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An industry roundtable Part I

Invenio recently sponsored a meeting of retail minds, from retailers to independent boutiques. **Assia Benmedjdoub** facilitated the roundtable. Stay tuned for part two.

Assia: How can retailers drive innovation while maintaining the bread and butter of their business?

Margaret: I still think the main role of a retailer hasn't changed and that is, to listen to your customers. At the moment, they've bunkered down. I don't know how the others are, but our customers are not spending like they were a year ago. We're holding, we're innovating but they want what they had five years ago. They want their classics. They're a little bit unsure, the world is in turmoil. I don't know whether I want to be fashion forward because my customer is 30 to 60 and buying very safe, but they don't want to see safe. So you've got to have the fashion forward and the change, but keep the balance. I don't know what the innovators say, Adam?

Adam: We've changed our model. We used to do three drops a year and now we're doing ten. It's about trying to keep people coming back and excited. People are expecting things that fast.

Margaret: They really do. We're dropping every two weeks. The Zaras and the H&Ms shifted the world five years ago and if you don't run with it, you're gone. You've still got your classics, and you just drop in these new pieces to make the store look different. What doesn't sell after three months, half price, out it goes.

Cathryn: I think the Zaras and the H&Ms and the fast fashion category has, I wouldn't say a finite life, but the customer is becoming increasingly cognizant of investment pieces and connecting to the product on an emo-

otional level. At Mimco, she wants collectability, something she can pull out two years later and still want to wear. It's not necessarily a classic piece, it's just something that she falls in love with.

Assia: Have you had to change your supply chain in the same vein as Alex and Margaret?

Cathryn: We drop every month, except June. We do a season one and a season two; so January to June is season one and season two is July to December and there's a narrative that goes with each of those seasons. Within that, we'll have monthly drops but they are all cohesive, they all talk to a story. If anything, we're doing less options and making the options that

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are in there resonate with her. It has been exceptionally successful.

Alex: We're doing exactly the opposite. We're making succinct stories every month with a different photoshoot, a different campaign, a different style. It started working about six months ago but took us about a year to really get there. It was educating our customers to have that flow-through instead of three drops a year. It's easier for everything, because cashflow comes all the time.

Assia: One of the benefits of having global retailers here is forcing Australian retailers to lift their game, yes?

Adam: I joined Jeanswest five years ago and we sat down and started looking at where things were going. We were aware the entrants were being talked about and the lazy, large scale Australian retail scene was definitely on our agenda and how we address it. So we embarked on putting together a design team which started with one, with two and now it's up to about 15 or 16. When I joined the company, I had product managers jumping on a plane seven or eight times a year coming back with handfuls of samples, chucking them up to China and making them. We didn't stand for anything. Whereas now, we've got a team that are trying to forecast where it's going, understand which trends will resonate with our customers and most importantly which trends won't. I spend more time with my stuff on that bit. What you take out. Because what you put in is actually easy. It's what you take out

that can make the big difference. All of that goes towards giving our customers an emotional connection when they walk in to our stores. They get it. We're tempting them. We're teasing them. Not throwing things at them.

Assia: How do you instill that in the design team?

Adam: We've had amazing designers work with us, but the first thing they need to do is understand who we are and who our customer is. Until that happens, they sit in the corner, they go to meetings and they look at things and what's going in and let it absorb. Then, after about two months or six weeks, we start letting them run a little bit. We're really lucky to have a great CEO who makes decisions that other executives wouldn't make. He would take a colour out if it's not right. We'll sit there at a range review or at sign off, and we've got this colour, it's not working and he'll just say take it out, burn it, we're not sending it to Australia. That's exciting.

Assia: What are your lead times?

Adam: We work nine to ten months from concept to store and it's a very rigid process to getting that done. We have about 14 concept boards a year, so we change every two to four weeks. If I pick up a concept board, you'd be able to walk into our stores and the window and front third of the store will replicate that. If we've gotten it wrong, we've gotten it wrong ten months ago. Now we tweak things but that concept stays very tight and it flows. The designers are actually merchandising when they're designing. Our visual merchandisers come in during the design process, before sign-off, so we all know this is what it will look like in-store.



Meet the ragtraders @ the table



Mimco managing director Cathryn Wills.



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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Mich: How quickly can your stores provide you with feedback when something is or isn't working?

Adam: We have monthly range reviews where we look at everything coming through, and then we're looking at what's happening on the floors weekly. We take that information and tweak, change things without destroying concepts. You can pick a best seller because the staff buy it. So if we flip on a Tuesday and we get it delivered the Thursday before, we're seeing sales in the mid-week.

Assia: How does Mimco approach the merchandising process in its stores, which have a lot of retail theatre?

Cathryn: We have about five iterations of store design, which is not ideal, but you obviously can't throw the baby out with the bath water every time you come up with a new concept. How long do they take? I guess all the time really goes into designing the first concept, so Highpoint is the first version of the latest iteration and that takes a year to get happening. Once Highpoint is right, it's easy to roll that out across other stores and tweak it as you go. From a visual merchandising point of view, I work quite closely with our head of VM and his team. Because the stories are written at the beginning of the season when the mood boards are built, the whole team is taken on that journey. We do an inspirational DVD with music, with images, with movie clips. Everyone gets into the zone of whatever the muse is for that season.

Assia: Karen Millen recently launched an atelier in Melbourne. Tell me a little bit about that space.

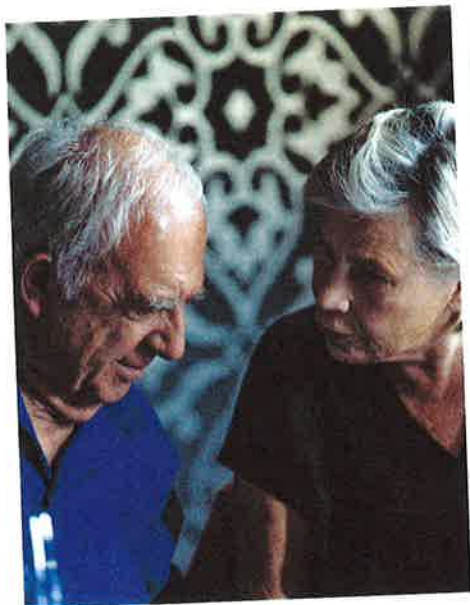
Louise: As a brand, one of our key points of difference is that all our product is fitted, made, designed and cut in an atelier in London. We've never shouted about it, especially in Australia. The likes of Zara and Topshop deliver thousands of units so instead of looking at the mass, we decided to streamline it down and look at the limited edition. I went to the UK and said, I think we have an opportunity here. What we now do, is pick a handful of pieces that we think are right and we only bring ten into the country. It started to get people to think, if you want to pay for quality, then be one of only ten women in Australia wearing a leather jacket with a fur trim for example. With Emporium opening and it being our first concept store for the new design, we just picked seven pieces, got ten of each item in and introduced them into Emporium. The reaction has been really, really good.

Assia: Has it changed brand perception?

Louise: When you think about a brand, people assume that we do this amazing dress, the quality is fantastic, it's about occasion wear but it's about so much more than that. We do weekend, we do denims, the casual and it's all about the fit of that. We've been looking at where we sit in the marketplace; maintaining our existing client through still engaging her and making sure the pieces she loves are always there, but also engaging a new client. With the atelier and limited-editions, we're making a step in that direction. Globally, Karen will do a collection where there can be anything from 50 to 200 in an item. In 66 countries, 200 units is limited-edition. Then we say take ten in Australia. Once we go into autumn/winter, we'll start to take that into ten, 20 and 30 and we'll build on that range.

Assia: What are some of the other ways you're building that new customer?

Louise: On the other side of that is really putting in the depth to the rest of the collection. We receive a delivery of new product every two weeks and you get to that point where it's too many options. You're offering her a similar dress in different styles and different colours. The idea now is getting some depth behind what we know, sells really well for us and stripping out the options. I've been back to the UK a lot this year saying, we want this, we don't want this, this is right for the market, this isn't. Because the collection is developed in London, the winter collection is really amazing. When I joined, in my first few months, I walked around the stores, talking to customers and the idea was we had 45 different options of amazing coats. In Australia. So I've really been able to go back and really strip the collections down. Let's take out some really good coats and they're the key pieces. Because of the way the collection drops in Australia compared to the rest of the world, we don't drop Christmas dresses in May or June because we're still running a season behind. We started to bring that into collection now and fly that in, we have the Christmas collection that they have everywhere else globally. We're reviewing what that looks like for us to go more in-season globally. The fact is our customer wants the latest trends and so offering it six months later isn't good enough. What I'm struggling with at the moment is the balance between her wanting to buy it and where it now, which I see a lot in the market, but then spending \$2000 on a coat that she's not going to wear for six months.

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Assia: There are brands, here such as GAP, which have moved to stock with our seasons.

Louise: Where I think the internationals like Zara and Topshop have the advantage is working on huge square metres. So they say this is in-line globally but here's the buy now, wear now piece. The way their floors are laid out, they can merchandise the floors and offer both. In reality, my average store is 100 square metres, so I can't. We're looking at how we move over the next two years to offer her currency but also allow her to wear pieces now. Whether that be through the dresses or lighter knitwear. That's going to be the key for us continuing to grow within Australia. We're really working on democratising luxury in that we have amazing pieces, they're cut beautifully and the fabrics are amazing. You're getting good value for money. Our leathers are coming from Italy, from some factories where most of the luxury brands are buying their leather yet we're selling at 50 - 75 per cent less. It's continuing to work on that message as well.

Charlie: We don't have drops, it's continuous. I go overseas to Premiere Vision and I buy fabrics without compromise. The price doesn't come into it. If it's too expensive to sell, I pull back on the markup. We buy fabrics that cost us up to \$65 a metre. Not wholesaling, we work on a markup of 1.5 not double. So what that markup gives us, and Margaret will probably say the same thing, is when we go on sale, we can still pay the rent and it's not excessive. But our product could not cope with a wholesale and then a retail markup. We've never considered wholesale, we like being vertical and don't want to be dictated to by some shop in Launceston or some shop in Rockhampton that says chocolate doesn't work in summer. When our customer stops, then we'll relook it and change our deodorant.

Margaret: I've got 14 stores so I run it somewhere in between Charlie and the retailers with 100 stores. We've got systems, we've got design but still I oversee every single product. I've got a design team that I work with but there isn't one product I don't work closely with. Every time I turn around and delegate, I'm down the gurgler for a couple of mill. I'm getting a bit old to regroup and come good again.

Assia: How have things changed?

Charlie: Back in the old days when you bought from Europe, if you liked something you could buy 50 metres a colour whereas now it's 300 metres a colour. That's a big imposition, otherwise you can incur a 30 per cent surcharge. We have got incredible suppliers out of Italy and France and we do get good service. We bring in the fabrics and then we produce continuously. There's many things going in all the time. I also work on the 80/20 rule: 80 per cent of the stock has to be saleable and 20 per cent of the stock has to be a bit of image, and what have you. That works. Producing in Australia has a lot of advantages, where we can repeat so we can use up our fabric. We can get a turnaround in two weeks; in two weeks time, that dress is repeated. I measure absolutely everything, I don't sleep. I measure virtually every item that gets sold in the business and what shop it gets sold in. In our business, we measure gross profit, per shop on a daily basis. So we've got good, good measurements. Stock-wise, every style gets measured on a weekly basis so we know what works and we know what doesn't work and we back the ones that work. That's how we've stayed in business for 40 years, backing the winners and getting out of the styles that don't sell. ■

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Alpha 60 founder Aiex Cleary.



Featners founder Margaret Porritt.



Digbys founder Charlie Digby.



Invenio director software ANZ Serena Lorenz.



Invenio marketing manager Michi Mak.