



Retail Policy Review

WHO WE ARE

The Jersey Hospitality Association (JHA) is an independent trade association that was formed fifty-five years ago to promote the interests of its members who are all involved in the Hospitality, Tourism, Leisure and Travel Industry. Our response is made on behalf of our members and the hospitality industry generally.

WHO WE REPRESENT

We currently represent around 350 hospitality industry partners including hotels, guest houses, self-catering apartments, campsites, restaurants, cafés, pubs, bars, clubs, attractions, food service, tour operators, transport providers, car hire companies, leisure, retail and sector suppliers.

BACKGROUND

Recent media coverage has raised the profile of concerns from retailers and consumers about the challenges facing the retail sector in Jersey, therefore establishing clarity about what the exact issues are for retailers and how States policies can be geared in response is absolutely crucial. Facts confirm that Jersey has a diverse retail sector and establishing meaningful policies and actions that support retail together with a sustainable retail framework are key objectives for the Minister for Economic Development and his department.

RESPONSE

Retail and Tourism

The JHA recommended a “PPP for Tourism” with a structure similar to that successfully in place for Jersey Finance in 2005. It took 8 years to form a “Shadow Board” and from a market context and according to Jersey Tourism statistics, visitor numbers and revenues are in economic decline. During this period UK staying leisure visitor volume decreased by almost 50,000 visitors. In the same period, total staying leisure visitor volume has decreased by almost 35,000 visitors and since 1992, this has decreased by 250,000 visitors. Total visitors have decreased by over 40,000 and since 1997 and total visitors have decreased by almost 300,000 visitors.

However, tourism presently produces on-island visitor expenditure of c£230m and provides employment for over 6,000 people in the peak season. This continuing decline in visitor numbers and the lack of any measurable growth that has been evident for a number of years has impacted heavily on the accommodation sector and moreover on island retailers, in particular those outside the main shopping centre. It is, therefore, obvious that visitor growth must be a key objective for Economic Development and any new tourism entity as just a small increase in visitor volume to the Island and as such potential new customers will also significantly benefit local retailers.

Currently margins for retailers have been squeezed in order for them to just remain competitive, Sales have been shrinking, and foot fall reducing and statistical reports confirm that the volume of retail sales in the island during 2013 has returned to the level that prevailed in 2006. This down side is compounded further through above inflation increases applying in “day to day” operating costs such as rents particularly those on long leases, which have run parallel to the worst recession for a generation.

Additionally, as is the case in hospitality, retail has had to manage the introduction of GST to the island which happened just before the financial recession hit the Island in earnest. No doubt other responses to this consultation will clarify the exact impact on retail of the application of initially a 3% GST rate and its subsequent increase to 5%. However, the underlying message is simple, increase visitor volume and retailers as well as other business sectors locally will benefit and prosper.

Sunday Trading and Tourism

The JHA supports a more liberal approach to Sunday trading, (including greater use of Sunday markets) as a result of the economic benefits it would directly bring to both the Island and the visitor economy generally. After the States approved reforms and a new system to modernise restrictive rules on Sunday trading three years ago, we now understand that a trial scheme that would drop the restriction on large shops trading seven-days-a-week has been proposed. The one-year trial would start in June 2014 to coincide with the beginning of the summer season when greater volumes of visitors including “day trippers” visit the Island. We support this proposal.

Currently only shops of less than 700 sq metres can apply for a Sunday trading permit, but larger shops are permitted to open only on a set number of Sundays per year. Shops can obviously choose whether to open or stay closed as part of this new trial and we would suggest set opening times to be operational, for example 10.00 to 16.00 or 11.00 to 17.00 applying. This would assist the retail sector greatly by removing the barriers to trading on Sundays for the trial period and it would give Jersey an additional facility for visitors to benefit from.

Consumer lifestyles continue to change and the economic environment has also changed enormously, as such retailers need to be able to offer consumers much more flexibility and choice. Three years on from these last reforms, the Employment Law has also improved significantly with regulations now in place that give employees much greater protection and the Law itself is primarily aimed at avoiding employee exploitation.

Retail Framework

JHA has been party to the formulation of developing initiatives through the revised "Retail Framework" that also deals with Sunday Trading and non-food retail. This, together with the work being carried out by the Town Team and Parish of St. Helier will also investigate the impact that the internet is having on the retail and wholesale sector together with other areas that require consideration. These areas must also include a supportive policy from TTS regarding access to the town area, parking etc. The Internet has presented a considerable challenge to retailers with local retailers having to consider their pricing policies and margins in order to remain competitive and to stay in line with present consumer demands. Retailers in all their various guises need to adapt, however they cannot act independently, in fact they need urgent support from Economic Development and in particular Jersey Business to implement an on-line presence so that they can compete on a level playing field.

The Economic Development Department must be encouraged to press on with this review as a matter of urgency both from a short-term and long-term perspective. It is vital that we have a diverse retail offering for both locals and the visitor economy. The impact of any further decline and retail erosion or delayed or no action being taken would be a devastating consequence both from a social and demographic perspective. We also believe that "States Policies" such as the Island Plan and the North of Town Master Plan has omitted to consider the impact on retailers e.g. the removal of car parking in this area. The Retail Framework must also consider the impact of new regimes imposed by the finance sector, (not just a problem for retail) whereby the lack of lending and finance facilities is seriously undermining survival prospects of businesses, in particular small businesses. Larger businesses and UK owned groups are to a degree insulated against this process, however rigid financial borrowing templates work against the diversity of the local retail offering. Dealing with SME's, States intervention is required to assist small businesses; this can be achieved for example through a reappraisal of many laws and regulations currently being implemented at such great speed by the States. These include Population policies i.e. employment licenses that work against industry instead of assisting it and Employment Law policies that encourage a claim culture without any redress to the individual bringing the claim.

Training

It is evident from the information provided by Jersey Tourism visitor surveys and exit surveys that customer service provided by retail personnel is in need of improvement. This cannot help the visitor economy and retailers must accept responsibility to change this negative into a positive.

Summary

It would appear there is a tide of support to the work currently being carried out and a political will to resolving the challenges of facing the retail sector is apparent. Appropriate solutions are paramount, however any further delays to implementation could compound the negative position currently prevailing for retailers and as such we would encourage immediate action.

4th February 2014