



# invenio presents...

## *An industry roundtable Part II*

Invenio recently sponsored a meeting of retail minds, from major retailers to independent boutiques. **Assia Benmedjdoub** facilitated the discussion and presents part two of the highlights.

*Assia: Has the presence of international retailers forced local chains to raise their game?*

**Cathryn:** I think there's been a lot of criticism about international retailers coming into Australia. But as someone said earlier, we have been a relatively spoiled island here. The whole growth of e-commerce; you can't help but get immediate information from your customer. It's giving you so much detail there, captured forever in the digital space. So if anything, we've got more information to conduct business than we've ever had before.

*Assia: Is that information being used in a practical sense?*

**Cathryn:** I can only speak from Mimco, but we haven't leveraged it as much as we could. I think we can go deeper and from a company perspective, under the Country Road Group, we've just kicked off a group CRM program which will be gathering a lot more data. There are data scientists on the team that will be able to leverage that information. We're investing a lot more into that space.

**Adam:** I just came back a couple of weeks ago from an overseas trip and I saw this mass homogenisation across the UK High Street. I actually think it's big data playing out. It's so singular now.

**Serena:** With information, you can't use it in isolation. You need to have this collaborative environment where everyone's got access to information in whatever context they need it in. You need it to be an enabler to different departments, whether it be your sourcing managers or your virtual merchandisers.

*Assia: How do big retailers balance creative decisions with the rigors of business?*

**Adam:** Our leadership team is pretty small. The

merchant side of the leadership team is pretty small. They've all got a 'can do' attitude and tend not to encourage blocking of things. That drives it. Sometimes we get it right, sometimes we don't. We'll have three or four phone calls on a Sunday if we've had a bad week, but by the Monday morning, when we're going through the sales side of things, we've already decided what we're doing across the week if there's any changes from the existing plan. On a source base, it's a bit more challenging.

**Cathryn:** I think the talent is risk mitigation and being clear about what you are able to risk and what is a stupid business risk. It's all about the hierarchy of product, from the mainstream to the really high-end, where you're willing to take the risk. If you're risking that bottom of the triangle, you might not have a business in a year's time.

*Assia: Does the race to the bottom concern you in terms of a price-driven market?*

**Adam:** It has spread the gap. Ever since the Bangladesh influx of denim came, it's created more of a challenge. Your value equation has changed to get \$69, \$79 or \$100+ for jeans now. You have to be a great fit, you have to get it right. Some 15 years ago, we were the cheap-

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est in the marketplace and now we're mid-level, edging up. We have a lifetime guarantee on all of our denim and you use that kind of proposition to differentiate yourself.

**Cathryn:** I think there's also a CSR factor of where you're sourcing from; the social responsibility you're putting into your product and telling the customer about that. Blind Freddy could tell you that if you're paying \$7 for a pair of jeans, it ain't been made in an ethical location. I don't care if they're making 100,000 or a million of them, \$7 is ridiculous.

**Margaret:** I went into my own range in the mid-90s because we had this constant department store sale mentality. We've got one or two racks with 50 per cent off or gift with purchase, but around us established business are going 25 per cent of their brand new stock. I'm not talking about stock that's been there for one or three months, it's 25 per cent blanket. There's one retailer near us that's gone 40 per cent off new season stock. It's obviously overstocked and we've all had that issue but I can't compete. I've not seen it like this before, so I think retail is obviously very tough for the majors.

**Cathryn:** Holistically, stock holdings become

a massive risk. There's a whole lot of factors and levers that have to be pulled to hit targets and that risk starts to get bigger the more stores that get opened. In a purist store, you wouldn't open a store in sale or a discount offer but there's a lot of factors at play.

**Louise:** One of the things that I've definitely seen in this market, being quite new to it, is the customer waits for sales. It's hard to get her buying and not holding out. We actually took 20 per cent off last weekend and we saw sales lift a lot but this weekend our sales will probably drop.

**Cathryn:** We went off the regular discount drive over two years ago. Obviously, we still have mid-season and end of season sale and we'll still do short and sharp promotions for loyalty members but much less than we did two years ago. Two years ago, we went through the pain of Facebook comments - when is the sale happening? When is the sale happening?

**Alex:** In the past year, we have decided to take that on by under supplying, even in our top sellers so that it sells out. It's not going to go on sale, you have to get in there before it sells out. That's

### Meet the ragtraders @ the table



Mimco managing director Cathryn Willis.



Jeanswest general manager of product Adam Lloyd.



Karen Millen Australia and New Zealand director Louise Mitchell.



Harris Scarfe general manager marketing Simon Burrett.



Harris Scarfe communications manager Jessica Dunn.

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a really hard thing to do, to see an item selling out and not have it recut. But you have to hold out to try and create some sort of demand.

**Cathryn:** In a bigger business, that's hard.

**Alex:** In a smaller business, it's hard too.

**Assia:** *Do you move inventory around to different stores to try and encourage sell-through that way?*

**Margaret:** We start with the same delivery to all stores and then yes, we move them around based on what's sells in different locations.

**Adam:** Our big one around stock in stores is more climatic. We have a climatic spread across the country. So the need for knitwear in far north Queensland at certain times of the year versus the need in knitwear in Melbourne is quite different obviously. What we do in far north Queensland, for example, is we actually range little capsules for them at certain times of the year. Because what ends up happening is, you end up taking so many things out of the range based on climate, that they actually need other things to fill them. So we actually run concepts across our winter and do a short range. It comes off the rest of the collection, it's not something that sits out to the side, it's part of the story.

**Assia:** *Does that affect marketing?*

**Adam:** Often, every season in the winter months more than the summer, we have quite a rigid window change. We change our windows every two weeks and we will shoot those campaigns with those climatic needs. So if we've got a jacket, knit, shirt combo, we'll brief in and shoot a transeasonal option with less layers. Same shoot, same models, same time but they'll get a different image that goes up at those stores and they don't get that other stuff. When you have 230 stores, the climatic thing is a massive opportunity so you don't

get caught with masses of jackets and knitwear. A lot of ragtrade decisions are based in Melbourne and it's one of the colder places in the country, so all of the people here are Melbourne-centric. There's a colour difference between say Melbourne and Queensland too.

**Margaret:** Definitely. It's like Miami and New York. You go to Miami, it's all color. You go to New York, it's all black. It's the climate.

**Adam:** Exactly, but you can't have five stories going on, you have a singular story across the entire range. We've been doing the climatic spread over the last three years but more and more across winter in particular. The only thing that's changing now a little bit for us, we're less concerned with marketing and advertising things that aren't in those stores. Because we have a massive buy online in-store and a massive collect in-store. So the internet has enabled us to provide a lot more product in small stores. If they didn't have it in there, they'd lose the sale. But now a massive percentage of sales go through buy online in-store. We've got a few very specialised fits in our denim collection and we can't always provide every fit in every store.

**Louise:** Everyone has a different way to shop. As a business you need to do everything. We've put everything online, especially because we are very limited with some of the product. The stores will soon get tablets but part of that is to be able to buy online, so that if we don't have it in-store where she's looking for it, we can have it delivered to that store so it can get a sale. But also, she can have it at the store and refund it straight away if it's not right. That's the other thing with buying online sometimes, especially at a higher price point, is how easy it is for her to return it ultimately.

**Alex:** We're about to launch a physical online store that's trying to bridge that gap. It's a hotel in Canberra. We'll have 20 mannequins with half the range but no stock, because we don't think we'll get the traffic to staff it.

We'll have iPads there for sales. It's probably as much of a promotion as a sales tool.

**Assia:** *How important is that digital element?*

**Louise:** For us, it's really part of a longer 18 month process as a global business as we become more digital. We'll start in Australia because of the systems we have at the moment. One of the things we're looking at the moment is, our team can feel like they're losing the sale if the customer is buying online. So to drive the team back online, we'll give them codes so that if a customer buys online but the store developed the sale in-store, we can credit that back to the store budget and keep the teams motivated to do both. So we're looking at those options as well.

**Alex:** There is the risk of giving customers too much information too early. It used to be that you'd show a range at Fashion Week and three months later it's in the glossies and then in store. Now it's instant. Too much information too early and they want it then, they don't want to wait.

**Assia:** *They also want the unexpected. Cathryn, tell us about Mimco's headphones venture.*

**Cathryn:** It came about last October, when I was in New York and I noticed people wearing headphones as an accessory. I thought that would be fun to do as a Mimco accessory. We reached out to Friends, which is a California-based headphones business, distributed by some great guys in Queensland. That dropped into stores recently [in the lead up to Christmas 2014] and has done well so far. Collaboration is important to have that conversation, to bring new creative blood into the business, even if it's for a season.

**Assia:** *Harris Scarfe has undergone its own creative transformation. What have been the big initiatives?*

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**Simon:** A couple of highlights that most people are aware of is our boutique@hs line and the other is Vera by Vera Wang. It's our first year with Vera Wang, it's a terrific first step for us in terms of engagement with an icon and giving us a flavour of something we might not have done before. We're just getting research back and it's

speaking to us about our customers having noticed it and been pleasantly surprised, really understanding what we're doing there and wanting to see more of it. It's a big commitment there and we're just in the process of planning the next phase for that. Jessica had a huge involvement in working with boutique@hs.

**Jessica:** boutique@hs is part of six in-house collections that Harris Scarfe produces, which are in womenswear. boutique@hs is based on upon natural fibres, a lot of silks and yarns, and it's something that Harris Scarfe haven't really delved into before. To build that campaign, we looked at the offering that we had and it was very fashion forward. It was coming from international runways and it was taking direction from the colour tones, the palettes, the cuts. The recent collection that we launched for spring/summer has a really big focus around sports luxe, which is an example of that.

**Assia:** *How did you present that new offer to customers?*

**Jessica:** We aligned with Jesinta Campbell to build us on a social media platform, because she has over 165,000 followers and she worked with us to bring the brand to a new audience. The campaign we shot for autumn/winter was shot in the state library and took inspiration from a beautiful campaign that Saint Laurent did. There was a lot of leathers, silks mixed together. The PR and advertising campaign that followed through from that was so successful, just from that shoot. Now we've moved on from Jesinta as our ambassador and realigned boutique@hs with our other brands, which is working really well. We've got two different age ranges that we speak to as well, so we've got the younger demographic and older demographic. It's about appealing to the different age range, but keeping it fashionable.

**Assia:** *How do you all work with developing new styles and concepts?*

**Adam:** We have a drop every month, there's about 14 drops per year. So every month we would have in women's 120 to 140 styles.

And we work about nine months in advance, so there's a lot of product. We travel to source and get inspiration, as well as meet our owners Glorious Sun in China.

**Cathryn:** It's a little bit different in that we don't go on buying trips, we do two big trips maybe a year for inspiration. We might buy a vintage bag here or jewellery from a vintage market. It's not a big buying session. We'll do the inspiration and we've got a trend reporter that works with the team. I'll work with her and the designers on key silhouettes, colour and mood. The mood is looking at trends happening around the world, because it has to be commercial, but it's our take on things. There's always a narrative to underpin it, to make it more cerebral. Then the guys start sketching and I'll meet with them every week to review sketches and that's the sort of painstaking process of developing a range. Then when we review the first proto 1, then proto 2, then we do an internal presentation, talk through the product, explain the stories, where we're pitching for the season and then it's sign off.

**Assia:** *Is there a lot of freedom for designers?*

**Cathryn:** I've got two senior design managers and it's their responsibility to make sure we're on that path, my responsibility is set to the scene for the collection and make sure everyone in the business understands what the push of the season is. We work 11 months in advance, from when I'm thinking about direction for next season and as far as briefing goes, there's about 90 to 100 days for production raw materials and probably three months, so six or seven months of briefing, checking samples, testing and production.

**Margaret:** I run pretty close to the season, depending on fabrics, six months, four months, sometimes nine months depending if it's puffers or leathers. I move very quickly and run very close because we don't wholesale, we're vertical. You can move quickly in the season, if you're missing a garment, you can push something in two to three weeks if you've got fabric, grading and pattern. I've got the jerseys, let's give that a sleeve or a round neck. Not out of China though, China is six months. We're small runs, it's not like massive thousands of units.

**Charlie:** I couldn't keep it simpler. I am the team. We start selling winter in December because our customer knows we will run out of fabrics and styles. She will buy it early. One thing, for a customer to pay \$600 for a winter garment in December and then end of March, it's mid-season sale, it's 30 per cent off. So we keep integrity of price. We try to hang on as long as we can to make it work. ■

## Meet the ragtraders @ the table



Alpha 60 founder Alex Cleary.



Feathers founder Margaret Porritt.



Digby's founder Charlie Digby.



Invenio director software ANZ Serena Moreno.



Invenio marketing manager Mich Mak.