
UP FRONT

RED
DESIGN
GROUP™

HENRY BUCKS
TIM J CECIL - CEO

*Transcript of Interview between
Tim Cecil of Henry Bucks & Janan Greer
of The Creativity Counsel.*

9.30am Thursday 28 August 2014 via telephone.



Transcript of Interview between Tim Cecil of Henry Bucks and Janan Greer of The Creativity Counsel. 9.30am Thursday 28 August 2014 via telephone.

WHY DO YOU THINK THAT HENRY BUCKS HAS MANAGED TO ENDURE WHEN SO MANY OTHERS HAVE FALTERED?

It's quite a history and we're coming up to 125 years next year - all as a private business with 100% family ownership. Our philosophy has always been about maintaining the traditional values we started with which are the highest quality products, curated from across the world and a focus on high level customer service. We spend a lot of time sourcing products, looking for quality as the primary driver for our decisions. I think the main thing for us has always been understanding the importance of the customer and building long term relationships with them. Generally these relationships last a long time, and we build real trust with our clients over many years.

SO YOU'VE HAD GENTLEMEN SHOPPING WITH YOU YEAR ON YEAR?

Yes, look it's fairly normal with us to have clients that have shopped with us for 20-30 years but with the new consumer this is changing a little bit. Customers have a lot more options these days and enjoy a variety of retail experiences. As the consumer evolves, they build trust in a brand, in a product and with the Associate that looks after them, so loyalty does build.

SO HOW ARE YOU CHANGING OR EVOLVING THE WAY YOU DO BUSINESS TO CATER FOR THE NEW CONSUMER OR YOUNGER MAN?

I think retail is getting more difficult. I think you do have to be on top of your game in all areas of what you do and we're really focused on looking at every element of our business - every touch point, making sure they're aligned and easily understood - that's why store design is now far more important than it has been in the past. There's a lot more competition for bricks and mortar retail in Australia with all of the global brands entering the market, having huge budgets for beautiful stores and incredible marketing campaigns. You do have to be competitive. So, this is a big reason why we work with RED trying to create shopping experiences which are unique and up to date.

***OTHER ISSUES AFFECTING MENSWEAR
RETAILERS:***

We've had various threats and challenges particularly over the last decade. The quality of that manufacturing in the East has certainly improved over the last 10 years which has made pricing far more competitive. I definitely don't think it's up to the same level as European manufacturing, but the difference is less apparent. A suit made in China vs a suit made in Italy will have details and qualities that are different from each other but it is harder for the consumer to know the difference. There are perfectly good suits coming out of China at a very good price and this makes the landscape more competitive.

DO YOU STOCK SUITS MADE IN CHINA?

We don't at this stage. We regularly see on our travels tailored garments made in China, and the quality is definitely improving. For us, and for our clients, there is still a lot of value in making in Italy and in England for these sorts of tailored garments. In other areas, there is fantastic quality coming out of China. They do lead in production in certain categories. A lot of the sportswear brands we buy are made in China and there's nothing wrong with that and the customer understands that. There's still value and a point of difference, particularly in our Henry Bucks Private label branded products, in working with factories in Italy and the UK.

***IT'S A DIFFERENTIATOR THEN, AND YOUR
CLIENTS APPRECIATE THAT?***

I think they do and they expect that from our brand and it creates a point of difference that we can talk about on the shop floor. We're trying to be competitive from a price perspective, and if we can offer a made in Italy product for a very similar price to a product made in the East, then it does give us an elevation that we think our brand needs and deserves.

HOW MUCH OF YOUR BUSINESS IS ONLINE THESE DAYS? HOW MUCH HAS THE INTERNET SHAPED WHAT YOU'RE DOING?

The internet is important for us and will continue to be important. Most people's lives are becoming more digital. People explore your brand through the internet – they're not having their first encounter through a store or magazine. These days consumers investigate through Google and discover your website in this way. We're about to re-launch our website in a couple of weeks creating a space which is easier to navigate and explore. We do see it as the biggest window to our business so from a marketing perspective the internet and your website are very important. From a sales perspective it's definitely growing for us. We started a number of years ago with our Christmas business selling online, and that has built into an all year round business and it will remain a very important part of our business. The consumer expects to be able to shop in many different ways, and online is one of them. I think the statistics show that consumers that buy online and in-store are more loyal to the brand and spend a lot more. I think bricks and mortar and the digital space go hand in glove. I certainly don't think the bricks and mortar store is dead, but you have to be across all of the platforms in a meaningful way. This does make it more difficult for physical retailers to be competitive in this market and you have to be on your 'A game' across every facet of your business.

IN TERMS OF YOUR STAFF THAT WORK IN BRICKS AND MORTAR ENVIRONMENTS, WHAT ATTRIBUTES DO YOU TO LOOK FOR?

The first thing you look for is personality. Our clients and Sales Associates build up very long term relationships and the key to these relationships is trust. For us it's not about servitude, it's about building a relationship and trust, a consultative approach I suppose. So having a good personality and a natural ease with clients is the primary thing.

ARE EMPLOYEES WITH YOU FOR THE LONG HAUL?

Our turnover is a lot lower than most retail businesses. It's getting harder these days to find career retailers so we are looking for the next generation that want to make a career on the shop floor. We've had career retailers that have worked with us for 35 years, but currently it's rare to find someone that doesn't want to move beyond the shop floor. It can be a very good career, and that is something that we encourage. Customers like familiarity and regularity so building these relationships is very important to us.

I NOTICE THAT YOU CALL THEM ASSOCIATES.

The official title is Sales Associate. For any retail business, your guys on the floor are on the front line. If they're not at the top level and performing well then the rest of the business suffers. They're professional people – they're dealing with professional people. They need to be considered in that light. We feel that everything we do from a back-of-house perspective needs to support our associates on the shop floor.

HOW HAS YOUR PRODUCT EVOLVED SO THAT IT HAS STAYED RELEVANT TO TODAY'S CUSTOMER.

We use the word evolution a lot when talking about our business. We use it when we talk about how we adapt rather than try to change dramatically. We're more in line with a classic men's outfitter, so the fashion for us is not as rapidly changing as with your high-end fashion boutiques. It all comes down to fit and fabrication, with minor tweaks in garments for us each season. We do try to cater for the very classic gentleman and the contemporary classic gentleman so depending on the brand we buy it will fit in to these categories. Nothing is ever too extreme from a fashion perspective.

ARE YOU SEEING AN EMERGENCE OF A YOUNGER MAN EMBRACING CLASSIC MENSWEAR?

I definitely think we're in the middle of a resurgence of people being interested in the classical elements of dressing, especially from the tailoring and the quality side of things. There is a slightly different take on this from a younger generation, and this is where we're seeing the most evolution in our product offer. It's a good time for us to gain some relevance with the new consumer as we've been doing what we do for 125 years. There's an element of authenticity and experience associated with the brand which I think new customers are relating with.

WHAT HAS DRIVEN THE RESURGENCE OF PEOPLE BEING INTERESTED IN TAILORING?

Fashion is often cyclical. We've come through a long period from the 60's, 70' 80's and 90's where things were more experimental and casual. I think the idea of people wanting to dress up again has been a big part of it. I think the media, television and movies have always guided people in trends. People talk about the series Mad Men having a big influence on young people wearing more sophisticated clothing and we certainly have seen this as a big driver. Like anything, we're constantly revisiting the past and adapting it to our lifestyle. I think these things do go in cycles.

WHAT DROVE YOU TO REDESIGN THE MELBOURNE FLAGSHIP STORE?

A lot of the things I mentioned earlier in terms of staying relevant and competing in a more sophisticated marketplace in Australia. As a country, per-capita, we are heavily catered for retail wise, which offers consumers an endless amount of choice. I think the retail landscape has changed significantly even in the last couple of years. Global retailers do see an opportunity now in Australia and logistically they have a lot more infrastructure in Asia that makes the equation more profitable. I think the world is coming closer and Australia is one of the countries that have maintained a solid retail market where Europe has been hit pretty hard by the global financial crisis. Europe and the UK are still feeling the effects (of the GFC), and the USA is starting to improve slowly.

The other thing was trying to maintain a competitive advantage. We do travel a lot for the buying, and we were looking at these fabulous retail stores overseas offering a heightened shopping experience. For higher-end brands, the key driver can't be about price. It's about offering the whole shopping experience, so it comes down to the music, the people, the store layout, visual merchandising, fitout, etc. For example we have a very experienced barber Leo who offers the full barber experience in-store. It's these extra elements we offer such as a beautiful cup of coffee, a glass of champagne or single malt whisky that creates an experience for the customer which is unique. Because if it's not about experience for people, then they're just going to shop online.

WHERE IN PARTICULAR DO YOU TRAVEL TO AND WHAT STORES HAVE YOU BEEN INSPIRED BY?

We travel for buying trips every six months to Italy and the UK which are always inspiring not only for the sophistication in the clothing itself, but how as a culture they hold fine-dressing importantly. We're slowly getting there in Australia, but it hasn't necessarily been part of our culture. I have also spent time in Hong Kong and Tokyo and a fair bit of time in China. There is a real buzz in Asia regarding retailing. I think the combination of the traditions in Europe and emerging Asian markets are quite inspiring. The Chinese evolution has been incredible, and we're starting to see in a China now a much more sophisticated way of shopping and dressing. It's quite amazing. We've looked to Europe and the US for so long, but Asia is bubbling and booming and that's where the innovation is.

HOW IMPORTANT DO YOU THINK STORE DESIGN IS AFFECTING SALES. HAVE YOU NOTICED A DIFFERENCE SINCE YOU REFURBISHED THE COLLINS STREET STORE?

Yes, we certainly have. Part of what we were trying to achieve, with the new refurbishment was to open up the store to new people. Henry Bucks is seen as a menswear institution in Melbourne but what comes with that is preconceptions in the minds of consumers. We wanted to breakdown some of the barriers a little bit so new consumers could come and experience what we do. We think we do something unique in the market, and we want more people to experience that. If they feel more welcome and engaged to walk through the door for the first time, they'll be pleased with what they find. So from that perspective it has been great. We've had a lot of new people coming through the doors saying "Wow, I haven't ever been into your store before" or "we haven't been here for years, and it's fantastic." We were concerned with our traditional customer; making sure that he still felt comfortable, not isolated or alienated. I think we've struck a really good balance between creating a contemporary and innovative space but also having a lot of cues to what Henry Bucks represents to our very loyal customers.

HAVE SALES IMPROVED?

Sales have improved and our budgets are inline with our expectations. We'd only been open for a very short period then we went into the sales period, so it's early days. This Summer season will be our first full season in the new space and we're pretty positive and very proud of the store and excited about the future.

WHY DID YOU CHOOSE RED?

We worked with RED on the renovation of our airport store next to the domestic Qantas Club in Melbourne two years ago, and we've been really happy with the results. That inspired us to take the plunge and be a little more innovative with the new design. We still love the classic feel, and it does lend itself to men's dressing but with a newer more relevant approach. We had similar objectives with the airport store to try to be a bit more inviting, which was very successful and this lead us into the brief for the Collins Street store.

There were certain difficulties in designing and constructing a shop in an airport environment. We were looking for a shop-fitter and designer that had experience with this.

The thing we really like about RED is that they come from a retail background. They're not just purely based in design. They're retailers at heart. The customer flow and experience comes first and then the design has to support that.

HOW DID YOU COME TO KNOW ABOUT RED?

We were introduced to RED through our shopfitter. They'd done some work with them before and after meeting with Darren and his team we felt the fit was right. More often than not we see things eye to eye which is great but they test our thinking when it's needed.

WHAT DO YOU LIKE MOST ABOUT THE NEW SPACE?

I'm really proud of the ground floor. I love how the shop draws you in from the street, from the windows and into a space, which feels vast but warm. It's modern but at the same time linked with tradition and quality. I just think it's a fantastic space. I truly believe it's world class and up there with great retail experiences globally.

AND, YOU MENTIONED THAT CUSTOMERS HAVE RESPONDED REALLY WELL TO THE NEW DESIGN?

Yeah, it's been really positive. I'd say that we've had a 99% positive feedback from our classic consumer and with the people who do walk in the door for the first time and who've never experienced it before are greatly impressed and love the space and the product offer. I think we got the balance right, which we're really happy about.

AND WHERE DO YOU SEE HENRY BUCKS IN THE NEXT 10 YEARS?

We're very focused on our core values and I think they are as relevant now as they were 100 years ago and that at the end of the day the customer is the most important thing. In simplistic terms we really see it that way. It's about adapting to their needs from a product perspective and maintaining that high level of engagement and service that is meaningful.

YOU SPOKE ABOUT THE ASIAN MARKET EXPANDING, DO YOU HAVE PLANS TO TAKE THE HENRY BUCKS BRAND ANYWHERE ELSE?

We have dreams. I think Hong Kong is a very interesting marketplace, particularly because they have that combination of expat communities – Brits, Australians and Americans. The Hong Kongese people are very sophisticated and like the best of both worlds, the perfect combination of East meets west. You then have the Chinese consumer who's coming over and gaining that education in sophistication. It's a great melting pot. I'd love to have a store in Hong Kong one day but we'll see how we go.

HOW WOULD YOU SUM UP HENRY BUCKS IN 3 WORDS?

Can I use four words? (laughs). Authenticity; quality; attention to detail; and customer-focused.

Henry Bucks is all about giving our customers the best shopping experience possible.