

# 1 *Inspire* our customers through a differentiated, super-specialist shopping experience

## Where we are now

### Specialism

We are currently a 'generalist' with a focus on motoring and cycling but also a range of other loosely-associated product categories. Our customers tell us that this generalist approach undermines our aspiration to demonstrate specialist credentials.

### Innovation

Innovation is industry-led with unique products comprising a very small proportion of our ranges. We have a good own-brand product range, but this is not highly differentiated.

### Customer Experience

The customer experience is improving with a strong 'Click & Collect' online proposition delivering growth in performance. However there are significant opportunities for improvement, such as upgrading our estate, leading on services, and defragmenting our online and offline customer journeys.

## Where we will be moving to

### Specialism

We will become a super-specialist by:

- Reducing our non-core products
- Increasing our online ranges of motoring and cycling products
- Investing in training with even greater focus on specialism
- Enhancing our cycling specialism credentials via growth in our Performance Cycling business; adding exclusive brands to our range; and strengthening strong, collaborative relationships with our key suppliers

### Innovation

We will lead and differentiate our markets with customer-led innovation by:

- Utilising customer insight to develop products we know they want and need
- Investing in a focused innovation team to develop new and truly unique products

### Customer Experience

We will improve our customer shopping journey online and in-store by:

- Bringing Halfords' services and products together on one website
- Focusing on personalisation by leveraging our Group-wide Single Customer View
- Integrating the Services booking experience to include nearest available location and timeslot
- Enhancing store and autocentre facilities and layouts

## Case Study

During Q3, Halfords made significant changes to the range of bulbs that are offered in-stores and online. In our stores, the space given to bulbs was reduced from seven bays to four and our overall bulb SKU count reduced by 36%.

The journey that customers experienced became simpler by removing the complexities from the range and improving the in-store marketing. In our range of Halfords own-brand bulbs, we have implemented a clear 'Good', 'Better', 'Best' range to further simplify the customer shopping experience, and for brand loyal customers we have simplified selection and offer such customers GE-branded bulbs in addition to our own-brand products.

Since implementation, the amount of stock we hold in our warehouses has reduced by 20% but we have continued to maintain our high standards of being able to offer a bulb for 97% of the car parc. Our customers have responded well to the changes we have made, demonstrated through our customer rating scores being up year-on-year.

## Priorities for the year

- One Group website that is faster and more dynamic
- Better store layouts which are easier to shop
- More ranges of own-brand products
- Developing plans for enhanced in-store experience
- Improved in-store and in-garage systems and selling tools