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RETAIL
Extended Trading Hours

**CHRISTMAS
2014**

micro and small business retail sectors



Retail Survey Results

Extended Christmas Trading Hours 2014-2015

Introduction

As a result of concerns raised by small businesses regarding the extended Christmas trading hours in 2014-2015, a post-Christmas survey was initiated by the Retail and Personal Services Training Council of WA Inc. (RAPS).

The intent of the survey was to capture anecdotal information in a more formal manner. The survey was primarily focused on face-to-face interviews with proprietors in the micro and small retail sectors and was conducted by the RAPS Industry Consultant. The survey was also available and accessed on line at the RAPS website.

The participating companies generally had staff levels of less than 8 employees while other WA owned retailers employed between 80 – 150 employees. The larger retailers also had multiple shop fronts which enabled a broad cross spread of locations and business type to be included in the survey.

Detailed information was also provided by the RAPS high level strategic Retail Industry Advisory Group (RIAG) which collectively represents 109 diverse retail outlets.

Major shopping centres were not included in the survey as the centres are generally dominated by national brand retailers who were unable to provide information for the survey.

Although extended trading hours was not compulsory for any business to open and close, the majority of small retailers believed that their option to open was a decision that is market-driven and determined by their competition. These are the larger and national retail companies.

Common consensus of small retail operators was that given that 2014/15 pre-Christmas and post-Christmas sales were lower than the previous year's. The increased hours that applied for 2014/15 were of no advantage to small business and were not supported by the consumer.

Survey

Extended trading hours - Christmas.

The majority of large suburban shopping centres were open for the extended trading hours but in most cases the only businesses operating were the supermarket chains and some of the national brand outlets. In numerous cases many of these did not operate for the full extended hours.

The opening hours for many of the national chains were determined by the level of business and/or customers in the centre at any time.

No customers, no business
 they closed.

This was particularly noticeable after 6:30pm on weekdays and 2:30pm on Sundays. This irregularity created considerable confusion for the consumer by not knowing if a shop would be open or not.



The survey revealed that no micro or small retail business traded the full extended hours, as announced.



The Christmas extended trading hours period included four Sundays, which several retailers partially supported by trying to remain open for some of the hours for the first two Sundays, however the levels of consumer support were so low they discontinued and only extended their hours for the last two Sundays.

Businesses that normally operate 7 day trading continued to do so but did not increase their normal trading hours to meet the extended trading hours' announcement.

- **Reasons for not opening.**

Retailers believed that the extended trading hours only benefited the major shopping centres who have the ability to extensively promote and advertise the event and the centre. Smaller suburban centres are unable to undertake or effectively compete with this. None of the smaller suburban centres reported improved trading during the Christmas trading period due to:

- the cost of opening the extended hours was too high and most micro and small retailers could not afford to open.

- difficulty in getting the staff to work the long hours over a long period
- several of the larger destination stores generally considered that the period was too long and costly, any profits from the small increase in turnover was absorbed in the cost of business (wages, penalty rates and cost of utilities).

- **Turnover/Trading**

17.1% of retailers reported an increase in turnover during the extended trading period. Many that reported an increase in turnover experienced a slight increase in profit that was more than absorbed by increased costs.

- one retailer had an increase of 3% but his cost of business increased 8% for December. This resulted in a net trading loss for December 2014.

Further examples are detailed within the Operational Factors section of this report

Overall, Christmas trading 2014 was generally considered to be poor for Small Business. This was particularly evident for those retailers located in strip shops, suburban centres and suburban precincts like:

Mt. Hawthorn, Mt. Lawley, Leederville, Subiaco, and Victoria Park

This opinion was also reflected by some discretionary product retailers in the more established commercial precincts of:

Midland, Joondalup, Myaree, Bunbury, Malaga and Cannington.

Generally there was no change in turnover - where decreases occurred turnover was down ranging between -3.5% to a high of -30% for the month of December 2014 versus December 2013. The down-turn was not sector specific. However, high cost and considered purchase product retailers (electronics, appliance, floorcovering, furniture, etc) were mostly affected by the reduction in business.



- 75.6% of retailers saw no increase in their business
- 7.3% experienced a decrease in business

Reduced profit was experienced by most retailers during the early part of December, but this improved slightly in the last couple of weeks leading up to Christmas:

- Post-Christmas sales were virtually a non-event for the smaller retailers.
- Homemaker type retail turnover during the post-Christmas period was down as far as 18%. Profits were also down.

Overall profits for December 2014 were down versus December 2013 by between a low of -3.5% to a high of -30%

- **Operational Factors**

Extended trading hours – Christmas 2014 contributed to several operational issues for many retailers:

- increases in their general cost of business
- wages variation
- staffing

Irrespective of the size of the shopping centre location, retailers that opened the extended hours encumbered increased costs not normally factored into their usual operating costs, ie

- centre security and maintenance
- additional utility cost
- staff benefits (meals)

Increased Cost of Business varied from +4.6% to +15% subject to company structure.

- **Staffing**

Over the past five years there has been a significant change in the status of employees, from full-time employees to a high number of part-time and casual staff.

A number of retailers indicated they had difficulties getting staff to work additional hours which may have enabled the business to have greater participation in the extended hours. Rostering staff appeared to be an issue and in many instances was difficult for several businesses:

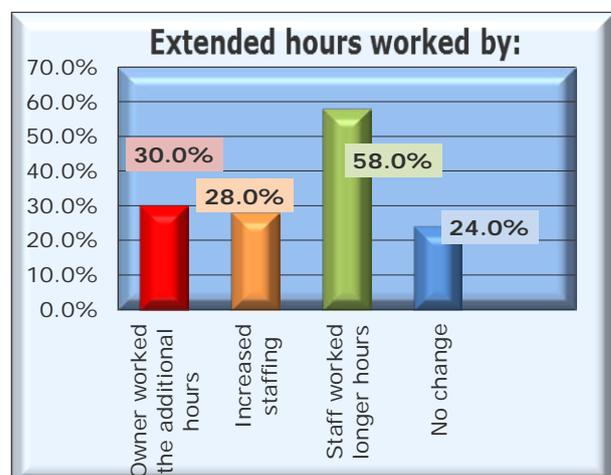
- Many employees didn't want to work because of family or personal commitments
- Where the employer tried to organise staff to work by roster it caused staff disharmony
- Staff had other arrangements.

Christmas extended trading did not contribute to increased employment in the micro or small business sectors of retail, as indicated in the graph.

During the face to face survey interviews, no small retailer actually employed additional staff; it was mostly achieved by a re-allocation of staffing hours.

The majority of the 28% increase applied to the allocation of additional hours/days worked by existing employees.

- increased staffing - was due to the increased hours/days worked by part-time and casual staff
- 58% staff worked longer hours applied mainly to full-time employees
- no change - applied mainly to small family owned businesses or retailers that didn't open the extended hours, or additional hours to their normal trading



- **Wages variation**

Wages and penalty rates were an issue with most small business retailers.

Exact variations were difficult to establish but in discussion with a larger retailer who supported the duration of the pre- and post- Christmas extended trading hours, he stated that the wages bill normally equalled 6.9% of their costs but during December 2014 this increased to 9.7%, which is a 40% increase in wages.

Being a high-cost – low margin sector retailer, this increase did not translate into increased profit. December 2014 trading resulted in a negative return for the company.



Increase – although many retailers did not trade the full extended hours, 57.7% of those surveyed had an increase in their wages for December 2014,

- A major retailer who partially traded the extended hours (remained open until 7:00pm on week nights) had an increased trading profit of \$250,000.00 but it cost the company \$285,000.00 in increased wages and business costs - *a net loss of \$35,000.00 for the month.*

No change – 42.3% of surveyed retailers had no variation. The reasons stated as to why there was no change were:

- the proprietors of the business and family or friends worked the extended hours

Decrease - No retailer actually responded to a wages decrease in their business during the extended trading period. However, it was commented that this was due to the increase in their personal hours so that the wage bill would not increase. Proprietors did not draw additional remuneration for the additional hours worked.

Support - The extra 53 hours of trading during December - January were determined to allow all Perth retailers the ability to better meet consumer demand and compete more effectively with online operators.

Micro and small retailers supported extended trading for one week leading into Christmas as it was considered this was all that was needed or supported by industry and the consumers.

It was clear from the poor levels of business reported, that consumers did not support small retailers during the period.

The turnover of most retailers surveyed was only consistent at 2013 levels at best, and many fell short.

The Christmas extended trading hours activity for micro and small business was generally not supported by the consumer.

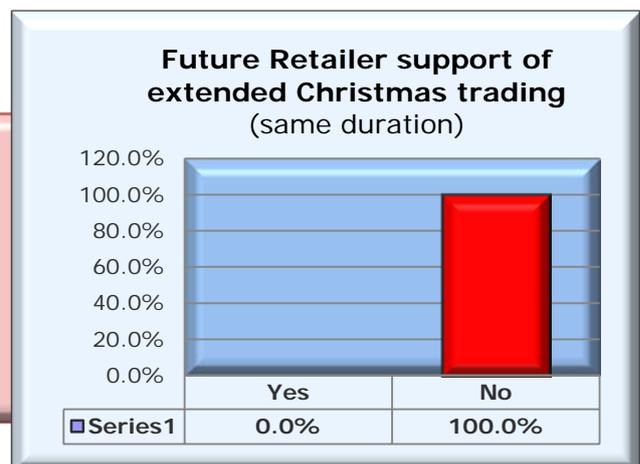


The number of extended hours available was not considered necessary or successful by any micro and small retail business survey respondents.

The reasons stated for this were:

- the duration was too long to support with promotional effect
- the hours were not supported by the consumer or consistent with claimed consumer demand
- cost of business increased with no increase in the normal December turnover

Micro and small retailers surveyed would not support the same extended Christmas trading hours as those in 2014-15 if applied in future years



Conclusion:

Micro and small retailers said that the extended hours introduced to support Christmas trading resulted in no direct business benefit to them, and they could not financially support future increases in Christmas trading if the duration was as extended as 2014-2015.

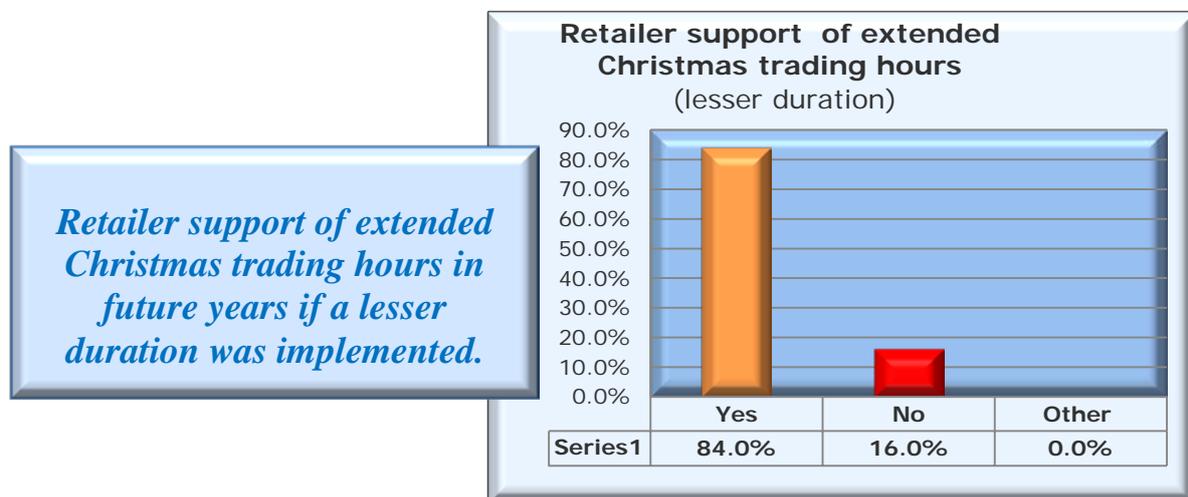
It is considered that although the extended hours were optional, this facility was market-driven by the larger retailers and national brand outlets with no consideration for small business.

There was also concern raised by retailers who operate in free-standing/strip stores in precincts such as:

Mt Hawthorn, Mt Lawley, Leederville, Subiaco and Victoria Park
and smaller suburban shopping centres like:

Warwick Grove, Dog Swamp, Dianella Plaza, Ballajura City, Flinders Square, Victoria Park, Stirling Gate, The Mezz (Mt Hawthorn), and Bassendean Shopping Village,

who generally considered that the only beneficiaries of the Christmas extended trading hours were supermarkets and the national brand dominated major shopping centres.



Although it is acknowledged by the retailers that some extended trading hours may be needed, the period that applied for Christmas 2014 was seriously questioned. Micro and small business retailers are significant participants in the retail industry in terms of retail outlets and employment and are the largest sector within the retail industry. They do not necessarily disagree with the format of extended trading but they do believe that the general trading hours more than fulfil those required by the consumer. Additionally decisions should be addressed on the benefits of both industry and consumer needs, not the market-driven interests of large retail businesses.

Recent market trends clearly indicate that the majority of Christmas gift purchasing commences as early as October.

The consumers of today are very organised and very few actually leave this task to the last minute. Last-minute purchases will always occur, but last minute does not encompass the need for a four-week period leading up to Christmas.

The need for last minute purchases will always exist, but these are generally confined to limited product groups:

- perfume and personal care products
- apparel
- liquor; and
- gift vouchers

The survey results clearly expressed the sentiments of small business, ie the need, benefits and penalties of extended hours trading. However, since the initial trial period of extended trading hours the only thing that it has achieved for small business retailers is:

- Thursday night suburban trading made Thursday the second best trading day of the week extended has hours negated this where most stores now close at 6:00pm or 6:30pm
- the consumer has benefitted by spreading their previous 6 day spend over 7 days.

Retailers have had no benefit of an increase in their business, only an increase in their cost of business.

Q2. Did your business open during all of the extended Christmas trading hours?

Please click on the appropriate box

- Yes *please go straight to question 3*
- No *please go to question 3*
- Partially *please go to question 4*

	Yes	No	Part
Week 1			
Week 2			
Week 3			
Week 4			

Q3. If no, was there any reason for not opening?

Q4. If partially, what days/hours did your business open?

Trading days	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Trading hours							

COMMENTS

Q5. Did your turnover: Increase Decrease No change

Q6. How many staff do you normally employ? Full time Part time Casual

Q7. How did you manage the working hours during extended Christmas

Trading?

- Owner worked the hours
- Increased the staff
- Staff worked longer hours
- No change

Q8. Did your wages bill: Increase Decrease No change

Q9. Did consumers support your business during the extended Christmas trading hours? Yes No

Q10. Would you support the same duration of extended Christmas trading hours for the future? Yes No

Q11. Would you support extended Christmas trading hours of a lesser duration and hours? Yes No

Q12. Do you have any suggestions or comments regarding extended Christmas trading hours?

PART 2. GENERAL EXTENDED TRADING HOURS

Q1. How many days and hours a week do you trade?

Trading days	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Trading hours							

Q2. Has the introduction of general extended trading hours had any effect on your business?

Increased business: _____

No effect: _____

Other: _____

Q3. WHERE DO YOU THINK YOUR BUSINESS WILL BE IN THE NEXT 12 MONTHS?

Q4. DO YOU THINK CONSUMER CONFIDENCE HAS IMPROVED OVER THE LAST 12 MONTHS? YES NO

COMMENTS: _____

**PLEASE COMPLETE AND RETURN THE SURVEY AT YOUR EARLIEST
CONVENIENCE IN THE STAMPED ADDRESSED ENVELOPE.**

THANK YOU FOR TAKING THE TIME TO COMPLETE AND RETURN THE SURVEY.

IF YOU WOULD LIKE ANY ADDITIONAL INFORMATION OR WOULD LIKE TO
DISCUSS THE SURVEY PLEASE CONTACT:

THE RETAIL AND PERSONAL SERVICES TRAINING COUNCIL OF WA INC.

PHONE: (08) 9446 8177



**A COMPLETED COPY OF THE REPORT WILL BE FORWARDED TO PARTICIPANTS WHO RETURNED THE
SURVEY.**