

## INTERVIEW

# How Ann Summers' boss whipped it into shape

Ann Summers chief executive Jacqueline Gold tells **Caroline Baldwin** how she is bringing the sex toy and lingerie business back into the black



**S**ex sells, so the advertising industry says. And when it comes to selling sex, no retailer knows the score quite like Ann Summers.

This year has been like no other for the retailer. The first film in the *Fifty Shades of Grey* trilogy broke box office records when it opened on Valentine's Day, playing firmly into Ann Summers' hands.

The lingerie and sex toy retailer has capitalised on the *Fifty Shades* phenomenon and achieved a significant increase in sales when the film was released.

Revenue rose 45% year on year during one week in February, including a 270% leap in sales of metal handcuffs and a 200% jump in sales of eye masks.

Ann Summers boss Jacqueline Gold tells *Retail Week*: "It has changed people's thinking

about sex, as well as helping people become more exploratory and open in the bedroom."

The film could not have come at a better time for Ann Summers, which had suffered during challenging trading conditions. The retailer reported a full-year pre-tax loss of £3.6m for its last financial year ending June 2014, compared with a pre-tax profit of £1.7m the year previous.

## Profit expectation

But Ann Summers is on course to turn around its fortunes. Gold forecasts a "£4.5m to £5m swing in profits" for its financial year ending in June.

She reveals the expectation from her offices at Ann Summers headquarters, in Whyteleafe, Surrey, where a six-foot tall bright pink rabbit is resplendent. The rabbit is a beacon for the

retailer and a homage to its successful Rampant Rabbit collection of sex toys.

Gold argues that while Ann Summers benefited from the *Fifty Shades* effect, the book and film franchise were a bonus for the retailer, and not the main reason for its turnaround.

"Yes we had an amazing surge around Valentine's, we were up 45% one week and it was incredible. But we knew that wasn't going to last. In fact the impact of the book lasted longer than the film," she observes.

## Refocusing the customer

She says the retailer's improved performance is more down to strategic focus over the past 12 months, when it targeted its core customer in particular.

"We have a very good vision, and worked out who the customer is, and we're really nailing down on that," Gold says. Ann Summers' target consumers used to be women aged 18 to 35, but over the past year, it has honed in on its core customer, the 25-year-old.

"We're really talking to that 25-year-old customer now. And I think there's just more energy," she says, pointing to a sneak peak of July campaign shots which have a younger, more active feel.

"Since doing that it's really changed our thinking about everything in our business, the way we communicate and making sure we have relevant innovative product at good value."

Gold says that Ann Summers still appeals to 18 to 35-year-olds, but it now understands the barriers to reaching customers.

She says 25-year-olds want value for money. Ann Summers has started going direct to its

Read Jacqueline Gold's thoughts on the industry at [Retail-week.com/jacquelinegold](http://Retail-week.com/jacquelinegold)



Ann Summers' new-format stores feature props that pay homage to its successful Rampant Rabbit toys

suppliers, rather than going through agents, in order to pass savings onto the consumer.

The retailer is so confident in its pricing that it plans to show prices on window displays this summer.

"If there's been a perception in the past that Ann Summers is expensive, that will change the perception completely," she adds.

### Discounting drug

Another challenge for Ann Summers similar to that facing most retailers is weaning customers off what Gold calls the "discounting drug". She aims to have fewer sales in future and is concentrating on getting the price right the first time rather than heavily discounting.

"Primark and Lidl have been very clever at positioning themselves in the market and making it trendy and cool to shop in places that offer value for money," she explains, recalling that a few years ago many people would not have been proud to show off their cheap buys.

"We're buying smarter, leaner and meaner and passing value onto the customer because

**"We have worked out who the customer is, and we're really nailing down on that" Jacqueline Gold**

we believe it's more important to get the right price the first time," she says.

### The Black Store

Times have changed for the retailer, which 10 years ago was finding it tricky to secure high-profile locations in shopping centres and high streets because of its perceived racy image.

It still prides itself on its lingerie and sex toys, but it has been able to step out of the shadows into more prominent locations as

landlords realise the point of difference Ann Summers brings.

The retailer is evolving its new store format, which internally it calls The Black Store. It was first seen in 2011 when it opened in Westfield Stratford. The shop better showcases products and incorporates more theatre – including another towering six-foot rabbit.

Over the next three years all 139 UK stores will be refurbished. Twelve have already completed and 10 are planned for the next financial year.

Those stores that have been revamped, and in some cases relocated to superior units, have delivered significant success. The Derby branch generated a year-on-year sales rise of 104.7% between its refit in October 2014 and May 2015, while Leicester managed year-on-year growth of 58.8% in the 15 months since its relaunch in February 2014.

With sleek black, cream and pink interiors, and dramatic lighting, Gold says the Black Stores ensure Ann Summers is an "edgy must-go" shop on the high street. "We have a massive USP that nobody else has, and our customer wants to come into store," she adds.

Bricks-and-mortar remains Ann Summers' biggest sales channel. It comprises 65% of total turnover, while online, party planning and wholesale make up the remaining 35%.

But Gold says her team is trying to crack omnichannel. "We all know stores are suffering with the footfall issue, so how do we as an industry overcome that?"

She says customers want a seamless approach to shopping and is interested in data capture in order to personalise the in-store experience. "Customers are comfortable giving their data now, they want to share their information, we're in a digital world," she says.

In fact, when it comes to digital, Gold herself has been prolific at using social media to engage with customers not just through corporate, branded profiles. Her own Twitter account @Jacqueline\_Gold has totted up over 27,000 tweets and counting, and she has nearly 50,000 followers.

"Social media is the new garden fence," she says.

"It always surprises me how few CEOs are on Twitter. I think there's a missed opportunity there. If somebody had told me 10 years ago I'd be able to engage with my customers 24/7, 365 days a year, you would never have believed them but you would have jumped at that chance, so why aren't we jumping at that chance? I don't get that."

Gold often uses the platform to champion women in business, but with tweets such as "Apparently Jamie Dornan has been offered £1m to go full frontal in the next film *Fifty Shades Darker*. Will he, won't he?" it is clear she is happy mixing business and pleasure.

And considering Gold is in the business of selling pleasure, she seems like the right woman to stimulate extra sales among its target audience. ■