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TITLE: Rebuilding Australia's retail industry

AUTHOR: Josh Fear

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For the past two or three decades we have been told that globalisation and free trade will speed up the pace of capitalism and deliver innovation and efficiency to the benefit of all. Now we have a classic case study unfolding before our eyes: the changing structure of the Australian retail industry.

Change of course brings losers as well as winners: mega-retailers like Harvey Norman and Myer will themselves be victims of the same kind of 'creative destruction' that allowed them to build market share at the expense of small businesses. As for the winners, these will undoubtedly be retailers with a strong online presence.

In all the confected outrage about protecting local jobs and the GST-exempt status of online purchases from overseas, we may have missed what could be the most truly revolutionary aspect of the changes that are currently taking place. As physical stores disappear or migrate online, we could witness a fundamental change in the way we use our public spaces. While it is unclear exactly what transformations we can expect, they will undoubtedly be of profound importance in the way we relate to each other, both as citizens and consumers.

Regardless of who ultimately succeeds in the retail marketplace, Australian consumers will increasingly be making their purchases online. This shift may occur faster for some kinds of products (eg travel bookings, books) and slower for products which consumers often like to see or touch before they buy (eg clothes, fresh food). But the shift will be in one direction only. At some point, the form of retail that we have become used to will become unviable. The huge, sprawling complexes of fluorescent lighting, glossy surfaces and multi-storey car parks will become creatures of a former era, or will evolve into something very different.

The real unknowns are when this will occur and what will replace them. And herein lies a fascinating opportunity for communities and policy-makers to recapture our public spaces.

At one point mega shopping malls were truly innovative. They replaced sometimes dingy local shopping centres and inconvenient main street shops, and are in certain respects superior to what came before.

This was consumer 'choice' in action. People voted with their feet, lured as much by the car-friendliness of the shopping mall as the cornucopia of retail delights on offer. As patronage increased, the local Westfield (or imitator) became the new gathering place.

But of course only for some people: those that spent money, or brought the promise of doing so. Shopping centre management patrolled for various 'undesirables': obnoxious teenagers, vagrants and trouble-makers. (My local shopping centre prevents vendors of *The Big Issue* from selling their magazines on shopping centre property. Apparently, recently homeless people might scare the customers.) This strange mix of public and private space was designed to maximise sales, not social interaction or civic engagement. It is no accident that shopping centres feel the way they do: saccharine, timeless and other-worldly. Reality does not sit well in such an environment, unless it can be packaged and sold.

Moreover, there are some aspects of the modern retail environment which are worse than before. There is little sense of community, at least in the interactions between customers and staff, and the lack of diversity is truly staggering.

Some people thrive in a shopping mall. Perhaps it is the perpetual novelty, or the thrill of buying something new, or even the comfort of familiar brands, but the joy on their faces as they stride down the aisles is clearly genuine.

But look closer. Behind them, their partners or friends, siblings or parents do not share this feeling. Instead they are lost in a world where everything has a price but little has value.

I count myself among those who have developed an aversion to shopping centres. I have learnt to regard the ghastly prospect of a trip to the shopping mall as a part of life: something that needed to be endured, if not enjoyed.

The fact that some people don't like them doesn't automatically make the mega-mall an illegitimate or unwelcome part of our urban space. If some people like them, then fair enough. But it is not clear that the contemporary shopping mall reflects the kind of public space that our society wants to have – even though by definition it is the kind of space that consumer choice brings into being.

More to the point, shopping malls may be about to become a thing of the past. At the very least, the growth of online purchasing will challenge their omnipresence and utter homogeneity.

As well as holding the prospect for renewing public space, the changes to come in retail present an opportunity for small retailers. This might seem counterintuitive; after all, small businesses can't afford slick websites and don't have economies of scale (unless they are franchisees). But consider this: consumers will tend to purchase online if they know exactly what they want to buy and are looking for the best deal. If they don't know what they want - if they are seeking 'inspiration' – then physical storefronts can be just as good as the Web.

Just as the traditional bookshop allows us to find something by serendipity that we would never find with a Google search, small retailers who develop a reputation in their local communities for novelty and innovation will be rewarded for giving customers what they want (or rather what they don't know they want).

Having said this, the great shift online won't be as quick or dramatic as the big retailers would like us to think: old habits die hard, and many people will want to shop in person for as long as they live. Yet once the online revolution has run roughshod over the retail sector, our cities and towns will look and feel very different.

Are we about to reclaim our public space from the real estate developers who captured it and turned into a consumerist paradise? I hope so.

Josh Fear is Deputy Director of The Australia Institute, a Canberra-based think tank, www.tai.org.au