# How does the UK retail scene compare with the rest of the world?


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# In this presentation


- ❖ Introduction:

  Presentation health warning!
- ❖ What on earth is happening in the UK food retailing scene?!
- ❖ The best of us?

  What are we good at/ less good at in the UK?
- ❖ Some global comparisons
- ❖ Future directions?

# What on earth....? The Schizophrenic shopper offer...

- Phenomenal product range and choice…. Yet customer stampede to 'limited line' discounters

= Polarised offer success for Waitrose and Borough Market … Aldi, B&M, Greggs, pound stores…

Squeezed middle/ decline of 1 stop shop?

- Ethical choices…. But at a point in time at the ethical buffet, not a code for life
- 'Hunger stalks large parts of the UK' (Welby)… vs 'Obesity crisis'? vs sporting success and health/ fitness culture
- Foodies/ celebrity chefs/ '1st world problem' joke forums…. Yet age of the 'austerity cookbook' and food banks… Yet still speciality/ artisan food retail growth
- 'Decline of high st': An on-line boom… Yet 'Black Friday/ Manic Monday' excesses…. And a coffee chain on every corner

# ...the answer to this conunundrum could be simply about segmentation?

- **Yes:** fragmentation of the food retail market by income, aspiration, culture…
- **Yes:** retailers and commentators collect personal data and segment e.g. Clubcard
- **But:** this does not reflect the will of 'pick and mix': shoppers to be precocious and contradictory:

- *"I shop in Waitrose because they mark down fresh foods dramatically on a Tuesday, I buy wine from Lidl, McDonalds offer amazing value on a meal for £3.99, I seek out local Lincolnshire speciality sausages and plumbread and don't care what I pay, I give to charity except when people ask me, I want to save the rainforests/ tigers etc  but I am dubious about environmental claims, I buy CDs online but wouldn't trust online providers with the food I like, B&M and Poundland are fantastic value,  I can't believe I regularly give Costa/ Starbucks £6 for a cup of coffee and a small cake, when I am in a good restaurant any logic goes out the window, I don't buy much at Christmas and wait for two days after when it is cheaper…"*

# The best of us?

- World beating multiple retailer driven efficient/ economic/ integrated/ environmentally concerned supply chains
- Rigorous quality models (e.g. BRC standard a great export)
- Tremendous choice, variety, range, convenience (look at wine alone)
- Vibrant UK food culture: ‘Artisanal’ products / great restaurants/ rejuvenation of specialist retail
- Innovative / safe on-line presence
- Intense competition means pretty good value

# The not so good?

- Big player SC infrastructure a blunt instrument/ built for hypermarket format. 'Regional distribution' does not translate into local and sub-cultural engagement
- Good, stable retailer-supplier network relationships, but can fray in times of trouble. *Note Groceries Code Adjudicator role*
- *Perceived* product quality feeds waste
- Too much choice in one place can be a turn off/ product re-invention/ extension madness! *Do I want 50,000 or 1500 choices? Do we need tandoori chicken topped pizza?*
- Fantastic specialist products not matched by cohesive/effective local marketing/ distribution linked with on-line

# The not so good? (cont'd)

- High business taxing local authorities who hate shoppers in cars *(but note 2014 Autumn statement)*
- Corporate tax avoiders! *(see if they really mean what said in 2014 Autumn statement!)*
- The cost of labour and customer service? Does self-serve technology leave customers with *'an unexpected item in the bagging area'* , where they may not *'enjoy the rest of their day'? Tesco and Barclays take note!*
- Cut throat pricing is a race to the bottom and kills off national assets *(look at milk)*
- Poor perception (often wrongly) of retail and food chain as a career/ demonising of migrant workers

# Global comparisions?

- Global retail players: e.g. Wal Mart, Tesco Carrefour… homogenising success (and some notable failures)
- Role of labour and customer service
- The role of state intervention (good and bad)
- Retail heterogeneity reflecting diversity and lifestyle is not easily rolled-over by big business juggernaut: *from Russian kiosks to Asian wet markets to Mexicans' stubborn desire to cook fresh…. To online food for Costa Ricans in exile…*

# What ‘Western’/ UK retail scene has offered the world

- SC excellence
- Big brand network engagement/ KSRs/ and new product choices
- Consistency
- Quality (ask China)

# What can we learn from the world?

- Sometimes fantastic customer service (at a cost in labour)
- All vegetables don’t need to be the same size
- There are better things than the UK’s sliced and bake off bread (go to Germany, Poland…)
- What’s in season and *prix fixe* beats endless choice
- City centres are for living in
- Baroness Jenkin (‘poor can’t cook’) partly right…but in UK can all learn from the poor and non poor of the world about cooking….
- Italy doesn’t need celebrity chefs…they are all in UK
- …on the other hand French food culture can seem pickled in aspic

# Future Directions:

## Where next for UK retail?

- **This is the age of fragmentation ( e.g. culture and consumption),** ***The B'ham Wholesale market story.*** **Retailing needs to engage: regional store segmentation not enough**
- **Need to address the retailer economic efficiency vs customer excitement challenge**
- **Real customer service at bricks and mortar level (human engagement does not have to have a high labour cost).** ***Look at Aldi***
- **The power of the artisan food revolution is unrealised. Holy Grail is to unlock collective online presence/ SC- and 'last mile' efficiency / marketing.** ***The Select Lincolnshire story***
- **Realise the power of the community retail asset.** ***The tie free pub/ post office/ farm shop/ café and hubbed delivery/ imaginative customer collection***

# More Future Directions:

# Where next for UK retail?

- Retailing as event/ tourism and theatre *(From Vinopolis to Lincoln Christmas market)*
- Imaginative e- and m- technology *(integrated with cost effective last mile)*
- Possibility of more shared SC infrastructure *(4th party logistics)*
- Re-configure the meaning of ‘quality’ and ‘waste’. (e.g. *The Tesco-Branston story)*
- **Finally… the ‘Wheel of Retailing’ cycle of retail format re-invention continues… no surprise that Sir Terry Leahy is non-exec at B&M…**

# *Thank You*

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