Retail markets in the UK:
A review of recent research
September 2012
Contents

Introduction 4
The decline of market trading and wider context 5
The impact of markets 8
Reasons for decline and barriers to growth 12
Bibliography 14
Introduction

This year, the independent Portas Review was commissioned by the Government into the problems facing high streets in the UK and how these could be overcome. In the introduction to that review the author suggests that despite the multitude of opinions on high street performance, actual data is difficult to access and that ‘information lies stagnating and festering’\(^1\). Despite playing a key part in the commercial, social and physical life of the high street for centuries, understanding of the role of retail markets is even more lacking. Indeed, the first national survey attempting to establish data on the size and scope of markets in the UK was conducted only seven years ago – before which, ‘it had not been possible… to even start any serious discussion on the scale or health of the UK markets sector\(^2\).

This literature review aims to draw together the available research on retail markets in the UK. Whilst we find that there is a sizeable body of research on retail markets, there are a number of notable research gaps and limitations. In particular, there is a lack of national-level data. Much of the research available uses small sample sizes; looking at just a small group of markets or an individual market – which therefore may not be representative of all markets in the UK.

Secondly, there is insufficient data to understand the more complex dynamics underway within the retail markets sector. Markets are not homogenous, and whilst there are divisions made between types of market (such as ‘traditional’ and ‘farmers’ markets), even these may be too crude to adequately account for the diversity of markets and how that should affect our understanding of them.

Lastly, methodologies tend to be those that favour ease of collection – which perhaps reflects a lack of appetite to collect the data necessary to understand the sector better. Therefore, whilst the data presented here provides some indications, there is little robust evidence.

This report is divided into three sections. The first section draws together assessments on the population and performance of markets in the UK and how this has been changing. Next, this report looks at what economic, social, health and environmental impacts markets have in the UK. Lastly, the report considers the reasons for the changes to the population and performance of markets and where the responsibility for this lies.

---

1 Mary Portas (2012), *The Portas Review: An independent review into the future of our high streets*  
2 George Nicholson, Secretary for the National Retail Planning Forum in House of Commons, Communities and Local Government Committee (2009), *Market Failure?: Can the traditional market survive?*
The decline of market trading and wider context

1.1 The decline of the high street

Research and policy around the decline of retail markets in the UK is inextricably linked to broader issues of changes in retailing; and in particular, the changing nature of the ‘high street’. As well as identifying the economic effects of changes in high street retailing, research into this area over the past ten years suggests that the impact of declining high street retail has wider social implications. These include the loss of local identities, social interactions, and understanding of products (such as fruit and vegetables), as well as growing senses of dissatisfaction with the places that people live in.

High Street spending

In this context, research and debates around the decline of the high street often focuses on particular aspects of the high street – such as independent, small shops – rather than simply ‘in town’ shopping per se. Analysis by Verdict Research, for example, identifies that over the past ten years, high street retail sales have actually grown (from £109 billion in 2000 to £124 billion in 2009) if figures for in-town shopping centres are included.

Whilst there are still issues of a lack of data within this area, there is much more comparable information that can be used to assess the changes in high street retail than within the area of retail markets. Despite the actual growth in spending in high streets noted above, the proportion of spending in high streets relative to the total retail spending in the UK over the past ten years has indeed declined, as total retail spending grew much faster over this period (see Figure 1 below).

![Figure 1: Total town centre sales vs total retail spending 2000-2009](image)

High street outlets

Thus, as consumption patterns changed, 15,000 (almost one in ten) fewer town centre shops were in existence in the UK in 2009 than in 2000 – whilst the number of out of town shops grew by more than a quarter during this period. This data does not reflect the impact that the recession may have further had on this decline. For example, research by the Local Data Company suggests that one in seven (48,000) shops were unoccupied in UK town centres in 2011.

3 Verdict Research (2011), UK Town Centre Retailing; quoted in Department for Business, Innovation and Skills (2012), Understanding High Street Performance

4 Ibid.

5 The Local Data Company (2012), End of Year Vacancy Report
the recession may have had an impact in increasing the number of vacant shops, evidence suggests that this trend was already well underway. Analysis conducted as part of the Department for Business, Innovation and Skills research for the Portas Review suggests that the recession may have ‘served to exacerbate what was already occurring during the ‘good times’ - a slowly rising trend of void rates in town centres’ (see Figure 2 below).

Figure 2: Retail vacancy as a proportion of total outlets, 2000-2011

Footfall

The number of visitors to UK high streets is also evidently declining. Between 2007 and 2011, the ‘footfall’ of high streets (outside of central London) fell by 10.4%. However, there is a lack of evidence on the extent to which this represents a longer term trend, rather than the effects of the recession. Nevertheless, all of the available evidence points towards a slow decline of high street shopping in the UK. Some commentators have suggested that these retail patterns are inevitable, with the high street locked in a ‘death spiral’ as new retailing methods, such as out of town shopping centres and online sales, become more entrenched. Others, however, point to strategic planning and operational decisions that have exacerbated these trends with more optimism for their reversal. Many of the issues of importance for high streets are central to debates around the future of markets and discussed further in Section 3 of this report.

1.2 The decline of market trading

Assessing the relative impact that these trends have had on retail markets is extremely difficult, owing to a lack of comparable national-level time series data. The first attempt made to understand the size and scope of markets in the UK was conducted in 2004 by the National Market Traders Federation (NMTF) and the National Association of British Market Authorities (NABMA); often referred to as ‘The Rhodes Survey’. Subsequent national level research was published as part of the Retail Market Alliance (RMA) collective’s report ‘Markets 21’. Whilst differing methodologies between these studies make comparison difficult, there is strong indication that markets have been in decline over this period.

The number of markets

In 2009 there were 1124 traditional markets in the UK, a figure which appears to have remained roughly constant between 2004 and 2009 (1150 markets identified in 2004). The number of retail markets in total – which includes farmers’ markets - was 2079 in 2009. Whilst the 2004 survey did not collect information on farmers’ markets, given that evidence shows that the number of farmers’ markets have grown during this period (see below), the overall number of markets in the UK may actually have increased between 2004 and 2009.

\[\text{6 BIS (2012), data from Experian, Oxford Economics and Colliers International}
\]

8 \text{Daily Telegraph (13 February 2012), ‘Is the UK high street facing an inevitable ‘death spiral’?’}
The number of market traders

The number of traders in traditional markets, however, has shown some considerable decline. In 2009 there were an estimated 38,100 traditional market traders in the UK, a 14% reduction since 2004 (44,500 estimated in 2004). However, the effects of these changes are not evenly spread. Whilst some traditional markets are full, others have declined dramatically. Research conducted on Southwark market by NABMA in 2008, suggested that the number of occupied pitches fell by 59% between 1998 and 2008: with the majority of that reduction (40%) occurring in the previous year⁹.

Figure 3: Stall Occupancy at Southwark Market (1998-2008)

The 2004 Rhodes Survey found that on average just 75% of the 150,000 available stalls at UK markets were occupied; a figure which is much higher than the average occupancy for high street outlets noted above.

<table>
<thead>
<tr>
<th>Local impacts</th>
<th>Farmers’ Markets</th>
<th>Street Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marylebone</td>
<td>Ealing</td>
</tr>
<tr>
<td>Local employment by traders per stall</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Total local employment at market</td>
<td>14.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Daily income of market workers</td>
<td>£370</td>
<td>£270</td>
</tr>
<tr>
<td>Weekly income of market workers</td>
<td>£370</td>
<td>£270</td>
</tr>
<tr>
<td>Annual income of local market workers</td>
<td>£19,240</td>
<td>£14,040</td>
</tr>
</tbody>
</table>

Figure 4: Relative business performance between farmers’ and street markets

Market spending

Unsurprisingly, these figures mirror declines in the number of shoppers at markets and their average spends. Whilst robust data on this is unavailable, 42% of traders reported a decrease in the number of shoppers between 2008 and 2009, with 53% reporting decreases in the average spend.

⁹ National Association of British Market Authorities (2008), Strategic Review of Southwark Markets and Street Trading
1.3 The changing face of markets

The growth of farmers’ markets in the UK is often identified as a positive change within the pattern of overall decline. In 2009, there were 605 farmers’ markets in the UK, compared with 450 in 2002, and just 200 in 1999. However, whilst the overall number of farmers’ markets in the UK has tripled, it is important to note that these represent a very small subset of the overall retail markets sector – with traditional markets still accounting for 83.6% of all market traders and 93.5% of retail markets turnover. Comparison of two traditional and two farmers’ markets by the New Economics Foundation in 2005 highlights that with fewer operational hours and days, as well as being less well established within communities, farmers’ markets are much less significant in terms of their outputs than traditional markets.

The relative decline of both markets and high streets in the UK has prompted interest in enacting policy change that could reinvigorate these forms of retail. Most recently this has seen the Portas Review into the future of the high streets; as well as interest emerging during the last Labour government with a CLG Select Committee inquiry into the future of markets. Both research and policy over this time has looked to assess the contribution and impact that markets have, in order to justify interventions. Similar themes emerge of markets providing benefits for the UK economy, social well-being, public health and the environment. Whilst such benefits may be very important, this report also aims to consider the deadweight – or the extent to which such outcomes would happen without markets – within this context.

2.1 The Economic impact of markets

The total spend by shoppers at retail markets in the UK was estimated at £3.5 billion in 2008, representing just over 1% of the total retail spend that year. Wholesale markets, supplying both traditional markets and other retailers, had a turnover of £4.1 billion - suggesting that markets had a total economic value of £7.6 billion. These figures would suggest that the average turnover for traditional markets in the UK was £2.9 million and for farmers’ markets was £360,000. Research commissioned by the London Development Authority (LDA) in 2010 suggests that these figures may be overestimated. Their analysis suggests that the 162 London markets had a combined £430 million turnover (an average of £2.65 million per market).

Employment

There are, however, wider economic benefits of this retail spending. Retail markets, for example, employed an estimated 95,000 people in the UK in 2008, with...
There is also evidence to suggest that markets create more employment than other forms of retail. Analysis by the New Economics Foundation of Queens Market in London, for example, found that this market provided employment for twice as many people per square foot as supermarkets did. They also suggest that as a majority (53%) of those employed at the market lived in the immediate area, this income was less likely to be lost from the local economy.

The Multiplier effect

As well as contributing to local economies through employment, research suggests that markets may also provide further contributions through bringing in customers who then shop nearby—creating a ‘multiplier effect’. Surveys conducted at Queens Market for example, found that as well as an annual £11.5 million spent at the market, a further £1.8 million was spent by market customers at local shops. Larger results were found in the LDA’s analysis of London markets, which suggests that as well as the £430 million spent at markets annually, 57% of customers also spent in other town centre shops (an additional £752 million a year). Given that 42% of these customers reported that they would not visit the town centre if the market was not there, this suggests a directly attributable impact of £745 million (or 1.6% of London’s total retail spend) that markets contribute to London’s town centres.

Tourism

Suggestion is frequently made that markets may encourage tourism, particularly in the cases of speciality and farmers’ markets. However, there is no strong evidence to support such claims. BIS (2012) and RMA (2009) point to the success of one-off markets, such as those held for Christmas in Manchester, Sheffield, Leeds and Belfast. An economic impact assessment of the Manchester Christmas Market, for example, was commissioned by the North West Development Authority (NWDA) in 2006, which found that an additional £22.4 million was spent in the North West by 1.2 million customers attracted to the Christmas market. However, no figures were found of the proportion of these visitors that were tourists, and this figure itself represents only a tiny fraction of the almost £3 billion a year visitor economy in Manchester. Manchester City Council suggest that the market is intended to ‘animate the city and drive footfall by differentiating Manchester from other destinations’ and that further research would be needed to understand the extent to which it succeeded in this.

Comparison of four markets by NEF suggest that traditional markets may actually be better at encouraging visitors from further afield than farmers’ markets. In this study, 97% and 77% of visitors to the two farmers’ markets lived within three miles, compared to just 47% and 56% to the two traditional markets. This does not necessarily mean that customers are more likely to be attracted by the offerings of traditional markets, but these could be better promoted or have higher awareness due to their longer establishment.

Entrepreneurship

Lastly, suggestion is also made that markets could play an important role in supporting new business creation through providing low cost entry points to retail trading. The 2007 Cross River Partnerships case studies on market trading, for example, suggests that markets are ‘a great way for an entrepreneur to start...’

---

14 RMA (2009)
16 42% of £752 million, plus £430 million market spend; total retail sales in London £45.7 billion: analysis of data in LDA (2010)
17 LDA (2010), NEF (2005), RMA (2009)
18 North West Development Agency (2010), Cultural, Image and Heritage Evidence Base
19 Manchester City Council (2012), Christmas Summary
trading. With low costs and a direct relationship with customers, market trading is one of the best entry points into the world of business.20

However, whilst market trading costs can be low, some reports identify that there are barriers to starting up in markets that may make it harder for new traders, or even deter potential entrepreneurs. The 2009 CLG Select Committee inquiry and 2012 Portas Review suggest that new traders are often given poor locations within the market, have difficulty in obtaining bank loans, lack established relationships with wholesalers and may have trouble navigating trading regulations that exist.

There is evidence to suggest that new businesses are being created in markets however. NEF’s survey of traders at Queens Market, for example, found that 26% had begun trading over the past five years.21 This figure is twice as high as the national average, with approximately 13% of businesses in the UK less than five years old.22 However, further evidence would be useful to understand whether this figure is representative of all markets, and the extent to which higher levels of new businesses represent a supportive business environment, rather than high churn rates.

Suggestion is also made that markets may be a particularly useful entry point for Black and Minority Ethnic entrepreneurs, who often face additional barriers through lower financial and social capital. The above analysis of Queens Market, for example found that one in seven traders were from Black and Minority Ethnic groups; although this is in fact a lower proportion than in the London population.

2.2 The Social Impact of Markets

Whilst there is some evidence to suggest that markets have social benefits, these are often fairly intangible and thus difficult to quantify. A study by the Joseph Rowntree Foundation in 2006, for example, suggests that markets are ‘important sites of social interaction for local communities’, in particular through providing spaces for social interaction between older people.23 Markets may also be beneficial in their ability to incorporate greater produce diversity than supermarkets, which account for the needs and wants of different Black and Minority Ethnic Groups. Through this diversity, markets may also play a role in encouraging integration and multiculturalism.24 However, direct observation and qualitative research by the Joseph Rowntree Foundation found that whilst having diversity, different ethnic groups may ‘keep themselves to themselves and mix little across communities’ in markets, as well as noting some ‘inter-ethnic racial tension’ in the markets they visited.

2.3 The Health Impact of Markets

Markets may have some impact in promoting and encouraging healthy behaviour; principally through providing greater access, at cheaper prices, to fresh produce, as well as through helping individuals to understand more about food production and preparation.

Analysis of the comparative prices at a supermarket and market by NEF in 2005 found that a shopping basket of food was 33% cheaper.25 The NMTF’s Shopping Basket Survey 2008 found that markets were on average 6% cheaper across a range of 13 items, and 32% cheaper on fresh produce.26 Whilst farmers’ markets are often perceived as competing on quality rather than price,27

20 Cross River Partnerships (2007), Success in Business: Street Market Case Studies
21 NEF (2006)
22 Analysis of Department for Business, Innovation and Skills (2010), Small and Medium-sized Enterprise (SME) Statistics for the UK and Regions 2009

23 Joseph Rowntree Foundation (2006), Markets as sites for social interaction
24 NEF (2006)
25 NEF (2006)
27 London Assembly (2008), London’s Retail Street Markets
analysis by NEF in 2006 suggests that farmers’ markets may also be cheaper than supermarkets for fresh produce\(^\text{28}\).

Whilst these surveys are small scale and unrepresentative, data collected by Kantar WorldPanel shows that on average, market prices have been consistently lower than supermarkets during the past decade. However, market prices are more subject to seasonal fluctuations and have steadily risen to be in line with supermarket prices more recently\(^\text{29}\).

Price is seen as an important factor in why people choose to shop at markets - for example, 8 out of 10 customers in NEF’s Queens Market survey suggested that price was a ‘key attraction’ to them\(^\text{30}\). Research also suggests that price is an extremely important factor in people’s decision to eat healthy food\(^\text{31}\). Despite these connections, more research would need to be done to better establish the role that markets themselves actually play in encouraging healthy eating.

### 2.4 The Environmental Impact of Markets

Lastly, markets may be relatively more environmentally friendly than other retailers; through both customers and produce travelling shorter distances, customers using more environmentally friendly forms of transport, and reductions in packaging and waste.

London Assembly’s 2009 survey of customers at nine London markets, found that the average journey distance was 3.3 miles (although noting that this may be overstated, given that some customers may work in the area of the market), and that just 12% travelled to the market using a private vehicle\(^\text{32}\). These figures are comparable with those found in NEF’s survey of customers at four London markets, in which on average 36% lived within 1 mile of the market, 69% within 3 miles and 83% within 5 miles\(^\text{33}\). This study,

---

\(^{28}\) NEF (2005)  
\(^{29}\) Kantar WorldPanel, quoted in LDA (2010)  
\(^{30}\) NEF (2005)  
\(^{32}\) LDA (2010)  
\(^{33}\) NEF (2005)
however, also found that 35% of their customers drove to the market. No direct comparisons with customers at supermarkets were made in any of the research, so it is impossible to assess the actual relative reductions in emissions that markets may provide.

NEF (2005) does draw comparison on the distance that food has travelled; suggesting that the distance travelled by fruit and vegetables in a shopping basket is 600 miles; whilst produce within farmers’ markets in London are stipulated to be grown and produced within 100 miles of the market. Their conclusion that markets are therefore ‘by far the best choice to reduce food miles and therefore reduce usage of petrol and fuel emissions’, is, however, overstated given the difficulties in comparing this data 34.

Further research would be needed to support the assumptions that markets are more environmentally friendly than supermarkets, particularly with regard to packaging and food waste.

34 NEF (2005)
Reasons for decline and barriers to growth

Research has also attempted to explore the reasons for the decline in markets and how this decline could be stemmed, or even reversed. Common themes emerge throughout the research assessed, in particular around the wider retail context, retail markets’ strategy, infrastructure, operations and encouragement of new audiences both to shopping and trading. The argument presented through these is that markets are facing much tougher competition in retailing and are unable to make the changes needed to combat this. In general, the majority of this research is opinion-based—looking at the views of traders, market operators and management, customers, or individuals in membership and support organisations. Whilst such views may reflect the actual reasons for the decline in markets and how they could be better supported, there is virtually no analysis that has been conducted that provides more authoritative support on this. There are also some methodological considerations with using opinion surveys in this context; for example, through survey design influencing participant’ responses.

3.1 Being out-competed

As noted in Section 1, the connection between changes in high street retail and changes in market trading are often noted and may well be an obvious reason for the decline in popularity of markets, given the often close physical proximity of markets to high streets. As well as out of town retailers and supermarkets, the growth in online shopping is perceived to have drawn customers away from the high street and markets, as well as ‘bargain shops’ giving more competition from within high streets.

As well as offering a more unified shopping experience, out of town retailers and supermarkets are seen to compete better with high streets through:

- the provision of free or low cost parking facilities and better access
- greater diversity of produce
- better weather-proofing (i.e. being indoor)
- more convenient payment options such as credit card facilities
- longer/ more convenient opening hours and more trading days
- better facilities, such as toilets
- having (perceived) higher produce quality
- price/ consistency of price
- advertising and promotion

Therefore, whilst supermarkets and out of town retailers have responded to and driven new customer demands, the perception is that markets have been unable to and thus are less appealing to shoppers.

A qualitative survey of market customers conducted

35 JRF (2007); House of Commons (2009); NEF (2006); Mary Portas (2012); Joseph Rowntree Foundation (2007), Rediscovering mixed-use streets
36 LA (2007); House of Commons (2009); NABMA (2008); NEF (2006); JRF (2007); LA (2008); LDA (2010); London Assembly (2010), London’s Retail Street Markets
in 2008 by Ipsos MORI and published as an appendix to the London Assembly’s London Retail Street Markets report, found mixed perceptions from customers on these areas. For example, quality of facilities (such as cleanliness and toilets), as well as security, were not rated as being particularly important. Promotion of the market, and in particular online information, were seen as important — and areas that the market that they were visiting was lacking in.

Customers also highlighted other benefits they perceived from shopping at markets as a preference to supermarkets, including the ability to talk to the stall-holder, the community identity and interaction, as well as specific events, such as music events.

Analysis was undertaken as part of the London Assembly’s 2010 report that sought to quantitatively assess whether any correlation existed between the health of a market (using the number of pitches as a measure) and the health of a town centre (using ten measures of high street performance collected by the Greater London Authority). Their analysis found no significant correlation between the measures of market performance and measures of high street performance. Whilst the results of this small sample may not be applicable to all markets, they note that:

“This complex picture is consistent with anecdotal observations about the relationship between other forms of retail (in and out of town centres) and markets. For instance, while the expansion and increasing competitiveness of supermarkets is clearly a significant factor in the decline of some street markets, the relationship is not always one-way. At a local level supermarkets may help to sustain markets by attracting footfall, and their disappearance can damage a market’s performance.”

3.2 Being unable to compete

The follow-up argument made within the research is that markets have difficulty in responding to these changes and ensuring that they can compete. Whilst there are some differences in who is perceived to be responsible for this, the most frequently cited are:

a. Local authorities

Local authorities, particularly where they have responsibility for the market itself, are most often cited as being responsible for preventing a market from flourishing. At a wider level, this may be around the planning policy of local authorities where they are perceived to be detrimental to markets – such as encouraging out of town retailing through road networks, development or allowing and encouraging large in-town retail outlets.

Where local authorities have responsibility for the market, local authorities are often perceived to have little capacity or appetite for strategic development. These are sometimes perceived to be problems with the organisational structure of the local authority, or how local authorities perceive their role with regards to markets. A number of problems are seen to stem from this, such as the lack of investment in infrastructure and promotion, high stall charges, reluctance to allow farmers’ and speciality markets, and barriers to new traders.

b. Market managers and traders

Where more operational problems are noted, these are often perceived to be the responsibility of the market manager or traders themselves. For example, this may be with the market’s professional appearance; such as the problem of empty stalls, rubbish, and lack of enforcement where stall holders leave early.

37 Ipsos MORI (2007), Market traders and customers research
38 London Assembly (2010)
39 LA (2008); LA (2010); NABMA (2008); House of Commons (2009)
Bibliography

Cross River Partnerships (2007), *Success in Business: Street Market Case Studies*

Daily Telegraph (13 February 2012), ‘Is the UK high street facing an inevitable ‘death spiral’?’

Department for Business, Innovation and Skills (2010), *Small and Medium-sized Enterprise (SME) Statistics for the UK and Regions 2009*

Department for Business, Innovation and Skills (2012), *Understanding High Street Performance*


House of Commons, Communities and Local Government Committee (2009), *Market Failure?: Can the traditional market survive?*

Ipsos MORI (2007), *Market traders and customers research*

Joseph Rowntree Foundation (2006), *Markets as sites for social interaction*

Joseph Rowntree Foundation (2007), *Rediscovering mixed-use streets*

The Local Data Company (2012), *End of Year Vacancy Report 2011*

London Assembly (2008), *London’s Retail Street Markets*

London Assembly (2010), *London’s Retail Street Markets*


Manchester City Council (2011), *The Cultural Strategy – Economic Impact and Job Creation*

Manchester City Council (2012), *Christmas Summary*

Mary Portas (2012), *The Portas Review: An independent review into the future of our high streets*

National Association of British Market Authorities (2008), *Strategic Review of Southwark Markets and Street Trading*

National Market Traders Federation (2008), *Shopping Basket Survey 2008*

National Farmers Union and National Association of Farmers’ Markets (2002), *Farmers’ Markets – A Business Survey*

New Economics Foundation (2005), *Trading Places: The local economic impact of street produce and farmers’ markets*


North West Development Agency (2010), *Cultural, Image and Heritage Evidence Base*


Verdict Research (2011), *UK Town Centre Retailing*