



## COVID-19 crisis a game-changer for retail: Shaun Bonett



Precision Group CEO Shaun Bonett, right, with executive director Steve Bonett

### EXCLUSIVE

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12:00AM MAY 11, 2020 • 11 COMMENTS

Retail property magnate Shaun Bonett says the post-COVID-19 crisis world will sharply accelerate the demise of “out of touch”, old-world retail behemoths as shoppers challenge retail stores like never before to offer unique customer experiences instead of just being transactional venues.

Mr Bonett, valued at \$1.44bn on The Australian’s “[The List](#)” of the nation’s 250 richest people, said that in the future retail store owners needed to be prepared to deliver a “superior product discovery experience offering”.

This needed to include access to exclusive merchandise through “in store only” and “in store first” product launches as shopping centres come to life again after the coronavirus lockdown. “What is certain, is that retail stores and services can’t simply pick up where they left off. COVID-19 has altered consumer behaviour, perhaps permanently, and retail stores and services will need to take these new behaviours into account,” he said in an interview with The Australian.

“In the new world, the quantity of retail stores is likely to decrease and their quality will need to improve. Retailers are not only preparing for short-term changes to ensure public safety, but long-term strategic decisions about their store networks. New usages and categories will emerge — think, a renewed focus on health and wellbeing, family time and improving the home environment.”

He said the retail businesses that would survive the crisis would be those which already had or were in the process of developing a deeper connection to consumers.

“When experts write about the demise of old world retail, they will mean, the retail behemoths that had come to rely on the physics, how fast, how big and often how cheap, but did not develop their magic chemistry. They were already out of touch before. It’s not taken a global pandemic to reach this realisation, they were in the retailer emergency ward and were terminally ill, COVID-19 has simply accelerated the inevitable,” Mr Bonett said.

“For many brands, from supermarkets to high-end retail, online presence is an afterthought. A knee-jerk reaction to this crisis would be to move entirely online. However, great retailers will always want to express their power in three dimensions, because this is how their customers live. There will always be a marriage between the physical and online worlds, but the physical will need to get a new vibe. This doesn’t mean expensive; it means awesome and iconic.”

He added that the world’s future shopping centres would be more curated and would serve the community better. “Both retailers and landlords need to understand what people want and how they live. The spaces have to become social, connecting us as well as delivering surprising, innovative retail and leisure. There needs to be elements of intrigue, fun and excitement to attract customers into the physical spaces which cannot be experienced in an online environment alone,” he said,

Mr Bonett’s comments come after ABS data released last week showed that while panic buying at supermarkets drove an 8.5 per cent jump in retail sales in March, spending on discretionary goods such as clothing and footwear fell 23 per cent and department store retailing dropped 9 per cent.

More than half the stores in the John Gandel-backed Vicinity Centre shopping centre empire, which includes the nation’s most profitable mall — Melbourne’s Chadstone Shopping Centre — have been closed during the coronavirus crisis.

But Shopping Centre Council of Australia executive director Angus Nardi said hundreds of stores had opened at shopping malls across the country in recent weeks, including in Vicinity's centres, and hundreds more were set to follow as lockdown restrictions eased across the nation.

Mr Bonett's Precision Group, of which his brother Steve is an executive director, has built its \$1.4bn property empire around major shopping centres in their home town of Adelaide and Brisbane.

Its key assets include the Adelaide Central Plaza and the redeveloped [Port Adelaide Plaza](#) shopping centres in South Australia. It also owns Chevron Renaissance and MacArthur Central in Queensland, Pran Central in Victoria and Shore City in New Zealand.

Mr Bonett said foot traffic at Precision's Centres over the last two months had been on average 35 per cent down, but turnover at supermarkets and chemists was up significantly.

Approximately 45 per cent of its stores are currently open and Precision has scheduled for a full reopening of all stores in the next fortnight.

"We have been able to reflect on what could be better in our business and what is likely to be the new norm once social distancing requirements ease. Specifically, we have reflected on the connection between our traditional retail stores, and online platforms and how these can be enhanced," Mr Bonett said.

"We have remained in close contact with our financiers and all our stakeholders, and having their support has been paramount."

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