



Retail Insights

Views from Retail Professionals

What have senior UK Retail Professionals been talking about in September and what will the next few months bring?

Hunter & Chase, a leading specialist Executive Search and Headhunting firm, have been discussing this with their clients and explain that, once they have spoken about the weather, Olympics/Paralympics, austerity, poor retail sales and other small talk, conversations with Retail professionals have tended to focus on the three main themes below.

“SQUEEZED MIDDLE” NEEDS X FACTOR

The “Squeezed Middle”, the Oxford English Dictionary’s word of the year for 2011, should be applied this year to the mid-market discretionary retail sector. While luxury brands and value retailers have escaped the worst of the recession, it is discretionary mid-market brands such as Habitat, Thorntons, Aquascutum and La Senza that have suffered the worst. In order to survive in the squeezed middle, brands and retailers seem to need an “X” factor that makes them stand-out from the rest to provide a vital differentiator in both customer and staff attraction and retention. The number one retailer on our “X” factor list has to be John Lewis whose recent announcement of a 9% increase in sales and a 60% jump in profits is the envy of many retail boardrooms. John Lewis’ “X” is undoubtedly its employee ownership which has provided its brand with an undisputed aura of trust and loyalty. From an HR perspective, the status of employees as “partners” gives the business a major advantage in staff attraction and retention.

Number two on our “X” Factor list is Apple. It is helpful that Apple is the “coolest” brand in the UK although, from a retail perspective, it is the manner in which visitors are welcomed into the Apple stores to browse the internet, check their email, play with the apps and to thoroughly experience the products prior to purchase that gives the Apple Retail stores their “X” factor and makes them such a retail success story. Staff in Apple stores are selected for their passion for technology and for their ability to communicate with people. Visitors are given help, support and advice without pressure – and judging by the queues in Covent Garden for the launch of the iPhone5, shoppers love this approach.

MULTI-CHANNEL PARTNERSHIPS

Everyone I speak to is selling online – through their own website, through online retailers and increasingly through branded Facebook pages and mobile apps. While many companies manage their own web development, most HR Directors breathe a huge sigh of relief when the function is outsourced and they don’t need to worry about attraction and retention strategy within the new media sector. However online is not the only answer -

particularly when your brand is best appreciated in person. Third-party high street brand partnerships are working well for one of the world’s largest eyewear manufacturers, whose brand you’ll never see in a shop and whose management is happy to keep it that way. What you will see is glasses and sunglasses marketed under fashion brands Calvin Klein, Lacoste, Michael Kors, Nike, Nine West and Valentino. Most streetwise shoppers will know that Calvin Klein don’t actually manufacture sunglasses, but the power of the fashion brand enables retailers to sell the product at a premium price. High street retailers such as River Island who traditionally sold sunglasses under their own brand for under £10 are now realising that fashion brands can give them a much higher average retail sale within their own stores. From an HR perspective, high street retailers are now asking for staff with an appreciation of multi-brand retailing, as well as procurement staff who have experience of building branded partnerships with suppliers.

DAMP OLYMPICS BUT PARALYMPICS CHANGED PERCEPTIONS

While we couldn’t get enough of Team GB’s Olympic successes, for London retailers the Olympics, combined with the poor weather, did not have the positive impact that was hoped for. Dixons increased sales of HD TVs but Brand and clothing retailers did not experience a flood of high-spending Games visitors. Most Hunter and Chase clients are attributing this to visitors spending their money on the “experience”, rather than shopping, and the relative strength of the pound versus the dollar and euro. However, the overwhelming positive public reaction to the Paralympics was the story of the summer. 60,000 people watching disabled athletics together with mass media coverage of these wonderful athletes has prompted many within the Industry to think that this is an opportunity for major brands and retailers to take a massive leap forward in diversity.

Historically the retail industry has not had a great track record in disability diversity - and there are very few examples of disabled employees appearing on the shop-floor for major fashion brands. However, the positive public reaction to the Paralympics has promoted many in the Industry to reconsider the potential positive impact for major brands that take a major step forward in diversity. It would be fantastic if the successes of Ellie Simmonds, Jonnie Peacock and David Weir lead to more disabled employees being seen within retail outlets.

...and breaking news as this article is written is that a boy with Down’s Syndrome will appear in the Marks and Spencer Christmas catalogue - hopefully this will be just the first of many examples of retailers featuring disabled individuals more positively in advertising and in key public roles.