

Experts Warn - Retail May Take Years To Recover

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Cycle of discounting training shoppers to expect and seek reduced prices

Experts have warned that retail may take years to recover with continual sales over the past year having trained consumers to expect and only accept reduced prices.

The warnings come as research group TNS's Discount Retailing Study found that 65% of Australians perceive retailers to constantly have sales at the moment.

According to TNS's director of retail and shopper research, Chris Kirby, the cycle of discounting has set a precedent for consumers and many are now unwilling to pay full price.

"Consumers are no longer willing to accept the first price they find; they know there's a good chance of finding it cheaper somewhere else," Kirby said. "In essence the industry is training us to become professional, if not predatory, consumers, or what we're calling 'prosumers'."

"This more proactive group of consumers display a high willingness to search for information, engage with brands, bargain for the best deal and access and contribute to word of mouth and user reviews."

The internet has also played a key role in the advent of the prosumer, with 97% of online Australians (85% of the Australian population) researching products they intend to buy online.

This is true for the majority of product categories; even in consumer goods categories like cosmetics, online consumers are equally likely to research online as offline. Price comparison and online retailers are key information sources referred to.

TNS's Discount Retailing Study also found that, in the lead up to the end of financial year, only 23% of Aussies were waiting for mid year sales to make purchases. Retail figures recently released by the Commonwealth Bank's Business Sales Indicator (BSI) support the notion that the mid year sales were nullified by the ongoing sales of the past year.

The BSI recorded store spending decreased by 1.7% in the month of June .

In contrast, online discount retailers are reporting strong sales. CatchoftheDay.com.au claims to be moving thousands of technology, household and other products on a daily basis - <http://www.youtube.com/user/QQQXVII?blend=2&ob=1#p/u/24/F9qZ8qMu-dc>

Discount Retailing Study was conducted in April and June with 1,000+ Australians.

About TNS

Please visit www.tnsglobal.com for more information.

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