



# RSA

2020 Public Services

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**Shopping for  
shared value**

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The RSA's Action and Research Centre combines practical experimentation with rigorous research to create a unique programme of work. ARC's approach is inspired by the RSA's history of solving big problems by unleashing the human potential for enterprise and creativity. Within ARC, RSA 2020 Public Services is a practice-research and policy development hub working with local authorities, public sector bodies, businesses and the third sector to develop social productivity approaches to public service reform, helping to create stronger and more resilient citizens and communities. The RSA's Connected Communities programme explores how we can use the notion of social networks to map, make visible, mobilise and strengthen asset-based community networks to realise local opportunities and address local problems.

## Acknowledgements

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# Executive summary

The role of business in society is constantly evolving, yet the social value of retail has historically been neglected as a subject for research. We argue that building a future retail model which coordinates corporate operations to maximise local social and economic impact will become a key competitive advantage in a decade in which traditional physical stores are set to experience transition and disruption. Our inquiry has looked in-depth at Asda, focusing on stores in Battersea in South West London, Tilbury in Essex, and Oldham near Manchester. Each Asda store has implemented a Community Life programme of small grants, dedicated staff time and new partnerships with groups in the local area.

Locally and nationally, retailers are among the most prominent businesses we interact with. Employing over three million people in the UK, retailers play a role in the daily lives of the majority of citizens. Compared to other businesses, retailers are particularly grounded locally: they rely on local populations for customers and staff. Large retail stores are often a landmark physical presence. As well as sites of consumption they are sites of social interaction and employment, potentially key anchoring institutions in the social and economic activity that animates a place.

The growth of online commerce and the economic downturn have affected the viability of the UK's high streets and bankrupted several chains. Britain's largest retailers find that after years of competing to dominate the large store format, they now face competition *from* different formats. Supermarkets and other retailers will need to be nimble in engaging with fast-moving changes in consumption, from the mainstreaming of online shopping to the emergence of 'collaborative' forms of consumption in which goods and services are shared, borrowed or bartered, rather than purchased. In this context, retail stores – especially in out-of-town locations which traditionally have a narrower focus on retail than High Streets – must reconsider how to convince shoppers to visit their stores.

As retailers compete to provide the optimum blend of cost and quality online and offline, the backdrop of slow economic recovery and the pressures on customers' domestic finances remain an important context for an industry which is famously and fiercely competitive. With two recent decades of supermarket expansion through convenience formats, alongside competition concerns and recent product scandals, the social value of supermarket chains locally remains an issue of public debate. Increasingly, campaigns are raised and political capital rallied against businesses that are felt to be exploiting their scale to maximise their profits without regard to the social consequences of their actions.

Public authorities struggling to maintain services in the next decade will inevitably reach out to the private sector to ask where its resources and activities can add more to the public good. Low trust in corporate behaviour, and enthusiasm for local responses to economic and social challenges, means new models to create social value are emerging, with Government recently passing legislation to support this, such as the Social Value Act.

In shaping a retail model fit for the future, corporates which show leadership through the multiple challenges of competitive and societal pressure will require a new approach that goes beyond corporate social responsibility (CSR). Our research suggests opportunities for new relationships between large stores and the people, places and public services around them. There are clear opportunities for creating shared value: for commercial activity to support positive social value, and for social activity to support positive commercial impact.

We call the exploration of such opportunities community venturing. These community ventures will be effective when they are co-developed through local partnerships. Examples range from sharing data within and between businesses and public authorities; offering new services for citizens and entrepreneurs as well as consumers; bringing a range of public service interactions into the store; and better utilising assets such as car parks for commercial and community use.

Through a community venturing model, retail stores can realise their potential to drive economic participation and community development, and positively influence a range of social outcomes. In an intensely competitive sector, the business case for community venturing is built on retaining footfall, loyalty and insight generated. With price and location already well-established as competition frontiers for large supermarkets, and an enduring need for food consumption locally, there is an opportunity to lead among competitors and make shared value a factor in attracting market share.

To realise this prize will mean aligning a brand offer which is coherent and securing positive reputation, while key attributes that brands seek (for example trust – Asda’s mission is to be Britain’s most trusted retailer) must be translated to new types of customer interactions within a new competitive landscape. Creating shared value means developing shared approaches between people and organisations in a local area, and across the breadth of the business operation. In relation to retail this requires local sensitivity, and understanding inter-dependencies between different aspects of an organisation’s operations and the wider local agenda of social, economic and political issues.

Across 570 stores, Asda is at the beginning of a new approach to retail, moving forward among retailer peers, having established Community Life, a locally-led approach designed to allow autonomy and innovation. From this foundation, there are clear lessons for how retailers can effectively engage with and contribute to a wider local agenda for change, creating shared value where commercial and community interests are mutually reinforcing.

Building on six months of research, this report sets out the business case and the social drivers of change. We provide a roadmap for how a large retailer like Asda can evolve to co-produce a future shared value retail model: one that is locally adaptable and supported by corporate organisational strength. Below, we summarise our recommendations for how retailers can take action to develop a shared value retail model. We then make further recommendations for how Asda can transition: using the momentum and experience created by Community Life to develop a community venturing function.

**Recommendations for the retail sector are in Chapter 7. Retailers should:**

- Understand how core business activities (as well as corporate social responsibility and community investments) follow different value models, reflected in their organisational structure
- Invest in capacity to undertake community development activities and to engage locally with issues of common interest between retailers and wider public interest
- Transform CSR activities into a community venturing function which explores new shared value ventures locally, working in partnership
- Set a single framework which articulates the outcomes which the business can contribute to through retailing and other ventures, and sets operating principles for local autonomy for retail stores
- Establish key performance indicators which measure progress towards social and commercial impact in the outcomes articulated

**Recommendations for stores to experiment with new and expanded community ventures are in Chapter 5**

- In the short-term, such as using the store as a recruitment hub for volunteering
- In the medium-term, such as bringing leisure and entertainment activities into stores and car parks
- In the long-term, such as endowing community trusts with unused assets

**Recommendations for how Asda can develop Community Life are in Chapter 4**

- In the short-term, additional support for Community Life Champions based on the lessons drawn from the first two years
- In the medium-term, a more central role for Community Life in coordinating local insight and managing relationships as part of a full-time skilled role
- Longer-term transition to a community venturing model

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# 1. Introduction: Drivers of change

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## 1. Introduction

The RSA has a long-standing interest in how commerce can support and contribute to social aims and objectives. No area of business is in a better position to do so than retailing. In communities the world over, retail shapes the way that people structure their lives and relationships, and conditions how they experience choice. Retail is a critical part of how a local area feels and functions. The ways that it goes about its business can either hinder or nurture the growth of the local networks, relationships and resources that improve broad social and economic outcomes. Improving our understanding of retail's interactions with the places in which it trades is critical to improving how we live with each other and within our resources in the future. It is also critical for the long term success of businesses themselves.

Most of the critical enquiry and policy activity in the area of retail has looked at how retail operates behind the consumer interface. Regulation and voluntary codes have focused on the efficiency, ethics and sustainability of the business-to-business side of retail – its supply chain. Important initiatives such as the Groceries Supply Code, Fairtrade, and the Ethical Fashion Forum have aimed at providing information and reassurance to retailers and the public about the national and global impact of products. Our report, however, looks elsewhere. We concentrate on where the store meets the public face-to-face, at its front door.

That physical front door is still immensely important. It has become common to equate the rise of online shopping with the decline of the High Street, and of physical retail more generally. We argue that the reality is much more complex: our relationship with retail is changing in many ways, and the retail landscape is becoming more varied. Existing retailers are experimenting with new business ventures and engaging with the public in new ways. For the foreseeable future, shops remain the most important locations for retailers to learn, adapt and lead.

In recent years several national retail chains have gone under, and some services – such as banks – have shrunk their networks. However, the number of independent shops continues to grow, led by cafes and personal services such as hair and beauty businesses. High Street vacancy rates stabilised in 2013 at 14 percent nationwide, and landlords, tenants and local authorities have sought to see units converted to more viable uses.<sup>1</sup> The successes and struggles of retail clusters are increasingly locally differentiated.<sup>2</sup> While new shopping malls have opened in urban settings – in London, Liverpool, Bristol and other cities in recent years – over 1,300 retail parks nationwide have largely maintained low vacancy rates.<sup>3</sup> While

*Innovative practice  
on the ground has  
been outstripping  
theoretical enquiry*

any unused retail space creates commercial challenges, and potentially opens fresh civic possibilities – something we discuss later in this report – it seems inevitable that out of town retail will continue to be an increasing proportion of the retail landscape. As of late 2012, an additional 45 million square feet of out of town retail had planning consent, compared to 22 million square feet in town centres.<sup>4</sup>

Most commentators agree that the success of the retail sector is closely related to the vitality of its locality, and many retailers explicitly recognise this. At the launch of our project, one participant put it succinctly: “you can’t have a thriving store in a failing place”. However, there has been relatively little research into the relationship between retailers and their local communities in practice and how it could evolve in the future. One review of retail literature found just two studies investigating the social impact of retail.<sup>5</sup> Much of the research and policy activity that has been undertaken has either been framed around the potential of particular types of retail places – notably the Portas and Grimsey High Street reviews<sup>6</sup> – or has been commissioned by particular retailers with a view to assessing the impact of potential developments.<sup>7</sup> While entirely legitimate, these latter studies are often part of advocating for new planning permissions and are limited to technical modelling of spending and travel patterns in abstract of localised concerns. The role of large stores – in towns and out-of town – in delivering social value while thriving as commercial operations, has been relatively neglected as an area of research and policy analysis.

Innovative practice on the ground has been outstripping theoretical enquiry. The retail sector has been making significant social investments with local focus. These initiatives commonly combine charitable donations and volunteer time, and are usually considered as additional and separate to the social impacts (positive and negative) generated by the retailer’s core business. This report draws on six months of research with Asda, and considers how a large national retailer with large stores can go further – how it can develop a successful retail model for generating social value through commercially-focused activities, and commercial value through socially-focused activities. In other words, we make the case for a ‘shared value’ business model in which the business of building customer loyalty and recognition locally generates local social value.

The evidence on which this case is made draws heavily on the experience of Asda’s Community Life programme. The programme is young and ambitious. Launched in 2012, it established a national framework in which each of its 570 stores can support their local communities. In each store, one staff member has dedicated time as a Community Life Champion to coordinate the administration of small charitable grants locally, the use of the store by local community groups, and volunteer in the local area. The programme has been expressly designed to allow local innovation to emerge, and to enable the organisation as a whole to reflect on lessons learnt for the future. The stated objective of Community Life is captured in a vision statement:

[To make] the communities around our stores and depots better places to live and work for our colleagues and customers. Every Asda store and depot can be a hub for ideas, involvement, and innovation that will deliver

long term, positive benefits that help people live healthier, happier, and more sustainable lives, and make their communities stronger.

Less than two years into this initiative, by examining the programme in detail, and in particular by looking at the successes and challenges on the ground in three stores, this report helps shape the opportunity for Asda to develop Community Life and the way stores engage with local communities. The lessons are relevant to the retail sector in seeking to understand and improve local social value and underpin long-term economic sustainability.

*Shopping for Shared Value* has focused on three Asda supermarkets in different contexts: a large urban supermarket in a town centre (Clapham Junction in London), a large suburban supermarket on the edge of a small town (Tilbury), and a small supermarket in a residential neighbourhood of a large conurbation (Hollinwood in Oldham). Based on primary research, locally and with head office, this report answers the following questions:

- How do large retailers engage with social issues and challenges in their locality?
- What role do large retail stores play in the ‘social economy of place’: the network of people and organisations that function as the social support system?
- How can a large retail store best use resources across the business to create positive social value locally alongside core commercial functions?

Our research highlights opportunities for new relationships between large stores and the people, places and public services around them, and we argue that these new relationships can form the basis of a powerful and sustainable shared value business model. From Community Life’s achievements to date it is clear that there is appetite and scope for more ambitious work to support local change, while staying true to the creative, locally specific approach at the heart of the Community Life approach. We therefore argue the case for a robust business function empowered and resourced to explore these opportunities at a local level and lead broader organisational change to align business activities. Our vision for a future retail model is based around this enhanced function which we call ‘community venturing’.

## **2. Background: Retail in UK society**

Each day in the UK, there are an estimated 46 million retail transactions, representing around £1 billion, daily, in economic activity.<sup>8</sup> The nation’s 281,000 retailers employ 3.1 million people – one in nine of the workforce. This proportion is the highest in Europe.<sup>9</sup> The sector is valued at over £300 billion, which is the equivalent of 20 percent of UK GDP.<sup>10</sup> The UK is a world leader in retail. In 2013 eight UK firms were among the largest 100 retailers in the world.<sup>11</sup>

Food and clothing are the largest items in our shopping basket. For every £1 spent in the retail sector, 42 pence is spent in stores which predominantly sell food. Ninety-seven percent of food is sold in stores rather than online; and two-thirds is sold at supermarkets.<sup>12</sup> Ninety-six percent

of sales of food by value are made at the ten largest chains and Asda has 17 percent of the grocery market.<sup>13</sup>

Retail's enormous economic impact is matched by its massive social impact and the unique way in which it runs through our everyday lives. With each economic transaction there is a potential social interaction. Every week, Asda sees 19 million customers.

## **2.1. Retail evolution: the growth of a UK industry**

Retail is famously and fiercely competitive. Products compete for space and attention on the shelves. Stores cluster together and compete to attract customers through the door, while High Streets, shopping centres, malls and retail parks compete as retail destinations, vying to lure shoppers from their homes and workplaces. In recent years, evidence shows customers increasingly shop around, making multiple visits with less loyalty to high-end or low-end retail brands.<sup>14</sup>

Before Harrods opened its doors in 1834 'shopping' was not a word in our language. Transport improvements, population growth and urbanisation gave large stores the capacity to serve as private institutions that animated the public realm around them by volume of footfall. At the dawn of the 20th century department stores came to dominate town centres, serving many retail needs under one roof, but often surrounded by smaller shops. Passing pedestrians, on their way to buy a coat or meet a friend for tea might stop for groceries, a newspaper, or to have a pair of shoes repaired. Catering for all classes and ages, the department store revolutionised shopping, marketing shopping as a leisure activity, while later inventing mail-order home shopping catalogues, complemented by delivery vans, in the 1920s.

The first self-service supermarket opened in Streatham Hill in South London in 1951. Alongside food it sold cosmetics, flowers, greeting cards and sanitary towels. The 2,500 square foot store saw ten times the average store's weekly takings through its tills. Today there are over 8,000 supermarkets in the UK, including 1,500 stores which are ten times this size.<sup>15</sup>

In the post-war era of consumer expenditure growth and growing car use, supermarkets diversified their product range to non-perishable and comparison goods<sup>16</sup> such as clothes, appliances and home furnishings. New locations were added on arterial roads outside city and town centres, offering ample parking. Opening hours were extended, offering additional convenience.

With national distribution networks (including large logistics centres), marginal costs for new premises declined, and professional teams in many of the large retailers secured advance land banks, creating a pipeline of development sites so that site requirements were met ahead of expansion. First mover advantages were large, and retailers developed in-house teams supported by planning consultants, often enabling them to outstep developers and secure their own permissions rather than being subject to a bidding war. Price competition was keen, so volume was the route to expanded revenue and profit. This made locational advantages key.

In an era of growing global credit availability, investment could pour into the best organised UK chains. By the millennium, four businesses had become preeminent in UK retail: Tesco, Sainsbury's, Asda and Morrisons. These firms have been through heavy mergers and acquisitions in the last

20 years, with Asda acquired by Walmart in 1998 and Morrisons taking over Safeway in 2004.

Consolidation and fierce competition have continued, with big retailers extending their reach through smaller outlets and convenience formats. Tesco opened smaller format stores from 1994, buying up several regional chains to grow to 1,585 Tesco Expresses by late 2013; Sainsbury's also expanded through acquisition, growing to over 500 local stores by 2013; Marks & Spencer has opened 368 Simply Food stores; and Waitrose and Morrisons have both established High Street convenience formats since 2011. Asda today has 570 stores, directly employing 180,000 people. It acquired the chain of smaller Netto stores in 2011. More recently, this shift to expanding local outlets has been supplemented by initiatives to diversify the retail offer within larger format stores. Asda has installed Disney stores in some of its larger stores to provide merchandise for children, and from early 2014 Asda will host a pilot incorporating branches of Barclays Bank under their roof and piloting financial management advice for customers and colleagues in the store foyers. Tesco has been considering how to include cafes and restaurants within its big stores, while scaling back its plans to expand its largest units. Out of town shopping locations are seeking to broaden the experiences and opportunities available to include eating and drinking, personal services from haircuts to childcare, and leisure activities from yoga to gaming arcades.

The growth of the big four has been controversial. Some concerns have related to their impact on the supply-chain, others their impact on other competitors. Inquiries by the Office of Fair Trading and the Competition Commission have considered these issues. At the same time, their rise has also faced commercial challenges. Aldi and Lidl, long established German discount supermarkets, have grown strongly in the UK in recent years.

With the growth of discount supermarkets, independent retailers, convenience shops, and – critically – the rise of online shopping, Britain's largest retailers find themselves in the same boat: after years of competing to dominate the large store format, they now face competition from different formats.

## **2.2 The changing nature of retail**

The retail sector has always evolved and continues to change fast. The availability of new technologies drives (and is driven by) change in the retail sector. In the last 30 years national retailers have been able to exploit operational efficiencies in business management, for example in IT systems which coordinate stock-keeping and staffing, and monitor shopper behaviour. The challenge today for large retailers is to maintain the advantage that they consolidated in their locations and scale of reach. Inherited advantages are at risk of eroding; retail technology platforms are increasingly accessible and affordable to smaller retailers. Recent growth in online shopping for home delivery of groceries means that retailers – especially in out-of-town locations which traditionally have a narrower focus on retail than High Streets – must reconsider how to convince shoppers to visit their stores.

For all large format retail stores, the uncertain retail environment requires careful consideration. Retailers selling lightweight high-value

products such as books, CDs and DVDs have struggled or collapsed under competition from digital replacements. Retail banking is struggling to justify physical stores as online banking becomes more sophisticated. All supermarket chains now offer online ordering for delivery or click-and-collect but serving such orders is not yet profitable for the most part.<sup>17</sup>

The attraction of the superstore – everything under one roof – may become less relevant as consumers chose online channels for browsing supermarkets' non-food items. The fashion retail sector has proven especially innovative online, and Amazon has recently demonstrated the highest growth rate and the highest levels of customer satisfaction of any retailer.<sup>18</sup> The company offers non-perishable food and is experimenting with fresh food deliveries.

Despite the growth of online shopping, stores are still important places. Consumers are not 'rejecting the concept of physical shopping' as is frequently claimed<sup>19</sup> but many are using apps and websites as a new channel to browse, compare prices and find out more about products that they then go on to buy in stores. While around one in three smartphone users make mobile purchases, 95 percent have used their smartphone to research a product or service.<sup>20</sup>

Online retail growth has perhaps received disproportionate coverage. At 2011–12 growth rates (1.7 percent for non-online, 13.7 percent for online),<sup>21</sup> it could be 20 years before online retail revenue is equal in scale with non-online shopping. Online growth has largely cannibalised other forms of non-store shopping; early growth in internet sales has saturated the product ranges which are easily deliverable by post or digital content.

In integrating different channels for shopping, physical stores will be reconfigured rather than cease to play a role. Their role could increasingly become one of inspiration and aspiration, acting as an experiential showroom for products, and a place to communicate brand values through interaction with staff. The offline world maintains an intrinsic advantage over the online world: the potential for face-to-face human interaction and to engage five senses rather than two – sight and sound – online. The challenge for 'bricks and mortar' shops is to ensure that their interaction with customers is integrated with customers' increasing propensity to be online while mobile.<sup>22</sup> Asda has been the first national retailer to introduce free Wi-fi in all stores. This allows customers to more easily use Asda's app in store, compare prices, and place orders. Ultimately customers may be able to use their mobile phones to purchase items instead of going to the checkout.

Technology therefore offers the potential to market to consumers in new ways, but it also empowers consumers by distributing information more efficiently, for example in highlighting price differentials, accessing reviews of products or service from other customers, or organising campaigns to pressure retailers. The reputation of a retailer is therefore increasingly exposed to public perception of how it satisfies customers, and an aspect of this is how the retailer contributes positively or negatively to wider society. For example, Sports Direct recently attracted widespread criticism for its use of zero-hour contracts, and Starbucks for its tax arrangements.

In summary, trends in retail pull in several directions. On the one hand generic goods will increasingly be sold in an efficient transactional

or self-service manner; selected and paid for online and delivered remotely. On the other hand, products where design is primary are best marketed in experiential stores allowing interaction between staff, customers and products. Emerging online platforms like Etsy and Provenance seek to combine these traits, connecting customers with makers of the product.

For ‘big box’ retailers there is a strong likelihood that the need for shelf space will decline in coming years. Companies like Asda will potentially have several thousand square feet to be reformatted in their stores, and a continuing need to differentiate themselves from competition, build loyalty and secure positive brand reputation. Key attributes that brands seek like trust – Asda’s mission is to be Britain’s most trusted retailer – must be translated to these new types of customer interactions.

### 2.3 Adapting to a changing state

Beyond its purely economic value as a sector in itself, retail underpins local economies and plays a vital role in delivering public policy (and providing social value) in areas such as public health, employment and skills, environmental sustainability and community cohesion.

**BIS Retail Sector Strategy 2012<sup>23</sup>**

*Reductions in funding have come alongside a rise in demand for support from many people affected by greater economic insecurity during the recession and changes in welfare*

Retailers contribute massively to the diversity and vibrancy of the places in which they trade, whether these are town centres or out of town destinations. But of course, they can only do so in the way they do as a result of public policy, and their viability is dependent on public service investments such as health, education, law and order and transport. The spaces retailers trade in are often animated by public and civic institutions such as nearby museums, parks and performance spaces.

Large retailers are increasingly seen by government agencies and other organisations as key partners in addressing issues of public interest such as encouraging healthy lifestyles, broadening access to employment opportunities and revitalising town centres and deprived neighbourhoods. The major supermarket chains run thousands of pharmacies, and increasingly partner with health authorities to offer health check-ups, smoking cessation and GP services. At Asda Clapham Junction, the leader of Wandsworth Council runs regular drop-in sessions to speak to residents. Elsewhere, it is common for Parliamentarians to use Asda foyers to conduct surgeries.

The increased interest in the role of stores as good civic partners for local and central government is not accidental. Public services, along with many civil society organisations reliant on public funding, are experiencing an era of unprecedented turbulence. Reductions in funding have come alongside a rise in demand for support from many people affected by greater economic insecurity during the recession and changes in welfare.

Since the coalition government came to power in 2010, many national businesses have sought to identify how their relationships with political and administrative power might become more localised, reflecting efforts of decentralisation from central and local government. Clear examples of the government’s localism approach include the creation of 3,500 academies and free schools outside local authority control since 2010, and new

planning powers for local authorities and community groups. In October 2013 Hackney Council listed a disused pub as an Asset of Community Value – a legal status which means community groups have six weeks to submit a bid request, then a six-month moratorium to prepare the bid to purchase the asset.<sup>24</sup> Many such premises have been converted to convenience retail in the last decade – including a church in Bournemouth.

Through powers such as these, the public sector is seeking to localise choice and control, while at the same time adapting services to deliver services that are more in line with modern consumer expectations. For example, access to primary healthcare is seeking to become more convenient through walk-in clinics and extended hours.

In the longer-term, demographic factors mean that more people are likely to live alone, longer, and with limiting conditions and poor health. Planning for, resourcing and managing this demand is a principal challenge for the public sector. Potential partnerships with businesses to address issues of public sector reform have remained under-examined. As the RSA argued in 2012:

Public services need to be reformed to meet the demands of the long-term, under the fiscal constraints of today. Economic growth needs to be re-kindled – but in a more sustainable form that carries public confidence and delivers fairer returns. These are the two big policy challenges of our time ... Arguments about ‘responsible capitalism’ and public service reform are live, ongoing debates – but they have been made in different places, addressing different audiences and needs ...

... Just as the state is redefining its role and function, so too is business – responding to new arguments about sustainable value creation, and growing external pressure. The public is becoming more critical of the negative social impacts associated with business, more concerned with the environmental sustainability of its underlying model, and less accepting of the way it distributes rewards ...

... The gap between rhetoric and reality in this area is huge. Aspirational language and political sound bites are outstripping the reality in business and public services. More needs to be done to encourage the changes that are already underway, and to provide support to new collaborative approaches that we are seeing across public services. Unlocking the ‘hidden wealth’ of communities and realising the latent social capacity of business will not happen by accident. We need a collaborative mindset across public, private and civil society sectors, a proactive and catalytic role for government, and a social productivity approach to policy and practice.<sup>25</sup>

The changing shape of the state means the social functions of business will be increasingly recognised, valued, and relied upon. No businesses provide a more important venue for social interaction and play a more prominent role in daily public life than retailers. The opportunity for Asda to evolve its retail model to address wider societal challenges is particularly powerful. Asda customers include many vulnerable citizens who can often be hard-to-reach for public services, and through Community Life Asda has built up localised experience in how to maximise the potential of the store as a venue.

### 3. From CSR to shared value

More companies are learning to reap commercial benefits from strategies that have a wider social value. That's great. But the basic job of coaxing capitalism in the right direction is the same as it always has been: find ways to harness society's needs to companies' self-interest and hope the two stay together.<sup>26</sup>

National retailers are prominent subjects of public scrutiny, and their business operations are characterised by large volume interactions with the public. In recent decades supermarkets have therefore been at the front line of public debate on how business impacts society, and how society should regulate business. Issues have been varied and diverse, from alcohol marketing to ethical sourcing. Compared to other large national businesses such as utilities and banks, corporate social responsibility (CSR) for retailers has an explicit local dimension due to physical presence, with relevant issues varying between localities.

CSR became a feature of the operations of most large businesses throughout the 1990s as an approach to mitigating negative and promoting positive impacts in terms of environmental, social and economic outcomes. Like environmental impact, social impact is often witnessed remote from the site of consumption, for example through supply chains. Because retailers are the public-facing end of supply chains for products manufactured across the world, CSR activity has been significant in retailing. Furthermore, the incentive to address and improve social impact locally is strong, especially in supermarket retail, because expenditure, employment and a range of other impacts – positive and negative – are highly localised. Programmes such as Asda's Community Life represent the beginning of a shift to a corporate strategy which takes full account of the local context in which social value is generated, and allows stores the responsiveness and autonomy to make change happen locally.

The business case for CSR investment goes beyond enhancing the reputation of a business among customers. In 2002, Michael Porter and Mark Kramer – influential business gurus – suggested that strategic corporate philanthropy could be a source of competitive advantage:

Corporations can use their charitable efforts to improve their competitive context – the quality of the business environment in the location or locations where they operate. Using philanthropy to enhance context brings social and economic goals into alignment and improves a company's long-term business prospects.<sup>27</sup>

CSR as philanthropy, sometimes with a local and social focus, has been influential. For example, Business in the Community has mobilised considerable charitable efforts in different business sectors. But CSR has critics, many of whom dismiss it as window dressing – a diversion for the public, and a diversion for the business itself. Writing in *The Economist* in 2005, the head of McKinsey & Company offered a damning critique and pointed to the need for strategies that dwell less on mitigation and more on mobilising socially useful resources:

CSR ... is too limited, too defensive and too disconnected from corporate strategy. [Businesses] have seen it as a means to avoid NGO and reputational flak, and to mitigate the rougher edges and consequences of capitalism.

This defensiveness starts the argument on the wrong foot, certainly as far as business leaders should be concerned. Big business provides huge and critical contributions to modern society. These are insufficiently articulated, acknowledged or understood. Among these are productivity gains, innovation and research, employment, large-scale investments, human-capital development and organisation. All of these are, and will be, essential for future national and global economic welfare.

One of the compounding problems is that many companies have chosen to root their CSR functions too narrowly within their public- or corporate-affairs departments. Though playing an important tactical role, such departments are often geared towards rebutting criticism, and tend to operate at a distance from strategic decision-making within the company.<sup>28</sup>

In early 2011, Michael Porter and Mark Kramer introduced the concept of ‘shared value’ in the *Harvard Business Review*, as an attempt to address some of the criticisms being levelled at CSR. As a business, they argued, being a responsible corporate citizen is about *everything* you do. And being responsible is a business interest, because ultimately businesses rely on society for their workers and consumers, and on the wider economy and the environment as their supply chain.

The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.<sup>29</sup>

### **3.1 Putting shared value into practice**

The challenges facing large retailers in developing a shared value business model are as significant as its potential long term rewards. Realising a powerful shared value model in retail means ensuring coherence across a wide range of core business activities and understanding how they translate to localised impact. We outline some of the main challenges below.

#### **3.1.1 Quantifying the business case**

Studies of the effect of a company’s social reputation on consumer purchasing preferences or on stock market performance have been inconclusive; ‘the connection between good deeds and consumer attitudes is so indirect as to be impossible to measure.’<sup>30</sup>

A recent study considering both environmental and social impacts together has found ‘high sustainability’ firms outperformed the market between 1993 and 2010,<sup>31</sup> but many CEOs remain to be convinced.

The failure to make a link between sustainability and business value is the fastest rising barrier [to further action on sustainability]. In 2007, 18 percent [of CEOs] said this deterred them from taking further action, rising to 30 percent in 2010. This year, 37 percent of responding CEOs cited this factor, and just 38 percent believe they can accurately quantify

the business value of sustainability. One CEO commented: “Business is absolutely not doing enough: we’re being held back by timidity, by a lack of understanding, by a lack of a more holistic approach.”<sup>32</sup>

Furthermore, the gap between what CEOs have been able to achieve with their consumers and achievements in societal consumption practices is also substantial. Only 15 percent of CEOs think business has made good progress over the last three years in making sustainability a must-have factor for consumers, even though 82 percent think this is critical to harnessing sustainability as a transformative force in the economy.<sup>33</sup>

### 3.1.2 Signalling values from core business activities

Companies communicate to consumers through a number of means, beyond marketing and external affairs. For example, pricing is a key way in which corporations give signals to consumers about where values lie. One analysis of major corporate practice concluded with the following assessment:

Consumers often come to identify with the brands they buy, and firms hope to encourage this, preferring loyal customers to ones who engage on a merely transactional basis. But pricing decisions often undermine the relationship between brands and their followers. While a firm’s brand communications may say, “We value you as a person,” its pricing practices often say, “We value you as a wallet.” Customers instantly pick up on the inconsistency and respond accordingly.<sup>34</sup>

Retail managers perceive customer loyalty and satisfaction as well as customer retention to be the most important goals for sustaining a firm’s competitive position.<sup>35</sup> One study, based on more than 600,000 consumer interviews, concluded that brand loyalty needs to be built on the consumers’ emotional loyalty, not just on repeat buying, in order to be successful.<sup>36</sup> Satisfaction concerning customer service, as well as customers’ perceptions of salespersons’ commitment, was also indicated to be a powerful factor influencing customers’ loyalty. A survey across the literature suggests that alongside service, price, product variety and store environment were the most frequently identified features that attract customers to a shop – but retailers’ location decisions are crucial as customers and store locations are spatially finite.<sup>37</sup> Asda reflects this to some extent; its corporate mission is to become Britain’s most trusted retailer and its public image is built around ‘Everyday Low Prices’. Specific recruitment practices emphasise the importance of attitude to customer service.

### 3.1.3 Consumer choice, consistent citizenship

The consumer is, simultaneously, the citizen – the citizen in the society we impact through the way we run our business operations. Over time, their consumer choices will be driven by their response ... as citizens. If we are not seen to be committed to the communities within which we are allowed to operate, they will make their consumer choices in favour of others.<sup>38</sup>

*Ultimately, big retailers will only make the right decisions if they understand how their consumers make decisions*

Asda makes extensive efforts to gain insight from its customers, for example conducting quarterly surveys with a 5,500-strong panel of women with children who shop at Asda (Mumdex) and a 7,500 strong sustainability panel of Asda consumers (Pulse of the Nation). These resources represent a significant opportunity to understand which social issues are particularly important nationwide, and how customers weight the relative importance of different issues, such as sustainability or local social value.

The key challenge for large retailers is understanding consumer choice while maintaining consistency in brand values. Consumer choices are structured and mediated through price, promotion, store layout and other decisions taken by businesses. For example, products which are sourced or manufactured locally will likely result in greater social and economic benefits retained in the area around the store.

Disruptive new retail activities – for example those that publish full product transparency such as honest.by – will make it increasingly easy for individual consumers or interest groups to check whether products and practices fit with their expectations of the brand. Retailers may choose to commit themselves to standards – social and environmental – that will attract or reassure consumer groups that are important to their ongoing success. For example, social enterprises and Community Interest Companies such as the HiSbe supermarket in Brighton (“happiness before profits”) and the People’s Supermarket in London (“for the people, by the people”) have committed themselves to only stocking products that meet social and environmental standards. Alternatively, retailers may empower consumers through offering products certified at different levels in relation to their social and environmental value, some more demanding than others. (Well informed consumers of animal products can already choose between products that meet different levels of animal welfare and husbandry, from RSPCA certified Freedom Foods to Red Tractor standards.)

Ultimately, big retailers will only make the right decisions if they understand how their consumers make decisions. Asda is seeking to learn more about consumer behaviour and decision-making, partnering with the University of Leeds in a government-funded three year study. This Knowledge Transfer Partnership will develop methodologies and tools based on scientific evidence and business data that promote sustainable customer behaviour relating to product purchase and usage.

### **3.2 The opportunity for creating shared value in retail**

Currently, large national supermarket chains are engaging in what some commentators have termed a “community arms race”, seeking to demonstrate and communicate brand values through increasing philanthropic and sustainability initiatives connected to store locations. With price and location already well-established as competition frontiers for large supermarkets, there is an opportunity to lead among competitors and make shared value a factor in attracting market share from customers who will usually live locally. Creating shared value means developing shared approaches with people and organisations in communities, and with the breadth of the business operation. At this moment of time the potential to make programmes like Community Life bigger, better and bolder is two-fold:

- Firstly, businesses would be more productive in creating shared value if they could better **connect and align their community programmes to the needs and challenges faced by local communities**. For example, in addressing public health concerns, supermarkets would benefit from understanding more from public agencies, and public agencies could learn from what supermarkets know about consumption patterns.
- Secondly, since the net impact of businesses on their stakeholders is primarily attributable to their core commercial activities, **reconciling business decisions to be mutually supportive of the social objectives of community programmes** assures brand coherence, trust, reputation and customer loyalty in the long-term. For example, large retailers which provide corporate volunteers in a local secondary school could provide work experience placements and design recruitment practices with school-leavers, to understand how job opportunities could be made more accessible.

The efficiencies of national retail operations – which allow them to be price competitive and profitable – rely on centralised decision-making and shared business functions such as recruitment, management, procurement and marketing. However, local engagement to create social value is not, for the most part, scalable through centralised corporate policy. It is unlikely national retailers will succeed in advancing localised shared value community ventures if the same approach is taken in each locality; this philosophy underpins Asda’s Community Life programme.

### **3.3 Strengthening the contribution of retail to the social economy**

Creating shared value through retail requires local sensitivity. It involves understanding inter-dependencies between different aspects of an organisation’s operations and the wider local agenda for social, economic and political issues. Building this understanding is the focus of the next chapter of this report.

Large retailers are often anchoring institutions for their local areas. They rely on local populations for customers and staff, and they often have a landmark physical presence in their stores – an asset which may be flexible to new forms of use at a time when the retail industry is in a state of significant disruption. Supermarkets have particular assets including the scale of interaction with a broad constituency, data on consumption, and physical space. However, looking outward to the local community will be, for many, a significant change in organisational culture. More typically, retail management is more concerned with the back of the store: links to centralised procurement, pricing, recruitment and marketing strategies controlled from head office.

The following chapters in this report outline how large retailers can meet the challenges and opportunities of a changing technological, social and economic environment by adopting a shared value business model, focused on generating local social value through flexible, innovative and experimental local partnerships. We call this approach community venturing.

We start by assessing each of the three case study localities to understand their needs, assets and aspirations. We then assess the experiences

of engaging locally through Community Life and present ideas for new shared value initiatives in and around large retail stores. We make recommendations for how Asda, with partners in local communities – private and public – can put into practice a new retail model built around community venturing. Our conclusion summarises the need for and the benefits of this business transformation. Our findings have implications for different parts of retail businesses, and recommendations for partners such as charities, voluntary sector organisations and public authorities.

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## 2. Understanding stores' local context

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### 1. Introduction

Retailers that maintain physical stores are by definition locally grounded. Traditionally, a store is a large investment and its location is crucial to its success. For both small and large physical retailers, commercial success is highly dependent on generating enough footfall, while price, location and service are evidenced as being the most important factors in success.

Retailers typically understand their localities first and foremost as a source of customers, whether they are local residents (who would tend to frequent a local supermarket) or passing trade (a fast food restaurant near a busy road junction). Retail analysts often draw a distinction between convenience and comparison goods. Convenience goods are relatively generic, highly accessible and widely available. Comparison goods are high value products which are likely to prompt careful consideration and quality comparison by shoppers before buying. As well as competing on price and expanding their locations to include smaller convenience formats supermarkets have expanded their range of products in larger stores beyond food and drink to media (books, CDs, DVDs, video games), electronic equipment, clothes and homeware. They also frequently include pharmacies, dry cleaning and cafes on the premises.

Large supermarkets often locate where they are accessible to large residential populations, close to public transport interchanges, on main roads, or in existing town centres. High Streets can combine different types of retailers in one location, and successful high streets use this co-location to their mutual advantage – with supermarkets and department stores playing an anchoring role. Larger retail clusters are destinations which generate trips from distance in their own right, such as large shopping centres. Supermarket customers will typically live closer to the store and visit more frequently.

The frequency of visit and scale of expenditure means price and location are especially important for supermarkets, which are visited regularly by many more people in their surrounding locality than other large retailers. A large Asda typically has 40–50,000 customer transactions per week. Supermarkets seek to build loyalty and familiarity for customers who often have a choice locally. For millions, supermarkets are part of a weekly or fortnightly routine – and along with utility companies, they are the businesses that receive the highest proportion of household income. For these reasons, the stakes and potential risks for supermarkets in developing poor relations with local customers are much higher than other large businesses or retailers.

Our primary research for this project concentrated on three Asda stores which we selected because they varied in size, location, history, and their relationships to customers. Each of 570 Asda stores nationwide has, since early 2012, established a Community Life programme, and this programme provides an important source of evidence for how large retailers can engage with issues and challenges at a grass roots level, contributing positively to the networks of people and organisations within which the store does business.

## 2. Understanding local communities

In understanding the local communities which retail stores serve, retail businesses typically compile extensive and sophisticated data on consumption patterns. This is especially the case for large national chains. Similarly, local authorities primarily use commercial data to understand the role of large retailers in their area. Shopping patterns are subjected to computer simulations which estimate supermarket trading conditions alongside estimates of consumer disposable income in order to make the case for planning designations, permissions, or refusals of applications for new retail developments. This kind of modelling has its limitations. It is notable that the estimates of Asda Clapham Junction's annual trading revenue, commissioned by Wandsworth Council, are inaccurate by 56 percent.

*Going further and developing 'shared value' approaches in retailing requires local knowledge about a wider range of issues*

For Asda, attracting families is a key aspect of the business model, with mums featuring as the main focus for marketing and promotions. Asda's understanding and classification of consumer groups, based on demographic analysis, is commercially-driven. For example, Asda segments customers along the lifecycle as pre-family, family, empty nesters, and greys. While such categories are helpful in determining patterns of household consumption, they are broad brush and not designed to capture the more complex reality of real communities. Going further and developing 'shared value' approaches in retailing requires local knowledge about a wider range of issues. To do so will involve understanding consumers, but also developing a clearer understanding of those parts of the local community that do not currently use the store.

Moreover, in seeking opportunities to learn, to partner, and to co-deliver new opportunities through community venturing, retailers would benefit from engaging with different parts of the community on terms that are relevant to them. Community groups are conceived around different shared interests. They can be as diverse as a tenants and residents association on a housing development, a network of parents attached to a local children's centre, a faith group or a support group for people with a specific health condition. A further complexity is related to the way these groups are organised. For example, smaller groups are likely to be organised informally, without a phone number, email address or website.

The first task of a community-oriented retailer is to build an understanding of the range of people who have a stake in the local area. One of the first tasks prescribed by the Community Life programme is to walk the 'Asda Mile' around the store – to assess the community groups and institutions and build an understanding of what kind of partnerships could be made. While such organisations are likely to be supportive of broader and deeper engagement by retailers, some of them may initially look at retailers primarily as potential sources of goods and funding,

rather than partners with other assets – such as space, skills and local intelligence – to offer. Feedback from Community Life Champions across Asda is that community groups often see stores as primarily a source of potential donations of products stocked or small cash grants.

Based on our research, we have analysed how a large retail store can best utilise resources across the business to create shared value. As recognised by Community Life, this journey begins with building a multi-dimensional understanding of local areas. This chapter summarises the methods used in our research and then presents a summary overview of the three case study stores and their local economic and social geography.

### **Research methods**

In each locality, our research began by analysing recent studies of the area, for example Census data, recent consultation reports, business statistics such as town centre shop vacancy rates, and resources such as the Joint Strategic Needs Assessment, compiled in each local authority area by a Local Strategic Partnership.

Based on leads generated through this evidence, we identified, approached and interviewed decision-makers and budget-holders in several key aspects of the social economy – health, education, employment, public safety etc. – and representatives of a range of community groups. We visited each locality at least three times, and interviewed between 10 and 12 representatives in each locality. We engaged with the management and the Community Life Champion at each Asda store. We spoke to several community-based organisations that had partnered with Asda or received a grant.

We then arranged workshops which brought together participants from a range of backgrounds, including locally based RSA Fellows. These were held at community venues near the relevant Asda store, and facilitated by the RSA. We used these workshops to collectively identify passions held among a range of local stakeholders. We identified promising project ideas that could be delivered in partnership between community groups, public sector organisations, and Asda. The group considered the existing and potential contribution that Asda could make, drawing on an asset-based model of community development.<sup>39</sup> Following our stakeholder engagement workshops, we wrote a briefing note for Community Life Champions on the process involved.

In parallel, we have analysed several datasets generated and organised centrally by Asda's head office. This includes data on local consumers, patterns of spending in store, the geography of employee pay and commuting and how Community Life was performing across different sites. We interviewed a range of people at Asda with responsibilities for marketing, for community relations for new stores, for maintaining the store facilities, and for coordinating the Community Life programme nationally. We deliberately spoke to Community Champions in stores that the data showed were performing particularly well, as well as those that were average or below average.

### **3. Local Profiles**

We present profiles of each of our three case study sites separately. Basic descriptive data on each of the stores is presented in Table 1 below.

The table shows that there are a number of significant differences between the stores in terms of their size and scale and their physical proximity to their customers. In each store, the average employee worked for 25 hours per week.

**Table 1: Key data for case study stores**

Metric	Oldham Hollins Road	Tilbury	Clapham Junction
Floorspace (sq ft)	10,207	44,261	54,704
Food % floorspace	90%	71%	69%
Average weekly customers	10,981	42,458	63,163
Annual transactions	571,012	2,207,816	3,284,476
Population within 10 mins drive	154,285	56,089	200,500
Market share of customers within 10 mins drive	2%	36%	15%
Employees	35	382	469

### 3.1 Oldham

Asda's store on Hollins Road in Oldham traded as a Netto until 2011. Hollins Road links southern neighbourhoods of Oldham to Manchester and the M60 ring road. It sits in the Hollinwood neighbourhood, which features large post-war social housing estates as well as Victorian terraces and Edwardian streets of suburban housing. A larger Asda superstore sits two miles northwest of Hollins Road, in the Chadderton neighbourhood.

Oldham has suffered long-term economic decline over the 20th century. Once a great centre of the textile industry, Oldham has struggled to provide employment locally. The borough of Oldham contains several neighbourhoods with distinct identities, a pattern which has been reinforced by patterns of settlement among ethnic minority populations – primarily growing through immigration from South Asia. Hollinwood residents are predominantly White British.

Hollins Road is characterised by small parades of shops such as hairdressers, cafes, pubs and newsagents. Asda sits adjacent to a pharmacy, butcher and Post Office. Frequent buses connect Hollins Road with the centre of Oldham in 10 minutes and central Manchester 30 minutes away, and the council has taken action to bring down the cost of this transport.

Hollinwood is often associated with its large housing estates in Limeside, for which Asda is the only national supermarket brand in walking distance. Residents mostly welcomed the conversion from Netto as Asda represented a more positive marker of a national company choosing to trade locally, compared to the Netto discount brand.

Oldham is subject to significant ongoing regeneration investment. The town's rail connection to Manchester was upgraded and integrated with the regional tram network from 2012, and several schools have been rebuilt alongside efforts to increase social integration between children from different backgrounds.

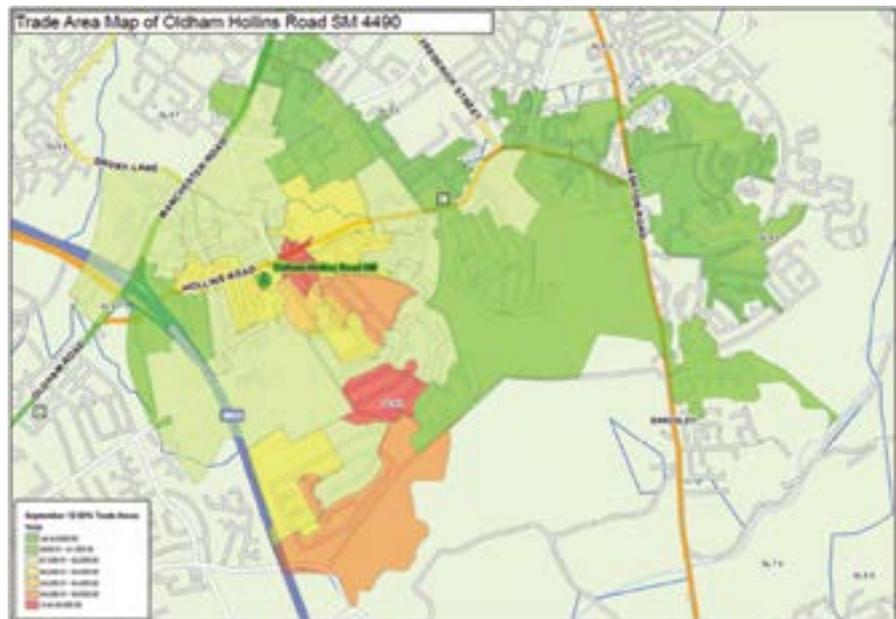
Worklessness, low aspiration and community pride are key local issues. A successful Hollinwood Together festival operates each summer, but take-up of other opportunities to get involved – such as the Community First scheme – has been low. A Hollinwood Jobs Club has 260 members and has found work for 45 people. A new time bank and credit union are also growing in membership in Hollinwood.

Although schools are improving, low school attainment presents a clear challenge for future employment. Other social challenges reinforce this: 26.5 percent of women under 18 are mothers, more than double the national average. Oldham is a pilot area for Universal Credit. This means that there are new dynamics emerging within households regarding pressure to pursue work opportunities. There are high levels of disability and associated benefits, and many long-term unemployed struggle to re-enter the labour market.

People feel there is less work, and less to do, than in previous generations. Changes on Hollins Road itself signify this decline. In the 1960s, Hollins Road had clothing shops as well as several fresh produce retailers. Several pubs have closed recently, and shops are currently cutting their hours and businesses are changing hands as operators struggle to make a profit.

Over the next few years, both Oldham Council and local housing associations are making significant investments in the Hollinwood area. People in the area feel it lacks a physical focal point and community leaders are hopeful that Asda can contribute to the improvements in the lives of local people in a way that Netto would not have considered.

Asda head office GIS team coordinate the collection and mapping of data, annually, assessing where customers are drawn from. This diagram shows weekly expenditure by different postcodes in Hollinwood in the Asda store, highlighting the commercial importance of social housing estates to the south of the store.



### 3.2 Tilbury

Asda Tilbury is a large superstore on the edge of a small town. Nearby is a historically settled local population where a trend of economic decline seems to be on the turn. New communities are arriving and new economic development is on the horizon.

Asda's Tilbury store opened in 1982 and is located within an industrial estate at the roundabout which marks the entrance to the town of Tilbury from the national road network. Just across the railway line to the south is the large port of Tilbury, at the mouth of the Thames, 25 miles downstream from London Bridge. Tilbury Town station lies less than a mile south of Asda with services to London via the larger nearby town of Grays. Buses connect Asda with Grays, Tilbury town centre and Lakeside shopping centre.

*One quarter of children [in Thurrock] leaving primary school are obese; this is among the worst rate in the country, and compares to 19 percent nationally*

The port of Tilbury opened in 1886 and its building prompted the construction of temporary housing, much of which was replaced following a government investment in 1918. Today Tilbury has a population of 12,000 and features a small town centre, an old fort on the Thames, and a power station. There are two primary schools in Tilbury, six in Grays, and two each in nearby Chadwell St. Mary and East Tilbury. The Gateway Academy secondary and sixth form, South Essex College and Treetops School are each 2km north of Asda.

Tilbury's retail is centred on Calcutta Street, which features a Barclays Bank, Boots, Tesco Express and Co-operative food store among national brands, alongside many independent traders, vacant units, and a market every Friday. The building architecture and frontages in the centre are in a poor state, particularly along Dock Road and Montreal Road, where units are becoming increasingly dilapidated. Notoriously among its residents, Tilbury no longer has a pub, and its leisure centre in the Civic Square has been closed for several years.

Thurrock, the local authority area for Tilbury, forms part of the Thames Gateway redevelopment zone which was designated a national growth area in 2003. In the last 20 years, 5,000 homes have been built at Chafford Hundred on an old quarry site. Thurrock's population grew by 15,000 between 2001 and 2011 and Thurrock has a relatively high proportion of people under 15, and aged 30–44, with lower proportions of young adults and people over 45. These trends are especially strong in Tilbury.

Thurrock has seen a significant net gain of people migrating from east London, driven by the availability of the housing stock. The arrival of economic migrant workers from the EU accession states (particularly Poland), and from parts of Africa has also contributed to population growth and new and complex demands on local services; Thurrock is likely to become more ethnically diverse in the future.

Drawing on a range of social indicators the overall health of the community is mixed. Thurrock residents' health is generally in line with the national average, and this is also reflected in related measures such as life expectancy. Drug and alcohol abuse is lower than the national average. The NHS has identified that smoking and obesity are particular concerns in Thurrock and related diseases are more common. One quarter of children leaving primary school are obese; this is among the worst rate in the country, and compares to 19 percent nationally.

Educational achievement in Thurrock has narrowed the gap with the national average in recent years in early years, and Key Stage 1 and Key Stage 2. At GCSE level, Thurrock now outperforms the English national average, and the number of exclusions has also reduced in recent years. Reported crime in Thurrock sits near the national average, but crime is highest in the two wards adjacent to Asda, including violent crime.

Rates of volunteering in Thurrock generally, and Tilbury specifically, are well below the national average. People in Tilbury are less likely than most people nationally to say they get on well with people from different backgrounds, and their general satisfaction with the local area is also below the national average.

In terms of economic performance, Census 2011 showed 10 percent of Thurrock's working residents work in transport and communication industries, twice the national average. Tilbury is the major container port

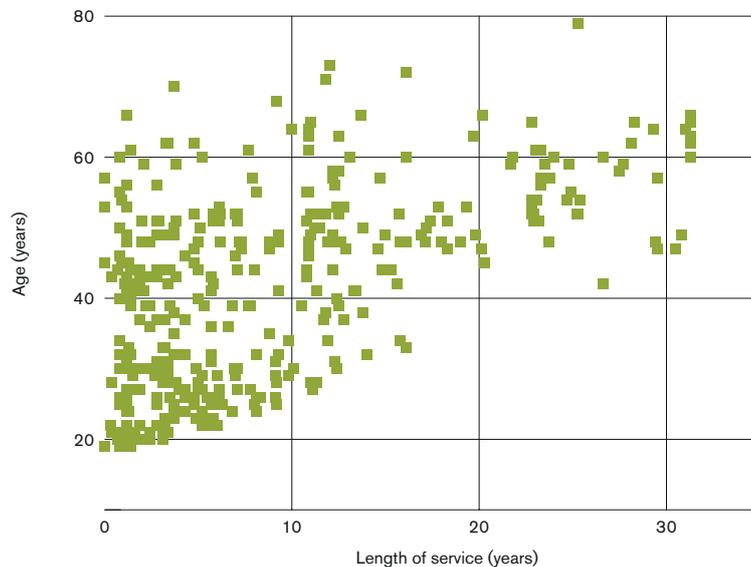
for London, and the third largest container port in the country. Retail and wholesale employs 20 percent of Thurrock’s workforce – with Lakeside shopping centre a major hub, while construction employs 10 percent, each above the national average. These sectors have been especially negatively impacted by the recession of recent years. Wages for Thurrock residents are slightly higher than the national average, but jobs located in Thurrock pay less.

Adults in Thurrock tend to be less well qualified than the national average, with data from the ONS Annual Population Survey 2012 showing 14 percent with no qualifications (compared to 10 percent in Britain), and 22 percent with a degree equivalent (compared to 34 percent in Britain). Larger proportions of residents work in administrative, secretarial and skilled trades. Self-employment is slightly lower than the national average and much lower for women. Among people without a job, rates of disengagement with the labour market are high, and take-up of benefits, including disability benefits, is low.

Thurrock’s Core Strategy states that “comprehensive regeneration initiatives are required to remodel the existing settlement at Tilbury”. The planning framework for Tilbury includes development at several large sites nearby. In terms of housing 1,000 new homes will be built in Tilbury by 2026, including 450 homes in the centre of Tilbury from 2021–2026. By 2020, an additional 25,000 residents are expected to live in Thurrock.

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### Tilbury employees by age and length of service



Payroll analysis at Asda Tilbury indicates that the store has new starters at ages from 18 to 58. Just under half of staff had worked over 6 years at the store. Thirty percent were 50 years old or older; 17 percent were 25 or under.

### 3.3 Clapham Junction / Battersea

Asda’s store is on the edge of Clapham Junction town centre. Central London lies three miles to the north-east. The store is a large superstore in a bustling urban town centre: a major transport interchange alongside shops and nightlife. The resident population in Battersea, the wider neighbourhood around the store, is diverse, with high levels of movement in and out every year, and high inequality.

The store sits between a large set of rail tracks and Lavender Hill, a main road with a bank, Post Office, several restaurants, fast food

takeaways and small shops (eg locksmith, charity shop, discount shop). Asda's neighbours on Lavender Hill include a library and a police station. Battersea Park School is a comprehensive secondary school with 750 students, located less than one mile north of Asda. There are 13 state primary schools within one mile of Asda.

Clapham Junction station is connected by frequent trains to both Victoria and Waterloo stations and hundreds of places across the South of England. Asda lies 400m from the main entrance to Clapham Junction station, which each week over 400,000 people enter or exit. The store trades 24 hours but is busiest after 5pm, with many commuters doing shopping as part of a transport interchange on their journey home. Sixteen bus routes connect the neighbourhood to neighbouring areas and other High Streets.

The landscape adjacent to Asda includes Boots and Lidl stores, and a day nursery at the edge of Asda's large car park. Battersea Arts Centre and the Clapham Grand both host music and theatre events. The town centre's core shopping area is on St. John's Road, which features a TK Maxx, Marks & Spencer, and Waitrose, alongside other national brands. Debenhams department store anchors St. Johns Road. Northcote Road, further south, features many independent shops, bars and restaurants, and has been home to a market since 1910.

The area on the other side of the rail lines, to the north of Asda, features terraced housing, post-war council housing estates, mansion blocks adjacent to Battersea Park, and newer luxury flats adjacent to the River Thames. Within 500m of Asda, neighbourhoods include those among the most deprived (the Winstanley Estate) and the least deprived (Clapham Common West Side) in England. Residents in three wards north of the rail line less often rate their local amenities as good than in four wards south of the rail line. In particular, more people in north Battersea feel activities and facilities for teenagers are poor rather than good. Anti-social behaviour is also a particular concern in north Battersea. Other factors of social geography indicate:

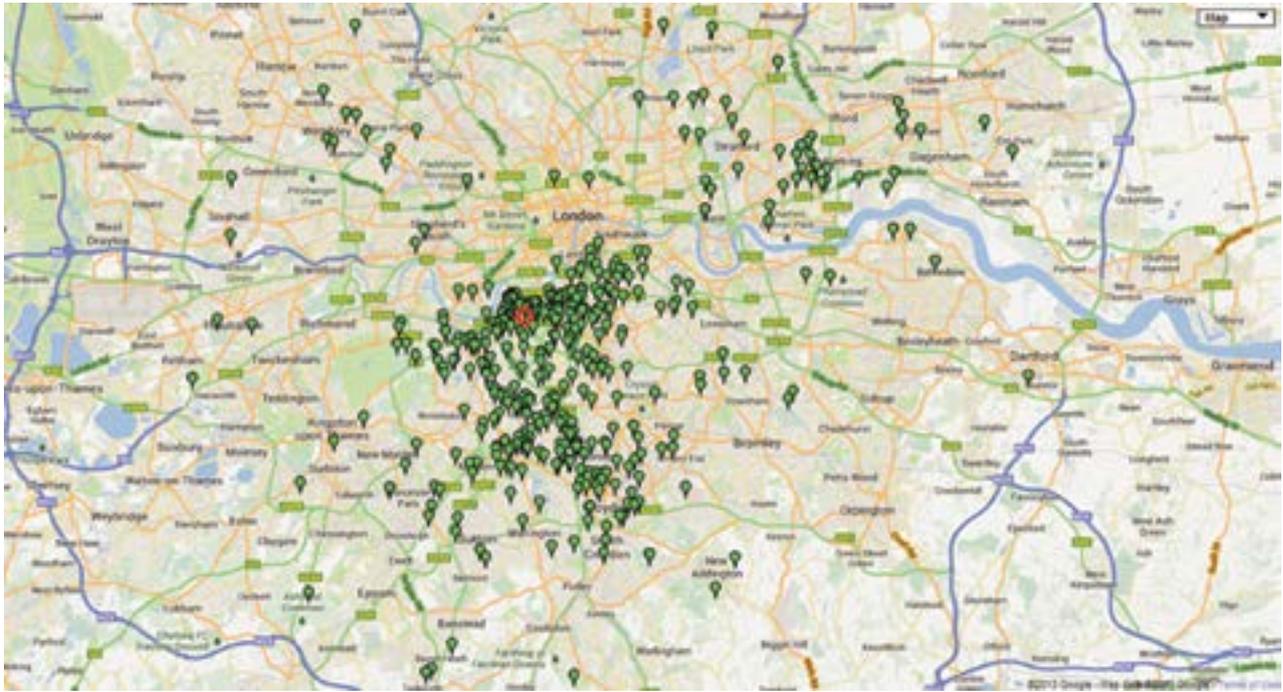
- **The local population is growing.** Population growth in the four nearby wards between 2001 and 2011 has been 21 percent – 11,000 new residents – faster than Wandsworth (18 percent), London (14 percent) and England (8 percent).
- **The local area's age profile is characterised by adults in their 20s and 30s.** Forty-one percent of the population is between 25 and 39, compared to 20 percent nationally. Levels of professional and managerial employment, and skills and qualifications, are higher than the national average – but these hide pockets of households with very poor labour market outcomes.
- **Housing conditions are relatively cramped and often poor.** Of 27,000 households in four nearby wards, 4,100 have more than 1.5 people per bedroom (15 percent). This compares to 9 percent nationally. Housing conditions create health challenges: across Wandsworth 38,000 fail to meet the Decent Homes Standard and 18,000 are estimated to have a health and safety hazard, commonly risk of fall. Another related indicator shows that rates of excess deaths in winter months are particularly high.

- **Adults tend to perform relatively well in eating healthily and being physically active**, the rate of adult obesity (14 percent) is significantly lower than the England average (24 percent). Twelve percent of residents had fair or poor health as measured by the 2011 Census, consistent with Wandsworth and better than London (16 percent) or England as a whole (19 percent).
- **Specific health and well-being concerns** are hip fractures in the over 65s and early deaths from heart disease and stroke, and new cases of tuberculosis and deaths from smoking are particular concerns in Wandsworth. There is a very high level of mental health needs among asylum seekers and refugees, and low levels of employment among people with learning disabilities.
- **Overall, residential turnover is high**. Nineteen percent of local residents arrived in the UK in the last 10 years, higher than the England average of 7 percent. Over 1 in 8 Wandsworth residents moves in or out of the borough each year, and 6 percent move within the borough each year, meaning 19 percent of the population lived elsewhere 1 year ago: the highest of any London borough.
- **16 percent of residents in the local area speak a language other than English as their main language**. This is broadly consistent with Wandsworth (17 percent); less than London (22 percent) but greater than England as a whole (8 percent).

Important community institutions include the Katherine Low Settlement, which hosts a number of community groups such as Women of Wandsworth Mums (WoW Mums). Providence House operates a youth club near Clapham Junction station. The Battersea Society is a long-established and constituted community group; newer initiatives include Big Local SW11 backed by £1m of funding from Big Lottery, to be allocated through local decision-making. Civic activism was strengthened by the riots of August 2011, when a number of volunteers rapidly organised a clear-up, attracting national media attention.

A number of planning issues have catalysed interest from residents very close to Asda including the proposed redevelopment of Clapham Junction and the Peabody estate. Like other town centres in Wandsworth, the Council funds a full-time town centre manager, who sits on several local business associations including Lavender Hill.

Clapham Junction will experience significant change over the next decade: Wandsworth's Core Strategy makes plans for 1,300 new homes in the area, with 30,000 square metres of employment space. Nearby in the borough, major regeneration is underway along Nine Elms Road, north of the rail line, including Battersea Power Station.



Asda colleagues at the Clapham Junction store live as far away as Dartford, Walthamstow and Wembley, traveling an hour each way for work. Less than 5 percent of colleagues live within the Asda Mile.

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# 3. Identifying opportunities: A SWOT analysis for big box retail

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Across the three localities, our workshops identified a range of opportunities for new ways in which the assets (time, skills, money, and other resources) of a large retailer could be utilised for the benefit of local communities. Part of this consideration was the Community Life (CL) programme, described in more detail in the following section.

This section summarises our research findings as **strengths** and **weaknesses** of Asda's current role in wider social and economic terms in local areas around stores. It continues by identifying the **opportunities** for addressing weaknesses, and developing and enhancing opportunities, and finally considers the constraints on Asda in maintaining strengths and addressing **threats**.

## SWOT ANALYSIS OF ASDA'S ROLE IN THE LOCAL AREA

### 1. Strengths: Asda's existing value to communities

#### 1.1 Public engagement

In each of the three case studies the sheer volume of footfall means that supermarkets have enormous public reach – typically 50,000 people visit a large store each week. In particular, Asda customers tend to include many who, in public service terms, are sometimes considered hard to reach, or suffer from social isolation or exclusion. One community development manager in Thurrock said 'When we were asked by the council to run a consultation about views on the local area they said "can you do something at Asda?"'.

#### 1.2 Low prices

Asda is affordable for people struggling financially: its value boils down to price and service. Low prices are seen as "honest" by the public, and Asda makes a point of pricing at round numbers (50p, £1, £2). Asda's own marketing emphasises affordability ("Asda Price Guarantee"; "Saving you money every day"; "You're better off at Asda"). This provides value to consumers, and the commitment to guarantee lower prices than competitors – recently announced as a long-term investment of Asda's five-year strategy – provides reassurance, through the Asda Price Guarantee.

### **1.3 Jobs**

Work at Asda is offered at entry level, above minimum wage, and jobs are accessible to a range of skills, ages and abilities, while offering progression routes (eg to full-time or management roles). Larger superstores tend to be among the largest employers in a local area – employing 400 or 500 staff – and most have the flexibility to choose to work part time. Because many supermarket workers live local to the store, and almost every person close to a store will have visited at some point, supermarkets represent perhaps the most familiar workplaces, meaning schools often make this link explicit for their students, organising work experience, and business studies field trips.

### **1.4 Space to be a community hub**

The cafe, foyer and back office rooms at Asda provide space for meeting which is used for a range of activities, from older people socialising to organised group meetings (eg Weight Watchers). Sometimes this type of space is termed “Third Space” – because it is neither a home nor work environment, nor public space. Furthermore, the space is neutral in relation to associations to sensitive issues. People can attend support groups without feeling stigmatised that they are in a location for people in need. One school told us that some parents would be easier to engage at their local supermarket because of strong negative associations with meeting in a school building. Supermarkets are often where you would most likely run into a neighbour: “Asda is a social place where people stop and talk”.

“The domestic violence support at Asda is the most accessed in our area. A lot of these things should be based in retailer areas – where they are accessible. [Although] we want our school to be the hub of the community ... school is a scary word, a scary building. Having more at Asda would save parents a trip.”

## **2. Weaknesses: Asda's current negative impacts (real and perceived)**

### **2.1 Unhealthy food**

Food promoted on special deals and at the store entrance is often unhealthy. This is seen to undermine efforts to promote healthy lifestyles. Several people pointed to multipacks of donuts as emblematic of this contradiction:

“When you go in there the bad food is thrown at you. The diet of our kids is dire. We want to encourage parents to cook with and for their kids, and learn to budget with healthy food.”

**Deputy Head, local school**

### **2.2 Communication with customers and wider community**

As a relatively new initiative which is purposely not dictated from the top down, the CL programme is inevitably uneven in how stores communicate externally about what they offer and what they have achieved. In a minority of stores, where CL has struggled to gain traction since launch, there is no wide or common understanding locally about the availability of

funding (and eligibility), or the role of the Community Life Champion (CLC). Beyond the Chosen By You, Given By Us (CBYGBU) grants programme, people have not developed a consistent expectation between different stores about the resources (time, physical space) CL could bring to bear for them – precisely because CL features a locally-driven approach.

“You have to be in-store to know what’s going on. It would be good to know more widely what is on offer.”

“There isn’t anything obvious saying ‘we’re supporting XX and we’re here for you’.”

“I don’t see them promote what they do.”

*One community worker observed that “to those furthest from the job market using an online recruitment system is ‘out of this world’”*

### **2.3 Engagement with local issues**

Many local stakeholders feel Asda is unresponsive to local issues. For example, during the course of our research Asda submitted a planning application to secure permission for a betting shop to open in a vacant unit adjacent to a supermarket, under Asda’s roof. Several prominent community leaders were critics of the proposal but Asda staff locally had not been briefed in advance. The CLC is often overwhelmed by requests for assistance, and can find him or herself in an uncomfortable position as a liaison for a wide range of community issues such as anti-social behaviour or planning applications – a role which is beyond their current training and authority.

### **2.4 Recruitment is not in local control**

Most large retailers handle recruitment as a centralised process, which is felt to achieve operational efficiencies and provide consistency. However, the format of advertising and receiving job applications does not appear to be well suited to maximising access to employment opportunities among people local to the store. Most positions are advertised for one week. While some stores have good working relationships with JobCentre Plus, alternative local support such as jobs clubs which meet on a weekly basis are often unable to do specific preparatory work with candidates, and most Asda jobs are inaccessible to jobseekers not online. One community worker observed that “to those furthest from the job market using this system is ‘out of this world’”. However, local recruitment programmes are being expanded – such as work placements facilitated by the Prince’s Trust with under-25s in the North East. Nationally, Asda offers an accredited apprenticeship programme for 16–24 year olds.

### **2.5 Neighbouring businesses less viable**

As Asda competes to sell certain products (eg flowers, pharmacy, hot takeaway), some nearby businesses may close, resulting in job losses and vacant units (eg Oldham Hollins Road). However, this relationship is ambiguous. According to one local community worker:

“Residents want to see different shops locally, but I’m not sure they’d use them. Do they want to lose their small businesses for the convenience, low cost and ease of Asda? Not sure.”

In other instances the footfall attracted by Asda anchors a wider offer and supports visitors who would otherwise be more likely to go to competing locations (eg town centres such as Clapham Junction).



### **3. Opportunities: utilising assets and addressing weaknesses**

The stakeholders we engaged were full of ideas for how a retailer could maximise social value locally. Specific project ideas feature in further detail in Chapter 5 of the report. Overall, our interviews and workshops with representatives of a range of community organisations identified three key opportunities. They wanted big retailers to:

1. Raise awareness among retail customers about issues of concern to the community group
2. Allow them to recruit participants or volunteers
3. Enable them to raise money from store customers

#### **3.1 Competition in the sector**

Groups felt that big retailers have an opportunity to win local custom by showing that they take their communities seriously. Groups were looking for retailers prepared to make the best social offer: “if companies don’t care, people are going to start going somewhere else”.

#### **3.2 Data analysis of consumer behaviour**

Supermarkets have a unique and system-wide insight into patterns of consumer behaviours across large populations. Their national scale means they can see how people respond to different interventions in a controlled and comparable environment. For example, Asda makes extensive efforts to gain insight from its customers, such as conducting quarterly surveys concerning the economy, household finances, children, technology and other topics with a 5,500-strong panel of women with children who shop at Asda (Mumdex) and a 7,500-strong sustainability panels of Asda consumers (Pulse of the Nation). Tesco recently publicised the composition of the health content of shopping baskets. Such data, if made openly available, could prove hugely valuable to other organisations.

### **3.3 Diversity and breadth of retail offer**

Having tens of thousands of product lines under one roof, alongside other functions such as pharmacy services, creates opportunities for referrals between products and services. For example there is a link between pharmacies offering diabetes management advice and low-sugar products. Supermarkets can uniquely offer a holistic health and well-being approach, for instance in relation to nutrition concerns, or a range of products and services which would be relevant to parents with newborn children. Such initiatives wouldn't necessarily have to be owned by Asda, but hosted in the stores, which can take advantage of the co-location of an increasing range of public and targeted community services.

While many stores already feature 'ethnic' food in a world food section, stores could highlight the cultural diversity of their customers and neighbours through featuring ethnic foods as appropriate in the seasonal aisle, or organising entire produce sections by country of origin, or county of origin within the UK. Certain shelf space could be rented out to locally-based suppliers.

### **3.4 Prioritising a strategic approach**

Coordination should be recognised as different to, but a priority above, corporate volunteering. For example, spending two hours coordinating with several charities to raise awareness and recruit their own volunteers in store is likely to be more impactful than two hours of volunteering by the CLC. Participating in a local health and well-being board meeting may result in a more strategic contribution from a large retailer than time spent directly supporting people in ill-health.

### **3.5 Stronger local leadership**

The clearest opportunity for the store to identify socially valuable initiatives is to participate in local fora which bring together local community stakeholders and business leaders. Retailers which encourage staff to lead at the heart of local networks find that store managers are well-placed to connect opportunities and broker relationships. This requires time and autonomy to represent the store and the wider business. In short, the first step to demonstrating commitment to community issues is a commitment to community debate. Where this doesn't already exist, large retailers are well-placed to instigate and host such groups.

### **3.6 Hosting leisure and entertainment events and activities**

The role of the store as a community hub and focal point of local identity could be enhanced by increasing the hosting of interactive activities. The car parks at Asda stores are usually spacious and could accommodate temporary markets, festivals and mobile installations. The shift of retailing activity in response to online and mobile technology is considered a huge potential opportunity to reconfigure space in store.

## **4. Threats to the creation of shared value**

There are several strategic issues which constrain large national retailers in pursuing the opportunities identified by our research.

Principally, it will be difficult to maintain a definitive view of what comprises a relevant 'community'. As Abraham Lincoln famously said,

*Local perceptions impact the long-term commercial and regulatory climate locally*

“you can please some people all of the time, and all of the people some of the time, but you can’t please all the people all the time”. Asda’s CLCs are already building a wealth of experience in defining the boundaries of when it is appropriate for Asda to take a view on a community issue. There will be instances where the majority of local stakeholders – or a vocal minority – will take a position which is not in Asda’s commercial interest or consistent with maintaining a consistent national brand identity, for example on regulating the sale of alcohol locally. However, Asda would benefit from analysing the intelligence about local perceptions compiled by CLCs and other colleagues, and using this to inform commercial decisions. Local perceptions impact the long-term commercial and regulatory climate locally.

A further fundamental challenge to building Asda’s leadership locally on community issues is the corporate policy of rotating General Store Managers (GSMs) between stores – typically every two years. Asda believes that this has commercial benefits in terms of disseminating best practice and leadership development – but it also has a social downside in terms of the disruption to relationships formed by GSMs. At worst, rotation discourages GSMs from investing time in outward looking community issues, concentrating attention instead within the four walls of the store. As Paul Kelly, External Affairs Director at Asda commented, GSMs’ commercial success and community contribution “needs to be seen as symbiotic – community leadership and investment helps me hit my numbers”.

Further threats are summarised as follows:

- Competition is often conducted principally on price, with decisions being made on a daily or weekly basis. Investing in a shared value business model with local communities may seem less urgent and rewarding when there are immediate battles to fight
- Formalisation of Community Life through procedures, policy and additional guidance could limit opportunities for local initiative and creativity. After almost two years of the Community Life programme, certain aspects of the Community Life approach are likely to be considered helpful and instructive while others will be considered more prescriptive and may discourage initiative
- Health and safety risks are likely to increase, and there may be insurance implications, as Asda engages in new activities in stores and car parks. Safeguarding considerations will be a stronger concern as the participation of retail staff in initiatives in the wider community increases

A final consideration is that our research has come at a time when there is growing public awareness about the impact of large retailers and fair practice among big business. Over 2013, large businesses received negative publicity for their employment contracts and pricing strategies. There is a risk of Asda being left behind as other supermarkets take the initiative and publicly articulate (especially at a national scale) the wider social values they are supporting (examples include the Waitrose

Foundation, Sainsbury's PitchUp, Tesco's community marketplace and space-sharing partnerships, and the M&S community guide developed at Cheshire Oaks). Asda's investments, if they are seen to follow rather than lead, could be tainted as reactive and devalued as "too little too late". The local leadership which is encouraged by Community Life could go unrecognised by many, because it is not an approach which emphasises promotion of the programme's impact in national media channels.

The following section describes the Community Life programme in detail and assesses the learning generated, suggesting how Asda can build on successful ways of working and guide the development of a community venturing approach within Asda.

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# 4. Taking stock: Asda's Community Life programme

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This section analyses the progress made by the Community Life (CL) programme since its launch in April 2012. CL is the primary means through which Asda has sought to engage with local communities around its stores. Through a localised approach, CL is designed to allow stores to play to identified strengths and capitalise on opportunities.

We draw on the experience that CL has accumulated, evidenced by data collected centrally and through the feedback gathered from Community Life Champions (CLCs) and from other stakeholders at workshops and in interviews. Through this evaluation, we build from the SWOT analysis to look forward to how CL can build on successful ways of working and guide the way for the development of a community venturing approach within Asda. The learning highlighted in this section will be relevant to other businesses aspiring to create shared value at a local level.

## 1. What is Community Life?

Community Life was launched in April 2012. The Asda Foundation, which was founded in 1988, funds the green token customer voting scheme, 'Chosen by You, Given by Us', a key aspect of CL administered by the CLC. The Foundation also supports a number of national charities; the best known of these is Tickled Pink, which has raised £32 million since starting in 1996. Tickled Pink supports breast cancer research and services, in partnership with Breast Cancer Care and the Breast Cancer Campaign, and will launch as a charity in its own right in 2014. The Asda Foundation also funded over 300 grant applications originating from local stores in 2013, ranging from £20 top-up funding on local fundraising initiatives to £30,000 for more significant projects.

In terms of engaging with charities locally, there are a range of other relevant initiatives:

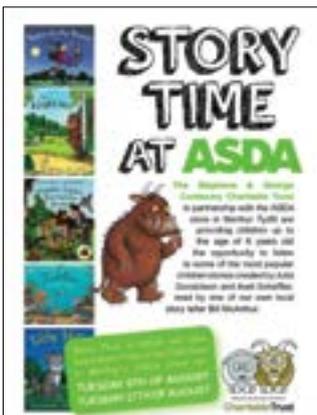
- Asda stores support the Community First initiative through nominating and signposting local charities and groups to apply, as well as sitting on and supporting local ward panels.
- At a corporate level, Asda has established strategic partnerships, for example:
  - Supporting the work of Addaction – a charity which supports people and families recovering from drug and alcohol misuse – in four regions.

- In Dundee, Asda provides part-funding for a hub which brings together small and large businesses and the voluntary sector to work together to tackle a range of issues.
- Asda stores also host a range of activities which involve public engagement by charities and public services, often organised through a head office initiative. For example, Macmillan offers advice to people dealing with cancer, and the NHS has organised mobile mammogram screening services in Asda car parks.

Community Life is built around each store having a designated CLC, selected from among the Asda staff. This CLC is allocated 22 hours per week (7 hours in smaller stores such as Oldham Hollins Road), paid at their normal hourly rate, to coordinate the store's fulfilment of the Community Life programme.

The CL programme involves four main themes: 'pillars' of Greener Life, Healthier Life, Working Life, and Local Life, with a programme of related activities throughout the calendar year. A key aspect of the design of Community Life is that there is autonomy for the store and CLC to lead locally in identifying and building partnerships.

Working Life activities have included store managers and CLCs visiting secondary schools to promote the varied opportunities of retail as a career, as well as offering store tours to younger people, job clubs, CV workshops and mock interviews.



Healthier Life activity helps to promote activities such as 'Smokefree' in conjunction with the pharmacy. Greener Life initiatives have included litter picks.

The schools engagement programme supports across all pillars of the CL programme, offering healthy eating lessons to primary school children, nutrition and hydration around the annual Asda Active events, and in 2014, in partnership with the Children's Food Trust and Change for Life, Asda will encompass cooking and growing activities as well.

**Table 2: The four pillars of Community Life**

	Healthier Life	Working Life	Greener Life	Community Life
Outcomes	People are healthier	People are more financially secure	People are living sustainably	People are more involved in their community
Local action	<ul style="list-style-type: none"> <li>▪ In-store health services</li> <li>▪ In-store cooking &amp; cookery clubs</li> <li>▪ In-store promotion of:                             <ul style="list-style-type: none"> <li>– healthy living</li> <li>– responsible drinking</li> </ul> </li> <li>▪ Active support for community sport</li> <li>▪ Support for Healthy Kids</li> </ul>	<ul style="list-style-type: none"> <li>▪ Direct employment</li> <li>▪ Direct employment of long-term unemployed</li> <li>▪ Work experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Community recycling facilities</li> <li>▪ Actively reducing foodwaste and other waste by donating surpluses</li> <li>▪ Active Green Champion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Actively seeking ideas from the local community</li> <li>▪ Opening up stores &amp; facilities for the community</li> <li>▪ Participation in in-store fund-raising</li> <li>▪ Policemen in store</li> </ul>
National action	<ul style="list-style-type: none"> <li>▪ Sporting chance</li> <li>▪ Kwik Cricket</li> <li>▪ Support for Change4life</li> <li>▪ Support for QEII fields challenge</li> <li>▪ ASDA athletes</li> <li>▪ Healthy Kids</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fly the Flag for young people</li> <li>▪ Everyday low prices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support for Recycle Now</li> <li>▪ Support for Love Food Hate Waste</li> <li>▪ Commitment to Courtauld Commitment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Children in Need</li> <li>▪ Tickled Pink</li> <li>▪ Tommy's</li> <li>▪ Everyman</li> <li>▪ 'My Big Idea' community idea programme</li> <li>▪ ASDA Foundation</li> </ul>



CLCs are encouraged to focus on the ‘Asda mile’ – the communities within one-half mile radius from the store (or the closest residential area for more isolated stores). This helps CLCs identify the diverse range of causes that could benefit from their support – from nursing homes and sports clubs, to charities and social enterprises.

The CLC receives a full day’s training and is assigned a mentor at a local store to learn the hands on side of the role, and to engage externally. CLCs are also provided with a manual with guidance on how to achieve the typical tasks in fulfilling the role. CLCs maintain a Community Noticeboard near the checkout tills which updates customers and staff about the causes which Asda has supported nationally and locally. There is also space to create a ‘community calendar’ which lists local activities and groups, so long as they are not commercial.

Key activities include managing the Chosen By You, Given By Us scheme (CBYGBU) through which, six times per year, ‘good causes’ are nominated by customers and three are shortlisted by consensus among Asda colleagues. Customers are then given green tokens at checkout to vote in transparent ballot boxes. At the end of each two month period, cash grants are made in proportion to first (£200), second (£50) and third place (£50) – these amounts are halved for small stores. Grant recipients are not required to specify what the money will be used for, or report back to Asda, but CLCs frequently keep in touch with nominees and grant recipients. Typical grant recipients included hospices, animal shelters, sports teams and youth groups. Often local groups are invited in store to raise awareness of their cause and raise money – bringing the vote to life in store.

The CLC is also responsible for co-ordinating the use of the store by external groups. Community groups most commonly visit Asda for two purposes: either to use a designated ‘community centre’ space for their own meetings, or to use the public areas such as the entrance foyer and car park for fundraising, recruiting volunteers or raising awareness. This



space has allowed over 23,000 uses of free meeting room space in the first 9 months of the programme alone. Other uses of store space are usually arranged by head office – for example use of the car park to recruit customers for other brands (eg Sky, RAC) or for public services and social welfare services (eg NHS mammograms, Macmillan cancer support).

Of the 22.5 hours per week allocated to the CLC role, there is a target that six hours of this should be ‘in the community’ which is usually interpreted as outside the store. There is explicit encouragement to ‘adopt’ three primary schools and two secondary schools. Typical partnerships include regular volunteering at a local school, at a parent and toddler group, or at a facility for older people, or visits to hospitals at Christmas.

Various spaces ‘backstage’ at Asda are used as the ‘community centre’ space. It was identified that every store had spaces such as training rooms lying unused in the evenings. Usage is hugely diverse. In Barnsley the local PCT GPs meet in this space; in Dartford a beekeeping group; and in Clapham Junction board meetings for local chapters of national charities. Many stores host support sessions for the victims of domestic violence – Asda is seen as a safe, secure and anonymous space.

The space available varies greatly in size and quality, since Asda stores do not follow a common architectural template, and many have been inherited from previous firms. In almost every case, the room used as a ‘community centre’ was not designed with this use in mind. Most Asda stores have cafes, and this is also an important space for community engagement. While not suitable for sensitive and private meetings, cafe operators have discretion to reserve and cordon off a section of seating if arrangements are made in advance.

## 2. Community Life: objectives and performance

The stated goals of the CLC role are to drive customer loyalty, increase footfall into the store, increase customer belief that Asda is supportive of the local community, and increase engagement among colleagues. Starting with this commercial imperative, the programme is already considered a ‘shared value’ initiative.

*For the first half of 2013, 85 percent of stores had at least one external group utilise space in the store in at least one month*

Most stores started their community engagement activities from a non-existent base in 2012. Asda head office monitors the performance of CL through a dashboard of metrics submitted by each CLC. Statistical analysis of the CL performance data illustrates a wide range of implementation. Some stores have made notable achievements – far exceeding targets set for each store. For the first half of 2013, 85 percent of stores had at least one external group utilise space in the store in at least one month. A handful of stores frequently used their store as a community centre 20, 30 and 40 times per month, with the best performer registering 76 uses in March 2013. The target of having the General Store Manager (GSM) engage once per month was hit 65 percent of the time.

Indicators of success were strongly correlated: local fundraising was higher when CLCs spent more time than their target out in the community. Across Asda's portfolio, data for June 2013 shows about one in ten sites didn't engage any outside groups in using community centre facilities, and the same proportion of stores (and many of the same stores) do not see the CLC spend time in the community, out of the store. Our research indicated that stores with strong commercial pressure to improve performance often held CL as a lower priority.

### **3. Views from the grassroots: critical success factors**

At head office, the corporate policy in guiding CL is to minimise central control and maximise stores' freedom to organise who they partner with, for what purpose, and in what form. The stated intent is to be 'operating at grassroots level with the people and causes who need us most'.

We spoke to a selection of CLCs whose stores were performing particularly well against the target metrics that make up the monthly accreditation. What these CLCs have in common is a very strong local connection, with significant experience in roles of community leadership. CLCs need to be flexible and personally committed to make the role successful. The role requires energy and positivity to convince others to form new partnerships with Asda.

Several 'star performers' had previously volunteered to be events coordinators for Asda, or had been involved with a previous community fundraising initiative in store called Sweet Charity. Another CLC has known the editor of the local newspaper for 20 years – this meant press coverage for CL events was easier to secure.

"I naturally fell into the role as community champion; I had been the events coordinator for Asda. I'm a local person, born and raised in the town. I'm known. My Mum is Mayor at the moment, has been councillor and deputy mayor. So I probably was the best person in the store. I've got a daughter of 24 who is a Police Community Support Officer, a granddaughter, and teenage boys in school."

Among the 'star performing' CLCs, we found that as well as exceeding quantitative targets, the quality of interaction with customers and the wider community was high. This meant that they made the store a more fun, engaging and stimulating place; they ensured that their supporting role was well integrated with a wider network of support; and they brought in partners to help plan a programme of activities to complement

what was on offer elsewhere and avoid duplication. Several CLCs also developed a commercial angle for their efforts, for example bringing samples of new product lines to groups that they felt would be interested, and charging small fees for face painting or refreshments to cover costs and minimise expenses.

“My plan is to never offer the same thing and offer customers something for their money [donated]. Dress up, have a bit of fun. Balloons for the kids. You sometimes make people’s days.

I go to an over-60s club on a Thursday, cook lunch. People get brought in on ring and ride. You get in touch with them if you haven’t seen them for a few weeks; you ring around if you haven’t seen them, or if no one else has.”

We heard of several innovative practices which maximised the impact of CL. One CLC provided a “short laminated script to handout at check-out for colleagues so they can explain what the causes are when they give out the tokens”. Another CLC established a reciprocal arrangement with a local male voice choir – the male voice choir collected money for Tickled Pink at their concerts and in return were able to sell concert tickets at Asda customer services desk. The role also requires significant organisational skills:

“I keep a diary. I know what I’m doing, the store knows what I’m doing. I’m quite strict. If [a community partner] is not down, they’re not getting in ... I live by my filofax.”

CLCs need to develop protocols and procedures among colleagues to realise the fundamental elements of the programme. For example, as one CLC explained:

“I have made arrangements with the security team in store. You have to be very careful. There is a code to get in the [community] room, and a pre-approved list of charities that can come in the store.”

CLCs identify the support of the GSM as crucial to their success. The best working relationships were those where the GSM made themselves available at short notice to guide on a decision. For most GSMs, Community Life is one programme among dozens of responsibilities that they juggle, and sometimes not a high priority.

“You have some good ones and some bad ones. This one is very supportive. We’ve come to an arrangement that allows him to prioritise. He laid a wreath on poppy day. It was a thrill for him, but we built that up over the years. And he was later thrilled that someone in the community recognised him as the store manager.”

“My benefit is that the GSM is passionate about the community and really supportive. I put a calendar on the door and if it’s booked it’s booked.”

“It’s a very difficult position to go into the community as a GSM – everyone wants a piece of you. You get all sorts of people come in and ask for things. I always get 5 mins when I need it.”

“My GSM lets me do lots of things, trusts me, and when we have our one-to-ones, he says yay or nay. I wouldn’t go until I’ve got the OK from him.”

Most CLCs have a passion for this aspect of their job, and get a lot from it. One CLC used to be a holiday rep; she enjoys “being a fool ... making other people smile”. CLCs see CL as requiring long-term effort: “chipping away and building reputation by word of mouth.” Their outreach is most successful when aligned to the pre-existing priorities of partnering organisations, such as schools:

“I love getting to know children through healthy eating in schools. I work with three primary schools and I get invited to end of term plays. I give the kids a supermarket tour of the produce section, bring them to staff canteen and give them a fruit kebab. I take exotic fruit into schools. When I started I wrote to every school and church and groups in the area with the pro forma Community Life letter. I explained about the Chosen by You grants process and said ‘community will be a big part of the stores activities from now on in’. With Healthy Eating I know they’ve got the Change4Life programme in schools. I was sent a copy of the materials for Key Stage 1 and 2. So I’m able to talk to schools and say ‘we believe this is what you are doing. Is there anything we can do to fit in with that?’ We’re now moving on to growing projects.”

#### **4. Realising the full potential of Community Life**

The experience of CLCs highlights how local leadership can be difficult to put into practice for several reasons. Based on this understanding, it is clear what the constraints are for community engagement initiatives, and how these might be addressed in transforming CL into a community venturing function at the heart of a shared value retail model. For each of the following challenges, we provide a reference to mitigating action being taken by Asda, or make an explicit recommendation to aid the development of CL.

##### **Appointing a local champion**

As well as an open invitation to fill CLC positions, **personnel departments should shortlist potential staff** and encourage them to apply based on local residency, and previous experience in similar roles (eg local councillor, community worker, events coordinator).

##### **Making grants**

At ‘grassroots level’, many small locally-based charities are operated informally by volunteers. If organisations are not charities registered with the Charity Commission, CLCs are reluctant to shortlist the group for the CBYGBU grants. More broadly, CLCs feel anxious that they have to make decisions on which the reputation of the store is on the line, and there is potential for negative press coverage if something goes wrong:

“I hope I never put Asda in a difficult position or, put us in a libellous position. All of a sudden our face could be in the local newspaper ... I draw the line on letting people in on controversial issues – like taking sides on development decisions.”

- Asda’s head office is providing additional guidance for CLCs which will seek to overcome worries about fraud in relation to grantmaking.

### **Engaging colleagues**

CLCs often find it hard to engage significant numbers of colleagues in supporting the CL programme – for example through volunteering time outside of work. This is especially hard in Clapham Junction where the majority of colleagues do not live locally. Having a single CLC responsible for taking enquiries, liaising with external partners and supervising groups at the store presents a major logistical constraint. For example, visiting groups often need staff to escort people between a room they are using and the toilets, in Asda’s back office area.

- The most effective cooperation among colleagues occurs when there is a specific and tangible effort such as a fundraising run. Such group activities should become a target for CLCs.

### **Resources, tools, technology**

CLCs have an expenses budget of £100 per quarter to cover things like printing flyers and posters or catering events. While some acknowledge that having a limited budget makes them find creative ways of working, and incentivises them to bring in resources from elsewhere, all agree that they struggle, particularly with technology. Like most large retailers, many Asda stores have just two or three computers shared between staff to use in break times. Without access to a colour photocopier, one CLC uses photocopying services at the library across the road from the store, based on a friendship with the librarian.

“It is a bit of a struggle. I use what used to be the ‘smoking room’ for an office. I asked the GSM for a workbench and he said ‘no, too much money’. I’m working a lot of the time, but a lot of the time I’m not here. I say the best way to communicate is email.”

- The CL programme needs to have **an accessible channel of communication for more than 22 hours per week**. The CL mobile phone needs to be deputised in hours when the CLC is not working, and set up with voicemail. CLCs would work more efficiently with an internet-connected tablet computer with a built-in camera. This would allow access to email and photo uploading from any location – suitable to a job which is often based away from the store, and stores which have limited IT resources for staff use.

### **Liaising on community issues**

CLCs sometimes find themselves in contact with external parties on matters outside the job description and beyond their specified role in

*... a local youth worker wanted to understand how Asda dealt with shoplifting and loitering around the store, so that they could better counsel and support young people*

community engagement. From the point of view of local stakeholders, when they approach Asda about an issue in the community they may be directed to the CLC rather than the store manager. People we spoke to found it difficult to engage with Asda head office or Asda store managers about local issues. In several examples, the CLC feel they are unequipped to represent the store on controversial issues, lacking authority, training and expertise to take action on behalf of Asda, but seeking to maintain the external reputation of the store as a positively engaged partner in issues of local concern. Proposals such as planning applications by Asda are a significant moment for the CLC to use and develop relationships with local stakeholders, but information is often not shared internally.

Typical examples concern anti-social behaviour in and around stores. In Clapham Junction a local police officer wanted to speak to Asda about changing access arrangements for a gate to a small park near a store, used as a cut-through by customers late at night. Separately, a local youth worker wanted to understand how Asda dealt with shoplifting and loitering around the store, so that they could better counsel and support young people. In both cases, neither Asda's security team nor CLC could provide definitive advice; the issues were not a priority for the store manager and did not directly affect store operations, but head office was also not well-placed to advise the police officer or youth worker.

- Asda should **brief CLCs with a range of available data and information** about the store's trading and its customers: especially the geography of where customers come from. Local authorities will maintain ward profiles with a range of wider social and economic indicators.
- **CLCs should be informed, briefed or consulted, as appropriate, on corporate partnerships with external organisations**; these partnerships often require using resources otherwise under the control of the CLC – for example space in the car park. To be a conduit for the stores' relationships locally, CLCs need to stay 'in the loop' – these matters are currently channelled through Store Liaison Managers (SLMs).

### **Building a network**

A common challenge faced by CLCs is knowing how to find and approach organisations in the local area about potential partnerships, especially if they did not live locally themselves. Younger CLCs are more likely to use internet research to find local charities, and this tends to lead them to larger national charities with local affiliates and a well-developed web-presence. When opportunities do arise, some CLCs can be unsure how to prioritise their activities and time outside the store, asking themselves whether they have found organisations where their skills are best utilised and which relate closely to customer concerns and the wider public agenda locally. One CLC noted that the best networking she had done was through attending a meeting organised by the local voluntary action group.

- CLCs should receive additional training and support, including how to identify and engage with groups and organisations, and organising volunteering opportunities. The RSA has provided

Asda with a written guide for how to organise an informal meeting with a selection of organisations representing different stakeholder groups locally.

- CLCs should at a minimum **meet with their local umbrella organisation for the voluntary and community sector** to explain CL and the potential for partnership opportunities and shared resources. These organisations can be strategic partners, publicising the CL programme on Asda's behalf. The RSA has discussed how to coordinate these local relationships with Asda's head office CL team.

### **Communicating externally**

CLCs reported that keeping the community calendar up to date was time consuming and often a low priority; especially where ties with local communities are less strong. CLCs are also encouraged to update the Green Room, an online portal for registered users to access information about stores locally.

- CLCs should have the **training and encouragement to use the existing potential to customise the online presence through the Asda store page**: for example announcing store CL events, accepting nominations for CBYGBU, and maintaining a calendar of community events. The Green Room currently has this functionality but should be subject to an appraisal to assess whether it is a successful channel in engaging customers and the wider community. CLCs should be given feedback on the audience numbers for their postings online, which will help them gauge the effectiveness of this channel of communication.

### **Balancing workload and recognising the contribution**

Many CLCs feel over-stretched, especially when they are balancing the 22 hours of CL work with other work commitments at Asda, and with domestic responsibilities such as raising a young family. Several of the most successful CLCs are only contracted to work for 22 hours in total, meaning their part-time hours are full-time on CL.

“The advantage I've got is age. No children, no distraction. I can go out at 7pm and 8pm. And can come back in to facilitate at the store. The younger people that are doing CL have a lot more going on in their lives. But you could turn around and say it's more difficult for me to engage with younger people.”

CLCs tend to operate in a way that protects CL responsibilities rather than delegating them. Successful CLCs have often sought to constrain their availability rather than extend it, anxious that a more open approach would invite more approaches than they could cope with: “you're a victim of your own success”. In practice this can mean a CLC being encouraged to direct enquiries to the customer service desk and turn off his or her phone for four days per week when not working.

Given the pressures on their time, and their anxiety not to damage the store's reputation by raising impossible expectations, many CLCs are

ambivalent about expanding their network of contacts and promoting CL strongly in public channels. This probably accounts for the overwhelming feedback from local voluntary and community sector groups, who stated that they simply didn't know about CL and the resources made available through it. This clearly highlights the unmet demand for programmes such as CL, and provides reassurance that expanding and developing the CL programme would connect to an eager audience.

- In short, being the main liaison between a supermarket and a wide range of stakeholders from different parts of the local community is **a full-time, not a part-time job**. In small stores and depots, the 7.5 hours allocated presents a particular challenge. We found that partner organisations across different local communities have a preference for one single point of contact.
- As the CLC role develops the CLC will both develop and require new skills, which will bring wider value to Asda. One CLC we heard from was critical about the lack of additional pay associated with the CLC role – especially given the relative pay afforded to professional community development workers performing an equivalent set of tasks for a different organisation. Asda should consider how the growing value that is sought from CL in business terms is reflected in the pay and rewards available for skilled CLCs.

### Sharing good practice

In terms of improvements, CLCs are keen to have access to better technology, greater access to support, and more opportunities to share good practice with other stores locally and regionally.

“Training originally was a toolkit – there you go, off you go. I don't read brilliantly. I haven't read through cover to cover, but if I need to know something I'll go to it. The workshops have been helpful. We don't get together in our region very often – big distance between stores. Conference calls I don't like anyway. I know face to face costs us a lot of money but it really did help gee each other along and help them if they're struggling.”

“A lot of the stores need training on computer work – how to get photos off your camera onto Green Room. I had to find it in my own way. A lot of people haven't got time in store to show them how to do it. Then they get lost and fall behind. It would be good to get more organised training on job role. And that's got to be someone who goes to the store; if they could between them go around to each store it would get us a better standard of community colleagues, it would build confidence in what they do.”

- GSMs should have clearer indicators on how CL is performing in their store, for example acknowledging that **monthly reporting – part of accreditation for CLCs – allows for flexibility across the year**. GSMs should report up to regional managers on how CL is performing in their store, and share best practice.
- **Asda head office needs additional resources to support over 500 CLCs**. This could allow them to set up a troubleshooting hotline,

make additional store visits, or provide additional training – most efficiently organised on a regional or local basis for clusters of stores.

### **5. Building a model from Community Life**

Through our interviews and workshops with CLCs, colleagues, customers, local organisations and citizens, a number of ideas were generated for how Asda could open up their store to host new activities and partnerships. These project ideas have the potential to be vehicles for Community Life to experiment with and deliver shared value in the short-, medium-, and long-term. The following section highlights project ideas ('community ventures') for which our research achieved consensus among a wide range of stakeholders and across case study stores.

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# 5. Opportunities in store: Community venturing to create shared value

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Overall, the consensus of our research participants has been that Asda's commercial focus does not undermine its pursuit of initiatives in the community:

“It's a business at the end of the day; everyone knows that and accepts that their community involvement will go hand in hand.”

Through a series of workshops facilitated by the RSA with a range of local stakeholders we identified an extensive array of ideas for new initiatives for local shared value creation. We propose that large retailers develop a function called community venturing to explore and develop partnerships that produce shared value locally.



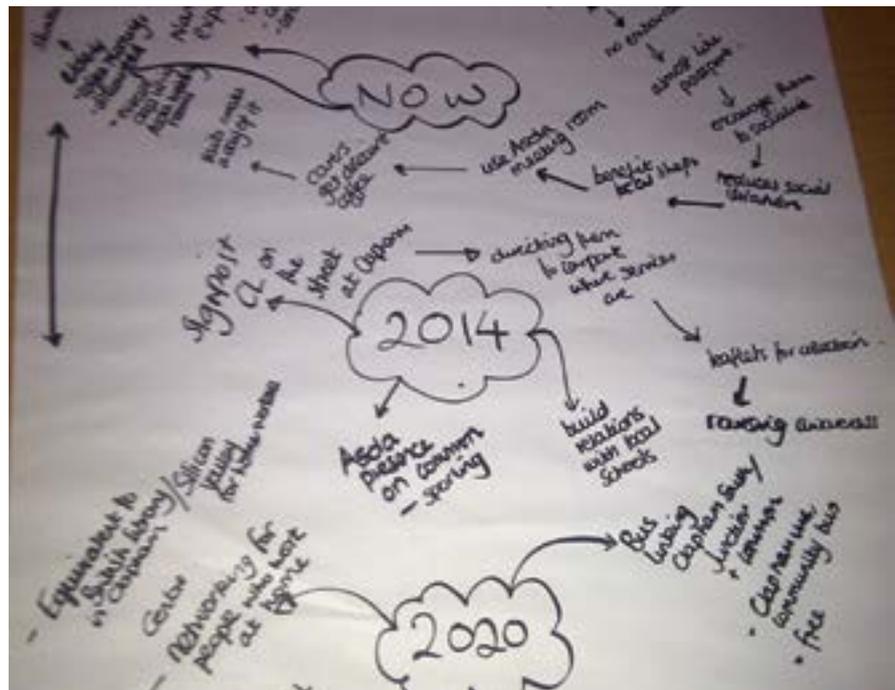
*The impact of retailing activities extends far beyond the store's four walls, and physical retailers rely on a broad network of localised institutions to support and regulate their trading*

The most important features of community ventures are considered to be their coherence with commercial core business operations, and – related to this – the need for commitment to be long-term. Community ventures were identified as having the potential to build loyalty to the local store and the national brand.

Community venturing describes an approach that is exploratory and locally sensitive. The progress made by Community Life (CL) in two years of building local relationships with people and organisations, along the way developing the skills of over 500 Community Life Champions (CLCs) across the country, is a significant asset on which to build a community venturing retail model in the future.

The success of community venturing should be measured in both social impact and financial return in the long term. The impact of retailing activities extends far beyond the store's four walls, and physical retailers rely on a broad network of localised institutions to support and regulate their trading. Community ventures therefore do not necessarily have to involve retailing activities, but include anything that contributes positively to a store's local operating environment.

The community ventures listed were developed with the three case study stores in mind, and are presented as being achievable within six months, within a year, and by the end of the decade. These are pilots – they should be trialled, tested and evaluated – and they are unlikely to all prove successful in both social and commercial terms.



### Potential community ventures

The following community ventures were suggested as achievable in the short-term (within six months):

#### Get involved in existing networks and start your own

Like most sectors, voluntary and community groups value personal relationships. There are regular meetups in most local areas. By attending more of these CLCs would quickly meet a range of people and organisations and

develop a reputation based on what CL has to offer. Asda can also show generosity of spirit by hosting a ‘get to know you’ coffee morning at the store, showcasing the facilities and opportunities. Invitations could have a theme: one for arts and creative sector organisations, or one for sports and recreational pursuits. By building stronger relationships, the potential to assess which future community ventures are most promising will develop.

#### **Establish a volunteering signup hub**

CLCs could signpost colleagues and customers to volunteer opportunities in their local area. Most areas are covered by a volunteering centre or umbrella organisation which will be aware of volunteering needs locally, and the national website [www.do-it.org](http://www.do-it.org) consolidates volunteering vacancies. Asda could make the invitation to customers explicit as a means to highlight their own potential to match hours given by customers.

#### **Signpost people to support in their local area**

CLCs should try and identify where other local organisations (such as schools or Citizens Advice Bureaux) have compiled lists of organisations offering support and activities locally. Where this can be verified as up-to-date, CLCs should highlight these resources through the CL channels and mainstream Asda channels such as the online store page. Nationally, CL could issue all CLCs with a basic list of “Help available for your community” which would highlight national websites and helplines for common concerns: registering with a doctor, registering for welfare benefits, getting debt advice, anonymously reporting crimes, etc.

#### **Highlight employment through stories from lived experience**

A powerful role for CLCs to fulfil is simply to speak about their own journey to employment at Asda. They could, as a standard procedure and part of the Working Life pillar, communicate with a range of local groups that they were available on request to do this. A proportion of stores already do this through ties with local schools and JobCentre Plus. Asda’s own joint venture facilities management company covers all maintenance in store and features a wider range of employment roles than those available through Asda, but currently has no engagement with the Working Life pillar of CL.

#### **Pro-actively market the community centre space**

Typically, few organisations local to each store are aware of the free meeting space that each Asda provides. This community space could be advertised through the store’s webpage or through the local umbrella group for the voluntary and community sector, or through local media such as newspapers and community newsletters.

#### **Provide space for other retailers**

People are excited to see and try new stores in their area. They were keen to see Asda provide space to bring a more diverse retail offer under the same roof. Asda could play two roles: to incubate new retailers which might not initially be viable on their own or have the capital to invest in premises, and to assist existing retailers struggling with viability in existing premises or looking to expand. In effect, supermarkets could become more like old-fashioned marketplaces and market halls – using space in stores to host other businesses.

### **Get behind existing local initiatives and celebrate their success in store**

In most areas there will be a set of ongoing campaigns and initiatives of general public interest. For example, in Thurrock the local health authority has a headline target for the number of health checks with residents completed. In Oldham, the council is seeking to secure 2,015 job opportunities by 2015. In Clapham Junction, the nearby train station is undergoing a major overhaul. In each case, tracking the progress on a visible timeline or thermometer would demonstrate awareness of live local issues. More personal achievement could also be celebrated in store – for example, hanging artwork by local residents, displaying photographs from a recent festival, or congratulate graduating students on completing their GCSEs.

The following projects were suggested as achievable in the medium term (within one year):

### **Develop a community asset map and signpost**

This could be developed and completed by the Community Life Champion, pointing out all the partnerships in place and opportunities available locally. A signpost at the entrance to the store could point the way to nearby features, buildings and resources, or printed copies could be available. The Legible London scheme has pioneered a similar model.<sup>40</sup> Alternatively, online editable maps such as OpenStreetMap have been used to build these maps of community resources. The Map Kibera project in Nairobi provides an instructive example.<sup>41</sup>



Open Street Map for Kibera, Nairobi, Kenya

### **Offer regular walking and running groups**

These groups could meet at the store, be led by staff volunteers (not necessarily CLCs), and be given free t-shirts to promote the group. They could range in age and ability. Nike Training Club has pioneered a similar model, offering exercise classes in retail spaces.

### **Develop “healthy and wealthy” store tours**

In partnership with local healthcare organisations, a volunteer from the store could lead sessions which highlight the nutritional value of different choices, and the “nutritional value for money”. This could also link to cooking demonstrations in store. Asda is already supporting the Trussell

Trust trial of cooking classes helping users and those on low incomes to maximise their resources.

#### **Provide information about community resources at checkout, triggered by certain purchases**

The products people buy provide clues about the kind of support, services or activities they may find useful. Checkout staff could provide shoppers with information about local parent and toddler groups, if the customer bought nappies. This process could be automated to print information on till receipts if databases were linked.

#### **Publish a newsletter**

This could be online or physical, available at the tills, on the Community Life Board, or online. Published six times per year, it could feature recent grants and volunteering opportunities, drawing together information already collated by the Community Life Champion. This is likely to be time-intensive so would need support from volunteers or be created in partnership with external organisations.

#### **Reward customers who don't drive to the store**

Free parking is sacrosanct for large retailers and many customers have little choice but to drive. Asda already provides a free bus service at many of its stores to help improve access. In reality, parking is free at the point of use in most stores, but subsidised by a fraction of every product purchase – whether people drive or not – so all customers pay for parking whether they use it or not. A regime could be introduced whereby all shoppers (with a minimum spend) received a token at checkout which they could either use to exit the car park or redeem for cash or a charitable contribution. Some Asda stores already utilise the customer car park vouchers to support fundraising, offering customers the opportunity to donate their ticket refund to a local good cause, which has proved popular and successful.

#### **Host a range of leisure and entertainment activities and events**

A complaint heard in every neighbourhood is that there isn't enough going on, especially for young people. Most large supermarkets have spare capacity in their car parks – especially during school holidays in the middle of the day. As well as commercial marketplaces (eg Christmas market, international food festival), the following mobile and temporary uses were suggested. All are transportable by lorry, so a national chain could realise economies of scale in rotating the programme between stores. Many of these could be funded through small usage fees, or vouchers could also be issued as rewards, gifts or incentives, by stores to their customers or by other institutions to the people they serve. A way of generating sustainable revenue to support Community Life charitable giving would be to endow certain physical assets in the store to Community Life, and ring-fence any commercial revenue generated.

- bouncy castle
- climbing wall
- ice skating rink / roller skating rink (seasonal)

- outdoor gym
- table tennis
- paddling pool
- mobile swimming pool
- animal rides / city farm
- skate park / BMX track
- fun-fair rides
- go-karting
- mobile shipping containers featuring classrooms, libraries, kitchens, workshops, makerspaces

At night, when more space is available, there is the potential to extend to:

- drive-through cinema screens
- music concerts
- laser football (pioneered by Nike MiPista project)

### **Extend cafe opening hours and add play facilities**

Supermarket cafes are important social spaces – for example older people might meet up with friends regardless of whether they intend to shop or not, and families may split childcare and shopping duties. Where there is space, cafes should enhance facilities for entertaining children, and extend opening hours. Cafes could be advertised and promoted to groups as remaining open, but unstaffed, 24 hours per day if they had a drinks machine and occasional cleaning and supervision, when full staffing was not financially viable.

### **Add digital interface to Community Life board**

The Community Life board is a key way of communicating with thousands of shoppers every day and should become more dynamic than static. Integrating a technology interface (eg touch-screen tablet) could allow links to a community calendar, support information, and volunteering opportunities – drawn from external organisations. Lessons about appropriate technology should be drawn from pilots currently underway in Wales and Scotland.



A community calendar for the Hollinwood district of Oldham, maintained by Oldham Council and publicly available

### **Make a national commitment to recognising the importance of the safety and convenience that stores provide locally**

Large retail stores often serve as a safe haven for victims of bullying and abuse. Staff should receive training which helps them stay safe and feel confident approaching anyone who is noticeably distressed. The CitySafe scheme, organised by CitizensUK, provides a model to recognise and publicise this role for businesses in the public realm.<sup>42</sup> Another key asset of stores is publicly accessible toilets; a lack of available toilet facilities is often a major barrier to older people feeling confident spending extended time out of their homes. A large retailer could use its scale to making national the ‘community toilet schemes’ which are growing in several local areas.

### **Develop social interaction among customers**

Large retail stores are also crucial lifelines for people suffering from social isolation. Staff may be the only human contact for some people each week. Retailers should consider how they can encourage customers to interact with each other. As suggested in the RSA’s research with B&Q, retailers should encourage activities under their roof which involve interaction.<sup>43</sup> For example, a local history project could invite people to bring in their own images, objects and stories to swap with others. In Tilbury this is hosted at a community centre, but hosting events at Asda would prompt wider engagement.

The following projects were suggested as achievable by 2020:

### **Retailers remodel space to accommodate health, education, and community events**

It is likely that many retailers with large floorplates will have some flexibility about programming that space as distribution networks to support online shopping, home delivery, and click and collect service expand. Refurbishment of Asda’s indoor space could allow the creation of versatile rooms. This could include space for education and training; arts, crafts and design; cooking; public events, exhibitions and meetings. Space could be purposed to generate commercial revenue for activities of social value: exercise classes, indoor sports, gyms, or expanded healthcare facilities. Revenue generated could be ring-fenced to add to the Community Life operations budget, or budget for Chosen by You, Given by us grants.

### **All new stores should be built with a room which can be used as a community meeting space**

To meet the needs of community groups this would need to be wheelchair accessible, close to toilets and basic catering facilities, and accessible from the shop floor.

### **Lead community engagement and champion the local area**

As an informal community hub, a large retailer is well-placed to be a showcase for things that are happening in an area. Ideas include sponsoring a festival celebrating local culture or adopting a park to focus on beautification and volunteering. Community shopping bus schemes could be repurposed to be co-delivered with other community groups, providing a richer experience of travel and a more flexible form of transport,

bringing in volunteers, introducing isolated groups to one another, and hosting activities on the bus from singing to knitting to local history. Another potential venture would be for a retailer to provide space and exposure for local public media internet broadcasting led by citizen journalists, who could report on the store's news and events in the wider community.

### **Support nearby agricultural landscapes**

Incredible Edible, an international movement started in Todmorden, represents the transformation of a local area into an edible landscape where food is grown in private and public space.<sup>44</sup> Such projects are possible anywhere, but rely on committed volunteers locally. Supermarkets could support these efforts with regular corporate volunteering, allocating unused land to become allotments or community orchards, providing tools and equipment, and raising awareness among customers.

### **Take ownership of a single issue locally**

Large retailers have the power to build a reputation from achieving a desirable social outcome at scale. For example, the port town of Tilbury has no swimming facilities. Asda could set a local commitment that by 2020 all children leaving primary school in the town would have learnt to swim, and tie this in with funding for swimming facilities and coaching, corporate volunteering, other initiatives to get fit and stay safe, and new product lines (swimwear, equipment).

### **Make stores hubs for business education and mentoring**

Retailers have business expertise which entrepreneurs would find valuable to capitalise upon. A retail business is a classic case study in how a business operates, offering both qualitative and quantitative insight. In educating entrepreneurs, there is a case for investing in a nationwide "Asda Academy". A similar approach is being trialled in Dundee by Asda in partnership with Scotland Business in the Community, away from the store site. This is supported by a new partnership with Young Enterprise planned for 2014, which allows young people to access foyers to sell their product, and for store managers to take on a mentor role sharing their business experience.

### **Make stores hubs for small business and engage in corporate venturing**

Very small businesses with no employees or a handful of associates, run part-time and often from home as start-ups, benefit greatly from accessing shared workspaces for meetings, conference calls and internet access. These can often be as informal as coffee shops. Large retailers could provide an ideal venue to provide services to small businesses: hosting a training programme, providing meeting rooms, conference facilities, postal services and other forms of business support – a well as retailing office products. FedEx Kinko's is a precedent – a US chain with 2,000 locations. With high footfall and a diverse client base, supermarkets could, in particular, leverage their corporate assets and be useful venues for small businesses to conduct market research and promote new products – all the more compelling if the venture is locally connected or produced.

### **Unused assets become managed by community trusts**

One local community representative remarked at a workshop that “if Asda haven’t got an interest in putting an asset to good use, they should endow it to a community trust who can manage it”. One example was that Asda could endow its roof space to a community energy enterprise which could sell solar or wind energy back to the store, and beyond. Communities have recently been granted the ‘right to bid’ to purchase public or private property which is listed by the council as ‘an asset of community value’ – which can include shops and pubs. Further rights include the right to reclaim land in public ownership. By 2020, it is plausible that this could be extended to unused private assets where planning permission is concerned with a single land use (eg retailing).

### **Shared value projects are the norm**

The consensus among people we spoke to was that the key shift for a large retailer by 2020 would be to view community ventures as normal and integral to business practice, rather than supplementary to, but divorced from, the core business of retailing. An example of integrated business practice is Asda’s national partnership with food charity FareShare. By 2015, this will see an estimated 5,000 tonnes of surplus fresh produce annually being diverted from its usual return to suppliers.<sup>45</sup>

Building on the feedback gathered through the research programme, the following ‘avatars’ provide an illustration of different relationships for different stakeholders in a future retail model for a fictional store (Oldbury Junction).

#### **Pen portraits: new relationships to a future retail model**

##### **Selina, Store Manager**

“I oversee operations at the Oldbury Junction Store. My first taste of Community Life was when I shadowed a Community Life Champion as part of the Fast Track Graduate Retail Programme, so it’s always seemed part and parcel of what we are as an organisation. Today my role is twofold: I make sure that my Community Life Champion has the support from colleagues, information and resources she needs to respond to local needs. And as well as this I work jointly with her to draw up our Asda Mile action plan. It’s something we do collaboratively with local stakeholders, so the first time round it felt strange. I didn’t know what reaction we’d get from some of the local businesses! But it’s worked out well so far, and it’s certainly put us on the map. When the rooftop garden run by our local primary school provided lunch for the senior citizens drop-in at our store’s community cafe – which is managed by our local FE college – I knew we’d got things right.”

##### **Nina, Buyer**

“I’m a buyer with responsibility for ambient beverages. I’m proud of how we’ve moved forward with our sustainability, ethical and local sourcing. I was doubtful whether we could make the margins work, and how our customers would react to a bigger range of prices. The main thing for us is not alienating our regulars. We invested in communicating why prices were changing and where new products came from. This created a bit of a buzz and the drinks aisle actually became a part of the store trip for more customers because they’d want to see what was new. Feedback from our regulars was that they were glad we were walking the walk and making being honest about the choices and trade-offs

that are a shared concern when it comes to sustainability. Most recently, I learned at an internal seminar from our dairy team – who have been able to focus on local sourcing, showcasing products from different regions. We've been pleasantly surprised that there are lots of smaller drinks companies who are happy to deliver their products direct to our shelves. They monitor stock and sales through a feed generated from our system and replenish accordingly. Its low risk for us and they get a chance to reach a bigger broader audience than they would otherwise. The fresh challenge for me is working with the support team for Community Life here at the home office in Leeds to make sure that some of my know-how helps Champions and their local partners. Last month I went out to a session organised by a couple of Community Life Champions for some small local charities that wanted advice on how to market themselves."

**Alan, Community Life Champion**

"I've now been a Community Life Champion for three years. It's been a big journey, but last year I became a 'Gold' Champion, so I now use my skills and experience to mentor Champions who are new to the role. It's not heavy stuff – mostly keeping up online. I remember how isolated I felt when I started, so getting ideas from people who've been there is great. Actually, a little technology makes a big difference. Our new tablets mean that we can all add comments and links to the guidance pack. I can even use it to create maps of local resources and organisations – the Community Life Support Team set me up. In the early days I spent a lot of time going out and lending a hand to local groups. I still love my reading time in the local pre-school, but having an Action Plan means that nowadays I spend longer giving advice and linking groups to resources that could help them in the long term. Of course, some of the groups I used to go out to are now here sharing office space in the re-vamped store, so we're learning from each other all the time."

**Teresa, Customer**

"I mostly shop online, but I still do a big weekly shop at Asda with the kids. Normally, I make sure that it coincides with the after-school homework club they're running in the store. It really takes the pressure off, so I can take my time, enjoy my shopping and look around for new things. A few weeks ago I even had time for what they called a 'Healthy Highlights' guided shopping evening. The in-house pharmacy had mentioned it, and it turned out to be good fun. Because my shopping trips are more planned than they used to be I've joined the car share scheme that Asda told me about. Clive – who hasn't been able to get around so well since his stroke – is on my way, so it's no bother to pick him up. Splitting the cost between us works out cheaper, and he's even lent me his lawnmower."

**Muhammad, Local Councillor**

"If you'd asked me the name of the Asda store manager three years ago, I wouldn't have been able to tell you, even though Asda plays a crucial role in the lives of thousands of my constituents. It's very different now. She's a member of our Neighbourhood Team and has been really strong in helping to shape our skills and employment strategy. It's incredibly important that we have a good, transparent relationship. When she told us they wanted to change some aspects of their store to make more space for local voluntary sector groups we were delighted, but we also had existing plans to revise our support to the sector, so it was a question of bringing ideas together so we didn't duplicate un-necessarily and could signpost them to relevant people. There are things we can share that are good for everyone if we talk early enough. For example, Asda's Community Life Champion attended some training that we recently ran for community organisers. Personally speaking, I've been holding some of my surgeries in their new community office, and am seeing more people than I ever used to."

**Sanchia, business owner – hairdresser**

“When I opened my shop five years ago most of my new neighbours on the High Street were complaining that Asda – 500 yards away – had expanded their floorspace and taken trade away from the butchers and pharmacy which were on my parade. The butcher closed which is a shame, but the pharmacy has become a real attraction for the parade: their window displays are always entertaining, changing with the seasons, and they've started to sell more beauty products, aromatherapy, that sort of thing. They have an apprentice who makes products in the store and their gift wrapping is amazing. I see a lot of Asda staff in there – they treasure it like the rest of us. It's great from my point of view because we share a lot of customers between us. I buy incense for my shop from there, and we both are part of a new loyalty card scheme which covers all of Oldbury. I offer discounts for loyalty and it generates data about my customers which I can access online. We still have a few vacant units but I know lots of people from the area interested to start a business – ideal for me would be a cafe which is open late. I want to build the night-time economy on this parade because convenience is a key factor for my customers. Overall I think Asda is a good thing. If they closed, it's likely we'd lose some of the passing trade. People would probably go to a supermarket on the other side of town. I don't expect Asda to stop competing with the butchers, but I appreciate that staff from Asda's local planning team wrote in support of extending opening hours for the local nursery as part of the Council consultation. This will help extend the trading day for us all, and they have committed a staff volunteer to run regular weekly sessions this year at the nursery which tackle food literacy. People joke that if Asda start doing haircuts in the foyer I'm doomed. I'm quite friendly with the store manager through the Neighbourhood Team Business Partnership group, so who knows – that could be an opportunity for us to partner if I can expand into some of the space they set aside for pop-up ventures.”

**Sarah, local resident**

“I know that Asda is good value, so I've always been quite pleased to have one close by. But I thought they were basically just like every other supermarket, with a community noticeboard and some collection tins near the entrance. I was amazed when my boy came back from school and said that he was going to be gardening on their roof. When I go there now it always feels like they've got new things happening and I can find out more about what's going on and opportunities on my estate. I love that it's several shops, not just one. Those little pop up shops have made it much more interesting, especially because they're always local people. My favourite was the one for recycled jewellery. It turned out that the girl behind it lived down my street. We got quite friendly, and now that she's got a bigger place I help her out with paperwork sometimes. It's nice to see Asda giving back to the local area. When I shop there nowadays, I feel like I'm giving back too.”

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# 6. Making the transition: Developing shared value retail models

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This section draws on our in-depth account of Community Life to propose how Asda could engage in a transition which develops future local retail models centred around community venturing. Although this analysis is rooted in our Asda case study material, it is relevant to the wider retail sector.

Based on a review of emerging trends in retail and organisational development we present a framework which maps the competitive landscape of the retail sector. We identify how different operating models within different parts of retail businesses like Asda are relevant in engaging in the transition. Community venturing represents a distributed risk approach because it is locally varied according to local conditions, but the function of community venturing needs to be able to muster, align and coordinate organisational resources and expertise which typically sit in different departments, and sometimes operate to different value models.

Corporations invest in infrastructure upgrades which support their commercial operations, and in research and development to explore and pilot new initiatives which result in profitable business practices. In both cases, returns on investment are often long-term, and not guaranteed. Community venturing is no different; it should be seen as a localised research and development function which combines corporate functions traditionally considered distinct – such as marketing, external affairs, sustainability and corporate social responsibility.

## **The emerging retail landscape**

Our observation of the current retail landscape, coupled with our experiences of seeing Asda's practices close-up, has led to the creation of a retail model framework described in Table 3 below.

This framework is an attempt to classify competing and contrasting business paradigms within the retail sector and identify their defining traits. It is a necessary oversimplification; in practice one business may exhibit characteristics from across the framework. However, it is helpful to describe the spectrum, from transactional to relational, along which existing retailers position themselves. We call these retail paradigms: they relate to relationships within a business, and with its suppliers and

*A hybrid strategy is often a good one as it allows for greater adaptation to change – hedging your bets and experimenting to see what works best*

customers. The framework allows us to map what a future retail model might look like for a business in relation to emerging and traditional competing retailers. It also therefore suggests what a roadmap for transition might entail for a retailer like Asda.

In the framework, we can see how traits tend to vary across the different paradigms. For example business structures tend to become flatter, power more decentralised and practice less standardised as we move from transactional to relational forms of customer relationships. Proximity, personalisation, social purpose and distributed ownership are the defining traits of businesses and other organisations at the relational end of the spectrum, while standardisation, consistency and price are the hallmarks of the transactional businesses on the left.

Businesses with strong corporate social responsibility (CSR) programmes or varying forms of collective ownership occupy the middle ground. In some business functions, Asda is exemplary of the commercial retail paradigm, but through Community Life it is adopting some of the traits of the Responsible Retail paradigm. A hybrid strategy is often a good one as it allows for greater adaptation to change – hedging your bets and experimenting to see what works best. This is similar to the freedom to experiment currently given to stores within the Community Life framework.

For large supermarket retailers like Asda facing the threat of extremely effective transactional retailers like Amazon on one side, and highly relational retailers like some co-operatives or specialist retailers on the other, the priority must therefore be to continually develop a rolling portfolio of business experiments and community ventures that encompass this spectrum of variation and be prepared to accept that many will fail.

With this framework to underpin it, Community Life, and programmes like it, become increasingly essential; not only to the community, but also to the future of the business itself. It should be the test bed for a range of community ventures which have the potential to find new viable business activities that will end up powering Asda in ten years' time.

By reframing it in this way, and resourcing it accordingly, Community Life should attract the attention, interest and participation of a much wider and deeper pool of stakeholders, who can see a much more powerful integration of commercial and community imperatives at work: shared value in action.

However, this could occur simultaneously alongside parallel experiments in more transactional forms of customer value. For example, rapid checkout scanners being trialled in Asda stores since July 2013 allow for faster checkouts. In Asda's case, its national presence, sophisticated data analytics, logistics and operational efficiency and well-known brand are examples of some of the powerful assets to mobilise.

By bringing together these transactional assets with the more relational elements being pioneered by Community Life, and using its national network of stores as the test bed for experimentation, Asda, and major retailers like it, will likely evolve new forms that straddle paradigms to combine the most valuable elements of both ends of the value spectrum. For example, successful online clothing retailer Asos established Asos Marketplace, eBay has experimented with physical pop-up stores, while B&Q has set up Streetclub, an online networking tool for communities. The challenge in communicating this transition to the public therefore

**Table 3: Retail Model Framework**

	Transactional	>>	<<	Relational
	Commercial Retail	Responsible Retail	Community Retail	Collaborative Consumption
Motivation	Profit maximisation	Profit maximisation + license to operate	Flourishing local economies	Quality of life: cost-saving, income-generation, sustainability, social connectivity
Ownership	PLC or Ltd. (potential for management to hold equity)	PLC or Ltd. (potential for staff to hold shares)	Employee-owned, mutual / co-operative, B-Corp, CIC	Non-dividend and user-led organisations provide marketplace platform
Regulatory framework	National and legal (HMRC, ASA, HSE, NMW)	National + voluntary (BITC, Living Wage, industry awards)	Social and environmental certification and accreditation	Self-regulating community, open source / transparency
Power/ agency	Centralised: 'command and control'	Devolved power to branch managers	Distributed, localised	Self-directed, autonomous
Structure	HQ and branch: 'hub and spoke'	Hierarchical or franchise	Heterarchy: a network of locally-oriented business units	Peer-to-peer, within structure of marketplace platform
Culture/ norms	Rational, return on investment, productivity	Value-for-money, mitigating harms, engendering responsibility, 'Putting something back', trust, employee engagement	Balancing social and economic costs and benefits across a range of stakeholders	Reciprocation, sharing, participation, 'market citizenship'
Value metrics	Quantitative: financial, resource efficiency, customer satisfaction	Quantitative: financial, resource effectiveness, consumer insight Qualitative: narrative and anecdotal	Mixed qual and quant, social impact, 'Balanced scorecard', multi-criteria appraisal	Value determined by seller-buyer agreement (subjective); transparency and accountability
Exchange relationship	Transactional, contractual	Transactional, service level agreements, personal service	Relational, responsive, co-production	Mutual exchange informed by community reputation
Retail venue	Stores built and stocked to strict formula, national and international online operation	Online and physical stores adapt to local conditions, with templates and consistent branding	Online and physical stores built and operated with involvement of stakeholders	Primarily online, self-production (3D printing), meetups, swapshops, aggregating events (trade fairs, boot sales, street markets), factory shops, fablabs
Actors	Management, global suppliers, staff, consumers	Staff, preferred suppliers, charity partners, citizens	Owner-proprietors, assured suppliers, partners/members	Seller-buyers ('me-tailers'), micro-producers,
Economic narrative	Globalisation, GDP growth, financial incentives, 'trickle-down'	Responsible capitalism, shared value, long-term investment	Stakeholder capitalism, social enterprise, localised growth model, active citizenship	Microenterprise, sharing economy, 'bottom-up'
Example	Topshop, Iceland, eBay	John Lewis Partnership, charity shops	People's Supermarket, Hisbe Brighton, Bonnington Cafe	Eatwithalocal, Etsy

becomes one of coherence, avoiding contradictions and justifying a range of approaches in different contexts.

### **Measuring what matters: the importance of accessible data and feedback**

In order to get a rich picture of what is happening in the external environment, and gauge whether experiments are succeeding, it is necessary to capture feedback that is as close as possible to the emergent reality, ie with minimal filtering and re-interpretation by intermediaries. It is also necessary to make that intelligence accessible and usable by the whole organisation, particularly those closest to the customer interaction. Novel and effective uses of this data could come from anywhere. For example, one of our recommendations is to empower Community Life Champions with data from across Asda's business, and resource them with analytic support so that they could design more targeted community ventures. Intelligence gathered by the Community Life Champion is, equally, likely to be valuable to others in the organisation.

In Asda's case, it is able to build on a position of already considerable strength. Store level data is captured, interpreted and cascaded on a daily basis. However, a review and refresh of how and which performance data is captured could help it to incorporate and integrate a wider set of measures that capture the value not only of the transactional side of the business, but also its relational side too. The performance monitoring regime sends a clear signal to colleagues, but the desirability of local decision-making and autonomy should not be set up in opposition to a smart use of targets – within an overall corporate regime which is very good at using targets to motivate action.

This is likely to need additional resource and support, but in “measuring what matters”, new incentives to drive share value would be created (eg for the store manager), making the community venturing approach integral to the business, and reducing tension between these two elements of its value proposition. The result would be to allow a more resilient model to emerge, with long-term commercial value driven by activities proven to produce social value.

### **Leading an adaptive organisation**

In developing new approaches, retailers will encounter significant cultural and structural obstacles, not least because people understandably fear change and loss of the familiar. Therefore, unless the rationale for transition is widely and deeply accepted, staff will expend more effort defending ways of working they know and trust, rather than attempting to generate alternatives for which the impacts are uncertain.

One of our strategic recommendations to Asda is therefore to engage senior executive leaders, store managers, Community Life Champions and a cross-section of other employees from across the business in a dialogue about how this way of framing the challenge can be adopted. In order to overcome some of these obstacles, and increase its adaptive potential, there are a number of principles and practices that can ease this process. Inevitably these take time to incorporate and fit within the existing corporate culture, but from our experience Asda's strong culture is well placed to do so.

Drawing on broader experience of how a range of business sectors have created shared value approaches, the following lessons have been synthesised in *Harvard Business Review*:

To create social and business value ... five ingredients – social purpose, a defined need, measurement, the right innovation structure, and co-creation – are essential. Indeed, they reinforce one another. Social purpose helps a firm identify the needs it might want to address, but the reverse is also true: as a company understands social problems more thoroughly, employees' commitment to its social purpose will increase. A deeply held social purpose is also important for co-creation, forming the basis for trusted relationships. Understanding a region's particular needs helps define what can be improved and by how much, and the value of that change to the business. The degree to which the potential for shared value can be anticipated and aligned with the company's financial criteria determines the optimal innovation structure for the social venture. And the requirements for delivering both business and social value, in turn, establish which capabilities are needed from new hires or external partners.<sup>46</sup>

For a company like Asda, a strategic mechanism for identifying shared value community ventures, drawing on the insights summarised above, might involve the following steps:

1. Identify social needs local to a retail store (local might be defined in different ways; for example as the catchment of shoppers, suppliers or employees).
2. Form relationships with wider social initiatives already addressing these needs.
3. Identify how retail activities relate to these needs – both present and potential.
4. Identify key metrics which demonstrate net contribution of retail activities to addressing needs.
5. Determine relationship between addressing local social needs and successful commercial operations (eg considering license to operate, public relations, customer loyalty, staff motivation and retention etc.).
6. Develop community ventures in partnership with other organisations locally, and develop capacity of staff and internal structure to support community venturing.

The leadership for such an approach would sit at a senior level and requires a sophisticated skill set. Asda's own pronouncements about securing consent and partnering with 'the community' imply that Community Life will be the vehicle of change, at least for the first part of this journey.

Maintaining competitiveness in any dynamic market, including that of the major 'big box' retailer, represents not merely a technical challenge of applying appropriate existing expertise – but, as Ron Heifetz of Harvard University argues – it is an 'adaptive' challenge because the elements that constitute the operating environment are in flux, disordered or complex.<sup>47</sup> In the case of the largest national retail chains, competition from different

retail formats and channels has the potential to disrupt highly organised operations. Asda coordinates employing 180,000 employees to sell thousands of different products sourced from thousands of suppliers around the world. Channelled through almost 600 local stores, organisations must therefore develop resources, mindsets and rules of thumb which help them respond, adapt and lead in a way that is locally informed and appropriate – different in hundreds of different local contexts. Community venturing is an approach which can improve an organisation’s capacity for localised adaptive leadership.

In this report we have sought to engage in a critical appraisal of the success of Community Life in leading a larger strategic transformation to a shared value retail model built around community venturing. We have considered the relevance and involvement of other parts of Asda’s business model to align to this future retail model. In the final section we make recommendations which reflect the need for a strategic leadership across sectors to lead this transformation.

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# 7. Recommendations

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In this chapter we make five recommendations for actions to be taken by retailers in order to lead the transformation of their organisations toward shared value future retail models. These are drawn from our assessment of the potential for Community Life to lead this process for Asda through developing a community venturing function which involves coordinating involvement across the business. We then provide detailed recommendations for how Asda and the public, community and voluntary sectors can take strategic leadership to further this transformation.

These recommendations should be considered in addition to the developments recommended for the Community Life programme, featured in Chapter 4, and the specific community ventures, outlined in Chapter 5.

## Recommendations for the retail sector

The recommendations establish a sequenced process for change. We believe that retailers should:

- 1. Understand how core business activities (as well as corporate social responsibility (CSR) and community investments) follow different value models, reflected in organisational structure.**
  - Retailers can map their different activities and business units against the retail model framework present in Chapter 6.
- 2. Invest in capacity to undertake community development activities and to engage locally with issues of common interest between retailers and the wider public.**
  - Retailers should gain insight into which issues matter to their customers and neighbours locally, which matter to their staff and organisation, and the overlap between the two.
  - Retailers should designate explicit roles and expectations for who amongst their staff is responsible for relationships with various local stakeholders, and build capacity for these roles accordingly. Community development activities are those which build the capacity of a network of local stakeholders to achieve change.
- 3. Transform CSR activities into a community venturing function which explores shared value ventures locally, working in partnership.**
  - As an immediate step, CSR programmes should be consistent and coherent with the commercial interests and value proposition of a retailer.
  - Community venturing is the function of a business, jointly with other local stakeholders, which develops and pilots

activities which achieve socially valuable outcomes consistent with commercial interest.

- Traditional retailers would be wise to experiment with new approaches which rise to the challenge of disruptive retail models, many of which explicitly align social and economic value.
  - Successful community ventures, promoting shared social and commercial value, should become core business activities, leveraging organisational efficiency through coordinating traditional functions.
4. **Set a single framework which articulates the outcomes which the business can contribute to through retailing and other ventures, and sets operating principles for local autonomy for retail stores.**
  5. **Establish key performance indicators which measure progress towards social and commercial impact in the areas of value articulated.**
    - These should comprise core indicators – common across a business – supplemented by locally defined indicators which are meaningful in the local context.
    - Indicators should relate to activities undertaken, and measure net social outcomes alongside net commercial impact.
    - Measurement of performance should be supervised, executed and verified by separate departments within the retailer with assistance from external providers – similar to the auditing process – allowing for independence.

**Table 4: Recommendations for Asda**

Time frame / Recommendation / Audience	Social benefit	Commercial benefit	Notes
<b>Asda: Short-term</b>			
Asda should communicate to all departments and business units the commercial benefit of Community Life and their role in furthering the success of the outcomes it sets out to achieve.	Several business functions are responsible for activities with room for improvement for maximising social and economic impact alongside commercial concerns – for example recruitment practices, procurement and property management and development.	Reduces friction in implementing corporate policy, reduces potential for wasted resources, and increases the potential for internally-generated innovative practice, including sharing mutually beneficial resources (eg data about local areas).	This is an issue for executive strategic leadership.
<b>Asda: Within a year</b>			
Asda should restructure the job description and time allocation for store managers to support the development of Community Life, and consider how to mitigate the impact on wider business objectives.	Community Life is most successful in fundraising and volunteering among staff when General Store Managers (GSMs) are engaged in decision-making, lend their support publicly, and leverage their gravitas.	GSMs will be able to serve as effective channels to disseminate best practice between stores, for example sharing successful templates, thus saving the investment of resources elsewhere, the investment of time in rebuilding relationships with local stakeholders, and the duplication of creative processes.	GSMs would benefit from having an informal forum in which to share challenges, successes, frustrations and recommendations amongst one another.

Effectively developing shared value approaches will require a process of experimenting, adapting and scaling. Asda should bring together senior executive leaders, store managers, Community Life Champions and a cross-section of other employees from across the business to overcome operational constraints which will differ between business activities and departments.	Community Life is likely to be more effective in creating social value if its relationship with other parts of the business is better understood.	This process should test and challenge the most inward-looking areas of the business. It should create a shared agenda for long-term profitability based on a community venturing approach.
Asda should, as part of Community Life's evolution, organise organisational development, leadership and staff training programmes which develop the capacity for colleagues to support and contribute to an adaptive leadership approach.	Adaptive leadership involves a stronger appreciation of the social context in which a business operates, leading to closer alignment between business practice and social objectives.	An adaptive leadership approach distributes leadership responsibility more widely, to the benefit of long-term profitability based on stronger alignment between business interests and job role.

**Table 5: Recommendations for charities, community groups and public sector bodies**

Time frame / Recommendation / Audience	Social benefit	Commercial benefit	Notes
<b>Short-term:</b>			
Local charities and community groups should make contact with local retailers to assess what support is available through grants, publicity, volunteering, resources in kind, and other forms of partnership.	Many voluntary sector organisations struggle to find small funding with minimal bureaucracy, and free space for meetings and events, all of which can support their social mission.	Retailers save resources in searching for partners in their local area, and gain visibility and positive brand reputation among a broad, large and influential group of locally-rooted stakeholders.	Opportunities for funding and gifts in kind through corporate philanthropy and CSR are currently less well publicised among voluntary sector organisations than public sector or foundational grants and contracts.
Public sector agencies and policy-makers should identify how local retail activities could constrain or enable the realisation of their objectives, and communicate this to retailers.	Consumption patterns among the public are mediated through the retail experience. Retailers could then better recognise social impacts and lend resources to support relevant public sector activities eg using stores as venues for health checks.	Retailers build relationships with decision-makers locally, and gather intelligence about public sector priorities which indicate the direction of travel for the future local regulatory environment. There may be business opportunities in selling socially valuable products and services, eg stores commissioned to run exercise classes or smoking cessation courses.	While national government has sought to highlight the role of supermarkets in structuring food consumption, local agencies rarely have strong local partnerships in place to reinforce new responsibilities for public health.
<b>Within a year:</b>			
Local charities and community groups should identify how they can effectively use the organisational capacities of retailers in providing access to the public and areas of operational expertise.	Two important constraints for many voluntary sector organisations are professional skills and capacity and reaching people at scale or most in need. Relevant skills include finance, marketing, communications, and personnel.	Stronger institutions in civil society, with greater reach, create a stronger social economy of place, which supports individual prosperity and community resilience – both of which create a favourable local operating environment for retailers.	The impact of retail in furthering a charitable mission is likely to lie in raising awareness, recruiting volunteers and transferring skills, more than contributing grants or fundraising. Retailers could also learn from charities in areas of expertise such as fundraising and impact evaluation.

<p>Public sector agencies and policy-makers should map the assets controlled by retailers which are of strategic relevance to the social economy, and coordinate a proposal for how utilisation of those assets could be maximised.</p>	<p>Utilising spare capacity and unused assets under private ownership saves resource investment in replicating this capacity with public resources. Public control can be advanced by using new community rights.</p>	<p>Public investment can animate unused assets so as to reinforce the commercial trading environment: for example, building a playground on unused land which attracts visitors adjacent to a store. Unused assets can provide a commercial return above zero, or provide a goodwill gesture which enhances a retailer's license to operate. Public procurement templates following the Social Value Act will be relevant to retailers pursuing shared value in the supply chain.</p>	<p>Examples include 'idling capacity' such as space in the car park, unused land, roof space, or operational capacity. Widening access could be developed on a voluntary or commercial basis. For example, large retail operations may be able to recoup some of their investment in transport, distribution, or waste disposal.</p>
<p>Retailers, public sector agencies and other local partners should agree to swap data for mutual benefit.</p>	<p>Socially-driven organisations can utilise better intelligence on local consumer behaviour, travel patterns etc., and share data capture and analysis costs.</p>	<p>Retailers can utilise better intelligence on local social and economic conditions, to enhance commercial operations and ensure better targeted shared value community ventures, and share data capture and analysis costs.</p>	<p>Data may need to be anonymised or amended to meet data protection legislation, and protect commercial sensitivity and individual rights. Examples include levels and patterns of alcohol consumption and alcoholism.</p>

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## 8. Conclusion

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Big retail stores are a strong physical and cultural presence in contemporary society. 19 million people visit Asda each week, and 180,000 people work there. Given their role in shaping our lives, it is tempting to overestimate the permanence of current models in an industry driven by relentless competition and innovation. Giants rise and fall. Ways of doing business appear, disappear and reappear: witness the resurgence of some urban street markets amid the expansion of local supermarkets, giant superstores, and online stores. Through this restless creation of new forms, retail helps form the habits of our modern lives – the spaces within which we move, the people we encounter, the frames in which we make choices. Retail, in other words, is not a business for organisations that are wary of change. Change is its lifeblood; and successful retailers relish the opportunity to look to the future and shape it. Asda has taken the opportunity to reflect on how it creates different types of value, almost two years into its Community Life programme where each of 570 stores is asked to lead a localised effort to make better places to live and work.

This report recognises that change in retail is perpetual, but it has argued that there are new and formidable push and pull factors at play today, nationally and internationally, that require a higher level of ambition from the sector. Large national retailers need to strike a more coherent social bargain with local customers – one in which the value created by retail activities is shared with the communities from which it derives. Retailers must be seen as socially productive at the local scale, as well as economically productive at the national scale, if they are to maintain the consent and custom on which they depend. As we can see in the energy sector, businesses which lose public trust risk being subject to political intervention. How different is the provision of food and clothing from other national utility networks which serve basic human needs?

Politically, governments are likely to have a diminishing willingness and capacity to accept some of the externalities associated with ‘business as usual’. Across the political spectrum councils nationwide are looking for ways to discourage businesses that they fairly or unfairly associate with social and health problems, such as fast food establishments, betting shops or quick-credit shops.

Optimism about the pace of economic recovery and support for austerity in public spending restraint varies, but most politicians see the agenda for public services in common terms: being required to do considerably more with relatively less. As public authorities struggle to maintain services in the next decade, it is inevitable that they will reach out to the private sector to ask where its resources and activities can add more to the public good. The active corporate citizenship that was encouraged by the Big Society’s aspirational rhetoric is now being demanded by many politicians in rougher

*Inconsistencies between practice and policy will be placed before the public more readily than ever before; and though consumers are tolerant of ambivalence and contradiction in their own decision making, they dislike its visibility in brands with which they want to be associated*

tones. Voices are raised against businesses that are felt to be exploiting their scale to maximise their profits without regard to the social consequences of their actions. The cost of businesses' licence to operate may be about to rise.

Economically, new flexibilities in production and distribution make it more likely that the retail market in sectors like groceries will diversify and polarise, at one end offering lower cost transactional sales either online or self-service, and at the other offering higher value relational shopping experiences. Finding a compelling identity for retailers which sit between these two extremes will be extremely challenging.

Although this report cautions against exaggerating the speed and ubiquity of retail's move online, the changes being wrought by technology are seismic. Some of the ways in which it can reduce cost and increase convenience are already apparent. The ways in which it will enable personalisation, collaboration and sharing will be even more transformative in the longer term, particularly if the physical spaces no longer needed for the retailers' stock become spaces in which retailers can test fresh ventures that stimulate local enterprise and animate civic life.

Technological change will stimulate new cultural demands on retailers by enabling unprecedented scrutiny. Trade-offs that have favoured economic value over social or environmental value, and been tacitly accepted partly on account of their low visibility, could become highly visible in an enhanced technological environment where – for example – apps can reveal supply chain impacts and campaign groups can mobilise at speed and scale. The light will be unforgiving. Inconsistencies between practice and policy will be placed before the public more readily than ever before; and though consumers are tolerant of ambivalence and contradiction in their own decision making, they dislike its visibility in brands with which they want to be associated.

These challenges are complex and interconnected, and so too, we argue, must be the response of the retail sector. We believe that tomorrow's retailers should shape their response to connect economic value and social value for customers and communities. Based on our learning from Asda's Community Life initiative, and our broader understanding of how communities and their networks function, we believe that this value proposition needs to be rooted in locality. Retailers like Asda that have begun new approaches at a local level, understand that an adaptive approach enables them to learn from local social and economic conditions. Community ventures which generate shared value require granular insights.

Effective community venturing involves coordinating core business functions and significant organisational change. Large retailers have an inherited advantage in achieving social value at scale: they have a presence in thousands of localities, regular contact with millions of individuals, and years of trust established in certain aspects of a brand relationship. As technology connects us more to each other and potentially to the impacts of our consumption, the next challenge for retailers is to understand individual's complexities, each of us being simultaneously citizens and consumers.

Our neighbourhoods are where we will first touch, see and evaluate shared value claims, where we can most powerfully hold businesses to account, and assess what their actions say about their values. Our research outlines how through community venturing retailers can strengthen the social economy – contributing to localities around stores through approaches which create shared value.

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