

# FREEDOM

THINK OUTSIDE THE SQUARE YOU LIVE IN



## THE MARKET

“Any damn fool can put on a deal, but it takes genius, faith and perseverance to create a brand.” So said David Ogilvy on the occasion of The Advertising Research Foundation 50<sup>th</sup> Anniversary in 1986.

Freedom has built a successful brand and business in a market that is cluttered with constant promotional discounting.

This is understandable considering the combination of large established retailers and numerous independent traders that compete for Australia’s highly lucrative furniture market.

Research commissioned by Freedom in 1998 reported the following:

*“Consumers find making choices difficult with few signposts as to brand character and quality. The reductionist style of most furniture promotion, i.e. deals galore, buy-now-pay-later-interest-free packages and hire purchase that make these relatively large purchases accessible to customers today fail to add any real differentiating emotional value to brands”.*

This constant focus on “deals” continuously pressures retailer margins and educates customers to seek out lower prices.

Today however furniture purchasing is increasingly a high-interest activity and the ratings success of numerous home renovation and property programs is testament to this. People’s desire to create their own unique version of “the great

Australian dream” is at an all time high and furniture is integral to this.

Freedom uniquely taps this trend by understanding the integral role furniture and home décor plays in our lives. That is, it has the potential to significantly affect both physical and emotional well-being by creating not only a practical and pragmatic sense of comfort but more importantly to deliver an inner sense of gratification by providing an avenue for self-expression.

## ACHIEVEMENTS

Early in 1998 Freedom conducted qualitative research into the home décor market needs of women in the 25 to 39 year age group in the AB demographic. It revealed an unmet customer need, namely “the fashion conscious and lifestyle aware exuded a strong desire for a unique in-store experience that was all about ideas and inspiration”. In March they launched the “Think outside the square you live in” campaign with the objective to embellish Freedom’s leadership as a lifestyle retailer by owning the territory of “inspiration for the home”.

This differentiated strategy has been leveraged both externally and internally throughout the organisation, reinforcing the team focus on customer service and innovation and increasing long-term brand equity while still competing week in, week out at the retail coalface.

Accolades awarded to Freedom celebrating these achievements include a number of Gold and

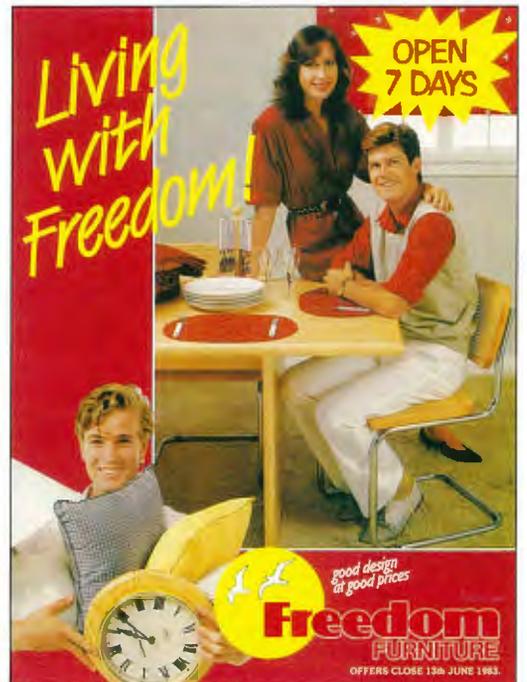
Silver awards in the Australasian Catalogue Marketing Awards and a Bronze in the Australian Direct Marketing Effectiveness Awards. Expansion into New Zealand and the brand’s local longevity and continued sales growth are further testament to the great brand that continues to connect with customers’ hearts and minds.

## HISTORY

Freedom commenced business with its first store in St Leonard’s, Sydney, in 1981. It launched with a business platform based on “affordable home-lifestyle solutions, more than just the ability to buy a new sofa”.

At the point of purchase this meant stores were designed to deliver high quality retail experiences that were abreast of customers’ changing needs. Merchandising incorporated price, quality and range and presented product as “room-solutions” rather than “silos of fabric and timber”. This approach decreased consumers’ angst, as it was no longer left solely up to them to envisage the look and feel they were trying to create in their home.

This lifestyle proposition driven by style and affordability, a clear and tangible category innovation, was the impetus to establishing a successful business based on providing a constantly changing palette of visual ideas. This allowed Freedom to capture the leading position in its target market segment by 1991, and then to list on the Australian Stock Exchange in 1996, the same year its first New Zealand store opened. By 2000,



the Freedom Group boasted 84 stores across Australia and New Zealand.

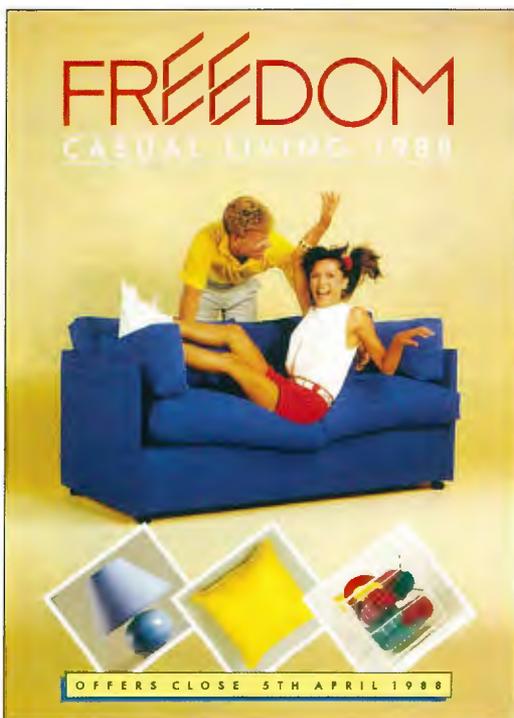
### THE PRODUCT

Freedom has always been passionate about its products, and over time has evolved from being solely about range and value to being more about the values its customers espouse. That is, shopping for furniture at Freedom is not merely solution-led, as in “I need a couch and a coffee table”, but rather inspiration-driven, namely “Wow! Let’s create our version of that look in our lounge room”. Where competitors are simply offering products, Freedom breaks this category convention by delivering integrated solutions in the form of fresh lifestyle ideas that are an accessible vehicle for change and renewal in the home and an outlet for the customers’ desire to self-express.

Freedom’s target customers place a high emphasis on quality, style, value and convenience. Stores have a contemporary look that is colourful and refreshing and offer co-ordinated whole-room home décor solutions that are innovative and stylish and appeal to the young at heart.

The catalogue covers in these pages - from the left: Winter 1983, Autumn 1988, Summer 1996 and Summer 2003 - show the evolution of the brand.

As a result, shopping at Freedom is an emotionally rewarding experience rather than just a bland process of elimination and selection. The combination of the aesthetic appeal and fashion



sense speaks more to the heart of shoppers and invites them to take risks, have fun and experiment with their home furnishing possibilities.

### RECENT DEVELOPMENTS

Most recently, Freedom’s product offer has evolved to include culture and authenticity, providing customers with “global theme merchandise – products inspired by our world”, such as African and Oriental goods. It is this type of innovation that imbues Freedom with sophistication and contemporary appeal emphasised by its ability to deliver inspiring ideas from around the world, making it possible for anyone to create their dream home today.

Further organisational developments have centred on Freedom’s desire to make a difference within the Australian community thereby becoming a brand with soul and substance, more than just a furniture company. Freedom’s contributions to The Children’s Cancer Institute Australia predominantly consist of actual community initiatives such as Billycart Day, Smiley Mug and the Touring Art Show rather than simple financial grants. This is Freedom’s way of heeding The Business Council of Australia’s call for businesses to reconcile profit with social responsibility.

It is these developments that are allowing Freedom to continue to break category conventions



and offer the vision of “Delivering the world’s best retail experience, every place, every time”.

### PROMOTION

Retailing is a fast-paced, intensely competitive environment where shifting product out the door and maintaining margins often supersedes the importance of romancing customers. This is no different in the home décor market which is laden with catalogues, full-page magazine and print ads and 15 second television commercials screaming “deals, hurry, more deals” to customers.

The traditional sales, at the end of Summer, Winter and the financial year, have educated many customers to patiently shop around for the best price, rationalising their decision to “what deal can I get”. This, along with many retailers taking the “who can ‘shout’ the loudest” approach, often results in a frustrating and confusing sea of sameness that skews the importance of price in customers’ buying decisions. This in turn far too often increases their post purchase unhappiness if they find a better deal elsewhere or get lured into buying a cheaper product that doesn’t quite create the intended look.

As Jack Trout suggests in his best seller, Positioning, “price is rarely a sustainable differentiating idea”. Freedom has long since recognised the importance of emotive positioning and has approached retail marketing through its core brand values thereby effectively driving product sales through brand-led communications.

Freedom breaks the category convention by positioning the brand on an emotive platform of “fresh thinking that inspires great ideas” rather than



overtly focusing communications on simple points such as ‘range and value’, which lead to margin erosion.

Over time this has proven more effective than simply following the category norm of focusing promotion purely on product range and price.

### BRAND VALUES

Freedom’s brand positioning is a function of the company’s corporate ideal. That is, “At Freedom, we believe that everyone in the world should be free to access the lifestyle they dream of. Freedom empowers us to dream as well as providing us with the means to make our dreams possible.”

This led to the unique positioning of “Think outside the square you live in” which inspired great ideas for people to customise their home’s look and feel. Millward Brown research confirms that customers perceive Freedom as being empowering and inspiring – “a place for great ideas that help you attain the home you always dreamt of but didn’t believe possible” – and charming and spontaneous.

### THINGS YOU DIDN'T KNOW ABOUT FREEDOM

- A year’s supply of the fabric Freedom uses to upholster sofas is enough to stretch from Sydney to LA.
- Freedom’s first product range included a combination of beanbags, raw pine furniture, Indian cotton sofas and ball lamps.
- Freedom’s longest serving employee has been with the company for 19 years.
- In December 2003, Freedom was taken off the Australian Stock Exchange and became a private company.
- Freedom has a team of buyers who travel the world, several times a year, in search of new innovative lifestyle trends and direction.
- Freedom has been in operation in Australia for 23 years.
- Freedom sells 220,000 Anna Tea Towels each year.