

OSWESTRY TOWN COUNCIL



BALANCE OF TRADE POLICY FOR OSWESTRY MARKETS

BACK GROUND

There are numerous factors that contribute towards the success of retail markets. These could be its location, accessibility, catchment size, but one of the most critical amongst these is the wide variety of goods on sale otherwise known as the Ideal Tenant Mix.

From April 2017 Shropshire Council has agreed to hand over complete management of Street Trading to Oswestry Town Council and as a consequence a balance of trade policy will be required in order to operate properly. Any street trading authority needs the ability to dictate what products can trade to secure sustainability of the market and the retailers located within the consent street. It is good practice to provide the online information together with details of relevant policies so anyone interested could see how market lettings are operated.

At the same time Oswestry Town Council operates an Indoor Market and, as a consequence, a balance of trade policy is required to ensure sustainability and to meet demand. It is recognised that a balance of trade policy is crucial in maintaining the success of any market.

PURPOSE

The aim of this paper is to provide a framework for applying an appropriate tenant mix policy rather than being too prescriptive, as this best reflects the different operating models in markets management.

Tenant Mix is broadly the term that indicates the kinds of different retailers or service providers present in the market as well as the amount of trading space and the location they are present in. The main reason to adopt such a policy as a tool of choice for retailing is its ability to assist in the creation of a better shopping environment for the customers, which in turn generated better performance for the

retailer in terms of profits and the landlord in terms of increasing rental levels. It also ensures clarity on any decisions made, therefore making it as fair as possible.

For this reason, one of the most difficult tasks faced by the Markets Manager is to determine whether a market has an adequate number of a certain product or service or whether a particular product/service is under or over represented. Markets Managers are often faced with making difficult decisions in ascertaining whether a market will 'stand' another stall or stalls selling the requested goods and often these subjective decisions can be influenced by a determined trader citing serious impact on their business.

Such decisions can result in stalls being left vacant with not only a resultant loss of income but also preventing the opportunity for a new trader to take the first step on the retail ladder. Both the Markets Manager and Council has to balance a duty to ensure that fair and reasonable retail business opportunities for the local community is maintained whilst recognising the potential detriment of over representation.

A Markets Manager will wish to ensure the market has an appropriate mix of goods so it remains attractive to customers but is often faced with trying to balance the needs of the customer by offering real choice, providing local business opportunities and ensuring the market maintains a diverse retail offer. At the same time a Markets Manager will recognise the need to let vacant stall(s) whilst at the same time recognising that no tenant is provided with a direct covenant not to let other premises to a competing business to avoid a tenant occupying a monopolistic position.

What is a good Tenant Mix?

Retail markets are faced with increasing competition from supermarkets, out-of-town centres, major discount stores and e-commerce and therefore a good tenant mix is one of the most important factors in the success of a market as it is one of the most crucial elements in establishing its image and performance.

Since each possible mixture of tenants makes a distinctive contribution to the image of a market then it requires a Market Manager to identify an 'ideal' or 'balanced' tenant mix.

This is further complicated by the fact that tenant mix is not static as the retail market, and market offer, changes over time, as do customer preferences and fashion trends. Therefore even if an 'ideal' tenant mix is achieved in one year it might not be suitable for the following year. A Markets Manager should therefore regularly review their tenant mix policy to ensure it remains relevant in the ever changing retail marketplace.

Tenant Mix Options

It is extremely difficult to present an 'ideal' tenant mix policy as some markets will have clear written policies based on local circumstances whilst other markets rely on the knowledge of their Markets Manager who will make a decision often based on either their own experience, good estate management principles or what is better known as 'gut feeling'.

As a town or city centre needs variety, so the same can be said of a market. The larger the market, the more variety it needs, the greater the variety it has, the higher the footfall and customer spend it can achieve.

The clustering of retailers can generate variety and increase the attractiveness of a market. Retail research theory has suggested that a given number of stores dealing in the same merchandise will do more business if they are located adjacent or in proximity to each other than if they are widely scattered.

This theory can be evidenced in markets where fresh foods are often clustered together which appeals to the customer, however, it can be the reverse for non food traders selling comparison products as these are generally dispersed across the market.

It is fairly simple to see that too many stalls selling as an example Ladies Clothing will have a negative effect on the market since it will create a too-competitive environment. Fewer numbers of these stalls will provide a comparative, not a too-competitive environment.

Some dispersion rather than clustering of same type traders may work best for some markets, however, finding the ideal distance between stalls of the same type has always been extremely difficult for Markets Managers to determine. Some managers may choose a distance of two or three stalls, or determine an exact measurement, whilst others may exclude a trader if the goods are in the same trading aisle. The assumption by tenants has been that any same type trader applying for a stall would mean less revenue (profits) to them. There are a growing number of requests for protection from markets tenants which is to be expected as many businesses are under a lot of commercial pressure and need to shield themselves from competition.

OSWESTRY INDOOR MARKET

Presently the Indoor Market operates a licensed market where traders specify what they wish to sell on their personal licence which has been previously agreed by the Market Manager and in some cases the Council. If the trader wishes to alter what they sold or add additional lines they would have to get consent from the Market Manager to do so.

In general, traders have one product line but in recent years, as trading has become more difficult, additional lines have been added. This has made the decision of allowing new traders into the market a little more complicated. The best way to make a decision is by identifying the traders' core product/s. For example the upstairs Sugar Craft stall core product is cake supplies but they also sell a small amount of makeup. In this case the sugar craft product would be protected but as the makeup was only a small percentage of her business anyone wishing to start a dedicated makeup business would be permitted.

This would not necessarily apply to historical stalls which have been there a number of years before these policies were applied. This principle may not apply to food and antique stalls either, as both have variables of the same product and can survive

greater competition. Further examples are the butcher and delicatessen which both sell fresh meat and pastries.

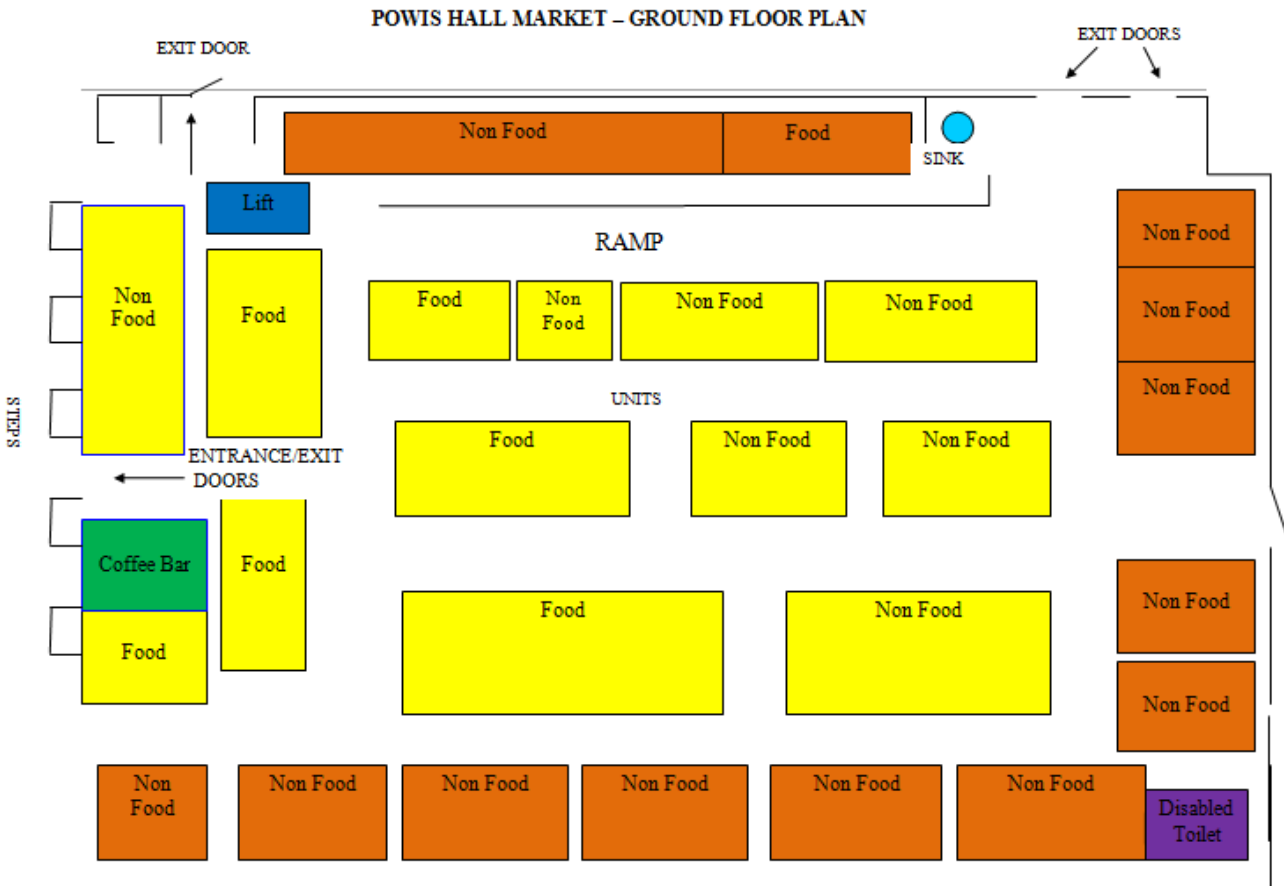
The indoor and outdoor markets have always worked independently from each other. In other words anyone applying to start a business outside which replicates what is sold inside would be permitted. And vice-versa. If any restrictions were applied between the two locations it would be impossible to grow either market and would result in empty lets and a general monopoly.

It is also permitted under rare circumstances to cater a licence to suit the individual trader. The indoor market currently has a fish monger who travels from Fleetwood and it has been agreed by Council that they do not have to trade on Fridays. It is perceived that this product is such a rare commodity and the distance to come to the market so great that this special request has been permitted.

The upstairs café is also permitted to finish at the earlier time of 3pm in order to clean down the area and save on labour costs.

The Council has expressed a policy aimed at introducing more food into the indoor market. This has led to certain areas of the market ear marked for food only. This can lead to extended empty lets but it is anticipated that food attracts greater custom and can increase the markets chances of being successful. A downstairs food court area at the entrance of the hall is perceived as the ideal area for food stalls. It is the Councils preference to gain insurance and accreditation dependant on the product being introduced;

Below is a plan to indicate the stalls ear market for food in the future. However I would suggest this is only a guideline or best case scenario and there may be opportunities to adapt this guide. All the areas highlighted in yellow will be allocated to food outlets as a priority where possible.



OSWESTRY OUTDOOR MARKET – BAILEY HEAD

Oswestry outdoor market is currently a small market of 20 stalls or less and there is a requirement to limit the number of traders selling the same products in order to provide an attractive and diverse tenant mix.

See below Oswestry product mix

- Fashion Women 2
- Fashion Children & Baby Wear 2
- Household Goods 2
- Leather Goods 2
- Toys & Games 2
- Speciality
- Fruit & Vegetables 1
- Mobile Phones 1
- Jewellery & Watches 3
- Gifts & Cards 2
- Health & Beauty 2
- Flowers 4
- Pet supplies 2
- Lingerie/Nightwear/Hosiery 1
- Books/Magazines & Stationery 2
- Groceries & Sweet Confectionery 3
- Fashion Men 2

The Markets Manager can apply a maximum number of stalls permitted for each retail category which can be published annually with any stall letting policies. This may include a rider that allows the Markets Manager to let a stall which exceeds the maximum number of stalls in that retail category if there are valid reasons to do so. The tenant mix policy can also include specific exclusions for uses such as gaming/betting or imitation firearms etc. The above graph provides a general indication of numbers suitable for Oswestry Market but there may be occasions when an additional application can be accepted if it is thought the product was suitably different.

The list of 20 retail categories are typical of those found on open markets and provide a guide to the Markets Manager who may wish to expand or reduce the categories according to the management of their market. It is also important for a market with considerable empty stalls for the tenant mix policy to be flexible in order to minimise the number of vacancies.

It is appropriate to maintain a policy of restricting tenants to a specific list of products but consideration should be given to opening up the use clauses to broader retail headings. For example rather than specifying a long list of approved clothing items such as jeans, dresses, tops, skirts, cardigans, knitwear, etc. then this is replaced by Ladies Wear. The individual trader licence is the best way of identifying each trade. However there are also a good number of Casual Traders' who don't require a licence. These are traders who occasionally visit the market on a more ad hoc basis and would have to be judged individually on the type of trade they were intending.

BAILEY STREET

With the anticipated extension of the market down Bailey Street further considerations must be made when identifying the ideal product mix. The reasons are two-fold. To encourage customers to the Bailey Head area and to consider the permanent retailers located down Bailey Street.

In relation to the balance of trade concerning the street there will be no coffee/tea traders permitted in respect of the 5 cafes already located in this area. There will also be no direct competition outside any relative permanent retailer. For example a plant market retailer would not be allowed to trade outside a florist. Distance must be given as well as a restriction in numbers. This policy will need to be flexible as businesses come and go. Each application would have to be taken on its merit but aggressive sales and 'chugger's' would not be seen favourably.

Pedlars come under a different law and can only be managed by the police if they are in breach.

Ideal Bailey Street Mix

- Coffee/ tea vendor 0
- Phones Accessories 0
- Plant sellers 1

- Confectioners 1

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