

# kirkcaldy no more, devizes no more, bicester no more...



There is uproar across the land – protesters outside shops and demonstrations in the streets. ‘Do something; don’t allow it to happen’, is the cry. The Tesco announcement of store closures and the mothballing of stores and development sites has energised various towns across the UK.<sup>1</sup> Short of a plague of frogs, it almost seems like the end of civilisation, with planners wandering the high streets wondering what could ever replace the Tesco Metro.

In Kirkcaldy, despite various financial incentives for Tesco to stay being mooted, closure did occur.<sup>2</sup> In Doncaster, which saw the scrapping of a development and the cancellation of an extension, the local authority leader noted it was important for an alternative use for the site to be found as soon as possible to ensure that jobs were not lost.<sup>3</sup> These refrains have been repeated in a number of places.

We can probably point to three intersecting components of change that are coming to the boil here: namely, the internet, the recession, and competition. The internet is providing a long-term structural change in how we shop and the location, nature and type of retail space we need. The recession weeded out a range of retailers and made price a more potent weapon than before. Price consciousness among consumers has risen and remains a key element. This revised awareness has spilled over into other questioning of how we behave and what we do. Into this space, competitive effects have seen the expansion of convenience and discount stores and the re-patterning of space to meet changed consumer needs. Space continues to be developed, but it is different space in different places from we were predicting only a few years ago.

The net result of these intersecting factors has been a crisis for the major food retailers, most notably seen in the example of Tesco<sup>4</sup> but also being felt in the results and performance of Asda, Morrisons and Sainsbury’s.<sup>5</sup> The impact of this crisis has been seen in a reduction in sales and profitability for each of them, and a falling market share for some companies and

for the ‘big four’ as a whole. This can, at this point, be overstated, but the record of continuous growth has certainly been halted and has begun to be reversed.

The commercial reaction to this has been the slashing of capital expenditure on new stores, and the mothballing of a number of built stores and some sites held for development. As sites are no longer going to be developed and the stores in the portfolio are now less valuable, so massive property writedowns have taken place in the accounts. The leading food retailers are reassessing their business model and their need for space. The Institute of Grocery Distribution<sup>6</sup> has forecast a 2.9% fall in superstore sales in the next five years, and Moody’s has indicated that it thinks the ‘big four’ will show no sign of recovery until 2016/17.<sup>7</sup>

The competitive landscape has switched towards a preference for smaller stores. To some extent this has been recognised for some time, but the nature and cumulative effect of these smaller formats is now being felt more strongly. The discount sector, with its low-price based offer, is directly competitive and held by many to be responsible for the poorer results of the ‘big four’.<sup>8</sup> Aldi and Lidl now take an estimated 9% of market share.<sup>9</sup> Much of this increase in market share can be attributed to geographical expansion.<sup>10</sup>

The discounters have generally remained below the national planning radar. They were excluded from the Competition Commission’s groceries market inquiry.<sup>11</sup> The stores are usually around 1,700 square metres in area and thus attract less planning scrutiny, although that is not to minimise the local issues that can arise. Many are located on edge-of-centre sites, although access from the store to town centres is often missing, and the limited, sometimes camera-controlled parking precludes gains from linked trips.

Looking at planning decisions, it is clear that there is an imperative to fill vacant units. Michael Bach<sup>12</sup> has warned that making change of use easier would undermine planning policy, and it seems that this is proving to be so. The legacy of the Competition Commission market definition also persists, with planners viewing both discount stores and Marks & Spencer as providing a different kind of convenience from that of the ‘big four’ superstores. The Inverlornock example photographed on the facing page is typical.<sup>13</sup>

