

A new approach to retail sales and ecommerce

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) _____

FT 1000 retailers take clicks-and-bricks approach

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

BY ALICE HANCOCK

- 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.”
- 7 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.”
- 8 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.
- 9 “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.
- 10 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.
- 11 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.
- 12 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

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.

14 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.

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 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."



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3 Understanding the article

Answer the questions with as much information as possible from the article.

1. What is the traditional idea of a shop?

2. According to the FT 1000, what is the best way to serve today's shoppers?

3. What is the key to Boohoo's success?

4. What is the potential danger of expanding turnover quickly and what solution does the article propose?

5. Why is the organic cosmetics market growing fast?

6. What is the advantage of cloud computing for the ecommerce market?

4 Business language

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

sector venture stock capital-light growth brand
retail outlet communications director order fulfilment process (vb)

b. Use them to complete the sentences below.

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

8. If a business operation is _____, it does not require much money to set it up.
9. If ecommerce companies _____ an order, they deal with it completely and send it to the customer.
10. A _____ is a new business or activity.

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

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 like this? 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.
- In paragraph 13, the author highlights the importance of social media and gives Le Petit Vapoteur as an example. Are you influenced by updates and advertisements on social media. If so why? If not, why not?
- Organic cosmetics are cited as a successful product. Why do you think this kind of product is so successful?

6 Wider business theme – the FT 1000

- a. **Visit the FT 1000 list online and find out the top ten companies and which sectors they are in: www.ft.com/content/238174d2-3139-11e9-8744-e7016697f225 Choose a company and do further research on both the company and the sector, thinking about what key facts might be useful if you were presenting a short overview to a work colleague.**

Make notes in the boxes on the next page.

The top ten companies and their sectors

Company research

Sector research

- b. Think of an ecommerce product or service you would like to present as a new business venture. Consider the advantages of your product or service and also any disadvantages it may have. Present your ideas to the class.