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Fashion & Beauty Report: 2024



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Unlocking the power of customer loyalty

High levels of volatility in the retail landscape continue to test consumer loyalty in the fashion and beauty sectors. Customers are grappling with uncertainty, especially with prices going up, affecting how much they spend and how they shop. In this environment, fashion and beauty brands need to find new ways to keep customers coming back.

Loyalty programs are nothing new. A fresh study by global data and insights company Pureprofile and retail advisory firm, Retail Doctor Group found an 18 per cent lift in Australians using loyalty programs over 2023.

Loyalty cards have long been commonplace. However, the points system, where customers earn discounts based on their spending, is no longer enough. Today, shoppers seek genuine connections, expecting personally tailored experiences and rewards. This pushes brands to identify new, innovative ways to unlock customer loyalty. Shoppers are willing to write an online review, download an app, share the brand on social media or check into a store to earn rewards.

Many fashion and beauty brands have been refreshing their loyalty programs to increase customer lifetime value. We are seeing more personalised loyalty benefits emerging as the cost of acquiring customers rises.

Just look at how Australian women's brand Fella Hamilton

created a tiered loyalty program with increasing rewards points and perks. The fifth tier (Platinum) includes the most valuable Fella Hamilton customers, who receive invitations to private VIP events, previews of new collections and products, and benefit from steeper discounts than the ones offered to the general public.

Gamification is another avenue brands are developing to infuse a sense of adventure and competition and engage customers at a deeper level. Retail gamification is becoming a trend, from challenges and missions to badges, achievements, and leaderboards. Several brands have succeeded in utilising gamification to enhance their market presence and client relationships. For example, Sephora has used quizzes as part of its loyalty program, including a makeup quiz, a skincare routine builder quiz, and its lipstick shade quiz, all of which ask members to answer a few questions about themselves, their beauty routines, and their physical traits to then provide them with insights about what products would suit them best.

Some beauty brands have pushed their focus on customer loyalty to an extreme. KIKI World, a beauty startup launched last year, wants consumers to co-create products and co-own the company with the help of web3 technology. KIKI flips that model by enabling its community members to vote on the features

they want before the beauty products are made. As a reward, voters earn points toward free products and receive digital tokens in the company.

This loyalty depends on companies creating two-way conversations with customers, incentivising them with rewards and promoting the feeling that they have a stake in the business.

Mature data and analytics capability is essential to a reinvented loyalty strategy. This is where Artificial Intelligence (AI) can help brands design their new loyalty program strategy. Predictive AI can analyse customer data to create segments based on consumers' preferences, needs, and values. Then, generative AI can find patterns and connections in the data to recommend offers, rewards, and communications.

However, while technology is critical, human interaction remains just as important. Retail staff are essential in translating a brand's values into tangible experiences.

Innovative loyalty programs can overcome declining consumer sentiment by improving customer experience, encouraging engagement and rewarding customers beyond the purchase transaction. Loyal customers have kept many brands afloat throughout Covid when stores were closed; therefore, customer retention should remain a priority for fashion and beauty brands. ●



Salim Biskri,
BDO National Leader, Retail
Partner, Audit and Assurance

The beauty of retail

FASHION AND BEAUTY RETAILERS FACE NEW OPPORTUNITIES AND THREATS, WRITES **DR ELOISE ZOPPOS**, RESEARCH AND ENGAGEMENT DIRECTOR AT MONASH BUSINESS SCHOOL'S AUSTRALIAN CONSUMER AND RETAIL STUDIES.

It's been a tough few years for retailers, with cost of living pressures on households resulting in consumers re-evaluating their budgets, pulling back on retail spending, and changing their retail habits in anticipation of ongoing financial concerns. And this year, 2024, is proving to be no exception thus far.

According to the Australian Retail and Consumer Studies (ACRS) Cost of Living and Consumer Retail Behaviour report published in May 2024, just over half of Australians (54%) shop for lower-priced brands more now than they did at the same time in 2023, while other shoppers are trying alternative methods to curb their spending altogether, with 52% holding off or deferring purchases until sales or special deals more- and 58% holding off or deferring purchases indefinitely more than at the same time in 2023.

But this isn't all bad news for retailers; while pricing and promotions will continue to be an influential factor in consumer spending behaviour, retailers can navigate pricing pressures by emphasising their values and purpose to target the segment of values-driven shoppers, as well as by cultivating a strong in-store experience.

SUSTAINABILITY AS A KEY CONSUMER VALUE

One key consumer value in both the Australian and global markets is sustainability,

which is no longer a trend but a consumer movement. Shoppers are increasingly contemplating the social and environmental impact of their purchases before they buy, with the ACRS Retail Sustainability Spotlight report (2023) finding that over 50% of Australian shoppers feel that sustainability is an important factor when making a retail purchase.

Moreover, 42% of shoppers shop more for pre-owned/second-hand products more than at the same time last year (ACRS Cost of Living and Consumer Retail Behaviour report 2024). It's no wonder that Australia has seen such exceptional growth in the second-hand market in recent years, with Statista reporting the Australian resale market was valued at over \$60 billion in 2022.

Retailers that are not simply responding to this movement, but that are genuinely embedding sustainability into their business strategy, will resonate with consumers. Ethical Clothing Australia accredited brand, Denimsmith, is just one of these brands paving the way for sustainability by creating a 'repair and re-wear' service which provides customers their first repair free of charge, and \$40 for subsequent repairs. Another one is Oroton, who recently partnered with Ebay Australia to encourage customers to resell preloved Oroton items in return for an Oroton voucher, in an effort to contribute to the circular economy.

INCLUSIVE AND DIVERSE REPRESENTATION

Another consumer value that is gaining momentum is inclusivity and diversity. According to the Centre for Inclusive Design (CfID), a social enterprise that works with partners to deliver policies, products, services, and experiences which are accessible to all, there is an opportunity for Governments and businesses alike to build lasting relationships with Australians to create an inclusive society.

And the retail industry is no exception. When it comes to beauty, Statista estimates that the beauty industry in Australia alone is worth \$8.6 billion, while the World Economic Forum regularly references a statistic that suggests the spending power of people with disabilities worldwide is \$8 trillion a year.

As more and more consumers look for inclusive and diverse representation and accessible products and services, we're seeing retailers striving to create an inclusive environment and serve an almost untapped market, positioning themselves as inclusivity and diversity leaders.

One brand that recently entered this space is cosmetics brand Holme Beauty who recently added a new lip liner to their collection with a unique square barrel to aid grip, designed specifically with accessibility in mind and in consultation with a prominent disability advocate (in another



display of their commitment to accessibility, all new outer packaging includes braille).

IN-STORE REMAINS IMPERATIVE

Despite the boom in online shopping, there is still a huge demand for physical stores. The ACRS Retail Monitor report (2023) found that for the apparel and personal care (including beauty and cosmetics) categories – the top two purchase categories for Australian shoppers after groceries – physical stores remained the preferred purchase channel over online

“One key consumer value in both the Australian and global markets is sustainability, which is no longer a trend but a consumer movement.”

stores. Specifically, when it comes to buying clothing, footwear, and accessories, 72% of shoppers prefer to buy from a physical store, whilst a similar trend is evident in the personal care categories (71%).

Despite shopper preference for physical stores, the in-store experience is usually rated somewhat lower on

certain aspects than the online shopping experience. When it comes to products for example, the shopper experience with product range and finding products are rated 5pt and 8pt lower for in-store than online stores, respectively. Product availability is another area of improvement for the in-store experience, with a rating

gap of 11pt in favour of the online experience.

But in good news for retailers, Australian shoppers rate the physical store and online experience on par overall, showing that retailer investments in the in-store experience do pay off, and this will continue to be the case looking ahead. ●



Infusing an opportunity

DAVID JONES' GENERAL MANAGER OF BEAUTY
ALICIA SHOOLMAN REVEALS HOW THE DEPARTMENT STORE
 IS CAPITALISING IN BEAUTY DESPITE THE HEADWINDS.

HOW IS DAVID JONES' BEAUTY CATEGORY PERFORMING RIGHT NOW?

It's certainly a tough environment with customers facing countless pressures, but we are really pleased with how our beauty business is trading and holding up. We're focusing on delivering service and services to bring the category to life for our customers, knowing that the right experience will convert them.

CAN YOU SHARE YOUR TOP-PERFORMING BRANDS?

At a category level, we see luxury skin continue to hold its own, driven by on-counter and private in-room services with our specialists. Fragrance is the unstoppable train that we are constantly challenged to keep up with from a stock demand point of view. We're seeing our timeless hero fragrances continue to be top picks (think Chanel, Dior, Tom Ford, YSL, Armani, Jo Malone, Prada) but in parallel, we have a new sub-set of brands that have emerged as in-demand favourites namely; Penhaligons, Creed, Chloe Atelier des Fleurs, Jean Paul Gaultier, Rabanne, Dolce & Gabbana, Burberry, Viktor & Rolf and Versace.

Other brands we're seeing impressive results from are luxury icons Tom Ford Beauty, Hermes and Sisley, whilst Estee Lauder and Lancome continue to stand up as pillars of the business.

HAVE YOU INTRODUCED ANY NEW BRANDS TO DAVID JONES'S BEAUTY SPACE?

We most recently launched Anastasia Beverly Hills online, with more exciting developments to follow when we unveil the final phase of our Bourke St Mall refurbishment.

We also recently added GHD to our offer online, with a store rollout to come, and then we have

Trudon and Ex Nihilo joining our offer around July, both stunning brands in the candle and fragrance space that will resonate perfectly with our customer

We then welcome back into our business Australia's most successful and iconic beauty brand ever created, That's all I can share for now however this is super exciting as it's a brand that our customers ask us for every single week.

Then prior to Christmas, we have another big bet brand launching which I also cannot announce just yet, but it's one of the hottest brands in Europe and the US right now and is perfect for David Jones as the house of designer brands.

Beyond those exciting new brands, we're also working to expand distribution for some of our launches over the past 12 months which have seen great success and are highly requested across our network, namely Ultra Violette, Colour WOW and Typebea.

HAVE THERE BEEN ANY SHIFTS IN BUYING STRATEGIES OVER THE LAST YEAR?

Not specifically; we always maintain a committed focus on being super agile as trade patterns and trends change, so I'd say the tough trading conditions have sharpened our focus on our strategies, as opposed to shifting them. We always collaborate incredibly closely with our brand partners to ensure we don't miss any opportunity but also don't buy ourselves into any issues, and we've seen this deliver us great success.

CAN YOU SHARE INSIGHTS INTO PURCHASING HABITS AND PREFERENCES?

We've seen a slight reduction in the number of units in our customer's baskets as macro-economic challenges increase, but

balancing that out is a trend of customers trading up into larger sizes in fragrance and skincare, as they offer greater value. So when our customers are shopping they are really investing, which is clearly a reflection of who our core customer is.

WHAT INITIATIVES HAVE YOU INTRODUCED RECENTLY ACROSS BEAUTY TOUCHPOINTS?

In-store we are really focused on being brilliant at the basics; staffing, service, services etc and are pursuing all opportunities to cross-merchandise between all of the DJ's departments. So we're popping up beauty in womenswear, men's, and home, and bringing trending lifestyle brands such as Frank Green and Stanley into beauty. Increasing our cross-shop remains our biggest opportunity to further build the beauty business at David Jones, so we're accelerating our efforts here.

Online, we're focused on enhancing our product pages to deliver greater product information, amplifying product recommendations, ramping up ratings and reviews and most exciting of all, launching an online booking tool for our in-store services which is long overdue.

WHAT TRENDS DO YOU FORESEE AHEAD IN THE BEAUTY SPACE?

We cannot see the fragrance obsession losing steam anytime soon, but I think the customer will continue to veer towards more sophisticated scents and brands in this category, as they chase what is unique and new.

And then skin and hair (both products and tools) will continue to build and take more of the customer's beauty spend, as the focus on health and being your best self, continues to build ●

Winners and losers

BEAUTY SALES ARE SURGING WHILE FASHION SALES ARE PLUNGING. ROY MORGAN CEO **MICHELE LEVINE** SITS DOWN WITH AUSTRALIAN RETAILERS ASSOCIATION CEO **PAUL ZAHRA** TO DISCUSS THIS CONUNDRUM.

MICHELE LEVINE: A RECENT KPMG RETAIL REPORT SAID RETAILERS SHOULD KNOW WHEN TO QUIT. PAUL, IS THIS A TIME FOR MANY RETAILERS TO QUIT THE INDUSTRY?

Paul Zahra: I'm not sure we'd want any retailers to quit. The retail industry has always been competitive. It's always had new entrants. It's always been challenging. And if you speak to any retailer, they'll always say 'this has just been the hardest year I've ever had.' Even in good times, they're complaining.

time to quit, I think if you're in the business of retail just to make money, you're probably an institution. And I think the institutional money will follow the money and some of that might leave. But if you're in the business of retail because you love it, you'll actually find a way and there will be huge opportunities. They'll be different as you say, Paul, and clearly, if we didn't see [global etailers] Shein and Temu coming, we can't tell you what all those opportunities are, but they will be there in this changing environment.

Paul: And that's a really good point, Michelle. I might just add to that. There are companies that are just so focused on shareholder return that are now getting exposed and I think that's because the customer is not being looked after. In this industry, there are four key stakeholders: It's the shareholder, it's the supplier and the supplier partners, it's their employees, and it's their customers. I'll use a non-retail example, but if you think about what Qantas has gone through recently, where they've been really focused on the shareholder versus the other elements, that's where you get exposed – in a world now of transparency, where all information is available and people can actually see right through a brand, rather than just the advertising.

Michele: Retail in 10, or even five years, could look very different. The emergence of what

I call industry killers - not the category killers of the 1970s, 80s, or 90s - but these industry killers coming mainly from China do threaten to change the entire game. So what do you think retail will look like in the future?

Paul: Retail operates in cycles - there's an up-cycle, there's a down-cycle - and the issue right now is we've got this collision of a cost of living crunch and a cost of doing business crunch that's happening at the same time. On top of that, you've got some really major foreign entrants that are coming through. I think [US-born global etailer] Amazon forced Australian retailers to lift their game in many ways. Whoever would have imagined next-day delivery or same-day delivery if it wasn't for Amazon. So you have to put that into perspective.

But now retailers are under pressure as they always have been, and it's because they've got rising costs, and at the moment they've got declining sales, and if I take my department store history [as former CEO of David Jones], you sort of needed to roughly get a 3 per cent sales increase to cover your 3 per cent cost increases. Well, that's completely been blown out of the water recently. It's like five to 10% in some cases, and we're not going to see 10% increases in sales - not even in food. So retailers are forced to batten down the hatches and think how do we do things better? And the solution is all in technology.



“There are categories that are still winners. And even in the luxury-end, in my experience, that customer has no care about what's going on in the economy.”

We're always going to be open to new entrants, and it's a changing landscape. And the consumer is changing consistently. So what we're seeing right now is that the consumer is completely under this cost of living crunch around that household dollar. I think it's important to know that the consumer is changing and that they're looking for different things, and not all retailers are giving them what they want.

Michele: Can I just add to that? When it comes to whether it's

If you wind forward, there's no doubt artificial intelligence is going to play a huge part in retail, because it does two things. It improves service because technology has a better chance of giving correct information to customers than a sales assistant ever can. And it's also got the ability to reduce costs. So when you look at AI, those retailers that embrace it will actually improve the service experience, and reduce costs, which is a great overall view.

Those of you who are dealing in industrial relations law know that - particularly under the current government - labour costs are going to continue to go up and up and up. We've always said we're happy to pay our people more, but we've got to see productivity improvements, and we're not seeing that. So that's where technology does kick in. But, of course, if you're opening a warehouse tomorrow, you'll be filling it with robotics, and that's the future.

MICHELE: GIVEN ALL OF THIS, WE'RE HEARING ABOUT ONLINE AND ROBOTICS IN STORES, SHOULD THE GOVERNMENT INTRODUCE TAX BREAKS FOR PHYSICAL STORE RETAILERS AS AN INCENTIVE TO KEEP GOING?

Paul: Of course, if the government gave us tax cuts we would take them. We would take them anytime. But in the retail community today, we don't think, 'Well, are you a physical store or are you an online store?'

Most of us think of ourselves as being omnichannel. Of course, Amazon is not omnichannel, but many of the best retailers in the world are.

If you think about COVID, everyone at the time saw online trading and digital trading as a major disruption, but today we see it as an insurance plan. Because if you didn't have an online store, you wouldn't be able to trade through the COVID years. When you think about all that from a tax perspective, you'd want to

see tax breaks for innovation and technology investment more than anything else, so then those physical stores can get that insurance plan.

Physical stores are a difficult one because nobody shops in one channel anymore. So you can't protect one channel. That's my point. Most retailers are reducing their physical footprint and they're investing heavily in digital. And that's where we want to get to, but we need to look at Amazon and ask why they've been super successful. We don't know their profit, by the way - that's the other piece of this. We're only seeing revenue. But the most successful profitable retailers are omnichannel retailers.

Michele: I would hate to see a world without shops, and I would hate to see a world that didn't employ people. So I'm for reducing the tax or removing tax.
Paul: I am too. Take the physical store for a moment - and small business, particularly; if we wind back to those COVID years, it was only those shopfronts that played a major part in the community for people to connect. They were often the only people that we would see during the day if we were to race out and get a loaf of bread. They play a huge part. The thing about the retail industry is it's such a visual statement; when we're doing well, it visually advertises when you walk past a store. But when we're not doing so well you see the for-lease signs. It's a very strong statement around what's happening in the economy.

MICHELE: FINAL QUESTION FROM ME: IS THIS THE WORST TIME EVER TO BE A RETAILER?

Paul: I'm not sure there's ever a really good time to be a retailer. Let's take a look at the poor supermarkets who have done really, really well... Coles and Woolworths right now are really hurting reputationally. Particularly Woolworths. If you look back about 12 months ago, everyone lauded over the results

of Coles and Woolworths. But now that the tide has turned, different government, different political settings, and different context - there's a backlash there that's happened.

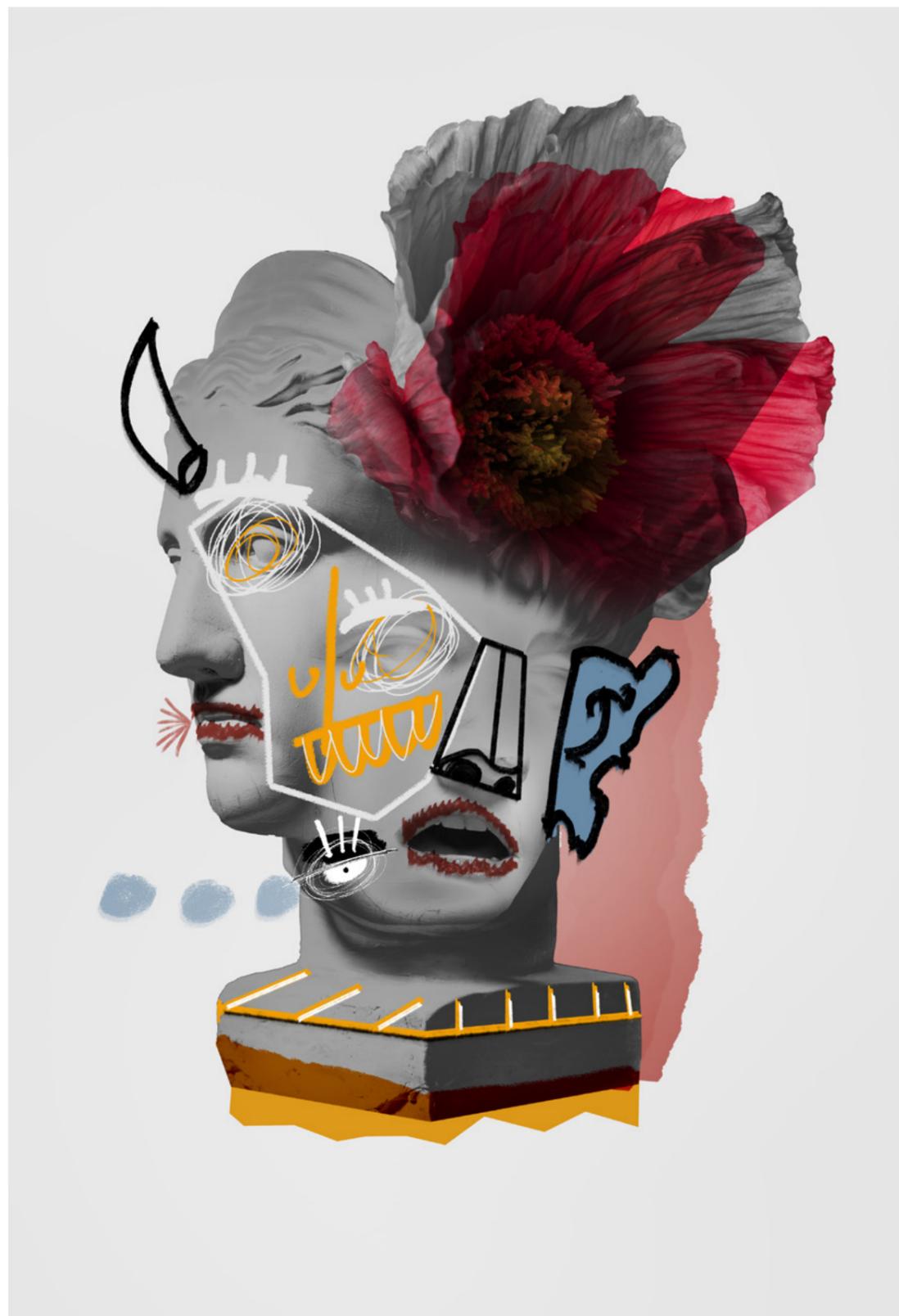
It's always tough to be a retailer. I often think of it in a slightly different way: Would you encourage your own child to open up a shop tomorrow as part of their future plan? Highly unlikely.

AUDIENCE QUESTION: OUR FIGURES SUGGEST RETAIL SALES WILL GO UP 1 PER CENT NEXT YEAR. BUT IF YOU TAKE INTO ACCOUNT INFLATION AND POPULATION GROWTH, ARE YOU WORRIED THAT IN REAL TERMS PER HEAD, RETAIL SALES ARE GOING TO DECLINE NEXT YEAR?

Paul: We don't see any relief this year at all full stop. But there's lots still to be positive about. The tax cuts are coming through, we're seeing housing prices going up, and we're all in jobs, near full employment. So there's a lot of positives. But it's a cultural piece around people looking for value just generally that will be slightly embedded for the rest of this year. We'll see some relief when we get to Christmas, but if you're a retailer right now - and it doesn't matter whether you are David Jones or the Reject Shop - it's all about value.

You can see how even our premium department stores are being impacted. Even the rich want to save because it's what everybody says we should do. They're still spending, but they're also looking looking for value. I'm hoping that 1 per cent does translate, and the key piece in there is it's what's up for grabs. That's the way I would describe it.

There'll also probably be a move to doing more service-related things - possibly travel, possibly other things that people have been holding off for - and that's what we need to see play out. That whole circular



economy piece has generated a big shift in consumer attitude that retailers need to be aware of. For those of you who have been to Selfridges in London, they've actually opened up a whole shop around customers being able to return goods, get them mended, and to sell secondhand goods. Who would have ever thought a department store would sell secondhand goods like this, but that's what's happening. And we're seeing that now coming to Australia.

The beauty about running a premium department store previously is that I'm seeing a lot of the trends in the GFC (global financial crisis) replay today. Department stores sit across so many categories, and in the history of a downturn in spending, 75 per cent of discretionary spending is done by women. And the trend generally is that women will stop shopping for the home first. And that's what we saw, the home category just plummeted immediately. Now, on top of that, during COVID, that's where we spent our money because we had nothing else to do with it. Then the next category that fell over was men's fashion. So women stopped buying for their husband. And then the next category was kids, and then the last category was the women's category. But what you've seen is, in fact, the cosmetic department is going gangbusters. The reality is it's easier to get a new lipstick and that way you update your wardrobe immediately without having to spend a lot of money. Those categories in some ways are recession-proof. And they continue.

So there are categories that are still winners. And even in the luxury-end, in my experience, that customer has no care about what's going on in the economy, and they just continue to spend, too.

Michele: The group of people that have been most hard-hit in

this economy are young families, particularly with children. And they're young, low-income families with children. What's really important about that is if we look at the way that the wealth is distributed in Australia, and always has been, it's the young families with kids that are negative. So people living at home are fine, everything's taken care of more or less. You go out and you have a job, but you don't have too much responsibility. Then, along come the children, and you then know what expenses are. You've possibly bought a house, in which case you've got a mortgage, or maybe you haven't bought a house, in which case you've got rent. And then you've got these little monkeys that need clothes, they need stuff, you can't go to work as much, you've got to worry about this. It goes negative. So these people have got a double, triple, quadruple whammy.

Paul: I don't have children, but I'm guessing there's this emotional stress too because they always want something and it's hard to say no. That's the pressure around what families have to go through.

Michele: It is also incredibly important to realise that not everyone's poor; not everyone's feeling the cost of living crunch. There's another thing that [Australian social scientist] Ross Honeywell talks about quite often: narrative economics. The narrative today is the cost of living crisis. Even if you've got two incomes and are doing really well, you're still surrounded by the conversation about the cost of living crisis and the impact it is having. We have to remember that we are not all needing to support the bottom-end. And in fact, government policy is doing a lot of work to support those lower-income families with children. And retail doesn't have to stop because that group is in real strife. ●



A touch of luxury

FASHION AND BEAUTY RETAILER HEINEMANN REVEALS HOW THE BUSINESS IS CAPITALISING ON THE AUSTRALIAN AND NEW ZEALAND MARKET.

Airport retailing is booming once again after a disruptive few years, and Heinemann is not wasting any time in the Oceania region. In the last year alone, the duty-free retailer re-opened an expanded retail footprint in Sydney Airport's international terminal and constructed two new retail stores in its T2 and T3 domestic terminals.

But now, after building more than 14,000 square metres of retail floor space in Australia across nine different stores - including in Gold Coast Airport - Heinemann has secured an official entry into the New Zealand market. And after a few pen strokes, Heinemann Australia has become Heinemann Oceania.

Managing director George Tsoukalas says the business will open a luxury timepiece boutique at Auckland Airport in May, with a fashion boutique launching in June.

As part of its entry, Tsoukalas says he and the Heinemann team spent the last two years conversing with Auckland Airport, learning its retail strategies and goals.

"We don't just enter markets; we partner with them on a journey," Tsoukalas says.

"We're working in five and ten-year timeframes with airports. We have tenders and businesses in Europe that we've had for 20, 30 and 40 years. For us, it's a long-term play."

Tsoukalas says the initial opening phase will be a test run of what brands work in the local New Zealand market. This will be

backed by market research, which shows that Auckland Airport isn't ready for the luxe offer that Sydney currently has. Sydney's international terminal now includes high-end brands such as Balenciaga, Bottega Veneta, Burberry, Bvlgari, Hermès, Loewe, Moncler, Prada, Rolex and Saint Laurent.

"But [Auckland Airport] knows that there's a consumer - both Chinese and local - that wants a bit of luxury," Tsoukalas says.

"So we're not opening a Chloé boutique or a Stella McCartney Boutique, we're opening what we call a 'Haus of Luxe', which will have five brands not seen before in the New Zealand market."

Tsoukalas then acknowledges the need for adaptability.

"The New Zealand market is different from the Australian market," he says. "Their expectations are distinct, particularly with a preference for supporting local brands."

"So we are also working on a few other initiatives from a stores perspective in New Zealand, where we will probably go less luxe, but more in that premium space, where we will look to introduce some premium New Zealand brands into that overall offer."

This product localisation strategy in New Zealand isn't a first for Tsoukalas and the Heinemann business. Amid the COVID-19 pandemic, when the only consumers available to Heinemann were locals, the duty-free retailer shifted merchandising.

"So in Australia, Chinese

tourism is a big part of our turnover," Tsoukalas says. "We knew at some point in 2020 that it was going to take a while for the Chinese consumers to come back."

"We refocused and made sure we were offering Australian and New Zealand consumers what they wanted to purchase at a duty-free store. And interestingly enough, we haven't deviated too much from that today."

Sydney Airport's latest traffic data shows that Chinese passengers are the second-highest in volume, behind Australians and ahead of New Zealanders. However, the volume of Chinese travellers is 17.6 per cent below 2019 levels.

Meanwhile, the capacity on direct routes to and from mainland China and New Zealand increased by 144 per cent in March 2024 compared to the prior year with five airlines operating to six Chinese destinations. Total passengers to and from mainland China were up by 169 per cent over the same period Tsoukalas says the Chinese consumer is one of the biggest spenders in luxury goods globally, whereas most Australians shop within the mainstream brand mix. He says this requires a delicate balancing act.

"We could have very easily opened up international brands in those terminals, but we really believe that the biggest opportunity from a revenue perspective is making sure that we've got what Aussies want," He says. "We also want to support Australian fashion brands."

“The new luxury consumer isn't as loyal as the consumer was many, many years ago. So they're not going into Dior and shopping from top to bottom.”

Tsoukalas says the variety feeds into the way the luxury consumer shops today compared to historically.

"The new luxury consumer isn't as loyal as the consumer was many, many years ago. So they're not going into Dior and shopping from top to bottom. They might be going to Dior for a pair of sneakers or a saddlebag, but they might be coming to us to buy a Vetements t-shirt, or a Chloé tote for the beach."

Alongside its retail expansion in Oceania, Heinemann also understands the value of online in the retail space - particularly travel retail. Tsoukalas says the company has worked hard to launch a new domestic website this year that allows shoppers to buy product 90 days out from either their departure date or return date in Sydney. It will also include local home delivery.

The new website and functionality were influenced by the business' international online presence, according to Tsoukalas.

"So what we're doing online, from an international perspective is ensuring we've got a billboard of brands that are available in-store, but also the ability for you to transact in those core categories

like liquor, and chocolates and fragrance and skincare and makeup," Tsoukalas says.

The new local website is also expected to drive revenue through the retailer's global loyalty program Heinemann x Me, with Tsoukalas noting that loyalty members shopping on its new website are 2.7 times more likely to spend than just a guest.

He adds that Heinemann isn't looking at those domestic benchmarks where an online platform needs to represent between 10 and 15 per cent of a company's total turnover. To him and his team, it's about tapping into the journey of the customer.

"From a marketing perspective, we're doing a whole lot of stuff, starting our interaction with passengers way before they get to the airport. So when you click on TripAdvisor, when you click on Flight Centre, we will be present. How do we become part of your holiday process prior to you coming into the physical store and standing there?"

"We want to make sure that we are sharing with you content that inspires you to purchase stuff that you either want or need, but stuff maybe that you didn't think you wanted or needed when you're in store." ●

Youthful opportunities

MYER IS TRACKING A NEW EMERGING CUSTOMER IN THE BEAUTY SPACE, ACCORDING TO GENERAL MANAGER OF MERCHANDISE ACROSS WOMENSWEAR, FOOTWEAR, ACCESSORIES, INTIMATES AND BEAUTY **ANNABEL TALBOT**.

HOW IS MYER'S BEAUTY CATEGORY PERFORMING RIGHT NOW?

Beauty remains one of Myer's top-performing categories and we pride ourselves on ensuring our brand and product offering has something for all budgets, from Chi Chi, Revlon, The Ordinary and Benefit Cosmetics through to Chanel, Tom Ford and Dior.

such as The Ordinary, Clinique, and SkinCeuticals.

HAVE YOU INTRODUCED ANY NEW BRANDS TO THE MYER BEAUTY SPACE?

We've introduced some of the most in-demand brands for our customers like Hermes Beauty, known for their superb formulations and elevated packaging. In fragrances, we've introduced niche brands like Initio and Nishane, as well as Estee Lauder's Aerin, a luxury lifestyle brand inspired by Aerin Lauder's travels.

HAVE THERE BEEN ANY SHIFTS TO YOUR BUYING STRATEGIES OVER THE LAST YEAR?

The beauty market is highly innovative and we have seen TikTok introduce younger consumers, including teenage boys, to skincare and new fragrances. There is a shift towards more intense fragrances, such as Eau De Parfum, Parfums, and Elixirs. In lipsticks, there's a trend towards tinted lip balms and lip oils, influenced by viral products like Dior's Addict Lip Glow and Clinique's 'Black Honey'. Multi-use products and convenient skincare treatments like balms and roll-ons are also trending.

CAN YOU SHARE INSIGHTS INTO PURCHASING HABITS AND PREFERENCES?

We are seeing customers get inspiration for makeup tutorials, skincare and beauty hacks from social media and it's now a greater focus for us, masterclasses also remain very popular amongst our customer base.

WHAT INITIATIVES HAVE YOU INTRODUCED RECENTLY ACROSS BEAUTY TOUCHPOINTS?

In-store, we offer great experiences for our Myer one customers like masterclasses with industry leaders, such as our most recent Jo Loves High Tea with Jo Malone CBE and Welleco Masterclass with Elle Macpherson. Online, we've enhanced product detail pages with rich information and videos, highlighted gift-with-purchase programs, and introduced a dedicated skincare chatbot. We're also trailing the SkinCeuticals Clinic at Myer Chadstone with plans to expand to other stores - the service offers customers expert skincare advice and personalised treatments.

WHAT TRENDS DO YOU FORESEE AHEAD IN THE BEAUTY SPACE?

Personalised beauty experiences will be key, with enhanced environments featuring brand-specific spaces and informed specialists such as makeup artists, skincare consultants, and fragrance sommeliers. ●

“The beauty market is highly innovative and we have seen TikTok introduce younger consumers, including teenage boys, to skincare and new fragrances.”

CAN YOU SHARE YOUR TOP-PERFORMING BRANDS?

Fragrance continues to thrive, particularly luxury and niche brands like Chanel, YSL, Tom Ford, Creed, and Parfum de Marly. We have also seen a growing demand for fragrances that cater to a younger male demographic in the last few years, especially from brands like Jean Paul Gaultier. Skincare and sun care products are also performing well, with high demand for items addressing specific concerns and with key ingredients such as Vitamin C from popular brands





Skin in the game

FRAGRANCE BRAND **BY ROSIE JANE** AND SKINCARE LABEL **BONDI SANDS** DIVE DEEP INTO AUSTRALIA'S BEAUTY MARKET IN THE ROUNDTABLE DISCUSSION.

IN THIS ROUNDTABLE, WE HAVE BY ROSIE JANE FOUNDER ROSIE JOHNSTON AND BONDI SANDS DIRECTOR OF BRAND AND CONTENT SARAH MORRISON. FIRST UP, CAN YOU BOTH PROVIDE AN OVERVIEW OF YOUR BUSINESS IN THE AUSTRALIAN MARKET?

Rosie: We sell the complete BRJ [By Rosie Jane] perfume and body care collection at Sephora Australia and New Zealand wide. Australia makes up about 5 per cent of our total business.

Sarah: Home of the sand, sea and sun, Bondi Sands is inspired by the iconic Australian summer and the desire to bring confidence to our global community through healthy, glowing skin.

We're the number one global self tan brand, with 47.9% market share in Australia, 32% in the UK and 21.1% in the US.

Our product portfolio covers three categories, self tan, sun care and skincare, and is available in all key pharmacy and grocery stores and online.

HOW DO YOU ENGAGE WITH YOUR TARGET AUDIENCE THROUGH MARKETING AND BRANDING EFFORTS?

Rosie: We have a broad customer base. Our target audience is anyone that loves fragrance and things that smell amazing, those people tend to be Millennials and Gen X. Although over the last year, thanks to TikTok, Gen Z is showing up in big numbers. We love our community and keep them part of the process. We pre-sample new product releases, ask for opinions and we

engage our community through social, digital and in-person events. Authenticity is our most important pillar and our community knows that.

Sarah: Our core target audience is Gen Z. They're highly tech-savvy and digitally connected. They use social media and digital platforms to discover and research products, with a heavy reliance on UGC [user-generated content] and reviews and recommendations from influencers and their peers. Our social media and influencer strategies play a significant role in our overall brand and marketing strategies. These platforms provide an opportunity to reach and engage with our core target audience in an authentic way.

HAS THE BUSINESS BEEN IMPACTED BY COST-OF-LIVING CHALLENGES?

Rosie: We have not seen that, it's actually the opposite. We are growing at over 100% year-on-year.

Sarah: Our product portfolio offers efficacious products at an affordable price point. Our self tan, as an example, is a salon quality product at a fraction of the cost. This has resulted in our market share remaining steady.

WHAT ARE THE TOP KEY CATEGORIES SOLD BY YOUR BUSINESS IN THE LAST YEAR AND WHY DO YOU THINK THIS IS?

Rosie: Fragrance is our biggest category and growing. But since 2023, we really saw a jump in our body and personal care category. I think people are

looking for products that do more for our sense of being and also have a strong position on environmental impact.

Sarah: Self tan is our strongest category. It was the first product we launched with back in 2012 and our core range is still performing well. We've recently launched our Technocolor range, which includes products for face and body, and provides an industry first custom tanning experience by tailoring formulas and active ingredients to cater to all skin tones. This was a significant development for the self tan category and gave us an opportunity to speak to a whole new cohort of consumers that may have never used self tan before or thought it wasn't for them. As a brand, we are committed to pioneering products that are inclusive and cater to the diverse need of our customers.

Our sun care range is also experiencing incredible growth, with product efficacy, accessibility and price point being the major drivers.

CONVERSELY, WHICH CATEGORIES ARE NOT DOING AS WELL AND HOW ARE YOU TACKLING THIS?

Rosie: We have such curated and considered offering, that we are not seeing this.

Sarah: While self tan is still our strongest category, we've seen an uplift in tanning oils and tanning aids, which is a concerning trend given everything we know about the dangers of exposure to UV. As a sun safety brand, our message to our consumers is simple, there's a safer way to achieve a natural glow that doesn't involve

“At By Rosie Jane, we don't follow trends, we focus on what matters to us and only bring out newness when we have something to say.”

sun baking and exposing yourself to harmful UV rays. Sun safety is one of our core brand values, and protecting future lives is something we are extremely passionate about.

HOW HAS THE RISE OF SOCIAL MEDIA AND INFLUENCER MARKETING IMPACTED THE WAY YOU INTERACT WITH CONSUMERS?

Rosie: Social media has had a huge impact on our business, seeding and having fans of the brand be able to share their real thoughts and feelings has led to such great brand awareness – but social media has to be part of a 360 campaign, it can't be the only lever you pull.

Sarah: Influencer and social media marketing has been a foundation of our marketing strategy since day one. We know that our target audience looks

to social media and influencers for trends and product recommendations, and by being active on these channels we've been able to connect with our global community and grow in each of our core markets.

WHAT CHALLENGES AND OPPORTUNITIES DO YOU FORESEE FOR THE BEAUTY INDUSTRY AHEAD?

Rosie: The biggest challenge I see in beauty is over-saturation. At By Rosie Jane, we don't follow trends, we focus on what matters to us and only bring out newness when we have something to say. Staying authentic and focusing on producing amazing products is our key focus.

Sarah: There's been a real shift towards enhancing your natural beauty, which is a great opportunity for us to showcase how our products can protect and enhance your skin. We have a consolidated range that offers full skin protection, with many of our products being a skin care and sun care hybrid.

The importance of wearing SPF daily is becoming more commonly recognised and we're starting to see the integration of SPF into daily beauty routines, particularly in Australia.

Personalisation is also becoming an expectation of consumers and our Technocolor range was an initial step in pushing the boundaries of the self tan industry to be more personalised and inclusive.

Moving forward, we'll be focused on providing our consumers with products that enhance their natural features and give them healthy, glowing skin. ●

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