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Some aspects of retailing in the distributive system

of North East England.

by

Priscilla Monica Thompson

Thesis submitted for the degree of Master of Arts in the University
of Durham.

January 1970.

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Acknowledgements

The work for this thesis was carried out between October 1968 and December 1969 whilst engaged on a team research project sponsored by the Distributive Trades Economic Development Committee of the National Economic Development Office. The object of the project was to study the use and costs of different channels of distribution for a variety of consumer goods in North East England (Northumberland, Durham and the North Riding of Yorkshire), through extensive fieldwork in the region covering manufacturing, wholesaling and retailing firms. My special interest and concern lay in the retailing section of the distributive system and although not all the data used here was collected by me personally the substance of the analysis is my own.

Acknowledgements must be made of the valuable help given by numerous firms and various Government bodies and Ministries, and also of the advice and guidance given throughout the period of study by Dr. D. Thorpe as project director and personal supervisor. I wish to express my thanks to Dr. Thorpe for giving me the opportunity to undertake research, to the National Economic Development Office for providing the necessary grant, and to Professor Fisher for accepting me as a research student in the Department of Geography.

January 1970.

Abstract.

This study aims to examine, in the context of North Eastern England, two types of retailing, distinct in their methods of organisation and scale of operations - multiple retailing and small-scale independent retailing. They are viewed primarily with regard to the functional relationships which they have with other parts of the distributive system, as expressed in the concept of channels of distribution.

The basic difference in channel usage can be described in terms of the nature of the retailer's suppliers. The multiple retailer with branches in the region has been found to deal direct with the manufacturer/primary producer for the vast majority of his goods, whilst the wholesaler plays a dominant part in the channel serving the small independent retailer. The essential reason behind such differences is to be found in the contrasting scales of retailing, which in turn are seen to be the result of various factors, including the nature of the products sold, the past retailing structure and the scale of other components of the distributive system.

Thus the study is primarily concerned with the processes which link the retailer to the general system of distribution for consumer goods, and not with the spatial aspects of retailing nor with the relationships between that activity and the domestic consumer. The structure of retailing in the region is described according to main trade types, but the channel concept is applied also to specific products.

CHAPTER ONE

INTRODUCTION

Geographical research into retailing has concentrated on distinguishing qualitative as well as quantitative variations in the nature of shopping facilities, and in analysing their morphological and economic structure in a spatial context.

Recent studies⁽¹⁾ can be loosely grouped according to their method of approach. A basic distinction is discernible in the scale of the study. The retail hierarchy concept, stemming from the development of central place theory, has been applied on the macro, i.e. country-wide scale by Smailes (1944), Carruthers (1957, 1967) and more recently, Thorpe (1968) differentiating shopping centres according to a variety of retail indices.

The majority of work, however, has been done within a more limited geographical area, at its most extensive a region, normally a conurbation or part of one, such as Greater London (Smailes & Hartley, 1961), Chicago (Berry, 1965 and 1967, Garner 1966), Tyneside (Thorpe & Rhodes 1966), S. Wales (W. Davies, 1968), and Edinburgh (Jones, 1967). These studies are based on the fact "that the geography of retail and service business displays regularities over space and through time (and) that central place theory constitutes a deductive base from which to understand these regularities".⁽²⁾

Research at this regional or sub-regional level is, however, diverse in nature. In some cases, there is a concentration on the features of the retail nucleations themselves, their form and business mix,⁽³⁾ whilst others are more concerned with the relationship of the retail facilities

to the market area. The latter approach has been often employed in planning studies and in marketing geography, the branch developed by Applebaum, applying the findings of the vast body of theory that has accumulated to the delimitation of retail trading areas and to the problems of planning store locations. Associated research has been carried out into the effect of consumer income differences on retail facilities, such as those of Nader (1969) on Tyneside and R.L. Davies (1968) in Leeds, and contributing to a general theory of consumer behaviour⁽⁴⁾ with commercial applications in the field of marketing.

A further development from the mainstream of retailing research, as described with regard to hierarchial systems, has been the refinement of methods to assess market potentials and to aid in the forecasting of future retail requirements. Such have been some of the objectives of post-war planning research in this sphere of economic activity, and many of the predictive models evolved are now standard techniques in the creation of contemporary retailing facilities.⁽⁵⁾

This general view of research accomplished in the field of retailing geography in recent years reveals that the stress has been on the retailer-consumer relationship, a reflection of the nature of retailing's locational orientation. There is a need, however, for more attention to be given to the analysis of the processes linking the retailer to other parts of the distributive system, rather than only to his fellow traders and his customers. For as Thorpe pointed out⁽⁶⁾ retailing is "only one sub-system of the wider system of distribution from manufacturer to consumer".

Thus the approach adopted here is closest to that of the economic, particularly the marketing, geographer. Instead of studying retailing

specifically as a means of furthering the understanding of the urban scene, the aim, (which Berry has highlighted as worthy of attention⁽⁷⁾), has been to see it in terms of the concept of the distributive channel. For the distributive system can be viewed as a maze of intertwining channels, linking together the various component parts, the manufacturing, wholesaling ^{and} ~~&~~ retailing functions, whether institutionalized or not.

A distributive channel, or, as it is often otherwise known, a marketing route, is that combination of transactions, often numerous, involved in the transfer of goods through the system. In order to achieve such a transfer, a number of functions need to be performed. These involve particularly the financial transactions connected with buying and selling; the physical movement of goods and their storage; and the search for markets (i.e. sales promotion and advertising) or source of supplies, depending at which point in the channel one stands.

The concept is one which has been most fully developed in the United States, in the specialist field of marketing studies. One of the most thorough considerations of the subject on a general theoretical level is that edited by Mallen (1967) in which he brought together a wide range of papers written on the subject of channel structure and the relationships between the channel members. Lewis (1968) has set the channel in its historical perspective by tracing its evolution in economies at differing stages of development, as well as its operational characteristics in the light of management strategy.

The channel concept has been employed to a varying degree in most general studies of distribution, such as that by Reavis Cox (1965) and Stacey and Wilson (1958). The latter study concentrates on the nature of changes at the institutional component level, rather than on marketing

flows. Reavis Cox, however, was one of the first to attempt to quantify such flows, in sales value terms, for goods and services that were involved in changes of ownership, in a national context.

In Britain, empirical studies have been made of the marketing channels used for a very limited number of specific products⁽⁸⁾, but not of the complexity of channels in use in the general distributive system. This was the objective of the project with which the research for this thesis was associated, evaluating channel usage in a regional segment of what is a national, and in some aspects, an international, system.

The initial problem in such research lies in choosing an entry point into the channel complex. It could be made at the stage of transportation, examining the flows of commodities via different transport media. But the physical flows of goods, although long recognised as a valid topic for study by economic geographers, and in the applied field of physical distribution management (Grant, 1968; Bowersox et al. 1968) are only the expression of a deeper functional relationship, the linkage between the institutionalised channel participants.

It is these linkages that need to be unearthed in detailed investigations into the distributive system, and thus the point of entry needs to be at the institutional level. One of the main reasons why relatively little research has been done at this detailed level, considering a wide range of both consumer products and trade types, is the heavy dependence on the voluntary co-operation of the business concerns involved, without the statutory powers which the Board of Trade possess for their census surveys.

If the study were of products in a closed system, that is, a national

context, assuming that there were no imports or exports of those products, the institution upon which to concentrate would be the manufacturing unit. But if only a regional segment of the whole is under examination, the starting point is best made at the retailing level, making the assumption which is true in the vast majority of instances that the largest proportion of consumer goods are marketed through retail outlets⁽⁹⁾.

Thus the search in this instance is for functional relationships between retailing and the other parts of the marketing channel, both in general terms and with regard to a range of specific products⁽¹⁰⁾. It is not an essentially spatial approach for the primary concern is not with the locational factors influencing retailing as a set of landscape features. It is rather a process study with the intention of understanding the operations of retailing in the distributive system. This is not to suggest, however, that the study was carried out independent of spatial considerations. It examines the processes within the framework of a region whose geographical character exerts an influence upon economic activities within it. Where possible, a distinction has been made between flows of goods within the region, and from outside, so that the degree of dependence on other parts of the country can be ascertained.

Two classes of retailing have been selected as the principal foci of attention, the multiple retailer and the small independent retailer. Multiple retailers are defined for the purposes of this study, in line with the 1961 Census of Distribution, as firms with five or more branches⁽¹¹⁾. The small independent retailer is normally a single establishment concern, and any firm with a turnover of over £100,000 is excluded from this category.⁽¹²⁾ Organisations with such turnovers are more similar in their purchasing power to the multiple chains.

Co-operative societies are a mixture of both scale types⁽¹³⁾ for some small one-branch "independent" societies still exist alongside the societies enlarged by amalgamations and centred on the conurbations and larger urban centres. Their distinctive principle of trading based on consumer shareholders warrants their separation in official statistical sources from the other two organizational forms.

Department stores are a particular type of general trading which are owned by multiple, independent and co-operative firms⁽¹⁴⁾. In this study, only those department stores which are members of a chain of like stores are considered; the remainder, like the large independent retailers and co-operative societies, only receive general treatment.

It is only since the postwar period that there has been a fairly constant flow of literature on the functioning of the retail trade⁽¹⁵⁾. The first major economic survey of retail distribution was attempted by Henry Smith (1937). He was followed by Hermann Levy (1947), who set out to test the hypothesis that there was an excessive multiplicity of shops in relation to the social and economic needs of early post-war Britain. Such studies provided some of the stimulus for the Census of Distribution and Other Services, which has been undertaken by the Board of Trade, to provide a detailed analysis of the structure of the retail trade, hitherto a subject of informed estimation. A near complete national measurement of the value and nature of various types of retailing is attempted in the Census of 1950 and of 1961, with sample interdecennial surveys in 1957 and 1966. The first results of the 1966 Census were published during 1968, and where applicable, and available, have been incorporated into this study⁽¹⁶⁾.

The background data upon which this study is based was obtained from published sources of official statistics, as well as trade publications⁽¹⁷⁾. The retail trade directories were of particular value in the construction

of an index of multiple retailers operating in the North East, together with the additional information provided by the classified telephone directory and field checks. These sources provided a total of almost two hundred firms, which is as comprehensive as possible. Contact was made with the head offices of these multiple retailers, whether inside or outside the region, and a questionnaire administered at a personal interview wherever possible. The questionnaire was specially tailored for each type of retailing organization (large independent store, Co-operative society, or multiple chain). In the case of the small independent retailer, the region was sampled on a quota basis according to trade types and covered a variety of socio-economic environments.

Response rates were highest for the latter type of trader, where the questionnaire was completed at the time of interview, and generally lowest where the head office of a multiple retailing firm was outside the North East and received the questionnaire by post. It is difficult to give a general figure, but a response rate of 35% in the case of major retailers (i.e. other than the small independent trader), where parts of the questionnaire had to be left with the respondent for completion, would not be too misleading, bearing in mind variations between different kinds of business and in the amount of usable information in the returns.

The survey material is not the subject here of consideration in its own right. Use is only made of it where it illustrates the operation of the channel with regard to the two types of retailing under investigation. Interest is focused essentially on the nature of the retailing section of the channel, for only when this is known can the channel relationships operating be understood.

The manner of treatment of the topic of retailing and the distributive channel is a progression from the general to the particular. The following chapter, chapter 2, attempts to view multiple and independent forms of

retailing as part of the general national distributive system in three ways - their operational characteristics, their place in the general development pattern of distributive activity, and the accompanying channel relationships that they possess.

Chapter 3 provides a picture of the region's retailing structure, based on the only comprehensive statistical source available, that of Census of Distribution data. The region is compared with the national situation, but it is difficult to make meaningful comparisons with other regions. This chapter is intended to set the scene for a review of retailing operations.

In chapter 4, multiple retailers are considered by trade types, in terms of their organisational characteristics and the operation of the distributive system. Features of historical development and present operational functionings, described in the preceding general chapter, are seen at work in the regional setting. Concentration is placed on individual firms because this reflects the importance of the organisation in the distributive system, and brings out variations according to scale of activity.

The following chapter examines the characteristics of the small independent retailer in the North East, similarly, according to trade type and in relation to the rest of the system as expressed in the channels of distribution used, so that a comparison between the different scales of retailing, with reference in particular to supply patterns, can be made in the concluding chapter.

References.

- (1) For full references to articles in this chapter, see the Bibliography in the Appendix.
 - (2) BERRY, B.J.L. (1967) Geography of market centers and retail distribution. Prentice-Hall p.vii
 - (3) For example, Leeming (1959), Cohen & Lewis (1967), Boal & Johnson (1965), Schul & Hayes (1965), Getis (1968).
 - (4) Such studies as Berry, Barnum & Tennant (1962), Zwick (1957), Hermann & Beik (1968), Horton (1968).
 - (5) Diamond & Gibb (1962), Lakshmanan & Hansen (1965), Univ. Man. (1964), W. Midlands Town Planning Institute (1967).
 - (6) THORPE, D. (1967) 'The study of shops and shoppers: a consideration of the central place system approach.' I.B.G. Urban Studies Durham Conference p. 2.
 - (7) BERRY, B.J.L. (1967) Geography of market centres and retail distribution. Prentice-Hall. p.126.
 - (8) SADDIE, S.M.A. (1969) Marketing in the Wool, textile, textile machinery & clothing industries. Management centre, University of Bradford.
- WHITE, J.G. (1969) 'An illustration of the principles of domestic market channel choice by reference to the British machine tool industry'. Paper presented to the Marketing Studies Seminar, November 1969, University of Newcastle.
- (9) This is not to deny the importance of direct methods of selling, such as the mail order business, and the use of agents. The former was estimated at the latest Census of Distribution survey in 1966 to account for 4% of sales of consumer goods.
 - (10) The methods of selection of the goods to be investigated is explained in the Appendix.
 - (11) The division is made at ten branches in the Censuses of 1950, 1957 and 1966, but as the last comprehensive survey of retailing, both nationally and regionally, was that of 1961 the size categories and organisational classification of that Census are adopted here. In practice it has been found that firms with between five and nine branches, whilst obviously being in a transition class, had more in common with multiple retailers, than with the smaller independent traders.
 - (12) See Census of Distribution, 1961, definition in Appendix A of Part 14, Organisation tables , para. 18.

References - continued

- (13) Regional examples include the one-establishment societies such as St Anthony's Industrial Co-operative Society, Newcastle and Grosmont Co-operative Society, North Riding of Yorkshire, and Newcastle upon Tyne Co-operative Society with over 250 branches, and now including Gateshead (35), Walker (6), Windy Nook (5).
- (14) According to the 1966 Census of Distribution (table 5, in Board of Trade Journal, 23.2.68), the breakdown organisationally by establishment was as follows:

Co-operative Department Stores			30%
Multiple	"	"	28%
Independent	"	"	42%

N.B. multiples over ten branches.

- (15) e.g. Jefferys (1950 and 1954), Hall, Knapp & Winsten (1961), Fulop (1964); McClelland (1967), Mathias (1967).
- (16) Other official statistics relating to retailing are given in the Appendix. Reference is made to their use in the text.
- (17) Trade directories employed:
- Stores, Shops, Supermarkets Retail Directory. 22nd & 23rd eds, 1968 and 1969. Newman Books.
Food Trades Directory, 1969-70. 11th ed. Newman Books.
Annual Survey and Directory, 1968. Self-Service & Supermarket.

CHAPTER TWO

General Consideration of retail operations.

The two classes of retailing under investigation are distinctive in terms of their organisational form, which in the case of multiple retailing firms stems from the disposal of their business activity through several locations. This creates distribution problems which, in many instances, can best be overcome by the establishment of a central depot with storage facilities, acting as a break-of-bulk point, and despatch centre for supplies to the various branches. Thus the factor of scale emerges, and the concomitant increase in purchasing power.

It is essentially the scale advantage which lies behind the success of multiple retailing. Economies in the cost of supplies are possible through the concentration of buying power, aided by the separation of the buying and selling functions, and by the organisational links with firms further back in the distributive channel. This latter feature is certainly true of the larger multiples with cover of the national market. Even without complete vertical integration with producing interests, this type of firm often wields the power to impose specifications on the manufacturer, and to obtain substantial quantity discounts.

The wholesaling function is integrated into the system, and thus costs are reduced through a reduction in risk-taking with a secured market. No sales representatives need to be employed by the buying section of the organisation, except perhaps very rarely in those trades where multiple retailers supply other than domestic customers. Large-scale organisations can also afford to maintain their own research departments to provide them with market intelligence data, to guide them in the range and quality of stock carried.

The centralisation of deliveries to depots is, in the case of most

products, cheaper than to individual branches, and the extra storage space available reduces the amount of stock needed to be held at the branches. Costs of stockholding decrease with the increasing size of a firm's turnover,⁽¹⁾ and contribute to the generally lower operating costs of multiple retailing.

Large scale is achieved not only in the individual store size, which is influenced by the nature and range of the products sold, and methods of service, but also by the firm's geographical spread. The principle behind the location of branches is the extension of sales of the same goods in different areas - "expansion by re-duplication" as McClelland has described it⁽²⁾ - with the advantage of tapping several catchment areas. A branch network also permits the transfer of goods, according to variations in supply and demand. It is also true that the larger the chain, and the stronger its organisational links with large combines, the easier is its ability to raise the capital needed to further its expansion programme. There have been many amalgamations of companies since the inter-war period, and, indeed, retailing has been quoted⁽³⁾ as second only to the chemical industry in its high concentration of ownership.

The small independent retailer has none of these advantages. He is handicapped by the limited scale of his buying powers, rarely enabling him to benefit from quantity discounts. Such shops are often family concerns and survive through offering other than price competitiveness to the customer. Opening hours are often longer in the case of food shops through a greater flexibility of the labour supply (often the proprietor's wife or family), and personal service, with the availability of credit facilities to regular customers, also increases the attractiveness of this form of trading especially in convenience trades' locations, within a

residential neighbourhood or on a route with a high flow of people passing by. Rising rents through the competition for High Street sites, even at district shopping centre level, are forcing out the small retailer under the pressure of the multiple chains, and are making it difficult for him to acquire sites in new shopping centres because the overhead costs are prohibitive in the light of the profit margins of such retailers. Their locational advantage is greatest in areas where the density of population and general nature of the market area are not sufficiently attractive to make a larger store, often a branch of multiple chain, or a co-operative society, an economic proposition. This is obviously particularly true of rural areas.

The existence of such differences in scale of trading and organisational form in the present British retailing pattern can only be fully understood if they are seen as the product of both internal and external influences on the distributive system through time. As a consumer-orientated industry, retail distribution is naturally sensitive to changes in the socio-economic structure of the population and its geographical arrangement. Equally it is influenced by scale changes in its own part, and in other components further back in the distributive system.

The formative period in the development of the multiple form of retailing was the latter half of the nineteenth century. The stimuli came from both the production and consumption ends of the system. It was a time of rapid demographic growth, the population of the United Kingdom increasing from 23.1m in 1861 to 38.2m in 1901. According to Mathias⁽⁴⁾, 60% of the average weekly budget in the last decade of the nineteenth century was being spent on food and over the same time there was a rise in real income per head of population, especially among the recently enlarged working classes of the industrial cities. The enlargement in market size was thus

the product of both population increase and rising living standards.

The development of the railway network permitted the wider and faster distribution of goods within the country, whilst the improvements in shipping and methods of preserving foodstuffs, together with the lifting of tariff after 1850, brought increased imports of such commodities as meat, butter, tea and sugar, to help satisfy the basic demands of the working population for cheap food. Thus there was every incentive to establish grocery shops during this period, especially in new residential areas surrounding the main ports, which were not only the contemporary industrial boom environments, but also entry points for foreign foodstuffs. The main attraction of multiple food trading to the consumer was the offer of cheaper products because of factors of supply, whilst the new markets acted as an incentive to the retailer to develop by reduplication.

Food was not, however, the only commodity to be sold through this type of retail outlet at this time. As early as the 1850's, chains of bookstalls were being set up at railway stations, as the volume of passenger travel, and presumably, standard of literacy, increased. Jefferys⁽⁵⁾ distinguished two main phases of development: the period up to 1895 when the multiple form of retailing was almost completely confined within the grocery, footwear, newspaper and meat trades; and the period 1895;1914, which witnessed its extension into the clothing, pharmaceutical, confectionery and tobacco trades. By the beginning of the first World War there was practically no branch of consumer goods retailing into which multiples had not infiltrated.

The interwar period was one of consolidation, with amalgamations and the development of greater vertical integration, especially in men's outerwear, bakery and wallpaper trades. The majority of such integrated systems,

blanketing production, wholesaling, physical distribution and retailing units under a common organisation were manufacturer-stimulated, as the means of controlling the movement of their products through the system in the face of intensifying competition. The variety chain, with its wide range of inexpensive products, grew rapidly during this period, having made its first appearance in Britain at the turn of the century.

In the grocery trade, an increase in branded goods, accompanied by technological developments in the packaging and storage of food, led to a widening of the product range sold by multiples, from their original emphasis on provisions to the eventual appearance in the post-war period of the multi-line food multiple, using self-service and supermarket methods of trading. Corner⁽⁶⁾ estimates that in 1967, over two-thirds of food supermarkets were owned by multiples, a further 23% by co-operative societies, and less than 5% by independents and department stores. A general increase in consumer expenditure on non-foods especially in the last twenty years⁽⁷⁾, and an increasing degree of vertical integration, together with the development of combines (collections of vertically and horizontally integrated systems), have greatly strengthened the position of multiple retailing in the durable goods trades.

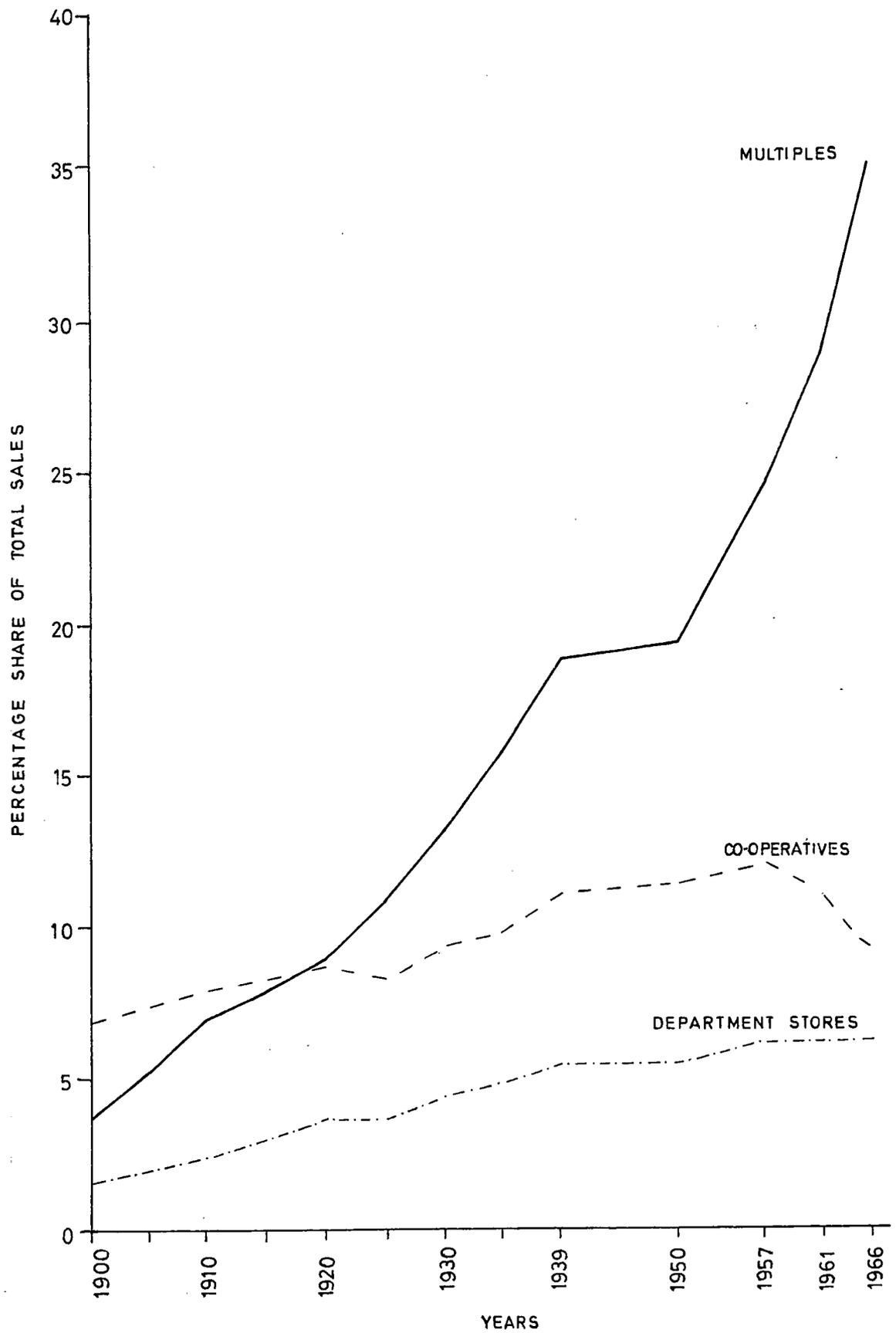
Throughout this century, multiples have consistently increased their share of the total retail trade of Great Britain, as indicated in figure 1,⁽⁸⁾ so that now (1966) they are responsible for 35.2% of the total national retail turnover. The numbers of establishments belonging to chains with more than ~~ten~~ branches has increased from 54,000 in 1950 to 73,000 in 1966, out of a total of almost 500,000 retail establishments. That represents a rise in the share of total establishments from 11.5% in 1950 to 14.8% in 1966.⁽⁹⁾ Although they are now the dominant form of large-scale trading, they were preceded by the Co-operative movement and paralleled by the growth of department stores.

The numbers of Co-operative societies reached its peak in 1903, but subsequently has declined, although membership has risen from 2.5m to over 13m. in the past seventy years. Their share of trade has in fact fallen slightly in the last decade from 11.9% total turnover in 1957 to 9.2% in 1966,⁽¹⁰⁾ partly because of price competitiveness in food retailing from multiple traders, for food has always formed the major part of the trade of co-operative societies. Their share of the total food trade declined over the same period from 19.7% to 15.2%. Smith (1937) has commented that, even by the nineteen thirties, the function of providing foodstuffs at the lowest possible margin had passed into the hands of the multiple retailers, with more capital at their disposal and often operating on a much larger scale than the individual Co-operative society. In recent years, rationalization within the movement, through the creation of larger organisational units by amalgamations of societies, the extension of self-service, the abolition of the dividend system, and the lowering of prices, has brought some of the operational successes of the "private" sector of retailing within the grasp of the Co-operative system.

Whilst the early multiples, like the Co-operative societies, appealed largely to the lower paid section of the community, the department stores developed as the retail supplier for the prosperous middle classes of the late nineteenth century. Instead of the multiple retailer's principle of expansion by reduplication, the department store form of trading represents an attempt to obtain economies of scale under one roof, by offering as diverse a supply of goods as possible, in attractive shopping surroundings and providing additional customer services. Although initially the emphasis was on the sale of clothing, they have expanded into almost all non-food, and in many cases, food, commodities. The period of rapid growth began to

FIGURE 1.

LARGE-SCALE RETAILING 1900 - 1966.



Sources: Jefferys (1954), Table 18, p.73 and Census of Distribution 1966, Board of Trade Journal 23.2.68.

tail off by the late 1930's (see figure 1), and subsequently they have been subjected to fierce competition from specialist multiples as the latter have extended their share in the sale of furniture, household goods and clothing, and upgraded their trading, so attracting the type of customers that the department stores have depended upon in the past. Their share of total retail sales has remained more or less static since the war at around 6% of the total national turnover (10). Their locations in main shopping centres, designed to maximise their trading areas, have become expensive in terms of rent, restricted for purposes of expansion, and often lacking in car parking facilities. Recent financial reports however, indicate that because of the diversity of products stocked, the department stores are not so adversely affected in times of restriction on consumer spending as specialist independent stores with a high dependence on higher purchase transactions. Those stores in the strongest positions are mainly members of chains of similar stores,⁽¹¹⁾ and thus have adopted one of the main features of multiple trading, that of centralized bulk-buying.

Throughout this period the share of the independent retailer in the lower turnover range has shown a converse decline in share of total retail sales as large-scale trading has increased in strength. At the turn of the century, an estimated 85% of total turnover came from this class of trader. In 1966 it amounted to just under 50%⁽¹²⁾. Faced with competition from other types of trader, some small independent retailers have organised themselves into buying associations, or into voluntary symbol chains with a local wholesaler, both being efforts to obtain certain economies of scale in the purchasing of supplies.

These changes of scale in the general structure of retailing over the past hundred years have had important repercussions on channel relationships. Of course, the changes in retailing have in many cases been the result of pressures from other parts of the distributive system, in particular at the production and consumption ends. A consideration of the evolution of the distributive channel during this period reveals the influence of organisational size in each component part of the system. Figure 2 is a diagrammatic representation, albeit a simplification, of the main changes which have occurred in channel form. (13) Four stages have been recognised, but no stage completely eliminates the former from the distributive system, so that the present system involves the operation of all four channel types, just as it contains a wide range of scale in retailing form.

Until the latter half of the nineteenth century, the producer-retailer predominated. Such commodities as clothes, footwear, medicines, furniture, bread were largely produced on the retail premises. The two processes of production and retailing were organisationally, as well as spatially, compact. There are some who would question whether that intimate relationship can be accurately called a channel. It is recognised as such here for it combined the functions which were later to crystallize out into organisational distinctiveness.

As has been seen, the two external stimuli of mass production and the mass market encouraged this separation of functions, both organisationally and spatially, the improved transport systems lessening the disadvantage of geographical separation in many instances. With the separation of manufacturing and retailing and the increasing range of consumer products, a third channel element enlarged its functional significance. This was the wholesaler. Of course, this was not his first appearance on the scene. Merchants and middlemen have always been in existence from the earliest

EVOLUTION OF THE DISTRIBUTIVE CHANNEL

Time scale

Retailing Innovations

1850
1870
1900
1918
1939
1945
1970

Stage 1.

Producer - Retailer

Co-operative Movement began

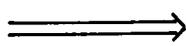
Mass Production

separation of functions, organisationally and spatially

Mass Market

Stage 2.

Manufacturer



Wholesaler

Retailer

Formative period for multiple retailing and department stores.

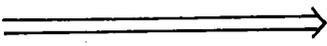
1900

Wholesaler passing out with increasing scale in both terminal sectors

1918

Stage 3.

Manufacturer



Retailer

appearance of combines, mainly horizontal integrations

1939

1945

Stage 4.

Manufacturer-Wholesaler-Retailer

Self-service and supermarket trading.

development of vertically integrated systems

Voluntary symbol chains.

(spatial compactness usually lost - geographical field of operations enlarged)

1970

Out-of-town shopping centres.

days of trading. Because of their intermediary position in the channel and the addition of their margins to the manufacturer's selling price, they have been seen as "the evil spirits" in the system, wrongfully exacting toll from the poor retailer, reducing the manufacturer's control over the sale of his products, and increasing competition by carrying the products of rival manufacturers. Yet where the market is wide in terms of number of retail outlets for particular products, but where the individual size of order from each retailer is small, the wholesaler is a very useful break-of-bulk and redistributing agency. Thus, stage 2 in figure 2 is the typical channel used by the small independent retailer.

The rise in large-scale retailing was accompanied by the increasing purchasing strength of traders in this category, and encouraged the bypassing of the wholesaler and the ordering and delivery of the goods direct from the manufacturer.^(stage 3) Thus the channel was often reduced in complexity, although the use by manufacturers of agents in some consumer durables has continued. The number of supplying manufacturers to any one retail firm may be large, although the growth of manufacturing firms with units of greater productive capacity has counteracted, to some degree, the increasing volume required by individual retailing organisations. If the demand is sufficiently large, as in the case of a national chain such as Marks and Spencer Ltd, the retailer is often the most powerful channel member, and can stipulate the nature, quality and price of their product requirements to the manufacturers. In the case of certain branded goods, however, with a large share of the product market, the manufacturer may be the dominant element in the channel, and may wish to bypass the wholesaler so that he has greater control over the retail outlets for his products.

Such are the circumstances which have stimulated the increase in organisationally integrated systems, with producers, such as flour milling companies like Rank-McDougall-Movis and Spillers buying up bakeries and retail chains, (stage 4) so that they have control over the whole distributive system for their products. The operation of distributive channels in integrated systems is, however, rarely, completely contained within the one organisation. There is still dependence on other manufacturers or wholesalers, even in the case of large combines, as suppliers of the retail chains, and similarly not all the production of manufacturing firms in such organisations necessarily goes through the associated retail outlets. The integrated system can rarely be self-sufficient because of the range of products sold in each retail trade. Thus self-sufficiency is more common in the tailored clothes trade (such firms as Montague-Burtons and Jaeger) and certain hardware trades (for example, the retail wallpaper chains owned by the Reed Paper Group) than it is in the grocery trade, a typical supermarket stocking over 3,000 different lines.

Although the diagram may give the impression of a development sequence which has returned to the initial form, coming the full circle from the producer-retailer to the fully integrated combines, it is obvious that the scale of operations involved, and the activity area over which such organisationally co-ordinated channels work, has altered so much. These differences and the point raised above that an organisationally integrated system may not be functionally so, are sufficient to destroy any superficial resemblance to a cyclic form of development.

In summary, the wide assortment of functional inter-relationships which exist at present in the distributive system can be seen as a reflection of

the survival of channel types at various stages of development. This, in turn, is related to internal and external pressures which have led to changes in scale at all levels, and have produced the variety in forms of retailing, which is essentially a matter of organisational differences. It is in this way that multiple and small independent retailers are to be viewed. Consideration of the evolutionary pattern of retailing over the past hundred years has indicated their relation to scale changes, and to the channel structures which they use. The main channel used by multiple retailers has been seen to be that of the direct link with manufacturers, whilst the independent retailer remains dependent on the wholesaler-manufacturer relationship. This is the general picture. The aim now must be to see how true this is in a regional situation.

References

- (1) See McClelland (1967), page 151
- (2) ob cit., page 164.
- (3) WALMSLEY, J.P. (1964) 'Revolution in Retailing'. Chartered Surveyor 97 (5), p. 249.
- (4) See Mathias (1967) page 16.
- (5) See Jefferys (1954) page 23.
- (6) CORNER, D.C. (1969) 'Recent trends in retail distribution'. North West Bank Review. May, pp. 22-33.
- (7) Recent statistics indicate that the demand for most staple foodstuffs has remained stable over the period 1958-68, although in terms of total consumer expenditure, the share of food has declined from 30% in 1950 to 20% in 1968. see table 25, Consumer expenditure 1958-68, in National Income and Expenditure, Central Statistical Office, 1969.
- (8) Jefferys (ob cit. p. 73) He explains his methods of estimating retailing shares for different forms of large-scale retailing for pre-Censal periods, in his Appendix A, pp. 444-460. He admits the likelihood of underestimating for firms with less than 25 branches, and used the 1950 Census of Distribution as a check and a base year, assuming that the underestimate revealed by his techniques in the 1950 data was of a similar order in previous years. Obviously such estimates need to be treated with caution, but can be valuable to give a general picture of the degree of growth in large-scale retailing through this century. The data for the 1950-66 period is also found in tabulated form in chapter 3, table 4.
- (9) Census of Distribution, 1966. Table 2 in Board of Trade Journal, 23.2.68.
- (10) Census of Distribution, 1966. Table 6 in Board of Trade Journal, 23.2.68.
- (11) See note 14, chapter 1. The percentage of department stores belonging to a chain of ten or more shops was in 1966 twice that in 1950, with an increase in numbers of establishments of 300% over the same period.
- (12) See Jefferys (ob. cit., page 73) and Board of Trade Journal, table 2, 23.2.68.
- (13) No reference is made in the diagram to direct selling methods which cut out the retailer from the distributive channel, for reasons explained earlier - see note 9 in chapter 1.

CHAPTER THREE

The retailing structure of the region.

North Eastern England is not an official region for statistical purposes. It is included in the Northern standard Region which encompasses Cumberland and Westmorland as well as Northumberland, Durham and the North Riding of Yorkshire. This could create difficulties in the use of official regional statistics, if it were not for the fact that the North East in 1961 accounted for 89% of the Northern Region's population and 91% of total retail sales⁽¹⁾, and it seems safe to assume that figures for the North East are reflected fairly closely by those for the Northern Region.

As the comments made in the previous chapter related to the general pattern of retailing on a national level, it is valuable to know the degree of similarity which the North East possesses in relation to the national average and to other regions. The Northern region is one of the smallest in Great Britain in terms of population. As table 1 indicates, its share of the national total of retail establishments and turnover is in equal proportion to its share of population, as is true for the other 'provincial' regions. Greater London, on the other hand, fulfilling its capital functions, with all that this implies in terms of influx of people and concentration of specialist and luxury sales, contributes a higher percentage of the national retail turnover in relation to its home population.

Table 1. Comparison of the Northern Standard Region with other regions, 1961

Regions	% national population	% national retail establishments	% national retail turnover
Greater London	15.95	14.56	19.88
North Western	12.81	15.86	12.06
Scotland	10.11	9.24	9.75
Midland	9.28	9.15	8.77
E. & W. Ridings	8.13	9.01	7.66
Eastern	7.29	6.36	6.88
North Midland	7.09	7.62	6.68
South Western	6.65	6.60	6.40
Northern	<u>6.35</u>	<u>5.93</u> (5.18)	<u>5.92</u> (5.59)
South Eastern	5.70	5.45	5.81
Southern	5.50	4.73	5.65
Wales	5.15	5.49	4.47

(North East sub-region)

Source: Tables 2 & 3 in Part 2, Summary Figures for Areas, Census of Distribution 1961.

Table 2. Organisational structure of retailing in Northern Standard Region 1966

	% Total establishments	% total turnover
Multiples	16.2 (14.8)	32.8 (35.2)
Co-operatives	11.4 (5.3)	15.5 (9.3)
Independents	72.4 (79.9)	51.7 (55.5)

Multiples = 10 branches or more. (National figures)

Source: Census of Distribution 1966, in Board of Trade Journal 23.2.68, plus unpublished regional data from Board of Trade, August 1969.

The structure of the region's retailing can be analysed from two aspects - the form of organisation and the kind of business. Results of the latest Census are given in table 2, where the regional organisational breakdown is compared with that nationally. The comparison reveals that the share of Co-operative Societies is almost twice their national share of retail turnover, largely a reflection of the strength of this form of trading in the past, especially in the older mining and industrial parts of the region. Multiple retailing holds a share of sales more or less comparable in significance to its national share, the percentage of establishments being slightly higher, but having a lower turnover per establishment. Independent retailers, perhaps because of the Co-operative societies' larger share, are of less significance both in terms of numbers of shops and of total sales, than in the country as a whole.

Postwar trends in the organisational structure of the region's retailing are evident from table 3. Multiple retailing increased in actual number of establishments by over 1,000 in the period from 1950 to 1966, representing an increase similar to that recorded nationally of over a third. As the total number of shops in the region declined, the growth of this sector of retailing has been quite marked. It is a trend of equal magnitude to that of the country generally, as a comparison of tables 3 and 4 indicates.

Independent retailers appear to have experienced a severe decline in number of shops (5,190) in the region, but this is comparable to the national fall in numbers. Their fall in the share of retail turnover, however, was less regionally than nationally.

The Co-operative societies fall between the two extremes, with more shops in 1966 than 1950, but a lower share of the total retail sales of the region, which is surprising, but possibly the result of many factors,

Table 3. Changes in organisation structure of retailing in Northern Standard Region, 1950-66(2)

	1950		1966		Change in % Share 1950-66	
	% Establish-ments	% Turnover	% Establish-ments	% Turn-over	Establish-ments	% Turn-over
Multiples	10.5	21.2	16.2	32.8	+5.7	+11.6
Co-operatives	7.8	20.6	11.4	15.5	+3.6	- 5.1
Independents	81.7	58.2	72.4	51.7	-9.3	- 6.5
100% =	29,772	£282,850	£26,413	£595,728	-3359	+£312,878
Multiples = 10 or more branches						

Sources: Census of Distribution 1950, Vol. 2. Table 9.

Census of Distribution 1966, regional figures from Board of Trade, August 1969.

Table 4. National changes in organisational structure of retailing, 1950-66

	1950		1966		Change in % share 1950-66	
	% Establish-ments	% Turnover	% Establish-ments	% Turnover	Establish-ments	Turn-over
Multiples	9.3	21.8	14.8	35.2	+5.5	+13.4
Co-operatives	4.4	11.4	5.3	9.2	+0.9	- 2.2
Independents	86.3	66.7	79.9	55.5	-6.4	-11.2
100% =	583,132	£ 5.0 m.	498.477	£10.9 m	-84,655	+£5.9 m.
Multiples = 10 or more branches						

Sources: Census of Distribution 1961 Table 3. Pt. 1.

Census of Distribution, 1966 in Board of Trade Jour. 23.2.68.

both internal and external to this form of trading, which make it less competitive in the modern situation, and in a region where population movement has been away from the older working-class areas, the former strongholds of the Co-operative movement.

There is variation within the region in the relative importance of the various forms of retailing organisations, according to settlement size and socio-economic character. Figure 3 indicates this for (urban administrative divisions) in the North East with populations of over 20,000 for 1961.⁽³⁾ The main feature apparent from this map is that the importance of multiple retailing generally increases with the rising total turnover of an area⁽⁴⁾, but there are exceptions, as in the case of Durham, where the share of multiple retailing is more important than in towns of similar retail turnover such as Consett or Ashington. Similarly, residential areas such as Gosforth, Billingham, Whitley Bay and Redcar, the latter two having additional functions as holiday resorts, have a larger percentage of retail turnover transacted through multiple stores than settlements of comparable turnover size in mining districts, such as Bedlington, Stanley, Crook and Houghton-le-Spring, where the co-operative societies are more significant. The importance of the independent retailer varies according to the strength of both the multiple and the co-operative forms of retailing, being in many cases the residual element in the structure, surviving in locations and trades where neither multiple nor Co-operative stores are strong.

The second aspect of the region's retail structure centres around the various trade types, or kinds of business, as they are referred to in the Census tables. Table 5 gives data in percentage form for the seven main divisions⁽⁵⁾ for the Northern region covering the period from 1950 to 1966, with national figures alongside for comparison.

THE RETAIL STRUCTURE OF NORTH EAST ENGLAND, 1961

(towns with over 20,000 population)

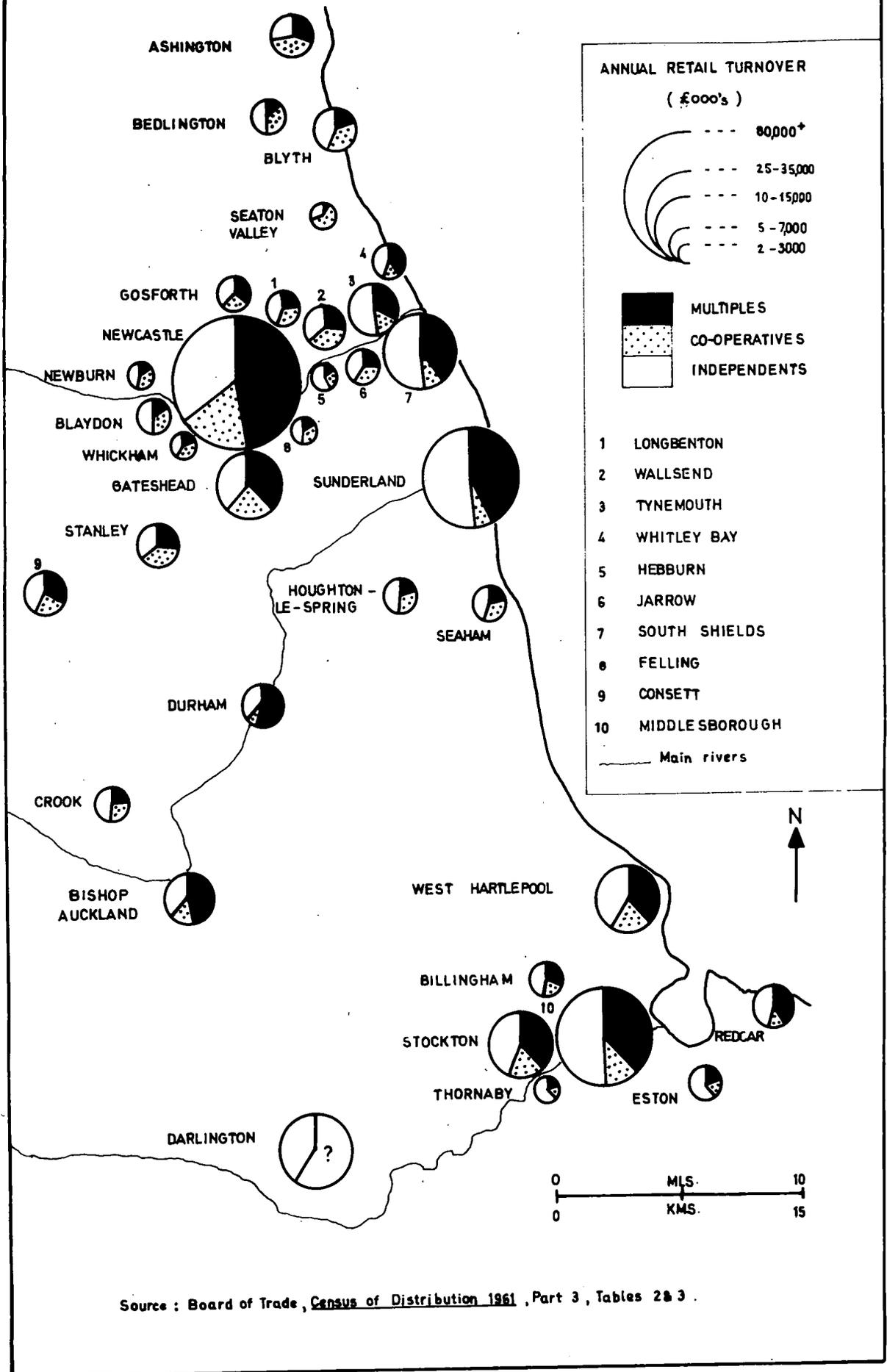


Table 5. Retail structure according to kind of business,
in percentage terms.

<u>ESTABLISHMENTS:</u>					Change in % share	
	<u>1950</u>	(National)	<u>1966</u>		<u>1950-66</u>	
Grocery	28.3	(24.6)	29.0	(24.5)	+0.7	(-0.1)
Other Foods	26.5	(24.0)	24.0	(20.7)	-2.5	(-3.3)
Con, tob., new.	12.2	(12.7)	10.3	(12.6)	-1.9	(-0.1)
Clothing	16.5	(16.7)	14.9	(16.4)	-1.6	(-0.3)
Household	6.9	(11.3)	10.7	(13.7)	+3.8	(+2.4)
Other non-food	9.2	(10.4)	10.2	(11.5)	+1.0	(+1.1)
General	0.4	(0.3)	0.9	(0.6)	+0.5	(+0.3)

<u>TURNOVER:</u>					Change in % share 1950-66	
	<u>1950</u>		<u>1966</u>			
Grocery	29.5	(24.5)	29.6	(26.2)	+0.1	(+1.7)
Other foods	18.2	(20.0)	18.2	(18.8)	+0.1	(-1.2)
Con, tob., new.	8.2	(10.1)	7.5	(9.5)	-0.7	(-0.6)
Clothing	17.6	(18.5)	14.7	(15.3)	-2.9	(-3.2)
Household	7.6	(10.7)	9.3	(11.6)	+1.7	(+0.9)
Other non-food	6.2	(7.5)	7.3	(8.8)	+1.1	(+1.3)
General	12.7	(8.7)	13.4	(9.8)	+0.7	(+1.1)

Sources: Census of Distribution 1950, Vol. 2. Table 6,
Census of Distribution 1966, regional figures from Board of
Trade, August 1969.

Abbreviations: Con., = Confectioners
tob., = tobacconists
new. = newsagents

Too much significance ought not to be given to minor variations in the changing shares of the different kinds of business through the postwar period. Despite reconciliations between different Censuses, the Census reports themselves admit to margins of error particularly with regard to trade type structure, not only because of classificatory alterations, but also because of the estimation for non-response. This is especially true of the 1957 and 1966 Censuses, which were sample surveys, and caution thus needs to be exercised in comparisons through time.

In 1966, the grocery trade accounted for a higher percentage of the region's shops and total sales, than on a national level. Correspondingly, household and clothing trades accounted for slightly less. The overall trade type structure however has remained constant since 1950, both regionally and nationally.

The trade type structure can be assumed to be linked with some degree of closeness to the economic character of the region, as it is expressed in the nature of consumption of retail goods. The survey of family expenditure begun in the year of the last full Census of Distribution revealed that a slightly higher proportion of domestic expenditure was spent on food in the Northern region - 32% as compared with the national figure of 30%, and the highest of all regions, (see table 6). The same was true of alcohol and tobacco. The amount spent on clothing and household durables is slightly above the national figure. This does not seem at first sight to be compatible with the fact that the specialist clothing and household goods shops account for less than the national share, as shown in table 5. That table also indicates that a higher percentage of sales in the region are transacted through stores in the General category⁽⁵⁾, and it is true that clothing and household goods are of significance in the trade of such stores.

Table 6. Regional variations in average weekly household expenditure, 1961-63

Regions	Income	% Spent on:					
	Income as % Gt. Britain.	Food	Alcohol. Drink	Tobacco	Clothing	Household Durables	Other Goods
N. West	113.0	29.4	4.5	5.6	9.6	6.8	7.4
London.S.E.	109.2	28.1	3.1	5.1	9.4	7.2	7.3
Southern	108.2	30.5	3.8	5.1	8.6	5.6	8.1
Wales	97.7	30.4	4.3	6.2	9.4	6.4	6.9
Eastern	97.6	29.5	3.0	5.0	9.2	6.6	8.2
N.Midland	96.2	30.6	3.7	5.9	9.4	6.7	7.9
E.&W.Riding	96.0	31.3	4.2	6.4	9.3	6.6	7.4
S.Western	95.7	29.4	3.4	5.0	8.5	5.7	8.3
Scotland	93.5	30.9	3.7	7.3	10.6	6.1	6.5
Midland	91.5	31.7	3.7	5.8	9.6	6.8	7.4
Northern	88.9	32.0	5.0	7.4	9.7	6.9	6.8
G.B.	100.0	30.0	3.8	5.9	9.5	6.5	7.3

Source: Table 36, Family Expenditure Survey: household income and expenditure for 1961-63

Abstract of Regional Statistics. No. 1. 1965.
Central Statistical Office.

Table 7. Trade type structure according to organisational form, 1966, Northern Standard Region.

Establishments	Multiples	Independents	Co-operative Societies
% Total	16.2 (14.8)	72.4 (79.9)	11.4 (5.3)
Grocery	14.9 (11.5)	66.3 (78.0)	18.8 (10.5)
Other Foods	15.9 (17.9)	69.4 (74.2)	14.7 (7.9)
Con,tob, new	12.2 (9.7)	87.4 (90.1)	0.4 (0.2)
Clothing	21.8 (21.4)	70.1 (75.4)	8.1 (3.2)
Household	20.5 (15.6)	75.5 (82.6)	4.0 (1.8)
Other non food	8.9 (9.0)	86.5 (89.1)	4.6 (1.9)
General	55.6 (65.7)	19.3 (16.9)	25.1 (17.4)
<u>Turnover</u>			
% Total	32.8 (35.2)	51.7 (55.5)	15.5 (9.3)
Grocery	34.1 (36.9)	39.2 (46.3)	26.7 (16.8)
Other foods	17.7 (28.7)	64.9 (58.4)	17.4 (12.9)
Con,tob, new	13.1 (14.3)	85.8 (85.2)	1.1 (0.5)
Clothing	50.3 (51.2)	42.6 (45.4)	7.1 (3.4)
Household	34.8 (29.4)	59.1 (67.3)	6.1 (3.3)
Other non food	36.7 (29.3)	67.1 (68.1)	6.2 (2.6)
General	44.3 (50.7)	38.9 (36.8)	16.8 (12.5)

() = (national figures). Con = Confectioners tob = tobacconists
new = newsagents

Source: unpublished Census of Distribution 1966 regional data, Board of Trade; Table 5; Census of Distribution 1966 in Board of Trade Journal 23.2.68.

It is possible to combine both aspects - trade types and organisational form - for the region, using 1966 data, as demonstrated in table 7⁽⁶⁾. In terms of food establishments, multiple retailers have a higher than national share, but their turnover share is lower. The only trade type in which the region's multiples have a percentage turnover and share of establishments greater than nationally is in household goods. The share of multiples is only significantly below their national share in the case of General stores. As co-operative societies are more important regionally, it would appear that the higher percentage of trade through this category (as noted in the above paragraph, from table 5.) is partly related to the higher share of co-operative retailing. Apart from the General store category, independent retailers in the region exceed their national share of turnover only in the Other Foods trades.

Socio-economic conditions do obviously play an important part in the nature of retailing within a region. As an area in need of industrial renewal and eligible for government aid, the income levels are distinctly lower than in the economic growth regions of the South East. For the three-year period 1961-63⁽⁷⁾ the average weekly household income in the region was just over £18, and as such, the lowest among all the standard regions of Great Britain. As noted earlier⁽⁸⁾, as incomes rise, expenditure on primary consumer goods such as food remains static. The income differences between regions illustrated in table 6 help to explain the fact that the consumer expenditure pattern varies from area to area.⁽⁹⁾ Thus the average amount spent by the consumer in the Northern region on the more expensive and less essential items is less than in London and the South East. The retail turnover per head of population in the region was below the national average in 1961 (see table 8), and is most similar to

that recorded for other predominantly industrial areas such as the North West, East and West Ridings of Yorkshire, and the North Midlands.

The main characteristics of retailing in the North East, as described by official statistics, can be summarised in comparison to the national scene as follows: the greater importance of co-operative retailing, which is however declining; the increase of multiple retailing at a rate similar to that experienced nationally; and the greater importance of food retailing, a reflection of the pattern of consumer expenditure. It is against this background, of a region which is in many ways at the lower end of the regional ladder of economic prosperity, that the operations of the distributive system are to be viewed.

Table 8. Retail turnover per head of population in the regions,

1961

	£
London and S.E.	194.6
Southern, Eastern	
South Western	170.5
Scotland	168.8
Midland	164.5
North Midland	164.5
East and West Ridings	164.2
North Western	164.0
<u>Northern</u>	<u>163.1</u>
Wales	152.4
Great Britain	174.9

Source: Table A in Board of Trade Journal 30.4.65. p.2.

References

- (1) Calculated from the Census of Distribution 1961 Table C in Pt.3.
- (2) The scope of each census has varied slightly e.g. coal, builders' and corn merchants, gas and electricity showrooms were included in the retail section of the 1950 Census. Corresponding adjustments were made in the calculations for 1950 to make it comparable with the 1966 data. No breakdown according to organisational types is available from either the 1957 or 1961 Census, for the complete region, only for the Tyneside conurbation, and for towns with over 20,000 population, and that only in 1961.
- (3) There is no information on the organisational structure of areas with less than 20,000 population - presumably multiples take a smaller proportion.
- (4) A simple correlation test was applied to the Census data to discover the nature of this relationship. The coefficient obtained ($r = 0.672$) was significant at the .001 significance level, according to table 7, p.63 in FISHER, R.A, and YATES, F. (1963) Statistical tables for biological, agricultural and medical research. 6th ed.
- (5) The contents of these main groups are given in the Appendix.
- (6) No attempt is made here to compare the relative importance of each organisational form in each trade type. This is done in the chapters relating specifically to the retailing forms.
- (7) Central Statistical Office, Family Expenditure Survey, Abstract of Regional Statistics. No. 1. 1965. Table 36.
- (8) Page 15, chapter 2.
- (9) Bowden and Gibb attempt to analyse the differences in spending patterns in relation to household income as well as population structure, climate & social habits in their Appendix Paper 3, in BOWDEN, P.J. & GIBB, A.A. (1967) Economic Growth in the North East of England. Durham University Business Research Unit.

CHAPTER FOUR

Multiple retailing in North East England.

In 1966 a third of the regional retail sales was transacted through multiple stores, which accounted for less than one fifth of the region's total retail establishments. Unfortunately there is no source giving the number of organisations that this represents. On a national level, returns were received in the 1961 Census from 4,271 organisations with five or more shops.⁽¹⁾ Many multiple retailers however are highly regionalised in their distribution. For the purposes of this study⁽²⁾, a total of ^{almost} two hundred organisations with branches in the North East was built up from sources already described⁽³⁾. Three divisions can be made according to the number of branches owned by the multiple retailing firm (see table 9.). Class A is composed of the small chain, normally very localised in its branch location pattern; Class B, the medium chain, generally confined to the region⁽⁵⁾; and class C, including the larger firms, often with national coverage, and whose size allows significant economies of scale. Although there are exceptions to the rule, the pattern of branch distributions is related to the total size of the firm, expressed in the number of establishments.

Table 9. Size breakdown of multiple retailers in North East England, according to total number of branches (4).

<u>Class</u>	<u>Branches</u>	<u>No. firms</u>	<u>% regional total</u>
A	5-9	55	29
B	10-24	36	20
C	25 and over	98	51

For each trade type the nature of the firms involved is discussed, both with regard to their size and organisational characteristics, and to the general distributive system operating in the trade, in terms of such features as the number and nature of suppliers, and the use of regional storage and redistribution depot facilities, which may or may not be attached to one of the shops that they serve. Individual firms are cited for it is their peculiarities which collectively make up the general retailing picture. The channels used for specific products sold by multiple retailers are compared separately later.

The importance of multiple retailers varies from trade to trade. There are no comprehensive figures for their share of the Northern region's total turnover. The only guide in detail is given in the 1966 Census, on a national level (table 10). Regional figures where available have been included. Only in the Other Food group does it differ significantly from the national figures.

Grocery trade.

In terms of the food trades multiples in the Northern region took their largest share of sales in the grocery trade (see table 10). The number of organisations involved however is not great, as table 11 indicates, but the degree of integration in the form of retailing combines is quite high.

It has been noted that the earliest food multiples tended to develop in the new industrial areas of last century with their mass demand for low priced staple goods. With the exception of Fine Fare Ltd., a nation-wide chain with its head office at Welwyn Garden City,

Table 10. Multiple Retailers' Share of retail sales, 1966.

<u>Trade type</u>	<u>National</u> %	<u>Northern</u> <u>Region</u> %
<u>Grocers</u>	36.8	34.1
<u>Other foods</u>	28.7	17.7
- butchers	20.3	
- fishmongers	14.4	
- greengrocers	10.0	
- bakers	37.2	
- off-licences	58.3	
<u>Confectioners, tobacconists & newsagents</u>	14.3	13.1
<u>Clothing and footwear</u>	51.2	50.3
- footwear	66.9	
- men's wear	52.4	
- women's wear and general	47.1	
<u>Household goods</u>	29.5	34.8
- furniture and furnishings	27.3	
- radio and electrical	29.8	
- hardware, wallpaper and paint	12.6	
<u>Other non-foods</u>	29.2	26.7
- booksellers and stationers	37.3	
- chemists and photographic dealers	38.0	
<u>General stores</u>	50.6	44.3
- department stores	23.6	
- variety stores	93.6	

Source: calculated from Census of Distribution, 1966,

(Table 5, p.4 Board of Trade Journal, 23.2.68)

Regional figures from unpublished 1966 Census material.

Table 11. Percentage of firms in different size classes according to trade types.

Trades	Small multiple (class A)	Intermediate multiple (class B)	Full-scale multiple (class C)	Total no. firms represented (6)
Grocery	22	14	64	14
Other foods	47	22	31	57
Confectioners, tobacconists, newsagents.	47	6	47	15
Clothing and footwear	11	16	73	62
Household goods	25	25	50	24
Other non-food	31	31	38	13
Variety chains	0	0	100	4

and Associated Dairies Ltd. of Craven in Yorkshire, with a couple of supermarkets in the southernmost part of the region, all the firms in class C (table 11) have their roots in the North East. Their development followed a similar pattern. Information⁽⁷⁾ was available on Brough's Ltd. and Duncan-Hadrian Ltd., both now part of the national Allied Suppliers group, and they provide useful examples of the growth of multiple retailing firms in this trade, substantiating general points made earlier in chapters two and three. For this reason they are worthy of detailed consideration.

The firm of Duncan Ltd. had its beginnings on Tyneside when William Duncan acquired three shops in South Shields in 1895. By the beginning of the First World War, there were eight branches, including shops in North Shields, Sunderland, Whitley Bay and Gateshead. The process of expansion continued throughout the interwar period, increasing the density of branches in the original trading area of East Tyneside, and pushing outwards into the colliery areas to the south and southwest, with branches opening at Durham, Seaham, Spennymoor and Houghton-le-Spring, until by 1933 there were 75 branches. The direction of expansion was influenced not only by the proximity of growing industrial areas, but also by the concomitant growth of other multiple grocery firms. Indeed Duncans made an agreement with Laws Stores Ltd. of Gateshead in the early nineteen-twenties that their trading areas should be complementary rather than overlapping, so as to reduce the amount of direct competition. Thus expansion was to the south rather than to the west. The main commodities handled were bacon, flour and tea. By limiting lines to a few basic foodstuffs in large demand, and by being readily accessible to imported supplies, the firm thrived, its turnover growing and making larger consignments possible, solidifying the firm's successful trading

position. A central warehouse with prepackaging facilities was found necessary in the early nineteen-twenties for the expansion of processing operations as well as for storage, and the formation, with Laws, of a joint wholesale company, provided greater security of supplies, and led to a strengthening of the firm's position with regard to importers.

The formative period for the firm of Brouchs paralleled that for Duncans, but the nature of development reflected the different character of its market area. The first shop was founded in 1894 in Newcastle, and was the extension of an existing family wholesale firm, hence its early nomenclature "Wholesale Cash Store" and its distinctive trading character, based on 'journey' trade, rather than the counter trade of such firms as Duncans. Goods had to be carried to the customers, many of whom lived in the mining areas to the north-east and south-west of Newcastle, and each branch developed its own journey trade. Bulk-buying, with a central warehouse established at an early stage, and an efficient deployment of labour, whereby the 'travellers' collected orders for the first two days of each week, and then made them up for the remainder, encouraged the spread of the firm's branches, whose lower prices rivalled those of the local co-operative societies, often the only other shopping facilities in the smaller mining settlements. By 1918, there were eighteen branches in operation.

The interwar years, as with Duncans, were a time of renewed expansion, so that by 1930, the number of branches totalled forty, extending Brouchs' territory as far south as Doncaster, following the mining families who moved to the expanding South Yorkshire coalfield. The financial strength needed to support such branch development came through the change of ownership, when Meadow Dairy brought the family business in 1918. The firm's policy was to place branches in all the

main urban centres of the North East, as well as infilling within the immediate hinterland of Newcastle. The development of bus services encouraged the growth of counter sales and an accompanying swing to prepacked provisions and canned foods. There was an attempt to transplant Brougths' style of trading to London with the opening of Stroud Green branch (1924), but the habit of weekly bulk-buying had less appeal in that different social environment. It is worthy of note that both of these firms had organisational links further back in the distributive system, although Brougths' link existed from the beginning, whilst that of Duncans came rather later.

By 1933, however, the region's economic position had worsened, with the high unemployment levels on Tyneside and the coalfield, and the increase in retail commodity prices and other costs, all contributing to falls in branch turnover. Thus the takeover of both Brougths and Duncans by Allied Suppliers in that year was the means of providing the additional capital needed to carry them through such a difficult period. Allied Suppliers was formed in the interwar period as a holding company from an amalgamation of grocery retail firms with a similar trading history and character, located in the industrial areas of Glasgow (the firms of Galbraith's Stores Ltd., Liptons Ltd., A. Massey and Sons Ltd.,) Manchester (Watson), Birmingham (Jackson) and London (Home and Colonial Stores Ltd.). Consolidation followed in these localities, and in the North East an agreement was reached, as with Laws and Duncans earlier, to contain Hadrians to the north of the Tyne and Duncans to the south, but allowing some degree of overlap with Brougths, because of its peculiar trading methods.

In the postwar period the centralisation of organisation and functions has accelerated. Previously the ownership of production units

was not viewed favourably, partly perhaps because of fears of a drain on limited capital, and partly because of bulk-buying powers. The continuance of shortages after the war, however, encouraged the group to secure for its member companies the regularity and quality of supplies by acquiring firms manufacturing sausages, jellies and biscuits,⁽⁸⁾ among other foodstuffs, although the production of such companies is not geared completely to the needs of Allied Suppliers, the products being marketed under their firm's own names. The manufacturing interests still remain relatively unimportant in comparison with the retailing activities of the group. It is an instance of a retailer-stimulated integrated system.

Allied Suppliers Ltd. now controls more than twenty retail firms with over 2,500 branches throughout the country. This represents a degree of purchasing power which none of the component firms could hope to achieve on their own. The two hundred branches of Broughs and Duncan-Hadrian still maintain their own shop names and distinctive fascias, but they are integrated for supplies into a national system, using a joint regional warehouse and obtaining the same private label brands (Sunshine) through the London depot.

Though relating to an organisation smaller in scale and more recent in formation, a similar story of groupings of companies could be described for the grocery chains of Moores Stores Ltd, with its origins in the North East as Moores (Grocers) Ltd, but now including as subsidiaries the regional firms of E.M. Askew Ltd (30 branches on Tyneside) and Thompsons The Grocers, Ltd., a more recent acquisition with over a hundred branches throughout Northumberland and Durham. The group also owns firms in North West England, the Midlands, North Wales, Scotland, and the London area. This gives the group control of over one thousand branches and the similar kind of economic advantages as

possessed by Allied Supplies, but with a less developed degree of vertical integration⁽⁹⁾. Control of buying, marketing and sales policy has been established at two points in the country, one at Newcastle, covering the North East, Scotland and Yorkshire and the other in Manchester, serving the North West, London, and the East Midlands.

Several grocery retailers in class C remain as independent units. Of these Walter Wilson Ltd. is the largest, with its head office on the Team Valley Trading Estate, Gateshead, and over a hundred branches throughout the North East. It is the only regional firm to extend across the Pennines into Cumberland and Westmorland. In most other cases, including developments in other trades, expansion has followed the main lines of communications, which for the North East are north-south orientated, and the intervening upland areas of low density population have reduced the incentive offered by the existence of potential markets further west. Laws Stores Ltd., also with its head office in Gateshead, is more restricted in extent, with the core of its activities centred on Tyneside, where its activities began in the early decades of this century. Neither of these firms⁽¹⁰⁾ has more than minor organisational links with enterprises further back in the distributive system.

The third and smallest firm in this group is the family grocery business of Amos Hinton and Sons Ltd., with a high degree of localisation on Tees-side, and its own bakery unit and cafés. Its expansion coincided with the larger postwar residential developments in this part of the North East which experienced an increase of 87,000 in its population between 1951 and 1966⁽¹¹⁾. The rise of this new market stimulated the appearance of several other food chains in this area,

such as the Middlesborough-based firms of Pybus Bros. (class B) and Appleton Ltd. (class A). Both firms began as family bakery businesses but have expanded into the grocery trade. The firm of Pybus Bros. is at a later stage in the evolution of the multiple chain network, with fifteen branches in both High Street and housing estate locations, compared with the five shops of T. Appleton Ltd, all in neighbourhood centres in mainly new residential districts. This latter firm is indeed in the transitional phase, having something in common with small independent grocers through its membership of the V.G. Service group, whose supplies account for 50% of the firm's turnover, as well as with such a firm as Pybus Bros. It has reached the bottom rung of the multiple ladder, a position attained by many firms in the past but never improved upon, either because of too much competition from other retailers, or the owner's lack of interest in expanding any further.

The emergence of such chains on Tees-side is a repetition of the process at work on Tyne-side fifty or more years previously. It remains to be seen whether these small Tees-side chains will develop a regional coverage similar to that of Walter Willsons, and Thompsons, or whether the presence of powerful national chains will increase the pressure of trading competition, and stultify their growth. It may well be true that with a general regional situation of economic and demographic stagnation, there is not the potential for expansion as in earlier periods, and what expansion there is will be restricted to the limited number of sub-regional points of new growth.

Two such cases of extreme localisation exist in class A - the firms of C.F. Hunter Ltd., with central premises in Grainger Market, Newcastle and branches in Gosforth, Gateshead, Felling and Swalwell, and Pearsons Food Stores Ltd. with the same number in the Ashington area. The chief

justification for classifying such firms, as with Appletons, as multiples lies in the fact that there is centralisation of ordering and distribution of supplies, with storage and administrative facilities at the main shop, although it has been suggested that economies of scale only become really noticeable at the 15-20 branch level⁽¹²⁾. Wholesaling links often exist even in class A and B firms, and indeed may in certain cases have provided the incentive for creating the chain. Value Stores, a class B firm, is owned by a Gateshead based grocery wholesaler (E. Crawford) and has a string of establishments in the coastal belt from Ashington to Sunderland.

The only main national grocery chain which has expanded into the region from outside is Fine Fare Ltd., with almost a hundred branches now in the North East. It has grown mainly by the creation of new establishments, but has also bought over existing chains⁽¹³⁾ to extend its trading territory without the extra expense of building new premises, and the delay and effort involved in penetrating a new market and creating customer loyalty. Depending on their closeness of association, chains frequently lose their old identity and are swallowed up into the new company, with its own branded goods and centralised distribution system. Fine Fare Ltd. is now the largest national grocery supermarket chain, and in 1968 increased its market share to some 5% of total grocery sales. Much of its success is attributable not only to its early arrival on the supermarket scene, but also to its highly competitive trading position through its association with George Weston Holdings, a large financial empire owning not only food retailing enterprises, but also food manufacturing and wholesaling concerns, such as Alliance Wholesale Grocers, a chain of cash-and-carry warehouses serving small independent traders as well as supplying Fine Fare shops, and Associated British

Foods Ltd. ⁽¹⁴⁾ with bread and provision production units.

Thus within the region at the present time there are examples of all sizes of grocery multiple firms, with varying degrees of integration horizontally and back through the distributive system. This variety has been seen to be the result of past economic circumstances as well as of those operating currently, and it shows areal differentiation in accordance with the different periods of marked demographic growth within the region. The supply pattern correspondingly shows some variation according to the scale of retailing involved.

Regional depots are an integral part of the physical distribution system of grocery chains. Their size varies according to the number of branches they are serving and the degree of dependence of the branches on the depots. This varies from 75% in the case of one class C firm with its head office in the North East to 40% for some ex-regionally based chains and 20% for local class A chains. Where depots exist outside the region as well as within it they normally supply less than the depot in the North East. The decision as to which products go through the extra-regional depot depends on the location of the supplier. In the case of many imported goods arriving at London or Southampton the London depot is used. In other cases it may be more convenient and less costly in terms of transport to deliver to the depot inside the region.

The major source of supplies is from manufacturers/producers outside the North East, for the region is deficient in food production facilities. ⁽¹⁵⁾ These supplies are generally channelled through the depot (whether inside or outside) except for such items as cigarettes, chocolate bars and chocolate biscuits, where the size of drop at each branch is sufficient to allow direct delivery from the manufacturer. This is especially so in the case of supermarkets where such regular contact enables the

manufacturer to increase promotional pressures and to replenish stocks efficiently. Rack trading of non-food goods sold in supermarkets such as stockings are also directly serviced by the manufacturing firm or its agent. Highly perishable goods such as bread, fresh fish, sausages, eggs and fresh vegetables do not normally pass through the depots. Costs of direct delivery to the branch however are in many cases higher than via the depot, whose orders are larger and more frequent.

Wholesalers, apart from importers and suppliers of butter and cheese, are of little significance, rarely accounting for more than 5% of the firm's regional turnover, except for the small grocery chain, whose supply pattern resembles more closely that of the small independent retailer, despite the existence of a depot.

In general, minor non-food lines stocked in the branches of the large grocery multiples are supplied by manufacturers, as the total firm's turnover is sufficiently great to allow direct purchasing, although the amount sold at each individual branch may only account for a very small share of its sales⁽¹⁶⁾. This is an example of the purchasing advantages of a multi-establishment firm, which the small multiple chain or single unit independent retailer cannot obtain.

Other food trades

There is considerable variation in the importance of multiple retailers in this group of trades. The detailed breakdown is not available for the Northern Standard Region in 1966, but their share of the national retail turnover (see table 10) indicates that off-licences with a 58% share, and bakers with 37% were the two trades in which multiple retailing was most important. For the remainder (butchers, fishmongers and greengrocers), the share was less than 20% of the total turnover in the

respective trade. Caution, however, is required in the use of these figures for table 10 indicates that regionally multiple retailing is not so important in the Other food group of trades, although in general terms the region has a slightly higher proportion of establishments and turnover in this group than is so nationally.

1. Bakers

Of all the trades included in this Census category, bread and flour confectionery chains are the most numerous, with twenty four firms represented in the region. The trade is dominated by large combines to which belong almost two-thirds of these firms. Such combines are national groupings of formerly independent firms which retain their own identity in name, using a common source of flour supplies and accounting, with the C.W.S., for over 60% of bread output. British Bakeries Ltd. (Mother's Pride) for example is part of the Rank-Hovis-McDougal organisation and controls retailing chains with or without bakeries throughout the region, based at Newcastle, Gateshead, Whitley Bay, Middlesborough, South Shields and Berwick. The rival combine of Associated British Foods Ltd. (Sunblest bread) owns two main retail chains, Carricks Ltd of Newcastle with over a hundred branches on Tyneside, with its own associate chains of Newcastle Bakeries and Tilleys, and Merediths of Middlesborough with thirty shops on Tees-side. A third bakery combine, United Bakeries Ltd. (Wonderloaf), owned by Spillers, is represented in the region by Graves (Bakers) Ltd, with a bakery at Birtley and controlling the retail chains of Proudlocks (Ashington) and Trimdon Bakeries, as well as by its own chain of shops largely in central Durham, giving a pattern of branches well-distributed throughout the North East.

At the other end of the scale (class A firms) are the 'home bakeries' with their localised market areas served by a small retail chain and in some cases a mobile shop service, as in the case of Greggs of Gosforth. They are largely to be found on Tyneside where there is a large population in sufficiently high density settlements, to allow a chain of shops to be located within a relatively small radius of the bakery units. (17)

Between the two extremes in scale of production, and hence of retail distribution, fall such firms as D.S. Crawford Ltd, an Edinburgh firm but with bakeries in the region at Wallsend and South Shields, and with over fifty shops mainly on Tyneside, and Stanley Hill & Son. Ltd based in Middlesborough, with a similar regional number of branches. The production of both these firms is geared solely to the demands of their own retail outlets, but this is not normally the case with either of the two groups already discussed. It is rare to find a chain of shops without its own production unit, or without organisational links with a bakery. Only one firm, Milburns Ltd. of Sunderland (class B) and owning ^{au}restaurants as well as retail outlets, not an uncommon feature in this trade, was discovered to have no such links.

Thus the degree of vertical integration is extremely high in the bread trade, largely because of the highly perishable nature of the product, with the necessity for production to be tied closely to daily demands. The tradition has been for production to take place on the retail premises, thus it is a trade in which the producer-retailer, as described earlier (18), has always been important. The postwar period, however, has seen the strengthening of the manufacturer-stimulated combines on a national level. Improvements in transport facilities, with the increasing size of delivery vehicles, and developments in the mass

production of bread have allowed the centralisation of production on a regional and sub-regional level. The existence of powerful flour-milling interests in a highly competitive business has increased their desire to secure outlets for their flour by the ownership of bakeries, and retail chains to secure outlets for their bread products.

Within the combines there is some degree of specialisation enabling the tied retail outlets to purchase all their bread within the group. The wider range of products other than bread stocked by the branches (for example, biscuits, canned goods, chocolate bars) does mean that the combine's own production does not account for 100% of sales through their own shops. Similarly a varying percentage of production is sold to trade customers. The links with the grocery trade are strong. Some grocery chains, such as Laws Stores Ltd. own their own bakeries, but others, such as Allied Suppliers Ltd. and Fine Fare Ltd., are dependent on contracts made with the large-scale bakers. In certain supermarkets these firms have their own bread counter, a shop within a shop.

On average other retailers account for 6% of total sales with a similar amount going to institutions and catering customers. There is a tendency for such trade customers to assume rather more importance for the firms with only small chains of their own, but conversely, a higher proportion of products has to be bought from other bakers (e.g. sliced bread in the case of the home bakery firms). Often a minimum volume of trade is required of a trade customer, in addition to location on or near the existing delivery routes. Delivery costs are generally included in the selling price, and prompt payment discounts offered. In some instances the bakery acts not only as a producer with its own retail chain, but also as the wholesaler of other firms' products to small retailers already being supplied with the firm's bread. Independent wholesalers of bread are very rare. Only a very small proportion of goods are collected from the bakery by the retail customers.

Depots are utilised mainly for the storing of ingredients needed by the bakery and minor retail lines such as canned fruit, for a bulk drop brings better discounts from manufacturers, and thus is less costly than delivery to individual branches. Price differences of up to 10% were quoted in this context in the questionnaire survey. Wholesalers are of very minor significance as suppliers. The depots are normally located in close proximity to the production units rather than at one of the retail outlets.

This retail trade is dominated by the manufacturing end of the distributive channel, but it has been seen that it is not always a simple relationship. Integration has been stimulated from the production sector in a situation where retail chains of varying size and areal coverage already existed. These have been incorporated with their own production units into the large combine. There are few large multiple chains which are independent of flour-milling concerns. The bread trade is thus an example of the suppliers of the raw material, i.e. the flour millers, being the most powerful member of the channel, having had the incentive to acquire their own processing as well as distributive outlets.

2. Butchers

Unlike the situation in the grocery and bread trades, large national multiple chains of butchers, fishmongers and greengrocers are relatively scarce. This is largely because of the distance factor and the disincentive of transporting highly perishable goods long distances when local supplies are more readily available.

In the meat trade the majority (i.e. 60%) of multiple firms in the North East are small family businesses (class A) with branches restricted to one locality such as within Sunderland, Hartlepool, and Wallsend.

The only firm to belong to class B (R.A. Dodds Ltd) has its head office in the meat market in central Newcastle, with branches in the suburbs within a radius of three miles from the central premises, and indeed the proximity of a large resident population, as well as the influx of shoppers to the central shopping area, may well have encouraged the development of a larger chain there in comparison with other areas of the North East. This firm, with its own abattoir and strong links with local farmers, also acts as meat wholesaler to other retailers, as well as producing their own sausages and cooked meats, as do most of these smaller butchers.

The largest class C firm represented in the region is J.H. Dewhurst Ltd, the national chain of over two hundred shops based in Smithfield, London, with branches in all the main High Street locations throughout the region. It is an associate company of the large combine Union International Company, which controls various meat wholesaling firms and abattoirs, as well as an Argentinian meat exporter, Findus frozen foods, and producers of tinned meat, pies and canned vegetables. As such it exhibits a reasonably high degree of vertical integration.

The other two class C meat multiples are more limited in their number of branches, one, W.R. Fletcher Ltd, like Dewhursts having a London base, the other, Farm Stores Ltd, a subsidiary of Associated Dairies and with a spread of branches throughout the region, especially in new shopping centres. This fact is indicative of the more recent entry into the North East of multiples with head offices outside it, except for the case of Dewhursts. The system of supplies for Farm Stores is characteristic of a meat multiple chain in that it is mixed and not totally centralised. Although the firm is based in Leeds it has a catering factory, producing pies, cooked meat and sausages, and a storage depot

at Middlesborough which serves its shops in the North East. Leeds is the source of service items such as paperbags and also of pork, but beef, lamb and poultry supplies are based on individual contracts made by each shop with local producers and wholesalers. Depot facilities in general take the form of deep freeze units, but the degree of centralisation of supplies varies.

Wholesalers are the chief source of supplies including eggs and canned goods as well as meat, except in the case of retail chains (such as Dewhursts) belonging to integrated systems. The present marketing system for meat is centred around the middleman in the channel, for no farmer is allowed to slaughter his own beasts. Recent research in the North East by Baron⁽¹⁹⁾ indicates that the auction mart is decreasing in importance and the wholesaler increasing, one of the few trades in which this is happening. Trade customers are of similar importance to multiple butchers as to multiple bread retailers.

3. Fishmongers

There is only one large national fresh fish multiple chain, Mac Fisheries, which is part of the vast Unilever organisation, and has a total of over three hundred branches. Its origin lies in the partly philanthropic aims of its founder to provide an assured market for the catch of fishermen in the far north and west of Scotland, but its success is probably due to being part of an large, efficient organisation with associations with Bird's Eye Foods, another Unilever subsidiary, and in its diversification into other foodstuffs apart from fresh and frozen fish. It is represented in the main shopping centres of the region (Newcastle, Sunderland, Middlesborough, Darlington and Billingham). With its importing and wholesaling interests, it is in a position comparable to that of Dewhursts in the meat trade.⁽²⁰⁾

The four remaining multiple chains in the region, all in the Tyneside area, are small-scale and linked to the North Shields fish market, generally through their own wholesaling business. Eggs, poultry and minor lines are also supplied by local wholesalers, the eggs generally direct to the branches, reducing the amount of handling, but the others delivered via the central premises and depot. The fish is normally collected by the retailer and delivered for filleting to the depot, before redistribution to the branches and trade customers, if any.

The growth of large-scale retailing, unless supported by the financial strength and functional associations found within a large combine, has been stunted in this trade, partly because of the peculiar marketing system of fish, landed at the quayside and then sold by auction, and partly because of changes in the retailing outlets for fish.

In the past year supermarkets and chains such as British Home Stores Ltd. and Marks and Spencer Ltd. have been introducing fresh packaged fish in their food sections. Their large orders enable them to make contracts for supplies direct from large fish-packaging firms, and it seems that the importance of these outlets in fish retailing will continue to grow, increasing the pressure on the specialist fishmonger, whether part of an independent or multiple organisation. Until recently the retailing of fresh fish has been a highly specialised trade. The trends to the sale of fish through other food outlets are following those in the last twenty years in the meat trade, where supermarkets are taking an increasing share of the sale of fresh meat.

4. Greengrocers

Large multiple chains are poorly developed also in the greengrocery trade. Only one chain of fruiterers has anything approaching national coverage. This is Empire Fruit Stores, owned by a Bradford firm with overseas supplying subsidiaries, and the distribution of their branches

is strongly related to main railway lines as their outlets are in the form of kiosks at the major railway stations, taking advantage of larger flows of people.

All but one of the remaining multiples, which number nine in all, fall into class A in terms of numbers of branches. The majority are located on Tyneside, with the only class B firm, A. Bookless & Co., centred on Newcastle. There are two firms based on Tees-side, one of which, William Strike Ltd., has a trading area extending to a radius of 20 miles. The other firms have highly localised branch networks, largely a reflection of the greater population densities on Tyneside.

Organisational links with wholesalers, as in the fish trade, are important, and in the case of four of these local firms the retail chain owns, or is owned by, a local wholesale firm. Almost all the greengrocers' supplies come through depots, either their own, or belonging to an associate wholesaler. The regional wholesale fruit and vegetable market, with thirty tenants on a new site, with its own railhead, on the Team Valley Trading Estate, Gateshead, is the main source of supplies, handling both local, extra-regional, and imported produce. There is a smaller market at Middlesborough serving Tees-side and the southern fringes of the region, but no such market occurs between Newcastle and Edinburgh. At certain times of the year local produce is bought direct from the grower. This also applies to Scottish potatoes and turnips in the winter. In general, however, less than 10% of supplies come from the primary producer. Imported produce is handled through wholesalers, or wholesalers' depots within the region (such as Elders and Fyffes at Stockton and Team Valley), the vast majority being landed at London, Liverpool and Southampton, and then distributed throughout the country. The amount coming into the Tyne is very small in comparison, and that into the Tees negligible. (21)

An average 5% of total sales are to institutional customers, such as

local schools and hospitals, but rarely do they supply other retailers.

5. Off-licences

The remaining trade type in the Other Foods group under consideration in this survey shows a different scale of operations, with two-third of the multiples represented in the North East falling into class C. In this respect the structure of this trade resembles that of the bread trade. The degree of vertical integration is high, and the presence of breweries within the North East has led to the development of several regional chains, of which the largest is Goldfinch Wines/ Stores Ltd. owned by Cameron's Brewery, Hartlepool, with over seventy branches not only in the North East, but extending south into Yorkshire and Lincolnshire. Scottish and Newcastle Breweries' retail chain, John McPherson and Sons Ltd., has more of a subregional distribution, concentrated on Tyneside. Blayney and Co. Ltd, owned by Vaux Brewery, Sunderland, is a much smaller chain (class A) and is limited to Newcastle and surrounding residential areas such as Whitley Bay, Whickham and Ponteland.

The large brewery combines have a strong hold on the off-licence trade. Grants of St James's, part of the Allied Breweries group, is one of the largest wine wholesalers in the country, with its own national chain of over eight hundred branches, Victoria Wine-Tylers Ltd., of which over fifty are in the North East. An organisation of similar nature and turnover, is the Bass-Charrington group, with a wholesale company comparable to Grants, and controlling Galleon Wine Co. Ltd with almost twenty branches in the area.

The remaining off-licence chains⁽²²⁾ control or are controlled by wine and spirit merchants, performing importing and bottling functions, with head offices in London, Preston, Hartlepool and Middlesborough.

The largest (with over 300 branches nationally, and 30 in the North East) is Fosters' Wine Merchant's Ltd, a part of the International Distillers and Vintners group which was formed in 1962 to expand the retail wine and spirit business. The branch location pattern of these chains varies according to whether the head office is inside or outside the region, for in the latter case the branches tend to be evenly spaced throughout the region whilst the Hartlepool and Middlesborough-based chains (both class B) are localised to a sub-regional level.

For supplies apart from canned beer there is a great dependence on depots and suppliers outside the region, located in London, Bristol and Liverpool, all importing centres. Because of the imported nature of most of the wines, wholesalers assume an important role in the distributive channel. It has been seen that very often the wholesaler is organisationally linked to the retail chain. Combines produce powerful integrated systems in an expanding and highly profitable sector of retail trade, in which there is every incentive to develop large multiple chains, so that in 1966, this form of trading accounted for almost 60% of the national turnover in the off-licence business (see table 10).

In conclusion, the variation in channel usage found within the main Other Foods category is seen to be related essentially to the nature of the produce being sold through these outlets. The off-licence trade differs in being concerned with less perishable and frequently higher-priced goods than the other trades discussed above, and has been seen to be most important in terms of the share of multiple retailing. The specialist fish shop on the other hand is serving an essentially static market and facing competition from frozen fish as well as fresh fish sold through more general food stores. There is little incentive for investment in multiple chains in that trade. To a lesser degree this is true of the

greengrocery and meat trades. Only in the bread trade, where the manufacturer is non-agricultural has large-scale retailing assumed some importance through the development of integrated systems. As table 10 indicated, the small multiple is generally most numerous in this group of trades, in contrast to the situation in the Grocery trade.

Confectioners, tobacconists and newsagents

Multiple retailers are not strongly represented in this category of traders, as can be seen from table 10, in the general context. The size structure of firms operating in the North East shows considerable weighting at either end, (table 11) with only one firm in the intermediate class.

Vertical integration and large-scale retailing are closely linked in these trades, as in many others. However it is poorly^d developed in the tobacconists' and newsagents' trades, except for a few firms. There are the local chain of tobacconists, R.S. Boulton Ltd. of Newcastle, owned by the national firm of Finlays, in turn a subsidiary of Imperial Tobacco, and together having a scatter of branches throughout the North East. Only one newsagent chain is linked with publishing concerns, and that is Farbuoys Ltd., part of the International Publishing Corporation, with its head office in London and over two hundred branches throughout the country, over 30 in the region, including those of a small, formerly independent chain centred on Peterlee.

In the confectionery trade manufacturing interests play a larger part. Maynards Ltd., with over three hundred branches nationally, and Thornton's Chocolate Kabins, with a total of ninety branches, both have their own factories, whilst Lavells is part of the Guinness group, and

as such has agreements with the group's associate confectionery manufacturing firms of Callard and Bowser Ltd., and Nuttalls Ltd. None of the factories, however, is located in the North East, and the scatter of branches is restricted to the main urban areas of the region.

All the locally based firms in these trades fall into class A or B, and are confined to the urban agglomerations of Tyneside, Sunderland and Tees-side, with newsagents' shops located primarily on recent housing estates, unlike the main street locations of the confectionery chains.

Depots are relatively unimportant in this group of trades, as confectionery and cigarettes tend to go direct to the branches, a reflection of the policy of the major manufacturers, and reducing handling costs for the retailer. Slower selling lines, such as ball-point pens and indigestion remedies, particularly in the newsagents' trade, often go through the depot where more storage space is available. At the opposite end of the scale, a small confectionery chain in Sunderland, J.C. Marlee Ltd, channels 95% of its stock through its depot, with very few deliveries direct to the branches. This is possible where the chain is geographically compact and redistribution not too costly. Unless the firm is a local one, the depot is generally located outside the North East, Maynards Ltd. providing one exception to this. As a large nation-wide chain they have regional depots, one in Newcastle and another just outside the North East at York which also serves shops within the region. Only 30% of their supplies come through their depots, the majority coming directly from manufacturers, including their own production plants, none of which are located inside the region.

For shops specialising in the sale of confectionery and tobacco products, wholesalers are of little significance. The presence of a large cigarette factory on Tyneside (W.D. & H.O. Wills Ltd, Wallsend) and also a confectionery manufacturer's branch plant and depot (Rowntree & Co. Ltd,

at Fawdon, Newcastle) largely account for the average 30% of supplies coming from manufacturers within the North East.⁽²³⁾ The retail outlets of J.W. Thornton Ltd. are closely geared to the firm's own factories in Sheffield and Derbyshire, supplying 93% of the confectionery sold in their shops. This is all delivered via their own depot attached to the Belper plant, as are also a further 6% coming from other manufacturers, with a very small amount of supplies from wholesalers (1%).

Wholesalers⁽²⁴⁾ assume more importance in the distributive channel serving newsagents' chains. They are generally located inside the region and supply a wide variety of such items as paperback books and women's stockings, as well as newspapers and general stationery. One wholesaler^f firm of greetings cards is owned by a local retail chain, but trade customers in all these trades are rare.

Multiple retailing in these trades has been seen to fall into two distinct levels. It is only by vertical integration, often retailer-stimulated that large-scale retailing has been able to establish itself in these trades, in which the independent retailer is still dominant. The strength of supermarket trading has brought the specialist tobacco and confectionery shops, like those described in the Other Foods category, under fierce competition, in particular with the ending of resale price maintenance on these products. Trade estimates, perhaps a little over-optimistic, put the share of supermarket and self-service food outlets at 30% of the cigarette market, compared with 2% before resale price maintenance ended.⁽²⁵⁾ It is worthy of note that the major confectionery manufacturers have not extended their activities into the retailing sector, nor have cigarette manufacturers to any great degree. Such is their share of the total market and so numerous are the outlets for their products that there is little incentive to do so.

Clothing and footwear trades

It is in these trades that multiple retailing is most important. Table 10 indicates that two-thirds of the total national turnover of footwear retailers comes through the multiple form of organisation, which also accounts for half the turnover of the two clothing groups. Table 11 shows that the structure of multiple retailing in these trades in the North East is dominated by the larger size firms.

1. Footwear retailers.

The development of multiple trading in footwear began, as in the grocery trade, in the late nineteenth century, when technical innovations permitted the factory system to be employed in the manufacture of boots and shoes. Until the First World War the range of sizes and quality was limited, but improved standards through the application of better techniques, and increasing demand, especially for ladies' fashion shoes, led not only to a strengthening of the position of large-scale manufacturers, but also to changes in the organisation of footwear retailing. The independent bespoke shoemaker continued to serve the demand for better quality footwear until the interwar period. Since then multiple retailers have come to dominate the scene.

66% of the firms represented in the region are known to be part of a manufacturer's distribution organisation, and all belong to class C. Thus vertical integration is marked. Recent estimates⁽²⁶⁾ have put the share of manufacturing multiples such as the associated companies of the British Shoe Corporation, British Bata Shoe Co., K. Shoes, and the Barratt-Stylo organisation, at 35% of the total retail footwear sales, that is, half the multiples' share, and this figure may well be an under-estimate now.

The British Shoe Corporation is the largest manufacturer-multiple combine, with over fifty of its 2,000 retail outlets located in the North East, trading under the ten or so names of its associate and subsidiary companies⁽²⁷⁾, well in evidence in High Street locations. It was formed in the mid nineteen-fifties through a series of amalgamations directed by the well-known financier, Mr Charles Clore. The roots of the constituent firms go back in general to the last decade of the nineteenth century, and they retain their own production plants, predominately in the East Midlands, as well as their retail outlets. The manufacturing units produce on average a third of the shoes sold through their own retail branches, concentrating on staple lines, and buying in fashion lines from independent manufacturers as well as from their associates within the British Shoe Corporation. Thus it is an example of a horizontally as well as vertically integrated system. The same depot and transport facilities are used by all associate companies.

In contrast, there are three class A chains highly localised in the region, at North Shields (G. Fairbairn and Son.) Gateshead (T.Y. & D. Knott) and Newcastle (Sculpher), although the latter chain has one branch outside the region at Carlisle. These are the only multiple retailers to have depots within the region. The depots supplying the larger chains are normally attached to the production plants, which are located not only in the East Midlands but also in London, Bristol, Kendal, Manchester, Stafford and the West Riding of Yorkshire. There is very little manufacturing of footwear in the North East⁽²⁸⁾.

Depots in many cases account for 100% of the supplies going to the retail chains, because of the irregular and seasonal demand for shoes, the peaks coming in May and December. This heavy dependence on depot

facilities is true both where the vast majority of stock is produced within the same organisation, ^{and} ~~or~~ where other firms' products make up a significant percentage.

Multiple retailers whose own products account for the highest percentage of sales in their outlets are specialists such as Scholls Foot Comfort Service (90%), dealing in only a limited range of a particular type of footwear, but also Norvic Retail Ltd. (65%) and K. Shoe Shops Ltd. (78%), where there is less emphasis on the cheaper fashion shoes.

Wholesalers are unimportant in the channel serving multiple footwear retailers, except in the case of the class A chains, whose minor lines, women's stockings, handbags and shoe polishes, are generally supplied by a local wholesaler. The combined orders of the more numerous branches of the larger chains allows them to be supplied direct from the manufacturer even for these secondary lines.

It is not normal for a footwear retailing chain to have trade customers, although one of the small regional chains does act as wholesaler to small independent retailers, such as drapers, with a limited turnover in shoes.

2. Men's clothing retailers

In comparison with the multiple footwear retailers in the North East the size structure of men's clothing chains is less top-heavy with a higher percentage (35%) of the multiples falling into class B, but the larger scale firm still predominates with 55%. Three out of the total of twenty-one firms represented in the region have head offices within the North East, but only one, Jackson the Tailor (29) belongs to class C

and also has branches outside the region. Half of the remaining firms are based in the traditional cloth and tailoring areas of West Yorkshire centred on Leeds, with almost as many in London, and two in Lancashire. In this trade several of the class A ^{and} B chains are based outside the region, and include specialist retail chains such as Moss Bros. Ltd. of London.

The degree of integration with manufacturing plants varies considerably. It is generally very limited in the case of retail chains of lower quality, less expensive goods, such as Milletts Stores, and the smaller class A and B chains like Anthony Donald Ltd. of Newcastle, Workwear Suppliers of Middlesborough and Duncan Classic Tailors of Leeds. It is in the tailoring trade that vertical integration attains greater importance. Hepworths Ltd., for instance, produce 90% of the goods sold through their retail outlets.

As in the footwear trade, combines have developed in the clothing trades. 40% of the firms represented in the region belong to one of three combines. In many instances these combines include a variety of manufacturing and retailing firms dealing not only in men's wear, but women's wear and household furnishings. Montague Burton Ltd., with twenty six branches trading under its own name throughout the North East and fifteen belonging to one of its associates, Jackson the Tailor, and controlling a nation-wide network of over seven hundred and fifty branches, has been described as the largest merchant tailoring organisation in the world. It began as a men's tailoring firm in 1900, but has diversified through the acquisition of other tailoring chains, women's outerwear retailing chains and department stores, and now has its own mail order division.

Several other firms with North Eastern branches (John Collier, Peter Pell Ltd., Two W's, and Alexandre Ltd.) are part of the retail giant, United Drapery Stores Ltd. Unlike the Burton combine United Draperies developed in the interwar period as a group of London household furnishing and drapery stores, most of which had been in existence since the eighteen-eighties. It was not until the postwar period that it expanded into the field of men's wear, both its manufacture and retailing, largely by the acquisition of firms already in existence.

The third and largest combine with control over men's wear multiples is Great Universal Stores. This had its roots in a mail order business in Manchester at the turn of the century, and until the postwar period its interests were in furniture manufacturing and retailing and credit drapery. It was not until the mid nineteen-fifties, as with United Drapery Stores, that it extended its activities into the men's wear trade. John Temple Ltd., Hector Powe Ltd., and Neville Reed Ltd., all with branches in the region are now part of this large group, which at present controls almost three thousand shops as well as manufacturing firms and mail order establishments.

The advantages for the subsidiary firms are the retention of individual identity, the availability of capital for expansion and links with suppliers within the group. Frequently, as in the footwear trade, outlets of associated retail chains are found in close proximity to each other in the main shopping centres of the region. Far from increasing competition however, this is an advantage in the sale of goods which come under the category of 'shopping' goods, where the customer wishes to compare the stocks offered by several shops. They can be complementary rather than competitive by offering slightly different ranges of product styles and qualities. Geographical proximity can also be an advantage in the delivery of supplies.

Where the extent of the retail firm's own manufacturing is limited, private label branding is employed. This accounts for 100% of the goods sold through G.A. Dunn and Co. Ltd., the hatters and clothiers, who produce goods accounting for only 20% of their shop sales themselves. Private label branding gives an assurance of quality to the customer and is frequently used when the number of manufacturers is large and there are few major firms with large shares of the market.

Depots are very important in this trade, normally handling all the supplies to the retail branches. In the majority of cases the depots are attached to the production units and/or head offices, except for certain non-manufacturing retailers such as Milletts Stores, whose North Eastern branches are served by a Leicester depot, well located for supplies from clothing and footwear manufacturers. Thus almost all the depots are located outside the region.

There is some manufacture of men's wear within the North East, notably Jackson the Tailor's works at Gateshead, Hepworths Ltd. at Sunderland and Ashington, and Alexandre Ltd. on Team Valley Trading Estate and at Peterlee, but the majority of supplies come from outside the region.

Wholesalers rarely enter into the distributive channel serving the large multiple tailoring chains, but they provide quite a significant percentage, averaging 30%, of the supplies of the small regional chains, such as Anthony Donald, and of the chains selling casual and workwear supplies. They are generally located outside the North East.

3. Women's and general clothing retailing (30)

The number of firms represented in the region in this trade type is similar to that of men's wear multiples, but in size structure it more

closely resembles the footwear trade, with 80% in class C, and only 5% in class A and 15% in class B. There is thus very little in the intermediate size range between the village independent drapery shop or the recently opened suburban boutique, and the large multiples, variety chains and department stores. This is largely the result of the competition that these large-scale retailers have created, their financial strength allowing them to acquire the best locations in large shopping centres. The former intermediate size multiples have been incorporated into the large combines. Indeed, 35% of the retail chains with branches in the North East belong to such organisations. The only firm to have its head office in the region, Books (Fashions) of Sunderland, with thirteen branches, is now an associate of Morrison's Holdings which became part of the Great Universal Stores group⁽³¹⁾ in 1957. The other combines operating retail chains in the area are United Drapery Stores⁽³²⁾ and Debenhams Ltd. The latter, formed in 1905, has developed into a drapery and department store group, but it also owns a chain of fashion shops, Cresta Silks Ltd., with branches in Newcastle, Middlesbrough and Darlington. The group has manufacturing interests in London, Leicester and Nottingham, and its own wholesale firms. Head office locations of many of the multiple chains are in London, as the fashion centre of the country.

There appears to be less functional integration in this trade type than in either of the two trades described previously in the Clothing group. Although many of the chains are members of combines, there is no compulsion to buy within the group, which tends to be more a horizontal integration rather than a fully vertical one also. In the case of Morrison's Holdings for example, only 10% of their multiple store sales is accounted

for by their own, or their subsidiaries', products. A possible factor behind this may be the greater variety required in fashion lines, involving a correspondingly larger number of suppliers. The large size of orders, however, by centralisation of ordering at head offices for the whole retail chain, still permits direct contact with the manufacturers, with the advantage of being able to specify requirements, unlike the small independent retailer with his dependence in the same circumstances on the wholesaler. Wholesalers are rarely used by the multiple chains.

Most firms have a depot, but outside the region, and there is less dependence on it for supplies than in the other two clothing trades, possibly because of the lower degree of manufacturing done by the chain and the wide number and different locations of supplying sources. A greater proportion thus comes direct from manufacturers, in almost all cases located outside the North East.

Trade customers are unimportant except where the retail firm has its own manufacturing unit, for example Etam Ltd., 10% of whose knitwear is sold to other retail customers, and similarly 90% of its underwear production.

From a consideration of the three main trades included in the Clothing category, certain general points can be made. It is the group of trades in which multiple chains have developed their highest shares of the total sales turnover (apart from variety stores). The evolutionary pattern sketched earlier has been followed through from stages 1 to 4 of diagram 1 in chapter two. Examples of the last stage, a fully integrated system both vertically and horizontally, have been found to exist in organisational form, if not always in complete functional self-sufficiency, in the footwear and men's tailoring trades in particular. The women's

clothing trade would appear to be nearer stage 3, that of combines within one level, i.e. the retailing sector, of the system. The structure of the women's wear manufacturing industry is such as to discourage integration backwards from the retail chains. Their production units work on the basis of long runs of specialised lines, supplying numerous outlets, each of which may only take a small percentage of the total. As Margaret Wray has said, "the vertical integration of production and distribution does not appear to offer, in this industry, compensating cost economies for the additional risks involved in an extension of activities either from retailing to production or from production to retailing."⁽³³⁾

All three trades share the common characteristics of the development, particularly since the last World War, of large-scale retailing with a coverage of the national market in most instances, and the predominance of the direct manufacturer - retailer channel. It is worth noting, however, that C. & J. Clark Ltd. of Street in Somerset, one of the largest 'independent' manufacturers of shoes in the country, although this only amounts to approximately 6% of the market, do not have their own chain, but make agreements with independent retailers to act as stockists of their shoes.

Household goods trades

As table 11 indicates the number of multiple retailing firms in this group of trades is far fewer than in the Clothing group. There is also a smaller percentage of class C multiples, although they still predominate. Nationally multiple retailers account for almost 30% of sales through outlets in this category, similar to their share of the Other Food trades' turnover.

1. Furniture and furnishings trade

In the furniture trade 60% of the firms represented in the region belong to class C, 10% to class B, and 30% to class A. An interesting feature which distinguishes it from other non-food trades is the location of the head offices of over half the firms (i.e. six) within the North East. The remainder are in the North West, West Yorkshire or London. (34)

The smallest chains are localised within Tees-side or Tyneside, the trading area expanding with the size of the chain, so that E. Upton and Sons Ltd., the class B Middlesborough chain, operates within a radius of approximately 20 miles, whilst a firm such as Smiths Ltd of Jarrow (class C) has a fairly dense network of branches throughout County Durham and South East Northumberland.

Hardy and Co. Ltd. of Gateshead is the largest regionally based furniture multiple, its trading area covering the North East with thirty branches, and an even larger number, one hundred and seventy-five throughout the rest of the country. Of these two hundred and five stores, fourteen trade under other names. The firm was founded on Tyneside in 1909 and has expanded since then by the acquisition of firms in other parts of the country (35) as well as the small Sunderland chain, Northern Furnishing Company. Thus Hardy and Co Ltd. ranks along with some of the London-based chains in turnover and extent of trading area.

Combines such as Great Universal Stores are represented by branches in the North East. Great Universal Stores controls the group of furniture stores known as the Midland Household Stores Ltd. (Nottingham), with almost twenty branches scattered throughout the region and trading under the names of Jays Furnishing Stores, and James Woodhouse and Sons. It was in the North East and central Scotland that Great Universal Stores made many of its acquisitions in the immediate post-war years (36), including

one of the largest manufacturers of plywood in the country, Tyne Plywood Works, and a furniture manufacturing firm in Renfrewshire.

The region appears to have acted as the cradle for many small and medium sized multiple chains, and one large chain with national coverage now. Nevertheless, no claim can be made that the North East has any superior locational advantages for either the manufacturing or retailing sectors of the furniture trade. It is rather a feature of this trade that it is, or has been, highly regionalised, largely because of the bulkiness of the products sold, which in the past at least has provided sufficient disincentive to transport it long distances. Improvements in methods of transport, in particular the introduction of large road vehicles, have, however, made Britain into one market for furniture.⁽³⁷⁾ The furniture manufacturing trade is fairly dispersed, but because of the space gained in the production of furniture, the location of production plants has been highly oriented towards the consuming areas. The North East has not a particularly important furniture industry,⁽³⁸⁾ although large quantities of softwoods are imported into the Tyne, and this reflects the limited size of the local market in comparison to that of the larger conurbations such as Greater London.

Manufacturers outside the North East thus supply by far the major proportion of goods sold by furniture multiples. Wholesalers are rare, largely because of the nature of the product which discourages more than essential transshipment, and is a contributing factor in the general paucity of depots in this trade, except in the case of some of the national chains. Hardy and Co. for example have depots in Glasgow, Birmingham, Harlow and Liverpool, and one is to be opened soon on the Tyne Tunnel Trading Estate, for until now they have had no depot inside the North East. Deliveries are channelled direct from the manufacturer,

the amount of stock kept in the shop being very limited.

There is a low degree of vertical integration in this trade, possibly because of the wide range of lines handled, requiring as in the women's wear trade a large number of suppliers, but some multiple chains do have special agreements with certain major manufacturers, such as Gnomes Ltd of High Wycombe (G. Plan furniture) to display their products and act as agents for them.

Carpet specialists are included in this Census category, as are soft furnishing stores. In neither of these kinds of business are multiple retailers important, although there is one national chain represented in the main centres of the region, Eastern Carpet Stores Ltd. of Ruislip ⁱⁿ Middlesex. As with furniture multiples, the main sources of supplies are manufacturers outside the region, there being only one carpet manufacturer of any size within it, the old established firm of Hugh Mackays of Durham.

2. Radio and electrical trades. (39)

Multiple chains account for 30% of the national turnover in these trades (see table 10), but they are not as strongly developed either nationally or within the region as in the clothing trades. Indeed, only two class C chains, Currys Ltd. of London and Loyds Retailers Ltd., Manchester, have branches in the North East. The class B firm of Tate's Radio Ltd. is a Sunderland multiple with branches in smaller centres. It is part of New Day Furnishing Stores Ltd., already referred to in the section above, and including within its control ~~over~~ twenty firms in different parts of the country and selling a wide range of consumer durables.

Similar diversification has taken place in the case of Loyds Retailers. Recent changes have brought this firm within the Philips manufacturing organisation, but this chain retails a variety of furniture, electrical and hardware goods, as well as owning a credit drapery organisation, Midarco, in the North East. Manufacturing interests in the past have not been closely tied with multiple retailing chains; rather, they have sought to acquire control of rental organisations in which they can exclude competitors' products from their stocks if they so wish. It is a business which has expanded fast in post-war years. This is true also in the retailing of records. Until 1968 there was no chain of record shops represented in the North East. Electrical and Musical Industries have now, however, opened a 'record supermarket' in the new shopping centre on Newgate Street in Newcastle, and such interest of major manufacturers in the direct control of the retailing of these products is likely to increase in such a competitive business.

3. Hardware, wallpaper and paint trades.

The figure given in table 10 for the multiples' share of this group of trades conceals an important distinction between the hardware and ironmongery trade, and the wallpaper and paint trade. In the case of the former multiple chains are very poorly developed, only one class A chain being discovered in the region, with a highly localised trading area. This may well be a result of the relatively low value of goods sold, the low frequency of purchases, and increasing competition for the specialist store from department stores, variety chains and, for kitchen utensils, supermarkets.

There is no published data on the breakdown of the hardware trade regionally with respect to the nature of retail outlets, except for estimates made by the National Hardware Alliance Research Committee,⁽⁴⁰⁾ based on unpublished census data. According to their report the Northern region has the lowest proportion of hardware sold through specialist shops (51% compared with Eastern, 70%), and the highest through variety chains (18%) department stores (16%), grocers and others (15%). There is little vertical integration stimulated from either the retailing or manufacturing ends of the system.

The position is somewhat different in the case of the wallpaper and paint trade. Half of the firms represented in the North East have their head offices in the region, and fall into the intermediate size category⁽⁴¹⁾ with less than complete coverage of the area. One of these firms, Camerons Paint Stores Ltd., is the retail chain owned by the Sunderland paint manufacturers of the same name, producing the Camrex brand of household paint.

Organisational links with manufacturers are quite strong in these trades, generally manufacturer-stimulated, for the competitive nature of the wallpaper and paint market is such as to provide them with the incentive to secure outlets for their own products. Wallpaper Stores Ltd, trading as well in the region under the names of Brighter Home Stores and Crown Wallpapers is part of the Reed Paper Group, an important wallpaper manufacturer, and has branches in all the main urban centres of the North East. Rose & Co. of York, also of class C size, with branches chiefly in the North of England and Staffordshire, has similar manufacturing links, although these have not been organisationally consolidated. The business expanded from a small family wholesale-retail

firm established in York in 1903. After the second World War the East Midlands' firm of W. Chamberlain Ltd, decorators' merchants, was acquired and subsequently retail chains in the West Riding of Yorkshire, Scotland and Devon. There has been a close association with the Paints division of the Imperial Chemical Industries since their Dulux brand of paint was first marketed in Britain in 1932, I.C.I. being a substantial shareholder in the company. Recent reports however indicate that I.C.I. is considering the establishment of its own chain of retail outlets, with full control over their sales, a move quickened by the shrinking profit margins for retail paint in the face of strong price competition. Many of the new developments in multiple retailing in these trades have taken the form of 'do-it-yourself' self-service ~~at~~ supermarket stores such as those operated by the London-based firm of Timberland with branches in the North East.⁽⁴²⁾ There are several embryonic chains of three or four such shops in the North East. It remains to be seen whether they will reach the threshold of the multiple retailing class.

Trade customers are an important market, but tend to be supplied by the wholesale section of a retail firm. The wholesaler continues to be an important element in the distributive channel chiefly because of the existence of such trade customers, mainly small home decorating businesses. The degree of functional integration between the wholesale element of the channel and the multiple retailing element is strong where it exists organisationally. For example, branches belonging to A. Hector Grabham Ltd. of Sunderland, and Rose & Co of York, receive all their supplies from their associate wholesale firms. Otherwise direct supply from manufacturers, predominately located outside the region,

is the norm. Most firms have depots, but the percentage of throughput varies, being greatest where the firm has wholesaling functions.

Other non-food trades

The national share of multiple retailing in these trades varies from relative insignificance in the jewellery⁽⁴³⁾ and fancy goods group to over one third of the total sales of booksellers and stationers, and chemists and photographic dealers. Table 11 indicates that the number of firms represented in the North East is low, and no single size category is dominant.

1. Booksellers and stationers.

The multiple retailing sector of this trade is dominated by the main chain of newsagent-booksellers, W.H. Smith Ltd., London, with over three hundred and eighty shops, and seven hundred and ten stalls, mainly at railway stations, throughout the country, eleven of them located in the North East. Apart from this chain multiples remain poorly developed in the region. The independent single-establishment specialist has always been important, and the nature of the product, with its low frequency purchase rate means that only the larger regional centres, or towns containing large educational establishments such as a university, can support one. The only national chain of specialist booksellers is the S.P.C.K. organisation (Society for the Propagation of Christian Knowledge), whose branches are located in each diocese to serve a particular market. Yet this firm did not operate on a centralised basis until recently, when administration costs were becoming too high. Now a London depot and clearing house for cheques are in operation, but

the nature of orders, rarely involving quantity discounts, makes delivery direct to the shops no more costly, and provides little incentives for expansion by increasing the number of branches, particularly when the general trend is a decline in the number of specialist booksellers, and an increase in piracy by other trades, such as variety chains, newsagents, and supermarkets.

Only one chain, and that with only five branches, is centred in the North East - T. & G. Allan Ltd. of Newcastle, which has diversified from bookselling into general stationery, china and luggage, all goods which give a higher profit margin. Except for such side-lines and for newspapers, wholesalers are insignificant as suppliers of multiple retailers in this trade. There are very few publishers in the region, and 99% of books come from outside the North East. The very wide range of titles carried by a typical bookshop makes backward integration with publishers unattractive. Penguin Books Ltd. have shops of their own but none in the North East.

2. Chemists and photographic dealers.

As in the former group of trades the structure of multiple retailing in the region is dominated by branches of a national concern. In this case it is Boots The Chemists of Nottingham, with the recently acquired retail chain of Timothy Whites (and Taylors Ltd.) of Leeds, and now controlling over eighty branches in the North East, with a total of over two thousand nationally. The high degree of vertical integration in this firm has given it the financial power to extend its trading area, and to diversify into all types of non-food goods. Its pattern of branch location comes closest to that of one of the grocery chains, with

with both trades selling convenience goods at competitive prices.

Two smaller chains, M. Whitfield Ltd., Hartlepool (class B) and T.R. Milburn Ltd., Newcastle (class A), have sub-regional branch distributions, and both are linked to wholesaling companies⁽⁴⁴⁾. In the case of the former the wholesaling company owns the retail chain and its depot serves the retail outlets, so that the branches and the wholesale company together form a buying group similar to a voluntary group for independent retailers. Only an average of 20% of supplies to such chains comes direct from manufacturers. Depots are generally used to facilitate buying in greater bulk and to reduce the amount of stock held at each individual branch.

Only two chains of photographic dealers have branches in the North East, one of which, Dixons Photographic Ltd. with a branch in Newcastle and Middlesborough, is a national chain of a hundred shops with its head office and depot in Middlesex. It has factories making photographic accessories in Essex, but the majority of its goods are supplied by other manufacturers, all located outside the region. Its depot handles 98% of branch supplies, the remainder coming direct from wholesalers both inside and outside the North East.

The other chain, with seven shops, is centred on Newcastle, Turners Ltd., and has a subsidiary commercial photographic business so that not all its trade is retail. Trade customers, universities and schools in particular, are important, as are the service functions of developing and printing of films.

There is a marked difference between these two trades in the degree of vertical integration. It is fairly highly developed in the chemists' trade, but to a much lower extent in the photographic trade. It has not been manufacturers' policy to own retail outlets in the latter, whereas in the case of Boots the Chemists, the business began as a

retailing one in 1883, developing its own manufacturing and wholesaling companies a little later.

General Stores

1. Variety chains

As defined by the Census Office these are stores selling a very wide range of goods usually displayed in trays or racks for selection by customers, and is entirely the realm of the large-scale multiple retailer. The four national companies now operating in Britain are all represented in the North East. F.W. Woolworth & Co., with a very wide range of both food and non-food goods in the low to medium price range, is able to trade in smaller market areas than a variety chain such as Marks and Spencer Ltd., whose trade is still predominantly in clothing, and where the optimum location for their branches is in regional shopping centres. Hence this latter firm has only a fifth of the number of branches that Woolworths operate, both nationally, and in the North East. This is even more so for Littlewoods Ltd. and British Home Stores Ltd, with a branch distribution limited to the major shopping centres of the region, i.e. Newcastle, Sunderland, Darlington, Stockton and Middlesborough.

The variety chain first developed in America in the latter part of the nineteenth century, as an effort to cut costs of labour and the rent or upkeep of premises so that the goods could be sold at low, highly competitive prices. F.W. Woolworth & Co. was established in Britain in 1909. By 1931 the company owned a total of four hundred and fifty stores, and by 1968 this had risen to over one thousand one hundred branches with forty eight in the North East. The rate of expansion was spectacular in the interwar period, but the number of new establishments opened has

decreased in recent years as the network has become more intensive. Indeed, the company's most recent developments have been in out-of-town shopping centres, having exhausted the traditional High Street sites. Thornaby, on Tees-side, was chosen as the site for their third Woolco "department" store⁽⁴⁵⁾, which forms the focus for this new shopping centre on the edge of recent residential development.

Although F.W. Woolworth & Co. is the largest variety chain, Marks and Spencer Ltd preceded it by the establishment of their first bazaar in Leeds market in 1884. Their success can be attributed to a concentration on the most popular lines of clothing, reasonably priced and of high quality, aided by the widespread use of synthetic fibres in postwar years. They have resisted the temptation of excessive multiplication of lines, although they have diversified into the sale of profitable non-clothing goods. Food sales especially have increased rapidly in the last five years or so with the addition of self-service units to most of their branches. In 1968 food accounted for 25% of their total national sales. The company's expansion policy is to enlarge existing stores in traditional High Street branches, and also to build stores in the peripheral districts of certain major cities. An instance of the former type of expansion is provided by the recent extension to their Newcastle branch, now the largest in the country with a floor area of over 80,000 sq. ft.

Marks and Spencer provides one of the finest examples of the functioning of a streamlined distributive channel, without a high degree of institutionalised vertical integration. Administration is centralised in the extreme, with as little paperwork as possible. The firm's purchasing power (as some indication, in 1968, the national retail

turnover was £280m) enables it to co-operate with manufacturers in cutting costs, improving quality and producing goods in demand by the customer. The close links of the retailer with the customer have allowed a backward pressure to be exerted through the channel, counteracting the normal moulding of the consumer market by the manufacturer. Such is this retailer's power that the complete production of manufacturing plants is geared to their demands.

The third firm operating variety stores in the region is Littlewoods' Stores with four stores in the region. It developed from a mail order business in rather the same way as did Great Universal Stores, described above. The buying for its national total of over seventy stores is still closely tied up with the mail order side through a central purchasing organisation. Unlike the other variety chains whose head offices are in London, that of Littlewoods is located in Liverpool, the North West of England being an important centre for the mail order business, through its strong connections with the textile industry, and the use of vacant mills as storage premises.

British Home Stores Ltd. operates a total of one hundred branches, of which four are in the North East, and carries a similar range of products to Marks and Spencer Ltd., and Littlewoods. In the case of all four firms manufacturers supply all goods direct, the wholesaler not entering the channel except in the supply of some imported goods where agents are often used to buy the merchandise, which includes both food and non-food items. Depots have not been important in the past, suppliers delivering direct to the branches, but are being increasingly employed, especially for foodstuffs. For example, British Home Stores Ltd. was without any storage depots until very recently when an experimental depot was opened in the Cambridge area. Until now each

shop has been serviced by up to one thousand individual suppliers. The North East branches of F.W. Woolworth & Co. are linked to the northern depot of the company at Liverpool for certain items, mainly foodstuffs, but a new depot has been established at Darlington for the handling of fruit and vegetables.

Vertical integration within the single organisation is insignificant in this class of retailing. The size of the companies allows them to make contracts with independent British and overseas manufacturers, and to retail under private labels, which cover 100% of Marks and Spencer's goods. In the case of Woolworths, this percentage of private label branding is much smaller. British Home Stores and Littlewoods fall between the two extremes.

2. Department Stores.

Of a total of almost thirty department stores in the North East five are part of a chain of five or more similar stores. Only two of these firms, however, are 'independent' organisations, and both are restricted to the North East area. They are Deggart's Ltd., with its head office at Bishop Auckland and branches at service centres of similar size and functional status, and Shephards of Gateshead. The remainder belong to combines, which also control a further eleven stores in the region.

Combine retailing may be classed under the multiple form of trading as it increases the trading area by reduplication of branches through the acquisition of existing independent stores, which retain their individual identity and yet benefit from bulk-buying at head office and financial support from the group. The combines with department stores

in the area include Great Universal Stores Ltd., Debenhams Ltd, House of Fraser Ltd., Combined English Stores Group Ltd., United Drapery Stores Ltd., and the John Lewis partnership.

This last-named combine controls one of the largest department stores in the region, that of Bainbridge & Co. Ltd, Newcastle which joined the group in 1952, having begun business as general drapers in 1841. The group itself has been in existence since 1928 when several Oxford Street Stores were acquired. Now all the buying of Bainbridges is done through the head office of the combine in London. Almost all the products come through central depots outside the region, with a very small percentage (5%) coming from manufacturers, all outside the region, and local wholesalers. The latter chiefly supply fresh vegetables, the remainder of the foodstuffs, including the imported goods, being channelled through the depot.

This pattern is typical of this type of department store. An independent single establishment department store however shows a greater dependence on wholesalers, and the depot is a storage rather than redistribution facility, normally attached to the store where space permits.

The degree of horizontal integration varies, for a store such as Hill Carters of North Shields operates as an independent store, although it belongs to the G.U.S. group. Thus it does not enjoy the advantages of centralised buying. Similarly the amount of vertical integration back along the distributive channel differs from firm to firm. In all cases it is limited, for similar reasons as described above with regard to variety chains, that is, because of the huge range of products handled, many of the stores now having food halls, and because of the store's ability to dominate the channel in many instances, especially when it is part of a chain or combine.

Not only is the great variation in the relative importance of multiple retailing in different trades apparent from the above analysis, but also the differences in its structure according to the characteristics displayed by the individual firms involved. Consequently generalisations are difficult to make. Normally each trade has been found to contain at least one major national chain. Only, however, in a very few cases has the North East acted as the initial development area of these chains. The multiple retailers with head offices in the region tend to be much smaller.

The size of the firm has been seen to have a strong influence on the pattern of its supplies. Large-scale retailing is able in the extreme cases to dominate the channel. Institutionalised vertical integration has been found in most trades, and is frequently best developed where multiple retailing's share of the total trade turnover is fairly high. Vertical integration has been largely retailer-stimulated in the food trades, except for bread and off-licence trades, and manufacturer-stimulated in the clothing, bread, footwear and certain household durable trades. Wholesaler-stimulated integration has occurred where, as the result of the nature of the product (its perishability, numerous sources or the existence of trade customers), the wholesale element is still functionally distinct, as in the food, chemists', wallpaper and paint, and newsagents' trades. Integrated systems are relatively undeveloped in the furniture, books and stationery and variety store trades, for reasons relating largely to the structure of the manufacturing sector of the channel. The degree of vertical integration is important because it reflects the existence of pressures on the distributive system to link the various segments of the channel into an organisationally co-ordinated system. Brief reference has been made to the existence of retail combines,

but these are chiefly examples of horizontal integration, which is a means of extending the trading area of organisations and thus increasing purchasing power if buying is centralised.

The number of suppliers serving a branch of a multiple chain varies tremendously, according to the size of the chain, its organisational links, the trade type to which it belongs and the importance of the depot in centralising deliveries. To give an average picture for multiple retailers even according to trade type is thus of little value. Yet it is worth noting that depots, whether located inside or outside the region, appear to be most important in the Food and Clothing trade groups, and of least significance for General stores and the majority of trades within the Other Non-Food group. Depot location within the region is either linked to production or wholesaling units of the organisation, or else concentrated on main communication routes from other parts of the country, within easy reach of the branches it is serving in the case of shops requiring frequent deliveries, especially in the Food trades. Thus the Team Valley Trading Estate and the northern part of County Durham are often optimum locations with regard to accessibility both by suppliers and by retail branches.

Until now multiple retailers have been considered in the context of their trade, special regard being given to their relationship with other parts of the distributive channel as expressed in the nature of their suppliers. The National Economic Development office research project involved a consideration of a selected number of specific commodities which were followed through the system from manufacturing source to retail outlet. Information from this survey of multiple retailers allows a grouping of these commodities according to the dominant type of supplier at the retail level,⁽⁴⁶⁾ (see table 12). For the vast majority of products

the dominance of the direct manufacturer-retailer channel is seen to be complete, accounting for 100% of supplies, with the wholesaler only playing a significant role in the channels for highly perishable and imported foodstuffs, and for minor lines stocked by the small, class A chains. The greater number of branches and retail turnover of the larger chains enable them to deal direct with manufacturers even for such minor lines, for the combined orders of many branches provide the necessary bulk.

Manufacturers located inside the region account for a very low percentage of total supplies to multiple retailers with branches in the North East. They supply only 5-10% of the total of women's coats and knitwear, men's topcoats and shirts, knitting wool, kitchen tables, carpets, electric refrigerators, and indigestion remedies. The only significant proportions of commodities coming from manufacturers within the North East are of cigarettes and bread. This is a reflection of the poor representation of consumer goods' manufacturing in the region's industrial structure. In 1968 the food, drink and tobacco industries employed 2.9% of the Northern region's labour force, in contrast to 26.6% in South East England, 15.0% in the North West region and a national average of 3.6%. The only region with a lower share was Wales. In the clothing and footwear industries the Northern region just exceeds the national average of 2.2% but it has been noted that very little of the region's output is sold through the region's multiple shops.

In conclusion, the scale of present day multiple retailing in the North East appears to be related to several factors. These include the nature of the trade, and hence of the products sold, the past retailing structure and the present degree of competitiveness between different types of retailers. It is also strongly influenced by external factors, especially the scale structure of other sections of the distributive

system and the pattern of consumer expenditure. For although multiple retailing would appear to be increasing its share of turnover in all the trades, it is more highly developed in the most profitable ones, which in turn tend to be those where economies of scale are fairly easy to achieve, often by some degree of vertical integration, as in the footwear, chemists' and bread trades. The essential feature of the multiple form of retailing in the channel context is the ability to deal direct with the manufacturer, whether integrated under the same organisation or not. The wholesaling function has been incorporated into the retailing organisation in the form of central buying offices and depots for storage and redistribution. As McClelland has pointed out, "the advantages of the multiple stem largely from replacing market relationships by organisational ones".⁽⁵⁰⁾

Table 12. Specific products grouped according to the dominant channel used by multiple retailers (47)

A. Manufacturer-retailer channel 100% unless stated otherwise.

Canned evaporated milk	
Jams	
Canned peas	
Canned soup	
Canned luncheon meat	
Tea	
Chocolate biscuits	
Canned beer	
Pork sausages	
Bread	
Chocolate bars	
Cigarettes	
Men's topcoats	
Boy's trousers	
Knitting yarn	
Girls' socks	
Beds	
Kitchen tables	
Carpets	
Portable radios	
Electric refrigerators	
Paperback books	
Ballpoint pens	
Toothpaste	
Indigestion remedies	
Toilet paper	
Black and white film	
Records	
Men's shoes	99
Men's shirts	80
Women's knitwear	85
Women's coats	85
Women's stockings	95
Paint	90

B. Manufacturer/producer-Wholesaler-retailer channel

Canned peaches
 Butter
 Natural cheese
 Eggs
 Potatoes
 Cabbages
 Oranges
 Tomatoes
 Fish

References

- (1) Board of Trade: Census of Distribution 1961, Part 14, Table 6.
- (2) Certain categories of multiple shops as given in directories were omitted because they did not handle products which fell within the scope of the channel survey, e.g. cycle and car dealers, opticians, and television rental firms, and the service trade chains of dry cleaners, laundries and hotels.
- (3) ob cit, chapter 1, page 7.
- (4) Recognition is made of the fact that branches vary in size, both in terms of square feet of floor space, and of sales value, between and within trades, and that a more accurate size classification would be according to the total turnover of the firm in the North East. This, however, was not always available, and thus the total number of branches, both inside and outside the North East is employed as an alternative criterion.
- (5) From now on, 'the region' refers only to the North East of England, and not, as in chapter three, to the Northern Standard Region.
- (6) Associate firms of combines are counted as separate firms if their identity is so maintained i.e. Moores Stores Ltd. counts as three (E.H. Askew Ltd., Thompsons The Grocers Ltd., and Moores (Grocers) Ltd.) and similarly Duncan-Hadrian Ltd. and Broughs Ltd. of Allied Suppliers Ltd.
- (7) Mathias, P. (1967)
Ellis, H.G. (?) Broughs Ltd
- (8) Food Products Investment Company Ltd, including Richmond Sausages, Beach, McFarlane, Paton, and also owning egg-packing and transport companies.
- (9) Manufacturing interests are largely confined to Wrights Biscuits Ltd., South Shields.
- (10) Laws own the bakery Lyntons (Wylam) Ltd, whilst Walter Willson own the Glasgow coffee essence firm of Thomas Paterson.
- (11) Ministry of Housing and Local Government, and Ministry of Transport (1969) Tees-side survey and plan, Vol. 1, page 17. H.M.S.O. Tees-side's population in 1966 was 479,000, whereas that of the Tyneside conurbation was 848,000 (according to mid-year estimates from the Abstract of Regional Statistics, No. 4. 1968, published by the Central Statistical Office).
- (12) Hall, M, Knapp, J, and Winsten, C (1961), page 91.

- (13) For example, the shops of Wm. Cussons Ltd in Yorkshire, Durham, Lancashire, Cheshire and Staffordshire, and L. & N. Stores Ltd., based in Newcastle, with branches throughout the North East and North West of England, as well as in South East Scotland.
- (14) Allied Farm Food, a frozen poultry production and feeding stuffs firm, is one of the recent acquisitions by this combine. (see Times Business News report, 9.10.68).
- (15) See Northern Economic Planning Council (1966) Challenge of the Changing North, Appendix 6.
- (16) However, there are supermarkets in main shopping centres belonging to food chains which resemble department stores in the range of clothing and household goods, such as men's shirts, kitchenware, furnishings and toiletries, which are stocked in addition to foodstuffs. An example is Moores Supermarket in Newgate St, Newcastle.
- (17) For example, Mary Harrison's Ltd. in the west end of Newcastle, Smiths in Wallsend, Wilsons of Whitley Bay, Trembaths of South Shields, and Home Bakery in the Saltburn-Redcar area.
- (18) See stage 1 of figure 1 in chapter two, page 16
- (19) Baron, B.J. (1969) 'Structural changes in the meat market'. Paper presented at the Marketing Theory Seminar No. 4, University of Newcastle upon Tyne, December 1969.
- (20) Unfortunately no information is available for this firm on the use and location of depot facilities.
- (21) See National Ports Council Digest of Statistics, 1968.
- (22) At London - Fosters' Wine Merchants Ltd. (owned by Peter Dominic Ltd.), at Preston - Duro Wine Stores Ltd. (Heyworth and Airie Ltd.), at Hartlepool - Thos. Relton and Son Ltd. (wholesale company of the same name), and at Middlesborough, Winterschluden and Co. Ltd.
- (23) When a firm maintains a depot in the region but when all the manufacturing is located outside the North East, supplies from such a firm are accredited to the 'manufacturers outside the region' class.
- (24) W.H. Smith and Sons Ltd. are newspaper wholesalers as well as retailers, but they are considered in the section under which they are generally classified, that of Booksellers and stationers in the Other non-food trades grouping. The distinction, however, is very fine.
- (25) James Gulliver, chairman of Fine Fare Ltd., as reported in the Times Business News, 9.10.68.

- (26) Mounfield, P.R. (1967) 'The footwear industry of the East Midlands - (v) the modern phase'. East Midland Geographer, 4, pp. 154-75.
- (27) These include Freeman, Hardy and Willis Ltd; Benefit Footwear; Manfield and Sons Ltd; Character Shoes; Dolcis Ltd; Curtess Shoes; True-Form Footwear.
- (28) There is a small firm, Go-Gay Shoes Ltd., at South Shields, and a branch of the Lancashire firm, Fairfield Shoe and Slipper Co., at Richmond in the North Riding. The North East has not been a traditional location for this industry.
- (29) This firm is perhaps a special case as part of the Montague Burton combine - see ~~below~~, page 65
- (30) Into this category fall not only fashion chains but also specialist clothing shops such as Kendall Ltd. (rainwear), and the small chain of general outfitters such as Isaac Walton Ltd., with its head office in Harrogate, but with three branches in North East England.
- (31) Other G.U.S. associates represented in the North East are Graftons Ltd. (6 branches in the region), Slendos (6), Audrey (2), Jax (1), Marcus (1), Vogue (1), Willsons Ltd. (2), Paige Gowns Ltd. (10).
- (32) United Drapery Stores Ltd. own Richard Shops, acquired in 1949, and with two branches in the North East. More information on this combine has been given above with regard to men's wear retailing.
- (33) Wray, M. (1957) The women's outerwear industry, Duckworth, page 167.
- (34) New Day Furnishing Stores Ltd., Stockport; Cantors of Sheffield; Times Furnishing Co. Ltd. in Middlesex.
- (35) Such retail furniture firms as Charles Hall Ltd., Norwich; Harry Jacobs Ltd., London; Philips Furnishing Stores, Sheffield; John Harrop Ltd., Manchester; Davants Ltd, London.
- (36) A Smith and Co., Sunderland; Clayton Furnishing Co., Newcastle, Newcastle Furnishing Co; E. Watson, Middlesborough; Jas. Woodhouse and Sons of Glasgow and Edinburgh.
- (37) Oliver, J.L. (1964) 'Location of furniture manufacture in England and elsewhere.' T.E.G.S. 55, p 49.
- (38) In 1958, the date of the last published Census of Production, the Northern Standard Region produced 2.9% of the total national sales of furniture, compared with London and the South East's share of 46%. Since that date new production capacity has been created on trading estates in particular, but their output is largely geared to industrial and institutional needs.

- (39) Radio and television rental chains are well developed, often with national coverage, but they have been excluded from this study. They are however included in the Census figures, as in table 10.
- (40) National Hardware Alliance (1966) Hardware v. The Rest: a study of spending on hardware.
- (41) Leveys Wallpaper Stores Ltd., Wallsend; Hunter's Wallpaper Stores Ltd., Sunderland; A.H. Grabham (Retail) Ltd., Sunderland; Camerons Paint Stores Ltd., Sunderland.
- (42) In the Midlands Donald Macpherson Ltd., the manufacturing firm supplying F.W. Woolworth and Co. Ltd. with its own brand of paint (Household), has opened Able Jack supermarkets.
- (43) Jewellers were not covered under the survey, but it is worth mentioning that several national chains have branches in the North East (e.g. H. Samuel Ltd of Birmingham, and Paragon Jewellers Group Ltd of Hull). Few specialist multiples have developed in the fancy goods line, although certain multiple retailers with their origins in other trades such as chemists, bookselling and furniture have diversified their range of products to include this type of goods.
- (44) These links are in the case of T.R. Milburn Ltd. Brenner-White of Newcastle, and for M. Whitfield Ltd. the West Hartlepool Drug Co.
- (45) The others are at Leicester and Bournemouth. Another is planned for Killingworth New Township. Woolco forms a subsidiary company of F.W. Woolworth and Co. Ltd.
- (46) This product grouping will facilitate comparison with the pattern for the small independent retailer as expressed below in chapter five.
- (47) The response rate for the following products was not sufficiently high to permit generalisations:
- Babies' napkins
 - Suitcases
 - Sheets
 - Washing-up bowls
- (48) The source of supply is taken as the manufacturing plant, not a manufacturer's distribution depot, which is only a break-of-bulk point.
- (49) Central Statistical Office. Annual Abstract of Regional Statistics 1968.
- (50) McClelland, W.G. (1967), page 167.

CHAPTER FIVE

Small-scale independent retailing in North East England

The decline of this group of traders has already been noted at the national and the regional levels⁽¹⁾. It is a reflection of the growing share of larger organisations, and the handicap of the majority of small independent retailers in their limited scale in the functions of buying and selling. The normal channel of supplies contains the wholesaler as a separate organisation, independent of the retailing concern, unlike the usual multiple chain channel.

The survey carried out of independent retailers in the region was limited to those with annual turnovers of less than £100,000,⁽²⁾ and with less than five branches. The vast majority were single-establishment shops. A total of almost three hundred shops yielded usable information. Areas sampled included mining villages in the western and central areas of County Durham, market towns such as Berwick, Hexham and Malton, and densely populated industrial areas and suburbs of Tyneside, Sunderland and Tees-side, as well as service centres like Durham, and Bishop Auckland, and agricultural areas such as Glendale Rural District in North Northumberland, and the Vale of Pickering on the southern fringe of the region.

The distribution of returns according to trade types is given in table 13. A comparison with table 14 indicates that this sample is reasonably representative of the general regional pattern of independent retailing. This response rate was greatly influenced by the number of customers in the shop at the time of the survey, and food shops proved to be particularly difficult with a more continuously steady flow of

Table 13. Survey data according to trade type distribution

		<u>% establishments.</u>	
FOOD	Grocery	26	} 54%
	Other Food	15	
	Confectionery,	13	
TRADES	Tobacconists, newsagents		
<hr/>			
NON-FOOD TRADES	Clothing and footwear	19	} 46%
	Household goods	15	
	Other non-foods	12	

Table 14. Trade structure of independent retailing in the Northern Region, 1966

	<u>% Establishments</u>	<u>% Turnover</u>	
Grocery	26.6	24.9	} 64.2%
Other Food	23.1	25.4	
Confectionery,	12.4	13.9	
Tobacconists & newsagents			
<hr/>			
Clothing & footwear	14.5	13.5	} 37.9%
Household goods	11.2	11.8	
Other non-foods	12.2	10.5	

Source: Calculated from Census of Distribution, 1966, from Board of Trade. The figures have been adjusted by excluding the General Store category, as shops belonging to this trade type, with establishment turnover of at least £20,000, were covered in the major retailer study.

customers than did non-food shops. This explains the slight under-representation of the former group, especially in the Other non-food trades, and a corresponding over-representation in the non-food group, especially in the Clothing, and Household goods categories, selling fewer of the convenience goods for daily needs.

A copy of the questionnaire used is reproduced in the Appendix. It was administered personally at the interview with the owner or manager of the shop wherever possible. The main purpose of the independent retailer survey was to gain information relating to suppliers, that is, working back along the distributive chain and discovering the intricacy of channel links at this level of the system. This was sought in the context of the shop's general business, and also for specific products.

Establishment data

The sample contains sufficient variation in kinds of business to allow a breakdown into trade type categories within the two major groupings of food and non-food shops. For the sake of comparability the main census divisions, omitting General stores, are employed, with notice taken of any significant variations within these categories where they are found to exist.

Three indices are used to evaluate the size of business - average weekly sales, labour force and sales floor area. The reticence of many independent shopkeepers to give an indication of their average weekly turnover necessitated the use of a simple linear regression technique on the available data, which represented 30% of the total sample. Use

was made of a computer programme⁽³⁾ to determine the correlation between turnover and employment.⁽⁴⁾ The latter was chosen as the independent variable because of a ninety-five percent response to the question asking for numbers employed in retail sales. Food and non-food shops were handled separately but the correlation coefficient proved to be similar for both,⁽⁵⁾ suggesting a significant association between turnover and employment at the 1% confidence level. A regression line plotted on the graph of both sets of data allowed the calculation of turnover in those cases where only the number of employees was known.

Within the food group four size classes can be distinguished according to average weekly sales. They are given in table 15. Natural breakpoints on the non-food graph produce a slightly different set of groupings from the food size bands (see table 15B). To aid comparison the latter have been adopted, giving the non-food distribution shown in table 15Aii). Thus class 1 accounts for half the non-food shops compared with only a fifth of the food establishments. This classification according to turnover size bands for each establishment has been employed in correlations with various features of retail distribution that operate at the independent level.

A second establishment index is provided by labour force data. The average number of employees, rating part-time workers⁽⁶⁾ as equivalent to full-timers, is given in table 16. In general non-food shops employ more workers than do food shops. Within the latter group the figure for grocers is lower than for other foods, mainly due to the adoption of self-service as opposed to the counter-service of butchers,

Table 15 Size of establishment classes, according to average weekly sales.

£'s per week	% Establishments	
	i) <u>Food</u>	ii) <u>Non-food</u>
A.		
1. 0-249	30	51
2. 250-549	45	30
3. 550-1099	19	15
4. 1100-2200	16	4
B. <u>Non-Food</u>		
1. 0-99	17	
2. 100-449	55	
3. 450-799	16	
4. 800-1600	12	

Table 16 Labour Force ⁽⁷⁾

<u>Trade type</u>	<u>Average number of employees</u>	
Grocery	3.6	} 3.8 Food
Other Food	4.2	
Confectioners, tobacconists, newsagents	3.5	
Clothing and footwear	3.6	} 4.3 Non-food
Household goods	4.6	
Other non-foods	4.8	

greengrocers and bakers with its higher labour requirements.

The exception in the non-food group is in the Clothing and footwear category, with its large number of small shops employing only a few people, especially in the drapery trade.

The importance of part-time workers also varies between trades. Shops in the Confectioners, tobacconists and newsagents category have the highest percentage of establishments employing part-timers (see table 17), but in general just over half the retailers employed part-time workers. The overall ratio of part-time to full-time workers, in shops where they are employed, (table 17) appears to be higher for the food group, particularly in the Grocery and Confectionery categories. The lower ratio on the Other Food trades masks the fact that bakers employ a higher proportion of part-time labour (2:3) than do butchers (1:4) or greengrocers (1:6). In the non-food group variations exist within the Clothing and footwear category: women's clothing has a ratio of 1:3 contrasting with 1:8 for footwear and 1:5 for men's wear - and within Household goods - hardware 1:3 contrasting with furniture and electrical goods, both 1:6. Thus part-time workers appear to be more numerous in relatively non-specialised trades selling low value goods.

Sales per employee are influenced by the size and nature of the labour force as much as by the value of goods sold, and the rate of stockturn. For the food trade weekly sales per employee average £161, whilst in the non-food group, with its smaller proportion of part-time workers, sales average £95 per week⁽⁸⁾. In the calculation of these figures, two part-time workers were considered the equivalent of one full-time employee⁽⁴⁾, allowing a more accurate representation of the labour-turnover ratio than if it were assumed that all employees contribute an equal amount of working time, and thus of potential sales.

Table 17. Part-time employees

	<u>% establishments employing part-time workers</u>		<u>Overall ratio of Part time:Full time.</u>	
Grocery	60	} 52	2:3	} 1:2
Other Foods	45		1:4	
Confectioners, tobacconists, and newsagents	65		2:3	
Clothing and footwear	42	} 42	1:3	} 1:5
Household goods	39		1:8	
Other non-foods	46		1:5	

Table 18. Sales floor area

<u>Class (in square feet)</u>	<u>% establishments</u>	
	<u>Food</u>	<u>Non-food</u>
0-549	70	58
550-1099	23	22
1100-2499	6	15
2500+	1	5

There is little general correlation between employment and sales floor area, the third size index, according to a simple linear regression run on the data⁽⁹⁾, that is, an increase in sales floor area will not necessarily bring a proportional increase in numbers employed. Sales floor area tends to be smallest in the Confectionery category and greatest for furniture shops (Household goods) category. Table 18 is based on size bands for food and non-food trades determined from distinct breakpoints on graphed sales floor area data. There is a noticeable difference between the two groups, with larger shops in the non-food trades.

The use of these three indices - average weekly sales, labour force and sales floor area - gives a general descriptive outline of the nature of the retailing concerns interviewed, and creates a backcloth against which the distributive channel can be analysed. The operation of the channel is seen here in terms of the nature of supplies and suppliers, and in its functioning by way of financial and physical transactions.

Supplies and suppliers

In terms of their general trading 68% of the food shops have a main supplier⁽¹⁰⁾, compared with 52% in non-food trades (see table 19). Among the non-food group more Household goods retailers in general have a main supplier, especially paint and wallpaper dealers (65%), than shopkeepers dealing in Other non-food goods.

There are several reasons why a shop may not have a main supplier. If the products sold are many and varied it will probably be impossible to be dependent on one wholesaler, and in other cases direct links with the manufacturer, as in the case of cigarettes, for example, mean that the number of suppliers equates with the number of makes. The nature of

the main supplier, that is, manufacturer or wholesaler, reflects the characteristic supply pattern of the retailer's general product trading range. The wholesaler acts as the main supplier to greengrocers, fishmongers, butchers, hardware retailers and chemists, but in the case of the other non-food trades and bakers, it is generally the manufacturer who fills this role.

In the grocery trade the sheer number of products makes the use of an intermediary distributor vital. Two-thirds of the grocers with a main supplier are members of one of the voluntary wholesaler-retailer chains. Those represented in the region include V.G. Service, VVo, Mace, Spar and Centra, each with their own local wholesaler. The degree of dependence on the chain for supplies depends on the policy of the individual retailer and the attractiveness of incentives offered by the wholesaler, the rate of charges decreasing with an increasing volume of purchases. Dependence on the chain thus varies from as low as 10% in one instance to 90% in several others. The average is just under 60%. The turnover of the shop does not appear to be related closely to this, although most such wholesaler chains require the retailer to have above a certain minimum weekly turnover to ensure a profitable size of order.

These voluntary chains first appeared in Britain in the mid nineteen-fifties. Through this grouping of retailers around a wholesaler the latter assures himself of a market, whilst the retailer is contributing to the size of orders and in turn, because of his loyalty expressed by membership of the group, is the sharer of some of the cost benefits obtained by the wholesaler in bulk-buying. He also has additional storage, credit and advisory facilities offered to him and is relieved of sales pressure from representatives of manufacturers. The aim of such chains

Table 19 Percentage of establishments with a main supplier, according to trade Type

<u>Trade type</u>	<u>%</u>	
Grocery	80	} 68
Other foods	56	
Confectioners, tobacconists, newsagents	57	
Clothing and footwear	50	} 52
Household goods	60	
Other non-foods	38	

Table 20. Firms delivering at given frequencies as percentages of total number of suppliers

	<u>Daily</u> (or more than once per week)	<u>Weekly</u>	<u>Monthly</u>	<u>Less Frequently</u>
Grocery	20	<u>42</u>	29	9
Other food	<u>57</u>	24	11	8
Confectioners, tobacconists & newsagents	11	22	<u>54</u>	13
Clothing & footwear	0	10	<u>48</u>	42
Household goods	5	30	<u>40</u>	25
Other non-foods	7	13	24	<u>56</u>

is "to preserve the freedom of the independent trader, both retailer and wholesaler, by increasing his reputation, his efficiency and his prosperity" (Spar organisation). The price competitiveness which they maintain is largely a result of the virtual absence of resale price maintenance in groceries since 1958, for it is as food suppliers that these chains developed, although now they supply increasing numbers of chemists, butchers, tobacconists and confectioners.

For those grocery retailers unwilling to lose some of their independence by belonging to such a group and yet wishing to benefit from the advantages of bulk-buying, several retailers' buying groups exist,⁽¹¹⁾ working on the co-operative principle with supplies direct from the manufacturer for certain items. However, of the independent retailers surveyed only 7% are members of such groups, half in the grocery trade. The remainder are members of such organisations as the Newsagents' Federation, Bakers' Buying Areas, and Unichem, the latter being a nationwide chemists' group based in London.

A correlation test between turnover and the percentage of supplies coming from a main supplier, whether an independent wholesaler or manufacturer, or whether linked as in the voluntary group or chain system, revealed no significant association between these two variables⁽¹²⁾ for either food or non-food groups. The occurrence of a main supplier does appear to be related to the total number of suppliers in certain trades, such as meat, fish and greengrocery (averaging a total of five suppliers), where the number of products sold is small and specialised. Conversely, in the Other non-food category, which average the highest total of suppliers⁽³⁵⁾, the least number of retailers have a main supplier.

The Clothing and the Household goods categories fall mid-way between these extremes with average totals of twenty and twenty-one suppliers respectively.

The frequency of deliveries is largely governed by the nature of the product being supplied, its rate of perishability and speed of stockturn, together with the storage room available on the retail premises, for small independent retailers do not have access to storage depot facilities as have many multiple retailers. This is a function the wholesaler has to perform for them.

Fishmongers, bakers, butchers and greengrocers receive mainly daily supplies (see table 20) whilst confectioners and tobacconists are supplied chiefly on a monthly basis (62% of supplies), except when they are involved also in the selling of newspapers. Only 20% of firms supplying grocers deliver daily, whilst 42% deliver weekly. The non-food trades are characterised by a very small proportion of daily suppliers, and a greater percentage of monthly suppliers; for example, only 10% of firms supplying the Clothing trades deliver on a weekly basis. The remainder deliver monthly or less frequently, particularly in the case of seasonal wear. Household goods have a higher number of weekly suppliers (30%) but the majority are on a monthly basis (45%) and 25% at more than monthly intervals. The Other non-food trades show the greatest dependence on the latter frequency of supplies.

Retailers in less accessible rural areas were asked an additional question relating to frequency of deliveries.⁽¹³⁾ The majority (70%) are fairly satisfied with their supply links, but the remainder are critical of both the frequency of deliveries and the quantities that

they are able to order. Many of the small food shops, often sub-post offices with general sales, said that there is insufficient demand in the villages to allow large quantity buying which many sales representatives require before any delivery will be made, and so it is impossible to obtain some products. This group of traders also find it too costly to have more than monthly deliveries for the majority of their goods, and retailers in all trades complained of transport difficulties, in particular of delays. Wholesalers not in the locality of the retailer tend to wait until they have a full van load before delivering to the area, and this extends the normal interval between ordering and delivery of the goods. Direct delivery by the manufacturer is regarded by many rural retailers as the most dependable. Few collect a significant proportion of their total supplies, only greengrocers using a local wholesaler. The majority of retailers in the extreme north of the region are served by Newcastle wholesalers, but a couple find it easier to obtain their supplies from Glasgow and Edinburgh. Retailers in the Vale of Pickering show a stronger orientation towards wholesalers located to the south, outside the North East region. Communications are easier with wholesalers in Driffield, Scarborough and Hull than with Tees-side wholesalers, although a few shopkeepers at the western end of the Vale had a main supplier in Darlington. Scarborough, with its retail grocers' association, is an important local source of food supplies.

It would appear that rural retailers suffer from difficulties common to all small-scale independent retailers, but they are exaggerated by less accessible locations and the rationalization of operations by other component parts of the channel system.

Just over a third (35.5%) of the shopkeepers interviewed collect supplies themselves, some regularly, others more spasmodically, but an equal percentage of food and non-food shops. Sources of supply vary from grocery cash and carry warehouses (used regularly by 10% of all the grocers), and meat, fruit and vegetable, and fish markets, to local wholesalers, especially those dealing in drapery and women's clothing. Greengrocers collect the highest proportion of their total supplies, averaging 68.5% (excluding those greengrocers who do not collect). Grocers collect an average of 40%, and other food trades, excluding greengrocery, 31%. The importance of personal selection is as great to the small trader in clothing as in food, and this applies in particular to women's outerwear and children's wear, when the articles do not bear well-known brand names and where there is much more variety. The wholesaler finds it easier to allow his customers to make their choice on inspection of his goods on his own premises. Rarely, however, do clothing retailers collect the major part of their supplies, although this is the case when the wholesaler's establishment is easily accessible to the shopkeeper. Unlike furniture and carpets the small bulk of many of the items also allows them to be transported in the shopkeeper's car, and thus saves the delay involved in other methods of delivery. This is an advantage which saves money for the cash and carry wholesaler, allowing him to reduce his margins and offer lower prices to his retail customers. The self-service technique also reduces the wholesaler's labour costs. The majority of the grocers using the cash and carry warehouses fall into the lower size bands, with too small a weekly turnover to allow membership of a voluntary chain.

The shopkeeper was asked, in connection with the financial aspect of channel operations, if he received discounts, both according to quantity and to prompt payment from his main supplier, if he had one, or if not, in general. Table 21 indicates that almost half (43%) of the Grocery trade receive both types, as do the Other non-food trades, proportions only exceeded by the Household goods category (52%) within which 73% of paint and wallpaper retailers receive both types. Prompt payment discounts are more commonly given than quantity for the footwear, women's clothing, furniture and electrical goods, while quantity discounts appear more important only for chemists. Overall, retailers in the Clothing and Household goods categories show the highest proportions receiving one or both forms of discounts.

The vast majority of suppliers have accounts with the shopkeeper, but a few manufacturers invoice the wholesaler instead, mainly in the clothing sector. Voluntary chain wholesalers greatly reduce the number of accounts for the retailer, and this saving of paperwork is a definite advantage for the smaller independent retailer. Similarly, there are trade associations, as in the clothing sector,⁽¹⁴⁾ who receive one cheque per month from the retailer member and arrange centralised payment of his supplying manufacturers. Although a charge is imposed, it is nevertheless more economical for many larger retailers who are supplied by several major manufacturers.

Another facet of the operation of the distributive channel is the form of transport used in the physical distribution of supplies to the retailer. The limited time available at the interview meant that, in view

Table 21.

Discounts

	% Both types of discount.	% Quantity discount only.	% Prompt payment discount only.	Total % receiving discounts.
Grocery	43	10	9	62
Other food	24	13	10	47
Confectioners, tobacconists & newsagents	35	15	14	64
Clothing	30	2	32	64
Household	52	2	17	71
Other non-food	43	5	5	53

Table 22.

Transport of non-food supplies

% supplies (by value) arriving by different means:

i) British Road Services	16	} Public 48%
ii) Rail	19	
iii) Post	13	
iv) Manufacturer's vehicles	19	} Private 52%
v) Wholesaler's vehicles	16	
vi) Other means (e.g. independent haulier)	10	
vii) Own vehicles	7	

of the larger number of questions applicable to food retailers, information regarding the transport methods used was asked for non-food trades only. The average pattern of transport by different means for the non-food group in general is given in table 22. The various forms of public transport appear to contribute a share equal to that of private transport. This general picture, however, hides differences which exist between the normal transport usage of the three main trade types within the non-food group (see table 23).

In the Clothing and footwear trade independent retailers receive the largest percentage of their supplies via British Rail. That this is not an altogether satisfactory transport system was remarked upon by several respondents, largely because of the delays and damage incurred on transit. The amount collected by clothing retailers in their own vehicles, normally from a local wholesaler, is higher than for non-food trades as a whole and a reflection of the character of drapery trading (see above, page 107). The importance of the wholesaler's own transport is correspondingly lower than the non-food average. Independent hauliers are more significant than manufacturers' vehicles, which deliver only a very small proportion of the total supplies of the clothing trade.

The transport of Household goods differs markedly from that of clothing and footwear, mainly due to the greater role of manufacturers, supplying the retailer direct. The vast majority of supplies are delivered by private transport. Collection by the retailer, due to the bulkiness of products involved, is very infrequent.

The Other non-food category has a transport pattern more similar to the general one given in table 22. This is no doubt partly due to the

Table 23.

Transport according to trade types

% supplies (by value)

<u>Transport type</u>	Clothing		Household goods		Other Non-food goods.	
i) British Road Services	19		6		25	
ii) Rail	27	64	10	19	17	57
iii) Post	18		3		15	
iv) Manufacturer's vehicles	5		37		17	
v) Wholesaler's vehicles	3		29		17	
vi) Other means (e.g. independent haulier)		36		81		43
	11		13		2	
vii) Own vehicles.	17		2		7	

diversity of products included in this group. The smaller size of many of the items sold in Other non-food trades permits the use of public means of transport and arrival in smaller batches than perhaps an independent haulier would be prepared to handle. In a few instances retailers such as chemists and jewellers in more remote areas receive small parcel supplies by bus.

Thus the types of transport used reflect both the nature of the product and its channel system, especially with regard to the importance of category iv) in table 22 - vehicles belonging to manufacturing firms.

Channels of distribution for specific products

A limited number of specific products were selected⁽¹⁵⁾ for more detailed investigation in the field survey of independent retailers, in terms of the nature of the distributive channels used by this class of retailer for these products. The products can be grouped for descriptive purposes according to the trade type which specialises in their sale. This is less easy in the case of food goods, however, which are sold through many kinds of retail outlets. Canned vegetables, for example, are sold by grocers, greengrocers, butchers and fishmongers. This is true also of convenience non-food goods such as ball-point pens, toothpaste and toilet paper, which are sold in shops belonging to the Confectioners, tobacconists and newsagents' and Grocers' categories, as well as by stationers and chemists. Thus they are organised here into associated groups of similar products, which in many, but not all, cases will equate with trade types.

1. Groceries and provisions

The first group of goods listed in table 24 are predominantly sold through grocery outlets. Canned beer has been included here because many of the grocery shops visited were also off-licences. Both pork sausages and bread have been included as provisions for although they are sold through their respective specialist butcher and baker outlets they are frequently sold in the more general grocery shops.

The predominance of the wholesaler as supplier is greatest for canned foods, especially imported fruit and meat, and also for such provisions as butter, natural cheese and eggs, though slightly less in the case of the latter because of direct links with local poultry farmers supplying 'farm-fresh' eggs.

The manufacturer assumes a more equal standing with the wholesaler in the supply of tea and canned beer. Blenders and packers of tea have been classed as manufacturers in this study for they do perform functions distinct from the normal food wholesaler, giving the tea a brand name and recommending the retail selling price. A higher proportion of chocolate biscuits come direct from the manufacturer than through wholesaling channels. This is largely a reflection of the bulk of the product, fairly rapid turnover allowing larger orders at any one time, and the lower risk of damage with fewer transshipments.

With perishables such as sausages and bread the wholesaler is of little importance. All the butchers interviewed make their own sausages. Only the very small grocery business (with less than £250 turnover per week) or the voluntary chain shop are served by wholesalers rather than direct from the manufacturer. In the case of bread, only 10% of shops

Table 24. Nature of suppliers - Foodstuffs

← % supplies →

	<u>Manufacturer or Primary producer</u>	<u>Wholesaler</u>	<u>% Shops with a single source</u>
	(average)		
Canned evaporated milk	15	85	67
Jams	28	72	59
Canned peas	20	80	66
Canned peaches	9	91	66
Canned soup	15	85	69
Canned luncheon meat	15	85	66
Tea	41	59	45
Chocolate biscuits	58	42	34
Canned beer	47	53	33
Butter	2	98	75
Natural cheese	2	98	71
Pork sausages	85	15	79
Bread	84	16	43
Eggs	38	62	87
Potatoes	20	80	81
Cabbages	15	85	87
Oranges	0	100	83
Tomatoes	10	90	89
Fish	10	90	80
Chocolate bars	57	43	34
Cigarettes	71	29	40

selling it make their own, and grocers and other food shops are supplied by local or regional bakeries, although in one case a small bakery and baker's shop were part of a voluntary chain grocery store.

The majority of retailers are supplied by a single source, except where manufacturers play a more important part, and where, as with chocolate biscuits, a wide variety of makes need to be stocked. As was discovered earlier (see page 104), the percentage of shops with a main supplier does not appear to be closely related to the shop's turnover. In the case of grocers, however, those retailers with more than one supplier of canned goods, for example, belong to turnover classes 3 and 4 (see table 15). Membership of a voluntary chain naturally affects the incidence of a single source of supply for certain products, depending on the degree of dependence of the retailer on his chain wholesaler.

2. Fish, fruit and vegetables

These products have been grouped together because of the importance of the wholesaler. He is the chief source of supply for fruit and vegetables. Producer - suppliers are of some importance in the potato, cabbage and tomato lines, as table 24 shows. The links with grower-salesmen are a recognised feature of vegetable distribution in North East England. All producers with more than an acre of potatoes are required to register with the Potato Marketing Board. Then they may only sell to a merchant specially licensed by the Board, unless they themselves are licensed as grower-salesmen. Cabbages and tomatoes have a similar mixed supply system, but as an imported fruit oranges obviously have a different supplier pattern.

80% of the retailers interviewed selling fruit and vegetables are grocers, the remainder being specialist greengrocers. For both groups the average percentage of total suppliers who are local growers was the same at 12%. The amount collected by the retailer, usually from the wholesale fruit and vegetable market is very small, and only an average of 10% of supplies are normally so collected. As with many other foodstuffs (see table 24), the majority of shops are dependent on a single source of supply.

Although inland wholesalers do exist the organisation of fish distribution is centred on the ports. These wholesalers are more producer-distributors than purely distributors, because of their filleting and other processing functions. The majority of shops selling fish are supplied from one source. A larger proportion (35%) collect their supplies from the wholesaler or wholesale market in their own vehicles than is in the case of retailers of fruit and vegetables. 10% of the shopkeepers interviewed own their own boats and are supplied direct, but the remainder depend on an independent wholesaler. It should be noted that only 57% of the shops selling fish are purely fishmongers, 30% greengrocers and the remaining 13% grocers. The majority of grocers, however, sell frozen rather than fresh fish, which requires less labour to sell it and less frequent deliveries, and is increasing its share of the consumer market, also allowing more outlets to stock fish than was possible hitherto.

3. Chocolate bars and cigarettes

The rapid turnover rate for these two products, allowing more

buying in bulk, and the size of the producing firms, often with local depots, accounts for the higher proportion of shops supplied direct from the manufacturer, contrasting with the pattern described for such foodstuffs as canned goods. The need to stock a variety of makes accounts for the low percentages in column 3 of table 24.

No definite relationship emerges between the number of suppliers and the turnover of the retail outlet, for whilst many shops with turnovers in class 3 (£550-1099 per week) have several suppliers, those in class 1 (less than £250 per week) do not show a tendency to have a single supplier. Nor would there appear to be any significant difference between the pattern of supply to different trade types, except for the fact that more retailers in the Confectioners, tobacconists and newsagents' category are supplied direct from the manufacturer (60% for chocolate bars and 71% for cigarettes), whilst grocers are less reliant on manufacturers as suppliers (43% for cigarettes and 10% for chocolate bars). Very minor quantities of chocolate bars are sold through other food shops, such as greengrocers and bakers.

4. Clothing and footwear

The clothing products can be grouped according to whether their suppliers are predominantly manufacturers or wholesalers. The manufacturer - dominated group is composed mainly of men's wear and sold through specialist men's wear shops and shoe shops, except for knitting yarn, sold by specialist outlets and drapers. In the case of these products there would appear to be no particular advantage in dealing with a local wholesaler, for well-known branded items are required and

frequently major manufacturers prefer to trade direct with the retailer, especially when the outlets are less numerous than the multitudes of drapers' shops. In the view of the latter, wholesalers are often a more attractive source of supplies, for variety and personal viewing are important in the selection of such items as women's knitwear and coats. The orders for such goods as babies' napkins and girls' socks are generally small and would not merit bulk-buying from the manufacturer in most instances. Women's stockings really straddle these two groups with manufacturers and wholesalers contributing an almost equal share of the total number of suppliers, certain manufacturers preferring to deal direct with the retailer.

The percentage of retailers who are served by a single supplier for the products listed above is much lower for clothing goods than for foodstuffs. It is lowest for those products such as men's topcoats and men's shirts, where several manufacturers provide a variety of goods. With regard to turnover those retailers in women's clothing and drapery, and with a turnover of over £550 per week, have a larger number of suppliers than those with less, but no comparable relationship is discernible in the case of men's wear, including footwear.

5. Furniture and furnishings

These four items cover almost the complete spectrum from total reliance on manufacturers for the bulky furniture goods to the increasing importance of wholesalers in the supply of carpets and especially sheets (see table 25). The latter, like other textiles and soft

Table 25. Nature of suppliers - non-food products

	% supplies (average)		% shops with <u>a single source.</u>
	<u>Manufacturer</u>	<u>Wholesaler</u>	
Men's topcoats	91	9	29
Men's shirts	73	27	0
Boy's trousers (16)	64 *	36	15
Knitting yarn	79	21	36
Men's shoes	69	31	30

Women's knitwear	36	64	13
Women's coats	20 *	80	50
Girls' socks	19	81	25
Babies' napkins	20	80	20
Women's stockings	48	52	14
Beds	100	0	0
Kitchen tables	100	0	25
Carpets	73	27	22
Sheets	38	62	33
Portable radios	66	34	10
Records	81	19	33
Suitcases	80 *	20	33

Paint	19	81	53
Washing-up bowls	29	71	33
Electrical refrigerators	11	89	30
Paperback books	44	56	71
Ball-point pens	30	70	77
Toothpaste	46	54	69
Indigestion remedies	49	51	76
Toilet paper	16	84	69
Black & white film	69	31	21
Garden seeds	88	12	71

furnishings, are normally channelled from the mills through wholesalers, except for some major manufacturers. In all cases the single-supplier state is uncommon. The orientation towards the manufacturer means that at least in the case of beds and kitchen tables turnover and numbers of suppliers do increase in proportion to each other.

6. Other household goods

As in the clothing product group these other household goods can be divided according to the nature of the supplying firms (see table 25). At first sight the grouping of electrical refrigerators with two low value products, paint and washing-up bowls, is surprising, for a pattern of supply similar to other electrical goods such as radios and higher priced products like records and suitcases might have been expected. This is presumably accounted for by the existence of wholesaler agencies in the region for different makes of refrigerators, whereas many radio manufacturers, like record companies, supply retailers direct. These agencies increase the number of sources from which suppliers need to be sought and thus reduce the dependence on a single supplier if the retailer has to obtain different brands for his customers.

Paint is generally obtained, often on a single supplier basis, from wholesalers who in many instances are builders' merchants supplying the building trade as well as retail customers, and carrying stocks of a great variety of colours and types of paint. The normal outlets for paint are wallpaper, hardware and do-it-yourself stores, but it is also sold in general stores in less accessible places, for example, sub-post offices in rural parts of the North East. In these cases there is normally only one supplier, a wholesaler.

The supply channels for washing-up bowls, a low value good with little manufacturer branding, are similar to those for paint. The majority of this product is sold through hardware shops, but small, infrequent sales are made through larger grocery stores stocking non-food goods of a convenience nature.

Household goods tend to be fairly restricted in the number of types of outlets through which they are sold. This is especially true of electrical refrigerators but less so for portable radios, which are stocked not only in radio and electrical shops, but also by a furniture retailer and a photographic dealer in the sample surveyed. Records too are sold not only in the specialist trades, but also in bookshops and stationers, and fancy goods stores. No significant variation in number of suppliers with variation in establishment turnover is detectable for any of these products.

7. Other non-food goods

The majority of these non-food products are wholesaler-supplied. This is especially so in the case of ball-point pens and toilet paper, which gives them more in common with food products, and indeed their outlets include grocers' shops, general food stores and newsagents, as well as the specialist chemist. A higher proportion of the firms supplying toothpaste and indigestion remedies are manufacturers.

The presence of several well-known producers of black and white film and also garden seeds mean that wholesalers are often bypassed in the supply of these products. The picture given for paperback books is a little misleading for it applies to the cheaper, more popular titles

on sale often in non-specialist shops, that is, at newsagents and general stores, for the specialist bookshops, like specialist furniture shops, were normally included for survey purposes in the large independent retailing class as their turnover is generally approaching £100,000 or more per annum. The number of suppliers is found to increase with rising turnover only in the book and stationery trades.

Tables 24 and 25 have revealed the variation in the use of the direct manufacturer-retailer channel of distribution, and the manufacturer-wholesaler-retailer channel for a wide range of products. These products can now be regrouped according to the dominance of one or other channel, with a third group for those goods where neither system is clearly dominant⁽¹⁷⁾ (see table 26). Group A is mainly composed of non-food products (81%) whilst food products are responsible for 58% of Group B, and 50% of Group C. Thus while it is generally true that non-food goods are supplied direct by manufacturers, and foodstuffs by wholesalers, there are several exceptions to this statement.

A comparison of this table with table 12 relating to multiple retailers' channels reveals that the wholesaler is a more obvious element in the distributive system serving the small independent retailer, and highlights the basic difference in channel usage by these two forms of retailing organisations.

Table 26. Product grouping according to channel usage.

<u>A. Manufacturer - - retailer channel dominant</u>	%
Beds	100
Kitchen tables	100
Men's topcoats	91
Garden seeds	88
Pork sausages	85
Bread	84
Records	81
Suitcases	80
Knitting yarn	79
Carpets	73
Men's shirts	73
Cigarettes	71
Men's shoes	69
Black and white films	69
Boy's short trousers	64
Portable radios	64
<u>B. Manufacturer - - wholesaler - - retailer channel dominant</u>	
Butter	98
Natural cheese	98
Oranges	97
Canned peaches	91
Fish	90
* Electrical refrigerators	89
* Canned soup	85
* Canned luncheon meats	85
* Canned evaporated milk	85
* Toilet paper	84
* Tomatoes	82
* Girls' socks	81
* Paint	81
* Women's coats	80
* Canned peas	80
* Babies' napkins	80
Cabbages	79
Potatoes	74
* Jams	72
Washing up bowls	71
* Ball-point pens	70
* Women's knitwear	64
* Sheets	62
Eggs	62
<u>C. Products with no dominant channel.</u>	
Tea	
Chocolate biscuits	
Canned beer	
Chocolate bars	
Women's stockings	
Paperbacks	
Toothpaste	
Indigestion remedies	

* (indicates a product which is generally supplied direct from the manufacturer in the case of the multiple chain)

References

- (1) See page 24 , chapter three. Table 2 indicates that independent retailers account for 51.7% of the Northern region's retail sales, through 72.4% of its establishments. It should be noted however that "independent retailers" here includes those shops with between five and ten branches. The figure for independent retailers defined in this study as having less than five branches will thus be somewhat lower than this.
- (2) See note 12 in chapter One.
- (3) Fortran IV, DCL 14,002, University of Durham Computer Unit.
- (4) One part-time worker here, following the accepted practice of the Census office, and the method used in Hall, Knapp and Winsten (1961), is counted as half a full-time worker.
- (5) $r = 0.8126$ for the food group and 0.8333 for non-foods.
- (6) A part-time worker is here defined as a person working less than 30 hours per week.
- (7) These figures relate only to shop staff, and do not include any workers involved solely on production or deliveries, such as bakery employees, or newspaper boys and van drivers.
- (8) No extrapolated data was used in arriving at these averages - only returns which gave both the weekly sales and number of employees. Such returns represent a third of the food trade replies and a quarter of the non-food group.
- (9) Correlation coefficient for food trades, $r = 0.3205$ and for non-food trades, $r = 0.3641$.
- (10) The main supplier may be responsible for as little as 10% of the total, and yet still be acclaimed the shop's main source of supplies, if the total number of suppliers is large.
- (11) For example, ALNGRO, Alnwick Grocers Buying Group in mid and north Northumberland, and MIDGRO, the Middlesborough Grocers Buying Group on Tees-side.
- (12) Correlation coefficients for food, $r = 0.0247$ and for non-food, $r = 0.0106$.
- (13) "Do you receive supplies a) at the frequency you desire?
b) in the quantities you desire?"

- (14) For example, The Drapers' Chamber of Trade, London.
- (15) See question 3 of the Independent Retailer questionnaire in the Appendix. The products were selected on the basis of family expenditure in the various groups of goods.
- (16) For some commodities the response rate was rather low, partly because the number of outlets selling these products was limited, and partly because they are sold by trades in which multiple retailers and larger independents have a major share. Thus caution ought to be exercised in considering figures relating to items marked with an asterisk.
- (17) 60% or over is considered dominant in this context.

CHAPTER SIX

Conclusion

Consideration has been made in the preceding chapters of the nature of two forms of retailing activity in the North East, using the concept of the distributive channel in order that retailing may be linked to the wider system to which it belongs. Evidence indicates that the basic difference in channel usage can be summarised in terms of the multiple retailer receiving his supplies direct from the manufacturer or primary producer, whilst the wholesaler plays a prominent part in the channel serving the small independent shop. Where there is divergence from this general pattern it is the result of a particularly strong tradition of wholesaling, often the result of the nature of both the product and the limited size of production units, as in the fresh vegetable trades or when the retail store operates a trade counter, as in the paint trade. Obviously the simplified channel patterns described above are most frequently found at the extremes in size of retailing operations, that is, either the corner shop or the large chain with nation-wide coverage. Between the two there is greater diversity both according to trades and to specific products.

As Lewis remarked,⁽¹⁾ the flow of goods through the channel network "is governed not by natural forces, as the physical analogy might imply, but by a large number of factors related to the product, the market, the producer and the available channels." The choice of channels of distribution is initially the producer's problem, and many channel studies have been geared to the marketing policies for particular products. This is not to say, however, as Stacey and Witson⁽²⁾ do that "only the producer has any real alternative in the choice of

distributive channels." The large multiple chain has the buying power to deal direct with manufacturing concerns, and also the bargaining strength to withhold orders as well as to place them. For certain goods, such as electric refrigerators, the manufacturer may adopt a policy of selective distribution whereby he has strong control over the channels of supply to the domestic consumer. For many other products he has to be content with a mixed system of channels of differing lengths and complexities to serve the various types of retailers wishing to stock his products.

Shortening of distributive channels has accompanied the growth of both large-scale manufacturing and large-scale retailing. The most compact form is the fully integrated vertical organisation which controls all aspects of the distributive system, from production, advertising and packaging to transportation and retailing, reducing the duplication of costs in channel transactions. It has been seen that such integration can be stimulated from both terminals of the distributive channel and is an expression of the dynamic nature of the system. Cox⁽³⁾ noted that "producers seem to be reaching forward and distribution reaching backward to exercise more influence upon the channel segments that precede or follow them". There is constant change because of competitive pressures, but this change is never sudden or complete. Other influences are at work apart from the desire for economies brought about by increased scale of operations. The survival has occurred of retailing forms which developed under different circumstances of supply and demand, such as the small independent retailer and the Co-operative store, through locational and organisational inertia. This is despite the tremendous growth over the last hundred years of the multiple form

of trading. Indeed the United Kingdom has been described as "the classical land of multiple stores."⁽⁴⁾ The North East in this sense is fairly typical of the national pattern, for the share of the region's total retail sales held by multiple stores has been seen to be close to their share of the national total. With regard to small-scale independent retailing its importance in the region is lower than nationally, and this is due largely to the greater role of the Co-operative societies. The latter is diminishing however, and is likely to continue to do so, despite recent mergers of societies in the North East and the centralisation of storage and redistribution facilities for foodstuffs through the Co-operative Wholesale Society's new depot at Birtley.

Changes at both terminals are accompanied by changes within the channel, in particular at the wholesaling level. In the words of Fulop,⁽⁵⁾ "from being at the end of the nineteenth century with the virtual kingpin of the distributive system as intermediary between producer and retailer, carrying a wide range of complementary and competitive merchandise, extending credit to retailers and even financing manufacturers, the wholesaler's trade has been seriously restricted to supplying the smaller retailer who is attracting a diminishing proportion of total sales." In view of pressures from both ends of the channel the wholesaler has often sought a new form of relationship with his customers. The voluntary group marks a major step towards closer co-operation between the wholesaling and retailing components of the system, without the wholesaling element losing its organisational independence as is normally so in the case of multiple retailing firms.

Without the development of voluntary groups and the emergence in several trades of retailer buying associations, the decline of the small independent retailer in the post-war period would have been more severe than it has been. This class of trader has been faced in all but a few trades with severe competition from large-scale retailing. Price competition has increased with the abolition of resale price maintenance on the majority of consumer goods, which has aided the continuing success of multiple retailing to the detriment of the small trader's position. Although in certain convenience and rural locations the small independent shop may survive, in central urban areas the competition from other forms of retailing organisations makes his future look bleak.

Retailing has become a capital-intensive sector of the economy. This century has experienced a major structural shift in retailing activities with the trend towards increasing scale of operations. It has been noted that multiple retailing is less developed in certain trades than others, and it seems likely that this situation will be altered in the next few decades. This thesis has shown some of the implications of these changes, while at the same time contributing to a fuller understanding of the role of the independent retailers which still account for over two-thirds of the region's total of retail establishments.

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- (4) Wilkens, W.H. (1967) Modern Retailing, Business Publications.
- (5) Fulop, C. (1964) p 16.

A P P E N D I X

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Census of Distribution trade categories.

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E.G. - Economic Geography

G.J. - Geographical Journal

J.A.I.P. - Journal of the American Institute of Planners.

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Kinds of Business (Trade types)

Grocers and Provision Retailers:

Grocers

Grocers with off-licences

Grocers with bakery goods (with or without bakehouse)

Other Food Retailers:

Dairymen

Butchers

Fishmongers, poulterers

Greengrocers, fruiterers (including those selling fish)

Bread and flour confectioners (with or without bakehouse)

Off-licences

Other food shops

Confectioners, Tobacconists, Newsagents.

Clothing and Footwear Shops:

Boot and shoe shops (with or without repairs)

Men's and boys' wear shops - men's outerwear;
other men's wear.

Women's, girls' and infants' wear, drapery and general
clothing shops - women's outerwear;

other women's wear, drapery and general
clothing.

Household Goods Shops:

Furniture and furnishings shops - domestic furniture;
soft furnishings;
floor coverings.

Radio and/or electrical goods shops - radio and electrical goods;
radio or television hire.

Cycle and perambulator shops - cycles, and cycle and motor
accessories;
radio and cycle dealers;
perambulator dealers.

Ironmongers, hardware shops - ironmongers, hardware shops;
china and glassware;
wallpaper and paint dealers;

Other Non-Food Retailers:

Booksellers, stationers

Chemists, photographic dealers - dispensing chemists;
other retailers of chemists' goods;
photographic goods.

Jewellery, leather and sports goods shops - jewellery, watch and
clock dealers;
leather goods;
sports goods;
toy shops;
fancy goods.

Other non-food shops - florists;

nurserymen, garden seedsmen;

pet and pet food shops;

pawnbrokers;

general second-hand dealers;

sub-post offices with minor retail sales;

other non-food shops.

General Stores:

Department stores

Variety stores

General mail order houses

Other general stores - all other shops selling too wide a range of non-food goods (usually clothing, soft furnishings and furniture) to qualify for any of the specialist headings.

Selection of products for investigation

A total of forty-eight commodities was selected for the purpose of the research project on the basis of the main consumer expenditure categories, as revealed by the Family Expenditure Survey. Within these categories (e.g. clothing, food, household durables) a number of commodities was chosen to represent a wide range of goods, both in terms of quality and frequency of purchase. The products are listed on the small independent retailer questionnaire reproduced below.

Survey of multiple retailers with branches in the region.

The survey took the form of a structured interview in which the following questions were asked:

1. Is your firm part of a larger company?
If YES, what is the name of this company and in what field does it operate? (e.g. manufacturing, wholesaling, retailing).
2. Does your firm own any other companies?
If YES, what are their names and in what field(s) do they operate? (e.g. manufacturing, wholesaling, retailing).
3. How many shops has your firm:-
 - i) in the region
 - ii) outside the region
4. Have you any storage depots, either independent establishments or attached to a shop, but serving more than the shop to which they are attached?
If YES, can you give their locations and available storage space?
5. When suppliers deliver direct to your shops is the cost price of some goods to you generally higher than when delivered to your depot?
If YES, please say which products this applies to.

6. Are there any goods where deliveries could be made to either or both your shops or your depots at the same cost price to you, but you can choose? If YES, what goods are these, what choice do you make, and why?
7. Which of the list of 48 products does your firm handle?
For each product handled, please indicate whether the majority of this product passes direct from the supplier to your shops or whether it passes from your supplier to your depots, and indicate the origin of supplies (i.e. manufacturer/primary producer, wholesaler, or other).
8. Is your firm a member of any buying groups?
If YES, what are the names of these groups and what is the nature of their membership?
9. Do you have any special agreements with any suppliers to receive supplies of any products from them regularly? If YES, please name the suppliers involved and explain the nature of the agreement (e.g. exclusive agency rights.)
10. Does your company have any factories?
If YES, where are they and what do they manufacture?
 - i) What percentage of your sales from your shops is accounted for by products of your own manufacture?
 - ii) What percentage of the goods you manufacture do you sell:-
 - a) through your own shops?
 - b) to trade customers?
11. Does your company have any mail order activities in the region?
If YES
 - i) What percentage of your gross income from sales from your shops in the region does this account for?
 - ii) What are the principal types of goods you offer for sale by this method?

Small Independent Retailer Questionnaire

1. Contact - Owner/Manager/Other

2. Is this shop part of a chain of more than 4 branches YES/NO

3. Product	No. of firms who deliver or from whom you collect	% Supplies	
		Manufacturer or Primary Producer	Wholesaler
Canned evaporated milk			
Jams			
Canned peas			
Canned peaches			
Canned soup			
Canned luncheon meats			
Tea			
Chocolate biscuits			
Pork sausages			
Butter			
Natural cheese			
Bread			
Ball point pens			
Black & white film			
Garden seeds			
Toothpaste			
Indigestion remedies			
Toilet paper			
Canned beer			
Chocolate bars			
Cigarettes			
Paint			
Men's topcoats			
Men's shirts			
Women's knitted o/wear			
Women's stockings and tights			
Boy's short trousers			
Girls' socks			
Babies' napkins			
Knitting yarn			
Ladies' fashion shoes			
Beds			
Kitchen tables			
Carpets			
Sheets			
Portable radios			
Records			
Electric refrigerators			
Washing-up bowls			
Suitcases			

4. How many suppliers deliver to you on the following basis:

Daily (or more frequently than once a week)

Weekly

Monthly

Less frequently

5. How many firms deliver supplies to you ?

6. With how many of these suppliers who deliver to you do you have on account?

--

7. Do you have a main supplier?

Yes/No

8. If yes, who is that supplier? _____

9. What percentage of your supplies do you obtain from your main supplier?

10, 10-19, 20-29, 30-39, 40-49, 50

51-59, 60-69, 70-79, 80-89, 90-100. (N.B. Ring either one or two of the figures)

10. What percentage of your supplies do you get from:-

	Primary producer e.g. grower, fisherman	Collect yourself from market	Distrib. wholesaler	Other	Tot.no suppliers	Quant. sold
Potatoes						
Cabbages						
Oranges						
Tomatoes						
Fish						
Eggs						

11. Do you collect any supplies of goods?

Yes/No

If yes, (i) From how many different sources,

(ii) On average how frequently
Put no. of suppliers
called on

D	W	M	LF

(iii) What percentage of your supplies (by value) do you collect?

10, 10-19, 20-29, 30-39, 40-49, 50

51-59, 60-69, 70-79, 80-89, 90-100.

(iv) Which commodities do you collect?

12. Are you a member of any joint buying group(s)?

Yes / No

If yes, what? _____

What percentage of your supplies (by value) do you get
from the group(s)?

(Use code)

13. Do you receive from your main supplier (if no main supplier -
in general) any

(a) quantity discounts

Yes/No

(b) prompt payment discounts

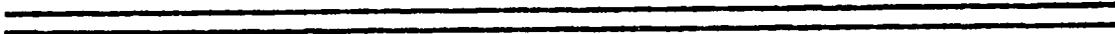
Yes/No

14. How many product categories do you handle?

Can you make an estimate of approximately how
many lines you stock (including size and colour
differences)?

Yes/No

If yes, how many?



FOR NON-FOOD SHOPS ONLY

15. What percentage of your supplies (by value) arrive:-

- (i) By British Road Services
- (ii) By Rail
- (iii) By Post
- (iv) By manufacturer's vehicle
- (v) By wholesaler's vehicles
- (vi) By other means (e.g. independent haulier)
- (vii) Own vehicles

100%

16. Please name your major wholesaler suppliers other than given in Q.8.

17. How many people work here (including manager and owner)?

(a) full time

(b) part time

18. Is all your turnover from retail sales?

Yes/No

19. What is your average weekly retail sales turnover?

20. Estimate of sales floor area (by interviewer)

21. Description of main type of trade (by interviewer)
