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| John Lewis: Digital First (engels) |
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Then Covid-19 hit, forcing White to announce the [closure of eight of the fifty John Lewis stores](http://cormolenaar.mm1.nl/743/system/newsletter.asp?id=3734330D3332300D3335340D31333635310D3534390D300D6138646131673170366559780D310D0D300D3134320D372E372E302E32303131350D33), including a £35 million flagship above Birmingham New Street station that former John Lewis boss and now mayor of the West Midlands, Andy Street, opened only five years ago. “It’s been difficult,” she says with crashing understatement.  It’s 7am on a muggy August morning and White has just walked through the partners’ entrance into Peter Jones in Sloane Square, London, John Lewis’s poshest store. “I have an office at our headquarters in Victoria, but I prefer to work here because it’s a shop,” she says. She is not your typical John Lewis chairman. It’s not just that she won’t work out of the chairman’s office, or that she’s the first woman in the post, or that she’s black. It’s what’s on her dark green name tag. John Lewis is not really a “Sharon” type of place. Her colleagues’ tags read Catherine, Charlie, Jane.  White’s difference perhaps explains why she has been the target of sniping. Critics have been quick to point out that she has no retail experience. She’s an economist who has worked as a civil servant for almost her entire career.  That’s why she’s spending a few days with The Sunday Times Magazine. She wants to sketch out, for the first time on her own terms, how she plans to revive a retailer that has fallen on hard times. Total partnership sales fell by 1.5 per cent to £11.5 billion last year and margins are so tight that if things don’t pick up soon, John Lewis could go the way of Debenhams and House of Fraser. “I want the opportunity to say, ‘Look, we lost our way’ and tell a story of a fundamentally different business,” she says.  The 53-year-old who has overnight become Britain’s most high-profile black businesswoman starts by confronting the snipers head on. “I’m not a retailer and don’t pretend to be. My job is trying to put the people and the structures in place to support and re-energise the partnership to be the best it can be.” She has hired Pippa Wicks, formerly No 2 at the Co-op, to run John Lewis. “Her expertise is turn-around, so she’s perfect,” White says. James Bailey, ex-Sainsbury’s, will run Waitrose. “He’s got 20 years in the grocery business.”  White does, in fact, have some retail experience — albeit it from rather a long time ago. Her grandfather, Norman, had a shop in St Elizabeth, Jamaica, where her mother, Blossom, lived, before her family sold a field to enable her to buy a BOAC air ticket, rather than take the boat, to join the Windrush generation of Caribbean migrants who moved to Britain in the 1950s. “My grandfather’s shop sold Jamaican ginger beer, biscuits and confectionery,” White recalls. On a visit when she was five, she and her brother got caught shoplifting. “We got a real clip round the ear.” Her father, Curtis, met her mother in London when they were in their twenties and settled in Leyton, where White grew up.  White thinks her fresh eyes can see clearly why John Lewis has “lost its mojo”. Her plan to put it back on track will see it downgrade women’s fashion and dump travel services and spa treatments, the latter introduced by Nickolds just five years ago. She will upgrade homewares and financial services, and introduce bold new ventures including housebuilding and offering customers the chance to rent products, rather than buy them.  Along the way she wants John Lewis and Waitrose to be more diverse and reaffirm their position as the most socially responsible retailers in Britain. They are owned by their 83,000 staff, rather than shareholders. Profits are reinvested in both brands. This mutual model is held up as the gold standard of compassionate capitalism and is what attracted her. “I never really fancied the private sector. I always wanted to do something that makes a difference, that gives back to a country and society that has given me a lot — while also helping the people coming behind me. So when the headhunters called, I answered.”  White describes herself as “ridiculously lucky”. Unlike her parents, she had the chance to finish her schooling. She went to Connaught School for Girls and Leyton Senior High, both single-sex comprehensives in east London, and on to university at Cambridge, where she studied economics, after which she could “choose the job I wanted. My parents did not have those chances. My mother left school at 11 and my father at 15. When they came to Britain my mother trained as a dressmaker and worked in a factory for 40 years. Dad worked for British Rail.”  After Cambridge she went to work as a civil servant in the Treasury and other government departments. In perhaps the least glamorous first date ever, she met her husband, Robert Chote, the outgoing boss of the Office for Budget Responsibility, at a party in honour of Brentford Football Club. The couple recovered their poise by marrying in 1997 at the swanky British embassy in Washington, where White had moved to work.  After the Treasury, White was headhunted to run Ofcom, the broadcasting and tech regulator, before being tempted to join John Lewis. She was recently offered the chance to replace Mark Sedwill as cabinet secretary but said no. You get the feeling Boris Johnson is the kind of honking yah she spent her time at Cambridge avoiding.  White, who is wearing a John Lewis teal blouse, grey skinny jeans and white sneakers when we meet at Peter Jones, wants to show me, not tell me, her vision, so we head straight to the roof. The view across London is thrilling — which is the point. John Lewis, she says, has become dull and needs “more inspiration, surprise, fun. We’re going to build a huge bar and restaurant here with food from our Waitrose farms,” she says.  Next, White wants to explain how John Lewis has got its retailing all wrong. She heads back inside the store and points to the dozens of beds and duvets in serried ranks. “This looks like the bricks-and-mortar version of a web page. A giant stack of stuff. You have no idea what’s the right one for you or why some cost more. I’m lost. We need to curate better.”  Home will be a key focus of John Lewis because that is its traditional strength “and after the year we’ve all had, home has never mattered more”. She is “investing massively in home, mainly on the digital side”. After years wondering whether bricks and mortar or digital should take precedence, White will go “digital first”. Thanks to the lockdown, 60-70 per cent of all John Lewis’s sales this year are projected to be online, up from 40 per cent last year. Waitrose’s online sales are on course to quadruple from about 5 per cent before lockdown to more than 20 per cent by 2022.  Among new digital innovations is virtual home styling. Send the dimensions of a room you want to decorate to John Lewis, tell the stylist what kind of furniture you like and your budget, and he or she will create looks for you to choose from. AI and VR versions will follow. White is also injecting more cash into online support services and call centres because “we’ve got more work to do there”. Online forums are littered with complaints about shoddy John Lewis support.  The retailer also plans to do more in the garden, offering horticulture services. White has taken up gardening during lockdown “to get a little headspace. I did three hours — three hours! — last Saturday”. She prefers the garden to the kitchen. “My family tolerates my cooking.” She, Chote and their two sons live in a terraced home in north London.  Going digital first will help John Lewis catch up with its online rivals by capturing more data about its customers. “We’ve been slow to know them better.” This will in turn enable it to offer new financial services. “If we know couples have young children, we can offer them a junior ISA. If a couple has retired, we can offer good-value equity release on their home.” Helping people through key life stages — “your first home, marriage or civil partnership, first baby, retirement” — is at the heart of what makes John Lewis different. White thinks that Covid represents a once-in-a-lifetime opportunity to strengthen this element of the retailer’s appeal. Not just because the pandemic has been such a key moment in all our lives “but also because we’ve all seen how businesses reacted. Customers are more thoughtful about how they shop. They think, ‘Is this a good retailer? Does it look after workers, suppliers, the environment, society?’ It’s a massive opportunity for a partnership founded on social purpose.”  Stand by for a marketing blitz later this year, including a Christmas ad that will stress the importance of John Lewis’s happy-clappy business model. “We need to shout more about our values — without being woke!” She says she has no time for virtue signalling or “right on” buzzwords. “I hate BAME [black and minority ethnic] because it feels you’re sort of bringing together lots of very disparate backgrounds. It doesn’t feel meaningful.”  After the razzle-dazzle will come actions. Some will be small. On a visit to Waitrose in Mill Hill, north London, White says that anyone who brings back John Lewis clothing to selected John Lewis or Waitrose stores to recycle or donate to charity will get £3 per item, up to a maximum of £9, to spend in those stores or online. Other actions will be much bigger. She is talking to developers and investors about partnering to build flats, many of them affordable, on top of existing shops, starting in west London. John Lewis has already dipped a toe in property by partnering with the housebuilder Tipi, to design and furnish flats in Wembley. “We’re all about home,” she says. “This is a natural extension for us.” She is a non-executive director of the housebuilder Barratt. Because many tenants will be young and will perhaps stay for only a few years, John Lewis will offer furniture rental at 6 per cent of the purchase price per month. “We need to appeal more to modern consumers who are used to subscribing to what they need, not owning it.”  To make way for all the whizzy new services, some existing elements will have to go. I ask whether John Lewis’s &Beauty spas should continue to offer bikini, high bikini, Brazilian or Hollywood waxes. She shrieks in horror — and not just at the thought of having one. “I think we need to step back.” There will be less own-brand women’s fashion because “mid-range, mid-price fashion is really hard to do when women are being more promiscuous, buying in so many different places — TK Maxx but also Zara and Selfridges.” A tie-up with Kuoni to sell holidays looks likely to be unravelled.  It’s bold stuff but there are pitfalls. Lockdown has transformed bricks-and-mortar retailing from difficult to catastrophic and department stores are on the front line. As a partnership, John Lewis cannot raise funds from investors or issue new shares. “It’s a challenge,” White concedes. That’s why she has been forced to axe underperforming department stores in Birmingham and Watford — as well as four At Home shops in Croydon, Newbury, Swindon and Tamworth, and two travel outlets at Heathrow and St Pancras. She has fallen out with the former chairman Andy Street over the Birmingham closure. An internal John Lewis source says: “Andy thinks it’s the worst decision ever because it was a flagship store in a fast-growing city. Sharon thinks we were mad to open a full-service department store above a train station. Commuters pop in for a sandwich and some new headphones, not a sofa.”  In spite of the closures, White does not think department stores are doomed and points to a very different rival to illustrate. “I love Selfridges. They’re clear who their customers are — high-end, diverse, international — and they’re really clever with food and restaurants.” So clever, in fact, that she’s pinching an idea from her Oxford Street neighbour. “We’re going to put more Waitrose stores into John Lewis.” Selfridges’ food hall is wildly popular.    The move is not just about attracting more customers but also about bringing the two brands closer together. Too much separation is one reason why a measly 40 per cent of Waitrose shoppers also shop in John Lewis. “I expected it to be 80 per cent,” she frowns. It is “absurd”, she says, that in Westfield shopping mall in west London you can buy a Nespresso machine in the John Lewis at one end of the mall but have to walk a quarter of a mile to the Waitrose in another block to buy the coffee pods for it. To drive more sales across both brands, she will introduce a cross-brand loyalty programme and place John Lewis products in Waitrose, mainly homewares and tech.  White’s claim of a post-Covid moral reset is yet to be proven. People tell researchers all sorts of hopey-changey things — and then do the precise opposite. At the start of lockdown many said they’d avoid flying and take staycations in future to protect the environment. Yet the moment air bridges opened Britons flocked to the costas to drink their body weight in San Miguel. Will people really click on John Lewis’s website when they know much of what they need will be cheaper on Amazon and they can get it quicker too?  “Amazon has done a great job. We’ve got to be better on ease and convenience,” she concedes. “But Amazon doesn’t offer brilliant curation or independent, impartial advice. If you come to us, you know we’re not pushing a particular product. We’re trying to get you the best price and quality. I think people will pay more for service and quality.”  Ah, price. That’s one thorny issue White does not yet have an answer to. Under its Never Knowingly Undersold policy, John Lewis promises that if you buy something and find it cheaper elsewhere within 28 days, it will refund the difference. The trouble is, it does not match prices with online-only retailers. It was tricky to cling on to the cherished tagline when most of its sales were in bricks-and-mortar stores, but with up to 70 per cent of sales now online it’s potty. “The proposition is important because it signifies being fair to society. We’re reviewing it to improve it.” My money’s on “Fair value for all”.  John Lewis’s desire to occupy the moral high ground of capitalism is genuine but it is no longer the only company with that ambition. Almost every firm, big and small, says it follows a “profits with a purpose” model. Even BP has pledged to go carbon neutral. “It’s great that other companies are also in this space but, for us, it’s who we are and always have been. It’s not a recent add-on. A fad.”  Talking to White it’s clear that she “gets” Middle England. She goes to church every Sunday and has a weakness for cheesy 1980s pop music, which she listens to on her hour-long runs on Hampstead Heath. She was a 100m and 200m sprinter for Essex Ladies. In the new year’s honours list she was made Dame Sharon.  But the grounding she got from her upbringing means she is more in touch with modern Britain than many other business leaders. That should make it easier to promote diversity among staff and in stores to attract a new generation of shoppers. She’s shocked, for example, that the John Lewis store in the Westfield mall in Stratford, east London, does not celebrate Eid, even though much of the local population is Muslim. “Eid is huge but we just dabble. It’s completely ridiculous,” she says. “We have to be more local. One size does not fit all.”  It’s in middle England where I catch up with White on the last of our three days together. It’s here, on Brian Barnett’s dairy farm in Oxfordshire to be precise, where she faces her most pressing issue. Food. Next month Ocado will stop delivering Waitrose food to its hundreds of thousands of customers and replace it with not just food but Marks & Spencer food in a £750 million deal. Ocado owns all its customer data, which means Waitrose will have to persuade customers who still want its food to sign up to waitrose.com and draw up new shopping lists. That task is being made harder by Ocado’s decision to use its customer data to help M&S to expand its range with “copies” of some of Waitrose’s most popular products, from stonebaked garlic mushroom and spinach pizza to meatballs.  White hopes to fight back by stressing what she says are Waitrose’s best-in-class sustainability and animal welfare standards. On a tour of his 900-acre farm, which supplies 3.2 million litres of milk a year to Waitrose, Barnett, 60, tells me: “I’ve worked with other supply chains and Waitrose’s environmental, animal health and hygiene standards are the highest — and they really check up on you.” Quality and environmentalism will be key elements of Waitrose’s autumn ad campaign.  White is also investing £100 million in new technology and two new warehouses to almost double the number of waitrose.com weekly delivery slots to 250,000, and to create a new, more user-friendly website. She is opening new stores to add to the existing 340 and will make Waitrose food available on other online platforms. Annoyingly, she won’t say which but, intriguingly, does not seem to rule out Amazon.  As White leaves the spiritual home of John Lewis man and woman for Oxford railway station — “I really must learn to drive” — I recall that Nickolds had only three years in the job running department stores before poor performance and a botched management reshuffle forced her to quit. With business and social change accelerating post Covid, how long does White have to prove herself before she suffers the same fate? “I’ll feel good if we do it in five years.” What does success look like? “Profit at the £400-million mark. We’re running hard to get there.” The sprinter had better be. The clock is ticking. | |