

WHY SHOULD I COME TO YOUR STORE?

It's 70 years since the first self-service supermarket opened in the UK. Even though it was over 30 years behind its arrival in America some members of the British public were far from prepared. There were reports that one frustrated shopper annoyed at having to select her own shopping threw a basket at Alan Sainsbury, grandson of founder John James Sainsbury and the brains behind the introduction of self-service. And another story of a judge's wife who swore at him because he was forcing her to "be her own shop assistant". As we know, customers got used to the new format, resulting in dramatic expansion and very healthy profits for leaders such as Tesco, Sainsbury's, Asda and Morrisons. The last 10 years have been a different story with the big box supermarkets losing market share to newer entrants like Aldi, Lidl and M&S Food.

We've seen similar trends in non-food retail with Woolworths, BHS and House of Fraser all going under and Debenhams teetering on the brink. 20 years ago M&S was the first British retailer to make an annual pre-tax profit of £1bn. 20 years on it made a profit of £68m (a 93.2% reduction) and announced it would have to close 100 stores. Over those 20 years M&S has epitomised the retailers' mass-market, mid-market trap. How do you compete with the price of Primark, the quality of Burberry, the style of Paul Smith and the convenience of ASOS?

Tesco thinks it has the answer, launching Jack's at the end of September with CEO Dave Lewis announcing that Jack's will be the "cheapest in town". So Jack's is low-cost competitor to Aldi and Lidl but could it mean that one of our biggest retailers has

finally decided that competing on price isn't the way forward? After all, there's not much point Jack's and Tesco competing against each other. And the link with Carrefour would give Tesco a great opportunity to introduce some seriously up-market food lines to its UK stores. Jack's bargain basement products may be 80% British but Tesco could have 'French Cuisine'. And customers would expect that to come at a price.

For high street retailers to survive against the online onslaught they must have a seamless omnichannel offer (clicks and mortar) plus give customers a good reason to come in the stores. An attractive click and collect / returns service is a good start but more important is a compelling reason for the customer to make the effort to trek to the store – and it can be a real effort for many people.

Crucially, stores have to have a very clear proposition of very strong appeal to their target market. This is the exact opposite of most high street retailers whose strategy seems to be something for everyone. When will they accept that most customers don't believe that you can have the highest quality and the lowest price? Retailers need to accept that if they're going to compete on price everything has to be focused on that. You've got to be the Ryanair of the high street. Like Ryanair you will offend some people but if you have fit-for-purpose products at the best price, customers for whom price is the most important factor will come.

But what if, realistically, you're never going to be the cheapest. Then clearly, you have to be the best. But not the best at everything – that's back to something for everyone. You have to be the best at the things that are most important to your target market and all investment should be focused to that end. You may lose some customers in non-core segments but in the long run that will happen anyway.

It's no coincidence that the food retailers with the highest levels of satisfaction are focused. They may be the cheapest. Or they may be the most expensive, but they're very unlikely to be the something for everyone mid-market stores. As the latest UKCSI data shows, the top 5 are all focused, the bottom 5 are all mid-market.

