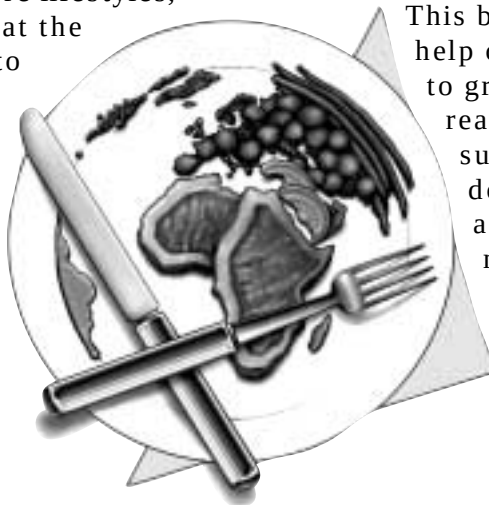


Strip lights, endless queues of strangers
and shelves of packets, fake smiles
from bored checkout assistants -
isn't there a better way to get our food?

Supermarkets wield immense power over the way we grow, buy and eat our food. They are shaping our environment, our health and the way we interact socially. These changes have gone unchallenged because consumers have been sucked into superstore lifestyles, persuaded that the opportunity to select from six different brands of cut-price oven chips at three in the morning represents choice and value.



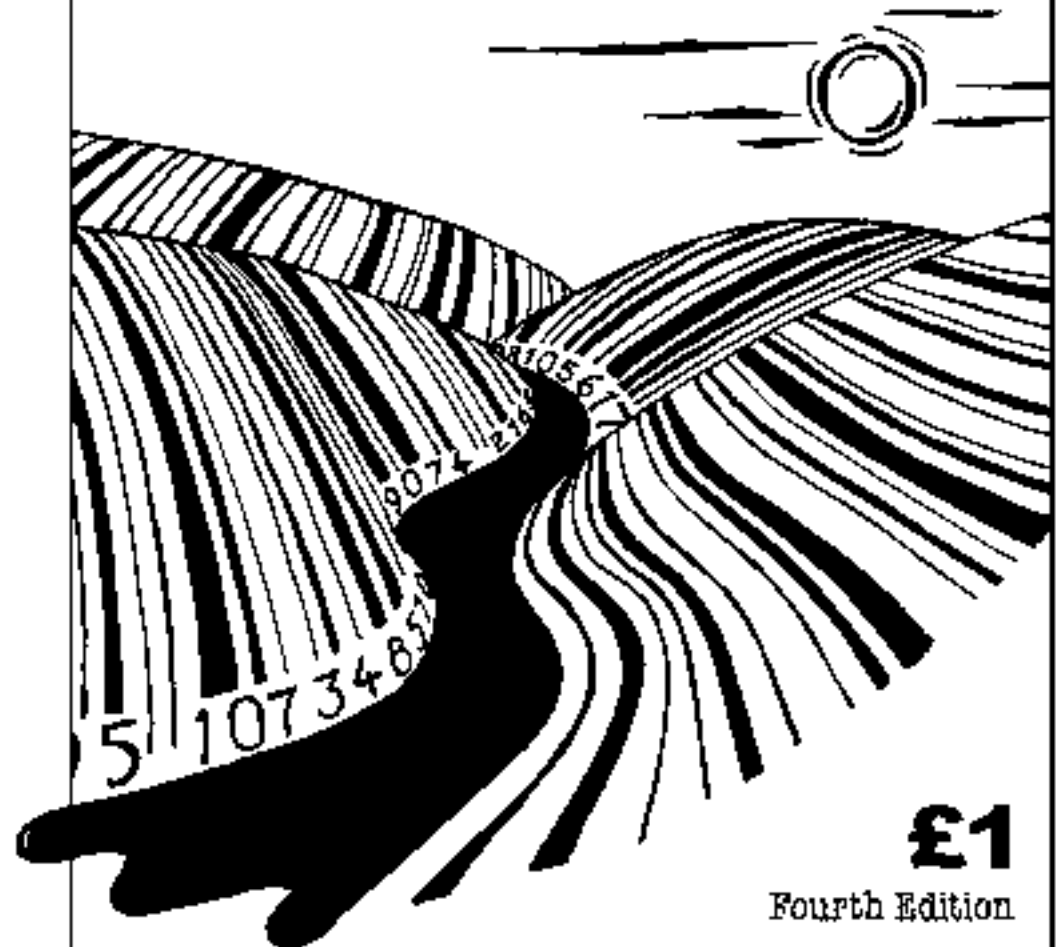
But the tide may be turning. Unease at the true cost of supermarket food is spreading among consumers, who are beginning to join forces with the farmers and workers who have always known that supermarket 'choice' is a bad deal.

This booklet aims to help campaigners get to grips with the reality of supermarket domination and argues why we must start looking for alternatives.

Researched
and written by
Lucy Michaels
and the Agriculture
Project at Corporate Watch



What's wrong with SUPERMARKETS



£1

Fourth Edition

Corporate Watch

www.corporatewatch.org.uk

What's Wrong with Supermarkets?

- 2 **Contents**
- 3 **Overview: Supermarkets sweep up**
- 10 **The Cheap Food 'Mantra' - Stack it high! Sell it low!**
- 11 **Encouraging industrial agriculture**
- and destroying small farms worldwide
- 17 **A spoonful of organo-phosphates -**
Dangerous chemical usage in food & farming
- 17 **Bye-bye High Street - The destruction of communities and jobs**
- 20 **Apples from Africa and pears from Peru -**
Food miles and climate change
- 23 **Oiling the trolley wheels - Undue influence on government**
- 24 **The plastic smile - Shop and farm workers rights**
- 27 **'Rip-Off Britain' - The Competition Commission enquiry**
- 31 **'Mummy, mummy, can we buy the Barbie spaghetti shapes?' -**
promoting unhealthy processed food.
- 33 **Choice? Convenience? Value?**
- 34 **And for dessert... What can you do about it?**
- 38 **References**

Researched and written by Lucy Michaels and the agriculture project at Corporate Watch. This project works with **Grassroots Action on Food and Farming** (GAFF) campaigning against the corporate control of agriculture.

Design and back cover by Stig.

Front cover & many cartoons by V.

Thanks to Michael Hart, Kathryn Tulip, Judith Whateley, Rebecca Spencer, Pippa Gallop, Kes and the Food and Farming course at Schumacher College, Devon, November 2001.

Printed by Oxford Greenprint on 100% post-consumer recycled paper, using solvent-free inks and renewable energy. (Browse: www.oxfordgreenprint.co.uk) First published in Feb 2002. Reprinted April 2002, March 2003 and April 2004.

Corporate Watch

16b Cherwell Street, Oxford, OX4 1BG, UK

Tel: +44 (0)1865 791391

Email: mail@corporatewatch.org

www.corporatewatch.org.uk

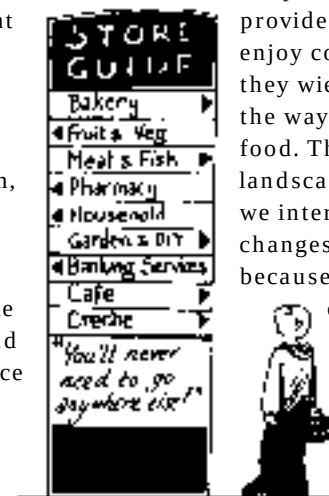
Overview: Supermarkets sweep up

The supermarkets we know today started in Britain with the Co-operative Movement in the 19th century. This was a group of independent local retailers controlled by its consumer members, who sold un-adulterated foods at prices working people could afford. It was in post-war Britain that the foundations were laid for the supermarket revolution; the 1948 Agriculture Act initiating the 'cheap food' policy that is with us today. With government subsidies to farmers, new machinery and new chemicals arriving on farms, food production rocketed.

The golden age of supermarkets began in 1964, with the abolition of Retail Price Maintenance - the mechanism that had allowed manufacturers and suppliers to dictate their prices. With market liberalisation, the supermarkets began to dictate prices back to the suppliers, meanwhile offering bargains and 'loss leaders' to entice customers.

The falling cost of global transportation has helped supermarkets source abroad more cheaply. Getting bigger ensured economies of scale, and going self-service cut wage bills. The 'weekly shop', made necessary due to changing work patterns and possible through a massive increase in car ownership, has also increased supermarkets' popularity.

During the last three decades, the United Kingdom has been transformed from what Napoleon described as a 'nation of shop-keepers', with innumerable small businesses, to a supermarket culture dominated by a handful of large retailers. Their formula for success is simple - they operate efficiently, they provide a one-stop shop and they enjoy consumer confidence. Today they wield immense influence over the way we grow, buy and eat our food. They are shaping our landscape, our health and the way we interact socially, and these changes are going unchallenged because of our fast food lifestyles; consumers want quick access to a wide choice of goods at low prices. But, as this briefing will illustrate, such 'choice' has come at a price...



A supermarket

...is a self-service grocery outlet that sells food, beverages and other goods. They are located on urban high streets or in shopping centres, covering an area of 4,000 - 25,000 square ft. Over the last 10-15 years, some have developed in out-of-town or edge-of-town locations.

A superstore

...is a retail outlet specialising in grocery sales, although not exclusively, of 25 - 50,000 square ft. They are usually located out-of-town or on the edge of towns. They offer a larger range of non-food items, such as DIY and garden products and electrical goods.

A hypermarket

...is a superstore over 50,000 square ft. These are always out-of-town or on large out-of-town complexes, with extensive car parks. French and US hypermarkets can be as much as 100,000 square ft.

Source: Keynote Report 2001

In this report, we focus on supermarket multiples or chains: the corporations that own ten supermarkets or more around the country, as defined in the recent Competition Commission report. We use 'supermarkets' to refer to all three categories of large grocery store.

The Conservative Government tightened up planning restrictions on out-of-town supermarkets in 1993 and 1996 as it became clear that they were damaging the countryside, town centres and local economies, as well as increasing traffic. This was supported by New Labour who promised to rejuvenate city centres and tightened up planning restrictions including a moratorium on the sale of school playing fields for out-of-town supermarket developments.

Number of Supermarkets and Superstores 2004 ¹

Somerfield	1277
Tesco	775
Safeway	480
J. Sainsbury	517
Marks & Spencer	297
Asda	258
Morrisons	119

As a result, supermarkets have recolonised the high street with a whole new breed of convenience stores, many open 24 hours, such as Tesco Metro and Sainsbury's Local, as well as petrol forecourt stores. Stores such as Tesco Express and Sainsbury Central are aimed at passers-by and harried commuters looking predominantly for packaged ready meals.

Many have extended existing superstores into the storage space no longer needed due to Just in Time delivery methods, or flouted a legal loophole to add mezzanine levels for which planning permission is not needed.

The UK grocery market is controlled by the supermarket multiples, virtually all of which are household names. The top five are Tesco, Sainsbury's, Morrisons (after its acquisition of Safeway), Asda and Somerfield. In addition there are 'upmarket' supermarkets such as Waitrose (owned by the John Lewis Partnership) and Marks & Spencer, and smaller or regional operations such as Iceland and Booths. At the cheap end are the German bulk discounters, Aldi and Lidl and the Danish chain, Netto that stock smaller ranges of mainly imported goods. The Co-op is unique as it is made up of 38 regional food retailing consumer co-operatives or 'societies' around the UK. Anyone can become a member of the Co-op and become involved in the running of the regional society.

Convenience stores are not classified as 'supermarkets' as they are smaller in floor space and are aimed at 'top up' rather than 'one trip' shoppers'. These range from independently-owned corner shops to 'symbol' groups such as Spar and Londis: groups of independent stores sharing purchasing, distribution and marketing. The 'convenience' sector is rapidly blurring with the supermarket sector, as the 'Big Four' acquire existing chains and build alliances.

Consolidation in the food retailing industry

In 2002, food sales through supermarkets reached £83.68bn - a growth of 5.1% on the previous year, and a growth of 30% since 1995. ² Industry analysts Keynote estimate that the value of retail sales of food through supermarkets will grow by 16% by 2007. The Institute of Grocery Retailing (IGD), on the other hand, predicts a considerable slow down in growth over the next few years. ³

According to the IGD in 2001, the major supermarket multiples make up 60% of the market, convenience retailers make up 20%, the smaller multiples, independents and specialists make up 13%, co-operatives make up 5% and bulk discounters 2%. ⁴ Market analysts Taylor Nelson Sofres, who calculate market share by measuring shopping habits in 15,000 households, would put the figure for the top five much higher at around 75%.

The trend towards consolidation looks set to continue. In late 2000, analysts suggested that there was not really room in the sector for all the large retailers. Verdict Research predicted that 'Within the next five years, the five major UK grocery players are likely to be down to three, possibly two'. In 2004, this prediction is rapidly coming true.



The supermarkets are involved in fierce battles for market share, sales growth and ultimately an increase in Total Shareholder Return (TSR)

Tesco, with the highest market share, has been considered invincible by some analysts. Datamonitor ascribes its success to 'growing a strong UK core and then rapidly developing international stores, building good non-food sales, expanding into retailing services and exploiting e-commerce successfully'.⁵

Sainsbury and Asda have been vying for second and third position. For a time it was a close call, but internal problems and strategic errors have left Sainsbury struggling. Sainsbury believed it could abandon the classic focus on 'price' in favour of refurbishing store fascias and supply chain improvements. Its loss of market share against Asda illustrates that price is still the key for consumers.

With planning regulation difficulties making the opening of new stores less appealing, the major supermarkets are finding that gobbling their rivals is the most effective way to increase market share. In January 2003, Morrisons announced its intention to acquire Safeway.

This caught the other supermarkets on the hop as they too had been eyeing the ailing Safeway, and led to further bids by Sainsbury, Asda, Tesco, KKR (US venture capitalists) and the Philip Green consortium (who also own BHS and Top Shop). In February 2003, the bids were referred to the competition authorities to judge which would be disallowed on the grounds that they would take that supermarket's market share over the 25% mark which classically constitutes a monopoly.

Many analysts saw Tesco's bid as a 'stalling' tactic on the acquisition's progress as the authorities were very unlikely to have permitted a Tesco takeover. In September 2003, the OFT ruled that Morrisons was the only grocery retailer it would permit to make a bid, but it was March 2004 before the £3bn deal finally went through. This immediately sparked a ferocious price war as the other supermarkets sized up the new opposition.

% Market Share of the Top Grocery Multiples

	1998	1999	2000	2001	Sept '03
Tesco	22.9	23.4	24.2	22.8	26
Sainsbury's	19.8	19.1	18.6	15.8	16.2
Asda	14.1	14.8	16.3	12.4	17
Safeway	10.2	10.0	10.1	9.3	10
Morrisons					6

Source: 'Till Roll Share of Trade' as calculated by retail analysts Taylor Nelson Sofres Superpanel. Various sources.

Analysts cannot underestimate the significance of this development. According to Julian Hunt, editor of *The Grocer*, UK grocery is on the verge of 'seismic change'.⁶

The supermarkets have also moved into the convenience sector valued at £21bn. This is a growth area as 'cash-rich, time-poor' consumers are on the rise. The Competition Commission report on Supermarkets helpfully made a clear distinction between the two sectors giving the green light to potential takeovers. Tesco has acquired hundreds of stores through its acquisitions of TNS stores (Nite and Day and One Stop) and Administore (Europa, Harts and Cullens). A variety of groups is now calling for a moratorium on more convenience-store acquisitions by supermarkets to try to halt the 'Tescoisation' of Britain. What is certain about these recent acquisitions is that the writing is on the wall for the traditional independent corner shop who simply cannot compete on price and range.

Tesco and Marks & Spencer have sought new markets overseas following the other major European and US retailers.

This was mainly prompted by Wal-Mart's arrival in Europe. The mega-merger of French grocery corporations Carrefour and Promodes in 1999 created a clear second place to Wal-Mart in Carrefour. Carrefour now operates in 32 countries, German Metro in 27 countries and Dutch Ahold in 23 countries.⁷ Ahold today generates 82% of its turnover outside its home country.⁸ Tesco, the fifth largest global grocery retailer,⁹ has stores in Ireland, but is mainly focusing on expanding into Central and Eastern Europe. Tesco is the market leader in Hungary and has 144 stores in Czech Republic, Hungary, Poland and Slovakia. Tesco has also expanded into the Far East, with the Tesco Lotus brand name.

Wal-Mart, with global sales of \$244.5bn in 2002, is the retail equivalent of a superpower. According to Fortune magazine, in 2002 Walmart's profits exceeded Exxon Mobil's to make it the biggest company in the world.¹⁰

The only obstacle to global consolidation will be institutional constraints such as government regulation of retail and service activity and restrictions on land use.

For in-depth profiles of major UK supermarkets, see the Corporate Watch web-site:

www.corporatewatch.org.uk/profiles

This has led to major supermarket chains pushing their governments towards global deregulation. All eyes are now on the General Agreement on Trade and Services (GATS) agreement, a WTO agreement that is intended to realise further liberalisation in the retail sector.¹¹

In-store strategies to woo customers

Since 1995, the strategies used by major chains to increase custom have varied from intense price competition to loyalty schemes, as well as constant in-store innovation on products.

Wal-Mart's entry into the UK through its acquisition of Asda dictated new strategies. The Wal-Mart formula is based on low prices, 'retailtainment' [sic!] and selling non-food products.

Wal-Mart's profits are five times higher in non-food sales than food sales.¹² Retail analysts Verdict say that a massive £14.5bn was spent on non-food items in supermarkets in 2000 and that it is a potential growth area, especially for Asda and Tesco.¹³

Parallel or 'grey' imports are another growth area, with supermarkets importing designer goods direct from factories outside the EU - rather than through authorised wholesalers - thus undercutting authorised retailers. In a recent court case Levi Strauss successfully preventing Tesco selling Levi jeans at cut price.¹⁴

The increase in the number of people 'eating out' is a challenge to the supermarkets. They have responded by

increasing prepared foods, especially luxury own-brand ready meals. Some supermarkets are developing in-store juice and sushi bars. Sainsbury now has Starbucks coffee outlets in some stores.

The effect on specialist retailers and

restaurants will be dramatic, as the supermarkets will be able to out-price them. Pharmacies, dry cleaners and post offices are beginning to appear in superstores, further shrinking the role of the high street. Supermarkets have also entered service areas such as insurance, banking, internet service provision and soon even divorce finalising and will-writing.¹⁵



An increasing amount of processed organic food and fairtrade products are finding their way onto the shelves. These products give the impression of a caring, sharing company and are a major growth area. Supermarkets see them as an expensive niche market and evidence shows that they have exploited customer goodwill by overcharging for fairtrade products.¹⁶

Organic enthusiasts question whether the corporate appropriation of the organic sector, including importing cheaper products and bankrupting small-scale UK farmers, is true to the original social and environmental aims of the movement.

In September 2001, tesco.com announced it was on the verge of profitability. At the start of 2004, Tesco became the biggest online grocer worldwide, with sales of £500m worldwide.¹⁷ Many shoppers, however, are still unconvinced by internet shopping.

To challenge home shopping, retailers are improving the 'in-store' experience, promoting shopping as an enjoyable leisure experience. From Asda's in-store chaplains and MP's surgeries to nail-polishing and pizza spinning, 'retailtainment' is fast becoming part of the supermarket shopping experience.

During summer 2001, Asda hired trained actors to work as store greeters,¹⁸ in a bizarre full circle which has seen shopping move away from the genuinely personal service of many small stores, through the impersonal experience of superstores, and back to a cheesy fake version of personal service again. This time, however, the experience is carefully orchestrated by 'customer relationship management' to make the customers feel like more than the sum of their intimate shopping records, collected from loyalty cards.



In November 2001, Sainsbury's released a story about lovers found kissing beside a chiller cabinet.¹⁹ In other supermarkets, there are reputed to be 'singles nights'. As *Marketing Online* reveals, this is a concerted PR strategy to make supermarkets sexy and combat the alienation that shoppers undoubtedly feel among the strip lights and endless aisles, overwhelmed by strangers and shelves stacked high with products.²⁰



The Cheap Food Mantra

"Stack it High, Sell it Low!" ²¹

As a prelude to this critique of supermarkets, we must acknowledge that they have achieved an awesome and audacious feat of logistics.

They have created for themselves a supply chain that moves with synchronicity and efficiency to transport millions of tonnes of 'cheap food' onto the shelves each day (known in the jargon as 'Efficient Consumer Response'), and to make a healthy profit for themselves and their shareholders.

What is the truth behind cheap food? Supermarkets claim that this is what the consumer wants, and a survey by the Food Standards Agency in September 2001 supports this. It showed that 46% of respondents reported price as the key determinant for choosing their food; 18% chose taste, 17% chose quality, and only 12% put health first.²²

We can't let the supermarkets get away with blaming consumers for demanding 'cheap food' when it is essentially only they who benefit.

But supermarkets are not a good deal for the consumer. While certain key items, such as bread and milk, are cheap, this is because supermarkets use them as 'loss leaders' to entice the customer in with the impression that the whole store is cheap. Bread and milk are 'Known Value Items' (KVIs).

Customers will find that products they are less familiar with the price of can often be obtained more

cheaply in local independent shops. This is especially true of fresh fruit and vegetables. But more than this, the 'cheap food' that the supermarkets peddle also comes at a very high price to taxpayers, small manufacturers, small farmers and the environment. We deserve

affordable food, yes, but also healthy food, healthy communities, healthy small businesses and a healthy countryside. We can't let the supermarkets get away with blaming consumers for demanding 'cheap food' when it is essentially only they who benefit.

Encouraging industrial agriculture and destroying small farms world wide

'Since December our prices have fallen by up to 10p per pound at a time when they should normally be going up. The industry could end up dumping thousands of tonnes of the best UK apple crop we have seen for many years. The main reason for this problem is a lack of shelf space allocated to us by our supermarkets. Cheap imports from overseas have not helped the situation. If the major supermarkets continue to force prices down in this way, the UK won't have a top fruit industry in ten years time, and all our orchards will be grubbed up.'

Martin Harrell, an apple grower from Gloucestershire

'Having just restocked after foot and mouth, I find that liquid milk prices are falling and are now below my production costs. My buyers are being squeezed by the supermarkets which sell liquid milk at below acceptable levels to attract customers. I am being asked to run a business at a loss. I have done all I can to become efficient and meet high welfare and farming standards. But unless I get a fair deal from the supermarkets I will not be able to continue. The issue of fair trading must be urgently addressed.'

Gareth Watkins, dairy farmer

Friends of the Earth press release 'Supermarket power threatens farmers' 26/1/02.

To provide customers with the huge variety of inexpensive food that they promise, supermarkets ruthlessly exploit their effective monopoly as the biggest buyers of food. They can dictate how, where, when and for how much their food is produced, packaged, stored and delivered. This is monitored by a sophisticated system of specifications and tight managerial control, including direct contracts with selected farmers rather than traditional competitive markets and the use of favoured slaughterhouses, processing and packing companies. Producers are merely assembly-line workers producing standardised products, designed by technicians.

Supermarkets employ researchers to discover precisely what the average cost of production is for a particular crop worldwide, then conduct blind auctions over the internet, buying only when the price has fallen to the lowest level. Farmers do not know what price has been tendered by other producers and this forces them to offer their produce at a low price to ensure a sale. Producers of perishable foods are especially vulnerable. Only multinational food corporations and companies with successful brands have any leverage with the big suppliers.



The Competition Commission Report on Supermarkets (2000) cited 30 alleged exploitative supermarket practices over suppliers, including not paying suppliers on time, changing specifications at the last minute on quality, quantity and packaging and charging suppliers for supermarket errors. At the heart of this is the supermarkets' refusal to enter into binding contractual agreements with suppliers, thus leaving them with no redress against supermarket exploitation.

All of the supermarkets admitted to the Competition Commission that they requested suppliers' to make a payment for better positioning of products in stores', and demanded 'non-cost related payments': i.e. payments to ensure the continuation of business. These are sometimes charged retrospectively. They admitted 'to imposing charges and making changes to agreements without adequate notice; and unreasonably transferring risks to the supplier'.²³ Farmers are forced to invest a huge amount into meeting supermarket needs, and then can be dropped at a whim, wiping out their entire business and the businesses and rural communities that rely on them. It's the same story across the globe as farmers around the world are forced to compete with each other to produce a better quality product, more 'efficiently' at the price the supermarket demands.

One farmer selling cauliflowers to a supermarket had his entire crop rejected due to excessive quality standards. He initially asked the supermarket in question whether he could use a pesticide to eliminate caterpillars, and they had refused. He successfully eliminated them using a bio-pest control, the Encarsia wasp. This caused no damage to the cauliflower, although it left the occasional dead wasps to be easily be washed off by the consumer. The supermarket in question, however, refused the cauliflowers anyway.²⁴

The Commission report is full of testimonies from farmers and other suppliers about their treatment by the supermarkets. You may wonder why you hadn't heard about this shocking exploitation before: most are too afraid to raise their voices as they are at risk of being blacklisted by supermarket buyers. These buyers are regularly switched between product ranges making it hard for suppliers to build up a personal relationship.

One of the most shocking forms of exploitation is that farmers are frequently paid less than the cost of production for their goods. The UK dairy industry, for example, has been heavily hit by supermarkets who have used the oversupply of milk to their own advantage.

It costs a small dairy farmer anything from 18p to 22p to produce a litre of milk. Until the Milk Marketing Board was abolished in 1994, they were being paid 24p per litre. Farmers are currently being paid 19p per litre, for what sells in the supermarket for 72p.²⁵ In some sectors (arable, sheep and beef), the difference is made up by the taxpayer through subsidies. While farmers are often blamed in the media for being 'subsidy junkies' the truth is that in some cases the farm gate price is so low, that even with the subsidy, farmers cannot cover their costs.

Down on the farm

In 1939, Britain had half a million farms, most less than 100 acres and worked by around 15% of the population. Britain today has lost over a third of its farms and the agricultural workforce is in serious decline. Less than 2% of the UK workforce is currently engaged in farming,²⁶ and the government predicts that by 2006, 25% of the remaining farms in the UK will have gone out of business or merged, with a further 50,000 people forced to leave farming.²⁷ The average farm income in 2002/3 was £12,500 although incomes for some, predominantly small farmers, remain below the minimum wage.²⁸

Fifty years ago, farmers in Europe and North America received 45-60% per cent of the money that consumers spent on food. Today, that proportion has dropped dramatically to just 7% in the UK and 3.5% in the USA, but remains at 18% in France.²⁹

The supermarkets and big processors are increasing their share of the profit margin by squeezing the whole supply chain, and the farmers at the end of the chain are in the weakest position. Agricultural subsidies essentially go straight into supermarket profits.

These are clear examples of the supermarkets exploiting their monopoly position. Farmers and even the bigger food manufacturers and processors are reliant on a few retailers and thus vulnerable to exploitation. The Competition Commission found that as a result suppliers were not able to innovate and develop new markets and were living in fear of being arbitrarily delisted. See section on 'Rip-off Britain'. When confronted over this blatant exploitation, supermarkets cast the blame elsewhere. Either, 'it's the free market and we can import milk more cheaply from Eastern Europe or New Zealand.'³⁰ Or, 'we'd like to pay you properly, but the WTO will clamp down on us for price-fixing' - i.e. paying a fair price.³¹ Or, 'it's the middlemen creaming off all the profits, not us'. Or, 'the quality of UK milk isn't up to it'.³²

The truth is that our global economic system may well be at fault, but it is the supermarkets, through lobbying governments and the WTO, who have manipulated the system to suit them, with total disregard for the little guy.



As for laying the blame at the feet of the 'middlemen', there are seven large processors in the dairy industry, and, although not blameless, they were also affected by the drop in the price paid for milk by the supermarkets.

Farmers are in an extremely weak negotiating position. They used to have some bargaining power on the basis of seasonality, but imports and glasshouses have destroyed this advantage. Now farmers are squeezed by a limited number of buyers, big suppliers and global oversupply.

To make a living, farmers have adopted more intensive methods to produce more to sell, and have invested their savings. This may make sense on an individual level, but ultimately works against their interests, creating over-production and a further decrease in prices.

Farmers on the Continent have formed co-operatives so that with more to sell they can demand a better price. It is ironic that the Competition Commission broke up the large UK dairy farmers co-operative, Milk Marque, in 1999 whilst allowing the supermarkets to continue with their monopoly.

To make a profit, the supermarkets and processors prefer to deal in bulk with a standardised product.

To achieve the blemish-free perfect 7.4 inch carrot, pesticides, fertilizers and factory farming are necessary. Up to 40% of a perfectly good product will be discarded to meet the cosmetic perfection apparently demanded by UK consumers, and taste is undoubtedly sacrificed. It is not surprising that most food manufacturers support the logical conclusion of uniform food: genetic engineering.

Intensive farming in the UK has not reached the proportions of the USA, where the corporate control of agriculture is most keenly felt in the food

processing and manufacturing sector. There 70 million of acres are planted with GM crops and most meat is produced in feedlots or CAFO's (Confined Animal Feeding Operations).

With the immense pressure from the supermarkets down the food chain, it is likely that we will see a similar model emerging here in processing, manufacturing and agriculture.



www.subvertise.org

Would you like ground spinal cord with that, Sir?³⁴

- Some 750 million battery chickens are produced for consumption each year in the United Kingdom. Intensively raised chickens grow so quickly that they cannot support their own weight. According to the Agriculture and Food Research Council, more than half have developed serious bone defects by the age of six weeks.

- One hamburger can contain meat from dozens or even hundreds of different cattle. Until August 1997, 75 per cent of cattle in the US were fed the remains of dead sheep, cattle, and even on occasion the corpses of cats and dogs purchased from animal shelters. Even with new regulations, the US Food and Drug Administration allows dead pigs, horses and poultry to be included in cattle feed. Poultry can also be fed dead cattle.

- In his shocking best-seller, 'Fast Food Nation', Eric Schlosser reveals how difficult it is to make sure that meat destined for consumption as fast food (whether sold through restaurants or for home cooking) is not contaminated in the slaughterhouse. Cattle hides are pulled off by machine, and if the machine has not been cleaned properly, dirt and manure can fall into the meat - and end up in your lunch.

- Schlosser also explains how the stomachs and intestines are pulled out by hand. If this is not performed exactly right, the animal's innards spill everywhere. Some slaughterhouses have gut contents spilling out of one in five carcasses on the production line. Processing plants can produce 800,000lb of hamburger a day. If only one of the animals involved is infected with E.coli 0157: H7 (a major cause of food poisoning), it means that 32,000lb of ground beef could also be contaminated.

The big players in US food production; Iowa Beef Processors and Cargill (beef), Smithfield and Premium Standard Farms (pork) and Tyson and Perdue (chicken) all have fairly similar production methods. Huge feedlots are sited in states where regulations are lenient, often in poor communities where people are less likely to object to the stench of excrement and pollution.

Processors may cut costs through mass production and using waste products from the food industry such as maize starch, sugar beet fibre and whey powder, but their cost is hugely increased through packaging, transportation and presentation. For example, Northern Foods' Dalepak lamb grills cost £8.45 a kilo; almost twice the price of genuine lamb chops from a local butcher.³⁵ It seems that consumers are happy to believe the hype: that they are getting the best deal with the 'convenience' of processed foods and shopping in supermarkets.

The Cheap Food Myth

Cheap food is a myth. The consumer really pays three times: once in the shop, a second time in taxes through direct subsidies to farmers, and finally indirectly in taxes cleaning up the mess left by industrial agriculture and subsidising the transport infrastructure.



It has, for example, cost the government over a billion pounds to install the equipment necessary to remove nitrates and pesticides from our water.³⁶

The consumer also pays the price in ill health and increased risk of disease. The drive for cheap food has been behind every major food catastrophe of the past decade. Feeding ground-up animals to cattle - who are natural herbivores - as a cheap source of

protein is generally recognised as the initial cause of BSE. Salmonella is endemic in chickens and their eggs because the broiler system delivers cheaper poultry products. E. coli is a by-product of intensive livestock practices. Infectious Salmon Anaemia virus (ISA) is exacerbated by applying the broiler system to fish.³⁷

The costs of BSE and foot-and-mouth disease could well average £4 billion each. Then there are the costs of our unhealthy diets to the NHS (see 'Selling unhealthy food' section).

Further liberalisation of agricultural markets through the Agreement on Agriculture, part of the World Trade Organisation, will mean that our cheap food will continue to be subsidised by environmental and social destruction, as well as animal exploitation in poorer countries, as well as in the UK. Opening up markets to 'developing countries' will not benefit poor plantation workers, rather the multinational corporations who own the

infrastructure by which food is transported around the world, such as international grain traders, Cargill and ADM, who control 80% of the world's grain trade.

The current pattern of supermarket consolidation will not help matters. At a recent seminar held by *The Grocer*, ex-CEO of Somerfield, David Simon, claimed that the proposed takeover of Sainsbury will be a 'killing ground' for weak brand and private label suppliers, and hence the farmers who supply them. They will face crippling reductions in margins and the possibility of losing their entire business.³⁸

A spoonful of organo-phosphates... Dangerous chemical usage in food and farming

Some pesticides used in the UK today are, in excessive doses, carcinogenic, hormone disrupting and cause damage to the nervous system. Many pesticides are persistent organic pollutants (POPs) which means that they persist in the environment and are not broken down. There are numerous incidences of farm-workers and others being poisoned by pesticides. There is also evidence of corporate irresponsibility in the manufacture and labelling of pesticides.³⁹

Environmental groups believe that the supermarkets should do more to reduce pesticide use. The codes of practice they set up with farmers should aim for a significant reduction in pesticide use and zero residues of pesticides in food. Friends of the Earth in March 2004, found that whilst Marks & Spencer and the Co-op were on the right track banning 50-60 pesticides from its suppliers globally and aiming for zero residues, others were seriously failing on this issue. In particular Morrisons failed to reply to FoE's survey, and have no stated policy on the issue.⁴⁰

Bye-bye High Street

The destruction of communities and jobs

Supermarkets have become all powerful by putting smaller retailers out of business.

In their *Ghost Town Britain* reports (2003), the New Economics Foundation (NEF) revealed that between 1995 and 2000 we lost roughly one fifth of our local shops and services including post-offices, banks, butchers and grocers. Furthermore, over the five years to 2002, around 50 specialist stores closed every week.⁴¹

'Supermarkets are a dagger in the guts of civilisation... Shoplifting is a badly needed re-allocation of resources. I don't regard it as stealing.'

Controversial views of **John Papworth**, priest, 1997

In 1960, small independent retailers had a 60% share of the food retail market. By 2000, their share was reduced to 6% while the multiples' share increased to 88%.⁴²



With our high streets disappearing and our town centres shrinking, we are losing a focal point for community life and a place for meaningful interaction between people of different classes, cultures, ages and lifestyles. According to Caroline Lucas MEP,⁴³ half the nation now shops in 1000 giant superstores.

Most obviously, independent stores close because the 'under one roof' format of the superstores seems to offer more choice and makes shopping 'more convenient', as do free car-parking and free buses. They also appear to be better value because of below-cost pricing of certain goods. Many supermarkets have also mimicked the idea of independent deli-style food counters with 'expert' sales people. This, however, can in no way replicate the sense of community created by the high street nor the level, range and quality of employment.

Beep beep beep. A job in an independent store is qualitatively different to one in a supermarket. At the major supermarkets you may be a 'colleague' or an 'associate', but you have to conform to the corporate 'house style' - dress and behaviour codes as dictated from HQ. Despite 'employee of the month' schemes etc, the corporation is not interested in you as an individual but as a money making machine.

A study of the job dividend through localized food was conducted by the New Economics Foundation.

This found that £10 spent on a local organic box scheme in Cornwall generates £25 for the local economy (a radius of 24 km from the farm), compared with £14 if spent in a supermarket.⁴⁶

Superstores are designed so that the individual employee can shift the maximum number of products per customer visit. Asda has the highest level of sales per employee, at £104,490pa.⁴⁴ compared to Tesco - £91,591, Sainsbury - £85,986 and Safeway - £94,897.

There are a number of reports illustrating the effect of supermarkets on local jobs. These are discussed in the Competition Commission report (2001). While some claim that the number of jobs increases, the British Retail Planning Forum (1998), embarrassingly financed by the supermarkets themselves, discovered that every time a large supermarket opens, on average, 276 jobs are lost.⁴⁵ It found that there is 'strong evidence that new out-of-centre superstores have a negative net impact on retail employment up to 15km away'.

Can you walk to your local grocery store?

The siting of supermarkets 'out-of-town', has led to a massive dependence on car use for shopping: the distance travelled to shops increased by 60% between 1975 and 1990. Today three quarters of supermarket customers travel by car⁴⁸, and food shopping accounts for 5% of all car use.⁴⁹ This has inevitably led to an increase in traffic.

It also causes 'food deserts': areas where, without a car, there is very little choice of reasonably priced or healthy food.

'Off Our Trolleys' (See 'Further Reading') illustrates that a typical out-of-town superstore causes £25,000-worth of congestion, pollution and associated damage to the local community every week.

Money spent in a supermarket is spirited away to shareholders and management staff, rather than staying in the community where it has been spent, supporting local businesses and their suppliers.

With no strong attachment to place, the supermarkets can easily use job cuts as a safety net for ensuring profits - unskilled labour is fairly dispensable. Whilst both Sainsbury and Asda have claimed that they will create 10,000 jobs each during 2002, supermarkets also close unprofitable stores to protect profits.⁴⁷

Below cost selling on the High Street.

Supermarkets have overseen the near eradication of small-scale retailing entrepreneurs. Those who survive live in fear of supermarket special offers promoting goods cheaper than an independent retailer can buy from a wholesaler.

Only serious measures to clamp down on persistent below-cost selling or 'loss leaders' can halt this. France, Germany, Ireland and Spain already have legislation to prohibit the selling of goods below the price paid by the retailer to the farmer.

In 2000, Wal-Mart was found guilty of breaking German law by selling a range of grocery items at below their cost price. The world's largest retailer was ordered to halt the practice immediately, or face a fine of up to DM1 million (£308,000).

Wart-Mall

Retail analysts believe introducing such measures into the UK may well help slow down

the decline of the high street. It would particularly affect Tesco and Asda who rely on loss leaders and aggressive pricing policies to draw consumers in. One anonymous chief executive of a leading UK retailer has admitted that such legislation could cause them 'immense harm'.



Apples from Africa, pears from Peru

Food miles and climate change

Despite 'locally-produced food' being the latest supermarket buzzwords, finding local food in supermarkets is unusual. Even if it is labelled 'local', it is still likely to have travelled the length and breadth of the country before reaching the nearest supermarket to the place where it was produced.

...in 1997, 126 million litres of liquid milk was imported into the UK at the same time as 270 million litres was exported out of the UK.

This is because supermarkets are designed with centralised distribution in mind and stores simply do not have the infrastructure to purchase and sell locally. Industrially produced food covers an excessive number of miles before it reaches the shelves.

A traditional Sunday lunch could easily have travelled 25,000 miles if a chicken from Thailand and fresh vegetables from Africa are included in a supermarket shopping basket. A recent report from Sustain called 'Eating Oil' highlighted the trend for supermarkets to source food from overseas that could well be grown in the UK. In Britain, the distance food is transported increased 50 per cent between 1978 and 1999.

Chicken from Thailand	10,691 miles by ship
Runner Beans from Zambia	4912 miles by plane
Carrots from Spain	1000 miles by lorry
Mange tout from Zimbabwe	5130 miles by plane
Potatoes from Italy	1521 miles by lorry
Sprouts from Britain	125 miles by lorry

Transport of imported goods from port of entry to distribution centre: 625 miles.
Transport from distribution centres to supermarket: 360 miles.

Total 26,234 miles

However, choosing seasonal products and purchasing them locally at a farmers' market, for instance, could reduce the total distance to 376 miles, 1/66th of the distance of the meal above.

Source: Eating Oil: Food in a changing climate (2001) published by Sustain

Supermarket cheap food policies disadvantage local producers because they cannot compete with produce from countries where land or labour costs less. Long distance transportation of food also produces vast amounts of pollution, requires excessive packaging and use of chemical preservatives, uses up large amounts of non-renewable fossil fuels (aviation fuel and diesel) and thus contributes significantly (and needlessly) to climate change.⁵⁰ There are also huge animal welfare and disease control implications from the transportation of live animals. The Trans-European Network (TEN) is a massive road and rail infrastructure project, subsidised by the EU, that essentially facilitates the export of cheap food and manufactured items from Eastern Europe. The UK Government also encourages food miles. Artificially low fuel costs, especially tax-free aviation fuel, mean we are importing food we could easily grow ourselves. According to DEFRA figures, the UK is 62.5% self-sufficient in all food (down from 75% in 1991).⁵¹ UK air freight (imports and exports) is growing by about 7% a year and is expected to increase at a rate of 7.5% a year to 2010.⁵² Long distance transportation of food leads to the crazy situation where in 1997, 126 million litres of liquid milk was imported into the UK at the same time as 270 million litres was exported out of the UK.⁵³

Furthermore, the closure of small abattoirs as a result of the UK government's over-stringent interpretation of international health and safety regulations has encouraged long journeys for live animals. Whilst this has indeed improved conditions in abattoirs, these regulations have caused many small independent abattoirs to close, as the cost of upgrading is prohibitive. Journeys of 200-400 miles to slaughter are not unusual for animals today; the average journey from farm to abattoir has been estimated at 100 miles.⁵⁴ Also, supermarkets regularly make a premium selling 'Scotch beef' and 'Welsh lamb' despite the fact that animals may have only been transported across the country and pastured in Scotland or Wales for just two weeks.⁵⁵ This is the reason why, despite a recent Friends of the Earth survey revealing that 84% of consumers want to buy UK fresh produce in season, the supermarkets are not delivering.⁵⁶ Another Friends of the Earth survey found that at the height of the UK apple season under half of the apples on offer in the big four supermarkets were home-grown.⁵⁷ Whatever concerns supermarkets say they have over 'food miles' and climate change can surely be discounted when Sainsbury and Tesco offer British Airways Air Miles as part of their loyalty scheme.⁵⁸



All food sold in supermarkets is transported, by suppliers or supermarket trucks, to regional distribution centres (RDCs) around the country before being distributed to supermarkets. Sainsbury, for example, has only 12 depots for chilled goods. Supermarkets work on the principle of 'Just In Time' delivery with products rushed to superstores as and when they are needed. According to the 'Eating Oil' report, the food system accounts for up to 40% of all UK road freight.

As storage is expensive, the supermarkets persuade farms and manufacturers to store produce on their behalf leading to refrigerated juggernauts visiting farms daily collecting just a few pallets of produce. These trucks thus become 'warehouses on wheels'.

Supermarkets claim that a more centralised system means more efficient transportation, with fewer lorries delivering to supermarkets. However, this does not acknowledge that lorries carrying produce from farms must travel further to the RDCs.

Supermarkets are also increasingly telling farmers to deliver the goods themselves to the RDCs thereby passing another cost on to the suppliers.

It's a wrap

One-third of the 25 million tonnes of waste produced in Britain in 1997 was packaging. The packaging industry contributes 5% of the UK's total energy consumption, causes considerable pollution, and puts yet more strain on the country's landfill sites when packaging is disposed of; only 5% of packaging is currently recycled. The average household spends £470 per year on packaging - almost a sixth of food expenditure.⁵⁹ Disposable packaging is subsidised: the collection, landfill and pollution costs are borne by the taxpayer. Supermarkets have persistently lobbied against returnable packaging as too labour intensive, refusing to stock it.⁶⁰

Like many retailers and processors, all the major corporate agri-businesses and retailers continue to use refrigeration machinery and coolant materials, which use massive volumes of CFC and HFC chemicals. These are both potent ozone depleters.

Refrigeration systems also use vast amounts of electricity and therefore

contribute to the burning of fossil fuels and global warming.

As well as being environmentally unsustainable, our reliance on fossil fuels makes the UK vulnerable to food and fuel crises.

Disasda

Oiling the trolley wheels - Undue influence on government

The food industry is not short of friends in high places to make sure its voice is heard more clearly than those of the people it puts out of business.

· **Sir Terry Leahy**, chief executive of **Tesco**, sits on four government task forces. **Lord Sainsbury**, although officially no longer employed by J. Sainsbury Plc, is now Minister for Science and Innovation and a major donor to the Labour Party.

· Corporate interests were well represented on the Policy Commission for Food and Farming set up by the Government to decide the future of farming in Britain. These include **Iain Ferguson** of **Tate & Lyle Plc** (formerly Unilever) and **Sir Peter Davies** of **J. Sainsbury**.



· **Archie Norman**, former chief exec of **Asda**, is currently Tory MP for Tunbridge Wells. He was a key advisor to William Hague and a member of the shadow cabinet.

· The outspoken **Lord Haskins** is the most influential food industrialist. Former chairman of **Northern Foods** and **Express Dairies**, supermarket suppliers and the UK's largest processed food and liquid milk processors, respectively, he also

has the ear of Tony Blair. He sits on various government task-forces and is rural recovery co-ordinator for areas affected by Foot and Mouth disease.

· Tesco and Asda sponsored fringe meetings at the **Labour Party conference** in 2003.



The plastic smile Shop & farm workers' rights

'The reality is, cheap food tends to mean cheap labour and we need to start thinking a lot more about this as we encourage supermarkets to vie with each other over price wars.' **Prof. Tim Lang, Thames Valley University** ⁶¹

A Panorama documentary screened in June 2000 exposed just how vulnerable migrant workers are to exploitation by gangmasters.⁶² Gangmasters, who act as an informal employment agency, hire casual labour to work on industrial farms, in packhouses and canning factories, to produce much of the food that ends up on supermarket shelves. The film illustrates how migrant workers from Eastern Europe are housed in damp accommodation, moved around so they cannot make friends or learn English and are unable to return home as they are indebted to the gangmasters who pay them next to nothing. As many have come into the UK illegally and speak poor

English, they have no means of redress and end up trapped in a cycle of work and low pay at the hands of the gangmasters.

MP's from the Environment, Food and Rural Affairs Select Committee (2003) were damning of the supermarkets, stating,

"We are convinced that the dominant position of supermarkets in relation to their suppliers is a significant contributory factor in creating an environment where illegal activities by gangmasters can take root. Intense price competition and short timescales between orders and deliveries put great pressure on suppliers who have little opportunity or incentive to check the legality of the labour which helps them meet these orders."

Union representation at Supermarkets ⁶³

- All the major supermarkets recognise unions except Marks and Spencer, which is strongly unionised in Belgium and France, and John Lewis, who own Waitrose.

John Lewis, however, is a partnership, run on the principle of 'worker's co-ownership' in which every employee is a partner and owns the company.

- At Sainsbury (174,000 employees) and Safeway (92,000 employees), unions only have rights for consultation or individual representation.

- At Tesco, the largest UK employer, with 221,000 employees (2003), the shop-worker's union, USDAW, has full recognition rights. USDAW represents 188,350 supermarket employees including 100,000 at Tesco.

- The GMB has sole union rights at Asda (117,000 employees)

Trade Union researcher, Don Pollard informally estimates that there are 100,000 'gang-workers' working on farms and in pack houses in the UK. Of these, around 30,000 could be illegal immigrants. Despite years of campaigning by trade unions, gangmasters are still unregulated and free to abuse British and immigrant farm workers at will. Such exploitation of undocumented migrants has occurred for years in the USA and across Europe.

Shop-workers' rights

The major supermarkets employ around three-quarters of a million people in the UK. Over two thirds of employees in food retailing are part-time, the majority are women, and many are students and temporary or agency workers.

Most retail checkout operators (84% women) fall in the bottom ten percent of non-manual occupations with average earnings of £184.70 a week. A significant percentage do not earn enough to pay NI contributions and are thus excluded from pensions and other contribution based benefits.⁶⁴

Most retail companies use a starter rate for new employees whilst they undergo 'training', so with the high turn-over rate amongst students and the minimum wage not applying for under 18 year olds, they can get away with extremely low pay.

Although flexible hours often suit employees such as mothers and students, the system is not without its problems. Staff can find their hours altered arbitrarily by managers to cover busy periods or staff shortages. It's no wonder that staff turnover on the shopfloor at the major grocery chains averages 26% a year. Retailers complain that because of the nature of the job they are often forced to employ staff who lack the skills they require. 'Dedication, enthusiasm and motivation were among the attributes seen as lacking in shopfloor staff'.⁶⁵

When the Sunday Trading Act became law in 1994 there was protection for those who didn't want to work Sundays. That right is being removed for all new starters as many have Sunday only contracts or contracts that stipulate Sunday as one of the possible working days.

Formerly, in order to entice workers to work weekends overtime premium payments were made, usually at the rate of up to 'time and a half' for Saturday and double time for Sundays. At the time of the Act, USDAW met with the major retailers in the Shopping Hours Reform Council where a 'gentleman's agreement' was made to protect weekend premiums.⁶⁹ According to USDAW weekend premiums have now disappeared.





Many supermarkets have been looking at ways to cut back on the need for the check-out till. Asda has been working on technology to scan the whole trolley at once using radio tagging. Sainsbury has also pioneered customers using hand-held scanners.⁷⁰ Tesco has trialed RFID tags to local protests. These technological changes would ultimately reduce the number of jobs for shop-workers.

Many feared the potential impact on labour rights of Wal-Mart's entry into the UK market. In the US, Wal-Mart's wages are well below the American average for the industry with many of their employees able to claim the equivalent of UK income support.

Wal-Mart is famously anti-union and practices the hiring of part-time, temporary and casual labour to try to get around employment legislation, usually dismissing workers before they are entitled to claim redundancy and unfair dismissal.⁶⁶ Wal-Mart is also renowned for putting pressure on its suppliers to reduce costs which invariably leads to cuts in jobs, wages and working conditions.

Suppliers are encouraged to source from free-trade zones with no labour protection and where underage labour can be exploited. A recent Oxfam report showed that the other UK supermarkets are equally guilty.⁶⁷

Wal-Mart is also facing the largest employment discrimination class action in American history, after being charged with discriminating against female employees in pay, promotion and training, and with retaliating against women workers who complained about the alleged abuse. This involves all 700,000 women who worked for the company from 1996-2001.

GMB representatives have found that since the merger with Wal-Mart, Asda has undermined the union's position by not inviting them to the induction of new recruits and not making membership information widely available to employees.⁶⁸

'Rip-off Britain' - The Competition Commission enquiry

In 1998, government ministers turned on the supermarkets, echoing a public perception that consumers in the UK were being 'ripped-off'. This was partly due to the perception that European supermarkets are cheaper and partly because of the evident disparity between farm gate and retail prices. Why, it was asked, were potato farmers losing between £17 and £27 on every ton of potatoes they take out of the ground?⁷¹ Why is there a mark up of as much as 198% on apples and 439% on eggs in some superstores?⁷²

In April 1999, the government launched a £20 million enquiry through the Competition Commission of the Department of Trade and Industry (DTI).

The 16-month enquiry received thousands of submissions highlighting the overwhelming power of big retailers. These amount to three volumes, over 1100 pages.

Lutterworth and District Dairy wrote that it was seeing the most alarming changes in its 100-year history due to the fierce activities of the multiples in undercutting doorstep milkmen.

The Federation of Bakers claimed that by selling loaves for as little as 17p, the chains were making massive losses, but doing small bakers out of business.

The Commission received complaints from both sides - some claiming that the supermarkets charged too much, ripping off consumers, and others that they charged too little, driving smaller rivals into the ground.

Despite listing 52 practices that illustrated a complex monopoly situation, and concluding that 27 of these practices work against the public interest, the report amazingly gave the supermarkets a clean bill of health. It concluded that they do not hold a monopoly in grocery retailing and that they do not charge more than their European counterparts, taking into account exchange rate differences and the high value of the pound.

Critics claim that the Commission was asking the wrong questions. Whilst nationally none of the supermarkets have a monopoly (classically defined by having more than 25% of the market share), they have been found to have extensive local monopolies (see section 4).



This means that there isn't a genuine local market to keep the price down. Many also felt that the Commission should also have investigated the social, environmental and health effects of supermarkets, which are also surely in the consumers interest, not just price. Others argue that whilst no one supermarket has a monopoly over grocery retailing in the UK, the supermarkets together have an 'oligopoly', i.e. several supermarkets control the whole market, and this situation constitutes a market failure and should be investigated.

The report did admit to four situations where competition is broadly distorted and operates against the public interest:⁷³

1) The relationship between big supermarkets and their suppliers.

The Commission called for an enforceable code of practice to ban practices such as demanding payments from suppliers for buyer's visits, charging them for the cost of refurbishing stores and changing agreed prices retrospectively or without notice. (See section on 'Encouraging Industrial Agriculture') To the fury of the NFU and other supplier organisations, the DTI allowed the supermarkets to draw up their own voluntary code of practice and dispute mechanisms.

This came up for review in March 2003, by which time only one supplier, Express Dairies, had complained to the OFT, after Safeway dropped from three to two milk suppliers. Express were supplying 15% of Safeway's milk. However, it was decided that Express was not eligible as the contract with Safeway was signed before the Code came into practice.

After taking a year to review the failings of the Code, something that was surely very self-evident, the OFT decided that all it could do is send auditors into the big four supermarkets to look for examples of alleged malpractice. There is now a concerted call from suppliers large and small as well as environmental, development and farming groups for a binding code of conduct, independent dispute mechanisms and a retail regulator. Meanwhile, farmers and other suppliers continue to suffer exploitation at the hands of the supermarkets.

2) Selling below cost price

i.e. the use of loss leaders

3) Changing prices according to local competition i.e. price flexing.

The Report found that in the South East, East Anglia and the West Midlands, shoppers pay more for their shopping. Tesco's prices varied as much as nine per cent regionally. The Commission, however, took the unprecedented step of making the recommendation to do nothing on the grounds that putting up the price would harm the disadvantaged.



This was despite the finding that by undercutting small grocers and putting them out of business, supermarkets also restrict choice for vulnerable consumers, such as the disabled, people on low incomes and the elderly with no cars.

4) There is limited choice of supermarkets in some areas.

The Report found that in some places the giants have massive market shares: over fifty per cent for Tesco in Uxbridge, Milton Keynes, Cambridge, Twickenham and Salisbury. The same goes for Sainsbury in south-west London and Safeway in Dumfries. The Commission

recommended that new planning legislation was required to generate competition and to give consumers more choice.

It proposed that in areas where supermarkets were already strong, they should be required to obtain approval for new stores over 1000sq metres (around 10,800sq ft) from the Office of Fair Trading. The Commission was also concerned that certain chains are stifling competition by snapping up land on which rivals could build. Of 408 sites held in 'land banks', 190 are owned by Tesco.⁷⁵

Are we being 'ripped-off'?

As a recent article in the Observer claims, 'supermarket pricing is a spectacular black art'.⁷⁶ From ensuring that the store layout leads you past expensive and 'fresh' items first, to making price comparisons difficult, the supermarkets know how to fleece the pockets of unsuspecting shoppers. Next time you are in a supermarket, ponder this, what's at eye level? The cheapest or most expensive item? In October 2001, it emerged that Tesco had raised its prices in the weeks before it began its new £100 million pound price cutting campaign, so as to maintain its profits.⁷⁷ Only half of the price cuts were published on its web-site where it was shown that more than 10% had only fallen by a penny and a further 5% by 2p.

Safeway lodged a successful complaint with the Advertising Standards Authority (ASA) contesting Tesco's claim to be 14% cheaper. It believes that Tesco's claim to have cut prices by a billion pounds over five years has been offset by price rises on other ranges. The ASA also deemed the 'Pocket the difference at ASDA, always' ad campaign misleading.

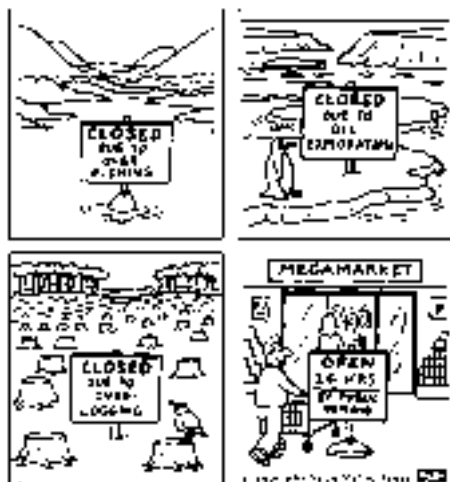
In Asda's case, it had only been a couple of months since they were fined for misleading customers over price cuts at a superstore in Hellesdon, Norwich. This complaint was brought by Tesco. Who else, after all, but the supermarkets would have the resources to monitor these price changes?⁷⁸



In January 2002, Tesco were again accused by the Observer of a 'price cutting' scam. They claimed that Tesco's website showed price increases on 1,750 popular items since Christmas. Tesco claimed these were special offers ending.⁷⁹

Co-operation and Cartels

Despite the posturing, the supermarkets have often worked together to prevent new entrants to the market. In 1993, Sainsbury, Tesco and Safeway jointly hired a PR agency and planning consultancy to prevent US discounter, Costco, from operating in the UK.⁸⁰



In 1996, the major supermarkets and 12 major food manufacturers drew up a pact to co-operate on promotions, launches and distribution.⁸¹ In March 2000, Tesco, M&S and other international food retailers announced they were setting up a 'Worldwide Retail Exchange' - essentially a global buying club to purchase products more cheaply.

This came just weeks after Sainsbury announced the formation of 'GlobalNetXchange' a joint venture with US corporation Sears and French food giant Carrefour.⁸²

In January 2002, a former senior director of Sainsbury, accused Tesco and Sainsbury of having an 'understanding' not to undercut each other's prices on the most popular products. The anonymous whistleblower told the Sunday Times 'If you look at the prices charged for these items, they are identical, which is no coincidence. Senior staff constantly move between the supermarkets, which helps perpetuate the understanding.'⁸³

These allegations cast serious doubt on the clean bill of health given to the supermarkets on the cartel issue in the Competition Commission report (see section on 'Rip-off' Britain).

'Mummy, mummy, can we buy the Barbie spaghetti shapes?'

Promoting unhealthy processed food

There is a crisis growing in the world of supermarkets, and it is based on growing consumer distrust. A *Good Housekeeping Magazine* survey in September 2001 showed that only one in six trusted supermarkets to sell safe food. Three in four people (76%) are more concerned than ever before about the safety of the food they buy.⁸⁴

Beside the health scares associated with factory farming and food handling, supermarkets promote unhealthy food, which can lead to diet-related diseases such as cardiovascular disease (CVD), diet related cancers (breast, colon etc), osteoporosis, obesity, diabetes, dental problems and vitamin and iron deficiencies. Obesity is only now being recognised as a food-related disease of epidemic proportions in the UK.

Ever noticed how in-store promotions and advertising campaigns tend to focus on cheap synthetic foods, especially those aimed at children? In a recent survey, the Co-op found that 73% of children ask their parents to buy sweets and crisps they have seen

advertised and only 19% give up when their parents say no. Meanwhile 71% of kids have bought something on the strength of a free gift or special offer.⁸⁵ The Walkers crisps 'Books for Schools' promotion and Tesco's voucher schemes for computer equipment were both slammed by the Consumer's Association for promoting unhealthy eating

as well as being a rip-off. You have to spend £220,000 at Tesco to get a computer worth less than £1000.⁸⁶



Between 'cause-related marketing' and 'pester power', instead of giving our children the best food available, we are giving them the most unhealthy. Such foods often consist of highly processed, pre-fried, re-formed bits of animal protein or carbohydrates heavily loaded with saturated fat, sugar and salt. Strong flavours easily appeal to a child's uneducated palate. On the other hand, there is strong evidence for the protective effect of fruit and vegetables against chronic diseases such as CVD and cancers.⁸⁷

Coronary heart disease (CHD), which makes up half of all cardiovascular disease, costs the taxpayer around £10 billion a year. Obesity costs the tax payer £2.5 billion a year.⁸⁸ National data from 1971-1991 suggest that it is increasingly the poorest in society who suffer from CHD.⁸⁹ A recent survey by the Food Commission illustrated that a shopping basket of 'healthier options' was a staggering 51% more expensive than a basket of standard processed foods. They also found that healthy options were not available in many discount stores, especially a good range of fresh fruit, vegetables and staple foods which need preparation such as flour and dry pasta.⁹⁰ Next time you are in a supermarket you may like to ask why it is that fresh healthy produce is more expensive than processed food on their shelves.

A new trend is to promote the healthy aspect of food products, advertising the added vitamin and mineral content in processed food. It is not surprising that vitamins have to be added to products as intensive agriculture and processing have led to a massive decrease in the nutrient levels in foods.⁹¹

UNSAFEWAYS

So exactly what's in processed foods? Take 'Sunny Delight', the Procter and Gamble drink often mistaken for fruit juice. It consists of water, high fructose corn syrup (the major ingredient in synthetic fizzy drinks) and 2% or less of each of the following: Concentrated orange juice, concentrated tangerine juice, concentrated lime juice, concentrated grapefruit juice, citric acid, ascorbic acid (vitamin C), beta-carotene, thiamin hydrochloride (vitamin B1), natural flavours (catch-all term for synthetic flavourings that do not have to be listed on the label), food starch-modified sodium citrate, cottonseed oil, propylene glycol alginate, xanthan gum, guar gum, sodium hexametaphosphate, potassium sorbate (to protect flavor), yellow #5, yellow #6.

Knowing this, it is tempting to eat a nice juicy organic orange or home-grown apple instead. It is probably cheaper and certainly better for you!

Choice? Convenience? And value?

When we look more closely at the hidden costs of supermarkets, the choice, convenience and value they supposedly offer becomes questionable. By putting small independent retailers out of business, they are hardly providing choice. By forcing consumers to use cars for their weekly shop, they are hardly convenient, and when we calculate the cost to the taxpayer, small farmers, our health and the environment of 'cheap food', it doesn't seem such good value.

This is not just the opinion of middle class environmentalists, as the recent submission by the National Consumer Council to the Food Policy Commission on food and farming by low income consumers shows.⁹²

Supermarkets are not fair competition; in fact they are exploiting you and me. They are also preventing the development of a vibrant and exciting local food economy.

Just think: supermarkets could become real market centres again owned by their local communities and producers, where farmers from the local region would sell their seasonal produce, and local producers would bring their wares. All products from further afield would be fairly traded and imported by small companies. There does not need to be exploitation in the food system.



And for dessert... what you can do about it?

There are alternatives to supermarkets that are community focused, environmentally sustainable and gathering momentum. What they need is your support.

Individual and local action:

- Take an interest in where your food comes from.
- Grow your own vegetables.
- Boycott supermarkets and large food manufacturers.
- Support small, independent suppliers, processors and retailers.
- Buy imported goods only when they cannot be grown in this country.
- Encourage small retailers to stock locally produced food.
- Help set up new methods of distribution locally, eg. co-operatives for marketing local produce locally, consumer co-operatives to buy healthy food in bulk for your community and delivery schemes.
- Consider becoming vegetarian or vegan as a way of reducing your own support for industrial farming methods.

- Support local farmers by using their farm shops and organic box schemes and going to farmers' markets.
- Set up a community shop. Find out about community-owned retailing. Contact Toby Peters on 01435-883005 or toby@easynet.co.uk.
- Support farmer's actions to end their exploitation at the hands of the supermarkets. For example 'Farmers For Action' campaigns. See their website: www.farmersforaction.org

Current legislative initiatives:

- Support the food justice bill to abolish food poverty in the UK, spearheaded by Alan Simpson MP with a core of organisations including Sustain, Child Poverty Action Group, Help the Aged and Friends of the Earth. Contact Ron Bailey 020 8698 3682. Email: enquiries@foodjustice.org.uk

- Lobby for more help for farmers to convert to organic production through the Organic Targets Bill that aims for 30% of farmland to be organic by 2010. Contact Sustain or FoE for more information (see below).

- Support the Localisation Bill which has provision for more government investment in a local food economy. Contact Sustain for more information.

Policy recommendations:

After allowing supermarkets to come up with voluntary codes, it is clear that these do not work. Well intentioned projects such as 'Race to the Top' or the Ethical Trading Initiative, which work with the supermarkets, have led to minimal changes, and are often undermined by supermarket behaviour.

We need strong government legislation to curb the power of the supermarkets, prevent the exploitation of suppliers and the destruction of small retailers and the attendant social and environmental costs.

Ideas on the table include a strong enforceable supplier code of practice drawn up by the suppliers themselves; a 'Local food targets act' for UK and local seasonal produce to be supplied in supermarkets; an independent regulator for the supermarkets 'OffTrolley' (!); and regulation on gangmasters to stop the exploitation of farm-workers and undocumented migrants.

A major rethink of competition law is urgently needed. We need to investigate more thoroughly how monopolies and oligopolies affect suppliers as well as consumers and also look at local monopolies. We could follow the example of other European countries in curbing persistent below-cost selling.

It makes sense to relocalise food production and retailing. This would include building covered food markets, through directed funding from Regional Development Agencies and tax incentives to local traders.

We should also limit supermarket developments through a mandatory economic impact assessment to be undertaken before a supermarket is granted planning permission. There could be a cap on retailer floor space.

Supermarkets could be taxed for the environmental pollution they cause, taxation on non-recyclable packaging, excessive transportation and car-parking spaces.



www.adbusters.org

We should support UK farmers with high environmental and animal welfare standards against unfair trade rules.

Call for agriculture to be taken out of the WTO and an end to export dumping. See www.viacampesina.org and www.iatp.org for more info.

Campaign against the GATS agreement of the WTO agreement which could ease supermarkets in their quest to open up more markets overseas against the wishes and best interests of local populations.

Watch out for other good policy ideas for example, Wye Cycle's proposal for legislation stating that no individual business may be responsible for more than 1% of UK food retailing.

For more information on supermarkets and industrial food production:

- Friends of the Earth - 'Real Food' Campaign. www.foe.co.uk
- Grassroots Action on Food and Farming (GAFF) highlights corporate control of agriculture and builds alliances between environmentalists, campaigners, farmers, farm groups and the public. www.gaff.org.uk
- Michael Hart, Small and Family Farms Alliance, Tel: 01726 843 647 michael@mhart.fsbusiness.co.uk
- National Association of Farmers Markets www.farmersmarkets.net
- Big Barn - The Virtual Farmers Market - Tel: 01234 871005 www.bigbarn.co.uk
- Via Campesina - global small farmers network www.viacampesina.org
- Viva! Campaigning and researching on the factory farming of animals. Tel: 01273 777688. www.viva.org.uk
- Stop the Safeway Takeover Alliance - campaign material available from FoE and GAFF.



Further Reading

Monbiot, G (2000) *Captive State: The Corporate Takeover of Britain*, MacMillan.

Harvey, G (1997) *The Killing of the Countryside*. Vintage.

Atkins, P and Bowler, I (2001) *Food in Society. Society, Culture and Geography*. London: Arnold/New York: Oxford University Press.

Blythman, Joanna (2004) *Shopped! The Shocking Truth about British Supermarkets*. Fourth Estate.

Lucas MEP, C and Hines, C (2001) *Stopping The Great Food Swap - Relocalising Europe's Food Supply*. The Green Party

Raven, H. Lang, T. and Dumonteil, C (1995) *Off our Trolleys? Food Retailing and the Hypermarket Economy*. IPPR, London.

Schlosser, Eric (2001) *Fast Food Nation: The Dark Side of the American Meal*, Penguin.

Andrew Simms et al (2002/2003) *Ghost Town Britain: the threat from economic globalisation to livelihoods, liberty and local economic freedom*. And *Ghost Town Britain II*. New Economics Foundation.

Reports and Articles

The Ecologist 'How Bogus Hygiene Regulations are Killing Real Food'. June 2001

The Co-op: *Food Crimes: A Consumer Perspective on the Ethics of Modern Food Production*. See the Co-op website www.co-op.co.uk

'What's Wrong with: Tesco?' and 'Every Little Hurts' in Corporate Watch 3. 1997. www.corporatewatch.org.uk

Checkout Chuckout: A directory of local groups campaigning against supermarket developments. See

Corporate Watch website.

Pretty, Professor J - *Some Benefits and Drawbacks of Local Food Systems*. Centre for Environment and Society, University of Essex. See 'Reports' on www.ruralfutures.org

'Why Health is the Key to Food and Farming' - submission to the Policy Commission on Food and Farming eds. Tim Lang and Geof Rayner (2001). Download at www.foodpolicy.co.uk.

How Green is your Supermarket? February 2004 The Liberal Democrats. Norman Baker MP

Websites

The Guardian has a substantial section on the farming crisis. www.guardian.co.uk

Food industry websites such as www.just-food.com and www.grocertoday.com

George Monbiot's website www.monbiot.com has a substantial section on supermarkets and farming.

References

- 1 www.guardian.co.uk/graphic/0,5812,1050478,00.html; How Green is your supermarket? (see further reading). Figures include recent acquisitions in convenience sector March 2004.
- 2 Keynote Report on Supermarkets and Superstores January 2003
- 3 Grocery Retailing 2003: The Market Report, IGD
- 4 Grocery Retailing 2002: The Market Report, IGD
- 5 The Money Programme. Store Wars. Supermarket Showdown. Wednesday 26th February 2003.19.30. BBC2.
- 6 Opinion: 'How should porcupines try to mate' in The Grocer 15th Feb 2003.
- 7 M+M Planet Retail (2001) '30 Retailers now account for 10% of Global retail sales.'
- 8 Ibid.
- 9 IGD Global Retailing Index. See IGD website
- 10 Fortune Magazine: Global 500 figures for 2002/2003.
- 11 The Retail Giants: Global Expansion and Local Concerns by Petra Kjell. In 'Corporate Breakdown' Edition 5. Feb 2002.
- 12 BBC2 The Money Programme. 'Store Wars: Supermarket Showdown.' 2003.
- 13 Verdict Research Report on Non-Food in Grocers (2001). www.kamcity.com/Library/articles/nonfood.htm
- 14 'UK's Tesco shocked at losing Levi case' Reuters 20/11/01
- 15 'Tesco to offer divorce finalising and will writing services in store' 21/1/02 just-food.com
- 16 'Supermarkets take cut of Fairtrade cash for poor farmers' Robert Winnett. Sunday Times 29/6/03
- 17 'Tesco well ahead of the online retailing pack'. www.grocertoday.com 1/3/04
- 18 'A Man Walks into a Supermarket...' Asda Press Release, 21st June 2001.
- 19 The Big Issue 10 - 16th December 2001
- 20 'Supermarkets are harnessing PR as they battle to become the definitive champions of the consumer'. Robert Gray Marketing Online www.marketing.haynet.com/features/superpr/superpr.htm
- 21 Famous 'market stall' slogan of Jack Cohen, founder of Tesco.
- 22 UK: Cheaper food No.1' 2/10/01. www.kamcity.com/namnews/asp/newsarticle.asp?newsid=6737
- 23 Quoted in 'Summary Of Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom.' Published by the Competition Commission. DTI, UK. 2000
- 24 Anonymous source at the Farmers World Network meeting 24th November 2001.
- 25 Accurate on 28th February 2001. From author's own research in Tesco and the bi-weekly farm-gate price guide produced by the Small and Family Farms Alliance.
- 26 DEFRA Quick Agricultural Statistics statistics.defra.gov.uk/esg/quick/agri.asp. viewed March 2004
- 27 Patrick Wintour. 'Extent of farm crisis revealed' The Guardian 11/4/04
- 28 Robert Harris 'Incomes slowly recovering' Farmers Weekly, 30/1/03
- 29 Jules Pretty 2001 'Some Benefits and Drawbacks of Local Food Systems' www.ruralfutures.org
- 30 'Don't Blame the Supermarkets' by Neil Davison, Financial Times. www.ft.com/fteuro/qbe7a.htm
- 31 Ibid.
- 32 Policy Commission on Food and Farming industry stakeholder meeting 23/10/01
- 33 'Corporate Pigs and Other Tales of Agribusiness' Multinational Monitor. July/Aug 2000 Vol 21. Nos. 7&8.
- 34 Where reference not made, from 'Fast Food: Some facts and figures to make you lose your appetite' Clare Dwyer Hogg. The Independent (London) September 5, 2001.
- 35 'That's the Horror of Haskins' by George Monbiot. The Spectator. 1st September 2001.
- 36 Pesticide Action Network UK Briefing: Pesticides in Water. www.pan-uk.org
- 37 'Paying the price for cheaper food' The Observer, 25th February 2001.
- 38 The Grocer's Seminar: What Price Safeway? Reported in The Grocer 15th February 2003.
- 39 See Corporate Watch profiles on agrochemicals companies: Bayer, Monsanto and Dupont.
- 40 Pesticides in Supermarket Food (March 2004). www.foe.co.uk/resource/briefings/pesticide_supermarket_food.pdf
- 41 Ghost Town Britain & Ghost Town Britain II. Andrew Simms et al. New Economics Foundation 2002/2003.
- 42 Grocery Retailing 2002: The Market Report. IGD
- 43 Figure quoted by Caroline Lucas MEP at 'Good Food on the Public Plate' conference. Oxford Brookes University 24 March 2004
- 44 Keynote report Supermarkets & Superstores 2001
- 45 Porter, Sam, and Raistrick, Paul: The Impact of Out-of-Centre Food Superstores on Local Retail Employment, The National Retail Planning Forum, c/o Corporate Analysis, Boots Company Plc., Nottingham.

- 46 Plugging the Leaks: A briefing (2001) by the Centre for Participation. NEF: London. Downloadable from www.neweconomics.org
- 47 See www.just-food.com and 'Battle in Store? A discussion of the social impacts of the major supermarkets page 5. Sustain. Written by Corinna Hawkes
- 48 Hillman, M 'Changing patterns of shopping drawn from National Travel Surveys 1975-91'. Policy Studies Institute 1994. Quoted in 'Off Our Trolleys'.
- 49 Ghost Town Britain II (2003)
- 50 For every litre of aviation fuel burnt, 2.5 kg of CO2 are released into the atmosphere. Burning a litre of diesel fuel releases 2.7 kg of CO2.
- 51 www.defra.gov.uk/esg/Excel/selfsuff.xls
- 52 Stopping the Great Food Swap - Caroline Lucas 2001. See Further Reading.
- 53 Ibid.
- 54 'From Farm to Plate'. The Guardian 28th February 2001.
- 55 'Sins of the Superstores Visited on Us' George Monbiot. The Guardian 1st March 2001.
- 56 NOP Omnibus, carried out the poll between the 8th and 10th November, see Friends of the Earth press release 18/11/02 New Poll Shows Public Back Farmers v Supermarkets
- 57 Friends of the Earth media briefing 'British Apples for Sale', November 2002.
- 58 'Sainsbury loses out to Tesco in Air Miles loyalty card deal' 11/1/02 just-food.com
- 59 'From Farm to Plate'
- 60 'From Market to Hypermarket' in The Ecologist Vol.24 No.4. July/August 1994.
- 61 Professor Tim Lang. Centre for Food Policy. Thames Valley University quoted from Gangmasters documentary (see below).
- 62 'Gangmasters' Panorama BBC1 Transmitted 19/6/00 Transcript on http://news.bbc.co.uk/hi/english/static/audio_video/programmes/.../transcript_19_06_00.tx
- 63 'Unions make In-roads into No-Go areas' Labour Research Department press release 1/9/99
- 64 See 'Race to the Top' research on Labour rights in the UK. www.rttt.org Module 3.
- 65 'The Big Staff Checkout' 20/9/03 www.grocertoday.org
- 66 'Supermarket Wars' by Steve Davison in Socialist Appeal. www.socialist.net/74/supermarket_wars
- 67 Keynote Report Supermarkets and Superstores 2001.
- 68 See Wal-Mart watch website www.walmartwatch.com/info/
- 69 Oxfam UK 'Trading Away our Rights: Women working in global supply chains' (February 2004); 'Praise Uncle Sam and pass the 18p an hour' Greg Palast The Observer 20/6/99
- 70 Personal communication with GMB researcher Ida Clemo 2001
- 71 'Agriculture in Crisis: Why Britain's farmers are making a loss on nearly everything they grow.' The Independent 28th August 1999.
- 72 Captive State p.184
- 73 'A Summary of Supermarkets: A Report on the Supply of Groceries from Multiple Stores in the United Kingdom'. DTI, UK. 2000
- 74 John Breach from BIGFA in a letter to Patricia Hewitt 7th November 2001.
- 75 'Supermarkets abuse power' by Paul Farrelly and Oliver Morgan. The Observer 1/10/01.
- 76 'Black arts flourishing amongst the black-eyed beans' by Neasa MacErlean. The Observer. Cash section. 3/3/02
- 77 'Tesco price drive under new attack' by Sarah Ryle, The Observer 9/10/01.
- 78 'Asda fined £9,000 after judge rules that it mislead customers over low prices', 21 Sep 2001 just-food.com
- 79 'Tesco under fire for price cut initiative, is it a 'scam' 18/2/02. www.just-food.com
- 80 Captive State pp.177-178. See Further Reading section.
- 81 Off our Trolleys Pg 27. See Further Reading section.
- 82 Food Suppliers create Global Marketplace BBC online March 20 2000.
- 83 Whistleblower alleges price fixing at Tesco and Sainsbury. 18/2/02 <http://just-food.com>
- 84 'Shoppers loosing faith in Supermarkets' by Jo Willey, PA News 9/9/01.
- 85 Food Crimes: A Consumer Perspective on the Ethics of Modern Food Production. CWS Ltd. www.co-op.co.uk.
- 86 'School voucher schemes under fire' 6 December, 2001 http://news.bbc.co.uk/hi/english/education/newsid_1694000/1694388.stm
- 87 For more information see 'Why Health is Key to Food and Farming'. See Further Reading Section.
- 88 Ibid.
- 89 Ibid.
- 90 'Healthier diets cost more than ever!' Food Magazine 55. Oct/Dec 2001
- 91 'Why Fruit and Veg were better for us 50 years ago' Daily Mail, March 5, 2001. www.whale.to/w/veg.html
- 92 See Policy Commission on Food and Farming. www.cabinet-office.gov.uk/farming

