

It's the experience stupid!

The honeymoon is over for South African retailers. According to figures released by Statistics South Africa last week, retail sales have fallen for the first time in nearly seven years.

Stats SA figures revealed that retail sales for the whole of last year grew 5, 1% at constant prices, slowing from 9, 6 % in 2006 and the lowest rise since 2003. During the final quarter of last year they grew 0, 3% — also the lowest pace since early 2001. The retail sector is the economy's third-biggest.

Some economic commentators are of the firm view that retail sales are likely to remain in negative territory in the first quarter. Craig Cesman, CEO of audio branding experts DMX Music Africa, concurs that sales growth is likely to remain flat for the near-medium term and this is an ideal opportunity for retailers to act.

How can a retailer survive this tough market conditions?

Cesman says, it's well understood that it's more expensive to get new customers than to retain old ones. And once you lose customers it can be very expensive to get them back.

"Retailers need to create an experience that makes customers want to return more often and remain loyal to the brand and the brand experience. It's a 360-degree approach... incorporating staff attitude, the feel of the stores, the connection that customers have with the brand. Music can play a role in all of these," argues Cesman.

He continues: "It has long been known that music is a powerful tool that can alter the mood, emotions and behaviour of people, and now smart South African retailers and businesses have taken a fresh, rewarding approach by putting that philosophy into practice with their in-store music."

Shopping is not just about merchandise: it's about experience. In many categories, contends Cesman, the merchandise from different retailers is quite similar, it's the overall experience that defines the brand and the connection the customer has with the brand.

To paraphrase Bill Clinton's famous election line: "It's the experience stupid!"

Cesman also believes that competition in the local retail industry, particularly the fashion retail category, is not nearly as competitive as the UK, Europe or the US where you have a dozen brands all vying for the same customer.

"That level of competition doesn't exist here and it's that level of competition that stimulates innovation, service and a focus on the overall experience," says Cesman. But with the economy cooling down, competition should certainly increase as retailers compete for a smaller purse, and for greater share of a customer's wallet. Maintaining customer loyalty is key to achieving this.

Earlier this month, South Africa's leading homeware store @home stole a march on its competitors by becoming the first local retailer to create an in-store CD — in response to intense customer demand.

"In our work with @home it was very important to create a unique, consistent atmosphere that would differentiate them from the other players in the hyper-competitive homeware industry in South Africa," says Cesman.

Cesman concludes that businesses need to realize that music is not just a means to enhance store ambience; what is more important is that the wrong in-store music can hurt sales and ultimately damage the company.

According to Cesman, DMX's offering is unparalleled in the market because DMX has

been at the cutting edge of audio branding for more than three decades and its success in the industry is underpinned by insights into consumer lifestyle behavior.