

How SPAR is thriving in a challenging market

Part of a global brand operating across 43 countries, SPAR has been a presence in the UK retail market for over 60 years. Managing Director, Debbie Robinson, shares her experience of how the brand has adapted to change in the sector.

Overall, the UK retail sector has faced a number of challenges in recent years and we've seen significant structural changes as a result. Part of that is the enormous consolidation we've seen over the past 12-18 months, with moves by the Big Four to seek growth in the face of decreased profitability by entering the wholesale market, for example, the Tesco-Booker tie-up and Morrisons' relationship with McColl's.

At SPAR, we've actually prospered over the last few years in a market that's been in disarray. Why? Well, a lot of that success has to be down to our financial model and operating structure.

Stability and agility

We're actually a voluntary membership organisation working with a large number of independent, entrepreneurial and family businesses and larger multi-site retailers, who choose to operate under our brand. That partnership approach offers them services and support across format, procurement and distribution and we both benefit from being able to adapt to changing trends, local market conditions and more widespread issues that affect the sector, including seasonality. It's a model that provides both stability and agility.



It's also an area of the market that's attracting interest from the large multiples, but the challenges they face in terms of entering it successfully are numerous. These range from having to work with a third-party distributor to manage the logistics of supplying local stores, which impacts on margins, to understanding the needs of local communities. Those are areas where our business model is particularly strong.

Convenience is about being at the heart of a community and being flexible enough to offer what that community needs and that's a key differentiator that helps us to stay ahead of the competition.

Ability to adapt to local needs

Working with independent stores means we can pay great attention to local differences and community needs. That may mean that we encourage certain concessions within a store, or support stores looking to procure a license for the on-trade sale of alcohol. We also work with local producers, which means that goods are adapted to local tastes and demand. For us, convenience is about being at the heart of a community and being flexible enough to offer what that community needs and that's a key differentiator that helps us to stay ahead of the competition.

Technology-driven change

As well as consolidation, we're also seeing the emergence of new operators in the sector, from pure play operators such as Amazon, whose acquisition of Wholefoods signalled a new direction, to those that are taking 'convenience' to another level – not just location driven or type of product, but to the immediacy of delivery – such as Uber Eats and Deliveroo. These are approaching the sector with a completely different business model, which in terms of issues like not having to pay business rates, overcomes some of the challenges that more traditional retailers face.

Technology as a facilitator of many of these changes is unstoppable. The impact of the technological revolution on how we, as consumers, live and shop, will I think be as great as that of the industrial revolution. Technology will transform the way goods and services are produced, procured, distributed and, ultimately, reach the consumer. In the future, the rise of these pure play operators, the capability of AI and robotics and the use of augmented reality will all have a bearing on the UK retail sector. How robust that effect is and how legislation evolves to manage that, remains to be seen, but it's certainly something we watch with interest.

Anticipating further change

Looking ahead, I think in the short to medium term, consolidation will continue, before we'll start to see companies breaking away and returning to independence, bringing a wave of entrepreneurial thinking to the sector enabled by technology. For many businesses, the Brexit effect will be a major consideration over the coming years. However, because we're part of a global organisation, with our head office in Amsterdam, we think we're going to be better protected from some of the effects than others. Given the serious lack of clarity, we are working on a number of scenarios however. And we're watching the current situation closely.



Rather than being defined by the products you're historically associated with, it's about adapting to the changing needs of those communities.

Innovative, modern and relevant

Other trends that we're responding to, and which are likely to continue, include the focus on health and wellbeing. We've removed hundreds of tonnes of sugar from our own-brand soft drinks, for example, whilst retaining the flavour profile, which meets customer taste and means we avoid the sugar levy, keeping prices low. As a result, we've seen an increase in sales. We've also reduced the salt content of many of our goods and we're focused on improving the environmental credentials of our bottled water.

It's part of an innovative approach that continues to make us modern and relevant for the communities we serve. Rather than being defined by the products you're historically associated with, it's about adapting to the changing needs of those communities.

We're agile enough, for example, to respond quickly to trends – whether that's for cauliflower rice or coconut water – but we can move out of them just as quickly when the trend evolves into something different. Maintaining that absolute customer-focus and taking decisions with a long-term perspective rather than meeting short-term shareholder considerations, will prove crucial in maintaining and extending market share in the face of new challenges and opportunities ahead.



Debbie Robinson
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