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SELLING POINTS

Innovation and customer service lead the way in awards. **Report: Jane Lindhe and Kate Mills**

● Challenging is the word most retailers use to describe their past two years and the short-term future.

In the *BRW and AMP Capital Shopping Centres Survey – The Business of Retail*, retailers bemoaned the changed attitudes of the Australian shopper. Since the financial crisis, consumers have tightened the purse strings.

In addition, the growth of online shopping means traditional retailers feel they have never had it so tough – and they don't see it changing in the short term. In the survey, retailers were negative about consumer spending in the next 12 months and they were also negative on business sentiment and the economy over the next 12 months. This sentiment is in line with analysts' comments that suggestions of a turnaround in sales is premature, with the Reserve Bank of Australia tipped to increase the official cash rate as early as next month.

Dwindling retail sales have been blamed on everything from the impact of the global

financial crisis to the January floods in Queensland and Victoria. Retailers have responded by discounting heavily – which, although it draws customers in, has an impact on the bottom line.

Of those retailers surveyed, almost half said customers no longer expected to pay the full price and that sales had become a less effective tool. One respondent told *BRW*: "I never go a day without customers haggling, it is incredibly frustrating. Customers think that they know everything as far as profits go, which is a load of rubbish. They constantly beat us down for a better price to the point where it is actually impossible to be making any profit."

Retailers are not the only victims of the slump. Landlords have also been affected, prompting speculation that large shopping centres such as Westfield are carrying some underperforming retail tenants, allowing short-term rent relief (to be paid in arrears) in a bid to increase or sustain occupancy rates.

This month Westfield reported an 11 per cent fall in department store sales.

However, exhilarating is another word used by retailers to describe the current environment. The smart ones have used the impact of the economic downturn to introduce new concepts to the \$280 billion sector and change the way they interact with customers.

Entrepreneurs have taken advantage of ailing market conditions to introduce new retail concepts at a time when barriers to entry are low and competition is weakened. The success of several new online retailers is testament to where the opportunities are.

Meanwhile, seasoned experts have changed their strategies to ensure they survive in a new market dictated by lower margins and smarter customers.

These are the retailers that have made it through as finalists to the inaugural BRW and AMP Capital Shopping Centres Retailer of the Year awards.

It is no coincidence that none of the finalists succumbed to the temptation of heavily discounting their products during the economic downturn.

In fact, most invested heavily in rebranding and introducing state-of-the-art multi-channel retail strategies that incorporate an improved online presence and a more sophisticated shopping experience at a time when their competitors bunkered down.

Alex Ritchie, co-founder and creative director of design consultancy E2 – who worked with finalist OPSM to design its new Eye Hub Concept – says smart retailers are not viewing bricks and mortar and online stores as separate entities. "Both are crucial but neither works independently of the other," he says.

Ritchie says more retailers are using online portals to create closer relationships with their consumers and offer them more options when it comes to how they choose to shop.

Although bricks and mortar stores will always exist, they will reduce in numbers and focus more on the experiential shopping experience, Ritchie says. This, he says, will have flow-on benefits for retailers in terms of the inventory they carry and property costs – which are the two greatest costs for retailers.

In these circumstances, change means opportunity and the survey outlined where retailers should be looking to stay alive and

ahead of the competition. The biggest area for improvement for most retailers is simple – they need to have a written strategy. Nearly half of the respondents (45 per cent) did not have discussions about the direction of the business while 20 per cent said they didn't have a strategy for the business. Just over one-third (34.9 per cent) had progressed their strategy to written form.

The second area is in service, which the retailers surveyed recognised as the most important non-price factor in purchasing decisions. It's crucial that retailers continue to invest and train staff as the face of their businesses

The following pages feature in-depth profiles of all the winners – however, it's worth noting the huge amount of innovation that was demonstrated by all the finalists.

Retailer of the Year finalist Jimmy Jim Watches was founded by in 2010 by then 16-year-old secondary school student James Heaton. Looking for a distraction during his politics and law class, Heaton began doodling in his notebook and drew a watch design with arrows on the band. He then went about creating a prototype of the watch he had designed and developed his business plan during his classes.

That plan was to target the "coolest year 12s" at surrounding schools, giving them each a few watches to wear and pass around to their friends. "The results, astonishing. I have sold bucket loads in just over the few months we have been trading."

Similarly New Retailer of the Year finalist, Melbourne shoe retailer Glamazon Shoes was spurred by the creative thinking of its founder Mira Smoljko. In 2010, after spending three decades struggling to find attractive footwear to fit her size 11 foot, Smoljko started a boutique footwear store for women with larger-sized feet.

Successful Retailing Marketing Campaign finalist, Shoes of Prey, was also recognised for introducing a new way of doing business that meets the needs of each shopper. The online footwear retailer allows customers to design their own pair of shoes, right down to the colour, style and fabric. The shoes are then handmade and posted to customers.

The list of winners and finalists shows that although retailers are under pressure, the level of innovation is higher than ever. **BRW**

BEST OF THE BEST

Category	Finalists
Best New Retailer	Glamazon Shoes
	Jimmy Jim Watches
	OPSM Eye Hub
Innovation in Retail	Winner: Mail Music
	OPSM Eye Hub
	Shoes of Prey
Sustainable Retailing	Winner: The Athlete's Foot
	Salvos Stores
	Todaye
Successful Retail Marketing Campaign	Winner: Bakers Delight
	Kogan
	Mondial Neuman
Best use of Technology in Retail	Shoes of Prey
	Winner: Grill'd
	Appliances Online
Outstanding Retailer of the Year	Kogan
	Shoes of Prey
	Winner: eyeclarity
Outstanding Retailer of the Year	Birdsnest
	Gloria Jean's Coffees
	Matchbox
	Oroton
	Pie Face
	The Athlete's Foot
Winner: Lorna Jane	

The awards were divided into six categories:

Outstanding Retailer of the Year, New Retailer of the Year, Innovation in Retail, Sustainable Retailing, Successful Retailing Marketing Campaign and Best Use of Technology.

A panel of expert judges included *BRW* editor in chief Sean Aylmer, *BRW* Editor Kate Mills; *BRW* flagships editor Tom Brentnall, Monash University Faculty of Business & Economics, Australian Centre for Retail Studies executive director, associate

professor Colin McLeod; and former Woolworths chief executive and Fairfax non executive chairman, Roger Corbett. As part of the judging process, the judges visited several of the retailers as shadow shoppers to test their customer service and product ranges.

Brisbane active wear label Lorna Jane (see "Designs on the world", page 22), won the overall award, Outstanding Retailer of the Year, for providing excellent service and innovation to customers while continuing to expand at a

time when its competitors were failing.

The New Retailer of the Year award focused on innovative retail concepts it introduced to suit customers' changing needs. Sydney's Mail Music won the award after overhauling its business strategy to avoid becoming redundant in a dying music retail scene (see "Tuned into change", page 28).

Franchise Bakers Delight won the Sustainable Retailing category by introducing initiatives to improve the environmental focus of its bakeries (see "That's using your loaf", page 25).

Eyeclarity, with its "myeyes" touchscreen kiosks, was the overall winner of the Best Use of Technology in Retail award (see "A kiosk that eyes margins", page 27).

Developed by a Melbourne optometrist, the touchscreen kiosks allow customers to choose eyewear to suit their lifestyle without needing the help of a TAFE-educated dispenser.

Healthy burger chain Grill'd took the gong for Successful Retailing Marketing Campaign of the Year with its work on Beyondblue and the Prostate Cancer Foundation of Australia's "Movember" campaign (see "Yo bro love ya mo", page 26).

The Innovation in Retail category proved that

despite market pressures, some retailers have continued to think outside the traditional boundaries of retailing.

Shoe retailer The Athletes Foot won the Innovation in Retail award for changing its business model and the way it interacts with its customer after almost 30 years. The retailer introduced its new Big Foot store model in a bid to expand its range beyond sports shoes. The new model involves doubling the floor space of its existing stores and redesigning the stores and re-training staff (see "Striding ahead", page 24).

ABOUT THE AWARDS:

The awards were sponsored by partner AMP Capital Shopping Centres, the specialist shopping centre arm of AMP Capital Investors. The company has a portfolio of 36 shopping centres, including 31 shopping centres under asset and/or property management in Australia and New Zealand. It also has interests in five co-owned centres. AMP Capital Shopping Centres manages more than 1 million square metres of retail space, with combined annual sales of more than \$5 billion.



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