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Revealed: How to sell sex

Adult retailer Lovehoney is on a mission to smash stereotypes by focusing on body diversity and positive sexual health and wellbeing.

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A ustralian cosmetics brands ModelCo and luxe-for-less sister brand MCoBeauty have recently undergone a digital transformation and are now focusing more on direct-to-consumer (D2C) through their online channels. Previously, both brands lived on one site to allow consumers to shop across both, but according to founder Shelley Sullivan, there has now been “a conscious uncoupling”.

Both ModelCo and MCoBeauty are sold in retail stores across the country and according to Sullivan, there are no plans to become “digital-first”, as customers still enjoy the tactile nature of shopping in-store.

“We’re very much bricks-and-mortar. People want to touch and feel products,” she told Inside Retail Weekly. “When you’re a new brand like MCoBeauty, some people will take a risk if it’s at a good price point, so we have a lot of first-time customers shopping the product. We also sell in grocery stores in hang-sell packaging, so there’s not a lot of testing. But ModelCo has a more premium price point and consumers still want that tactile touchpoint, but continue to buy their favourites with us online.”

Like many D2C brands now, both ModelCo and MCoBeauty also sell most of their product range via Instagram. As Sullivan said, “social media is at the forefront of everything.”

 “[D2C has] higher margins and more revenue and secondly, it allows us to custom our comms to customers and personalise our messages,” she said.

Next year, the sites’ CRM system will be redeveloped, a loyalty program will be put in place and Sullivan’s team will have the chance to learn more about their customers and segment the customer base to better serve them.

Creating accessible brands

Widely known as one of Australia’s most successful businesswomen, Sullivan launched ModelCo almost 20 years ago, when she was inspired as a former modelling agent to share the secrets of her models’ beauty regimes. Sullivan created the Turbo Lashwand Eyelash Curler and Tan Airbrush in a Can and since then, the cruelty-free cosmetics brand has continued to focus on offering customers innovative beauty products. The brand has also collaborated with high-profile fashion and beauty icons such as Karl Lagerfeld and Elle Macpherson.

Sullivan launched MCoBeauty earlier this year with a focus on the “luxe-for-less” trend-based beauty products under $30 each.

“We wanted to build our customer into the brand from the beginning and identify four consumer profiles that catered to the everyday beauty consumer. The MCoBeauty brand speaks to anyone between Gen Z and Gen X with its on-trend offering, affordability and accessibility at the forefront,” Sullivan explained.

“Upon launch, each of our consumer profiles were targeted through people of influence who authentically engaged with MCoBeauty bringing the luxe-for-less, affordable and cruelty-free message to the forefront. The success is a true reflection of influencer marketing and the power that the digital world has on consumers.”

The beauty landscape has evolved dramatically since Sullivan first entered the industry, especially with the slew of D2C brands that have recently entered the fray. In fact, Sullivan launched the Innovative Brands Group earlier this year as an incubator business to help build emerging brands. Both MCoBeauty and ModelCo are also part of the umbrella business.

“We’re looking to distribute and help small brands and indie brands. As a businesswoman and mentor, I want to steer people in the right direction. It’s so cluttered out there, and retailers will eat you alive. There are a number of brands around that could do it better and faster, so that’s what we’re looking to bring into the stable,” said Sullivan.

“When I first went in, there were the Estée Lauders, the Chanel and the most innovative thing was Mac. Now you can shop at Sephora, where there are 500 different brands – and every influencer thinks they can build a brand. The landscape is cluttered both on the mass end, but more so the premium end. Customers don’t want to just buy beauty products, they want to buy from brands that stand for something.”

Now that social media is in the forefront of so much of the retail experience, ModelCo and MCoBeauty are aiming straight at D2C.
A recent analysis of Australian shift workers has revealed new insights into the demographics and experiences of hourly paid employees, who make up a growing portion of the overall workforce and account for a significant share of retail workers.

According to the inaugural Deputy Shiftwork Index released last week, which is based on data from nearly 1.5 million Australian shift workers on Deputy’s workforce management platform, the average Australian shift worker is rostered for 85 hours per month and works 92.8 hours per month.

While both hours scheduled and hours worked fluctuate from month to month, across the board, they fall well below the equivalent hours of full-time employment, which is 164 hours per month.

“This may be the result of lifestyle choices but it could also point to a trend of underemployment among the hourly paid workforce,” Deputy CEO Ashik Ahmed said in a statement about the report.

The report comes at a time of rising part-time and casual employment, and falling full-time employment in Australia. According to the Australian Bureau of Statistics’ latest labour force report, there were 4.1 million part-time workers in August this year, up from 3.6 million in August 2014. This represents a nearly 14 per cent increase, compared to the 8.6 per cent jump in the number of full-time employees over the same period.

The Deputy report links the casualisation of the workforce to the rampant underpayment of wages and entitlements in the retail and hospitality sectors, which has drawn scrutiny from policy-makers and watchdogs and led to changes in employment laws.

The recent introduction of new powers to the Fair Work Ombudsman in Australia, rollout of Fair Workweek laws in the US and implementation of the Good Work Plan policy in the UK all aim to provide fair wages to shift workers and give them greater control over scheduling.

However, Russell Zimmerman, executive director of the Australian Retailers’ Association, said policy-makers need to recognise that many workers today don’t want to be employed full-time and like the flexibility that comes with shift work.

“The emphasis needs to be on the way in which people want to work now...not everyone wants a full-time position,” he told Inside Retail Weekly.

Indeed, he would like to see greater flexibility in shift scheduling, noting that under the General Retail Industry Award, retailers must give part-time workers seven days’ written notice of any schedule changes, or pay them overtime.

“I think there’s a conversation we need to have,” he said. “I think you’d find there are people who would be happy to flex [their hours] up. They may not want to flex up more than 20 per cent [of their scheduled hours], but unfortunately when you raise that, people say you want to go back to Work Choices.”

Zimmerman added that the retail industry has not seen an increase in casualisation, due to the strict regulations around offering casual workers full-time employment after rostering them on a regular basis for 12 months.

**Most shift workers are millennials**

According to Deputy’s research, shift workers represent two-thirds of the working population globally, and are employed across a broad range of industries in Australia, from healthcare and tech to retail and hospitality.

Nearly half of Australian shift workers are millennials (48 per cent), with Gen Z accounting for 29 per cent, Gen X for 16 per cent and Baby Boomers for 7 per cent. The average age of female shift workers is 28, and male shift workers is 29.

The quietest day of the year for shift workers was June 12, 2019, while the quietest was March 14, 2019. March was also the quietest month, with fewest hours worked.
Bernie Brookes, one of the most highly regarded retailers in Australia, has called on Myer and David Jones to revisit 2015 merger talks.

Brookes was Myer CEO from 2006 to 2015 when he resigned and moved to South Africa to lead a turnaround of the debt-laden Edcon, the largest clothing, footwear and general merchandise retailer in that market, with more than 1400 stores across nine store formats.

Recently appointed chairman of another company that has seen better days, Funtastic, Brookes carved out an impressive and successful career at the Australian Woolworths company before taking on the challenge of revitalising a flagging Myer.

The first rejection
Brookes' early results at Myer were promising and allowed the private equity owners that appointed him to return the iconic department store brand to the Australian Securities Exchange as a public company. A key growth strategy then was to expand the store network, but sales, earnings and the share price ebbed and the expansion push was shelved.

In late 2014, Brookes and the Myer board of directors made overtures to David Jones about a merger of the two department store groups. Arguably travelling a little better than Myer at the time, David Jones was lukewarm to the plan, which encouraged Solomon Lew to build a shareholding in David Jones.

The Myer proposal was subsequently trumped in 2015 when the South African Woolworths launched a $2.1 billion takeover offer for David Jones that was accepted by the target's board of directors and Lew.

In the past four years, both department store chains have lost market share, closed stores and reduced floorspace in other stores and slashed their asset value.

Sales have kept falling, along with profits, as the two chains strive for a sustainable business model for a contemporary department store, while jousting with each other for bragging rights on select brands, in-store concessions and largely forgettable marketing programs.

DJs asset values slashed
Woolworths has sliced $1.15 billion from the asset value of David Jones, prompting several conversations among the investment community about a revisit of the 2015 merger proposal.

There is a view that the South African retailer would jump at the chance to quit the loss-making David Jones, which CEO Ian Moir conceded was acquired for a higher cost than it should have been.

Brookes, who knows the South African Woolworths as a competitor to Edcon and Myer, is one of the strongest advocates of a merger of the two Australian department stores.

He argues the market for department stores in Australia is about 50 to 60 stores, where there are currently around 100, many located in trading catchments that do not match the market positioning the two retailers are attempting to target.

However, he also believes that part of the problem for both retailers is the lack of a clear retail proposition and a point of difference.

Brookes said Myer and David Jones are targeting a diminishing, older and more conservative market and have little prospect of surviving if they don’t merge. He argues for further significant changes, including focusing on clothing accessories and cosmetics as well as cutting floorspace, an approach both retailers are pursuing under their current management.

Lower costs, higher productivity
Brookes contends a merger would reduce back-of-store operating costs and a reconfigured smaller store network would improve productivity from the floorspace, improving earnings, and create better customer service and an enhanced shopping experience.

The real question in a merger of Myer and David Jones is, in part, prompted by Brookes' observations on downsizing. Would a merged entity simply continue to shrink, surrendering market share, brand leverage and customer engagement?

Or would the merger of two struggling retailers create a strong, resilient, successful and relevant department store chain?

One interested party in any merger rumblings will be Lew, who pocketed a tidy profit on the sale of his shares in David Jones to Woolworths in 2015 but currently retains a parcel of shares in Myer worth far less than he paid for them.

Sales have kept falling, along with profits, as the two chains strive for a sustainable business model.

By Jared Dickson

Brookes plays matchmaker for Myer and David Jones

The department store chains are both struggling for market share, profits and relevance. But one major retail player believes they could do much better together.
**Ziera falls into administration**

Footwear retailer Ziera has entered voluntary administration just a few months after appointing a new CEO and chairman and laying out a digital transformation strategy.

Despite seeing more than 50 per cent year-on-year growth in online sales in Australia and New Zealand, the rising cost of rent and wages and falling sales in bricks-and-mortar stores have made it uneconomical to continue trading.

Conor McElhinney and Andrew Grenfell, partners of McGrathNicol, have been appointed voluntary administrators of Ziera’s New Zealand entities; and Shaun Fraser and Kathy Sozou, partners of McGrathNicol Australia, have been appointed administrators of the brand’s Australian operations.

The administrators said they intend to continue operating the companies while seeking a sale of the business, either in whole or in part.

The retailer was slow to embrace e-commerce, only launching online in 2016. In May, it appointed CEO Martin Bremner (pictured) and chairman Andrew Robertson to execute the digital transformation and a new head of product design, Rosie Jamieson, to help reinvent the brand’s range for younger consumers.
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Revamped Ikea posts record annual sales

Ikea has reported annual sales above €40 billion ($64.7 billion) for the first time following its ongoing refocus on smaller city-centre stores and online commerce.

In the 12 months to the end of August, the giant Swedish furniture group said it sold goods and services worth €41.3 billion, a 6 per cent rise from €38.8 billion last year. Online revenue surged 43 per cent to €2.9 billion.

Besides developing digital and other services such as furniture delivery and assembly, the new-look Ikea has set up stores and planning studios for kitchens in the heart of cities such as Paris, Moscow, Copenhagen and Sydney.

The smaller stores have proved a huge success, with 1.3 million people visiting the Paris shop in the first five months with sales levels running just below that of a warehouse six times its size.

“We opened more city stores than flagship stores for the first time last year… We are exploring what makes sense for people in terms of physical meeting places,” Jesper Brodin, chief executive of the main Ikea retailer Ingka Group, told the Financial Times.

Trade war spooks US consumers...

US consumer confidence has fallen in September as trade tensions fanned concerns about business and labour market conditions, a potentially worrying signal for consumer spending, which has been driving the economy.

The Conference Board pegged its consumer confidence index at 125.1 for the month from a downwardly revised 134.2 in August. This mirrors other confidence surveys, and could renew financial market fears of a recession that had been assuaged somewhat by strong August retail sales, industrial production and housing data.

The Federal Reserve last week cut interest rates for the second time to offset the impact on the economy from the year-long trade war between the US and China, and slowing global growth. The US central bank lowered rates in July for the first time since 2008.

“We aren’t in a recession yet, but the consumer is plainly worried,” Chris Rupkey, chief economist at MUFG in New York, told Reuters. “Consumer confidence is fragile and any further escalation of the trade war will probably be all it takes to push them and the economy over the edge.”

… While Brexit fears haunt the UK

British consumer sentiment has fallen to a six-year low due to increased worries about the effects a possibly disruptive Brexit will have on job security and individuals’ finances.

The UK economy unexpectedly contracted in the three months to June, and the Bank of England and other economists predict that growth in the three months to September will be dampened by the approach of the October 31 Brexit deadline.

Uncertainty about the terms and timing on which Britain will leave the EU has depressed business investment for some time, but consumer demand has proved resilient so far. But the signs are there that this is beginning to crack.

Market research company YouGov said its monthly consumer sentiment indicator, compiled with economic consultancy Cebr, dropped to 103.4 in September from 104.0 in August, its lowest level since May 2013.

Best Buy sees future in healthcare

Best Buy, the biggest US electronics retailer, aims to rake in revenue of US$50 billion ($74.05 billion) and cut about US$1 billion in costs by 2025, and sees its long-term future driven by a suite of health services and devices.

As its longtime customer base drifts away to online retailers, the company has decided to focus on the needs of the ageing US population. It has zeroed in on healthcare technology, making a series of purchases such as GreatCall in August 2018 for US$800 million.

The company’s plan includes serving five million seniors – up from one million today – with fee-based health programs.

The retailer in August reported disappointing sales and narrowed its revenue forecast for the year, blaming uncertainty about future consumer behaviour and the US tariffs on Chinese imports.

Mad Mex set for Asian rollout

Australian Mexican restaurant chain Mad Mex plans to expand into Asia, starting with its first Singapore restaurant which opened last week in the Marina Bay financial district. An inaugural Malaysian store is on track to open in December, and Indonesia and Thailand are also on the list.

Mad Mex, which recently partnered with Singapore’s 4Fingers group, runs 70 restaurants in Australia and New Zealand and claims to have served up more than four million burritos within the last year.

“Asia is a growth market with diverse cultures and adventurous appetites for great tastes and flavours, which is perfect for Mad Mex,” said founder Clovis Young.

Young said Southeast Asia is in the midst of a food revolution towards healthy eating, and believes Mad Mex’s healthy, quality offer will resonate with local customers.

Mad Mex claims to have sold four million burritos in the past year.
When all the store’s a stage

Experiential retail is evolving quickly, with malls and department stores hosting theatrical and artistic events in-store, all in a bid to keep the customer delighted.

The term “retailtainment” was coined by George Ritzer as far back as 1989, and “retail theatre” by Joseph Pine II and James H Gilmore in their seminal book *The Experience Economy*, published in 1999. In the past decade, progressive malls the world over have sprouted things for customers to do besides simply shopping – water parks, ski slopes, aquariums and the like – but it’s only recently that retailers have latched onto things to see as an experience.

A couple of weeks ago it was announced in *The Guardian* that in November the venerable British department store Selfridges will be opening a three-screen cinema within its Oxford Street store, making it probably the first department store in the world to install a permanent cinema. It will operate year-round after the store’s retail trading hours, and screen a mix of blockbusters and independent films.

Beauty and the Bard
This isn’t the first time Selfridges has taken the term retail theatre literally. In 2016, it ran what it claimed to be the world’s first theatre production in a department store, a five-week pop-up theatre run of Shakespeare’s *Much Ado About Nothing*. The run, coinciding with the 400th anniversary of the playwright’s death, was part of their Shakespeare Refashioned campaign which fused fashion and drama. The production, for which Selfridges charged £20 a ticket, featured prerecorded “digital cameos” from actors Simon Callow and Meera Syal projected into the space as well as live actors.

On a lighter note, in 2017, Selfridges ran potato-peeling workshops, ostensibly to relieve stress, as part of an installation celebrating the home.

In Canada, Montreal’s world-famous Cirque du Soleil will commence in early 2020 the retail rollout of its family fun entertainment centre Creative – a bit of word play with “creative” and “active”. The first retail location will be at the Vaughan Mills megamall in Toronto, although it’s had success with the concept in resorts in the Dominican Republic and France. Creative fun centre visitors will not only be able to watch the show but also participate in some of its activities. Cirque du Soleil plans to roll out the Creative concept across North America and then globally.

Meow Wolf’s secret project
Also in early 2020, the Area15 experiential retail, events, entertainment and art complex is set to open in Las Vegas. Besides the usual mix of retail tenants, an ice-cream parlour, a gift shop and a food court, Area 15 is being billed as something fresh and exciting – an “immersive bazaar,” an “experiential retail and entertainment complex,” a place where “artists are front and centre.”

“A large section of Area15 will be operated by experiential art collective Meow Wolf for a project blending art and retail, the details of which are being kept secret. Meow Wolf, until recently a ragtag artists collective barely known outside their hometown of Santa Fe, New Mexico, has become a big deal, with some calling them the Disney of the 21st Century. The collective has broken ground on a US$60 million flagship project in Denver that will have more art-exhibit space than the Guggenheim and signed on to build a three-story, 75,000sqf permanent installation in Washington, the Times reports.

In the meantime, in a similar vein and perhaps taking retail theatre to its fullest commercial conclusion, Showfields in New York has taken up theatre in a big way, finishing just a few weeks ago an extended run of its “show” experience. The company billed
the event as “evolving into the next phase of bricks-and-mortar, taking customers on a journey that engages all their senses” and an “experience of magical realism that merges performance art with retail”.

The through-the-looking-glass House of Showfields experience began as a Book of the Month bookcase revealed itself as a secret door leading to a slide, which customers could ride down to find themselves on a stage with a faux forest and a bunch of “mad scientists” showcasing their latest “experiments” – exciting new beauty or homeware products that they pretend they have just concocted.

The fictional Amelia Showfields character, the matron of the house, was played by several actors in different locations throughout the production. Other actors located in various rooms of the house, playing her employees, demonstrated various product experiments. The emphasis was on consumer product trial and interaction but conducted in immersive environments, in a storytelling manner. It was sampling on steroids, direct TV in-situ.

**Storytelling sells**

Participants reported forgetting, or not realising, they were being sold to as they discovered new products and where they could fit them into their lives in an organic way, albeit through a theatrical lens.

The Lab store at the end of the House of Showfields experience saw total sales quadruple in the show’s July 20 opening weekend, in which 10,000 free online tickets were fully reserved in advance and store traffic increased 33 per cent.

Participating company Nuria, which paid a subscription for its place in one of the immersive experience rooms and had a display concession “storefront” in The Lab store, saw its sales double on show weekends versus previous weekends and its product interactions increase from 50 per cent on a regular weekend to 100 per cent on a show weekend.

Founded by an ex-Warby Parker employee as a retail startup in December 2018 and put together in two months from its conception, Showfields is designed to provide D2C cut-through for smaller brands consumers may normally bypass on shelf, and which might not have the funds for traditional marketing campaigns to drive awareness. As well as designing and running each concession inside The Lab store, Showfields provides participating companies product interaction and sales data in exchange for a monthly subscription fee of US$6000 to $12,000 (Showfields does not take a sales commission).

The show experience is planned to evolve to add more brands which will encourage repeat consumer visits and discovery. A second retail store is planned.

Norrelle Goldring has 20 years’ experience in retail, category, channel and customer strategy, marketing and research and has worked with global retailers, manufacturers and consulting houses. Contact: 0411735190 or norrellegoldring@hotmail.com

Showfields’ Gin Library, where customers are invited to taste the new Boodles Rhubarb & Strawberry Gin.
From the source: Lovehoney

Online retailer Lovehoney is smashing perceptions of adult toys by focusing on female customers, encouraging positive sexual wellbeing and health and featuring people of diverse ethnicities, sexualities, body shapes and sizes in their marketing. Director Rob Godwin discusses the growth and challenges of the sector. Interview by Jo-Anne Hui-Miller

Inside Retail Weekly: Tell me about the Lovehoney site and how it began.

Rob Godwin: Lovehoney started in the UK in 2002 by Richard Longhurst and Neal Slateford. Their concept for Lovehoney was for it to be a non-pornographic site with no titillation and aimed at females and couples, which they felt was lacking in the marketplace. They launched Lovehoney from their spare room with a couple of thousand pounds’ worth of toys under the bed, and they opened their first warehouse that same year.

We had all been friends for a number of years and one day in 2012, we were having a drink at a trade show in LA and I said, ‘Why aren’t you doing something in Australia?’ Then Fifty Shades came along and Lovehoney won the global licence [for its products], so I launched it for Lovehoney in Australia and New Zealand and they launched it around the world.

Off the back of that, we launched the Australian site in 2016. We created a phone line; one staff member came over from Bath; and I was working from my spare room. Three months later, we got an office in West End, in Brisbane. Less than 12 months later, we moved into a bigger office and had seven staff. A year after that, we opened our own 2500sqm distribution centre in Eagle Farm. We’ve just taken on our 30th staff member.

IRW: How would you describe the past financial year for Lovehoney?

RG: The past year for the group has been exceptional, generating over £100 million in turnover. Our profits have risen 22 per cent to £11 million. For us, our growth territories are in Australia and the US, which are growing at 67 per cent – it’s just huge for us. We’ve got a brilliant team here that is coping with that increasing demand. From a growth perspective, we’ve been the main disruptor in the adult space, away from traditional retail stores and the more male-oriented sites. We’re leading the Australian marketplace. Happy days.

IRW: What do you think has led to that growth?

RG: The exceptional growth is really down to our core offer to customers. Everything we do is a positive customer experience, such as 24/7 customer service in our UK, US and Brisbane call centres. We deal with most people from the UK ringing at night and when the UK wakes up, they’re dealing with Australians. Customers are amazed that we’re available 24/7 and that we reply to all emails in under 40 minutes. We also have live chat.

If you’re in the throes of passion and you have a question, you don’t want to wait until business hours to ask a question, you want to know now!

But our greatest asset is our staff. We don’t have staff who sell. All we do is provide information to the customer to fulfil their journey, so we provide them with frequently asked questions, videos, we have over 240,000 reviews from customers and a five-star rating on Trust Pilot – all of those things help our customers make the right decision. We offer a seamless transition from the phone, live chat or email to getting the right product.

That complements with our key partners, like Australia Post. We’re
now their biggest retailer in northern Brisbane. We’re experimenting this year with new services with Australia Post – we’re their guinea pigs.

We’ve also expanded our express service by up to four million new customers this year and we were one of the first customers in Queensland to have expanded reach, which means we have different cutoffs during the day. So if you place an order with us at 5pm, we can get it to you in Sydney the next day. We tailor our operations to fit the customers. Our warehouse staff start later in the day and finish late at night. We get [our products onto] the last plane going into each capital city, so 94 per cent of Australia can receive their deliveries the next day. When you look at reports from Australia Post, people want next-day delivery. Thirty-seven per cent of all our orders are for next-day, that’s why we can compete with other adult stores.

IRW: What’s on the agenda for the coming year?
RG: Our plans for 2019-20 are to continue our localisation with our fabulous marketing team. This year, we created a new commercial to tailor our offering to Australian, New Zealand and Asian customers. Part of what [marketing manager] Natasha Neal and her team are doing is providing an intricate marketing plan, so we have above-the-line advertising, and free-to-air TV advertising, like our Turn On Australia campaign. We have radio adverts going on, dedicated PPC and social media. So from a marketing perspective, the plan is to grow that and finesse our offering so it’s bespoke to our Australian customer base.

We’re launching over 300 new products. We make most of our products and have licences like Fifty Shades, so we’ll continue that. We have new ranges from [high-profile sexologist] Tracey Cox; we have another new sexologist about to be announced; and we’re doing radio shows, so we’re only scratching the surface.

In our category, our demographic mirrors online fashion and accessories, and that’s grown 20 per cent in the last year. We want to build on that – 10 per cent of all retail is now done online. We see a massive opportunity because we are leading online retail for...
adult products and stores and that disparity [between on- and offline] is getting wider. We want to make that gap even bigger and take more market share this year.

IRW: Are new products a key element of differentiation for adult stores? Is that a big focus in the sector?
RG: I think it goes hand-in-hand with customer experience but also, it’s about how you advertise, the way you do it and price isn’t always the be-all and end-all. When it comes to delivery, we are ultra boring. We deliver a boring brown box with no markings. Your neighbour or postman wouldn’t be able to tell what it was.

We advertise to real people. Lingerie is a massively competitive market, but it’s our biggest growth area and in that category, plus-size is the biggest growth area for us. Our whole approach is we want to advertise to real people. Our Turn on Australia campaign is all about positive body image and having a positive mindset. Having a good sexual life is about health and wellness. In our recent Sexual Happiness survey, 60 per cent said that if you have a positive sex life, you have a positive overall life.

While there are disruptors coming into the marketplace, if you can advertise in a positive way – and create a service to customers in a seamless way – that’s how you can grow market share. While we do have competitors, we’re proud of what we sell and the way in which we sell it. We have an equal base of plus- and straight-size models – and our influencers are normal people who are normal sizes, like 12, 14 and 16.

[That approach to body diversity] should be the norm. We don’t make a big deal out of it, and I think it’s part of our subtle approach. We have same-sex couples and mixed-race couples, in our TV adverts. It’s the norm – and that’s what we try to convey in our advertising through social, TV, and how we present our products.

One key thing for our site is all the content is our own. We take our own photos, we write our own reviews and nearly all our products have videos – but it’s not a sales video from a manufacturer. It’s a video from our sexologist, describing the product features. It’s not, ‘You have to buy this for X, Y and Z’. We focus on our customers and the education is for them. They’re intelligent, they come to our site, we let them go on their own journey and make their own decision. Our return rate is tiny because of the amount of information we give them before making a purchasing decision.

IRW: Tell me about Lovehoney’s return policies and the Sex Toy Happiness Promise.
RG: Lovehoney customers can return any unopened, unused or unworn product with its packaging or tags intact to us within 30 days of receiving it for a full refund or exchange. When you create a Lovehoney account, you qualify for our one-year product guarantee, so if anything goes wrong with your product, we’ll replace it for up to a year after purchase.

Lovehoney account holders also qualify for our Sex Toy Happiness Promise. If you’re not completely happy with a sex toy you have bought from Lovehoney, let us know why within 30 days of receiving it and we’ll replace it with one that we think will work for you up to the value of what you spent – free of charge! We go the extra inch to make our customers happy.

IRW: You’ve been in this sector for some time now. How has the industry changed?
RG: There have been considerable changes in our industry over the last 15 years. The most interesting and compelling change has been the evolution of adult products into the mainstream retail environment. A consumer is no longer challenged with a negative and confronting retail experience.

Adult retail has grown up from the basement shops and poorly designed and presented products into great customer experiences online. Today, adult product consumers can experience first-class customer service, have confidence in their purchasing of quality

Our co-founder, Richard Neal, got the Queen’s Enterprise Award last year. That’s cool! He went to Buckingham Palace.
products, read thousands of reviews from like-minded consumers, and enjoy products fit for purpose and next-day delivery. Their retail journey has evolved into a pleasurable experience, with excitement and confidence in the products they have invested in, just as you would expect from buying a product from Apple, Showpo or Lust. Adult products are now sold in a mainstream retail way.

Another important shift has been from a predominantly male customer base to a much higher female audience, especially online. This has evolved alongside the change in retail environment, with much less focus on porn and more inclusive product offerings and marketing. The industry is moving away from the ‘dirty little secret’ mindset and becoming much more accepted on a global scale.

There is still a long way to go in opening up conversations around sex and normalising sex, which is one of our key objectives, but it’s certainly heading in the right direction.

**IRW:** A big part of Lovehoney’s focus is on uni students.

**RG:** Students are a growing market for us because going to uni is a rite of passage. They’re going away to university, although a lot are staying at home and that affects their buying patterns. We tailor our content for students, so we have a dedicated newsletter for them, a blog called The Oh! Spot. We have a forum on our site and we have a key partnership with UniDays, as they provide dedicated discounts for specific user groups. We have a year’s worth of calendar events with UniDays for our students – there’s an offer every single week or month and different promotions like when it’s O Week and mid-year intake.

We want to understand their buying patterns and what they’re buying and when we did the Sexual Happiness Survey with 3000 people around the globe, we found that for uni students, silent vibrators are among the top five sellers. Lingerie is also a massive seller.

Our approach to uni students is that sexual health is vital, specifically when they’re at their experimental age and potentially having more partners, but there is equal emphasis on sexual happiness and wellbeing. You can be still safe but have a positive sex life by utilising adult toys.

**IRW:** What are some of the challenges for retailers in the adult sector?

**RG:** Innovation and trying to stay up with the latest trends. There are literally tens of thousands of products coming to the marketplace every year, so what product do you chose? We’re fortunate we sell over 4000 products and a lot of them are our own, so we have that exclusivity. So in terms of innovation, we’re ahead in the industry. Because we do make our own product, we are also competitive on price, so it’s a win-win.

We’re very fortunate working with Womanizer in developing our own unique product just for Lovehoney. We’ve had to fly stock in from the UK to keep us going until our next sea freight arrives.

Because we launch our own products, we can stay ahead of the curve and that’s where a lot of stores are limited in terms of budget. They have to choose from a vast range of product, but we have so much data, we can narrow down what will be our good sellers the majority of the time. We’re using data analysis and we’re data-driven.

The other major challenge the industry faces is staffing – really good staff are so rare. Having run the biggest bricks-and-mortar retail chain in Australia, I had 160 staff, and the hardest thing was keeping and recruiting good staff because if they’re any good, they’ll get poached.

Our staff retention is excellent – we’re very proud of our workplace culture. We work our backsides off, but we have a lot of fun every day and there are dogs in the office. There’s a fair bit of banter that flies around the office.

As a company, we live and breathe our core values, not only in a customer-facing capacity, but it also resonates in both our personal lives and from managers to employees.

Another challenge is changing the retail industry’s perceptions of our business. Lovehoney was a finalist in the ORIA awards with Kogan and Showpo and that’s what we compare ourselves to. But the industry perception has a long way to evolve. By a lot of topline advertising on Foxtel, we can show people that having a positive adult life is a positive thing.

Our co-founder Richard Neal got the Queen’s Enterprise Award last year. That’s cool! He went to Buckingham Palace. It was brilliant. We were so proud.

Also, from a local perspective, Australia Post did a tour of office and we met CEO Christine Holgate. We gave her a nice gift pack from Lovehoney and they asked if they could do a video of us. You’ll see on LinkedIn, their website and social channels that Australia Post has done a short film on their relationship with Lovehoney. So the oldest company in Australia has done a business video with the number one adult product retailer! We’re very honoured.

It highlights to the business community and the general public that we are normal – what we provide is a great product and service at an excellent price.
Transferring back into the workforce after a period of parental leave can be challenging. Parenthood comes hand in hand with a number of new and unexpected demands (emotional and physical), and the return to work can be a difficult journey for many women, who find themselves surprised at the difficulty that they have in meshing their “pre-child” career with their new parenting commitments.

First-time mums, in particular, can struggle with navigating the transition back from parental leave. Their concerns range from the practical (making suitable childcare arrangements), to the emotional (will I be able to spend this time away from my child?).

Maximising worker health
Supporting employees during this transition can help to maximise the mental and physical health of the individual worker, resulting in increased productivity, boosted staff morale and higher levels of staff retention. Research also suggests that a flexible workplace which demonstrates support for parents can attract talent and build a high-strength team.

In an attempt to manage the juggle of parenting and work, new parents will often request flexibility upon their return to work, and while this strategy is recommended, the retail environment does not – or cannot – always cater to new parents who may wish to work reduced or modified hours.

The reality is that the majority of these types of retail roles (particularly staff in management positions), require long hours on a shop floor, or being on call, resulting in ad hoc and erratic hours. Women in these roles can experience a decline in energy levels (physical and mental), often citing an inability to switch off from work and its demands. A fatigued mental state can result in tangible physical risks, which is particularly concerning – falls in the office, poor decision-making, and risks associated with stock/machine handling can all lead to injury. Studies also indicate that new parents experiencing high levels of fatigue can be at greater risk of accidents while travelling to and from work.

An eye on new policies
Recognising these challenges faced by a group of new parents returning to work, one of our retail clients felt that they needed some support to effectively address these concerns and create policies and procedures to assist in managing the return to work experience. A number of staff – nearly all were first-time mothers (with some being single mothers) – described themselves as being at breaking point. Of particular concern within this group of women were the long work hours, on-call responsibilities, and a baby/young child at home, all emulsifying to create physical and mental fatigue. Interestingly, the business hadn’t been made aware of the employees’ concerns until that point. Many of the individual women

Employers must develop better strategies for accommodating parents who have just returned to the workforce in order to retain top talent in their businesses. By Rachell Bugeja and Justine Alter
were concerned about showing vulnerability as a primary reason for having not initiated a conversation earlier; they felt that speaking up would reflect poorly on them and impact on their current role and future opportunities within the business.

This example really highlights the need for businesses to initiate these conversations, creating an environment where new mothers can feel comfortable sharing their experiences, and remain confident that they will remain valued members of the team.

Once aware of the difficulties experienced by parents transitioning back into the workplace, this business recognised that this was not sustainable long term. There were concerns that these women, lacking support in managing the return to work, would leave – resulting in a loss of valuable knowledge and experience. They also acknowledged their duty of care in ensuring that their staff were able to juggle the work-family balance. The issue was raised by regional and line managers who suggested piloting a parental-leave transition coaching program with these women.

In exploring the pain points raised by this group of women through their individual coaching sessions we assisted the business and individual employees/ clients to work on strategies that could help ease the pressure. For some, this meant having tough and vulnerable conversations with their teams to increase supports at the shop level. This could only occur for them knowing they had the support from their coach and the business. As a result of this intervention, these new parents have a voice within the business. There is increased awareness (at all levels of the business) of the difficulties that many new parents face, and these women report feeling confident and respected when sharing their needs and wants.

**Dialogue is important**

Communication within the teams has become stronger, and the new parents feel supported by the business which they hadn’t reported previously. Management has been supported to implement changes (i.e. redistributing responsibilities) or acknowledging what situations/ circumstances actually constitute needing a late-night phone call or what can wait until the next day, and workers feel comfortable sharing the mental and physical load at times when they need to focus on their family commitments.

The results have been heartening. These women are proof that if businesses think laterally, and really listen to their staff and their needs, sustainable changes can occur. We have come to realise that while flexibility is important, there are many other factors that can assist with managing the demands of challenging roles.

The first step in all of this is communication and removing assumptions. The strength of teams and human understanding is enhanced through open and honest dialogue. It takes strong leadership to acknowledge and model this. We hope to see more of this, particularly in the retail sector.

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Research also suggests that a flexible workplace which demonstrates support for parents can attract talent and build a high-strength team.

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Many women find themselves surprised at the difficulty that they have in meshing their “pre-child” career with their new parenting commitments.
Vicinity Centres has unveiled new details about the upcoming hotel offer at its Chadstone Shopping Centre in Melbourne, revealing a 250-room capacity and two restaurants, as well as a wellness retreat and day spa.

The 12-storey hotel, which will cost $130 million and open to guests on November 1, will be connected to Chadstone Shopping Centre and provide the centre’s domestic and international visitors with a place to stay.

Chadstone director Fiona Mackenzie said 24 million people visit the shopping centre each year, including more than half a million from overseas.

Melbourne’s tourism industry has seen significant growth in the last few years, attracting approximately 90 million visitors and $30 billion in the year to March, according to Victorian Minister for tourism Martin Pakula.

Chadstone Shopping Centre is located 17kms from Melbourne’s CBD, and has traditionally attracted international visitors through its doors with its luxury fashion offering, as well as a free tourist shuttle bus service the city.

The centre also houses a tourist lounge and facilitates group tours. These feature exclusive offers from participating retailers, such as monogramming specials, makeovers, product experiences and masterclasses.

Drakes leaves the Metcash fold

Metcash’s largest wholesale supermarket, Drakes, is going out on its own, with its departure from the group set to cost Metcash around $270 million in sales.

As a first step, Drakes has officially opened its own $125 million, state-of-the-art distribution centre in South Australia to support a move to self-supply.

The DC in Edinburgh North will handle supply of the family-owned grocery retailer’s 37 stores in South Australia, with opportunity to expand to its Queensland stores, currently under a five-year supply agreement with Metcash, and independents in the future.

Drake’s managing director, Roger Drake, told Inside FMCG that he departs the Metcash/Foodland Group “with mixed emotions”, as Foodland had been part of his life for 45 years. But he said it was necessary to be competitive as new players like Kaufland enter the market.

“The market is changing. We believe that we’ve got to be vertically integrated. We’re a privately listed company and we think we can be more efficient,” Drake said.
Auckland shoppers were surprised to see pornographic videos being displayed on the digital screen above the Shortland Street Asics store entrance, when a group of hackers breached the store’s cyber security measures.

According to the store manager, a investigation is now being undertaken by Asics’ head office.

“Screens were immediately turned off... clearly this is an embarrassing situation, and Asics has apologised through our website and also by email to our customer database,” the manager said.

According to the NZ Herald, onlookers said the video had been playing since at least 1 am, and was only removed at 10 am when staff turned up to work.
Appointments

**EBay CEO steps down citing board ructions**

EBay CEO Devin Wenig (pictured) has stepped down, citing differences with the company’s recently revamped board, to be replaced by CFO Scott Schenkel on an interim basis.

Wenig, who has been the online auction and retail site’s CEO for four years, said in a tweet: “In the past few weeks it became clear that I was not on the same page as my new board. Whenever that happens, it’s best for everyone to turn that page over.”

Earlier this year, eBay made changes to its board following pressure from activist investors, the hedge funds Elliott Management Corp and Starboard Value.

EBay faces intense competition from Amazon and Walmart. Under Wenig’s leadership it has focused on its ticketing unit, StubHub, and eBay Classifieds businesses. It has also worked to make its platform simpler to use.

**Tony Howarth retires from Wesfarmers**

Wesfarmers has announced that Tony Howarth, its longest-serving board member, will retire from the board following the annual meeting in Perth on November 14.

Howarth joined the board in 2007 and has been chairman of the audit and risk committee as well as a member of the nomination committee.

He is a life fellow of the Financial Services Institute of Australasia and has more than 30 years’ experience in the banking and finance industry. He has held several senior management positions during his career, including managing director of Challenge Bank and CEO of Hartleys.

He is also the former chairman of West Australian Rugby Union.

**Birtles joins board of charity Good360**

The former CEO of Super Retail Group, Peter Birtles (pictured), is putting his retail connections and expertise to good use, joining the board of Good360. The not-for-profit works with schools and charities – such as Vinnies, The Salvation Army and Rural Aid – to distribute everyday items like clothing, toiletries, bedding, backpacks and other essentials to families in need.

Birtles will serve as a mentor for managing director Alison Covington, who launched the organisation in Australia in 2015 but who doesn’t have a retail background.

“It’s the expert retail background, the knowledge of the scale of the problem [of excess stock] and how we can assist businesses [with the problem],” Covington said about the skills Birtles brings to the table.

Australian retailers and brands including Big W, L’Oréal Australia, Lush and Woolworths have collectively donated $100 million worth of brand new surplus stock to Good360 over the past five years.

Distributing items to families in need is just one part of Good360’s mission. The organisation also positions itself as a way for retailers and brands to responsibly dispose of the excess stock they are left with when a product sells poorly, the weather is uncharacteristically hot or cold, or a logo changes.

The organisation estimates that Australian businesses are sitting on $1.92 billion worth of surplus stock each year, and has set a target to distribute $1 billion worth of brand new goods to families in need by 2025.
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Contact Us
NICK FOSTER
Head of Customer
nick@octomedia.com.au | 0422 330 905