

Boring Retailers Forcing Shoppers Online

Interview with Ollie Peterson

Ollie Peterson Now, do you prefer to shop online, or do you head to your local mall and support the bricks and mortar retailers? According to new research, we are ditching the online stores.

That's right, we are ditching the online stores and we're heading back to the shops. 65% of responders to Monash Business School's Australian consumer retail and services survey says, yes, they prefer the bricks and mortar retailers over 18% preferring to shop online.

Does that sound like you? Do you prefer to shop in store or online? Roger Simpson, retail expert and the chief executive of the Retail Solution joins me right now on the radio.

Roger, good afternoon.

Roger Simpson Hi Oliver, how're you going?

Ollie Peterson I'm a little surprised today that it appears as though the statistics say that more shoppers are heading back to the stores.

Roger Simpson Yes, there's a lot of conflict on different figures being bandied around but that's interesting and it's a great thing that it's happening.

Ollie Peterson Well, it is a great thing if it is happening. According to the research though—shops are not quite ready for the resurgence.

They're saying that stock is everywhere. It's piled too high in too many stores; merchandise displays are poor. It's all cluttered. Does that seem to be a similar experience that you're having Roger?

Roger Simpson Yes, but some stores, particularly a lot of the big brands though, are amazing at their store layout and they've got that side of things sorted. So, it would be an issue in some stores, but I think that the number one reason is, which the report talks about, is finding personalized customer service can be difficult.

And that's the biggest challenge I think retailers face, is having the right people and providing that experience when a customer comes in.

Ollie Peterson Yes customer service is an absolute key, it's a priority to any retailer but that is I suppose what leads me to my next question—that what can a shop provide that an online warehouse can't—and that is face-to-face communication contact with a customer service representative.

Roger Simpson Absolutely, Ollie. And that's the key thing where a bricks and mortar store is

going to have it over online. And the challenge I find is that, customers don't know what they don't know. And if they go online, of course, they'll search for what they think is the right product for them and it could be right, or it could be wrong.

Whereas, if they go into a physical store and the salesperson uses good techniques, like asking questions, which is really what it's all about and finding out the customer's needs. They can actually redirect that customer to make the right purchase.

And you can't do that online because, you're just going to go online and then search for what you think it is you need. So that's why I think physical stores have a massive advantage.

Ollie Peterson Yes, and we do see some stats even a couple of weeks ago that so many people, who seem to purchase bits and pieces online under the value of about 20 or 30 dollars. If they don't like it, it seems to be too much hassle to go and return it or try to send it back to where it came from.

So, in the end they just end up keeping that item and donate it to charity or they try on sell it themselves through Ebay or Gumtree.

Roger, is it a fact, do you believe that online stores are now at saturation point? It almost seems as if every single store is on sale, every single moment that you log on to a store online.

Roger Simpson Okay so, it's the whole price war thing that's happening on the internet. As they say, it's a race to the bottom if you're just trying to win on price and Amazon, it's been interesting about watching them come in to Australia. When they had the Prime day of course on Monday. Sorry; last Monday. According to Amazon, it was fantastic, it exceeded expectations. Other research says it was a flop. So, who would you actually believe? But online is going to be here. Make no mistake about that. It's certainly here already.

And the challenge of course is that Amazon is going to own that low price. So, for a retailer who's now going, "We'll, I'm going to offer a lower price," it just becomes, you just give away margin.

And I think we've got to get out of this. We've got to get back to finding out what the customer wants. Providing that great service when they first come in and create that experience that they can't get elsewhere.

And then they're not going to go online. And they won't go back online. They'll go, "Oh, that store, they're really good and they really care about me and they help me out."

And it also drives extra sales as well, Ollie.

Ollie Peterson We are talking to Roger Simpson, retail expert, chief executive of The Retail Solution.

Where do you do your online shopping? Well, for a matter of fact—do you decide to go to a shop instead? Is it cheaper online or do you prefer dealing with a person face-to-face.

Roger, Michael has already sent me an email. He says, "Ollie, I love shopping at bricks and mortar stores. Truly, they're rude and disinterested shop assistants. There's no customer service, expensive prices, no stock, no parking. How could anyone not love that? It's awesome - NOT! I prefer online now because it's cheaper and easy. Does Michael have a point there, Roger?"

Roger Simpson Yes, he has a big point, Ollie.

That said, this is where retailers are shooting themselves in the foot. And you look at what we've been talking about for a long time, obviously, about Myer and David Jones and they're cutting staff. Of course, it's their highest cost, but if you don't have staff you can't operate a bricks and mortar store.

You've got to have staff. They've got to be motivated, they've got to be the right people. And that's exactly what Michael said. This is the problem to me, retailers are just saying it's all too hard. We've got our online presence as well. We're just going to push everyone there.

What did the banks do? The banks said, "We'll just push everyone to ATMs." Now they're going "Well that didn't exactly work did it? We've lost too many customers."

Ollie Peterson Interesting on that point, in customer service and customer experience, in the last week or so, as well, David Jones in Sydney has teamed up with Disney to make the top floor, its flagship store, a Disney experience.

Now that straight away says to mums and dads with young children—we need to go to David Jones...

Roger Simpson Correct.

Ollie Peterson ...because we can entertain the children and have a look at some Disney merchandise. And obviously, at the same time, put their hands in their pocket and all of a sudden, they've spent 200 bucks.

Roger Simpson Yes. Well, it's so true, Ollie. And I'm in Melbourne and I go to Chadstone now and again, and they've just spent over 600 million dollars in doing a revamp there and the two or three times I've been there over the last few months the place is pumping.

And you can't even get a seat in a cafe on a Friday, around 2 o'clock. The place is absolutely pumping and the reason being is that they've invested a lot of money in making that centre look amazing and they've got Lego Land there.

And so, this is exactly what retailers are now doing. They've got to create a point of difference. And how do we get our customers to do exactly what Michael said, "I'm going to drive my car, got to find a car park, get the kids out of the car. Then go into a store and get a disinterested sales assistant, and there's no stock! I'm going to just go online.

Ollie Peterson Yes you can understand that's what people are thinking but having said that, DFO's going to be happy because they're in Perth?

We've got a DFO opening up in Springs. Only a few months now, they've got more than a hundred new stores near the airport.

And the big international labels: Calvin Klein, Mimco, Tommy Hilfiger, Ralph Lauren, they literally are about to open their doors. So obviously, there is something still there for that bricks and mortar customer service retail experience, Roger.

Roger Simpson Absolutely, there is, Ollie. And I think it's absolutely there because not too many retailers are getting this right. And we're very slow here in Australia adapting to new technology. I read recently that a Jeans West store in Sydney put in, during a revamp, a basketball court.

Ollie Peterson Oh alright!

Roger Simpson So, again, what they are doing is they're creating a point of difference, so to bring shoppers in. And you know there's cafes in stores now. They're offering all sorts of different things.

And this is what retailers need to do. They're got to be a bit different. They've got to embrace the community as well, like cycling stores creating a place where cyclists can come in and they can share stores etc., have a coffee. That's what people want to do. They want to socialize.

So, you've got to look for the opportunity and look at different things, but you've also got to make sure that your people are right behind this. Because you piss people off, with the service being bad, they're going to go elsewhere.

Ollie Peterson Yes, they are indeed. Roger Simpson, good to catch up. Thank you very much.

Roger Simpson My pleasure, Ollie.