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Daily Mail
AUSTRALIA

High street decline continues

[redacted]

By PRESS ASSOCIATION
PUBLISHED: 19:03 AEDT, 9 October 2014 | UPDATED: 19:03 AEDT, 9 October 2014

The decline of the high street accelerated in the first half of the year as betting shops and discount stores gained increasing footholds at the expense of traditional retailers, figures showed today.

Town centres saw 406 net store closures compared to 209 in the same period last year, research from PwC compiled by the Local Data Company showed.

The collapse of businesses such as Phones 4u and lingerie chain La Senza saw this rise to 964 for the year to date at the end of September, two and a half times the number for the whole of 2013.

The decline in traditional high street retailers is increasing, figures show

[redacted]

Traditional goods retailers such as shoe and clothes shops saw a net decline of 365 in the first half while leisure chains - encompassing food, beverage and entertainment - grew outlets by a net 215.

The study of 500 town centres showed the impact of the "digital revolution" on high streets at a time when most retailers are seeing online growth far outstripping the performance of their stores.

Matthew Hopkinson, director of the Local Data Company, said: "Significant changes are continuing to take place across Britain's town centres.

"Multiple retailers are continuing to close stores on high streets in favour of retail parks and shopping centres.

"The bad news is that the significant decline in chain retailer numbers in town centres seen in 2012, which then slowed in 2013, has picked up again."

There were 953 net closures in the first half of 2012. That period saw a peak of more than 20 store closures a day, falling to 18 a day a year later and 16 a day in 2014.

But fewer stores opened in the first half this year meaning net closures compared to 2013 grew.

Analysis of the figures showed the changing face of the high street with betting shops, coffee outlets, banks, pound shops, charity shops and convenience stores on the rise, together with American-style eateries including diners and upmarket burger bars.

[redacted]

But video libraries were wiped out while fashion retailers, building societies, pawnbrokers and mobile phone shops all suffered.

Mike Jervis, insolvency partner and retail specialist at PwC, said he expected chain retailers to continue taking a cautious approach to town centres with shorter-term leases and more temporary "pop-up" type formats.

"The overall drop in store openings may look surprising given UK growth prospects but at a macro level, it is most influenced by shifts in retail business models from purely high street to multi-channel," he said

"The expanders are still the charity shops, the discount stores and supermarket convenience outlets."

Mark Hudson, retail leader at PwC, said: "This data shows that we are now really starting to see the full effects of the digital revolution and consequent change in customer behaviour play out on the high street.

"Although the rate of growth of online sales is slowing, it still far outstrips store sales growth for most retailers, from a much higher base.

"This, combined with the advances in mobile technologies and smartphones, is only going to accelerate the channel shift.

"We're heading for a high street based around immediate consumption of food, goods and services or distress or convenience purchases.

"I'm not sure that's what customers really want - but consumer and business economics are pointing in that direction at the moment."

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The Atlantic

What in the World Is Causing the Retail Meltdown of 2017?

In the middle of an economic recovery, hundreds of shops and malls are shuttering. The reasons why go far beyond Amazon.

Mark Blinch / Reuters

DEREK THOMPSON

APR 10, 2017 | BUSINESS

From rural strip-malls to Manhattan's avenues, it has been a disastrous two years for retail.

There have been nine retail bankruptcies in 2017—as many as all of 2016. J.C. Penney, RadioShack, Macy's, and Sears have each announced more than 100 store closures. Sports Authority has liquidated, and Payless has filed for bankruptcy. Last week, several apparel companies' stocks hit new multi-year lows, including Lululemon, Urban Outfitters, and American Eagle, and Ralph Lauren announced that it is closing its flagship Polo store on Fifth Avenue, one of several brands to abandon that iconic thoroughfare.

A deep recession might explain an extinction-level event for large retailers. But GDP has been growing for eight straight years, gas prices are low, unemployment is under 5 percent, and the last 18 months have been quietly excellent years for wage growth, particularly for middle- and lower-income Americans.

So, what the heck is going on? The reality is that overall retail spending continues to grow steadily, if a little meagerly. But several trends—including the rise of e-commerce, the over-supply of malls, and the surprising effects of a restaurant renaissance—have conspired to change the face of American shopping.

Here are three explanations for the recent demise of America's storefronts.

1. People are simply buying more stuff online than they used to.

The simplest explanation for the demise of brick-and-mortar shops is that Amazon is eating retail. Between 2010 and last year, Amazon's sales in North America quintupled from $16 billion to $80 billion. Sears' revenue last year was about $22 billion, so you could say Amazon has grown by three Sears in six years. Even more remarkable, according to several reports, half of all U.S. households are now Amazon Prime subscribers.

But the full story is bigger than Amazon. Online shopping has done well for a long time in media and entertainment categories, like books and music. But easy return policies have made online shopping cheap, easy, and risk-free for consumers in apparel, which is now the largest e-commerce category. The success of start-ups like Casper, Bonobos, and Warby Parker (in beds, clothes, and glasses, respectively) has forced physical-store retailers to offer similar deals and convenience online.

What's more, mobile shopping, once an agonizing experience of typing private credit-card digits in between pop-up ads, is getting easier thanks to apps and mobile wallets. Since 2010, mobile commerce has grown from 2 percent of digital spending to 20 percent.

The Growth of Mobile Shopping

Cowen and Company

People used to make several trips to a store before buying an expensive item like a couch. They would go once to browse options, again to narrow down their favorites, and again to finally pull the trigger on a blue velvet love seat. On each trip, they were likely to make lots of other small purchases as they wandered around. But today many consumers can do all their prep online, which means less ambling through shopping centers and less making incidental purchases at adjacent stores ("I'm tired, let's go home ... oh wait, there's a DSW right there, I need new sneakers").

There will always be a place for stores. People like surveying glitzy showrooms and running their fingers over soft fabrics. But the rise of e-commerce not only moves individual sales online, but also builds new shopping habits, so that consumers gradually see the living room couch as a good-enough replacement for their local mall.

2. America built way too many malls.

There are about 1,200 malls in America today. In a decade, there might be about 900. That's not quite the "the death of malls." But it is decline, and it is inevitable.

The number of malls in the U.S. grew more than twice as fast as the population between 1970 and 2015, according to Cowen and Company's research analysts. By one measure of consumerist plentitude—shopping center "gross leasable area"—the U.S. has 40 percent more shopping space per capita than Canada, five times more the the U.K., and 10 times more than Germany. So it's no surprise that the Great Recession provided such a devastating blow: Mall visits declined 50 percent between 2010 and 2013, according to the real-estate research firm Cushman and Wakefield, and they've kept falling every year since.

Shopping Space per Person, by Country

Cowen and Company

In a long and detailed paper this week on the demise of stores, Cowen and Company research analysts offered several reasons for the "structural decay" of malls following the Great Recession. First, they said that stagnating wages and rising health-care costs squeezed consumer spending on fun stuff, like clothes. Second, the recession permanently hurt logo-driven brands, like Hollister and Abercrombie, that thrived during the 1990s and 2000s, when coolness in high-school hallways was defined by the size of the logo emblazoned on a polo shirt. Third, as consumers became bargain-hunters, discounters, fast-fashion outlets, and club stores took market share from department stores, like Macy's and Sears.

Finally, malls are retail bundles, and when bundles unravel, the collateral damage is massive. (For example, look at pay TV, where ESPN has bled millions of subscribers in the last few years as one of its key demographics, young men, abandon the cable bundle that is critical to ESPN's distribution.) In retail, when anchor tenants like Macy's fail, that means there are fewer Macy's stragglers to amble over to American Eagle. Some stores have "co-tenancy" clauses in malls that give them the right to break the lease and leave if an anchor tenant closes its doors. The failure of one or more department stores can ultimately shutter an entire mall.

3. Americans are shifting their spending from materialism to meals out with friends.

Even if e-commerce and overbuilt shopping space conspired to force thousands of retail store closings, why is this meltdown happening while wages for low-income workers are rising faster than any time since the 1990s?

First, although rising wages are obviously great for workers and the overall economy, they can be difficult for low-margin companies that rely on cheap labor—like retail stores. Cashiers and retail salespeople are the two largest job categories in the country, with more than 8 million workers between them, and the median income for both occupations is less than $25,000 a year. But recently, new minimum-wage laws and a tight labor market have pushed up wages for the poorest workers, squeezing retailers who are already under pressure from Amazon.

Second, clothing stores have declined as consumers shifted their spending away from clothes toward traveling and dining out. Before the Great Recession, people bought a lot of stuff, like homes, furniture, cars, and clothes, as retail grew dramatically in the 1990s. But something big has changed. Spending on clothes is down—its share of total consumer spending has declined by 20 percent this century.

What's up? Travel is booming. Hotel occupancy is booming. Domestic airlines have flown more passengers each year since 2010, and last year U.S. airlines set a record, with 823 million passengers. The rise of restaurants is even more dramatic. Since 2005, sales at "food services and drinking places" have grown twice as fast as all other retail spending. In 2016, for the first time ever, Americans spent more money in restaurants and bars than at grocery stores.

Non-Food Retail vs. Restaurants and Bars: 1992-2016

St Louis Fed

There is a social element to this, too. Many young people are driven by the experiences that will make the best social media content—whether it's a conventional beach pic or a well-lit plate of glistening avocado toast. Laugh if you want, but these sorts of questions—"what experience will reliably deliver the most popular Instagram post?"—really drive the behavior of people ages 13 and up. This is a big deal for malls, says Barbara Byrne Denham, a senior economist at Reis, a real-estate analytics firm. Department stores have failed as anchors, but better food, entertainment, and even fitness options might bring teens and families back to struggling malls, where they might wander into brick-and-mortar stores that are currently at risk of closing.

* * *

There is no question that the most significant trend affecting brick-and-mortar stores is the relentless march of Amazon and other online retail companies. But the recent meltdown for retail brands is equally about the legacy of the Great Recession, which punished logo-driven brands, put a premium on experiences (particularly those that translate into social media moments), and unleashed a surprising golden age for restaurants.

Finally, a brief prediction. One of the mistakes people make when thinking about the future is to think that they are watching the final act of the play. Mobile shopping might be the most transformative force in retail—today. But self-driving cars could change retail as much as smartphones.

Once autonomous vehicles are cheap, safe, and plentiful, retail and logistics companies could buy up millions, seeing that cars can be stores and streets are the ultimate real estate. In fact, self-driving cars could make shopping space nearly obsolete in some areas. CVS could have hundreds of self-driving minivans stocked with merchandise roving the suburbs all day and night, ready to be summoned to somebody's home by smartphone. A new luxury-watch brand in 2025 might not spring for an Upper East Side storefront, but maybe its autonomous showroom vehicle could circle the neighborhood, waiting to be summoned to the doorstep of a tony apartment building. Autonomous retail will create new conveniences and traffic headaches, require new regulations, and inspire new business strategies that could take even more businesses out of commercial real estate. The future of retail could be even weirder yet.

Related Video:

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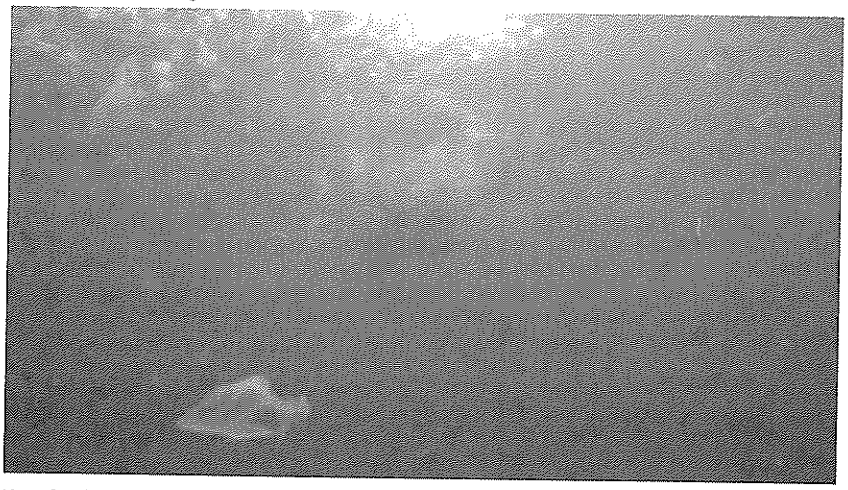
Australian retailers urged to lift their game after nightmare year

IT'S BEEN a nightmare year for Australian retail, with a parade of the nation's best-known brands decimated one after another. This is why.

Dana McCauley @Dana_Adele

DECEMBER 17 2016 2:52PM

Video Image



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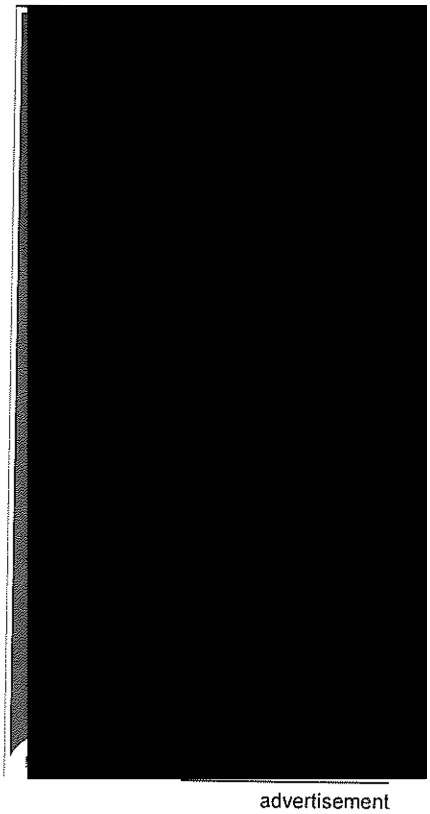


IT'S BEEN a nightmare year for Australian retail, with a parade of the nation's best-known brands decimated one after another.

And experts say things will only get worse if business leaders and governments do not pick up their game.

First it was Dick Smith Electronics, then the Woolworths-owned Masters home improvement chain that went under. Now, thousands more workers will be jobless at Christmas after a fresh slew of corporate collapses rounded out 2016.

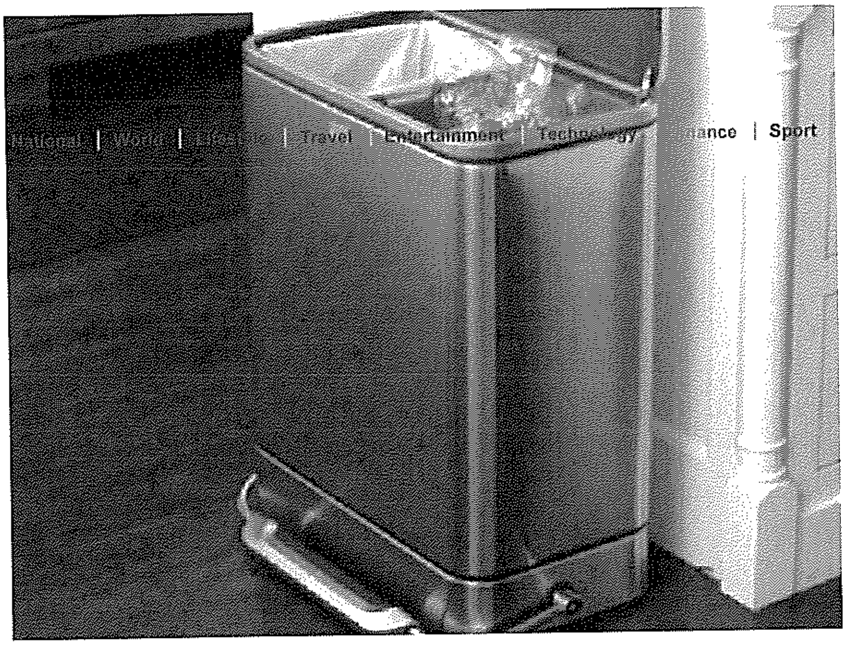
Payless Shoes this week announced plans to close its doors by the end of February, hot on the heels of Howards Storage World's demise, and that of children's fashion label Pumpkin Patch.

While Treasurer Scott Morrison seized on the latest bad news to bolster the Coalition's tax reform agenda, market watchers say there is far more that needs to be done.

Retail analyst Barry Urquhart of Marketing Focus said neither corporate leaders nor government had acknowledged what he called "an attitudinal recession" that was restraining businesses.

While the nation was yet to tip into an official recession — despite having just marked its worst quarterly performance since the global financial crisis — Australians remained apprehensive about their futures, he said.

And any business that failed to respond to this by recapturing the public imagination with a compelling, value-driven offering would simply fall by the wayside.



It's magnificent, but is it worth $529? *Source Supplied*

WHAT'S WRONG WITH THIS RUBBISH BIN

Dropping half a grand on a kitchen waste bin is the kind of decadent behaviour that most Australians can only dream of.

And while this gleaming, fingerprint-proof stainless steel contraption may be an OCD home maker's dream, the $529 price tag perfectly illustrates why Howard's Storage World has gone under.

"Designed for superior durability and strength with a solid steel platform pedal and step area,

it has the patented lid shox technology to ensure a smooth and silent operation," the retailer's website says.

"An invisible hinge allows the bin to fit flush against any wall for a great space-saving solution, while the integrated natural charcoal filters help keep garbage odours under control."

A garbage receptacle this fancy may have seemed like a logical purchase when the pre-GFC mining boom was at its peak, but times have changed.

With multinational competitors like Ikea and Aldi offering similar products at a much lower price — albeit without all the bells and whistles — it's no wonder the company struggled.

Visitors to the Howards Storage World's Facebook page were unsurprised at the retailer's collapse, saying its products were just too expensive.

"I have more and better things to spend my money on than a $129 shower bottles holder," one shopper wrote.

Demand for its extensive range of kitchen storage containers will also have been hit by changing consumer habits, Mr Urquhart said.

"In the past, Australians did their grocery shopping once a week, cooked up a storm and put containers of food into the freezer," he said.

"Today, 24.1 per cent go to the supermarket five times a week or more. It means that they don't need containers; they buy what they need, cook, consume and dispose of it."

'A RACE TO THE BOTTOM'

Payless Shoes opened its first store in Sydney in 1980, and is one of Australia's biggest independent shoe retailers.

But the company has been struggling for years, and was only saved from extinction in 2013 when its United States namesake Payless ShoeSource bought it out.

Since then it has continued bleeding cash, losing $10.2 million in 2014 and $10.8 million in 2015.

The private equity firms behind the acquisition finally pulled the plug last week, placing the discount chain into voluntary administration.

And the reason why? According to Mr Urquhart, it's not rocket science.

In a mission statement on its website, Payless says it aims to be "the go-to shoe store that budget-conscious women can count on for value, quality and style, helping everyone look good every step of the way by offering a trend-right and comprehensive range of everyday and special-occasion shoes for every member of the family".

But anyone who's ever wandered into a Payless Shoes store knows that their designs are far from on trend, Mr Urquhart said.

"The whole concept of 'pay less' and their race to the bottom with discounting highlights the fact that consumers do not give you loyalty when the only thing that differentiates you is price," he said.

"When you're talking about fashion and shoes and clothing, you're talking about personal branding and making a statement."

And few contemporary Australians would want to be known as the person who scored a bargain at Payless Shoes, he said.

"If you cut to the chase everything is about branding. We've got a deficiency of brands that represent value, consistency and continuity."

THE MAGIC FORMULA

Too expensive, too cheap; it's easy for retailers to get it wrong in today's market.

The key lay not just in price, but the combination of value, point of difference and innovation, Mr Urquhart said, with brands like Apple and Aldi were winning because they understood this magic formula.

"It is not necessarily about being the cheapest; Apple is not the cheapest, but people stand in line to get their products because they know it's new, it's upgraded all the time, it's got the simplicity of design. They dont need to be cheaper than Android, they're just there as a desirable situation."

And Aldi was shaking up the grocery sector with its discount offering based on a slimmed-down product range and smaller profit margins, gobbling up 12.5 per cent of the $92 billion industry in the past 15 years.

Australians businesses should take their cue from these global innovators, Mr Urquhart advised.

"Consumers are saying, 'tell me what's, new, innovative creative and exciting', and they can't see it on the business landscape," he said. "So people are saying 'well, we'll just reign in and have a little more of the same.

"There has been a lack of imagination, a decided lack or absence of new product. That is one of the reasons why this Christmas is going to be a very flat, uninteresting situation. It is relatively dull, boring, repetitive — and that is not the sort of thing that will capture the imagination or stimulate the emotion."

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LITHGOW CITY COUNCIL

Decline in Retail – National, International & Local Working Party

TERMS OF REFERENCE

Working Party Name: Decline in Retail – National, International & Local

Establishment

This Working Party reports to the Economic Development Committee which is established under section 355 of the Local Government Act 1993 which states:

A function of a council may, subject to this Chapter, be exercised:
(b) by a committee of the council

Resolutions

17 – 262 RESOLVED
THAT
1. *Council merge the following committees into one Economic Development Committee*

    a) Tourism Advisory Committee
    b) Economic Development Advisory Committee
    c) CBD Revitalisation Committee
    d) Business Industry Investment committee

2. *Council write to all members of the committees listed in 1. above thanking them for their participation to date.*

3. *Council establish the Economic Development Committee in accordance with the terms of reference in attachment 1 to this paper*

MOVED: Councillor W McAndrew SECONDED: Councillor R Thompson.
CARRIED

Delegations

The Working Party has no delegations from the Council and no member of the Working Party has authority to speak on behalf of Lithgow Council.

Financial Arrangements

The Working Party has no power to commit nor expend any Council funds.

Term of the Working Party

The Working Party shall operate for the 3 months from the date of establishment by the Economic Development Committee and will deliver its recommendations in written format to the Committee at the completion of the 3 month period at which time the Working Party will cease to exist.

The Committee and/or Council reserves the right to dissolve the Working Party at any time by a motion successfully carried in Committee or Council.

Working Party Responsibilities

The principal responsibilities of the Working Party are to:

- Research and advise the Economic Development Committee as to Global and Local pressures causing a decline in retail activity in International retail and regional and metropolitan retail industries in Australia.
- Identify any strategic responses from Australian Retail Industry Associations or Metropolitan and/or Regional Chambers of Commerce.
- Comment on actions taken by local Lithgow business in response to the negative pressures identified with a view to assisting in outlining a local retail strategy for their use.

Working Party Membership

Invitations are extended to members of the Lithgow Community who have relevant experience or qualifications to assist the Economic Development Committee with specific projects from time to time. In this Working Party, members will need to have research expertise and be independent of any existing retail activity.

Working Party Member Responsibilities

- Observation and compliance with Council's Code of Conduct.
- Observation and compliance with Council's OHS system objectives and instructions.

Appointment

All members of the Working Party will be appointed by a resolution of the Council.

Executive Support

Council Administration will provide executive support for the duration of the life of this working party and will:

- be responsible for preparing the agenda and minutes of working party meetings;
- be responsible for preparing a report to the Economic Development Committee containing the minutes; and, providing staff comment on the recommendations made by the Committee to the Council; and
- provide to the working party the outcome and resolutions of the Council regarding each recommendation.

MEETING PRACTICE

Code of Meeting Practice

The meeting procedures outlined in the Council's Code of Meeting Practice shall guide the meeting procedures of the working party unless otherwise outlined below.

Office Holders

The Chair of the working party shall be a member of the working party. This position shall be determined by an election at the first meeting of the term of the working party.

Frequency of Meetings

Meetings shall be held as required by the working party.

Meeting Protocol

- An agenda will be prepared and distributed 3 working days before each meeting, together with the minutes of the previous meeting.
- A quorum of members is required at all meetings and shall be 50% plus one of all members.

Minutes and Reports to Council

- Minutes of meetings will be kept of all meetings and will be reported to the

Economic Development Committee.