

Good morning everybody.

Slide No. 1&2

I would like to speak today on convenience stores in England, especially on those that are run by consumer cooperatives. First, I will give you a general outline of the English grocery market. Next, I will briefly mention the historical development of consumer cooperatives in the English market. Finally, I will describe what kind of role the convenience store business plays in consumer cooperatives' business activities.

Convenience Stores in the UK

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Today's presentation:

1. Outline of the British grocery market
2. Historical overview of the British consumer cooperatives
3. Roles of convenience stores in the consumer cooperatives business

Slide No. 3

The current British grocery market will be best characterized as “oligopolistic,” which means a few companies control most of a business activity. As this table shows, five major corporations control more than 50% of the market share. These corporations, each of which is a nationwide chain of grocery stores, create and sell their own private brands—a fact that suggests a rather surprising uniformity in British consumption tendencies.

Oligopoly in British Grocery Market

	1993	1995	1997	2000
Tesco	10.4	13.4	14.8	16.2
Sainsbury	12.1	12.2	12.4	11.5
Asda	6.5	7.2	8.3	9.5
Safeway	7.5	7.3	7.6	7.5
Summerfield	4.3	4.2	3.8	5.0
5 CS's combined	43.2	46.6	49.0	50.2

Figure 1. Change of Five Corporations' share in British Grocery Market

Slide No. 4

However, in the past, cooperatives used to enjoy a much larger share of the grocery market in England. Up until the mid-1950s they owned as much as 20% of the share. Since then, as you can see in this figure, the share has steadily declined, hitting rock bottom at 5.7% in 2000. Since then, however, their share has remained stable, even showing some signs of recovery more recently. It seems that this recovery has been possible due to cooperatives' reform programs, which helped them compete in the convenience store business.

Historical overview of British consumer cooperatives

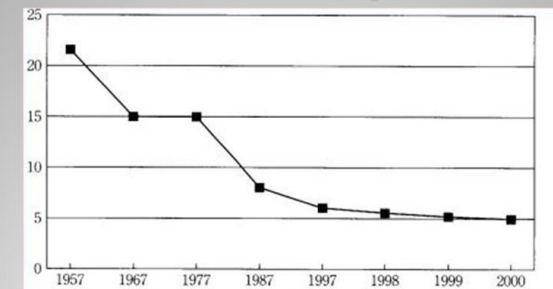


Figure 2. Change of Consumer Cooperatives' share in British Grocery Market

Slide No. 5

This slide compares cooperatives' sales in 2005 with those of the year before. As you can see, although Co-operative Group, the leader in the business, decreased its sales by 3.3%, United Co-op recorded an increase of 8.8%. The revival of United Co-op has been driven by their decision to withdraw from competition with large-scale supermarkets and to compete in the small-scale convenience store sector.

Change of Annual Sales

Cooperatives	Sales (Thousand Pounds)	Ratio to a year earlier (Percent)
Co-operative Group	8,519,925	-3.3
United Co-op	2,092,596	+8.8
Midlands	757,250	-6.5
Midcounties	420,862	+9.3
East of England	462,266	-2.1
Scottish Midland	385,569	+4.4
Anglia	322,846	+6.1
Lincolnshire	226,675	-5.6
Plymouth & South West	162,531	+13.3
Southern	158,753	+6.9
UK Co-operative Union, Combined	12,742,284	-2.8

Figure 3. Year on Year Differences in Annual Sales of Major Consumer Cooperatives

Slide No. 6

This chart informs us of changes from 2001 to 2005 in the number of consumer cooperatives, classified according to the type of business. You will easily see that the number of convenient stores has doubled, whereas the number of large-scale supermarkets has declined.

Growth of the Convenience Store Business

	2001	2005
Total Food	2383	3301
Superstores	27	23
Supermarket	1233	1089
Convenience	1109	2176
Others	14	13
Total Non-Food	1200	1236
Department Stores	94	91
Pharmacy	594	731
Footwear	369	286
Others	143	128
Travel	658	695
Post Offices	270	513
Others	332	586

Figure 4. Change in the Numbers of British Cooperatives' Business Types

Slide No. 7

Why did cooperatives realign themselves in the convenience store business? British convenient stores are usually small-scale (in most cases 280 m² or smaller) supermarkets. Cooperatives, which began when local cooperative members gathered to create stores for their benefit and convenience, were similar to convenience stores in terms of “local friendliness.” Furthermore, cooperatives were able to build supermarkets very easily as they only had to make minor changes to existing convenience stores.

In addition, cooperatives, by opening their convenience stores open late hours, seven days a week, can contribute to society by meeting the demands of consumers who can't drive to the large-scale supermarkets in the suburbs.

Why Convenience Stores?

- Contributing to local community
“locally friendly”
- Reusing old stores
renovation of the existing stores

Slide No. 8

Convenience stores in England have developed rapidly, like their Japanese counterparts, though in different ways. When you go to England, be sure to go see some convenience stores. It is interesting seeing how they are different from Japanese convenience stores, how their prices compare, and how they operate.

Visit Convenience Stores in UK!

- What are major convenience stores in the UK?
- How do they operate?
- What are their price ranges?
- What are the differences between Japanese CS's and British CS's?