

Attachment 4 - CEO013

**CITY OF GREATER GERALDTON AND MID WEST REGION**

A Digital Strategy for the City of Greater Geraldton and the Mid West Region – October 2012

Explor Consulting Pty. Ltd. has prepared this strategy for the City of Greater Geraldton. Explor Consulting has prepared it through significant desktop research and limited on-the-ground consultation with members of the Geraldton community and staff of the City. A large part of this strategy is synthesised from work previously undertaken by the City and the recently completed IBM Smart Cities Challenge Report.

Explor Consulting is the leader in digital futures consulting.

We help communities and their governments to plan and build better futures, taking advantage of the opportunities of digital technologies and broadband services. Explor works with governments and organisations at all levels: local, regional, state, territory, provincial and national.

We provide advice, we help develop digital strategies, we facilitate the funding and initiation of projects and we provide management assistance.

Explor's people have unique insights into how digital technologies and broadband services can be exploited to support economic, social and environmental development.



The City of Greater Geraldton would like to acknowledge the support and contribution of the following organisations in assisting in the development of the project scope and contributions to the development of the strategy.



Government of **Western Australia**  
**Mid West Development Commission**



Government of **Western Australia**  
Department of **Commerce**

The Northern Agricultural Catchment Council

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# Vision and Goals for a Digital Geraldton & Mid West Region

As the first community in Australia to gain high-speed broadband connections through all three of the National Broadband Network (NBN) infrastructure platforms, the City of Greater Geraldton (the City) and surrounding Mid West Region (the Region) have developed this strategy to capitalise on the economic, social

Life	<p>People of all backgrounds and ages in Geraldton and the Mid West will have the confidence, capability and access to use digital technologies to support fulfilling, productive, creative and healthy lives.</p> <p>People will use online services and access digital resources in ways that promote healthy, active, safe, enriching and socially connected living.</p> <p>Online services available for residents and visitors in the City and Region will be rich, extensive and easy to use.</p>
Work	<p>Geraldton and the Mid West' s existing businesses will be using digital technologies to grow their market share and to improve their productivity.</p> <p>Geraldton and the Mid West' s economic base will be broader with new types of businesses able to flourish through access to broadband services and other technologies.</p> <p>Geraldton and the Mid West and will have more employment opportunities, particularly professional employment opportunities, made possible through broadband services and other technologies.</p> <p>Geraldton and the Mid West will be a good place to establish new businesses of all sizes due to the availability of digitally enabled facilities and well designed online government services.</p>
Learning	<p>People, particularly younger people, will have greater access to a wider variety of higher education courses, through the use of online delivery within Geraldton and the Mid West.</p> <p>Students at Geraldton and the Mid West' s schools and other education institutions will achieve at a higher level, supported by the well informed use of digital technologies to support effective learning and teaching.</p>
Community	<p>Geraldton and the Mid West will be a more vibrant place, with the innovative but sensitive use of technology to enhance the experience of being in the city and surrounding regional towns.</p> <p>Geraldton will have a flourishing arts and cultural sector, including many digital artists and digital media professionals.</p> <p>Geraldton and the Mid West' s residents and visitors will have a rich understanding of the city' s activities and opportunities, created and presented using digital technologies</p>

and environmental benefits these technologies could deliver.

This plan proposes a vision for the City and Region' s future, enhanced by broadband and digital technologies:

*Geraldton together with the Mid West Region will accelerate the journey to becoming a vibrant, prosperous and sustainable city where people and businesses confidently use digital technology to enrich the way they live, work, learn, create and connect.*

*Geraldton will be globally recognised as an exemplar for small, regional cities around the world.*

The following goals are proposed to support this vision:



# Strategies to support the Vision and Goals

To achieve the vision and goals, this plan outlines nine digital technology focused strategies for the City and Region to pursue.

*Continue to be an active digital technology leader*

The City has already demonstrated clear and effective leadership, continuous communication with the community, and a suitable commitment of resources and effective management and monitoring of

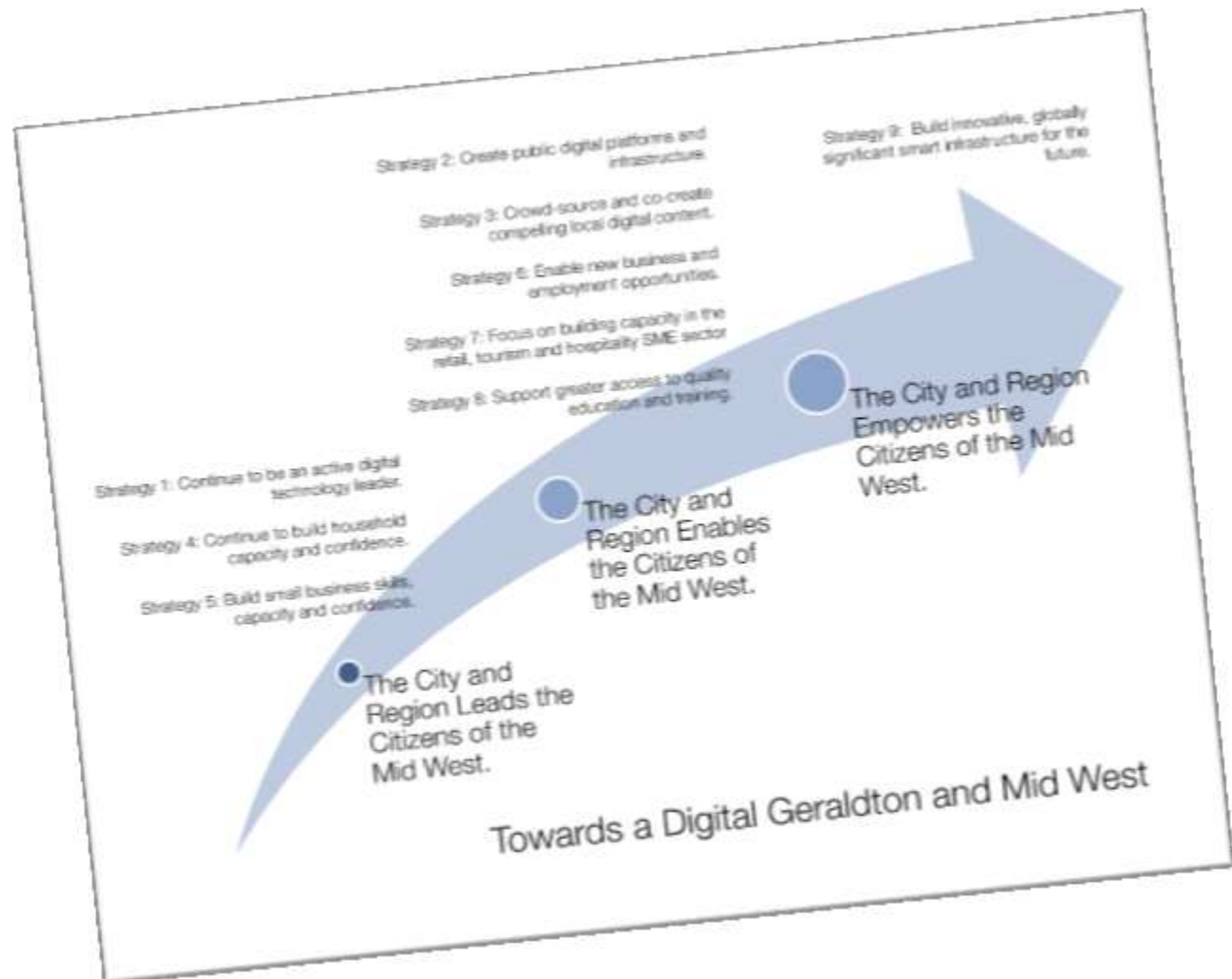


Figure 1: The digital strategy pathway for Geraldton and the Mid West to global recognition.

the various strategies. The City should continue in this leadership role, create a new Leadership Alliance with other city and regional bodies and inspire other leaders to emerge.

### *Create public digital platforms and infrastructure*

Ubiquitous broadband access is the foundation for the City and Region's digital future. The NBN will provide ultra-fast speed fixed services to homes and private premises. There should also be public outdoor spaces and shared indoors spaces where people who are working, learning or enjoying their leisure time can access broadband services. The City and Region should also invest in technology platforms that enable residents, businesses, visitors and government to richly communicate with each other.

### *Crowd-source and co-create compelling local digital content*

The City and Region must build on its greatest assets: its people, its location and its innovative nature. There are many benefits in co-creating and presenting a rich array of digital content and the City and Region to potential visitors, to potential investors and most importantly, to the people who live, work and learn in the Mid West.

### *Continue to build household capacity and confidence*

Digital technologies offer new ways of living, working and learning and much of this occurs within people's homes. Some physical spaces residents require and the technical infrastructure to support different ways of living should be investigated. Investments should support sustainability, independent living and opportunities for new home-based businesses to flourish.

### *Build small business skills, capacity and confidence*

As businesses and individuals in the City and Region develop their capabilities to effectively use digital technologies, they will require practical assistance from locally based, trusted and competent people. The availability of this practical assistance must be developed, expanded and shared widely to drive innovation in local business.

### *Enable new business and employment opportunities*

The City and Regional goals of broadening the economic and employment base must be supported by a digital strategy. New enablers and incentives must be provided to encourage new types of business to establish and grow in Geraldton and the Mid West. Facilities and support must be provided so that people can work in Geraldton for employers and clients who are located elsewhere.

*Focus on building capacity in the retail, tourism and hospitality SME sector*

The City of Greater Geraldton, like all other regional cities, faces challenges and opportunities due to the rise of online retail. There are also rapidly emerging trends online effecting the tourism and hospitality sector. The City together with key stakeholders should work with the three sectors to build capacity, confidence and growth opportunities.

*Support greater access to quality education and training*

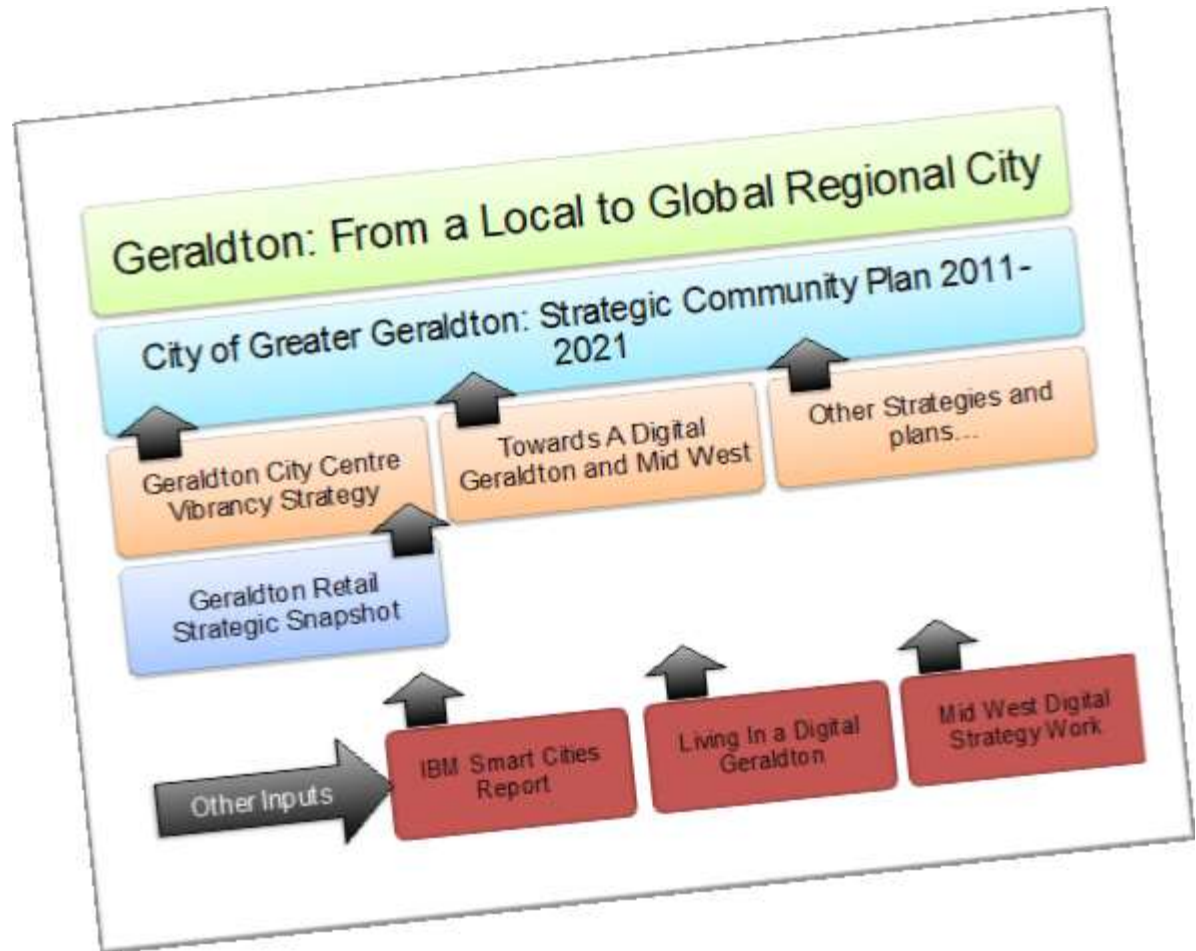
The use of digital technology to support education and training must be increased so that access and achievement is improved. Importantly, there must be greater collaboration and use of shared services by the many education providers.

*Build innovative, globally significant smart infrastructure for the future*

The City and Region should pursue long-term goals that will attract global interest in the areas of sustainability, innovation and smart infrastructure. Most importantly the City and Region should build long term, mutually beneficial relationships with key infrastructure and technology providers and partners now to enable future investment.

# Where does this digital strategy fit in with the other plans the City of Geraldton has?

The City has been active in the development and execution of plans to improve economic and social outcomes for its citizens. This Digital Strategy is not to be considered in isolation from those plans and actions.



*Towards A Digital Geraldton and*

*Mid West is a synthesis of other inputs and*

will become a key component of and input to future plans and actions undertaken to advance the City and Region.

This report also incorporates the strategies, candidates for action and recommendations provided in the Geraldton Retail Strategic Snapshot. That report is available standalone but the City, Region and its stakeholders are able to address all of its content through this strategy.

Figure 2: Where does this Digital Strategy fit with other plans?

# Why must Geraldton and the Mid West invest in the community's

*The direct contribution of the Internet to the Australian economy is worth approximately \$50 billion or 3.6% of Australia's Gross Domestic Product in 2010. This contribution is*

Towards a Digital Geraldton & Mid West – October 2012

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## digital future?

The City of Geraldton and Mid-West Region is one of the first communities in Australia to gain all three technology platforms making the ultra-speed broadband connections of the NBN. The City and Region are focused on achieving economic, social and environmental benefits from the NBN: that is why this Digital Strategy has been developed.

Ultra-speed broadband is only one element in the array of digital technologies that are transforming the way we live and work. Over recent decades there have been dramatic developments in these digital technologies:

- High speed computing
- The miniaturisation of electronic equipment
- Mobile phones and mobile devices

- The Internet
- The digitisation of information and audio-visual materials.
- online services to communicate with suppliers and partner businesses, some of who may be overseas.
- Place based services.

We now all regularly use email, the web, social media (such as Facebook and Twitter), Smartphones and iPads. Importantly, these technologies have become affordable, pervasive and interconnected.

However, the changes are not only in the availability of the new technologies: the significant changes are in the way we are using the technologies to do things very differently. Individuals of all ages have changed the way they work, relax, communicate, learn and shop.

Many businesses have changed the way they interact with their customers, their suppliers and their staff. Governments have changed the way they deliver their services and engage with their citizens.

Digital technologies are both disruptive and transformative. For example:

- Online services are displacing face-to-face services, with huge impacts on sectors such as retail, banking and education.
- Broadband services and digital tools are enabling new patterns of work such as telecommuting for individuals and new forms of relationships between businesses including offshore outsourcing.
- Digitisation of information and entertainment resources is destroying the market for many traditional products such as books, newspapers

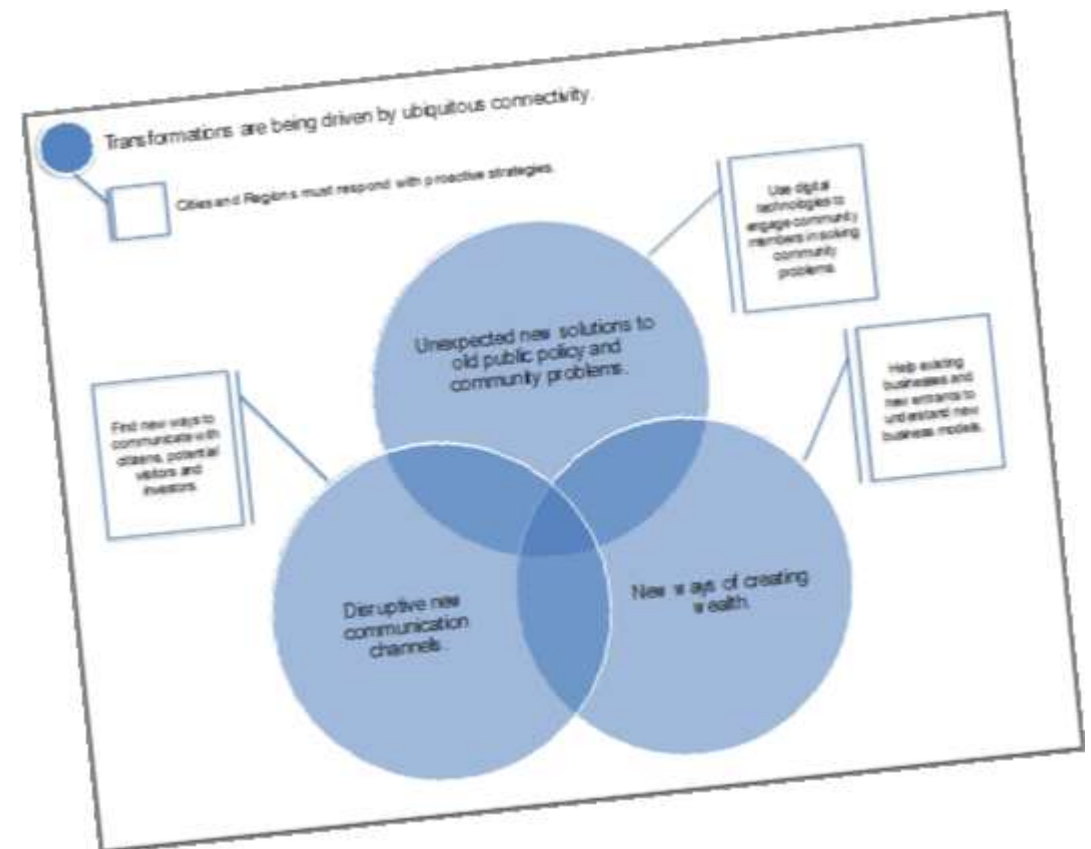
and music on physical media such as CDs.

- Online media is changing the way people find out about the places they want to visit, the experiences they want to have and the products they want to purchase.
- Smart technologies are creating new opportunities for energy saving through efficiencies in our buildings and our energy grids.
- People and businesses are becoming more

demanding about the way and when they interact with their governments, for both decision-making and service delivery.

Digital technology also offers opportunities for communities to thrive. It can provide:

- Unexpected new solutions to old public



policy and community problems

- New ways of creating wealth
- Disruptive new communication channels.

Forward thinking and practical planning helps communities to deal with the disruptions that new technologies can create and to build on the opportunities of digital technologies. The digital future is a key pillar in creating a vibrant community future.

Figure 3: Ubiquitous broadband connectivity has deep implications for change in regional communities.



# Why focus energy and resources particularly on the retail, tourism and hospitality sectors?

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While Australian shoppers have been slower to take up online shopping than

their counterparts in the US and UK they are rapidly catching up to their western consumer cousins.

Every indicator suggest that Australians will continue to embrace the online trend meaning that retailers who try to “hold back the tide” or “bury their heads in the sand” will be consigning themselves to an increasingly smaller portion of the overall Australian consumer spend.

While many commentators are focused on the effects of change and need to take action in the ‘retail sector’ , there is a need to include tourism and hospitality SMEs in a broader approach. The retail sector is made up of a number of participants and the strategies outlined and strategic candidates for action selected in this report can equally apply to small to medium enterprises operating in the tourism and hospitality sector.

Therefore when considering these strategies and selecting candidates for

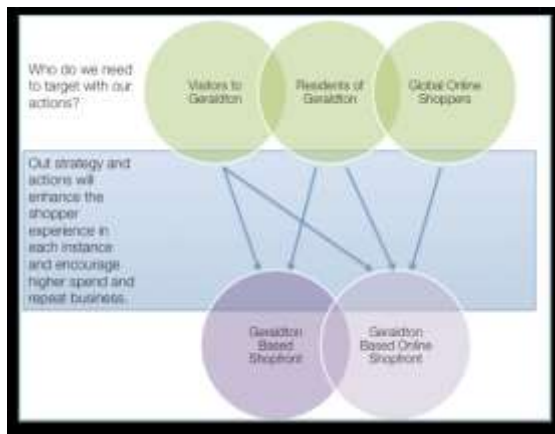
action to implement the City and stakeholders should take a highly inclusive view of who should participate in future work. The sectors and

participants identified in the adjacent table should be encouraged to be active players

Participant	Description
Tourism SMEs	Small operators of tourism businesses in the City including quasi-government operations such as tourism information centres.
Hospitality SMEs	Small operators of hospitality businesses such as cafes, restaurants, bed and breakfasts, hotels and motels.
Independently Operated Locally Owned Retail SMEs	Retailers with a shopfront in the City that are not part of a chain or franchise network.
Franchise Locally Owned Retail SMEs	Retailers with shopfront in the City that, while locally owned, are part of a national or international chain or franchise network.
Locally Operated Nationally or Internationally Owned Outlets	Retailers with a shopfront in the City that is not locally owned, but locally managed, usually major nationally branded outlet.
Locally Owned Online Retailers	Retailers who own and operate online only from premises in the City.
New Entrant Online	People or businesses that

in future actions arising from this report particularly related to their sectors.

We will know this strategy and associated action have been successful when visitors, residents and “global shoppers” spend more dollars and make more visits to retail outlets based in Geraldton.



# What actions should be taken to pursue each of the strategies in this plan?

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Explor Consulting has identified eight strategies that the City and Region should pursue to create a better future using digital technologies:

1. *Continue to be an active digital technology leader.*

2. *Create public digital platforms and infrastructure.*

3. *Crowd-source and co-create compelling local digital content.*

4. *Continue to build household capacity and confidence.*

5. *Build small business skills, capacity and confidence.*

6. *Enable new business and employment opportunities.*

7. *Focus on building capacity in the retail, tourism and hospitality SME sector.*

8. *Support greater access to quality education and training.*

9. *Build innovative, globally significant smart infrastructure for the future.*

Each of these strategies is important and each should be pursued through a series of projects and actions. The following pages outline the candidates for action in each strategy area in more detail.

# 1. Continue to be an Active Digital Technology Leader.

Geraldton and the Mid West have not simply been drifting into a digital future. The City and Region have displayed and must continue to display concerted leadership, continuous communication with the community, an appropriate commitment of resources and effective management and monitoring of the various strategies.

While the City of Greater Geraldton has taken on the leadership role, other leaders and leadership centres now need to be encouraged to emerge. The City and Region together with a newly formed Leadership Alliance should ensure that the digital strategies are regularly updated and remain integrated with the city and region's other strategies and developments.

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Project/Action	Scope & Approach
1.1 Convene a Leadership Alliance	<p>The City and Region should create and convene a Leadership Alliance that regularly brings together key stakeholders and local champions in implementing the digital futures strategy. The Leadership Alliance will assist the City and Region in:</p> <ul style="list-style-type: none"><li>• Maintaining Geraldton and the Mid West's digital advocacy</li><li>• Building networks and partnerships</li><li>• Identifying new opportunities</li><li>• Monitoring implementation progress.</li><li>• Implementing the Geraldton Retail Strategic Snapshot report recommendations.</li></ul>
1.2 Proactively Provide Leadership, Promotion & Advocacy	<p>Through the Leadership Alliance and constituent organisations the City and Region should adopt a clear digital futures strategy and then provide active leadership for its promotion and implementation. This should include:</p> <ul style="list-style-type: none"><li>• Promotion to residents and other key community stakeholders</li><li>• Advocacy to potential partners and funders including State and Federal governments</li><li>• Firm implementation management including clear accountabilities and effective project management.</li></ul>

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Project/Action	Scope & Approach
1.3 Establish Benchmarks and Monitor Progress	<p>Through the Leadership Alliance, the City and Region should actively monitor progress in moving towards its digital future, achieving its vision and goals and where necessary, adjust its strategy. This should include:</p> <ul style="list-style-type: none"> <li>• Establishing relevant KPIs and measuring progress against the KPIs using a balanced scorecard approach</li> <li>• Regularly monitoring implementation issues</li> <li>• Reporting progress.</li> </ul>
1.4 Building Upon Council' s Digital Capacity	<p>The City of Greater Geraldton should become an exemplar of a modern digitally enabled organisation and should continue to build its own internal digital capacities. The council should continue to refine its internal:</p> <ul style="list-style-type: none"> <li>• Management capacities from a digital perspective</li> <li>• Strategic plans with digital as a pillar</li> <li>• Work practices to identify digital opportunities</li> <li>• Technology systems and infrastructure to offer best of breed and world' s best practice.</li> </ul>
1.5 Embracing Mobility and Mobile Devices	<p>In becoming a modern digitally enabled organisation, the City should embrace work practices enabled by mobile technology. The council should progressively implement:</p> <ul style="list-style-type: none"> <li>• Wi-Fi in its premises</li> <li>• Use of appropriate mobile devices including tablet devices</li> <li>• Appropriate BYOD (Bring Your Own Device) programs for staff, contractors and volunteers.</li> </ul>

Project/Action	Scope & Approach
1.6 Enhancing Council e-services and create a 'My Geraldton' Digital Services	<p>The City should comprehensively review, update and extend the e-services it provides to residents and businesses. The enhanced e-services should:</p> <ul style="list-style-type: none"> <li>• Be convenient, integrated, efficient and easy to use for residents and businesses</li> <li>• Enable efficiencies and provide opportunities to simplify council work processes</li> <li>• Operate on different devices including mobile devices</li> <li>• Where possible, securely link to the services and data of other government service providers</li> <li>• Be e-service exemplars.</li> </ul> <p>Incorporating the recommendations of the IBM Smart Cities Challenge Report The City should create a one-stop, mobile-enhanced online portal for accessing its information and services to better connect with citizens and improve their way of life.</p>

## 2. Create Public Digital Platforms and Infrastructure

Ubiquitous broadband access is the foundation for Geraldton and the Mid West' s digital future. The NBN will provide ultra-speed fixed services to homes and other private premises. There should also be public outdoor spaces and shared indoor spaces where people who are working, learning or enjoying their leisure time can access broadband services through computers and mobile devices.

This strategy should build on work already done by the City and extend Wi-Fi access to key locations throughout the city. It should develop new digitally equipped building facilities and spaces to support education, retail, tourism and hospitality, tele-working and digital industries. The City should upgrade the access to digital technology in existing community facilities.

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Project/Action	Scope & Approach
2.1 Extend the Wi-Fi Access	<p>The city' s free access Wi-Fi network should be implemented and extended to further areas in and around the city. The network should be extended to relevant locations and configured so as to support online activities including:</p> <ul style="list-style-type: none"><li>• Providing immediate and up to date information about the city to tourists and other visitors</li><li>• Widening access to online education resources by students of all ages</li><li>• Allowing for the creation and uploading of images, videos and other digital resources by artists, sporting groups and young people.</li><li>• Creating valuable mobile digital access for businesses and their employees</li><li>• Delivering immediate and up to date information for the community within the community</li></ul>

Project/Action	Scope & Approach
2.2 Broaden the Role of Libraries and Other Facilities for the Community Accessing Online Services	<p>Already the city’s library is integrating strongly with the Federally funded Digital Enterprise and Digital Hub projects. The city’s libraries and other community-funded facilities such as City Hive should have a strengthened role in enabling all residents to have access to online services and digital resources. These enhanced roles should be developed through measures including:</p> <ul style="list-style-type: none"> <li>• Providing free W-Fi within each facility</li> <li>• Providing mobile tablet devices for loan use within each facility</li> <li>• Providing access to a rich array of online resources, particularly educational resources.</li> </ul>
2.3 Commission the Development of a Geraldton App	<p>The city should commission the development of a “Geraldton App” which provides residents and visitors with information about the city, including key attractions, major services and getting around. The information provided should be dynamic and up to date. Where relevant, the App should link to information hosted in the common content platform discussed below.</p> <p>The App should be commissioned through a competitive process with the objectives of achieving:</p> <ul style="list-style-type: none"> <li>• A quality App with high production values</li> <li>• A highly useable App with valuable information meeting the needs of the target audience</li> <li>• Value for money in the development of the App</li> <li>• Sustainability of the content presented through the App</li> <li>• Opportunities for digital media development in Geraldton.</li> </ul> <p>In pursuing this action the City and Leadership Alliance should work together to incorporate the outcomes from actions and strategies recommended in the Geraldton Retail Strategic Snapshot report.</p>



Project/Action	Scope & Approach
<p><b>2.4</b> Establish a Common Platform for Hosting and Presenting Digital Content</p>	<p>The City and Region should establish a common platform to host and present digital content about the city, to be made available to residents, visitors and others. The platform should allow content to be presented in engaging ways for the different audiences. It should allow the content to be contributed by different groups including local businesses, community organisations, the City and other local institutions.</p> <p>The platform should incorporate the necessary suite of technical and easy to use content management services.</p> <p>The City and Region should determine and implement an appropriate and sustainable business model for the platform. The business models to be considered should include the selection of an external service provider and project co-ordinations service. The City Hive facility could have a key role to play in the ongoing sustainability of this platform and its content.</p>

### 3. Crowd-source and Co-create Compelling Local Digital Content

The City and Region must build on its greatest assets: its people, its location and its innovative nature. There are many benefits in co-creating and presenting a rich array of digital content to potential visitors, to potential investors and most importantly, to the people who live, work and learn in the Mid West. Digital content can be informative and engaging. Digital stories can also be creative, entertaining, artistic and edgy and their presentation can add to the overall vibrancy of the city.

An integrated approach should be followed using a powerful platform for hosting and presenting content and stories. The City should take a lead role in providing council information to the community through digital channels. There should also be a major focus on incorporating digital technology into the city's arts, culture and festivals programs. Through the Geraldton Retail Strategic Snapshot implementation these actions should also be leveraged to stimulate the tourism, hospitality and retail sectors.

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	Project/Action	Scope & Approach
<b>3.1</b>	Adopt a Digital First Policy for City Content	<p>The City should adopt and implement a digital first policy for publishing information and for undertaking consultations.</p> <p>The city should undertake a comprehensive review of its current approach and implement new processes, channels, roles and responsibilities. Where relevant, the city should use the common content platform described in 2.4 to publish new content.</p>
<b>3.2</b>	Introduce an Online Neighbourhood Watch	<p>The City should establish an online neighbourhood watch site for Geraldton citizens to report suspicious incidents behaviour and anti-social behaviour including graffiti in order to stimulate online interest and interaction from a specific demographic group that may be otherwise less engaged.</p> <p>The city should consider using the common content platform to support the site.</p>

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<b>3.3</b> Create a Digital Media Hub	<p>The City and Region should seek to create a digital media hub possibly as part of the City Hive facility and incorporating the Digital Youth Hub described in 3.8. The hub should provide an attractive shared workspace, including equipment and other facilities, for digital media professionals and digital artists. The hub should enable digital media firms who can be located intrastate, interstate or even overseas to employ Geraldton based digital media professionals.</p> <p>A realistic business plan should be prepared to determine the feasibility, extent, business model and funding requirements for the hub.</p>
<b>3.4</b> Establish a Digital Artist and Craft Program	<p>The City should establish and fund a digital artists and craft program, associated with the other contemporary art facilities. The program should provide some developmental assistance, possibly including commissions or competitions. It should also enable access to digital facilities and resources, possibly through the digital media hub (see 3.4)</p> <p>The city should design the program and allocate funding after consultations.</p>
<b>3.5</b> Use Digital Projection and Crowd Sourced Content to add Vibrancy to the City.	<p>This action is integral to the implementation of the Geraldton Retail Strategic Snapshot report and should not be considered in isolation from that report. The City should actively promote the use of public digital projection for presenting festivals and other events throughout the city and beyond. These should range from large festivals through to smaller informal youth events such as skate boarding events or consumer events such as special shopping nights. The presentations should include video streaming to the web.</p> <p>The city should promote this through its existing programs and community support arrangements. Digital equipment and facilities should be made available through other elements of this strategy.</p>
<b>3.6</b> Create Digital Youth Hubs	<p>Incorporating the recommendations from the IBM Smarter Cities Challenge the City and Region should create age-appropriate physical spaces at various locations that offer free and fast wireless connectivity, in safe environments, for youths to build the right digital culture, skills, and global connections. These Hubs and their participants should be focus on the co-creation of digital content to enhance the way of life and economic conditions of Geraldton and the Mid West.</p>



## 4. Build Household Capacity And Confidence

Digital technologies offer new ways of living, working and learning and much of this occurs within people' s homes. In the future there may need to be some changes to homes throughout Geraldton so that people have the physical spaces they require and the technical infrastructure to support different ways of living. Home based businesses have the opportunity to emerge, grow and access new global markets from the Mid West.

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Project/Action	Scope & Approach
<b>4.1</b> Launch and Support a Campaign that Helps Households Get Online	<p>The City and Region should support a community based campaign to help households get online, particularly targeted at people who lack confidence and the “how to” skills.</p> <p>The campaign should be based on “bottom up” support, provided by trusted local people. It should involve a mixture of practical information sessions and one on one support. The campaign should be largely based on partnerships involving the Federally funded Digital Hub, libraries, local community organisations and it could draw on the volunteering resources of both older people and younger people.</p>
<b>4.2</b> Build capacity for home businesses	<p>A small, targeted program should be established to help Geraldton and the Mid West' s growing sector of home-based businesses thrive online.</p> <p>The program should be largely based on peer support including an online community. It should also support mentoring. The program could be delivered through partnerships with organisations that already exist to support and network, for example, stay at home parents. This action is related to actions contained in the Geraldton Retail Strategic Snapshot report and should not be implemented in isolation from that report.</p>

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## 5. Build Small Business Capacity And Confidence

As businesses and individuals in Geraldton and the Mid West develop their capabilities to effectively use digital technologies, they will require practical assistance from locally based, trusted and competent people. The availability of this practical assistance must be developed and expanded.

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Project/Action	Scope & Approach
<b>5.1</b> Organise Awareness Raising Sessions for Business	<p>The City and Region should organise an ongoing program of practical awareness raising sessions, targeted at small businesses that have a low understanding of the importance of digital technologies to their business survival and growth.</p> <p>The sessions should be largely provided by trusted business peers rather than external experts. Where feasible, local business organisations and networks should be involved in delivering the sessions. The Digital Enterprise Program will be key to implementation.</p>
<b>5.2</b> Establish an Ongoing Program of Business and Technology Mentoring	<p>The City and Region should establish an ongoing program of business/technology mentoring for small businesses. This program should involve trusted mentors who can provide practical advice and coaching about moving online to small businesses.</p> <p>The program could build on that offered as part of the Digital Enterprise Program. The program components should be:</p> <ul style="list-style-type: none"><li>• Development of basic knowledge resources</li><li>• Selection/accreditation of a small number of mentors</li><li>• Promotion of the mentoring program</li><li>• Seed funding, such as payment of first hour of mentoring advice for eligible business.</li></ul>

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Project/Action	Scope & Approach
<b>5.3</b> Establish Targeted Sectoral Support to Further Drive the Adoption of Digital Technology	<p>Targeted sectoral programs such as those recommended in the Geraldton Retail Strategic Snapshot should be established to further drive the adoption of digital technology and online initiatives in key small business sectors. These may include the tourism, retail and building/construction sectors.</p> <p>The programs should be operated by formal industry bodies or networks. The city should facilitate the programs and provide a small degree of seed funding. The programs should:</p> <ul style="list-style-type: none"> <li>• Build on and go beyond other programs including the Digital Enterprise Program and the proposed Business/Technology Mentoring Program (see 5.2)</li> <li>• Enable businesses to access additional information and advice that is specific to their sector</li> <li>• Identify and facilitate opportunities for sector wide approaches, such as destination based online marketing.</li> </ul>

## 6. Enable New Business And Employment Opportunities

The City and Region's goal of broadening its economic and employment base must be supported by its digital strategy. New enablers and incentives must be provided to encourage new types of business to establish and grow in Geraldton and the Mid West. Facilities and support must be provided so that people can work in Geraldton and the region for employers and clients who are located elsewhere.

Achieving each of the City and Region's digital futures goals will require a focus on change and innovation. Much of this innovation may come from small businesses, local community organisations and creative individuals. It is important that such innovation is supported and stimulated.

Project/Action	Scope & Approach
6.1 Seek to Create a Telecommuting Facility	<p>Geraldton and the Mid West should seek to create a telecommuting facility. The facility should provide an attractive shared workspace, including equipment and other facilities, for employees of different private and government organisations, particularly those with offices in Perth.</p> <p>A realistic business plan should be prepared to determine the feasibility, extent, business model and funding requirements for the facility.</p>
6.2 Investigate the Possibility of an Incubator or Startup Hub	<p>The City and Region should investigate the possibility of establishing a business incubator, focused on digital media and related sectors. Incorporating the recommendations from the IBM Smart Cities Challenge report, the City and Region should create a physical startup hub, provisioned with digital infrastructure, to incubate new business ventures and initiatives, and facilitate global connections.</p>
6.3 Review and Further Develop the City and Regional Online	<p>The City and Region should review and further develop its overall online strategy for marketing the city to potential investors, visitors and new residents.</p> <p>The online communications strategy to target key community sectors with up to date information should also be explored further. Incorporating the recommendations of the IBM Smart Cities Challenge Report the City and Region</p>



Marketing  
Strategy

should leverage digital technologies to expand the marketing of Greater Geraldton and Mid West to potential residents and tourists, current visitors and the local community.

## 7. Focus on Building Capacity in the Retail, Tourism and Hospitality SME sectors.

Further to Strategy 5 and Strategy 6, the City and its stakeholders should have a particular focus on the retail sector together with the tourism and hospitality sector. While Australian shoppers have been slower to take up online shopping than their counterparts in the US and UK they are rapidly catching up to their western consumer cousins.

Every indicator suggest that Australians will continue to embrace the online trend meaning that retailers who try to “hold back the tide” or “bury their heads in the sand” will be consigning themselves to an increasingly smaller portion of the overall Australian consumer spend.

Project/Action	Scope & Approach
7.1 Build Understanding Capacity and Capability in the Retail, Tourism and Hospitality Sectors.	<p>The City together with its key stakeholders and the sectors could:</p> <ul style="list-style-type: none"> <li>• Use the Digital Hub to deliver specific online retail courses and target all retailers in the city to attend.</li> <li>• Invest in a quarterly visiting dynamic speaker who will attract interest in the retail sector and talk competently about the emerging trends in online retail.</li> <li>• Build a support network for retailers to share skills, knowledge and experience in online retail.</li> <li>• Host quarterly roundtables to share online retail strategies at enterprise and sector level.</li> <li>• Develop and deliver courses to provide potential new entrants with the tools they need to build an online retail presence.</li> <li>• Through the Digital Hub make available and promote online courses from global sources for local retailers.</li> <li>• Tap into support networks for the major online e-commerce tool providers and make them available to the retailers.</li> <li>• Fund a part time position in Council or in an appropriate peak body to assist retailers, hands on with their online retail strategies.</li> </ul>

Project/Action	Scope & Approach
7.2 Build Infrastructure that Enhances Opportunities in the Retail, Tourism and Hospitality Sectors.	<p>The City together with its key stakeholders and the sectors could:</p> <ul style="list-style-type: none"> <li>• Build an always-on CBD Wi-Fi network that enables shoppers to be captured and inspired when proximate to specific retail outlets.</li> <li>• Develop a Geraldton shopping smartphone ‘app’ that integrates the shopping experience and enable geo-located services (like specials and coupons).</li> <li>• Investigate and implement a single consumer and retailer point of entry on the web and mobile platforms that enables blogging, specials, promotions and other interactions between retailer and consumer.</li> <li>• Investigate the development of a Geraldton specific new application to operate under Apple’ s new Passbook technology replacing the myriad loyalty cards available in the City now.</li> <li>• Consider the placement of a “logistics window” in key areas of the City to drive foot traffic from online shoppers required to collect recently delivered parcels.</li> <li>• Define and promote keyword ‘hashtags’ and channels for all popular social media sites for retailers and shoppers to use in common such as #geraldtonshopping.</li> </ul>

Project/Action	Scope & Approach
7.3 Develop Multi-Channel Assets that Enhance the Shopping and Vibrancy Experience in Geraldton.	<p>The City together with its key stakeholders and the sectors could:</p> <ul style="list-style-type: none"> <li>• Build a network of digital projection installations around the city and its shopping areas. Use them to project constantly updated, crowd sourced information onto derelict or unused buildings. The content for the projections would come from twitter feeds and other crowd sourced content and mixed with retail specials and deals and other promotions. Residents, retailers and visitors could engage with the installations by simply 'tweeting' a comment with the appropriate hashtag or by providing content for the platform recommended in 2.3.</li> <li>• The same content should be used to create a dynamic online web and mobile-based site that is both creative and engaging – perhaps commissioned using cutting edge platforms such as HTML5.</li> <li>• Develop and present an annual or regular festival of digital projected art and community installations. The infrastructure for projections could be sponsored by business or Government and the content would be crowd sourced and relevant to Geraldton</li> </ul>

Project/Action	Scope & Approach
7.4 Work to Ensure the Key Sectors of Retail, Tourism and Hospitality are Ahead of the Curve Over the Coming Years.	<p>The City together with its key stakeholders and the sectors could:</p> <ul style="list-style-type: none"> <li>• Create a leadership group (likely to be the Leadership Alliance that drives the wider Digital Strategy) to drive future knowledge acquisition and dissemination so that retailers in Geraldton are able to access and interpret global trends early.</li> <li>• Employ the leadership group to drive further standard setting for digital retail infrastructure and platforms so that the retail sector in Geraldton speaks with multiple voices through a single portal to its customers</li> <li>• Fund regular thought leaders from around the country and internationally to visit Geraldton and dynamically explain the opportunities available in online retail.</li> <li>• Tap into other existing networks to disseminate knowledge, skills and tools to potential new entrants building many online retail businesses based in Geraldton. For example tap into an existing “stay-at-home mums and dads” networks or the networks of the CityHive pollinators to engage new entrants.</li> </ul>

## 8. Support Better Access To Quality Education And Training

The use of digital technology to support education and training must be increased so that access and achievement is improved. Importantly, there must be greater collaboration and use of shared services by the many education providers.

Project/Action	Scope & Approach
8.1 Develop a Workforce of the Future	Incorporating the recommendations of the IBM Smarter City Challenge, the City and Region through the Leadership Alliance should facilitate the sharing of digital resources among local high school, trade and university facilities for custom digital learning and collaboration to create advanced skills that attract research and employers to the region.
8.2 Create a Shared Education Facility	<p>The City and Region should seek to create a significant shared education facility as a part of an existing educational campus such as the Durack Institute of Technology. The facility should provide contemporary spaces for learning and teaching, which enable externally based universities, TAFE institutes and other education organisations to deliver courses using various modes including high definition video streaming and other online services.</p> <p>A realistic business plan should be prepared to determine the feasibility, extent, business model and funding requirements for the facility.</p>
8.3 Actively Broker Relationships with WA Education Institutes	The proposed Leadership Alliance should actively broker relationships with Western Australia's various universities, TAFE institutes and other education organisations to encourage the online delivery of courses in Geraldton through the proposed education facility (see 7.1) and other facilities such as the City Hive.
8.4 Establish Online Links with	The City and Region should seek to develop links with overseas universities including the delivery of online courses from overseas campuses to Geraldton and vice versa. The Leadership Alliance should build on current connections with

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Overseas  
Universities

South-East Asian universities.

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## 9. Build Innovative, Globally Significant Smart Infrastructure for the Future

In the medium to longer term Geraldton and the Mid West have the opportunity to position as a globally significant city and surrounding region due to the implementation of key highly innovative smart infrastructure projects. Global significance in the area of smart infrastructure in a small regional city and surrounding region will bring with it many benefits including increased visitation, investment and partnership opportunities.

Each of the potential smart infrastructure projects will need to attract the best strategic and technical thinkers to Geraldton. The Leadership Alliance should start actively building the partnerships and approaches now to implement these projects in the mid to longer-term future.

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Project/Action	Scope & Approach
9.1 Introducing Smart Streets	The City should study the impact and opportunity created by the mass deployment of low cost sensors. Sensors to manage traffic, parking, waste, environmental and other city services could be deployed at low cost. A technology scan and business case for deployment costs should be developed.

9.2	Build a Geraldton Internet Exchange	As recommended by the IBM Smart Cities Challenge report, the City and Region should establish a regional node of the Western Australia Internet Exchange in Geraldton, thus forming a “Geraldton Internet Exchange” (GIX) on-route to the Greater Geraldton Point of Interconnect within the “education and health precinct” following a technical assessment and solution workshop conducted to validate the approach.
9.3	Create a Smart Energy Hub	The City and Region should create a smart energy hub that aggregates data from multiple sources, generates analytics and creates learning systems in order to help consumers manage their energy consumption and costs.
9.4	Develop a Data Centre Attraction Package	Underpin the City’s marketing and real potential stemming from the NBN Point of Interconnect (PoI) and additional third party Point of Presence (PoP) and other infrastructure to attract and build data centres in Geraldton. A package consisting of anchor tenancies and other land and rating incentives could seed an innovative and high value sector and provide infrastructure for attracting digital industries of the future.
9.5	Develop a “virtual power plant”	As described in the IBM Smarter Cities Challenge Report the City and Region through the Leadership Alliance should facilitate a distributed network of small-scale generators and storage sources that can be connected to create a “virtual power plant.” The data aggregated from the generators and storage sources can be used to manage peak consumption and balance the load on the electricity grid.  <i>NB. This may be considered outside the scope of a digital strategy but is included here due to its clear relationship with the building blocks established in this plan.</i>

# What will help us get there and what might hold the City and Region back?

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In charting a way forward to its digital future, Geraldton and the Mid West must build on its opportunities and confront its particular challenges.

## Opportunities to Build On

The City and Region already has some great opportunities on which to build strategies for achieving its digital future:

1. **NBN Rollout:** The city is one of the first areas in Australia where the NBN is being rolled out utilising all three technology platforms.
2. **Free Wi-Fi Precinct:** The City is creating a free Wi-Fi precinct in the city centre.
3. **Enthusiasm & Energy:** There is enthusiasm and energy for building a great digital future. The City is determined to be an active leader and there are other organisations and institutions across the community that are committed to helping create this future.
4. **Location:** Geraldton's location between Perth and the major resources regions makes it an ideal location for investment. There is a significant opportunity to support telecommuting so that people working in national and international markets could locate in Geraldton.
5. **School and Durack Institute Collaboration:** There is collaboration between Geraldton's existing schools and the Durack Institute. Durack is active in its use of online technologies and innovative in its formation of partnerships.
6. **Cultural Activities, History and Creativity:** Geraldton has a rich and developing cultural and historical set of stories and activities.

7. **Younger People:** There are many opportunities for younger people. Many want to use digital technologies in creative ways and socially beneficial ways.
8. **Home Based Micro-Businesses:** Geraldton and the Mid West has a number of home based micro-businesses. There are opportunities for these businesses to expand their markets, to build their knowledge and to build networks with partner businesses through online services.
9. **Digital Enterprise & Hub Program:** In 2013 and 2014, the Australian Government' s Digital Enterprise, Hub and Local Government Programs will provide training and supporting for digital technologies to small business and community organisations in Geraldton.

10. **Unique Outdoor Spaces:** Geraldton has some unique outdoor spaces along its waterfront that could be an ideal venue for innovative performances and artistic presentations, including those using digital technology.
11. **City at a Maturing Stage of E-Service Capacity.** The City is at a maturing stage with its own e-service capacity. The City is in a good position to lead through its own information technology strategic planning.

## Challenges to Be Confronted

Geraldton and the Mid West also have some challenges and these must be addressed when framing strategies for a digital future.

1. **Limited Understanding by Small Businesses:** Many of the City and Region' s smaller businesses currently have a limited understanding of how to fully exploit the opportunities, and to respond to the threats, that digital technologies bring. Many businesses also lack the practical capacity to embrace online services.
2. **Limited Range of ICT Service Providers:** The City and Region currently have a limited range of businesses that provide information technology services.
3. **Potential Inertia Due to Proliferation of Other Opportunities:** It is possible the City and Region will not get the "buy in" required from other stakeholders due to the current array

of economic opportunities available in  
the Mid West.

# Which Projects should the City and Region pursue first?

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## Embracing the Digital Future

This plan has set out a vision for Geraldton and Mid West's future, enhanced by broadband and digital technologies. It has also proposed strategies for achieving that future.

The City and Region have the opportunity to embrace the vision and to continue on the Mid West's journey towards its digital

future. If the City and Region commit to the vision, they must lead, communicate and convert the proposed strategies into actual actions.

## Starting the Journey

The first steps on the journey are for the City to continue to Proactively Providing Leadership, Promotion & Advocacy [1.2] and then start Building Council's Digital Capacity [1.4] and Build Understanding and Capacity in the Retail, Routsim and Hospitality Sectors [7.1]. The City has made great progress on these activities already.

There should be early work on building networks of stakeholder support within the City and Region through the establishment of the Leadership Alliance [1.1], possibly facilitated by external experts. It is also important to start Monitoring Progress [1.3] with a view to demonstrating to stakeholders, public funders and in the future the rest of the world what indicators

have or will improve through the implementation of this digital strategy.

It is vital that (subject to available funding) early work occurs on building up the basic infrastructure, systems and access:

- Extend the Wi-Fi Access [2.1]
- Broaden the Role of Libraries and Other Facilities [2.2]
- Create a Common Platform for Hosting and Presenting Digital Content [2.4].
- And commissioning the development of a Geraldton App. [2.3]
- Build Infrastructure that Enhances Opportunities in the Retail, Tourism and Hospitality Sectors [7.2]

Early work should also commence on the strategy area to Crowd sourcing and co-creation of compelling local digital content:

- Adopt a Digital First Policy for all City content [3.1]
- Digital Artist Program [3.4]
- Digital Projection to Add Vibrancy to the City [3.5]
- Digital Youth Hubs [3.6] and Digital Start-up Hub could be the same thing [6.2].

Work should also be undertaken to rapidly establish the initial programs to build capacity and confidence for the community and small businesses:

- Help Households Get Online Campaign [4.1]
- Awareness Raising Sessions For Business [5.1]

## Moving to the Next Stages

Beyond the initial quick wins, there is further planning and partnering work that

must be undertaken before many of the proposed projects can be commenced.

The strategies have a strong emphasis on providing carefully targeted “bottom up” support for households and small businesses. These proposed programs could commence in year one but they require further scoping and design, in conjunction with the stakeholders:

- Build Capacity For Home Businesses [4.2]
- Business/Technology Mentoring [5.2]
- Targeted Sectoral Support [5.3].

There is a key set of strategies to develop smart infrastructure for the future that may include a Smart Energy Hub [8.3], Data Centre Attraction [8.4], a Telecommuting Facility [6.1], a Shared Education Facility [7.2] and a Geraldton Internet Exchange [8.2]. These would require a substantial level of investment and it is important that robust business plans are prepared. This

planning work and identification of stakeholders and potential partners should commence in the first year.

An important element of the strategies is for the council to become an exemplar. When it has developed its own internal capacities, the council should plan and undertake key projects relating to its own services:

- Embracing Mobile Devices [1.5]
- Enhancing Council e-Services and My Digital Geraldton [1.6]
- Smart Streets [8.1]
- Digital First Policy For City Content [3.1]

## Funding Opportunities

The Western Australian Government is encouraging businesses and individuals to become part of the digital economy. This includes raising industry’ s awareness of the benefits of incorporating new digital

technology and broadband connectivity to transform traditional business practices.

There is an emphasis on encouraging new business models which exploit digital technology to generate increased commercial activity whilst respecting the need for more sustainable business practices in a carbon constrained world.

The Department of Commerce website outlines some of these programs but at the time of writing this report the WA Department of Commerce have indicated that a range of new programs will be promoted over the coming months.

The Australian Government also has a range of programs – some of which the City has already accessed – to help communities expedite their pathways to an improved digital future. The Department of Broadband website outlines a number of funding opportunities.



# Potential Partners and Platforms

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Further investigation of platforms and partners will provide the City and its key stakeholders and sectors the capacity to build skills, knowledge and infrastructure in the key areas for action. A few brief examples follow:



[www.localsmile.com.au](http://www.localsmile.com.au) is an Australian platform for engaging whole communities in commercial and social activity locally.

Local Smile brings together the activity from the local community and local businesses and organises it into an online noticeboard for residents and visitors to browse, follow and add to. Businesses and community groups can advertise their gig, share a story, promote their group or cause, and deliver special offers. Local Smile is one platform that could be considered as a centerpiece to the candidates for action in this strategy.

More information about how other cities around Australia have deployed Local Smile can be found online.

The concept of mapping – or taking real time content and data and projecting it publicly and interactively could be deployed in Geraldton, at relatively low cost on a daily basis.

Other cities around the world are starting to embrace these sorts of technologies. For example Alys Beach, Florida now host a digital “graffiti” festival each year.

<http://neave.com/digital-graffiti/>

This could be augmented with an annual community digital projection art festival that tells the stories of Geraldton from that past and into the future.



The Cityhive Geraldton would be an ideal partner to work with the City to implement these actions. (<http://cityhive.org/>)

The leadership group should consider creating an online knowledge-sharing network, so that the Geraldton retail community can build up and share their stock of knowledge amongst each other.



For a the retail community, it might be appropriate to use a subscription based service such as [www.wikispaces.com](http://www.wikispaces.com).

A wiki is a space on the Web where you can share work and ideas, pictures and links, videos and media — and anything else you can think of. Wikispaces or a tool like it would give the retail sector a way of sharing all kinds of content.

# Appendix A: What in the world is happening in online retail?

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## Global Retail

In major markets like the US retail spending is expected to decline, while emerging markets like China expect a growth in 2011. There are signs of improvement for US consumers, but the recent GFC related destruction of wealth is expected to continue to limit consumer spending well into 2013. Asia is believed

to represent the best growth prospects for retailers and consumer-products companies in 2012. In India, garments, fashion accessories, cosmetics and white goods are expected to continue the uptrend of 2011 in 2012 and beyond. Data shows a continued growth of functional food in 2012, for example by a higher nutritional value for consumers.

## Retail in Australia

According to the Australian Bureau of Statistics the retail sector in Australia has a turnover of \$243 billion per annum. The biggest segment of that is food retailing at 39.8% followed by household goods at

17.7%; cafes, restaurants and takeaway food at 13.2%; clothing, footwear and personal accessories at 7.9%; department stores at 7.6%; leaving other retail accounting for 13.2%. The retail sector's turnover of \$243 billion should be compared with total household final consumption expenditure of \$715 billion, which suggests that 34 per cent of household purchases are provided by the retail sector. Although government stimulus spending helped buttress the retail property sector through the global financial crisis, without it the sector's short-term future is less certain.

Some would argue the Australian retail sector has not fared too badly as a result of the global financial crisis. It has held up well compared to retail in other Western economies and also compared to other commercial property sectors. This is now in part the reason US online retailers are targeting the Australian



market. A strong dollar and lower debt levels mean Australians are a key target for US online retailers. Add to this, the fact that stimulus handouts to households have dried up, credit is still tight, interest rates are rising and sales are somewhat flat. 2012 and beyond look like very difficult times for 'bricks and mortar' retailers in Australia.

Australian consumers are finally buying online across all demographic segments outperforming consumers in major online markets such as USA. The problem is that up to 43% of this online revenue is going overseas to relatively new international competitors. The traditional 'bricks and mortar' retailers are beginning to improve their online experience but still do not rate in the top 10 Australian online retail websites. Australian retailers will find it hard to compete with international competitors on price in the short term if the Australian dollar stays strong as

expected. In order to compete, Australian retailers need to provide a superior customer experience by leveraging their brand, operational proximity and existing relationships with local customers.

## Why Australian Retailers Have Lagged

- The luddite attitude of major Australian traditional 'bricks and mortar' retailers which resulted in a lack of credible online offerings from trusted retail brands.
- Low population size and density present challenges for retailers to fulfill and distribute profitably.
- Slower broadband take-up and lower internet proficiency.
- Online security fears for transactions over the internet.
- Australia not have a 'catalog culture' for retail.

- Australia's car culture and good weather - people hate shopping while commuting by train in bad weather (a reason behind the success of online grocery shopping in the UK).

## Who is shopping online?

In February of 2012, Getprice.com.au published a survey of almost 3000 Internet shoppers. According to the study, more Australians are shopping online than ever before. This trend began in 2009, when the global financial crisis forced Australian consumers to look for bargains on a wide variety of things. These shoppers discovered that the Internet was a great place to get a good deal, and even now, when the market is beginning to recover, they are still researching and buying products online. In fact, Getprice reports that 1.7 million different people currently visit their site each month. Other online sites are experiencing similar success. This

is good news for the myriad of Australian retailers who now do business online.

The Getprice survey uncovered a wealth of useful information about people who shop online. Among those surveyed, 99 percent used the Internet to shop and 96 percent used it to learn about products. These online consumers were of all ages and came from both cities and rural areas. They spent an average of eleven hours each week online. The survey found that most online shoppers are married females, but that quite a few males, unmarried couples and single people purchase products online as well. In addition, 70 percent of the respondents worked, and 75 percent made \$50,000 a year or more. These statistics show that all kinds of people are looking for deals online, even wealthy individuals who live in big cities and have steady jobs.

According to Getprice's research, online shoppers are adept at using technology.

The subjects of the study employed a wide variety of different methods to access the Internet, and 47 percent of them utilized their iPad, a mobile phone, or another mobile device for this purpose. Most of them used the Internet on their mobile



device several times a day. Social networking was the most common reason for this, but many people used their mobile phones for online shopping as well. In fact, 30 percent of the mobile Internet users in the survey visited retail sites on their mobile devices, and shopping was a more popular mobile Internet activity than using

search engines or visiting entertainment websites. On the other hand, these people did not tend to follow particular brands on social networking sites. For online retailers, this data may suggest that they should focus more on mobile marketing techniques and less on social media.

Getprice also learned a great deal about the habits and attitudes of these online shoppers. According to their study, most people use the Internet at least weekly to research or buy products, and one in six do so on a daily basis. The most common items for people to purchase online are books, DVDs, toys, travel items, gifts and accessories. Online consumers take many factors into consideration when choosing which retailer to buy from. The most significant issues are customer service and brand reputation, but price is important as well.

In spite of the fact that the economy is currently recovering, Getprice found that

online shoppers still like getting a good deal. The number one reason people buy online is to get the best price on a product, and they also like the fact that the Internet makes it simple to compare prices. When asked about the most valuable resource for



buying online, they overwhelmingly referred to comparison shopping sites. Consumers generally visit these sites when they know what they want to buy and are researching prices, and price is the most

important factor in determining which retailer websites they visit. All of this shows that getting listed on a comparison site can be a great way for a retailer to gain more business.

## Bargain Hunters and Mall Haters

Extracts from a report by the Australia Institute (May 2011)

A bargain hunter is someone who is primarily interested in saving money or finding 'the lowest price' .

- Bargain hunter drivers for online shopping:
- Saving money (85%)
- To compare products and prices (65%)
- To research one or more types of products before, eventually buying them at a bricks and mortar store (48%)

- To buy things that are not available in stores (61%)

A mall hater is someone who prefers 'convenience of buying online' .

Drivers for Mall haters to shop online:

- Saving time,
- Avoiding travel (convenience factors); and
- Avoiding annoying malls and salespeople rather than purely for saving money.

Mall haters may also be time poor (higher incomes) or have constrained mobility due ageing or disability. Mall haters are also more likely to try to buy everything online (29% compared to 20% for bargain hunters).

# Appendix B: Geraldton's retail sector needs to understand the global online retail trends in order to respond.

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## Online Shopping Trends

There are some strong technology and business process trends emerging in online retailing that will massively affect the 'bricks and mortar' retailing sector. Each of these trends is both a threat and an opportunity. That is each trend will either, if treated benignly by 'bricks and mortar' retailers drive value away from them into the online domain.

Or alternatively, each trend can be viewed as an opportunity for 'bricks and mortar' retailers - responding, adapting and embracing these trends will either drive value towards them - or at the very least slow the shift to from 'bricks and mortar' to online.

## Online Trend # 1: Coupons and Loyalty

Coupon codes are special, unique discounts given by companies to

promote their various online business targets and objectives. There are many gifts and discounts available while shopping online. These discounts are given as coupon or discount codes. Many of the online stores in the US provide them so as to help you to save money while meeting your shopping needs over the web.

Coupons are being used successfully to drive growth in sales. Several companies have been able to set up, increase their business, and grow by providing coupon codes to customers. Many of the well-known online stores have a vacant space within their shopping cart for a coupon code that would give you a discount of





either a percentage or a specified dollar amount of the total purchase. These codes encourage online shopping and stores are greatly benefited as their volume of business increases.

*The opportunity for 'bricks and mortar' retailers is to use the new mobile technology to provide mobile coupons and discount vouchers to physically proximate shoppers.*

Juniper Research predicts that more than 13 billion mobile vouchers will have been redeemed by 2012 and the 300 million-strong US mobile market will see advertising top US \$5 billion by 2015.

A good example of this style of technology is Vouchercloud. Vouchercloud finds the best deals nearest to you by your GPS location. We know that by 2013, half of all web traffic will come through mobile devices. Vouchercloud is a UK based iPhone app that provides discount codes for mobile users – the first mobile app to

offer such a service. Basically the app will find the best deals nearest to you by your GPS location and category of choice, within a kilometre or a set distance.

You download the voucher and simply show the voucher on screen to the staff member to get your discount. In the UK iPhone users are already on course to save around £500 a year. With no advertising, this app has attained more than 1.5 million downloads and has been present in the top 25 free apps lists since day one. Vouchercloud has received a featured listing from Apple and is now averaging between 10,000 and 15,000 downloads a day.

## Online Trend # 2: Online Price Comparisons

Since the late 90s price comparison sites have let users see the high and low price of any product graphed over time, and request email alerts when a product's price

drops to the price the user wants. Search engines have since evolved to provide consumers sophisticated price-tracking tools, such as price drop alerts and price history tracking.

*The opportunity for 'bricks and mortar' retailers is to utilise this technology to their advantage. The capacity to collect and analyse shopper information – through barcode scanning or comparison requests – provides a range of useable data that can be used to compete with online retailers, using call cards of proximity, immediate gratification and the 'avocado effect'.*

Price comparison sites can collect data directly from merchants. Retailers who want to list their products on the website then supply their own lists of products and prices, and these are matched against the original database. This is done by a mixture of information extraction, fuzzy logic and human labour.



Comparison sites can also collect data through a data feed file. Merchants provide information electronically in a set format. This data is then imported by the comparison website. Some third party businesses are providing consolidation of data feeds so that comparison sites do not have to import from many different merchants. Affiliate networks such as LinkShare, Commission Junction, Affiliate Window & TradeDoubler aggregate data feeds from many merchants and provide them to the price comparison sites. This enables price comparison sites to monetize the products contained in the feeds by earning commissions on click through traffic.

In recent years, many off the shelf software solutions have been developed that allow website owner to take price comparison websites' inventory data to place retailer prices (context adverts) on their blog or content only website. In return the content

website owners receive a small share of the revenue earned by the price comparison website. This is often referred to as the revenue share business model.

Another approach is to crawl the web for prices. This means the comparison service scans retail web pages to retrieve the prices, instead of relying on the retailers to supply them. This method is also sometimes called 'scraping' information. Some, mostly smaller, independent sites solely use this method, to get prices directly from the websites that it is using for the comparison.

Yet another approach is to collect data is through crowd-sourcing techniques. This allow the price comparison engine to collect data from almost any source without the complexities of building a crawler or the logistics of setting up data feeds at the expense of lower coverage comprehensiveness.

However, some combination of these two approaches is most frequently used. Some search engines are starting to blend information from standard feeds with information from sites where product stock-keeping units (SKUs) are unavailable. Similar to search engine technology, price comparison sites are now spawning "comparison site optimisation" specialists, who attempt to increase prominence on the comparison sites by optimising titles, prices and content. However, this does not always have the same effect, due to the differing business models in price comparison.

A number of new products are emerging that may be useful to consider in this context.

Starting with Invisible Hand, an app that provides discreet notification when the product you're browsing can be bought for a lower price elsewhere and gives you a link directly to the product page at the competing retailer. Physical retailers are yet to turn this model on its head - but the opportunity for the browser to push a "bargain" that is physically close to the user exists through this technology.

More easily in reach is the use of emerging mobile price comparison technology. Have you ever gone into an electrical retail store in Australia and wanted to negotiate the ticket price without having a clue as to how much the goods are being offered elsewhere. In both the USA and Europe, there is a free download application for both Android and the iPhone that offers product bar code scanning with price



comparison results from competing online and in-store retailers.

Barcode scanning is becoming the standard way people research products on the go and is too convenient and fun to go away. The trend gives retailers the chance to reach shoppers at the time of purchase,

knowing precisely which product they hold in hand and where they are located. The app lets both offline and online retailers provide product information, demonstration videos, special offers, coupons, and other information to help close the sale. Pic2shop has been downloaded over a million times with a wide following in the US, Canada, UK, France, Belgium, Netherlands, Germany and Brazil.

### Online Trend # 3: Daily Deals Sites

Deal-of-the-day sites, often featuring a group buying component, have taken off over the past year, with startups like Groupon getting big fast and major internet properties like Google and Facebook looking for their own ways to get in on the action.

*The opportunity for 'bricks and mortar' retailers is difficult to define*

*or quantify. However localized deal sites such as jumponit.com.au may offer some opportunity to drive traffic to local shopping centres.*

However consumer spending on deal-a-day has peaked and is likely to fall dramatically as the sectors sees some consolidation. Groupon, LivingSocial and others have become popular among users who are getting accustomed to receiving deals packaged conveniently in one daily email, eliminating the need for hunting around on the web.

BIA/Kelsey projected that daily deal sales could exceed \$6 billion by 2015, representing a 47.4% compound annual growth rate. This bullish forecast seems implausible, given the sudden stalling in growth of key players over recent months.

Strong consumer interest in the convenience of such deal sites and the entry of new players, including AT&T and The New York Times Co., into the space will

only add more options. That appears to be diluting revenues by making the pie smaller.

It appears the daily deal market is in decline as people get tired of daily deals. People were very excited by the novelty of eBay's online auction marketplace in its early days but that enthusiasm eventually waned causing eBay to build up its fixed-price sales.

## Online Trend # 4: Social Media Marketing

Consumers can increasingly "like" or follow a favorite retailer and get discounts or tips on deals. JCPenney is using Facebook to actually sell goods and more than 12 million consumers "like" Victoria's Secret on Facebook as of last month (March), making it the most popular retailer on the site (its Pink brand ranks No. 2, according to the ChannelAdvisor Facebook Commerce Index). That's an

active population of customers reaching out and requesting information from the retailer. And social shopping is just getting started. There's evidence that Facebook offers a good return on investment and there are a lot of retailers that haven't done anything yet.

There's been a lot of research out about how social media recommendations can increase the chances of people buying products or services.

*The challenge is to translate the social media and "friend" recommendations to local shopping centre retailers.*

For instance, recently Harris in the US found that 50% of under 35s followed the recommendations of social media friends, compared to 17% who acted on celebrity endorsements. And last year Comscore released a study showing that 'social search' (social media activity and paid

search together) was 233% more effective than search advertising alone.

However, a recent study featured in Marketing Magazine in particular is worth noting. It shows that people accessing an online retailer via social media are 10x more likely to buy something than a visitor that comes to the site cold.

## Online Trend # 5: Multi-channelling

Be it via a mobile device, tablet computer, in-store kiosk or computer, the lines are blurring between retail online and in-store. In the US much of the activity and expansion is the indirect result of new legislation requiring Internet retailers to collect sales tax. There already are 12 states with laws either enacted or awaiting approval. Here in Australia the debate has focused around charging GST on off-shore retailers.

*The challenge for suburban shopping centres is to compete with big brands multi channelling through online and mobile outlets.*

But the prospect of an even playing field has emboldened traditional retailers, many of whom are becoming more aggressive in capturing online sales. We're seeing retailers in the US launch free shipping on all items - and some like Macy's on purchases of \$99 or more. In the

US again we are seeing companies like Walmart buying social media platform Kosmix for \$300 million and opening up @Walmartlabs to further build its online business, and Toys R Us announcing a new 300,000 sq. ft. distribution center to support internet sales.

Because if traditional retailers are to compete with sites like Amazon – which flourished in the absence of regulation — they must implement some of the same benefits like free shipping, liberal return

policies, varied product selection and customer reviews.

## Online Trend # 6: Mobile Shopping Devices

The smartphone has been billed as the next big retail tool, with PayPal reporting \$155 million spent in Australia on mobile transactions in 2010. But m-commerce is not the only way smartphones are changing the retail game. Australian shoppers are also learning to use them as personal shop assistants, with 27% of smartphone owners already using their phones to sniff out a better deal at the shops

With barriers such as handset usability, network speed and data costs lowering, we are learning they can be used for many different applications almost everywhere we go.

Today's savvy consumer is less likely to accept prices and in-store information at face value. They know they can dodge the salesman, and jump on eBay to compare prices or look up product reviews to verify the sales hype using the trusty friend in their pocket. At this stage, the key drivers are to compare prices and check reviews, but it will be interesting to see how features like live feedback from friends develop – many are already using social networks for real time feedback to assist their purchase decision. The immediate nature of the web means that consumers can take their friends with them virtually, enabling the social side of shopping to come into play even if they're alone.

Clothing retailer Diesel picked up on this 'social commerce' trend, installing webcams outside change rooms so that shoppers could post pictures of outfits to Facebook and receive real time feedback.

Near Field Communications (NFC) technology offers shopfronts to market directly to those in store or walking past the front door.

## Online Trend # 7: Retailers turn to gamification to turn on consumers

Gamification aims to integrate game dynamics to a website, online content or campaign in a bid to drive participation and, ultimately, awareness of your brand. It can make even the most mundane customer experiences more rewarding and pleasurable if retailers think differently about the customers' experience.

Those who have heard of gamification usually think of FourSquare, which is a technology that lets people check in and share where they are with their friends. There's also Farmville, which is an online

game platform that connects players on seven continents.

*The challenge for retailers is to integrate gamification into all aspects of marketing, especially customer acquisition and retention.*

## Online Trend # 8: Retailers to create content suitable for Pinterest and other emerging social networks.

Pinterest is relatively new in Australia, but predictions are that 2013 will herald massive consumer uptake. The social media site has experienced phenomenal growth in the US and UK, with latest figures suggesting the site attracts 12 million visitors a month.

Pinterest enables consumers to research, gather, share and recommend brands and products. These recommendations are integrated tightly to social networks like

Facebook, where consumers spend much of their time. And those retailers with the most beautiful content are likely to be most 'shared' .

*The challenge for retailers is to integrate Pinterest and other emerging social media trends into all aspects of marketing, especially customer acquisition and retention.*

Bullseye business director Alec Tarshis says brands and retailers will need to be smart about providing interesting content for consumers participating in these networks. Pinterest has approximately 10.4 million users, 90% of whom are Facebook-connected.