

British High Streets: from Crisis to Recovery?

A Comprehensive Review of the Evidence

Neil Wrigley and Dionysia Lambiri

University of Southampton

With additional contributions from:

Gaynor Astbury Geofutures

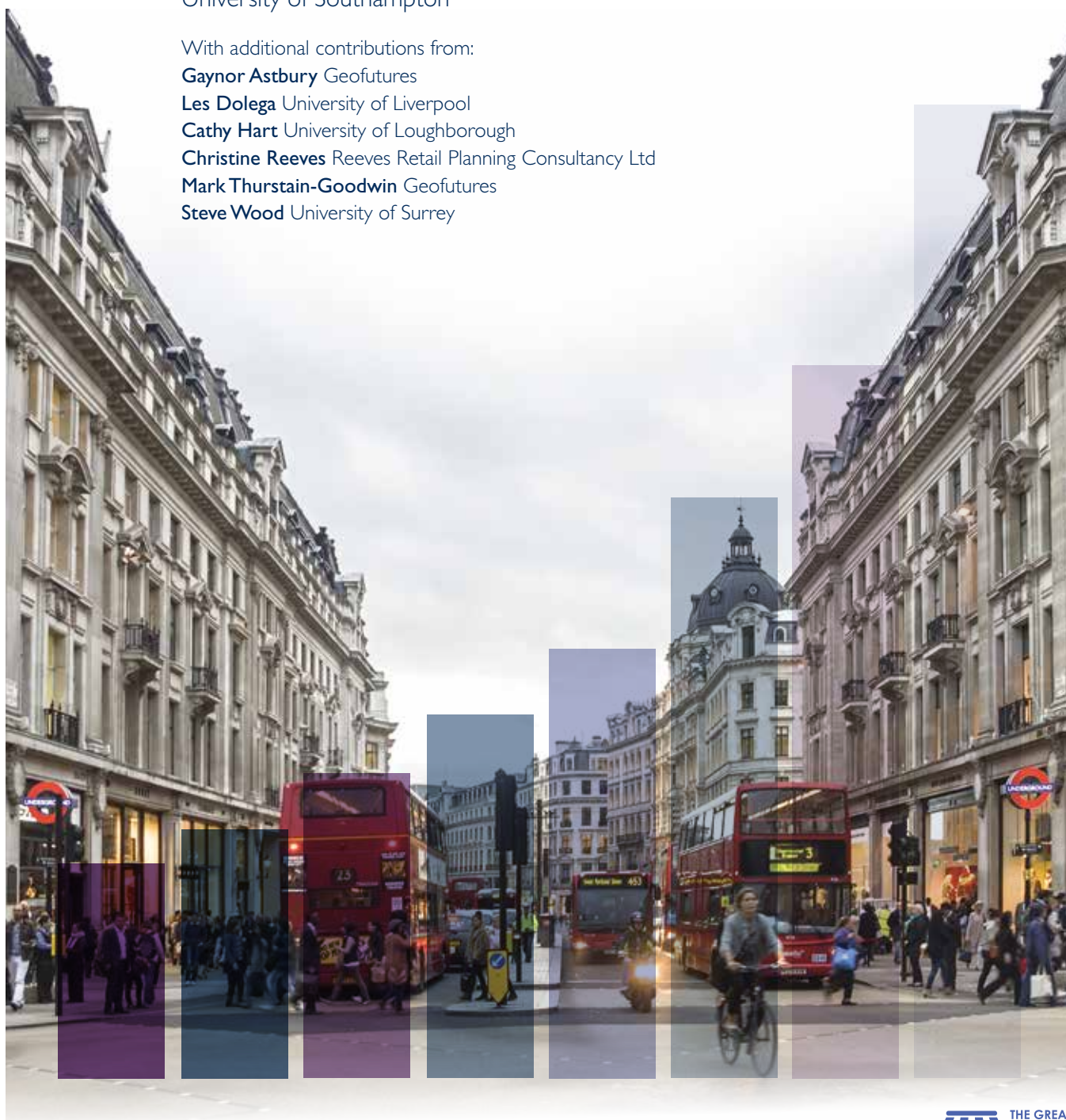
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Preface

We have seen many barrels of ink spilled and pixels pressed into service on the subject of our high streets and town centres in recent times. I confess to being one of the protagonists. As part of our work in the Future High Street Forum we were clear we didn't need "*just another*" report to add to the pile but realised what was missing was an independent assessment of what was real evidence and what was conjecture, speculation and supposition.

It is a pleasure then to commend this report which adds to our understanding by bringing together hard evidence and reliable information on high street and town centre performance across the UK, as well as highlighting what we still don't know. An assessment invaluable to anyone involved with safeguarding the economic health, vitality and successful re-invention of these spaces.

The study demonstrates brilliantly that it's not where you sit on the analytical spectrum that matters; rather the robustness of your evidence-base. The authors, having considered the work of experts across the field, illustrate the trends which are apparent in our high streets and town centres, and dissect how those trends have changed – and will continue to change – these vital commercial and social spaces. Both tasks made more difficult by the conspicuous absence of 'open' data.

The study makes clear that adaptive flexibility remains an important strand in the DNA of our high streets and town centres, whilst at the same time reminding us that not all centres are showing the same capacity to adapt, both to disruptive forces and longer-term trends affecting performance.

This assessment of the drivers of change in the performance of the UK high streets leaves us better placed to respond to both current trends and those that will undoubtedly emerge in the future.

Helen Dickinson
Director General, British Retail Consortium
Member of the Future High Streets Forum

Foreword

In late 2012, a year after the publication of Mary Portas' independent review of the future of UK high streetsⁱ, and nine months after the Government's official response to the Portas Review had accepted virtually all its recommendations, vacancy rates in British town centres and high streets¹ had risen to what, in retrospect, we now know to have been their peak levels. That is to say, in the case of empty property units (voids), a more than doubling to 16.3% in late 2012 from 7% in 2008 at the start of the period of economic crisis and austerity. Average figures which, of course, concealed wide geographical differences with substantially higher levels being recorded, notably in northern regions.

High street dereliction provided highly visible and graphic evidence of the severity of the economic downturn and the scale of Government's task in attempting to return the UK economy to robust growth. It also raised serious concerns about the social cohesion of communities dependent for vital service provision on ailing (possibly terminally) high streets. Yet the Portas Review had revealed immense public concern for the wellbeing of the commercial and community spaces which constitute the 'great British high street'.

Moreover, Portas' passionately expressed views about the need to view the UK's town centres and high streets not just in commercial terms, but as dynamic, exciting and social places that give a sense of belonging and trust to a community had provided an important catalyst for both the investigation of, and policy debate on, topics which had been neglected for some time. In turn, that had unleashed the preparation and publication of a torrent of related reports from a wide range of stakeholders.

Although no simple consensus had, or was, emerging from those reports, the high quality and/or authoritative nature of several of them – including the *Grimsey Review*ⁱⁱ which had positioned itself as a critique of and challenge to Portas – signalled a willingness by the many stakeholders in the retail, property, hospitality, leisure and services sectors to work together and with Government to understand and address the challenges faced by Britain's high streets and help them adapt and survive.

The Future High Streets Forum

Partly in response, in early 2013 a heavyweight Government policy advisory group – the Future High Streets Forum (FHSF) – was created, co-chaired by a Minister from the Department for Communities & Local Government (DCLG) and a senior executive from Alliance Boots, and consisting of leading figures in the stakeholder groups.

Over the subsequent two years to the publication of this review in March 2015, the record of the FHSF demonstrated that the goodwill expressed by the stakeholders at the time of its creation was real. Under three successive Ministers, the Forum proved to be exceptionally proactive and interventionist, extracting significant financial concessions on the Business Rates burden, reining-in over-zealous parking enforcement practices, supporting local markets, easing certain land-use planning restrictions to facilitate change of use from retail to services and increase local footfall, working with DCLG to support the Portas Pilots experiment and the Town Teams in centres which had lost out in the competition to receive Pilots funding and launching a new competition to promote the vitality of the 'Great British High Street'.

To drive forward its agenda the members of the FHSF also met on a more frequent basis in smaller working groups – known as ‘Task & Finish Groups (T&FGs)’. One of those – T&FG3 – chaired by the Director General of the British Retail Consortium (BRC) took on the task of assessing the evidence base and feeding its perceptions into the work of the FHSF and into wider public debate. Clearly that was no small task for several reasons.

First, because it required not only an encyclopaedic grasp of the structures and trajectories of the many interlocking elements of Britain's service economy, but also insight into the complex relationships of those elements with the built environment, the regulatory environment, and the strongly developing digital economy.

Second, because it was known that by the end of 2013 almost a dozen significant reports, triggered by the Portas Review and comprising many hundreds of pages, were likely to have been published or would shortly appear offering policy recommendations relating to particular aspects of the high street crisis. In those circumstances, to what extent and in what ways could any FHSF assessment realistically add value to those reports?

Third, because this was evidence review and assessment of an evolving economic and social issue, not of a problem on which the evidence had or could be obtained under experimental or quasi-experimental conditions. That is to say, although expert judgment could be used to assess the coherence and quality of the available findings on a particular issue, by highlighting any particular interpretation of events and discussing that interpretation in public debate, the future nature of the problem would inevitably be altered. In other words, expert assessment was of itself likely to change the nature of the evidence base, and the implications of that required appreciation.

The ESRC supported evidence assessment

In practice, T&FG3 passed the task to the sole academic member of the FHSF – Professor Neil Wrigley FBA of the University of Southampton and his retail research group at Southampton. Building on extensive prior research on issues of retail access, competition and planning stretching back over two decades, and the university-industry links which had underpinned the ESRC Retail Industry Business Engagement Network (RIBEN). The ESRC who funded the work, in recognition of their commitment to advancing knowledge and thereby enhancing the economic competitiveness of the UK, the effectiveness of public services and quality of life, co-commissioned the study with the FHSF.

Work on the review formally commenced in the summer of 2013 and from the outset, the scale of the commitment became dauntingly clear. Not because of the magnitude of available research. Rather the reverse. On several critical issues the dearth of publicly available evidence-based research was notable and stood in marked contrast to the intensity of debate generated by the issues. Moreover, what research was available was frequently characterised by a disconcerting opaqueness surrounding study design, methodology, execution and interpretation or, alternatively, by such wide variations in design, methodology and sample size that comparison of findings became very difficult.

In part, these difficulties reflect the dominance of proprietary research on topics which have considerable commercial value, and its consequences in terms of a resulting lack of visibility of the true spectrum of available research and findings. But, more widely, it also reflects: the long slow demise of publically accessible ‘open data’; the rise and importance of ‘commercial data’ on town centre/high street structures, and the constraints that having to fund use of commercial data imposes on research.

An assessment of narratives of high street evolution as much as research findings

Whatever the reasons, however, it rapidly became clear that the review was as much about assessing differing overall *narratives* of town centre/high street evolution as it was about using academic judgment to assess the coherence and quality of sets of research findings in the conventional mode of evidence reviews in the physical or medical sciences. In moving to that position, we were both given the opportunity to provide and were successfully able to articulate, a number of key perspectives (for example, 'convenience culture', 'adaptively resilient high streets' and so on), which were critical to several of those narratives. The narrative which structures this review differed quite markedly from that of other stakeholder groups. Although it identifies similar forces actively changing the structure of UK town centres and high streets to those highlighted by those other groups, it places far more stress on the cultural shifts powering the seismic changes in consumer behaviour which had begun to be apparent than was typical in those other accounts.

As a result, in the chapters which follow, we highlight the significant technological changes which have ushered in the digital high street, we give significant attention to the cumulative impacts of competition from out of town provision, and we consider narratives focused on locational obsolescence, differential costs of doing business, and long-term structural trends involving shifts from retail to service provision in town centres/high streets. However, the narrative we favour is one which prioritizes changes in the culture and practices of consumption – changes which we see as working in combination with the other forces powering high street change. In adopting this narrative, we are not suggesting that others do not have value. There is no single and simple narrative which is correct, and we accept that the ones which are chosen act as lenses through which the type of evidence that is prioritized is both defined and viewed.

A once in a generation change in consumption practices with radical and disruptive effects

Finally, we note and draw comfort from the fact that the narrative we adopt is increasingly being endorsed by other major town centre stakeholders. For example, by the Managing Director of Waitrose, who stated in an interview at the end of 2014 that the changes in consumption practices being observed at the end of the period of crisis and austerity represent a “once in a 50 to 60-year changeⁱⁱⁱ”, and are causing radical and disruptive changes³ in the markets which his firm serves. That is to say, he clearly favours a narrative in which “lifestyle changes following the financial crisis, and developments in technology” take precedent over much touted new forms of competition with major implications for the future of the high street – much of it potentially positive.

This comprehensive review comes at a time when the radical changes in consumer behaviour that have occurred, are becoming increasingly apparent and widely discussed. In that context, this work offers insight and depth to those emerging public debates, offering an important resource for the many groups who have important stakes in the future of British town centres and high streets. What we present is not, and was never intended to be, original research. Rather it reflects another dimension of academic study – the opportunity to imagine and articulate a vision which is more than the sum of its individual component parts.

i Portas, M (2011), *The Portas Review: An independent review into the future of our high streets*. London.

ii Grimsey, B et al (2013), *The Grimsey Review: An alternative future for the high street*. London.

iii Quoted in Ruddick, G (2014), *Supermarkets are 20 years out of date, says Waitrose boss*. The Telegraph (Oct 22). Retrieved from: <http://www.telegraph.co.uk/finance/newsbysector/epic/tsco/11178281/Supermarkets-are-20-years-out-of-date-says-Waitrose-boss.html>

Setting the scene: the shock wave of economic crisis and the forces of change

INTRODUCTION

In the preceding *Foreword* to the Evidence Review, we summarised the purpose and objectives of the Review. We noted that, in practice, our task was as much about establishing a narrative which facilitated a coherent interpretation of a period of seismic change in consumers' use of Britain's town centres and high streets, as it was in using our academic judgement to assess the coherence and quality of the information which exists on the topic.

We now move on to the first stage of that narrative. We discuss Britain's six-year period of economic crisis and austerity which began in 2008, focusing on what it meant for consumers, retailers and service providers, and for the spaces of commerce and community of Britain's town centres and high streets.

THE SHOCKWAVE OF GLOBAL FINANCIAL CRISIS

The shockwave of global financial crisis tore through UK town centres and high streets in 2008 with dramatic effect. Consumer confidence collapsed and remained stubbornly negative for the next five years (Figure 1) – being mirrored by sharp falls in GDP (Figure 2).

Households saw growth in real gross disposable incomes slow markedly (Table 1) as increases in inflation consistently outstripped rises in average pay.

FIGURE 2: UK GDP % CHANGE, 2006-2013

Source: ONS, 2013

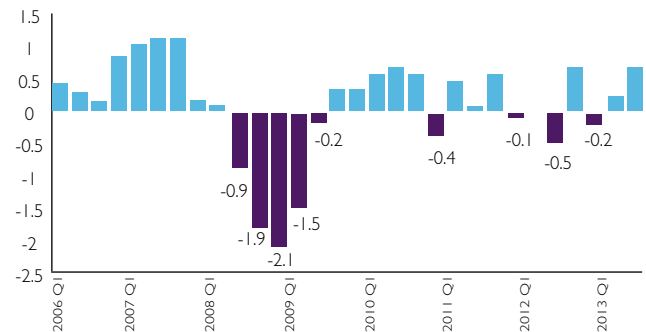
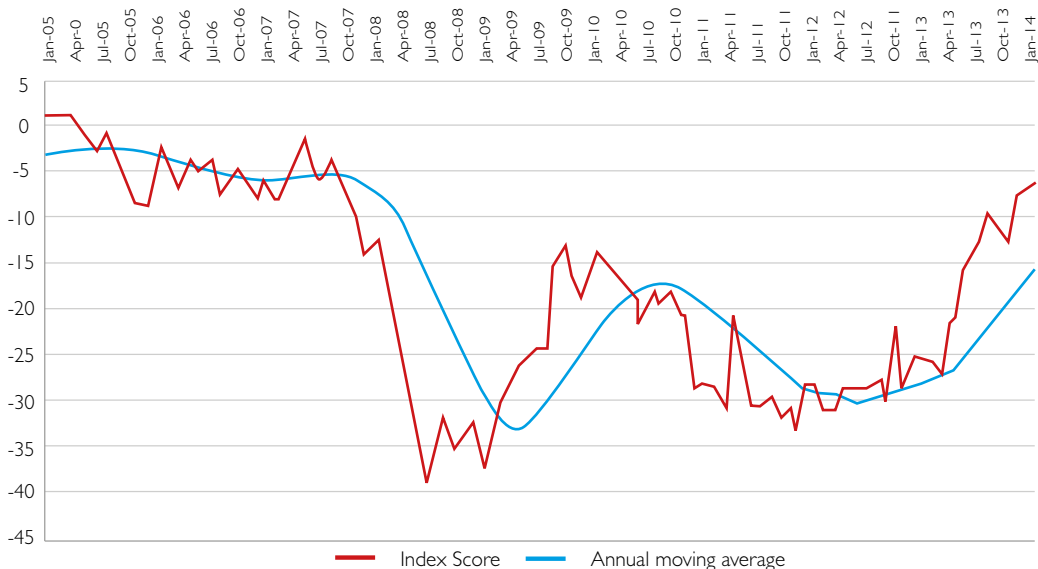


TABLE 1: ANNUAL % CHANGE IN GROSS AND REAL DISPOSABLE HOUSEHOLD INCOME (2006-2012) Source: ONS, 2013

Year	Growth in gross disposable income %	Impact of inflation implied (percentage points)	Growth in real gross disposable income (%)
2006	5.2	-2.6	2.6
2007	3.1	-2.6	0.5
2008	3.5	-3.2	0.3
2009	3.6	-2.0	1.6
2010	4.8	-4.1	0.7
2011	2.7	-3.9	-1.2
2012	4.0	-2.6	1.4

FIGURE 1: CONSUMER CONFIDENCE INDEX CHANGE, 2005-2014

Source: GfK UK Consumer Confidence Index



A significant related concern for consumers was the steep fall in house prices (Figure 3), something particularly marked between 2007 and 2009. However, this was a regionally variegated phenomenon, with prosperous areas such as London weathering the storm more successfully than other regions. Property values had acted as a significant virtual and psychological store of wealth and their reduction fed through to affect consumption expenditure. The value of retail sales continued to increase, largely driven by inflation, but the volume of sales essentially flat-lined from the start of the crisis to the beginning of 2013 (Figure 4).

FIGURE 3: UK HOUSE PRICE CHANGE, 2006-2014

Source: Nationwide, 2014¹

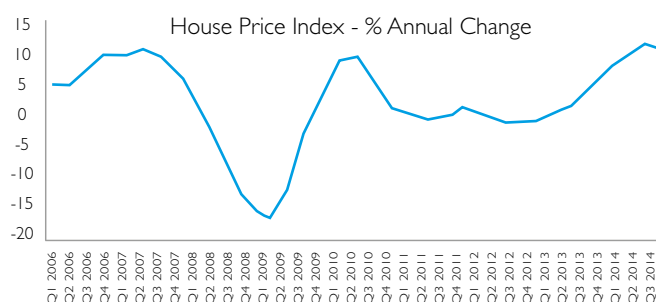
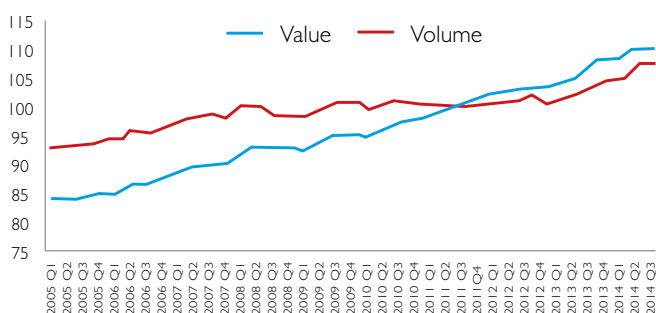


FIGURE 4: RETAIL SALES VALUE AND VOLUME (EXC. AUTOMOBILE FUEL), 2005-2013

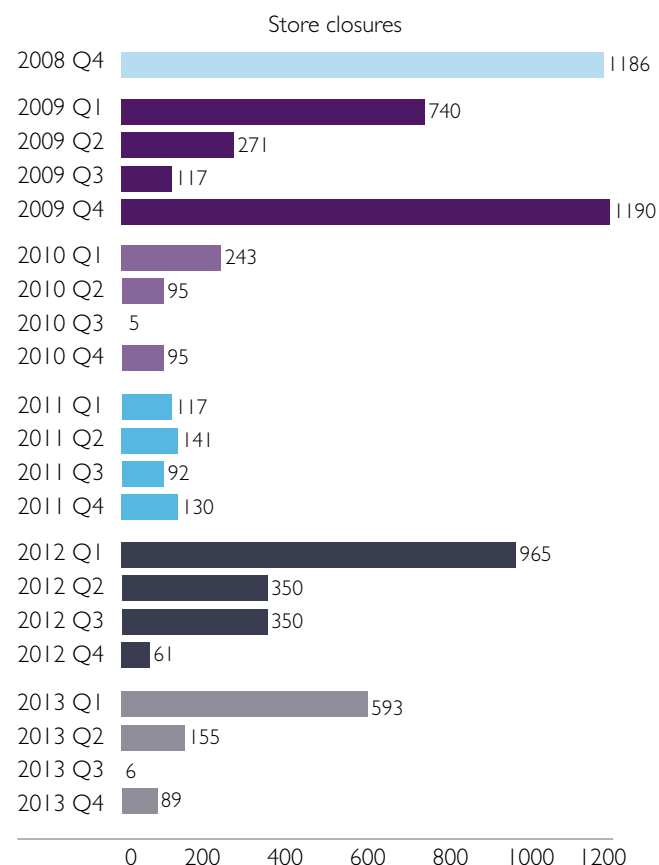
Source: ONS, 2014



Together with stagnating household incomes and unsustainably high costs of doing business (discussed below in this chapter), fragile consumer confidence helped push many retailers into administration, and some into liquidation (Figure 5). Nearly 75,000 employees were affected by 54 major retailer failures in 2008, and there were secondary peaks in administrations/liquidations in 2009 and 2012.

FIGURE 5: RETAILER ADMINISTRATION CLOSURE TIMELINE, 2008-2013

Source: Colliers International²



High profile multiple chains such as JJB Sports, Jessops, Blockbuster and HMV entered administration and receivership, and the loss of their extensive store portfolios had major effects on high street attractiveness. As Table 2 demonstrates, almost 25,000 stores and a quarter of a million employees were affected in that way.

TABLE 2: UK RETAIL FAILURES, 2007-2013

Source: Centre for Retail Research³

2007 (12 months)	25	2,600	14,083
2008 (12 months)	54	5,793	74,534
2009 (12 months)	37	6,536	26,688
2010 (12 months)	26	944	10,930
2011 (12 months)	31	2,469	24,025
2012 (12 months)	54	3,951	48,142
2013 (12 months)	49	2,500	25,140
2014 (to February)	18	202	2,260
TOTAL	274	24,762	223,347

Town centres and high streets provided highly visible and graphic evidence of the scale of the economic downturn. The crash in consumer confidence was followed by an immediate and abrupt increase in vacancies. Vacancy (see Chapter 2) measured as either a percentage of floorspace in a centre or in terms of the percentage of empty property units (voids) more than doubled over the five years from 2008 – in the case of voids rising from 7% in 2008 to a peak of 16.3% in 2012, before trending downwards as the economy began to recover, falling to 15.1% by October 2013, and again to 13% by April 2014.

Significantly, the shockwave also exposed and reinforced longer-term underlying forces of change which had been reconfiguring UK town centres and high streets for some time, but which had been somewhat masked during the 'growth' years of the early/mid 2000s. Not all those forces, it must be stressed, were negative for the high street. The period of turmoil offered new opportunities for those businesses which could change and adapt.

As Figure 6 summarises, these forces of change included *short term* pressures of economic shock from the recession, and *medium term*

forces such as planning policy and institutional support for town centres and high streets in the face of competition from alternative retail locations.

In turn, the short and medium term forces combined with *long term* pressures including the disruptive effects of online retailing, changing demographics, and significant shifts in consumer behaviour which underpinned the rise of what has been termed 'convenience culture', to produce a period of profound change in UK town centres and high streets.

Our purpose in this short chapter is merely to set these forces of change into the economic context which exposed them. Also to note some of the wider competitive pressures which were being experienced by UK town centres and high streets as they attempted to negotiate the era of economic crisis and austerity 2008-14.

In Chapters 4, 5, 6 we then consider in detail each of the major forces of change – that detailed discussion with a review (Chapter 2) of available evidence on how the UK's town centres and high streets performed during economic crisis and austerity.

FIGURE 6: FORCES OF CHANGE RECONFIGURING TOWN CENTRES/HIGH STREETS



THE FORCES OF CHANGE

Of particular importance amongst these structural forces were:

1. The progressive rise of online shopping – which had increased to more than 10% of UK retail sales by 2011 and was beginning to have marked substitution and modification effects on both consumer behaviour and certain types of high street retail – where by *substitution* we mean e-shopping replacing trips to retail stores, and by *modification* we mean e-shopping altering the nature of physical shopping (e.g. the frequency and duration of trips) to high street stores⁴. Online retail options had become increasingly reliable and easy to use. They facilitated price comparison and reduced both the direct costs of visiting town centres and the opportunity costs of consumers' time. Given the ease of product comparison, it is unsurprising therefore that the effects of online were being disproportionately felt by two main groups of retailers:

(i) those – e.g. music & video retailers, book retailers, travel agents – whose core products were intrinsically 'virtual' and could be sought out, transacted, transported and consumed all within the electronic space of the internet, and

(ii) a wide range of other comparison/non-food retailers whose products, whilst not being in the intrinsically virtual category, were susceptible to online price comparison (because they were standardised or 'big ticket' etc) and which consumers felt increasingly confident about buying online. In turn, these effects were leading some non-food/comparison retailers to reassess their store portfolios. Town centre/high street stores of multi-channel retailers in particular were acting more as 'showrooms' for merchandise and/or as convenient venues to 'click and collect' or to return items.

After a decade in which Amazon had risen progressively to become the UK's eighth largest retailer, and with many retailers of the view that total online sales would lie in the range 25 to 30% by 2020 – the shift to the era of the digital high street was deepening and accelerating.

2. The long-term and cumulative impacts of competition from out-of-town 'one stop' retail development. Despite the differential ease of car-based shopping trips to out-of-town retail – not least the benefits which consumers gained from typically free and simple to access parking – and despite the continued long-term shift of retail sales from town centres to out-of-town provision, the competitive threats posed by that provision were becoming increasingly complex and difficult to read. The switch of policy to tightening retail planning regulation which had begun in the mid-1990s, and the subsequent consequences of more than a decade of

wide-ranging cross-political-party support for a 'town centres first' approach to retail provision had slowly changed the trajectory of development. Policy-compliant proposals for in-centre and edge-of-centre development, frequently involving more difficult sites and for smaller stores in relative terms had become the norm and were certainly not uniformly negative for town centres. Indeed, a growing body of academic research highlighted the beneficial aspects of such developments for the longer term sustainability of centres.

3. The rise of convenience culture. Progressive, highly complex, and often underestimated shifts in consumer behaviour and cultures of consumption towards what has been referred to as 'convenience culture' had been taking place for over a decade. Consumers were seen to be not only rapidly embracing online shopping, but also re-evaluating the costs versus benefits balance of one-stop out-of-centre facilities, and increasingly seeking convenience at the local/neighbourhood level. The latter was particularly the case if businesses could supply either a 'choice-edited' neighbourhood version of the range and quality of the out-of-town offer; or alternatively if they could provide something specialist and/or rooted in the local community. Since 2008 consumers were also seen to be adapting their behaviour (consciously or unconsciously) to economic crisis and austerity in a way that was supportive of a local/neighbourhood conception of convenience. For example by their use of more frequent top-up shopping at a greater number of local stores to more appropriately balance their household demands against supply (i.e. employing what might be thought of as a crude form of 'just in time' supply technique) in the process also reducing their food waste and taking greater advantage of discount coupons etc. The cumulative effect, however, was to raise previously unimaginable doubts regarding the long term prospects of large-format out-of-town retail and service provision.

OTHER COMPETITIVE PRESSURES ON TOWN CENTRES AND HIGH STREETS

Although we choose to prioritise the three interrelated structural forces of change discussed above in the detailed Evidence Review (Chapters 2 to 8) that follows, it is important to acknowledge immediately other important competitive pressures which were being experienced by Britain's town centres and high streets as they entered the period of economic crisis and austerity. Those which relate to the differential costs of doing business on the high street compared to out-of-town or online – in particular the burden of business rates – have been widely regarded as particularly important. Other expert groups meanwhile have attached very similar importance to the competitive pressures which accrue from having too much retail space of the wrong type in the UK. That is to say, of some types of

town centres and high streets struggling to survive as retail centres in the context not only of the challenges of the internet era but also of the long term structural shift from retail to service provision in those centres/high streets.

The burden of business rates. Table 3 presents data on retail operating costs between 2006-2012. The increase in business rates of 29% contrasts markedly with the modest 4% rise in rental costs, and additionally significantly outstrips inflation, with the RPI only increasing by 22% over the same period.

TABLE 3: SELECTED OPERATING COSTS IN THE UK RETAILING 2006 - 2012

Source: DCLG

Spending £m	2006	2007	2008	2009	2010	2011	2012	2006 -2012
Total labour costs	37,770	43,448	37,770	37,770	37,770	37,770	37,770	+27.5%
Rent	14,995	16,347	14,995	14,995	14,995	14,995	14,995	+4.0%
Business rates	5,620	5,958	6,266	6,431	6,689	6,819	7,246	+28.9%

As the 'high street crisis' deepened during the period 2008 -12, Government acknowledged the importance of the business rates issue, and in December 2013 the Chancellor's Autumn Statement announced plans to cap business rate increases at 2 per cent, within a wider package of business rates tax cuts valued at £1 billion. Additional temporary actions to reduce the rates burden, particularly for town centre occupiers, announced included:

As the 'high street crisis' deepened during the period 2008-12, Government acknowledged the importance of the business rates issue, and in December 2013 the Chancellor's Autumn Statement announced plans to cap business rate increases at 2 per cent, within a wider package of business rates tax cuts valued at £1 billion. Additional temporary actions to reduce the rates burden, particularly for town centre occupiers, announced included:

- extending the doubling of the Small Business Rates Relief to April 2015;
- allowing businesses to pay their bills over 12 months (rather than 10), to assist with cashflow;

- introducing a 'retail relief' on business rates, at the discretion of the local authority, comprising a £1,000 discount in 2014/15 and 2015/16 for retail premises with a rateable value of less than £50,000 - including shops, pubs, cafes, and restaurants; and
- introducing reoccupation relief, whereby new occupants of retail premises that have been empty for a year or more, receive a 50% discount on rates for 18 months, until April 2016.

Taken together, these measures provided some benefit - nearly 300,000 premises received the £1,000 'retail relief', saving up to 30% on their rates bill compared with the previous year⁶. However, this needs to be placed within the context of an overall retail sector which could be expected to contribute 25% of the £27bn business rates likely to be raised in the 2014/15 financial year. Additionally, and significantly, postponement of the business property revaluation to 2017 left many retailers still paying rates based on pre-economic crisis property valuations. As a result, John Rogers, CFO of J Sainsbury, argued that:

"business rates continue to place a significant and unfair burden on bricks and mortar retailers in the UK and are discouraging investment in local jobs and communities. An urgent rethink of business rates policy is required."⁷

By March 2014, sustained pressure from retailers themselves, from the British Retail Consortium⁸, and from the wider Government Policy Advisory Group, the *Future High Streets* Forum led to a Business Innovation & Skills Select Committee report labelling business rates as the 'the most crucial deterrent to new businesses appearing on the High Street' and urging 'a wholesale review'.⁹

That long desired business rates review is now ongoing with Interim findings likely to be announced in December 2015 and delivery by the 2016 Budget. The Chancellor's 2014 Autumn Statement released on December 3¹⁰, announced a further package of temporary measures including - capping the inflation-linked increase in business rates to 2% for 2015-16 extending the rates rebate for small high street shops, pubs, cafes, and restaurants from the £1,000 provided in the Autumn Statement 2013, to £1,500, and extending Small Business Rate Relief for a further year (2015-16).

The package was widely welcomed as indicating an initial step and commitment towards more fundamental business rates reform. The Director-General of the BRC summed up those views by noting once again the importance of the costs of doing business to the evolving high street:

"We want a system that brings investment and jobs to the high street without punishing retailers who trade online... (this) short-term support package will be of enormous help to those struggling to keep their businesses open on the high street."¹¹

In March 2015, the government launched what it described as the most wide-ranging review of national business rates in a generation. The review, set to report back by Budget 2016, will examine how businesses use property, what the UK can learn from other countries about local business taxes, and how the structure of the current business rates system could be modernised.

The burden of too much retail space of the wrong type.

The influential report *Beyond Retail* produced by the 'Distressed Property Working Group' and published in 2013, represented the views of the wider UK commercial property industry. Its major contribution was to draw attention to the need for significant numbers of town centre/high streets to adapt to a differently structured future in which they were likely to retain only a limited retail function, but an important role in service, entertainment and health provision.

At one end of the spectrum, the report envisaged strong, dominant centres with high footfall continuing to attract high profile retailers, further fuelling their attractiveness. At the other end of the spectrum, it saw a potential role emerging for those local and neighbourhood centres that were able to adapt successfully to the modified shopping behaviours (e.g. 'frequent top-up' and 'click and collect') that have characterised the shifts to 'convenience culture' and online retail, and have been accentuated during the period of economic crisis and austerity.

In contrast, and as we discuss in Chapter 2, the Distressed Property report identified certain groups of medium-sized centres as being most likely to struggle to adapt to the new realities and find a relevant role within consumers' modified shopping behaviours. Essentially the view taken was one of locational and functional obsolescence - that the space offered by such centres 'is often of the wrong size and configuration and in the wrong location to meet today's retailer requirements'.¹³

Potentially therefore the narrative we adopt to interpret what has clearly been a period of profound change in consumers' use of Britain's town centres and high streets, could have been structured in many different ways - to emphasise, for example, the themes of

locational obsolescence or differential costs of doing business. We are conscious that there is no single, and simple, definitive interpretation, and that the narrative adopted inevitably defines the type of evidence that we prioritise. Nevertheless, we believe that focusing on the three interrelated structural forces of change discussed above provides insights and adds value, and the remainder of the Evidence Review is structured to draw out and summarise those insights.

STRUCTURE OF THE REVIEW

Chapter 2 draws on available research on the economic health and performance of UK town centres and high streets following the shockwave of global financial crisis, and assesses what is known about the drivers of that performance, and how this varies both geographically and at different levels of the urban hierarchy. In doing so, the chapter also discusses analytical issues related to measuring performance.

Chapter 3 explores the key demographic and societal trends that have affected high street configurations and assesses what the trends might imply for high streets in the future.

Chapter 4 builds on Chapter 3 and focuses on the nature and effects of the rise of 'convenience culture' - one of the key forces we recognise to be re-shaping the UK's evolving high streets.

Chapter 5 assesses another of those key forces - the competitive impacts on town centres and high streets from out-of-town 'one stop' retail development. In particular it explores how those impacts have been modified as a result of almost two decades of a 'town centre first' approach to retail development policy and regulation.

Chapter 6 considers the remaining key force we identified earlier in this Chapter - the progressive and increasingly disruptive rise of online retail. It examines the substitution and modification effects of e-tailing, the role of technology as a town centre management tool, and situates the expansion of omni-channel within the high streets debate.

Chapter 7 assesses the role of institutional support for town centres, considering town centre management, BIDS, parking policies and the role of infrastructure investment.

Chapter 8 draws on consumer perspectives to explore how town centres and high streets are used and perceived. It seeks to develop an understanding of the social value of the high street and explores how its current usage is likely to be reshaped by continuing forces of change.

Chapter 9 concludes the report, summarising the key factors that affect future high streets configurations, in the process identifying evidence gaps and research priorities.

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The economic health & performance of town centres & high streets since the economic crisis

HIGHLIGHTS

Assessment of town centre performance is largely based on a retail perspective but a more holistic approach would be beneficial

Although there is an increasing range of descriptive analyses of the differential performance of town centres and high streets, studies which use statistical modelling to assess the drivers of performance remain sparse

Available studies examining performance differ significantly in methodology, sample size and design. As a result, it is difficult to assess consistency of findings. Key potential drivers of performance that are used in empirical research are: the positioning of a centre/high street in its regional/local economy; the role of centre size; the retail/services balance; the roles of centre diversity versus homogeneity; structural vacancy and physical configuration; institutional support and business practice environments

Critical issue of protective effect of centre/high street diversity (measured in terms of representation of independent retailers) remains unresolved

Studies at intra-regional level and, particularly, within single conurbations are difficult because of data availability issues

Additionally, we note that to this point assessments of high street performance during the economic crisis and subsequent period of austerity have largely used retail metrics. We acknowledge immediately, therefore, the need to widen those metrics to capture many of the increasingly important service and leisure functions of centres/high streets. That is to say to adopt the '*holistic approach [which] is becoming increasingly evident when considering emerging government policy across the UK*'¹.

TOWN CENTRE PERFORMANCE – WHICH INDICATORS?

National Planning Policy Framework (2012) and National Planning Policy Guidance (2014)



The NPPF sets out the Government's planning policies for England. In relation to the objective of ensuring the vitality of town centres, it seeks to promote competitive environments, and a network and hierarchy (see Figure 1) of centres that are resilient to anticipated future economic changes.

FIGURE 1: HIERARCHY OF RETAIL CENTRES

INTRODUCTION

Town centres and high streets can be regarded as complex urban ecosystems which constantly evolve – their performance and economic health being shaped by a number of short, medium and long-term forces. In this chapter, we assess what evidence is available on the performance of UK town centres and high streets following the shockwave of global financial crisis and collapse of consumer confidence in late 2007/early 2008. Despite the severity of the high street crisis engendered and the release of many reports which discuss the scale of the crisis and propose policy solutions, there is surprisingly little in-depth analysis that assesses why the economic health of some town centres and high streets proved to be more robust than others. That is to say, what is known about the drivers of performance, and about the differential performance of centres/high streets both geographically (in different parts/regions of the UK) and at different levels of the urban hierarchy?



The NPPG provides practical guidance in support of these policies and outlines how local planning authorities should plan positively to support town centres. Specifically, in terms of assessing the economic health of town centres, the main indicators which the NPPG suggests include:

- Diversity of uses
- Proportion of vacant street level property
- Commercial yields on non-domestic property
- Customers' views and behaviour
- Retailer representation and intentions to change representation
- Commercial rents
- Pedestrian flows
- Accessibility by both private and public modes of transport
- Perceptions of safety and occurrence of crime
- Environmental quality of town centre

The NPPG provides guidance on how to use these indicators to assess proposed developments which might impact the town centre.

In addition, commercial consultancies and town centre management organisations have also developed alternative indicators of town centre health.

Action for Market Towns t/a Towns Alive

In 2013, Towns Alive (formerly known as Action for Market Towns) developed a practical approach to measuring the relative performance of town centres referred to as *Town Benchmarking*². This approach enables centres to be compared using 12 Key Performance Indicators (KPIs) summarised in Table 1, ranging from vacancy rates and retail rents to parking availability and business confidence. The key advantage of the benchmarking approach is that, by comparing the performance of a town centre with other similar centres, local authorities and town centre managers can produce more effective and focused action plans.



GENECON/BIS

In the 'Understanding High Street Performance' report (2011)³



prepared for the Department for Business, Innovation & Skills (BIS), GENECON suggested using four KPIs as indicators of the health of centres:

1. Footfall as an indicator of the popularity of a centre/high street and as a marker of potential spend;

2. Consumer and business satisfaction as an indicator of centre/high street attractiveness and the extent to which social and community purposes were adequately met;

3. Diversity determined by the provision and range of commercial and non-commercial facilities – viewed as a footfall driver but, conversely, can also be viewed as a product of footfall where new facilities open to cater for a growing numbers of consumers;

4. Economic activity measured by consumer spend, non-retail business turnover; range of sectors represented, new investment and development activity.

ATCM

In its 'Successful Town Centres' report (2013)⁴, the Association of Town and City Management (ATCM) notes that current indicators of town centre performance are excessively biased towards retail metrics.



The report underlines that, as centres/high streets have evolved in parallel with changing consumer perceptions/expectations of their role, and centres rely less on their function as places for shopping, securing the prosperity of town centres has become linked to their ability to integrate and manage the daytime, evening and night time economies.

As a result, the ATCM proposes a two-dimensional approach to strategic planning and assessment of performance.

The first stage develops a town centre classification matrix linked to a 'personality' test of town centres. The matrix includes key elements of perceptions of a town centre held among visitors, residents and businesses which can then be validated against the actual strategic approach of key stakeholders such as planners, town centre managers and investors.

The second stage utilises a number of indicators to assess and monitor the performance of town centres, which are grouped around four themes: people and footfall, diversity and vitality of places, consumer and business perception and economic characteristics.

Distressed Property Taskforce Report (2013)



A report which essentially represents the views of stakeholders in the retail property industry – the Taskforce drew upon Colliers' existing Town Performance Matrix (TPM) to identify the sample of towns used in their analysis. The TPM had been developed as a way of grouping more than 364 towns outside central London into five categories: Thriving, Improving, Stable, Degenerating and Failing.

The existing TPM – which was based upon a set of quantitative demand and supply indicators (e.g. % in vacant units; % change in prime zone A rents; % change of total residents in catchment; Job seekers allowance claimant change within catchment, etc) that could be readily sourced from retail data providers – was extended to include a range of qualitative factors to enrich its value (e.g. diversity measured by the range and representation of independent retailers and leisure service providers; town centre institutional support; suitability of retail premises; attractiveness and general feel of the town, etc). This enhanced TPM potentially provides a comprehensive tool for categorising the performance of UK town centres and high streets.

Table 1 overleaf shows the criteria recommended by the NPPG, and compares them against the alternative indicators developed by AMT, ATCM and the Distressed Property Taskforce.

ANALYSES OF THE PERFORMANCE OF TOWN CENTRES AND HIGH STREETS DURING THE ECONOMIC CRISIS AND PERIOD OF AUSTERITY

As Table 1 illustrates, there is no shortage, therefore, of complex potential indicators of the differential performance of UK town centres and high streets during the period of economic crisis and austerity. In much shorter supply however, are attempts to relate performance to potential drivers of performance. That is to say, to answer the simple questions: which of the many potential drivers that have been suggested can be shown – holding all other things constant – to have had an impact on centre/high street performance

and, if so, what is the relative scale of each impact?

Some insights into these questions can be obtained from graphical two – or three-dimensional plots, particularly if the potential drivers are themselves constructed as composites of simple single variables. However, ultimately, the only way to answer these questions is by statistical modelling – utilising the multivariate econometric approaches typically adopted in academic social science.

Characteristically, such multivariate analyses select a single or (intentionally simple) composite response variable as a proxy for the multidimensional indicators summarised in Table 1. In the case of town centre/high street performance, the single response variable of choice has been vacancy rates, whilst the composite response variables of choice have been constructed as some blend of vacancy rates, proportion of total floorspace in the centre devoted to charity shop retail (where charity shop retail is being used as a proxy for dwindling demand for space in a centre), footfall, and consumer/business satisfaction.

Vacancy Rates

Vacancy rates have typically been measured as either a percentage of floorspace in a centre, or in terms of the percentage of empty property units (voids). Occasionally, distinction has been drawn between 'empty' units on the one hand, and 'available but still trading' units on the other (referred to as 'hard' and 'soft' voids, respectively). However, reported levels of vacancy vary according to the definitions of the town centre boundaries which are adopted. Additionally, reported national and regional vacancy rate figures are sensitive to the size and structure of the sample of centres/high streets which has been monitored. As a result, in the period immediately following the shockwave of economic crisis, the scale of increase in vacancy rates reported varied considerably depending on the base level date and sample size.

Bearing these caveats in mind, Figure 2 displays the widely accepted vacancy rate figures of Colliers International which show rates more than doubling over the five years which followed the collapse in consumer confidence in 2007-08. In the case of voids, that meant a rise from 7% in 2008 to a peak of 16.3% in 2012, before trending down as the economy began to recover, falling to 15.1% by the end of 2013 and to 13% by April 2014.

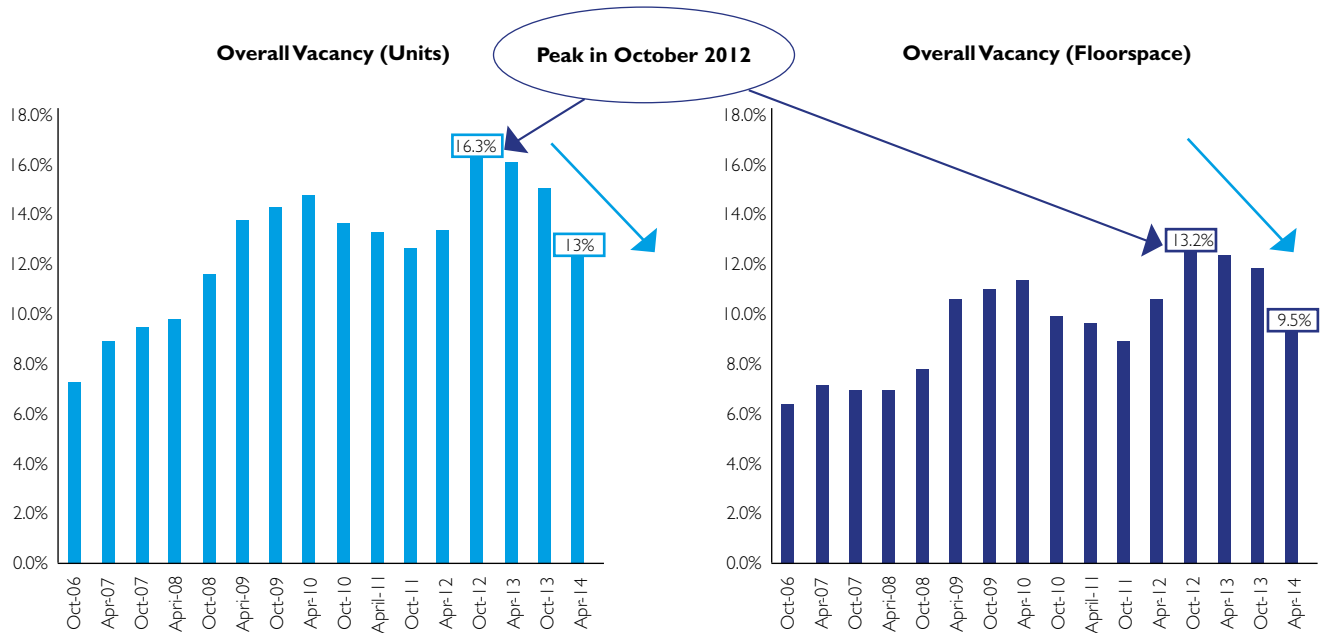
TABLE 1: CRITERIA/INDICATORS OF HIGH STREET/CENTRE PERFORMANCE

Source: Authors' own compilation, based on NPPF (2012), AMT (2013), Coca-Stefaniak (2013) and Distressed Property Taskforce (2013).

NPPF INDICATORS	AMT BENCHMARKING: KEY PERFORMANCE INDICATORS	ATCM INDICATORS	COLLIERS/DISTRESSED PROPERTY TASKFORCE TOWN PERFORMANCE MATRIX (TPM) INDICATORS ⁵
<ul style="list-style-type: none"> • Diversity of uses • Proportion of vacant street level property • Commercial yields on non-domestic property • Customers' views and behaviour • Retailer representation and intentions to change representation • Commercial rents • Pedestrian flows • Accessibility by both private and public modes of transport • Perceptions of safety and occurrence of crime • Environmental quality of town centre 	<p>KPI 1: Total number of commercial units</p> <p>KPI 2: Retail by Comparison/Convenience</p> <p>KPI 3: Key attractors / multiple trader representation</p> <p>KPI 4: Number of vacant units</p> <p>KPI 5: Number of markets / traders</p> <p>KPI 6 and 7: Zone A Retail Rents and Prime Retail Property Yields</p> <p>KPI 8: Footfall</p> <p>KPI 9: Car Parking Availability and Usage</p> <p>KPI 10: Business Confidence Survey</p> <p>KPI 11: Town Centre Users Survey</p> <p>KPI 12: Shoppers Origin Survey</p>	<p>Diversity and vitality of place:</p> <ul style="list-style-type: none"> • Retail offer • Culture and leisure offer • Events • Reported crime • Markets <p>Economic characteristics:</p> <ul style="list-style-type: none"> • Retail sales • Partnership working • Charity shops • Vacant retail units • Evening / night time economy <p>People and footfall:</p> <ul style="list-style-type: none"> • Footfall • Geographical catchment • Access • Car parking • Community spirit <p>Consumer and business perceptions:</p> <ul style="list-style-type: none"> • Business confidence • Visitors satisfaction • Attractiveness • Crime and safety perceptions 	<p>Retail</p> <ul style="list-style-type: none"> • % vacant units • Prime Zone rents • Retail provision • Centre dominance/position in the retail centre hierarchy • Retailer requirements <p>Population characteristics</p> <ul style="list-style-type: none"> • Changes in the catchment area population • Job Seekers Allowance claimants in catchment area • Public sector workers as a % of total population in the local area • Population in full time employment <p>Centre characteristics</p> <ul style="list-style-type: none"> • Tourist destination • Plans for retail park / fashion park to open in the town • New sites over 100,000sq ft, with planning permission or under construction, in the centre's catchment area (i.e. within 15-minutes drive-time) <p>Qualitative indicators added to the TPM by the DPT:</p> <ul style="list-style-type: none"> • Attractiveness and general town centre 'feel' • Costs of occupation (rents as a proxy) – town vs regional benchmark • Suitability of property stock • Diversity (range of independents; leisure service providers) • Institutional support for town centre (BIDs, Portas, etc) • Ownership structure (property ownership fragmentation; shopping centres etc) • Shopping centre debt

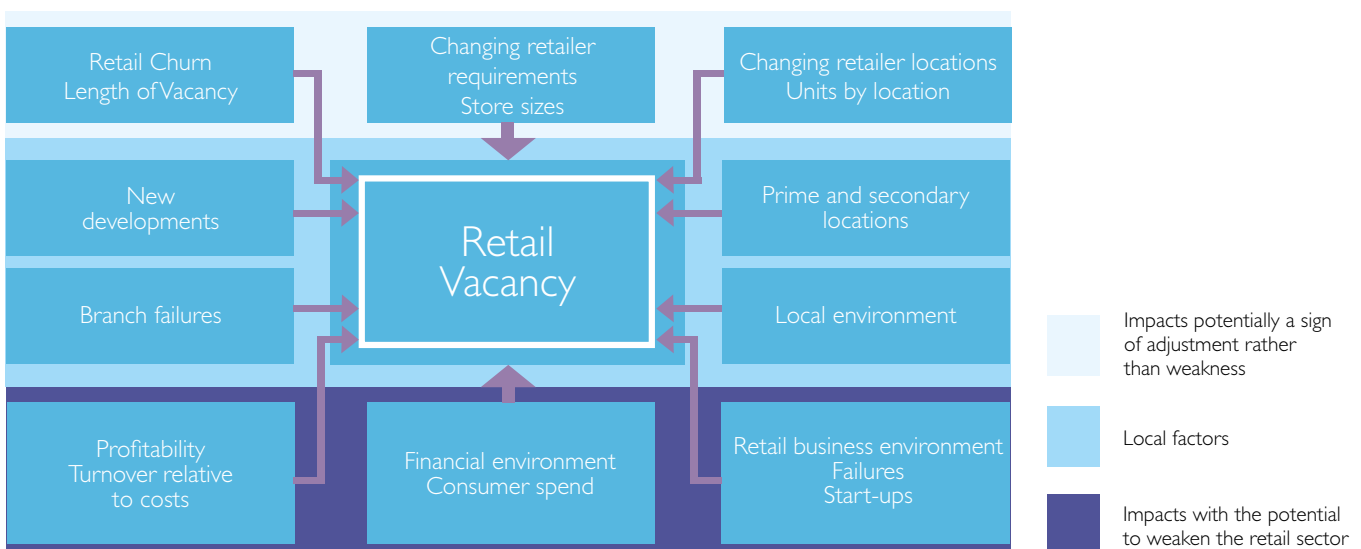
FIGURE 2: RETAIL VACANCY RATES DEFINED IN TERMS OF UNITS (VOIDS) AND FLOOR SPACE (OCTOBER 2006-APRIL 2014)

Source: Colliers International 2014



It is important to note, however, that not all vacancies observed in town centres and high streets are the same. As illustrated in Figure 3 retail/service-unit vacancies are not uniformly and inevitably an indicator of the fragility of a town centre/high street. They may equally be a sign of ongoing and essential readjustment. That is to say, in stable economic conditions, a degree of what is termed 'churn' is essential to accommodate and facilitate often rapidly changing retailer/service-provider requirements. As retailers/service-providers seek to adjust to shifting consumer tastes and fluctuating levels of market demand via store size and format adjustments, and changes in their preferred micro-locations within town centres/high streets, a certain level of vacancy is essential to – and reflects – a 'healthy high street'.

FIGURE 3: DETERMINANTS OF RETAIL VACANCY, ACCORDING TO FINDLAY AND SPARKS (2012)⁶



In contrast, the level of what can be termed *structural vacancy* in the town centre/high street – defined as long-term empty units in existence for more than two years – is an indication of poor retail fabric, harmful to the attractiveness of the centre⁷. This 'bad' vacancy needs to be distinguished from the short-run 'healthy' vacancy associated with normal churn and which facilitates both adjustment of store formats, sizes, and in-centre locations by existing retailers/service providers and a necessary level of entry and exit.

FINDINGS ON THE DRIVERS OF DIFFERENTIAL PERFORMANCE OF UK TOWN CENTRES/HIGH STREETS FROM AVAILABLE STUDIES

As noted above, there are remarkably few publicly available studies which have analysed the drivers of the differential performance of UK town centres/high streets during the immediate shockwave of economic crisis, or during the period of austerity which followed. As a consequence, we use a discussion of the findings of one of those studies as a framework to summarise the most important insights obtained across that small number of available studies.

The study we use as base is the University of Southampton analysis of Wrigley & Dolega (2011)⁸ published in a leading international peer reviewed journal prior to the release of the Portas Review. Goad/Experian retail-centre composition survey information was used to assess the differential performance of 267 town centres/high streets in four UK regions – the composition of those centres at a survey point in the period (2006-2007) immediately prior to the onset of global financial crisis being compared to their composition at a survey point in the period (Q4 2008 through 2009) immediately following the steep plunge in UK consumer confidence. Performance was proxied by the *change* in vacancy rates between the two surveys in each centre and a conventional multivariate statistical analysis of the potential drivers of performance was undertaken.

The primary supplement to the Southampton study which we draw on, is research commissioned in 2014 by the Department for Business, Innovation and Skills (BIS). That study focused on assessing how well the high street strategies of UK government were aligned with the needs of a categorisation of different types of centres, and suggesting policy responses tailored to the performance of each of those centre types. However, to achieve that objective the contracted research agencies URS and GL Hearn had of necessity to assess several of the same drivers of performance as considered in the Southampton study. They did so using a sample of centres whose distribution was well structured, and employing a composite measure of performance which was 'intentionally kept simple'

(it included just vacancy rate, charity shop floorspace, plus the average unit size of both types relative to the centre average on the basis of the argument that if the largest shop units in a centre were vacant or charity shops that signalled a lack of vitality and demand). Their analysis was rigorously conducted, and their methodology well explained. Unfortunately, the size of their sample was extremely small – just 50 centres – which in turn places important small – sample limitations on the generalizability of their findings.

Other research evidence we draw on includes: (a) descriptive trend analysis of the Local Data Company's (LDC) increasingly comprehensive survey coverage of UK retail centres – coverage which has progressively made LDC data a viable (sometimes superior) alternative to the long-established GOAD/Experian mapping; (b) findings on the performance of secondary centres from bespoke longitudinal datasets covering a 15 year period assembled by the Institute for Retail Studies at the University of Stirling, and (c) a collaborative study between the University of Oxford and LDC.

The key drivers of performance identified by the Southampton study, included:

(a) The location of a centre/high street & its positioning in the regional/local economy

The 267 town centres/high streets in the Southampton study divided into (a) a 'northern' group of 117 centres (93 in the North-west and 24 in West Yorkshire) and (b) a 'southern' group of 150 centres (119 in the South-west and 31 in East Anglia). In descriptive statistics terms, 81.1% of northern centres in the sample recorded increases in vacancy rates during the period of economic crisis covered by the study compared to 63.3% of southern centres. That difference was then reflected in the multivariate analysis where, all other things being equal/held constant, a simple North/South divide effect was found to have a major impact in terms of accounting for variation in the performance of town centres/high streets – with southern centres being more likely to have sustained their vitality and viability.

Spatially unbalanced growth and decline has of course been a persistent feature of the UK's economic landscape⁹ and is reflected in the recurring debates about the North-South divide. As a result, in 2008 at the point of transition into economic crisis and recession and out of the UK's long economic boom (which some have suggested covered the period 1992-2007) the regional economies of the 'north' had more vulnerable economic bases. In particular, they had higher dependence on public sector employment which in turn was more susceptible to the severe cuts in public expenditure

which followed the global financial meltdown. Figure 4 shows the differential rises in regional unemployment which resulted, and which linked through to town centre/high street performance via a significant decline in disposable family incomes and consumer spending.

FIGURE 4: CHANGE IN UNEMPLOYMENT RATE BY REGION, Q4 2007 - Q4 2012

Source: ONS, Regional Labour Market Statistics, 2012



That divide – with northern town centres/high streets performing significantly worse in terms of rising vacancy rates and, additionally, threatened in the medium term with continued struggle at a time of severe government expenditure cuts – has also consistently been highlighted in descriptive trend analysis such as that of the LDC¹⁰ and CBRE¹¹. Moreover, as will be noted below, within-region variation in performance was often as marked as that between regions. The core areas of major northern cities – Manchester, Leeds, etc – had experienced very considerable investment and renewal during the long boom. Consequently, the economic shockwave was filtered in markedly different ways through the more diversified employment bases and service infrastructures of those core areas than in the less well integrated parts of their catchments.

Essentially, it is the relationship between performance and regional/local economic context which is being proxied here – the boost or penalty that centres/high streets derived from being embedded in the economic context of their catchments. The BIS study took this further, focusing on four different types of centre (see Figure 5).

- Centres that thrived/struggled in a strong local economic context (top right/top left quadrants)
- Centres that thrived/struggled in a weak local economic context (bottom right/bottom left quadrants)

Particular interest focuses on the right hand quadrants in Figure 5 – the centres that performed strongly. The bottom right quadrant contains significantly less cases than expected, demonstrating that:

(i) very few centres were able to perform well if they were embedded in a **weak** local economic context.

In contrast, the top right quadrant contains more cases than expected, demonstrating that:

(ii) centres were more likely to have performed well if they were embedded in a **strong** local economic context.

(b) The role of centre size

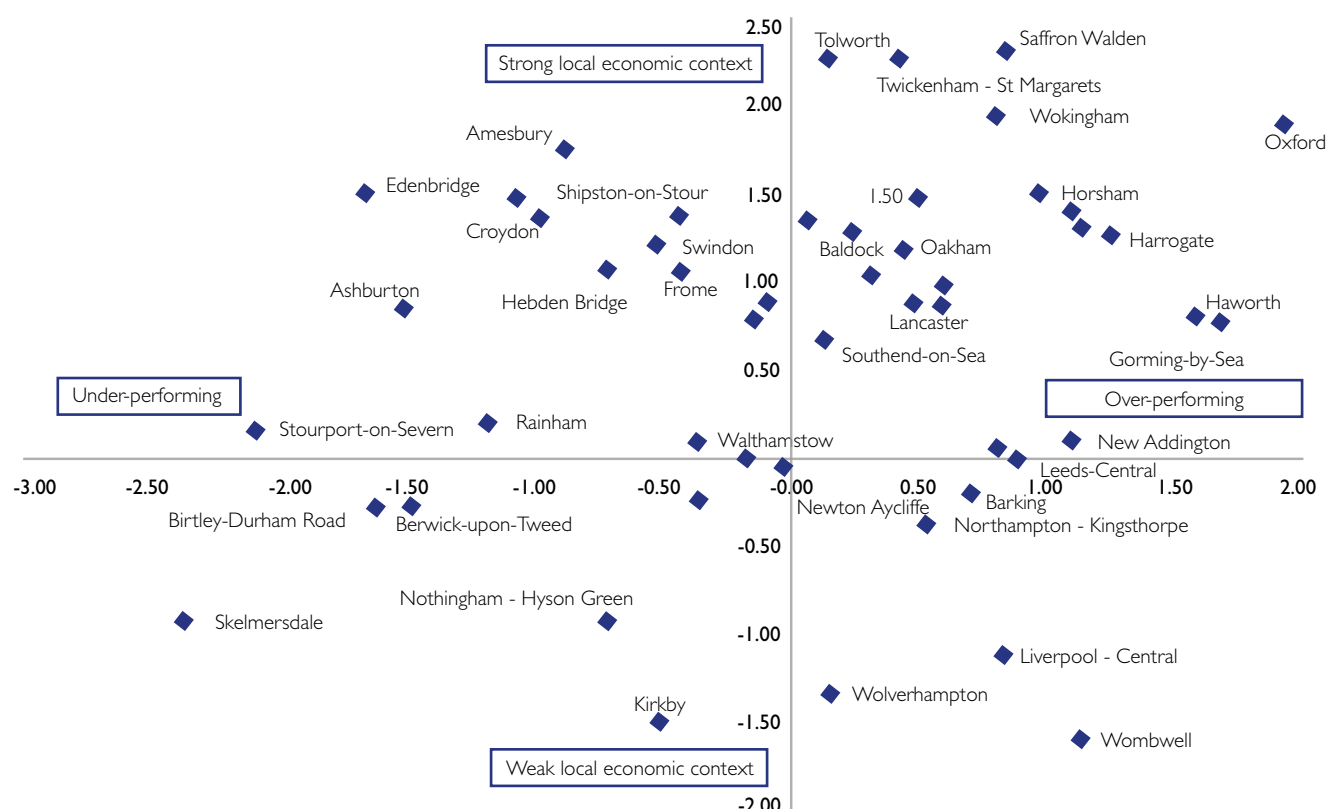
The Southampton multivariate analysis suggested that, all other things being equal/held constant, town centres and high streets which displayed the greatest resilience and, which were most likely to have sustained their vitality and viability were smaller rather than larger. However, there was no strong theoretical expectation regarding the role of centre size in explaining differential performance. As a result, it is not surprising that during the initial period of economic crisis both cases:

- that larger centres might ride out the crisis better than smaller centres because the strength of their offer meant that they operated at a level where they were not tied to any weakness in their local environment, or
- that smaller, more locally-oriented centres might perform better by being able to operate in niches which protected them from global economic forces could be, and were in practice, argued.

Since the Southampton analysis, the empirical evidence which has become available has not resolved the issue – not least as that evidence has derived from different sample periods. Nevertheless, it seems clear that the influence of centre-size works in combination with the influence of regional economic positioning to a greater extent than was realized at the time of the Southampton study. For example, it has been reported that large centres which performed poorly in terms of increasing vacancy rates were more likely to have been in the south, whilst medium-size centres that performed poorly were more likely to have been in the north.

More recently, the BIS study has thrown greater light on the performance of medium-sized centres. It has been shown that those which performed best had the strongest local economies – suggesting that context might have played a more important role in the fortunes of medium-size centres than in the case of large centres.

FIGURE 5: SCATTER PLOT OF PERFORMANCE AND LOCAL ECONOMIC CONTEXT INDICATORS - BIS STUDY (FIG.4.1, P7)



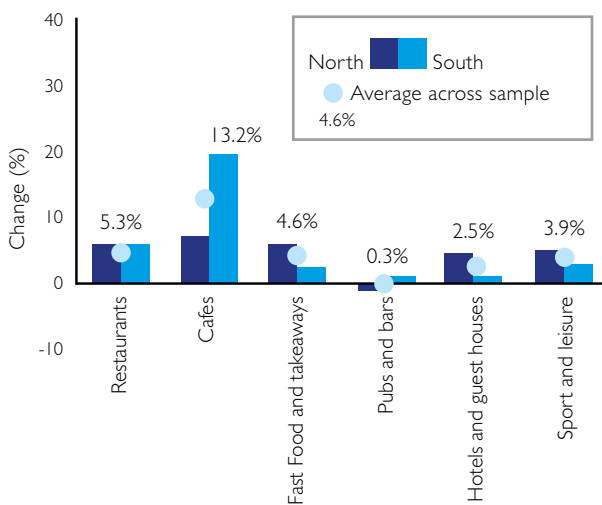
(c) The retail/services balance

As we discuss elsewhere in this review (Chapter 5, Chapter 8), the UK's town centres and high streets have been progressively shifting their orientation from retail to services for at least two decades. The scale of that shift is clear in research on the changing composition of almost 1,100 centres/high streets during the period 2000 to 2006 by University of Southampton researchers – findings from which were submitted in evidence to the Competition Commission's Grocery Market Inquiry, and which was subsequently published more fully in a leading international peer reviewed journal¹² That study and similar research by the Commission's in-house economists¹³ found that retail units as a group (i.e. including all types of food and non-food retail) declined in number in the early 2000s while, in contrast, leisure services (e.g. cafes, bars, etc) and retail services (e.g. hairdressers, opticians, etc) increased strongly. Indeed, across that not insubstantial sample of more than 1000 centres/high streets, total leisure service units increased by 23% between 2000 and 2006.

Set in this longer-term context of structural shift from retail to services in UK town centres, the greatest adverse impact from the shock of economic crisis appears to have been felt by non-food (comparison) retail. In contrast, the service categories – contributed far less to increased vacancy rates. Indeed, the Southampton multivariate analysis found that categories such as retail services and leisure services showed evidence of continued growth – even in the depth of economic crisis – contributing to centre vitality. In particular, a substantial (13%) increase in cafes (see Figure 6) was recorded – a finding duplicated at the local level in a study of the transformation of the retail structure of a market town in South West England¹⁴.

FIGURE 6: PERCENTAGE CHANGE IN LEISURE SERVICE UNIT NUMBERS – PRE-CRISIS TO WITHIN-CRISIS

Source: Wrigley and Dolega (2011)¹⁵



It comes as little surprise, therefore, to note that the Southampton multivariate analysis found strong evidence that centres whose business mixes in the pre-crisis period were characterised by higher proportions of service units relative to retail units were more resilient to the economic shockwave than retail dominated centres.

More generally, the growing role of services reflects the fact that UK town centres and high streets are evolving in line with changing consumer culture, lifestyle, and demographics, and are reinventing themselves (Figure 7) as multifunctional places of community, medical and cultural services, social interaction, shopping and dwelling.

(d) The roles of centre diversity/homogeneity & chain retail entry

Trade organisations such as the Association of Convenience Stores, together with environmentally focused NGOs and campaigning organisations such as the Campaign for Rural England, Friends of the Earth, and New Economics Foundation (NEF) have long argued that the vitality and sustainable development of small retail centres can be equated with the diversity and ‘extra value that small, independent and genuinely local shops provide in terms of economic benefit, environmental distinctiveness and the social glue that holds communities together’¹⁶. There was a strong expectation, therefore, that diversity – measured most commonly by the proportion of small independent retailers/service providers in a town centre/high street, or by a composite measure which might additionally include

FIGURE 7: MULTI-FUNCTIONAL DEFINITION OF A VIABLE TOWN CENTRE

Source: Experian, 2012



some index of the diversity of expenditure within the centre – was likely to have played a protective role in the differential performance of those centres/high streets. And, indeed, that was found to be the case in the Southampton multivariate analysis.

In contrast, chain non-food ‘comparison’ retailers and chain foodstores have been viewed in a much more ambivalent way in terms of their potential contribution to the vitality and sustainable development of town centres and high streets. There are two dimensions to this. On the one hand, the similarity-inducing homogenisation impacts of national non-food chains are claimed to have resulted in so-called ‘clone towns’. On the other hand, the scale and buying power of the major food retailers which underpins the in-centre and edge-of-centre foodstore developments of the ‘town centres first’ era are seen in popular opinion as offering unfair competition and being responsible for accelerating the exit of specialist local independent retailers.

If diversity is seen therefore as likely to protect the vitality and performance of town centres and high streets, then both ‘clone town’ type homogeneity and chain retail entry might be expected to do the opposite – that is to say, reduce the vitality and increase the vulnerability of centres to the shockwave of economic crisis. However, that is not what was found in either the BIS-commissioned or Southampton studies. Rather, the BIS study found that more homogeneous centres tended to sustain their viability and perform better than less homogeneous ones, while the Southampton study found that centres/high streets which experienced chain retail entry in the form of a ‘town

centre first' compliant in-centre or edge-of-centre corporate-foodstore were more likely to have sustained their viability and vitality.

It has become clear, however, that the Southampton-study finding might largely be regarded as resulting from a form of *self-selectivity* which reflected the fact that:

(i) the corporate retailers were only (or were significantly more likely) to direct their finite investment into centres which they perceived to have greater growth potential;

and vice versa that:

(ii) centres which experienced any form of new investment in or presence in their retail and service unit mix would be more likely, as a result of enhanced footfall, to be able to sustain their vitality and viability

That is to say, a finding that is far less a chain foodstore entry specific finding than it might first appear:

Further analysis of the BIS study, however, has tended to strengthen the initial conclusions drawn regarding homogeneity. Notably by suggesting that large and successful centres in particular tended to be homogeneous, but also by revealing that the proportion of independent retail space was very similar in both under-performing and over-performing centres. This led to the study concluding – controversially but decisively – that *'a prevalence of independent stores does not look to be the reason for centres doing well in difficult circumstances'*. That is to say, throwing considerable doubt on both the 'clone town' thesis and the 'diversity protects' argument.

(e) Structural vacancy and physical configuration

As discussed above, significant levels of long-term 'structural' vacancy in a town centre/high street are widely regarded as being harmful to the centre. Particularly if the structural vacancies are grouped, and there is a perception of blight, consumers will shift their journeys through the centre to avoid those areas, or will shift their patronage to a more attractive competing centre. Although the view has rarely been tested in quantitative terms, the Southampton study reassuringly confirmed both the perception and the scale of the negative impact of structural vacancy on differential performance.

Additionally, attempts to assess the impact of the physical structure (retail fabric) of centres/high streets showed that those with configurations/structures which facilitated flexible reconfiguration and renewal experienced a positive gain in performance. However, there was little knowledge of how best to proxy that via a single or complex indicator.

(f) Institutional support and business-practice environments

Finally, what can be said about local supportive or unsupportive institutional structures and business-practice environments that impact on the attractiveness of the town centre/high street?

The presence and scale of those structures and practices might be indicated, for example, by: investment in the design and maintenance of the 'streetscape' of the centre; by funding of a 'town centre manager'; involvement in Business Improvement Districts (BIDs) schemes; supportive car parking policies; investment in temporary 'crowd-pulling' events to enhance the attractiveness of the town centre/high street and to encourage spillover spending by consumers, etc. Almost universally, these are regarded as important mechanisms. Unfortunately, in the Southampton multivariate analysis despite experimenting with the use of a range of proxies for institutional support and business-practices, only weak relationships with performance could be established. The likelihood was that this was a result of inadequate proxies, and that a more sensitively constructed composite indicator of institutional support is required. Alternatively it might simply reflect the particularities of the 267 centre sample. However, it remains an issue where further evidence is urgently required.

EVIDENCE FROM SECONDARY CENTRES AND OTHER SPATIAL SCALES

The evidence considered to this point has focused on national or cross-regional scale studies. But what evidence is there at finer scales – for example, within individual conurbations? This immediately draws into question evidence relating to what are termed *secondary centres* – a rather imprecisely defined category usually taken to relate to high streets and local 'town' centres within conurbations, local parades and neighbourhood centres.

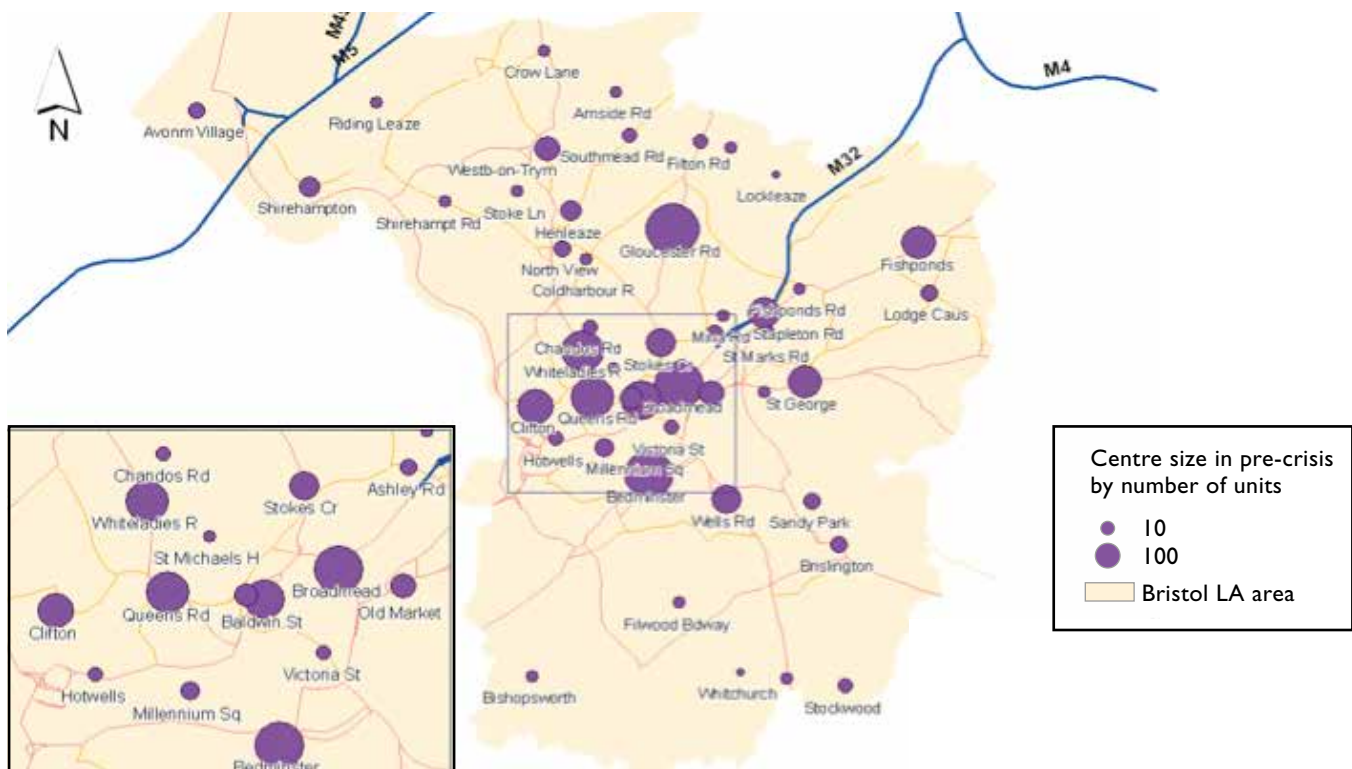
Within the plethora of reports on the future of UK high streets produced by a wide range of stakeholders following publication of the Portas Review, a common theme was the view that there was simply too much retail space. As noted in the report of the Distressed Property Task Force (DPTF), for example, in the case of many towns their *'retail footprint needs to be condensed and repositioned'* to meet future consumer and retailer needs. But what did that imply for secondary centres? The DPTF view was that a polarisation was likely with the largest centres increasingly becoming a focus for comparison shopping, smaller centres/high streets remaining focused on convenience shopping and basic services, and with medium-sized centres being at greatest risk, essentially because they offered the wrong type of space in the wrong locations.

Evidence which supports the DPTF thesis, and which suggests that secondary centres may have proved far more robust to the shockwave of global economic crisis and austerity than might have been imagined comes from the work of researchers at the University of Stirling. Drawing on longitudinal data assembled from a series of research projects stretching back 15 years, these researchers note that in Scotland secondary centres in both deprived and prosperous areas have experienced lower vacancy rates than might have been expected. In both types of area, secondary centres perform similar roles in servicing the local population, and also share a lack of exposure to multiple retailing. Moreover, what exposure secondary centres do have to multiple retailing is largely to the convenience rather than comparison sector. As a result, the Stirling researchers argue that during the period of economic crisis and austerity these secondary centres were simply not exposed to the same type of risks as, for example, small accessible towns (the middle-sized centres of the DPTF discussion). That is to say, secondary centres often experienced the economic crisis and the 'high street crisis' differently from other centres due to their relative lack of exposure to business cycle risk.

The University of Stirling work on secondary centres is essentially based around repeat surveys of case study centres. Surveys of that type are intrinsically expensive and difficult to repeat. Another approach is to be alert to and exploit one-off opportunities that arise in the standard commercial data sources. An example of this is research currently in progress which extends the Wrigley & Dolega (2011) study discussed above and which exploits a little-known quirk in the widely used Experian/GOAD retail centre survey data relating to the density of coverage of retail centres in the Bristol conurbation.

As Figure 8 illustrates, GOAD repeat survey mapping is available for 47 centres/high streets in Bristol – some little more than 'local parades' with around 25 shop units, and with a large number in the secondary centre range. Indeed, there are almost as many Experian/GOAD surveyed centres in Bristol for which longitudinal data on retail composition can be obtained as in the national sample underpinning the BIS study discussed above. As a result, it is possible to *drill-down* into this single conurbation and still have a sample of sufficient size to offer the prospect of any findings having a degree of statistical power.

FIGURE 8: BRISTOL CENTRES BY SIZE (NO OF UNITS) IMMEDIATELY PRIOR TO ECONOMIC CRISIS



The research involves three waves of GOAD survey data – (i) prior to the onset of economic crisis, (ii) within crisis (Q4 2008 – Feb 2009), (iii) early austerity (Feb/March 2010). The research is ongoing as this Evidence Review enters production. As such it is not appropriate to indicate findings. It is raised here to illustrate methodological potential and to suggest a route forwards for evidence based research on the secondary centre performance issues which remain open following the DPTF report.

TO WHAT EXTENT HAVE TOWN CENTRES & HIGH STREETS INCREASINGLY BECOME THE PRESERVE OF INDEPENDENT RETAILERS & SERVICE PROVIDERS SINCE THE ECONOMIC CRISIS?

Since the shockwave of global financial crisis was first felt in UK town centres and high streets, coverage of the evolving structures of those centres/high streets by the Local Data Company has progressively increased and improved to the point where it has become a major alternative to the long-established GOAD/Experian mapping and enumeration of the retail structure of a similar sample of centres.

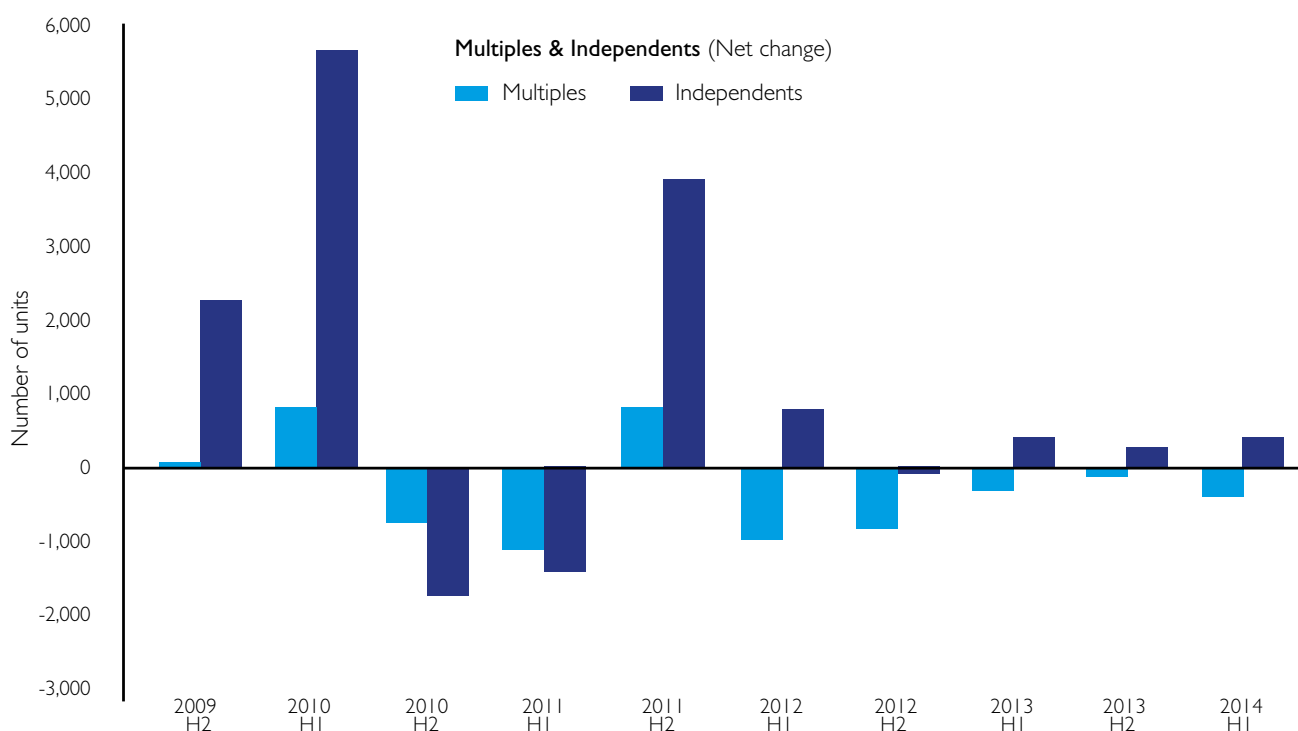
We conclude this section of the Evidence Review with what seems to be a particularly important piece of evidence from the LCD data.

Trend analysis of the LCD data released in the autumn of 2014¹⁷ demonstrated that:

- i. despite the increase in vacancy rates to their peak in 2012 (see Figure 3), the number of retail businesses in the LDC sample, somewhat surprisingly, has been increasing since mid-2009 and in fact has been on a strong upward trend. Indeed, LDC reported that by mid-2014 there were actually 7,500 extra retail businesses in its sample of centres.
- ii. As Figure 9 demonstrates, the majority of that gain has been in the number of independents rather than multiples. That is to say, in contrast to public perception, UK town centres and high streets have experienced a resurgence of independent retail – the latter being a significant factor in preventing vacancy rates rising to even higher levels than they did by 2012.

FIGURE 6: NET CHANGE IN MULTIPLE AND INDEPENDENT RETAILERS (2009-2014)

Source: LDC (2014)¹⁸



SUMMARY

Our assessment of the evidence relating to the performance of UK town centres and high streets since the economic crisis has revealed an increasing amount of effort being invested in trying to learn from the testing events of 2008-14. Accompanying that effort, however, there has frequently been a disconcerting opaqueness surrounding study design, methodology, execution and interpretation. The result is that, with relatively few exceptions, many of the key questions remain unresolved, with their conflicting interpretations being a function of design, methodology, and sample size in many instances. Yet, we have the sense of the effort being necessary and worthwhile in the context of topics where debate has previously been blighted by unsubstantiated factoids. We also have the sense of a coalescing vision of evolving future high streets. As the Director of LDC speculated in 2011, a vision of future high streets being created as:

“vulnerable businesses are disappearing and being replaced by service-based retailers offering something that cannot be provided online [with] more independents than multiples opening in affluent parts of the country or market towns”

Matthew Hopkinson, Director LDC, quoted in Measure, 2011.

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

1 Available studies have produced opposing findings leaving key issues unresolved. In particular, the potential protective effect of town centre/high street diversity is important in policy terms and deserves to be the subject of a focused piece of research in an attempt to resolve.

2 Research at finer spatial scales is sparse and more is needed. At a minimum, case studies of large urban areas in the North and Midlands, with a similar study design to the ongoing study of Bristol noted in this chapter, is required.

3 Insight is required into what are the appropriate institutional support mechanisms for each level of the hierarchy of centres

1. Coca-Stefaniak (2013), Successful Town Centres – developing effective strategies (page 7). ATCM/GFirst Report available at: https://www.atcm.org/policy_practice/tools_dir/successful_town_centres_developing_effective_strategies

2. AMT (2013) Market Town Benchmarking Measuring the performance of town centres.

3. GENECON LLP & Partners (2011), Understanding High Street Performance, report prepared for the Department for Business, Innovation & Skills (BIS) – December 2011. Available at: <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/u/11-1402-understanding-high-street-performance.pdf>

4. Coca-Stefaniak (2013 – op.cit)

5. The TPM analyses historic and forward looking data sets for 364 towns outside of central London to place towns in to one of five categories: Thriving, Improving, Stable, Degenerating and Failing.

6. Findlay A. and Sparks L. (2010) The Retail Planning Knowledge Base Briefing Paper 13: Retail Vacancy. Available at: <http://www.nrfp.org/>

7. Findlay A. and Sparks L. (2009), Literature review: policies adopted to support a healthy retail sector and retail-led regeneration, and the impact of retail on the regeneration of town centres and local high streets. Available at: www.scotland.gov.uk/social_research

8. Wrigley, N. and Dolega, L. (2011), Resilience, fragility, and adaptation: new evidence on the performance of UK high streets during global economic crisis and its policy implications, *Environment and Planning A*, 43: 2337-2363.

9. Gardiner, B, Martin, R.L., Sunley, P.J. and Tyler, P. (2013) Spatially Unbalanced Growth in the British Economy, *Journal of Economic Geography*, 13, pp. 889-928.

10. LDC reports that in 2011, the ten worst-performing large town centres (performance measured by vacancy rate levels), were located in the Midlands and the North, while the vast majority of best performing centres were southern [LDC (2012) End of Year Vacancy Report 2011. Good and bad news! LDC, London].

11. CBRE reports significant regional discrepancies in business rates [CBRE The 2010 Rating Revaluation - Market Comment: Retail (2010)].

12. Wrigley, N., Branson, J., Murdock, A. and Clarke, G. (2009), Extending the Competition Commission's findings on entry and exit of small shops in British high streets: implications for competition and planning policy, *Environment and Planning A* 41: 2063-2085.

13. Competition Commission (2007), Entry and exit of small and specialist stores, working paper (June), Competition Commission, London.

14. Wrigley, N., Lambiri, D. and Cudworth, K. (2009), Linked trips and town centre viability, *Town and Country Planning* (78): 433 – 438.

15. Wrigley, N. and Dolega, L. (2011 – op.cit)

16. NEF (2006), Submission to the Competition Commission Inquiry into the groceries market, New Economics Foundation.

17. Local Data Company (2014), Openings and Closures Report H1 2014 'Chain Reaction' (October).

18. Local Data Company (2014 – op.cit)



next

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JX

THIS WEEK'S
SMART DEAL

warehouse

The demographic, social and economic context: a brief overview

HIGHLIGHTS

Long-term economic, societal and demographic trends play out in town centres and high streets interacting with other factors and producing very different results across spatial-scales.

The UK population has been growing, ageing and becoming more ethnically diverse. These trends have important contextual implications for high street evolution.

Smaller, more numerous and non-traditional households, the increase of women's participation in the labour force, longer working hours, an ageing population, and time-constrained consumers are driving both the housing market and the nature of demand which is reconfiguring the high street.

Increasing ethnic diversity in communities, is being reflected in the retail and service landscape of many centres, but the nature of the changes over the past decade is under-researched.

INTRODUCTION

Town centres and high streets do not operate in isolation. Their nature and characteristics are an expression of our macro-scale society, economy and demography, interacting with other factors that operate at a range of spatial scales. The way we live, work, shop and enjoy leisure time has changed steadily since the mid 20th Century. Among the most significant changes affecting town centres, have been shifting patterns of employment, transport choices, migration and population growth, household characteristics, wealth and purchasing power.

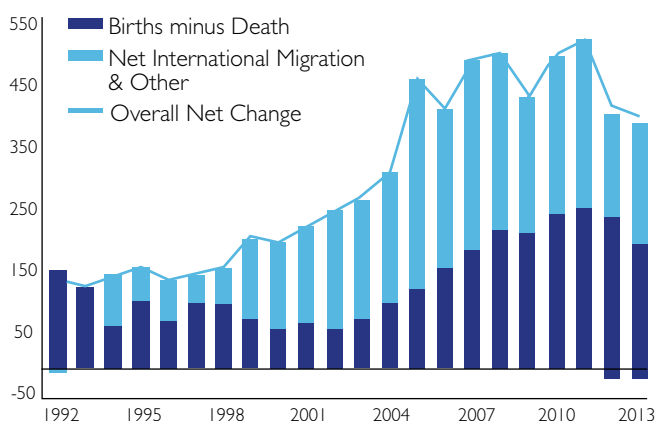
In this chapter, we review some of these critical societal, demographic and economic trends which provide the context in which the forces of change discussed in Chapters 4, 5 and 6 have operated.

CHANGING DEMOGRAPHICS

Population growth. The trends identified in Chapter 1 have played out against a background of overall national population growth (Figure 1). A growing population will always tend to be a macro-scale driver of expenditure growth, although the actual impact on purchasing power and retail choices varies markedly between locations, age cohorts and stages in the economic cycle.

FIGURE 1: MAIN DRIVERS OF POPULATION CHANGE 1992-2013

Source: ONS, NRS, NISRA



Rates of population growth have shown considerable regional variation (Figure 2), with London and the East of England having recorded the largest growth, over the past decade, together with the greatest household expenditure. These regions have also enjoyed the fastest post-recession recovery. Additionally, they are also the areas that have attracted the largest number of economic migrants, with related impacts on employment, expenditure and birth-rates.

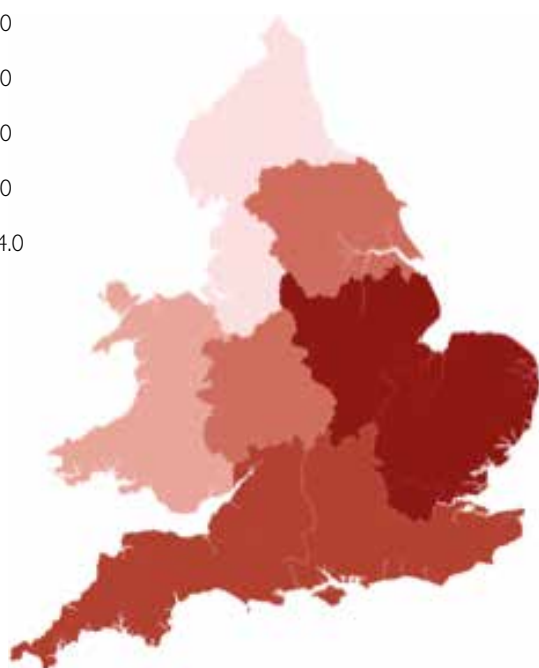
Despite the importance of in-migration to the growth and composition of the UK population however, its measurement has caused difficulties. In turn this has impacted on local authorities struggling to keep pace with demand for services, and has been responsible for the relatively poor enumeration of the growth of ethnic retail provision in town centres and high streets. For example, the coincidence of timing which brought many thousands of migrant Polish workers to the UK after the relaxation of border controls in 2004, not only meant that they were not recorded in the 2001 Census, but also that large numbers missed the 2011 Census as well as having returned home following the tightening of the UK job market post-2007. Likewise, the specialist ethnic retail and service provision – for example, the so-called 'Polish grocers' which began to increase rapidly in UK high streets from the mid 2000s onwards to meet the new ethnic demand concentrated in particular catchments – were also under-reported and under-debated in terms of their role in high street reconfiguration.

FIGURE 2: POPULATION GROWTH BY REGION 2001-2011.

Source: ONS (England and Wales Census 2001 & 2011)

Population change by region % change 2001-2011

- 3.2 - 5.0
- 5.1 - 6.0
- 6.1 - 7.0
- 7.1 - 8.0
- 8.1 - 14.0



An ageing population. A national increase in the proportion of older people has been a characteristic of the last half-century, progressively increasing the average age of the population (Figure 3). Local variations however are evident, as shown in Figure 4. Nationally, higher average ages tend to exist outside of the larger urban centres and conurbations, and in coastal areas.

Differential access to private pensions and property assets mean that this cohort is far from universally wealthy. The nature of demand for products ranging from food to fast moving consumer goods (FMCG) among this group, can be expected to polarise towards the high and low ends of the economic scale, as sub-groups seek luxury products and bargain goods respectively.

The ageing population is of great significance for town centres, in particular as it is estimated that by 2015 over half of all retail spend will come from those aged 45 and over¹. As the relatively asset-rich 'baby boomers' reach retirement age, town centres/high streets will adapt to meet the needs of this population group, and to serve their health and social care needs.

FIGURE 3: ENGLAND RESIDENT POPULATION BY AGE (1981 – 2011)

Source: ONS (England and Wales Census 1981; 1991; 2001; 2011)

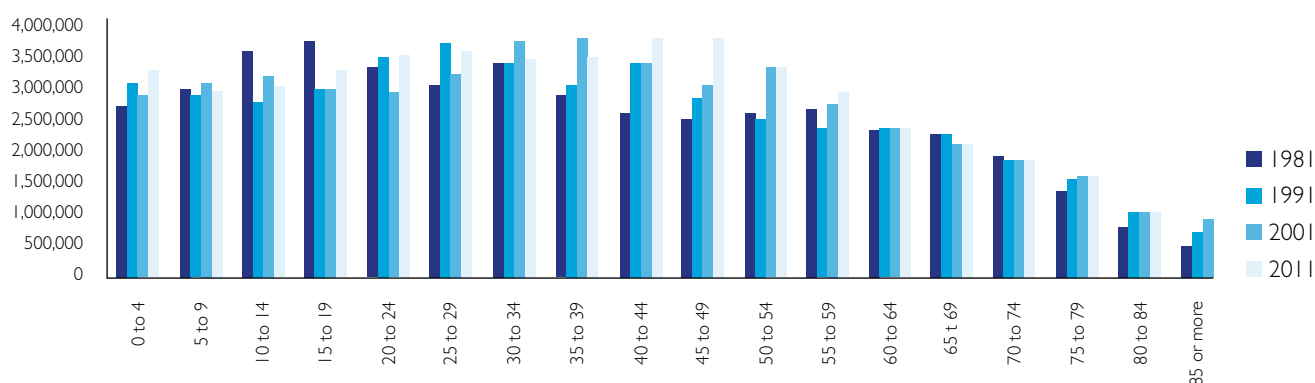
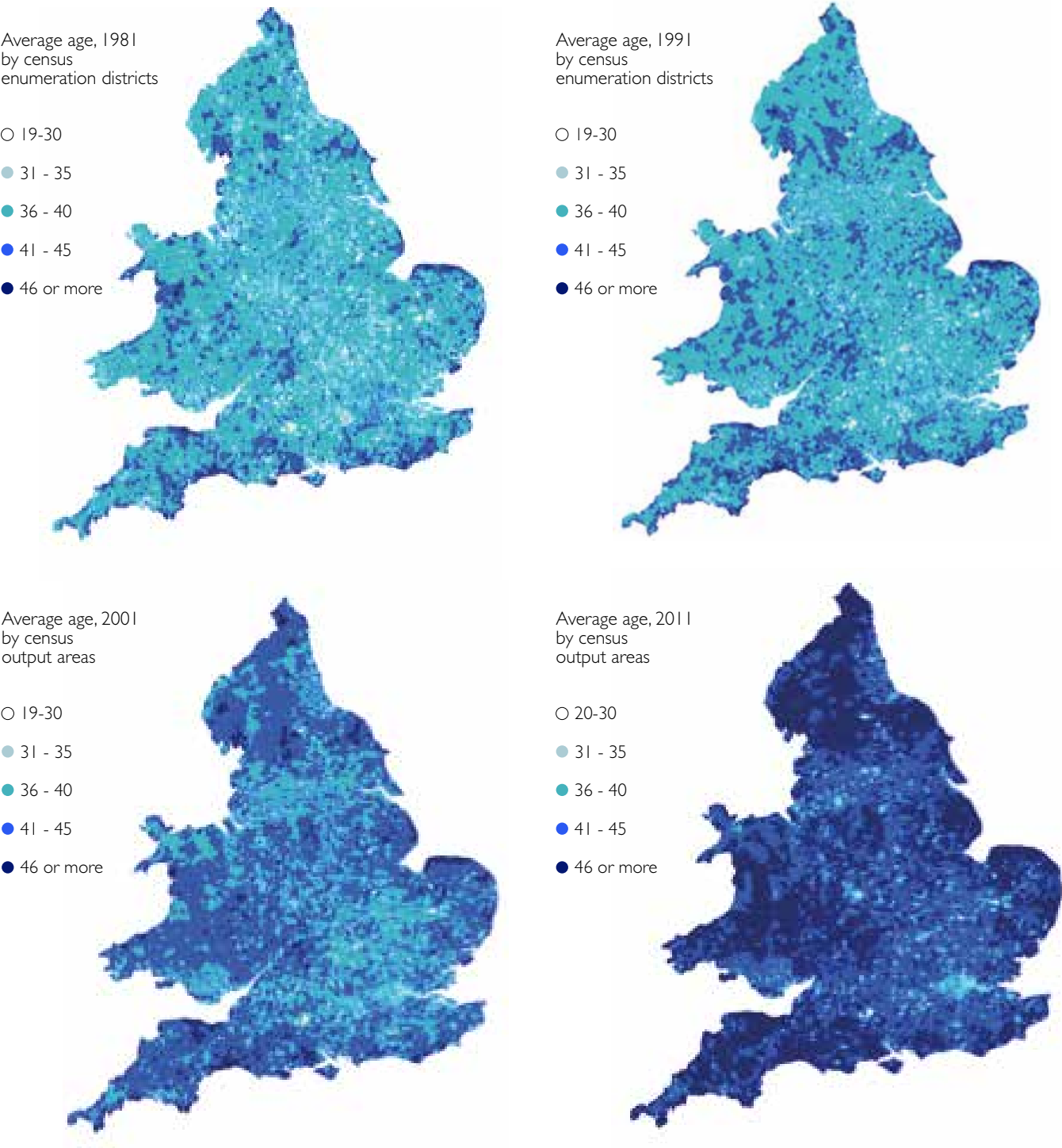


FIGURE 4: ENGLAND AND WALES RESIDENT POPULATION BY AGE, 1981-2011

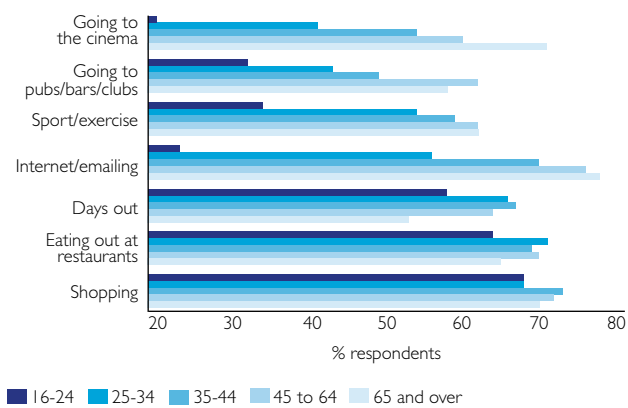
Source: ONS (England and Wales Census 1981; 1991; 2001; 2011)



The older population groups of the near future will clearly have different technology usage patterns, suggesting varying patterns of participation in shopping online and using online services, compared to the current older cohort (see Chapter 6). In addition, those older consumers will have increasingly active social lives and will provide demand for leisure services appropriate to their interests. Participation rates in leisure activities vary markedly by age, as Figure 5 illustrates, hinting where we can expect growing demand from older cohorts in the future.

FIGURE 5: ACTIVITIES IN SPARE TIME BY AGE IN ENGLAND, 2009/10

Source: DCMS²



Younger cohorts. As the national average age increases, evidence shows that recent birth and immigration rates will sustain population growth in the younger cohorts.

Various assumptions can be made about the decreasing relative purchasing power of the younger cohorts, however significant gaps in the evidence base exist in terms of the implications of this growing intergenerational wealth divide.

Despite the common assumption that household spending post economic crisis and austerity will be influenced by the 'silver pound' to a greater extent than in the past, evidence suggests (Figure 6) that spending on recreation, culture and hotels will still be highly significant in the below 50 age groups and town centres/high streets will continue to reflect that.

Household size and composition. There has been a steady national decrease in household size (Figure 7), with over 30% of the population in single-person households by 2011. Together with population growth, that has continued to put pressure on the existing housing stock and future housing supply.

FIGURE 6: HOUSEHOLD EXPENDITURE IN THE UK, BY TYPE AND AGE GROUP, 2011

Source: ONS (2011 Census)

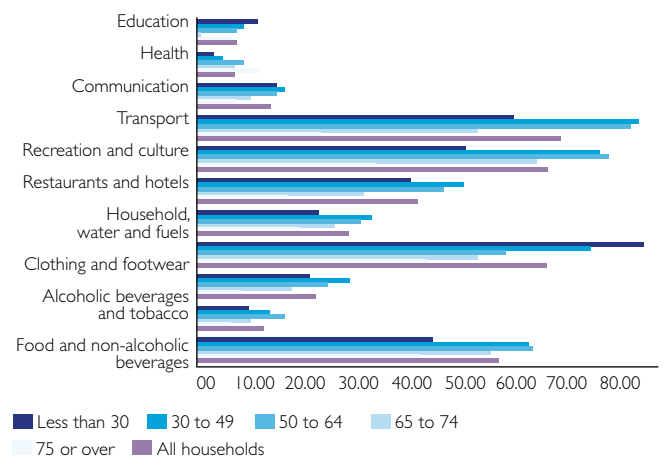
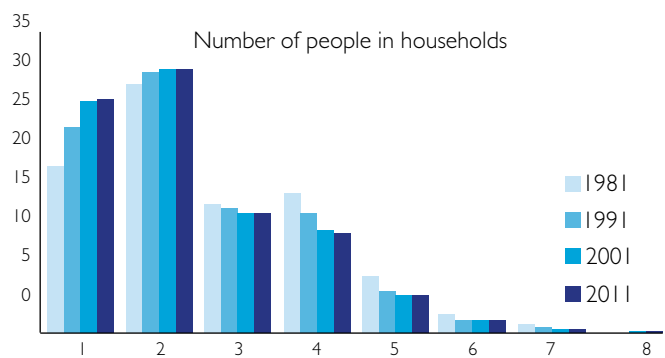


FIGURE 7: HOUSEHOLD SIZE IN ENGLAND

Source: NS (England and Wales Census 1981; 1991; 2001; 2011)



Housing development, especially in the South East of England has experienced significant pressure. As a result, vacant town centre commercial units have been identified as an opportunity for housing development, and in May 2013 the Government relaxed planning laws to allow this change of use without planning permission for a three-year trial period³. However, the pressure for more housing units is set to continue, as individuals live longer and the number of smaller households increases. These trends are likely to put pressure on town and city managers seeking to meet local land use requirements.

Alongside the reducing household size, there have been changes in household composition – in particular, an increase in single-parent and one-child families, as well as in the number of couples cohabiting rather than being married (Table 1).

TABLE 1: SELECTED UK FAMILY CHARACTERISTICS, 2001-2010

Source: ONS (Labour Force Survey, 2001-2011)

Year	% Cohabiting couple families	% Lone parent families	% One child families
2001	10.9	23.6	42.5
2010	14.0	25.5	46.3

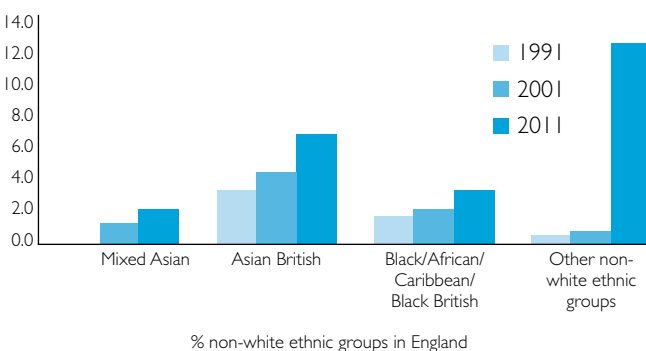
These key demographic changes will have important impacts on purchasing power; employment patterns (full, part-time) and demand for services. Transport choices and available time to shop are also being significantly affected by changes in household composition (see Chapter 4 on the rise of 'convenience culture').

Major retailers, taking advantage of sophisticated loyalty card and transactional data, have gathered significant evidence about how these trends affect consumer decisions. However given the high commercial value of such data, little of this evidence is available publicly. Given the relevance of this information to the economic vitality of town centres, there is a case for making a sample of this data (suitably anonymised) publicly available for research purposes.

Ethnicity. The ethnic mix of the UK population (Figure 8) has become increasingly diverse in the last 10 years.

FIGURE 8: ETHNICITY IN ENGLAND

Source: ONS (England and Wales Census 1991; 2001; 2011)

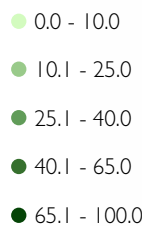


This greater ethnic diversity is felt most strongly in larger urban centres and conurbations (Figure 9), and it is clearly linked with high street composition and performance.

FIGURE 9: GEOGRAPHIC VARIATION OF NON-UK ETHNICITY BY RESIDENT POPULATION, 2011

Source: ONS (England and Wales Census 2011)

Non-UK ethnic population, 2011
% residents by output area



Retailers serving specific ethnic groups are becoming increasingly visible in many town centres and high streets, perhaps maintaining a vibrancy in those centres which would not otherwise have occurred and which serves to increase footfall. High streets possessing a specific ethnic 'place identity' which includes a mix of ethnic cuisine, street markets and festivals, can be both viable and economically vibrant, especially when they also serve the local catchment with essential goods and services⁴.

The link between ethnicity and the high street can also be seen through transnational family networks, and their associated small businesses. Certain transnational family networks can provide strong ties, encouraging more successful business development and diversification⁵.

Key competitive advantages for ethnic businesses and their sustainability lie in a mix of lower-cost labour; a pool of clientele via 'word of mouth', and strong social networking. This is complemented by expertise in provision of co-ethnic goods and services, and a culture of long working hours, allowing flexibility. Evidence suggests that in some types of businesses (for example, nail and beauty salons)⁶ another advantage may be a relative lack of regulation and low start up costs.

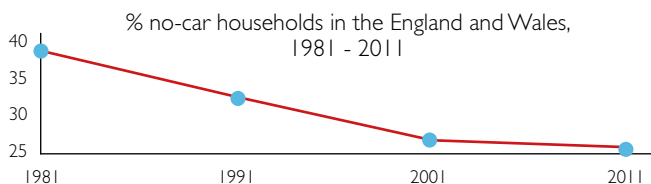
Overall, more research is needed into the nature of the effects of ethnic retail on future town centre/high street performance; and to assess and compare the relative impact of different ethnic groups and retail types.

TRAVEL TRENDS AND ACCESSIBILITY

Suburbanisation has been changing the physical shape of urban areas since buses, trams and rail links made peripheral neighbourhoods accessible for in-town workers, a shift reinforced by growing car ownership in the second half of the 20th Century.

A comparison of Census data since 1981 shows that there has been a steady increase in households' access to a car: No-car households declined progressively until around 2001, since when the rate of the decline has slowed (Figure 10a). During the first 20 years of that period and in conjunction with the growth in female employment, greater ubiquity of car ownership drove the popularity of out-of-town shopping.

FIGURE 10(A): HOUSEHOLD CAR ACCESS IN ENGLAND AND WALES OVER TIME
Source: ONS (England and Wales Census 1981; 1991; 2001; 2011)

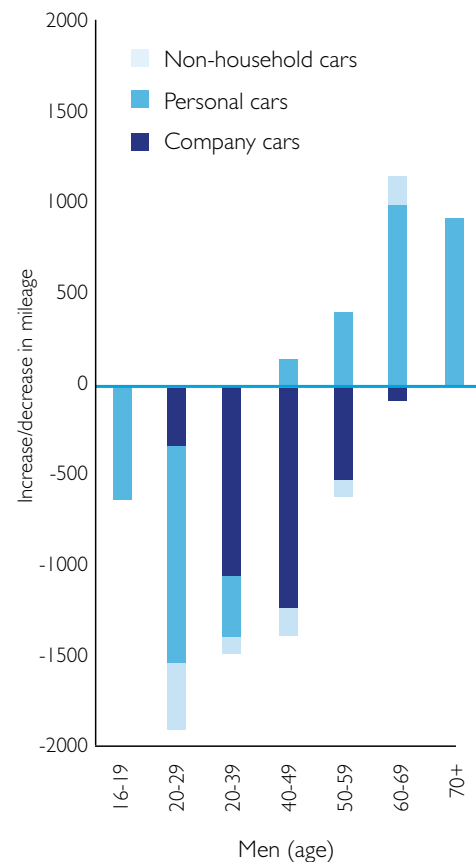


As discussed in the following chapter, evidence is now emerging that town centres are attracting some of these shoppers back with a convenient combination of food and comparison retail offers. The relative attraction of in-town shopping facilities easily accessible by foot will influence future consumer choices. In major centres of employment we also see evidence of thriving shopping centres serving their worker populations, especially where these coincide with transport hubs.

A major 2012 study⁷ looking at changes in travel trends in Britain between 1995 and 2007, noted that total car traffic rate of growth had already slowed prior to the shockwave of global economic crisis in 2007-08. In particular as Figure 10(b) shows all groups of men under the age of 60 saw a decline in car driving mileage between 1995-2007, although this was compensated by increased car mileage amongst women over 30.

FIGURE 10(B): AVERAGE CHANGES IN CAR DRIVING MILEAGE ACCORDING TO OWNERSHIP OF THE VEHICLE, BY AGE GROUP AND AMONG MEN, 1995/7-2005/7

Source: Le Vine and Jones (2012)⁸

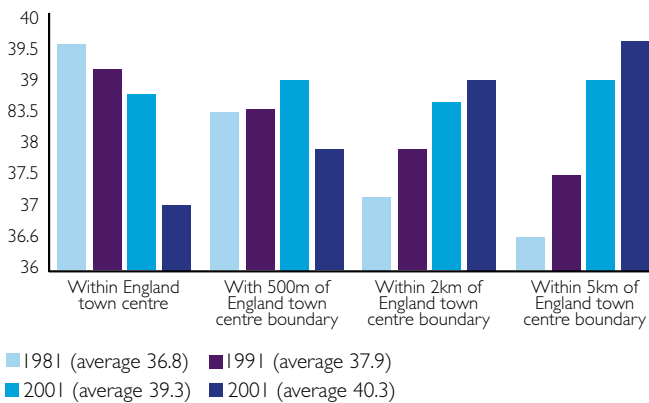


The key drivers of travel choice include car running costs, congestion and lengthier car journey times, public transport improvements, broadband and mobile communications and also development planning decisions. However, whilst we have good understanding of general travel trends, interrogation of national travel surveys specifically from the viewpoint of town centre and high street evolution is under-developed.

Additionally, as Figure 11 shows, there are also important interactions between demography and locational patterns which must be considered. For example, Figure 11 shows there are systematic relationships between age groups and distance from town centres and high streets which requires consideration in the context of servicing the needs of older age groups.

FIGURE 11: RESIDENT AGE PROFILE BY PROXIMITY TO ENGLAND TOWN CENTRES, 1981–2011

Source: England and Wales Census 1981; 1991; 2001 and DCLG statistical town centre boundaries, 2004

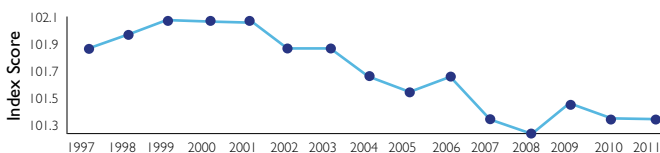


PRESSURES ON DISPOSABLE INCOME

Some of the most significant variations in the economic context relate to disposable income and relative purchasing power (Figure 12).

FIGURE 15: DISPOSABLE INCOME BY HOUSEHOLDS PER HEAD, 1997–2011

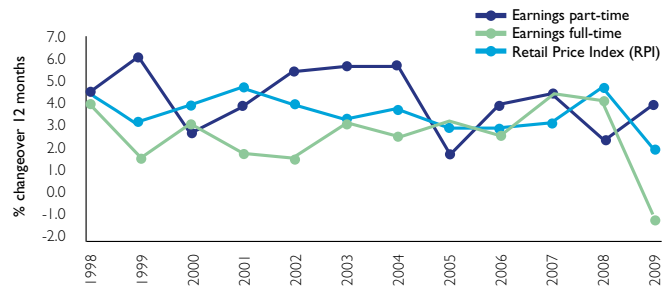
Source: ONS⁹



Since the shockwave of global economic crisis the rising cost of living has outstripped earnings growth (Figure 13) – creating a real-terms fall in overall purchasing power; which impacted immediately on consumer spending. Part-time earnings grew faster; but households dependent on lower part-time incomes and possibly less secure employment were less likely to spend with confidence. Additionally, the persistence of low interest rates which penalises savers and those on fixed incomes, as well as the 'stickiness' of wages, contributed to an overall lack of confidence in spending. In turn this has been reflected in the recent outperformance by discount retailers.

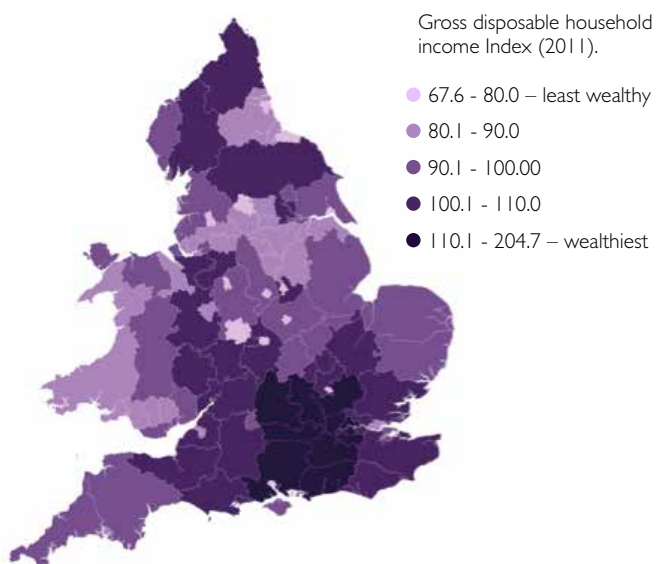
FIGURE 13: EARNINGS GROWTH IN THE UK, 1998–2009

Source: ONS¹⁰



There is marked geographic variation in disposable income (Figure 14), affecting the relative 'retail value' of areas. Towns and cities operate in the context of their regional economies and as Figure 14 below shows there are 'islands' of low disposable income in the Midlands and North of England corresponding to the large conurbations. The natural catchments of these cities extend into the more affluent surrounding areas. However their success as centres depends on their attraction to highly mobile consumers who have many retail and leisure choices.

FIGURE 14: DISPOSABLE INCOME BY HOUSEHOLDS PER HEAD BY NUTS3 LOCAL AREAS Source: ONS¹¹



NOTE: Comparing data across borders

These datasets are structured according to European statistical geographies to allow trans-national comparison: NUTS3 local areas as used in the figure are roughly comparable in scale to a county.

Paradoxically, this European ideal of data comparability is not matched by availability of consistent statistics between the home nations:

Scotland and Northern Ireland collect and publish many macro-scale measures separately and in ways which limit their consistent use together with England and Wales – another evidence shortcoming which could be addressed.

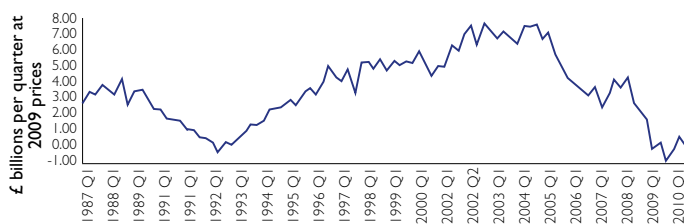
AVAILABILITY OF CREDIT

Affordable credit had been easily available to consumers, retailers and developers for many years before the economic crisis, fuelling consumer demand, and consequently, a steady increase in retail floorspace which was developed in order to meet that demand. Retail businesses competed in a 'space race' which was readily funded by investors seeking returns.

Consumer debt had actually started to reduce before the shockwave of the 2007 financial crisis (Figure 15). Concerns had already been voiced about UK net consumer lending which by the mid-2000s was already in the range of £6bn per quarter. During and following the crisis, consumer credit was tightened and reduced rapidly despite considerable falls in interest rates. Figure 15 shows that eroded consumer confidence and rising unemployment contributed to lending becoming debt negative by 2009, with the high street feeling the effects. Transactions in the retail property market also slumped, and development schemes 'in the pipeline' reduced dramatically¹².

FIGURE 15: NET CONSUMER CREDIT LENDING IN THE UK, 1987-2010

Source: Bank of England/ONS

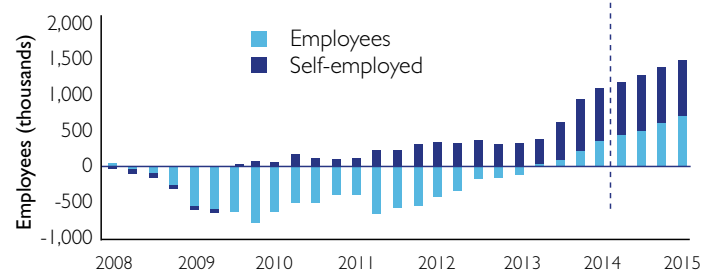


LABOUR MARKET TRENDS

Structural changes in the UK economy in recent years had been clearly reflected in significant changes in the labour market. According to ONS' Labour Force Statistics for 2014, just over half the UK's working population was in 'traditional' employment arrangements i.e. working full-time and on an employer's payroll. The number of people working on a self-employed basis reached a peak of 4.5 million at the beginning of 2014 – up by over a million since 2006 – the highest level in the last four decades. This was to a great extent the result of the economic crisis, with many people entering self-employment involuntarily¹³.

FIGURE 16: NET CHANGES IN THE NUMBERS OF EMPLOYEES AND SELF-EMPLOYED SINCE 2008

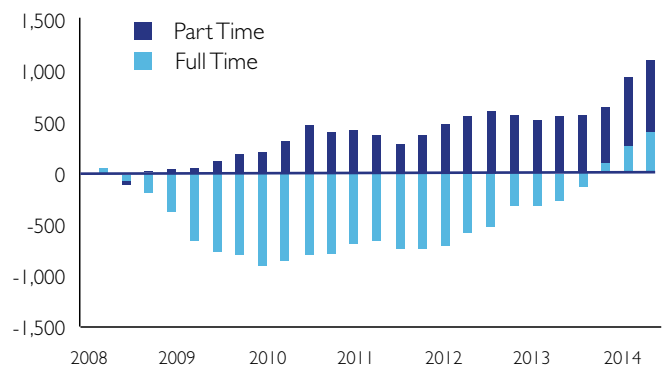
Source: ONS, Experian



Closely linked to the changing nature of the workforce are more flexible work patterns for those employed within organisations (Figure 17). By the second quarter of 2011, the average number of usual hours worked weekly in the UK was down 4.7% since 1992. This change was driven by a mixture of structural changes in the economy (e.g. the increase of the service sector's share of total employment¹⁴), and more flexibility in the hours chosen by employees or offered by employers. ONS Labour Force data suggest that flexible work – and part-time work in particular – has continued to increase (from 24% to 27% between 1994 and 2014). This will inevitably increase as new legislation from June 2014 extends the right to request flexible working to all employees who have 26 weeks' service.

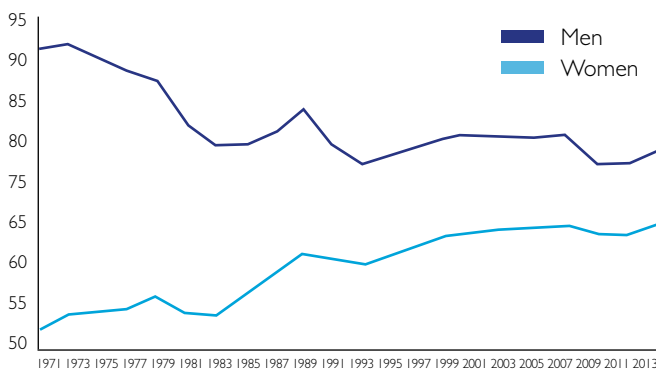
FIGURE 17: CHANGE IN TOTAL EMPLOYMENT – PART-TIME & FULL-TIME (2008-2014)

Source: ONS, Experian



Female participation in the labour force has significantly increased since the 1970s (Figure 18). It has slowed somewhat since the 1990s – as a result of economic conditions affecting employment rates more generally – but by 2014 reached almost 70%. These trends interact, with more women than men choosing (or being required to choose) part-time work.

FIGURE 18: UK EMPLOYMENT RATES (%) FOR MEN AND WOMEN AGED 16-64
Source: ONS¹⁵



HOUSEHOLD EXPENDITURE DISTRIBUTION

The growing UK population, increasing number of households steadily shrinking in average size, plus an ageing population with a relatively asset-rich cohort now reaching retirement balanced by an increasing birthrate, are trends that are certain to interact with socioeconomic changes at the regional and local level. This means that their individual influence will play out very differently in different locations.

Despite high-quality national statistics, data at the finest spatial scales are still lacking. Understanding how spending habits are likely to change, and the significant differences between UK regions is still hampered by data issues. These kinds of differences are not mere statistical detail. For example, breaking down household expenditure at the sub-regional level will inevitably give extra leverage on town centre and high street performance in those regions. As Figure 19 shows, average total expenditure by a household in the south-east is as much as £40 a week more than that of a north-east household. Inevitably that is reflected in spending choices and expenditure differences between those regions. It follows, therefore, that given these differences and the constraints on household budgets, if expenditure on recreation and culture in the south east can still experience the positive growth shown in Figure 19(b)

at a time when spending on household goods and clothing has been shrinking in most regions, then the relative buoyancy in London and the south east is seen to be even more marked.

FIGURE 19(A): AVERAGE HOUSEHOLD EXPENDITURE A WEEK PER PERSON 2009-2011
Source: ONS¹⁶

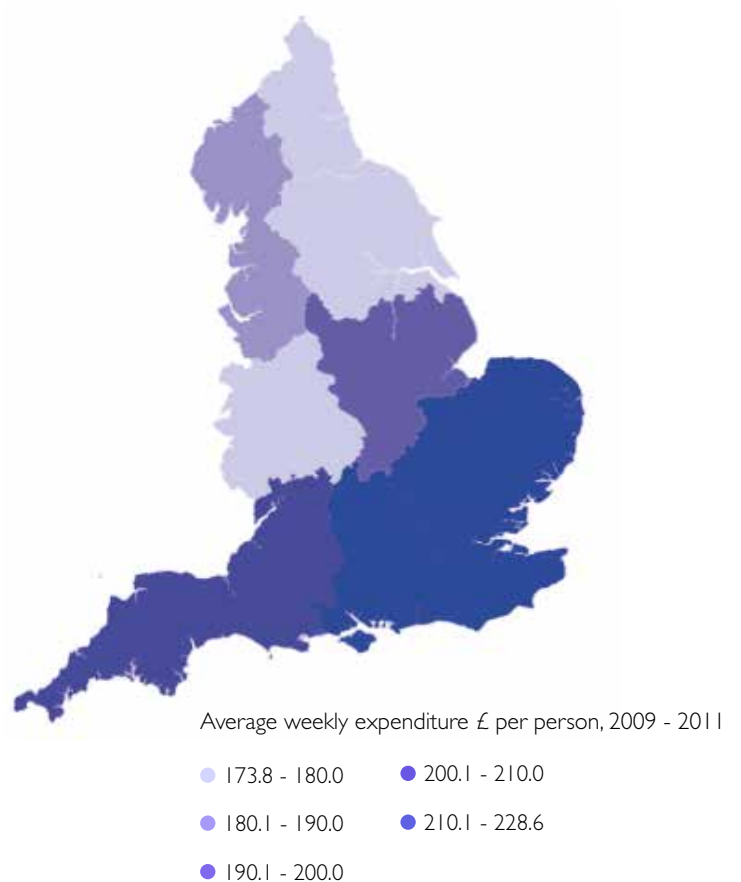
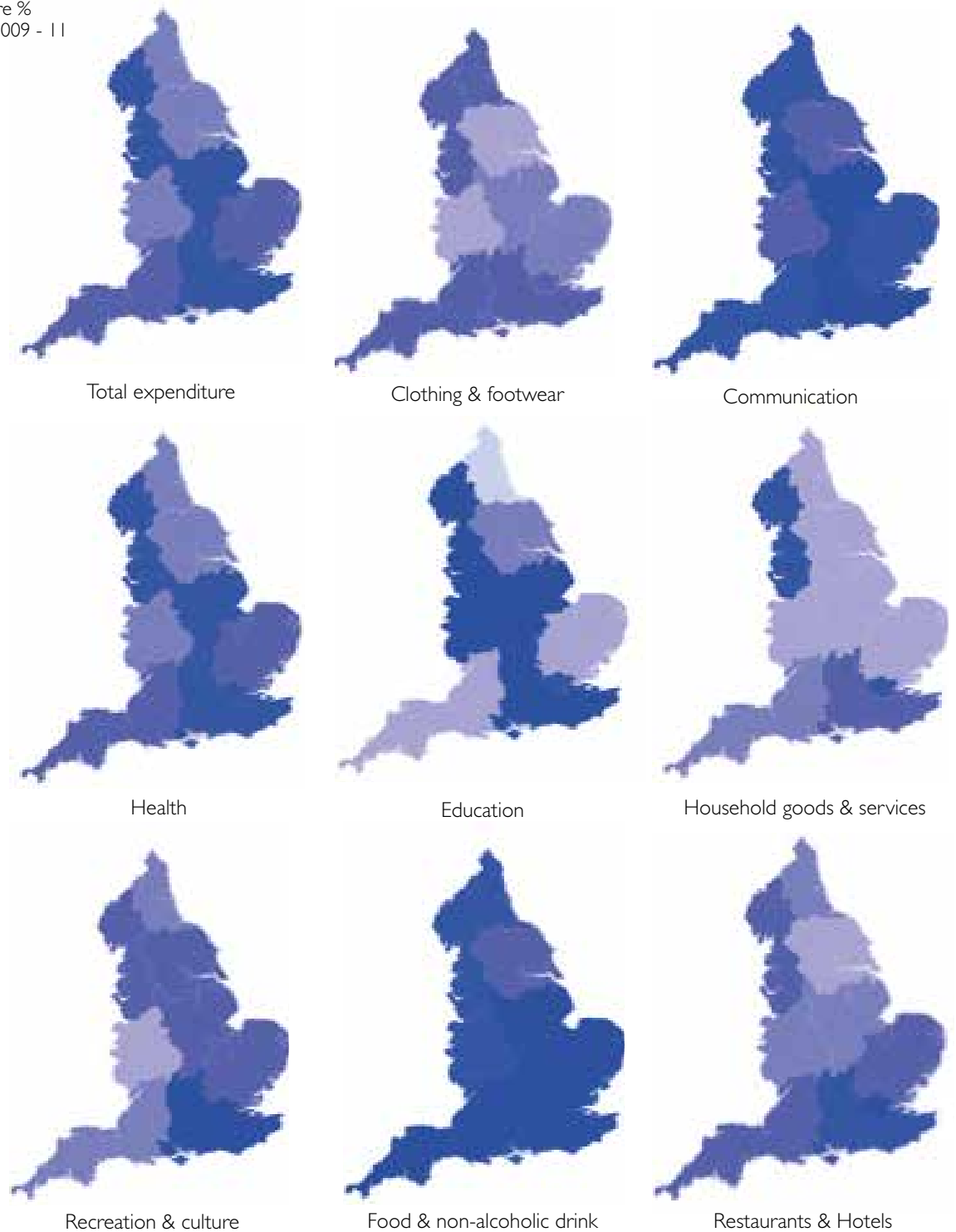


FIGURE 19(B): AVERAGE HOUSEHOLD EXPENDITURE % CHANGE BY TYPE OF PURCHASE AND ENGLISH REGION, 2006 - 2008 TO 2009 - 2011.
Source: ONS¹⁶

Household expenditure %
change 2006 - 08 to 2009 - 11

- -30.4
- -30.3 - 5.0
- -4.9 - 0.0
- 0.1 - 5.0
- 5.1 - 10.0
- 10.1 - 122.0



SUMMARY

Long-term economic, societal and demographic trends play out in town centres and high streets and have important contextual implications for the evolution of those commercial and community spaces. This chapter has illustrated the ways in which the UK population has been growing, ageing and becoming more ethnically diverse over the past two decades. The interplay of those trends and their expression in employment, household composition, transport choices and so on, provides the context for the drivers of change which we now discuss further in Chapters 4, 5 and 6. What is clear, however, is that interplay creates unique circumstances at the scale of the individual town centre and high street and that it is vital to remain sensitive to this complexity.

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

- 1 There is a clear need for demographic, economic and social data to be reported at a wide range of geographical scales with sufficient granularity to allow analysis at both sub-regional and intra-urban levels.
- 2 High quality data are available from the National Travel surveys. However, that information has, to this point, rarely been interrogated in relation to the evolving nature of town centres and high streets. There are intriguing but tangential comments, but a focused piece of research is required.
- 3 The rise of ethnic retail over the past decade is under-studied. Whilst there are good detailed ethnographic studies of individual London high streets, the wider picture of the overall ethnic impact on high street evolution and resilience is under-researched.
- 4 The impact of intergenerational differences in income and wealth and their effects on the nature of consumption and the use of services in town centres and high streets is poorly understood.

1. British Council of Shopping Centres (2006), The future of retail property: Report 1: Changing demographics and consumer patterns. Available at http://newlive.bcs.netextra.net/Publications/BCSC/FORP_Report02.pdf

2. Department for Culture, Media and sport (2010) Taking Part: The National Survey of Culture, Leisure and Sport.

3. DCLG (2013), The future of the high street: progress since the portas review. Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/211536/Future_of_High_Street_-_Progress_Since_the_Portas_Review_-_revised.pdf

4. Shaw, S, Bagwell, S and Karmowska, J. (2004), Ethnoscapes as spectacle: reimagining multicultural districts as new destinations for leisure and tourism consumption, *Urban Studies*, 41(10): 1983-2000.

5. Bagwell, S. (2008), Transnational family networks and ethnic minority business development; The case of Vietnamese nail-shops in the UK', *International Journal of Entrepreneurial Behaviour & Research*, 14(6): 377-394.

6. *ibid*

7. Le Vine, S and Jones, P (2012) On the Move. Making sense of car and train travel trends in Britain. Report published by RAC Foundation, London

8. *ibid*

9. Office for National Statistics, Gross Disposable Household Income (GDHI estimates at current prices tables 1997-2011)

10. Office for National Statistics, Annual Survey of Hours and Earnings, 1998-2009

11. Office for National Statistics, Gross Disposable Household Income (GDHI) estimates at current prices tables 1997-2011

12. BCSC, (2011) 'Empty Shops: what does the future hold for town centres?' Available at: <https://www.oxfordeconomics.com/publication/download/240048>

13. Office for National Statistics, Self-employed workers in the UK – 2014 Report (August). Available at: http://www.ons.gov.uk/ons/dcp171776_374941.pdf

14. ONS data suggest that the service sector is made up of a relatively high proportion of part-time jobs while, in contrast, the manufacturing sector is made up of a low percentage of part-time jobs. So, the shift away from manufacturing towards services and the increase in part-time employment have both acted to reduce average hours worked in the UK.

15. Office for National Statistics – Women in the Labour Market, 2013

16. Office for National Statistics, Living Costs and Food Survey (Detailed household expenditure by UK countries and regions, 2009-2011).

HIGH STREET

The rise and effects of 'convenience culture'

HIGHLIGHTS

An evolving 'convenience culture' in combination with the substitution and modification effects of progressively increasing levels of internet retail are together creating complex structural changes in the way people shop in the emerging digital era. Not all of these changes negative for the evolving high street

Growing numbers of consumers are less convinced by the costs versus benefits balance of the out-of-centre superstore/retail park proposition and have sought convenience at the 'local' level and in the 'community'.

For some of those seeking convenience at a local/community level, economic cost-saving is not the only issue, rather it is authenticity, traceability, responsible sourcing and community-sustaining consumption

Forecasts for 2019 suggest that the convenience store grocery sector will account for almost a quarter (24.1%) of total UK grocery sales up from 21.4% in 2014; conversely, the once dominant 'superstores & hypermarkets' sector whose market share is forecast to collapse

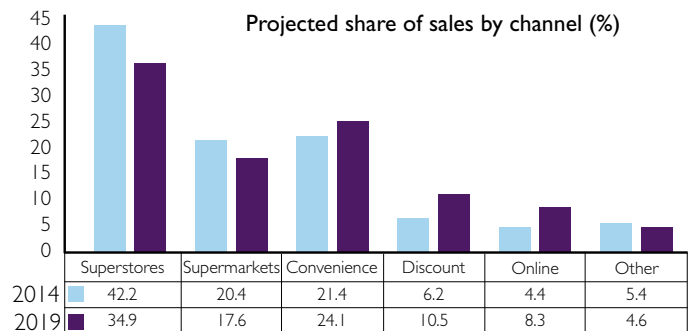
Both independent and corporate town centre foodstores stores growing strong, preventing vacancy rates rising and driving relocalisation of food shopping back into the town centre

INTRODUCTION

In mid-2014, as the UK economy began to return to robust growth after six years of economic crisis and austerity, the IGD (Institute of Grocery Distribution) published a 5-year forward look to the likely configuration of the grocery market in 2019¹. What it revealed (Figure 1) was that in the context of a grocery market forecast to grow from £175 bn to £203 bn (16.3%) – significant changes in consumer behaviour which had been ongoing for more than a decade but which had been exposed during the years of crisis and austerity, were viewed by IGD as likely to produce major shifts in the structure of the market.

FIGURE 1: PROJECTED GROCERY SALES BY CHANNEL

Source: IGD – Shoppereconomics Report – September 2014



Two of these shifts – involving a more than doubling over 5 years in the estimated sales of both online and 'discounter' grocery channels to reach market shares in 2019 of 8.3% and 10.5% respectively – had been well covered in the media, where there had been increasing focus on the competitive squeeze being exerted on the leading middle-ground 'big 4' supermarket operators (Tesco, Sainsbury, Asda-Walmart and Morrisons) by the limited-range discounters Lidl and Aldi. More surprising, however, were:

- (i) IGD's forecast that the convenience store grocery sector would add more sales (+£11.6 bn) than any other sector and by 2019 would account for almost a quarter (24.1%) of total UK grocery sales up from 21.4% in 2014; and
- (ii) the implications of the differential sales growth and market share shifts for the once dominant one-stop 'superstores & hypermarkets' sector whose market share was forecast to collapse over the 5-year period from 42.2% to 34.9% (see Ch 5 for further discussion)

Commenting on these forecasts and the continued rise of the convenience sector, the IGD chief executive noted that:

'shoppers now expect grocery retailing to organise itself around their lives rather than building their routines around [the retailers] – they expect to buy whatever they want, anytime, anywhere in the most convenient way to them²'.

In this chapter, against a backdrop of the societal changes discussed in Chapter 3, we focus on shifts in consumer behaviour and cultures of consumption which collectively we refer to as the rise of **'convenience culture'**. Online shopping for both goods and services forms an important component of that culture, but we leave detailed discussion of its complex substitution and modification effects, and of the consumer experience of e-commerce to Chapter 6. Here we simply note that it is the way technology driven change favouring the growth of online retail has worked in combination with changes in consumption practices and culture that has proved so potent, and which has been driving what Colliers International describe as a *'quantum shift in shopping habits'*.

The rise of **convenience culture** is the first of the three interlinked drivers of change which we identified and prioritised for discussion in Chapter 1. Until recently however, it was arguably relatively hidden and insufficiently understood. Nevertheless, that changed considerably in late 2014/2015 with rapidly increasing media debate about many of its key attributes³.

RETAIL HAS ALWAYS BEEN ABOUT CONVENIENCE WHAT HAS CHANGED?

An evolving convenience culture – What is commonly understood by the term 'convenience' in the context of retail and consumption has shifted decade by decade throughout the 20th and 21st Centuries. Attempts by retailers to capture key facets of convenience as part of their competitive advantage are constantly being revisited and reinvented. For example, home delivery from high street retailers was commonplace in the early 20th Century and has gone through phases of relative ubiquitousness since that period. At its roots, however, convenience is bound up with the valuation individuals and households place on time, and on the bargain they are effectively prepared to strike with retailers to invest more of their time in the shopping process in return for lower costs.

The early supermarkets of the 1920s and 1930s in the USA dramatically altered the prevailing balance of the trade-off which consumers of the period had previously accepted in the typical small counter-service grocery stores of the era⁴. The same trade-off of consumer time for lower prices underpinned the shift from counter-service to self-service stores from the mid-1950s to mid-1960s in the UK and the facilitating abolition of the Resale Prices Act in 1964⁵.

As a result, from the 1960s through the 1990s, 'convenience' found expression in the UK expansion of *'one-stop'* out-of-centre superstores and retail parks (Chapter 5), the weekly car-based 'household shop', longer store opening hours and, more tangentially, in developments, such as Britain's leading-edge retailer-brand chilled ready meals.⁶

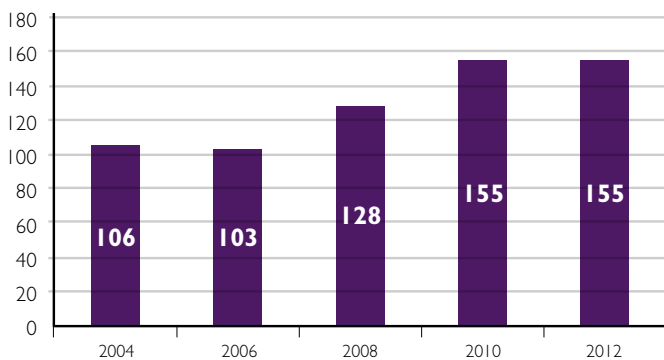
Re-evaluating the time-cost balance of out-of-town one-stop shopping – Since the beginning of the 2000s, important and highly complex shifts in consumer behaviour have been taking place in the UK. But even though these shifts have been to a large extent technology-driven, with consumers increasingly embracing e-commerce and the omnichannel shopping experience (see Chapters 6 and 8), what has additionally driven significant changes in consumer behaviour has been the major re-evaluation by some groups of consumers of the economic and social costs associated with long rather than short distances to shop, and reassessment of the time-cost savings commonly attributed to large and sometimes inhospitable one-stop out-of-centre stores.

Reflecting the demographic and societal trends described in Chapter 3 – in particular the growth of smaller households, an ageing population, longer working hours and busy lifestyles – those groups have increasingly sought *'convenience'* at the local level and in the community, and have responded positively to retailers who have been able to develop and operate *'simple to shop'* choice-edited neighbourhood versions of the range and quality of the large-format out-of-town offer. Moreover, for increasing numbers within those groups, seeking convenience at a local/community level has not simply been an economic cost-saving issue but is rather a proxy for authenticity, traceability, and community-sustaining socially-responsible consumption.

Shopping 'little and often' – The shift towards a new interpretation of convenience is also revealed in **changes in the frequency of shopping trips** (Figure 2). Consumers have progressively been shopping *little and often* – increasingly using shops close to home or on the way back from work. Since the onset of economic crisis and austerity, adapting behaviour in this way (consciously or unconsciously) has not only been supportive of a local/neighbourhood conception of convenience, but also a rational response to austerity by facilitating a more appropriate balancing of household demands against supply (and hence less waste) than in the large *'weekly shop'* pattern typical of the period from the late 1960s through the 1990s.

FIGURE 2: AVERAGE NUMBER OF HOUSEHOLDS' FOOD SHOPPING TRIPS PA, 2004-12

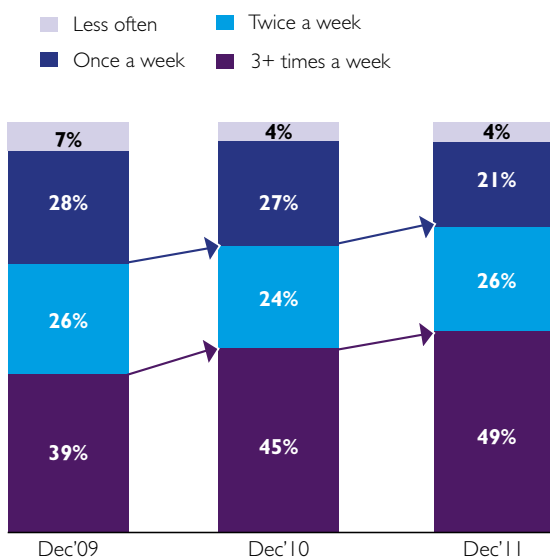
Source: GB TGI, Kantar Media UK Ltd Q3 2004-12 (April-March)/Mintel⁷



Indeed, evidence from IGD for the period 2009-2011 (Figure 3) suggests that consumers significantly reduced the frequency of that 'weekly' main shop, as they turned to top-up shopping in order to control their spend.

FIGURE 3: CHANGES IN SHOPPING FREQUENCY 2009-11

Source: IGD Research (2012)⁸

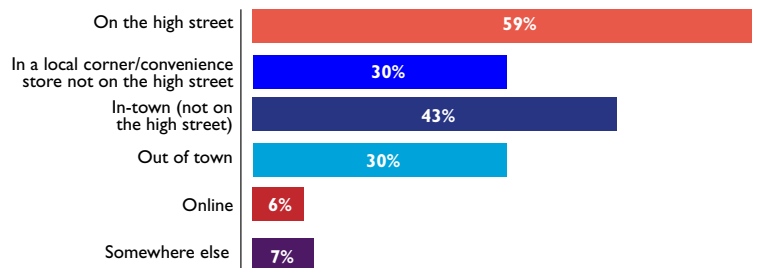


More recent evidence from IGD confirms that an increasing number of shoppers now believe that shopping around is more convenient than the one-stop 'buying everything under one roof' pattern, with the average shopper now making 24 grocery trips a month⁹. And clearly, that has important implications for the future configuration of UK high streets as town centres and, high streets are regularly found to be the preferred locations for people to conduct their top-up shopping (see Figure 4 for the case of grocery shopping).

FIGURE 4: CONSUMERS' PREFERRED LOCATIONS FOR TOP-UP GROCERY SHOPPING

Source: Deloitte Consumer report 2013

Where do you do your top-up grocery shopping?



Local shopping as an 'ethical' choice – As noted above, within those groups seeking convenience at a local/community level, economic cost-saving for some is not the primary issue, rather it is authenticity, traceability, and community-sustaining socially-responsible consumption with high value being placed on shopping in their local community and in purchasing locally produced goods. The demographic variation in consumers placing high value in local goods tends to vary, with the biggest buyers in rural locations, and in older, higher social class bandings¹⁰. However, there has been growing consumer awareness of the benefits that might derive from shopping locally, with consumers sensing that local shopping creates the most sustainable (devoted, consistent and predictable) market for retail outlets and can stem economic leakage, in turn boosting town centre/high street vitality via a multiplier effect¹¹.

Indeed, the 2013 Ethical Consumers Market report¹² provides evidence to suggest that the number of shoppers specifically looking to buy local produce increased from 15% in 2005 to 42% in 2012. In particular, the survey found that following the effects of the economic crisis on local economies, consumers were prepared to rally to support their communities – in fact, over 40% of local shoppers said they were prepared to pay a premium for locally produced foods. Based on the survey, supporting the local economy

(producers, retailers and jobs) was the most popular reason for buying local produce.

The 'return' of shoppers to their local outlets, is also highlighted in a recent Local Data Company (LDC) report, as one of the major trends transforming UK high streets¹³. Indeed, LDC research in association with the British Independent Retailers Association (BIRA) found that traditional independent local businesses continued to grow constantly in the period 2009-2014, reflecting consumers' response to the offer that local specialist independents can bring.

In summary, an evolving 'convenience culture' which both incorporates and works in combination with the progressive rise of internet retail, combined with preferences for the 'local' and the importance placed on the 'community', are indicative of the very complex shifts in consumption practices and culture which have been taking place for more than a decade. This has produced changes in consumer behaviour that even the most sophisticated 'consumer facing' retailers and service providers have found disruptive and increasingly difficult to read. Nevertheless, those changes are critical to the resilience and re-invention of Britain's high streets.

"in the last few months the pace of change in our industry has changed beyond all recognition (...)
"customers are shopping very differently to the way they were shopping even a year ago".
(CEO, Sainsbury's, October 2014)

THE RISE OF CONVENIENCE STORE RETAIL AND ITS HIGH STREET IMPACTS

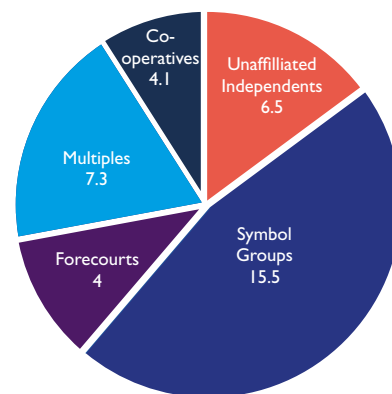
Convenience store retail: an extremely dynamic sector

Although it is vital to stress that the two issues should not be equated – convenience culture being the product of a *much* wider, once-in-a-generation re-evaluation of consumption practices and cultures – convenience culture has both underpinned and simultaneously been facilitated by the rapid growth of the convenience store sector. As noted above in Figure 1, by mid-2014, as town centres and high streets were emerging from crisis and austerity, the sector had become one of the most dynamic in UK retailing, generating total sales of £37.4 billion (21% of the UK groceries market) from more than 47,000 outlets, providing employment to over 386,000 people in communities spread right across the urban–rural spectrum¹⁴. Figure 5 decomposes those overall figures by sales value and store numbers for different types of operators in the sector:

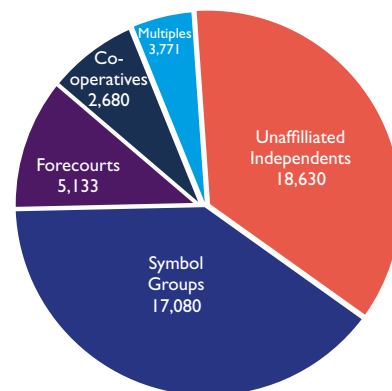
FIGURE 5: CONVENIENCE RETAIL – VALUE AND STORE NUMBERS BY OPERATORS

Source: IGD Research, July 2014

Convenience Sector value (bn)



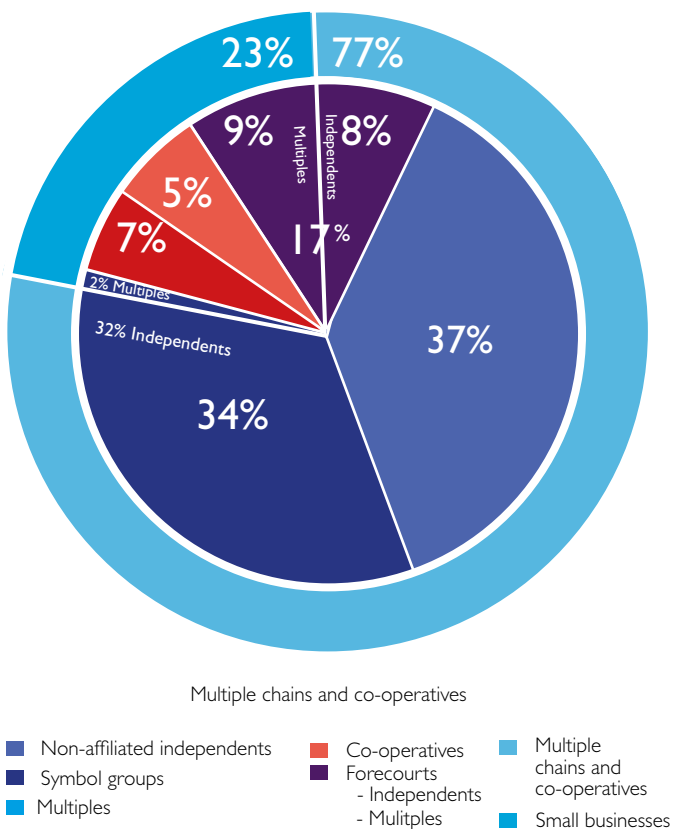
Convenience Store numbers



As shown in Figure 6, the vast majority of stores (77%) in the sector are independently owned and operated – although a little under a half of that group are affiliated to buying groups (so-called 'symbol' groups) such as Spar, Londis, Costcutter and Nisa. Multiples and co-operatives operate just 23% – although multiples (corporate convenience stores) '*punch above their weight*', generating 19.4% of sales from only 7.6% of the store numbers. Stores in the sector are defined as being under 3,000 sq ft, though a majority of independent stores are under 2,000 sq ft¹⁵, while multiple and co-operative owned stores tend to be larger in size.

FIGURE 6: INDEPENDENT AND MULTIPLE OPERATORS OF CONVENIENCE STORES

Source: ACS - The Local Shop Report 2014¹⁶



The dynamism of the sector is, however, a relatively recent phenomenon, and is closely intertwined with the rise of convenience culture and the return of the UK's leading corporate retailers to town centres and high streets.

Sector entry by the corporate retailers – Indeed in the mid-1990s, in marked contrast to its current dynamism, the convenience store sector was a relatively slow-growth marginalised sector in which the major corporate food retailers had limited presence, and which had been largely left to smaller corporate chains, and 'symbol groups'¹⁷. What transformed the sector was the acquisition-driven entry of the leading corporate food retailers into the sector between 2002 and 2004 and, in particular, the competitive response of the incumbent operators – both those affiliated to symbol groups and unaffiliated independents – to the threat posed by that corporate entry. Quite simply, as Verdict Research's report on *Neighbourhood Retailing* noted at the time:

'multiple retailers have brought fresher food, new ranges, lower prices, better store environments and increased scale to the neighbourhood, and it has forced smaller players to improve to keep up'¹⁸.

There are several interrelated interpretations of why the leading corporate retailers entered the convenience store sector in the early 2000s (Figure 7):

(a) An opportunistic reactive response to the emergence of a regulatory loophole

– This interpretation focuses on the unexpected interpretation by the Competition Commission of the structure of the UK grocery market¹⁹: The so-called two-market interpretation first suggested in 2000 effectively gave the regulatory green-light to the major food retailers to enter the convenience sector by acquisition. And beginning with Tesco's acquisition of the 862 T & S convenience stores that is what occurred.

(b) A proactive response to changing consumer practices

– Constrained from developing large format out-of-town stores by the adoption in the mid-1990s of what subsequently became known as the 'town centre first' approach to retail development (see Chapter 5) yet seeking to grow, this interpretation suggests that leading retailers may have detected as a result of their routine collection and analysis of loyalty card data and their extensive in-house customer research programmes, the emergence of some of the features of what we now understand as an evolving 'convenience culture'. That is to say, they realized the growth potential of the sector and were proactive in attempting to capture that potential.

(c) An opportunity to capture key facets of convenience culture as part of their competitive advantage

– As a consequence of adapting their new store formats to the requirements of the 'town centre first' policies, the leading retailers had developed the organizational and operational skills where they could operate networks of small, 'choice-edited' stores with levels of efficiency and profitability approaching those obtained from their larger-format stores in the 1980s. As a result, they were strongly motivated to be proactive in their attempts to capture some of the key facets of convenience culture as part of their competitive advantage²⁰.

FIGURE 7: INTERRELATED INTERPRETATIONS OF CORPORATE RETAIL ENTRY INTO CONVENIENCE SECTOR



Over the decade since those initial sector entries, corporate convenience stores have continued to grow at a rapid rate. By 2014 (see Table 1), Tesco operated more than 1,600 Express stores and 700 One Stop branded units, and Sainsbury over 600 Locals²¹ in UK town centres and high streets (Table 1).

TABLE 1: NUMBER OF CORPORATE CONVENIENCE STORES – UK'S TOP 4 CORPORATE RETAILERS

Source: Retailers' own figures – early 2014

Store	Number of stores	First opened
Tesco Express	1601	1994
Sainsbury Local	611	1998
Little Waitrose	45	2011
Morrisons-M Local	85	2011

During the years of crisis and austerity 2008-14, the sector continued to grow strongly. Expansion was not limited to corporate operators – both non-affiliated independents and independents affiliated to 'symbol' groups grew equally strongly and sometimes more rapidly. Indeed, a University of Oxford/Local Data Company study of 1,300 high streets in the UK for the period 2011-2013, recorded independent convenience stores growth at 17%, but corporate convenience stores growth at a significantly lower 8%²². During these years, the sector was often able to absorb some of the vacant property-unit slack, with Morrisons, for example acquiring 49 former Blockbuster video-rental stores in 2013²³ to speed the growth of its relatively late entry into the sector.

Town centre and high street impacts – During the out-of-town expansion era from the 1960s to the mid-1990s the decline of small and specialist retailers had "forced customers into using the larger stores more frequently for 'top-up' shopping as well as their main primary shop"²⁴. With such large out-of-centre stores commonly fulfilling multiple shopping missions, customers had fewer reasons to frequent high streets and town centres, thereby exacerbating challenges in driving footfall to established retail centres.

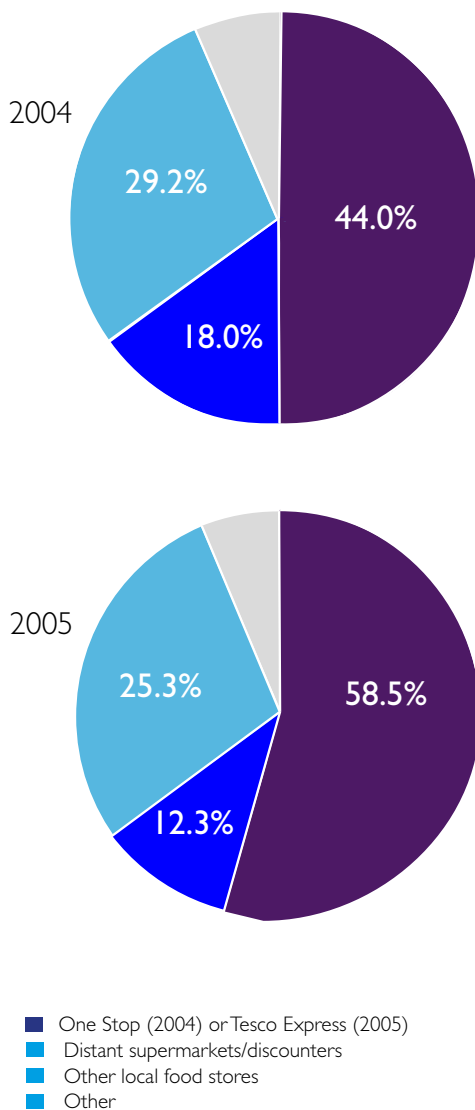
The reinvention of the convenience store sector following corporate retail entry in the early 2000s and the raising of standards among the incumbent operators which that entry triggered as a competitive response, very quickly began to shift 'top-up' shopping back from the out-of-centre superstores.

Indeed, an early study of community and consumer responses to the development of 'new generation' corporate convenience stores conducted in 2005 in four communities in Hampshire²⁵, (a study based on the responses of 650 consumers to the conversion of previous One Stop convenience stores in those communities into Tesco Express format outlets) found exactly that. In other words, in all communities a significant *relocalisation of food shopping* (particularly of secondary/top-up shopping) was induced – away from distant superstores and towards local stores (Figure 8), and this was accompanied by important travel substitution effects involving *increased walk/cycle-based* and *reduced car-based* food shopping travel miles.

FIGURE 8: THE IMPACT OF THE DEVELOPMENT OF NEW GENERATION CONVENIENCE STORES ON SECONDARY FOOD SHOPPING BEHAVIOUR

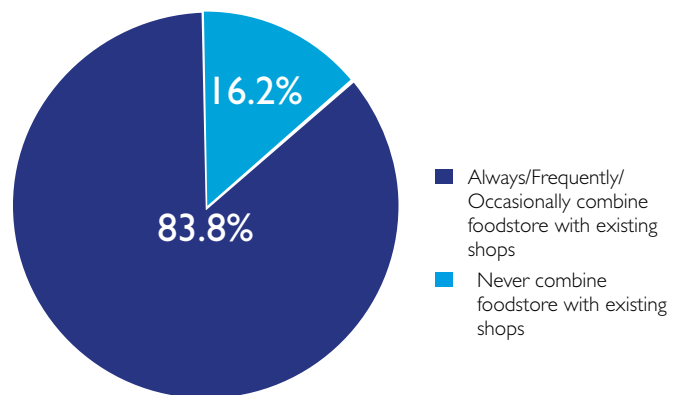
Source: Wrigley et al, 2005

Pie chart showing what the respondents are using as main secondary food store in 2004 and 2005

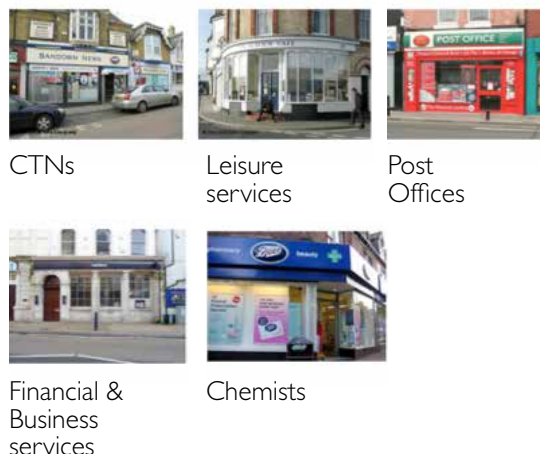


Similar findings were also obtained from a much larger piece of research conducted in 2011 in five small towns in Southern England that had been subject to an in-centre corporate convenience store development in the previous 18 months²⁶. Involving more than 1,500 consumers and 200 traders, the study found high levels of switching to the new convenience stores from out-of-centre superstores for both main and secondary shopping. There was no evidence to suggest that the search for convenience at the local level had weakened over the period since the Hampshire study. Indeed, it seemed to have strengthened, with evidence suggesting that the new generation corporate convenience stores very rapidly became major trip attractors, and de facto the anchor of the small town centres, generating high levels of spill-over trade effects via linked trips (Figure 9)

FIGURE 9: REPORTED CONSUMER PROPENSITY TO LINK TRIPS TO NEW GENERATION CONVENIENCE STORES WITH OTHER TOWN CENTRE RETAIL/SERVICE OUTLETS



62% of respondents – users of new generation c-stores stated an intention to combine their visit with other town centre retailers/ services such as:



The nature and scale of the linked trips generated by 'new generation' convenience stores whether corporate, symbol group affiliated, or unaffiliated independent remains however an almost totally unresearched topic. Yet it is clear that new forms of complementary relationships between retailers of different types, and between retailers and service providers are being formed in the evolving town centres and high streets of an era in which shopping habits are undergoing a quantum shift for both technological and cultural reasons.

HIGH STREET RECONFIGURATION: A KEY ROLE FOR CONVENIENCE RETAIL?

The forces of high street reconfiguration exposed by the shockwave of global economic crisis were far from being uniformly negative. Alongside increasingly strong substitution and modification effects associated with the progressive switch to online shopping (discussed in detail in Chapter 6), a wider shift to an emerging *convenience culture* has, and continues to, occur. Both forces, of themselves, are extremely powerful. However, it is vital that we understand how these forces interact, in other words how they work together in complex ways, strengthening their individual effects.

As UK town centres and high streets gradually emerged from crisis during 2014/15 – it became clear that they were assuming a new role in the retail hierarchy²⁷. To understand that new role, involves appreciating emerging forms of *complementarity* between online retail & service provision on the one hand, and more traditional but rapidly adapting physical distribution and fulfilment via town centres and high streets on the other²⁸ – e.g. 'click and collect' and its many hybrid and as yet unknown extensions (Chapters 6 & 8). Additionally, however, it involves appreciating the profound shifts in consumption practices and cultures that have taken place over the last decade, and in the way consumers now expect retailers

to organize themselves around a growing expectation of 24/7 convenience. In particular, how that might reveal itself both in new forms of complementarity between corporate retail provision and the diversity of small & specialist providers, and also between high streets as retail spaces and high streets as spaces for leisure, service provision and social interaction (Chapter 8).

What is clear, however, is that...

"With many modern retail high streets perfectly positioned for top-up shopping, achieving the right mix of multiple and independent retailers and leisure offers such as cafes and bars, can position a centre *alongside* online shopping, not *against* it'.²⁹

Convenience retail – always an important component of the ecology of our town centres and high streets – has emerged strongly from the years of crisis and austerity and occupies a strategic position in ensuring the future vitality and viability of these vital commercial and community spaces³⁰. Empirical studies focused on that strategic role are as yet extremely sparse. Yet it is the wider but powerful components of a shift in the cultures of consumption to what has been termed '*convenience culture*' which is of greatest importance. Whilst it is undoubtedly a 'fuzzy' concept, '*convenience culture*' nevertheless captures important facets of shifts in consumer behaviour and valuations.

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

- 1 Emerging from this great recession of 2008-2013 we don't yet know – as the economy grows – whether the cost vs benefits balance of one-stop shopping will re-emerge.
- 2 To what extent and in what ways the evolving convenience culture & ethnic super-diversity of urban high streets are interlinked?
- 3 How strong and long-lasting are the recent trends towards authenticity, traceability and responsible sourcing. To what extent have they been reinforced by – or alternatively held back by – recession?
- 4 Given the fragmented property ownership of symbol groups, how are these going to respond to increase competition from corporate retailers for town centre space?
- 5 Empirical evidence on the impacts of convenience by location typology. How are out-of-town, edge-of-centre, and various traditional town centre typologies faring differently?

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The challenge from out-of-town provision & the effects of nearly two decades of 'town centre first' policy

HIGHLIGHTS

UK planning policy shifted decisively in the mid – 1990s towards the prioritisation of existing centres when evaluating development proposals. This *'town centre first'* approach which enjoyed significant cross-political-party support, had a discernible impact on the pattern of development, and helped to mitigate some of the worsening cumulative impacts of out-of-town development observed in the late 1980s/early 1990s.

However, competitive impacts on established centres continued to be significant, due to important lag-effects inherent in the development process, but also because tightened retail regulation was a more effective tool in curtailing new out-of-centre development than it was in channelling activity back into existing town centres.

Within town centres and high streets there has been, and continues to be, significant reconfiguration. In part, that reflects the varying competitive pressures experienced by retailers – with some more exposed because of the nature of the products they sell and their cost structures to out-of-town competition and online providers. However, the reconfiguration also reflects a significant long-term structural shift from retail to services – and leisure services in particular.

A *'quantum shift in shopping habits'* as the rise of internet and m-commerce and *'convenience culture'* work in combination with each other has begun to result in underperformance of parts of the major retailers networks of out-of-centre hypermarkets and superstores. Write-downs, closures, non-completion and mothballing of stores has followed. The same shifts in consumer behaviour continue to drive the return of the major food retailers to town centres and high streets.

INTRODUCTION

This chapter examines the second of the three interlinked drivers of change which we identified and prioritised for discussion in Chapter 1. That is to say, the *competitive impacts on town centres and high streets from out-of-town 'one stop' retail development*. It begins by noting that during the late 1980s/early 1990s the cumulative impacts of those developments had become highly negative, particularly for certain types of centre. It then argues that despite a decisive switch of policy in the mid-1990s to what subsequently became referred to as a *'town centre first'* approach – an approach which enjoyed wide cross-political-party support – those competitive impacts continued to be significant. Not least this was a result of important lag effects inherent in the development permissions system, but also because tightened retail regulation was a more effective tool in curtailing new out-of-centre development than it was in channelling activity back into town centres. However, the chapter additionally argues that during the second decade of a *'town centre first'* approach, and certainly by the time the shock wave of global economic crisis began to expose the longer-term drivers of change which were reconfiguring Britain's town centres and high streets, the nature of the out-of-town threat had become more complex. In turn, that has given rise to some of the multi-layered evidence on *'out of town'* development impacts which has characterised recent empirical studies.

More generally, the chapter attempts to position these debates about the *'town centre first'* approach and the competitive impacts of out-of-town development in a wider context. In particular, in relation to the long-term shift from retail to services observed in UK town centres and high streets, the complementary role of leisure services, and a growing realisation that profound shifts in consumer culture and behaviour (which we discussed in Chapter 4) are driving a re-evaluation of the out-of-town offer.

WHAT IS THE "TOWN CENTRE FIRST" APPROACH TO DEVELOPMENT REGULATION?

The surge in superstore, retail park, regional shopping centre and retail warehouse development located out-of-centre during the 1980s and early 1990s¹ had several negative consequences, especially for the performance of middle order and smaller centres such as market towns and district centres. By the mid-1990s however, those effects had prompted and begun to be reflected in growing cross-party political support for a tightening of retail planning policy which would offer significantly greater protection for town centres².

That progressive tightening of retail land-use planning regulation is documented and explained in detail elsewhere³. The shift in policy began with the landmark revision of Planning Policy Guidance Note 6 (PPG6) in 1996 and the implementation of the so-called 'sequential test'. Retail development in established centres was prioritised, and implementation of the policy in England became progressively tighter over the next decade. It was followed by similar but less stringent tightening elsewhere in the UK⁴.

The essence of the approach was then continued in subsequent revisions to planning policy over the next decade. That is to say in Planning Policy Statement 6 (PPS6) 2005, Planning Policy Statement 4 (PPS4) 2009, and most recently in the development of the National Planning Policy Framework (NPPF) published in March 2012⁵, by which time the term 'town centre first' approach was in wide circulation and was more explicit in its inclusion of services as well as retail. Within this plan-led approach to development, local authorities are responsible for drawing up Local Plans that 'allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres'⁶.

"TOWN CENTRE FIRST" IS HERE TO STAY

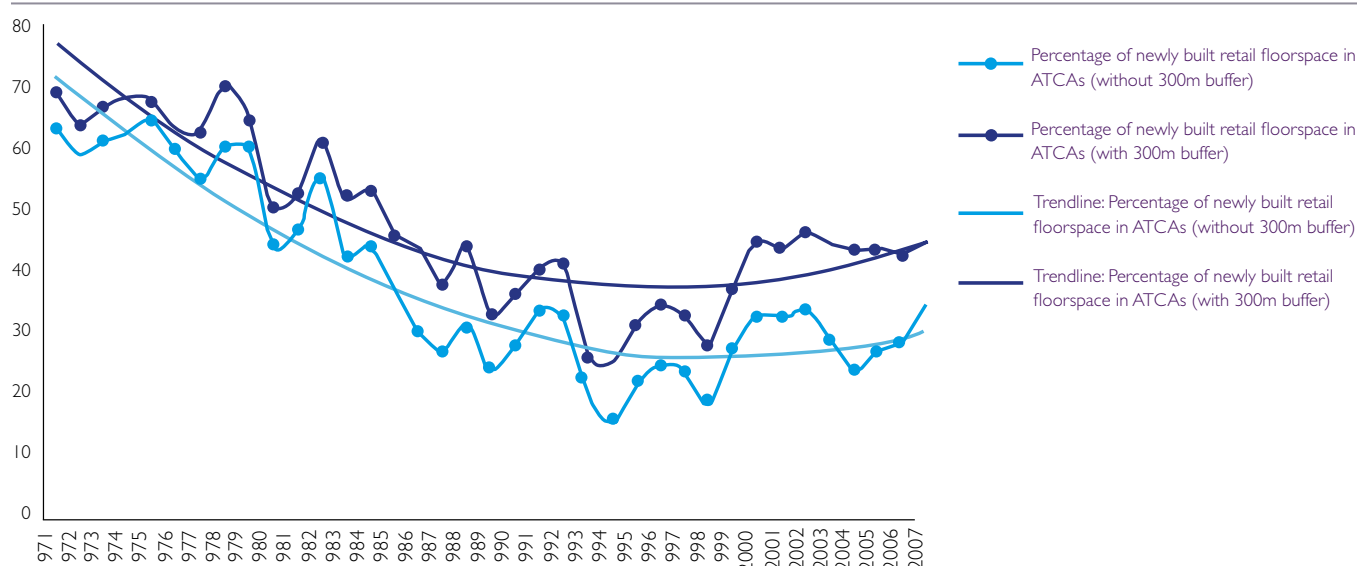
The intention of 'town centre first' regulation was, and continues to be, the prioritisation of established centres when evaluating development proposals. As the Government's Planning Minister commented in Parliament in 2013:

The Government is fully committed to supporting town centres. Our National Planning Policy Framework sets out clearly that local councils should recognise town centres as the hearts of their communities and pursue policies to support their viability and vitality. Specifically, it requires that local planning authorities apply a sequential and impact test to planning applications for certain uses, such as retail, leisure and office, that are not in an existing centre and are not in accordance with an up-to-date local plan. Where an application fails to satisfy the sequential test or is likely to have significant adverse impact it should be refused⁷.

HOW EFFECTIVE HAS "TOWN CENTRE FIRST" BEEN? MAJOR REPORTS

Although policy reviews such as the 2006 *Barker Review of Land Use Planning*⁸ specifically critiqued planning policy for its inability to respond to market demands in a timely fashion, government, consultancy and academic research which has assessed the effectiveness of the "town centre first" approach in protecting established retail centres suggests that by the early 2000s and well inside its first decade of operation, the approach was having a discernible impact on development. A report produced by DCLG in 2009⁹, for example, showed that, although the proportion of retail development occurring in town centres and edge-of-centre locations in England had fluctuated year-on-year, there had been a clear upward trend in the proportion of development going into town centres and edge-of-town locations since the implementation of the policy in the mid-1990s (Figure 1).

FIGURE 1: PERCENTAGE OF NEWLY BUILT RETAIL FLOORSPACE IN COMMUNITIES AND LOCAL GOVERNMENT AREAS OF TOWN CENTRE ACTIVITY (ATCAs) – WITH AND WITHOUT 300M BUFFER; ENGLAND, 1 APRIL 2008 DATA
Source: DCLG (2009).



An earlier larger study commissioned in 2004 by The Office of the Deputy Prime Minister¹⁰ from Cardiff University and CB Richard Ellis had reached similar conclusions – albeit regarding the operation of just the initial policy statement PPG6. That is to say, the Cardiff/CB Richard Ellis study suggested that whilst it was too early at that point to judge the long-term effects of PPG6 and the broader town-centres-first approach, the overriding objective of “*sustaining and enhancing established town centres*” did appear to have been widely accepted and that important effects were beginning to be felt on the pattern of new retail development, particularly in restricting the pipeline of new regional shopping centres, out-of-centre food superstores, and retail parks. However, the authors noted that “*as a consequence of the scale of commitments, asset management, and extensions to existing out-of-centre developments, traditional town centres have continued to lose market share*”.

HOW EFFECTIVE HAS “TOWN CENTRE FIRST” BEEN? OTHER EVIDENCE.

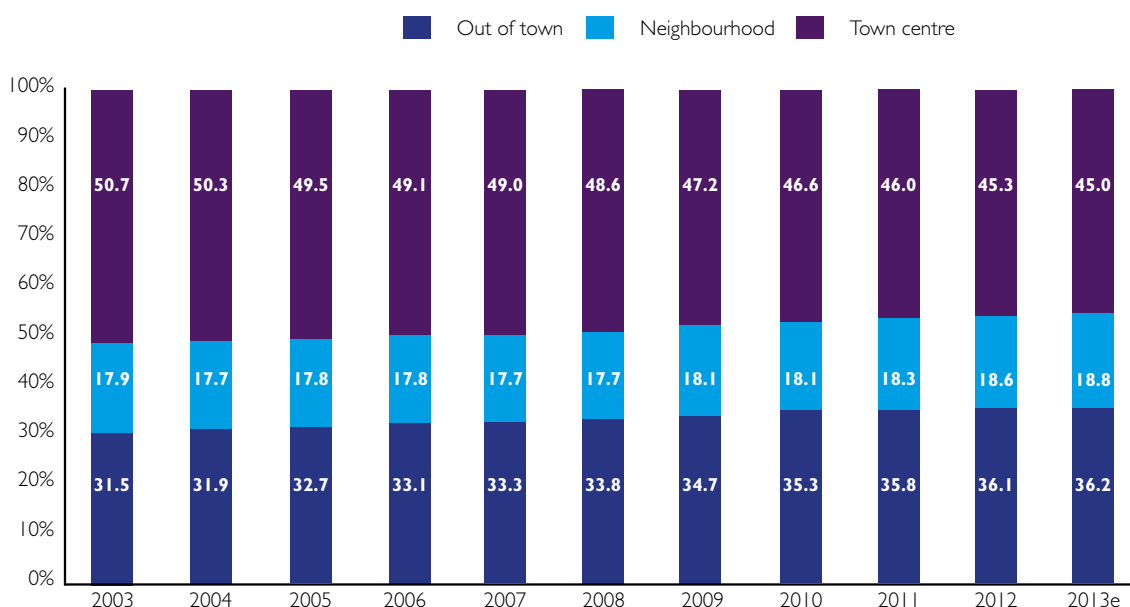
Beyond the findings of the DCLG and Cardiff/CB Richard Ellis studies noted above, three other strands of evidence are available relating to what ‘town centre first’ policy has meant in terms of the competitive impacts of out-of-town development on town centres and high streets.

The first of these focuses on estimates of the share of retail sales by location. Typical would be the information published by Verdict Research – the main trends of which are shown in Figures 2 & 3. Although the accuracy of these estimates is hard to establish with precision, the overall picture revealed is clear. In summary, despite operation of a ‘town centre first’ approach, the share of total retail sales and of total retail space attributable to town centres continued to decline during the second decade of operation of the approach. In the case of sales, the decline was from 49.1% in 2006 at the start of the second decade, to a forecasted 45.0% in 2013, and in the case of space from 53.4% in 2006 to a forecasted 48.8% in 2013.

The second strand of evidence comes from data compiled primarily for other purposes but which, fortuitously offers unanticipated insight into the operation of ‘town centre first’ policy. A published example of that occurs in the University of Southampton study of retail change – across a sample of 1092 centres during the period 2000-06. Commissioned by Tesco at the time of the 2006-08 Competition Commission *Groceries Market Inquiry*, that study focuses in particular on the entry and exit of small and specialist stores in those centres in response to corporate foodstore openings, and was conducted in parallel with an almost identical study by the Commission’s economists. Both studies used Goad/Experian survey data to assess the degree and nature of retail and

FIGURE 2: SHARE OF RETAIL SALES BY LOCATION, 2003-2013e

Source: Verdict Research¹¹.



service unit change in the centres during the first half of the 2000s, but by default they differed marginally in terms of their enumeration of numbers, sizes and types of foodstore entry.

The study provides fortuitous insight into the levels and types of development permission that the major retailers were obtaining towards the end of the first decade of town centre first policy. In summary, it reveals that retail development was, in some sectors (and in food retail in particular), being significantly impacted by tightening regulation and as a result the leading retailers were adapting the size, site requirements and ease of access conditions of their development proposals to achieve regulatory compliance. Indeed, of the 1092 town centres and high streets examined in the Southampton study, 266 experienced a supermarket opening (in some cases two or more openings) during the analysis period. And in 53% of those centres/high streets the opening(s) involved the development of 'town centre first' compliant edge-of-centre or in-centre stores.

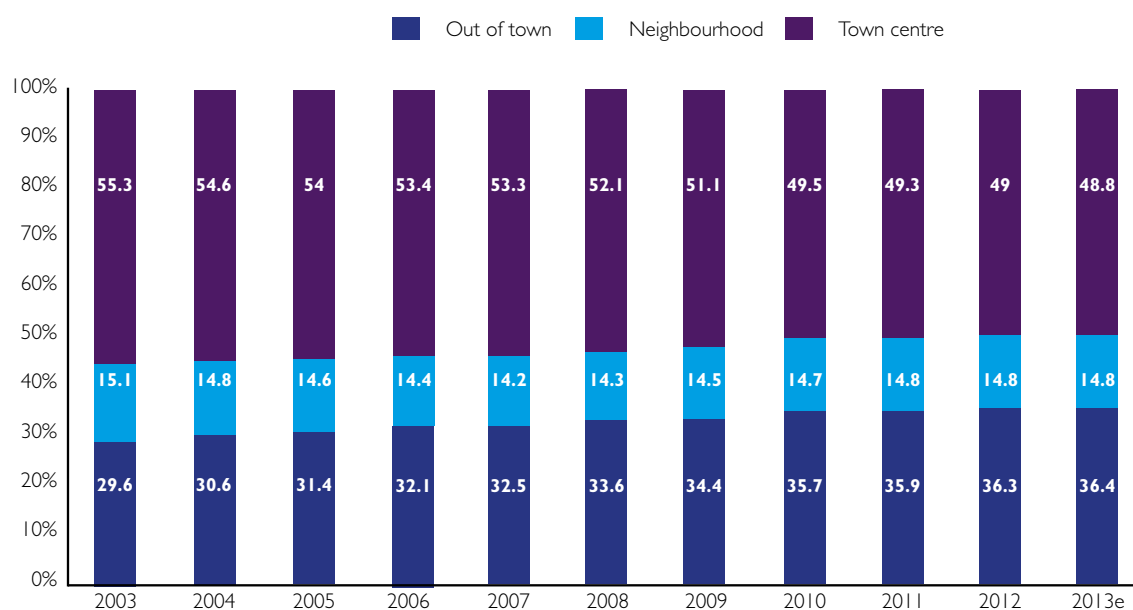
The third strand of evidence comes from case study assessments. For example, a study of 50 cases commissioned in 2013 by the Association of Convenience Stores (ACS) from the Director of the National Retail Planning Forum suggested that towards the end of the second decade of town centre first policy, key elements of the

regulatory framework which supported the policy were beginning to 'lack teeth'. In particular, the qualitative nature of the sequential test was seen to pose problems and the sequential and impact tests were, in practice, often being applied inappropriately. That is to say, not as pass-or-fail 'gateway' tests, but instead as merely two of the factors which had to be taken into account when reaching a judgement on a planning application.

In summary – available evidence on how effective 'town centre first' policy has been in terms of prioritisation of established centres when evaluating development proposals, and what that has meant in terms of the competitive impacts of out-of-centre retail on town centres and high streets lends itself to 'glass half empty' versus 'glass half full' positions. On the one hand, it can be stated with conviction that the adoption of town centre first policy helped to mitigate some of the worsening cumulative impacts of out-of-town development which had been observed in the decade prior to the implementation of PPG6 in 1996. British town centres were saved from the 'hollowing out' processes which had characterised many US 'downtowns' across a wide range of settlement sizes. Indeed, new evidence published in 2014 by Astbury and Thurstain-Goodwin¹³ supports that view, using Valuation Office Agency business rates data for England and Wales. Using that previously underexploited data together with geo-statistically defined town-centre boundaries, one part of their analysis reveals that by 2010, despite

FIGURE 3: SHARE OF RETAIL SPACE BY LOCATION, 2003-2013e

Source: Verdict Research¹².



several decades of out-of-town development, town centre retail activity in England and Wales still generated a clear majority of the total rateable value income produced. Moreover, as Table 1 shows, between 2005 and 2010, despite:

- (i) the shockwave of global crisis,
- (ii) rapidly increasing town centre/high street vacancy rates, and
- (iii) the progressive increase of the non-food (general merchandise) product offers of the out-of-centre superstores/hypermarkets which posed additional competition for some types of retailers (electricals, DVD/videos, homewares) whose position in town centres was already under severe pressure from online retail, the ratio of the economic contribution of town centre retail activity to the contribution of out-of-centre retail activity barely changed over the period (1.12 to 1 in 2010 compared to 1.15 to 1 in 2005).

TABLE 1: ENGLAND AND WALES RETAIL RATEABLE VALUES, ROUNDED TO THE NEAREST MILLION FROM THE SUMMARY VALUATION SAMPLES

Source: Astbury and Thurstain-Goodwin (2014).

Location	Year	Retail type	Average £/m2 floor space value	Total rateable value (billions)
Town centre	2005	All	£145	£7.588
Town centre	2010	All	£167	£9.315
Out of Town	2005	All	£87	£6.602
Out of Town	2010	All	£106	£8.336
Out of Town	2005	Large retail	£147	£3.244
Out of Town	2010	Large retail	£182	£4.511

On the other hand, two distinct groups, and for contrasting reasons, take the view that the implementation of 'town centre first' policy has been disappointing. The first of these is composed of those who hold the opinion that key elements of the regulatory framework which supports the policy may have begun to weaken (and additionally may have become dependent on individual development proposal case decisions). More generally, looking forwards over the next decade,

there is also the issue, as Findlay and Sparks¹⁴ point out, of how appropriate it can possibly be for a land use planning policy and associated regulation to be 'our core policy tool in an increasingly digital and virtual world'.

The second of these groups is represented by the views of a small number of economists – London School of Economics and HM Treasury focused – who take the contrasting position that implementation of town-centre-first policy has been too strong and economically detrimental. Those economists argue that:

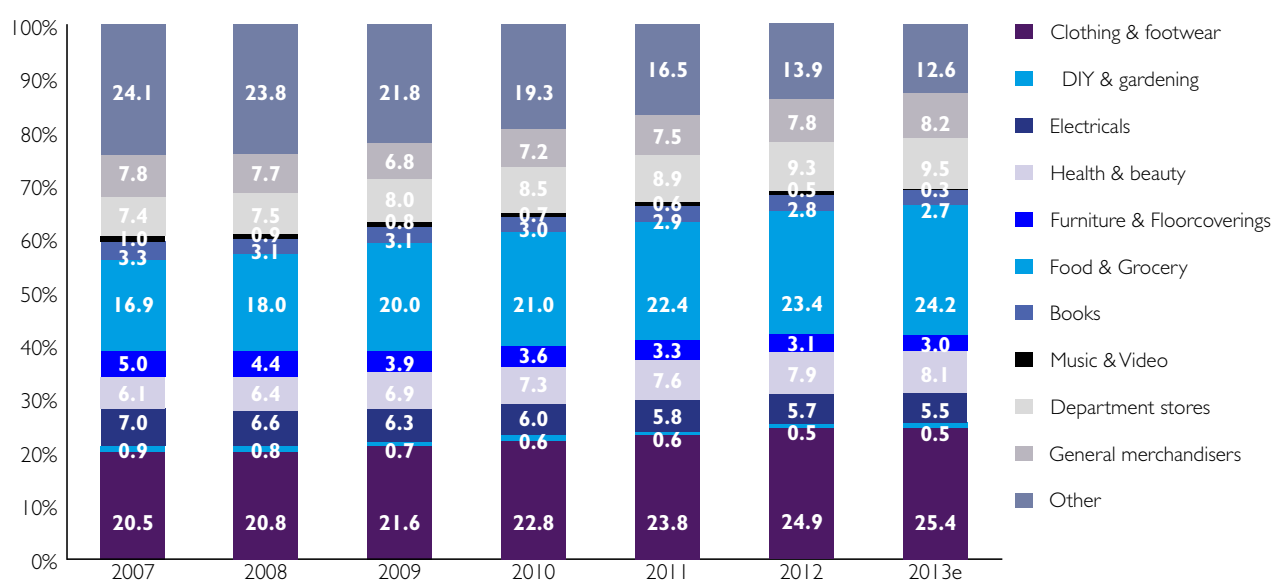
'(...) there are a number of obvious adverse consequences of forcing retailing into small and often awkward sites in 'town centres': these locations will be less convenient for suburban shoppers (an ever growing share of the population) and the smaller stores will, compared to large format out-of-town stores, be able to offer less variety, at higher prices'¹⁵.

WITHIN TOWN CENTRE/HIGH STREET TRENDS IN RETAIL COMPOSITION

Whatever the long term verdict on the overall effects of 'town centre first' policy might be, within those centres and high streets there have been significant and ongoing changes in both retail composition and the balance of retail compared to services. We deal with the shift from retail to services, particularly leisure services, below. Here we focus on trends in retail composition using Verdict Research figures for 2007-13.

As Figure 4 illustrates, the past decade has seen a significant return to the town centre by the grocery retailers. Their share of town centre sales increased from less than 17% in 2007 to over 24% in 2013. In addition, there has also been growth in the share of sales attributable to health & beauty retailers (up from 6.1% to 8.1%) – with chemists such as the Boots chain being found in recent case studies¹⁶ to be extremely important generators of trips to those centres/high streets and also of 'linked trips' within the centre. Certain types of comparison-goods retailers also increased their share of town centre trade – with clothing & footwear retailers increasing their share from 20.5% to 25.4% over the same period, and department stores from 7.4% to 9.5%.

FIGURE 4: TOWN CENTRE SALES BY RETAIL SECTOR, 2007-2013e

Source: Verdict Research¹⁷.

In contrast, the retailers whose share of town centre sales declined during the period were primarily of two types. First, those whose trading position had been fundamentally changed by competition from online providers – for example, music & video retailers, book shops, etc – not least as technological change exposed the intrinsically *virtual* nature of many of their products. Second, those whose products were certainly not intrinsically virtual – rather the opposite, bulky, space-consuming, heavy and so on – but whose town centre/high street operational cost basis had left them uncompetitive vis-à-vis out-of-centre and online retailers whose cost structures were very different.

What is not revealed in the broad retail sector figures of Figure 4, however, but what becomes clear when the sector figures are broken down, is the perhaps unexpected revival within town centre retail of certain specialist trades whose numbers had until the last decade seemed locked into long-term decline. Artisanal bakers provide a frequently quoted example. However, more recently, the unexpected rise of small independent wine retailers – whose numbers (removing those which are part of chains such as Majestic and Oddbins) increased by 50% between 2007 and 2010 to reach approximately 750 provides a clear illustration.

THE SHIFT FROM RETAIL TO SERVICES IN BRITAIN'S TOWN CENTRES AND HIGH STREETS

Parallel to changes in the retail composition of centres/high streets just outlined, a long-term trend that has significantly shaped the configuration of town centres and high streets, has been the growing presence of services – and leisure services in particular – in those centres. Table 2 reports changes in retail/service units over the period 2000-2006, using Experian/Goad survey data for almost 1,100 town centres and high streets. It suggests that leisure services, such as restaurants, bars and cafes, and to a lesser extent retail services such as hairdressers, barbers and beauty salons significantly increased their share in town centres over the period, continuing to shift the balance from retail to services.

TABLE 2: CHANGE IN THE NUMBER OF RETAIL/SERVICE UNITS BETWEEN 2000-2006 IN ALMOST 1,100 TOWN CENTRES AND HIGH STREETS

Source: University of Southampton and Tesco plc preparation research for submission to Competition Commission.

Retail/Service categories	Total Units 2000	Total Units 2006	Net Change 2000-2006, Units (%)
Comparison Retail (Non-Food)	106800	102474	-4326 (-4.1%)
Convenience Retail (Food)	24771	23086	-1685 (-6.8%)
Leisure Services	45640	56349	10709 (+23.5%)
Retail Services	31658	35233	3575 (+11.3%)
Financial Services	32786	32641	-145 (-0.4%)

In the subsequent periods of economic crisis and austerity, the trends revealed in Table 3 continued – with most leisure service categories in town centres and high streets experiencing growth – albeit some categories more than others¹⁸. More specifically, cafes and restaurants grew more strongly than fast food, takeaways and pubs during that period. With consumer spending on leisure projected to increase further over the next decade, many leisure operators entered the market or expanded anticipating a continuation of that growth.

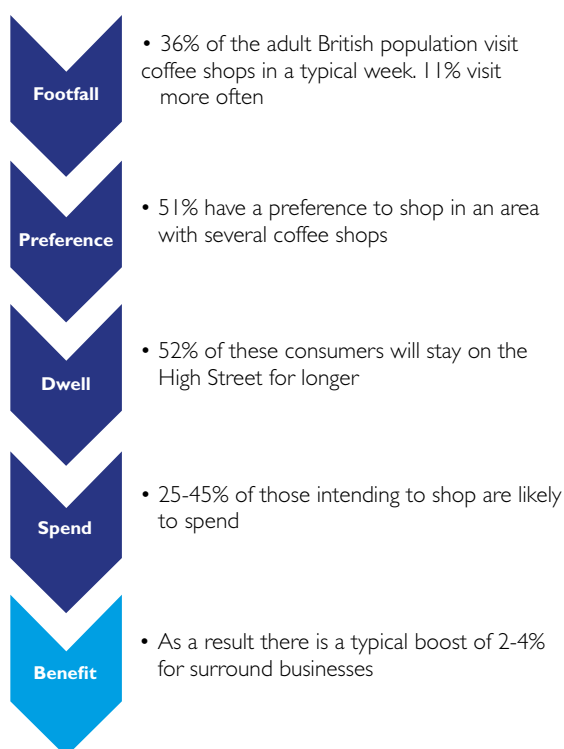
The complementary role of leisure activities – Town centres have always been places to socialise and interact. However, as leisure spending has continued to grow differentially in recent years, the provision of leisure services (restaurants, cafes, bars) has become the focus of urban regeneration initiatives.

The evidence is still emerging, but what can be observed is that leisure formats in town centres and high streets are changing, as people demand a better quality offer which complements and enhances their shopping experience.

As such, leisure businesses like coffee shops – operated by both independent and multiples – have become more and more integrated into, and functionally important for town centres and by extension part of local communities. High street businesses are increasingly seeing the benefits of the leisure offer to footfall and trade. Indeed, recent research¹⁹ finds that the presence of coffee shops is considered by consumers as an important reason to choose one high street for shopping over another; and can boost local high street economies by 2 to 4% via increased footfall and dwell time (Figure 5).

FIGURE 5: THE CONTRIBUTION OF COFFEE SHOPS TO THE LOCAL ECONOMY

Source: Allegra Strategies²⁰.



Recent research by CACI in over 100 retail centres across the UK²¹ likewise underlines the importance of the complementarities between retail and the food and drink offer of centres. Based on 170,000 exit interviews with shoppers, it shows that consumers who used the food and drink facilities of centres on their shopping trips spent approximately 48% more on retail goods than those who did not – and of those facilities, it was use of casual dining that was associated with the greatest boost in spend.

Indeed, understanding how a range of socio-demographic groups interact with and experience differently configured town centres and high streets – shopping, working, socialising – is critical. Not least to how the leisure offer (both in terms of type of offer and operator) 'aligns' with consumer preferences and needs, in order to maximise the role that leisure can play in enhancing the town centre experience (Chapter 8).

OUT-OF-TOWN 'REGIONAL' SHOPPING CENTRE DEVELOPMENT DIVERTS TO "IN TOWN"

Another consequence of the wider 'town centre first' approach of the past two decades, has been to modify the growth trajectory of the out-of-town 'regional shopping centre' developments, which had been a significant feature of the mid to late 1980s. These mega centres such as Bluewater and the Trafford Centre continued to open in the late 1990s and 2000s, despite the shift to prioritisation of town centres, essentially as a result of a pipeline of development permissions granted in the 1980s. However proposals for additional schemes were either refused or redirected towards the town centre. Indeed, beginning in the late-1990s, there was a resurgence of in-town shopping centre development (Figure 6) that included West Quay, Southampton (opened 2000 – 802,000 sq ft); the New Bullring, Birmingham (2003 – 1,240,000 sq ft) and Liverpool One (2008 – 1,400,000 sq ft) amongst many others. Reflecting town centre prioritisation, much of the justification for these new developments became embedded within a retail-led urban regeneration narrative²².

The impact of in-town shopping centre developments

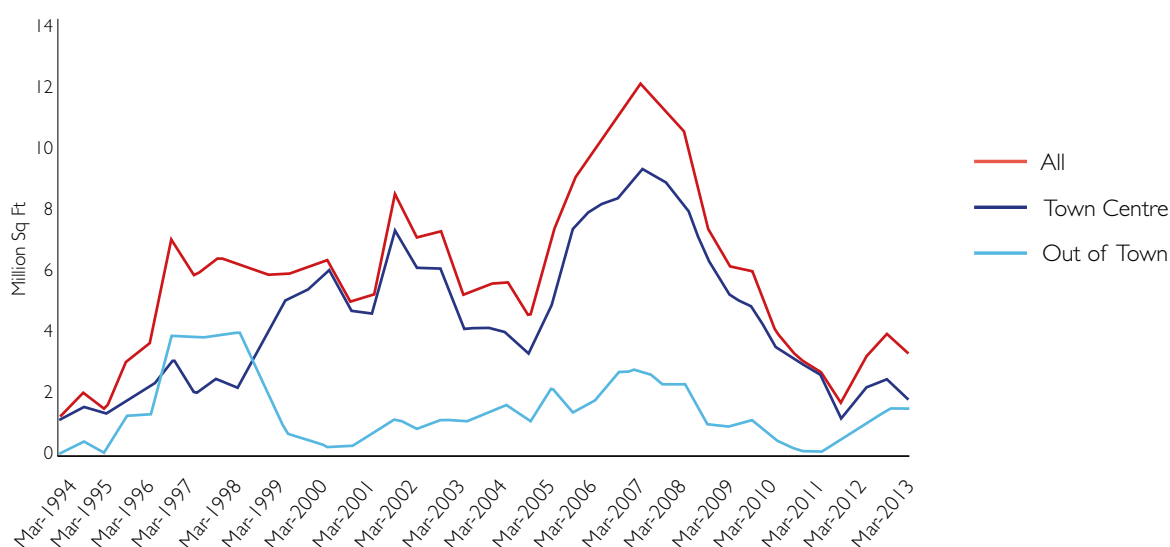
however is an area that remains significantly under-researched. One notable attempt came from a research team based at the University of Reading who assessed the changes in retail activity in the town centre of Reading following the development of the first major

in-town shopping centre development of the post-PPG6 era – the 700,000 sq ft Oracle centre in 1999²⁴.

The study showed how the development acted as a catalyst for change, accelerating trends already observed in the centre, shifting the prime pitch, weakening peripheral areas and increasing turnover rates and vacancy. Overall, however, the researchers suggested that the added attraction of the town centre appeared to have offset many of the trade diversion impacts. Nevertheless, they noted that any adverse effects were likely to have been masked by strong consumer spending and a vibrant local economy during the study period.

More recent evidence from studies of much smaller in-town developments in the north of England likewise suggests that the improvement of the retail offer as a result of the development of new – or the redevelopment of outdated – shopping malls, can generate considerable trade claw back. Such trade might otherwise be lost to out-of-town retail destinations. As a result, the evidence indicates important benefits to the economic health of those towns²⁵.

FIGURE 6: UK SHOPPING CENTRES UNDER CONSTRUCTION, 1994-2013
Source: CBRE, PMA²³.



TO WHAT EXTENT MIGHT THE HIGH WATER MARK OF THE 'OUT OF TOWN' ERA HAVE PASSED?

In the context of what Colliers International described in 2014 as the 'quantum shift in shopping habits' as the rise of internet and mobile commerce (Chapter 6) and 'convenience culture' (Chapter 4) worked in combination with each other in ways that became increasingly disruptive, the large out-of-town superstores of the major food retailers began around 2010 consistently to under-perform. As a result, Tesco, unusually, began to report like-for-like sales growth/decline by category of store to prepare the market for write downs in the valuation of parts of its property portfolio. Those write-downs began in 2012 with £804m of property that had been earmarked for store development but would no longer proceed.

Explaining why the out-of-town superstores as group were under-performing (although it was widely felt among industry observers that it was most likely around a quarter of the stores which were the root of that) Tesco CEO, Philip Clarke declared an end to the so-called "space race". However, he added further:

"I am not calling the end of hypermarket. All I'm saying is that in the future, the likelihood is that stores that open will be largely food... Do we need to continue to build large hypermarkets in the UK when the internet is taking much of the growth in clothing and electronics? You can reach your own conclusions"²⁶.

Tesco's write downs were quickly mirrored by Sainsbury's, with the retailer writing off £92m of its property portfolio in 2013, – reflecting 15-20 of about 70-80 development schemes, which it said were no longer economically viable to continue with²⁷. In early 2015 Tesco went further closing 43 stores and stopping the development of a further 49 which had planning permission.

Providing an image of 'ghost stores' never before seen in the UK, Tesco mothballed superstores which were on the point of opening and on which tens of millions of pounds had been spent obtaining planning permission.

Reflecting what many now regard as a profound shift in consumer culture and behaviour driving a re-evaluation of the out-of-town offer and its competitive threat, IGD's five year forward look to the structure of the grocery market in 2019 forecasts the share of total UK grocery sales of the 'superstores & hypermarkets' sector will collapse from 42.2% to 34.9%.

The critical issue going forward, is whether what is occurring in the grocery market will next be repeated in other sectors and, if so, what this implies both for the out-of-town retail parks built over the past thirty years and reciprocally for town centres and high streets.

Figure 7 shows that retail warehouse parks (without AI planning consent) were already experiencing slow growth over a year period.

FIGURE 7: RETAIL WAREHOUSE PARKS UNDER CONSTRUCTION, 1994-2013
Source: CBRE, PMA²⁸



The question is: will that growth disappear almost totally leaving increasing numbers of the 'bulky goods' parks as redundant spaces, or can they become more 'experiential' destinations increasing their leisure services components to find a viable evolutionary path? Or: will they become mere warehouse/service facilities for online providers?

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

- 1 To what extent and in what ways might the 'town centre first' approach need re-framing to be fit for purpose in the context of the profound changes taking place in consumer behaviour, retailer business models and space requirements?
- 2 Is the recent wave of closures, non-completion and mothballing of out-of-town superstores and hypermarkets a one-off adjustment or does it signal a once-in-a-generation change in consumers' cultures of consumption and a fundamental shift in consumer attitudes to the out-of-town offer?
- 3 What systematic evidence can be assembled in support of the view that specialist retailers have been returning to Britain's high streets over the past decade?
- 4 How can the key attractors/trip generators to town centres and high streets be assessed on a consistent basis, and what is known about the levels and structures of the linked trips generated by different types of retail and service providers?
- 5 To what extent will town centres and high streets be able to protect and enhance their leisure services offer at a time when out-of-town retail parks are increasing and adapting their leisure offer to accommodate the needs of an increasingly 'experience seeking' consumer?

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Omni-channel retail and the challenges of the 'digital high street'

HIGHLIGHTS

Online sales as a proportion of total retail spend have more than tripled over the last seven years, but the growth rate has slowed down. There is a great variation in sector penetration, with department stores and fashion retail outperforming other sectors in terms of growth.

Different age groups use the internet in very distinct ways – with the younger groups focusing more on leisure and entertainment. Consumers over 50 are increasingly becoming an important demographic for online retailing and they fast embrace tablet and smartphone use.

The new multichannel reality has implied that some retailers find it hard to react. However, this does not suggest the 'death of physical space'. Rather, it points towards the need for different formats and significant changes in business models and floorspace use.

In the light of new technology trends, retailers should focus on people and not on devices. It is about using technology to return to the early days of retail – where understanding the consumer and offering personalised service is key.

Consumers enjoy the convenience of shopping online. However, an enjoyable & exciting town centre experience means that people are less likely to engage in online shopping.

The management of town centres in the digital era needs to play a key role, so that the internet can support – rather than replace – the town centre experience. However there is a need for individual stakeholders (town teams, retailers, service providers, local government) to operate as a 'network' rather than individually, in order for the internet to be used as a tool to enhance the vitality of town centres.

There is currently limited evidence on how/whether consumers of different age will embrace on-the-go technologies during their town centre visit and whether this will play a significant role in enhancing town centre vitality. Similarly, more evidence is needed on the effectiveness of community-led online platforms in town centre revitalisation.

INTRODUCTION

The significant penetration of internet access into UK homes over the past decade has led to progressive and accelerating sales growth via online channels. Multi-channel shopping has become the new reality (online searching followed in-store high street purchasing or 'click and collect', conversely in store browsing followed by purchasing online).

The convenience of browsing and comparing a wide selection of products 24/7 offered by PCs and more recently smartphones and tablets, has given rise to new shopping patterns. In turn, that is forcing retailers – some more than others – to both innovate and explore new channels in order to reach an increasingly sophisticated and time-constrained consumer base, and also to reassess their store portfolios.

New online channels and social media offer both threats and opportunities to high streets – as town centre management teams embrace and exploit the opportunities offered by internet-based tools.

TRENDS IN INTERNET SALES

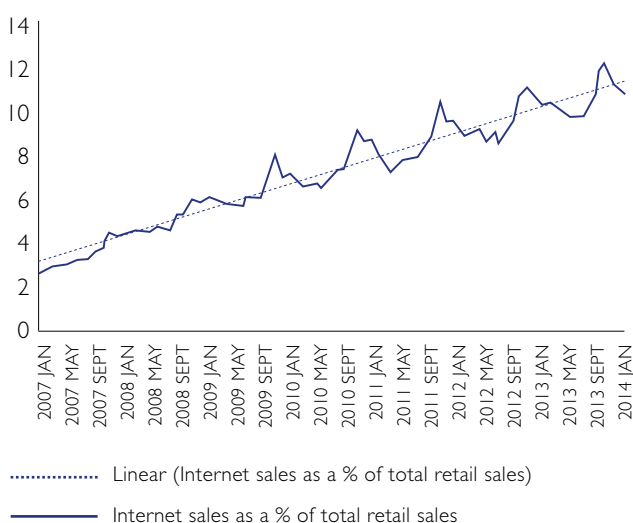
Total sales – Between 2007 and 2014, online sales as a proportion of total retail spend (excluding fuel) more than tripled – from under 3% in February 2007 to 10.7% in February 2014¹. Average weekly spending online in February 2014 was £678.8 million. This was an increase of 12.4% compared with February 2013.

Research by KPMG-BRC², online sales of non-food products in the UK grew 14.3% in February 2014 versus a year earlier. In February 2013, they had increased by 12.3% over the previous year.

Online sales contributed 2.1 percentage points to the growth of non-food total sales. Underlining the importance of online/ omnichannel retail offer, KPMG-BRC reports that if online sales were excluded, non-food store sales would have been down in February 2014, and categories such as clothing, footwear and other non-food would have shown a decline.

FIGURE 1: INTERNET SALES AS A % OF TOTAL RETAIL SALES

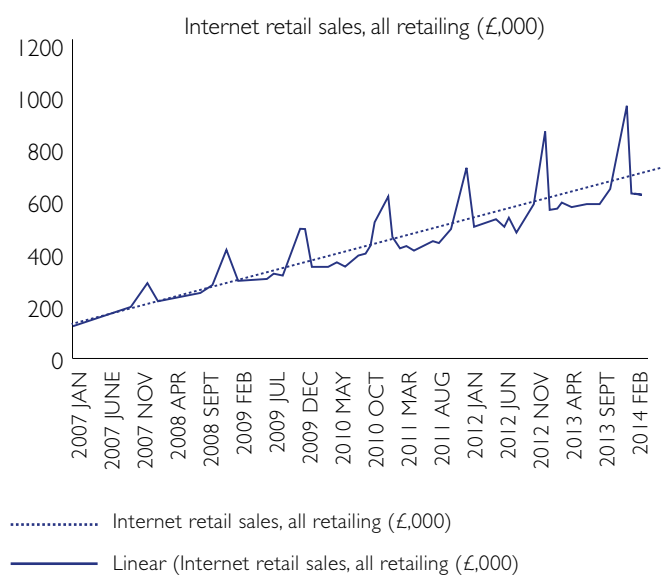
Source: ONS Retail Sales Report February 2014



The higher peaks in retail spending online observed in recent years around the Christmas season (Figure 2) indicate that time-poor consumers are increasingly turning to online shopping as an efficient and convenient shopping channel that allows immediate price comparison.

FIGURE 2: VALUE OF INTERNET SALES

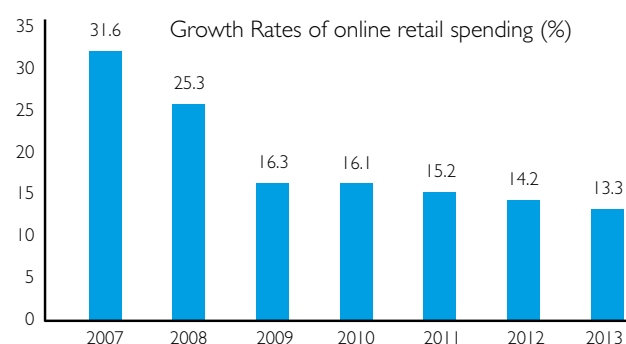
Source: ONS Retail Sales Report February 2014



However, as the scale of online sales grows even larger, so the simple growth rate of those sales must inevitably slow down – as that rate is measured from a progressively higher base (see Figure 3).

FIGURE 3: GROWTH RATES OF ONLINE RETAIL SPENDING 2007-2013 (%)

Source: Conlumino Retail Perspectives October 2013



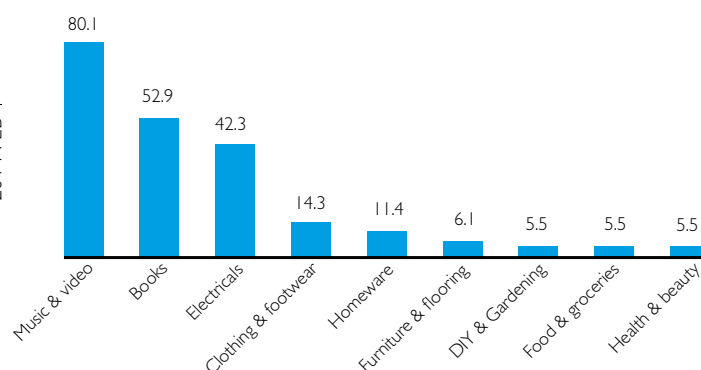
Penetration by sector – In the most ‘vulnerable’ categories, where the product/service itself is being digitised (including computer games, CDs & DVDs, bookselling and travel agents), online retail has taken the lead in sales compared to ‘physical’ retail.

Research by Verdict and SAS³ suggests that by 2017, online sales will account for 97.7% of total sales in the music and video sector; as streaming services like Spotify and Lovefilm increasingly render the ownership of physical media redundant.

In 2013 online sales in the books sector accounted for 52.9% of all sector sales⁴. The market for ‘physical’ books is expected to shrink further as a result of the low prices offered by online retailers like Amazon and Play.com as well as the increased ownership of e-readers.

FIGURE 4: ONLINE PENETRATION BY SECTOR % (2013)

Source: Verdict & SAS – How the UK will shop: 2013

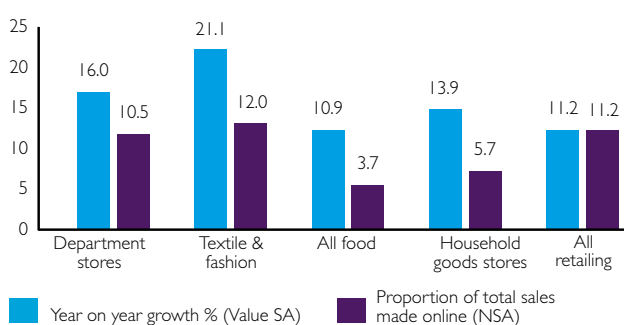


Shopping online for clothes and shoes has been growing steadily, mainly due to the increased use of tablets that offer a more relaxing and intuitive browsing experience. ASOS and Next are good examples of the potential of *pureplay* and multichannel models. Large fashion retailers with a strong physical presence on UK high streets are increasingly seeing the financial benefits from investing in an online presence and embracing multichannel retail. Indicatively, in their 2013 Annual report⁵ Marks and Spencer report a £651.8m multichannel revenue – up by 16.6% the year before and 3.6 million weekly site visitors (up by 18%); M&S reports that in 2013 40% of all M&S dresses were sold online and one in four M&S suits was sold through the retailer's website.

The food and groceries sector continues to have a relatively low proportion of online spending. However, 2014 ONS figures suggest that despite that low proportion, the food sector had a considerable increase in online sales of 14.1% in 2014, compared to the year before (Figure 5).

FIGURE 5: YEAR-ON-YEAR (2013-2014) GROWTH RATES FOR TOTAL INTERNET SALES BY RETAIL SECTOR/ PROPORTION OF SALES MADE ONLINE BY RETAIL SECTOR

Source: ONS Retail Sales Report – July 2014



THE CHANGING FACE OF INTERNET USE AND ONLINE SHOPPING

Use & ownership of technology – The use and ownership of technology has been extended to a much wider population base. In 2014, 38 million adults (76%) in Great Britain accessed the Internet every day, 21 million more than in 2006⁶ – with almost 7 out of every 10 adults (68%) using a mobile phone, portable computer and/or handheld device to access the Internet 'on the go'. In 2014, more people than ever before used the Internet for reading newspapers or magazines (55% compared to just 20% in 2007), to access their bank accounts (53%), or to buy groceries (23%)⁷.

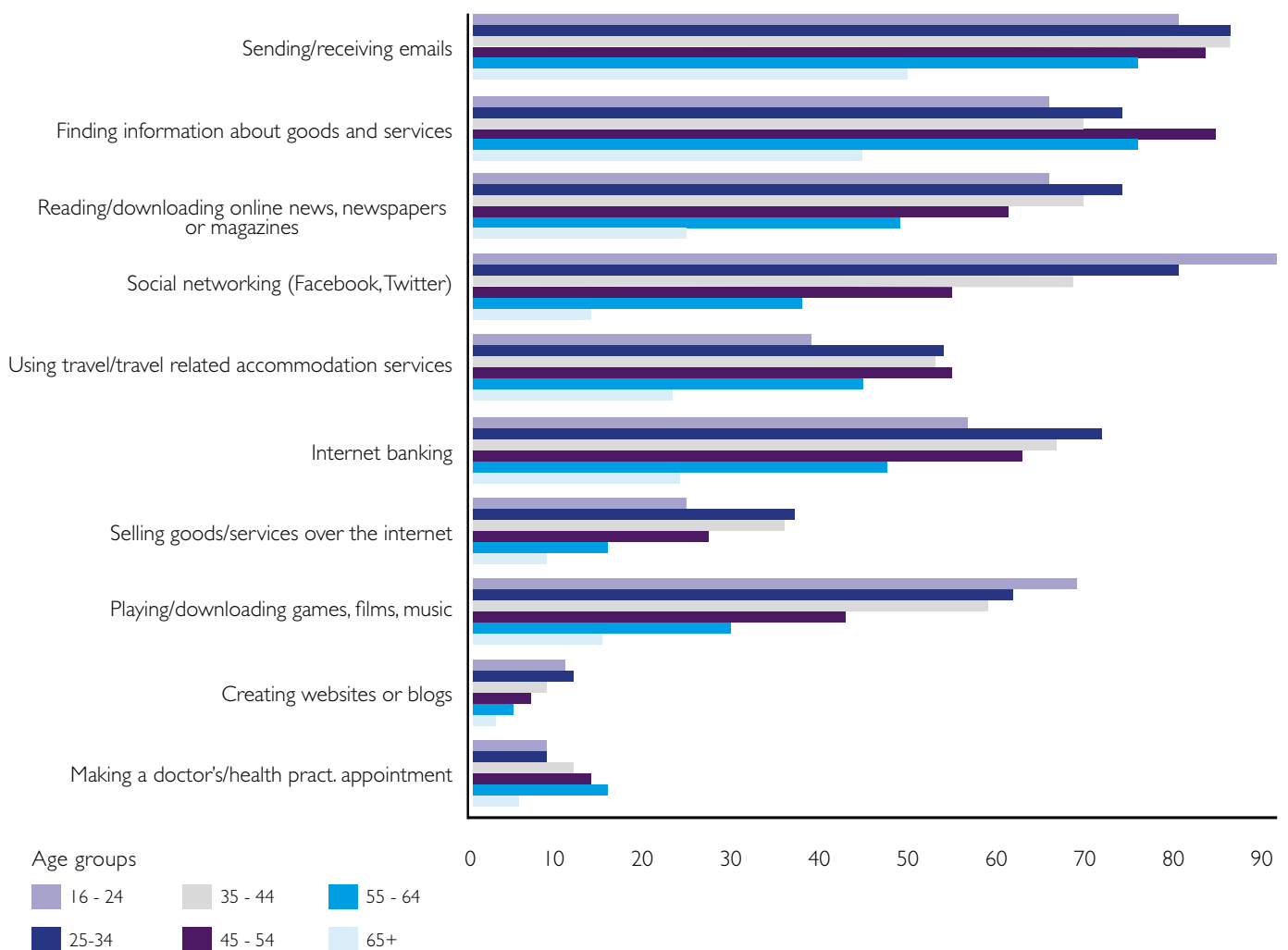
This implies that the use of technology has brought about structural changes in people's everyday lives, as a number of activities – with shopping being just one of them – previously carried out on the high street, are now increasingly being carried out online.

The demographics of internet use – Different age groups use the internet in very distinct ways. Population data on internet use from the ONS for 2014 suggest that unsurprisingly the youngest population groups (16 to 12 and 25 to 34) used the internet more than any other age group to carry out a wide range of 'every day' activities – with the youngest of the two groups engaging the most in activities focusing on leisure and recreation (social networking, videocalls, etc). However, social networking is not confined to the youngest age group – one in every two adults in the 45-54 category report that they use social networking platforms. Adults aged 25 to 34 reported the highest level of use in many of the activities surveyed, in particular activities such as sending emails and finding information about goods and services. Over three quarters of those aged 25 to 34 accessed their bank accounts over the internet (Figure 6).

Almost half (48%) of 55 to 64 year olds reported that they now access news online. In total, 44% in this age category indicated that they used the internet to access travel and holiday accommodation-related services.

The changing demographics of shopping online – While younger age groups have traditionally embraced internet shopping (Table 1), there has been significant growth in the rate of online purchasing by those aged over 65. Of those aged 65+, 40% bought online in 2014, more than double the 2008 estimate of 16%. Indeed, the 55+ demographic has been the fastest-growing group of online shoppers, as it has increasingly embraced new user-friendly technologies and the 'lean back' experience offered by tablets. While younger consumers – the 'early adopters' of online shopping – have been struggling with the weak economy, those aged 55+ have been less affected. Research by Verdict suggests that the number of online buyers in the 55+ age group is expected to continue to grow faster than any other through 2016⁸.

FIGURE 6: EVERYDAY ONLINE ACTIVITIES BY AGE GROUP – 2014 Source: ONS Statistical Bulletin (2014) Internet Access – Households and Individuals

TABLE 1: INTERNET PURCHASING BY AGE (2008-2014)
Source: ONS - Internet Access – Households & Individuals, 2014

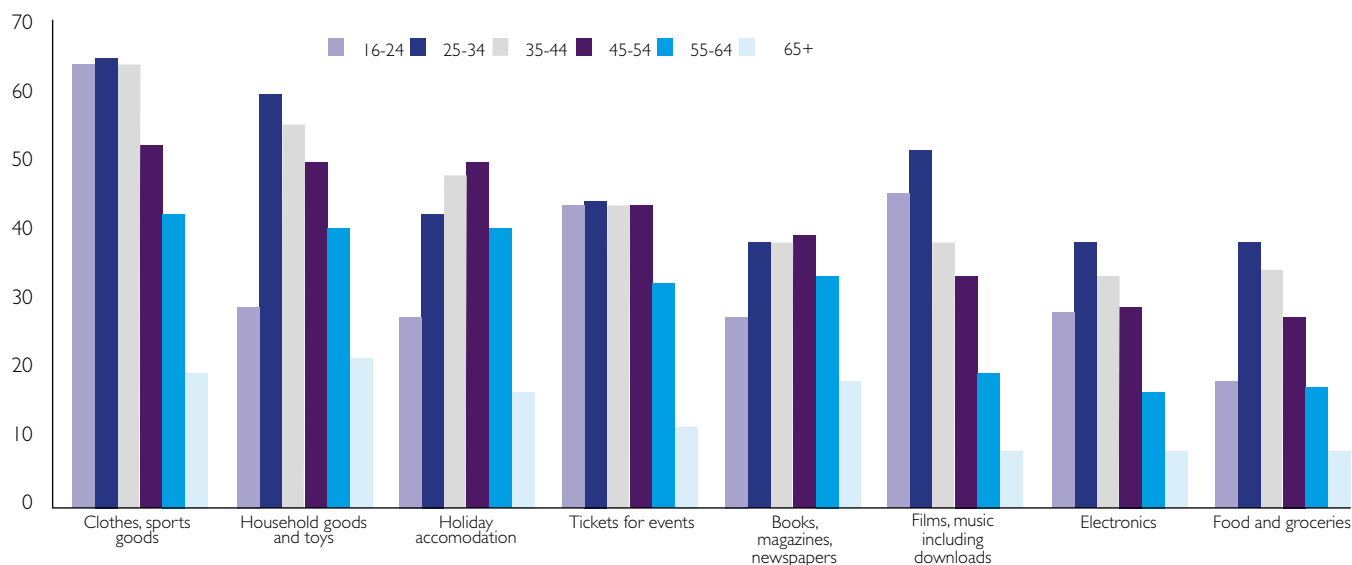
Age Group	2008	2011	2014
16-24	65	77	83
25-34	72	88	90
35-44	68	79	88
45-54	59	73	81
55-64	45	59	70
65+	16	27	40

Different age groups use the internet in very distinct ways when making online purchases - for instance, in 2014, only 18% of those in the 16 to 24 group bought groceries online, compared with 38% of those aged 35 to 44. However, categories like clothes show high internet purchases by almost all age groups – with 52% and 42% of the 45-54 & 55-64 age categories respectively shopping online for fashion items.

According to research by Experian³, there are certain socio-economic groups that demonstrate a greater propensity to shop online than others. Interestingly, Experian's projections for 2018 suggest that it is not the affluent urban groups, but rather lower to middle income groups that are expected to shop online the most. Low consumer confidence seems to drive this trend, as the internet is increasingly used to compare and search for bargains.

FIGURE 7: TYPES OF PURCHASES MADE ONLINE IN 2014 (BY AGE GROUP)

Source: ONS Statistical Bulletin (2014) Internet Access – Households and Individuals



It needs to be noted that research on the role of household income in determining differential online shopping behaviour is inconclusive. However, available evidence seems to suggest that (a) households with lower incomes tend to spend a larger percentage of income online compared to higher income groups; and (b) once individuals become experienced eshoppers, socioeconomic characteristics tend to become less important/relevant in explaining differential e-shopping behaviour⁹.

The geography of online shopping – Different catchment demographics and shopping opportunities at the local level determine differential geographies of online shopping. Currently there is very limited research available on the geography of online shopping. Earlier research by Experian¹⁰ suggests that by 2020, 81% of town centre catchments in the East Midlands, and 72% in the East are expected to contain a significant proportion of high-propensity online-shopping households, as opposed to only 18% of town centre catchments in London. This possibly reflects the distinctly different consumer makeup of London and the wider choice of shopping opportunities around the capital.

Internet 'on the go': smartphones and tablets – The wide availability of mobile broadband and wi-fi networks, means that mobile Internet is used today by more people than ever before. A new generation of mobile handsets (most with geolocation functionality) have been widely adopted¹¹, with the proportion of

users accessing the internet via mobile phones more than double between 2010 and 2014 – from 24% to 58%¹². In 2014, 7 in 10 adults had used a device such as mobile phone, a tablet or laptop to access the Internet 'on the go' (away from home or work). Interestingly, over 60% of those aged 45-54 accessed the internet using a mobile and over 40% of those aged 55-64 – confirming that on the go technologies are not limited to younger age groups.

Smartphones: the wallet of the future? – Purchases of smart phones were up 500% over last 3 years. Even though consumers still have doubts about the security of shopping on their mobiles, the rise in smartphone and tablet computer ownership has led to a significant rise in the number of people shopping via their mobile phones.

The m-commerce audience in the UK is currently young, with 63% of mobile email users aged 18-24¹³. As with traditional online shopping using a PC/laptop, the median age of m-shoppers is expected to increase as older consumers increasingly adopt smartphone technology, overcoming their initial lack of confidence with on-the-go devices. A recent report by Deloitte underlines the importance of this age group which is likely to continue growing and controls more than half (57%) of the UK's wealth.

A good deal of m-commerce activity takes place at home or at work where free wifi is available, but the share of m-commerce taking place on the move is expected to rise significantly over the next few years.

Smartphones & social networking: M-commerce growth is strongly linked with the growth in social networking. New technologies allow for location-specific networking, where the online sharing of product photos and information, as well as comments and opinions with a wide audience of 'friends' is commonplace.

The explosion of mobile technology and m-commerce is demonstrating the need for businesses to embrace 'on the go' technologies; it is also highlighting opportunities for innovation on the high street. However, and despite a large number of 'futurological' suggestions and scenarios, more robust evidence is needed on the effectiveness of the adoption of on-the-go technologies as a means to boost town centre vitality.

RETAILERS IN A MULTICHANNEL ENVIRONMENT: IS THERE SPACE FOR THE 'PHYSICAL' STORE?

Some key questions – Although the upward trajectory of internet retail sales and shifting demographics of online shopping are well established, the consequences for the high street remain far less clear cut. In an era characterized by multi-channel distribution, in which intermixed online and offline shopping has become the norm, and with a sophisticated generation of 'digital natives' ¹⁵ increasingly driving consumption trends, a number of questions remain for our town centres.

What sectors of high street retail have experienced the greatest impacts from the internet and why? What does this tell us about future trajectories relating to the types of retailing and the balance of retailing, leisure and service provision likely to be supported in the traditional spaces of high streets and town centres?

How is consumer behaviour impacted in terms of the duration, travel distance, and typical linkage structures involved in the use of these spaces? What types of e-shoppers can we recognise, and what does this indicate? How are mobile technologies – smart phones, tablets etc – changing consumers' use of high streets and town centres? Are they leisure and service spaces as much as shopping spaces, and how does the night-time economy differ from the day-time?

How successfully will multi-channel 'bricks & clicks' organizational structures be adopted by high street retailers in response to e-commerce – structures which position them simultaneously as internet 'victims' and 'aggressors'? Finally, what are the wider implications for high street futures of the shifting balance towards 'informed' digitally sophisticated consumers?

Substitution, modification or complementarity¹⁶ – In terms of the retail dimension of these questions, the answers to many turn on the nature of the relationship between traditional shopping at high street stores and online e-shopping. Does the evidence point to a relationship of substitution, complementarity or modification (Figure 8)?

FIGURE 8: SUBSTITUTION – COMPLEMENTARITY – MODIFICATION

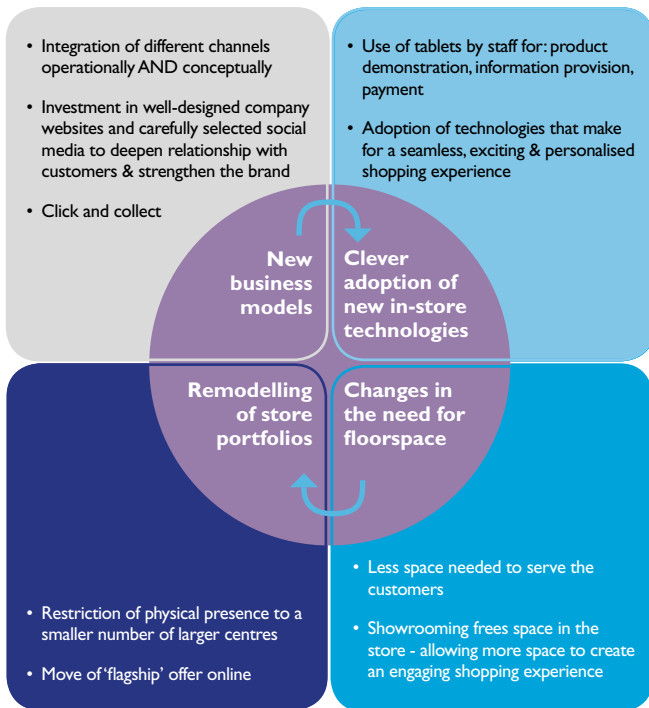
Source: ONS Statistical Bulletin (2014) Internet Access – Households and Individuals



The death of physical space? – The fast pace of technological change and the new multichannel reality that retailers face has implied that some retailers find it hard to react. However, while some have questioned the role of the store, research does not suggest the 'death of physical space'. Rather, it points towards the need for different formats and significant changes in how retailers operate (Figure 9).

Retailers are being required to rethink how the physical store can be part of the multichannel experience, incorporating social media and mobile technologies into their stores to actively engage with their customers. Retailer websites create a limitless 'shop window' for products, which is more and more widely accessible due to the expansion of higher speed connectivity nationwide and developments in mobile technology. Additionally, careful engagement with social media like Facebook and Twitter provide retailers with a powerful marketing tool, valuable brand-building opportunities.

FIGURE 9: STRUCTURAL CHANGES IN THE RETAIL SECTOR
Source: ONS - Internet Access – Households & Individuals, 2014



Click and collect – Responding to the needs for convenient shopping, a number of retailers are developing 'click and collect' services, where physical stores are used as an additional – and relatively cheap – point of delivery of internet sales. Research by Deloitte suggests that currently 35% on online shoppers in the UK are using click & collect services - and this is poised to more than double by 2017. The next generation of 'click & collect' services sees retailers creating innovative partnerships and 'shared' retail spaces. Indicatively, John Lewis has already launched Collect+, a service where customers can shop online and collect their orders from a network of over 1,500 neighbourhood shops across the UK.

Research by Deloitte suggests that consumers welcome these new forms of shopping – with 36% agreeing that they would like to have the option of collecting items from dedicated collection points, such as independent shops or corner shops close to home or work. The same study finds that 47% of consumers agree that empty high street stores could make convenient collection points for online purchased goods.

The need to downsize – The new multichannel reality implies a resetting of the physical real estate of town centres and high streets.

As the share of retail sales is increasing (and in some retail sectors taking over sales in physical stores) and as retailers feel pressure to decrease their operating costs¹⁷, they need to reassess their store portfolios.

A number of retailers will move their 'flagship' offer online and restrict their physical presence to a smaller number of larger centres. Research by Deloitte suggests that over the next 3-5 years and taking into account significant variations between retail sectors, downsizing in the range of 30%-40% is to be expected.

Online and physical retail working together: The current debates on online retail often revolve around the decimating effects of online retail on the physical store and as a consequence on the high streets. However, and as in a number of sectors retailers are increasingly adopting omni-channel, it is suggested that online and physical retail need to be viewed as complementary channels rather than substitutes.

Indicatively, Deloitte¹⁸ estimates that the value of mobile-influenced, in-store sales stood at £18 billion in 2013, more than three times the size of the mobile commerce market. As such it is suggested that engaging consumers via smartphone (and generally on-the-go technology) will benefit not only online but also in-store sales. This is particularly true for the 55+ population group, which is still less confident with the use of mobile technology, but is a growing (and affluent) consumer group.

Similarly, the 2014 John Lewis Retail Report¹⁹ clearly explains the multiplicity of the omni-channel shopping journeys, highlighting therefore that the complementarity of the 'physical' and the 'digital' is the business model of the future (Figure 10). Supporting this complementarity, earlier findings from John Lewis suggest that 70% of customers make additional purchases when they collect in store.

FIGURE 10: NEW OMNI-CHANNEL SHOPPING JOURNEYS
Source: John Lewis Retail Report 2014

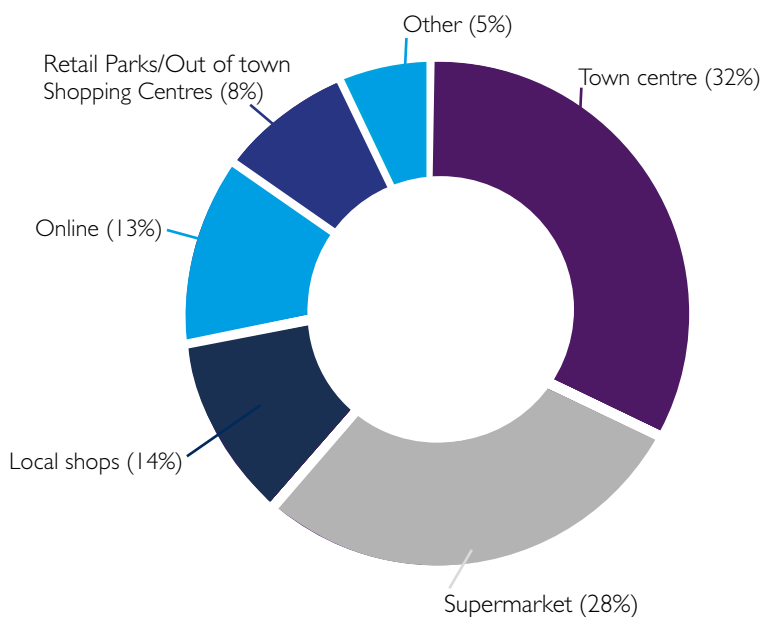


From online to physical retail – Adapting to the reality of digital commerce is a prerequisite for the sustainable future of the high street. As smaller businesses that start online take over shops becoming vacant, a more varied retail landscape may emerge that moves away from 'clone town Britain' model. Interestingly, recent research by Royal Mail²⁰ reports that one in six UK SME e-retailers were planning to expand into physical stores during 2014 as they increasingly feel the pressure from online competition for sales.

CONSUMERS IN A MULTICHANNEL ENVIRONMENT: COST, CONVENIENCE, SOCIAL INTERACTION

Town centres out-performing online – Despite the dramatic growth of online shopping, recent research from Loughborough University¹² on consumer behaviour and town centre customer experience in a sample of UK towns, suggests that town centres remain a very popular shopping destination, despite increasing competition from other locations and online retail (Figure 11).

FIGURE 11: VISITS FOR SHOPPING BY LOCATION TYPE
Source: Hart et al 2014²¹



However the study also highlights that, although the average spend per online visit is similar to the average spend per town centre visit, online shopping times are much shorter (38 minutes on average as opposed to 93 minutes for a town centre visit). As online shopping is likely to become even quicker and more efficient, the competition for town centres will increase, as consumers are increasingly time-poor.

Consumer perspectives on shopping online – Consumers find shopping online to be more convenient and less time consuming. Browsing online offers the ability to compare a wide range of products and look for bargains. However, the vast majority of consumers find the sociability aspect missing from shopping online. What seems to be the case is that consumers want to browse shop online – but they also want to buy from 'physical' shops, where they can touch and feel goods before they buy (Figure 12).

FIGURE 12: WHAT DO INTERNET SHOPPERS THINK OF SHOPPING ONLINE VS SHOPPING IN PHYSICAL STORES? (FIGURES SHOW NET AGREEMENT, I.E. THOSE WHO AGREE - THOSE WHO DISAGREE)
Source: YouGov Polling for Policy Exchange Report – April 2013



Internet use before and during the town centre visit –

The Loughborough study suggests that product searches and previews are the main online activity *before* town centre visits, followed by price comparison and product availability.

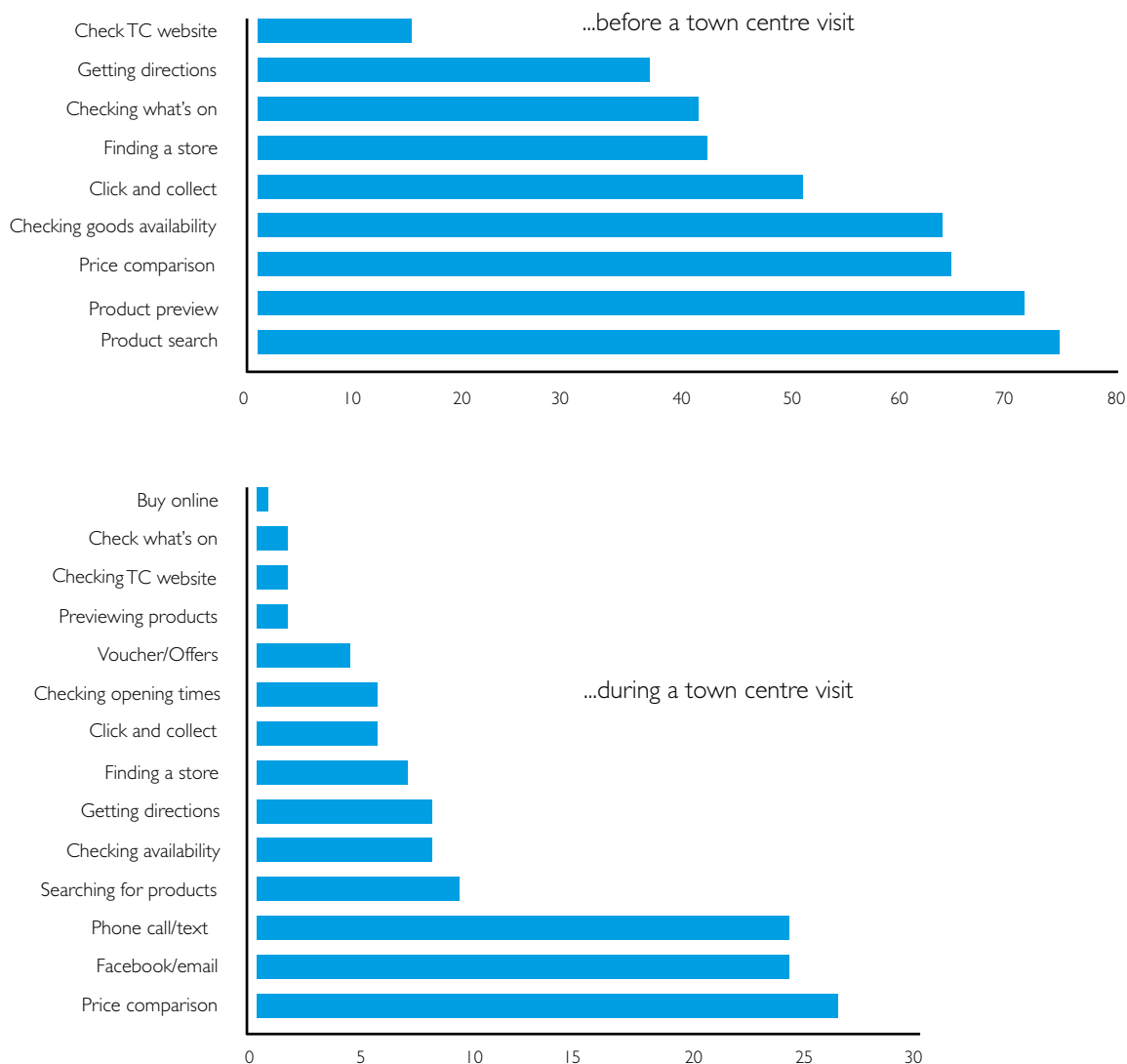
The study also shows that lack of awareness of town centre websites, as well as the perception that these sites lack sufficient and up-to-date information on stores, goods and events, leads to a limited

number of people checking those before visiting a town centre.

Town centre visitors increasingly use their smartphones and tablets *during* their town centre visits, mainly for price comparison reasons to support buying decisions (Figure 13). During their town centre trips, visitors also use mobile devices in order to visit social network sites like Facebook and to check emails.

FIGURE 13: INTERNET USAGE BEFORE AND DURING A TOWN CENTRE VISIT (% OF RESPONDENTS)

Source: Hart et al (2014)²²

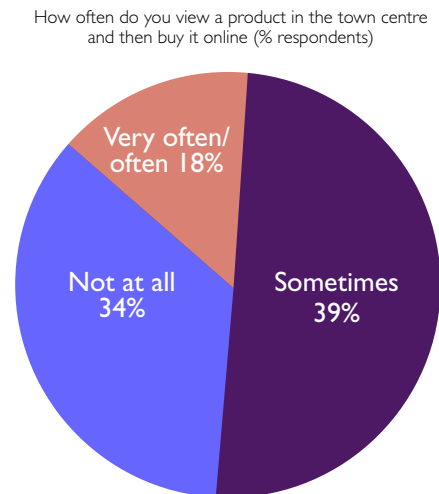


A significant number of people engage in *showrooming* i.e. tend to view a product in a physical store in the town centre and then buy it online (Figure 14). However, showrooming is less likely to occur if town centre visitors have a satisfying shopping experience, receive good customer service and enjoy the social aspect and enjoy the social aspect of shopping

The shopping experience – Given the range of advantages of online shopping perceived by consumers, 'traditional' shopping on the high street is **no longer about the need to shop, but the experience.**

Retailers operating on the high street need to invest in an enhanced shopping experience in order to survive. The incorporation of social media and mobile technologies into the physical stores and multichannel environments enhances the shopping experience and actively engages the increasingly 'tech-savvy' customer. Shopping in the town centre also offers immediacy in satisfying customers' needs.

FIGURE 14: SHOWROOMING Source: Hart et al (2014)¹²



THE IMPORTANCE OF THE PHYSICAL SHOPPING EXPERIENCE FOR YOUNG SHOPPERS

Susanne Given, Supergroup @ Retail Week Live SuperGroup researched its young consumers' attitude to stores and found most still loved to shop in store.

"For them there's no substitute for the store environment – that is where they socialise, dream, where they get the feel of the brand," (...) "They do buy online, but if they can't get into the brand in a physical sense of it we'll never get a deep connection with the customer."

Retail Week Live - SuperGroup chief says 'no substitute' for stores - 12 March, 2014 (By Rebecca Thomson)

Research at Loughborough University looking at the customers experience in the town centre (Hart et al 2014) suggest that **people are less likely to engage in online shopping if they find the town centre experience to be enjoyable, and when town centre shopping is conveniently located and easily accessible.**

THE 'DIGITAL' HIGH STREET: OPPORTUNITIES FOR TOWN CENTRE MANAGEMENT

Exploiting and integrating the digital experience:

Technology offers many opportunities for businesses to explore new channels in order to reach consumers, and also to town centre management teams that need to embrace innovation and exploit the opportunities offered. However, even though there is evidence to suggest that an increasing number of individual retailers and services are successfully operating omni-channel businesses, there is limited evidence on the role of digital technology in enhancing the town centre customer experience.

M&S PILOTING NEW INTERACTIVE TOUCHSCREENS ON THE FRONT OF ITS MARBLE ARCH STORES TO PUBLICISE ITS NEW WEBSITE AND GRAB THE ATTENTION OF PASSERS-BY

Source: Retail Week – M&S trials digital touchscreens on Marble Arch store front, by Rebecca Thompson – 9 May 2014



Research at Loughborough University²³ provides recommendations on the role of town centre management in enhancing the town centre customer experience by exploiting the opportunities offered by digital technologies. It suggests that town centres need to become virtual marketplaces so that customers have the latest details regarding the availability of stores, products, brands, services and events prior and during their own centre visit; additionally it indicates the need for easily accessible, centrally located information points, as well as widely accessible wi-fi and dedicated store-finder and brand-finder apps, as means that would ensure that the **internet supports rather than replaces the town centre experience.**

Similarly to the Loughborough University Study recommendations, the Distressed Property Taskforce Report (2013)²⁴ underlines the importance of taking advantage of technology not only to promote and brand the town to drive footfall, but also to assist independents retailers and small businesses. In this context, the report suggests that town centres need to market themselves as convenient 'hubs' for collecting products ordered online, as a fast increasing number of businesses are adopting the 'click and collect' model. In addition, the report proposes that town centre websites could be a useful platform to promote/provide information for town centre businesses – both multiple and independent – in order to encourage footfall, loyalty and spend in towns.

Actively engages the increasingly 'tech-savvy' customer. Shopping in the town centre also offers immediacy in satisfying customers' needs

Ian Geddes (head of retail – Deloitte):

"Rather than taking shoppers away, the internet is pushing people back to shops with the growth of click and collect".

"The evidence suggests that we may be entering a new era of 'en route' shopping, powered by mobile shopping and the demand for collection points strategically located at a point between where the consumer is travelling from and to."

High Street showing 'great resilience' by Emma Simpson
BBC News - 4 April 2014 (Available at: <http://www.bbc.co.uk/news/business-26849833>)

In these lines, there is a call for an increase in the mutual connection between all those operating on town centres and highstreets²⁵ – from retailers and retail service providers, to local government and job centres. The Grimsey Review (2013) notes that currently

there is no integration of retail offers or events on the high street as individual stakeholders are operating independently. As such, it is suggested that a web-based/cloud-hosted infrastructure could be a low-cost tool that would connect retailers/service providers, local government, and town centre users/consumers and respond to mutual needs (i.e. marketing & information provision).

Town centres are adopting new technologies rather slowly; as such – and even though a number of reports on the future of UK high streets are providing numerous recommendations on how the 'digitisation' of town centres can enhance their vitality – there is currently limited robust evidence on the success of schemes as those described above. In addition, existing evidence on whether customers would value the availability of such platforms and technologies is very limited²⁶.

However, early case study evidence provides insights on the success of such schemes. In addition, a number of schemes – like ATCM's Digital High Street Programme²⁷ – and online platforms – such as myhigh.st²⁸ – are in place to 'mentor', promote and assist town centres and independent retailers operating in them. Additionally these platforms are a good means to engage local consumers and make them part of the re-shaping of their local high streets²⁹.

TOWN CENTRES IN THE DIGITAL ERA. CASE STUDY: Crowdfunding in Mansfield



The case study of Mansfield BID reported in Distressed Property Taskforce Report (2013) is an example of the successful implementation of online platforms as part of the town centre management toolkit. By employing ATCM's Spacehive platform³⁰, the Mansfield BID has been successful in establishing (via crowdfunding) free in town Wi-Fi along with the launching a new website, including an interactive town map and a town centre app.

It is reported that since then, Mansfield town centre witnessed a 98% increase in website hits along with 10% increase in footfall and 7.4% increase in town centre expenditure.

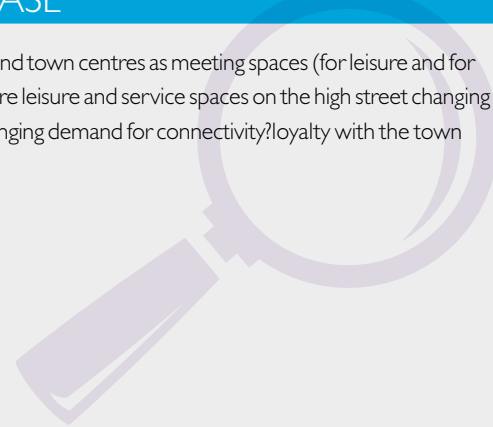
TOWN CENTRES IN THE DIGITAL ERA. CASE STUDY:
The 9 Streets Collective Webshop (Amsterdam)³¹

CONTEXT →	INITIATIVES →	OUTCOMES
<ul style="list-style-type: none"> • 9 Streets: collective name for nine shopping streets in the historic city of Amsterdam, which was characterised by small independent and specialised shops. • Mid-1990s: retailers in this area joined forces and established the shopkeepers' association 'The 9 streets'. Over time the retailers in the area experienced increasing competition from large chain retailers and the internet 	<ul style="list-style-type: none"> • 2010: two businesswomen set up a collective webshop for the retailers in the 9 Streets shopping area (www.9straatjesonline.com) to help independent retailers in the area. • In line with the unique character of the shopping area, the webshop brings together unique products and collections from various specialised retailers in the area • The webshop takes full care of the logistics and fulfilment process. • Online orders are picked up on a daily basis at the participating retailers • Apart from an entry fee, participating retailers pay a 15% to 25% commission on each product that is sold via the webshop. • To generate traffic to the webshop 9straatjes.com uses (2013 DATA): <ul style="list-style-type: none"> – An e-mail newsletter: 5,000 subscribers – Facebook: 5,095 fans – Twitter: 309 followers – Online banners and third party weblogs 	<ul style="list-style-type: none"> • Of the 200 retailers in the area, only 60 are interesting enough to be included • More than 30 retailers already participate in the collective webshop • Besides additional sales without the burden of managing an own webshop, the participating retailers also experienced an increase in in-store traffic • The breakeven point for the webshop, which currently has a staff of 4 fulltime and 3 part-time employees, is now in sight <div data-bbox="1107 1839 1449 2007"> </div>

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

- 1** A profiling of town centres based on their engagement with IT and communication technologies is urgently needed. Available research on retail catchment analysis does not explicitly accommodate the local supply and demand of new technologies. This is very important, as there are risks from 'rushing' to engage with new technologies that might not be suitable for specific local demographics.
- 2** Evaluation of the role of online 'tools' in town centre management: what works in engaging communities and what doesn't. More robust evidence is needed on the effectiveness of the adoption of on-the-go technologies as a means to boost town centre vitality.

- 3** High streets and town centres as meeting spaces (for leisure and for business): How are leisure and service spaces on the high street changing in the face of changing demand for connectivity? loyalty with the town centre.



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22. Hart et al (2014 – op. cit)
23. Ibid
24. Distressed Town Centre Property Taskforce (2013) Beyond Retail: Redefining the shape and purpose of town centres (November 2013)
25. Hart et al (2014 – op. cit); The Grimsey Review (2013 – op. cit)
26. Indicatively, according to the Loughborough Study, when asked what would be the most useful way in which mobile technology could improve the town centre experience in the town centre, respondents named the ability to check availability as the most important (11%), followed by price comparison (7%), followed by getting directions, finding stores, checking opening times and obtaining vouchers (6%).
27. https://www.atcm.org/programmes/digital_high_street/digital_high_street_overview
28. <http://myhigh.st/>
29. Research by Deloitte suggests that the majority of consumers want to be involved in the decision making process as to what stores and services go into their local high streets. Such online platforms provide the opportunity for such engagement.
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The growing role of public and private institutions in managing town centres

HIGHLIGHTS

Both public and private-led partnerships are delivering town centre management with the aim of delivering sustainable, successful town centres.

Business Improvement Districts (BIDs) are becoming a key partnership arrangement in town centres, able to focus and fine-tune local funding to bridge gaps between public sector delivery and private sector commercial requirements.

A key role of these mediating bodies is managing the contributions of location-specific stakeholders, ensuring accountability. In this process, local business engagement is key.

Town centre management initiatives need to address both experiential and infrastructural requirements to be successful at 'placemaking' to attract visitors and shoppers.

DEVELOPING AND PROMOTING PARTNERSHIPS AND LOCAL INVOLVEMENT

The Government's commitment to a 'town centre first' planning policy for new development is supported by its recommendation that the private sector, property owners, infrastructure agencies, the community and the local authority should develop centre management initiatives for existing centres³.

The development of town centre management initiatives that promote the active collaboration of key stakeholders at the local level is consistent with the 'Big Society' UK policy agenda of the current government which emphasises a preference for alternative roles of service provision straddling the divide between public, private and civil society in managing its own affairs⁴. The government is also keen to promote local involvement in decision-making. As such, the Localism Act 2011 highlights the role of community groups to achieve ideas of 'placemaking' and the current development plan structure, comprising a suite of plans, includes the potential for the preparation of Action Area Plans (AAPs) and Neighbourhood Plans, the latter led by the local community. Both types of plans relate to smaller geographic areas than the over-arching Local Plan and thus could be of relevance to town centres.

Other Government initiatives relevant to town centres include:

- *Local Enterprise Partnerships (LEPs)* – LEPs are tasked with leading regional economic development activities including business support and inward investment. They also have a coordinating role for ensuring that local strategies across a region are complementary. At the local level, LEPs play a role in setting investment priorities for infrastructure like investment in roads, buildings and facilities in an area. However, as LEPs normally cover a number of local authority areas, their direct input into town centres is likely to be limited.
- *Local Strategic Partnerships (LSPs)* – LSPs are non-statutory, non-executive organisations. These partnerships are funded through public service budgets, partners' contributions and central government grants. Their main objective is to co-ordinate and drive the delivery of local services leading to improved outcomes for local populations that go beyond the remit of individual partners. They offer the opportunity for joint provision of services, the ability to attract external funding and increased influence over the policies and structures of partner agencies. They usually involve 3-year Local Area Agreement (LAA) goals.

INTRODUCTION

Formalised interventions to mediate changes to town centre activity have come a long way since the urban development initiatives of the post-war era, and the area-based regeneration plans from the 1960s onwards. Since then, it has been increasingly recognised that approaches focusing on land and property development have not been successful in achieving town centre vitality and viability and in tackling the multi-faceted issues facing these centres. The link to *placemaking* – the art of making places, rather than just putting up buildings and infrastructure – was acknowledged.

In addition, as planning policies have swithered between being more permissive towards out-of-town developments (market-led approaches of the 1980s) and being more restrictive¹ (e.g. *Town Centre First* approach to development in the mid-1990s – see Chapter 5), it has become increasingly clear that there are significant limits to what can be achieved through planning and development control in relation to the management and structure of town centres and high streets². At the same time, the importance of town centres and high streets for the communities they serve has been increasingly recognised.

As such, a variety of formalised structures have evolved, in order to address the economic and social issues of town centres in a co-ordinated way, by developing partnership arrangements involving a wide range of local stakeholders to improve the local centres' performance and attractiveness.

- *Local Asset Backed Vehicles (LABV)* – LABVs involve a medium or long-term partnership or joint venture between a local authority and a private sector investment partner. They are special-purpose vehicles for specific area-based regeneration, where the public sector often contributes property assets, while the private sector contributes via funding, management and general expertise in order to revitalise a particular site.
- *Voluntary Developer Partnerships* – A partnership – usually in the form of not-for-profit limited companies – which brings together multiple landowners across one site. This partnership format is particularly suitable for cases of fragmented ownership in a site under development.
- *Community Asset Transfers and Social Enterprise* – This involves the transfer of management and/or ownership of land and buildings from a public sector body (e.g. local authority) to a community-based organisation, like a local charity or a community interest vehicle. This is done at a lower-than-market value, and the aim is to develop civic society improvements.

TOWN CENTRE MANAGEMENT

An early response to addressing the problems faced by some town centres was to establish Town Centre Managers or teams. However, the 'discipline' of town centre management (TCM) has undergone significant evolution of methods and purpose over the past 30 years.

Definitions – The Association for Town and City Management (ATCM) has now been operating for 30 years as the key membership organisation guiding practice in the UK. They define Town Centre Management (TCM) as:

"a co-ordinated pro-active initiative designed to ensure that our town and city centres are desirable and attractive places. In nearly all instances the initiative is a partnership between the public and private sectors and brings together a wide range of key interests"⁵.

An alternative definition of TCM from Warnaby et al (1998)⁶ reflects performance-based incentives:

"the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interests within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary sectors".

Hogg et al (2007)⁷ questions the use of the town centre management 'TCM' acronym as a generic term for the organisational forms to deliver urban management initiatives. They suggest TCM should in fact refer to 'urban management' itself, and that other specific structures such as Business Improvement Districts

(BIDs) should be used to refer to the delivery mechanisms. More recently, TCM has been considered to include the strategic role of communicating information and creating networks.

Role – TCM was initially seen as a response to the effects of the development of new retail centres, often in out-of-town locations but sometimes to new, purpose-built shopping centres and malls within an existing town centre. These new developments were designed as single entities and operated with a single management structure. They were therefore able to offer the shopper a total, managed experience. A single individual or management group was able to control parking, opening hours, the physical environment and marketing. In contrast, responsibility for most town centres was diverse and uncoordinated, with numerous landowners, occupiers and local government departments only concerned with a single or limited number of properties or specific aspect of the town centre experience.

Further, many traditional town centres were facing, and continue to face, problems arising from the growth in car ownership. The number of vehicles increased from 2.5m in 1952 to 34.5m in 2012⁸ and therefore the availability of parking has become a significant issue affecting footfall in town centres. However, parking provision is rarely in a single ownership and aligning parking policy with other transport requirements, and the wider economic and social objectives for an area requires a holistic approach.

In the early years of town centre management, initiatives were mainly established as partnerships between a local authority and a few key retailers. Though these companies and the local authorities are still important supporters of town centre management, most partnerships have developed into wider structures and today there are some 600 towns and cities in the UK that have some form of management initiative. As locally developed initiatives working across centres of different scale, they are naturally varied in terms of their remit and activities. What they have in common is their increasing effectiveness in promoting the vitality and viability of a centre and maintaining its key role as the heart of its community.

TCM includes many parties and configurations of mediating groups from a variety of stakeholders, creating 'vehicles' to deliver initiatives. Any successful plans will be specific to the local area and set within a wider regional and national context; no two places can use the same blueprint for management effectively. Further, the complexity of town centre uses, beyond purely retail, is driving the need for management across a variety of stakeholders and initiatives.

Funding – Differences in structure are also reflected in the funding

arrangements seen. Embryonic TCM initiatives started in the late 1980s when a number of companies such as Boots, Marks and Spencer and Sainsbury's seconded managers to support these early schemes, maximising acceptance and the relationship with the public body in charge.

However, as the partnerships have expanded and matured, funding has also changed. Core funding typically comes from the members of the Board or Steering Group, or from a wider membership scheme, with the local authority and the private sector each contributing. Funds are normally agreed for a three-year period and then renewed. Some initiatives have been able to secure funds under Government or European programmes to take forward specific projects.

However, experience has also revealed some limitations with the TCM approach. Private sector involvement can be uneven and highly selective, with variability in the businesses able to take part or with a strong voice, and in the desire for the private sector to actually be involved, questioning the return on investment. These complexities and variable focus on profit maximisation lead to uneven volumes of inclusion. On other occasions there is dissatisfaction that some beneficiaries of initiatives do not contribute to the partnership.

"For us the success of any Town Centre initiative lies with the sum of its partners."

Andy Godfrey, Corporate Affairs, Alliance Boots

Thus, as the challenges facing town centres and their local economies have changed, so has the way local groups have responded and continue to respond to those challenges.

BUSINESS IMPROVEMENT DISTRICTS (BIDS)

One of the first such developments was the introduction of Business Improvement Districts (BIDs). This was seen as a way of raising money for initiatives that could not be funded from existing sources.

BIDs are a funding mechanism first introduced in Canada and North America, and were regulated in the UK in 2004. The 2002 White Paper, *Strong Local Leadership – Quality Public Services* laid out the policy case for BIDs and the 2003 Local Government Act referenced BIDs as a precursor to the 2004 English BID regulations.

A BID is a business-led and business funded body formed to

improve a defined commercial area. It usually involves a five-year partnership between local authorities and commercial taxpayers (via non-domestic property rates), which increase the tax-levy to pay for additional or improved services as identified and requested by local businesses. This could include extra safety, cleaning or environmental measures, supplementing the services provided by the local authority, or could be used to develop new facilities or services required in the local area.

"The close cooperation between businesses and local authorities enables BIDs to offer a new service proposition to local businesses that they do not get elsewhere."

Dr Neil Bentley, Director of Business Environment, Confederation of British Industry

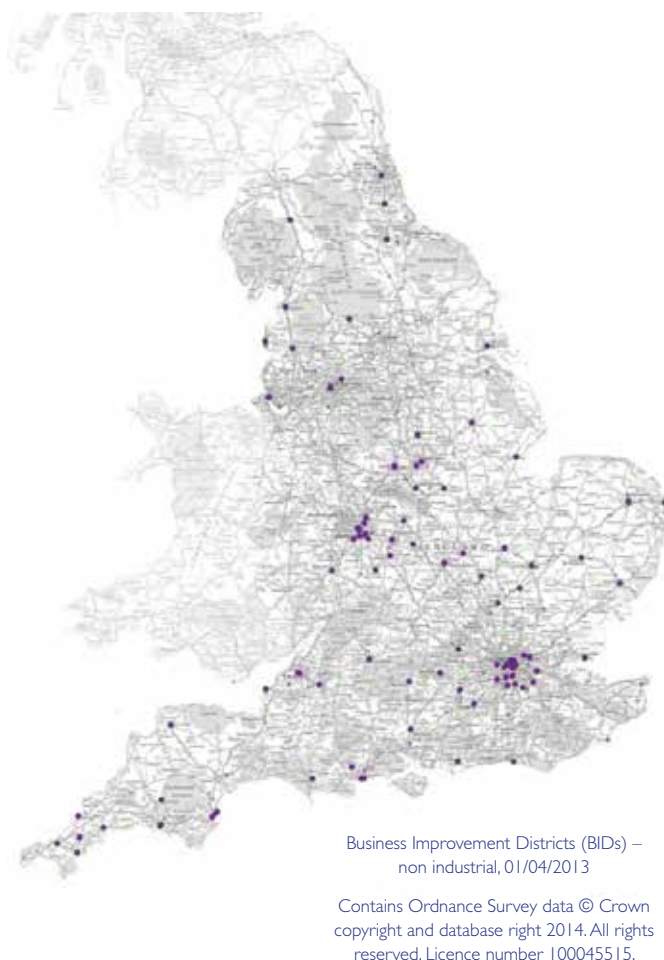
Efficient use of private sector money is one of the potential overall benefits to those businesses, for example a shop benefiting from better public realm and safety. In addition, BIDs are often successful at attracting additional funding to the BID levy, as they are particularly attractive to public sector grant making bodies due to the private sector match-funding available through the BID levy. Local authorities, property owners, and businesses outside the BID area can all provide additional income for BIDs through voluntary agreements.

The first pilot BIDs were in London in 2000, followed two years later by 22 UK-wide trials. The public sector took a strong lead in initiating the first UK BIDs.

Since then, there has been a rapid growth of the concept, and by 2014 there are over 180 BIDs, 157 covering town centres. Moreover, 78 of the 87 reaching first renewal stage have been renewed and all 8 of those reaching second renewal stage. This means the success rate at renewal ballot is currently running at 91%⁹. Currently, there are over 74,500 businesses paying levies across the country and a total investment in BID areas of over £65 million annually. These generate over £130 million additional income¹⁰.

Historically BIDs have tended to be concentrated in London and the Midlands (Figure 1), but interest in Scotland and Wales is increasing. In Scotland there are currently nearly 50 BIDs (2014 figures), including a number that are theme-based, whilst in Wales the first BID was established in Swansea in 2006.

FIGURE 1: LOCATION OF ENGLISH BIDS, APRIL 2013



The budget and the type of activities being delivered largely dictate the type and scale of the BID team, and there is great variability between BID Boards' composition. The typical number of hereditaments in a BID falls between 300 and 400 but can be as small as 50 or as large as 2,500. The resulting annual levy income thus varied from £22,400 to £2,814,000 in 2013.

BIDs have been seen as a mechanism to address issues of coordination, flexibility and fine-tuning of demands and accountability at local level of public organisations¹¹. In theory, these services should be an addition to local authority provision and not a replacement. BIDs are currently limited in their power to control and manage aspects completely on their own, as statutory powers remain with the public sector. In contrast to TCM schemes which may receive voluntary payments from the private sector, they

can fill a funding gap somewhat, but they are not intended as a vehicle for central or local government investment.

With less than 200 BIDs in the UK among thousands of town centres and high streets, significantly greater adoption would be needed to create a national-scale influence or impact. The recession may have reduced the cost-benefit perception among private sector stakeholders of the rewards gained for taking on duties such as public realm¹².

Future development of BIDs – As with TCM, BIDs are developing as the needs of their areas and the availability of other vehicles for delivery to come forward. A 2010 survey found that, as BIDs mature, they emerge both as the representatives of local business interests and a way for public sector organisations to convey their policy ideas and gain feedback. 37% of BIDs in 2013 also had Town Teams (33 centres) and half of these claimed to be leading the Town Team or treating the two as the same organisation.

The Portas Review 2011 proposed 'super BIDs' to lead neighbourhood planning and develop neighbourhood visions, with the inclusion of landlords as well as tenants in decision making. BIDs can provide direct access to resources beyond the scope of declining public sector budgets¹³. The Policy Exchange (2013)¹⁴ argue that where local authorities are consistently failing, retailers should be allowed to vote to be run by BIDs using management companies to take on the statutory role of Local Councils.

The powers suggested include planning control over building use classes, car park and transport policies, and facilities management. The Portas Review went a step further to suggest powers including compulsory purchase orders, and including local property owners. There is a risk however that these developments would detract from the power and significance of other stakeholder groups, including community and resident voices, and enforcing commercial-led local governance. Whilst 'safeguards' may be included in any future change and enhancements in BID arrangements, this does not reflect a key stakeholder and active role within the overall process.

Specialised BIDs such as 'Club', 'Expanded' and 'Contractor' BIDs have also been proposed, to be member-, strategic service provision- and key service-focused respectively. New BID measures in 2013 include the BID Loan Fund run by British BIDs for new BIDs, more money from the GLA, and a new British BIDs Academy offering an accredited Masters level course for BID practitioners.

The recent government review¹⁵ that was undertaken during the spring and summer of 2014 involving BIDs, sector leads and local authorities, suggests that the role of BIDs will be supported/strengthened in a number of ways, including by:

- increasing the involvement of BIDs bodies in planning, via encouraging a bespoke approach to consultation
- increasing transparency for all BIDs bodies to strengthen accountability and quality (for example by requiring they publish annual report and accounts)
- allowing areas that have not been successful in previous ballots to apply to the BIDs Loan Fund for support following a period of at least 3 years between ballots
- publishing guidance and best practice which will also highlight examples of good partnership working between Business Improvement District bodies and local authorities and set out the benefits to local authorities of Business Improvement Districts (including the increased investment they can deliver); suggest approaches to encourage closer working; and include an explanation of the regulations

OTHER PARTNERSHIP ARRANGEMENTS

Other partnerships vehicles have emerged as a result of the Portas Review, and the new challenges being faced by the high street including online shopping. However, going forward it is clear that other social and economic changes will also influence the centres of the future. The trend away from retail and towards leisure activities is expected to continue, but what motivates the local population to visit is likely to vary according to the age profile of the area and the ability of the centre to meet the expectations of the modern tech-savvy consumer. Thus, placemaking for the future will not only continue to be needed but no single approach or blueprint will provide the answer¹⁶.

In May 2011, 26 teams were selected as 'Portas Pilots' via a competition to receive government funding of £100,000, with 15 more in the following July. A further series of 333 'Town Team Partners' across England were set up to encourage local partnerships and consortia to develop high streets into a "social place, bustling with people, services and jobs"¹⁷.

Each of the town teams has an individual structure, with the opportunity to draw on support focusing on 'local leadership', through workshops, secondments and mentoring with industry experts. They have become perhaps the most recognised recent national partnership structure aside from BIDs.

FIGURE 2: LOCATION OF ENGLISH TOWN TEAMS, 2012



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- Initial Portas Pilot town centres, 2012
- Subsequent Portas Pilot town centres, 2012
- Town team partners, 2012

Going forward, other partnerships may emerge. For instance, Peter Brett Associates proposes a 'Town Centre Investment Management'¹⁸ scheme, using a version of compulsory purchase powers whereby one investor can take control of many assets within a centre, mirroring out-of-town centre management.

PARTNERSHIP STRUCTURES

Town and city centre partnerships, whether TCM, BIDs or the more ad-hoc town teams, are created in response to complex challenges that cannot be tackled by a single organisation¹⁹. Partnerships therefore take a variety of forms dependent on the local needs and key stakeholders, and are generally a public-private mix.

DCLG²⁰ suggests a split of partnership arrangements falling into four classifications:

- *Informal/public* – relatively informal systems managed by the public sector
- *Informal/private* – relatively informal systems managed by the private sector
- *Formal/public* – well-developed strategy and systems led by the public sector
- *Formal/private* – well-developed strategy and systems led by the private sector

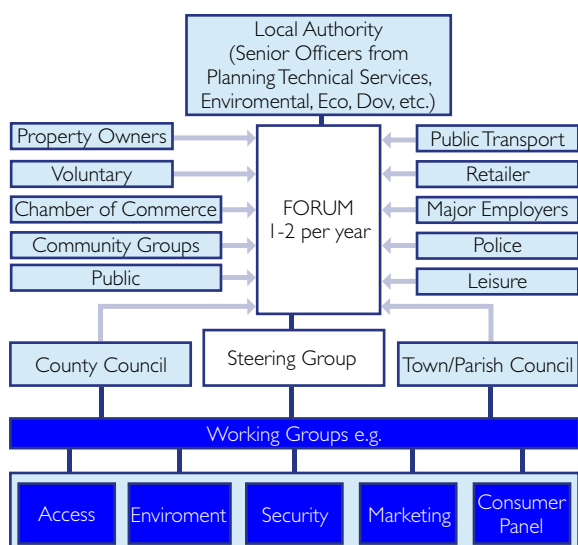
Urban governance literature lacks clarity on the positioning and influence of private sector elites in the new structures arising from this, despite a wealth of general literature on TCM²¹. This study of three major UK centres characterises business involvement as:

- *internal facilitators* (creators, governors, service deliverers)
- *external facilitators* (voters, funders, lobbyists, consultees)
- *recipients* (service users, representees, beneficiaries)

A basic town centre management structure centres around an annual forum chaired by the Local Authority and led by monthly steering and working groups, with a variety of stakeholders included in the process (Figure 3).

FIGURE 3: BASIC TOWN CENTRE MANAGEMENT STRUCTURE

Source: ATCM



Variations to this model are location-specific and expand into public-private partnerships. Larger towns have typically employed a town centre manager to direct the process supported by the steering groups. Often the role of public and private is more evenly split with 'co-ordination' of the steering group coming from both a Local Authority officer and private sector town centre manager:

In more mature structures, a private company may be brought in to manage a specific area, with a company board accountable for service delivery.

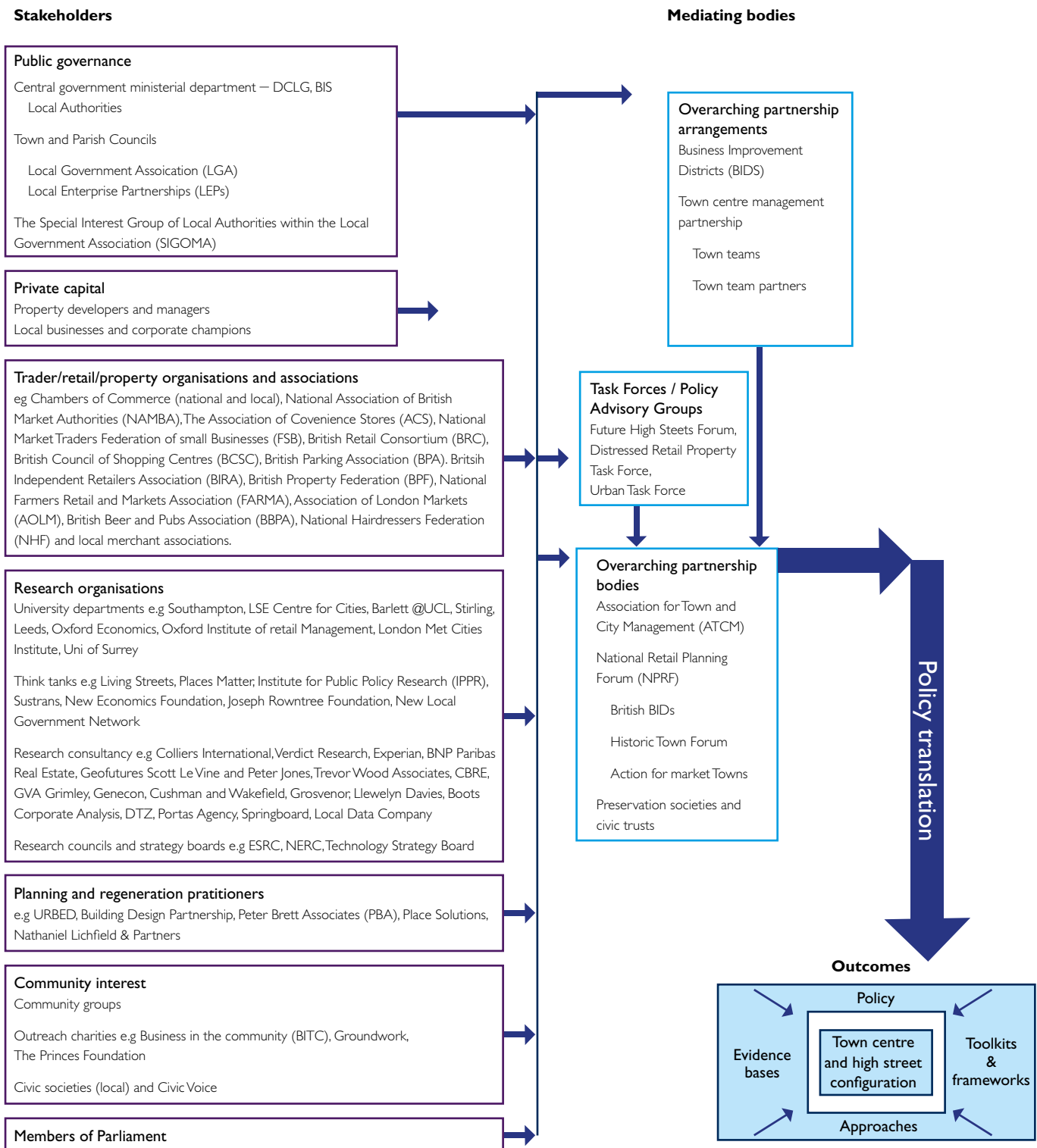
Structured TCM schemes benefit from shared vision and the power of a combined 'voice' to influence decisions. They may enjoy economies of scale for purchasing power and efficient sharing of limited resources, whilst improved communication of aims can help reduce inconsistencies as a result of individual decisions.

The Department for Communities and Local Government (DCLG) recommends that neither public or private interests should dominate, since partnerships dominated by the public sector can be seen as lacking engagement and understanding of business needs, and private sector dominance can lack resources, credibility and understanding of the mechanisms for service delivery²². With the UK's strong historical roots in public sector management, concerns also remain that a public-private partnership-driven TCM is not as democratic as the local authority tradition²³.

Some local authorities encourage these partnerships as part of their aims to give local communities a voice and increase democracy whilst delivering services and such a public/private sector arrangement is certainly consistent with the current national government's policy of encouraging neighbourhood planning.

The DCLG also highlights the importance of stakeholder analysis as an integral part of developing town centre management strategies²⁴. However, there has been less clear guidance around stakeholder analysis in town centres²⁵. The complexity of potential stakeholders and organisations involved in the TCM process can be seen below in Figure 4.

FIGURE 4: POTENTIAL STAKEHOLDERS AND MEDIATING BODIES



What is becoming clear however, is the importance of local leadership and vision, as well as the clear need for local business engagement in delivering the benefits of TCMs and other partnership schemes.

AIMS AND ACTIVITIES OF TOWN CENTRE PARTNERSHIP SCHEMES

The aims and objectives of each partnership is specific to the local situation. However, as all town centres are facing the same challenges, albeit to varying degrees, it is not surprising that the aims are often similar; regardless of the type of partnership involved. Aims are usually linked to:

- *Developing long-term economic activity and*
- *Addressing current needs of the local resident population*

These aims reflect the increasing importance of place marketing for all urban places. Stubbs et al (2002)²⁶ note the potential shortfalls of private sector marketing methods, which may be unable to reflect the complexities of urban places with both public and private sector actors. Digital technology use for management and knowledge sharing is a newer factor whose role needs deeper understanding.

Town centre partnerships are also in a good position to lead changes where physical improvements need to be supplemented by other changes to maximise the overall benefits. This can be seen from a consideration of the 12 key factors identified in the recent ATCM (2014) publication “*In-Town Parking: What works?*” as being critical to success. These include combining an understanding of customers (ie visitors to the centre), with an integrated transport and accessibility strategy, using intelligent and flexible tariffs and modern payment methods and ensuring communication.

These and other aims can be achieved by:

- *Coherent collaboration of stakeholders*
- *Leveraging inward investment*
- *Using a general operating structure, outlook and methods and applying them to needs of individual location*
- *Looking at both current and projected futures needs and*
- *Managing urban space for economic gain as well as living environment.*

Specific proposals therefore often include investment in infrastructure, the public realm and people, such as:

- *Improved cleanliness and safety*
- *Public realm improvements*
- *Improved parking, transport and access*
- *Training and employment programmes*
- *Digital platforms*
- *Visitor information*
- *Business space and*
- *Facilities provision, for example toilets and ATMs*

Typical experiential investment can include:

- *One-off events*
- *Regular markets and festivals*
- *Marketing and design*
- *Crime reduction and safety improvements e.g. employment of caretakers and urban design features to enhance personal safety; and*
- *Business mentoring and advice*

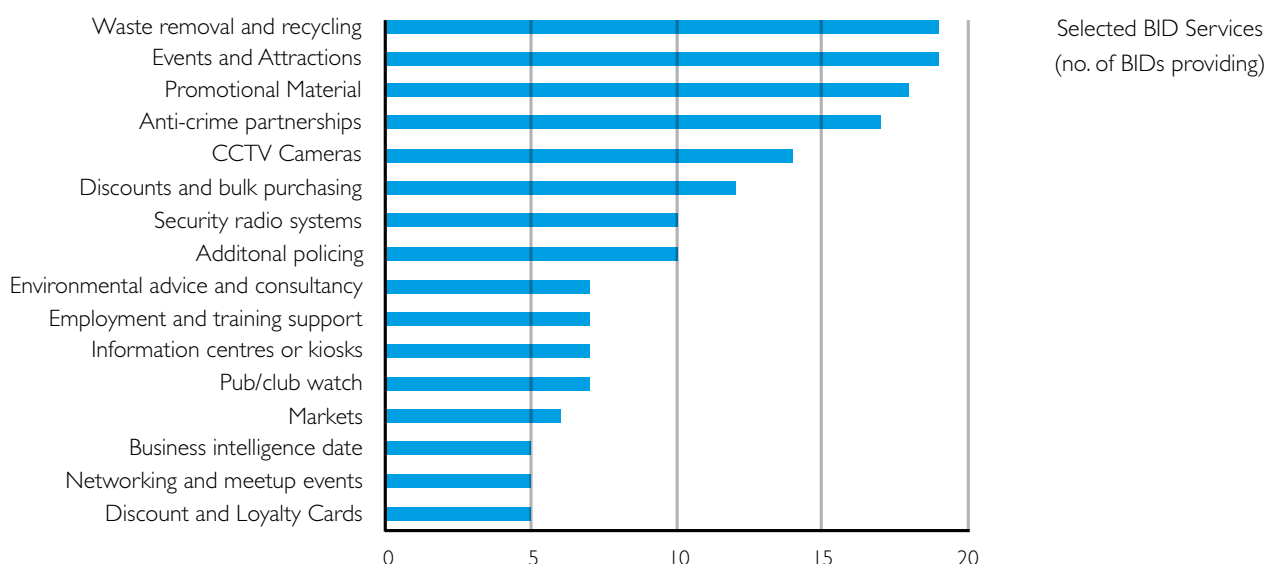
FIGURE 5: EXAMPLES OF THE AIMS OF TOWN CENTRE PARTNERSHIP SCHEMES: BIDS

SELECTED BID PROJECTS (WITH TOTAL COSTS)	
2014	
<ul style="list-style-type: none"> • Colmore Square — Colmore Business District (£350,000). Redesign of public space and significant aesthetic improvements to make Birmingham's business district more welcoming for clients and those who work there. • You're on Sea — Southend Bid (£72,000). Series of events and social media schemes with the aim to link two district trading areas in Southend and stimulate the early evening economy. 	<ul style="list-style-type: none"> • Open for Business — Worcester Bid (£9,500). Social media campaign after the floods that seriously affected local businesses, to provide awareness that accessibility was fully achievable. • Dublin Fashion Festival — Dublin City Bid (€166,000). Four-day festival encouraging the involvement of all local businesses through the promotion of local designers, events and partnerships.
SELECTED BID PROJECTS (WITH TOTAL COSTS)	
2013	
<ul style="list-style-type: none"> • Ice Skate Truro — Totally Truro BID (£102,000). Provision of an outdoor ice skating rink. • Rugby retail start-up scheme — Rugby First (£25,000). Helping new businesses to set up in vacant space. • Leamington's Lantern Parade — BID Leamington (£9,000). Night time parade coinciding with Christmas shopping. • Welcome to Brighton Banners — Brighton BID (£13,000). 90 street-side banners designed by school pupils. 	<ul style="list-style-type: none"> • Telling the Falmouth Story — Falmouth BID (£70,000). Visitor information and destination signage. • Trade Waste & Recycling Initiative — Bath BID (£300,000). Business waste collection service. • Get Onboard — Loughborough BID (£112,000). Marketing and communication campaign for sustainable transport options.

Town centre partnership schemes, like BIDs for instance, can be used as a mechanism to address issues of coordination, flexibility and fine tuning of demands, with accountability at local level of public organisations²⁷. Typical service delivery includes public

realm improvement, cleanliness, safety and security, area marketing, events and attractions, business support and services, community engagement and corporate social responsibility, waste collection and energy audits, and masterplanning²⁸ (Figure 6).

FIGURE 6: LONDON BID SERVICES, 2013 Source: GLA



EFFECTIVENESS OF TOWN CENTRE PARTNERSHIPS

The ongoing interest in TCM, town teams and the renewal of the majority of the original BIDs at the end of their initial 5 year designation, suggests such partnerships have been and continue to be successful. However, within the UK, whilst there is growing (though still contested) evidence that actively managed centres tend to perform better than those that are not managed at all²⁹, there is very little empirical evidence on town centre performance via the

use of management schemes, particularly comparative, longitudinal and national-extent studies. Further, what information there is, paints a relatively mixed picture.

Indicatively, a 2011 study³⁰ of 267 town centres in the North West, South West and East of England examined the role of local (supportive or unsupportive) institutional structures and business-practice environments in town centre performance (measured by changes in vacancy rates). The indicators used included the built environment and 'streetscape'; funding of a town centre manager; involvement in BIDs teams; supportive car parking policies; and encouragement of key 'magnet' stores and temporary 'crowd-pulling' attractors. The study was set within a context of the 2008 macroeconomic shock which filtered through both the regional economic system the town centre economies. Contrary to expectations that supportive institutional structures would – other things being held constant – have protected centres against the most severe increases in vacancy rates, the study findings suggested weak relationships between institutional support and town centre performance.

However, evidence from the areas where London BIDs have been established, suggests positive impacts of such schemes on turnover and employment. In particular a GLA report (2013)³¹ on the impact of London BIDs suggests that in BID areas turnover grew by 4% between 2005 and 2012, with a slight fall in employment (-2.7%), whilst for the same period, turnover was static for London as a whole, and employment fell significantly more (9.9%).

Similarly, evidence from the ATCM Purple Flag accreditation for town centre night time experience, suggests that the scheme has produced increased footfall across participant centres year on year and has led in a reduction of the crime levels of those places who have implemented a night time BID³².

The overall evidence on the effectiveness of BIDS suggests that these partnership initiatives have positive impact. Evidence from other partnership schemes, however, highlights issues that need to be addressed. For instance, evidence from an ESRC-funded 2013 study

of the Portas Pilots by the University of Southampton/Geofutures (forthcoming) noted the disproportionate number of medium sized district, sub-regional and regional centres as a sample of all England and Wales centres, together with a variety of initiative types, highlighting the problem of sampling typologies and location-specific circumstances in deriving overall conclusions.

Overall, and despite a lack of consistent data on the effectiveness of various schemes, it is clear that there is a great degree of variation with regards to the success of different partnership schemes in addressing local challenges in UK town centres. In addition, it is noted that the effectiveness of TCM arrangements is not necessarily a function of funds available; informal structures and schemes can deliver too³³.

INTERNATIONAL EVIDENCE ON TOWN CENTRE SCHEMES

International evidence on the effectiveness of town centre schemes is also mixed. Impact testing in the UK contrasts sharply to the US style of evaluation, which views cities as incomparable, and generally sets the performance of a defined 'downtown' area (what we may define as 'high street' or 'retail core') areas within the context of the city itself only³⁴. Future evaluations may consider this a useful approach.

Formal definitions of town centre management do not exist in many countries across Europe, and TCM is interpreted differently across international contexts. Whilst the UK and Europe share some commonalities, we see a greater focus on resident quality of life, visitor experiences and the leisure element in UK TCM practice.

In Spain, France and Italy, most TCM is led by the private sector with small and medium sized retailers and local trade associations developing local identity against globalisation³⁵.

BIDs are perhaps the main specific arrangement to come from the US after a wide success in regenerating declining urban areas. A 2009 empirical study of US BIDs suggested that they are complementary or unrelated to municipal services rather than competitive. Their popularity is a function of collective action for specialised services, and addressing a free-rider problem that limits business associations to serve commercial areas³⁶.

A 2011 longitudinal study of BIDs in the US found their formation was more likely with more commercial space to capitalise on BID benefits, greater homogeneity in spending preferences across properties, in neighbourhoods with higher value properties, and with BID boundaries comprising less valuable properties leading to appreciation potential³⁷.

One of the key differences of US BIDs is the performance-based assessment of significant 'territorial' areas within downtown areas which are visibly branded to make clear who has done the work. Performance indicators are also statistic-based and squarely linked to strategic objectives³⁸.

A 2009 review of partnerships shaping Warrmervale in Sydney, Australia found a 'slippery and transitory' partnership arrangement where objectives and memberships shifted despite broad goals being defined³⁹. In this case, planned developments were slow to materialise amidst diverse objectives, demonstrating the limitations of partnerships to deliver:

IDENTIFYING THE FACTORS THAT CONTRIBUTE TO SUCCESSFUL TOWN CENTRE INITIATIVES

Recent studies seeking to understand what contributes to the success of town centre initiatives – and thus what constitutes good practice – identify two factors that appear to be key to their effectiveness. Firstly, the quality of local leadership and secondly the development of a clear and well-defined strategy that is well communicated and supported. In addition, the ATCM and those involved with BIDs emphasise the importance of local engagement with all parties with a stake or interest in the centre, whilst support and involvement has been shown to increase, once clearly defined goals are delivered. This, in turn, needs to be based on a researched and holistic view of the centre, rooted in an understanding of the place and economy and understanding both the 'business' and the 'people' perspective.

An analysis of a number of case studies has led the Future High Streets Forum to devise a framework, based on best practice to help deliver successful and sustainable town centre initiatives⁴⁰. This framework emphasises the importance of developing a shared vision, and then an Action Plan with defined benefits and timetables for delivery, as well as subsequent monitoring and review, whilst also showing that strong leadership at a local level remains critical. Other common themes include:

- Local authority engagement
- Sustainable funding
- Establishing and communicating the vision and
- Entrepreneurial spirit

Similar conclusions are reached by the Business in the Community 'Businesses Going Local' report (2011)⁴¹. This work underlines that in any particular local area this can come from strong business-

led partnerships and locally active store managers, but the role of central and local government needs to be recognised.

At this point, it is important to stress that not all factors affecting town centre and high street performance can be influenced/controlled by local actors and agencies responsible for managing change on the high street. It is therefore vital for those local actors to identify key priority areas for action and focus on those areas where intervention can be most effective. Recent innovative research by Manchester Metropolitan University (MMU)⁴² provides a useful model of factors (micro, meso, macro and spatial factors) affecting high street performance. By undertaking a systematic review of the literature and through the engagement of experts (academics and practitioners) on high street performance issues, the study categorises those factors based on (a) the degree they affect town centre vitality and viability and (b) the degree of control/influence that local agents have over a particular factor. The outcome of the research is a model which can help towns to prioritise and focus on those activities that have most impact and which they can influence⁴³.

In conclusion, the aim of this chapter was to explore the various formats of institutional support – both public and private – at the local level, and their role in delivering sustainable, successful town centres and high streets. However, what needs to be underlined is that the fortunes of high streets are linked with/dependent on the economy of the town/city as a whole. As such, it is crucial for local agents, rather than working alone to 'save the high street', to work in partnership with the city region and play to the strengths of different cities – large and small – in order to explore solutions that will bring greater benefits to the urban economy as a whole⁴⁴.



KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

- 1 More empirical longitudinal national studies are needed in order to explore the effectiveness of town centre management scheme in the UK to date.
- 2 Empirical data used for relevant 'performance management' and impact testing is hard to obtain, and costly & time-consuming to analyse. Further it requires clearly defined goals, which not all partnerships to date have produced.
- 3 We need to explore how to best 'measure' the impact of experiential investment in tangible terms over a longer time frame.
- 4 More evidence is needed on how investment which builds on the existing strengths and knowledge of communities can be encouraged. How can the individuality and identity of our town centres be retained while attracting new investment?

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User perceptions of town centres and high streets: shifting expectations, changing challenges

HIGHLIGHTS

Despite competition from the internet and from out-of-town retail, evidence suggests that town centres still hold their own and are particularly important shopping destinations for health & beauty products, fashion and top-up grocery shopping.

Consumers are most driven to diverse and accessible town centres. Leisure services and enjoyable town centre atmosphere can lead to increased levels of dwell time and spend in the town centre.

Good product range and quality of retail provision and customer service are key drivers for consumers; however, consumers' perception of the attractiveness of a town centre/high street is also about the overall 'town centre experience' and atmosphere, and about leisure. This goes beyond just retail provision.

There is a significant role for town centre management in boosting the vitality of high streets, by enhancing the customer experience and journey in the town centre.

INTRODUCTION

How and why do consumers use their local centres? What determines the consumer 'experience' of town centres/high streets? This chapter examines the complex ways in which consumers interact with the town centre environment, and looks at what shapes the 'customer experience journey'.

Beyond the 'town centre as shopping destination' dimension, we present evidence of a more holistic perspective of the town centre as a space for social interaction. The chapter concludes with recommendations on how town centre management – in conjunction with retailers and other key stakeholders in the town centre – can add value to the customer experience in the town centre.

TOWN CENTRE USE & CONSUMER BEHAVIOUR

Town centres: a popular shopping destination? Even with the growth of out-of-town shopping destinations and online retail, and despite the current difficult economic climate, high streets and town centres still hold their own as shopping destinations.

According to research on consumer behaviour conducted by Deloitte (Figure 1a), the majority of consumers use the high street and town centre as a main shopping destination for top-up grocery shopping, health, beauty and personal care products, as well as for fashion (shopping for clothing and footwear). Additionally, the research also provides evidence for the complex role of the high street¹, not just as a shopping destination but also as a destination for economic and educational activities and for social interaction (Figure 1b). High streets/town centres are the main destination for services such as banking and leisure activities, as well as for health (41%) and beauty (40%) services.

FIGURE 1(A): CONSUMERS' CHOICE OF SHOPPING LOCATIONS BY PRODUCT CATEGORY

Source: Deloitte research, October 2013 (The Deloitte consumer review)

Q: Where do you shop for each of the following categories?

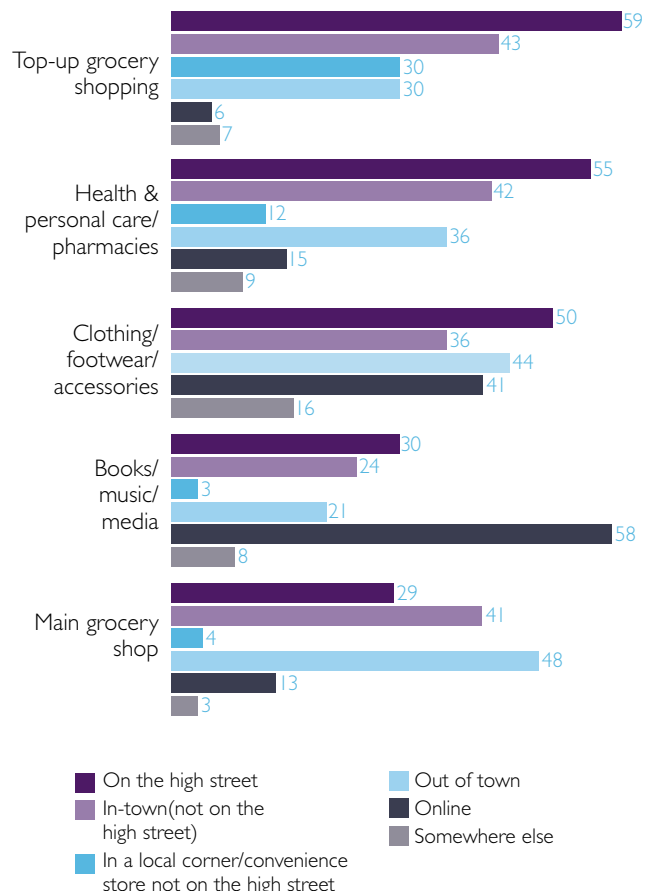
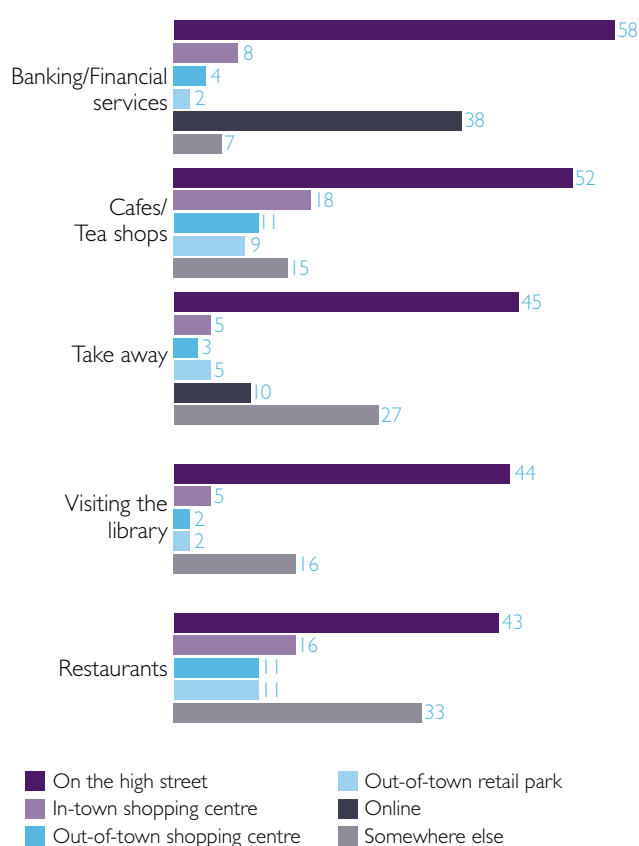


FIGURE 1(B): CONSUMERS' CHOICE OF LOCATIONS BY SERVICE/ACTIVITY CATEGORY

Source: Deloitte research, October 2013 (The Deloitte consumer review)

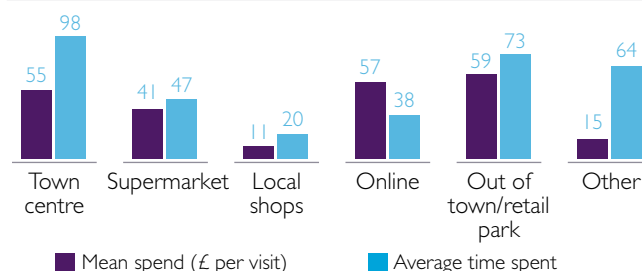
Q: Where do you usually go to access the following services/activities?



Time and £ spent in town centres – Emphasis needs to be placed not only on whether consumers choose to shop in the town centre/high street as opposed to alternative shopping destinations/channels. Town centre competitiveness is also determined by how much time and money is spent in the town centre, relative to that spent at other channels. Recent research at Loughborough University² suggests that the average expenditure per shopping visit in town centres is almost equal to the average online shopping spend during the same period. Out-of-town/retail park spending is slightly higher, but shopping trips to out-of-town shopping destinations are significantly fewer (Figure 2).

FIGURE 2: AVERAGE TIME AND MONEY SPENT IN SHOPPING DESTINATIONS/CHANNELS

Source: Hart et al (2014)



Consumer behaviour drivers: convenience and range/quality of stores and products

Case study research based on consumer surveys suggest that decisions on shopping location are most strongly influenced by convenience – proximity to home and/or workplace – and **availability and quality of shops and products** (Table 1). Additionally, evidence from YouGovPolling³ on what people consider as most important issues when they go shopping, suggests that: the right mix of shops, easy car access and **cheap/free parking**, but also the availability of **lavatories**, appear to be crucial; the **feeling of safety** when visiting the town centre, as well as the availability of restaurants and **places to eat and socialise** make the top of the list of what people want from their town centre retailing experience.

Conversely, when reporting reasons for not achieving their purpose during a visit to the town centre, **lack of choice/limited range/problems of stock**, appear to be sources of customer dissatisfaction⁴. Additionally, the overrepresentation of the same type of store/service on the high street is a source of customer concern with their local town centre. In particular, evidence from Southampton University research based on case studies of eight market towns and district centres suggest that the majority of respondents felt that charity shops and estate agents were overrepresented at their local centres⁵.

TABLE 1: MEAN SPEND ACCORDING TO REASON FOR VISITING THE TOWN CENTRE

Source: Hart et al (2014)

REASON	MEAN SPEND (£)
Has everything I need	60.47
Local/ close to home/	51.61
Close to work	25.3
Other (social, pleasure etc.)	56.75

As such, higher spending can be generated by a diverse town centre which can satisfy customers' needs for immediate purchase of the goods they want. Other than factors relating to product availability and convenience, 'softer', experiential factors such as overall enjoyment from visiting the town centre and pleasure from the social interaction and appreciating the town centre atmosphere are also reported as contributing to higher levels of spend.⁶

TABLE 2: TOP 3 REASONS FOR SWITCHING FROM OUT-OF-TOWN FOOD SHOPPING TO TOWN CENTRE/EDGE OF CENTRE FOODSTORE

Source: Wrigley *et al* (2010a)

Proximity to home	54.8%
Better range & quality of products	19.5%
Proximity to work	11.3%

Additionally, research suggests that consumers are prepared to change their shopping behaviour and **switch** their shopping from out-of-town locations to town centres when new retail developments offering a good range or quality of goods take place in centrally-located, easily accessible locations (Table 2). This change in customer behaviour increases the centre's expenditure retention – expenditure which would otherwise be lost to out-of-town retail.

Existing case study research provides evidence on the *switching* and *clawback* implications of new retail developments both in the case of non-food⁷ (comparison) and food⁸ (convenience) retail developments. With regards to non-food shopping, **fashion retail** appears to be a key *anchor* retail category and a top destination for shopping in-town. Case study evidence also suggests that people prefer town centres and their local high streets when purchasing pharmaceutical and beauty products, indicating the importance of **chemists** as a key town centre retail destination⁹.

Linked trips and conditions for successful integration of in-town developments – In view of the increased demand for wide product range in town centres, and the competition from out-of-town developments, improvements of retail offer in town centres can contribute to increased footfall and town centre vitality. Case study research on the effects of new retail developments on shopping behaviour in small town centres indicates that such developments may provide opportunities by *clawing back* trade into the town, as more people look to shop locally¹⁰ (see Chapter 4).

The key mechanism through which these claw-back effects of new in-town retail developments are spread into the local economy is

that of linked shopping trips. However, the professional planning and academic literature consistently underlines the importance of considering context and individual characteristics when exploring evidence on reported linked trip propensities.

The close proximity of a retail development to the town centre is a necessary but not sufficient condition to induce significant levels of linked shopping trips. Where complementarity in retail offer exists, improved store design can enhance shopping linkages. Evidence also suggests that compact, pedestrian-friendly centres – like market towns – experience higher levels of linked shopping trip activity when compared with more '*linear*' district centres, where most retail activity is dispersed along busy main urban routes.

Other than centre shape and accessibility, other factors accounting for differences in levels of linked trip behaviour are:

- (i) the general attractiveness of the centre as a shopping destination;
- (ii) the proximity to larger retail centres; and
- (iii) the retail composition of the town centre.

TOWN CENTRE USE & THE CUSTOMER JOURNEY

What influences the customer journey in a town centre?

– Understanding the journey 'pattern' of a customer is essential in order to grasp what influences the customer experience when visiting the town centre. This journey encompasses the whole shopping process, from the search and anticipation stage, through the purchase, consumption and after-purchase phase of the shopping experience.

Recent research suggests that **parking availability**, **purchase convenience**, **familiarity with specific shopping destinations** and **weather conditions** are perceived by customers to most heavily influence the routes they take through town centres. Conversely, main reasons for customers to **avoid** specific routes in a town centre are traffic, lack of safety, vacant shopping units, lack of shopping diversity, and unattractive/run down town centre areas.

Perceptions of 'town centre image' – Research suggests that a **strong**, **recognisable** and **consistent** image of a town centre as a shopping destination provides an identity which differentiates a place from its competitors, bringing competitive advantage in attracting and retaining customers.¹⁴ Consumers' perceptions of the image of the retail area have been considered equally important as other, 'quantitative' dimensions (like for instance shop counts or m² of selling area), in the assessment of attractiveness and the patronage

decision-making process¹⁵. Furthermore, the consumer's image of a shopping area will influence their choice of location, the associated time and expenditure devoted to that centre, and repeated visits.



What influences consumer perceptions on 'town centre image' includes 'tangible' aspects of retail provision together with 'intangible qualities' like feelings, emotions and subjective attitudes towards the town centre (Figure 3).¹⁶

FIGURE 3: INFLUENCES ON CONSUMER PERCEPTIONS OF TOWN CENTRES

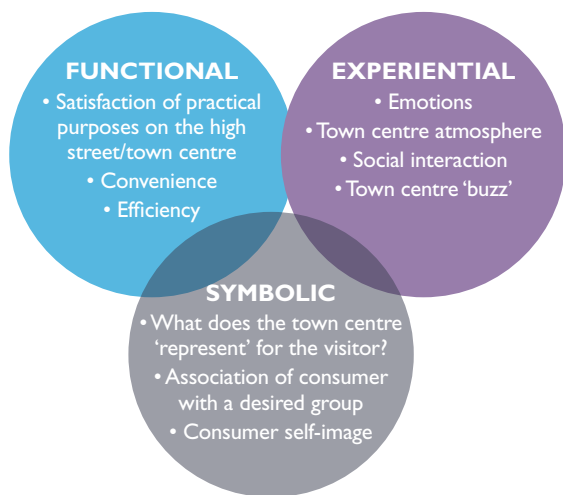


FIGURE 4: FUNCTIONAL AND EXPERIENTIAL TOWN CENTRE TOUCH POINTS

Source: Hart *et al* (2014)

FUNCTIONAL TOUCH POINTS

Stores / products: availability, quality and price of products in the town centre: "Purchased the products I wanted quickly and easily at very competitive prices".

Travel: customers value easy access to the town centre, delays can easily influence their decisions: "A quick, speedy, hassle free shopping trip", "There are lots of road works on my route to town, had I known I may have bought in from the internet".

Parking: management of parking convenience as well as cost: "Could not find parking space for at least 5-10 mins and on exiting had expensive parking fee to pay!" "Although a strange Town Centre, instructions to car parks were clear and easily found".

Information: lack of up-to-date information leads to disappointment for customers: "the fact that it's my local store I go in everyday and no one told me it was going to be closed for ten days", "Finding your way around a new town centre can be daunting as you don't know where anything is, where it is best to park etc".

EXPERIENTIAL TOUCH POINTS

Customer service: most memorable when exceeds expectations – poor service just as memorable: "That the lady went out of her way" "It was like having a personal shopper". There is a way of talking to customers without insulting them"

Social experience: interaction with others enhances the experience: "Someone offering to help when they didn't have to, sharing advice and experiences is really important when shopping".

Savings / bargains: add to the buzz: "I enjoy getting a bargain when out shopping", "Free cakes and biscuits were being handed out as a promotional item".

Special events: linked with a greater desire to shop: "There was a good display by the Fire Fighters. It was interesting and it pulled in a lot of crowd attention".

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EXPERIENTIAL TOUCH POINTS

Refreshments / eating out: places to eat and drink with others facilitate the social experience: "Meeting friends in Costa, nice atmosphere and good to catch up".

Atmosphere: intangible, sensory aspects of the experience: "I was shopping and I could smell fresh baked pretzels", "Both of these shops have real character and an array of exciting things to buy".

Markets: add to the pleasure of the customer experience: "The stalls placed up the High Street with pedestrian access, uniting the shops and market in a combined shopping experience".

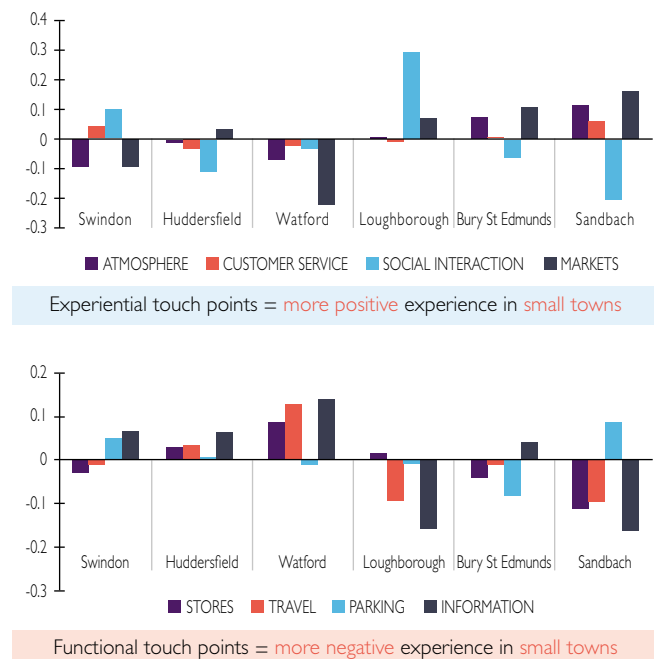
Evidence on the customer experience journey: the importance of 'Touch Points' – Research on the customer experience journey employs the concept of 'Touch Points' – a combination of memorable interactions that customers experience during their journey in the town centre. 'Touch Points' create the most memorable impressions which hold meaning and value for the customer, leading to **preference for particular types of experiences**. Indeed, those touch points that generate the strongest emotional reaction are likely to determine how positively or negatively, consumers perceive their individual customer experiences (Figure 4). The relative importance of functional and experiential touch points will differ for each town. Town centres must ensure that functional touch points are maximised in order to motivate consumers to visit the town centre. However, experiential touch points are more important to influencing the customer experience. Thus, a combination of **both** touch points determine the customer experience; only once the functional touch points are established, can the experiential touch points be exploited to add value to the customer.

Experiential and functional touch points: one size does not fit all – There is limited research that assesses customer perceptions of the attractiveness of a town centre holistically, i.e. by looking at both functional and experiential factors. Recent case study research at Loughborough University combines both experiential and functional 'touch points' to examine how customers perceive their town centres as destinations and provides evidence that one size does not fit all.

Smaller centres appear to perform better in terms of experiential factors that customers value, such as town centre atmosphere and

FIGURE 5: EXPERIENTIAL AND FUNCTIONAL TOUCH POINTS IN SMALLER TOWN CENTRES

Source: Hart et al (2014)



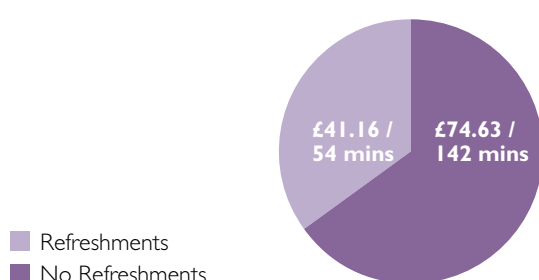
customer service, while bigger centres do better when it comes to functional aspects like parking provision and information on town centre stores and facilities (Figure 5). Recent research by Deloitte based on consumer surveys finds similar results which suggest that **bigger centres perform better in terms of consumer satisfaction with 'functional aspects'**, such as town centre shop mix and choice of leisure & entertainment services.

TOWN CENTRES AS COMMUNITY & MEETING SPACES

More than just shopping destinations – Besides shops, town centres comprise non-retail functions, including housing, public services such as education, health and employment, and leisure/entertainment. Unique town centre features such as historical buildings, squares, parks and green space are also an inseparable part of the town centre shopping experience and journey that differentiates it from the out-of-town experience¹⁷. Evidence suggests that the majority of people place high value on places like parks/green space during their town centre visit, as these offer space for relaxation and social interaction away from the core town centre activity¹⁸.

FIGURE 6: MEAN SPEND & DWELL TIME BY TOWN CENTRE SHOPPERS ENGAGED IN A SOCIAL/LEISURE ACTIVITY

Mean spend and dwell time by town centre shoppers...
...who used refreshments (compared to those who did not)



...who were accompanied by family or friends (compared to those who shopped alone)

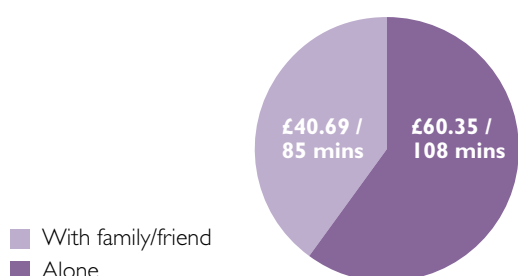
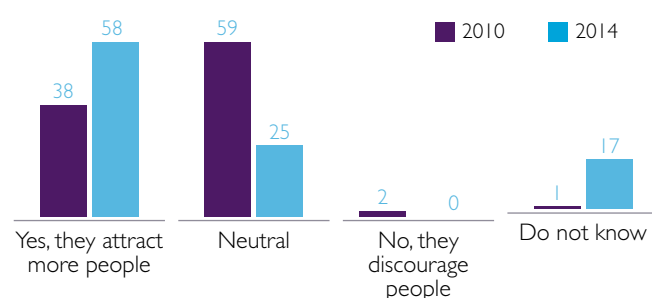


FIGURE 7: COFFEE SHOPS UPLIFT TO LOCAL TRADING 2010-2014

Source: Allegra Strategies²⁰ (2014)

Q: In your opinion, do local coffee shops help attract more people to your business (% respondents)



The economic value of the social interaction in the town centre

Social activity enhances a town centre shopping visit, translating into **added value in terms of time and money spent in the town centre**. Evidence suggests that social interaction in the town centre, such as shopping with friends or family and combining shopping with having a refreshment in a town centre café or bar, increases dwell time in the town and therefore the probability of greater spend (Figure 6).

Recent research¹⁹ demonstrates that the presence of coffee shops typically boosts local high street economies by 2 to 4% through a combination of increased footfall and dwell time. As such, local businesses are increasingly seeing the benefits of the leisure offer on their high streets to their individual trading (Figure 7).

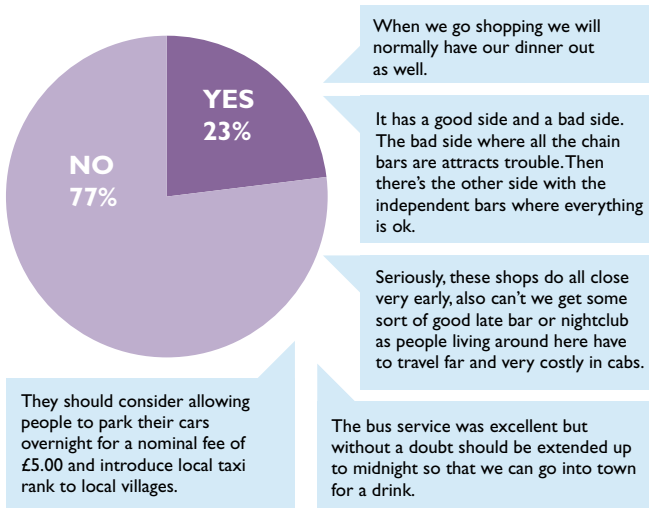
Additionally, people more and more see the value of leisure spaces – spaces for casual dining like cafes, pubs etc – as community meeting hubs and spaces for mobile working and networking. Allegra Strategies research suggests that 58% of the 2,000 consumers surveyed planned to visit coffee shops – branded as well as independent – as part of their trip to the high street.

However, daytime leisure activities which potentially play an important role in the reconfiguration of town centres and high streets, are only one part of the picture. The evening economy of town centres and high streets remains an undeveloped area of research.

Evening economy: a social experience

Most town centres continue to provide services to visitors after the end of shopping hours. Research suggests that there is a gap between daytime shopping and evening entertainment in the town centre: shoppers are deterred from staying later due to the perceived lack of safety after hours, the lack of transport infrastructure and the associated costs of travelling and parking in the town in the evening²¹. Preliminary evidence is emerging²² suggesting how this gap can be addressed via active management of town centres after dark increasing visitor confidence and changing perceptions (Figure 8).

FIGURE 8: PERCEPTIONS OF *DAY INTO EVENING* TOWN CENTRE EXPERIENCES



MANAGING THE CUSTOMER EXPERIENCE & ADDING VALUE TO THE JOURNEY IN THE TOWN CENTRE

Town centre management can play a crucial role in facilitating environmental and economic change via the enhancement of customer experience in the town centre.

The Loughborough study²³ examined in-depth the town centre journey and experience of visitors and consumers and offered recommendations on how the careful management of the customer experience can boost the vitality of future town centres and, as such, add value to the journey in the town centre (Figure 9):

FIGURE 9: MANAGING THE TOWN CENTRE CUSTOMER EXPERIENCE

Source: Hart et al (2014)



Town centre offer coordination – At the centre of customer experience management in a town centre lies the coordination of the town centre offer. In particular; it is suggested that town centre management needs to:

- Protect and strengthen town centre anchor sectors (e.g. fashion / clothing). For example, expanding the mix of brands in the retail and service offer could be achieved with pop up 'shopping parties' and events such as fashion shows.
- Integrate retail, leisure and services to coordinate experiences e.g. linking promotions for evening entertainment, restaurants and taxis.
- Encourage enterprise start-ups and innovative retail / service models drawing on local skills and business support; for example BITC support networks²⁴.

Focus on availability and convenience – Reported evidence in this chapter suggests that product availability is vital to achieve repeat visits. Town centre management could play a key role in this area through:

- The creation of 'Business and enterprise hubs', where local businesses could gain stock merchandise training and have access to retail business advice 'clinics'.

'OMNI-CHANNEL' IS THE TREND BUT A 'DELIGHTFUL' SHOPPING EXPERIENCE IS KEY: A NOTE FOR RETAILERS

Simply meeting customer expectations is insufficient for developing long-term loyalty in a marketplace characterised by intense competition, broad product range, and 24/7 shopping online. Research suggests that customers exposed to unexpected, pleasant experiences are far more likely to develop into long-term loyal followers. Hence, creating 'delighted' customers clearly requires new approaches from retailers to adopt an approach to customer management beyond traditional satisfaction-building efforts²⁶.

- The development of centrally located, collaborative 'click and collect cafes' supported by third party logistics. Café space and offers for parking after hours would encourage collections after work or at the end of shopping trips.

Provision of incentives to achieve better customer service – Customer service is

key to the town centre shopping experience, especially as physical stores try to compete with online retail. Customers place high value on the social dimension of shopping and customer service is a big part of this²⁵.



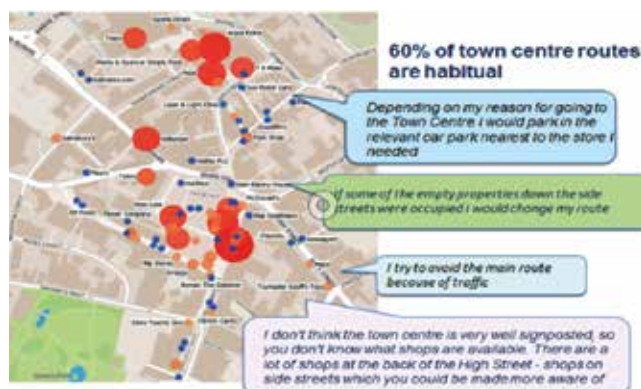
Town management teams could play a role in strengthening the service focus of the town centre through town-wide 'customer experience awards'. End-of-year service rankings and results could be shared with retailers, to provide 'customer excellence' winners.

Maximising provision of information for local shops and services – Town centre visitors increasingly use smartphones and tablets during their town centre visits, mainly for price comparison reasons to support buying decisions (see Chapter 6). As such, town management teams together with key stakeholders like local authorities and retail partners could:

- Provide a central, one-stop online information point, ensuring this is always up to-date
- Optimise free Wifi for mobile access during town centre trips
- Develop 'Store finder' and 'brand finder' apps to help navigate around the town.
- Create a 'buddy' network of key retailers and stakeholders willing to offer digital and retail systems advice to independents.
- Introduce targeted weekly online updates communicating 'what's on' in the town centre.

Influencing town centre journeys & 'pulling' customers to less visited locations – Town management can try to 'pull' customers to quieter locations by promoting special themed mini events. In addition, improved signage could help remind and direct

FIGURE 10: EXAMPLE OF A 'HEAT MAP'
Source: Hart et al (2014)



customers to shops in quieter side streets. Create excitement and interest; promote a 'heritage walk' via maps highlighting special features; a healthy 'park power walk' and lunchtime or after-work 'walkabouts'.

Walking-friendly town centres – Research suggests that the most vibrant streets and spaces are walking-friendly and put pedestrians at their heart. Banning pavement parking, improving street lighting, pedestrian and cycling routes are areas that town centre users

perceive as key to motivate them to visit the town more frequently.

Heat maps: a useful tool for town centre management – Town centre 'heat maps' illustrate the areas and stores most frequently visited, hence generating more intense activity in a town centre (Figure 10).

Heat maps and other tools for tracking town centre customer movement enable town centre management teams to focus their effort in attracting customers to regularly 'under-visited' and 'under-shopped' areas through, for instance, targeted promotions and increased and clear signage

CASE STUDY

Shaping customer experiences: 'Touch points' and 'heat maps' in Loughborough town centre

Loughborough

Population*	59,932*
CLG Shop count**	390
Vacancies (%)**	57 (14.3)
Total Retail Space** (sq m)	92,000

*2011 population Census Data – **Data from Local Data Company



Loughborough University ESRC research into town centre customer experience and behaviour has changed the awareness and understanding of local town centre management to help drive evidence-based strategies for town centre recovery. Loughborough University began working with the BID Partnership during its application to become a Portas Pilot Town.

Results from consumer focus groups and a 3-stage innovative consumer study (506 shopper diary entries, followed up by weekly questionnaires and telephone interviews) were analysed for Loughborough and benchmarked against five other town centres to produce Loughborough-specific recommendations.

The findings emphasised the need to monitor consumers' behaviour in Loughborough to recognise potential threats and opportunities for improving the town centre. Identifying key functional and experiential touch points as valued by Loughborough consumers enabled the BID team to prioritise effort and resources on areas of most relevance to town centre users.

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These were used to:

- Inform the BID working groups in transforming local consumers' perceptions
- Inform additional consultancy research into assessing and improving the town centre retail offer
- Shape Loughborough town centre strategy for the next 3 years.

THE OUTCOMES

Mapping Loughborough consumers' routes through the town centre identified the most frequented locations or 'hotspots' and those least visited or 'cold spots', the latter correlating with concentrations of vacant units. These findings were then used to introduce physical improvements in signage and the public realm, to influence routes. These maps also identified the key town centre locations in which to site footfall counters to assess pedestrian movement around the town.

Understanding how people use the town centre is increasingly important to evaluate the impact of pedestrianizing across the A6 main road. Easier movement between the two halves of the town will link hotspots but consumers may miss secondary streets. Monitoring routes will help devise strategies to encourage consumers to divert from habitual behaviour.

Shaping the 'habitual route' of the shopper – The BID team worked with University design students to inform a design solution to (a) increase the attractiveness of the town centre for students and (b) encourage consumers to adapt their normal

routes through the town centre and build extra footfall to the peripheral areas.

Strengthening customer service – Recognising that the most significant interactions in the Loughborough customer experience related to the 'softer' experiential 'touch-points' such as social interaction, enabled the BID team to focus resources on strengthening the customer service delivered by independent retailers, through initiating mystery shopping, and customer service training for town centre retailers.

Enhancing digital skills – researching the role of digital in the town centre experience led to the BID commissioning a team of student 'Digital Ambassadors' to mentor 25 independent town centre stores in the use of social media and brand management. Working in partnership with the University's Students Union enhanced the relationship between the 'town and gown' while developing vital skills for the retailers and students.

Support for local businesses – Work is under way to develop a town centre 'Creative enterprise hub', whereby the University in partnership provides business and enterprise support activities, such as workshops for existing or new start-up businesses. This hub offers a pioneering work-community space for the participation of creative arts while providing placements for young people to engage, support and learn from businesses. Bringing a creative dimension to the town centre, it will benefit both existing and new businesses while strengthening both the town centre and the local community.

KEY ELEMENTS MISSING FROM THE EVIDENCE BASE

1 While the retail industry generates considerable market research data at the individual retailer level, micro-level consumer behaviour data is not applied or translated to the (local) town centre level. As a result there is a lack of understanding of consumer behaviour in town centres.

2 There is limited evidence to understand the 'holistic' customer experience across a wide range of town centres. This would give vital insight into the factors that drive town centre attractiveness, enjoyment and patronage from the consumer perspective.

3 There are currently no standard reliable measures for capturing consumer behaviour insights, attitudes and perceptions of town centres. Such measures are needed in order to track changing consumer behaviour consistently over a period of time that can be implemented by town centre managers.

4 Research is needed to understand customer experience journeys across channels – to understand how online behaviour can better link with physical town centre behaviour.

5 More work is needed on how customers perceive attractiveness; in particular there is lack of research that integrates the quantitative measures based on utility for the customer, and qualitative measures from customer image perceptions, into a combined measure of attractiveness.

6 More evidence is needed on how the user perceptions of town centres can enable town centre management to create and communicate a stronger brand experience that will ultimately help build loyalty with the town centre.

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12. See Wrigley et al (2010b) for an exemplar case of a market town in South west England, where consumer survey evidence demonstrates that a carefully designed foodstore development can complement the existing retail offer and encourage high levels of linked shopping trips. See also Bromley and Thomas (2003); Powe (2012 – op.cit)
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28. Living Streets Impact report (2012-2013) available at: <http://www.livingstreets.org.uk/about-us>; Wrigley et al (2011 – op.cit) provides evidence for the case of Romsey where it is suggested that the vast majority of local traders (71%) would support improvements in pavements and pedestrianisation of parts of their local centre, as a means to increase footfall and centre vitality.

Towards the future

HIGHLIGHTS

Long-term trajectories in urban development will continue, as the effects of the recent economic crisis recede. Short term economic and social shocks remind us that their evolution has never been smooth or incremental.

As decision makers try to find coherent ways forward for our high streets and towns, it is necessary both to go with the grain of long-term trends and to understand the significance of newly emergent phenomena. What is certain is that high streets will not revert back to pre-crisis forms – particularly nostalgic images of those forms.

The evidence gathered and reviewed in the preceding chapters starts to point to the drivers of relative success. Emergent relationships between online and offline, retail and leisure & community spaces, and corporates and independents, suggest symbiotic relationships are at the heart of future high street configurations.

Importantly this review reveals the gaps in that evidence and the most urgent priorities for filling them. Key data is missing to help us understand these relationships and their impacts at every spatial scale. Plugging these gaps could prove an extremely worthwhile investment.

The sense of this review then is that the same adaptive flexibility which has kept our urban centres alive over centuries – is still a creative presence.

INTRODUCTION

British town centres and high streets have undergone dramatic change over the last decade. As this evidence review has highlighted, the combined impact of long-term shifts in policy, demographics and transport with the medium and shorter-term impacts of online retail and the shockwave of economic crisis have all had marked effects on our high streets. But for those charged with understanding these changes more fully, and come up with effective responses, hard evidence is not always easy to come by. Partly because some of these effects are very recent, and partly given changes to the types of data collected, our anecdotal awareness of urban change is not consistently underpinned by reliable information.

However, and despite the evidence gaps that this review has identified, what does the available evidence suggest is likely to shape

their future reconfiguration – in particular as the UK economy slowly moves into more sustained recovery and town centres and high streets gradually emerge from crisis?

LONGER-TERM TRAJECTORIES

The macroeconomic shockwave exposed in the starkest manner the underlying forces of change which had been reconfiguring town centres and high streets for much of the previous decade. That is to say: the significant effects of the progressive rise of online sales; the impact of competition from out-of-centre retail development, which had been significantly changed by the adoption of a 'town centres first' development policy; and finally by a wider shift to what has been termed 'convenience culture'.

What becomes clear from the evidence reviewed in this volume is that following the complex combined impact of these forces, our town centres and high streets will not revert back to pre-crisis forms – particularly nostalgic images of those forms. Even before the credit crunch and its dramatic effects on consumer spending and confidence, the late-twentieth century model of the town centre was being transformed by technology creating new retail channels, new business models, competition from out of town shopping centres and a shift in consumer habits towards in-town convenience and leisure choices.

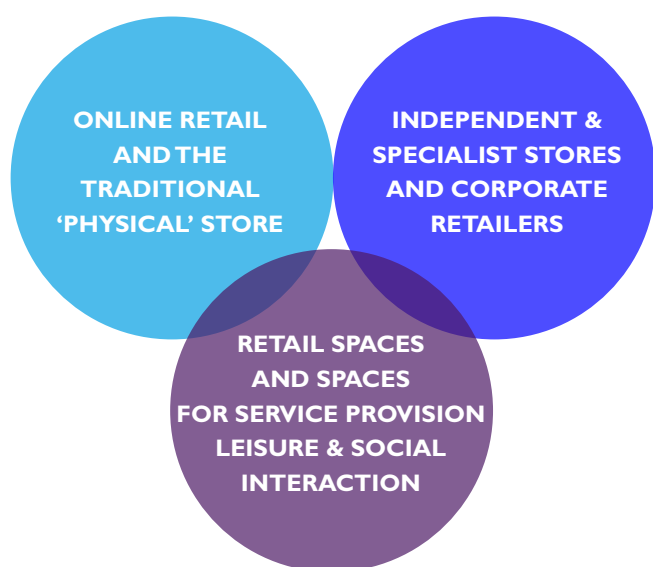
As the economy moves onto more sustained recovery, we can expect change along these longer-term trajectories to be renewed. Larger retail chains will continue rationalising less profitable retail spaces, because new channels mean their financial growth no longer has any kind of linear relationship with their physical store growth. Additionally, the structural shift away from retail *per se*, to services, especially leisure (e.g. bars and cafés), and retail services (e.g. health and beauty) will continue.

The impact of these changes on the high street will continue to both threaten their vibrancy and create new opportunities, as new relationships are beginning to be established in town centres and high streets based on new forms of complementarity. These relationships are creating new opportunities, and will contribute to the resilience of town centres and high streets.

'the country's High Streets continue to evolve to play the changing roles required of them by residents, workers, visitors and their competitive context'¹.

COMPLEMENTARITIES AND INTERACTIONS: HOW TOWN CENTRES ARE SURPRISING US ALL

The evidence we have presented, suggests the most intriguing challenge for future policy is to understand that successful high streets are those which promote **new forms of complementary relationships**.



In particular, it is crucial to understand interactions between:

(a) online retail and the traditional store

As this review has highlighted, online retail has reached a point where it has become transformative. However, despite the clear substitution effects from online retail in some retail categories, where the perception of terminal crisis does seem appropriate², in other retail categories the adoption of omni-channel indicates strong complementarities whereby new technologies and online/ on-the-go shopping can support the transformation of town centres and high streets.

Evidence reviewed here suggests that we are moving towards a phase in which the distinction between the online and offline world is becoming increasingly blurred. Retailers on the high street are fast adopting new technologies (3D imaging, interactive tools) which enhance the shopping experience in their physical stores and excite consumers. They are also taking advantage of the opportunities offered by an omnichannel environment and by information gathered via social media, to further personalise shopping experiences and ensure product availability in-store.

Additionally, the growth of click-and-collect and the speed in which it has been adopted by consumers is the ultimate expression of how online is driving a 'convenience revolution' which is shaping the changing high street. Mintel estimated that the value of click-and-collect orders grew as much as 42% year on year in 2014, and predicts that in 2015 around 17% of internet retail sales will be collected in-store. New 'click & collect' partnerships (like John Lewis' Collect+ scheme or House of Fraser's multichannel pilot scheme with Caffè Nero as a collecting hub) are an indication that innovative partnerships and the use of 'shared spaces' on the high street have the potential to enhance vitality, and give the increasingly time-poor and convenience-seeking consumer more reasons to visit the town centre.

In addition, we see pure online retailers are increasingly seeing the value of the physical presence in town centres and high streets. As smaller businesses that start online take over vacant retail premises, a more varied retail landscape may start emerging that moves away from the uniform, clone town/high street model.

The new multichannel reality offers undoubtedly significant opportunities for innovation on the high street. Understanding the significance of this complementarity between online and offline is essential, not least to inform institutional support for the high street and for town centre managers. The potential for online tools, hubs and connectivity to inform and attract town centre users and visitors (and persuade them to remain in the town centre/high street) has become essential to the role of those managers.

With the plethora of online tools available and the speed with which these are adopted there is a risk of overestimating the effect of technology in the short run, while underestimating it for the longer run. As such, there is a need to carefully assess the local population's engagement with IT and communication technologies in order to avoid 'rushing' to engage with new sophisticated technologies which could potentially lead to some population groups – i.e. the growing older population segment – being marginalised if they are unable to embrace it. Additionally, there is a role for town centres management teams to support independent retailers and service providers by helping them access the necessary knowledge, in order to succeed in an increasingly competitive digital era.

As this review has highlighted, early evidence suggests that town centre management teams are making important steps towards ensuring that technology supports – rather than replaces – the town centre experience. Nevertheless, there is a pressing need for town centre stakeholders – town centre managers, community groups, independent and corporate retailers, service providers

– to increasingly work in networks in order to maximise the opportunities offered by new technologies; in the process, learning from those retailers who have successfully managed customer experience seamlessly across multiple channels is key.

THE NEED TO UNDERSTAND HIGH STREETS BETTER

...we need to know more about:

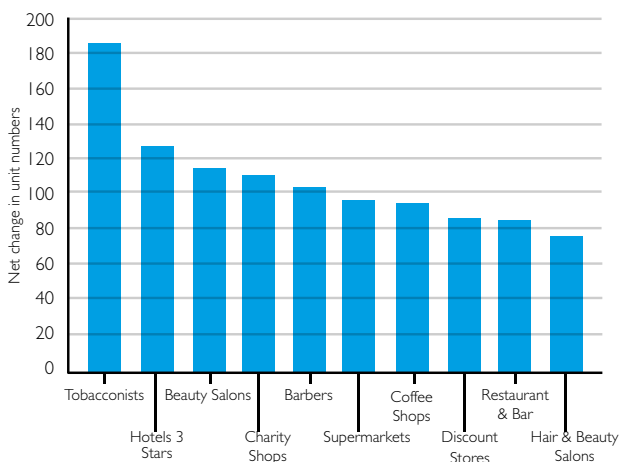
..the effect of technological innovation on the high street. In other words: which of these emergent phenomena will have greatest lasting impact – i.e. will the fast adoption of on-the-go technologies, and/or the community-based online tools that some LAs are currently embracing to promote regeneration, have the most important role to play in enhancing town centre vitality?

(b) high streets as shopping destinations and high streets as spaces for service provision, leisure and social interaction

Long-term shifts towards high streets which are more orientated to service provision than retail can be expected to continue. Indeed, research from Oxford University and Local Data Company (LDC) shows that health & beauty services (nail salons, hairdressers & barbers, tattoo parlours) grew strongly by +10.4% in the period 2011-2013, while recent LDC figures for 2014 (Figure 1) suggest that hair and beauty services, together with leisure services like coffee shops and restaurants remain amongst the fastest growing categories of businesses on the high street.

FIGURE 1: FASTEST GROWING BUSINESS CATEGORIES (H1 2014)

Source: LDC³



As the UK slowly moves out of recession, it is reasonable to forecast that consumer spending on leisure will increase further, with restaurants, cafes, bars and gyms continuing their growth. Other services like betting shops and pawnbrokers have experienced recession-related differential growth (+17% in one recent study covering the period 2011-2013). As a result, their growth can be expected to slow as economic growth becomes re-established.

As this Evidence Review has stressed, the '*leisure aspect*' of shopping trips is a significant driver of footfall; the leisure offer increases not only dwell time, but also the average spent during trips to town centres and high streets. Local businesses are increasingly seeing the benefits of the leisure offer on their high streets to their individual trading. Additionally, people more and more see the value of leisure spaces – spaces for casual dining like cafes, pubs etc – as community meeting hubs and places for mobile working and networking.

'(...) the buzz of the market place is central to our human needs to forage and interact'

Martin Hayward, Hayward Strategy & Futures, August 2013)

Overall, what becomes clear from the evidence reviewed is that the "*experiential*" side of the town centre journey – that is to say, social interaction, visits to cafes and cultural activities, together with the overall town centre atmosphere – heighten enjoyment, increase dwell time and spend in centres, and deter consumers from resorting to online alternatives. As such, town centre management and policy initiatives are increasingly focusing their efforts on emphasizing the distinctive nature of city centre leisure, especially as out-of-town leisure (such as casual dining in out of town retail parks) constitutes a major alternative to the city centre, in particular for night time leisure.

Early evidence suggests that the expansion of the evening economy of town centres and high streets can offer employment opportunities, possibilities for new ventures and can contribute to high street vitality after hours. However, this still remains an undeveloped area of research; what evidence there currently is on the night time economy, largely focuses on the lack of public transport options and antisocial behaviour/safety issues in the evening. That is to say, on the barriers which deter people from using the centres after hours. Far more empirical work is clearly needed on the complex and interlinked nature of attractors in centres

with successful evening economies. Additionally, and following the government's plans for new residential developments in town centres/urban extensions, more research is needed on how to successfully set out a physical framework so that the night economy 'component' becomes a vital part of the infrastructure in new settlements, in a way which reflects the 'leisure culture' of the 21st century⁴.

THE NEED TO UNDERSTAND HIGH STREETS BETTER

...we need to know more about:

What do users of town centres perceive to constitute an 'attractive' town centre/high street? Measures of 'attractiveness' should allow quantitative (functional) and qualitative (experiential) indicators to be combined meaningfully – in this way revealing the drivers of visitor perceptions most likely to enhance urban vitality at a local level.

(c) local & specialist independent shops & services and corporate retailers

The evidence reviewed in this volume suggests that people value range and diversity of offer but additionally (and arguably increasingly) value convenience and value for money – where convenience is linked to the 'local' and to the 'community' and involves a 'choice edited' offer as much as it does proximity. As such, and given their mutual dependence on retaining and clawing back expenditure which would otherwise be lost to competing centres, local independent small and specialist stores and service providers can co-exist with and indeed benefit from the presence of corporate outlets. Evidence is suggestive of emerging forms of symbiotic relationships between corporate retailers and local independent stores, in particular via the mechanism of linked shopping trips between 'anchor' corporates and specialist stores and services – even though more large-scale systematic empirical research designed specifically to assess this issue is urgently needed.

In the grocery sector; the continued growth of both corporate and independent convenience stores has been repeatedly detected in many studies alongside a strong trend toward food shopping relocalisation. Similarly, recent evidence from the comparison (non-food) goods sector also indicates that independent retailers are increasing in number relative to corporates (+2% and -5.2% respectively between 2011 and 2013). Indeed, the British Independent Retail Association (BIRA) reported in April 2014 that seven out of ten independent retailers were confident in the trading year ahead of them, the highest level since the recession. Indeed,

56% of BIRA members reported higher sales for the first three months of 2014 than in the matching quarter of 2013. Businesses such as independent department stores, clothing and footwear, gift shops, books shops and garden suppliers, have all reported growth.

Understanding how a symbiotic relationship between corporate and specialists operating on our high streets and town centres can be maintained, is a key challenge for policy in order to ensure the future vitality and diversity of these vital commercial and community spaces.

THE NEED TO UNDERSTAND HIGH STREETS BETTER

...we need to know more about:

The conditions of successful interaction between corporate retail and independent shops and services: how can successful symbiotic relationships be 'codified' and communicated clearly to decisions makers in order to promote high street health and vitality?

THE NEED TO UNDERSTAND BETTER DIFFERENTIAL PERFORMANCE – DATA CONSTRAINTS

The evidence of the last few years suggests significant disparities between how well our towns and cities have responded to long and short-term economic shifts, and no doubt how well they will respond in future. As reported in this review, there are fundamental differences between the macro economies of the South-East of England and its northern regions that affect the success of their respective towns. In general too, a larger city will always attract more business investment and focus from retail chains than a middling one. The potential insight lies in understanding how a particular town fits into these contexts and what makes it perform relatively better or worse than its peers. Unfortunately, this is where we encounter significant gaps in the evidence. Like for like comparison of towns and cities needs coherent, consistent metrics.

Equally, data relating to performance are needed at finer spatial scales. As we have discussed in this review, aggregations by city or retail centre have limited use when the pressures on urban performance are felt differently street by street. Just as middling town centres perform very differently from their larger and smaller neighbours, so too we see highly inconsistent impacts of structural and economic change between prime pitch retail areas and secondary and tertiary locations. Individual changes such as a shop being boarded up or replaced by a pound store or charity shop can

have a considerable combined impact at the street scale, affecting shoppers' perceptions, routes and dwell time. New floorspace development, differences in rents and rateable values and the churn of tenancies could also provide fine-scale performance insight, if data could be obtained.

Equally, micro-scale consumer behaviour data is necessary to evaluate investment in visitor attractions, meeting spaces and the public realm. Quantitative information such as hot spot mapping and 24-hour footfall data needs to work alongside deeper qualitative understanding of visitor choices among different audience groups to provide understanding of consumers' overall experience and how this affects their town centre use.

In the context of the limited amount of available research on the various aspects/drivers of high street performance, practitioners charged with developing policies for their local town centres and high streets must take account of the constraints which they will face resulting from the lack of coherent and consistent metrics. Differential access to data (private, commercial, open data) creates an uneven playing field amongst key stakeholders on the high street; as a result, the ability of commercial and private information to shape national and local government's understanding of change at a local level has been – and continues to be – limited.⁵

The multiplicity of data sources, lack of consistency in the way data is collected and the shortage of widely available data at finer spatial scales are important issues when attempting to map out future high street configurations. Below, we note key areas relevant to shaping future high street policies, where there is limited availability of consistent metrics:

Awareness of these data gaps identified here will alert practitioners to the value of exploiting locally available time series of data in any of these areas.

DATA CONSTRAINTS

RETAIL FLOORSPACE & RETAIL TURNOVER

- there are currently no agreed figures or time series of the amount of floorspace in the UK, or reliable estimates for retail turnover at a high street/town centre level

FOOTFALL & EXPENDITURE DISTRIBUTION

- we need to know how expenditure is distributed between store and online sales for major companies and how this is changing. Footfall data is commercially available for some centres but expensive to use by planners and policy makers

ACCESSIBILITY & TOWN CENTRE PERFORMANCE

- even though we have information on parking and transport provision at a local level, we have very little empirical evidence on the impact of accessibility on town centre performance

STATISTICAL DEFINITIONS OF TOWN CENTRES AND RETAIL CORES IN THEM

- if we want to assess/compare performance at a town centre/high street level, we need to have clear statistical definitions of their extent.

HOW TOWN CENTRES ARE SURPRISING US ALL: THE NEED TO CHALLENGE MYTHS ON THE STATE OF THE HIGH STREET

Town centres and high streets can be viewed as highly complex urban ecosystems with myriad capacities to adjust to change – however rapid and disruptive that change might be. The recent trends and main drivers of recent high street change are now well known – not least as a result of how different interests have generated and informed public debate.

There is also wider appreciation of the ways in which long-term ('slow burner') drivers such as 'digital consumption' in the broader sense, or the changing consumer expectations which underlie what we have termed 'convenience culture', combine in complex ways with short-term 'cyclical' forces to produce adaptations which are both unexpected and difficult to read and predict.

The research we have reviewed for this report often mirrors that sense of the complex and unexpected. Above all, it challenges the notion of the decimation of the UK high street – and reveals a surprising degree of adaptive resilience. It is a position which we note has increasing support. For example, research by Deloitte traced the fate of nearly 5,900 shops that were affected by administrations since 2009, and showed that high street vacancies have been filled more successfully than those in out-of-town shopping centres and out-of-town retail parks. These surprising results were seen by Deloitte⁶ as 'challenging a number of myths around the state of the high street'. Clearly, however, this is only one small study and indicator; and ultimately, academic research will

determine what has 'worked' (or will in future) using robust and replicable techniques.

Nevertheless, we also note the spirit and tone of the Deloitte conclusions being mirrored in other recently published reports – both academic and those commissioned from commercial research consultancies. For example, a UCL research team⁷ reinforced our own position by concluding that 'high streets are alive' and 'high streets are adaptable' – while soon to be published research commissioned by BIS suggests 'high streets seem to be faring well in the post-recession era'.

The sense of our review then is that the same adaptive flexibility which has kept our urban centres alive over centuries – is still a creative presence. Clearly, as this review has highlighted, not all centres are showing the same capacity to adapt, both to disruptive change and to longer-term trends affecting their performance. Additionally, supportive or unsupportive local institutional structures can impact the centres' capacity for reorganisation and creation of a sustainable trajectory for growth. However, new opportunities are undoubtedly being created for the UK high street out of the problems of the economic crisis, and there is a necessity to challenge a number of myths which have been popularly accepted about the state of these vital commercial and social spaces.

Nevertheless, an assessment of the drivers of change in the performance of UK high streets is held back by the lack of 'open' data. The constraints of this will become particularly pressing when the evaluation of the experiments – e.g. the Portas Pilots – to establish 'what works' in the recreation of the vitality of centres and high streets becomes a priority.

1. Oxford Institute of Retail Management & Local Data Company (2013), 'The state of UK retail places' report. Research sponsored by the ESRC. Project website: <http://www.sbs.ox.ac.uk/ideas-impact/oxirm/state-uk-retail-places>

2. Recent University of Oxford & LDC research (*op.cit*) on 1,300 UK High Streets indicates that in vulnerable categories like computer games, CDs & DVDs, bookselling and newsagents, there has been a -13% fall in High Street outlet numbers (both multiple and independent). The study indicates that whilst these categories only represent around 5% of all shops, their reduction represents a loss of diversity.

3. Local Data Company (2014) Openings and Closures Report, Chain Reaction! HI 2014

4. Roberts, M. (2014), 'A helping hand? The contribution of the night time economy to the evolving high street', in Wrigley and Brookes (eds) 'Evolving high streets: resilience and reinvention - perspectives from social science'. ESRC/ University of Southampton. Available at: http://www.riben.org.uk/Cluster_publications_&_media/

5. Page, S. (2014) Data constraints and the high street crisis, in Wrigley and Brookes (eds) 'Evolving high streets: resilience and reinvention - perspectives from social science'. ESRC/ University of Southampton, (available at: http://www.riben.org.uk/Cluster_publications_&_media/)

6. Deloitte (2014), 'The changing face of retail: Where did all the shops go?' (April 2014)

7. University College London – The Bartlett School (2014), 'The Past, Present and Futures of the High Street'. Report on the Closing Conference of the 'Adaptable Suburbs' project. Available at: https://uclsstc.files.wordpress.com/2014/06/highstreet_conferencereport.pdf

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Author and Contributor biographies

Author's biographies

Neil Wrigley

Professor Neil Wrigley FBA is the sole academic member of the Government Policy Advisory Group the Future High Streets Forum, and one of the world's leading economic geographers. Retail and consumption have provided a distinctive focus of his research for more than two decades.

Neil's PhD is from Cambridge, higher doctorate (DSc) from Bristol, and he has held prominent posts in both Geography and Planning - e.g. Head of the Schools of Geography and City & Regional Planning at Southampton and Cardiff respectively. Between 1988 and 1993 he edited the flagship journal of UK Geography (Transactions of the Institute of British Geographers) and from 2000-2014 was Founding Editor of the world class, cross-disciplinary Journal of Economic Geography (Oxford Univ Press).

His research, on behalf of and supported by Research Councils (notably ESRC), UK industry, central and local Government, international agencies (OECD etc) and National Academies has been awarded many prizes - the Ashby Prize (2004), the Royal Geographical Society's Murchison Award (2008) and the ESRC's Outstanding Impact on Business Award (2014). In 2003 he was elected Academician of the Academy of Social Sciences (AcSS), and in 2012 was one of the 38 distinguished scholars across the humanities and social sciences elected annually to the prestigious Fellowship of the British Academy (FBA).

Dionysia Lambiri

Dionysia Lambiri is Senior Research Fellow at the University of Southampton. Dionysia has been involved in several large-scale, policy-relevant projects focusing on high street viability. She has published extensively on issues of urban vitality, and in particular on the role of retail development in sustaining the economic health of town centres. Dionysia was the Engagement co-director of the ESRC Retail Industry Engagement Network (RIBEN) till 2013. Most recently (2014), she co-authored the ESRC/DCLG 'High Street Performance and Evolution' Evidence Guide together with Neil Wrigley. Dionysia holds an MSc in Regional Science and a PhD in Economics, both from the University of Reading.

Contributor biographies

Gaynor Astbury

Gaynor Astbury is a GIS professional at Geofutures Ltd. She has spent over 10 years applying spatial analysis in urban design and planning practices in the UK and overseas. Gaynor holds degrees in Geographic Information Systems from the University of Ulster, and Human Geography from the University of Leeds. She completed a fellowship for the Talisman research group at University College London and the University of Leeds, quantifying the impact of out-of-town retail development on town centre economies.

Les Dolega

Les Dolega is a Research Associate in the Department of Geography and Planning at the University of Liverpool. Les completed his PhD in Economic Geography at Southampton University and his MSc in Geographic Information Systems at Brighton University. His research interests lie in the area of Retail Geography with a focus on drivers of town centre performance and their spatial complexity. Currently, he is involved in the 'e-resilience' project that investigates the vulnerability of British retail centres to the effects of rapidly growing online sales, and aims to create representative measures of such effects on traditional retailers.

Cathy Hart

Cathy Hart is a Senior Lecturer in Retailing and Operations Management, and Leader of the Town Centres Research Interest Group at Loughborough University. Cathy originally worked in the retail and fashion industries before joining the School of Business and Economics at Loughborough University. Cathy has been involved in town centre consumer research for ten years, successfully leading funded research projects. Her ongoing research into the 'town centre customer experience' is funded by the ESRC with support from project partners including Argos, the Association of Convenience Stores, Towns Alive, Boots UK and the British Retail Consortium.

Christine Reeves

Christine Reeves is an independent town planning consultant specialising in retail planning and research. Following graduation from the Planning School at Cardiff University, Christine spent nearly 20 years working at Tesco, first in the Site Research Unit and then as the Company's Planning Researcher within the Property Department. She returned to planning practice in 2004 and now advises on all aspects of retail development, including retail capacity and impact studies and local and national policy in both England and Wales. She has continued her involvement in retail planning research through her membership of the NRPF Research Group and is a regular contributor to the undergraduate and post-graduate planning course at Cardiff University.

Mark Thurstain-Goodwin

Mark Thurstain-Goodwin is founder and MD of Geofutures Ltd. He was a commercial property analyst at PMA, before undertaking a Master's degree in Geographic and Geodetic Information Systems (GIS) at University College London and becoming a Senior Research Fellow at UCL, from which he spun out Geofutures in 2002. He was instrumental in developing the national statistical town centre boundary series and index of town centre activity to 2004. Mark also holds a BA (Hons) in Geography from the University of Cambridge.

Steve Wood

Steve Wood is Professor of Retail Marketing & Management at Surrey Business School, University of Surrey. He held previous positions at University of Southampton, in the marketing department of Tesco plc and in retail analysis at Verdict Research. Steve has published widely across economic geography and business management, specialising in issues relating to retailing.



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