

About the Organisations

Business in the Community

Business in the Community is a unique movement in the UK of over 750 member companies, with a further 1600 participating in our programmes and campaigns. It operates through a network of 88 local business-led partnerships, as well as working with 45 global partners. Its purpose is to inspire, challenge, engage and support business in continually improving its positive impact on society. Members of Business in the Community commit to action and to the continual improvement of their company's impact on society. This project is in keeping with the commitment to integrate, manage and measure responsible business practice throughout the business and to inspire, innovate and lead by sharing learning and experience.

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Office of the Deputy Prime Minister Neighbourhood Renewal Unit

The Office of the Deputy Prime Minister (ODPM) aims to create sustainable communities, places that offer people decent homes, a community in which they want to live and work and access to jobs and services. The Neighbourhood Renewal Unit is a cross-cutting government unit based in the ODPM. It was established in April 2001 to drive through the implementation of the Government's national strategy for neighbourhood renewal. The Government's aim is to narrow the gap between the poorest neighbourhoods and the rest over the next 10 to 20 years so that no-one is seriously disadvantaged by where they live. The NRU is responsible for delivering programmes such as the Neighbourhood Renewal Fund (NRF), the New Deal for Communities (NDC), Neighbourhood and Street Wardens and other schemes designed to help communities reverse decline and deprivation.

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Experian

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Sponsors



Business in the Community

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Business in the Community is a unique movement of over 750 member companies, with a further 2000 plus engaged through our programmes and campaigns. We operate through a local network of more than 100 business led partnerships and 60 global partners.

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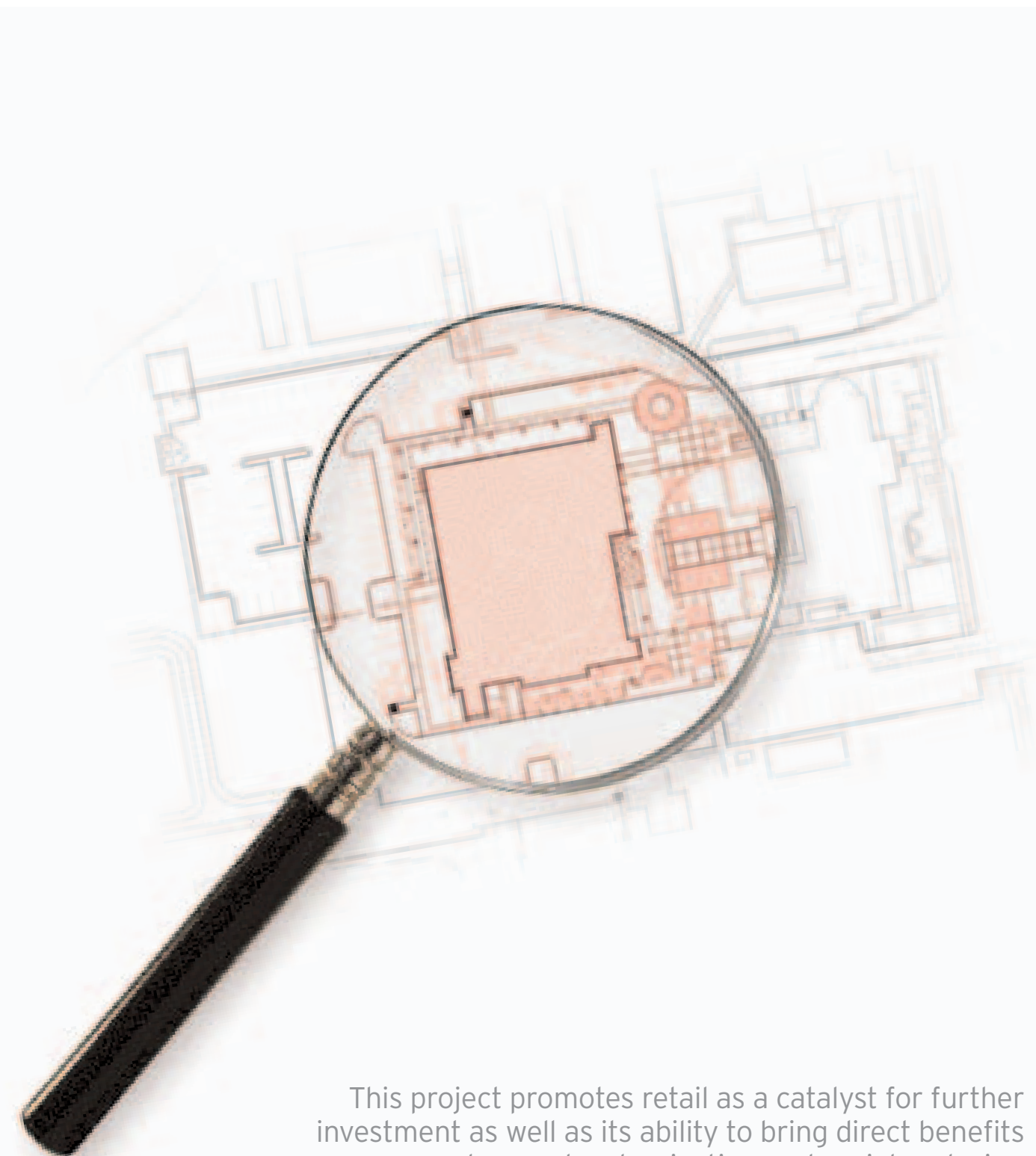
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Business in the Community

Community

Under-served Markets

Preliminary research findings



This project promotes retail as a catalyst for further investment as well as its ability to bring direct benefits to counter deprivation and social exclusion

Foreword

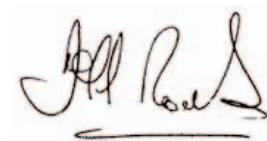
I am really pleased that ODPM is helping to fund this innovative Business in the Community project, and to see the private sector keen to explore commercial opportunities in deprived areas. My special thanks go to Experian and Boston Consulting for their pro bono support with the research underpinning progress with the project to date, and also to the retailers and developers who have given their time and support.

Deprived areas can be seen as new markets with competitive advantages; their strategic locations, their often untapped retail opportunities - as this project seeks to demonstrate - and the potential of their workforce. Stimulating business-led growth in our most disadvantaged neighbourhoods is essential if we are going to achieve our objective of creating more sustainable communities.

Our support for this project demonstrates Government's belief that the private sector plays a key role in regenerating our deprived areas. Government cannot solve all the problems on its own. By working with the private sector we can better understand what drives the investment decision making process. And by bringing this closer to the local level we can work with communities to achieve real and lasting improvements, which reduce isolation and the lack of access to goods and services.

The Under-served Markets project builds on these principles, contributing to our wider strategy for neighbourhood renewal. It will help us ensure that - when the economy is growing - we bring prosperity to those places and those people the economy has too often and for too long forgotten.

These preliminary findings raise a number of challenges for all parties involved in the process of achieving regeneration. We look forward to further discussion of the issues raised.



The Rt. Hon. Lord Rooker
Minister of State for Regeneration
and Regional Development

Introduction

Business in the Community is committed to supporting business to improve their positive impact on society and sees the Under-served Markets project as an innovative approach to bringing private sector investment to England's most deprived areas. We welcome the positive support the Government is providing the project and are delighted by the high level of support from businesses.

The project is business-led by an experienced group of business leaders drawn from the retail, property and finance sectors. Working with local authorities and across central and regional government, the group is committed to accessing new opportunities in England's most deprived areas. A number of examples of private sector investment in target neighbourhoods will be generated in order to demonstrate and evaluate real impact.

We believe that there are real business benefits to be found in assisting the regeneration of deprived areas through investment. In the US, many deprived communities are now seen as market opportunities and cases are emerging in the UK to demonstrate the business benefits of entering under-served markets.

In the UK we consider retail to be relatively under-utilised as a strategy for regeneration. This project promotes retail as a catalyst for further investment as well as its ability to bring direct benefits to counter deprivation and social exclusion. Business in the Community is also keen to acknowledge and to encourage innovation by companies engaging in regeneration activity.



Ian Coull
Chief Executive, Slough Estates plc
Chair, Under-served Markets working group



Julia Cleverdon
Chief Executive, Business in the Community

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The Under-served Markets project

The origins of the Under-served Markets project lie in the story of Harlem, NY, where retail investment was used as the catalyst for the regeneration of a community perceived as a 'no-go' area for investment due to high crime, low incomes and expenditure. Research into the informal economy was used to demonstrate to retailers that they had underestimated the level of expenditure being lost to downtown areas. A closer look at the figures revealed that crime rates were actually lower than midtown and also that there was a higher proportion of middle class residents than average statistics showed. Could this experience, the Government asked, be replicated in the UK? Could a replicable model be created to attract private investment to deprived areas, using retail as a starting point for regeneration? Could these areas open up new sites for retailers?

To answer some of these questions the Under-served Markets project was established in 2002 by Business in the Community and the Office of the Deputy Prime Minister. Its aim is to investigate the opportunities for business investment in deprived areas and the potential regenerative impact. Challenging negative perceptions is an important factor in encouraging investment in deprived areas. No local authority seeking to attract investment is likely to be grateful for the title 'deprived' and, equally, no retailer is likely to be attracted by indicators that solely focus on crime levels, unemployment or poor health.

The creation of a positive image, abandoning preconceptions and focusing on opportunities, can help to lift a 'deprived' area and encourage innovative approaches to regeneration. The first lesson for the project, therefore, was to understand retailer thinking and to take their advice in framing the project. A working group was formed, composed of representatives of retailers and property developers to ensure that the project is kept business-led and market orientated. Under this guidance, the Under-served Markets project is seeking to assist in the positive portrayal of these communities as places of opportunity where the people are not disadvantaged but under-served. The project is also working closely with local authorities to support them in meeting their priorities.

With the assistance of Experian, research was carried out looking at current retail provision, expenditure and predicted growth across the 88 'most deprived' local authorities in

England (recipients of government funding for neighbourhood renewal). Instead of studying levels of deprivation, many of these areas can now be exhibited as areas where the residents are currently under-served by retail, where there are new markets to access and commercial opportunities on which to capitalise. This research, highlighted in this document, was presented to the working group and it quickly became apparent that not only are many retailers already located in these areas but that others are increasingly prepared to consider investing. Unfortunately they are often deterred by potential or perceived barriers that would seem to outweigh the value of the investment.

The Under-served Markets project has focused its efforts on securing the support of brand retailers in the knowledge that these are the companies able to take the lead in attracting investment to an area. They can create employment opportunities for the long-term unemployed and provide access to goods and services for residents of all incomes and backgrounds. The footfall they generate through increased customers numbers can support surrounding businesses and contribute to what has been described as a 'halo effect'.

One challenge for the project is recognising that when faced with a choice between a deprived area and a more affluent area, retailers are likely to choose the area which appears more profitable. Given the more marginal returns retailers sometimes expect from a catchment covering deprived areas, the return simply may not merit the costs of making an investment. In

attracting development into deprived areas another challenge is to find ways to balance Government's policy on planning for the continued growth of town centres with the need to attract investment to those deprived areas.

From the research, twelve local authorities were identified on which to focus. They represent areas demonstrating market opportunities, different demographic and typological profiles and geographic spread. Meetings with local authority officers have revealed a wide divergence in the way national policy is interpreted: some are very focused on 'town centre first' and are nervous about scale and consistency with national planning policy in other, deprived areas, outside the town centre; others are open to innovative approaches. Through the identification of four pilots within these twelve areas, the Under-served Markets project hopes to be able to address some of these issues. One result of the project's work to date has been the

reinforcement, at ministerial level, of Government's recognition of the important role that retail can play in the regeneration of communities. A meeting hosted by the Chancellor at No.11 Downing Street in June 2004, with the Deputy Prime Minister and the Secretary of State for the Department of Trade and Industry was attended by 11 chief executives or senior directors of retail and property industry companies and offered the opportunity to share their views.

The freeing of future development sites for retail investment in deprived areas within the context of Government policy on town centres and the promotion of social inclusion is crucial to the success of the project. It depends largely upon a mutual understanding of the benefits retail can bring. Retailers must learn actively to promote the benefits they offer, beyond jobs, and the public sector to do more to promote and to encourage the potential of retail-led regeneration.

“The improvement of the quality of our towns and smaller cities is an important focus for BCSC and we are pleased to be supporting the work of the Under-served Markets project in furthering this agenda.”

Bob de Barr, British Council of Shopping Centres (BCSC)



Preliminary findings

Under-served Markets: 12 study areas



Deprived areas can be found in every region of England and include large cities, town centres, smaller centres, edge, out-of-centre and rural areas and have a wide range of demographic profiles. 88 of the most deprived local authorities are in receipt of Neighbourhood Renewal Funding and from these, the project has identified 12 areas for further in-depth analysis. The pilots will be selected from among this shortlist.

MARKET RESEARCH

- Commercial opportunities within deprived areas exist and have not yet been exploited.
- Deprived areas are not limited to town centres.
- Investment opportunities identified by research and retailer interest do not necessarily fall within current local authority priorities.
- National planning policies need to offer appropriate frameworks to encourage investment in deprived areas.

- Some areas lie in the shadow of more prosperous centres and are so far into decline that they would require a more collective action to regenerate.
- Several centres are attracting greater levels of retail expenditure than the existing retail provision would suggest, a strong indication of commercial potential.
- Government collects data primarily by geographic boundaries (e.g. borough, ward) whilst investors make decisions by shopper catchment.

“The retail sector plays an increasingly vital role in the regeneration of towns and cities across Britain by helping to create new markets, providing a focus for physical regeneration and implementing socially beneficial operating practices. By working in partnership with retailers, we believe the Under-served Markets project will enable many more communities and neighbourhoods to enjoy the benefits of retail led regeneration.”

Kevin Hawkins, Director General, British Retail Consortium

ENGAGING THE RETAIL SECTOR

- The ability to engage and appeal to the private sector through their core business areas, alongside their community affairs or CSR units, is key to any true investment strategy.
- For some retailers, deprived areas are not seen to match their targeted customer base, whilst for others, deprived areas are viable markets.
- Investment decisions are driven by demand (i.e. shopper catchment and target customer group) and supply (existing stores and competition).
- Key business considerations include: the ability to implement required business/format models (e.g. site availability, accessibility, parking); the ability to achieve required operating performance (e.g. crime levels, employee availability).
- Investment decisions are sometimes subject to competition with other relatively more attractive options (i.e. deprived areas in the context of a broader portfolio of investment opportunities).
- Many retailers would prefer to be part of a larger transformational project with other investors.
- Three main barriers were cited: a lack of suitable sites, poor accessibility and complex multiple ownership of potential sites.
- There needs to be a clearer assessment of the contribution of the retail sector to the national economy and level of employment opportunities beyond entry point jobs.

- Engaging the private sector is made easier when dialogue is around specific investment proposals.

LOCAL AUTHORITIES

- Local Authorities vary in their level of engagement with and understanding of retail issues.
- Some could plan more proactively for their deprived areas including other centres, within the context of national policy.
- Local Planning Authorities would benefit from more continuous dialogue with central departments in order to minimise the risk of decisions being called-in.
- Some Local Authorities would benefit from better coordination between their regeneration and planning departments.
- There is recognition of the positive role that retail can play in communities but not always knowledge of how to harness this potential.
- Strongest potential for successful pilots lies where Local Authorities are working with the project to provide information and to identify council-owned property to be considered for the pilots and are actively supporting the efforts of the Under-served Markets project.
- Local Planning Authorities would benefit from involving retail more in master planning exercises.

INFORMING POLICY

- Alignment across a wide range of agencies and departments is necessary for maximum impact.

- Planning measures, such as PPS6, could be better utilised as a tool to promote investment in deprived areas.
- Government should consider communicating more explicitly to the private sector that its contribution to social inclusion and regeneration goals is more valued than broader retail contributions.
- There is an arguable need for more incentive-based policies to encourage investment in the most deprived areas.
- There should be more scope for dialogue with national government at the early stages of projects, subject to proprietary considerations.

ADDITIONAL STAKEHOLDERS

- Engaging certain stakeholders on a national project basis, such as small businesses and local communities, is difficult without determination of specific locations.
- Existing studies on the regenerative impact of retail development lack credibility with many stakeholders.
- The ability to disseminate information and lessons from the project to a wider range of potential stakeholders, as well as others generally interested in the work, will be challenging and a focus for the next stage of the project.

study:

Case study: Harlem, NY



The Under-served Markets project is partly based upon practical experience from worked carried out in Harlem, NY.

Harlem has experienced some of the most radical shifts in economic life of any US city; it evolved from a white middle-class neighbourhood to an African American middle-class neighbourhood, becoming an epicentre of African American arts, entertainment, and literature during the 1920s, and then to a neighbourhood marked by poverty, high crime, and dilapidated buildings.

SO WHY THE DECISION TO UNDERTAKE RETAIL-LED REGENERATION?

Harlem occupies approximately one-third of Manhattan Island and yet the population was considerably under-served in terms of retail provision. The area was effectively a 'no-go' for national brand retailers, with no sizeable shopping centre resulting in a restrictive range of available products.

Harlem is a well defined neighbourhood with its own downtown, essentially the commercial ribbon of development that has traditionally lined 125th Street, a thoroughfare that crosses the island of Manhattan from the East River to the Hudson River. In the early 1990s the street was populated by discount retailers traditionally associated with low-income customers. Local independent shops served a component of the population,

but a high proportion of retail spending 'leaked' to the better served areas of Manhattan. New housing was being built but was generally unattractive to residents due to the lack of retail services.

It was determined that Harlem would benefit if a higher proportion of retail spending could be retained within the local community, especially when combined with the spending of new customers that could be attracted to 125th Street. Retail is the largest industry in terms of employment in the US and is the entry point for 40 per cent of first-time workers. It also has the ability to provide, through training, skills and access to a large service sector. These factors determined the role of retail as a key component in Harlem's revitalisation strategy, alongside new housing provision.

Collaboration by a number of different organisations created an economic environment on 125th Street acceptable to national chains. A major initial barrier to overcome was the negative perceptions of the areas held by potential investors, misconceptions often not borne out by the facts.

For example:

- The high crime levels around underground stations in Harlem were shown to be no greater than in Times Square and Wall Street
- A perceived lack of substantial buying power of Harlem residents was contradicted by figures that demonstrated 20% of households had an annual income of \$50,000 or greater
- Rather than a lack of customers, 70% of residents shopped outside the area
- A strong immigrant population combined with an even stronger 'cash economy' meant that the true measure of economic activity wasn't captured by traditional means

INVESTMENT SUCCESS

In late 1997 a new bank opened on West 135th Street, one of the first new commercial investment ventures. It was far more successful than had been anticipated: 5,000 cashpoint transactions per month were necessary to break even and 6,000 for a profit. In the third month of operation alone, the cash dispensers handled 30,000 transactions.

In 1999 Chase Manhattan Corporation and the local Abyssinian Development Corporation collaborated on the development of a 63,000sq ft shopping centre on 125th Street. The development was anchored by a Pathmark supermarket that became the second highest sales generator within the 114-store chain. The project represented the first major commercial property development project in Harlem for 20 years and created 210 permanent jobs.

One of the pioneering brand nationals to open on 125th Street was Starbucks Coffee Company, which partnered with (Magic) Johnson Development Company to form Urban Coffee Opportunities LLC (UCO). Harlem was the UCO's second store in the country, also opening in 1999.

In 2000 the first major comparison shopping project, Harlem USA, opened; a 285,000-square-foot retail complex at West 125th Street and Frederick Douglass Boulevard. Anchored by the Magic Johnson Theatre, this broke open the Harlem market for national retailers and sparked a retail revitalisation on 125th Street. The Old Navy store, one of the original tenants at Harlem USA, became the fourth-highest grossing store in the chain and Modell's is the no. 1 in its chain. The International House of Pancakes gave Harlem its first national chain restaurant.

Further investment has been attracted to Harlem with Harlem Park, a retail, office and hotel development, opening in spring 2006 and East River Plaza opening winter 2007.

THE RELATIONSHIP BETWEEN THE CHAINS AND THE INDEPENDENTS

Contrary to the expectation of some, the arrival of the large retail chains did not necessarily spell the end for the small independent shops that had traditionally traded in Harlem. The key lay in harnessing the increased footfall (customer presence) generated by the brand retailers to attract new corporate investors whilst maintaining the old flavour and character. The retail transformation of Harlem was not without some challenges, but new customers provided the necessary support for existing businesses and new opportunities for local entrepreneurs to open shops, restaurants, and even jazz clubs.

Further information:

- "Harlem's Second Renaissance" - Urban Land September 2004
- "Following in Harlem's Footsteps" - RICS Business March 2004
- "A New Harlem Gentry in Search of its Latte" - The New York Times, August 7 2003
- "Revitalised Harlem Grapples with Changes" - The Journal News, June 2 2002
- "The Price of Success" - The Network Journal, April 2001
- Social Compact Market Drilldown Research July 2000 <http://www.socialcompact.org/researchkeith.htm>

Potential benefits

Building on the Harlem experience and UK examples, the key objectives of the Under-served Markets project are:

- Identify and measure the market opportunities within the 88 'deprived' areas;
- Deliver four pilot projects, ensuring their commercial viability;
- Engage the core business units of companies with the goal of demonstrating that investment in these communities is a business opportunity with a regeneration benefit;
- Ensure that the project is business-led, through a Working Group of retailers and developers;
- Inform government policy and address potential barriers to investment;

The project has created a body of research for use in identifying pilots that offer the best opportunities for successful investment. This has involved engaging both the retail and property sectors and working with targeted local authorities to ensure support for the project's pilot investments.

PRIVATE SECTOR

The Under-served Markets project is concerned with influencing the core business activities of companies and has therefore focused on the commercial viability of investment opportunities identified. We have emphasised the factors which may motivate a national multiple, or other business, to expand into deprived areas as opposed to more affluent areas which may appear a more attractive investment prospect.

These factors may include:

- Gain of market share before competitors
- The business potential of untapped buying power
- Savings from reduced staff turnover and local labour pool
- Identifying and delivering to growing but under-served segments of the community and creating a new customer base
- Access to growing ethnic markets and other emerging markets

PUBLIC SECTOR

The Under-served Markets initiative offers an opportunity for central, regional and local government to engage with the private sector. The project is encouraging cross-departmental working and seeking to inform public policy, where appropriate, on how to harness the power of private investment to support regeneration.

Benefits may include:

- Greater partnership with the private sector in order to address issues of social exclusion and multiple deprivation

- More support for those disadvantaged groups traditionally hardest to reach
- Enhanced alignment of various initiatives for greater impact

LOCAL COMMUNITIES

Residents of many of the wards within the 88 Neighbourhood Renewal areas have seen businesses close or leave and a corresponding decline in the built environment. Many suffer from multiple disadvantages and are unable to access essential goods and services or employment opportunities. When funding is closely associated with levels of deprivation, a competitive environment can arise where organisations bid for funding on the basis of demonstrating their greater need and emphasising their disadvantages, rather than promoting the positive aspects of their community. Private sector market-based investment can assist in changing perceptions in a practical way.

The benefits for communities may include:

- Improved access to products and services
- Increased local employment and training opportunities
- Local business development through increased customer presence and construction, service and purchasing contracts
- Safer communities through enhanced crime reduction strategies
- The multiplier effect i.e. the attraction of additional investment to the area
- Improvements in the built environment
- Greater community pride

Researching marketing opportunities

“The BPF fully supports the Under-served Markets project since we firmly believe that it is only by seeking to build sustainable economic activity in deprived neighbourhoods that long term regeneration will be achieved. It is not enough just to put up good buildings - though that helps! What is needed is basic commercial enterprise - providing services to the community and jobs. Retail is an excellent way of kick-starting this process.”

Liz Peace, Chief Executive, British Property Federation (BPF)



It is believed that the Under-served Markets project will make a unique contribution to current regeneration efforts in the UK by considering market opportunities within areas labelled as 'deprived'. Such labels can deter investment by encouraging a 'no-go' perception of areas. By using positive and commercially recognisable terms, such as 'under-served', we can assist in countering adverse perceptions and encouraging investment.

Traditional research into these neighbourhoods has been primarily based on indices of deprivation but in order to engage successfully with the business community, the measurement objective is analysis of existing commercial opportunities rather than social problems.

Retailers have sophisticated research models and a wealth of market data by which to make investment decisions. The project is seeking to revise the presentation of existing information, along with additional data from other sources less readily available in order to build a truer picture of the market opportunities in the 88 Neighbourhood Renewal Fund areas.

Experian, part of GUS plc. and a lead provider of strategic support, has given the project invaluable pro bono support to create a body of research for the Under-served Markets project. Their knowledge and experience with the guidance

of the Working Group has helped to ensure that the result offers added value as an incentive to private sector investment. Existing supply and retail expenditure, leakage to other areas, projected growth, demographic mosaics and access infrastructure were all examined, focusing on the areas of concentrated deprivation within the local authorities targeted. Also included in the analysis are: catchment definitions, housing, planned developments, land availability, past failures and local planning issues across sites.

From this body of work 12 local authorities, from which pilots will be selected, were identified for further analysis of market opportunities. They were chosen with reference to ensuring geographical diversity of the country and representation of different typologies. These areas have been used to illustrate examples of the research tools employed by Experian.

The Index of Multiple Deprivation (IMD)

The Office of the Deputy Prime Minister (ODPM) commissioned the Social Disadvantage Research Centre (SDRC) in the Department of Social Policy and Social Research at the University of Oxford to update the Indices of Deprivation 2000 (ID 2000) for England. Following two extensive public consultations, an academic peer review and a significant programme of work, the new Indices of Deprivation 2004 were produced.

THE CONCEPT OF MULTIPLE DEPRIVATION

The Index of Multiple Deprivation 2004 (IMD 2004) is a measure of multiple deprivation at the small area level. The model of multiple deprivation which underpins the IMD 2004 is based on the idea of distinct dimensions of deprivation which can be recognised and measured separately. These are experienced by individuals living in an area. People may be counted in one or more of the domains, depending on the number of types of deprivation that they experience. The overall IMD is conceptualised as a weighted area level aggregation of these specific dimensions of deprivation.

DOMAINS AND INDICATORS

The IMD 2004 contains seven domains of deprivation: Income deprivation, Employment deprivation, Health deprivation and disability, Education, Skills and training deprivation, Barriers to housing and services, Living environment deprivation and Crime. Each domain contains a number of indicators. The criteria for inclusion of these indicators are that they should be 'domain specific' and appropriate for the purpose (as direct as possible measures of that form of deprivation); measuring major features of that deprivation (not conditions just experienced by a very small number of people or areas); up-to-date; capable of being updated on a regular basis; statistically robust; and available for the whole of England at a small area level in a consistent form.

Each domain is given the following weight when they are combined to form the Index of Multiple Deprivation 2004.

Income deprivation	22.5%
Employment deprivation	22.5%
Health deprivation and disability	13.5%
Education, skills and training deprivation	13.5%
Barriers to housing and services	9.3%
Living environment deprivation	9.3%
Crime	9.3%

A GLIMPSE OF THE RESULTS

England's most deprived 20% of Super Output Areas (SOA) - a more stable local area measurement than ward data - have the following characteristics on average:

- Just under a third of people are income deprived.
- One in five of women aged 18-59 and men aged 18-64 are employment deprived.
- Just under half of children live in families that are income deprived.
- Just under a third of older people are income deprived.

Research tools

WHY EXPERIAN WAS SELECTED AS A RESEARCH PARTNER:

Experian is an established provider of research for the retail sector. It has a history of producing bespoke consultancy projects for retailers and for property investors, developers and managers. Its range of work spans pan-urban studies, on cities including London, Glasgow and Dublin; big shopping centre regeneration, such as assessing the impact of Birmingham's Bull Ring; and pioneering analysis of the potential in smaller towns, such as Barnsley, Bracknell and Denton.

Experian has access to vast amounts of proprietary information. This includes Goad plans of retail centres; Retail Planner, its economic forecasts; Mosaic, the UK's leading demographic segmentation; and Where Britain Shops, its survey of shopper catchments. The following pages show examples of how these research elements have been applied to the twelve selected local authorities.

For further information about Experian property consultancy and services, please contact Jonathan Riches on 0115 968 5087 or email: jonathan.riches@uk.experian.com

For all enquiries about Goad property information, please call 0845 601 6011 or email: goad.sales@uk.experian.com

Goad Plans Barnsley

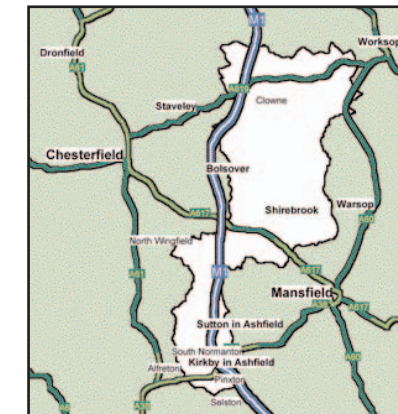


Experian's Goad database is the most comprehensive and consistent source of town centre and retail park outlet information. Surveyors update 3000 plans across the UK on an annual basis. Within each Goad plan shops are ranked by their pitch and mapped to show the vitality of different shopping areas, as in the map of Barnsley. Areas with a strong mix of key retailers will be highly rated while vacant outlets will detract from the score. Many smaller centres, especially in deprived areas, do not benefit from the empirical evidence that can be provided by actual pedestrian counts. This Goad-based approach can be used to provide an alternative measure of the retail vitality of different parts of the town. It can also be used to assess 'what if' scenarios, showing how a new development may change the nature of a retail centre.

In Barnsley, we see the strongest pitch (red area) around the pedestrianised part of the town centre, between Queen Street and the market. Towards the outskirts (green and blue), the vitality is undermined by a higher proportion of vacant and service outlets.

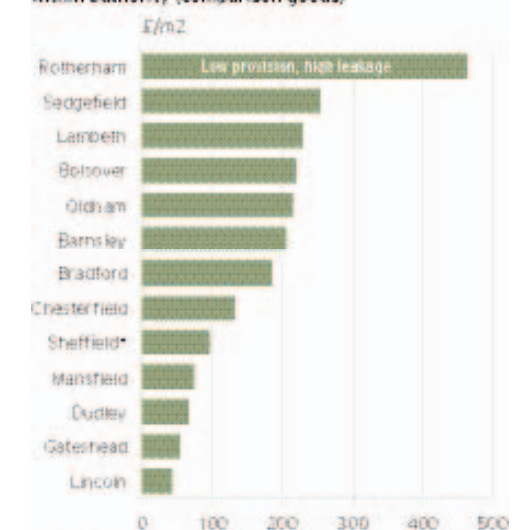
Retail spend Bolsover

Estimates of current and future spend on retail and leisure can be used to assess a region's potential for future development and growth. The contrast between spend within a local authority and its current volume of retail is one way to highlight under-served areas. Rotherham, Lambeth and Bolsover are all examples of authorities where substantial expenditure is diverted to destination retail centres outside their boundaries. In the case of Bolsover, the challenge is to address how retail within an area of dispersed rural population and limited infrastructure can take advantage of this resident spend and compete with destination centres within reach such as Mansfield, Chesterfield and Meadowhall.



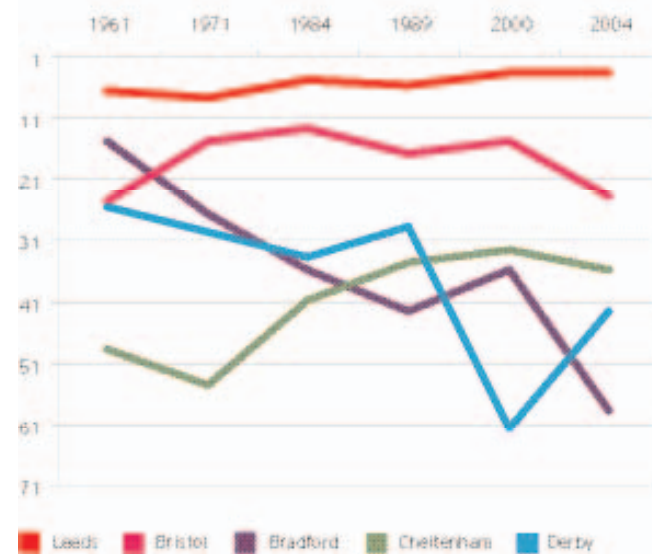
Spend-floorspace ratio

Resident spend divided by total floorspace within authority (comparison goods)



Retail centre ranking Bradford

Retail Centre Ranking, 1961-2004

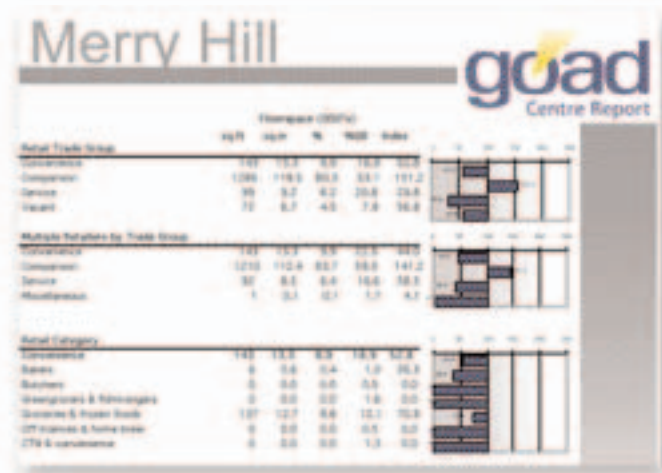
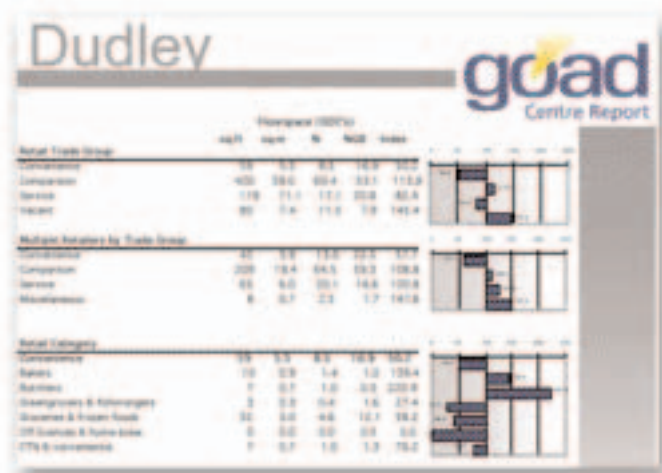


Experian's annual retail centre ranking, produced in collaboration with BCSC, assesses the vitality of retail centres by combining a number of factors taken from the Goad retail database. Since the ranking has been compiled since 1961, it can be used to trace the rise or fall of centres, highlighting towns that have strengthened over time, putting neighbouring centres in their shadow. Bradford is one such example: it has an affluent fringe population that contributes to high levels of spend, but has fallen in the ranking in contrast to neighbouring Leeds which has risen over the last fifty years. Such historical inspection shows how future schemes, that may seem overambitious, are realistic given the past shape of Britain's retail centre network.

Retail mix Dudley

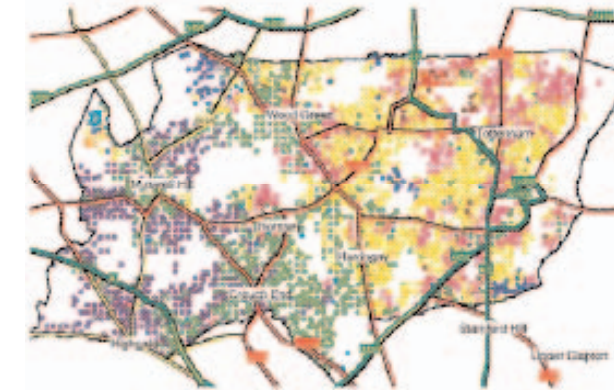
Goad's database of retail outlets enables the comparison of the make-up of different centres. For example, Dudley town centre has a strong penetration of service outlets, such as travel agents and banks, but the focus in comparison goods is mainly furniture, hardware stores and charity shops. Nearby Merry Hill has a stronger mix of department stores, fashion outlets and electrical stores. The database also shows that the proportion of vacant stores in Dudley is 50 per cent above the national average, compared to Merry Hill where it is half the national average.

While individual vacancy figures may be of no surprise to the centres and authorities themselves, Goad gives the project the wider ability to compare centres across all 600 surveyed centres in the 88 most deprived authorities, and to identify specific areas under-served by retail, both in terms of mix and volume.



Cluster types Haringey

The varied demographics of Haringey



Mosaic UK Lifestyle Groups

- A Symbols of Success
- B Happy Families
- C Suburban Comfort
- D Ties of Community
- E Urban Intelligence
- F Welfare Borderline
- G Municipal Dependency
- H Blue Collar Enterprise
- I Twilight Subsistence
- J Grey Perspectives
- K Rural Isolation

Initial market studies of the 88 local authorities considered their size, population, shopping provision and the level of contrast between their wealth and poverty (in terms of income). The most extreme examples of the latter formed one of the seven clusters. Since the more affluent fringes of a catchment area traditionally drive a retailer's decision to locate in a deprived region, these authorities should have an easier job of attracting new stores.

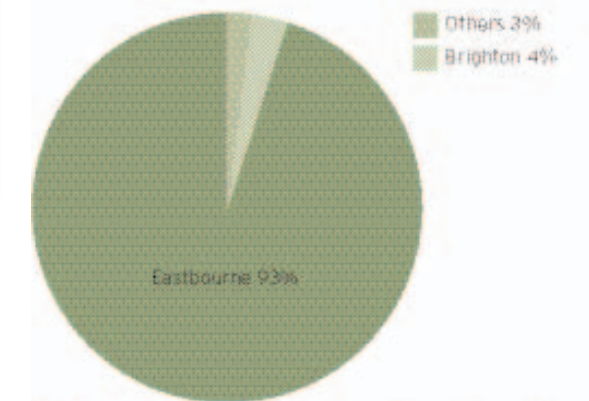
London boroughs such as Haringey, above, dominated this cluster. Haringey's demographics are some of the most polarised, with the wealthiest communities living near to some of the least affluent. This is demonstrated on the map using Experian's Mosaic consumer segmentation, showing "Welfare Borderline" living next to "Symbols of Success". Expansion of Wood Green, the main shopping destination, to better cater for this cosmopolitan mix is restricted by limited availability of land.

Leisure spend Hastings

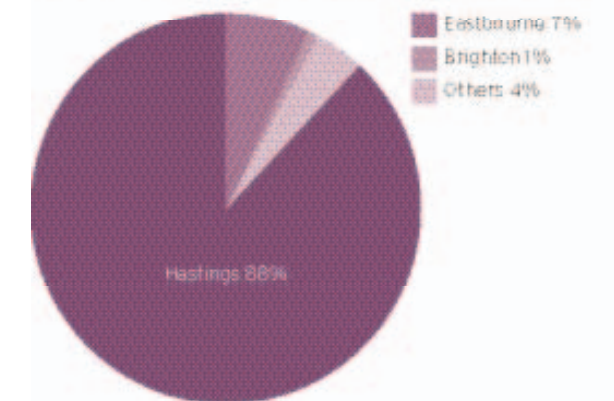
Experian runs a continual survey of retail and leisure spend patterns, generating approximately 1.0 million responses annually. This survey canvasses consumers in lifestyle surveys through magazine inserts, target mail and doordrops. The product has been validated by comparing responses with observed customer spend patterns provided by retailers with whom Experian has a close collaborative relationship. The surveys reveal distinct trading patterns - especially out of town and in town centres where public transport is a significant determinant of the catchment - that are not revealed when notional drivetime catchments are used.

In this example, the staying power of the local population of Hastings has been contrasted with neighbouring Eastbourne, a town of similar size but traditionally a higher income and therefore greater appeal to the retailers and leisure operators. For example, in Hastings, 23 per cent of residents prefer to go for a night out outside their local authority, compared to only 13 per cent in Eastbourne.

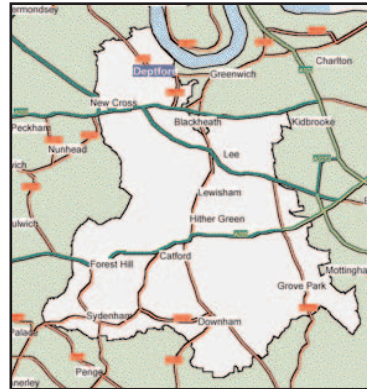
Destination leisure nights out from Eastbourne



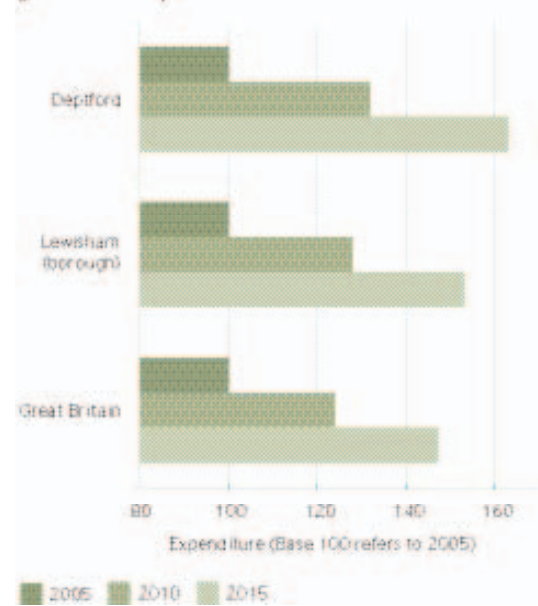
Destination leisure nights out from Hastings



Expenditure growth Lewisham



Forecast increase in spend on comparison goods in Deptford relative to rest of Britain



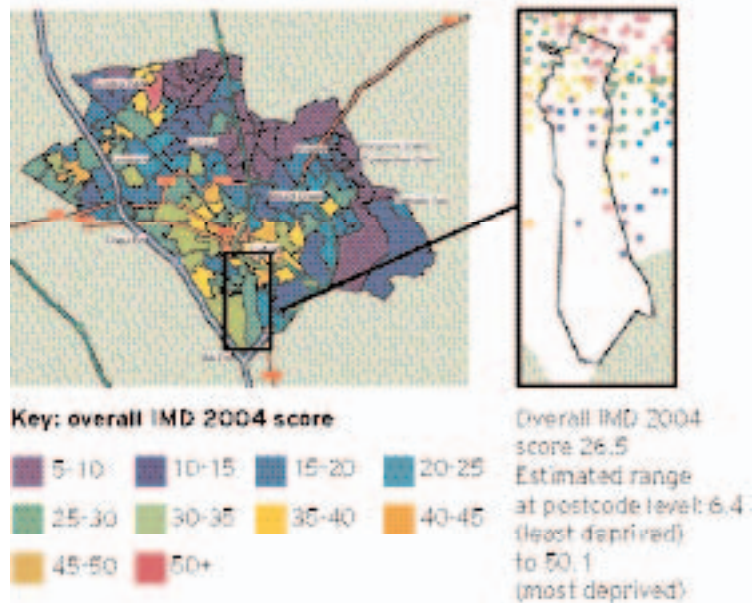
Investment in new housing in deprived areas often means that expenditure forecasts, such as those produced by Experian, show proportional increases above the national average. Traditionally, the retailers perform site analysis that is most concerned with current potential. They are much less likely to look at future investment and changes to expenditure. In the case of Lewisham, despite new housing, retail development is concentrated outside the Borough. The above chart shows how expenditure growth in an area such as Deptford is significantly greater than the national average, and should be used to convince retailers of its long-term value as a retail location.

Mosaic and the IMD Luton

The IMD uses official statistics, and is widely used and understood throughout the public sector. It provides deprivation scores for each Super Output Area. This geographic resolution has limitations due in part to disclosure requirements (the need to protect the confidentiality of individuals), and to the lack of available data at lower levels of geography. Consequently it can miss patches of poverty or affluence, and differences within an area of deprivation. Such pockets of affluence can be key to achieving benchmark sales for a retailer - hence, identifying them can help secure retail investment for a community.

Experian's Mosaic consumer segmentation is sourced from over 400 sets of data, including the Census, the Electoral Roll, lifestyle survey information, consumer credit activity, the Post Office Address File, Shareholders Register, house price and Council Tax information. It is not subject to the same disclosure requirements, and has been used to accurately estimate what the IMD would be at much smaller levels of geography. In the case of Luton, the examples below show Super Output Areas whose IMD values belie the social breadth of their residents.

Luton borough map showing Super Output Area boundaries and IMD2004 scores



Retailer gaps Oldham

Selected missing and undersized outlets in Oldham town centre

Fascia	Benchmark centres - floorspace			
	Oldham	Blackburn	Halifax	Rochdale
Nobles		190	250	190
William Hill			400	160
Argos	390	430	720	1030
New Look	130	580	570	900
Peacocks	510		700	1240
First Choice		130		150
Rosebys		200	580	100
Wilkinson			1670	2370
Warren James		130	80	90
Jumpin' Jaks		1080	1150	
Millets			150	
Clarks		120	110	
Farmfoods		820		250
Kwik Save			960	530
Tesco Metro		1070	1240	
Bhs		1700		
Marks & Spencer		1890	3940	1980
T J Hughes	1670	6270		2890
Blockbuster			590	430

Size based on Goad estimates of gross floorspace (m²), Benchmarks based on centres with similar populations and Mosaic shopper profiles

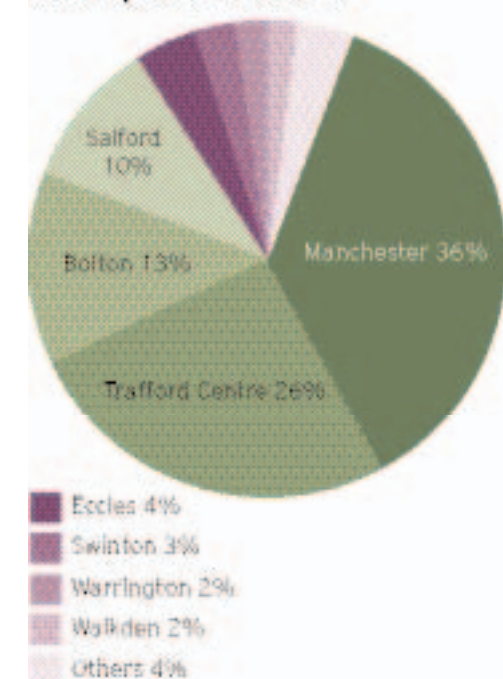
Goad is the most comprehensive and consistent source of retail floorspace information. The first stage is to identify which 'benchmark' towns have similar numbers and types of shopper to a particular centre. It is then possible to compare the coverage of retail fascia and discover the absentees, and also which have a smaller presence than the same stores in the benchmark centres. For example, Oldham is the largest town in Britain without a Marks & Spencer, but it also has no Blockbuster, Clarks or Wilkinson, all retailers expected to be present in a town of similar size and with similar demographics.

Spend leakage Salford

Experian's shopper surveys examine where people shop across the UK, both in-town and out-of-town, and can also be used to show the distribution of spend within a specific area. In Salford, the majority of spend is diverted to Manchester city centre, the Trafford Centre and Bolton. Spend to local centres within the council boundary such as Salford and Eccles accounts for less than 20 per cent of the total resident spend.



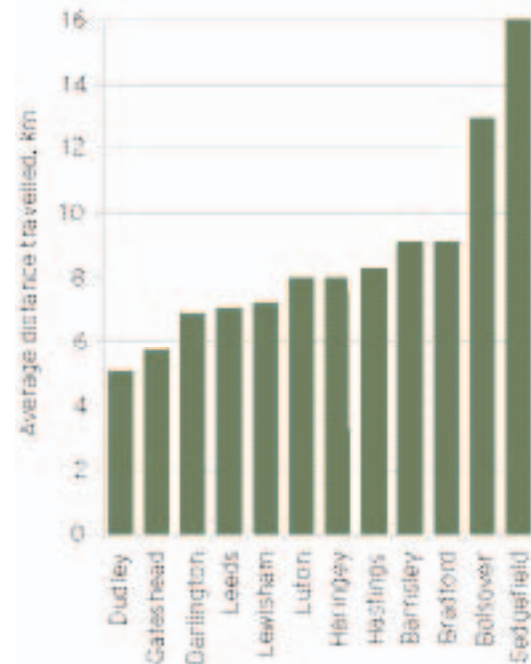
Comparison goods shopping trips made by Salford residents



Travel times Sedgefield



Distance travelled by local authority residents for shopping trips



Experian's shopper surveys can be used to explore how far people travel to go shopping. By comparing similar areas, they can be used to highlight which communities are less well served by retail. People living in 'shadow centres' typically travel further than those living in their dominant neighbour (such as Bradford compared to Leeds) as they travel further afield for their shopping. The more remote or rural an authority, the further people have to travel to fulfil their shopping requirements. Sedgefield is one example of this and few authorities in England show greater travel distances. Regular destinations here include Bishop Auckland (16km), Darlington (19km), and the Gateshead's Metro Centre (46km).

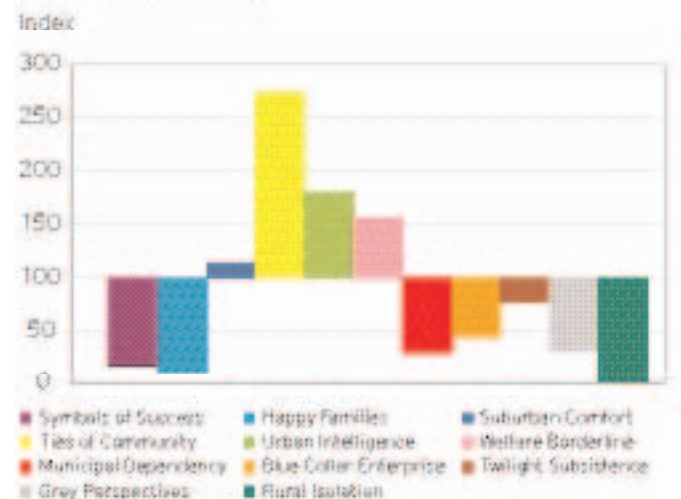
Shopper profiles Waltham Forest

Mosaic classifies consumers into distinct lifestyle types which describe their socio-economic and socio-cultural behaviour. It allows identification and description of consumer segments not necessarily distinguishable by the use of Census data. In the case of Waltham Forest, Mosaic shows a population of typically large young families living in houses, most of which are mortgaged. The local economy is 'deprived' but flourishing and results from the combination of high residential densities and the rich mix of local shops, transport links and leisure facilities. The majority of the population place a high value on hard work, on providing for their families and on creating a comfortable and warm family home. The group represents an excellent market for fashion products, hair care, fitness centres and cosmetics, for consumer durables and for children's clothes and toys. Many spend heavily on takeaway foods and on videos.

Waltham Forest demographics



Waltham Forest Mosaic penetration (100 = national base)



Next steps

“The Private Sector plays a key role in regenerating our deprived areas.”

The Rt. Hon. Lord Rooker, Minister of State for Regeneration and Regional Development

The first phase of the project has focused upon the market research and identification of market opportunities and engaging with the wider development sector through the working group and national government through an inter-departmental working group. These groups are seeking to promote innovative approaches and overcome any barriers, either real or perceived, to encourage investment in deprived areas. Since the selection of the twelve shortlisted local authority areas, the project has been working with local authorities to identify specific sites and schemes.

In the second phase of the project, from January 2005, we aim to identify four investment pilots from within the twelve shortlisted areas. Within the context of commercial viability, the aim will be to ensure diversity across the range of pilots, both in terms of scale and type, as well as geographical area, to identify pilots that offer the maximum lessons that can be learnt for future replication and dissemination.

Key to the work of the second phase will be the lessons learnt through the practical experience of following the proposed pilots through towards implementation, capturing that learning and formulating a dissemination strategy that influences both market behaviour and public policy.

Summary of expectations:

- Impact should be in some sense transformational
- Companies investing will work with the local authority, training providers and community organisations as appropriate to maximise their positive impact.
- Pilots will reflect geographic diversity.
- Pilots will reflect a diversity of appropriate retail projects (food and comparison, town centre and other, etc).

It is hoped that in addition to the four selected pilot schemes, other opportunities can be promoted to be pursued independently by other parties.

A measurement and evaluation framework will be designed to enable the wider regenerative impact of the pilots to be assessed.

The pilots will also provide an opportunity to align with other Government initiatives such as Local Strategic Partnerships, New Deal for Communities, Housing Renewal Pathfinders, City Growth and the Northern Way.

