

Crafting an Empire

After threats to profits in the form of new online businesses, Catriona Marshall has turned Hobbycraft around by reconnecting with customers.

Images by Ian Pollen

When Catriona Marshall came to Hobbycraft as its new CEO, it was in need of a major change. The United Kingdom retail chain, which specialises in arts and craft supplies, had its profits under threat from supermarket chains and online outlets moving into the craft sector. On top of this, the company was family-owned with little outside investment, and needed a large amount of restructuring to ensure it could compete with the new entries to the market. “Management and the company’s new shareholder Bridgepoint were trying to transform the business from being a family business, which had had limited amount of investment, into a growth business that could be scaled,” Catriona explains.

“We were doing that at the same time as the retail market was rapidly becoming multichannel and discount led. If I put it in the context of being a specialist retailer, then one of the unique selling propositions of being a specialist is you carry a high range and you take on the challenge of a back range with low stock turnover. You tend to operate at market retail prices in order to do

that because your unique offering to the customer is everything under one roof. As we’ve moved into an environment which is multichannel, a wide range is more accessible for customers and pricing has become far more transparent and therefore more competitive. We’ve had to modernise our business, become multichannel, and also become significantly more competitive.”

Catriona has extensive experience in retail and retail restructuring and credits this with her ability to meet the challenge Hobbycraft presented. Beginning her career at supermarket chain Asda, Catriona says, equipped her with leadership skills as well as experience. “My main introduction to retail was at Asda, when the business was going through a period of substantial change. It was going back to its roots, becoming a true value retailer and becoming a low-cost operator. That was my main grounding as a retailer and a leader. I was part of a young group who came through the business and was given a massive amount of opportunity to build my skill set. They invested heavily in leadership skills for people in the business and I benefited from that. Then I went from a very large organisation with a substantial infrastructure to

a much smaller organisation which was a family-owned business. It was a small but quality business, and I had to learn how to adapt my style and my way of working. There were very limited resources, and we had to work very hard in order to get the best results.”

As CEO of Hobbycraft, Catriona oversaw a restructure and a new approach to business. The first step Hobbycraft took was gathering information and setting up a databank on its customers, to enable the company to change the business based on consumer need. This gives it an extraordinary amount of knowledge about customer behaviour, which Hobbycraft has used to improve customer service and update its online store. “We set up a Hobbycraft club almost a year ago,” Catriona says. “We’ve now got over a million members and they’re all our customers. We’re able to see how they’re engaging with us, how they’re buying with us, if they’re buying online or in stores, if they buy cross channel, what they’re buying, and what they’re looking at and not buying when they click into our emails. We’ve built up a good picture of who our customers are, what they like, and how they respond to what we’re doing. >

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“We’re building customer knowledge, that’s the first thing. But we’re also then trying to work on how we use that to improve the experience. For example, finding our valued products, engaging with them in stores, really stepping up the game in customer service. We know that one of the challenges is that it’s difficult to shop on our website and in our stores because there’s such a large amount of choice. So not only are we editing the range of choice to help customers make decisions, but we’re working on a combination of technology and people. We’re using technology to get information and then using people to put processes in place. We’re really stepping up in the human side of the customer service. We’ve put greeters into our stores, so that when customers arrive they’ve got

a friendly welcome to the store, but we can show them where things are. Online, we’re using pop-up chat and we’re looking in the future at using pop-up video, so we can actually use our colleagues to help people as they shop online.”

These changes to the way Hobbycraft operates have also impacted suppliers. Catriona and her team have cut the number of suppliers they use, and formed stronger relationships with the remaining ones. The key, according to Catriona, is being completely open and honest with their supplier partners, and involving them in the planning process. “We have been substantially reducing our supplier base. We had 600 suppliers, which we reduced down to 300, and we’re beginning to build a core of high-value suppliers who are growing substantially with our business.

“We’re forming strong partnerships and joint business plans. In this

business, it’s very important to manage stock, because you have a range of products and a long tail, a challenge which our suppliers share with us. We’ve committed to edit ranges, work together on forecasting, and take joint action on managing exiting unwanted products, so we can have viable businesses. Our key suppliers are part of our business, so we have complete honesty and transparency with them. We share everything and they work with us within the business. I think when you break down all barriers and you have a joint goal, very clear parameters around how you’re going to operate, what you’re trying to achieve, when you’re trying to achieve it, and you work 100 per cent collaboratively, that delivers tremendous success in doing that.”

Not only are Hobbycraft’s suppliers involved in its forward planning, but they also train Hobbycraft retail staff and are very involved in education about their products. “We

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- Simon Ward, CEO, Inspired Thinking Group



What Catriona believes sets Hobbycraft apart from its competitors, both online and traditional store outlets, is connecting with customers. In the digital age, consumers want openness and a connection to the brand they are buying, which Hobbycraft is trying to provide. “We know that our customers want quality, value, and great service but we also know that they love new ideas and product innovation. In order to carve out a unique position in the market, we’re building our brand on a personalised selection of offers and products to inspire our customers and engagement with them. This is how you can create a successful brand in a competitive multichannel world.”

Now that Catriona has restructured the business, her next steps are growing it. The technology that proved to be a channel for the company’s new competition will be harnessed to make Hobbycraft stronger. Catriona is also eyeing a possible international expansion and broadening the company’s market share. “Technology will enable us to move at a faster pace, we will be able to offer a wider range of products and be able to bring in more new products more often through technology. It will also enable us to take our business international. In the future, we will become a truly multichannel, international business with our own unique culture with a passion for products and customers at the heart of what we do. We’ve transformed already through phase one of becoming a scalable growth business, and the next stage is to really broaden the business into new territory.”



make sure that our suppliers are involved in training and developing our colleagues. We make sure that everybody is involved in the craft market so that they’re educated, they participate, and most of them are really passionate about crafting. But we also go one step further to build relationships directly between our colleagues and our suppliers to share that passion and that knowledge, which is then passed on to our customers. We also encourage our suppliers to get directly involved with our customers, either in stores where we do dedicated demonstrations, or on our online store, or our blog or

Facebook. That’s building relationships across colleagues and customers, which is very important to us. We have been working with ITC—a technology-led marketing service provider. It’s early days in our relationship but we’ve already moved at a pace and achieved a lot. They’re helping us to reduce costs in areas such as print and artwork and to improve internal processes through their bespoke software, which is saving valuable time. Having full transparency of our marketing campaigns is helping us to be more joined up and deliver better quality communications for customers.”

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