Insight focus

SEPTEMBER 2020

The next generation: The future of our town centres

In this insight we consider the future of our town centres, with specific focus on young people, how they engage with centres and what this means for high streets of the future.

Town centres are continuing to face significant challenges in a period of unprecedented change. Continued growth in internet shopping, an increasing consumer focus on convenience, the rise of discount shopping and the continued evolution of out of centre retailing has all contributed to a fall in demand for physical retail floorspace and resulted in increased vacancy levels in centres across the UK.

The high street was already experiencing significant change but COVID-19 has accelerated this, bringing seismic changes to shopping and working patterns. As a result, stakeholders across the industry are considering how the high street might look in a new era, with changes previously planned for the next decade now being taken today.

In response to these changes, amendments have been made to the Use Classes Order (UCO) aimed at assisting the process of change in town centres. The changes made – and in particular the introduction of a new Class E (a commercial, business and service class which subsumes uses which previously fell within use classes A1/A2/A3/ D2 (part) and D1 (part)) – will allow many changes of use to take place without the need for planning permission.

While the changes to the UCO should be helpful in overall terms – particularly by allowing changes of use to take place much more quickly than has been the case in the past – if we are to re-shape our town centres in a way which meets the needs of future generations, we need to understand what future users of high streets will be looking for. Understanding this – and the views of young people - will be key for planners, policy makers and town centre stakeholders if they are to ensure town centres of the future reflect what we want from them.

Against this background, Lichfields surveyed 230 16-25 year olds in September 2019, gaining valuable insight into the thoughts, habits and demands of this key demographic.

This report reflects upon this and considers how town centres must adapt and evolve if they are to remain relevant for young people and thrive in the future.

These reforms are primarily aimed at creating vibrant, mixed use town centres by allowing businesses greater freedom to change to a broader range of compatible uses which communities expect to find on modern high streets, as well as more generally in town and city centres.

Explanatory Memorandum to The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020

HEADLINE FIGURES

Based on a survey undertaken by Lichfields in September 2019, on 16-25 year olds:

59% stated that eating out was the most popular reason to visit a town centre

41% found out what was happening in their town centre via Instagram

43% visited a venue because their friends or family recommended it

38% were quite or very likely to share their experience of a venue online

37% stated that their main purpose to visit a town centre was go to school/ college or university

LICHFIELDS

The changing high street

Retail destinations are evolving to become places where people live, work and play. In recent years we've seen increasing leisure, and we can expect more focus on residential and work spaces in the future. Destinations have always been important destinations for young people and footfall statistics prove this point.

James Miller, Head of Analytics and Insight, intu

Linked to improvements in technology, and widespread ownership of smart phones and tablet devices, online shopping has grown exponentially over the last decade. In response, many retailers have been quick to respond to changing shopping habits and have adopted an omni-channel approach to sales, using digital platforms to support their more traditional, high street offer.

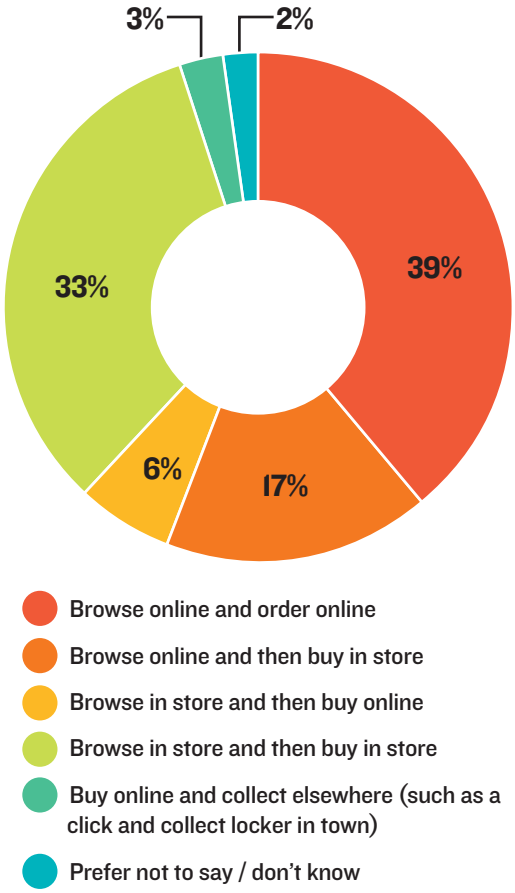
As part of our survey of young people, respondents were asked their preferred method of shopping for non-food (comparison) products within an online and offline context. Whilst not surprising, browsing and ordering online was the most preferred option with 39% of respondents opting for this choice. However, this was closely followed by those who preferred to browse and buy in store (33%).

When we examine the data more closely, we see pronounced patterns across different age groups. For example, many of those aged 16-18 (43%) indicated a preference to browse first before buying in store whereas the majority of 19-21 year olds indicated that they were happy to browse and order online (56%), though this may simply reflect a greater degree of financial independence among the older age group.

Those aged 22-25, who might typically be expected to be in employment, showed a mixed pattern of preferences – with 36% preferring to browse and ordering online, 21% browsing online and buying in store, and 31% browsing and buying in store.

Looking at the survey findings as a whole, young people are clearly now adopting an omni-channel approach to shopping. However, this does not mean that they are turning their back on the high street. Indeed 60% of the respondents to our survey indicated that they would still use town centres in one way or another when shopping for non-food goods. This would suggest that young people see online shopping as complementary rather than as a substitute for visiting the high street.

Figure 1: Young People's preferred shopping methods



Source: Lichfields survey of 16-25 year olds - September 2019

Town centres are going online

It is well understood that over the last decade the rise in online sales has impacted on 'bricks and mortar' retail sales in town centres. With COVID-19 having introduced a new tranche of customers to online retailing – the Office for National Statistics (ONS) have estimated that more than a third of non-food sales were made online in April 2020) – it is very likely that 2020 will witness a significant shift in consumer behaviour. However, high street retailers are increasingly working with this trend, rather than seeing it as a threat.

Young people's relationship with the internet and social media is agile. In 2019, the ONS found that 100% of 16-24 year olds access the internet on a mobile device and, unsurprisingly, this age group engage very actively with social media (98%) and are highly adept at finding out about information on goods and services online (84%). When compared to other age groups the percentages range from 84% (ages 35-44) to 69% (ages 45-54) but it is clear that young people are actively using the internet when shopping.

The growth of social media through platforms such as Facebook, Instagram and Twitter has become important marketing platforms for businesses trying to capture the attention of young people. Online clothing retailers, such as ASOS and Pretty Little Thing, use their own large social media following, and the following of other popular individuals, as a marketing method. Those "influencers" (social media users who have accrued a large online audience), offer retailers a direct link to their customers by partnering or having products endorsed by trusted celebrities.

This has not gone unnoticed by town centre stakeholders either - with independent retailers, restaurants and service providers turning to social media to promote their physical (and online) stores. Our survey uncovered that 60% of 16-25 year olds obtained information about their town centre via Facebook, as well as 41% of respondents finding out information through Instagram.

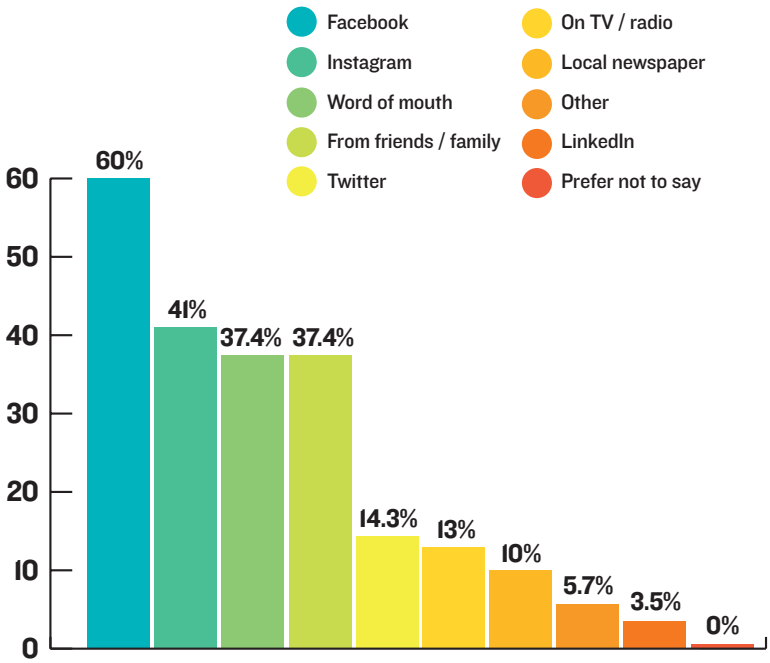
There are therefore key synergies for young people that already exist between the high street and their online life, that go beyond shopping online. Retailers and high streets are already looking to capitalise on this to build relationships with their customers directly through campaigns, promotions and partnerships that promote their high street stores.

As we live with COVID-19 there is now an increased focus on social media as town centre stakeholders look to reconnect with potential customers and showcase their unique offer in an immediate way. While some businesses will seek to promote their offer on a national scale, including through online advertising, there is also scope for businesses within town centres to take a co-ordinated approach through a central body (such as a business improvement district). This ability to communicate directly with customers in a live setting is likely to be increasingly valuable as the high street looks to bounce back and build trust with its returning customers.

Social media absolutely has a role to play in attracting people to destinations. The "IAMsterdam" phenomenon of people instagramming themselves in front of the famous letters is widely credited with a huge uplift in visitors to the city, so much so they've now been removed due to tourist saturation. It is extreme but a good example nonetheless of how social media can influence behaviour and raise awareness of places.

Stephen Patterson, Director of Communications, NEI.

Figure 2: Where Young People obtain information about what is going on in their town centre



Source: Lichfields survey of 16-25 year olds - September 2019

Image Credit: NEI

Re-connecting the high street online

@newcastlenel regularly post/re-post images and videos from shops and restaurants located in the city centre to draw attention to their services and offers.

@grainger.delivery have recently set up an online delivery/click and collect service to bring individual tenants together in Newcastle's famous Grainger Market. This service was initially marketed widely on Facebook and Instagram social media platforms.

Both are excellent examples of harnessing the power of social media to market their services to a new audience

The future town centre experience

Young people are a key visitor audience for retail destinations. While footfall from family lifestages has declined in the last ten years, across all UK retail destinations, younger people have bucked this trend. According to CACI, over the past decade footfall from 18-24 and 25-34 age groups has increased by almost 10%. Younger visitors use retail destinations quite differently to other age groups. Socialising is a key driver, as well as experience in general (whether from restaurants, innovative retailers, events, of other forms of entertainment)

James Miller, Head of Insight and Analytics, intu

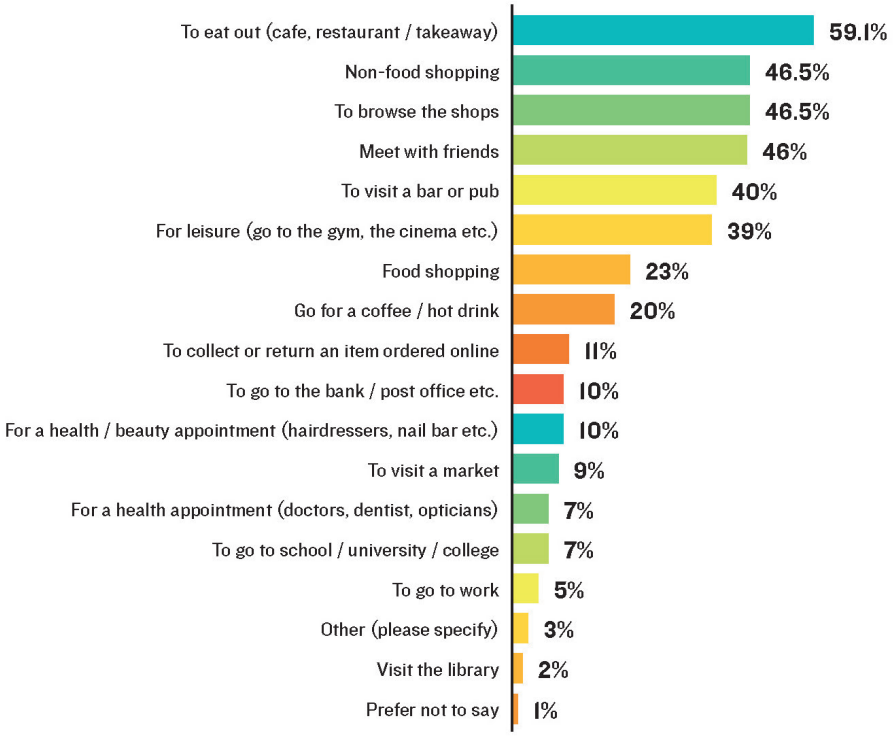
Through their responses to our survey, 59% of 16-25 year olds said that one of the main purposes behind their visit to a town centre was to eat out, compared to 46% who referred to 'browsing the shops' and 'shopping for non-food goods'. The importance of eating out as part of the town centre experience is reinforced by the findings of a recent survey by intu[1] which found that, of all the activities they missed during the recent COVID-19 lockdown, people were most looking forward to eating out (47% out of 2,000 people surveyed) and socialising with family or friends (45% and 41%) after lockdown.

These survey findings are consistent with the general trend that consumers increasingly prefer to spend their disposable income on an experience, rather than a physical product, with leisure now accounting for 14.3% of consumer spend (Savills, 2018). Over the last 2 years, UK town centres have responded to changing consumer preferences through a growth in a diverse range of leisure concepts from urban mini golf to virtual gaming, and bar games, such as social darts. With many of these concepts being aimed at a younger market, young people are very much part of this trend – on the basis of our survey, 39% of respondents stated that they visit their town centre for leisure purposes (such as the gym, cinema etc.) when asked what their top five reasons to visit a town centre was.

Of course, service uses have long been an important element in our town centres' offer. This is particularly the case with food and beverage uses, and such uses are likely to continue to play an important role. Some other services like banking can often function effectively online but there remain many service uses which involve an 'in person' experience which can most effectively take place in town centres. The most obvious examples of this lie within the Health, Beauty and Wellbeing sector which is continuing to grow and indeed dominates the top 10 categories for physical retail growth. Barber shops exhibited very strong growth in 2019 (an additional 782 units nationwide), alongside Beauty Salons (an additional 473 outlets) (LDC, April 2020). Furthermore, 10% of the young people who responded to our survey stated that visiting the hairdressers/health and beauty bar would be one of their top five reasons to visit a town centre.

While over the longer term the growth in the relative importance of the service sector in town centres looks set to continue, COVID-19 is likely to have had a short term impact on this growth among young people - indeed the ONS has recently confirmed that young people are the worst affected in terms of COVID-19 in relation to the impacts on their disposable income spend. Retailers will therefore need to offer an attractive proposition to entice young people to return to the high street and spend their income on a range of services which go above and beyond shopping for goods.

Figure 3: What are the main reasons why young people visit town centres?



Source: Lichfields survey of 16-25 year olds - September 2019

[1] https://www.intugroup.co.uk/en/insights/the-new-normal-retail-during-and-post-covid-19/

Looking forward

Town Centres are a vital hub for local communities, having evolved over time to meet the needs of successive generations. However, the retail sector has been subject to unprecedented change in recent years, leaving many centres with high levels of vacancy and a need to be re-imagined in order to meet the needs of today / the future. Planning has a key role to play in responding to these challenges.

In reviewing the data collected through our research, three key trends have emerged:

1. Young people still value town centres but are now looking for something different compared to previous generations. While retail remains important, younger people are less focused on visiting centres for shopping and have much more interest in other uses, activities and events.
2. Young people are omni-channel shoppers and this has a significant influence on how they use centres. Unlike previous generations who relied upon shopping in person, younger people now use multiple channels to meet their shopping needs, blending different channels to maximise personal convenience. This often involves a visit to a town centre (e.g. to browse or to collect goods) even if purchases are actually made online.
3. Young people use social media as a matter of course in order to research what is on offer in a town centre in advance of a visit – and this means that it is now essential for town centres and the businesses located there to be digitally accessible through both an effective website and social media channels. It also means that social media channels can be harnessed proactively in order to market and promote town centres / town centre businesses to the next generation of consumers.

It is essential that these trends are understood by planners and policy makers if town centres are to meet the needs of current and future generations.

Discovery in Town Centres – NE1

NEI, the Business Improvement District in Newcastle City Centre is focused on improving the economic environment of Newcastle's Central Business District. Much of their work is centred around placemaking initiatives and animating the public realm, and NEI is now well known across the North East for its 'pop up' initiatives, including the 'Screen on the Green' (outdoor film screenings) and 'Grey Street Gathering' (a 'pop up park' in the heart of the city centre) aimed at encouraging both more visits and longer dwell time.

Another NEI initiative 'Alive after 5' is an attempt to bridge the gap between the city centre's daytime and evening economy through free parking and extended retail opening hours. NEI Restaurant Week is also a popular event in the City, and NEI's annual survey suggests that the event is hugely popular among young people, combining both the opportunity to discover new venues with great value.

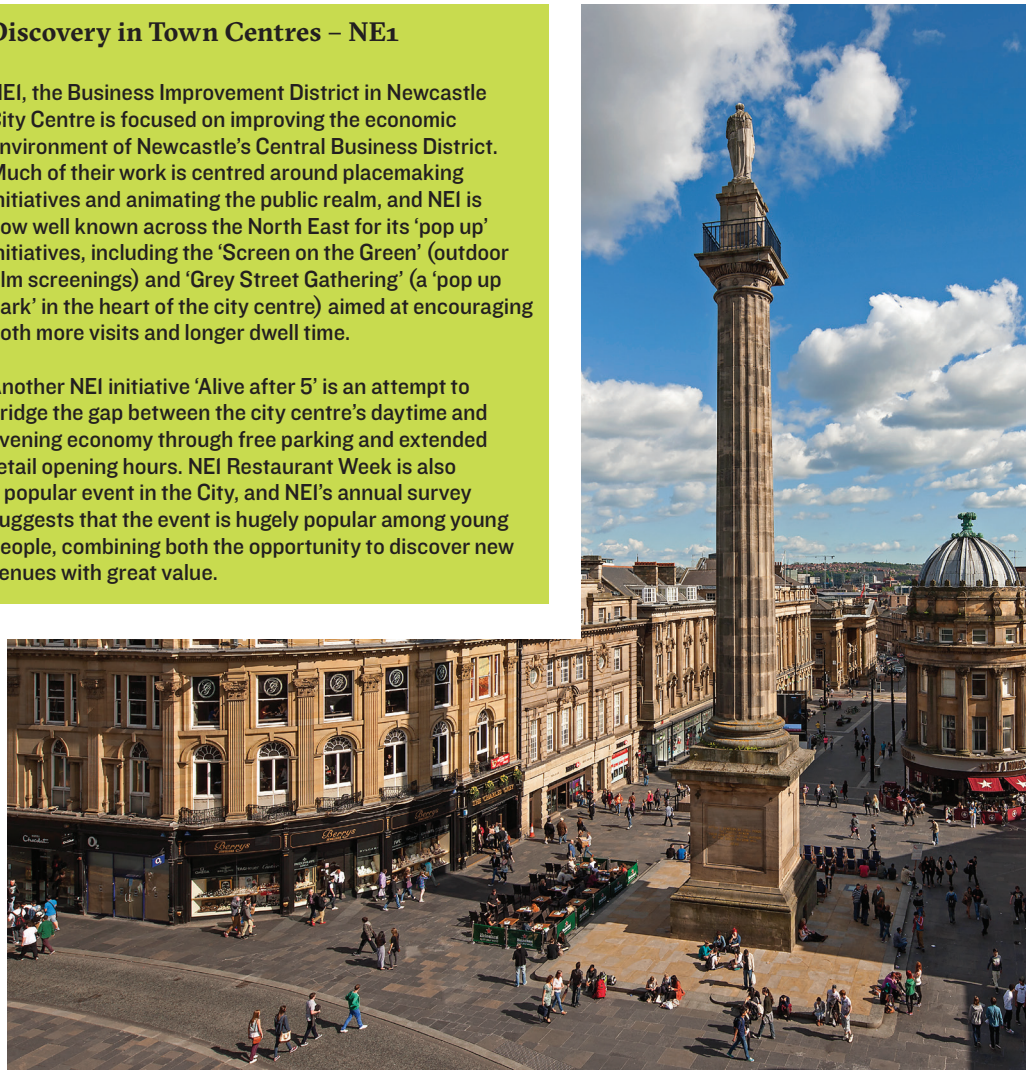


Image Credit: Graeme Peacock

Summary

There is little doubt that our town centres are experiencing fundamental change - and fast. Planning has an important role to play in reshaping high streets to meet the needs of the future, and in planning for change it is essential that we understand how young people use and engage with town centres and town centre businesses.

No matter what the future holds for our high streets, be it in a physical world, a virtual one, or indeed a socially distanced one – our high streets need to adapt quickly so they can maintain their historic role at the heart of our communities.

Lichfields Survey

This insight seeks to explore young people's use of town centres, and it is based upon a survey of young people in the North East of England aged 16-25. In total, 258 survey responses were received (158 via an online survey and 100 surveys collected 'on street') and of these responses, 230 were considered to be valid for the purpose of analysis. The survey was sent as a link to Gateshead College, Newcastle University, Northumbria University, Northumbrian Water and other institutions and organisations. It was also shared via social media and sent out via a press release on NE Connected and 'Business up North'.

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