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Commentary on retail in Australia and abroad

The MYTH that Brick and Mortar is dead!

Professor Gary Mortimer from QUT infers that *“The problem Amazon will face here in Australia is that despite shoppers having access to the worlds’ greatest online ordering platform and hundreds of thousands of products, the last mile still proves a challenge for such pure-play retailers.”*

It is true from my perspective and the many years I have spent in retail that to think the entry of Amazon will kill off brick and mortar retailers borders on mythology.

Not only does Amazon need to compete with other online e-tailers, but there is the growing line of thought that conditions in Australia may not necessarily be conducive to the pure play model of Amazon.

To add to this challenge for Amazon will be the relentless increase of rents, wage increases, penalty rates, theft and industrial relation laws that make doing business in Australia considerably more challenging than other jurisdictions where Amazon finds favourable environmental frameworks.

How will Amazon cope with the huge number of employees in locations around Australia that cover huge distances?

If they enter the physical space of retailing, how will they cope with those ever-challenging rents?

All this leads me to believe that they will be brought back to a modest level playing field that other omni-channel retailers operate in, thereby eroding much of their competitive advantage.

Herein lies the myth – where we are being led to believe, that there will exist a world with no physical retail and we will all just order online.

My experience tells me that the world of retail will encompass a 360-degree view of the customer and those that are able to promote through their brick and mortar outlets with a great digital / social media experience will be the ones that capture growth opportunities.

Amazon has an incredible amount of resources at its disposal, there is no question about this. It’s pure-play status must now be questioned with its purchase of Wholefoods in the USA. Herein lies its challenge when dealing in the brick and mortar space. Can Amazon transition fluidly from one environment to another without affecting its pricing model?

As brick and mortar retailers pivot towards a digital – human centric eco-system, which ensures a 360-degree view of their customers, the power of this physical network will more than challenge pure play operators such as Amazon.

Physical stores are not a liability and a customer-centric retailer will be able to test new product development from an end user perspective to give valuable feedback to the enterprise as it pivots to channel product throughout its network of physical and online.



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I question those media commentators who are quick to emphasise the demise of brick and mortar. Have they had personal retail experience or are they just bird watching from above being re-active to any movement in retail.

People talk about consumer debt and the demise of discretionary spend. Given that this is the case in many households, does it mean the online e-tailers are immune from the lack of discretionary spend? I think not. The conditions that bind the framework for physical stores, being consumer spend, are the same conditions that apply to online e-tailers. Put another way, there is only so much money in the system and as the omni-channel experience grows it affects the pure-play e-tailers by providing greater competition. Any competitive advantage online may have had, is slowly eroding, thereby forcing some pure-play e-tailers to move into physical stores which in turn then brings them back to the traditional valuation of a retail business.

Not only will pure-play e-tailers struggle to compete in the retail space, but if they move to an omni-channel format they lose any supposed competitive advantage.

This myth of the demise of brick and mortar has been peddled by many in the online world and by other so-called analysts / experts in retail. We who are close to our customers understand that online is only one dimension of retail in the market place. Our challenge is to ensure we embrace the digital world to our advantage and from here we will compete with strength, delivering a barrier to those who want to compete in the same space.

A smooth retail experience across physical, online and social will drive customer flow into physical stores, allowing exceptional customer service to capture a loyal audience for repeat business.

Retailers function in evolving times, but strength in numbers and a pivot into digital will provide an advantage.

Amazon will challenge those pure-plays in the e-commerce space rather than destroy the brick and mortar channel.

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