

Dixons Carphone: Looking for Profit in All the Right Places

Written by IFA INTERNATIONAL
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Profit is up 17% before tax at Dixons Carphone plc. The profit picture tells a story of success despite a mercurial market and a merger (Dixons and Carphone Warehouse merged two years ago and many pundits had predicted failure.)

This year **Dixons Carphone's ambitions** include re-making every one of the former Dixons stores into one of their newly-designed 3-in-1 shops, introducing a new e-commerce platform to Carphone Warehouse, opening Europe's most modern distribution centre in Sweden, introducing same-day delivery, rolling out 150 stores in USA with Sprint-- and launching a home services division.



Sebastian James, Group CEO and the architect of the successful merger, talked to *IFA International*

What are your plans this year for growth?

We operate in Western European markets which are basically static, in a segment which is, in terms of value, also static. If we're going to get growth, we have to either sell more to the same customers, sell more value-- or we need new ideas to sell to other people and other places. And

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we are trying to do all of those things.

We are a long way from done on our core retail business. We can continue to grow our market share as we have done in all of our core markets.

We believe service is incredibly important. In the UK alone, there is a £5 billion service market for customers who just want their products either installed or repaired, maintained, connected, or supported in some way. It is hugely fragmented. We have about 10% market share versus the 25%-ish market share of the products that we have.

We reckon that we could be much more ubiquitous in offering the services to customers and we will launching a pilot in Leeds hoping to really dominate the repair installation and general service and support market. We think that's a big area of growth.

And then finally, over the years, particularly in Carphone Warehouse we have learned how to develop our phone retailing and we discover that there are a lot of other companies around the world who would like to use that expertise to help them get better at what they do. We have also discovered companies around the world who would like to use our expertise-- like the deal with Sprint.



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The big catchword of late is “omnichannel.” How is your organisation adapting?

For many years Dixons had been sitting on a comfortable market share, big fat margins and big buying power.

We had to recognize we were no longer the price makers in this market. Now we publish a price comparison that allows customer to compare our prices with Amazon. We go right out there on our own website and tell people what the comparative prices are.

True omni-channel means total transparency to the customer on every level.

At IFA this year, smart home is bigger than ever. How do you view this category?

For really very little money, ordinary people can put smart technology, once the preserve of the very rich, in their house. That's a really exciting development-- it also means we can now serve new product categories.

Security is another example. Now everybody can afford camera-based security systems. We help people understand that-- for the first time-- they can have technology only rich people once could afford.

How important is partnership with the manufacturer for sales and marketing?

Our job is to tell the manufacturer's story to customers. That's what we do for a living. The day we stop doing will be the day we are no longer needed.

Take, for example, Google Chromecast. It is an amazing piece of kit... a very cheap, very flexible way of casting content to your TV. Google said they were just going to launch

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Chromecast quietly online. And we said, “No, let us do a real job on this. Let us really explain to customers what that the benefits are.”

We ended up selling more in the UK in the first two weeks than Google did in the US. That’s what a really good retailer can do-- tell a manufacturer’s story in such way it catches fire in the minds of the consumer.

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