

Master of Property Studies

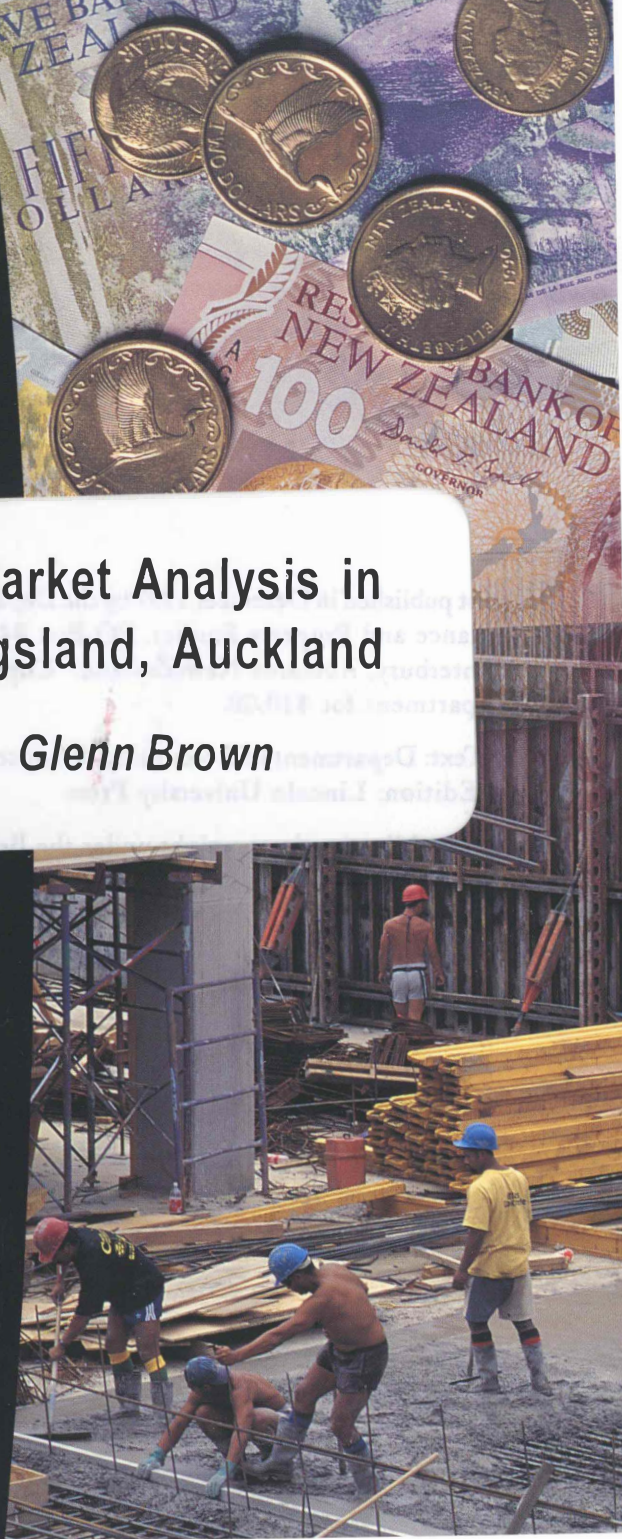
A Market Analysis in Kingsland, Auckland

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Te Whare Wānaka o Aoraki



A Market Analysis in Kingsland, Auckland

Glenn Brown

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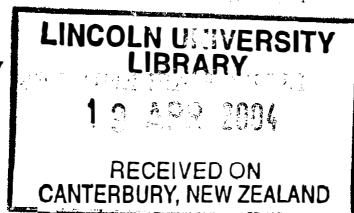
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Executive Summary

This report presents a detailed market analysis study on a property development project in Kingsland, Auckland. The project was the proposed move of a specialist Asian food supermarket, and the establishment of an adjoining home improvement centre.

The objectives of the analysis were to:

- gain a broad understanding of the surrounding catchment area for the new site (5 km radius)
- gauge opinion and reaction to the proposed move from consumers currently using the existing supermarket.

The key findings of the study were:

- The customers currently using the existing supermarket are discerning and willing to travel reasonable distances to a centre that meets their criteria. The feedback from the respondents indicated their main requirements were that the location was readily accessible, convenient and close enough to similar outlets to enable comparisons to be made.
- The existing supermarket meets these requirements. The new centre will have to exceed the expectations of the consumers to ensure they are attracted to the new location.
- As the population of the new area is mainly in the low income bracket, food prices will have to be low enough to attract shoppers from existing competition in the area.
- Local shoppers interviewed showed concern regarding the additional traffic and safety of children. This should be borne in mind when design commences.
- There is unlikely to be enough expenditure in the local catchment to support the centre entirely. The centre will need to attract a reasonable portion of its income from outside the local catchment.

- The catchment area consists predominantly of lower income level households with unemployment levels of above the national average and a high population density.
- A large percentage of the households in the area are in rented accommodation (40 per cent).

The key statistics relating to the retail performance of the centre are:

catchment area total related annual expenditure (food and household items)	\$444,050,704
catchment area realistic income for the competition	\$346,450,000
difference between total expenditure and competitors' income	\$97,600,700
anticipated income of the centre under analysis	\$23,250,000

As the property developer had already purchased the site and was committed to the development the final report on the analysis recommended the following actions be undertaken:

- A project feasibility study be undertaken to ascertain development costs, optimum floor sizes, rent levels, lease details etc.
- A study be undertaken relating to the home improvement centre to ascertain the appropriate mix of goods to be retailed, ie home appliances, builders' supplies etc.
- A marketing initiative put in place to ensure the customers of the existing centre are kept informed of the proposed relocation.
- A decision made regarding the food groups to be retailed and whether or not the developer wishes to compete for the general food group dollar or concentrate solely on speciality foods. An analysis itemising competitors' selling prices for various goods compared to prices the proposed speciality supermarket could realistically sell the goods for would assist in the decision-making

process. It is already established that shoppers in this area tend to shop where the most competitive prices are.

- The combination of general foods and speciality foods may not work as the two shopper groups have distinctly different requirements. One tends to shop for quality whereas the other is a budget shopper. Consideration will need to be given as to whether both of these groups can be catered for without compromising on quality and selection of goods.

In summary the report has indicated that there possibly is a market for a centre of this type provided that the centre can draw on a catchment greater than the immediate area for its income.

Study Objectives

This study was commissioned by the developer of a speciality Asian food supermarket and home improvement centre proposed for a site in Morningside Drive, Kingsland, Auckland. This report presents the findings of the first stage of evaluation for the proposed development.

The developer had these requirements of the report:

- to gain a broad understanding of the surrounding area including population details, competition etc.
- to gauge reaction to the proposed move from consumers currently using his existing retail centre.

The report includes analysis of the market size, growth prospects, local competition and consumer attitudes.

THE PROPOSED DEVELOPMENT

The site was recently purchased by the developer who knows very little about the surrounding area. The site had operated for a number of years as a timber yard. The proposed development on the site will consist of:

- home improvement centre
- speciality Asian food supermarket

Car parking requirements on the site by the local authorities preclude any other associated retail functions on the site.

The developer currently operates a speciality Asian food supermarket in the fringe CBD but has to vacate as the lease has not been renewed. He has elected to purchase this site.

SCOPE

The scope and requirements of the report were discussed in detail with the developer and the following fundamental questions were selected to be addressed in the study:

- is the local market large enough and suited to this development, and
- will customers of the developer's current premises travel to the new location?

APPROACH

The approach followed in the study was as follows.

Market size and structure – In order to understand the size and nature of the surrounding market which the new retail centre will draw on it was agreed with the developer to analyse the surrounding area within a 5 km radius of the site. The analysis of this catchment area addressed the following:

- population, household and income statistics
- spending power
- competition, and
- centre performance requirements for the proposed retail centre

Consumer research – The second initiative in this study was to undertake primary research to ascertain information about, and attitudes of, consumers. This was carried out on two main fronts:

- consumers using the developer's existing premises, and
- consumers using strip-shopping near the proposed site.

Market Analysis

MARKET OVERVIEW

While New Zealand's growth prospects are generally good, much is dependant on our ability to continue our break into the Asian market and on possible changes to economic policy as the first MMP government is formed. This new government is likely to be made up by either Labour or National with a possible coalition partner in New Zealand First. Significant changes in economic policy are unlikely to occur within these options.

New Zealand's growth is expected to peak at 3.7 per cent of GDP in 1997/1998 and drop to 2.7 per cent by 2001. This is comparable with our trading partner growth which is expected to average around 3.7 per cent until the end of the century.

The immediate outlook for retail growth is mixed. The volume of retail sales for the year ending June 1996 increased by 3.2 per cent compared to 7 per cent for the previous year. The volume of appliance and hardware retailing decreased by 3 per cent whereas food sales increased in volume by approximately 1 per cent. The major increases in retail volume were attributable to cafes, restaurants, vehicles and chemist-related items.

High interest rates combined with smaller salary increases have meant less disposable income to spend on larger purchases. However, with the recent tax cuts there has been an increase in disposable income which will be spent on smaller items in the majority of cases. If the tax cuts are repealed as a result of government policy there could be a fall off in retail expenditure.

Auckland experienced a large growth in retail development in the late 1980s which has now decreased somewhat. However, Auckland is likely to experience a reasonable rate of retail development as the population increases and expands its urban area. Auckland, with a number of major international events planned

towards the turn of the century, is fast becoming a major international city with more and more international retailers wishing to open in the city. One example is David Jones, the Australian retailer, who has a major outlet planned in downtown Auckland.

THE IMMEDIATE CATCHMENT

The immediate catchment comprises the area within a 5 km radius of the site. This catchment is characterised as predominantly high density residential accommodation with a few light industrial subdivisions. The area has one major retail centre in the central catchment which is St Lukes shopping mall. There are a number of other smaller centres on the fringe of the catchment. The area also has a number of strip-shopping areas.

The urban catchment has 66,000 households and an estimated annual spending power for the goods applicable to this development of approximately \$444,000,000 or \$6728 per household. It is currently characterised by predominantly lower income family households. The catchment area takes into account a few higher income areas, ie fringe Remuera and Epsom areas. The lower income areas have started to experience some growth as fringe CBD residential areas are under demand. Other fringe CBD areas such as Ponsonby and Freemans Bay have experienced this growth over the last 10 years. Future growth in the catchment faces a physical constraint as the entire catchment area is surrounded by other built-up areas. Growth will be by the way of cross-leased sections and an increase in the spending power of the population as the area is populated by people with higher incomes.

Given the limitation in residential space, the rate of population growth of this catchment area will be slow and below Auckland average trends.

THE OUTER CATCHMENT

The study does not include analysis of the catchment outside the set 5 km radius. However, we believe that the outer catchment areas will have a major influence on this development. The reasons being:

- the majority of people using the speciality supermarket are likely to come from as far afield as 20 km away. See the section entitled Consumer Research for analysis of the current supermarket
- the home improvement centres of this type are predominantly destination centres and will draw customers from a large area.

EXPENDITURE IN THE CATCHMENT AREA

The catchment area has a total possible annual spending power for goods applicable to the development of \$444,000,000 or \$6728 per household (further details of household expenditure analysis are available in Appendix 7.2). This is apportioned between the two key types of retail expenditure analysed in this report approximately as follows:

housing	\$2191 per household annually
food	\$4536 per household annually

Home improvement centre

The analysis of the average weekly expenditure on relevant items indicates an average of \$2191 per household per annum is spent on housing-related items.

This is apportioned as follows:

property maintenance goods	\$840.93
home appliances	\$884.12
household equipment	\$137.95
household supplies	\$328.68

The figures have been based on average annual expenditure per household. The study did not take into account the fact that a large number of properties in this area are rented accommodation. The figures for property maintenance goods could be over-stated given the assumption that tenants living in rented accommodation do not spend a lot of money on general property maintenance.

The two major components of the housing expenditure are property maintenance goods and appliances. These are diverse items not normally retailed together. Property maintenance goods tend to be more often materials, eg paint, decking material etc.

The remaining expenditure is made up of general household equipment and housing supplies. These tend to be building-related items or general housing-related items, eg towels, kitchen equipment etc.

This shows the likely key items to be retailed in the new centre would either be home appliances or property maintenance goods. These items could be retailed together. The current trend is to retail these items separately, however, Levene Extreme in Newmarket successfully combines these items by subleasing space to a separate appliance store. A separate study would need to be implemented to see if there is a market for this type of combined retailing.

Speciality supermarket

The analysis of the average weekly expenditure on relevant items indicates an average of \$4536 per household per annum is spent on food-related items.

This is apportioned as follows:

fruit and vegetables	\$716.13
meat, poultry and fish	\$1135.58
farm and dairy products	\$622.24
cereal products	\$701.59
sweet products	\$534.15
other foodstuffs	\$826.36

The major component is meat, poultry and fish with the other food groups falling more closely together in value. This breakdown could serve as a guide for the new speciality supermarket as to the target areas for food to break into the local competitive general market.

GENERAL NOTES

The figures shown for household expenditure have been calculated using the Consumer Expenditure Statistics and updated to present day values using the applicable indices.

The items shown as food-related encompass all items normally purchased at a supermarket even though a speciality supermarket may not stock all these items.

The items shown as housing-related items include the items which this particular home improvement centre could stock.

The items which the home improvement store could stock are:

- home appliances (washing machines, refrigerators, dishwashers etc)
- property maintenance goods including timber, paint, cleaners etc
- household equipment including general kitchen equipment, plumbing ware etc
- household supplies including towels, blankets etc.

Retail Infrastructure and Competition

This section of the report analyses the competition and performance of the major food and home improvement retailers in this catchment area. There are a number of major retail centres in the area; because of the targeted nature of this development, the analysis focussed on specific retailers rather than complete shopping centres.

The potential competition was analysed in detail. A detailed list of those retailers studied can be found in Appendix 7.4.

Table 1 shows the estimated retail performance of competing outlets in the catchment area. The figures are based on the average performance rates applicable to the various outlets. For outlets on the fringe of the catchment we have estimated the percentage of turnover that would be applicable to this catchment. We have included smaller local supermarkets in the calculation to give a realistic picture. A supermarket typically draws the majority of its turnover from 5–8 km from the centre, but we have made no allowance for new outlets that may be in planning stage. However, our research to date does not indicate any major outlets currently being planned in this catchment.

In reading Table 1 the following points can be made:

- The figures for retail performance per square metre are based on average rates applicable to major national operators.
- The second column of figures shows an estimate of the percentage of turnover believed applicable to this catchment, as not all the income will come from within this catchment.
- The total floor area has been derived from our data base.
- The analysis excludes local dairies and competing speciality supermarkets.

TABLE 1: Estimated performance of retail competition in the catchment area

Outlet type	Total floor area m ²	Percentage of turnover relevant to the catchment	Turnover \$ per m ² Realistic	Turnover \$ per m ² Pessimistic	Turnover total \$ Realistic	Turnover total \$ Pessimistic
Supermarket central catchment	15,000	90%	10,000	7500	135,000,000	101,250,000
Supermarket fringe catchment	14,000	50%	10,000	7500	70,000,000	52,500,000
Local supermarket central catchment	8000	90%	3000	2000	21,600,000	14,000,000
Local supermarket fringe catchment	12,000	40%	3000	2000	14,400,000	9,600,000
<i>Total Food Group Per Annum</i>					\$241,000,000	\$177,350,000
Home improvement central catchment	9000	80%	3500	3000	25,200,000	21,600,000
Home improvement fringe catchment	15,000	50%	3500	3000	26,250,000	22,500,000
Home appliance central catchment	6000	80%	5000	4000	24,000,000	30,000,000
Home appliance fringe catchment	12,000	50%	5000	4000	30,000,000	19,200,000
<i>Total Housing Group Per Annum</i>					\$105,450,000	\$93,300,000

Table 2 shows an estimate of the difference between expenditure and sales giving a picture of monies not accounted for in the catchment area. The difference is for two main reasons:

- Expenditure outside the catchment area: the population of the fringe catchment areas have a larger choice of accessible centres. Home improvement centres tend to be a destination type store, attracting people from a large undefined catchment.
- The analysis did not take into account dairies, petrol stations and small appliance and hardware shops which will account for a portion of the expenditure.

TABLE 2: Estimated market difference in the catchment area

Group type	Estimated expenditure	Estimated sales	Difference \$(m)	Difference (%)
Food group	\$299,399,280	\$241,000,000	\$58,399,280	24
Housing group	\$144,651,425	\$105,450,000	\$39,201,425	37
	\$444,050,704	\$346,450,000	\$97,600,704	28

Table 3 shows the indicative performance requirements that the subject centre should be aiming to achieve, taking into account the competition in this catchment and typical turnover rates. The total realistic turnover is approximately \$23 million or 6 per cent of the total expenditure in the catchment. The floor areas shown could be manipulated to vary the turnover between the two stores.

As discussed elsewhere in the report, a large portion of the turnover for the speciality supermarket will come from outside the catchment, as is the case with the current operation. One of the keys to success will be to attract the majority of the customers of the existing store to the new location as well as a share of the local catchment.

TABLE 3: Subject centre: indicative performance requirements

Group type	Floor area m ²	Turnover	Turnover	Turnover	Turnover
		\$ per m ² Realistic	\$ per m ² Pessimistic	total \$ Realistic	total \$ Pessimistic
Speciality supermarket	2000	6000	5000	12,000,000	10,000,000
Home improvement store					
General goods	2500	3500	3000	8,750,000	7,500,000
Home appliances	500	5000	4000	2,500,000	2,000,000
Total	5000			23,250,000	19,500,000

The required turnover for the home improvement centre is approximately 30 per cent of the market difference, ie the difference between the total relevant expenditure of the local population and the sales to stores within the area. As we have noted elsewhere, a centre of this type is normally a destination centre. As for the supermarket, a proportion of the turnover needs to be attracted from outside the catchment. A key issue for the home improvement centre will be the mix of general goods and home appliances.

In summary, the figures indicate that there is expenditure available in the immediate catchment to provide a proportion of the income needed to make this proposed retail centre viable. The centre will not survive on this alone and both operations will need to attract a reasonable proportion of their income from outside the catchment area.

Population and Household Analysis

This section of the report outlines broadly the structure of the catchment area under study. The catchment area has been defined as that within a 5 km radius from the proposed site. The analysis was based on 1991 census data, updated with information available from Statistics New Zealand. We would note that the 1996 census data was not available when this report was prepared.

POPULATION ANALYSIS

We have estimated the total population of the catchment area as approximately 182,000. This figure has been analysed as follows:

1991 census central Auckland	
urban zone population	308,486
1995 central Auckland urban zone	
estimated population	328,800
Rate of change	6.5 per cent
1991 catchment area population	175,000
Estimated rate of change	5.0 per cent
Estimated current population	184,000

The rate of change in the catchment area has been estimated at 5 per cent because the area is entirely bounded by other areas and the opportunity for major residential growth is minimal. The majority of residential growth would occur as a result of cross-leasing sections etc.

The population of the catchment area increases by approximately 15,000 during the day. The area within the 5 km radius from the site includes a portion of the central business area which accounts for the large day-time increase.

The population density of the catchment area is approximately 2330 people per km². This compares to the density of the Central Auckland total urban zone of 2088 people per km².

Table 4 summarises the age groups of the catchment population together with associated percentages in comparison to the national figures. Over one third (34.83 per cent) of the population fall within the 25–44 age group with a further 22 per cent being in the 15–24 age group. Over 70 per cent of the population are under the age of 44.

The percentage distribution of the catchment and national populations are similar in the majority of the age groups with the exception of the 45–64 age group where the figure for this catchment area is 5.7 per cent less than the national figure.

TABLE 4: Population age breakdown

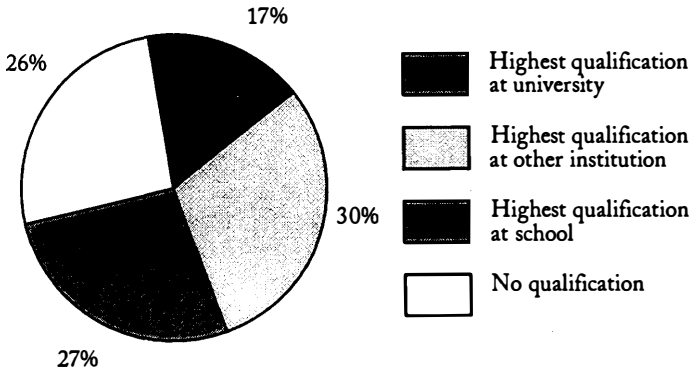
	Catchment area		New Zealand	
	Total	%	Total	%
Under 15 years of age	42,476	23	838,040	23
15–24 years of age	33,843	18	545,040	15
25–44 years of age	57,368	32	1,121,830	30.7
45–64 years of age	26,237	14	717,950	19.7
65 and over	24,451	13	420,370	11.6
Total	184,375	100	3,643,230	100

Figure 1 illustrates the breakdown of qualifications gained by the subject population. Over 50 per cent of the population have either no qualification or their highest qualification was gained at school, while 30 per cent of the population have a qualification gained at institutions other than university. These are traditionally gained from technical colleges, apprenticeships etc. However, given the trend today for traditional technical colleges to provide university degree (or equivalent) courses, the difference between a university

and a technical college education is not as great as once was the case.

Of the 185,000 total population in the catchment area approximately 123,000 are available for work in the labourforce on a full- or part-time basis. In the 1991 census 86 per cent of the subject population were actively employed with the remaining 14 per cent being unemployed or on some form of government benefit. Since this census there has been a large drop in the number of unemployed. The national unemployment rate at the time of the 1991 census was approximately 11 per cent, which dropped to an estimated 6.1 per cent as at the end of June 1996. An estimated unemployment rate for this catchment area would be in the order of 7-8 per cent, slightly above the national average.

FIGURE 1: Highest qualifications gained



The total Auckland region offers approximately 500,000 jobs, made up of approximately 365,000 full-time jobs and approximately 135,000 part-time jobs. The catchment area under study provides approximately 23 per cent of these positions. Of the employed labourforce in the catchment area, 47 per cent are women.

Sixteen per cent of the labourforce are professionals. Figure 1 showed that 17 per cent of the population have university degrees, which suggests that the majority of university qualified individuals are working as professionals.

HOUSEHOLD ANALYSIS

The approximate number of private dwellings in the catchment area in the 1991 census was 64,000. As the population has increased since that time by approximately 9000, allowance needs to be made for the additional dwellings that have been constructed in this time. After researching information regarding new dwellings constructed in this area since the 1991 census, we have estimated the additional dwellings to be approximately 2000 making the total estimated number 66,000. Figure 2 shows the proportion of these dwellings that are rented, owned with a mortgage and owned without a mortgage. The figure shows that 40 per cent of the occupied dwellings are rented accommodation with the remainder being owner-occupied, with or without a mortgage.

FIGURE 2: Private dwelling analysis

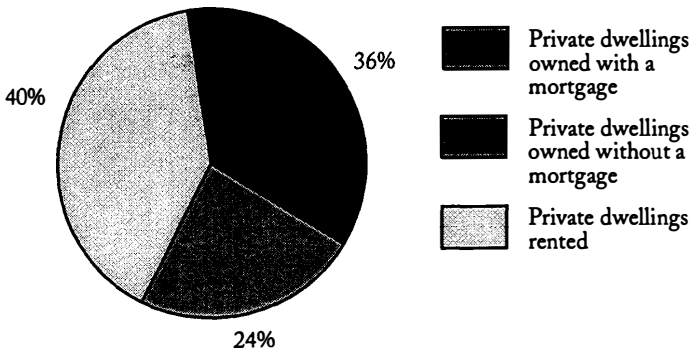


Table 5 shows the make-up of the households in the 66,000 dwellings in the area.

TABLE 5: Household apportionment

Two or more persons in labourforce	37.47 %
One person in workforce	26.43 %
One solo parent	12.81 %
Non family members	12.29 %
Superannuitants	11.00 %
	100.00 %

From the information shown in Table 5 the following broad comments can be made:

- The largest single group of the households in the catchment area (37.47 per cent) is those that hold two or more persons in the labourforce. As this calculation excludes non family members and there is a large proportion of children in the area (23 per cent), it can be assumed that these are households where both adult family members are employed in the workforce.
- The next largest group is households where only one person is in the workforce. This is a household where either a single family member is employed or the household has only a single member.
- 12.29 per cent of the households consist of people who are unrelated (non family members). These are likely to be people in a flatting environment. When this is compared to the large amount of rented properties (40 per cent of households) a broad conclusion can be made that a large proportion of the family households rent their accommodation in this catchment area.

INCOME ANALYSIS

The income of the subject population has been analysed under two headings: individual income and household income. The income figures from the 1991 Census data have been updated for this study to indicate current income. Wage rate indexes provided by the Department of Statistics were used to assess increases in wage rates.

Approximately 34,000, or 20 per cent of the employed population, have an income level over \$30,000 per annum. It can be assumed that this is predominantly professionals who make up 17 per cent of the workforce in this area. This means that the remaining 80 per cent of the population earns less than \$30,000 per annum.

The New Zealand average income for both males and females combined is approximately \$597 per week or approximately \$31,000 per annum. If overtime payments were included this would increase to \$32,000 per annum. As approximately half of the working population in this area are women, the average rates have been used rather than the separate male and female rates.

Of the 66,000 households in the area 28,000 or 45 per cent have an income over \$30,000 per annum. This confirms the previously made point that a large proportion of the households have two or more family members in the workforce.

GENERAL

The analysis above supports the broad conclusion that the majority of this catchment area is made up of lower than average income households with a reasonable proportion of double income households. The area also has one of the greatest population densities in Auckland. The following key points should be noted from this analysis:

- The income of at least 80 per cent of the subject working population is less than the national average income.

- The population of the area is predominantly in the lower income bracket (under \$30,000 per annum) with over half of the population having no qualification or a high school qualification.
- The estimated unemployment rate in the catchment area is 7–8 per cent. This compares to the national rate of 6.1 per cent.
- A large proportion of the households are in rented accommodation (40 per cent). This could indicate that this segment of the population is relatively mobile.
- The population is reasonably young with 73 per cent of the population under the age of 44. Of this group 41 per cent are under the age of 24. This indicates that the population is predominantly younger with a relatively small percentage of the population being over the age of 44. This older group is split equally between the 44–65 age group and the over 65 age group.

Consumer Research

INTRODUCTION

This section of the report presents the results of the survey which canvassed consumer opinions, attitudes and behaviour.

OBJECTIVES

Two separate surveys were undertaken and their objectives are described below:

- Survey one had the aim of ascertaining shoppers' criteria for selecting a speciality Asian supermarket and to gauge reaction from current customers to the possible relocation of the existing supermarket.
- Survey two had the aim of obtaining opinion from residents shopping near the proposed development regarding the proposed development.

METHODOLOGY

Survey one used a predominantly quantitative methodology. This was selected as there was specific information wanted and this information was required from as large as possible a sample.

The first survey was conducted by way of a personal interview with shoppers using the existing supermarket. Interviews were conducted with 40 people intercepted as they completed their shopping. The questionnaires were designed to take no more than 10–20 minutes to complete as I did not want to inconvenience the shoppers. The personal questions did not require very specific answers.

Survey two used a qualitative approach. This approach was selected as it enabled exploration of the full range of influences on

consumer behaviour. The aim was to gain local opinion on the new development.

Whilst the results of this second survey are not statistically valid, insights into consumer behaviour and motivation are provided.

The interviews for this survey were conducted with shoppers using the strip-shopping adjacent to the proposed development. Interviews were conducted with a total of six people.

RESULTS

This section of the report presents the actual results of the two surveys.

1 *Survey One*

The purpose of this survey was to learn opinion and gauge reaction from current customers of the Asian speciality supermarket proposed to be relocated. This would relate to the possible relocation of the supermarket and what the customers' criteria were for selecting a speciality supermarket.

The first part of the survey dealt with general information.

Of the respondents 60 per cent were female. A large proportion of the respondents were shopping as a family as the surveys were conducted during the weekend and school holidays.

The age groups of the respondents were as follows:

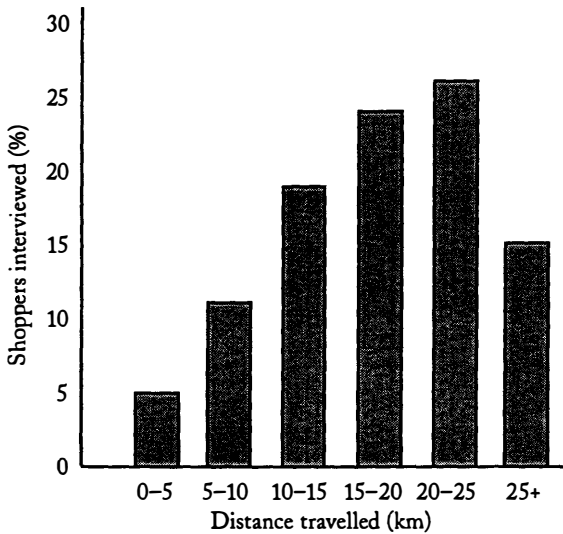
Under 30 years	15%
30–45 years	40%
45–60 years	25%
Over 60 years	20%

The broad income levels were as follows.

Under \$30,000 per year	20%
\$30,000–50,000 per year	30%
Over \$50,000 per year	50%

The second part of the survey dealt with distances travelled to the supermarket. The survey showed that shoppers were prepared to travel a reasonable distance to shop at speciality shops which met their requirements. Figure 3 shows the distances travelled to the existing supermarket. The survey revealed that 65 per cent of the interviewed shoppers were prepared to travel over 15 km to this location. This is contrary to the normal case that the majority of food shopping is carried out reasonably close to the shopper's place of residence.

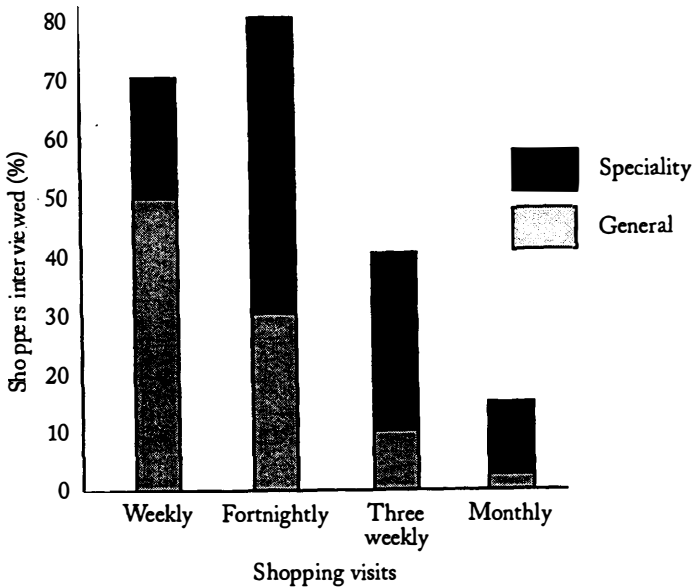
FIGURE 3: Distance travelled to supermarket



This analysis included questions on the frequency of shopping visits to a general supermarket compared to a speciality supermarket. Figure 4 indicates this relationship. Fifty per cent of the respondents indicated that they visited a general supermarket weekly, while the remainder of the respondents indicated that they visited a general supermarket fortnightly or less frequently.

This compared to 20 per cent of the respondents who indicated that they visited a speciality supermarket weekly, 50 per cent every two weeks and 30 per cent every three weeks or less frequently.

FIGURE 4: Apportionment of shopping visits



The respondents to survey one were asked to rank in order of importance a number of criteria important to them when selecting a speciality supermarket. The criteria they were asked to rank were:

- Range of speciality foods available
- Range of general foods available
- Competitive pricing
- Quality of merchandise
- Proximity to residence
- Availability of car parking

Further details of the results can be found in Appendix 7.1.

The following points can be made from the analysis of the results.

- 52.5 per cent of the respondents rated their most important criteria as range of speciality foods available with a further 42.5 per cent rating quality of merchandise as the most important criteria. This gave a total of 95 per cent of respondents rating these two items as most important. The remaining 5 per cent nominated competitive price as the most important criteria. None of the respondents ranked availability of carparking, proximity to residence or range of general foods as most important.
- 52.5 per cent of the respondents rated quality as the second most important feature. Range of speciality foods and competitive price were ranked as the second most important feature by another 42 per cent of the respondents.
- 47.5 per cent of the respondents rated competitive pricing as the third most important criteria with another 40 per cent of the respondents rating either competitive price or range of speciality foods as important features.
- Proximity to residence and availability of car parking were clearly the least important features with the majority of respondents rating these items as the least important features when choosing a speciality supermarket.

The respondents were also asked to rank the same criteria as they applied to the existing supermarket.

Further details of the results can be found in Appendix 7.1.

The following points can be made from the analysis of the results.

- 55 per cent of the respondents rated quality of merchandise as the best feature of the existing store with a further 30 per cent rating range of speciality foods as the best feature. A total of 85 per cent of respondents rated these two items as the best features. The remaining 15 per cent rated competitive price as the best feature.

- 57.5 per cent of the respondents rated range of speciality merchandise as the second best feature. Quality of merchandise was ranked as the second best feature by another 35 per cent of the respondents.
- 47.5 per cent of the respondents rated competitive pricing as the third best feature.
- Proximity to residence and availability of car parking were clearly ranked as the fifth and sixth most important features of this speciality supermarket.

The answers to the questions about criteria for selecting a speciality supermarket were compared to the rating of the best features of the subject supermarket. The subject supermarket's best features matched closely the key criteria for selecting a supermarket. A detailed comparison can be found in Appendix 7.1.

The respondents were asked if there were any other reasons why they choose to shop at the existing speciality supermarket. Most stated that the major factors had been recorded already. Some of the other reasons noted were:

- Handy to the on and off ramps from the motorway
- A good reason for a family outing at the weekend
- Close to similar stores

The respondents were asked some general questions regarding their shopping habits. The key points that can be drawn from analysis of these answers are:

- 80 per cent of the respondents stated that they come into town only to do food shopping at speciality supermarkets and do not usually undertake any other forms of shopping or business.
- The respondents were asked if they regularly visited or shopped in other speciality supermarkets. The majority of the respondents stated that they usually shopped here, but that they visited the other shops to purchase specific items not available here and to see what was available.

- The respondents were also asked if they would continue to shop at the new centre. Seventy per cent stated that they would. However, a number noted that they liked shopping at the existing store because of the accessibility to the motorway and its proximity to other similar shops.

The respondents were asked if they would use the home improvement centre proposed to go alongside the new supermarket. A number of the respondents said that they would be interested in the centre, but that there were similar centres nearer to their place of residence.

The respondents were then given the opportunity to make any general comments about the survey or any other issues. The majority of the respondents were more interested in asking questions about the proposed centre, time frames etc. The developer was present, and he was able to discuss in more detail the plans he had for the new centre.

Conclusions – After analysing the results of the first survey the following broad conclusions can be made:

- The majority of shoppers at the existing speciality supermarket are discerning with a level of income significantly higher than the New Zealand average.
- The shoppers are prepared to travel up to 25 km to a centre that meets their criteria. For the majority of shoppers this was quality of merchandise and selection of speciality foods and for which they were prepared to forgo convenience.
- The features of the existing supermarket rated most attractive were selection of speciality foods and quality of merchandise.
- The subject supermarket meets closely the selection criteria for a speciality store as rated by the majority of respondents.
- The home appliance store is likely to be of little influence in the decision-making of the majority of shoppers using the speciality supermarket.

- Although availability of car parking rated below other criteria we believe that ease of car parking is a key ingredient in a successful shopping centre.

One issue that must be borne in mind is that as the interview was conducted in the subject centre, as opposed to a neutral place, there could be a slanting of opinion towards this centre and a totally impartial picture may not have been gained.

2 *Survey Two*

The purpose of this survey was to learn local shopper opinion in the area the supermarket is proposed to be moved to. It was carried out using qualitative methodology. Six interviews were conducted with shoppers using the local strip-shopping centre near the proposed new site.

At the outset of each interview the purpose of the interview and the proposed development were outlined, and the shoppers were then asked if they had time for a general discussion. The interviews were undertaken over the weekend to cause minimum inconvenience to the respondents.

The respondents were classified as follows:

Males	1
Females	5

The household situations of the respondents were as follows:

Living alone	1
Family with children	5
Own house	5

All the respondents lived close to the proposed site.

The results of the qualitative research are reported below.

Shopping generally – Shopping was discussed generally, with the discussion usually centred around the need for another centre. The majority of the respondents could not see the need for another centre.

St Lukes shopping centre caters for all our major needs and the local shops provide for any additional requirements I may have, ie bread, milk, meat etc.

I shop at St Lukes once a week, I don't have enough money to do any other food shopping.

The shopping trip usually undertaken used the majority of the household budget and there was little discretionary spending money left. The trip to the major shopping centre was usually without the children and was in some cases considered a bit of a break.

A number of the respondents were concerned as to the effect the new centre might have on traffic and car parking in the area. There was a general concern that the additional traffic would make it difficult and dangerous to find car parking on the main road as the strip-shopping did not provide any handy off street parking.

The road is extremely busy as it is without adding more traffic. Sometimes it is difficult to find a car park and to unload a car full of kids.

Home improvement centre – Five of the six respondents owned and lived on their own property. They would use the centre for the odd household- and garden-related item but the majority didn't have a great disposable income to spend on additional household items. Household items purchased tended to be to replace broken or damaged items.

I would visit the centre for the odd necessity but would be unlikely to purchase any major item.

The respondents tended to be bargain hunters who kept an eye out for sales and were prepared to travel to buy household items on sale.

I keep an eye out for the sales as you tend to get some good bargains.

Supermarket – The concept of the speciality supermarket was discussed with respondents. The female respondents noted that

the majority of their household budget went on general food and household items. There was not a lot left at the end of the week for speciality items. They all tended to shop at a major food retailer.

Over the years I have got a good idea where I regularly get the best bargains. I tend to shop at the same place.

A speciality food supermarket opening up in the area would be of interest and would be likely to be visited initially to see what was provided.

I would visit the shop to see the range of products provided and the prices, and roughly compare them to what I am paying now. If prices are much cheaper I would consider shopping there.

A number of the respondents noted that whilst they tend to go to the major centres to shop specifically for food, a new speciality retailer would be very convenient if they needed to purchase any other items that were not normally available from a food retailer. It would also save a shopping trip.

Quite often I will need to purchase items that are not available in the supermarket. It is easier to do this shopping at the same time as the weekly food shop, ie chemist and sundry clothing type items.

Conclusions – From these interviews in the second survey the following broad conclusions can be made:

- The majority of the respondents don't have a great discretionary income and tend to shop where they can regularly get the best deals.
- The regular shoppers also tend to shop where it is more convenient and where they can do the week's shopping in one visit.
- The centre will be of initial interest to the locals.
- There was a genuine concern as to additional traffic and car parking problems that may occur with the new centre.

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- 7.1 Survey questionnaire analysis
- 7.2 Household expenditure analysis
- 7.3 Schedule of competition
- 7.4 Survey
- 7.5 Reference sources
- 7.6 Catchment area map

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