"Consumers are holding back, with speculation on interest rate rises and higher household costs, especially for energy, impacting on confidence."

Kindl said the online sales debate around the Christmas period was a "bit of a beat up", with relatively little direct impact on fashion retailers from online sales.

"What you buy at a Noni B, Katies or Country Road, you can only buy at those stores as they have ranges that are exclusive to their banners.

"The main issue for fashion retailers is that someone who buys something on the internet may decide not to go shopping that week and there is one less visitation to a shopping centre."

Noni B is not planning to introduce online shopping options for its Noni B and Liz Jordan labels.

Kindl said foot traffic in most shopping centres did seem to be holding up despite lower spending by consumers.

"That is a good sign as it indicated things could turn around quickly if consumer sentiment lifts. The real problem would be if people had stopped visiting shopping centres altogether."

Kindl said Noni B had responded to the difficult trading conditions by focusing on service standards, window displays and stock.

"Our new season's ranges have been well received but we are cautious, however, about demand during the coming months with consumer confidence still volatile.

"We are continuing to manage tightly those aspects of our business that we can control, and are confident that our strong brand and reputation for quality fashion and value will enable Noni B to rebound when demand improves.

"We are starting to see some retailers with debt getting into trouble so we are pleased to have around $8.7 million in the bank and no bank borrowings."

Eftpos hikes to hit retailers

Eftpos Payments Australia Limited (EPAL) will introduce new Eftpos interchange fees from October, which will increase the cost of using the system for retailers.

Small retailers will be the hardest hit, having to pay five cents for each transaction over the value of $15. It is understood that the new fees will not affect large retailers such as Woolworths and Coles, who have negotiated their own bilateral agreements.

Previously, most retailers paid between four to five cents when a transaction was made using the Eftpos system, therefore, resulting in a 10 cent increase per transaction.

Retailers will be paid 15 cents for customers taking cash out or making cash out transactions, while charities, Medicare Easyclaim and transactions under the value of $15 will incur no cost.

A one cent fee will also be charged to both the issuer and the acquirer.

Consumers will not be charged no matter what their transaction.

However, the Eftpos system still remains the cheapest (and only Australian owned) payments channel, with scheme debit systems, Visa and MasterCard, charging retailers a 12 cent fee per transaction, in comparision to Eftpos' five cents.

Bruce Mansfield, MD of EPAL, said the new fee model included an incentive for retailers to continue supporting cash out at the point of sale.

He said the new zero interchange fee for low-value transactions also provided an incentive for more retailers to accept small payments on Eftpos, something consumers had long wanted.

"Today, approximately 25 per cent of Eftpos transactions are below $20. In New Zealand this is figure is as high as 50 per cent, so there is a considerable opportunity to convert more cash transactions to Eftpos in Australia," said Mansfield.

The Australian Retailers Association (ARA) is not happy about the new increases.

ARA executive director, Russell Zimmerman, said that while retailers supported measures to increase competition between scheme debit cards Visa and MasterCard, and Eftpos and acquirers, it was not the right time to increase business costs.

“Smaller retailers in particular should not be expected to cop increased interchange fees from banks that are posting giant profits, especially because they don’t hold the same bargaining power as larger retailers when negotiating with their banks, nor do they have the time and resources to try.

“The ARA also noted the new interchange fee structure pays the retailer 15 cents per ‘cash out’ transaction, but this would only benefit food and grocery type retailers, including the only two retail members of EPAL (Coles and Woolworths), that offer this service to their customers.

“Keeping competition healthy between debit payment systems is important, but the ARA is calling on banks to give smaller retailers a much needed break and do the right thing in absorbing costs related to the new Eftpos interchange model,” Zimmerman said.

The introduction of a new Eftpos interchange fee model follows a decision by the Reserve Bank in November 2009 to recognise multi-lateral Eftpos interchange fees, and to align the Eftpos multi-lateral interchange fee standard with those for international scheme debit card (Visa and MasterCard) interchange fees.

Jost Stollmann, CEO of Tyro Payments, has also expressed his dismay at the new charges.

“The payment space is complicated, but Tyro works tirelessly to create transparency for the media and advocate fairness for the merchant community,” said Stollmann.

“This fee regime is not aimed at making Eftpos competitive and ensuring its long term survival as claimed.”

He said the new EPAL regime was about raising bank fees.

“This has the dire consequence of making Eftpos less attractive for merchants to invest in and offer to their customers.

“Merchants now suffer a significant competitive disadvantage compared to Woolworths and Coles. Cardholders will ultimately pay with higher prices, less competition and availability.”

Luxury marriage made in heaven

LVMH, the world’s biggest luxury retail group, has finally secured its most coveted target - Bulgari.

In a deal cemented last weekend, LVMH, which owns Louis Vuitton, Loewe, Celine, Kenzo, Givenchy, Marc Jacobs, Fendi, Thomas Pink and Donna Karan, amongst others, has been patiently wooing Bulgari for years.

This week, the Bulgari family became the second-largest family shareholder in LVMH, its famous brand now a part of the hugely successful empire headed by Bernard Arnault.

LVMH will acquire 50.4 per cent of Bulgari and issue 16.5 million shares back to the family in exchange for the 152.5 million shares that the family currently holds.

Paolo and Nicola Bulgari, chairman and vice chairman respectively of Bulgari, said: “We found in Bernard Arnault and the group he has built all the elements that are required to guarantee the long term future of Bulgari: the ability to gather into one powerful organisation different brands that can grow and develop while preserving both their identity and originality; a culture completely identical to ours, which is characterised by an unceasing quest for quality and excellence.”

Which is indeed why LVMH has proven such a success even during the testing economic times of the last three years.

Contributed Arnault in a statement confirming the marriage: “The alliance between my group and the Bulgari family is a perfect combination from all points of view as we share the same culture in terms of respect for identity and roots of the brands, quest for excellence, creativity and innovation.

“As is the case with LVMH, the Bulgari Family shareholders are directly involved in managing the company, they are entrepreneurs that know and excel in all aspects of the business, from the creation of the product to after sales service. It is for these reasons that we immediately understood each other and agreed on the way we would work together. I am certain that our partnership will be greatly beneficial to Bulgari as well as to the LVMH Group.

Stollmann also raised the issue of updates to Eftpos terminals when the changes come into force on October 1. Previously the five cent rebate on transactions was put towards the cost of renting and maintaining Eftpos hardware in most cases.

"325,000 merchants with 700,000 terminals, from Harvey Norman to the corner store, will have to worry about and pay to upgrade their Eftopos technology," Stollmann calculates.

"Their terminals have to be upgraded and/or swapped out to accept Eftpos EMV (chip) and contactless cards. They will have to motivate and pay their software vendors to integrate new Eftpos functionality into their point of sale software or web sites."

Spar boosts business

Spar Australia has signed up 11 independent supermarkets that were previously supplied by Metcash and has boosted its sales by 10 per cent in the past three months.

The ability of the Brisbane-based grocery wholesaler to attract new customers from Metcash is a critical issue in current court proceedings in which the Australian Competition and Consumer Commission (ACCC) is attempting to block Metcash from acquiring the Franklins chain.

The ACCC Federal Court action is relying heavily on Spar Australia's assertion that it could acquire the Franklins chain if a $215 million bid by Metcash does not proceed.

Spar Australia has declined to say how much it is prepared to offer for the 80 Franklins stores, but it would be expected to be well below the Metcash offer, which is the preferred exit option from the Australian market for Franklins South African parent company, Pick 'n Pay.

The ACCC is adamant that Coles and Woolworths will not be allowed to acquire Franklins stores in the event the Federal Court blocks the Metcash takeover.

It has told the Federal Court that most, if not all, the Franklins stores "will be acquired by a third party or third parties" if the Metcash bid is blocked.

The regulator's position raises the prospect of a compensation claim by Pick 'n Pay against the ACCC if the Metcash bid is blocked and no viable alternative bid emerges or if any new bid is at vastly inferior commercial terms.

Possible alternative bidders have included a new overseas supermarket entrant, a private equity bid and Spar Australia, which was on the verge of collapse last year before former Metcash executive, Lou Jardin, bought a 51 per cent controlling stake for just $2 million.

No alternative bidders have been prepared to publicly detail any prospective bid for the loss making Franklins chain, relying on the ACCC action to torpedo the Metcash bid to allow them to lodge lower offers.

The acquisition of the chain from Pick 'n Pay is not the only financial commitment on a Franklins deal, however, as Inside Retailing understands landlords for the stores want guarantees on rent if they are to assign leases from Pick 'n Pay, a company listed on the South African Stock Exchange.

Spar Australia has sales of around $150 million while Franklins sales are around $800 million.

Spar faces a major challenge in getting financial backing for the Franklins acquisition, particularly after FoodWorks came to grief last year in its bid to acquire just 43 former Coles and Bi-Lo stores on vendor terms.

While Spar is talking up its 11 store conversions from Metcash, the listed grocery wholesaler said the stores have sales of only $10 million and are offset by stores with sales of more than $50 million from the Spar and FoodWorks banners in the past 10 months.

Lou Jardin, now Spar Australia MD, is due to give evidence in the Federal Court next week when the ACCC action against Metcash proceeds.