ROGER TYM & PARTNERS
Planners and Development Economists
Part of Peter Brett Associates LLP

Roger Tym & Partners
7 Soho Square
London W1D 3QB

t: 020 7028 7100
e: london@tymconsult.com
w: www.tymconsult.com

LB Ealing LDF – Retail Evidence Base

Note from Roger Tym & Partners responding to comments from Mr James Guest dated 19 October 2011

Introduction

1. This note is prepared by Roger Tym & Partners (RTP) on behalf of LB Ealing in response to the comments from Mr James Guest on the Council's retail evidence based by email dated 19 October 2011. The two issues raised by Mr Guest concern the following:

   - The use of unrealistically high growth rates for retail expenditure
   - The use of an unrepresentative population sample

2. RTP prepared the West London Retail Needs Study Update (WLRNS Update – EB28) that forms the Council's retail evidence. Therefore, the Council have requested that we respond to these specific technical queries.

Expenditure growth rates

3. Mr Guest criticises the use of a retail expenditure growth rate of 3.6% per annum between 2011 and 2016, explaining that it is higher than the 2.5% forecast by Experian for the same period (and referenced in the recent retail trends document produced by GVA Grimley, Spring 2011); it should be noted that this growth rate applies to the comparison goods sector. Mr Guest simply highlights this issue and does not suggest an alternative growth rate to be used for LB Ealing. We have two observations on Mr Guest's comments, as follows:

   - Use of expenditure growth forecasts
   - Linked forecasts of sales density growth

Expenditure growth forecasts

4. The WLRNS Update must rely on expenditure growth forecasts by data providers. The two most prominent data providers in the UK are Experian (as mentioned by Mr Guest) and Pitney Bowers Business Insight / Oxford Economics (PBBI / OE) – formerly known as MapInfo. Inevitably such forecasts are sensitive to prevailing macro-economic circumstances and thus must be treated with a degree of caution. However, it should be remembered that this evidence is intended to support a 15 year plan and the Council have committed to update the forecasts within five years.

5. Mr Guest references a GVA Grimley note from Spring 2011 that itself refers to Experian's forecasts of 2.5% per annum over the next 5 years. It should also be noted that GVA also refer to growth at 3.0% per annum over the next 15 years, reflecting a likely recovery in the longer term.

6. The WLRNS Update was based on expenditure forecasts available at the time the study was undertaken. In order to deliver a robust output, the midpoint between Experian and PBBI/OE forecasts were adopted. Since the preparation of the WLRNS Update was published, there have been two new sets of forecasts; Autumn 2010 and Autumn 2011. The most recent forecasts are contained in the following documents:

Roger Tym & Partners
7 Soho Square
London W1D 3QB

t: 020 7028 7100
e: london@tymconsult.com
w: www.tymconsult.com

- PBBI Retail Expenditure Product Guide, September 2011 (0.5% in 2011, 1.6% in 2012, 2.1% in 2013 and 3.0% between 2014 and 2016)
- Experian Retail Planner Brief 9, September 2011 (0.3% in 2011, 3.6% in 2012, 4.1% in 2013, 5.0% in 2014, 5.4% in 2015 and 5.1% in 2016)

7. The comparison goods growth rate ‘forecasts’ are included in brackets for the 2011-2016 period mentioned and both sources provided longer term forecasts to 2021 (PBBI/OE) and 2028 (Experian). Consistent with other economic forecasts, it is anticipated that there will be a slow recovery but this will be underway before 2016. PBBI/OE is more optimistic than Experian and for this reason in recent studies (including the WLRNS Update) we have adopted a ‘mid point’ between the two sets of forecasts.

8. Applying the same mid point approach to the most recent set of forecasts reveals that the annual level of expenditure growth forecast remain at 3.6% per annum between 2011 and 2016 (when looking at the whole five year timeframe). It should be noted that this level of growth is conservative compared to the ultra long term trends of 4.5% per annum between 1964 and 2010 (as sourced from the PBBI/OE document). Therefore we consider the findings in the WLRNS Update in respect of growth rates remain appropriate.

9. Therefore, despite the uncertainty in the short term over growth rates, we consider that the WLRNS Update remains a robust and credible evidence base to support policies in the Council’s Core Strategy DPD.

Sales density growth

10. In questioning the expenditure growth issue, Mr Guest fails to acknowledge another key assumption used; namely the rate of sales density growth (or turnover growth) by existing retailers. The WLRNS Update assumption assumes that this will be 1.4% per annum between 2011 and 2016 in the comparison sector and is assumed to be a ‘claim’ on expenditure growth. In other words, this level of expenditure growth is ‘ring-fenced’ to support existing retailers.

11. The sales density growth assumption is linked directly to the expenditure growth assumption. Therefore, if the per capita growth rate adopted was reduced, we would also need to reduce the amount of turnover growth achieved by existing retailers. This would largely neutralise the effect of any reduction to the level of per capita expenditure growth and the findings would not be materially different. This provides further support to the robustness of our findings.

Household survey

12. Mr Guest chooses to criticise one element of the household survey undertaken by NEMS Market Research and that underpins the shopping patterns in the WLRNS Update, referring to some analysis undertaken to criticise the survey undertaken to underpin the original WLRNS. The comments suggest that the survey company have used an un-representative population sample in respect of gender and age.

13. The use of telephone surveys of households is the recommended approach by the Government to inform needs assessments and is the most cost effective solution. We have also met the sampling requirement of 100 surveys per zone as recommended within the PPS4 practice guidance. In any event, we have sought to address Mr Guest’s comments.

Roger Tym & Partners
7 Soho Square
London W1D 3QB

t: 020 7028 7100
e: london@tymconsult.com
w: www.tymconsult.com

14. The criticisms raised by Mr Guest focus on one element of the survey; namely the demographic profile of the respondents to the survey. The analysis is focused solely on why the individuals answering the phone are not representative of the wider population. However, this analysis does not recognise that the survey is not of individuals, it is of households. Indeed, the questions in the convenience sector refer to the household's purchase of food and grocery shopping. Whilst in the comparison sector, the questions refers to destinations where the respondent or their family have recently purchased the category of goods specified. To this end, we have asked NEMS for a statement on this issue and their comments are reproduced below:

> *'It should be noted that as per the survey's requirements, the profile of respondents is that of the main shopper / person responsible for most of the food shopping in the household. As such it will always differ from the demographic profile of all adults within the survey area. With any survey among the main shopper / person responsible for most of the food shopping in the household the profile is typically biased more towards females and older people. The age of the main shopper / person responsible for most of the food shopping in the household is becoming older due to the financial constraints on young people setting up home.*
>
> *A number of measures are put in place to ensure the sample is representative of the profile of the person responsible for most of the food / shopping in the household. First of all interviewing is normally spread over a relatively long period of time, certainly longer than the theoretical minimum time it would take. This allows us time to call back people who weren't in when we made the first phone call. If we only interview people who are at home the first time we call we over-represent people who stay at home the most; these people tend to be older / less economically active.*
>
> *We also control the age profile of respondents; this is a two-stage process. First of all we look at the age profile of the survey area according to the latest Census figures. Using a by-product from additional data we collect from a weekly telephone survey of a representative sample of all adults across the country we know the age profile of the main-shopper in any given area. This information is from data based on in excess of 100,000 interviews and is regularly updated and is therefore probably the most accurate and up to date information of its kind.'*

15. The use of the household survey has been clearly explained in the WLRNS Update and this approach is recognised across the industry as the most appropriate way of estimating spending patterns.

Concluding remarks

16. In conclusion, we consider that the evidence within the WLRNS Update that underpins the Council's submission draft Core Strategy remains robust and credible. Additionally, the Council have committed to update this evidence within five years. Therefore, we consider that this note more than addresses the comments raised by Mr Guest.

Roger Tym & Partners, October 2011