

Building Successful Town Centres
August 2013



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1 Introduction

Auckland Council and the Orakei Local Board have engaged RCG to prepare a guide to successful retail practice in town centres. Our work is focused on the Orakei Local Board area, and the various business associations. However, we believe that it can also be applied to other centres across the Auckland region.

Business Improvement Districts (BIDs) need to use all the resources they have available to make their town centres into effective business hubs. They can make use of support from the Auckland Council, or create “economies of scale” which individual retailers cannot.

Since BIDs are created to be business-oriented, a key part of their work is to make their town centres not only attractive places, but commercially successful places. This means that they need to compete effectively, with other town centres and with other retail formats such as shopping malls and LFR centres. This report will hopefully provide some useful suggestions.

Consumer lifestyles have changed and will continue to change. At the moment, sustainability is a big issue. Consumers are also more likely to be more socially aware and responsible. They are aware of their legal obligations (drinking and driving). Because they are under time pressure, they want things to be easy and convenient. Consumers crave local connection, while still being globally aware. Overall, it is about community and belonging, versus the benefits of a modern, fluid and choice-rich society. This is a major opportunity for local retailing.

Some of the areas where BIDs can make a difference are:

- Creating a “retail mix”, strategic plans and so on to improve the town centre environment;
- Marketing – BIDs have the budget to effectively market their town centres to the public. The Internet is becoming more important in this respect;
- Customer spending information – the Marketview reports are a valuable resource for BIDs and retailers (as outlined in chapters 4 and 5);
- Demographic research – BIDs can order demographics information on their shopper base, and make this available to their members (as detailed in chapter 7);
- Distributing other information to retailers, and helping them to become effective businesses (such as our *Successful Mainstreet Retailing* report);
- Attracting and maintaining a level of investment from developers, landlords and so on (as discussed in chapter 8);
- Supporting members to become more professional, e.g. joining the New Zealand Retailers Association
- Advocating for their members, to secure funds or improvements to the town centre.

Our work is laid out in a series of chapters, as shown in the Table of Contents overleaf. Most chapters have a “Key Points” section at the end, which summarises the most useful points. The final chapter, “Concluding Summary”, collects the most important points from our report together.

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Abbreviations and Definitions

We use various abbreviations and definitions in this report, including:

- BID – Business Improvement District
- F&B – Food and Beverage Services
- LFR – Large Format Retail. LFR retailers are stores with large footprints, including supermarkets, department stores, Rebel Sport, Briscoes, Freedom Furniture etc
- LB – Local Board
- SNZ – Statistics New Zealand
- Specialty Retail/ Other Retail – these are small shops (compared to LFR) which usually focus on a particular merchandise category, e.g. Whitcoulls, Glassons, Life Pharmacy.

2 Retail Centre Trends

Retailing in New Zealand has gone through many changes in the last century, including the development of new types of retail environments – shopping malls and LFR centres. This chapter sets out some of these changes, with more detail available in the Appendix.

Established Trends and Retail Formats

Prior to World War II, retailing in New Zealand was mainly carried out in small local centres, or larger “town centres”, including the CBD.

Shopping centres were developed around New Zealand beginning in the 1960s, often in suburbs rather than in city centres. Malls generally consisted of “anchor retailers”, i.e. supermarkets and department stores, and a cluster of smaller specialty stores. Today, regional shopping centres are much larger entities than they were fifty years ago, and they include more entertainment and Food & Beverage (F&B) uses, but the underlying principles are still intact.

Figure 1: Regional Malls



Source: RCG

Large Format Retail (LFR) emerged in the 1990s, with stores varying from 300 to 10,000 m² in size. LFR stores tend to offer a wide range of merchandise, with lower levels of service and often cheaper prices than smaller stores. LFR centres consist of a cluster of these large stores, and some associated small shops, with frontage onto a common carpark. The level of amenity is usually lower than for shopping malls.

Figure 2: LFR Centres



Source: RCG

In Auckland, regional shopping malls and LFR centres have become well established, and the role of town centres has shifted as a result. Most of these centres do not have a department store, with a handful of exceptions such as the Farmers' stores in Browns Bay and Papakura, or the Smith & Caughey's store in Newmarket.

Larger town centres in Auckland often include a shopping mall as well as high street shopping. The ten largest of these town centres are referred to as Metropolitan Centres in the Auckland Plan, and Papakura is the only one of these which does not include a shopping mall.

Recent Trends: Lifestyle Centres and Mixed-Use Centres

Lifestyle centres are a recent retail trend, found mostly in North America. These centres locate in wealthy catchments, and serve a largely affluent customer base. The main requirements of a lifestyle centre are an excellent environment, a cluster of "lifestyle retailers", and table service restaurants, all of which must be easily accessible by car. On top of this, they may contain cinemas and other entertainment, accommodation, higher quality anchor retailers, office space and other commercial and personal services.

Figure 3: Lifestyle Centres



Source: RCG

Lifestyle retailers, while not traditional anchors, are successful, stand-alone operators. They are generally "upscale", with a strong brand and a unique high quality product/ service mix, e.g. Ann Taylor, Williams-Sonoma, Pottery Barn and Apple.

While not deemed essential to their success, it is becoming more common for American lifestyle centres to incorporate the more upmarket anchors: in particular, the quality department store brands. However, overall the anchor for the centre is the cluster of lifestyle retailers themselves. The restaurants are also thought of as a necessary component, and provide a valuable local context for each centre.

Developers of these centres strive to integrate them into their neighbourhoods, in keeping with the community's concern for grace, style, convenience and safety. The architectural features typically include fountains, lush landscaping, pedestrian-friendly courtyards and quality finishes. Shoppers respond well to the overall centre atmosphere and shopping environment at these open-air facilities, and enjoy the feeling of security while shopping there.

Lifestyle centres usually include outdoor malls, and can become similar to town centres by including carefully planned links to residential areas, public facilities such as libraries, and tourist activities. They may attempt to integrate mixed land uses, including retailers, commercial offices, and residential apartments.

Lifestyle centres in America appear to have established a viable niche in the range of shopping centre types. If they are well located within affluent trading areas, well executed and offer the proper tenant mix, they can attract shoppers with similar behaviours, and spending patterns, as regional malls.

A number of recent New Zealand developments, e.g. Ponsonby Central, Britomart and The Chancery, have been clearly influenced by the lifestyle centre concept, and we believe that it could be a useful benchmark vision for some of the Orakei town centres.

Figure 4: Ponsonby Central



Source: www.skyscrapercity.com

Retail is increasingly forming part of wider mixed-use developments in New Zealand, and this can be seen in Progressive Enterprise's Vinegar Lane, or Tonea Investments' Walters Rd, Takanini – both of which are currently underway. This could be a growing trend for town centres around Auckland.

Key Points

It is important to realise that shopping malls, LFR centres, and most single ownership/managed centres are different locations to traditional main streets and town centres. Direct competition with these single-entity centres is successful when a complementary approach is taken, and when town centre retailers focus on the needs and lifestyles of their local communities and consumers.

Table 3.1, below, compares some of the typical attributes of town centres, shopping malls and LFR centres:

Table 3.1: Comparing Town Centres, Shopping Malls and LFR Centres

Town Centres	Shopping Malls	LFR Centres
Eclectic mix of building styles, ages	More homogeneous	More homogeneous
Mainly small shops. Some larger spaces may be present	Small shops and large "anchor tenants". "Mini-majors" may bridge this gap	Mainly large stores. Sometimes, also smaller "convenience" retailers
The Council provides common areas	The developer plans common areas within the mall	Few common areas
Varying opening hours	Uniform opening hours, trading seven days a week	Long opening hours, trading seven days a week
24-hour public access	Limited access outside of trading hours	Limited access outside of trading hours
All are welcome, and people cannot be excluded	Some people may feel, or be excluded	Some people may feel, or be excluded
Fragmented land ownership. Varying investment objectives - many owners just want a passive income stream	Usually a single, motivated and well-funded owner	Usually a single owner, some unit titles
A mix of on-street parking, store parking and public parking. May be free or paid	Large parking lots. Parking is generally free	Large parking lots. Parking is almost always free
Parking and circulation depends on historical development	Carefully planned parking and circulation	Carefully planned parking and circulation
The market determines the mix of retailers and the vacancy level	Usually a planned "retail mix" and very few vacancies	Usually a planned "retail mix" and very few vacancies
Lower occupancy costs than malls, except for the top mainstreets	High occupancy costs, but high turnovers are achieved	Low occupancy costs and low sales per square metre
Mainly independent retailers. Shops vary in quality	Mainly chain retailers	Mainly chain retailers
Customer service a key differentiator	Less personalised service	Low staffing levels and minimal service
Public or in-store lavatories may be provided, often to a lower standard	Lavatories and associated facilities provided to a high standard	Lavatories etc provided, often to a lower standard

Source: RCG

3 Developing a “Retail Mix”

What is a Retail Mix?

The range and variety of shops in a centre is known as its “retail mix”. For shopping malls and LFR centres, determining a suitable retail mix is an important part of the development process. Even in established centres, the centre manager will try to attract particular retailers when shops become vacant or their leases expire, with a view to moving towards the desired retail mix.

For example, a manager may have a long-term goal of turning one end of a mall into an upmarket fashion precinct, and will try to make this a reality over several years as retail space becomes available.

“Anchor” stores are also an important part of the retail mix for shopping malls. Tenants such as department stores and supermarkets are retail destinations in their own right, and their presence can increase shopper numbers and boost the performance of the smaller specialty stores.

Developing a Retail Mix for Town Centres

Unlike shopping centres, town centres have usually grown organically over decades, and have a large number of investors and other interested parties. This makes it more difficult to implement a particular retail mix.

However, larger centres develop their own identity, which can be self-reinforcing to some extent – e.g. Remuera is a destination for boutique, upscale fashion and gifts, and vacant space would be more attractive to those kinds of retailers as a result.

While many town centres manage to thrive without department stores or supermarkets, they are still reliant on having activities which draw consumers. These could include banks, attractive public spaces or simply the cluster of shops and businesses which make up the centre. In a broader sense, the “anchor” which draws consumers to a centre may simply be some unique point of difference that it has from other centres.

BIDs should have a good knowledge of the kinds of shops in their centres, and a vision as to what kind of retail mix they would like to achieve. When space does become available, they should work with the landlords and leasing agents to target suitable retailers. Of course, it is impossible to force the landlord to accept a particular retailer, and it is important to cultivate good relationships with the various stakeholders to ensure a good outcome.

The ideal mix for a town centre should include food & beverage activities – takeaways, cafés, restaurants and bars, pitched higher or lower depending on the market – along with independent stores selling gifts, fashion and so on. Service providers are also an important part of the mix, and include banks, travel agents, hairdressers, medical centres, accountants, lawyers, and many more. It may be advisable to focus on dominant, unique “clusters” to create a point of difference – e.g., if a balanced range is not achievable, be known as the “antique district” or “fine dining district”. Some other common examples could be designers

or independent fashion; second-hand and craft goods; hospitality and food and beverage; independent homewares and gifts; and personal services such as beauty spas and hairdressers.

Food retailing is also an important part of the mix. As mentioned earlier, supermarkets make excellent anchors, but modern supermarkets are usually at least 3,000 m² in size, at least the same area again in car parking and landscaping. Because of this, it can be very difficult to fit a new supermarket into the fabric of an existing town centre. Food retailers such as Farro Fresh or Nosh have much simpler locational requirements, and of course small-format stores like bakeries, dairies and delicatessens have no trouble fitting into specialty tenancies.

Larger Town Centres Have a Wider “Activity Mix”

Of course, larger town centres have a wider range of activities than just retail, and the term “activity mix” might be more appropriate. Besides retail, these centres may include:

- Office space;
- Educational or health facilities;
- Apartments;
- Visitor accommodation;
- Retirement villages;
- Other activities.

Generally speaking, these activities are complementary to retail. They help to bring more people into the town centre, increasing its vibrancy and popularity. Retail sales tend to grow as a result. As such, intensification in town centres is usually positive for those centres.

Civic facilities provided by the Council are a key part of most town centres, and include libraries, community centres, public plazas, parks etc. These are important contributors to amenity, and some are drawcards in their own right. Public facilities also help to reinforce a sense of place, and differentiate one centre from another.

Creating Useful Town Centre Maps

Most shopping malls have a “store directory” or “centre directory”, which includes a map of the mall, and a list of all the stores. This is typically available in hard copy, but also on the mall’s website as an easy-to-follow guide. BIDs should follow this example, at least on their websites. We suggest that the main pieces of information to convey are simply:

- Retailer locations;
- Main trading hours (although these will differ between retailers);
- Street names;
- Locations of car parks, bus stops, and train stations.

This could also be a useful exercise to get BIDs to start visualising their centres as a whole, and to develop some retail mix ideas.

Evaluating Town Centres and Retail Locations

Choosing a site to trade from is one of the most important decisions a retailer will make, and it can make the difference between the shop failing or succeeding. We recommend that retailers take great care when evaluating potential sites, including using a checklist to see whether the sites meet certain criteria.

Checklists can also be useful for BIDs to see how their town centre measures up, or to evaluate a particular site in the centre. As an example, we have reviewed the Remuera town centre using our checklist, and this is attached overleaf. We have also attached a blank copy of the checklist at the end of this report.

Key Points

- “Retail mix” refers to the range and variety of shops in a centre. This is a key consideration for shopping malls and LFR centres, and “anchor” stores are important to the mix;
- By contrast, town centres tend to change organically. However, they develop their own identity – e.g. Remuera with its boutique, upscale fashion and gifts – and this can be self-reinforcing;
- BIDs should know the shops in their centres, and have a vision as to their ideal retail mix;
- This should be developed with landlords and other stakeholders, and BIDs will need to work with landlords to achieve the vision;
- Typically, the retail mix should include F&B activities, food retailers, and independent retailers selling gifts, fashion and so on. Service providers are also important – banks, travel agents, doctors, accountants etc;
- All town centres need “anchor” activities. Department stores and supermarkets are good anchors, but some centres do well without them. The cluster of shops and businesses which make up the centre may be an anchor in its own right.
- Civic facilities are a key part of town centres. They contribute to amenity, and may help anchor the centre. They also reinforce a sense of place, and create a point of difference.

Larger centres may include other uses besides retail, such as office space, apartments, educational or health facilities. These activities complement retail, boosting vibrancy and sales. This means that intensification is usually positive for town centres.

BIDs should create a “centre map”, like those for shopping malls, and make it available on their websites. The map should indicate retailer locations, street names, and the locations of car parks, bus stops, and train stations.

BIDs can use checklists to see how their town centre measures up, or to evaluate a particular site in the centre.

Site Selection and Evaluation Checklist - Remuera Town Centre

Criteria	Satisfied?	Notes
Local Market/ Catchment		
Catchment Defined?	✓	
Resident Population Size/ Growth Trends	✓	<i>82,000 people in catchment. Growth below Auckland average</i>
Employee Numbers/ Key Businesses		<i>Perhaps 2,000 employees in the town centre</i>
Special Markets (e.g. Hospital, Tourists)		<i>King's School nearby</i>
Household Incomes	✓	<i>A very affluent catchment</i>
Age/ Ethnic Profile	✓	<i>Older than Auckland average - "baby boomers" dominant. Mainly European</i>
Psychographics (Consumer Behaviour)	✓	<i>Consumers willing to spend on a wide range of goods, including luxuries/ gifts</i>
Traffic Flow & Accessibility		
Pedestrian Counts Past Site (Weekday/ Weekend)	✓	<i>Good pedestrian flows</i>
Security and Safety (Pedestrians/ Vehicles)	✓	<i>A low crime area</i>
Traffic Counts Past Site (Weekday/ Weekend)	✓	<i>Remuera Rd is a busy arterial - around 10,000 vehicles per day</i>
Ease of Entrance and Exit for Vehicles (inc. Delivery)		<i>Site-specific</i>
Availability/ Fees for Onsite/ Nearby Parking	✓	<i>Free council parking</i>
Availability of Public Transport	✓	<i>Regular bus services on Remuera Rd</i>
Roading Connections	✓	<i>Excellent local road connections. Motorway interchange 1 km away</i>
Congestion		<i>Remuera Rd congested at peak times</i>
Planned Infrastructure Upgrades?		
Geographic Barriers in the Catchment		<i>No major barriers</i>

Criteria	Satisfied?	Notes
Retail/ F&B in the Catchment		
"Retail Mix": Range and Quality of Retailers	✓	<i>A good range of specialty shops, mainly high-end</i>
Key Anchors, e.g. Supermarkets/ Department Stores	✓	<i>New World supermarket. No department store</i>
Food and Beverage	✓	<i>Various cafés, restaurants in the area</i>
Other Complementary Uses (Entertainment, Civic etc)		
Assessed Strength of Competitors. Over/ Undersupply?		<i>Store-specific</i>
Possibility of Joint Promotions with Local Retailers		<i>Store-specific</i>

Criteria	Satisfied?	Notes
Site Characteristics		
Outline Specifications of Site		<i>Site-specific</i>
Visibility of Site from Street		<i>Site-specific</i>
Compatibility of Nearby Stores (Current/ Proposed Mix)		<i>Site-specific</i>
Opening Hours of Nearby Stores		<i>Site-specific</i>
Size and Shape of Premises		<i>Site-specific</i>
Condition of Existing Building		<i>Site-specific</i>
Availability of Exterior Seating		<i>Site-specific</i>
Disabled Access		<i>Site-specific</i>
Signage (Restrictions?)		<i>Site-specific</i>
Type of Zoning	✓	<i>Generally favourable zoning in the town centre</i>
Development Plans in the Area		<i>No known major developments planned. Auckland Plan lists as "market attractive". Residents likely to oppose major changes</i>
General Appearance in the Area	✓	<i>Remuera town centre is generally attractive and well maintained</i>

Criteria	Satisfied?	Notes
Environmental Factors		
"Above-Ground" Risks		
Asbestos/ Lead Pipes/ Hazardous Materials		
Motor Oil/ Underground Storage Tanks		
Lease and Occupancy Cost Factors		
Lease Provisions: Term, Renewals etc		
Base Rental		
Percentage Rental (if applicable)		
Insurance, Opex, Other Costs		
Utility Costs		
Local Body Rates/ "Mainstreet" Targeted Rates		
Expected Capex		
Capex by Landlord/ Improvements Rental?		
Restrictive Clauses in Lease		

4 Retailing in the Orakei Local Board Area

The Orakei Local Board area is home to more than 80,000 people, including the suburbs of Remuera, Orakei, Meadowbank, St Johns, Stonefields, Mission Bay, Kohimarama, St Heliers and Glendowie. It is one of the 21 Local Boards created with the formation of the Auckland Council.

The Orakei LB area has a predominantly residential character, and is home to some of the wealthiest suburbs in the country. Most residents would commute to other parts of the region for work, e.g. the CBD or Newmarket, both of which are nearby.

Households in the Orakei LB area would also do much of their shopping in other parts of Auckland – for example, there are few LFR retailers such as appliance, furniture or department stores. There are no major shopping centres within the Orakei LB area, but destinations like Newmarket and Sylvia Park are only a short distance away.

Even so, retailing within the Orakei LB area is vibrant. There are two “town centres” defined in the Auckland Council’s Auckland Plan: Remuera and Ellerslie. The Orakei LB area also includes several defined “local centres”: Mission Bay, St Heliers, Meadowbank, Eastridge, and the as-yet-undeveloped Stonefields Market.

Figure 4.1 below shows the extent of the Orakei LB area, with the locations of key centres – including centres which are outside the Orakei LB area, such as the town centre at Glen Innes, and the larger Metropolitan Centres at Newmarket and Sylvia Park.

Figure 4.1: Orakei Local Board and Business Centres



Source: RCG

While Figure 4.1 shows the major shopping areas in the Orakei LB area, it does not show the smaller blocks of shops – the dairies, takeaways and so on which can be found throughout the suburbs. There are more than 20 of these areas across the Orakei LB area: the smallest consist of just one or two shops, while the largest may have a dozen or more. The Benson Rd shops, at the intersection with Upland Rd, are an excellent and successful example of local facilities.

The Remuera Town Centre

Remuera is the largest centre in the Orakei LB area, with around 130 ground-level tenancies, and various offices and other uses on upper floors.

The main retail strip in Remuera is along Remuera Rd, stretching from Norana Ave in the west to St Vincent Ave in the east. Rents and pedestrian counts are highest around the middle of the strip, and they drop off towards the western and eastern ends.

There are a small number of shops on side streets (Clonbern Rd and Victoria Ave), and several small arcades/ malls: Airlie Court, Remuera Mall, Tudor Mall, and Victoria Mews Arcade. This last arcade links through to the Village Green, which has shops around its outside. Generally, the Remuera retail environment is attractive and provides high amenity.

The retail offer in Remuera is anchored by a small New World supermarket on Clonbern Rd. The town centre has a unique retail mix, which includes a strong focus on upscale gift and homewares stores, as well as boutique fashion stores. Compared to other shopping areas such as Newmarket, there are less national and regional brands, and more local retailers.

Figure 4.2 below shows an aerial view of the Remuera town centre, with various points of interest marked, and an indication of the main shopping paths (white arrows).

Figure 4.2: The Remuera Town Centre



Source: RCG

According to the Remuera Business Association, there are more than 400 free shopper carparks in the town centre, including 215 in the council-owned carpark on Clonbern Rd. This figure excludes the New World carpark, which is for supermarket shoppers only.

Vacancies in Remuera are few and far between; as at 6th June 2013, there were only two vacancies with frontage to Remuera Rd. There were two more vacancies in Tudor Mall, and some extra vacant space down a driveway at 339 Remuera Rd. Overall, we consider the Remuera Town Centre to be a healthy and vibrant shopping and business area.

Figure 4.3: Remuera Town Centre Businesses



Source: RCG

The Ellerslie Town Centre

Ellerslie is home to around 70 retailers and other ground-floor businesses, most of which serve a “convenience” role for the local community. Ellerslie also includes a number of cafés, restaurants and bars, which service the local catchment of residents and nearby workers, or perhaps shoppers from further afield in the case of the bars.

The centre seems to be generally in good heart, with few vacancies – only two on the day we surveyed Ellerslie, one of which was down a driveway and without any frontage to the Main Highway. However, it is important for town centres to maintain their appearance, and there are some sites in Ellerslie which appear to be in need of maintenance or refurbishment.

Figure 4.4: Ellerslie Town Centre Businesses



Source: RCG

Mission Bay

Although Mission Bay does not have a supermarket or other “anchor tenants”, it is a popular destination with people from throughout Auckland, both for its beach and for its F&B offering. The four-screen Berkeley Cinema also helps to anchor the offering, and is an excellent complement to the F&B precinct.

Nearly all of the Mission Bay retail space is owned by a single company, Drive Holdings Ltd, making Mission Bay similar to shopping malls in this respect. The concentrated ownership interests, and the good public environment by the beach, are key elements in Mission Bay’s success.

Most of Mission Bay’s retailers are along the south side of Tamaki Drive, although there are some on side streets (Atkin Ave and Patteson Ave). Our survey identified 44 tenancies, of

which 34 were cafes, restaurants, takeaways or bars. There were no vacancies, although 49 Tamaki Drive is currently under redevelopment.

Figure 4.5: Mission Bay Businesses



Source: RCG

St Heliers

St Heliers consists of businesses primarily along Tamaki Drive, St Heliers Bay Rd and Polygon St, with a few on Turua St and Maheke St. It has a similar amount of retail to Mission Bay, but has a lesser focus on food and beverage activities, and a wider variety of other stores. The centre includes most of the types of stores needed to service the local community – drycleaners, butchers, fruit and vegetable stores etc, although a supermarket is noticeably absent. Outside of the small St Heliers Mall, there are few clothing stores, and few retailers which would attract shoppers from outside the local catchment.

Despite well-publicised opposition from some residents, there have been several new developments in St Heliers. 6 Maheke St is an retail, office and apartment complex on the corner of Maheke St and Tamaki Drive, completed in 2012. It is now tenanted by Westpac and the St Heliers Bay Café and Bistro at ground level.

A mixed-use development on Turua St has recently been completed, and includes a medical centre and Unichem pharmacy, with other retail spaces yet to be filled. The upper levels of the development will include offices and apartments.

Figure 4.6: St Heliers Businesses and New Developments



Source: RCG

Eastridge Shopping Centre

Eastridge Shopping Centre has 7,100 m² of retail space and is anchored by a New World supermarket and a medical centre.¹ The shopping mall has slightly more specialty shops (28) than Meadowbank Shopping Centre, but does not have a food court. The Eastridge centre has 427 open-air car parks. The “local centre” zoning for Eastridge also extends across the road to a block of four small shops.

Figure 4.7: Eastridge Shopping Centre Businesses



Source: RCG, www.masfengroup.co.nz

Meadowbank Shopping Centre

This is a small local shopping mall, with a Countdown supermarket, some 25 shops and a small food court. The retail offer and presentation is generally to a lower standard than that of Eastridge, and the centre’s unit title ownership structure may have hampered further investment in the centre. However, despite the multiple ownership, the mall has access to coordinated management.

According to the PCNZ 2011/12 Shopping Centre Directory, Meadowbank Shopping Centre has 6,300 m² of leasable retail space. This includes the 3,400 m² supermarket, as well as 24 smaller tenancies and a four tenant food court with seating for 72 people. The Meadowbank centre has 624 open-air car parks. When we surveyed the centre, there was a single vacancy, formerly occupied by Eyecatcher Shoes.

A short distance away down St Johns Rd, the other Meadowbank shops include several takeaways and other convenience retailers, such as a dairy and DVD shop. There is a large vacant property, formerly occupied by Mint Garden Café.

Figure 4.8: Meadowbank Shopping Centre Businesses



Source: RCG, www.trademe.co.nz

¹ PCNZ New Zealand Shopping Centre Directory, 2011/12 Edition
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Key Points

Remuera

- Remuera is the largest centre in the Orakei LB area, with 130 ground-level tenancies, and low retail vacancy rates.
- The New World supermarket anchors the retail mix.
- There are a number of independent and upscale gift, homewares and fashion stores.

Other Town and Local Centres

- Ellerslie has 70 ground-level tenancies, with few vacancies, and a convenience-oriented retail mix. There are also various cafés, restaurants and bars;
- Mission Bay is a popular F&B and beach destination. The cinema also helps to anchor the centre;
- Concentrated ownership interests, and the good public environment, are key elements in Mission Bay's success;
- St Heliers retailers have a local and convenience focus, with a much smaller range of F&B compared to Mission Bay;
- Eastridge is a neighbourhood shopping centre, anchored by a New World supermarket and a medical centre;
- Meadowbank Shopping Centre is also relatively small, and is anchored by Countdown. The nearby Meadowbank shops consist of takeaways and convenience retailers.

5 Understanding Marketview Reports

The Auckland Council receives regular reports from Marketview Ltd, for BIDs throughout the Auckland region. These reports are an excellent source of information on how people are spending within the different centres.

This chapter is aimed at helping the BIDs and retailers make better use of this resource. It is quite technical, and it should ideally be read in conjunction with one of the reports from Marketview Ltd. The “Key Points” section gives a good summary.

What is Marketview Data?

Coverage

EFTPOS use is increasingly common in New Zealand. Around two-thirds of all transactions (by value) in “core retail” stores are made via EFTPOS, with the rest made up of cash, cheques, hire purchase, in-store finance etc.

Coverage is lower for appliance stores, furniture stores and other “big ticket” retailers, where shoppers are more likely to make use of in-store finance or other financing arrangements. For most of the store types relevant to town centres, EFTPOS usage is likely to be at 70% or above.

There are two providers in the market – Paymark and EFTPOS New Zealand. Paymark is the dominant company, processing more than 75% of the transactions.

Overall, we estimate that the Paymark data covers more than half of all retail transactions in town centres (70% x 75% = 52.5%).

In fact, the Marketview reports go further than this. They use information from BNZ personal banking customers to supplement the Paymark data. Whenever a BNZ customer uses a BNZ-issued credit or debit card in any store, the spending is recorded. Of course, these customers also shop in non-Paymark stores, which makes it possible to estimate the overall level of EFTPOS spending in those stores based on BNZ’s market share.

As Marketview put it:

For merchants on the Paymark Network we receive 100% of their electronic card transactions. We use an extrapolation of BNZ cardholder spending for merchants that aren’t on the Paymark Network.

As such, Marketview reports give a good estimate of total EFTPOS spending in the BIDs around Auckland – as mentioned above, this is likely to be 70% or more of total retail sales in town centres.

Differences with the Retail Trade Survey

- Marketview data includes GST, and the Retail Trade Survey excludes it;
- Marketview data includes more types of business than the Retail Trade Survey, such as “medical services” and “personal services”;
- As mentioned earlier, Marketview data only covers EFTPOS spending. Cash, cheques, hire purchase, in-store finance and other methods of payment are not covered, whereas they are in the Retail Trade Survey;
- Since EFTPOS usage is still increasing, Marketview data will tend to show a higher level of growth than the Retail Trade Survey.

Demographic Information

One of Marketview’s main selling points is that there is some very useful information available from the BNZ customers. This includes where they live, how old they are and whether they are male or female.

Our Comments on the Marketview “Annual Market Activity Reports”

Marketview provides the Auckland Council with reports on a quarterly basis, with more detailed reports produced once a year (for the 12 months to June). There is plenty of valuable information in these yearly reports, and we have added some explanatory notes below, referring to the various sections of the Marketview reports:

Annual Performance Summary (section 1)

- This is a very useful summary. It shows the overall level of sales in the town centre, compared with the previous year;
- The level of sales from international visitors is fairly insignificant in most cases, although it will be important for the Heart of the City BID;
- The comparison with other “key competitors” may be useful for BIDs to benchmark their town centres’ performance. We note that the exclusion of shopping centres means that this is not really a complete comparison;
- We tend to place less reliance on transaction numbers, although they are useful for looking at “average transaction values”;
- The “same store comparison” is interesting, and this is a commonly used metric in the retail sector;

We also note that supermarkets and other major operators can have a very large influence on this data. In smaller BIDs, supermarkets will account for more than half of total sales, and they will still account for a large fraction in the major centres.

The trend for supermarket sales may be quite different to those for other stores: generally speaking, they will tend to increase each year with food prices. If a competing supermarket opens up nearby, there may be a major decrease instead. Unfortunately, Marketview will not usually be able to separate out supermarket sales from other sales, due to confidentiality issues.

Sales Analysis (sections 2 to 5)

- Section 2 may be helpful for planning events – which can be scheduled in the quiet months – and for analysing the impact of particular influences, e.g. school holidays or wet weather;
- Local knowledge is needed to supplement the data in the reports, since some of the influences will be local;
- Retailers may also find this information useful, to help them plan their staffing levels or how much stock to order;
- Year-on-year comparisons are useful, but monthly sales can vary quite considerably from one year to the next. The timing of school holidays, Easter etc can also make a difference;
- Retailers may find the information in section 3 useful, e.g. for negotiating rent reviews, but BIDs are likely to be the main users;
- Average Transaction Value is another important metric for retailers, but it can be skewed depending on what types of stores are present in the town centre;
- For example, supermarkets will tend to have much higher average transaction values than dairies or other food retailers;
- Section 5 is very useful information for BIDs. We find “rolling 12 month spending” (also known as Moving Annual Totals) to be a very good indicator of how sales are changing.

Where are Customers Coming From? (sections 6 to 9)

- Section 9 clearly shows the main “catchment” for the town centres. We explain this concept in chapter 6 of our report;
- Section 7 outlines the local suburbs that customers are coming from. We often take this information a step further and compare the sales from each area with its population, to give an estimate of “sales per capita”;
- Information on international or domestic visitors will mainly be useful for centres which make a lot of their sales to tourists, e.g. the city centre.

Age and Gender Profiles, and “Genius” Segmentation Profiles (sections 10 to 12)

- This information is useful to retailers and BIDs alike, and helps to build up a “shopper profile” for town centres;
- Combined with other demographic information, it may illustrate spending “gaps” compared to the population – e.g. St Heliers struggles to attract younger shoppers;
- “Genius” segmentation profiles need more context to be useful;
- There is a guide to the model, available from the New Zealand Post website.² This helps to explain the various profiles.

² <http://www.nzpost.co.nz/sites/default/files/uploads/shared/genius-segmentation-model-guide.pdf>

Breakdown of Spending by Retail Category (section 13)

- Using the percentages shown here, and the sales information from the start of the report, it is possible to estimate sales for each store type (or “retail category”);
- This could be useful information for BIDs and retailers, who could use it to see whether their sales (and average transaction values) are above or below average.

Key Points

The Marketview reports are an excellent resource, and they give the BIDs access to the same type of information that shopping centres often use. They demonstrate the level of retail sales being achieved, and demographic information such as address, age and gender. In chapter 6 below, we use Marketview data to show the “catchments” for the BIDs in the Orakei LB area.

It is important that the various BID personnel have a good understanding of Marketview reports, how they are put together and what they mean.

We also recommend that the Auckland Council clarify whether the reports can be passed on to retailers in the various BIDs, ideally in PDF form. Much of the information will be useful to retailers, and this kind of data is not readily available elsewhere.

If it is not possible to pass the full reports on to retailers – e.g. due to confidentiality concerns, or the terms of the Council’s agreement with Marketview – then the BIDs may at least be able to prepare summaries of the reports, and distribute those to retailers. We note that Heart of the City already produces these kinds of summaries.

6 Know Your Catchment

What is a Catchment?

Retailers usually find that most of their shoppers come from a certain area – say, within a short drive of the shop. Putting this information together for a large number of shoppers, retailers can establish the “catchment” that makes up most of their support.

The same applies for a town centre or shopping mall. Generally, most shoppers at the centre will come from particular areas, making up the centre’s catchment. A centre may have a “primary catchment” and one or more “secondary catchments” – people from the primary catchment would visit the centre frequently to fulfil their shopping needs, whereas people from the secondary catchments would make occasional trips.

It is important for BIDs and retailers to “know their catchment”: how many people are likely to visit their store, what the demographics of these consumers are, their likes, dislikes and behaviours, and so on. For many town centre retailers, their catchment will be the same people who shop at the town centre generally.

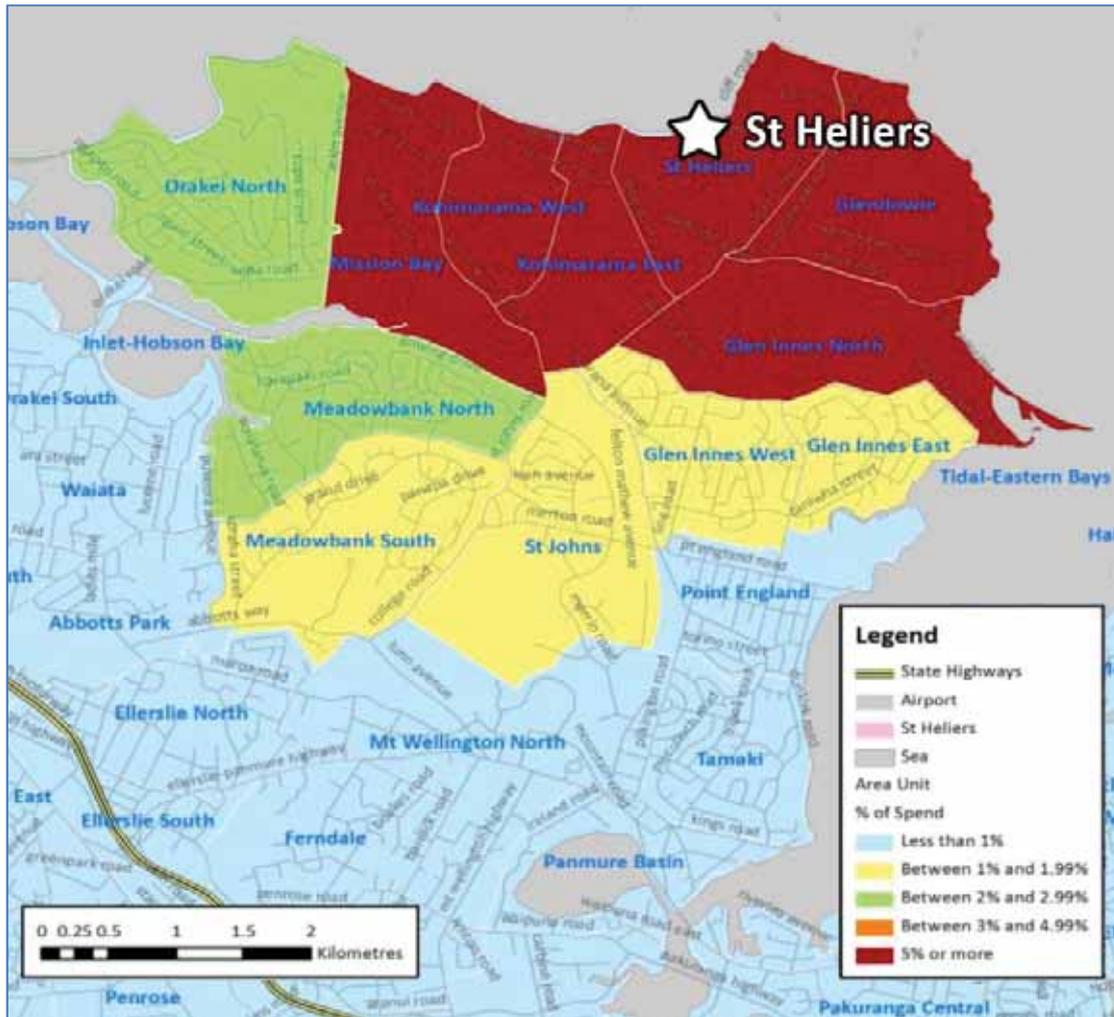
Defining Catchments

As mentioned in chapter 5, the Auckland Council orders regular reports from Marketview Ltd for BIDs across Auckland region, and these are very helpful for determining catchments.

St Heliers

The Marketview report for St Heliers, for example, shows that in the year to June 2012, most spending in this local centre came from the red, green and yellow areas shown in Figure 5.1 below:

Figure 5.1: Sources of Spending in St Heliers



Source: BNZ Marketview

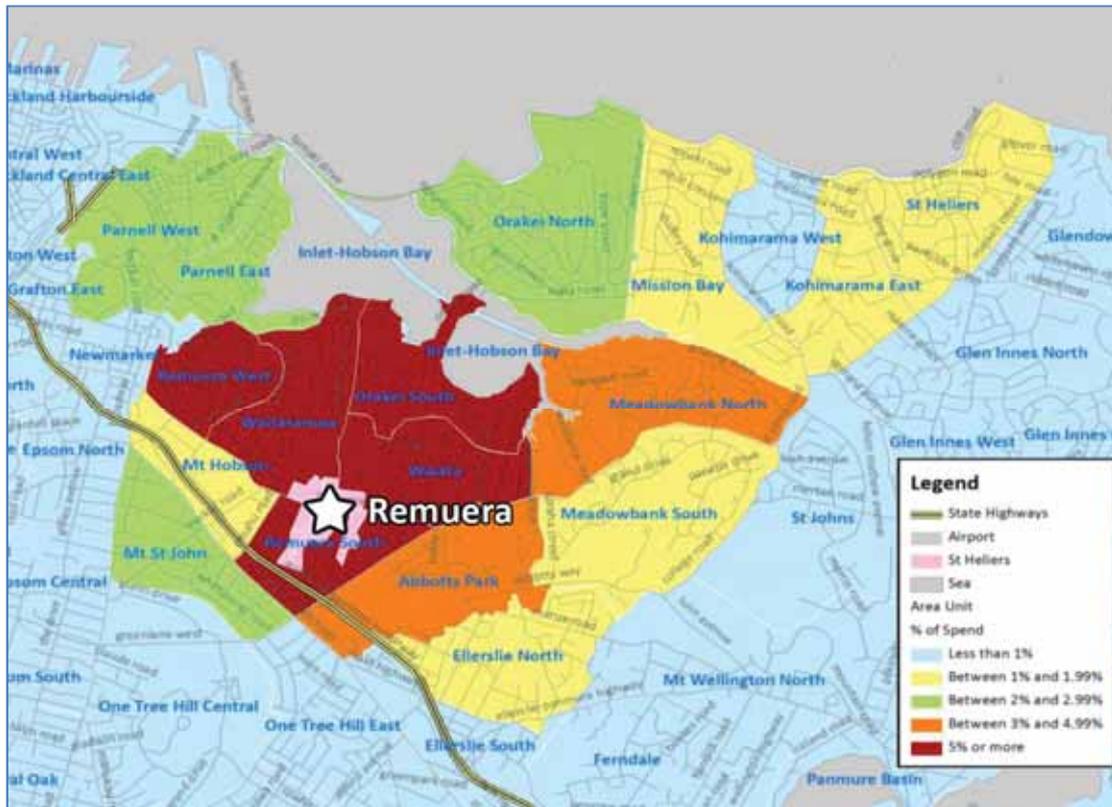
These areas accounted for 75% of spending in St Heliers, with the remainder coming from other parts of Auckland or New Zealand. This is a clear picture of the St Heliers catchment: the largest share of spending (in fact, 68%) comes from the ‘red’ areas – the eastern bays through to Glendowie, and the northern part of Glen Innes. Another 7% came from north Orakei, Meadowbank, Glen Innes, and St Johns.

From this, we see that St Heliers actually has quite a localised catchment, which reflects its retail mix and size, and the fact that it is somewhat isolated from major transport routes like the Southern Motorway.

Remuera

The Marketview report for Remuera shows that in the year to June 2012, most spending in the town centre came from the red, orange, green and yellow areas shown in Figure 5.2 below:

Figure 5.2: Sources of Spending in Remuera



Source: BNZ Marketview

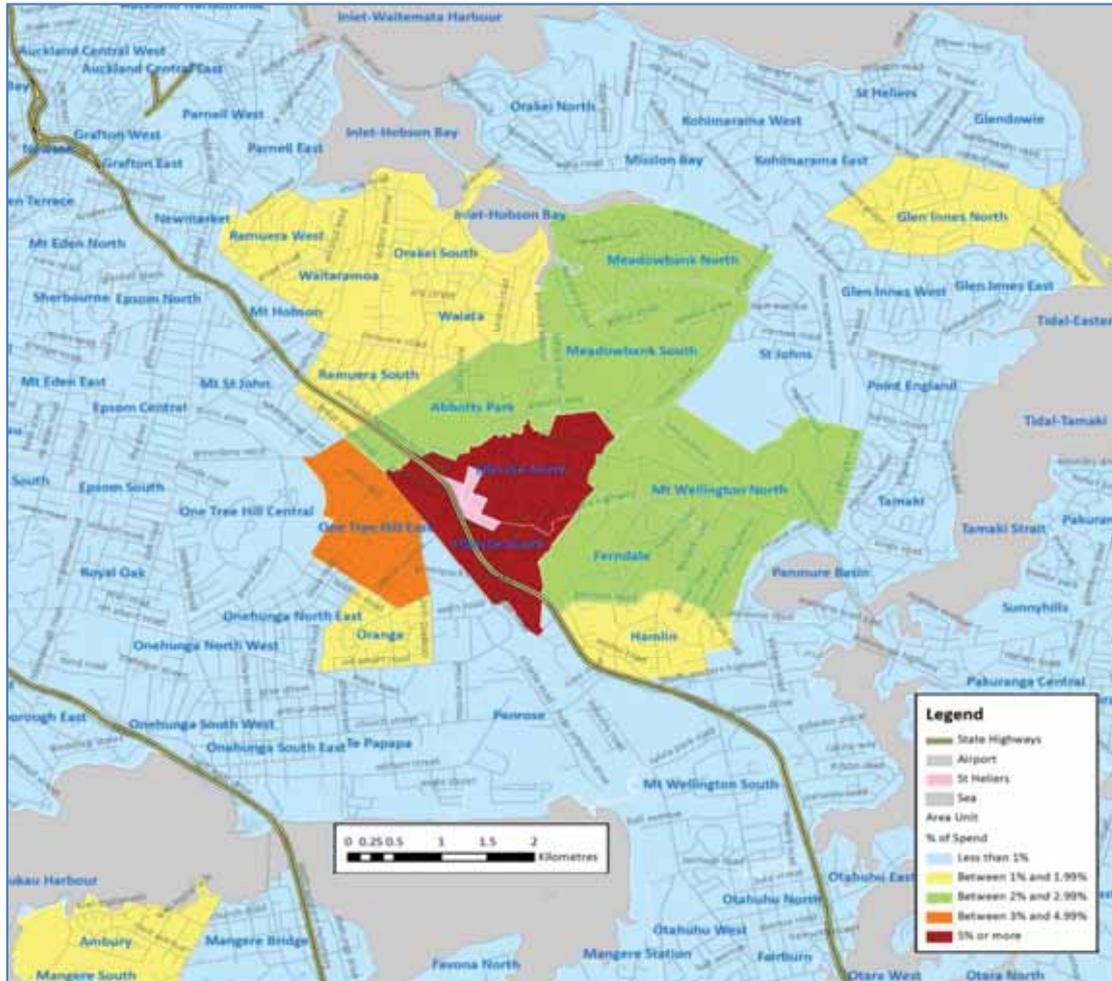
These areas account for around 75% of spending in Remuera by Auckland residents, with the remainder coming from other parts of Auckland. Again, this gives a good picture of the catchment. For Remuera, the 'red' areas account for half of the spending by Auckland residents.

Remuera's catchment is noticeably larger than that of St Heliers, which reflects its wider range of retailers and services, and a location which is more readily accessible. We also note that individual stores in Remuera may have different catchments than the town centre "average": for example, The Dancers' Wardrobe is somewhat of a niche destination store, and will have a larger catchment.

Ellerslie

Unlike St Heliers and Remuera, the Marketview report for Ellerslie shows that spending comes from a very wide area of Auckland. The red, orange, green and yellow areas shown in Figure 5.3 below only account for 45% of total spending, compared with around 75% for the other two centres.

Figure 5.3: Sources of Spending in Ellerslie



Source: BNZ Marketview

While people in the neighbouring area may shop there regularly, much of Ellerslie's customer support comes from more distant parts of Auckland. This is despite the lack of major "anchors" like a supermarket or department store. Clearly Ellerslie has carved out a niche for itself, presumably based on its good transport links (motorway and public transport), and the nearby catchment of workers south of the motorway – people who work nearby but may live elsewhere in the Auckland region.

The Marketview report suggests that 63% of spending in Ellerslie comes from the old Auckland City Council area, with 17% from Manukau and 6% from the North Shore. Again, this illustrates a much wider catchment than Remuera or St Heliers. This does not mean, though, that a shop in Ellerslie would be more successful than it would be in Remuera or St Heliers. A shop in those centres might capture a larger fraction of spending, even if that comes from a smaller catchment, and therefore have higher sales overall.

Mission Bay

Mission Bay is a popular Auckland recreation spot and F&B destination. It has a large catchment, which would probably include the eastern half of the Auckland isthmus (i.e. the old Auckland City east of the CBD). However, like Ellerslie, it would have stronger support from the local areas, such as the eastern bays and Remuera. The overall Orakei LB area is probably a good approximation of Mission Bay's catchment.

Other Local Centres

The other local centres in the Orakei LB area are Eastridge, Meadowbank and Stonefields.

- Eastridge would have a fairly localised catchment, including the eastern bays and perhaps some parts of Remuera;
- Meadowbank would also have a localised catchment, probably stretching only from St Johns through Meadowbank to the eastern parts of Remuera;
- The Stonefields centre is yet to open, but will it be developed in stages as the Stonefields community grows. We expect that its catchment will essentially be limited to Stonefields residents and, to some extent, people who work in Glen Innes or who come to use the sporting facilities nearby.

Key Points

- A “catchment” is the area that most shoppers at a town centre (or a particular store) come from. Centres may have primary and secondary catchments, with people from the primary catchment visiting more frequently;
- Individual stores may have different catchments than the town centre “average”: for example, The Dancers' Wardrobe in Remuera is somewhat of a niche destination store, and will have a larger catchment. However, most retailers will have a similar catchment to the overall town centre;
- BIDs should “know their catchment” and they should also understand it. This means determining how many people are likely to shop at the centre, what their demographics of these consumers are, their likes, dislikes and behaviours, and so on;
- BIDs must then make sure that they pass this information on to their retailers.

Marketview reports are very helpful for determining catchments, and we have used them to determine that:

- St Heliers has quite a localised catchment, reflects its retail mix and size, and its relative isolation;
- Remuera's catchment is noticeably larger, given its wider range of retailers and services, and its more accessible location;
- Ellerslie attracts people from across Auckland, but still has an identifiable primary catchment. We assume that more distant shoppers visit Ellerslie because of its good transport links, or because they work nearby;

For the other local centres in the OLB area, we have used our own judgement and experience to define catchments:

- Mission Bay is a popular Auckland recreation spot and F&B destination. However, the overall Orakei LB area is probably a good approximation of Mission Bay's primary catchment;
- Eastridge would have a fairly localised catchment, including the eastern bays and perhaps some parts of Remuera;
- Meadowbank would also have a localised catchment, probably stretching only from St Johns through Meadowbank to the eastern parts of Remuera;
- The Stonefields centre is yet to open, but its catchment will essentially be limited to Stonefields residents and, to some extent, people who work in the area or use the sporting facilities nearby.

7 Understand Your Catchment

Once a catchment has been defined for a town centre or retail store, the next step is to find out information about that catchment, in order to understand the customer base. Based on the catchments defined in chapter 6, we have pulled together a number of “key indicators” for the centres in the Orakei LB area, including:

- Current population, and expected future growth;
- Household incomes;
- Age groups;
- Other demographics.

Population and Household Income

Table 6.1 below shows some of the key indicators for the centres in the Orakei LB area:

Table 6.1: Population and Household Income Indicators for the Orakei LB Centres

Catchment	2012 Population Estimate	Expected Population Growth, 2011-2031	Mean Household Income	% of Households Earning Income from...	
				Self-employment or Business	Investments *
St Heliers	59,910	24.3%	\$81,368	32.1%	48.4%
Ellerslie	76,290	21.3%	\$80,344	30.1%	43.7%
Remuera	82,240	22.0%	\$87,772	36.3%	54.3%
Meadowbank	15,580	16.5%	\$78,084	29.9%	43.9%
Eastridge	19,510	21.7%	\$87,507	35.9%	54.5%
Orakei LB Area	88,670	23.5%	\$85,939	35.0%	52.8%
Auckland Region	1,507,700	30.7%	\$70,500	26.7%	33.2%

Source: SNZ, RCG

* Investments includes “interest, dividends, rent, other investments”

As explained in chapter 6, the five centres in the Orakei LB area are quite different in terms of their catchment sizes. The Meadowbank and Eastridge centres have smaller catchments, reflecting their “everyday shopping” retail mix, built around a supermarket. The other three centres have quite large catchments.

Note that we have not prepared statistics for Mission Bay; with its wide draw, we would expect that Mission Bay’s catchment is fairly similar to the Orakei LB area itself.

The catchments are all expected to grow more slowly than the Auckland region average, at a rate of around 1% per year – still much faster than for most other parts of New Zealand.

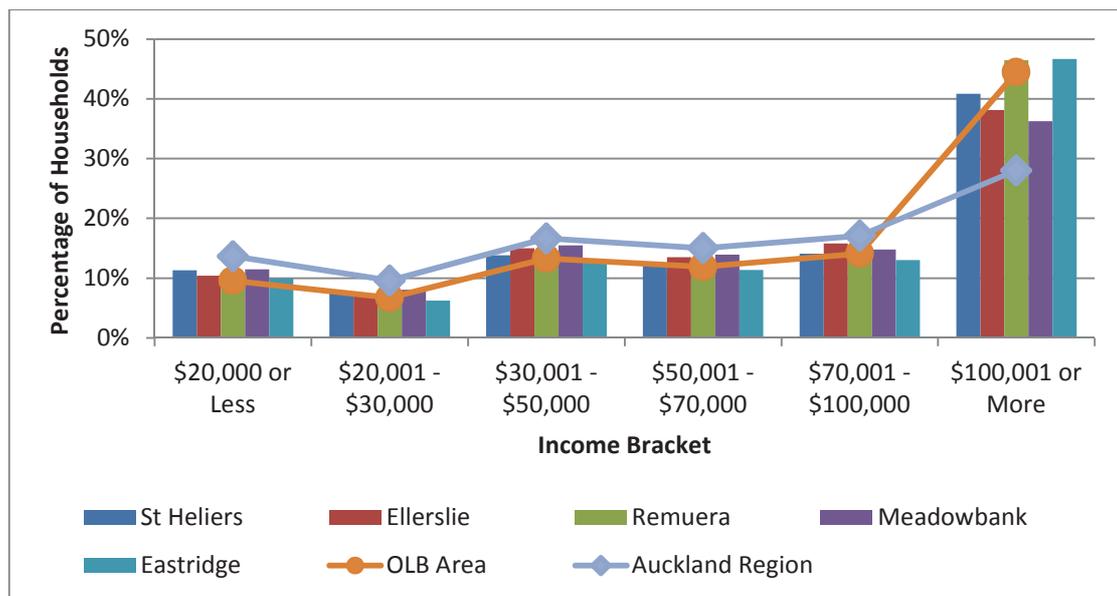
The household income data is taken from the 2006 census. Incomes are higher than the Auckland average for all five centres, and Remuera and Eastridge have the highest-earning catchments – with average household income of around \$87,500, well above the Auckland average of \$70,500.

It is also revealing to look at the sources that households earn income from. For the Orakei LB area as a whole, 35.0% of households earn self-employment or business income, compared with 26.7% across Auckland. This suggests a high proportion of entrepreneurs and business owners.

52.8% of households earn income from investments, compared with 33.2% across Auckland. This indicates an affluent catchment, with wealth beyond what is shown up in the income statistics – Orakei LB households will be happy to pay for quality, and are also more likely to make use of banks, accountants, and other financial, legal and property services.

Figure 6.1 below shows the percentage of households that fall into each of six income brackets, for each catchment.

Figure 6.1: Household Income Brackets for the Orakei LB Centres



Source: SNZ, RCG

As shown in this figure, each of the Orakei LB centres' catchments has a higher proportion of households in the "\$100,001 or more" income bracket than the Auckland Region average. For the lower brackets

Age Groups

Table 6.2 below shows the percentage of people in different age groups, for each catchment:

Table 6.2: Age Groups for the Orakei LB Centres

Catchment	Age Groups				
	0-14	15-29	30-44	45-64	65+
St Heliers	20.1%	18.3%	23.2%	25.2%	13.3%
Ellerslie	19.6%	21.8%	25.4%	22.9%	10.4%
Remuera	17.9%	19.7%	23.2%	26.5%	12.7%
Meadowbank	18.2%	21.4%	24.1%	24.7%	11.6%
Eastridge	17.4%	16.8%	24.1%	27.5%	14.2%
Orakei LB Area	18.8%	18.9%	23.4%	25.8%	13.1%
Auckland Region	22.2%	22.1%	23.7%	22.2%	9.8%

Source: SNZ, RCG

The catchments are generally “older” than the Auckland average, with more people in the 45-64 and 65+ age brackets and fewer in the 0-14 and 15-29 brackets.

It is interesting to compare these age breakdowns with the amount of spending that takes place, as measured by Marketview. The Marketview data suggests:

- 12% of spending in St Heliers is by shoppers aged under 40, 66% is by shoppers aged 40-64, and 22% is by shoppers aged over 65;
- 10% of spending in Remuera is by shoppers aged under 40, 65% is by shoppers aged 40-64, and 25% is by shoppers aged over 65;
- 26% of spending in Ellerslie is by shoppers aged under 40, 62% is by shoppers aged 40-64, and 12% is by shoppers aged over 65.

Clearly, residents in the older age groups spend a disproportionately large amount in these centres.

Although spending for all centres are dominated by the 40-64 age groups, Ellerslie has a much higher proportion of younger shoppers, and a much lower proportion of older shoppers. The “bulge” in Remuera spending is in the 45-54 age groups, whereas for St Heliers it is in the 55-64 age groups.

It is interesting to compare this spending data to the actual demographics of the catchments, as recorded in the 2006 census.

If we exclude people under 19 (children and young adults, who tend to have limited spending power), and scale the other percentages up accordingly, 37% of Remuera residents are in the 20-39 age bracket, with 46% in the 40-64 bracket and 17% in the over-65 bracket. The figures are very similar for St Heliers.

Across New Zealand, “baby boomers” tend to have the highest incomes, so it is common for those in the 40-64 age groups to be the highest spenders. We note that households headed by people in the 40-64 age groups will often have children or teenagers living with them, and this also contributes to their spending.

Even so, the size of the discrepancy between spending and demographics shows that Remuera and St Heliers find it difficult to attract shoppers in younger age groups, and this may be an issue for these centres in the long term. They will need to stay relevant and attract new customers, rather than simply appeal to an ageing customer base.

Key Points

- BIDs and retailers should focus on the needs of their available local consumers, taking into account the local demographics;
- The Orakei LB centres are quite different in terms of their catchment sizes; The Meadowbank and Eastridge centres have smaller catchments, reflecting their “everyday shopping” retail mix, built around a supermarket;
- The other centres have quite large catchments;
- The catchments are all expected to grow more slowly than the Auckland region average, at a rate of around 1% per year – still much faster than for most other parts of New Zealand;
- Incomes are higher than the Auckland average for all five centres;
- Remuera and Eastridge have the highest-earning catchments – with average household income of around \$87,500, compared to the Auckland average of \$70,500;
- For the Orakei LB area as a whole, 35.0% of households earn self-employment or business income, compared with 26.7% across Auckland. This suggests a high proportion of entrepreneurs and business owners.
- 52.8% of households earn income from investments, compared with 33.2% across Auckland. This indicates an affluent catchment, with wealth beyond what is shown up in the income statistics;
- This suggests that Orakei LB households will be happy to pay for quality, and are also more likely to make use of financial and other advisory services;

Age Groups

- The catchments are generally “older” than the Auckland average, with more people in the 45-64 and 65+ age brackets and fewer in the 0-14 and 15-29 brackets;
- Residents in older age groups spend a disproportionately large amount in Remuera and St Heliers, compared with younger residents;
- This shows that these centres find it difficult to attract shoppers in younger age groups, and this may be an issue for them in the long term;
- These centres will need to stay relevant and attract new customers, rather than simply appeal to an ageing customer base.

Updating 2006 Census Data

In March 2013, New Zealand held its first census since 2006. Auckland in particular has changed a great deal in seven years – increasing in population by around 160,000, with people moving, changing jobs, having children, or retiring. Data from the 2013 census will be released progressively from December 2013, and into early 2014.

This will be an excellent opportunity to update catchment demographics for the various town centres around Auckland – in the Orakei LB area and elsewhere, and whether the centres are BIDs or not.

RCG would be pleased to assist with this work, basing our catchment definitions on Marketview reports where available, or on our own judgement and experience otherwise.

8 Using the Internet Effectively

The Internet is becoming increasingly important in marketing, and we have made some brief comments below to assist BIDs to use online platforms more effectively.

Websites

Most of the retail-oriented BIDs have websites, and these are generally well-presented. The important items to include are store/ business directories, travel directions and information on parking, details of past or future events or other “news”, contact details and so on. Some websites are not updated as often as they should be!

Retailer profiles can also be a way of adding interest, and emphasising the local aspect of town centres. This could include photos or interviews with the store owner, or photos and descriptions of the store or its products.

Many BIDs need to improve the integration between their Internet platforms – e.g. if they also have Facebook or Twitter pages, or blogs, these should be linked from the website. Updates or photos which are published on one platform should ideally be published on all platforms, to deliver a consistent experience and make sure that shoppers are getting the right information, wherever they are looking. As such, there is probably no need to have too many different platforms.

Facebook

Facebook is one of the world’s top websites, and research from the University of Auckland estimates that 60% of New Zealand adults had a Facebook profile in 2011.³ Facebook can be a very useful tool for engaging with the local community, sharing information and news of events, and so on. BIDs can set up Facebook pages, and people can “like” the page if they want to stay informed about the town centre.

Heart of the City has more than 52,000 “likes” on Facebook, making it a very popular group by New Zealand standards. This is comparable to some of the top retailers in the country – for example, The Warehouse has 78,000 likes and New World has 83,000. These are retailers with nationwide store networks, and stores which many New Zealanders would visit on a regular basis.

Heart of the City runs daily deals for businesses in the central city, along the lines of websites such as Grabone and Treat Me. It also posts details of upcoming events, photos of retail products from around the CBD, and so on. Overall, it seems that Heart of the City is doing a very effective job of marketing the central city using Facebook.

Most of the other BIDs across Auckland have a much more limited reach. Although many BIDs post regular updates, photos and so on to Facebook, they are not reaching a wide audience – usually only a few hundred people, a tiny fraction of their catchments. In the Orakei LB area, Remuera has 228 likes, Ellerslie has 93, and St Heliers has 212.

³ <http://www.psych.auckland.ac.nz/webdav/site/psych/shared/about/our-research/nzavs/Feedback%20Reports/how-many-people-use-facebook-in-new-zealand.pdf>

We note that many Aucklanders do indeed use Facebook to communicate that they identify with a particular place or community – for example, 22,528 people “like” the topic “Otara, New Zealand”, and 27,655 people “like” the topic “Papakura, New Zealand”. People take pride in their local suburbs and shops, and they are willing to show that support on Facebook.

However, the Papakura BID has just 140 “likes”, and as far as we can tell, the Otara BID has no Facebook page. Clearly there is a lot of room for improvement in terms of marketing the BIDs on Facebook, and the main task is to expand the number of people “liking” each page, making them more effective as a marketing tool.

We would suggest that a good first step for many BIDs is to improve their branding proposition – “I Love Takapuna” is a much stronger brand than “Takapuna Business Association” – but many BIDs could make their Facebook pages more appealing simply by dropping the “Business Association” from the name of their group. Shoppers are more likely to identify with a suburb, or the town centre as the hub of that suburb, than they are to identify with a “business association”.

BIDs can put QR codes (scannable barcodes) around their town centres, or encourage existing “likers” to recommend the page to their friends, or run competitions, or try various other techniques to increase their audiences on Facebook. For Facebook pages to be an effective tool, they need to be viewed by large numbers of people.

Key Points

BID websites should be regularly updated. At a minimum, they should include:

- Store/ business directories;
- A “centre map” as described in chapter 3;
- Travel directions and information on parking;
- Details of past or future events or other “news”;
- Contact details.

BIDs need to ensure that all the platforms they use are well-integrated:

- There should be links between each platform;
- BIDs should deliver a consistent experience across all platforms;
- Shoppers should be getting the right information, wherever they are looking;
- There is no need to have too many different platforms!

Facebook is widely used, and can be a very useful tool for engaging with the local community. For Facebook pages to be an effective tool, they need to be viewed by large numbers of people.

Although many BIDs post regular updates, photos and so on to Facebook, they are not reaching a wide audience – usually only a few hundred people, a tiny fraction of their catchments.

Aucklanders do use Facebook to identify with places or communities – for example, 27,655 people “like” the topic “Papakura, New Zealand”. However, BIDs are not marketing themselves effectively on Facebook. The Papakura BID has just 140 “likes”.

The main task is to expand the number of people “liking” each page, making them more effective as a marketing tool. A good first step is to improve the BIDs’ branding proposition, and make the connection to a “place” rather than to a “business association”.

Other ideas to increase the reach of BIDs’ Facebook pages could be to use QR codes, or run competitions, or try various other techniques to increase their audiences on Facebook.

9 Tactics for Retailer Success

For BIDs to be successful, they need to assist their retailers to be more effective. They can do this by providing information which is difficult for independent retailers to access by themselves.

As part of our work for the Orakei LB, we have written some commentary on *Successful Mainstreet Retailing*. It is targeted at retailers rather than BID and LB staff – however, we strongly recommend reading it along with this report, because some parts will be just as relevant for town centre managers.

The full commentary has been attached as a separate document, but we summarise it below.

- Successful retailers need to attract customers into the store, get them to buy, and keep them coming back;
- We are all shoppers, and it is important to regularly take a look at your retail business from the shopper's point of view;
- Consumers make different types of shopping journeys to search for different products. Depending on the trip, they will have different timeframe for their shopping, and different mindsets;
- Malls have a lot of advantages – easy parking, protected from the elements, and a wide range of well-presented shops;
- Malls struggle to offer personalised service, or the social connections from locals bumping into each other, or stores and experiences that are “unique, quirky, and diverse”;
- Most independent retailers cannot compete on price or advertising. They need to compete based on the customer experience in the store – service, activity, design.

The latest retail trends suggest that:

- Customers want personal connection on the Internet. Sales are a secondary concern, although it is important to have an online presence.
- Customers want a rich, meaningful in-store experience. They want to be “surprised and delighted”. Retailers need to know their customers and be good hosts.
- Customers want personalisation.
- Customers are interested in the local community – and you have to be a part of it.

Competing effectively means:

- Independent retailers have to do and be something different.
- Research your local customers. Provide a service or product range to appeal to them, and present it in a unique and relative way.
- For example, Orakei customers are loyal and willing to pay a bit more for quality and excellent service. They expect local shops to be more individual and have products that are a bit different.
- A customer database should be your marketing priority. Regular communication is important. Follow up on your customers' satisfaction, and let them know about new products.
- Do what you can to encourage word of mouth – this is a great source of new customers.
- Create a well-designed and up-to-date website, and get to grips with social media.
- Be a “people person”: smile, be polite, and be passionate. Expect the same from your staff.
- Get involved with your local community, business association, and get behind any initiatives to market your local centre.

Store Design, Fitout and Merchandising

Store design is about creating an image and perception with your “target” customers. The following factors are important:

- The outside – the store's general appearance, signage, and window displays;
- The inside – the layout of the store, and how it directs customer movement;
- Décor – colour, materials, and finishes to create an ambience.
- Engaging the senses: sight, sound (music), smell, touch and taste;
- Lighting – as potential shoppers will be looking in from outside, keep your store brightly illuminated;
- The basics: keeping your shop clean and tidy.

10 Relationships with Property Investors

In this chapter, we use “property investors” to mean developers, landlords and owner-occupiers. These are all key stakeholders in town centres, and they have made substantial financial investments there. The Auckland Council, of course, is a major property investor in its own right, and it too has a large financial stake in town centres’ success. However, the comments we make in this chapter are mainly aimed at private sector investors.

It is important for BIDs and local boards to have good relationships with property investors, and to understand their needs and the ways in which they contribute to town centre environments. However, property investors are a diverse group, and this can make it tricky to build relationships.

When BIDs create a retail mix plan for their town centres, it is vital to seek input from property investors. Ultimately, landlords will decide which tenants they want in their buildings, and they will need to be convinced of the benefits of securing a particular retailer (or a particular store type) compared to simply leasing space to any interested parties. BIDs can also assist in providing information to agents – for example, pedestrian counts, shopper demographics and so on.

Often, retail landlords are not sophisticated property investors. Retail buildings are often marketed as a “passive investment”, targeted at family trusts and high net worth individuals. Some landlords will be targeting cashflow, rather than wanting to invest more money in refurbishing or redeveloping their properties.

It can be difficult to contact some landlords, and communications may need to go through their property manager. We suggest that each BID should create, and constantly update, a database of property investors, retailers and other stakeholders in their town centre.

When landlords are unwilling to invest in their buildings, this can lead to the properties becoming rundown and shabby in appearance. This can bring down the overall quality of the town centre environment, with repercussions for other stakeholders. The BIDs should take an active role to prevent these kinds of situations, and encourage landlords to maintain their buildings.

In some cases, it may be appropriate to incentivise landlords to maintain their buildings – for example, running a repainting scheme and securing a bulk discount for various properties to be repainted at the same time, or even subsidising maintenance work if necessary. This recognises that there are both private and public benefits to keeping buildings maintained.

Planning for the Future

Some level of intensification over the next 30 years is inevitable, and our town centres will adapt and change as a result. Some property owners will look to redevelop their properties, or build them upwards, or to acquire neighbouring blocks of land and create a comprehensive development. BIDs should encourage these kinds of investments – they should talk to the various landlords in their town centre, and find out what their plans are.

BIDs should also seek landlords' input (as well as input from other stakeholders, such as retailers) when they are developing strategic plans for their town centres, or trying to rejuvenate particular areas. This will help to develop an integrated vision for the future.

It can be difficult to convince some landlords of the need for investment, or that they should contribute to planning the town centre. BIDs should identify landlords that are willing to be proactive and engage, and work with them in particular.

Working with Property Developers

It must be remembered that property developers are under no obligation to liaise with BIDs. Many developers believe that they already devote too much time and money to dealing with local authorities, compliance, and so on. They may not be willing to engage with another group who, at the end of the day, does not have the statutory power to approve or decline a new development.

If BIDs are able to work together with developers, there could be better outcomes for both parties. However, the onus will be on BIDs to prove that they are offering something of value to the developer. We believe that BIDs could foster more productive relationships with developers if they can:

- Use their local knowledge to offer helpful suggestions;
- Give developers a better appreciation of the town centre and the long-term plans for it, etc (in conjunction with agents);
- Identify development opportunities and present them to developers;
- Recognise the commercial imperatives that developers have, in addition to their other goals which may vary;
- Help developers to contact the landowner, if they do not already own the land they wish to develop;
- Provide a conduit to higher-ranking Council staff with responsibility for decision-making, and who are able to streamline or provide consistency in the consenting process;
- Recognise that developments are a substantial economic injection into the town centre, and most will bring in more businesses, people etc. As such, BIDs should be supportive of new developments in most cases, and this support could extend to submissions during plan change or resource consent applications;
- Help to convey the benefits of the development to local residents;
- Remain professional, responsive and open throughout the entire process.

Key Points

- BIDs and local boards should cultivate good relationships with property investors;
- BIDs should understand investors' needs, and the ways in which they contribute to town centre environments. Note that investors are a diverse group;
- Investors need to be given input into any “retail mix” planning work;
- BIDs should create, and constantly update, a database of property investors, retailers and other stakeholders in their town centre;
- BIDs should encourage landlords to maintain their buildings, to preserve the look and feel of the town centre;
- It may be possible to run incentive schemes, or equally to adopt a more punitive approach in some circumstances, such as following up on any breaches of resource consent conditions;

Planning for the Future

- BIDs should encourage property investment and development in their town centres – they should maintain a dialogue with investors and keep informed of any plans;
- Property investors (and retailers, and other stakeholders) should be given input into any strategic plans or rejuvenation schemes;
- BIDs should identify landlords that are willing to be proactive and engage, and work with them in particular;

Working with Property Developers

Developers are under no obligation to liaise with BIDs. As such, the onus is on BIDs to prove that they are offering something of value to the developer. BIDs could improve their relationships with developers, and create better outcomes for both parties, if they:

- Use their local knowledge to offer helpful suggestions;
- Give developers a better appreciation of the town centre and the long-term plans for it, etc;
- Identify development opportunities and present them to developers;
- Recognise the commercial imperatives that developers have, in addition to their other goals which may vary;
- Help developers to contact the landowner, if they do not already own the land they wish to develop;
- Provide a conduit to higher-ranking Council staff with responsibility for decision-making, and who are able to streamline or provide consistency in the consenting process;
- Recognise that developments are a substantial economic injection into the town centre, and most will bring in more businesses, people etc. As such, BIDs should be supportive of new developments in most cases, and this support could extend to submissions during plan change or resource consent applications;
- Help to convey the benefits of the development to local residents;
- Remain professional, responsive and open throughout the entire process.

11 Concluding Summary

This report is intended to be a guide to successful retail practice in town centres. It focuses on the Orakei LB area, but should be applicable to other parts of Auckland.

BIDs need to use all the resources they have available to make their town centres into effective business hubs. They can make use of support from the Auckland Council, or create “economies of scale” which individual retailers cannot. They need to compete effectively, with other town centres and with other retail formats such as shopping malls and LFR centres.

Some of the areas where BIDs can make a difference are:

- Creating a “retail mix”, strategic plans and so on to improve the town centre environment;
- Marketing – BIDs have the budget to effectively market their town centres to the public. The Internet is becoming more important in this respect;
- Customer spending information – the Marketview reports are a valuable resource for BIDs and retailers (as outlined in chapters 4 and 5);
- Demographic research – BIDs can order demographics information on their shopper base, and make this available to their members (as detailed in chapter 7);
- Distributing other information to retailers, and helping them to become effective businesses (such as our *Successful Mainstreet Retailing* report);
- Attracting and maintaining a level of investment from developers, landlords and so on (as discussed in chapter 8);
- Advocating for their members, to secure funds or improvements to the town centre.

Retail Centre Trends

Shopping malls and LFR centres are now an established and successful part of Auckland’s retail environment. More recent trends, in New Zealand and overseas, suggest the emergence of new retail formats – such as “lifestyle centres”, which could be a useful model for some Orakei LB centres.

Shopping malls and LFR centres have quite different business models to traditional main streets and town centres. Table 3.1, earlier in this report, illustrates some of these differences, in general terms.

Town centres are most successful when they take a more complementary approach, rather than trying to compete with malls and LFR centres directly. Another key ingredient for success is for town centre retailers focus on the needs and lifestyles of their local communities and consumers.

Developing a “Retail Mix”

- A “retail mix” refers to the range and variety of shops in a centre. This is a key consideration for shopping malls and LFR centres;
- By contrast, town centres tend to change organically. However, they develop their own identity – e.g. Remuera with its boutique, upscale fashion and gifts – and this can be self-reinforcing;
- BIDs should know the shops in their centres, and have a vision as to their ideal retail mix;
- This should be developed with landlords and other stakeholders, and BIDs will need to work with landlords to achieve the vision;
- Typically, the retail mix should include F&B activities, food retailers, and independent retailers selling gifts, fashion and so on. Service providers are also important – banks, travel agents, doctors, accountants etc;
- All town centres need “anchor” activities. Department stores and supermarkets are good anchors, but some centres do well without them. The cluster of shops and businesses which make up the centre may be an anchor in its own right.
- Civic facilities are a key part of town centres. They contribute to amenity, and may help anchor the centre. They also reinforce a sense of place, and create a point of difference.

Larger centres may include other uses besides retail, such as office space, apartments, educational or health facilities. These activities complement retail, boosting vibrancy and sales. This means that intensification is usually positive for town centres.

BIDs should create a “centre map”, like those for shopping malls, and make it available on their websites. The map should indicate retailer locations, street names, and the locations of car parks, bus stops, and train stations. BIDs can also use checklists to see how their town centre measures up, or to evaluate a particular site in the centre.

Retailing in the Orakei Local Board Area

Retailing in the Orakei LB area is vibrant, with a number of established and successful centres. However, there are no major malls or LFR centres, and shopping hubs like Newmarket and Sylvia Park are nearby. Orakei LB residents will inevitably do some of their shopping in these locations. We describe the Orakei LB centres themselves in chapter 4.

Understanding Marketview Reports

The Marketview reports are an excellent resource, and they give the BIDs access to the same type of information that shopping centres often use. They demonstrate the level of retail sales being achieved, and demographic information such as address, age and gender.

It is important that the various BID personnel have a good understanding of Marketview reports, how they are put together and what they mean.

We also recommend that the Auckland Council clarify whether the reports can be passed on to retailers in the various BIDs, ideally in PDF form. If this is not possible, the BIDs should

create summaries of the reports and distribute these. Marketview information will be very useful to retailers, and this kind of data is not readily available elsewhere.

Know Your Catchment

A “catchment” is the area that most shoppers at a town centre (or a particular store) come from. Centres may have primary and secondary catchments, with people from the primary catchment visiting more frequently. BIDs should know where and how big their catchments are, and they should pass this information on to their retailers.

Marketview reports are very helpful for determining catchments, and we have used them for St Heliers, Remuera and Ellerslie. For the other local centres in the OLB area, we have used our own judgement and experience to define catchments.

Understand Your Catchment

BIDs and retailers should focus on the needs of their available local consumers, taking into account the local demographics. For example, households in the Orakei LB area have high incomes, and are more likely to earn self-employment, business or investment income than the Auckland average.

This suggests that Orakei LB households will be happy to pay for quality, and are also more likely to make use of financial and other advisory services.

We have used Marketview and census data to show that residents in older age groups spend a disproportionately large amount in Remuera and St Heliers. These centres find it difficult to attract shoppers in younger age groups, which may be an issue in the long term. These centres will need to stay relevant and attract new customers, rather than simply appeal to an ageing customer base.

2013 census results will be released from December onwards. This provides an excellent opportunity to update the catchment demographics for Auckland town centres, which are currently based on 2006 census data. RCG would be pleased to assist with this work.

Using the Internet Effectively

BID websites should be regularly updated. They should include important information about the town centre, such as a “centre map” and business directories, as well as travel directions and information on parking.

BIDs need to ensure that all the platforms they use (websites, blogs, Facebook, etc) are well-integrated, linked to each other, and deliver a consistent experience.

Facebook is widely used by Aucklanders, and many BIDs post regular updates, photos and so on to Facebook. However, they are not reaching a wide audience – usually only a few hundred people, a tiny fraction of their catchments.

For example, 27,655 people “like” the topic “Papakura, New Zealand” on Facebook, whereas the Papakura BID has just 140 “likes”.

The main task is to expand the number of people “liking” each page, making them more effective as a marketing tool. A good first step is to improve the BIDs’ branding proposition, and make the connection to a “place” rather than to a “business association”. We suggest some other ideas in chapter 8.

Tactics for Retailer Success

For BIDs to be successful, they need to assist their retailers to be more effective. They can do this by providing information which is difficult for independent retailers to access by themselves. We have prepared some commentary on *Successful Mainstreet Retailing*, targeted at retailers. We strongly recommend reading it along with this report, because some parts will be just as relevant for town centre managers.

Relationships with Property Investors

BIDs and local boards should understand, and cultivate good relationships with, property investors. BIDs should maintain a database of property investors, retailers and other stakeholders in their town centre.

BIDs should encourage landlords to maintain their buildings, to preserve the look and feel of the town centre. In some cases, carrot or stick approaches may be helpful.

Investors need to be given input into the BID’s planning work, including the development of a “retail mix” vision, or strategic plans, rejuvenation schemes, etc.

BIDs should encourage property investment and development in their town centres, keeping up a dialogue with investors and trying to stay informed of any development plans. BIDs should identify landlords that are willing to be proactive and engage, and work with them in particular.

Developers are under no obligation to liaise with BIDs. As such, the onus is on BIDs to prove that they are offering something of value to the developer. We think that there are some things which BIDs can bring to the table, as outlined in chapter 10. Some of the important points are:

- Use their local knowledge, and provide details of strategic plans, etc;
- Provide a conduit to Council staff who have responsibility for processing and approving consents;
- Support new developments in most cases, and consider making submissions to this effect;
- Help to convey the benefits of the development to local residents;
- Remain professional, responsive and open throughout the entire process.

Appendix: Retail Centre Trends

This appendix traces the evolution of retail centres in New Zealand from the 20th century through to today, and ends with some comments about current trends and what we expect for the future.

Historical Retail Centre Trends in New Zealand

Prior to World War II, retailing in New Zealand was mainly confined to service stores catering for local communities in commodities such as fresh food, groceries, clothing and practical household merchandise. “Town centres” were normally experienced as the central city area, or the main street. These were the dominant locations of community, cultural, social and retailing services. The street pattern, and some of the building stock in the Orakei centres would have been established at this point.

The post-war period saw the popularity of department stores grow, with such brand names as Farmers Trading Company, Milne and Choice, Ballantynes, Smith and Caughey, Kirkcaldie and Stains, James Smith, Smith and Brown, McKenzies, and Woolworths. These department stores dominated the retail industry, and were usually located in the High Street. Many of these names have now gone.

The motor vehicle and its increasing availability to the average family encouraged consumers to venture further from their neighbourhoods in search of wider social and commercial experiences.

In the 1960s, New Zealand property companies, encouraged by overseas retail trends, launched into the development of “shopping centres” or “malls” throughout New Zealand. These developments were often located outside of the existing central commercial areas.

Examples of such shopping centres were Lynnmall and Pakuranga in Auckland, Johnsonville in Wellington, and Riccarton and Northlands in Christchurch. These were generally made up of two anchor retailers, being a supermarket and a department store, and a cluster of smaller speciality stores. Most stores were under one roof, but usually without any air-conditioning in the case of the early centres.

The total floor area of the above shopping centre examples would have ranged between 5,000 – 12,000m² in size, plus a cluster of free customer car parks (compare this to a current Pak N’ Save supermarket of 8,500m² and a latest generation The Warehouse of 10,000m² or more).

The standard of these shopping centres improved over time, with owners providing air conditioning in new centres. In the early 1970s, decked car parking was introduced, modelled on Australian shopping centre examples. The size of the centres continued to increase.

This period also saw the development of supermarkets. The first Foodtown supermarket opened in 1958 in Otahuhu, and other names such as New World and Woolworths followed shortly after. Early supermarkets were modest affairs by today’s standards, often less than

1,000 m² in size. Their effect, though, was revolutionary, as customers transitioned from small grocery stores where goods were dispensed by a shop assistant, to the “self-serve” model of supermarkets. Of course, today even the smallest dairies are run as self-serve stores, with the exception of restricted items such as tobacco.

Today, supermarkets are very dominant in food retailing, accounting for more than 80% of food retail sales. There are more than 400 supermarkets across New Zealand, and the size of a typical supermarket has grown significantly over the decades. The two main players, Foodstuffs and Progressive, continue to invest in their store networks.

Supermarkets are excellent “anchor tenants” in town centres, and will help to ensure vitality in most cases. However, not all town centres include a supermarket.

The introduction of Saturday shopping in the early 1980s encouraged further retail development, and, as shopping hours were expanded further to include Sundays, the New Zealand consumer’s shopping experience became internationally comparable.

A noticeable trend alongside the above changes was a decline in both the department store and the traditional main street’s dominance of the retail scene. By the 1980s the consumer began to enjoy a much more diverse range of shopping choices, and this trend was to continue.

Following the economic restructuring of the mid-1980s, New Zealand consumers became increasingly price sensitive, and discount department stores stepped into the gap. Kmart from Australia was first to arrive, and New Zealand’s The Warehouse began to grow.

This “price sensitivity” of the New Zealand consumer created a new opportunity for retailers. “Category dominant” retailers were an established part of many larger markets’ retail hierarchy, e.g. Toys R Us and Home Depot in the USA, and these types of store began to emerge in New Zealand as well.

These retailers strive to offer the widest and deepest possible range of merchandise in a given category, at an everyday low price and in a very convenient store format. This was part of an overall strategy of supply chain management to reduce the end price to the consumer. This strategy was to prove very popular with the “cash strapped” New Zealand consumer in the early 1990s.

Throughout the 1990s Australian retailers in various merchandise categories and sizes arrived in New Zealand. This inflow of new brands was further driven by shopping centre owners and developers expanding their centres and seeking new retailers to introduce to New Zealand consumers.

The 1990s was probably the most aggressive decade experienced in retailing in New Zealand. Not only were there new international retailers in our market, but sporting and leisure events, gaming, travel and the like encouraged alternative consumer spending, as did the conversion of other facilities, notably airports, to shopping experiences.

Regional Malls



Source: RCG

“Multiplex” cinema complexes also developed, and with them came the opportunity for further retail activity.

Westfield is a major international shopping centre owner, and it has had a major influence since the late 1990s, when it purchased the St Luke’s Group portfolio of shopping centres. Westfield’s arrival engendered very significant retail development and refurbishment activity in their portfolio across New Zealand, thus setting new benchmarks for retail performance.

The Westfield influence has grown, and shopping centre owners have merged retail and entertainment facilities (cinemas, entertainment, games, shopping), creating significant clusters of consumer-orientated social environments, as an alternative to the old CBD and main street environments.

The 1990s also saw the development of “bulk retail” or “power centre” retailing. These shopping environments offered consumers a complete range of merchandise in a given category at an attractive price. To display the product required, so-called large format stores in sizes ranging from 300 – 10,000m² or more emerged. These were known colloquially as ‘Big Box’ retailers, and were led in New Zealand by The Warehouse, now one of the largest retail groups in the country. Other businesses such as Mitre 10 and Bunnings, Harvey Norman, Briscoes and Rebel Sport have also established themselves as large format brands.

While these retailers could stand alone, there were advantages to them clustering in shopping centre facilities. “Power centre” development gained momentum because of the competitive commercial terms these centres offered retailers, in contrast to the more expensive occupancy costs of a regional, covered shopping centre. Power centres offered the opportunity to be located alongside other similar retailers in large floor plate premises, with plenty of accessible, at grade parking. These facilities are now termed large format retail (LFR) centres.

LFR Centres



Source: RCG

Looking back, the post-war period has seen massive changes in consumer habits and retailing activity. However the period from the mid-1980s onwards has seen rapid and significant change in the NZ retail market, and that seems set to continue.

Modern Retail Centres in New Zealand

Today, regional shopping centres, or malls, offer covered comfort in an air-conditioned environment. They offer a cluster of speciality store retailers, entertainment, and a “food to go or stay” experience, together with a number of larger ‘anchor’ retailers who generally offer a better level of service and a higher quality environment, e.g. department stores. Westfield Manukau City is a good example of these centres.

The Large Format Retail centre offers a cluster of large format retailers with frontage onto a common carpark. Consistent with this form of retail activity there is no covered mall provided, but rather a veranda along branded store frontages and an exposed shop front to a generous area of accessible car parking. The Hub at Botany Downs, and the Manukau Supa Centa, are two examples.

These two very different environments trade well independently of each other, offering the consumer alternative levels of service experience, environment, price and merchandise range.

In addition, one or more of these facilities, even in close proximity, if properly planned, can strengthen and complement the traditional ‘high street’ shopping experience. For example, Hamilton’s Centre Place mall forms an integral part of the CBD, which competes with Westfield Chartwell Mall and The Base within 10-15 minutes’ drive.

American Retail Trends: Lifestyle Centres

In 2003, the International Council of Shopping Centres (ICSC) published information about a new type of retail environment in America – “Leisure and Lifestyle Retailing”. The Grove, beside Beverly Hills in Los Angeles, is a well-known example.

Lifestyle centres are located in affluent trading areas and serve a largely affluent customer base. The main requirements of a lifestyle centre are a top quality built environment, a cluster of “lifestyle retailers”, and table service restaurants. On top of this they may also contain cinemas and other entertainment, accommodation, higher quality anchor retailers, office space and other commercial and personal services. In the US, these facilities must all be easily accessible by car.

Lifestyle Centres



Source: RCG

Lifestyle retailers, while not traditional anchors, are successful, stand-alone operators. They are generally “upscale”, with a strong brand and a unique high quality product/ service mix, e.g. Ann Taylor, Williams-Sonoma, Pottery Barn and Apple.

While not deemed essential to their success, it is becoming more common for lifestyle centres to incorporate the more upmarket anchors: in particular, the quality department store brands. However, overall the anchor for the centre is the cluster of lifestyle retailers themselves. The restaurants are also thought of as a necessary component, and provide a valuable local context for each centre.

While lifestyle centres may have large “secondary catchments”, it is typical for more than half of their customers live in the “primary catchment” closest to the lifestyle centre, and for them to visit it on a frequent basis. Their customers also appreciate the convenience of the parking arrangements in comparison to regional malls.

In addition to matters of convenience, lifestyle centre shoppers also respond to the overall centre atmosphere and shopping environment at these open-air facilities and the feeling of security while shopping there.

Some of the basic characteristics of the lifestyle centre shopper's trip are similar to those for regional shopping centres, such as the number of trips, the number of stores at which purchases are made and total expenditures. However, there is one notable difference – lifestyle centre shoppers are more purpose-driven and the average trip duration to lifestyle centres is accordingly much shorter than for malls, at 57 minutes versus 78 minutes for a mall visit. Thus, given similar per-trip expenditure levels for lifestyle centres and malls, the lifestyle centre trip yields more spending per shopper hour.

Sales productivity at the surveyed lifestyle centres compares favourably with that for regional malls according to the ICSC's Monthly Merchandise Mall Index.

Developers of these centres strive to integrate them into their neighbourhoods, in keeping with the community's concern for grace, style, convenience and safety. The architectural features typically include fountains, lush landscaping, pedestrian-friendly courtyards and quality finishes.

Lifestyle centres in America appear to have established a viable niche in the range of shopping centre types. If they are well located within affluent trading areas, well executed and offer the proper tenant mix, they can attract shoppers with similar behaviours, and spending patterns, as regional malls.

Lifestyle centres usually include outdoor malls, and can become similar to town centres by including carefully planned links to residential areas, public facilities such as libraries, and tourist activities. They may attempt to integrate mixed land uses, including retailers, commercial offices, and residential apartments.

The lifestyle centre model could be a useful benchmark vision for some of the Orakei town centres.

New Zealand Shopping Centre Trends

Some of the key features of lifestyle centres, along with the appropriate retailers, are beginning to appear in recent New Zealand developments. In our view, Ponsonby Central is the best example of a lifestyle centre to emerge so far in New Zealand. Developments like Britomart and The Chancery, both in Auckland's CBD, also incorporate lifestyle centre elements.

Ponsonby Central



Source: www.skyscrapercity.com

New Zealand retail development today seems to be following overseas trends, with retail increasingly forming part of wider mixed-use developments. As a land use, retail is complementary to a wide range of other activities – food & beverage, offices, accommodation, residential, civic and community, etc. Developments such as the Wynyard Quarter and QuBA precinct in the city centre, or Merchant Quarter in New Lynn, are delivering a number of land uses in close proximity to each other. Ponsonby Central is a good example of a retrofitted building in an existing strip.

Live/ work arrangements are once again becoming popular, with retail or commercial space at ground level and apartments above. These can be seen in such developments as Progressive Enterprise's Vinegar Lane, or Tonea Investments' Walters Rd, Takanini – both of which are currently underway.

Even in purely retail developments, we are increasingly seeing different formats coexist together – for example, developments which include elements of both regional malls and LFR centres.

In its early years, the Rotorua Central centre – planned, designed and developed by RCG on behalf of the owners – mainly consisted of LFR. However, it also included a “main street” area with specialty shops and a food experience. This concept has now been taken further, with the main street currently being covered over to create a covered mall area, due to open in late 2013.

Opening in 2001, the Botany Town Centre illustrated the new trend towards retail mixed-use development. This centre combined elements of LFR, enclosed malls, and main street retail. Botany Town Centre also includes de facto public space, such as a “town square” and the streets and lanes within the development. The various facilities are set within a secure, managed environment, together with some office space and – in the surrounding area – medium-density housing and community facilities. The town centre concept has been well received by tenants and consumers alike, despite some concerns about the weather, from time to time.

Botany Town Centre



Source: RCG

The Pegasus Town development in North Canterbury is a further example of this trend to mixed-use retail developments, and the lifestyle component of the development is very significant.

Sylvia Park opened in stages over 2006-2007. It features a mix of uses, although there has been some vigorous professional dispute about the term “town centre” being applied, and RCG view the facility as a regional mall with some “lifestyle centre” characteristics in place. Going forward, Sylvia Park is expected to include a wider range of uses, including office and residential components.

These examples illustrate an emerging trend in the retail property sector towards the integration of a range of retail, commercial, civic, community, residential and short term accommodation and other lifestyle compatible facilities on one large, master planned site. In many ways, such large developments are increasingly mirroring traditional town centres, and it is likely that the distinction will become less clear-cut as time goes on.

Traditional Town Centres

Traditional town centres have not stood still over the last 60 years, although they have often been forced to adapt to the changes happening elsewhere, rather than being drivers for change in their own right.

In Auckland, regional shopping malls and LFR centres have become well established, and the role of town centres has shifted as a result. Most of these centres do not have a department store, with a few exceptions such as the Farmers’ stores in Browns Bay and Papakura, or the Smith & Caughey’s store in Newmarket.

Larger town centres in Auckland often include a shopping mall as well as high street shopping. The ten largest of these town centres are referred to as Metropolitan Centres in the Auckland Plan, and Papakura is the only one of these which does not include a shopping mall.

Summary

Retail in New Zealand has undergone significant changes in the last sixty years. Two types of centre that continue to operate successfully are indoor shopping centres and large format centres. Analysis of shopping centre trends in the USA shows a shift towards a new kind of centre – lifestyle centres. A number of recently built centres in New Zealand have been influenced or informed by these trends.

The “traditional” New Zealand town centre, which usually consists of a retail strip or mainstreet, continues to serve its share of the market. Its vitality and economic performance depends on a range of factors, many of which we discuss in our main report.

It is important to realise that shopping malls, LFR centres, and most single ownership/managed centres are different locations to traditional main streets and town centres. Direct competition with these single-entity centres is successful when a complementary approach is taken, and when town centre retailers focus on the needs and lifestyles of their local communities and consumers.

The table overleaf compares some of the typical attributes of town centres, shopping malls and LFR centres:

Comparing Town Centres, Shopping Malls and LFR Centres

Town Centres	Shopping Malls	LFR Centres
Eclectic mix of building styles, ages	More homogeneous	More homogeneous
Mainly small shops. Some larger spaces may be present	Small shops and large "anchor tenants". "Mini-majors" may bridge this gap	Mainly large stores. Sometimes, also smaller "convenience" retailers
The Council provides common areas	The developer plans common areas within the mall	Few common areas
Varying opening hours	Uniform opening hours, trading seven days a week	Long opening hours, trading seven days a week
24-hour public access	Limited access outside of trading hours	Limited access outside of trading hours
All are welcome, and people cannot be excluded	Some people may feel, or be excluded	Some people may feel, or be excluded
Fragmented land ownership. Varying investment objectives - many owners just want a passive income stream	Usually a single, motivated and well-funded owner	Usually a single owner, some unit titles
A mix of on-street parking, store parking and public parking. May be free or paid	Large parking lots. Parking is generally free	Large parking lots. Parking is almost always free
Parking and circulation depends on historical development	Carefully planned parking and circulation	Carefully planned parking and circulation
The market determines the mix of retailers and the vacancy level	Usually a planned "retail mix" and very few vacancies	Usually a planned "retail mix" and very few vacancies
Lower occupancy costs than malls, except for the top mainstreets	High occupancy costs, but high turnovers are achieved	Low occupancy costs and low sales per square metre
Mainly independent retailers. Shops vary in quality	Mainly chain retailers	Mainly chain retailers
Customer service a key differentiator	Less personalised service	Low staffing levels and minimal service
Public or in-store lavatories may be provided, often to a lower standard	Lavatories and associated facilities provided to a high standard	Lavatories etc provided, often to a lower standard

Source: RCG

Site Selection and Evaluation Checklist

Criteria	Satisfied?	Notes
Local Market/ Catchment		
Catchment Defined?		
Resident Population Size/ Growth Trends		
Employee Numbers/ Key Businesses		
Special Markets (e.g. Hospital, Tourists)		
Household Incomes		
Age/ Ethnic Profile		
Psychographics (Consumer Behaviour)		
Traffic Flow & Accessibility		
Pedestrian Counts Past Site (Weekday/ Weekend)		
Security and Safety (Pedestrians/ Vehicles)		
Traffic Counts Past Site (Weekday/ Weekend)		
Ease of Entrance and Exit for Vehicles (inc. Delivery)		
Availability/ Fees for Onsite/ Nearby Parking		
Availability of Public Transport		
Roading Connections		
Congestion		
Planned Infrastructure Upgrades?		
Geographic Barriers in the Catchment		

Criteria	Satisfied?	Notes
Retail/ F&B in the Catchment		
"Retail Mix": Range and Quality of Retailers		
Key Anchors, e.g. Supermarkets/ Department Stores		
Food and Beverage		
Other Complementary Uses (Entertainment, Civic etc)		
Assessed Strength of Competitors. Over/ Undersupply?		
Possibility of Joint Promotions with Local Retailers		

Criteria	Satisfied?	Notes
Site Characteristics		
Outline Specifications of Site		
Visibility of Site from Street		
Compatibility of Nearby Stores (Current/ Proposed Mix)		
Opening Hours of Nearby Stores		
Size and Shape of Premises		
Condition of Existing Building		
Availability of Exterior Seating		
Disabled Access		
Signage (Restrictions?)		
Type of Zoning		
Development Plans in the Area		
General Appearance in Area		

Criteria	Satisfied?	Notes
Environmental Factors		
"Above-Ground" Risks		
Asbestos/ Lead Pipes/ Hazardous Materials		
Motor Oil/ Underground Storage Tanks		
Lease and Occupancy Cost Factors		
Lease Provisions: Term, Renewals etc		
Base Rental		
Percentage Rental (if applicable)		
Insurance, Opex, Other Costs		
Utility Costs		
Local Body Rates/ "Mainstreet" Targeted Rates		
Expected Capex		
Capex by Landlord/ Improvements Rental?		
Restrictive Clauses in Lease		