

Event: City of Adelaide Committee Meeting 1

Location: City of Adelaide Town Hall

Date: Tuesday, 1 May 2018

Adelaide Central Market Strategic Plan for 2018 – 2022

ACMA Chairman speech – Nick Begakis AO

The Right Honourable Lord Mayor of Adelaide, Martin Haese, councillors, council administration and council staff.

On behalf of the Board, management and the team at the Adelaide Central Market Authority, we are pleased to be able to present our second Strategic Plan.

The Authority was created by council, by councillors, so the Market could benefit from being, led, governed and managed by an appropriately experienced group of independent directors and management.

The Authority was meant to be independent yet interdependent; and so it is.

The Authority consider ourselves as custodians for future generations.

I will present an overview, particularly of the competitive landscape and then pass to Aaron who will present some details of the strategic plan. We will then be available for any questions you might have.

This document has been prepared with the assistance of and in close consultation with council administration, management and staff and we thank them for their support, guidance and input. So, this 14 page document comes to you with their full support.

This is an important document as the Market, our Market, is in the most competitive environment it has ever faced.

It is therefore important that we are not on the inside looking in. This is a recipe for an insular view, an insular organisation.

We need to be on the inside looking out, to understand what's going on in the world around us. And then we need to be on the outside looking in, to understand what our current and potential customers think, want, need and how they act; and this Strategic Plan has been prepared with these factors in mind.

So, we see today's process as important in the Adelaide Central Market's history.

This is a document that will set the strategic direction of the Market for the next four years and beyond. Recapping that our mission is to be the world's leading food and fresh produce Market.

Today we will present a strategic direction that has been developed in consultation with our traders and in conjunction with our traders advisory group, with our precinct, Market district neighbours and the general public.

It is the largest consultation ever undertaken by the Market, with 220 hours of meetings, of planning and of analysis. This process was externally facilitated by professionals in this field.

The Authority has always consulted with our traders, listened and acted where we could. Remembering that the leadership, governance and management of the Market is not a popularity contest.

Since 2015, some 16 major items have been brought to our attention by our Traders Advisory Group have been appropriately investigated, and successfully implemented.

Some examples are:

1. In 2015, in response to car park cost issues, we introduced the first hour free parking initiative, resulting in an additional 110,000 vehicles using the car park in the first year.
2. In 2015, in response to car park access issues, the pitt st rh turn was eliminated allowing access for motor vehicles travelling from the north
3. In 2016, we created the producer in residence stall to give opportunities for local artisanal food businesses.

Many of these food businesses now have distribution arrangements with our traders and sales networks beyond the Market itself.

4. In 2017, we introduced a fit-out incentive program and 5 traders have already participated. We are in discussions with another 17 to upgrade their stalls.

This should result in over \$4 million of private investment in the Market.

5. In 2017, in response to a lack of suitable toilet facilities, we built an accessible toilet and upgraded the parents change room, to encourage young mothers and carers of those with mobility and other health issues, to visit the Market.

We coupled this with dedicated pram bay and reduced mobility parking.

And a full list will be available later along with a copy of this presentation (*please refer to Attachment A*).

For 149 years, the Market has been a community space, a place where locals and tourists alike come not only to shop but to meet, dine and do business.

We believe it's the essence of who we are as a society. And we welcome everyone to join our community - our family.

Visitors to Adelaide say how wonderful the Market is. A big part of our attraction is our authenticity and diversity. With 42 nationalities and 75 family owned and operated businesses, they represent the 500 people who are employed by our traders, we provide an authentic shopping experience, a retreat from a modern world rife with pretend Markets, 'fake news' and scripted reality shows. And, we sell 1 million kilograms of fruit and veg a month.

All that being said, remaining relevant in a rapidly changing food and consumer Market is essential for us to thrive, to survive. Consumers have an increased choice when it comes to where, when and how they do their shopping. Most importantly, convenience has lead changing consumer behaviours.

For example, research we have obtained from sources such as news corp, who gather 40 million pieces of on-line data a day, indicate that the public buys fresh produce 2 to 3 times a week now. Gone is the one big weekly shop for everything.

And that the decision, by logging on and googling, “what’s for dinner tonight”, what to prepare for the family meal that night, is taken from about 2pm to 3 pm that afternoon.

So, to be able to participate in that decision-making process, we are introducing our eCommerce platform.

This will enable the Authority and our individual traders to offer meal options at the time the public is searching for solutions, all web based, all part of the internet of things, all part of click, pay and collect.

Our competition are constantly improving and evolving.

Consider in the past ten years:

1. the establishment of Farmers Markets
2. 15 new Aldi stores within 10 to 15 minutes’ drive of the Market
3. the refurbishment and construction of more than 50 Woolworths, Coles and Foodland super “markets” – there are 80 supermarkets within our catchment area
4. They all have created offerings that mirror the Market

As a fresh produce Market where just 17.8% of our stalls are solely for eating on site, our competitors are mainly the supermarkets, but there are others.

Their strategies of attracting more foot traffic are probably known to you.

First there were the bread wars - \$1 bread – not much effect on us. Then there were the milk wars - \$1 milk – not much effect. Then, there were the pizza wars – the sub \$5 regular pizza – families coming together for pizza nights at home – one less

opportunity a week to sell fresh produce. Now, the rise of home delivery through phone apps such as menu-log or Uber eats to the extent so that Australians, on average, are now ordering restaurant quality meals at least once week.

And finally, the chicken wars – where Australians can buy a roast chook for less than the price of a raw chook, fresh, hot and juicy and on the way home. They then buy roast vegetables or a partially prepared salad.

This hot option now includes roast lamb and roast beef and others products at some 200 million purchases a year.

One in 10 Australians who visit a supermarket buy a chook; that's about 50,000 meals a week in the Market's catchment area where customers don't go to a fresh produce place like the Market to buy ingredients and take home to do something with them. To put that into perspective, our busiest day consists of about 55,000 visitations.

Our Strategic Plan is our way of making sure we remain ahead, or at least keep up to the competition, to ensure the Market's competitive longevity.

We'll be back in the coming weeks to present and discuss the Adelaide Central Market Charter, Capital Works Budget and the Operating Budget.

We look forward to seeing you then. Thank you for your time.

Adelaide Central Market Strategic Plan for 2018 – 2022

ACMA General Manager speech – Aaron Brumby

Thank-you Nick for opening the presentation today.

It certainly sets the scene for the importance of a well-developed Strategic Plan and the competitive pressures that exist in retail.

Today, we present a Strategic Plan that has been developed in consultation with our traders and in conjunction with the traders advisory group, our district neighbours and the general public.

As custodians of a South Australian icon, the Market Authority and trader group realises the importance of having a clear direction for the future.

Over the past four years, the Market Authority has taken swift action to capitalise on the opportunities created from a growing sense of optimism among many traders and customers.

We have seen both incredible progress and unexpected challenges. In good times and bad, we have united as a family with a shared vision of protecting the beauty of our iconic Market. We celebrate our successes and are made stronger by solving problems together.

In creating this plan, it was vital that all stakeholders were included in its development. It is important to the Market Authority that we consider a wide range of opinions.

16 workshops provided the opportunity for traders, Market precinct groups and customers to voice their hopes and concerns.

The result of this consultation process is the Strategic Plan we present to you today.

Our vision, is to be the world's leading food and produce Market.

With a mission to operate sustainably and successfully as a group of prosperous traders, board and management team that provides a diverse and exciting cultural shopping experiences that enhances our precinct, city and state.

Our values are to be:

- Enjoyable
- Professional
- Innovative
- Unique
- Sustainable

We have four key themes which anchor the strategic plan being:

- Our Customer
- Our Traders
- Our Business

- Our Precinct

50 initiatives in total that cascade in support of the themes.

We now welcome your feedback and comments on the Strategic Plan and most importantly seek to confirm that we have addressed all the expectations of the City of Adelaide with the detailed strategic objectives prepared in extensive consultation with our stakeholders.

[end]

Media contact:

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2015

CARPARK

- ✓ First Hour Free
\$500k

CUSTOMER ACCESS

- ✓ Pitt Street Right Hand Turn

MORE ENGAGEMENT

- ✓ ACMA Board & TAG Meetings (Biannual)

2016

LOADING ON GOUGER ST

- ✓ Traffic Management Plan

MARKETING & EVENTS

- ✓ \$250k Contribution by Lessor per annum

CARPARK – WAYFINDING

- ✓ Repaint & lighting upgrade
\$450

PRODUCER IN RESIDENCE

- ✓ Create opportunity for new Artisans \$20k

SCHOOLS CODE OF CONDUCT

- ✓ Reviewed & Refreshed

2017

CUSTOMER ACCESS

- ✓ Right Hand Turn \$300k
- ✓ Vic Square closures reduced from 6 to 2 annually – 20%

FIT OUTS

- ✓ Incentive Program \$200k

PARENTS FACILITIES

- ✓ Parents Room \$120k
- ✓ Pram Parking \$5k

UTILITIES

- ✓ Ability to depart from electricity network
- ✓ Gas truck line installation \$20k

2018

MORE ENGAGEMENT

- ✓ Foodlab Industry news & customer trends (77 articles)

MORE ENGAGEMENT

- ✓ Strategic Plan workshop sessions \$20k

ANNUAL REVIEWS

- ✓ Annual rent reviews of CPI + 1% (replacing the previous annual 4%) \$

AIR CONDITIONING

- ✓ Included in 10 year Capital Expenditure Plan \$2.2m



1 OFF COSTS \$935k

INVESTMENT \$450k per annum

FORGONE \$ 500k per annum

TENANCY MIX ACMA Board recent additions (unique produce focus):

- Stall GR43 Cumbia
- Stall 2 Les Deux Coqs
- Stall 41 Asian Grocer
- R17 Plantation Juice
- Stall 16 Fleurieu Milk

PRESENT: Future Foods Australia appointed to complete tenancy mix review.