



THE GOOD OLD DAYS

“Some retailers lament the good old days rather than innovating and refining their offer”

Visit many formats of retail today and you will see some good design elements and product and well thought out integration between these two elements. In some cases, we see all the elements of 'fit' retail including sharply differentiated branded retail offers coupled with impressive in store experiences.

Alas, we also see some retailers lamenting about the good old days rather than innovating and constantly refining their offer. These businesses fall into the habit of passing the blame and out trots the typical “we are in the retail doldrums at present it's super tough out there and a real struggle.” And for these businesses, this comment is absolutely correct. It is a real struggle out there!

These businesses typically:

- Are under capitalized;
- Haven't recognised the increasing levels of competition both domestically and globally;
- Haven't brought real innovation to their offer in a long time;
- Have not embraced the changes to the way their customers want to know and communicate with them, such as through online, social and digital media;
- Aren't brilliant at the retail basics, delivering inconsistency to their merchandise mix, pricing, range depth;
- Have underinvested in customer research, brand and truly understanding world's best practice in their category;
- Simply bring the same offer, season after season, year after year, to their dwindling customer base.

Please allow me to provide two examples of 'fit' retailers in this country who are setting a high standard in this country and helping bring the Australian retail scene to a world class standard.

Recently, Zara opened in Central Sydney. Zara's offer, positioning and delivery is well known across the world. This store opened to “rock star” queues of customers wanting to buy their product and well aware of the brilliance of their retail offer, super fast merchandise turnaround and their innovative and entertaining in store experience. There has been much discussion around this brand entering the country and the impact it will have. If the estimates are accurate, the Sydney store alone will comfortably make \$50 million+.

Apple is also well known, equally well documented and estimated to do similar numbers from its Sydney City store alone. Some would dismiss Apple's performance as being

indicative of the “technology” revolution although just too simplistic. The Apple brand personality is enriching and simplifying people's lives through technology. This brand shines through consistency in their communications to market.

Look at both examples and you soon see the elements are evident:

- “Dominance & Power” in the category – they own the space which is a fundamental of category
- Trend leaders/forward thinking – these retailers spelling out the future;
- Absolute relevance to their target market;
- Strong use of all the channels to reach their target audience;
- Use turnover of product – consistently inventing stories in product and category to excite and interest for their customers. “What's new” at these retailers underpins their offer;
- They are true “power brands” that understand the importance and role of a well executed brand. Both brands are in the top 50 most recognised in 2010, Apple at number 17 with a 37% increase in 2010, previous year and Zara at 48 (www.interbrand.com);
- Excellence in execution. They understand the importance of also about being brilliant in the basics;
- Understand pricing architecture such that they cater deep and cater wide.

The simplest international example of innovation is Tesco supermarkets in the UK. These supermarkets are known to create three separate pre-prepared food ranges for their busy target market of singles, working couples and generally time-poor consumers. The ranges change for each time segment (breakfast, lunch and dinner) as do the supporting displays. So here we have a fast moving retailer, recognising changes in consumer behaviour and catering to new lifestyle needs.

We were delighted to see many great examples of innovation and excellence as a judge at the recent Retail World awards and we would be delighted to see more Australian examples that show customer relevance to such a refined degree.

Some learn from leaders and some lament “the good old days.” To those of us who wish for the good old days where customers shopped in an orderly and predictable way, between set hours, being very loyal and not your competitors, we suggest that you keep looking for what you can. **mb**

To get 'Fit for Business' today, contact us by phone on 02 9460 2882, on email at businessfitness@retaildoctor.com.au, or visit us online at www.retaildoctor.com.au