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British High Streets: from Crisis to Recovery?

A Comprehensive Review of the Evidence

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With additional contributions from:
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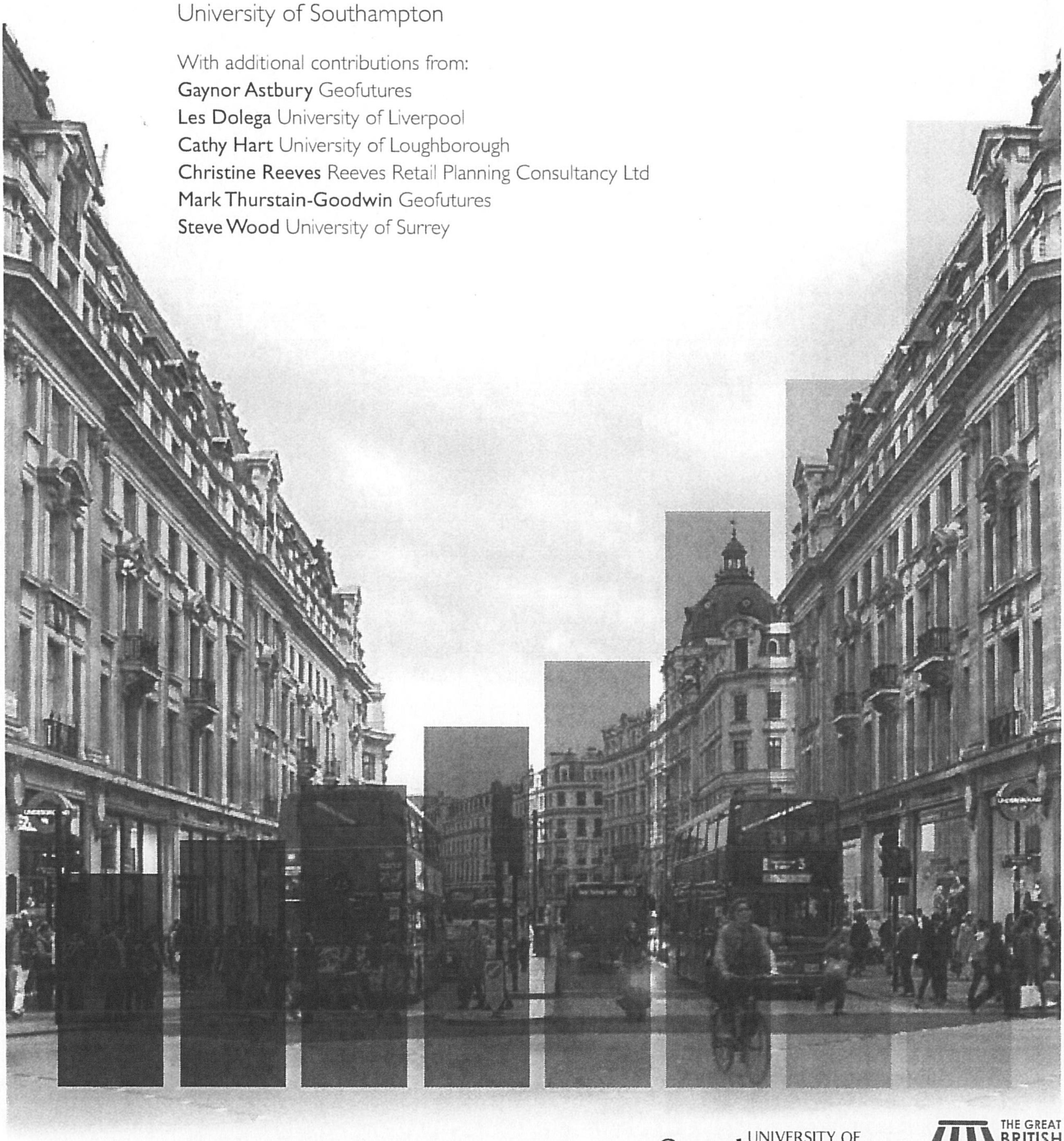

UNIVERSITY OF Southampton

THE GREAT BRITISH HIGH STREET

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

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

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

In the subsequent periods of economic crisis and austerity, the trends revealed in Table 3 continued – with most leisure service categories in town centres and high streets experiencing growth – albeit some categories more than others[18]. More specifically, cafes and restaurants grew more strongly than fast food, takeaways and pubs during that period. With consumer spending on leisure projected to increase further over the next decade, many leisure operators entered the market or expanded anticipating a continuation of that growth.

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

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

As such, leisure businesses like coffee shops – operated by both independent and multiples – have become more and more integrated into, and functionally important for town centres and by extension part of local communities. High street businesses are increasingly seeing the benefits of the leisure offer to footfall and trade. Indeed, recent research[19] finds that the presence of coffee shops is considered by consumers as an important reason to choose one high street for shopping over another, and can boost local high street economies by 2 to 4% via increased footfall and dwell time (Figure 5).

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

Source: Allegra Strategies[20].

- 36% of the adult British population visit coffee shops in a typical week. 11% visit more often
- 51% have a preference to shop in an area with several coffee shops
- 52% of these consumers will stay on the High Street for longer
- 25-45% of those intending to shop are likely to spend
- As a result there is a typical boost of 2-4% for surround businesses

Recent research by CACI in over 100 retail centres across the UK[21] likewise underlines the importance of the complementarities between retail and the food and drink offer of centres Based on 170,000 exit interviews with shoppers, it shows that consumers who used the food and drink facilities of centres on their shopping trips spent approximately 48% more on retail goods than those who did not – and of those facilities, it was use of casual dining that was associated with the greatest boost in spend.

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

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

THE NEED TO UNDERSTAND HIGH STREETS BETTER

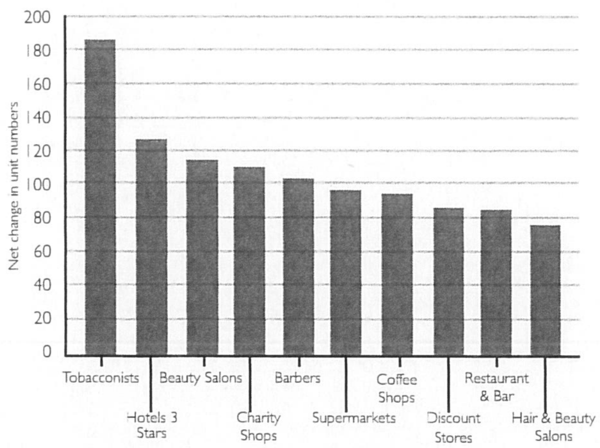
...we need to know more about:

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

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

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

FIGURE 1: FASTEST GROWING BUSINESS CATEGORIES (H1 2014)
Source: LDC[3]



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

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

> '(...) the buzz of the market place is central to our human needs to forage and interact'
> **Martin Hayward, Hayward Strategy & Futures, August 2013)**

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

Early evidence suggests that the expansion of the evening economy of town centres and high streets can offer employment opportunities, possibilities for new ventures and can contribute to high street vitality after hours. However, this still remains an undeveloped area of research; what evidence there currently is on the night time economy, largely focuses on the lack of public transport options and antisocial behaviour/safety issues in the evening. That is to say, on the barriers which deter people from using the centres after hours. Far more empirical work is clearly needed on the complex and interlinked nature of attractors in centres with successful evening economies. Additionally, and following the government's plans for new residential developments in town centres/urban extensions, more research is needed on how to successfully set out a physical framework so that the night economy *'component'* becomes a vital part of the infrastructure in new settlements, in a way which reflects the *'leisure culture'* of the 21st century[4].

THE NEED TO UNDERSTAND HIGH STREETS BETTER

...we need to know more about:

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

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

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

In the grocery sector, the continued growth of both corporate and independent convenience stores has been repeatedly detected in many studies alongside a strong trend toward food shopping relocalisation. Similarly, recent evidence from the comparison (non-food) goods sector also indicates that independent retailers are increasing in number relative to corporates (+2% and -5.2% respectively between 2011 and 2013). Indeed, the British Independent Retail Association (BIRA) reported in April 2014 that seven out of ten independent retailers were confident in the trading year ahead of them, the highest level since the recession. Indeed, 56% of BIRA members reported higher sales for the first three months of 2014 than in the matching quarter of 2013. Businesses such as independent department stores, clothing and footwear, gift shops, books shops and garden suppliers, have all reported growth.

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

THE NEED TO UNDERSTAND HIGH STREETS BETTER

...we need to know more about:

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

THE NEED TO UNDERSTAND BETTER DIFFERENTIAL PERFORMANCE – DATA CONSTRAINTS

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

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