



# **MAINSTREET** **A U S T R A L I A**

## The Impact of Lockdowns on Metropolitan Melbourne's Main Streets September 2021

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## 1. Introduction

In September 2021, Mainstreet Australia received a heart-felt email from member Penelope Jamieson, a retail marketing consultant with Meandah Retail Marketing Services. The email expressed just how exhausted and hopeless the businesses she worked with were feeling due to ongoing lockdowns and restrictions.<sup>1</sup>

This email prompted Mainstreet Australia to invite its member business associations from across Melbourne to provide feedback on how Victoria's lockdowns had affected their main street precincts.

Feedback was received from representatives of 13 business associations, providing an insight into the experience of small and large shopping strips across metropolitan Melbourne and some metro-regional border areas.<sup>2</sup> The majority of those providing feedback came from areas where a special levy is collected to fund the local business/trader association.

While there were some positives noted, the overwhelming mood of the respondents can be summed up in one frequently used word: Despair. The compounding effect of repeated lockdowns has been to reduce the financial viability of many businesses and has had a notable impact on the stress levels and mental health of their owners.

On a positive note, many business associations and traders have been both proactive and creative, in addressing the challenges of lockdown and rebuilding business during times of re-opening. However, the continued reintroduction of subsequent lockdowns has damped the long-term impact of these efforts. It is worth noting that the mood of the respondents in areas well served by active and adequately-funded associations is generally more buoyant than those areas who have limited or no association activity.

At the time of writing this report, Melbourne remains under lockdown and, as expressed by multiple respondents, the final impact on main street businesses remains to be seen.

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<sup>1</sup> See email in Appendix 1.

<sup>2</sup> Feedback was received from Villages of Mt Dandenong Association, Sunbury Business Association, Eastern Dandenong Ranges Association, Niddrie Traders Association, Maling Road Business Association (Canterbury), Glenferrie Road Malvern Business Association, Ashburton Shopping Centre Traders Association, Glen Waverley Traders Association, Sandringham Traders Association Inc., and YMP Mainstreet on behalf of Greensborough Main Street, Carnegie Mainstreet, Central Coburg Business Association, Thomastown Traders Association.

## 2. Key findings

- After repeated lockdowns, many business owners now feel too exhausted to keep adapting.
- The increasing speed with which lockdowns are implemented has been particularly difficult for businesses to cope with.
- Overall, vacancy rates remain fairly low. However, many respondents expect that more businesses will falter after lockdown lifts.
- Several respondents reported that new businesses who had set up during the initial lockdowns had subsequently closed down when later lockdowns hit.
- Some service businesses are experiencing staff shortages, due to border closures, travel restrictions, and staff leaving to find work elsewhere.
- Businesses on the metro-regional border and in tourist areas have been especially impacted by travel restrictions.
- Some businesses have experienced increased local patronage due to work-at-home orders and a shift to 'safer' outdoor shopping, supported by 'buy local' and savvy social media campaigns.
- Hardtop centres have been impacted by a rise in fear around shopping 'indoors'.
- Many restaurants and cafes have expanded into takeaway/delivery service, though the success of this has not been evenly felt.
- The shift to more online shopping by consumers has created additional opportunities for hospitality businesses, but the impact on retail and service businesses is not known.
- Business/trader associations have played a key role in promoting local business and responding to the support needs of their members.
- The impact of promotional campaigns has been muted by subsequent lockdowns and cancellation of planned events.
- Government grants and benefits have been helpful, but do not cover all costs; some business owners have gone into personal debt to keep their businesses afloat.
- Many business owners would like to see taxes and fees such as payroll tax and footpath trading fees waived, in order to assist in their recovery.

### 3. Difficulties Experienced

#### 3.1 Emotional and Mental Health

Two things are very apparent across the responses received:

1. Business owners and associations have been proactive in trying to stimulate their businesses.
2. Despite this, the cumulative effect of subsequent and prolonged lockdowns have left many business owners in a state of exhaustion and despair.

*While our council has made excellent efforts to revitalize the villages late in 2020 and early 2021, the on/off restrictions have exhausted business people... I feel there's a sense of despair. (Dion Bright, Villages of Mt Dandenong Association)*

*Our stress levels are extreme... I'm exhausted and unable to do much. (Restaurant owner, Eastern Dandenong Ranges)*

*I have emails coming from businesses saying 'Noella please please, please, help me.' This tears my heart out as I do find a way to assist them but I know deep down some of them won't survive. (Noella Jacobs, YMP Mainstreet, Greensborough representative)*

*These people are physically, mentally and spiritually exhausted...I have seen broken traders and I have personally seen first-hand how this situation got too much for one beloved trader who took his own life! I never want to see or hear this happen to anyone else again in our industry. (Penelope Jamieson, Meandah Retail Marketing Services)*

While many main street precincts have undertaken numerous activities to adapt and support their businesses, it has not offset the extent of negative impacts of lockdowns, and the impact on both the financial and mental health of business owners is apparent.

#### 3.2 Lack of Notice

One key frustration has been the increasingly rapid time frames in which lockdowns have been imposed, particularly for businesses where fresh produce wastage was an issue. This represented a sunk cost that was most likely not able to be recovered.

*The hardest issue being the notification we have received about locking down. With such short notice, there has been much food wastage, supply issues, storage issues. Short cancellations of local musicians depriving them of their only income. The ripple effect has a far wider impact than people imagine. (Café owner, Eastern Dandenong Ranges)*

### 3.3 Vacancy Rates

Current vacancy rates varied across respondents, ranging from a low of 2.0-2.5% in Glen Waverley and Greensborough Plaza, to an estimated 14% in the hard-hit Coburg shopping area. Most areas were at the lower end of that range of vacancy rates.

However, many reported that they expected more businesses would flounder once lockdown finished and additional businesses failed to recover. Thus, they thought that the current vacancy rate was no truly representative of their predicament.

A number of areas had seen new businesses open between lockdowns. It was noted that some retail businesses had been replaced by service businesses. However, many new businesses had failed during subsequent lockdowns.

*Several local businesses opened early in 2020 that were forced to pause or close immediately. These include two boutique bookstores, a jeweller, a design studio, a gallery, a sweet shop and a wicker store... (It is) unclear how many others will be able to restart once restriction ease because while their signage remains up, they may not have the energy or funds to restart. (Dion Bright, Villages of Mt Dandenong Association)*

Maling Road Canterbury bucked the trend, with vacancy rates actually going down.

### 3.4 Staff Shortages

Several respondents noted difficulty in finding staff for service businesses, including beauticians, gymnasiums and hospitality. Some reasons cited included travel restrictions (including the lack of international students who typically fill some roles), and losing staff who pursued job opportunities elsewhere while local businesses were unable to offer them work.

*Many employees have been forced to seek work from those businesses thriving elsewhere, and this represents a costly loss of intellectual property and goodwill. (Dion Bright, Villages of Mt Dandenong Association)*

*With full time staff in this industry, we need to just keep paying them or risk losing them and that would be more detrimental than the lockdown. (Restauranteur, Eastern Dandenong Ranges)*

### 3.5 Travel Restrictions and Local Patronage

Travel restrictions imposed by the State Government during lockdowns had both positive and negative effects on businesses. For those main streets in well populated areas, and where permitted businesses could continue to serve local customers, the work-from-home mandate actually led to an increase in local clientele. This was especially the case when people were allowed to socialise and shop again locally during lockdowns, but still not able to travel further afield.

*Between Lockdowns, I believe that we have been riding the wave of people working from home and restricted to their local area and people spending money.*

*Maling Road boomed between Lockdowns. (Athena Katopodis, President, Maling Road Business Association)*

*Food businesses in Ashburton have done incredibly well to keep up with the demand from our community for essentials... Probably had an increase in customers coming to Ashburton to shop as they felt safer in a strip shopping centre, the foodies did not run out of stock and all our foodies are located really close together making it easy to shop. (Alex Hume, Marketing Co-ordinator, Ashburton Shopping Centre Traders Association)*

*New customers have shopped with us who didn't realise we were there. Others have discovered the benefits of shopping with us a small local business/ green grocer - they have commented they are buying fresher and tastier produce than where they were previously shopping. (Fruit shop, Eastern Dandenong Ranges)*

However, the same restrictions had a substantially negative impact on those areas that were less densely populated, or relying on tourist trade, or with a large proportion of retail businesses that were unable to trade at all from their shopfront.

*Around 35-40% of our trade comes from regional areas so we get hit extra hard when regional cannot come into Sunbury. (Michael Osborne, President, Sunbury Business Association)*

*(Our) business community (is) built on also supporting the tourist industry in the hills - particularly Puffing Billy - and with no tourists allowed to come here - we have been totally paralysed. (Garry McGough, Eastern Dandenong Ranges Association)*

### 3.6 Takeaway / Delivery Services

In some areas, food businesses account for a substantial number of local businesses, and these areas seem to have fared better than those with a more retail focus. Some restaurants and cafes were able to switch to takeaway and delivery service, though this still presented its challenges.

For businesses in less densely populated areas and those bordering on the regional fringe, travel restrictions have made delivery difficult or unviable. Some businesses stuck to the 5km rule, not delivering beyond this distance, while others did deliver further afield – a step they felt was necessary to their survival.

*We have had no choice but to offer a delivery service across the (broader area). if we were not doing the deliveries to such far distances - our turnover would be 16%. (Restaurateur, Eastern Dandenong Ranges)*

Furthermore, fringe areas are not covered by a 3<sup>rd</sup> party food delivery service, such as UberEATS, and had to resort to their own staff delivering meals. This was generally too difficult and costly to maintain.

It was also noted that consumers were more likely to order a takeaway meal from certain types of businesses (such as a pizza shop), but less likely from other types of restaurants.

For all these challenges, some businesses managed to tweak their deliver model to still make a success of it, and to introduce them to new customers.

*We deliver to a fixed spot, on a fixed day at a fixed time. It involves a lot of social media and SMS reminders to customers - but this strategy is what has seen us through. This is about 65% of our turnover. We have also just started delivering cold curries. The good side of both our strategies is that we have many new customers. (Restaurateur, Eastern Dandenong Ranges)*

### 3.7 Shifts to Online Spending

Online shopping platforms have provided both opportunities and challenges to local businesses. On the one hand, some hospitality businesses were reaching new customers by offering click n' collect and delivery services, for an increased array of products. On the other hand, there was some consternation that local retailers would be unable to compete with larger online retailers.

*The effect of this latest Lockdown though, is extremely concerning. Customers turn to online shopping during these times and tend to go for the big guys obviously. (Athena Katopodis, Maling Road Business Association)*

There wasn't actually a lot of commentary received around the issue of online spending, which perhaps could be interpreted to say that there has not been a large increase in online sales activity by main street businesses (or the responding business associations are unaware of it).

### 3.8 Limitations to Support

Many respondents expressed gratitude for support that had been made available, including government grants. However, a number of limitations around accessibility and the extent of support available were commented upon. These were:

- Language barriers to accessing support'
- Technical difficulties with online application forms.
- Payments only covered part of the losses experienced.
- Businesses who took out personal loans and had 'cash in the bank' were ineligible for some support.

*The latest government grants are not enough to pay even the rent, as we need to be open for urgent critical care, but fees for this care does not pay any bills- not rent, not wages, not utilities. We know that we will be ok if Lockdowns end, but we need to be able to hang in there to come out the other end. (Optometrist, Glenferrie Rd, Malvern)*

*Businesses who pull down funds from their home mortgage to survive have not been able to obtain grants as they have more than 10,000 in the bank which really isn't their money but a loan. (Noella Jacobs, YMP Mainstreet, Greensborough representative)*

*Some of the grants given by Government have been difficult for businesses to apply for and links missing. For example, the Town Centre Manager has spent up to 8 hours waiting on the phone to the Government COVID hotline to find out why links aren't there. (Noella Jacobs, YMP Mainstreet, Greensborough representative)*

Issues with landlords were also cited as a cause of stress, despite government guidelines or support in this area.

*Tenants who deal with agents rather than directly with landlords don't get much financial relief... Landlords (are) not offering relief or not maintaining properties. As a direct result of this, 7 businesses have moved within our precinct in the last 18 months. (Alex Hume, Glenferrie Road Malvern Business Association)*

## 4. Positive Actions and Outcomes

On a positive note, it is apparent that businesses and business associations have been very proactive and creative, in trying to survive this time. Areas with active and adequately funded associations were able to undertake an extensive range of promotional and supportive activities. Not surprisingly, these were largely the areas that provided feedback with a more positive tone.

Some of the activities undertaken, many funded or arranged through associations, were:

- ‘Shop local’ and ‘click n collect’ promotional campaigns.
- Local businesses buying from other local businesses.
- Association-funded area ‘beautification’, including graffiti removal, façade upgrades, provision of decals and Christmas decorations.
- Provision of shopping bags and gifts to businesses, to hand out to customers upon reopening.
- Local gift cards and competitions with voucher prizes that could be spent locally.
- Meeting with council to obtain support.
- Providing information to traders on restrictions and support available.
- Checking in on business owners to provide emotional support.
- Assisting businesses in finding staff where there is a shortage.

*80 quality red shopping trolleys were purchased and given to fresh food businesses to give to customers. It was noted that many of the elderly did not want to catch public transport and were trying to carry all their fresh products in bags down the street. (Noella Jacobs, YMP Mainstreet, Greensborough representative)*

Unfortunately, later lockdowns caused the cancellation of some promotional activities, and it was also noted that the positive outcomes of earlier activities could be wiped out during subsequent closures. Further, density limits and restrictions on outdoor gatherings put a dint in some businesses’ attempts to recover.

*Many promotions have been planned, many of which had to be cancelled again due to lockdowns. (Ray Jacobs, YMP Marketing, Coburg representative)*

*Our work currently centres on short term planning and even that is risky. As much as we want to plan activities to entice people into our precincts, we cannot, as we do not know what the reality will be the next day or the day after that. (Penelope Jamieson, Meandah Retail Marketing Services)*

*Some (food businesses) have put on special days etc but this is quietening down now due to the threat of fines due to crowding. (Alex Hume, Glen Waverley Traders Association)*

*Between lockdowns the restaurants go ballistic and then struggle to comply with the square meterage restrictions, which stresses them. (Alex Hume, Glenferrie Road Malvern Business Association)*

## 5. What Businesses Want

While it may be fair to conclude that many business owners would like to see an end to lockdowns (or at least more notice if lockdowns are reintroduced), this was almost never explicitly stated. Instead, a number of respondents provided a wish-list of supports they would like to see in order to help them recover from the effects of lockdown.

Suggested supports included:

- Scrapping of payroll tax for times of lockdown. Or a cash boost to offset the tax, and to reward employers that have maintained staff
- Waiving of local council fees such as the footpath trading fees.
- Funding for shop local and other promotional campaigns.
- Grants to trader associations for approved projects (similar to the State Government grants provided last year).

Most of all, we feel that businesses need more certainty, alongside meaningful and accessible support to give them the mental and emotional fortitude to continue, alongside the practical supports any rebuilding will require. We conclude with these words from Penelope Jamieson's original email:

*What more can we say to our businesses? What encouragement do we give them? Is there a light at the end of the tunnel? How do we continue to support them?... At the end of the day these people are the backbone of what **we** are all about. They are fundamentally the 'heart' of their communities. (Penelope Jamieson, Meandah Retail Marketing Services)*

## APPENDIX 1: Email from Penelope Jamieson

Dear Mainstreet Committee,

I have felt the need to reach out to you as our governing body about the current restrictions which are crippling our industry.

As one of many at 'the front line' I find it devastating that the essence of our working community, small business, has been brought to its knees. By putting 'pen to paper' I find myself as would others, in a situation which in my 40 years in marketing and 25+ years in main streets, where I do not have an answer.

The businesses in my centres look to me as a means of support, and I feel helpless that I, for the first time in my career, feel utterly useless in being able to provide them with anything other than a kind word, some encouragement and the will for them to keep going. This is not a problem that I, and others in my position can sit down and fix or work on, so as to be able to provide a viable solution for them. It is something that we have not experienced before and have no answers to!

These people are physically, mentally and spiritually exhausted. We, are physically, mentally and spiritually exhausted!! Our work currently centres on short term planning and even that is risky. As much as we want to plan activities to entice people into our precincts, we cannot, as we do not know what the reality will be the next day or the day after that. We are tired of the waiting in the hopes that things will get better, and a lot of us carry a very heavy load when it comes to the care of our traders.

My heartbreaks to see them lose faith, a faith that was so strong in the outset when they first opened their stores, a happiness that they were running their own business, and a strength and belief they put into making that business work. The light in many has gone, I have seen business close – businesses that have been in the game for many years just shut their doors. I have seen broken traders and I have personally seen first hand how this situation got too much for one beloved trader who took his own life! I never want to see or hear this happen to anyone else again in our industry.

What more can we say to our businesses? What encouragement do we give them? Is there a light at the end of the tunnel? How do we continue to support them? It is hard not to care so much for their wellbeing. At the end of the day these people are the backbone of what we are all about. They are fundamentally the 'heart' of their communities.

As you may read this I would think that you may be picking up on not only my frustration but a level of anger I feel about the way all this has been handled by the 'powers to be'. On the one hand I understand the government's position in trying to keep people safe but if they are looking to eradicate something that cannot be eradicated before they allow us to live life, then I feel it be a different issue. I would hate to see people die, but surely by looking at overseas models that keep people working and the economy flowing could be a lesson for us all here!

What can you do for us??? One voice is not enough, but, we have many voices in our many centres with our many businesses. Can we not start a conversation with the people in 'power', working together to come up with alternative solutions moving forward for our businesses.

Can we put forward our representatives on government committees to provide insight, a voice allowing the industry to be heard and problem solve?

The current situation is not sustainable, yes we need to keep people safe, but we need people to also run their businesses, pay their bills and provide for their families.

I am certainly not suggesting an 'uprising' although I feel it inside....I am suggesting that something needs to change, to shift so we can try to salvage what we can from what is left after each lock down.

Could this be a conversation starter or an appeal to whomever it needs to be...or, is there nothing that can be done, but sit and watch more and more businesses go to the wall!

Thank you for taking the time to read this.

Penelope Jamieson  
Marketing Consultant, Meandah Retail Marketing Services  
September 2021