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Supermarket starters

Supermarkets feature prominently on the list of bogeymen we love to hate. Throwaway asides such as 'Of course I blame the supermarkets' or 'It's all the fault of the supermarkets' crop up regularly both in public debates and personal discussions. We have become quite accustomed to an undercurrent of criticism of our large grocery chains. Collectively, they represent a highly suitable bunch of baddies. And yet we all shop in supermarkets. Some people enjoy the experience. Others detest it. But whether we love supermarkets or loathe them, we are somehow entranced by them. We see them as an indispensable, structural feature of our lives.

This is a highly pragmatic reaction. Over the last three decades, supermarkets have slowly but surely taken control of about 80 per cent of the food we eat. Within that figure, a handful of supermarket superpowers account for around 70 per cent. The tentacles of this staggering concentration of power at the retail end of our food chain reach into all aspects of our lives. The look of our urban and rural landscape, the vitality of our high streets, our reliance on the car, the nature and quality of the food we eat – all these have been profoundly influenced by supermarkets.

Writing this book was a voyage of discovery. I wanted to go behind the one-dimensional criticism of supermarkets to find out what they meant for real people: both those inside the supermarket system such as checkout operators, buyers and suppliers, and those marginalised by it, such as independent shopkeepers. My aim was to begin to catalogue in human terms the consequences of our thirty-year love affair with supermarkets. I didn't just want to hear generalised grumbles about how they treat farmers, or how they manipulate us to spend more than we might like. I wanted to form a picture of supermarkets from the bottom up – and from many angles.

I had expected to uncover some disturbing facts. Even so, I was regularly stunned by what I found. Questionable 'healthier eating' claims that deserved a prize for sheer audacity. Suppliers who lay awake at night, dreading that phone call from supermarket HQ saying, 'Sorry but we're going to delist you. Oh, and we'll want your stuff off the shelves in three days.' Growers who used more pesticides than they would like to purely to meet supermarket standards of cosmetic perfection. Buyers who bullied suppliers because they were worried about losing their own jobs. Cauliflowers rejected because they weren't white enough. The devastation supermarkets have wreaked on Britain's independent shops, the alarming speed at which supermarkets are colonising countries with more traditional eating habits, and much, much more.

I have been left with an image of our largest supermarket chains as wonderfully streamlined, highly efficient machines, sensitively tuned to deliver a very specific objective: a share price that keeps their investors happy. As both a consumer and a journalist, I had heard a lot of supermarket talk about wider 'corporate social responsibility' goals – of improving the nation's health, ethical trading, supporting local producers and organic farming, and more. But it soon became apparent to me that everyone who operated within the more competitive echelons of the supermarket system was fully aware that these were optional extras, extras that could be quietly sidelined the minute they required too much effort or got in the way of delivering the necessary short-term profit margins.

I learned that UK supermarkets now jump to the tune of our second largest chain, Asda. Since 1999 when it was taken over by the biggest retailer in the world, the US chain Wal-Mart, Asda's strategy of 'Every Day Low Pricing' has triggered a supermarket price war in which chains without international buying muscle are disadvantaged. In order to keep up with Asda, our leading chains in the UK must be ever more ruthless in the way they operate or else risk losing their place at the supermarket superpowers' top table. In the words of ex-supermarket supremo Sir Archie Norman, the supermarket business is a 'cut-throat industry' where companies try to 'kill each other off'.

It became clear that this wasn't the end of the story, either. By the end of 2003, the gap in grocery market share between the supermarket superpowers and smaller chains was already alarmingly wide. Tesco had 27 per cent, Asda had 16.8 per cent and Sainsbury's had 16.1 per cent. The proposed merger between Safeway (9.2 per cent) and Morrisons (6.3 per cent) would give the latter a share of 15.5 per cent, thus widening the gap between the 'Big Four' and their nearest competitor, Somerfield, with its 5.6 per cent share. As for chains such as Waitrose and the Co-op group – with respective shares of 3.2 per cent and 4.1 per cent – they were small fry in the overall grocery market. The hard discounters – Aldi, Lidl and Netto – were minnows, as was the frozen food chain Iceland. Small chains are increasingly victim to aggressive expansion by larger, more ambitious ones.

This ever-increasing concentration of retail power in the hands of a diminishing number of grocery chains is just Phase One in our supermarkets' ascendancy. Our biggest chains have voracious appetites and are hungry for more. They are moving into non-food retailing in a big way, attracted by the lure of even bigger profits. Non-food lines need larger stores with a lot more space to merchandise them. If you thought your area was already saturated with supermarkets, think again. The multiples want to build mammoth new stores and enlarge older ones. The biggest players amongst them are also looking to extend their empires overseas.

If this supermarket power grab continues to go more or less unchecked, we will face a scenario where, in the not-so-distant future, most UK consumers could have no independent food shops at all but just a choice of two or three mammoth international chains and perhaps one smaller marginalised chain purveying treats and niche products to an affluent few. Even leading national chains could become vulnerable as a handful of transnational retailers carve up global food sales. Do we want that to happen? We sleepwalked into Supermarket Takeover Phase One; do we want to sleepwalk into Supermarket Takeover Phase Two? Read this book and make up your own mind.

Note

In this book I often refer to 'supermarkets' as a generic category. But supermarkets come in all shapes and sizes. The largest standard Waitrose or Somerfield is approximately 30,000 square feet and the biggest Co-op is 45,000 square feet, while an Asda supercentre is 100,000 square feet.

In the course of writing this book, many people have asked me the same question: is one chain better than the rest? We all want to believe that the chain we use is not the worst. There are significant differences in policy and general modus operandi amongst all chains but my research leads me to conclude that when it comes to our largest chains – Tesco, Asda, Sainsbury's – there is very little to choose between them in terms of their overall imprint on our society. You have to be tough to swim in shark-infested waters. The chains with lesser market share do not provoke the same strong reactions in people. This is largely a consequence of scale. Many of them follow practices similar to those of the supermarket superpowers, and these can be devastating for individuals affected by them, but because of their relatively small market share the effects are not so all-embracing.

Another question I often encountered was: 'Do you see any role for supermarkets at all?' The answer is yes. Grocery chains can be pretty useful. A visit to a moderate-sized, well-stocked supermarket every now and then can make life a lot easier. But again the question of scale is paramount. Supermarkets must be able to coexist with independent shops, and giant superstores that have a neutron-bomb effect on all retail life around them cannot do this. We don't need limitless numbers of them either.

On this basis, I have some time for Marks & Spencer. Though it features in the book, it is the odd man out. In some respects it operates as supermarket chains do, which is why it is included. But it does not try to be a 'one-stop shop' so its sphere of reference, and therefore influence, is more restricted. I have always had a soft spot for the Co-op group. It makes exceptional efforts to trade ethically and offers a useful service in many towns and city-centre areas. Finally, the family-owned Booths chain in the north-west of England, which retains many of the virtues of the traditional grocer's shop, strikes me as a good model for supermarkets on a manageable, human scale.