

The ABC of Australia's most valuable retailers

As technology continues to reshape the business landscape, Aussie retailers are keeping pace with the best brands across all industries.

Australian retailers hold 11 of the top 40 places in the inaugural **Brand Z™ Australia's Top 40 Most Valuable Brands** report, led by sixth placed Woolworths and seventh placed Coles.

Both retailers previously have listed within the most valuable global retail brands.

Together these 11 brands are valued at \$19,550 million and comprise 19.2 per cent of Australia's total top 40 brand value.

Retailers are exceptionally strong brands in Australia

Collectively, retail makes up half of the top 10 healthiest brands in Australia and it outperforms almost all other categories in consumer trust, being more trusted than large sectors like banking, insurance and even airlines.

Even more remarkably, retail makes up 60 per cent of the most innovative Australian companies, as technology continues to reshape our retail landscape.

A necessary step since digital transformation, artificial intelligence, and the accelerating speed of change has significantly reduced barriers for global and geographically distant competitors to enter and disrupt markets with greater efficiencies, reduced costs, and consumer access to highly desired global brands – think Amazon, Aldi, Ikea and TK Maxx.

Global companies see Australia as an attractive, and stable, last frontier.

But to that end, Australians are shopping around and looking for ways to make smart purchase decisions and are mindful of the fact that the world is an uncertain place that requires a degree of caution when it comes to spending.

Generally, Aussies are loyal to locally-produced products but while two-thirds prefer to 'buy Australian', they will only do so if it is no more expensive than buying global brands.

Here are the key insights identified in the 2018 report for all Aussie retailers to consider.

A is for Amazon – asking Aussies to shop differently

In just over six months, Amazon has become Australia's second strongest electrical retailer and third strongest DIY outlet – an indication that consumers are willing and wanting to shop at Amazon.

More than one-third of Australians have already purchased products through the e-tailer with between 10-20 per cent regularly buying. In fact, a staggering half of Australians say they will considering buying from Amazon in the future.

B is for Bunnings – quantitatively the healthiest brand in Australia

A great example for other companies in how to improve on the key indicators for brand health, meaningful difference, and overall brand value is Bunnings.

“...over a nine-year period, the brands that grew the most are those perceived to be meaningfully different and to have great advertising.”

Though not the largest brand in terms of brand value, in almost all categories that measure brand strength, Bunnings ranks as the best of the best in communicating uniqueness, garnering love that consumers have for the brand, and implementing innovative retailing strategies.

C is for Content – invest in digital and create content that people like

Our analysis shows that, over a nine-year period, the brands that grew the most are those perceived to be meaningfully different and to have great advertising.

Aussie retailers experiencing growth challenges should make developing strong content a priority.

D is for Dan Murphy's – doing it by disruption

Dan Murphy's along with Bunnings comprise two of Australia's most disruptive brands.

Successfully disruptive brands can quickly gain momentum and fuel rapid expansion. Aussie retailers can take their cue from the fresh ideas and new approaches of these brands to defend against foreign competitors while forming and strengthening relationships with local customers.

E is for Entertainment – shopping is no just longer just about buying things

Whether in a bricks and mortar environment with like-minded people or in the virtual world, shopping is all about being in a space that reflects your own values.

And today, everyone is a retailer capitalising on retail therapy. In fact, the *BrandZ Top 75 Most Valuable Global Retail Brands* includes brands specialising in everything from business suits to bras to burritos.

Agile innovation and CX are essential to survival

Perception of innovation drives value with Aussie consumers, with the most innovative brands more than 140 per cent more valuable than the least innovative.

Locally, consumers see an innovation gap with the Australian top 40 perceived as less innovative than the top 40 in many other markets and far less innovative than the US.

This is not to say that there is no local innovation – flying the Aussie flag in the innovation stakes are retailers Dan Murphy's, Bunnings and Westfield. This perception of innovation is key for growth, especially as Australia's geographic isolation is being flattened by technology and access to global retailers and brands is just a click away.

A key component of this innovation in retail lies in leveraging data capabilities, which have become more sophisticated in recent years.

These assets allow retailers to not only capture behavioural data but also really understand the psychographics of the individual consumer and drill down to decision-making processes.

Ultimately this allows for better, more personalised communications and experiences, which is vital for growing brand love – people want to feel that 'this brand gets me'.

Keep things simple, match their language, continually test company messaging and learn about what resonates best.

Your customer is faced with an increasingly complex journey and fragmentation of brand choices – it's crucial to use insights to understand what makes them tick and optimise every step of this process.



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