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July 17, 2020 | £7.99

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RETAIL

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Printed by Buxton Press Ltd
Registered as a newspaper with the Post Office
ISSN: 1360-8215



EDITOR'S COMMENT

Luke Tugby



Retail has become the UK's invisible industry

There was hope, rather than expectation, that chancellor Rishi Sunak would offer retailers a lifeline in his summer statement. As speculation about high street vouchers abounded, retailers crossed their fingers that he would unveil incentives for shoppers to open their purses. It wasn't to be.

The BRC rued a "missed opportunity" for Sunak to help the industry. Usdaw was "truly shocked" by retail's omission and Retail Economics labelled retail "the forgotten sector" in the spending plans.

At Retail Week, we have grown frustrated at writing about this same state of affairs. We are sick and tired of this government failing to see the true value of this industry and its key workers. We are sick and tired of this government failing to see how vital it is for the economy to get consumers spending in shops once again. We are sick and tired of this government failing to see the long-term fallout the coronavirus crisis will have on companies, high streets and the 3 million people who depend on retail to make a living.

Retail, unfortunately and inexplicably, has become the UK's invisible industry. Sunak and Boris Johnson have had ample opportunity to change that during the pandemic. Although the business rates holiday

announced earlier this year offered retailers a degree of relief, last week's statement marked the latest opportunity they have spurned to offer longer-term support or to stimulate retail spending.

The government has thrown money around like an oligarch in a casino during the pandemic. Sadly, very few chips have landed on retail's table. Instead, it has been left clutching at straws in the hope other policies can spark a halo effect in stores.

Cafes operated by retailers could benefit from the 'eat out to help out' scheme and the reduction in VAT, but such measures could have been extended to retail more generally to stimulate spending in hard-hit sectors such as fashion. There's hope that if people return to eating out, neighbouring shops

could pick up sales. The problem is that it's not the cost of a Pizza Express or a Nando's that will prevent the majority of consumers returning to restaurants and cafes. It's the fact that many simply aren't comfortable enough yet to return to those environments. Halo effect? I wouldn't bank on it.

Sweeping changes to stamp duty have also been brought in to kickstart the housing market. There's hope that if buyers and sellers swing into action, home, DIY and furniture retailers could benefit from sales. However, such businesses have already benefitted during lockdown as homeowners seek to do up rather than sell up, so any additional halo effect here could also be negligible.

Sunak's statement did little to inspire long-term confidence for those who work in retail – the UK's largest private-sector employer. Under the job retention bonus programme, businesses that take

back workers when the furlough scheme ends in October and pay them an average of £520 a month until the end of January will receive a £1,000 payment per employee. Retailers may struggle to see that as enough incentive to bring back staff. Yet, with the peak Black Friday and Christmas period falling in the middle of that window, businesses may

need to call on furloughed staff to service a short-term demand spike. Unfortunately, that means shopfloor workers could find that their jobs aren't for life, but maybe just for Christmas.

Before that comes the autumn Budget, in which retailers will again be hoping Sunak delivers an early Christmas present.

An update on the "fundamental" review of business rates would be a good start or perhaps some signs that the government is prepared to relax planning laws to allow for quicker change of use and rejuvenation on Britain's high streets.

Come October, the UK's invisible industry must finally be seen, heard and properly supported by this government – before it's too late. **RW**

We are sick and tired of this government failing to see the true value of this industry

THE BIG STORY

Slavery in Leicester: fashion's open, dirty secret

Boohoo may currently be the one in the spotlight, but the problems with Leicester's garment factories run much deeper than one retailer. By **George MacDonald**

Ethics and standards in Leicester's fashion retail supply factories have once again come under the spotlight following allegations of slave labour and blatant disregard for social distancing requirements in the Covid-stricken city.

This time, online fast fashion star Boohoo is at the eye of the storm after claims that workers supplying its goods were paid below the minimum wage and forced to come to work even when ill with coronavirus.

Boohoo has unveiled a range of measures in response. The e-tailer says it has not found evidence of suppliers paying workers £3.50 per hour, but it has found evidence of non-compliance with its code of conduct and axed two suppliers.

As its investigations continue, and whether ultimately Boohoo is shown to have failed in its own duty or not, the controversy is just the latest to engulf retailers that work with suppliers in Leicester, where efforts to stamp out bad practice have consistently failed.

The situation in Leicester has been described as an "open secret". It has persisted for years and been highlighted by campaigners, the media and retailers themselves.

Two years ago, for instance, former New Look chief executive Anders Kristiansen told the *Financial Times*: "When I came to the UK and I discovered what was going on in Leicester, it was mind-blowing. How can society accept it – not even society, how can the government accept it?"

Leicester's dark underside was also flagged by Parliament's

Environmental Audit Committee (EAC) last summer when it published its report *Fixing Fashion: Clothing Consumption and Sustainability*.

The EAC said Leicester has the "second-highest concentration of textile manufacturers in the country, with 700 factories employing 10,000 textile workers".

Its factories have proved attractive to the new generation of online fast-fashion specialists because they enable rapid turnaround and reorder of popular lines.

But Leicester's clothing supply industry is riddled with bad practice and illegality. The EAC cited a Leicester University study commissioned by the Ethical Trading Initiative (ETI), which found "the majority of the city's garment workers were paid below the National Minimum Wage, do not have employment contracts and are subject to intense and arbitrary work practices".

It continued: "Workers' rights issues included excessive working hours, night shift subcontracting and poor health and safety conditions in the workplace."

Leicester was also "identified as a hotspot for human trafficking".

Setting aside any failings by retailers, some fashion factories in Leicester suffer from unscrupulous owners happy to exploit their staff.

Dangerous conditions

The ETI, more typically concerned about conditions overseas than in the UK, has attempted to improve the situation in Leicester. But it came up

against an unwillingness to change among some manufacturers, and retailers have increasingly chosen to take their business elsewhere.

ETI executive director Peter McAllister tells Retail Week: "We just weren't able to get traction with suppliers that were happy to find gaps in the law and employ people in buildings which were unsafe, being paid below minimum wage."

"What we've heard [this week] is similar to what we saw in our research and, as a result, many of the responsible brands have walked away from operating in Leicester at all."

"Our leverage normally comes because we have members that are respected and take this seriously – without them in the region, we don't have leverage."

He gives the example of one retailer who "did all the right things and was told 'We can do this without the transparency you're asking for, and if you don't like it then leave'".

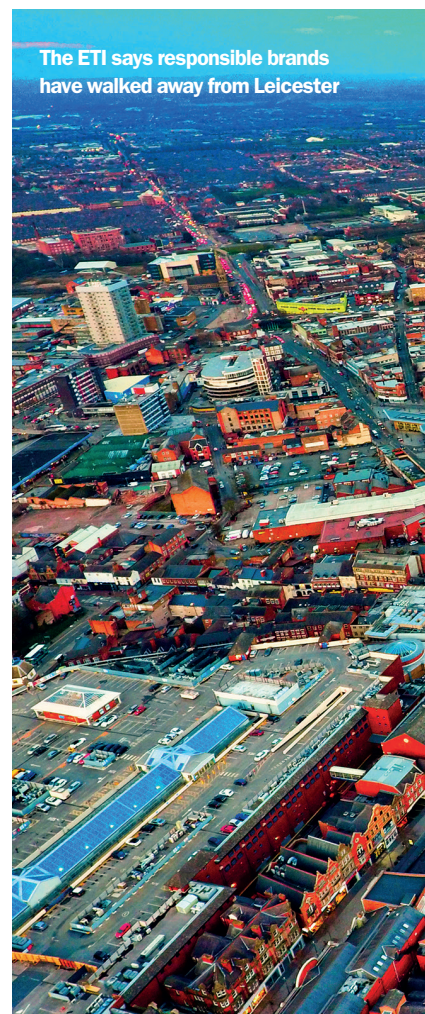
"[Rogue factories] can make money without working with respectable brands and they make more money by not having to comply with those standards."

One retailer that does business with Leicester suppliers, but has reduced the amount, paints a similar picture.

He tells Retail Week: "People aren't getting paid minimum wage, benefits fraud and dangerous working conditions are commonplace."

That means that good suppliers, like retailers who deal responsibly with manufacturers in Leicester,

The ETI says responsible brands have walked away from Leicester



"are being tarnished with the same assumptions".

Whatever the shortcomings of some suppliers in Leicester, retailers cannot get away from their responsibility as part of the chain.

Furthermore, as concerns about the social and environmental impact of fast fashion rise, retailers are expected by customers, investors and peers to do the right thing. That was evident as Boohoo's share price went into a tailspin after the revelations, losing more than £1bn of value, and big partners such as Asos, Next and Zalando suspended sales of Boohoo brands.

The same retailer that sources in Leicester says bad practice by any single retailer, such as willingness to turn a blind eye to factory conditions – or even the perception of such willingness – has a knock-on effect.

It becomes harder to justify doing business with Leicester at all, including with suppliers that uphold all the necessary standards. It also forces sourcing costs up in comparison with those borne by any retailer willing to work with rogue suppliers.



Retailers' responsibility

So what should be done? Boohoo has launched a raft of initiatives in response to the allegations and discovery that suppliers had broken its code of conduct (see box).

One retailer makes two observations about Boohoo. Retailers need to ensure that staff know they can raise ethical issues without fear. Boohoo co-founder, majority shareholder and executive chair Mahmud Kamani is a strong-willed, forceful character, he observes. Might employees lack the confidence to raise concerns with him and instead focus on meeting their targets, meaning brewing problems could go unnoticed?

A source familiar with Boohoo acknowledges that Kamani "wears his heart on his sleeve", but maintains that anybody should feel able to approach either chief executive John Lyttle or director of sustainability Tom Kershaw with concerns.

Boohoo also said this week that it would recruit two more non-executive directors "to provide an appropriate balance of independent directors on the group's board",

Mahmud Kamani maybe is the one person who could sort this out – they respect him and might listen to him

and that "consideration will be given to experience in dealing with environmental, social and governance matters as part of the recruitment process".

The same person who raised Kamani's forceful nature also believed it could bring benefits in the current circumstances. Kamani, a former rag trader, is looked up to by many suppliers because of his background and the soaraway success he has achieved with Boohoo. "Mahmud maybe is the one person of all people

who could sort this out – they respect him and might listen to him." However, Retail Week understands that, while he will take a close interest in the situation's progress, Kamani will leave Lyttle and Kershaw to take the lead.

While individual retailers could and should take action as necessary, more will be needed. Dame Sara Thornton, the UK's anti-slavery commissioner, told Radio 4's *Today* programme this week: "The retailers have a responsibility. They need to go beyond superficial modern slavery statements, beyond audit, and really work with suppliers." But she also said a multi-agency approach was required, involving everyone from the National Crime Agency to the Health and Safety Executive.

One retailer that has taken a keen interest in the problem of modern slavery says the ultimate responsibility lies with the government. In 2015, then home secretary Theresa May helped pass the Modern Slavery Act, which they say was "groundbreaking" but has never really been enforced.

The BRC wants the government to "urgently implement" statutory

Boohoo reacts

- Boohoo has launched "an immediate independent review of our UK supply chain" that will be spearheaded by Alison Levitt QC. The review will cover supplier compliance with minimum wage regulations; compliance with Covid-19 regulations; working hours and record-keeping; right-to-work documentation and contracts of employment. Terms of reference will be published in July and there will be regular updates beginning at September's interim results
- The etailer has committed to invest an incremental £10m "to eradicate supply chain malpractice"
- Boohoo is also accelerating a third-party supply chain audit programme with specialist partners Verisio and Bureau Veritas
- And it is bolstering governance with the appointment of two more non-executive directors

licensing of textile businesses and factory owners, similar to the Gangmasters and Labour Abuse Authority licensing scheme that applies to food production.

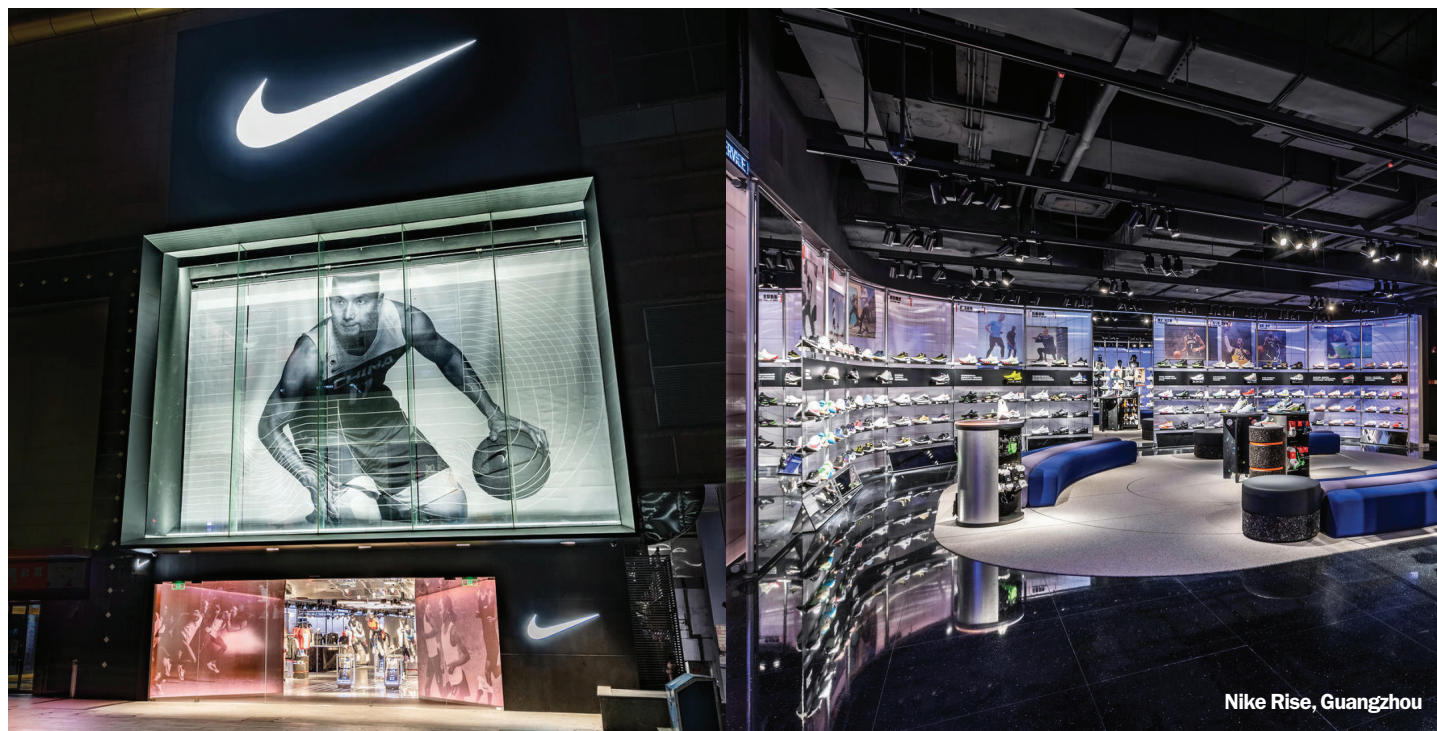
The BRC says: "Licensing would first and foremost protect workers, but it will also create a barrier to entry preventing rogue businesses from accessing the market and undercutting legitimate fashion manufacturing companies, therein creating a level and competitive playing field for businesses to compete fairly. It will also raise tax revenues and provide assurance to retailers to source from the UK and support the development of an ethical, creative, world-leading industry."

The EAC made several recommendations in its report last year, such as strengthening the Modern Slavery Act "to require large companies to perform due diligence checks across their supply chains" and updating the Companies Act 2006 "to include explicit reference to 'modern slavery' and 'supply chains'".

The problems revealed in Leicester may not be isolated. The retailer concerned with slavery issues says: "Any UK food retailer, or any retail business really, that claims to not have any human slavery in their supply chain is being foolish." They may even be there in plain sight.

As Boohoo has found out to its cost, it is an issue that no retailer can afford not to be on top of. **RW**

NEED TO KNOW



Nike Rise, Guangzhou

Nike opens tech-driven Rise store in China

Whether connecting through the Nike App or joining in store, members are invited to experience a digitally enabled journey

From workshops and in-app privileges to a personalisation bar, Nike's new Guangzhou store is the first rollout of its member-focused Rise concept. By **Rosie Shepard**

Nike's latest concept store has opened in Guangzhou, China, using a "member-first" approach to bring a host of new tech features to customers.

Using insights that local members have shared with Nike, as well as realtime sports moments across the city, the Rise store uses data to power personalised experiences.

New offerings include Nike Experiences – an in-app feature that gives members access to weekly sporting activities in the area – and in-store workshops and events hosted by Nike athletes and influencers.

A Nike By You personalisation bar offers the opportunity to customise sports gear and footwear, with inspiration from Guangzhou's local sporting culture and teams.

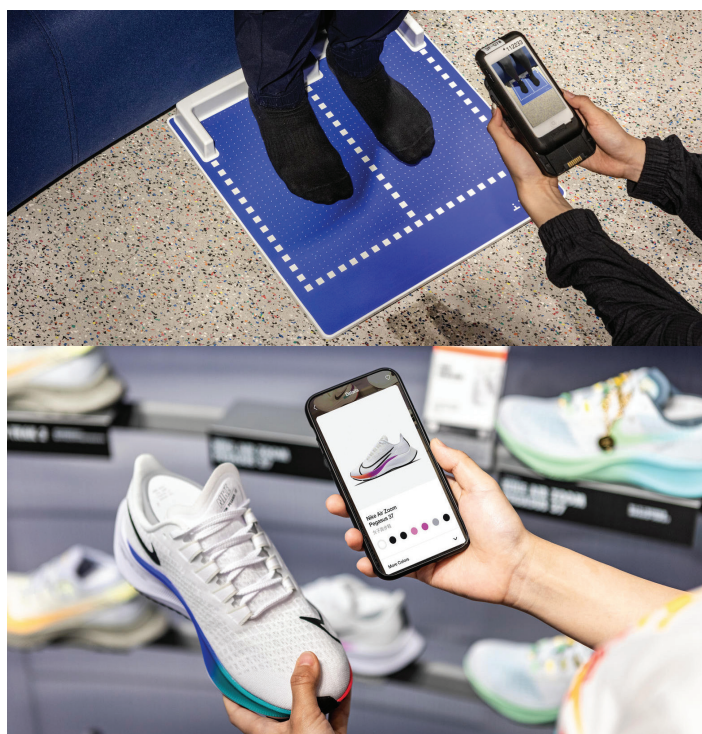
Members can log into the app to watch weekly basketball and football matches, join activities at a local leisure centre or unlock extra member privileges linked to their favourite sports.

The Nike Fit experience in-store allows shoppers to have their feet scanned by a store associate to find the perfect fit in any of the brand's footwear, which can then be saved to a member's profile.

Vice-president of global Nike direct stores and service Cathy Sparks said: "Building on our history of serving our Greater China members through new and innovative store concepts, we're thrilled to unveil this first Nike Rise store in Guangzhou, a city that truly loves and obsesses over sport."

"Whether members are connecting through the Nike App or joining in store, they're invited to experience a digitally enabled journey at this Nike Rise store that links them to the energy and activity of the city, and unites communities across Guangzhou through the power of sport."

Nike plans to roll out the concept to more locations in 2021. **RW**



Will masks deter shoppers or help boost confidence?

After much back and forth, face coverings become mandatory for English shoppers later this month. **George MacDonald** considers the implications for the sector

From July 24, face coverings become mandatory for customers in England, like their Scottish counterparts before them. Anyone breaking the rules faces a £100 fine.

For retailers seeking to rebuild trade as lockdown eases, the face masks edict raises one big question: will the decision boost consumer confidence and so stimulate retail, or undermine sentiment and scare shoppers away?

As they consider that, retailers are glad that at least now there is clarity on the matter. The formerly mixed messaging from Westminster had added further unwelcome confusion into an already uncertain environment.

JD Sports executive chair Peter Cowgill told Radio 4's *Today Programme* on Tuesday that the government had come across as "indecisive" on the issue – evident, he said, in the fact that the new rules do not come into force immediately.

Cowgill suggests the move could be "positive" for older consumers but might deter his younger customer, who could see it as a hassle. He

said: "I do think it will have an impact on consumer confidence, probably negative for our demographic."

GlobalData lead retail analyst Sofie Willmott takes a similar view. She observes: "Shopping for non-essential items is already less appealing than pre-Covid due to the queuing involved, the inability to try items on and the risk of catching the virus. Many consumers will see the face mask requirement as another reason not to visit shops, as it is a reminder that shopping trips are not what we are used to and are more hassle than before."

Nobody knows what the impact will be, but some are more optimistic that it could inspire confidence in shopping.

I do think it will have an impact on consumer confidence, probably negative for our demographic
Peter Cowgill, JD Sports

British Retail Consortium chief executive Helen Dickinson says: "In this case, the majority of opinion has moved faster than the government – people have wanted to go there [on face coverings] and it's taken a while for them to catch up."

Catherine Shuttleworth, chief executive of retail marketing specialist Savvy, says: "It's necessary and sensible to protect shopworkers and shoppers from the unnecessary risks of passing on or picking up Covid."

"Mask wearing will give many shoppers confidence to go out safely, but the inconvenience of putting a mask on will, I think, push many back to online shopping, especially in non-food and general merchandise."

"In Leeds city centre last week, football was rising significantly, but with little evidence of mask-wearing. As we adjust to a new and more protected way of living our lives, mask-wearing will need to be part of what we do."

Face coverings are already obligatory while shopping in countries such as Germany, Italy and Spain, and have

been in Scotland since July 10. Retail's reopening in Scotland has been a few weeks behind England and it is too soon to know how the rule has affected business. However, Dickinson says early indications are that things are "going relatively smoothly" in Scotland.

Chief executive of retail consultancy BroadReach Julie Ashworth, based in Edinburgh, believe "overall, wearing of masks has increased both consumer and retailer confidence".

But there is no getting away from the fact that a mask detracts from the experience of shopping. Ashworth says: "Masks are hot and uncomfortable, more so if you wear glasses, so time spent in store is much reduced."

"Generally, consumers are saying that 'leisure' shopping is no longer fun. Non-food, especially fashion, is much impacted. Many consumers have got used to online browsing and shopping. If a store doesn't do click and collect, spontaneous purchasing is rare."

Encouragers, not enforcers

While they weigh up the pros and cons, retailers will at least breathe a sigh of relief that they will not be made responsible for enforcing the wearing of masks – that will be a police matter.

Some, like JD's Cowgill, see no reason to delay implementation of the new rules until July 24, but others believe that time will be invaluable for retailers to prepare.

Dickinson says the safety of store staff has been a concern, especially since instances of violence and abuse – often triggered by the need for age verification – have risen over the course of the pandemic.

The delay before masks become obligatory means that retailers have time to plan. She says: "It's important for retailers to ensure staff are trained to handle aggressive situations and when to walk away. That's why it's good that there's notice. It's right that there's a police role – retailers' role is to be encouragers, not enforcers."

The period before masks come into force also gives consumers time to buy them. Unlike in the early days of the Covid-19 outbreak, when a rush to stores led to shelves being stripped of essential products, it is understood that masks are not in short supply.

That, though, may be the least of retailers' worries as they navigate yet another obstacle thrown up by the pandemic. It may take more than face masks to truly reinstall consumer confidence. **RW**



NEED TO KNOW

The triple threat facing Sainsbury's new boss

Simon Roberts may have only taken the reins in June, but several strategic headaches lie ahead for Sainsbury's, from reshaping the store portfolio to growing online and staying competitive in a recessionary market. By **Luke Tugby**

New Sainsbury's boss Simon Roberts unveiled a healthy set of numbers earlier this month in his first City outing since succeeding Mike Coupe as chief executive.

The grocer posted an 8.2% jump in like-for-like sales during the 16 weeks to June 27, as food sales surged 10.5% amid the ongoing pandemic and a spell of warmer weather.

General merchandise revenues, including sales made through the Argos business, were up 7.2%, while online sales across the group more than doubled during the quarter.

The figures underscored the fact that Sainsbury's has emerged as one of the UK's biggest winners from the health emergency – Roberts was keen to point out that the business has won customers from Aldi, Lidl and its big-four rivals during the lockdown.

But attention is already turning to the future and how Roberts might shape Sainsbury's strategy in order to maintain such momentum once the coronavirus crisis subsides.

The former Boots boss emphasises that he is focused on the "here and now" for the time being – Roberts only took the top job at the start of June – following a four-month period in which the retailer's operations have "fundamentally changed".

But against that backdrop, the pressure will soon mount on him to formulate his strategic thinking and map out how Sainsbury's can capitalise on such seismic shifts.

Reshaping the store portfolio

One of the biggest considerations facing Roberts is Sainsbury's sprawling store portfolio.

As of March, the end of Sainsbury's last financial year, the group operated just over 2,000 locations, including its supermarkets, convenience stores and standalone Argos and Habitat shops.

Roberts will need to think carefully about the size of that estate, where shops should be located and how they can be better integrated with the online proposition.

The group shuttered more than 600 stores at the height of the pandemic, the majority of which were standalone Argos branches. Despite having its physical presence decimated for much of the quarter, Argos increased sales 10.7% year on year as it pivoted to become an online-only operation.

A huge question mark hangs over whether Sainsbury's will need to retain such a large number of standalone Argos stores and the cost burden that comes with them.

JS has already relocated hundreds of Argos stores to shop-in-shops inside Sainsbury's supermarkets – an acceleration of that strategy and the disappearance of the Argos fascia from some locations is not beyond the realms of possibility.

There are equally important decisions to be made around its 800-strong convenience store portfolio too.

At a time when previously bustling city centres such as London have become ghost towns as workers swapped office desks for their dining tables, a chunk of Sainsbury's convenience business has been hampered.

At present, 26 of its city-centre convenience stores remain closed even as lockdown measures ease.

Roberts maintains it is "too early to say" when such locations will recover. The reality is that, as flexible working becomes the norm and people spend less time in offices, historical footfall levels that made such locations so lucrative may never return.

Roberts says: "We've got a very extensive convenience network and the city-centre stores will take time to recover. But as a counter to that, we have a very significant number of our shops in neighbourhoods, where customers are shopping locally, and we've seen significant growth in sales in those stores."

If such local shopping trends persist, Roberts may need to pivot Sainsbury's c-store business away from city centres and commuter hubs and expand its presence in neighbourhoods.

Growing online profitably

It might not be a new conundrum for grocers, but the importance of sustainably building an ecommerce food operation has heightened dramatically during lockdown.



Simon Roberts took over the top job at Sainsbury's last month

Online grocery sales have skyrocketed over the past three months – Sainsbury's was fulfilling an average of 370,000 orders a week prior to lockdown, but made more than 650,000 home deliveries last week.

Online accounted for 17% of its total grocery sales during the first quarter, and Roberts notes the business has not yet reached "the high-water mark" as digital demand continues to grow.

Last month, Tesco boss Dave Lewis said Britain's biggest grocer had spent £4m to double its online capacity. Sainsbury's finance chief Kevin O'Byrne says its capital expenditure in that area has been "slightly lower".

The return on that investment has been huge in terms of building capacity, but ensuring that those increasing order volumes are fulfilled profitably will be a crucial strategic consideration for Roberts.

Sainsbury's click-and-collect proposition, which wipes out the costs associated with last-mile home deliveries, could play a key part.

The retailer has already increased the number of stores that offer click-





and collect groceries to more than 300, which is 184 more than it had at the end of March.

Although Roberts did not set any targets, the number is likely to increase, but many customers may need to be incentivised if they are to collect their orders from local supermarkets rather than enjoying the added convenience of having it delivered to their doorsteps.

For the time being, Roberts' focus is on ensuring Sainsbury's can "satisfy the demand".

"We will continue to look at it as we move forward, but the demand is growing and when you listen to customers you hear a lot of feedback that they are enjoying shopping online," he says. "We need to prepare for substantially more customers wishing to shop online than we saw at the beginning of this crisis."

But as online demand continues to increase and gobbles up a growing proportion of the group's top line, the profitability conundrum posed by grocery ecommerce will have to be addressed sooner rather than later.

With rising unemployment and real pressure on consumer spending, we've got to make sure we continue to make our offer really relevant and right for customers
Simon Roberts, Sainsbury's

Fending off the discount fightback

A combination of their online propositions, convenience-store networks and more expansive 'one-stop-shop' supermarket propositions have allowed the established big four to gain ground on the discounters during the coronavirus crisis.

Although Aldi and Lidl have continued to increase sales during the pandemic, their respective market shares have come under intense pressure. Kantar data revealed that Aldi lost market share during the 12 weeks to June 14 as its slice of the grocery pie slipped to 7.5%, compared with 7.9% a year ago.

Sainsbury's market share also contracted, but its sales growth during the same period outstripped that of its discount rivals. Roberts lauds Sainsbury's sales performance over the first quarter of its financial year and trumpets that it won sales from its big-four rivals, as well as Aldi and Lidl.

But the grocer will not be able to rest on its laurels. Aldi and Lidl emerged as

forces to be reckoned with in the UK following the 2008 financial crisis as shoppers tightened their belts. As another deep recession looms ominously on the horizon, similar spending habits could take hold again and play into the hands of the discounters.

Roberts and his big-four contemporaries will need to find ways to keep increasingly value-conscious shoppers out of the clutches of Aldi and Lidl.

"The situation ahead is very unpredictable," Roberts says when asked about what behaviour a recession might spark. "Obviously, with rising unemployment and real pressure on consumer spending, we've got to make sure we continue to make our offer really relevant and right for customers."

Sainsbury's has invested heavily in price during the pandemic, slashing prices across 200 lines. Around 1,000 products are now part of its 'Price Lock' campaign.

But Roberts is conscious that more work needs to be done to emphasise the grocer's other credentials, including customer service, quality and convenience, to prevent shoppers from switching to the discounters in a recession.

He says: "Over this period so far, we have seen switching gains from the discounters and the rest of the big four, we have seen volume share gains ahead of the market, and we are very focused on how we continue to make sure our offer is competitive for our customers."

"In terms of the scenarios that could play out in the autumn, our focus very much is to make sure that in value, in service and in convenience we continue to push really hard to make sure we give our customers, whatever the circumstances are, exactly what they'd expect of us."

Doing that will be much easier said than done in what is a ferociously competitive market. Roberts will be afforded very little time to get his feet under the table before revealing where his strategic priorities lie. **RW**

Read more: Has grocery retail changed forever?

Coronavirus has driven unprecedented demand for grocery retailers, but it's also dramatically changed how we buy and consume food. Retail Week looks at the new shopping behaviours and trends that will persist beyond the pandemic. Got to: retail-week.com/grocery-deep-dive

NEED TO KNOW



The fact she's not born and bred in department stores is a plus. More of the same is not going to work
Richard Pennycook,
former Co-op CEO

That follows parent John Lewis Partnership prompting disbelief through a restructuring last year under former chair Sir Charlie Mayfield. It was designed to wring out the benefits of common ownership of the department stores division and grocery specialist Waitrose, but many believed it failed to recognise the differences between the two and were concerned by a management cull that accompanied it, including the abandonment of separate managing director roles.

Wicks is, in all but name, the successor to former John Lewis managing director Paula Nickolds, who dramatically exited in January.

She joins as new partnership chair Dame Sharon White looks again at the changes made by Mayfield. Her speedy recruitment of separate leaders for each business – former Sainsbury's executive James Bailey was named as boss of Waitrose – indicates that other big strategy departures are possible. It is likely to be painful. White has signalled the prospect of "difficult decisions about stores and about jobs".

Fran Minogue, managing partner of retail headhunter Clarity, believes Wicks will be suited to such challenging circumstances. She says: "She bought into the values of the Co-op, so she's able to marry respect for culture with harsh reality, and say if we don't change what we do then we might not be around in a few years' time."

Pennycook, who until recently chaired Fenwick, agrees. He says: "I think the fact she's not born and bred in department stores is a plus. More of the same is not going to work. If department stores have a future in the UK, then it should be John Lewis and [Wicks' task will be about] thinking that through and following through with the execution."

If she can keep the best of John Lewis and modernise the rest, Wicks will have helped safeguard the futures of two of the UK's most treasured retailers and perhaps found a new purpose for department stores by applying an outsider's eye to the format. **RW**

New John Lewis boss is no stranger to a challenge

Described by a former Co-op colleague as someone unafraid to stare down the barrel, Pippa Wicks seems a savvy hire at a tough time for John Lewis. By **George MacDonald**

As John Lewis faces some of its biggest challenges in more than a century of trading, it has called in not a department store executive but a restructuring specialist to take the helm.

Joining from the Co-op as executive director for John Lewis, Pippa Wicks is experienced in mutually owned businesses while also bringing a savvy eye from her experience in turnarounds. John Lewis may not be confronting the existential crisis the Co-op was when she joined, in the aftermath of the 'Crystal Methodist' scandal that almost brought the whole food-to-funerals group down.

However, as the retail landscape shifts to reflect new realities, such as ensuring the continued relevance of department stores and rebuilding after the impact of the coronavirus pandemic, John Lewis faces a time of difficult change that Wicks' skills should help it navigate.

Richard Pennycook, the former Co-op group chief executive who brought Wicks in to play a key part in its rescue and transformation, says the former Bain management consultant and Oxford graduate will bring the right values and expertise to John Lewis.

He says: "I think this will be perfect for her. The Co-op is member-owned with a strong ethical pedigree, and Pippa was highly motivated by that. John Lewis has similarities – employee-owned and with an ethical heritage.

"She is extremely competent, she's got breadth, loads of experience, can grasp a situation quickly, get the best out of people and she knows how to cut through to what really matters. She's good on strategy and good at turning strategy into action."

'Hugely powerful'

A Co-op executive who worked closely with Wicks is similarly complimentary.

He says Wicks' time at the retailer, which she joined on an interim basis in 2013 before becoming chief operating officer and finally deputy chief executive in 2017, were "seven highly intensive years".

He observes: "She's a deep thinker and able to assimilate a lot, take forward what's needed and discard the rest. Although she comes from an accountancy and management consultancy background, she has real empathy with the people she works with. She brought calmness when we were really in the doo-doo. She brought structure. I remember thinking: this is a person that can get us through this. When you're facing into a barrel, that's hugely powerful."

John Lewis may not quite be staring down a barrel, but it faces a turbulent period. The department store business had a difficult Christmas and full-year profits plunged.

Boohoo should cut ties with Leicester following revelations

Boohoo has become too big to countenance links with Leicester factories alleged to operate under Dickensian conditions in flagrant breach of the law, says **George MacDonald**

Boohoo's prowess has enabled rapid growth and bucked the wider fashion market trend. Such has been its success that, even though listed on AIM, it is capitalised at £3.6bn – almost twice that of Marks & Spencer – and that's after Boohoo's share price fell off a cliff following the Leicester 'slave labour' revelations in *The Sunday Times*.

Boohoo's success and scale have unsurprisingly attracted big-name investment institutions. Apparently happy in the main to engage with the retailer over the claims, nevertheless they, as well as potentially the e-tailer's customers, will take a dim view.

They will expect Boohoo to act like the big company it is with all the governance and social responsibility obligations that brings.

The allegations are all the more pressing and disappointing for Boohoo given it is not the first time such concerns have surfaced. Similar allegations were made a few years ago by Channel 4's *Dispatches* programme. Earlier this month, campaign group Labour Behind the Label claimed that workers in Leicester factories supplying Boohoo were being forced to work while infected with coronavirus.

Leicester has long been a running sore in the fashion supply chain. Two years ago, former New Look chief executive Anders Kristiansen told the *Financial Times*: "When I came to the UK and I discovered what was going on in Leicester, it was mind-blowing. How can society accept it – not even society, how can the government accept it?"

His point was well made because Leicester's problems go beyond anything involving individual retailers and have so far confounded a variety of efforts to address them, including those by the Ethical Trading Initiative.

Even so, retailers must play their part in ensuring ethical and legal standards are adhered to – and Boohoo must step up to the plate if it is found wanting.

There are plenty of previous examples of retailers that faced criticism over factory conditions – typically abroad in countries such as Bangladesh – that acted decisively in response.

The most obvious one is Primark, which in the past was frequently targeted, sometimes unfairly, over the human cost of its low-priced goods. The retailer took on board the concerns, and when the fast fashion industry was investigated by MPs 18 months ago, Primark was judged to be one of the retailers "most engaged" with the ethical and sustainability issues raised. Boohoo was deemed one of the "least engaged".

Boohoo's chief executive John Lyttle, who has been in post for little more than a year, is a former chief operating officer at Primark. His experience should mean he is well placed to get to the heart of any problems at Boohoo.

Similarly, Boohoo co-founder and executive chair Mahmud Kamani has spent a lifetime in the garment trade. There is nobody who could pull the wool over his eyes when it comes to the supply chain. It is surprising, therefore, that Kamani apparently hasn't spotted and stamped out such issues before



George MacDonald
Executive editor
Retail Week

Leicester's problems go beyond individual retailers and have so far confounded a variety of efforts to address them

now, but his expertise can certainly help the e-tailer navigate the Leicester minefield in the coming months.

The damage to Boohoo is mounting. As Retail Week revealed last week, online giants Asos and Zalando have both delisted Boohoo brands, as has Next.

So this is urgent. But Leicester is not Bangladesh; it's an hour or two's drive from London or Manchester. If serious ethical concerns could be addressed by retailers somewhere as far away as Bangladesh, they can surely be dealt with in the East Midlands.

Suppliers in Leicester who do obey the law need to do their part too, by rooting out the skimmers and scammers who are undermining the city's reputation in fashion supply. If that doesn't happen, retailers such as Boohoo will have no option but to cut ties.

In developing countries such as Bangladesh, the argument is often made that it is better to engage with factories that fail to meet standards and help to raise them so that those who can least afford to suffer do not end up paying the price by losing their livelihoods.

That argument doesn't stand up in Leicester, in a country where even amid Covid-19 and its aftermath there are opportunities for paid employment that meet all the legal obligations.

If Leicester suppliers need a shock, Boohoo should, as it has promised to do, administer it by terminating relationships with rogue manufacturers and withdrawing its business entirely from the city if necessary. **RW**

CaRe20



Alongside healthcare professionals, retail workers are the lifeblood of the UK right now.

RWRC – the home of Retail Week and World Retail Congress – retailTRUST and the British Retail Consortium have joined forces to raise £10m for retail staff facing financial distress.

'**CaRe20** – Caring for Retail during COVID-19' is aiming to raise vital funds to provide financial, emotional, physical and vocational support to store workers, pharmaceutical staff, and those working in food distribution and the medical supply sectors who may be ineligible for government support during this health emergency.

HELP CHANGE THE LIFE OF SOMEONE WORKING IN RETAIL TODAY.

Find out more about the appeal and donate through JustGiving by visiting retail-week.com/donate20

Retailers can help fund the appeal by contacting **Claire Greenwood** at cgreenwood@retailtrust.org.uk

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OPINION

Leicester must act now and restore great fashion factories

As the spotlight shines on the role of Leicester's garment factories in the spread of Covid-19, resident and fashion industry veteran **Fiona Lambert** says it's up to both retailers and consumers to demand change

With a long career in the fashion and textile industry and living and working in Leicester, I've been deeply saddened by the reports that garment manufacturing has potentially had a part to play in the spread of Covid-19 and the extended lockdown.

In my time here I have seen the rise, demise and rise again of garment factories, but this time around it's not something to be proud of.

While there are some great factories used by retailers that have done much locally to support improvements in ethical standards, unfortunately not all adhere to these practices.

The issue is the rapid growth of some etailers, whose business model is built on small quantities, fast turnaround, quick repeats and low prices, which requires a close-to-home supply chain.

Small runs are not cost-effective to manufacture. There should be a 20% to 30% on cost for the 200 to 300 units that would be ordered, but the selling prices do not sustain this.

With cloth prices a fixed cost, the reduction comes from the labour costs.

If the retailer does not care how they get their cost price, does not ask the right questions or monitor the production, that allows illegal practices to go on.

Any buyer with the right education should know the breakdown of the standard minutes required to make a garment at the correct legal pay rate plus the cost price of fabric and pay this.

Business leadership should support the buyer in paying the right prices.

Proud heritage

There are anywhere between 500 and 1,000 factories in Leicester, many not visible because they will be subcontractors. I'm sure for workers

in some of the factories, it's a choice of low pay or no pay, so it continues.

Sadly, the factories that have tried to do the right thing have seen their orders dry up as they are too expensive and have been forced to close or downsize, compounding the problem. So what will change the situation, because this is not new news?

First, the spotlight that Covid-19 has cast needs not to go away.

The etailers need to demonstrate leadership that does not support this type of manufacturing.

It may require higher selling prices, which may create less volume, but that has been done by some and should be done by all. This is the only way to break the vicious circle as it's supply and demand.

Second, the consumer who is demanding fast, low-priced fashion needs a better understanding of the implication of their buying habits.

Although I would like to think the enforced lockdown has changed people's demand for fast fashion, the reaction to bars reopening at the

Sadly, the factories that have tried to do the right thing have seen their orders dry up as they are too expensive and have been forced to close or downsize

weekend makes me doubt it. A hard-hitting documentary along the lines of *Blue Planet* is needed.

The customers need to walk in the shoes of the workers and spend some time in factories, seeing the conditions and living on the pay the workers receive.

Third, support needs to be given to local officials to check and enforce the correct factory conditions – this is under-resourced.

My one concern as the heat of the spotlight continues is that there is a mirror image of Leicester in Prato, Italy, with small units filled with similar orders from the same etailers.

If factory conditions and wages improve and prices go up in Leicester, will production simply be moved elsewhere and leave a void in the industry I care so passionately about?

I believe now is the time for change. We should rightly call out and champion the retailers and factories that are doing the right thing and the pressure needs to continue to be put on those that aren't.

I'd love to see Leicester return to its heritage as a proud garment manufacturing hub. **RW**



Fiona Lambert
Managing director
of new business
development,
River Island

Being 'good' is not good enough in a post-Covid world

Taking care of the community and behaving ethically have been key business concerns during the pandemic, but striving to do better shouldn't stop there. Time to become a B Corp, says Danone's **James Bruce**

Like so many other companies across the UK, at Danone we have been working hard to get urgent help to people affected by the coronavirus pandemic.

Although the emergency response might be over, now is not the time to stop. Businesses must continue to step up and play an integral part in building a more equitable and sustainable future. To build back better, leaders should consider becoming a B Corp.

Danone is built on the concept that for the company to thrive the rest of the world must be thriving too, and the past 14 weeks have reinforced the link between business and our communities.

As with other companies, employees across Danone have been playing their part to get critical help to people in greatest need since the crisis began. This includes more than doubling our supply of food to the NHS, getting donations to charities across the UK and distributing to food banks and other causes.

Force for good

As the UK moves from the immediate crisis response to ensuring a sustained recovery for communities and the environment, people are rightly looking to businesses to help build back better. Committing to becoming a B Corp is a key part of this: to grow an even wider community of companies using business as a force for good.

Being a B Corp means that your company is legally required to consider the impact of all its decisions on workers, customers, suppliers, community and the environment. The B Corp community works toward reduced inequality, reduced poverty, a healthier environment, stronger communities and the creation of more high-quality jobs.

It is a sign that a company is demonstrating exceptional standards of social and environmental performance, transparency and accountability. It signals a better way of doing business.

James Bruce
Commercial director,
Danone UK
and Ireland



Danone was the first UK dairy company to gain B Corp certification three years ago. Around the world, 30% of Danone's total operations are accredited B Corps. We are working hard to transform all of our subsidiaries into B Corps by 2025. As a business with a global staff of 100,000, it's a significant but hugely important undertaking.

There are now around 40 B Corps in the UK food and drink sector and more than 3,000 across 150 industries in 71 countries. It is a fast-growing and influential community, but we urgently need many more to join us to accelerate positive change. With the opportunity to build back better, now is the time for greater industry-wide commitment and collective action across sectors.

Being a B Corp means striving to always achieve more as a genuinely

progressive business. It means going beyond just compliance; rather than waiting for legislation, we are committed to innovating and striving to be ahead of the curve. Earlier this month, we were part of a coalition that pledged to work with governments to put the environment at the heart of a green recovery.

In the UK, we have introduced the first 100% recyclable packaging for yoghurt, which has helped to inspire the rest of the company – most notably in its ambition to move to zero polystyrenes in Europe within four years.

Purchases with purpose

As well as being the right thing to do, being a B Corp makes clear business sense. Research from 2018 showed that companies with B Corp certification grew 28-times faster than the UK average.

In the UK, for three-quarters of those people who know what B Corp means, the label has a positive impact on their intent to purchase. It is something we have experienced first-hand through our B Corp shop on Waitrose's online store, where consumers know they are making a purchase with a purpose.

We currently have an activation with Activia yoghurts through that online shop, and our sales through Waitrose have jumped 80% during the year to date as a result – and growing at twice the rate of the average yoghurt category.

B Corps are setting themselves up to thrive while helping to create a better world. In 1972, Antoine Riboud, the first Danone chair and chief executive, said: "There is only one earth, we only live once." Those words kick-started a vision to bring health to our planet and its people, and they feel even more important now than ever before.

It's up to all of us to grasp the opportunity for positive change. Being good is not good enough as we face up to the challenges ahead – we need collective business action and we need it now. **RW**

As well as being the right thing to do, being a B Corp makes clear business sense

ANALYSIS

Retail's top 20 places to work

Difficult times make it more important than ever to be good, responsible employers and take care of staff. Retail Week has teamed up with Glassdoor to find out the best places to work in UK retail, according to employees. By **Gemma Goldfingle**

Ranking	Retailer	Glassdoor score (out of 5)
1	Pavers Shoes	4.6
2	DFS	4.3
3	The Very Group	4.1
4	Dunelm	4
5	Topps Tiles	4
6	Spar	4
7	Paperchase	3.9
8	Waitrose	3.9
9	The Body Shop	3.9
10	TJX Companies	3.8
11	Fat Face	3.8
12	Schuh	3.8
13	Screwfix	3.8
14	Oliver Bonas	3.8
15	Decathlon	3.8
16	Superdry	3.8
17	Selfridges	3.7
18	Pandora	3.7
19	Ikea	3.7
20	Tesco	3.7

Methodology

Ranking is based on UK-based reviews on Glassdoor between June 1, 2019, and May 31, 2020. Each of these companies had at least 30 reviews during this time. Ratings go to the thousandth and are rounded up.



Pavers has an 'everyone mucking in' culture

Family-owned footwear chain Pavers Shoes emerged as UK employees' favourite retailer to work for, according to reviews posted on Glassdoor.

Data collated by the company review and jobs website over the past year placed Pavers at the top of the chart, scoring 4.6 out of five in employee appraisals. Staff applauded Pavers' strong company values and said it was a family business that cares for staff and customers.

Making the company a good place to work is a priority for chief executive Stuart Paver, who refers to Pavers' mission statement: 'Delivering comfort and happiness'. "That applies to both customers in their footwear purchases and staff when they work for us," he says.

Paver says its status as a family-owned business enables it to invest more in its people. "Family businesses look after their people as it's like an extended family," he explains. "You'll find very few private-equity companies [on best place to work lists] as they have a completely different focus. Our shareholders decided we would sacrifice some profitability and dividends in order to make it a nicer place to work."

The retailer operates a John Lewis-style bonus scheme where each employee is rewarded for the company's success. Paver says this takes out the confusion of how to attribute sales. "A sale in a shop could have been influenced by the web or vice versa. Where do you allocate a sale to? We can't work that out, so we give bonuses based on the profitability of the company, so we're all working towards one goal."

Glassdoor EMEA director Joe Wiggins says employees tend to prefer working for family businesses. "Staff feel like they're part of the family. But you don't have to be a family business to offer a family feel," he says. "Companies that have the core values of putting customers first and treating their employees well have a similar feel."

CaRe20

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It's very important to have openness and communication. We want to listen to everyone Stuart Paver, Pavers

'We don't tolerate egos'

Reviews on Glassdoor highlighted Pavers' approachable management, which is something the business strives for.

"It's very important to have openness and communication throughout the organisation," Paver says. "We want to listen to everyone. It's amazing how many good ideas come from part-timers at the lowest levels. You have to make it so people are happy to talk and management are prepared to listen. I regularly get emails from people at all levels telling me what is great with the company and what we're doing wrong. We take it and try to sort it."

Paver says this company culture encourages open communication. "If we find areas where people are trying to stop that communication, then we come down quite heavily on it. We don't like mini-fiefdoms in the organisation."

"There's a particular culture here, and when we bring someone in from a large organisation that hasn't had to get down and dirty they just don't understand it. People don't have minions here; they have to do things themselves."

And that includes Paver himself. "Sometimes when I'm visiting shops, I still sell a pair of shoes. If everyone's busy, I'll jump behind the till."

Paver puts his company's culture of "everyone mucking in" down to its Yorkshire roots. Coincidentally, the retailer that ranks

second on the Glassdoor list also hails from the northern county.

Like Pavers, Doncaster-based DFS shies away from hierarchy. "We're a big-turnover company, but we've managed to maintain a family, community feel," says DFS group people director Jo Shawcroft. "We're low on hierarchy. Because of our Yorkshire roots, we don't tolerate egos."

This is encapsulated in the firm's company values: 'Aim high, be real and think customer'. "Our 'be real' value is the one we talk about the most," she says. "We're big on authenticity".

Shawcroft highlights that these values were co-created with staff, who put forward suggestions and voted for that statement to be adopted. "It's a genuine articulation of how people feel about the company, rather than just words that have been plunked on top of the company logo. We really live our values."

Engaging with workers is crucial to DFS. The company runs listening groups and regular surveys to understand how people feel and what is or isn't working. "And, importantly, we act on this feedback," says Shawcroft.

Retail can be a career, not a job

Career progression and training was one of the big reasons DFS employees rated the company highly. Wiggins says it is rare for these criteria to be praised in retail companies, and he points out that many employees in the sector view their work as "a job rather than a career".

"However, companies that offer paths of progression tend to keep people longer-term, as they can see how they can go from a store assistant to store or area manager," he says.

Shawcroft says DFS offers a wide range of training from technical skills to customer service and behavioural coaching. It also puts a big focus on leadership training. "Our view is that if you train your line managers, they'll take care of everyone else," she says.

The furniture retailer was also praised for its remuneration, something Shawcroft says DFS has worked hard to make "fair and transparent" following employee surveys. She says it offers a healthy base salary, which helps make staff feel "secure", but its bonus scheme offers an opportunity to "super-size that".

DFS awards bonuses not just on sales performance, but on customer service scores, which it monitors via NPS surveys. "We don't

just want to be a sales engine as we don't think that's putting customers first," says Shawcroft.

Staff discount was also highlighted as a plus point for DFS, alongside other high-ranking retailers such as The Very Group and Dunelm. Wiggins says discounts are really important for retail workers and a way that businesses can make remuneration package more attractive.

"If you love the product you sell, you want to buy it. Being able to share discounts with friends and family is a big bonus." This is a perk that DFS offers via its Mates Rates initiative.

Supporting staff during lockdown

Recent months have been stressful for everyone, and good retail employers have offered support to staff.

Pavers has carried out weekly Facebook Live Q&As. "A third of total employees were watching live and another third watched the recordings, which is huge for getting that message across that we're going to be providing a safe environment and will be here at the end of this, still doing the same things," says Paver.

DFS has also communicated through digital channels. The retailer uses the Facebook-owned communications platform Workplace to keep in contact with staff. Half of DFS workers were using the platform prior to lockdown, which has since risen to 90%.

Shawcroft says: "It's a very challenging period for everyone and we'll be judged by how we support people through this period. It's a little bit corny, but families come together in times of crisis and that's true of DFS."

Mental health has been a particular focus for DFS and staff have posted blogs sharing their personal stories.

Protecting mental health has also been a priority for Pavers. "We've started training 25 mental health first-aiders each year, so there's at least five in each region. We've certainly seen demand increasing since Covid-19," says Paver.

Mental health is rising in importance for workers. According to Glassdoor's return to work survey, 58% of workers now place more emphasis on employee benefits and perks related to physical and mental wellbeing, such as mindfulness and fitness apps, private healthcare and access to online therapy.

The retailers that continue to be great places to work will need to pay as much attention to wellbeing as they do salaries and bonuses. **RW**



DFS came second in the Glassdoor ranking

ANALYSIS



The new Primark store at the Trafford Centre in Manchester opened on June 15

The retailers opening new stores in lockdown

While many retailers have tightened their belts to counter the impact of the coronavirus pandemic, some have used the time to launch new concept stores to expand their reach. **Rosie Shepard** reports

With the majority of bricks-and-mortar stores closed for the past three months, the industry took notes from essential retailers to prepare for their reopening on June 15.

Perspex screens and floor markings have become the norm, but some retailers have gone further by opening new stores and launching new concepts for shoppers to return to.

On June 15, value retailers such as Sports Direct and Primark led the way as the most popular with customers, and Primark played

up to the hype by opening its new store in Manchester's Trafford Centre.

Originally set for March, the opening was delayed by the pandemic, but the value fashion chain vowed to return "with a bang". The new opening also took advantage of the pent-up demand for Primark clothing and products, as its shoppers in lockdown had no alternative online channel.

The Trafford Centre store will also host a beauty studio, café and 'Custom Lab', but these elements are temporarily closed.

Trendspotters

PwC senior retail adviser Kien Tan adds that for Primark opening the new store in conjunction with the rest of its estate on June 15 made sense.

"In the case of Primark, the Trafford Centre is a very popular location that would have been difficult to secure a position in, so if they can open it with social distancing measures in place, why not do so?" he says.

"For a retailer like Primark, where they may well have been able to accelerate their opening plans during the lockdown because



Lidl has opened a city-centre store on London's Tottenham Court Road

The Trafford Centre is a very popular location that would have been difficult to secure a position in, so if Primark can open with social distancing in place, why not do so?

Kien Tan, PwC

there are more people available to help and there's more free time to do so, it makes sense that they would make that decision. They've also got an excess of stock available to populate the store with.

"The opening would also reduce pressure on other Primark stores in the local area. Ordinarily, a destination like the Trafford Centre store could be in danger of cannibalising sales from other stores in Manchester city centre or in the satellite towns, but with capacity limited in stores due to the social distancing, the new store will help even out the customer demand and relieve pressure, as well as serving the customer better."

Value grocery retailer Lidl also opened a new store on London's Tottenham Court Road. Typically a mid-size supermarket that opts for retail park locations, the new smaller-concept store in the city centre marks a strategy change for the grocer.

Lidl has been going from strength to strength over the past few years, with its market share now at 5.7%. The concept is likely to be popular with customers in the longer term, but its current challenge is the lack of local traffic in an emptier-than-usual city centre.

Dunelm's new concept, on the other hand, has been able to take advantage of lockdown

trends – shopping locally and demand for homewares and redecorating.

Dunelm Edit is a small version of the big-box store, found on Crawley High Street. In the new concept, the chosen "edit" will be made up of products that are most popular in the Crawley area – an idea that will be replicated in future iterations of the concept in different neighbourhoods.

Like the Primark store, Dunelm Edit was originally set for an earlier launch date but reopened quietly on May 28. As footfall data indicates shoppers are mostly opting for their local high streets over other destinations, Dunelm will be able to trial the concept with an influx of local customers.

The homewares retailer did not say where or when the Edit fascia will be rolled out further.

Luxury experience

Similarly, The Watches of Switzerland Group has debuted a standalone Tag Heuer boutique in Oxford's Westgate shopping centre, one of three that will open over the coming weeks. The boutique will sell more than 150 timepieces unique to the brand, with the group aiming to create more mono-brand experiences for loyal customers.

ANALYSIS

Golfing goods retailer American Golf has also opened a flagship store in New Malden. Designed by Esdaile Design consultancy, the shop features digital elements such as a driving range and custom fitting nets.

The store experience in many cases has currently been impinged by the regulations surrounding the coronavirus pandemic, but by creating fun activities that can be enjoyed solo and at a social distance, American Golf's stores will still offer an enjoyable shopping experience.

Bed brand Carpe Diem has similarly been able to ensure its luxury experience comes first. The brand launched its first store outside its native Sweden in London's Marylebone area just before lockdown rules were put in place, but it has now reopened and experienced a "good start [with] more traffic than expected".

Carpe Diem offers complete customisation of its products as well as personal appointments, meaning customers can have a unique experience while maintaining safety.

Tan says that while the majority of these plans would have already been in the works, retailers with the available cash and inventory, such as Primark, were wise to accelerate the launch of their new stores.

Some retailers have been accelerating plans because it is a golden opportunity Kien Tan, PwC

He also notes Next's new Beauty Hall concept, which was announced in May to replace struggling Debenhams locations.

"A lot of retailers are currently having a tough time so many may be running at a standstill in order to preserve cash. In an ideal world, they would have been thinking about new stores during lockdown, but that's not necessarily a possibility for them," says Tan.

"Some retailers, however, have been accelerating plans because it is a golden opportunity. Next, for example, has taken advantage of the fact that Debenhams locations

have become available – which are prime locations where they were most likely able to cut a good deal with the landlords too, meaning it was probably a once-in-a-generation opportunity to get such good locations.

"I wouldn't say that a retailer was wrong not to have jumped on these chances, but where there are opportunities to take, or plans that have been on the back burner for later in the year or maybe next year, those with the capacity made a good move."

He also notes that new concepts would have already been well researched, so would not have been more of a risk to implement during lockdown than at any other time.

While the pandemic continues, retailers that are able to open new stores can capitalise on the appetite of shoppers after lockdown and take advantage of the opportunities available.

There has also been no better time to think about new stores, using the time in lockdown to be productive and understand what customers want and how their behaviours may have changed.

While opening new stores carries some risk and a lot of investment that may not be readily available, the retailers that have shown their innovation may win in the long term. **RW**



Swedish luxury bed brand Carpe Diem launched its London store in March



Lessons in loyalty: delivering results

As Marks & Spencer relaunches Sparks, **Rosie Shepard** reviews some of the top loyalty schemes around the world and pulls out lessons on what works in loyalty today

Marks & Spencer has revamped its loyalty scheme Sparks by scrapping the current points system in favour of instant rewards for shoppers at the checkout.

The changes have been made following feedback from 250,000 Sparks members and are designed “to deliver immediate and clearer value”.

Many retailers have loyalty schemes but few encourage true loyalty and change how consumers shop.

Former TCC Global insights director Bryan Roberts says: “Loyalty cards in theory don’t actually work. If on average shoppers have 4.5 loyalty cards, they’re not actually being loyal, as if they were they’d only have one.”

“Customers want to see tangible benefits

and rewards for spending more to keep them shopping with that retailer.”

Starcount chair Edwina Dunn, who helped launch Tesco’s groundbreaking Clubcard in 1995, says: “The most clever loyalty schemes are those that encourage customers to do more and activate more. A lot of them have got it wrong because they simply give away discounts – obviously customers like this, but it doesn’t actually change their behaviour in any way.

“You want your customers to visit one more time and buy one more item, and if they don’t, retailers are stuck with the cost of launching the scheme for little return.”

Retail Week rounds up some of the best loyalty schemes around the world and picks out key lessons.

Sephora Beauty Insider

French beauty giant Sephora operates a points-based loyalty programme with three tiers – Insider, VIB and Rouge.

Customers are automatically bumped up a tier if they spend more with the retailer and more points are earned per dollar spent on each tier.

Shoppers have the opportunity to spend points on products as a reward, with more options available to members on higher tiers.

The points can then be redeemed at the Sephora Rewards Bazaar, which is open every Tuesday and Thursday at 12pm EST online and in-store, offering free sample products, Sephora-themed novelty items and beauty experiences including make-up classes.

Beauty Insider members are also gifted



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with free products on their birthday and receive discounts throughout the year – with higher-tier members receiving better offers and the ability to share them with their friends and family.

Loyalty lesson: A tiered scheme, where rewards clearly improve by reaching the next loyalty level, incentivises shoppers to spend more. Offering experiences as well as products is also a smart move as it feels like a true treat for shoppers.

Tesco Clubcard and Clubcard Plus

The Tesco Clubcard is another points-based loyalty scheme where points can be converted into vouchers that can be redeemed at a variety of locations including restaurants, hotels, cinemas and theme parks, or used to pay for train tickets or other services, allowing customers to personalise their rewards.

“For a lot of shoppers, vouchers for a meal out or a theme park are quite aspirational if you’re on a limited budget, so they can see the real value in collecting points,” says Roberts.

Tesco introduced Clubcard Plus in October last year, which adds an extra level to the rewards scheme.

For £7.99 a month, Clubcard Plus members get 10% off two big shops per month in-store, up to a maximum of £40. Members also get 10% off other Tesco brands in-store such as F&F and Tesco Mobile users are awarded double the usual amount of data.

The ability to collect rewards from other businesses, rather than just spending in store, allows customers to derive real value from the scheme

Loyalty lesson: The ability to collect rewards from other businesses, rather than just spending in-store, is a real bonus for customers and allows them to derive real value from the scheme.

Clubcard Plus moves the loyalty scheme into a subscription, where guaranteed lower prices will lock customers into shopping with the grocer.

North Face VIPeak Rewards

Outdoor brand North Face’s loyalty programme offers members benefits beyond simply money off their next purchase.

As well as the usual perks such as early access to new products, the retailer understands that for its most loyal customers the outdoors is their passion, so it chooses to

reward them with things to fuel this from adventures with athletes and exclusive access to expeditions.

The scheme allows customers to redeem a reward each quarter for points collected during that period, which encourages shoppers to engage with the brand on a year-round basis, not just during ski season.

Loyalty lesson: Think beyond just offering money-off purchases and offer unique experiences that cannot be replicated by other brands. Offering quarterly rewards encourages more regular shopping, which could be a smart way to encourage more frequent buying for retailers with seasonal peaks.

Tarte Cosmetics Team Tarte

US make-up brand Tarte does not just reward purchases, it incentivises all customer engagement – be it opening an email, reacting to social media posts, referring friends, completing surveys or leaving reviews. Each interaction earns points that are redeemable against product purchases.

Team Tarte members can log into an activity page that tells them what they can do that day to earn extra points, as well as earning 100 points per full-sized and 50 points per mini-sized product bought.

Removing the transactional element of the loyalty scheme keeps customers constantly talking about the brand even if they can’t afford to keep buying all the time.



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Loyalty lesson: Rewarding engagement as well as loyalty turns customers into free brand ambassadors.

Net-a-Porter EIP

Designer fashion website Net-a-Porter's EIP (Extremely Important People) programme gives true VIP treatment to its biggest spenders.

Those who spend more than a whopping £55,000 a year get access to an array of premium benefits including their own personal shopper, complimentary worldwide delivery, priority access to new products, and invitations to private sales and fashion events.

EIPs can also order up to 30 items to try on at home without paying up front – payment is taken for the items they keep and the rest is picked up directly from their doorstep.

Net-a-Porter's scheme takes exclusivity to the next level to retain customers with the highest spending power and offer them the best service possible to keep them spending more.

Loyalty lesson: Always reward your very best customers with the status and experience they deserve. Offering exclusive access from everything to Sale products to fashion events, customers feel like a real VIP.

Starbucks Rewards

Starbucks' loyalty programme digitises the old-fashioned coffee-stamp card. Starbucks Rewards revolves around its mobile app, which

Ditch the plastic. Shoppers do not want to delve through their wallets so adopt an app to make things easier. Up the convenience further and make it transactional

customers can scan to earn points, as well as use to make orders.

Members earn two stars for each \$1 they spend in-store and can only start redeeming for rewards at 25 stars, which will earn them an extra espresso shot, flavouring or a dairy-substitute milk.

More stars are redeemable against bigger products, for example 200 stars gets a customer a free sandwich or protein salad.

Rewards card users are also eligible for free refills of brewed coffee or tea.

The app is the biggest draw for the coffee chain's scheme, however, as it gives users the opportunity to order and pay for their coffee to be collected, saving valuable time.

Customers can also participate in games and special offers on the app to earn more points.

Loyalty lesson: Ditch the plastic. Shoppers do not want to delve through their wallets so adopt an app to make things easier.

Starbucks has upped the convenience further by making its app transactional, which gives a quicker and easier way to pay, eliminating the need for shoppers to queue.

Boots Advantage Card

Boots Advantage Card is one of the UK's best-known loyalty schemes and more than 85% of women over 15 are active users.

Members earn four points for every pound spent with the retailer. Each point is then worth 1p, which is redeemable against future purchases.

Advantage Card users can also sign up to extra clubs including the Parenting Club, which gives them extra points on baby products, or the Over-60s Club, where extra points are earned on Boots-branded products such as No.7 make-up.

Boots builds up a wealth of data on customer preferences from the data collected, which it uses to better target customers. It also uses this information to offer personalised rewards.

Loyalty lesson: Boots' scheme keeps things simple – customers can see their points accumulating and know that they'll be able to spend them in future. Personalisation rewards make customers feel valued and also give retailers more information about what products they want. **RW**



DATA

Five ways to get the tills ringing after coronavirus crisis

Consumer habits are changing faster than ever. Little more than a third of Brits expect to shop as they did before in the next 12 months, according to Retail Week's new report *How They'll Spend It*.

Understanding customers and their changing needs will be front of mind for any retail chief, particularly with a recession looming.

Based on our in-depth research, conducted in association with Openpay, here are five ways to engage with customers and increase spend in these challenging times.

Multichannel excellence

Investment in online and multichannel growth strategies was already a priority before the pandemic, but it is even more critical now.

Ecommerce has provided a lifeline for many consumers over the past few months, with 48% agreeing that they are now shopping more online than previously and 36% expecting this to continue during the next 12 months.

Considering new as well as existing customers

Retailers' multichannel strategies would benefit from considering those who may be new to online shopping.

Many over-55s began shopping online for the first time out of necessity during the lockdown, but told us that they now expect this behaviour to continue.

In addition, 35% of shoppers switched to using different retailers, presenting an opportunity for businesses to nurture these newer customers and retain their loyalty.

Safe but inspirational in-store execution

During lockdown, 53% of consumers missed the experience of going shopping, according to our research, citing the social aspect, browsing and bargain hunting as the elements they missed the most, along with specific retailers such as Primark.

With socially distanced shoppers encountering barriers such as one-way systems and queuing, they need to be rewarded for their efforts with an inspirational and frictionless experience that persuades them to stay and spend.

Local and sustainable products taking centre stage

Shoppers have evidently become more mindful of how they spend and, with budgets restricted, will largely be seeking value for money. However, other aspects, such as sustainable products and local sourcing, were also called out as priorities for the shoppers we surveyed, and these are important differentiators.

Nearly half (44%) of consumers are now prioritising shopping more sustainably, and 49% have started shopping with independent retailers.

Convenient payment solutions

One of the biggest changes to in-store shopping has been the move to cashless payments, a priority for retailers and also consumers.

Just 27% of consumers now expect to use cash in store, compared with 63% before lockdown. Digital and in-app payments are increasingly being introduced, providing convenience for shoppers while reducing infection risk.

The most squeezed shoppers are those in the 25-34 age group. As they reconsider their priorities, we can expect to see an acceleration in the introduction of buy now, pay later solutions by retailers to help consumers responsibly spread payments.

Retailers have demonstrated incredible agility and innovation to deliver for customers throughout these challenging times. Building on this momentum will be a huge differentiator for future success. **RW**

To access the full report, including in-depth analysis by category and demographics, go to: retail-week.com/HowTheySpendIt



HOW HABITS CHANGED

76% are making fewer shopping trips

41% plan to continue shopping less frequently after lockdown

36% have started shopping with independent retailers

42% have started buying from local businesses

20% have signed up for online food subscriptions

33% shopped more sustainably

35% switched to shopping with other retailers/brands during lockdown

CONSUMER EXPECTATIONS FOR THE COMING 12 MONTHS

Only 37% say they expect to continue to shop as they did before

55% expect to reduce their spending

56% say uncertainty about the future and the economy has made them reconsider purchasing habits

60% say 'I need to be very careful how I spend money'

40% are looking forward to going out and spending money (vs 23% who are not)

72% would like to save more money (20% expect to do so in the coming 12 months)