

Company case

Holland & Barrett: choosing the good life!

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Even within today's dismal retailing environment, Holland & Barrett continues to be one of the world's leading health and wellness retailers and the largest in Europe, supplying its customers with a wide range of vitamins, minerals, health supplements, specialist foods and natural beauty products. With over 145 years of experience in the industry, their brand is a familiar sight in almost every major city and town across the UK and is becoming increasingly more visible further afield, in markets as diverse as the Netherlands and Malta to the UAE, China and India.

Physical retail outlets have suffered badly recently, with an ever-growing number of high-street shop closures in 2018. Despite this, Holland & Barrett grew its revenues by over 7 per cent during the 2018 financial year on the back of strong sales growth of nearly 4 per cent, along with 32 per cent growth in digital sales and new store space, adding 34 new stores in the UK and Ireland during the year. Consumer interest in personal health and wellness is accelerating, and as innovation in technology is improving consumers' access to health-related information, Holland & Barrett has worked hard to keep pace with its customers' changing needs.

Their chain of health food shops now operates 1,077 stores in five countries including 830 stores and concessions in the UK and Ireland (of which 38 are 'store in store' concepts with Tesco), and 247 stores internationally in the Netherlands, Belgium and Sweden. Holland & Barrett also has over 400 franchised locations in 11 countries. During the year Holland & Barrett also acquired Halsä for Alla Sverige in Sweden, providing a platform for further growth in the Scandinavian region.

Holland & Barrett was formed in 1870 by Alfred Slapps Barrett and Major William Holland, who bought a grocery store and developed their business into two shops; a grocery store and a clothing store. In the 1920s, Alfred Button & Sons bought the business and kept the name Holland & Barrett. Holland and Barrett has since changed hands several times. Notably, Lloyds Pharmacy purchased Holland & Barrett in 1992, after which NBTY, formerly known as Nature's Bounty Inc., an American manufacturer of vitamins and nutritional supplements, acquired Holland & Barrett in 1997. Private American equity firm the Carlyle Group subsequently bought NBTY in 2010. It was, more recently, acquired by L1 Retail, a fund headed up by Russian oil billionaire Mikhail Fridman, in August 2017.

In 2018, to prepare the business for a more ambitious future, Holland & Barrett made significant investments in strengthening the business with several important additions to its senior management team. Former Homebase and Argos boss John Walden was hired as the retailer's new chairman. Walden said Holland & Barrett 'must change quickly' to adapt to the current retail climate. He added that he was also optimistic about the brand's opportunities for sustained growth.

Another addition was Starbucks' ex-vice-president of technology Mark Fabes in a brand-new chief information officer role that will comprise the driving of customer, brand and business insights across Holland & Barrett's stores, website and loyalty scheme. Fabes's role was created to improve the analysis of customer information and shopping habits to create better targeted promotions and communications both online and in-store. According to Fabes 'one of the biggest areas of focus

in retail in the next couple of years will be about having a comprehensive 360-degree view of your customer'. Moving forward, the overarching aim for Holland & Barrett is to leverage deeper knowledge of how their customers engage with their business across all touchpoints, helping them reach decisions that create a truly blended experience across all onmichannels. Along with this, the firm also hired former Sainsburys/Argos technology boss, George Goley, as its first chief technology officer who said that, 'as a business, we need to be at the forefront of the rapidly advancing technology that is helping our customers meet their health and wellness goals by investing heavily in delivering more speed in the retail experience, greater convenience in service and delivery, and increasing personalisation in our brand and product propositions, both in store and online'.

Technology is dramatically reshaping the retail landscape as consumers increasingly use mobile and other internet devices to communicate, learn and transact. Under their new leadership, Holland & Barrett has begun what will be a transformative journey to meet customers' health and wellness needs in a digitally dominated future. It initiated improvements to its capabilities across the business with this end in mind – technology, data, retail standards, merchandising, marketing and supply chain – and have experienced significant digital sales growth during the year of 32.2 per cent.

According to its company report, one of Holland & Barrett's competitive strengths is its specialist health and wellness knowledge. Over the years Holland & Barrett has invested significantly in the creation of an online repository of health and wellness information, and training of its staff across all areas of its customers' health and wellness needs. This ensures that its customers have access to clear, concise and up-to-date information to help them confidently make informed decisions. Also, to make training more accessible and tailored to the needs of their customers, in 2017 Holland & Barrett launched the Hive e-learning platform, which allows employees to undertake and update their training digitally, with flexible ease of access. In 2018 alone, 1,874 employees gained a qualification through the Hive, covering key knowledge areas in relation to product features, benefits and cautions along with nutritional value, lifestyle choice and focused customer advice.

As we have seen, under new leadership, Holland & Barrett has been expanding its store footprint and digital operations in recent years, fuelled by a rise in popularity for vegan, gluten-free and other alternative diets. Mintel states that, 'the market for vegan products is booming, in line with growing consumer concerns about the ethical and environmental impact of animal-related products and a desire to buy products that align with the issues people care about'. In 2018, UK sales of luxury vegan beauty products climbed 38 per cent with the vegan trend growing fast in both fashion and beauty products.

M+LKPLUS, the gourmet nut milk brand from *The Apprentice* finalist Camilla Ainsworth, recently confirmed its first exclusive nationwide listing with Holland & Barrett, following the Managing Director, Steve Carson's, appearance on the show to help Lord Sugar judge the final episode, and marks an exciting partnership for the health giant, which is rapidly expanding its offering with innovative new vegan products. The retailer is also to open vegan stores in 2019 and aims to take on brands like the Body Shop and Lush with a major expansion into cruelty-free beauty. Peter Aldis, the chief executive, said he plans to test two vegan-only stores. They will sell beauty products, such as ethical make-up, and cosmetics and foods such as vegan ice cream and sports nutrition powders. With demand on the rise, Holland & Barrett is seeking to stock 500 more vegan foods this year. They have already introduced vegan nail bars with Zoya vegan polishes in around 50 of their stores as well as Beauty Kitchens where customers can mix their own cruelty-free body scrubs. The retailer has also removed beauty products with parabens and foaming agents, which are considered harmful to the environment, and are phasing out gelatine from all its vitamin pills.

New global chief marketing officer, ex-Bacardi and Unilever exec Caroline Hipperson, is putting transparency at the heart of Holland & Barrett branding. 'For us it's about being genuine, ethical and true. There's equal parts wonder and science to what we do, so we're very inquisitive about nature but equally obsessed with the science behind it', Hipperson states, while launching their campaign to encourage transparency within the Manuka honey industry, using a blend of TV, social media and in-store activations to promote the fact that all Manuka honey stock sold within its walls will meet the same standard set by the New Zealand government, introducing 'certified' packaging for each jar. The retailer's 'Wonder of Honey' drive followed on from the its 'No Compromise' beauty initiative in 2018, which aimed to start a 'clean living' movement by encouraging customers to buy sustainable and ethical beauty products in-store. In a fragmented market, where health shops are moving online, Hipperson also wants to increase the share of direct e-commerce accounts for Holland & Barrett's sales. Due to increasing competition from national supermarkets (e.g., Sainsbury's is due to introduce wellness hubs in seven of its stores in 2019 in a move to take on high-street health food stores) and online traders, the company is continuing to invest in its in-store and online capabilities.

Looking forward to the future for Holland and Barrett, under their new ownership, chief executive Peter Aldis is confident that they are well positioned to drive transformation in the face of digital disruption, 'we expect that 2019 will also be a year of continued investment in the business to provide our customers with the most trusted and innovative range of health and wellness solutions'.

Questions for discussion

- 1 How have Holland & Barrett mined their big data to use market information more effectively?
 - 2 What should Holland & Barrett do now to enhance their customer relationship management?
 - 3 How can Holland & Barrett use marketing information and customer insights to ensure that all their growth strategies have succeeded?
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Sources: F. Briggs, 'M+LKPLUS from *The Apprentice* finalist Camilla Ainsworth lands nationwide listing with Holland & Barrett', *The Retail Times*, 17 December 2018; S. Butler, 'Holland & Barrett to offer beauty products in vegan-only shops', *Guardian*, 3 August 2018; M. Calnan, 'Holland and Barrett hires George Goley as first Tech Chief', *The Grocer*, 29 October 2018; J. Espinoza, 'Mikhail Fridman fund to buy Holland & Barrett for £1.8bn', *Financial Times*, 25 June 2017; Holland & Barrett, *Preliminary Results Announcement*, 14 November 2018; E. Jahshan, 'Holland & Barrett taps former Homebase boss for chairman role', *Retail Gazette*, 14 November 2018; E. Jahshan, 'Holland & Barrett raids Starbucks ranks for new CIO', *Retail Gazette*, 21 September 2017; Mintel (2010) *Health Food Retailing UK Consumer Market Research Report*; R. Stewart, 'Holland & Barrett CMO on bringing transparency to wellness: "we don't make up stories"', *The Drum*, 3 August 2018; B. Stevens, 'Sainsbury's to take on Holland & Barrett with dedicated "wellness hubs"', *Retail Gazette*, 30 November 2018.