

Future perfect?

The British Council of Shopping Centres' major research programme on the 'Future of Retail Property' is reaching its conclusion. Kate Logan, BCSC Knowledge and Research Manager, describes the work

The Future of Retail Property programme is a major research initiative commissioned by the British Council of Shopping Centres (BCSC), designed to map out the key forces for change in the retail industry over the next ten years. The aim is to furnish decision-makers with information on the major social, political, technological and economic changes that lie ahead, so enabling them to create better shopping places.

Commencing in early 2006, the programme is intended to be rigorous but practical. It comprises a series of individual projects, some of which have run in parallel and others sequentially. The first project reports emerged in September 2006; the whole programme runs for 18 months.

The work has been designed to inform retailers, developers, investors and public sector policy-makers about how retail property trends are likely to influence a wide range of issues, from the conception and design of new projects, to planning, development, tenant-mix strategies, leasing, marketing and asset management.

Each project has a dedicated team of independent expert researchers, selected through a rigorous tender and interview process. There are nine project areas producing reports:

- The impact of *Changing Demographics and Consumer Patterns*.
- *Consumers Over 55: Silver Shoppers Provide a Golden Opportunity*.

- *Online Retailing: The Impact of Click on Brick* and its potentially huge long-term impact on the balance of location preferences and space needs, as well as on the competitive pressures underpinning rental and capital values.

- *Future of Brands* and their importance in the retail landscape, including trends in brands over the next ten years, the potential and future of shopping centre brands, the death of brands, and post-materialist consumers.

- *Future of Retail Transport: Access, Information and Flexibility* and the likely situation in ten years' time, based on such current trends as road pricing, car parking, congestion charging, increasing car ownership, changes in transport policy, road building, and inter-modal transport.

- *In Town or Out of Town?* An expert review of changing planning policies (see the following page).

- *Future of Retail Business Models* and their implications for property, including a detailed analysis of cost structures, supply chain dynamics, margin structure, sales productivity, potential growth trends, overseas entrants to the UK market, multi-channel retailing, and changing retail formats.

- *How Much Space?* A review to determine whether the UK is over- or under-shopped, incorporating economic models and forecasting and differences between gross and net additions to space.

- A review of the role of architecture and design in the types of *Future*

Shopping Places, the cost implications of changing formats, the incorporation of technology and building for sustainability.

All the projects focus on the changing nature of the business environment from the present until 2015. The emphasis is on using existing research to provide guidance on key future trends, using scenario planning to look forwards rather than just regurgitating existing research, to develop a vision for the future of retail property in its widest sense. Many of the projects have a particular emphasis on sustainability.

Further details of the programme can be found at the Future of Retail Property website (<http://www.bsc.org.uk/research/forp/index.htm>), where executive summaries and the full reports can be obtained, either as downloads from the site or as hard copies to order.

A series of seminars is also being run to launch the pieces of work. The next event, 'BCSC's View on the Future of Retail Property', will be held on Tuesday 26 June 2007 at The Imagination Gallery, London, giving an industry view on what the future might hold. A report will also be launched to accompany this event. More information is available on the Future of Retail Property website. ■

■ **The Future of Retail Property In Town or Out of Town?** report – see the following page

Developing in smaller towns –

It's about confidence

All the topics examined by the Future of Retail Planning programme (see the front page of this newsletter) are relevant to retail planners. In particular, the *In Town or Out of Town?* report by Michael Bach, formerly of the ODPM, and Mark Thurstain-Goodwin, of Geofutures, goes far beyond previous analyses of new retail development to look at the development pipeline and the locations of different types of developments, such as supermarkets, retail warehouses and shopping centres.

This reveals a much more complex picture than previous work such as that by the ODPM (now the DCLG). The proportion of development in English town centres is set to exceed 40% within five years (although the figures are 29% for Wales and just 10% for Scotland) – but only if the Government sticks with intentions of its current policies. However, further analysis of the figures shows that the industry's performance varies considerably with the type of retail development: while 78% of new shopping centre developments

completed between 1999 and 2005 were in town centres, only 23% of supermarkets and 7% of retail warehouse developments were in such locations.

An examination of potential policy change scenarios highlights concerns over investor confidence, with major implications for retail planning. As BCSC Chief Executive Michael Green remarks: *'The report demonstrates that a consistent approach to planning policy – one that investors can rely on over an extended period of time – is essential if the kind of retail-led regeneration that has transformed big cities like Manchester and Birmingham is to be rolled out to the UK's small and medium-sized towns and cities.'*

'To date, however, town centre development has mainly taken place in the 'top 50' towns and cities. The shopping centre industry is now ready to move in to the revitalisation of the next level of large- and medium-sized towns through both new developments and refurbishment. However, the threat of policy change could undermine developer and investor confidence in the system and, as a consequence, put plans for the next generation of centres at risk.' ■

Many have been concerned recently about the Treasury's apparent attempts to weaken planning control over commercial development. The Barker Review of Land Use Planning and the Competition Commission's investigation into the groceries market are seen in this light.

One focus for Treasury attack has been the 'needs test' in retail planning. This is the requirement that: *'Need must be demonstrated for any application for a main town centre use which would be in an edge-of-centre or out-of-centre location and which is not in accordance with an up-to-date development plan document strategy.'*¹

'Need' in this context is usually equated to 'quantitative need': this involves *'a realistic assessment of: existing and forecast population levels; forecast expenditure for specific classes of goods to be sold, within the broad categories of comparison and convenience goods and for main leisure sectors; and forecast improvements in productivity in the use of floorspace.'*²

Further guidance to local planning authorities and planning consultants concerning these difficult technical issues was promised in PPS6; however, this has been delayed by the Barker Review of Land Use Planning and the preparation of the 'Planning' White Paper.

Treasury officials have argued for several years that the needs test inhibits innovation and competition in retailing. Asda and Morrison, for example, have claimed that they have found it impossible to break into markets already dominated by other food retailers, especially in London and parts of the South East.

Not surprisingly then, Barker recommended that the 'needs test' should no longer be used for assessing retail/leisure proposals located outside town centres. However, it is worth quoting the report's conclusion at some length, if only to establish that this was not intended as a recipe for destroying town centres, as others have claimed:

'The town centre policy is – rightly – an important priority for Government.'

Under-served Markets project update

Business in the Community's Under-served Markets project was established, with funding from the then ODPM, in order to encourage retail-led regeneration in the most deprived areas in England. To date, four pilot developments are being progressed, in Bradford, Waltham Forest, Lewisham and Oldham, and the project has also been successful in influencing the shift in national planning policy towards giving greater encouragement to retail schemes in deprived areas. A good practice guide is to be published by the DCLG in June.

The next phase of the project will involve the dissemination of key lessons via a series of regional workshops to be run in partnership with Government Regional Offices (GROs) and aimed at local authorities and the private sector beginning later in 2007. Further information on these workshops will be disseminated via the GROs.

Who needs need?

The 'needs test' in retail planning should be abolished, says **Cliff Guy**

It helps to promote the vitality and viability of town centres, which brings a number of benefits. It is therefore important to assess the potential impact on the town centre of new development proposed beyond its borders. The sequential and impact tests have roles to play here and should be maintained. But while there is a role for local authorities in assessing the likely future requirements (market demand) for more floorspace when preparing their development plans, it is not appropriate to turn down applications on the basis of there being no need. This is simply likely to result in more limited choice and higher prices of goods in stores – it restricts the expansion of stores beyond the town centre that could enter the market without harming the town centre itself.³

The Competition Commission in its interim report also considered this question but, surprisingly perhaps, did not support Barker: *'The lack of a quantitative need test in Scotland, compared with England, Northern Ireland and Wales, does not appear to have resulted in a greater proportion of newly-built supermarkets being in larger size categories. This appears to suggest that the need test, by itself, does not represent a constraint on the construction of larger supermarkets.'⁴*

However, this view was based upon an erroneous comparison of recent planning approvals in England, Scotland and Wales. In fact the needs test was not applied in Wales over this period, coming into use only with the publication of revised policy in December 2005.⁵ We may see a different conclusion in the Commission's final report, due early next year.

The Barker recommendation has elicited a furious response from local authority planners. Friends of the Earth found in a sample survey that 81% said that the absence of a needs test would make it more difficult to focus new development in town centres; 88% thought that it would make it more difficult to assess the impact of a proposed edge- or out-of-town supermarket development on a town centre; and 95% said that the needs test is important.⁶

The British Council of Shopping Centres also supports these views, understandably since its response was drafted by the former civil servant who also drafted much of PPS6.⁷

Despite all this I support abolition of the needs test. My view arose originally from discussions with planning consultants, which indicated that the assessment of needs is basically a by-product of the long-established process of impact assessment. Both need and impact tests involve comparison of current patterns of expenditure with what might happen if the new development were to proceed. Results of the two tests are closely related, so that, for example, any proposal for which there is apparently some quantitative need is likely to have little impact upon existing town or district centre trading.⁸

In addition, many protesters seem to have forgotten that Government guidance also provides three other tests for edge- and out-of-centre proposals: the sequential test, impact tests, and limits on private vehicle use. These three should be enough to prohibit any scheme

which would have significant effects upon town centres or would lead to a substantial increase in private vehicle use.

What might happen if the needs test were abolished? It would allow more off-centre development only in circumstances where (a) the new retailing development could be shown to compete with existing off-centre retailing (superstores, retail warehouses) rather than town or district centres; and (b) there were no suitable or available sites within the town/district centres; and (c) the proposal would not lead to an increase in private vehicle mileage. In these circumstances off-centre development would increase competition, to the benefit of shoppers, and would not seriously damage neighbouring town centres.

All this means that we might get more planning applications for superstores, 'bulky goods' retail warehouses, and possibly some out-of-centre retail parks. If this prognosis dismays planners, the proper procedure is to regulate the supply of new space through development plan policy.

PPS6 states that regional planning bodies and local authorities should assess the need for additional retail/leisure uses in preparing their planning strategies and development frameworks: *'Need assessments for the development plan document period should be carried out as part of the plan preparation and review process, and updated regularly. ... [This] will... enable the local planning authority to test alternative options and make choices about where growth should be accommodated.'*⁹

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Such assessments may follow a capacity study, which would examine both quantitative and qualitative need for new development over the plan period. However, I don't think that planners (as a whole) are very good at regulating the supply of commercial floorspace in the public interest. Restricting supply to existing premises plus a very small increment does not support the development of new retail and leisure formats, and leads to rental inflation.

It is important also that capacity studies are not used as justification for simply cramming every sort of retail and leisure development into town centres. Out-of-centre shopping has a role to play in fulfilling routine 'trolley shopping' needs, and also in facilitating new types of retail and leisure provision, where these require large-scale inexpensive premises. It should be allowed some freedom to grow where this would be beneficial to consumers and the economy. ■

■ **Cliff Guy** is a Professor in the School of City and Regional Planning at Cardiff University. This article first appeared in *Town & Country Planning* (the journal of the TCPA).

Notes

1 Planning Policy Statement 6: *Planning for Town Centres*. DCLG, 2005, para. 3.9

2 PPS6, para. 2.34

3 *Barker Review of Land Use Planning. Final Report – Recommendations*. HM Treasury. TSO, Dec. 2006. W: http://www.hm-treasury.gov.uk/media/4EB/AF/barker_finalreport051206.pdf

4 *Groceries Markets Investigation – Emerging Thinking*. Competition Commission, Jan. 2007, para. 153. W: http://www.competition-commission.org.uk/inquiries/ref2006/grocery/pdf/emerging_thinking.pdf

5 Ministerial Interim Planning Policy Statement 02/2005: *Planning for Retailing and Town Centres*, Welsh Assembly Government, Dec. 2005. W: http://new.wales.gov.uk/docrepos/40382/4038231121/403821/403821/4038212/Retail_and_Town_Centre_mipp1.pdf?lang=en

6 'Town centres under threat from planning shake up'. Press Release. Friends of the Earth, 7 Feb. 2007. W: http://www.foe.co.uk/resource/press_releases/town_centres_under_threat_06022007.html

7 *BCSC Response to Barker Review of Land-Use Planning: Key Issues*. BCSC, Feb. 2007. W: <http://www.bsc.org.uk/media/downloads/BCSCBarkerReportResponse070129.pdf>

8 This argument is developed at length in Cliff Guy: 'Is "demonstration of need" necessary in retail planning policy?'. *Regional Studies*, 2007, Vol. 41, pp.131-137. See also Cliff Guy: *Planning for Retail Development: A Critical View of the British Experience*. Routledge, 2007, chap. 5

9 PPS6, para 2.32

The 'needs test' is, and will remain, an essential part of the retail planning application process if we are to safeguard the continuing health of our town centres. The arguments that the test restricts the development of retail competition and is rendered unnecessary by the other planning tests available stem from misunderstandings about how the policy works in practice. Evidence of harm to competition has not been forthcoming, and the potential impacts of abolishing the test are far-reaching.

The Barker Review of Land Use Planning proposes 'removing the requirement to demonstrate need (the 'needs test') as part of the planning application process'.¹ It holds that imposing the requirement to demonstrate need, as required in PPS6, is inappropriate, unnecessary and costly. More significantly, it submits that while there is a role for local authorities in assessing the likely future requirements for additional floorspace when preparing development plans, it is not appropriate to turn down applications on the basis of there being no need.

Misunderstandings

These arguments demonstrate fundamental misunderstandings about how the policy is implemented.

The need for additional retail floorspace is a material planning consideration: it can and should be taken into account in a decision. Need assessments provide a robust assessment of the likely 'headroom' for new retail development – a clear indicator of capacity for growth, which unlike impact assessments is subject to fewer assumptions and is less susceptible to manipulation. Proposals are assessed against the projected requirement for that retail sector in five years' time, not just any current shortfall.

Information on need will be available from both local authority need assessments and company business plans. The Barker Review grossly exaggerates the cost of providing information on 'need' as part of the application, suggesting an average of £50,000 per application.

The various 'tests' in PPS6 inform an overall assessment, and the planning decision takes all this information into account. There is not a 'pass/fail' test on each one: indeed, Tesco could not find a

single case where the need test was the sole reason for refusal.

It is also important to perceive the need assessment in terms of the positive policy objective: strongly favouring those applicants choosing town centre locations, where it does not apply, rather than constraining new entrants.

Where is the evidence?

Arguments against the appropriateness of the needs test also fail to produce compelling evidence that it is actually constraining competition to the detriment of consumers. The Barker Review looked to the Competition Commission to provide this evidence. The Commission's *Emerging Thinking* report 'noted the Barker Review's opinion that supermarket development in England and Wales is being restrained by the retention of the so-called 'need' test', but found no evidence that it caused any problems.²

The Competition Commission's own research looked at whether there was any difference in the size of new supermarkets in Scotland, where there is no need test, compared with those in England and Wales. It concluded: 'The lack of a quantitative need test in Scotland, compared with England, Northern Ireland and Wales, does not appear to have resulted in a greater proportion of newly-built supermarkets being in larger size categories. This appears to suggest that the need test, by itself, does not represent a constraint on the construction of larger supermarkets.'

Meanwhile, further analysis by the British Council of Shopping Centres of the location of new retail floorspace development in England and Scotland shows a marked difference between the countries in the proportion built in town centres for each year from 1999 to 2005.³ For England, where there has been a stronger application of the 'town centres first' policy, including the needs test, there has been a gradual increase in town centre developments from 32% to 37%. In contrast, Scotland has seen a sharp decline from 32% to 4%. This may be due to a number of factors, but the lack of a needs test here is significant.¹

The Barker Review called for a 'more robust evidence base for national policy', and the Competition Commission chimed in with a plea for further evidence. Despite this, few submissions to the Competition Commission addressed the issue, let alone presented evidence.

The need remains

The 'needs test' is an essential part of the retail planning process, says Michael Bach

The main submission, from Asda, is mainly argument – assertions about the appropriateness and likely effect of the needs test – rather than evidence of a problem. Asda contended that prior to 1999, some of its rivals managed to open large out-of-centre stores (and subsequently enlarge them), whereas, because of Asda's concentration of large-format stores, it has had more problems in getting permission in such locations.

Knock-on effects

Asda's argument does point up one important impact of relaxing the test: the knock-on effect of retailers enlarging existing out-of-town stores. An increasing proportion of new retail floorspace since 1999 has not been in new stores, but has been through extensions and mezzanine floors, which has added considerably to the size of stores. Once approved, stores can add significantly to their size without the same planning requirements – impacting on local town centres far more seriously than envisaged, and driving up private vehicle use, too.

The outturn of new retail floorspace from 1999 to 2005 shows that despite

the needs test, there has been a large amount of out-of-centre floorspace completed, especially by the major supermarkets, and most of the largest stores were built or extended in that period. Far from providing evidence of inappropriate constraint by the needs test, actual developments make it clear that we need the test as much as we ever did.

What if the test were abolished?

The needs test does not operate alone. Could the other planning tests effectively fill the gap, safeguard the future of our town centres and help minimise private vehicle use? Are the results of these tests in fact closely related?

Not closely enough. I foresee that the removal of the needs test would encourage large-format retailers to propose more and larger out-of-centre stores, seeking to bypass the sequential test on the basis of their size (and, in many cases, having longer-term plans for store extensions), leaving only an impact assessment to be undertaken.

Impact assessments involve a number of stages and opportunities for making alternative assumptions. They are typically

less transparent, more subject to selecting favourable assumptions and, often, largely limited to trade diversion issues.

In practice, therefore, the package of impact assessment information needed to assess out-of-centre proposals will have to be improved to provide the information on the range of impacts required in PPS6.

'Headroom' is a robust indicator of the relationship between the growth in retail expenditure over the next five years and the scale of the proposed development. If we retain any commitment to the long-term vitality of our town centres (and, like Barker, we accept the role of local authorities in assessing the likely future requirements for additional retail floorspace) this measure – the essence of the needs test – would have to remain. ■

■ *Michael Bach* is a planning consultant. He was formerly Principal Planner at the ODPM, responsible for developing national planning policy for town centres, retail, leisure, economic development and housing.

Notes

- 1 *Barker Review of Land Use Planning. Final Report – Recommendations.* HM Treasury. TSO, Dec. 2006
- 2 *Groceries Markets Investigation – Emerging Thinking.* Competition Commission, Jan. 2007
- 3 *Response to Barker Review of Land Use Planning.* BCSC, Feb. 2007

NRPF website news

News items, reports and articles of interest to all retail planners are regularly added to our website, at <http://www.nrpf.org>. Among items recently added to the site are:

- Upgrades to the Retail Planning Knowledge Base (see the panel, right).
- A new Briefing Note on the issues surrounding the needs test.
- Discussion of the Barker Review and the future of the needs test, including example 'before and after' impact studies from IKEA.
- Details and reports from our Under-served Markets practitioner workshop, jointly sponsored by Business in the Community, the DCLG and the LGA.

- New research evidence of retail development trends and the implications for the success of town centres in light of recent proposals for policy change.

Check the site regularly. And our blog at <http://nrpf.blogspot.com/> gives even more up-to-date news and discussion – it's quick and easy to add your opinion. ■

Retail Planning Knowledge Base Annual Update

The new Annual Update to the *Retail Planning Knowledge Base* has just been published. It is bigger than ever, reflecting the very real debates about retail planning and the importance of the retail planning agenda. An accompanying commentary organises the emerging literature, including aspects of the needs test, and places the various inquiries and commissions within the context of the broader literature base. It suggests that there is a shift in thinking occurring about retail planning. Sustainability, BIDs, travel for shopping, the future of shopping centres, local food and under-served markets all feature. A new addition is the inclusion of author e-mail addresses, which, it is hoped, will allow users to obtain copies of material with greater ease. ■

Re-localising shopping

New research reveals that there can be benefits for local communities from the changes sweeping through the UK convenience store sector, as Miles Davis reports

It is impossible to ignore the entry of the major supermarket chains into the convenience store sector over the last few years. Replacing many other chains and independents, they have successfully been able to link in to sophisticated supply chain and store replenishment systems. But at a time when the supermarket chains are under intense scrutiny, it is not surprising that this commercial success has proved controversial, with the wider effects on local communities called into question. This is an area of public policy debate in which arguments are currently both heated and polarised, but where robust research evidence has been almost entirely lacking until now.

In a major study, a research team led by Professor Neil Wrigley of the University of Southampton's School of Geography examined consumer reaction to the transformations currently sweeping through the UK convenience store sector. The research involved case studies of four local communities in Hampshire, focusing in particular on monitoring the shopping behaviour and opinions of consumers in those communities following the conversions of previously One Stop convenience stores into the Tesco Express format.

The research was commissioned by Tesco, but conducted independently of the company, who had no involvement in the design, execution or analysis. The University of Southampton retains both the full intellectual property rights of the study and the right to publish any findings – negative or positive to the sponsor – which emerged from it. A group of academic experts from other universities provided a peer review function throughout the project.

The four local communities studied were the semi-rural communities of Whitchurch, Four Marks and New Alresford, together with the low-income inner-city community of St Marys, Southampton. All four communities had experienced the conversion of a previous One Stop convenience store to a Tesco Express between August and December 2004.

A total of 650 respondents provided information on their current shopping behaviour, on their shopping behaviour one year previously (prior to the conversion), and on their perceptions of changes in the shopping environment, as well as basic demographic, household structure, car availability and attitudinal information. The research took place between March and July 2005.

Many respondents reported a major shift in the location of secondary food shopping, away from distant supermarkets and towards stores in the local community – primarily the Tesco Express store, but also other local stores, an effect that can be termed a 'relocalisation of secondary food shopping'.

This relocalisation of secondary food shopping has significant travel mode impacts which chime with the objectives of PPS6 and PPG13 – specifically the provision of facilities at local neighbourhood level so that the need for people to use cars to meet their day-to-day needs will be reduced. The study found:

- A major substitution of walk/cycle-based food shopping journeys to local

stores in place of car-based journeys to more distant supermarkets, offset to a minor extent by slightly greater use of cars for short-distance food shopping journeys to those local stores.

- An increase in walk/cycle-based food shopping travel miles per month, estimated at 9%, and a reduction in car-based travel miles per month estimated at 4%.

The research established that the overwhelming reasons for this relocalisation of secondary food shopping were that:

- Respondents could now access locally products that they previously had to drive considerable distances to obtain.

- In particular fresh/healthy foods were the product groups that respondents indicated they currently bought more often at the Tesco Express stores than they did at the unconverted One Stop stores one year previously.

A major increase in the quality and range of products available and in the quality of the store environment was perceived following the introduction of the

Putting food mapping on the radar

Re-localising shopping, if targeted correctly, can break the vicious cycle that often leaves the poorest citizens suffering the most from diet-related ill-health by providing access to healthy food. The National Consumer Council (NCC), Staffordshire County Council and Oxfordshire County Council have developed the Food Access Radar as a tool for identifying areas where people have problems accessing healthy food.

A step-by-step guide has been produced to:

- Allow local authorities to map access to food using GIS (geographical information systems), other software and datasets.

- Help local authorities and their health partners interpret and use the Food Access Radar's findings.

- Explain what further measures should be taken to investigate food accessibility issues in vulnerable areas.

- Full details are available from the NCC website at http://www.ncc.org.uk/food/access_radar.pdf, or contact Jillian Pitt at j.pitt@ncc.org.uk

Express format. More than 60% of respondents suggested that the converted stores were cleaner, their layout had improved, the quality and range of fresh fruit and vegetables had improved, and the quality and range of other foods had improved.

The study was not specifically designed to investigate the impacts of the Tesco Express outlets on other local retail businesses; to do so would need a longer time horizon than one year, as well as the monitoring of store closures, openings, refurbishments etc. However, the study was able to establish from respondents that:

- Slightly greater numbers of respondents believed that they now used other local stores more rather than less often than they did one year ago. However, the majority suggested no change in their use of other local stores.

- Most items now bought at the Tesco Express stores, but not at the One Stop stores prior to conversion, were not bought at local independent stores one year ago – rather, they were bought at more distant superstores.

In other words, top-up shopping has, to an overwhelming extent, been diverted from more distant supermarkets, and not from other local independent stores. Indeed, several cases of positive spillovers of trade following the opening of the Tesco Express stores were reported by respondents.

The qualitative aspects of the study revealed several store-specific concerns at local level – for example traffic congestion and parking provision, and closure/relocation of post office facilities. However, the overall qualitative responses mirrored the quantitative shifts in secondary shopping behaviour, in suggesting broad-based local community support for the enhanced local food shopping provision now offered by the Tesco Express conversions.

It is clear that the introduction of the Tesco Express format to these communities has helped bring about a major re-localisation of top-up shopping – away from distant superstores towards local shops. If consumers can access the same quality of fresh food and product ranges locally as they do in larger supermarkets, then increasingly it seems they will divert their top-up shopping back into their local neighbourhood. This may have potential benefits for other traders, but more interestingly has considerable significance in changing the way we shop – with more people walking and cycling to stores. ■

■ The full report can be downloaded from http://www.nrfp.org/PDF/Relocalising_shopping.pdf

The legacy of the last full national survey of retailing is still strong, as David Thorpe and Miles Davis explain

Why is the 1971 Census of Distribution still so important?

Thirty years ago the last results of the 1971 Census of Distribution were published. At the time it was criticised for poor response rate – over a fifth of shops did not reply – and for the length of time taken to release the results. The intervening years have brought phenomenal retail change and great advances in information technology. So why, with hindsight, is the Census thought of as a highpoint unlikely to be surpassed in the collection and production of British retail statistics?

Compared with data on many other industries, retail statistics have a short history, particularly in Britain. Several countries introduced an official retail census by the early 1930s, including Canada, Ireland and the US, where collection continues today as part of the five-yearly Economic Census. At about this time in Britain there was interest from business, and even a voluntary pilot, but it was the demands of economic and employment policy-makers during post-war reconstruction that precipitated 1947 legislation giving powers for the Board of Trade to undertake a Census of Distribution.

The first full Census of Distribution for Great Britain was finally conducted for 1950. Lessons on the major task of compiling the register of shops to be surveyed were learnt from counties already conducting censuses.

There was a statutory obligation to respond to the postal survey; information was collected on type of shop and goods sold, sales data, purchases, employment details, stockholding and capital expenditure. Importantly, on publication in 1954, turnover and employment figures were

provided at town level, with analysis by type of business for the larger districts.

The next full Census for 1961 (following a sample survey in 1957) featured some changes to classifications and additionally presented results for 272 'central shopping areas'. These were generally within towns with population greater than 50,000, although selection and delineation of these centres was not always consistent. By now, planners and developers were taking an interest in retail statistics to estimate demand for the new shopping centres being built. They pressed for floorspace data, which was collected in the sample-based 1966 Census; local results were not published but national sales densities could now be calculated.

The 1971 Census collected additional information for larger shops, including total selling floorspace. Results were published with an emphasis on location: totals were given for each local authority area, showing numbers of establishments, turnover, floorspace, and employee numbers categorised by hours worked. These were analysed by kind of business for towns with a population of 20,000 or more. Again, separate results were given for central shopping areas in towns of population over 50,000. These results proved invaluable for the growing field of retail planning, not least for calibrating the complex models then in vogue.

The 1971 Census was not perfect. Businesses claimed the slow publication of results rendered them of little value; some were hence slow to respond or, despite the statutory requirement, did not reply. In turn, Census officials claimed it was the slow return of forms and the need to

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compute allowances for non-responders which delayed publication. Census forms for 1971 were sent out in January 1972; by December when the first provisional results were published, nearly 80% had been returned, but the remaining forms were pursued throughout 1973. The full area tables were published in mid-1975, the final supplement appearing in 1977. Although only 78% of shops responded overall, this varied regionally and with trade; smaller traders were less likely to reply, so that replies received covered an estimated 88% of total turnover, 99% in the case of general stores. However, the high rates of inflation then occurring made adjustments difficult and further limited the value of the Census results.

Although results were only published on paper, use of computer processing made it possible to request special local analyses for any area down to a resolution of 100 metres National Grid squares. Theoretically this got round problems with defining central shopping areas as well as the major changes to local authority boundaries that occurred in 1974 (published results were given for the pre-1974 districts). Local authorities and others took up this offer, usually for more detail for administrative areas that were too small for the full publication schedule.

The introduction of VAT in 1973 provided an up-to-date central register of businesses. From 1976 this was used to provide a sample of retail businesses for an annual Business Inquiry, which addressed much of the criticism by producing faster and more frequent results with much less paperwork. However, the Retail Inquiry was concerned with data about retail businesses, not individual shops, and could not produce the location and floorspace data vital to retail planners. Plans for a regularly updated register of shop information were later rejected on cost grounds. Instead, a comprehensive Shops Inquiry was proposed for 1981. A pilot was carried out in six towns in 1977, producing much the same information as the 1971 Census had done.

The incoming Thatcher administration in 1979 quickly decided to cancel the Shops Inquiry on the grounds of being a burden on business. There were loud complaints from retail statistics users; individual large retailers variously argued both for and against. However, the 1981 Rayner Review of the Government Statistical Service recommended that

government statistical work should only produce statistics essential for the business of central government, quashing hopes of reinstatement; the Retail Inquiry was also heavily curtailed.

It was clear that the increasing pace of retail change was quickly rendering the 1971 Census irrelevant. Large retailers began to invest in their own spatial intelligence units, while other data providers such as Goad and URPI also partly filled the void; but with no statutory remit to collect data none could match the universal coverage of the Census. With budgets tight, local authority planners used 1971 Census data well into the 1980s, commissioning *ad hoc* surveys in response to major proposals with little consistency of method.

Concern over town centre vitality and viability put nationally consistent retail statistics back on the government agenda in the 1990s, especially after a critical 1995 Select Committee report which pointed out the urgent need for better information on which to base planning decisions. The Committee had received strong representations that local information on retail sales was needed. The idea of a new Shops Inquiry was rejected by the official statisticians; instead the DCLG Town Centre Statistics use sophisticated GIS (geographical information systems) techniques to consistently define town centre boundaries and produce aggregate floorspace and

employment statistics for centres from data already collected by government.

However, these statistics involve estimation as the underlying data themselves involve sampling and estimation. The NRPF assisted in the 1998 Town Centre Statistics pilot, where turnover was also modelled and a good response was obtained from major retailers. Unfortunately, wider attempts to model turnover, a statistic highly prized by retail planners, have proved problematic, for complex reasons. Moreover, analysis of the 1971 results shows neither floorspace nor employment are good proxies for turnover. This is not to disparage the Town Centres Statistics, which are available digitally, free of charge and will shortly have annual updates.

With so much official data now collected online, the old problems of slow returns and compilation should be much reduced. The 1971 Census of Distribution produced locally disaggregated turnover, floorspace and employment statistics using nationally consistent methodology and based, not on a sample, but on a reasonably complete survey of all shops. With less effort than was needed then, it should be possible to provide such data today. ■

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Forthcoming NRPF event – Biennial Review of Retail Planning

With a new Prime Minister, a new Planning White Paper, further reports from the Competition Commission Groceries Inquiry and the BCSC Future of Retail Property research all emerging in the space of a few months, there are certainly changes in hand and afoot.

After the success of the NRPF tenth anniversary event in 2005, which looked into the future, we're starting to plan a follow-up event in November which will focus on the latest changes and what they might hold for retail planning. More details will appear on our website <http://www.nrpf.org> nearer the time, so keep checking! ■

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