

## UK retail crisis – here's how retailers can get back on track

A retail crisis is upon us. Over the past year, [some of the UK's most well-known, much-loved retailers have gone bust](#). Toys R Us, Maplin and Multiyork are some of the most notable. Other huge retail brands under pressure at the moment include Marks and Spencer, New Look, House of Fraser and Debenhams. All have posted troubling end-of-year financials, with the possibility of store closures across the country.

On reading the news last week that B&M just announced another year of record revenue and profits, I'm left wondering how. [Why do some retailers survive while others die?](#) Why does B&M thrive, yet Toys R Us does not? How can Selfridges post 18% profits yet the likes of Debenhams and House of Fraser are on the at-risk list?

How have these companies survived the retail crisis? Simple, they've adapted.

They've adapted to what their customers want; they've adapted to the demands of their customers; and they've adapted their operating and business model to meet the changing market.

To learn more about how your business can adapt in this way, download a copy of our new report...[Redacted]

### Retailers that have adapted have survived

The traditional approach in retail seems to be a losing battle. Those that have been slow to change or haven't reacted to the changing market have been left behind.

I've worked alongside retailers for some time and there seems to be a pattern emerging. At one end of the spectrum is a premium customer experience, where you find the likes of Selfridges. At the other end, cheap and easy-to-access fast consumables, where [B&M sits](#).

In my experience, I would say that most of the retailers that are struggling are caught in the middle – they're not the cheapest and they don't offer customers something extra special. I genuinely believe this is where Selfridges and B&M have succeeded: they've firmly established themselves, offer what their customers want and stayed true to their brand.

I'm not so familiar with the inner workings of Selfridges, but I do know that B&M have taken quite a different approach to their overall business strategy. They've outsourced some of their IT services to Ricoh, put in place flexible IT contracts (to only pay for what they use), focused on the layout of the stores and opened twice as many checkout lanes equipped with everything staff and customers need.

Good customer service needs technology to work – from the ease of buying to fixing issues quickly so that the customer experience isn't affected.

There's a lot that other retailers can learn from these two examples. To be successful in this challenging environment, retailers need to:

#### 1. Become more relevant to their audience

Why do the likes of Amazon succeed? Because they know their audience. Sometimes they know what you want or need to buy before you do it seems. How do they do this? With data.

When you can see buying patterns and identify trends using real-time data, you know what's on the shelves or available in the stockroom, how quickly items are leaving the store, when certain products are bought and who is buying them.

It's only with this level of detail can you begin to make more informed decisions about the buying process – the real customer journey – and ultimately better decisions for your business.

Retailers need to understand what their audience wants. Is it super-fast throw away fashion that can be ordered online and returned for free? Or do they need expertise and advice about a product and therefore be more likely to go into a store? Whatever it is, use solid business intelligence to be more relevant.

## 2. Be able to react faster to demand

Retailers need to be agile and adapt to demand, both in store and online, throughout the year. I recently heard that the majority of retailers carry out 80% of their business between the Black Friday and New Year period. That's 80% of the entire year's revenue in a 5-week timeframe.

Without the right technology infrastructure, retailers just won't cope. And they don't. You hear about websites crashing because too many users are trying to access it at the same time. But it goes further than just the right infrastructure. It's also about having appropriate IT contracts in place with a provider that supports this way of business. In the earlier example of B&M, I said how they have a scalable arrangement – if they use more, they pay more.

Linking back to my first point, business intelligence and analytics can help retailers to identify peaks and troughs of sales. A great example of this is the work being done at Matthew Clark, the biggest independent distributor of alcohol in the UK and another client of ours. By linking every product code into their IT system, they can easily see patterns of demand and gain insights into what is selling or not.

Historically IT has been viewed as a significant cost to a business, not as a means to change the way a business operates or how they engage with their customers. IT should be an enabler for change, not a burden or afterthought.

## 3. Provide a consistent experience online and in store

Speed is also a factor when it comes to survival. Those retailers who are able to quickly react to a changing market, and the demands of change imposed on them by consumers, are more likely to succeed.

Traditional retailers, like M&S, have struggled to move with the pace of change. At the same time, consumers are more demanding than ever and use multiple channels as part of the buying process. They expect businesses and brands to connect and communicate with them in the way that they want, not the other way around.

One of the major challenges facing retailers is to connect customers across all these channels – online, in store, on social media, on review websites. Are you able to identify and connect an individual across all these platforms, or do you treat every unique visit or interaction as a new customer?

Influencer marketing has introduced a new dimension to product marketing. I recently saw the impact of this first hand. I went to my local high street and every shop was empty except one pop-up store. Why? Celebrity endorsement.

The internet is awash with bloggers, Youtubers and Instagrammers ready to endorse what you offer to their thousands of followers. The result: people come through the door. If you can create relevant, personalised and timely experiences based on their interactions with your company (online and offline), this will drive brand recognition and, ultimately, loyalty.

Those retailers who can offer the same high-quality experience across multiple channels stand a good chance of surviving.

#### 4. Know What Amazon Can't Do (WACD)

Never heard of WACD before? Google it – it's real and an important concept if you are a retailer.

If a product can be sold online and delivered, it'll be on Amazon. What is important for retailers, especially those with physical stores, is to find their niche. There are certain things that Amazon can't do and you have to capitalise on this.

A great example of this is the partnership between Next and Costa. Shoppers can grab a cup of their favourite brew at the same time as shopping in store. Or perhaps the idea of a break and a coffee is enough to pull people through Next's door.

Why does it work? Because they offer a customer experience you can't get online. It increases footfall and helps to keep people in the shop for longer, maybe giving those extra few valuable minutes to make a decision to buy that dress and second pair of jeans.

#### Successful retailers will prioritise the customer experience

Ultimately, successful retailers in today's market are the ones that prioritise the customer experience. Technology can be used to improve the customer journey – not only by gathering data to understand customers better, but by being able to seamlessly integrate multiple businesses' systems to make co-location a success.

When everything works together perfectly and the customer receives an exceptional standard of service, they are more likely to buy from you again. They're also more likely to tell people about their positive experience. This is when a one-off purchase (those often done on Amazon) has the potential to develop into a lasting relationship and returning customers.

The challenges I've outlined in this article are not necessarily retail-specific. You could argue that every business needs to become more agile, targeted and provide a seamless customer experience. Digital transformation and a modern IT infrastructure shouldn't be seen as a cost burden. It should be seen as an opportunity to reimagine your entire business model and how you interact with customers. [As we've seen with M&S](#), those retailers that have fallen behind are now accelerating their own process of digital transformation in order to remain competitive.

If you want to learn more about how businesses can become more innovative and customer-centric in order to remain competitive in this retail crisis, download a copy of our free report...[Redacted]

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