

**Deloitte.**

Retail showcase

How we can  
help you win 



# Foreword

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In recent years the UK has seen varying economic conditions. Now, for the first time since the economic crisis, the future looks relatively positive – consumers have more disposable income in their pockets and are feeling more confident. This should be good news for retailers, but is it?

More household cash is being spent on big-ticket experiences and products such as holidays, furniture and household appliances, perhaps to the detriment of affordable treats. As a result, many food and clothing retailers are not experiencing new found prosperity, despite the rise in real incomes.

It's not easy to win in this competitive market where savvy shoppers are demanding discounts and there are fundamental structural changes taking place with the accelerated growth of online. Retailers need to take decisive actions to relieve the pressures on their top line and enhance their profitability. This will, in turn, enable them to emerge in a stronger financial position and make the right investments required for long-term value creation.

We would like to share with you our view of:

- what we believe the key forces driving change in the retail sector are,
- where we think the consumer opportunities lie,
- and our vision of what it takes to win in retail today.

I hope this resonates with you and, as always, we welcome your feedback.

**Ian Geddes**

Lead Partner, Head of UK Retail  
Deloitte LLP

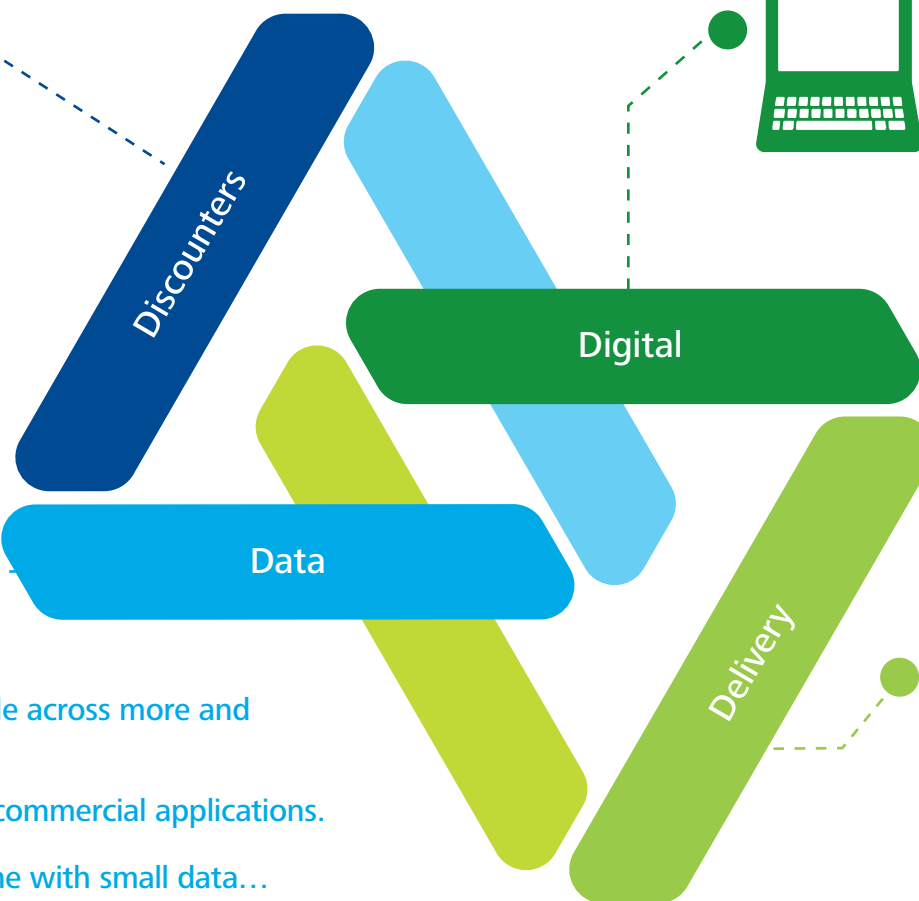
# Retail trends – four leading forces



- Discounters have exposed weaknesses within the big four grocers.
- Success is about proximity & simplicity as well as price.
- There is a structural change happening in UK food retailing.



- Analytics is playing a key role across more and more businesses.
- There is a greater focus on commercial applications.
- There is still much to be done with small data...
- ...and a larger digital perimeter to secure.



- Online continues to outperform all retail.
- Online also plays a role in 28% of all in-store purchases and by the end of 2015 will have influenced £170bn sales.
- Mobile devices' role in integrating the online and offline worlds continues to grow as it becomes a transactional device with the rise of mobile payment.
- There are opportunities to engage with consumers and build loyalty...
- ...but issues with execution remain.



- Fulfilment is now a key battleground.
- Click & collect has boomed.
- Peak demand has really challenged retailers...
- ...and new business models are emerging.



**Mobile devices'** role in integrating the online and offline worlds continues to grow as it becomes a **transactional device with the rise of mobile payment**

# Consumer trends – improving outlook





A strong job market, low food prices and falling oil prices all mean **consumers have more money in their pockets**

# Three top characteristics to win in retail

## Agile

The ability to respond rapidly to changes in the market and consumer behaviour

### Retailer responses:

- New locations
- New models
- New technologies – drive efficiency

## Personal

Consumers increasingly expect a personal experience

### Retailer responses:

- Marketing in the moment
- More customised products
- Personalised services will transform the retail experience

## Stable & Secure

In an increasingly volatile marketplace, the need to be stable and secure has never been greater

### Retailer responses:

- Ability to industrialise peak periods
- Protect consumers' data and their privacy
- Data will make or break careers and companies

It's not easy to win in this competitive market where savvy shoppers are demanding discounts and there are fundamental structural changes taking place with the accelerated growth of online



How we can help you win  
Click to explore

Where to play – making customer-led choices



Managing an efficient back office



Responding to tax challenges



Creating a seamless digital experience



People and change



Financial advisory



Releasing the power of data and analytics



Retail real estate



Audit



Operating agility



Risk and assurance



Breaking away from business as usual



# Where to play

## Making customer-led choices about where to invest for growth

To ensure profitable growth, retailers need to make better, longer-term, customer-led strategic decisions. This will support effective resource allocation and execution against priorities in an aligned and disciplined way. We help clients understand the potential then focus and sequence what they will do to drive organic growth.

### Why is this so important at the moment?

- Customers are demanding and want a retail experience that is specific to their needs.
- A competitive trading environment and the need for investment in technology and fulfilment means that resources are tighter.

### What does this mean for retailers?

- It is difficult to be “everything to all”, choices need to be made about what you will (and won’t) do to build competitiveness.
- Functional strategies and investment priorities must be aligned to ensure opportunities are realised.

## How we can help



**Customer-led strategy:** We use Growthpath®, a proprietary Monitor Deloitte methodology, designed to help an organisation more effectively go to market by identifying the most attractive customers to target with specific appropriations, messages and investment.



**Innovation strategy:** We work with Doblin, our Innovation practice, to understand the forces that are likely to shape the market and create new opportunities, to then conceive, develop and launch innovations as well as help organisations build the capabilities to become better innovators.



**International expansion strategy:** We leverage our network of global strategy practitioners to assess the feasibility and potential to win in new markets, as well as sequence the activities required for successful market entry.



**Category, marketing & channel strategy:** We use the Choice Cascade®, a proprietary Monitor Deloitte methodology, to engage senior leadership on a set of integrated “Where to Play” and “How to Win” choices to create sustainable advantage. We root this in hard data to assure validity of recommendations whilst systematically building consensus to accelerate buy-in and decision-making.

## Contact



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Further reading:  
[The growing power of consumers](#)

[Africa – A 21st century view](#)

# Case study

## Defining the customer strategy and growth priorities for the next 3-5 years for a leading UK grocery retailer



### The challenge

The burning question for management was: where should they focus investment to drive share value and growth?

With the supermarket industry in turmoil, our client was one of the star performers. Despite outperforming the market, it had a small share and was unclear where future growth would come from. Although opportunities could be seen, investment and capability constraints meant it could not do it all.



### How we helped

Our client turned to Monitor Deloitte to help define their Future Customer Strategy, leveraging our proprietary GrowthPath® methodology.

We designed and analysed bespoke primary research on 4,000 shoppers and 15,000 food diary entries to truly understand shopper types and their behaviour. After four months of intensive analysis and a series of collaborative cross-functional strategy workshops, we defined the high priority opportunities: five important customer segments and six key shopping missions.



### The result

Our recommendations enabled our client to accurately frame the 20% of the market they would focus on and understand how to develop unique propositions to unlock it. This represented £15.5bn headroom – a significant yet realistic base from which to drive growth.

Our recommendations resonated with the Management Board and were immediately integrated into the three year business plan. The Retail, Marketing and Commercial functions have focused their upcoming activities and investment on unlocking the priority customers.

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“For the first time we have a common understanding and a shared sense of purpose around where we will focus for growth, allowing us to move confidently as a united force.”

Head of Strategy

It is difficult to be “everything to all”, choices need to be made about what you will (and won’t) do to build competitiveness



# Creating a seamless digital experience

## Driving loyalty and conversion through great content and services

Consumer expectations are changing rapidly and the retail winners are those with the agility to respond and constantly innovate.

### What is driving this change in consumer behaviour?

- Deloitte research forecasts 50% of retail sales will be influenced by digital channels in 2015.
- Driven by mobile and faster connectivity, consumers are dictating when, where and how they engage with brands.
- Consumers expect a seamless and personalised experience across all digital touchpoints.

### What does this mean for retailers?

- Retailers need to consider technology investments at an unprecedented scale and pace.
- This digital disruption requires retailers to re-think their approach to engaging with consumers.
- Retailers need to capture and capitalise on the wealth of data available to generate valuable insights and provide personalised experiences.

The digital experience can be a differentiator for clients and releases the opportunity to create a single view of the customer across all channels including in-store, mobile and online.

## How we can help



**Consumer-led strategy:** We provide our clients with industry insight. We use the Deloitte omnichannel capability model to collaborate with clients and understand their current consumer proposition and help them define the capabilities required to deliver their vision.



**Solution design and implementation:** We work with clients to design end-to-end solutions and create practical programmes of work to deliver.



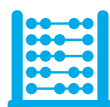
**User experience (UX) design:** Our UX team work with clients to put the user first and technology second. User experience is about designing something that will leave the user in a positive or improved state. It is the experience the end user has that will make or break the success of what you build.



**Agile delivery:** Our Agile methodology accelerates delivery through a process of incremental planning and feedback, continuously aligning the approach, requirements, solution and creative design with your business needs.



**End-to-end digital transformations:** Award winning delivery at John Lewis Partnership and industry leading delivery at Clarks, Selfridges and Tesco Bank.



**Breadth of services including Tax and Security:** We are uniquely placed to bring the breadth of skills required to tackle these complex business critical programmes.

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Further reading:  
[Navigating the new digital divide](#)

[Digital Predictions 2015](#)

[Mobile Consumer 2015: Game of phones](#)

# Case study

# Deloitte. Digital



## The challenge

John Lewis are the largest department store retailer in the UK, with 39 stores and a major online business. As part of a major transformation the client embarked on a large technology programme to replace their existing legacy eCommerce platform and take a significant step towards their goal of becoming a truly omnichannel retailer.



## How we helped

Deloitte helped John Lewis identify the core capabilities using our multichannel capability map and together with our off-shore development partner Professional Access, we were engaged to support JohnLewis.com for the next decade.

The solution combined Oracle's multichannel eCommerce platform ATG, Adobe CQ for web content management and WebPIM – a bespoke product launch tool developed by Deloitte Digital. The solution also integrated with 35 legacy applications including Adobe SiteCatalyst® for online analytics and reporting, Bazaar Voice for ratings and reviews, Rich Relevance for product recommendations and a host of other services to provide a personalised shopping experience.

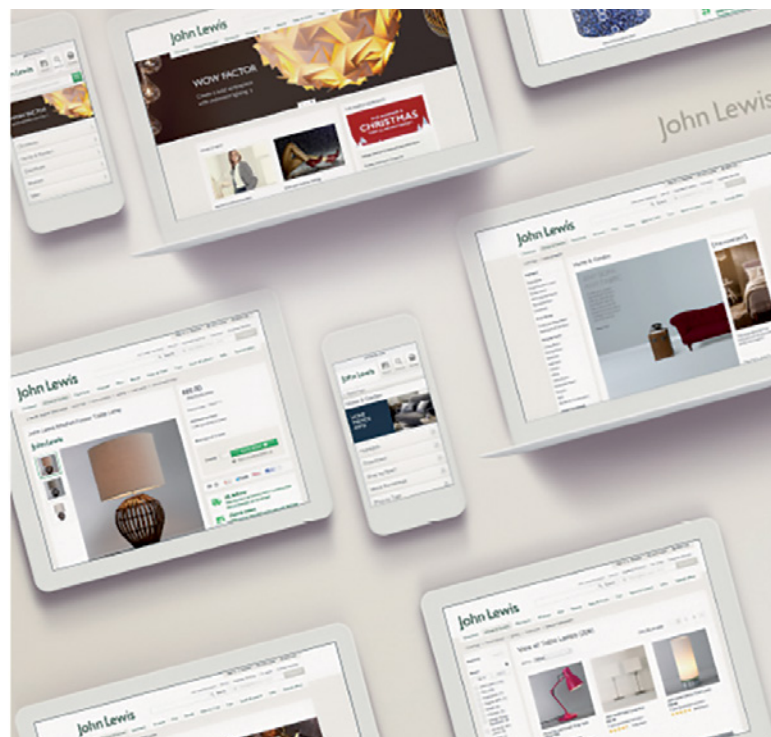


## The result

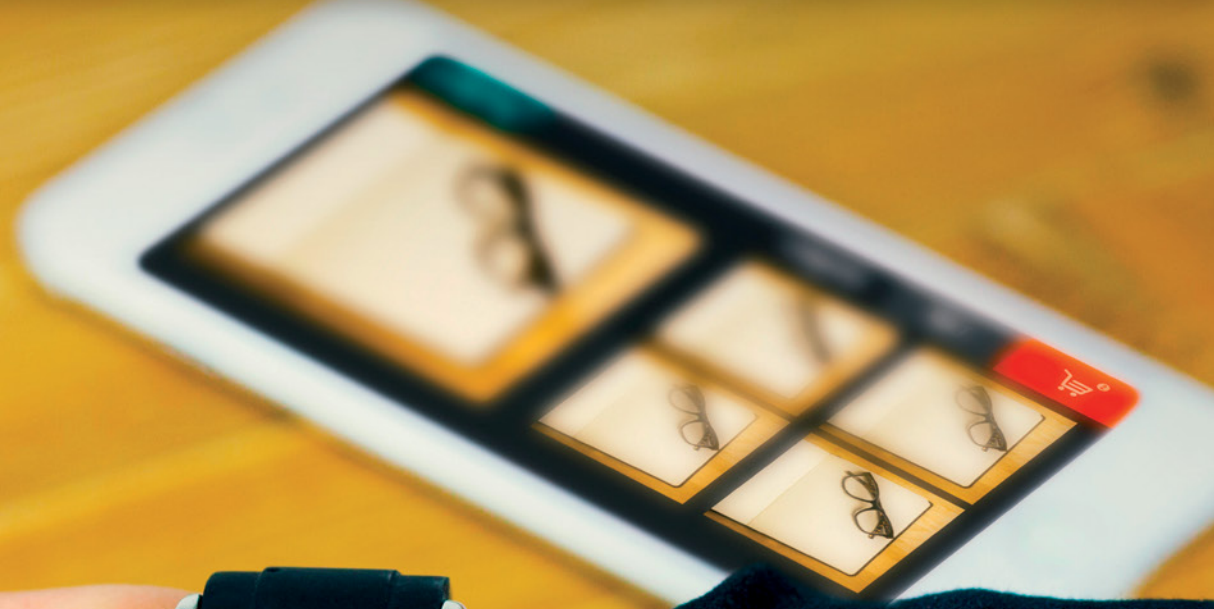
This project directly resulted in sales online rising from £800m to £1bn, a year earlier than planned. JohnLewis.com has greater scalability, reliability and agility than the previous site, and empowers business users to quickly open new sources of revenue by creating more personalised and targeted interactions for web

consumers. Deloitte is continuing to work with John Lewis across all phases of the project to design, develop, test and deploy a truly multichannel consumer experience.

In the first three months the new site took more than £250m of orders.



Digital disruption requires retailers to re-think their approach to engaging with consumers



# Releasing the power of data and analytics

## Analytics is critical to creating and sustaining competitive advantage

Retail is a data rich industry and analytics is a key driver of its evolution: some retailers have realised huge benefits from exploiting analytics.

Unfortunately many others have been unable to see these benefits, largely as a result of being unable to combine advanced analysis with effective commercially-driven implementation.

Deloitte is exceptionally well placed to help retailers with a combination of deep industry expertise, advanced analytics capabilities and experience of dozens of successful implementations.

## How we can help



### Strategic analytics

- Business strategy driven by insights from rigorous analytics.
- Strategy for analytics: identifying, quantifying and prioritising opportunities and defining the operating model needed to exploit them.



### Marketing and customer analytics

- Marketing mix optimisation to maximise ROI.
- Channel analytics increasing conversion.
- Next best action modelling increasing customer lifetime value and share of wallet.



### Buying and merchandising analytics

- Planning e.g. ranging based on more accurate predictions of sales and margins.
- Store portfolio improvement and better stock management / allocation.
- Trading e.g. markdown price optimisation to minimise margin leakage.



### Supply chain, finance and HR analytics

- More efficient and effective functions throughout the business.

Deloitte has a strong record of rapidly implementing analytics opportunities in a way that minimises disruption to existing ways of working and realises immediate financial benefits.

## Contact



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Further reading:  
[Made-to-order: the rise of mass personalisation](#)



# Case study

## Improving stock management through data analytics



### The challenge

Matalan was struggling to hit profit targets in an environment of heightened competitive pressure, increasing business complexity and more demanding customers. With limited resources and lack of analytical tools to support decision making – Buying & Merchandising processes were highly manual, qualitative and often guided by flat policies. This had led to suboptimal buying decisions, high markdown and promotional spends, margin leakage and difficulties in clearing stock.



### Approach and results

Deloitte supported Matalan by implementing a suite of analytics tools across the full product lifecycle, using sophisticated modelling of transactional data to better align results to customer demand and thereby improving stock management. Tools included:

- Space – store and space analytics.
- Range – tailored ranging and size profiling.
- Price – promotional effectiveness and markdown optimisation.

These analytic solutions enabled the Buying & Merchandising team to make better and optimised decisions at a more granular level, while focusing teams' efforts of the most value-adding decisions.



### Result

**10% increase in bottom line profit**

“The work we have done with Deloitte has had significant impact on our merchandising team’s ways of working, using analytics to help inform decision making and plan our ranges. The Deloitte team has been a pleasure to work with, helping us develop and embed the tools into the business.”

Director of Merchandising, Matalan



# Fashion Intelligence

# Fashion Intelligence

## Competitive intelligence at your fingertips

The Buying & Merchandising team at our fashion retail client had very limited insight into competition to inform their buying and pricing strategies and a lack of ability to respond effectively to changes.



**Too much time was dedicated** to the research of competitor websites and products.



Attempting to **re-align competitor hierarchies** to their own and an overall **lack of portfolio visibility** meant comparing holistic ranges was difficult.



**The inability to see historic changes** and to determine competitive strategy around pricing to optimise its response and explain trading performance was challenging.

“The Fashion Intelligence tool has better understanding of our competitors’ price architectures than we have about our own.”

Leading UK Fashion Retailer

Our **Fashion Intelligence** tool harvests data across retailers’ websites, then uses advanced analytics to clean and structure it to allow direct comparison between companies and uses compelling visualisation to present insights around key business questions:

- Where am I placed in the market?
- How do my ranges compare to others, and are there any gaps in the market?
- What are the price architectures and discounting strategies of my competitors?

The easy-to-use tool and extensive training supported by Deloitte retail experts has helped the client to save time, inform their buy and improve trading through timely response to competition.



Retail is a data rich industry  
and analytics is a key driver  
of its evolution



# Operating agility

## Supporting growth through operating agility

Customers' expectations are changing. They now expect more choice in how and when they shop – they want more choice of channel as well as fulfilment options, delivered at speed and without additional costs. This only increases the complexity of retail operating models. To keep up with the market, many retailers have adapted to new customer demands but this has put pressure on operating margins.

How can you deliver omnichannel propositions to meet increasing customer expectations while avoiding profit erosion? There are three key lessons for those looking to operate in the omnichannel environment:

### 1. It's not a question of 'if' but 'when'

The shift in customer expectations means that omnichannel is here to stay and businesses will need to adapt to keep up with competitors and market trends.

### 2. The challenge lies in the execution

The task of efficiently transforming a large and established business into one that can operate flexibly can be enormous and needs to be managed carefully.

### 3. Start with the customer and you won't go far wrong

Customers don't think in channels but in terms of how to get what they want in the easiest and cheapest way possible. Businesses need to reflect this throughout the organisation structure and KPIs to achieve a seamless experience.

## How we can help

By focusing on the core capabilities required to operate in an omnichannel environment we can help businesses at every stage in the journey. We can help you adapt by focusing on three key capability areas:



**Personal** – customers expect a personal experience optimised for their behaviours and needs. We can help you to develop intuitive marketing, frictionless selling and effective service to deliver the customer experience.



**Agile** – businesses need to be agile, to have the ability to rapidly respond to changes in the market and evolving customer behaviour. We can help you to develop responsive merchandising, agile buying and sourcing, and rich product information to enable you to respond to the market and your customers.



**Scalable** – required is a scalable fulfilment model able to cope with peak demands and provide a robust and reliable service. We can support you in developing a scalable supply chain, flexible and precise ordering and fulfilment, and a single view of stock to develop a scalable fulfilment model.

Retailers have begun the task of addressing their operational capabilities and are facing different challenges as they realise each stage of the journey, pushing boundaries as they go. Don't get left behind.

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Further reading:

[The shed of the future – Ecommerce: its impact on warehouses](#)

[The omnichannel opportunity: Unlocking the power of the connected consumer](#)

# Case study

## Improving omnichannel agility for John Lewis



### The challenge

John Lewis' omnichannel sales mix has rapidly changed over the past few years. Continuing to provide a world class customer experience across multiple touchpoints whilst remaining one of Britain's most trusted brands has required them to think about how their whole business model operates – stores, supply chain and head office.

They have now embarked on a £100m per year technology investment programme to establish the right business model to support their growth.



### How we helped

Deloitte has supported a range of programmes John Lewis over the past five years. This work has focused on helping to design and deliver changes in how the business will operate in the future to enable their growth plans.

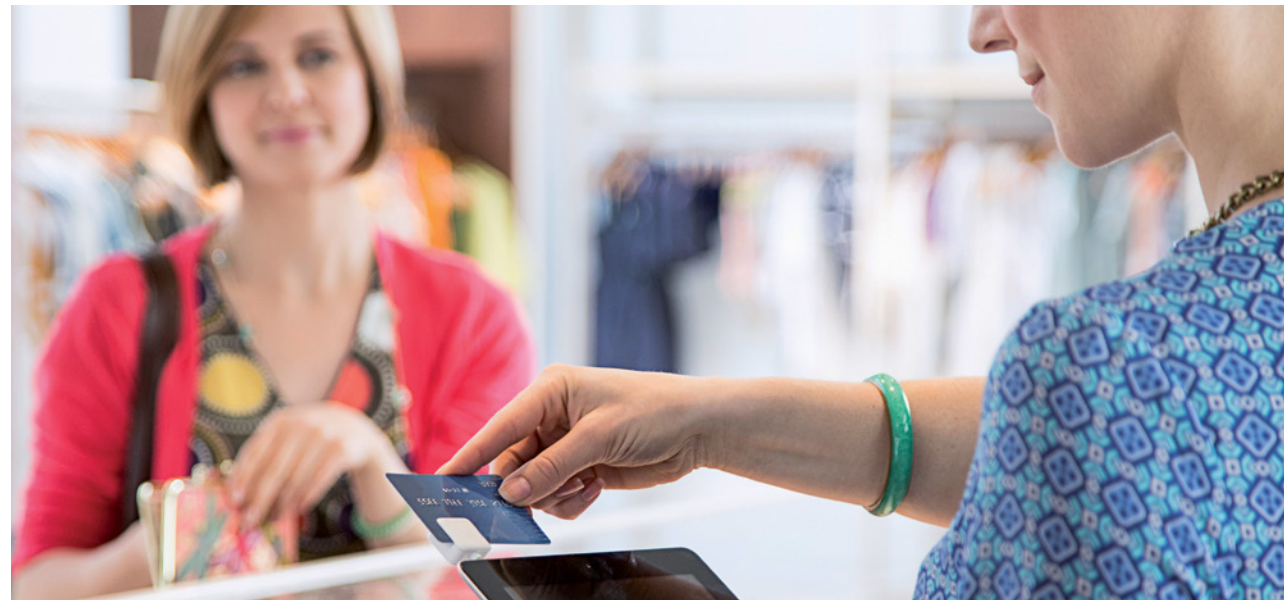


### The result

We are now one of John Lewis' long term change partners.

“John Lewis has invested significantly to support growth and this year alone will be investing over £80m in its supply chain function and £100m in IT – the latter five times more than five years ago.”

The Guardian, July 2015



Customers don't think in channels but in terms of how to get what they want in the easiest and cheapest way possible



# Managing an efficient back office

## Having efficient back office operations is essential to your success

We believe that the primary drivers for an increased focus on efficient back office for retailers are:

- Challenges in realising financial savings, improving efficiency and a lack of decision support and insight into business performance.
- A fragmented and misaligned workforce with limited capability.
- Lack of strategy for the sourcing and procurement of all goods and services a retailer requires to enable it to function as a business.
- Information technology that is not agile or responsive to business demands.

## How we can help

- To understand the scope for improvement within the function and the need for any capability building using analytics and data-driven techniques to support decision making.
- To identify immediate and long-term operational savings, supported by a robust and rigorous analytically-driven business case.
- To align the functions behind a future vision and strategy that encompasses the need for immediate improvement and longer-term capability building.

- To develop a new operating model that supports future strategy and identify immediate cost reduction targets while improving overall functional capability.

Whether it is transformation at a departmental level or an overall business services transformation, we can focus on:



**Finance:** Transactional shared services, improved business reporting competency and solutions including group consolidation and tighter integration with next-generation commercial and supply chain platforms.



**Human Resources:** Centralisation of transactional HR including shared services / outsourcing, introduction of employee self service, and a move to lower-cost cloud based solutions.



**Procurement:** Cost reduction through sourcing strategies, operating model transformation and sourcing technology, lock in saving through easy to use cloud based procurement transactional solutions.



**Information Technology:** Operating model changes to IT effectiveness, introduction of portfolio management and increasing robustness of service and cyber security.

Transformation is our unique selling point, combining strategy, target operating model design, organisational redesign, process re-engineering and technology deployment, especially the use of low cost cloud-based solutions.

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Further reading:  
[The CPO Survey](#)

# Case study



## The challenge

A major UK retailer struggling with sales and margin pressures and saw inefficiencies in the back office as a source of profit recovery as well as providing better support to the stores and head office functions. The company is embarking upon a journey of change, involving deep and sustainable transformation of its operations.



## How we helped

Deloitte worked with the Company to identify operational efficiency improvements and build functional cases for change. This is supporting the Company to carry out a makeover of their back office functions (HR, IT, Finance, Estates and Legal). The functional case for change combines a new operating model, ways of working, technology, up-skilling and capability development, against a backdrop of cost reduction across the organisation.

Deloitte's initial role was to carry out an operational review, which revealed a series of business critical challenges in the support functions. Deloitte introduced a demand model to forecast future capacity and resource requirements and introduced real-time performance monitoring to drive efficiency and continuous improvement. Deloitte has worked with specific areas across the back office to optimise service delivery models.



## The result

The benefits include implementing market-leading efficient processes, cost reduction, enhanced technology alongside improved insight and engagement with the business.





# People and change

## Enabling transformation in retail

### The challenge

There is a constant need for retail organisations to change to be successful. This leads to a range of questions for Retail leadership teams:

- How do we translate our strategy into a programme of change?
- How do we prioritise the changes so we don't undertake too much at once?
- How do we deliver change effectively in our business, across channels, functions and locations?
- How do we organise, motivate, lead and develop our people to make and sustain change?

### The opportunity

Deloitte has extensive experience and capability to support Retailers in:

- Building the business case to undertake change and planning how to make it happen.
- Delivering large, complex change effectively – at pace with the right governance, decision making and buy in.
- Making the change 'stick' within the organisation.
- Focussing on the role people play with leading HR tools, analytics and techniques.

## How we can help



**Major transformation:** We understand fast-paced, challenging retail environments and work with retailers to translate their strategy into programmes of work. We focus on assuring delivery, realising the benefits and embedding project management capability to support effective change.



**Organisation and people:** We are focussed on enabling the people aspects of business transformation, powered by analytics and insight to drive sustainable change. Our expertise includes organisation design, leadership and change management.



**Human Resources:** Retailers are demanding more efficiency, scalability and agility. We help HR teams define and develop their capabilities to serve the business better. Our experience in outsourcing, setting up Shared Services, and implementing technology including cloud applications, is demonstrated by Kennedy naming Deloitte as the global leader in HR Transformation consulting.



**Actuarial, Rewards and Analytics:** We provide a full range of actuarial, assurance, M&A and advisory support, as well as building data models and developing robust business cases to support commercial decisions.

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Further reading:  
[UK Human Capital Trends](#)

[The High-Impact HR Operating Model](#)

# Case study

## Enabling our retail client to buy and plan from a global range



### The challenge

The project had two key objectives:

- To more efficiently buy and plan a global range that supports their customer requirements across all markets and channels.
- To replace core systems, and change processes and ways of working to enable their ambition, impacting 1500+ office employees and 500+ suppliers in 20+ countries.



### How we helped

Deloitte were engaged to provide change leadership and support the programme and the business through their biggest change programme in recent memory.



### The result

We continue to work with the client's project team and the value delivered so far includes:

- Key leaders understand their role in owning the change.
- Regular communications and engagement keep stakeholders updated and involved.
- Feedback mechanisms allow the project team to respond to sentiment.

- 'Change Champion' and 'Super User' groups are ready to support the change and drive adoption.
- Assessing the impact of the changes has assisted the understanding, and informed communications, engagement and training plans.





There is a constant need for retail organisations to change to be successful. How can this be done effectively in the business, across all channels, functions and locations?

# Retail real estate

## Optimising the store portfolio

Real estate is central to traditional retailers' brand propositions. But physical retail space, and the experience it provides, has struggled to keep pace with the ever-changing consumer and acceleration of online.

Multichannel retailing and the exponential growth of click and collect is also creating massive challenges for retailers' distribution infrastructure. Retail businesses are now confronted with the following real estate challenges:

- What store footprint is needed now and in the future?
- How can we optimise the space and assets we have?
- How can we integrate our store portfolio with our digital strategy and drive footfall?
- What is the future of town centres?

## How we can help

The Deloitte Real Estate Platform was launched in January 2013 bringing over 700 real estate specialists together. We provide pragmatic, realistic and practical advice on the strategic and tactical business challenges associated with extensive property portfolios. For example:



- Our analytics team provides an **insight-driven approach** to defining location strategies for both store estates and supply chains while our consulting team can help **define operating models** and reporting structures that can support the successful delivery of large scale portfolio expansions and reductions.



- Our **warehouse and distribution** experts work seamlessly with our supply chain consultancy to help retailers meet the challenge of "the last mile".



- Our specialist **business rate** consultants help a number of major retailers to challenge and reduce their occupational tax bills.



- Our **town planning and development** advisers support major retailers with sensitive and complex planning applications and appeals.



- Our restructuring team can help cut **costs and dispose of onerous lease arrangements**, working directly with landlords to strike a company voluntary agreement (CVA), thereby providing retailers with a sustainable platform for their business.

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Further reading:  
[The changing face of retail:  
Where did the shops go?](#)

[Reinventing the role of the  
high street](#)

# Case study

## Minding the shop



In support of one of our charity partners, Deloitte Real Estate (DRE) undertook a root and branch review of the Mind charity 140+ shop portfolio including its site identification and acquisition strategies as well as a strategic review of its future head office estate. As a result of this exercise Deloitte Real Estate:



- Identified opportunities for future operational improvements, cost efficiencies and value release from the retail property portfolio.
- Reviewed Mind's charity shop estate strategy and processes to identify key opportunities and threats throughout the shop lifecycle – identification, acquisition, operations, management, maintenance and disposal.
- Undertook an options analysis for its future head office estate portfolio based on four varying priorities – leveraging existing assets (generating capital receipts), cost efficiency, operational efficiency and functional co-location.

“I’m struck by the Deloitte teams’ drive to build a legacy for each project they are engaged with... it’s a partnership that will resonate across Mind for the foreseeable future.”

Paul Farmer, CEO, Mind



# Case study

## Tailoring the portfolio



Austin Reed / Country Casuals sought the successful implementation of a Company Voluntary Arrangement (CVA). This required the company to persuade creditors that it was in their best interests to support the arrangement. Since a significant proportion of the creditor base were landlords, management required a detailed understanding of the likely reaction of landlords to such a proposal. A cross service line team, including Deloitte Real Estate:



- Analysed the company's real estate portfolio which comprised 144 properties with a total rent roll of over £12.3m p.a.

- Used our extensive network of contacts and relationships with major landlords to facilitate discussion with management of the CVA proposals.

- Liaised closely with the British Property Federation to secure their confirmation that the proposed CVA was fair to the landlord creditor pool.



- The CVA was approved by creditors with a c.99% majority. This enabled the business to exit from 33 underperforming stores, restoring it to a sustainable level of profitability.

“Our restructuring team can help cut costs and dispose of onerous lease arrangements, working directly with landlords to strike a CVA thereby providing retailers with a sustainable platform for their business.”

Lee Manning, Partner, Restructuring Services



# Physical retail space has struggled to keep pace with the ever-changing consumer and acceleration of online



# Risk and assurance

## Strategic Risk. Financial Risk. Cyber security threats. Reputational Risk.

A changing regulatory environment and evolving reporting and governance landscapes.

In today's unpredictable and highly competitive business environment, it's important to take a holistic view of governance, risk and compliance – while focussing not only on the risks that can threaten value, but also the risks that an enterprise can take to create value.

To do this, retailers should consider embedding a thoughtful awareness into the fabric of the organisation. Our risk business spans all relevant areas – and we help global organisations to design risk strategies, analyse risks, design and implement frameworks and support risk control and governance.

In addition, both corporate and internal financial reporting continues to evolve at pace with considerable challenges around reflecting the significant and ever-changing retail business models and interplay between channels.

## How we can help



**Your brand:** As retailers seek to capture growth, it will be vital to actively manage the strategic risks associated with 'brand stretch', and to understand the risk return aspects of major investment decisions. We provide advice on the risk aspects of investment appraisals including looking at the relevance of performance criteria in the evolving omnichannel environment. We also provide internal audit services to the UK's largest retailers, covering all aspects of governance.



**Driving value:** Risk management can act as an enabler of other value-drivers, for example, using the latest value chain analytics and assuring the end-to-end supply chain – especially when third parties are involved – including contract risk compliance and managing treasury/ foreign exchange risk. We also provide advice on maximising the performance of retail finance teams and the insight and value that they bring to the organisation.



**Telling the right story:** The move towards Integrated Reporting and integrated thinking enables retailers to better articulate how their business model and various capitals can drive value for shareholders in the medium and long-term, and how they use KPIs to measure this. We provide advice on the latest developments around this. Furthermore, there are significant accounting changes facing retailers over the next few years, particularly around leases, financial instruments and revenue. We can help you understand what these changes mean for you, help you prepare for them and communicate effectively with your shareholders and analysts.



**Protecting data:** The increasing adoption of digital requires a step-change for many retailers in how they protect their own and their customers' data, with the cyber threat now being at the top of the boardroom agenda. We provide advice on latest data governance practices, master data management and provide data-driven programme assurance.



**Supply chain risk:** Your supply chain is only as strong as the weakest link. We help protect our clients from weaknesses in their supply chain by identifying and then mitigating the risk in their supply base, including compliance with various industry regulations such as the Grocery Suppliers Code of Practice.

## Contact



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Further reading:  
[Reputation@Risk](#)



# Case study

## A retailer's nightmare



The opportunity cost for any delay in store opening would have exceeded £1m per store, per day.

What happens when you are a supermarket chain and your primary supplier of refrigeration, display and checkout equipment goes into administration?



When the supplier failed, the Deloitte team had to work quickly to stabilise the business, manage the key supplier relationships and rapidly develop a trading strategy that was in the best interests of all creditors.

### Why was this issue not spotted?

The Company was holding large amounts of stock as it tried to juggle the lead times involved in outsourced manufacturing in order to meet customer requirements that could change at short notice. The balance sheet therefore looked strong, but this stock was becoming obsolete and was not being converted into revenue, leading to a rapid escalation in distress.




Deloitte provided practical and logistical support to the supermarket in negotiating alternative terms of trade and for the continuation of equipment warranties in the best interests of the Company's creditors. With our assistance, the installation programme for the year was completed, with no disruption to the store opening roll out. All ongoing requirements were then successfully transitioned to an alternative supplier.

“When you place heavy reliance on one supplier, with no contingency plan, you potentially risk your own business failing, even overnight”

Angela Lloyd-Taylor, Deloitte Restructuring Partner





In today's unpredictable and highly competitive business environment, it's important to maintain a healthy business

# Responding to tax challenges

Whether you're a grocer, fashion brand or electronics retailer, how can you respond to tax challenges in today's environment and avoid tax having either a negative impact on Earnings per Share (EPS) or creating a negative customer experience?

- Changing consumer behaviour is driving business change resulting in new operating models,
- Changing political and economic environment is driving increased scrutiny of the Group's tax strategies,
- Tax authorities are becoming increasingly aggressive given the need to fund deficits, and
- The Base Erosion & Profit Shifting (BEPS) project is resulting in a period of unprecedented legislative change.

## How we can help



### Globalisation and e-commerce

- Comprehensive tax analysis and solutions for alternative "routes to market" (traditional distribution versus omnichannel)
- Support in international expansion strategy



### Supply Chain and intellectual property

- Efficient commercially-aligned supply chains
- Customs and transfer pricing aspects; consideration of indirect tax consequences; understanding the value added by each segment of the supply chain
- Complex support in reviewing intercompany transactional arrangements for intellectual property (e.g. licence, franchise fees).



### Reputation & risk

- Responding to media and social scrutiny of a local tax position
- Developing a tax strategy in light of current environment



### BEPS (Base Erosion & Profit Shifting)

- Responding to BEPS developments e.g. country by country reporting; transferring of intangibles; interest deductibility; artificial diversion of profits; digital economy

## Contact




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Further reading:  
[Sustainable tax strategy](#)

A young man in a light grey polo shirt with blue trim is using a credit card machine in a retail store. He is looking down at the machine. In the background, there are shelves with various bags and shoes. A large brown paper shopping bag is on the counter in front of him.

Tax authorities are becoming increasingly aggressive given the need to fund deficits

# Financial advisory

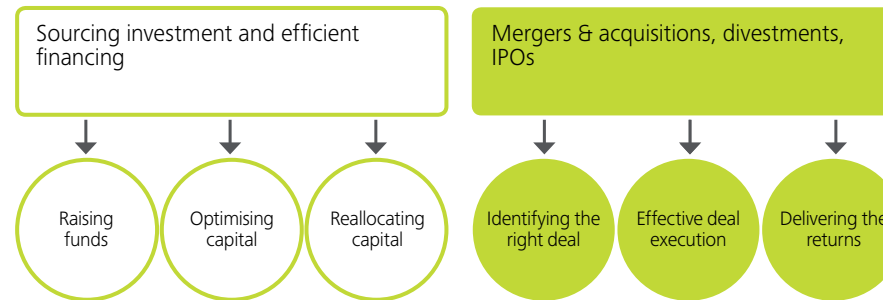
## Enabling and accelerating strategic change

In the innovative and dynamic world of retail, new market entrants as well as established players face a wide range of exacting challenges across the business life-cycle; whether raising seed funding to establish themselves, obtaining new sources of finance to expand organically or through acquisition, realising value by a sale to new owners or accessing the public markets.

We recognise the importance of working across the lifecycle of our clients; our team of financial advisory professionals seeks to be with you every step of the way. By bringing tailored advice and deep expertise, we look to support you in meeting the challenges and opportunities that face your business as it grows and thrives. We combine innovative business thinking with practical commercial solutions, serving a range of clients from small independents to major retail global powerhouses.

## How we can help

We have expertise ranging from advising on raising equity or debt finance, assessing potential targets, advising on transactions, undertaking valuations, supporting on negotiations and all with the aim of realising your growth ambitions.



## Contact



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Further reading:  
[Deloitte M&A Index](#)



We look to support you in meeting the challenges and opportunities that face your business as it grows and thrives

# Audit

## Building investor confidence

We strive to continuously raise the bar on audit quality and value by delivering informed challenges, intelligent insight and building greater trust. We help companies build investor confidence. By combining visionary thinking, outstanding people and the smartest technologies, our audit delivers external perspectives in the most relevant and risk-focused way. We go beyond financial assurance, embracing our regulatory requirements and leading the profession's response to the wider public interest.

the  
**Distinctive**  
audit

## How we can help

Increasingly, we are hearing that broader and deeper assurance, over and above that of our core audit opinion, is becoming more important to our clients, regulators and stakeholders. We aim to provide the Distinctive Audit via a number of areas:



**People:** We have a dedicated audit retail centre of excellence, whose primary interest and focus is significant retailers including Tesco, Marks & Spencer, Kingfisher, Dixons Carphone, Boots, Mothercare, Moss Bros, House of Fraser, Body Shop and LVMH. Our truly international retail

audit practice allows for better interactions between group and component teams and enables us to bring our clients the wealth of our global retail audit experience including clients such as Carrefour, Casino, Best Buy and Woolworths.



**Insights:** We provide insight via many forms: topical thought-pieces; specific benchmarking around accounting policies or processes and controls, such as inventory management and supplier rebates; informal viewpoints on key priorities and talent; and our detailed finance effectiveness survey.



**Data analytics:** Using our market-leading Spotlight analytics technology we will provide the most robust assurance over key balances such as revenue, inventory, payables and Property, Plant and Equipment (PP&E) through the ability to test 100% of balances and identify trends and anomalies from existing financial data.



**Enhanced assurance:** Several assurance programmes have been successfully rolled out for audit clients including: deep dives on controls and risk framework assessments, and contract compliance, advice on transition to International Financial Reporting Standards (IFRS) or new adoption.

## Contact



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Further reading:  
[The Distinctive Audit](#)

Broader and deeper assurance  
is becoming more important  
to our retail clients, regulators  
and stakeholders

Share Price





# Breaking away from business as usual



Deloitte's Greenhouse provides immersive experiences designed to break down barriers and accelerate meaningful results through interactive sessions that are tailored to address specific business challenges. We call these experiences "Labs" because they promote experimentation in a controlled environment, guided by ambitious objectives.

Each experience is tailored to **address your toughest business challenges**. These are the topics our clients struggle with most frequently. Sound familiar?

**Alignment:** You have a big, bold vision. How will you make it reality?

**Analytics:** You're drowning in data. How do you make it meaningful?

**Innovation:** Your ideas may be getting stale. How can you spark new thinking?

**Leadership:** The world is full of potential. How will you realise yours?

**Relationships:** Your bottom line depends on people. How can you better relate?

**Strategy:** The world isn't getting any simpler. How will you navigate the complexity?

**Transformation:** You need to be better, faster, leaner. How can you make change happen?

**Transition:** You've made it to the top. Now what?

## Building next generation leaders in retail

The demands placed on senior retail professionals are greater than ever. Access to timely information, resources and insights as well as forming a strong peer network are regularly cited as key elements in the success of leaders. Deloitte recognises this and has developed a unique range of opportunities to support the next generation of talent and executives at important junctures in their careers. We offer access to unique market insights, bespoke professional development sessions – such as our Transition Labs and Next Generation Programmes – as well as exclusive networking events.



Retailers need to take decisive actions to relieve pressures on the top line and enhance profitability. This will enable them to emerge in a stronger financial position and make the right investments required for long-term value creation



Further reading:

[Deloitte Consumer Tracker](#)

[The growing power of consumers](#)

[Africa – A 21st century view](#)

[Navigating the new digital divide](#)

[Digital Predictions 2015](#)

[Mobile Consumer 2015: Game of phones](#)

[Made-to-order: the rise of mass personalisation](#)

[The shed of the future – Ecommerce: its impact on warehouses](#)

[The omnichannel opportunity: Unlocking the power of the connected consumer](#)

[The CPO Survey](#)

[UK Human Capital Trends](#)

[The High-Impact HR Operating Model](#)

[The changing face of retail: Where did all the shops go?](#)

[Reinventing the role of the high street](#)

[Reputation@Risk](#)

[Sustainable tax strategy](#)

[Deloitte M&A Index](#)

[The Distinctive Audit](#)



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