

Black and Minority Ethnic Retailers 2006

The new Report from the Centre for Retail Research on Black and Minority Ethnic Retail Businesses provides new data about an important business sector, which has received comparatively little attention until now.

The Report, *Diversity in Shopping: A Report on UK Black and Minority Ethnic Retail Businesses*, was commissioned by Bradford-based ATL (Yorkshire), specialist provider of diversity and enterprise support for Black and Minority Ethnic (BME) communities.

The Report dealt exclusively with small and medium sized retail and wholesale businesses

Scale and Size of BME retail enterprise

A 'first' for the Centre for Retail Research is to provide a proper estimate of black and minority ethnic (BME) BME retail numbers. Previous estimates have been of the 'finger in the air' school of statistical analysis. *Diversity in Shopping* estimates that in 2006 there were more than 68,000 BME retailers, almost 4,000 BME wholesalers, 373000 employees, and the combined turnover of all BME retail and wholesale businesses was £32.96 billion, almost 12% of UK retail sales.

Table 1
Estimate of the Size of BME Retail and Wholesale Businesses 2006

	Businesses	No of stores	Employees (thousands)	Turnover (£millions)
Food stores	38,271		198	£ 16,755
Non-food stores	29,782		154	£ 13,038
Wholesale	3,832		21	3165
Totals	71,885	87,788	373	32,958

Of these businesses, 23,300 (32%) are in London and 44,750 (68%) are elsewhere.

Comparisons

The average turnover of white-owned retailers (£0.611million pa) was 38% larger than that of BME retailers (£0.444 million pa). But general stores, electrical goods, furniture, hardware, and clothing run by BME-owned businesses were larger on average than similar white-owned stores. Black-owned retail stores tended to be smaller than other BME businesses.

BME **retail** businesses were much more likely to have *limited liability* (53%) than other BME businesses, although this percentage was lower than white-owned business (61%). They relied much more for business finance upon personal savings, family, friends and business acquaintances than white-owned businesses, 55% of which used bank loans.

Typology of BME retail businesses

Although the exemplars of black and ethnic minority (BME) retailing are probably the Asian Sari seller and the Asian convenience store, the sector is rich and diverse.

- 55% of BME retailers trade mainly with white customers or have 50%+ white as clientele
- The ethnic minority population is concentrated into a few areas (London, West Midlands, West Yorkshire, Manchester, Leicester) where BME retailing/wholesaling can be a very good business. Moreover, the low birth rate amongst whites means that BME (7% of population) will comprise 20% of young people over 16 years after 2010, so BME may prove to be the fastest-growing retail market.

Diversity in Shopping classifies BME retailers into four categories: *traditionalist niche*, *conventional mainstream*, *niche player* and *progressive mainstream*.

- The *traditionalist niche* store sells goods in a traditional way mainly to the BME community. An example would be a small Chinese food store.
- The *conventional BME mainstream* retailer runs a conventional shop, for example a convenience store, selling to white customers and BME. It is mainstream in the sense it appeals to all communities. It is conventional in that it is a standard part of the retail environment.
- The *niche player* promotes BME niche products to the mainstream community, for example Wing Yip stores.
- The *progressive mainstream* player runs a rapidly expanding business, with white and BME clients, which may do things differently from other businesses but may not be identifiably a BME business – for example Tom Singh's New Look business.

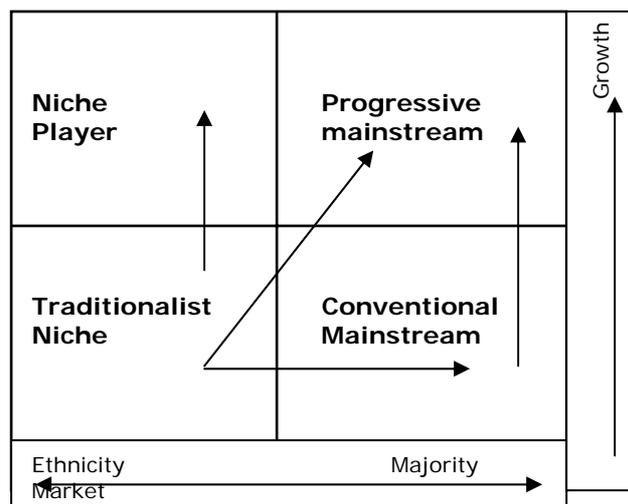


Figure 1

Typology of BME Retailers: Directions of Growth

Diversity in Shopping argues that most BME retailers are traditionalist niche or conventional mainstream, but that 15% of the sector are niche players or progressive mainstream and it is these that will grow most quickly.

The concept of a *BME community* may be as unreal as the concept of a homogeneous *white* community in which everybody purchases the same sorts of things. As retail customers, people increasingly want to pick and choose and so probably BME consumers may patronise all four types of BME retail enterprise.

Fears and forebodings

57% of BME retailers were concerned about the effect of the dominance of retail chains upon their business (compared to 64% of white-owned businesses). More than 40% were concerned about long-term low profitability, the costs of new business regulation (74%), rising utility costs (45%) increased wages (45%), and car-parking problems and issues of urban neglect. BME retailers tended to be more cautious about the economic outlook: only 38% of BME retailers felt that market conditions would be 'slightly better' or 'very much better' in five years time compared with 45% of white-owned businesses.

Fear of Crime

Considerable fear of crime was expressed by almost 38% of BME retailers (comparable figure for white-owned businesses was 22%). Forty-eight percent were anxious about shoplifting, 42% were concerned about groups of youths/incivilities, 42% about threats of violence, break-ins (38%), and racial hostility (28%). Information about actual crime losses over the previous 6 months showed that BME-owned businesses were more likely to be victimised by crime on every measure used than were white-owned businesses.

Methods

For this survey, a structured sample of 1,000 small and medium sized retailers were questioned, two-thirds from BME communities and one-third white-owned businesses. The sample was representative of the major food and non-food trade sectors and UK regions. The 1,000 retailers that took part in the study operated a total of 1,322 stores with a combined turnover of more than £505 million.

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