



# Business Impact of the Northern Ireland High Street Scheme

Research for the Department for the Economy

RetailEconomics

# Business Impact of the Northern Ireland High Street Scheme

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## Executive summary

The research showed that there was broad support across the business community for the Northern Ireland High Street Scheme (HSS).

### Key statistics include:

- 80% of retail and hospitality businesses agreed that the HSS helped support small independent businesses.
- 65% of retail and hospitality businesses thought the HSS had a positive or very positive impact on sales against their expectations for the time of year.
- 74% of small businesses thought the scheme helped boost consumer confidence and footfall over the mid-November to mid-January period.
- Over two-thirds (69%) of small retailers thought that the scheme helped safeguard jobs.
- 80% of small retailers thought that the HSS encouraged spending that was otherwise unlikely to have occurred.
- 78% thought that it was an effective way to stimulate the economy.
- Two-thirds (66%) of small businesses thought that it was a good use of public money.

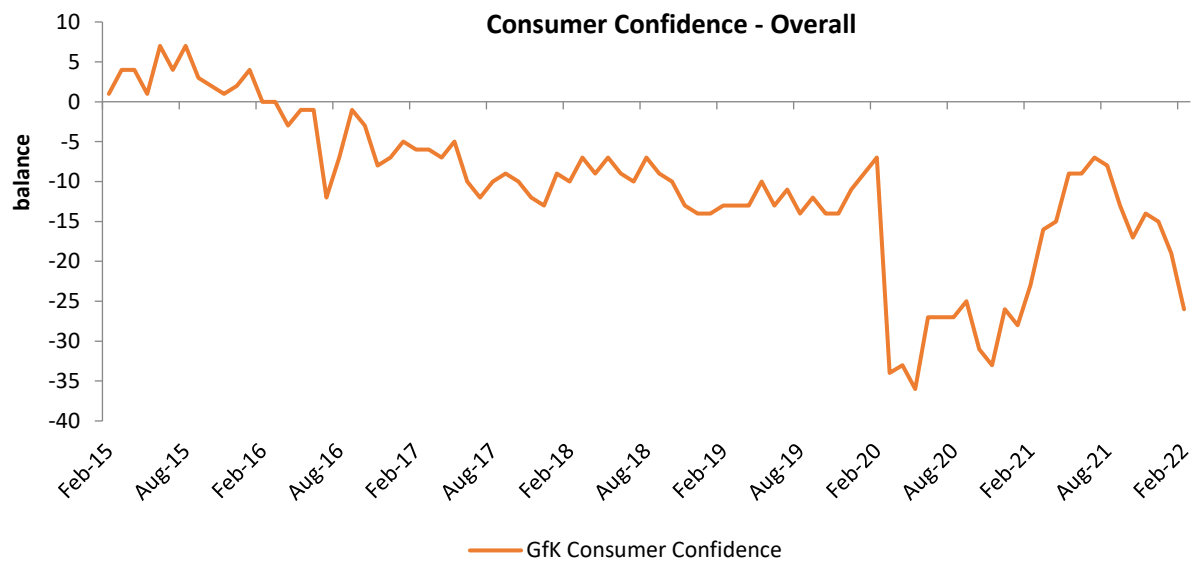
Our research shows that the HSS delivered against five key areas:

- 1) **Engagement:** There was widespread engagement with almost every single Spend Local Card activated (99.6%) with 1.4 million NI residents having applied for cards.
- 2) **Additionality:** Both large and small businesses reported that the pre-paid card contributed to *additional* spending, rather than displacing spending that was likely to have occurred anyway.
- 3) **Targeting:** Spending was reported to have been boosted across small independent local businesses.
- 4) **Confidence:** The pre-paid card provided an impetus for consumers to visit physical channels which had a positive impact on footfall.
- 5) **Jobs:** Businesses reported that the scheme helped to safeguard jobs.

## 1. Introduction

The social and economic fallout from the pandemic has been severe. Households, retail, leisure and hospitality businesses, and the economy in general were hit hard. In Northern Ireland (NI), lockdown measures forced the closure of non-essential retail and hospitality venues for prolonged periods throughout 2020 and 2021. During the initial stages of the pandemic, consumer confidence weakened to its lowest levels since the financial crisis as concerns about viral transmissibility dictated the actions of many consumers nationwide. Meanwhile, uncertainties about the future strength of the economy and job security made consumers more conscious about their economic wellbeing. The way people lived, worked, socialised and shopped changed almost overnight.

*Figure 1. Consumer confidence was hit hard by the pandemic and is now under pressure from the rise in the cost of living.*



Source: GfK

The closure of non-essential retail necessitated a shift towards online shopping for many consumers. A new wave of digital shoppers had to overcome the barriers of setting up online accounts, entering payment details and issues of trust. This has resulted in a step change in the proportion of online retail sales, rising from 19% in 2019, to 28% in 2020, and 29% in 2021 across the UK<sup>1</sup>. The shift towards online accelerated by around five years in the space of 12 months between 2019 and 2020. However, the impact

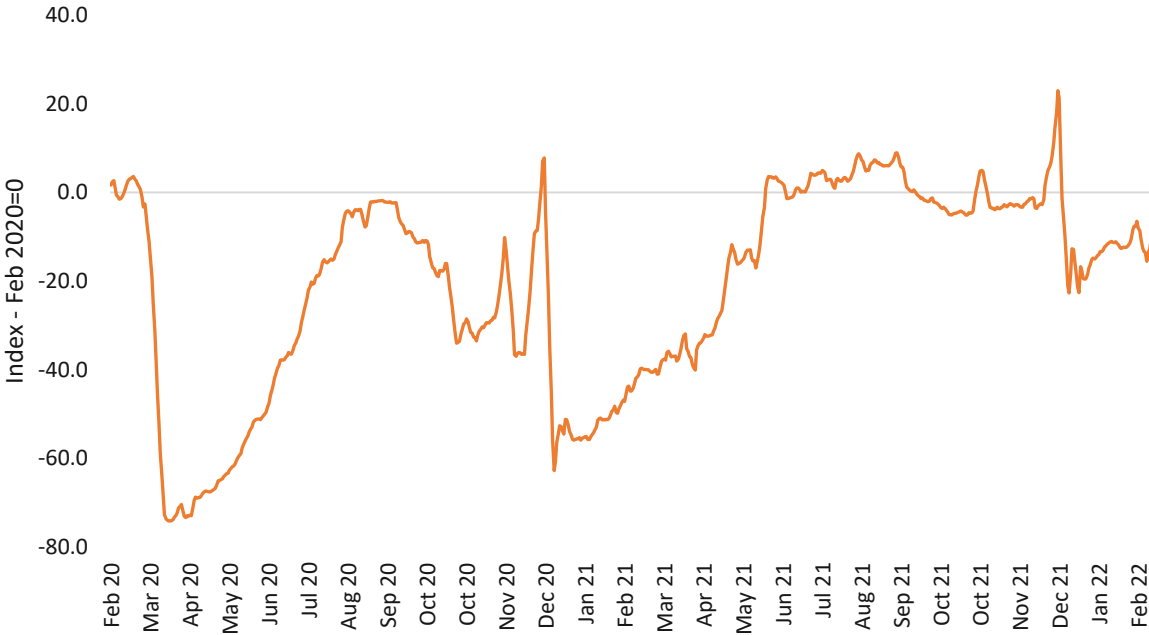
<sup>1</sup> Retail Sales Index - ONS

reverberated across many consumer facing industries, from independent delicatessens to personal trainers. Independent businesses pivoted their propositions online, with many restaurants, pubs, cafes and bars offering takeaways through technology platforms such as Just Eat, Uber Eats and Deliveroo. Meanwhile, gyms and lifestyle brands began offering fitness sessions using video conference platforms such as Zoom.

Businesses and consumers were forced to adapt in order to survive. But even after economies reopened, including non-essential retailers and hospitality, many behaviours formed during the pandemic have stuck. In addition, a sense of lingering anxiety has remained over revisiting high streets and shopping centres due to new Covid variants.

Resultantly, footfall across retail and recreation in Northern Ireland remains significantly below pre-pandemic levels. A combination of factors has contributed to this. These include a greater proportion of shopping conducted online, more people working from home, ongoing fears around the pandemic, and lower levels of consumer confidence.

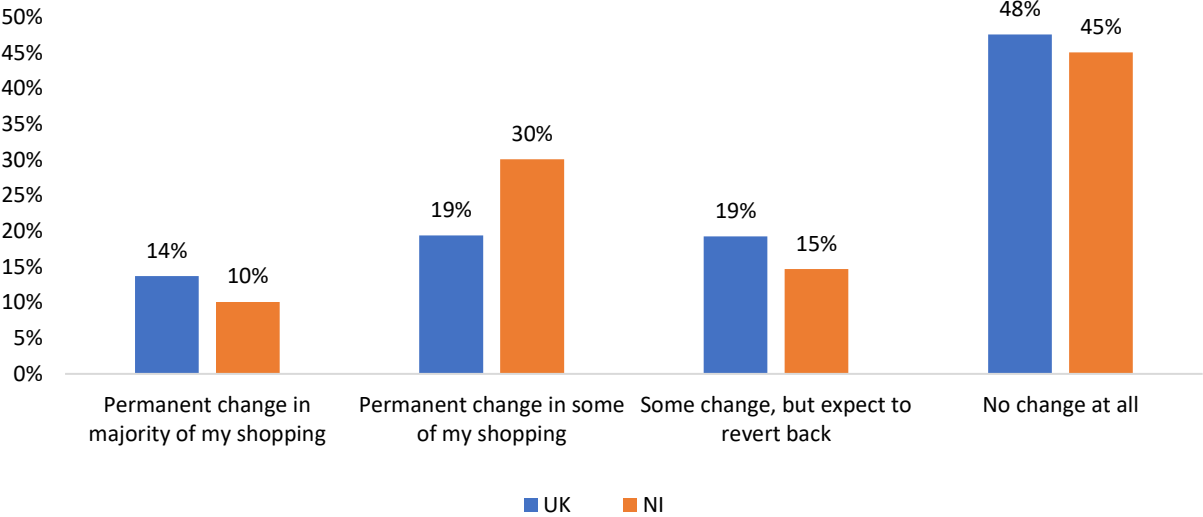
Figure 2. Footfall for retail and recreation for Northern Ireland



Source: Google

Our research shows that 30% of NI shoppers cited a permanent change across *some* of their shopping, with 10% suggesting permanent change across the *majority* of their shopping, higher than the UK average.

Figure 3. Do you feel your shopping habits have changed on a permanent basis because of the impact of the pandemic?



Source: Retail Economics, consumer survey conducted December 2021, n=2,000

The pandemic’s impact has been felt unevenly across different parts of the economy. During the initial stages, many businesses ‘mothballed’ by cutting costs to protect working capital to weather the storm as effectively as possible. Small enterprises with weaker balance sheets and tougher access to capital were hit particularly hard.

Unprecedented government support across the entire economy was a vital lifeline during this period for many businesses. Government backed finance, the business rates holiday, moratorium on rents, and the furlough scheme all provided the means for the continuity of trade. But as the inevitable reduction in business support rebalances commercial realities, many businesses have already started to feel the pressure, compounded by depressed demand across high streets, shopping centres and city centre destinations.

## 2. Overview of the High Street Scheme

The HSS was created to address key financial headwinds facing high streets and independent businesses across NI. The scheme commenced on 27 September 2021 and ran until 19 December 2021, offering all

eligible adults a £100 pre-paid card to spend on the high street.<sup>2</sup> The total cost of the stimulus package was approximately £145m and formed part of a wider range of Covid-19 support measures assisting businesses since the pandemic started.

Public engagement for the scheme was ubiquitous. Nearly every single Spend Local prepaid card was activated (99.6%) with 1.4 million NI residents applying for the cards.

Key statistics:

- 1,399,051 NI residents were issued Spend Local prepaid cards
- 1,393,043 (99.6%) Spend Local prepaid cards were activated
- Total spend on Spend Local prepaid cards was £136.6 million

In terms of maximising scheme participation, the rollout was a resounding success.

Figure 4. Transactions and spend by local government district

Local Government District	Number of transactions	Percentage of all transactions	Spend (£)	Percentage of total spend	Average transaction value (£)
Belfast	869,934	23.4	27,623,647	20.2	31.75
Armagh City, Banbridge and Craigavon	325,538	8.8	12,736,406	9.3	39.12
Antrim and Newtownabbey	302,346	8.1	10,607,892	7.8	35.09
Ards and North Down	296,202	8.0	10,374,516	7.6	35.03
Lisburn and Castlereagh	278,393	7.5	10,301,486	7.5	37.00
Derry City and Strabane	272,249	7.3	10,261,342	7.5	37.69
Newry, Mourne and Down	261,868	7.0	10,238,031	7.5	39.10
Mid and East Antrim	241,206	6.5	9,312,169	6.8	38.61
Causeway Coast and Glens	224,388	6.0	8,938,166	6.5	39.83
Mid Ulster	190,975	5.1	8,120,166	5.9	42.52
Fermanagh and Omagh	179,243	4.8	7,524,086	5.5	41.98
Unknown*	272,486	7.3	10,574,023	7.7	38.81
<b>Northern Ireland</b>	<b>3,714,828</b>	<b>100</b>	<b>136,611,929</b>	<b>100</b>	<b>36.77</b>

Source: NISRA

Note - The management information presented relates to data extracted on 27 January 2022. Please note the data are provisional, unvalidated management information sourced from administrative systems and are subject to change

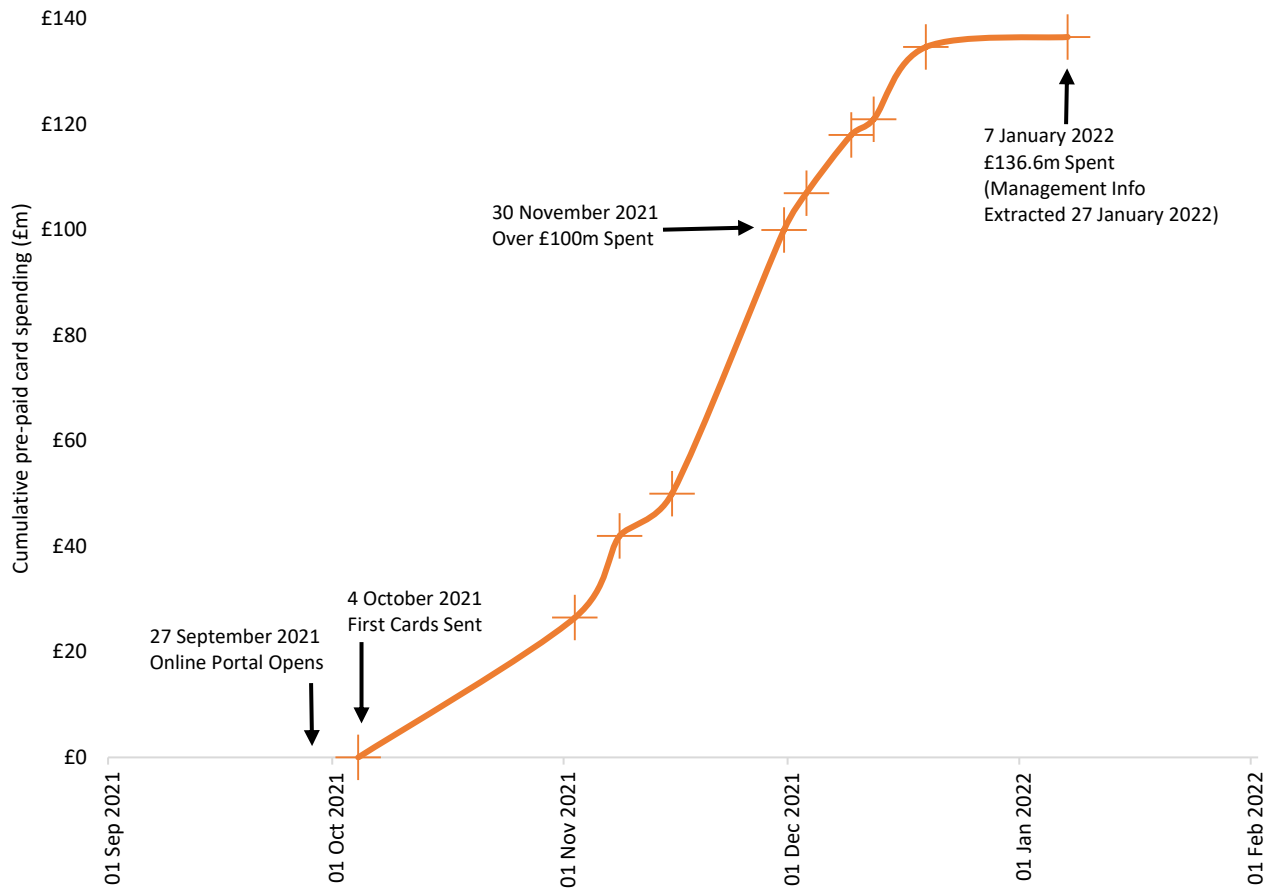
\* 272,486 (7.3%) transaction locations do not have a corresponding postcode in the postcode directory.

\* The transaction locations of £10,574,023 (7.7%) spend do not have a corresponding postcode in the postcode directory.

In the main, the pre-paid cards were dispatched promptly, and more than two thirds of spending had occurred before the end of November 2021. By scheme end, a total of £136.6 million had been spent on the pre-paid cards.

<sup>2</sup> The Scheme re-opened on 24 December 2021 for a 2-week period, for a limited number of individuals.

Figure 5. Cumulative spend on pre-paid card over the duration of the scheme



Sources: Media announcements, management information.

Notes: Orange line constructed by interpolating between each marker point, so is indicative only. Lag between actual spending and the subsequent media announcement. Scheme ran until 19 December 2021, but re-opened on 24 December 2021 for a 2-week period, until 7 January 2022, for a limited number of individuals.

The scheme was developed with four broad objectives in mind:

1. To provide an economic stimulus to the NI economy by encouraging spend in local businesses that have been adversely impacted by the pandemic.
2. To increase consumer confidence and encourage consumers to return physically to local businesses to purchase goods and services.
3. To inject funding onto the High Street, leading to a stronger NI economy overall by December 2021.
4. To protect jobs in the High Street economy by December 2021.



Correct launch timing for the HSS was a key factor for its effectiveness. The scheme was launched during a crucial transitional seasonal period (Autumn/Winter) which typically sees sales fall to lower levels before spending ramps up again for Christmas trading.

The scheme was also in operation when business support was beginning to be withdrawn by Government. This was vital to provide much-needed encouragement for consumers to shop in areas of the sector that needed the most amount of support. Although it's beyond the scope of this research to quantify the following, the pre-paid card is likely to have also provided additional economic stimulus via impulse purchases and supplementary spending in context of wider direct and induced *multiplier effects*.

### 3. Retailer perspective

As part of the research, a business survey was conducted from 15 January to 5 March 2022 to assess the perceived value of the scheme during its operation. The survey included 300 independent retailers and hospitality businesses with a presence across local high streets, city centres, retail parks, shopping centres and neighbourhood parades in Northern Ireland<sup>3</sup>.

A further 15 multiple retailers operating in NI were also included, collectively representing over 1,000 stores across food, apparel, health, beauty, DIY and gardening.

The research showed that the HSS was comprehensively welcomed by retail, hospitality and leisure businesses in NI and was seen as an effective way to stimulate the economy, restore consumer confidence and safeguard jobs.

The analysis is divided into five sub-sections to assess the scheme's effectiveness against the main objectives. These sub-sections are: impact on local independent businesses; impact on footfall and consumer confidence; safeguarding jobs; additional spending; and macroeconomic impact.

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<sup>3</sup> See Annex 1 for more details.

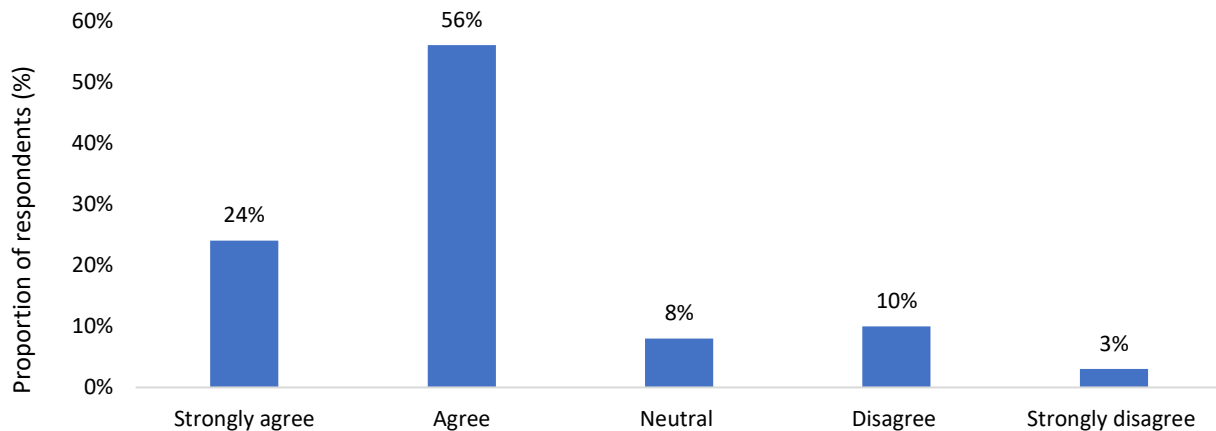
## Impact on local independent businesses

### Key findings

- 80% of retail and hospitality businesses agreed that the HSS helped support small independent businesses.
- All large retailers surveyed said they thought the scheme encouraged people to visit local high streets and businesses.
- 65% of retail and hospitality businesses thought the HSS had a positive or very positive impact on sales against their expectations for the time of year.

Our research showed that there was broad-based agreement across retail and hospitality businesses that the HSS did in fact provide support for small independent businesses. Almost a quarter (24%) 'strongly agreed' with the sentiment while 56% said that they 'agreed'. There was a slight bias towards retailers who were slightly more supportive of the statement than hospitality business.

Figure 6. To what extent do you agree that the HSS helped support small independent businesses.

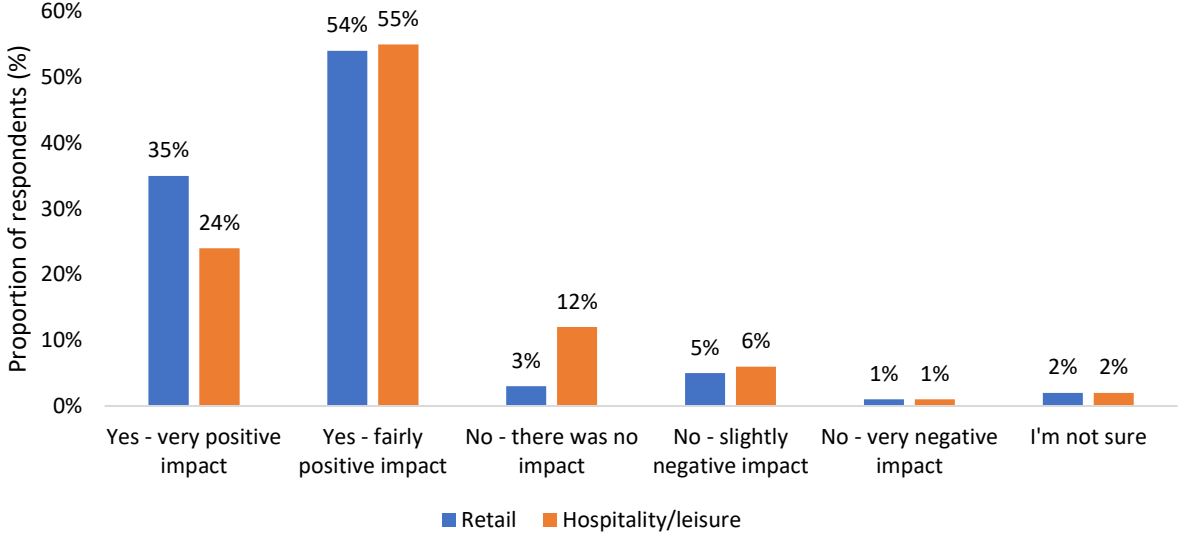


Source: Retail Economics. Independent businesses

Our research also showed that the vast majority (85%) of retail and hospitality businesses thought that the HSS encouraged people to visit local high streets which delivered against one of the core objectives of the scheme.

Here, there was a positive bias towards retail businesses with over a third (35%) suggesting that the scheme had a ‘very positive’ impact, compared with just under a quarter (24%) for hospitality operators. Independent businesses located in city centres were particularly encouraged by the scheme, reflecting this hard-hit physical channel, as many office workers continue to work remotely.

Figure 7. In your opinion, do you think that the high street scheme encouraged people to visit local high streets and businesses?

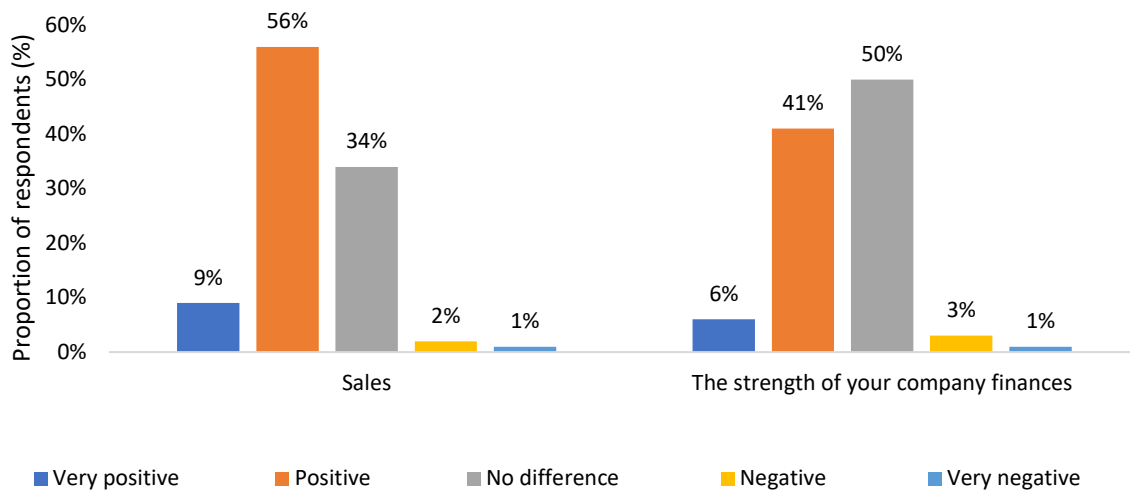


Source: Retail Economics. Independent businesses

Businesses were also in agreement that the positive impact of the scheme manifested in *better-than-expected* sales for the trading period. Indeed, 65% of retail/hospitality businesses thought that there was a positive impact on sales – above and beyond their expectations for the time of year. Just 3% of independent firms surveyed thought that the scheme had a negative impact on sales.

The large businesses surveyed reported a boost in sales with two thirds (67%) suggesting sales had been positively impacted; although 58% said that it did not make a difference to their company financials, which likely reflects that the direct impact of pre-paid card spending was a marginal contribution to the overall revenue for these firms (42% reporting a positive impact).

Figure 8. How do you think the high street scheme impacted the following areas of your business against your expectations for the time of year given the current trading environment? Q2



Source: Retail Economics. Independent businesses

Importantly, 47% of small businesses reported that it helped strengthen company finances against their expectations. This is particularly important given that Christmas is such a critical trading period for retail businesses, where in some categories such as toys and games, the final quarter of the year can account for the majority of annual retail sales. Just 4% of businesses suggested that it had a negative impact on their finances.

### Impact on footfall and consumer confidence

#### Key findings

- 74% of small businesses thought the scheme helped boost consumer confidence and footfall over the mid-November to mid-January period.
- Across all physical locations, the biggest impact on footfall was felt by small businesses located in city centres.
- Retailers (86%) were more likely to say that there was a positive impact on confidence than hospitality businesses (65%).

Despite the end of lockdown restrictions, footfall has remained under pressure for many towns and cities across NI, with levels remaining significantly lower than pre-pandemic times. Granted, footfall levels

across many locations have been under pressure over the last decade, but the impact of the pandemic has markedly accelerated this decline.

While the shift towards online shopping has played a major role, there has also been a redistribution of footfall across physical destinations. Retail parks have been more resilient compared to other destinations due to more space and easier adherence to social distancing measures – supported by a number of retailer trading updates such as Next. Consumers are also more likely to travel there using private transport as many retail parks cater for convenient click and collect options. However, this shift has come at the expense of high streets, town centre and city centre locations that have experienced the greatest decline in footfall. Throughout 2021, footfall has fallen markedly on 2019 levels, but specifically, retail parks (-3.6%) have held up well relative to shopping centres (-39.6%) and high streets (-38.8%)<sup>4</sup>.

In part, a permanent shift towards online shopping will play a major role. But this simplistic approach ignores a vastly more complex customer journey which is increasingly influenced by digital, from the awareness of products, through to service and returns. Set against a backdrop of underlying anxieties about the virus, many consumers needed encouragement to walk back through the doors of physical destinations.

In previous research conducted by Retail Economics, published in July 2021<sup>5</sup>, around a quarter of consumers said that it would be six months (or more) before they would feel confident to shop in physical locations again. Around 16% suggested that they would need more than a year to regain the confidence to enter physical stores again.

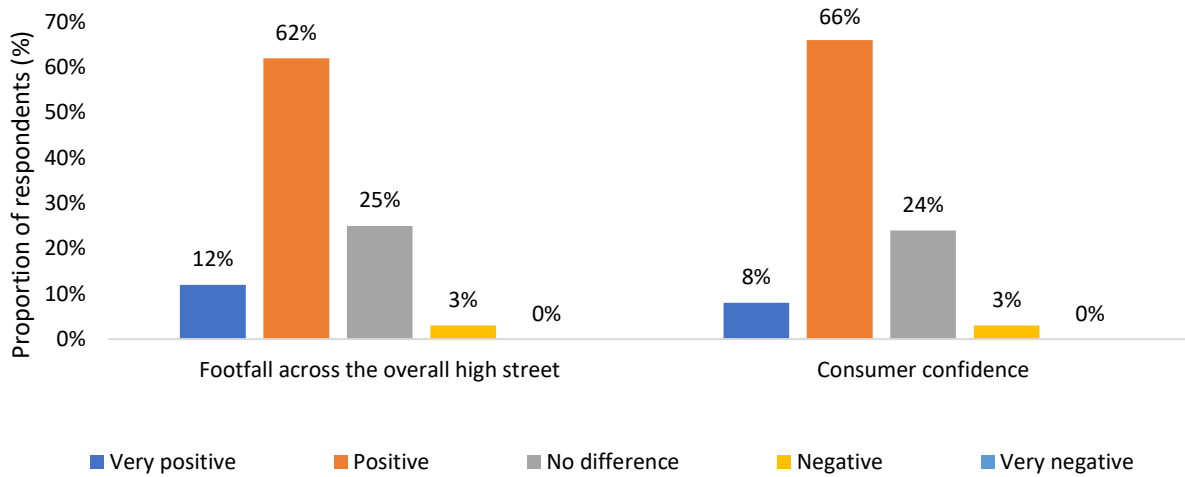
Independent businesses were strongly united in their belief that the HSS provided the encouragement that consumers needed with 74% reporting a positive impact on footfall (just 3% thought there had been a negative impact). Almost three quarters (74%) also believed that consumer confidence had improved too – vital in supporting sales for these businesses and others within the local community.

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<sup>4</sup> Springboard

<sup>5</sup> Retail Economics: [Research to inform the Northern Ireland High Street Scheme | Department for the Economy](#)

Figure 9. How do you think the high street scheme impacted the following areas of the economy over the last couple of months (mid-November to mid-January)?



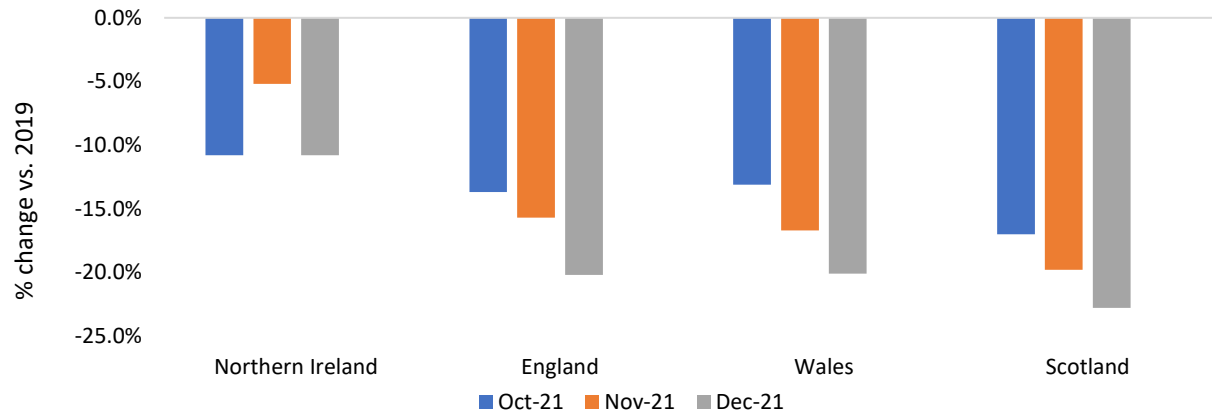
Source: Retail Economics

The impact on footfall and consumer confidence was also echoed by large retailers with all of those surveyed reporting a positive impact due to the scheme.

Arguably, the HSS provided much-needed impetus for consumers to venture out of their homes and return to local high streets, shopping centres and city centres to spend in physical locations.

This is supported by data from the Northern Ireland Retail Consortium which suggest that footfall across NI was stronger than any other part of the UK over this period. In November 2021, footfall across NI fell by 5.2% compared with 2019 levels, considerably stronger than the UK's average decline of 15.7% over the same period. Belfast had an unprecedented growth of over 11.5 percentage points, bringing it into positive territory (+3.0%) for the first time in almost 2 years. This compared with a fall in London of more than 20%.

Figure 10. Footfall across England, Scotland, Wales and Northern Ireland in the final quarter of 2021, versus 2019



	Northern Ireland	England	Wales	Scotland
<b>Oct-21</b>	-10.8%	-13.7%	-13.1%	-17.0%
<b>Nov-21</b>	-5.2%	-15.7%	-16.7%	-19.8%
<b>Dec-21</b>	-10.8%	-20.2%	-20.1%	-22.8%
<b>Average</b>	-9.1%	-16.8%	-16.9%	-20.1%

Source: Northern Ireland Retail Consortium, press coverage

## Safeguarding jobs

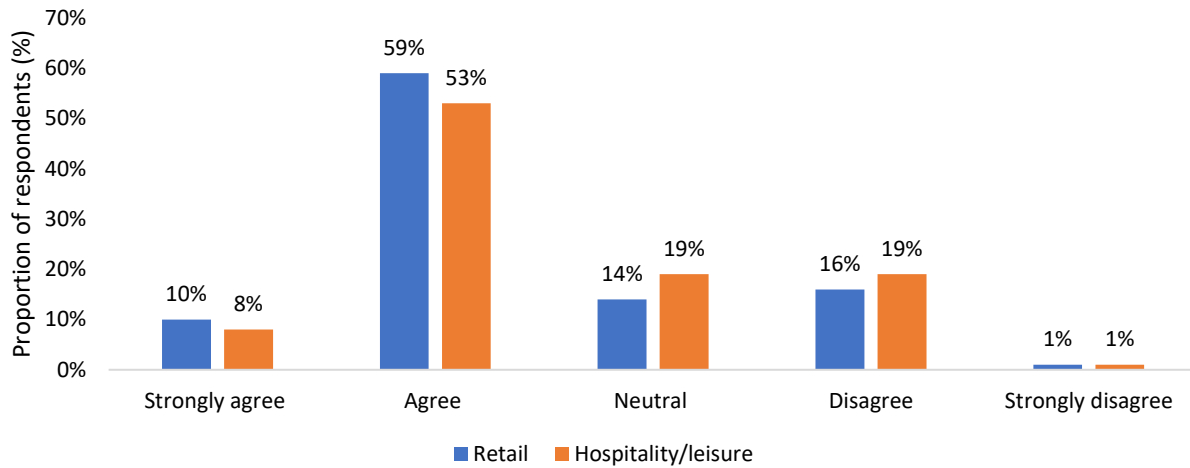
### Key findings

- Over two-thirds (69%) of small retailers thought that the scheme helped safeguard jobs.
- 61% of small hospitality businesses thought the scheme helped safeguard jobs.
- 67% of large retailers said that the scheme helped safeguard jobs.

In the immediate aftermath of the pandemic, businesses looked to quickly cut costs to preserve working capital and weather the storm as effectively as possible. Unprecedented government support was a lifeline to businesses, and the Job Retention Scheme helped them to manage their labour costs and preserve jobs.

However, as furlough support was gradually removed (ending entirely on 30 September 2021), many businesses were forced to confront the commercial realities of trading with depressed demand across many parts of the sector. The impact was particularly acute across independent business, many of whom also began to repay bounce-back loans. Many businesses also had to invest significant capital to implement mandated COVID-19 safety measures.

Figure 11. To what extent do you agree that the HSS helped safeguard jobs



Source: Retail Economics. Independent businesses

Both small retail and hospitality businesses were in broad agreement that the scheme helped to safeguard jobs. Indeed, 69% of independent retailers and 61% of independent hospitality business agreed that this was the case.

### Additional Spending

#### Key findings

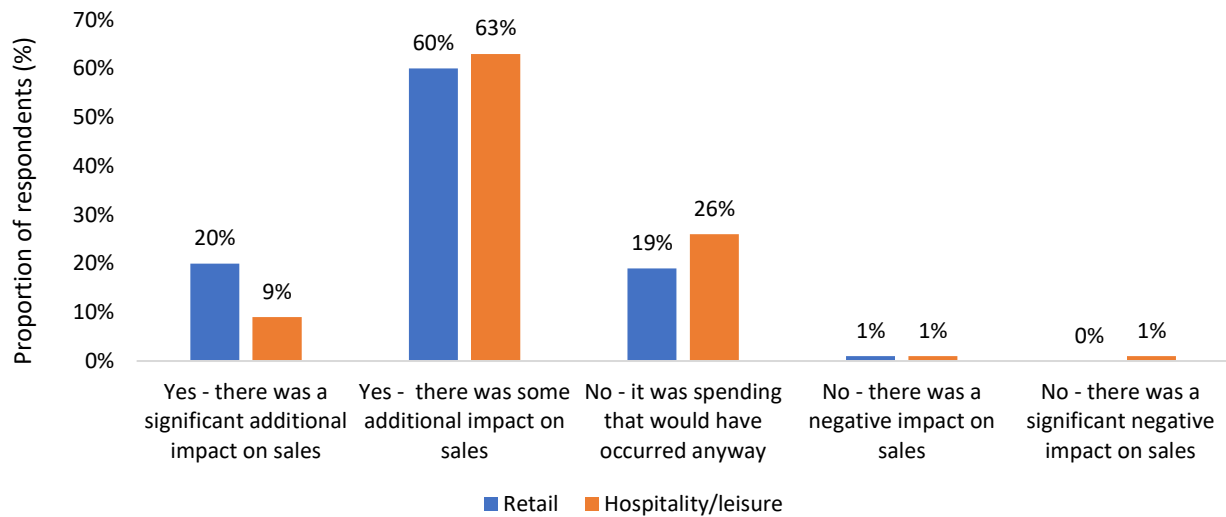
- 80% of small retailers thought that the HSS encouraged spending that was otherwise unlikely to have occurred.
- 72% of hospitality business thought the scheme added to additional spending.
- All large retailers surveyed said there was a positive additional impact on sales.

Our research showed that over three quarters (77%) of small retailers and hospitality businesses thought that the HSS triggered spending that was ‘additional’ to what would otherwise have been spent, rising to 80% for small retail companies alone. All large retailers surveyed reported that there was ‘some additional impact on sales’ that was otherwise unlikely to have occurred without the scheme.

For small businesses, the additional spending was most concentrated across firms located in city centres, and on local parades and high streets. Interestingly, firms located in retail parks were the least supportive of the idea that the scheme boosted sales beyond expectations, likely reflecting the positive impact that the pandemic had across this channel.



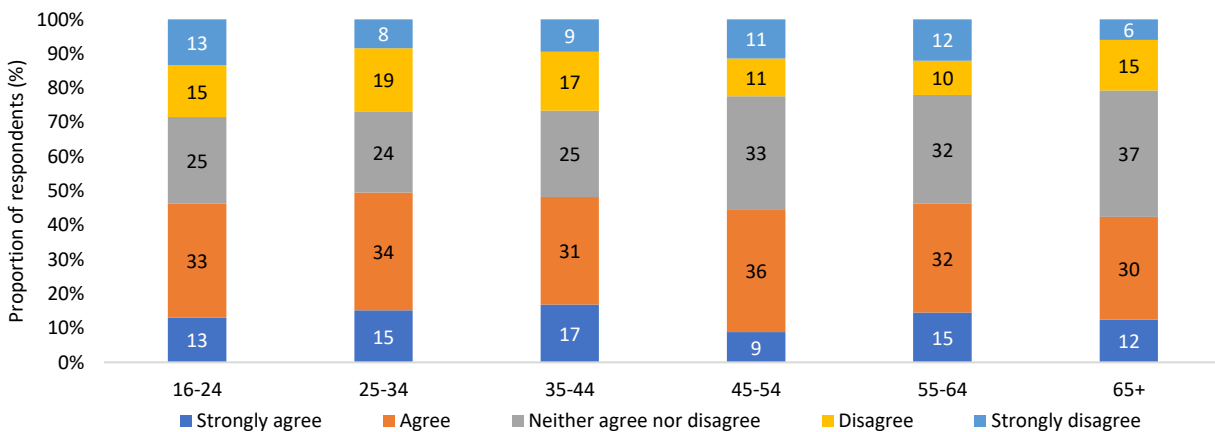
Figure 12. Taking everything into account, do you think the high street scheme encouraged spending that otherwise was unlikely to have occurred?



Source: Retail Economics. Independent businesses

One of the most important findings from the research is the strong business-backed evidence that the pre-paid card contributed to *additional* spending, rather than displacing spending that was likely to have occurred anyway. These findings are also supported by previous research conducted by Retail Economics that showed consumers were likely to focus their pre-paid card spending on something that they hadn't planned to purchase.

Figure 13. To what extent do you agree or disagree with the following statements? I would treat myself with something I hadn't planned to buy



Source: Retail Economics, NI consumer panel conducted 27th April - 2nd May 2021, sample=1,000

Our research showed that 46% of consumers agreed that they were likely to “treat” themselves with something they hadn’t planned to buy in a hypothetical scenario of being given a £100 pre-paid card to spend.

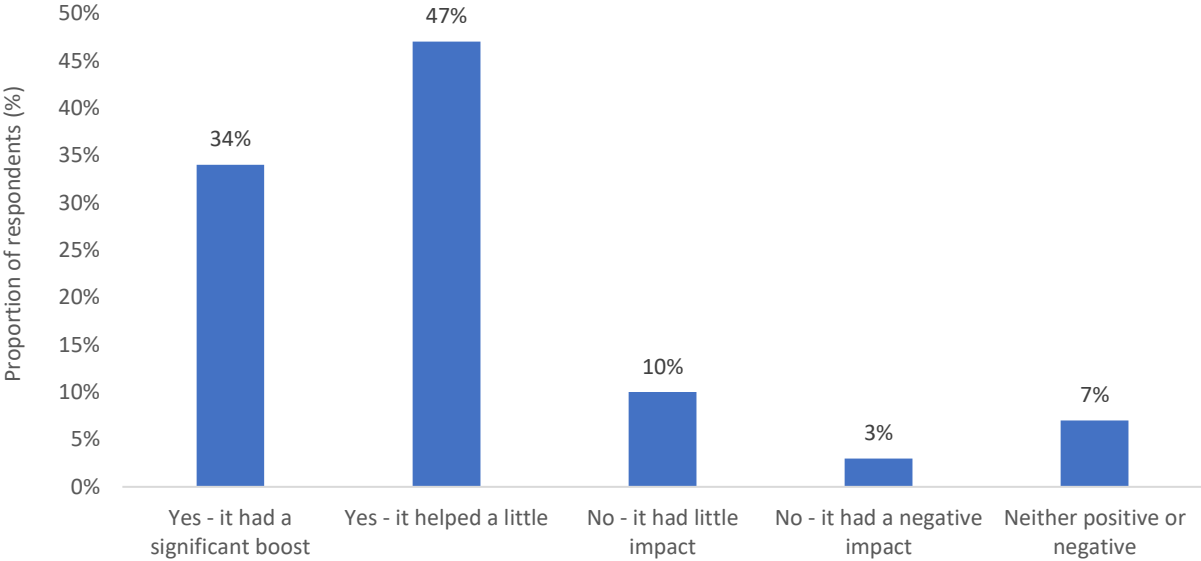
### Macroeconomic impact

#### Key findings

- Over a third (34%) of small retail and hospitality businesses thought that the HSS provided a significant boost to the NI economy.
- 78% thought that it was an effective way to stimulate the economy.
- Two thirds (66%) of small businesses thought that it was a good use of public money.

There was also widespread support when independent retail and hospitality businesses were asked whether the HSS was a good idea for the broader economy (outside the scope of just their individual businesses). Eight in ten (81%) respondents suggested that it was a good idea for the NI economy, with a 72% of respondents who thought that the scheme was an effective way to stimulate the economy. The sentiment was also replicated with large retailers. All of those that were surveyed agreed that the scheme was a good idea for the NI economy, half of which said that it provided a significant boost.

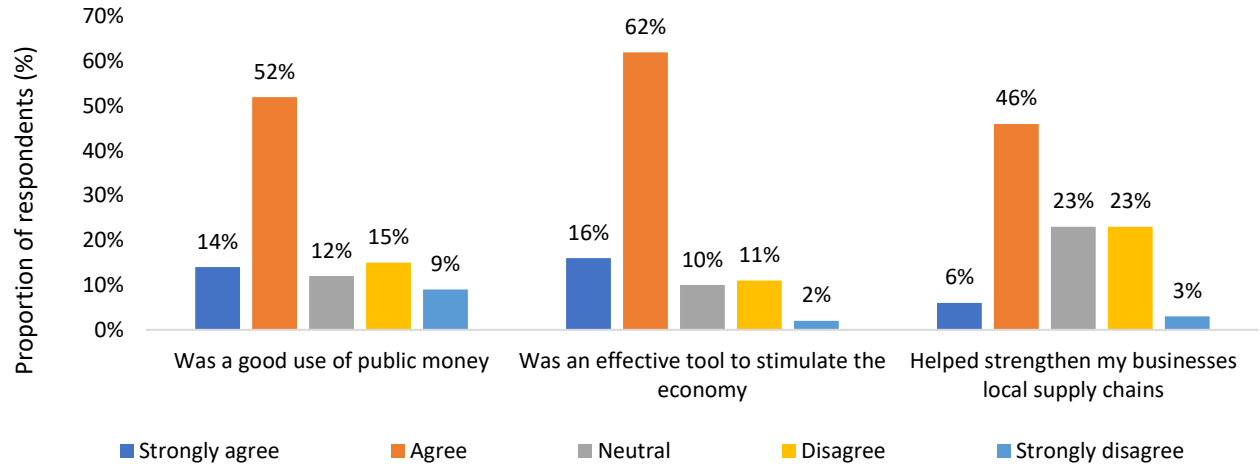
Figure 14. On balance, do you think the high street scheme was a good idea for the economy of Northern Ireland?



Source: Retail Economics. Independent businesses

There was also agreement from small businesses, 81% who thought it was a good use of public money. There was less support for the idea that it helped further down the supply chain, with 52% supporting the idea.

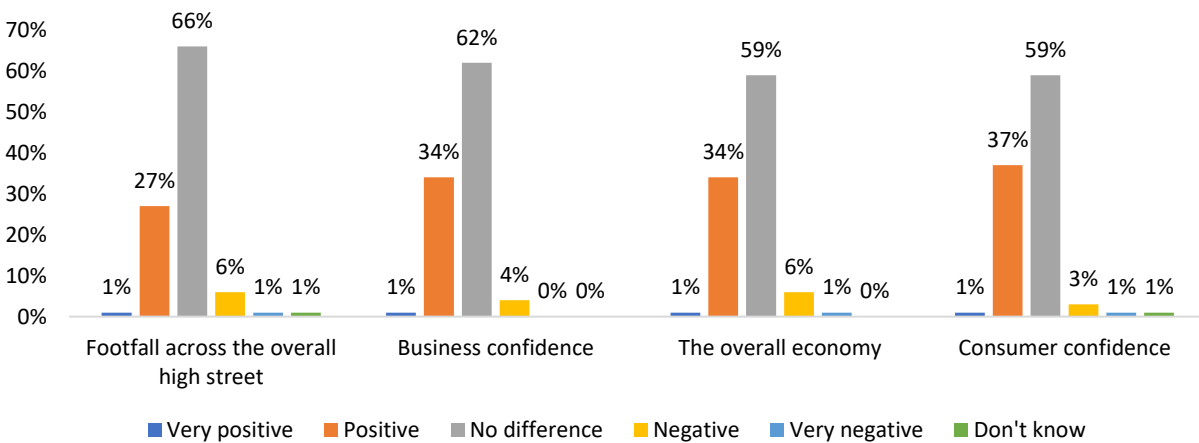
Figure 15. To what extent do you agree that the HSS...



Source: Retail Economics. Independent businesses

While it's difficult to assess the longer-term implications of the scheme, most businesses agreed that there would be a positive impact over the next 2-3 years. One area where businesses thought that this might be the case was around consumer confidence.

Figure 16. How do you think the high street scheme will impact the same areas of the economy over the next 2-3 years?



Source: Retail Economics. Independent businesses

## 4. Conclusions

The HSS was an ambitious undertaking. A scheme of this nature was unprecedented in NI. Following one of the most disruptive periods in living memory, many retail and hospitality businesses continue to face the long-term impacts of shifts in consumer behaviour and softer consumer confidence. With many consumers still apprehensive about visiting physical retail destinations, it was far from assured there would be widespread adoption of the scheme and whether businesses would see a positive impact on sales beyond normal expectations for the time of year.

Our research shows that the HSS delivered against five key areas:

- 1) **Engagement:** There was widespread engagement with almost every single Spend Local Card activated (99.6%) with 1.4 million NI residents having applied for cards.
- 2) **Additionality:** Both large and small businesses reported that the pre-paid card contributed to *additional* spending, rather than displacing spending that was likely to have occurred anyway.
- 3) **Targeting:** Spending was reported to have been boosted across small independent local businesses.
- 4) **Confidence:** The pre-paid card provided an impetus for consumers to visit physical channels which had a positive impact on footfall.
- 5) **Jobs:** Businesses reported that the scheme helped to safeguard jobs.

While a full evaluation of the scheme is yet to take place, our research shows that it received widespread support from the business community; and survey evidence would suggest that there was a positive impact across the retail and hospitality sector, and the wider NI economy.

## Annex 1. Survey methodology

A survey of 300 small independent retail, hospitality and leisure businesses was undertaken from 17 January 2022 to 15 February 2022. The survey was undertaken by telephone and respondents were asked a range of questions to assess their perception of the effectiveness of the High Street Scheme.

Businesses were asked if they had heard of the High Street Scheme at the beginning of the survey. 100% of businesses surveyed had heard of the scheme and so all businesses were included in the results.

The survey was designed to be nationally representative across all council areas.

The average length of the survey was 9 minutes and 40 seconds.

A large retailer survey was undertaken for 15 businesses. These represented large multiple retailers covering food, apparel, health and beauty and DIY and gardening. In aggregate, these retailers represented over 1,000 stores operating throughout Northern Ireland.

Surveys were conducted online.