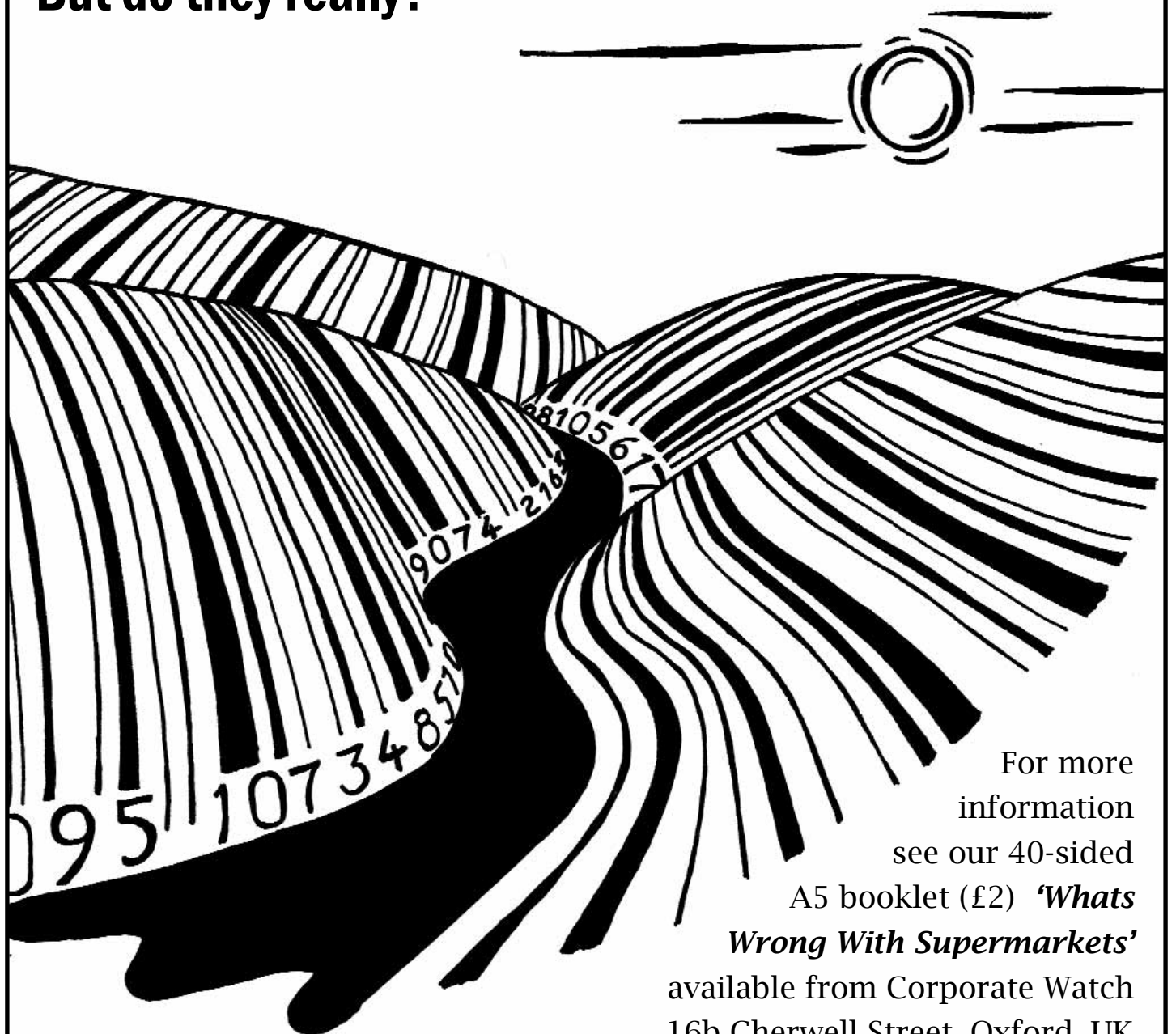


What's Wrong With SUPERMARKETS?

The big supermarkets' claim they offer 'choice',
'convenience' and 'good value'.
But do they really?



For more
information
see our 40-sided
A5 booklet (£2) *'Whats*

Wrong With Supermarkets'
available from Corporate Watch
16b Cherwell Street, Oxford, UK

www.corporatewatch.org.uk

What's Wrong with Supermarkets?

Supermarkets wield immense power over the way we grow, buy and eat our food. They are shaping our environment, our health and the way we interact socially. They seem to be essential for our fast food lifestyles as we stretch our work and leisure time to the full.

In the UK, selecting, preparing and eating food are no longer central to our daily routine. Many of us have allowed the supermarkets to shape these experiences for us.

Supermarkets say they provide what the modern consumer wants: easy access to a wide variety of food at seemingly reasonable prices. By an extraordinary feat of logistics, they have created a system by which millions of tonnes of food are transported to their shelves every day. Through loyalty cards they have been able to profile the precise habits of their customers. An ever increasing array of products and services, frequent special offers, all night opening hours, plenty of parking space and the reassurance that you'll find something for dinner all make supermarkets seem like an offer that many can't refuse.

Food production and retailing is increasingly controlled by a small number of multinational corporations. US supermarket giant Wal-Mart, which owns Asda, is the largest corporation in the world. It can take a billion dollars on a good day's trading. In the UK just four big food giants (Tesco, Asda, Sainsburys and Morrisons) control over 75% of food retailing.

To increase profits and keep shareholders happy the big supermarkets continuously look to increase their market share. Tesco, the UK's biggest supermarket chain, has a 30% share of the market, but with its move into the convenience store sector and its huge 'land bank' of potential development land, is predicted to grow, if unchecked, to control 40-50% of the UK grocery market in the next 5-10 years.

In the US, Walmart has made a deliberate strategy of building out of town superstores and putting all other local retailers out of business through rock-bottom prices. Independent retailers can't compete with the big supermarkets, over the past decade one in every five UK independents has closed, in 2004 alone more than 2,000 independents went bust.

Supermarkets' clearly have the ear of government, who show few signs of taking action to control their growth. This is partly due to supermarket supporters in government like Lord Sainsbury, the Parliamentary Undersecretary for Science and Innovation and to the revolving door policy between government and business. For example former Blair advisers Lucy Neville Rolfe, Philip Gould and David North are now employed by Tesco. Its also due to fierce direct lobbying by the supermarkets and their trade body the British Retail Consortium.

Let's examine the supermarkets' three main claims of 'choice', 'convenience' and 'good value'.

Choice? (and destruction of the local economy)

We may be able to buy a myriad of plastic-wrapped ready meals or twenty varieties of oven chips at six in the morning, but as supermarkets take over from the high street, we increasingly have no choice who we give our money to.

Food retailing has undergone a massive shift in the past forty years, the loss of independent butchers, bakers, grocers and pharmacies from the high street has punctured the heart of many local communities, and food retailing is now dominated by the 'big four' supermarket chains. The influential All Party Parliamentary Shops Report (2006) says that by 2015 there will be no independent convenience stores, grocers or newsagents left. Whilst many supermarkets offer deli-style counters, shopping in the high street is much more than a consumer experience, it binds people and communities together.



Furthermore, money spent in a supermarket is spirited away to directors, shareholders and management staff, rather than circulating locally and boosting the local economy. A study by the new economics foundation found that £10, if spent on a local box scheme generates £25 for the local economy compared with only £14, if spent in a supermarket.

Supermarkets argue that they bring jobs to a community but a British Retail Planning Forum study (1990), financed by Boots the Chemist, found that rather than creating jobs, every time a large supermarket opens, on average 276 jobs are lost within a 15km radius of the new store (through closure of smaller stores and associated services).

In 2000, the Competition Commission concluded that supermarkets did not have a monopoly in grocery retailing. Critics claim that they were asking the

wrong questions and should have been looking at the control of the market by a small number of big supermarkets, an 'oligopoly' and at the local and regional market shares of the big supermarkets. Tesco, for example, has over 45% of the market share of grocery retail in certain areas of Britain. The Competition Commission is set to look again at the power of the supermarkets, we wait to see the results of this new enquiry.

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Convenience?

(and fossil fuel reliance)

The 'under one roof' format does seem to make shopping convenient with ready access to parking spaces, but by forcing consumers to use cars for their weekly shop, they are not convenient for everyone.

Out of town and edge of town supermarkets have led to a massive dependence on car transport for shopping. Three quarters of supermarket customers travel by car and one in ten car journeys are to buy food. A typical out of town superstore is estimated to cause £25,000 worth of congestion, pollution and associated damage to the local community every week. Although planning controls have temporarily put a stop to the building of new out-of-town stores, large edge of town stores continue to be built. It is in these large stores that they make their money. You may only go in for a jar of peanut butter, but could well come out with a kitchen sink, or at least as much shopping as you can fit in your car.

If you don't have a car, you're in trouble. Competition from supermarkets means you may be left with no food shops close to your home (a phenomenon known as a 'food desert'), leaving you with little choice but to travel for the weekly shop.



Supermarkets also generate vast amounts of delivery traffic. They use the road infrastructure to transport products from farms, ports and processing plants to their network of regional distribution depots and then on to stores. This 'just-in-time' delivery system sees products rushed to stores as and when they are needed. The result? Lorries circling the M25 waiting to deliver to stores with empty shelves. These centralised distribution systems are totally reliant on fossil fuels.

Disasda
AFTER
DISASTER

There is also a massive movement of food around the globe much of it by air (aided by the fact that there is no taxation of aviation fuel). This is ostensibly to provide consumers with choice, but often in reality to allow supermarkets to play farmers around the world off against each other so that they can source the cheapest products. In the USA, it has been estimated that each food item travels an average of 2000 km from farm to plate. In the UK, the average vegetable travels 600 miles. Some of this movement is part of an unnecessary 'food swap'. Why, for instance, do we import 213,000 tonnes of pork while exporting 272,000 tonnes?

The supermarkets' reliance on fossil fuels is unsustainable and going to become more so as climate change effects kick in and we are forced to move away from our reliance on oil. What we choose to eat and where it comes from will make a big difference; the current supermarket dominated food chain is estimated to account for one fifth of the total UK greenhouse gas emissions.



Selling farmers short

Suppliers say the supermarkets are abusing their market power. A handful of large supermarkets can dictate terms, conditions and prices for farm produce.

Farmers, especially small farmers are in a very weak negotiating position. They are frequently paid below the cost of production. Without contracts, they are at the whim of constantly changing packaging and quality demands. They are often forced to subsidise special offers or pay for better in-store positioning. They risk bankruptcy if the supermarkets cancel their orders or blacklist them.

All parts of the farming industry are in trouble and as a consequence UK farming is undergoing a massive restructuring. Total income from farming has almost halved and over 80,000 farmers and farmworkers left farming in the 10 years to 2005. There is no sign of this exodus letting up. In the dairy industry, where 60% of farmers don't make a profit, seven dairy farmers are going out of business each week. It's no wonder those that remain in the industry intensify their production and cut environmental and animal welfare corners to get more out of their land and animals.

It is of course the taxpayer that has to pick up the bill for dealing with pollution on the land and in the water system from the 'cheap food' supplied by industrial agriculture.

Another cost of the pressures to supply 'cheap food' is the 100,000 'undocumented' immigrants mainly from Eastern Europe, smuggled into the UK by 'gangmasters', to work on arable, fruit and vegetable farms and in packing houses. In constant fear of being deported and unable to speak English, they make a compliant workforce, forced to accept very low wages and poor working and living conditions.

Good Value?

(and all the hidden costs)

Supermarkets are definitely good value for their shareholders; with Tesco announcing profits of around £2.2 billion in 2006. But the 'cheap food' supermarkets peddle comes at a very high cost for consumers, farmers, the environment, local communities and taxpayers.

Are supermarkets good value for consumers?

Loss leaders make supermarkets seem 'cheap'. Through cross subsidies, bulk buying and oversupply, they can sell bread at 17p, milk at 35p a litre and baked beans for sometimes as little as 7p. This doesn't mean to say that all their products are cheap. A simple comparison of fresh produce shows you can often get it cheaper at a local independent store or market stall.

And have you ever wondered why you always end up buying more than you need? Supermarket selling and pricing techniques are a 'spectacular black art'. From ensuring that the store layout leads you past expensive and fresh items first, to making price comparisons difficult, the supermarkets know how to fleece you. And those special offers?

The supermarket chains have been found guilty of subsidising 'price cuts' by raising prices elsewhere in the store. They also raise the price of goods just before a big publicised price cut to make the cuts seem more dramatic. Its almost impossible to tell whether you've actually saved money overall.

Many of the cheapest convenience items on offer in supermarkets: chocolate bars, chips, crisps, fried vegetable or chicken nuggets etc are full of saturated fat, salt, sugar and are low in fibre. A diet based on these products causes cardiovascular disease, diet-related cancers and obesity. The bill to the NHS and the taxpayer for these products is something like 10 billion pounds a year.

Yes we deserve affordable food, but we also deserve healthy food, healthy communities, thriving small businesses, a healthy countryside and a fair wage for producers.

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Resources

www.asdawatch.org - monitors the supermarket chain's practices, particularly its labour practices and treatment of overseas suppliers.

Corporate Watch - Publications include *'Whats Wrong with Supermarkets?'* (April 2004), profiles of major supermarkets and foodprocessors, *'A Rough Guide to the UK Farming Crisis'* (May 2004) *'Checkout Chuckout: a DIY guide for groups campaigning against supermarket developments'* (May 2006). Tel: 01865 791 391. www.corporatewatch.org.uk

Friends of the Earth - are actively campaigning on supermarket issues in the UK. See the 'Real Food' section of their website. www.foe.co.uk.

Grassroots Action on Food and Farming (GAFF) - campaigning to highlight the corporate control of agriculture and building alliances between farmers, farmer groups, environmental campaigners and the wider public. Tel: 01865 791391 www.gaff.org.uk Email: gaff@corporatewatch.org

Small and Family Farms Alliance - Michael Hart Tel: 01726 843 647. Email: michael@mhart.fsbusines.co.uk

www.tescopoly.org - brings together many campaigning resources from different sources on Tesco & supermarkets.

Via Campesina - world wide small farmers network for info & actions. www.viacampesina.org

Viva! - Campaigning and researching on the factory farming of animals. Tel: 01273 777688. www.viva.org.uk

What we can do:

- **rely on supermarkets as little as possible** and when you do shop in supermarkets send your till receipt to head office and ask how much the farmers were paid for your trolley load.
- **support local, environmentally friendly, socially responsible farming**
- **support local independent retailers and street markets** and encourage them to stock local produce
- **support local food initiatives** that keep production close to the point of consumption like farmers markets, **box schemes** and **farm shops**, see www.farmersmarkets.net and www.bigbarn.co.uk
- **support the Breaking the Armlock Alliance campaigns** to put the Code of Practice with suppliers on a statutory basis, to ensure fair treatment of farmers, and for an independent supermarket regulator www.breakingthearmlock.com

And... celebrate the incredible diversity of local produce available where we live....