

Dear Deputy Morel,

Please find below the Jersey Retail Association's (JRA) submission to the Scrutiny Panel Review regarding retail.

The JRA was established by an order of the Royal Court on 16 December 2016. It is the successor organisation to the Retail Development Group (RDG) which was an informal group of retailers who met monthly to pursue opportunities to develop their businesses and the industry overall. In January 2018, the JRA received a start-up seed fund, which facilitated the recruitment of its inaugural Chief Executive Lorie Rault who started on 12 February 2018.

Championing the importance of retail to both the economy and community, the JRA is also a central point of contact for government and stakeholders, providing an innovative, informative and inspiring forum to support members' sustainable, profitable growth.

JRA Priorities

- To give the retail industry a voice, communicating the sector's interests, views and needs;
- To champion the sector with policy-makers, stakeholders and media;
- To provide practical support and advice to retail members, helping them to enhance their business trading performance, thus supporting their employees and local community;
- To share insights, information and statistics to help the industry's growth

The following comments outline the key issues which the JRA believes are preventing retail in Jersey from flourishing and maintaining comparability with other towns in the UK.

JRA: The Champion for Retail

During the first three months of operating, the JRA Chief Executive has:

- Responded to over 2,000 emails;
- Attended over 70 one-to-one meetings with retailers to establish and support their needs;
- Created 15 focus group meetings and consultations to discuss retail needs with key stakeholders and influencers.

Before the creation of the JRA, information pertaining to the Island's retail sector was difficult both to source and to communicate to retailers, government and the media.

This lack of information has led to decisions – such as the States Assembly approving a 20% retail tax – which are damaging to the industry. The JRA maintains that had a retail champion existed to provide meaningful consultation, this tax rate would have been set at 10% in line with that levied on the finance industry.

The JRA's ability to provide a clearer understanding of the sector to government, was proven through the Assembly's second vote on the retail tax. As a result of this:-

- The number of votes cast against the 20% rate increased from 3 to 24;
- 21 States members changed the way in which they voted;

The government must continue the support and development of the industry across the island through continued investment in maintaining that communication and understanding of the industry's needs.

Barriers to Retail

One of the main barriers to supporting the retail sector in Jersey is the lack of data. Without the information to analyse and track key performance indicators (KPIs), you cannot predict, monitor and respond to emerging trends. Information is also essential to help retailers plan for footfall changes caused by, for example, changes in parking policy or the arrival of a cruise ship in the Island.

Without such data, there is a risk that key trading opportunities will be missed which, in the worst case scenario, could see stores close.

Essential Data Needed

- Retail Sales (calculated weekly in the UK);
- Direct income paid by retail through GST, rates and taxes;
- Retail employment and vacancy levels;
- The value of the industry's support to charities and community organisations;
- Planning permission information relating to new office developments/business relocations which may impact footfall;
- Additional footfall counters to monitor shifts in footfall (there is currently only one footfall counter, which is in King Street);
- Information about IP footfall-tracking data which should be introduced in Jersey by 2023;
- Customer service results for local retailers with benchmarking to compare Jersey's performance with that of similar UK towns.

Employment Rates

The level of employment vacancies in retail is currently 'measured' by looking at the adverts listed on gov.je. In the first week of August 2018, 51 retail vacancies were advertised on gov.je. In the same week, the JRA asked three retailers for their vacancy levels. The cumulative figure was 62. With 1,060 retail businesses in the Island, the assumed vacancy level of 51 is hugely inaccurate. This misperception results in a lack of understanding about how reductions in licences are affecting retail.

In the last six months, 323 recruitment licences have been withdrawn from the retail sector – a 37% reduction. This compares with a drop of 5% over the same period in the hospitality sector. JRA members have reported their highest level of vacancies for 10 years, and yet there is no political support because of the inaccurate data.

A monthly industry report compiling key statistics and data is essential to correct misperceptions and stimulate action to resolve issues such as this.

Current Data

Although there are large holes in the data available, the following information gives an indication of the sector's contribution to the economy and community:

- 2015: retail sales: £720mn
- 2015: GST returns from retail: £36mn
- 2018: 7,890 people employed by the sector
- July 2018: 1.9% shop vacancy rate in St Helier versus 9.2% in the UK
- 2018 footfall in St Helier is up 8% on 2017, while footfall in UK high streets is 0.8% down on 2017.

With retail contributing so significantly to the Island's economy, it is clear that investment in the sector is needed to sustain and grow these figures.

While Jersey's shop vacancy rate is low when compared to that of the UK, it is at its highest level for ten years. The monthly data report mentioned above would have highlighted this issue earlier and identified the support needed to maintain a vibrant retail offer.

Shifting Consumer Behaviour

It is well documented that owing to advances in technology, the retail business model is changing. In the UK, 20% of all retail sales take place online. For some businesses, such as Mothercare, online transactions now account for 40% of total sales. With high overheads including rents and wages, it is not surprising that some businesses are reducing their number of physical stores.

However, retail is not moving entirely from physical stores to online. Indeed, many retail brands which started as online only are now opening bricks and mortar stores, showing that the in-store unique selling point (USP) of human interaction is still important to many businesses and customers.

The future retail model is shifting to a 'experience' approach where customers can feel fabrics, smell perfumes and receive personalised advice from knowledgeable friendly sales advisors.

To equip Jersey retailers with the tools to achieve success in this changing time, the JRA must:

- Carry out regular customer service surveys and use the findings to celebrate success and implement strategies to improve any sub-standard performances;
- Investigate rents and landlords who are not invested in their tenants;
- Create a retail proposition that attracts iconic brands to Jersey to reduce store vacancy levels and retain a balanced retail offer for residents and visitors;
- Invest in events that generate revenue for the Island by growing footfall and increasing sales.

Events

The Christmas lights switch-on, Sunday markets and street theatre in the build-up to Christmas are highly anticipated by residents, and vital for supporting retailers. However, in the face of increased online shopping, instead of investing in these events to drive on-island sales at this critical time of year, Government has slashed its funding as shown below:

- 2014 - £75,000
- 2015 - £45,000
- 2016 - £23,500
- 2017 - £15,000
- 2018 - £15,000 (a request for higher funding for 2018 has been submitted)

De Minimis Level

The current system collects GST on all online purchases over £240. As online sales increase year-on-year, leaving the de minimis level at £240 is short-sighted and disadvantages local retailers. Amazon and other online UK businesses must be treated in the same way as any other brand entering the Jersey market.

- In 2014, the average Jersey household spent £7,000 online;
- In 2014, 85% of Jersey households purchased products online;
- Jersey households spent £258mn online in 2014;
- This could have generated £12.9mn in GST;
- In 2014, a Scrutiny Panel recommended 'an immediate review' of the de minimis level. This has not yet happened;
- In 2014, online accounted for 12% of the UK's retail spend;
- In 2018, online makes up 20% of the UK's retail spend.
- This growth is increasing. Online sales for July 2018 were 4% higher than those of July 2017.

The Island must act now to implement a new de minimis level and GST collection system. The longer we delay, the more costly and complicated it will be to implement, and the more money the Island will lose.

Out-of-town Retail

Retail outlets are vital for the community. Not all Islanders can travel easily or regularly into St Helier. With an ageing population, the importance of smaller retail pockets outside St Helier as social and community 'hubs' cannot be overlooked.

The JRA has received numerous reports from out-of-town retailers of unfair rents, insufficient investment in local infrastructure and poor communication.

These out-of-town retailers are now encouraged to join the JRA to create a connected communication network and benefit from the information and support the JRA can provide.

With a stronger voice coming from a co-ordinated network of retailers, the JRA can hold regular meetings with parish deputies and key stakeholders to create action plans tailored to each out-of-town retail hub. Issues common to multiple areas will then be identified and solutions shared.

Parking

Customer research surveys highlight parking as a vital element of people's shopping experience. With an ageing population, and 2018 figures showing 14,000 Islanders registered as having a disability, a practical and inclusive solution is essential.

From our findings, and information supplied by DFI, we can see that:

- On average, town centre car parks are full by 9.30am;
- Despite customer complaints about lack of parking spaces, there are several spaces available every day;
- The problem is the location of, and communication about, these spaces;
- Data consistently shows that there are nearly always vacant spaces in Pier Road, both in the shopper and all-day areas;

- Relocating some 3-hour 'shopper spaces' to central car parks, such as Green Street, would move commuter parking to car parks on the outskirts of town and support retail hubs such as Colomberie;
- The Love Jersey app, which includes information about car parking and real time availability of spaces, needs greater promotion;
- This would also reduce town congestion as shoppers search for spaces, and minimise the desire for people to shop online;
- There has been no impact on sales when free parking initiatives for shoppers – eg Free After Three – have been trialled.

Sunday Trading and Opening Hours

Sunday trading remains a contentious topic across the retail sector. Legally, any retail business under 700sq feet can open on a Sunday. However, there is a lack of awareness among stakeholders, businesses and shoppers that the regulations currently prevent only 30 out of the Island's 1,060 retailers from opening on Sunday.

Some of the stores currently prohibited from opening have data suggesting that the ability to open on Sundays would increase their sales and contribution to the economy.

Other stores in this category are opposed to opening on Sunday, citing either religious beliefs or a reluctance to 'erode family time and values'.

The lack of Sunday opening is a regular complaint in the visitor exit surveys conducted by Visit Jersey, who estimate that in 2017, tourists spend £16mn on retail. With 727,000 visitors to the Island in 2017, this means that total annual spending potential is more than six times greater than that offered by the local population.

Representing all retailers across the Island, the JRA believes that each business should have the right to determine their own trading hours, based on their customers, staff and business needs.

Lorie Rault, Chief Executive
Jersey Retail Association
September 2018