

City of Langley
Business Retention & Recruitment Strategy

Study Background

In Spring 1997, City of Langley's Business Retention & Recruitment Strategy Committee commissioned Waugh Research to complete a Business Retention & Recruitment Strategy for the City of Langley. The purpose of this Business Retention & Recruitment Strategy is to present a process which will assist existing businesses to be more successful, and to attract new complementary businesses to the City of Langley's commercial shopping area to ensure the shopping area's success. In order to provide a base of market information to develop the strategy three project phases were completed. The phases consisted of a Resident's Shopping Patterns Survey, Business Owner's/Manager's Survey and several formal and informal meetings with City of Langley business owners, managers and leaders. In addition to this primary research, secondary research was completed on past and current retail/service business trends effecting the City of Langley's commercial shopping area.

Due to the explosive growth of retail/service outlets, including many 'big box' retailers in the Willowbrook shopping area, the City of Langley commercial shopping area businesses have experienced tremendous change in the past few years. As noted by business survey respondents, 68% indicate having faced 'tougher' competition in the past three years, with 53% of this competition having come from non-Langley competitors moving into the market. This increased competition has presented a challenge to most traditional retail/service sectors; 65% of surveyed businesses indicate they have lost market share over the past 3 years. The results also indicate a continued mix of business attrition and growth over the next 3 years.

This strategy report is a working document, it isn't and shouldn't be static, as market pressures on the business community will continue to present new challenges. The strategies outlined are meant to guide the direction and decisions of the Business Retention & Recruitment Strategy Committee and other community groups interested in strengthening the City of Langley's commercial shopping area. The information contained in this report should be disseminated to all City of Langley business people for their understanding and 'buy-in' as stakeholders.

The definition of City of Langley's commercial shopping area used for the studies was the City of Langley's commercial area located south of the Langley By-Pass therefore excluding the Willowbrook shopping area.

City of Langley's Trade Area

The overall trade area for the City of Langley's commercial shopping area is defined as all residents living in the City and Township of Langley, as well as residents of Cloverdale. This definition of trade area encompasses resident's living within 10 or so minutes of a shopping area, and is focused on the convenience and selection of merchandise available to them. For some merchandise and services, such as groceries, pharmacies and video rentals the trade area is smaller, especially if there is more convenient competition.

There are two changes effecting the current size of City of Langley's commercial shopping area's trade area; 200th Street and the redevelopment of the Cloverdale shopping centre. As the 200th Street corridor traffic becomes more heavily congested the north/south flow of resident's from Walnut Grove will further diminish. As a result of this current traffic pressure, population growth and to the trade areas defined for grocery stores, two grocery stores have already been developed in the Walnut Grove area.

Depending upon the retail/service mix in the redeveloped Cloverdale shopping centre a further loss of Cloverdale resident's using City of Langley's commercial shopping area may be experienced. As well, due to the distance to City of Langley's shopping area and the current mix of retailers/service providers Aldergrove residents do not form a strong part of the trade area.

The greatest competition for trade area resident's comes from Willowbrook Shopping Centre and area, Guilford Shopping Centre and Cloverdale shopping area. For every shopping visit made by trade area resident's to City of Langley's commercial shopping area there are 1.5 visits made to Willowbrook, in other words the Willowbrook shopping area sees 50% more shopping visits than City of Langley's commercial shopping area. For every shopping visit made by trade area resident's to City of Langley's commercial shopping area there are approximately 0.2 visits made to Guildford Shopping Centre or Cloverdale shopping area, in other words there is 80% fewer visits to these areas than City of Langley's commercial shopping area. Ninety percent of trade area residents indicate that they shop most often in the Langley community, including both Willowbrook shopping area and City of Langley's commercial shopping area. Over a quarter of trade area residents spend \$25.00 or more in the City of Langley's commercial shopping area at least bi-weekly and over half of the trade area residents work in Langley.

Many of the retail/service outlets located in the City of Langley's commercial shopping area can not compete with national chains, especially the 'big box' and 'category killer' retailers, due to the volume buying power of these chains. Therefore, to compete the City of Langley's commercial shopping area businesses must position themselves as offering something the national chains do not or can not provide. The perception of business and resident respondents is that the City of Langley's commercial shopping area's business' strength is the 'Quality of Products/Services', 'Customer Service/Staffing' and 'Loyalty/Past Experiences' followed by 'Word of Mouth Referrals'. Those businesses who have relied on 'Word of Mouth Referrals' and not combine this marketing method with solid, continuous paid advertising may find their market share reduced over time, especially in a growth market where new residents are not aware of their offerings. Twenty percent of the residents did not live in the trade area five years ago.

The City of Langley commercial shopping area has changed over the past two decades from predominantly convenience driven to destination driven, based on the increased competition from the Willowbrook shopping area businesses.

The strategies outlined in this report are based on the information collected via the Resident’s Shopping Patterns Survey, Business Owner’s/Manager’s Survey and several formal and informal meetings with City of Langley business owners, managers and leaders as well as secondary research. The following strategies focus on the needs of customers and business owner’s, as only when both are satisfied does successful retailing/service providing occur.

Retention Strategies

There are several primary strategies which can be used to allow current businesses to be more successful, and therefore encourage them to remain located in the City of Langley’s commercial shopping area.

<i>Strategy:</i>	Develop Central Theme
<i>Objective:</i> developing	Position the City of Langley’s commercial shopping area by a central theme to be used in advertising by all area businesses.

Many downtown areas throughout B.C. and Washington State have adopted themes focusing on the physical image of the area. Areas such as Chemainus, Nelson or Levenworth come to mind. Generally, these themes are developed based on existing physical attributes in the downtown area, whether it be murals or building facades. A central theme can help a shopping area develop a strong position and increased value in it’s market.

It is recommended that a positioning theme be developed for the City of Langley commercial shopping area based, not on the area’s physical attributes, but on resident’s feelings toward the shopping area. As mentioned by respondents in both surveys, the most liked offerings of the shopping area are it’s:

- Atmosphere
- Service-Friendliness
- Appearance/Cleanliness
- Convenience
- Quality of Merchandise
- Prices

It is recommended that the City of Langley’s commercial shopping area’s theme be developed around these elements which are somewhat unique to the shopping area. An example of a theme slogan is “Traditional Service, Traditional Values” which focuses on the way shopping used to be, when stores were smaller, staff was more personable and businesses valued customers. The theme should be tied into City of Langley commercial shopping area businesses through placement in the businesses advertising and on any specialty promotion items or flyers. To further increase awareness and recognition of the theme, it should be tied to an shopping area logo, whether it be the City of Langley or Langley Downtown Merchants Association logo.

Reinforcing the development of a theme is the growing discomfort many consumers are feeling toward large retail outlets, especially ‘big box’ retailers and ‘category killers’. And the recent

announcement by several national chains that they will be limited the size of future store developments, partially as these stores will serve to fill-in the market gaps, but also, it is felt, due to the small but growing dislike for giant stores. Many consumer surveys have given an indication that consumers feel uncomfortable in large stores and feel that the level of service provided is lower than in smaller stores.

<i>Strategy:</i>	Improve Awareness of Retail/Service Outlets Selection
<i>Objective:</i>	Increase trade area resident’s awareness and understanding of the number, variety and selection of retail and service businesses located in the City of Langley’s commercial shopping area, thereby increasing the number of trade area residents using the shopping area.

The product/service selection offered by City of Langley’s commercial shopping area is much broader than offered by most, if not all, businesses in the Willowbrook shopping area. With the exception of some of the ‘big box’ retailers/‘category killers’ such as Home Depot, Chapters, and somewhat Staples and Mikasa, City of Langley’s commercial shopping area stores together offer a greater selection of merchandise due to the fact most are independently owned and source merchandise from a wider variety of suppliers.

It is recommended a business directory and shopping area map be developed to increase trade area resident’s awareness, understanding and use of the selection of retail/service businesses located in the City of Langley’s commercial shopping area. This can be accomplished in two steps:

First, a complete directory of all businesses located in the City of Langley’s commercial shopping area, listed alphabetically and categorically. The directory should include information on business name, address and telephone number, however it could be expanded to also include a store description (including brand names sold, owner’s/manager’s name, hours of operation, special services offered, i.e. custom ordering, etc.). Of the shopping areas which have developed a directory/map most were surprised by the number and variety of businesses located in their shopping area.

Second, a map of the shopping area with all businesses or at least landmark businesses indicated should be designed and produced. The map should have a fun-focus and needs to be professionally designed.

The combined business directory and map can significantly strengthen the impact they have on the customers using them. The business directory and map can be produced annually and distributed to trade market households and through shopping area businesses. The directory/map can be designed to incorporate paid advertising which may cover it’s full production/distribution costs.

Strategy:	Develop Joint Downtown & Niche Marketing Opportunities
Objective:	Strengthen City of Langley's commercial shopping area businesses through the use of shared-cost paid advertising.

As part of the business survey, business owners and managers were asked why their customers chose their business over their competitors. One of the highest rated reasons provided was 'Word of Mouth Referrals' while the lowest rated reason provided was 'Advertising/Promotion'. A business's loss in market share is a strong indication that the business may be relying too heavily on 'word of mouth advertising' versus 'paid advertising'. The business doesn't attract any new trade area resident's simply because those resident's haven't seen any advertising for them. Sixty-eight percent of surveyed businesses indicate having faced 'tougher' competition in the past three years, with 53% of this competition coming from non-Langley competitors moving into the market. This increased competition has presented a challenge to most traditional retail/service businesses as 65% of the surveyed businesses indicate they have lost market share over the past 3 years.

To increase the number of trade area resident's shopping in the City of Langley's commercial shopping area a cost-shared paid advertising program should be developed. Along with reducing the cost per ad, the joint advertising program allows smaller or less sophisticated businesses to get a greater market impact, therefore increased awareness and sales. A joint advertising program can utilize a group newspaper purchase (i.e. a page shared by the same businesses every month) or a jointly produced flyer/brochure or poster.

It is also recommended that a cost-shared paid advertising program be promoted with current and future niche retail/service outlets, such as restaurants or antique stores. A simple listing and description in a standard brochure can assist these niche businesses to increase their local customer base, as well as effectively market to a wider geographical market. An example of this program, would be a joint flyer focusing on businesses serving seniors needs distributed directly to apartment/condo buildings within the downtown core.

Strategy:	Change Attitudes Regarding Parking
Objective:	Develop an awareness campaign to debunk the myth that there is not sufficient parking in the shopping area.

The lack of parking issue in downtown shopping areas is generally based on little fact and a lot of perception. As the Consultant noted during many trips, over several months and including all days of the week, to the City of Langley's commercial shopping area parking can become busy but there is always available parking. The myth that there is no or a lack of available parking in 'downtown' shopping areas comes from the belief of many customers and merchants that you must be able to park in-front of the store at which you are shopping. Customers also have the myth that as soon as they enter a shopping centre's outside doors they have entered their destination store, even though the destination store may still be a few 'blocks' away. In other words, customers shopping in a downtown have higher expectations of close, available parking than do those visiting in a shopping centre. The fact is that the City of Langley commercial shopping area has over 1200 available parking stalls.

A couple of methods can be used to combat this myth or perception. The first is to develop a simple fact sheet for circulation to all current shopping customers through shopping bag inserts. This is a quick and inexpensive method to begin to change peoples attitudes toward parking. To reach non-current customers a more expensive newspaper advertising campaign would be required but is not recommended at this time.

In discussions with business people, it was noted that many are upset by neighbouring business owners and employees using prime parking stalls during business hours. The current value of a downtown commercial parking stall is between \$10,000 and \$15,000 in annual sales. To encourage these parking stall abusers to change their bad habit, it is recommended that an article outlining the value of parking stalls should be placed in upcoming Langley Chamber of Commerce and Downtown Langley Merchants Association newsletters. To further reinforce the cost of this practice and discourage business staff from using valuable parking stalls, an anonymous business card sized note could be developed, with copies sent to all businesses. These businesses would then be encouraged to ticket known offenders. Anonymous peer pressure can have a great impact on people’s habits.

With expected continued growth in the City of Langley’s commercial shopping area there will increased pressures placed on parking stalls in the future. It is further recommended that a specific strategy is developed by the City of Langley to ensure sufficient land is available as the need for parking increases.

<i>Strategy:</i>	Provide Retail & Service Industry Training
<i>Objective:</i>	Increase the availability of professionally trained, customer-focused staff for work in the retail and service sectors.

One of the key challenges facing many businesses today, and mentioned by many business survey respondents, is attracting and retaining qualified staff. Currently, there are two specific Langley-based projects which will assist to alleviate this challenge:

The first is the Employment Development Plan being completed for the Langley Human Resources & Development Centre, the City and Township of Langley and the Langley Chamber of Commerce. The study is focusing on the identification of current and future labour market needs, the existing resources to meets those needs, and the gaps which exist between the needs and solutions. Although the results of this study will focus on a broad range of labour needs, it is expected that the needs of retail and service businesses will be addressed.

The second project is the joint Langley Human Resources & Development Centre, Stenberg & Associates, and Mennonite Centre Committee retail employees training project. The retail training store, ‘Rethreads’ will train EI recipients in retail store operations through combined classroom and ‘on-floor’ training over a 12 week program. Once participants complete the program, they will be encouraged to seek retail job opportunities in the Langley area.

Though the question wasn’t asked specifically of business owner’s and manager’s, there may also be a need for specific training for retail and service business owners/managers. This perceived need is based on both personal interviews and the fact that most of the City of Langley commercial

shopping area’s businesses are ‘independents’, with 42% of businesses having 3 or fewer employees requiring the owners/managers to be an “expert at all things”. It is recommended that the Business Retention & Recruitment Strategy Committee meet with the Employment Development Plan partners to better understand what resources may be focused on retail/service business needs and what, if any, role they can take in the delivery of that assistance.

Recruitment Strategies

There are several primary strategies which can be used to attract new businesses to City of Langley’s commercial shopping area.

One of the key differences between a shopping centre and a downtown shopping area is the fact that shopping centres have optimum retail mix plans and lease only to businesses that satisfy their retail mix criteria. This control over tenants provides shopping centres the ability to build the best retail mix which provides the maximum number of customers and sales. On the other hand, downtown shopping areas don’t have a single property owner but a multitude of local and absentee property owners who all have their own financial pressures and preferences about the best business for their property.

The best method any non-controlling body has to influence the development of a specific retail mix is to be proactive and aggressive in it’s recruiting efforts. The first step in this recruiting process is to develop a list of business targets for their downtown (including niche markets), followed by designing a recruitment information package and then developing a simple database of vacant properties.

<i>Strategy:</i>	Develop Niche Markets
<i>Objective:</i>	Develop retail/service niches based on existing business mix and
attract	additional complementary retailers/service outlets to the City of
	Langley’s commercial shopping area in an effort to strengthen
the	area’s offerings.

As the City of Langley’s commercial shopping area loses more customers to competing retail/service outlets in the Willowbrook shopping area, Walnut Grove shopping area and Cloverdale shopping centre, a strategy to attract a more focused customer from a broader market is needed. As well, due to advent of shopping centres and the perceived convenience of the one-stop-shopping they provide, ‘downtown’ stores are often seen and used as destination stores. While typical trade areas are defined as resident’s living within 10 minutes or so of a shopping area, retail niches may attract resident’s living within 20 to 40 minutes of a shopping area.

It is recommended that a niche market strategy be used to attract specific store types to the City of Langley’s commercial shopping area. It is recommended that the specific niche markets to be focused on include the following:

- Entertainment
- Higher-end Clothing/Shoes

- Fine Dining Restaurants
- Professional Offices - including medical, dental

Entertainment has been recommended due to the proposed entertainment shopping complex to be located on the Langley By-Pass east of 200th Street. The entertainment centre will have a much wider market draw than the current trade area, in fact it is expected to draw customers from all over the Fraser Valley, including Surrey, White Rock and North Delta. The businesses attracted into this category should be complementary, not competitive, to the final tenant mix housed by the development. According to the information gathered in the Resident's Shopping Patterns Survey, currently 87% of the money spent on entertainment is spent outside the City of Langley's commercial shopping area, this represents a loss of an estimated \$75,000,000 per year. Securing this entertainment centre and complementary businesses would enable the shopping area to gain back most of this money and attract even more through an expanded trade area.

The need for more higher-end clothing and shoe stores were mentioned by both business and resident survey respondents. The Resident's Shopping Patterns Survey results indicate an estimated annual loss of \$110,000,000 from the shopping area. Though most of the clothing expenditures are lost to the Willowbrook shopping area, the higher-end clothing shoppers aren't well serviced, other than for a few stores and the additional of the Winners concept store.

Again, many survey respondents indicated a need for more fine dining restaurants located in the City of Langley's commercial shopping area. Seventy-three percent of restaurant meals purchased by trade area residents are outside the City of Langley's commercial shopping area.

It is also recommended that professional offices be explored as a potential niche market. Given the expansion of Langley Hospital and the age profile of City of Langley resident's living within a couple of blocks of the shopping area, professional offices related to medical and dental services may provide a strong niche for the shopping area. Medical office customers quite often complete other shopping before or after their appointments while dental office customers are less likely to shop after appointments. It is estimated that trade area resident's annually spend \$15,784,000 for medical and dental services.

In addition to these four recommended niche markets, it is recommended that a further review of types of businesses be completed to see if any market clusters can be developed. That is if there is a concentration of antique stores or automotive shops that would benefit from joint marketing. The Langley By-Pass Auto Mile is a form of clustering which helps the dealerships jointly advertise and attract customers from a larger trade area than if they were spread out in the downtown shopping area.

<i>Strategy:</i>	Develop Recruitment Information Package
<i>Objective:</i>	Assist in the attraction and selling of the City of Langley’s commercial shopping area as a viable location for business expansion, by providing market details in a professionally designed package.

The recruitment information package would include the following information:

- Area Profile & History
- Trade Area Demographic Profile
- Geography of Shopping Area
- Current & Future Retail/Service Mix
- Typical Business Costs
- Available Properties Listing/Sheets

It is recommended that the Recruitment Information Package be professionally designed and formatted as a folder with stagger-cut loose sheet inserts so that information can be updated quickly and inexpensively.

The purpose of the Recruitment Information Package would be to be used as support during personal presentations to prospective tenants and for mailing to prospective tenants, real estate agents or developers. It is recommended that the Business Retention & Recruitment Strategy Committee aggressively recruit businesses it has targeted for the shopping area, either general or niche businesses. Both national/regional chains as well as independents located in other Lower Mainland markets should be considered.

<i>Strategy:</i>	Develop Vacant Property Database
<i>Objective:</i>	To assist property owners to locate and attract businesses which fit the needs of the City of Langley’s commercial shopping area and it’s customers.

The vacant property database should include the address, contact name, contact telephone number, square footage, type of building (with simple description of layout and major features) and neighbouring businesses. This database, simply designed and continuously updated, will assist the Business Retention & Recruitment Strategy Committee to quickly provide potential tenants with information. The database will therefore provide property owners with longer term tenants and strengthen the shopping area with complementary businesses.

Additional Suggestions Made By Surveys Results

There were two other key survey findings not developed into specific strategies, which are expanded business hours and addition of all-in-one-market.

The findings will be brought forward to the Business Retention & Recruitment Committee for further discussion and clarification.