THE RETAIL THINK TANK QUARTERLY WHITEPAPER
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How to deliver growth in this retail environment

It's easy to see just how difficult today's trading conditions are for retailers in the UK. A myriad of external influences are not only combining, but also increasing their impact on retailers' operations. However, today's business environment demands constant growth. At the latest quarterly KPMG/Ipsos Retail Think Tank (RTT) meeting, members discussed just what it takes to deliver growth in this challenging market – and moving forward whether this is even how we should be measuring success?

Where we are

With the seemingly unstoppable expansion of the digital world, retailing has become considerably more competitive and complex. With this comes a new set of challenges, as Dr Tim Denison, Director of Retail Intelligence, Ipsos Retail Performance, explains: *"As the retail market in the UK has toughened, complexity has become an enemy of growth. It leads to higher costs, less focus on business essentials, employee lethargy and slows down the ability to respond to market conditions. Complexity risks building extra layers of organisation to a business, making the customer more remote and removed from where the decisions are taken."*

Political and economic uncertainty have both colluded to plague the retail sector over the past three years, with events such as the EU Referendum result and international trade wars putting retailers in a very difficult and constricted position for strategic planning.

The consumer has also evolved considerably in recent years, with their expectations shaped by a race to the bottom in terms of prices and increased convenience. Services such as next day home delivery and free click and collect have proved incredibly popular to the point of becoming 'the norm'.

In a retail market where the power is in the hands of the consumer, and competition to attract customers to high street stores is fierce, delivering growth can feel like an insurmountable challenge.

Back to basics

Retailers are constantly looking for 'the edge' on their competitors, but in such an unpredictable economic and political environment, too much focus on 'the next technology' or building complex systems to drive efficiency and service levels can backfire. Instead, they need to keep their eyes on the prize – which should always be delighting customers.

In the coming years, a 'back to basics' approach is key to delivering a winning formula for retailers that place sales growth at the centre of their strategy. Knowing who your customers are and selling them products they want may sound obvious, but many retailers have strayed from these principles in a scramble to protect market share or jump on the latest technological 'fad'.

Maureen Hinton, Global Retail Research Director, Global Data, adds: *"With overcapacity in the retail sector and consumers holding back on retail spending, it is even more vital than ever that retailers have products that people desire, at prices they are willing to pay. Having unique, desirable products creates demand, reduces the competitive pressure and the reliance on price to attract sales."*

Putting the customer first, and at the centre of every decision that could impact them, requires retailers to know exactly what today's consumer wants and values. Product value, convenience and experience are the hallmarks of current day success that retailers delivering growth share and consistently provide for their customers.

Experience, convenience and value

Experience - The digital world is now so embedded in every aspect of every day life, it's no surprise that consumers have started to crave real-life experiences that don't involve staring at a smartphone or tablet screen. Retailers that can offer a form of escapism and in-store experience above and beyond their competitors will be the ones that connect with customers, get them off the sofa and keep the sales coming in.

Convenience - Many consumers don't find online shopping the most enjoyable or exciting experience, but what it does offer is the convenience to shop when and where they want. This convenience has proved addictive, and services such as reliable home delivery and click and collect are now expected rather than appreciated. Retailers must acknowledge that any sort of growth plan that places customers at the centre is going to have to appease the desire for convenient purchasing and delivery solutions.

Value - Undoubtedly there has been a race to the bottom in terms of product prices, and consumers have become hooked on a diet of near constant discounting and promotions. Retailers must know who their customers are and sell them products they want, but at the right price. The rise of the discounters has put monumental pressure on the retail market to keep prices as low as possible, and many retailers have sacrificed margins in order to keep-up demand as consumers expect rock-bottom prices on everything from groceries to shoes, and furniture to phones.

However, this perpetual drive by retailers to lower prices and increase volumes can only go so far, and carry on for so long. Martin Hayward, Hayward Strategy and Futures, comments: "*Against this environment, retailers are finding the going pretty tough. Retail success has always been measured as growth – selling more stuff to more people. Over the last two decades however, the get out of jail card has been that there have consistently been a lot more people primarily due to relaxed immigration controls (ONS: +8 million) so top-line growth has always been achievable. Looking forwards, even this will not be enough*."

It's clear this ever-lowering of prices will one day have to stop, and retailers are going to have to seek out new ways of persuading consumers to pick their products and shop in their stores.

We are already seeing consumers, especially younger ones, starting to change their mindset with regards to what they expect from big businesses. As this generation of shoppers grows older, and their spending power increases, values as opposed to value will likely begin to take prominence in the boardroom.

A focus on a retailer's 'purpose'

Whilst a 'back to basics' approach would be key in delivering sales growth in the short term, retailer's boardrooms may have to re-assess their goals and targets as they play catch-up with the UK consumer, who is shifting in mindset to expect big businesses to act ethically.

James Sawley, Head of Retail and Leisure at HSBC UK, explains: *"One tangible thing each person can do to make a genuine difference is to change their own behaviours. Consumers are increasingly making purchasing decisions based on values and principles, choosing to spend their money with purpose driven organisations that set out to change the world for the better. It's clear that a greater emphasis has been placed on social impact."*

A focus on a retailer's 'purpose' may even define success in the longer term, with consumers placing greater emphasis on the social impact a business has – specifically for retailers this could include the ethical sourcing of goods and materials, and the environmental impact of their business' operation.

Prices will at some point reach their absolute bottom, and if volumes don't substantially increase, retailers will need to be able to convince customers to spend more money than they need to on items such as clothes and food. 'Added-value' could come in the form of locally sourcing goods, ethical supply chains or sustainable packaging – communicating this message to consumers though will be vital if they are to be convinced to spend more money. Going forward, future growth will be as much about delivering values as value.

Conclusion

Conditions for UK retailers may have never been tougher - competition is rife, customer expectations are constantly evolving, there is uncertainty in the political and economic future, and discounting is borderline contagious. However, there are success stories on the high street and those retailers that focus and build their businesses on the basic fundamentals of delivering product customers want, should be able to cut through the noise and deliver growth.

This will in the short-term involve investing and focusing on value, convenience and providing exciting, experiential in-store shopping. However, longer term, retailers will have to stay relevant and in-tune with the consumer, as the RTT expects purpose and social impact to be a hugely defining factor in where people spend their money.

The greatest challenge of all will be to re-wire the consumer's psyche. Retailers are far from blame free in making shoppers fixated on low prices. This has formed the competitive battleground of the last decade. Quality and values now play second fiddle and government, retailers and trade bodies need to collaborate together to re-educate the consumer about the consequences of buying based on lowest price.

Part II: In detail – individual views of the KPMG/Ipsos Retail Performance Think Tank members

Dr Tim Denison, Director of Retail Intelligence – Ipsos Retail Performance

Retailing has become considerably more complex with the emergence of the digital world, bringing new opportunities through new channels to market and new communication means to customers. But as the retail market in the UK has toughened, complexity has become an enemy of growth. It leads to higher costs, less focus on business essentials, employee lethargy and slows down the ability to respond to market conditions. In my view, many retailers have become guilty of trying to boil the ocean to meet these challenges and consequently have left business growth in their wake.

As a marketer, I believe fundamentally that putting the customer first is the bedrock of retail success and growth. As Mahatma Gandhi correctly pointed out: “He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it.” Complexity risks building extra layers of organisation to a business, making the customer more remote and removed from where decisions are taken.

Consequently, I am heartened to hear about an initiative being taken by one of our most famous, but beleaguered retailers, Marks & Spencer. It is something that has always been a business fundamental within Richer Sounds among others: empowering store managers with greater autonomy to run their stores and making them accountable for being the ear of the customer’s voice in return. It may not be coincidental that M&S has announced recently that Richer Sounds is going to become a concession partner in its stores.

Delivering growth is as much about excellence in operational execution as it is about having a strong strategy. Putting more responsibility at the front line of the business, at its daily interface with customers, strikes me as a bold, but winning step to achieving closer customer centricity and a means of fostering growth in sales. Store managers will, of course, need to be given the tools and have the skill sets to do the job effectively. And as long as the communication channel between store manager and head office is an open super highway and not on analogue dial-up, this approach will help the business become more agile and its products and communications remain relevant to its customers and their changing preferences over time. This is, after all, something that one of M&S’s competitors in fashionwear, Zara, is famous for, and, no doubt, one of the reasons behind its 5% increase in like-for-like sales and profits announced last month.

Paul Martin, UK Head of Retail

The UK retail sector continues to face a variety of key challenges. Growth has been hard to come by recently. Indeed, according to the BRC-KPMG Retail Sales Monitor, sales have been negative at -0.4% on average over the last 3 months. It is important to note though, that contrary to all the bad news we have been exposed to over the past few years, the sector is actually still growing – albeit at a much slower rate of 0.4% (12 month average for Aug 18-19).

There remain a large number of businesses that are successfully delivering growth in this environment, and these are often characterised by one or more of the following three key criteria: Value, Convenience and Experience.

Delivering the lowest price and perceived great value for money remains a winning formula. Retailers that have firmly built their business and operating models around this principle continue to win in both the UK and indeed in international markets. What's more, the continued growth rates of the food discounters and their increasing market share to approx. 15% further reinforces this. My prediction is that this will continue and reach 25% share by 2025.

Delivering Convenience continues to rank highly with Shoppers. This can be in the form of physical proximity retailing or online. Online penetration is now close to 20% in the UK and according to our forecasts will increase to 35% by 2025. Well executed online propositions are providing time-poor shoppers with the convenience they have now come to expect. There is more to be done in this space though, especially in connecting the physical and digital shopping worlds. Well executed click and collect models for example, could increase footfall and basket sizes, whilst decreasing the cost of home deliveries.

Experience also represents a key purchase driver, although it is important to define what we mean by experience exactly. Retail theatre and entertainment – especially in the premium and luxury categories – continues to deliver growth, albeit too many businesses are jumping onto this bandwagon and are not delivering that "wow" factor, with the "experience" often backfiring as a result. For other businesses, focussing on the basics of a good experience should be more important, such as accurate pricing, stock availability and service levels.

Research has shown us that a large majority of consumers have historically based their purchase decisions off the back of these 3 key criteria. Therefore it is unsurprising that those retailers who have focussed on one or more of these criteria continue to deliver growth, and those that are distinctly average in all 3 are often not winning in this retail environment.

We have also noticed though, that alongside value, convenience and experience, increasingly Choice, Privacy and Purpose are going to define the winners of the 2020's.

Martin Hayward, Founder – Hayward Strategy and Futures

It's a very confusing time to be a consumer. Ever since the post war depression ended, there has been a simple logic to consumer life – earn more money so you can buy more and nicer stuff.

More recently, this simple equation is being challenged on many fronts. It is now being suggested to the consumer, quite forcefully, that actually they've got too much stuff and need to consume less of nearly everything.

• Sugar tax to encourage less fizzy beverage consumption
• Encouragement to sell the car and use public transport/ cycle
• A vociferous and sometimes sinister lobby advocating eating less meat
• Encouragement to fly less to reduce emissions (unless you're a crusading celebrity)
• A growing scrutiny of fast fashion and its wastefulness and contribution to landfill
• Pressure from local authorities to reduce household waste

• Gambling ads tell us to gamble less
• Alcohol ads tell us to drink less
• Etc…

Against this environment, retailers are finding the going pretty tough. Retail success has always been measured as growth – selling more stuff to more people. Over the last two decades however, the get out of jail card has been that there have consistently been a lot more people primarily due to relaxed immigration controls (ONS: +8 million) so top-line growth has always been achievable. Looking forwards, even this will not be enough.

So what's the answer? Overall, we need to understand that growth will have to come from value not volume.

This will be a major challenge because despite the pressure on consumers to consume less and to consume more ethically and environmentally sensitively, they have also been coached from all sides to expect to spend less. The supermarket wars, discounters and on-line non-tax paying competitors have all stripped value out of the market. Few retailers have invested enough in the importance of paying more for quality, longevity, ethics or provenance, and it will be an uphill task to reverse this expectation.

Secondly, it is crucial that added value is sought from adding service to the product. Restaurants add huge value to basic food by adding service (£10+ for a slice of cheese on toast from Pizza Express). How can this be replicated in other sectors? It regrettable that the popular and in-demand service extra in food retail that could have been a saviour, home delivery, has managed to extract rather than add value by being under-priced.

Thirdly, the retail sector needs to reset its relationship with the city and sources of funding. A continuing focus on quarterly like for likes at the expense of margin will end in tears. Expect to see more private funding and smaller retailers succeeding against the big-quoted stocks.

Maureen Hinton, GlobalData

Non-food retailers are facing the biggest challenges in retail because of overcapacity, together with changing consumer attitudes to spending. Despite the structural changes the main retail fundamentals still apply – they just need adapting to the changing retail environment.

1. Have products consumers want to buy at a price they are willing to pay.
With overcapacity in the retail sector and consumers holding back on retail spending it is even more vital than ever that retailers have products that people desire, at prices they are willing to pay. Having unique, desirable products creates demand, reduces the competitive pressure and the reliance on price to attract sales. It also provides the opportunity to become a global brand.

2. Know your customer – anticipate their wants and needs
In order to deliver a desirable product and proposition, businesses must not only know what their customers want, but be able to anticipate what they will want in the future. This means having a complete understanding of consumer trends as well as of their own customers. Customer data is easy to acquire but needs to be analysed and used effectively to tailor a winning proposition and build loyalty.

3. Make it easy to buy, backed by great service
Selling online is the easiest way to achieve maximum reach, but customers expect convenience, good service and fast delivery. Having a flexible, fast and efficient supply chain and logistics makes it viable to maximise the potential of best sellers and limit mark downs. Yet stores still

have a place; located in the right place they are an asset for brand building, they integrate with the online business offering pre-online browsing and click & collect, and offer the means to gain an understanding of the complete customer journey.

4. Innovate and experiment
Businesses cannot afford to stand still; they should always be looking ahead and trying new ideas, products and services. Consumers expect newness to retain their interest and loyalty. Retail brands are facing much shorter shelf lives than in the past, so must always be considering the next steps. Creating lifestyle brands gives a retailer the opportunity to expand into a wide range of products and services for instance.

5. Communicate
Having a positive communication strategy with customers via digital media allows retailers to deliver their brand message and build a relationship with customers, but also provides invaluable information on customers' lifestyles that can help shape future strategies. Corporate social responsibility is a high priority, especially around sustainability and ethics, and it is essential these values are communicated effectively.

6. Get the right team in place
The most important element is having the right team in place, directed by an inspirational leader with a clear strategy. To deliver unique, desirable products, offer great service, fast efficient delivery, constant newness; to understand the customer, anticipate demand and innovate needs specific expertise and a cohesive team. And with all these in place then the company needs to consider how it also makes sales turn into profit.

Martin Newman, The Customer Experience Champion

Despite the Brexit related dip in consumer confidence, too many retailers leave cash on the table. Just this week I was trying to buy bottles of wine as a gift for a number of people who contributed to an event I ran recently. One site had no gift boxes nor the ability to add a gift message. The other only allowed for 140 characters in the message! Deeply frustrating as I was unable to write what I wanted to in the thank you note.

I therefore clicked elsewhere. These two sites both lost £600 of potential sales from one customer. They were two household-name brands.

This is indicative of the fact that too few retailers walk through the customer journey to understand where the barriers to purchase might be. This should be a daily action.

How many retailers talk to their front-line staff and provide them with the ability to give recommendations for improvements to range, service, experience and promotions? There are often game-changing ideas that can lie within the most important people in the organisation, those who engage directly with customers. Yet, hardly any retailer of any note gives their frontline staff a voice.

Instore visual and product merchandising often offer opportunities for low-hanging fruit. Too few retailers call out 'bestsellers,' 'new in,' 'Don't see your size? We can order instore for you,' or 'top deal of the day.' These are calls to action and always act as a driver of sales. Also, too few retailers seem to understand the advantages of merchandising related products together the way a website does.

We have been talking about personalisation for two decades and yet today, virtually no retailer has a fully personalised customer experience. This need not require millions of pounds of investment in technology. There are cheap and cheerful ways of ensuring top customers receive more personal communications and service. I recently received an email targeted directly at me, with personal product recommendations, by an instore sales person who had served me previously in the menswear retailer John Varvatos.

Buy now, pay later solutions provide the younger millennial and gen Z consumer with the ability to afford to buy something when they want it rather than having to wait for pay day. Also, they are able to pay up with no additional charges as the fee is picked up by the retailer rather than the consumer. These solutions can be implemented quickly and are a significant driver of sales, conversion and average order values.

Retailers would also do well to consider how they meet the needs of other important customer segments who are currently under-served by poor experiences. This includes customers who suffer from sight loss and blindness of which there are an estimated 1.93 million people with sight loss and blindness in the UK as a whole.

Finally, and possibly most importantly, retailers need to be crystal clear on their purpose. Those who do can expect an engaged workforce who in turn will deliver service levels that will really help to drive customer lifetime value and sales performance.

Mike Watkins, Head of Retailer and Business Insight – Nielsen UK

Consumer behaviour is changing and considerations such as shopper sentiment, trust and sustainability are already shaping the Boardroom agenda.

However with low economic and retail growth likely to be with us for the near future, it’s imperative that retailers embrace the advancements in technology that not only reduce operating costs but will drive incremental sales growth for the next 5 years.

Firstly, every retailer probably needs to become a platform business. This is more than just being Omni channel in outlook; it’s a cultural change. The expectations and lifestyles of Gen Z, the newest cohort to be economically active, as well as many millennials are reshaping retailing. Their ways of shopping are very different as they think digital first. They are brand disloyal, shop little and often, with values, desires, preferences and habits which cannot be captured in store.

Secondly and building on this foundation, growth can only come if retailers reward existing customers who they know rather than chase new ones that they don’t. Scale and reach may have driven a connection with shoppers in the past but customers are fragmenting fast. They are also looking for a value exchange in return for their data as part of a spending commitment. This means making the shopping experience innovative, frictionless (everything from store layout, merchandising and range to customer service, payment and returns) and highly personalised.

Thirdly, retailers need to give shoppers an emotional reason for choosing them – be this reputational or aspirational. Low prices are expected and value for money is the new table stake. So the way to grow sales faster than competitors is not just to appeal to shoppers ‘self-interest (for example fashion value retailing) but also to their world views (such as natural, organic, fair trade or local) and target any deep seated sense of altruism.

Global trends such as health and wellbeing and the desire for indulgences will still continue to influence spend in a low growth environment but one of the learnings from the financial crises 10 years ago, is that whilst shoppers will look to economise they will not compromise. All of which brings us full circle and the need to run businesses in the interests of the wider stakeholders. Shoppers increasingly want to feel good about who they spend money with, which redefines retailer profitability and creates a virtuous growth model for the future.

Nick Bubb, Retail Consultant

Growth may be hard to find in many of the legacy High Street retailers, but there are still plenty of examples of businesses doing well, even in the current uncertain environment.

The shape of Non-Food retailing is changing quickly, as Online retailers increase their share of the market and that is making life very difficult for legacy businesses with large and cumbersome High Street store portfolios. The collapse of many of those retailers, particularly in the department store and mid-market clothing sectors, has captured plenty of headlines over the last couple of years, yet their death throes and their CVA's have combined to bring downward pressure on store rents, to the eventual benefit of other retailers.

Retailers can ride the structural wave of Online sales growth and there are plenty of pure-play businesses doing just that. Store based retailers have plenty of alternative ways to grow, however, Primark is doing very well, with no Online presence to speak of, by focusing on presenting well-merchandised and attractive stores to the consumer. Primark also happens to a very cheap place to shop, but its widespread appeal isn't just down to low prices.

Non-food discounters like B&M, Home Bargains and The Range are also doing well, effectively replacing the old variety stores like Woolworths, but they have also been shrewd in exploiting the growth in retail park locations and the downsizing of DIY chains like Homebase and B&Q (by opening their own DIY and gardening departments).

Retail park locations have not been a licence to print money, as the demise of the Toys R Us chain shows, but their rival Smyths Toys has been doing well, whilst, in the High Street, The Entertainer chain is prospering by bringing enthusiasm and focus to the business of selling toys (even without opening on Sundays). And although the brutal cost-cutting in its High Street shops attracts criticism, WH Smith must be admired for the way it has moved much of its business into "travel locations", to move where consumers now want to do their shopping, including railway stations and hospitals as well as airports.

Discounters and specialists are still doing well in Non-Food retailing, but there is also growth at the premium end, with the success of JD Sports showing that the sports fashion market doesn't have to be "pile it high and sell it cheap" and that excellent merchandising, strong brand relationships and social media skills can work wonders.

As for Food Retailing, the same themes of discounting focus, range development and convenient locations explain the success of Aldi and Lidl, as well as the growth of Greggs.

James Sawley, Head of Retail & Leisure, HSBC

Experiences are taking the lions share of consumer spending growth which, coupled with weak confidence and no population growth, means the size of the retail market in value terms is stubbornly flat. The only way therefore to grow in this environment is, to borrow a technical banking term, to eat someone else's lunch. Here's 5 ways we see our clients winning market share:

Exclusivity – JD Sports is a great example of a retailer who pride themselves on being the king of trainers, securing exclusive rights to sell the best and newest trainers from big brands like Nike. They do this by investing in store experience, staff education and highly targeted social and experiential marketing to create buzz, value for the brands and customer loyalty.

Value – a spade is a spade, or so they say. Why pay £10 for a spade when the same spade is £8 down the road. Selling some things, to some people, is all about price. Organise your whole business model – supply chain, property, distribution infrastructure, buying, merchandising, marketing, head office – around the premise of being the cheapest and you will win market share from mr £10 spade. Often mr £10 spade is suffering from a bloated operating model and high fixed costs, making him ripe for value disruption. But remember, you still need to make a profit, which is no mean feat. Only few have managed to successfully undercut the supermarkets, with their enormous scale and buying power. The secret source is a combination of art and science.

Convenience – I don't think anyone actually enjoys shopping online. It's not exactly fun is it? So why are so many doing it? Because it's convenient! You can by a new dress for the weekend while sat on the bus to work and it arrives at your house the next day, lovely. Winning market share here is about 2 key things – personalisation and delivery. The internet is convenient, but it's also huge! Enter 't-shirt' into amazon and you be presented with >100,000 options! Those winning share online will be investing in data science so each page you see online is tailored to you enabling you to even more 'conveniently' find the perfect thing you are looking for. Delivery is the other battle ground, you need options, speed and you need to keep your promises.

Experience – We check our phones over 200 times a day. Terrifying. The deeper we go into the digital world the more we crave real life physical and emotional experience, it's in our blood and in our bones. The retailers stimulating customers senses, those entertaining customers, making them laugh, cry, or launching them into a different world, a world where they can leave their phones and reality behind them (at least for a little while), those are the retailers who will be winning market share from the bland and the boring.

Purpose – Consumers are increasingly making purchasing decisions based on ethics, choosing to spend their money with purpose driven organisations who set out to change the world for the better, rather than making a quick buck. I think we all agree that the world needs to change and one real, tangible thing each person can do to make a genuine difference is to change their own behaviours. The Sawley family is now plastic free in our bathrooms thanks to soap (not exactly new), shampoo bars from Lush and refillable shower gel from Bulldog. Retailers winning here are talking more about their purpose than their products. Do the right thing and success, financial or otherwise, will be merely a convenient byproduct.

Jonathan De Mello, Head of Retail Consultancy – Harper Dennis Hobbs

In the current climate it is difficult for the established industry players to see clear routes to generating growth. Retailers are experiencing rising staffing costs, import costs from the falling pound and business rates rises, which are squeezing margins. It is also putting pressure on landlords to lower rents, which has caused damage to the likes of intu and Hammerson unseen since the 2008 financial crisis. All this is in the wider context of online pure plays gaining market share in their respective sectors, whilst benefitting from significantly lower costs.

The first step for traditional retailers should be to re-evaluate the store locations they need to be in. Stores in locations that dominate a wide catchment usually have a significant impact on the strength of online and, where relevant, wholesale partner sales in the area. Retailers without a presence in the top centres in the UK should strongly consider the potential growth across their wider retail ecosystem that a store in a high footfall location can bring. For many retailers, sales made through stores can be as profitable as those made through their websites, after factoring in the costs of fulfilling orders, processing returns, maintaining warehouses and marketing, so there should be a focus on driving sales through physical stores, in addition to driving e-commerce growth.

Long-term unprofitable stores in secondary and tertiary centres – where the 'halo effect' on other channels is limited – should be culled, and for all other stores, retailers should cut costs by renegotiating rents where possible. Retailers with legacy portfolios should consider corporate restructuring via CVA if warranted, as this may be the best way to remove underperforming stores, grow the profitability of the physical store portfolio and enable future store expansion plans.

Understandably frustrating to landlords, the recent spate of CVAs represents retailers adapting their store networks to the new trading environment, where online sales can represent a substantial proportion of total income. Old store portfolios are often too widespread, and the rents paid are too high compared with new deals secured in the same locations. This is in the context of a property market that has favoured landlords for a long time – with upwards-only rent reviews and long-term leases commonplace. Landlords should be looking at other ways that they can make their retail centres more affordable for retailers, to reduce the need for stores to seek rent reductions. NewRiver REIT for example have been particularly active in reducing service charge expenses for their tenants by cutting less necessary services, and monitoring and improving energy efficiency.

Members of the RTT are:

- Nick Bubb – Retail Consultant
- Tim Denison – Ipsos Retail Performance
- Jonathan De Mello – Harper Dennis Hobbs
- Martin Hayward – Hayward Strategy and Futures
- Maureen Hinton – GlobalData Plc
- James Knightley – ING
- Paul Martin – KPMG
- Martin Newman – The Customer Experience Champion
- James Sawley – HSBC
- Mike Watkins – Nielsen UK

Notes to editors:
The RTT was founded by KPMG and Ipsos Retail Performance (formerly Synovate) in February 2006. It now meets quarterly to provide authoritative 'thought leadership' on matters affecting the retail industry. All outputs are consensual and arrived at by simple majority vote and moderated discussion. Quotes are individually credited. The Retail Think Tank has been created because it is widely accepted that there are so many mixed messages from different data sources that it is difficult to establish with any certainty the true health and status of the sector. The aim of the RTT

is to provide the authoritative, credible and most trusted window on what is really happening in retail and to develop thought leadership on the key areas influencing the future of retailing in the UK. Its executive members have been rigorously selected from non-aligned disciplines to highlight issues, propose solutions, learn from the past, signpost the road ahead and put retail into its rightful context within the British social/economic matrix.

For media enquiries please contact:

• Simon Wilson, KPMG Corporate Communications Tel: 0207 311 6651 Email: simon.wilson@kpmg.co.uk
• Max Bevis, Tank PR Tel: +44 (0)1159 589 840 Email: max@tankpr.co.uk