## Influenceof Big Supermarket Chains on the Development of Small towns.

Dominykas Martinkevic

The last twentyyears have seen major changes in the shopping habits of Belarusians, namely, what food they buy and where they buy it. Twentyyears ago most people, especiallyfrom small towns,used to buy food atmarkets or specialist food shops, such as greengrocer’s, butcher’s and fishmonger’s. Those who lived in bigger citieswere able also to make their purchases in the so-called universal shops– «univermags». But the choice there wasn’t rich enough.

During the last years the situation has changed significantly. Nowadays, we see a sharp increase in the number of big supermarket chains that operate on the Belarusian market. According to the National Statistics Committee by January 2012 in Belarus 40.1% of the structure of retail trade turnover accounts for big supermarket chains [1; 2]. And today nobody doubts that supermarket chains are one of the most advanced commercial forms. Spacious trading areas, a wide assortment of goods, an eye-catching display, and what is most important - low prices offered by hyper- and supermarkets attract a growing number of Belarusian customers. In addition, supermarkets are now muscling in on non-food markets such as clothing, electrical goods, books and CDs, as well as financial and other services, such as office supplies and even photo printing. It is clear that the big supermarkets see these goods and services as key to their continuing expansion. Surely, modern people like saving their time and money by doing all shopping in one place. As a result, Belarus’ retail turnover, including the public catering sector, went up 20.3% within a year in January 2013 to 17.5 trillion Belarusian rubles ($2.04 billionaccording to the central bank’s rate) [3].Of the total, large trade organizations accounted for 79.7% while individual entrepreneurs and newly formed unitary companies accounted only for the rest.

But does the growing number of super- and hypermarkets have only a positive impact? This question provides numerous topics for discussionsboth within governmental agencies and people’s kitchens. Some people are concerned that the supermarket expansion in the small towns should be limited. They believe that supermarkets make small independent shops and individual entrepreneurs noncompetitive.

Supermarkets have a very strong position on the market due to a number of factors:

* they can use aggressive tactics, namely, promo-actions, advertising campaigns;
* they have the so-called “scale effect”, thus having tools to put price pressure on the suppliers and force them to buy goods at a much lower prices than small shops can afford to.

All these allow big chainskeep competitive prices.

Moreover some huge Belarusian supermarket chains, for example like Evroopt, have theirown logisticscenters which help them to avoid undersupply situations. Thus, they don’t have to overpay suppliers for express delivery [4].

However, independent shops, which remain noncompetitive under the pressure of supermarket chains, are still a part of the local economy and often support local communities. Many independent stores buy their supplies locally, helping by this the local economy. If small local shops close down, it will have an evident negative impact on the neighborhood. There are a number of reasons for this. First, small town shops often cooperate with various local businesses, which, for instance, supply them with natural home-growngrocery or meat that are of better quality and not very expensive. By buying from local producers, owners of small shops support their small businesses, and boost economic development of small districts. It is very unlikely that once big chains enter small towns, they will continue to support local producers by purchasing their products, however natural and cheap they can be. Big chains would rather prefer use their smart logistic and supply system all over the country [5].

Another problem under discussion is that both in big cities and in small towns the biggest supermarkets are usually situated at the edge of town, while local shops, the so-called “neighborhood stores”, are usually situated in the central streets or in highly populated areas of towns, close to their customers.People living in these locations are more likely to use local shops for their main shopping. So the loss of those local, independent shops can cause serious problems connected with access to food and other services, particularly for people with lower incomes and those families who don’t owna car. This means that if local shops close down, the effects are more likely to be felt by elderly people or needy families.

Another issue is the quality of service and maintain of good relationships among community members. People tend to go to local shops because in most cases the shop assistants already know their preferences and will welcome them as good friends, having a small friendly talk with them. This will not happen in big chains where a customer is treated not as a close friend or acquaintance, but just as a visitor. Though, the customer service will be good.

In the meanwhile big supermarketcompanies claim that all these impacts on local community and economy could be easily overlooked because they are creating new working places for local people. But do the supermarkets really provide any extra jobs? Supermarket companies usually herald plans for new superstores with the claim that they will bring hundreds of new jobs for town. Considering how many new stores have been opened all over the Belarus, this should leadto a significant increase in employment nationally. But the figures don’t add upas seriously as it might seem. Supermarkets are very efficient companies, particularly when it comes to the productivity and especially the productivity of their staff.And you need to be a really hard-working one to remain employed for a long time there.

Currently, Belarus’s Ministry of Trade is developing a law which will limit the share of supermarket chains in the market at the level of 25%.

Official figures of Mintorg show that today in most regions market share of big chains doesn’t even surpasses the figure of 20%. These figures vary, and depend on the development of town’s infrastructure.

 If to look at world’s practices, the share of big chains in Nordic countries, Sweden, Norway, accounts for 70% of the market, while in other European countries they keep to 30% share, which is regulated by the Anti-monopoly policy. You may wonder where the figure of 25% comes from. The Belarusian officials say that limit of 15% would be too low and of 30% would be too high. Thus, they believe that 25% would be just right. Also, it will support the local stores of private entrepreneurs [6].

So, as you see it is clear that big supermarkets in small towns don’t always make good neighbors. There are often significant social and economic impacts associated with the opening of new supermarkets. But again, influence of supermarkets on small townshas both positive and negative sides. The main thing there is to maintainthe right balance between the presence of supermarket chains and small local stores, as both of them play an important role in the town development and local infrastructure.

**WorksCited**

1. *В. Ковалкин, А. Филимонов* Торговые сети: современный сервис или монополизация розницы?// Проект BIRART Школы молодых менеджеров публичного администрирования(SYMPA). 2013
2. National Statistical Committee of the Republic of Belarus // URL: <http://belstat.gov.by/>
3. *Export.by* Belarus’ retail sales up 20.3% on yr in Jan 2013 to Br17.5tn // URL: <http://export.by/en/?act=news&mode=view&id=47911>
4. *V.Vishnev* Red Light to Price Growth // Economy of Belarus Magazine. 2011. No.2. P. 124–126
5. Good Neighbours? Community impacts of supermarkets // Friends of the Earth. 2005 URL: <http://www.foe.co.uk/resource/briefings/>
6. *Т. Григорович* Минторг Беларуси намерен ограничить присутствие крупных торговых сетей // БЕЛТА. 2013 URL: <http://www.belta.by/ru/all_news/economics/Mintorg-Belarusi-nameren-ogranichit-prisutstvie-krupnyx-torgovyx-setej_i_621167.html>