

STREET TALK

CITY CENTRE
IT'S A GREAT TIME TO COME ON IN.™

Special Edition—April 2001

City centre - boom or bust?

City centre businesses will soon be asked to make an important decision about their future prosperity. This newsletter outlines an exciting and innovative proposal for marketing the city centre that could deliver real benefits to businesses, combat the competition from the malls and contribute to the revitalisation of our city centre.

Please make reading this newsletter your top priority - and take this opportunity to have a real say in the development and promotion of business in the city centre.



The Threat is Real...

There's a mall around every corner

Many of the major malls around the suburbs have announced expansion plans. At Papanui, Eastgate, The Palms and Westfields at Riccarton expansion is either in progress, soon to begin or on the drawing board. The malls take business seriously and are spending around \$2 million per year to attract customers away from the city centre and it's working.

Using weekend hours as an example, in a recent survey, 89% of respondents said they shopped on a Saturday. Of those 89%, only 14% went shopping in the city centre. 69% of respondents in the same survey said they shopped on a Sunday - but only 7% went to the city centre.

That's a lot of potential business that's being attracted to the malls at weekends.

In the same survey only 60% of respondents thought shops were open on a Saturday morning in town. Worse yet, only 35% thought shops were open on a Saturday afternoon. The Sunday figures were even less encouraging.

The message is pretty clear - there's still a lot of work that needs to be done, to attract people to the city centre, and keep them coming back.

What's also clear is that a new approach needs to be taken to market the city centre.



Retailers and business owners are telling us there's a better way

City centre retailers and business owners have always taken the threat posed by the suburban malls seriously. Over the past few months a group of city centre retailers and business owners have been meeting to consider ways to become more actively involved in promoting the city centre.

This group has come up with a proposal to establish a city centre 'business marketing body' responsible for developing, driving and monitoring promotion for the central city and to better compete with the suburban shopping malls.

See inside this newsletter for more information about this exciting proposal.

INSIDE

What makes the city centre special	2
For the price of a cup of coffee	3
Have your say	4

Christchurch's city centre has it all

Where else could you find so much diversity of retail, hospitality, entertainment and commercial business all within easy walking distance of each other?

Here are **ten good reasons** there's no other destination quite like our own city centre:

It's **cultural** -

with festivals year round and every day attractions such as the Arts Centre, Museum, Art Gallery, markets and craft shops

It's **lifestyle** -

with inner city living that's affordable and exciting

It's **shopping** -

with the largest and best selection of department and specialty stores, more fashion, books and jewellers, sports and outdoors stores than anywhere else

It's **historic** -

with the Bridge of Remembrance, Provincial Council Chambers, the Spanish Mission charm of New Regent Street and the nostalgic pace of the Tram

It's **outdoors** -

with Victoria Square, Cathedral Square, Hagley Park, Cranmer and Latimer Squares and the Avon providing relaxing open spaces

It's **hospitable** -

with restaurants, wine bars, riverside cafes and alfresco dining

It's **accommodating** -

with major hotels like the Centra, Copthorne, Heritage, Hotel Grand Chancellor, Millennium, ParkRoyal and Rydges offering a warm welcome

It's **educational** -

with Christchurch Polytechnic, the public library, language schools, the Visitor Information Centre, Southern Encounter and Science Alive!

It's **accessible** -

with the new Bus Xchange providing high quality transport, the Shuttle providing free travel and parking buildings conveniently located

It's **business** -

with offices of all the top legal and accounting firms, the City Council and Environment Canterbury, the city centre is **THE PLACE** to do business

Our city centre is a unique place. It combines so many of the values that makes living in Christchurch special - a sense of place, diversity, affordability and choice.

The city centre has more to offer than any of the suburban malls but we need to make sure that people know it.

A Better Way to Market the City Centre

A group of city centre retailers and business people have proposed setting up a business marketing body to tackle three key city centre issues:

- Marketing & Promotion
- Strategic Planning
- Public Relations / Communications with stakeholders and the public

The association would effectively replace the Council's City Centre Marketing team and its work. There's no doubt the City Centre Marketing team has achieved much since it was set up in 1995, *but more of the same isn't the answer.*

A bold new approach is needed - some of you are telling us retailers and businesses want a greater say in the way the city centre is marketed - and taking over responsibility for city centre marketing is the only way that can happen.

What difference would this new approach make to my business?

By setting up an association of city centre retailers and businesses, focused on marketing the city centre, every retailer and business stands to benefit in these ways:

- Match the competition from the malls
- Have a stronger collective voice
- Control direction of city centre marketing
- Improve co-ordination of hours
- Promote (city centre) diversity
- Local people using local knowledge to provide leadership and solutions

In the past city centre businesses have either tried going it alone promoting their own businesses or left promotions to the Council. In the competitive environment, the survival of the city centre can't be left to chance. Only by adopting a co-ordinated approach can the city centre compete with the malls on their terms. And that means **every city centre business needs to be on board.**

How would this organisation manage city centre marketing?

There isn't a definitive plan for how the organisation would manage marketing the city centre. One option is to establish an administrative structure with a General Manager, an office and staff to implement

promotional activities agreed by the larger organisation. Another option is to have a smaller management structure and contract out agreed programmes.

These are decisions that will need to be made by businesses and retailers in the city centre, in consultation with your council once there's agreement to proceed.

How would my business get a say in decision making?

Every city centre business would be able to participate in the organisation, and attend the meetings that make the decisions over the structure and functions of the organisation. Every business would be notified of meetings and invited to attend.

Who's paying for this organisation and its marketing programme?

The group not only asked your Council to delegate authority for planning and implementing city centre marketing, they also agreed that the organisation and its marketing activities should be funded by central city business. In the past your Council has been criticised for using general rates to promote the city centre. That criticism has always limited Council's ability to meet the promotional needs of city centre businesses. The group recognises that if city centre businesses want control over how money gets spent they need to accept responsibility for providing the funding. They are recommending that **every city centre business contribute to the cost.**



What will it cost to market the city centre?

To promote the city centre, consider what the suburban malls are spending on their promotions, and what they charge their tenants for marketing.

In most shopping centres retail-marketing funds are set at either 6% or 7% of the base rent payable by a tenant. (If a tenant pays rent of \$50,000 for a shop, at 6% they would be paying an additional \$3,000 per year into a marketing fund).

A shopping centre similar in size to 'The Palms' or Northlands Mall, would have a total marketing budget of about \$450,000 per annum. A bigger centre similar to Westfield's at Riccarton would have a marketing budget of around \$600,000.

Collectively Christchurch's major malls are spending more than \$2 million dollars on marketing each year.

There are more than five times as many businesses within the central city as in the city's largest mall. That doesn't mean we have to spend five times as much money, but it does give us an indication of the money required to gain profile in the market place. **At a minimum, city centre marketing would need to spend \$600,000+GST per annum - but to really compete that figure might need to be around \$1 million.**

How would the money be raised?

The group asked your Council to consider a separate rate be used to raise the necessary funds. A percentage rate is the fairest way to raise money, because the larger businesses pay the larger cost. **So the proposal is for a separate percentage amount on top of your existing Christchurch City Council rates.**

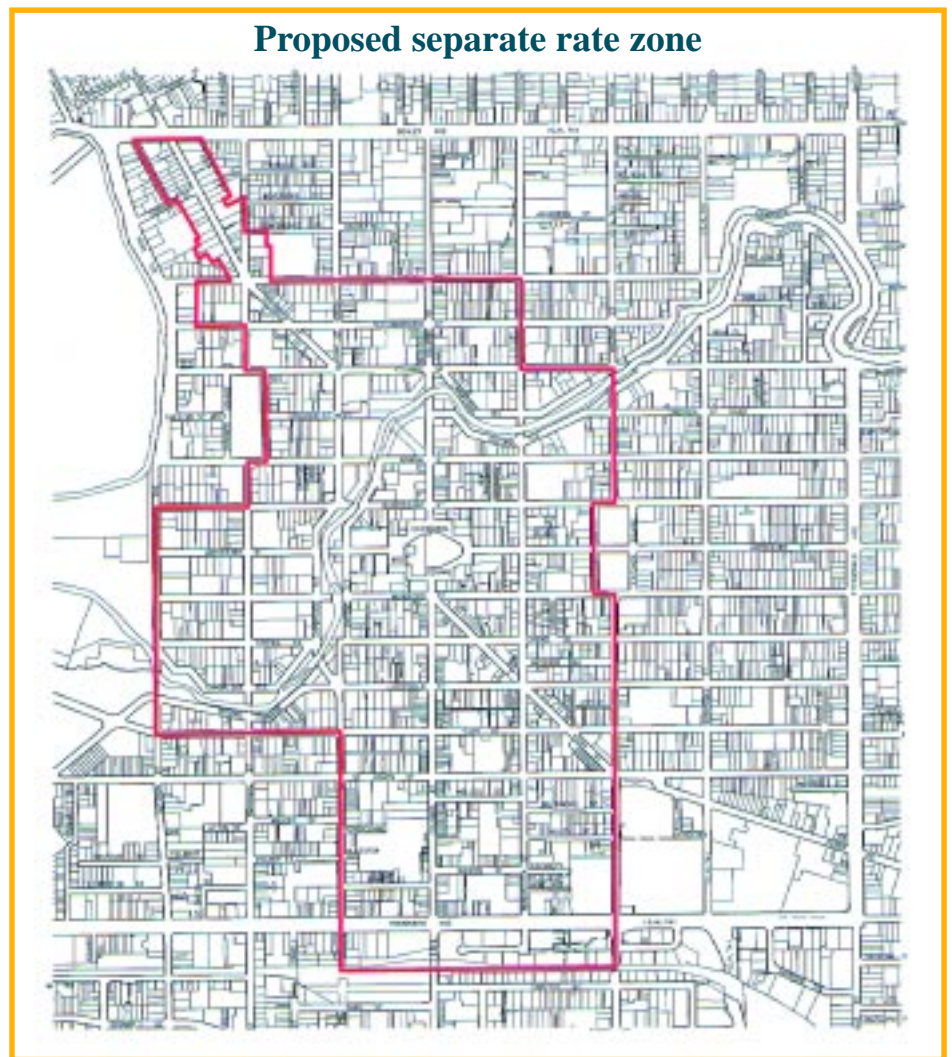
What would the rate be set at?

The minimum budget to fund the activities of the association has been calculated at \$600,000+GST per annum. The total city council rates collected from retailers and commercial businesses within the city centre zone identified is \$9.91 million dollars per annum. **To raise \$600,000+GST would therefore require a rate of around 6%.** A rate of 12% would produce a 'fighting fund' of \$1.2 million dollars still well below the total spend by the malls but sufficient to aggressively promote the unique qualities of our city centre.

What increase would that mean to my rates?

The rate is likely to be between 6% and 12%.

Here's what that means in everyday



terms. If the rate was set at 6% a city centre retailer paying \$2,000 per annum in rates to the City Council (excluding Environment Canterbury rates) could expect to pay an extra \$120 per year. **That's less than the cost of buying one \$2.50 cup of coffee per week for a year.** Consider how much advertising \$120 per year could buy your business? - one small advertisement, but not radio or television. Compare that \$120 per year to your yearly or even monthly turnover and it's an even smaller sum.

If the rate was set at 12%, it would cost

that same city centre business an extra \$240 per annum. Though it's a small amount individually, collectively the marketing power of \$1.2 million could effectively lift the profile of the city centre and the businesses in it.

Which city centre businesses would be rated?

All retailers and commercial businesses within the area outlined on the map would be rated. **Residential ratepayers within the area would not be rated.**



Why would city centre businesses be rated?

If we promote the city centre as a destination that offers every conceivable service, then we can attract people to come to town to do more than just shop, and extend the time they stay in town and the money they spend while they're here. For example, one trip to town could involve using professional services (visit a dentist, accountant, lawyer), hospitality (lunch at a coffee house, cafe bar or restaurant) shopping and entertainment. By utilising the diversity of the city centre as a strength, we can combat competition from the malls. With this approach every city centre business has the potential to gain from being involved with marketing the city centre.

With the benefits being shared, the cost also needs to be shared fairly.

How would the money raised be spent?

We know the malls take marketing seriously, and we have to do the same. Of the \$600,000+GST raised per annum, it's likely to be spent this way:

Strategic planning, research and management	30%
Promotions, events, advertising and publicity	70%

The percentage spent on planning research and management goes down as the sum raised goes up - the bigger the "fighting fund", the more there is to spend on marketing activities, rather than planning and research.

What would my business get for the money?

The association and its city centre marketing programme won't replace the need for individual businesses to promote themselves. What it will do is market the city centre as a destination, in the same



way that the malls promote themselves as destinations. As well as generic city centre promotions, there may be precinct specific publications and promotions that highlight individual businesses. Shops and businesses may be listed on a website, and be included in guides and brochures.

The real challenge is to get people into the city centre. Once they're here, each business needs to promote themselves to those potential customers. **What the organisation and its marketing programme must do is persuade people that the city centre is open for business and the best one-stop destination for business, shopping, leisure and entertainment.**

Your Council's response

The Council is encouraged that city centre retailers and businesses want to play an active role in marketing the city centre. So your Council has given its support to this proposal.

If there's sufficient support for the proposal from city centre businesses and retailers, then your Council will agree to set a separate rate that would be provided in the form of a grant to the association.

Your Council has also agreed to take a keen interest in the work of the association and **review the association after three years to ensure it is achieving measurable results and retailers and businesses are satisfied with it.**

What happens now?

Meetings are being held to explain and discuss the proposal, and you're invited to attend any one of these meetings. All meetings are being held between 6 - 7pm.

While we welcome you to attend any one of these meetings, we have spread them through the city centre so one is convenient to you. For catering purposes please RSVP to Danni 371 1761 or danni.cain@ccc.govt.nz

At the beginning of May you'll be sent a survey form asking for your comment on this proposal. Please take the time to fill in the survey and return it to the Council.

If you have further questions about this proposal, contact either Melanie Williams on telephone 371-1250 or Julie Battersby on 371-1780.

How was the city centre working party formed?

On 7 November 2000, around 50 city centre business people met to discuss their concerns about the future of the city centre. This meeting put forward a smaller working party, which developed this exciting and innovative proposal. The members of the working party are listed below.

Richard Ballantyne
Heather Chew
Peter Guthrey
Andrew Hodge
Craig McWilliams
Kaye Manners
Dave Neil
John Suckling
Donna Thomsen
Hugh Wyles
Peter Chudleigh - facilitator

<i>Date:</i>	<i>Venue:</i>	<i>Time:</i>
10 April	Mezzanine Floor, Millennium Hotel	6-7pm
11 April	Gloucester Room, 11th Floor, Centra Hotel	6-7pm
18 April	Mezzanine Floor, Millennium Hotel	6-7pm
19 April	Buick Room, Copthorne Durham	6-7pm
23 April	Lovell-Smith Room, The Arts Centre	6-7pm
24 April	Conference Room, Science Alive! (Beside Copy Centre at back of building)	6-7pm

TO THE MANAGER: StreetTalk is produced every two months by City Centre Marketing, Community Relations Unit, Christchurch City Council, PO Box 237, Christchurch, New Zealand. Cost of annual subscription to Street Talk is \$10.00. This newsletter is distributed to City Centre businesses free of charge. The views expressed in Street Talk are not necessarily those of the Christchurch City Council. If you have any questions about Street Talk or would like to be on the mailing list or contribute an article, call Melanie Williams (371 1250). PLEASE PASS ON TO STAFF. © Christchurch City Council 1998.