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## WHAT SHOPPERS REALLY WANT

*Deirdre Macken*

Fear of debt, consumer boredom and the rise of internet sales all point to a sea change in spending habits. Story **Deirdre Macken**

During the first weeks of Sydney's revamped Pitt Street Mall, the centre pulsed with shoppers. But the activity around the skinny jeans and lace-trimmed camisoles inside the Gap store disguised seismic rumblings beneath the foundations of retail.

Some of those shoppers in the much-awaited Gap store were only looking, trying on clothes and noting the prices. The \$29.95 camisole they saw in the store could later be found for \$9.99 on the Gap website or £5 (\$8.09) on the Marks and Spencer site.

The new style of window shopper hasn't escaped Westfield's notice. Even as it was cutting the ribbon on its CBD store, it was planning its online shopping mall. Launched a few days ago, Westfield's online mall is an attempt to stay in the picture when shoppers go straight from their computer screen to their favourite store.

From retail landlord to retail website, Westfield is hoping to build a bridge between the era of shopping by wandering around and the future of shopping by clicking around.

Retailers fear this Christmas will be different.

Already the recent interest rate rise has cast a pall over spending prospects; the September retail sales figures were sluggish; the latest consumer confidence index showed sentiment falling to its lowest point for five months and every retail boss has been warning of the cautious mood in their stores.

But the more insidious fear is that this consumption hiatus is signalling a fundamental shift in shopping.

The shop itself is under threat. Getting people into shops is getting tougher, getting them to spend when they're there is more of a challenge and getting them back even more so.

The threat is coming from the web, from other forms of consumption, from the drive to reduce debt and from an ennui that has grown around the experience of shopping in Australia.

Something has to happen but it will take more than the arrival of an ageing fashion brand in a marble mall to rouse the sector.

New ways are being devised to get shoppers into stores and much of this is aimed at sprucing up the shopping experience to recapture the hearts of hardened consumers.

There are new retail spaces springing up – and in some of them you will need to push past a dinosaur. There are new malls arriving in town – and they sound more medieval than modern.

The local shopping strip is morphing into a personality precinct and the next big thing in retail is small. That is, unless it is mega big.

The new consumer

The evolution of retail spaces is being shaped by changes in shoppers' attitudes. They are tougher than ever, they are wise about options, they play the sales game with cynical expertise and they want to be treated with respect.

The Australian Centre for Retail Studies recently released a study of consumers that described

them as digital, local, green, busy, mindful and bored.

"Many consumers have become desensitised, even bored, with traditional retail," the report says.

"To combat this desensitisation, consumers are searching for a greater connection with retailers and a more engaging shopping experience."

Gilbert Rochecouste of the Village Well says that if anything sums up the new shopper it is the expression, citizen.

"The consumer as citizen is what it's all about and retailers have to get their mind around the concept of retail wellbeing," he says.

The "McDonaldisation of retail", he says, is over.

"There's what I call the list of 1000. That's the list of tenants that goes to every leasing manager in Australia. The list hasn't changed for years."

The same-same nature of Australian retailing has been compounded by the influx of franchises during the past few decades. Australia has three times the number of franchises per head as the US and many are ageing businesses.

The homogenous nature of retail has been further compounded by the shift from the street to the centre. In the 15 years to 2006, shopping centre space grew five times faster than shopping strips and almost half of the retail dollar is now spent in centres.

Another consultant, Steve Kulmar of Retail Oasis, says consumers are less impressed with the homogeneity of the corporate shopping experience.

"Consumers," he says, "are more considered rather than conspicuous and they are more considered not just in what they buy but also in how they shop."

"So, they'll say they want it to be close to me, more in my community and in the places where I belong."

"That's why farmers' markets are popular and it's why IGA is growing because the IGA store is an alternative to the big supermarkets, it's local and its product mix is more defined by the local audience."

Both Sydney and Melbourne city councils have policies aimed at getting niche retailers back into CBDs to create a more Australian profile to downtown.

However as both cities rank among the top 10 of the world's most expensive prime retail spaces for rents, it is getting more difficult for small shopkeepers to set up shingles.

Then there is simple laziness. Brian Walker who trades as the Retail Doctor names one major fashion chain that "hasn't changed their fit-out, their look, their brand or their product mix for 15 years".

The shopping experience

For centuries shoppers have loved the treasure hunt. From haggling in bazaars to rummaging through sales tables, the thrill of the hunt is now happening on computer screens.

Michael Baker, who writes the Retail Perspectives newsletter for Urbis, tells of speaking to a boutique retailer, who sells designer jeans for \$270 – a price that provides her with a basic profit margin.

"She found out that you can get exactly the same jeans for \$39 on Ozsale.com.au," he says.

"That's where the new excitement is. Shopping online is like a treasure hunt and consumers are really buying into that."

The online shop is looming large and fast. Three weeks ago David Jones launched its online store, two weeks ago Marks and Spencer's new boss talked of turning the British store into "an international retailer" and this past week Westfield fitted out its online mall.

The surge in online shopping in Australia might have been sparked by the rise in the Australian

dollar but Baker believes it's more about "getting access to brands they haven't had access to. It's new, it's convenient, it's often cheaper and it's exciting".

The study by the Australian Centre for Retail Studies pointed out that online hunting is training people to be tougher customers. "Consumers in general are more aggressively inquisitive, cynical, demanding and unpredictable as a result of being better informed due to the power of the internet," the report noted.

Competition from the web and the volatility of consumer sentiment has forced major retailers into a regular cycle of sales. But experts suggest that shops will have to move beyond the knee-jerk of red stickers, to address their online retailing.

The incursions of online retailers will also force shops to change what they do inside their stores. As Baker says, "unless stores are constantly refreshing and renewing themselves, there's not enough reason to visit".

Kulmar says the physical experience of shopping has to be heightened. "Those retailers who still live in a physical space have to build a more immersive experience. If a retailer doesn't immerse you or excite you or create a wonderful display, you're not going to come back."

Walker describes this as "retail-tainment". Shops, he says, have to build a mood, using lighting and displays to reflect their brand and change their displays, every week if necessary, to catch the eye of the regular shopper.

Down sizing the box

Roy Tavenor of the Red Design Group says the planning of good retail spaces begins with the customer journey. If more shoppers can be described as local, green, busy, mindful and bored, then they are less tolerant of capture retail.

For the pragmatic shopper, the best shopping experience is the shortest journey between leaving home and eyeballing the merchandise.

"For example, if you go to a big supermarket and you just want bread and milk, you have to drive there, go through the boom gate, find a park, go up to the store, find a trolley and make your way to the back for the milk and then reverse your steps. That's not a good journey."

Supermarkets are responding to this by redesigning stores. Many supermarkets have refashioned the front of the shop for easy access to fresh foods and placed the grocery aisles at the rear of the store. However, refashioning suburban malls won't be so easy.

While experts say super regional malls, such as Bondi in Sydney and Chadstone in Melbourne, will get bigger, the future of the sprawling suburban mall is being questioned – if only because of these frustrating journeys.

Kulmar, who spoke from the World Retail Congress in Berlin, says: "All the talk here is about smaller footprints. Groups like Sainsburys, Marks and Spencer and the other big department stores are scrambling to get a smaller footprint in local community formats. There's a move away from a big box to a smaller box placed within communities."

Shoppers, adds Rochecoste, are increasingly intolerant of ruses. They're too busy to trek to the back of a supermarket for milk and, they have tired of designed disorientation in malls and they are less amenable to fortress retailing.

Tavenor says suburban shopping malls will struggle to keep a Starbucks if they don't reinvent themselves. For some, this could prompt a redesign of the centres as specialist outlets, such as home decor centres or food centres.

The shift from the mixed mall to the specialist or themed complexes is more developed overseas. Says Tavenor, "in Europe they're called wellbeing shopping centres and the idea is you have a health mall with an organic supermarket surrounded by health food retailers, healthy fast-food

outlets, alternative pharmacies and health practitioners.

"Wholefoods in the US, for instance, have their food store on the ground level and therapists on the upper level."

Another variety of specialist is the automotive centre, offering multiple-brand dealerships surrounded by car accessory shops and servicing centres. These one-stop car centres, Tavenor says, solve the worst customer journey anyone can make – the trek around a city's car dealerships.

New spaces

The newest spaces for retail are incidental. They are places where people are forced to wait, rush through or wander around – often not in the best of moods. Non-traditional retail centres include hospitals, airports, aged-care facilities, sports arenas, office blocks, museums, art galleries and petrol stations.

Tavenor, who has consulted for two hospitals, describes it as destination retail and he says although the customers are often captive, they have to be treated carefully. "If you look at the hospitals, they realised a while ago that they don't just have patients passing through their doors. They have thousands of staff and thousands of visitors so the ground floor of the hospital is a busy area."

Commuter retailing is also opening up. Airports are now fully developed shopping precincts and transit stations, such as rail stations, are recognised, but the car commuting opportunities are booming.

"The growth in servos is amazing," Tavenor says. "The days of getting week-old Chico rolls are gone, many have fresh food and surprisingly good coffee.

"If the food on offer is good enough and it's an easy location to visit, then servos become the local shopping destination for locals."

Baker nominates the ground floor of office blocks as new sites for retail – especially food and bookshops – but he also points to the increasingly permanent role of pop-up shops.

"Pop-ups are much bigger overseas than here," he says. "Originally they were a defensive mechanism for coping with empty shops but they are now seen as ways of keeping retail spaces fresh. In some centres, they set out to keep part of the complex for rotating retailers in pop-ups. They're also great for seasonal stuff. In the lead-up to this Christmas, Toys'R'Us is taking up 200 pop-up shops across the US."

Another strategy for refreshing old spaces is to invite upmarket brands into budget stores. Among these host retailers, Big W has just hosted the Morrissey fashion brand, Target has had Stella McCartney in store and the H&M chain has had Jimmy Choo heels in stock. It is, says Baker, "a way for high-end brands to get more robust distribution and a way for stores to revitalise their merchandise".

Upmarket retailers are also battling brand fatigue. One of Westfield's newest stores in London has reserved a proportion of floor space for cutting-edge retailers while its Bondi store features new designers, some of whom are fresh from market stalls.

The new village square

The quickest way to recognise a new suburban mall from an old one is in the title.

Town centres are the new malls and their nomenclature is meant to evoke associations with small towns of the 19th century or even medieval Europe.

Two award-winning town centres, Point Cook outside Melbourne and Rouse Hill on the edge of Sydney, both knit the mall back into the community – physically and emotionally.

Says Baker, "town centre configurations are really the new village square and they're an attempt

to get back to that place where it's not just about moving stuff. They're in the business of being a community space.

"As these centres are a throwback to market squares or high streets, the tenant mix has to be different – more food, public centres like libraries, more entertainment and open spaces where you can lie on the grass with your laptop."

Rochecouste, who consulted on Rouse Hill Town Centre, says the design of a piazza with a main street and laneways is a shift from the sterile retail spaces of the past few decades to a reinvented civic environment.

"They build more connections back to the local streets, bring natural light back and allow the centre to act like a street that allows people to move in and out."

The capture-and-keep philosophy of mall owners is being replaced by a more inclusive attitude that allows "civic buildings, such as a library, youth centre and community centres, that are open outside of retail hours and so work as third places where people can go after work", Rochecouste says.

A compromised version of the town centre is also emerging in the increasing residential/retail developments along main streets. High street strips are often the only places where developers can build high-rise apartment blocks and they are combining these with retail courts at their base. Some of these privatised retail strips follow the line of the street and others are designed like village squares, confining the shops at the base of the building.

Both versions, however, suck shoppers from surrounding areas, putting even more pressure on the classic Australian shopping strip.

The shopping strip

It's not dead yet but it's fraying. Suburban shopping strips are eroding with the pressure of parking restrictions, traffic problems and the lack of capital improvements by ageing landlords. In the 15 years to 2006, shopping centres doubled in space from 9.2 to 17.3 million square metres.

Over the same period other retail space (mainly on strips) only increased 16 per cent from 23.6 to 27.4 million square metres.

According to the retail doctor, most sick shops are in strips, many are being bled by nearby centres and most "have owners who work too many hours so they are tired and bored and struggling to pay the rent so they don't have time to develop strategies".

There are, however, successful shopping strips and most of them are high street strips. The best known have attracted a strong line-up of specialised retailers – fashion or food or arts – and they are self-made retail areas.

"There is real dynamism in some strips. Look at Sydney's Danks Street, which began with just two shops (Fratelli Fresh and Danks Street Depot) and now has cafes, alternative food shops and galleries," Tavenor says.

"In Melbourne, a lot of this is happening around laneways and in country areas it's being promoted by people doing a sea change, who bring their need for quality retail."

Successful shopping areas are now destinations – from James Street Market in Brisbane, which reinterprets classic food markets, to King Street in Sydney's Newtown, which is said to be a slice of Melbourne in Sydney, to Brunswick Street in Melbourne, home of bohemia.

Tavenor says the surprising characteristic of these strips is that they are self-created and self-regulating.

"It's happening in a natural way through market forces.

"No one is orchestrating it but they become a self-regulating precinct and the shop owners develop

a precinct mentality."

Roche Couste says these strips are continuously created in the image of those who use them.

"People prefer the local, they want authenticity, interesting experiences and the main streets that provide that – Chapel Street, Bourke Street Camberwell, Brunswick Street Fitzroy – all have their essence, which attracts a certain sort of person.

"Main street is organic and people love that sense of place and that feeling of distinctiveness, especially as they get more bored with the McDonaldisation that's going on elsewhere."

Michael Baker, however, says that the future of the local shopping strip will be "a story of the haves and the have-nots".

"Some will do well but more will do worse," he claims.

Caption:

CARTOON BY Suzanne White. PHOTO: Westfield faces stiff competition from online stores. Photo Andrew Quilty