

A return to spending at out-of-town stores

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LONDON, UK: The fortunes of out-of-town shops are beginning to turn after they were particularly badly hit by the recession, helped by lower rents, superior access and better links to online. Over the next four years consumers will increase spending there by £14.7 billion (about R122 billion) - this is more than at any other location, finds Verdict, part of the Datamonitor group of companies.



Research by the independent retail analyst has found that although growth in spending dropped to 1.7% in 2009 from 3.0% in 2008, consumers are spending more at out-of-town retail parks this year. Verdict predicts that spending will increase by 2.9% this year and by 3.0% in 2011.

Matt Piner, analyst at Verdict said: "Despite many out-of-town retailers experiencing a tough time during the last few years sales are improving due, in part, to the expansion by supermarkets to accommodate their non-food products. As supermarkets at out-of town retailer parks get bigger, consumers are often more tempted to visit them due to greater convenience and choice of products. Therefore with more shoppers visiting the retail parks there are greater opportunities to increase sales in neighbouring shops."

Facing new challenges

However, although footfall may now be improving, with the increasing prominence of grocers on these sites, the retailers which have traditionally dominated (such as DIY, furnishing and flooring and electrical specialists) face new challenges. In the past consumers visited these stores at out-of-town sites because they were generally cheaper than anywhere else. However, competition is now far greater and low prices are no longer enough. Instead consumers are demanding value for money.

Piner continued: "The recession has led to one of the greatest shifts in shopping behaviour in 20 years as consumers are no longer able to buy things just because they want them. Purchases are now motivated by an essential 'need' so there is greater consideration and more effort put in to comparing alternatives. Out-of-town retailers will need to put greater effort into customer service, the shopping experience as well as variety and quality of products."

However, Verdict believes that one of the key reasons that out-of-town retailers will continue to do well over the next 5 years is because of a strong link to online. Services such as 'click and collect' are far easier for these retailers to offer and with

consumers continuing to use the internet to compare and research prices, this will help to drive sales.

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