

Town Centre Futures 2020

An Experian Marketing Services White Paper
In partnership with ATCM



September 2012



Foreword

Almost 90 per cent of us live and work in towns and cities. Nearly all of us depend on them for meeting friends and colleagues, for shopping, entertainment, leisure, culture, public services and transport. As individuals and families, we depend on them for jobs. As businesses, we depend on them for our survival, profits and growth.

But high streets are changing, and there is a realisation that retail space may have to shrink in some cases to survive. This does not mean that high streets should disappear or stop reinventing themselves, just that they will be simply different in the future.

The business of town centres is a serious and highly complex subject requiring energy, skill and enterprise; nothing else will do. And that is what we are seeing with the Town Team phenomenon, where in over 400 separate locations, a group of like-minded people have come together to establish their Town Team, and begin creating marketing material to illustrate what they want to do to make their place better. Indeed, simply having the conversation is a great catalyst to start implementing this change.

The business of town centres is more than just retail – it includes businesses across the board in all guises, and from both private and public sectors. The town centre is a community, one that needs to be dynamic, and change with the times. Times have changed, and turning the clock back is not an option – although the careful conservation of certain town centre features to encourage character and belonging is.

The High Street Initiative Fund of £10m has been distributed equally to each of the 100 local authorities in England. ATCM has created the HS100, a network for best practice on the use of the Funds to be used as a way of establishing what works. This report will point the way for those wishing to implement change and highlight some of the key themes that will influence a town centre both now and in the future.

We all know instinctively that Internet and multi-channel (“omni commerce”) trading will increase, especially with the development of “smart-phones” and we must embrace this. All physical retailers will have to grasp new technology for future survival, which is why ATCM is leading on the introduction of such technology with a significant pilot programme.

A town or city centre that offers its own diverse and distinctive environment, with a strong sense of place, is a magnet that attracts people to work, visit and live. But it has to meet several key challenges in order to survive and succeed:

It must be easily accessible, clean and safe at all times of the day.

It must have its own unique identity, using architecture, events, marketing and all forms of media to reinforce vital points of difference.

It must have professional, active management.

For all this to happen, stakeholders and organisations need to come together rather than fight for recession-squeezed resources. Organisations in the same town or city that have shared an agenda and pooled resources have already discovered an increasingly attractive and mutually beneficial way forward.

The ATCM is the national organisation for individuals and organisations concerned with the maintenance, commercial and social development of the UK's town and city centres. The ATCM provides well focused and directed support to help fulfil the aims and aspirations of all our members, particularly through research, advocacy and the sharing of best practice.

We are delighted to be associated with this important research, insight that provides a clear understanding of the main factors that influence our town centres and how we can look to embrace change for the better, and commend it to you.



Martin Blackwell
CEO, ATCM

September 2012



Executive Summary

On 3rd July 2012 Experian presented 'a vision of the future town centre' at the Association of Town Centre Management (ATCM) Summer School at the University of Bristol. The purpose of the Summer School was to bring together management teams and other professionals from across the country to discuss many of the challenges facing town centres.

The Portas Review, which elevated the issue of town centre decline to the level of national debate, set out the considerable challenges facing town centres, and identified town centre management (in the guise of Town Teams) as the primary agents of adaptation and change. Town Teams will play a pivotal role in bringing together disparate town centre stakeholders, be they landlords, occupiers, local authorities, and the local community, to establish plans to bolster the vitality of their places.

While the historical challenges and reasons for town centre decline are now relatively well understood, little attention has been paid to the potential drivers of future town centre change, and how Town Teams might successfully respond to these.

Consequently, Experian has conducted the Town Centre Futures 2020 project to begin to address this need. The project utilises Experian's plethora of data about people, consumers, and places - summary findings were presented at the Summer School.

Experian believes that if Town Teams are to successfully manage their centres and respond to the challenges that lie ahead, then they must get to know their places and the people who use them. This can only be achieved by identifying the consumer, demographic, and economic nuances which define different places and make them unique. Combined with a clear view as to what these characteristics mean for the future, Town Teams will be armed with the insight to cope with the challenges and embrace the opportunities presented by their own town centre.

This report presents key findings from the project, and has been written with town centre management teams in mind. However it should be of interest to the many other parties, whether private, public, or third sector, with a stake or interest in the future of the country's town centres.

The report begins by setting the scene with a brief overview of the story of town centre decline and some of the key drivers of historical change. It goes on to discuss a number of drivers of future change up to 2020, before revealing key findings from the analysis project at national and regional level. This is followed by a discussion of possible response strategies town centre management may consider in order to survive and thrive in a rapidly changing town centre environment.

The report concludes with a first look at Experian's brand new Town Centre Futures reports. These powerful reports have been designed to help interested parties formulate the right strategy for any town centre. They provide instant insight regarding the key economic, demographic, and consumer factors expected to characterise the future of more than 1,200 town centres in Great Britain.

Towards 2020 – key drivers of town centre change

A struggling economy

- UK consumers are struggling in the aftermath of one of the deepest and most prolonged recessions in recent history. Higher taxes, heavier indebtedness and tighter lending conditions will keep town centre spending more muted than in the previous two decades.
- Between 2014-18, growth in retail sales volumes is predicted to be weaker than during the past decade and slower than in the long and ultra-long (the period 1970-2010) term, reflecting overall economic weakness and more subdued growth in consumer lending than in recent decades.
- With consumers expected to suffer for the foreseeable future we can assume town centre footfall will continue to fall, or at least remain depressed. The pressure on retailers and other town centre businesses is unlikely to abate in the short-term. They will need to adjust to the fact that most customers will not only have less disposable income, but may also exhibit different behaviour - chiefly a thrifty and price conscious outlook.

An ageing society

- We live in an ageing society, a trend set to continue with the median age of the population expected to rise from 39.7 in 2010 to 42.2 years by 2035.
- In 5 years time we predict there will be half a million fewer teenagers and young adults.
- In 10 years time we predict there will be 3 million more people aged 70 and above.
- In some areas, we predict over half the residents will be 60 or over.
- An ageing consumer base will increase the requirement in town centres for facilities such as good access, health services, and public conveniences. It may also lead to a growing demand for safer and cleaner local environments for socialising and leisure activities.

A multi-channel world

- The UK online retail sector is the largest and most mature in Europe, having experienced significant growth over the last decade. Experian expect the initial phase of e-tailing, boosted by the take-up of new technology, is likely to be followed by a more mature phase.
- The Internet is increasingly used for bargain hunting and discount dealing, a trend expected to continue for the foreseeable future. Recent research from Experian Hitwise suggests consumers are becoming evermore savvy and are spending time researching best value.
- UK consumers are pioneers of m-commerce, with visits to retail websites using smartphones increasing dramatically in recent years.
- m-commerce will grow rapidly and we can expect it to become an increasingly important means for consumers to research and buy goods and services, engage with companies, and each other.
- Technological innovation is changing the way we behave, particularly in terms of how we communicate, and buy goods and services. This is likely to have far reaching consequences for the way we shop and use town centres.
- The greatest threat for traditional retail, and not just town centres, is the trend for using the Internet to search for the best deals, logically, we might expect to see traditional town centres suffer.
- While e-commerce itself might understandably worry town centre operators, m-commerce offers opportunities for innovation on the high street. Engagement with this technology may afford an important means to boost the vitality of our town centres.

Towards 2020 – key drivers of town centre change

Changing consumers

- The economy, demographic change, and technology will shape the behaviour of future consumers. Combined with existing drivers such as the demand for convenience, experience and choice, Experian has painted a composite picture of the UK consumer in 2020.
- Future UK consumers are likely to be characterised by 5 key drivers: service, expectation of choice, technology use, the pursuit of value, and the desire for experiences.
- It is likely all town centres will be impacted to some degree by the 5 key future consumer trends:
 - » An ageing population: will lead to specific demands for particular services and facilities, as well as an attractive and safe environment in which to shop and socialise.
 - » Ever increasing demand for choice: will place town centre operators under pressure to break from traditional business models to satisfy the demand for convenience.
 - » The continuing rise of e-commerce: may take trade from traditional retailers, yet mobile technology will be so embedded in people's lives that town centre operators could embrace and exploit it for their own benefit.
 - » The demand for value is here to stay: there will be an increasing demand for good value but high quality goods and services.
 - » Leisure time will continue to be important: people's expectations are ever higher, in a world where innumerable options compete for their attention. If town centres are to compete they will need to offer people a viable alternative, where they can shop, eat, work, and play in a unique cultural, social, and exciting environment.
- Experian has split future consumers into 7 key groups, who will place greater or lesser emphasis on the 5 key drivers:
 - » **Top Table:** affluent couples and families
 - » **Urban Pulse:** cosmopolitan city dwellers
 - » **Juggling Parents:** higher income families
 - » **Family Value:** mid to lower income families (the squeezed middle)
 - » **Daily Challenges:** hard pressed singles and families (the squeezed bottom)
 - » **Retiring in Style:** affluent older singles and couples
 - » **Tough Vintage:** struggling older singles and couples

Towards 2020 – Experian Town Centre Futures analysis, key findings

Population growth 2012-2020

- 77% of towns in the East will experience high population growth, relative to other regions, as will 77% in the East Midlands, 73% in London, and 65% in the South East.
- 93% of towns in the North East, 77% in the North West, and 84% in Wales will experience relatively low growth.

Population growth age 50 and over 2012-2020

- We can expect to see greatest growth in the 50 and over population in town centre catchments in the East Midlands and the East regions.
- Although some regions will experience lower growth, such as the North East and Wales, it should be noted a high proportion of residents in these regions are already mature – they will just see lower population growth overall.
- 79% of town centres in Great Britain will experience 10% or more growth in their over 50 population.
- 431 town centres (37% of the total) will experience growth in excess of 15%.

Local economy 2012-2020

- Despite the fact that welfare cuts will take a disproportionately higher toll on its economy, London has several advantages that will ensure it remains the leader in regional growth rankings.
- The South East and East of England will also remain strong performers, supported by their diverse sectoral base and proximity to London.
- The North East is expected to show the weakest performance in the UK. The region's heavy dependence on the public sector as well as the heavy presence of the suffering chemicals and automotives industries suggests there is little that can offset the expected weakness in consumer spending in the next few years.
- Wales and Scotland which both have a heavy public sector presence will see shrinking output and job losses in the next few years. The labour and housing markets are less dynamic in these regions and unsupportive of consumer resilience.

Growth in economic output (GVA) 2012-2020

- Average local area growth in output (GVA) for the country's town centres is expected to be 18.7%. However there will be great disparities. The majority of town centres in the North East, Wales, and the North West will be in areas of low growth in economic output, while the opposite is true for town centres in London and the South East.
- 45% of town centres in the North East will be in areas of low growth in economic output.
- 40% of town centres in London will be in areas of high growth in economic output.
- The North East, South West, Wales, West Midlands, and Yorkshire & Humber contain no towns in the highest output growth bands.

Town centre catchment average net household income growth 2012-2020

- We can expect to see highest growth in household income in the East and East Midlands, while the majority of town centre catchments in the North East, North West, and the West Midlands will see relatively low growth in income.
- 203 town centre catchments will experience more than 10% growth in average net household income.
- 77% of town centres in the East will experience a high increase in average net household income.
- 88% of town centres in the North East, and 84% in the North West will experience a low increase in average net household income.

Towards 2020 – Experian Town Centre Futures analysis, key findings

Local resilience 2011

- Experian's Local Authority District resilience scores help us understand the likelihood of an area experiencing problems going forward – in essence its resilience to future shock. This has been measured across 4 themes: Business, Community, People and Place.
- 46% of town centres are in areas of poor business resilience.
- 100% of town centres in the North East are situated in areas of poor business resilience.
- 64% of town centres in London are situated in areas of high business resilience.
- 81% of town centres in the East are in areas of high community resilience.
- 100% of town centres in the North East are in areas of poor community resilience
- Only 31% of London town centres fall within areas of high place resilience.
- 93% of town centres in the North East fall within areas of high place resilience.
- 87% of town centres in London are in areas of high people resilience.
- 93% of town centres in the North East are in areas of poor people resilience.

Town centre consumers 2018 – 7 key groups

- **Top Table:** the country's most affluent families and older couples
 - » Highest representation in South East, East, and London
- **Daily Challenges:** hard pressed singles and families
 - » Highest representation in North West, London, West Midlands, Yorkshire & Humber, and the North East.
- **Juggling Parents:** higher income families
 - » Highest representation in the South East and East.
- **Family Value:** mid to lower income families (the 'squeezed middle')
 - » Highest representation in Wales, the East Midlands, the North East, the West Midlands, and Yorkshire and Humber.
- **Retiring in Style:** affluent older singles and couples
 - » Highest representation in the South West, Wales, and East.
- **Tough Vintage:** struggling older singles and couples
 - » Highest representation in the North West, Wales, and Scotland.
- **Urban Pulse:** cosmopolitan city dwellers
 - » Highest representation in London.

Internet usage 2018

- The growth of technology, and in particular e-commerce, is a phenomenon which is here to stay. Given the ubiquity of broadband, home computing, and mobile technology, we can be assured that the population of every town centre in the country will be influenced by this trend.
- By 2018 over half the population of at least 500 towns will be frequent e-commerce users.
- There are certain types who demonstrate a greater propensity to shop online than others. Interestingly, these are not the country's most affluent or cosmopolitan urban groups, but rather lower to middle income groups living in 'small town Britain.' This finding resonates with Experian Hitwise's research, which shows the Internet is increasingly used for bargain hunting.
- 81% of town centre catchments in the East Midlands, and 72% in the East will contain a high proportion of e-commerce savvy households.
- Only 18% of town centre catchments in London will contain a significant proportion of high propensity online shopping households, reflecting the markedly different consumer makeup of London and the fact that people have a great choice of shopping on their doorstep.
- 97% of town centre catchments in Scotland will contain a low proportion of high propensity online shopping households.

Town Centre Futures: responding to change

While it is not the intention of this paper to stipulate the most appropriate responses to future change (this after all is the role of local Town Teams), Experian has looked at possible ways in which successful town centres might react to the challenges and changes facing them up to the year 2020.

Ageing population

- Maximising access, whether parking or public transport.
- Creating safe and attractive environments for shopping.
- Ensuring the provision of important facilities such as toilets and mobility.
- Fostering community spirit through local cultural and social events.
- Bringing important public and private services (such as health) on to the high street.
- A greater focus on good service, often on a face-to-face basis, will no doubt be attractive to older consumers.
- Greater opportunities for informal leisure and socialising.

Economic uncertainty

- Supporting local businesses (e.g. through favourable rents and lease terms).
- Supporting 'pop up' businesses and short-term/seasonal enterprises.
- Setting up town centre business and entrepreneurship mentorship schemes.
- Providing town centre based re-training opportunities.
- Achieving a favourable balance between budget, mass, and premium retailers.
- Avoid the clustering of value retailers, bookmakers, bars, and fast-food outlets.
- Supporting and fostering local markets, and community participation.

Poor resilience

- Implement economic strategies similar to the above.
- Marketing town centres based on their unique offer.
- Discouragement of leakage to competitive centres.
- Community involvement in town centre plans, events, and activities.
- Improvement of the local environment.
- Creating animated spaces – bringing theatre, culture, and fun to the high street.
- Creation of town currencies/economies.
- Focusing on local services as the sustainable option.
- Breaking out of the 9 to 5 shop routine, and boosting the night-time economy.
- Mixed use development in town centres, particularly the encouragement of residential uses.

Consumer change

- Get to know your people and strike an appropriate balance between the 5 consumer drivers of value, service, experience, choice, and technology.

Technology

- Technology offers many opportunities, and successful town centre management and businesses will pay close attention to how they can exploit these. Indeed, rather than replacing the role of town centres, the development of multi-channel retailing may afford a clear opportunity for them to place themselves at the centre of this emerging economy.
- In the future we're likely to see
 - » Greater numbers of businesses adopting the 'click and collect' model.
 - » Town centres marketed as convenient hubs for picking up products ordered online.
- The explosion of mobile technology and associated m-commerce is already giving us a glimpse of how successful town centres might react:
 - » Roll out of 'one tap' payment/wallet services, whereby people can pay for low value products and services using their devices.
 - » Pop up store windows enabling people to interact with products via mobile devices.
 - » Virtual stores in offline places: stores offering QR codes to see their wider range.
 - » Restaurants making dining experiences interactive.
 - » Mobile apps to enhance in-store experience.
 - » Town Centre directory and local information apps.
 - » Loyalty apps that reward people for using places or shops.

1.0 Introduction

The issue of town centre decline, particularly its high street component, is the continuing subject of high profile national debate. Our town centres are commonly portrayed as the maligned heart of our communities - undergoing sustained assault and facing a bleak future. Considering their historical importance as cultural, social, and economic hubs, it is no surprise this debate has frequently been both impassioned and controversial.

The global crisis of 2008 and subsequent recession only served to intensify the issue; we cannot ignore the litany of town centre retail failures which occurred in its wake. Indeed, the boarded up shop front has become the abiding image of this story; synonymous with the malaise affecting our high streets, it serves as stark evidence of the existence of powerful drivers of change.

Arguably, the debilitating influence of unemployment, tax hikes, increased costs, depressed wages, a sluggish house market, and restricted availability of credit is taking its toll on British consumers, and the town centres which serve them. Yet, while many households can simply afford less than before the crisis, we are also witnessing an austerity induced thrifty mind set, the like of which has not been seen for decades.

Yet it would be wrong to depict the decline of town centres as simply the unfortunate consequence of recessionary times. The difficult economy has merely exacerbated a problem which has been long in the making. Instead, a host of factors have played their part, ranging from, changing consumer habits, an ageing population, new technology, the development of e-commerce, out-of-town competition, and the rise of the product aggregators (online giants and supermarkets).

In December 2011, retail expert Mary Portas presented her eponymous review (informed by research commissioned by the Department for Business, Innovation and Skills ¹) into the state of the country's town centres. Her conclusion was unambiguous:

“...our high streets have reached a crisis point. I believe that unless urgent action is taken much of Britain will lose, irretrievably, something that is fundamental to our society. Something that has real social as well as economic worth to our communities...”

¹ Department for Business, Innovation & Skills/Genecon and Partners: Understanding High Street Performance, 2011

1.0 Introduction

The review identified both the signs and drivers of town centre decline that have occurred over the course of the past ten years. Portas also articulated her vision for the future; focused on 'breathing economic and community life' back into town centres it culminated in a list of over twenty-five recommendations.

These recommendations enshrine the power of both entrepreneurialism and collective action, and make the case for town centres to be run like businesses while fostering the conditions to allow a diverse local economy to flourish. Furthermore, they seek to address the spectre of competition, define the responsibilities of landlords, and encourage community participation.

Some recommendations can only be realistically dealt with by central Government and the planning system. However most are aimed at the local level, and specifically town centre management. Perhaps one of Portas' most significant recommendations is the development of strong Town Teams empowered to improve their own places. As the enablers of positive change their role is to facilitate a workable balance between the needs of local communities, landlords, and businesses, for the greater good.

The good news is that Town Teams already exist (for the most part), and can be developed from existing town centre management. However the challenge they face is significant; as they attempt to orchestrate well defined and executed strategies for the support, vitality, and ultimate revival of their town centres. This focus on town centre management does leave one obvious question begging. How exactly will they know which strategies are most appropriate for their town centre? After all, every place is different, characterised by a unique set of social, economic, physical, and historical circumstances, which make it what it is. With this in mind, a 'one size fits all' approach to town centre revitalisation cannot possibly work. Instead, individual town centre adaptation strategies must address the unique opportunities and challenges presented by the town in question.

Arguably, the key to this challenge is the development of a detailed appreciation of the nature, needs, and expectations of a place and the people who use it – both now and in the future. The Town Team must understand the economic and social reality of their town centre, so they equip themselves with the intelligence to design successful revitalisation plans targeted at meeting the specific requirements of their places.

This paper has been written for Town Teams, and all other parties with a stake or interest in the future of our town centres. Its primary purpose is to demonstrate the importance of understanding not just the current drivers of town centre change, but key future drivers of change. The paper contends that only with an understanding of the implications of these future drivers can Town Teams develop adequate response strategies.

The analysis will begin with a brief round-up of some of the more notable changes seen in our town centres, as well as an exploration of generally accepted historical and current drivers of change. The second half of the paper will reveal selected findings from Experian's Town Centre Futures project – a research initiative using Experian's own data assets to consider the factors expected to influence the country's town centres up to the year 2020. These factors are explored at both a national and regional level, as well as town level, through a case study

The paper concludes with a discussion as to what these drivers of future change might mean for our town centres and how successful places could respond and adapt.

2.0 The story of town centre decline

The following headlines illustrate the scale of change experienced by town centres over the past ten years.

Falling town centre sales

Town centre retail sales have fallen as a proportion of total sales, from 49% in 2000 to 42% in 2011. However out-of-town sales grew from 28% to 32% and non-store sales from 5% to 10%, in the same period ².

Decline in town centre shops

Between 2000 and 2009 the number of town centre stores fell by approximately 15,000, with a further 10,000 estimated to have been lost in the past few years. Conversely, out-of-town stores have increased by 1,800 since 2000³.

Significant decrease in total numbers of certain shop categories between 2006 and 2011⁴

Books, Music, Video: -17%
Confectionery, Tobacco, News: -24%
Photographic Services: -19%
Travel Agents: -13%

Significant increase in total numbers of certain shop categories between 2006 and 2011⁵

Charity & Second hand: +23%
Convenience Stores: +94%
Eating & Drinking Out: +25%
Health & Beauty: +31%

² Verdict Research, UK Town Centre Retailing, 2011, cited in BIS, Understanding High Street Performance, 2011

³ Verdict Research, UK Town Centre Retailing, 2011, cited in BIS, Understanding High Street Performance, 2011

⁴ Experian estimate based on analysis of Experian Goad data

⁵ Experian estimate based on analysis of Experian Goad data

2.0 The story of town centre decline

Increase in the number of multiple outlets⁶

In the ten years between 2001 and 2011 the number of multiple retail outlets increased by 11%.

Town centre footfall has declined⁷

Town centre footfall is estimated to have declined by 5% since 2009

Void rates increased between 2006 and 2011, but from a high base⁸

High street vacancy increased from 8% in 2006 to 10% in 2011. Rates of 20% and above have been estimated in Rossendale, Salford and Blackpool in the North West. At the other end of the spectrum vacancy rates of less than 3.5% have been estimated for South Staffordshire, Blaby in the East Midlands and East Cambridgeshire.

In recent years a number of significant town centre retail chains have gone bust or shed stores

Casualties include:

- Borders – bookshop chain
- Thirst Quench – drinks retailer
- Birthdays & Clintons – greeting cards
- Blacks Leisure – outdoor specialist
- Allied Carpets – specialist carpet retailer
- Adams Clothing – children's clothing
- Zavvi – music, games, DVDs
- Woolworths – variety store

⁶ Experian estimate based on analysis of Experian Goad data 2012

⁷ Experian Footfall estimate 2012

⁸ Experian estimate based on analysis of Experian Goad data 2012

3.0 Drivers of town centre change

Whatever the real or perceived drivers behind town centre change, it is clear that they are nothing if not complex. Certainly, it is far too simplistic to just lay blame at the doors of supermarkets and out-of-town shopping centres. While there is little doubt they have played their part, by portraying them as the ‘villains of the piece’ we deny a more nuanced, and realistic, explanation.

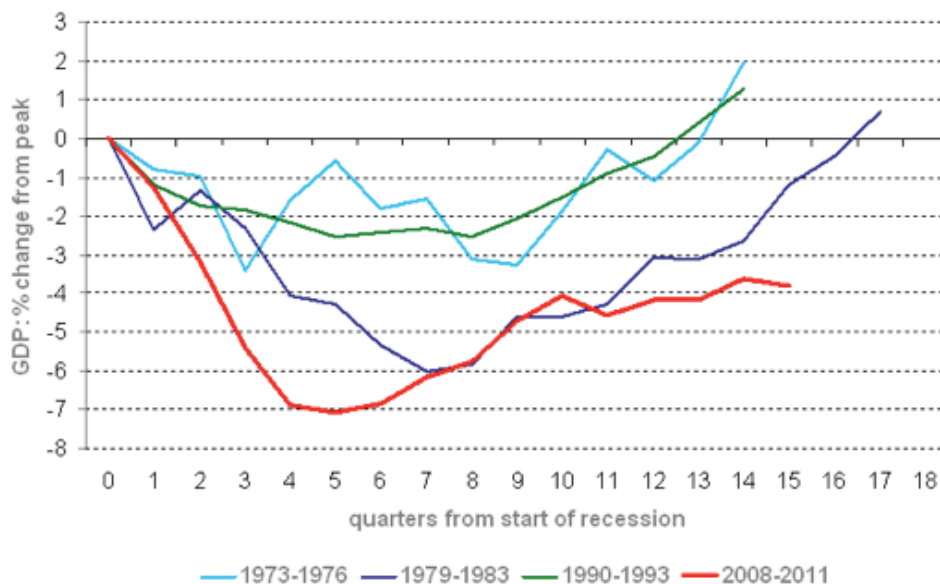
Instead we must recognise the probable influence of a multitude of factors such as the economy, changing lifestyles, an ageing population, technological advancement, and the rise of highly effective convenience led retailing. Together these factors have irrevocably changed the way we shop, socialise, and live. To paraphrase Mary Portas - our town centres have so far simply failed to adapt.

3.1 Economy

The UK economy entered recession in 2008 in the aftermath of the global financial crisis and since then growth has failed to gain steady footing. After six consecutive quarters with no growth and an overall output loss of 7.3%, the UK economy finally pulled out of deep recession in the third quarter of 2009.

The chart below shows that not only has the last recession been one of the deepest in recent history, the recovery from it has also been the weakest – after 10 quarters only half of output lost has been recovered. In earlier recessions, the economy had returned to its pre-recession peak by this point.

Figure 1: Recessions: historical trend in GDP% change
(Copyright: Experian Ltd)



The recovery can be split into two phases. The initial rebound over 2009q3 to 2010q3 was relatively buoyant. Almost half of the lost output was regained and growth was broad-based. Since then, however, the economy has entered a period of stagnation. Consumer spending and investment contracted as the inflationary spike, the government's fiscal tightening programme and an escalation of the eurozone crisis undermined confidence, incomes and profit margins.

3.0 Drivers of town centre change

Recent economic woes have had a considerable impact on consumers. They have faced extensive job shedding in the public and private sectors, high inflation, weak wage growth, difficult lending conditions, higher taxes, reduced benefits and weaknesses in the housing market.

It is little surprise then that footfall has declined and spending is muted in town centres with retail sales recording hardly any sustained growth in recent months. Expenditure on retail goods has stayed more resilient than total consumer spending in the aftermath of the recession. While consumers cut back on big ticket items such as expensive holidays, and on expenditure on transport, recreation and culture, they continued to spend on other items. While non-store retailing boosted the rise in overall sales, department stores and 'other stores' also saw sales volumes rise.

The main losers were household goods stores, whose volumes fell, reflecting the weak housing market, and 'predominantly food stores' as consumers shopped more carefully, opting for cheaper lines and purchasing less. It must be noted that retail volumes have also been boosted by heavy discounting on the high street, but with the consequence of slimmer retail margins.

In summary, declining consumer confidence and disposable income will undoubtedly have impacted the vitality and viability of town centre operators. Possible consequences include both job losses, and in extreme cases business failure (as evidenced in recent years).

3.2 Governance

It is difficult to ascertain the impact of legislation and regulation on town centres. Research⁹ reveals differing opinions regarding the role of regulation; on the one side civic organisations believe councils are too weak to counter pressure from developers and supermarkets, ensuring development favours the developers rather than the local population. Conversely, a study by the London School of Economics argues the costs of retail development are actually too high, and stifle the sector. Their findings suggest restrictive planning policies have reduced productivity by 20%¹⁰.

Whatever the truth of the matter, many would argue regulations such as the Town Centre First Policy (National Planning Policy Framework) have so far failed to promote vibrant town centres.

Town centre management strategies have also been criticised for being either non-existent or in-consistent, leaving many centres at relative competitive disadvantage against tightly controlled shopping centres, out of town parks, and supermarkets. We should be careful here not to simply regard this as a failing of local management teams. After all the wider business community – be they landlords or tenants – have an important role to play in ensuring their assets are managed with due care and attention.

⁹ Department for Business, Innovation & Skills/Genecon and Partners: Understanding High Street Performance, 2011

¹⁰ House of Commons Library, Town centres, planning and supermarkets, SN/SC/1106

3.0 Drivers of town centre change

3.3 Spatial

The traditional notion of the high street as the main shopping destination has long since eroded. The rise of multi-level large format shopping centres (both in town and out of town), which offer easy access from car parks, has led to traditional formats giving way to a modern retailing concept which is convenient, clean, and secure. This concept elevates shopping to a leisure activity rather than one borne from pure necessity or distress.

The consequence of this development is many town centres are simply less attractive locations for both consumers and businesses. In some cases betting shops, value retailers, bars, and fast food outlets have filled the vacuum left by other retailers. While such outlets often fulfil local needs (otherwise they would not be there), large agglomerations can create a negative image, and only serve to further differentiate town centres from more appealing alternatives.

Lastly, the issue of town centre access has been a recurring theme, and has been cited by the ATCM¹¹ as a major problem. UK consumers are on the whole car borne, and limited town centre parking coupled with fees can only make them unfavourable destinations when compared with out of town and supermarket locations, which cater for private transport.

3.4 Competition

The retail market has endured significant structural change over the last ten years, and consumers have embraced alternative shopping options *en masse*. Purpose built shopping centres are typically easily accessible, offer a breadth and depth of choice, and cater to the needs of the modern time-poor value driven consumer. In the face of competition offering convenient shopping under one-roof, with ample car parking, some town centres have simply failed to re-invent themselves. Blighted by vacant units, or filled with unattractive tenants, they are shadows of their former vibrant selves.

The dominance of supermarkets is well documented. 50 pence out of every £1 spent on groceries is now spent within a supermarket¹². While supermarkets have brought choice, value, and convenience to the retail sector, it's disingenuous to deny the likely impact their rise has had on traditional businesses, after all specialist food shops (butchers, greengrocers) declined by 30% between 2001 and 2011¹³.

Moreover, supermarkets are no longer grocers. They have become 'product aggregators' and now offer a wide variety of goods and services such as health and beauty, clothing, and household products. It isn't difficult to imagine the potential impact this may have had on traditional town centre operators. Over the course of the past ten years consumers have also embraced out of town locations. Out of town sales rose from 28.1% in 2000 to 31.5% in 2011, and are anticipated to grow to 32.2% of total retail sales by 2014. Conversely, town centre sales are expected to fall to 39.8% by 2014¹⁴.

11 ATCM/British Parking Association (BPA), Parking and the Town Centre, 2011

12 ONS (2011) Retail Sales

13 BIS (2011) understanding High Street Performance cited in The Portas Review (2011)

14 BIS (2011) understanding High Street Performance cited in The Portas Review (2011)

3.0 Drivers of town centre change

Lastly, the trend of town centre homogenisation (referred to as CloneTown Britain¹⁵), whereby towns have begun to lose (or at least water down) their unique characters due to the existence of large numbers of multiple retailers, has been frequently cited as a major problem. Arguably, a tendency to similarity has ensured town centres not only struggle to differentiate themselves from modern competition, but also one another.

However, simply bemoaning the impact of shopping centres, supermarkets, and multiple retailers is unconstructive. The retail landscape has changed and meets the needs of modern life. The problem lies with town centres themselves – they have failed to offer a reasonable alternative to the competition.

3.5 Technology

Technology is having a major impact on the way we live and consume, and is widely regarded as one of the most significant drivers of town centre change.

The emergence of e-commerce and m-commerce (sales over mobile devices) offers consumers more choice than ever before. The UK has one of the highest penetrations of household Internet access in the world, the majority of which is broadband. This has in turn led to significant growth in sales over the Internet, be it through the websites of pure play retailers such as Amazon, or those of 'bricks and clicks' retailers with physical and online stores.

Most major retailers are now resolutely multi-channel businesses, and offer customers a range of options, including buying online and 'click and collect' services, whereby products can be purchased online but picked up from stores or hubs.

According to Verdict¹⁶ online spending increased from 2.3% to 8% of total retail expenditure between 2004 and 2011, while sales over mobile devices have grown by over 500% in the last 2 years alone. In 2011 the UK online retail market was dominated by three main categories, food and drink (20%), consumer electronics (19%), and clothing (19%)¹⁷.

Internet shopping can now be conducted almost anywhere, offering consumers the undeniable benefits of choice, convenience and price. This poses a significant competitive threat to traditional retail destinations; after all we have already seen the demise of the music, video and books sector in our town centres, a situation due in no small part to technological change.

The influence of social media on town centres is a relatively new phenomenon. The growth of daily deal services such as Living Social and Groupon, whereby 'group coupons' are made available to a certain number of people in a defined location, potentially offers retailers the prospect of increased trade (off-set by lower margins, of course). However, it is too early to understand the true impact of social media on town centres.

15 New Economics Foundation, CloneTown Britain, 2004

16 Verdict Research, UK E-Retail, 2011

17 Forrester Research Online Retail Forecast, 2010 to 2015 (Western Europe)

4.0 Towards 2020: an overview of drivers of town centre change

4.1 Future Economy

UK consumers are struggling in the aftermath of one of the deepest and most prolonged recessions in recent history. Higher taxes, heavier indebtedness and tighter lending conditions will keep town centre spending more muted than in the previous two decades.

With the government austerity programme extended by a further two years in the 2012 Budget and the eurozone crisis threatening to derail growth in the EU, prospects still look bleak for our town centres. Considering the UK once again entered recession in the first quarter of 2012, and while a downturn of the severity experienced previously is not expected, there is little reason for cheer in the next two years.

Stagnation will persist in 2012 with ongoing uncertainty in the eurozone, continuing government austerity, higher unemployment and restrained credit conditions keeping economic growth muted at best. In Experian's view, we are just past the half-way point of a six and a half year crawl back to the pre-recession peak, which is projected to be reached in late 2014.

This outlook assumes that the eurozone will continue to muddle through. However, the underlying issues are far from resolved as has become apparent in recent months. Renewed tension has emerged in the wake of French and Greek elections that call into question the austerity approach to coping with the crisis. The worst case scenario is a disorderly debt default and/or fragmentation of the eurozone. These events would send a deep shock through Europe's economic and financial system, triggering a major contraction in the eurozone and a credit crunch on at least the scale of the previous recession. A major UK recession would then be unavoidable.

4.1.1 Impact on consumers

Consumers have faced a tough few years, and this is unlikely to change. Although interest rates are at an all-time low, commercial lenders are now beginning to raise premiums to account for elevated risk and higher energy and transport costs are putting further pressure on household finances.

From 2013, however, Experian expect inflation to have returned to below wage growth and real incomes are projected to expand once again. This will underpin some moderate consumer spending growth. The two major risks to this forecast are i) inflation proves more sticky than expected and ii) consumer caution intensifies to the extent that savings rates begin to rise further from their already elevated levels. At the moment Experian's baseline forecast has a modest reduction in savings rates as consumers seek to supplement their spending in the face of sluggish income growth.

GDP growth is expected to settle at well below the historical long-term trend. Admittedly, it is the impact of the austerity package that will weigh most heavily on growth prospects over the next couple of years. But, beyond this, a key factor underpinning the slower pace of economic expansion is a weaker contribution from consumers whose debt-fuelled boom helped underpin the UK's strong growth rate in the decade or so prior to the recession.

Heavy indebtedness, a greater tax burden, higher savings and pension contributions, and more modest job creation will limit future expansion in consumer spending. Consumer spending will still outpace GDP growth but only by a modest margin, after maintaining a significant gap in the last two decades.

4.0 Towards 2020: an overview of drivers of town centre change

4.1.2 Impact on retail

Retail sales will continue to out-perform spending in 2012 but outright declines in volumes in some months cannot be ruled out. As inflation abates, pressure on consumers should ease, leading to spending volumes picking up gradually in 2013. However, growth in retail spending will be much slower than in previous recovery phases given the constraints on economic performance, notably the squeeze on public finances.

In the medium term (2014-18), growth in retail sales volumes will be weaker than during the past decade and slower than in the long and ultra-long (the period 1970-2010) term. This reflects overall economic weakness and more subdued growth in consumer lending than in recent decades. While growth in household spending will pick up in the longer term (2019-28), it will grow broadly in line with GDP expansion, in contrast to exceeding GDP growth by about 0.3 percentage points in the ultra-long term. This reflects tighter consumer credit conditions, higher energy costs and an ageing population.

These factors will outweigh the impact of faster population growth than in the period 1970-2010. However, retail spending will lag the long-term trend with the gap substantially greater than that seen in the past two decades, a period which encompassed the credit-fuelled booms of the 1980s and 1995-2007.

4.1.3 Impact on town centres

With consumers expected to suffer for the foreseeable future we can safely assume town centre footfall will continue to fall, or at least remain depressed. The pressure on retailers and other town centre businesses is unlikely to abate in the short-term. Instead they will need to adjust to the fact that most customers will not only have less disposable income, but may also exhibit different behaviour - chiefly a thrifty and price conscious outlook.

We may also start to see consumer behaviour more obviously influenced by creeping fuel costs. Increasing costs of travel may encourage local consumption, and act as an additional incentive to shop on the Internet.

The spectre of greater unemployment, particularly among younger groups, is a serious concern. Coupled with declined disposable income, this will not only severely depress consumer expenditure in certain parts of the UK, but could be associated with a host of social problems.

The UK's businesses and town centres will need to adapt to a new reality, one where the expectations, behaviour and circumstances of the population will have changed greatly from the pre-recession boom years.

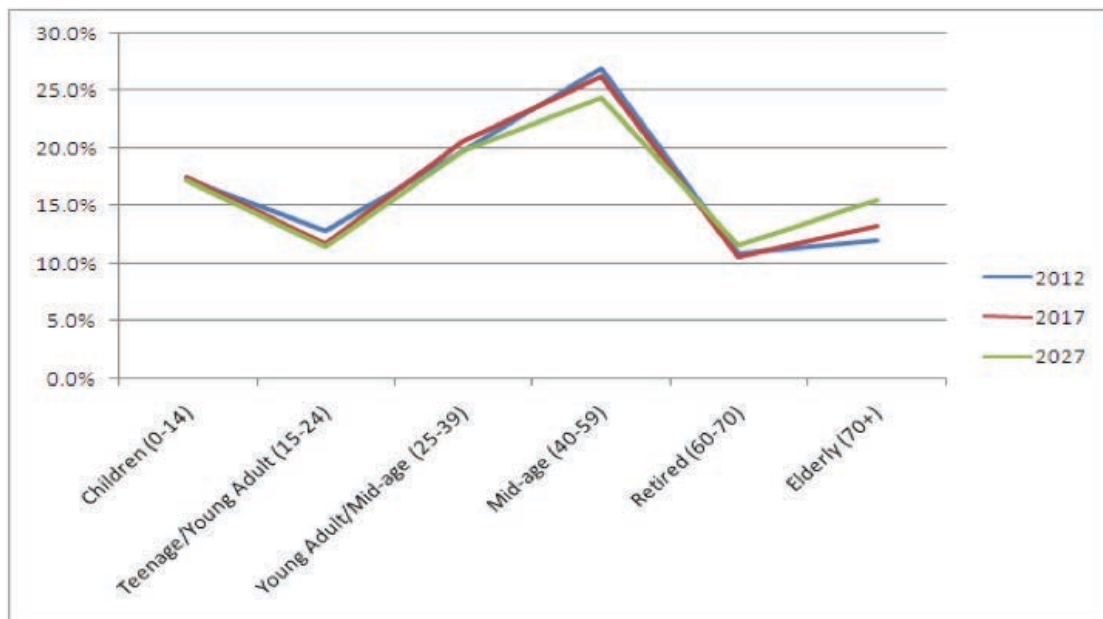
4.0 Towards 2020: an overview of drivers of town centre change

4.2 Future demography

The population of the UK is projected to increase by 4.9million between 2010 and 2020¹⁸. This is based on an annual average growth rate of 0.8%, a higher rate of growth than experienced over the past four decades.

We also live in an ageing society, a trend set to continue with the median age of the population expected to rise from 39.7 in 2010 to 42.2 years by 2035¹⁹.

Figure 2: Ageing population 2012-2027
(Copyright: Experian Ltd)



With reference to Experian's own population projections, it is predicted:

- In 5 years time there will be half a million fewer teenagers and young adults
- In 10 years time there will be 3 million more people aged 70 and above
- The proportion of middle aged people will fall
- In some areas, over half the residents will be 60 or over
- By 2017 people over 60 will make up close to 24% of the population

4.2.1 Impact on town centres

Although we can only speculate about the impact of demographic change, we can draw a number of logical conclusions.

First, the growth in the number of older people in society will have an obvious impact on pension provision and health costs. Considering the elderly have the lowest incomes of any adult age group (although some have significant asset holdings), it is possible the growing size of this group may depress overall consumer spending.

18 ONS, 2012

19 ONS, 2012

4.0 Towards 2020: an overview of drivers of town centre change

We might also assume certain businesses will benefit from the ageing population such as those providing health services, mobility products, or organised holidays. However, it would be wrong to assume the elderly of the future will behave like those of yesteryear. Indeed, many of the post-war 'baby boomer' generation who are now reaching retirement are both technologically savvy, fashion conscious, and driven by a very different moral code than their parents. We should assume they will want many of the same products and services as younger consumers.

An ageing consumer base is likely to increase the requirement in town centres for certain facilities such as good access, health services, and public conveniences. It is also likely to lead to a growing demand for safer and cleaner local environments for socialising and leisure activities, with a focus on facilities such as cafés and community centres.

The expected decrease in the proportion of young consumers will also have an impact. For instance, we can speculate this may lead to less demand for particular services, such as bars, which appeal to this group.

Yet, it is the increase in the proportion of people of working age that is perhaps of greatest significance. This group typically encompasses time-poor families, who - as we have increasingly seen in recent years - are value led, a trend which is unlikely to diminish in the face of economic constraints and burgeoning choice, both on and offline. It is fair to assume that this age group in particular will continue to drive the trend towards highly convenient, value led retail and leisure for the foreseeable future.

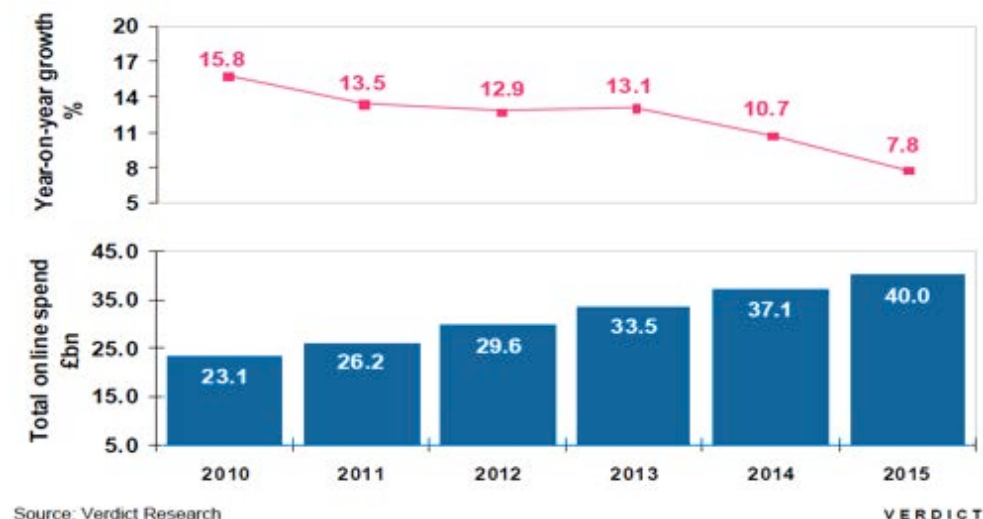
4.3 Future technology

If there is one thing we can predict with some certainty, multi-channel consumption is here to stay.

4.3.1 e-commerce

The UK online retail sector is the largest and most mature in Europe, having experienced significant growth over the last decade. The growth in e-commerce has far outpaced store-based trading, and we expect a continuation of this pattern of the next few years. Between 2011 and 2015 the proportion of all retail spending accounted for by the Internet is expected to increase from 8.9% to 12.1%, albeit at a slower rate of growth than has been experienced in the past.

Figure 3: Online expenditure 2010-2015
(Source: Verdict Research)



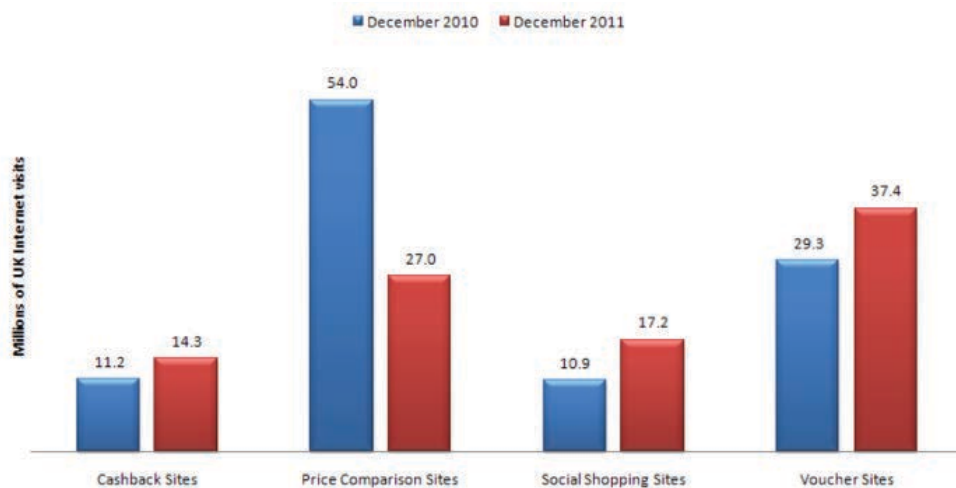
4.0 Towards 2020: an overview of drivers of town centre change

Experian expect the initial phase of e-tailing, boosted by the take-up of new technology, is likely to be followed by a more mature phase. From 2018, it is expected non-store retailing will grow in line with traditional shopping, following a period of deceleration.

The Internet is increasingly used for bargain hunting and discount dealing, a trend expected to continue for the foreseeable future. Recent research from Experian Hitwise revealed online consumer's increasing tendency to browse between competitors' websites and also on social forums. These findings suggest consumers are becoming evermore savvy and are spending time researching best value.

Indeed, evidence produced by Experian Hitwise shows Internet users are increasingly using Cashback, Social Shopping, and Voucher sites to hunt for good deals.

Figure 4: Total UK Internet visits to rewards sites December 2011 versus December 2010
(Source: Experian Hitwise)



4.3.2 m-commerce

UK consumers are pioneers of m-commerce, with visits to retail websites using smartphones increasing dramatically in recent years. There are 48.5 million mobile subscribers in the UK, and smartphone usage is increasing rapidly, with estimates of as many as 20 million users in 2011²⁰.

At present the m-commerce audience is young, 63% of mobile email users are aged 18-24. However it is reasonable to expect the median age will increase as older consumers begin to adopt smart phone technology.

Allied to the rise in m-commerce is the growth in social networking. Smartphone technology allows for real-time and location specific networking, where the sharing of comments, opinions, information, and images, with a wide audience is now the norm for many people.

²⁰ A4U, Mobile Commerce Report, 2011

4.0 Towards 2020: an overview of drivers of town centre change

Emerging statistics can help us think about what the future may hold for m-commerce:

- 73% of connected smart phone users use their phone while shopping²¹
- 45% of mobile users in the UK aged 16 and above use a smartphone²²
- 69% of smartphone users regularly surf the internet²³
- 71% of smartphone users search to find information about goods and services after seeing an advert
- m-commerce accounted for just 2% of e-commerce in 2011, but this is expected to rise to 7% by 2016²⁴.

m-commerce will grow rapidly and we can expect it to become an increasingly important means for consumers to research and buy goods and services, engage with companies, and each other.

4.3.3 Impact on town centres

Technological innovation is changing the way we behave, particularly in terms of how we communicate, and buy goods and services. This is likely to have far reaching consequences for the way we shop and use town centres.

Perhaps the greatest threat for traditional retail, and not just town centres, is the trend for using the Internet to search for the best deals – people increasingly find it a more effective and less costly place to buy what they need.

Logically, we might expect to see traditional town centres suffer, given the impact online shopping has had on categories such as books, music, and electronics. Smartphone technology offers consumers the ability to access information at speed and on the go, research and purchase goods anywhere, and communicate instantaneously. While e-commerce itself might understandably worry town centre operators, m-commerce offers opportunities for innovation on the high street. As such, engagement with this technology may afford an important means to boost the vitality of our town centres.

4.4 Future consumers

The economy, demographic change, and technology will shape the behaviour of future consumers. Combined with existing drivers such as the demand for convenience, experience and choice, we can begin to paint a composite picture of the UK consumer in 2020.

Experian believe future UK consumers will be characterised by 5 key drivers, as shown in Figure 5.

21 Econsultancy, Mobile Statistics Compendium, UK, May 2012

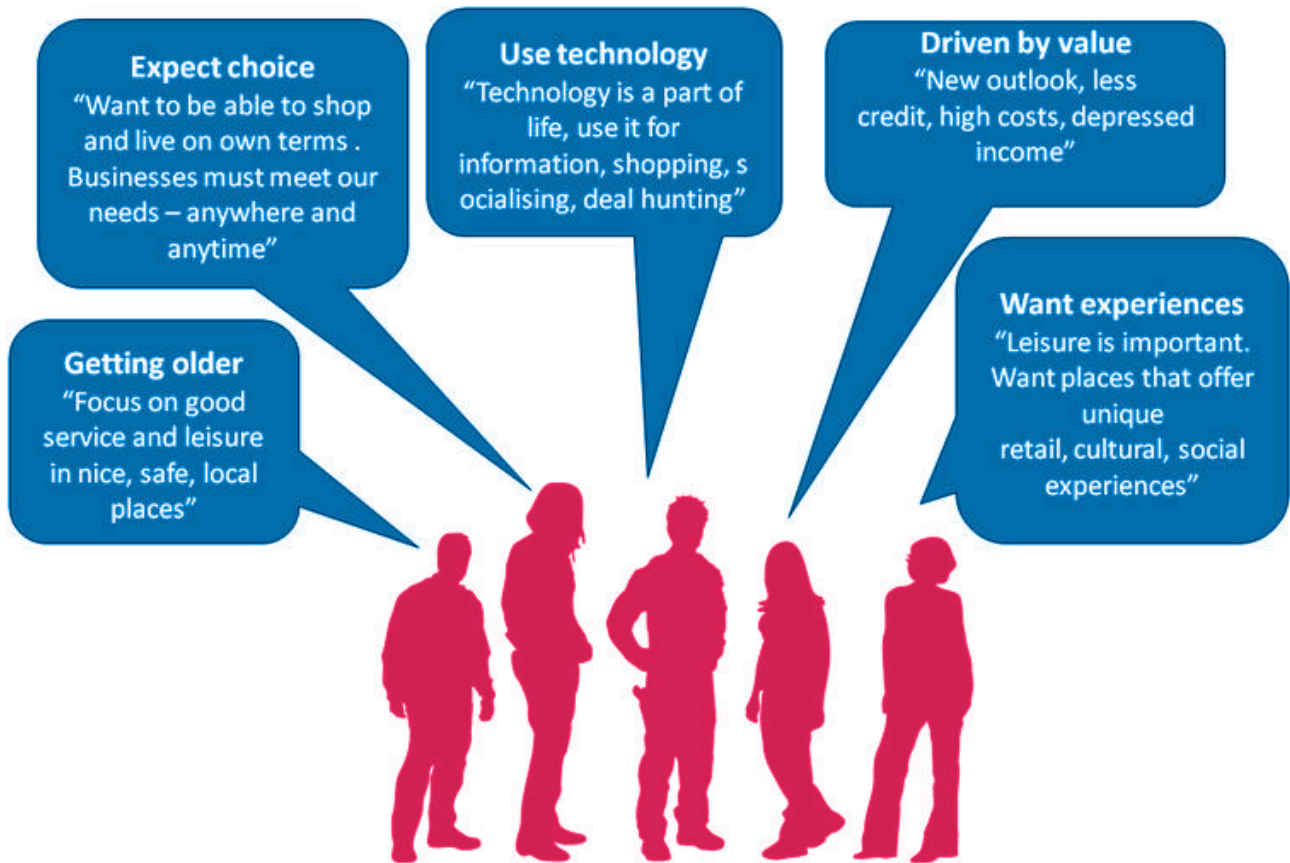
22 Econsultancy, Mobile Statistics Compendium, UK, May 2012

23 Econsultancy, Mobile Statistics Compendium, UK, May 2012

24 Econsultancy, M-Commerce Innovation Briefing, 9 November 2011

4.0 Towards 2020: an overview of drivers of town centre change

Figure 5: Consumer trends to 2020
(Copyright: Experian Ltd)



Using Experian's in-house consumer segmentation system Mosaic, combined with the most recent population forecasts, Experian have developed pen portraits of 7 key future groups. Dependent on the circumstances of each group, they will place greater or lesser emphasis on the 5 consumer trends shown above. These groups are shown in Figure 6.

4.0 Towards 2020: an overview of drivers of town centre change

Figure 6: Future consumer groups
(Copyright: Experian Ltd)



4.0 Towards 2020: an overview of drivers of town centre change

4.4.1 Impact on town centres

The impact of future consumer trends and groups on town centres will vary from town to town dependent on the exact make up of the local population. For example the existence of value driven Family Value and Hard Pressed groups may ensure some businesses struggle to cope with the low consumer spending that this entails, while businesses in town centres with a high volume of Retiring in Style or Juggling Parents may experience the opposite situation.

However, it is arguable all town centres will be impacted to some degree by the 5 key future consumer trends:

- **An ageing population:** will lead to specific demands for particular services and facilities, as well as an attractive and safe environment in which to shop and socialise.
- **Ever increasing demand for choice:** will place town centre operators under pressure to break from traditional business models to satisfy the demand for convenience.
- **The continuing rise of e-commerce:** may take trade from traditional retailers, yet mobile technology will be so embedded in people's lives that town centre operators could embrace and exploit it for their own benefit.
- **The demand for value is here to stay:** there will be an increasing demand for good value but high quality goods and services.
- **Leisure time will continue to be important:** people's expectations are ever higher, in a world where innumerable options compete for their attention. If town centres are to compete they will need to offer people a viable alternative, where they can shop, eat, work, and play in a unique cultural, social, and exciting environment.

5.0 Towards 2020: adapting to change

5.1 The Portas Review

Understandably there are growing calls from business, the public sector, town centre managers, and ordinary people, for society to get to grips with the problems facing town centres. Questions about what has happened, why, and what we want from our town centres going forward have become increasingly vocal.

Yet the most important question is the how. How can businesses, communities, landlords, and local councils, pull together to address decline and deliver vibrant and engaging town centres fit for the twenty-first century?

Mary Portas' recommendations aim to kick-start the beating heart of our communities. She recognises community life as a prerequisite for economic vitality and vice versa, and describes future town centres as diverse multifunctional centres for shopping, socialising, living, and working – the ultimate destination for experiences unavailable anywhere else.

Portas' comprehensive list of recommendations focus on the following five themes:

1. Town centres must be run like businesses
2. The conditions to help businesses flourish must be fostered
3. The problem of competition must be addressed
4. Landlords' role and responsibilities must be better defined
5. The local community must feel encouraged to participate in their town centre's future

The recommendations are purposefully broad in scope, and high level. While some challenge the thinking of the local community, town centre managers and local councils, others can only be readily implemented by central Government. The report rightly acknowledges that there is no such thing as a generic town centre, and 'a one size fits all' approach will simply not work.

The review's recommendation of the creation of Town Teams, with the specific remit to deliver the change required to improve their places, is highly important. It will be their responsibility to develop unique plans tailored to the needs of their towns.

5.2 What is the right strategy for my town centre?

The Portas Review encourages town centre managers, as the enablers of change, to collaborate with local people, businesses, and landlords, to implement strategies to create vibrant sustainable places which meet the long-term needs of the community at large. This is a laudable objective with the potential to arrest decline and place town centres firmly at the heart of our communities once again.

The challenge of limited budgets and the weight of expectation that they 'have to do the right thing' will no doubt place Town Teams under significant pressure to select well conceived and impactful strategies, which in turn deliver positive change.

Arguably, the key to selecting the right strategies is for Town Teams to understand the needs of their community, in detail. Consequently, they must get to know their places and the people who use them. At Experian, we believe this necessitates an understanding of what their places are like today and the drivers of change likely to impact their towns going forward.

Consequently, the next half of this paper focuses on Experian's assertion that Town Teams must develop a detailed understanding of the future drivers that may influence their places, by exploring both the key drivers of change up to the year 2020 at a national and regional level, and how successful town centres might respond to these drivers.

6.0 Towards 2020: Experian Town Centre Futures analysis

Experian has conducted a research initiative on the future of the country's town centres, and the following explores selected findings from this analysis. It focuses on a number of 'Future Factors' considered to have significant implications for the vitality of the country's town centres.

6.1 Defining town centres

This analysis does not use the terms 'high street' and 'town centre' interchangeably, for two reasons. First, high streets can be considered a spatial component of town centres, albeit often a significant one. Secondly, the term is usually associated with just the retail sector, and therefore belies their multi-functional nature. After all, town centres are more than just a collection of shopping streets.

Experian's preferred town centre definition is broadly in line with that suggested by the Association of Town Centre Management (ATCM) and British Retail Consortium (BRC²⁵). This definition portrays town centres as complex and varied multi-functional places, as well as retail spaces (see Figure 7).

Figure 7: Experian's multi-functional definition of the town centre (Copyright: Experian Ltd)



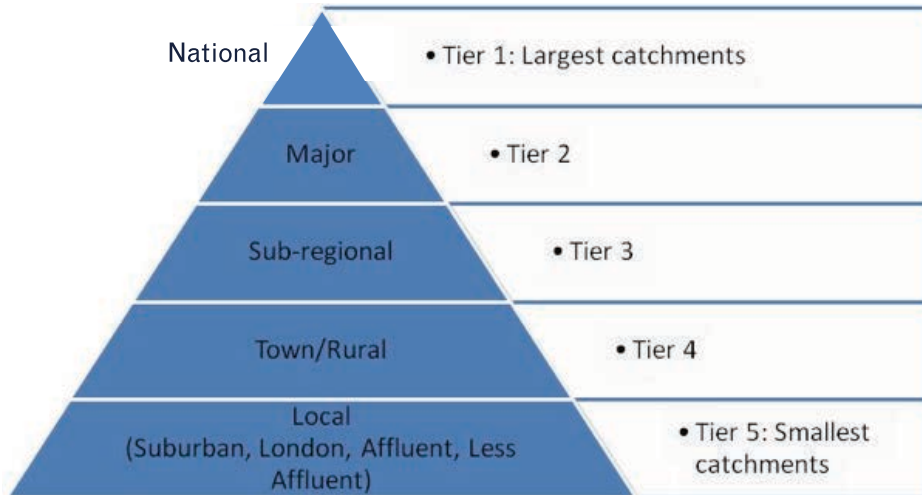
6.2 Experian town centre data

Experian hold rich data for more than 1,200 town centres in Great Britain (Northern Ireland is beyond the scope of this initial research). These range from major city centres to local centres (excluding very small neighbourhood centres). The classification splits GB town centres into 5 tiers, accounting for broad differences in catchment size, and location type (Figure 8).

25 British Retail Consortium, 21st Century High Streets: a new vision of our town centres, 2009

6.0 Towards 2020: Experian Town Centre Futures analysis

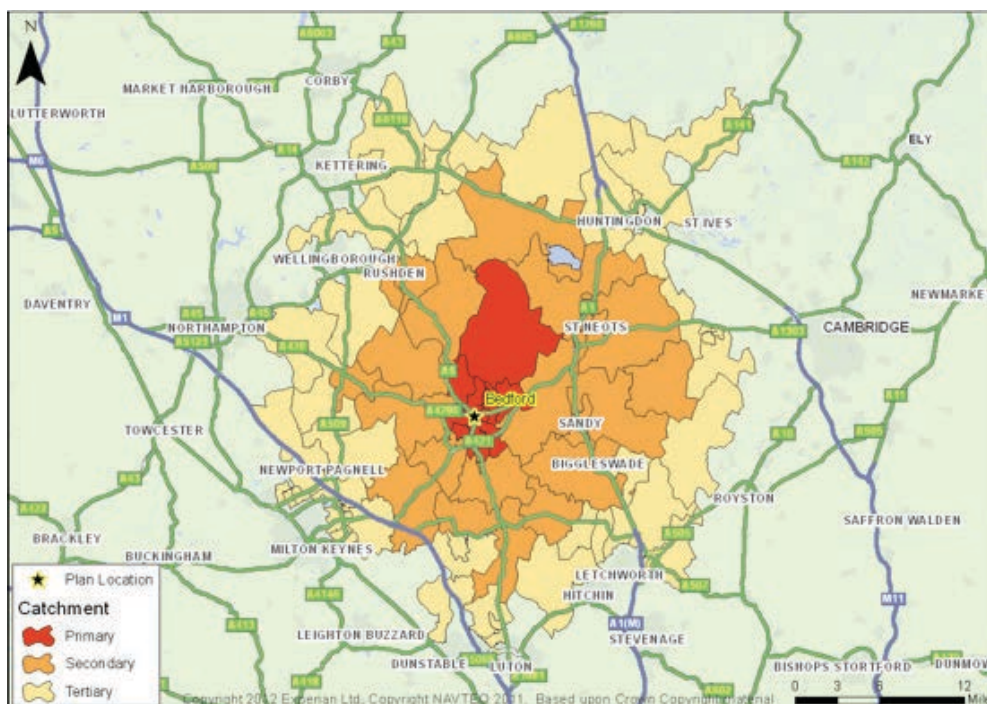
Figure 8: Experian's Town Centre Segmentation
(Copyright: Experian Ltd)



Furthermore, Experian has deployed an in-house gravity based retail catchment model called 'Where Britain Shops' to delineate the catchment boundaries of every town centre in the country. This model defines catchments according to a functional definition of town centres, as places which attract people from a distinct geographical area. The relative size of a catchment depends on a number of factors including, the density and distance of residential population in relation to the centre, the quantity and quality of retail provision at the centre, and the relative strength of competing centres.

Figure 9 illustrates Bedford's modelled catchment area by way of example.

Figure 9: Example town centre catchment area
(Copyright: Experian Ltd)



6.0 Towards 2020: Experian Town Centre Futures analysis

Experian has utilised these catchment areas to collate 18 forward looking and forecast indicators for every town, and these have been grouped according to 5 town centre future themes, as shown below.

Figure 10: Town Centre Futures analysis – themes and indicators
(Copyright: Experian Ltd)



To ensure comparability between different towns, it has been necessary to calculate individual scores for each, based on the different indicators. To achieve this, the baseline data for each indicator was either sorted in ascending or descending order depending on whether it is a positive or negative indicator, and split into deciles (scores 1-10). For example, in order to assign higher scores to towns with an ageing population, Experian age data were sorted so towns with high forecast increases in their older population achieved a higher score.

This simple statistical approach allows for comparison between the scores of different towns across the full range of measures.

6.3 Town Centre Futures 2020: a national and regional perspective

6.3.1 Demographic indicators

Population growth 2012-2020

Population growth will not be evenly spread, with town centres in the East, East Midlands, London, and the South East expected to see greatest increase in their residential catchments. Population growth will increase the demand for town centre services and gradually increase the overall market size of many towns in these regions.

Conversely, town centres in the North East, North West and Wales will see comparatively lower growth.

Key figures

- 137 town centres will experience population growth in excess of 10%.
- 98 town centres will experience no growth or a declining population.
- 77% of towns in the East will experience high population growth, relative to other regions, as will 77% in the East Midlands, 73% in London, and 65% in the South East.
- 93% of towns in the North East, 77% in the North West, and 84% in Wales will experience relatively low growth.

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 11: Town centre population growth 2012-2020: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Population Growth 2012-2020 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	3%	3%	4%	6%	8%	13%	8%	20%	17%	19%	23%	77%
East Midlands	69	0%	1%	3%	10%	9%	14%	19%	17%	9%	17%	23%	77%
London	187	5%	4%	4%	7%	6%	11%	16%	16%	15%	17%	27%	73%
North East	42	12%	14%	29%	21%	17%	7%	0%	0%	0%	0%	93%	7%
North West	136	25%	26%	16%	15%	5%	4%	5%	0%	1%	1%	88%	12%
Scotland	125	35%	15%	8%	9%	7%	4%	3%	5%	7%	6%	74%	26%
South East	181	2%	4%	7%	10%	12%	17%	13%	14%	16%	6%	35%	65%
South West	125	4%	10%	9%	6%	13%	9%	14%	9%	10%	16%	42%	58%
Wales	58	19%	24%	10%	17%	14%	5%	3%	0%	2%	5%	84%	16%
West Midlands	99	6%	13%	26%	15%	13%	10%	6%	7%	1%	2%	74%	26%
Yorkshire And The Humber	80	3%	3%	10%	6%	13%	10%	14%	14%	15%	14%	34%	66%

Population growth age 50 and over 2012-2020

The country's ageing population will influence all town centres, albeit to greater or lesser degrees. We can expect to see greatest growth in the 50 and over population in town centre catchments in the East Midlands and the East regions. Although some regions will experience lower growth, such as the North East and Wales, it should be noted a high proportion of residents in these regions are already mature - it's just that these areas can expect to see lower population growth overall.

Key figures

- Between 2012 and 2020 79% of town centres in Great Britain will experience 10% or more growth in their over 50 population.
- 431 town centres (37% of the total) will experience growth in excess of 15%.
- 84% of towns in the East Midlands, and 68% in the East will experience high relative growth.

Figure 12: Town centre population growth (age 50+) 2012-2020: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Age 50+ Population Growth 2012-2020 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	7%	4%	8%	4%	9%	7%	15%	15%	9%	21%	32%	68%
East Midlands	69	1%	1%	1%	3%	9%	13%	20%	13%	20%	17%	16%	84%
London	187	9%	9%	5%	8%	11%	14%	13%	6%	12%	12%	42%	58%
North East	42	10%	19%	19%	14%	17%	12%	7%	0%	2%	0%	79%	21%
North West	136	17%	20%	18%	12%	7%	5%	7%	4%	8%	1%	74%	26%
Scotland	125	21%	10%	15%	6%	5%	7%	10%	6%	10%	12%	56%	44%
South East	181	5%	4%	6%	8%	14%	13%	13%	13%	12%	13%	36%	64%
South West	125	14%	5%	8%	10%	7%	10%	10%	9%	14%	14%	44%	56%
Wales	58	21%	9%	17%	22%	12%	3%	9%	2%	3%	2%	81%	19%
West Midlands	99	13%	11%	20%	9%	8%	10%	10%	8%	9%	1%	62%	38%
Yorkshire And The Humber	80	10%	9%	6%	15%	13%	11%	18%	11%	4%	4%	53%	48%

6.0 Towards 2020: Experian Town Centre Futures analysis

6.3.2 Local economy indicators

Town centre economic indicators are based on forecasts produced by Experian Economics, and refer to the Local Authority District in which the town centre falls, rather than its residential catchment area (except net household income and comparison goods expenditure estimates).

Despite the fact that welfare cuts will take a disproportionately higher toll on its economy, London has several advantages that will ensure it remains the leader in regional growth rankings. Long-term prospects for London's housing market are extremely favourable. Alongside this, a dynamic labour market, a fast-growing population, the return of financial sector bonuses and tourism will all ensure that London's economy remains robust.

The South East and East of England will also remain strong performers, supported by their diverse sectoral base and proximity to London. The announcement that Crossrail will go ahead as planned will benefit the South East in terms of job creation and accessibility. Average wage growth will exceed the national average and house price growth will also be stronger in both these regions in the medium to long term, boosting consumer confidence and spending. The South West, with its greater share of retired and older population, will lag other southern regions in its spending growth.

The outlook for spending in regions outside the Greater South East is weaker. The North East is expected to show the weakest performance in the UK. The region's heavy dependence on the public sector as well as the heavy presence of the suffering chemicals and automotives industries suggests there is little that can offset the expected weakness in consumer spending in the next few years.

The North West and Yorkshire & the Humber follow a similar pattern. In the next few years, the combined impact of scaled back public sector activity, a sluggish private sector, a weak housing market and a slew of welfare cuts will keep spending growth weak in these regions. Beyond that, while spending growth will pick up, it will continue to lag the UK average.

Trends diverge in the midlands: the East Midlands will perform in line with the UK average while the West Midlands is expected to fare worse.

Wales and Scotland which both have a heavy public sector presence will see shrinking output and job losses in the next few years. The labour and housing markets are less dynamic in these regions and unsupportive of consumer resilience. Experian expect weaker growth in spending relative to the national average.

Area Output (GVA) 2012-2020

Up to 2020 the average local area growth in output for the country's town centres is expected to be 18.7%. However there will be great disparities. For example, the vast majority of town centres in the North East, Wales, and the North West will be in areas of low growth in economic output, while the opposite is true for town centres in London and the South East.

Key findings

- 482 (40% of the total) town centres will be in areas that experience more than 20% growth in output.
- 62 (5% of the total) town centres will be in areas that experience less than 5% growth in output.
- 45% of town centres in the North East will be in areas of low growth in economic output.
- 40% of town centres in London will be in areas of high growth in economic output.
- The North East, South West, Wales, West Midlands, and Yorkshire & Humber contain no towns in the highest output growth bands.

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 13: Town centre area output (GVA) growth 2012-2020: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Growth in Output (GVA) 2012-2020 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	0%	0%	3%	2%	19%	14%	13%	22%	24%	3%	23%	77%
East Midlands	69	1%	3%	19%	16%	17%	4%	16%	17%	6%	0%	57%	43%
London	187	0%	0%	0%	2%	3%	7%	13%	8%	26%	40%	5%	95%
North East	42	45%	17%	10%	5%	14%	10%	0%	0%	0%	0%	90%	10%
North West	136	26%	9%	16%	18%	10%	1%	13%	3%	3%	0%	79%	21%
Scotland	125	20%	16%	10%	10%	0%	14%	6%	6%	2%	14%	57%	43%
South East	181	2%	0%	5%	9%	2%	10%	23%	18%	15%	15%	18%	82%
South West	125	2%	25%	5%	20%	10%	15%	6%	17%	0%	0%	62%	38%
Wales	58	26%	19%	34%	5%	10%	2%	0%	3%	0%	0%	95%	5%
West Midlands	99	9%	20%	19%	7%	10%	30%	0%	4%	0%	0%	66%	34%
Yorkshire And The Humber	80	16%	16%	21%	9%	14%	8%	16%	0%	0%	0%	76%	24%

Area Total Workforce Jobs 2012-2020

Based on local authority district level projections, Great Britain's town centres can expect to be in areas with an average increase in total workforce jobs in the region of 6-7%. Once again we can expect to see a familiar pattern of disparity between town centres. For example, town centres in Wales and the North East can expect low workforce growth, no doubt allied to their relatively small expected population increases. The picture is very different in London, where the majority of town centres can expect high workforce growth.

Key findings

- 63 town centres, mostly in Scotland, will be in areas where the total workforce declines in number
- 148 town centres will be in areas expected to see less than 2% growth in the total workforce
- 246 town centres will be in areas expected to see more than 10% growth in the total workforce
- 86% of town centres in Wales and 81% in the North East can expect low workforce growth
- 89% of town centres in London will be in areas of high expected workforce growth

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 14: Town centre area total workforce jobs growth 2012-2020: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Growth in Area Workforce Jobs 2012-2020 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	0%	0%	9%	13%	19%	14%	11%	14%	18%	2%	41%	59%
East Midlands	69	0%	29%	7%	19%	10%	14%	12%	7%	1%	0%	65%	35%
London	187	0%	0%	0%	5%	5%	9%	8%	15%	32%	26%	11%	89%
North East	42	5%	17%	29%	21%	10%	0%	0%	5%	14%	0%	81%	19%
North West	136	29%	10%	13%	15%	7%	12%	9%	0%	0%	6%	74%	26%
Scotland	125	25%	10%	13%	9%	4%	10%	0%	6%	9%	14%	61%	39%
South East	181	2%	2%	5%	3%	17%	10%	14%	19%	12%	17%	29%	71%
South West	125	15%	10%	12%	14%	9%	1%	27%	3%	0%	10%	59%	41%
Wales	58	21%	19%	24%	14%	9%	2%	0%	5%	3%	3%	86%	14%
West Midlands	99	3%	25%	8%	8%	9%	13%	33%	0%	0%	0%	54%	46%
Yorkshire And The Humber	80	16%	20%	4%	21%	9%	1%	13%	16%	0%	0%	70%	30%

Catchment level Net Household Income 2012-2018

Average net household income growth (2012-2018) has been calculated for households within each of Great Britain's town centre catchment areas. We can expect to see highest growth in household income in the East and East Midlands, while the majority of town centre catchments in the North East, North West, and the West Midlands will see relatively low growth in income.

Key findings

- 203 town centre catchments will experience more than 10% growth in average net household income
- 99 town centre catchments will experience less than 3% growth in average net household income
- 77% of town centres in the East will experience a high increase in average net household income
- 88% of town centres in the North East, and 84% in the North West will experience a low increase in average net household income

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 15: Town centre catchment growth in net household income 2012-2028: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Growth in Net Household Income 2012-2018 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	2%	7%	5%	3%	7%	13%	8%	20%	21%	14%	23%	77%
East Midlands	69	1%	1%	6%	6%	16%	10%	14%	19%	12%	14%	30%	70%
London	187	13%	5%	6%	9%	12%	6%	10%	10%	12%	16%	46%	54%
North East	42	24%	5%	24%	14%	21%	5%	5%	2%	0%	0%	88%	12%
North West	136	28%	18%	15%	15%	8%	4%	1%	4%	3%	4%	84%	16%
Scotland	125	17%	16%	11%	11%	8%	6%	6%	5%	15%	5%	63%	37%
South East	181	6%	9%	8%	12%	10%	13%	11%	17%	8%	7%	44%	56%
South West	125	4%	9%	7%	8%	8%	14%	10%	10%	13%	16%	36%	64%
Wales	58	3%	7%	16%	16%	12%	10%	14%	7%	10%	5%	53%	47%
West Midlands	99	8%	19%	19%	16%	12%	8%	6%	5%	3%	3%	75%	25%
Yorkshire And The Humber	80	3%	4%	6%	8%	14%	10%	3%	11%	23%	20%	34%	66%

Catchment level Household Comparison Goods Expenditure 2012-2018

Average household comparison goods expenditure growth (2012-2018) has been calculated for households within each of Great Britain's town centre catchment areas. We can expect to see highest growth in comparison goods expenditure in the East and East Midlands, while the majority of town centre catchments in the North East, North West, and the West Midlands will see relatively low growth in available expenditure.

Key findings

- 192 town centres will see more than 10% increase in available comparison goods expenditure
- 91 town centres will see less than 3% increase in available comparison goods expenditure
- 78% of town centres in the East will experience a high increase in comparison goods expenditure
- Just 16% of town centres in the North West will experience a high increase in comparison goods expenditure

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 16: Town centre catchment growth in household comparison goods expenditure 2012-2028: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Growth in Comparison Goods Expenditure 2012-2018 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	3%	6%	7%	2%	6%	12%	16%	19%	18%	13%	22%	78%
East Midlands	69	1%	1%	6%	7%	14%	12%	13%	20%	12%	13%	30%	70%
London	187	14%	4%	7%	10%	10%	8%	11%	10%	10%	16%	45%	55%
North East	42	24%	5%	24%	12%	19%	12%	2%	2%	0%	0%	83%	17%
North West	136	28%	21%	12%	16%	7%	4%	4%	3%	2%	4%	84%	16%
Scotland	125	18%	14%	16%	6%	6%	11%	6%	5%	11%	6%	61%	39%
South East	181	5%	9%	9%	12%	8%	14%	14%	18%	4%	6%	44%	56%
South West	125	2%	10%	7%	9%	6%	18%	14%	10%	9%	16%	34%	66%
Wales	58	3%	10%	10%	16%	14%	12%	10%	7%	9%	9%	53%	47%
West Midlands	99	8%	23%	11%	20%	10%	11%	5%	6%	2%	3%	73%	27%
Yorkshire And The Humber	80	3%	6%	6%	5%	14%	9%	5%	14%	18%	21%	34%	66%

6.3.3 Area resilience 2011

Experian's Local Authority District resilience scores help us understand the likelihood of an area experiencing problems going forward – in essence its resilience to future shock. Every town centre has been allotted a resilience score based on the Local Authority District in which it falls.

Experian have measured resilience across four themes: Business, Community, People and Place with variables covering the health of the business base, skills and employment levels of the local people and attractiveness of the environment to live. In essence, these scores are a composite of multiple business, community, place, and people indicators, which paint a picture of what an area looks like today (see Figure 17).

Ultimately, they provide us with a view as to how likely a town centre will struggle in the future.

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 17: Factors used to derive Experian Town Centre Resilience scores
(Copyright: Experian Ltd)



Business Resilience 2011

Experian's Business Resilience scores consider the vulnerability of local businesses, their adaptive capacity, and the proportion which fall within high growth industries, amongst other factors. The majority of regions include a significant proportion of town centres characterised by both low and high business resilience - a consequence of recessionary times. However, no town centres in the North East fall within highly resilient areas, while a significant number of centres in the West Midlands, Yorkshire and Humber, and the North West are situated in areas of poor business resilience.

Key findings

- 46% of town centres are in areas of poor business resilience
- 100% of town centres in the North East are situated in areas of poor business resilience
- 64% of town centres in London are situated in areas of high business resilience

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 18: Town Centre area, Experian Business Resilience 2011: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Experian Area Business Resilience 2011 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	6%	7%	7%	9%	15%	17%	9%	12%	9%	8%	44%	56%
East Midlands	69	16%	4%	4%	22%	20%	9%	10%	9%	6%	0%	67%	33%
London	187	7%	11%	2%	10%	6%	19%	12%	6%	17%	10%	36%	64%
North East	42	76%	7%	0%	17%	0%	0%	0%	0%	0%	0%	100%	0%
North West	136	24%	16%	9%	12%	7%	5%	5%	13%	3%	6%	68%	32%
Scotland	125	5%	3%	15%	13%	6%	7%	9%	13%	6%	23%	42%	58%
South East	181	9%	4%	10%	4%	14%	4%	6%	7%	17%	25%	41%	59%
South West	125	4%	3%	19%	5%	13%	19%	2%	18%	18%	0%	44%	56%
Wales	58	10%	9%	3%	12%	33%	7%	10%	0%	3%	12%	67%	33%
West Midlands	99	3%	14%	12%	10%	34%	4%	2%	11%	9%	0%	74%	26%
Yorkshire And The Humber	80	1%	34%	14%	13%	10%	18%	4%	4%	4%	0%	71%	29%

Community Resilience 2011

Experian's Community Resilience scores consider the vulnerability of households to decline in income, claimant count, and social cohesion factors, amongst others factors. Again there is great variability across the country. Town centres in the East and South West are in areas characterised by high community resilience, while those in the North East and North West score poorly on this measure.

Key findings

- 81% of town centres in the East are in areas of high community resilience
- 100% of town centres in the North East are in areas that score poorly on the basis of this measure

Figure 19: Town Centre area, Experian Community Resilience 2011: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Experian Area Community Resilience 2011 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	0%	3%	8%	7%	1%	12%	9%	31%	15%	14%	19%	81%
East Midlands	69	12%	1%	6%	10%	10%	16%	13%	12%	12%	9%	39%	61%
London	187	4%	11%	14%	7%	17%	22%	18%	4%	0%	3%	53%	47%
North East	42	10%	33%	40%	17%	0%	0%	0%	0%	0%	0%	100%	0%
North West	136	34%	13%	21%	1%	15%	7%	0%	3%	0%	7%	83%	17%
Scotland	125	8%	10%	14%	8%	14%	6%	10%	15%	2%	13%	54%	46%
South East	181	0%	4%	4%	15%	8%	3%	10%	21%	27%	8%	31%	69%
South West	125	0%	0%	13%	8%	5%	16%	14%	5%	17%	23%	26%	74%
Wales	58	9%	14%	5%	14%	5%	9%	5%	16%	7%	17%	47%	53%
West Midlands	99	35%	8%	5%	7%	10%	13%	6%	7%	8%	0%	66%	34%
Yorkshire And The Humber	80	13%	41%	15%	4%	4%	10%	0%	1%	4%	9%	76%	24%

Place Resilience 2011

Experian's Place Resilience scores consider indicators such as crime rate and housing affordability amongst other factors. Perhaps unsurprisingly London scores relatively poorly on the basis of these indicators, while the North East exhibits far greater place resilience.

Key findings

- Only 31% of London town centres fall within areas of high place resilience
- 93% of town centres in the North East fall within areas of high place resilience

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 20: Town Centre area, Experian Place Resilience 2011: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Experian Area Place Resilience 2011 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	4%	16%	18%	7%	3%	17%	4%	10%	7%	14%	48%	52%
East Midlands	69	12%	12%	19%	13%	6%	13%	1%	6%	3%	16%	61%	39%
London	187	13%	12%	6%	19%	20%	6%	12%	2%	11%	0%	69%	31%
North East	42	2%	0%	5%	0%	0%	33%	10%	0%	7%	43%	7%	93%
North West	136	4%	11%	5%	12%	4%	17%	10%	26%	7%	4%	35%	65%
Scotland	125	32%	1%	5%	14%	9%	7%	0%	18%	2%	12%	61%	39%
South East	181	9%	14%	13%	10%	6%	12%	4%	7%	15%	11%	51%	49%
South West	125	10%	21%	9%	18%	1%	18%	11%	4%	5%	4%	58%	42%
Wales	58	9%	7%	16%	17%	0%	9%	10%	5%	9%	19%	48%	52%
West Midlands	99	2%	1%	12%	16%	7%	34%	1%	12%	9%	5%	38%	62%
Yorkshire And The Humber	80	13%	11%	5%	14%	4%	25%	1%	0%	18%	10%	46%	54%

People Resilience 2011

Experian's People Resilience score considers indicators such as earnings and job types. Considering the economic dynamism of London it is no surprise town centres in this region score so highly on this measure, while town centres in the North East, West Midlands, and North West score relatively poorly.

Key findings

- 87% of town centres in London are in areas of high people resilience
- 93% of town centres in the North East are in areas of poor people resilience

Figure 21: Town Centre area, Experian People Resilience 2011: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	Experian Area People Resilience 2011 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	22%	5%	2%	4%	17%	8%	6%	4%	22%	10%	50%	50%
East Midlands	69	23%	9%	7%	13%	12%	9%	10%	12%	0%	6%	64%	36%
London	187	0%	7%	0%	0%	5%	5%	12%	25%	23%	22%	13%	87%
North East	42	7%	19%	7%	43%	17%	7%	0%	0%	0%	0%	93%	7%
North West	136	18%	20%	14%	7%	6%	14%	6%	12%	3%	0%	65%	35%
Scotland	125	5%	6%	14%	12%	12%	10%	10%	6%	2%	24%	50%	50%
South East	181	8%	4%	0%	8%	15%	8%	14%	12%	17%	13%	36%	64%
South West	125	0%	18%	8%	10%	6%	25%	22%	11%	1%	0%	42%	58%
Wales	58	9%	10%	0%	24%	16%	12%	0%	14%	0%	16%	59%	41%
West Midlands	99	21%	29%	5%	10%	16%	10%	1%	0%	7%	0%	82%	18%
Yorkshire And The Humber	80	24%	11%	4%	10%	13%	24%	8%	3%	5%	0%	61%	39%

6.0 Towards 2020: Experian Town Centre Futures analysis

6.3.4 Consumers 2018: 7 key types

Using Experian's in-house consumer segmentation system Mosaic, combined with the most recent population forecasts, Experian has developed pen portraits for 7 key future groups. Using this dataset it has been possible to estimate the volume of different consumer household types expected to exist in each of the 1,200 town centre catchments in 2018.

The following findings show the average forecast (2018) percentage of each consumer household group for town centres, in the various regions of Great Britain.

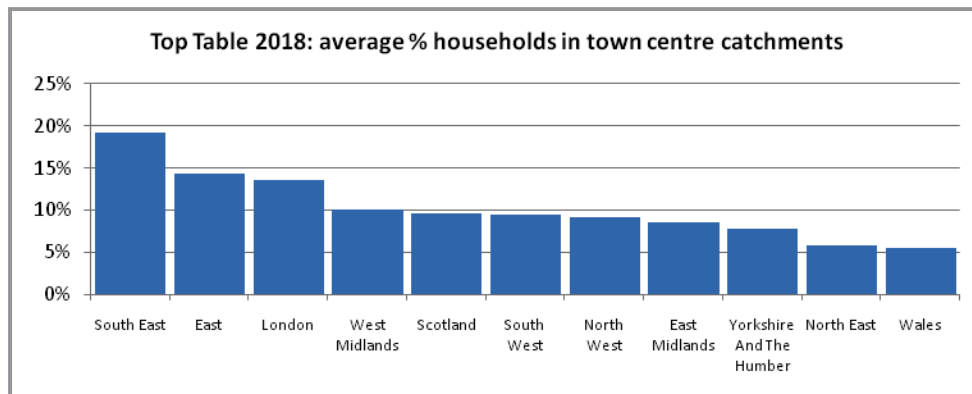
Top Table: the country's most affluent families and older couples



“Wealthy professionals enjoying their business and leisure interests”

Key Features

- Wealth and power
- Rewarding careers
- Substantial investments
- Arts and culture
- Luxury items



Highest penetrations in town centre catchments in the South East, East, and London

6.0 Towards 2020: Experian Town Centre Futures analysis

Daily Challenges: hard pressed singles and families

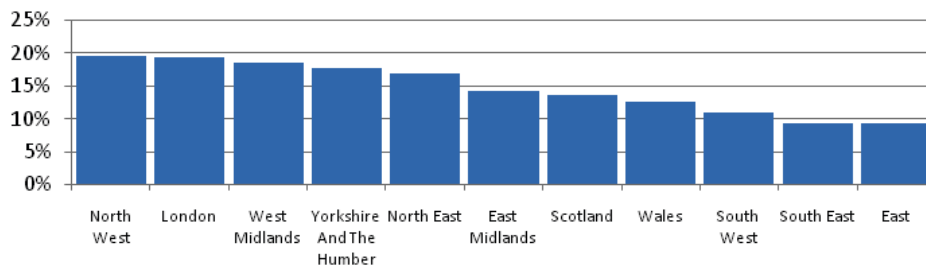


“Residents of diverse, multicultural areas doing what they can with limited resources”

Key Features

- Low incomes
- Ethnic diversity
- Unemployment
- Benefits
- Mobile phone users

Daily Challenges 2018: average % households in town centre catchments



Highest penetrations in town centre catchments in the North West, London, West Midlands, Yorkshire & Humber, and North East.

Juggling Parents: higher income families

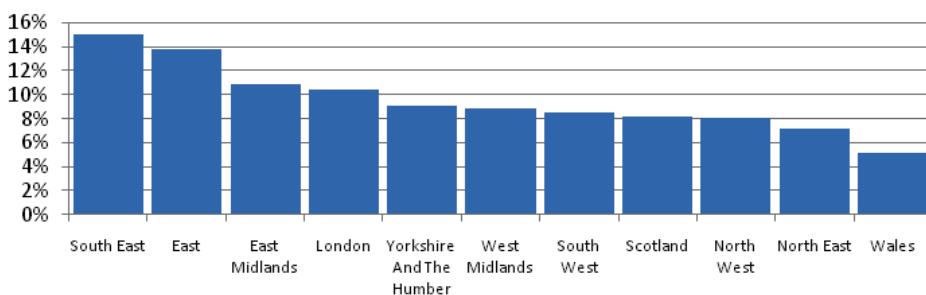


“Caring parents spending time and money to maximise the quality of life for their young families”

Key Features

- Good incomes
- Family life
- House proud
- Time conscious
- Fast broadband users

Juggling Parents 2018: average % households in town centre catchments



Highest penetrations in town centre catchments in the South East and East.

6.0 Towards 2020: Experian Town Centre Futures analysis

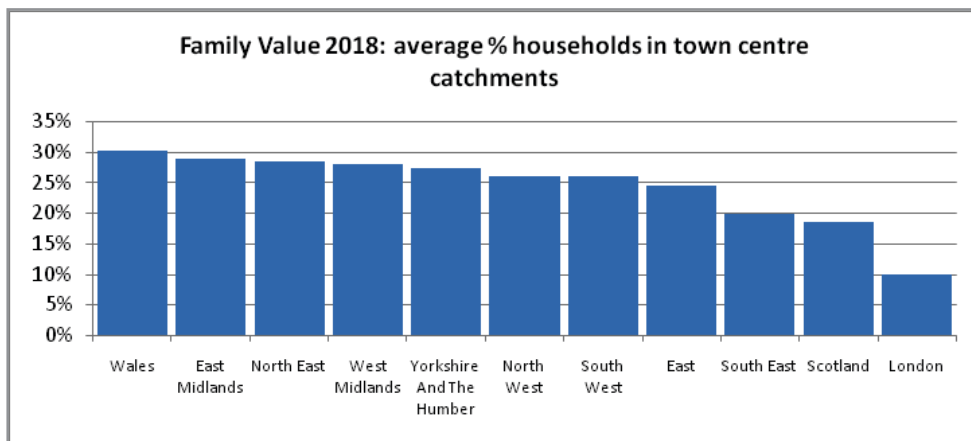
Family Value: mid to lower income families (the 'squeezed middle')



“Hard working older families restricted by tight budgets and living to give their children the best they can”

Key Features

- Modest incomes
- Hardworking
- Tight budgets
- Price conscious
- Internet savvy



Highest penetrations in town centre catchments in Wales, East Midlands, North East, and West Midlands.

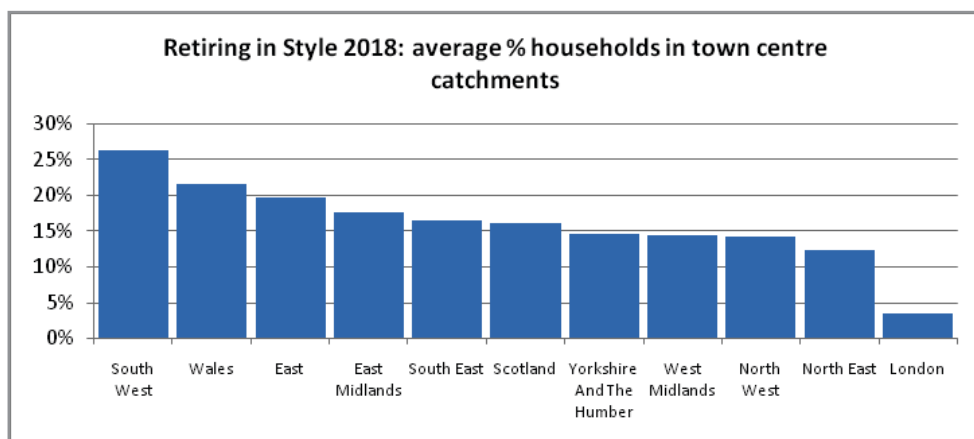
Retiring in Style: affluent older singles and couples



“Prudent pensioners enjoying a comfortable, tranquil retirement”

Key Features

- Traditional
- History and heritage
- Lifelong savings
- Some internet use
- Grandchildren



Highest penetrations in town centre catchments in the South West, Wales, and the East.

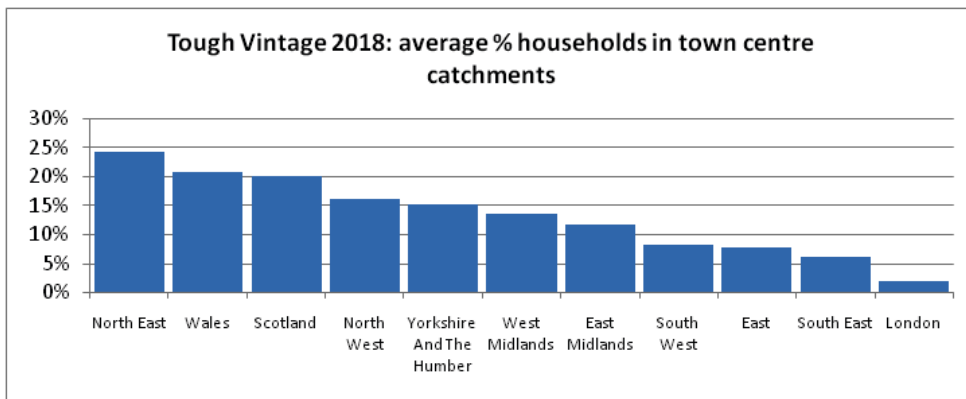
6.0 Towards 2020: Experian Town Centre Futures analysis

Tough Vintage: struggling older singles and couples



“Elderly people stretching their limited resources to get by”

- Key Features**
- Poor health
 - No disposable income
 - State support
 - Simple pleasures
 - No technology



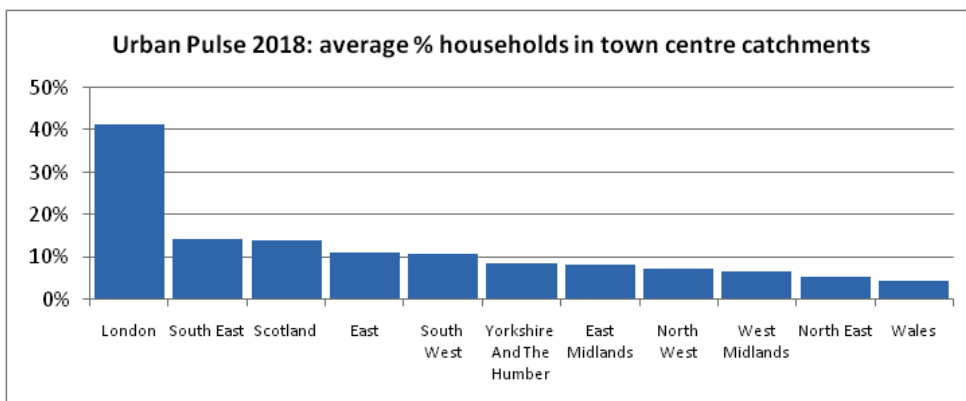
Highest penetrations in town centre catchments in the North West, Wales, and Scotland.

Urban Pulse: cosmopolitan city dwellers



“Diverse urban singles and students building relationships and in search of excitement and culture”

- Key Features**
- Vibrant and diverse
 - Student life
 - Smartphones
 - Professionals
 - Public transport
 - Ethnic diversity



Highest penetrations in town centre catchments in London.

6.0 Towards 2020: Experian Town Centre Futures analysis

6.3.5 Internet usage 2018

Experian's Internet usage insight is derived from unique data produced by Experian Hitwise. Experian Hitwise provides insights on how 8 million UK Internet users interact with more than 1 million websites; which allows for the development of a detailed picture of how certain consumer groups behave online.

Experian has utilised its in-house consumer segmentation Mosaic to profile the country's most prolific e-commerce users as of 2012. Population and consumer group projections have been used to estimate the volume of these high propensity users expected to exist in very town centre catchment area in 2018.

Like our ageing population, the growth of technology, and in particular e-commerce, is a phenomenon which is here to stay. Given the ubiquity of broadband, home computing, and mobile technology, we can be assured that the population of every town centre in the country will be influenced by this trend.

e-commerce

According to Experian's town centre research, by 2018 over half the population of at least 500 towns will be frequent e-commerce users. However, there are certain types who demonstrate a greater propensity to shop online than others (Figure 22). Interestingly, these are not the country's most affluent or cosmopolitan urban groups, but rather lower to middle income groups living in 'small town Britain.' This finding resonates with Experian Hitwise's research, which shows the Internet is increasingly used for bargain hunting: everyone wants a good deal.

Figure 22: Visits to Apparel and Accessories websites: top 5 Mosaic types by volume (Copyright: Experian Ltd)

1. Production Managers



"Middle income married couples owning unpretentious semi-detached housing"

Key Features

- White collar
- Comfortable
- Good with technology
- Loyal to large brands
- Inner suburbia
- Not ostentatious

2. Mid-market families



"Families with many grown-up children still living at home, living in cheaper suburban semis"

Key Features

- Spacious housing
- Couples in 40s and 50s
- Price conscious
- Mid to lower income
- Traditional
- Mid market tastes

6.0 Towards 2020: Experian Town Centre Futures analysis

3. Small Wage Owners



“Owners living in inexpensive private terraces in a range of relatively low paid occupations”

Key Features

- Low wages
- Low unemployment
- Blue collar
- Affordable housing
- Value for money

4. Garden Suburbia



“Mid-life families with above average incomes living in the nicer middle ring suburbs of larger cities”

Key Features

- Middle aged families
- Comfortable with Internet
- Spacious surroundings
- Like convenience
- Adult children at home

5. Shop Floor Affluence



“Employees earning reasonable incomes, living with their families in relatively in-expensive semis in industrial towns”

Key Features

- Manual occupations
- Mass market brands
- Price sensitive
- Internet savvy
- Low unemployment
- Multiple incomes

Considering the likelihood of ongoing economic uncertainty it is reasonable to expect the Internet will continue to be used for seeking good value. Therefore by 2018 it is the towns of ‘middle-Britain’ with high proportions of lower to mid income groups, which will be contending with greatest competition from the Internet.

Key findings

- 81% of town centre catchments in the East Midlands, and 72% in the East will contain a high proportion of e-commerce savvy households
- Only 18% of town centre catchments in London will contain a significant proportion of high propensity online shopping households, reflecting the markedly different consumer makeup of London and the fact that people have a great choice of shopping on their doorstep
- 97% of town centre catchments in Scotland will contain a low proportion of high propensity online shopping households

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Figure 23: Town Centre catchment, high propensity e-commerce households 2018: regional breakdown, % town centres per band (1 Low – 10 High)
(Copyright: Experian Ltd)

Region	Total Town Centres	High Propensity e-commerce Households 2018 Deciles										Summary	
		Very Low		Low		Mid		High		Very High		Deciles	
		1	2	3	4	5	6	7	8	9	10	1-5	6-10
East	107	6%	1%	7%	7%	7%	9%	14%	15%	15%	19%	28%	72%
East Midlands	69	6%	4%	3%	1%	4%	9%	10%	19%	17%	26%	19%	81%
London	187	31%	20%	13%	12%	6%	5%	2%	3%	2%	5%	82%	18%
North East	42	2%	5%	10%	7%	21%	33%	12%	10%	0%	0%	45%	55%
North West	136	6%	1%	4%	7%	7%	12%	15%	13%	22%	13%	26%	74%
Scotland	125	26%	38%	17%	14%	3%	2%	2%	0%	0%	0%	97%	3%
South East	181	2%	3%	4%	17%	12%	14%	12%	9%	13%	14%	38%	62%
South West	125	10%	8%	10%	15%	14%	13%	8%	4%	6%	11%	58%	42%
Wales	58	17%	3%	5%	12%	17%	21%	16%	3%	5%	0%	55%	45%
West Midlands	99	3%	6%	8%	11%	11%	18%	12%	10%	14%	6%	39%	61%
Yorkshire And The Humber	80	4%	4%	8%	10%	5%	18%	15%	18%	15%	5%	30%	70%

6.3.6 Town Centre Futures 2020: key findings at a glance

Figure 24: Town Centre Population and Economy: regional breakdown, dominant forecast
(Copyright: Experian Ltd)

	Population	Population Age 50+	Economic output (GVA)	Total Workforce jobs	Net Household Income	Household Comparison Goods Expenditure
Period	2012-2020	2012-2020	2012-2020	2012-2020	2012-2018	2012-2018
Measure	Growth	Growth	Growth	Growth	Growth	Growth
East	High	High	Mid-High	Mid-High	Mid-High	Mid-High
East Midlands	High	High	Mid	Low-Mid	Mid-High	Mid-High
London	High	Mid-High	High	High	Mid	Mid-High
North East	Low	Low	Low	Low	Low	Low
North West	Low	Low	Low	Low	Low	Low
Scotland	Low	Low-Mid	Low-Mid	Low-Mid	Low-Mid	Low-Mid
South East	Mid-High	Mid-High	High	Mid-High	Mid	Mid
South West	Mid	Mid	Low-Mid	Mid	Mid-High	Mid
Wales	Low	Low	Low	Low	Low-Mid	Low-Mid
West Midlands	Low	Low-Mid	Low-Mid	Mid	Low-Mid	Low-Mid
Yorkshire And The Humber	Mid-High	Mid	Low-Mid	Low-Mid	Mid-High	Mid-High

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Figure 25: Town Centre Resilience: regional breakdown, dominant current score (Copyright: Experian Ltd)

	Business Resilience	Community Resilience	Place Resilience	People Resilience
Year	2011			
Measure	Existing			
East	Mid	High	Mid	Mid
East Midlands	Low-Mid	Mid-High	Low-Mid	Low-Mid
London	Mid-High	Mid	Low-Mid	High
North East	Low	Low	Mid-High	Low
North West	Low	Low	Mid	Low-Mid
Scotland	Mid-High	Mid	Low-Mid	Mid
South East	Mid-High	Mid-High	Low-Mid	Mid-High
South West	Mid	Mid-High	Low-Mid	Mid
Wales	Low-Mid	Mid	Mid	Low-Mid
West Midlands	Mid	Low-Mid	Mid	Low-Mid
Yorkshire And The Humber	Low-Mid	Low	Low-Mid	Low-Mid

Figure 26: Town Centre Consumers: regional breakdown, dominant groups (Copyright: Experian Ltd)

	1st Group	Average %	2nd Group	Average %	3rd Group	Average %
Year	2018					
Measure	Average % in catchment					
East	Family Value	24.5%	Retiring in Style	19.5%	Top Table	14.3%
East Midlands	Family Value	28.8%	Retiring in Style	17.6%	Daily Challenges	14.2%
London	Urban Pulse	41.3%	Daily Challenges	19.2%	Top Table	13.5%
North East	Family Value	28.4%	Tough Vintage	24.1%	Daily Challenges	16.8%
North West	Family Value	26.1%	Daily Challenges	19.5%	Tough Vintage	16.0%
Scotland	Tough Vintage	20.1%	Family Value	18.5%	Retiring in Style	16.1%
South East	Family Value	19.7%	Top Table	19.2%	Retiring in Style	16.4%
South West	Retiring in Style	26.2%	Family Value	26.0%	Daily Challenges	10.9%
Wales	Family Value	30.1%	Retiring in Style	21.5%	Tough Vintage	20.8%
West Midlands	Family Value	27.9%	Daily Challenges	18.5%	Retiring in Style	14.4%
Yorkshire And The Humber	Family Value	27.3%	Daily Challenges	17.5%	Tough Vintage	15.2%

6.0 Towards 2020: Experian Town Centre Futures analysis

Figure 27: Town Centre High Propensity e-commerce Households: regional breakdown
(Copyright: Experian Ltd)

	Average % High Propensity e-commerce Households
Year	2018
Measure	Average % in catchment
East	Mid-High
East Midlands	High
London	Low
North East	Mid
North West	Mid-High
Scotland	Low
South East	Mid-High
South West	Mid
Wales	Low-Mid
West Midlands	Mid
Yorkshire And The Humber	Mid-High

7.0 Town Centre Futures: responding to change

As discussed previously, the Portas Review clearly stipulated the process of adaptation must be managed by well organised town centre management. As the enablers of change Town Teams must collaborate with local people, businesses, and landlords, to implement strategies to create vibrant sustainable places which meet the long-term needs of the community at large.

The insight revealed by Experian's Town Centre Futures analysis can empower them to select well conceived and impactful strategies, with greater confidence. While it is not the intention of this paper to stipulate the most appropriate responses to future change (this after all is the role of local Town Teams), Experian has looked forward at possible ways in which successful town centres might react to the challenges and changes facing them up to the year 2020.

7.1 Ageing population

In the future town centre goods and services must be delivered in ways that accommodate the specific needs of the older consumer. Among other responses, Town Teams may start to focus on:

- Maximising access, whether parking or public transport.
- Creating safe and attractive environments for shopping.
- Ensuring the provision of important facilities such as toilets and mobility.
- Fostering community spirit through local cultural and social events.
- Bringing important public and private services (such as health) on to the high street.

Businesses will also respond:

- A greater focus on good service, often on a face-to-face basis, will no doubt be attractive to older consumers.
- Greater opportunities for informal leisure and socialising.
- Overall, we may find the principles of modern convenience-led retail and leisure begin to converge with traditional ideas about customer experience and service.

7.2 Economic uncertainty

Not every town centre will contend with a difficult local economy, however we can expect many will suffer in areas of low economic activity, low income growth, problems of unemployment, and depressed household expenditure. Town Teams obviously cannot tackle the root causes of such problems, yet forward thinking teams will seek to find ways to work with other town centre parties to minimise the worst impacts of the recession, as best they can.

Possible examples of innovative approaches include:

- Supporting local businesses (e.g. through favourable rents and lease terms).
- Supporting 'pop up' businesses and short-term/seasonal enterprises.
- Setting up town centre business and entrepreneurship mentorship schemes.
- Providing town centre based re-training opportunities.
- Achieving a favourable balance between budget, mass, and premium retailers.
- Avoid the clustering of value retailers, bookmakers, bars, and fast-food outlets.
- Supporting and fostering local markets, and community participation.

7.0 Town Centre Futures: responding to change

7.3 Poor resilience

Responding to poor resilience to shock is allied in part to dealing with a difficult economic future. Yet, as well as implementing appropriate economic strategies, Town Teams cannot forget about the role they can play in addressing community, people, and place resilience. Moreover, successful town centres will also seek to deal with the problem of competition when drafting their resilience strategies. They will focus on what makes their place unique, or what could make their place unique, and ensure their places offer people experiences, services, and attractions that cannot be found anywhere else.

There are many possible responses to this issue, and these might include:

- Marketing town centres based on their unique offer.
- Discouragement of leakage to competitive centres.
- Community involvement in town centre plans, events, and activities
- Improvement of the local environment.
- Creating animated spaces – bringing theatre, culture, and fun to the high street.
- Creation of town currencies/economies.
- Focusing on local services as the sustainable option.
- Breaking out of the 9 to 5 shop routine, and boosting the night-time economy.
- Mixed use development in town centres, particularly the encouragement of residential uses.

7.4 Consumers

How individual town centres react to future consumers will ultimately depend on the make-up of their catchment area; demographic shifts occur over long time horizons and no town centre can realistically expect to change the nature of their underlying population base. For example, town centres with large numbers of Family Value or Daily Challenges will need to ensure they address the need for good but affordable local services. While centres with more affluent groups must respond carefully to ensure their offers meet the needs of demanding consumers to avoid them going elsewhere.

Ultimately, Town Teams need to cater to their people, and strike an appropriate balance between the 5 consumer drivers of value, service, experience, choice, and technology.

7.5 Technology

It isn't difficult to imagine how the continued march of e-commerce and mobile technology could impact the vitality of traditional town centre operators. However, technology also offers many opportunities, and successful town centre management and businesses will pay close attention to how they can exploit these. Indeed, rather than replacing the role of town centres, the development of multi-channel retailing may afford a clear opportunity for them to place themselves at the centre of this emerging economy.

Multi-channel retailers hold the key to this opportunity, having already got to grips with the market by leveraging their offline power and brand awareness. For example the success of 'click and collect' schemes demonstrates that traditional retail environments still have a role to play, indeed increasing numbers of retailers offer consumers the ability to purchase online and collect from stores, and anecdotal evidence suggests this strategy actually increases in-store sales.

In the near future we're likely to see:

- Greater numbers of businesses adopting the 'click and collect' model.
- Town centres marketing themselves as convenient 'hubs' for picking up products ordered online, through the use of high street lockers or other dedicated spaces.

7.0 Town Centre Futures: responding to change

The explosion of mobile technology and associated m-commerce, is already giving us a glimpse of how successful town centres might react. For example companies such as Barclays and Google are pioneering 'one tap' payment/wallet services, whereby people can pay for low value products and services using their devices.

Individual companies are already exploiting the benefits of smartphone technology to offer customers improved in-store experiences. For example Debenhams reported generating an additional £1m in sales in 5 months through a smart phone app, which allows customers to scan QR codes in advertising and store windows, and 'snap' product barcodes to display information such as customer reviews²⁶

If town centre operators adapt to technological innovation successful centres will be those where traditional retailing and leisure converge seamlessly with new technology. People will be offered a unique 'physical' experience, whereby they can engage with products in-store, communicate with companies in real-time (through voucher offers and such like), and pay for goods and services quickly and simply using their devices.

We have also seen many retailers and leisure operators engage in social media, such as Twitter and Facebook, to converse with their customers, and provide them with the platform to exchange information and opinions. This will only continue, and offers a way of improving the shopping experience, whether through information (such as product reviews) or loyalty devices such as special vouchers.

The possibilities offered by mobile technology to improve the town centre experience are many, and they might include:

- Pop up store windows enabling people to interact with products via mobile devices.
- Virtual stores in offline places: stores offering QR codes to see their wider range.
- Restaurants making dining experiences interactive.
- Mobile apps to enhance in-store experience.
- Town Centre directory and local information apps.
- Loyalty apps that reward people for using places or shops.

²⁶ Econsultancy, M-Commerce Innovation Briefing, 9 November 2011

8.0 A call to action

Town centre management need to get to know their people and places, as an understanding of the opportunities and challenges that these present will help them select workable strategies to bolster the vitality of their towns.

Experian's town centre futures analysis can help Town Teams to achieve this understanding, affording them the confidence to tailor their future strategies to their places.

The following is an example of how simple analysis at town level can yield a great deal of useful intelligence, and how a Town Team might respond to the unique issues facing the town in question.

Figure 28: Example Experian Town Centre Future report for Bedford



How to use these Reports

Understanding People & Place

- Identify how your population will grow, age, and change, and ensure you plan town centre services to meet its needs.
- Assess how your economy may change in the future, and consider appropriate measures to mitigate impacts or embrace change.
- Assess the resilience of your town centre to future shock from a business, community, people, and place perspective. Use this insight to inform your planning process.

8.0 A call to action

Shopping / Leisure

- Understand whether consumers within your town's catchment are likely to be online users. Develop plans to adapt local services to their needs.
- Assess current vacancy rates and gaps by retail category. Use this insight to attract businesses / retailers based on the current and future demographic nature of your town.
- Assess which town centres you currently compete with. Use this to inform plans for bolstering your town's unique image, and attract more visitors.

Key insights to drive town centre plans

Using the powerful Experian insight shown in the example report (above), it is possible to draw a number of important conclusions, which together could help a TownTeam develop action plans tailored to the needs of Bedford.

Key considerations: existing consumer base

- Careers & Kids - catering for their needs:
 - » Lives focus on the needs of their growing children and the creation of a comfortable home
 - » Juggle work and the parenting of pre-school and primary school age children
 - » Influenced not just by value for money but by ethical and environmental considerations and functional specifications
 - » Take a particular interest in the functionality of digital products
 - » Rely on their cars to shop at modern out-of-town retail centres which they typically visit at the weekend or during bank holidays often as a family expedition
 - » A higher proportion of their spending will be at national retail chains from which they are likely to purchase brands associated with innovation and technical excellence rather than heritage
 - » Heavy users of Internet and telephone banking systems and are confident users of the Internet for online purchases
 - » Shopping is often done online – both for the weekly grocery shop and for less frequently purchased consumer goods, plus the occasional luxury. They prefer to purchase from more established brands that offer value for money rather than just the lowest price.

New Homemakers – catering for their needs:

- Rely on an Internet search engines for accessing information about products and services.
 - » For the many who lack knowledge of local suppliers it is often simpler to buy over the telephone or via the Internet. These are more convenient shopping channels for people for whom face-to-face contact has little appeal and who would be unlikely to seek the advice of a local shop assistant.
 - » By contrast, advice is much more likely to be obtained from informal, electronic exchanges. This is a generation that will increasingly be affected by the growth of 'viral' marketing and for which there is an increasing demand for information to be sent via text messaging than direct mail
 - » As a result of the limited size of kitchens in many of their homes and the difficulties of managing food for a single person, eating out is popular.
 - » They order takeaways from local delivery companies and make use of microwaves to cook ready prepared meals. They buy from the Metro and Local outlets of the major supermarket chains which are increasingly found in town centre locations and which stock the small pack sizes which are suitable for these micro households.

8.0 A call to action

- » This group provides a good market opportunity for providers of small household and electrical equipment – kettles, toasters and wine racks – needed by people setting up home for the first time and also for manufacturers of electronic entertainment systems whose use absorbs a significant amount of residents' leisure time.
- » Most residents own a car which may be used for visits to the gym or the local cinema. Much time is also spent at local pubs and clubs, especially where this group occurs close to the centres of large provincial cities.
- » The group is active online, but often has relatively slow home broadband connections. They use the Internet less for entertainment than to communicate and organise their lives.

Key considerations: future catchment

- 11% household growth forecast by 2020 – expect the Internet & m-commerce to be even more important given the demographics already prevalent in this town
- Key groups will be 'Juggling Parents', 'Top Table' and 'Urban Pulse'

Implications for BedfordBID:

- The catchment area has high 'leakage' to neighbouring centres – due partly to the above factors and proximity of nearby competing centres (including central London)
- Aim for a balance of family-based restaurants / leisure facilities / convenience-based retailers in town centres
- The centre is under-supplied by electrical & other durable goods retailers – attract innovative technology retailers
- Focus on providing:
 - » Experience (family, fun, independent retailers) – e.g. keep running relevant events and continue to promote the independent sector
 - » Choice & convenience – e.g. free and easy parking
 - » Offers and information via technology – e.g. voucher hunting partnerships, event invitations via social media etc. Push value / ethical messages

The above case study provides a brief example of how intelligence about a town centre and the people who use it can be utilised by Town Teams to begin to develop appropriate adaptation strategies.

Further information about how to access Experian's Town Centre Futures reports can be found at the end of this paper.

About Experian

The Author

James Miller is Lead Consultant (Retail & Property) working within Data & Analytics, a division of Experian Marketing Services. He trained as an economic geographer and has over twelve years commercial experience, having worked at the heart of market strategy and operations within both the retail and property sectors. He has managed numerous market strategy projects across the globe, and has a strong background in developing strategic insight from market and consumer data to drive major business decisions and projects for retailers, investors, and other customer focused businesses.

Contributors

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Meet our team



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