

# **ARA TWILIGHT TRADE PROJECT**

## **INTERIM REPORT TO CITY OF MELBOURNE**

### **PHASE 1 - RESEARCH AND CONSULTATION**

21 NOVEMBER 2023

The Australian Retailers Association (ARA) welcomes the opportunity to provide this interim report to the City of Melbourne, outlining the findings from research and consultation arising from the ARA's Twilight Trade project.

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, we represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and across all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA has three types of members in the City of Melbourne: small independent retailers who are members in their own right, franchisees of large national networks who are members because their franchisor is a member, and stores operated by large national and international retail organisations. This paper pulls together insights from these members and other non-member retailers across the City of Melbourne, plus the outcomes of desktop analysis.

## **EXECUTIVE SUMMARY**

Global shopping destinations are open for business when customers want to shop and seamlessly weave retail into the fabric of city life, day and night.

Since the pandemic, there have been changes to consumer behaviour and visitation in the City of Melbourne that present opportunities for retailers operating in the Central Business District (CBD) including the potential to trade longer into the evening to take advantage of higher footfall between the hours of 5.00pm and 7.00pm.

The ARA has been commissioned by the City of Melbourne, with financial support from the Victorian Government's Melbourne City Revitalisation Fund, to conduct research into trading hours and define the opportunities and barriers to responding to changes in pedestrian movements that could support a shift to Twilight Trade.

The ARA's Twilight Trade project involved a range of consultation methods including an online survey; interviews with the ARA's largest national members, City of Melbourne business precinct organisations, shopping centres and retailers; and desktop research on pedestrian activity and trading hours.

The key findings from this research and consultation include:

- While overall visitation to the city continues to recover post-pandemic, the lasting impact of the pandemic is likely to be a shift in the foot traffic trends through the week. Thursday has replaced Friday as the busiest workday in the city and Saturdays are busier as higher numbers of consumers and visitors come into the city on weekends.
- These shifts have resulted in a demonstrable gap between when consumers, workers and visitors are in the city and when retailers are open for business, particularly on Saturday evenings between 5.00pm and 9.00pm and Monday, Tuesday and Wednesday evenings between 5.00pm and 7.00pm.

- Larger retailers trade between 67 and 101 hours per week, in comparison to smaller retailers who trade between 35 and 56 hours per week. Extending trading hours for smaller retailers was seen as essential to improving the retail mix, customer experience and amenity in the City of Melbourne after 5.00pm.
- The concept of Twilight Trade is supported by shopping centre owners and operators because it has the potential to improve the customer experience with minimal impact on retailers or leasing arrangements.
- More than half of retailers surveyed supported an extension to core trading hours, with general support for a change to core trading hours on at least one day of the week or for seasonal events and activations. However, smaller retailers also indicated that the shift to omni-channel retailing had negated the need to extend hours.
- For some retailers, costs were identified as a barrier to changing core trading hours. Other barriers identified included safety and security concerns, the impact of construction on amenity, and a lack of timely accessible insights.

These findings support a number of recommendations that the ARA will seek to implement in Phase 2 of the project. The ARA has also identified several opportunities for further investigation.

RECOMMENDATIONS – MARKETING ACTIVITIES		
PHASE 2A LIVE AT ERROL STREET	PHASE 2B STUDENT LIFE IN THE CITY	PHASE 2C TWILIGHT TRADING IN THE CITY
Design, plan and deploy two small-scale pilot activations to test research findings and create future case study materials.		Develop engagement plan to encourage adoption of Twilight Trade
<p>Drawing locals, tourists and office workers up to the North and West Melbourne precinct through <b>Live at Errol Street</b> – a collaboration with Sofar Sounds to deliver a series of curated live music events on four consecutive Thursdays running through November and December 2023.</p> <p>The aim of this activation is to incentivise retailers to adopt extended trading hours on a short-term basis to help understand the barriers to change, dispel myths about the challenges and gather compelling testimonials from participating retailers about the benefits of Twilight Trade to encourage widespread adoption.</p>	<p>Leveraging the uplift in pedestrian foot traffic at the start of the university year, the <b>Student life in the city</b> activation encourages retailers in the North-east quadrant of the CBD to adopt extended trading hours in the two weeks either side of Orientation Week in February and March 2024.</p> <p>The aim of this activation is to challenge a key finding of this interim report about consumer’s low propensity to spend after 5.00pm, mainly on Saturdays.</p>	<p>Combining the findings of this interim report, with the learnings from these two activations, the ARA will develop a marketing and engagement plan. This plan will communicate the case for change and encourage widespread adoption of Twilight Trading in the City, with an initial focus on Saturday evenings commencing 01 September 2024.</p> <p>The proposed transition would start with major, national retailers on Bourke Street Mall, then extend to the mini majors in close proximity and then to retailers in the Emporium, QV and Melbourne Central. These engagement activities (including a Townhall Meeting) would be scheduled for March and April 2024.</p>

<b>OPPORTUNITY 1</b> <b>POLICY SETTINGS</b>	<p>Pursue changes to increase the overall value proposition of retailing in the city.</p> <ul style="list-style-type: none"> <li>- <b>Construction impacts.</b> Implement place management supports<sup>1</sup> where long-term impacts of construction are impacting retailers and visitation.</li> <li>- <b>Transport connections.</b> Engage Yarra Trams about extending free tram zone up Victoria Street to Errol Street. Engage Skybus about supporting niche retail destinations such as DFO and South Wharf.</li> <li>- <b>Education measures.</b> Provide education and mentoring to help smaller retail businesses understand retail rents, leases, and vacant shopfronts.</li> </ul>
<b>OPPORTUNITY 2</b> <b>REAL TIME DATA</b>	<p>Connect retailers with real-time insights to make data-driven decisions.</p> <ul style="list-style-type: none"> <li>- <b>Reporting dashboard.</b> Implement real time dashboard with integrated pedestrian, mobility and spend data enabling retailers to respond to changing patterns and focus on customer experience in a timely and opportune way.</li> <li>- <b>Education measures.</b> Support education to retailers via the business precincts on utilisation and access to key data.</li> </ul>

The detail and rationale for these recommendations is outlined in this report, reflective of the outcomes of the ARA's research and consultation.

## BACKGROUND AND CONTEXT

### CITY OF MELBOURNE

The City of Melbourne is a culturally diverse young population of over 159,000 residents and over 68,000 from a non-English background. Since 2006 the population in the City of Melbourne has increased by 87% to almost 160,000 in 2022.<sup>2</sup> Around 55% are between 18-34 years of age, with over 23% from a Chinese background and around 7% from India. Almost all residents live in high density housing, influencing the way people live, shop, and move around the city.

Before the pandemic, the City of Melbourne weekday workforce was estimated at 500,000. Since the pandemic there have been changes to visitation and consumer patterns by visitors and workers in the City of Melbourne.

Weekday workforce is at around 50% of 2019 and whilst international students started to return in early 2023, international flights are still capped at around 80% of pre-2019 levels so international tourism is still recovering. Trends show Melbourne night-time visitation and spend increasing while daytime visitation is still recovering.

The City of Melbourne has over 4,500 retailers across all trading categories with 51% food and beverage, 18.5% fashion, accessories, footwear, 17% services, 8.5% general retail, 5% for supermarkets and fresh food retailing

<sup>1</sup> Place management is the ongoing operational, administrative and strategic activities required to maintain and enhance public spaces. These include street cleaning, maintenance, programming, safety, security, engagement and economic development.

<sup>2</sup> Profile id profile.id.com.au/melbourne/about?EndYear=2011&DataType=UR from ABS data.

## PROJECT OVERVIEW

Global shopping destinations are open for business when customers want to shop and seamlessly weave retail into the fabric of city life, day, and night. International best practice demonstrates that the retail, hospitality, and events sectors need to work together to attract, and retain consumers and grow visitors in the transition between daytime and night-time economy.

The City of Melbourne and the Victorian Government Melbourne City Revitalisation Fund are investing in Melbourne through their City Activation Grants. The grants aim to reignite Melbourne by driving up foot traffic and spending to support local businesses.

The ARA have received a grant to research into current trading hours and changed patterns of pedestrians and shoppers, and to engage with retailers to understand the opportunities and barriers for retailers to embrace Twilight Trade to take advantage of the transition between day and night-time economy and respond to the changing customers and visitor patterns in the City Melbourne. The ARA has proposed Twilight Trade hours as between 10.00am and 7.00pm Sunday to Wednesday, and between 10.00am and 9.00pm on Thursday, Friday and Saturday.

While some retailers and precincts already trade these extended hours, there are many retail businesses operating more traditional trading hours or even with reduced hours than pre-pandemic. By closing early retailers may be missing sales and losing the ability to keep customers engaged in the transition between the day and night-time economy.

The Twilight Trade project is a collaboration between the ARA and City of Melbourne. It comprises two phases (research and consultation, and pilot activations) and aims to deliver on the following objectives.

### CITY OF MELBOURNE OBJECTIVES

- Support businesses in the city through higher visitation to the CBD.
- Support businesses transitioning to new ways of working in the post-pandemic economy.
- Attract visitors and workers back into the city.
- Increase visitation and spending, as measured by transport, mobility, and spending data.
- Deliver activations that will increase and drive visitation to City of Melbourne precincts.

### ARA OBJECTIVES

- Increased economic activity for the city, without any increase in underlying costs of doing business
- More options to keep visitors, workers and residents engaged in the transition from day-time activities to the night-time economy, for an integrated experience between retail, hospitality, and events.
- Enhance Melbourne's standing as a global city and global shopping destination.

## PROJECT STAKEHOLDERS

The ARA engaged with several stakeholder groups to secure a broad range of views on trading hours and twilight trade, including business precincts, shopping centre operators and key retailers.

## BUSINESS PRECINCTS

City of Melbourne has ten city precincts and provide structured support to the trader associations in each location.

- Carlton Inc
- City Precinct Inc
- Collins Street Precinct Group
- Docklands Chamber of Commerce
- Kensington Business Association
- Lonsdale Street Greek Precinct
- Melbourne City North Association
- Melbourne Chinatown Business Association
- North & West Melbourne Association
- Yarra River Business Association

## RETAIL SHOPPING CENTRES, KEY RETAILERS

There are seven major retail centres in the City of Melbourne, three in the CBD core, two department stores, and a significant number of smaller groups of centres, arcades and laneways acting as anchor businesses drawing a wide range of customers.

- Emporium Melbourne
- Melbourne Central
- QV/Galleria/80 Collins Street
- David Jones, Myer, Kmart
- The Strand/GPO/80 Collins Street
- Southgate Melbourne
- The District Docklands
- Spencer Street Centre

## KEY KNOWLEDGE HOLDERS

Retail leasing, retail trade, placemaking and data specialists including RMIT & UTAS School of Economics, and Martin Ginnane. Also, the City Economy (Activation Division) team and City Analytics Specialist (City Data) team at the City of Melbourne. Propella.ai - big data, intelligence specialists focussed on location-based problems.

# RESEARCH AND ENGAGEMENT

## METHODOLOGY

Phase 1 of the project consisted of desktop research, a survey of retailers and engagement through face-to-face interviews and focus group interviews. The engagement looked at businesses' current trading hours, appetite, and sentiment for shifting trading hours (later open/close), and opportunities and barriers across the City of Melbourne generally and within individual business precincts.

The desktop research focused on pedestrian data, reports on spend and mobility data and trends in understanding return to CBDs post-COVID. No new consumer research was undertaken.

### SURVEY

Retailers were invited to complete a short survey looking at their current trading hours, appetite for twilight trade, shifting trading hours, barriers, and other opportunities. Survey links were shared via ARA and City of Melbourne publications and social media. Further information on survey questions and methodology can be found in the appendix.

INTERVIEWS	26 interviews (with 32 participants) were completed either online or face-to-face with retail stakeholders including Precinct representatives, shopping centre management, department stores and other retail businesses to understand changes since pre-COVID in 2019, current trends, opportunities, and barriers to Twilight Trade. These interviews also explored the general interest in pilot project activations in key areas of City of Melbourne.
GROUP MEETINGS	Two group meetings were held with the North and West Melbourne Precinct Group and the City Precinct. North and West Melbourne Trade Precinct has two key trading areas, Errol Street, Queensbury Street, Victoria Street, and secondary including Victoria Street. A focus group meeting was held with nine members, from across general retail, food and beverage, homewares and design businesses.
DESKTOP RESEARCH	<p>The research reviewed pedestrian activity and trading hours in response to changed customer patterns and needs, tourist, and worker visitation. The research identified new trends to support retail businesses' viability and identify links from the daytime to the night-time economy in the City of Melbourne.</p> <ul style="list-style-type: none"> <li>• Pre-COVID, post-COVID and current trends</li> <li>• Precinct profiles</li> <li>• Trading hours</li> <li>• Pedestrian data and other reports on spend and mobility.</li> <li>• Overseas trends</li> </ul>

## COMMUNICATIONS AND ENGAGEMENT CHANNELS

In collaboration with the City of Melbourne, the ARA engaged with a broad range of stakeholders through ARA communications channels, meetings and other fora, as outlined below.

Date	Owner	Channel	Distribution
18 August 2023	City of Melbourne	City of Melbourne Trade Precincts EDM	2
24 August 2023	City of Melbourne	Business in Melbourne EDM	60,000
24 August 2023	ARA	Retail Voice Weekly Newsletter	23,000
16 August 2023	ARA	retail.org.au/twilight-trade	Launch
16 August 2023	ARA	Member News – Paul Zahra	8,000
31 August 2023	ARA	EDM to Centre Managers and Majors re: focus meetings and interviews	13 groups (32)
25 August 2023	ARA	EDM to trade precincts invitation re: focus meetings and interviews	20 + onward distribution to members
1 September 2023	ARA	LinkedIn and Facebook	24,600
6 October 2023	ARA	Melbourne members - majors invitation	12

## KEY INSIGHTS FROM DESKTOP RESEARCH

City of Melbourne is a culturally diverse population of over 159,000 residents and over 68,000 from a non-English background. Since 2006 the population in the City of Melbourne has increased by 87% to almost 160,000 in 2022.<sup>3</sup> Around 55% are between 18- 34 years of age, with over 23% from a Chinese background and around 7% from India. Most residents live in high density housing, influencing the way people live, shop and move around the city.

## PANDEMIC IMPACTS

### The lingering impacts of the pandemic

Pre-COVID the City of Melbourne weekday workforce was estimated at 500,000. Since the pandemic there have been changes to visitation and consumer patterns by visitors and workers in the City of Melbourne. Weekday workforce is at around 50% of 2019 and whilst international students started to return in early 2023, international flights are still capped at around 80% of pre-2019 levels and international tourism is still recovering. Trends show Melbourne night-time visitation and spend are increasing while daytime visitation is still recovering.<sup>4</sup>

## PRE-COVID TRENDS

There were several global trends emerging in 2019 that were already present in the City of Melbourne.

- Online shopping – was on the rise in 2019 showed total sales that doubled in only 4 years. Whilst this growth was tapering it was an increasing trend.
- Hybrid working - flexible work from home trend was underway increasing by around one percent per annum – office space demand was dropping.

## COVID TRENDS

- Online economy – the online shopping economy accounted for 16% of sales – up 57% from 2019\*.
- With many non-essential businesses shuttered or with changed trading, consumers turned online, and retailers became omnichannel.
- Shopping and staying local – consumers and retailers became creative and collaborative with restrictions requiring people to stay local.
- International students, city workers and visitors were missing from the CBD. Melbourne lost over 7,500 people in one quarter alone<sup>5</sup> (Sept 2021)
- Work from home – jumped from 25% to 46%.
- Consumer confidence and spending patterns remained relatively high by the middle of COVID, with income and business supports in place.

<sup>3</sup> Profile id [profile.id.com.au/melbourne/about?EndYear=2011&DataType=UR](https://profile.id.com.au/melbourne/about?EndYear=2011&DataType=UR) from ABS data.

<sup>4</sup> City of Melbourne Facts and Figures [www.melbourne.vic.gov.au/about-melbourne/melbourne-profile/Pages/facts-about-melbourne.aspx](https://www.melbourne.vic.gov.au/about-melbourne/melbourne-profile/Pages/facts-about-melbourne.aspx)

<sup>5</sup> Sydney Morning Herald Sept 2021 [www.smh.com.au/politics/federal/melburnians-flee-the-city-as-COVID-hits-students-and-workers-20210202-p56yr6.html](https://www.smh.com.au/politics/federal/melburnians-flee-the-city-as-COVID-hits-students-and-workers-20210202-p56yr6.html)

<sup>6</sup> ABS Media Release Aug 2021

## CHANGING BEHAVIOURS POST-COVID

### Thursday is the new Friday, or is it?

- Thursday is now the busiest weekday in the city (rather than Friday) but Saturdays are increasingly busy as workers and families now coming in on weekends.
- The end of the pandemic has seen the accelerated rise of the omnichannel retailer, combining the instore experience with online convenience. For many smaller retailers, this negates the need to extend trading hours.
- Hybrid work is the “new normal” but the return to work is gathering pace. The changed patterns of worker attendance trends in Melbourne are similar globally with Tuesday- Thursday being the most popular days. Average worker occupancy rates in August 2023 are at 63% of 2019 levels, however Mondays and Fridays are still lagging.
- Post-pandemic recovery in spend is inconsistent across the city in both location and time of day. Figures from July 2023<sup>1</sup> average night-time spend is up 19%, but average day time spend is down -4%. The strongest spend recovery during the day is seen in the CBD east and Southbank east and weakest daytime spend in the western and northern CBD.
- International visitors and domestic visitors both day and overnight are returning to Melbourne but not at 2019 levels. International students are back to 92% of pre COVID levels.

## TRADING HOURS

### Tale of two cities: Larger retailers trade longer than smaller retailers

A review showed a variety of trading hours across City of Melbourne retail, fitting into two types of approaches: those larger retailers that currently twilight trading and beyond and those (typically smaller) retailers trading more limited hours.

Larger retailers trade between 67 and 101 hours per week.

- The three main shopping centres in the core shopping area in the Melbourne CBD (over 530 shopfronts) and four department stores generally trade the longest hours, from 10.00am – 7.00pm between Mondays and Wednesdays, and 10.00am – 9.00pm on Thursdays and Friday.
- These hours encompass twilight trading. Trading hours range from around 67 hours for shopping centres, David Jones and Myer department stores with discount department stores Kmart and Big W with the longest hours at 84 hours and 101 hours, respectively.
- Seasonally these hours are extended further for major events including Fashion Week, Black Friday and Christmas. A small number of shops within centres trade shorter hours and with different patterns for food and beverage who trade either side of core trading hours.
- Two independent bookshops trade extended hours including beyond Twilight Trading with the Paperback Bookshop trading over 78 hours per week.
- Bourke Street Mall retailers comprise major brands and chains aimed primarily at the youth market and generally trade Twilight Hours or longer except for Lovisa who close on Sunday, Rebel and Strandbags who have the shortest trading hours on the Mall.



Smaller retailers trade between 35 - 56 hours per week.

- Smaller independent standalone shops in the CBD including those in laneways and arcades generally have significant shorter trading hours, often closing around 5.00pm weekdays, limited late night Thursday and Friday and tend to close on Sundays.
- They tend to average 46-56 trading hours per week, except where they are closed Sundays their trading hours can be around 35 hours per week. These independent stores are in the CBD trading core, although often south of Bourke Street Mall down to Flinders Street.
- Some trading hours relate to types of customers including weekday workers, international visitors, and low footfall on some days.

### KEY INSIGHTS FROM CITY OF MELBOURNE QUANTITATIVE DATA

The City of Melbourne Economy Snapshot shows economic activity, pedestrian movements and spending patterns steadily increasing in June 2023, with daily activity in some locations surpassing 2019 figures. The average daily figures also show increased activity, day and night, on special event days.

Despite inflation and interest rate rises the Melbourne economy appears resilient. Average daily spend for hotels, accommodation, dining and bars and clubs is up in the 2<sup>nd</sup> quarter of 2023 with total spend of \$2.4bn. Hotel demand continues to strengthen and appears to be back on track for recovery although occupancy is still below 2019 [due to increased supply](#).

#### PEDESTRIAN DATA

##### Hot spots for foot traffic have shifted from transit corridors to experience corridors

With 113 pedestrian sensor devices at key locations across City of Melbourne, there is a wealth of data available about the city core with most sensors are located with the core of the CBD and newer locations in North Melbourne, Carlton, Docklands and Southbank.

The comparison data in the table below from July 2019 and July 2023 shows changes in the busiest top five locations across the whole month, pre and post-COVID.

#### TOP 5 BUSIEST PEDESTRIAN LOCATIONS ACCORDING TO SENSORS

JULY 2019	JULY 2023
Flinders Street & Elizabeth Street East	Flinders Lane & Swanston Street
Spencer Street & Collins Street	Town Hall West
Town Hall West	Southbank
Flinders Street Station	Melbourne Central
Princes Bridge	Flinders Street & Elizabeth Street

During July 2019, there were three distinct peaks during the day between Mondays and Fridays: 8.00am – 9.00am, 12.00pm – 2.00pm and 5.00pm – 6.00pm. Pedestrian activity from Monday – Thursday was similar, although Fridays were higher in general. Saturday and Sunday there was one steady peak from midday onwards until 5.00pm.

By July 2023, the morning peak on weekdays had disappeared with a steady build towards with busiest time from midday onwards to around 7.00pm. Saturday and Sunday showed similar patterns the peak city time is from midday until 7.00pm although busy until 10pm. Pedestrian activity in the city builds from Monday and increases as the week progresses.

In Flinders Lane, Little Collins Street, DeGrave's Laneway, weekend peaks are from 10.00am until 5.00pm. Weekdays see most pedestrian activity between 10.00am and 6.00pm with small peaks between 8.00am and 9.00am, reflecting café visitation.

## KEY INSIGHTS FROM AI-ENABLED PEDESTRIAN AND MOBILITY INSIGHTS

The strong link between CBD workers and the daytime retail economy is well understood and the impacts of the slow 'Return to the Office' are well articulated.

The use of pedestrian data, mobility data and AI (Artificial Intelligence) algorithms can shed light on understanding how retailers might take advantage of evolving patterns. Currently, spend and mobility data is expensive to access and use for small independent retailers but with the growth of AI has reduced the barriers to accessible information.

Researchers at RMIT and UTAS have explored whether pedestrian counts alone (without costly spend data) can assess post-COVID activity recovery in a paper [Mapping local economic recovering paths using City of Melbourne as a case study](#). April 2023. They believe that retailers with real time data can have a higher level of confidence in place-based initiatives, innovations and activities supporting the now from forecasting to nowcasting.

Their investigation into real time data in local activity zones associating footfall with economic activity (although does not measure retail spend), reveals economic insights to predict consumer behaviour. In following their modelling, they predict that City of Melbourne will reach pre 2019 pedestrian traffic on Mondays in 2029: Fridays in 2031 and Saturday evenings and Sunday afternoon in 2023<sup>7</sup>.

Propella.ai in an article ["Thursday is the new Friday" looking](#) at Melbourne hospitality, tested how AI can give new insights in to a retail sector in a geographic area. By geofencing hospitality venues around Flinders Lane and compared data from 2019 and 2022. Their insights showed that pre COVID-Friday 7.00pm was the busiest time. Post-COVID Saturday has now become the busiest time with Thursday the second busiest. This type of intelligence enables businesses to understand the 'new normal' and how to best respond for their business.

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<sup>7</sup> De Silva, Ashton J and Yanotti, Maria and Sinclair, Sarah and Angelopoulos, Sveta and Navon, Yonatan; April 2021 **Mapping local economic recovery paths using pedestrian counts. A City of Melbourne Case Study.**

## PEDESTRIAN DATA AND OPENING HOURS

### There are periods of the day when consumers needs are unmet

The ARA Twilight Trade Project tasked Propella.ai to undertake an analysis of pedestrian activity and trading hours from 14 July to 15 September 2023, in the core retail area in the Melbourne CBD to help understand the links between pedestrian movement and possible retail trading opportunities within Twilight Trading hours defined as between 10.00am and 7.00pm on Sundays to Wednesdays, and between 10.00am and 9.00pm on Thursdays, Fridays and Saturdays.

**Figure 1**  
Study Area



This map outlines the primary area of investigation for Propella.ai referred to as the **core study area** or the retail spine of Melbourne: one block either side of Swanston Street (Eliabeth Street and Rossell Street) up from Flinders Street in the south to La Trobe Street in the north.

*Key finding: Retail activity in the City of Melbourne is concentrated one block either side of Swanston Street.*

**Figure 2**  
Twilight Trade Activity – Foot Traffic



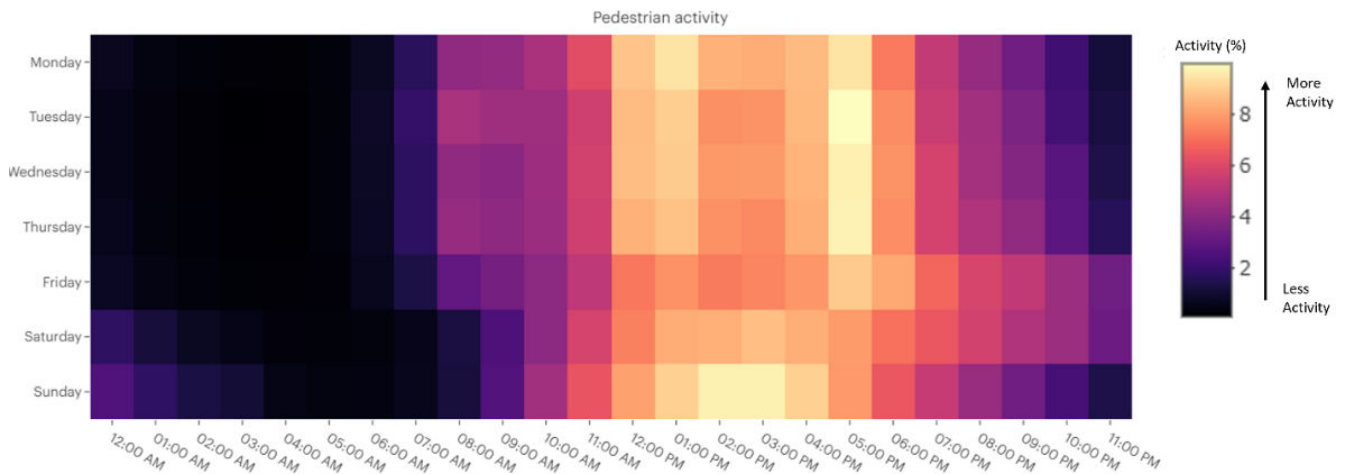
The City of Melbourne Pedestrian Counting System was used with a sample of the retail trading hours in study area.

The pedestrian activity was aggregated within the **CLUE (Census of Land Use and Employment) blocks** from 5.00pm to 12.00am to show where the highest densities of twilight activity are in the study area.

The areas where there is more foot traffic between 5.00pm and 9.00pm are the western side of Swanston Street, between Bourke Street and Latrobe Street (CLUE blocks 55, 85 and 95).

*Key finding: Within this catchment, foot traffic is highest on the western side of Swanston Street.*

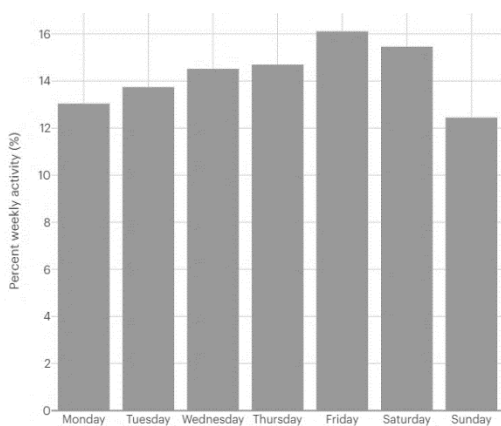
**Figure 3**  
Pedestrian activity - Day of Week (DoW) and Hour of Day (HoD)



Using daily pedestrian counts, the pedestrian activity was proportioned to profile the pedestrian activity by DoW and HoD. Peak pedestrian activity is at 5.00pm on Tuesday, with activity continuing post 5.00pm on all weekdays. Saturday does not see the same peak of activity but does have a longer and more sustained pedestrian activity count. Sunday sees a peak at 2.00pm to 3.00pm and has a sharp decline in activity post 7.00pm.

*Key finding: Foot traffic data confirms there are more consumers, workers and visitors in the city between the hours of 5.00pm and 7.00pm, than between 8.00am and 10.00am (in-line with the ARA's initial research hypothesis).*

**Figure 4**  
Daily pedestrian activity



Daily Pedestrian counts shown in Figure 4 below identify the least and most busy days of the week. Friday is the busiest day in terms of total pedestrian activity, followed closely by Saturday. Monday through to Thursday sees steady increases day on day. Sunday has the least pedestrian activity within the Study Area.

Propella.ai's separate analysis of Worker Activity\* from over 100 Melbourne CBD office buildings has demonstrated the presence of the Tuesday, Wednesday, and Thursday (TWT) work week, with Mondays and Fridays seeing significantly less Worker Activity in Melbourne CBD office buildings than TWT.

From the Worker Activity information, it is safe to assume that Friday is seeing a higher level of visitors (people who are not CBD office workers) into the study area and Figure 3 above indicates that they are coming into the Study Area on Friday evening.

*Key finding: Thursday is now the busiest workday but there are still more people in the city on Fridays, with visitation on Friday evenings by non-workers have offset lower office workers in the city on Fridays.*

**Figure 5**  
Retail business open after 5.00pm

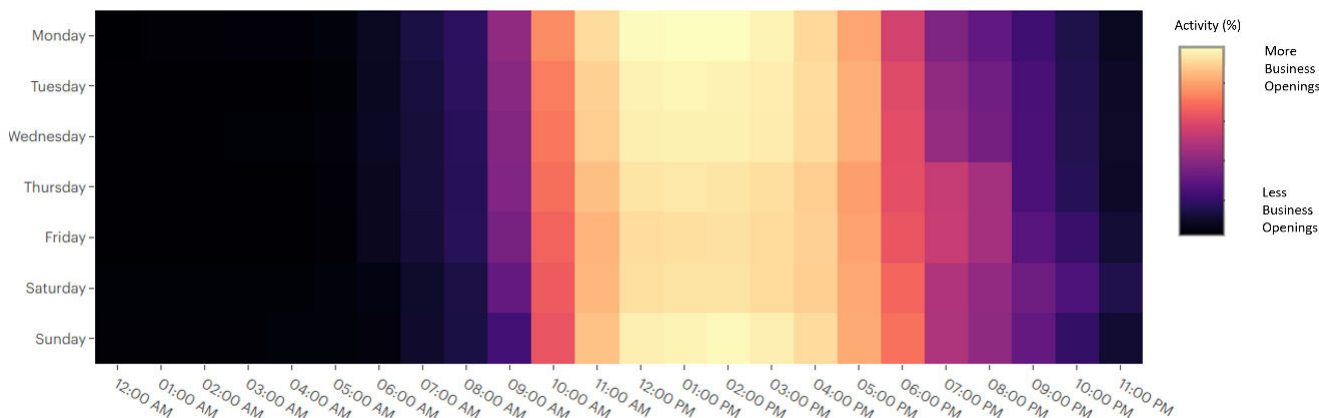


The total trading hours after 5.00pm of the sampled retailer businesses are shown in Figure 5.

The peak of retail business openings within the Study Area is during the lunchtime period between 12.00pm to 2.00pm. There is a noticeable decrease in retail businesses open past 6.00pm on Monday through to Wednesday. There are more retail business openings after 6.00pm on Thursday through to Saturday, but retail business openings after 6.00pm are still minimal compared to the lunchtime period on these same days.

*Key finding: There are more retailers open between the hours of 12.00pm and 2.00pm, than between 5.00pm and 7.00pm.*

**Figure 6**  
Retail trading - Day of Week and Time of Day

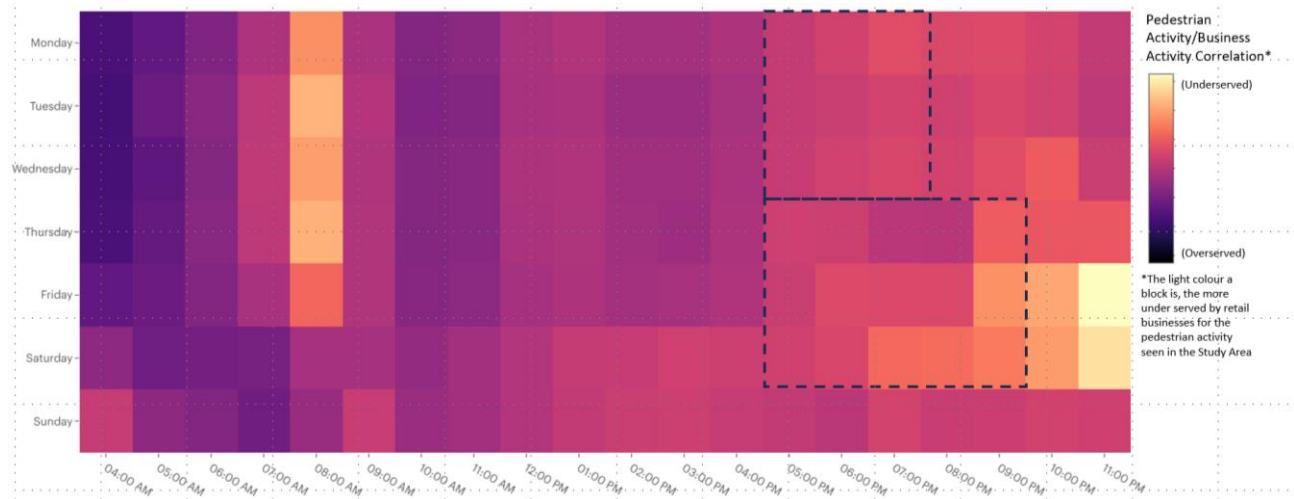


The business opening hours were identified by weekday to understand the most and least retail trading hours. Thursday has the most retail business opening hours, with just under 16% of all retail business openings for the week occurring on this day. This is followed closely by Friday.

Saturday and Sunday lag at just over 12% (Saturday) and approximately 11% (Sunday) of the weekly retail business opening hours.

*Key finding: Current late-night trading on Thursday and Friday means that most retail trade (in terms of hours) occurs on these two days. These policy settings are currently the key driver of retail trade.*

**Figure 7**  
Pedestrian vs business activity matrix



The Pedestrian Activity/Business Activity Matrix in Figure 7 identifies the times during the week where the number of pedestrians and open retailers suggests there may be a potential missed opportunity for more twilight retail businesses to open for more twilight trading.

Using the data, the study identified the day and day of week combinations where more business openings could theoretically be sustained, given the level of foot traffic. The closer to yellow a block is in the matrix below; the more business openings could be sustained. Conversely, the closer to dark purple the block is, there more likely there is to be a potential oversupply of business openings.

The morning rush on weekdays around 8.00am is technically underserved but this is likely driven by CBD workers commuting to work (rather than shopping) and many retail businesses opening after 9.00am.

The analysis of these data sets suggests a gap in the number of retail business openings late on Friday and Saturday (coloured orange to yellow) and the potential opportunities for retail in the Melbourne retail core.

The sections highlighted by the dotted back line confirm the periods that are most underserved are:

- Saturdays between 5.00pm and 9.00pm
- Fridays between 7.00pm and 9.00pm
- Mondays, Tuesdays and Wednesdays between 5.00pm and 7.00pm

*Key finding: The conclusion is that there is significant unmet consumer demand during twilight hours, where there are more consumers walking through the city than retailers open for business.*

## KEY INSIGHTS FROM SURVEY RESULTS

Engagement with retailers, shopping centres and precincts in the City of Melbourne looked at businesses' current trading hours, appetite, opportunities, and barriers to refining core trading hours to include Twilight Trading. The insights and findings from surveys, interviews and focus meetings are below.

The survey sample size was small. 47 surveys were commenced, with exclusions due to postcode or incomplete leaving 24 respondents. The sample may not reflect the views of the broader retail businesses in Melbourne precincts. 72% of respondents are businesses in the 3000 postcode, reflecting the retail core however the results do not capture any trends between precincts.

Feedback from interviewees and precincts identified the large numbers of surveys from government and industry and across all aspects of business life, is reducing their participation in surveys.

Excluding food businesses, respondents are typically trading 10.00am until 5.00pm or 6.00pm on weekdays and closing earlier or all day on Sundays. Stores located in centres are closing later Thursdays and Fridays, but standalone stores are not.

There are three cohorts, defined by their common beliefs and attitudes around the impact of trading hours.

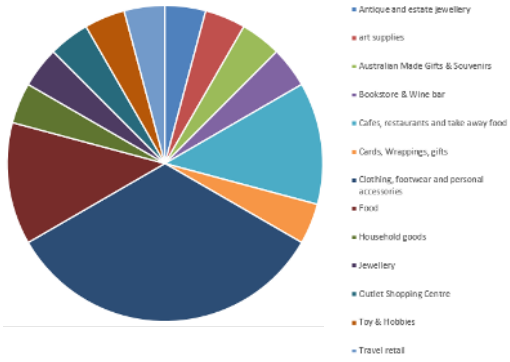
- Believers (46%) - agree or strongly agree across all questions: there is a need to move to core trading hours and there is a benefit for their business and the city.
- Sceptics (21%) - disagree or strongly disagree that there is a need to move to core trading hours and do not believe there is benefit for their business and the City in doing so
- Undecided (33%) - unsure about the need to move trading hours. For 1/3 of this group this is because they do not believe there will be a benefit to their business, and unsure on the impact for broader City. For another 1/3 of this group, they are undecided on moving trading hours despite agreeing there would be benefits for their business and City overall.

There are mixed feelings on changing trading hours, however 63% said they would support a change in core trading hours on at least one day of the week. There is most support when businesses know other business will be changing their hours too, and for changing trading hours seasonally.

Wages and the cost of running the business are the top barriers to changing core trading hours, a concern shared by 44% of respondents. Additionally, there is a common sentiment of 'we've tried, and it didn't work' holding businesses back from changing trading hours, as well as the security and safety for employees working in businesses in the city.

**Chart 1**

**Survey responses | respondents**



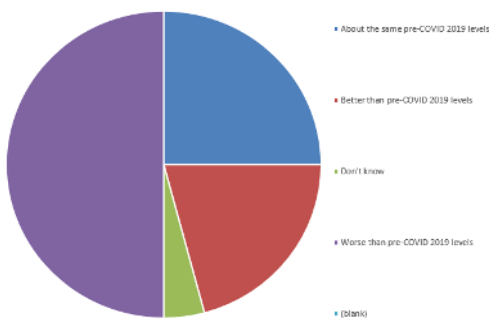
From the 47 participants in the survey, 4 participants were excluded because they were not located in a relevant location for this study (3000 postcodes) and an additional 19 participants did not complete the survey beyond citing the postcode. As a result, these findings are based on 24 respondents

The 24 respondent businesses trading in a variety of business categories. One third of respondents are clothing, footwear, and personal accessories retailers. 72% of the businesses are in Melbourne CBD (3000). Over two thirds have a standalone store.

Three quarters of respondents are micro and small businesses, operating with less than 19 employees and less than \$5m revenue.

**Chart 2**

**Survey responses | business performance**



Despite City of Melbourne Economy Snapshot July 2023 showing average daily spend just above 2019 levels (depending on category), there are mixed reports on business performance, with 50% of businesses say their business is trading worse than pre-COVID 2019 levels.

**Survey responses | trading hours**

- Number of days open: 7 days - 16 businesses, 6 days - 6 businesses, 5 days - 1 business. Most common day to close is Sunday, followed by Monday.
- Businesses have consistent opening hours Monday through Sunday, with only a few departing from this trend by opening an hour or two later on Sundays.
- Most common opening time is 10.00am (10 respondents / 44%), with 30% opening at or before 9.00am. The businesses opening at 11pm or later are mostly food related businesses.
- Excluding food venues, all businesses close by 7.00pm on Monday to Wednesday, however there is a split in the typically closing time, with 5.00pm (29%) and 6.00pm (33%) being the most common among non-food businesses.
- No respondents with standalone shops (i.e., not in a centre) are shifting closing hours later on Thursdays, Fridays, or Saturdays, compared to their Monday to Wednesday hours.
- 75% of centre-based shops return to earlier closing hours on Saturday and Sunday, to match Monday to Wednesday hours.



- Excluding food and centre-based businesses, 29% are closed on Sundays and 43% are closing earlier on Sundays than Monday to Friday trading hours.

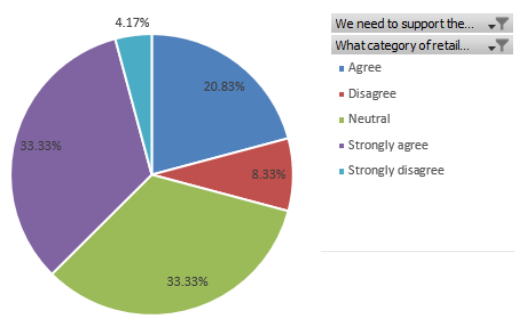
### Survey responses | beliefs and attitudes

The survey beliefs and attitudes can be grouped in three cohorts:

1. Believers (46%) - agree or strongly agree across all questions: there is a need to move to core trading hours and there is a benefit for their business and the City.
2. Sceptics (21%) - disagree or strongly disagree that there is a need to move to core trading hours and do not believe there is benefit for their business and the City in doing so.
3. Unsure about the need to move trading hours (33%)
  - a. agrees there would be benefits for visitors, Melbourne's tourism, and their business sales/foot traffic (3)
  - b. do not believe there will be a benefit to their business, and unsure on the impact for broader City (3)
  - c. do not believe there will be a benefit to their business, but believe it will help broader City (1)
  - d. Hold neutral feelings about impact to their business and City (1)

### Chart 3

#### Analysis by question | support for the 24-hour economy

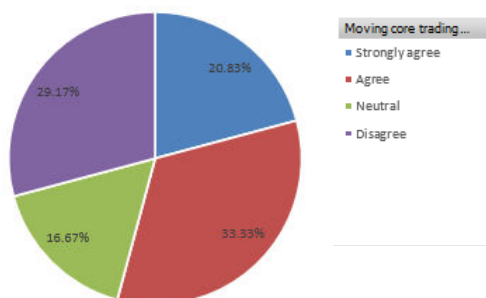


Over half (54%) of businesses agree or strongly agree that "we need to support the 24-hour economy in the City of Melbourne". 13% disagree or strongly disagree with this statement. There are no clear business-type trends underlying these responses.

46% agree or strongly agree on the need to move to core trading hours, 21% disagree. 54% agree that moving core trading hours will help grow sales. The people who believe this either agreed or were neutral on the need to move to core trading hours.

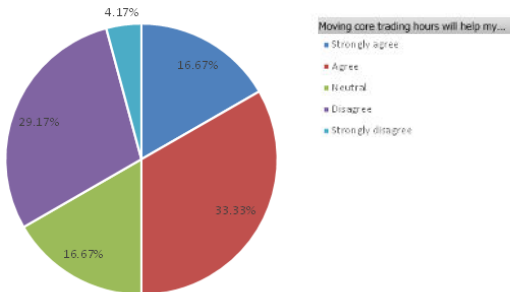
### Chart 4

#### Analysis by question | case for change



Half of businesses agree or strongly agree that "moving core trading hours will help my business make the most of changes in pedestrian traffic patterns."

**Chart 5**  
Analysis by question | business impacts

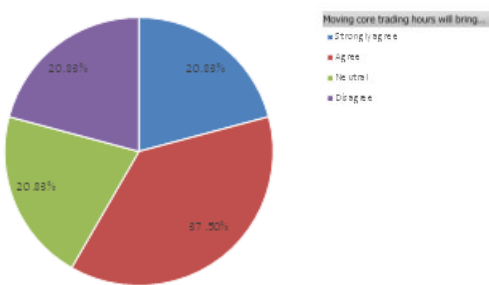


Most, but not all people who said that moving core trading hours will help improve sales, agree that moving core trading hours will help their business make the most in changes in pedestrian traffic indicating that they do not think increased traffic will be the driver of their potentially increased sales.

People who disagree with the need to move core trading hours, also strongly/disagree that it will help their business make the most of changes in pedestrian traffic.

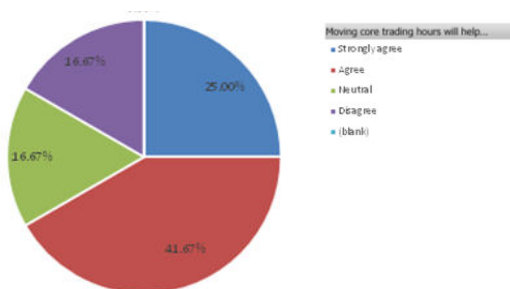
58% agree or strongly agree that "Moving core trading hours will bring more consumers into the City of Melbourne and keep them there for longer." 21% disagree.

**Chart 6**  
Analysis by question | community impacts



67% agree or strongly agree that "moving core trading hours will help attract more visitors for cultural and leisure events in the City of Melbourne." 17% disagree

**Chart 7**  
Analysis by question | global standing



63% agree or strongly agree that "Moving core trading hours will help position Melbourne as a global shopping destination."

### Survey responses | Appetite to take action

- There is a close split in the willingness to "support a change in core trading hours. Mon, Tues, Wed, Sat, Sun 10.00am to 7.00pm on Sunday – Wednesday; and 10.00am - 9.00pm on Thursday to Saturday"
- The day with most support for testing change in hours is Friday, followed by Wednesday and Thursday.
- There are no clear correlations with business type or location.
- All the 'yes' respondents are part of the 'belief' cohort explained above, and the 'no' respondents' fall across the cohorts.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
<b>Yes</b>	10	11	12	12	13	9	9
<b>No</b>	11	11	9	9	9	11	11

- Eight businesses said 'no' to supporting a change in core trading hours every day of the week.
- 13 respondents (54%) would support a change in core trading hours if other businesses did too. From these 13, 5 respondents answered 'no' to changing hours on a particular day, indicating this could be an effective and/or essential part of getting a shift in core trading hours over the line.
- Most respondents (54%) said that they would not "support a change in core trading hours before you knew if other businesses in your precinct agreed to change their hours too". The shift in sentiment from previous question is driven by 5 respondents who said yes to supporting change in core trading hours if others did but will not agree before they know other have indicating this may be a difficult task for retailers to execute without a group buy in and a partnership approach.
- 75% (18) support change trading hours seasonally, 42% support changing hours for special events, and 33% support changing all year.
  - a. From the 18 respondents indicating they support changing seasonally, 10 (55%) of these respondents also indicated they did not support, or were unsure about supporting changing hours if other businesses did too (Q9)
  - b. 7 of the 18 respondents said 'no' to changing core trading hours on every day of the week in Q8
  - c. >> Running trial based on a 'seasonal' and limited time test is likely to have much better traction with businesses
  - d. Except for 1 respondent, all the businesses supporting changing hours for special events were a subset of those supporting a seasonal shift in hours
  - e. 5 businesses selected all year but not seasonally or special events suggesting they would be supportive of a more time bound test/change in addition to longer term trial.

### Survey responses | Barriers to taking action

Wages and costs are cited as the top barrier to changing core trading hours, by 44% of respondents

- From the two respondents who said none of the stated barriers applied, one cited family time as the barrier.

- In order of frequency, the following additional barriers were mentioned:
  - a. Failed existing trial / sceptical x4
  - b. Security of staff x 4 (at risk with rough sleepers entering store)
  - c. No foot traffic to convert in twilight hours x2 (due to construction & street work)
  - d. Low customer intent to purchase during twilight hours (due to low city workers)
  - e. Cost to run the business
  - f. Family life
  - g. Vehicle access & parking in the city
  - h. Flexibility of serving alcohol outside venue
- Suggestions from respondents:
  - a. Provide additional security services
  - b. Funding to support wages to stay open
  - c. Better manage the city environment particularly homelessness and construction (e.g. Little Collins Street)
  - d. Bring people through shops at non-peak times
  - e. Start any trials on Thursday and Friday

## INTERVIEWS AND FOCUS MEETINGS - KEY INSIGHTS

### Interviews participants

City of Melbourne Precincts, Centre Managers, survey respondents and selected retailers were invited to participate in interviews and focus meetings to understand pre and post-COVID trading hours, footfall, business conditions, opportunities, and barriers to twilight trading hours. All City of Melbourne Trade Precincts were contacted and invited to participate. 24 interviews with 35 participants took place across 3 weeks in September. A full list of participants is available in the Appendix.

- Shopping Centres (530+ shops)
  1. Melbourne Central
  2. QV / Galleria / 80 Collins Street
  3. DFO South Wharf
  4. Spencer Outlet
  5. District Docklands
- Major department stores – David Jones, Kmart
- Yarra Precinct, Carlton Precinct, North & West Melbourne Precinct, City Precinct, Collins Precinct, City North Precinct.
- 18 independent retailers (25 brands)
- 3 subject matter experts - RMIT & UTAS, Martin Ginnane & Assoc, Propella.ai

## Interviews | Business performance

In general, both centres and individual retailers identified that foot traffic was down, individual spend was up, and overall things were trending up, but some days of the week were patchy.

Most independent retailers had transitioned online during COVID, and this channel has now reduced it remained an important component of their business activity. A few smaller retailers said that omnichannel had enabled them to rationalise the number of shopfronts, whilst still maintaining a profitable business.

Some standalone businesses identified that business performance was down, due to a range of factors as well as COVID. These were identified as impact of multiple major construction sites adjacent to their businesses, nearby empty shopfronts, compliance and trading challenges.

## Interviews | Trading hours

Trading hours varied between centres, department stores and small independents but centres were more likely to trade extended hours on Thursday and Friday and standalone either had limited or no extended trading hours during the week.

### Shopping Centres

- Centres had core trading hours but there were a range of trading hours within a centre depending on retail type (food and beverage, supermarket, or discretionary retail including services). They generally traded from 10.00am to 7.00pm Monday to Wednesday, Thursday, and Friday until 9.00pm. Saturday and Sunday between 10.00am and 7.00pm, and Sunday between 10.00am and 5.00pm. One centre with wide range of retail types spans 22.5 hours each day.
- Shopping centres outside the CBD and outlets tended to have shorter hours between 10.00am and 6.00pm, with some doing late trading on Friday.
- Pre-COVID there was strong adherence by individual centre-based retailers to trade agreed hours. However, during COVID trading conditions including shutdowns changed trading hours. Post-pandemic centres have found that some retailers close to an hour earlier and close for brief periods during the day. Centres are still reluctant to enforce trading hours, so customers are reliant on checking with individual retailers.
- One department store had shifted their opening time to 10.00am in line with other retail in the area. Kmart had the longest department store trading hours between 8.00am and 9.00pm seven days and would consider closing later.
- One centre identified that in order to get trading hour consistency they would like to trade slightly shorter hours to ensure buy in from retailers.

Smaller (non-centre) independent retailers trading hours varied significantly influenced but not dependent on location and retail type.

- The most common hours were 10.00am – 6.00pm, with some closing as early as 5.00pm, however 2 bookshops had the longest trading hours with one trading from 9.30am to 10pm daily with extended hours Friday and Saturday.
- One bookshop identified that they extended trading in response to strong customer demand and that foot traffic and spend supported the extended hours. Another who traded long hours recently reduced hours slightly in response to drop in foot fall and spend during the later hours.

- Independent stand-alone shops in laneways and located near cafes closing at 3.00pm tended to close earlier due to significant drop off in pedestrian traffic.
- Some smaller retailers expressed concern about staff safety and security with later trading hours.
- Some retailers who shifted online due to COVID have picked up additional sales and have found that this has balanced out the shorter hours, enabled a better quality of life.
- Laneway activity and adjacent retail types and hours influenced trading hours.

### **Interviews | Beliefs and attitudes**

- Centres were supportive of Twilight Trading hours and most CBD centres have these in place.
- Centres were conscious that it made for a poorer customer experience in the last trading hour when not all shops were open.
- One centre identified that in order to get trading hour consistency they would like to trade slightly shorter hours to ensure buy in.
- Query from smaller retailers who do not have a strong belief that more pedestrians necessarily equal more sales.

### **Interviews | Appetite to take action**

- Centres – there is good support to improve the customer experience during twilight trading with targeted marketing and messaging.
- One centre identified that in order to get trading hour consistency they would like to trade slightly shorter hours to ensure buy in.
- Centres believed they need to bring their retailers on board to achieve consistent hours.
- One department store would trade until 10pm due to demand, however, have staff safety/security concerns.
- Independent and stand-alone shops would trade longer and later if pedestrian traffic was up – location-based issues were addressed and there were activations to attract new customers.
- Smaller retailers identified they would consider trading hours around activations, but often feel left out of official larger commercial activations, when could take advantage or piggyback on major events.
- They would like to explore other ways of improving pedestrian and customer activity e.g., installations for Instagram able moments, that attract and keep pedestrian long enough to browse and purchase.
- Independent businesses do have the flexibility to trade different hours if conditions are right.

### **Interviews | Barriers to taking action**

- Centres identified the need to managing individual retailers and their willingness to trade extended hours. They identified that some retailers focused on managing wages to manage overall costs leaving skeleton staffing and early closing. Chains and franchises have less flexibility to shift core hours and may see reduced trading hours as way to manage wage costs.
- Customer behaviour has shown they are less willing to purchase in the last ½ hour of trade, so with earlier closing the purchasing momentum is reduced regardless of what time the store closes.

- Independent and stand-alone shops identified some of the barriers to trade and trading hours are the cumulative impacts of multiple construction sites with reduced foot traffic and poorer customer experience especially for high end retail.
- They identified other barriers including council permits, compliance and policies, poor place management, and staff safety issues. They also believe that with the current constraints they know their customers buying behaviours, understand their location and associated pedestrian activity; and are happy with trading hours status quo unless there are special events or activations.

### **Interviews | Opportunities**

- Centres were supportive of Twilight Trading hours and believe there is an opportunity to bring retailers into alignment over trading hours through a coordinated approach across centres and with marketing support to let customers know that the city is open.
- Independent standalone retailers see opportunities when specific location-based/seasonal activation is taking place, or an ongoing visitor attraction is established and there is a local coordinated effort.
- Retailers identified that place management issues including safety, lighting, security issues need to be addressed to support any activation or extended hours.

## **PRECINCT FOCUS MEETINGS - KEY INSIGHTS**

### **City Precinct**

City Precinct Members are small independent retailers and businesses covering postcode 3000. Interviews took place at the regular City precinct monthly event. Discussions took place around current retail environment in the precinct, areas of interest, appetite to act.

The small independent retailers, creatives and arts business are key drawcards that visitors enjoy when exploring Melbourne retail. The precinct benefits from the young population living in the CBD, culturally familiar with retail and restaurants open later.

#### **Key Insights**

- The City Precinct is thriving at nights and the daytime is busy and continues to improve.
- Daytime retail opens traditional hours are 10.00am to 5.00pm (or 6.00pm) Monday to Saturday and shorter hours on Sundays depending on location.
- Smaller independent businesses are less likely to trade late on Thursdays and Fridays.
- Challenges for independent retailers in negotiating rent increases and changes to retail leasing landscape (e.g., Nicholas Building), have meant vacant shops with knock on effect to neighbouring retailers.
- During COVID retailers went online and this has continued post-pandemic meaning that trading hours are not as critical to maintaining customers.
- City Precinct is keen to take part in activations and create events to link retailers with future customers.

## North and West Melbourne Precinct

North and West Precinct members (homewares, furniture showroom, record shop, bars, and restaurants) attended a Twilight Trade evening session with interviews and group discussion with eight businesses ranging from hospitality to general retail.

Many retailers both live and work in the precinct in the precinct there are a mix of long-standing established traders with a traditional approach to business, however younger traders are more engaged in the digital and online space to engage customers.

The precinct is based in a diverse community of migrants, affluent young people, hospital staff and older long-term residents. It has three main retail areas: Errol Street, Queensbury Street and Victoria Street with a mix of bars, restaurants, specialty, niche, and general retail.

Trading days and hours<sup>8</sup> vary enormously, with cafes being early closers, general retail open across traditional trading hours and restaurants and bars opening late with varied opening days.

Challenges	<ul style="list-style-type: none"> <li>• The area (particularly Victoria Street) acts as a gateway rather than a destination with a tension between cars and walkability.</li> <li>• Empty shops scattered throughout, with landlords lacking incentive to lease making it less attractive to new customers exploring the area.</li> <li>• Activation opportunities are welcome, however additional licensing and trading requirements can be a barrier.</li> <li>• The Free Tram zone finishes at Queen Victoria Markets two stops away and hinders customers (particularly international students) from continuing further and exploring the precinct.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Have an appetite to activate precinct and adjust hours seasonally with connections to major events such as Fashion Week, Fringe but need to be involved early in order to create and market the appropriate offers.</li> <li>• Younger traders are engaged and use a wide variety of social media - Instagram and Broadsheet to attract new customers and to create relationships.</li> <li>• Proximity to Queen Vic Market, Arts House, Meat Market provides opportunities to draw customers to explore the area.</li> <li>• The new Arden Precinct and Metro Station provides future opportunities to link the new area to the current area and to expand the fine grain retail offer in the area if the connectivity is improved.</li> <li>• Additional greening including street flower displays, lighting, street furniture along key shopping location would assist in slowing down movement through the area and provide attractive destination.</li> </ul>

<sup>8</sup> Appendices – Trading Hours



### Collins Street Precinct Group

The Collins Precinct has 200 members in Collins Street, Little Collins Street, and other adjacent locations; however, they predominate in the central retail core. Information was provided in an interview with the Precinct President. The Collins Precinct Members include a small number of luxury brands, mid-range, hotels, general businesses, and large number of small retailers in the block between Elizabeth and Swanston Street, Collins and Little Collins Street. Members are split between fashion, jewellery, accessories, general retail, and restaurants.

Twilight and night trading is smaller in the Collins Street Precinct than in adjacent precincts. The Collins Street Precinct supports extended hours but is not sure whether there is the appetite by smaller retailers. They feel that that many retailers are disengaged and need support for a range of broader structural issues that affect daytime and twilight trading.

Challenges	<ul style="list-style-type: none"> <li>• The workforce is not back in the office Monday and Friday and then not at full numbers rest of the week, so this is affecting daytime food and beverage and discretionary retail.</li> <li>• Lack of availability of workers due to visa constraints and employment law</li> <li>• Penalty rates after 6.00pm will increase costs of doing business.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Access to Spend Data is key for small retailers. They need to understand where people are spending and who are the potential customers.</li> <li>• The Collins Street five-year plan is investigating valet parking options and concierge services.</li> <li>• Previous activations have been successful and have had support.</li> </ul>

### Melbourne City North Precinct

The precinct has 65 members primarily hospitality and night-time venues including bars and restaurants trade from 6.00pm onwards. Other cafes are morning and lunch trade closing around 3.00pm. Businesses have a strong engagement with residents and students in the area.

The precinct has had promotions and joint marketing to promote the precinct and has an upcoming Christmas Little Korea Food Festival in Healeys Lane, (Melbourne's K Town). Their festival was previously held in Flagstaff Gardens.

Members are primarily hospitality rather than general discretionary retail so the extension to Twilight Trading is not as relevant and has not been identified as either a barrier or an opportunity as most activity in the area occurs during the evening hours.

### Yarra Precinct

The precinct covers both sides of the Yarra River. The precinct has a strong arts focus with Federation Square, Melbourne Arts Centre and the NGV, Southgate, Crown Casino, Melbourne Convention Centre, and South Wharf including DFO Shopping Centre. It is a key tourist destination.

The eastern end has a busy hospitality precinct (who trade late) and a very small number of general retailers. DFO Outlet with 150+ shops including a food court is located at the western end.

Monday to Thursday is generally quiet in the precinct with few city workers and corporates. There is only around 40% worker on any day in the office blocks. This affects the daytime hospitality. Weekends are very busy.

Appetite	<ul style="list-style-type: none"> <li>Hospitality currently trades late, however general retail trades more traditional core hours. There is only a small amount of general retail in Southgate. DFO Outlets engage in twilight trading hours seasonally or for major retail events such as Black Friday and Boxing Day only.</li> </ul>
Challenges	<ul style="list-style-type: none"> <li>The precinct is surrounded by major roads which can be a barrier to access. East-west access along the Yarra is by foot, with public transport running north south at either end of the precinct. Businesses perceive that this can be an inhibiting factor.</li> <li>Evening trading has been affected by changed patterns post-COVID. Afternoon matinee events are very popular and evening shows don't always have intervals. Patrons tend to come to event and leave rather than combining with evening out. Pre 2019 most theatre goers were subscription based now more single and last-minute bookings changing demand for restaurants and hospitality.</li> <li>Visitation patterns in the precinct have also been affected by economy, rising interest rates, tourists only beginning to return, and parking costs.</li> <li>The loss of tourist trade during COVID was significant.</li> <li>Exxon Mobil Building vacant since 2018. The reduction in worker activity and the impact on cafes and general retail during weekdays was significant.</li> <li>DFO and South Wharf are at the western end of the Precinct with a very distinct customer base which accesses the shops by car and do not venture further into the precinct. DFO trades from 10.00am to 6.00pm Saturday to Thursday and 10.00am to 9.00pm on Friday, however some stores may be open between 10.00am and 5.00pm.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>The precinct recently undertook a major survey of residents<sup>9</sup> in 3006 and looked at unmet demand for retail. The surveys identified a variety of products and retailers that were in demand and was being met elsewhere. They have identified that residents are interested in a broader retail offer including organic produce, fresh food, bakery, farmers market, clothing and apparel and would like to see more of this type of retail.</li> <li>When future redevelopments are complete up to 14,000 new workers and 20,000 (now 100,000) residents will support more diverse retail environment.</li> </ul>

### Carlton Precinct

The epicentre of the Carlton Precinct is Lygon St, famous for Italian restaurants and community. In recent years there has been a cultural shift. The strip has become more multicultural with Italian restaurants closing and Indian, Pakistani, and Chinese and other cuisines becoming predominant.

Most restaurants survived COVID19 due to the supports from Job Keeper and Victorian Government through liquor licensing supports.

There are now fewer family businesses. There are several empty shops in the area. Lygon Street customers are approximately 30% locals and 60% from outside Carlton who drive.

<sup>9</sup> Yarra River Business Association, Your Yarra 3006, Riverside Residents Survey, Insights & Opportunities 2023

Busiest times are weekends and evenings, although there are three different economies operating in Lygon Street and Carlton, cafes open early and close around 3.00pm, general retail across the day, closing around 6.00pm and a 5.00pm to late economy.

Challenges	<ul style="list-style-type: none"> <li>• There are boutiques among the general retail but there is serious competition with the major malls such as Chadstone where convenience, indoor, parking, security, play centres are key drawcards.</li> <li>• Parking is an issue. The Nova cinema is in Lygon St, with 2hr free parking so people see movie and then leave rather than stay in the precinct.</li> <li>• Many landlords are old school and will not negotiate and would prefer to leave empty shops. No discounting as it is more beneficial to their portfolio to leave vacant.</li> <li>• Constraint around daytime economy is complicated by changed patterns from COVID and the current impacts of inflation, interest rates and increased housing and energy costs.</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• There are certain hotspots for students although there is a smaller volume than previously</li> <li>• Feels that improvements to more consistent daytime patterns would be helped by encouraging more diverse residents through shop top housing.</li> <li>• More engagement to tell the new story is needed. More exposure and group marketing and promotion of the precinct.</li> </ul>

## RECOMMENDATIONS

The recommendations in this interim report reflect the key insights from the surveys, interviews, meetings, and desktop research from Phase 1 of the Twilight Trade project.

Some of the key insights from this research and consultation include:

- While overall visitation to the city continues to recover post-pandemic, the lasting impact of COVID is likely to be a shift in the foot traffic through the week. Thursday has replaced Friday as the busiest workday in the city and Saturdays are increasingly busy as higher numbers of consumers and visitors come into the city on weekends.
- These shifts have resulted in a demonstrable gap between when consumers, workers and visitors are in the city and when retailers are open for business, particularly on Saturday evenings between 5.00pm and 9.00pm and Monday, Tuesday and Wednesday evenings between 5.00pm and 7.00pm.
- While the ARA looks to overseas markets for best practice on Twilight Trade, retailers in the City of Melbourne regard Chadstone Shopping Centre as their main competitor in terms of customer experience and amenity.
- Small and independent retailers (excluding food businesses) typically have shorter trading hours than larger retailers, closing earlier during the week and on Saturdays and remaining closed on Sundays. Given the high number of small and independent retailers in the City of Melbourne, this has a disproportionately detrimental impact on the customer experience in comparison to major suburban centres, like Chadstone.

- Major stand-alone retailers and shopping centres have longer core trading hours but the lack of a diverse mix of retail offerings from smaller and independent retailers detract from the customer experience and create a significant disincentive for centres and larger retailers from operating longer trading hours.
- The concept of Twilight Trade was supported across the shopping centres because it has the potential to improve the customer experience and build support with their retailers.
- There are some common attitudes around the impact of extending trading hours with the surveys showing that 50% of respondents supported a modest extension to core trading hours because it would benefit retailers and the City of Melbourne. However, around 30% are undecided about extended trading hours despite seeing the benefits in doing so and around 20% do not believe a change in hours will benefit them.
- There are mixed views about extending hours every day of the year. However, there was general support for a change to core trading hours on at least one day of the week. The strongest support is where there is a focus on seasonal events and activations, on limited days and with buy in from retailers in the precinct.
- Small independent and standalone retailers have shorter trading hours and are often closed on Sundays. Some are open to trialling twilight trading with special activations and marketing support, however, believe it is important that retailers around them are open later as well.
- Wages and the cost of running the business were identified as top barriers to changing core trading hours, a concern shared by almost 50% of survey respondents. Additionally, there are some common sentiments from smaller retailers, who indicated that they had previously tried extended hours and it had not been a success - these previous experiences have the potential to hold some businesses back from changing trading hours.
- Other barriers raised included safety for consumers, security for employees, low foot traffic to convert due to cumulative construction impacts and a lack of timely accessible insights from spend, mobility and pedestrian data to inform their businesses.
- Place making opportunities such as greening spaces, improved lighting, permanent installations, and street infrastructure are required support small retail to attract pedestrians and to ameliorate construction impacts. Place management supports such as additional street cleaning, changed bollard timing to create better pedestrian experience, easier access to permits and licences for events and seasonal activities, improved engagement where works are being undertaken.
- Small businesses identified that the shift to online and omnichannel retailing during the pandemic also provided the opportunity for customers to shop when they wanted and made their businesses sustainable during the current trading hours.
- Small retailers require access to timely insights from pedestrian monitoring, spend data and mobility data to help respond to changing demand. This information needs to be accessible and understandable, and retailers may need education to make the best use of it.

## RECOMMENDATIONS | MARKETING ACTIVITIES

Phase 2 of the Twilight Trade project aims to deliver marketing activities in partnership with stakeholders to test the appetite for Twilight Trading hours. The key tests for these activities will be to harness pedestrian traffic to drive retail activity in the transition between the day and night-time economy.

A plan for Phase 2 of the Twilight Trade project is being prepared, based on the following recommended marketing activities and activations.

### Phase 2A: Live at Errol Street

Drawing locals, tourists and office workers up to the North and West Melbourne precinct through [Live at Errol Street](#): a collaboration with [Sofar Sounds](#) to deliver a series of curated live music events on four consecutive Thursdays running across November and December 2023. The aim of this activation is to incentivise retailers to adopt extended trading hours on a short-term basis to help understand the barriers to change, dispel myths about the challenges about shifting or extended core trading hours, and gather compelling testimonials from participating retailers about the benefits of Twilight Trade to encourage widespread adoption.

### Phase 2B: Student life in the city

Leveraging the uplift in pedestrian foot traffic at the start of the university year, the **Student life in the city** activation encourages retailers in the North-east quadrant of the CBD to adopt extended trading hours in the two weeks either side of Orientation Week in February and March 2024. The aim of this activation is to challenge a key finding of this interim report about consumer's low propensity to spend after 5.00pm, particularly on Saturdays.

### Phase 2C: Twilight Trading in the City

Combining the findings of this interim report, with the learnings from these two activations, the ARA will develop a marketing and engagement plan. This plan will communicate the case for change and encourage widespread adoption of Twilight Trading in the City, with an initial focus on Saturday evenings commencing 01 September 2024. The proposed transition would start with major, national retailers on Bourke Street Mall, then extend to the mini majors in close proximity and then to retailers in the Emporium, QV and Melbourne Central. These engagement activities (including a Townhall Meeting) would be scheduled for March and April 2024.

## OPPORTUNITIES | POLICY SETTINGS

In addition to the recommendations outlined above, there are a number of other opportunities to work with the City of Melbourne, Victorian government and other key stakeholders to advocate for changes in key policy settings.

- Investigate and implement place management supports<sup>10</sup> where cumulative impacts of long-term construction are impacting retailers and customers.
- Investigate and implement greening, street infrastructure and ongoing installations to draw pedestrians year-round.
- Present a case for change to Yarra Trams for a trial extension to the free tram zone with two additional stops from Queen Victoria Market up Victoria Street to Errol Street.
- Present a case for change to transport providers such as Skybus to support niche retail destinations.
- Investigate City of Melbourne or Victorian Government policy support options including education and mentoring to assist smaller niche businesses on issues including rents, leases, and vacant retail properties.

<sup>10</sup> Place management is the ongoing operational, administrative and strategic activities required to maintain and enhance public spaces. These include street cleaning, maintenance, programming, safety, security, engagement and economic development.

## Place management

During the consultation and engagement process, retailers identified a range of adverse impacts on their businesses including construction noise and activity, street cleaning, lighting, rough sleepers, safety concerns, adjacent empty shops and general amenity.

While many of these challenges are part of the changing nature of cities, there are opportunities to support and maintain retail and other businesses to mitigate these impacts and to increase activation, through better place management.

Place management is the process of making places better through programs to improve a location or to maintain an improved standard of operation. It can be managed by private, public or voluntary organisations or a mixture of each. Whilst there are a wide variety of place management initiatives and approaches, the common underlying factor is usually a desire to maximise the effectiveness of a location for its users, whether they are residents, consumers, tourists, investors, property developers or business owners.

Place management strategies and activities include:

- Lighting (functional and decorative)
- Greening (temporary and permanent installations)
- Location specific policies (changed vehicle access rules and use of footways for displays)
- Street cleaning
- Safety
- Engagement, education and information
- Events and activations

Internationally, place management is a common way of managing space and is currently experiencing a resurgence of cooperative projects and initiatives. Place management can also be achieved through a structured, strategic approach in the establishment of Business Improvement Districts, Community Improvement Districts, Downtown Associations and Main Street Programs. The US has over 1,600 programs and the UK has 200, with 50 in London. They can be found in Canada, Chile, Germany, New Zealand and South Africa.

The NSW Government is investigating policy options, preparing draft legislation and undertaking a pilot program for [Community Improvement Districts](https://www.transport.nsw.gov.au/projects/current-projects/community-improvement-districts-new-south-wales)<sup>11</sup> to test the governance models on ways to strengthen local place economy.

The case study below outlines the challenges confronting Howey Place in Melbourne's CBD. The report then outlines a number of possible activities that might support retail and encourage visitation whilst significant construction is taking place on adjacent sites.

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<sup>11</sup> <https://www.transport.nsw.gov.au/projects/current-projects/community-improvement-districts-new-south-wales>

## HOWEY PLACE CASE STUDY

Howey Place is located in Melbourne’s retail core off Little Collins Street, directly opposite the old David Jones Menswear store. Howey Place is an L shaped laneway 57 metres long and 13 metres wide. There are no footpath or buffer zones.

Pedestrian desire lines are fulfilled between Bourke Street Mall, via David Jones, through to Collins Street. The accessible entrance to The Capitol Theatre is through the Capitol Arcade off Howey Place. Currently there are 6-8 retailers and cafes, with relatively high turnover of independent shops in Howey Place. The two key tenants Wittner and Hunt Leather on the corner with Little Collins have now vacated. The Howey (Causeway Hotel) has recently reopened after renovations.

Construction impacts from 309 – 395 Bourke Street and 299 Bourke Street and recent renovations in The Howey Hotel which are all adjacent to Howey Place, have impacted the retail and visitation in this area. Noise, dust and construction activity and poor amenity encourage pedestrians to either avoid or move quickly through Howey Place. Hunt Leather had been in this location for decades have recently moved due to the impacts from construction. Once completed the new developments will bring new life into the area, however until then current retailers and tenants face real challenges.

Vehicle access Howey Place between 4:00pm and 10:00am each day, with access including illegal parking taking place despite it being a no through road. Empty shops both in Howey Place and in Little Collins Street, have also impacted pedestrian patterns and the retail destination.

Place management principles provide some useful suggestions to improve the retail and maintain the pedestrian environment exist, particularly in areas impacted by construction like Howey Place.

Further engagement with retailers, building owners and tenants, construction companies and all stakeholders is critical if a place management approach is adopted to ensure that the most appropriate place management strategies and activities are implemented.

### LIGHTING

Heritage lighting is in place in keeping with the 19<sup>th</sup> century glass roof. However opportunities exist for temporary and long-term lighting installations to attract visitors and improve pedestrian experience. Improved lighting around the construction hoarding adjacent to Howey Place is as important as the lighting within Howey Place.

Safety is an important factor from customers and staff during trading hours and pedestrian activity after dark. Improved perception of safety occurs when pedestrian activity is high, the environment is perceived as attractive, and lighting is designed for people as well as being compliant. By improving lighting, perceived and real concerns about safety can improved.

*Opportunity: Undertake an analysis of the lighting leading to and in Howey Place and develop a plan to implement including design and funding options. This analysis needs to be based on human centred design and compliance requirements based on recent work in Melbourne by ARUP<sup>12</sup>.*

<sup>12</sup> <https://www.arup.com/projects/perceptions-of-night-time-safety-women-and-girls>

<p>VEHICLE ACCESS</p>	<p>Vehicle access to Howey Place is allowed 18 hours per day, with restrictions between 10.00am and 4.00pm daily. Howey Place is extremely narrow with no definable kerb or footpath. Large public roads such as Bourke Street Mall allow eight hours access by permit only and other laneways have more restricted access than Howey Place.</p> <p><i>Opportunity: Implement priority for pedestrian access and restrict vehicles during retail trading hours (until after 7.00pm Sunday to Wednesdays and after 9.00pm Thursdays to Saturdays) to improve amenity, encourage pedestrian activity and dwell time and provide retailers with improved opportunities. Consultation with Howey Place businesses is key to ensuring that deliveries and waste removal are facilitated.</i></p>
<p>FOOTPATH PERMITS</p>	<p>A wide range of activities are undertaken on footpaths particularly in laneways that provide additional amenity and attract visitation for cafes and restaurants. A-frame signs, portable advertising and small displays of goods are an important means of attracting custom in out of the way spaces, with a careful approach to ensure accessibility.</p> <p><i>Opportunity: A temporary but more bespoke approach to place management should be trialled during trading hours (for example, NYC Open Storefronts program<sup>13</sup>). This could help to ameliorate construction impacts, without hindering accessibility to pedestrians.</i></p>
<p>CONSTRUCTION HOARDING</p>	<p>Art on hoardings contributes significantly to the amenity of an area and supports adjacent businesses during construction.</p> <p><i>Opportunity: Art and creative treatments on hoardings should be a requirement, not an opt in, for key retail locations where significant or multiple construction sites are adjacent. Appropriate hoarding lighting should be required to ensure that amenity is maintained for the nighttime economy.</i></p>
<p>GREENING THE CITY</p>	<p>Pedestrian and visitor amenity could be improved with the inclusion of appropriate low-line planter boxes, similar to the City of Melbourne seasonal displays or Greening Laneways program. Greening would improve amenity and increase pedestrian dwell time, helping to position Howey Place as a destination and pedestrian corridor.</p> <p><i>Opportunity: Support Howey Place as a location for the Greening Laneways program or use as a trial location for seasonal displays.</i></p>
<p>CLEANING</p>	<p>Additional cleaning may enhance the amenity of location, in cooperation with better dust and debris management by the construction company.</p> <p><i>Opportunity: That City of Melbourne require construction impacts such as dust management be addressed by the constructors on a regular basis and required in approval conditions.</i></p>

<sup>13</sup> <https://edc.nyc/open-storefronts>



**ENGAGEMENT**

Engagement is key in supporting retail to thrive in the current climate. The City of Melbourne, Victorian Government, Precinct Business Associations, property owners, construction companies and retailers all have a part to play.

The City of Melbourne is key to providing coordination and a central point of contact between construction firms, adjacent retailers and government departments.

For example, by taking a place management approach to a location with unique challenges such as those adjacent to construction zones, Council can minimise impacts and ensure constructors have an engagement plan to ensure that neighbouring businesses are aware of activities and impacts. It also ensures that they have a key point of contact and access to the resources they need to minimise impacts and manage issues as they arise.

*Opportunity: The City of Melbourne Business Concierge service could be enhanced to support place management approach. As a dedicated resource, they are well placed as a central point of contact to engage with internal and external stakeholders, develop and support policy enhancements, deliver support with cross organisational knowledge.*

**Transport connections**

Melbourne has a range of transport options including the free tram program within the Melbourne CBD which is a popular travel option, supporting accessibility for workers and visitors, and supporting Melbourne’s retail and hospitality businesses.

Consultation and engagement with retailers identified two areas to increase and support visitation.

**SOUTH WHARF  
AND CONVENTION  
CENTRE**

DFO at South Wharf identified an unmet demand and opportunity for visitor shopping. Many interstate and overseas visitors have time available preflight before travelling to the airport and would like to shop during that period. Skybus finishes its journey at Southern Cross Station and whilst relatively close to South Wharf it is not a direct journey via public transport.

*Opportunity: Engage with SkyBus and relevant retail and hospitality operators, including DFO and the Convention Centre, to explore adding a secondary location for pick-ups and drop-offs south of the Yarra River.*

**NORTH AND WEST  
MELBOURNE**

Queen Victoria Market is a popular destination for locals and visitors. It also marks the end of the free tram zone. Currently the retail and hospitality hubs along Victoria Street, Errol Street and Queensbury Street draw on local residents, rather than visitors or CBD residents. It is worth noting that this precinct is two stops outside of the free tram zone.

The North and West Melbourne Business Precinct have identified that the end of the free tram zone appears to be an inhibiting factor for visitors and CBD residents including overseas students from exploring and visiting hospitality and retail businesses north of the Queen Victoria Market.

*Opportunity: Commence discussions with Yarra Trams and North and West Business Precinct to trial an extension of the free tram zone by two stops along Victoria Street.*

**Education and mentoring**

Consultation also identified a number of opportunities to reduce vacancy rates on shopfronts by providing education and mentoring to retailers seeking to open a retail business or expand their number of outlets.

**LEASING  
SUPPORT**

In the past, programs run by the City of Melbourne have supported start-up and small businesses accessing empty retail premises for pop-up shops. These start-ups have often proven to be successful in delivering an online offering through bricks and mortar, but often the transition to long term rental in the same location or elsewhere has been difficult due to significant increases in the rents and appropriateness of location.

There is an opportunity to develop an education and mentoring program to support these businesses to transition to permanent shopfronts. The benefits include supporting a diverse and unique retail offering in the City of Melbourne.

*Opportunity: Develop an education and mentoring program for start-up and micro businesses to identify and secure appropriate pop-up and long-term retail space. Education could be delivered through web-based information and mentoring with the City of Melbourne, delivered by a panel of mentors that business can engage through a limited application process.*

**OPPORTUNITIES | REAL TIME INFORMATION**

Feedback from retailers, smaller retailers in particular, suggests that they need better information and more timely insights to make data-driven decisions. In line with these findings, the following opportunities are presented.

- Implement real time data portal with integrated pedestrian, mobility and spend data that enables retailers to quickly respond to changing patterns and focus on customer experience in a timely and opportune way.
- Support education to retailers through webinars via the business precincts on how to access and use key data insights.

**DATA PORTAL**

The City of Melbourne Open Data Portal is an extremely rich set of data freely available to support social and economic development. Data sets such as pedestrian data are a valuable source of information for the retail and service economy. However, they are challenging for smaller independent retailers to use without support or education.

The Business in Melbourne Newsletter provides an excellent source of information and analysis with additional information including spend data, development, tourism and other insights on a quarterly basis. Accessing spend mobility data is expensive and generally inaccessible for small independent retailers.

A dashboard approach - with a focus on data visualisation - would help independent retail, service industries and hospitality to make best use of the real time and historical data already available. Many Australian and global cities are following this approach using a real time dashboard approach to provide intelligence as well as the source data.



*Opportunity: Implement a real time dashboard with integrated pedestrian, mobility and spend data enabling retailers to respond to changing patterns to improve customer and visitor experience in a timely and opportune way.*

**EDUCATION AND TRAINING**

To ensure the best use of the rich data sets available, retailers will require support, education and training to access and use the data and any dashboards. This can be delivered through how to guides, case studies and online training via the City of Melbourne website as well as through the City of Melbourne Precinct Business Program.

*Opportunity: Develop how to guides, case studies and online training for retailers about using the available data and dashboards to develop and refine their retail offer of products, services and opening hours.*

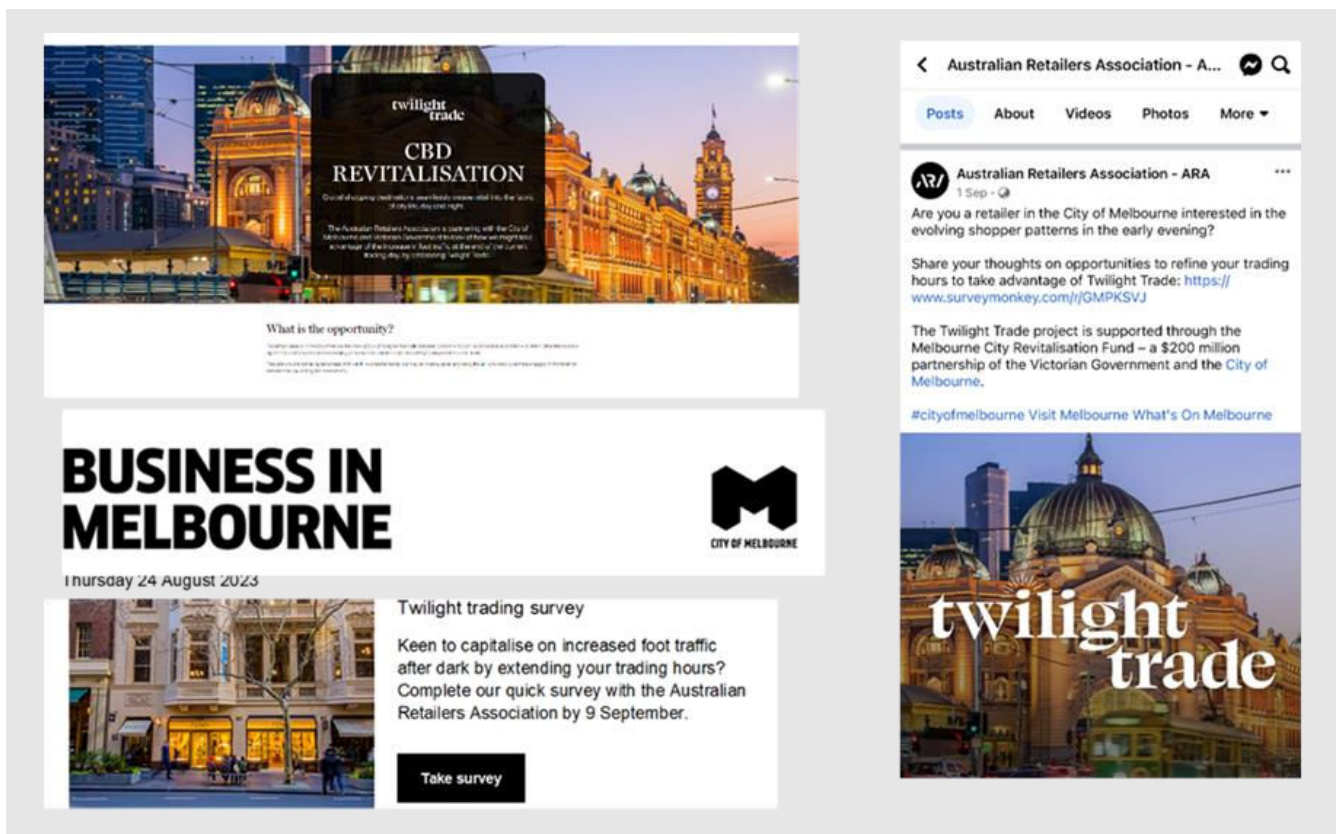
## CONCLUSION

This interim report presents the findings of desktop research, surveys, interviews and focus groups with City of Melbourne retailers, shopping centres and subject matter experts.

The report presents several recommendations including Phase 2 marketing activities to test the concept of Twilight Trading and present case studies for the way forward.

Additional opportunities to support retailers are included for consideration. These include place management, policy interventions and real-time insights that may support the reinvigoration of retail in the City of Melbourne.

The Twilight Trade Final Report, including outcomes from Phase 2 of the project, will be presented in mid-2024.



The collage features several key promotional elements:

- Top Left:** A poster for 'twilight trade CBD REVITALISATION' with a background image of Melbourne's city skyline at dusk. It includes text about the opportunity and a link to a survey.
- Top Right:** A screenshot of a social media post from the Australian Retailers Association (ARA) dated 1 Sep. The post asks if retailers are interested in twilight trading and provides a survey link: <https://www.surveymonkey.com/r/GMPKSVJ>. It also mentions support from the Melbourne City Revitalisation Fund.
- Bottom Left:** A flyer for 'BUSINESS IN MELBOURNE' on Thursday 24 August 2023, featuring the City of Melbourne logo.
- Bottom Center:** A survey advertisement titled 'Twilight trading survey' with the text: 'Keen to capitalise on increased foot traffic after dark by extending your trading hours? Complete our quick survey with the Australian Retailers Association by 9 September.' and a 'Take survey' button.
- Bottom Right:** A large image with the text 'twilight trade' overlaid on a night view of the Melbourne City Hall dome.