

## 'TRADING IN A GLOBAL MARKET PLACE'

As you will know, Tesco is opening in Kingsbridge on 24<sup>th</sup> January...that's in just 92 days time. I have produced this document to encourage discussion, as I'm concerned that some local businesses may not be fully aware of the implications, or of what they could do to ensure their survival.

I have to say, I don't really see the sense of urgency or change of approach around town that I might expect, in view of the seriousness of the situation.

I love living in Kingsbridge, and a key element of what I like about it (in common with many others) is the mix of independent shops and wide range of goods available within the town - something I don't want to disappear. I have spent the last 25 years helping businesses to recognise how to be more successful, and to survive difficult times, and I would now like to share with you some thoughts on how you might face the challenge that lies ahead when you get the UK's most successful retailer operating on your doorstep.

You might ask - 'but what's this got to do with Trading in a Global Market Place'?

Well, have you noticed how many Global & National chain stores we now have in Kingsbridge?

Besides, Tesco and Morrisons, we now have Boots, WH Smith, the Co-op, Vision Express, Holland & Barratt, Peacocks - never mind the banks, building societies & charity shops. It wasn't a surprise that WH Smith arrived, and that Costa Coffee is on its way - they always move in on the coat tails of a new Tesco. Do we really want Kingsbridge to be another 'anytown', where all the shops are the same as the town next door? Where's the future in that scenario for your business?

- Recent market analysis shows that the UK's big four supermarkets - Tesco, Asda, Sainsbury's and Morrisons - now hold almost  $\frac{3}{4}$  (74.4%) of the grocery market.
- Tesco is now the recipient of over £1 in every £7 spent on shopping in this country. Not just food shopping - every type of shopping.

And here's a few more facts relating to Tesco:

- Tesco now trades in 14 countries worldwide
- Last year's global turnover was over £53 billion
- Giving Tesco a profit margin of £3 billion

- Sir Terry Leahy's salary (as Chief Executive) was a mere £3.9 million
- But here's the most worrying statistic - for every £1 spent in Tesco's, over 70p of it is removed from the local economy. Whereas, for every pound spent in a local, independent business it is likely that 70-80p or more will stay in the South Hams.

Now while the imminent arrival of Tesco's should serve to focus our attention, this is not just about Tesco's - nor is it just about the success (or rather the continued viability) of local retailers on Fore Street - it is about:

- Retaining a balance of retail and service businesses in Kingsbridge as a whole, not just on Fore Street
- The perception of visitors & our success as a tourist destination
- The future of all the towns and villages in the South Hams (Much of what applies to Kingsbridge, also applies to Salcombe, Modbury, Malborough, West Alvington etc.)

I'm sure we all heard the story about the visitor to the town who was told, when she was taken to the local hospital, that they couldn't x-ray her broken ankle as she wasn't a local resident ....I wonder if she and her husband will be coming back soon.

Then there are those visitors (and local people) who have called at the library on a Thursday afternoon to find it's closed ... and for library on a Thursday read a number of our local shops. Uncertainty leads to reluctance to repeat the mistake, which leads to loss of customers.

And talking about potential customers and the view they are given of Kingsbridge - here's a few unfortunate experiences:

1. The assistant in the bread shop who when asked what a Spelt loaf was - couldn't say.
2. The shop that saw one of us coming to them across the street, so locked it's door 5 minutes early.
3. The town centre business that had to be told on three occasions before they logged down a request for a home visit - then invoiced twice for the job (the second time 6 weeks after it had been paid)
4. The owners of the Market Hall who said they couldn't possibly have any stalls that sold goods already on sale from an established business in town (I believe protectionism leads to complacency - whereas healthy competition leads to improved quality).

5. Like many other people, I have been disappointed to find that some shops have half day closing, while others open late, close at lunchtime or simply hang a sign on the door saying back in 10 minutes. That's fine - we all have the unexpected to deal with, but if they don't return for 30 or 40 minutes, they can expect to lose custom. (The days of quirky hours and half day closing are gone).

So what have I learnt in my time observing and advising businesses?

Well, one clear conclusion was that there are a lot of businesses that do OK when times are good, but fail when there is a major change in the market place or in economic conditions. Right now we are exposed to both.

What I also have found is that the ones that tend to survive such times:

1. Focus on the skills and knowledge of their people
2. Develop a plan (and stick to it)
3. Work together as a team, and with other businesses

It's not just the small shops that are threatened by the supermarkets, but some larger retailers too. Take Majestic Wines. They have continued to perform well through the recession (unlike our local Threshers which failed), and that's because they recognised the importance of these three issues.

As Steve Lewis (their Chief Executive) said: "My focus has been on the quality of the staff and training. It is about product knowledge and making the stores as interesting and vibrant as possible".

They also have a plan which differentiates them from the supermarkets. They focus on quality wine, buy in bulk, and compete on price and choice at the higher end of the range. They also make it easier to buy and take home wine in quantity.

By encouraging the staff to try to make the stores more vibrant and appealing, they have also built upon their team spirit, creativity and local knowledge.

So, what should 'Work together as a team and with other businesses' mean for you?

- a) Recognise that you all depend on each other

Your success depends on how people perceive shopping for goods or services in Kingsbridge generally. That's why it's not just the butchers, bakers and stationers that are under threat from Tesco's - once any more of these close, Kingsbridge will start to take on the appearance of a failing town - and then the clothes shops, restaurants and all the other independent businesses will suffer.

You are in this together, and need to work together to fight back.

I commend the Chamber for setting up a dialogue with Tesco's and for seeking to gain some concessions for the town - but if you think that's going to be enough to protect you - I suggest you think again.

a) Pass on custom to other traders

If you can't meet the customer's needs, then go out of your way to send them to someone else in town who can. Know what other traders supply (and what they don't), ask if people know how to find them, make it easy for them. You will gain from reciprocal actions from your fellow traders.

b) Support local events and initiatives - and be seen to do it.

Many of you have given your support to Kingsbridge in Bloom, and have seen the benefits of this relatively small investment. Visitors, local people and business owners have all remarked on what a difference it has made - and this has been recognised this year with the achievement of a Gold award by the judges.

Let's all get behind Fair Week, the Music Festival, the local sports teams, the scouts, the Community Garden, the beer festival....whatever it is, it shows you feel part of the community. People like that - it will help to cement their loyalty, help to make the events you support a success, and bring more people into town. It's a positive cycle.

c) Launch some imaginative themes and schemes

For themes, you might choose to highlight 'Walkers are welcome', or 'Medieval Kingsbridge', or 'Summer holidays' or 'Back to the future' or whatever - and work together to make shopping a real experience.

The schemes I'm referring to are the sort of customer loyalty schemes that Amanda Bloomer has come across elsewhere - and she can help Kingsbridge establish our own.

d) Set up a mentoring scheme

Through offering mentoring support, you can learn from each other, share ideas and advice, and tap into the wealth of experience that exists in local businesses and in people involved in local consultancy activities.

We all know why Tesco's (and Morrisons and WH Smith) are successful, but what we should focus on is what the multinationals are NOT good at:

### 1) Product knowledge/service know-how

Ask a sales assistant (if you can find one) in Tesco's or Morrisons what the difference is between this product and that one, and you are unlikely to get any help - other than reading off the label.

You and your staff need to know your products and services inside out, and be able to make sensible recommendations based on quality, cost, value, taste etc. This is something the supermarkets are not geared up to compete against.

### 2) Knowing your customer

The benefit of being smaller is that you can really get to know your customers. Get to know them by face and name - there's nothing more pleasing than being addressed by name when you are being served, and being spoken to as a real person. Make shopping a social experience - again, not something you usually get from the supermarket.

### 3) Connecting with the community

As I've already mentioned, you have ways of getting involved in local events that the supermarkets are not able (or willing) to do. They won't stock local food, so why should they connect with their community. You can, and people will notice and support you.

### 4) Offer something special or different

A smaller, independent trader can tailor its business to meet its community's needs in ways large chains could never do. Focus on what people need, and what you do best. Run special lines, make special offers, make people feel special. Make your window display work for you - remember, people go shopping to look as well as buy. Make your display stand out, and say what sort of business you are. Make them want to come inside and see more.

### 5) Offer remarkable service

The best way to beat any large chain is to offer better, more personal service. I've mentioned remembering their names - how about offering to order specially for the customer, or deliver, or carry to their car, and do it all with a smile. There are one or two shops in town where, if they were selling milk, it would have turned sour by the time you had left the shop. Give eye contact and engage with customers while they wait for you to serve others. "I'll be right with you Mrs Smith - won't be a second".

Finally, seek feedback on what your customers think about what you are providing, and about what people want - again the chain stores and supermarkets are very poor at this.

So, to summarise, here's a 7 point plan:

- ✓ Plan your future
- ✓ Work in partnership
- ✓ Get to know your customers
- ✓ Make shopping an experience
- ✓ Offer remarkable service (with a smile)
- ✓ Make sure your staff know their stuff
- ✓ Aim to be better than Tesco (at what they are not good at)

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