Growing the Retail Sector in Greater Moncton

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Enterprise Greater Moncton
Entreprise Grand Moncton
DIEPPE MONCTON RIVERVIEW
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Executive Summary

The retail sector is a vital and important element of Greater Moncton's economy. Not only does it create jobs, it also offers people the opportunity to be self-employed, as well as increases the quality of life and helps in attracting new people and companies to the Greater Moncton Area.

The communities of Dieppe, Moncton and Riverview, and Enterprise Greater Moncton (EGM), have been working to build retail development in the region so that Greater Moncton can become the premiere shopping destination in Atlantic Canada. In 2005, EGM commissioned a study of the region's retail prospects (Greater Moncton Retail Market Prospects: Malls, Strip Malls, Big Boxes, Small Boxes and Lifestyle Centres). Much has changed in the region's retail market since then, and this report is meant to serve as a checkpoint on development and future growth.

Methodology

A series of interviews were conducted with commercial real estate developers, key economic development officials within the three municipal governments, as well as representatives of downtown business associations. They were all asked a series of questions related to EGM's role in retail development and what they felt were some of the reasons Greater Moncton has been successful in developing retail experiences.

Senior retail executives at some of Canada's best known retail brands were also consulted, to gather insight on how various chains conduct site selection reviews. For the purposes of this report, we agreed to speak in generalities and not identify specific retail operations.

A number of statistical sources were also consulted, but the source referenced through the document is FP Markets Canadian Demographics 2009. This source was chosen because its data is more current than census numbers.

Interview Results

It became clear through the interview process that Enterprise Greater Moncton has a significant role to play in the development of the region's retail market. Its primary function is related to marketing and promoting the region as a retailers destination.

As the region continues to develop, it is important that attention be paid to developing retail shopping experiences rather than simply attract big names. It is important that when the big names come, they become part of an overall destination experience that attracts a broad range of consumers.

To aid in attracting major retailers, it is important to develop a program that will differentiate the region from competitor regions. Retailers make their decisions based on strong business cases, backed up with factual statistics. To make a stronger case for development, EGM should ensure that it maintains and updates key statistical information so that when called upon by developers to aid in a promotional pitch, they can quickly assist.

What Are Retailers Looking For?

While instinct plays a role in retail decision making, more often than not, retailers make decisions based on proven numbers. They will not make an investment in a new store unless they are certain they can make a healthy return on investment. There are a number of factors that retailers look at in making decisions including demographic data like, population, income, home ownership, employment, as well as location specific information like labour, utilities and rent.

Greater Moncton has historically done well in with respect to retail operations. Our population, discretionary income, low tax rates and high homeownership ratio make it an ideal location for retailers looking to grow their presence in Atlantic Canada. Despite our smaller population base, Greater Moncton outpaces Halifax in many categories, including forecasted retail sales growth for the next five years.

To make the case for retail development, EGM must ensure that a targeted attraction strategy be developed and implemented to assist commercial developers in filling vacancies and building new retail nodes.

Recommendations

1. Enterprise Greater Moncton should continue to lead, promote and champion Dieppe, Moncton and Riverview as Atlantic Canada's Premiere Shopping Destination on a national and international level.
2. Enterprise Greater Moncton should work with the City of Moncton and Downtown Moncton Centreville Inc. to develop a downtown retail experience.
3. Enterprise Greater Moncton should work with the Town of Riverview and Downtown Riverview Business Association to discuss options for the development of a niche retail experience for Riverview's emerging retail nodes.
4. Enterprise Greater Moncton should work with the City of Dieppe and the Economic Development Corporation of the City of Dieppe to develop a differentiated retail experience for its uptown retail node and a unique experience for its downtown retail node.
5. Enterprise Greater Moncton should convene a Retail Summit with key stakeholders to renew the shared commitment to developing this important sector in the region.
6. Enterprise Greater Moncton should being work with municipal government officials to assess the data collected through local GIS systems so that this data could be used to bolster the region's retail business case, as well as assisting in developing targeted business cases for specific retailers.
7. Enterprise Greater Moncton should undertake a formal retail traffic study in Greater Moncton's major retail nodes to determine where consumers are coming from.
8. Enterprise Greater Moncton should develop and disseminate an annual "Greater Moncton Retail Success Report" aimed at senior retail leaders and decision makers. This report would highlight key statistical indicators that would help capture a retailer's attention.
9. Enterprise Greater Moncton should lead the development of a coordinated marketing plan aimed at promoting opportunities in the development of the region's retail sector.
10. Enterprise Greater Moncton should include the retail sector in the Industry Sectors section of the www.investgreatermoncton.com website. It would reinforce the importance of this sector to the economic development of the region. Key statistical information, such as that found in the Retail Success Report could be updated on this site on a regular basis.

Résumé

Le secteur du commerce de détail est un élément vital et important de l'économie du Grand Moncton. Il génère non seulement des emplois, mais offre aussi aux gens la possibilité de travailler à leur propre compte. En outre, il améliore la qualité de vie et aide à attirer de nouvelles personnes et entreprises dans la région du Grand Moncton.

Les communautés de Dieppe, Moncton et Riverview, et Entreprise Grand Moncton (EGM), sont en train de travailler à renforcer le secteur du commerce de détail dans la région pour faire du Grand Moncton la principale destination de magasinage au Canada atlantique. En 2005, EGM a demandé que soit réalisée une étude sur les possibilités en matière de commerce de détail de la région (Greater Moncton Retail Market Prospects: Malls, Strip Malls, Big Boxes, Small Boxes and Lifestyle Centres). Étant donné que le marché du détail a beaucoup changé depuis ce temps, il a été décidé de rédiger ce rapport pour faire la mise au point sur le développement et la croissance future.

Méthode

Une série d'entrevues a été réalisée auprès des promoteurs immobiliers commerciaux, des principaux représentants du développement économique des trois administrations municipales, de même qu'auprès des représentants d'associations d'affaires du centre-ville. On leur a posé un ensemble de questions sur le rôle d'EGM dans le renforcement du secteur du commerce de détail et demandé quelles étaient certaines des raisons pour lesquelles le Grand Moncton avait réussi à concevoir des expériences dans le secteur du détail.

On a également consulté des cadres supérieurs clés du secteur de commerce de détail de certains des magasins de détail les plus connus au Canada pour connaître leur avis sur la façon dont les différentes chaînes passent en revue leurs sélections de sites. Aux fins du présent rapport, nous nous sommes entendus pour parler de façon générale et ne pas mentionner des opérations de détail précises.

Bien que des sources statistiques aient été consultées, ce rapport fait allusion au document intitulé FP Markets Canadian Demographics 2009 (FP Markets, données démographiques canadiennes 2009). Cette source a été choisie parce que les données qu'elle contient sont plus à jour que les chiffres de recensement.

Résultats des entrevues

Il est devenu évident, lors du processus d'entrevues, qu'EGM a un rôle considérable à jouer dans le renforcement du secteur de détail de la région. Sa fonction primaire est liée au marketing et à la promotion de la région comme destination de détaillants.

À mesure que la région continue à évoluer, il est important de prêter attention à la conception d'expériences dans le secteur du détail plutôt que de simplement attirer de grands noms. Et lorsque les grands noms viennent, ils doivent faire partie d'une expérience de destination générale qui attire une grande diversité de consommateurs.

Pour aider les principaux détaillants, on se doit de créer un programme qui distinguera le Grand Moncton des régions concurrentes. Les détaillants basent leurs décisions sur des analyses de cas solides, appuyées par des statistiques factuelles. Pour renforcer le développement, EGM devrait s'assurer d'obtenir et de mettre à jour des renseignements statistiques clés. De cette façon, quand les promoteurs lui demandent de les aider à préparer une présentation promotionnelle, ils peuvent le faire rapidement.

Que recherchent les détaillants?

Même si la plupart du temps, l'instinct joue un rôle dans la prise de décision des détaillants, ils doivent prendre des décisions basées sur des chiffres éprouvés. Ils n'investiront pas dans un nouveau magasin à moins qu'ils ne soient certains qu'ils peuvent avoir un bon rendement du capital investi. Il y a un nombre de facteurs dont les détaillants tiennent compte quand ils prennent des décisions, notamment les données démographiques, comme la population, le revenu, l'accession à la propriété, l'emploi, de même que de l'information d'emplacement précise, comme la main-d'œuvre, les services publics et le loyer.

Sur le plan historique, le Grand Moncton s'est bien débrouillé en matière d'opérations de détail. Notre population, le revenu discrétionnaire, de bas taux d'imposition et un taux élevé de propriétaires de maison font de Moncton un emplacement idéal pour les détaillants qui souhaitent affirmer leur présence au Canada atlantique. En dépit de notre base de population plus petite, le Grand Moncton dépasse Halifax dans de nombreuses catégories, y compris la croissance des ventes au détail prévue au cours des cinq prochaines années.

Pour établir le bien-fondé du renforcement du secteur du commerce au détail, EGM doit s'assurer de créer et de mettre en œuvre une stratégie d'attraction ciblée pour aider les promoteurs commerciaux à pourvoir des postes vacants et à établir de nouveaux noyaux de détail.

Recommandations

1. Entreprise Grand Moncton devrait continuer de se faire la championne de Dieppe, Moncton et Riverview, et de diriger les efforts à cet effet et de promouvoir ces villes comme principales destinations de magasinage du Canada atlantique à l'échelle nationale et internationale.

2. Entreprise Grand Moncton devrait travailler avec la Ville de Moncton et Downtown Moncton Centreville Inc. à créer une expérience dans le secteur du détail dans le centre-ville.

3. Entreprise Grand Moncton devrait travailler avec la Ville de Riverview et la Downtown Riverview Business Association à discuter des options de développement d'une expérience dans le secteur du détail spécialisé pour les nouveaux noyaux de détail de Riverview.

4. Entreprise Grand Moncton devrait travailler avec la Ville de Dieppe et la Corporation de développement économique de la Ville de Dieppe à créer une expérience différenciée dans le secteur du détail pour son noyau de détail des quartiers résidentiels et une expérience unique pour son noyau de détail du centre-ville.

5. Entreprise Grand Moncton devrait organiser un sommet du commerce de détail avec les principaux intervenants pour renouveler leur engagement commun et renforcer cet important secteur de la région.

6. Entreprise Grand Moncton devrait travailler avec les représentants des administrations municipales à évaluer les données recueillies au moyen des systèmes SIG. Elle pourrait ainsi utiliser cette information pour appuyer l'analyse de cas du commerce de détail de la région et aider à établir des dossiers administratifs ciblés pour des détaillants précis.

7. Entreprise Grand Moncton devrait entreprendre une étude sur la circulation autour des magasins de détail dans les principaux noyaux de détail du Grand Moncton pour déterminer d'où viennent les consommateurs.

8. Entreprise Grand Moncton devrait rédiger et publier un rapport officiel sur la réussite du secteur du commerce de détail du Grand Moncton destiné aux principaux dirigeants et décisionnaires des magasins de détail. Ce document ferait valoir les indicateurs statistiques clés qui pourraient aider à capturer l'attention des détaillants.

9. Entreprise Grand Moncton devrait être à la tête de la création d'un plan de marketing coordonné qui aurait pour but de promouvoir les possibilités de développement du secteur du commerce de détail de la région.

10. Entreprise Grand Moncton devrait inclure le secteur du commerce de détail à la section des secteurs de l'industrie sur son site Web à http://www.investgreatermoncton.com/Francais/index/index.cfm. Elle pourrait ainsi renforcer l'importance de ce secteur dans le développement économique de la région. De l'information statistique clé, comme celle contenue dans le rapport sur la réussite du commerce de détail, pourrait être mise à jour de façon périodique sur ce site.

Interview Results & Analysis

If there was one constant thread woven between interviews with key stakeholders in the retail sector, it was that Enterprise Greater Moncton (EGM) clearly adds value to the development of the retail sector in Greater Moncton. The strongest value-add presented by EGM is that it is well-positioned to raise the profile of the local communities on a regional, national and international level. Quite simply, as the lead economic development agency for the region, EGM is the area's biggest promoter.

It is generally understood that commercial developers are responsible for filling their own buildings with leaseholders. EGM can support this effort by assisting in attracting retail outlets through the development and presentation of a strong business case detailing why the Greater Moncton area is Atlantic Canada's premiere shopping destination. Through the compilation and presentation of key statistical information that retailers use to make their location decisions, EGM can continue to play a significant role in the region's retail development. The types of statistical data and why they are important to retailers is discussed in more detail in the next section of this report.

Recommendation

Enterprise Greater Moncton should continue to lead, promote and champion Dieppe, Moncton and Riverview as Atlantic Canada's Premiere Shopping Destination on a national and international level.

Part of developing a retail destination is also developing the shopping experience. This is easier done in shopping malls, like Champlain Place, where the experience itself is widely understood as a destination - a healthy retail mix with a variety of product types and services all contained under one roof. Power centres, like the Trinity Drive Power Centre Area, are essentially unenclosed shopping centres that tend to offer more big box stores, as opposed to smaller shops. In these cases the experience is fairly understood, however the experience is much less defined in our downtowns.

Downtown Moncton is essentially three retail nodes, St. George Street, Highfield Square and Main Street.

The Highfield Square experience has changed dramatically over the past number of years. While Highfield Square has operated as a traditional shopping centre, it has lost its appeal as a shopping destination. While there are a few retailers remaining in the facility, the large draw remains the Bay department store. The Highfield Square shopping experience needs to be redefined. The current landlord should work with EGM, Downtown Moncton Centreville Inc. (DMCI) and the City of Moncton to identify experience options for the property.

The St. George Street and Main Street nodes are also in need of a defined experience. Neither of these areas is viewed as a retail destination, and as such, it is difficult to advance retail development. Part of the reason power centres have been successful is because you can define the experience at the same time as you are building the facility. Downtown experiences are harder to recreate because there is already existing infrastructure in the area and you are forced to work around it in creating an experience.

There are some barriers to developing downtown retail experiences, including no critical mass of people living in the downtown area, a lack of available parking (real or perceived), and no substantial draw.

To successfully develop the downtown retail experience, a retailer needs to surface that is willing to take the risk and stake its claim as the anchor of the downtown retail experience. If the right retailer does this, others will follow their lead as they will feed off the draw of the anchor.

Recommendation

Enterprise Greater Moncton should work with the City of Moncton and Downtown Moncton Centreville Inc. to develop the downtown retail experience.

Downtown Riverview also finds itself in a similar situation to downtown Moncton. There is no clearly defined retail experience, there is a lack of available space in the immediate downtown, with no critical mass of land ownership for that can be leveraged development purposes.

The Town of Riverview faces a huge challenge in developing its retail sector, namely the competition it has in Moncton and Dieppe. With a lower immediate population than its neighboring communities, and the absence of a current retail destination means that Riverview will need to develop its own unique niche retail experience that will differentiate itself from Moncton and Dieppe.

The Town of Riverview has identified two primary retail nodes, one currently operational and being further developed, and another which is slated for future development. It is important that before moving forward with the development of the second retail node, a clear articulation of the vision for the retail experience be developed.

Recommendation

Enterprise Greater Moncton should work with the Town of Riverview and Downtown Riverview Business Association to discuss options for the development of a niche retail experience for Riverview's emerging retail nodes.

The City of Dieppe has a different challenge facing its retail development. It has space available both in its downtown core and in its new uptown development, however it needs to attract anchors suitable to both types of development. The downtown development being more urban in nature, and uptown being more suburban. Sub-urban developments tend to feature larger retail formats (i.e. big box) whereas urban retail developments are usually smaller formats that tend to be more boutique oriented. In these cases there is no need to recreate the type of development that has been created near Trinity Drive in Moncton, in fact the strength in Dieppe's development will be to differentiate the experience. Again, the vision for the retail experiences in these two destinations needs to be clearly defined and a targeted recruitment and attraction strategy needs to be developed and implemented using the data approach contained in the next section of this report.

Recommendation
Enterprise Greater Moncton should work with the City of Dieppe and the Economic Development Corporation of the City of Dieppe to develop a differentiated retail experience for its uptown retail node and a unique experience for its downtown retail node.

Generally speaking, all those interviewed highlighted that despite the global economic downturn, retail in Greater Moncton remains strong, in fact we appear to be bucking the national trend of reduced consumer spending. When asked why the region appears to be operating counter to most other places in the region, interviewees were again consistent, highlighting a number of factors, including:

- Excellent geographic location drawing people from throughout the Maritimes;
- Strong employment growth and lack of layoffs relative to other parts of the province and region;
- Higher disposable incomes due to low housing costs;
- Rising population, relative to other major centres in the region (one of the Top 10 Fastest Growing Communities in Canada);
- Major development projects including the new casino, justice complex and expansions at Magnetic Hill;
- Two hospitals and two major post-secondary education institutions that bring patients and their families from throughout the province.
- However, despite the positive reasons for retail growth, interview participants identified some stumbling blocks that may slow future growth and development.
- There is a lack of awareness of the region's success story in retail capitals like Toronto, Calgary and Montreal;
- The overall shopping experience is not what it used to be due to a loss in exclusivity of stores like Costco (soon to be in Saint John and Fredericton);
- We are no longer the only jurisdiction with Sunday shopping;
- A lack of critical mass of people and retailers in downtowns;

Some of these challenges are easily overcome with a renewed focus on marketing and promoting the region to senior retail executives, and an attempt to be first to market with retail banners (something Champlain Place is very good at). Others are more structural in nature, and will take a concerted effort from municipal leaders, commercial developers and economic development officials to overcome.

As a first step, key stakeholders in the region's retail development should meet to discuss options for continued growth and development of this sector. By bringing key parties together, Enterprise Greater Moncton could lead the development of a targeted strategy for retailer recruitment. Now is the perfect time to develop such a strategy as many retailers are currently re-evaluating their business models and making post-recession plans, including new store developments or expansions.

Recommendation
Enterprise Greater Moncton should convene a Retail Summit with key stakeholders to renew the shared commitment to developing this important sector in the region.

Making the Pitch:
What are retailers looking for?

Retail expansions have slowed significantly due to the global economic crisis, which means that presently, retailers are window shopping for locations they can jump on when the economy rebounds. The challenge facing landlords and economic developers in Greater Moncton is how to get in front of those retail decision-makers and make the case for why this region should be at the top of the list when they turn the expansion tap back on. This section will outline some of the key factors retailers examine when making location decisions.

One of the first steps in opening any business is knowing who your customers are. National retailers know this better than anyone, and many of them have turned knowing their customers into a science.

Data collection and analysis plays a significant part in retailing as companies try and learn more and more about who is shopping in their stores, how much they spend, how often they buy, where they live and much much more. This data is collected through a variety of formats from postal code surveys at point-of-sale to customer loyalty programs that monitor consumer purchase patterns. Customer profiling is an important element of retail operations as the more you know and understand about your customer, the more focused your operation can become. Many retailers go to extremes in profiling customers, identifying multiple targets each with a different motivation, from young professionals to stay-home moms to seniors to tweens. Each profile suggests that customer has a certain set of shopping behaviors and motivations that retailers try to take advantage of.

As with any business, most decisions are made only on the basis of sound financial analysis, location decisions are no different. Careful analysis is conducted to determine if a particular location will produce enough sales to positively contribute to the overall profitability of the company. To assist in this analysis, many retailers have begun using geographic information systems (GIS). "It is estimated that GIS output is used in over two-thirds of all the location decisions made by major retailers operating in Canada, with many retailers using site and market reports based in part on underlying GIS analysis."[1]

1 Hernandez, Tony and Marco Biasiotto. "Retail Location Decision-Making and Store Portfolio Management." Canadian Journal of Regional Science (Autumn 2001), Volume XXIV:3

Retailers will use GIS tools to help analyze location factors that contribute to site selection success. They will look at things like demography, consumer demand, traffic counts, traffic generators (shopping centers, hospitals, airports, stadiums), daytime population, competition and complementary businesses.

In fact, since the Hernandez-Biasiotto article was published in 2001, many retailers have developed even more sophisticated uses for GIS analysis and have built customized business intelligence tools and created specific business units to track and monitor this type of data and a number of other key performance objectives.

Knowing that retailers look at this type of data, the first challenge for commercial developers and municipal economic development leaders is to understand what information retailers are looking for, consolidate the data and put it in a format that will get the attention of senior retail decision-makers.

Recommendation

Enterprise Greater Moncton should begin work with municipal government officials to assess the data collected through local GIS systems so that this data could be used to bols the region's retail business case, as well as assisting in developing targeted business cases for specific retailers.

While every retailer has their own unique set of criteria they use for making location decisions, much of the data they would look at is consistent.

For example, one of the first things retailers will look for is population data and age-group breakdown. Having a large enough catchment area is an important factor for retail decision makers. First, there must be enough people in the immediate geographic area to sustain an operation. Once that criteria is satisfied, retailers will look at the outside the immediate market how much larger their draw area could be.

Table 1 summarizes the total population of the Moncton CMA relative to the three largest competitive markets in the region, Halifax, Saint John and Fredericton. The Moncton CMA clearly has a total direct population advantage over its New Brunswick competitors and when this is coupled with its geographic advantage as the hub of the Maritimes, the total catchment area of the Moncton CMA makes it a strong competitor against Halifax. In fact, when you consider that Greater Moncton's total catchment area is 1.2 million people within a 2.5 hour drive, the region eclipses every other major market in the Maritimes.

TABLE 1 - 2009 Population Estimates[2]

	Moncton (CMA)	Halifax	Saint John	Fredericton
Total	136,987	389,867	125,098	90,809
Male	66,754	188,341	60,475	44,245
Female	70,233	201,526	64,623	46,564

Table 2 breaks down the population data into demographic age groups. Once retailers are satisfied that there is a large enough draw in the direct market, they will want to break it down to see how large the population is of their target demographic. For example, a discount chains will likely be looking for young women aged 18-28 and women over 55. These demographic groups, typically on a budget, tend to shop more at these types of stores, therefore that would be a factor influence a retailer's decision. Retailers also want to know how these demographic groups are changing? Is the area getting older or younger, and how fast will any transformation occur? Again, the Moncton CMA has an advantage over Saint John and Fredericton in most age categories.

Another element that would bolster the population argument is a formal retail traffic study. Retail traffic equates to consumer traffic in the retail nodes. A common way of gather this data is at point of sale gathering postal code data. It is unlikely that retailers would pool this data, however it would be possible to conduct physical surveys at the various retail nodes to understand where consumer traffic is coming from.

2 FPmarkets Canadian Demographics 2009

TABLE 2 - 2009 Population Estimates - Age Breakdown[3]

	Moncton (CMA)			Halifax			Saint John			Fredericton		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	3,410	3,263	**6,673**	9,807	9,427	**19,234**	3,270	3,020	**6,290**	2,440	2,419	**4,589**
5-9	3,720	3,463	**7,183**	9,531	9,469	**19,000**	3,327	3,158	**6,485**	2,309	2,404	**4,713**
10-14	3,565	3,529	**7,094**	10,651	10,356	**21,007**	3,869	3,624	**7,493**	2,600	2,518	**5,118**
15-19	4,001	4,071	**8,072**	12,279	11,682	**23,961**	4,565	4,183	**8,748**	5,848	2,672	**8,520**
20-24	5,200	5,076	**10,276**	14,391	14,418	**28,809**	4,417	4,114	**8,531**	3,447	3,356	**6,803**
25-29	5,510	5,423	**10,933**	15,534	15,953	**31,487**	3,680	4,002	**7,682**	3,865	3,738	**7,603**
30-34	4,837	4,996	**9,833**	12,843	13,740	**26,583**	3,733	4,014	**7,747**	3,100	3,113	**6,213**
35-39	5,090	5,106	**10,196**	13,194	14,496	**27,690**	3,840	4,176	**8,016**	3,124	3,236	**6,360**
40-44	4,938	4,970	**9,908**	14,268	15,152	**29,420**	4,150	4,787	**8,937**	3,221	3,358	**6,579**
45-49	5,305	5,407	**10,712**	16,521	17,250	**33,771**	4,998	5,468	**10,466**	3,425	3,624	**7,049**
50-54	4,870	5,185	**10,055**	14,784	15,911	**30,695**	4,962	5,135	**10,097**	3,226	3,502	**6,728**
55-59	4,409	4,711	**9,120**	12,681	13,738	**26,419**	4,266	4,593	**8,859**	2,923	3,253	**6,176**
60-64	3,842	4,067	**7,909**	10,782	11,667	**22,449**	3,753	4,029	**7,782**	2,588	2,669	**5,257**
65-69	2,788	2,881	**5,669**	12,681	8,201	**15,462**	2,643	2,864	**5,507**	1,742	1,944	**3,686**
70+	5,269	8,085	**13,354**	13,814	20,066	**33,880**	5,002	7,456	**12,458**	3,387	4,758	**8,145**

Recommendation

Enterprise Greater Moncton should undertake a formal retail traffic study in Greater Moncton's major retail nodes to determine where consumers are coming from.

Obviously one of the key factors a retailer will consider is the income levels of the region. How high is the income of people in this target area? How much of that income is disposable? Are people in the area generally spenders or savers? Do they own their homes or do they rent? Answers to these questions help retailers determine how much potential money there is available in the marketplace.

Table 3 highlights income variances. While Halifax has an average household income at the national average, the Moncton CMA is 11 per cent less than the national average, yet our disposable and discretionary income remains strong relative to Halifax. This is an indicator of our tax advantage over Nova Scotia and our lower cost of living, giving individuals in the Moncton CMA more relative money to spend.

TABLE 3 - 2009 Income Estimates[4]

	Moncton (CMA)	Halifax	Saint John	Fredericton
Average Household Income	$67,494	$73,345	$66,688	$70,939
% Above/Below National Average	-11%	same	-13%	-6%
Disposable Income per Household	$52,525	$56,049	$51,769	$54,936
Discretionary Income per Household	$18,079	$19,652	$17,459	$19,297

3 FPmarkets Canadian Demographics 2009
4 FPmarkets Canadian Demographics 2009

Many retailers will also look at Home ownership levels in making their location decisions because most people will invest more in a home that they own, as opposed to one that they rent. Generally speaking, home owners also tend to higher spending thresholds. **Table 4** illustrates the higher ratio of home ownership in the Moncton CMA compared to Halifax.

TABLE 4 - 2009 Private Dwelling Estimates[5]

	Moncton (CMA)	Halifax	Saint John	Fredericton
Private Households	56,227	165,416	50,756	37,523
Owned %	71%	64%	71%	72%
Rent %	29%	36%	29%	27%

Of course retailers also look at general retail sales numbers. If the retailer already has stores in the region it will help to look at their own performance, but it is also vital to understand the overall trends.

It is important to note that when looking at the overall estimates, as described in the table below, there are two categories which tend to cloud the true picture from the perspective of most retailers - the "new/used cars, recreational vehicles and parts" category, because of the high value per transaction, and the "gas stations" category, because of the volume of transactions and fluctuations in pricing.

Table 5 shows a distinct advantage for the Moncton CMA in retail sales estimates over all its regional competitors, particularly over Halifax. With retail sales forecast at 26 per cent higher than the national average, compared to 1 per cent in Halifax. This despite have a lower average household income. Furthermore, not only is strong growth predicted for the Greater Moncton this year, but the forecasts also clearly show that it will lead growth in the region for the next five years. This indicates that if a retailer is looking to expand, there is a greater likelihood of success in the Moncton CMA.

TABLE 5 - 2009 Retail Sales Estimates[6]

	Moncton (CMA)	Halifax	Saint John	Fredericton
% Above/Below National Average	26%	1%	-16%	23%
Total Estimate	$2,135,360,000	$4,860,830,000	$1,302,720,000	$1,379,530,000
Sales per Household	$38,000	$29,400	$25,700	$36,800
Sales per Capita	$15,600	$12,500	$10,400	$15,200
2011 Forecast	6%	4%	0%	4%
2014 Forecast	16%	9%	1%	11%

There are other factors outside of statistical analysis that are used by retailers in determining locations. How these elements will impact retailers will vary depending on the particular business model, but would include:

- rent expense;
- labour costs;
- utilities costs;
- traffic flow;
- proximity of competition and complimentary stores; and
- size of catchment area.

This is yet another area where the Moncton CMA has a distinct advantage. According to the 2008 KPMG Competitive Alternatives Report, the Greater Moncton Area boasts the best overall cost advantage in the

5 FPmarkets Canadian Demographics 2009
6 FPmarkets Canadian Demographics 2009

region, outpacing both Fredericton and Halifax with the lowest costs in all of Atlantic Canada.

There are other more specific items that may be considered depending on the store type. For example a bookstore would want to ensure that there is a substantial professional population in the catchment area, along with post-secondary institutions. Furniture stores will look at how well the housing market is doing. Grocery stores will look at changes in population density.

While collecting all of this data is important, what is more important is how you package it up to present to retailers. Essentially there may be two packages developed:

1. A generic package that aims to highlight retail-relevant information for Greater Moncton at a more general level; or

2. A specific package, designed to be a focused business case presented to targeted retailers in an effort to persuade them to select Greater Moncton as a new development.

The generic package could be developed each year and be part of a marketing campaign aimed at highlighting the region to key decision-makers in the retail sector.

Recommendation
Enterprise Greater Moncton should develop and disseminate an annual "Greater Moncton Retail Success Report" aimed at senior retail leaders and decision-makers. This report would highlight key statistical indicators that would help capture a retailer's attention.

It is important that Enterprise Greater Moncton continue to be a strategic resource for commercial real estate developers in the region who have the primary role of attracting retailers to their projects. EGM can play a role in assisting these developers build strong business cases for development through the provision of relevant statistics, making formal presentations and hosting retailers who are looking at setting up in the region. All of these elements could be part of the retail development marketing campaign.

Recommendation
Enterprise Greater Moncton should lead the development of a coordinated marketing plan aimed at promoting opportunities in the development of the region's retail sector.

As is the case with most businesses today, it is important to have a strong presence on the Internet, as it is usually the first point of contact for those conducing research. There is currently no retail sector profile on the investgreatermoncton.com website administered by Enterprise Greater Moncton. It is important that if this is a key strategic priority for development all opportunities to demonstrate its importance be taken.

Recommendation
Enterprise Greater Moncton should include the retail sector in the Industry Sectors section of the "InvestGreaterMoncton.com" website. This would reinforce the importance of this sector to the economic development of the region. Key statisical information, such as those found in the annual "Retail Success Report" could be updated on this site on a regular basis.

Conclusion

Enterprise Greater Moncton has a great opportunity to continue its efforts in leading the development of the retail sector in Greater Moncton, and at the same time, take advantage of the current economic downturn and refocus its efforts in developing the same.

Currently, there is limited retail expansion and development in the Maritimes, however retailers have an eye toward the future, and how they are going to emerge from this crisis. For many, expansion is going to be top of mind and EGM's challenge is to ensure that Greater Moncton is on their radar screen.

Enterprise Greater Moncton should find new ways to promote and champion Greater Moncton as a retail destination to major national retailers, in an effort to continue building the industry sector in our region. However a cohesive, focused plan needs to be developed to ensure that recruitment efforts are maximized by all stakeholder groups.

By working closely with commercial real estate developers and municipal officials, EGM should develop and execute a targeted recruitment strategy aimed at continuing to build a stronger retail mix in Greater Moncton.

This strategy should include a targeted list of national retailers that would further enhance the retail offering within the region. This list should be comprised of retail banners that do not currently have operations in New Brunswick, although they could already have operations in Halifax. While not a complete target list, it should include the following retail banners:

Aeropostale	Globo Shoes	Petcetera
Banana Republic	Golf Town	Rona
Best Buy	Home Outfitters	The Brick
Bombay Company	Jacob	
Club Monaco	Jysk	

In addition, EGM should undertake a study tour of major retail nodes in Toronto and Montreal to identify potential national retailers that currently do not have presence in any retail market in the Maritimes, and expand on the aforementioned target list.

Once the target list is developed, formal research should be conducted to help build focused, individual business cases for the target retailers. The business cases should use the key economic data outlined earlier in this report.

Simultaneously, Enterprise Greater Moncton, working with its partners in developing the retail sector, should undertake a substantial awareness campaign with key national and international retailers, including personal visits, a direct mail campaign, and an invitation to visit the community to learn more about the local retail success story and opportunities for retail development.

These opportunities should include clear definitions of the various retail experiences in our communities to allow retailers to make decisions on how they could best fit in to the mix and maximize their profitability. This would be augmented by key statistical data that supports the business case for further retail development, including economic and consumer traffic data.

Recommendations

1. Enterprise Greater Moncton should continue to lead, promote and champion Dieppe, Moncton and Riverview as Atlantic Canada's Premiere Shopping Destination on a national and international level.
2. Enterprise Greater Moncton should work with the City of Moncton and Downtown Moncton Centreville Inc. to develop a downtown retail experience.
3. Enterprise Greater Moncton should work with the Town of Riverview and Downtown Riverview Business Association to discuss options for the development of a niche retail experience for Riverview's emerging retail nodes.
4. Enterprise Greater Moncton should work with the City of Dieppe and the Economic Development Corporation of the City of Dieppe to develop a differentiated retail experience for its uptown retail node and a unique experience for its downtown retail node.
5. Enterprise Greater Moncton should convene a Retail Summit with key stakeholders to renew the shared commitment to developing this important sector in the region.
6. Enterprise Greater Moncton should being work with municipal government officials to assess the data collected through local GIS systems so that this data could be used to bolster the region's retail business case, as well as assisting in developing targeted business cases for specific retailers.
7. Enterprise Greater Moncton should undertake a formal retail traffic study in Greater Moncton's major retail nodes to determine where consumers are coming from.
8. Enterprise Greater Moncton should develop and disseminate an annual "Greater Moncton Retail Success Report" aimed at senior retail leaders and decision makers. This report would highlight key statistical indicators that would help capture a retailer's attention.
9. Enterprise Greater Moncton should lead the development of a coordinated marketing plan aimed at promoting opportunities in the development of the region's retail sector.
10. Enterprise Greater Moncton should include the retail sector in the Industry Sectors section of the www.investgreatermoncton.com website. It would reinforce the importance of this sector to the economic development of the region. Key statistical information, such as that found in the Retail Success Report could be updated on this site on a regular basis.

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