Appendix 1

Supporting the Independent Retail Sector in Belfast: An Action Plan for Belfast City Council

Introduction

This is a draft plan for Belfast City Council support to encourage the further development of the independent retail sector in the city. The sector plays a key role in the provision of essential services at a neighbourhood level. It can also create an unique offering in contrast to the multiples and can contribute to a dynamic and unique offering for tourists to the city.

Independent retail is clearly only one branch of the wider retail sector. However, given the specific challenges of this area, it is suggested that council resources – financial and staffing – focus predominantly on developing initiatives and interventions to support independent retailers. This does not, in any way, underestimate the importance of the larger retailers and it is accepted that recent investments by the larger retailers have done much to contribute to the overall retail offering in the city and have helped place Belfast on the map as a retail destination.

Background

Retail is the UK's largest private sector employer, employing around 3 million people (1 in 10). The sector accounts for £265 Billion in annual sales and one third of consumer spending throughout the UK. Therefore retail plays a major role in sustaining the UK economy. In addition, retail outlets are typically the end point for any supply chain given they are the main channel for consumers to access goods.

Jobs in this sector are now recognised as making a real contribution to the local communities in which they are situated. The retail sector is expected to continue to grow with over 250,000 new jobs expected to be created within the UK by 2014.

The structure of the whole UK retail sector is made up of diverse markets and different store formats. Various scales exist including: convenience stores, supermarkets, superstores, hypermarkets, market traders, discount stores, retail cooperatives, department stores, mail order companies, and warehouses, each providing consumers with a different offer. Shops and stores remain the dominant retail format throughout the UK despite the growth in internet-based shopping.

A key emerging trend in the UK retail sector has been the consolidation in many sub-sectors (e.g. grocery) resulting in dominance by larger shops and an increase in multiple chains throughout the UK, regional examples include: Forestside in the outskirts of South Belfast or the Outlet Centre in Banbridge, Co. Down.

Shops have become less likely to be clustered together in a central market place in towns, and small specialist retailers are no longer as prevalent. Essentially small independent retail businesses can contribute more to the local economy than large ones if they are purchasing from local suppliers, employing more staff per sale and if the business owner / shareholders are spending the profits in the local area. The diversity of products on offer through independent retailers is important given those who are sharing their supply chain with larger retail multiples will be most at risk.

Independent retailers are to become more specialised and innovative in their product offering. Low barriers of entry to work in retail provide an opportunity into self-employment for other groups such as migrants to the UK. It is also noteworthy that the UK's 'ageing population' is likely to affect consumer choices and therefore the independent retail sector in the medium to long term. Technology, through the internet for example, is also predicted to continue to have an effect on consumer behaviour for example; the Internet is having a serious impact on newsagents due to the new ways in which people now access their news online. Online Retailing currently accounts for 10% of all retail sales and is predicted to grow to 20% by 2010.

In the UK, traditionally the retail sector has only received limited assistance from Economic Development agencies to assist with business development. DETI (and its economic development agency Invest NI) do not offer support for the retail sector.

Unless appropriate interventions for independent retailers across the UK are introduced, it is anticipated that there will be a severe reduction in innovation as a result of the closure of independent shops. There is also likely to have a damaging impact on social contact and disadvantaged communities. The diversity of product offer may be lost for the consumer as multiples continue consolidation into other product categories, such as newsagents and bookshops etc.

The Northern Ireland Context

There are approximately 9,165 retail businesses in Northern Ireland (3% of the UK total), of which around 78% are micro-businesses employing under 10 people. Therefore there are in the region of around 7,000 small independent retail businesses throughout Northern Ireland. Given that NI represents 3% of the total retail businesses in the UK, 3% of the UK annual sales for the retail sector would equate to £7.95 Billion for NI. The evidence is less clear for the contribution the independent retail sector make to this.

Between 2004 and 2014, 14,000 new retail jobs are expected to be created in Northern Ireland, while a further 32,000 will need to be filled as a result of people leaving the sector or through churn of retail businesses.

Northern Ireland's economy has experienced considerable growth over the past decade particularly as a result of the increased stability offered by the peace process. As a result the Northern Ireland retail market has become more open to overseas businesses. The result has been retailers from the UK arriving in Northern Ireland and as confidence has grown, retailers from further afield have entered Northern Ireland's retail market.

Like the UK mainland, the key influence in retail development, until now, has been the sustained growth in consumer spending coupled with the increasing demand from retailers for larger store formats in all sectors of the retail industry.

Northern Ireland differs from the UK in that the pattern of shopping is more influenced by exchange rate differences with the Euro due to the proximity of high quality shopping opportunities in Dublin.

Given the planned and anticipated expansion of the retail sector in Northern Ireland, the skills and capability of those employed in the sector is crucial. Analysis by the Sector Skills Council for the sector indicates that only 27% of employers have funded or arranged training for employees in the past 12 months. Retail tends not to be regarded as an attractive vocational choice, given the strong cultural emphasis on academia in Northern Ireland and the low perceived status of retail employment. This is despite the sector providing jobs for one in ten of the workforce.

The independent retail segment of the Northern Ireland market is thought to be under significant pressure. Not all independent retailers welcome 'help' by providers of support. There have been found to be important variations in the motivation and attitude of managers and proprietors in running their own stores in Northern Ireland. Generally, there are independent retailers in Northern Ireland who are simply surviving in their businesses and are possibly continuing to trade until they retire with modest ambitions for the development of the company. Nevertheless there are other retailers that have greater aspirations and are keen to develop their businesses to achieve sales growth.

The Belfast Context

The market size for the retail sector in Belfast city centre is thought to be £265 million and for the wider metropolitan area this rises to £1.27 billion. The city centre is estimated to have a total retail space 1.81 million sq ft / 168,000 sq ft, which according to Belfast City Council is above average for a regional centre in the UK. Estimates by local agents are that a total of 1.25m sq ft of additional retail space will be developed in the next five to seven years in Belfast City Centre.

The structure of the independent retail sector in Belfast varies from district to district. In terms of layout/structure, some districts are more highly developed than others, e.g., the Lisburn Road or Bloomfield Avenue are highly specialised, upmarket shopping districts whereas other areas could not easily be classified in this manner such as areas on the Newtownards Road. However, it is fair to state that while some areas/districts are thriving, others are struggling to survive.

Clothing and footware is the key sub-segment of the independent retail sector with almost one fifth of retailers (18%) operating in this category. This is closely followed by furniture and home (16%) and then food and grocery (11%). It should be noted that some independent retailers operate within more than one category and the figures above relate to their main area of business.

The independent retail food sector is the category which has witnessed most change, challenge and threat as indicated previously in respect of the arrival of the British multiples. For example, Sainsbury's announced that they were commencing store operations in Northern Ireland in 1995 and by late 1996 they had their first store here. Tesco also has a major presence in Northern Ireland and in the Belfast area with plans on the drawing board for more store operations over the coming years.

There has also been a decline in the number of non-food or specialist shops operating in Belfast, e.g., there are fewer "mixed retail" operations due to the threat also of the multiples that have diversified into non-food products in order to grow their market share. Therefore, the multiples pose a major threat also to the non-food independent retail sector such as such as music, books, clothing and electrical goods, similar to the trends experienced in the remainder of the UK and NI.

Summary

The future of the independent retail sector in Belfast is dependent on intervention from the various government stakeholders in order to avoid what has been predicted for the sector across the UK, namely "… many small independent shops across the UK will have ceased trading by 2015 – largely as a result of a heavily unbalanced trading environment; this loss will have damaging social and economic consequences …".

A total retail growth of 19.6% has been predicted between 2005 and 2010 which would appear to contradict research evidence presented in High Street Britain 2015. This research also points out one of the growth areas for independent retail is electrical retailers due to the advances in new technology. However the same research also predicts that value retailers such as TK Maxx and Primark will continue to thrive and grow their market share which will impact on independent retailers operating in this valuable and important retail sector.

Independent retailers operating in Belfast will need to reshape their product ranges and services. They will need to improve career management for themselves as sole traders or providers of retail employment in the sector, and they will also need to enhance the level of skills of those who work in this valuable and important retail sector. Essentially Belfast needs now a healthy, sustainable mix of independent and multiple retailers in order to maintain character and (in order) to avoid empty premises.

Overview of the Current Position of the Independent Retail Sector in the Belfast City Council area

- Between 1993 and 2005, total retail employment in Belfast increased from 10,311 to 13,560 – an increase of 31.5%
- The number of individual businesses increased by around 10% from 1145 to 1256
- In single-plant retail businesses (i.e. those with only one store and employing less than 20 people – mainly independents) employment increased from 2,803 to 3,039 jobs
- The number of independent retail outlets increased by 9.6% from 617 to 676
- The independent retail sector represented around 22.4% of total employment and 53% of total outlets in the retail sector in the period 1993-2008
- Independent retailers created 2,151 jobs in this given period: the majority of these were in new openings (1,745) rather than expansions (406)
- Over 2/3 of the existing jobs in 1993 had been destroyed by 2005. The majority of these losses were due to the closure of outlets
- In 2005, around a third of jobs and around a quarter of outlets in the independent retail sector were located in the city centre area. Overall, the independent retail sector in the city centre had an increase in net employment of almost four times that of the rest of the city (17% compared to 4.4%)
- 71% of independent retail jobs in Belfast city centre in 1993 were lost by 2005 (compared to 2/3 of those outside the city centre)
- Since 1999, employment in the independent retail sector has decreased by 1.1% (it grew by over 12% in the previous 6 years)
- Just over one third of businesses had been established pre-1980
- Most businesses employ between 1 and 5 members of staff both on a full time and part time basis
- The estimated market value for the independent retail sector in Belfast City Council is around £354 million.

SWOT Analysis of the Independent Retail Sector in Belfast

Internal Strengths	Internal Weaknesses
• Customer service • Quality of products • Reputation • Niche Provider / unique offering • Staff • Product sourcing / supply base • Exclusive brands • Experience / length of trading period • Branding • Value for money • Location • Large Customer base • Customer loyalty / repeat business • Good stock control • Free delivery service • Retention of staff	• Unattractive career option • Capacity of retail unit • Difficult to communicate value for money with customers • Lack of IT equipment • Parking at shop location • Limited access to finance • Poor stock control • Lack of internal structure • Muddled marketing • Lack of selling skills • Poor systems and procedures • Over reliance on the owner • Dated premises • Poor time management • Poor financial management • Training for staff • Staff retention
Opportunities	**Threats**
• Increased tourism in Belfast • New property development • Changing demographics – more young people • City centre regeneration • Relocate to a new premises • Inward investment to Belfast • Increasing trends for niche products • Trends for shop local in food products • Multiples closing in long term • ROI market – lack of competitors there • Trends in safety awareness • Increasing crime rates • New businesses in areas increase footfall • Opportunities to sell online • Environmental factors • Franchising of business to others • Political stability	• Economic downturn • Increasing costs • Parking across city • Out of town shopping centres & multiples with parking • Increasing interest rates • Bus lanes / shelters • New entrants to the market • Increasing rents • Pedestrianisation of city centre • Victoria Square • Closure of local post offices • Decreasing footfall • Too much focus on city centre • Euro conversion (for stock purchases) • Introduction of water rates • Lack of cohesion between government stakeholders (transport, development & council) • Lack of tourism • Legislation (staff, VAT & Tax etc.) • Music downloads • Planning legislation • Public sector reduction in spending • Street paving and bin collections

Current Council support for the development of the independent retail sector

Belfast City Council currently supports the city's retailers – both directly and indirectly – through a number of channels. These include:

Economic Development	• Retail Therapy programme: business development initiative for 60 independent retailers • Fashion masterclasses organised as part of Belfast Fashionweek for local independent designers and traders • Support for traders' groups through Neighbourhood Economic Development Programme (NEDP) • HARTE (Hospitality and Retail Training for Employment) – in conjunction with Tourism Development Unit • Other business support programmes e.g. Strategy in Business, Sales Growth are open to all business sectors (including retailers) • Development of an initiative to introduce market stalls into Victoria Square on a regular basis from October 2008
Tourism Development and Events	• Development of Evening Economy Campaign • Belfast Loves Shopping Guide and More Time publication • Key events e.g. Food and Drink month – Garden Gourmet • Production of Evening Economy e-zine • Production of Luxury Belfast Guide, in conjunction with BVCB
Planning and Transport	• Shop frontage improvements programme along key arterial routes • Wider environmental improvement measures e.g. enhanced parking/traffic management schemes on key arterial routes • Provision of more refined guidance to support locally-appropriate development • Support for role of local retail in planning policy initiatives
Development Estates	• Input into DSD draft masterplans for city centre (Northside Urban Village, West Side Regeneration Plan), including retailing issues • Liaison with DSD Re: Retail- led regeneration sequencing policy- Castlecourt extension and Royal Exchange development.
Markets	• Smithfield has 25 traders • St George's has 102 traders on Friday; 102 on Saturday • Exploring opportunities for further licensed market sites/ street trading

Suggested action plan for the development of the independent retail sector

Building on the current activity indicated above, it is suggested that an action plan for the further development of the independent retail sector in Belfast should focus on the following three themes:

- Marketing, promotion and branding
- Capacity building and skills development
- New product development support

1. Marketing, promotion and branding

Traders generally do not commit time to the strategic development of their business. This can lead to underinvestment in a number of areas, including marketing and promotion. Furthermore, traders have suggested that they are inundated with requests for advertising but give little thought to other methods of communication.

One of the key selling points of independent retail outlets is their unique offering. Consideration should be given to how independent retailers can make potential clients aware of their offering, within a limited budget. This may include internet marketing and the use of websites.

Some consideration may also be given the branding of particular areas or locations, possibly building on the "quarters" recently developed through the Tourism Development Unit.

Specific events, including promotions, may be considered as a means of promoting the unique shopping experience in Belfast. Where possible, these could be linked to or added onto existing activity e.g. Food and Drink Festival.

Excellence within the sector should be encouraged, recognised and awarded. One way in which this might happen is through the encouragement of awards schemes for local retailers.

Consideration should be given to a range of activities to promote the retail offering in Belfast to a national and international audience. This may include existing outlets (e.g. Whatabout, City Matters) as well as one off events to attracts additional retailers to the city e.g. MAPIC.

Possible activities may include:

Activity	Description	BCC Financial Contribution
Shopping Festival	Based on the successful format of the Council-run Food and Drink Festival, it is proposed that a shopping festival be developed. Similar to the Food and Drink festival, this will be linked to existing activity e.g. other fashion or retail events. Working with local traders, it is planned that a range of events and offers be developed to raise awareness of and showcase the existing retail offering in the city with a view to encouraging additional spending.	£28,000
Belfast Loves Shopping Guide	The current guide will be re-produced. The new version will be more extensive and will include speciality/luxury retailing in the city centre as well as additional information on retailing in the city's neighbourhoods.	£20,000
Independent Retail Awards	The inaugural Belfast Fashion and Retail Awards are to take place as part of Belfast Fashion Week (16-18 October 2008). Working with the organisers, Belfast City Council will encourage participation in the event by those traders with whom we are working as a means of encouraging excellence within the sector. Council support will be used to sponsor event management and marketing costs.	£9,000
What's On Calendar	Development of a campaign with associated marketing material to increase visitor time by loyal shoppers and to encourage 'lost shoppers' to return. Key events to be focused around Winter/Halloween/Christmas, Mother's Day/Father's Day, Easter, Back to School.	£4,000

2. Capacity building and skills development

While independent retailers may consider that their customer service skills set them apart from their larger competitors, feedback from the research undertaken on behalf of Belfast City Council portrays a different picture.

Consideration should be given to a structured programme of skills development and capacity building for local traders. This is likely to include general skills issues (customer service, financial planning etc.) as well as wider development issues e.g. strategic business planning. Given the potential threat posed to the local retailer by an increase in online trading, there should be some investment in initiatives to help traders do business online or promote their services online, while retaining their high street presence.

Staff attraction and retention issues should be addressed through the support for initiatives to improve access to employment opportunities in the sector e.g. through Skills Shop and HARTE initiative.

Possible activities may include:

Activity	Description	BCC Financial Contribution
Retail Therapy	Further development of existing programme to allow engagement by additional traders.	£15,000
Trader Groups' Development Plans	Support to allow traders' groups to formalise their activity or to develop joint initiatives to support retailing in their area.	£10,000
Retail Masterclasses	Masterclasses to raise skills levels of existing retailers on key issues such as merchandising, marketing and window display.	£2,000

3. New product development support

One of the key challenges for those who produce goods for sale is the difficultly in getting their goods to market.

In addition to fixed trading units, consideration may be given to one-off or regular markets offering unique produce and complementing the offering from mainstream retailers.

Possible activities may include:

Activity	Description	BCC Financial Contribution
Product Development Support for Thimble Group	Working with Thimble, we will provide business development, sales and marketing and product development support to the fashion, craft and design sector. The project will bring together existing creative businesses working in these fields and new designers from Belfast's colleges and universities with the aim of networking, identifying new market opportunities and providing a sustainable business infrastructure to the sector.	Budget in Creative Industries funds
Craft Traders Initiative 'Craft in the Square / Craft on the Concourse'	This initiative is aimed at providing an opportunity for creative businesses to sell and market products to the local market in Belfast. The initiative will involve a total of 30 independent craft makers over a 3 month period (October 2008 - December 2008 every Thursday evening). The event will take place in Victoria Square. Display stalls and marketing support will be provided by Victoria Square. Belfast City Council will work alongside Craft Northern Ireland to appoint a project manager for this initiative to ensure the quality of product and needs of the independent makers are met fully.	£12,000

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