Centre for
Retail
Research

Retail Futures: Changing Consumers, Changing Retail Trends

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Retail - It's Only Shops!

- Nationally, 3 mn employees+ Distribution
- Sales £318,000 mn
- Good shops attract visits and extra leisure spend; poor shops drive them away.
- Retail rents, rates and employment are significant part of the local economy. Wider Mansfield area retail= around £1.3 bn and with restaurants/cafes/pubs £1.8 bn

It's the Economy of Town Centres

- It's not (just) the High Street.
- Offices, council staff, shops, industry, cafes, pubs, leisure, cinema, libraries, health centres, post offices and visitors create consumer footfall and literally feed off each other.
- Location of retail is changing and in central areas services (eating out, pubs, entertainment, health) must increase to replace declining retail.
- Mansfield/Ashfield+ opportunity because of Nottingham retail problems.

Our Retail Industry Was Once World Beating

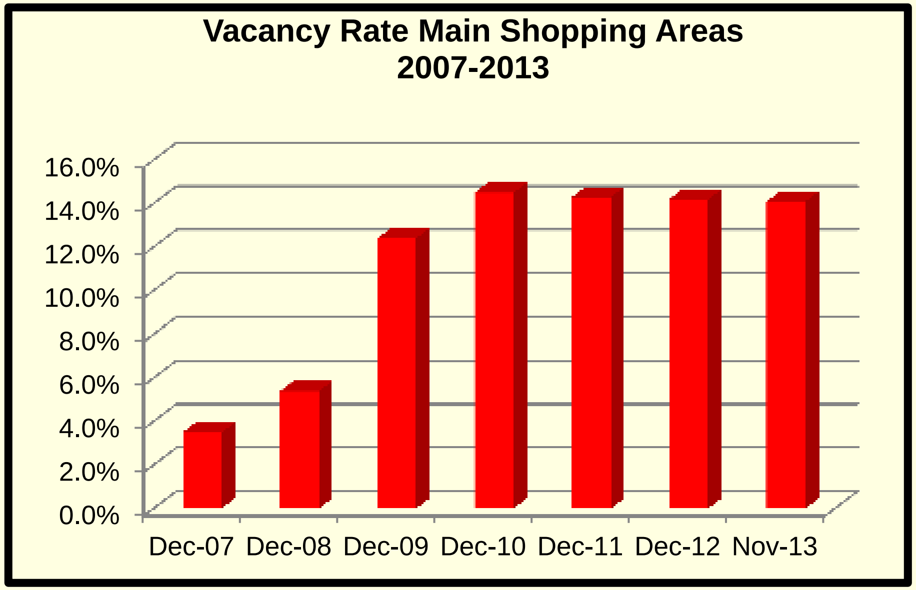
How Have We Got Here?

The Failing Retail Sector

- **Insolvent businesses:**

  HMV, Comet, Blockbuster, Barratts, Arc, Internaçionale, Modelzone, Dwell, Dreams, West One, Jessops, JJB Sports, Julian Graves etc.

- **The frugal consumer.**
- **Shop vacancy rate**

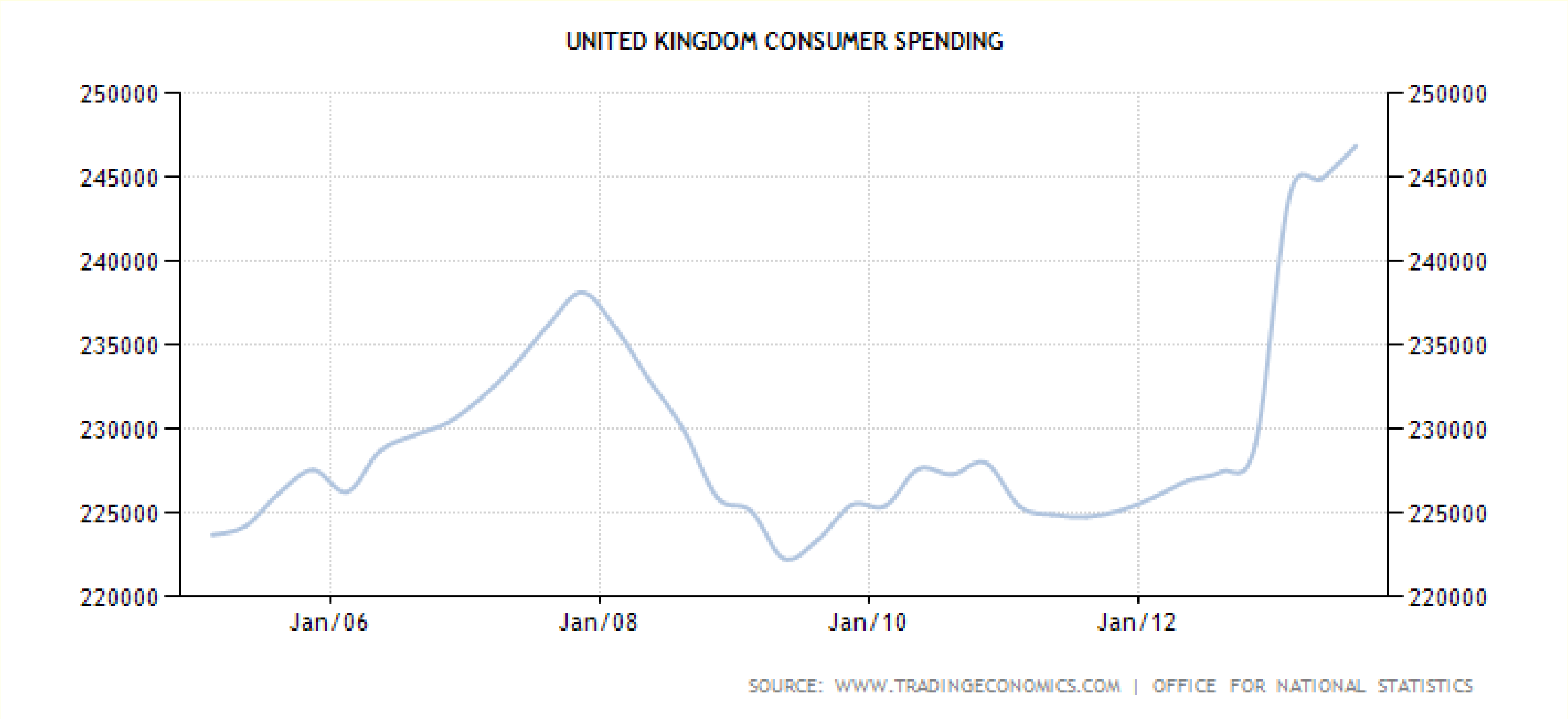


Caused by three factors……

- The recession
- Changing consumer trends
- Online growth

Caused by ………..

- **The recession**



Changing Consumers

- Changing consumer trends
- Online growth

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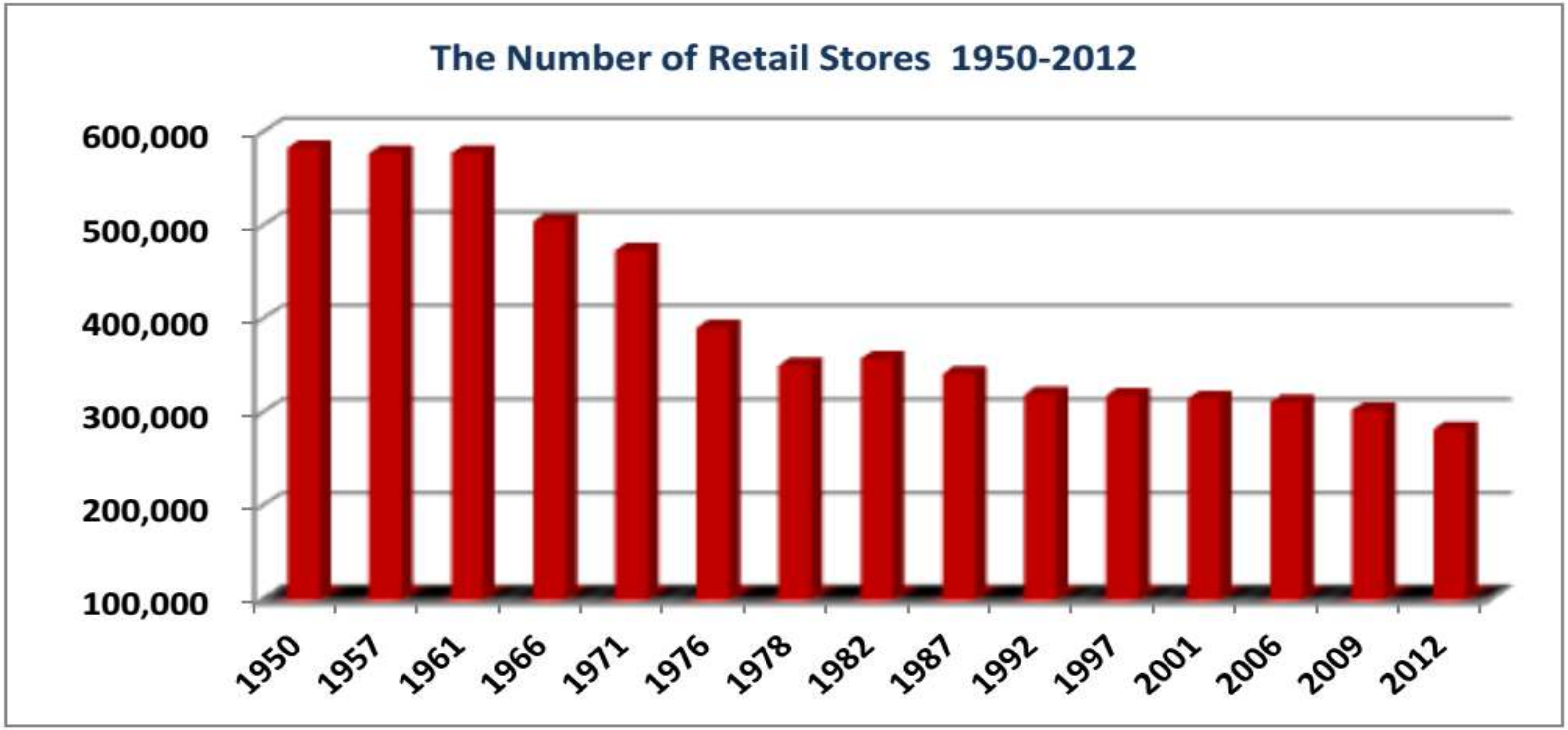
Traditional Retail Model is Broken

- Slow sales growth – we are worse off than 2008
- Retail profits weak
- Disruptive effect of the internet
- Occupancy costs excessive: **rates** and **rents**
- The call of the Mall
- ‘Logic’ of retail centres – is now being undermined by shop vacancies.
- Multiples ‘pruning’ their port-folios

Store Numbers



Store Numbers Continue to Fall

- **To 220,000 (unless things improve)**
- **Consumers shop differently – there are now too many shops**
- **Online growth, say 20%-plus by 2018-2020**
- **Trend to multi-channel or *omnichannel***
- **Not every high street and every town**
- **We argue: many town centres need topping and tailing – logical planning – houses, services, other facilities.**

Problems of Town Centres

- Portas Survey
- Grimsey Survey

It is clear that -

- 20 years of decline can not be overcome in one year
- Needs a national strategy and local strategies
- Run town centre as a business

Town Centre problems

- Town centre share of retail spend falls from 50% in 2000 to 40% in 2014 (Genecom).
- Out of town retail provision
- Big box stores, the race for scale – but away from town centres.
- Online retail sellers start eating up specialist retailers – on price, range, convenience, customer service.

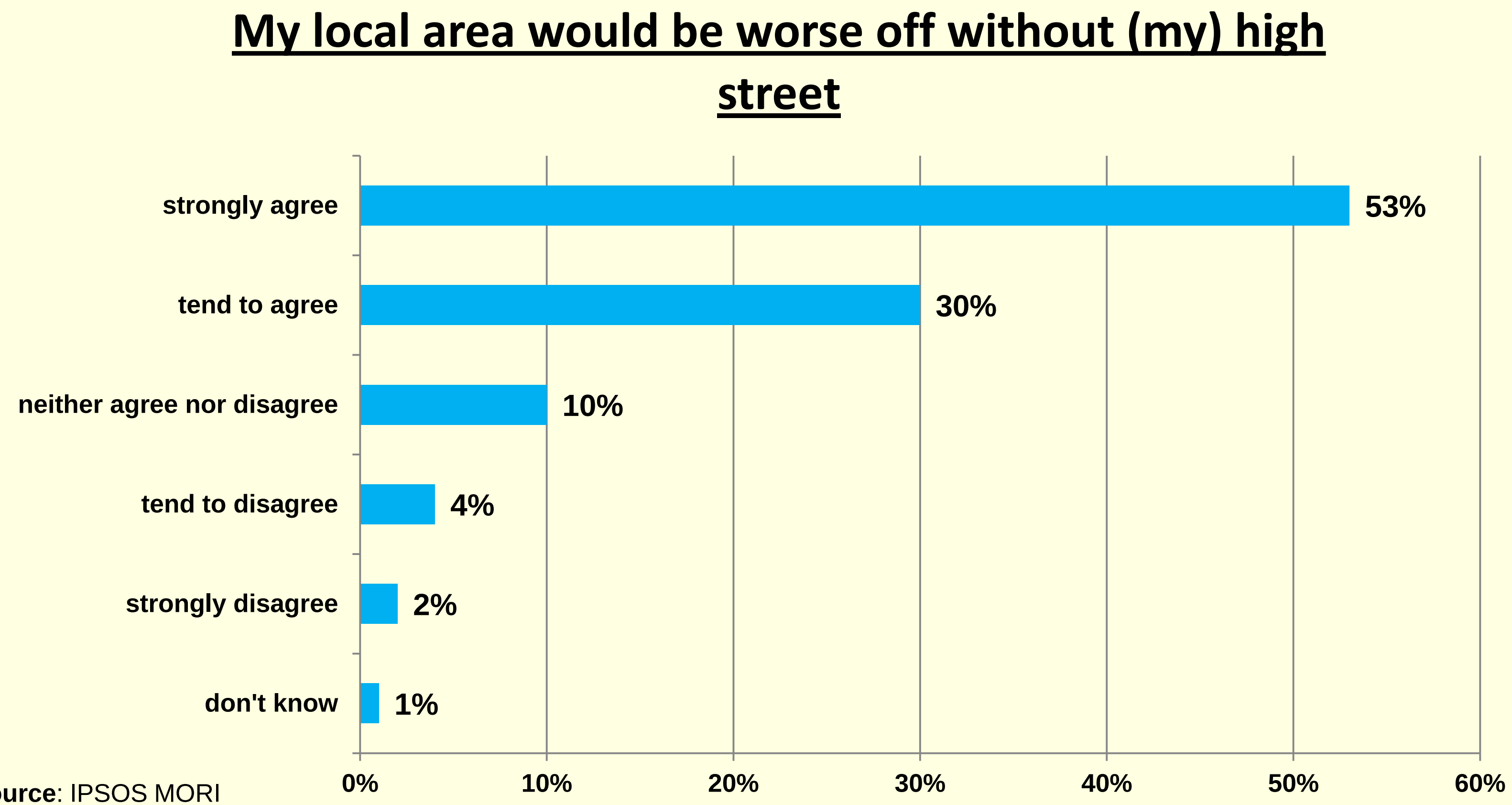
Consumer trends

- ‘Digital’ areas (books, computers, games, soft-ware) switch to online
- Many specialists cannot compete with supermarkets and online.
- Fuel costs+convenience+economy= families shop *more* often in *more* shops.
- Grocery non-food is shifting to online & discounters
- Online growth continues at around 14% per year.

Retailer trends

- The search for quality (eg Leeds Trinity, Westfield)
- Looking for ‘modern’ sites.
- Big boxes are now too large. The grocery ‘space war’ is over.
- They are assessing their portfolio of shops and look to eliminate long tail of zero-profit stores.
- Fierce bargaining on rents
- Therefore: LAs looking to support independents and small regional multiples.

Support for High Streets

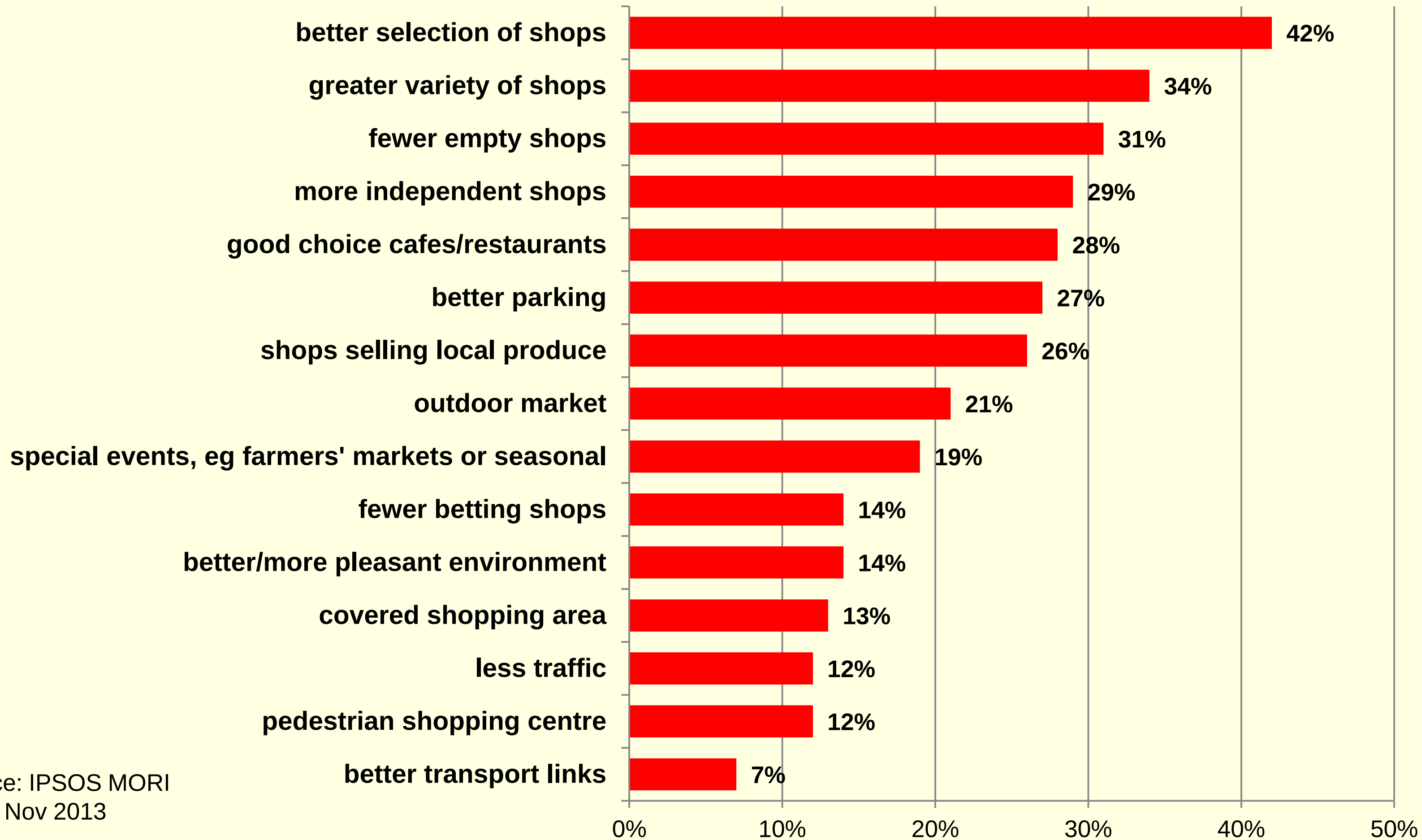


Source: IPSOS MORI
Nov 2013

High Street Opinion

- **42% said that out-of-town shopping centres are nicer places to shop than my local high street**
- **34% said 'my high street' is getting worse and only 18% that it was improving.**

Which of these would encourage you to visit your local high street more often?



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Developing Ideas

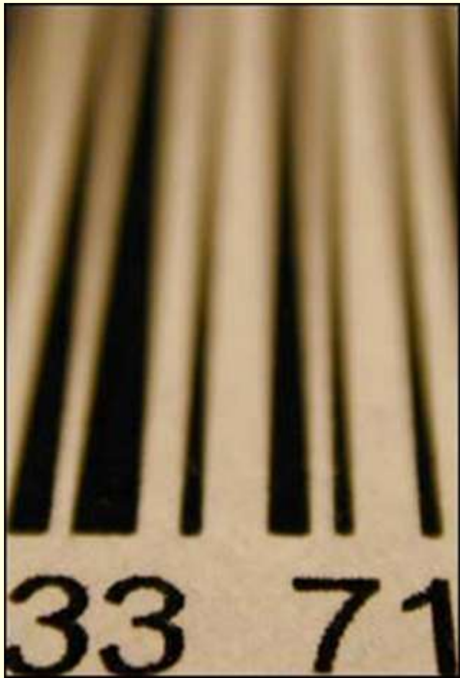
- LA takes charge. BIDs and MiniBIDs
- An agreed strategy and direction of travel
- Encourage development, eliminating eyesores. Eliminate the negative etc
- Parking and transport problems tackled
- Tackling tenant mix and adjacencies.
- Markets, artisan, Christmas fayres etc
- Problems of mix of landlords

Making rational choices.

- All retail centres have an equal chance (?)
- Need a sustainable strategy and means of carrying it through.
- More independents alongside multiples
- More houses
- More services – cafes and restaurants
- Magic solutions, artwork, pop-up shops, art galleries etc – short-term but *may* create interest

In brief -----

- The retail growth model is broken.
- Slow growth in consumer spending + online growth of retail sales forces massive retail change.
- This change cannot be stopped.
- Many high streets can be helped to become growth zones or specialist areas.
- For others, you need to manage decline.
- Housing conversion is part of this in some areas.



Thank You

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