

Report to the Future Melbourne Committee**Agenda item 6.2****Mainstreaming Twilight Trade****5 March 2024****Presenter:** Andrew Wear, Director Economic Development and International**Purpose and background**

1. This report provides an update on the City of Melbourne's (CoM) support for the retail sector, including efforts to align trading hours to the changing rhythm of the city, and proposed next steps.
2. Retail trade employs approximately 21,000 people in CoM (3.4 per cent of the workforce) and generates \$1.8 billion in output (1.7 per cent of CoM's total output). It has a significant indirect economic benefit, contributing to the vibrancy of the city and helping to position the city as a desirable place of work.
3. Council provides an extensive array of support to the retail sector. This includes recent campaigns and events such as Only in the City, Melbourne Fashion Week, Christmas in the City and Shop the City. Additionally, through the \$1.2 million Business Precinct Program, funding is provided to 10 Precinct Associations, enabling them to position each precinct as a distinctive destination with a range of experiences on offer.
4. In order to ensure Melbourne's retail offer remains unique and competitive, management has engaged the Australian Retailers' Association (ARA) to conduct research into trading hours and to define the opportunities and barriers associated with a potential shift to later trading hours. The project – called 'Mainstreaming Twilight Trade' (MTT) – is funded by the Victorian government through the Melbourne City Revitalisation Fund.
5. This work is part of a substantial array of initiatives delivered by Council in support of the city's economic recovery. This has included engagement with the business community, a full events calendar, extensive marketing, enhanced cleaning and implementation of the 41 actions in the current Economic Development Strategy.
6. MTT aligns with the outcomes and objectives related to the Council Plan, Major Initiative 1 (Continue to strengthen Melbourne's economic recovery).

Key issues

7. Consumer spending in CoM has generally recovered strongly following the pandemic despite a slowdown in consumer spending nationally (the Australian Bureau of Statistics reports that discretionary household spending fell 0.6 per cent during 2023). In the fourth quarter of 2023, consumer spending in CoM was just one per cent lower than in the fourth quarter of 2019. The strength of the recovery is evidenced by the steady reduction in shopfront vacancies across seen across the municipality, and Melbourne now has the lowest shopfront vacancy rate of all Australian capital cities.
8. Nevertheless, as outlined in Attachment 2, there have been distinct changes to spending patterns. Inflation-adjusted spending on entertainment – much of it at night time – is up 60 per cent, hotels/accommodation up 33 per cent and specialised/luxury goods up nine per cent. By contrast, spending in department/variety stores is down 22 per cent.
9. Since the pandemic, there have also been changes to consumer activity in CoM, resulting in higher footfall between the hours of 5pm and 7pm. For example the Bourke Street Mall (North) pedestrian sensor shows an increase of nine per cent in the fourth quarter of 2023 compared to a year earlier. Tuesday and Wednesday activity between 5pm and 7pm also shows an increase of 15 and 10 per cent respectively. There are now more consumers, workers and visitors in the city between the hours of 5pm and 7pm than between 8am and 10am
10. Retail patterns have also been changing for some time due to shifting work patterns, changing lifestyles, and demographics. These changes have been accelerated by the pandemic. Around the world, shopping destinations are increasingly open for business when customers want to shop and seamlessly weave retail into the fabric of city life, day, and night. International best practice demonstrates that the retail, hospitality, and events sectors need to work together to attract and retain consumers and grow visitors in the transition between the daytime and night-time economy.
11. While some Melbourne retailers currently trade with extended hours, there are many retail businesses operating more traditional trading hours or even with fewer trading hours than before the pandemic. By

closing early, retailers may be missing sales and losing the ability to keep customers engaged as the daytime economy transitions to night.

12. MTT is aimed at engaging relevant retail and personal service businesses operating in the municipality to explore the benefits of embracing Twilight Trade and aligning their operating hours with peak visitation times.
13. The first phase of the MTT project is complete. It involved research and consultation with retail businesses to better understand the opportunities for twilight trade, along with barriers inhibiting its adoption. Drawing on a detailed analysis of foot traffic data and opening hours, the ARA has concluded that there is an opportunity for businesses to address an unmet need for trading during twilight hours.
 - 13.1. It finds that there is a strong case for businesses to trade through to 7pm Sunday to Wednesday, and to 9pm on Thursday, Friday and Saturday.
 - 13.2. While there is widespread support for twilight trading, businesses would be more likely to make the shift if there were to be a coordinated precinct-wide effort backed by appropriate marketing.
 - 13.3. To help respond to changing demand, small retailers require access to timely data and insights (for example on pedestrian activity and consumer spending).
 - 13.4. Other insights from the research are outlined in Attachment 3.
14. The second phase of MTT involves marketing and promotion activities to test the appetite for change to trade into twilight hours. This consists of three separate activities:
 - 14.1. The “Live at Errol Street” activation ran on four Thursday evenings from 23 November to 14 December 2023 in North and West Melbourne.
 - 14.1.1. The aim of the activation was to draw locals, tourists and office workers to the precinct after 5pm, to test the hypothesis that retailers would be willing to extend their trading hours if there was an event that was drawing foot traffic to the area. The ARA partnered with the North and West Melbourne Precinct Association and Sofar Sounds to host curated live music events and performances accompanied with exclusive retail and hospitality offers.
 - 14.1.2. Early findings confirm the importance of direct engagement with retail owners and managers at the local level. While face-to-face engagement through and with the local precinct was successful in building a “coalition of the willing” in North and West Melbourne, other engagement tools such as enhanced marketing and communications and a heightened media presence may be required to scale-up the engagement for future activations. Another insight from this activation was that businesses are willing to amend their trading hours when there is the right marketing support and a strong cohort of businesses wanting to participate.
 - 14.2. To coincide with the return of international students at the start of the academic year, “Student Life in the City” will commence in early March 2024 and will focus on promoting those retail businesses – particularly in the central CBD – that are open late on Saturday evenings.
 - 14.2.1. This activity will look to test whether extended hours and marketing support is enough to drive foot traffic and sales. Marketing and promotion investment by CoM through owned and paid media channels will support positive economic outcomes for businesses in the area during the trial and ensure that a strong cohort of businesses participate.
 - 14.2.2. Following this activity, the project will start to communicate the case for change and will encourage widespread adoption of Twilight Trading amongst retailers in the city.
 - 14.3. The “Twilight Trading in the City” phase of the project will launch in late March 2024 and will focus on engagement with retailers, starting with major, national retailers in the Bourke Street Mall, then extend to other key shopping centres and precincts in close proximity, such as Emporium, QV and Melbourne Central. Activities led by the ARA will include:
 - 14.3.1. Media engagement launching the preliminary report and promoting this next phase of the project.
 - 14.3.2. Retailer engagement, including online information sessions and webinars for retailers supported by an events page on the ARA’s website to manage registrations. The ARA will also engage directly with its large and major members through established communication channels. These sessions will highlight opportunities for retailers in shifting their trading hours, outline insights about the barriers to change, and provide an

opportunity for retailers to share their views about the transition through a facilitated Q&A.

- 14.3.3. An online survey to measure intent, including a pledge to adopt Twilight Trading Hours.
 - 14.3.4. Updates to the ARA's Twilight Trade webpage (www.retail.org.au/twilight-trade) listing those retailers transitioning to Twilight Trade, amplified through ARA social media and online channels.
15. A key insight from the work undertaken to date is that if the transition to twilight trading hours is to be successful, City of Melbourne backing and support will be critical, including through marketing and communications investment, and provision of timely data and other information to businesses.

Recommendation from management

16. That the Future Melbourne Committee:
- 16.1. Agrees to support the "Student Life in the City" and "Twilight Trading in the City" campaigns through marketing and communications support via What's On, and corporate-owned channels such as the Business in Melbourne e-newsletter, assisting retail businesses to understand the opportunities associated with keeping customers engaged in the transition between the day and night-time economy.
 - 16.2. Requests that management explore ways to evolve the products and platforms that generate and share data and insights, thereby enabling small businesses to make better informed decisions to respond to the changing trading landscape.
 - 16.3. Report back to council via a briefing paper with the final report from the Australian Retailers' Association at the conclusion of the Mainstreaming Twilight Trade project, highlighting areas of opportunity and next steps to support Melbourne's retail sector.

Attachments:

1. Supporting Attachment (Page 4 of 6)
2. Changes in consumer spending in the City of Melbourne 2019 to 2023 (Page 5 of 6)
3. Key findings from ARA research (Page 6 of 6)

Supporting Attachment

Legal

1. There are no direct legal implications arising from this report.

Finance

2. Funding amount for this project came from the Victorian Government through the Melbourne City Revitalisation Fund.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

4. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

5. Various levels of engagement were had with stakeholders throughout the duration of the project and will continue to. Engagement during the research and phase included:
 - 5..1. Surveys – through Survey Manager, facilitated by the ARA, surveying businesses within the municipality. Promoted through the Business in Melbourne newsletter, as well as through the ARA member database.
 - 5..2. Interviews – Completed either online or face-to-face with stakeholders including business precinct association representatives, shopping centre management, department stores and other retail businesses.
 - 5..3. Group Meetings – Held with various business precinct associations.
6. For the “Live at Errol Street” activation, all engagement was conducted by the ARA, and included face-to-face and email engagement with participating businesses, entertainers and Sofar Sounds.

Relation to Council policy

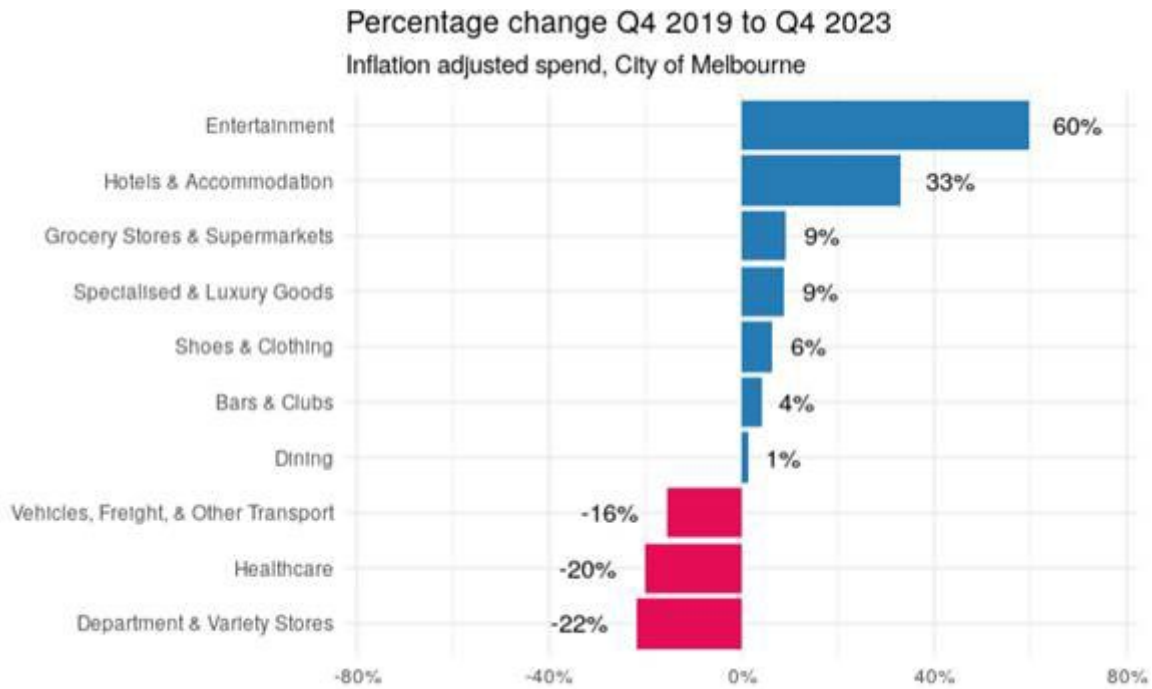
7. The contents of this report relate to Major Initiative 1 “Continue to strengthen Melbourne’s economic recovery”.

Environmental sustainability

8. There is no significant impact on environmental sustainability arising from this report.

Attachment 2

Changes in consumer spending in the City of Melbourne 2019 to 2023



Attachment 3

Key findings from ARA research

- Findings have revealed opportunities on Monday, Tuesday, Wednesday and Saturday evenings – with analysis of foot traffic data and opening hours confirming an unmet need. For example, foot traffic data from ARA research confirms there are more consumers, workers and visitors in the city between the hours of 5pm and 7pm, than between 8am and 10am. There are also more retailers open between the hours of 12pm and 2pm, than between 5pm and 7pm. When comparing pedestrian data to business activity, the most under-served times of the week include Saturdays between 5pm and 9pm, Fridays between 7pm and 9pm and Mondays, Tuesdays and Wednesdays between 5pm and 7pm.
- Overall visitation to the city continues to recover post-pandemic but there has been a shift in the foot traffic trends through the week. Thursday has replaced Friday as the busiest workday in the city and Saturdays are busier than Fridays.
- Small and independent retailers (excluding food businesses) typically have shorter trading hours than larger retailers, closing earlier during the week and on Saturdays and remaining closed on Sundays. Given the high number of small and independent retailers in the City of Melbourne, this has a disproportionately detrimental impact on the customer experience.
- Larger retailers trade 67-101 hours per week. By comparison, smaller retailers trade between 35-56 hours per week. Extending trading hours of smaller retailers would improve the retail mix, customer experience and amenity after 5pm.
- The concept of Twilight Trade is supported by shopping centre owners and operators because it has the potential to improve the customer experience, with minimal impact on retailers or leasing arrangements.
- More than half of retailers surveyed supported an extension to core trading hours, with general support for a change to core trading hours on at least one day of the week or for seasonal events and activations.
- Small independent and standalone retailers have shorter trading hours and are often closed on Sundays. Some are open to trialing twilight trading with special activations and marketing support, however, believe it is important that retailers around them are open later as well.
- Small retailers in particular require access to timely data insights such as pedestrian monitoring and spend data to help respond to changing demand. This information needs to be accessible and understandable, and retailers may need education to make the best use of it.
- While some retailers already trade these extended hours, there are many retail businesses operating more traditional trading hours or even with reduced hours than pre-pandemic. By closing early, retailers may be missing sales and losing the ability to keep customers engaged in the transition between the day and night-time economy.