REVIEW OF THE YEAR

2015: a year of

As the year draws to a close **Suzanne Bearne, Grace Bowden, Nicola Harrison, Luke Tugby and James Wilmore** look back at the biggest stories that broke in retail

BOARDROOM REVOLVING DOORS

If 2015 has been characterised by anything, it has been the revolving door of the boardroom.

Mark Price The self-styled 'chubby grocer' shocked the industry in October when he revealed he was stepping down from Waitrose after a 33-year career at the grocer and parent company John Lewis Partnership. Price, who has served as managing director of Waitrose since 2007, defied critics who believed the grocer would be a casualty of the recession and rise of the discounters. The retailer emerged as one of the most successful supermarket groups.

Price will leave in April to focus on winning the chairman's role at Channel 4. He will hand the Waitrose baton to current retail director Rob Collins.

David Potts Tesco veteran Potts' name was firmly in the frame for the top job at embattled grocer Morrisons from the moment former boss Dalton Philips stood down in February.

With more than 40 years' grocery experience, he joined Tesco in 1973 before becoming retail director, chief executive of the Irish business and, later, chief of Tesco's Asian arm. On arrival at Morrisons, he wasted no time in making his presence felt with a raft of senior departures and whittling down the board from 12 to six in a bid to simplify the business.

John Dixon The Marks & Spencer lifer's exit in July left many surprised because the general merchandise boss was seen as a contender to become chief executive.

Speculation suggests that Dixon, who is also former head of the food business and was executive assistant to former M&S chief Stuart Rose, may have tired of waiting, but he has said his new role as boss of Australian department store David Jones "ticked all the boxes".

Matt Davies After masterminding a turnaround at Halfords during his two-year tenure, Matt Davies set his sights on one of the most challenging roles in retail – head of Tesco's UK and Ireland business.

Davies, who also led the growth of Pets at Home, has had a tough ride. Tesco's interim profits at the UK and Ireland arm plummeted 69.4%.

Michael Sharp Debenhams boss Michael Sharp raised eyebrows in November when he revealed plans to step down from the department store group in 2016. Sharp said the job is "very intense" and it had always been his intention to leave after five years. The retailer is yet to name a successor.

Jill McDonald Jill McDonald swapped burgers for bike parts earlier this year after switching from McDonald's to Halfords. McDonald, who had clocked up five years as the UK boss of the burger chain, replaced Matt Davies. Since joining, she has opened further upmarket Cycle Republic stores and revealed plans to relocate and resize a number of Halfords branches.

Nick Robertson Asos co-founder Nick Robertson stepped down from the online fashion retailer in September after 15 years at the helm. Robertson, who remains on the board as non-executive director, was replaced by Nick Beighton, formerly chief operating officer.

Roger Burnley Sainsbury's loss is Asda's gain. According to sources close to Sainsbury's outgoing retail and operations director Burnley, the Yorkshireman's colleagues are said to be "gutted" at his decision to defect to its rival, where he will take over as chief operating officer in 2016. It will be Burnley's second stint at Asda and his third working with boss Andy Clarke.

Not forgetting....

Allan Leighton was appointed Co-operative Group chairman while Tesco named **John Allan** as its new chairman. **Echo Lu** was named managing director of Homebase while **John Browett** exited Monsoon Accessorize and became Dunelm chief executive. **Rowan Gormley** took up the role of Majestic chief executive after the retailer acquired the business he founded, Naked Wines.

There were exits at Thorntons after boss **Jonathan Hart** stood down and at Supergroup when chief operating office **Susanne Given** left. House of Fraser boss **John King**, Oasis chief **Kate Bostock**, Karen Millen's **Mike Shearwood**, and Jaeger boss **Colin Henry** all exited, while Jack Wills founder **Peter Williams** was parachuted back into the business.

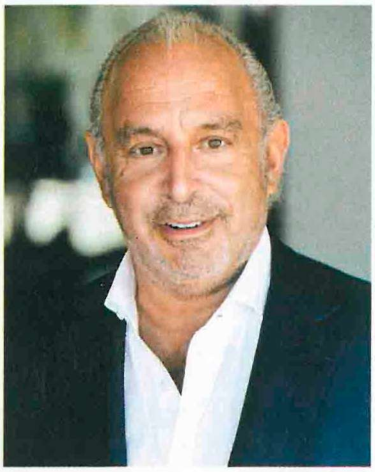
Waitrose managing director Mark Price revealed is to part ways with the grocer

Poundland agreed a deal to acquire rival 99p Stores but ca
under investigation by the CMA

More news and analysis of all the year's biggest stories at **Retail-week.com**

change in retail

Sir Philip Green (below) sold department store BHS to Retail Acquisitions for £1 earlier this year



MERGERS AND ACQUISITIONS

From fashion retailers to grocery and value giants, it was a year of buying and selling for many store groups.

Perhaps the most headline-grabbing deal was retail tycoon Sir Philip Green's sale of his beleaguered BHS chain.

After months of speculation and wrangling, an unknown entity by the name of Retail Acquisitions acquired the business – for the princely sum of £1 – leading some to question the department store's future.

But since then, under new boss Darren Topp, BHS has launched initiatives including expanding the food offer and getting in new fashion concessions. Watch this space.

Taking out its biggest single-price-point rival, Poundland acquired 99p Stores, but not before the CMA launched what turned out to be a rather ill-conceived investigation into the takeover.

Poundland chief executive Jim McCarthy mildly stated he was "disappointed and surprised" that the CMA failed to understand Poundland competed with a much larger range of retailers than only 99p Stores – think everyone from B&M Bargains to the supermarkets. The CMA later climbed down and cleared the acquisition.

In grocery Sainsbury's moved to strengthen its balance sheet and refocus its energies by selling its pharmacy business to Celesio-owned Lloyds Pharmacy for £125m – it too is now the subject of a CMA investigation.

Morrisons sold its convenience arm to entrepreneur Mike Greene, who subsequently launched My Local.

Thorntons was sold to Ferrero in a deal welcomed by the City, which had begun to feel nervous about the British chocolatier's prospects.

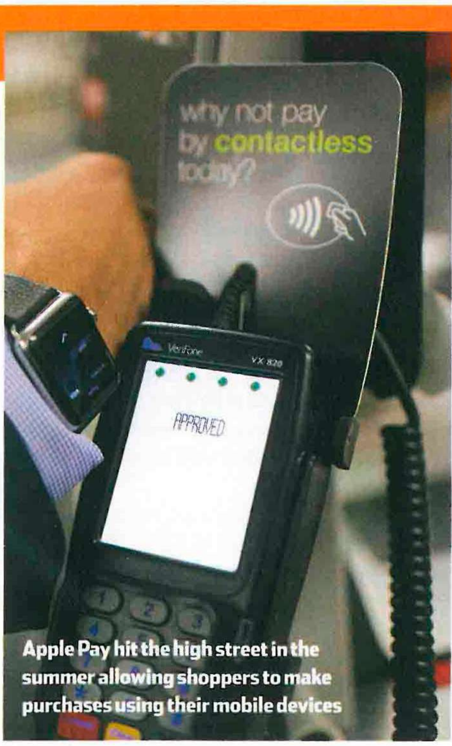
Fashion etailers Yoox and Net-a-Porter merged to create the world's "biggest luxury fashion store". Net-a-Porter founder Natalie Massenet quit ahead of the deal.

Chinese footwear business C.banner Holdings acquired toy retailer Hamleys from French owner Groupe Ludendo for £100m, after three years of ownership.

Evans was acquired by ECI as the private equity firm aimed to tap into the cycling boom.

Owners of footwear retailers were busy too. Kurt Geiger, Office, Jones the Bootmaker and Brantano chains were all sold this year.

RETAIL TECHNOLOGY AND ECOMMERCE



Apple Pay hit the high street in the summer allowing shoppers to make purchases using their mobile devices

Click-and-collect remained a talking point this year after John Lewis introduced a £2 charge on orders under £30, calling into question the sustainability of retailers fulfilling orders free.

Grocery giant Asda sparked similar doubts when it pulled back its click-and-collect roll-out.

But some retailers became more adventurous. Amazon launched a one-hour delivery service for Prime members across four UK cities and gained approval to trial drones in the US.

Argos fired its own fulfilment salvo by launching same-day home delivery service Fast Track.

Personalisation was another priority. Shop Direct launched personalised home pages on Very.co.uk, while more than half of UK retailers invested in proximity marketing campaigns during 2015.

Beacon technology gained popularity as Ted Baker, House of Fraser, Oasis and Mothercare all piloted it in stores.

Social media giants launched targeted advertising campaigns and payment capabilities through their websites. Google introduced a click-to-shop feature, allowing users to buy products via YouTube adverts, Facebook tested a buy button and Instagram launched advertising capabilities through its app.

Innovations in payment technology also came thick and fast. Apple Pay arrived to the UK in July, allowing shoppers to pay for purchases through their iPhone or Apple watch.

Google rivalled Apple's offer with Android Pay, teaming up with MasterCard and Visa on its payments tech, which is yet to come to the UK.

Sainsbury's and Walmart launched shopping apps with mobile payment capabilities of their own as they take on the tech giants.

But a look back at retail technology this year would not be complete without considering Google's failure to bring Glass to the market.

Having started development on the wearable tech in 2013, Google Glass was designed to bring personalisation and convenience to shopping. But complaints that the technology was unstylish and unaffordable dogged the product and sales were halted. With Google starting from scratch on a redesign, will Glass rise from the ashes in 2016?

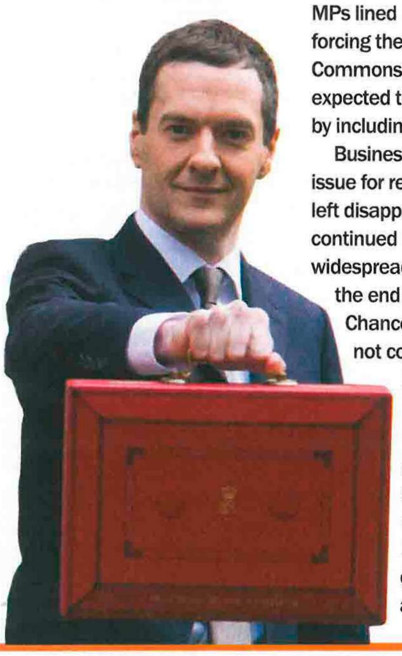
REVIEW OF THE YEAR

POLITICS AND POLICY

Chancellor George Osborne unveiled two eye-catching policies in his post-election Budget – a plan to relax Sunday trading laws and the introduction of the national living wage.

The living wage, which comes into effect in April, means employers will have to pay £7.20 to staff aged 25 and above, rising to £9 by 2020. Some retailers, including Ikea, Aldi, Lidl and Oliver Bonas, took the opportunity to score PR points by announcing plans to increase their wages above that level.

Osborne also revealed plans to give councils and mayors the power to set Sunday trading hours in their areas. But rebel Tory and opposition MPs lined up against the move, forcing the Government to pull a Commons vote. Ministers are expected to bring back the measure by including it in the Enterprise Bill.



ALAMY

Business rates remained the main issue for retailers, but the industry was left disappointed by the Government's continued inaction. The results of a widespread review were expected by the end of the year, but the Chancellor said this would now not come until his Budget next March.

In the meantime, the Government said it would give mayors the power to set business rates locally, abandoning the uniform business rate. However, this could mean rates going up as well as down.

STORE OPENINGS, CLOSURES AND TIE-UPS IN 2015

Four shopping centres opened in 2015, the most since the recession took hold.

The John Lewis-anchored Grand Central Birmingham was the first and biggest launch of the year, while Friars Walk in Newport, Flemingate in Beverley and Westfield Bradford Broadway also opened their doors.

Retailers across different sectors joined forces this year to diversify the in-store experience. The first tie-up of the year came courtesy of Asda and Decathlon's shop-in-shop pilot at the grocer's Watford superstore. The deal gave Decathlon access to Asda's shoppers while allowing the grocer to make better use of excess space.

That partnership was swiftly followed by eBay and Argos who, having previously collaborated on a click-and-collect tie-up, joined forces again in March to pilot a click-and-drop scheme. The initiative, which has now been rolled out nationwide, allowed users to drop sold items at their nearest Argos outlet for packing and shipping by eBay.

And *Retail Week* revealed in November that Tesco had linked with Arcadia to open Dorothy Perkins, Burton and Evans concessions across five Extra stores.

Store closures and revamps were also high on the agenda. In March Kingfisher revealed plans to close 60 B&Q stores as part of a radical restructure.

At the opposite end of the scale, Primark expanded its store estate, opening its first US store in Boston and reporting a 13% profit surge off the back of expansion.

Another fashion retailer that went from strength to strength in 2015 was the newly launched fashion chain Pep & Co. Founded by former Asda boss Andy Bond and backed by billionaire Christo Weise, the retailer opened 50 stores in 50 days this year.

RESTRUCTURES

As shopper habits change and dwindling profits hit retailers, bosses moved swiftly during 2015 to restructure their operations. Tesco led the way in January, as new chief executive Dave Lewis axed 2,418 jobs amid plans to close its headquarters and merge those operations with Welwyn Garden City. Meanwhile, 5,000 extra staff were placed on the shopfloor.

Rival Morrisons took the axe to its head office workforce in April with 720 jobs cut. New boss David Potts also parted company with five members of his executive board, while introducing 5,000 extra store staff.

Sainsbury's cut 800 jobs as it reshaped its in-store staffing structure, forming part of wider plans for £500m of savings.

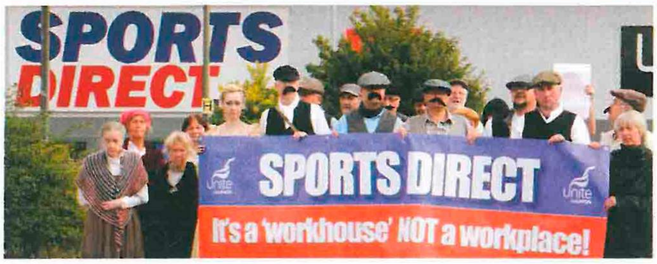
Asda, which revealed its own restructure back in July 2014, said 20 further jobs were to be canned as it reshaped its management teams.

Away from grocery, new Kingfisher boss Véronique Laury restructured the group with the closure of 60 B&Q stores. Laury also ushered in a series of senior leadership changes in her bid to create a "single, unified company".

Boots cut 700 roles at its head office and within UK field teams to make the business "fit for the future".

Department store group House of Fraser embarked on what it called "pioneering" changes to put customers at the heart of the business. Rival John Lewis reshaped its senior management team in September, in a shake-up that positioned the retailer to power ahead in omnichannel and reflect changing shopper habits.

MAKING HEADLINES FOR THE WRONG REASONS



ALAMY

Retailers operating at airports hit the headlines when it was revealed that some were failing to pass on savings they made through VAT relief. Ministers became involved in the furore while some passengers refused to show their boarding passes as the ensuing controversy led to retailers, including Boots, to review the practice.

An alleged lack of price consistency continued to be a theme as WHSmith, also embroiled in the airport pricing scandal, and Marks & Spencer came under scrutiny for charging customers more at their hospital stores.

Farmers staged protests over the price they were being paid for milk. The protests worked – one by one the grocers surrendered to the mounting pressure by pledging to increase the amount they pay suppliers.

Amazon continued to face questions about booking UK sales through its Luxembourg arm. The etailer was revealed to have paid just £11.9m in tax on £5.3bn of UK sales, according to Companies House. However, Amazon has since revealed it had started booking UK sales in this country, meaning its tax bill should be more reflective.

Sports Direct faced negative press again. It culminated in the retailer's main warehouse in Derbyshire being described as a 'gulag' by *The Guardian* after two undercover reporters got into the facility. The paper alleged that unpaid time for "rigorous" staff searches at the site meant workers were effectively being paid less than the minimum wage.

Separately, chief executive Dave Forsey was charged with a criminal offence relating to the collapse of fashion chain USC. Forsey has pleaded not guilty to the charges and will face trial in March.