

NOVEMBER 2012

A PATHWAY TO SUCCESS

SHOWCASING AUSTRALIAN RETAIL

RECOMMENDED RETAIL PRACTICE REPORT
FROM AMP CAPITAL SHOPPING CENTRES

10

TIPS TO
INSPIRE YOUR
BUSINESS

Learning
from the
experts

Insights
from
overseas

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ABOUT AMP CAPITAL SHOPPING CENTRES

AMPCAPITAL 

Established in 1971, AMP Capital Shopping Centres has a portfolio comprising 32 centres throughout Australia and New Zealand, which generate over A\$6 billion in annual sales and attract over 170 million visitations annually. AMP Capital Shopping Centres employs over 250 people and has over 2,700 individual retailer relationships. Our expertise includes property and asset management, property development, leasing, finance and operations, marketing and retail design.

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2012 RECOMMENDED RETAIL PRACTICE REPORT

I AM PRIVILEGED once again to introduce the latest instalment of AMP Capital Shopping Centres' series of Recommended Retail Practice reports, A Pathway to Success. It is my strongly held belief that research is a non-negotiable requirement, both to our business and the industry more widely; the considerable investment we make in it provides crucial insights that can help enlighten and strengthen retail in Australia.

The challenges facing the retail industry are well known; weak consumer confidence and large outbound tourism, courtesy of the elevated Australian Dollar, are changing customer spending patterns, while the continued growth in multi-channel retailing is redefining traditional retail models. However, this year's report reveals some signs of optimism for the sector.

The first section of the report examines Australians' shopping intentions compared to the same time last year and discovered the majority of spending categories in 2012 remained stable. Importantly, and in a vote of confidence for the future, spending intentions in three of the 18 categories increased, while for the first time ever in our research, no decreases were reported relative to the previous year.

This year however, we wanted to go beyond the Australian Shopping Intent figures, and have done so in two important ways. Firstly, we tested shoppers' perceptions

of major, national and specialty brands. Secondly, and crucially, we interviewed five retailers who have bucked the trend to expand and thrive in spite of the challenging conditions over the past few years. These retailers operate in sectors as diverse as eyewear, coffee, activewear, fashion and beauty products, but they are united by a passion for what they do and maintain a positive outlook. In fact, we discovered some interesting similarities that serve as useful insights to any retailer making their way in today's Australian retail industry. They're not complaining about tough times; instead, they're getting on with growing their businesses. They all have a commitment to excellent customer service and innovation, and they make the best use of technology to keep the finger on the pulse of their business at all times. Based on their experiences, we have extrapolated ten tips that offer valuable lessons to inspire retailers across the country.

I sincerely hope this Recommended Retail Practice Report gives you some new ideas on how to improve your business and that you can draw inspiration from this sample of Australian retail success stories. As always, we welcome your input and feedback, and look forward to working with you to strengthen and evolve our industry.



Bryan Hynes
Managing Director
AMP Capital Shopping Centres

Research provides crucial insights that can help enlighten and strengthen retail in Australia

SHOWCASING AUSTRALIAN RETAIL

WITH SO MUCH talk about the soft economy and difficult retail environment, it's easy to overlook our successes. So this year we decided to focus on the positives in retail and showcase some of our top performers. It's time to be inspired by their stories and to learn from their success. On top of that, the general retail outlook is picking up, with further rate cuts likely to encourage an uplift in spending behaviour.

It's a pleasure to showcase the very best of Australian retail. We have chosen Cue, Luxottica, The Coffee Club, Lorna Jane and Lush as examples of retailers that stand ahead of the pack in terms of brand strength, innovation and staying focussed on delivering their strategy. We interviewed these five leading lights to understand what makes their businesses prosper in the current retail environment. These detailed conversations clearly revealed their passion for retail and unwavering belief in the industry.

None of them were deterred by the difficult conditions, or even complained about them. Nor have they resorted to discounting to get customers through the door. Instead, their success has been built upon a single-minded focus on providing the best possible product,

delivered with superior customer service.


It's exciting to showcase some of the real success stories and learn what makes them effective in the Australian retail environment. We took the strengths and key learnings from these retailers to give you ten key tips that provide a clear guide on how great retail brands are created and grown. I don't expect any business to emulate exactly what they have done, but the key insights are relevant to any retail business in Australia or indeed the rest of the world.

The local emergence of international retailers demonstrates that Australian shoppers are enthusiastic about exciting new retail concepts. In the final part of our report, we explore international case studies of world-class retail thinking. It's these innovations that will shape the future of the retail landscape.



Belinda Daly

Head of Shopping Centre Marketing
AMP Capital Shopping Centres



Learning from the experts, p8-19

RETAIL SNAPSHOT

THIS IS THE eighth AMP Capital Shopping Centres Shopping Intent report to be conducted in conjunction with retail experts Directional Insights. This report not only examines how the current economic climate is changing the way we spend, but tracks changes in consumer behaviour compared with this time last year.

Representing the views of 1,000 male and female shoppers from around the country, aged from 18 to 50-plus, this report provides a comprehensive snapshot of Australia's retail environment. In July this year, we asked shoppers how much their spending behaviour had changed compared to a year ago, their intentions to spend across 18 key retail categories over the remainder of 2012, as well as how they think the rest of Australia will be spending in these categories.

Online shopping is still a major preoccupation of retailers, both in terms of competition (from overseas and domestic retailers), as well as business opportunities. With this in mind, we asked shoppers how they prefer to shop across a variety of different retail categories. Do they shop only in physical stores? Do they purchase goods within a certain category only online? Or do they prefer a mixture of the two? Pleasingly, Australians seem to be rediscovering the attraction of the bricks and mortar retail experience, where they can touch, feel and experience the product before purchase.

In order to gain a better understanding of consumer behaviour, we asked Australians about their perceptions of various major, national and specialty retailers with regards to three key attributes: **Value Driven, Trusted** and **Innovative**. The results are enlightening, revealing some key insights relating to how Australian consumers make purchasing decisions:



Australians seem to be rediscovering the attraction of the bricks and mortar retail experience

- Australian shoppers equated value-driven brands with low-cost.
- They were less likely to rate innovative brands value-driven brands, indicating that shoppers are prepared to pay more for innovation.
- There was no correlation between trusted brands and the other two dimensions, meaning that this key brand quality is very much up for grabs.

In the final research-focussed section of the report, you will find the results of in-depth interviews with five leading lights of Australian retail, followed by ten tips to inspire your business.

AUSTRALIAN SPENDING BEHAVIOUR

SHOPPERS WERE ASKED about their spending habits as well as how they believed other Australians planned to spend. While there's no doubt that retail conditions remain challenging with downbeat consumer sentiment, retailers can take heart from the fact that there are signs of optimism coming through. And unlike last year, none of the retail categories are showing a decline in spending intent.

Key findings include:

- Shoppers plan to spend more on clothing and shoes, local Australian holidays and technology such as mobile phones, computers and gaming consoles. All of the other spending categories remain stable, with no declines expected.
- In another positive sign for retailers, the growth in online shopping is easing. Consumers were asked about several different retail categories and whether they planned to shop in-store only, both in-store and online or online only. In the majority of categories, the number of Australians planning to shop in-store only, either remained stable or increased.
- While online retailing is a persistent trend, bricks and mortar retailers that offer customers a strong in-store experience are gaining renewed interest from consumers. Shoppers still prefer shopping in-store for every day fashion, big ticket furniture and electrical items and household goods such as kitchenware and homewares.
- When looking outside their own spending and predicting the actions of other consumers, those surveyed predicted an increase in spending on services and leisure such as theatres, bars, hairdressers and beauticians.

Changes by spend category	
Spend Category	Change from 2011 to 2012
Take home food and groceries	Stable
Eating out in cafes and restaurants	Stable
Buying take away food	Stable
Going out to theatres, movies and bars	Stable
Clothing, shoes and accessories	Increased <
Big ticket items like furniture and large electrical e.g. lounges, fridges	Stable
Local Australian holidays	Increased <
Overseas holidays	Stable
Household goods like tvs, small electrical, kitchenware, homewares	Stable
Hairdressers, beauticians, nail bars, massage	Stable <
Purchases like beauty products, makeup, perfume, general chemist products	Stable
Technology purchases like mobile phones, computers, gaming consoles e.g. Xbox, Wii, and music systems like iPods/ MP3 players	Increased <
Gifts	Stable
General items like books, newsagency, etc	Stable
General items like optical, shoe repair, clothing alterations, dry cleaning	Stable
Lotto, lottery tickets etc	Stable
Home entertainment like dvds, video hire, video games, cds, traditional board games	Stable
Home entertaining e.g. friends for dinner, lunch or coffee	Stable

BRANDS MATTER

WITH CONSUMERS STILL cautious about their spending behaviour, gaining an insight into why they choose one brand over another and what they look for in a brand is more important than ever. Our research found that when shoppers decide which brand to spend their money on, they consider value for money, whether the retailer offers an innovative product or service, and whether they trust the brand.

To gain more insight into consumer behaviour, we asked shoppers to think about particular major, national and specialty

retail brands, and whether they considered each brand to be Value Driven, Trusted and Innovative (multiple options could be selected). In general, the brands consumers were more familiar with tended to be rated more highly than those that are less well-known.

Value Driven

Value is a key brand attribute, particularly when the economy is patchy and consumers are reluctant to open their wallets. These retailers with a low price offering were seen by consumers as the most value driven, suggesting most people associate value with low price rather than relative cost.

Interestingly, older consumers were more likely to perceive value than younger ones.

Trusted

Trust is hard-won by retailers with a strong brand identity and a commitment to excellent and consistent service, especially after the sale has been made. It drives brand loyalty and repeat business - consumers buy brands they trust more often and recommend them to others as well. Value driven brands generally did no better or worse than other brands in terms of trust.

Among Australian consumers, shoppers aged 18 to 29 were more trusting of brands than older consumers.

Innovative

Innovation is the introduction of new products or services that make a retailer stand out from its competitors and bring in new customers. It's about knowing what customers want even before the customer knows.

Those brands considered by consumers to be the most innovative were less likely to be rated as value driven brands, suggesting that consumers are prepared to pay more for innovation.

Men vs Women

In general, women were more likely to rate brands as value driven, trusted and innovative. This was true across all retail sectors, and even applied to brands which might be considered to appeal more to men, such as Bunnings Warehouse, which for instance was seen by 69% of women as Value Driven compared with 60% of men.

The results suggest retailers might have to work a little harder to persuade men to open their wallets.

Older vs Younger

In general, younger Australians, specifically those aged 18-29 years, tended to be more trusting of brands than the older age groups; and they were also inclined to see them as more innovative.

Across the majority of major, national and specialty brands reviewed, results suggested those consumers aged 50 years and older are more likely to perceive these retail brands as being value driven.

MAJOR BRANDS

Value Driven

Unsurprisingly, discount stores dominated the list of brands that were viewed as value driven. Kmart was the top ranking, showing that its latest brand repositioning has resonated well with Australian consumers; 72% of respondents perceived it as value driven. Next were Best & Less, Big W and ALDI, all on 70%. Older consumers appeared to be more eager to find value than younger consumers.

Trusted

The most trusted brands were the department and discount department stores, although Hoyts also ranked in the top 10. Myer was top-rated, with 56% of people saying it was a trusted brand. As with several other brands, consumers aged 18 to 29 were more likely to trust Myer than those aged over 50.

Next on the list of trusted brands were Bunnings Warehouse and Target, followed by Harvey Norman and David Jones. All of these

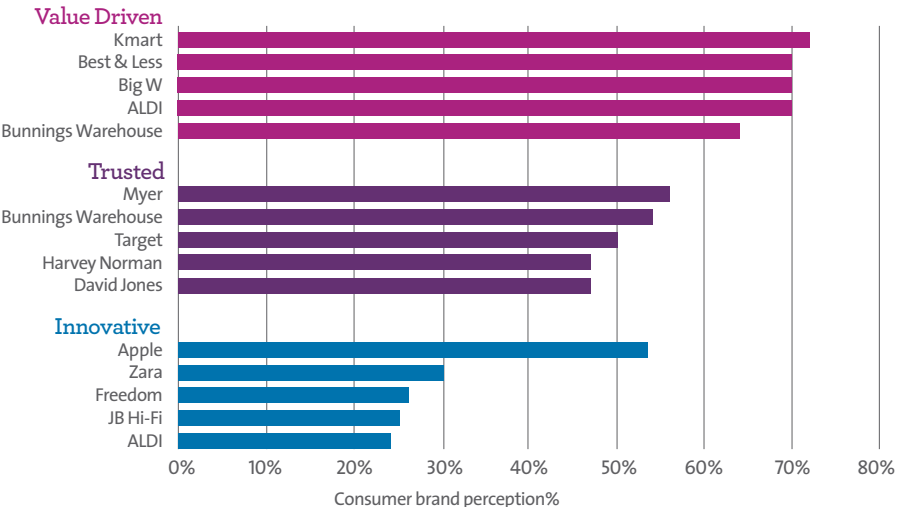
retailers have a significant history in Australia, indicating that it takes time, and considerable brand recognition, to build up serious trust with consumers.

Innovative

When looking for a point of differentiation, and the ability to charge a price premium, a reputation for innovation is crucial.

iPhone and iPad inventor Apple topped this list, with 53 per cent of respondents rating the brand as innovative. Next was European clothing chain Zara, a relatively recent entrant into Australia's retail landscape. The success of these brands is testament to the fact that Australian shoppers are willing to spend their dollars, and at a premium if necessary, with innovative brands. From Apple's frequent new product releases to Zara's regular stock changes and competitive pricing, successful retailers have to bring something new to the table to remain relevant.

TOP 5 MAJOR BRANDS IN EACH CATEGORY



NATIONAL AND SPECIALTY RETAILERS

We also tested consumers' perceptions of a wide range of national and specialty brands, from fashion and jewellery stores, to food retailers and health-related businesses.

Value Driven

As with the majors, price-competitive retailers dominated the list of value driven brands. Lowes rated highest on 70% and Payless Shoes was next on 69%. McDonald's was third on the list with 58% of those familiar with the brand believing it is one of the most value driven retail brands. Generally speaking, national and specialty retailers were not perceived as being as value driven as the major retailers, perhaps because consumers were less familiar with them or because several of them do not focus on discounted products.

Trusted

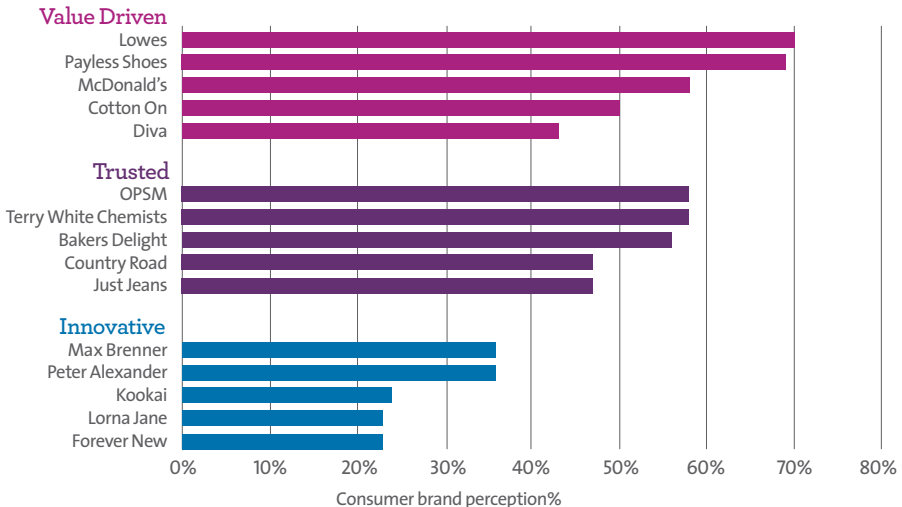
Among the national and specialty retailers, health-related brands were top rated, with

OPSM and Terry White Chemists each on 58%. Next were Bakers Delight, Country Road and Just Jeans. The service providers tended to be more highly-rated on trust, perhaps because of the greater opportunity to build a relationship with customers.

Innovative

Chocolate emporium Max Brenner and sleepwear retailer Peter Alexander were the top rated innovative retailers, with both on 36%. The former is renowned for its wide and experimental selection, while the latter has frequently changing stock and features trend-led styles. Next up were female apparel stores Kookai, Lorna Jane and Forever New. As with other categories, women generally found the national and specialty retailers to be more innovative than men; perhaps, in this instance, because the top choices were dominated by female-focussed retailers.

TOP 5 NATIONAL AND SPECIALTY RETAILERS IN EACH CATEGORY



LEARNING FROM THE EXPERTS

RETAILING IS CHALLENGING in Australia at the moment, but some brands are shrugging off the tough times to thrive and expand. In the following pages, five of the leading lights of Australian retail reveal the keys to their success, and the lessons from their failures. Presented in their own words following detailed interviews, these insights provide a fantastic opportunity for the industry to learn from the experience of the experts. While these five retailers represent very different businesses, they share some key similarities, not least their passion and optimism for the future of retail in Australia.

These retailers work hard to give their customers the best possible service, to build brand loyalty and trust. They connect service to the brand, not the sale. Knowing what great service means to their customers has each of these retailers standing ahead of the pack.

They are always innovating and know instinctively what their customers want before the customer even knows, one of the hallmarks of great retail. As Steve Jobs

LORNA JANE



once commented, "Innovation distinguishes between a leader and a follower".

The leading lights continually challenge where they are, constantly renewing and reinventing themselves as the retail environment changes. For these retailers the job is never done.

They embrace technology to help them better connect with customers and enhance their businesses. They're interacting with their customers through social media such as Twitter and Facebook, and the latest point of sale systems mean they have their finger on the pulse of their business all the time.

As Steve Jobs
once commented,
"Innovation distinguishes
between a leader and
a follower".

THE EXPERTS

CUE: When the first Cue store opened in Sydney's Strand Arcade in 1968 it brought fast, reactive fashion to Australia. It remains family-owned and still makes most of its clothing locally. Across the company which also includes Veronika Maine, their portfolio consists of 230 stores in Australia and New Zealand, including concessions in Myer and David Jones.

LORNA JANE: Two decades ago founder Lorna Jane Clarkson created a brand for women who don't want to compromise on style and design when they work out. The fitness-inspired brand now has 121 stores in Australia, five in the United States and three in South Africa.

THE COFFEE CLUB: From a single store in Brisbane two decades ago, The Coffee Club now has more than 230 outlets in Australia and 35 in New Zealand and is the preferred venue for millions of coffee drinkers in the region.

LUXOTTICA: The company is the largest manufacturer and distributor of eyewear in the world. In Australia it owns a number of market-leading optical and sun wear retail brands, including OPSM, Laubman & Pank and Sunglass Hut.

LUSH: The beauty products retailer has 22 stores in Australia and 13 in New Zealand. It still hand-makes products and 95% of the products in its stores are made in Australia. Lush prides itself on managing to stay friendly and accessible.

CUE ①

David Kesby, CEO, and Rod Levis, Owner and Founder

WITH THE RIGHT product and the right teams, we've had another very strong year.

We are known for our own look, as opposed to copying overseas fashions. We are sharper and younger than other brands. We believe Cue is both on trend and set the trend. Customers know and appreciate our speed to market, and with their incredible loyalty this forms the basis of our success.

Quite often in our weekly buying meetings we will do a test run of a style, a groovy jacket, or a new style of pants and we'll produce 50 of them, and get them into five stores, watch it for a week, look at the sell-through and be able to repeat that style in-season, quickly and in volume.

With the growth of online, the customer experience in-store has to be something that's higher than it ever has been in the past. So customers need a reason to go in-store, so a big one for us is the whole customer service element.

Every Cue store is different. Every new store we open is not like any other store. It's really personalised, partly for the area and partly to incorporate any new elements that we may pick up on as we travel around the world.

We've no intention of becoming a price-driven brand. We will stay out of that and hope that our loyal customers see the value in European fabrics and 'Australian-made'. It's very much about the quality of our product. A lot of our fabrics are supplied to world brands such as Prada and Miu Miu... we're buying from mills that have been around for 260 years.

Two years ago, we installed a brand new point-of-sale system that gives us live information available on the screen at all times. So right now I can tell you our sales today in any store. We see this technology as a critical part of our business, and an area we are very proud of.

CUE AND ETHICAL TRADING

Cue was one of the first companies to work closely with the Textile, Clothing & Footwear Union of Australia (TCFUA) on an ethical supply chain strategy.

The brand has been applauded by John Owen, Assistant Secretary of the TCFUA for its efforts in this area, who says the relationship between the two organisations is a “very productive” one.

Cue's products are made in well-managed factories. The brand can guarantee that it does not support sweatshop conditions.

We are
the largest
manufacturer
in the country
for women's
fashion

We take great
pride in being
largely Australian
made. Staying local
has meant that we can
respond immediately to
current trends and
customer needs

LORNA JANE

Lorna Jane Clarkson,
Chief Creative Officer

AT LORNA JANE, we just continue to grow and I think it's because we remain relevant to our customers.

The reason we opened our own retail stores in the beginning is because I really, really, wanted to have that customer feedback to keep improving and giving customers the product they wanted.

With social media, you get instant feedback on the stuff that you are doing and I think we've stayed relevant as a retail business and as an online business, because we do listen to our customer and we use multi-channels to get the feedback, and we react to it.

We've got a brand that means more to people than just the clothing brand. Our brand represents a way of life and it's not just something that we've made up on a whim to make our retail business do well.

Once you go down on pricing and having sales and trying to entice them into your store with discounts, then you have nowhere else to go. That's where retail has gone wrong in the past and I would never position my brand in that way.

Product knowledge and customer service go hand in hand. We are constantly getting feedback through social media about the great experiences people are having in-store. When we won the AMP and BRW Outstanding Retailer of the Year in 2011, the judges said the tipping point was that they received amazing customer service when they did their secret shopping.

You've got to have all those things that shoppers rely on you as a brand, but you've also got to give them the new surprise and delight. Recently we wrote inside a pair of tights just at the top of the waist "anything is possible" and the feedback we got was amazing, because who expects to see a cute little inspirational saying inside their tights?



People
want to be
listened to, so
social media is
paramount for
that

We're doing really well, because we don't open our door and expect the customer to come to us. We invite them in on so many different levels and we make sure that we entice them enough to come into our store.

THE COFFEE CLUB ☺

Emmanuel Drivas, Managing Director and one of three Founders

CUSTOMERS EXPECT MORE from a business when times are tough, whether it's value-driven or whether it's service-driven. We are electing to go more service-driven, so we're paying a lot more attention to customer service, and it's really coming from the top.

Our customers are franchisees, so we're trying to improve our internal service down the line, which we hope will flow to our retail customers. We're focusing on what we are calling "amazing service", to all aspects of our business, and that should, at the end of the day, relate to dollars in our tills.

I believe it's all about the experience in shopping centres these days. Rather than building a uniform brand and shop fit-out throughout the group, we are going to build site-specific stores. We have a few new prototype stores coming up by the end of the year.

The service will be the same, pricing will be the same, the product will be the same, but the actual environment you're sitting in

will be a point of difference, from one centre to the other. We're trying to get away from that generic cookie-cutter approach.

I call the brand more than just The Coffee Club; the brand is really our menu, our operations and our branding, so that works very well for us, and we're not going to tamper with that.

Technology is important to us as well. We have the technology now through our point-of-sale system to see what the customers are actually buying. We then adjust our menu accordingly to capitalise on this. We've got a burger on our menu at the moment and that does very, very well. So what we're doing is a national promotion, we're enhancing it to the Aussie Deluxe Burger.

With retailing it's just about being consistent with your product, and keeping your service up, and ultimately giving your customer what they want. In our case it's good food, excellent coffee.

Customers are going to shopping centres for an overall experience

We're constantly innovating, you have to be in today's market. We also want to give our franchisees opportunities to expand within the same centre and market



LUXOTTICA

Chris Beer, CEO Asia Pacific,
Greater China and South Africa

OUR OPSM AND SUNGLASS HUT

businesses have been competing quite strongly.

There's a race to the bottom in Australian retail at the moment, because people are thinking only on price, and just copying. Too many retail brands are just me-toos; what do they stand for?

We spend a lot of time researching customers and co-creating service offers. As a leader in our industry, we spend a lot of money, investing in our branding and we are focusing on what we believe our customers want.

There are three words I have talked about to our organisation now for probably two years, and they're simple: focus, simplify and connect.

Focus is about focusing on what really matters to us – focusing on who's our core customer. Let's look after them in a brilliant way and as a result of that, some people will aspire to become a part of the brand and some people won't, but that's OK.

The other part is simplify; as we have become bigger, I think the trap you fall into is size can create complexity that doesn't add any value, and we spend a lot of time simplifying our business practices, and aligning everything to the customer.

Connect is about connecting with our customers and connecting with our teams, which is a critical thing.

By the end of 2013 we will have transformed our organisation into a fully integrated omni-channel operation.

The way of the future for retailers today is in data, then using it in a way that personalises the experience. Every time someone interacts with us, even if it's for adjusting glasses they bought elsewhere online, it's another opportunity for brand loyalty to OPSM, and so I encourage them to use us for that.



Everyone in
our organisation
knows they can
just say “yes” to a
customer



We don't see
online as a threat.
We see online as
complementing
what we do in
the store

It's about
making the
experience for the
customer fun in
the store

LUSH

Mark Lincoln, Australian Director

IF YOU HAVE great products and you're focused on customer service, then you will do well. For the past four years our focus has been on improving our customer service, creating an in-store environment that is fun, coming up with innovative products and staying true to our ethics and beliefs.

Setting up manufacturing in Australia was a challenge, but it's certainly helped improve our freshness, because that's what we're all about – making sure that the product is fresh on the shelf. It's improved our ability to stock the shelf and manufacture to customer demand as it rises and falls.

Creating a great product offering and an enticing in-store environment for customers, will keep them coming back.

We have a strong focus on training. We are very lucky we attract a lot of people who share our values and beliefs. We train

managers to manage their stores as if it's their own business. We provide opportunities for the manager to showcase their achievements and share best practice with other managers if the store is doing well.

The internet is not going to go away. You have got to work out how you can incorporate it into your business strategy. We don't see online as a threat. We see online as complementing what we do in the store. We are probably lucky compared with other categories as with our type of product people do like to touch and smell before they will purchase. Our online business is up to about 10-11% of our revenue, but will never overtake our physical stores because customers are always going to enjoy coming in and interacting with the products and our staff.

Having a trust relationship with our customers is very important to the success of our business. Lush was founded on the belief that cosmetics and their ingredients should never be tested on animals.

10

TIPS TO INSPIRE YOUR BUSINESS

BASED ON IN-DEPTH interviews with our leading lights in Australian retail, we have developed ten key insights into creating and growing a successful business in the industry. In no particular order:

- 01 Think twice before competing on price
- 02 Compete on quality
- 03 Focus on customer service
- 04 Customise the store experiences
- 05 Use technology
- 06 Embrace the online experience
- 07 Welcome the competition
- 08 Innovation is crucial
- 09 A purpose beyond selling
- 10 Learn from your mistakes

01 Think twice before competing on price

- While appropriate for some retailers, others may find that competing on price will lead to a race to the bottom and the risk of devaluing your brand through discounting.
- Lush has eliminated all form of discounting in its business, because it positions itself as a premium brand.



02 Compete on quality

- Instead of price, successful retailers focus on what sets their products apart.
- Cue prides itself on the quality of the fabrics it buys from European mills, and then wins customer loyalty by making its clothes in Australia.
- Luxottica offers quality products, services and experiences that make the customer feel they've received value for their money.

03 Focus on customer service

- Service is paramount for these retailers, to make them stand out from the discounters and to keep customers coming back.
- Lush invests heavily in training to teach staff about service and sales skills as well as products.
- Luxottica believes any interaction with a member of the public, even if they're not customers, is a chance to win them over with better service at its OPSM stores.



04 Customise the store experience

- Lorna Jane adapts its stores so they feel like part of the local community. A beach community, for instance, will have cane furniture, city stores are a bit more sophisticated, while those in suburban shopping centres have kids' areas.
- The Coffee Club believes it can drive up sales by customising stores to fit their trade area, because each store will provide customers with a bespoke experience and atmosphere.



05 Use technology

- Technology has given retailers more information, and crucially more up to-the-minute information, than

ever before. The smart operators are putting this to good use.

- Cue has a point of sale system that tells head office what's selling at which store and by which staff member at every minute of the day, allowing it to quickly respond to what's selling well or to spot problem areas.
- Lorna Jane uses social media to get instant feedback from its customers that it can use to improve its product and customer experience.

06 Embrace the online experience

- Cue's leadership considers the relatively late launch of its website to be their biggest regret; initially unsure about the demand for online, they have found that there are certain weeks when it actually represents their number one store in the country.
- Lorna Jane Clarkson believes multimedia has been crucial to her success, from e-commerce to the ability to listen to customers via social media.
- Luxottica are convinced of the value of online and aim to be a fully integrated omni-channel business by the end of 2013, while Lush also sees online as complementing the in-store experience.





07 Welcome the competition

- Retailers with a strong product and service offering are comfortable with competition, believing that it strengthens the industry and drives them to bigger and better things.
- For example, Luxottica welcomed the launch of Sneaking Duck to the market, arguing that a rival brand making eyewear more fashionable and popular can only be a good thing for the industry overall.
- Far from seeing international entrant Zara as a threat, Cue has welcomed the brand to Westfield Sydney, and claims that the increased traffic it has generated has also benefited its nearby store.

08 Innovation is crucial

- Successful retailers are always reviewing and refreshing their products and service to stay ahead of their competitors.
- Luxottica puts a lot of focus on researching OPSM and Sunglass Hut customers' "tension points" to develop new products that better satisfy their needs.
- At Lush, the founders of the business are constantly reviewing the product range, discontinuing products that aren't working, then relaunching them with a new "tweak".

09 A purpose beyond selling

- Many retailers are highly active in the communities in which they operate. Cue raised money through Myer to help victims of the recent Queensland floods, while the Coffee Club offers support and funding to local communities and schools.
- Fresh fruit and community notice boards in its shops which customers can use to promote their own sports initiatives help show Lorna Jane's customers the brand really understands them.
- Luxottica runs the OneSight Foundation through its OPSM brand which provides free eye screenings and glasses for those in need within our community.

10 Learn from your mistakes

- Successful retailers have all learnt, and come back stronger, from their mistakes.
- Luxottica admits to getting diverted from its core brand values during the global financial crisis, but has come back with a renewed focus on the brand and customers' needs and, as a result, its sales are growing well.
- Likewise Cue acknowledged they were slow to get online, but early in 2012 launched a web presence which is already performing strongly.

INSIGHTS FROM OVERSEAS

Smart retailing technology



Ready
to scan



Since their introduction smart phone QR codes have been utilised by retailers in various ways, from providing exclusive brand content to enabling purchases through a virtual store. One of the more innovative examples comes from Korean retailer **EMART**. In an attempt to attract shoppers during the quietest part of the day, Emart introduced QR codes created by the sun's shadow that could only be scanned between noon and 1pm each day. Successfully scanning a code took consumers to a dedicated home page with special offers that shoppers could take advantage of and have delivered direct to their home. As a result of the promotion, Emart saw membership increase by 58% in February over the previous month with a 25% increase in sales during lunch hours. In addition to increasing sales, the promotion was successful in generating international hype, highlighting the power of innovative ways to engage increasingly bored shoppers.




UK department store **HOUSE OF FRASER** has introduced an

interesting concept that could be a glimpse into the future of brick-and-mortar stores. The small format flagship store in Aberdeen's Union Square features iPads, computers and interactive screens instead of merchandise, allowing shoppers to order products online to be delivered the following day to either the customer's home or to the store for collection. Customer service is key to the overall concept, with a complimentary coffee bar and comfortable seating encouraging a relaxed shopping environment. Fitting rooms are also provided so customers can try on items before taking them home. While this concept is taking multi-channel integration to the extreme, it is a timely reminder that the role of the physical store is indeed evolving.





 Bridging the gap between online and offline is a challenge for any brand, but fashion retailer **C&A** has come up with an innovative concept that merges the in-store

experience with social media. Titled Fashion Likes, the retailer's new clothes hanger system is networked to digitally display how many 'Likes' a particular clothing item has received on the retailer's Facebook page, allowing customers to view the item's online popularity to assist them with their purchase decision. The hangers are being tested at the brand's flagship store in Sao Paulo, which also features a champagne bar, light-up staircase and a boutique featuring up and coming Brazilian designers, creating an engaging and memorable experience for customers.

 Integrating social media with the in-store experience, coffee chain **TIM HORTONS** has partnered with Gulf News in Dubai to adapt coffee cup sleeves into an advertising medium. A special printer at the Tim Hortons point of sale prints tweets from the Gulf News Twitter account onto the coffee cup sleeve, with updates made every hour. Also included on the sleeve are a short URL and QR code directing customers to the Gulf News website for the full story. Close to 3,000 new Gulf News



Traffic on the Gulf News website grew by 41%

Twitter followers signed up within the first two weeks of the campaign's launch, and traffic on the Gulf News website grew by 41%, with subscriptions up by 2.8%.

SUITSUPPLY's flagship store in London is demonstrating the ultimate in retail therapy. The often tedious task of waiting for an alteration is transformed into an experience by giving customers real time updates on a digital board similar to the "arrivals" and "departures" board at an airport. Located amongst the formal suits rather than in the back of the store, the change rooms are another key feature. As a customer enters the change room a cylinder descends from the roof around the customer allowing them to change before rising to dramatically reveal their new outfit.

Australian Centre for Retail Studies (ACRS) is a specialist retail research centre within the Department of Marketing at Monash University. We are retail and consumer research specialists, working with a range of businesses in Australia and globally. Our dedicated, in-house team have expertise in a range of advanced research methods, and access to specialist research facilities.

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