



# How strong is your retail brand?

Questions to help focus investment effort



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# Where to focus for stronger retail brand performance

*Following a difficult 2019/20 holiday period and a likely turbulent quarter ahead, now is the time for independent retail groups to take stock of their brand. Here we outline seven steps for effectively positioning your independent retail brand for success.*

From local environmental disasters to the COVID-19 global health crisis, the first quarter of 2020 has been particularly challenging and turbulent for Australian retailers and the broader economy and community.

It is likely that we will continue to see a dampening on consumer spending and a decrease in consumer sentiment over the next quarter, as we start to fully comprehend the full impact all of this has on the economy and the retail sector.

For the foreseeable future, Australian retailers will need to regroup and position themselves for success. Independent retail groups – that is, retailers with a common banner or brand where the network of outlets are privately owned and operated – can take advantage of their relative nimbleness, compared to the national and multinational retailers, to look inwards and take stock of their brand.

Here, we explore how independent retail groups can quickly mobilise to re-position their brand for success during this period.

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## 7 STEPS IN POSITIONING FOR SUCCESS

- ▶ **Ensure your value proposition is appealing to your shoppers and deliverable by your operators** – a clear and distinctive promise means nothing if its not valued, or is never delivered.
- ▶ **Live your brand promise in how you look, speak and act** – this is more than just having the same signage and colours in each store.
- ▶ **Work together with your suppliers for a win-win situation** – remember that suppliers ultimately have the same goals as you: driving greater spend.
- ▶ **Focus promotional programs on driving foot traffic and spend** – shoppers need a compelling reason to visit.
- ▶ **Personalise the shopping experience by directly engaging with your shoppers** – in an era where everyone is talking to everyone, you should be telling your shoppers exactly what they're looking for, in a way they want to hear it, to cut through the noise.
- ▶ **Execute, execute, execute** – investment from your suppliers will only continue if you keep the promises you make.
- ▶ **Maintain a continuous improvement mindset across your key partners** – standing still in this hyper-competitive and rapidly evolving environment is not an option.



### 1. Have a clear and distinctive value proposition for your shoppers and operators

Winning independent retail brands are able to tap into their competitive advantage: access to local market knowledge and shopper behaviour. They know when their shoppers visit, in what context their shoppers buy, what they buy and how. Four key questions assess how well a retailer understands their shoppers and leverages this to go to market:

- Can you state in one sentence, what promise your retail brand can make?
- Is this promise appealing, distinctive and deliverable?
- Is the promise consistently articulated across all touchpoints – brand identity cues, communications and presentation?
- Do you have the right people, support programs and offering to back your promise?



### 2. Live the brand promise in how you look, act and speak – format, range, service and promotion

Local market characteristics, and variable shopfront footprints can complicate the way a brand lives its promise. Too often store format is overlooked, but it is an important part of achieving a universal offering and a national brand. The power of a consistent store format grid to inform the ‘right size’ offer should not be underestimated, and winning retailers can ask three questions to address this:

- Can you inventory your stores through a simple ‘grid’ of store types by market characteristics, size and format?
- Have you set a core range that is non-negotiable across all stores operating with your brand?
- Is there enough flex for the local operator to range according to local market tastes?



### 3. Promote alignment with suppliers to demonstrate how they can optimise their investment – they share a common goal with retailers

Suppliers clearly see the distribution reach and growth opportunity that independent retailers offer.

However, with limited funds available, suppliers are increasingly discerning about where to invest, and are more likely to support retailers that can attract consumers through a clear proposition backed by the assurance of consistent execution. In this context there are three key questions retailers should assess:

- Are your suppliers clear on your shopper proposition?
- Are they being tapped for category expertise and ideas to help deliver your promise, promote traffic in store and help create something distinctive?
- What assurance can you provide to suppliers in return for their investment?



### 4. Execute a promotional program that is focused on driving traffic and spend

Effective promotional spend drives traffic, but not all promotional programs are effective. Often, promotional programs fail to truly engage shoppers and drive traffic, owing to a lack of focus on the design of promotions, choice of media and effective use of digital channels. Three key questions can help retailers start to frame a more focused promotional program that drives traffic and spend:

- What portion of your promotions move beyond price discounts or a catalogue?
- How many pass the ‘distinctiveness’ and ‘brand fit’ test?
- Is sufficient time and resource invested in creating a compelling reason for shoppers to opt in to direct promotions?



### **5. Personalise the shopper experience through direct engagement with your shoppers**

In an environment where shoppers are increasingly time poor, and under a constant barrage of content and offers, relevant and targeted communications becomes a distinctive point of difference.

Leading retailers are now able to directly engage with their shopper base, delivering personalised offers to drive traffic and increased spend.

Assessing engagement effectiveness starts with answering three key questions:

- Are you collecting critical information on your shopper base's preference and behaviours?
- Do you directly communicate with your shopper base?
- Are you delivering targeted and personalised content to your shoppers?



### **6. Turn the organisation upside down – the Operator as the 'King' of execution**

State structures are often debating the wrong things and 'excellence in execution' is too often under-valued.

Whilst local market knowledge, closeness to the shopper, and retail operator 'savvy' are important, without excellent execution these attributes are of limited value.

Retailers can start to assess their execution and support effectiveness with the following questions:

- Are operator incentives directly linked to delivery of national programs?
- Would operators praise local support representatives for the value-add they bring?
- Are these field support officers equipped to support the delivery of the go to market strategy – with the right toolkit, data and clarity of story that operators can buy into?



### **7. Adopt a continuous improvement mindset with your key partners – operators and suppliers**

As retailers know, standing still in this hyper-competitive and rapidly evolving retail environment is not an option.

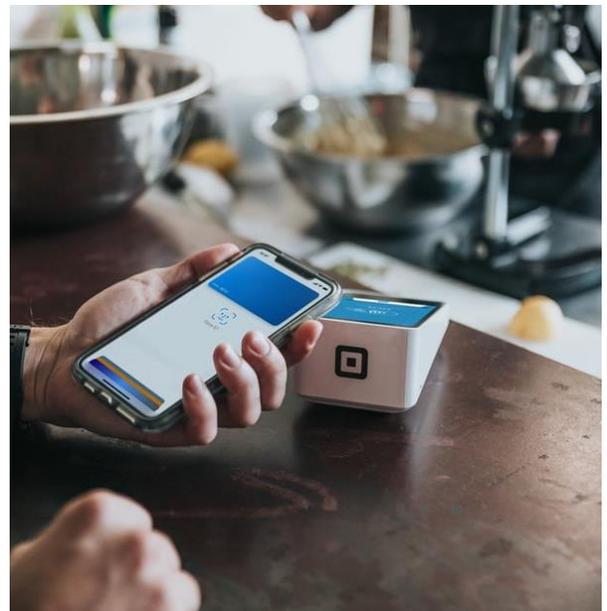
The cost of doing business will continue to increase unless all parties – operators, suppliers and support office – are continually driving improvement.

Assessing continuous improvement capability starts with answering three questions:

- Do your suppliers and operators have a well-known and frequently used feedback mechanism?
- What support and guidance are you giving operators on how to be a better retailer?
- How often do you try new things with both your suppliers and operators?

### **Have you taken stock of your independent retail brand this year?**

If you think your organisation can achieve more and would like to know more about how SPP can help you achieve this, please contact us ■





## About SPP

**Strategic Project Partners is a generalist, strategy consulting firm.**

**We support organisations to solve complex strategic and operational challenges.**

Established in 2005, SPP has delivered successful outcomes for a broad range of commercial and Government sector clients.

**SPP's Consumer practice brings customer first capabilities to helping our clients profitably grow.**

**We serve retailers and branded goods, leisure, sport and media clients.**

Our services cover:

- Market opportunity identification and assessment
- Brand portfolio and channel strategy optimisation
- Pricing strategy for profitable growth
- Mobilising go to market sales and promotional investment
- Data and analytics strategy and activation

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