THE RETAILER

SPRING 2018

BREXIT: ONE YEAR TO GO BUT A LONG ROAD AHEAD

// INSIGHT FROM THE BRC-KPMG RETAIL SALES MONITOR

// BUSINESS RATES ARE DISTORTING AND ACCELERATING THE RETAIL TRANSFORMATION

// LABELLING AND FOOD RESPONSIBILITIES TO BE DEVOLVED FOLLOWING BREXIT?

THERE WILL BE OPPORTUNITIES FOR CONSUMERS FROM BETTER TRADE DEALS AND NEW MARKETS, BUT THE RISK OF NOT ACHIEVING A DEAL WITH THE EU IS ENORMOUS AND ITS IMPACT WOULD BE FELT IMMEDIATELY BY MILLIONS OF US FROM THE TRANSITION'S END.

NEWS FROM THE BRC

BREXIT: ONE YEAR TO GO BUT A LONG ROAD AHEAD

HELEN DICKINSON OBE
CHIEF EXECUTIVE
BRITISH RETAIL CONSORTIUM

We're past the one year to go mark for leaving the EU, and the recent breakthrough in the negotiations logjam couldn't have come soon enough. The agreement on a framework for a standstill transition period is something we've long argued is vital to avoid a cliff-edge by giving businesses and government time to adjust, plan ahead and invest.

Another encouraging development comes from both the UK and EU-27 negotiators appearing committed to a tariff-free deal, which is important for consumers. This is particularly important for food as around 20 per cent of products sold in a supermarket are imported from the EU and adding high tariffs would have a significant impact on hard-pressed consumers.

We've also led calls to put the trade deals that the EU has negotiated with third countries, from which the UK benefits from zero or low rate tariffs on various imports, on a more secure footing for the transition phase. With the UK and EU working together, and goodwill from the third countries involved, there is every sign that this will be achieved too.

These bilateral deals enable retailers to source products, namely food and clothing, at preferential rates, so they must be transferred in time to ensure UK consumers don't lose out.

Alongside these signals of good intent however, there are fundamental questions that remain unanswered. At the top of this list is how goods will continue to move uninterrupted across EU-UK borders after the transitional period ends. Securing tariff-free trade with the EU is only part of the equation for sustaining low prices and availability of goods for UK consumers.

High non-tariff barriers at our ports or on product standards could be equally as damaging to UK consumers as any hit from higher tariffs. A fivefold increase in customs declarations in the event of a no-deal, could mean Operation Stack becoming a familiar sight on the Kent motorways. We've been absolutely clear that any friction introduced to the flow of goods, particularly fresh and perishable ones, will lead to spoilage and gaps on shelves, reducing choice and shelf life for consumers.

As we set out in our Customs Roadmap, to tackle the challenges posed by the sheer scale and volume of goods that cross our borders, we need a deal on customs alongside supplementary agreements on regulatory standards, security, VAT, haulage, transit and on drivers, to ensure goods can continue to move from A to B as efficiently as possible. Getting this right is essential to ensure UK consumers are able to buy the products they want once the transition period comes to an end.

Retailers also need a deal that helps them fulfil the skills requirements of an industry undergoing profound transformation. From distribution and stores, to head office, there's no doubt that our EU colleagues make a vital contribution to British retailers' ability to deliver the goods consumers want, when they want them and they deserve certainty and security to continue living and working here.

That's why the UK's future immigration system should take an evidence-based approach as we seek to understand both the current and future needs of the industry. Against a backdrop of a tightening labour market and tough competition for workers, the priority has to be for a simple, demand-led system for the future, which strikes the best balance between getting the right skills in place and a migration system that complements our domestic labour market.

There will be opportunities for consumers from better trade deals and new markets, but the risk of not achieving a deal with the EU is enormous and its impact would be felt immediately by millions of us from the transition's end. So over the next few months until the June European Council and beyond, the negotiations should focus on reducing potential customs friction and creating a new immigration system fit for the future.

The clock is ticking, whilst we have some certainty we need to see more detail on how our supply chains will work. Shopping will be one of the immediate litmus tests of the success of Brexit and what we pay for products in 2021 will depend on the deal negotiated in the next six months.

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THIS ISSUE

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BRC

NEWS FROM THE BRC

MORE INSIGHT FROM THE BRC-KPMG RETAIL SALES MONITOR

The BRC-KPMG Retail Sales Monitor (RSM) is a monthly economic indicator of the year-on-year performance of Retail Sales in the UK, but is also a participatory scheme providing a weekly benchmark for retailers who contribute to it.
The number of RSM product categories, against which participating retailers can compare their weekly sales has increased to 20, including Computing, which opened during the last quarter of 2017. Overall UK sales, Online and In-Stores sales, year-on-year growths are now published every week for Computing, which includes computers but also mobile phones and wearable technology.
In addition, a monitor has been created to measure the year-on-year changes of Food take-away sales on a weekly basis. Since June, the BRC-KPMG Retail Sales Monitor publishes the year-on-year growth in total sales and like-for-like sales of the UK Food-on-the-Go market every Tuesday for the preceding week, based on weekly sales submissions from our members. Every member who contribute their sales can receive the benchmark in return.
If you would like more information about the RSM or are a retailer and wish to participate and get insight from the RSM, please contact anne.alexandre@brc.org.uk **by email or on 0207 854 8960.**

BRC – NIELSEN SHOP PRICE INDEX – FEBRUARY 2018

PRESSURES ON SHOP PRICES EASE

Period Covered: 05 - 09 February 2018

- February Shop price deflation deepened to 0.8% in February from 0.5% in January. Shop Prices have been deflationary for 58 months now.
- Deflation in Non-Food prices deepened in February, with prices decreasing at a rate of 2.2% compared to January when prices declined by 1.9%. This was the deepest deflation since April 2017.
- Food inflation eased to 1.6% in February from 1.9% in January.
- Fresh food inflation slowed significantly: fresh food prices increased by 0.9% in February, below the January increase of 1.7%. This was the lowest inflation rate since September 2017.
- Ambient food inflation continued to accelerate, with prices increasing by 2.5% in February compared to the 2.2% January increase. This was the highest inflation rate since September 2017.

Helen Dickinson OBE, Chief Executive, British Retail Consortium:
"Shop Prices dipped deeper into deflationary territory in February, with fresh food seeing the biggest reduction in the inflation rate.
"This is a further sign that we have passed the peak of the upward pressure on inflation caused by the fall in the pound in June 2016. This will ease the squeeze on consumer incomes over the coming year, but it's likely to do little to lift the rate of growth in consumption. Earnings are still falling in real terms, despite wages increasing, and savings are unlikely to provide the same support to spending that they have over the last 18 months.

"While it's good news that earnings and inflation are heading in the right directions for consumers, retailers can expect to see more of the same, tough trading environment over the coming months. With that in mind, it's imperative we get clarity and a definitive agreement over the next month's Brexit negotiations around the exact form of the transition arrangements. Both the transition and the UK's future relationship with the EU will determine how we maintain consumers' current access to a diverse choice of affordable goods."
https://brc.org.uk/retail-insight-analytics

NEWS FROM THE BRC

BUSINESS RATES ARE DISTORTING AND ACCELERATING THE RETAIL TRANSFORMATION

JIM HUBBARD
POLICY ADVISER – LOCAL ENGAGEMENT, PROPERTY AND PLANNING
BRITISH RETAIL CONSORTIUM

Continued pressure for reform is needed to alleviate the impact on retailers and places

The BRC has continued the drumbeat for fundamental reform of business rates and in February assembled an ensemble of tax experts to a roundtable to discuss the current business tax system and potential barriers to reform. The premise was simple: to achieve a business taxation system fit for the 21st Century. Clear themes emerged, but there was no doubt that truly fundamental reform will require sustained pressure which is what we plan to carry out.

And we've had recent incremental wins including the Chancellor moving forward CPI indexation from this April avoiding £210 million in additional costs for retailers. The Treasury also ruled out self-assessments of properties, moved forward the next revaluation to 2021 and committed to three-yearly revaluations from that point. However, some successes have eluded us including improvements to the Check Challenge and Appeal system causing frustration and making it more difficult to correct inaccurate bills.

Business rates are not fit for purpose
Changes to retail underway have been consumer led, but business rates are accelerating and distorting the successful reinvention of places. Rates serve as a barrier to new entrants whether hospitality, services or retail as well as decide the future of commercial uses tinkering at the margin including the growing number of businesses entering Company Voluntary Arrangements (CVAs).

The unique nature of retail means that it is found across all communities, however, the changes in consumer behaviour require fewer shops and jobs which is being exacerbated by the growing cost of doing business. Simultaneously there are communities facing serious challenges including high levels of deprivation and unemployment. As retail continues to undergo change, these communities are at particular risk, increasing the urgency of the need for Government action.

The central problem with the business rates system is that the burden has grown out of proportion since its introduction in 1990 irrespective of the strength of the economy or success of businesses. The Government's dependence on input taxes especially harms retailers which are people and property intensive and business rates have grown disproportionately compared to taxes such as Corporation Tax. Retailers alone are responsible for £7 billion in business rates annually or a quarter of the overall total despite making up a much smaller proportion of the economy.

In the past, the success of a shopkeeper was dependent on the location and value of its shop which directly related to transactions taking place in person. However, today retail is more complex following the advent of the internet and resulting shifts in consumer behaviour leading to new questions about how economic activity should be taxed. It is critical that the changing dynamics of today's economy are considered so that a business taxation system fit for the 21st Century is established.

Designing a system fit for the 21st Century
The Government should revisit their current approach to business taxation and look across all taxes. Specifically, we need to rebalance input and output taxes, address underlying problems and attract investment which would lead to greater productivity and improved living standards.

There is a danger of over reliance on input taxes versus output with implications on private-sector investment. For example, for every £1 retailers pay in corporation tax they pay £2.30 in business rates on average. We want to work with the Government to set out principles for future business taxation, outline a long-term vision, align policies to international efforts, publish a holistic road map and take immediate steps to reduce the burden of commercial property taxation.

The BRC continues to recommend that the Government publish a vision for business taxation which would include as one component the role and structure of business rates. We believe a review should be comprehensive in scope and that it would represent a missed opportunity to consider different forms of business taxation in isolation from one another. Instead the issue requires a holistic approach looking across all business taxation because today's economy is vastly different from the 20th Century economy.

The tax experts assembled earlier this year agreed that the disproportionate burden of business taxation on the retail industry is likely to be the most persuasive argument with those in power and that despite Brexit and the need to attract inward investment there will be no rapid fundamental shift from the status quo. Instead it will require continued incremental measures to address the burden which is frustrating, but the reality we face as we continue to make the case for fundamental reform.

For more infomation, click through to the BRC website.

NEWS FROM THE BRC

LABELLING AND FOOD RESPONSIBILITIES TO BE DEVOLVED FOLLOWING BREXIT?

DAVID LONSDALE
DIRECTOR
SCOTTISH RETAIL CONSORTIUM

The UK Government has published a 'provisional analysis' (https://www.gov.uk/government/news/uk-government-publishes-analysis-on-returning-eu-powers) of the powers which will be repatriated to the UK's devolved nations after Brexit. The Scottish Retail Consortium has taken a leading role on behalf of business in the public debate on this, and has met with UK Cabinet Ministers and the Permanent Secretary at the Department for Exiting the EU. SRC's Director, David Lonsdale, said:

"Brexit is set to herald a fresh chapter of devolution in the UK, with substantial additional powers and responsibilities for the devolved administrations.

"This will lead to a more diverse and complex public policy environment for retailers to operate in. We will work to ensure that the powers which affect the industry are implemented and subsequently flexed in a sensible and cost effective manner, in order to minimise administrative complexity, compliance and cost and to maintain the widest possible choice on shop shelves for consumers.

There are a small number of areas – such as on food and nutrition labelling and food composition – where we will want to see the fullest possible alignment post-Brexit, with the devolved and UK administrations working collegiately on a shared approach in order to minimise duplication and discrepancy for retailers and others.

"Scotland's shoppers and businesses benefit enormously from the existing and largely unfettered UK single market. It allows retailers to capitalise on the efficiencies derived from regulatory consistency and economies of scale which in turn reduces business costs, increases productivity, and ultimately keeps down prices and provides more choice for customers."

UNLOCKING BETTER SUPPLIER RELATIONSHIPS WITH A NEW APPROACH TO PAYMENTS

DAVID PRICE
MANAGING DIRECTOR, CLIENT COVERAGE
BARCLAYCARD

FOR RETAILERS ACROSS THE UK, THE CASH FLOW BALANCING ACT IS A FAMILIAR STRUGGLE. WHETHER LARGE CORPORATIONS OR SMALL INDEPENDENT STORES, MANY VENDORS MUST ORDER – AND OFTEN PAY FOR – STOCK BEFORE THEY GENERATE REVENUE FROM SELLING IT. THIS CAN LEAD TO A TUG-OF-WAR BETWEEN THE BUYER, WHO WANTS TO HOLD ONTO CASH AND PAY THEIR SUPPLIERS LATER, AND THE SUPPLIER, WHO NATURALLY WANTS TO BE PAID EARLIER.

This is even more difficult at certain times of year, such as the run-up to Christmas, when a retailer might need to purchase more stock than usual. During these times of real squeeze, there's the risk of late payments and unhappy suppliers. And of course, poor supplier relationships could have a knock-on effect on the customer experience and bottom line: if retailers can't get the stock to meet demand at peak times, they could face dissatisfied shoppers and lost revenue.

TAKING CONTROL OF THE PAYMENT SCHEDULE

The good news is, by exploring different payment and finance options, vendors can not only pay their suppliers on time – they can go a step further and pay suppliers early. In doing so, they can improve relationships and unlock working capital benefits that will set up their business for growth.

For example, once they understand the seasonality of their business, a retailer could set up a temporary overdraft. This is relatively easy to obtain, but might not offer the full funds required and involves an application every time the retailer needs to increase and decrease the limit. Another option is invoice discounting, which provides businesses with an advance on revenues they are already owed, but involves a great deal of administration and can be a more expensive way to borrow.

Alternatively, retailers could use card-based payments – either on physical or, increasingly, virtual cards – to settle bills with certain suppliers. This is flexible, easy to set up, and low on admin: the merchant simply uses the card as and when they need to. Using a corporate card means the retailer can, counter-intuitively, effectively extend their supplier payment terms: their payment provider pays the supplier directly, and they settle the bill later – which means cash is in the retailer's bank account for a longer period.

HOW DOES THIS WORK IN PRACTICE?

A supermarket, for example, might buy stock – let's say tinned tomatoes – from a supplier that is paid on 60-day terms after delivery. The supermarket receives the delivery and puts them straight out on the shelves of the store. After three days, a shopper buys a tin of tomatoes, with the retailer receiving the cash from this purchase almost immediately. This is cash that they benefit from for 57 days, before they must make the payment to the supplier.

Using their corporate card, the supermarket could pay their supplier early, after 30 days – but they don't need to settle with their payment provider for up to an additional 56 days, depending on where they are in their billing cycle. This is a win-win scenario: the supplier receives payment almost a month ahead of schedule, but the supermarket benefits from up to 83 days of cash from the shopper's purchase in the bank, instead of just 57 days.

DRIVING BUSINESS GROWTH

This approach gives retailers flexibility and choice, particularly when it comes to ad-hoc suppliers, meaning they can seize opportunities for growth as they arise and 'buy more to sell more'.

Over the August Bank Holiday, for example, a supermarket may want to buy a one-off large order of disposable barbecues to meet an expected surge in demand from shoppers. This might not be part of their regular ordering cycle, but if they can ensure the barbecues are on the shelves and ready to buy, they can make the most of the holiday weekend – just as their customers hope to!

REDUCING UNIT COSTS THROUGH EARLY PAYMENT DISCOUNTS

Having a flexible payment method not only opens up growth opportunities for vendors - it could even reduce the unit costs of the stock they buy year-round.

Some merchants might have an early payment discount built-in to their supplier contracts, but struggle to actually meet the terms needed to secure this. Using a corporate card to pay early means they can benefit from these pre-agreed lower unit costs.

Even if this isn't included in the original supplier contract, having built up a positive track record, a retailer may be able to negotiate an early settlement discount for future purchases with their supplier. Doing so could lower their overall business expenses – and therefore increase their profit margin.

BENEFITS TO THE SUPPLIER

It's not only the retailer that benefits when using a corporate card; the supplier does, too. Their own cash flow is improved, as they're receiving payment much earlier than their original terms. Since they can expect guaranteed payment on a specific date, they can enjoy greater confidence in their own revenue forecasts. Furthermore, their entire supplier journey – from receiving an order to getting the cash – is simpler and more cost-effective as accepting payment by card cuts out time- and resource-intensive steps such as processing a purchase order or chasing a payment.

LOOKING TO A 'CASH POSITIVE' FUTURE

If a retailer can realise the revenue from sales, keep this cash in their account, and also pay their suppliers on time, they can become 'cash positive': good news for their balance sheet. With just a simple tweak to the existing payment process, merchants can unlock this position and its host of benefits – helping to improve the payments ecosystem for them and their suppliers.

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barclaycard

"...POOR SUPPLIER RELATIONSHIPS COULD HAVE A KNOCK-ON EFFECT ON THE CUSTOMER EXPERIENCE AND BOTTOM LINE: IF RETAILERS CAN'T GET THE STOCK TO MEET DEMAND AT PEAK TIMES, THEY COULD FACE DISSATISFIED SHOPPERS AND LOST REVENUE."

LESS WHAT, MORE *HOW*

FOLA ABARI
SENIOR CONSULTANT
CHANGE MANAGEMENT GROUP

WE HAVE WITNESSED THE GROWTH OF IN-HOUSE STRATEGY TEAMS AND EXTERNAL CONSULTANTS TASKED WITH DETERMINING THE ANSWER TO WHAT THE 'RETAILER OF THE FUTURE' SHOULD LOOK LIKE. FROM QUESTIONS SUCH AS 'HOW TO DIGITISE THE IN-STORE EXPERIENCE', TO BROADER QUESTIONS AROUND 'HOW TO DELIVER A SEAMLESS OMNICHANNEL EXPERIENCE', 'WHAT IT MEANS TO BE TRULY MOBILE-FIRST' AND 'THE ROLE OF SYSTEMS AND SUPPLY CHAIN'.

FACED WITH A PLETHORA OF ANSWERS TO THESE QUESTIONS, IT IS LITTLE SURPRISE THAT RETAILERS EXPEND EXCESSIVE EFFORT ON DEFINING THE 'WHAT' BEHIND TRANSFORMATION PROGRAMMES, TO THE DETRIMENT OF THE 'HOW'. THE RESULT? A SHOPPING LIST OF CHANGE INITIATIVES LOOSELY JOINED TOGETHER UNDER THE BANNER OF 'TRANSFORMATION'.

Whilst most retailers will be clear on the need to invest in greater speed and flexibility to become more responsive to consumer demand, very few are set up to be able to do so. Tech leaders such as Alibaba and Amazon have long attested to the role that autonomous cross-functional teams can play in defining and implementing change at pace – but can retailers follow suit?

Given the pace of change afoot in the industry, there is a clear case for retailers to set up cross-functional Transformation Management Offices (TMOs) to act as the home for their transformation capabilities.

TMOs are charged with indiscriminately tackling inefficiencies, spotting opportunities that will shift the dial in performance and overseeing the delivery of the initiatives born out of such reviews. Typically, an TMO is formed of a cross-functional team of high-potential employees who often report into a permanent Business Transformation Director.

Retailers who are serious about change will understand the need for a permanent TMO continually scanning and responding to change in the broader environment. *"The constantly changing, entirely unforgiving environment in which we now operate, denies the satisfaction of any permanent fix."* Team of Teams.

TMOS PLAY A LEADING ROLE ACROSS THE DELIVERY CYCLE, FROM DEFINITION THROUGH TO BUSINESS-AS-USUAL. BELOW ARE SOME TIPS TO GUIDE THE TEAM THROUGH THE DELIVERY OF A FIT-FOR-PURPOSE TRANSFORMATION AGENDA:

DEFINE:

1. Get clear on the vision for the organisation. A plethora of choice has left many retailers unclear on their point of differentiation, complicating capability investment decisions. Use design thinking techniques to question entrenched views on what cannot be touched during transformation – often the biggest results will come from those areas
2. Broaden your view on your competitive set. Consider who your customers admire and let that inspire you…
3. Abandon dated views on how capabilities are sourced. Not everything needs to be in-house. Identify where you can partner to deliver against Omnichannel objectives. Think about how you can tap into the gig economy to move faster as well as drive margin growth
4. Get clear on what you want to be famous for. Identify the areas where you can afford to automate or outsource and refocus resources behind the differentiators such as customer services, mobile, merchandising and logistics
5. Continue to break down silos. Your customers expect no difference in experience across online, instore and your partners, so consider the structure that will enable this
6. Consider the role which data can play up front. Build a roadmap to improve your ability to store and share data cross-functionally. This is critical to the delivery of most emerging capabilities (think fulfil from store, ship to replace, one pool of stock, personalisation…)
7. Confirm who is accountable. How will change be governed? Clarifying decision bodies, accountabilities and sign-off structures up-front influences execution speed
8. Build a roadmap from the perspective of your end customers. What will the change feel like for your customers, suppliers and employees? Identify the quick wins you will use to advocate the change to the nay-sayers

BUILD & TEST:

1. Define and commit to the business outcomes. Lay out the KPIs to measure the success of your transformation and communicate these broadly to galvanise the entire organisation towards a shared goal
2. Think cross-functionally. A discrete initiative-by-initiative approach to requirements workshops and validation sessions reinforces silos and inevitably results in design gaps. TMOs help to enforce cross-functional collaboration by leveraging their programme level perspective
3. Never design around the kit. Once you are clear on the capabilities you require and the resultant systems requirements, remember functionality is now changing at a remarkable pace. Allowing legacy partner decisions to inform selection decisions can result in a poor return on investment
4. Invest the time in remapping processes and decision rights. From planning, to order, to ship and fulfilment, make sure the cross-functional interfaces do not break because of changes to people, process and/or tech. Pilot process change whilst designing, work with business teams to simulate the new processes and quickly fix what does not work
5. Continually review the impact of the design on employees. Develop transition plans which do not disrupt business operations and deliver business outcomes holistically. Make sure you are clear on how much change will be impacting business functions and when.

IMPLEMENTATION:

The Harvard Business Review stresses the role of collapsing layers, broadening spans of control as well as clarifying decision rights to speed up execution.

Establishing a TMO with a mandate to work cross-functionally to identify the must-have capabilities for strategy realisation, as well as the methodology, to manage change, will go a long way towards building the prized continuous evolution ability. The best examples of such teams are empowered to create programmes of change that extend beyond systems and processes, to the culture, behaviours and P&L structures, through to shaking the very core of the business model.

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"WHILST MOST RETAILERS WILL BE CLEAR ON THE NEED TO INVEST IN GREATER SPEED AND FLEXIBILITY TO BECOME MORE RESPONSIVE TO CONSUMER DEMAND, VERY FEW ARE SET UP TO BE ABLE TO DO SO."

FACING THE CHALLENGE OF A "NEW KID ON THE BLOCK"

GAVIN MASTERS
ECOMMERCE INDUSTRY PRINCIPAL
MAGINUS

HOW TO COMBAT AN ESTABLISHED RETAILER'S WORST NIGHTMARE – A NEW, AGILE COMPETITOR GAINING SIGNIFICANT MARKET SHARE.

It's a frequent observation when an established High Street retailer goes into administration nowadays – "they simply failed to adapt to the modern retail landscape". Many retailers are running at fine margins (and even finer profits), and the slightest change to the competitive line-up can tip them over the edge and once the decline begins, negativity and reticence can set in. More often than not, this leads to a lingering decline and the possibility of downsizing, or even administration.

Whilst it's impossible to predict the future, a well established retailer can be geared up to respond quickly to opportunity (and threat). This can be achieved by having a culture that embraces change and constant improvement to give a retailer the best possible opportunity to succeed. Many retailers rely on history and brand providence, believing these things hold stronger than change and modern approaches (I know, I've worked in a few...) and by the time they find out the truth, it's often too late.

> THE HIGH STREET IS LITTERED WITH BIG BRAND NAMES WHO HAVE FAILED TO ADAPT TO A RAPIDLY CHANGING RETAIL LANDSCAPE.

Time after time, the brands that fail to succeed are the ones who, in hindsight, had the best opportunities to capitalise on the changing market – Blockbuster, HMV, Maplin, Game, Borders. All were leaders in their sector that could have acquired start-up competitors in their nascent state to take them into the digital space, but all refused to accept that change was coming, and paid the ultimate price.

The most important factor in building a climate that embraces change comes from the top. There must be a willingness within the senior management team to foster an environment in which change is celebrated, not avoided, and where constant introspective evaluation is used to understand the vulnerabilities, which may be present within the business and its operations. There are a number of simple measurements, which a retailer can use to ensure it is organised to be responsive to change:

- Are there people within your business who are responsible for understanding changes in the competition landscape, and do they feed back to the rest of the business when things do change?
- Does the company have defined KPIs for identifying threats to business performance (as well as the traditional "success" KPIs)? KPI's such as Customer Attrition Rate, Market Share of Key Competitors, Non-converting footfall/email rates, Acquisition Costs
- Does your business strategy have a "Plan B" in the event of a new competitor or product entering your market?
- Is your IT infrastructure set up to accommodate rapid or significant changes in process, systems or product?
- Do you frequently review customer satisfaction, and do you take on board customer feedback on what they expect from your business?
- Are you aware of what barriers and frustrations your customers face when dealing with you, and what would happen if a competitor removed those barriers?

If your business can't confidently answer these questions, then there is a very real risk you won't identify changes to your sector until it's too late. New start-ups – especially those with a digital focus – can often go to market with significant investment, an experienced management team and a slick operational setup. This allows them to grow and adapt quickly, and establish a reputation (and a brand identity) within a matter of weeks using social media.

It's true that not every new competitor is going to be a threat, and a lot of start-ups will fail quickly (or at least fail to grow). However, retailers, such as Toys R Us and HMV, have learnt to their peril the dangers of ignoring upstart competitors for too long, or assuming that the brand will win out against all adversity in the medium to long term.

> A CULTURE OF COMMUNICATION AND A MERITOCRATIC APPROACH TO FEEDBACK AND INFORMATION CAN ALLOW THINGS TO COME TO LIGHT, WHICH MAY NOT BE FLAGGED IN COMPANIES WITH A STRICT HIERARCHY AND A LACK OF OPEN COMMUNICATION.

It is very often the case that employees on the shop floor, or dealing with low-value accounts in customer service are the first people exposed to insight into a competitor's growing reputation, but they will not pass this information on if they feel it won't be listened to or acted upon.

Change is a hard thing to instigate in a company which is not used to it, but the dangers of avoiding change or (worse still) actively pushing against it are too great to ignore. I have seen first-hand the impact of refusing to change – watching helplessly as a competitor grabs an opportunity and corners the market as your company belligerently pushes ahead with its 5-year strategy.

In conclusion, one must never underestimate the effect a company's leadership and culture has on its ability to adapt to a changing market. Arrogance and a blinkered approach from a company's directors will inevitably be reflected throughout the wider business. A misplaced sense of invincibility has led to the downfall of some of the UK's biggest retail brands in recent years.

Nevertheless, established brands can succeed by identifying change, listening to customers (and fellow employees) and responding quickly.

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> "CHANGE IS A HARD THING TO INSTIGATE IN A COMPANY WHICH IS NOT USED TO IT, BUT THE DANGERS OF AVOIDING CHANGE OR (WORSE STILL) ACTIVELY PUSHING AGAINST IT ARE TOO GREAT TO IGNORE."

PAYMENT PRACTICES & PERFORMANCE REGULATIONS

VANESSA (WOODFINE) FLATHER
HEAD OF ADVISORY SERVICES
PRGX UK

HOW A 'BIG DATA' SOLUTION OFFERS RETAILERS AN EFFICIENT WAY TO MITIGATE THE RISK OF FILING INACCURATE REPORTS AND TO AVOID FINES AND REPUTATIONAL DAMAGE.

In recent years, we've seen how 'Big Data' solutions and 'Advanced Analytics' have transformed aspects of the Healthcare and Financial Services industries and more generally, Consumer Marketing strategies. Now, it's the turn of legislative compliance to benefit from a 'Big Data' approach.

By now, many organisations will have probably faced the arduous process of complying with the 2017 Payment Practices & Performance Regulations, which provide transparency into how suppliers are paid. Parliament passed the legislation that called for large companies to report on supplier payments, with the intention of discouraging large companies from adopting anti-competitive payment policies that hurt the small to mid-sized businesses with whom they do business.

Completion of an accurate, fully-auditable report requires the support of multiple departments and teams - a cross-functional exercise that must be completed twice each financial year

However, the process thus far, has been confusing. In fact, according to the International Data Corporation, a global provider of market intelligence, organisations are not yet clear about their obligations.

> " OUR EARLY INSIGHTS INDICATE THAT MANY UK BUSINESSES ARE FACING CHALLENGES WITH RESPECT TO UNDERSTANDING AND INTERPRETING THE REGULATIONS, EXTRACTING THE DATA REQUIRED FOR REPORTING FROM DISPARATE DATA SOURCES AND THE RESOURCE COSTS INVOLVED," SAID SABITHA MAJUKUMAR, SENIOR RESEARCH ANALYST, IDC.

While there are potentially multiple ways to gather the data to file a report, if organisations aren't leveraging a 'Big Data' approach as part of their solution, they could be at risk of submitting an inaccurate and even, fraudulent report.

That's intolerable exposure for today's globally-positioned retailers.

Before delving too deep into how 'Big Data' can help companies comply with the recently-passed legislation, let's take a step back and review the impact of the new rules and the issues that are surfacing as a result.

We're witnessing a number of common concerns, the majority of which are associated with producing the required statistical metrics. These can be summarised as follows:

INADEQUATE SYSTEMS, HUGE DATA VOLUMES AND DATA GAPS
The vast majority of Enterprise Resource Planning (ERP) platforms offer little help, as they do not provide the required reporting structure. Therefore, companies are required to extract raw data and conduct manual workarounds, exposing them to inaccuracy and demanding increased resource requirements. Additionally, the typical tools deployed by end-users cannot cope with the data and level of detail required to achieve accurate calculations. The problems are exacerbated further when multiple ERPs are involved, plus incomplete datasets can result in incorrect reporting.

GUIDANCE INTERPRETATION AND COMPANY-SPECIFIC METHODOLOGIES
As every company is different, company-specific methodologies and resulting statistical metric calculations are often required due to differing Accounts Payable processes. Companies have said that "one size certainly does not fit all" and that the reporting is "more difficult than we anticipated." The filing requires diligent planning, a deep understanding of the calculations, in the context of reporting entity-specific processes and the ability to identify, collect and aggregate the required data.

REMOVAL OF NON-QUALIFYING SUPPLIERS
Many companies are experiencing difficulty in identifying and removing non-qualifying suppliers, especially when this is required at invoice-level and standard end-user tools cannot deal with the data volumes involved.

AN AUDITABLE APPROACH
A complete and accurate record is viewed as 'best practice' to track all methodology and dataset decisions, but organisations have shared that they're not confident that their approach would stand up to the scrutiny of audit.

HOW CAN A 'BIG DATA' SOLUTION HELP?
Leveraging a 'Big Data' approach provides a robust and repeatable solution that ensures accuracy, mitigates risk and reduces the cost associated with compliance. This is brought about by applying different tools and techniques that simply aren't possible with traditional end-user data analysis and the approach can seamlessly collate the rich data stored in multiple ERPs and Accounts Payable systems.

As the reporting database is built up from 'line level,' the forensic-level detail is auditable and can be leveraged to provide additional insights into the Accounts Payable process beyond what standard ERP reporting offers. The underlying data contributing to the consolidated, high-level statistics required for legislative reporting can allow the end-user to identify the specifics that are driving overall trends.

Taking multiple, relevant and disparate data sources and merging, reconstructing and applying methodologies to produce an ongoing Payment Practices Database and Reporting Tool actually turns this 'chore' into a significant business benefit. The resulting Accounts Payable Performance Toolset can help develop a deeper understanding of the dynamics of payment practices and offset the cost of compliance by reducing errors and identifying areas to reduce process cost.

To summarise, however an organisation chooses to comply with the new reporting regulations, we've compiled a list of 'Dos & Don'ts' based on our experience of working with retailers to date.

DO conduct a 'practice run' to assess the capability of your IT and Finance/Accounts Payable functions. Many companies have only become aware of their reporting challenges close to the submission deadline.

DO document your reporting methodology, including scope, data point assumptions and calculations, so that you're fully auditable and have knowledge capture for future reporting submissions.

DO seek to improve. Develop reports that can identify which suppliers, invoices and payment processes are contributing the most to your statistical trends and run monthly tracking. With a targeted approach, performance can be dramatically improved in time for the next report submission.

And finally...

DON'T estimate. Even a 'Big Data' approach shouldn't equate to 'big assumptions.' Consultative measures are also required to factor in the detail of your Accounts Payable processes, such as individual payment methods. The solution should not be a 'model' of estimated data points, but it should aim, above all, to be an accurate reflection of reality.

If you would like more information about how we are able to implement a cost-effective and accurate 'Big Data' approach to help you comply with your Payment Practices & Performance reporting obligations, please contact us.

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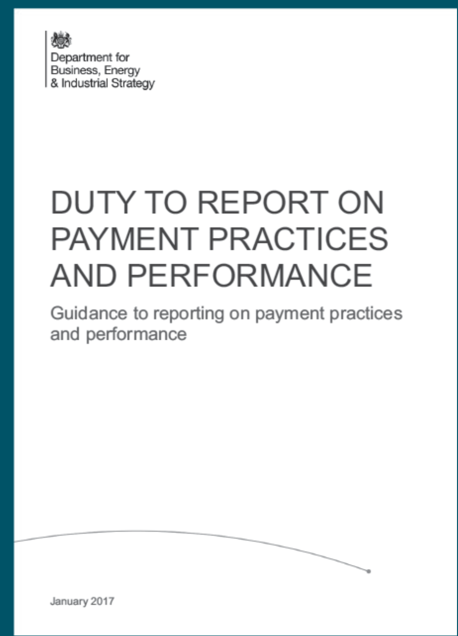
"IF ORGANISATIONS AREN'T LEVERAGING A 'BIG DATA' APPROACH AS PART OF THAT SOLUTION, THEY COULD BE AT RISK OF SUBMITTING AN INACCURATE AND EVEN, FRAUDULENT REPORT."


Department for Business, Energy & Industrial Strategy

DUTY TO REPORT ON PAYMENT PRACTICES AND PERFORMANCE

Guidance to reporting on payment practices and performance

January 2017

WHY IT IS TIME TO FOCUS MORE ON EMPLOYEE INTELLIGENCE IN RETAIL

NINA KITCHING
RETAIL ACCOUNT DIRECTOR
QUESTBACK

HOW YOU CAN IMPROVE HOW YOU LISTEN TO YOUR PEOPLE AND BENEFIT THE BOTTOM LINE

In competitive times, when retailers are battling rising costs, new entrants and more demanding consumers, it is tempting to concentrate solely on digital channels and the benefits that new technologies such as artificial intelligence bring.

However, this shouldn't be your only focus – large retailers have thousands of people in their stores, constantly interacting with customers, essentially collecting a huge amount of data. And as humans, they have the soft skills to understand what customers are looking for, what annoys them and what they like and don't like about your brand and experience. They are datapoints, just like the information you collect from consumers on the online customer journey. Are you making best use of what they are saying?

> ADOPTING A CONTINUOUS LISTENING STRATEGY ISN'T JUST A 'NICE TO HAVE', BUT DIRECTLY BENEFITS YOUR BOTTOM LINE.

What retailers need to do is listen to the feedback and insights that their store colleagues can provide, and then analyse this vital information and use it to improve how they operate. As well as dashboards showing online performance, retailers need an equivalent for in-store staff, with metrics showing their feedback and insight. It is about employee intelligence, as well as artificial intelligence – you need both to get a rounded picture of what is happening to your business and how you can improve.

OVERCOMING THE BARRIERS TO LISTENING

What is stopping retailers from listening to their store colleagues? To begin with, they can be difficult to reach – they are geographically spread across the country and often work shifts, while churn and the sheer number of them makes it hard to engage with them individually. That's why many retailers rely on annual surveys, listening once a year and then acting on the insights months down the line.

In today's fast-moving world, this is not enough – retailers need to take a fresh look at how they collect and act on feedback from colleagues if they are to truly benefit from their people and their ideas. They need to adopt a continuous listening approach that goes beyond the annual survey, covering four key areas:

1. **Always-on feedback**
   Retailers increasingly provide customers with the ability to share their views when and where they want – from leaving reviews online to clicking happy or sad faces on terminals as they leave a store. Extend this so that you are also capturing feedback from employees at all times – make it easy for them to contribute their opinions, and ensure that you have the processes in place to quickly respond to every suggestion, however it is delivered.

2. **Pulse surveys**
   Waiting a year to give feedback is clearly too long in many cases. So invest in smaller, more targeted, regular pulse surveys. These could focus on a specific geographical area, a particular business process or be run after a major corporate change. Pulse surveys provide actionable insight that can be put into practice quickly to improve the business and how it operates.

3. **Listening across the employee experience**
   The feedback that staff provide, and the issues they raise, will vary depending on where they are in their career with you. That means you need to listen to them at key milestones, such as during recruitment or when they are in the first months of employment – what can be improved? What should be changed to ensure that they stay and you retain their skills – and those of others in the same situation?

4. **Online communities**
   Like all of us, your people are used to sharing their feedback online – whether through social media or review sites. That means they'll naturally be looking to give their opinions about working for you, either via sites such as Glassdoor or to friends and family on Twitter and Facebook. Ensure you are capturing their feedback through online communities where they can share their thoughts with the company and colleagues in a more structured, yet accessible way. People want to talk – make sure that you make it easy to talk to you.

Adopting a continuous listening strategy isn't just a 'nice to have', but directly benefits your bottom line. By listening to staff, and acting on their concerns, you increase engagement and reduce churn rates, bringing down recruitment costs. If people feel valued they will stay longer, meaning that their experience and knowledge benefits the business. There is also a clear link between engaged colleagues, greater productivity and an improved customer experience – happy staff equals happy customers, leading to higher sales and revenues.

> YOUR STORE COLLEAGUES ARE ON THE FRONTLINE, INTERACTING WITH CUSTOMERS EVERY DAY – THEY KNOW WHAT MAKES PEOPLE BUY.

Listening to your people also helps unlock innovation and fresh ideas. Your store colleagues are on the frontline, interacting with customers every day – they know what makes people buy, and what makes the process harder. Their insight will enable you to fix issues and improve your business operations, and also encourage blue sky thinking around new products or services that you could introduce.

It is easy to be swept away by the possibilities that digital technology such as artificial intelligence offer. And retailers definitely need to embrace the innovation that AI can drive. However, don't neglect the thousands of store colleagues you have and the insight that they can bring to your business. To succeed in turbulent times, you need employee intelligence and artificial intelligence if you are to truly thrive.

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> "WHAT RETAILERS NEED TO DO IS LISTEN TO THE FEEDBACK AND INSIGHTS THAT THEIR STORE COLLEAGUES CAN PROVIDE, AND THEN ANALYSE THIS VITAL INFORMATION AND USE IT TO IMPROVE HOW THEY OPERATE."

WHERE THE THREAT LIES: THE RETAILERS MOST LIKELY TO SUCCUMB TO PURCHASE DISPUTES

MONICA EATON-CARDONE
CO-FOUNDER
THE CHARGEBACK COMPANY

NO SECTOR IS SAFE FROM CHARGEBACKS—BUT SOME RETAILERS ARE MORE LIKELY TO SEE DISPUTED TRANSACTIONS THAN OTHERS.

After a number of highly publicised data breaches over the past 12 months, it's safe to say that data security is one of the main concerns for retailers. However, by myopically focusing on spotting traditional fraudsters, they risk missing their greatest threat: friendly fraud and payment disputes.

Disputes (or chargebacks) are in place to protect consumers from unauthorised transactions and issues with their purchases. So if retailers have one too many claims against them, they'll end up branded as fraudulent for regularly misleading consumers.

Retailers are paying a high price for disputes arising from customers exploiting loopholes in the system. Consumers are denying their own transactions, tarnishing retailers' good names and eating away at their profit margins.

> MANY WON'T ADMIT THERE'S A PROBLEM, KEEPING THEIR OWN CHARGEBACK FIGURES BEHIND CLOSED DOORS. BUT WE KNOW THE TRUE NUMBERS – IT ACCOUNTS FOR 70% OR MORE OF ALL CREDIT CARD FRAUD OCCURRING TODAY – AND THE VERTICALS THAT ARE HIT THE HARDEST INCLUDE DIGITAL GOODS AND EDUCATIONAL SERVICES

It's a tough fight. In fact, 58% of merchants are unable to even identify what disputes are fraudulent, never mind knowing how to prevent them.

THE COLD HARD FACTS

Proactively advocating policy reform for chargebacks and friendly fraud, we recently undertook a study of the current chargeback landscape, genuine and fraudulent, to assess the market and uncover which sectors need the most attention. Only by identifying the cause, can we tackle this industry-wide problem properly.

Somewhat disappointingly, we found that up to 86% of chargebacks are caused by fraudulent action from consumers. This devolution of consumer behaviour is fuelled by the introduction of new payment methods and increased anonymity when shopping online. As a result, claims have increased 41% over the last two years.

Denied transactions often leave retailers refunding the purchase, paying processing fees and losing the disputed goods – a huge loss for any business, whatever their size.

With 82% of organisations currently disputing claims, this is a serious and growing problem, with real consequences.

WHO GETS HIT THE HARDEST

While no sector is safe from chargebacks, certain retailers are more likely to face claims than others... and reasons vary greatly from one vertical to another.

We found that those selling digital goods or services have the biggest battle, with 30% of organisations reporting chargeback rates above 1%, compared with 21% of merchants selling tangible goods online. Retailers selling apparel and jewellery, and companies in the travel and leisure sectors, meanwhile, report chargeback rates below 0.5%.

Success in challenging chargeback claims also varies from sector to sector. More than a quarter of retailers in the health and beauty industry have declared a chargeback revenue recovery win rate greater than 60%, compared with just 12% of streaming companies. As many as one in four food and beverage companies say they have a win rate of as little as 1%.

We're talking about *huge* chunks of a retailers' revenue – and we advocate an "ideal" rate of less than 0.1% (which only 18% of retailers are actually achieving).

Thanks to the abundance of chargeback claims that retailers are hit with, more than 10% of respondents admitted to being in high risk or excessive chargeback programs. To protect those who are suffering as result of false claims, we need to target and expose the friendly fraudsters.

MINIMISING THE THREAT

Industry officials haven't been blind to the ever-growing problem, and 2018 will hopefully see these figures drop as new rule changes take effect.

By modernising and rationalising the dispute process, Visa's news claims resolution, VCR, will bring tremendous benefits. To name just a few, VCR means a less complex dispute process (22 chargeback reason codes will now only be four groups: fraud; authorisation; processing errors, and consumer disputes), shorter timeframes for disputes (meaning quicker resolutions), and data-driven analytics so financial institutions have the information needed to expose the liable party – without automatically assuming retailer causation.

Revisions have also been made to Visa's Global Compromised Account Recovery (GCAR) programme modifications and payment account reference standards, in addition to changes to its Verified by Visa rules, designed to further improve the process for verifying transactions.

Meanwhile, later in 2018, Mastercard will be rolling out an update to its processes, upgrading a number of the rules governing authorisation and clearing.

THIS DOESN'T MEAN YOU CAN REST

This is just a short summary of the changes taking place in the industry this year, which will have a significant effect on the risk of card and chargeback fraud. As well as combatting friendly fraud, the changes should reduce the number of consumers needing to make genuine chargeback requests in the first place.

However, these changes alone will not safeguard retailers from all claims, and without correct knowledge and tactics, the issue isn't going to disappear overnight. Bearing in mind that 40% of customers who successfully retrieve money back from a chargeback will file another within 60 days, every fraudulent chargeback that gets through the new regime will engender more later on. It's crucial that everyone in the industry does more to tackle the issue.

Retailers, don't be complacent to the changes happening around you. Improve current processes and workflows to help rehabilitate behaviour and ensure customers do not continue to pose a threat to profits and liability.

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"RETAILERS ARE PAYING A HIGH PRICE FOR DISPUTES ARISING FROM CUSTOMERS EXPLOITING LOOPHOLES IN THE SYSTEM. CONSUMERS ARE DENYING THEIR OWN TRANSACTIONS, TARNISHING RETAILERS' GOOD NAMES AND EATING AWAY AT THEIR PROFIT MARGINS."

DON'T BE AN EASY TARGET FOR FRAUDSTERS

RAJA RAY
DIRECTOR OF PRODUCT AND SOLUTIONS
VERIFONE

MAKE SURE YOU'RE UP TO SPEED WITH THE LATEST SECURITY REQUIREMENTS

Stealing transaction data is big business – and it's booming. Retailers are now one of the most popular targets for cybercriminals. Experiencing nearly three times as many attacks as elsewhere in the service sector.[1]

In fact, the annual bill for UK retail crime is over £600 million, and 53% of this is cyber-enabled.[2] There is also a worrying trend that criminals are zoning in on organisations that store or transmit customers' Personally Identifying Information (PII) and payment data.

A single breach can cost retailers millions of pounds in fines, investigation and rectification. That doesn't include the cost of reputational damage and loss of customer confidence, which can linger for years.

IN THE UK, 75% OF UK ADULTS WOULD STOP DOING BUSINESS WITH A COMPANY IF IT WAS HACKED.[3]

SO, WHY IS PAYMENT SECURITY SO HARD?

Retailers may have many systems and networks running across hundreds or thousands of store locations, and many times that number of connected payment terminals.

The industry is awash with complexity. Large staff numbers, seasonal workers and high turnover rates, create training issues. New stores, new systems, regulations and upgrades contribute to constant change. All of this breeds vulnerability.

DOESN'T PCI STOP DATA FRAUD?

While the Payment Card Industry Data Security Standard (PCI DSS) has helped to reduce payment fraud at the sales point. It's only as good as its weakest link. For PCI to work, it has to be maintained. Obtaining PCI compliance won't keep retailers safe for long if security procedures are not kept-up and processes and staff-practices regularly audited.

Up to 80% of merchants fail PCI compliance at interim assessments,[4] which means they are effectively failing to sustain the security controls they have put in place. This could be because of the financial and operational burden PCI can place on organisations – and other pressures on IT teams for time and resource. Especially those with disparate legacy systems and reduced staff.

ENCRYPTION CAN REDUCE RISK

One of the best ways to ease PCI burden and safeguard payments is using PCI Point to Point Encryption (P2PE). Payment details can only be opened at the end of the transaction chain, by the acquirer who has an encryption key.

With P2PE, the merchant doesn't store or handle unencrypted customer payment data, so it can help reduce PCI scope. Payment service providers here in the UK have been pioneers of P2PE and Verifone has been supplying encrypted payment solutions for over a decade. UK retailers have been amongst the first globally to have benefitted from this and seen significant simplification and cost savings in achieving PCI DSS compliance.

SO, WHAT ELSE CAN RETAILERS DO TO KEEP THEIR CUSTOMERS' PAYMENT DATA SAFE?

Here are Verifone's top tips for reducing vulnerability at the POS:

1. Outsource to the experts. Find a payment service provider that will take care of complexities of payment acceptance, and provide secure tokens so that you can focus on retailing and minimise your compliancy efforts.
2. Make sure your terminals are tamper-proof and tamper-resistant and comply with up-to-date PCI-PTS (PIN Transaction Security) standards.
3. Use encryption. Make certain any payment solutions and services are certified against the latest PCI P2PE standards. Ensure that P2PE is implemented correctly and employ a qualified security assessor (QSA) to validate it.
4. Protect any sensitive data stored in cloud service environments by ensuring all gateway services – whether your own or via a third party – are compliant with PCI-DSS (Data Security Standard).
5. There is no need to store live card data to deliver frictionless ecommerce and omnichannel services such as one-click or click and collect. Use secure 'Tokens' to track customers without compromising card data.
6. Use Tokenisation to perform in-house velocity checking. Look for fraud patterns and protect against them. Decline transactions where there is suspicious card usage.
7. If you're running an ecommerce site and using a hosted payment page, make sure sensitive data is not entered directly into your merchant system. Particularly, if you're trying to reduce scope, complexity and cost of PCI compliance.
8. Check what additional fraud screening services are available from your provider. These can help to protect online fraud and reduce the level of chargebacks.

9. Make sure there's seamless integration between Point of Sale and payment systems to reduce opportunities for 'double-keying' fraud by staff.
10. Make sure your networks are secure. Use and maintain firewalls and manage password effectively – NEVER rely on vendor default passwords or security settings. Use and regularly update anti-virus software. Know who has access to applications and at what level. When staff change, reset access controls.

NEW REGULATIONS FOR 2018

The Payment Service Directive (PSD2), will bring new requirements for Strong Consumer Authentication (SCA). It will have little impact in-store as EMV cards already meet the minimum two-factor authentication requirements. Most contactless transactions are also exempt. However, there will be new requirements for online payments with planned changes to major methods of payer authentication e.g. 3D Secure 2.0. Online merchants will need to make certain that these are properly implemented.

The EU's GDPR (General Data Protection Regulation) comes into force in April 2018. Retailers should talk to their payment service providers to verify that they have plans in place to protect sensitive data beyond cardholder and verification data such as PIN numbers.

Verifone is a global leader in payment acceptance and a pioneer in card security. It was one of the first vendors to implement P2PE.

For more information contact info-emea@verifone.com or come and see us at Stand E160, RBTE, 2-3 May 2018 at Olympia London.

RAJA RAY
// verifone.co.uk

1. NTT Group 2016
2. BRC Crime Survey 2018
3. Centrify, June 2016
4. Verizon 2016 Data Breach Investigation Report

"RETAILERS ARE NOW ONE OF THE MOST POPULAR TARGETS FOR CYBERCRIMINALS. EXPERIENCING NEARLY THREE TIMES AS MANY ATTACKS AS ELSEWHERE IN THE SERVICE SECTOR."

RETAILING IN CHINA – AVOIDING THE INTELLECTUAL PROPERTY PITFALLS

PATRICK CANTRILL
HEAD OF INTELLECTUAL PROPERTY (UK)
WOMBLE BOND DICKINSON

WHEREAS GREAT OPPORTUNITIES EXIST FOR RETAILERS SELLING INTO CHINA, THERE REMAIN SEVERAL DIFFICULTIES IN THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

Once again the spotlight is on China's approach to the protection of intellectual property (IP) rights. In August 2017, the Trump administration authorised an inquiry into whether the laws and practices of China that require joint venture foreign partners to transfer technology are unfair. To this inquiry, the American Apparel & Footwear Association has submitted that the sale of counterfeit goods on Chinese websites is widespread and that frequently parasite marks that imitate well known foreign brands are allowed by the Chinese Trade Marks Office (the CTMO).

There are many instances supporting an assumption that China is not doing enough to protect the IP of foreign businesses. For example, in 2006 Louis Vuitton failed in an attempt to cancel a Chinese design patent which closely resembled its iconic LV style. In addition, the patentee had also successfully registered as marks LOUYIVEITEN and 路易威登 (LOUYIVEITEN in Chinese).

Another example involved Hermès, which early doors had registered in China its name and logo — but not the Chinese characters for its name. In 1995 a garment company filed for these characters but the attempt by Hermès to invalidate this registration was rejected by the CTMO. In consequence, Hermès abandoned the dispute and opted to register the Chinese characters for another homophonic transliteration of its name.

Nevertheless, despite such frustrations, it needs to be remembered that only in the 1980s did China join the global IP legal system, which by then had already been in existence for over a century. China has made great strides since then both in substantive law and procedures.

The USA sportswear brand UNDER ARMOUR has been a beneficiary of these legal developments. Launched as recently as 2010 and growing mainly through local retail partners, its annual sales in China now gross over US$200 million. This rapid growth attracted imitators - most notably Tingfeilong, a Chinese sportswear manufacturer that in 2016 launched UNCLE MARTIAN with a colour scheme, device, image and marketing style that blatantly ripped off both the UNDER ARMOUR brand and its store experience (see below).

Very rapidly in June 2017 the Fujian courts issued an injunction requiring Tingfeilong to cease use of the disputed mark and destroy all products which bore such. In addition, the defendant was ordered to pay US$250,000 by way of compensation.

Some pointers for establishing an IP counter infringement and protection strategy are:

1. **Register early.** China offers little protection for unregistered rights and regrettably, it is still the case that applications for brands filed by squatters who clearly are not entitled to them are too often accepted by the CTMO. In the absence of registration, it remains difficult to oppose such mimic applications. Even if there is no immediate intention to sell or manufacture in China, it is generally worthwhile trying to secure registrations as a defensive measure to prevent or block any conflicting applications. Trade mark registrations are not vulnerable to non-use cancellation provisions until after three years.

2. **Do not focus solely on trade marks.** Adopt a full spectrum filing policy seeking out opportunities for other rights such as: design patents for the aesthetic features of products; invention patents; and utility models, a relatively inexpensive quasi patent right covering less inventive technical contributions.

3. **Engage with local AICs.** In parallel with the court system, spread across China there are over 3,000 administrative and industrial councils that have the power to seize infringements. Forming good relations with the AICs in those areas where the foreign owner operates and/or infringers are based can counter any tendency towards local favouritism and provide an additional weapon in the IP owner's arsenal.

4. **File national applications.** Although China is a member of the Madrid Protocol international filing system, experience suggests that the CTMO and courts prefer to handle only national registrations.

5. **Choose the right Chinese name.** The foreign company should ensure that it registers the Latin and Chinese versions of all names by which their brands and products are colloquially known in China.

6. **Gather evidence correctly.** All evidence to be used in proceedings must be in Chinese and correctly notarized.

7. **Contracts.** Often disputes arise with former partners or manufacturers. As such, the Chinese version of the contract – the only version which will concern the PRC courts – must be a faithful representation of what was agreed.

   Moreover, the contracts should contain arbitration clauses that are enforceable in China as the PRC has few, if any, reciprocal arrangements with other jurisdictions.

Retailers should not simply graft onto China business models and products from elsewhere. China is a populous, diffuse country with huge disparities between its higher tier cities and lower tier cities in terms of personal wealth, infrastructure and personal disposable income. IKEA succeeded in China by eschewing premium products and concentrating instead on reaching as many people as possible with good quality products. In contrast, in 2014 Best Buy pulled out of China having found that Chinese consumers were only interested in a bargain and were not prepared to pay higher prices for warranties and in store specialist advice. As Kal Patel, the former Asian head for Best Buy, commented "... You have to work at the pace of the Chinese consumer...".

Patrick Cantrill has practised in IP for over 30 years and part of this time was spent living and working in East Asia.

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"WHEREAS GREAT OPPORTUNITIES EXIST FOR RETAILERS SELLING INTO CHINA, THERE REMAIN SEVERAL DIFFICULTIES IN THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS."

WHAT DO YOUR CUSTOMERS DO WHEN NO-ONE IS WATCHING?

JACK OSTROWSKI
FOUNDER & CEO
YELLOW OCTOPUS FASHION LTD

DESPITE A GROWING AWARENESS OF THE IMPORTANCE OF RECYCLING AND AN INCREASING NUMBER OF NEWS HEADLINES ABOUT SUSTAINABILITY, A HUGE AMOUNT OF UNWANTED CLOTHING IS STILL GOING TO LANDFILL UNNECESSARILY.

Stats from WRAP and the Ellen MacArthur Foundation report, 'A New Textiles Economy', have shown that 300,000 tonnes of clothing go to landfill every year and that fashion is the third largest polluter of the planet.

300,000 TONNES IS EQUIVALENT TO 50 TRAILERS OF UNWANTED CONSUMER TEXTILES BEING THROWN AWAY EVERY SINGLE DAY, BUT ALL OF THIS CLOTHING COULD HAVE BEEN REWORN, RECYCLED OR REUSED. HOW DO WE EDUCATE CONSUMERS AND ENCOURAGE THEM TO CHANGE THEIR BEHAVIOURS, EVEN WHEN WE'RE NOT WATCHING?

CONSUMER BEHAVIOUR NEEDS TO CHANGE

New research released this month by the reGAIN app, which helps consumers turn unwanted clothes into discount coupons for leading retailers, shows that despite a growing awareness of the importance of recycling and the circular economy, a huge number of people are still throwing unloved and unwanted items of clothing in the bin.

The study, which surveyed 2,200 adults from across the UK, found that more than a quarter of Londoners (27%) and one in ten UK residents (11%) currently throw unwanted clothing away instead of recycling or reusing.

The continuing trend for fast fashion means that a large proportion of people's wardrobes are at risk of being binned, especially when you take into account that almost three-quarters of Brits admit that they no longer wear up to half the items they own.

The survey also found that 79% of respondents were unaware that 50 trucks of clothing go to landfill every day. This means that, despite extensive national coverage of the Ellen MacArthur Foundation report and the involvement of high profile ambassadors such as Stella McCartney, the messages about recycling and sustainability are not coming across clearly to the average fashion consumer.

TAKING RESPONSIBILITY

IT IS THE RESPONSIBILITY OF EVERYONE IN THE FASHION RETAIL WORLD TO RAISE AWARENESS OF THE IMPORTANCE OF RECYCLING AND REUSING CLOTHING, AND TO PROVIDE A SIMPLE AND REWARDING WAY FOR PEOPLE TO RECYCLE MORE.

Research has shown that people would behave in a more sustainable way if rewarded for recycling and if recycling was easier: 67% of people would recycle more if they were rewarded for doing so; 66% would recycle more if it was free and easy to do so; whilst 56% would recycle more if they knew how much environmental damage sending clothes to landfill causes.

The reGAIN app aims to address this issue by raising awareness of the importance of recycling clothing, and by providing a simple and rewarding way for people to recycle more. After downloading the app, users can ship their old clothes, shoes and accessories free of charge from over 20,000 drop-off points across the UK. In return, they will receive discount coupons which will enable them to shop for less with fashion brands and retailers including Superdry, Asics, New Balance, boohoo and Missguided, as well as lifestyle brands and experiences including Expedia, Hotels.com, EVE Sleep and BodyBuilding.com.

Once the post-consumer textiles are collected from the public, they are either reused and reworn, recycled, upcycled, or used as combustibles for energy production. It is a significant step forward for the creation of a circular economy in fashion.

BE REALISTIC, NOT IDEALISTIC

It is important to take a realistic, rather than an idealistic, approach to this problem. People will not stop buying clothes, but by using commercially sustainable schemes, it is hoped that they will change their habits, enabling hundreds of tonnes of clothing to be diverted from UK landfill.

The reGAIN app, alongside other recycling and upcycling initiatives out there, will turn commercial sustainability into action and provide a modern solution for all fashion lovers, but especially those fans of fast fashion, by rewarding sustainable behaviour.

Schemes like the one provided by the reGAIN app create a three ways to 'Do Good': firstly, to do good for living spaces through decluttering; secondly, to do good for our wallets by receiving coupons and shopping for less; and thirdly, to do good for the planet, by diverting clothing from UK landfill. With 49% of people surveyed planning to do a spring clean of unwanted clothing this month, it couldn't be more a better time for them to consider using one of the commercial sustainability models to prevent these items from becoming waste.

BECAUSE AWAY IS SOMEWHERE

The ultimate goal is a world in which clothes never become waste. And thanks to many innovative initiatives, we are getting closer to achieving this goal. We have to remember, however, that to make it happen, we need consumers to provide us with their unwanted items to create the feedstock for a circular economy production. Consumers are encouraged to behave responsibly when they are being watched: we want them to behave sustainably when they aren't. Nothing should ever be thrown away: because away is somewhere.

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"COMMERCIAL SUSTAINABILITY IS THE ONLY WAY FORWARD. WE NEED MORE PEOPLE WHO AREN'T AFRAID TO MAKE A POSITIVE IMPACT."

PUTTING HEALTH HIGHER ON THE MENU WOULD ENCOURAGE A THIRD OF CONSUMERS TO EAT OUT MORE OFTEN

RHIAN THOMAS
HEAD OF SHOPPER INSIGHT
IGD

IGD FINDS CAPITALISING ON CONSUMER INTEREST IN HEALTH COULD ACCELERATE OUT-OF-HOME EATING

Earlier this year, research and training charity IGD, launched new research that revealed one-third (31%) of consumers would eat out more if healthier options were more readily available.
The research – the first of its kind for the sector – focuses on two powerful trends at play in today's market: eating out and eating well. Eating out of home plays a significant part in the national diet and at the same time, interest in health and eating healthily is growing.

Rhian Thomas, Head of Shopper Insight at IGD explores the link between these two trends and the opportunities for food and drink companies.

WITH OVER TWO-THIRDS (67%) OF CONSUMERS EATING OUT AT LEAST ONCE A WEEK, AND 34% CLAIMING TO DO SO A COUPLE OF TIMES A WEEK, WE WERE KEEN TO EXAMINE THE RELEVANCE OF HEALTH ON THESE OCCASIONS AND HOW CONSUMERS BALANCE NUTRITIONAL AIMS WITH THE DESIRE FOR A TREAT. THE RESEARCH COMPRISED AN ONLINE SURVEY OF MORE THAN 9,000 PEOPLE, PLUS QUALITATIVE TRACKING OF CONSUMERS' OUT-OF-HOME EATING EXPERIENCES.

Although health rarely explicitly features among the top factors when people eat out, it does influence behaviour and was regularly mentioned by consumers in the research. Even when people are not actively seeking healthy choices, they avoid some outlets and menus viewed as too unhealthy – one-third (34%) avoid eating in certain places for this reason. Also, people may limit their eating out occasions if they associate this with over-indulgence.

FOUR KEY AREAS OF INFLUENCE

There are four main factors that influence people's decisions when eating out of home. The first is the occasion, i.e day of week and time of day. Regular occurrences such as workday lunches are more functional and controlled, whereas weekend dinners are usually seen as special occasions and the time for a treat.

The second is companionship i.e. who people eat with. On their own, consumers tend to stick to regular choices, whereas in a group, they are more likely to try new things or visit different places. The third area is mood, i.e. the difference between a functional need and an emotional one.

The final factor is speed and convenience. Some out-of-home eating decisions are made in time-pressed circumstances where people need easy choices, whereas others are relaxed occasions.

BARRIERS PREVENTING HEALTH FROM HAVING MORE OF AN INFLUENCE

The research revealed four barriers that prevent health from having more of an influence on people when they eat out:

- Value perceptions – over half (59%) of consumers feel it's more expensive to eat healthily when out of home. Therefore, there is lots of scope for the food and grocery industry to show consumers how they can eat healthily on a budget
- Confusion about messaging – if health information isn't presented in a consistent way, it can sometimes confuse and lead to wrong choices. This represents a great opportunity for the food industry to continue the work it has already started on refining its messaging to consumers
- The effort to pursue health – when grabbing food on the go, consumers often revert to the easiest option, so if finding something healthy requires special effort they are less likely to do so. To make finding healthy food easier, the largest proportion of consumers recommended a dedicated selection of healthy options clearly marked in-store or on the menu (35%)
- Takeaway food culture - takeaway missions have the lowest explicit levels of consideration around health. However, expanding home delivery and takeaway options could shift this perception over time

These barriers might be hindering the health agenda to some extent, but this research also reveals a growing consumer demand that companies can work to capitalise on.

FOUR COMMERCIAL OPPORTUNITIES FOR COMPANIES

The first opportunity for food companies is the scope to encourage some people to eat out more frequently by offering a broader range of healthy options and meeting specific dietary claims. Indeed, IGD's ShopperVista research shows that 30% of consumers are looking for more vegetarian options, 22% for more dairy-free choices and 20% for a larger vegan range*.

The second is the opportunity to reposition the language of health. Many consumers view healthy eating as a sacrifice but there is scope to break this association, by showing that healthy food can taste good and make you feel good too. This requires hitting the right emotional notes, for example, giving healthy ingredients 'hero status', using enticing language and visuals to excite the senses and creating a sense of theatre around preparation.

Thirdly, some restaurants, cafes and food-to-go companies could build a reputation for leading the market on healthy choices, but this needs to be done in a skilful way, without switching off those who don't want health messages to be too intrusive.

Finally, there are opportunities to vary the offer and target certain demographic groups, locations and occasions when people are most concerned with healthy eating. For example, families with young children are particularly keen to see a wider choice of affordable, healthy choices in their area.

MAKING THE MOST OF TWO MEGA TRENDS

Many food and drink companies already view health as a hugely important part of their strategy, but there is a clear commercial opportunity for businesses to take the lead in this area. Our findings signpost how companies can, over time, make the most of these two mega trends as they continue to come together helping people to eat out and eat well.

A more detailed summary of the research is available at igd.com/eatwelleatout

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IGD

Notes to editors

1. Unless otherwise stated, all data is IGD Research, base 9,125 consumers
2. *IGD ShopperVista Food-to-go, Q2 2017

"ONE-THIRD (31%) OF CONSUMERS WOULD EAT OUT MORE IF HEALTHIER OPTIONS WERE MORE READILY AVAILABLE."

FOCUS ON WASTE - RETAIL'S ROLE IN A GREENER, MORE SUSTAINABLE BRITAIN

DAREN KING
SALES DIRECTOR – INDUSTRIAL & COMMERCIAL
BIFFA

- **How the sector can play its part in achieving aims set out in the Government's 25-year Environment Plan**
- **Lifting the lid on untapped potential for plastic recyclables and energy from waste**

Earlier this year, Prime Minister Theresa May set out her 25-year Environment Plan, which was headlined with a target to eliminate all avoidable plastic waste by 2042. Retailers and grocers were called upon to reduce plastic packaging and introduce 'plastics-free aisles' along with a series of other proposals designed to help preserve and improve the environment.

But what is the role of the retail industry in achieving these Government targets? And are they even achievable? Such ambitions certainly grab headlines, but will this goal really help to alleviate the many million tonnes of waste generally which we need to manage in the UK - or do we need to look at the bigger picture?

INEDIBLE FOOD WASTE MAKES UP 40% OF THE TOTAL FOOD WASTAGE IN THE UK

At this moment, the UK is not on track to meet its target of 50% recycling of household waste by 2020. In fact, rates have plateaued at around 43-45% since 2011, and with this year's impacts from China's bans and restrictions on imported recyclables, we now expect these rates to fall.

The Government has proposed a number of potential measures to reduce plastics, including a tax or levy system to address single-use plastics; making packaging easier to recycle; and potential reforms of Producer Responsibility systems. This would bring England and Northern Ireland more in line with the approach in Scotland and Wales, where separate collection compliance responsibilities fall on the producer, rather than the collector of the waste. This means service providers like Biffa can then collect and sort the materials for stronger end markets.

Innovations such as polymer recycling facilities help ensure plastic materials are diverted from landfill and upgraded. This means reprocessed plastics can be supplied to manufacturers, back into the loop. To date, our polymers facility, one of the most advanced in Europe, has reprocessed more than 3 billion plastic bottles – so the potential in this area is huge.

Certainly the role of retailers is key in driving some of these initiatives, such as helping to push consumer demand for reduced plastics packaging. Many are already taking the opportunity to lead by example by ensuring their own brand products are made from sustainable materials with packaging using recycled (and recyclable) content. However, for such initiatives to deliver to their full long-term potential, this approach needs to extend throughout the retail supply chain.

Indeed, any approach to reducing waste must be holistic – and also involve manufacturer and consumer groups.

Meanwhile, it's important to consider that retail waste isn't just plastics. Inedible food waste is another untapped resource when it comes to diverting waste from landfill.

Our recent 'Food for Fuel' campaign was launched following research revealing that inedible food waste makes up 40% of the UK's total food wastage, yet one-third of food businesses admit to doing nothing to recycle it.

There are many initiatives in place to re-use edible food, with supermarkets including Sainsbury's and Tesco donating this to local charities and community groups, but inedible food waste often falls off the radar.

This is the kind of food which may be left over by diners in cafés and restaurants, or food past its sell-by date and no longer fit for human consumption. A lot of this kind of food waste is not disposed of effectively, resulting in a massive percentage of potential energy being thrown in the bin. However, a process called anaerobic digestion can convert inedible food waste into a form of green energy which can be exported to the National Grid.

Surprisingly, there is currently no legislation in England and Wales that makes recycling food waste mandatory for businesses , meaning huge volumes of food waste are disposed of as general waste, some of which ends up in landfill. Meanwhile in Scotland and Northern Ireland, businesses are obliged by law to segregate and dispose of food waste responsibly when producing quantities above 5kg.

Our campaign encourages businesses to pledge to segregate all quantities of inedible food waste, irrespective of weight, so this can be used to generate energy, rather than be sent to landfill.

Surprisingly, our research found businesses often do not realise that general waste is more expensive to dispose of - and that separating food waste will help to lower the costs of waste disposal and save them money. The cost of food waste disposal can be as much as 70% cheaper than residual waste and so it makes economic sense to segregate food waste and arrange for it to be collected separately.

A great example of this in practice is Sainsbury's superstore at Cannock in Staffordshire, which is powered by its own food waste via a 1.5km cable connecting the store to our anaerobic digestion plant nearby.

These are just a handful of the issues mentioned in the government's 25-year Environment Plan, but there is still a lot of detail needed in the more comprehensive resource and waste strategy being produced by DEFRA, which is set to be released later this year.

At Biffa we have been closely involved in ongoing meetings with Government advisors about that and we now urge its accelerated publication, to help build on the current momentum and give further support and clarity to the sector.

Retailers will undoubtedly be affected by this report, which will include a detailed analysis of the current waste landscape and outline legislative commitment to improvement, particularly in the post-Brexit era from March next year.

We look forward to working with our retail partners to continue to help shape the UK waste agenda, to continue to innovate and maximise recycling in this sector, with a view to diverting more waste from landfill and striving for the vison of a circular economy.

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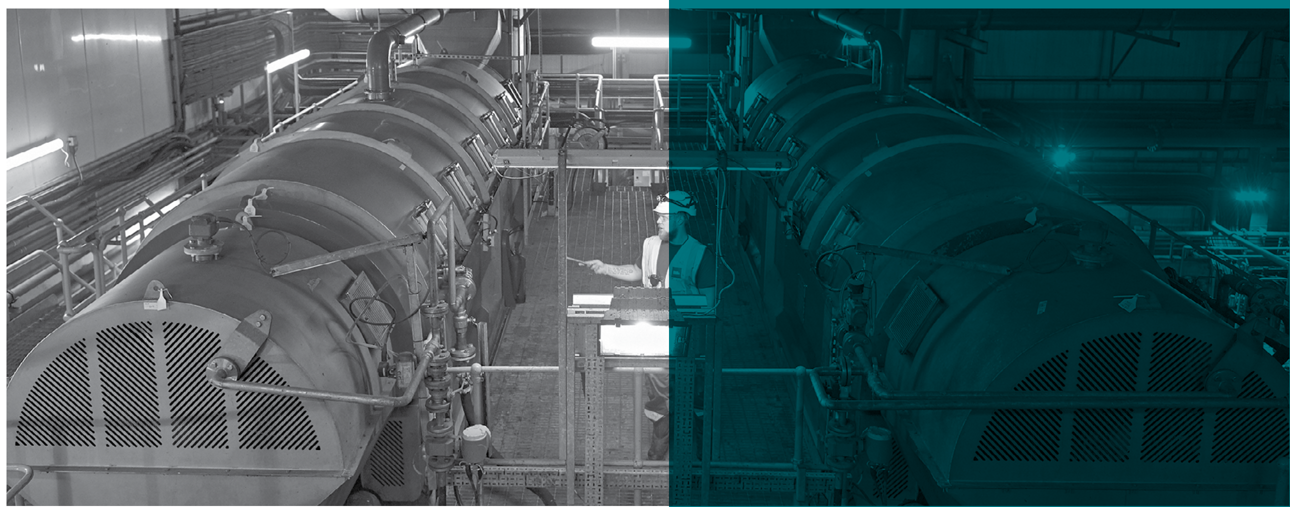
"INEDIBLE FOOD WASTE MAKES UP 40% OF THE TOTAL FOOD WASTAGE IN THE UK."



DO YOU HAVE THE RIGHT CULTURE TO DRIVE DIGITAL TRANSFORMATION?

DIANA PARKER
SECTOR DIRECTOR - RETAIL, CONSUMER GOODS
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RETAILERS ARE IN THE MIDST OF GREAT DISRUPTION. THEY NEED TO TRANSFORM TO MEET INCREASINGLY DEMANDING CONSUMER EXPECTATIONS AND REMAIN COMPETITIVE. TECHNOLOGY PLAYS A BIG PART IN THIS. HOWEVER, IMPLEMENTING NEW DIGITAL SYSTEMS WILL NOT IN AND OF ITSELF FIX THE PROBLEM. THE BIGGEST CHALLENGE TO ACCELERATING TRANSFORMATION IS NOT TECHNOLOGY ITSELF, BUT THE CULTURAL CHANGE REQUIRED TO DERIVE VALUE FROM IT.

Tech is changing the way we live and work, especially within Retail, where innovation can deliver fantastic results. For example, around 80% of DIY shoppers leave the store without everything needed to complete a project. There's a clear opportunity to help them. Imagine their delight if they could use voice command to say "Cortana, send me a list of everything I need to wallpaper a bedroom" and then receive your comprehensive suggestions.

Or think of a sales assistant using a chatbot to quickly answer questions around a customer's order or stock availability – giving them easy access to the information and more time to spend on customer service.

Then there's mixed reality, helping retailers like Lowe's give a truly personalised service. The Lowe's HoloLens kitchen design tool can analyse customers' Pinterest boards to define their personal style and provide product and design recommendations based on the look and feel they want to create. Customers can then see a full-sized holographic kitchen that they can customise, from changing cabinet styles, and colours to manipulating the size of an island, before making a final decision.

We commissioned research on the attitudes of UK business to digital transformation. It showed us that leaders believe digital disruption will continue to impact UK businesses, with 53% saying their organisation has a formal digital transformation strategy in place to combat the changing landscape.

We also found that employees' fear of change is putting British competitiveness at risk

- 61% of leaders agree that alterations in tasks because of new technologies creates anxiety among employees
- 49% of employees express fear of change when digital transformation initiatives are introduced
- 59% say where tasks are automated, employees are concerned about job security

Perhaps more worryingly, less than a quarter of leaders are undertaking any form of cultural transformation programme to help their workforces adapt to changing practises and realise the value of investments in technology.

This is a real concern - digital transformation is not just an IT exercise, it's a people exercise too.

> THE BIGGEST CHALLENGE TO ACCELERATING TRANSFORMATION IS NOT TECHNOLOGY ITSELF, BUT THE CULTURAL CHANGE REQUIRED TO DERIVE VALUE FROM IT.

Why does this matter? Here are some common challenges that retailers must address to ensure digital transformation efforts are successful.

COLLABORATION NOT COMPETITION

Employees often fear the introduction of new technologies – it's therefore critical to help them understand its potential and how they can transform daily working practices for the better. The idea of technology and people working symbiotically, rather than competitively, is at the very heart of digital transformation.

EMBRACE FEAR

- Any kind of change brings about feelings of fear and stress – it's important to acknowledge that and proactively support people through it
- Workers may feel uneasy about shifting job roles or even becoming obsolete. Those feelings must be acknowledged, and support provided.
- It's essential to have an open culture that facilitates employee partnerships and positions technology as a way to advance human progress, not undercut them.

Being open to trial and error, co-creation and embracing failure as an organic part of the process will ensure even better performance.

DEMONSTRATING VALUE

Employees won't always instinctively buy-in to a digital transformation strategy so it's crucial to outline its purpose and potential benefits.

Cultural change needs to be driven from the bottom-up as well as top down. Its hugely important for staff to know they are listened to. They will often have good ideas on new ways of working and the business needs to ensure these thoughts are captured, evaluated and acted upon.

AGILITY

It's all too easy for large retailers to think they're too big to be agile but it's critical that you help people move to a flexible, forward-thinking culture of continuous improvement and innovation if transformation is to truly succeed.

SO, HOW DO YOU CREATE A TRUE CULTURE FOR DIGITAL TRANSFORMATION?

- Set a clear mission and goals. Show how this will help the business and underscore how this will enable your people to do higher value, more interesting and creative work.
- Reinforce the mission and the 'why' consistently through varied communication channels – continuously remind staff that embracing these changes will help them develop new skills and open up new career opportunities.
- Seek out innovators - that 2.5% who have a growth mindset and are the early change makers.
- Pilot projects with your innovators giving individuals the tools and freedom to experiment with new technologies and find routes to achieving the mission – treat failures as learning experiences.
- Feedback, feedback, feedback – it must be constant, acted upon and there must be interventions for resolving conflict and tension. Remember that while conflict can feel challenging it can also lead to new and powerful solutions.

We are seeing an increasing trend towards consumers breaking away from the traditional purchasing journey and experimenting with different interactions and experiences. Understanding your customers is key, as is meeting their increasingly fluid expectations. Your staff are the public face of your brand, it's imperative to equip them with the right tools and information to make their jobs fulfilling and empower them to delight customers in the most effective and efficient manner possible.

Download Microsoft's free whitepaper - Reimagining Retail in the Digital Age.

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"THE BIGGEST CHALLENGE TO ACCELERATING TRANSFORMATION IS NOT TECHNOLOGY ITSELF, BUT THE CULTURAL CHANGE REQUIRED TO DERIVE VALUE FROM IT."

DATA ANALYTICS - WHY RETAILERS' HEADS ARE IN THE CLOUD

STEPH BLOOR
RETAIL DIRECTOR
PWC

MORE DATA WILL BE CREATED THIS YEAR THAN IN THE PREVIOUS 5000 YEARS OF HUMANITY[1] – HOW CAN A RETAILER ENSURE IT DOESN'T DROWN IN THE DELUGE?

Back in the days of simple bricks and mortar stores, retailers were living in the land of the blind, not really knowing their customer. Digital has opened the door to a wealth of customer insight and information that could - and should - be at their fingertips but many in the multichannel world are yet to grasp it. Handfuls of analytical capability typically sit in isolated pockets across the business, making it difficult for customer insight and information to be shared and used in any valuable way. Units in most retailers can be quite embryonic, either flooded with requests and unable to manage the workload or delivering insights to the business that lack the "so what?" factor.

> IT'S NO SECRET THAT CONSUMER PURCHASING BEHAVIOUR IS CHANGING – RESEARCH BY GOOGLE STATES THAT 70% OF CONSUMERS RESEARCH ONLINE BEFORE PURCHASING IN STORE[2], THIS ALONE GENERATES TWO DATA SETS – DIGITAL AND IN STORE.

Behavioural researchers have found that habits are essential to human happiness and accomplishment. Without steady habits, we're easily overwhelmed in many walks of life by the sheer array of options. That's been good for business for retailers, which have long benefitted from stable consumer habits. Consumers stayed loyal to favourite brands for decades, encouraged by regular advertising and occasional discounting. That predictability reduced risks and lowered costs for everyone.

Fast forward to today. Digital disruption has spurred a creative reinvention of consumer habits over the past few years, collapsing some routines and creating entire new consumer behaviours.

PwC has been surveying consumers worldwide annually since 2010.[3] Initially, it seemed people were buying from physical stores less often. By 2015, only 36% of respondents said they shopped at bricks-and mortar at least weekly. But the past three editions of PwC's Global Consumer Insights Survey (GCIS) have seen increases in weekly bricks-and-mortar shoppers, from 40% in 2016 up to 44% in this year's survey. Physical shopping is, in fact, not falling out of favour as an activity. 'Order online, pick up in-store' options may also contribute to physical stores' continued popularity but create an extra dimension to data available for analysis.

PwC Global Consumer Insights Survey

Voice of over 22,000 consumers Globally, covering 27 territories

All this data should be seamlessly connected to generate the insight needed to understand how and what consumers are researching, and the influence this has on purchasing.

But this is a challenging task if these two pieces of data are collated by two separate teams in different areas of the business. This is, of course, a very simplistic view of the touch points along the customer journey – with opportunities for data collection everywhere from apps and websites through to contact centres and the store.

Combine this with the fact consumers are starting to expect retailers to be joined up. PwC's recent Global Consumer Insights Survey (GCIS) shows that 42% of global respondents expect retailers to have up to date information on how they interact across channels.

So from an organisation design perspective – how can a retailer really utilise this wealth of data in a valuable way?

We believe there are real advantages in centralising this activity following the lead of companies such as Tesco, who evaluate and test new technologies in their digital 'Tesco Labs'[4]. These labs can increase efficiencies in analysing and accessing data, whilst simultaneously breaking down silos within the organisation. Many retail challenges can be pinned on constant digital innovation, requiring the development of a dynamic analytics capability that enables the business to respond and tailor their offerings to the ever changing preferences of its customer.

Traditional in-store retailers are catching up with the likes of online giant Amazon. Heat sensors are being placed throughout stores, enabling retailers to monitor where the greatest traffic is throughout the day, this data can then be used to support product placement strategies to help maximise sales[5]. In a bid to ensure effective staffing at peak hours, over the last few years Godiva have adopted meter technology to count the number of shoppers in store at any one time. This move is clearly proving an effective one – helping its Regent Street store increase transactions by 10% in 6 weeks.[5] But it's not just the customer facing parts of a retailer that can benefit from improved analytics capabilities; data is affecting the entire value chain from assessing production and warehouse effectiveness to managing outsourced logistics.

Most retailers have the capability to capture the data, but many can lack the ability to turn this this into meaningful insight to help deliver better customer experiences and improve operations. 59% of UK executives use data for diagnostic or descriptive purposes, compared to just 24% who use it for predictive analytic purposes.[6] When considering the era of industry 4.0, (artificial intelligence and machine learning), the forecast for retailers looks tough for those currently behind the curve and some big organisational shifts, and strategic investment, will be required in order to weather the storm.

What do you think the future of data analytics looks like? Will it enable smaller retailers to compete with the likes of Amazon, or are they too far ahead of the curve to be caught?

This blog is part of a series of blogs written by the PwC Retail Organisation Design Team, led by **Stephanie Bloor.** All blogs in the series can be found at:
http://pwc.blogs.com/industry_perspectives/2017/03/what-is-the-role-of-the-future-store-assistant.html

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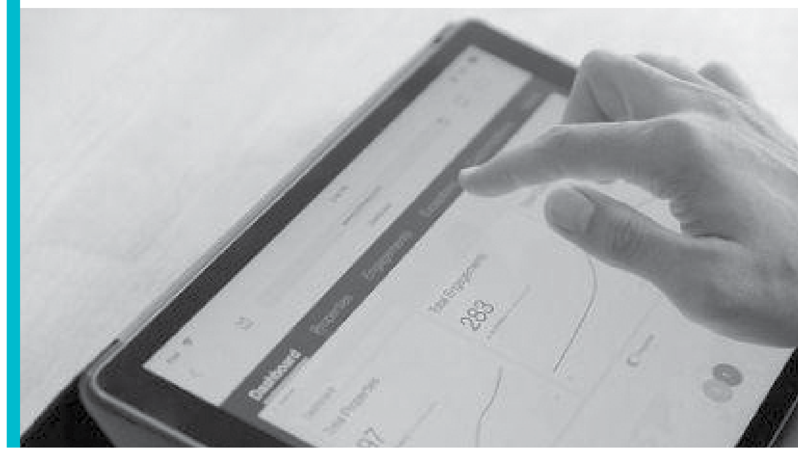

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HARD BREXIT COULD ADD £7.8BN TO THE COST OF RETAIL GOODS

MATTHEW LEWIS
PARTNER, HEAD OF RETAIL
SQUIRE PATTON BOGGS

NEW RESEARCH FROM SQUIRE PATTON BOGGS AND RETAIL ECONOMICS SHOWS THAT £7.8BN COULD BE ADDED TO THE COST OF RETAIL GOODS IF THE UK FAILS TO AGREE A DEAL WITH THE EU.

Our research with Retail Economics outlines three possible trading models for the UK's long-term, future relationship with the EU; each model has different implications for the cost of sourcing imports, both from the EU and beyond. Analysis is provided across key sectors within the retail industry, including an outline of a range of opportunities the UK Government should pursue in the event of a 'no deal' scenario. Key findings include:

- The risk of higher costs from new tariffs is greatest for food and drink imports from the EU if there is no trade deal between the UK and EU. Firstly, the exposure of the UK market to imports from the EU is the highest compared with any other retail sector because more than 70% of UK food and drink imports originate from within the EU.
- Secondly, the standard rate of tariffs that would apply to imports of EU food and drink is significantly higher than the rate for non-food goods, with duties for some meat and dairy products rising to 80%.
- Thirdly, to continue tariff-free trade in food and drink, post-Brexit, the EU is likely to demand compliance with a wide range of non-trade regulations, which may be difficult for the UK to accept.
- Fourthly, potential alternative non-EU sources of food and drink are limited by either high tariffs and/or non-tariff barriers.
- Finally, any new immigration system for EU citizens would need provision for non-graduate labour to ensure that the UK retail industry has access to the workers it needs. If not, we could see a rise in the cost of labour due to competition within the industry and its supply chain.

THREE POSSIBLE LANDING ZONES FOR BREXIT

There are three possible trading models for the UK's long-term, future relationship with the EU; each model has different implications for the cost of sourcing imports, both from the EU and beyond.

1. WORLD TRADE ORGANIZATION (WTO)/ MOST FAVOURED NATION (MFN)

A failure to agree an FTA or customs union would mean that the UK's trading relationship with the EU would revert to MFN terms.

This scenario will require supply contracts with EU partners to be reviewed and responsibility for these additional costs to be allocated between the parties. The cost of the new duties and customs formalities will have to be absorbed somewhere in the retail supply chain even if they are ultimately passed on to the UK consumer. Almost, certainly, suppliers in the EU-27 will be highly unlikely to continue to sell their merchandise on a Delivered Duty Paid basis to their customers without raising their prices. Standard terms and conditions of purchase will also require revisions to reduce risk-exposure to logistical delays because of new customs controls and formalities. Just-in-time deliveries of fresh and/or perishable produce to supermarkets is one obvious example of business disruption that will have to be properly managed in the future.

EU ACCOUNTS FOR 72% OF FOOD AND DRINK IMPORTS INTO THE UK ELECTRICALS

2. FREE TRADE AGREEMENT (FTA)

This means that the UK and EU would agree for duty free trade in goods originating from either the UK or EU.

Trade between the EU-27 and the UK would remain subject to customs controls, even if duties are not paid on merchandise traffic between the two parties. Mutual recognition or alignment of product standards and intellectual property rights could also be achieved, so eliminating some of the trading friction.

Compliance with the relevant rules of origin may be a tricky area, since not all goods imported from the EU will meet the criteria for preferential market access, due to a lack of added local content. This is especially true for processed foodstuffs and assembled products, for example, bicycles where large volumes of raw materials and components come from outside the EU-27. Retailing importers, therefore have to introduce new additional compliance procedures to ensure their imports are eligible for tariff concessions.

ELECTRICALS IS THE LARGEST NON-FOOD CATEGORY OF IMPORTS INTO THE UK

3. CUSTOMS UNION

A customs union would ensure that import costs stay very much as they are for sourcing both from the EU and from the rest of the world.

Establishing a customs union would involve the least changes from the current situation where the EU's Common Customs Tariff extends to all EU member states, and allows free circulation of goods inside that area. No duties would apply for UK-EU trade in goods; although, some customs controls would still be required, but likely with a much lighter touch. Regional or diagonal accumulation would apply to processing, production and assembly operations, significantly alleviating the rules of origin problem that we would see with a FTA. On the other hand, membership of a customs union prevents the UK from negotiating its own FTAs with third parties and so limiting access to potentially cheaper sources of supply.

BREXIT AND TRADE REGULATORY ISSUES

The report with Retail Economics highlights the following potential issues across all possible landing zones.

Clothing and Footwear	• Impact of preferential rules of origin on import costs from the EU • Turkey will lose preferential access to the UK market
Electricals Homewares Sports, Leisure and Toys	• Goods imported from the EU will have to meet the new UK product safety rules; no mutual recognition of the EU CE marking and notified/certification bodies based in the EU
Food and Drink	• Compliance with veterinary checks on imports from the UK • Potential diversification of food safety and food packaging standards and regulations (e.g. labelling food information to customers, health claims, organic food, genetically modified food, or novel food) that may require applications for new authorisations in the UK
Health and Beauty	• The authorisation and certification issued in the EU (e.g. regarding chemicals under REACH/CLP, cosmetics testing, pharmaceutical product authorisations under the centralised authorisation procedure of the European Medical Agency) might not be recognised in the UK • Goods imported from the EU will have to meet new UK product safety rules: no mutual recognition of the EU CE marking and notified/certification bodies based in the EU (e.g. medical devices)

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"...£7.8BN COULD BE ADDED TO THE COST OF RETAIL GOODS IF THE UK FAILS TO AGREE A DEAL WITH THE EU."

THE AGE OF THE COST-CONSCIOUS CONSUMER

ANDREW WESTBROOK
PARTNER AND HEAD OF RETAIL
RSM

CONSUMERS ARE CHANGING AND THIS PRESENTS OPPORTUNITIES FOR ALL RETAILERS TO FIND THEIR NICHE. THERE ARE FOUR MAIN TYPES OF BUYERS WITH THE COST-CONSCIOUS ACCOUNTING FOR OVER HALF OF UK CONSUMERS. WITH LIVING COSTS RISING, SOME CONSUMERS ARE STICKING TO THE ESSENTIALS BUT OTHERS ARE LOOKING FOR BRANDS THAT REFLECT THEIR VALUES. A SMALL PORTION STILL LIVE IN THE MOMENT AND BUY ON IMPULSE BUT THE MAJORITY ARE PRUDENT* WITH THEIR CASH AND LOVE A BARGAIN. SO RIGHT NOW, RETAILERS ARE IN THE AGE OF THE COST-CONSCIOUS CONSUMER.

THE HIGH STREET IS BACK IN FASHION

Despite repeated death knells, the high street is far from dead with two thirds of consumers still preferring to visit physical stores when buying clothes, shoes, homewares and beauty products*. The ability to touch and feel products, and take them home there and then, are the top reasons many continue to buy offline.

Key to this is ensuring that all employees are true brand ambassadors to help deliver a memorable experience for shoppers and drive consumer loyalty.

> RETAILERS NEED TO ENSURE THEY DON'T OVERLOOK THEIR BRICKS AND MORTAR OFFERING. SMALL FORMAT NICHE OFFERINGS WILL BE THE WAY FORWARD FOR CERTAIN STORES; AND RETAILERS WHO FOCUS ON DEVELOPING A STRONG BRAND, THAT OFFERS THE CONSUMER A DIFFERENT EXPERIENCE WILL THRIVE IN THESE UNCERTAIN TIMES.

THE EXPERIENCE ECONOMY

How consumers use the high street has changed, buyers are increasingly craving the experiential. Gone are the days of just nipping to the shops, consumers are looking for a dynamic high street that delivers the opportunity to shop and browse, whilst socialising and offering a new experience.

Choosing the right store location is key and identifying like-minded brands such as coffee shops and restaurants is an important part of finding the right location. For retailers, understanding their core consumer is vital for success. This is particularly relevant with millennials who are looking for 'Insta-worthy' experiences which is driving a shift towards more multi-sensory experiences, new cuisines and unique offerings, such as single-item menus popping up on the high street.

BLURRING THE BOUNDARY BETWEEN ONLINE AND OFFLINE

The high street being back in fashion is not a reflection of an online downturn, quite the opposite in fact. Many retailers are seeing an upswing in both online and offline sales – highlighting the need to optimise the digital and in-store customer journey.

As consumers continue to expect frictionless shopping experiences as they move between online and offline, the boundary between both offerings becomes increasingly more blurred. Presenting a consistent omni-channel position is increasingly important, as a strong digital presence can help drive in-store trading and visa-versa.

Effectively high street stores will form part of the marketing strategy – acting as a showroom for consumers to buy there and then or later online. Retailers who can blend store visits with online sales will perform well.

This is causing a headache for some retailers. Big data and analytics will help retailers grasp what's working and what's not to ensure the strategic direction of their business is based on evidence and driven by consumer behaviour.

In addition, depending on what consumers are looking to purchase their behaviour changes. Many prefer to buy technology or book holidays or weekends away on digital platforms* as the ability to compare prices and find a good deal comes into its own. Consumers will often look instore and complete purchases online and over 80 per cent of consumers read reviews prior to purchasing; and two thirds will change their decision if they read a bad review.

THRIVING IN UNCERTAIN TIMES

The experience economy is in full swing with today's consumers craving brag-worthy experiences over everyday necessities. This will bring challenges and opportunities. As shoppers shift their attention from products, retailers must find new ways to fit into consumers' lives. Investing in novel in-store experiences and excellent customer service will be important routes to encourage footfall. In an uncertain operating environment, it can be difficult to reach confident decisions about the strategic direction of a business, but staying ahead of the emerging trends will help.

Many businesses are tempted at stages to offer discounts in order to generate quick sales. Retailers must avoid knee jerk discounting - once you lower prices it is almost impossible to persuade customers to pay full price ever again. Targeted discounting as part of well thought through strategy can add value to your consumers and the bottom line. Just look at casual dining, where discounting is now the norm, to see the sheer number of businesses who have failed to see real world evidence of any return.

Retailers need to spend real time getting to know their customers and to recognise that we really are in the age of the cost-conscious consumer. To achieve success cost needs to be removed from the consumers decision making, retailers need to focus on brand experience across all channels and injecting uniqueness into their multi-channel proposition. In this experience-led world consumers will reward businesses with distinct, exciting offers who embrace new technology and can further enhance the shoppers experience in-store and on-line.

*Analysis taken from RSM's 'Who are today's consumers' which questioned more than 2,000 adult consumers across the UK.

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RSM

> "THE ABILITY TO TOUCH AND FEEL PRODUCTS, AND TAKE THEM HOME THERE AND THEN, ARE THE TOP REASONS MANY CONTINUE TO BUY BY-IN-STORE."

LOCALIZING YOUR CHECKOUT TO CAPITALIZE ON CROSS-BORDER E-COMMERCE

LUKE FLOMO
HEAD OF E-COMMERCE
TRUSTLY

CONSUMER PAYMENT PREFERENCES VARY ACROSS MARKETS BUT RETAILERS CAN CAPITALIZE ON CROSS-BORDER E-COMMERCE AND BOOST CONVERSION BY LOCALIZING THEIR CHECKOUTS.

E-commerce in Europe is thriving, and as consumers hunt for cheaper options, specific brands and more unique items, they are increasingly turning abroad. In fact, of the 260 million Europeans who shop online, 186 million do so from foreign websites, according to E-Commerce in Europe 2017, a report produced by European postal service PostNord.

But there's one fact UK retailers can't ignore: There are more consumers in Europe who buy online from the UK than British consumers who buy from other European countries. For example, 28% of Nordic consumers have shopped online from the UK, as have 21% of Italians, 18% of Germans, 18% of Spaniards, and 13% of Poles, according to PostNord. So while the UK market is sizeable on its own, this suggests that online retailers in the UK have a lot to gain from thinking beyond their local market.

> UK RETAILERS MUST OFFER ALTERNATIVE PAYMENT METHODS IF THEY WANT TO ATTRACT SHOPPERS FROM OTHER EUROPEAN MARKETS.

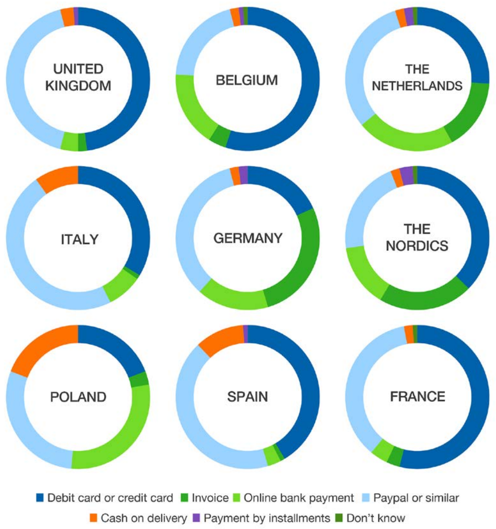
This is good news for UK retailers, but also poses a challenge. A retailer might be able to get away with an online checkout that only offers card payments if their shoppers are from the UK, where cards are the dominant payment method. However, retailers must offer alternative payment methods if they want to attract shoppers from other European markets, where cards aren't always the preferred payment method.

Below are graphs showing how consumers in different European markets prefer to pay online, according to data from PostNord. You can see that while some markets have a high preference for debit and credit cards, others prefer alternative payment methods like e-wallets, invoice, and online bank payments.

Of course, these payment preferences aren't static. According to Worldpay's Global Payments Report 2017, over half of all online transactions will be made using alternative payment methods by 2021. The report even goes as far as to say that over the next five years, the popularity of online bank payments will exceed that of credit and debit cards globally. Because of the high cross-border e-commerce from markets like the Nordics, Germany and Poland, UK retailers that don't offer localized payment methods could lose out on sales.

PREFERRED PAYMENT OPTION

Which of the following options do you prefer using to pay for a product that you have bought online? Base: Have shopped online



Source: PostNord, E-commerce in Europe 2017.

So what's driving the adoption of alternative payment methods, and specifically online bank payments? Below are four main factors:

TRUST

At Trustly, we conducted a survey on The State of Online Banking with research firm NEPA that revealed consumer attitudes towards banks and bank transfers. Across the board, Europeans showed high trust in their banks and the ability of their banks to carry out safe payments. In Germany, for example, 66% agreed that online banking is the safest method for transferring money and 63% used online bank payments in the past year.

This concept of trust is fundamental to be willing to use any payment method. When shoppers are suspicious of a foreign site, they can be hesitant to make a payment. However, offering their preferred payment method and allowing them to pay from their local bank, which they have high trust in, can be crucial.

SECURITY

The same Trustly survey also found that many Europeans (68% of Spaniards, 66% of Italians, 61% of French, 55% of Germans, 55% of Dutch, 51% of Swedes) agree that they'd be more likely to shop from international websites if they didn't have to give out credit or debit card numbers to unknown foreign merchants. They go on to agree that they'd be more likely to shop on foreign sites if online banking was offered more often as a payment method (59% of Spaniards, 59% of Italians, 55% of Dutch, 47% of French, 44% of Germans, 35% of Swedes).

With online bank payments, strong two-factor authentication is required, so the risk of fraud is virtually zero. When this payment method is offered, consumers feel safe shopping abroad because they don't risk compromising their card details.

CONVENIENCE

The convenience of alternative payments is increasing, and not surprisingly this is driven by technology. In Sweden, for example, Mobile BankID is a secure app that lets consumers authenticate themselves with just a few taps and is widely used by banks and government organizations alike. Similarly, in the UK, Barclays is making it easy for its users to verify themselves via PINsentry. As digital authentication methods become more mainstream in other markets, it seems natural that online bank payments will grow in popularity due to the increased convenience.

On top of that, when paying with cards, consumers need to enter a long string of numbers; with online bank payments, they only need their log-in credentials to their online bank, which most know top of mind. And in contrast to e-wallets like PayPal, online bank payments don't require registering a separate account, just access to one's online bank.

REGULATION

Online bank payments align closely with PSD2, the legislation now being adopted across the EU that aims to drive innovation, foster competition, increase security and reduce costs for consumers.

Banks are encouraged to create APIs that let third-party payment providers access consumer bank accounts on their behalf and initiate bank payments. And as PSD2 now requires all online payments to carry two-factor authentication, it is adding friction to the card experience, while simultaneously simplifying the online bank payment experience for consumers.

These factors combined are likely to further drive adoption of online bank payments. So as consumer payment preferences shift away from cards and toward alternative payment methods, online retailers that offer these methods can streamline the e-commerce experience and boost conversion in the checkout.

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Trustly

> "UK RETAILERS MUST OFFER ALTERNATIVE PAYMENT METHODS IF THEY WANT TO ATTRACT SHOPPERS FROM OTHER EUROPEAN MARKETS."

SUSTAINING RETAIL SUCCESS WITH A BALANCED WORKFORCE OPERATING MODEL

NEIL PICKERING
RETAIL INDUSTRY AND CUSTOMER INSIGHTS MANAGER
KRONOS

BUILDING AN OPERATING MODEL OPTIMISED FOR THE NEEDS OF YOUR BUSINESS, CUSTOMERS AND EMPLOYEES

Delivering long-term success in retail means meeting customer expectations and controlling the costs of doing business. Mobile technology has made consumers better informed than ever before; generally, they know what they want, when they want it and how much they are willing to pay.

> AS CONSUMERS WE EXPECT A SEAMLESS AND RESPONSIVE SHOPPING EXPERIENCE, WHETHER ONLINE OR IN-STORE. THE BEST EXPERIENCES ARE DELIVERED BY SKILLED AND ENGAGED EMPLOYEES, WORKING TO MAKE A POSITIVE CONTRIBUTION TO CUSTOMER LIVES.

In return, employees expect their work to be meaningful, and to receive appropriate financial reward and a sustainable work/life balance.

Unfortunately for businesses, the cost of employing people is rising each year, driven largely by the National Living Wage and the competitive war for talent. Therefore, in order to sustain future success, retailers must focus on developing operating models that strike the best balance between meeting the needs of the consumers, employees and the businesses.

THE IMPORTANCE OF FLEXIBILITY

The BRC's recent Employee Perception Survey of low paid workers suggests worker engagement and motivation over the last year has fallen. Although not a statistically significant decrease in job satisfaction (55% in 2016 and 48% in 2017) and motivation (69% in 2016 and 61% in 2017) they do show a downward trend, at a time when many jobs in retail are under threat. Announcements of Company Voluntary Arrangements (CVAs) by retailers are common news. The BRC estimates there will be 900,000 fewer jobs in retail by 2025 as the demise of the high street and the re-structuring of the retail sector continues. But don't expect to be overwhelmed with skilled job candidates. The roles needed in future retail will be the same as other industries, so competition for skills will remain fierce. For these reasons, recruiting and retaining talented workers must be a key objective for both retail businesses and the wider retail industry sector.

Understanding the factors motivating workers to choose a career in retail is important when building plans to attract and retain employees. With flexibility in hours ranked second after location of work, and pay in sixth place, this data helps to define workforce operating priorities.

The interpretation of flexibility, on the side of workers and their employer is often different, however. From an employer perspective, flexibility will usually be described as the ability to deploy labour hours where and when needed, to align with the peaks and troughs of customer demand. Conversely, flexibility from an employee perspective is more likely to mean working a consistent and appropriate number of contracted hours, on the days and times convenient to sustain personal commitments. In this case, flexibility can also mean predictability.

As a result, the potential for conflict is high when flexibility is biased towards the employer or employee.

BUILDING A BALANCED WORKFORCE OPERATING MODEL

The need to balance meaningful employment contracts with the ability to flex workforce schedules to meet customer demand is critically important to retailers.

Defining the most effective mix of full-time and part-time workers, and their contractual terms, to meet the balanced needs of individuals, customers and the business, can be achieved by developing a workforce operating model. To achieve the highest performance outcomes, these models must consider the requirements at a regional and store manager level.

EXPLOITING TECHNOLOGY (NOT PEOPLE) TO DELIVER BENEFITS

Advances in technology are helping retailers drive efficiencies and cost savings through process automation. It's also reducing the admin on managers too; freeing up more time to spend with customers and colleagues. Workforce management solutions are giving retailers the data and visibility of processes to both define and apply balanced workforce operating models.

Core workforce management solution features include: time and attendance, labour scheduling and absence management. Together these components automate payroll processes, ensuring people are paid in an accurate, fair and timely manner, and manage all forms of absence -planned and unplanned. Although pay ranked sixth on the scale of reasons for working in retail, it remains the bedrock of driving employee engagement, so getting it right is critical. These components also deliver visibility into current working practices and processes, previously hidden when conducted manually; documenting a process doesn't mean it is always being followed!

When labour analytics is applied to the data captured, visualisation of key correlations is possible, such as:

- Contracted hours vs staff turnover
- Unplanned absence rates vs employee engagement
- Scheduled hours/jobs vs occurrences of absence
- Staff turnover rates vs staffing requirements

Using this information, retailers can build a model to optimise the workforce, based on: the number of employees needed, their contract terms, the skills required and the time needed for recruitment.

Extended features of workforce management solutions are now able to drive further operational benefits. Accurate demand forecasting and optimised labour scheduling tools enable the right number of employees to be deployed where and when needed - but critically - in accordance with their contracted hours, preferred hours of work and their preferred jobs. This balance of the needs of customers, employees and the business helps to drive greater engagement, productivity, customer service and revenues. Advanced scheduling tools can also deliver the consistency and predictability of work schedules that meet the employee definition of flexibility.

LEARNING FROM PREVIOUS RETAIL WORKFORCE MANAGEMENT JOURNEYS

Automating core workforce-related processes to drive business benefits is a workforce management journey that many retailers would endorse.

When the Co-op first implemented its workforce management solution, the prize offered was flexibly deploying employees to meet customer demand. Although the impact on costs and customers was positive, the result from the initial deployment was a model that was too biased towards the business. By not giving suitable consideration to local requirements, labour turnover rates and engagement suffered. A powerful lesson was learned in the process; businesses must always consider the local needs of stores and their employees when building operating models, i.e. central operations and store managers need to work together.

Subsequently, the Co-op revised its approach by spending more time listening to the needs of local managers. They implemented a programme to deliver 'meaningful contracts' – meeting employee preferred weekly hours and terms. Employee work preferences were incorporated into the scheduling process. Schedules were configured to be more consistent and predictable. Data from the workforce management solution was used to plan future recruitment objectives. And now, labour analytics is being used to visualise and uncover the correlation between different data points, to help drive greater employee satisfaction, engagement and performance.

People and technology have a critical role to play in delivering retail success, but both must be orchestrated to balance the needs of customers, employees and the business, if success is to be sustained.

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> " IN ORDER TO SUSTAIN FUTURE SUCCESS, RETAILERS MUST FOCUS ON DEVELOPING OPERATING MODELS THAT STRIKE THE BEST BALANCE BETWEEN MEETING THE NEEDS OF THE CONSUMERS, EMPLOYEES AND THE BUSINESSES."

THE FUTURE OF WORK IN THE RETAIL SECTOR: DEVELOPING A STRATEGY FOR SUCCESS

KELVYN SAMPSON
GB RETAIL PRACTICE LEADER
WILLIS TOWERS WATSON

GEORGE ZARKADAKIS
GB LEADER FUTURE OF WORK
WILLIS TOWERS WATSON

RETAILERS NEED TO RETHINK EMPLOYMENT STRATEGIES TO SUCCEED IN A TIME OF RAPID CHANGE DRIVEN BY DISRUPTIVE TECHNOLOGY, CHANGING CONSUMER BEHAVIOUR AND THE GIG ECONOMY.

Over the next ten years, consumer behaviour will increasingly dictate not just what and how we buy but also how we work. In retail, we'll see fewer physical stores and those that remain will become more 'experience' orientated and interactive. Repetitive tasks will be automated and higher skilled employees will be working alongside robots.

These changes to the way we work mean retailers will need to critically evaluate their skills requirements and rethink their employment models. A mix of employees, employee partners and freelancers, will become the future workforce.

To succeed, retailers will need to have an agile, task-driven workforce and use technology to drive efficiencies, reduce costs and ultimately increase the value added to consumers.

EMBRACING THE GIG ECONOMY WILL BE CRUCIAL

Despite several high-profile legal cases regarding gig workers and employers, the gig economy is thriving and growing. This is particularly true for low supply, high value workers who choose to work as 'free agents' because of the benefits of work/life balance and, often, higher pay.

Embracing this trend could be a key factor for success in the coming years, helping retail businesses overcome a looming skills crunch and enabling them to flex their workforce efficiently to meet changing needs.

Highly-skilled talent is becoming increasingly difficult to attract for a variety of reasons. Millennials are increasingly drawn to startups and more experienced workers are leaving to work as part-time consultants or move out of the cities as their lives change.

Depending what happens with Brexit, the flow of talent from European countries could also be reduced.

This shortage of talent, particularly in the digital and data analytics skills, comes at a time of when success is increasingly built on innovative solutions and services in the digital space. Finding and scaling the right talent quickly is becoming a huge challenge for retail businesses – unless they begin to strategise with free agents in mind.

Recent global research by Willis Towers Watson on the Future of Work found that 49% of respondents in retail believed that free agents are just as likely to put extra effort into their work as full-time employees. This reflects a high level of trust by companies in an alternative, flexible source of talent.

AUTOMATION IS AN OPPORTUNITY NOT A THREAT

Much of the media narrative on automation revolves around fear – the robots are out to take our jobs and leave us unemployed.

But our global research on the Future of Work tells a somewhat different story. We asked over 900 leaders in 38 countries about their view of automation and how it will affect their business over the next few years. By a considerable margin of 83% to 77%, they said the effects on full-time employees to be minimal in the next few years.

This speaks of the reality that technologies such as digital assistants are still narrowly focused on specific domains and tasks. Human work is much wider and varied. In most cases the reduction in cost comes from automating specific job tasks rather than obliterating whole jobs.

On the contrary, the new wave of automation is seen as providing new opportunities for growth.

Almost 67% of the survey respondents who work in retail agreed that automation has a more transformative role, augmenting human capability and creating new work, an evolution from the doom-laden predictions of pure labour substitution.

FOUR KEY AREAS OF FOCUS

1. COST REDUCTION
2. PRODUCTIVITY GAIN
3. SPEED TO CAPABILITY
4. MANAGE THE RISKS

STRATEGIZE TO THRIVE IN THE FUTURE OF WORK

There are four major areas where business leaders should focus their attention as they design strategies for the future of work in retail.

Cost reduction: automation in combination with a flexible workforce provides ample opportunity to significantly reduce operational cost.

Efficiency: this area is where the "new bounty" of automation really lies. Successful retail organizations need to develop strategies that maximize productivity gain.

Speed to capability: retailers must be able to respond to change and market pressure quickly by sourcing and applying the right talent at the right time and to the right problem.

Managing new risks: as retail organizations become more permeable, agile and data-driven, with systems more dispersed and cloud-based, business leaders will need to do more to protect customer data and intellectual property.

49% BELIEVED THAT FREE AGENTS ARE JUST AS LIKELY TO PUT EXTRA EFFORT INTO THEIR WORK AS FULL-TIME EMPLOYEES.

DEVELOPING YOUR STRATEGY

We've listed some steps you can take to get started:

Understand how technology and automation are impacting work

- Assess how you can use technology to deconstruct and reconstruct work to be done in a more efficient, effective way
- Evaluate the range of inputs in your work ecosystem, including artificial intelligence and freelance labour
- Make sure you have a strong vision and strategy for technology and how you use it

Design the new organization

- Based on the kind of work that will need to be done in future, identify the skills you will need to thrive
- Map out the roles that are most important, where skills will create career and pay movement
- Assess the risks you'll face as a result of the changing nature of work and decide how to mitigate them

Lead and engage around the new ways of working

- Create a clear talent value proposition that will help you attract both employees and contingent workers
- Build digital and HR capabilities to help you re-architect work and manage change
- Equip leaders and managers with the resources to navigate and lead the change

Read our research report on the Future of work.

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Willis Towers Watson

"67% OF HR LEADERS IN RETAIL BELIEVE THAT AUTOMATING WORK AUGMENTS HUMAN CAPABILITY AND CREATES NEW WORK, AN EVOLUTION FROM PURE LABOUR SUBSTITUTION."

- WILLIS TOWERS WATSON

CLICK, COLLECT & COMPETE: EVOLVING IN-STORE AMENITIES WITH RETAIL TECHNOLOGY

JON WALKINGTON
HEAD OF RETAIL
APEX ORDER PICK-UP TECHNOLOGIES

WHEN IT COMES TO CLICK AND COLLECT SERVICES, NORTH AMERICAN RETAILERS ARE PLAYING CATCH UP TO THE UK IN MAKING THIS CONVENIENT SERVICE A SEAMLESS EXPERIENCE IN FRONT OF HOUSE AS WELL AS IN BACK OF HOUSE. BUT AS THE CUSTOMER AND THEIR NEEDS CONTINUE TO CHANGE, THE UK IS FOCUSING ON CLICK AND COLLECT'S NEXT EVOLUTION.

Forward-thinking retailers are using new technology to improve existing services or to create new ones. All of this activity shares a common trait: new technology is being used to address a retailer's operational requirements as well as meeting the customer needs.

This is leading to a physical-digital integration of retail. And a retailer's bricks and mortar stores are becoming a much more flexible piece of the supply chain.

EVOLVING STORE FULFILLMENT

Considering the entire fulfillment process is helping retailers think creatively about how their stores can work harder. Take click and collect and order fulfillment for example. Traditional package collection and return models are a good start, but a focus on continuous improvement is critical as customer expectations change.

Adding returns to the mix acknowledges its critical, and costly role in the shopping experience. Retailers have a financial incentive to improve this traditionally negative process – at their bricks and mortar shops in particular. According to research, returns cost retailers an estimated £60 billion each year.

The returns process also has emotional stakes. When a customer returns something, they are unsatisfied. This can make for potentially awkward interactions with store associates.

And yet, if click and collect or returns require a customer to queue, the processes can cause more problems than they solve. From existing click and collect programmes to retailers exploring it for the first time, retailers can adopt money saving tech to address these issues.

> BY REIMAGINING BRICKS AND MORTAR STORE FRONTS AS STREAMLINED, COST-EFFICIENT ORDER FULFILLMENT CENTERS, RETAILERS CAN OPTIMISE THE SHOPPING EXPERIENCE TO THE CUSTOMER'S AND RETAILER'S BENEFIT.

SELF-SERVE AUTOMATION OFFERS A SMART SOLUTION

Self-serve, automated lockers can improve inefficient, manual processes including click and collect programmes and returns as well.

Once an order is ready, customers are automatically notified by e-mail or text. At their leisure, they visit the store and simply scan a barcode or enter a pick-up code to gain access to the secure compartment holding their purchase. And with rugged, outdoor lockers, retailers can even offer 24/7 collection for the ultimate in collection flexibility.

Providing the customer with return options is a simple and straightforward task. It can be included with every purchase, like most any online purchases include a return label. This gives the customer a way to return their purchase in just seconds.

Using smart lockers is a simple next step to evolving a store's amenities that benefits customers and retailers alike.

No Store Associate Interaction Required: Customers bypass the friction of queuing in stores, spending seconds, not minutes, getting their purchases and returning unwanted goods. Now customers have more free time to shop.

Quicker, More Efficient Processes: Online orders and returns can be processed more quickly, and store associates can focus on more profitable activities, such as assisting sales. This translates into increased productivity and fewer operational cost.

Two Services, One Set of Lockers: Using a single set of automated lockers for both services increases the return on investment and takes up less valuable floor space.

Stress-Free Returns: Eliminating emotions from the returns process makes it a stress-free experience. A potentially negative experience is now a purchasing opportunity. And store associates aren't put in a difficult situation, where they must appease a disgruntled customer.

Branded Lockers: Easily-branded lockers are easy for customers to find inside or outside the store. The customer is ensured a fast, simple experience while the retailer reinforces a positive brand perception.

Data Insights: All of these transaction details can be tracked to help improve the efficiency of a retailer's fulfillment operations.

In-Store Traffic Boost: Research shows this automation drives more in-store foot traffic and encourages impulse purchases. Store sales tend to increase along with customer satisfaction.

THE NEXT LEVEL OF CUSTOMER CONVENIENCE AND IN-STORE FULFILLMENT

Making any part of the shopping experience more convenient than before – whether it's a purchase, a collection, or a return – differentiates retailers from their competition. This is critical as customers are loyal to the retailers who continue to meet their changing needs.

By reimagining their stores as streamlined, cost-efficient order fulfillment centers, retailers can optimise the customer experience in a way that benefits their operations. This is certain to benefit the customer and the retailer today and into the future.

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> "NEW TECHNOLOGY IS BEING USED TO ADDRESS A RETAILER'S OPERATIONAL REQUIREMENTS AS WELL AS MEETING THE CUSTOMER NEEDS."

BUSINESS RATES 2017 REVALUATION - TOP 10 TIPS

ADAM BURKE
DIRECTOR
COLLIERS INTERNATIONAL, MANCHESTER

THE NEW RATING LIST CAME INTO FORCE ON 1 APRIL 2017, INTRODUCING AN ADDITIONAL LEVEL OF COMPLEXITY IN ENGLAND WITH AN APPEALS SYSTEM KNOWN AS CHECK, CHALLENGE, APPEAL (CCA).

Whilst this has caused substantial delays, increased cost and complication, there are actions that should be taken now to budget correctly and ensure that you are paying the appropriate level of liability.

Below are our top 10 tips for dealing with the 2017 Rating Revaluation and the new rate year:

1. REVIEW YOUR RATING ASSESSMENT NOW TO AVOID DELAYS
Every commercial property has had its Rateable Value revalued effective from 1st April 2017. Each of England, Scotland, Wales, Northern Ireland and ROI has its own system. Take professional advice if you are not sure whether your assessment is correct.

2. CHECK YOUR LIABILITY FOR THE NEW RATE YEAR
The new rate year is upon us. Review your liability now and take up any issues now with the Billing Authority to have your bill amended as soon as possible.

3. UNDERSTAND YOUR LIABILITY
As well as knowing your Rateable Value, you will need to factor in changes to reliefs such as Transitional Relief and Small Business Rates Relief. These are complicated and it is recommended that you take professional advice to understand these matters.

4. ACT IMMEDIATELY
Examine the factual information in your Rateable Value assessment on the Valuation Officers' /Assessors website to ensure accuracy. Take action to inform the Valuation Office of any errors as soon as possible. The Valuation Office Agency (VOA) have thousands of appeals from the 2010 list outstanding. The sooner you make representations to the VOA, the sooner the matter can be investigated by the VOA

5. SHOULD I APPEAL?
Every occupier has the right to challenge the Rateable Value set on a property. This doesn't mean you always should! Take professional advice if unsure.

6. GET THE RIGHT ADVICE
Getting good advice from an expert leaves you free to get on and run your business. Make sure your advisor has the right accreditations and experience to handle your needs. Be wary on any company that claims they can achieve a reduction without first inspecting your property. Don't be rushed in to making any on the spot decisions, seek comparisons for the service you require and ensure you are happy with all terms and conditions you are signing up to.

7. NEW CHECK CHALLENGE AND APPEAL SYSTEM IN ENGLAND
This new English appeals system came into effect on 1 April 2017. It is considerably more onerous for the ratepayer. A fee of up to £300 will be payable to the Valuation Tribunal for the Appeal stage. All the more reason for seeking professional advice. Register for the system as soon as possible to avoid delays.

8. MATERIAL CHANGE IN CIRCUMSTANCE APPEALS
If you find your business is affected by a change in the locality such as a competitor store opening/road closures/building works, then there may be scope to secure a temporary business rates reduction. If an appeal is appropriate, ensure the appeal is lodged during the period of the works.

9. VACANT PROPERTY?
As a property owner with a vacant property, you receive a double hit. Not only are you not receiving rent, but you are liable for the rates. This has forced many landlords to dispose of void properties at a reduced cost, devaluing the asset and effecting the market. However, you have the right to legitimately mitigate these costs, again seek the right advice on this and avoid scams and damage to reputation.

10. AUDIT YOUR BUSINESS RATES CALCULATIONS
Local Authorities invoice in excess of £20bn in business rates each year which means that invariably there are going to be mistakes in how they are calculated from a Rateable Value set years previously. This is harder to challenge without help so ask your advisor if they provide audit services for your rates bills (many will work on a performance basis).

With the concerns regarding both high rateable values as well as the 50% tax rate, we believe that these are major contributory factors in the unfortunately large recent number of companies going into administration. Ratepayers need to be aware that there are major issues with the CCA system and that the process means that payment of refunds for overpaid rates are not going to be timely.

However, taking the right advice from a reputable Chartered Surveyor, details of whom can be provided by the RICS, will give peace of mind as well as keeping you aware of changes and developments.

We are working with the CCA programme developers to influence decisions in order to make the system more user-friendly and we are hopeful that the changes being made throughout 2018 will enable the submission and processing of appeals more straightforward.

In tandem with the BRC we are continually campaigning to bring this to the Government's attention to seek improvements to the system.

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"WITH THE CONCERNS REGARDING BOTH HIGH RATEABLE VALUES AS WELL AS THE 50% TAX RATE, WE BELIEVE THAT THESE ARE MAJOR CONTRIBUTORY FACTORS IN THE UNFORTUNATELY LARGE RECENT NUMBER OF COMPANIES GOING INTO ADMINISTRATION."

CONSENT TO ASSIGN: THE GOOD, THE BAD AND THE UGLY

AMY SEVIER
HEAD OF PROPERTY DISPUTE RESOLUTION
SA LAW

THE COURT OF APPEAL CONFIRMS THAT WHERE A LANDLORD REFUSES CONSENT TO ASSIGN, BAD REASONS WILL NOT ALWAYS INFECT GOOD.

Since the start of 2018 there have been a huge number of household names like Maplin and Prezzo showing just how difficult it is to achieve profitable growth in the retail market at the moment.

> IT IS UNDERSTANDABLE THEREFORE THAT MANY RETAIL TENANTS WILL BE LOOKING TO REFINE THEIR PORTFOLIO AND GET RID OF THEIR LESS PROFITABLE STORES.

One common way in which this is achieved is by assigning the lease to a third party.

ASSIGNING LEASES – A RECENT CASE

Most retail leases will include a provision which prohibits assignment without the landlord's consent.

Section 1 (3) of the Landlord and Tenant Act 1988 states that the landlord has the following duties in considering an application for consent to assign:

- *To give consent, except in a case where it is reasonable not to give consent;*
- *To give written notice of the decision, within a reasonable time, specifying:*
    - *if consent is given subject to conditions, the conditions (which must in themselves be reasonable); or*
    - *if consent is withheld, the reasons for withholding it (which reasons must in themselves be reasonable).*

The recent Court of Appeal decision in *No. 1 West India Quay (Residential) Limited – v – East Tower Apartments Limited [2018]* EWCA Civ 250 related to an application by a tenant for a declaration that the landlord's refusal of consent to assign was invalid. It related to residential property but its application is universal and was welcomed by landlords as a return to a common sense approach.

The landlord had given three grounds in refusing consent. Two had been found to be reasonable and one unreasonable. The Court of Appeal was asked to decide whether or not the refusal of consent was therefore valid and it confirmed that where a landlord's refusal of consent to assign is based on multiple reasons, the fact that one of those reasons is 'bad' will not necessarily mean that the landlord has unreasonably withheld its consent.

In coming to its decision the court confirmed that the duty under the 1988 Act is a duty to give all of the landlord's reasons for refusing consent not a duty only to give good reasons. It was argued, on behalf of the tenant, that this could lead to a rather ugly scattergun approach by landlords which would be contrary to the policy of the 1988 Act but that suggestion was knocked back on the basis that a landlord doing so would "*risk a court finding the bad reasons infected the good, or that some of the purported reasons were not in truth operative reasons at all.*"

It was confirmed by the court that "*if the decision would have been the same without reliance on the bad reason, then the decision (looked at overall) is good*". In this particular case it was concluded that the bad reason had not vitiated or infected the good reasons because each of the reasons were freestanding.

The Court stated that "*The question is whether the decision to refuse consent was reasonable; not whether all the reasons for the decision were reasonable*".

PRACTICAL POINTS TO REMEMBER WHEN SEEKING CONSENT TO ASSIGN

1. Whether or not a decision is reasonable will always depend on the individual circumstances and facts of each case. Therefore seeking legal advice and making a formal application will ensure that you don't trip over any of the common hurdles and should also allow you to take advantage if the landlord itself makes a mistake.

2. The Landlord's reasons must be related to the landlord and tenant relationship and the subject matter of the lease. If they are not then they may not be valid.

3. The clock doesn't start ticking until the landlord has been given a complete package of information to enable it to make its decision. A tenant should therefore ensure that it has all of the basics such as financial documents about the proposed assignee ready to go with the application so as to avoid delay.

4. If it is urgent – tell the landlord that it is urgent from the outset. It will then be easier to argue that they have taken an unreasonably long time to come to a decision later down the line.

5. The Landlord must notify you of all of the reasons for refusing consent in a single response. They can't take a second bite at the cherry if it later transpires the first reason wasn't actually a very good one. A tenant in this situation could seek a declaration in court that the landlord has unreasonably withheld its consent.

And finally, if consent is refused then consider alternative options: The RICS confirmed in its latest quarterly review that rents in the retail market are expected to come under further downward pressure. In difficult conditions, retail landlords may been willing to consider splitting a unit, agreeing a surrender or giving a rent reduction rather than have an empty unit.

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"IT IS UNDERSTANDABLE THEREFORE THAT MANY RETAIL TENANTS WILL BE LOOKING TO REFINE THEIR PORTFOLIO AND GET RID OF THEIR LESS PROFITABLE STORES."

THE RETAIL SECTOR IS GETTING DISABILITY CONFIDENT

SOPHIE BROOKS
HEAD OF EMPLOYEE ENGAGEMENT AND INCLUSION
MARKS AND SPENCER

WE ALL KNOW THE RETAIL SECTOR IS CHANGING. AS ONLINE SHOPPING CONTINUES TO GROW, THE IN-STORE EXPERIENCE IS CHANGING AND NEW TECHNOLOGIES LIKE ARTIFICIAL INTELLIGENCE OFFER NEW CHALLENGES AND OPPORTUNITIES. THE IMPACT OF THESE, ALONGSIDE THE COMPETITIVE MARKET CONDITIONS, ARE LIKELY TO BE FELT ACROSS THE SECTOR IN THE SHORT AND LONGER TERM.

Providing customers with the best value and service remains fundamental though, and we can only continue to do this through our people. Despite the challenges we are facing, jobs continue to be created in retail. There are still more than 90,000 vacancies in the sector (which is more than 10% of all vacancies in the UK) and when vacancies aren't filled, business opportunities can be lost.

A sector the size of ours has always needed a broad and deep pool of talent to draw on. But the competition we are now facing to attract and retain the people with the skills we need is increasing.

DISABILITY CONFIDENT WILL BE AT THE BRITISH RETAIL CONSORTIUM'S RETAIL 2020 CONFERENCE ON 10 MAY AT COUNTY HALL, LONDON.

Last year, a report from the Recruitment and Employment Confederation's 'Future of Jobs Commission' concluded that the future labour market needed to be one where inclusion is the norm. This makes absolute sense and means, not only do we need to look at all potential sources of talent, we need to ensure we understand how we can best attract and retain a diverse range of people.

Employers across all sectors are increasingly recognising this. For instance, more than nine in ten respondents to this year's CBI/Pertemps employment trends survey see achieving a diverse and inclusive workforce as important or vital to their future success. In the same survey, a similar proportion say they are taking action to build inclusive workplaces, particularly to increase their ability to attract and retain people and increase skills.

There are around 7 million working age people who are disabled or have a long-term health condition. This is a huge pool of talent which we can recruit from. But it is not just about recruitment. Retention is crucial as a large proportion of people who are disabled are in work when they acquire that disability.

Disabled people bring enormous benefits to businesses. It is not just about 'doing the right thing' (which is no bad thing in itself), it is a commercial necessity.

Disabled people and their families are also customers themselves with a combined spending power worth £249 billion – and you can add to that those customers who associate themselves with brands which reflect their values.

I have seen the unique perspectives and skills disabled people bring to an organisation which, in turn, can enhance customer experience and service. Our Marks & Start work placement programme helps people who face barriers getting into work, including disabled people. Not only does this give those who take part the chance to develop new skills, it gives them the opportunity to showcase the skills they already have.

However, many employers still have misconceptions about what employing a disabled person will mean for them. For example, some believe that employing disabled people will require prohibitively expensive workplace adjustments. In reality, many people don't need any adjustments at all and, if they do, these can be inexpensive and cost effective. In addition, where an adjustment does have financial implications, the government's Access to Work scheme can provide support.

However, one of the most significant barriers disabled people continue to face is that many businesses still lack the confidence to employ them. Many people simply fear 'doing or saying the wrong thing'.

THE DISABILITY CONFIDENT SCHEME CAN HELP ALL OF OUR BUSINESSES TO OVERCOME THESE BARRIERS. IT HAS THREE LEVELS – DISABILITY CONFIDENT COMMITTED; EMPLOYER; AND LEADER – GIVING EMPLOYERS A FRAMEWORK TO ASSESS THEIR POLICIES AND PRACTICES, AND HELPING THEM TO IDENTIFY WHERE THEY ARE DOING WELL OR WHERE CHANGES MAY BE NEEDED.

The entry level standard is really accessible and, because Disability Confident is a journey, signing up as Committed doesn't mean that your business has to get everything right first time, all the time – but it's a great way to work towards it.

The scheme also provides free support for members, including online guidance and access to members-only social media groups offering peer-to-peer support, exclusive access to content and priority booking for specialist events and webinars to help organisations progress through the Disability Confident levels.

There are around 6,000 employers already signed up to Disability Confident, including over 200 retailers. Marks and Spencer is currently a Disability Confident Employer and we are working towards Leader status. Join us today and get Disability Confident at gov.uk/disability-confident.

MARKS & START

The Marks & Start work placement programme helps people who face barriers getting into work. It works with 4 partners, each supporting a different group into work. One of our key partners is Remploy, and together we support people with disabilities and health conditions who have found it difficult to secure permanent employment. Participants in the two or four week placements at M&S stores receive coaching and support as they learn about various roles in the retail sector, gaining invaluable experience and skills that allow them to pursue employment. Last year, Marks & Start provided work placements to 2,927 people, and of these, 65% of those who completed the programme went on to find work.

SOPHIE BROOKS
// marksandspencer.com
// disabilityconfident.campaign.gov.uk

disability confident

"THERE ARE AROUND 7 MILLION WORKING AGE PEOPLE WHO ARE DISABLED OR HAVE A LONG-TERM HEALTH CONDITION. THIS IS A HUGE POOL OF TALENT WHICH WE CAN RECRUIT FROM."

ADVERTISING OPPORTUNITIES NOW AVAILABLE IN THE RETAILER

THE RETAILER IS NOW OFFERING ADVERTISING OPPORTUNITIES FOR OUR MEMBERS. IF YOU WOULD LIKE TO ADVERTISE OR WOULD LIKE MORE INFORMATION, PLEASE CONTACT THERETAILER@BRC.ORG.UK.

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