

tive

When going gets tough, the tough get going

...er shake down those
...th the times. That means
...Some are doing just this.

...represent the winning of a war.
...And things are tough in the
...tropics.

...Berardo says the dollar is still
...making life very, very difficult and
...pages are "horrific" due to the
...ward conditions.

...He predicts more than half of the
...sort's restaurants will close on the
...statutory holidays through
...Christmas simply due to the cost of
...page loadings.

... "It is not a good thing for small
...business right now. It stinks as a
...matter of fact," he says.

...Other input costs are also rising,
...Berardo says the electricity bill for
...his larger restaurant has jumped
...from \$2500 a quarter to \$8000 in the
...last three years.

... "And we are pretty judicious about
...things," he says.

...There are some signs the tide is
...turning. Landlords are starting to
...accept that boom-time rents are no
...longer realistic. Shops are filling
...again. Occupancies at the hotels
...have been stronger in November
...than usual perhaps due to a lead-in
...from another successful event, the
...Tosa triathlon, as well as some very
...warm weather.

... "We are seeing a lot more
...confidence," he says.

...Down the coast, Sydney retailer
...Chris Tourgelis sees some similar
...ups and downs outside the front
...door of his Oxford Street gift shop.
...Tourgelis is a director of family
...retailer Opus, which has run in
...Oxford Street for more than four
...decades, and says the current
...environment is more challenging
...than anything it has had to contend
...with before.

...Like Berardo, he says wages are
...high, confidence is too low and
...rents have become unrealistic. And
...he also has to deal with the
...competitive monster that is the
...internet.

...The advent of online shopping
...has written off any advantage that
...importer like Opus gets from the
...low dollar as shoppers look for
...deals offshore.

...There are a whole gamut of
...things that make it a unique time in
...history," he says.

...Wages are extremely expensive in
...Australia. Rents are still
...reasonably high.



John Keating,
Technique Solar.
Photo Josh
Robenstone

Manufacturer A high dollar does not kill the value of a truly good idea, so onshore and offshore manufacturing are viable.

"I believe that is going to be corrected in the next two to three years because there will be a lot of empty stores otherwise.

"A lot of landlords do not realise that this is not a temporary phenomenon. Retail has changed, there is nothing to sit out, this is not going to change."

Tourgelis says retailers are now competing for customers not with shops in the same strip or even the same city but all over the world.

"Those online operators make it so easy, it makes sense for consumers to shop overseas," he says.

"You went to open the door 15 years ago and it was ready to go, you didn't worry about something selling in the next suburb, let alone overseas. I can understand why retailers who have been in the business for a long time find it difficult.

"In some ways, it makes us better operators. You have to think you are in an international operation, you

are not just a local operator any more, your customers are too sophisticated for that, you have to compete internationally."

He says the debate over GST on overseas purchases will only make a difference at the margins.

This is not curl up and die time. After all, online shopping cuts both ways.

Half of his shops' online sales come from outside Sydney and about half again of those website customers are from South Australia and Western Australia.

These are customers he could never have hoped to reach except on a rare shopping trip to Sydney.

The challenge then is to meet the demands of your broader reach.

"You have got to apply yourself, you have to be good to the customer base, you have to look to other markets."

Tourgelis believes, though, that bricks and mortar retail will endure, partly because of the social element.

"When you are talking about

concepts like retail therapy, it doesn't apply online," he says.

Opus also saw an opportunity born of the commercial property downturn. The company bought a shopfront five doors from its foundation store.

In it, the company opened a complementary shop focused more on furniture and design than the gifts of the original store.

Tourgelis says that expansion was so countercyclical in a street with 30 empty shops that it caught a lot of attention.

"In order to make the same money we made five years ago we are having to work a damn lot harder.

"People always ask what is the secret of our success, I always say I don't have a secret, I always say I just have to work harder."

Manufacturing has been another pin-up industry for the strains of a high-dollar, high-cost economy.

Melbourne company Technique Solar is a microcosm of many