

COULD OUR RETAILER SECTOR SUFFER THE SAME FATE AS THE MUSIC INDUSTRY? BOB STONEBRIDGE REPORTS...



Bob Stonebridge reports on a view of the future

Today's marketplace is changing dramatically as demographic trends, coupled with public sector constraints, mean more consumers are using their own funds to buy mobility and independent living equipment.

David Silver, director of the Years Ahead partnership, called for the industry to develop new business models to meet the latest challenges – including increasing competition from online sales – to avoid the same fate as other sectors such as digital cameras and music retailers.

"We are moving into a market where it's all about self-funding. It doesn't matter where the money comes from – even people who use local authority services will have their own personal budget – the power is moving to consumers," he told Trade Days delegates during two seminars sponsored by Patterson Medical.

"It's all about the consumer, more so than the product. The winners in this marketplace will not necessarily be the businesses with the best products, but the ones with the best communication and marketing strategies."

New business models for the future are formed on underlying principles of partnership and collaboration, said David, combined with maximising the potential of modern technology. "Technology is coming to this marketplace and if you exclude yourself from any technology partnerships, you exclude yourself from quite a bit of the future," he said.

David and his Years Ahead team have been involved in a three-year government-funded research programme at Coventry University. The Comodal project on consumer models for assisted living outlines new opportunities for products and services to support people with health, wellbeing and social care needs.

Four of the most promising business models for the industry, identified by the research, are:

- Complementor – two separate businesses come together to offer complimentary services. All the consumer's needs are in one place.
- Diversifier – products or services can be bundled together to provide a more

complete solution. A local partnership could be formed with a trusted brand.

- Independent Advisor (Broker) – an expert the consumer can rely on. This could involve an agent or a personal shopper.
- Insurance – monthly premiums protect against financial loss or need. The worry and uncertainty of the future is managed for the consumer.

Most of the industry's products are used by the 85-plus age group representing only six per cent of the population, said David, who urged the industry to focus on unlocking the potential of the 65-plus market.

"Think about the new AT consumer. If you capture somebody when they are 65 and starting to have problems, you can build a 20 or 30-year relationship with people. You can cultivate a value of a relationship that's 10 times bigger," he said.

Comodal research shows that only a quarter of consumers make buying decisions on their own, and David encouraged retailers and suppliers to produce a map of all the key stakeholders they should engage with, from sons and daughters to healthcare professionals.

Research into purchase barriers and enablers for building a more dynamic market revealed a mismatch between consumer views and industry perceptions. Most businesses highlighted cost as the major perceived obstacle to a sale, when for the consumer a product's price was far less important.

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“Most suppliers and manufacturers are totally out of touch with what consumers really think ... Provided the consumer feels they’re not being ripped off and they’re getting value for money, cost becomes a secondary issue. It’s about whether the product will help them to overcome their daily living difficulties,” said David.

Retailers also need to focus on how a product will improve their customers’ lives rather than talk about their conditions such as arthritis or joint problems. “It’s about daily living solutions, not conditions,” he said.

As statistics show that independent retailers’ share of the mobility and independent living market has dropped from 48 to 32 per cent,

businesses need to ask themselves if they are still relevant to their customers. David warned: “To survive long term, you must remain relevant and think about the market you’re in. The good retailers will survive.”

More information:
www.comodal.co.uk
www.yearsahead.co.uk



David Silver told retailers at Trade Days that they need to be aware of the technology now around in the marketplace

TOP 10 TIPS FOR ACHIEVING WHAT CONSUMERS WANT

1. Demonstrate the difference your product or service will make and bring it to life. Emphasise the lifestyle benefits.
2. Identify a clear consumer need and show how your product or service meets that need.
3. Show how the product or service will provide peace of mind.
4. Ensure the product or service is easy to use and understand. Tell potential consumers this.
5. Make your product or services as attractive and easy to buy as possible. Consumers should want it as well as need it.
6. Recognise the different consumer types. Understand how to reach and engage them through a variety of channels.
7. Invest in targeted marketing, know your routes to market and develop new business partnerships to broaden your reach.
8. Identify and address the barriers to purchase – why don't they buy? Use enabling methods, as above, to help you.
9. Provide try-before-you-buy or money-back guarantees to foster customer confidence along with excellent customer sales support.
10. Develop a relationship with your customers. Needs change over time. If customers buy one item they might buy more, keep in touch and follow up.

Source: Comodal project