



**blenheim partners**

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**The Blenheim Report**

**CONFIDENTIAL INTELLIGENCE REPORT**

**RETAIL**

**August 2014**



## blenheim partners

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## CONTENTS

<b>Introduction</b> .....	4
<b>ALDI Stores Supermarkets Pty Ltd</b> .....	5
<b>Australia Post</b> .....	8
<b>Costco Wholesale Australia</b> .....	15
<b>David Jones Ltd</b> .....	17
<b>Debenhams Plc</b> .....	25
<b>JB Hi-Fi Ltd</b> .....	31
<b>Myer Holdings Ltd</b> .....	36
<b>Premier Investments Ltd</b> .....	44
<b>Spotlight Retail Group</b> .....	54
<b>Wesfarmers Ltd</b> .....	60
<b>Woolworths Holdings Ltd</b> .....	81
<b>Woolworths Ltd</b> .....	89
<b>Market Intelligence</b> .....	106
<b>Movements</b> .....	116
<b>Conclusion: Themes</b> .....	117

## INTRODUCTION

### Retail Sector Overview

According to the latest ABS Retail Trade figures, Australian's spent just over \$23m on retail in May 2014, representing a seasonally adjusted fall of 0.5% in May 2014, following a fall of 0.1% in April 2014. However, the NAB Online Index grew by 0.2% in May after a small decline in April, and experienced 5.1% year-on-year growth. In the twelve months to May 2014, Australians spent \$15.3b on online retail, the equivalent to 6.6% of traditional 'bricks and mortar' retailers<sup>1</sup>.

The growing importance of ecommerce in retail is reflected in the emergence of specific strategies recognising the need to address this trend via platforms such as omni-channel or multi-channel retailing. Retailers now employ specialised teams to develop and deliver these essential online platforms. This report includes companies at different stages of strategy implementation, and also looks at an international example.

- Multichannel retailing: the use of a variety of channels in a customer's shopping experience including research before a purchase; retail stores, online stores, mobile stores, mobile app stores, telephone sales, any other method of transacting (browsing, buying, returning, pre and post sale service).
- Omni-channel retailing: the evolution of multi-channel retailing, concentrated more on a seamless approach to the consumer experience through all available shopping channels; mobile internet devices, computers, bricks-and-mortar, television, radio, direct mail, catalogue, etc.; to meet new customer demands retailers deploy specialised supply chain strategy software; retailers track customers across all channels, with these channels all working from the same database of products, prices, promotions, etc.; marketing is made more efficient as retailers track purchase patterns, social network affinities, website visits, loyalty programs, and other data mining techniques.

A recent Deloitte release<sup>2</sup> highlights a number of ecommerce trends worth considering while viewing this report:

- Technologies that were once new are now established, and are converging in ways that empower consumers as never before. Whether it is wearable devices or smartphones that enable location based incentives, or simply the ability to shop the globe for the best product at the best price from the palm of your hand, the disruption is forcing consumer products companies and their brands to re-examine their business strategies.
- As well as an evolved consumer, the Australian retail and consumer products sectors are responding to the connected workforce of internal consumers. Meeting the needs of internal and external digital consumers often requires a change to the operating model and structures of a business. Creating new internal digital teams and capabilities is hard to do successfully as talent is scarce, the pace of innovation is rapid and performance metrics are hard to define.
- "While it is clear that other markets have higher penetration of online and multichannel sales, Australia has some particular characteristics that make the market unique – geography, weather, labour costs, population densities and existing real estate."

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<sup>1</sup> <http://business.nab.com.au/wp-content/uploads/2014/07/nab-online-retail-sales-index-may-2014.pdf>

<sup>2</sup> [http://www.deloitte.com/view/en\\_AU/au/news-research/media-releases/e6fa58778d6c6410VgnVCM1000003256f70aRCRD.htm](http://www.deloitte.com/view/en_AU/au/news-research/media-releases/e6fa58778d6c6410VgnVCM1000003256f70aRCRD.htm)

## AUSTRALIA POST

**Market cap:** (not listed) | **Employees:** 32,000 | **Operations:** Australia | **Head office:** Melbourne, VIC

Australia Post is a Government Business Enterprise with the Commonwealth of Australia the sole shareholder. Australia Post is a commercially run business which operates post offices and distributes mail and parcels throughout Australia for more than 200 years. Australia Post delivers mail, helps businesses and consumers with parcels and provides a national retail network.

Australia Post is Australia's largest retail network with over 4,000 retail outlets. Australia Post perform identity service transactions, process passport transactions and are an agent for more than 750 businesses and government entities including 70 financial institutions.

### **Business Transformation**

Within in 3 months of starting in 2010, Ahmed Fahour, Managing Director, started Australia Post future ready strategy. This strategy focuses on rebuilding the business to harness the revenue opportunities that are emerging from the digital economy and responding to the structural issues facing their regulated mail business. This change has been driven by digital technology and online mobile devices.

In 2012, Australia Post announced a \$2 billion investment in their people, infrastructure and services for the next four years. In communications this means Australia Post are developing the Digital Mailbox. In ecommerce it involves expanding its parcel processing network through StarTrack express to deliver to the growing number of Australians that shop online. In retail it involves expanding services and offering online access to their services.

### **Annual Report 2013**

- Revenue 2013 \$5,893m up from \$5,126m in 2012.
- Profit before tax 2013 \$403m up from \$367m in 2012.
- Capital Expenditure 2013 \$386m up from \$277m in 2012.
- Loss on regulated mail services was \$218.4m (16.9% decrease).
- Profit in non-regulated commercial services was \$648.1m (16.7% increase).

Source: <http://auspost.com.au/>  
[http://auspost.com.au/annualreport2013/assets/downloads/AusPost\\_AR13\\_Executive\\_summary.pdf](http://auspost.com.au/annualreport2013/assets/downloads/AusPost_AR13_Executive_summary.pdf)

**AUSTRALIA POST EXECUTIVE LEADERSHIP TEAM**

Name	Title	Background	Location	Comments
<p><b>Ahmed Fahour</b></p> 	<p>Managing Director &amp; Chief Executive Officer (Jan2010-Present)</p>	<p>Ahmed was appointed Managing Director and Chief Executive Officer of Australia Post in early 2010. Ahmed is currently a Director of Pro-Pac Packaging Ltd, Methodist Ladies College (Melbourne) and the Carlton Football Club. He is also an Adjunct Professor in the Faculty of Business, Economics and Law at La Trobe University.</p> <p>Ahmed commenced his professional career at Boston Consulting Group in 1987, where he consulted on a range of major commercial projects including mergers, acquisitions, corporate vision and strategy. He became a director in 1997.</p> <p>In 2000, Ahmed was recruited by Citigroup and moved to New York, where he worked as Head of Corporate Development and, later, as Chief Executive Officer of Citigroup Alternative. He was subsequently appointed as Citigroup's Chief Executive Officer for Australia and New Zealand.</p> <p>In 2004, he joined the National Australia Bank (NAB) as an Executive Director and Australian Chief Executive Officer where there was a turnaround in the bank's performance and its wealth management subsidiary (MLC).</p> <p>Education - BEco(Hons), La Trobe University; MBA, University of Melbourne.</p>	<p>Melbourne</p>	
<p><b>Ewen Stafford</b></p> 	<p>Group Chief Operating Officer (Aug2010-Present)</p>	<p>Ewen joined Australia Post in August 2010 and is the Chief Operating Officer, leading the Finance &amp; Business Services division of Australia Post.</p> <p>This business unit incorporates Finance, Real Estate, Information Technology, Business Efficiency &amp; Quality, Procurement, Governance and Assurance, and Corporate Finance and Investments. This business unit is focused on driving the successful execution of Australia Post's Future Ready strategic initiatives.</p>	<p>Melbourne</p>	

		<p>After beginning his career at KPMG, Ewen completed his MBA and moved into the property industry working for Colliers International in Adelaide and then Sydney. He subsequently moved to MLC in the life insurance and funds management industry, predominantly as Chief Financial Officer. In 2004 Ewen moved into the banking side of NAB, where he was Chief Financial Officer of NAB's Australian operations and subsequently became Chief Operating Officer with a similar portfolio of units as he leads at Australia Post.</p> <p>Education – BA(Acc), University of South Australia, MBA, University of Adelaide, FICA(Aust).</p>		
<p><b>Christine Corbett</b></p> 	<p>Executive General Manager, Retail Services (2010-Present)</p>	<p>Christine is the Executive General Manager for Retail Services, and is responsible for Australia Post's extensive network of over 4,400 retail outlets across Australia. Her key priority is to continue to build and extend the range of services that Australia Post across bill payment, banking, money transfer and identity services.</p> <p>Since joining Australia Post, Christine has held a number of key leadership roles, including Manager Strategy, Governance and Major Change for the Commercial Division, State Retail Manager NSW/ACT, State Retail Manager QLD and Marketing &amp; Communications Manager QLD.</p> <p>Prior to Australia Post she worked at a public relations consultancy in Brisbane.</p> <p>Education – LLB, BBus, Queensland University of Technology.</p>	Melbourne	
<p><b>Chris Blake</b></p>	<p>Executive General Manager, Corporate Affairs &amp; People (Jul2010-Present)</p>	<p>Chris joined Australia Post in July 2010 and is the Executive General Manager Corporate Affairs &amp; People. He is responsible for leading strategy, cultural change, internal and external communications, Government relations, International and Regulatory Affairs and stakeholder management. Chris also oversees the organisation's Corporate Responsibility and community engagement programs.</p>	Melbourne	

		<p>Before moving into this role, Chris was the Executive General Manager People and Community at Australia Post.</p> <p>Prior to joining Australia Post, Chris worked in senior executive roles at the National Australia Bank (NAB) including Executive General Manager People and Organisational Development and Executive General Manager, Business Strategy &amp; People for NAB's Global Wholesale Banking Division, where he led the development of a new global business strategy for the wholesale bank following the Global Financial Crisis. He was also a partner at PricewaterhouseCoopers for 10 years.</p>		
<p><b>Andrew Walduck</b></p> 	<p>Chief Information Officer (Jan2012-Present)</p>	<p>Andrew joined Australia Post in January 2012 to help drive the digitisation of Australia Post and to implement a new IT strategy that included building a modern IT organisation.</p> <p>Andrew's career spans more than twenty years in Information Technology, including roles in global corporations such as IBM and Accenture, where he was a Partner in the Communications and High-tech Practice. Prior to joining Australia Post, Andrew held a Chief Information Officer role in the Corporate Division at Tabcorp.</p>	<p>Melbourne</p>	
<p><b>Greg Sutherland</b></p> 	<p>Chief Marketing Officer (Aug2013-Present)</p>	<p>Gregory joined Australia Post in August 2013 and is responsible for brand, marketing services, customer experience and insights as well as digital marketing at Australia Post.</p> <p>Prior to Australia Post, Gregory had senior group roles for NAB responsible for strategy, brand, marketing, corporate affairs and innovation.</p> <p>Prior to joining NAB in 2004, Gregory was a partner and director at Boston Consulting Group, which included leading Asia-Pacific ecommerce practices as well as time in USA. He has held sales and engineering roles with Honeywell and Woodside having graduated as an electronic engineer.</p>	<p>Melbourne</p>	

<p><b>Paul Burke</b></p> 	<p>Corporate Secretary and General Manager Government Affairs (Apr2010-Present)</p>	<p>Paul was appointed Corporate Secretary of Australia Post in April 2010. He also took on responsibility for Government and Regulatory Affairs in 2011 and International Affairs in June 2013. Prior to being Corporate Secretary, he spent four years as Manager, Board &amp; Shareholder Liaison, working extensively with the Australia Post Board, Shareholder Departments and Ministerial advisers.</p> <p>Paul is also a Director of Australia Post Transaction Services Pty Ltd, SecurePay Pty Ltd and Australia Post Digital MailBox Pty Ltd.</p> <p>Prior to his involvement at the Corporate Secretary level of Australia Post Paul had a fifteen year career in finance with BHP Billiton and Australia Post spanning both Operational (Mining, Petroleum and Networks) and Group areas (Corporate Accounting / Group Financial Control / Finance Strategy).</p> <p>Education - BBus (Acc), CPA, AICD.</p>	<p>Melbourne</p>	
<p><b>Catherine Walsh</b></p> 	<p>General Manager, Human Resources (2001-Present)</p>	<p>Catherine joined Australia Post in 2001 and is accountable for executing the people program of work across the company.</p> <p>Catherine has also worked as a Senior Workplace Lawyer in the Legal Services Team and as the Manager of Employee Relations, at Australia Post.</p> <p>Prior to joining Australia Post, Catherine was a Senior Associate in the Employment Law section at Clayton Utz Lawyers. Catherine specialises in leadership and strategic management, with a focus on employee and industrial relations, workplace diversity and culture, and workplace regulation and structuring.</p> <p>Education – LLB, BCom, University of Melbourne.</p>	<p>Melbourne</p>	

**AUSTRALIA POST BOARD MEMBERS**

Name	Title	Background	Location	Comments
<p><b>John Stanhope</b></p> 	<p>Chairman (Nov2012-Present)</p>	<p>John was appointed chairman of Australia Post in November 2012 (current term expires in November 2016), and has experience in finance, treasury, risk management and assurance, investor relations and corporate security and investigations.</p> <p>John is currently Chairman of the Melbourne International Jazz Festival, a Director of AGL Energy Ltd, the Bionics Institute, RACV Ltd and Our Neighbourhood and Council Member of Deakin University. He was previously Chief Financial Officer and Group Managing Director Finance of Telstra and an Executive Director of Telstra.</p>	<p>Melbourne</p>	
<p><b>Brendan Fleiter</b></p> 	<p>Deputy Chairman (May2013-Present)</p>	<p>Brendan has been a member of the Australia Post board since October 2011 and was appointed Deputy Chairman in May 2013 (current term expires May 2017).</p> <p>Brendan is a former Chief Executive Officer of Crazy John’s Group and is a qualified lawyer. He is currently the Deputy Chair of Methodist Ladies’ College and Chair of its Foundation and is a Non-Executive Director of Volleyball Victoria, Our Neighbourhood, The Ilhan Food Allergy Foundation and Royal District Nursing Service.</p>	<p>Melbourne</p>	
<p><b>Trish White</b></p> 	<p>Non-Executive Director (Jul2010-Present)</p>	<p>Trish was appointed to the Australia Post board in July 2010 (current term expires July 2016) and has experience in the public and private sectors across a number of industries, including resources and energy, defence, transport, and communications.</p> <p>Trish was an engineering executive with WorleyParsons and former Cabinet Minister, she is Deputy Chairman of the Motor Accident Commission and Chairman of university advisory boards in the areas of energy, engineering and business.</p>	<p>Adelaide</p>	

<p><b>Susan Bitter</b></p> 	<p>Non-Executive Director (Aug2012-Present)</p>	<p>Susan was appointed to the Australia Post board in August 2012 (current term expires in August 2015) and has commercial experience in the areas of finance, corporate governance and risk management.</p> <p>Susan is currently a Director of the Medical Indemnity Protection Society, Our Neighbourhood and The Industry Superannuation Property Trust. Formerly she was Chief Operating Officer of Corrs Chambers Westgarth and Chief Executive of Slater &amp; Gordon and Partner of Arthur Andersen.</p>	<p>Melbourne</p>	
<p><b>Peter Carne</b></p> 	<p>Non-Executive Director (Dec2009-Present)</p>	<p>Peter was appointed to the Australia Post board in December 2009 (current term expires December 2015).</p> <p>Peter has served in both the public and private sectors. He is a former Chief Executive Officer of the Queensland Law Society and a former Director of Lexon Insurance Pte Ltd and Tarong Energy Corporation. He is currently the Public Trustee of Queensland where he is the Chairman of its Investment Board.</p>	<p>Brisbane</p>	
<p><b>Michael D'Ascenzo AO</b></p> 	<p>Non-Executive Director (May2013-Present)</p>	<p>Michael was appointed to the Australia Post board in May 2013 (current term expires in May 2016).</p> <p>Michael is currently a member of the Clean Energy Regulator and the Foreign Investment Review Board. He was previously Commissioner of Taxation and a member of a range of public sector boards.</p>	<p>Melbourne</p>	
<p><b>Talal Yassine OAM</b></p> 	<p>Non-Executive Director (Aug2012-Present)</p>	<p>Talal was appointed to the Australia Post board in August 2012 (current term expires in August 2015).</p> <p>Talal is currently the Managing Director of Crescent Wealth, serves on the Board of Sydney Ports, the Whitlam Institute, the Australian Multicultural Council and the Chairman of the Council for Australian-Arab Relations. He has previously served on the Board of Macquarie University and as the Deputy Chairman of a government regulator.</p>	<p>Sydney</p>	

## DEBENHAMS PLC

**Market cap:** \$ 797.6m (LSE) | **Employees:** 30,000+ | **Operations:** United Kingdom, Republic of Ireland and Denmark | **Head office:** London, United Kingdom

Debenhams owns and operates 172 stores in the United Kingdom, Republic of Ireland and Denmark which together provide over 12 million square feet of trading space. All stores trade under the name of Debenhams other than the Danish stores which are under the Magasin du Nord banner. Debenhams also has franchises across Asia, Europe and the Middle East with 68 stores in 25 countries.

Debenhams has a growing multi-channel business which seeks to integrate in store and online shopping. Debenhams is available online in 70 countries and is the 11th biggest UK online retailer by traffic volume. In March 2012, Debenhams was awarded "Multichannel Retailer of the Year" at the Oracle Retail Week Awards.

Debenhams Direct ([www.debenhams.com](http://www.debenhams.com)) stocks a full range of their own label, Designers at Debenhams and international brands plus a growing range of concessions. Customers who order online can choose to have products delivered to their home or to a Debenhams store. Customers can also order products whilst they are in store with the same delivery options using either self-service or assisted kiosks which check product availability and accept payment. Debenhams Direct also offers a range of products and services which are exclusive to online customers such as furniture, electrical appliances and flowers. It contains information on the latest fashion trends, style guides, fashion blogs and social networking media.

Debenhams strategy for multi-channel business going forward is to build a more competitive and more economic multi-channel business. This strategy, set out in their half year results, is planned to be achieved through:

- Convenient, cost effective fulfilment - introduce more competitive delivery options, recover a higher proportion of delivery costs, reduce cost per unit.
- Developing a flagship experience online - refresh website to support key categories and shopping missions, continue to invest in infrastructure to support stability, speed and future growth.
- Building a mobile advantage - improve usability on tablet and mobile, improve consistency of shopping experience across web, mobile and instore kiosks, create a stronger link between mobile and stores.

### Half Year Results

- Online Sale up 24%.
- Operating profit £93.4 million down 22.9% on H1 13.
- Operating profit up 0.9% internationally, down 28.4% UK from H1 13.
- Profit after tax £68.7 million down 23% from H1 13.

Source: <http://www.debenhamsplc.com/>  
[http://media.corporate-ir.net/media\\_files/IROL/19/196805/agm2013/ar2013.pdf](http://media.corporate-ir.net/media_files/IROL/19/196805/agm2013/ar2013.pdf)

**DEBENHAMS PLC EXECUTIVE LEADERSHIP TEAM**

Name	Title	Background	Location	Comments
<p><b>Michael Sharp</b></p> 	<p>Chief Executive (Sep2011-Present)</p>	<p>Michael is an experienced retailer and has spent his entire career in the industry. He has worked for Debenhams or its predecessor, the Burton Group, since 1985. Michael joined Debenhams in 1997 and was appointed to the board in 1999. He was appointed Chief Operating Officer in 2006, Deputy Chief Executive from 2008 and Chief Executive in September 2011.</p> <p>Before this, his senior roles in the Burton Group included Managing Director of Principles and Racing Green and Buying and Merchandising Director of Topshop and Topman.</p> <p>Michael is also an honorary Professorship of Glasgow Caledonian University.</p>	<p>London</p>	
<p><b>Mike Goring</b></p> 	<p>Retail Director (Jan2012-Present)</p>	<p>Mike was appointed Retail Director of Debenhams Plc in January 2012. Prior to this, Mike worked for Arcadia Group from 1997, most recently as Managing Director of BHS from 2009 to 2012 and as Group Operations Director of Arcadia Group from 2003 to 2009.</p> <p>From 1989 to 1997, Mike held various senior positions with the Burton Group.</p>	<p>London</p>	
<p><b>Ross Clemmow</b></p> 	<p>E-Commerce Director (Mar2014-Present)</p>	<p>Ross joined Debenhams in July 2013 and was appointed to the Executive Committee in March 2014 as E-Commerce Director.</p> <p>Ross joined Debenhams from Argos where he was responsible for the growth and development of Argos.co.uk. Prior to his time in retail, Ross held a variety of roles with Procter &amp; Gamble, Bain &amp; Company and in private equity.</p>	<p>London</p>	

<p><b>Richard Cristofoli</b></p> 	<p>Marketing Director (Mar2011-Present)</p>	<p>Richard joined Debenhams in March 2011 as Marketing Director responsible for our Advertising, Loyalty, Product Marketing, Creative and PR functions. Richard sits on the business' executive committee.</p> <p>Previously he was at WHSmith for six years, most recently as Group Marketing Director. Richard has also worked at Sainsbury's where he held a number of key marketing roles.</p>	<p>London</p>	
<p><b>Peter Swann</b></p> 	<p>Operations Director (Nov2013-Present)</p>	<p>Peter was appointed to the business' Executive Committee in November 2013 as Operations Director responsible for Systems, Supply Chain, Imports/Exports and Logistics.</p> <p>Peter joined Debenhams as IS Director in 2012, having previously been Group Chief Information Officer at WHSmith for eight years.</p> <p>Prior to this role, he was IS Director WHSmith News for four years. Before WHSmith, Peter worked for Marks and Spencer PLC for ten years in a variety of roles, with his most recent being Head of Corporate IT and Chief Systems Architect.</p>	<p>London</p>	
<p><b>Nikki Zamblera</b></p> 	<p>Human Resources Director (Jun2004 – Present)</p>	<p>Nikki joined Debenhams in 2004.</p> <p>From 2001 to 2004, she served as Vice President, Human Resources Europe for Polo Ralph Lauren where she was also a director of each of PRL's European companies.</p> <p>Prior to this, Nikki held a number of roles with Revlon International including Vice President, HR International. Before Revlon, she worked for Selfridges Ltd.</p>	<p>London</p>	

<p><b>Matt Smith</b></p> 	<p>Chief Financial Officer</p>	<p>Matt was announced as Chief Financial Officer on 28 July 2014.</p> <p>Matt has served as Chief Financial Officer of Mothercare Plc since 2013. Prior to this, he held a number of senior finance roles within Home Retail Group Plc including Finance Director of Argos. Matt is a chartered accountant and has also worked for KPMG in both London and Sydney.</p>	<p>London</p>	<p>Matt will join Debenhams upon the satisfaction of his existing contractual obligations.</p>
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**DEBENHAMS PLC BOARD MEMBERS**

Name	Title	Background	Location	Comments
<p><b>Nigel Northridge</b></p> 	<p>Chairman (Apr2010-Present)</p>	<p>Nigel spent 32 years with Gallaher Group Plc including seven years as chief executive between 2000 and 2007 when he oversaw the sale of that business.</p> <p>Nigel is Chairman of Paddy Power Plc, a Non-Executive Director of Inchcape Plc and Non-Executive Director of Aer Lingus Group plc. In addition to his current Non-Executive roles, Nigel has also served as a Non-Executive Director of Aggreko Plc and Thomas Cook Group Plc.</p>	<p>London</p>	
<p><b>Suzanne Harlow</b></p> 	<p>Group Trading Director (Dec2013-Present)</p>	<p>Suzanne had led Debenhams' design, buying and merchandising activities in the role of Group Trading Director since 2008 and was appointed to the board in December 2013.</p> <p>Suzanne has worked for Debenhams since 1994 and her roles include Trading Director for Womenswear, Lingerie and Beauty between 2005 and 2008 and Buying and Merchandising Director of various divisions between 1999 and 2005.</p>	<p>London</p>	
<p><b>Martina King</b></p>	<p>Independent Non-Executive Director (Aug2009-Present)</p>	<p>Martina has held number of senior positions in marketing and online media including Managing Director of Aurasma, Yahoo! and Capital Radio. As Chief Executive Officer of Featurespace Ltd, Martina also has data analytic experience.</p>	<p>London</p>	

		<p>Martina is also currently Non-Executive Director of Capita Plc, Non-Executive Director of Cineworld Group Plc and Chief Executive Officer of Featurespace Ltd.</p>		
<p><b>Dennis Millard</b></p> 	<p>Senior Independent Director (May2010-Present)</p>	<p>Dennis is currently Chairman of Halfords Group Plc, Chairman of Connect Group Plc, Deputy Chairman of Pets at Home Group Plc and a Non-Executive Director of Premier Farnell Plc.</p>	<p>London</p>	
<p><b>Mark Rolfe</b></p> 	<p>Independent Non-Executive Director (Oct2010-Present)</p>	<p>Mark is a chartered accountant. He has financial and accounting experience through 20 years spent with Gallaher Group Plc in various finance and executive roles including Finance Director.</p> <p>Mark is currently Non-Executive Director of Barratt Developments Plc, Non-Executive Director of Hornby Plc and Chairman of Lane, Clark &amp; Peacock LLP.</p>	<p>London</p>	
<p><b>Sophie Turner Laing</b></p> 	<p>Independent Non-Executive Director (Aug2009-Present)</p>	<p>Sophie is currently Managing Director, Content, at British Sky Broadcasting Group Plc, Director of AETN UK and Director of NGC Network International LLC. She is also a trustee of BAFTA, The Media Trust and the National Film and TV School.</p> <p>Prior to joining Sky in 2003, Sophie held senior roles at the BBC and was a founder of HIT Entertainment.</p>	<p>London</p>	

<p><b>Peter Fitzgerald</b></p> 	<p>Independent Non-Executive Director (Oct2012-Present)</p>	<p>Peter’s experience as a leading e-commerce executive is important to Debenhams as they grow their multi-channel business. He is Country Sales Director for Google UK/Eire having worked for that business since 2007. From 1999 to 2007 Peter worked for Amazon both in Europe and the USA.</p>	<p>London</p>	
<p><b>Stephen Ingham</b></p> 	<p>Independent Non-Executive Director (Jan2013-Present)</p>	<p>Stephen has been Chief Executive Officer of Michael Page International Plc since 2006 having worked for that business since 1987.</p> <p>Stephen’s experience of building an international business at Michael Page supports Debenhams strategy to expand their brand internationally.</p>	<p>London</p>	

## MARKET INTELLIGENCE

12 AUGUST 2014

The Australian Financial Review

### **David Jones CEO Paul Zahra to be replaced by Iain Nairn**

David Jones chief executive Paul Zahra has stepped down from the department store chain and will be replaced by the chief executive of Country Road, Iain Nairn.

Mr Nairn's appointment was announced on Tuesday, comes less than two weeks after South African retailer Woolworths Holdings took control of David Jones after a \$2.2 billion takeover.

At the time, Woolworths said that Mr Zahra, who has been CEO since 2010, would be staying on as chief executive. Woolworths, which also now owns 100 per cent of Country Road, has appointed Matthew Keogh as chief executive to replace Mr Nairn.

Source: [http://www.afr.com/p/business/companies/david\\_jones\\_ceo\\_paul\\_zahra\\_nairn\\_YpPomBksuNMepNhlvHf02K](http://www.afr.com/p/business/companies/david_jones_ceo_paul_zahra_nairn_YpPomBksuNMepNhlvHf02K)

11 AUGUST 2014

The Australian Financial Review

### **Woolworths opens first online-only 'dark' store**

It looks like a normal supermarket, complete with fruit and vegetables, meat and freshly baked bread, but there's one thing missing from Woolworths' newest store – the customers. Woolworths has opened its first -dedicated online store at Mascot, in the heart of the biggest online retail market in Australia.

Australia's largest retailer currently picks products to fulfil online grocery orders from supermarkets closest to online shoppers' homes. But, as online grocery shopping becomes increasingly popular, Woolworths is considering opening -dedicated online stores – also known as dark stores or “shadow warehouses” – in each of its major markets.

According to consulting firm AT Kearney, which has analysed dark stores operated by retailers such as Tesco, Asda, Sainsbury and Waitrose, dedicated online fulfilment stores can be almost three times more efficient than traditional supermarkets.

Retailers can fulfil online orders faster because dark stores are laid out for optimal picking and pickers or “personal shoppers” can whirl their trolleys around night and day, without having to navigate around slow-moving customers, promotions and check-out queues. Woolworths' general manager of multi-channel retail, Kate Langford, says early results from the Mascot store are encouraging.

Source: [http://www.afr.com/p/business/companies/woolworths\\_opens\\_first\\_online\\_only\\_PBJuHkStjgl3iEjcUOvdSI](http://www.afr.com/p/business/companies/woolworths_opens_first_online_only_PBJuHkStjgl3iEjcUOvdSI)

11 AUGUST 2014

The Australian Financial Review

**JB Hi-Fi to ramp up new stores**

JB Hi-Fi will open a higher number of consumer electronics stores and convert a larger number of stores to its new JB Hi-Fi HOME format to fuel sales growth after a soft start to 2015. JB Hi-Fi's new chief executive, Richard Murray, said on Monday he expected sales this year to rise \$120 million, or 3.4 per cent, to about \$3.6 billion – well below consensus forecasts for sales growth around 7 per cent.

Mr Murray said JB Hi-Fi HOME represented a significant growth opportunity for the company, as it leveraged the strength and trust in the JB HI-FI brand. The home appliances market is worth around \$4.6 billion, larger than many of the categories JB HI-FI currently operates in.

Source: [http://www.afr.com/p/business/companies/jb\\_hi\\_fi\\_to\\_ramp\\_up\\_new\\_stores\\_6NDvjDQoqvGvAFtckPNdP](http://www.afr.com/p/business/companies/jb_hi_fi_to_ramp_up_new_stores_6NDvjDQoqvGvAFtckPNdP)

11 AUGUST 2014

Australian Business Review

**Woolworths Releases Report on Future Consumers and Shopping Trends**

In their “Future of Fresh” report, Woolworths combines research and market trends to predict how Australians will be shopping in 2034, 20 years from now. Research for the report was conducted by social demographer Mark McCrindle and Woolworths’ “Chair of Innovation,” Queensland University of Technology professor Jan Recker.

The report shares Woolworths’ view of the future – that the shift towards fresh, local produce will continue, and a combination of new technology will aid shoppers in making the perfect customised shopping experience.

The more innovative and immersive shopping experience is one that Woolworths is looking forward to supporting.

Source: <http://www.businessreviewaustralia.com/marketing/1246/Woolworths-Releases-Report-on-Future-Consumers-and-Shopping-Trends>

7 AUGUST 2014

The Australian Financial Review

**Woolworths gets ACCC approval to buy Hudson Building Supplies**

Woolworths has acquired another 16 hardware stores in NSW and Queensland for around \$20 million after securing approval from the competition regulator to proceed with the purchase of Hudson Building Supplies from Fletcher Building.

The Hudsons acquisition follows the 2009 purchase by Woolworths of hardware wholesaler Danks and the subsequent acquisition of Magnet Mart, Mittagong Home Timber & Hardware, FAW Building Supplies and Hardings Hardware.

Woolworths and Lowe's now own about 40 Masters big-box stores and about 43 Home Timber and smaller hardware stores. They also supply another 485 independently operated hardware stores under the Home Timber and Thrifty-link banners.

Source: [http://www.afr.com/p/business/companies/woolworths\\_gets\\_acc approval\\_to\\_xOIZ3FVtaYqAXqgsjk4GBJ](http://www.afr.com/p/business/companies/woolworths_gets_acc approval_to_xOIZ3FVtaYqAXqgsjk4GBJ)

**7 AUGUST 2014**

The Australian Financial Review

**Wesfarmers, Woolworths move on from SurfStitch**

Woolworths and Wesfarmers are among the companies believed to have looked at Billabong's online retailer SurfStitch in recent months.

Sources said the two bricks and mortar retail giants took part in SurfStitch's recent trade sale process, which ended without an successful buyer.

Source: [http://www.afr.com/p/opinion/wesfarmers\\_woolworths\\_move\\_on\\_from\\_FwdzrC8iuS8bh9A8eBJMzM](http://www.afr.com/p/opinion/wesfarmers_woolworths_move_on_from_FwdzrC8iuS8bh9A8eBJMzM)

**6 AUGUST 2014**

The Australian Financial Review

**Coles appoints Jeff Kennett to oversee new supplier charter**

New Coles managing director John Durkan has moved quickly to strengthen the supermarket giant's relationships with suppliers, establishing a supplier charter to be overseen by former Victorian Premier Jeff Kennett, a vocal critic of Coles in the past.

The Coles Supplier Charter will govern relationships with farmers, food processors and other grocery suppliers and provide avenues for quick and equitable resolution of disputes.

"Coles is committed to supporting our suppliers so they can grow their business alongside ours and continue to deliver great products for our customers," Mr Durkan said on Wednesday.

"We are pleased that Mr Kennett has agreed to accept a part-time role as independent arbiter for the next three years."

Source: [http://www.afr.com/p/business/companies/coles\\_appoints\\_jeff\\_kennett\\_to\\_oversee\\_uDdWyxf7JZkCPqb7l7S1fi](http://www.afr.com/p/business/companies/coles_appoints_jeff_kennett_to_oversee_uDdWyxf7JZkCPqb7l7S1fi)

5 AUGUST 2014

The Sydney Morning Herald

### **Amazon is biggest threat, says Wesfarmers' Richard Goyder**

The head of Wesfarmers says his main competitive threat comes from Amazon, the US-based retail website, rather than rival grocery Woolworths. He would like to keep his physical stores open “24/7” to compete properly with the internet, he says.

“I think Amazon is the biggest threat that we’ve got to our business model at the moment,” Mr Goyder said. “[Amazon is] a \$150 billion company that finds its competitive advantage through cheap labour, low tax and highly innovative supply chains. “For efficient Australian businesses to have any chance of competing with these global giants, we must maintain a domestic regulatory environment that encourages vigorous competition and nurtures innovation.”

Mr Goyder also said he would like to keep his physical stores open “24/7” because that would better suit the modern online retail reality.

Source: <http://www.smh.com.au/business/retail/amazon-is-biggest-threat-says-wesfarmers-richard-goyder-20140805-100oad.html#ixzz3A307wzF4>

5 AUGUST 2014

The Australian Financial Review

### **Grays Online lists after reverse takeover**

Online auction pioneer Grays has flagged bolt-on acquisitions and -expansion into new markets after a backdoor listing through online retailer Mnemon, creating Australia’s largest listed e-commerce group.

Grays Online plans to raise \$13.2 million from existing shareholders, who will emerge with between 78 per cent and 84 per cent of the combined group following a scrip for scrip offer from the much smaller Mnemon. Mnemon was created in January through the -backdoor listing of one of Australia’s first online retailers, DealsDirect.

Grays Online chief executive Mark Bayliss says the combined group, to be known as Grays eCommerce Group, will have annual sales of \$440 million, no debt, net cash of \$10 million and will be well placed to take advantage of -consolidation in online retail and e-commerce in business to business and consumer markets.

He rejected suggestions the merger was a marriage of convenience between two e-commerce businesses struggling to grow in the face of increasing competition and waning popularity for daily deal sites.

Source: [http://www.afr.com/p/business/companies/grays\\_online\\_lists\\_after\\_reverse\\_mDz99nXhXG1uhbdQqb1BFK](http://www.afr.com/p/business/companies/grays_online_lists_after_reverse_mDz99nXhXG1uhbdQqb1BFK)

**4 AUGUST 2014**

The Australian Financial Review

**Myer holds another clearance sale**

One week after wrapping up its \$130 million mid-year clearance sale, Myer is trying to clear another \$50 million of stock to make way for new spring/summer product.

Analysts said Myer's decision to hold a \$50 million clearance sale so soon after wrapping up its six-week, end-of-season stocktake sale on July 27 suggested that fourth-quarter sales had been slower than expected and the retailer had been left with excess winter inventory.

Myer may be paying the price for postponing the launch of the mid-year stocktake sale by two weeks to June 18 in an attempt to take advantage of cooler winter weather to clear seasonal stock.

The postponement followed an unseasonably warm autumn and a slump in consumer confidence after the May budget.

Source: [http://www.afr.com/p/business/companies/myer\\_holds\\_another\\_clearance\\_sale\\_KPkIKZAlgypDnQLHmSQRSM](http://www.afr.com/p/business/companies/myer_holds_another_clearance_sale_KPkIKZAlgypDnQLHmSQRSM)

**1 AUGUST 2014**

The Australian Financial Review

**Premier Investments soars on Solomon Lew's Midas touch**

As rag trader Solomon Lew banks profits of \$191 million from his stakes in David Jones and Country Road, shares in his listed investment vehicle, -Premier Investments, have soared to near record levels as investors wait to see what the \$2 billion man will do next.

Like minority investors in Country Road who laughed all the way to the bank when Woolworths offered \$17 a share to buy out Mr Lew, shareholders in Premier Investments are more than happy to go along for the ride and see what Mr Lew and his top-flight -management team might do next.

But there is also growing speculation – fanned by outgoing David Jones -chairman Gordon Cairns – that Mr Lew will use the proceeds from the sale of his \$212 million stake in David Jones and his \$209 million stake in Country Road to make a bid for Myer through Premier Investments.

Mr Lew, the former chairman of Coles Myer, is so keen to get back into the department store sector he wrote to Woolworths in May and suggested a 50/50 joint venture for David Jones.

Market sources say Mr Lew now has enough cash to easily fund a \$1.5 billion bid for Myer.

Source: [http://www.afr.com/p/business/companies/premier\\_investments\\_soars\\_on\\_solomon\\_yf2TzruuNvFTFgkrp0kBOJ](http://www.afr.com/p/business/companies/premier_investments_soars_on_solomon_yf2TzruuNvFTFgkrp0kBOJ)

## MOVEMENTS

There have been a number of movements in the Retail sector this year, some include:

- Mr Matthew Keough – Appointed Chief Executive Officer of Country Road Ltd, August 2014.
- Mr Ian Nairn – Appointed Chief Executive Officer of David Jones Ltd, August 2014.
- Mr Paul Zara – Resigns as Chief Executive Officer of David Jones Ltd, August 2014.
- Mr Gary Williams – Appointed as Executive General Manager Strategic Planning and Business Development of Myer Holdings Ltd, July 2014.
- Mr Daniel Bracken – Appointed as Chief Merchandise and Marketing Officer of Myer Holdings Ltd, July 2014.
- Mr Richard Umbers – Appointed as Chief Information and Supply Chain Officer of Myer Holdings Ltd, July 2014.
- Mr Adam Stapleton – Resigns as Executive General Manager Merchandise of Myer Holdings Ltd, July 2014.
- Mr Matt Smith – Appointed Chief Financial Officer of Debenhams Plc, July 2014
- Mr Rodney Bordignon – Appointed Company Secretary of Woolworths Ltd, June 2014
- Mr Peter Horn – Resigns as Group General Counsel and Company Secretary of Woolworths Ltd, June 2014.
- Mr Terry Smart – Resigns as Chief Executive Officer of JB Hi-Fi Ltd, April 2014
- Mr Richard Murray – Appointed Chief Executive Officer of JB Hi-Fi Ltd, April 2014
- Mr Greg Travers – Resigns as Executive General Manager Business Services and Strategy of Myer Holdings Ltd, March 2014.
- Mr Robert Thorn – Appointed as Non-Executive Director of Myer Holdings Ltd, February 2014.
- Mr Ian Cornell – Appointed as Non-Executive Director of Myer Holdings Ltd, February 2014.
- Mr John Durkan – Appointed as Coles Managing Director of Wesfarmers Ltd, February 2014.
- Mr Ian McLeod – Appointed as Group Commercial Director of Wesfarmers Ltd, February 2014.
- Mr Simon Herrick – Resigned as Chief Financial Officer of Debenhams Plc, February 2014.

## CONCLUSION: THEMES

*“There is a fair amount of hiring happening at the moment. I am not sure there is a good amount of up skilling and improvement of quality. We need to step away from our traditional process and surround ourselves by those who perhaps bring with them international experience. There is a lack of international thinking in the Boardroom and in the executive team. In some cases in the Boardroom, we don’t have the industry, technology or property experience. There is one thing waiting for consumer confidence to return, there is the other of being proactive and making confidence return in our offering and our focus. I feel as an industry we have lost the edge and are looking for blame as opposed to looking for opportunities. The next few years are going to be interesting. We really are going to see those who see opportunity, and those who don’t. We are already starting to see those from the international markets seeing things different to the domestic retailers.”*

Senior Executive, Retail Company

*“There is only so far we can cut costs. It will work for a year, and even two, but it is not a long term or sustainable strategy. As an industry we are struggling to find growth.”*

Chief Executive, Retail Company

*“There are a number of senior changes in leadership, there are a lot of unsettled people across the retail landscape.”*

Human Resource Director, Retail Company

*“There are many excuses out there for some fairly average results. Service, quality, attention to detail, team culture, clear vision and discipline are some of the most fundamental aspects of the game. Knowing the customer is the other. We have a lot to work on.”*

General Manager Buying, Retail Company

*“I am surprised by the lack of retail experience in the boardroom. There is not enough good questioning.”*

Senior Executive, Retail Company

*“The market is having a real wake up call. With the arrival of the international players it is obvious we have to step up and quickly.”*

Chief Executive, Retail Company

*“At the end of the day, retail is actually simple but we tend to make it overly complex.”*

Senior Executive, Retail Company



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