

National Retail Planning Forum

Retail Definitions Working Group

DRAFT DEFINITIONS FOR RETAIL PLANNING

1. In late 2007, the NRPf agreed that new definitions were needed for retail planning, to improve the quality of retail forecasts and assessments. Accordingly, a Retail Definitions Working Group (RDWG) was convened, under the Chairmanship of Jonathan Baldock, a Director of the NRPf, who is also a Director and Head of Retail Planning at DTZ. The RDWG comprised representatives of the retail planning 'industry', including data suppliers, planning consultants, academia and a major retailer. A list of the individuals who contributed and their organisations is annexed to this paper. The NRPf is grateful for their assistance. Representatives of other retailers and the property industry were invited to contribute, but did not do so. The RDWG met in January 2008, agreed a list of topics for which new definitions were needed, and allocated responsibilities for preparing first draft definitions. These were circulated, and revised in the light of comments received. This Paper therefore sets out the resulting draft definitions based on the work of the RDWG, for wider consultation.
2. These definitions focus on the principal variables which are used by retail planners in preparing quantitative forecasts of the need for and impact of new retail floorspace. They do not cover other town centre uses such as commercial leisure facilities, offices, etc. Neither do they cover more general topics relating to retail development or the vitality and viability of town centres, for example. In some cases, the draft definitions codify existing custom and practice. However in others they would amount to some departure from current practice, or reconciliation of differences in existing approaches.
3. The definitions are not intended to constrain the methods used for retail planning analysis and forecasting, but simply to provide a common basis on which the data underpinning such work is provided and used. To some extent, it is not critical to the outcome of retail forecasting how definitions are cast. What is more important is that they are *standardised*, i.e. that all data providers and data users understand what they mean and work to the same definitions. Otherwise, as at present, errors can arise from data provided on one basis being combined with data provided on another and incompatible basis, to arrive at a false result
4. The definitions are also not intended to constrain in any way how retailers plan, fit out and operate their shops and stores. Neither are they intended for retrospective application in planning enforcement.
5. The DCLG is considering annexing the final definitions which are adopted by the NRPf as the recommended national standard for retail planning, to the forthcoming guidance on retail need and impact assessments to be published with the next version of PPS6 for application in England. However, this will be subject to the draft definitions having been subject to consultation

and peer review, and to the final version having taken account of such responses received. These draft definitions are therefore hereby published by the NRPF; and interested parties are invited to submit comments by 19 December 2008. These should be sent to:

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6. Following the receipt of such responses, the final versions of the definitions will be prepared, published by the NRPF and provided to the DCLG.
7. The remainder of this Paper sets out the draft definitions, together with comments as necessary. They are considered by the NRPF to represent a realistic concerted attempt to arrive at a new set of widely accepted and universally applicable definitions, which can be annexed to national planning policies for town centres and retail development so as to facilitate agreement on the technical basis of retail planning studies and assessments.

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DRAFT DEFINITIONS

POPULATION PROJECTIONS

Definition:

Estimates of future population based on the most recent Census and/or ONS population estimates, and applying ONS population trends.

Notes:

PLAN-LED POPULATION FORECASTS

Definition:

Population projections adjusted to take account of housing growth allocations in development plans.

Notes:

EXPENDITURE PROJECTIONS

Definition:

Estimates of future expenditure obtained by projecting past trends in expenditure by means of a recognised statistical technique such as least mean squares.

Notes:

This covers the various trend projections produced by Experian and MapInfo/Oxford Economics.

EXPENDITURE FORECASTS

Definition:

Assessments of future expenditure based on applying stated growth rates which are not necessarily projections of past trends.

Notes:

This covers econometric forecasts in which the analyst makes judgements about future economic conditions and how these will affect growth in retail expenditure. It includes the forecasts by Experian in their Retail Planner Briefing Notes, and by Oxford Economics in MapInfo Information Briefs.

CONVENIENCE GOODS EXPENDITURE

Definition:

Expenditure (including VAT as applicable) on goods in COICOP categories:

<i>1</i>	<i>Food and non-alcoholic beverages</i>
<i>2.2</i>	<i>Tobacco</i>
<i>2.1</i>	<i>Alcoholic beverages (off-trade)</i>
<i>9.5.2</i>	<i>Newspapers and periodicals</i>
<i>5.6.1</i>	<i>Non-durable household goods</i>

Notes:

100% of non-durable household goods is included; because although this category includes a small proportion of goods which have sometimes been considered as comparison goods, any deduction to account for this would be somewhat arbitrary and not based on firm information.

COMPARISON GOODS EXPENDITURE

Definition:

Expenditure (including VAT as applicable) on goods in COICOP Categories:

<i>3.1.1, 3.1.2, 3.1.3</i>	<i>Clothing materials & garments</i>
<i>3.2.1</i>	<i>Shoes & other footwear</i>
<i>4.3.1</i>	<i>Materials for maintenance & repair of dwellings</i>
<i>5.1.1, 5.1.2</i>	<i>Furniture & furnishings; carpets & other floorcoverings</i>
<i>5.2</i>	<i>Household textiles</i>
<i>5.3.1</i>	<i>Major household appliances, whether electric or not</i>
<i>5.3.2</i>	<i>Small electric household appliances</i>
<i>5.5.1, 5.5.2</i>	<i>Tools & miscellaneous accessories</i>
<i>5.4</i>	<i>Glassware, tableware & household utensils</i>
<i>6.1.1, 6.1.2</i>	<i>Medical goods & other pharmaceutical products</i>
<i>6.1.3</i>	<i>Therapeutic appliances & equipment</i>
<i>7.1.3</i>	<i>Bicycles</i>
<i>9.1.4</i>	<i>Recording media</i>

9.2.2, 9.3.1, 9.3.2	<i>Games, toys & hobbies; sport & camping equipment; musical instruments</i>
9.3.3	<i>Gardens, plants & flowers</i>
9.3.4	<i>Pets & related products</i>
9.5.1, 9.5.3, 9.5.4	<i>Books & stationery</i>
8.2, 9.1.1, 9.1..2, 9.1.3	<i>Audio-visual, photographic and information processing equipment</i>
12.1.2, 12.1.3	<i>Appliances for personal care</i>
12.3.1	<i>Jewellery, watches & clocks</i>
12.3.2	<i>Other personal effects</i>

Notes:

This does not include COICOP categories 3.1.4 and 3.2.2, which cover the small expenditure on repairs to clothing and footwear, which are considered to be services. This means that heel bars and dry cleaners (the latter often providing garment repair services in addition to cleaning) would have to be excluded from floorspace when undertaking retail capacity forecasting, for compatibility with the expenditure definition.

SPECIAL FORMS OF TRADING

Definition:

All retail sales not in shops and stores; including sales via the internet, mail order, TV shopping, party plan, vending machines, door-to-door, and temporary open market stalls.

Notes:

This covers the following categories in the Annual Business Inquiry:

52.6 Retail sales not in stores:

52.61 Retail sales via mail order houses

52.62 Retail sales via stalls and markets

52.63 Other non-store retail sales

However, it makes it clear that retail sales from permanent markets are not included in SFT.

Some internet sales are sourced from local stores, in particular food. Different companies have different customs for this. Analysts will therefore have to make judgements about what proportion of expenditure on SFT as defined should be subtracted from expenditure to allow for non-store sales.

GROSS GROUND FLOOR FOOTPRINT FLOORSPACE

Definition:

The area shown on the Ordnance Survey map as being occupied by buildings and covered areas.

Notes:

This is the basis on which floorspace data is provided by Experian Goad.

GROSS RETAIL FLOORSPACE

Definition:

The total floor area within buildings which is occupied exclusively by a retailer or retailers.

Notes:

Common parts of buildings e.g. malls, and shared service areas and plant rooms, and open storage, display and service areas are not included even if exclusively occupied. The definition is therefore practically the same as that of 'net lettable area' used by Architects and Surveyors.

NET RETAIL SALES AREA

Definition:

The area within the shop or store which is visible to the public and to which it has access, including fitting rooms, checkouts, the area in front of checkouts, serving counters and the area behind used by serving staff, areas occupied by retail concessionaires, customer services areas, and internal lobbies in which goods are displayed; but not including cafes and customer toilets.

Notes:

This definition is very close to that of Verdict Research, the principal difference being that it excludes cafes and customer toilets. It is also close to the definition used by Tesco to measure its stores, and to practice by Sainsburys and Morrisons. However, it differs from the definition used for food stores by the Competition Commission in the recent Grocery Market Inquiry, which is much narrower (it excludes checkouts and the areas behind, lobbies, customer services, concessions). The Commission's definition is thus much closer to that of Asda; and could not in practice be applied to non-food shops and stores.

The proposed definition has the merit of being applicable to food and non-food shops of almost all types and sizes. It should also be fairly simple and un-contentious to measure such areas. However, a small number of retailers (for example Argos and IKEA) may have to be treated differently, because of the unorthodox layout of their stores.

NET TO GROSS RATIO

Definition:

The ratio of net retail sales area to gross retail floorspace in a stated retail location.

Notes:

LETTABLE AREA

Definition:

The total area of the shop or store occupied by the retailer and on which rent is payable, or which would be payable if the occupier was a leaseholder rather than a freeholder.

Notes:

This should be the same area as Gross Retail Floorspace. Terms such as Gross Lettable Area and Net Lettable Area are widely used by Architects and Surveyors. However, it would be simpler to have just the one definition as proposed.

Measurement of lettable area should be in accordance with the RICS 'Code of Measurement Practice'.

RETAIL SALES DENSITY

Definition:

Convenience goods, comparison goods or all goods retail sales (stated as including or excluding VAT) for a specified year on the price basis indicated, divided by the net retail sales area generating those sales.

Notes:

The issue of VAT is difficult. Sales densities published by Verdict Research and Mintel are based on companies' sales data and therefore do not include VAT – which has to be added for compatibility with the expenditure forecasts which do include VAT. However, sales densities calculated for whole town centres by dividing expenditure by floorspace do include VAT because the expenditure figures include it. The simplest solution is therefore to have a definition which allows the data suppliers to continue to supply their data excluding VAT, but which allows analysts to add VAT and express sales densities as including VAT, if required for compatibility with the expenditure data.

FLOORSPACE EFFICIENCY FACTOR

Definition:

The percentage by which a retail sales density is expected to increase annually in real terms over a stated period.

Notes:

This definition excludes the effects of monetary inflation.

DESIGN YEAR

Definition:

The second full calendar year of trading after opening of a new retail development.

Notes:

This allows for a short 'settling down' period of between one and two years following the opening of a new retail development. The proposed definition would be the same for all forms and scales of retail development.

RETAIL EMPLOYMENT

Definition:

The number of full time equivalent jobs within a store, shopping centre or other retail facility.

Notes:

This allows the number of Full Time Equivalent (FTE) jobs in an existing retail area, or expected to be in a new retail development, to be stated. It is therefore simply a comparative measure of FTE jobs in retail shops and stores. It does not indicate whether any jobs in new developments would be transferred from other shops and stores. An allowance for such job transfers may therefore have to be made, to arrive at the net increase in retail employment as a result of a new development.

Organisations and individuals contributing to the RDWG

Organisation	Name
DTZ & NRPF	Jonathan Baldock (Chairman)
Experian Business Strategies	Neil Blake
MapInfo	Jon Flitton
Oxford Economics & Forecasting	Alan Wilson
Verdict Research	Neil Saunders
Mintel	Richard Perks
Institute of Grocery Distribution	Patrick Mitchell-Fox
Tesco	Simon Birnbaum
UCL	Miles Davis
DCLG	Shaun Flanagan
DCLG	Graham Kinshott
Michael Bach	Michael Bach
Oxirm	Elizabeth Howard
Stirling University	Anne Findlay
NRPF	George Nicholson
Robert Turley Associates	Atul Joshi / Peter Jones