



1. Flourish in ...

The Life & Times of the 'Essential' Retailer



What makes a retailer essential?

Our viewpoint of what is essential has been re-focused by our covid19 experiences. The importance of consumer goods and shops put into perspective within the wider social context, and our individual situations.

8

'Essential Relationships'

The deeper the connection, the bigger the opportunities. The level of engagement – basic, advanced or the ultimate - is a strategic decision for every brand, based on the commercial and emotional ROI potential.

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The 'Virtuous Cycle' of Customer Personalisation

The virtuous cycle between customer relationship building and product assortment and services development integrates with the segmentation and deeper personalization of customer communication and intimacy.

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Retail Relationships are not just Technology

Customer relationships will prosper through the balance of technology and people. Not a battle for supremacy, but an equal and coordinated collaboration of the best of both worlds to deliver retail experiences.

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The Retail Evolution Curve: Supply & Demand

The Retail Evolution Curve dictates how good a retailer needs to be to be essential. Traditional buying skills need to be combined with tech saavy operations where old & new collide in a fight for customer loyalty.

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The 'Personal Destination Retailer'

Defined by a philosophy to embrace its customer community, across touchpoints, the 'personal destination retailer' is obsessively driven by local connections. It means something important, to every individual customer.

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From 'Retail location planning' to 'Customer location planning'

'Retail location planning' defining the best places to locate physical shops will be overtaken by the new discipline of 'Customer location planning.' The study of the distribution of touchpoints and the transient customer.

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From 'Economies of Scale' to 'Scale of Economies!'

The strategic shift is moving away from "making a profit from buying" to one of "making a profit from selling!" The priority of physical locations is shifting from where retailers buy, to the places where retailers sell.

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The Age of 'Authenticity'

Authenticity and integrity are the new brand differentiators and competitive drivers. To be an essential retailer you must be yourself, be genuinely invested in creating a better retail world, making some well-earned profit.

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What makes a retailer essential?

Our viewpoint of what is essential has been re-focused by the covid19 era.

Through degrees of concern and panic many of us now fully appreciate what is important to us. It has also made us aware of the things in life that are not.

Consumer goods were put into perspective within the wider social context. The people in our lives, and those who effect our lives, were recognised with a new clarity as being essential.

The existential threats and the exciting opportunities now emerging for many retailers have been growing for some time.

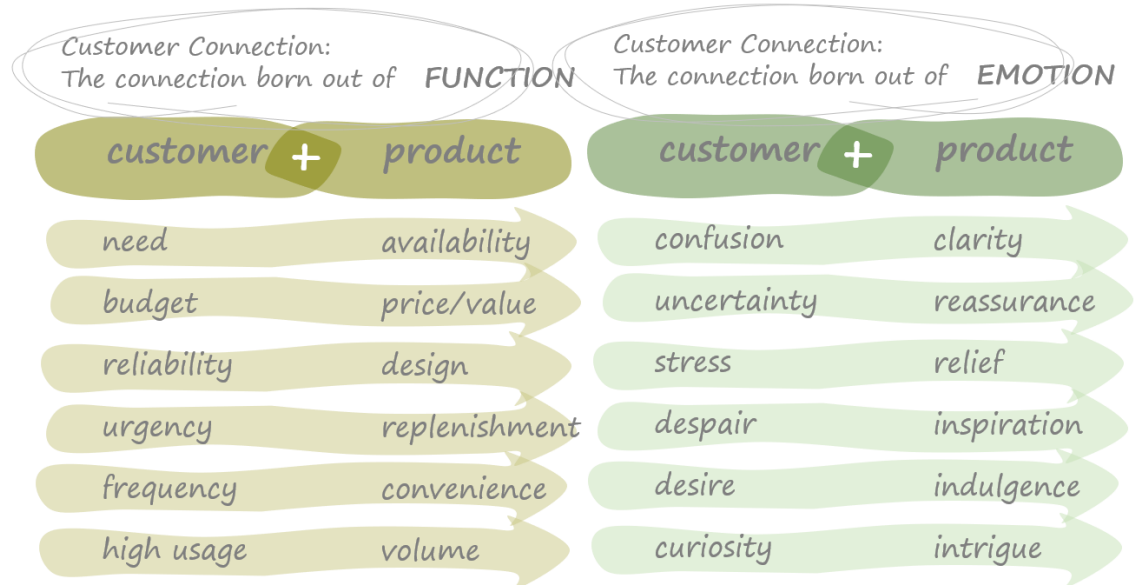
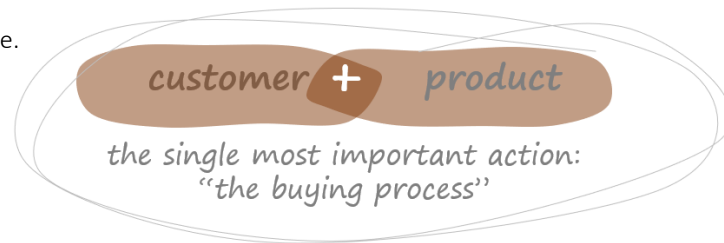
What the COVID 'emergency stop' has given us is a unique point of reflection in the otherwise endless dynamic of retailing.

COVID lockdown has ironically been a defining period of clarity to ask the question... 'are we essential to the customer?'

'Are we an essential retailer?'

Our new lives and behaviours are markedly different from before the lockdown. Retailers who were just familiar or friendly, convenient or useful, were always walking on a tightrope of viability. These 'strengths' alone were never going to be enough to guarantee survival and growth, in any future retail landscape.

To be an "Essential Retailer" is the only way to be part of that landscape.



Sketch 01: Functional & Emotional Customer Connections

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The Functional and Emotional Relationship

We should never forget the fundamental buying process. The role of a retailer is to bring together the customer and a product. It is to bring them together functionally & emotionally.

A functional connection alone will rarely be enough to command customer loyalty. Equally, an emotional engagement can never compensate for a retailer who fails in the basic functionality of availability.

If a customer enters a shoe shop to buy a pair of size 5 black shoes, it is essential that they leave with a pair of size 5 black shoes. You are a shoe shop.

It is acceptable that a suitable shoe is ordered which will be delivered to the customer's home, or to the shop for collection the next day. It is also acceptable that the service team apologises for not having an appropriate black shoe and directs the customer to a nearby competitor who has.

In all eventualities, the customer did not fail. The retailer did not fail either. It made no sale on one occasion, but it enhanced its reputation with the customer who will make purchases there in the future.

Sketch 02: The Spectrum of Emotional Customer Connections

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What is a 'good customer experience?' A good customer experience is not to fail!

Successful retail connection is more than just selling a product. Retailers can be so much more than what they sell, and the customer now expects them to be so much more.

At every level of connection from product availability, through lifestyle engagement to supporting the well-being of the customer, the retailer must use every opportunity to be the 'essential retailer' amongst a growing world of 'essential retailers'



The Focused Relationship

The emotional focus of a retailer depends on the demographics and lifestyle of its customers, as well as its own values and philosophies. These will vary considerably within the same sector and across any sector.

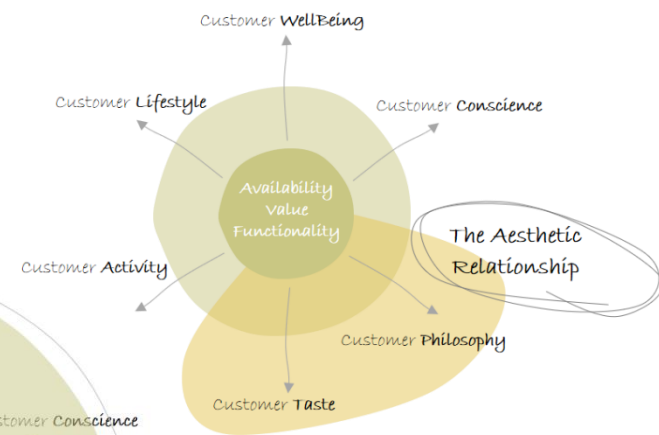
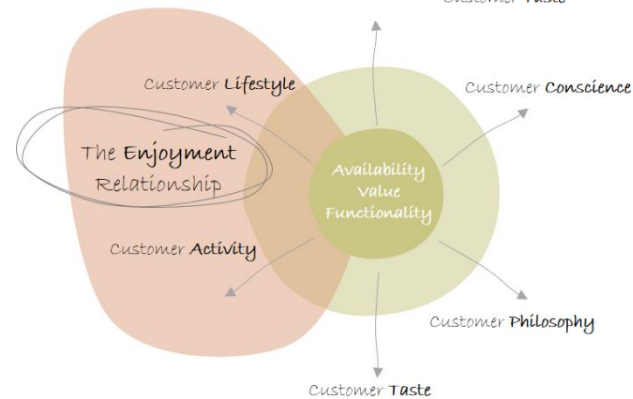
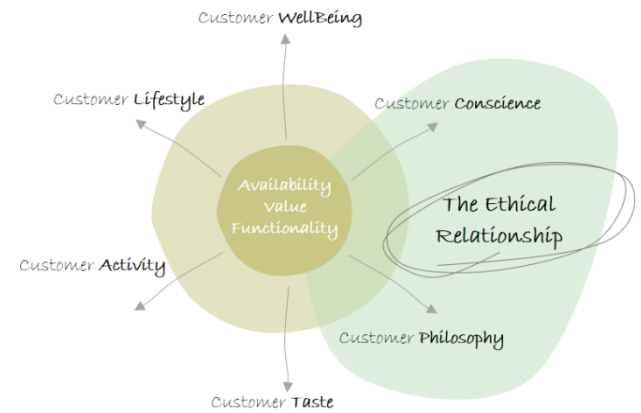
Retailers and customers naturally gravitate towards each other when they share the same values.

For some retailers and customers, the relationship will be more ethical and philosophical. For others it may be about enjoyment and lifestyle or built on a common aesthetic taste and style.

The ultimate goal for every retailer is to generate a genuine relationship across all areas. These relationships must be meaningful and fruitful for both retailers and customers. They are at the heart of being an 'essential' retailer.

Retailer relationships most commonly focus on one aspect of a customer's personality. Ethical, Aesthetic and Enjoyment relationships can be personal and enduring.

However, the deepest relationships allow the retailer to connect with the customer in different ways, at different moments and periods of their lives.



Sketch 03: The Relevant Relationship

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The Relevant Relationship

Recent history should have taught us never to be complacent about the “here and now.” We are all reflections of the turbulent times in which we are living.

The needs of a customer never stay the same. They naturally evolve and mature, whilst they sometimes fluctuate sharply in response to social or personal upheavals. The retailer cannot communicate in a banal and blanket fashion but must respond in whatever way the customer needs, at any moment in their lives.

Sometimes the communication will be fun, frivolous and focused on impulse purchases. At other times it must be measured and appropriate, in response to the customer’s need to buy products with more serious meaning and motives.

‘Essential retailers’ must be there for customers in the best of times, and the worst of times.

The Best in ‘the Worst of times.’

The responses of retailers in the COVID lockdown were genuinely astounding. We saw clearly the distinction between the generous and compassionate businesses and the self-centered and selfish ones.

We saw retailers who changed payment policies so that struggling small suppliers were paid instantly, and we saw retailers who hung onto their money for as long as possible.

We saw retailers who honoured their orders with suppliers and supported overseas factories and their workers, and we saw retailers who cancelled orders.

We saw retailers who ensured their staff felt safe and protected before re-opening, and we saw retailers who opened shops to make every possible available sale.

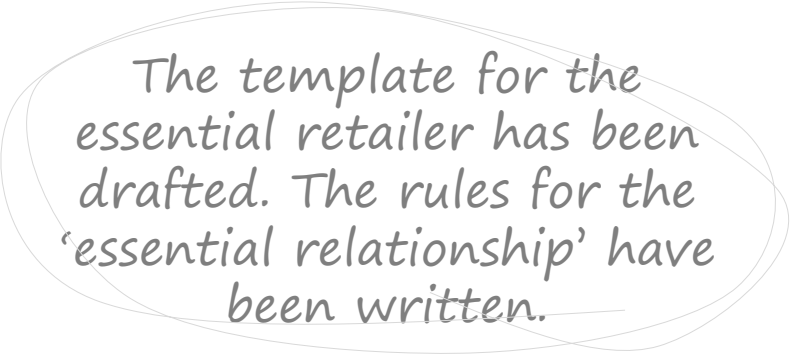
We saw retailers who furloughed their staff and supported their well-being, and we saw retailers who furloughed for as long as was financially beneficial.

We saw retailers that set aside shopping hours and online delivery slots for essential workers, and we saw retailers who delivered to those willing and able to pay for the privilege.

And we saw retailers who gave unsellable stock to charity and created gift boxes for health carers, and we saw retailers who mothballed their stock to sell at next year’s prices.

In the darkest of times, we witnessed some remarkable and spontaneous gestures to customers, to colleagues and to suppliers. The lockdown was a showcase for retailers who developed ‘essential’ and long-standing relationships.

They became essential in supplying the basic needs of a variety of people, whilst rising to the emotional challenges of being empathetic, compassionate and generous.



The template for the essential retailer has been drafted. The rules for the ‘essential relationship’ have been written.

Morrisons: caring for the community

Morrisons supermarket emerged as a real superstar during the COVID pandemic with a variety of responses & initiatives that cemented its role as a retailer from the community for the community.

The retailer launched a meal delivery service for primary schools who were feeding children having to self-isolate at home. The supermarket worked with schools to provide the meals for children who would normally be eligible for free meals with breakfast, lunch and snacks. Developed in partnership with Morrisons company nutritionist, the Morrisons Kids Meal Pack included enough cereal, milk, bread, fruit, yoghurts, sandwich fillings, pasta and squash for seven days. The cost was covered by schools as part of the Government's free school meals programme.

Schools were able to order the packs directly from the Morrisons doorstep delivery team. Orders were then picked and packed by local Morrisons stores and sent to children's homes via its 'doorstep delivery' service.

Morrisons also extended its ongoing work with food redistribution charity 'The Bread and Butter Thing' in which it provides food for families in need. The initiative also means that the retailer significantly reduces food waste in its food making operations and supply chains around the UK.

After embarking on the partnership in 2016, Morrisons has already provided two million meals to the charity's members. During 2021, the retailer plans to redistribute surplus food to 30,000 families. The food comes from a range of Morrisons' food-making sites, distribution centres, and UK suppliers and includes fruit & vegetables, meat & fish, prepared food & bread.

Particularly within the food sector, the COVID lockdowns fuelled a renewal of respect for the frontline staff working in shops. The public saw people who were making great personal sacrifices to keep shops open and to supply customers with the essentials. In many cases colleagues went far beyond the basic requirements expected by customers giving them additional support and guidance.

Morrisons has a reputation for being a family business and was run by members of the original family until relatively recently. True to its business community heritage, it was not only the first retailer to announce permanent wage increases for all shop colleagues, but it committed to a permanent promise to pay every employee in their shops at least £10 an hour.

Whilst other brands have also made wage increases on the back of the lockdown, no one, to my knowledge, has matched the level of pay being offered by Morrisons.

Holland & Barrett: flexible wage payments

Health and wellness retailer Holland & Barrett launched a new scheme during COVID to give staff instant access to their wages. Its 'Earned Wage Access' service enabled its 5,000 UK employees to get earned wages whenever they needed them.

Holland & Barrett explained their commitment to the importance of making wellness accessible to all, including focusing on the impact of financial stability to their colleagues' mental health. 'Earned Wage Access' was a relatively new and innovative initiative across the sector. It promises to give business colleagues more protection from the financial pain and emotional strain of meeting unexpected expenses.

Boots: operating vaccination centres

Boots the health & beauty retailer used the medical expertise in its pharmacies and health services to set up Covid-19 vaccination sites at several of its locations.

The business has extensive knowledge and experience of mass vaccination (having completed over a million flu vaccinations in 2019) and was able to develop a model for Covid-19 vaccinations that was aligned with the required stringent safety, clinical and operational standards.

Superdrug: volunteers for hospitals

Superdrug, a competitor health and beauty retailer to Boots used five of its stores as vaccination hubs to aid the NHS with the rollout of the Covid-19 vaccine.

The retailer also has decades of experience in delivering mass vaccination services and has developed a team of highly qualified nurses and pharmacists. As well as working closely with the NHS to support its Covid-19 efforts, Superdrug nurses also volunteered in hospitals, the wider community and blood transfusion centres.

Amongst other retailer initiatives during the vaccination Waitrose donated its staff leisure centre at its HQ, to be repurposed as a temporary vaccination site for six months, with nearly 1,000 residents being vaccinated at the premises in its first two days in operation.

PureGym offered up space in its gyms, which were closed under government guidelines, to help with the vaccination effort, whilst Brewdog offered space in the pub chain's premises to store and administer the Covid-19 vaccine.

Dixons Carphone: relieving digital poverty

During the pandemic and the series of lockdowns, Dixons Carphone donated £1 million to support disadvantaged pupils, parents and teachers as part of a long-term commitment to help end digital poverty in the UK.

Money was also used to equip 1,000 teachers and teaching assistants with the technology and other support they needed to deliver home schooling to 30,000 pupils during the Covid-19 crisis and beyond.

The consumer electronics brand is already helping thousands of elderly people to digitally connect through a partnership with the charity Age UK and is now offering the same support to tackle the digital divide in education.

The company was also one of three founding partners in the Digital Poverty Alliance, a group of organisations brought together by DAFA and the Institution of Engineering and Technology to tackle digital poverty in the UK.

With its scale, recycling and reuse operations, and 22,000 expert UK colleagues in shops Dixons is perfectly placed to have a significant impact.

The COVID lockdowns inspired collaborations that would have been unimaginable only a few weeks before.

When food did actually start to 'run-out' and shop shelves were empty, an unlikely alliance of the leading grocery retailers coordinated the supply of staple products between them, to ensure that in any location products such as dried pasta were available in at least one of the shops. The brands also worked to reduce the number of pasta shapes and bag sizes being produced to quicken up the factory and packaging processes, to ensure that shop replenishment was as quick and as efficient as possible.

The Z to A of retail disruption

MAKE YOURSELF ESSENTIAL **ACTION PAGES**

001

DO NOT FAIL YOUR CUSTOMER

Internal analysis & customer research:

Take an honest step back and understand how you fail your customers. Find out by asking all members of the company from head office to shops, from product development to customer services. Run workshops with those who deal with customers face to face. Run customer focus groups.

Actions:

- Prioritise the areas where you fail the most, and where you have the biggest opportunity to improve.
- Define the actions required to turn the biggest and most damaging failures into successes.
- Put those actions into place and follow through with continued analysis of improvements, impacts and benefits.
- Create a cycle of improving, analysing, and improving again.
- Stay close to your customer and continue to ask.

002

FOCUS YOUR CUSTOMER CONNECTION

Internal brainstorming:

Don't try to be everything to everybody. Go back to your brand. Where should you be to be most appropriate to your customer on an emotional level? Fun and excitement or wellbeing and conscience? Consider where your brand perception is currently the strongest and weakest. Align the reality with the ideal.

Actions:

- Identify the real touchpoints with your customer that effect the emotional relationship.
- Define the actions needed for each touchpoint to add and build the appropriate emotional element
- Prioritise quick impact actions, but within a longer-term coordinated list of actions.
- Group action plans by emotional touchpoint impact and not by functions
- Make the changes to the touchpoints working across functions.

003

HELP YOUR CUSTOMER WHERE THEY MOST NEED IT

On the ground research, colleague feedback:

Find out more about your customer, their lives and the problems in their lives. Find out about the things they care about the most, their families, their communities. Do they have children? Do they work? What do they like to do?

Actions:

- Identify specific ways to help your customer, to make their daily lives better. To make them and those they love happy.
- Cost the actions against long term loyalty benefits
- Facilitate the actions financially and operationally with local funding, sponsorship, collaboration, donations...etc.
- Communicate and publicise by 'word of mouth' or social media. Never boast or glorify your actions.