

Hampton Street

PART ONE

CONTEXT

A united
approach to
business
development



This report has been prepared
for the Hampton Street Traders
Association



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1. EXECUTIVE SUMMARY

Hampton Street is the location of choice for almost a quarter of all businesses in the city's nine major strip shopping centres. It has the greatest concentration of retail, accommodation, food services and personal services in the City of Bayside. However, it is not the best performing centre.

Hampton Street faces considerable challenges from its competitors, namely online retail, "big box" centres, the Melbourne CBD and the other shopping strips in the City of Bayside. It also faces physical challenges, in particular the lineal nature of development and the older appearance of some of its buildings. The Hampton Street Traders Association¹ (HSTA) has, over the years, worked diligently to meet these challenges.

The HSTA, founded as a registered organisation in 1993, was reconstituted in 2012 so that it could meet legal requirements for an incorporated association. As at October 2015, the Association had 75 paid members. It is driven by a hard-working volunteer committee that juggles the demands of their own businesses with the demands of an active association. The committee has, through limited membership contributions, implemented some basic activities to encourage customer loyalty.

Whilst the activities of the HSTA have made some impact, the committee lacks both the human and financial resources to make a sustained difference. Voluntary membership contributions by some businesses are benefitting many.

A united and equitable approach is needed if Hampton Street is to remain competitive. It is proposed that Council endorses a combined special rate and charge scheme for marketing, management and business development. The scheme would be in place for a five-year period.

The first part of this report (Part One) presents the background research and analysis that lead to the conclusion that a changed approach is needed.

Suggested details about how the combined special rate and charge scheme would be implemented are presented in Part Two: The Plan.

¹ The HSTA is an incorporated association comprising of volunteers. Its main objectives are to represent the needs of businesses in Hampton Street and to implement activities that encourage more customers.

2. ABOUT

There are a number of factors that impact on Hampton Street's performance, most significantly:

- location (in respect to other commercial centres)
- physical realm
- role of the centre
- the core catchment (socio-economic characteristics).

Insight into the characteristics, perceptions and behaviour of businesses and shoppers in Hampton Street is provided by results of surveys with 58 businesses and 209 shoppers. Surveying was undertaken as part of the Bayside Business Monitor 2012.

The survey results show:

- Shoppers are drawn predominantly from immediate surrounds with 42% living within a three-kilometre radius of Hampton Street and 73% living in Bayside.
- Shoppers spend relatively more in Hampton Street than in all other City of Bayside strip shopping centres, with the exception of Church Street. Average expenditure per shopper per week in Hampton Street is 25% higher than the average spent in all nine of the Bayside's major strip shopping centres.
- Hampton Street has a relatively low rate of net retail expenditure leakage (25%), indicating it retains a greater proportion of expenditure made by shoppers within its catchment and/or draws from the catchment of nearby suburbs. Hampton Street's net retail expenditure leakage is the second lowest, to Church Street, in the City of Bayside.
- Most expenditure is made at supermarkets and most shoppers visit Hampton Street to have a meal followed by some shopping for convenience goods.
- Just over a quarter of shoppers interviewed visit Hampton Street two or three times per week with most indicating they visit there more than any other shopping centre and spend most of their retail dollars there.
- Of the businesses interviewed, 65.5% indicated they had a website, but only 42% had an online sales capability and only one third use social media for marketing.
- Less than one in five businesses had undergone refurbishment (apart from ongoing maintenance) in the last five years.
- Factors that traders believe make the most significant contribution to their success are product knowledge, quality of products/services and repeat customers.

- 85.7% of traders interviewed were in favour of more on-street dining and street activities.
- Suggestions for improvements to Hampton Street among traders interviewed generally related to parking (more of it and some extended hours car parks), followed by improvements to the footpath and more seating, benches and rubbish bins. Overall, Hampton Street business operators expressed a need for a better presented, better functioning and more vibrant street.
- The need for centre promotions featured prominently among unsolicited comments by business operators.
- Most suggestions for improvements among shoppers interviewed were for more parking, more on-street seating, attractive landscaping and improved traffic flow.

2.1 LOCATION

The Hampton Street strip shopping centre is located within the suburb of Hampton and is virtually in the centre of the City of Bayside area. It is the largest of Bayside's strip shopping centres in terms of number of businesses and gross floor area (GFA). Most commercial development is in a strip along Hampton Street extending for approximately 1.4 kilometres, although there is also minor development in a number of cross streets. The Hampton railway station is located towards the southern end of the strip. An aerial photograph of Hampton Street is presented in Figure 1 on page 8. Its location within Bayside is in Figure 2 on page 9.

2.2 PHYSICAL REALM

Development in Hampton Street is predominantly single storey and includes a mixture of building styles.

Off-street parking is provided adjacent to the railway station and along the service road, on the southern side of Willis Street and behind the supermarket (also adjacent and to north of the railway line). There is also some private parking in Hampton Village². There are pockets of newer and more attractive developments along the street, which have active street frontages and several storeys of residential dwellings above. These pockets of new development indicate that the street is in transition to a higher residential density.

Many of the street's buildings are aged and the street is too long to encourage shoppers to explore all of its possibilities, and there is minimal protection from the elements. The

² Hampton Village is a small strip of shops about mid-way on Hampton Street setback from the street.

northern end is characterised by single-storey residential on one side of the street and smaller shops on the other. Hampton Primary School is located on the corner of Ludstone and Hampton streets and the railway line and station are towards the southern end.

The focus of retail activity is at the southern end, which has more on street dining and more protection from the elements. The area adjacent to the railway station referred is proposed for redevelopment. This redevelopment has the potential to transform this section of Hampton Street and to be a catalyst in attracting more shoppers and visitors.

2.3 ROLE OF THE CENTRE

Like its neighbouring Church Street and Bay Street strip shopping centres, Hampton Street is a major Activity Centre. Typical functions of an Activity Centre include providing weekly shopping and service needs for the catchment area residents. They usually include at least one full-service supermarket, a range of specialty shops and personal services, some chain stores and convenience stores, as well as a range of non-retail commercial, community services and small-scale entertainment.

At the time of the Bayside Business Monitor 2012, Hampton Street encompassed 315 businesses, 348 commercial sites and 48,446 square metres of commercial GFA. HSTA indicates that there are currently over 320 businesses within the street. In 2012, core retailing³ accounted for 61.6% of its businesses with a further 12.1% being cafes, bars and restaurants, and 1.3% providing sport, recreation and travel services. Around 22% provided business and other support services or health care and social assistance services.

Of its core retailing, 37% of businesses and 36% of GFA is in general retailing⁴. Almost one third of all the City of Bayside's general retail outlets were in Hampton Street. However, there had been a slight shift away from general retail to personal services and cafes and restaurants over the previous five years.

Hampton Street has the most diverse range of retail offer and the greatest numbers of food outlets, cafes and restaurants, as well as general retail outlets of all Bayside's major strip shopping centres. Overall, it accounts for around 25% of all commercial GFA and just under a quarter (24%) of all businesses.

³ Core retailing includes clothing, footwear and personal apparel retailing, food retailing, general retailing and personal services.

⁴ General retailing include department stores, furniture, floor coverings, houseware and textile goods retailing, electrical and electronic goods retailing, hardware, building and garden supplies retailing, recreational goods retailing and pharmaceutical.

FIGURE 1: AERIAL VIEW OF HAMPTON STREET

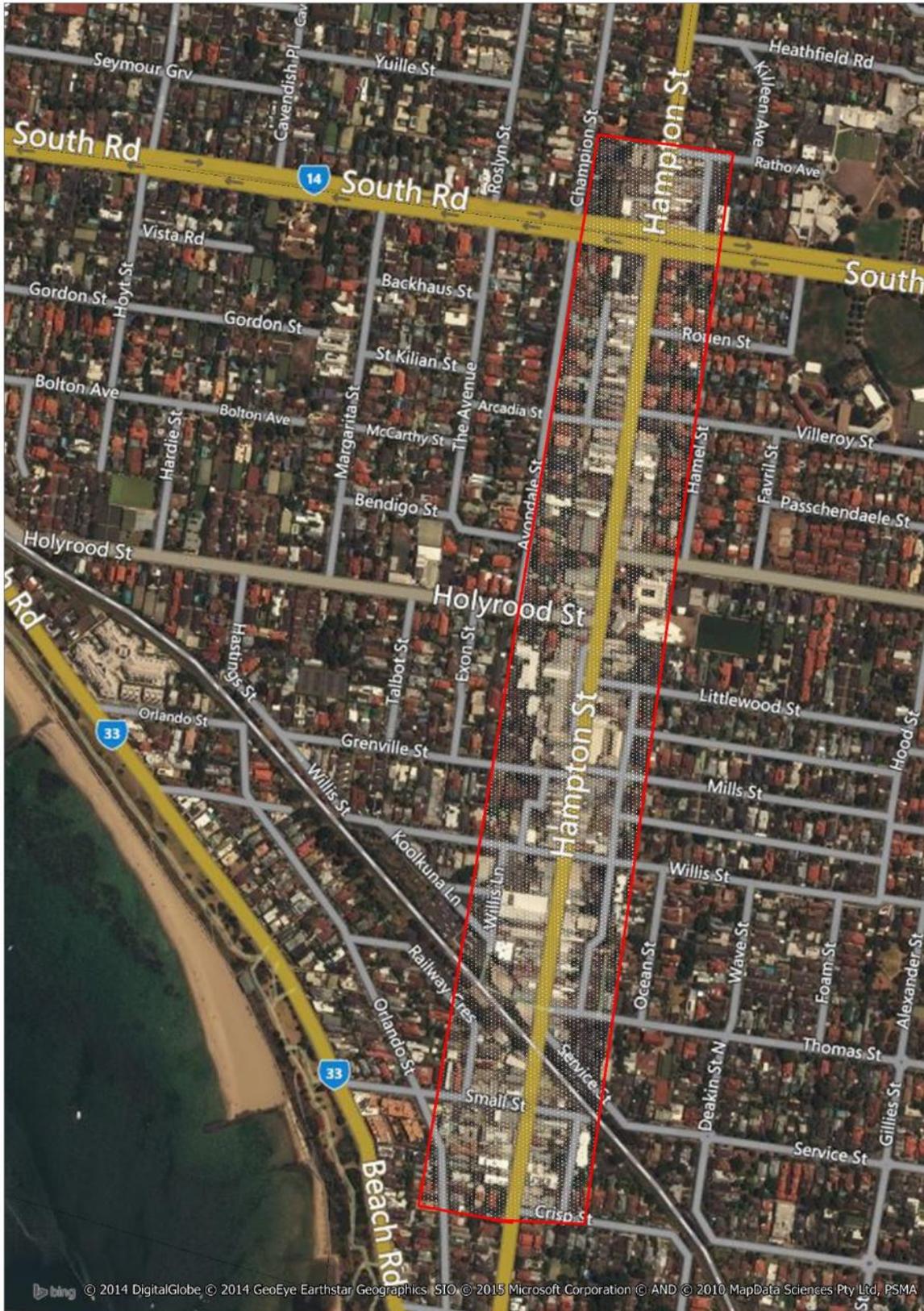
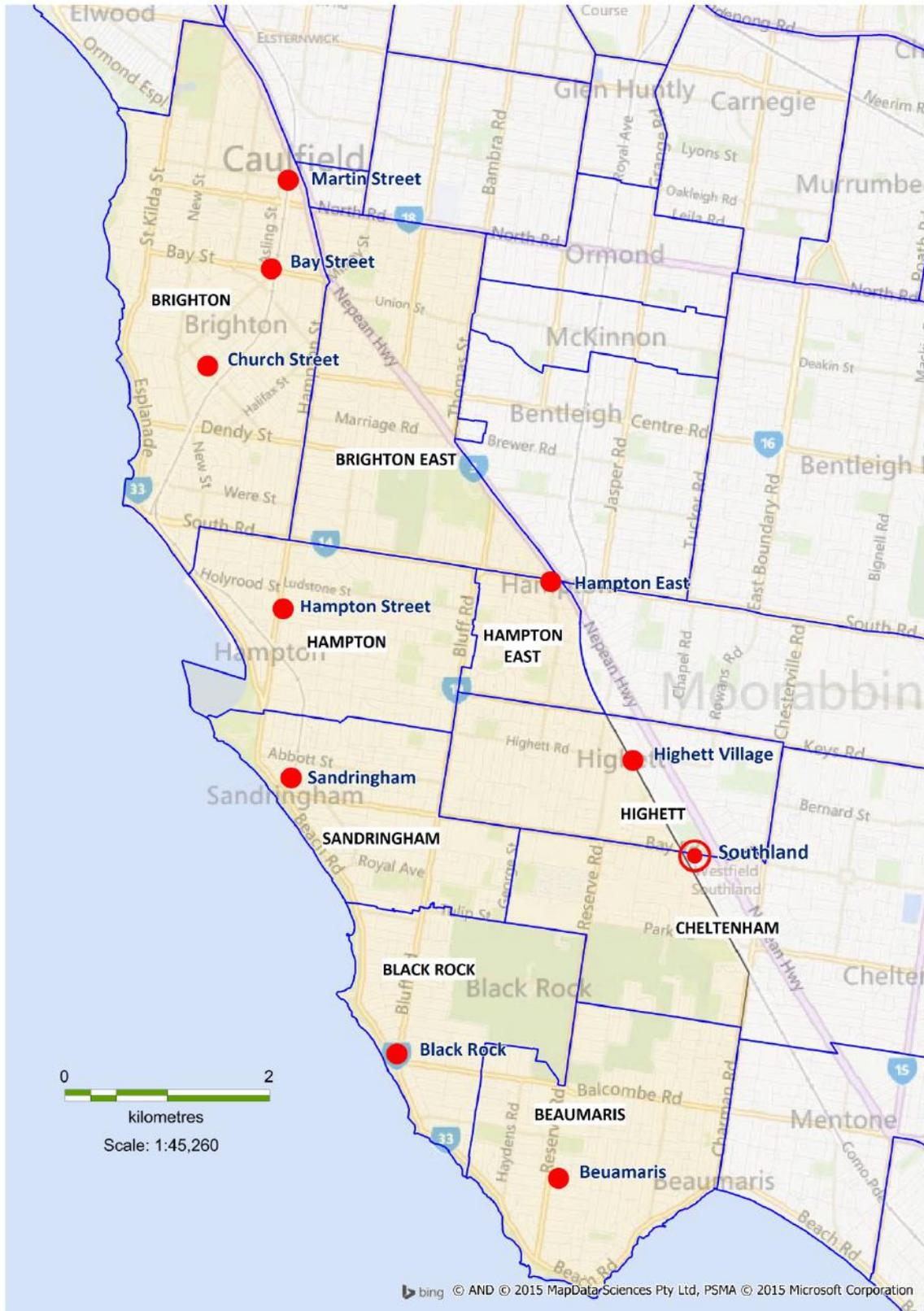


FIGURE 2: CITY OF BAYSIDE’S MAJOR STRIP SHOPPING CENTRES



2.4 THE CORE CATCHMENT

Hampton is the second most populous suburb in the City of Bayside (after Brighton) with around 13,600 persons and 4800 dwellings. However, it is expecting to be among those with the slowest rates of growth over the next 15 to 20 years. By 2031, Hampton’s population is expected to be around 14,300 with a total number of dwellings of around 5482 and an average household size of 2.59, down from 2.71 in 2011.

The City of Bayside’s socio demographic and economic profile indicates an affluent and highly qualified population with strong labour force characteristics, high rates of home ownership and an older age profile.



Key socio-demographic characteristics include:

- The median weekly household income in the City of Bayside at the time of the 2011 Census of Population and Housing was \$1826 compared with \$1333 for Greater Melbourne, \$1216 for Victoria and \$1242 for Australia. Around one third of households have an average weekly household income exceeding \$2500 per week. This compares with only 18.7% for Greater Melbourne, 16.1% for Victoria and 17.0% for Australia.
- The median weekly salary was \$1169, compared with \$906 for Greater Melbourne, \$868 for Victoria and \$897 for Australia.
- The rate of unemployment was 3.8% compared with 5.5%, 5.4% and 5.6% respectively, despite having a similar workforce participation rate.
- 40.8% of households are owned without a mortgage, compared with 31.5%, 33.0% and 31.0% respectively.
- 34.9% of persons aged 15+ have a university qualification, compared with 23.6%, 20.9% and 18.8% respectively.

- Almost three quarters (74.9%) of households have a broadband internet connection, compared with 70.0%, 67.6% and 67.1% respectively.
- The median age is 42 compared with 36 for Greater Melbourne, and 37 for both Victoria and Australia. It has a significantly higher proportion aged 65+ (17.4% compared with 12.9%, 13.9% and 14.0% respectively), but also has a slightly higher proportion aged under 18.

2.5 STRATEGIC FRAMEWORK

Hampton Street is vital to the City of Bayside both in terms of its economic contribution (number of businesses and jobs) and the services it provides to the community.

Hampton Street:

- is classified as a major Activity Centre and performs a vital role in providing services to its catchment community.
- is the largest retail and strip shopping centre in the City of Bayside in terms of GFA, number of businesses and number of jobs.
- accounts for around 25% of all commercial GFA in the City of Bayside's nine major strip shopping centres and just under a quarter of all businesses.
- is the home of 10.5% of all jobs in the City of Bayside
 - 16.2% of all retail jobs
 - 15.5% of all other services jobs
 - 12.2% of all accommodation and food services jobs⁵.
- has the most diverse range of retail and service businesses of all of the City of Bayside's nine major strip shopping centres and the retail industry is the City of Bayside's fourth largest employer.
- has a large and affluent catchment area.

Further, facilitating local business initiatives and collaboration is one of the core objectives for retail and commercial centre activities in Bayside City Council's Economic Development Strategy⁶.

The actions found on page 12 are relevant to the future development of Hampton Street:

⁵ SOURCE: Australian Bureau of Statistics, Census of Population and Housing 2011 Place of Work Profile.

⁶ Economic Development Strategy. Bayside City Council. updated 2014.

Action 3.4.3.1: Facilitate the creation of attractive streetscapes with Council’s adopted Activity Centre structure plans with principles of place management.

Action 3.4.3.2: Encourage the establishment of robust trader associations that lead to collaboration amongst business owners to improve consistent customer service standards, shop front presentations and trading arrangements.

Action 3.4.3.3: Implement regular theming and coordinated events at selected activity centres.

Action 3.4.3.4: Maximise opportunities to differentiate Bayside’s retail centres by supporting shopping village centre coordination and assisting it to become self-sufficient.

Action 3.4.3.5: Build relationships between compatible tourism market sectors with the intent of encouraging links between retail promotion and other marketing/promotional initiatives.

Action 3.4.3.6: Monitor the performance and retail offer of activity centres.

3. THE COMPETITION

Hampton Street faces considerable pressures from a range of competitors; shoppers are spoilt for choice. Big box centres such as Southland and Chadstone continually reinvent themselves to attract customers and leach them away from the strip shopping centres. However, they are not Hampton Street’s main competition. The Bayside Business Monitor 2012 suggests that Hampton Street’s main competitor within Bayside is Church Street, Brighton. Church Street shares some of the same catchment but has a higher average spend, more frequent shopper visits and less retail expenditure leakage than Hampton Street. This is despite having slightly fewer businesses and less GFA.

The main differences between the two streets are that Church Street is more compact and has built a more pleasant outdoor environment with lots of shade trees and on-street activities. It also has a different orientation of retail offer, suggesting that the two streets appeal to different market segments, while sharing much of the same catchment.

Church Street businesses also have a greater rate of take-up of on-line and mobile marketing and use of social media.

4. CONSUMER TRENDS

Savvy strip shopping centres have been able to differentiate themselves by creating an ambience that adds to shoppers' experiences. This has typically been achieved through on-street dining, other on-street treatments and activities, and through having a unique offer. Part and parcel of this approach is building relationships with customers and tailoring offers to meet their needs.

The Bayside Business Monitor 2012 highlights trends and developments that shape retailing. Arguably, technology will have the greatest impact into the future, not only in terms of how transactions are made but how shopping is researched, how payments are made and how retailers reach (and listen to) their customers.

Whilst big box centres still remain competitors to strip shopping centres, all now face (and have done for some time) significant and growing competition from online shopping. This trend forces bricks and mortar retail to redefine the role of the store and to reinvent the in-store shopping experience.

In 2014, it is estimated that Australians spent \$16.3 billion on online retail, representing 6.8% of expenditure at traditional bricks and mortar retailers⁷.

Of online expenditure:

- 34% was spent through department stores
- 17% on homewares
- 15% on groceries
- 12% on media (movies, books and music)
- 11% on fashion.

Roy Morgan Research reveals a trend for increasing online expenditure over the last decade. They found in 2013 that, for the first time, Australians who *did not* buy something online in an average three-month period were in the minority.

Whatever the actual dollar value of online retail expenditure, it is significant and continuing to grow faster than bricks and mortar retail expenditure. However, perhaps more importantly, online shopping (as distinct from online expenditure) is leading to a blurring between online and traditional retail.

Nielsen, for example, estimates that 60% of Australians now use a combination of online and traditional retail as part of their research and purchase process, with online research being converted into both online and offline purchases.

The blurring between online and traditional retail is being fuelled by the take-up of smart phone and tablet technology, which facilitates “anywhere, anytime” shopping. Almost two thirds (65%) of Australians own smart phones (the highest per capita take up of smart

⁷ SOURCE: NAB Online Retail Sales Index, November 2014.

phone usage in the world) and over half of these use their device to research or purchase products or services online⁸. This has clear implications for the integration of mobile marketing into business marketing strategies.

Other developments that are likely to impact on retail into the future include:

- Cloud-based point of sale technology that replaces the need for cash registers and out performs cash registers in terms of performance, looks and functionality
- Social media being used as shopping platforms. This is already happening with Facebook's and Twitter's "buy" and Instagram's "like2buy" buttons.
- In-store beacons for transmitting messages, providing analytical capabilities on shopper behaviour and reaction, and facilitating m-wallet payments.
- Growth in wearables (smart watches, glasses, fitness monitors etc) and apps developed for those technologies.
- Augmented reality, such as virtual fitting rooms, interactive window displays, the ability to load your photo and see how different cosmetics suit skin tone etc.
- 3D printing, enabling online stores to provide customers with the opportunity of printing mock-ups at home to try products.
- Redefining the concept of loyalty programs to systems that are more tailored to specific customers and their needs, and to schemes that reward customers for their actions and engagement, not just purchases.
- Increasing reliance on big data and analytics to connect with customers and provide customised shopping experiences. Off-the-shelf software packages that facilitate data capture and analytics are now affordable for small enterprises.
- Continued growth of mobile services for all aspects of shopping, including ordering capabilities and payment options, leading to increased usage of smart terminal technologies that support multiple payment options.

It is important that the retailer understands the role the bricks and mortar store plays in the omni-channel world. Retailers such as Walmart, for example, report that more than 50% of their online sales are picked up in-store, making this a core function of their stores and impacting on store design. Part of the omni-channel marketing process also requires collection of data to analyse customer behaviour.

⁸ SOURCE: Allianz: Online, mobile, social: Australian Retail Trends, viewed 15/01/2015.

Some of the technology applications that are likely to impact on retailing may be beyond the capabilities of small independent strip shopping centre operators.

Gen Y or The Millennial Generation

The need for retailers to embrace new technologies in their stores is heightened by the changing demographics of the community. Over the next decade, gen Y or the millennial generation is expected to displace baby boomers as the biggest consumer buying group. This is a generation that has grown up with mobile technology where almost anything is just “a click” away. They are not only prolific users of mobile technology and social media, they also expect speed in their transaction process. They want to have access to new products and services as soon as they are available. They expect staff selling the products to know more about them than they do, and they expect their products to be delivered promptly. Mobile and social media marketing is a must for this target group, as is a rigorous and fast order fulfilment system and knowledgeable and well-trained staff.

The Successful Future Trader

The successful trader of the future will maximise access to new technologies and to systems that provide more information and enable closer connections with customers. They will use this information to tailor their offer to suit their customer base. For smaller independent operators, this is often through a combination of in-store and shopping centre wide promotions and initiatives.

Some of the challenges presented by the changing retail and consumer sentiment environment are difficult for small independent operators to embrace without support and without assistance in demonstrating how different marketing and technology options can assist. Yet they are fundamental to success in this rapidly changing and increasingly competitive marketplace.



5. THE HAMPTON STREET TRADERS ASSOCIATION

Hampton Street Traders Association Inc. (HSTA) is a legally formed organisation and as such acts in accordance with its constitution. It was established to support and coordinate activities for the benefit of all businesses in Hampton Street. It currently has approximately 75 members out of the 320 businesses in the street. The HSTA is driven by a hard working executive committee that contends with the challenges of managing individual businesses as well as the demands of an active association. There are also some limited honorary positions on the committee that are filled by passionate local residents.



Some of the committee

The Association organises and implements events such as Halloween, Dad's Super Saturday, and Shop and Win competitions. They also actively promote events and individual businesses on the Hampton Street website and on social media.

Despite the endeavours and the good will of the HSTA, it is hampered by a lack of resources. As is so often the case, many benefit from the concerted efforts of a few. The rate of buy-in among businesses in relation to the effort of the HSTA is inequitable. Membership, for example, is less than one third the number of businesses in the street, yet many more benefit from the activities and promotions implemented by the HSTA.

An ongoing structured and sustained approach is needed to support the HSTA and to build on past successes of the executive committee. An increase in resources (human and financial) will allow the HSTA to embark on more activities and events that enhance the vibrancy of Hampton Street. Such an approach needs to be built on the realisation that achieving effective and sustainable outcomes will happen over a period of time.

6. SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Size. The critical mass of activity provided by the number of businesses. • The role it performs for its catchment. It is the shopping destination of choice for many who live in the surrounding suburbs. • Its proximity to the City of Bayside’s largest population centres. • Range of retail and service offer • Boutique nature of retail and service. • The number of owner operators. • Client–customer intimacy. • High income profile of its catchment. • Proximity to rail transport. • Relatively high occupancy rate among commercial premises. • The emergence of higher density mixed retail/commercial/residential developments along the street. 	<ul style="list-style-type: none"> • Lineal spread of development beyond practical walking range. • Older appearance of some of its buildings. • The northern end of the street is dissected by Hampton Primary School and an older style residential development. • Disjointed in its offer (associated with issue above) • Business apathy/lack of buy-in/lack of awareness of retail trends. • Limited involvement in collaborative ventures by businesses. • Very modest rate of take up of mobile technologies and social media as marketing channels. • Lack of majors. • Lack of parking.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Leveraging the impetus that will be provided by the redevelopment of the Hampton Station precinct. • Developing specialty sub-precincts to provide concentrated comparison shopping. • Encouraging innovation among business operators and a focus on creating an experience for shoppers/customers rather than simply securing a transaction. • Continuing to build a focus on cafes, restaurants and food retailing as a specialty area. • Increased trade potential from new residents living in recent mixed use developments within the catchment. • Attracting more majors. • Creating a destination brand. • Attracting visitors/shoppers through a coordinated calendar of events. • More targeted and integrated marketing with a focus on internet, mobile and social media. • Continuing to differentiate from the offer in big box shopping centres. • Capitalising on the blurring between online shopping and bricks and mortar retailing. 	<ul style="list-style-type: none"> • Continued dispersal of activities will further dilute its potential to provide concentrated comparison shopping opportunities. • The Hampton Station precinct redevelopment may increase the concentration of activity at the southern end of the street and further fragment Hampton Street’s offer. • Competition from big box retailers, particularly those along the Nepean Highway will continue to threaten Hampton Street’s homewares, hardware and other general retailers. • Competition from other shopping centres that have a similar range of offer, but provide a more inviting atmosphere. • Discounting from majors. • Business operators failing to engage in activities to improve performance and street dynamics. • Failure to recognise the changing needs of customers and their shopping preferences. • Failure to engage in online shopping and to embrace new processes, technologies and marketing channels.

7. OPTIONS FOR RESOURCING

Hampton Street is at a crossroad. There is evidence of complacency among (some) businesses. The rate of take up of mobile and e-marketing among Hampton Street businesses lags compared to the use of these facilities by shoppers by a considerable margin. Continuing as is has the risk of gradually losing traction in the face of a rapidly changing environment. Further, lifting the performance of the strip shopping centre is beyond the capabilities of any individual operator. If Hampton Street is to continue to compete and grow, it needs to develop a favourable image and become a destination of choice for shoppers, users of business services and visitors, and a location of choice for business operators.

A number of avenues are possible for securing access to funding that would put the HSTA on a more secure footing and provide resources for a structured and sustained program of activities to improve the competitiveness of Hampton Street and its businesses.

7.1 SPECIAL RATES AND/OR CHARGES

Many traders associations have gone down the road of raising funds through special rates and/or charges. A special rate and/or charge provides for meaningful activities, promotions and business development initiatives. In Victoria, these schemes are introduced and maintained by a local council under the guidance of the Local Government Act 1989.

All commercial businesses located within a specific boundary are usually included in a scheme. It is common for charity organisations or council-owned offices to be excluded.

Council collects the funds raised in the same way as they collect general rates and then forwards the funds (in entirety) to an incorporated representative traders association.

Where such schemes are introduced, the traders association's activities are guided by a comprehensive business plan. The business plan identifies the objectives of the association and how the funds collected will be spent. Trader associations are obliged to report to council on activities and expenditure derived from the special rate and charge funding.

The most common ways of structuring special rate and/or charge schemes are as a:

- proportion of the capital improved value (CIV) of the property (a special rate)
- fixed amount, often tiered according to location (a special charge)
- combination of the above.

Most schemes are established for a period of at least three years, with five years being the norm. Successful schemes are often then extended for a further agreed period of time following a detailed review process. Regardless of whether a scheme is being introduced

for the first time or whether it is being renewed, council will need to make sure that at least 51% of businesses are in favour of it.

A survey of the 79 local councils in Victoria (83% responses from metropolitan councils) relating to special rate and/or charge schemes was commissioned by Community Business Centres Victoria in 2007⁹. The results indicate that, at that time, there were more than 60 schemes in operations in Victoria.

Of these responses:

- 34% were a special charge scheme
- 54% a special rate scheme
- 11% a base amount and a special rate
- 80% had a timeframe of five years, 8% a three-year timeframe, and 2% a seven-year timeframe.

Within each scheme there are usually some differentials of contribution depending on the level of benefit expected to be received. The level of benefit may be determined by type of business, location or a combination of the two. Most schemes have a minimum and maximum annual charge per rateable property (combination special rate and charge).

The survey indicated that the most popular type of scheme was a special rate and charge that imposes a minimum and maximum charge and a rate per CIV.

⁹ YMP, Special Rates and Charges Victoria – A Snapshot.

TABLE 1: EXAMPLES OF SCHEMES

Managing Body (council)	Funds Raised	Structure	Number of Businesses	Typical Activities Supported
City of Stonnington <ul style="list-style-type: none"> Glenferrie Road, Malvern Chapel Street/Streets Ahead High Street, Armadale Toorak Village Toorak Road, South Yarra. 	\$139,650 pa \$503,000 pa \$192,290 pa \$95,000 pa \$139,650 pa	All are a rate with two tiers depending on location and extent of benefit plus a flat fee, again depending on location and extent of benefit. All have a maximum fee for any one ratable property.	Chapel St, 1202 Toorak Village, 360	Marketing and promotions, business support, special events, brand development, trader blog development and other e-marketing strategies, transport initiatives, newsletters, and administration.
City of Port Phillip <ul style="list-style-type: none"> St Kilda Village Fitzroy Street and environs Port Melbourne. 	\$195,000 pa \$197,000 pa	All are a combination rate and charge. Four tiers of rates are applied. All have a minimum and maximum annual charge.		Marketing and promotions, events, communications, business development, and administration.
City of Boroondara <ul style="list-style-type: none"> Ashburton Burwood Village Camberwell Glenferrie Road, Kew Greythorn Maling Road North Balwyn Village 	From \$45,000 to \$85,000 pa for each scheme. Kew Junction, \$230,000	All are a rate based on CIV. Most with minimum and maximum charges.	Example: Maling Road, 68	Website, newsletters, events, promotions, business directory, business networking, and administration.
Banyule Greensborough Chamber of Commerce The Greensborough special rate has been in existence for more than 15 years.	\$110,000	CIV	176	Safety and security access, centre presentation, business mix and marketing, car parking and signage, communications, and management (staffing and administration).

Managing Body (council)	Funds Raised	Structure	Number of Businesses	Typical Activities Supported
<p>Shepparton Shepparton Show Me Committee Established under Sect 86 of the Local Government Act 1989</p> <p>Eight appointed members, two Councillors and Council Officers.</p>	\$500,000+	CIV plus differential rate	2000	<p>Event sponsorship, marketing and collaborative projects, Shepparton Show Me Promotions, Shepparton On Show Magazine and Coupon Booklet, newsletter, signage, flags and banners, marquee,</p> <p>Christmas promotions, and administration.</p>
<p>Swan Hill</p> <p>Swan Hill Inc, an incorporated association promoting Swan Hill as a place to live, visit, shop, invest and do business.</p>	\$250,000+	<p>CIV</p> <p>.00243982 for tourism and hospitality, .00142293 for commercial and .00050694 for industrial. All have a minimum charge of \$50 and there is a maximum of \$6000 for tourism, hospitality and commercial, and \$300 for industrial.</p>	700+	<p>50% for general promotions,</p> <p>visitor guide, regional promotions and branding, trade and consumer advertising, major shopping promotions, market day, Christmas promotions, business directory, networking, workshops, and business forums.</p>
<p>Geelong</p> <p>Central Geelong City Management Program Committee, a section 86 committee with representatives of the business community and council.</p>	\$500,000	CIV	1250	<p>Marketing and promotions including:</p> <ul style="list-style-type: none"> - sailing festival - sidewalk sales - farmers markets - art and cafe precinct - buskers by the bay - city circuit bus - school holiday program - business networking sessions quarterly newsletter <p>Plus business development, professional staff and administration, and physical development .</p>

SOURCE: YMP, Special Rates and Charges Victoria – Snapshot 2007; Street Ryan research.

7.2 LIMITATIONS OF SPECIAL RATE AND/OR CHARGE SCHEMES

Not all special rates and/or charge schemes are successful. The City of Greater Bendigo, for example, chose not to renew the CBD special rate that it had applied from 2008 to 2011.

Concerns were raised in submissions to the council relating to the Bendigo Traders Association capacity to effectively manage itself or the fund. Submissions received also implied that the Association failed to adequately and fairly promote all areas and all businesses within the special rate boundary.

Similarly, the City of Warrnambool decided not to proceed with a scheme proposed by Commerce Warrnambool Inc. because of the number of objections received while implementing the statutory introduction process.

On the other hand, there are some schemes that have been in place for many years and that have widespread acceptance among the business community. Successful schemes are usually the ones that have a strong and sustainable trader association and excellent communication between the trader association and council and the trader association and the businesses it represents.

The Abandoned Special Charge Scheme – Hampton Street

It cannot be ignored that from the years 1999 to 2004, Hampton Street had a special charge for marketing, management and promotion. This scheme was administered by Hampton Street Retail and Professional Business Inc. The charge was structured as a flat fee (varied only by location) applying to all commercial properties. The charge ranged from \$150 to \$550 pa (with a \$2500 charge for the supermarket) and it raised approximately \$100,000 pa.

There were a number of issues associated with the operation of the earlier Hampton Street special charge. The scheme was not renewed by the council because of failure to secure majority of support (51%) from those liable to pay.

Objections received during the renewal process related to:

- the costs imposed being unfair and inequitable.
- no special benefits to those that contributed. In particular these objections were from businesses at the northern end of the street.
- tardiness and inadequate reporting from the Association to Council as was required under the terms of agreement.
- the lack of structure to guide the selection of activities/events and the development of annual action plans.

Special Rate and/or Charge Schemes – Elements of Success

Clearly, the introduction of a special rate or charge scheme requires careful planning and cannot happen overnight. It requires extensive consultation with the business community to promote the concept and seek support.

As previously stated, the introduction, renewal and ongoing maintenance of a special rate and/or charge schemes is governed by the Local Government Act. Therefore, prior to embarking on the statutory process, most council's require written evidence of support (in-principle) from a clear majority of affected businesses and property owners (65%) before they move to an Intention to Declare.

Suggested key elements of success for a special rate and/or charge include the following:

- The scheme should apply equitably to all in the target area.
- The scheme should be affordable.
- The scheme should be guided by a five-year business plan to coincide with the life of the scheme and an action plan that is updated on an annual basis.
- In-built measures monitoring and review procedures to ensure a scheme maintains its relevance and reflects stakeholder needs.
- Clear and open communication between the trader association and its members.
- The trader association responsible for the expenditure of funds has the skills and commitment to implement the scheme.
- The funds raised through the scheme are sufficient to achieve the desired outcomes.

The consultation process involves several phases, moving from the more general “in principle” support to a clearly enunciated and firm proposal. If Bayside City Council decides to endorse a formal written request from the traders association, it must follow strict statutory guidelines. A Notice of Intention to declare a special rate and/or charge scheme must be published and sent to affected property and business owners. This notice to include details about the proposal and the options for making a submission or objection. Council must then allow 28 days to receive written submissions or objections. If objections are received from more than 51% of those affected by the proposed scheme, Council, in accordance with the Local Government Act, cannot proceed.

Where Council supports the introduction of a scheme, it must advise property owners in writing of their decision and outline the option of lodging an appeal with the Victorian Civil Administrative Tribunal. If no appeals are upheld, Council can proceed with the scheme.

7.3 VOLUNTARY SCHEMES

There are schemes, such as is currently in place in Hampton Street, that are administered directly by a peak business organisation, such as a traders association through its membership fee structure. These schemes are more difficult to administer because members may choose to opt out, therefore not providing funding certainty.

One example of a successful voluntary scheme is Granite Belt Wine and Tourism Inc. (GBWTI), which is a peak local tourist association in the Granite Belt region of south-east Queensland. GBWTI has a mandatory subscription fee and imposes and administers a marketing levy.

Funds raised are used for a variety of initiatives, including branding and application of the logo, education, maintenance of the website and on-line bookings, promotions and events, and operation of the Stanthorpe Visitor Information Service.

7.2 OTHER APPROACHES

There are local governments that directly fund centre promotions or programs and/or specific activities in their entirety. It is suggested that while a council may support initiatives to improve vibrancy and performance, marketing, promotions and business support is not its core business. Further, it is unlikely that Bayside City Council would have the capacity to commit to the level of funding required for an ongoing implementation plan for all of its commercial centres.

Examples of some local government funded initiatives include:

- The District Council of the Copper Coast in South Australia agreed to set up and resource a Town Centre Task Group and fund a raft of initiatives to revitalise the town centre of Wallaroo through proceeds from the sale of a parcel of land. The district council agreed to allocate a budget of approximately \$100,000 in the first year and \$70,000 pa thereafter for staffing (0.4 to 0.6 EFT positions), promotions, and preparation and delivery of a marketing and events program. Capital works are to be funded separately.
- The Rural City of Benalla made a commitment to \$10,000 and considerable in-kind support over a three-year period for Christmas decorations for Benalla, after the Chamber of Commerce (which had previously been responsible for the decorations) ceased operation.
- Where there is no formal approach, local governments often support one-off activities, similar to how Bayside City Council currently supports the HSTA.

8. CONCLUSION

The preferred approach for Hampton Street, giving the analysis above, is to implement a combined special rate and charge scheme. The scheme would apply from July 1 2016 to June 30 2021. This will enable the HSTA to continue to implement activities that benefit local businesses and reward customers for their patronage. It would also enable the HSTA to engage a professional shopping centre coordinator who would be responsible to implement activities under the instruction of the HSTA executive committee.

A regular stream of funding will also enable Hampton Street to remain competitive and to deliver on the needs and wants of customers.

Details of the scheme, how it would be implemented and a first year action plan are presented in Part Two: Hampton Street – The Plan.

APPENDIX

KEY DEVELOPMENTS THAT HAVE SHAPED RETAILING OVER THE LAST TWO DECADES¹⁰

In the past, retailing has been considered a “non-basic” industry (i.e. an industry that services local residents and does not generate “export” earnings). However, this has changed in recent decades as retailing has become increasingly important as a tourism product and as a net-contributor to local economies.

- Retailing has undergone radical changes in the past two decades, which has had a major impact on marketing and in developing and determining opportunities.

In particular:

- ✓ Retail shopping has become acknowledged as an “experience”, with people combining shopping, cafe/restaurant and specialty shop visits as part of both regular and occasional social activities.
- ✓ Integrated shopping centres have become huge centres for business of all types, while smaller strip centres have differentiated themselves on themes, ambience, or retail and service specialities. This trend has seen a resurgence of strip shopping.
- ✓ Food-service both complements and competes with retail more than ever before, as people spend more time and money at food-service outlets compared with consumption in the home.
- ✓ There has been enormous growth in franchised and specialty store chains, which can support business owners and operators through proven systems and measured business risk.
- ✓ E-commerce and importing are having a greater role in retailing of larger and higher value retail items (such as electronics and equipment) as well as apparel and smaller personal items.
- ✓ Online purchasing, including online purchasing from overseas web sites, is continuing to grow at a phenomenal rate. It is estimated that 5% of Australian retail sales are now made online but only 3% of them from local websites. The NAB Online Retail Sales Index valued online sales in Australia in 2011 at \$10.5 billion, up 29% on the year before. In order to be competitive, retailers need to take advantage of the online opportunity and to re-think their approach to in-store retailing to make it more about experience and less about a transaction.

¹⁰ SOURCE: Bayside Business Monitor 2012.

- ✓ Mobile/internet marketing, mobile commerce and social media are all becoming increasingly important marketing tools for retailers.
Examples include:
 - Using mobile phone contacts to build customer databases.
 - Using text messages/emails to alert customers to new products, special deals and promotional offers etc.
 - Enabling customers to use their mobile phone (and/or computer) to check the status of an order.
 - Enabling customers to use their mobile phone or computer to design their own gift card for a store.
 - Using social media (Facebook, Twitter, Instagram etc), store blogs and video feeds to form and interact with communities of consumers and to direct them to either physical or virtual spaces such as stores or websites.

- ✓ The take-up of new technology has accelerated. This has largely been driven by the demand for convenience and the customers' increasing desire for information.
Examples include:
 - Interactive technologies, such as digital screens and self-service kiosks.
 - Self-scan terminals.
 - Portable scanners that enable customers to scan items before they reach checkout.

- ✓ There is an increasing focus on sustainability and corporate responsibility driven by the rise in social responsibility on shoppers' purchasing criteria.

- ✓ There is a growing focus on health and wellbeing and a commensurate need to demonstrate with scientific evidence that natural products will perform with equal effectiveness to artificial products.

- ✓ There is a focus on less costly ways of entering a market or extending market reach through, for example, the use of "pop-up" or temporary stores in unconventional locations or in vacant conventional locations.

- ✓ Increasing reliance on home brands among major supermarkets (which are now up to 22% of supermarket sales) and the drive by independent/regional supermarkets to differentiate themselves from the majors.

Partly as a result of these trends, there has been a blurring of what is regarded as retail.

Traditionally, retail has included:

- food
- household goods and furniture
- clothing and soft goods
- department stores
- sporting goods

- personal and other goods (music, books, gifts, jewellery, cosmetics etc).

Now, other related industries operate in a retail environment and are commonly regarded as part of the retail scene, particularly:

- the food service industry (cafes, restaurants and catering)
- wholesale trade
- arts, recreation and personal services (hairdressing, beauticians, galleries etc).

Retailing in the future is likely to see even more “blurring” as the process of making transactions moves more and more to online and/or a combination of online and in store (click and brick) and as the retail store focuses more on providing a valued experience for shoppers. This has implications for the design of retail outlets, the technology it uses, the marketing channels it uses and for the skill sets needed by their staff.