ACS Submission: Online Sales Tax (OST)

ACS (the Association of Convenience Stores) represents 33,500 local shops and petrol forecourts including Co-op, McColls, BP and thousands of independent retailers, many of which trade under brands such as Spar, Nisa and Costcutter. Further information about ACS is available at Annex A.

Business rates represents as significant and growing cost burden on our members. ACS welcomes the discussion about the development of an OST, and other policy mechanisms, that would contribute to reducing the cost of business rates on convenience retailers. We have urged the Treasury to consider how similar changes could also be made in the existing business rates system, for example using a receipts and expenditure methodology for online distribution warehouses.

We support the consideration of an OST because we believe it is important to have equity in the application of policy, including tax policy, across different trading models. Retailers trading online clearly do not have the same tax liabilities as retailers operating from bricks and mortar premise on high streets, local parades or villages.

Failure to address the burden of business rates through an online sales tax, or other policy interventions, will have an impact on the services available to communities across country in the future. The fiscal neutrality of business rates means that the tax burden will continue grow on physical retailers without action from the Treasury to develop a tax system that reflects changing operating models in the economy.

Executive Summary

Scope

- The OST should cover all remote sales including phone and messenger orders.
- The OECD definition of online sales should be the starting point for defining an online sale: *the sale or purchase of goods or services, conducted remotely by methods capable of receiving or placing orders*.
- Click and collect orders should be exempt from the OST. This should include external lockers that require full planning permission to be installed.
- The OST should apply to goods but exclude business to business sales

Design

- Retailers (or vendors) should be responsible for payment of OST, except where selling through an online marketplace, in which case the marketplace should be responsible for payment
- Consumers should be defined as ‘an individual acting for purposes that are wholly or mainly outside that individual’s trade, business, craft or profession’ (The Consumer Rights Act 2015)
- We would prefer a revenues-based OST over a flat fee based OST.
- We support an online sales allowance over a threshold and the allowance should be set at £1m of online sales revenue to exempt smaller businesses trading online
- The OST allowance should apply to individual businesses online sales, not across total symbol group or franchise online trading levels.

Impacts

- OST revenues should be used to reduce the business rates for retail properties. Legislation should safeguard the use of revenues for this purpose to reflect the policy objectives.

For more information, please contact Edward.woodall@acs.org.uk

Chapter Two: Scope

Question 1: Would you favour a tax for all 'remote' sales or just a subset of 'online' sales?

The tax should cover all remote sales. Taxing all remote sales will maximise revenue collected and not obscure the purpose of the tax to support bricks and mortar retailing by rebalancing taxation. Remote sales where goods are collected from a store should be exempted (see Q4).

The alternative approach to draft an exemption or only include a subset of online sales would be complex and ignore that email and instant messenger ordering is still reliant on digital connectivity. Not taxing all remote sales would also enable some avoidance activity by creating a loophole whereby online retailers could encourage customers to phone-in orders to reduce OST liabilities. This could be done at-scale using automated telephone systems while incentivising customers to alter their ordering behaviour (e.g. via loyalty schemes).

Figure A: ACS Voice of Local Shops Survey (May 2021): Which of the following delivery options do you offer?

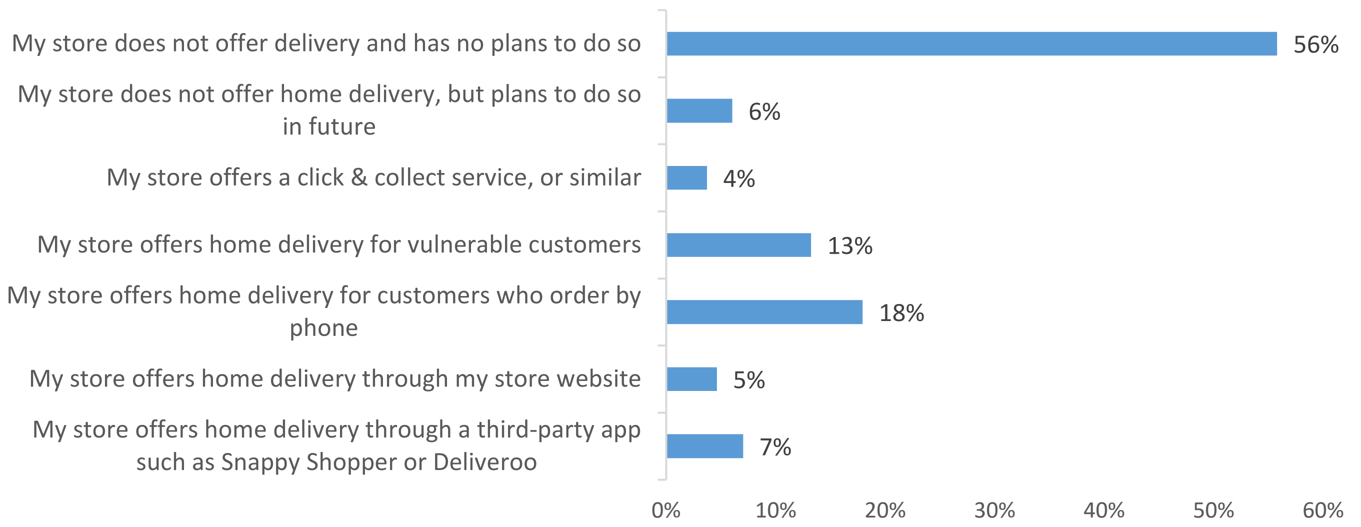

Figure A highlights how home deliveries are offered by independent convenience stores. This follows 38% of convenience stores introducing a home delivery service due to Covid-19 and 45% of stores with existing home grocery delivery services seeing their sales increase to a large extent[1]. Polling from August 2021 suggests that 4% of all convenience store purchases are accounted for by delivery through a website, app or store account[2]. Remote non-online orders may decline as customers become more digitally-capable and stores increasingly partner with third party online platforms to manage orders.

Question 2: How should taxable sales be defined and what would the practical implications be?

We support adapting the OECD definition of taxable sales: *the sale or purchase of goods or services, conducted remotely by methods capable of receiving or placing orders*. This definition emphasises how

[1] ACS Covid-19 Impact Survey: May 2020

[2] Lumina Intelligence, August 2021

goods are ordered over payment and delivery methods. This definition should be used alongside a click and collect exemption (see Q4) to ensure transactions reliant on a bricks and mortar store are not captured.

Question 4: Should click and collect be exempted? If so, how?

Yes. An exemption for click and collect should ensure that sales where a customer is required to physically visit a store to collect goods are excluded. These transactions are still drawing on the value of a physical store, which is not the target of an OST. A blanket exemption for all types of click and collect will ensure simplicity and prevent changes in retailing behaviour to avoid the tax. This click and collect exemption would align with the taxable sales definition supplied under Q2.

Beyond aligning with the primary objective of an OST to rebalance retail taxation, exempting click and collect would encourage footfall to shops where goods and parcels can be collected, supporting these shops and the broader mix of shops and businesses which trade from the same area. Exempting click and collect would therefore support the ongoing evolution of high streets into economic and social hubs. ACS' 2021 Community Barometer report looks at how people feel about the services that are available to them locally, how positive an impact they have on the community and how essential they are. The research finds convenience stores are rated as having the most positive impact on an area, followed by pharmacies and post offices[3]. A click and collect exemption would support these businesses.

Implementing an exemption for click and collect services requires closing a potential loophole whereby retailers could attempt to set up a notional physical store which amounts to no more than a kiosk or locker purely used for customer collections. External lockers could therefore be used to avoid an OST without being explicitly included. Excluding lockers from this exemption could be done by utilising a proxy within the planning system. Permitted development rights enable retail stores to install a click and collect locker within a building without first seeking full planning permission. Lockers installed outside of an existing building and used exclusively for click and collect still require planning permission. This differentiation could be applied to an OST exemption. The appropriate regulations are The Town and Country Planning (General Permitted Development) (England) Order 2015[4].

Question 5: Should an OST be applied to all goods? Are any exemptions necessary? If so, what are these and why?

Yes. Not all businesses will have ePOS systems or a digital inventory of goods for sale, which would make it complex to reliably track goods sold which are exempt and goods sold which are potentially eligible for the OST. Exempting goods which are zero-rated for VAT purposes could significantly reduce revenue collected from an OST.

The OST should be applied as a UK-wide tax to reduce complexities with administering different equivalent taxes across the UK nations. We support taxing all UK sales and then issuing funding grants to devolved authorities, ringfenced to offset business rates bills for retailers.

Question 8: How can the risk of value shifting from goods to services be reduced, for an OST that has services out of scope?

We understand the case for exempting digital services. Including digital services in scope could make buying certain services more expensive online than in-person (e.g. TV subscriptions, breakdown cover).

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[3] ACS Community Barometer 2021

[4] https://www.legislation.gov.uk/uksi/2015/596/schedule/2/part/7/crossheading/class-c-click-and-collect-facilities/made

The financial impact of an OST will not be significant enough for retailers to recalibrate their distribution channels towards services to reduce tax liabilities.

The economic theory of value shifting is overestimated in practice. A competitive marketplace for goods and services across industries would make it difficult to reduce prices for goods liable for an OST and increase prices for voluntary associated services without subsequently affecting profits. Goods and related services are also often provided by different businesses, preventing value shifting activity.

Question 10: Do you think some or all categories of services listed above (including any digital services) should be included in the scope of an OST? Would you add any additional services?

No. The Digital Services Tax (DST) should cover services taxation until pillar 1 of the OECD agreement is implemented, while an OST should focus on goods.

An OST is distinct from a DST. An OST will apply to online retail goods and aims to address the imbalance between the taxation of in-store and online retailers, whereas the DST is about taxing the international profits of companies based off value in domestic digital markets. The only overlap may be for online marketplaces collecting OST on behalf of sellers on their platforms, to prevent evasion by overseas businesses (see Q17).

Question 11: To what extent do businesses currently distinguish between their sales of goods and services in business systems? On what basis do they currently make this distinction?

Convenience retailers use ePOS systems to track the sale of individual goods and services. These are not split according to whether they are a good or a service, but larger retailers and ePOS providers could develop this distinction into systems and accounting procedures.

Question 12: Do you agree that an OST should be focused on sales to consumers?

Yes, to prevent economic distortions and minimise administrative burdens for business and HMRC. Including B2B sales within scope would penalise longer supply chains where more transactions take place. Larger grocery retailers often own their wholesale function too, whereas most convenience retailers use a variety of separate wholesalers, which source from other suppliers and producers. Including B2B sales would therefore increase the relative wholesale cost of goods for convenience retailers and could have unintended consequences for supply chain management.

Question 13: Do you agree that an approach of removing all B2B transactions from scope would be preferable to applying the tax according to the individual transactions (e.g. according to the use of the item sold)?

Yes. It is not feasible to apply the tax based on use of item sold, which would introduce subjectivity in some circumstances.

Question 14: What is your preference from the above or any alternative approaches to exclude B2B sales from an OST while limiting administrative burdens on business?

Online businesses could ask customers to self-determine whether they are a business or personal customer; or opt to instead assume all customers are purchasing for personal use. Most customers

For more information, please contact Edward.woodall@acs.org.uk

purchasing goods online will use an associated account or 'guest checkout'. Account users could make this distinction within their profiles to save this information.

Personal customers are highly unlikely to fraudulently order under business accounts, unless prices are noticeably different on this basis. This fraudulent activity could also be easily prevented by requiring business customers to share a Companies House number or VAT registration number within an account.

Question 15: How do you think a business should be defined for the purposes of an OST?

A business could be identified via a Companies House number, or for sole traders, a VAT registration number. Businesses under the VAT registration threshold could instead use a reference number from a HMRC letter to the business, proof of business insurance, business banking statement or business rates bill.

Question 16: Are there other types of entities or transaction types which should be out of scope of an OST e.g. online sales by charities, public bodies or consumer to consumer transactions?

No. All the entities listed should be eligible for exemptions based on a universal online sales allowance (see Q27). Providing further exemptions based on business type would introduce additional complexities without clear and justified reasoning.

Chapter Three: Design

Question 17: Do you agree that an OST would be levied on vendors?

Retailers (or vendors) should be responsible for payment, except where selling through an online marketplace, in which case the marketplace should be responsible for payment (see Q18).

Question 18: How should different intermediaries that sell online on behalf of other businesses be treated with respect to an OST?

Online marketplaces should be responsible for collecting the OST applicable to goods sold on their platforms by third party sellers. This approach would minimise tax evasion by overseas sellers as currently occurs within the VAT system[5][6].

Question 20: Are there circumstances in which it would be appropriate for an intermediary to be liable for an OST, rather than the underlying seller? What are these?

Yes. Beyond preventing evasion via online marketplaces (see Q18), making intermediaries liable for the OST rather than sellers on their platforms would reduce administrative requirements for small businesses. These entrepreneurial small businesses selling online or otherwise via intermediaries require simplified tax responsibilities wherever possible (e.g. cash basis for VAT[7]) to promote business resilience.

Question 21: How would an OST define UK customers?

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[5] https://www.nao.org.uk/report/investigation-into-overseas-sellers-failing-to-charge-vat-on-online-sales/
[6] https://www.ft.com/content/ed4aa529-b033-422a-8d3d-0583ad209ed0
[7] https://www.gov.uk/vat-cash-accounting-scheme

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The Consumer Rights Act 2015 defines a consumer as 'an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession'[8]. This definition includes individuals who enter contracts for a mixture of business and personal reasons and the primary legislation enacting an Online Sales Tax could adopt a UK-wide territorial extent.

Question 22: Should UK-based intermediaries play a role in identifying taxable transactions or be made liable in some cases?

Yes (see Q18 and Q20).

Question 23: Would either a revenue or a flat fee approach have a greater distortive impact on consumer behaviour? What are the scope and design considerations that would lead to distortion caused by both models?

A flat-fee approach would be distortive by ensuring the OST equates for a higher proportion of cost as part of low value transactions. Convenience stores operate a low margin business model based off high volumes of low value transactions. The average basket spend is £10.82 and the prevailing trading environment is increasing operating costs from people, product and utilities, squeezing margins further[9]. A flat-fee OST would disproportionately harm convenience stores trading online which fall above an online sales allowance.

Question 24: Would either approach be particularly preferable? If so, why? Are there any preferences around scope (i.e. different exclusions or exemptions) which would make one of the approaches more preferable?

We would prefer a revenues-based OST. A revenues-based approach is simpler to project and understand, less distortive and not regressive (see Q23). A revenues-based approach also invalidates the bundling of transactions to minimise tax burdens, which a flat-fee could encourage.

Question 25: Do you have experience to share of overseas' taxes on online sales using either model, or similar approaches not covered above?

OST's have worked effectively across the United States, where 43 states and the District of Columbia operate a remote sales tax. The tax rate per state varies from a low of 1.76% in Alaska to a high of 9.55% in Tennessee. Most states have a threshold before tax liabilities begin set at either $100,000, $250,000 or $500,000[10][11]. This highlights the value of a threshold but also how a 2% OST would be relatively cautious relative to existing international examples.

Figure B from the Centre for Retail Research further highlights how online sales are a larger proportion of overall retail sales in the UK than the USA and European states[12]. This emphasises the relative priority of rebalancing retail taxation in the UK and why online sales taxes are not yet commonplace in EU states.

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[8] https://www.legislation.gov.uk/ukpga/2015/15/pdfs/ukpga_20150015_en.pdf
[9] ACS Local Shop Report 2021
[10] https://smallbiztrends.com/2022/01/internet-sales-tax.html
[11] https://www.debt.org/small-business/sales-taxes/
[12] https://www.retailresearch.org/online-retail.html

An alternative approach to addressing the disparity between tax paid by online and bricks and mortar businesses is a bespoke rating methodology for property used by online businesses such as distribution warehouses, within the existing business rates system. The use of different rating methodologies to establish market rental value is already common in other important sectors where the economic value of the business is not reflected in property values as traditionally determined in the rating system, such as pubs, restaurants and petrol forecourts, which are based on the receipts and expenditure model.

Question 26: What factors should be taken into consideration in setting an allowance? How would this differ for revenue and flat-fee models of an OST?

We support an online sales allowance over a threshold. Adopting an allowance will prevent a 'cliff-edge' where liability for an OST goes from zero to significant. This would support business planning and prevent economic distortions or bunching around a cliff-edge threshold.

Question 27: What would be a reasonable OST threshold and allowance to set in order to protect small businesses while also making sure the OST generates sufficient tax revenues?

The allowance should be set at £1m of online sales revenue to exempt smaller businesses trading online. Setting the allowance at a lower level might not result in a material increase in tax revenues as more HMRC resourcing is required to administer an OST across more businesses.

Question 28: Do you agree that an OST threshold or allowance should apply once to all businesses under common control?

Yes, the allowance should apply once to businesses under common control rather than individual businesses. This approach must recognise symbol group retailers as independent convenience retailers trading under a recognisable fascia, but not under common control. Symbol group retailers typically purchase a percentage of their stock from their symbol group which acts as a wholesaler and may use some symbol group derived marketing materials in and around store. However, the retailer trading under a symbol group brand is an independent business operator determining the staffing levels, layout, partnerships with third part online aggregators and product categories in their stores. This is further demonstrated by how symbol retailers are treated across tax regimes by HMRC and local authorities, for example they receive small business rates relief and have different requirements placed on them for reporting tax.

Question 29: Do you agree the threshold or allowance would apply to individual businesses when they operate franchises or sell through online marketplaces?

Yes (see Q28).

Question 30: Do you consider there to be strong arguments either for or against quarterly or annual reporting? If this hinges on any of the design options laid out in this consultation, please specify which options and why.

Convenience retailers would prefer quarterly reporting, which aligns with Making Tax Digital reporting requirements for VAT and soon to be Income Tax Self-Assessment and Corporation Tax.

<u>Chapter Four: Impacts</u>

Question 32: On balance, what would the impact be of an OST with business rates reductions on the scale described above, including on retailers that operate both online and offline?

The OST should be set at 2% (projected to raise £1.6bn) with revenues used to reduce business rates bills for retailers. Setting an OST at 2% will balance maximising revenue while not tangibly affecting consumer behaviour.

Introducing an OST based on the scope and design outlined above would rebalance the taxation of the retail sector between online and in-store retail. It would create a sustainable tax base from the retail sector which better matches use of public services to tax contributions and aligns with the pillars of good tax policy[13]. The per-business impact of an OST with revenues used to reduce business rates bills will vary dependent on online sales and property portfolios across the industry.

We believe the decision on proceeding with an OST should also recognise the value of an OST beyond rebalancing taxation. An OST would also support levelling up by boosting business investment on high streets and within local communities via reduced business rates liabilities. This would support the evolution of high streets, which have social and community value far beyond online retailing. High streets and local neighbourhood parades can enable and encourage people from across society to meet and become more socially engaged and integrated. This leads to welcoming places which build social, environmental, and economic capital.

OST revenues should be used to reduce the business rates for retail properties. Legislation should safeguard the use of revenues for this purpose to reflect the policy objectives.

Question 33: Do the potential revenues from such a tax justify the additional administration that it would require of businesses, as well as the design complexities detailed in the previous sections?

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[13] https://publications.parliament.uk/pa/cm201011/cmselect/cmtreasy/753/753.pdf

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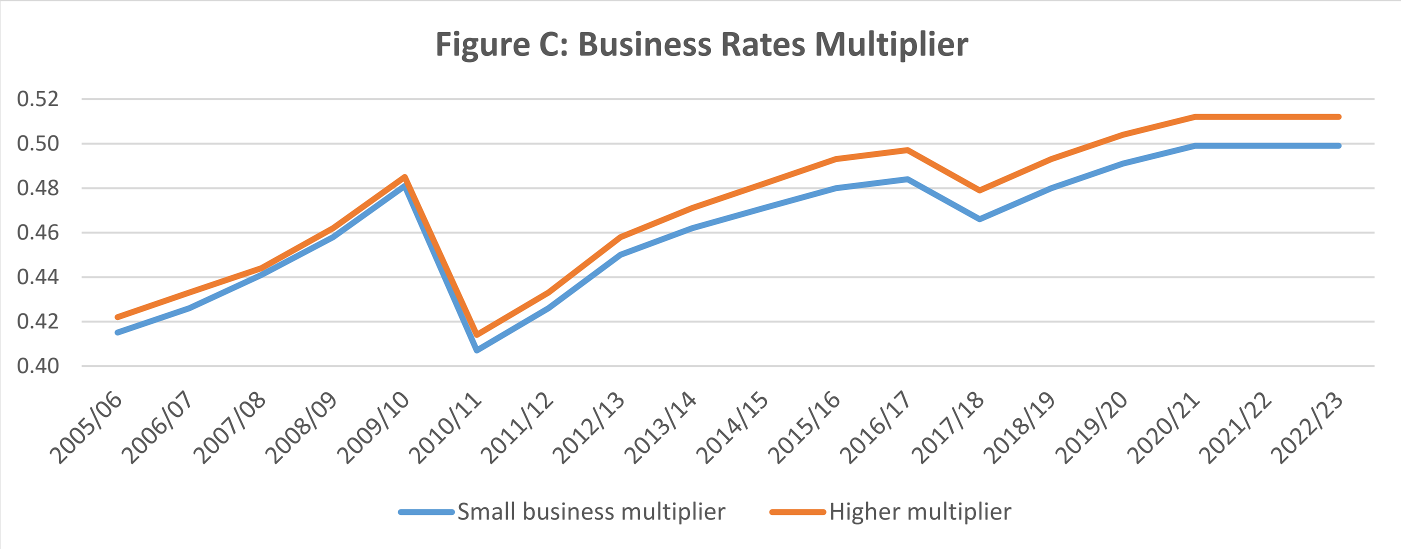
Yes. The justification will also only increase as the market share of online retail and so revenues from an OST grow. Without intervention, the existing imbalance in the burden of taxation across the retail industry will only intensify related economic and social consequences (see Q32). This has been demonstrated to date by the increasing multiplier rate (see Figure C), contributing towards the UK having the highest property taxes in Europe[14]. A parliamentary Select Committee has estimated that business rates for some online retailers are 0.7% of turnover compared with 1.5% - 6.5% for bricks and mortar retailers[15]. Failure to proceed with an OST would therefore remain an active policy choice given the speed of change across the retail industry[16].



This increasing justification means the relative administrative burden for retailers to comply with the OST will become smaller as retail sales continue to digitise and reporting responsibilities come to be familiar. Nonetheless, if HMT confirms intentions to proceed with an OST, we recommend an impact assessment setting out cost burdens for businesses.

Question 34: To what extent do you think an OST would impact innovation, efficiency and productivity?

An OST would not have a net negative impact on innovation, efficiency or productivity. Providing a small business allowance would ensure emerging online businesses in effect receive a tax-break until they have a significant online presence and sales profile. Retailers with an established online presence would remain profitable: even considering a 2% OST, the volume of online sales would continue to rise.

This question can also be reversed to focus on what economic distortion already exists as opposed to what distortion may be created. The tax framework is currently distorted in favour of online retailers relative to bricks and mortar stores, which acts to suppress investment into high street and local services.

Question 35: To what extent do you believe that an OST would impact consumers' behaviour in favour of in-store retail?

[14] https://www.cityam.com/uk-has-highest-rate-property-tax-eu/
[15] High streets in 2030 report hclg committee
[16] https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi

We do not believe a 2% OST would significantly alter consumer shopping behaviour. Using a revenue rather than flat-fee approach would prevent some minimal consumer impact on low-value transactions. An Oxford Economics report commissioned by Amazon UK did not conclude a 2% OST would displace online retail sales towards in-store retail[17].

Question 36: How do you expect online retail to evolve in the coming decade and how should an OST take account of these?

The Future Retail Disruption Report for 2021-2022 projects online sales will rise to 38% by 2026, significantly beyond the 29% rate in 2021[18]. Online retailers are increasingly seeking to compete on convenience with bricks and mortar retail, by offering superfast or next day deliveries. Some bricks and mortar retailers are looking into differentiating their customer experience, to provide personalised and engaging shopping options compared to functional and transactional online retailing. Local shops will look to retain the advantages of trading close to customers, converting occasional customers into regulars via loyalty schemes and targeted marketing.

Question 37: What is the evidence for the degree of pass-through of the cost of an OST to consumers? To what extent will this vary depending on the type and value of the goods sold?

The proportion of pass-through to consumers is likely to vary between product categories and businesses depending on the level of price elasticity and competition.

Question 38: Do you have any data which would support the Government in making an assessment of the incidence of the tax or its distributional impacts?

The capitalisation of business rates into rents is economic theory not borne out in practice in the retail industry. Capitalisation is not relevant for owner-occupied stores, accounting for 56% of independent convenience stores and 36% of multiple-owned convenience stores[19]. Any marginal capitalisation for tenanted stores would have a significant lag time due to long lease terms for convenience retailers.

In locations with high commercial property demand, the nature of commercial agreements (e.g. upward only rent reviews) and the weaker bargaining position of many tenants who pay the tax means retailers are not able to pass on increases in business rates bills to landlords by negotiating on rent. Reducing business rates bills in these areas will not capitalise into rents due to long-term leases, typically 10, 15 or 20 years for convenience stores.

In locations with lower commercial property demand, landlords will have insufficient leverage to negotiate for rent increases. Real rental venues in retail are falling in many parts of the country which emphasises occupiers' bargaining power to prevent capitalisation of rates savings into rent.

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[17] https://d2rpq8wtqka5kg.cloudfront.net/661739/open20211110032000.pdf?Expires=1649945662&Signature=Ku1whVb2Y2PR5wTEc1ARKMINQ5j57tdDlXSTG8y8ScYKtVlWp8yVUQYzx56ZdzfSgU1pfhQ8swNYRDTYrdgHnqGvBtVSp4t02NrF6lxrh-kw2gl3B3CYXXMYj0PfPYxyE7EvE-tg4cXtKMn6JLnHd94KNARGXxtgCsOSUQNOCJ8fwZFpl3QiUtnzBEXqoah66biHR-IvLieWwp2n3Em2Ew2CYSBkl0y6cbhep2GRWKhxvf1kYvAdhDy3b4n5rtfn40RGjt8DTcmn29399VCFvaeDMs7f~g8fyIhubHcZVImGAOKYO2xqU20FWRuH9M3~3LUgmTo5JwNHtrAsBfipNQ__&Key-Pair-Id=APKAJVGCNMR6FQV6VYIA

[18] https://www.kamcity.com/namnews/uk-and-ireland/ecommerce/online-set-to-account-for-nearly-40-of-all-chain-retail-sales-within-five-years/

[19] ACS Local Shop Report 2021

The valuation process, which uses rental values to determine rates liabilities, should also theoretically deter capitalisation, given that increases in rents should feed back into higher rates liabilities at subsequent revaluations. Revaluations also cannot rebalance taxation in itself due to the requirement for fiscal neutrality leading to increases in the multiplier.

Question 39: In your assessment, what would be the distributional impact of an OST? Are there particular groups who are likely to be worse affected than others? How would this change if an OST were applied as a flat-fee per transaction (or some other similar metric) versus a percentage of firms' revenue from online sales?

The distributional impact would be marginal, especially if a revenues-based OST is taken forward. A revenues-based approach would avoid lower value transactions from having a higher OST incidence. Distributional impacts will also decline as the population becomes increasingly digitally able, a trend which has been accelerated during the pandemic as many older or more vulnerable consumers shopped online for the first time while shielding, self-isolating or otherwise reducing social contact.

Question 40: What environmental impact might an OST have? How would its design affect an OST's environmental impact?

We are not aware of any clear evidence on the environmental impact of an OST and whether the policy would be net-positive or net-negative for the government's decarbonisation objectives. This suggests environmental impacts may not be significant.

We are aware of proposals for flat-fee delivery taxes in New York and Paris which have cited environmental benefits including cleaner air and reduced congestion. However, the extent of these benefits will vary according to uptake of public transport and less polluting vehicles. It could be more efficient for a single delivery driver to serve a neighbourhood, rather tan a series of individual car trips to town centres.

Consumer polling in May 2021 for the Community Barometer did ask about perceptions of the environmental impact of rapid grocery deliveries, 20% of respondents believed it to have a positive impact, 36% a negative impact, and 20% no impact[20]. This may be due to the polluting transport of delivery drivers, while 56% of customers visit their convenience store by walking[21]. Overall, town centre visits tend to mean a consumer visiting numerous shops for one journey, rather than deliveries from online retailers which require one journey per online shopfront.

For more information, please contact ACS Public Affairs Manager Steve Dowling via steve.dowling@acs.org.uk

[20] ACS Community Barometer 2021
[21] ACS Local Shop Report 2021

Annex A – About ACS

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.

ACS | the voice of local shops

WHO WE REPRESENT

INDEPENDENT RETAILERS

ACS represents almost 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES

ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES

ACS represents over 13,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR

WHAT WE SELL

In 2020, the total value of sales in the convenience sector was £44.7bn.

The average spend in a typical convenience store transaction is £7.46.

WHO WE ARE

There are 46,955 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.

OUR COLLEAGUES

The convenience sector provides flexible employment for around 412,000 people.

13% of independent/symbol stores employ family members only.

HOW WE OPERATE

22% of shop owners work more than 60 hours per week, while 24% take no holiday throughout the year.

72% of business owners are first time investors in the sector.

OUR COMMUNITIES

Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

80% of independent/symbol retailers have engaged in some form of community activity over the last year.

ECONOMIC CONTRIBUTION

Between August 2019 and May 2020, the convenience sector invested over £585m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of around 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 6,700 stores. The Local Shop Report also draws on data from Lumina Intelligence, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit www.acs.org.uk

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