



# Stores not providing what appeals to customers can't expect them to return

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COMMENT



Retail is going through a period of transformation. But that's not unusual. Since the first trade in a town centre thousands of years ago, retail has evolved as consumer tastes and needs change. The only difference today is the significant impact technology is having on the way consumers evaluate, interact and acquire products and services.

Retail has been and always will

be about customer engagement. Giving the customer what they want, when they want it.

A recent visit to a department store left me amazed that such a simple premise could be so easily forgotten. Walking around an uninspiring, soulless environment that required a compass to navigate row after row of randomly organised merchandise was a totally unrewarding experience. And when I found what I needed, trying to find a salesperson was almost as difficult as finding the item that I went in to buy.

No wonder Myer's share price recently hit a record low of 43c, well down on its \$4.10 listing price in 2010. Woolworths, the South African owner of David Jones, recently wrote down the value of its \$2.1 billion investment in the department store business by a third,

less than four years after buying it in a whirl of fanfare.

Myer's response in a trading update to the market recently reinforced the perception that department stores are out of touch. Its CEO said "the significant deterioration in trading reflects ongoing challenging retail conditions with widespread industry discounting, a subdued performance of Myer's Stocktake Sale and a continued shift in consumer behaviour". No admitting that our stores are boring, our merchandise is wrong and our customer service is virtually non-existent.

The chief executive of another department store business clearly knows what is required for a retailer to survive. He said "we retailers seem to be mesmerised by the price appeal promotion to the extent that to the casual observer

we must project ourselves as one long, never-ending stream of sales, bargain events and discount promotions ... but one day the public will get sick of it and begin to question the integrity of those retailers ... There is a thirst and gratitude for service when given but there is so little of it ... there is the growing impatience by the consumer who wants the new, better and the different as soon as it becomes known anywhere in the world ... the store is, and should be, a moving theatre of marketing with merchandise presentations that make statements, with parades, consultants, with experts to demonstrate, to inform, to advise, with the newest trends."

He then went on to say "evolution is there whether we like it or not — to ignore evolution is to invite extinction".

**'There is the growing impatience of the consumer who wants the new, better and the different as soon as it becomes known anywhere in the world'**

RAY RANKIN  
FORMER DAVID JONES CEO

These comments were not made in 2018, but 41 years ago by Ray Rankin, the then chief of David Jones, at the BOMA (the forerunner to the Property Council of Australia) annual congress.

When asked what business retail is, he replied: "We are in the

business of making people happy through what they buy — we are selling satisfaction." And was shopping a chore? "Not if we can make retailing — and in particular shopping centre retailing — both an education and an entertainment centre, as well as a pleasant source of supply."

Just back from buying his first shopping centre in the US, Sir Frank Lowy also spoke at the same congress on "Shopping Centres and the Future".

Sir Frank has always been a visionary. He's built an empire that brings the best retailers under one roof in gateway cities such as New York, San Francisco, Los Angeles and London.

Sir Frank reminded the audience "that a shopping centre is a marketplace". And its success "revolves around many tangible

and intangible factors including the temperament of the people who provide the services and those who receive them". It's a structure that combines the aesthetic with the practical and will ensure shopping centres become "community marketplaces of the future".

The recent announcement of the proposed sale of his shopping centre empire to Unibail-Rodamco for almost \$33 billion has prompted many to argue that was a signal Sir Frank believes the shopping centre is dead.

Yet Sir Frank argued back in 1977 "that shopping centres of the kind I have in mind will go on practically forever, given the right location, design, vigorous management and adaptability to meet changes in economic and social values ... but they will not stay unless there is a proven under-

standing of the needs they serve and how those needs can be met under changing conditions. Changes there will be, introducing new needs, new ideas and new solutions."

And therein lies the challenge for retailers and shopping centre owners. Both need to evolve and adapt to remain relevant. Now, more than ever, they need to work together to create a reason for a customer to want to shop in a physical rather than an online environment. They must enhance the customer experience — to make it more meaningful and personalised and, ultimately, easier, more convenient and more fun. Give consumers what they want and they will come.

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