

## Retail Wars: How can physical stores compete with online sales?

**Pete Dillion:** We were talking to Matt Orger just now, about retail and the impact of brands like Amazon coming in and how we're buying more and more online. I want to look in a little more depth at retail this week. The world of retail is changing really quickly. And so I wanted to call on Roger Simpson. He's the author of the Retail Solution. He's also the CEO of The Retail Solution. He's a leader in the retail sector he's got more than 3 decades of experience. I won't age the man at all, but he's got some very clear insights into retail. And this all following the announcement this week that Toys R Us has gone into voluntary administration a month after the American chain went broke.

Roger Simpson joins me on the phone this morning.

Good morning, Roger.

**Roger Simpson:** Good morning, Pete.

**Pete Dillion:** Thanks first of all for making some time to have a chat about retail. I guess the very first question: Toys R Us, as I said, have gone into voluntary administration. We've seen that David Jones and Myer in some trouble.

**Roger Simpson:** Yeah.

**Pete Dillion:** Particularly with the retail holdings they hold, the property holdings. What's the current state of the market in retail?

**Roger Simpson:** Yes, from an outsiders point of view it's looking like all gloom and doom.

**Pete Dillion:** Okay

**Roger Simpson:** You know it's interesting that Chadstone, the big shopping center in Victoria in Melbourne, of course, I can't really say the exact figure, but I think they have hit the 2-billion dollar mark. So, they have broken the record and now they're the fifth largest shopping center in the world. So...

**Pete Dillion:** Wow

**Roger Simpson:** It can't be all doom and gloom in retail. But the news obviously of Toys R Us is, yeah, very sad because it's 44 stores, 27 hundred staff all going to be essentially out of a job.

**Pete Dillion:** That's the waste's biggest implication because when we see retail fail, it's people's livelihoods

**Roger Simpson:** Exactly.

**Pete Dillion:** And usually people who aren't, and with no disrespect to anybody working in

retail, it's similar to hospitality people, who aren't overly qualified or certainly have a lot of experience in other areas, retail has always been a good place to go.

**Roger Simpson:** Yeah, that's right. And it's interesting because I think it's been sort of banking up now with what's happening in every month or so. We're hearing that another company is going into liquidation. And I think it's hardly just the retail market because things are a bit tough.

What I'm seeing as well is that people are now not so much spending on items. They actually spending more money on experiences. So, you see that things like restaurants, etc., where you go to have an experience, that's becoming something people will do more and more, and interestingly sort of linked to social media, because we don't tend to post a picture of a brand-new pair of shoes, because people will go, "Oh, he's showing off." We'll actually post a picture of us out with friends enjoying dinner.

So, the big emphasis now is on experience, and that links a little bit into why some retailers are in trouble, because they're not doing anything differently these days. And there's so much more competition, and customers have got so much more choice. Online is one of them.

But online is still only about 7-8% of the national retail sales. So, 93% of sales are still done through bricks and mortar stores. So, you can't blame it all on online.

**Pete Dillion:** No, indeed. But, Roger Simpson is my guest, he's a specialist in retail knowledge. He has delivered training and coaching programs to retail clients in 30 countries around the world. There's very few people that know as much about retail as him.

I'm curious, Roger, we talked about online and its takeover. We've seen the growth and growth of sites like Alibaba in China and how it essentially dominated and controlled the market.

**Roger Simpson:** Yeah

**Pete Dillion:** Players like Amazon, Etsy, various others that have come in to the country, what impact have they on us? Are we just lazy? We're just jumping online and buying more and more because we know our shoe size. We know what size clothing we wear. We know we can get something that's generally going to be in a size 9 shoe is going to fit a size 9 foot.

**Roger Simpson:** Yes

**Pete Dillion:** Does that make us a bit lazy and less inclined to actually go out and shop?

**Roger Simpson:** I think that's certainly a key point, because online is now making it so much easier to shop from our computer. And it's just easy to, we don't have to get in our car. We don't have to put our kids in the car. Go to a shopping center.

Try and find a park. Go into a store. Need to be served by someone who you think doesn't want to be there and have that poor shopping experience. But also go into a store and there's no stock. They haven't got your size. All that sort of thing.

**Pete Dillion:** We do cop some bad service.

**Roger Simpson:** Exactly. So, this is the problem that retailers have got to get right. They've got to get that service aspect right. I believe now if a customer is actually gracing you with their presence in your store, you've got to make them feel



as though it is actually worth their time. Because otherwise, as I said, they'll just go somewhere else or they'll just jump online.

So, the challenge is, that online, back to my point earlier, there's no experience online. It's just transacting. And commodity items, where you're not too worried about it, you know like, for example CD's and...

**Pete Dillion:** Roger, I kinda hate to disappoint you but nobody's buying CD's anymore.

**Roger Simpson:** I know.

**Pete Dillion:** We're just streaming and downloading music.

**Roger Simpson:** I meant to say DVD's. I'm showing my age now.

**Pete Dillion:** You are there, you've just given it away.

**Roger Simpson:** I'm three decades late.

**Pete Dillion:** Ha ha ha...

**Roger Simpson:** Any sort of electrical appliance, well you know, a TV is a TV, and I can research, etc. But it's interesting as well because one of my clients is Ted's cameras, and of course everyone now has a camera in their phone. But what they're finding as well, is that people are now using their phones to take photos and then going, "Oh okay. There's actually more to this. I can't do this on my phone."

So now, they're actually starting to see customers coming back into stores. But of course, you can buy cameras online. But what's going to make them come into store is when they come in, I find out about you. I spend a bit of time with you, I actually find out, "Ah, this is actually what you're looking for. And not this item that you originally wanted to get." And that's the experience you can't get online. That's what retail has got to do more of.

**Pete Dillion:** And that's, I think, where the problem lies.

It's 23 minutes to 10 o'clock. My guest is Roger Simpson. He's the CEO of the Retail Solution. We are talking about retail and certainly on the back of the news on Toys R Us this week.

Roger, you talked about something before which I think is incredibly important that we're spending money on experiences.

**Roger Simpson:** Yes.

**Pete Dillion:** But the experience of actually going into a store and being talked through a purchase, being helped, being advised...

**Roger Simpson:** Yes.

**Pete Dillion:** being guided...

**Roger Simpson:** Yes.

**Pete Dillion:** being told that "perhaps that particular item of clothing is not going to look as good on you as these."

**Roger Simpson:** Yes.

**Pete Dillion:** Or you know, "This is a better sole on the shoe given that you're going to be



on your feet all day.

**Roger Simpson:** Correct.

**Pete Dillion:** Or whatever it may be, that experience is like going and having the dining experiences. You're going and having that experience.

**Roger Simpson:** Absolutely.

**Pete Dillion:** And if you're going to a retail store and you get some really good service, and somebody's quite pleasant and helps you, the moment you wear that item of clothing or that shoe or whatever, somebody asks you, "Ah, I like those shoes. Where'd you get them?"

"Oh my goodness, I go to this store. Their staff were amazing."

**Roger Simpson:** Yes.

**Pete Dillion:** That whole experience is very much a part of the way that we part with money.

**Roger Simpson:** Absolutely. And that's interesting as well because every one today, the whole obsession about price is that you have got to be the cheapest, you've got to be the cheapest, all that sort of thing. And it's a proverbial race to the bottom if you're just going to try and do everything on price.

And what I find interesting is that when you provide a great level of service and provide that experience, is that price becomes less important. Because what I'm actually doing, exactly what you've talked about is I'm actually finding out what you going to use the item for. And what are you hoping to do or where are you going, where are you travelling, etc. And then I can match using my experience and my knowledge, then I can match the right product to what you going to use it for. Because there's a lot of shoppers, this is the problem with online is that I only shop for what I think I need.

And so, I'm an uneducated shopper. I just keep buying what I've always bought. So, that's where, if you do go to a store, as I said, you grace the store with your presence, that's your opportunity to make that experience amazing. And it's all done through human beings and not through robots.

And that's the area, which retailers have to pull their finger out because there's not a lot of it going on unfortunately.

**Pete Dillion:** Roger, if you were, if we were to give you the wand that come from Hogwarts, the Harry Potter wand, to sort of wave it across the retail sector

**Roger Simpson:** Yes

**Pete Dillion:** What would be the things that you would like to see change apart from that service aspect? And what would you do to draw more customers back into bricks and mortar stores?

**Roger Simpson:** Yes Look to me, it's all about the people. It's about selecting, to hiring the right people in the first place because, as you have mentioned before, retail has always sort of been, "Oh I can't get a job somewhere. I'll just go and work in retail."

If retail is not their passion, then you are going to get what you are going to get. And hence, the problem is that too many retailers go, "It's too hard to find good staff. I'll just take the best of the bad bunch."

So, you're starting off immediately on the back foot. So, to me, it's about let's get the right people. Let's train them properly and let's set the expectations for them very clearly of what they need to do. And then let's follow up with them. And make sure that they have fun at work, that they're rewarded for what they do. And that's not through extra cash. It's just actually telling them that they're doing a good job. And that way, your output is going to be much more because people actually enjoy working in a place where they feel that they're valued. And that's the magic wand for me.

I mean, you can do all the marketing in the world that you like, Pete.

**Pete Dillion:** And put me out of business if you do that.

**Roger Simpson:** That's right. Exactly. Well, if you can get them in the store, but the experience is crap, they won't come back.

**Pete Dillion:** Exactly. I want to talk just very briefly about one of our sponsors here. We have at NoosaFM a local store called, The Sauce.

**Roger Simpson:** Yes.

**Pete Dillion:** And they are all about health foods and foods in their most natural state, I guess.

**Roger Simpson:** Yes.

**Pete Dillion:** ...less processed. Just a single operated store here in Noosa and their service in The Sauce together with Zepoon and his team and for them to talk you through what grains you want to buy...

**Roger Simpson:** Yes.

**Pete Dillion:** That experience has become incredibly important. And I think that's kinda one of the things that I like the most is that kind of service is outstanding. And that's what it, in some senses, has been missing for some time.

**Roger Simpson:** Yes. Absolutely.

**Pete Dillion:** Roger, it's been a fascinating discussion. Thank you firstly for your time. And thanks for giving us a bit of an update. Ultimately your advice, I'm assuming, and I shouldn't make assumptions on your behalf, but you're wanting to get people off their bums and actually into stores, where they need to start to revive particularly small, local businesses.

**Roger Simpson:** Yes. Look. Look to me, it's exactly what I do as I help retailers to improve their service and sales. And that's about getting those customers when they come in to your store to have their great experience. So first of all, they actually enjoy the experience but they also spend more money because they are going to buy this item but you're going to suggest something else as well in a non-pushy way.

And then, as you said, they walk out, and they comment to their friends or their friends ask them. And they go, you have to go and see blah at this particular store here.

And that's what it's all about. Whether you're a small retailer or a big retailer, it's all about that service.

**Pete Dillion:** Excellent, Roger. It's been good to talk to you this morning. Thank you for your time.

**Roger Simpson:** Of course, thank you for your time.

**Pete Dillion:** My pleasure. That's Roger Simpson. He is the CEO of the Retail Solution, a man with great knowledge. He's worked in 30 countries with retail. Has a very fine understanding of what retail is all about.