



The future of retail not so bleak

In an exclusive interview with *Toy & Hobby Retailer* noted future-caster Morris Miselowski shares his views and predictions on the changes and challenges ahead in retail.

IN June the Australian Shop & Office Fitting Industry Association (ASOFIA) presented The Future Summit – Inspiration for Industry, a travelling breakfast seminar that aimed to clarify and highlight future retail business trends that are expected to manifest over the next 12 months to 10 years.

Noted future-caster Morris Miselowski presented what he calls a 'Post from the Future', placing it in the context of the current business environment.

According to Miselowski, business and consumer confidence is likely to return in around 18 months, with the economy and spending to pick up over the next 12-24 months.

IBIS World figures presented by Miselowski stated that in the financial year 2010-2011, \$121 billion was spent in the retail sector, of which only \$10 billion came from online retail.

"The most significant figure I have read during the past few weeks suggests that online retail will only account for 20 per cent of the total retail marketplace by 2015," he said.

"At no stage have I ever read or been told by anyone around the world that physical bricks-and-mortar retail will disappear as a result of online retail. What we have now is an augmentation to the way we shop. The two are not mutually exclusive; they are more like kissing-cousins. It is another opportunity to engage with a retailer.

Miselowski also contends that the days of "price-driven, deeply discounted, offensive type of retail" are coming to an end "in around 6-12 months from now" and that "some newer sites will come to the fore and compete on a different basis."

Miselowski says that at no point has there ever been a time in retail where 100 per cent of people walking into a store have walked out with a purchase. He also says it is important to remember that people have always price compared, shopped around, waited for sales or bought at factory outlets.

"The reality is that online retailing hasn't created this space, what it's done is give people

an additional arena in which to do it," he says.

"When retailing wasn't bad at all and everyone was making money, I didn't hear anyone whinge. If people came into their store and didn't buy, store owners were upset but they let it go.

"Too many retailers are fixated on the negativity of the online space and aren't looking at innovation or the opportunity to be found there. We will eventually move away from this price-driven notion of online. At the moment it is the easiest entry to market, the lowest-hanging fruit to grasp.

"In this economic period it makes perfect sense; but an industry cannot be sustained by driving prices down. It's never been done before and will never be successful because eventually you get to a point where you can't afford to give it away anymore."

Instead Miselowski is urging retailers to embrace a new paradigm and a more value-driven approach to maintaining an online presence – building a community.

"Because toys and hobbies are so precious to people, I would guess there would be

you can so that you understand the virtual world that surrounds the physical store," he says.

"What you'll find is when you become part of the community, the community comes to value you and begins to see you as one of the people that can provide the end result of the conversation.

"I don't want our retailers to go in there and present themselves as the answer – that never wins. In other words, if I'm interested in this item the answer isn't 'Come to Joe's model shop'. That will only alienate people."

Another crucial question Miselowski says retailers should consider and begin to ask is: how much of the online/virtual retail space interaction is happening in store? The oft-cited problem of consumers treating stores like virtual showrooms is one that should be addressed sooner rather than later, and one that can be addressed openly.

"If you know that everyone coming in is then going to look online for a particular item after they've gone home, why not give them an iPad and get them to look it up while they're

"If they're in your store, it's a buying signal straight away that they're prepared to spend money and want the toy or product they're standing in front of."

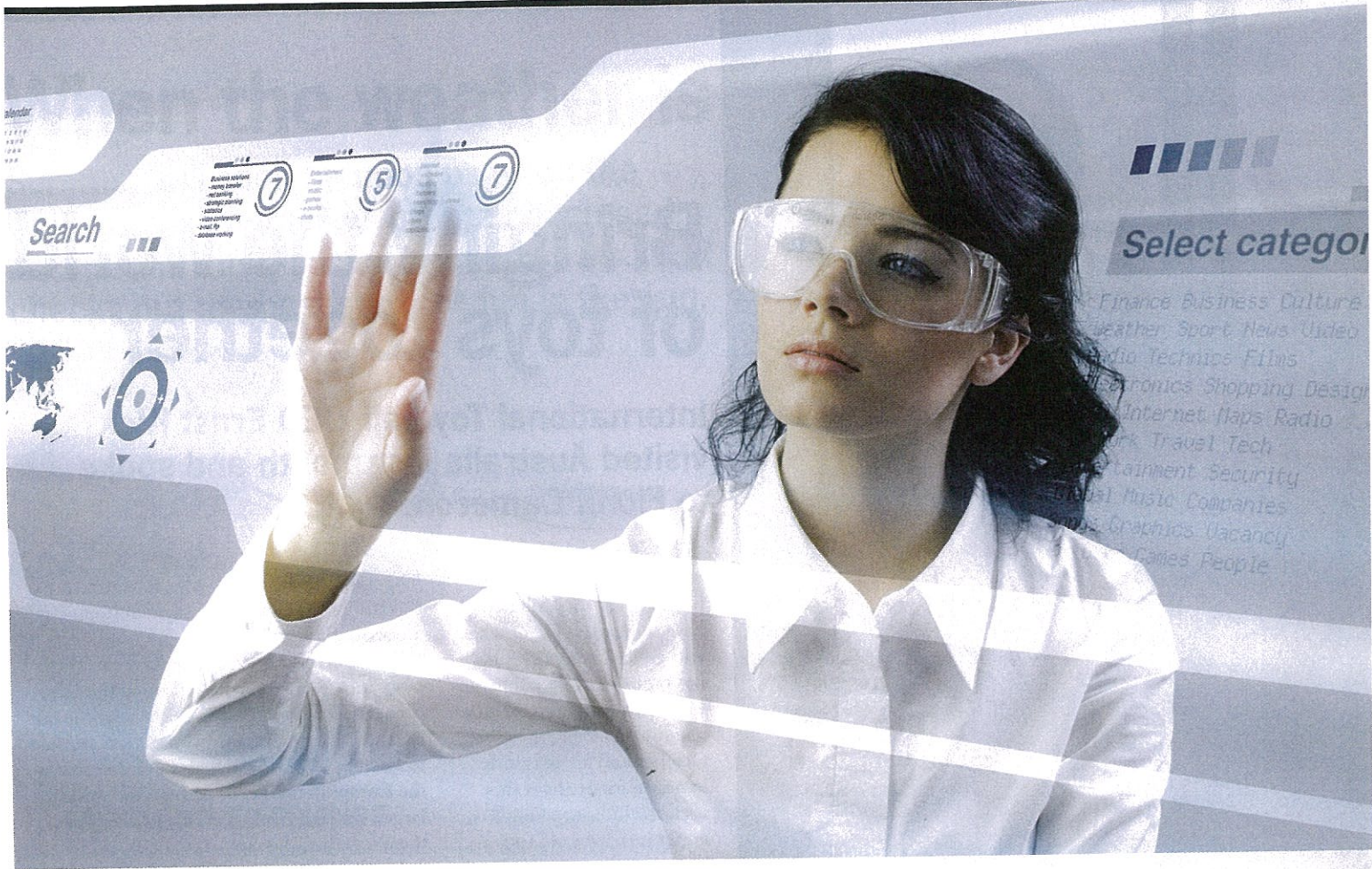
millions of sites, discussion groups, blogs and memes that have been built up around them. My question is: how many retailers are in that space, are listening to it and are part of those conversations?

Miselowski says that the key to success online lies in doing your research and cultivate a working knowledge of how these communities interact and what their members are looking for.

"Like any business venture, before you start any online activity, first you must listen; go out and gain as much insight and do as much research as

in the store? My understanding of human and consumer behaviour tells me they're more likely to want to stay in your store and engage in the whole consumer process," says Miselowski.

"This makes you part of the conversation and more likely to clinch the sale because you are not afraid to have the conversation. We all talk about them walking out and buying something online but how many of us actually do something to try and stop it in any meaningful way? We can bitch about it all we like, but it doesn't help the situation and it certainly doesn't combat it or stop it.



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Why not start seeing this sort of participation and integration of the online shopping model as an essential part of the product and service offering customers come to your store to get? It gives them all the in-store physical that we normally do – the majority of the experience that people are seeking – and less opportunity to walk away without clinching a deal.”

Miselowski says successful small retailers have been able to achieve great things on small budgets with creative use of their internet portals, and recognises that it is hard to compete on the physical.

“Shop fronts cost, fit-outs cost, wages costs, merchandise costs, all of those things are known entities. So while you might be able to secure a better deal because you are larger or have strength, it really doesn’t matter because we all have to spend the same money – proportionally – on those fixed costs. But exploiting your niche and changing your operating paradigm can reap significant results,” he says

“Actually take the pulse of the community and ask them what they want, talk to them about what they want and how they want it and where they want it. Get them talking in the community about the weekend workshops,

parties and other activities your store offers. Become part of the ecosystem.

“If you see that there’s a whole lot of people online talking about a particular craft or hobby, why not suggest they meet in your store on Saturday morning? Offer to take out all the stuff, have a play and tell them to invite all their mates in and at the end of it, the retail compulsion should have been triggered.”

It is through avenues like these that Miselowski sees retailers shoring up their market share, reviving their margins and recasting themselves in the minds of the consumer as somewhere they are deeply attached to. According to Miselowski, one of the advantages for businesses looking to integrate themselves into online communities is that it doesn’t require capital expenditure, only an investment of time.

“You have get away from the paradigms of normality as much as possible by entrenching yourself deeper in to the community and the conversation. I know this is not easy, it’s not something you will see returns on immediately – communities take, on average, 18 months to build – and it does take resources and time away from people that are resource and time poor,” he says.

“The question is – and I ask this facetiously and quite cruelly – would you rather spend the time and do this now or spend the time after

your shop has gone belly up and you’re trying to find a new vocation, a new life and a new something else to do? Then you’ve got plenty of time and not much to do with it.

“I know it’s a horrible thing to say but it’s a reality jolt. To me, time is an excuse, and whenever a retailer or business person tells me they don’t have time, it means you haven’t prioritised it enough. So put this higher on the list – deeper engagement, deeper involvement.”

Miselowski says the way ahead for businesses building relationships with their customers is to frame it around providing wisdom and information: “This is how you play with the toy, this is how you can interact with it and build a community that values that input”.

Another avenue retailers should explore, says Miselowski, is finding ways to inject theatre into stores and the consumer’s shopping experience.

“Strangely enough, customers are not looking to purchase the end item – that’s a given; they know they’re going to come home with that item – what shoppers around the world want is an experience. They want theatre, to be taken out of their everyday lives and enter a different environment which will entertain them, and yes, the end result might be a purchase,” he said.

“If the they toy and hobby industry can’t inject some theatre into the retail space, what chance does anyone else have?” *