

## KTP PROJECT STAGE 1 REPORT

### **Purpose:**

This report seeks to review the information available regarding the economic, social and environmental contributions that local shops make to their communities in the context of the convenience store sector. This report forms part of the Knowledge Transfer Partnership (KTP) between the University of Oxford and the Association of Convenience Stores and has been prepared by the KTP Associate.

### **Design/methodology/approach:**

This report will involve a review of the available secondary data and published work concerning the subject area, as well as consideration of the perceptions of retailers and leaders in the industry consulted during the induction phase of the project.

### **Findings:**

Literature relevant to this topic is available from a wide variety of sources and subject areas. This report serves as a review and synthesis of this knowledge base in the context of the convenience store sector, drawing out the positive impacts that convenience stores have in their communities. It is intended that this will contribute to the definition of areas for further research to be pursued as the project progresses.

### **Research limitations/implications:**

This study is based on secondary sources and extant literature and does not involve any formal primary research. Furthermore the informal opinions of industry leaders and practitioners included have not been collected in a formalised manner but are incorporated to add insight to certain areas of the report and make the findings more relevant and reflective of the current situation.

### **Originality/value:**

This report serves as an up-to-date evaluation of the current understanding of the contributions that local small retailers make to their communities. This report exists as a record of the work done at the commencement of the KTP project to broaden the understanding of the subject area that later research will seek to contribute meaningfully to.

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## 1. Introduction

In recent literature, the role of the local shop is often considered within the context of the well documented decline of local shopping. Authors considering contentious and widely debated issues such as the deterioration of the high street and the rise in power and presence of the supermarkets often refer to the struggle of smaller independent convenience stores, fighting to retain customers and maintain their businesses. Interestingly, Bennison et al. (2010) assert that throughout the 80s and 90s before this issue came to the fore, while 500 to 600 articles were published per decade in the *International Journal for Retail and Distribution Management*, only 1% of these was devoted to small shops or local retailing. The issue of the decline of town centres seems to have come to prominence towards the end of the 90s alongside increased attention on planning policy and guidance. From the late 90s onwards there is a large amount of academic interest surrounding the developments in planning policy with authors such as Sparks and Guy investigating the effects on town centres as well as the subsequent effects on local shops and local shopping provision in general. It is from this platform that a collection of authors begin to focus on the increasingly challenging environment facing local shops and the ways in which they can identify and maximise their competitive advantage (Smith and Sparks, 2000; Mcgee and Peterson, 2000; Baron et al., 2001; Byrom et al, 2003).

Alongside this theme of decline, advocates from academics to politicians often refer to the value that local shops and other organisations considered to be similarly embedded in their local communities represent (MacGillivray et al., 2002; APPSSG, 2006). There is a body of evidence which has been building since the early 2000s with contributions from organisations such as Friends of the Earth (2000, 2005) and the New Economics Foundation (Ward and Lewis, 2002; Boyle, 2009) specifically focussing on the importance of money streams in local economies and the social and environmental benefits of promoting local shopping.

Local shops are not the only organisations described as being at the heart of their communities. In the last decade, pubs have been at the centre of high profile campaigns such as Pub is the Hub+ championed by the Prince of Wales, highlighting their importance and suggesting additional services such as post office facilities that could be bolted on to increase their value still further. The campaign backing the pub+ campaign led by the British Beer and Pub Association has also had a notable impact, culminating in the appointment of a Minister for Pubs earlier this year.

This seems to demonstrate that there is a role for an organisation to act as the glue or hub of a community, that local shops may already be fulfilling through some activities.

From 2000 onwards, the expanding knowledge base surrounding corporate social responsibility (BitC, 2003; Jenkins, 2004, 2006; Madden et al, 2006; Udayasankar, 2007), social capital (Spence and Schmidpeter, 2003; Spence et al, 2003) and community engagement (Brammer, 2003) has relevance to the convenience sector as it focuses on the interaction between varying kinds of small and medium size enterprises and the community. This body of literature continues to expand providing themes that can be mapped across to the convenience sector although there doesn't yet seem to be much research conducted specifically in the convenience retailing context.

While leading academics in the field such as Sparks (2010) are suggesting that not all shopping areas or indeed local shops can or should be saved, there is a pressing need to understand the contributions made by local shops from the perspectives of multiple stakeholders in order that shops, community members, policy makers and the wider population can better understand the nature of the contributions that local shops make and their subsequent value to the communities that they are serving.

## 2. Sector Dynamics

In the midst of the research surrounding the decline of local shopping, it seems counter-intuitive to suggest that store numbers in the convenience store sector would be rising. Indeed IGD data suggests that they are not (IGD, 2010). However ONS statistics suggest that c-store numbers are increasing. This is an important point as statistics regarding the c-store sector are often disputed making meaningful analysis and comparison difficult. However, even below the ONS headline, multiple reports suggest that large numbers of independents are either leaving the sector or moving to affiliate themselves with symbol groups due to the promise of significantly increased turnover (Euromonitor, 2010). This report also suggests that the rapid rise of the supermarket small format stores in the sector is contributing to the documented rise in store numbers. Indeed, Tesco convenience stores (Metro and Express) commanded 18% of value sales in 2009, representing a 2% increase on the previous year (Euromonitor C-stores, 2010).

Whether overall store numbers are rising or falling, the fierce competition in the sector is not disputed. In the context of this increased competition and the importance of local stores expressed anecdotally, it seems relevant to evaluate the existing evidence regarding specifically the economic, social and environmental impacts that convenience stores have in their communities integrating academic literature, information from trade press and other sources with comments received from retailers and industry leaders to assess the extent to which the existing academic research supports the anecdotal evidence regarding the fundamental role that c-stores play.

While not all shops will contribute in every way listed, this report represents a comprehensive list of potential contributions and should be considered in this context.

## 3. Economic Impact

The UK convenience sector is worth £30.9bn and accounts for 20.9% of all food and grocery retail spending (IGD, 2010). The rapid increase in competition in the sector has been the subject of fierce debate, drawing out questions about the differences in positive community impact between the large multiples and the smaller players in the sector. In this section, the information available regarding the positive economic impact of local stores and particularly convenience stores will be considered. A lot of recent literature considers this issue from the perspective of the Multiplier Effect (Ward and Lewis, 2002; Boyle, 2009). The Multiplier Effect as applied in this work suggests that enterprises contribute varying amounts to their local economies through employment and procurement depending on their practices and policies. This is then quantified so that enterprises can be ascribed a multiplier representing how much of the money received goes on to be recycled in the local community. The Multiplier Effect will be referenced throughout this section and throughout the report.

### 3.1 Expenditure Impacts

#### 3.1.1 Expenditure by the store

Available information suggests that there are a number of ways in which the income and turnover of a convenience store contributes to the wealth of the community in which it is based.

3.1.1.1 Expenditure on wages: The Multiplier Effect suggests that where local residents are employed and a proportion of the wealth generated by a local shop is distributed to local residents in wages, this will in turn be spent in the local economy (Ward and Lewis, 2002).

3.1.1.2 Local procurement: Lyon et al, (2002) suggest that enterprises trading in less specialist products, such as convenience stores, will source more locally. Ilbery and Maye suggest that it is likely that such stores are likely to have become enrolled into local procurement either in

response to customer demand, to create competitive advantage or to provide local producers with retail space (Ilbery and Maye, 2005. p.354).

It should be noted that local products received to sell through the supply chain will decrease in cases where stores have specific relationships with wholesalers or access to centralised services.

### **3.1.2 Contribution to Further Spending in the Community**

A local store may increase the viability of the host community by encouraging local residents to continue using the local centre for their shopping needs reduces the risk of outshopping and therefore increasing the chances of further businesses locating in the area (Miller and Kean, 1997).

### **3.1.3 Indirect Income**

The central point of the Multiplier Effect theory is that local firms involved in supplying the c-store will spend a proportion of their income in the local economy and a proportion of the wages of their employees will also go back into the local economy in the same way. (Ward and Lewis, 2002; Boyle, 2009; Friends of the Earth, 2002 and 2005). The extent to which a store achieves this recycling of income is the fundamental point upon which the multiplier ascribed is decided.

## **3.2 Employment Impacts**

### **3.2.1 Direct Operational Employment**

At the end of 2007, as a proportion of all retail employment, employment in food retail represented 35.9% (Annual Business Enquiry, 2007), equating to approximately 1.1 million people. Retail jobs are mostly entry level positions providing basic training and skills (Dixon, 2005). These positions may be less likely to be subject to leakage to people from outside the community. Indeed, it has been suggested that local retail employment can account for as much as a third of all local employment (Schneider, 1986). However, it has been suggested that the managers of large multiple stores are more likely to have been recruited from outside of the locality than those in smaller organisations (Lyon et al 2002).

### **3.2.2 Indirect and Induced Employment**

According to the Multiplier Effect as interpreted by NEF (Ward, 2002), local shops that employ suppliers from within the community are also contributing to the employment Multiplier Effect, as employees of the supplier organisations are to an extent, supported by the stores. Moreover, the spending that those supported employees undertake in the local economy equally contributes to the wealth of the community. In support of the Multiplier Effect in this context, Dixon suggests that 'only if inward investment is embedded with a thick web of local linkages and ties can benefits flow to the local economy' (2005, p176, referencing Ward and Lewis).

## **3.3 Entrepreneurship**

It has been suggested that entrepreneurship (such as that represented in independent retailers) breeds entrepreneurship and moreover that increased entrepreneurship contributes to the networks in the community and in turn the wealth generated therein (Ring et al., 2010). It has been explained thus: 'Entrepreneurialism attracts new residents thereby increasing demand for products and services and increasing the human capital pool, leading to the development of new ventures' (Minniti and Bygrave 1999, p. 186 in Ring et al., 2010). As well as economic impact, the role of entrepreneurialism in creating positive social impact is something that will be returned to later in the report.

### 3.4 Innovation

In a recent Harvard Business Review article, Flatters and Willmott (2005) suggest that the demand for simplicity, discretionary thrift and mercurial consumption are all trends that have increased through the recession and will continue to do so into the long term. The recent innovation in certain symbol groups may represent attempts to meet these needs and drive incremental innovation in the sector.

In the drive for simplicity, Mintel (2009) suggests that one key consumer trend is the desire to purchase immediate meal solutions. While this has long been the stronghold of the supermarket compact format stores, symbol groups are innovating in this area (Mintel, 2009). As well as expansion in meal solutions, the rise of own label products focussing on simplicity and value among symbol groups such as Musgrave and Spar could be considered an attempt to match the product offering of the supermarket convenience stores and meet emerging consumer desire to exercise discretionary thrift. Another example of this could be Costcutter's recent development of £1 zones (Euromonitor, 2010).

### 3.5 Economic Impact Conclusions and Opportunities for Research

As evidenced, there are a number of ways that the literature suggests local shops generate economic impact in their communities.

The measurement of the Multiplier Effect as it applies to convenience stores does not seem to have been considered, with literature focussing on local shops such as farm stores. However it seems that convenience stores could offer a lot of the same community contributions and that this may be an opportunity for further study.

A potential challenge of the NEF model arises due to the range in scale and scope involved in the c-store sector, as the model suggests that large enterprises contribute little locally due to the proportion of goods and services purchased directly from local suppliers. This seems to reflect a suggestion by Jenkins (2004) that large companies are more likely to be able to positively impact society at large, while small businesses are likely to be able to positively impact the local community.

#### 2.4.1 Availability of Data

Due to the lag in the reporting of National Statistics, the data available from this source is in many cases out of date meaning for example that the effects of the recession cannot yet be fully reviewed. Moreover, changes in the Standard Industry Classification (SIC) system make meaningful comparison of data sets over this transition period problematic. Furthermore, and in some ways the most limiting, detailed data on the convenience store sector is not available, however, organisations such as Mintel and Euromonitor collate statistics from various organisations and integrate these in order to provide indicative estimates regarding the sector and it is these that have been employed here.

## 4. Social Impact

The convenience store product offering is traditionally informed by customers' tendencies to be motivated by either distress or impulse when using this retail channel (Wood and Browne, 2007). However with the emergence of the supermarket smaller format stores and subsequent increase in competition, it has been suggested that smaller multiple chains, symbol group stores and independents are responding by expanding stores and services offered and attempting to cater more comprehensively for emerging consumer trends (Branston, 2009). Indeed, it is suggested that by 2013 the number of grocery retail outlets will have declined by 24% while their average size will have risen by nearly 40%. (Branston, 2009). It could be that this is evidence of a theory that suggests that the supermarket small format expansion has proved a catalyst in a progressive move to the centre

ground in convenience retailing (Euromonitor: Big or Small, UK grocers). As the large supermarkets continue to reduce their footprint and product offer in their convenience format stores, smaller multiple chains and symbol groups continue to expand their stores as well as their product ranges to differentiate themselves and try to tempt their customers into moving from pure top-up shopping to something more substantial.

However, in order to determine the social role of the local shop as represented in the information available, we should consider what consumer needs and emerging trends are driving this expansion and fierce competition in the sector.

As well as innovation within symbol groups in general, there is also a body of academic and trade press evidence focussing on specific stores or store owners and their attempts at incremental change designed to ensure their store meets the needs of local people.

#### 4.1 Location and Social Inclusion

Smith and Sparks (2000) suggest:

Rural and isolated stores perform a particular function... and there is little similarity between these categories and neighbourhood centres or secondary streets in the way they are perceived or used+p. 224-5.

While the variation in enterprises within the convenience store sector presents a significant challenge when trying to observe, define or spread best practice, implicit within the idea of the local shop is the notion of a corresponding community that the shop serves. It is important to note that the concept of community is constantly changing and that geographically defined communities may not be the only ones that are relevant to the convenience store sector. Forecourt retailers for example may have regular customers who are not local residents but who do consider themselves part of the community of the shop. Moreover many retail enterprises now trade within an entirely virtual community (Reynolds, 2009). Nevertheless, it has been suggested in various surveys conducted with consumers, that people want to have a shop selling basic provisions available within five minutes of their home (Clarke and Banga, 2008; Clarke et al., 2007; Oppewal et al., 2008). As an extension of this point, it is evidenced in the literature that among its customer base, the local shop serves a proportion of the community that would be disadvantaged if it was to close. For example, for the young, old, infirm, disabled or those unable to access a car (Bromley, 1995), the local shop has been posited as a line of defence against so-called food deserts that would affect this strata of society most severely (Whelan et al., 2002; Wrigley et al., 2002). Moreover, providing access to services such as bill paying, ATM and post office services that would otherwise be lost to those unable to travel further afield, increases the value offer of local shops to their communities.

#### 4.2 Specialist Products

There are a cluster of academic studies surrounding the provision of specifically targeted imported goods and the social benefits associated with stores undertaking such provision. It is suggested that stores that cater so specifically to ethnic minority aspects of their local community encourage community interaction between groups that may otherwise not interact (Jamal, 2005). Moreover it is suggested that smaller multiples and independents are much more able to do this than the large supermarket multiples that cannot tailor their product offering in the same way (Megicks and Warnaby, 2008). While the studies involve limited numbers of cases, if this effect is widespread it would represent a significant social impact in the relevant communities.

### 4.3 Additional Services

These services include wireless internet access, bill paying facilities, ATMs and home delivery. A very recent example of innovation in this area involves a polling station located in a local store (Anon in Retailers, 2010). Services such as these increase the social impact of the store as they provide access to disadvantaged customers.

### 4.4 Employment Opportunities

There is a significant amount of information available regarding the social impact that local shops can make through their employment practices. As well as helping to keep local money streams within the community, there is also a body of information available anecdotally and through the trade press and organisation websites regarding the types of employment available and the training and development provision provided. Dixon (2005) suggests that although retail jobs are not high paying, they provide an entry into the job market, an opportunity to learn basic work skills and access training (p. 172). Indeed referring to the opportunities provided, Reynolds (2009) describes retail enterprises as %gateway employers+.

#### 4.4.1 Access to Local Employment

Statistics suggest that 49% of retail positions are part time (Labour Force Survey, 2007). It has been suggested that retail positions provide part-time and flexible employment to women, students and older people who wish to combine their work and non-work commitments (Broadbridge, 2007). Anecdotal evidence also suggests that certain local shops offer employment opportunities to disadvantaged community members such as the elderly or mobility impaired.

Moreover it has been suggested that the higher the local working rate, the higher the levels of quality of life in the local community due to factors such as reduced commuting (Immergluck, 2008).

#### 4.4.2 Training and Development

Booth and Hamer (2006) suggest that the more responsive a manager can be to the needs of an employee in terms of factors such as training and development needs, the lower the employee turnover is in that organisation. Another study suggests that employees in retail positions in independent organisations such as c-stores feel that their opportunities are greater than in larger organisations as they have the opportunity to carry out a wider variety of roles (Foster et al., 2007).

The training and development offered by convenience store employers seems to be increasing. While operators such as Spar and the Co-operative provide in-house training schemes for their employees or the employees of their members, other smaller organisations have been partnering with local colleges to provide employees with the opportunity to study for a National Vocational Qualification in retail. Further partnerships with organisations such as Train to Gain and Skill Smart Retail are providing retailers with the opportunity to improve the training and development provision for their employees (Rexworthy, 2010).

#### 4.4.3 Opportunities for Entrepreneurialism

It has been suggested anecdotally that in comparison with managers of supermarket convenience stores, (described as store minders by one independent retailer), managers of independent stores can be encouraged to act in a more entrepreneurial manner and can be more responsive to

community needs, making them more locally embedded (Dixon, 2009). Spence et al. (2003) argue the importance of the store owner or manager's attitudes in the extent to which enterprises become embedded in their communities, suggesting there is an area of advantage for those stores where the manager has the freedom to act in a more entrepreneurial fashion.

## 4.5 Networks

It has been suggested that business networks can expand the ways in which a community can innovate from limited resources, partly by cooperation but also by stimulating the emergence of new and complementary enterprises. (Ring et al., 2010). The article goes on to suggest that networks imply embeddedness (p. 175) and moreover that small communities that are rich in social capital and are able to learn from collective experiences have the potential to both identify opportunities and marshal and coordinate the resources required to seize those opportunities (p. 175). One example of this in action is Musgrave's Crouch End Group where a selection of independent retailers work together to encourage the local community to shop within walking distance of their homes (Musgrave Group, 2008). Findlay and Sparks (2006) go as far as to suggest that independent retailers can help develop a sense of place (p. 1).

### 4.5.1 Convenience Stores as the Social Hub

In the literature the local shop is often referred to as the glue or the social hub of the community but there doesn't seem to be research into how this manifests itself especially in areas where the community may not be simply defined by geographic proximity. Moreover, Runyan and Droge (2008) suggest that understanding the effects of community involvement and attachment could lead to considerable strategic advantages for small retailers (p. 85). The wider literature on topics such as informal networks, social capital, community engagement and civic engagement in small enterprises seems to help inform this area and largely points to the importance of local enterprise in generating and maintaining networks in communities.

## 4.6 Partnership Working

There is evidence of local convenience stores working to affect social improvement in the community through partnership working. Lepoutre and Heene (2006) suggest that activities that encourage joint responsibility taking... increase the recognition of responsibility issues... but also provide opportunities for joint learning [and] risk taking (p. 267). Such partnerships can be formal or informal and can be agreed with a range of partners depending on the issue that is being tackled.

An example of this sort of partnership in action would seem to be that undertaken with Change4Life: A significant challenge facing convenience store retailers is the assertion that the product offer is heavily biased towards unhealthy options and a perceived contribution to negative impact in the communities they serve. While this negative association remains a challenge, there is recent evidence that counters these claims. A recent study by Pettinger et al. (2008) including convenience stores, suggests that fresh fruit and vegetables offered in UK small shops and in French small shops are comparable. An earlier study by Guy et al. (2004) also concludes that small local food stores offer a good range of healthy food items. Moreover, when it comes to the relationship between food environment and obesity, the walkability of stores providing healthy options has been considered a key factor in reduced BMIs of local residents according to recent American research (Rundle et al., 2009). Furthermore evidence from Australia (McCormack et al., 2008) suggests the importance of proximity and mix of destinations in communities in encouraging so-called transport-related-walking in local residents. A partnership such as that with Change4Life represents a significant opportunity to build on evidence such as this and highlight potential positive social impact as well as the benefits achieved through partnership working.

Other examples include partnerships with local schools to help children understand where their food comes from or how to budget (Hegarty, 2006). Trade press coverage suggests that some stores allow installations for police surgeries or health check-ups. A conversation with a retailer uncovered an interesting partnership involving an agreement between a forecourt convenience store and a local school. The store has ample parking which is often unused; the school wished to expand but was unable to do so due to limited parking provision in the immediate area. The retailer therefore agreed to allow school parents to drop kids off for a walking school bus leaving from the store.

When considering the motivation for such partnerships, it seems that benefits are always mutual, even if these benefits are not easily quantifiable. One retailer described that all partnerships undertaken are designed to improve the local area and that as this is where staff members live, this benefits the business.

#### **4.7 Philanthropy**

While literature focussing on philanthropic giving in the small retail sector is limited, anecdotal evidence and that found in trade press and on the organisational websites of certain companies suggests that this traditional form of contribution is still very much at the fore of small retailers' community engagement activities. From collection tins on the counter to buying a minibus for the primary school, local and trade press is full of stories of generous retailers. As well as money, trade press evidence and conversations with retailers suggest that many retailers volunteer their time and that of their employees to participate in activities for the benefit of local good causes such as Young Enterprise. This sort of contribution is in many ways low risk as long as the charity is carefully selected. While a commitment of resources is required, no long-term commitment is made and the act of giving is often very visible with opportunities to collaborate with the local press to raise the profile of such generosity.

#### **4.8 Social Impact Conclusions and Opportunities for Research**

It seems therefore, that c-stores may affect significant social impacts within their communities. The challenge implicit in assessing the social impact of local shops on their communities is that of measuring and quantifying the contribution made and the success of strategies employed. Although it has long been lamented that there are no definitive methods of measuring such contributions, no clear answer has become apparent. One retailer suggested that while you may not know when you will see a return on such investment, there is a belief that this will come. This may not be a comforting thought for retailers reviewing their community investment programmes and there is definitely room for more work in this area.

#### **5. Environmental Impact**

When considering the initiatives implemented by stores to affect positive environmental impact, availability of information serves as a limiting factor. This is despite the fact that there is an ever increasing amount of legislation concerning the environment and waste management and it is widely expected that further environmental legislation will be introduced in the future. While some retailers supply information, it seems that the amount and quality increases in correlation with the size of the company. There could be a number of reasons for this: Firstly, the larger organisations have the means to measure and compile such information as well as the available channels through which to promote such activity; The larger multiples and symbol groups allocate website space to this issue and some compile sustainability reports but there is little to be found from the smaller enterprises that do not have websites or the manpower to spend time writing reports on these issues. It is also arguable that the larger the organisation is, the more pressure there is to respond to environmental

pressures and create initiatives to mitigate the increased environmental impact generated through the centralised supply chains involved.

Due to the lack of information sources available, information for this section has been drawn largely from these company reports as well as from the trade press and anecdotal evidence.

It should be noted that a large proportion of the measures taken by small enterprises of this kind result in environmental impact that may not be measured on a local scale. Reducing electricity usage or improving insulation seem to be measures that are thus far addressed from a national perspective. However it can be assumed that these impacts will also have a local effect.

### **5.1 Energy Efficient Stores**

Musgrave have made a commitment to energy efficient construction and improving the energy efficiency of existing buildings which for members clearly represents the opportunity to affect positive local impact. However along with a number of the larger organisations, the organisation states a commitment to developing environmentally friendly policies while accepting that in many cases members are free to decide whether to implement them.

As you might expect, The Co-operative has a whole raft of initiatives and indicators relating to its green credentials and has recently opened a carbon neutral store resulting in great environmental benefit as well as cost savings. Musgrave Group have also introduced more energy efficient lighting and refrigeration. Through this initiative, the company's light output was cut by 20% with a 25% cost reduction in 2009 (Euromonitor, 2010).

### **5.2 Waste and Packaging**

#### **5.2.1 Landfill Waste**

Convenience store operators have to comply with Duty of Care regulations regarding waste management and while these may not be as burdensome as Producer Responsibility Obligations, it seems that smaller stores are still increasing their recycling efforts. Indeed waste management company Sita UK suggests that the recycling services they sell now account for half of their business (Walker, 2010). This suggests that small retail enterprises as well as the large ones are reducing their landfill waste in favour of recycling programmes.

#### **5.2.2 Food Waste**

While symbol group members will often have their waste taken care of by the group they are affiliated to, waste management can be costly for small independent stores, especially the disposal of food waste. This problem is often all the more challenging in stores with a high proportion of fresh produce, creating a tension where stores wish to increase their fresh offering. There is an array of trade press stories regarding innovative measures to reduce the cost while contributing to the positive environmental impact of the store. Many of these involve donating the food to a local charity just before its use by date. One retailer donates food items to the local zoo, a scheme also exists where retailers freeze foods and then send them to a soup kitchen or homeless shelter. Musgrave members are encouraged to participate in their large scale food waste management scheme.

### **5.3 Recycling**

It is widely expected that legislation will be brought in to compel retailers to recycle. This is another area in which symbol group members can take advantage of schemes undertaken by the group they

are affiliated to. As well as recycling card and plastic through council schemes, retailers often implement further schemes. However, discussions with retailers highlight the challenges that some face in their attempts to recycle, with council recycling schemes coming under scrutiny for inconsistency and lack of reliability. This may highlight an area of disadvantage for independent retailers who cannot marshal the resources of symbol groups or large multiples.

### **5.3.1 Plastic Bags**

Many retailers operate schemes designed to reduce the number of disposable plastic bags used by customers. These schemes can range from charging for bags and donating proceeds to charity, to selling bags for life.

### **5.3.2 Batteries**

The recent legislation introduced regarding battery disposal now provides convenience stores with another opportunity to create environmental impact by collecting used batteries supplied by customers for recycling.

## **5.4 Food Miles**

Despite Defra's assertion in a 2005 report that food miles should be considered within a suite of indicators to measure sustainability, the calculation of food miles has come to be considered as a fundamental measure by which to assess food distribution systems in retailing (Coley et al., 2008) and as such is an area of potential positive contribution to local environments.

A report commissioned by the Food Industry Sustainability Strategy (FISS) Secretariat in 2007 suggests two approaches to address food miles. The first approach promotes fewer miles while the other considers friendlier miles. It seems relevant to consider the positive environmental contributions made by convenience stores in terms of food miles in the context of these two approaches.

### **5.4.1 Fewer Miles**

This is an area in which it is fairly straight forward to perceive the positive environmental impact that local stores have in local environments. As well as the aforementioned social benefits generated when stores can encourage local residents to walk rather than drive to purchase basic provisions, this existence of local shops also reduces car travel by local residents (Rundle et al., 2009). This represents an obvious and important contribution that local shops make to improving the environment within their community.

### **5.4.2 Friendlier Miles**

Local stores are often credited with procuring large amounts of their products through local suppliers which in turn reduces the distance that goods travel and the carbon generated in the process. While this may well be true, in the existing literature, this argument is often illustrated using examples of farm stores (Boyle, 2009). Convenience stores are much more difficult to classify and research because of the variation in scale, business model and supply chain management techniques. It is therefore challenging to attempt to measure the positive environmental impact of a convenience store in terms of food miles. Indeed while small independents may stock locally sourced produce, reducing food miles, larger multiples and symbol groups may struggle to implement high proportions of local sourcing in their stores. Indeed the Musgrave Sustainability Report (Musgrave, 2008) suggests that they encourage local businesses to improve their practices in order that Musgrave may be able to include them in the supply chain.

However it can also be argued that larger enterprises can improve the green credentials of the food miles they clock up making them friendlier through measures such as monitoring fuel efficiency in drivers. Moreover, due to scale, these measures have a much larger impact in terms of carbon emissions but not necessarily at a local level.

Interestingly, Coley et al. (2009) have recently challenged the concept of food miles as the best way of calculating the carbon associated with food shopping suggesting that carbon generated per item of produce may be a fairer measurement. This research is still in development but may provide a fairer way to represent the efforts made by stores to reduce carbon emissions in their supply chains. This however, would still be inadequate in deriving the benefit to the local community specifically.

### **5.5 Environmental Impact Conclusions and Opportunities for Research**

It is clear that there is a need for a lot more work in this area. It is difficult when assessing the whole convenience sector to compare like with like as there are such variations in scale of operation and availability of resources. It is clear that convenience stores and local shops do contribute to positive environmental impacts but it is difficult to know to what extent and with what kind of consistency.

It does seem that environmental impact may be subject to a Multiplier Effect of sorts. Actions taken by the store may well result in environmental contributions by members of the supply chain in order to align with the stores values and requirements. Similarly requirements imposed on customers (such as payment for plastic bags) may result in increased environmental awareness in the customer base. Moreover, the location of a store close to shoppers reduces shopping trip miles. These are all areas that warrant further investigation.

## **6. Report Conclusion**

This report has reviewed the existing evidence regarding the contributions local shops and particularly convenience stores make to their local communities. Throughout the report, academic ideas as well as information from the trade press and anecdotal evidence have been considered in order to represent the most holistic view of avenues for positive impact. Conclusions have been drawn at the end of each of the sections but some themes regarding the sector and the availability of information have emerged that seem appropriate to highlight here.

### **6.1 Availability of Information**

In each of the sections of this report there are areas where more information is necessary. The convenience store sector is still incredibly under researched. Where the majority of information is received from trade press, conversations with retailers or anecdotally, there is an opportunity to design some research to fill this gap.

### **6.2 Measurement of Impact**

In each of the sections of this report challenges have been highlighted regarding the ways in which positive impact can be measured both in terms of the impact for the community and the positive bottom line impact for the store. There is a need to understand and quantify the positive impact of measures undertaken by stores so that awareness can be raised with both store owner/managers and the community.

### **6.3 Awareness**

There seems to be a distinct imbalance of promotional activity around community initiatives comparing the large and small organisations. It seems logical that smaller the organisation, the fewer

the resources to research or publicise community impacts. However there is also a significant amount of research that suggests that small and micro enterprises are much less inclined to formalise or record their contributions to their communities because they feel they risk alignment with the large organisations that are often perceived as cynical in publishing lengthy CSR reports. Small organisations do not identify with the term CSR, and perhaps don't realise that some of what they are doing could be classified under this heading. It seems that some organisations may gain great benefit from promoting their activities more widely not least as it would allow reports such as these to highlight the importance of such contributions. It would also be interesting to conduct a study into the extent to which customers, policy makers . stakeholders in general are actually aware of local shop contributions. Paddison and Calderwood (2007) suggest that small retailers must 'increase their utility for customers and exploit their marketable assets together with community goodwill' (p. 25). Advertising existing community contributions seems like a good way to do this and could contribute to increasing emotional loyalty and reciprocity in the local community as well as greater understanding and advocacy in the wider population and policy environment.

#### **6.4 Next Steps**

The differences in store size and resources are not the only variable at play in this project. The term 'community' is subject to a number of definitions. While the geographic community of an isolated rural area may be straight forward to categorise, that of a forecourt retailer on a main road with regular customers that do not live locally may not be so easily defined. Moreover the roles of the respective stores will vary depending on the store itself as well as the location and construction of the community it serves. These are issues that will pervade the whole of this project. In project stage one, impacts have been considered inclusively, and have been discussed irrelevant of where or how they are made. However in project stage two, some form of classification of stores will be necessary to ensure that any comparisons in the research stage offer meaningful insights.