**Media release**

**15 January 2020**

**More retail failures likely in 2020 unless Aussie retailers evolve,**

**says insolvency specialist**

Australian retailers need to evolve their business models – otherwise we’ll continue to see more retail insolvencies in 2020. That’s the message from Andrew Spring, a retail insolvency specialist.

“Retail failures aren’t new and it’s not a situation that’s likely to change unless many retailers make changes,” says Spring, a partner with insolvency and business recovery firm, Jirsch Sutherland.

“Retail is a tough environment to be successful in over the long term. However, there are things that retailers – large and small – can do to set themselves up for success rather than failure.”

A key issue is understanding obsolescence and the need for companies to read customer trends and evolve their businesses to stay ahead of the curve, Spring says.

“You only have to look at well-known examples of companies like Encyclopedia Britannica, Blockbuster and Kodak, whose products became redundant because the companies didn’t keep on top of changing trends. A more recent example is the Australian textbook retailer, the Co-op Bookshop, which for decades used to be *the* place to buy your university textbooks but sadly went into administration after, among other reasons, over-the-counter textbook sales plummeted.”

Spring says a failure to adopt an e-commerce platform continues to hamper many retailers, particularly with the growth in online shopping. “E-commerce is a necessity, not a point of difference. However, some retailers are being left behind or have not sufficiently invested in their e-commerce platforms, and they find that the fixed costs of having a bricks-and-mortar presence alone are too high,” he says.

**Spring’s top 10 tips for retailers to consider when starting or running an existing business:**

1. Understand what’s happening in the market – e.g. changing product demand
2. Understand the barriers to entry
3. Know who your target audience is
4. Develop a strategy for going to market and attracting customers
5. Have a strategy for retaining customers
6. Work out what you want to be known for or great at and know how to “tell the world”
7. Know how to create brand loyalty
8. Know how to use data that you gather (e.g. through loyalty programs)
9. Ensure you have strong back office management
10. Always take time to know your numbers and accrued liabilities such as taxes

“Not knowing your accrued liabilities can be a sleeping bear that could one day wake up and bite you,” adds Spring. “Ignorance is not a defence. Business owners have statutory requirements and if they don’t have the money to pay off their debts or meet statutory obligations, that can have a major impact on a business. It’s vital to be conscious of a positive cash-flow cycle, as it can be hard to manage.”

Spring adds a final tip for retailers who find themselves in financial trouble. “Seek help early – whether it’s discussing your issues with your accountant or an experienced insolvency specialist. There are options out there if you speak up early.”

**-ENDS-**

**About Jirsch Sutherland –** [**www.jirschsutherland.com.au**](http://www.jirschsutherland.com.au)

Established in 1984, Jirsch Sutherland is one of Australia’s leading national independent insolvency specialists. The Jirsch Sutherland team works closely with small and mid-size accounting, finance and legal firms – and their clients – to provide a wide range of expert corporate and personal insolvency services including liquidations, voluntary administrations, receiverships and bankruptcy.

With head offices in Sydney, Melbourne, Brisbane, Newcastle and Perth, supported by a network of regional offices, Jirsch Sutherland’s national reach combined with a local presence underpins the company’s ongoing success. For over three decades, Jirsch Sutherland has earned a well-deserved reputation for protecting and guiding clients through the insolvency process in a fair and ethical way.

In Western Australia, Jirsch Sutherland trades as WA Insolvency Solutions.

**For further information:**

Lisa Llewellyn

Llewellyn Communications

0419 401 362

[lisa@llewcom.com.au](mailto:lisa@llewcom.com.au)