

Inside RETAILING

Retail news and commentary from Australia and beyond

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Retail sales: did they really 'collapse'?

LYN WHITE

ROBERT STOCKDILL

Retail sales didn't "collapse" in February - in fact one trusted commentator argues they went up in the only comparison that matters.

Retail strategist, Peter James Ryan, claims that almost every commentary on the ABS data released last week has been wrong.

Headlines above reports of the ABS figures showing a record 2% drop in sales from January to February might cause the casual observer to think the end of the world may have arrived for many retailers.

But Ryan says retail actually sales went up in February in the barometer that matters.

"If you look at February 2008 versus February 2009, the ABS data says we had a 0.5% increase in retail sales, not a decrease. The decrease is a trend estimate from January to February. In retail what matters is same period this year versus the same period last year," Ryan said. "The same period this year versus the same period last year was an increase, not a decrease.

"It is unmistakable at the moment that we're seeing a shift in discretionary expenditure but the headline is that retail is up.

"We are still experiencing record retail numbers. Now we have a rolling MAT increase, year-on-year, same period versus same period, of at least 3% growth. It is simply that discretionary expenditure is being shifted around."

Ryan says he is tired of seeing the ABS figures used to push political agendas.

"Nobody knows how to read the ABS data and everybody is using it as bloody propaganda instead of reading the numbers.

"What we're finding from politicians and also from people who

have a vested interest in promoting doom and gloom because it improves their approval ratings or it sells newspapers is a misuse of data to push a propaganda line.

"The reality is retail is up. Household expenditure is up. The GDP decline had nothing to do with household expenditure. It had to do with business and government so retail is alive and healthy in this country.

"Retailers just need to get out there and ply their trade effectively in order to get people to spend their money."

A big part of the 'analysis' of the retail sales data has focused on the impact of the government's stimulus package cash hand-outs in December. While the government is claiming its handouts boosted retail spending, opinions are divided as to how much of that cash actually went into retailers tills. A popular figure in recent weeks was 30% which equates to \$2.6 billion of the \$8.7 billion hand-out.

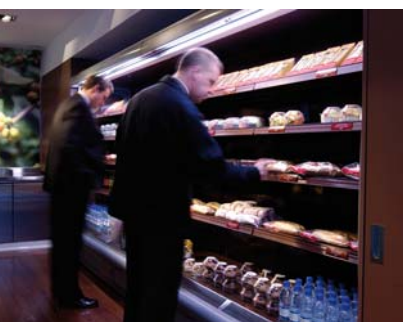
But Ryan differs: "My understanding is that net household savings actually went up \$9.7 billion in December. Attributing the rise in sales in December and January to the stimulus package is nebulous at best," he told Inside Retailing.

Seasonal skew

Credit Suisse retail analyst, Grant Saligari, had a different take again, using seasonally adjusted figures. He said sales measured in those terms, fell 2% in February and grew 4.1% on the prior corresponding period.

"The fall in February partly reflects the higher stimulus assisted base for December 2008 and January 2009. Food retailing grew nearly 10% over the year. Non-food retailing was basically flat over the year," Saligari said.

He said spending was "holding up" at supermarkets. Supermarket



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retailing had a small fall in the month of February, but still managed to record 9.5% growth over the year.

But department store retailing slid 9.8% in February to be down 6% over the year. Saligari said there was a very large 7.1% fall in hardware retailing in February which dragged sales down 0.5% over the year. Furniture retailing was also down 2.6% in the same month and 6.5% over the year.

All states except Tasmania recorded negative growth in February. The largest negative swings from January to February were recorded in NSW and Western Australia, Saligari said. Supermarket retailing was held up by Victoria and Queensland, in which sales grew in the month and over the year, he said.

"Non-food retailing has been flat basically for a year, with the past 12 months seeing small monthly increases only in the months of June, October and December 2008.

The lobbyists' views

The Australian Retailers Association quoted the negative 2% growth in retail turnover for February saying it reflected a traditionally a tough time of year for retailers.

Executive director Richard Evans said the retail sector had been retracting since coming off the peak of the retail cycle last year but retailers remained cautiously optimistic about improved growth in the September quarter. However, this was as long as employment levels remained under 6%, he said.

When the figures were released, The Retailers Association called on the Rudd Government to shelve its "devastating" industrial relations reforms, to stave off massive job losses in the retail sector in late 2009/2010.

Scott Driscoll, executive director of the association, said the figures alone would spook many retailers to consider cutting back on staff numbers and start bunkering down.

"The figures are clearly disturbing. The Prime Minister should be equally disturbed and immediately call off the militants from within his government and in the union movement, who are driving utterly unsustainable industrial reforms and massive hikes in penalty rates. These Labor IR laws will cost jobs without a shadow of a doubt," said Driscoll.

The Australian National Retailers Association said retailers were in for a bumpy ride in 2009 and this had been confirmed by the release of ABS retail trade figures for February.

CEO, Margy Osmond, said the 2% fall in retail sales followed rises of 3.8% and 0.5% in the previous two months.

Department stores had taken a hammering, down by almost 10% in February, she said.

"The spurt in consumer spending in December and

January, fuelled by lower interest rates and government bonus payments, has slowed," Osmond said.

"In December and January, the Government's stimulus package boosted retail sales by an estimated \$1.3 billion. Access Economics estimates that the stimulus effect was just \$250 million in February.

"To date, around \$1.55 billion of the Government's first cash payment has been spent in retail.

"The good news is that the retail sector is still growing. The bad news is that nearly all this growth has been due to the stimulus of interest rate cuts and government handouts," Osmond said.

Others may beg to differ.

\$300m Robina expansion on song

Queensland Investment Corporation says a major milestone has been achieved in its multi-staged expansion of Robina Town Centre on the Gold Coast.

QIC has opened the second and largest stage of the \$300 million development two years after work began on the centre, (pictured).

The centre is being remodelled to create three new malls linking the existing food markets, Arbour Lane and Bazaar St. The lake surrounding the complex has also been transformed into a leisure and entertainment precinct.

On completion by the middle of this year, QIC says the redevelopment will position Robina Town Centre as one of Australia's "most progressive" and exciting new shopping and leisure destinations.

QIC head of global real estate, Robert Carter, said Robina Town Centre was a vital part of the Gold Coast and QIC remained committed to ensuring its retail offer kept up with the demands of the community and visitors to the region.

"The Gold Coast is one of the fastest growing regions in Australia and this is driving demand for more services including retail and leisure," Carter said.



"QIC's continued investment in Robina, first with our acquisition of Robina Town Centre in 1999 and now with our landmark multi-staged \$300 million expansion, will create a leading shopping destination befitting its premium location," he said.

Robina Town Centre is located adjacent the \$1 billion Varsity Lakes mixed-use community, Bond University, and is close to the new 25,000 seat Skilled Park Stadium.

The centre's prime location is supported by major road networks, public transport including train and bus services, giving it access to the Gold Coast, Brisbane and northern NSW.

Since QIC's purchase of Robina Town Centre a decade ago, the company has invested in a number of major improvements to the property, including the Bazaar St redevelopment in 2002 and Arbour Lane redevelopment in 2003.

Carter said QIC's vision for Robina Town Centre was to create a true town centre environment, complete with a diverse mix of retail destinations as well as entertainment, dining and leisure opportunities to meet the needs of a strong growth region.

"In late 2007, we began to turn this vision into reality. The first significant milestone was achieved in November 2008 with the opening of the new fashion mall, which included the multi-million dollar refurbishment of David Jones and the creation of 31 new fashion and specialty stores," he said.

"We have now unveiled the largest transformation of the centre to date, featuring Australia's largest BIG W, a second 'next generation' Woolworths, Queensland's largest Country Road store and over 100 new specialty retailers."

The 40,000sqm master-planned expansion delivered in Stage 2 also features an expansive 900-seat air-conditioned food atrium and Queensland's first shopping centre car park facilities featuring 'Park Assist' technology.

This technology has been introduced within the centre's multi-deck car parks. The Stage 2 expansion also delivers 1100 new car parks, increasing the total number of bays at the centre to 6000.

The creation of the new northern extension of Collyer Quays – linking Robina Town Centre Drive east and west – provides access to and from the new expansion and enables visitors to drive the full circumference of the centre.

Carter said the third and final stage of the expansion remained on track for completion towards the middle of 2009.

The Promenade lakeside precinct would feature an 11-screen Birch Carroll and Coyle cinema complex including three Gold Class cinemas, 10 lakeside

restaurants, two children' playgrounds, a lakeside boardwalk and new passenger set-down area in front of the lakeside entrance, he said.

On completion of the expansion, Robina Town Centre will offer more than 300 fashion and specialty stores spread across a gross floor area of 125,000sqm.

The centre will also offer the Gold Coast's only David Jones, as well as Target, K-Mart, Coles and two Woolworths supermarkets.

Allied puts brakes on Kenny's Cardiology growth

BRUCE ATKINSON

Allied Brands has told Inside Retailing the Kenny's Cardiology chain acquired last year is travelling well but "not bursting at the seams".

Peter Graham, Allied Brands CEO, said the chain is "tracking according to plan" with improvements in the look and feel of the product offering and the business model.

Graham said Kenny's Cardiology had been impacted, like many retailers, by lower foot traffic in some shopping centres but had posted good figures for Christmas and Valentine's Day and from promotions.

"We remain happy with and confident about the market sector and we believe we now have the model right in terms of how it looks and presents.

"There have been a couple of issues with company-owned stores and we have stopped expansion into new franchises until we have quit the company stores."

Inside Retailing was told that the Kenny's Cardiology chain had been dragging down the performance of Allied Brands but Graham said that, while the chain was not going as well as the food brands that were more immune to the economic downturn, the venture is on track heading in to key greeting card and gift periods at Easter and Mothers Day.

While the original plan to expand Kenny's Cardiology to around 100 stores in Australia and 30 in New Zealand have been slowed down in the short term, Allied Brands is keen to roll out more hybrid outlets that combine its franchise food brands, Baskin Robbins and Cookie Man in a single store.

The company has found the combined stores generate higher sales, margins and productivity on floorspace and take out seasonality and day path fluctuations.

Graham told Inside Retailing the combined Baskin Robbins and Cookie Man stores can operate out of 25sqm compared with around 20sqm for either of the brands as a stand-alone operation.

He said the combination stores boost customer counts

and generate additional sales from the wider product range but the main benefits were in improved productivity on floorspace and staffing costs.

They also reduced the fluctuations associated with selling ice cream products in the cooler months and improved sales across the day with the Cookie Man offer generating sales from the start of a day while Baskin Robbins ice cream sales tend to run from lunchtime to close.

Graham said Allied Brands has tested the combination stores in about 10 locations and they have been trading very strongly.

"The best sites are the one that have a 50-50 split for the brands. Inserting one brand into an outlet that is heavily branded with the other brand tends to be a compromise offer that does not consistently generate the same sales.

"We have great confidence in the new formula and we plan to roll out more combination stores, particularly where there are opportunities for new locations."

Allied Brands has four new Baskin Robbins stores opening in the short term and deals finalised on three new Cookie Man outlets.

Graham said Allied Brands food franchises have both been performing well with the Baskin Robbins outlets posting a strong February result, boosted by the hot summer weather.

Baskin Robbins posted same store sales growth in both December and January of 9.7%

Allied Brands food franchises were both impacted by the falling Australian dollar last year and margins were also affected by higher ingredient costs in the December half of the current financial year.

Graham said the company is taking a more cautious line on expansion in the current economic trading conditions but is still prepared to open stores in the right locations with the right deals.

At December 31 last year, Allied Brands had 320 franchises and it expects to end the current financial year with 340.

He said the international development of the Cookie

Man business has developed more slowly than expected because of the international financial situation but there is interest in the brand in several key markets.

Graham said Allied Brands will look to develop the brand overseas where it can find appropriate international partners.

He said the company remained on target for a profit of between \$6 million and \$7 million this financial year, down on the \$7.25 million posted for the 2008 financial year, but a positive result in the economic conditions and allowing for investment in the growth of the company.

Healthy Habits boss moves to Sydney Dymocks HQ

LYN WHITE

The Victorian-based sandwich chain Healthy Habits has become part of the book chain Dymocks.

The groups have been in talks since mid-2008 with Dymocks announcing in February it had acquired an 80% interest in the 30-strong chain of sandwich shops voted by BRW magazine as the eighth fastest growing franchise in Australia.

Healthy Habits founder, the Melbourne entrepreneur Katherine Sampson, will retain a 20% stake in the business she launched in 2004 and will stay on as MD of the company.

Sampson is currently in the process of moving her family to Sydney and establishing a new head office in the Dymocks flagship building on George St in the CBD.

Speaking to Inside Retailing a few days ago, she said she was both delighted and relieved with the outcome but added the entire process had been gruelling in both an emotional and physical sense.

"I met the Dymocks CEO, Don Grover, in July 2008 and I'm very happy to say that on Monday, March 23, the deal was finally settled," Sampson said.

"It has been a very long journey but I'm very happy and excited and quite relieved because I never got excited

Borders hits Robina

Borders opened a new store in Robina on the Gold Coast last week.

Borders Asia Pacific MD, John Coote, said the two-level, 1800sqm store would have more than 100,000 books, more than 3000 magazines, and 13,000 CDs and DVDs. A Gloria Jean's coffee store will also open in the bookstore.

Coote told Bookseller + Publisher Online the new Robina

store would feature a Borders digital centre, showcasing a selection of electronic hardware including iPods, solar chargers and laptops.

The Borders store is part of the Robina Town Centre expansion, which will also house Australia's largest Big W and Queensland's largest Country Road store.

until the deal was done and finalised," she said.

Sampson said that everyone she encountered had questioned the synergies between Healthy Habits and Dymocks - "but, at the end of the day, they are retailers and they're franchisors, and they've got deep pockets, and those three points were the most critical. I had reached the point where I needed to bring in some expertise," she said.

"But the journey was a lot harder than I ever imagined. I often say that if I knew then - in 2004 - what I know now, I would never have done it.

"I really bit off more than I could chew and I didn't realise how much it was going to put a strain on me from a time point of view, from an emotional point of view, and from a financial point of view. The past five years have been a very very tough time.

"You don't realise it but you have to invest so much money to set up a business. You just don't understand when you start out.

"You might have all the right intentions but when it gets to the end it costs hundreds and thousands, millions even, to establish and grow a business.

"I had houses and I had stores. I was very successful. But what I made in the 12 years before I launched Healthy Habits, I lost in two and a half years. I shouldn't say lost. It was more that I re-invested in the company," Sampson told Inside Retailing.

"It got to the stage where I was working very very long hours and I was having to re-invent the wheel.

"I could see companies that had already created systems and infrastructure and learnt from their experiences, and here's me trying to re-invent the wheel, rather than go in with Dymocks or any big company that already had all the systems. I was trying to do it all myself and it was costing money and it was costing time.

"I've been in business since I was 27. I've had both my children while I've been in business and they haven't known any other life. It has been a tough road because I've been a single mum for the last 11 years."

Healthy Habits started with one sandwich bar and grew to four before Sampson started franchising.

"Then it grew and grew and grew and now it's 30 stores.

Sampson says Dymocks has no intention of changing the future plans for the business.

"But Dymocks will provide the infrastructure, the people and the financial resources to be able to get there.

"Every single person I've spoken to has asked me if I plan to put sandwich bars inside Dymocks bookshops. Sandwiches don't fit with books. Healthy Habits will absolutely remain a separate entity."

Sampson said the Dymocks board were excited about

partnering with Healthy Habits.

The immediate focus is to grow the chain in NSW and Dymocks intends to open a minimum of 10 new outlets this year before expanding to Hong Kong and New Zealand where the bookseller already has a presence.

Healthy Habits has won numerous awards, including My Business Magazine's Best Young Business and Overall Excellence Award 2007, Small Business Champion national awards for best Gourmet Food/Takeaway Store 2007, Australian Retailers Association Franchisee of the Year and Sampson was a finalist in the international Veuve Clicquot Women's Award and Entrepreneur of the Year 2008.

Positive signs of Myer turnaround, says Brookes

BRUCE ATKINSON

Myer is starting to see the benefits of its 50-month turnaround program and has a more flexible platform to manage the business through the current economic challenges, Bernie Brookes told Inside Retailing.

Brookes said the work undertaken in the first 34 months of the program has ensured strong cost control, improved store execution, better targeted advertising and improved merchandise systems, buying and ranging.

While Myer's sales dipped in the first half of the current financial year by 3.7% to \$1.762 billion, the group delivered a 5.3% bottom line profit of \$83 million.

Underpinning the solid financial performance, Myer has also managed down its debt from \$979 million at acquisition in 2006 to \$652 million and has trimmed inventory levels from \$535 million at acquisition to \$354 million.

The company also has \$224 million cash on deposit that will ensure it is able to take advantage of opportunities in the current market conditions and to continue its new store development program.

The Myer board had expected a 5% fall in sales in the turbulent second half of calendar 2008 but marketing and merchandising initiatives stemmed the decline and, according to Brookes, increased the chain's market share.

Brookes said Myer has now effectively completed 101 of the business improvement projects identified by the new ownership in 2006 and was well advanced with a store upgrade program.

"Our 50 month turnaround in the business involves an all encompassing re-engineering of our store operations, buying, IT and supply chain. Underpinning these endeavours have been demonstrable advancements in our financial performance including profitability, cash flow, return on investment, and in particular our EBIT to sales margin.

"In the latest half we continued the operational and financial improvements previously identified while seeding the early works to move toward our planned growth phase beyond July 2010."

Brookes said the half-year was characterised by weak consumer sentiment and a downward spiral in equity markets.

He said lower interest rates on mortgages, some relief in petrol prices and the December stimulus package did not alleviate the decline in consumer spending patterns, particularly in the discretionary areas.

"Cosmetics, womenswear and accessories were strong, benefiting from our large and growing range of Australian and international brands and designers.

"Homeware and furniture categories did not perform as well, reflecting a consumer willing to delay larger discretionary and luxury purchases.

"As consumer sentiment deteriorated, Myer's strategy was to increase targeted promotional sales, improve store appearance and shift advertising to price points, which was rewarded with an improved second quarter.

"The business also benefited from an improved in-stock position and better in-store execution."

Brookes said sales in Queensland, WA and NSW were resilient for Myer with Victoria being much tougher while specific stores in lower socio economic catchments underperformed the average.

Brookes said despite the challenging revenue environment, the cash cost of doing business as a percentage of sales fell from 30.33% to 29.5% in the latest half, reflecting a reduction in costs from more efficient labour management and supply chain, information technology and buying initiatives.

"In anticipation of the downturn, we took action in the early part of last year to tighten our costs. Early planning enabled us to reduce some head count through natural attrition and as such we have avoided large-scale redundancies.

"However, the severity of the downturn has regrettably necessitated making some 100 people redundant, representing less than 1% of the workforce, at a cost of \$2.5 million after tax."

Brookes said Myer's newly built supply chain is world class on most benchmarking measures with further opportunities available to deliver greater efficiencies.

"We are benefiting from shorter transit lead times out of China, which are down from 42 days at acquisition to less than 24 days. We are also achieving significant improvements in our in-stock position.

"Solid progress has been made in a number of initiatives aimed at driving greater efficiency across our buying practices.

"In collaboration with our suppliers, we have continued to focus on the delivery of floor ready merchandise and we have commenced work on a source-based security tagging process.

"We also continue to invest in information technology to underpin our drive for improved efficiency. MyMerch, our new merchandising system, is now embedded in the business and we are seeing benefits through improved stock allocation to stores based on criteria including sales rate, demographic, better stock tracking and forecasting."

Brookes said work on replacing Myer's 24 year old point-of-sale system is ongoing and due to be delivered by the end of the company's turnaround phase.

"We have also commenced the rollout of our Closed Circuit Television (CCTV) system and are seeing positive results in the stores where it has been activated. As shrinkage tends to increase at times of less economic growth these enhancements are timely.

"Our store of the future program, which is designed to significantly enhance efficiency in stores, was started last year and will streamline store back-office functions, improve store fit-out and design, and allocate space to reflect customer needs and new technologies.

"With the primary objective of the turnaround phase being to improve efficiency and reduce costs, the majority of gains have now been delivered.

"Rigorous cost management remains a high priority and we will continue to align our resources with the trading environment," Brookes said.

Myer expects the outlook for the balance of the 2009 financial year to be similar to the first half and the retailer is planning for a slight further deterioration in sales to be down 5%.

Brookes said sales have been down around 2.5% so far in the second half.

Big-spending Myer aims for bullseye

BRUCE ATKINSON

Myer doubled its media expenditure in February and March and will continue the higher spend through April in a bid to drive more traffic to stores.

Bernie Brookes, Myer CEO, said 'project bullseye' had been developed as a collaboration between the retailer, its suppliers and media partners as an initiative in a time that is traditionally a quiet retail period.

Brookes said Myer had negotiated reduced advertising rates and had developed a campaign across print, radio and TV advertising, point-of-sale initiatives, pop-up in-store fashion and Myer one loyalty program members.

The company has invested strongly in marketing activities

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since the onset of the economic downturn and the advertising program is credited as a key factor in keeping Myer's sales decline to 3.7% in the first half of the current financial year against a forecast 5% drop.

Brookes said in store merchandising, new brands, promotional events had also been important factors in trading through the difficult economic conditions that emerged in 2008.

"We continue to improve our brand architecture and refine our brand mix to reflect the needs of our customers.

"Last season we introduced over 20 new leading Australian and international designers and our exclusive to Myer brands like Hi There by Karen Walker and Wayne by Wayne Cooper are performing well.

"International brands brought into stores include Vera Wang Lavender, Christian Lacroix, Balmain, Temperley London, Karen Millen and Calvin Klein Collection and we are now introducing Australian first concept shops for Ben Sherman, along with brands such as Armani Jeans and international icon Vivienne Westwood.

"We have also introduced Elemis skin care and no!no! hair removal technology to our exclusive range of leading cosmetics brands which includes Mecca Cosmetics and extended our Mossimo range in our youth offer and are in the process of rolling out Mossimo store fit-outs to 12 stores nationally."

Brookes said Myer customers have responded to the new labels and have received positively the decision to introduce plus-size fashion for a younger demographic in the Mink, Monroe and Flirt labels.

Brookes said other merchandise initiatives that had been positive include the launch of Kylie bed linen in the Myer homewares range and the rollout of store-within-store concepts such as Nepresso, Kodak at Myer and Basque shops.

One of the key elements of Myer's marketing program is the Myer one customer loyalty program, which has more than 2.6 million members and has expanded into new benefits including travel offers, wine club, VIP tickets to Myer events and more selective offers, gifts and vouchers.

Brookes said the Myer Visa and Myer store card have also continued to build a customer based and Brookes said there are now more than 200,000 cardholders.

He told Inside Retailing the company remains committed to its store expansion program, which would see the Myer chain of stores grow from 60 stores at acquisition to 80.

Myer currently has 65 stores with a new store under construction at Top Ryde in Sydney.

Brookes said the four new stores opened in 2008 are all trading in line with expectations and Myer has signed nine further leases for new stores.

"We are experiencing several landlord delays and others could arise as a result of issues facing the property sector and as such we have built flexibility into our planning.

"We continue to make good progress in our refurbishment program with our Geelong, Doncaster and Sydney store refurbishments completed during the period.

"This program reflects our long-term focus and aims to reinforce the Myer brand proposition, while at the same time supporting future sales growth.

"The refurbishment of our Myer Sydney store to international class standard, which was completed in time for Christmas, generated an overwhelming response from customers, with Myer Sydney delivering the strongest store performance during the peak trading period."

Brookes said improvements in Myer's supply chain enabled the retailer to reduce storage space significantly and increase retail space by 10%, taking the Sydney store to 33,000sqm of trading space.

He said the major rebuild of Myer Melbourne is progressing with phased delivery of the store due to commence before Christmas 2009 while work has also started on the refurbishment of stores in Castle Hill and Blacktown.

Brookes said Myer's new support office in Melbourne's Docklands remains on track to be completed later this year with plans for the company's head office

Tobacco display ban dangerous to retailers' health

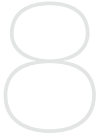
The Independent Retailers Organisation of Western Australia claims tobacco reform legislation before the State Parliament could close some small businesses.

The legislation would ban the display of tobacco products in retail premises.

Bob Stanton, who heads the retailers lobby group, said tobacco sales accounted for more than 50% of some retail stores and were a significant proportion of sales for delicatessens, newsagents and convenience stores.

Stanton said the new legislation goes too far and would close the doors of small businesses while transferring sales to the major chains, Woolworths and Coles.

The National Association of Retail Grocers of Australia and the Australian Association of Convenience Stores also oppose the point of sale display ban provisions of the legislation.



administration to move into these premises in early 2010.

Retailer reads riot act to PMP

BRUCE ATKINSON

Myer department stores is seeking an improvement in the performance of the catalogues distributor, PMP.

The retailer has sought assurances from the company that the service levels promised in contracts are being met by PMP.

The catalogue distributor has recently lost several key clients including Coles Supermarkets, Kmart, Harris Scarfe, Clark Rubber and Dick Smith/ Tandy and is facing more scrutiny of its service levels by clients.

Myer distributes around 10 million catalogues each year and has become concerned about late deliveries, missed delivery areas and reports of bundles of catalogues being found in rubbish bins.

Bernie Brookes, Myer CEO, told Inside Retailing the department store chain's contract with PMP also required its catalogues to be delivered separately from other retailers' promotional flyers but it appeared many were arriving in letterboxes all rolled up together.

"We have become increasingly dissatisfied with the delivery of catalogues which are a very important part of our communications strategy.

"PMP has acknowledged some problems with deliveries and we are now seeking assurances that the performance standards set out in contracts will be met," Brookes said.

PMP is locked in a legal dispute with its former CEO, Brian Evans, and has seen revenues under pressure with client losses, including the exit of high value Coles Supermarkets, 1st Choice Liquor and Kmart accounts following the Wesfarmers acquisition of Coles Group.

PMP distributes around 3 billion catalogues each year and, apart from Myer, its client list includes JB Hi-Fi, David Jones, Amcal Chemists, Toyworld, Autobarn and Crazy John's. It has around 350 distribution contractors throughout Australia and an estimated 14,000 walkers delivering catalogues into letterboxes.

Profitability of PMP has also been affected in the past two years with the company having to lower its prices to retain work and to recruit new business, particularly in tenders contested by Salmat, the company which won the Coles Group contracts.

Vodafone, 3 face merger hurdle

The Australian Competition and Consumer Commission has voiced concerns about a planned joint venture between mobile phone operators Vodafone Australia and Hutchison Telecommunications.

In a statement of issues released late last week, the ACCC

invited further submissions, and nominated a number of potential problems. The ACCC said its greatest concern was that the removal of Hutchison "as a vigorous and effective competitor" from the marketplace would lead to a weakening in competition and an increase in prices.

The ACCC said that while Vodafone and Hutchison currently competed for the lower end of the mobile market, the merged entity might simply match Optus and Telstra's prices, leaving price-sensitive customers in the lurch.

"The ACCC is of the view that Hutchison and Vodafone are each other's closest competitors, focusing on price-sensitive customers in metropolitan areas," the commission said in its statement of issues.

"Hutchison is a strong competitor in the supply of lower-priced postpaid mobile products, while Vodafone is a strong competitor in the supply of prepaid mobile products.

"The ACCC's preliminary view is that the proposed merger may increase the potential for Vodafone to exercise unilateral power.

"The ACCC is concerned that the removal of Hutchison as an independent competitor in the market may increase the potential for coordinated effects amongst remaining market participants," said the ACCC.

The commission dismissed concerns raised by the big two telcos about Hutchison and Vodafone hoarding unused mobile phone spectrum.

The ACCC has called for submissions from all market participants to assist in its investigations. Submissions are due by April 17.

A final decision is expected on May 6.

New chief to 'freshen up' Fletcher Jones image

BRUCE ATKINSON

Fletcher Jones, the Melbourne-based clothing chain, will develop new business strategies over the next six months under experienced new MD, Frank Whitford.

Whitford joined the chain last month, replacing Richard Swann as MD of the 52-store national chain.

Whitford told Inside Retailing last week the company was well positioned for the future with a very strong balance sheet, experienced and committed staff and a reputation as a retailer of quality clothing.

"Fletcher Jones has a long history, starting out as a manufacturer of clothing, and the company has been through and survived a lot of troubled times.

"The company has reinvented itself and has made significant progress since Ted Dimmick bought the

business in 1995.

"The company has invested wisely in store fitouts and has established quite a good store network. The company owns a lot of its own stores and is therefore in a favourable position going forward."

Whitford said his role as MD is to freshen up the brand and to ensure that it is meeting customer needs and expectations, but he does not expect any dramatic changes.

"Over the next six months we will be looking to identify our target customer and to define opportunities to build our customer base.

"In identifying our target customer, we can then assess our retail offer, including the merchandise ranges and the store environments in which our customers feel comfortable."

Whitford said Fletcher Jones is keen to grow its business as "standing still is effectively going backwards".

"But our growth will be determined according to customer needs."

Whitford said key strengths for Fletcher Jones were the knowledge base and commitment of its employees and the product development capability of the company.

A retail industry stalwart, Whitford was a former group GM for Myer department stores, and CEO of both Sportsgirl and Mitre 10.

In the past two years, Whitford has done some consulting work and farming but told inside Retailing he is keen to be back and working with one of Australia's long-standing and highly regarded retail brands.

New fitouts ahead for Coles supermarkets

Coles Supermarkets will open five new supermarkets in the next two months and is set to substantially change its store fitouts after testing concepts in several existing supermarkets.

The Coles Ivanhoe supermarket in Melbourne's northern suburbs has been the main trial store for new concepts and merchandising plans although other stores, including Port Melbourne, have been used to test some initiatives.

Coles Supermarkets has also established an innovation centre at Altona North which will operate as a non trading store, testing further concepts.

Four new supermarkets opened in March at Claremont and Northbridge in Western Australia, Mount Annan in New South Wales and Earleville in Queensland.

A major supermarket will open at Chatswood Chase this weekend and in May new stores will open at Ascot Vale in Victoria, Balgowlah and Wingham in NSW and

Rockhampton North in Queensland.

Ian McLeod, Coles Supermarkets MD, said the pilot stores had shown encouraging results and a rollout of some of the concepts is planned for the next financial year.

McLeod said Wesfarmers has provided capital funding for store upgrades incorporating new concepts.

1000 book vending machines planned

KIREN THANDI

Stuck at Frankfurt Airport at 7pm seven years ago, all Irishman Jon Costello could see were closed stores and vending machines.

So he called his friend, Paul O'Carroll, a bookstore owner back in the UK.

Thus the concept of A Novel Idea, a vending machine for books, was born.

The vending machines have now been launched in Australia, with 39 of the initial 1000 machines being distributed via Australian licensee Robyn Gipters to airports, hotels and hospitals.

These are the places that the vending machines have proved most successful, Costello told Inside Retailing at the Australian launch of A Novel Idea on April 1.

"We tried to mimic a bookstore," said Costello. "We tried to take the vending machine attitude away from it and make it more fun.

"There's a screen with the synopsis of the book, and it accepts the same payment options as a store would."

The vending machine holds the top 24 titles from bestseller lists, however it can also house magazines, CDs, DVDs and games, said Costello.

Branding opportunities also abound, from the outside of the machine to the synopsis screen as well as the cardboard boxes the books come in.

In the UK, some of the machines are fitted with screens that run trailers for films.

While it is possible for individuals to own single machines, Costello said that ideally, the concept would have retailers backing it.

In the UK, the retailer is Waterstones; in Australia, the concept will run under the A Novel Idea brand until it finds its feet.

Concept rollouts in India, Scandinavia and Turkey have also attracted undisclosed retailers, Costello said.

Oil & Vinegar to launch Aussie online shop

LYN WHITE

Oil & Vinegar, the Dutch-based retail company that has expanded into more than a dozen countries around the world, will launch its Australian online shop in six to eight weeks.

Oil & Vinegar came to Australia exactly two years ago, opening its first Australian store in Melbourne in April 2007.

The retail concept was created by Dutch partners, John Blogg and Femke Stevens in 1998.

They opened a stylish shop selling oils and spices in Holland and through a franchise program have now expanded across Europe, the US, the Middle East and South Africa.

Australia currently has three Oil & Vinegar outlets, all in Melbourne and local GM Varun Bhargava says the business is holding up well.

"We've just opened another culinary giftshop in Greensborough shopping centre to be followed by another in Melbourne, in late June, in the Southland centre in the southern suburbs. Those openings will take us through half the year. As far the next half is concerned, we're still looking at offers from a few shopping centres."

Bhargava said Oil & Vinegar tended to do well in shopping centres - there was the guarantee of foot traffic.

"But if a good site comes along in a street location, we'll definitely have a look at it," he said.

"A lot of the stores in Europe and America are on street locations and we're certainly open to the idea but in Melbourne the good street locations - there are about six that would support our concept - don't come along very often."

Bhargava said Oil & Vinegar was a franchise model - "the Doncaster store is franchised".

He said Australia had the largest number of franchise systems per capita in the world.

"Franchising has really picked up here in the last 10 years. For us, it's also a good way to expand the business.

"The other thing we're doing is opening an online store. We're working on it at the moment. Currently we do process orders online but it's sporadic. Soon, however, we'll have a formalised and organised online store on the company website," Bhargava said.

"And whatever we have in stock in our stores will be available for purchase online."

Oil & Vinegar stores showcase about 450 products - about 40% are sourced locally - and around 150 products are non-food items.

The Australian stores also stock some of the unique trademark products of the international chain such as Italian white truffle oil, black truffle oil and raspberry vinegar as well as dips and relishes.

"We conduct bi-monthly promotions whereby new products are introduced for a limited release for a two-month period. At the moment, we're running a Marrakesh promotion. We have central tables in the shops displaying limited edition Moroccan-themed food and non-food products - and once they're gone, they're gone. Then we move onto another themed promotion - they are not sales."

Bhargava told Inside Retailing business was tracking along well.

"Look, we don't have three, four, five years data to compare it with because we're not that old but we seem to be trading well for this time of year."

He said once the company had "done Melbourne" the way it wanted to, it would consider Sydney, Brisbane, Adelaide and Perth.

"We will take all offers very seriously," he said.

No response yet on Franchising Code advice

The Federal Government has yet to respond to recommendations made by the Parliamentary Joint Committee on Corporations and Financial Services on improvements to the Australia's Franchising Code of Conduct.

The committee has made 11 recommendations including amendments to the Franchising Code of Conduct to require that disclosure documents include a clear statement by franchisors of the liabilities and consequences applying to franchisees in the event of franchisor failure.

The committee has also recommended that the government investigate the benefits of developing a simple online registration system for Australian franchisors.

It wants franchisors on an annual basis to lodge a statement confirming the nature and extent of their franchising network and providing a guarantee that they are meeting their obligations under the Franchising Code of Conduct and the Trade Practices Act 1974.

The committee said this system would generate an annual guarantee from franchisors that they are meeting their obligations under the Code.

It would also mean that, for the first time, a central government agency would have useful data on how many franchises are operating in Australia.

To expand the information available on the industry, another recommendation calls for the Australian Bureau of Statistics to develop mechanisms for collecting and

publishing relevant statistics on the franchising sector.

In other recommendations, the committee has called for protections for franchisees who report issues or contraventions of the Franchise Code of Conduct or provisions of the Trade Practices Act and for the government to explore avenues to better balance the rights and liabilities of franchisees and franchisors in the event of a franchise failure.

In its inquiry, the Parliamentary Joint Committee found franchisees did not have the same termination options as franchisors and were potentially at particular disadvantage commercially where a franchise system fails.

The issues considered by the committee included non-renewal of franchise agreements at the expiration of the first term, property rights, transferability of equity in value of the business as a going concern and whether or not there should be a right to automatic renewal of franchise rights.

The committee has recommended the government should amend the franchising code of conduct to require franchisors to disclose to franchisees the process that will apply in determining the end of the term for the franchise rights before an agreement is signed.

While the franchising sector has claimed that the level of disputes have fallen markedly in recent years, the committee said there was a lack of sound data on which to determine the true extent of disputation.

The committee has opted to retain the current dispute settlement approach using mediation as a low cost option with litigation through the courts where issues cannot be resolved.

Recognising the inter-dependence of franchisors and franchisees, it has been recommended that the Franchising Code of Conduct incorporate a new clause requiring all parties involved in negotiations on franchise agreements to act in good faith.

Where there are breaches of the Trade Practices Act, the committee has urged the government to legislate for pecuniary penalties.

New airport coffee shop for Santos

Santos Coffee Bars will open a store in Sydney Airport's new International Terminal.

The family-owned business currently has outlets in all three Sydney Airport terminals and serves more than 4700 cups of coffee a day – equating to 1.7 million cups a year.

"To ensure we can keep up with the demand of hungry and weary travellers, our new Santos store will be based on our 'Grab and Go' concept," said Santos director, Nicholas Avramides. "Our customers will be able to

select from our gourmet coffees and a range of healthy wholefoods they can purchase with a minimum of fuss and time."

Avramides said he first became interested in coffee when his father took him on road trip through Europe in 1969, when they eventually ended up in Damascus, the capital of Syria.

The elder Avramides bought his son, who was a medical student at the time, an antique coffee grinder. So began a lifelong love affair and fascination with coffee - and the end of his medical career.

"In 1973 with the help of my father I bought the Santos business. Since this time we have expanded into providing a healthy range of wholefoods and sandwiches as well as our specialty - importing and roasting our gourmet coffee. We hand make over 2500 sandwiches, baguettes and salads every day for our airport stores. All of our nuts, dried fruits, and wholefoods are made at our 22,000sqm modern facility in Sydney.

"We pride ourselves on delivering exceptional customer service. In fact, it is our number one priority. This service extends to everything we do – from providing our customers with a positive and memorable experience, to hand making our sandwiches every morning so they are delivered to Sydney Airport as fresh as possible, to ensuring our customers walk away savouring the taste of the coffee we have prepared for them."

Derek Larsen General Manager, Retail for Sydney Airport Corporation Limited said, "On a personal level, I am extremely pleased the Santos brand will be continuing its long association with Sydney Airport.

"It is not often you have the pleasure of working in partnership with a family owned business who are so passionate and committed to delivering an exceptional customer experience.

In April Santos is launching a new Santos online store so customers can follow-up with a further purchase shipped anywhere in the world.

Spudbar scores two at the MCG

LYN WHITE

Baked potato maker, Spudbar, has continued its expansion plans by opening two stores inside the Melbourne Cricket Ground late last week.

Spudbar MCG is also the first Spudbar store to unveil the fresh new branding, which is being rolled out across Spudbar's 12 stores in Victoria, Western Australia and New Zealand.

The re-brand, developed by the Melbourne based Studio Binocular, includes an updated corporate logo, as well as

fresher and brighter menu boards and menu cards, and incorporates more of the bold corporate colours which had previously been used only in the store fit-out.

The Melbourne-based fast food chain was founded in 2000 by Clay Thompson and his wife, Laura. They opened their first Spudbar in Blessington St, St Kilda, in 2000 and the first franchised store was opened in 2004.

Over time, the product range has evolved from the company's signature baked potatoes with more than 30 hot and cold fillings to include salads, corn on the cob and seasonal soups, as well as a new breakfast menu.

The company has an affiliation with AusVeg. The MD of Western Potatoes, which is the marketing arm of the Western Australian potato industry, operates the stores in the west.

The sites are in and around Perth and in New Zealand, where Spudbar is focusing on Christchurch initially.

The company has developed three store models: a kiosk, a compact strip shop of about 30sqm and a larger strip shop.

Spudbar CEO, Kirsten Roberts, said the company was launching into NSW this year.

"We've begun recruiting for franchisees. We've had some strong interest from the franchising expo, so that was our first thrust if you like.

"That was held a week ago. We're looking to capitalise on the momentum we've got in Melbourne with opening in such an iconic place as the MCG," she said.

Roberts said Spudbar had grown from eight outlets in 2008 to 12.

"We have also just opened in Brunswick St, Fitzroy, which is the perfect location for us. It's very much like the St Kilda location where the brand grew from".

Roberts said the company had not been affected in any way by the economic downturn.

"Our numbers are up across all stores. People are still looking for healthy food options. They still have to eat. And they don't have any guilt about eating our meals," she said.

"We're looking at opening in NSW immediately. We've got some interesting sites in mind so it's just a matter of recruiting some franchisees".

Roberts said the company was looking at Sydney specifically and its dream locations in the city would be the Macquarie Centre in the north and Bondi Junction in the east.

New Zealand was growing, she said, with one store up and running and a second opening in Christchurch in May.

Kiwis buy back rubber business

Century-old Kiwi brand Para Rubber has been returned to New Zealand ownership after 13 years in the hands of Australia's Clark Rubber.

The retail chain has been sold to New Zealand company GMT Franchising only a year before its 100th anniversary.

"Para Rubber is an iconic New Zealand brand with tremendous name recognition," said GMT chief executive and director, Vaughan Moss.

"We're delighted to have it come back into New Zealand hands and will be expanding the franchise network, providing great opportunities for more Kiwis to take control of their own businesses."

Para Rubber has 10 stores from Whangarei to Dunedin and Moss says there is plenty of potential for growth, particularly in Auckland and Wellington.

"As well as boosting the store network, we want to build up the brand again and restore it to general usage on a wide range of products."

The first Para Rubber store was opened in Christchurch in 1910 by George Waldeman Skellerup, who travelled the country selling rubber goods at agricultural shows.

The brand became a household name from the 1930s onward for its wide range of foam and rubber goods, including swimming pools, cushions, gumboots and thongs.

"Para Rubber is one of the great Kiwi brands and we're pleased to have it back home in time for its centenary in 2010," said Moss.

Top technology for CeBIT Australia

The use of technology to help retailers ride out tough times will be a focus of this year's CeBIT Australia.

Organisers have recruited high-level speakers from international companies including Amazon.com, Salmat DigitalForce and Microsoft.

The event will feature the latest retail tools and technologies, from intelligent Point-of-Sale systems to RFID, Smart Card and scanning products.

CeBIT Australia 2009 will be held in Sydney from May 12 to 14.

"Following the success of separate category areas devoted to RFID, Supply Chain, Smart cards and Retail IT last year, these in 2009 have been consolidated into a single, comprehensive show area dedicated to retail IT, bringing in some of the best names in retail technology to display their wares," said a spokeswoman for Hannover Fairs Australia.

"Technology is the retail sector's productivity driver –

from improving just-in-time product delivery through to the smart POS systems that have eased the burden of a tight labour market. And the internet – coupled with eCommerce and eFinance systems – has changed the game entirely.

"The challenge for retailers in how to evaluate what the best technology is for their particular needs and budget. CeBIT Australia is the best venue to do just that - face-to-face with the experts.

With such companies as Toshiba, PosPos, Lexmark, Opticon Sensors, Digipos and Network Interactive all committed to mounting big displays, the CeBIT 2009 exhibition floor will be the place to go to see the future of retail.

As a media partner of the event, Inside Retailing readers can take advantage of special rates to attend this year's CeBIT Australia conference and exhibition. Go to <https://www.mycebit.com.au/rego09/> and use the promo code: `inreca09` to register for free entry to the exhibition.

CeBIT's Global Conference series will also highlight the potential of technology to help businesses compete more efficiently and effectively, with five separate conferences devised to cover the full spectrum of technology issues.

The five CeBIT Australia 2009 conferences are:

AusInnovate 2009 – Australia's premier research-to-commercialisation conference, bringing together peak public sector R&D agencies with the business community.

Enterprise 2009 – Entirely new in 2009, this event is divided into two streams. The first addressing cost-saving business technology for large scale business like Cloud computing, virtualisation, CRM and SaaS, The second, for growing SME's focuses on next generation eFinance, eCommerce, like eRetail 2.0, as well as practical sessions on managing complexity in IT environments.

WebForward 2009 – Multi-streams explore cost-saving and highly-effective post-2.0 business process around eMarketing, location-based services, rich media, email marketing, social media for business and much more.

e-Government Forum 2009 – Conducted by CeBIT Australia with the Department of Finance, this peak public sector technology event has never been more topical.

Access 2009 – from broadband management, unified communications systems, wireless integration to Voice over IP (VoIP) for small businesses to large enterprises.

"We have added significant value to our conference program every year since launch – and the delegate numbers have continued to swell. This year, as business owners in particular look for smart new technology, we're expecting our biggest turn-out ever," the managing director of CeBIT organisers, Hannover Fairs Australia, Jackie Taranto said.

Kiwi PM spurns plastic bag levy

Kiwi Prime Minister John Key has thrown a spanner in the works of campaigners wanting legislation for a charge on plastic bags from New Zealand supermarkets.

The PM says he won't support any government imposition on a charge.

Key said New Zealand's use of one billion plastic bags a year is excessive but he would prefer a voluntary, industry-led solution that shops such as Pak 'n Save and The Warehouse have introduced.

His stance follows the launch of a nationwide campaign to introduce a levy on bags.

The 'Get Real' campaign is demanding that the Progressive Enterprises and Foodstuffs chains start charging for plastic bags at their supermarket checkouts. The campaign is backed by environmental organisations around the country.

Activist Sophie Ward said the supermarkets have made a token effort to reduce plastic bag use in the past five years. "We need to see some real commitment from the supermarkets to reduce the huge number of plastic bags they give away each year, and we need some action," she added.

"The most effective way to reduce plastic bag use is to stop giving them away for free. Even the Warehouse is going to start charging for its plastic bags in April, so the supermarkets are lagging well behind."

"Burying almost a billion plastic bags in NZ landfills every year and having the rest end up in bushes and trees, in rivers and streams or ingested by wildlife is a big problem. Plastic bags are a waste of precious resources, alternatives exist."

Anti plastic bag campaigner Angus Ho said experience in New Zealand and overseas showed that having to pay for plastic bags quickly changed people's behaviour.

"Even a small charge makes people think twice about whether they really need a plastic bag. A levy is the easiest way to break the habit of automatically taking six or seven bags home when you go shopping."

"Most people use plastic bags for the length of time it takes to carry groceries from the car to the house. They're used for five minutes, but their legacy of pollution is permanent," said Ho.

Ho said he had recently received a letter from the Minister for the Environment, Dr Nick Smith, stating that the Ministry for the Environment is currently investigating the effectiveness and feasibility of price mechanisms.

But Prime Minister Key has basically declared the investigation is at a dead-end.

Danger: Look before you leap into acquisitions

WARREN SCOTT WARNS OF THE PERILS OF POORLY RESEARCHED TAKEOVER BIDS

Some retailers will be considering taking advantage of current economic conditions and acquiring their competitor.

This opportunity may arise because the competitor is 'on the market' due to funding or other concerns, or it may arise from a direct approach.

Before proceeding with such acquisition it is important to turn your mind to the effect of that acquisition on competition in the market.

Section 50 of the Trade Practices Act 1974 (Act) prohibits acquisitions that would have, or are likely to have the effect of substantially lessening competition in a substantial market in an Australian state or territory. The Act targets mergers and acquisitions which may have anti-competitive effects by altering the structure of a market.

The Australian Competition and Consumer Commission (ACCC) administers and enforces these merger provisions. Historically the merger guidelines 1999 outlined the analytical and evaluative framework applied by the ACCC when reviewing mergers under the Act.

Last November the ACCC released new guidelines in the form of the merger guidelines 2008 (2008 Guidelines). These outline a new, flexible, merit-based approach when considering whether mergers and acquisitions contravene the Act.

To determine if an acquisition or merger would have the effect, or be likely to have the effect, of substantially lessening competition in a market, the 2008 Guidelines set out the following factors to be considered:

- * The actual and potential level of import competition in the market;
- * The height of barriers to entry to the market;
- * The level of concentration in the market;
- * The degree of countervailing power in the market;
- * The likelihood that the acquisition would result in the acquirer being able to significantly and sustainably increase prices or profit margins;
- * The extent to which substitutes are available in the market or are likely to be available in the market;
- * The dynamic characteristics of the market, including growth, innovation and product differentiation; and
- * The likelihood that the acquisition would result in the removal from the market of a vigorous and effective competitor the nature and extent of vertical integration in the market.

The first consideration for a retailer considering an acquisition of a competitor is to decide whether or not to notify the ACCC of the intended course.

Merger parties are encouraged to notify the ACCC well in advance of completing a merger where both of the following circumstances apply:

- * The products of the merger parties are substitutes or complements; and
- * The merged organisation will have a post-merger market share greater than 20 per cent in a relevant market.

There may be other situations where notification would be wise.

As part of its overall assessment of a merger, the ACCC will focus on market concentration, examining:

- * Market share;
- * Concentration ratios; and
- * The Herfindahl-Hirschman Index (HHI).

The HHI is used as a preliminary indicator of the likelihood that the merger will raise competition concerns requiring more extensive analysis. However, the HHI should not be the sole analysis when determining whether or not a merger will be likely to result in a substantial lessening of competition.

The HHI is calculated by squaring the market share of each competing firm in the market and then summing the resulting numbers. For example, the HHI for a market consisting of five firms with shares of 5%, 10%, 15%, 30% and 40% is 2,850 (5² + 10² + 15² + 30² + 40² = 2850).

Generally markets with a HHI in excess of 1800 are considered to be concentrated markets. The 2008 Guidelines will identify the change in the HHI of a market (due to the merger) as "delta". The 2008 Guidelines state that the ACCC will generally be unlikely to identify competition concerns where the post merger HHI is:

- Less than 2000; or
- Greater than 2000 with a delta of less than 100.

The 2008 Guidelines do not have any legal force in determining whether a merger is likely to contravene the Act. However, they provide a broad analytical framework for the ACCC when assessing the effects of a merger.

It is recommended that merger parties consider competition issues well in advance of making a bid or concluding an acquisition agreement.

Warren Scott is a partner in the Corporate Advisory team with Mills Oakley Lawyers.



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6 April 2009

Ipswich City Square sold

Jones Lang LaSalle has negotiated the sale of Ipswich City Square to Ipswich City Council for \$45 million.

Ipswich City Square features a Woolworths supermarket, Birch Carroll & Coyle cinema, Best & Less, four mini-majors and 79 speciality tenancies.

Encompassing an area of 25,404sqm, the CBD shopping centre was built in 1987 and extended in 1988 and again in 1989.

The complex features a design across three distinct retailing zones surrounding Ipswich City Mall.

These three areas are the Magenta Zone, anchored by Birch Carroll & Coyle cinemas and being repositioned as the primary entertainment facility for Ipswich; Lime Zone, anchored by Woolworths and Best & Less plus 24 other tenants, including a high proportion of fresh food operators and traditional retailers; and Cyan Zone, anchored by Ipswich City Council, Ipswich Fitness and McDonald's, being repositioned into a high profile service orientated mixed use retail and commercial precinct.

Ipswich City Square is located in south east Queensland's western growth corridor, 30km south-west of the Brisbane CBD.

The site enjoys four street frontages, including one of Ipswich's major arterial roads, Brisbane Street. The site also has a prime frontage of about 230m to Ipswich City Mall, the focus of retailing in the Ipswich CBD.

Perth arcade for sale

A retail arcade and office tower at 160 St Georges Terrace, Perth is on the market.

Described as a prime CBD asset, the retail arcade, with 1410sqm NLA, is located in a strategic location linking St Georges Terrace and Hay St.

The fully leased arcade's current net passing income is about \$4.47 million a year and the fully leased net income is around \$4.91 million per annum. The nine-storey office

tower has provision for 54 car bays.

Tenants in the centre include the ANZ Bank, BHP Billiton and the Commonwealth Government.

Jones Lang LaSalle, which is managing the sale, says there is potential to convert to a strata title.

Expressions of interest can be directed to John Williams (08 9483 8448) or Tom Natrass (08 9483 8454).

Expressions of interest will close on May 14.

Fortitude Valley plans backed by residents

Retailers in the inner Brisbane suburb of Fortitude Valley have generally welcomed a city council proposal to revitalise the area.

Brisbane City Council has unveiled a draft neighbourhood plan which would see wider footpaths, more cafes and restaurants, and greater retail.

The 10-year plan has divided the area into six precincts with buildings up to 30 storeys allowed in the Valley Heart and up to 20 storeys in the Valley Gateway at the Newstead end.

The development would strengthen the role of the Valley Heart as a major retail, entertainment, cultural, tourist accommodation and business centre, the council said.

Wider footpaths and more trees were intended for Ann and Wickham streets at the northern end while cafes and restaurants would be encouraged in the streets in between.

The James St precinct would remain a transitional area between the retail, business and entertainment areas and New Farm's residential area while the Gotha St precinct between the Valley and the City would have smaller-scaled buildings to protect the sense of space and the visual impacts of Villa Maria and All Hallows School.

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RETALES

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It's Easter: A reminder from the Inside Retailing team that the newsletter will not be published next Monday due to the Easter holiday weekend. We wish all retailers - whether allowed to trade during the weekend or not - a prosperous or relaxing weekend accordingly.

Speaking of Christian issues... Could the devil be in the detail of Woolworths' new logo (pictured) ? Yes, according to a couple of comments on Inside Retailing's sister publication FOODweek's website. They reckon the devil's number - 666 - is apparent in the design. "Has anyone seen the 666 imbedded? (sic). Or is it only me that sees satanists in symbolic imagery hiding behind major corporations?" wrote Steve W. Meanwhile, Shannon said he "nearly choked on my own shocked sense of disbelief." That's certainly not how the logo's designer sees it. Hans Hulsbosch said that after consultation with staff and management of Woolworths and many hours of brainstorming, he developed the new logo combining the three key elements of the famous strap-line. 'W' for 'Woolworths', the colour green and fruit for 'the fresh food' and a person with arms in the air - food is energy for 'people'.

Australia's advertising industry has introduced a new self-regulatory green marketing code - the first of its kind in the world. The code will prevent advertisers from using images of nature and calling themselves "environmentally friendly" unless they can back up the claims. It will also prevent companies from passing off a mandated environmental initiative as something it has voluntarily adopted. Advertisers will also have to prove that the benefits to the environment are "significant". The Australian Association of National Advertisers is to proceed with the Environmental Claims Advertising and Marketing Code after a year of consultation with 150 organisations and individuals.

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Princess Eugenie, daughter of Prince Andrew and the Duchess of York, has been doing her bit for Australian retailers during a visit to Sydney. She arranged a private viewing in an unnamed CBD clothing store, but ended it abruptly after the city's paparazzi began flashing their cameras through the windows. The princess is in Australia during an around-the-world gap year holiday.

Power tool manufacturer Black and Decker has been in hot water with the ACCC for a second time because of misleading packaging labels. The company's Powerlife sanding belts have been removed from store shelves because of packaging branded "Made in Australia" when they were in fact made in Germany. The material to make the belts was originally sourced from Australia but was later sourced from Germany, ACCC Chairman Graeme Samuel said. In 2006, the company was found guilty of breaching the Trade Practices Act 1974 when it claimed some of its sanding sheets were made in Australia when they were actually made in India. Samuel said traders needed to continually ensure statements made about their goods were true.