



ABN: 37 132 266 883
1st Floor, 19 Amsterdam Street
Richmond, Victoria, 3121, Australia
P: 0408 918 166
E: mark@shopscience.com.au
W: www.shopscience.com.au

Revitalising Rural Retail

Leongatha

Prepared for:

South Gippsland Shire Council

21 January 2014

1. Introduction

South Gippsland Shire Council's Revitalising Rural Retail project for Leongatha has been funded by the Victorian Government through the Department of State Development and Business Innovation's (DSDBI) Streetlife program.

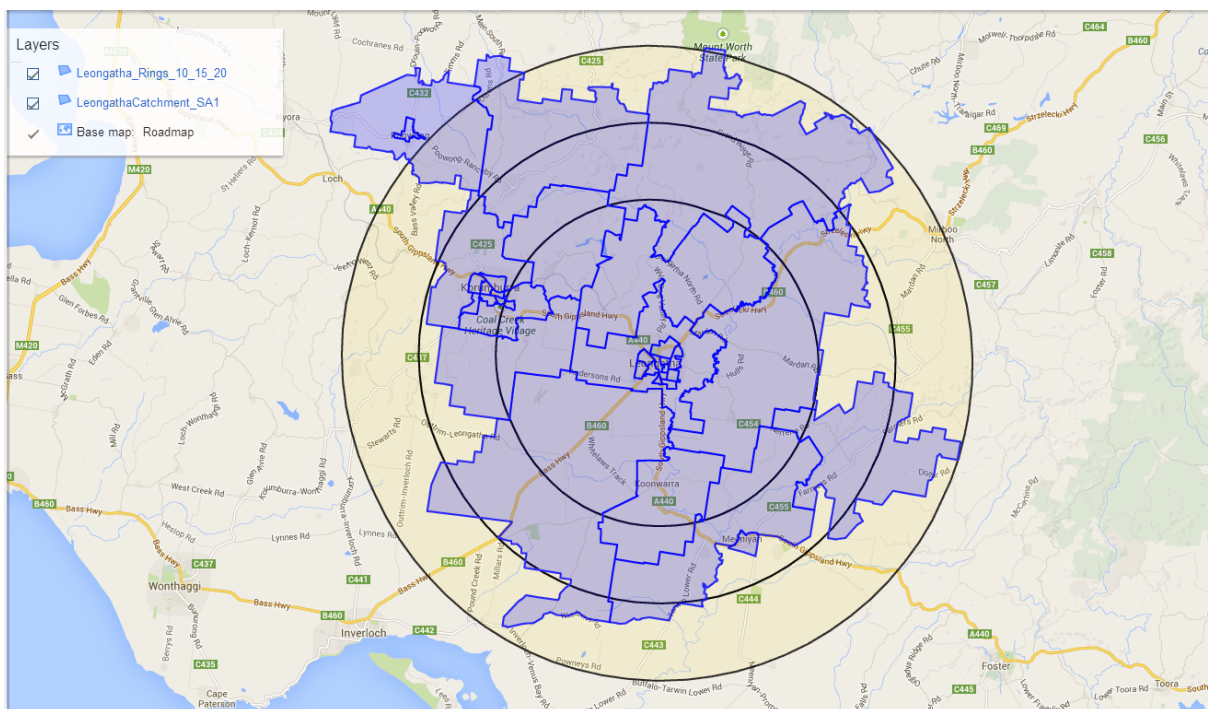
Revitalising Rural Retail aims to give Leongatha retailers specific insights into drivers, trends and preferences for residents as well as facilitating collaboration between council, traders and local business industry groups to identify opportunities to revitalise the local retail precinct.

Part of the Revitalising Rural Retail project for Leongatha is delivering research that identifies the level and drivers of escape spend from local residents choosing to shop outside of Leongatha, a workshop consisting of key local traders, council representatives and local business groups, and a project plan to implement opportunities explored by the working group and endorsed by South Gippsland Shire Council.

The project is supported with further funding from Rural Councils Victoria (RCV) and was developed as part of a joint application to DSDBI's Streetlife fund for seven rural Victorian councils. Applying for funding through the Streetlife program was identified as a key deliverable for RCV's Rural Retail Economics project which was part of the \$3.3 million Networked Rural Council's program funded by the Department of Regional Development Victoria.

This report combines data from local residents and businesses in Leongatha, and information from various secondary data sources, to provide input to the development of retail and related businesses in Leongatha.

For the purposes of this study, the catchment area for retailers within Leongatha was defined as per the following diagram.





This catchment area covers a population of 14,275 people that is strong in employment in the manufacturing, wholesale and rental hiring and real estate industries, but has relatively low numbers of people employed in many of the tertiary qualified occupations.

Relative to the rest of regional and rural Victoria, the catchment area is also under-represented for people aged 20-24, and over-represented in the lower household income brackets (which is consistent with the high proportion of people employed in manufacturing and wholesale).

2. Key findings

Leongatha has a sizable catchment population of 14,275, but is under-represented for many professional occupations. The average household in the catchment area up to 20km around Leongatha spends \$2,288/month on retail items and services, an average of 72% of which is spent in the town.

Local businesses generally believe that their 'competitive advantages' that are encouraging residents to shop locally are mostly related to convenience, a pleasant shopping environment and relationship factors such as good customer service. While local residents do also find these factors important, at least 29% of residents do not find these factors sufficiently compelling as their local retail spend has declined over the last three years.

Residents rated the following reasons as most important in their decision to purchase items or services out of town or online:

- **To access unique products and services (7.9/10)**
- **To access bigger ranges (7.9/10)**
- **For cheap prices (7.6/10)**
- Because they were already travelling their for other reasons (7.4/10).

Local businesses believed that a similar set of issues are driving residents to other towns or online:

- **For a bigger range (8.4/10)**
- The convenience of shopping centres (7.7/10)
- **Cheap prices (7.6/10).**

Clearly, bigger ranges/unique products services, and cheaper prices, are key factors in the Leongatha retail situation.

Consistent with residents' views, the strategies rated most highly by retailers, and retailers' suggestions to improve local retail, focussed on:

- Improving the convenience/appeal of the local shopping area
- Improving the range of products/services available in the town
- Improving the entertainment and leisure options in the town.

While these strategies do match up with the residents' responses, the key resident issue of 'cheaper prices' does not get the attention from local retailers that would reflect its importance to residents. This is reinforced by the views among local residents whose most favoured strategies to increase their own spending in the town were to:

1. Attract a broader range of retailers and businesses to the town
2. Encourage local retailers and businesses to offer a wider range of products and services
3. Encourage local retailers and businesses to be more competitive in their pricing
4. Improve the overall retail and public areas within the town including more seating and making the areas more appealing
5. The creation of more entertainment and leisure options in the town.

3. Research objectives and methodology

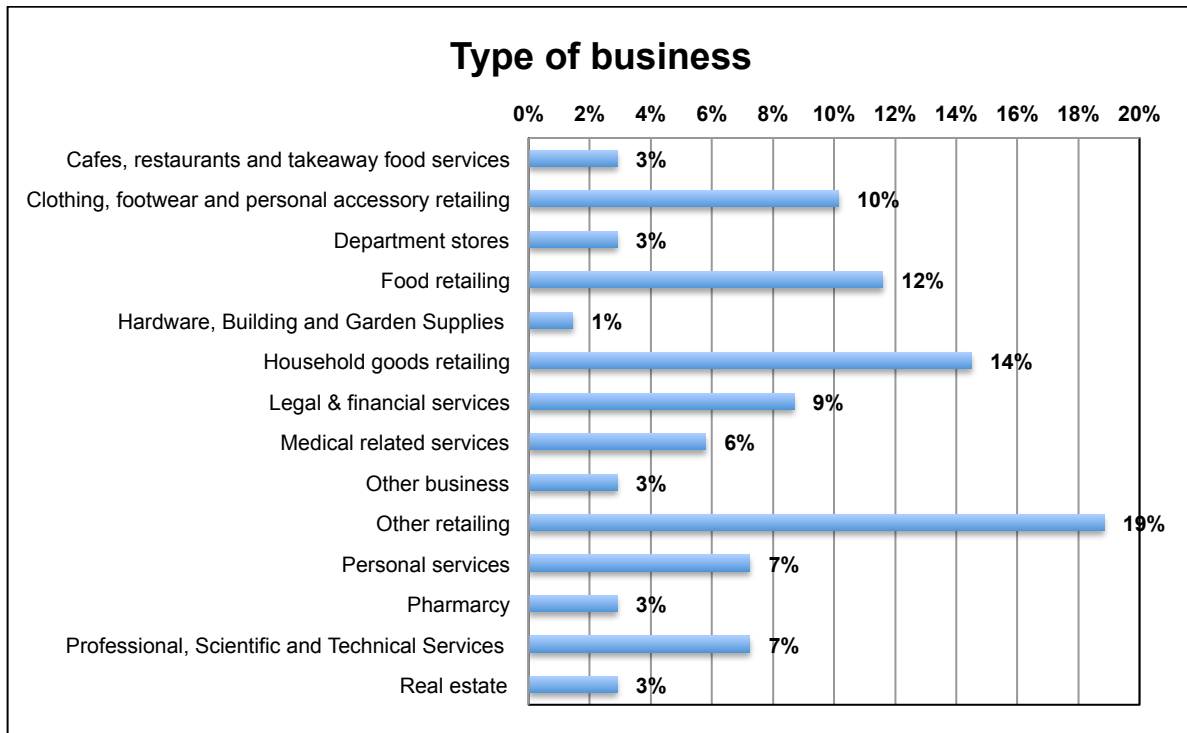
Five research objectives were addressed via a series of research methodologies. All research was conducted in December 2013 and January 2014.

#	Research topic	Topic coverage	Research methodology
1	Local retail function and spending	The profile of the residents in the local catchment area (in a 20 km radius of Leongatha).	Secondary data desk research from Australian Bureau of Statistics.
2	The level of escape retail spending	The proportion of the retail spending in various categories that was actually spent in that town, as a proportion of what could have been spent there given the available retail functions.	Online survey of local residents in Leongatha – 73 completed interviews
3	Resident shopping patterns	The shopping behaviours of local town residents in their own towns, in other towns and cities and online, and the reasons and choices that drive those behaviours.	
4	Level of tourism retail spending	Spending in retailers in rural towns is usually either from local residents, or from tourists or other non-residents.	
5	Local retailer support preferences	Retailers in rural towns are typically small or medium sized businesses who usually have well developed views on how best they can be supported in attracting and retaining local resident spending to their own store, and within the town generally.	Online survey of local retailers in Leongatha – 69 completed interviews

4. Detailed findings

4.1 The retail environment in Leongatha

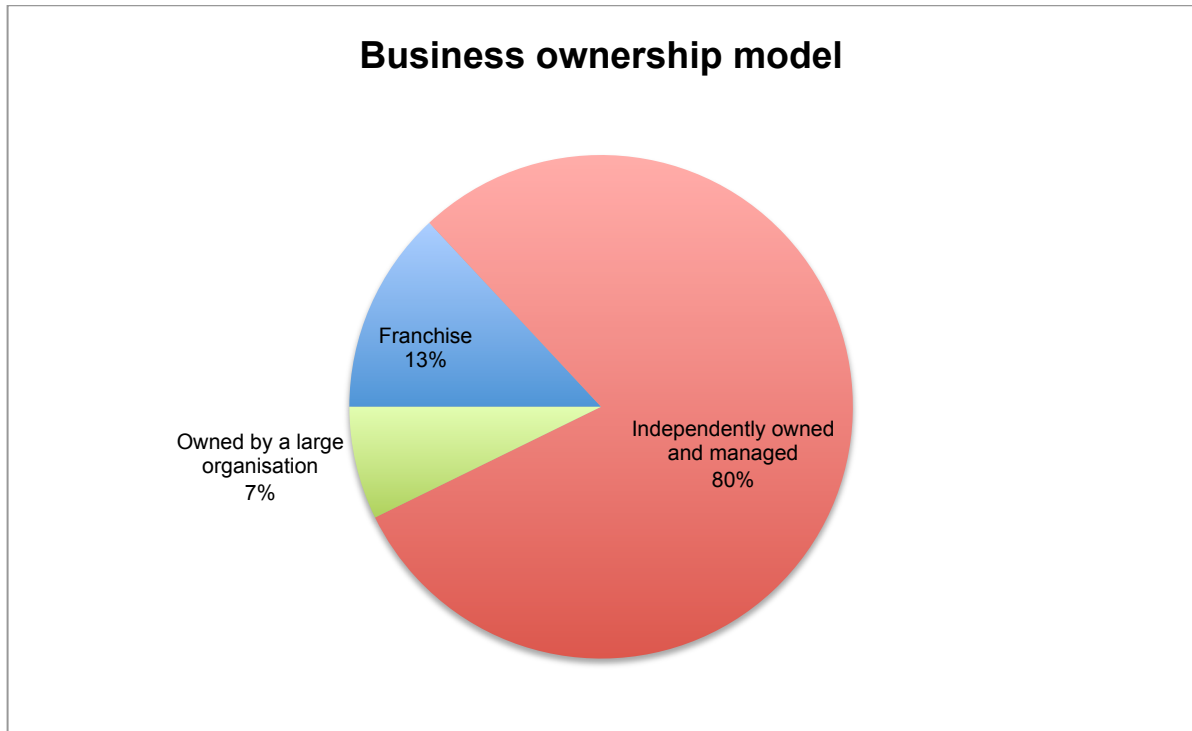
Leongatha is home to a broad range of types of businesses including a variety of traditional retailers and other consumer services businesses that are usually found in association with traditional retailers, e.g. Hairdressers, Real Estate, and Podiatrists¹.



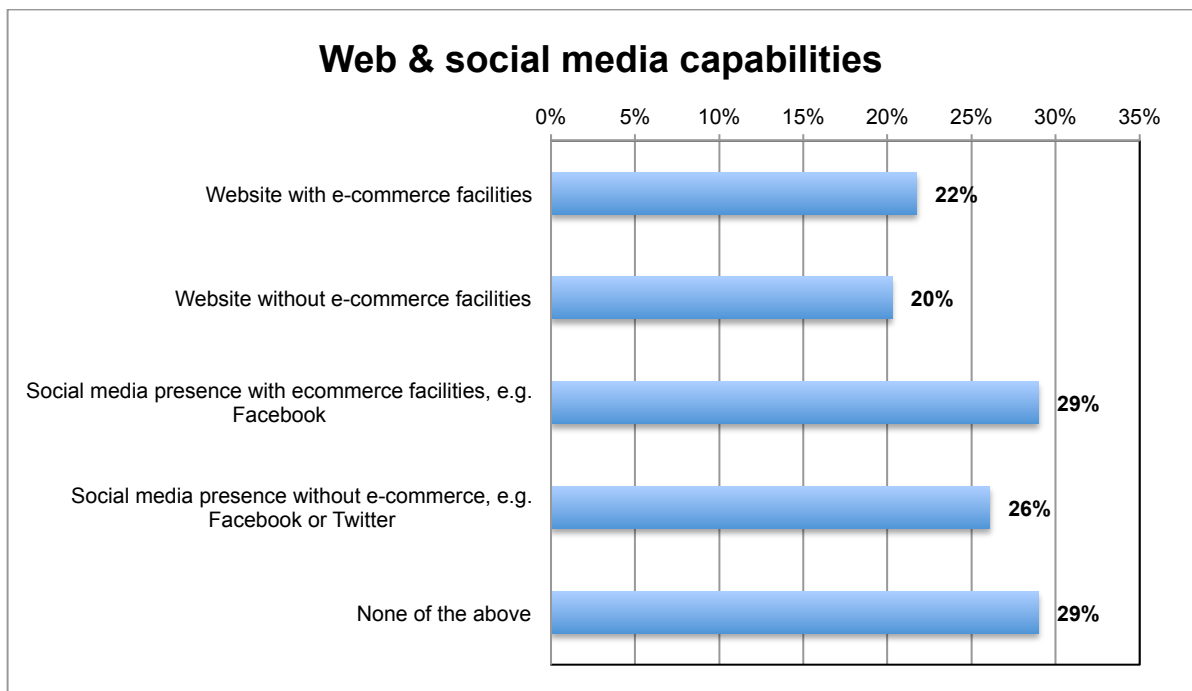
The vast majority of businesses in Leongatha are independently owned and operated (80%), with a small proportion of franchises (13%) and businesses owned by large organisations (7%).

The average number of store locations in the town that are operated by local businesses is 1.1, which is consistent with the high proportion of single site owner operated businesses in the town.

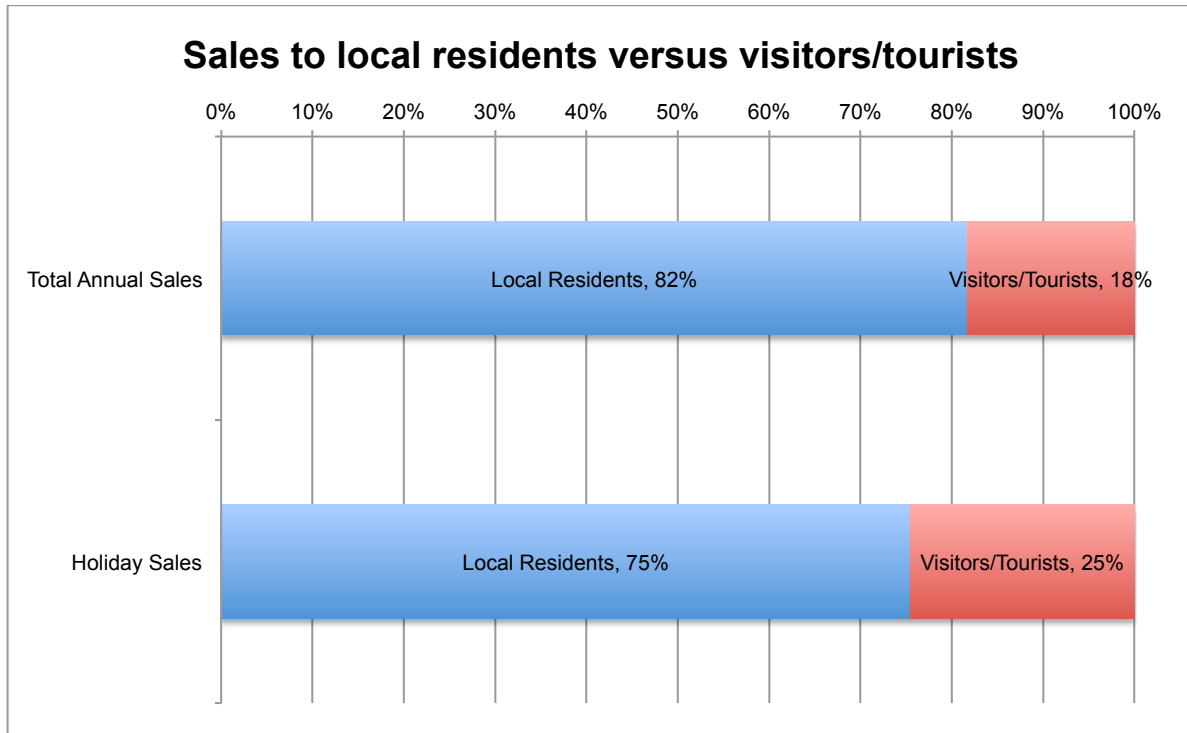
¹ The findings in this report are based on the sample of 69 Leongatha businesses and 71 Leongatha residents who completed their respective surveys. For the purposes of this report, it has been assumed that the respondents of the survey participants are representative of their respective populations.



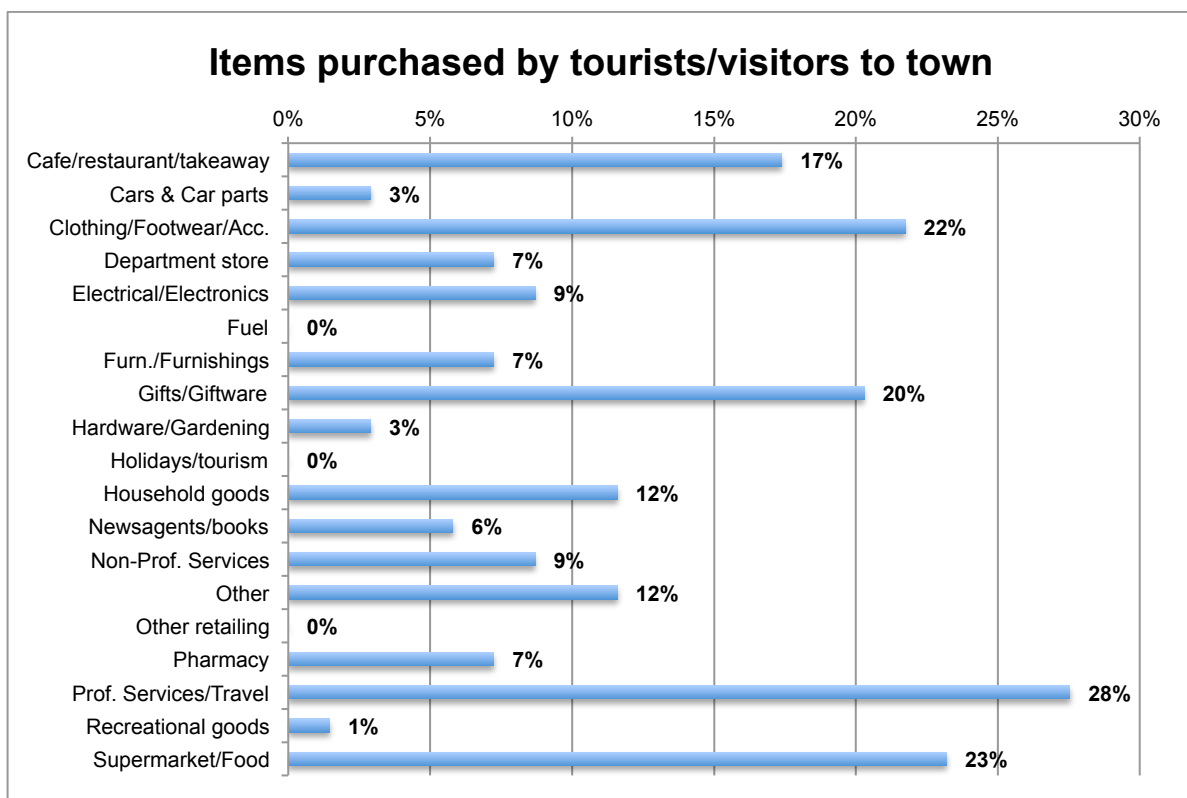
The majority of retailers in Leongatha (71%) have either a social media or a web presence and just over half of them have ecommerce facilities on their website or social media page.



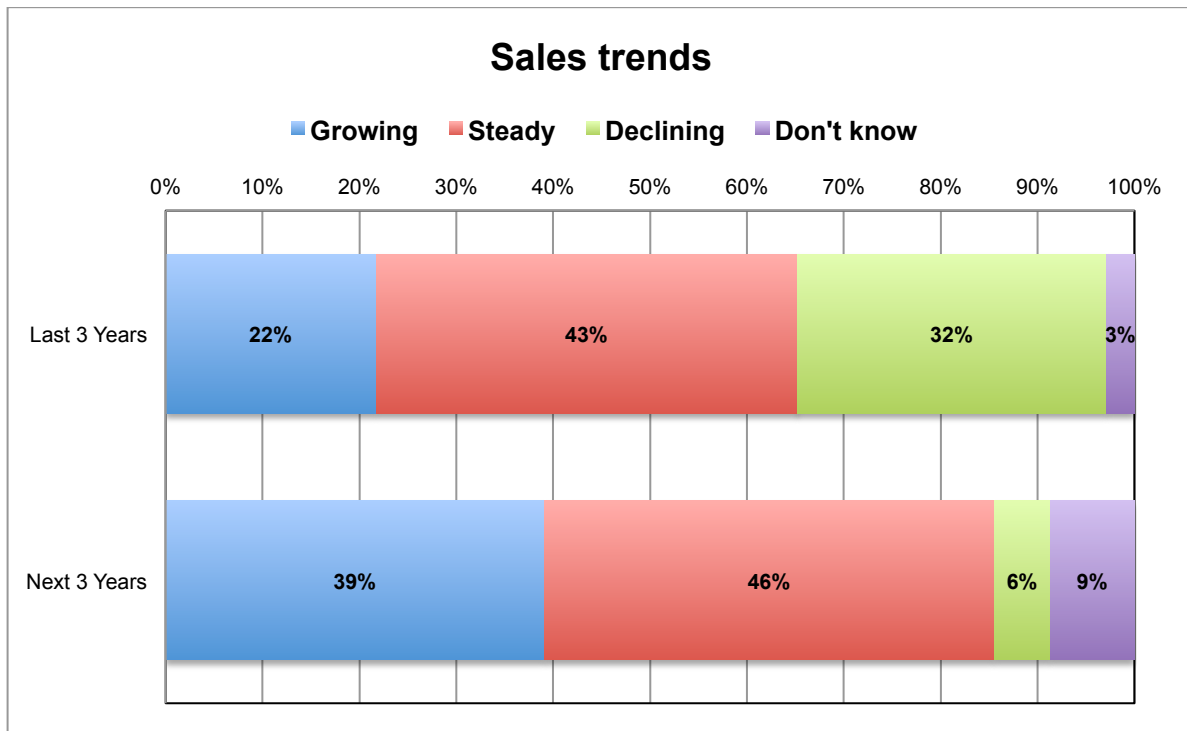
Leongatha businesses are very focussed on the local trade with the majority of regular (82%) and holiday period (75%) sales to locals rather than visitors or tourists.



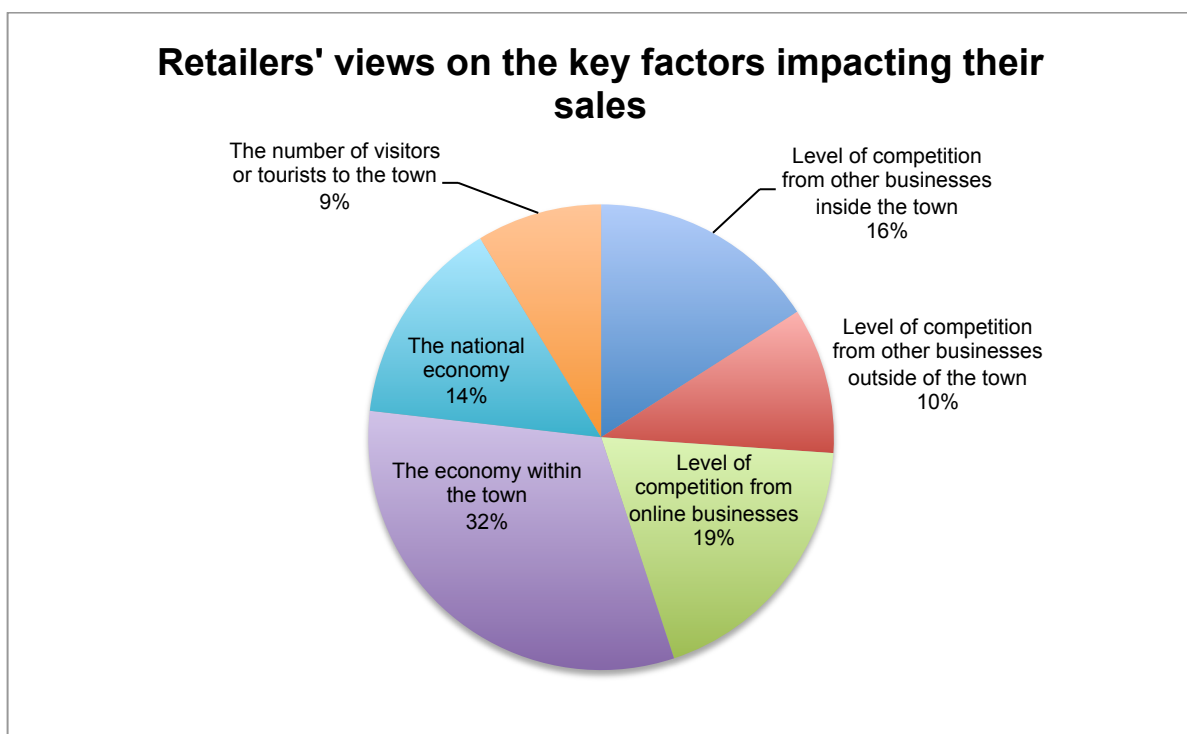
Probably reflecting the high proportion of professional services businesses with the survey respondents, professional services including travel were named as the most popular purchases by tourists/visitors to the town. Other popular items included supermarket food, clothing, footwear and accessories, and gifts and giftware.



Businesses within Leongatha have a positive view of the future with 46% believing their sales will hold steady over the next three years, and 39% believing that sales will increase in that period.



The largest factors that local businesses believe impact their sales are the economy within the town (32%), the level of competition from online businesses (19%) and the level of competition from other businesses within the town (16%).



4.2 Leongatha retail catchment profile

The Leongatha retail catchment data and indexes were produced using data ABS 2011 census digital SA1 boundaries using the census counts from the ABS Census BCP and SEIFA products. The attributes that are over represented compared to the average in regional and rural Victoria are in green font and those in red font being under represented.

Age Profile				
Leongatha Catchment Area	Count ²	Penetration ³	Non-metro Victoria Index ⁴	Victoria Index ⁵
Males	6,942	48.6%	98.9	98.9
Females	7,333	51.4%	101.0	101.0
Age: 0-4years	885	6.2%	98.7	96.3
Age: 5-14years	1,986	13.9%	107.6	113.8
Age: 15-19years	892	6.2%	91.7	96.9
Age: 20-24years	691	4.8%	87.8	69.2
Age: 25-34years	1,380	9.7%	92.3	68.1
Age: 35-44years	1,734	12.1%	95.0	84.0
Age: 45-54years	1,978	13.9%	98.0	102.1
Age: 55-64years	2,082	14.6%	108.1	127.7
Age: 65-74years	1,382	9.7%	103.1	128.8
Age: 75-84years	912	6.4%	109.5	134.3
Age: 85years +	349	2.4%	104.2	124.5
Household Income Profile				
Leongatha Catchment Area	Count	Penetration	Non-metro Victoria Index	Victoria Index
HH Income: \$20,800-\$31,199	655	12.0%	97.1	129.3
HH Income: \$31,200-\$41,599	545	10.0%	94.0	118.0
HH Income: \$41,600-\$51,999	581	10.6%	113.8	133.4
HH Income: \$52,000-\$77,999	922	16.9%	105.7	108.1
HH Income: \$78,000-\$103,999	597	10.9%	106.3	95.9
HH Income: \$104,000-\$155,999	593	10.9%	96.6	69.9
HH Income: \$156,000-\$207,999	147	2.7%	78.6	23.2
HH Income: \$208,000+	64	1.2%	97.4	38.0
HH Income: <\$20,800	813	14.9%	99.9	123.9
Industry				
Leongatha Catchment Area	Count	Penetration	Non-metro Victoria Index	Victoria Index
Mining	46	0.7%	89.5	193.6
Manufacturing	771	11.7%	112.9	109.2
Electricity, gas, water and waste services	102	1.5%	101.7	141.7
Construction	652	9.9%	111.6	118.7
Wholesale	302	4.6%	150.4	101.6
Retail	752	11.4%	98.0	105.5
Accommodation & food services	378	5.7%	84.6	94.3
Transport, postal & warehousing	280	4.2%	102.7	90.9
Information media & telecommunications	59	0.9%	84.6	45.2
Financial and insurance services	131	2.0%	99.4	48.0
Rental hiring & real estate services	85	1.3%	124.9	93.1
Prof. Scientific & technical services	231	3.5%	88.2	45.2
Administrative & support services	126	1.9%	74.0	58.2
Public administration & safety	274	4.2%	68.1	78.0
Education & training	414	6.3%	76.5	78.6
Healthcare & social assistance	706	10.7%	81.8	92.7
Arts & recreation services	57	0.9%	65.4	50.2
Other services	252	3.8%	108.5	106.1
No stated industry	149	2.3%	106.3	93.5

² The number in the catchment that belong in the listed attribute

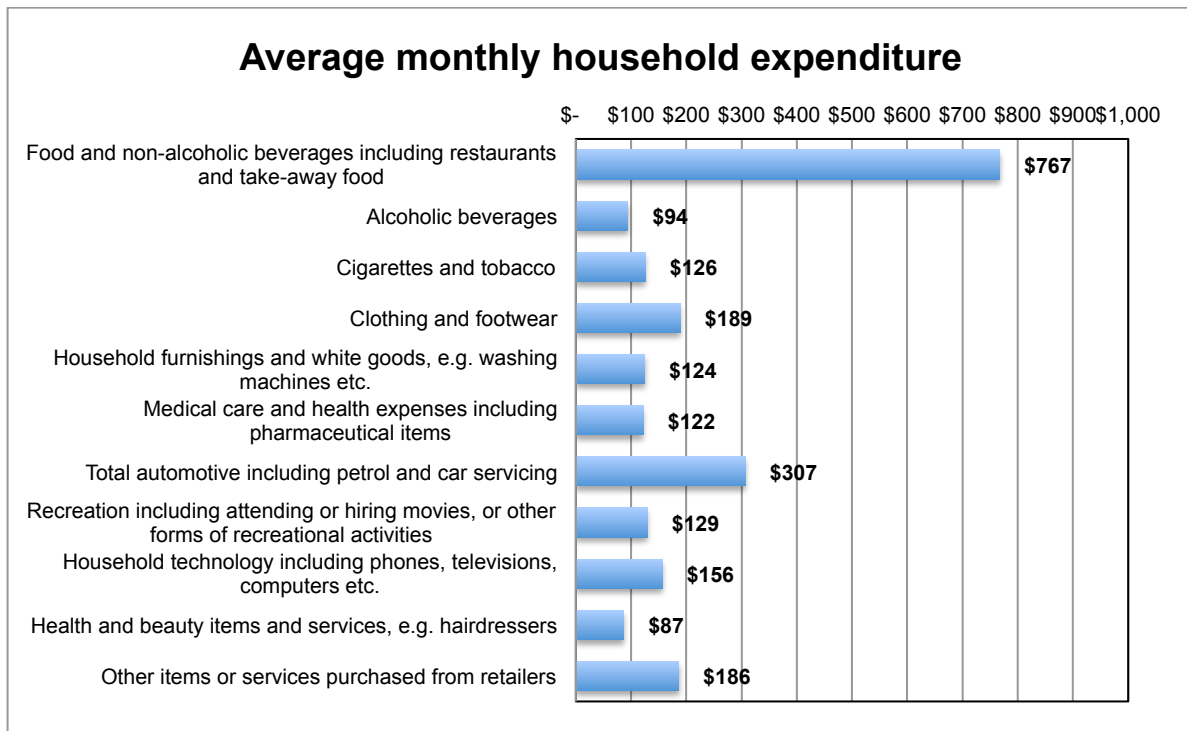
³ The proportion of the catchment in the listed Attribute

⁴ 100 X Catchment Penetration/Non-metro Victoria penetration

⁵ 100 X Catchment Penetration / Victoria penetration

On average, Leongatha households spend \$2,288/month on discretionary retail and consumer services.

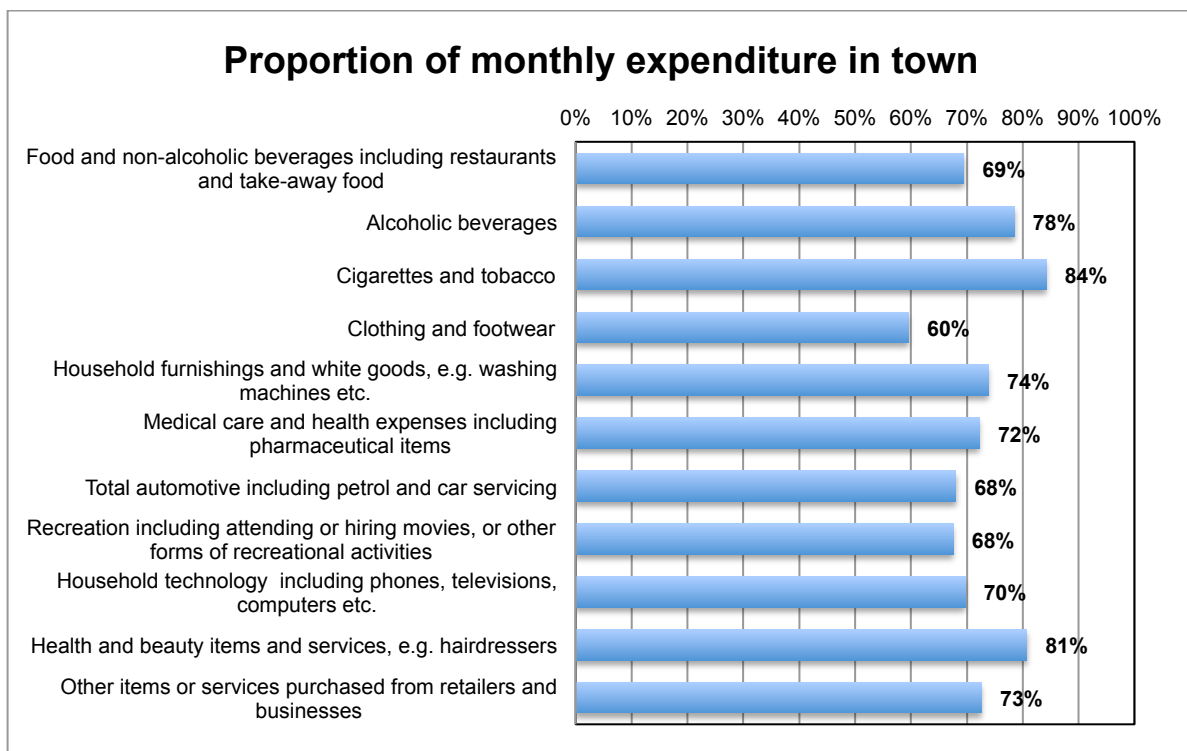
Their spending patterns were typical of most households with food being by far the largest item of monthly household expenditure.



4.3 Factors influencing where locals choose to shop

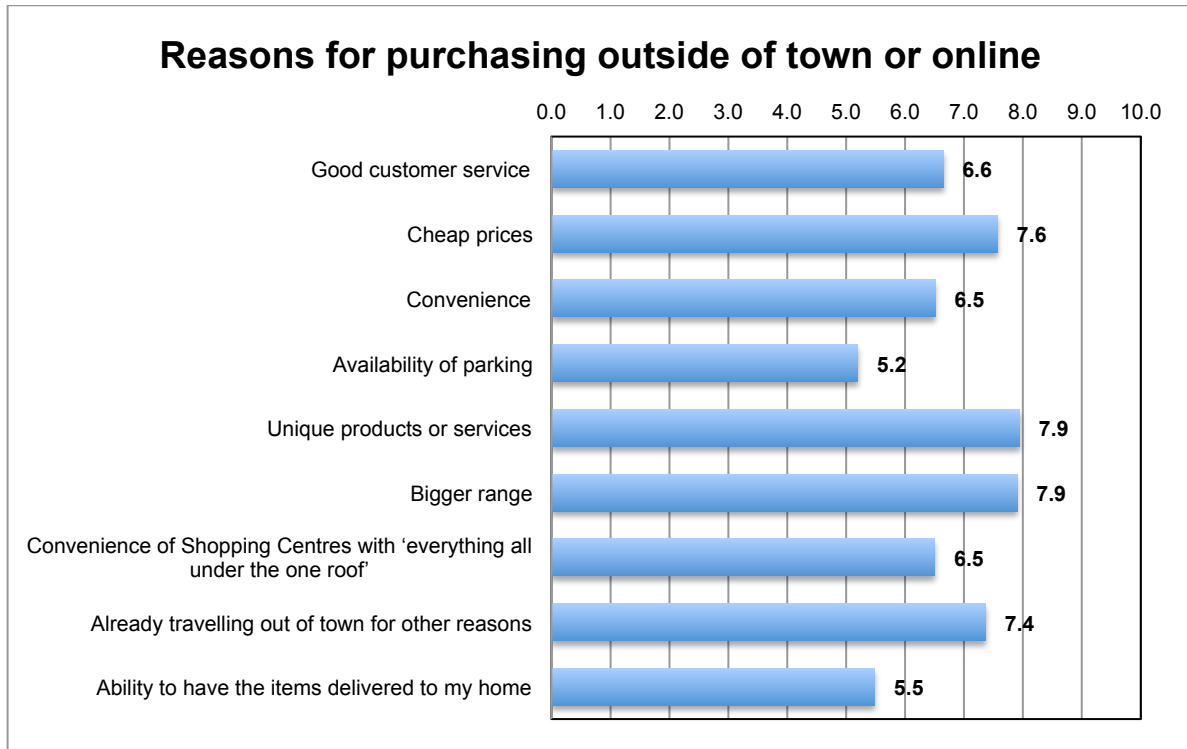
For all of the categories examined, local residents claimed to purchase between 60% and 84% of their total expenditure at retailers and businesses within Leongatha. Categories with the lowest local expenditure were:

- Clothing and footwear (60%)
- Automotive related items including petrol (68%)
- Recreation related activities (68%)
- Food and non-alcoholic beverages including restaurants and take-aways (69%)
- Household technology including phones, televisions and computers (70%)

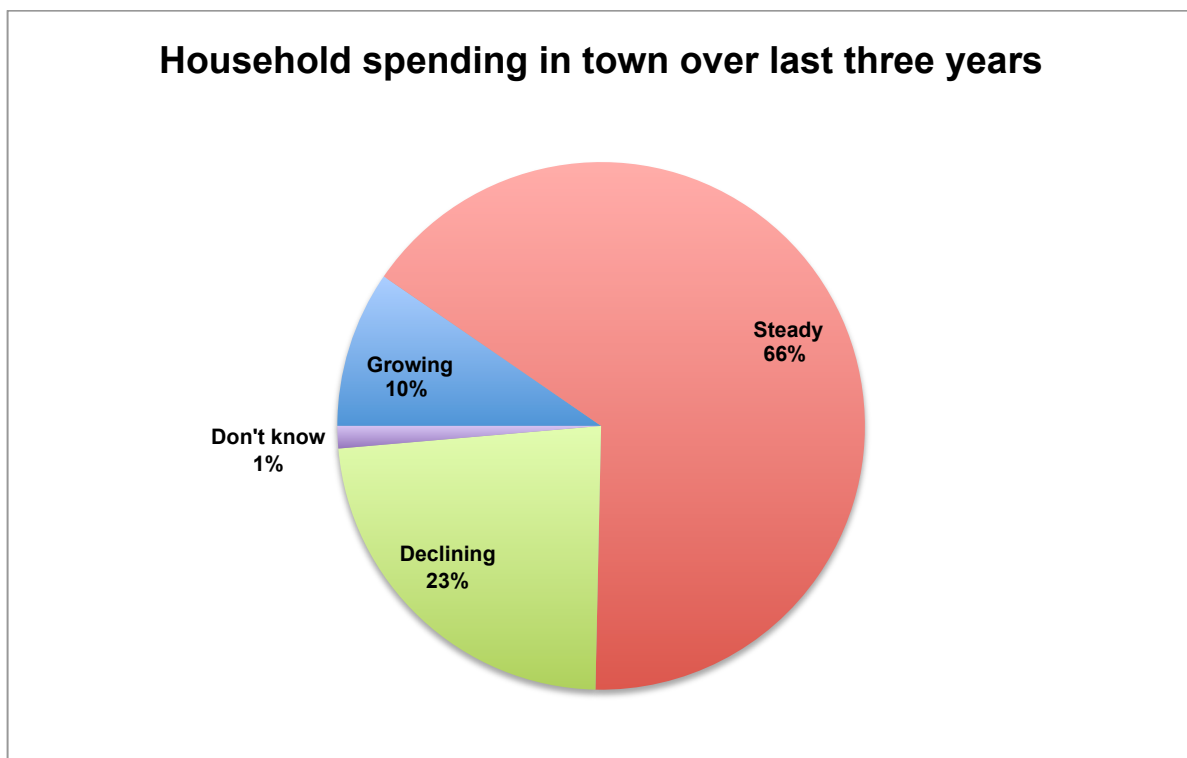


The types of items most likely to be purchased outside of town or online can be easily related to the reasons rated most important by local residents in their decision to purchase items and services outside of the town or online. The top rated reasons for shopping out of town or online were:

- To access unique products and services (7.9/10)
- To access bigger ranges (7.9/10)
- For cheap prices (7.6/10)
- Because they were already travelling their for other reasons (7.4/10).



While the majority of local residents felt that their spending in the town had been steady of the last three years (66%), about one in four (23%) felt that their spending was declining and only 10% felt that it was growing.



The decline in spending locally will be at least partly driven by increased online spending at non-local retailers.

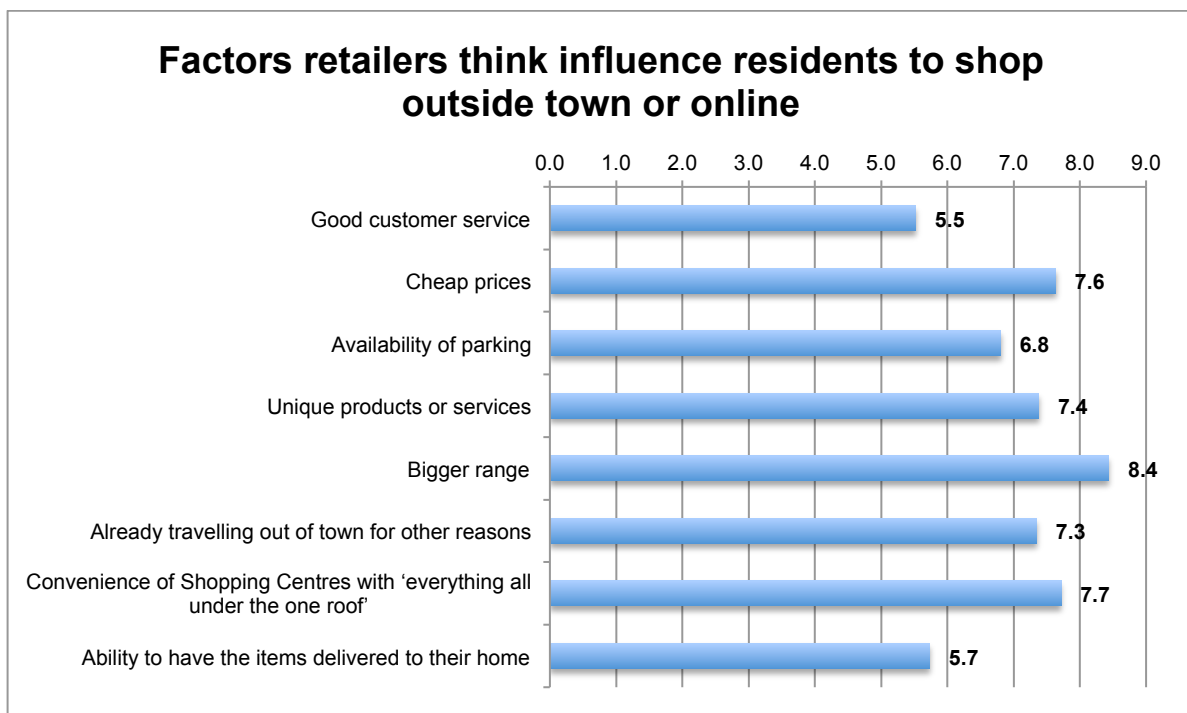
Leongatha retailers seemed to have a good understanding of their local market. Residents rated the following reasons as most important in their decision to purchase items or services out of town or online:

- **To access unique products and services (7.9/10)**
- **To access bigger ranges (7.9/10)**
- **For cheap prices (7.6/10)**
- Because they were already travelling their for other reasons (7.4/10).

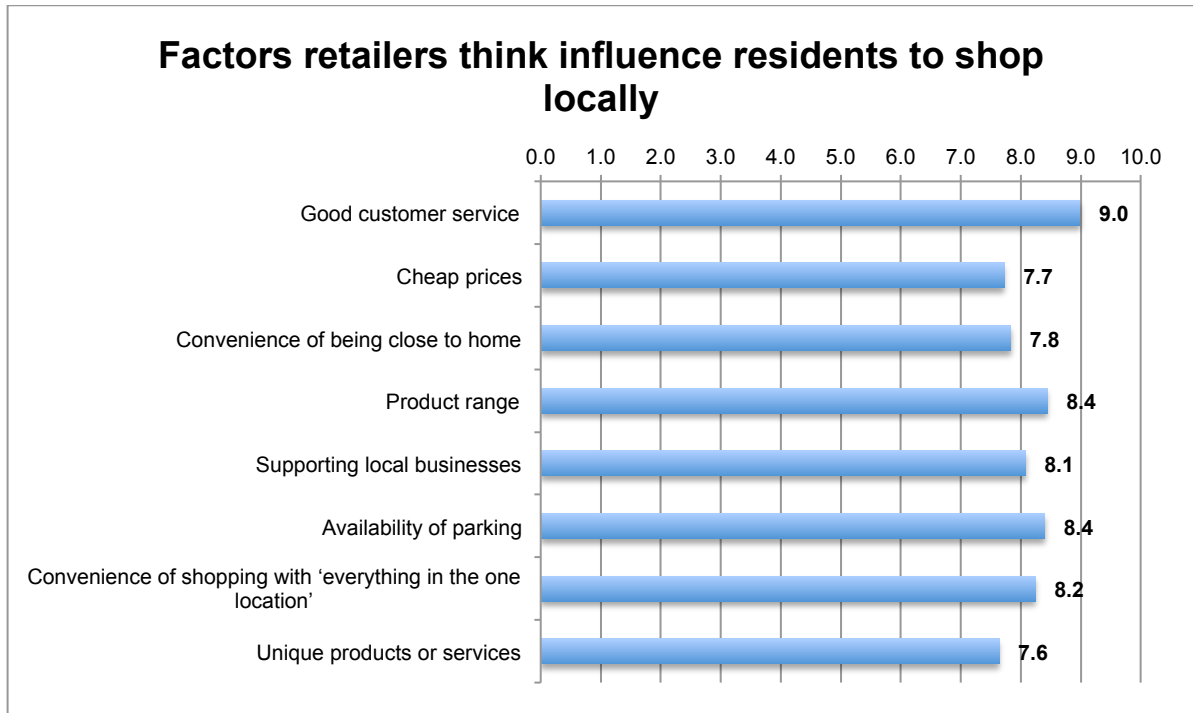
Local businesses believed that the following similar set of issues are driving residents to other towns:

- **For a bigger range (8.4/10)**
- The convenience of shopping centres (7.7/10)
- **Cheap prices (7.6/10).**

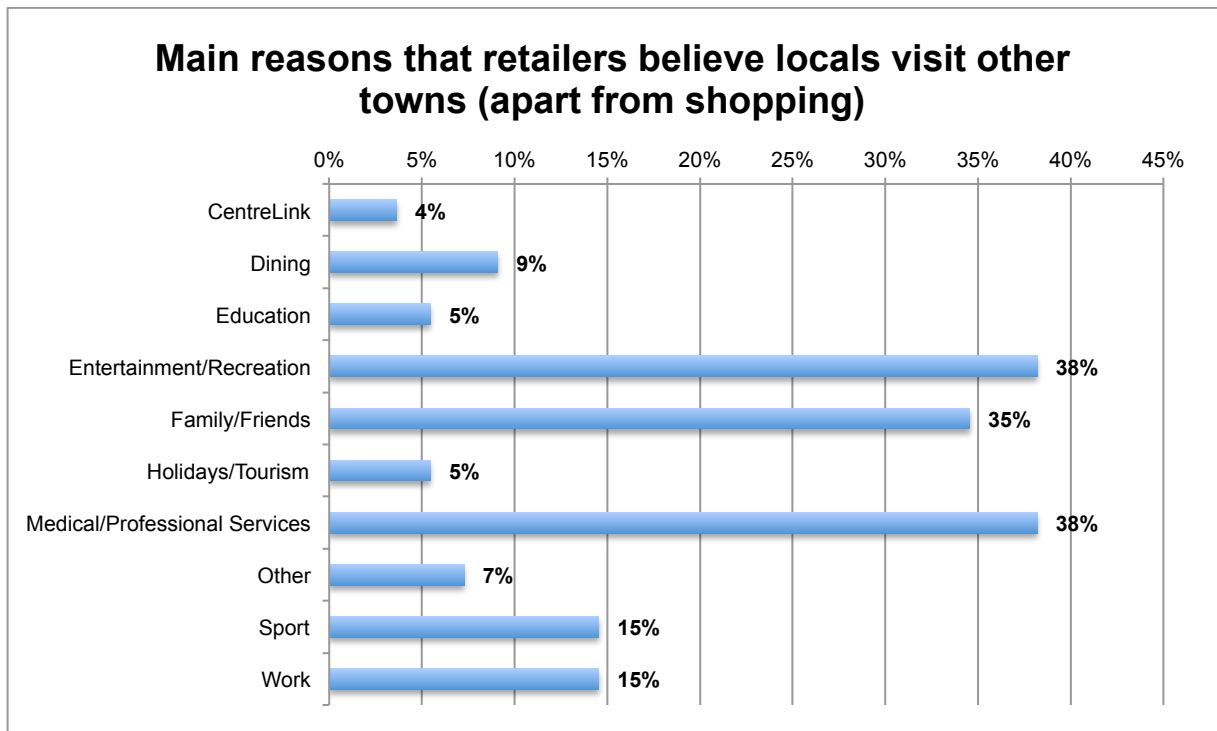
Clearly, bigger ranges/unique products services, and cheaper prices, are key factors influencing where residents choose to shop.



Local businesses generally believe their 'competitive advantages' that are encouraging residents to shop locally are mostly related to convenience and relationship factors such as good customer service. However, at least 29% of residents do not find these factors sufficiently compelling as their local retail spend has declined over the last three years.



Apart from shopping, local businesses believe that the main reasons local residents visit other towns are for medical and other professional services (39%), for entertainment and recreation (38%) and to visit family and friends (35%). These reasons also generally match up to those provided by residents.



In summary, residents probably shop locally for service and convenience, but go out of town or online for larger ranges/unique products, and for cheaper prices.

4.4 Strategies to increase shopping locally

The strategies to increase retail sales in Leongatha that were rated most highly by local retailers were:

1. Generating more employment opportunities in the town (9.0/10)
2. Improving the overall retail and public areas within the town including more seating and making the areas more appealing (8.6/10)
3. Attracting a broader range of retailers and businesses to set up in the town (8.6/10)
4. Improving the parking and at local retailers and businesses (8.5/10)
5. Attracting more tourists to the town (8.4/10)
6. The creation of more entertainment and leisure options in the town (8.4/10).

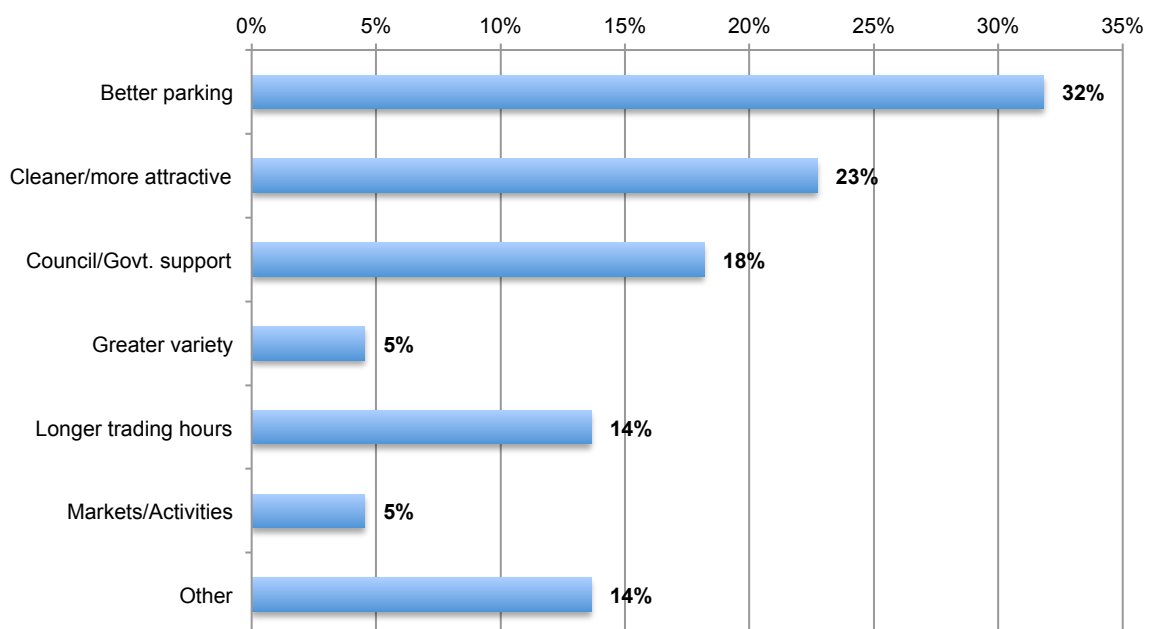
When asked to give their own suggestions for improvements to improve retail situation in the town, retailers came up with some similar themes including:

- **Better parking (32%), e.g.**
 - *“Stop buses from picking up passengers from Young Street as they clog up our car park and stop our customers from being able to park.”*
 - *“Better parking for traders, open up rail yard, change parking in Bair Street to 45 degree.”*
 - *“More all day parking so shop people would not park in customer parks.”*
- **Cleaner/more attractive retail areas (23%), e.g.**
 - *“Visitors often comment on how dirty the town is with rubbish on the footpaths.”*
- **Council and Government support for the retail area in the town (18%), e.g.**
 - *“Reduce red tape and time restrictions for new businesses, make it easier for side walk trading, more promotion to prospective new businesses so they are aware of potential.”*
 - *“Shire money to be spent locally where able/ push shop locally”*
- **Longer trading hours (14%), e.g.**
 - *“Stores and cafes to open past 12pm on Saturday and open Sundays.”*

Strategies to increase retail sales in town



Retailers' suggestions to improve sales in town



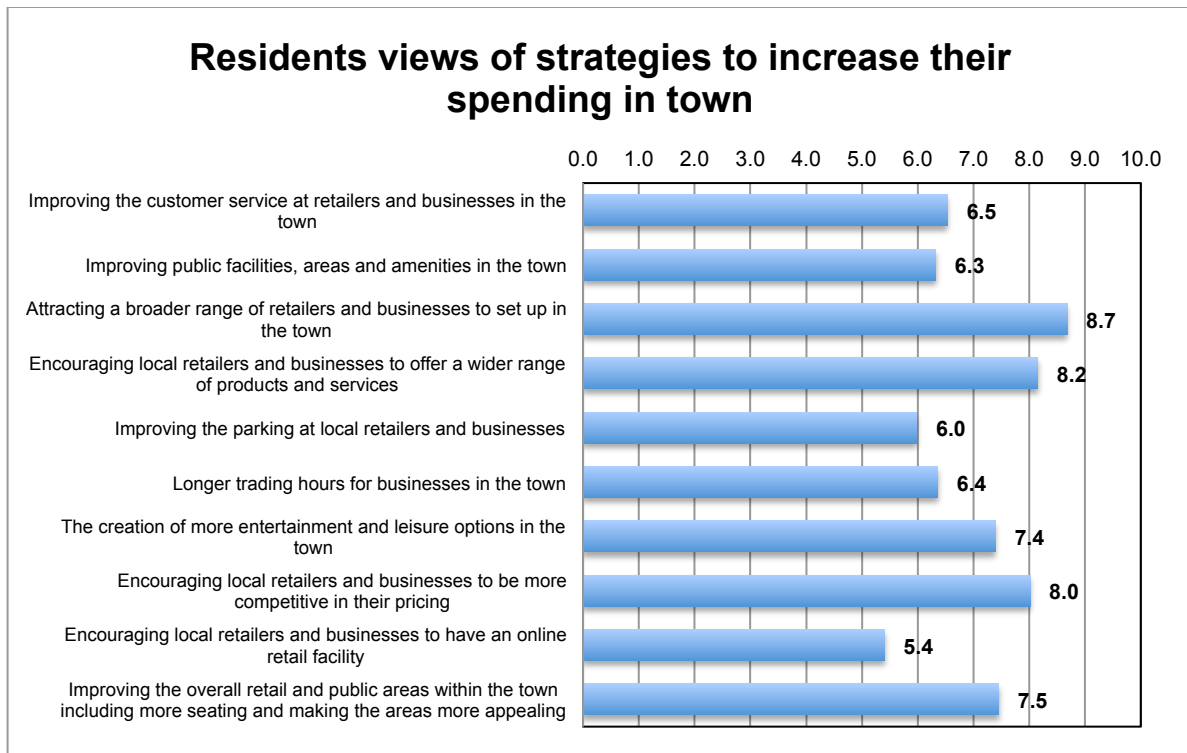
In summary, the strategies rated most highly by retailers, and their own suggestions to improve local retail, focussed on:

- Improving the convince/appeal of the local shopping area
- Improving the range of products/services available in the town
- Improving the entertainment and leisure options in the town.

These strategies do match up with the residents’ responses, except that the key resident issue of ‘competitive prices’ does not get the attention from local retailers that would reflect its importance to residents in their reasons for shopping out of town or online.

This is reinforced by the views amongst local residents whose most favoured strategies to increase their own spending in the town were to:

6. Attract a broader range of retailers and businesses to the town (8.7/10)
7. Encourage local retailers and businesses to offer a wider range of products and services (8.2/10)
8. Encourage local retailers and businesses to be more competitive in their pricing (8.0/10)
9. Improve the overall retail and public areas within the town including more seating and making the areas more appealing (7.5/10)
10. The creation of more entertainment and leisure options in the town (7.4/10).



Apart from their ratings of retail strategies, the actual suggestions from residents of how to improve the retail situation within the town reflected similar themes:

- **Encouraging a greater variety (28%), e.g.**
 - *“Encourage specialisation so that there are not lots of shops selling exactly the same products.”*
- **More competitive pricing (15%), e.g.**
 - *“I do all my shopping in town as I don't have time to go anywhere else. I feel I pay more as a result, in comparison if I went out of town.”*

- **More appealing shopping areas (15%), e.g.**
 - *“Better public spaces to encourage people to stay in town and sit somewhere (like a central square, etc.), to encourage a more lively retail precinct. Street art (such as statues, fountains, etc.). More public toilets near the main street.”*
 - *“Make town an attractive place for people to want to stop and spend time. There are presently no real convenient places for people to stop, e.g. parkland with picnic areas etc. Outsiders only really see the big take away stores, e.g. McDonalds, Kentucky etc. as they come into town so money not really going to local businesses.”*
 - *“Make the town pleasing to the eye so people will stop and look around and with luck buy something. a good start would be to fix the towns welcome sign on the Bass Hwy and maybe a little street.”*

- **Having extended trading hours (15%), e.g.**
 - *“More restaurants open at night. Weekend trading as Leongatha is dead over the weekend.”*
 - *“We try to support local businesses as best we can, because i work out of town, and sport on Saturdays longer shopping hours would work best for me, but I am only one person. I often spend time between 4.30-5.30 pm running around doing shopping.”*

- **Friendlier service (13%), e.g.**
 - *“Encourage retailers to focus on the individual service advantage of a small community - people like it when the shop staff remember their coffee order for example.”*

