

# The Australian market

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Some of the main changes taking place across the retail environment in Australia include globalisation, increased competition, and the changing tastes of the Australian consumer.

Management accounting can assist managers in combatting these changes by actively seeking ways to reduce costs as well as analysing data for both the supply-chain and value-chain. Adding utility by identifying areas to improve profitability and efficiency is essential in the changing retail environment. Technology has changed how consumers spend and managers need to evolve to meet the ever-changing demands of consumers.

Techniques to monitor strategy and performance, stock levels and gross margins are vital, as are continuous improvement and benchmarking.

The Australian market is attractive to global companies and arrival of Aldi and Costco in particular has caused disruption to the Australian retail sector. The increased competition has seen retailers having to improve inventory management and reduce costs to stay competitive. This especially impacts smaller retailers.

Demographic data shows that composition of the average Australian household has changed. Australians are richer and busier, there are more professional couples with double-incomes. The Australian Bureau of Statistics (ABS) has a great deal of data that can assist managers in not only knowing what consumers are spending their income on but also how and where they're spending it.

Rebel Sports has prospered in Australia by utilising management accounting techniques in conjunction with data analytics. By merging its two brands it

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has saturated the market with the Rebel Sports brand only. A flagship store in Sydney showcases a new floor layout that promotes the ecosystem of particular sports. Rebel Sports have taken the philosophy that it is not just about the product and the price, they are attempting to have a bigger conversation with the customer.

Staff have been retrained to have these conversations and to promote complementary sales. Rebel Sports have implemented heat-mapping in their flagship store. This data will indicate hot and cold spots, the areas customers are walking to, where they dwell and where they do not go at all. The results will show managers what ecosystems are working, which will influence inventory, floor layout, pricing and thereby leading to an increase in sales.

Traditional department stores such as David Jones and Myer are examples of businesses that are struggling in the Australian retail environment. High rental prices are a key factor with long-term lease contracts cutting into profits. Landlords are not reducing rental prices despite attempted negotiations.

The sheer size of the floor space in these stores is inhibitive as consumers have changed the way they shop. Mission shopping is where consumers have researched, viewed online and made a decision before even entering a store. Bricks and mortar stores must engage those customers whilst they are in-store. As an example, Macy's in the US have a pop-up movie theatre to keep customers in-store longer.