

A New Dimension for Retail

No retailer can afford to be stuck in the past when it comes to meeting the needs of changing consumers. Criticleye speaks to executive and non-executive directors to reveal what lies in store for retail in an omnichannel world

The exam question for traditional retailers is: 'How do you devise an integrated model that reinvents the customer relationship without destroying the existing one?' A polite answer might go along the lines of 'painfully', as the transition to multichannel requires heavy investment, an unsentimental approach to change and a way of interacting with customers that continues to be swathed in unknowns.

Debbie Hewitt, Non-executive Chairman of UK menswear specialist Moss Bros Group, says that "retail management required single dimension thinking ten years ago and that has changed significantly in recent years; it's much more multi-faceted now".

Customers want more than just neatly stacked shelves. **John Allan**, Chairman of electrical goods chain Dixons Retail, comments that the financial situation has made "customers more price-conscious and that's probably increased the tendency to do more research, make comparisons and use the internet for purchases".

The challenge for retailers is to keep pace with new technology and ensure they have an offer that can continue to meet customer needs. **John Bullock**, Executive Vice President for Retail at Shell, comments: "Becoming excellent in delivery of IT-related projects and having the facility to deal with and leverage big

data, and the privacy challenges this brings, are essential to becoming or remaining a leader in the retail sector. Your brand and your offer must have the ability to demonstrate empathy with customer requirements across often very diverse customer groups, which means you need to develop the ability to listen."

Debbie adds: "Successful retailers have to be more analytical and understand consumer buying behaviour, retention and loyalty, alongside price. There are so many different buying channels and the interaction between them all is vital to managing customer satisfaction and customer profitability."

It's led to a rethink about bricks and mortar, online, supply chains and brand. **Alan Giles**, Chairman of clothing brand Fat Face, says: "Most retailers are still struggling to provide a truly seamless experience for customers across multiple channels... Many [still] have too much physical space, so it is important to engineer more flexibility into leases and find ways of either reducing or making better use of existing space."

Matt Crosby, Director at global management consultancy Hay Group, says: "What you do with your stores is important because they can quite quickly turn into albatrosses... You have potentially long, expensive leases, ground rent, public opinion about moving into locations, or public objections about leaving an area because of the negative impact it might have locally on a town centre."

"So where should you have a store and what should that store experience be? Will stores become a brand experience, a shop front for what is essentially your e-commerce offer? Or something else – a different retail mix entirely?"

BRICKS, CLICKS AND A CUPPA

There are plenty of examples of retailers mixing it up, from the way pet-shop chain Pets at Home utilises its space within its stores to include grooming salons to pop-up shops, whereby landlords with empty space allow retailers to temporarily move in and try out new ideas.

Naomi Wells, Head of Future Planning and Sustainable Development for the retail chain Waitrose, which is a part of the John Lewis Partnership, says: "We launched a unique membership card last year which recognises and rewards customers with

“*Most retailers are still struggling to provide a truly seamless experience*”

tailored promotions and experiences, including a free coffee or newspaper every time they visit a branch.

"It has been hugely successful in giving customers an added reason to visit stores. Consumers are not as brand loyal as they once were and retailers are really having to entice, value and look after them."

Rachel Barton, Managing Director of Accenture's Sales and Customer Services division, says: "There's an opportunity for stores to go through some kind of reinvention to embrace the latest technology that is available right now, and make stores interesting and exciting places which have seamless integration across channels."

As can be seen around the UK, if stores are in undesirable locations or simply don't warrant heavy investment, retailers are exercising break clauses or letting leases run their course. Other alternatives include creating a 'click-and-collect' service, sub-letting the space or creating exclusive showrooms. It all demonstrates the need for a dramatic flight from the old school of retail.

John Allan says: "It's learning to live with the internet and seeing it as a positive asset to building a business and

a relationship with customers. For the store portfolios, it's about recognising that because of changing shopping habits – particularly internet shopping – you don't need as many large stores as would have been the case historically. That, of course, leads to pressure on high streets and some of the weaker shopping parks and centres."

What's clear is that unless you focus on the customer, you really don't stand a chance and that means you have to work feverishly hard at winning their loyalty. ■

© Criticaleye 2013

Featuring Commentary From:



John Allan
Chairman
Dixons Retail



Rachel Barton
MD - Sales & Customer
Services
Accenture



John Bullock
Executive VP, Retail
Shell



Matt Crosby
Director
Hay Group



Alan Giles
Chairman
Fat Face



Debbie Hewitt
Chairman
Moss Bros Group



Naomi Wells
Head of Future Planning &
Sustainable Development
Waitrose

Contact the contributors through:
www.criticaleye.net