



# Market Mix Policy & Market Mix Strategy 2017-2021

## **WHY MARKET MIX?**

South Melbourne Market (SMM) has cemented itself as a unique village experience seen nowhere else across Melbourne and Australia. SMM is an urban food forest full of quirky and playful characters and art.

This Market Mix Policy and 5 Year Market Mix Strategy for SMM has been developed to ensure SMM stays relevant to the community and remains one of Melbourne's favourite markets.

A wide range of research studies have been reviewed in the development of this Market Mix Policy and Strategy which is summarised in this document for the community.

## THE MARKET MIX POLICY

The SMM **Market Mix Policy** is an overarching guide to the principles for managing the best market retail mix at SMM. It draws attention to the traders' adherence to, and understanding of, fundamental retail principles.

Retailers need to find a unique combination of factors in the Retail Mix 6 P's (Product, Promotion, Place, Pricing, Presentation, Personnel) to find the right business model to best attract their target market. It is imperative that the Market traders understand their retail mix and how it fits the Market demographic now and into the future.

In order to ensure the Market's mix decisions adhere to SMM's Vision and Mission (Appendix 1) it is necessary to review existing and new stalls through the following filters:

- **Local:** Embracing and curating all that is local – including small businesses, products, designers, suppliers and reduced food miles. Local produce content is measured by our Trader Survey to gauge the value of stock grown or made in Melbourne, Victoria, Australia or overseas.
- **Sustainable:** Creating an environmentally, physically and financially enduring business as measured by the B Corp survey to be undertaken by each trader.
- **Inclusive:** Accessible to everyone in the community from a price and product mix perspective.
- **Trusted:** Shoppers can believe in the reliability of the produce, labelling and trader claims. A trusted destination for fresh, organic, free range and whole food.
- **Loved:** Market shoppers have a strong feeling of affection for this Market as their shopping, meeting and dining place. Remaining a loved, happy, quirky and experiential destination - full of moments of surprise and wonder.

We also need to ensure our market mix decisions reflect our Market Charter (Appendix 1), in particular:

- **Market Charter #3:** Attract new shoppers to the Market and retain existing customers, ensuring the Market is accessible to the entire Port Phillip community.
- **Market Charter #6:** Attract and retain a diverse range of appropriate stalls that offer products and services that meet the needs and expectations of shoppers.

The desirable attributes that the Market will be looking for will also include:

- **Best** in class (for business type)
- **Pedigree** or experience
- **Alignment** with the preferred retail mix
- **Customer** focus
- **Owner active** and present in the stall on most market days

- **Operational** and product standards that elevate sustainability, ethical practices, artisanal activity and local and fresh
- **Viability** – a thriving profitable business
- **Pricing** – inclusive, competitive and value for money
- **Visual merchandising** best practices for a market environment
- **Online presence** -must have a website and be demonstrably active on social media

The traders' adherence to, and understanding of, these principles will be reviewed by Market management during the licence renewal or Expression of Interest (EOI) processes.

A market retail mix review template will form the basis of this assessment and will inform Market management of the suitability of the stall for another licence or highlight any improvements or changes that may be required by the licensee. A business plan template will be provided to each licensee to complete prior to any renewal meeting. The renewal process should commence 10 months prior to license expiry to enable the licensee time to prepare a business plan for Market management.

The self-assessment of their business in the final year of their current licence gives all licensees a regular opportunity to update Market management on their business, growth potential, initiatives and retail plans.

In addition all stalls, whether closing or the subject of a sale, must now go through an Expression of Interest (EOI) process to find a replacement. This process allows the Market to clarify and document the desired use for the space (including selection criteria). This will ensure that:

- The net is cast wide enough to target as many candidates as possible (to enable SMM to find best in class stallholders)
- The Market determines who and what is best for the Market
- Potential licensees fully understand the requirements of the space on offer.

Collectively the policy provides transparency regarding the processes of Market management and more clarity to the licensees about the way their licences are managed.

## MARKET MIX STRATEGY

The new **5 Year Market Mix Strategy** will be used for the day-to-day management of the Market mix and licence coordination at the Market.

Changes to the retail mix in the Strategy are:

- Increasing the proportion of food stalls at the Market from 45% (currently) to 55%. Food will also be located strategically throughout the general merchandise areas to generate more foot traffic.
- The Market will analyse gaps in the Market mix and match the available spaces with the highest priority requirements in the gap analysis.
- The Market will favour food choices and stallholders that incorporate organic, free range, wholefoods, ethical practices and/or ethical sourcing of produce, social enterprise initiatives and theatre, and whose products are artisanal and local.
- The Market will target best in class for the business it wants to replace or the gap it wants to fill.
- SO:ME Space will continue as an incubator for small business.
- The York Street development will need to be addressed when the project is approved by Council, as at this stage it is in masterplan phase only.
- Supporting the community with at least one stall set aside for charities, social enterprises and the arts.
- Better representing our community:
  - Possibility of an extension of trading hours to meet community demand and changing retail habits (for example evening trading options and extended weekend hours)
  - Making mix decisions based on the changing demographic of the community
  - Measuring, and making changes based on, the community's experience at the Market.

Changes will be supported by ongoing research:

- The Market will conduct community surveys every two years specifically on the market mix to determine the rating of the Market's offer, and what the community want the Market to offer that it may not be currently.
- The Market will also continue to conduct general on-site customer surveys every six months.
- The Market will also conduct global review of Markets and food trends to make sure we are also introducing our discerning shoppers to new and exciting produce and experiences.

The Market Mix Strategy also embraces SMM's goal that by 2020 SMM will be a recognised sustainable and ethical leader in the community and across Melbourne and has set the target to be a carbon neutral, zero waste, community engaged and ethically leading market.

This will be achieved through the use of two frameworks:

- One Planet Living – a set of 10 principles that enables an organisation to plan for, communicate and deliver sustainable development.
- B Corp Assessment – an internationally recognised movement towards transparent social and environmental management.

As an example the table below highlights potential actions within the One Planet Living framework in relation to SMM's sustainable and ethical leadership:

<b>Principle</b>	<b>Description</b>	<b>SMM target examples</b>
Health & Happiness	Encouraging active, sociable, meaningful lives to promote good health and well being	<ol style="list-style-type: none"> <li>1. Ban smoking around the Market on Coventry, Cecil and York Streets;</li> <li>2. Create more public space</li> <li>3. Continue to include healthy options in the food offering</li> </ol>
Equity and local economy	Creating bioregional economies that support equity and diverse local employment and international fair trade	<ol style="list-style-type: none"> <li>1. Clear labelling</li> <li>2. Reviewing procurement to consider local and fair trade products and services</li> <li>3. Consider more social enterprise in market mix</li> </ol>
Culture and community	Respecting and reviving local identity, wisdom and culture; encouraging community engagement	<ol style="list-style-type: none"> <li>1. Source stories and launch sustainability goals through the SMM 150th anniversary</li> <li>2. Continue to encourage engagement with the community through social media, online stories, website blogs.</li> <li>3. Night Market and other community events like the Mussel Festival</li> </ol>
Land use and wildlife	Protecting and restoring biodiversity and creating new natural habitats through good land use	<ol style="list-style-type: none"> <li>1. Increasing green spaces by creating park land and open spaces on York Street.</li> <li>2. Utilising plants that provide a habitat for indigenous fauna</li> </ol>
Sustainable water	Using water efficiently in buildings, farming, and manufacturing	<ol style="list-style-type: none"> <li>1. Measuring and informing the community about our water sustainability, recycling and reuse.</li> <li>2. Set clear goals to improve water sustainability.</li> </ol>
Local and sustainable food	Supporting sustainable and humane farming, promoting access to healthy, low impact, local, seasonal and organic diets	<ol style="list-style-type: none"> <li>1. Supporting local, sustainable farming practices as a priority</li> <li>2. Ensuring clear labelling for consumers on the health/organic aspects of produce</li> </ol>
Sustainable materials	Using sustainable and healthy products such as those with low embodied energy, sourced locally, made from renewable or waste resources.	<ol style="list-style-type: none"> <li>1. Set goals and guidelines for sustainable and renewable materials to be used at the Market.</li> <li>2. Encourage traders to use sustainable and renewable materials when considering their fit out</li> </ol>
Sustainable transport	Reducing the need to travel	<ol style="list-style-type: none"> <li>1. Support Council goal to improve sustainable transport options</li> </ol>
Zero Waste	Reducing waste, reusing where possible and ultimately sending zero waste to landfill	<ol style="list-style-type: none"> <li>1. Expanding recycling</li> <li>2. Increasing awareness of SMM practices</li> <li>3. Banning plastic bags</li> <li>4. Stipulating waste reduction initiatives from Cleaning contractors</li> <li>5. Gaia Recycle and worm farm servicer for food waste</li> </ol>
Zero Carbon	Making building energy efficient and delivering all energy with renewable technologies	<ol style="list-style-type: none"> <li>1. Investment in solar panels for SMM to be energy positive</li> <li>2. Review renewable technologies for the Market</li> </ol>

## **CHANGING RETAIL MIX TO MEET COMMUNITY NEEDS**

The Market Mix Policy and Strategy sits in a context of understanding the Market demographic and changing retail and community trends.

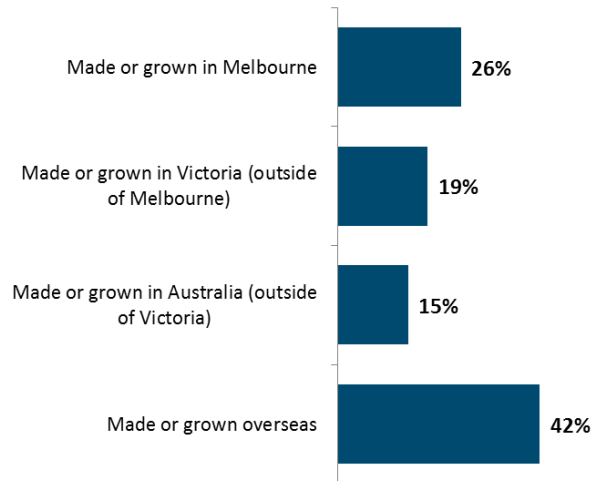
Feedback from our exit interviews conducted in May 2016 (wave 2) shows that our fresh food offer (seafood, fruit/vegetable, deli, meat and poultry) continues to score well, with over 90% of shoppers rating these aspects as very good or excellent.

In contrast, shoppers regard the overall clothing, accessories and services offer in the Market as quite poor. However, as the offer continues to be monitored and changed in line with local and global trends and the needs of the local community, more positive results for these two categories are being observed in the exit interviews.

Ratings on clothing and accessories have improved from 38% giving a score of 4 or 5 (very good and excellent) in September 2015 to 50% in May 2016 (with awareness remaining unchanged). Satisfaction with services has also improved significantly, with 64% of respondents rating 4 or 5 in May 2016 versus 46% in September 2015, while satisfaction for General Merchandise has remained the same at 61% of respondents giving it a rating of 4 or 5 out of 5.

This data will continue to be used to improve the shoppers experience at the Market, and part of our strategy will be to increase the rating of Clothing and Accessories, as well as continuing to improve Services and General Merchandise. Independent market research shows that globally, there is a growing interest in food in general - from paddock to plate. Consumers are becoming more and more concerned with knowing the source of their food as well as becoming more interested in artisan products and processes. As an example, changing consumer tastes and preferences for natural, healthy and authentic foods have contributed to the rapid surge in artisan made products. Another related (and increasingly popular) food trend is measuring 'food miles', that is, the distance over which a food item is transported from producer to customer. The focus is on reducing this number as much as possible, with a focus on local food.

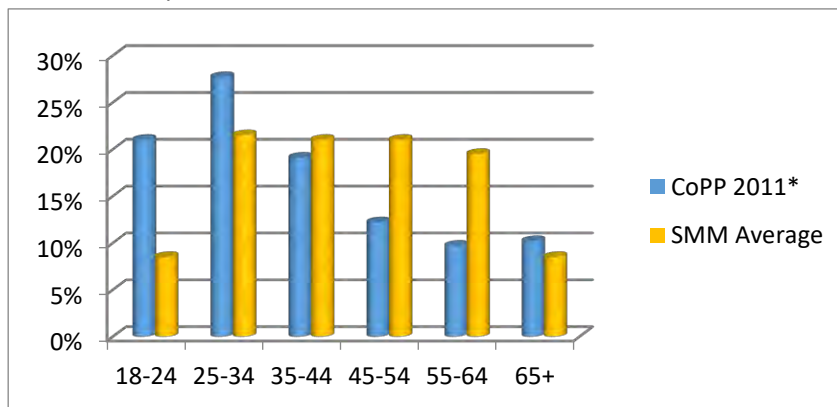
The data from the SMM Trader's Research conducted in 2015 shows that 26% of produce purchased for sale at the Market is grown or made in Melbourne, followed by 19% grown or made in Victoria (outside Melbourne), 15% grown or made in Australia (outside Victoria) and 42% grown or made overseas. This data provides us with a benchmark to measure our strategic goal to increase the amount of local produce on offer at SMM in line with consumer demand.



It is also important that we recognise the changes in the community demographic. We will continue to conduct six monthly market research exit interviews and use overall City of Port Phillip (CoPP) and greater Melbourne demographic data to ensure that the Market is continually adapting to changing community needs.

#### Community snapshot:

- The average CoPP resident is significantly younger than the average Market customer (Market research exit interviews Sept 2015 & May 2016 and 2011 Census data).



- CoPP has a larger number of single occupancy households (36.1%) compared to Greater Melbourne (22.3%), and if you add couples without children this value increases to 61.3%. (CoPP Demographic research)
- CoPP has a much lower number of households with children at 19.7% (this includes couples 14% & one parent families 5.3%) compared to 44% in Greater Melbourne.
- Dog ownership in CoPP is approximately 6,500, which is a potential target audience in the mix. The Fisherman's Bend project will likely significantly increase the local population.



This snapshot indicates that SMM has capacity to better service our local community.

To do this, the Market needs to introduce more stalls that attract the 18-35 year age group. Add to this the fact that retail expenditure is predicted to continue to grow, with the market share of Gen x, y & z making up 71% of all retail sales by 2031 (AMP Capital – Generation evolution impact on shopping centres and retailers), and the need to cater for this younger generation in order to remain a thriving retail space becomes more apparent.

The Market also needs to consider in their mix planning that singles and couples without children account for 61.3% of the local community. In addition, other factors like rapidly increasing population and pet ownership should be taken into account in the planning process.

# Appendix 1:

## SMM Strategic Plan 2015-2020

- South Melbourne Market Operational Charter:
  - Retain and enhance the distinctive features and characteristics of the Market.
  - Improve the physical condition and environmental performance of the Market buildings and associated infrastructure.
  - Attract new shoppers to the Market and retain existing customers, ensuring the Market is accessible to the entire Port Phillip community.
  - Enhance the visibility and accessibility of the Market for shoppers and enable them to find the Market readily, get to it easily and move around it comfortably.
  - Leave Market visitors with an enjoyable and memorable shopping and social experience by providing a vibrant atmosphere in a clean and safe retail market environment.
  - Attract and retain a diverse range of appropriate stalls that offer products and services that meet the needs and expectations of shoppers.
  - Operate the Market profitably and in a professional manner.
  
- South Melbourne Market Vision:
  - “To be known as Melbourne’s favourite market, a unique destination that celebrates local, is sustainable and inclusive, and a place that is trusted and loved by the community. We are the quintessential Village Market.”
  
- Tag line:
  - “South Melbourne Market: Experience life at the village market”
  
- South Melbourne Market Mission
  - The South Melbourne Market will achieve our Vision by:
    1. Being accessible and inclusive for the whole community.
    2. Embracing and curating all that is local – including small businesses, product, designers and suppliers.
    3. Remaining a loved, happy, quirky and experiential destination - full of moments of surprise and wonder.
    4. Being a trusted destination for fresh, organic, free range and whole food.
    5. Continuing to be environmentally and economically sustainable – a financially secure urban garden experience, living and breathing green.

## Appendix 2:

- **Australian Market Mix – IBIS data**

- Australians spend \$147.3b on food annually
- Australians spend \$40.1b on general merchandise\*
- 78.6% of expenditure is on food
- 21.4% on general merchandise

\*In categories the SMM trades in with the exception of pets, cycling, toys & furniture

- SMM Market Mix v CoPP Market Mix:
- SMM has 144 traders
  - 65 traders in food (45.1%)
  - 79 traders in general merchandise (54.9%)
- CoPP has 1107 traders\*
  - 630 Traders in food (56.9%)
  - 477 Traders in general merchandise (43.1%)

\* The main shopping strips of Elwood, Elsternwick, St Kilda E, St Kilda, Ripponlea, Albert Park, South Melbourne & Port Melbourne