

# APPLIANCE RETAILER

THE BUSINESS MAGAZINE FOR THE CE COMMUNITY / NOW IN ITS 20TH YEAR

JUNE / JULY 2016

## MID-YEAR REPORT CARD

MAJOR RETAILERS AND  
SUPPLIERS OPEN UP



## THE GOOD GUYS

WHAT AN IPO MEANS FOR  
THE INDUSTRY?

## AR SOCIAL

WRAP-UP OF KEY  
INDUSTRY EVENTS

## BENCHTOP APPLIANCES

MULTI-USE FUNCTIONS IN  
HIGH DEMAND

## FATHER'S DAY

ORAL CARE TIPPED AS  
GROWTH AREA

**Tefal**



*of ideas changing  
your life*

**Tefal**  
Cuisine companion

Made in France





**NICHOLAS FRY**  
National Group Manager  
Leading Appliances

**The year so far:** We are delighted with the first half of 2016, recording consistent growth in sales and profitability over the same period last year. We've ramped up our marketing activity in the past six months, we've signed on new members, we've

enlisted new suppliers, and as a consequence we're seeing a really positive upward trend in our business. Having just celebrated our third birthday, the Leading Appliances brand is becoming more established and recognised, as a result, customer awareness and loyalty is reflected in our sales results. It must be said, however, that as a majority of our members are in regional townships, they are subject to the nuances of their local regions, and are affected by issues such as drought, factory and mining closures and youth unemployment. A lot of our members face ongoing and challenging circumstances in their local communities, but they are all resilient, and remain stoic, positive and proactive.

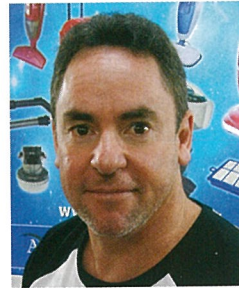
**Second half predictions:** Whilst the retail sector remains challenging, there are some green shoots in the general economy, and consumer confidence is starting to consolidate. Our economy has grown at 3% in the past 12 months, and the Consumer Sentiment Index has consistently been above 100, where optimists outnumber pessimists, since November. The demise of Masters and Dick Smith doesn't help consumer market perceptions, but I am very bullish about the second half of 2016, and expect our growth trend to continue. We are launching a national TV advertising campaign in June, we have the Olympics in August, and there will be other opportunities throughout the second half of the year to drive business in the lead up to Christmas. I guess the lead up to the federal election in July will temporarily slow economic activity, as it habitually does, but beyond that there's plenty to look forward to.

**Market opportunities:** The Leading Appliances business dictum is 'Real Service, Real People' and we are clearly focused in our business on the level and quality of customer service we provide our customers. I believe the greatest opportunity for our industry is a renewed focus on improved levels of customer service to overcome the debilitating 'price down' mentality that pervades our industry. Stepping away from price discounting for no tangible reason and a return to quality, professional, friendly and knowledgeable customer service is a glaring opportunity for the industry. It's worth remembering that 'profit' is not a dirty word, and a lot of our members are benefitting from overcoming discounting by adhering to the provision of good old fashioned customer service. Those suppliers who invest in staff training will benefit most from this. An educated, informed sales person will sell the features, benefits and virtues of their products, not just the price.

**Industry threats:** The race to the bottom in search of market share has led to ongoing price and profit pressures for all retailers. This is a huge threat to the industry, because as profits decrease pressure comes to bear on all stakeholders. This transcends across to eCommerce, and the fact that many retailers have forgotten that the main reason consumers shop online is not price, but convenience. The focus must move away from not who can be the cheapest, but who can provide the best service and most professional and satisfying shopping experience for the consumer. The consumer is very discerning with their spending habits, and the dollar stretches only so far, so any

competing industry is a threat. We have the advantage of being an exciting technology-driven sector, which engages consumers, so we need to focus on the product, the features, the incredible new technologies resulting from the Internet of Things, and stop driving prices down.

**Best product for 2016:** Laundry products are a major component of our business, and we've seen a directional focus from the major brands on a 'bigger is better' product adaptation in recent times. Washing machines are now available with a huge 10kg capacity, and the new Simpson 10kg top load washing machine (SWT1042A) is a personal favourite.



**GARTH MICHALSON**  
Managing Director  
Cleanstar

**The year so far:** Australia is definitely a tough climate at the moment. Despite this, Cleanstar has continued to grow. This is due to the fact that we offer our clients great margin and service backup with our quality floorcare products. We also have

a great salesforce who visit our clients on a regular basis and our client base appreciates this and reward us accordingly. Our brand reputation is of utmost importance to us and that's why we have been able to further expand our range and client base. We are also enjoying the trends that are currently driving the floorcare market.

**Second half predictions:** We are very positive that we will continue our growth in the second half of the year as we introduce some new and innovative floorcare products that we believe will excite the market. We will continue to offer good old fashioned service to the industry that is lacking with the large corporate brands. We also do not compete with our clients like some of the major brands by going direct to the consumer and this is why we know we will continue to experience year-on-year growth.

**Market opportunities:** Innovation is the key to new opportunities in the electrical retailing industry and offering clients a point of difference. Battery powered floorcare products are very popular as the consumer is obsessed with convenience and they are happy to pay for it.

**Industry threats:** I believe that cheap imports are the biggest threat to the industry. Machinery that is not electrically approved and also products that are manufactured cheaply where costs are cut to keep the prices down. We believe the public's safety can be compromised. Another issue is that some brands don't offer backup parts and a service network. If the consumer requires service backup with a Cleanstar product, we have a very extensive service network around Australia to help them. It is our philosophy to work with the reputable floorcare manufacturers around the world to produce the most reliable and safe equipment for the consumer. Sometimes it is not all about price but offering quality product that lasts. As previously mentioned, another threat is the fact that major brands are now selling direct to the consumer, especially online, and therefore they are competing with some of the major electrical retailers. Cleanstar does not do that. We do not compete with our client base, but rather support them with great product, service and high margins.

**Best product for 2016:** Watch this space. We are currently innovating and will be ready to introduce a new product into the floorcare industry in the second half of the year. Not much more to say at this stage.

### Smeg Victoria Built-In Oven

The collection builds on Smeg's original freestanding Victoria models and comprises 60cm single and double ovens, with the option of pyrolytic cleaning, plus 45cm high compact models and warming drawers. The flagship SFPA6925 oven boasts 16 cooking functions and 20 SmartSense menus.

RRP: From \$3,290  
Smeg: 02 8667 4888



### LG French Four-Door Fridge (GP-5D906BSL)

Key features of LG's new refrigerator include a world-first triple filtration ice and water dispenser, fingerprint-resistant stainless steel finish, new measured fill function, inverter linear compressor with 10 year parts warranty, as well as smart diagnosis.

RRP: \$6,699  
LG: 1300 542 273

### Lightair Air Purifiers

Swedish company, Lightair, has introduced a range of air purifiers with no moving parts, filters or fans. It delivers a silent, effective and power efficient solution for any space. Ion Flow 50 technology removes the smallest air particles.

RRP: From \$599  
Achieva Technology Australia:  
02 9742 7800



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Schmick  
RRP \$99



Zest  
RRP \$69

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