



The Apple store is always crowded due to the constant innovation the brand brings to its customers. — Bloomberg

Staying alive in the retail industry

It makes sense to create demand, rather than wait for demand.

By KAMAL ZAINUL

IT has been a challenging year for most businesses in Malaysia, especially for those in the retail industry. The demand trend has recorded a fall of at least 30%, whereas operating costs show the total opposite. Businesses that weren't able to accumulate enough volume were forced to close down.

Sadly, my four-and-half-year-old bakery had to suffer this fate.

Recently, I had the opportunity to catch up with my former co-worker from Malaysia Venture Capital Management Bhd (MAVCAP), Anwar Ali Jumabhoy. He is the co-author of *Beyond Corporate Entrepreneurship: Entrepreneurship as a Management Practice*. Among the topics which we discussed was how businesses, in particular start-ups, have had difficulty sustaining themselves due to the lack of demand in the industry.

Anwar later applauded Unit Peneraju Agenda Bumiputera (TERAJU) for having the initiative to create demand for businesses by having the Government Linked Companies (GLC) procurement programme in place. Local enterprises need the base to be able grow.

But how long can we really rely on government agencies' efforts?

Let's look at how Apple manages to create sustainable demand.

I managed to pay an Apple store in New York a visit during my trip to the Big Apple last month, only to find how crowded the store was as soon as I stepped out of the cab. People were queuing along the pavement of the Apple store block as if they were buying a Buy-One-Free-One promotion. I thought they were having a sale or launch of new Apple products!

Like the rest of the Apple fans, I had to wait in line before I was actually allowed to enter the store. When my turn finally came, I was

really surprised to find that there was no on-going promotion, neither was there any launch of new Apple products.

Oddly, one of the staff members told me that the Apple store in New York never closes throughout the year and it has always had a huge turnout on a daily basis. The explanation later had me asking myself these questions:

1. If on normal days the store gets that huge number of people, what's the figure like when they do have sales/launch of new products?
2. How does Apple create such an impact?

Sustainable demand needs to be created

Unless you have been living under a rock, you would know that Apple does not follow the current technology trend, they create their own. The same goes for the demand trend!

I believe the answer to Apple's big success in getting Apple users to keep on placing a continuous demand of their products is the innovation that Apple often brings.

Whether you like or hate their products, you have to give Apple credit where it is due. Unlike other tech companies, Apple creates products that are revolutionary, products that are not the same as they once were a few years back.

Apple makes one believe that their products are must-haves. Why not? After all, they provide more than just mere products. They create solutions to one's life problems, making things easier for their users which eventually allow them to have a more productive life. And these solutions keep getting better as time passes.

Take their top product, the iPhone, as an example. Does the iPhone 6s, launched recently, carry the same features that the iPhone 4 or iPhone 5 did? The obvious

answer is NO! Even the 2014's iPhone 6 that was dubbed as the most advanced phone, has to settle for the fact that it is now outdated since the iPhone 6s came out despite its current tech features.

This is just another wise strategy by Apple, following a similar business pattern used by Microsoft when they grew their business, in which only a few new functions were released at a time, in line with the needs of technology then. Not everything was revealed at once.

They made users desire future products that came along with updated features or solutions. The result? Apple users ended up buying them even though they had just gotten themselves Apple's latest products.

Clearly, Apple's innovation has proven to be an opportunity that allows them to continuously grow and survive in the industry even during uncertain economic climate change.

Shout your unique selling proposition (USP) out

Apart from innovation in business ideas, a unique selling proposition (USP) is another factor that can guarantee a business to stay in demand. As an entrepreneur, you need to sell your product or service to yourself before you take it to the consumers in the market.

Unless you can highlight to the market what makes your business unique, you will never be able to grab the consumers' attention and demand for your product or service, and make that easy climb to success.

Just take a look around you and ask yourself this – how many businesses are actually one-of-a-kind? You would find the question difficult to answer.

Hence, it is vital for you to identify your USP that makes you better

than your competition.

One way to do this is to learn how other companies or businesses distinguish themselves from their competitors. This, however, requires you to scrutinise other businesses' marketing or advertising strategies. Don't just learn about their product or service characteristics, but what they say and sell.

For instance, cosmetic company Revlon made it really huge in the 1990s compared with its counterparts in the same industry. End consumers demanded more of Revlon for their USP as they said it sold "hope for women and not just make-up products to beautify themselves".

Making your product stand out is what gets your business to have a sustainable demand in the market – even if it is competing in a market filled with similar items.

Preparations for 2016

It's no secret that 2016 will be even more challenging than it already is now. With Malaysia currently facing severe economic challenges, every business has started to feel the pressure. Businesses worry that with the lack of demand, their revenue will further decline as their operating costs are expected to rise.

But businesses should do more than just worry. To survive in a tough economic climate, they should review their operating costs. Find solutions that help to reduce the costs.

And if they find that the demand here in Malaysia is fading away from the picture, perhaps they should consider tapping foreign markets or at least the ones in the regional countries.

Remember, sustainable demand secures a business' existence in the industry. Start fresh. Innovate your idea and make it stand out amongst your competitors.



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