

Retailers Must Evolve and Adapt to Survive

Right now we are seeing Natural Selection at play in the retail market. Charles Darwin's theory, known as Darwinism, is definitely occurring right now.

Let's define:

Darwinism: a theory of organic evolution claiming that new species arise and are perpetuated by natural selection.

Natural Selection: The process whereby organisms better adapted to their environment tend to survive and produce more offspring. The theory of its action was first fully expounded by Charles Darwin and is now believed to be the main process that brings about evolution.

Retailers must evolve in line with all of the changes in the marketplace or they will go the way of the Dodo Bird! The new evolved retailer will:

- be connected with their customer
- supply relevant product
- be aware of the constant need to evolve their model
- ultimately be a better business person

It is the lack of business awareness that is part of the problem:

- i. a majority of retailers do not run their stores like a business (more like a hobby)
- ii. retail used to be very straight forward and not so complicated
- iii. "shopkeepers" were once not held in the highest regard, so long term retailers are far less skilled in business than 'newer' retailers.

Compounded by the current economic climate, the price wars by department and chain stores, the popularity of shopping centres and the lack of support by the government, Independent Retailers are doing it tough!!

The movie "Economics of Happiness" shared some interesting stats; comparing \$100.00 spent in a nationally and in independently owned bookstores. Only \$13.00 spent in the large nationally owned bookstore stayed in the community vs \$43.00 spent in the independent store. Independent local businesses spend locally, on local accountants, food, services etc. Independent local businesses are more flexible employers, offer product relevant to the local community, something other than the homogenised blueprint rolled out by national stores. Retailers must communicate this to their customers and encourage their support.

I am alarmed by the lack of action by most independent retailers in Australia. I am not sure what they are waiting for, the signs are all there;

- consumer behaviour is changing
- technology is used more and more in every day
- communication is taking on new rules and forms
- online spending is increasing and offline spending is decreasing
- the barriers between online and offline are blurring

The customer now drives the market. Only the retailers who know who their customer is, what they want and give it to them in the mode they require; will survive. Customers now expect that the brands and businesses they choose will speak to them, listen to them and tailor everything to their requirements. That activity is happening online and offline NOW. Retailers not taking part in the conversation are missing out and will have even more ground to cover with every day they delay.

Consumers are now communicating in new ways. They are using technology for a majority of this communication. Thanks to Facebook, they expect to be able to "Like", "Share" or "Comment" on everything! They document their purchases, in pictures or in words, post it in social media and recommend it to their friends.

Smart retailers will make it easy for customers to do what comes naturally, and share their activity with their friends. Sharing tools are readily available for websites. In-store cards or information is just as important if they want to take something with them. The important thing is to give them the tools.

An interesting by-product of this new behaviour is that consumers now ask their 'community' and friends questions about future purchases. We value the recommendations and ideas from our friends first and foremost. For this reason, businesses cannot ignore social media, it is the easiest way to request and share the recommendation.

Over 80% of purchases are researched online. Retailers must listen, learn and be involved in the information that is being shared so that the customer will find them when they are ready to purchase.

Customers are once again valuing high levels of customer service and commenting about it, good and bad. Retailers with the "Well what are they going to do about it" attitude will lose. Retailers must fully focus on the total experience in-store and provide great quality service. Being a formally trained retailer, I know that this is the most important thing a retailer must do and I don't think that those who do not value and execute great customer service should stay in the business.

So time to get their heads out of the sand and get serious about being professional business people with a retail store!!

The first step is to acknowledge change needs to happen.

Sitting in the store whingeing that sales of the past are no longer achieved, they don't have the same foot traffic, the customer has changed, that everybody comes in "on their bloody mobile" are sure fire signs that change must happen.

Critical analysis of the business must occur.

The second step is to assess the business current practices and identify changes that need to be made.

Some things are easy to identify; website, online store, new signage, slap of paint...

It is the processes required in a modern retail business that must be identified and implemented; induction program, staff training, customer service procedure, supplier rationalisation, product audit, product mix etc

The third step is to get educated and informed.

There are a lot of small business seminars, webinars, articles, online sites and books available, a great place to start. I run seminars and write articles tailored to retail as I find there is a lack of this type of support in Australia (that is thankfully changing).

Speaking to a specialist, having a business audit or engaging a mystery shopper are all great ways to start the process. These are all things that I have done for clients and there is a lot of value in them. They provide the insight into things that need to be changed, suggestions on how to do it and how to prioritise it.

You don't fix your own car, or change your own pipes, so speak to a specialist.

The fourth step is to make the changes and quickly!

Not everything needs to, or should, change overnight but the process should start sooner rather than later. It is easy to have intention, it is harder to role out execution. It is the proactive retailer who will take the required steps to ensure their survival, much like crocodiles which have been around since the Dinosaur but were clever enough to be here today!

I was in Balmain in New South Wales recently, having not been there for about a year, and I couldn't believe the change in the formerly busy, prosperous shopping village. Almost 1 in 4 shop fronts were empty! The stores that had been there for 10 – 20 years were gone! It was sad, I felt for these people who had been masterful operators and could not survive the last couple of tough years. I felt sad for the locals who lost great stores.

Interestingly, there were queues outside **Adriano Zumbo's** stores, both of them. While there is an element of new and 'on TV', he is not instore most of the time and these queues are there every Saturday and Sunday for most of the day for the past 10 months that I know of.

I was a little angry with the local council and chamber of commerce, why didn't they intervene? Were landlords compromising and helping tenants? Why are there more parking meters? Why was parking more expensive? You guessed it, this is not the last of it as far as I'm concerned!!

I love great retail, I am a retailer, I have the blood of a retailer coursing through my veins. I am sad that so many retailers are struggling, So I encourage all retailers to evolve and heed Darwin's theory of Natural Selection. Be a crocodile and not a Dodo!

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Nancy Georges is The Retail Miss Fix It, using over 20 years experience in sales, marketing, retail, manufacturing, wholesale & importing to support her consulting clients as well as seminar attendees. www.MagnoliaSolutions.com.au Nancy's first book. "**7 Powerful Ways to Boost Retail Profits, in any economic climate**" will be available 1st June 2011.



As The Retail 'Miss Fix It' and the Chief of Ideas at **Magnolia Solutions**, I have drawn on my own experience of over 20 years in retail and with my first business **Paper Magnolia**, to help clients create integrated marketing solutions online and offline that are based on sound retail practices.

In 2009, I gave myself the challenge of finding a super low cost solution to get **Paper Magnolia** started selling online.

At the same time, I started to use this new 'thing' called Social Media with great results! In 2010 I co-founded **Social Media Women** and continue to support new social media users.

I hope my experience will help you start off on the right foot.

I work with retailers, manufacturers, brands and service-providers in various roles including external Marketing Manager. My focus is on Customer Service, marketing, new media, product, retail principles and retail as a craft. I utilise online and offline tools in a holistic approach. I am an avid user and participator in Social Media as an extension of my marketing activity.

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