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Leverage your levy



'Marketing levy' is a phrase that can ignite great passion in retailers tenanted in shopping centres, not all of them positive. An ex-centre marketing manager reveals how retailers can get better value from their marketing levy.

By Julia Zivanovic

Retailers, when was the last time you had a coffee with the marketing manager? Does your centre hold category meetings? Do you ever attend them? If you have answered in the negative then now is the time to change all that. Attend category meetings, ask questions and provide constructive feedback. Schedule a meeting with the marketing manager for an informal coffee at a neutral place like a cafe. When you meet, have your marketing calendar handy so you can have a look at the promotional calendar for the centre and see how well it supports your activities. Explain how your business works, who you're targeting as customers, and what your staff say about customers and the centre etc. Ask about some of the topics listed further on in the 'information is power' section. Communicating such things can be beneficial to both of you. As a centre marketing manager I have at times changed the timing and focus of planned promotions for the centre to better link in with retailers who shared their marketing plans with me.

Marketing managers want activities that deliver traffic to the centre and sales to the retailers, but it's a lonely feeling being a marketing manager in a centre if retailers rarely engage in the process. Retailers' feedback helps shape the annual planning process and the development of the marketing plan and promotional calendar. In addition, retailers honestly need to say how promotions worked and the extent to which they increased sales. Hard data like sales can be measured and tracked to indicate performance of marketing activities and show where there is a need to intervene if things are not working to plan. It can be a defensive environment in centre management, so it's important to be constructive when providing feedback.

Information is power

Centres come in all shapes and sizes and are marketed by a wide range of personnel of varying skill levels. In a really small centre, the centre manager also wears the marketing hat. Regional centres may have quite a large marketing team. Therefore, you need to be realistic about the level of marketing that can occur and the limitations of the marketing budget available.

Here are some things to check for to ensure the information supporting the spending of marketing levy dollars is known, and accurate.

Trade areas

These need to be defined properly. This means not just assuming the areas form concentric circles of 5km and 10km. Research, in the form of an intercept survey, will indicate where customers come from, and how often, for different categories. One centre I managed discovered the trade area shape was more like a pear drop. This meant better insight for media buying and for letter box delivery of promotional materials such as catalogues. Correctly targeting customers means higher traffic and sales, keeping competitors at bay. For most centres the geographical boundaries also provide a sound reason why TV advertising (a scattergun approach) is wasted money compared to the surgical precision of local newspaper, outdoor and letter box options.

Customer profiles

Particularly in areas of rapid development and/or population growth or demographic shifts away, research must be undertaken regularly to supplement the census data that diminishes in value after about 12 to 18 months of being released. Marketing managers should know the profile and buying behaviour of the centre's customers by heart and have it underpinning the rationale for decisions. Often local councils update the profile of the population within its boundaries, lessening the expense of undertaking primary research for many smaller centres. Changes in population can mean a change in marketing to communicate new offers to the existing customers or recognition that geographical population changes mean targeting new markets.

Competitors

Check whether the marketing manager is aware of the centre's main competitors for various categories. Do they clip competitors' advertising and newspaper articles? Do they visit the other centres and analyse the success factors? Do they subscribe to the trade magazines for marketing and shopping centres? Do they join the other centres' loyalty programs, seniors and kids clubs to get the information first hand? Can they reel off the stats for competitors in terms of GLA, number of stores, MAT etc? In other words, do they live and breathe the centre and its external environment?

The plan

A marketing plan, promotional calendar and media schedule should be available for levy payers to view. Remember, these do need to be flexible to a certain degree so the marketing manager can react quickly to unforeseen changes or opportunities. As some retailers have multiple stores, often in competing centres, do not be surprised if you get the top line version of the marketing plan and the detail is omitted. I used to do this to avoid retailers' staff talking about my plans to other centres. Competitive advantage and any element of surprise can be lost, and that does damage sales. So please do not be offended if a summary is provided to

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Communication

Retailers are a hard group for centre management to gather in one spot at the same time, just because of the hours retailing involves. Therefore, there will be some reliance on communication by phone, memo, or email. Given the nature of retail with staff changes and shift changes, try to ensure there is a system in place for your staff to flag communications from centre marketing. This is because there are often deadlines that cannot be extended if the marketing manager is seeking participation in a marketing activity. Good centre marketers will try and provide an outline of what the marketing activity is about, what is actually required from retailers and how you can indicate your involvement. Losing the information, or putting it aside to look at later (and never getting around to it) can mean a missed opportunity to boost sales at very little cost or effort for your store and its staff.

The centre in context

A fallacy in shopping centre marketing is that the focus should be on advertising and promotions alone (and, unfortunately, some marketing managers also have this belief). In order to understand the broad range of activities a centre should undertake, the question needs to be asked about the purpose of marketing the centre. To a retailer, it may be as simple as more sales. However, a centre is a multifaceted business in a community. Therefore, marketing has a broader purpose and is multi-layered in its approach. A theory, and not one I subscribe to, is that centre marketing is purely destination marketing. This means getting the customer through the entry doors and the rest is up to the individual retailers to make the most of the traffic and generate sales. A good marketing manager realises that marketing and PR activities will need to be conducted, not only at a destination (or brand) level for the centre, but will also include community relations activities (including issues management), media relations, investor relations (usually to inform analysts how well the centre or property trust is doing), retailer relations and stakeholder management (local council, community groups etc). The importance of the groups mentioned cannot be underestimated in their value of providing the centre with its 'licence to operate' and its loyalty base.

Advertising and promotion are, of course, a vital part of the marketing mix. However, it can be misapplied. An example I often saw was the use of event-based marketing. This means the event is the attraction to draw traffic to the centre (often provided free of charge to shoppers) without any real link into generating sales for retailers.

In my experience the worst offender would be school holiday activities. I used to watch as parents came in with the family, engaged in the activity and then left straight after. It was lucky if they hung around to buy a drink and chips for the children. Retailers also hated big events that blocked traffic flow and access to their stores for 'real' customers. This is a valid point.

Make a point of asking, on promotions, how they generate sales for retailers? There has been a trend towards requiring a spend of \$5, \$10 or \$20 to qualify for competition entry. This is way too low as it only rewards shoppers for their normal spending behaviour. The whole point is to move shoppers above the average spend in the category being promoted. I used a range of spend points, even up to \$100, and all were successful because it depends on the type of promotion and the category average spend. To be fair, many marketing managers may not know what the average spend is for all categories. This is where your expertise can help them in understanding how people buy and what appeals to them, and thus where the spend point should be. Your suppliers can also be of interest to the centre marketing manager as a source of promotional items, access to personalities and demonstrations. Try to think creatively when approached to be involved in marketing activities.

In summary, it is possible for you to ensure the levy delivers value for your store. The first step is to build a good working relationship with the marketing manager, ask lots of questions, provide support through constructive feedback and sharing of information, and attending category meetings. Together, more can be successfully achieved.

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