

NEWS IN BRIEF.....

RETAIL CONSULTING AND PLANNING, ARCHITECTURE, INTERIORS, PROPERTY

RCG

Visit the RCG Blog: www.retailexaminer.co.nz

This week RCG celebrates 21 years of being in Business. We have produced a special Retailer Examiner issue, which reflects on those 21 years. If you don't receive a copy this week, let us know and we will forward you a copy.

It gave us the opportunity in the production of this edition to reflect on some of the key events in retail and property during this time. When we started in business, Westfield were only operating out of Australia, all their current interests were effectively owned by others headed up by Challenge Properties which subsequently converted ownership into St Lukes Group. Burger King was yet to arrive, and the largest shopping centre in the country was Manukau City. RCG operated with a Typewriter only and the fax machine was new technology. Despite the potential for the internet to threaten Retail Stores, the internet and retail have combined to be an effective tool for both retailers and consumers. Department stores have lost considerable dominance in the market and some traditional brands have disappeared. The Farmers Department Store has changed ownership a number of times, and The Warehouse has gained in maturity both in store numbers and sales as New Zealand's largest retailer. Australian Retailers have crossed the Tasman with a number of successes and failures. Chains like Kmart and Dymocks have failed to gain the momentum that they originally expected, and Sportsgirl, Katie's and Kliens didn't maintain their representation and have left our shores.

Most importantly, through the 21 year period, retail goods have actually become cheaper, and our population has grown substantially and will continue to grow, and we are becoming a nation of baby boomers. We identified that cash is not necessarily King in transactions. Its being replaced by credit cards as a means of consumer transactions. No longer do you need cash in your pocket!!

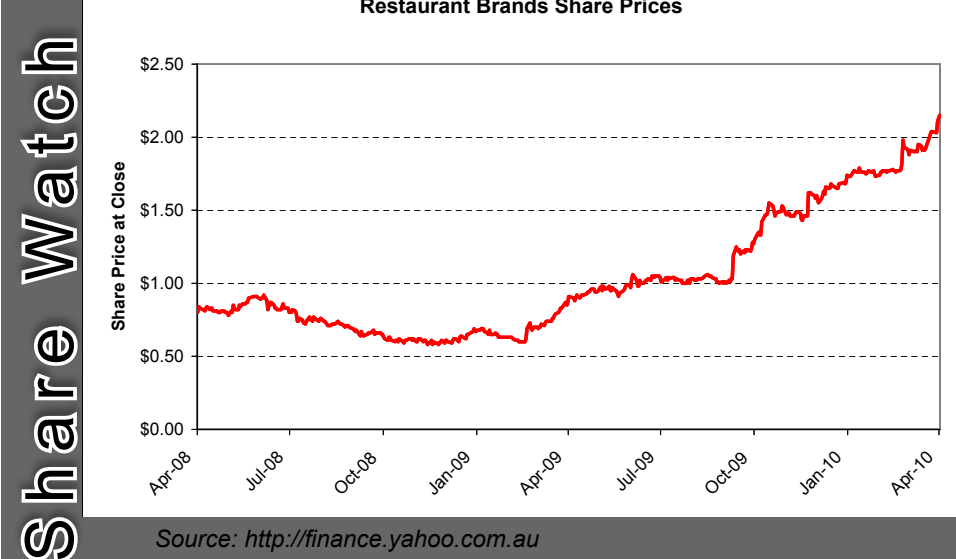
Eftpos was introduced in 1989, but it was not until the 1990s that it became widespread. Some retailers didn't accept its existence until the mid 1990s.

This brings us to today. Is cash no longer important? The National bank have recently sent out a flyer to all its account customers. Quote "From 21 May 2010, were increasing the amount of money you can withdraw from an ATM from \$1000 to \$2000 per day." The flyer goes on to quote from The Banks cash point card conditions: "Your card may be used at : ATMs for cash withdrawals up to \$NZ2,000 per 24 hour period, beginning at midnight and transfers between your accounts up to the available credit in the account from which funds are being transferred" Having read that your probably wondering why we are focussing on this flyer from the National Bank and its content?

Well how many people withdraw that level of cash at any one time? Few we suspect. Is this then a ploy to massage our thinking and next month another flyer will emerge advising us that Bank rates for the accessing of our own cash from ATMs will increase. We suspect this will happen. What we find increasingly hard to understand is how the Banks keep putting up their fees for us to access our own money. Check your account each month to see what the cost to you is for having your money in the bank and accessing it. It could be quite revealing.

The past 21 years have been great years for RCG. We also have matured, but our experience remains, and we continue to service our clients both in New Zealand and offshore. We intend to be here for another 21 years.

Restaurant Brands Share Prices 2008 - 2010



Restaurant Brands New Zealand Limited operates the New Zealand outlets of KFC, Pizza Hut and Starbucks Coffee. Good management decisions have helped push up full-year profits at Restaurant Brands 70 per cent to \$19.9 million. Its share price closed yesterday at \$2.10, the highest in eight years.

The bulk of the improvement was from a very solid performance by KFC. Its sales grew 5.5 per cent to \$223.2 million during the year, generating an EBITDA of \$8.3 million. A few reasons for growth were that the recession was forcing people to look for more affordable dining options, and near half of the KFC network was revamped. Another boost came from expanded menus, which were advertised heavily to attract new younger customers.

Pizza hut also benefited from new menus, with an EBITDA of \$5.4 million for the year, up 95% from last year.

In the Press

Local and international media highlights from 5 - 12 April 2010

Cadbury to open cafe chain

Cadbury is pushing ahead with plans to open a chain of branded cafes across Britain after receiving the green light from new US parent Kraft.

Cadbury said that planning for the outlets offering afternoon tea and an onsite chocolatier service is still in the "very early days."

(Source: www.insideretailing.com.au)

No duopoly, says new Foodstuffs head

The incoming head of the \$8 billion Foodstuffs supermarket group says he does not regard the supermarket industry in New Zealand as a duopoly.

Steve Anderson says Foodstuffs has a unique structure and while it respected its main rival Woolworths, "we're not having cups of coffee with them".

(Source: www.insideretailing.com.au)

NZ retailer in international push

A New Zealand retailer with an Australian presence is stepping up its international expansion. Icebreaker founder and CEO Jeremy Moon has set himself the ambitious goal of doubling revenues within three years.

The decision follows the merino-wool clothing maker opening more retail outlets, including a store scheduled for New York's trendy SoHo quarter in September.

(Source: www.insideretailing.com.au)

A new take on fashion retail

An internet start-up called Fashion Stake, launching soon, aims to shake up the fashion industry, just as peer-to-peer file sharing changed the music industry.

The model, inspired by Internet-based social media networks like Twitter and Facebook, taps into a growing business model called crowd sourcing where entrepreneurs go directly to customers for content, funding, and distribution.

(Source: www.insideretailing.com.au)

KFC boosts Restaurant Brands

Restaurant Brands is reporting full year net profit, excluding non-trading items, up 70 per cent to \$19.9 million.

The bulk of the improvement came from another solid performance by KFC, but both the Pizza Hut and Starbucks Coffee businesses recorded improved profitability, the company said today.

(Source: [NZ Herald](http://www.nzherald.co.nz))

Another string to Foodco's bow

Foodco Group, owner of the Muffin Break and Jamaica Blue chains has consolidated its portfolio with the purchase of its New Zealand counterpart. Foodco NZ holds the license to operate the Muffin Break concept in NZ.

In addition to Muffin Break and Jamaica Blue, Foodco also owns the Dreamy Donuts brand. Across the three chains, it has more than 250 retail outlets in Australia.

(Source: www.insideretailing.com.au)