



BUILDING A **KILLER** RETAIL BUSINESS

An experienced retailer, **Tony Gattari**, looks at the trends shaping retailing in the next decade.

A PHENOMENON is sweeping the retail world that is threatening to overwhelm smaller retailers, and if your business doesn't respond, it will be extinct within ten years.

But don't fear – Killer Category Retailing shouldn't only be the domain of large chains. Anyone can build a killer category retail business! Once you apply the principles to your business, you too can take a category and 'own' it. The key is to define your 'unique selling proposition' (USP) through selecting a dominant product assortment and then creating a delivery mechanism.

Selecting Your Product Assortment

Retailers continually mess this up. This is why you regularly see mass discounting as stores desperately reduce inventory levels and confuse their selling message. Start off by asking yourself this question – "what does my brand mean to the market?"

This can be rectified by distinguishing between:

- What the customer buys – These are the core drivers of your product assortment – where the bulk of your purchasing, time, and energy are focused. This is your dominant assortment of merchandise.
- What the customer wants – These should be the innovative products you sell. This is where the growth of your business comes from once your core business has settled and growth begins to plateau.

If you have a retail business that sells 'designer handbags', but along with your product offering you also sell accessories, and dabble with 'designer shoes', your product assortment would be:

- Core Business – Designer Bags (What the customer buys)
- Innovative Business – Designer Shoes (What the customer wants)
- Complimentary Products – Accessories (Added Value Items)

Notice that the accessories (or added value items) are considered complimentary products. This is so the marketplace doesn't mistake you for being a 'bags and accessories store'. Your uniqueness should be in the exclusive range of designer bags and what they mean to the consumer. Accessories are an add-on sale, not the sale.

Time and time again, retailers build their complimentary and innovative product offerings so much that everyone (staff included) is confused about what they originally sold.

Delivery Mechanism

Once you have determined your product range, the delivery is crucial in building your uniqueness. There are four delivery mechanisms:

1. Low Prices – This is where you offer the lowest prices e.g. The Good Guys.
2. Service Focused – Your delivery is based on giving high levels of personal service to the customer.
3. Convenience – With everyone being time conscious this is fast becoming the dominant delivery mechanism. Can your customers find what they want quickly, with minimum hassle?
4. Fashion Driven – Perfectly defined as selling "the latest

products just as customers begin to buy them in volume".

Which delivery mechanism does your business use? The secret to a Killer Category business is to master one of them better than anyone else. The next step is to excel at another delivery mechanism, and be good at the other two, or don't use them at all.

Using our designer handbag store, we would rank the delivery mechanisms as;

1. Fashion Driven – The latest products for the customer.
2. Service Orientated – High levels of service so that the bag matches the shoes that match the accessories.

Now use this model to rank your delivery mechanism? Is there clarity in the message?

Using this example, we have just created a designer handbag store that offers the latest products when people begin to buy them in volume, with a service team that helps the customer to match the bags with complimentary products.

These strategies have been implemented by retailers such as Harvey Norman, Rebel Sport, The Good Guys, Gloria Jeans and Bunnings with amazing success. The principles can help you create your own Killer Category retail business, dominating a market regardless of your size. ●



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