

Smart Talk

Insights from
entrepreneurs

MICHAEL SHERLOCK ON RETAIL DETAIL



Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week, Michael Sherlock, co-founder of Brumby's Bakeries and co-author of *Jumpshift!*, tells how retailers and developers can keep stores thriving in the virtual world.

● Recently the retail sector “chat” has all been about bricks and mortar versus “virtual” or online retailing; bricks versus clicks. The prevailing view seems to be that bricks and mortar is last century retailing whereas virtual retailing is the bright new future.

The main focus should be that there is room for both. We have to adjust and accept that business fundamentals still apply – that is, “if it does not make sense, it does not make sense”. Bricks retailing has to be customer focused and apply the sound, proven rules for selecting the location for your retail experience.

I have been both a retailer and shopping centre developer, which has enabled me to see how a deal stacks up on both sides. Ideally both retailers and developers should be in a “win-win” position.

Ideally a retail space should have the following features:

Access: Access to the centre/store for pedestrians and cars should be obvious, easy and inexpensive. Anything that makes it difficult for cars and consumers to enter should be removed as they will decrease the customer count.

Hence parking should be free, or the first 180 minutes free, in suburban retail centres and cheaper for CBD shoppers. It is OK to stop park-and-riders but not to discourage genuine shoppers. The other big no-nos are steps in front of a tenancy, garden beds and cattle-style access ramps.

Exposure: The centre/store and signs should be well exposed to all passing cars and pedestrians. Potential customers should be able to identify the retail offer at a glance. Planting of trees and shrubs should be selective to provide shade or ground cover, not to hide the shops from potential customers. Branding and signage is king.

Tenancy mix: Developers need to group together the compatible businesses so they can trade off each other and make it easier for the shopper to compare. I like the Hong Kong idea of having all competitors next to each other like you see in its hardware streets. In addition, customer-friendly planning such as siting

a bakery next to a newsagent works well, as they are both early-morning traders.

Ant trail: Every centre develops its own “ant trail” where customers naturally move around a centre. This ant trail has to be designed to eliminate the “dead spots” where customers do not naturally walk. Online shopping has created a radically new ant trail and bricks-and-mortar retailers and centre owners need to respond more creatively.

Image: For new retail businesses, you need to develop a concept of store layout, design and presentation that is attractive and reflects brand personality. For existing retail businesses whose image has evolved, the business owner needs to bring in a retail architect with a helicopter view to remove the clutter and redesign your store to reflect your brand essence. The review of your business image should incorporate all aspects of the front-of-house environment, including but not limited to:

- Service and payment areas
- Self-service grab-and-go zones
- Self-service drink fridge merchandisers
- Uniforms and team appearance.

Theatre of retail: The founder of Starbucks, Howard Schultz, wrote in his book *Pour Your Heart Into It* that one of the methods for success was based on his “third place” principle. Most customers have two major places in their life. The first one is their home, where they spend the most amount of time. The second is their place of employment or education where they spend the second most amount of their time. Everyone then has their third place, where they spend their time when they are not at home or work.

Different people have different places, such as the cinema or the golf course or their favourite shop, where they are recognised, rewarded and made to feel welcome. Retailers need to make their store environment into a fun, “buzzing” place where regular customers are recognised, greeted by name, provided with their favourite products and acknowledged as a loyal customer. People like to be recognised, treated positively and enjoy the experience.

This fun retail buzz is the strongest competitive advantage for bricks over clicks. If a centre developer and retailer can provide or encourage these six elements, then they have a chance of attracting shoppers and creating a strong, profitable retail community. **BRW:** Next week: Virgin Group founder Richard Branson



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