Comment: Retailers need to stop behaving like retailers

26 AUGUST, 2014

Rita Clifton

COMMENT

As the world's most successful brands are categorised into several retail categories, retailers must innovate their image to remain relevant.

The headline for this article could easily have been "technology companies: stop behaving like technology companies", or "media companies: stop behaving like media companies". The reason is that category-think can lead to a competitive cul de sac on one hand, and nastily surprising competitive disruption on the other. No brand is sacred any more. Just ask Nokia and Kodak. And retailers are at the sharp and fast end of that change.

As we know, any brand with a website, e- or mcommerce capability and access to delivery vans or collection points can be a retailer – just as any brand can be a media channel (think Red Bull and Nike) and disintermediate the more conventional points of sale (see Asos).

If you look at the league tables of the world's most valuable brands, it's interesting to see what kind of elastication and disagreements were at play when the compilers chose their categories. Amazon is variously dropped into a technology or retail category (never both), Zara is either retail or apparel (whereas Nike is always apparel, despite its retail presence). The compilers give up where Apple, Facebook, eBay and Twitter are concerned – all allegedly live in the technology sector (probably their least interesting characteristic). And 'technology' is hardly adequate to describe where Google, a true modern mongrel, sits.

This reminds me of a World Retail Congress a few years ago where Apple won the Innovative Retailer of the Year award. There were grumblings from the more traditional retailers that Apple was not a proper retail business – possibly only true because of its extraordinary margins and unique customer experience versus the conventional retail sector at that time.

Things have changed radically and fast, but still not fast enough to keep pace with consumer behaviour. It's tempting to take companies out of public ownership, even for only a while, so they can go through the 'hockey stick' transformation they need to invert, hollow out and reimagine some of their physical stores to become showrooms, shoppable windows, collection centres and destination experiences – and become truly brand- and customer-shaped businesses, rather than 'store plus' ones.

Of course, with all this, real changes in business indicators and measurement are needed. It's becoming less relevant now to evaluate channel sales in isolation rather than by individual customers. Macy's is a great example of how to do it.

Technology might be deconstructing and blurring the retail industry, as it has with media and the technology category itself, but it's also enabling a whole new era of customer intimacy through small data and innovation. How timely and fascinating that there's a high-profile blurring of recruitment at the top of retail with Dave Lewis, a brand man, taking over from a Tesco-store lifer.

So, less Retail (with a big R), and more brand and channels to customers that simplify and enrich people's lives. You know it makes sense, in any category.

› **Rita Clifton, international branding expert & business leader**