



ESSENTIAL TRENDS

BID MARKET INTELLIGENCE

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Introduction

Welcome to the latest Essential Trends, based on data covering July and August. The first issue for me was the footfall in Edinburgh throughout the peak festival month of August.

Although the weather did not help being both cool and wet, the concentration of Fringe activity around Bristow Square, George Square and The Pleasance appears to have reduced footfall in most places around the city centre.

Overall footfall was down 7.2% on last year with George Street down 34.2%. This might have been anticipated with the absence of a Fringe venue at the Assembly Rooms this year due to refurbishment. However, the High Street footfall counter was also down by 29.7% despite being nearer the Fringe “epicentre”, suggesting there was less movement overall.

For us in the Essential Edinburgh team the implication is clear, we need to create partnerships that will bring a significant Fringe presence back to the BID area for next year.

Regards,

Andy Neal
Chief Executive

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CACI Report

On average, a British individual spends £14 a week (that's £728 a year) on clothing and footwear - according to ACORN, CACI's people classification system. Where are those who spend more than average?

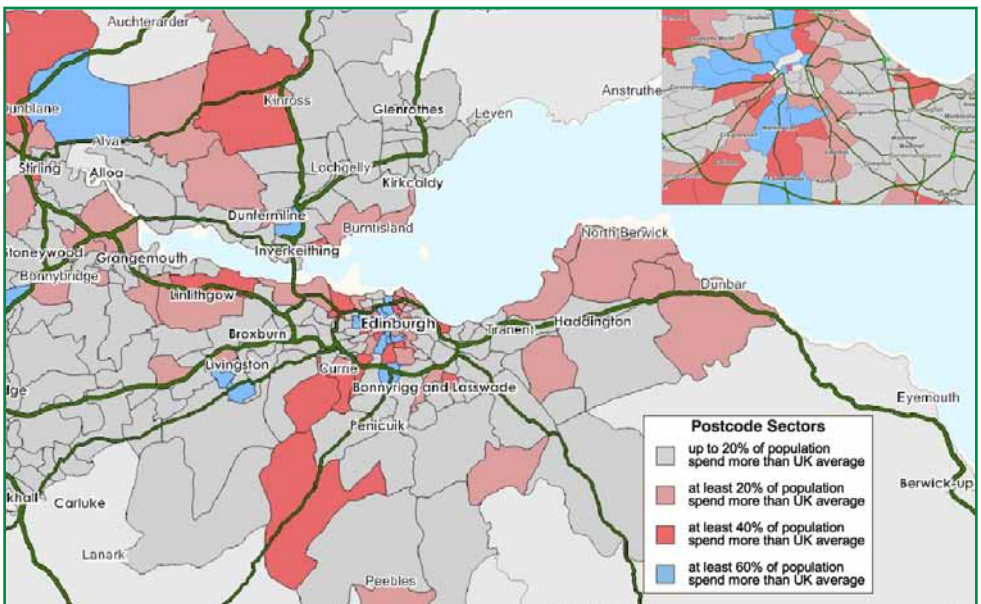
The annotated map below shows all postcode sectors in a 1-hour drive time zone around Edinburgh's city centre. The red areas indicate postcode sectors where at least 40% of residents living there spend more than the UK average. The light red areas indicate where at least 20% of its population spend more than the UK average.

The map identifies that in Edinburgh's primary and secondary catchment zones (see CACI report in Essential Trends 3 and 4 for further detail), spending power is bigger in East Lothian areas such as North Berwick and Dunbar. The same applies to areas

in Midlothian to Edinburgh's South.

Within Edinburgh's city centre, people living in postcode sectors in the New Town, around Morningside and Bruntsfield, and Corstorphine have most disposable income. According to ACORN, at least 60% of the residents living there spend more than UK average.

To find out how we can help you with relevant information on the city centre, please contact Grant Stewart, BID Liaison Officer on 0131 652 5940 or grants@essentialedinburgh.co.uk



Retail Sales Turnover

In Edinburgh’s city centre, sales in July 2011 were up 2.2% on July 2010. This compares to the Scottish average of 1.7% and the British average of +2.2%.

Retailers participating in the City Centre Monitoring Programme, which is co-organised between Essential Edinburgh and the City of Edinburgh Council, reported these figures for June 2011. The figures for Scotland and the UK were reported from the BRC-SRC-KPMG Retail Sales Monitor and the BRC Scottish Retail Sales Monitor.

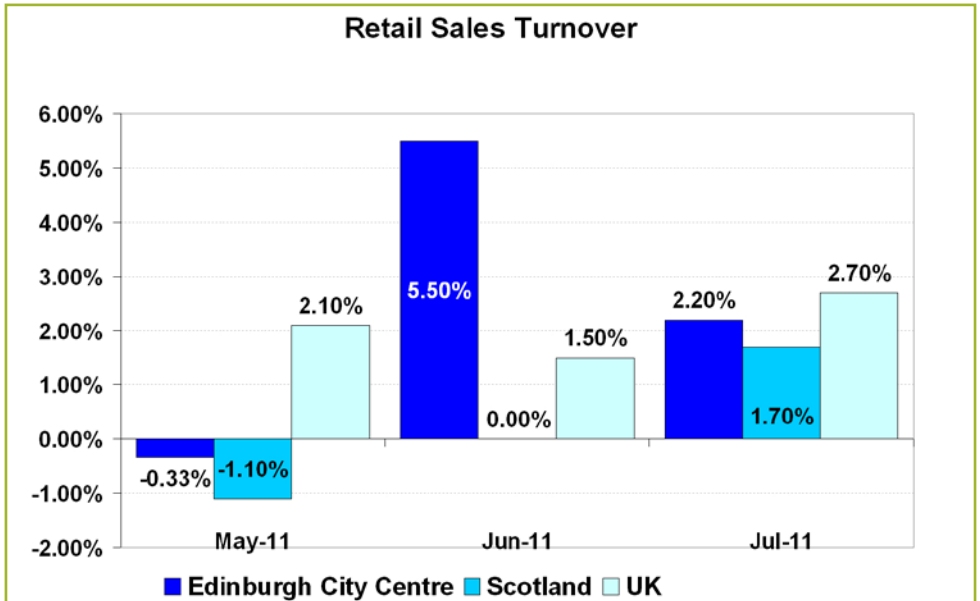
Andy Neal, Chief Executive at Essential Edinburgh, said: *“In the last 3 months, Edinburgh’s sales figures were outperforming the rest of Scotland; however, we know that the picture varies and that some smaller shops are affected more dramatically than the current average indicates. The marketing focus for us all needs to be keeping people coming into the city centre over the next few months by building on the positives and not dwelling*

on the tram works.”

Richard Dodd, Scottish Retail Consortium Head of Media, said:

“This general return to sales growth is positive news for Scottish retailers but it shouldn’t detract from the underlying weakness in consumer spending. Shoppers continue to feel the impact of high levels of inflation and low wage growth as households’ real incomes shrink. The VAT increase and the effects of cuts have also dented consumer confidence.”

Stephen Robertson, Director General, British Retail Consortium, said: *“This is a modest improvement on recent months but overall conditions remain very difficult for retailers. When you take into consideration inflation and January’s*



“This general return to sales growth is positive news for Scottish retailers...”

increase in VAT, 2.5 per cent growth effectively means people are buying fewer goods.

“Food sales continue to outperform non-food with inflation helping to drive top-line growth. But shoppers were only tempted into stores by an unprecedented number of promotions which come at the expense of margins. Sales of non-food goods barely grew, though clearance events helped summer clothing in particular.”

You can receive this information around 3 weeks before publication in Essential Trends if you agree to participate in the City Centre Monitoring Project. Contact Dr Tom Mathar, Market Research Executive at the Economic Development Service in the City of Edinburgh Council, on tom.mathar@edinburgh.gov.uk or 0131 529 4962 to participate in the City Centre Monitoring Project.

Essential Tourism

It may have been the rainiest Tattoo on record but that did not dampen the spirits of Edinburgh’s tourism industry or indeed the many thousands of visitors who flocked to the city over the summer months.

In July, Edinburgh hotels recorded occupancy levels of 92% and Edinburgh Airport had their best ever month with a million passengers. Visitor attractions also reported excellent results with Edinburgh Castle receiving 250,000 visitors in August and the equivalent of Edinburgh’s entire population, or 500,000 people, passed through the doors of the city’s newly reopened National Museum of Scotland in fewer than six weeks.

The 65th Edinburgh Festival Fringe has once again set a record with an estimated 1,877,119 tickets issued, reflecting an enormously successful event.

Business tourism delegates to Edinburgh and their companions are assured of a truly exceptional experience, thanks to the city’s thriving arts and festivals programme, many fascinating cultural and visitor attractions and an excellent

restaurant and retail offer, all underpinned by an increasing focus across the city on skills development and customer focus. It is therefore not surprising that Marketing Edinburgh, Convention Bureau reports that for the period ahead (November 2011 -January 2012), 10 conferences attracting 2,665 delegates will take place in the city worth a total of £4.4m to the local economy - these include events such as Drug Delivery to the Lungs which will be hosted in Scotland’s Capital for the seventh year in succession, taking place on 7-9th December 2011 and attracting 460 delegates.

For more information, please contact hillary.bett@marketingedinburgh.org.

Confirmed Conferences

Nov 2011, 8 conferences, 2,055 delegates

Dec 2011, 2 conferences, 610 delegates

Edinburgh Convention Bureau
Inspiring Conferences



Edinburgh footfall index, Aug 2011

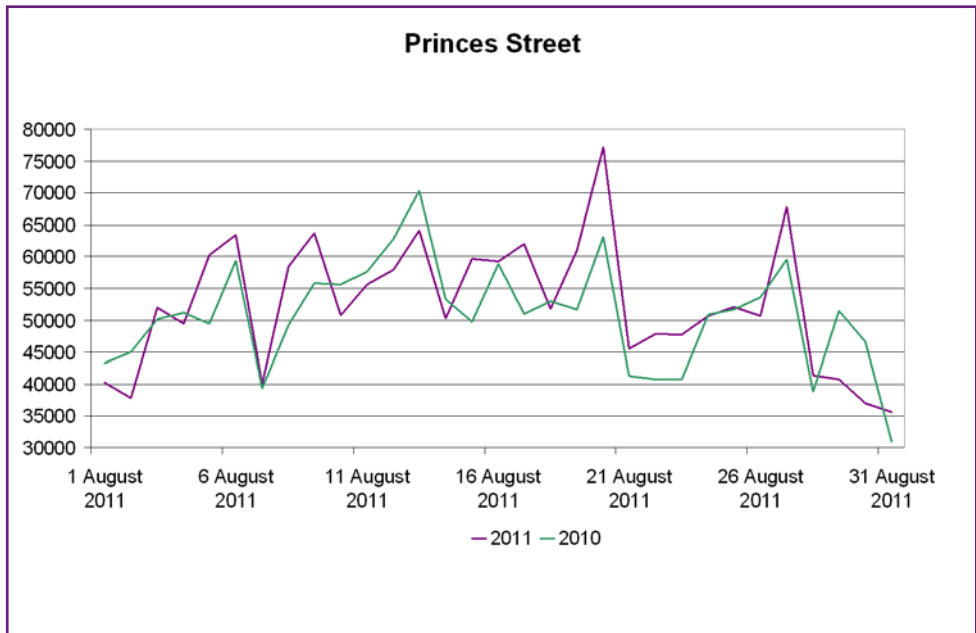
This was the coolest August in Scotland since 1993, according to the MET Office. There was more rain, too. This is obviously not the combination Edinburgh is looking for during the main festival period. It impacted on footfall – though differently at different sites.

In total, 3,446,009 people passed the 5 counters installed at strategic sites in the city centre. The current figure is up 23.4% from July 2011. More importantly, though, it is down 7.2% from August 2010. This is the first time this year that a month's footfall numbers are down on the previous years.

Princes Street at Marks & Spencer remains the busiest spot in the city centre: 1,632,588 people passed

Last 6 Month Breakdown Edinburgh City Centre*		
	Month-on-Month	Year-on-Year
Mar-11	19.90%	14.10%
Apr-11	17.80%	24.50%
May-11	-7.70%	5.90%
Jun-11	-1.30%	9.70%
Jul-11	17.90%	11.70%
Aug-11	23.35	-7.20%

* Average figure from 5 counters (see article)



the counter installed there. That's up 3.4% from this period in 2010 and another record for 2011.

Pedestrian traffic on Leith Walk is down on last year: 282,241 people passed the counter installed at Vittoria, the Italian restaurant; that's down 8% from August 2010.

Last 6 Month Breakdown United Kingdom*		
	Month-on-Month	Year-on-Year
Mar-11	-0.40%	-2.30%
Apr-11	-1.50%	-2.10%
May-11	-3.90%	-1.30%
Jun-11	2.40%	0.20%
Jul-11	1.60%	-2.20%
Aug-11	-1.2	-3.2

* Experian Footfall National Index

Footfall on Shandwick Place, according to the counter installed outside Specsavers, is up an impressive 40.9% on August 2010. Most retailers there benefited from the St Georges West Church which was used as a venue during the Fringe. (See article on the festival's economic impact in this issue of Essential Trends)

So far this year, we observed an impressive footfall trend in the Old Town. Not for August: 736,711 people passed the counter installed at Bella Italia, the Italian restaurant.



Footfall Continued...

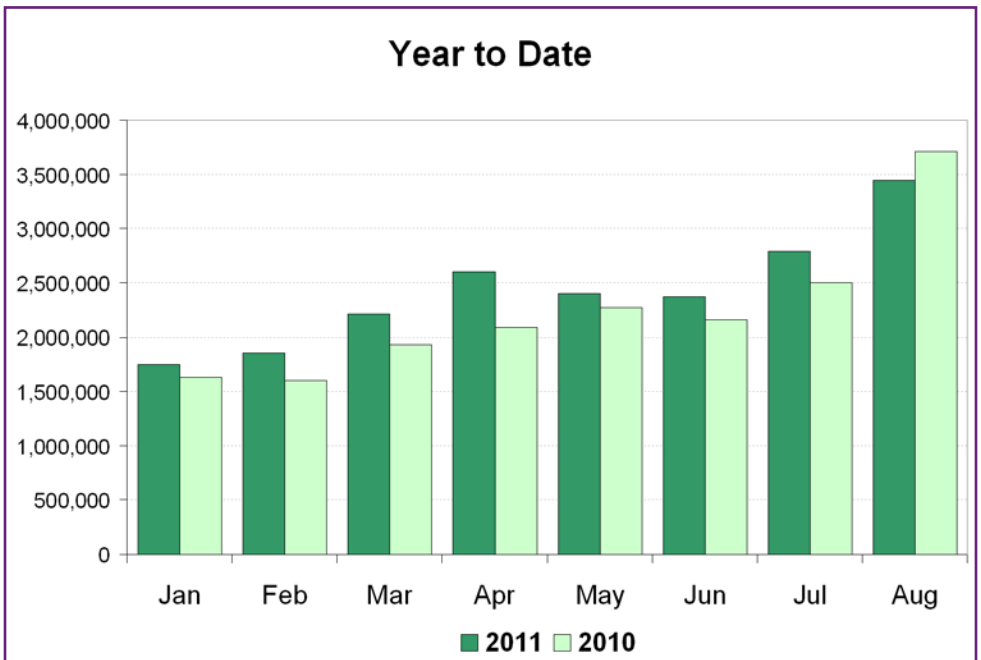
That's down 29.7% from August 2010.

Outside The Dome on George Street, 270,003 pedestrians were counted. That's down 34.2% from August 2010. Business owners on this site reported that the closure of the Assembly Rooms as a Fringe venue negatively impacted on their trading.

Experian reported that *"for retailers,*

shopping centre owners and many consumers, August 2011 will be remembered mainly for the UK riots and opportunistic looting that hit the retail sector."

Fortunately, the riots did not cross the border to Scotland so the trend observed elsewhere in the UK does not compare to Edinburgh.



"The current figure is up 23.4% from July 2011. More importantly, though, it is down 7.2% from August 2010."

Parking Index - August 2011

As in previous months, the busiest area of the city centre was the New Town, with 53.7% of parking bays occupied on average; the quietest area was the East End, with 26.1% of bays occupied on average.

Within the New Town, the picture is more diverse for different sites: on George Street, for example, the average utilisation rate was 72.1%. The lowest average utilisation rate at was seen at Abercromby Place and Heriot Row (39.8% and 35.1% respectively).

Unsurprisingly, the New Town's occupancy rate is far higher during the festival period. Normally, Abercromby Place and Heriot Row are less busy. In August, they were higher than the average utilisation rate in the West End.

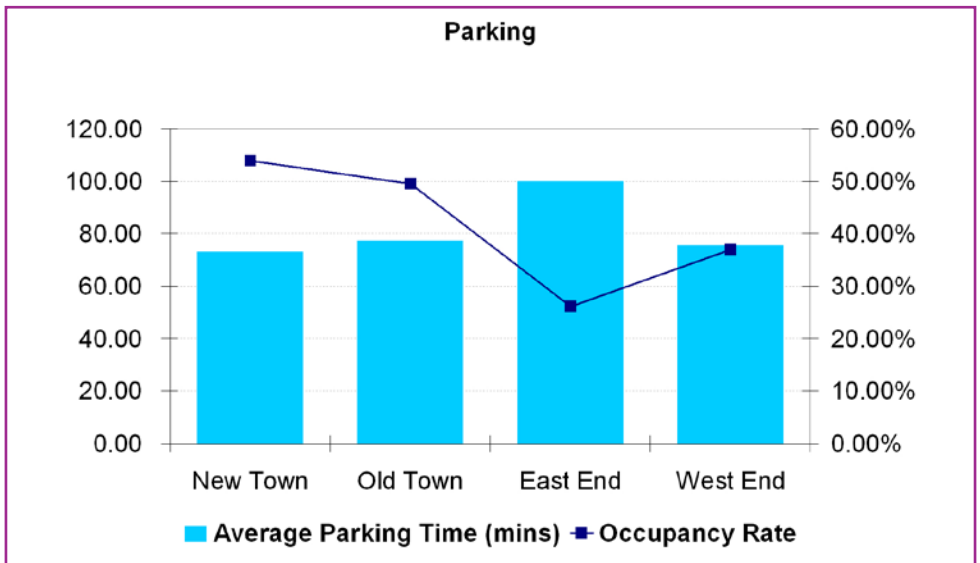
In the Old Town, average utilisation of on-street parking bays was 49.5%. Again, due to the festivals, it was harder to find a bay in areas that are not usually as busy. Some areas within the Old

Town, Grassmarket for example, reached average utilisation rates similar to George Street in the New Town.

The average utilisation rate in the West End was 37%; it was 26.1% in the East End.

As in the previous months, the longest average length of stay was in the East End where, in August, car owners parked for an average of 1 hour and 40 minutes. In the New Town, car owners, on average, returned after 1 hour and 13 minutes to their vehicles.

For real time information on utilisation rates in off-street car parks follow this link: <http://edinburgh.cdmf.info/public/carparks/list.htm>



The 2011 Festivals' impact on Edinburgh's Retail

A survey conducted among retailers in the city centre reveals that a majority of shops saw an increase in footfall and turnover compared to previous months this year. Nevertheless, the festivals impact was not as positive as in previous years.

The Edinburgh Festivals' Economic Impact Study released in May 2011 revealed that the world's biggest art event has a huge impact on various sectors in Edinburgh and Scotland. The study found that 6% of the audiences' expenditure is spent whilst shopping – this amounts for £14.7 million in total.

Footfall counters installed at strategic sites in the city centre also show that – uniquely in the UK - pedestrian movements in the city centre peak twice a year: firstly, and as everywhere else, over the Christmas period; secondly during the August Festival period. Most certainly, from September, the red trajectory in chart 1 that indicates the 30 day trend will head downwards again.

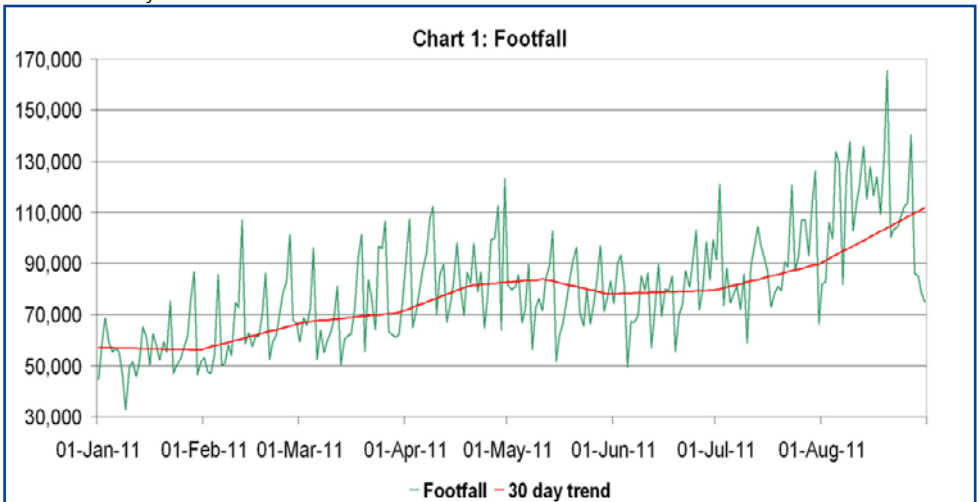
But does more footfall in Edinburgh's city centre necessarily result in better trading results for city centre retailers? Essential

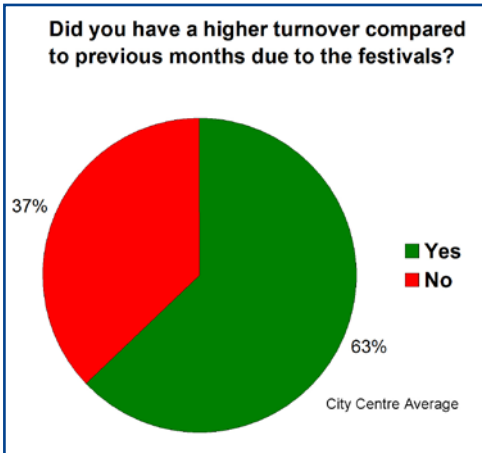
Edinburgh's liason officers and pollsters from The City of Edinburgh Council investigated this year's impact of festivals.

Unsurprisingly, the majority of store managers and shop owners in the Old Town saw increased footfall in their shops which also impacted on turnover; however, a tougher economic climate throughout Europe and the UK meant that this year's visitors spent less than in previous years.

In the New Town, only half of the retailers surveyed saw more people entering their shops in the festival period. Even though retailers observed higher turnover in August compared to previous months of 2011, most New Town businessmen said that this year was actually worse than last year.

"For us the Festival was markedly quieter





than in any previous year”, says John McKee, Manager at Hanover Healthfoods. *“We attribute this to the fact that the Assembly Rooms was closed by the Council. It is a shame that we were unable to capitalise on August in any way this year, and coming just before the Council closes the street for yet more tram works, it puts us in a weaker position going forward in what are already very testing times.”*

This observation, however, is not necessarily echoed throughout the New Town. Gordon Drummond, Director at Harvey Nichols, stated that *“trading during the Festival Period has been good for Harvey Nichols Edinburgh with like for like growth of +6% on a good figure last year. We’ve recorded significant increases in the fashion departments with shoes and accessories being star performers.”*

In comparison to many retailers in New Town, businesses in the West End observed the reverse trend. Michael Apter explained that *“St Georges West church was used during the 2011 Fringe by the Remarkable Arts company, who attracted tens of thousands of show goers to their excellent programme of*

performances. These visitors to the area certainly enjoyed their time in the West End, evidenced by the number of businesses who saw improved footfall and/or trading.

The Edinburgh international Book Festival also has benefits for the West End, but these are not fully exploited, partially due to poor visitor signage and mapping in the city.”

Findings from this survey suggest that for retailers in the city centre it is best to spread festival venues more evenly.

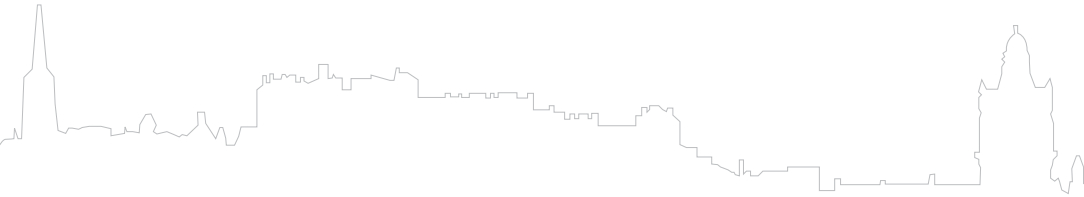
Michael Apter states that “the concentration of Fringe venues in the south side of Edinburgh is a concern for the wider city centre; it is critical that the Assembly Rooms are restored to their premier status as a Fringe venue next summer; and the return of Remarkable Arts would be warmly welcomed by businesses in the West End.”

For detailed results per Old Town, New Town and West End, contact Tom Mathar at tom.mathar@edinburgh.gov.uk



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