# Electronic Consumer Spending Patterns in Northcote Town Centre

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# Electronic Consumer Spending Patterns in Northcote Town Centre

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# Executive summary

Northcote is a town centre located on Auckland's North Shore that contains a mixture of goods and services retail activities. These include food hospitality; household and medical services; core retail; and food and liquor retail, including a medium sized supermarket. The centre is ethnically diverse in terms of its business owners, the goods and services on offer and the communities who shop and socialise therein. The centre also contains a range of transport and social infrastructure and public space, making it an important hub of amenity for the surrounding community.

The analysis in this report utilises electronic transactions data capturing the electronic component (Eftpos, credit and debit cards) of spending from households[1]. The data generates a picture of the level and type of activity within the centre through the total sales of goods and services at Northcote merchants. Spending information was purchased and analysed as part of a broader research project on ethnic precincts in Auckland[2]. The Northcote analysis was included as a comparator to the Balmoral shops, the main focus of this research. As such, this report goes on to compare Northcote spending patterns to those in Balmoral.

As a town centre, Northcote serves the surrounding community, with a significant share of spend also originating from households spread predominantly around the middle North Shore area. A concentration of spend also comes from households located on the north-eastern side of the Albany metropolitan centre, although this may be due to recent growth in the area affecting the catchment map.

Overall, 50 per cent of the centre's spend comes from households located within 5.5 kilometres road network distance of Northcote and 80 per cent from those within 11.3 kilometres. These are larger areas than those served by other North Shore town centres, but smaller than the catchments of metropolitan centres. There is some variation in catchment sizes across retail categories, by time of day and between different consumer age brackets.

[1] These figures do not represent total sales. A share of sales in a centre will also be to businesses and cash spending from households, however, these are excluded from this analysis. For further information on estimating total spending flows, refer to Fairgray, S. (2013). *Retail economic evidence base*, Auckland Council technical report, TR2013/046.

[2] Meares, C., Cain, T., Hitchins, H., Allpress, J., Fairgray, S., Terruhn, J. and Gilbertson, A. (2015). *Ethnic precincts in Auckland: understanding the role and function of the Balmoral shops*. Auckland Council technical report, TR2015/015.

In 2013, there was $31.20 million of electronic sales and 1.04 million electronic transactions recorded to households at merchants within the Northcote centre. Food and liquor retailing and household services had the highest share of sales activity.

Retail activity in Northcote is relatively evenly spread across the week, other than on Sunday where total activity is lower as many of the household and medical services merchants have limited or no opening hours during the weekend.

Nearly all sales occur between 8am and 8pm, with only a small value of sales in the food hospitality and food and liquor retail sectors occurring outside of this time. For most retail categories, the largest share of sales occurs in the afternoon, other than hospitality, where more sales occur in the late afternoon to evening.

Over one-third (37%) of sales are to people aged between 30 and 44 years, with the remainder to people aged 45-59 years (27%), 15-29 years (23%) and 60+ years (14%). Average transaction value increases with age across the age profile. Younger consumers have higher shares of their spend on food hospitality, and during the evening; while older people have higher shares in medical services and core retail and during the morning.

Northcote has the lowest level of electronic retail sales of all North Shore town centres. Despite having the smallest overall sales, Northcote has the largest value of sales in food hospitality and household services of all North Shore town centres.[3] It reflects the significant hub of this type of activity within the centre; many of the businesses in this sector in Northcote are owned and/or operated by new Aucklanders of Chinese and Korean ethnicity. On average, consumers travel further to Northcote than consumers do to other North Shore town centres.

Despite having similar concentrations of Chinese owned and/or operated businesses (Meares, et al. 2015)[4], Northcote and Balmoral centres differ substantially in terms of their economic role and function. Northcote acts as a town centre with a range of activities serving the surrounding neighbourhood and households from the wider North Shore area. Trade occurs predominantly in the daytime during the week, with a decreased level of activity on Sundays. Conversely, Balmoral has a dual role, acting as a local centre meeting the needs of the local community during the daytime; and acting as a food hospitality destination during the evenings, particularly for younger people.

[3] Town centres refer to those zoned as town centres with the Proposed Auckland Unitary Plan centres hierarchy. They include Birkenhead, Browns Bay, Devonport, Glenfield, Milford, Northcote and Sunnynook.
[4] According to the 2014 stock-take, 61 per cent of businesses in the Balmoral shops and 57 per cent of the Northcote centre are owned and/or operated by people of Chinese ethnicity.

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# 1.0 Introduction

Northcote is a town centre located on Auckland's North Shore that contains a mixture of goods and services retail activities. These include food hospitality; household and medical services; core retail; and food and liquor retail, including a medium sized supermarket. The centre is ethnically diverse in terms of its business owners, the goods and services on offer and the communities who shop and socialise therein. The centre also contains a range of transport and social infrastructure and public space, making it an important hub of amenity for the surrounding community.

Northcote is one of several concentrations of ethnic businesses, sometimes known as 'ethnic precincts', which have emerged in Auckland's retail landscape since the immigration reforms of the late 1980s. The Ethnic Precincts in Auckland project, funded by the Research and Evaluation Unit (RIMU), was developed to enhance our understanding of this relatively recent development.[5] Focusing on the Balmoral ethnic precinct, the research project was guided by the following key questions:

- What social and spatial role/s does the Balmoral precinct play in the community?
- What economic role/s does the Balmoral precinct play in the community?
- What enables or constrains the development of businesses located there?
- What opportunities are there for social and economic development?

Detailed spending data was purchased during the course of the research to assist in answering these questions. An analysis of this data provides information on the centre's retail activity and the ways in which consumers are accessing and using the centre. As a comparator centre, detailed spending data was also obtained for Northcote.

This report provides an analysis of the spending data for Northcote. It uses the data to identify where people are coming from to access the centre; the geographic area that it serves; the level and pattern of retail and services activity within the centre; and the age demographic profile of consumers.

The report is structured as follows:

- section two describes the data used in the report;
- section three analyses the catchment area served by Northcote;

[5] Meares, C., Cain, T., Hitchins, H., Allpress, J., Fairgray, S., Terruhn, J. and Gilbertson, A. (2015). *Ethnic precincts in Auckland: understanding the role and function of the Balmoral shops*. Auckland Council technical report, TR2015/015.

- section four describes the overall pattern of sales within the centre and how it is distributed throughout the day and week;
- section five examines the consumer profile and spending patterns;
- section six compares Northcote spending patterns to Balmoral, the study area of the Ethnic Precincts project;
- and section seven provides concluding remarks.

## 2.0 Data

This report utilises transactions data that captures the electronic component (Eftpos, credit and debit cards) of spending from households[6][7]. The data generates a picture of the level and type of activity within the centre through the total sales of goods and services of Northcote merchants. Data has been divided into five retail categories.[8]

- Food hospitality: takeaway shops, bars and restaurants, etc.
- Food and liquor retail: supermarkets, groceries, convenience stores, liquor outlets, etc.
- Core retailing: goods retailing such as antique and curio stores, bookshops, housewares and sport and camping equipment, etc.
- Household services: hairdressing, laundries, cinemas, insurance and travel agents, etc.
- Medical services: doctors, physiotherapists, medical centres, etc.

The data also includes:

- the age bracket of the consumer;
- the neighbourhood in which they live[9]; and
- the time period (day of week and time) during which the sales occurred.

An analysis of this data shows the geographical area served by Northcote centre; the age of people from different areas accessing the centre; and the categorisation of consumer types. Importantly, each of the variables used to classify the sales data (retail category, consumer age and neighbourhood location, and time period) are interconnected, meaning that differences in the patterns of sales can be analysed across different categories and groups. For example, it shows the breakdown of spend by retail category within each age group; and how the centre catchment area changes by time of day and retail category.

[6] These figures do not represent total sales. A share of sales in a centre will also be to businesses, and cash spending from households, however, these are excluded from this analysis. For further information on estimating total spending flows, refer to Fairgray, S. (2013). *Retail economic evidence base*, Auckland Council technical report, TR2013/046.

[7] Data has been sourced from Marketview Ltd. Refer to Fairgray, S. (2012). *Understanding the geographic relationships between households and retail/services centres across Auckland's urban structure: Methodology and regional structure analysis,* Auckland Council technical report, TR2012/024 for further technical information on the data source.

[8] Each merchant has been coded to a retail category rather than the categorisation of individual items sold within the store.

[9] Data was supplied in aggregated form for neighbourhoods as a whole so that no individual cardholders were able to be identified. Similarly, sales data was provided for the retail category as a whole so that individual merchants were not able to be identified.

# 3.0 Geographical centre catchments

Under the Proposed Auckland Unitary Plan, Northcote is a town centre intended to serve as "the focus of commercial, residential, community and cultural activities for the surrounding area[10]." Figures 1 and 2 show the areas served by Northcote. Figure 1 shows the share of Northcote centre's spend that originates from consumers living within each neighbourhood area (areas bounded by the grey lines). The colour shading of each corresponds to the share of Northcote's sales contributed by people living in the area, with darker shaded areas contributing higher shares of spend and lighter areas, lower shares.

This map illustrates the role of Northcote in serving retail demands from the surrounding community. However, a significant share of spending also originates from households spread predominantly around the middle of the North Shore area. It also shows a concentration of spend coming from households located on the north eastern side of the Albany metropolitan centre.

While this concentration of spend is inconsistent with the tendency towards declining spend at increasing distances from the centre (as seen in the colour gradient broadly observed in the rest of the map), at least a share can be accounted for by differences in the geographic size of the neighbourhood boundaries. The larger area within this pocket of spend contains more households which increases the total spend and correspondingly, the shading applied across the whole area.[11]

The second map, Figure 2, shows the geographic area of households from which 50 and 80 per cent of Northcote's sales originate.[12] Fifty per cent of the sales in Northcote come from households that are located in the neighbourhoods shaded in blue; and 80 per cent from the households in the blue and orange areas.

[10] Auckland Council, 2013 *Proposed Auckland Unitary Plan.*

[11] A portion of sales in a centre also result from household spend occurring at the workplace. People on average travel further to work than to purchase goods and services from their nearest local centre. This effect generally acts to lengthen the distance decay effect of a centre.

[12] Neighbourhood areas are ranked in order of their total spend contribution to Northcote. Those making up 50 per cent of total spending in Northcote are selected and shaded blue, with the orange and blue areas together making up 80 per cent.

**Figure 1. Share of Northcote sales originating from consumers within each neighbourhood catchment, 2013**

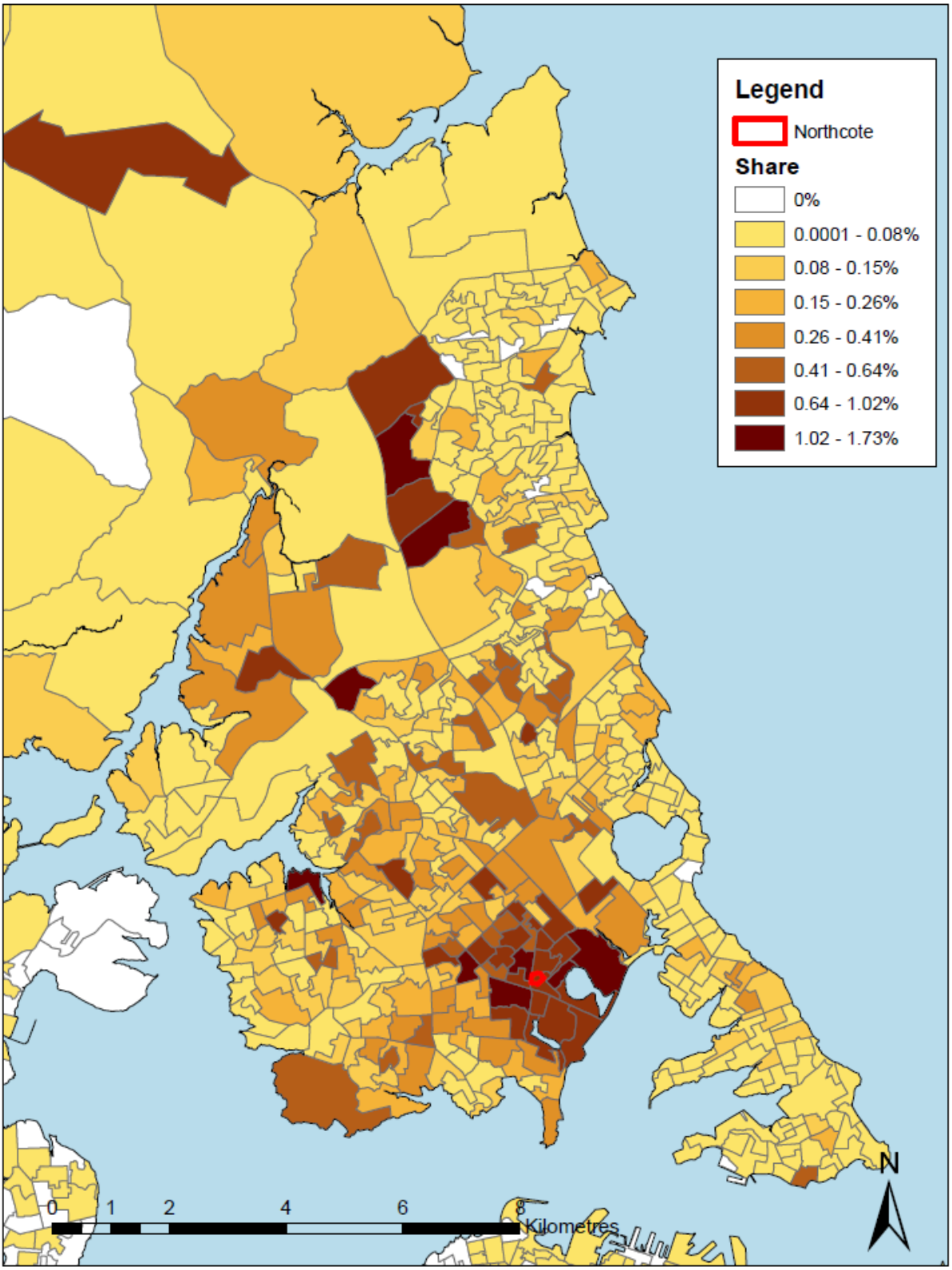
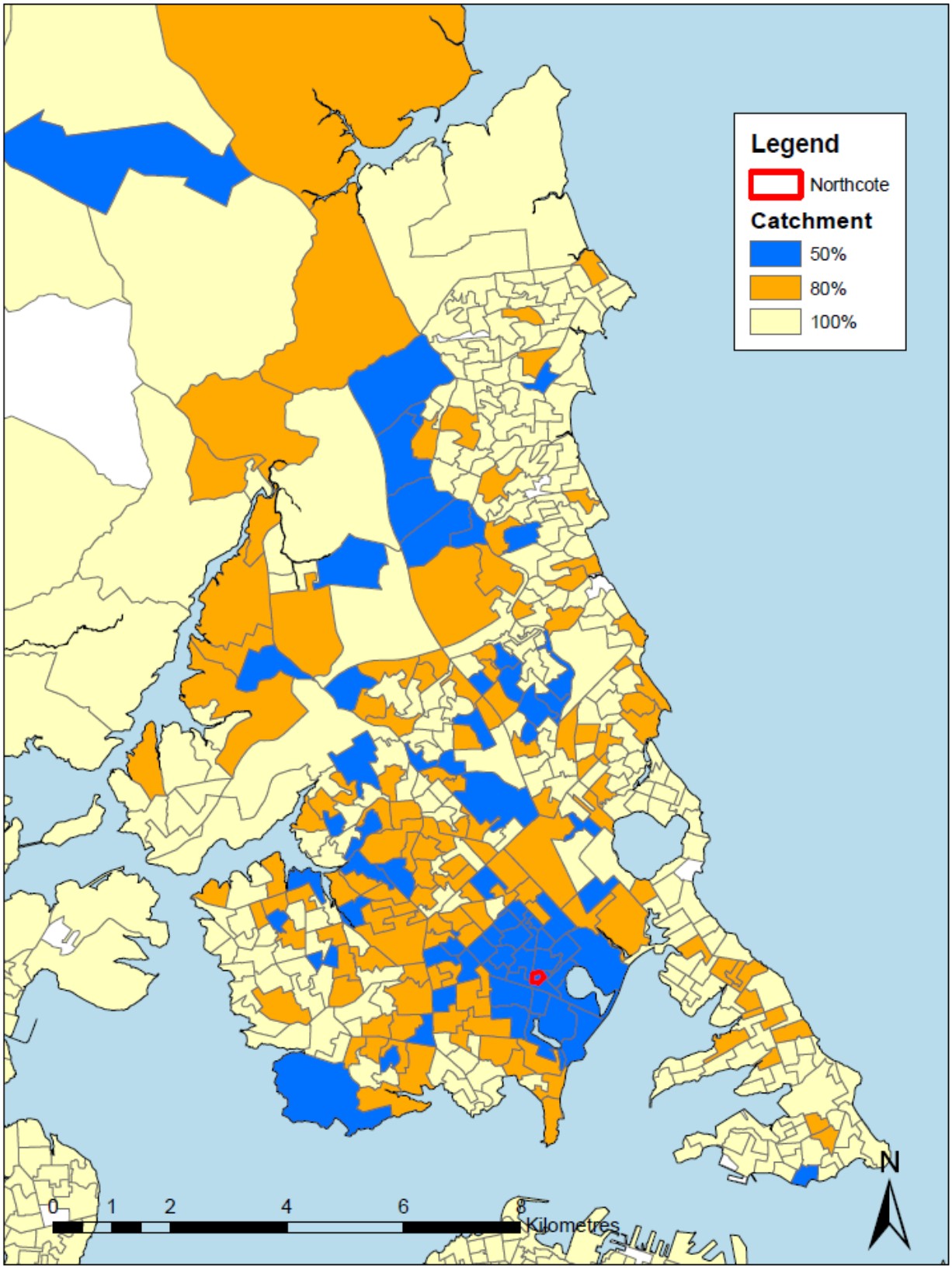


**Figure 2. Catchment areas of Northcote centre, 2013**



Another different measure of the area served by a centre analyses the geographic size of the catchment area, considering how much of the centre's sales originate from households within different distances away from the centre. The measure can be expressed as the road network distance away from the centre from within which a specific proportion of sales originate. For example, 50 per cent of a centre's spend may come from households located within 6.5 kilometres road network distance of a centre, and 80 per cent from within 9.2 kilometres[13,14].Consequently, it provides an easy comparator when segmenting sales by different retail categories, consumer age groups and time periods. Larger or more specialised centres tend to draw from (serve) larger geographic areas, and smaller centres from more localised areas.

Table 1 shows the road network distance from within which 50 and 80 per cent of Northcote's spend originates. Overall, 50 per cent of the centre's spend comes from households located within 5.5 kilometres road network distance of Northcote and 80 per cent from those within 11.3 kilometres. These are larger areas than those served by other North Shore town centres,[15] but smaller than the catchments of metropolitan centres.

[13] These proportions were chosen because they correspond approximately to the primary and secondary catchments of a centre. Beyond 80 per cent, the area from which the remaining spend originates tends to be very dispersed geographically. (Fairgray, S. (2013). *Auckland retail economic evidence base*, Auckland Council technical report, TR2013/046).

[14] Importantly, this measure differs to the mapped 50 and 80 per cent areas shown as a measure in Figure 6. Here, the percentage is taken cumulatively from neighbourhood areas as they are ranked by distance away from the centre. As described above, the other measure ranks neighbourhoods cumulatively by their quantity of spend.

[15] Fairgray, S. (2012). *Understanding the geographic relationships between households and retail/services centres across Auckland's urban structure: Centre/area-specific information*, Auckland Council technical report, TR2012/003.

**Table 1. Road network distance (kilometres) of households from within which 50 and 80 per cent of Northcote's spend originates, 2013**

| | Catchment | |
|---|---|---|
| | 50% | 80% |
| **Centre total** | 5.5 | 11.3 |
| **Retail category** | | |
| Core retail | 5.8 | 11.2 |
| Food and liquor retail | 5.3 | 11.2 |
| Food hospitality | 5.7 | 13.8 |
| Household services | 5.8 | 11.2 |
| Medical services | 5.3 | 10.5 |
| **Time period** | | |
| 8am - 12 noon | 5.2 | 10.1 |
| 12 noon - 4pm | 6.5 | 12.2 |
| 4pm - 8pm | 4.9 | 10.3 |
| 8pm - 12 midnight | 5.3 | 13.0 |
| 4am - 8am | 1.9 | 11.1 |
| **Consumer age bracket** | | |
| 15 - 29 years | 6.1 | 12.2 |
| 30 - 44 years | 6.0 | 12.2 |
| 45 - 59 years | 5.1 | 10.4 |
| 60+ years | 2.7 | 7.0 |

*Data source: Marketview Ltd and Abbley Transport Ltd (distance matrix).*

The catchment distances are also disaggregated by retail category, time period and consumer age bracket in Table 1. Distances are relatively similar across the retail categories for the area from which 50 per cent of the spend originates. Half of Northcote's spend for all of the retail categories individually comes from households within five to six kilometres road network distance. The distance is slightly shorter for food and liquor retail and medical services (5.3 kilometres each) and larger for food hospitality, household services and core retail (5.7 – 5.8 kilometres).

Greater differences exist at the 80 per cent level, where distances are greater for food hospitality (13.8 kilometres) and shorter for medical services (10.5 kilometres). The proximate pattern of medical services differs from other centres (on average) where medical services typically draw from a wider catchment area than other centre activities.

The geographic area of households where spend originates differs to a greater extent between different time periods during the day. The distance (for 50 per cent of spend) is greatest in the afternoon between noon and 4pm (6.5 kilometres), and shortest in the early morning between 4am and 8am (1.9 kilometres).

Using the same measure used in Figure 2, Figure 3 illustrates how the catchment shape changes by time of day. It is the same measure used in Figure 2, and is a different measure to that in Table 1. It shows that the pattern identified in Figures 1 and 2 occurs throughout the day - the centre serves local households as well as those in mid-North Shore. Within this area, the spread of spend across different neighbourhoods is greater between noon and 8pm, with spend more concentrated into fewer neighbourhoods within this broad area than at other times.[16]

[16] The 4am to 7am time period has been excluded from the map due to display purposes. It contains only a very small share of the centres spend, which predominantly originates from a narrower range of more local neighbourhoods.

**Figure 3. Catchment areas of Northcote centre by time period, 2013**

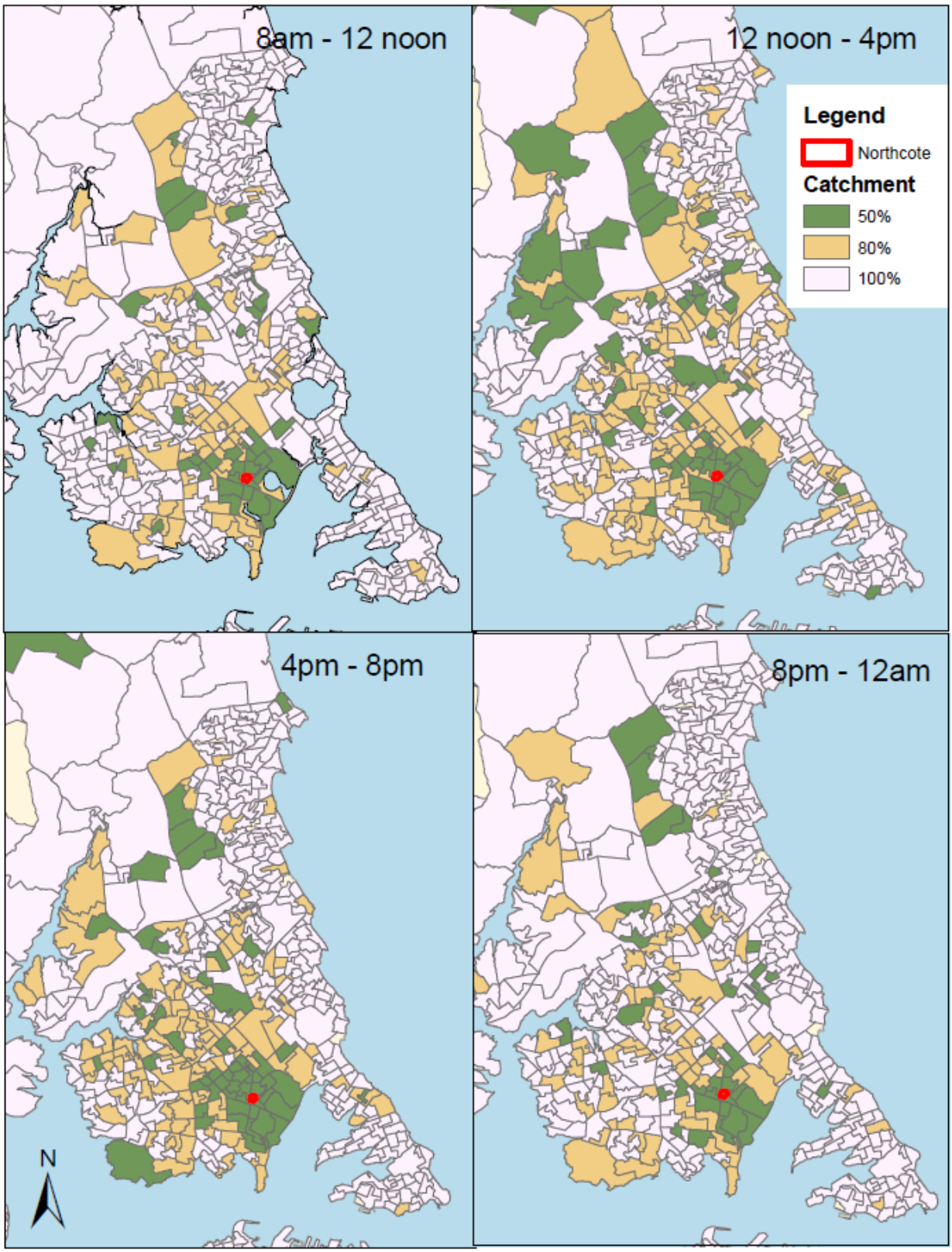
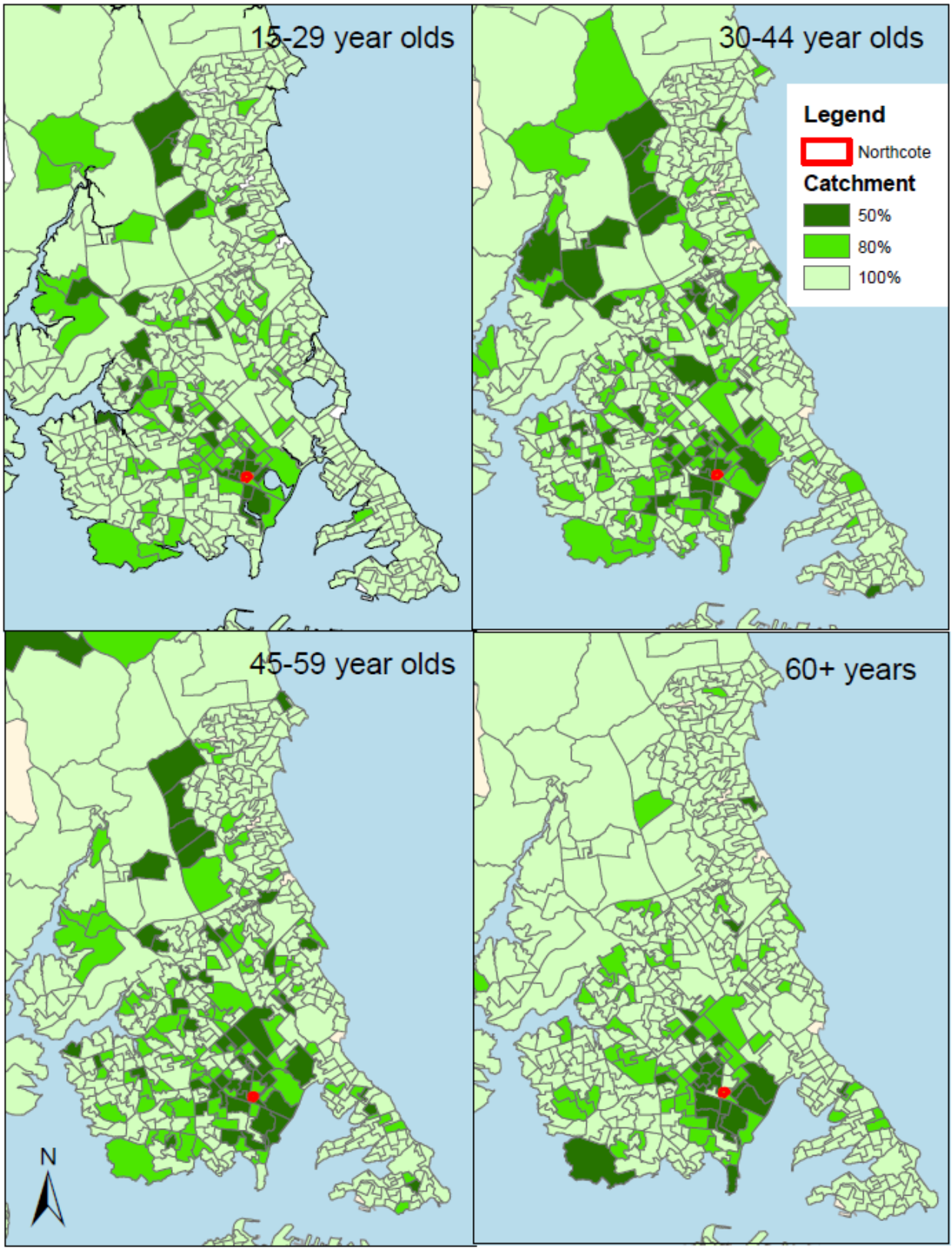


Table 1 also shows that the size of Northcote's catchment differs by consumer age bracket. Younger consumers tend to come from a wider catchment area, with 50 per cent of spend by consumers aged between 15 and 44 years originating from households located within 6.0 – 6.1 kilometres road network distance from the centre. Distances (at the 50 per cent spend catchment) are lower for those aged 45-59 years (5.1 kilometres) and 60+ years (2.7 kilometres). Older consumers are typically less mobile, meaning a smaller catchment size relative to other age brackets is anticipated.

The different catchments by consumer age brackets are shown in Figure 4 (using the same measure as Figures 2 and 3). It illustrates how consumers aged 60 years and over tend to originate from areas closer to Northcote than other age brackets. Despite on average coming from further away, younger consumers tend to come from a smaller number of the neighbourhoods located within the catchment area.

**Figure 4. Catchment areas of Northcote centre by consumer age bracket, 2013**



# 4.0 Activity by retail category

## 4.1 Sales by retail category

The Northcote centre generated $31.20 million in sales and 1.04 million electronic transactions in 2013. Table 2 shows that over half (60%) of the transactions and 37 per cent of sales occurred at food and liquor retailers. It is likely that the supermarket accounted for a significant share of this trade. However, the high number and low average value of transactions suggest a large portion of the trade is also occurring across the rest of the food and liquor sub-sector.

The next largest share of sales (32%) occurred at household services retailers, although they accounted for only five per cent of transactions as the average value of transactions was high relative to other sub-sectors. The remainder of sales occurred in the core retail (14%), food hospitality (14%) and medical services (2%) sub-sectors.

**Table 2. Electronic spend and transactions at Northcote retailers, 2013**

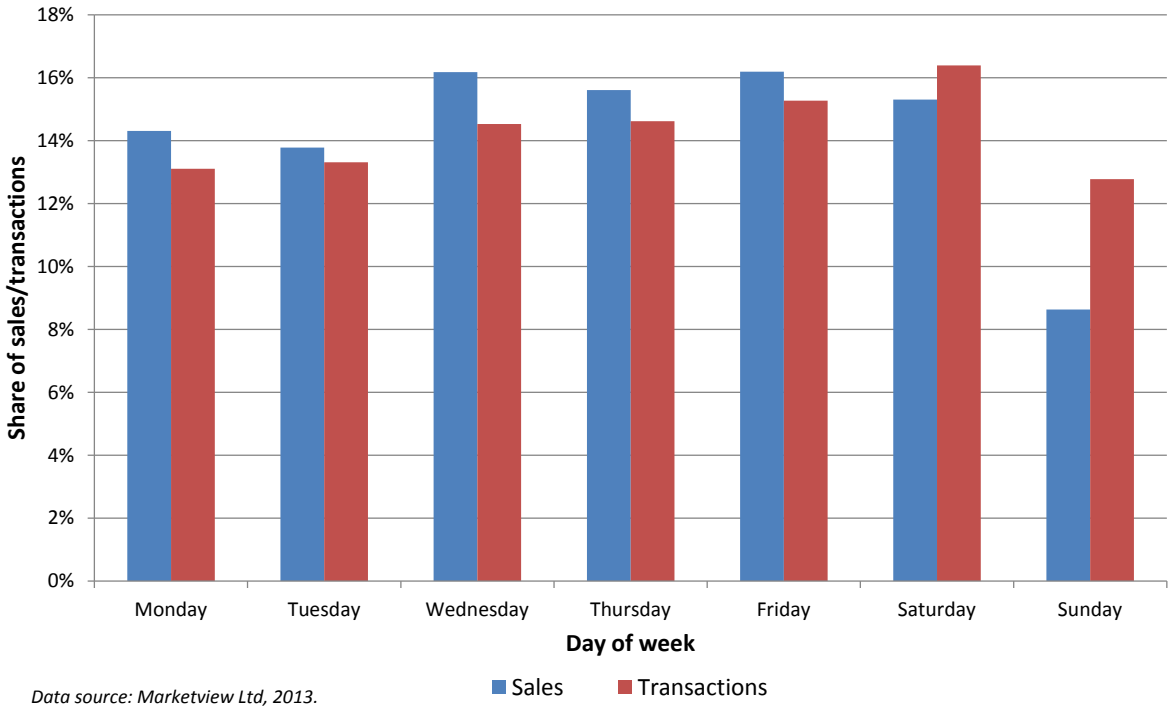
| Retail sub-sector | Sales ($m) | Number of transactions | Share of centre sales | Share of centre transactions | Average transaction value |
|---|---|---|---|---|---|
| Core Retail | $4.49 | 103,000 | 14% | 10% | $43.75 |
| Food and Liquor Retail | $11.67 | 622,000 | 37% | 60% | $18.76 |
| Food Hospitality | $4.42 | 255,000 | 14% | 25% | $17.35 |
| Household Services | $10.03 | 50,000 | 32% | 5% | $199.26 |
| Medical Services | $0.59 | 9,000 | 2% | 1% | $68.88 |
| **Total** | **$31.20** | **1,038,000** | **100%** | **100%** | **$30.04** |

*Data source: Marketview Ltd, 2013.*

## 4.2 Retail sales by day and time period

Retail activity in Northcote is relatively evenly spread across the week, other than on Sunday when total activity is lower. Figure 5 shows the electronic sales values and number of transactions during each day of the week. A larger relative drop is observed in sales than in transactions on Sunday, meaning the average transaction size is also lower.

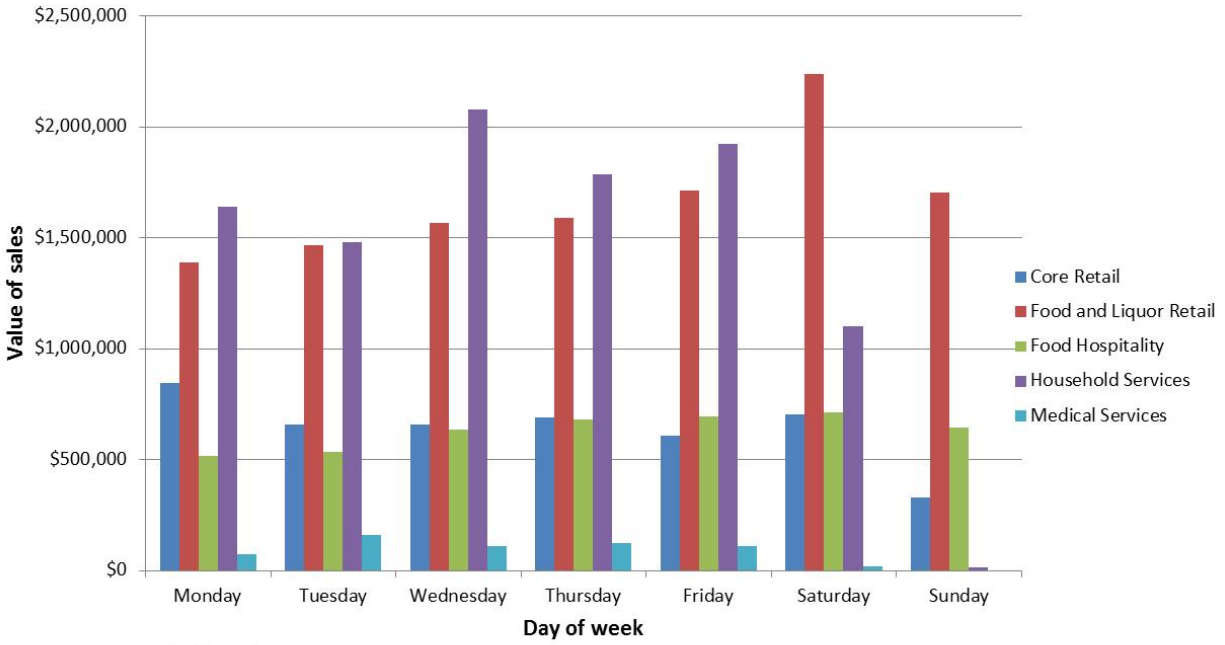
**Figure 5. Share of electronic sales value and transactions number in Northcote by day of week, 2013**




*Data source: Marketview Ltd, 2013.*

Figure 6 shows the value of sales for each retail category by day of the week. Sales in all retail categories are spread across most days of the week, except for Sunday where there are no medical services, almost no household services sales, and a reduction in core retail sales. As household services account for a significant share of the centre's activity, the absence of sales in this sector on Sunday results in lower overall activity in the centre. It is likely that part of the Sunday drop in core retail sales is a function of the lower centre patronage.

**Figure 6. Electronic sales by retail category and day of week in Northcote, 2013**




*Data source: Marketview Ltd, 2013.*

The timing of sales throughout the day is shown in Table 3. Nearly all (98%) sales occur between 8am and 8pm, with only a few sales in the food hospitality and food and liquor retail sectors occurring outside of these hours.

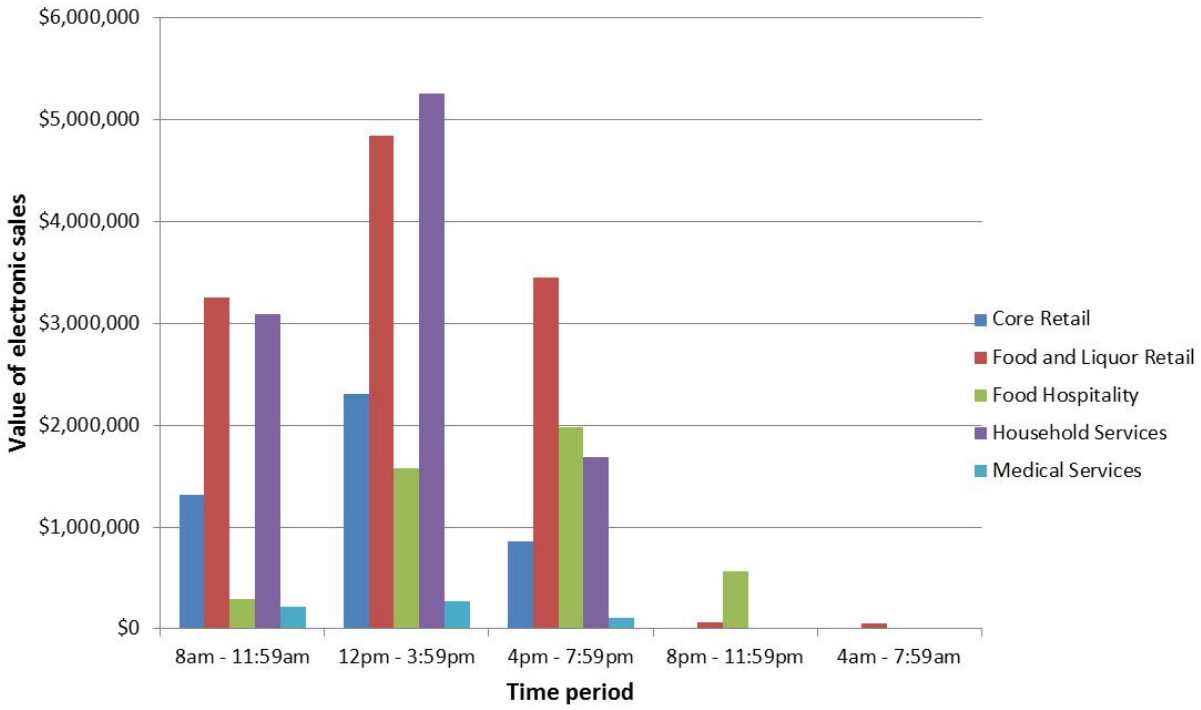
**Table 3. Retail sales and transactions by time period in Northcote, 2013**

| Time period | Sales ($ 000s) | Number of transactions | Share of sales | Share of transactions | Average transaction |
|---|---|---|---|---|---|
| 8am - 11:59am | $8,160 | 231,000 | 26% | 22% | $35 |
| 12pm - 3:59pm | $14,260 | 442,000 | 46% | 43% | $32 |
| 4pm - 7:59pm | $8,066 | 332,000 | 26% | 32% | $24 |
| 8pm - 11:59pm | $639 | 28,000 | 2% | 3% | $23 |
| 4am - 7:59am | $71 | 6,000 | 0% | 1% | $12 |
| **Total** | **$31,196** | **1,038,000** | **100%** | **100%** | **$30** |

*Data source: Marketview Ltd, 2013.*

Figure 7 provides a breakdown of sales by retail category during each time period. The afternoon period of 12pm to 4pm contains the largest share of retail activity for all categories other than food hospitality, where the level of activity is largest between 4pm and 8pm.

**Figure 7. Electronic sales by time period and retail category in Northcote, 2013**




*Data source: Marketview Ltd, 2013.*

# 5.0 Consumer age profile and spending patterns

Consumer expenditure profiles typically differ by age. Therefore, the age profile of consumers accessing a centre throughout the day and week can have an effect on the levels and types of sales observed within a centre. Over time, a centre may also change in response to changing consumer demographics and patterns of consumer demand.

Table 4 provides a breakdown of retail sales and transactions by consumer age bracket in Northcote. Over one-third (37%) of sales are to people aged between 30 and 44 years, with the remainder going to consumers aged 45-59 years (27%), 15-29 years (23%) and 60+ years (14%). Average transaction value increases with age across the age profile.[17]

**Table 4. Retail sales and transactions by consumer age bracket in Northcote, 2013**

| Consumer age bracket (years) | Sales ($m) | Transactions | Share of sales | Share of transactions | Average transaction |
|---|---|---|---|---|---|
| 15 - 29 | $7.2 | 268,000 | 23% | 26% | $27 |
| 30 - 44 | $11.5 | 378,000 | 37% | 36% | $30 |
| 45 - 59 | $8.3 | 263,000 | 27% | 25% | $32 |
| 60+ | $4.2 | 129,000 | 14% | 12% | $33 |
| **Total** | **$31.2** | **1,038,000** | **100%** | **100%** | **$30** |

*Data source: Marketview Ltd, 2013.*

The retail category spending patterns by age bracket are provided in Table 5. It also shows the average transaction size within each retail category for each age bracket. Consumers in the 15 to 29 age bracket have lower shares of spend on core retail and medical services, and a higher share on food hospitality; conversely, those aged 60 and over have higher expenditure on medical services and core retail, and lower on food hospitality; and consumers in the middle age brackets have higher shares of expenditure on food and liquor.

**Table 5. Average transaction value by retail category and age bracket, and share of sales by retail category for each age bracket of Northcote consumers, 2013**

[17] As the number of unique customers within each age bracket is unknown, it is not possible to calculate average spend per customer within each age group. There may be different patterns (to average transaction value) in the total amount spent by the average person in each age bracket within the centre.

| Consumer age bracket (years) | | Retail category | | | | | |
|---|---|---|---|---|---|---|---|
| | | Core Retail | Food and Liquor Retail | Food Hospitality | Household Services | Medical Services | Total |
| 15 - 29 | Average transaction value | $41 | $17 | $14 | $269 | $62 | **$27** |
| | Share of age bracket sales | 11% | 37% | 18% | 34% | 1% | 100% |
| 30 - 44 | Average transaction value | $50 | $19 | $19 | $222 | $41 | **$30** |
| | Share of age bracket sales | 15% | 39% | 15% | 30% | 1% | 100% |
| 45 - 59 | Average transaction value | $42 | $19 | $19 | $208 | $48 | **$32** |
| | Share of age bracket sales | 14% | 39% | 12% | 33% | 2% | 100% |
| 60+ | Average transaction value | $39 | $18 | $20 | $112 | $139 | **$33** |
| | Share of age bracket sales | 18% | 31% | 11% | 33% | 7% | 100% |
| **Total** | **Average transaction value** | **$44** | **$19** | **$17** | **$199** | **$69** | **$30** |
| | **Share of age bracket sales** | **14%** | **37%** | **14%** | **32%** | **2%** | **100%** |

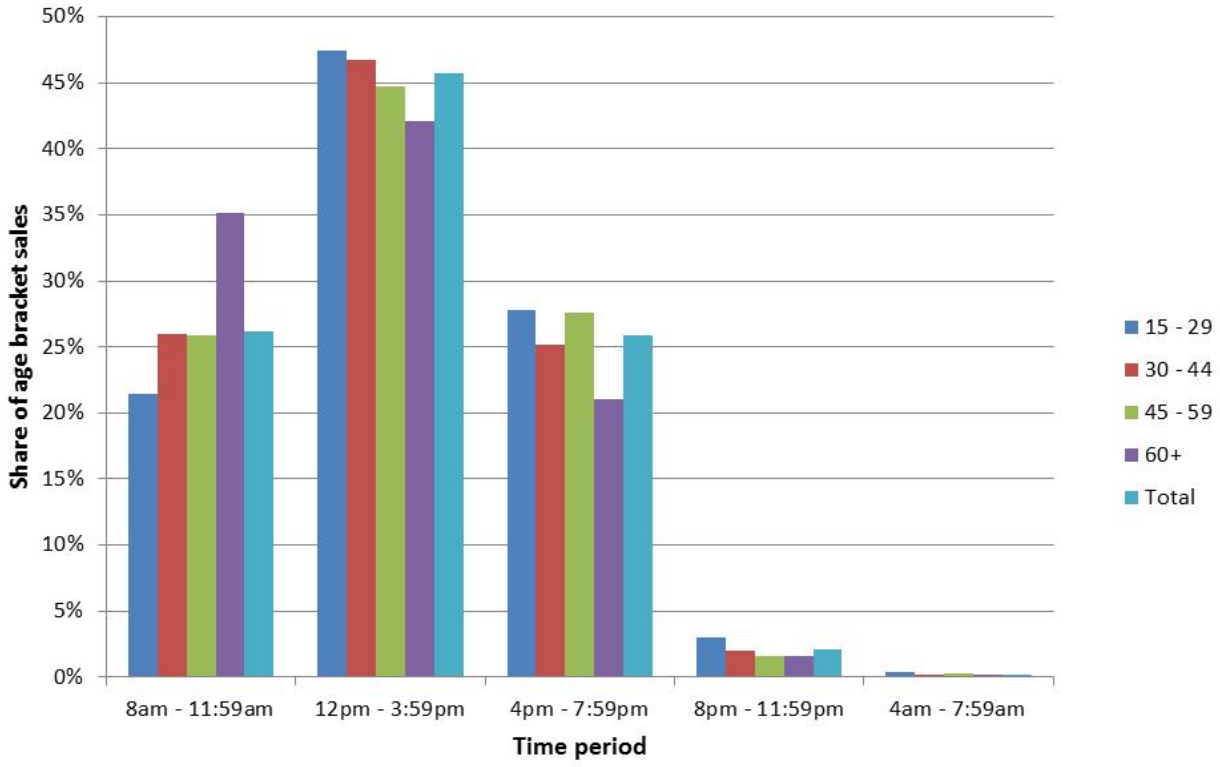
*Data source: Marketview Ltd, 2013.*

These patterns differ to those of average transaction size within each age bracket and retail category. The following can be observed:

- While 15-29 year olds have a higher share of spend on food hospitality, the average transaction for this age group is smaller than for other age brackets, suggesting a higher frequency of purchase in this category.
- 30-44 year olds make fewer but larger purchases on core retail.
- 60+ year olds make fewer, larger purchases of food hospitality; more frequent, smaller purchases of household services; more frequent, larger medical services purchases (which typically correlates with age); and less frequent purchases of food and liquor.

The time profile of retail expenditure in Northcote within each age bracket is illustrated in Figure 8. It shows what share of spend from each age bracket occurs in each time period. Consumers in younger age brackets have a greater propensity to spend money in Northcote later in the day, while those in the oldest age bracket have a higher share of their expenditure within the 8am – noon time period than other age groups.

**Figure 8. Share of age bracket sales within each time period in Northcote, 2013**




*Data source: Marketview Ltd, 2013.*

# 6.0 Comparing Northcote to other North Shore town centres and Balmoral

## 6.1 Comparison to other North Shore town centres

Northcote has the lowest level of electronic retail sales of all North Shore town centres.[18] At $31 million, it has less than half of the sales of the next smallest centre, Sunnynook ($62 million). Table 6 compares Northcote's retail sales in each category to the other North Shore town centres, along with the share of spend within each category. Despite having the smallest overall sales, Northcote has the largest value of sales in food hospitality and household services which reflects the significant hub of this type of activity within the centre.

**Table 6. Retail sales by retail category at North Shore town centres**

| North Shore town centre | Core retail | Trade[1] | Food and liquor retail | Food hospitality and household services | Total |
|---|---|---|---|---|---|
| | Retail sales ($m)[2] | | | | |
| Northcote | $4 | $0 | $12 | $15 | $31 |
| Other North Shore town centres | | | | | |
| Birkenhead | $26 | $1 | $54 | $14 | $95 |
| Browns Bay | $23 | $8 | $70 | $14 | $115 |
| Devonport | $14 | $4 | $45 | $8 | $71 |
| Glenfield | $76 | $5 | $48 | $7 | $136 |
| Milford | $39 | $2 | $49 | $6 | $96 |
| Sunnynook | $1 | $0 | $61 | $0 | $63 |
| **Total North Shore town centres** | **$183** | **$20** | **$339** | **$64** | **$607** |
| | Share of centres' retail sales | | | | |
| Northcote | 14% | 0% | 37% | 48% | 100% |
| Other North Shore town centres | | | | | |
| Birkenhead | 27% | 1% | 57% | 15% | 100% |
| Browns Bay | 20% | 7% | 61% | 12% | 100% |
| Devonport | 20% | 6% | 63% | 11% | 100% |
| Glenfield | 56% | 4% | 35% | 5% | 100% |
| Milford | 41% | 2% | 51% | 6% | 100% |
| Sunnynook | 2% | 0% | 97% | 0% | 100% |
| **Total North Shore town centres** | **30%** | **3%** | **56%** | **11%** | **100%** |

*Data source: Marketview Ltd, 2013.*

[1] Trade includes garden centres, landscaping, DIY materials and hardware, etc.

[2] Retail sales values for Northcote are for the 2013 calendar year, and the 2012 calendar year for other North Shore town centres.

The significance of the food hospitality and household services sector is further highlighted through comparisons of the structure of Northcote's sales with other North Shore town

[18] Town centres are those defined under the proposed Auckland Unitary Plan.

centres. Nearly half of Northcote's sales are in this category, compared to an average of only 11 per cent for North Shore town centres overall (or 9 per cent excluding Northcote).

Despite Northcote's lower levels of retail sales, the distances travelled to the centre are on average larger than for other North Shore town centres. Table 7 shows the average road network distance from within which 50 and 80 per cent of each centre's spend originates. Fifty per cent of Northcote's spend comes from households located within six kilometres road network distance of Northcote, while 50 per cent of other centres' spend comes from households located within three to four kilometres.

**Table 7. Road network distance (kilometres) of households from within which 50 and 80 per cent of a centre's spend originates**

| | Catchment | |
|---|---|---|
| **North Shore town centre[1]** | **50%** | **80%** |
| Northcote | 6 | 11 |
| Other North Shore town centres | | |
| Birkenhead | 3 | 6 |
| Browns Bay | 3 | 6 |
| Devonport | 3 | 5 |
| Glenfield | 4 | 6 |
| Milford | 3 | 7 |
| Sunnynook | 3 | 5 |

Data source: Marketview Ltd and Abbley Transportation Ltd distance matrix.

[1] Northcote values are for the 2013 calendar year, while other North Shore town centres are 2011 calendar year values.

This concentration of household services in Northcote is a potential cause of the greater distances that people travel to Northcote centre. The large average transaction size for purchases of household services would be a significant household purchase. People are typically willing to travel further to make large purchases than they are for small expenditures.

## 6.2 Comparison to Balmoral

Despite having similar concentrations of Chinese owned and/or operated businesses, Northcote and Balmoral[19] centres differ substantially in their role and function. Northcote acts as a town centre with a range of activities serving the surrounding area and households from the wider North Shore area. Trade occurs predominantly in the daytime during the week, with a decreased level of activity on Sundays. Conversely, Balmoral has a dual role, acting as a local centre meeting the needs of the local community during the daytime; and acting as a food hospitality destination during the evenings. During the evenings a younger consumer base travels from across Auckland to purchase food hospitality in Balmoral. Differences are outlined quantitatively below.

At $31.2 million, the annual level of sales in Northcote is closer to that of Balmoral ($22.2 million) than other North Shore town centres. Both also have numbers of transactions of a similar order of magnitude, and have similar average transaction sizes. However, Table 8 shows the structure of sales by retail category differs substantially between the two centres. Balmoral has a greater focus on the food hospitality sub-sector (59% of sales), and a lesser share of its sales occurring in the food and liquor retail and household services than Northcote. Part of this effect is due to the presence of a supermarket in Northcote and not Balmoral.

**Table 8. Retail sales and transactions by retail category for Northcote and Balmoral, 2013**

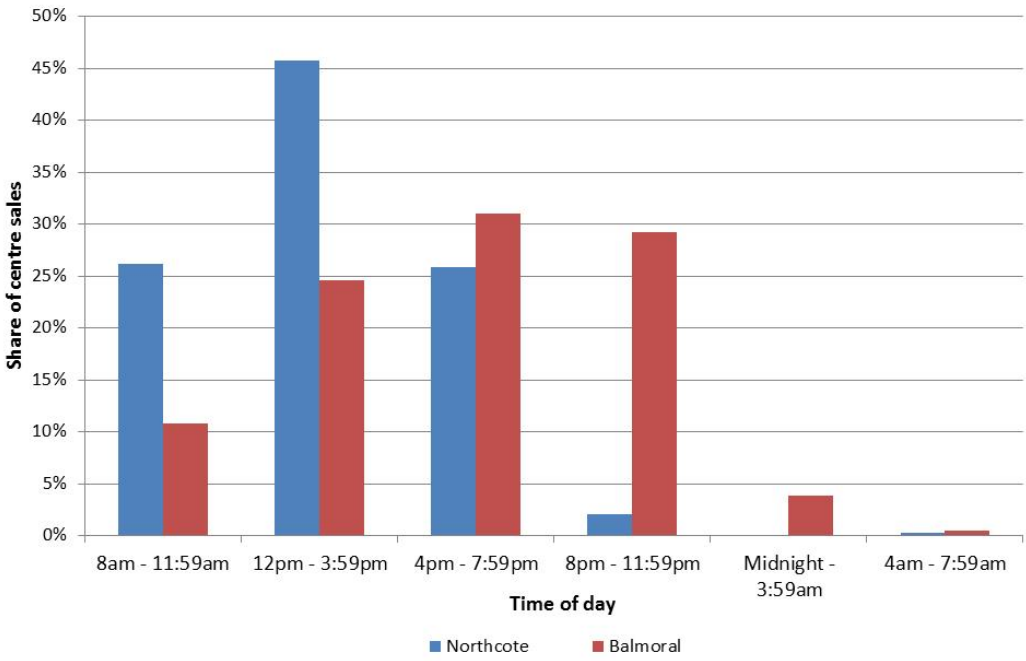
| | Sales ($m) | | Number of transactions | | Share of centre sales | | Share of centre transactions | | Average transaction value | |
|---|---|---|---|---|---|---|---|---|---|---|
| Retail sub-sector | Northcote | Balmoral | Northcote | Balmoral | Northcote | Balmoral | Northcote | Balmoral | Northcote | Balmoral |
| Core Retail | $4.49 | $2.09 | 103,000 | 34,000 | 14% | 9% | 10% | 5% | $43.75 | $61.43 |
| Food and Liquor Retail | $11.67 | $3.44 | 622,000 | 158,000 | 37% | 15% | 60% | 22% | $18.76 | $21.80 |
| Food Hospitality | $4.42 | $13.04 | 255,000 | 436,000 | 14% | 59% | 25% | 62% | $17.35 | $29.88 |
| Household Services | $10.03 | $3.41 | 50,000 | 75,000 | 32% | 15% | 5% | 11% | $199.26 | $45.78 |
| Medical Services | $0.59 | $0.26 | 9,000 | 6,000 | 2% | 1% | 1% | 1% | $68.88 | $39.47 |
| **Total** | **$31.20** | **$22.24** | **1,038,000** | **709,000** | **100%** | **100%** | **100%** | **100%** | **$30.04** | **$31.35** |

*Data source: Marketview Ltd, 2013.*

Figure 9 shows large differences in the timing of sales between the two centres. Northcote has a large daytime focus with nearly half of the sales occurring during the afternoon. In contrast, nearly two-thirds (65%) of the sales in Balmoral occur in the late afternoon and at night.

[19] Balmoral centre refers to the study area outlined in the Ethnic Precincts in Auckland project (Meares, et al. 2015).

**Figure 9. Share of retail sales by time period for Northcote and Balmoral, 2013**




*Data source: Marketview Ltd, 2013.*

Balmoral and Northcote have similar catchment sizes for their role in serving the surrounding community. Table 9 shows that 50 per cent of the sales in Balmoral originate from households living within 5.4 kilometres road network distance of the centre. The distance is 5.6 kilometres for Northcote. Differences between the areas served emerge when considering the wider catchment area, where travel distances of these consumers are on average larger for Balmoral than for Northcote. Eighty per cent of the sales in Balmoral are to households that live within 15.2 kilometres of the centre, compared to 11.7 per cent for Northcote.

**Table 9. Road network distance (kilometres) of households from within which 50 and 80 per cent of a centre's spend originates**

| | Catchment | |
|---|---|---|
| **Centre** | **50%** | **80%** |
| Balmoral | 5.4 | 15.2 |
| Northcote | 5.6 | 11.7 |

*Data source: Marketview Ltd and Abbley Transportation Ltd distance matrix.*

# 7.0 Concluding comments

Northcote functions as a town centre serving the surrounding community and households in the wider North Shore area. It has a mixture of retail goods and services including food hospitality, food and liquor retail, household and medical services, a component of core retail, and a medium sized supermarket. The afternoon is the busiest time for the centre; with trade spread relatively evenly across the week, slowing on Sunday when many of the household services merchants are closed.

While the range and scope of activity in Northcote is typical of other town centres, the overall size and structure of sales across the retail categories differs to other town centres. Northcote has a much greater share of sales in food hospitality and household services, the latter forming a core component of the centre's activity. It also has a lower share of sales in core retail, which is often typical of smaller centres.

Despite its size, however, Northcote serves households from across a wider geographic area than other town centres. Part of this may be driven by the cluster of Chinese and Korean businesses in the centre and the specialist products many of them offer, however, it is difficult to disentangle this possible reason from other factors that can result in a larger catchment size, such as a lower density of demand.

Northcote appears to function quite differently from Balmoral, which has the dual role of a centre serving the local community during the day and a destination ethnic food precinct at night. The food hospitality component of Balmoral is more dominant than in Northcote, while household services forms a greater share of the activity in Northcote. This concentration of household services in Northcote is another potential cause of the greater distances that people travel to Northcote centre. The large average transaction size for purchases of household services would be a significant household purchase for which people are typically willing to travel further.

Analysis of Northcote's sales activity and consumer access patterns provides important information on the economic role and function of the centre. The unique character of the centre and the relatively recent emergence of ethnic precincts on Auckland's retail landscape highlight the significance of understanding their contribution to Auckland's diverse communities.