The past and future of independent retailing

Over the next two issues, Stuart Jackson tackles some of the issues that persistently provoke discussion and disagreement amongst retailers and industry analysts.

Contentious issues

More than a decade ago, a minor recession and subsequent reduced consumer spending began a trend for discount superstores such as Lidl. Following this came a penchant for out of town retail parks that incorporated huge supermarkets. Finally, along came the day when those supermarkets took a real interest in health products.

Health food stores had just adapted to the economic recession by offering a discounted style of retailing when retail parks emptied the high street leaving many traditional town centres full only of charity shops and 'for let' signs.

Adding to these problems, the independent retailer stood powerless as some suppliers moved their priority distribution to the supermarket and our one trade show deserted Brighton and the independent retailer for London, a move that captured the interest of a new breed of corporately owned suppliers servicing the multiples.

This was fodder for the doom and gloom merchants who were quick to predict the end of the local health food store and for a time, trading was tough.

Markets evolve and our industry reacted strongly. The Natural Trade Shows were launched at Brighton and Harrogate to again provide events that were dedicated

to the independent and as suppliers learned the horrors of dealing with the supermarkets, many were coaxed back to focusing on the independent.

A mention now for some of the suppliers who stuck with the independent retailer through that difficult time. Take a bow Natures Aid, Bioforce, BHM, Cambridge Bioceuticals, Orangeburst, Re: Action, Health Plus, Lifeplan, Natural by Nature Oils, Natures Plus, Nutrisport, Solgar, Optima Health, Plamil Foods, Quest, Solaray, Biocare, Lanes, Infinity, The Health Store, Power Health, Savant, Higher Nature, Les Illingworth's various enterprises, Kinetic and more that there is just not room to mention. Your stalwartness in this period helped us all survive.

The consumer, driven by an upturn in disposable income, tired of soulless sheds stacked high with cheap, processed foods and began to seek out better food and luxury lines again. Along with this came a realisation that their local community had lost its heart and people reinvested in supporting their local traders. Statistics of the day showed a sudden increase in high street shopping and this trend has continued to strengthen, a view confirmed by Tesco and Sainsbury's drive to re-enter the high street.

The craze for quality products has now evolved into a new national awareness of ingredients that will forever demand a higher quality than was the norm in recent times. Whether this desire is fulfilled from a modern supermarket environment or via a friendly local shop is now a matter of choice. There has developed a healthy following for both camps.

Business will always be a battle but providing that retailers move with modern market demands the place of the independent health food retailer is secure. Difficult times may occur as a result of any economic slump but even then, unlike in the past, health food retailers will retain market share. Today's health-educated consumer will fight to maintain their dietary standards. To truly secure one's future, retailers must guard against becoming isolated from market change and avoid doing things the way they have always been done.

Should we present a more mainstream image?

There is no point in copying the design of a supermarket. To succeed, retailers must offer something different to the consumer, who by choosing to shop locally is choosing not to visit the supermarket. Independents should design their shop to reflect the community they serve. For some the established discount image will still be relevant while for other more affluent areas it should be a quality, brand-led lifestyle sell.

Probably the most common design question is that of metal or wood shelving. For me, the only choice is wood as it is possible for health food shops to present a modern layout while still retaining a point of difference with the natural warmth of wood.

The role of the high street health food retailer...

Is to provide the consumer with that which the supermarket cannot. Our three most powerful advantages are specialist products, personal service and expert advice. A fourth advantage, that of local positioning, is being eroded by the new generation of high street mini-supermarket sites.

Our first three strengths are also under attack. Supermarkets are stocking an increasing number of healthy lines and Tesco's Nutricentre is adding a new dimension to their service. However well the supermarkets do erode these advantages they can never completely replace the unique service that an owner-operated shop can deliver.

The role of the independent continues, we just can't afford to be sloppy retailers. Make sure the customer is treated well, that we continue to seek out the latest specialist lines and work hard to train and educate both staff and the local shopper.

The arrival of Wholefoods Market

Established for 25 years in the USA, Wholefoods is our market's premier retailer and may bring a new level of professionalism. The question is, will that be a USA professional approach and if so, how will that translate to the UK? Or if they adopt UK experience gained via their acquisition of Fresh & Wild, will US-groomed management be able to truly understand and apply that experience to their giant 75,000 sq ft shop in central London (expected to open in 2007)?

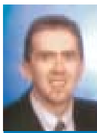
The arrival of Wholefoods Market has sparked more doom predictions. While it is not ideal to have yet another potentially very capable competitor in our midst, life will always throw up challenges. We should just use their arrival as yet another reason to get smarter about the way we buy, display and sell in our own shops. On the bright side, retailers may even pick up some fresh ideas.

This mega shop is such a leap away from that which is UK proven that it is going to ask some serious questions about the maturity of the UK natural product market. For the future, will a successful London experiment encourage Wholefoods to pursue their US criteria for shop space and by doing so limit themselves to major cities or will they have to dumb down to proven UK size to thrive here?

Its US criteria is: 200,000 people or more in a 20-minute drive time, 40,000–75,000 sq ft, a large number of college-educated residents, abundant parking available, easy access and must be located in a high traffic area.

Summary

There will always be a role for the forward thinking independent retailer who treats every new competitor as a challenge from which one will emerge stronger. Opinions abound in the industry and be cautious in accepting any presented by experts that don't have a solid footing in our very unique and specialist market.



If you have any questions for Talking Shop or would like further information on Stuart Jackson's consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk