

FT 1000 retailers take clicks-and-bricks approach

Level: Intermediate to upper intermediate (B1–B2)

Time: 60–90 minutes

Business topics: Online sales, testing the market, managing growth, fulfilling orders

Business language focus: Factors associated with retail and sales, such as brand, order fulfilment and ecommerce

Activities: In this lesson, students will:

- read a business article first published in the *Financial Times* and look at the language necessary to understand and talk about the article;
- look at business-specific words and expressions and apply them to their own personal work experience;
- discuss aspects of the article in greater depth;
- research and discuss setting up a new business and selecting a product or products to sell.

Materials: One copy of the worksheet per student

Group size: All of the tasks can be completed in pairs or groups, so that as much communication as possible takes place in the class. However, this lesson plan can also be used in a one-to-one teaching situation.

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This lesson is based on an authentic article from the *Financial Times*, republished here with its full, original text.

The article discusses changing approaches to retail sales and the increasing role of ecommerce. Note: The FT 1000 is the *Financial Times*' index of Europe's 1,000 fastest-growing companies.

1. Warmer

Students rank the shopping methods according to their own shopping habits. In a group class, they can then compare their ranking with other students and discuss why they like/dislike each method.

2. Key words and expressions

Students search for words and expressions in the text and write them next to the definitions while noticing how the words are used in context. The words can be divided up amongst students so that they search for six words each and then share their answers with students who search for the other six words.

Key:

- | | |
|-----------------------------|----------------------|
| 1. <i>retailer</i> | 7. <i>lead time</i> |
| 2. <i>consumer</i> | 8. <i>turnover</i> |
| 3. <i>bricks-and-mortar</i> | 9. <i>warehouse</i> |
| 4. <i>ecommerce</i> | 10. <i>vibrant</i> |
| 5. <i>revenue</i> | 11. <i>inventory</i> |
| 6. <i>niche</i> | 12. <i>minimised</i> |

3. Understanding the article

Students read the statements and decide whether they are true or false according to the article. Then they should rewrite any that are false to make them correct.

Key:

1. *True.*
2. *True.*
3. *False. Boohoo focuses on one niche of customer – 16-to-30-year-olds.*
4. *False. They can have a product on their website in two to four weeks rather than the traditional retail model where you buy six to 12 months in advance.*
5. *True.*
6. *True.*
7. *False. Cloud computing updates a retailer's inventory instantly and minimises errors.*

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4. Business language

In part a, students read the business words and phrases in the box and find and underline them in the article, noticing how they were used in context.

In part b, students then use the words and phrases to complete the sentences before, in part c, deciding which of them are likely to be useful for them and writing sentences of their own that contain these words but also reflect their own company's activity or the potential activity of a company they might work for in the future. E.g. a student decides that *growth* and *capital light* are not important for them but that being able to talk about *brand* and *stock* is, so they ignore the financial aspects of the company and concentrate on writing sentences that focus on the product and how to sell it.

Key:

1. *retail outlet*
2. *capital light*
3. *communications director*
4. *growth*
5. *sector*
6. *brand*
7. *order fulfilment*
8. *stock*

5. Discussion

In small groups, students discuss the questions which pick up on and expand on topics and quotes from the article. Hold a short whole-class feedback session and compare and contrast each group's answers and input.

6. Wider business theme

Ask students to work individually and think of a product or products that they think would be successful. Then ask them to work in pairs or small groups to compare their ideas for a product or products and reach agreement about which to go for.

Students can then work as a group to think of ways of promoting their chosen products and decide on where and how to sell them – online, in a retail outlet or via a combination of the two. They could use their group knowledge, or do some internet research to help them.



One-to-one teaching

This business idea task can be adapted so that the student does the above as homework and then reports back to you in the next lesson what they decided. They should also be prepared to present their ideas as a business plan.

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1 Warmer

Rank these shopping methods in order from 1 (the method you use most) to 5 (the method you use least).

1. I buy goods from local shops in the centre of my town or city.
2. I buy goods from an out-of-town shopping centre.
3. I buy goods online.
4. I buy goods from second-hand shops.
5. I buy goods at the market.

2 Key words and expressions

Find the words in the article that match the definitions below. The paragraph numbers are given to help you.

1. a person or company that sells goods directly to the public for their own use (para 1)

2. someone who buys and uses goods or services (para 1) _____

3. a traditional way of doing business that does not involve the internet (three words, para 3)

4. the activity of buying and selling goods online (para 4) _____

5. income from business activities (para 5) _____

6. an opportunity to sell a particular product or service that no-one else is selling (para 5)

7. the time between planning something and starting to do it (2 words, para 6)

8. the rate at which a retailer sells products (para 7) _____

9. a big building where large amounts of goods are stored (para 11) _____

10. lively and exciting (para 14) _____

11. a list of all the things in a particular place (e.g. all the stock in a retail outlet) (para 16)

12. reduced to the smallest amount or degree (para 16) _____

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Founders focus on ecommerce, but some test appetite with physical shops

BY ALICE HANCOCK



Alice Hancock, 25 March 2019.
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1 A shop is no longer a shop. Or at least the traditional idea of one – a static space with large plate glass windows, a checkout and shelves of shiny products – is on the wane as big-name retailers try creative ways to get consumers through the door.

2 Apple stores offer coffee, Patagonia hosts yoga classes and Nike lets you try trainers out on their in-store basketball court. As Roelant Prins, chief commercial officer at global payment company Adyen, put it in a recent sector report: “In a world where anything can be a shop, and a shop can be anything, how do you evolve to serve today’s shoppers?”

3 If this year’s FT 1000 ranking of Europe’s fastest growing companies is anything to go by, the answer lies online, or with a calibrated mix of web and bricks-and-mortar sales.

4 Despite concerns about consumer spending, the number of companies in the list defining their business as either ecommerce or retail was remarkably consistent at 114, compared with 113 last year. Tellingly, perhaps, slightly more of these plumped for being described specifically as ecommerce rather than retail ventures. Taken together, they were second only in number to technology and services.

5 Nearly all had an online operation, with popular products including clothes, ecigarettes, health and cosmetics. The biggest FT 1000 retailer by revenue is online fast-fashion retailer Boohoo. Adam Tomlinson, a retail sector analyst at Liberum, says the key to Boohoo’s success is speed and focus on one niche of customer – 16-to-30-year-olds.

6 “They source close to home, which gives them quick lead times,” he says. “They can pick up on a trend and

have a product on their website in two to four weeks, rather than the traditional retail model where you buy six to 12 months in advance and get stuck with loads of stock.”

Websites can also be a “capital-light” way to test a market before opening a physical store, says Mr Tomlinson. But expanding turnover quickly is not without hazard. “You need to manage growth. When you’re growing that fast, risks can be exacerbated. You need to get your suppliers to grow with you.”

The fastest growing retailer on the FT 1000 list this year was Tantal, an organic cosmetics ecommerce company based in Leonberg in southern Germany. The business, which has tapped into the vegan and wellness trends via its Talea brand, enjoyed a compound annual growth rate in revenues of 220 per cent between 2014 and 2017. In that time, it also opened its first physical shop in Stuttgart.

“The organic cosmetics market is growing fast,” says Jessica Aldinger, manager and member of the retailer’s founding family. “People have become aware of what they are treating their skin, face and bodies with.” Organic cosmetics ban things like aluminium from antiperspirants.

Another popular consumer trend which has held onto a physical presence is ecigarettes. Experts in the sector see physical retail outlets as presenting those new to vaping with a chance to learn about the product.

France’s Le Petit Vapoteur has taken advantage of this. The business started in the small guest room of two ex-smokers, Olivier Dréan and Tanguy Gréard, in 2012 and now receives around 5,000 orders a day. The first shop opened in Cherbourg in 2013. Today there are 12 vape shops and a warehouse for its web operation.

Claire Brault, the company’s communications director, attributes its revenue growth to the advice it gives its customers, and the “vintage ... pin-up look” of its website, styled on early 20th-century advertising posters.

Continued on next page

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13

Social media is an important engagement channel. To the more than 8,000 followers of its Instagram account, the company posts pictures and slow-motion videos of chic French twenty-somethings puffing on ecigarettes.

15

He and his partner James Strachan were working at small, family retailer when one day all its orders were mistakenly printed twice, resulting in a double delivery of products. "It was a bad system. And not the service you'd expect as a customer," he says.

16

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The maturing ecommerce market has meant the execution of online shoppers' orders is a vibrant subsector where service is key. James Hyde, co-founder of James and James — an order fulfilment business that made this year's FT 1000 list — realised this in 2010.

The pair decided to build their own order fulfilment system based on cloud computing, the advantage being that a retailer's inventory is updated instantly and errors are minimised. Companies that have integrated with the James and James system have cut time spent processing orders by up to three-quarters, he says, adding: "I don't think we suspected the move away from the high street would be quite as stark as it has been."

3 Understanding the article

Are these statements true or false according to the article? Correct any that are false.

- Many of the fastest growing companies in Europe sell their products online or use a mix of online and bricks-and-mortar sales.
- 114 of the companies on the list define their business as either ecommerce or retail.
- Fast-fashion retailer Boohoo focuses on people aged over 30.
- For companies selling clothes, selling via a retail outlet is quicker and more efficient than selling online.
- The organic cosmetics market is growing fast because people are more aware of what they are treating their skin, face and bodies with.
- One advantage of having a retail outlet is that customers can try out products there.
- Cloud computing processes customers' orders.

4 Business language

a. Find and underline these business words and phrases in the article.

sector stock capital light growth brand retail outlet
communications director order fulfilment

b. Use them to complete the sentences below.

- A _____ is a physical shop.
- If a business operation is _____, it does not require much money to set it up.

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3. A _____ is the key spokesperson for a company and is responsible for dealing with the media.
4. _____ is an increase in the success of a business or in the amount of money invested in it.
5. A _____ is part of a country's business activity.
6. A _____ is a product or group of products that has its own name and is made by a particular company.
7. _____ is the process of completing an order from a customer and sending them the goods they ordered.
8. The goods that are available to buy in a shop or in an online company's warehouse are known as its _____.

c. **Decide which of the words and phrases are useful for you, and then use them in sentences of your own about your own work situation or career.**

5 Discussion questions

- The article mentions some ways in which companies such as Apple and Nike attract customers (para 2). Are you more likely to buy products that offer services such as these? Give reasons for your answer.
- The article says that the way to serve today's shoppers is 'online or with a ... mix of web and bricks-and-mortar sales' (para 3). Do you agree? Give reasons for your answer.
- The article says that a physical retail outlet enables customers to learn about a product (para 10). Do you think this is a positive thing? Why? Why not?
- The author also says that 'social media is an important engagement channel' (para 13). Do you agree? What are the advantages and disadvantages of using social media when buying products?

6 Wider business theme – new businesses

Imagine that you are going to start a new business. What will you sell? How will you advertise it? Where and how will you sell it?

Make notes in the boxes on the next page.

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The product or products

Advertising the product(s)

Where and how to sell the product(s)

Worksheet