

## Retail Sector

### The value of revenue generation from non-core products and services

Collinson Latitude recently conducted a survey amongst representatives from the retail industry to understand their thoughts on how they generate additional revenue through added value products and services outside their core product. The research indicates that additional revenue streams are key to profitability in 2010.

Multiple retailers are currently very well established in generating revenue from means other than the traditional – Tesco is believed to be leading in this area. Smaller and more niche businesses are also beginning to recognise the value in this and expand their product and partner activity. When looking to key business objectives for 2010, almost 60% of retailers stated that acquisition of new customers was the primary objective and focus. Brand differentiation was rated as the lowest priority.

40% of respondents claimed to offer additional products and services outside their core offering – and 50% of these do this to add additional value to the customer proposition. In line with the overall core objective, the other 50% do this to acquire new customers. None of the respondents claimed to do this to ‘create additional revenue’. All respondents believe that these enhancements help ‘differentiate’ their business against the competition ‘very much’.

Of those who do not offer product extensions, cost, IT integration and complexity are perceived as the major barriers. Retailers rate promotional activity as critical to their business to retain customer engagement, demonstrated by over 40% of respondents claiming to utilise promotional applications online, such as e-scratch cards.

50% of respondents expressed an interest in offering customers a packaged multi benefit proposition. Of those outstanding, 50% claim to be offering these product extensions in the form of membership benefit packages.

**“Retail sector cite acquisition of new customer as focus in 2010”**