What the consumer and retailer look for

Mr Andre Reich

Review Australia

After spending 12 years with Myer Department stores in roles such as National Concessions Manager, Menswear Buyer and 3 years as Business Manager of Myer's Menswear Division, which is the largest menswear retailer in Australia turning over $400m pa, Andre joined the PAS Group to head up one of its women's wear brands, Review.

Review is a quirky brand which targets 18-35 year old women, with a unique business model which sees 15-20 new styles dropped into store each week, which are all locally made. Since joining Review, Andre has developed a business strategy which will take the brand from 34 stores to 60 stores over the next 2 years in Australia and New Zealand. Andre is also a member of the RMIT School of Fashion and Textiles Industry Advisory Board where he provides industry input for the school.

Retailing

Retailing: is a group of activities that add value to products sold to consumers for personal or family use.

Retailing functions are:

• providing a 'wanted' assortment of products for sale – the assortment is determined by customers, competition, and the retailer's core competencies

• holding inventory – having the right width and depth to maximise profitable sales

• providing services that enhance the sale of those products – which often provides a competitive edge, as long as the service does not become more important than the product.

Effective retail strategy satisfies customer demand better than competitors' strategies.

Consumer demand

Retailers face an ever-changing group of external and internal factors that all contribute towards influencing consumer demand.

At the end of the day, the 'right' product is what the consumer wants.

Fashion trends

Retailing new fashion trends is one way to create demand. A fashion trend may last a month or several seasons and within that trend new trends evolve.

The retailer's role is to ensure that supply of product meets increasing or decreasing demand.

mass
acceptance

early
adoption

Introduction	Saturation	Decline
Limited competition	High competition	Limited competition
High profit	Pressure on prices erodes profit	Residual stock becomes worthless

How product trends are determined

While consumers and their purchase decisions ultimately determine trends and how major a trend may be, a retailer's primary role is to determine how and when to initiate or participate in a trend.

The determination of product trends is the most difficult task in retailing and involves the greatest amount of effort and time. It is a task that is shared equally across all participants in the business cycle.

The following are examples of some of the methods used to determine trends:

Customer feedback

Customers offer the greatest insight into the determination of trends. In simple terms, working in a retail store provides invaluable insight into how and what customers are responding to.

Supplier feedback

Weekly, monthly and quarterly product and category reviews between the retailer and its suppliers keep both parties focused on the evolution of trends.

Competition reviews

Weekly review of the competition is an essential way of determining the level of acceptance of a trend in the market.

Trade organisation services

Local trade organisations provide regular updates on what the industry and members are doing. This translates to the development of many trends.

Overseas retailer and trade show reviews

Quarterly overseas travel undertaken by buyers and suppliers to review overseas retailers and trade shows provides valuable ideas, information and contacts to assist in the determination of trends.

Electronic and print media services

Services such as Worth Global Network Services (WGSN) provide a global trend forecasting service that links retailers, wholesalers and development houses across the globe. They provide daily services that include everything from fabric and fibre updates to weekly articles and photographs of retailers.

In summary, the retailer's role in forecasting a trend is based on the collection and dissemination of information. It includes regular discussions with suppliers and other retailers to help develop and drive innovation across the entire business cycle.

Supply

Who will be the best supplier of product for the trend?

The retailer's role is to determine the most appropriate supplier/s to supply the product for the trend.

The suitability of a supplier is based on the following criteria:

- expertise in product development or quality

- skill in relationship and account management

- ability to innovate and bring new concepts to the market

- capability to market and promote product

- efficiency and accuracy of supply.

Increasingly, supplier selection by retailers is made on the supplier's ability to deliver the right product and trade the product through its life-cycle.

Trading

Once a trend has begun, the new challenge facing all of those involved in the trend is how to maximise it.

For a retailer, supplying product 'just in time' for the demand reduces the risk of over-buying. Costly markdowns required to clear unwanted stock are therefore avoided or minimised.

As the retailer is operating on a reduced inventory, it has greater flexibility to re-invest more of the best selling products or move that investment into new products that have started to trend.
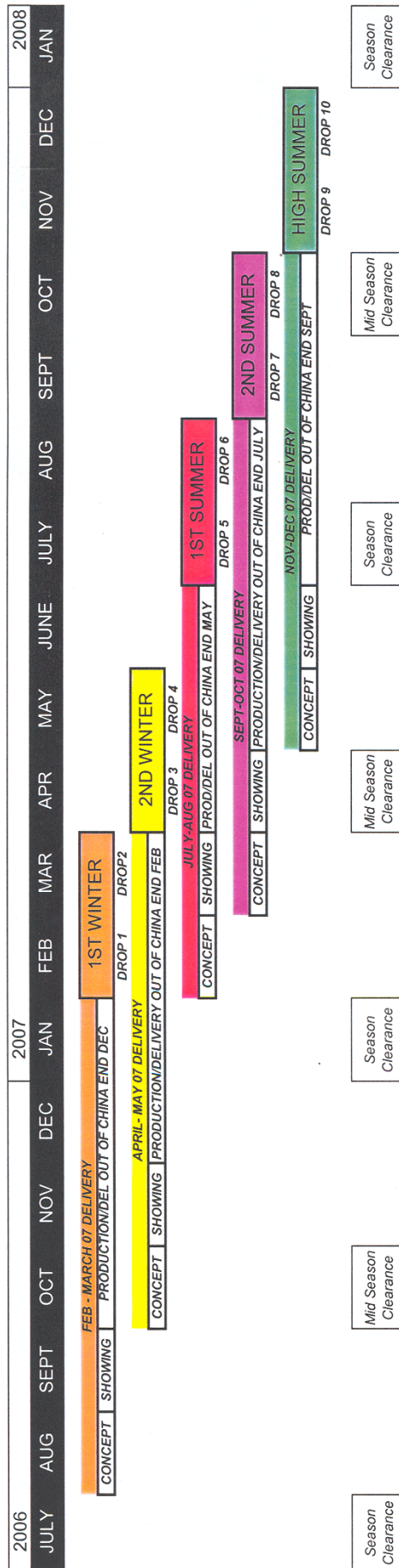
In the past, based on production lead times, a retailer's ability to maximise a trend was largely based on the ability of the retailer being able to 'take a punt' on a trend six to eight months prior to the season commencing. Today, as a result of significant reductions in production lead times, efficiencies in transportation and real-time sales data, retailers have been able to adopt what is known as a 'trading environment', compared with the 'buying environment' of the past. This trading environment has been forced upon wholesalers and manufacturers by retailers holding back a portion of quarterly 'open to buy' (purchases) until the last possible moment and rewarding those wholesalers and manufacturers who can reduce lead times with the 'open to buy'.

As the quest for speed continues, preference is being placed with those manufacturers who not only make the garments, but those who also produce or hold the fabric for those garments.

The following is an example of lead times.

	Retailing Periods		Review and Sourcing Periods		Northern Hemisphere	Southern Hemisphere
	Retail Season	**Sales Period**	**Fairs / Manufacturing**	**Buyers / Developers**		
February	Winter 2006		European Winter Garment Fairs / European Retail Winter Clearance	Travel (Transeasonal Summer)	Winter	Summer
March		Transeasonal				Summer
April		Transeasonal				
May		Heavy Winter		Travel (High Summer)	Summer	
June		Heavy Winter			Summer	Winter
July		Winter Clearance		Winter 2006 review summary	Summer	Winter
August	Summer 2007	Transeasonal	European Retail Transeasonal Winter	Travel Transeasonal Winter 2007	Summer	Winter
September		Transeasonal	Indications to Manufacturers	Strategy / Indications March April May	Summer	
October		Transeasonal Clearance				
November			European Retail High Winter	Travel / Source High Winter 2007		Summer
December			Indications to Manufacturers	Strategy / Indications High Winter 2007	Winter	Summer
January					Winter	Summer
February	Winter 2007				Winter	Summer
March		Transeasonal		1st Delivery Transeasonal Winter		Summer
April		Transeasonal				
May		Transeasonal		1st Delivery High Winter		
June		Heavy Winter				
July		Winter Clearance				

RETAIL PRODUCT - "CONCEPT TO FLOOR" TIMELINE

2006						2007												2008
JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN

1ST WINTER
FEB - MARCH 07 DELIVERY
CONCEPT | SHOWING | PRODUCTION/DEL OUT OF CHINA END DEC
DROP 1 | DROP2

2ND WINTER
APRIL - MAY 07 DELIVERY
CONCEPT | SHOWING | PRODUCTION/DELIVERY OUT OF CHINA END FEB
DROP 3 | DROP 4

1ST SUMMER
JULY-AUG 07 DELIVERY
CONCEPT | SHOWING | PROD/DEL OUT OF CHINA END MAY
DROP 5 | DROP 6

2ND SUMMER
SEPT-OCT 07 DELIVERY
CONCEPT | SHOWING | PRODUCTION/DELIVERY OUT OF CHINA END JULY
DROP 7 | DROP 8

HIGH SUMMER
NOV-DEC 07 DELIVERY
CONCEPT | SHOWING | PROD/DEL OUT OF CHINA END SEPT
DROP 9 | DROP 10

Season Clearance
Mid Season Clearance
Season Clearance
Mid Season Clearance
Season Clearance
Mid Season Clearance
Season Clearance

6 Introduction to the Australian wool industry
What the consumer and retailer looks for: Mr Andre Reich

What are consumers looking for?

When it comes to purchasing wool garments, the Australian consumer has access to a vast amount of products. The consumer's decision to buy comes down to how well a product meets their needs.

Fashion trends

The following are examples of fashion trends.

- 'Dressing up': For many years there has been a trend to 'dress down'; however, there is now a distinct trend towards dressing up for work or evenings. This has led to an increase in the use of tailored wool garments. Increasingly, the British style of dressing is having a huge influence on this trend.

- 'Preppy dressing': The 'preppy' style of dressing, which is based on the 50s era, is a 'cleaner' way of dressing. This style involves layering lightweight wool knitwear and jackets to create a sophisticated but relaxed style. Colours and patterns play a big part in this trend, which creates unique retail propositions.

Function

The following are functional issues considered by purchasers:

- **Performance –** An increase in domestic and international travel has increased the demand for performance and comfort garments. The use of wool blend fabrics is increasing as these provide recovery and comfort. In this area, 'performance' is a retail marketing and sales attribute that adds immense excitement at the retail point of sale.

- **Easy care** – Improvements in yarn and knitting technology have not only resulted in innovation in fashion garments, but have increased the availability of functional garments. Machine washable knitwear, trousers and even suiting, have not only provided new solutions for time-poor consumers, but have offered retailers the opportunity to market new garments.

- **Climate** – Consumers are less affected by the elements now than in the past; for example, heating and air conditioning, and global warming, have resulted in consumer's adopting layering techniques when dressing.

- **Layering** – The layering trend (once considered not so cool) has truly been embraced as a fashionable and functional trend. This style allows consumers to modify their outfits during the course of the day to accommodate changes in temperature. In addition, it allows consumers to modify or customise their wardrobe, and develop unique combinations.

What are retailers looking for?

Wool has had and continues to have many positive applications for retailers and consumers.

Retailers need innovative fabrics and garments that provide new reasons for the customer to buy.

These fabrics and garments need to be marketed to create awareness and generate demand.