

Myer australia case

Business



Firm overview Myer is an iconic Australia department store brand for over 100 years. It has grown through a combination of organic growth and acquisitions. Myer currently operate 65 department stores in all major shopping centres across Australia. It targets a broad range of Australian population, offering more than 600, 000 product lines from over 800 suppliers internationally. The group employs 14, 000 people and majority of these employees will be on the floor. As a leader in this industry, Myer generates total sales vale of over \$3.

illion in financial year 2009, and it has estimated the potential impact of new stores and private label on sales and earnings in the next four financial years. Myer issued the initial public offer of shares (IPO). Strength As a result of the turnaround initiatives undertaken and the large capital supported, Myer's competitive advantages have been expanded. Over the last few years, Myer has a better economic profit than the average amount in the industry. Apparently Myer has a well-recognised and reputable with a history of 100 years and the offering f private label enforce the brand strength in some ways.

Myer aims to provide customers with a broad range of product categories.

It also offers a wide range of domestic and international brands at different price points. Myer has strong distribution channels that include four distribution centres and four international centres which provide productivity and increased international sourcing of products. As mentioned above, Myer operates 65 stores in the prime locations currently and therefore strong national store network is set up which difficult to replicate and apture.

Moreover, Myer has a strong customer base, with over three million members of Myer one loyalty program. According to the data, it is approximately 185 million visits in FY2009. Challenge The challenge of Myer is how to assess and minimize the risks.

In the current situation, there are risks arised from both macro environment and micro environment. The macro risk faced by Myer is the systematic risk which cannot be controlled or predicted by Myer. The financial performance of Myer and industry will be affected.

The current economy conditions in Australia have been relatively stable. However, it is not a guarantee that Myer will achieve their objectives during the next financial period. On the other hand, there are a number of risks specific to Myer's operation.

The first one could be execution risk. As Myer is running a number of projects in parallel, it is more likely a failure of which could occur. Also, property risk may affect the new stores roll-out program. New stores will attribute a large part to Myer's financial growth in the report.

If there is any impact from macro economy or the EBIT protection, the new store or refurbishment could be delayed. Therefore it may not achieve their objectives properly.

Moreover, inventory risk is the key risk for any retailer company. Change in any of the conditions such as weather, competitor offering could potentially result in a reduction of sales, or inventory write-downs. Furthermore, other

challenges could arise from the change of customer preferences and affect Myer's financial performance.