

RetailWeek



Retail-Week.com

February 2021

BY ASCENTIAL

Retail rebel

Beauty Pie founder Marcia Kilgore
on rejecting beauty's status quo **p8**



The retail
forecast: sun
or storm? **p4**

Do you need
shops? Learn
from high street
brands turned
pureplays **p14**

RETAIL

RetailWeek 

TRANSFORMING RETAIL INTELLIGENCE

Helping you lead your business
through the digital revolution

Our mission is to help you, as retail leaders, identify what you need to do to win in the digital economy.

Connect your whole team to our market-leading analysis, intelligence and data with a Retail Week corporate membership.

Give your team the insight to judge risks, assess opportunities, plan more effectively and react more rapidly to the transforming retail landscape.



Find out more

Retail-Week.com/corporate

+44 (0)20 7516 5030 // Ryan.Saunders@Retail-Week.com

Ascential, 20 Air Street, 2nd Floor, W1B 5AN
Tel: 020 3033 4220
Website: Retail-Week.com
Email: Firstname.Lastname@Retail-Week.com

Talk to us...

Group Content Director
Charlotte Hardie 020 3033 229

Editor
Luke Tugby 020 3033 4305

Executive Editor
George MacDonald 020 3033 2836

Head of Content
Grace Bowden 020 3033 4338

Senior Reporter
Hugh Radojev 020 7715 6075

Reporter
Rosie Shepard 020 3961 8890

Features Editor
Gemma Goldfingle 020 3033 2943

Managing Editor
Abigail O'Sullivan 020 3033 2940

Production Editor
Stephen Eddie 020 7728 5000

Digital Product Manager
Rebecca Frole 020 3033 2659

Subeditors
Rebecca Dyer, Emily Kearns

Commercial Content Director
Nicola Harrison 0203 033 2837

Head of Commercial Projects
James Knowles 020 3033 6192

Relationships Director
Isobel Chillman 020 3033 2996

Commercial Content Editor
Megan Dunsby 020 3033 3866

Senior Content Manager - Events
Jade O'Donoghue 020 7715 6192

Group Commercial Director
Paul Stewart 020 3033 2755

Commercial Team
Imogen Jones 020 3033 2969
Julia Jones 020 3033 2952

Subscriptions Team
Shrinil Patel 020 7715 6316

Managing Director
Hanna Jackson 020 3033 2496

Find out more...

Group Events Director
Email: Poppie.Mickleburgh@Retail-Week.com

Customer Relations Consultant
Ben Tinning
Email: customerservices@retail-week.com
Tel: 0203 873 2847

Subscriptions/back issues
To find out more about becoming a subscriber, visit Retail-Week.com/membership.
For company-wide access please contact Corporate.Enquiries@Retail-Week.com.
For back issues call 020 3873 2847.

ASCENTIAL

All rights reserved © 2020 Retail Week
Powered by ASCENTIAL.
Printed by Buxton Press Ltd
Registered as a newspaper with the Post Office
ISSN: 1360-8215



EDITOR'S COMMENT

Luke Tugby



JLP knowingly undersells itself by closing stores

It is hard to believe it was only seven years ago that John Lewis was splashing hundreds of millions of pounds on 20 new store openings. The launch of sites in Leeds, London and Birmingham were part of former boss Andy Street's plans to establish genuinely nationwide, multichannel coverage.

Street's planned expansion would have increased its portfolio by almost 50%. "We're lucky that we only have 40 shops in great places," Street told the *London Evening Standard* in December 2013. "We still have big catchments we are not serving. As growth returns, we can spread our wings."

Less than a decade on, those wings are being clipped. John Lewis might be facing some of the strongest headwinds ever to batter the sector, but with the right model and proposition, physical retail can ride those winds of change.

Instead, it is understood that new chair Dame Sharon White plans to shutter as many as eight department stores, in addition to the eight she has closed since taking the reins. Such a move, expected to be confirmed in the full-year results on March 11, would leave the business with 34 UK locations.

White eventually expects John Lewis to generate 60% of its sales online, compared with 40% prior to Covid. She also wants 40% of profits to come from new areas, such as housing, financial services and product rental, by 2030. But even with those lofty ambitions in mind, cutting the store portfolio so deeply could amount to throwing the baby out with the bathwater.

Walking away from a tranche of stores won't solve John Lewis' fundamental problem. Whether you operate three, 30 or 300 shops, they have to be relevant to customers – just ask Debenhams. John Lewis cannot sleepwalk down the same road.

Directing a portion of its investment away from physical to digital channels of course makes sense. Yet John Lewis must not become over-reliant on online. Falling into such a trap would shift its

primary competitor set away from the likes of Marks & Spencer and House of Fraser to Amazon and eBay – a potentially perilous place to be.

Rather than axing so many stores, John Lewis should be making them work harder for the broader business. That is much easier said than done, but other retailers are achieving it.

Tesco wants to install at least 25 urban fulfilment centres within its largest supermarkets, for instance, and Asda is bringing in new partners in non-food categories, such as The Entertainer and B&Q.

Making changes won't come cheap. Like its bricks-and-mortar neighbours, John Lewis has the burden of business rates to contend with. And the capital expenditure needed to breathe fresh life into its properties will be at a premium.

But it is in a stronger position than most. Many of its stores paid reduced or even zero rent even

before the pandemic, such is the clamour to secure John Lewis as an anchor tenant. That is an enviable position that John Lewis was only able to establish over the years as a result of its in-store prowess – and it is one it should seek to capitalise on.

Given that this is her first retail role, White has already brought outside-the-box

thinking to JLP. Now is the time to apply some of that thinking to revamping its department stores before giving up on them.

It is not too late for department stores to become hubs of experience, discovery and surprise. It is not too late for department stores to properly do what online can't and bring the brands they sell to life. And it is not too late for department stores to drive loyalty – online and offline – by better curating new up-and-coming brands.

John Lewis' shops won't just survive the pandemic but can thrive if it gives them that opportunity to do so. The partnership will be knowingly underselling itself if it fails to give all of its department stores that chance. **RW**

Now is the time to apply some of that outside-the-box thinking to revamping its department stores

DEEP DIVE



The retail forecast

After an incredibly turbulent year for retail, **Gemma Goldfingle** assesses the brighter rays on the horizon

After a stormy 2020 that BRC chief executive Helen Dickinson called the “worst year on record” for retail sales growth, the under-pressure sector is hoping 2021 brings a sunnier outlook.

Economics research consultancy Retail Economics sees brighter times ahead and is forecasting retail sales growth of 2.5% this year, compared with the 0.5% decline last year.

Chief executive Richard Lim observes a polarisation in UK consumers, but says its research shows the people that have been worst hit by the pandemic – and are therefore cutting back on discretionary spending – are outnumbered by those that have been able to save and have higher levels of disposable income.

He points out that the larger group includes more affluent households who in weighted terms contribute more to consumer spending.

He explains: “Less commuting and cancelled holidays are having a positive impact on levels of disposable income. From March to December, the average family could have been sitting on an average of around an extra £10,000. We’re seeing so much evidence of this through the huge jump in savings and negative growth in credit, which suggests people are paying back their debts.

“People are sitting on quite a lot of disposable income and we’re going to see the benefit of that throughout the year. Our research shows the majority of people plan to spend more or at least as much as last year.”

Marks & Spencer chair Archie Norman concurs: “It’s a bipolar economy. Some people are losing their jobs, but for salaried Britain it’s not so bad.”

Norman also shares Lim’s optimism for 2021:

“I’m not saying everything’s going to be glorious but I think [2021] will surprise people. Notwithstanding the economic outlook, we’ll be coming back from being locked away.”

Most commentators believe the end of the current lockdown will mark a turning point in the year.

Joules boss Nick Jones says: “There’s going to be two aspects of 2021. The time during continued restrictions and lockdown, and whatever tiering happens after that, and then the moment in time when we start to really feel as a country and as consumers that we’re able to be freer.

“It’s going to continue to be a challenging year, but I’m certainly more positive about opportunities more broadly later on in the year.

“We will come out of this and customers will want to be able to enjoy the things they’ve not been able to enjoy during lockdown.”

Primark owner ABF’s finance director John Bason agrees: “People want to get through this. The vaccination programme is building and people will want to go back to having holidays, mixing with people and – guess what? People will want to shop at Primark again.”

Online sales remain strong

Jones believes the growth of ecommerce will continue in 2021. “In the short term, there will be a continued acceleration of digital. Brands that have purpose and a point of view will be very important and are meeting customer needs in the here and now. Then, in the longer term, it is about a balance of physical and digital that will be required,” he says.

Retail Economics forecasts that online sales penetration will remain robust in 2021 and account for 26% of sales. This is a slight drop on 2020 levels, but it is notably higher than the 20% notched up in 2019, suggesting the shift to online is a permanent one for consumers.

“Lockdown has necessitated the shift online and people are reverting to what is now learned behaviour,” says Lim, who cites Retail Economics consumer research that showed a large portion of people say the way they shop has permanently changed due to the pandemic.

The Hut Group boss Matt Moulding agrees: “I do not see this mass wave of customers saying ‘I’m giving up on the internet because I really love getting in my car, queuing and getting a smaller range for a higher price’.

“The proposition online is naturally going to be stronger than it would be in a shop and strong enough to keep them on an ongoing basis. There are lots of reasons for that – the convenience factor and the better value and range to be had online. Once you’ve tried it, you’re not necessarily going to go back. Stores have reopened in many territories across the world at various points and our sales have still been strong.”

Retail Economics is an independent economics research consultancy focused on the UK consumer and retail industry. It analyses the complex retail economic landscape and draws out actionable insights for its clients. Leveraging its own proprietary retail data and applying rigorous economic analysis, it transforms information into points of action that gives clients a competitive edge through deeper insights.



The forecasts for retail's biggest sectors

Grocery

↓ 2.9%

Although Retail Economics forecasts a less sunny 2021 for the grocery sector, this comes against scorching sales last year when the closure of hospitality venues gave supermarkets a boost.

Lim says: "As we head into May, we expect the reopening of cafes, restaurants and bars to soak up a lot of the spend that has shifted into grocery."

There are also some headwinds that grocery retailers have been battling, which could hit the bottom line in 2021.

Tesco chief executive Ken Murphy warned last month that costs related to Covid-19 would be higher than anticipated in its current financial year, which runs to the end of February. The grocer had estimated costs would come in at £725m but warned that the increased severity of the pandemic and more staff absence had caused this figure to spiral to £810m.

Lidl UK chief Christian Härtnagel is also concerned that a wider economic downturn might create adverse conditions for the grocery sector at large.

"This has been an unprecedented time with unprecedented spending from a government and it will have an impact on the economy," he says.

However, he is convinced the discounter will fare well in difficult economic climes.

"As a discount retailer with high-quality produce at the lowest prices, we don't have to be afraid of whatever is going to be thrown at us by an economic downturn. We are convinced that offering high-quality food at the lowest prices is the right answer, especially in a potential recession," he says.

While overall grocery sales may fall slightly on last year, Tesco UK and Ireland boss Jason Tarry expects the "huge growth in demand for online grocery shopping" to continue into 2021.

He adds: "A significant number of people used online shopping for the first time during lockdown and found it a positive experience. We're confident that demand for grocery home shopping will remain high and we will continue to focus on providing outstanding service."



DEEP DIVE

Clothing and footwear

↑ 25.9% ↑ 29.5%

After the stormiest of years, things are looking brighter for the clothing and footwear sectors in 2021 with a sales bounceback predicted when lockdown ends as people rush to see others – and update their wardrobes to do so.

“There’s an underlying desire to see each other and socialise,” says Lim. “There’s been a reordering of priorities during this time when we’ve been starved of social interaction. People have re-evaluated the value in personal friendships and families.”

However, Lim is eager to caution that despite forecasting sizeable year-on-year sales growth in clothing and footwear, the figures come against significant sales declines in 2020. “It will still

be around 4% smaller than 2019 levels,” he warns.

However, ecommerce may steal the high street’s thunder as Lim predicts much of the additional spend on clothing and footwear will be made online.

Norman is also forecasting a bounceback when the vaccination programme starts to bear fruit and normal aspects of life can resume such as family gatherings, weddings, sports and entertainment. He hopes “people will open their wardrobes and sigh: ‘Oh God, I can’t wear that again’”.

M&S is assuming the current lockdown lasts until at least Easter (April 4) and is “continuing to actively manage” its clothing stock and store costs accordingly.

The Very Group chief executive Henry Birch agrees:



“Once nationwide vaccinations are under way, I would expect fashion to perform really strongly.

“There will be pent-up demand and high levels of savings among many consumers who will be keen to resume normal life, go out and go on holiday.”

Meanwhile, the boss of one premium womenswear group is counting on people needing to update their wardrobe after gaining weight during lockdown.



Health and beauty

↑ 9.7%

The dark clouds are also breaking for the health and beauty sector in 2021 as consumers emerge into the real world. The 9.7% sales growth in health and beauty will mean revenue is up 0.3% on 2019 levels.

Lim predicts that beauty shoppers will “trade up” to more premium brands when lockdown ends and we start socialising again. “We haven’t spent a lot on beauty products over the same year, so when we’re allowed to go out we may trade up,” he says.

One health and beauty executive insists getting stores open again is integral to growth. “We’re set to have a really horrible three months but I’m

reasonably confident that by April we should be in a place where we can have a big push in terms of getting trade back in our stores,” he says.

However, health is expected to have a bumper year as the pandemic has spurred a heightened interest in wellbeing, according to Deloitte lead retail partner Ian Geddes.

Many consumers have adopted healthier lifestyles such as home workouts in lockdown. Meanwhile, UK vitamin and supplement sales surged 8% in 2020 to £494m, according to Mintel, which expects this growth to continue and reach £559m by 2025 – a 13% rise on 2020 levels.

Electricals

↑ 1.8%

The forecast is fine for electricals, with solid growth continuing in 2021, according to Retail Economics.

Dixons Carphone chief commercial officer Ed Connolly predicts 2021 will be “another powerful and positive year of growth within the sector”.

He says: “We’ll be annualising what is for sure the biggest year in the sector – certainly within living memory. We can see already from January that computing especially is sustaining that very high level of demand and we’re forecasting significant and sustained demand on all things computing right the way through the year.”

Lim predicts that this year consumers will snap up what he terms “second round comforts”.

“There’s a slow acceptance that even if we go back to the office, it’s not going to be full time. People have now got their desks and monitors, attention is now turning to coffee makers, kettles – the home comforts rather than necessities.”

Connolly agrees and says people are “nesting more”. “The period of enforced time at home has enabled people to really think about upgrading their domestic appliances and how to upgrade the home in a relatively light-touch way,” he says.

“I could see how that could be sustained with the demand we’ve seen for kitchen appliances, small and big, and the different use cases around people cooking more and cleaning more and putting more emphasis on white goods.”

Meanwhile, if the Euro 2020 tournament goes ahead this year, after being moved from last summer, electricals retailers should experience a boost in home entertainment and TV sales, according to Connolly.



Homewares

↑ 2.7%

Homewares has been one of the boom sectors of the pandemic as consumers that were forced to live and work exclusively at home invested in improving their living conditions.

Retail Economics expects this trend to continue. With the UK in the midst of a lockdown that looks likely to continue until at least March, brightening up the home remains top of mind.

Dunelm chief executive Nick Wilkinson said last month: "We've never felt more confident about the future. As our homes play an increasingly important role for all of us, we are well placed to build even closer relationships with our customers and extend our market leadership."



Although Wilkinson said Dunelm had been impacted by store closures during local and national lockdowns, Lim believes the sector is less affected than others so will remain

resilient through this latest period of restrictions.

"Smaller-ticket homewares don't rely on physical points of interaction as much as other sectors," he says.



Furniture and flooring

↑ 11.2%

Stores play a greater role in bigger-ticket furniture and flooring purchases, which is why – despite the strong desire to improve the home – sales in this category fell 9.3% last year.

DFS' sales for the first 24 weeks of its financial year beginning June 29 were up 19%; however, in the second quarter, which included the November lockdown, revenue fell 5%.

Retail Economics expects the urge to upgrade furniture to remain and when stores finally reopen Lim believes retailers in the sector will benefit.

"Eighty per cent of furniture purchases are made via stores. As soon as stores reopen, huge demand will come through, particularly as people are sitting on a lot of disposable spending," he says.

He also points out that a lot of new house purchases have been made recently as consumers rush to snap up property before the stamp duty holiday ends on March 31.

The latest HMRC data shows residential transactions in December were 32% higher than in December 2019, while mortgage approvals rose to their highest level in 13 years in November, according to figures from the Bank of England. This should bring a surge of demand for furniture and home furnishings in 2021.

The expected baby boom predicted this year will also boost furniture sales as new parents kit out nurseries. John Lewis said searches for 'new baby' were already up 274% on its website in December.

DIY and gardening

↑ 2.2%

The sun will continue to shine on the DIY and gardening sector as consumers persevere with their newfound enthusiasm to do up the home.

As essential retailers, DIY stores and garden centres are able to open during lockdown and many have emerged as winners during the pandemic.

However, as life returns to normal, these retailers will try to encourage consumers to continue with their home improvement projects even when social events start to fill up their calendars.

B&Q boss Graham Bell is focusing on making home projects easier to take on to

keep customers hooked on their newfound interest in DIY.

"We've got a lot of product ranges that are making it simpler for people," he explains.

"It's also about making it more convenient for them to get the products delivered to their home and completing the project, giving them the design services. What we're doing is taking away all the barriers."

While there may be varying degrees of growth across retail, the outlook is brighter for all in the year ahead – which is much needed after a winter of discontent. **RW**



THE BIG INTERVIEW

The retail rebel

Serial entrepreneur Marcia Kilgore tells Retail Week about the conversation that made her reject the status quo, driving growth in a pandemic and the Weston family advice that inspired her to start Beauty Pie. By **Grace Bowden**

After a year when homeworking meant collectively abandoning the tyranny of jeans and officewear in favour of tracksuit bottoms, anyone would be forgiven for thinking women's daily beauty routines would similarly have fallen by the wayside.

Not so, says Beauty Pie founder Marcia Kilgore. "I think rumours of the demise of lipstick were greatly exaggerated," Kilgore jokes, while discussing the performance of her online business, billed as a "luxury beauty members' club".

"There are plenty of people getting full faces on before they get on to their calls for the day. In an office, you might not see that your makeup has worn off but on Zoom you can't avoid yourself, so you're going to do a touch up here and there. We've definitely seen that in our sales."

Rejecting received wisdom is familiar terrain for Kilgore. A serial entrepreneur, she has founded businesses including Bliss Spa, FitFlo and Soap & Glory – she sold the latter to Boots in 2014.

But her latest venture, Beauty Pie, designed to make luxury beauty more accessible through radical price transparency, is perhaps her most ambitious venture to date.

The premise is that, by paying a monthly membership fee, Beauty Pie customers get access to a monthly allowance to buy products across beauty, skincare, candles and supplement ranges, with up to an 80% saving on retail prices.

A £5 monthly subscription gives access to buy up to £50 worth of products a month, a £10 subscription gives access to £100 worth of products, and so on.

Kilgore founded the business in 2016, inspired by factors including the increased customer acceptance of subscription schemes, characterised by the rise of Netflix and the perennial popularity of Costco in the US.

"If you look at Costco, it's for people who want to avoid the mark-ups, are savvy and who don't need to be defined by what is stamped on the jar," she says.

"There are those that would never shop at Beauty Pie because they need to have their La Mer or branded stuff. And then there are people who think 'This is quite smart and so am I', and so will try it to save money and get some great products."

"There will always be those different cohorts of shoppers, but the latter

haven't had a place to go in luxury beauty before now."

The proposition has clearly resonated with consumers seeking to treat themselves while being price-savvy in lockdown. Since March 2020, Beauty Pie has increased its membership by 70% and doubled its revenue.

"People just want to take care of themselves – they're not going anywhere, there's no travelling anywhere, there are no other treats," says Kilgore.

Beauty Pie has also brought in external investment for the first time with funds from Index Ventures, Balderton Capital and General Catalyst to be used, in part, to improve its ecommerce platform and expand the product range.

Kilgore, who had not taken external investment in any of her previous businesses, initially had reservations.

"I'm not really building a VC-backed direct-to-consumer company. We are building a business: a solid, real business that will actually last forever and could be huge, and has customers who come back."

"We aren't trying to be the hottest flash-in-the-pan thing where I spend all the money and chase nothing but growth; we need a sustainable business model. I don't build stuff just to say I had 700% growth."

Over the course of building Beauty Pie, Kilgore realised that attracting the top tier of talent to her executive board hinged on securing external

investment, so the business took it on as "a strategic move".

Since securing the funding, Beauty Pie has appointed Panni Morshedi as chief operating officer, former Marks & Spencer and John Lewis executive Rob Weston as chief marketing officer and Eleena Broadfoot as chief financial officer.

The penny drops

Last year, Beauty Pie launched its first physical pop-up in a Harvey Nichols department store. Although it was only in place for four days before Kilgore decided to close it because of rising concerns about Covid-19 and the difficulty of enforcing social distancing in store, the response from shoppers who visited made her confident that Beauty Pie would do more bricks-and-mortar pop-ups in the future.

"We rented the space for something very nominal and we drove foot traffic for them because we have a growing club of shoppers who will come visit us."

"For us, partnerships like that, as long as we are on the ground floor in the beauty hall, are fantastic. For a lot of people who were wondering what Beauty Pie was, to see it smack in the middle of Harvey Nichols answered that. Getting the nod from a luxury department store really solidified our reputation for some shoppers," she says.

Although Kilgore is open to further retail collaborations, the creation of

The competition for retail isn't necessarily online retail... Netflix will be the death of in-store retail more than Amazon will be



**We aren't trying
to be the hottest
flash-in-the-pan
thing where I
spend all the
money and chase
nothing but
growth; we need
a sustainable
business model**

THE BIG INTERVIEW



Beauty Pie actually stemmed from a desire to distance herself from the status quo of beauty brand and retail partnerships.

Recalling the inspiration behind it, Kilgore remembers a conversation she had with a buyer at Sephora after selling Soap & Glory to Boots.

Prior to the deal, Soap & Glory had been stocked in Sephora and Kilgore had been increasingly frustrated at the lack of promotion her brand was given in Sephora's store or marketing.

"Brands like mine were filling space and being told we were being treated the same when it was such a struggle to make money," she says. "You'd lose a couple of hundred of thousand a year just by providing the different samples and providing mandatory training."

"Once the deal was done, I told our Sephora buyer and she told me 'That was a good move; we only push our own brands anyway'."

"That cemented it for me. I get it, retailers need to look after themselves, but I don't need to be a part of that. Why would I, as a businessperson, not want to do it my way, too? In the end, the relationship was not what I thought; there was no real partnership there. The penny dropped."

Retail with a reason

It was a wake-up call for Kilgore that led to her taking a few months off – "something I'd not done since I was 18" – to think about her next venture.

During that period, she met Galen Weston Jr, executive chair of Canadian grocery chain Loblaws, who is part of the family behind businesses including Selfridges, Primark and Brown Thomas.

"He told me 'Beauty hasn't changed in 20 years; it's all the same stuff in different packaging'," says Kilgore.

This, combined with a fateful trip to an Italian beauty supplier where she saw a makeup palette she had left with that cost "€6, if that" to produce being sold for €60 at a nearby cosmetics counter, gave her the inspiration for her latest venture.

"I wanted to give shoppers access to all these amazing labs and get the prices they offer in there, because the difference between the price when it leaves the factory to when it lands on the retail shelf is so extreme."

It was a new idea and one that Kilgore was not sure that suppliers would support – so much so that she only told suppliers what Beauty Pie was days before the launch and after she had bought two years' worth of product in case they refused to go along with the plan.

"I just really wanted to focus on the efficacy of the product without having to think about how to shave 16 cents out of it in order for it to make money. I don't ever have that thought now, I just think about getting the best, and it's really freeing."

"For me, it was always hard to pretend something was exceptional when I knew it wasn't. I don't want to do that any more; I just want to get the good stuff for the people because that's how I'd want to be treated."

Kilgore's passion for democratising beauty is mirrored in her enthusiasm for an exceptional retail experience.

She talks wistfully about the buzz of being on the shopfloor "from 9am to 9pm" when Beauty Pie's pop-up was open in Harvey Nichols and the satisfaction she got from helping a customer find a product she knew would work for them.

"I actually love retailing and people need it for the advice and social option, so it has got to stay around. But retail has to be fun because that is what you go out for," she says. "Nowadays the question is: would you rather stay at home and binge-watch *The Crown* or go elbow to elbow at some not-that-inspiring retail experience?"

"The competition for retail isn't necessarily online retail, it's the other entertainment options that are available. Netflix will be the death of in-store retail more than Amazon will be."

Kilgore's bold vision for beauty is already snapping at the heels of traditional retailers and she has no intention of slowing down until every customer that wants it can have a slice of the Beauty Pie. **RW**



It was always hard to pretend something was exceptional when I knew it wasn't. I just want to get the good stuff for the people because that's how I'd want to be treated

Hear more from Beauty Pie at Retail Connected

Rob Weston is one of the three leaders featured in the *In My View... What is the Future of Beauty?* series at **Retail Connected**, alongside Sharmadean Reid, founder and CEO at Beautystack, and Trishna Daswaney, founder of Kohl Kreatives. **Retail Connected** is a week-long virtual event brought to you by Retail Week, Retail Week Live, Be Inspired and World Retail Congress, taking place from 26 to 30 April.

OPINION

Road to freedom is still a long journey to retail normality

The country is on a 'one-way road to freedom', as prime minister Boris Johnson put it when he unveiled a route out of lockdown. **George MacDonald** considers the implications for retail

For many retailers, it could not come a moment too soon and they will eagerly anticipate the reopening of non-essential retail on April 12. Finally, sunlit uplands may be in view. But freedom will not mean an immediate return to how things were before.

While shops will open in a couple of months' time, life will be disrupted until June at least. Until then, and in all likelihood for some time afterwards, business and life as usual will still be very different. From the end of March, people will be able to emerge, blinking in the sun, and socialise a little more. But hospitality, which plays such a key part in the vibrancy of town and city centres, will not be polishing the glasses until mid-May, when indoor drinking and dining resumes.

When hospitality does fully reopen, it is likely to alter some spending dynamics as consumers divert more money towards eating and drinking out and away from retailers.

Similarly, it is unclear when offices will reopen – that is the subject of a review to be completed before mid-June. So there is no imminent return of the commuter trade that sets the tills ringing on station concourses.

Many offices have been reconfigured during lockdown to cater for a new style of working that only necessitates employees' presence part of the time, scything away days' worth of trade.

Twitter, for instance, whose UK base is just off Regent Street, has already said staff can work from home "forever", while advisory firm KPMG is considering whether it should reduce office space in expectation of hybrid working. Less time at the office means fashion will continue to be affected by lower demand for formal work apparel.

Restrictions also remain on international travel for the time being.

Brits look poised to rush overseas at the first opportunity – Tui reported bookings were up 500% overnight after

Boris Johnson's announcement and EasyJet said there was a 337% increase in flight bookings. That should provide some compensation to sellers of sun cream, including airport retailers.

As retailers ponder these and other questions, they also need to juggle the complexity of Covid recovery strategies that vary across the constituent nations of the UK. In Scotland, for instance, it is widely anticipated that the government will reimpose a tiers system, in contrast to the phased general reopening planned for England.

Despite all the unknowns, at least a clear route has been set out. Bricks-and-mortar retailers may be disappointed they will not be trading for Easter, but they can now prepare to bounce back.

They will be operating in a very different environment. The pandemic has done for some famous names and there has been an irreversible shift to online shopping.

Today, for instance, Mike Ashley's Frasers Group said it expects to make "material accounting impairments", including to freehold properties of more than £100m, citing "the length of this current lockdown, potential systemic



George MacDonald
Executive editor,
Retail Week

Bricks-and-mortar retailers may be disappointed they will not be trading for Easter, but they can now prepare to bounce back

changes to consumer behaviour and the risk of further restrictions in future".

But the future of good stores can still be bright. It was striking that Primark was able to report that it retained its market share when its shops reopened following previous lockdowns. Its strength of proposition and efficient model should serve as inspiration for other store operators, who are also likely to seek to make physical and digital complement each other further.

The market has not written off store-based retail if reaction to the reopening announcement is a guide. Analyst Nick Bubb observes that, following Johnson's statement, "investors bade a fond farewell to those stocks that had seen them through the depths of the pandemic, with the so-called lockdown winners getting sold off".

Investec analyst Kate Calvert said of the roadmap: "Most retailers had hoped for pre-Easter, but this is close enough, with little downside risk to forecasts in our view. We continue to see upside risk to outer-year forecasts for most in our coverage universe and scope for a further rerating as a more 'normalised' environment returns."

Johnson's strategy has been criticised by some as too cautious. However, his ambition is that it is "irreversible". The phasing of each stage, allowing time to analyse Covid data, means that, although there may be some upsets, the chances of a reversal are minimised. For that, retailers will be grateful. **RW**

OPINION

Raise rates for warehouses to save the high street

The government must be bolder than simply extending the business rates holiday to support retailers coming out the other side of the pandemic, writes Dixons Carphone chief executive **Alex Baldock**

We're now only weeks away from the end of the government's business rates holiday. I'm sure many of us are grateful for a decisive and vital measure that, for some retailers, has made the difference between surviving the pandemic and not.

Nevertheless, we now need clarity on what lies beyond. Retail matters to the UK: 3 million jobs and £17bn of tax are at stake.

We're the UK's biggest private-sector employer and can be a powerful engine of the post-crisis recovery. But it's not sustainable for retail to be 5% of the economy while shouldering 10% of all business taxation. We're not looking for handouts – just fair treatment.

Of course, we can't be blind to the government's daunting and urgent challenge to get post-crisis public finances to add up. So whatever fairer taxation we propose must be affordable and easy to implement.

Some demand an online sales tax to make Amazon pay their way. Not me. Retail's already over-taxed and, given the history of new taxes, who can doubt that in time it would increase our total burden?

In any event, what is an online sale? Dixons Carphone is not unique in that, while twice as many of our customers now prefer to shop online-only compared with before the pandemic, 60% of them still want to shop both online and in store.

We believe the future of shopping is a blend between the physical and the digital, so an 'online sale' will be ever-harder to pin down and the tax harder to collect.

Is buying in store from the online range an online sale? Is ordering online and collecting in store? How about video shopping online, assisted by a store colleague?

Property is easier to pin down, which is one reason the government

likes business rates. So what to do about them?

Retailers have long been hit hardest by business rates – we pay fully a quarter of them. And today's business rates are based on 2015 rental values but, as all retailers know, rents have fallen precipitously since then. Rates haven't.

Like many retailers, we at Dixons Carphone have managed to secure big cuts in our rents when reviews have fallen due, with landlords acknowledging the much-changed retail environment.

But this has also shone a light on the inadequacy of the rates system. The glacial speed with which rates reflect changed rents mean that rates now make up a much greater proportion of the costs of operating a shop.

Over the past decade, all the growth in retail has come online and, as a consequence, the only part of the commercial property market where rents are growing – and they are growing dramatically – is distribution warehouses. Yet rates bills for sheds

The future of shopping is a blend between the physical and the digital, so an 'online sale' will be harder to pin down

are proportionately a fraction of those for stores.

We need much faster resettlement of rates to reflect changing rental values. This would be fairer, rebalancing the bill away from the struggling high street towards those better able to pay.

It could be done quickly as it would use the existing rates system. All it needs is for the government to move faster, which it has shown it can do during this crisis. If necessary, we could use a form of self-assessment, at least initially. It would largely be self-funding: the bill would go down for stores, but up for sheds. It wouldn't just benefit retailers, but also hard-pressed pubs, restaurants and landlords.

Omnichannel retailers like us would pay more on our warehouses, as is fair. And yes – sorry, Jeff – Amazon would have to start paying its fair share of tax, rather than getting a free ride on the infrastructure other retailers are funding today.

The government can do something bigger than just extending the rates holiday, welcome though that would be. Bold reform is in reach that would preserve many tens of thousands of otherwise viable jobs and the character of many high streets.

A rates resettlement would affordably and rapidly ease the burden on retail, redistribute it more fairly among retailers, help other sectors to boot and light a fire under the recovery. I urge them to seize this opportunity. **RW**



Alex Baldock
Chief executive,
Dixons Carphone

Tackling climate crisis should come before competition

Just as businesses came together to feed the nation during lockdown, they must be united in taking action to protect the planet, says Co-op Food boss **Jo Whitfield**

Like many families, Sunday evenings have become a time to sit down together and watch one of Sir David Attenborough's thought-provoking documentaries on the natural world.

He makes us all reflect on how precious the world is and the precarious future of our planet. With two teenagers in my home, it is very clear how passionate and concerned they are for action by everyone to turn things around.

I was reflecting that, during Covid, retailers have all pulled together to focus on the health of the nation, putting aside competitive advantage and pooling experience and judgement to help shape actions that would have a positive impact in the crisis.

It seems like the climate crisis should be our new joint collaboration because we cannot ignore the health of our planet. As leaders across all industries, we have a moral obligation not to let future generations inherit a severely depleted planet.

The government has set far-reaching and ambitious targets to tackle climate change, but businesses cannot wait until 2050 to make amends.

We need to share solutions and collaborate to find changes to business practices that help all of us get there much more quickly and effectively.

When the world emerges from the coronavirus crisis, the public will have a renewed interest in protecting the planet against threats such as climate change and seek out companies that show leadership on these issues.

This year will close with the UN Climate Change Conference, known as COP26. The Conference of the Parties (COP) will be attended by countries that signed the UN climate change treaty agreed in 1994.

It will be the biggest conference the UK has ever held and hopefully set a more far-reaching agreement between

Jo Whitfield
Chief executive,
Co-op Food



major nations to cut carbon emissions. This could show the world that co-operating together can truly make a difference to the most jointly shared problem that all countries face.

At the Co-op, we believe in championing a fairer world and to do that we must put words into action in order to save our planet.

It is no easy task, but we have strong, ambitious plans to reduce

When the world emerges from this crisis, the public will have a renewed interest in protecting the planet and seek out companies that show leadership

our own direct and indirect greenhouse gas emissions.

Clearly, these have to be more than bold targets. There is no room for failure in seeking to protect the planet and we are actively working on new and stretching ideas, and looking for collaborative ways of working with others to achieve our aims.

Retailers have a duty to make their products better for the world, reducing their negative impact on the environment and supporting those producers in the supply chain who are already feeling the impacts of climate change now. Positive social impacts are just as important as we make the changes to how we trade and sell.

As well as needing to reduce our impacts, we must also help shoppers to do the same. Communication and engagement need to be vital elements of our plans, as well as making solutions and actions simple so that any life changes are easy for everyone to make.

We all know that the clock is ticking and it is imperative that all businesses plot a timeline to net carbon zero, to reduce greenhouse gas emissions from the way they run their business to the products they sell.

Co-operation will be key to make any meaningful headway. The British Retail Consortium's *Climate Roadmap* is a welcome start and provides a helpful steer to us all. But now is the time for us to work together to prioritise and create action, share solutions and experience, and leave advantage out of the room.

COP26 offers a rare opportunity for world leaders to show global leadership and, crucially, that it's not too late to act.

In retail, tackling climate change should come before competitive advantage. It's in the long-term interests of everyone that we make lasting changes and we share best practice.

There has never been a more important time for businesses to stand together and change the course of history. **RW**

ANALYSIS

Do you really need shops?

As pureplays Boohoo and Asos scoop up the brand rights to Debenhams and Topshop, switching them to online only, **Rosie Shepard** gleans lessons from the brands that have already ditched their stores

Over the past month, the British high street was dealt a blow as iconic retailers Debenhams and Topshop shut their doors permanently.

Acquired by fashion pureplays Boohoo and Asos respectively, the struggling brands will be revamped and relaunched online only. The same is true of Wallis, Burton and Dorothy Perkins, also snapped up by Boohoo this week.

They are not alone. Brands such as Cath Kidston, TM Lewin, Oasis

Warehouse, Karen Millen and Coast have all recently ditched their stores and re-emerged as pureplays.

With the online shift rapidly accelerating during the pandemic and the financials for running stores becoming harder to stack up, they may not be the last retailers to shut up shop and embrace the pureplay world.

Retail Week explores the pros and cons of making the switch, pulling out the biggest lessons for retailers considering a similar move.

A new way of working

When Cath Kidston was bought in a pre-pack deal last year, new owner CK Acquisitions, itself owned by Baring Private Equity Asia, opted to close all of its UK stores.

Cath Kidston chief executive Melinda Paraie says the store closures were necessary and driven by “customers shifting their behaviour online and footfall falling, which required a change in the thinking behind our model, which the pandemic then accelerated”.

She says the move allowed it to reinvent the business and improve profitability. By switching online, Cath Kidston slashed overheads associated with stores and staff – the global brand operates with just over 70 employees.

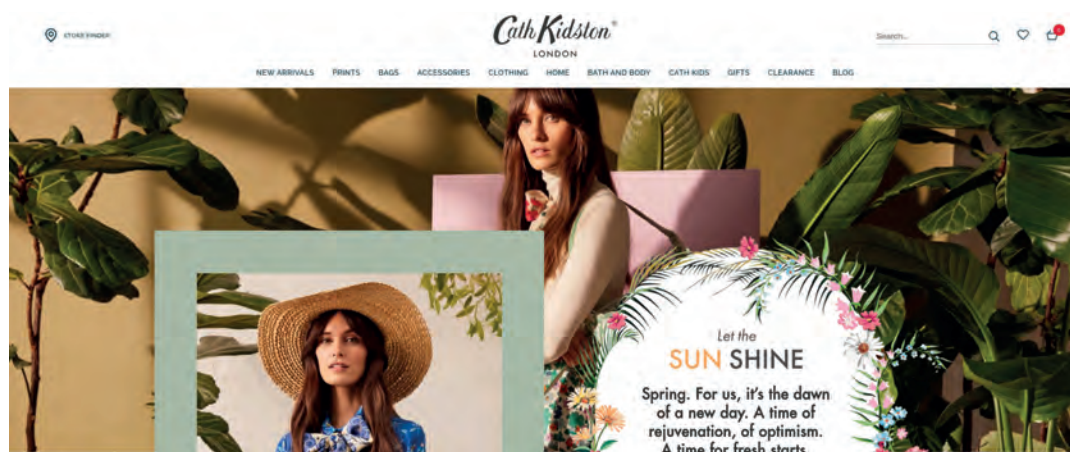
The business was also able to increase efficiency by having a single view of inventory and made online investments, such as new payment options like international payment, which increased conversion rates by 20%.

Similarly, when Boohoo bought Karen Millen and Coast out of administration in 2019 it also opted to scrap the stores.

Karen Millen and Coast product director Jane Eskriett says the move changed fundamental parts of how it operates.

“The biggest change in approach is buying. With no physical retail estate to fill, we are able to buy much smaller volumes and a broader range of options,” she says.

That allows the retailer to test what works with customers before buying more of it.





“Our test and repeat offer means that the focus is on delivering choice and width, rather than editing down to a range that works in a fixed space.”

She says this helps the brands to be brave and try out new styles with less risk.

Eskriett, who was also instrumental in integrating the Oasis and Warehouse brands after Boohoo acquired them last year, says decision-making is faster and there is a greater level of autonomy in the pureplay world.

She cites one of her long-time colleagues who observed: “At Karen Millen we would be in a meeting for eight hours and make one decision. Today we are trusted to make decisions so can make eight decisions in an hour.”

Paraie says her biggest challenge was bringing in new digital working practices to Cath Kidston staff used to operating in an analogue way.

“The biggest changes operationally were around changing the internal mindset and culture to a digital-first business,” she says.

“We’ve streamlined our business, but we’ve also been able to eliminate

Not having to create in-store marketing campaigns allows us to use our budgets in a much more customer-focused way

Jane Eskriett, Karen Millen and Coast

silos as most of the functional areas now are all supporting the digital business. Logistics, buying and merchandising, design and brand marketing all look at digital as the lens for decision-making and that has been a big change in the company.”

With the whole team focused on

digital and by ensuring visibility across the company, the transition to online was made smoother for the new Cath Kidston.

“I think the other lessons are really around balancing the investment with the internal transformation of culture and focus on the customer’s digital experience,” explains Paraie.

“As we’ve continued to do that and orient our teams around the digital experience, we’ve seen huge benefits.

“Firstly, we had to give visibility to the teams of what’s going on in digital all the way from sales through to marketing, but really focusing on the customer navigation and experience.”

Switch to digital marketing

Cath Kidston has shifted its marketing strategy so it fits with the digital space, with a particular focus on social media and influencer marketing.

“We’ve been working on our storytelling through our influencer strategy and bringing to life the craftsmanship in our prints and the handmade design work to really focus on bringing our customer inside the brand,” Paraie says.

This marketing has brought Cath Kidston to a new audience, with more than 50% of site visits now coming from new customers.

Paraie says: “We’ve been able to more than triple our revenue from social this year as part of our effort to build new customers.”

Karen Millen and Coast have also switched up marketing to focus on social media.

“The real difference [in marketing] is that we are able to focus spend on customer-facing digital marketing, rather than cardboard for stores,” says Eskriett.

“With millions of followers across our social channels, we get instant feedback on our posts and updates. Our marketing teams are incredibly agile and so can change and react in real time.

“Without doubt, not having to spend thousands to create in-store marketing campaigns for hundreds of individual physical stores is a breath of fresh air and allows us to use our marketing budgets in a much more customer-focused way.”

Very looks at marketing in a



ANALYSIS



Cath Kidston closed all but one of its physical stores last year

With no physical retail estate to fill, we are able to buy much smaller volumes and a broader range of options
Jane Eskriett, Karen Millen and Coast

holistic way. “We stopped looking at marketing channels in isolation, such as TV, print and digital, and started considering the overall customer journey and experience. In doing so, we focused more on data and technology to deliver that seamless experience,” says Perkins.

“There was also a big move towards new in-house talent in areas like performance marketing and social.

“Overall, the shift towards integrated digital marketing across the customer journey increased our costs, but over time we’ve become highly efficient and effective.”

The sheer amount of data available in the online world can create challenges – as well as opportunities – for brands.

“One of our biggest lessons was really around data,” Paraie says. “There’s an infinite amount of it, so we needed to focus on the right data to capture opportunities while still staying nimble. It’s really that balance that’s super-important.”

However, focusing on crucial data can lead to better decision making

and a better customer experience.

Perkins says: “Being online means you collect more data than you can shake a stick at. More so than bricks-and-mortar retailers. We can test, learn and test again to give the best experience for our customers. That can lead to stronger, stickier relationships.”

Do retailers need shops?

All of this begs the question: do retailers really need bricks-and-mortar stores in 2021?

Paraie admits that going online-only has brought challenges, particularly for selling clothing.

She says it has been difficult to translate Cath Kidston’s signature soft hues and patterns via a website. “It’s always a challenge to get the soft expression side of the brand online.”

Paraie says online also has its limitations when it comes to building a brand in which to immerse customers.

After closing all stores initially, Cath Kidston made the decision to reopen a single flagship store in London’s Piccadilly late last year,

which Paraie says acts as a “beacon for the brand”.

“I see it as an important piece of the brand experience,” she says. “Stores are an opportunity for customers to experience a brand in a much different way and I think it brings a different perspective and interaction that you just can’t get online.”

The Piccadilly store will host a wealth of gifting and crafting events that Paraie says Cath Kidston customers love.

“It helps us tell the brand story, not only in the UK, but also as a key tourist location to drive the brand and expand our franchise and wholesale business.”

As well as its online business and flagship store, Cath Kidston has 100 franchise stores internationally to help grow its global business, as well as wholesale relationships with the likes of Zalando and John Lewis.

While Paraie has no plans to expand the retailer’s store estate, she says “opportunities may present themselves” for the brand in the future.

Eskriett on the other hand is fully

We focus on the right data to capture opportunities while still staying nimble

Melinda Paraie, Cath Kidston

converted to the online-only world.

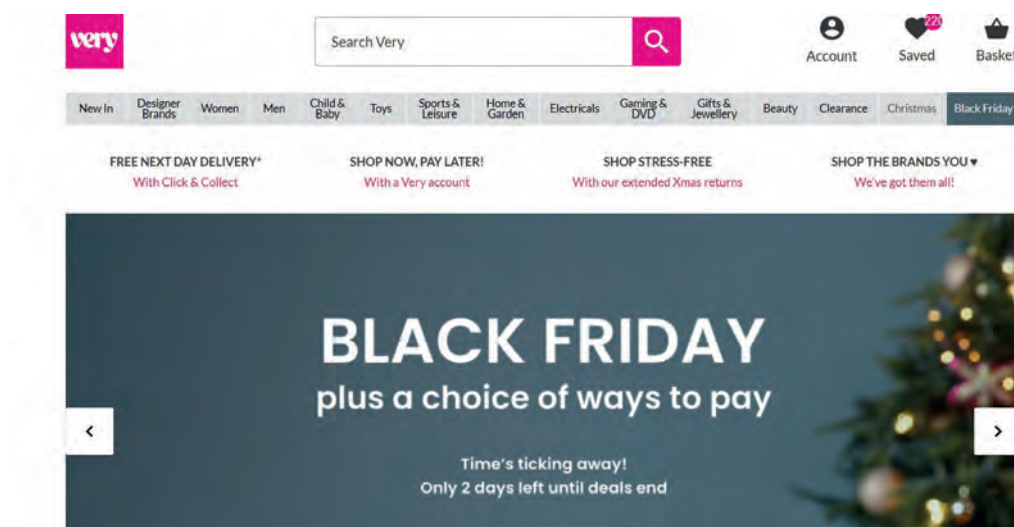
"There is definitely a place for experiential retail, but it is not the only way. Ever since the first online retailers launched in the late 1990s, increasing numbers of people have chosen to do their shopping over the internet.

"The long-term decline in footfall to the high street has been accelerated by the pandemic and created a very difficult environment for many traditional retailers.

"It's been great to see how many retailers and restaurant owners have shown real ingenuity using the lockdown as a catalyst to reinvent their businesses for an online audience," she adds.

The shift to online shopping is showing no signs of slowing down, so it may not be long before other retailers take the leap.

It's not an easy road from multichannel to pureplay. However, the lower costs, greater agility and potential for increased profitability have given a new lease of life to some of the high street's struggling brands. **RW**



A long-term success story

The Very Group is an example of the long-term success of switching online.

The business, which was known as Shop Direct until last year, was formed out of the 2003 merger of catalogue and high street store retailer Littlewoods and the mail-order division of GUS, which owned brands such as Kays and Great Universal.

Following the deal, Littlewoods' stores closed and were sold to Primark.

It was a long arduous journey for the group to make money online and it first broke into profit in 2013 after a decade of losses.

The Very Group only made the

switch to fully online-only in 2015 when it ceased its catalogue. In recent years, it has grown rapidly and become an online force to be reckoned with.

Core brand Very's sales surged 25.5% in the seven weeks to December 25, acquiring half a million new shoppers in the same time period.

As a pureplay, agility has been a key part of Very's business as it serves an always-on consumer.

"Online retail is 24/7; the shop's always open and the market never stands still," says Very managing director of retail Sam Perkins.

"You need to plan and respond to

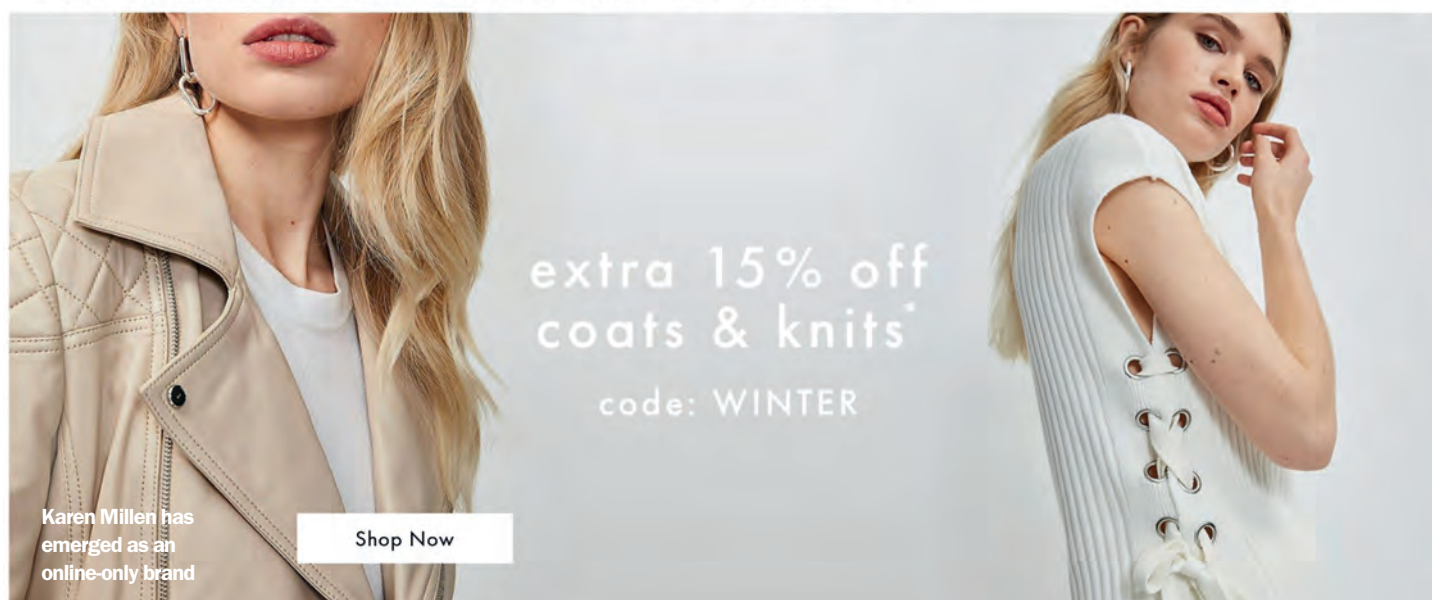
changes faster than ever before, whether that's on price, site improvements, assortment and newness or fulfilment peaks. Effective online retailers are agile. To get it right takes significant outlay and real focus.

"To make the switch, massive investment in tech, data and operations is needed, but also people. Online-only retailers need the right high-value skills in areas like development and user experience, as well as talent with the right mindset.

"We look for people who take ownership, have energy and understand customer-centricity."

KAREN MILLEN

NEW IN CLOTHING DRESSES CURVE ACCESSORIES BEAUTY EDITS NOTEBOOK SALE



Karen Millen has emerged as an online-only brand

Shop Now

ANALYSIS



Can you still move from the shopfloor to the boardroom?

In the latest story in our No Limits campaign, which aims to drive social mobility in retail, **Grace Bowden** explores whether it's still possible to progress from stores to the top job

Morrisons' Dave Potts, Sainsbury's Simon Roberts and M&S' Steve Rowe. Three CEOs of the UK retail's biggest companies started life on the shopfloor. Their journey to the top from a hands-on start is one that used to be the norm in retail as learning on the job was valued over degrees and qualifications.

But in recent years, as retail has become more complex and increasingly tech-driven, the qualifications and skills that make for a good CEO have shifted and those that start at the bottom rung of the ladder and climb all the way to the top are an increasingly rare breed.

Research by headhunter Korn Ferry found that last year just 15% of retail CEO appointments had an operations background, compared with 34% that came from commercial, buying or merchandising positions and 21% that had strategy and finance backgrounds.

Korn Ferry retail managing director Sarah Lim says: "Going back 30 years, grocers and big retailers didn't really value graduates. It was much more about getting in and learning on the job, but the world has changed massively since then.

"The job is far more complex. You are dealing with multiple channels and a far more rapid pace of change in terms of technology.

"It's not to say that if someone hasn't had some degree of further education and started their career on the shopfloor they can't go on to do the top job – but it's becoming the exception rather than the rule."

But there are those that are passionate about combatting this shift. Pret a Manger chief executive Pano Christou, who started his career when he joined McDonald's at 16, says retail is still a place where people with promise can ascend to the very top.

"I'm a great believer that retail and hospitality

is a great sector to grow a career in. If a company has a strong culture and brand they can do really good work in getting people through their systems into senior roles. I'd love to see more people with a background like myself sitting at the board table and it's something we've hugely promoted at Pret," Christou says.

The new route to the top

Retail workers who have ambitions for the top job must now hone their abilities across a number of key business areas, says Lim.

"You have to be strong from the view of commercial and finance, without those you won't last in the CEO role that long," she says.

"Alongside that, it's the smarts and a strategic view. Retail is changing ever more quickly so a CEO must have sufficient mental agility and intellect to see beyond today and have a view on how their business is going to have to adapt over the next five years."

A diverse career is also important, she adds: "It reduces the risk of someone who will have too biased a view based on their own career trajectory."

You are dealing with multiple channels and a far more rapid pace of change in terms of tech
Sarah Lim, Korn Ferry



Are there still retailers out there willing to nurture shopfloor staff for senior roles?

If a company has a strong culture and brand they can get people through their systems into senior roles

**Pano Christou,
Pret a Manger**

Matchesfashion chief executive Ajay Kavan concurs. “The shopfloor is a perfectly reasonable place to start, but to increase your chances of being a really good chief executive you need to move across roles and businesses to get a breadth of experience,” he says.

“Retail has become more complicated

so if you have experience that gives you a view across different channels, ways of thinking and technology and you weave those together, you get the mental agility that you can’t substitute for if you’ve only been in one place or type of business.”

Retailers have a growing desire for senior executives to have an understanding of commercial, finance and strategy, which is why many retail CEO appointments in recent years have come from management consultancy backgrounds, such as John Lewis boss Pippa Wicks.

Do you need a degree to be a CEO?

Korn Ferry’s Lim is honest that the new generation of retail CEO tends to have gone to university.

“If you look at the next generation of aspiring CEOs, they’re really well educated now. Very few aren’t graduates and don’t have additional qualifications,” she says.

But retailers are investing in management training courses to ensure rising talent from all backgrounds is nurtured.

“Organisations are now putting talent on accelerated leadership programmes to develop the next level of expertise and experience,” says Lim. “You don’t need to be a fully qualified accountant, but doing either a full MBA or additional qualification alongside the day job means they are effectively accelerating their performance to get them CEO-ready quickly.”

Pret sponsored Christou’s MBA at Harvard Business School three years ago, which he says played a “huge part” in getting him ready for the top job. What he learnt from the course was not as important as the confidence it gave him in his existing abilities, he says.

“I didn’t go to university so I viewed a qualification like that as a box I needed to tick.”

The skills he learnt at Harvard supplemented and added a greater theoretical understanding to his experience on the shopfloor.

“A lot of the things you are taught have parallels to what you’ve already learnt through hands-on experience. It verifies your experience and meant I came back feeling much more confident in what I had already achieved,” says Christou.



ANALYSIS

Route to the top: Sainsbury's boss Simon Roberts

Sainsbury's chief executive Simon Roberts is one of a handful of CEO appointments in the last 12 months to have started their climb through the ranks on the shopfloor.

Roberts began his retail career at a Marks & Spencer store 30 years ago when he was just 16. He turned down a place at King's College London to study electrical engineering in favour of joining the retailer's trainee scheme.

In his 15 years at M&S, Roberts held a range of operational and customer leadership roles in stores, divisions and its central operations.

From there he went to Boots, where his remit expanded from retail ops to include online responsibilities.

An 11-year stint at Boots, which included a spell as joint chief operating officer alongside current Tesco chief executive Ken Murphy, culminated with Roberts leading the UK business in 2016.

Roberts joined Sainsbury's as retail and operations director in 2017 and focused on its stores, central operations and logistics before being appointed to succeed outgoing chief executive Mike Coupe last year.

It's clear that Roberts has a passion for the nuts and bolts of retail. Speaking to Retail Week in 2018, he said: "One of the things I find enriching and exciting about retail is that you can't say 'we've sorted it now' or 'it's done' because the job of this industry is to keep reinventing itself.

"We keep reinventing the products and services that customers want to buy and if you stop reinventing you won't have a point of difference."

A keen focus on operations has defined



Roberts' career, and his understanding of shopfloor colleagues and customers has meant he is a well-liked leader.

This, coupled with his experience across logistics, stores and online also meant he quickly established himself as the leading internal candidate to follow Coupe.

But a lack of commercial and strategy was highlighted as a weak spot on Roberts' CV by Shore Capital analyst Clive Black when he took the top job at Sainsbury's last year.

Black observes: "He's experienced at mass-market consumer retailing and shops, and has experience of private label and proprietary brands, but he's not commercial.

"That's going to be a big area for Simon Roberts to focus upon and he's going to have to draw upon

his team in a way that Mike Coupe, Dave Potts and [Asda CEO] Roger Burnley don't."

Questions were also raised over whether Roberts, who has been operationally focused throughout his career, is capable of the bold and transformative thinking that has become an increasingly necessary part of the chief executive skillset.

After the audacious moves of his predecessor, including the notable failure to merge with Asda, perhaps business evolution rather than revolution was prioritised for Roberts.

On this basis, Roberts' appointment is a sensible one as someone who knows how to motivate and lead a workforce, focus on the customer and drive a varied store experience as well as an ecommerce operation.

Route to the top: Urban Outfitters' Claire Arksey



Urban Outfitters global executive director of retail Claire Arksey says moving across different businesses has helped drive her career success.

Since deciding against going to university in favour of a store manager trainee course at Topshop, Arksey has worked for businesses including Gap, Reiss,

Superdry and Ted Baker, before joining Urban Outfitters in 2015. Today, she is the first non-US retail director to hold her role at Urban Outfitters.

Arksey says having a clear vision about the value each role would add to her CV has been integral.

"I've thought about working for a PLC and a franchise and a role that allows me to conquer the US market, or helps me to understand different business models. Succeeding in retail today is about making sure you keep learning and are curious about what is going on around you, particularly when it's not already in your remit."

Arksey sought out opportunities to work at businesses helmed by entrepreneurs or founding families over the years and then worked closely with them to understand their priorities and motivations. She credits Ted Baker founder Ray Kelvin for increasing her understanding of wholesale and brand, and Gap co-founders Don and Doris Fisher for educating her on product and customer during their European store visits.

"You learn so much in this industry by listening and saying yes to opportunities," says Arksey.

Pret, Lush and Asda: nurturing homegrown talent



Lush believes its store staff are its leaders of the future

Chief executive Pano Christou wants to ensure that opportunities afforded to him are also available to other Pret employees. Over the past three years, three Pret employees have completed MBAs from Cranfield School of Management paid for by the business and subsidised by the apprenticeship levy.

Pret also holds weekly meetings to inform staff of learning and development opportunities available to them, and has offered furloughed staff access to LinkedIn Learning courses to diversify their skills.

“Our role is to be the conduit to provide knowledge of and access to development opportunities for people who have the drive to take them on,” says Christou.

It’s a strategy that sees 35% of Pret staff progress to more senior roles in the business and has led to as much as 90% of its store managers having “started in the kitchen making sandwiches”.

Health and beauty retailer Lush also sees its store staff as the leaders of the future and recruits in that vein.

Lush UK and Ireland retail director Kat Hannible started as a sales assistant for the retailer 14 years ago and says the vast majority of her team are also former sales assistants.

“The most important thing is mindset,” she says. “We take recruitment very seriously because we see our Christmas temps as the next generation of shop management and they are our future retail leaders.

“Retailers have to be brave. Trust those who have the most contact with your customers to make good decisions in their shops. Involve shop and ecommerce teams in projects that impact the wider business and talent will emerge. Open the channels for communication so that those who have ideas can share them, and try them out.”

Asda chief people officer Hayley Tatum says the

grocer’s blend of mentoring, apprenticeship programmes and graduate schemes enables the business to spot and nurture entry-level talent.

“We have over 1,100 colleagues currently enrolled on apprenticeships across every area of the business, spanning every job level from hourly colleagues right up to senior director level, while our graduate scheme has been designed to give our graduates the breadth and depth of experience they need to lead in our business,” she says.

Tatum says the skills learnt on the shopfloor serve

those who do climb the ranks to the board room well.

“We have over 600 stores and they remain the biggest part of our business and leadership skills learnt there are broader than just the specifics of in-store retailing,” she says. “In retail, colleagues learn the importance of people skills both with colleagues and external stakeholders, which is vital as working in partnerships is a pivotal part of our growth.”

Tatum also points out that the store is still a vital component in the new world of retail for Asda with online fulfilment largely taking place in stores. **RW**



Pret offers learning and development opportunities to all staff

DATA

Shoppers most excited to return to Primark

Consumers feel more comfortable now about returning to stores than they did last May, exclusive research for Retail Week has shown, and shoppers are most excited to return to Primark after lockdown

In a survey of 2,032 adults, 49% say they would be happy to shop in physical high street stores when the latest lockdown regulations are lifted, compared with 41% after the first lockdown last year.

Some 39% of respondents also say they would be comfortable returning to shopping centres, up from 34% in May 2020, according to research from Walnut Unlimited.

This is good news for retailers that have struggled because of the enforced closure of their bricks-and-mortar stores during lockdown.

Walnut Unlimited research director Amy Nichols attributed the boost in confidence to the fact that shoppers now know what to expect when returning to stores.

"Many have already been through the experience of shopping in store during the pandemic, meaning there

is less uncertainty around what to expect with regards to safety guidelines now," she said.

Walnut Unlimited found that those most likely to be happy returning to non-essential stores were aged between 18 and 34, with 55% of participants generally willing to do so.

Younger shoppers also feel the most comfortable about the prospect of returning to shopping centres – 47% of those surveyed are happy to do so.

Despite the rollout of a vaccine for many older citizens, respondents aged 75 and over are more cautious about shopping in physical stores.

Overall, just 35% of consumers over 75 say they would be happy to return to stores, while 25% say they would return to shopping centres.

Those figures were down from 39% and 32% respectively in the survey conducted in May 2020.

When asked which stores they are most excited to return to after lockdown, Primark – which does not sell online – was the most popular answer to the options offered.

This is testament to the strength of Primark's proposition – evident in the fact that it held market share when its shops were able to trade, despite the rise of online purchasing during the pandemic.

Of those surveyed, 24% say they are looking forward to shopping at Primark again, particularly younger shoppers – 37% of those aged between 18 and 34, and 22% of those aged 35 to 54 say Primark is the shop they are most keen to visit again.

Ikea and TK Maxx are also high on the list of stores shoppers are most excited to return to.

For older consumers aged 55 and above, Marks & Spencer is

the most popular choice – 26% express excitement about returning to shop there.

But 52% of older shoppers say they are not excited about returning to any stores, reflecting their caution about shopping in person at all.

Older customers are more pleased with the Covid safety precautions put in place in stores, despite being more uncomfortable about the idea of physical shopping.

Of those surveyed, 70% of respondents aged 55 and over say retailers have done a good job of making their shops Covid-safe, compared with 62% of those aged 18 to 34.

Walnut Unlimited's data also shows that men are far more comfortable returning to retail environments than women.

Nichols said: "Women are able to consider the bigger picture, be less self-centred and will therefore show more caution to returning to retail environments.

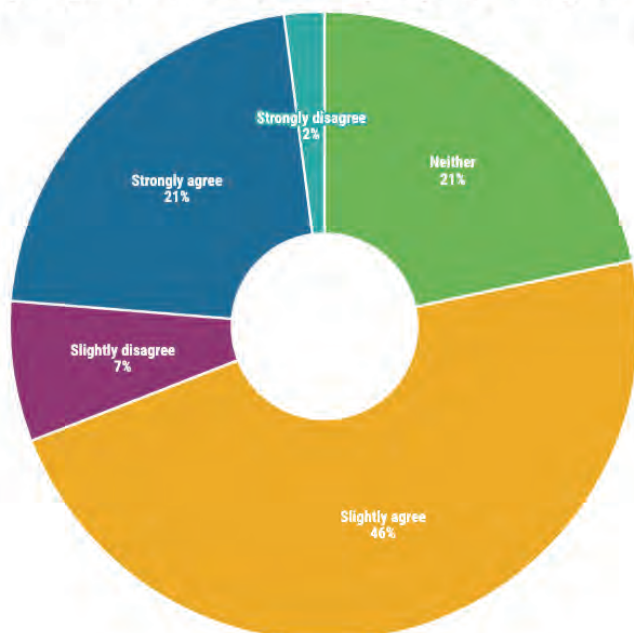
"It will be important for retail environments to demonstrate how they are taking steps to reassure shoppers that their spaces are safe and to do this sensitively."

The research also suggests that the majority of shoppers plan to continue shopping in the same way they did pre-pandemic after the latest lockdown is relaxed.

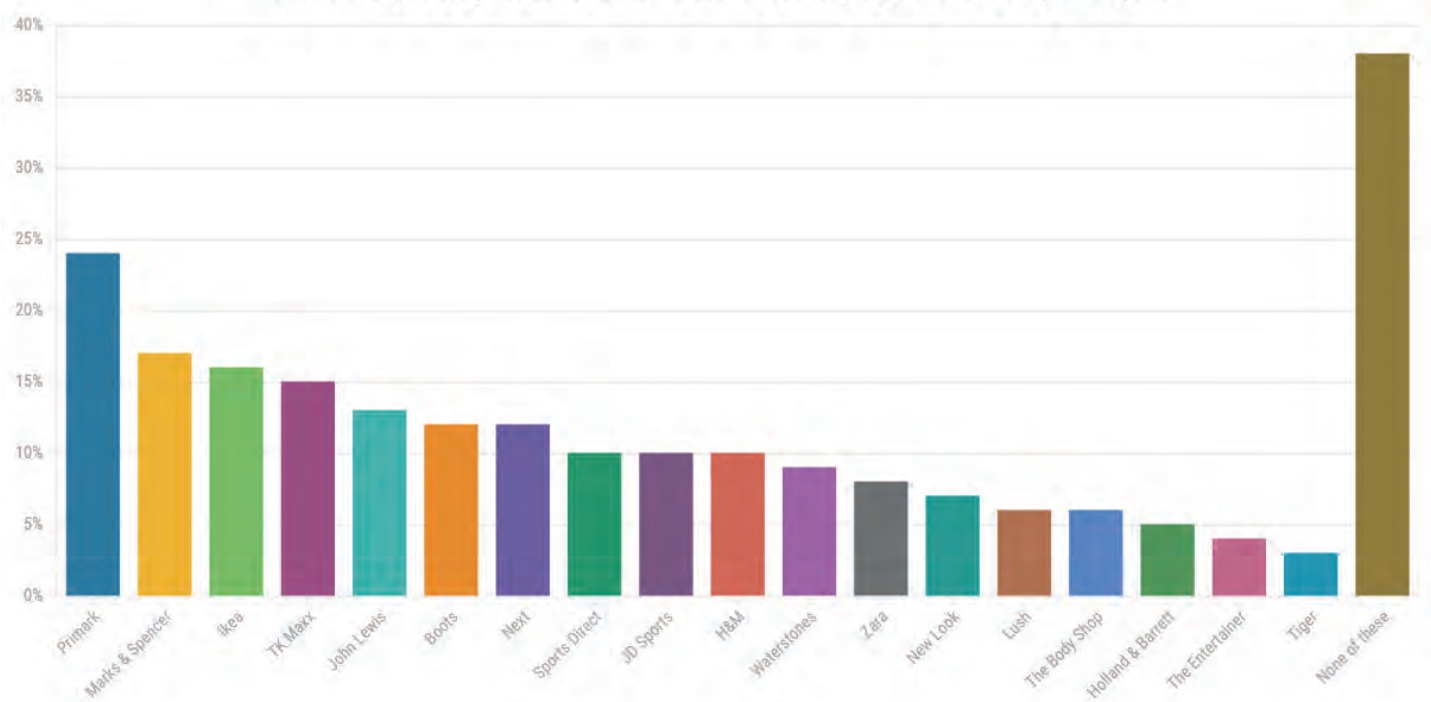
Because consumers have become used to some new shopping habits, however, Walnut Unlimited found a slight decline in the number of shoppers planning to buy in stores and a slight uptick in those planning to shop online more frequently.

The research reveals 13% of respondents are likely to shop more online post-pandemic, while 32% say they plan to visit physical stores less than they used to. **RW**

To what extent do you agree retailers have done a good job of making their shops Covid-safe?

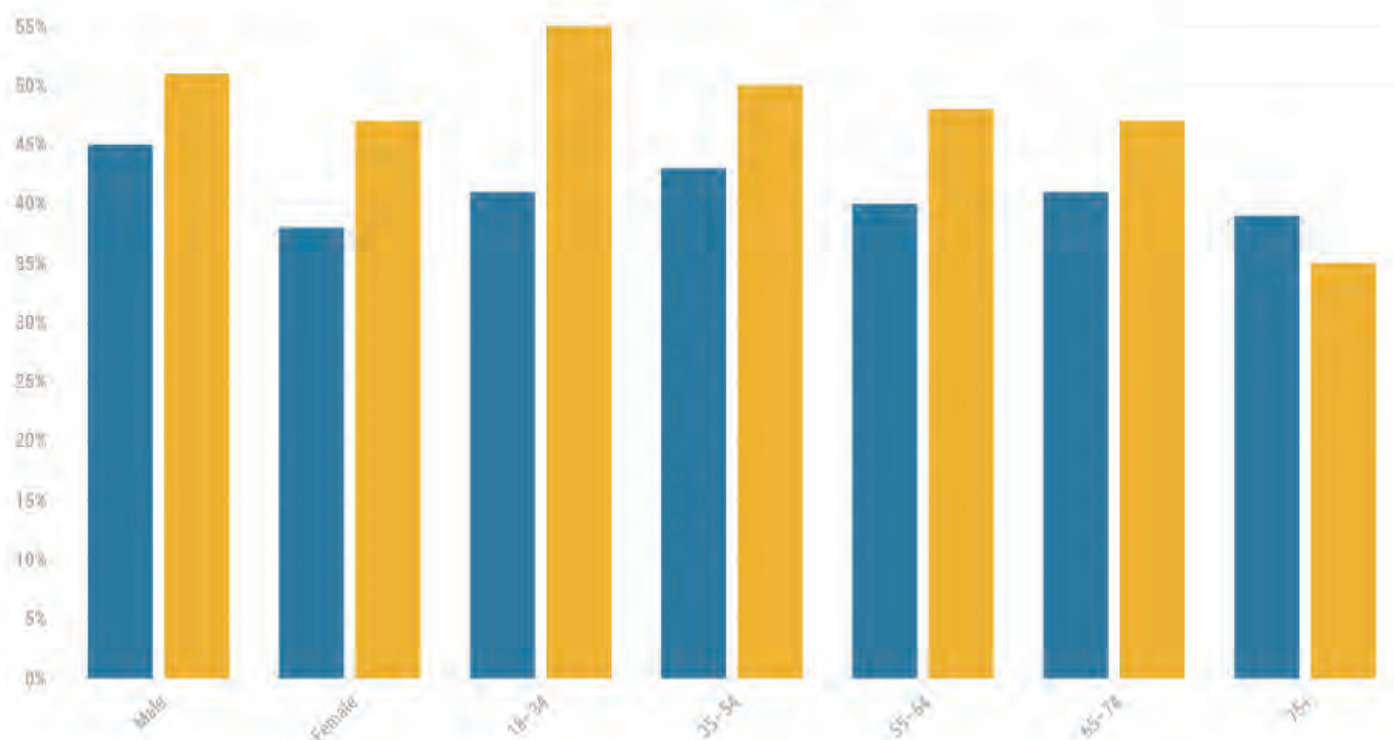


Which shops are you most excited about visiting again once they are open?



I would feel comfortable going into a high street shop

■ May 2020 ■ January 2021



RetailWeek



BY ASCENTIAL