**Open letter to the London Market Board**

**Can an industry on the brink of collapse become the powerhouse for the survival of small independent businesses?**

In a consumer economy where retail activity has grown by 100% in the past 20 years, the same cannot be said for UK street and indoor markets where activity has been on the decline. At present there would appear to be no evidence of a likely recovery in this industry. What are the reasons? Is there is a solution? How realistic is it to turn this failing sector into a powerhouse?

Several factors have created this situation in the UK street and indoor markets sector, mainly:

* Tough commercial competition;
* Lack of infrastructure (brick and mortar as well as digital);
* A very fragmented industry;
* An ageing industry;
* A lack of qualified management;
* An outdated legislation.

**Unprepared to face competition:**

The early 20th century saw the creation and proliferation of the first chain stores which, in the main, were small outlets mostly selling dry goods. However, by the 1950s in the US, and 1960s in Europe, another form of retail began to emerge as a result of four developments within those developing societies. These four factor are:

* The emergence of the automobile – with increasing numbers of cars people could transport larger amounts of shopping over greater distances;
* The retailer experience gained by chain store owners and their increased buying power;
* Consumers began to expect quality goods at affordable prices; and
* More affordable domestic appliances, e.g., fridges and freezers that allowed food to be kept at home for longer periods.

**The emergence of grocery supermarkets:**

The discount supermarket came into being and the efficiency and convenience of their self-service one-stop shop business model increased the demise of local traditional markets. The supermarket success is not accidental. Every company has a clear and unified strategy that includes the, farming, production, branding, buying, distribution, geographic implementation and sales of their produce.

The supermarket business model is so efficient they do not see traditional markets as commercial competition. Although outnumbered by an army of small businesses, supermarkets are better organised and so continue to win every battle against the small independent retailers. Today they mostly compete against themselves as they are now in a class of their own.

With their superior infrastructure, training, marketing and data collection to help understand and control consumer habits supermarkets continued to raise the stakes. Stores are built after careful consideration of their likely catchment areas, residential disposable income, road access, dedicated free car parking and storage. In the meantime, the traditional market industry was not ready for the challenges and it proved to be unable to fight back.

The traditional market industry had previously hidden behind the royal decree that granted them their rights to hold a market. However, these were completely useless against the newcomers.

In a commercial sense the traditional market industry never took the up gauntlet to answer the challenge presented by the supermarkets and other form of retails

With local authorities more interested in generating easy income uninhibited by qualified management structures and investments such as, car parking fees, shopping centre business rates, and street trading licensing fees; Traditional markets are not supported or encouraged to develop their business model or processes.

Although some feeble political attempts were made to protect the industry these, in the main, came through weak legislation forbidding large retailers to trade on Sunday. If anything, they only served to demonstrated the industry’s inability to compete commercially.

Because the local markets previously had no competition they have no real incentive to develop. The standards of the offerings provided by the traditional market industry prior the emergence of supermarkets included fish, meat and dairy that were rarely kept on ice, no electricity, no access to water, products not clearly priced and sale-by date labelling non-existent. Thus It was easy for supermarkets to provide conditions that complied with and contributed to, new food safety legislation. Consequently, leading to the disappearance of ‘fragile’ foods, such as, meat, fish and dairy products from most traditional markets. Henceforth, the traditional marketplace was not where consumers could buy all their daily supplies.

The commodities survived without refrigeration or being pre-packaged to prevent contamination such as, fruit and vegetables, affordable clothing (until Primark), cheap garments and discounted household products, survived better and slowed the fall of traditional markets.

**The domino effect**

With increasing buying powers supermarkets set up their own logistics and distribution centres. They cut out the middleman by buying directly from suppliers. As a result, industrial farming and fishing developed to a point where supermarkets now dictate how to produce food stuffs, how t has to be packed and at what price they are to be sold. Independent farmers who refused and those who were unable to take up industrialised farming had nowhere to sell their products. Small farms and independent fishermen went out of business.

**With the millennial came the E-commerce. Is this the last nail in the coffin for market traders?**

Since its rise in 1993, the commercial potential of the internet was obvious – even if very few could have predicted the popularity it has reached today. For the surviving market traders and seasoned market managers at that time e-commerce was perceived as another blow to their industry; it was regarded as the last nail in their coffin by many. How could an industry, unable to even put up a fight against the introduction of the supermarkets, survive this up and coming form of competition?

E-commerce was feared by the traditional market industry in the way any new form of retail is seen as a threat by established traders. However, what the majority of traders did not realise was that the internet was the great leveller, particularly in its early stages.

e-Bay was the first successful worldwide website to demonstrate how any business, big or small, could access consumers on an even playing field. Since then, various digital platforms have been providing similar services, the most successful of which are global networks. Some of these platforms did not come from a traditional retailing background, such as Amazon, FaceBook, Made in China, Just eat and Gumtree. These ‘start-ups’ have now became major players in the retailing world although, initially, they provided services that helped small businesses compete successfully with branded websites such as John Lewis, Debenham and Tesco.

These platforms provide micro businesses with real opportunities. Although their costs for traders are significant and require organised procedures they are best suited for dry goods with high margins. The extra expense can be justified by small businesses who can now reach a wider market. One success example is Ocado, the online grocery store. Initially struggling with heavy losses the organisation generated £14.7 million profit in 2016.

Unlike the traditional market industry which has not yet welcomed in the digital age, large grocery retailers are investing heavily in the online retail and home delivery sector. They now offer for an extra £3 to £8 customers can shop on-line and have their groceries delivery to their door. While Tesco claims to have generated £127 million profit in 2013, the volume of sales on-line has affected their in-store sales which are £7 to £8 more profitable per visit/delivery, Thus generating an estimated drop in overall profitability of £500 million while overall sales have increased, between the UK big four, during that period.

Competition continues to grow in the grocery sector with the recent launch of Amazon Fresh and the takeover of the giant organic food retailer ‘Whole Food Market’ for £13.7 billion. This activity is not only a threat to the grocery giants but will also impact the traditional market industry.

Amazon Go demonstrates that the online giant now intends to move away from providing a service for small independent businesses and become a major grocery retailer themselves. With Amazon GO introducing the new shopping era of the Robot Shop. This new innovation will do away with traders and even shop assistants. Consumer’s product information will be recorded and the data collected used by Amazon GO to target consumer activity by tracking consumer habits, manipulating further consumers’ needs and wants.

**In the meantime how has the market industry reacted to this new digital challenge? Is it seen as a threat or an opportunity**?

The relative success of the 'Love Your Local Market' (LYLM) campaign demonstrates what can be achieved using basic modern technology – but is it too little, too late? The market industry’s greatest strength is its direct and personal communications with its consumers. Home delivery is not a new phenomenon, Since the period covered by the 1940s through to the 1970s, often market traders toured rural areas in their little vans this strength has slowly waned. The vans disappeared as the weekly car trip to the one-stop shopping centre offered by the supermarket competition gained in popularity. While home delivery was revived through digitalisation, this time it did not apply to market traders since there was no available global digital platform adopted to their need. It was then that the local market industry should have begun the fight back. Now might be too late; but better late than never!

Other than discovering Facebook and twitter offers marketing opportunities not a lot has been done to digitalise the industry. A clear example of this lack of foresight was displayed when the author was building a central booking and marketing facility suitable for use throughout the industry. Told the facility is too advanced for its time and would not be embraced by market traders. There appears to be a stigma where industry leaders see market traders as cave men. They assume traders would not use a bathroom, so there is no need to build one. While other retailing sectors work to be ready for tomorrow’s trends, the market industry seems to want to maintain a tradition based on the vestige of their protected past.

The reluctance to understand the advantages of modern technology for the traditional market industry is not surprising when considering that currently a parking attendant’s CV is often enough to gain employment as a Market Manager without any further training. Few proactive market managers are prepared to adopt solutions likely to undermine their past efforts, personal successes and related pairs recognition.

The main argument put by industry leaders when dismissing the need for a global digital platform is, ‘one solution does not fit all’. This is true and the global digital platform developed supports this approach. Using cars and roads as an analogy, the platform sees market owners as cars with restricted functions. By using the platform a market manager, i.e., a car, can move into the whole of the local market system, or road network, and access many new opportunities regardless of their situations’ current limitations.

The reality is that even without assistance from the rest of the industry the global digital platform has so far managed to register 2,000 users. With the only incentive to the registrants being the ability to book a pitch with a single market operator. Market traders are showing they are certainly ready for this innovation, even if industry leaders are not.

The industry needs a globally recognised digital platform, not only for administrative purposes but also to provide a viable commercial and marketing solution available to all local markets and market traders. To be effective the digital platform must cater for the needs of all traders including transient market traders. Therefore, for the digital platform to be beneficial it must be able to connect all the parties, i.e., locations, operators, traders and consumers.

The technology for this global digital platform already exists. The Market People have developed and implemented a digital administrative and marketing structure capable of supporting development for further services such as a ‘click and collect’ platform for market traders. The Market People’s platform is design to amalgamate the information needs of all segments of the local market industry in one place and ease the administrative work load currently needed. Unfortunately, while the vision of market managers is limited to the boundaries of their markets and the organisational leaders of the industry have their eyes turned toward the past it is difficult to implement this platform and raise the retailing competitiveness of local markets.

**Infrastructure and Equipment**

Investment in local markets has always been very low. There have been very few attempts to modernise the industry and, even then, those attempts rarely focused on the industry’s needs or commercial requirements. For example, in the newly redeveloped Leicester Market, which is the largest fruit and vegetable market in the UK, you can not buy bread, milk, double cream, wild mushrooms, organic vegetables, fresh herbs, vegan products, cured meat or pastries to name a few. Worse still, if you ask a trader where to buy these goods you will be told to go to Tesco!

It is this approach that further exacerbates the market industry’s competitiveness’ decline. This situation will lead to even less viability for investment and result in more and more street markets working without basic services such as, well-appointed locations, power, clean running water, disposal of used water, recycling facility, dedicated car parking facility during trading hours, stallage, public toilet facilities and commercial rubbish collections (food stalls are often required to remove their own rubbish even though it is forbidden by the legislation to transport food stuff and rubbish in the same vehicle).

Over recent years the local market industry has somehow managed to survive through its various trends and bubbles. For example, one such success occurred in the mid-1990’s when the first French Market was held in Portsmouth. Consequently, many similar French and continental markets sprang up all over the UK and ran successfully until the 2009 recession. Another was the1997 introduction of the Farmers Markets in Bath. Most recently food festivals and street foods are generating new interest in the industry.

In London, markets like the Camden, Shepherds Bush and other borough markets are, amongst others, thriving examples. London markets often have offering a wide variety of goods and services imported from the from the countries of origin of many of the traders. London is also less affected by the ageing market trader’s because it has a young, cosmopolitan population working in the industry. Young foreign entrepreneurs are more easily able to find employment in the markets where language barriers are less of a problem. However, only few of them stay once their English skills improve enough to enable them to find more attractive work in less physically demanding occupations and better working conditions.

Nationally, there are over 2000 markets around the UK. This means the market industry is well positioned through the adoption of proper tools, investment and vision to transform itself into a retailing powerhouse. With the benefits of a global digital platform designed to allow traders access to the e-commerce revolution this development will be made much easier.

**Conclusion:**

However to secure its future the market industry must move fast. If the current administrative inertia continues the industry’s remaining assets could likely shrink beyond the point where any rescue effort can be effective.

Standardisation of procedures (not to confuse with standardisation of management models) through digitalisation is now a must. Not just to improve the industry and reduce administrative cost, but also to be able to respond, adopt and implement new legislation and taxation procedures, (New data protection, itemised VAT invoice, monitoring traders eligible for tax relief and business rate relief…), without adding substantial administrative work for the operator and for the traders.

It is my hope the London Markets Board will lead the necessary reform for which our industry is crying out. By using its leadership to produce a plan that will embrace all market managers, market owners, market traders and enforcement officers the Board can simplify and manage the efforts necessary to develop a structured strategy for future growth within the industy. The Board is best placed to ensure a coordinated effort from all parties, necessary for a successful implementation of any plan, can take place.

The London Markets Board could be the opportunity to create a body designated to act as an advocate and training establishment for market management, traders and customers. It can also be the foil where political activity in the industry, remuneration rates of employees and other industy-wide issues can be dealt with.

Market managers and owners need to be supported politically and empowered in the exercise of their duties and traders treated as would be any other business owner. It’s here where the Board’s expertise and support will help educate on legislative impacts in the workplace and assist in the provision of facilities allowing market traders deliver a professional service in a work environment suited to the 21st century.

**Regarding the structure and policy of The Market People as Company**

The Market People company is ready and willing to support the London Markets Board in its endeavours.

Any concerns you may have regarding The Market People fee structures, compliance, data protection, data control, data ownership, system security, conflict of interest with existing associations representing the industry, support processes and conditions for the major industry associations, distribution of profit, shareholding structure and vision please talk directly to us.

**Please Note:** In matters relating to private sector vs public sector and/or traders vs operators The Market People is absolutely neutral. Company policy forbids taking sides in any such debates as, to do so, would impact on our ability to provide an industry-wide service.

We are also more than happy to explain and display our global digital platform to potential users. It has taken us 140,000 human hours of programing to develop a cloud base platform which will never cease to evolve. We are very proud of what we have achieved even if our efforts have been unnoticed so far .

I would like to take this opportunity to pass on my best wishes for the success of the London Markets Board and to offer any assistance and support I am able to provide.

Philippe Basset



*Case studies, including witness statement, real-life experiences and examples are available to support and demonstrating what is truly happening in the market place.*

*In support of the above issues some online links have been added at the end of this letter. Please peruse to help understand why it is necessary for us to sustain our place in the retail market’s continuing evolution.*

**Useful substantiating Links: (press control and left mouse click to open)**

[First supermarket in UK](https://www.thesun.co.uk/archives/news/494935/1951-first-supermarket-made-1k-a-week2011-8000-of-them-make-107bn-a-year/)

[Ocado rise in 2016](http://www.bbc.co.uk/news/business-38806573)

[Success of home delivery reduce profit margin per sale but increase overall profit](file:///C%3A%5CTMP%5Cpublication%20for%20tmp%5CSuccess%20of%20home%20delivery%20reduce%20profit%20margin%20per%20sale%20but%20increase%20overall%20profit)

[Tesco extend one-day delivery to the UK](https://www.theguardian.com/business/2017/jul/24/tesco-to-extend-same-day-online-delivery-service-across-britain-supermarket-amazon)

[Amazon invests in grocery home delivery](https://www.theguardian.com/business/2017/jun/16/amazon-buy-whole-foods-market-organic-food-fresh)

[The delivery cost of the last mile](https://www.logisticsit.com/articles/2017/11/02/driving-down-the-cost-of-last-mile-delivery/)

[Click and collect vs home delivery](http://www.retailtimes.co.uk/click-collect-orders-arrive-twice-fast-home-delivery-kurt-salmon-study-finds/)

[amazon go](https://www.cnet.com/news/amazon-go-futuristic-automated-store-seattle-no-cashiers-cashless/) 2018 in London