

12 September 2006

MELBOURNE RETAIL STRATEGY 2006-2012

Division Marketing, Tourism & Major Events

Presenter Mary Hennessy, Manager Melbourne Marketing & Retail Development

Purpose

1. To seek approval for the Melbourne Retail Strategy 2006 - 2007 implementation plan.

Recommendation from Management

2. That the Business and International Relations Committee approve the Melbourne Retail Strategy 2006-2007 implementation plan.

Key Issues

3. The Melbourne Retail Strategy 2006 – 2012 (Attachment 1) was launched by Lord Mayor and Minister Haermeyer, Minister for Financial Services, Manufacturing and Export, and Small Business on July 20, 2006. It is a joint project by the City of Melbourne and the Victorian State Government with equal funding.
4. It is a project that is auspiced by the Melbourne Retail Advisory Board, a City of Melbourne advisory committee comprising stakeholders from the central Melbourne retail core. The Melbourne Retail Advisory Board has a published charter and membership appointed via both direct selection and advertising for members. In April the Business and International Relations Committee approved the make up of this board. The Retail Advisory Board will oversee the strategy's implementation. Members of the Melbourne Retail Advisory Board include:
 - 4.1. Myer;
 - 4.2. David Jones;
 - 4.3. Melbourne Central;
 - 4.4. QV Property Management;
 - 4.5. Eg. etal;
 - 4.6. Australian Retailers Association Victoria;
 - 4.7. Metlink;
 - 4.8. Crown Casino;

- 4.9. NH Architecture;
- 4.10. Grocon; and
- 4.11. Victorian State Government, Department of Innovation, Industry & Regional Development.
5. In 2005 this group of industry representatives, at that time operating as the City Centre Executive, identified that a long-term plan by the City of Melbourne, the State Government and the Melbourne retail sector itself, was required to ensure the success of Melbourne retail.
6. The Melbourne Retail Development Strategy provides both a vision and a pragmatic implementation plan to position Melbourne as Australia's leading retail city of world-class standard.
7. The Vision for the strategy is:

“In 2012, Melbourne City will be renowned globally as Australia’s leading retail City with an unrivalled retail landscape acclaimed for its diversity and compelling experiences.”
8. The strategy has been developed with extensive consultation within both the City of Melbourne and Victorian State Government (DIIRD) as well as with the retail sector. The Strategy has also been endorsed by the Australian Retailers Association of Victoria, the CEO of David Jones, CEO of Metlink, Chairman of Colliers International and other key business representatives (see Attachment 2).
9. As a joint initiative with the Victorian State Government, the strategy consists of actions, some of which will be delivered by City of Melbourne, others by the State Government and some by the retailers themselves. The 2006-2007 City of Melbourne Implementation Plan (Attachment 3) identifies only those actions that will be delivered by City of Melbourne.

Time Frame

10. Implementation of the Strategy will commence in the 06/07 financial year. The progress of the Strategy will be reported annually and be available for public viewing. Tools including the City's Pedestrian Monitoring Program, the retail monitor and the annual city perception report will be used as benchmarks.

Relation to Council Policy

11. The Strategy has been developed in line with the following Council strategic directions:
 - 11.1. Innovative & Vital Business City; and
 - 11.2. Inclusive and Engaging City.

Consultation

12. The strategy was developed in consultation with the Victorian State Government which has co-funded the project. The strategy was also developed in close consultation with one of Council's key advisory boards – the Melbourne Retail Advisory Board, which has auspiced the strategy and which will oversee its implementation. This advisory board is made up of key representatives from across Melbourne's retail sector. The strategy has also been endorsed by the Australian Retailers Association of Victoria and other sector leaders. Additionally, consultation was undertaken with Branches & Divisions across the organisation (Attachment 4).

Finance

13. Deliverables of the Melbourne Retail Strategy for 06/07 have been developed to be achieved within existing projects in the annual budget and, therefore, there is no budget impact in 06/07. Funding for items within the strategy to be delivered in subsequent financial years will be submitted via the Council budgeting processes.

Legal

14. The recommendation and subject matter of this report are within the objectives, role and functions of Council. No direct legal issues arise from the recommendation of this report.

Sustainability

15. This project will have a positive sustainability impact relating to the themes of Connection and Accessibility; and Innovation and Business Vitality by creating innovative strategies aimed at improving and developing the City's retail core.

Background

16. The development of the Melbourne Retail Strategy commenced in early 2005 with the appointment of London based retail experts, Future Laboratory, who have undertaken a three phase project including:
 - 16.1. an in-depth research report delivered in April 2005;
 - 16.2. the Global Retail Study Tour in October 2005; and
 - 16.3. delivery of the final report and recommendations delivered in February 2006.
17. The strategy has primarily been written by the City of Melbourne and the Victorian State Government; however, research undertaken by Future Laboratory has informed this strategy and extracts form part of the final document.
18. The key objectives of the strategy are to:
 - 18.1. increase visitation and spend to Melbourne city's retail core;
 - 18.2. specifically increase weekend visitation to the retail core;
 - 18.3. maintain and further develop Melbourne's unique retail offer;
 - 18.4. evolve Melbourne's retail landscape and offer by the attraction of new and innovative retailers to Melbourne city from both domestic and international markets;
 - 18.5. provide increased economic return to retailers by forging stronger links between business events and the retail sector;
 - 18.6. address issues and perceptions regarding access to the city;
 - 18.7. ensure key strategic relationships with retailers are maintained and enhanced enabling the delivery of co-operative campaigns that see Melbourne renowned as Australia's premier retail city;

- 18.8. provide a pleasurable, stimulating and easily accessible retail environment; and
 - 18.9. further assimilate the retail environment with other drivers of city visitation such as major events, bars, dining, design, arts and cultural activities and sports and leisure activities to maximise commercial return from the unique city climate.
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Attachments:

1. Melbourne Retail Strategy 2006 - 2012
2. Melbourne Retail Strategy 2006 – 2012 – Implementation Plan
3. Stakeholder endorsements
4. Advisory Boards consultation process

**MELBOURNE RETAIL STRATEGY 2006 – 2012
IMPLEMENTATION PLAN**

OBJECTIVES TO BE ACTIONED 06/07	06/07 DELIVERABLE DETAILS
Chapter – Retail Mix	
Introduce a specific retail business monitor.	Currently in development. To be operating by March 2007.
Foster retail innovation and excellence via the annual Lord Mayor's Retail Innovation Award.	To be delivered on 16 August 2006.
Forge greater links with key education institutions such as RMIT and Swinburne University to encourage young designers to retail in the city.	Round table with institutions to be organised in early 2007.
Complete an assessment of Melbourne's cultural precincts including Chinatown, Greek precinct and Lygon Street and develop a strategy to reinvigorate the areas and ensure continued celebration of their attributes.	Ratio Consultants have been appointed to develop a strategic plan. A steering committee is being convened to oversee the development of the plan. This project is being jointly funded by State Government.
City Ambiance & Activation	
Establish a working party of representatives across retail Melbourne to deliver the city's first shopping festival in 2009.	Working party to be convened in early 2007.
Continue to partner with Victorian Major Events Corporation to ensure retail maximises commercial opportunities around events.	City of Melbourne currently meets regularly with VMEC to deliver programs around major events that will deliver maximum return to retailers. Currently working on a retail program for FINA 2007.
Retail Marketing	
Develop Stage Two of the Melbourne marketing campaign including a dedicated retail campaign highlighting the city's diverse experiences and unique precincts.	Stage Two to be delivered in November 2006 promoting the City as a retail nirvana and highlighting the breadth and depth of the full retail experience.
Undertake a full visual audit of the current imagery and messaging used to portray the city to ensure the contemporary Melbourne	Audit currently underway and to be finalised by February 2006.

OBJECTIVES TO BE ACTIONED 06/07	06/07 DELIVERABLE DETAILS
experience is consistently communicated.	
Work with Tourism Victoria and Destination Melbourne on developing a cohesive approach to the portrayal of Melbourne in all markets and to update the way Melbourne is portrayed.	Meeting currently being scheduled in September 2006 to discuss how Melbourne is currently being portrayed and to develop an agreed position on how Melbourne should be portrayed in the future.
Develop and deliver retail specific promotions and marketing campaigns associated with major events commencing with the FINA 2007 World Championships.	Retail campaign for FINA currently in conceptual stage and awaiting finalisation of budget and confirmation of retail partners before concept can be finalised.
Promote the new retail destinations within the City including Southern Cross Station and Docklands.	Melbourne Marketing meeting with DFO to ensure it is included in all information on retail in Melbourne. Regular meetings with Docklands development companies have been scheduled to ensure new retail in the precinct is capture in marketing outputs.
Tourism	
Develop a retail specific City Ambassador program to deliver the City's unique retail message and experience to visitors.	In 06/07 Stage One will be to increase the product knowledge of existing Visitor Services Personnel on the retail offer.
Provide intrastate, interstate and international visitors to Melbourne with access to comprehensive and insightful information on Melbourne's retail offer by positioning the Melbourne Visitor Booth in the Bourke Street Mall as <u>the</u> hub for retail information to consumers.	The existing booth is being redeveloped to have a greater focus on retail information. Plans are being finalised and work will commence in September 06. To be completed by November 2006.
Access & Amenity	
Commit a percentage of revenue from the Parking Tax to communicate access options.	\$190,000 from the Parking Levy has been allocated for access marketing – campaign will commence in October 2006 to communicate that the City is easy to access at any time and to communicate discounted parking rates at weeknights and weekends.
Work with car parking operators to extend and actively promote weeknight and weekend discounted parking rates.	To be delivered via City Rewards program in 06/07 and access campaign as above.
Partner with Metlink to deliver a co-operative marketing campaign	A proposal for partnership is currently with Metlink – awaiting response from

OBJECTIVES TO BE ACTIONED 06/07	06/07 DELIVERABLE DETAILS
to ensure a consistent, year-round message that combines destination and event specific marketing messages with information on access	Metlink.
Develop a dedicated marketing campaign promoting a positive city access message. Include specific messages in marketing campaigns detailing discounted access options such as weekend parking rates.	Campaign to be delivered commencing October 2006 as above.
Promote a range of access options to retail hubs including public transport, driving, walking and park and ride.	To be incorporated in existing marketing campaigns.
Sector & Business Development	
<p>Partner with MCVB to develop a unique retail experience for delegates to assist in bidding for major and international conferences.</p> <p>Work with city retailers to develop specific offers exclusive to delegates that will bring them into retail hubs and centres around the city.</p>	City of Melbourne is currently working with MCVB to identify an appropriate business event in early 2007 to undertake a trial exclusive retail experience for delegates.
Industry liaison	
Provide a dedicated interface between Council, State Government and the retail industry that will deliver Melbourne's vision of becoming Australia's leading retail City.	Melbourne Marketing branch formed a Retail Development unit in April 2006 to liaise with retail and to oversee the implementation of the Melbourne Retail Strategy 2006 – 2012.

Expressions of Support from Stakeholders

Mark McInnes
Chief Executive Officer, David Jones Ltd

Under Lord Mayor John So the City of Melbourne has been revitalised. We fully support Melbourne's vision for a world class shopping precinct and John So's determination in everything that he does to ensure that it happens.

Over the last 3 years our company has invested over \$30million in upgrading and updating our flagship Bourke Street store to be part of this exciting new world class retail shopping precinct.

The investment in Melbourne is our largest investment in the country and in October this year, we will unveil a world class beauty and accessories hall that will rival Saks 5th Avenue in New York and Selfridges in London.

We fully support and endorse the coming together of the State Government and the Melbourne City Council to create this unique opportunity in Australia which David Jones is happy to be fully involved in and invest in. We would encourage you to join this great retail vision and the retail precinct of the future.

Bernie Carolan
Chief Executive Officer, Metlink Pty Ltd

I would like to congratulate the State Government and the City of Melbourne in joining forces to create a pragmatic program in establishing Melbourne as a leading retail city by 2012.

Metlink supports the objectives of the Melbourne Retail Strategy 2006–2012 in further enhancing Melbourne's reputation as a world class city. Public transport has a significant role to play in this initiative by increasing visitation to the retail core.

Metlink is also keen to promote and encourage visitation to the city during off-peak periods such as the weekends, which is a key objective of the retail strategy. It is Metlink's role to work with the architects of this strategy, the State Government and the City of Melbourne, in providing accessible public transport options so that visitors and workers in the city can take advantage of the city's dynamic retail offer.

Joe Briffa
President, Australian Retailers Association Victoria

The Melbourne Retail Strategy 2006–2012 is a comprehensive and valuable joint initiative by the City of Melbourne and Victorian State Government.

The aims and objectives of the Strategy are commendable and focus on a wide range of essential retail imperatives.

The document is also flexible in its targeted focus and importantly – given its 6-year life – is a "living" document. This will allow the Strategy to be "fine-tuned" and "enhanced", and potentially changed so as to focus on new or re-emerging and or changing issues from time to time.

The Strategy will be very keenly welcomed by the retail sector whose members and stakeholders can contribute and add significant value to its ultimate success. The Retail sector is one of the Australian economy's major drivers and the biggest employer with 15% of all jobs. This is expected to grow by around 30,000 jobs for the next 5 years.

It is therefore most appropriate that the Strategy is focused on this important industry and its evolution over time will no doubt add great value to the retail sector in Victoria.

The City of Melbourne and the State Government are to be commended on this most important initiative.

Given Melbourne's appreciation of architecture and fashion, the Melbourne Retail Advisory Board will embrace these two significant fields of design.

The Melbourne Retail Advisory Board Strategy will form a foundation from which Melbourne will continue to thrive as an outstanding retail destination.

Kristina Karlsson
Managing Director, Kikki.K – Swedish Home/Office Style

In my experience Melbourne really IS Australia's shopping capital and this strategy will be pivotal in ensuring that's how it stays.

I'm particularly happy to see the strategic focus on fostering the growth of unique and innovative retail concepts in the heart of the city, which will promote a rich, diverse, creative and differentiated shopping experience in our city.

Emma Goodsir
Director, e.g.etal

The Melbourne Retail Strategy focuses on the diverse and individual character of Melbourne retail. It acknowledges the strength of retail as a cultural, as well as commercial, force.

Importantly, as the joint project of the City of Melbourne and the State Government, this strategy has the real capacity to examine Melbourne retail within a new, extended context, to realise opportunities and to significantly impact on the retail landscape. I look forward to Melbourne retail continually evolving, inspiring and delighting.

Bill McHarg
Chairman, Victoria, Colliers International

This is another strong marketing initiative from the City Council, presenting an exciting, comprehensive, & achievable plan.

The Melbourne CBD is already Australia's most vital, diverse and eclectic Capital City; realising this plan would take it forward significantly and further enhance its growing international image as an Asia Pacific shopping destination.

Any plan is only as good as its implementation however, and this plan needs the ongoing strong dedication of its sponsoring organisations if it is to succeed; this principally includes both the City & importantly the State Government.

Daniel Grollo
Chief Executive Officer, Grocon

The Melbourne Retail Strategy 2006:2012 is a great initiative that will continue to ensure our city provides one of the premier shopping and retail experiences in the world.

With ongoing council and State Government support, Melbourne will remain globally one of the most liveable cities, alongside Vancouver, Barcelona and other culturally diverse centres.

Roger Nelson
Principal, NH Architecture

Design awareness in the fields of fashion and architecture has been part of Melbourne's heritage.

The Melbourne Retail Strategy, an initiative of the Melbourne Retail Advisory Board, will ensure that these disciplines continue to be embraced and that they will form the basis of Melbourne continuing to grow and be internationally recognised as an outstanding retail destination.

Advisory Boards Consultation Process

Future Lab Workshop with City retailers	April 2005
City Centre Executive (CCE)	November 2004 February 2005 July 2005 August 2005
Melbourne Marketing Advisory Board	November 2005
Melbourne Retail Advisory Board (formerly CCE)	March 2006
Retail Marketing Managers	March 2006

FINANCE ATTACHMENT

MELBOURNE RETAIL STRATEGY 2006-2012

Funding of \$6,603,560 has been provided in the 2006/07 Budget for Melbourne Marketing & Retail Development. The Melbourne Retail Strategy for 2007 will be funded from this budget.

Funding for future years will be subject to the normal budget processes.

Kerrie Jordan
Acting Manager Financial Services

LEGAL ATTACHMENT

MELBOURNE RETAIL STRATEGY 2006-2012

No direct legal issues arise from the recommendation of this report.

Section 3C(1) of the *Local Government Act 1989* (“the Act”) provides that:

“The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.”

Section 3C(2) of the Act provides that in seeking to achieve its primary objective the Council must have regard to facilitating objectives including:

- “(a) to promote the social, economic, and environmental viability and sustainability of the municipal district”; and*
- (d) to promote appropriate business and employment opportunities;”*

Section 7 of the *City of Melbourne Act 2001* provides additional objectives including:

- “(a) to ensure a proper balance within its community between economic, social, environmental and cultural considerations within the context of the City of Melbourne’s unique capital city responsibilities;”*
- “(d) to work in conjunction with the Government of the State on projects which that Government or the Council determines are significant to Melbourne”.*

Section 3D(2) of the Act states that the role of a Council includes:

- “(b) providing leadership by establishing strategic objectives and monitoring their achievement;”*

The subject-matter of the report is within the objectives of Council.

Kim Wood
Manager Legal Service