WH Smith Channel Strategies

By [Name]

Course

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WH Smith Channel Strategy

WH Smith is a multi-chain high street retailer also operating railway station, port, airport, and railway station. The firm also operates hospitals and motorway service station shop that deals with magazines, books, stationery, entertainment products, and newspapers. WH Smith was established in 1792 as a new vendor in London by Henry Walton Smith and later diversified into other markets (Bloomberg 2018). The firm is largely known to be the first retail chain in the world and the creation of the ISBN book identifier. The overall corporation employs approximately 14000 employees, primarily in the United Kingdom ("History of WH Smith", 2018).

The corporation is divided into two such as Travel and High Street operated by different management. The firm currently operates more than 1300 stores located in the United Kingdom, comprising 790 travel airport outlets, hospitals, motorway service area, workplaces, hospitals, and 630 high street stores (Bloomberg 2018).

The firm's mission is to improve profitability and generate cash flow while delivering sustainable returns to shareholders. The two divisions in the firm have different strategies and goals although they share the brand and some services. The Travel's goal is to lead in the retail industry in providing convenience, books, and news for all travelling customers globally. The High Street's main objective is to be the best street stationery dealer, bookseller, and newsagent in the United Kingdom. WH Smith supply chain and ensures careful distribution of goods and services while merchandizing keeps all the stores well stocked at all times.

WH Smith Operating Divisions

The firm operates in various models some of which are directly run, joint ventures, franchise and online business (Grewal et al., 2015). The firm embraces a multi-channel shopping strategy integrating the site fully into the organization's high street retailing arm. Multi-channeling allows consumers select the most appropriate mode of purchasing the variety of products offered by the firm. Consumers choose from a wide range of multi-channel shopping, WAP, in-store kiosks, interactive TV, and internet. The firm's internet policy is convenient to consumers and allows goods purchased online be returned to any of high-street store in case consumers receive a different taste. The firm's retail sites with offline stores allow consumers to return their goods in physical stores.

*Travel Stores*

WH Smith travel stores are located in a variety of places at railway and bus stations, motorway services, hospitals, and airports offering a wide range of products that suit customer needs at the right time (Grewal et al., 2015). The travel stores aim at serving customers quickly as they move on with their busy lives. There are more than 570 travel outlets in the United Kingdom serving customers 24 hours a day, tailored to sell products that fit customers in their location. Stores in railway and bus stations sell more magazines and newspapers, while airport stores sell more books and travel essentials. Stores located in hospitals sell products that are convenient to staff, patients, and visitors, and in some hospitals, the firm owns café (Grewal et al., 2015).

WH Smith’s stores have a variety of formats prioritizing on different products, while best practices and processes stay unchanged. The strategy of offering diverse products has allowed travels to make profits year after year and massively expand for the past ten years. The firm’s international business has grown very fast, allowing global stores to be set in over twenty countries and over sixty airports globally.

The travel stores are mostly located in higher football locations with higher operating costs and higher rents and operate at about 0.6 square feet of selling capacity. The stores are less affected by holiday trading periods and their sales peak when there are increased passenger traffics during the summer holidays (Cision 2015). Business in travel stores is largely impacted by macroeconomic trends and other factors influencing the number of travelling customers, and investment and employment levels. The company is also impacted by technological changes such as digitalization on printed products.

*High Street*

The High Street business operates 612 stores extensively across the United Kingdom in most streets with significantly large numbers of consumer footfall. The stores deal with a variety of products in different categories. The stationery offers greeting cards, gifting, art and craft, and different type of general stationery. The stores also provide News and Impulse such as magazines, newspapers, drinks, and confectionery, and also books. The High Street business is seasonal and mostly peaks during holidays such as Christmas and back to school seasons between August and September.

The performance of High Street depends on the overall trends in consumer spending and growth in non-clothing and non-food industries. The performance is also impacted by its ability to take product market share and other trends in technological advancements such as digitalization on printed products. The strengths and qualities of publishers in any given year considerably impact trends in the book market.

*Online Retail Business*

The online retail is growing at pace and WH Smith is finding its place in the lead. Most United Kingdom retail sites offer full-time e-commerce, and WH Smith was found to have a high level of usability and to have better e-commerce strategies. Investing in online strategy provides integrated services in service provision that enable firms to secure customer loyalty. The company experienced a growth more than 50% per year, accounting for 1% of the overall company sale in the United Kingdom (Buljubašić and Borić 2014).

High Street is involved with the online business in selling products such as books, stationery, gifts, and magazine through the company’s website (Cision 2015). The online site promotes itself with a base level of banner promotion with all the firm’s partners and highlights specific promotions with targeted sites.

The firm's B2B e-commerce network uses GXS Trading Gris, and GXS managed devices that enable the firm to maximize supply chain initiative instead of managing technology (Buljubašić and Borić 2014). The e-commerce network enable the firm to place orders, receive confirmation, and also allow invoices and notices to be shipped allowing stores to restock shelves two to three days after selling products like books. The system is also used to reallocate employees from processing papers or manual data re-keying and leads to the application of more valuable activities that efficiently utilize their expertise, such as investigating discrepancies in invoices.

*Franchise*

The firm is involved in marketing and sells its brand and other products while offering services to consumers, franchise stores, and wholesalers globally. Franchising enables the firm to build an outstanding commerce capability to meet the diverse need of consumers (Buljubašić and Borić, 2014).

WH Smith worked together with NetSuite Inc. to develop a cloud-based online commerce system that helped support the rapidly changing franchise industry (Cision 2015). The B2B system allows the firm to provide a secure and robust service where retailers efficiently purchase products, manage payments, and request a refund by having a franchise and other sales partners across the United Kingdom, Europe, Australia, and the Middle East. The firm eliminated analogue processes from faxing and emailing orders and started using more rapidly secure additional franchisees that would provide effective customer services and improve overall operational efficiencies with diverse self-service capabilities.

Franchising has enabled the firm to be agile and flexible necessary to foster a superior customer experience, increase efficiency and adaptability in the retail industry (Nicholas-Donald 2015). The firm must provide quality brand experience and deliver innovation across channels, all from a cloud-based and uniform commerce platform providing clear business and consumer data. The consumer experience is achieved by providing user-friendly websites that allow franchisers to conveniently accomplish their needs in supporting their business and streamlining business operations.

*Distribution Centers*

WH Smith News has 47 distribution centres across the country and makes an approximate week delivery of more than 50 million magazines and newspapers (Backhouse 2018). The distribution centres use the state of art technology to improve consumer satisfaction at reduced costs.

*Use of Social Media*

Technological advancement and internet are evolving faster than ever, and customer expectations increase on the other hand (Shen and Bissell 2013). The possibilities of the firm to deliver products based on consumer preference change all the time, and force the need to embrace the available technology and build an entrepreneurial culture.

WH Smith has a digital team made of digital experts, coordinators and editors to social media executives and category managers that ensure a smooth operation of the business online ("Digital – WH Smith," 2018). Social media enable the firm to drive customer sales and generate profits through website use, eBay, and other sites that work with in-store customer ordering. Social media creates a positive brand image and manages the presence of blogs and consumer engagement. The firm recommends books, promotes events, and shares its employee expertise through the digital network to stay ahead of the competition in the fast-moving retail industry.

*Digital Advertising*

The firm equipped digital screens into stores across the United Kingdom in partnership with street to carry promotional materials and marketing messages. The firm pioneered in transforming from traditional posters and adopted digital advertisement in their windows. The screens enhance social communication with clients through a live platform, and delivers voucher issuance, redeeming retailers’, consumers’, and advertisers’ opportunities for redemption in their locality.

*E-Books*

The extensive growth in Kindle and iPad has drastically shifted customer preference from traditional books to eBooks which they purchase online and can be read from mobile devices and tablets (Wischenbart, 2013). The launch of eBook came as a strategy to cut out products with low margins such as DVDs and CDs and focus on core areas of news, stationery, and magazines that impact sales but boost profits. The firm sells a wide range of e-Readers to battle and counter the shift away from real books and to reach a wide variety of customers.

The firm succeeds in eBook strategy by partnering with Kobo, a Canadian retail provider that offers 2.2 million book titles more than any WH Smith’s competitor. Kobo accesses EPUB books which are only accessible for the Kindle, but they convert the format into Amazon’s AZW formatting. Customers pick up the Kobo from all the firm’s branches including those located in bus and railway stations, but books first must be synced with Kobo software on a PC connected to Wi-Fi. The partnership with Kobo creates competition in the United Kingdom for the eBook store and devices, which results in better prices and innovation (Picton 2014).

*Marketing Strategy*

Marketing is a key factor in the success of a business in the face of global expansion and competitive retail environment. Marketing identifies customers' needs, and the company provides goods and services to satisfy them to attain a competitive advantage. Despite WH Smith has a globally recognized brand, the high street market has experienced a significant decline in economic activities because of increased competition and decline in consumer spending. The decline in performance is also contributed by the layout of the stores, with some customers complaining that shelves are messy, products are disorganized, and it is hard to locate products because the firm lacks browsing facilities.

The company advertises products using television media that provides a multi-sensory appeal and high opportunities for creativity (Flink 2011). Television displays products and provides clear descriptions using creative narratives, humour, and action. Television advertising reaches a variety of customers at once at relatively reduced cost when compared with other media.

Challenges Facing WH Smith

The company has the advantage of reaching a wide customer base because of having the variety 542 retail outlets on every high-street in the United Kingdom and having many travel stores at airports and railway stations. According to (Grewal, Kopalle, Marmorstein and Roggeveen 2012), approximately 70% of the British population visits the firm’s travel stores at least once per year, allowing the firm to perform well in the retail industry and record high growth rates in revenue generation and profits.

The firm faces stiff competition from Telegraph Media Group, Digital First Media, Amarujala.com, and Aurum Holdings in the retail and e-commerce industry. The firm is threatened by increased competition from other stores and online retailers such as Blackwell, Amazon, and HMV Group. Competitors impacts firm’s revenue and profits when their growth impacts the market share (Osmond 2015).

The travel business is largely impacted by geographical events such as war and threats from terrorism resulting in lower revenue generation. Threats reduce commuter, and travelling customer traffics, and the business operations are disrupted by planned and unplanned closure route (Gomez-Suarez and Martínez-Ruiz 2016).

The barriers of entry to business have increased in the retail industry because of the increased customer awareness of online shopping. E-books are cheaper, easily available, more portable, while others can be accessed free of charge. The low e-book prices are eroding prices for printed books threatening traditional stores book distribution and strengthen competitor’s influence in the book industry (Gilbert, 2015).

Recommendations for Improvement

The firm should improve in gaining competitive strength in all its channels. Setting a widely recognized and respected brand compels consumer proposition and improves the firm’s competitive advantage (Hu 2015). Competitive advantage will be obtained through vigorous marketing to draw in consumers with events, special promotions, and advertising. Content marketing should be incorporated into the firm's strategy and may include story hours for children and book discussions on company's website and through social media. Customers should be informed of products and books arrival through social networking sites to increase satisfaction and improve their preference.

Digital technology profoundly impacted WH Smith as a dealer in traditional books publishing and retailing industry. The rise of eBooks at low prices and e-Readers has threatened the firm, but the printed book is still surviving alongside technological advancements and publishers and retailers can reach a variety of audiences and explore new ways to tell stories (Hu 2015). The firm should be innovative and embrace technology that will help evolve beyond physical constraints. The emergence of smart phones is convenient in enabling buyers to download a book in seconds

The firm should develop better lending systems to prevent readers from sharing books via their phones and tablets instead of purchasing one. Lending will act as word of mouth marketing and will enable retailers and publishers collaborate and establish more profitable and effective lending programs. Lending the best selections where authors have used the right titles for the market niche will fit consumer demographics. The firm should try and match their products to consumer preference, such as increasing stock in shelves with children's books for neighbourhoods with young children. The firm should develop technological programs at the point of sale terminals that tracks customer's demographics and the books they buy to improve customer satisfaction.

The firm should implement transparency across the entire supply chain to meet customers' demands for inventory transparency. Transparency across industries is vital to maintaining positive consumer experiences (Ater and Rigbi 2017). Customers feel disappointed to walk into a store only to find their product is out of stock, or to find the price of the commodity varies with the prices advertised online. Consumers should access accurate and clear inventory information from their phones without necessarily calling to check product availability. The firm should develop cloud-based programs to update customers on product availability for smooth pickup or delivery. Consumers should receive alerts in case products are unavailable to avoid confusions when clearing up and ensure they revisit the store. The firm should ensure proper price labelling in stores and trained staff improves store navigation by displaying key titles appropriately.

The emerging needs of technology require the firm to invest in cloud-based infrastructure that can blend arising challenges. Investing in solid foundations helps businesses adapt to market changes without impacting the existing infrastructure. According to Evans (2010), brands that put their investments on a right technology and implements proactive measures succeed regardless of evolutions in consumer expectations. A cloud-based infrastructure system can be improved effectively to handle any evolving needs consistently sustaining customers (Ali and Haseebuddin 2015).

The firm should invest more in advertisement strategy because it currently seems ineffective. In-store advertising should be prioritized because the stores are strategically located in streets with a lot of people and travel outlets. In-store advertising influences shopper's behaviours of making decisions while in store, impulsively buy while in store, and purchase unplanned items driven by in-store promotions. Advertisements should contain messages that directly influence the purchasing habits by delivering the information needed by interested shoppers.

WH Smith should embrace the use of mobile marketing to reach larger audiences in a personal and real-time way. Almost every customer owns a mobile device, and 70% of the population can access the internet via mobile devices (Evans 2010). Mobile marketing is an important part of the retrial market industry with mobile interactions an integral part of the marketing mix. HH Smith should innovate ways to integrate mobile technology into their in-store by using SMS marketing or hyper-targeted mobile ads.

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