The 2014 Retail Services Innovation Report

An analysis of how the 20 top UK retailers are using in store services, education and expertise to offer something Amazon cannot

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1. A first map of service-based retail in the UK

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The bricks & mortar challenge for retail

If we gave you a space on a British High Street today, what would you do with that valuable empty space? Traditionally, the standard answer is stack it with stock and help customers toward the cash registers. But in a world of Amazon and same-day delivery, the simplest purchases have become a commodity that customers are more and more inclined to perform online.

So, the question becomes not just how you try to match the convenience of online, but how can you turn your real physical space into a tangible advantage in a multichannel world? What can you do with it that Amazon simply can't?

From pet nutrition sessions to photography lessons, DIY classes to bra-fittings and more, British retailers are starting to offer services relevant to their products and develop growing value for both themselves and their customers. This isn't unprecedented -- retailers have had informal assistance and expertise in store since the beginning -- but today's technology and motives converge to create an opportunity where such assets can become a core part of retailers' omnichannel strategies.

The result is higher revenue per customer, growing loyalty and a differentiating reason to come and visit in store.

The goal

As a trend emerges, it can be hard for the majority to follow until someone takes the initiative and maps it. So, one busy Saturday in April 2014, we hit a bustling UK town and audited the 20 top retailers to create the first benchmark of added value services on British high streets.

What we found was a spread of surprising excellence, massive opportunity and a growing distance between the leaders and those falling further behind.

Methodology

- We started with Retail Week's Top 50 UK retailers and removed supermarkets to select the top 20 representative of high street retail.
- We then took to Kingston-upon-Thames, visiting each retailer and assessing their maturity in five key areas:
  - Overall **attitude** to in store services

    - **Marketing** of services in store and online
    - **Accessibility** of those services
    - Level of **expertise** available among staff
    - **Delivery** of those services in store
- Finally, we visited the sites' digital collateral to establish how any services were communicated across online, mobile and social channels.
- Each retailer was scored on a five point scale on each of the above criteria, then awarded a total rating out of 25.

For full details, score sheets and marks for each retailer, please visit section 4 below.

2. Summary of key findings

Key findings

Average score:
12 / 25

Top score:
Apple -- 22 / 25

Low score:
TK Maxx, Wilkinson, Co-op -- 5 / 25

By scoring category:
Highest -- Expertise
Lowest -- Accessibility

By industry:
Top -- Consumer tech, Pharmacy
Bottom -- Fashion, Home

Key observations

Fashion scores weakest

For an industry with such a compelling reason to come in store, most top fashion retailers didn't progress beyond casual assistance and fitting rooms. Personal shopping was the most common addition but rarely, if ever, was it advertised or available to schedule online or on mobile.

Majority of retailers still starting their omnichannel journey

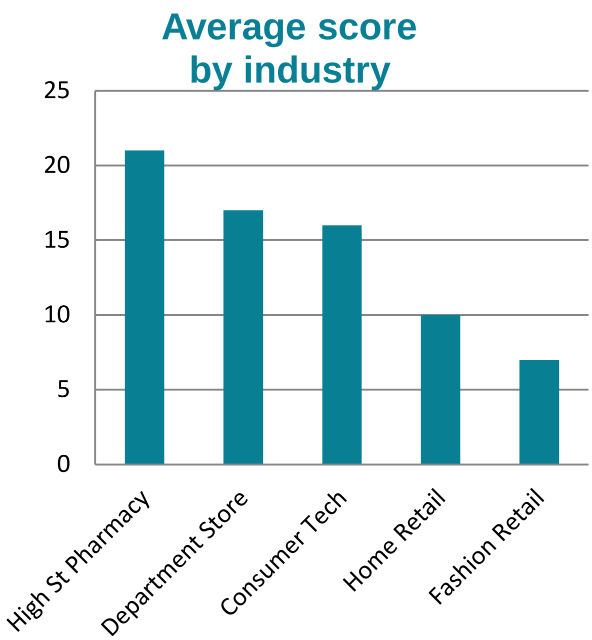
12 out of the 20 retailers only had minimal or casual services on offer in store. Surprisingly, this included WH Smith, an operation with such a range of hobbies and interests in its arsenal that the opportunity to build services around them was immediately striking (and under exploited.)

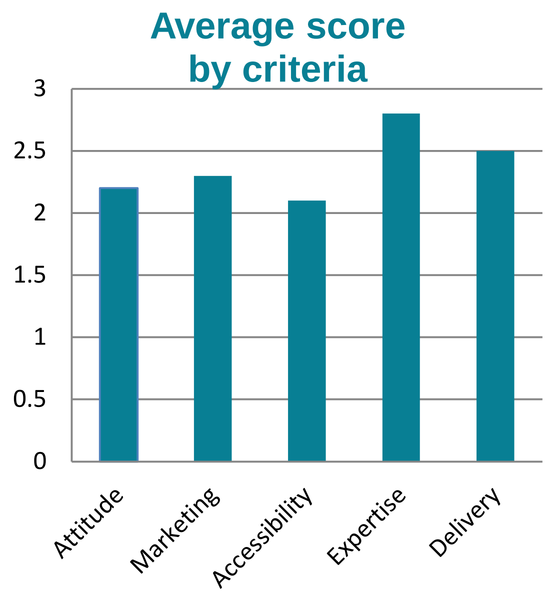
‘Ghost services’

Where offered, promotion of these services was often unexpectedly low, sending a message of unimportance to the customer -- or worse, undermining the time invested in setting them up. Many were effectively relegated to the level of casual assistance, missing the opportunity to create a predictable schedule of demand and develop a memorable and differentiating feature.

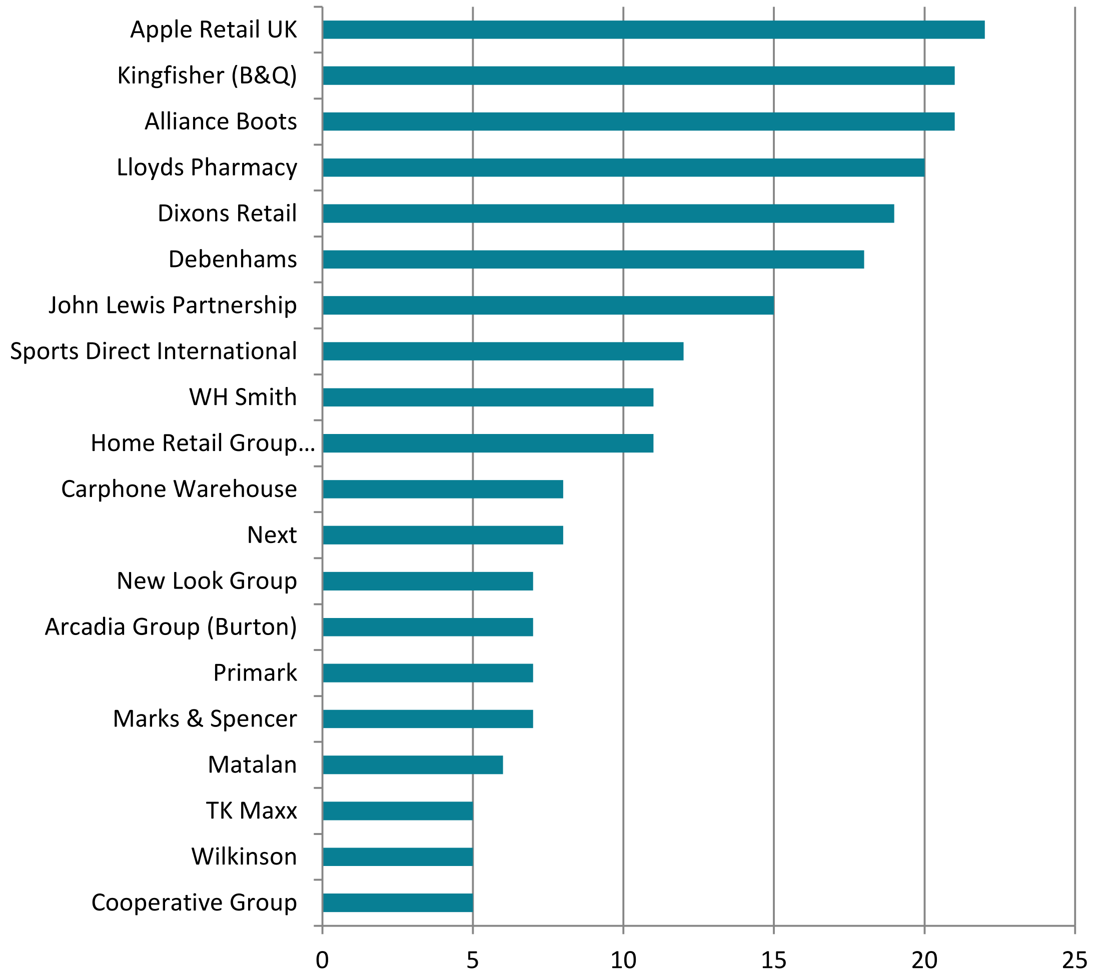
Idle expertise

Most companies demonstrated their staff are knowledgeable, enthusiastic about their subject and able to offer relevant expertise. The opportunity to find new ways to create value from this asset in a structured way and spread demand more evenly across their hours shows clear first steps are just within reach.

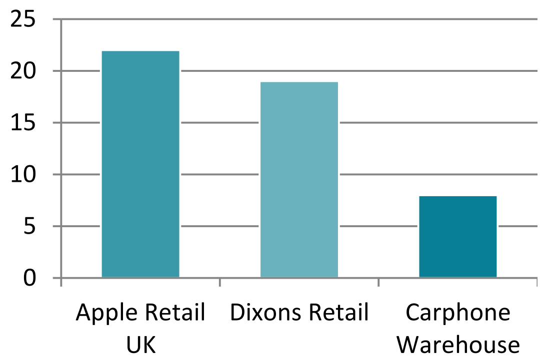




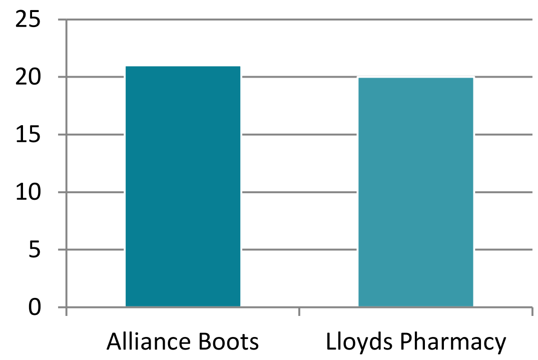
Top 20 Retailers: The service innovation league table



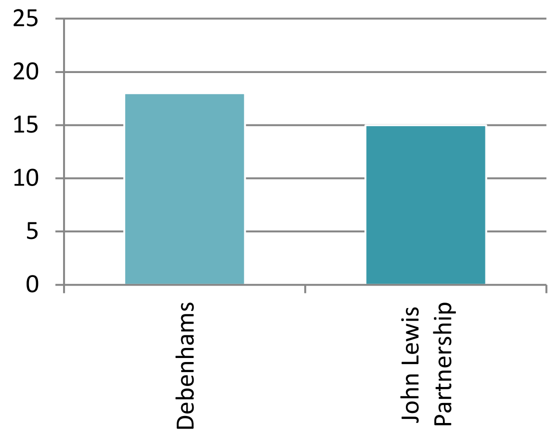
Consumer Tech



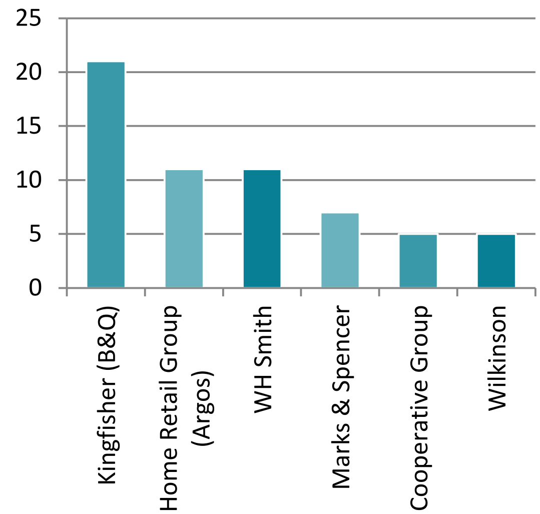
High St. Pharmacy



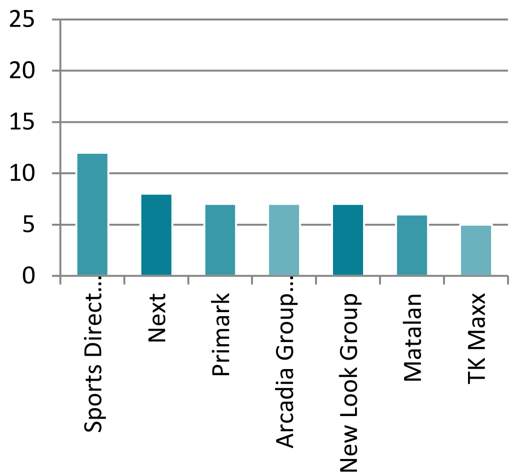
Department Store



Home Retail



Fashion Retail



Case in point A: #knowmysize campaign from Debenhams

Debenhams scored well overall but also provides a great example of the challenges in rolling out such services. Its bra-fitting service was advertised prominently in the front window of the store -- but other than drop everything and head for the lingerie department, it gave the customer very few options to take advantage of it.

The only call to action was the hashtag #knowmysize and more info was hidden several pages deep on the website (deeper on mobile), leading only to a store locator. As a result, you have to question what proportion of interested customers chose not to jump through these hoops, reducing the impact of an otherwise great campaign.

At any step, introducing a way to capture this interest conveniently and effectively across platforms stands out as a clear enhancement to the campaign. When the campaign assumes people will be on their mobile, to check the hashtag in the Twitter app, the absence of a convenient way to achieve this on the move feels like the ultimate missed opportunity.

.3. Five insights and opportunities for retail

1. **Services and experiences take multichannel to omnichannel**
   Although we criticised Debenhams #knowyoursize campaign for in store execution, it excelled as a demonstration of added value services connecting online and offline worlds. The hashtag, featured so prominently in store, is injected with further value and meaning online where it becomes an anchor for discussion, community interaction and other valuable, relevant content.

   By creating something worth talking about and making it simple to continue the conversation online, Debenhams has avoided the feeling of there being two separate worlds -- but it all starts from a central valuable service offered to customers in store.

2. **Offline services mirror the value of online content**
   The biggest retailers have started to really reach their stride when it comes to creating content and acting like publishers online -- attracting valuable attention toward useful insights and then making it effortless to buy related products. Boots' WebMD service and B&Q's DIY.com demonstrate advanced execution on this strategy among our top-scoring retailers.

   But alongside this, their offline added value services achieve a similar job by attracting customers in store for value in one area and then making it convenient to pick up relevant products in a fell swoop. It's the same dynamic, the same massive opportunity -- just a different realm of execution.

3. **The HR supply chain is broken**
   If you hire skilled and informed people, why do they so often end up idle in store or in a position where you can't offer them the quantity of shifts they may require? Until you can balance predictable supply and demand, how can you feel like you're using this resource to its full?

   And if your people and their knowledge are truly an asset, are you really going to define the highest possible value you can get out of them as just another single sale? Introducing services can elevate a ceiling on that value, allowing you to make the most of what should be a significant advantage over competitors.

4. **Do you help customers spend their time as well as their money?**
   Online shopping has thrived on the advantages of saving time and saving money. But the high street retail experience is motivated quite differently. People

embark on a shopping trip explicitly to *spend* time and *spend* money.

This subtle difference belies an important opportunity. Yes, some high street customers will be looking for a simple in-and-out purchase. But for the many who are really looking to invest hours of their life with a friend, crafting a really valuable experience could tick a different sort of boxes. And create new revenue for retailers at the same time.

5. **What are you showing the showroomers?**
The trend of customers spending time in stores to get hands on with products is only becoming more common and more popular, with Deloitte citing massive growth across 2013. But if you know it's happening, do you really want to make a standard browsing experience as good as it gets?

Providing added value services creates the opportunity to not only paint products in the best light but develop perception of a richer halo that increases their value further. Showrooming has been an organic trend that sets the scene -- it's up to retailers to decide how they are going to confront it to create the most value.

Case-in-point B: Boots takes another step up

Boots' close relationship to prescriptions and restricted medical products has put a counter and expert service right in the center of its store design for years. Perhaps this familiarity explains the wealth of services that the company now offers, including appointments for everything from contraception to hair loss to cancer care.

But the company actually goes far beyond even this. As well as dedicated brands for markets like opticians, the company is experimenting with spa treatments, expanding its services online with WebMD and continuing to develop new outposts for the brand in wider retail environment.

Boots serves as a strong example of the advantages and opportunities that can be developed once retailers have taken a few steps down their added value services journey and gained confidence about the results it can produce.

4. Closing Thoughts: a look ahead

There are very few who want to see Britain’s high streets diminish and disappear entirely. Up and down the country, there’s a shared fondness for this hub to everyday life, something that affirms our society. It’s not just about sterile efficient transactions of money for goods; at it’s best, the high street is about people, community, shared experiences and culture.

Where we stand today, the future of that retail culture is within sight. It’s a world where online and offline shopping experiences are complementary, even continuous. It’s a return to stronger relationships and understanding between customer and shopkeeper. It’s a high street that survives and thrives -- not because of nostalgia, subsidy or charity but because it deserves a place in our lives.

Our research reveals a first glimpse of this solution. But it also shows how far many of the biggest retailers still have to travel on that journey. We hope, by returning to and repeating this study in years to come, we can map the evolution of this trend and highlight the best examples for others to learn from. These reports can become not only observational but instructional, providing commentary on best practice and case studies, and accelerate the progress for all.

The talent and experience are there. The shoppers are still there. The opportunity is right there. The missing piece of the puzzle is perhaps the same as any young but accelerating trend -- awareness and best practice examples. That’s why we’re here, and both are growing as we speak.

Over the next 12 months, we’ll really start to feel the speed of that growth. But it will be most interesting to closely observe where and how it happens first. If you’re reading this now, perhaps you have the answer.

5. Full Data: Score sheet

Retailer scores

"Success Factors"	Level 1	Level 2	Level 3	Level 4	Level 5
Attitude to services	None	Some ad-hoc services offered	Some structured services offered	Services offered as clear value-add	Services core to strategy, offered on par with products
Marketing of services	None	Assistants approach in store	Defined services publicised in store or passing mention online	Services publicised online, prominent position on website	Evidence of joined up, multichannel marketing campaign
Accessibility of services	None	Spontaneous walk-up 'appointments' appointments	Informal or manual scheduling	Online booking available	Part of progressive omnichannel strategy
Level of expertise offered	None	Casual assistance to conversion	Services relevant to industry specialism	Subject matter experts available for sessions.	Services designed to strategically increase interest and loyalty
Delivery of services	None	On shop floor, no dedicated space	Shop floor, dedicated space	Space dedicated to service delivery	Specialist fit-for-purpose space core to store design

Full Retailer Scores

Name	Industry	Score	Attitude	Marketing	Accessibility	Expertise	Delivery
Apple Retail UK	Consumer tech	22	4	4	5	5	4
Alliance Boots	Pharmacy	21	5	3	3	5	5
Kingfisher (B&Q)	Home retail	21	4	4	4	5	4
Lloyds Pharmacy	Pharmacy	20	4	5	3	4	4
Dixons Retail	Consumer tech	19	4	3	3	4	5
Debenhams	Department store	18	4	3	3	4	4
John Lewis Partnership	Department store	15	3	3	2	3	4
Sports Direct International	Fashion retail	12	2	2	2	3	3
Home Retail Group (Argos)	Home retail	11	2	2	2	2	3
WH Smith	Home retail	11	1	2	2	3	3
Next	Fashion retail	8	1	2	2	2	1
Carphone Warehouse	Consumer tech	8	1	2	2	2	1
Marks & Spencer	Home retail	7	2	1	1	2	1
Primark	Fashion retail	7	1	1	2	2	1
Arcadia Group (Burton)	Fashion retail	7	1	2	1	2	1
New Look Group	Fashion retail	7	1	2	1	2	1
Matalan	Fashion retail	6	1	1	1	2	1
Cooperative Group	Home retail	5	1	1	1	1	1
Wilkinson	Home retail	5	1	1	1	1	1
TK Maxx	Fashion retail	5	1	1	1	1	1