

Firms such as Argos should look at small firm innovation not pressurising their supply chain

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Following the mediocre results at Argos and the continuing troubles at British Home Stores, the Forum is arguing that the focus for reinvigorating the high street should be set around new smaller innovative retailers rather than the large traditional high street brands.

In contrast to BHS, 49% of Argos' sales came through its online market, indicating that high street performance is continuing to decline, despite the increased cost of running these stores.

Argos and BHS are linked by the Forum's Hall of Shame as both have been prepared to pressurise suppliers and cut costs as a means of survival, rather than innovating, reinventing and growing .

In contrast to such large companies The Tap and Bottle, a new Beer Bar in Cheshire has focussed on customer experience and an innovative offering, to the extent that the company is booming despite a basic but effective online presence.

Owner Richard Hoskins put the company's success down to a number of factors.

“Quite simply we look to provide as wide a range of quality beers as possible at a reasonable price and invest heavily in staff training so our employees can talk the consumer through the wide range of options and give tasters so they get the right product for their needs”

“We do not pressurise suppliers, far from it, we champion our suppliers and new start-ups that share a passion for beer, and are looking at events such as a Battle of the Breweries to help educate consumers who love the product”. Mr Hoskins stated.

Ian Cass the Chief Executive of the Forum stated “a lot of the focus on the high street has been focussed on digital media and websites – partly as a response to Amazon, however the Portas review highlighted the importance of theatre and attracting consumers into shops. Innovative Retailers can provide the solution if they are allowed to, if restrictive red tape and regulation is removed and if they listen to and react to their customers. Unfortunately Argos and BHS have forgotten this.

Ends

Both Argos and BHS were inducted into the Hall of Shame over a decade ago with no evidence that they have changed the way they respond to suppliers with Argos contacted in 2015 to see if the company had changed the way it operated.

Argos

Argos entered the Hall of Shame in 2005 when it insisted suppliers remained silent about its enforced changes to payment terms, telling them in a letter: "It goes without saying that all discussions that take place between us are confidential. Under no circumstances should any information that is provided to you by us be disclosed

by any third party."

BHS

BHS decided in July 2006 that they would increase their already considerable demands on their suppliers. Payment terms were doubled from 30 to 60 days, meanwhile an additional 1% discount would be taken moving their discount rate up to a whopping 11.25%!

For more information visit on the Forum's Hall of Shame please visit <https://www.fpb.org/your-voice/hall-of-shame>

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