

In Brief:

Retail Sales Fall:

February non-food retail sales fell by 1.9%. This fall was more than expected; clothing and footwear sales declined by 3.7% making it one of the worst-hit sectors.

March Blooming:

March, however, finally gave some good news to fashion retailers. For the first time in 10 months fashion sales grew thanks to heavy discounts and sunny weather.

Retail Resurrection?:

Well, no, actually. Footfall over the Easter weekend was rather disappointing. Generally it was down 5.5% on last year's figures, according to analyst Experian. Like-for-like sales for the week ending April 12th (Easter Sunday) was up 10.5% but given the bank holiday weekend that's not as hopeful as it could be.

Looking Ahead:

Retailers and restauranteurs will now be looking forward to May's two bank holiday weekends. Weather-willing the two weekends may give a much needed boost as shoppers hit the high streets looking for a bit of sun and that summer holiday vibe.

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Vouching for your Marketing

In a tough trading climate many restaurants are turning to promotional offers and vouchers to get customers sat at their tables.

The success, or otherwise, of promotional vouchers is relatively easy to measure: count how many come back through the tills. What is more difficult to quantify is the actual experience of consumers.

Are the vouchers easy to use and easy to find? Are staff prepared for them and do they know the details? With an already heavily discounted sale up-selling is even more important, but is it happening?

One way of measuring these things is to combine standard mystery dining in a restaurant with the use of a voucher. Diners are asked to get one from the company's website and then use it in a nearby venue. In that way they provide company marketers with an understanding



Reasons to be fearful. 1, 2, 3...

of how efficient the vouchers are, from a customer's perspective, while Operations Directors would receive valuable information about individual branches.

To use mystery dining to measure the efficacy of marketing as well as service standards of a specific location would change its operations.

Rather than long-term programmes of mystery diners, there would be short intensive ones that fit in with monthly

deals. Reports would be turned around quickly so that staff can be trained about ongoing promotions; aspects of those promotions could even be changed in response to mystery diners' reports.

As restaurants use these promotional vouchers more and more, a shop-floor understanding of how they work will provide crucial information for both marketing and operations directors when designing future promotions.

Welcome to our newsletter. We hope you'll continue to find it an informative and interesting guide to the issues surrounding performance management and customer service in the retail and leisure sector.

We are very interested in hearing back from you. So, if you have any feedback about our newsletter or suggestions of subjects you would like us to address please email us at customerinsight@insightretail.com.

Our aim remains to re-focus attention upon what we all know to be the most important element for retail success: delivering excellent customer service.

Restaurants Serve-up Robust January



The Peach Business Tracker, which is run in conjunction with UBS and KPMG, aims to monitor sale trends among leading groups in the eating and drinking out sector. The Tracker has just released its first report giving us a pic-

ture of sales in January 2009.

Generally the news was good. Sales fell by only 12.5% compared to December and like-for-like was up 5.6% from January 2008. This has largely been put down to heavy discounting by pub and restaurant chains and

the extended New Year's holiday.

Peter Martin, Peach Factory chief-executive and founder, said that 'people are continuing to go out, and the major players are working hard to maintain that.'

Commenting on the report Richard Hathaway, KPMG's head of Travel, Leisure and Tourism, added that 'the figures suggest the eating and drinking out sector is showing resilience in the downturn'.

Though he noted that 'the test will be whether January's sales bounce continues and translates to the bottom line.'

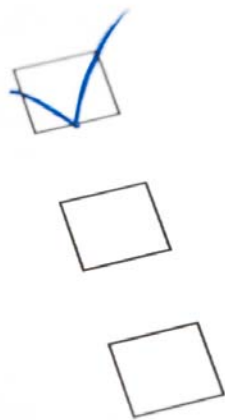
In particular he queried whether

the 'plethora of promotional activity will have helped drive sales in the sector, but could ultimately impact profitability.' Mr. Martin echoed that concern, saying 'the weight of discount offers and marketing activity now characterizing the sector were simply not in play this time last year.'

The question of promotional offers, though, cannot be seen in exclusion of other aspects. As Mr. Martin put it the figures suggest that 'the public continues to want to go out and eat and drink when the experience and offer is right, and that well-run pubs and restaurants provide a welcome respite from the gloom of the down-turn.'

Research on Customer Satisfaction across the UK

The Institute of Customer Service recently released their six-monthly Customer Satisfaction Index. The results are generally up-beat. Almost all sectors show a perceived improvement, with cen-



"A customer's lifetime value is worth far more than one special gesture."

tral Government and retail (food) showing the largest gains. The improvements, and the relatively high ratings, are consistent across the UK. Though, Scotland has slightly more satisfied customers than any other nation. Despite months of negative

news the Index shows that customers are generally satisfied with their banks and the retail sector. Indeed both have a higher rating than they received six months ago.

This is perhaps supported by *Retail Week's* exclusive research that showed that consumer's have a positive view of the retail sector. They recog-

nise its contribution to local communities, to job creation and are increasingly aware of retail companies taking their corporate social responsibility very seriously.

However 45% of shoppers feel taken for granted, which leads on to more negative perceptions of service. The magazine notes that this survey was taken in

January, after the busiest trading period of the year; a time when the shop-floor is stressful and tiring for everybody.

It is clear, though, that store teams could do a better job of making customers feel valued. This is especially important during a recession when shoppers are less inclined to spend their money anyway.

When it comes to potential sales gone awry perhaps John Sharpe, of First Direct, has the best policy 'with a budget for flowers and chocolates which staff can dip into if something's gone wrong.'

As David Parsons, Chief Executive of the ICS, says 'a customer's lifetime value is worth far more than one special gesture.'

Shops and Post-Modernity



'It's easy to find a public for eclectic works': art, kisch and shopping

It isn't often that established liberal newspaper *The Economist* gets to quote French former Marxist philosophers. But it was another unlikely combination that provided the opportunity, when *The Economist* noticed that predominately French post-modernist philosophers were unlikely sages of consumer culture.

Jean-Francois Lyotard, author of *The Post-modern Condition*, wrote that 'eclecticism is the degree zero of contemporary culture; one listens to reggae, watches a Western, eats McDonald's food for lunch and local cuisine for dinner, wears Paris perfume in Tokyo and retro clothes in Hong Kong; knowledge is a matter for TV games'. Diversity matters and customers don't wish merely to shop but to have an experience. This is especially the case in shopping centres where, increasingly, consumers go to 'make a day of it'. Shopping centres have become destinations. Recent research has suggested that shopping centre visitors

want to increase the range of options available to them. They want to visit numerous shops, take in a film, get a bite to eat or even visit an art exhibit. In particular, a large food court that provides a quality product with good service has been proven to increase the frequency of visits, the time spent

'Diversity matters and customers don't wish merely to shop but to have an experience: especially in shopping centres.'

in a centre and the average spend. For many people the shopping centre itself, as much as the shops it contains, has become the attraction. This suggests a need to focus on the service provided by the centre as much as the individual stores.

And that is how a former Marxist professor with an impenetrable style gets into a short newsletter on retail and hospitality: he may even have liked the eclecticism of it all.

New BRC Chair Appointed



Freshly appointed BRC Chair, Luke Mayhew

Director of John Lewis for five years and sat on the board of John Lewis Partnership for 13 years. Stephen Robertson, the BRC's Director General, welcomed Mayhew, saying that he 'brings a

The British Retail Consortium (BRC) has appointed Luke Mayhew to succeed current chairman, Sir Geoff Mulcahy.

Mayhew currently serves as Chairman of Pets at Home, non-executive Director of WH Smith and non-executive Director of Brambles Limited. Before that he was Managing

wide background of retail leadership together with an excellent understanding of how government and the media work.' Robertson also praised Sir Geoff Mulcahy, describing his achievement as having built 'an outstanding organisation to serve the retail sector.' Luke Mayhew will take up the post on the 1st of May 2009.

Getting Satisfaction

CFI Group has launched a National Consumer Satisfaction Index (NCSI-UK) for retailers.

The main figure is that, on a 0-100 scale, retailers scored of 74.8 points.

Leading the pack was e-commerce companies with a score of 82. They were followed by department stores on 76, petrol stations on 75, while supermarkets and electrical retailers came in last, both on 74.

NCSI-UK is based on the University of Michigan's American Customer Satisfaction Index and gathered data from nearly 6,000 consumers.

While satisfaction with petrol

stations seems largely driven by lower prices at the pump everywhere else had succeeded through a combination of value, service and overall experience. Sheri Teodoru, CEO of the CFI Group, emphasised that price isn't the sole determiner of a purchase said that 'companies that provide the most satisfying experience stand the best chance to thrive.'

This was backed up by Patrick Barwise, Emeritus Professor of Management and Marketing at London Business School's statement that 'price alone rarely wins the battle for customers.' He added 'high quality merchandise and good customer service will differentiate a retailer.'

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IRC provide a professional consulting service to the retail, leisure and hospitality sectors. Our areas of expertise include mystery shopping programmes, market and consumer research, retail and leisure property acquisitions, project management, property management, franchising & joint venture and international expansion. Insight Retail also works closely with a number of store design and shop fitting companies where competitive rates can be offered.

Customer Insight Services

Understanding the importance of excellent customer service is easy. Monitoring it across multiple outlets and channels and ensuring that a customer-focused culture is embedded at every level is considerably more difficult.

Here at IRC, we are dedicated to raising the standard of customer service throughout the retail and leisure sector.

Unlike standard mystery shopping, our Customer Insight programme does not merely monitor customer service: we want to help you actively improve the performance of your staff, further understand the expectations of your customers and ensure that your standards are being met everywhere.

Our small team work closely with our clients to provide bespoke programmes tailored to their unique needs.

If you would like more information about Customer Insight, we'd love to hear from you. Please phone us on 01179304536 or e-mail us at customer-insight@insightretail.com.

News

Hey Potato! Comes to the Circus



Hey Potato! is on its way to Cabot Circus!

The importance of eating healthily continues to rise in the selection of a venue in which to eat out, especially for parents. However, all consumers from all backgrounds are increasingly aware of issues surrounding nutrition and the relative healthiness of their diet.

With consumers looking for something healthy, versatile and above all tasty, the offering at Hey Potato! has clearly come of age.

The variety of potato meals from wedges to jackets and from mash to skins, as well as a wide range of toppings allows the consumer to choose their perfect meal, every time.

Insight Retail has helped support Hey Potato!'s expansion for a number of years, sourcing sites in towns such as Derby

and Doncaster.

Now the gourmet jacket potato caterer is set to come to Bristol with a new location in Cabot Circus.

Martin Bloom, Managing Director of Insight Retail, said that 'We are delighted to have worked with Hey Potato! once again and look forward to a successful launch of the Cabot Circus branch, which will open later this month.'

Hey Potato! commented 'Insight Retail have been instrumental, once again, in helping us achieve our expansion vision. They are a key part of our team when planning our branch development.'

Insight Retail is looking forward to working with Hey Potato! on the openings that are planned throughout the year in cities such as Cardiff, London and Birmingham.