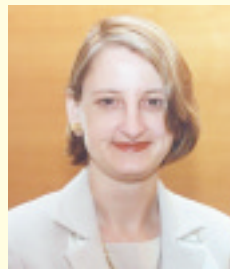


a market insight

*a foundation on which to base
your marketing strategies*

*How do you deliver what your boss
wants when you've just landed in town?
Helen Bakewell, Director of Directional
Insights, and with more than 10 years'
experience in shopping centre research
and marketing explains.*



You've just landed a new job as Marketing Manager of Paradise Plaza in Beach Town.

You've packed up and, over the weekend, moved the 1000km from your old home.

Now it's Monday morning and you have finished settling into your new office, are trying to memorise everyone's name and have walked the plaza with the Centre Manager.

Time to sit down for a relaxed first-day coffee at Jamaica Blue with the new boss – and then the bombshell hits.

On Friday the owners of the centre are bringing potential investors to see the centre and they would like you to give a 20-minute overview of the Paradise Plaza market.

You gasp – you don't even know your new home phone number yet and in less than five days you need to impress an investment audience with your detailed knowledge of the market!

Do you:

1. Panic? No, not yet. Leave that for Friday when the light pro doesn't work.
2. Have a scotch. No, that's for Friday too, after the investors have left happy.
3. Keep reading ...

Chosen number three? Good decision.

Most investors will understand you're a recent arrival, and will allow for that.

Nonetheless, within three months (or less) of arriving at the centre you should be fully briefed and have a presentation/handout with the following information.

1. Trade Area Map (TAM).
2. Competition Map overlaid on the TAM.
3. Demographic description of residents within the trade area (and tourist profile if relevant to your centre).
4. An expenditure profile of the trade area residents.
5. Trade Area Growth Rate Forecasts.
6. Moving Annual Turnover, or the total sales of a centre for a year, Traffic and Spend-Per-Visit trends.
7. Trading performance levels compared to industry standards.
8. Market Share Assessment compared to industry standards.
9. A customer profile of shopping centre users (and non-users).

Where can you get this information from? Let's break it down.

Trade Area Map

Hopefully the previous marketing manager has left one on the pinboard behind your desk. If not, then there are two main places to look.

TAMs are usually defined through an in-centre customer survey. These should be conducted, on average, every two years (more frequently if you are in an area of rapid change) and over one week to a fortnight with about 500-1000 people interviewed. They are used to map the trade area for the centre.

If your centre has had a customer survey conducted within the past two years, use the trade area provided as part of the report. Alternatively, most centres have, during their life, an Economic Assessment conducted for the owners and/or council. It is typical practice as part of these assessments to include a trade area map and description.

Failing both of these options, councils usually have very good information about the Local Government Area maps and resident profiles – so try there. However, you should aim to have an up to date TAM and Competition Map (having visited all the competitors) within three months of arrival.

Competition Map

This is usually sourced from the same location as the TAM. Local councils can also provide good information regarding retail supply and zoning maps that may help here.

Demographic description of the trade area

This requires a flavour of the residential make-up of the area.

The highlights are:

- Total population
- Total dwellings
- Number of people per dwelling
- Age distribution and average age
- Cars per household
- % degree/diploma qualified
- Average personal income
- Average household income
- % home ownership
- % separate dwellings
- % Australian-born

Often, the Customer Survey or Economic Assessment will provide this information. Alternatively, the local council usually has it for the Local Government Area (LGA), or the Australian Bureau of Statistics (ABS) can provide this information for a fee.

Expenditure profiles of residents

This relates to the amount of money people within the trade area spend on items each year. This information is obtained from the Household Expenditure Survey conducted by the ABS.

It provides not only a spend-per-household overall, but also a commodity group breakdown, such as the amount spent on bread, clothing etc. It is extremely useful in calculating market shares for the centre and by commodity group.

As a minimum the following categories provide an overview of the expenditure levels within the trade area:

- TOTAL FOOD including:
 - Food, liquor and groceries.
 - Catering.
- TOTAL NON-FOOD including:
 - Apparel and accessories.
 - Bulky goods.
 - Homewares and household.
 - General retail.
 - Personal and household services.

Trade area growth rate forecasts

It is important to provide insights as to the growth potential of the trade area. The quickest way to establish this potential is to obtain population projections for the trade area.

Again, these are usually found in the Economic Assessment Report, or alternatively the local council usually has estimates for the LGA. Local councils often have maps of the lot land release areas in their LGA, and failing this the State Planning Department (or equivalent) can often help.

Investors will be impressed if you are able to demonstrate the level of residential development in the area, lots released per year and the location of developments.

Moving Annual Turnover (MAT), traffic and spend-per-visit trends

A very useful tool to do a health check of an asset is to chart MAT, Traffic and spend-per-visit over a two to three-year period (taking account of seasonality and development activity). It can illustrate the lifecycle pattern of your asset.

It is even more powerful if you plot the centre's MAT against market growth over time (CPI + Real Growth + Population Growth). However, we will leave that for another time.

In plotting the MAT, traffic and spend-per-visit, you can demonstrate the centre's performance over time (or, if negative, potential to perform).

Overlaid on this can be the timing of your centre developments, or competing development timings to show the impact, or lack of impact on your asset.

Trading performance levels compared to industry standards

These days everyone is talking benchmarks. How do you compare to the portfolio? To the competition? To the industry?

If you are part of a portfolio, then I will leave that information-gathering process to you.

Depending on your relationship with your competitors, you may be able to do a swap (I'll tell you if you tell me – but make sure you have a pinch of salt handy!).

Alternatively the Property Council of Australia Shopping Centre Council directories often have listed the MAT and tenancy mix for the majority of shopping centres across the country.

Moving on to industry comparisons, currently the most widely used tool is the JHD Retail Averages. These provide detailed benchmarks into trading levels of Shopping Centre Types, Retailer Types and Commodity Groups, to name a few. If you contribute to this publication, you are entitled to a free copy. If you don't, you can buy the report for \$650 (+GST) at www.jhd.com.au.

Market share assessment compared to industry standards

Every investor's favourite question is, "What's your market share?"

Okay, the *Readers' Digest* version of market share is as follows.

The usual market share referred to is the Main Trade Area (MTA). An MTA usually represents a geographic area from which 70%-85% of customers/spend by customers. This information is obtained from an in-centre customer survey, and if this contains the customer expenditure information then all the better.

So once you have the percentage of expenditure by customers from your MTA – say 75% – you then need to take 75% of your centre's MAT (say 75% of \$200 million = \$150 million). This represents the amount of sales your centre achieves from the MTA.

You divide this by the amount of available expenditure from the MTA, obtained from the Household Expenditure Survey (ABS). Say in this case Total Retail Expenditure = \$900 million. Therefore the market share is \$150 million/\$900 million = 16.6%.

Main Trade Area	% of Customer expenditure from MTA	Centre turnover from MTA	MTA total expenditure	Market share
	75%	\$150,000,000	\$900,000,000	16.6%

Benchmarks are harder to come by, and this is really where centres need to be compared to themselves rather than others, but to provide a guide here I will offer my experience.

Regional shopping centres usually have an MTA Market Share of between 10% and 20%, Sub-regionals' MTA market share ranges from 10% to 16% and supermarket-based centres range from 9% to 15%.

Obviously the trade area size and number of residents changes compared to the size of the centre. As a general rule of thumb, the larger the centre, the larger the trade area and therefore population available to shop.

Customer profile of shopping centre users

This information comes from speaking to your customers. There are a range of ways to achieve this goal. The main tools used include:

- In-centre surveys.
- Phone surveys of trade area (often a great way to understand non-shoppers and how to convert them).
- Qualitative research – usually focus groups or one-on-one interviews

Each of these tools provides different kinds of information. But displaying an understanding of who is walking through your doors with any of these tools adds detailed knowledge to your presentation.

It also nicely leads into the marketing strategy presentation, which your Centre Manager also mentioned he would like you to present.

But don't worry. It only goes for 20 minutes too! Good luck. ■

After seven years as the National Research Manager for Lend Lease Retail, Helen Bakewell has launched Directional Insights to offer her experience to the Australian and International Shopping Centre and Retailing Industry. She will be sharing more insights with you in the next edition of Marketing Matters. If you have any comments or questions, or want more information on Directional Insights, contact Helen at helen@directional.com.au or phone (02) 8901 5258.