The impact of online shopping on shopping centres in Australia

包含

The Australian shopping centre industry comprises companies that build； develop, and manage shopping centres in Australia. Shopping centres are purpose-built complexes containing retail shops, restaurants and other eateries, services such as banks, and leisure facilities such as cinemas and bowling alleys. The shopping centre owners derive income from charging tenants (房客) for rent on the space they occupy within the shopping centre, as well as the recovery of common expenses (i.e. electricity, water; repairs, and maintenance, and marketing) for operating the shopping centre. Rents are charged to tenants based on supply and demand. The higher the consumer traffic in a shopping centre, the higher the rents shopping centre owners can charge tenants, as demands for rental spaces will be high. Changes in consumer behaviour can potentially have a significant effect on demand for spaces in shopping centres.

1、客流量

2.顾客需求变化

Below is an extract from an article that appeared in *The Australian Financial Review* in February 2011, entitled Satisfaction guaranteed*. This article discusses the impact of the increased use of technology in the shopping behaviour of consumers in Australia, and the implications for shopping centre owners in relation to their growth and profitability as a result of the growing trend of online shopping.

Three years after the publication of this article, online shopping is still a major concern for traditional Australian retailers; who have seen their sales[1] decline by 0.3% per annum over the past five years； with sales forecast to improve slightly to a growth of 0.3% per annum over the next five years, to 2019. These retailers still struggle to offer a compelling business model that competes successfully against the greater ranges and lower prices of domestic and overseas online retailers. Online sales by Australian and international retailers have enjoyed a double-digit growth over the last five years, and industry observers expect strong growth to continue. If Australian trends follow those of the US, the use of mobile devices for the purpose of online shopping is likely to make up a significant portion of this online sales growth.

网络销售:

Excerpt from Satisfaction guaranteed[7]:

> For years in Australia techno-pundits talked about the impact of the internet on shopping— without any discernible (可识别的) change to the retailing landscape. Now, within months, a perfect storm has taken place—if you are a large Australian retailer, that is. The global financial crisis forced US businesses to look for sources of revenue outside their normal channels. Sophisticated US internet retailers started to look elsewhere for growth and they found, with a few tweaks (调整) to their websites and some negotiations with logistics suppliers (物流供应商), they had become global internet retailers. Australian consumers, always early adopters of

顾客倾向于网络销售

technology and often disappointed when US websites advised they could not ship to Australia, rejoiced.

1、顾客不看广告
2、顾客冲动消费
新品

The accessibility of the internet means consumers are no longer dependent on traditional methods of shopping. They are not looking at blatant advertisements in newspapers nor are they prepared to buy something (which is expensive) without first seeing whether they are getting a good deal. These early adopters don't really care where the product is coming from. They make impulse buys, 冲动消费 but not by visiting a store. They find their product while engaged in a range of activities. What matters to them is ease of purchasing, range and price. Their allegiance (if there is such a thing in this new world of internet shopping) is to the product or brand, and sometimes to the search engine that helped them find the product at the best price. They have no allegiance to a physical shop or shopping centre.

Historically, information power sat with the retailers and often distribution power sat with a small number of major shopping centre owners. Now the consumer has the power. Nothing prevents the consumer from easily finding out everything about a product—not just the best price available but, equally importantly, how the product has been reviewed by others.

购买主流商品
锁定需求商品

Discovering what you want to buy (or being influenced to buy something you didn't initially think you wanted) will be facilitated increasingly by recommendations from friends (sorted and categorised in social media tools), online reviews, outbound searching and from the receipt of highly targeted online calls to action. When we visit an online or physical shop we will, far more than ever before, know what we want to buy, how much we should pay and where we are going to buy it.

The implications for Australia's retailing sector are enormous. The decades-old retailing structure which has brands or manufacturers at one end jumping through hoops to appease retailers, and uninformed consumers at the other end, with often large, lazy, unimaginative retailers in the middle, is gone forever. Whereas in the past we thought only of books, CDs and DVDs as products to be purchased online, now we are seeing that anything that can be bought can probably be bought cheaper and with a greater range available online.

How big can this online retailing opportunity get? In the US, about 5 per cent 5% of all retailing is done online. This is projected to reach about 8 per cent within a few years. On top of this there is the new phenomenon of mobile commerce (m-commerce)—that is, using smart phones rather than desktop computers to shop and make transactions. M-commerce accounts for less than 1 per cent of all retail spending in the US but, as internet guru Mary Meeker's recent presentation on the mobile space suggests, it is likely to grow quickly. It is expected that it will account for 4 per cent of retailing within 5 years. Therefore, within a few years it is expected that about 12 per cent of all US retailing will be done either online (via desktop computer, etc) or via a mobile device. I expect that in Australia we may see numbers higher than these because of the slow and often pathetic response from Australian retailers as well as the increased targeting of Australian consumers by overseas online stores.

去零售店 体验商品,

The US experience shows that the public does want to touch a product before purchasing, and many people see shopping as partly entertainment, so consumers will still want to wander around shopping centres as a form of information gathenng and social interaction. And there will always be those people who are not looking for a product but then see something they like and now want to buy. The big difference, in a world where they have global pricing and range at their fingertips, is that they are likely to check online before making the purchase.

浏览

Shops and shopping centre owners should not confuse browsing with shopping: in the new world these activities will be split like never before. There may well be a lot of browsing, but considerably less buying from stores that were actually browsed in. Responding to the online consumer will mean fewer physical stores. For some products (clothing; food, fashion items), shops will still be needed for people to browse in, but these will be more about creating the brand experience and perhaps trialling a product and less about store sales. So, fewer stores will exist and those that do will be spread around to facilitate capture of the browser, not necessarily the buyer.

大品牌

To capture the buyer, rather than just the browser, retailers must offer a fantastic online shopping experience (low prices and vast range, plus easy to use software). If retailers want to capture the sale in-store they will need to do something in-store that adds value; simply having a product on the shelf is not adding value. If the store wants to get a browser to shop in-store, they need to do something to attract the consumer and try to capture the purchase, in the knowledge that the consumer has (literally in their hands) access to global pricing range and availability information.

The store may have access to prior purchase history so that as the customer arrives, their smart phone downloads pointers to items on sale now and matches their past-purchasing pattern. The store may provide software that will allow the customer to "see" the product in their home setting or how a garment (服装) will look on them, without having to actually try it on (this is available in the US). It may provide "shopping miles” for simply coming into the store (this is also occurring in the US). Some retailers and brands will create a successful melding of the online and physical store models. This will work as long as they get the economics right. That means assuming that more than 20 per cent of sales will be online (and therefore priced to capture the price-smart online consumer) which, in turn, means a very different set of in-store economics.

There will be pressure on shopping centre owners who have historically charged often very high rents in light of the consumer traffic retailers brought in. In the future, if the informed shopper wants to visit a particular store, the store can decide where they want to be located. It may well be less reliant on the funnelling of broad consumer traffic through a shopping centre for its sales. The funnelling will have happened in the online world, where search engines will have proposed shops and products for the consumer to visit.

In some categories, physical stores will pretty much disappear. Think of places where you would have bought music (cassette tapes, CDs). Think of the upheaval in book sales Recently. Amazon announced that for the first time it has sold more ebook copies of books than physical copies of books. Enter stage-left the collapse of Borders*. Even in categories of physical products (fashion, electronic appliances and devices), if a particular brand is now selling 10 per cent or more of its products online, the brand will, simplistically speaking, need fewer stores.

If a number of brands find that they need fewer stores then you might expect falling demand for retail space. One possibility is that： if fewer stores are needed, the high streets and independently located retail spaces will suffer while shopping centres 巩固 consolidate their share of a declining demand. But it might be that some brands decide that they are prepared to operate outside of shopping centres, thus saving themselves considerably high rents. But if shopping centres can no longer market their lease terms on the promise of traffic and sales, there will be pressure to reduce lease terms and cost.

房租费用

供应余量 从零售店
变到了供应商

There will also be a change in the relationship between manufacturers (brands) and retailers. Historically, manufacturers needed retailers and, consequently, more of the available margin went to the retailer. Given that the manufacturer can now market and sell directly to the consumer, has access to more range and inventory than the retailer, and possibly cares more about brand experience than does the retailer, the available margin will shift back to the manufacturer.

While there will be fewer physical stores and, by definition, a decline in jobs therein, there will be a huge increase in logistics employment and an increase

就业竞争压力变大

in work opportunities provided by the expanding array of online shopping providers. That means more and larger distribution centres, more trucks on the road and more people manning customer service centres. Jobs will be created in web development and e-commerce companies and there will be new employment in the return/ warranty/service departments for global brands, where it does not make economic sense to ship the product back overseas (think TVs, stereos, washing machines, etc). Consumers will still need to have products replaced if they are faulty, or serviced if they fail. Competition for servicing the consumer need will expand.

Whether we end up spending more money on online shopping is debatable. While people are able to shop 24/7 they are going to be shopping smarter—making sure they get the best price (globally!) for everything they buy. So consumers might buy more things but spend less. In many industries, Australia seems to have structures in place whereby a few major players determine market trends and consumer offerings. This has allowed some large retailers to become slow and lacking in innovation. These companies will be knocked over by a wave of informed consumers, and the result will be quite ugly.

[There] may be fewer retail billionaires in Australia but this does not mean retailing is in terminal decline. In the short term, due to early planning and scale of execution, the majority of non-perishable, overseas-manufactured products available online will be on sold by overseas-based companies. Australian companies need to play catch-up and fast. They need to imagine what the world might look like when consumers can buy whatever they want at the globally best price—then build an Australian retailing business to serve the need[s] of these Australian and, if they do a good enough job, global consumers.

1. These figures are based on IBISWorld Industry Report G4200 Consumer Goods Retail in Australia 2013. They do not include the retail grocery sector

Source: Petre, D. (2011), Satisfaction guaranteed. *Australian Financial Review,* Review supplementary section, 25 February 2011. pp 3-4.

Tasks:

1.Based on the material, along with any further research necessary, use analytical tools and business models to analyze the current circumstance of the traditional Australian retail industry.

2.Based on your analysis in task1, provide at least one relevant strategic option for Australian shop centre owners.

（Besides the material, you are allowed to use information from the Internet, periodicals and any other open sources. Please specify the sources.)