

## The retail market “winners and losers”





# welcome to bright blue day

October 2009 and we are at the bottom of the deepest recession for nearly 80 years. How does it feel? How should we be reacting to the extraordinary pressures it puts both individuals and businesses under? In particular what are the lessons for the retail sector; who is winning, who is losing and why?

One would think that it is all about the numbers; close inventory management, renegotiation of property leases and squeezing terms with suppliers. Of course prudence and strong cost control are crucial but even the number crunchers at Deloitte's, in their UK Retail Review\* recognise how important effective marketing and communications are if companies are to survive and hopefully prosper in this recession. In their report they outline a number of actions to weather the storm, at number one is to "place the customer at the heart of every decision". Along with this suggestion is advice to "evaluate your competitive position" and "to be careful before cutting marketing spend".

As an integrated marketing communications agency it is hard to disagree with this advice; the issue is how we fulfil it. We have included a number of case studies in this piece that illustrate how we have answered different challenges for our clients in the retail sector, from Somerfield, to 3, to Sony. They demonstrate our practical and results driven approach that is perfectly attuned to the intense retail environment.

It is interesting in reviewing these case studies that some sit outside this recessionary period and that what the recession has done is sharpen everyone's focus on value and that trends highlighted before are now even more in evidence. The hourglass economy where the winners are either Prada or Primark has possibly developed into more of a pear where price, value and experience are absolutely key.

Andrew Seth is a man who knows far more than me and we are lucky enough to have him on our board. He is one of the world's leading retail thinkers and has lent us some very sage thoughts overleaf.

Richard Calvert our planning director continues our thoughts on a strategic level; and finally we have a word from our academic partners at Bournemouth University where Jeff Bray and his team of retail experts can provide us with some of the most compelling insights into customer behaviour that will shape the retailers of tomorrow.

Jeff Bray has been working with Bright Blue Day to develop a white paper on Ethical Retailing in a recession; if you would like to download a free copy visit [www.brightblueday.co.uk/retail](http://www.brightblueday.co.uk/retail)

Dan Vivian  
Managing Director



Dan Vivian,  
Managing Director

\*Reference: The Retail Review, A Guide for UK Retail – Weathering the economic storm – Deloitte

# shopper engagement by Andrew Seth

We live in a period of unusually violent and unexpected change, with not just economic uncertainty but collapse of institutions, environmental challenges etc.

I know people say this all the time including clever commentators, of whom, forgetting the adjectives, I am no doubt just one.

However, the recession has changed and in my judgment will continue for a long time to change things more rapidly and unexpectedly. We are down a deep and lasting economic hole and not all the bad news has come out yet (I believe). Our customers are being hurt but alas their children and even their children's children will also be hurt. It sounds apocalyptic but if you don't believe me just look at the UK or US global projections of growth – and tax liability – or read Professor Lovelock's latest book on the threat of Gaia. Everyone takes this guy very seriously.

**What does this mean ?**

New winners, some of whom were playing 'lost in the forest' yesterday. US Wal-Mart one great example. Lidl a second.

Some quite surprising upmarket winners eg Waitrose, and Morrisons' Safeway stores which are doing VERY well.

Some of the heavy hitters may just be overstretching themselves and are beginning to hit some buffers – even Tesco may be somewhat constrained as a result of overextension to new markets at a time when it's hard to generate funds.

**It also means**

Consumers may make quite radical changes to their behaviour. "I will cut costs hard." "I won't buy these categories." "We won't go out to these expensive places." "That car's not going to happen." Etc etc...

Where I think they will not economise (much) is with their children; health; education; some travel; the environment (a true fear around now).

**Which brings to me to a final point I think is important**

Shopper engagement, being part of a community, is probably a more important aspiration now than at any time in the last thirty years. For shoppers, this means that locality may play a greater part in people's lives because they really want/need it to. Of course costs have to be managed but travel costs esp. getting in the car will be minimised. Look for changes here.

I would call it 'making the various bits of my life mean more, joining up the relationships, integrating better.' Supermarkets have become a very hard-edged, money saving experience. There ain't much pleasure. Nobody even talks to you.

Economists may not like or rate this much, but it could become a great deal more real and the financial services meltdown, the fury with bankers, and the collapse of government integrity all assist the progress of this kind of opinion and attitude.



Andrew Seth,  
**Non-Executive Director**

# now is not the time to stop and play safe

With the only graph pointing upwards being the one showing the number of people unemployed in the UK and consumer confidence at its lowest levels for years the great British consumer is seeking solace in junk food, home cinema and saucy nights in – if the press are to be believed.

Value for money has quickly usurped conspicuous consumption as the thing to be seen to be doing. Even those who find themselves better off thanks to record cuts in interest rates are parking their Audis in the Aldi car park to buy their branded goods in bulk at discount, no-frills prices.

So in an environment where disloyalty is being actively encouraged, consumers flock to those brands they perceive to deliver better value. But value isn't the reserve of the discount retailer: more premium brands can offer value by refocusing their savings message.

During the 90s *BMW* and *Mercedes* communicated a relatively low cost of ownership whilst *Quaker Oats* grew sales by stressing its products were an inexpensive source of protein. Not forgetting *Starbucks* who delivered value on services including free Wi-Fi in its stores.

So in the age of the engaged, informed consumer, brands have a great opportunity to explore potent emotional territories around value, treats and longer-term security, whether through product-led strategies, for example *Starbucks'* move into instant coffee or *KitKat's* refocusing on its core product, or by encouraging deeper involvement and ownership of the brand – witness *Walkers'* Do us a Flavour, *Lego's* eCRM or *mystarbucksidea.com*

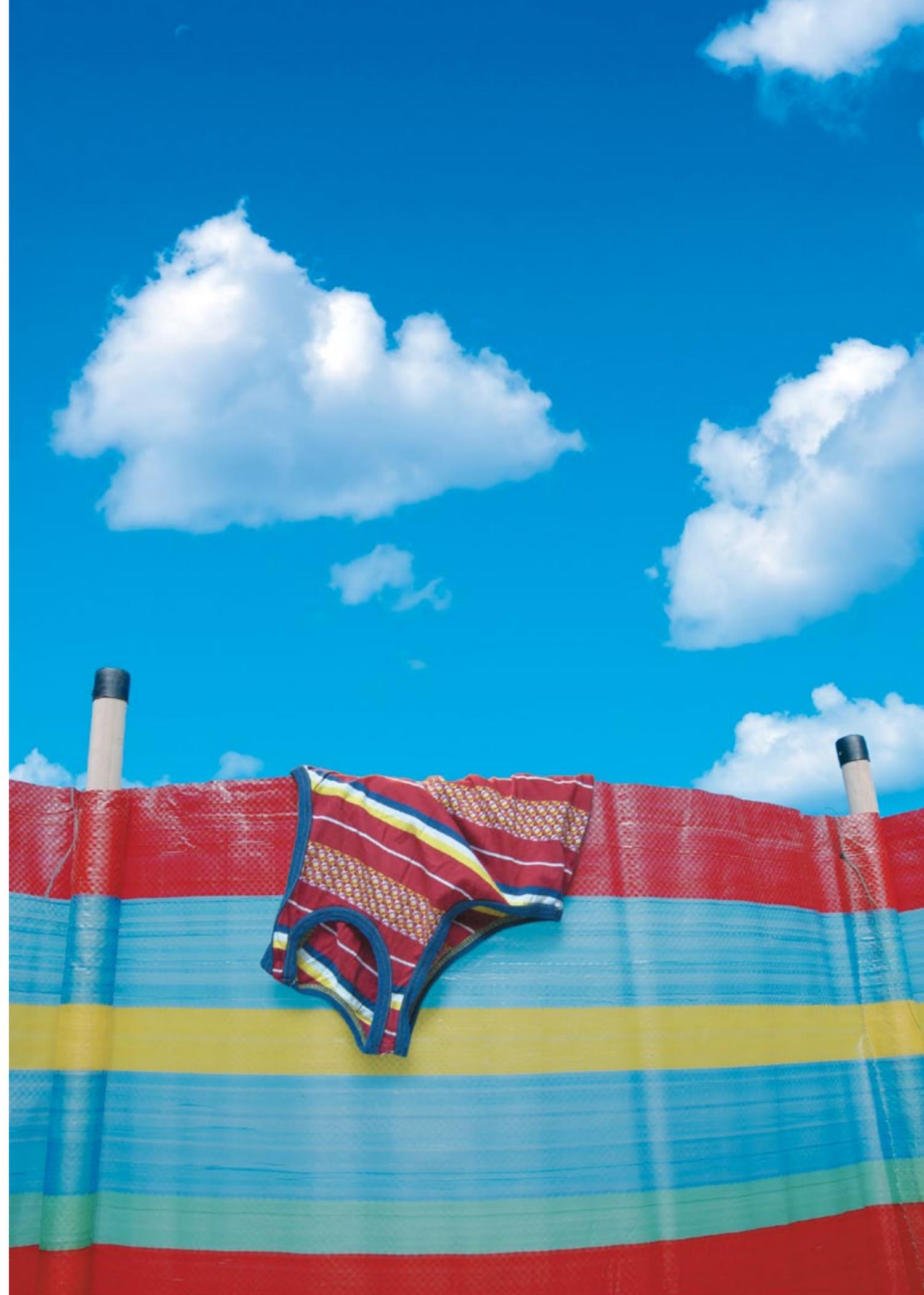


Now's not the time to stop and play safe. The modern consumer is informed, enabled and ready to be engaged. The brands that survive will be those that accept the challenge and open up dialogues with their most important stakeholders – their loyal customers. Offering value, whether rational financial arguments or substitute-busting, relationship-based enhanced service, as reward is the way forward. *O2's Blue Room* is a wonderful example, putting the customer slap-bang at the heart of its sponsorship and engagement strategies, building solid emotional arguments against churning amongst customers.

Be warned: if your brand doesn't do it,  
your key competitor(s) will.



Richard Calvert,  
Planning Director

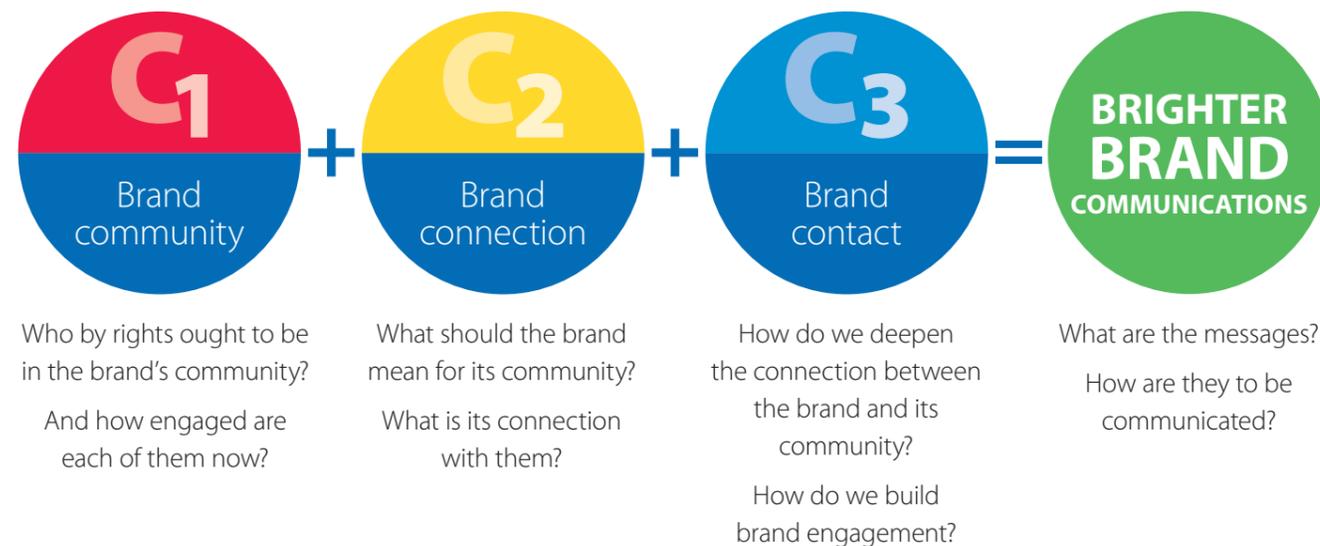


# our beliefs and brighter thinking

At Bright Blue Day we know the world is changing rapidly. To ensure we are at the forefront of that change, we have six core beliefs:

- audiences are no longer receptors but selectors
- all behaviour is emotionally driven
- brands today are defined by their communities
- successful brands create the deepest connections with their communities
- engagement is the process by which these connections are created
- digital turns connection into participation

To bring these beliefs to life and develop genuine brand engagement, we have developed our 3C model to underpin our strategic thinking and help clients develop effective communications plans and deliver brand engagement through 'Brighter Thinking'.



# and who we've used them for



We have worked with Sommerfield for 4 years as a lead integrated agency developing their brand essence, their instore proposition as well as their permanent fascias and exterior and interior signage. Campaigns include Summer and Christmas promotions, Student Loyalty and a strategy for ongoing Value communications.



We have worked with 3 for the last year as their lead retail agency, enriching the store experience through store design, look and feel, and regular instore POS campaigns, supporting their refreshed brand positioning.



For the past 4 years we have worked with Sony Europe on their camera and Handycam brands, across an integrated mix of media focused around the retail environment but including press, brochures, instore POS, digital, video demonstrations and viral films.



While traditional online advertising was driving traffic to Handbag.com, they were looking for a way to create deeper engagement. We created an extremely well engaged community within Facebook through a simple app that satisfied the needs of this conspicuously consumptive community.



For over 15 years we have been supporting Toshiba sales of laptops, LCDs, netbooks, DVDs and accessory products. Through instore, press and POS advertising, and the latest rich media technology, we consistently support Toshiba's innovation as a brand leader.



The Furlong is a stylish destination shopping centre on the south coast. We have worked with The Furlong Centre since their launch and were responsible for the creation of their brand look and feel. This was developed into an integrated communications strategy including website and seasonal and promotional campaigns, driving up user visits and loyalty.



We have worked closely with Loch Fyne for the last 8 years; from the rise of their cooperative to the huge expansion of the restaurants – aided by the elegant and sophisticated ecommerce approach we delivered.

# Somerfield

## somerfield full rebranding

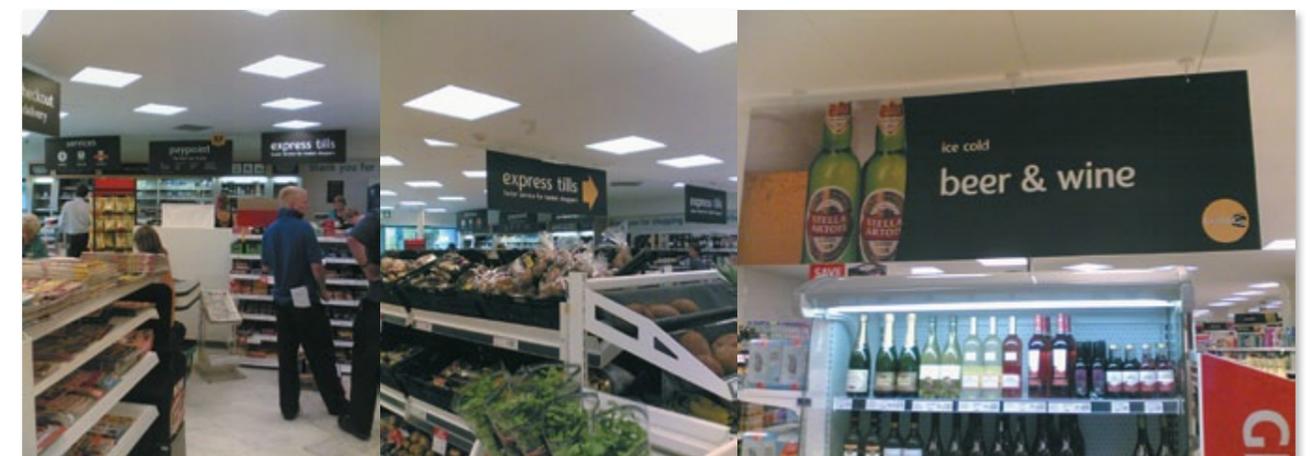
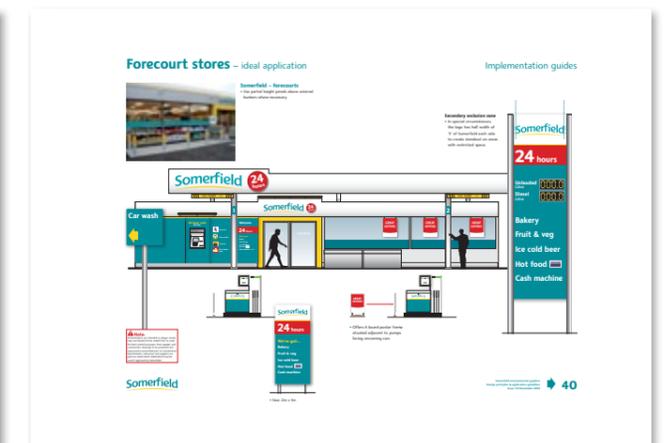
After extensive customer research we developed the brand proposition 'Pop into Somerfield' to establish Somerfield's position as Britain's favourite high street grocer.

Using qualitative research, we created pen portraits of the Somerfield community which we used to develop brand personality, messaging and channel strategy. Then we worked with Somerfield to develop the instore customer experience into a coherent and compelling brand, based on traditional and local British values.

The output of this included new external and internal branding, and signage templates and merchandising strategy.

The results:

- 2008 Checkout Convenience Awards – Best Convenience Forecourt Retailer for Somerfield
- 2008 Retail Industry Awards – Forecourt Retailer of the year for Somerfield



# somerfield seasonal campaigns

## Building the brand and selling the product.

Against our core proposition, we deliver seasonal and permanent campaigns for Somerfield, one example of which is this Summer campaign.

**The brief:** Seasonal sales, including non-food items like games and equipment for BBQ, beach and garden, are crucial to a successful retail year, but Somerfield tend to struggle in comparison with the larger supermarkets. And like all retailers, Somerfield suffered from the poor summer weather in 2007, and needed 2008 to be 'rain-proof'. This would be about selling wind-breakers and umbrellas, as well as picnic hampers and beach games. So, we were briefed to create a campaign that both sold summer products and built the brand positioning of Britain's favourite local grocer.

**Insight into the community:** Our audience like the traditional and the British. They tend to be older, and hark back to the good old days of British summer. We're talking fish and chips by the seaside, not couscous round at Nigella's. If we could tie nostalgia to summer, we would turn the inconsistencies of the British weather into a virtue.

**The connection:** Somerfield has everything for the Great British Summer. Britain is not always 80 degrees so let's just make the most of it. We used old seaside postcards as our visual reference to create some slightly saucy humour.

**The communications:** Our saucy postcards were used throughout the store, and ranged from exterior banners and offer posters to directional signage and inspirational wobblers, as well as appearing online and in magazines.

**The results:** Our campaign demonstrates that brand-building activity can still drive sales, as Summer continues to see Somerfield going from strength to strength. Latest figures show sales growing at around 8% year on year, well ahead of the likes of Tesco. In what has been a cracking year for the brand, growth has been above the category average for the last 16 weeks in a row.



# somerfield student discount

Research into the Somerfield community identified an opportunity for stores with high student populations locally, since many do not have easy access to out of town stores.

So we developed a local marketing campaign which offered a 5% discount on purchases to student discount card holders. The key to the successful execution of this campaign was to creatively match the demographics of students and universities and tap into their distinctive behaviours.



# 3 christmas

3 had never 'done' Christmas before, and so they decided that they wanted to go all out and take Christmas into 3Store.

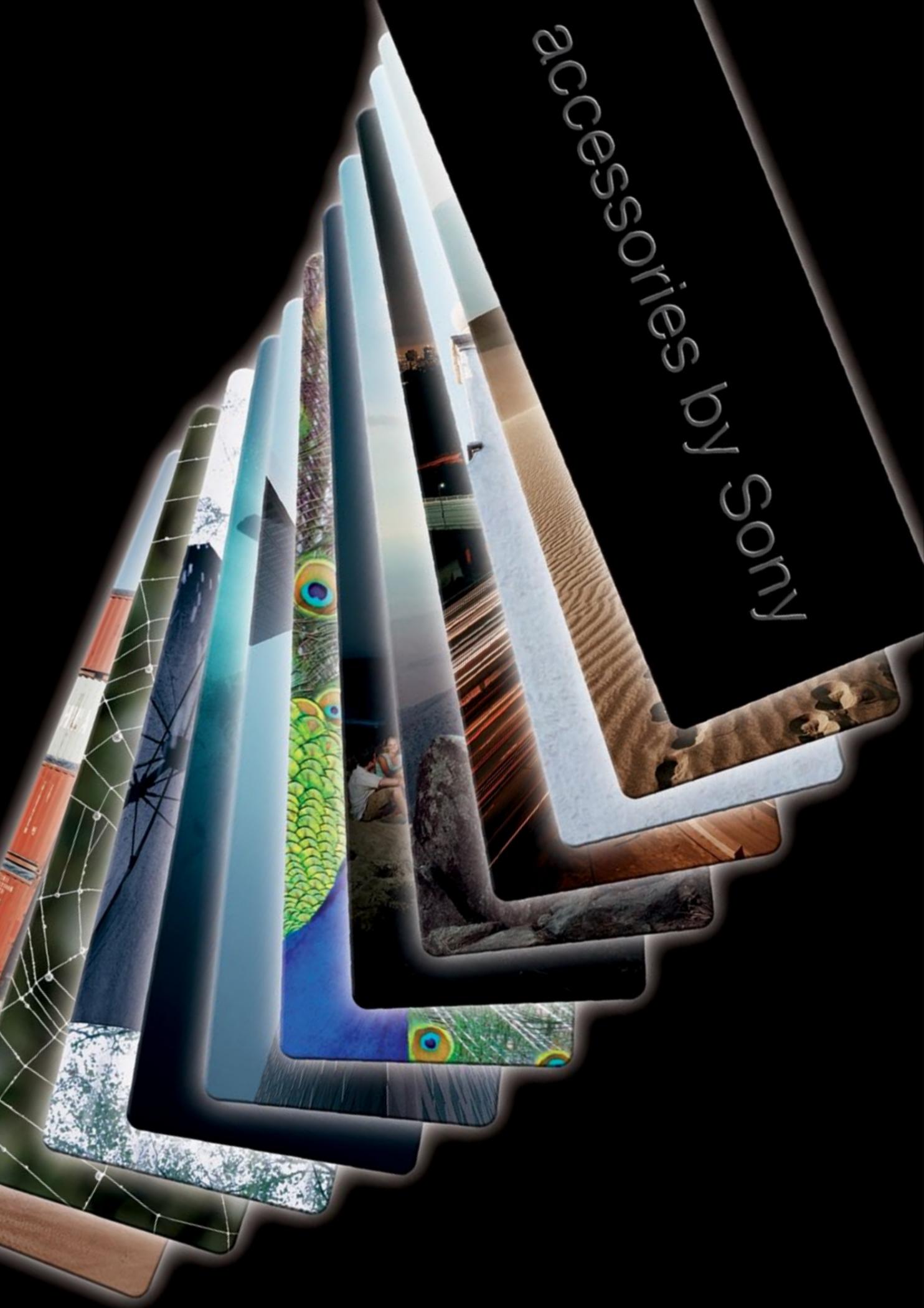
The target audience includes people who are already customers at 3 and also people who are potential customers walking past/visiting the store.

People feel warm and excited when they walk past or enter the store...3 will make your wish come true this Christmas with the campaign called '3 Wishes'. A playful fun approach which follows the customer journey through the store.

We brought the windows to life by dressing the window display units to look like presents, Christmas sparkle was taken through the posters and lighting systems were placed in the windows. In the store we dressed display units, the till area, the mini cabinets, sign-up area, all customer touchpoints and the walls with the Christmas theme.

Christmas successfully rolled out across 300 3Stores in the UK – an effective campaign that gave 3 their first ever Christmas!





# sony accessories

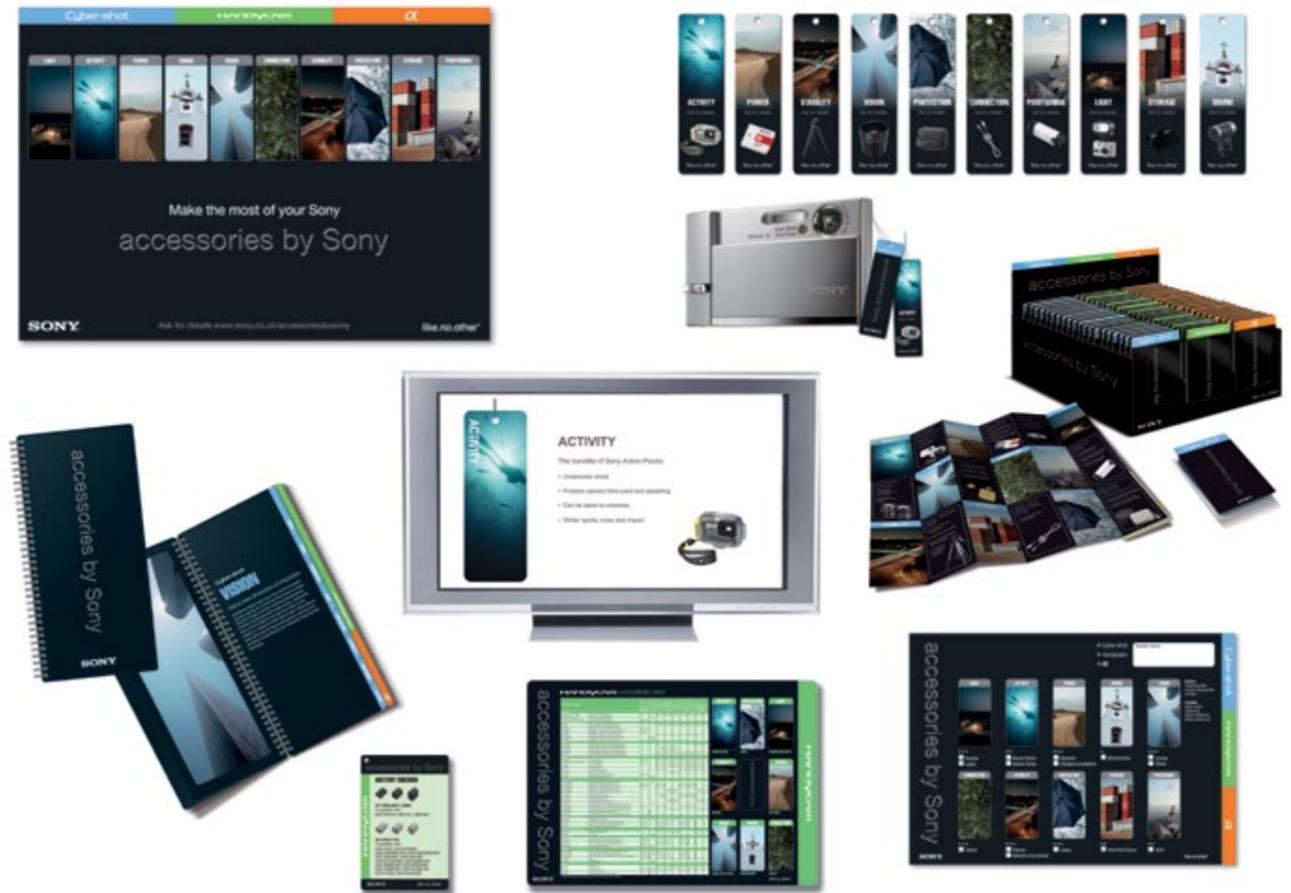
## Exploiting an untapped profit opportunity.

Working with Sony on their camera and camcorder brands it was clear that the market was becoming increasingly commoditised and that margins were getting progressively tighter. Accessories were identified as an unexploited area – branded accessories enhance the customer experience and represent excellent margin for dealers.

Our brief was to build awareness and sales of Sony accessories across customers and staff in Sony Centres, multiples and independent dealers across Europe. Our solution was to create a strong visual identity that indicated added value for the customer at the key point of purchase – the ‘accessories by Sony’ tag, taking its cue from high fashion. In conjunction with this we commissioned a photoshoot, which used subject matter beautifully shot to highlight the end benefits of particular accessories, rather than their features.

The campaign was implemented in 16 languages across Europe and encompassed instore POS, dealer training packs and sales support materials, a microsite, html emails and a beautiful viral film which achieved over 400,000 hits on Kontraband in month one – four times the average.

Sony has seen sales of accessories explode across the region and the campaign has been adopted globally.



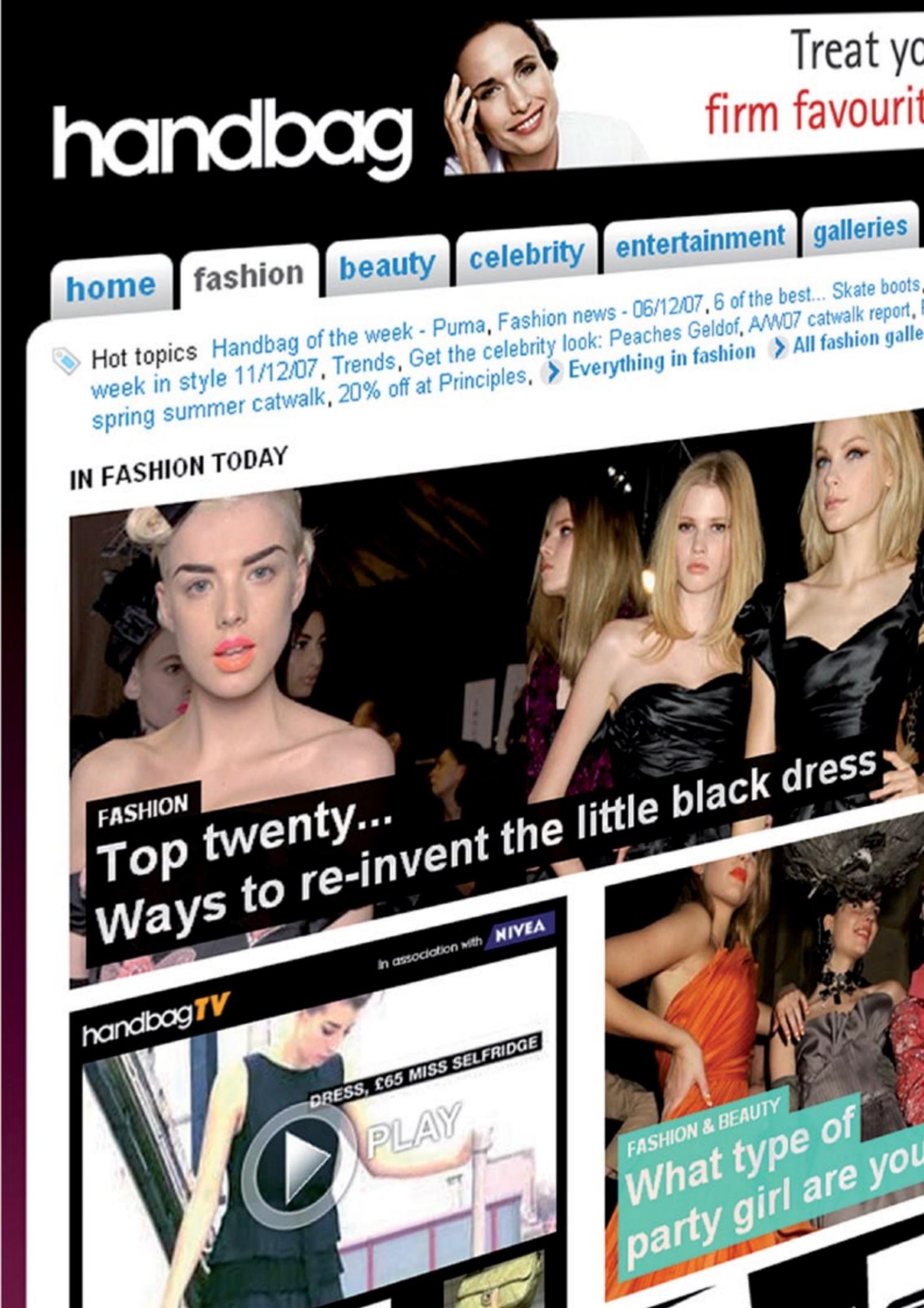
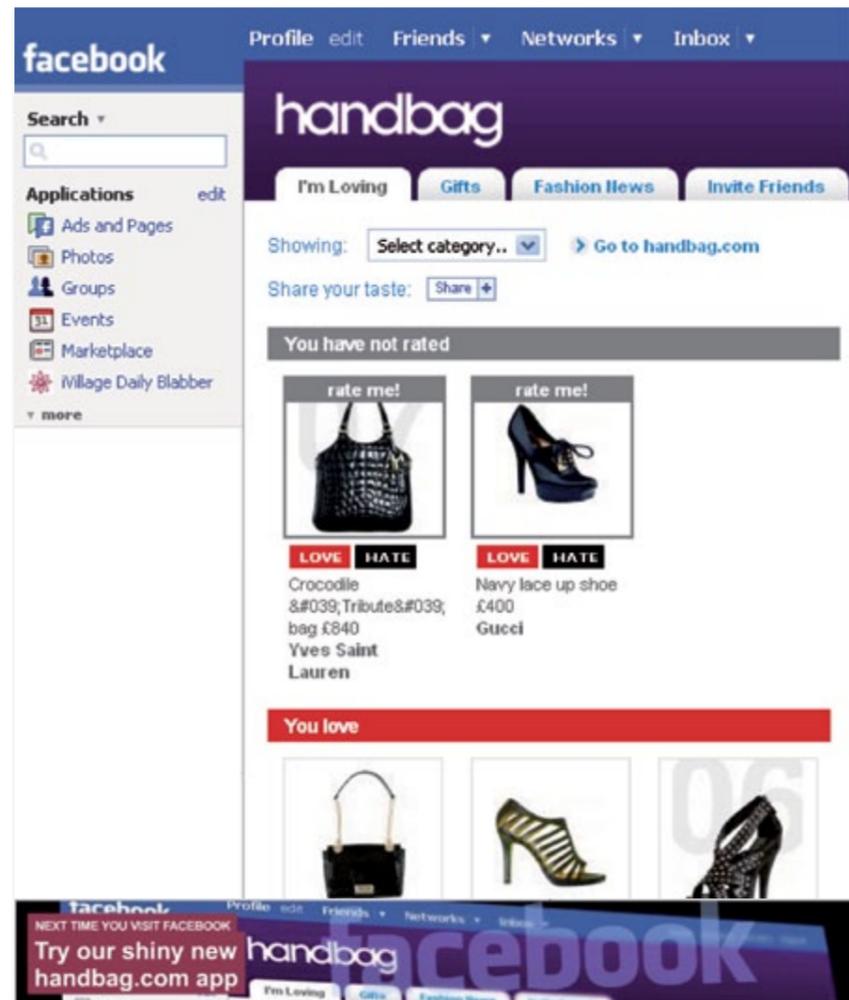
# handbag.com social networking

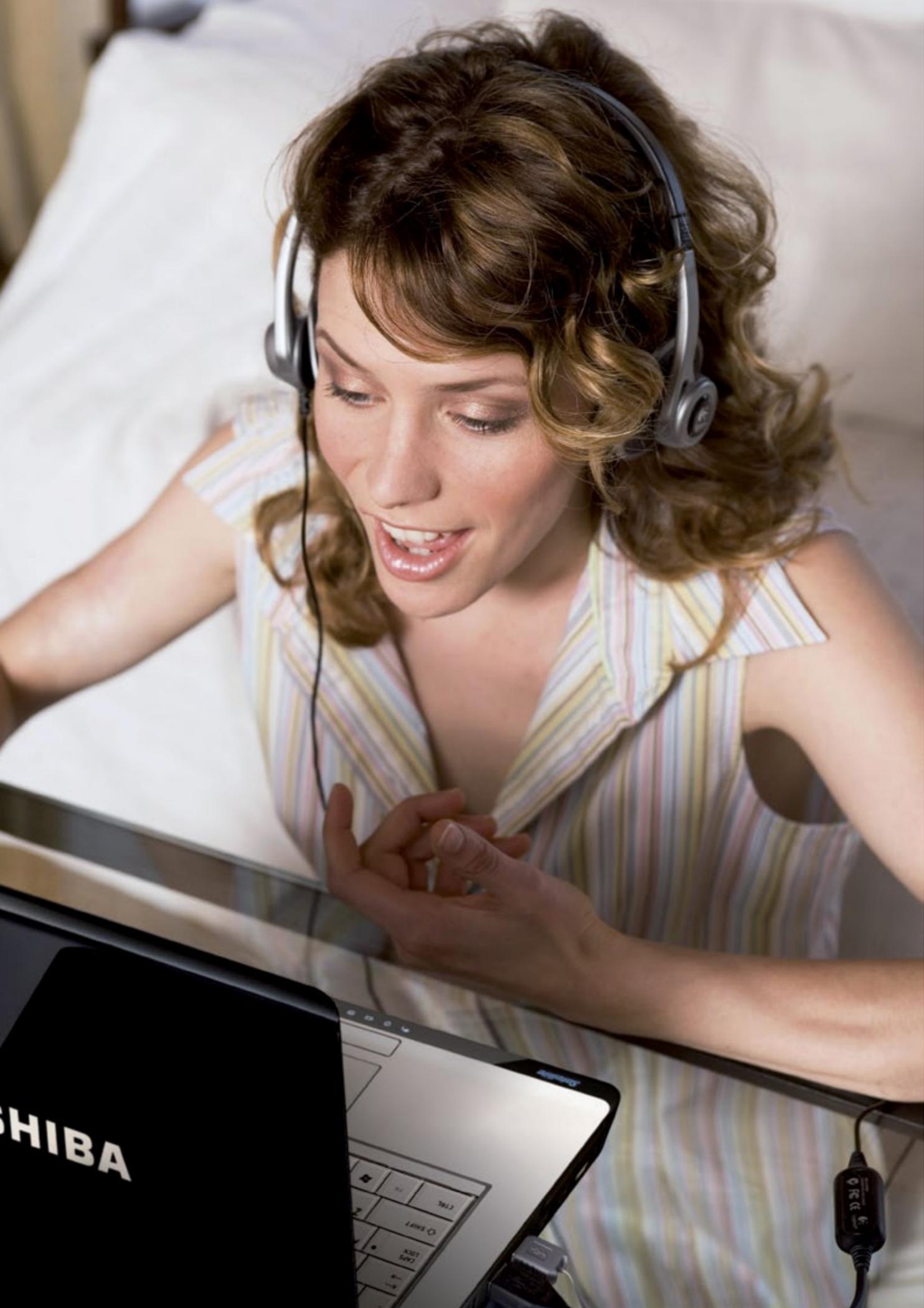
Following the re-launch of handbag.com, this female lifestyle publisher needed to introduce the offer to a new online audience.

This is an audience with an aggressive appetite for the latest fashion, celebrity and entertainment. Their main pastimes are shopping and going out, or at least talking about it. The 'traditional' media channels and search activity proved effective at driving volumes of traffic. However, social networks were seen as a vital route for deeper engagement.

Bright Blue Day created a Facebook application which encouraged daily interaction by rating and comparing fashion items with friends. Traffic was driven back to the site through daily fashion news feeds and topical editorial links. We launched the application with a series of exclusive Facebook gifts, together with an interactive display campaign, and followed up with a handbag branded page.

The result is an extremely well engaged community within this major social network.





# toshiba store in a store

## Brand building in a tough market.

In an environment where the electrical retailing sector was down 30% year on year, Toshiba understood the value of sharing customer insight and developing partnerships with key retailers, in order to create more customer value.

Shoppers are continually bombarded with speeds and feeds and an unfathomable range of products, yet don't have the sales support they need. Comet identified the customer need and adopted a specialist retail model and became an ideal partner for Toshiba.

Working with Toshiba and Comet we created 'stores within stores' where we were able to present Toshiba products in a branded environment, in a clear and user friendly fashion. Knowledge is transferred to instore experts and supported by clear demonstration, signage and support materials so that customers can easily find solutions to their needs.

This is contributing greatly to an increase in brand engagement with Toshiba and its performance is well ahead of the market.



# loch fyne ecommerce

From Scotland to your doorstep.

Loch Fyne Oysters and Restaurants are a superb success story – producing and supplying premium quality Scottish produce ethically and profitably.

Loch Fyne used to be famous for kippers and Loch Fyne Oysters was only known by the fish buyers from the multiple retailers. As the power of the multiples grew and price became their sole focus – excuse the pun – Loch Fyne needed to think again. How could they get their fantastic product to the end consumer?

Along came the internet and Bright Blue Day. We helped them create a brand and built them a gorgeous ecommerce site to entice customers and a simple content management system to allow them to manage their business and deliver high quality, Scottish produce straight to the door.

And then came Loch Fyne Restaurants and the word spread and more restaurants opened and today there are 47 and counting! Once again we helped them maximise this opportunity by building them a content managed site where customers can find their local restaurant, recipes, offers and become part of the Loch Fyne community and even book a table.

From Scotland a real success story.





# furlong shopping centre creating a destination

The Furlong's challenge was to move from being known as a tired country shopping precinct to a stylish destination. Alongside Waitrose, brands such as Phase Eight, Caffe Nero, Crew and Hobbs opened up, but it was a hidden secret.

Bright Blue Day established a stunning new identity and a practical, cost-effective communications plan for The Furlong, which appeared as signage, press ads in society magazines, a website and targeted CRM activity, all integrated with the Centre's PR activity.

Footfall and loyal custom has increased year on year and continues to climb, as those in the know grow and bring their friends.



# looking into the future of retailing

Bournemouth University is the UK's number one new university\*, its School of Services Management has the largest number of retail management students in the UK, and its degree course is widely regarded as the best in the country.

Here they are training the retailers of tomorrow with the considered thought creation that will provide fresh insights to guide new shopper experiences.

The School of Services Management team are at the forefront of global retail thinking and we're delighted to be working in partnership with Jeff Bray and his team.

Jeff has written a topical and illuminating white paper for us and we would be delighted to offer you a FREE copy:

[How relevant are Ethical Retail Positionings in a recession?](#)

"Consumer spending is one of the key drivers of a country's economic path, and in the current economic downturn consumer spending both influences and is influenced by the direction of the economy. Those experiencing unemployment or a real fall in income necessarily purchase differently, and even those that remain prosperous have changed their shopping patterns in light of the resultant economic 'feel bad factor'. It cannot simply be said however that consumers are purchasing less: the picture is more complex...."

For the full white paper please visit [www.brightblueday.co.uk/retail](http://www.brightblueday.co.uk/retail)



Jeff Bray, BA (Hons), MBA, PG Cert  
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Membership of Professional  
Organisations/External Bodies  
Member, European Association  
for Education and Research in  
Commercial Distribution

Area(s) of Interest

The role of Ethics in Consumer  
Decision Making, International  
Retailing, Retail Pricing





# key profiles



Dan Vivian – Managing Director

- Over 20 years' above the line and integrated experience. A passion for retail, particularly grocers, as well as all things brand. What he doesn't know about the first moment of truth isn't worth knowing.



Richard Calvert – Planning Director

- Brain the size of a planet but feet firmly on the ground with retail experience including Oddbins, Boots and Waterstone's. Deep experience in CRM and communication effectiveness.



Quentin Ellis – Bright Blue Day Digital Managing Director

- Probably the most prolific online shopper in the world, Q has now turned his consumer knowledge to practical use by helping others sell their wares across the web.



Andrew Seth – Non-Executive Director

- Been there, done it, got the T-shirt. Former Chairman of Lever Bros, Chairman of Added Value, co-author of Supermarket Wars: The Future of Global Food Retailing, and all-round retail guru.

for more information on how  
Bright Blue Day delivers real results,  
contact Dan Vivian on 01202 669090  
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