

Superstores: A Warning from Wales

Written by Andrew Warmington

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If anyone knows about running a small shop and about the effects supermarkets have on them, it must be Mike Hodges. Mike, who I visited in December is also a Powys County Councillor and has run a shop in Llandridnod Wells, just over the Welsh border from Kington all his life; indeed, he is the fourth generation owner of the store his great-grandfather started in 1906.

Mike's shop comprises a newsagent, food store, off-licence and post office, so it is right in the line of fire. When the first supermarket in Llandridnod, Gateway, opened 28 years ago, Mike was prepared. He took a 30% hit on sales for the first six months or so, then slowly built his business back up as his customers came to realise that bigger didn't necessarily mean better or cheaper.

Gateway became Somerfield, then the current Co-Op. Later Kwik-Save opened in town and is still there as Aldi. Mike and other small shopkeepers took a hit again. Most of them built their business back up over the course of several years, though not all. Llandridnod originally had four independent butchers; now there is one left. Both independent fruiterers went. Many other shops have gone too, to be replaced by offices or charity shops. The High Street, though, lived on.

This time, however, it is different. In July 2010, a giant Tesco opened on the edge of town. Now Mike and his fellow independent shopkeepers see no future at all as this voracious monster sucks all of the trade out of the town, killing off the footfall in the High Street. What has happened to Llandridnod is a terrible wake-up call to Ledbury that tells us to fight off the out-of-town superstores while we still can.

There are both similarities and differences between Llandridnod Wells and Ledbury, for no two places are the same. Let's start with the similarities. The population of Llandridnod is about 5,000, though you can double that figure based on the hinterland of large villages like Howey to the south, north and west. Ledbury has just under 10,000.

Llandridnod grew from almost nothing in the Victorian age when spa waters were found there,

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so it is a rather sprawling place, though with a defined centre. Like Ledbury, it has a bit of industry but not enough good job prospects to retain the young people growing up there; the real population growth has come through retired people and that, the town council recognises, is a long-term issue.

Unlike Ledbury, when Tesco originally put forward their proposal for a superstore in Llandridnod Wells, there was little opposition. The town council were almost unanimously in favour, swallowing the bait Tesco offered of funding about £700,000 of improvements and more jobs. Local people, Mike estimates, were about 3 or 4 to 1 in favour. Certainly there was no campaign against it.

Indeed, the store opening was actually delayed because there was local demand for more to be sold there: clothes, white good, a petrol station ... The Town and County Councils approved, partly because, unlike Ledbury, they had no Town Plan on which to refuse and Tesco made it clear they would work the planning system until they got their way. Mike actually argued for the larger store because people wanted it. In July 2010, it finally opened.

And what has happened since? Predictably enough, local shops have been decimated – and not just the likes of Mike Hodges, who is directly in the firing line. Mark Bradley is another fourth generation shopkeeper in Llandridnod, running his houseware, hardware, electricals and other goods store – think Rodways, but twice as big – in a lovely Edwardian building.

Last year, Mark says, he turned over about £528,000 and employed nine people. This year, he is expecting it to be under £400,000. He has been unable to add to his staff and would not replace any who left. Footfall is massively down as shoppers are taken away from the High Street. Long-term, he sees no future at all for the business.

Or how about Van Powell, proprietor of the health food store Van's Good Food, on the same road? Formerly, he turned over £8,000 on a good week. Now, because of Tesco and the downturn, he is generally £1,200-2,000 down each week, nearly £3,000 in a bad one. He has had to cut staff and hours, as well as postponing the retirement he had hoped to enjoy on the back of the shop's profits.

Then, of course, there are the casualties not of actual competition from the superstore but the

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prospect of it. The Grosvenor Bakery, for instance, had short-term cashflow problems. None of the banks, partly because they knew Tesco was coming, partly because of the whole credit crunch, were prepared to extend it any further credit. So it closed.

The Tesco now takes in about £700,000 a week, more or less what it spent to curry favour locally. (Wouldn't you spend a week's wages to be able to boost your earnings by the same amount? Sounds like good business rather than generosity to me! Still, Every Little Helps, eh?). Of this, Mike reckons that £200,000 has been taken off other local businesses, the rest from other supermarkets.

Well, some might say, isn't that good for Llandridnod Wells? An extra £500,000 per week swooshing around the town? Not really. Because the town never sees that money – Tesco's shareholders and senior managers do. What Llandridnod sees is the pollution and traffic jams from the 15,000-20,000 extra car journeys made to the new Texco every week.

But, you say, what about the benefits of more jobs, more choice? Tesco ultimately promised 212 jobs. Actually, about 140 people work there, the vast majority part-time. However, those in full-time, well-paid management positions there are mostly NOT local: for that kind of job, you have to have the right qualification and training. Tesco bring them in and move them on as their careers progress.

But still, that's more jobs, right? Well, not really. For a start, many jobs have been lost from independent and other retailers in Llandridnod Wells. The number is hard to ascertain, since they go in ones and twos and never get collated. Averaged out, though, the effect has been neutral at best so far but with worse to come.

And that is without counting the extra jobs that never were created. Mike himself would have been looking to take on someone else this year but could not afford to. Instead, he and his wife work ever longer hours – she works 90 hours a week in the post office section – to make ends meet. Van Powell has had to put off a well-earned retirement to carry on working in his shop. Try telling them local shopkeepers have it easy!

The Llandridnod Wells Tesco itself is gigantic. At 4,000 square metres, it is even bigger than the ones both Tesco and Sainsbury's want to set up here. In one respect, though, it is different. It is

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not completely out of town but on the site of a former office supplies firm, across the tracks from the railway station by a footbridge. You could walk there from the centre in about eight minutes.

In other words, it is at least theoretically possible to make the linked trips to the High Street that people here really do make from the current Orchard Lane site (less than three minutes walk) and which Tesco, Sainsbury's and their local supporters claim would be possible from Leadon Way (about 15 minutes walk). But in practice hardly anyone does; they fill their bags at Tesco, put it all in the car and drive home.

Location matters. The first thing Mark Bradley asked me was where our planned superstore(s) would be. When I told him, he said: "That's the end of it, then. You'll all lose 25% of your trade when it opens and there's nothing you can do about it."

And more consumer choice? Well, a giant Tesco can stock far more different lines than a small Aldi. But look at the town as a whole and there isn't. Firstly because choice gets eroded as small shops close and get replaced by offices and charity shops. Secondly, because those that remain have to narrow their focus onto what sells fast and in bulk, cutting out higher-margin but slower moving goods.

(So, in plain terms, that little obscure thing you hardly ever need but suddenly want and can't find anywhere but which turned out to be lurking on a back shelf at Rodway's is less likely to be there next time you need one. And you'll tut and say Rodway's isn't as good as it used to be and you'll get back in your car and drive to Sainsbury's on Leadon Way and not find it there either.)

Both Mike Hodges and Mark Bradley are affable, talkative Welshmen, with a positive outlook on life. Like small businessmen everywhere, they are realistic and resourceful. They take things in their stride that might drive less resilient people to despair. They are sad more than angry about what has happened to their business and their town.

The saddest thing of all to me is this: two fourth generation shop keepers, people who are the very lifeblood of small towns, now take comfort in the fact that none of their children want to succeed them in their business, because they see no future in them doing so. And thus, drip by drip, the local community dies, we become nothing but consumers to faceless retail

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corporations and then wonder why our towns aren't as nice as they used to be.

"A lot of people regret it now," says Mark Bradley, "but it's too late for that". This could happen to Ledbury too. It has happened to most other small towns before us, after all. But we can stop it happening. So what are YOU going to do to help?