Innovative Retail and the UK Growth Agenda

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The context for this paper is the 2010 Cameron Government growth review which identified retail as one of six sectors capable of delivering significant economic growth and stimulating employment in the post-economic crisis period. Additionally the paper relates to recently well-rehearsed arguments in UK public policy regarding innovation in services.

In the UK retail sector accounts for 8% of GDP and employs 1 in 10 of the workforce. Annual turnover was £316 billion in 2009 of which GVA was £68 billion. This placed the UK’s retail sector as the sixth largest in the world in terms of sales.

The paper focuses on three case studies spread across the size spectrum.

1. **Tesco** – the UK’s largest retailer, where the focus will be on the innovative aspects of the firm’s recent high risk US market entry, specifically the novel ‘capabilities’ which Fresh & Easy Tesco’s US subsidiary has developed and the potential for future growth both in the US and other international markets via the scaling up of these innovations.

2. **Jack Wills** – a high growth medium sized clothing retailer founded in 1999 whose profitability growth currently exceeds 70% per annum. Notable for its word of mouth/viral marketing techniques, the firm has recently expanded its reach to include a sister brand Aubin & Wills targeting a different demographic sector. In addition the firm has recently expanded into east coast USA specifically to Boston, Martha’s Vineyard and Nantucket and has plans for further expansion to Japan within the next eighteen months.

3. **The Hambledon** – a small ‘lifestyle’ store/mini department store recently ranked within the top seven inspiring independent clothing retailers in the UK and regularly highlighted as ‘cutting edge’ within the media. Notable for its ‘choice edited’ collection the store has demonstrated a remarkable ability to capture growth during the recent crisis period in UK consumer confidence.

The studies reveal some of the barriers and opportunities faced by retailers in delivering the growth the UK Government seeks. Additionally they illustrate the key role that retailers play in the development and sustainability of innovative urban spaces and the creative economy.