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## Reconsidering Community-based Retailing

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## 6 *Reconsidering Community-based Retailing*

Rebecca Maughan and Dr Aidan O'Driscoll (Dublin Institute of Technology)

### INTRODUCTION

Ireland and several other European countries are currently facing severe economic difficulties. These economic challenges are also accompanied by social issues as families and communities struggle with increased taxation, wage cuts and cuts to public spending and services. Coupled with these national economic and social difficulties are unprecedented global environmental issues, in particular climate change, the destruction and degradation of eco-systems and the services these systems provide, and the overconsumption of natural resources. Unresolved, these sustainability problems have the ability to completely overshadow our current economic challenges. While the issue of sustainability has become the focus of much national and international attention, most experts would suggest that we are quite a long way from achieving social or environmental sustainability. There has never been a more pressing need for a combination of local, national and international solutions to these economic, social and environmental challenges.

One of the areas with great potential for economic, social and environmental benefits is community-based retailing. The concept of community-based retailing can incorporate a number of different tenets. We suggest that it is retailing that is based close to the community it serves, usually within the town or village centre rather than out-of-town locations and which is composed of a diverse range of small and medium-sized business that are often independently or co-operatively owned. These community-based businesses form part of the social and community infrastructure (Smith and Sparks, 2000). They can provide important daily services to the local community (Rex and Blair, 2003); products and services tailored to the local community; support and linkages to local producers and suppliers; and help to generate and maintain local employment opportunities (Clarke, 2000; Monbiot, 2000; Smith and Sparks, 2000). That is not to say that the small, local, independent shop is necessarily a panacea to all of the issues facing modern communities. Small shops have tended to survive in areas where due to lack of public transport people

have little choice but to use the local shop (Rex and Blair, 2003) and this lack of competition can lead to a poor retail offering in terms of both choice and value (Wrigley et al., 2004). Equally, having access to only one large supermarket can also lead to consumer dissatisfaction in terms of choice (Kirkup et al., 2004) and other negative impacts on the community. Thus there is a need to maintain or help to create areas where communities have access to a range of retail services and providers. The following sections discuss some of the social, economic and environmental benefits of community-based retailing.

### THE SOCIAL, ECONOMIC AND ENVIRONMENTAL BENEFITS OF COMMUNITY-BASED RETAILING

One of the economic benefits of community-based retailing is that it can create a busy retail environment in a town or village centre. This in turn can provide opportunities for entrepreneurship, as new businesses are more likely to be successful in an area with existing pedestrian traffic. This type of entrepreneurship in the retail industry can be particularly important to ethnic minorities, providing both economic opportunities and also focal points and services tailored to these communities (Rubin, Jatana and Potts, 2006). A vibrant town centre with thriving local businesses is also important for securing local employment (Monbiot, 2000; Smith and Sparks, 2000), as there can be significant net job losses when out-of-town retail developments erode economic life in town centres (Hillier Parker, 1998). Also, in comparison to large national or international retailers who have global supply chains, more of the money spent in local stores stays in the local economy (Rubin, Jatana and Potts, 2006).

In addition to the economic benefits that community-based retailing can bring, it also has an important role in the social sustainability of urban and local communities. Through various mechanisms, such as incorporating healthcare, banking or postal services, community-based retailing can contribute to maintaining easy access to retailing and other services. This can be particularly important for vulnerable sections of the population: the elderly, those with reduced mobility, families with young children and single parents. Having a vibrant town or village centre with a range of shops and services helps to provide a point of interaction for people and can support a sense of community and social networks (Rex and Blair, 2003). From an environmental point of view, having access to good local retailing can also help to reduce consumer food miles, as people don't have to drive to out-of-town locations for their shopping.

Community-based retailing in its own right can make a valuable contribution to ensuring the social, economic and environmental sustainability of urban and rural communities. However, if the full potential of community-based retailing is to be realised, then one of the most important aspects to develop is the market for locally produced products, particularly locally produced food. The benefits of combining local food and community base retailing are discussed in the next section.

## COMMUNITY-BASED RETAILING AND LOCAL FOOD

Local food is food that is produced in close proximity to where it is consumed (Norberg-Hodge and Gorelick, 2002). There are a myriad of social, economic and environmental benefits associated with locally produced food. From a social point of view, local food economies in combination with community-based retailing can help to combat 'food deserts', areas (usually low-income areas) with little or no access to affordable, nutritious food (Acherson, 1998). Local food networks can help to provide convenient access to fresh and affordable food for middle- and low-income families and those with limited mobility or access to transportation. Local food is often fresher, needs fewer preservatives and is therefore more nutritious than food produced on an industrial scale and transported from thousands of miles away (global food).

The combination of local food and community-based retailing can provide a twofold reduction in transport, generating significant environmental benefits. On the customer side, having access to local shops can help to reduce avoidable car trips to and from out-of-town shopping centres. On the production side, fewer 'food miles' means less carbon emissions and less consumption of natural resources in the form of fossil fuels. Also, if food isn't transported over long distances, it requires less packaging (Halwell, 2002). In addition, the infrastructure used to transport global food can be more vulnerable to issues such as blockades, protests, natural disasters or fuel shortages than local supply chains. Local food supply chains can also offer greater traceability and transparency in terms of how food is produced and the conditions in which the people producing it work.

Further social, environmental and economic benefits arise from local food production when the produce is coming from small diversified farms. Small farms are more likely to be sustainable than larger 'industrialised' farms, which are more likely to contribute to environmental pollution and resource-based degradation (D'Souza and Ikerd, 1996). Contrary to popular economic wisdom, small farms are 'multifunctional' – more productive, more efficient and able to contribute more to economic development than large farms (Rosset, 2000). Compared to large, often monoculture (one crop) farms, small diversified farms can provide more habitat for wildlife and are also associated with the preservation of domesticated plant and animal genetic diversity (Halwell, 2002).

While local economies may not be able to fully supply all the products that customers want to purchase, they can supply a substantial portion of the food products needed by a community. They can certainly supply more than the niche artisan or organic products that are often associated with local food. Local food doesn't necessarily have to be a more expensive option than global food, as there are savings to be gained on transport, packaging, advertising, preservatives and other chemical inputs (Halwell, 2002). There are also hidden costs associated with large-scale industrial global food production, which in many countries receives substantial direct subsidies and tax concessions, as well as the indirect environmental and economic costs associated with issues such as agricultural pollution (Halwell, 2002; Norberg-Hodge and Gorelick, 2002).

Community-based markets, retailers and wholesalers can provide a vital link between local food producers and customers (Cranbrook, 2006). Creating an alternate channel to supplying large supermarket chains for local producers and farmers helps to ensure the economic sustainability of rural communities. Having access to local customers through community-based wholesalers and retailers means that producers can make a better return on their product without necessarily comprising on value to the customer. In turn, this helps to support local jobs and other local businesses. However, despite the benefits of community-based retailing, small local shops continue to face stiff and in many cases overwhelming competition from multiple retailers. The role of multiples in community-based retailing is discussed in the next section.

## MULTIPLES AND COMMUNITY-BASED RETAILING

The role of large chain or multiple retailers in community-based retailing is the subject of much debate. The evidence on the impact of the growth of multiple retailers on local communities is mixed. For example, multiple supermarkets tended to have an uneven distribution and while they may improve convenience and choice for consumers with access to private transport, they can contribute to the lack of access to retailing for those with mobility issues or low incomes (Mitchell and Kirkup, 2003; Kirkup et al., 2004). However, more recently multiples have been involved in successful urban regeneration projects that can help to tackle food poverty and provide jobs and services to deprived communities (Kirkup et al., 2004).

Most (British-based) studies tend to highlight the negative impact large retailers can have on communities, particularly when they choose to locate in out-of-town developments. The decline in community-based retailing in Britain has been well documented (Guy and Duckett, 2003; Oram et al., 2003; Rex and Blair, 2003; Crosby et al., 2005). Since the 1970s, supermarkets and other large retail chains sought to expand their market share by opening initially in out-of-town locations; then as planning regulations changed, in large in-town developments; and more recently, smaller stores in town centres have been developed (Crosby et al., 2005). These developments have been linked to the dramatic decline in the number of diverse independent shops in towns and villages (see, for example, Reynolds and Schiller, 1992; Schiller, 1996). Following the economic crisis, many of the town centre chain stores have now closed, leaving communities with less access to local retailing and a surplus of unoccupied retail space. From an economic point of view, large supermarket multiples act as 'leaky economic buckets' (Killeen, 2000), taking money out of local supply chains and weakening local economies as their products are sourced primarily from national or international supply chains. Also, large supermarket multiples have enjoyed a dominant position in relation to suppliers, which can result in farmers getting little return on their products. In addition, supermarkets have tended not to buy from small local suppliers. However, some supermarkets, notably Waitrose, Marks & Spencer and Budgens in the UK

(Cranbrook, 2006) and SuperValu and Centra in Ireland, are now actively involved in stocking and promoting local foods.

The impact of out-of-town developments in Ireland is not as well studied as in Britain. However, a study by O'Callaghan and O'Riordan (2003) found that the development of suburban shopping centres in Dublin since the 1970s drew significant custom away from the city centre and there was a notable decline in traditional retail offerings such as butchers, bakers and grocers. Yet despite the growth of multiple retailers, Ireland still has a vibrant independent symbol/co-operative sector. Musgrave Group (SuperValu, Centra, DayToday and Daybreak), for example, has 871 franchised stores in Ireland and operates a committed policy of community-based retailing and local sourcing.

Furthermore, despite the construction boom of the 2000s in Ireland, planning bodies, including An Bord Pleanála, and local authorities managed to broadly balance the growth of larger retailer and out-of-town development with the preservation of vibrant town centres (O'Connor, 2011). The so-called 'doughnut effect', a term applied in the US to describe what happens when the commercial heart of an urban area is relocated to the suburbs, is not widely evident. The sociologist Kieran Keohane (2011) considers this phenomenon to be limited in an Irish context and goes on to highlight its dangers: 'If we define a community by the density of the social networks, or people's contact with others, then the doughnut effect is more than just physical: it reduces people's contacts in the town; there is less occasion for people to meet or converse, for shared understanding.' It is also likely that the 2010 Planning Act, designed to rein in the planning process from the excesses of the boom years, will further focus planners' attention towards the need for balance in new retail development and to the benefits of community-based retailing.

## THE FUTURE FOR COMMUNITY-BASED RETAILING

The decline in local retailing and services has prompted many communities to become active in campaigns to support and save their local businesses and services. New multiple retail developments are now often the subject of sustained community objections (Cranbrook, 2006; New Economics Foundation, 2006) and in some areas vehement protest (Bowcott, 2011). In some cases, community groups have actually taken over or re-established and are running their local shops or markets on a co-operative basis. This has become such a significant trend in rural Britain that it has featured on the *The Archers*, the popular BBC radio programme, and bodies such as the Plunkett Foundation offer advice and 'how to' manuals on setting up a community-owned rural shop. The decline of local shops has also become the focus of national government attention in Britain with the establishment of the All-Party Parliamentary Small Shops Group, which recognises the vital social and economic role played by independent retailers in community stores and aims to promote better and fairer laws to help preserve and foster retail diversity.

Community-based retailers face many challenges in the current economic climate. However, with support from the communities that they are based in, combined with local and national government support, they can continue to operate. While community-based retailing may not be a panacea for all of the issues facing modern communities, it can make a substantial contribution to community welfare and the social, environmental and economic sustainability of urban and rural communities.

## RETAILING AND SUSTAINABILITY: BROADENING THE AGENDA

The idea that companies have responsibilities in relation to their social and environmental impacts is not a novel one (Smith, 2003). However, in recent decades, sustainability issues, in particular the threat of climate change, has become a focus of public, political and media attention. The environmental and social impacts of companies are more scrutinised than ever before and the retailing industry is no exception. The retailing industry has been confronted with a diverse range of sustainability issues (Spence and Rinaldi, 2010). These concerns can include environmental issues within a company's own operations, such as the use of energy in their stores, warehousing and logistic operations and waste management, or they may be social or ethical concerns connected with their supply chain, fair trade, child or forced labour or animal welfare issues. Since the 1990s, retailers and their suppliers have often been the focus of consumer boycotts and protests due to concerns about sustainability issues (Smith, 2003).

The retailer is perceived as a key gatekeeper or catalyst in achieving sustainability outcomes for a wide range of stakeholders. If the retailer adopts sustainability practices, his customers, as well as his suppliers, will be encouraged or have little choice but to follow suit. Thus far, most attention in this regard has focused on the larger retailer, e.g. Marks & Spencer or Walmart. But it is manifest that the smaller, community-based retailer also has a key role in the sustainability agenda. Concerns about sustainable development have arisen in a global and international context, yet solutions will be contributed significantly at local and community level.