Epsom Town Centre Comparison Retail Study

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Executive Summary

Prepared for

Epsom Council

Prepared by:

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Introduction

1.1 To provide a baseline study for the next stages of their Core Strategy and policy planning work in respect of comparison goods retailing in Epsom town centre, Epsom & Ewell Council commissioned CACI to:

- ***Understand Epsom town centre's position in the hierarchy and in relation to other neighbouring centres and in relation to the national retail market.***
- ***Assess the centre's key strengths and weaknesses and identify potential opportunities and threats.***
- ***Test the impacts of a set of different development and town centre management scenarios to identify a retail strategy for Epsom town centre.***

1.2 CACI have performed a thorough marketing overview of retail performance for Epsom town centre, making use of their national comparison goods retail model, Retail Footprint and their resident consumer lifestyle segmentation tool, ACORN. The emphasis has been to help understand how Epsom town centre is viewed by the retail industry. This has compared Epsom's economic performance with both neighbouring centres and also placed it into a national context. Analysis of ACORN has helped understand the lifestyle types and corresponding consumer needs of residents in Epsom's shopping catchment area.

1.3 Although dealing with quantitative data, this assessment has been largely qualitative in the way data has been analysed and interpreted. CACI have made use of like-for-like comparisons with competing centres and with benchmark towns to help identify Epsom town centre's key strengths and weaknesses with respect to its retail offer and current performance. This has included an assessment of the market positioning of retailers in Epsom town centre, including conclusions on how well this fits with the observed consumer lifestyles of shopping catchment residents.

1.4 Finally, CACI have employed spatial modelling techniques to test a number of development and town centre management scenarios. These tools are able to quantify the impact of these scenarios on the economic performance of the town centre, by modelling the changes in consumer choices in choice of shopping destinations under each scenario. These scenarios take into account both the impact of physical net increases in overall comparison retail floorspace and the impact of qualitative changes in the market positioning of Epsom town centre and its general appeal to consumers as a shopping destination.

Marketing Overview of Epsom

1.5 Epsom has a current (base year 2006) Comparison Goods Market Potential of £269 million per annum. This places it 141st in the UK Rankings (based upon market potential) – positioning close to St Albans and Bury in market size.

1.6 Epsom has a very affluent consumer base. CACI's lifestyle analysis of these consumers has identified their preference for mid and upper-mid market classic fashion, boutique shopping and good quality catering facilities such as coffee shops and restaurants.

1.7 The consumer base also has a strong family bias. A strong presence of families is a great asset to the town; dwell times are long and spend is high in a wide range of categories. Families need safe and clean environments that are easy to access. They are also attracted by the offer of a full day out – meaning family-orientated leisure activities are important to support the retail economy of the town.

Epsom's Position in relation to its competition

Town	UK Expenditure Ranking	Market Potential	Market Share of Epsom's Core Market
London - West End	1	£5,037.6	6.1%
Guildford	15	£1,325.3	6.8%
Croydon	21	£1,247.9	8.0%
Kingston-upon-Thames	24	£1,122.4	19.1%
Sutton	86	£369.4	14.6%
Epsom	141	£269.6	15.3%
Dorking	475	£73.9	3.6%

1.8 Of Epsom's Core Market (defined by where 75% of its shoppers come from) it takes just 15.3% Market Share –due to the high level of competition from larger centres and from nearby Sutton, which currently ranks over 50 places above Epsom. Kingston-Upon-Thames actually dominates Epsom's catchment, taking a higher market share than Epsom itself. The ranking of Sutton over Epsom is a potential future issue, as retailers may choose Sutton over Epsom in locating new stores.

1.9 By comparing Epsom's market size and demographic profile of its shoppers with other UK centres, CACI have benchmarked Epsom against up-market towns such as St Albans, Windsor, Winchester and Altrincham. For this reason CACI believe that a greater emphasis on a premium retail offer is essential for Epsom to remain competitive.

Historic and Future Trends for Epsom

Town	Historic Change in Ranking 2000-2005	Recent Change in Ranking 2005-2006	Future Change in Ranking 2006-2011
London - West End	0	0	0
Guildford	+15	+6	+1
Croydon	-8	+9	+10
Kingston-Upon-Thames	+15	+7	-4
Sutton	-39	+19	-15
Epsom	**+43**	**+17**	**-62**
Dorking	-198	+32	+12

1.10 Over the past 6 years Epsom has been experiencing welcome growth in the retail sector, mainly thanks to the success of The Mall, which has succeeded in attracting a high number of good quality tenants that trade well from Epsom's affluent customer-base.

1.11 However, this growth is beginning to slow and over the following 5 years (from 2006) CACI forecast a potential decline due to increased competition for retailers and customers alike from major developments in Croydon with 1,000,000 sq ft of additional space proposed to open in 2010. CACI's assessment, which has focused upon committed development, does not even take into account aspirations of the Kingston-Upon-Thames masterplan which includes an additional 400,000 sq ft of retail floorspace.

1.12 CACI's conclusion is that Epsom is under threat in the future of falling from its quality status. Not only will major new developments in the major premium centres of Croydon, Guildford and Kingston-Upon-Thames impact on shoppers' choice over Epsom – but the town's current retail-mix is not configured correctly to maximise sales from its affluent shopping population.

1.13 There is no room for complacency with respect of retailing in Epsom. Sutton represent's Epsom's most direct competitor, and CACI's analysis has revealed that Sutton's retail mix already caters better for the 'Wealthy Executives' and 'Prosperous Professionals' categories of consumer, than Epsom.

1.14 Without effective Town Centre Management (TCM) CACI predict that Epsom could experience a decline – resulting in up to 25% loss in market potential. This could send Epsom down the national rankings some 60 places from 141st to outside the top 200.

1.15 With good Town Centre Management (TCM) CACI believe that Epsom can manage a slight decline which would almost inevitably happen as a result of surrounding major town-centre developments (as planned in Sutton and Kingston) – minimising the impact and safeguarding Epsom's Quality status and its appeal to its affluent consumer base.

1.16 Epsom TCM should cover the following key areas and should help:

- *Define and preserve core retail pitch.*
- *Develop and maintain core retail pitch.*
- *Improve the way the town presents itself as a retail destination.*
- *Effectively market the retail offer of Epsom against major competitors that include Kingston-Upon-Thames, Sutton and Croydon.*
- *Improve the accessibility of the town centre to its core shopping groups and increase the town's relevance to these consumers.*
- *Pro-actively promote opportunities to a target list of new retailers.*

1.17 By comparing Epsom against the benchmarks towns referred to in paragraph 1.5, it has been revealed there is currently an under-provision of premium positioned multiple Clothing & Accessory Retailers – presenting a problem mismatch with the affluent shopper lifestyles of the catchment.

1.18 CACI would recommend that TCM encourages the refurbishment and promotion of existing retail space on the high street to premium clothing retailers – who do not require such large floorplates to operate.

1.19 In our experience this would also necessitate reducing the dominance of traffic and increasing space and priority allocated to pedestrian movement across the high street. The current condition of the public realm in Epsom is not sufficient to attract premium retailers to take up retail pitch. The current conditions for pedestrians are hazardous and in particular make shopping particularly difficult for families and people with mobility issues.

Impact test of new retail development in Epsom

1.20 Tests of introducing 40,000 – 80,000 sq ft of new comparison retail space to the town centre of Epsom reveal potential problems with the sustainability of these proposals. The success of these schemes for the town will be heavily dependent upon both the market positioning and the location of the scheme within the town centre. In particular, CACI do not believe that the forecasted increase in market potential would be sufficient to support new floorspace that was not directly connected to the existing primary shopping area.

1.21 Therefore, CACI would recommend a strategy whereby more incremental, development opportunities closer to the primary shopping area are supported within the Local Development Framework.

1.22 The study has highlighted potential threats to Epsom in relation to the quality of its retail offer. The concern relates to the impact this can have on retailer demand for Epsom, and the following consequences on consumer choice. CACI's main concern is about maintaining, and if possible growing a healthy cluster of premium retailers in the town. To do so, retailers need to be re-assured that the town is positioned for them and has the right environment for their successful operation.

1.23 Whilst the increased presence of mass-value retailers may not necessarily have the direct effect of turning affluent customers away from the town, it may be in the long run sufficient for a premium retailer to vacate the town to a new location where they can co-exist with a more appropriate cluster of premium retailers. This is how CACI view a possible spiral of decline for Epsom town centre.

1.24 However, the virtuous circle of success can be generated by targeting key new retailers to space in the retail centre that will help strengthen the premium market positioning of the centre, which will in turn generate greater interest from other premium retailers.

1.25 Finally, CACI have in some ways simplified the issue by discussing premium, mass and value market positions. These views need to be further verified by a more comprehensive assessment of the suitability of retailers against Epsom's consumer lifestyle groupings.