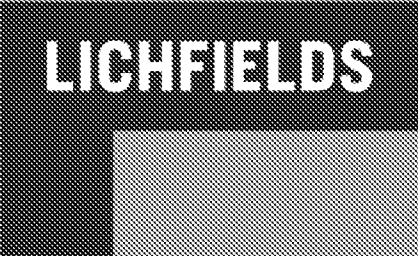


**Proposed Marks & Spencer
Foodhall, Land South of A259,
Rustington, West Sussex
Statement on Behalf of Marks
and Spencer plc**

Marks and Spencer Plc

4 April 2017

LICHFIELDS



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1.0 Scope of Statement

- 1.1 This Statement has been prepared by Lichfields in liaison with Marks and Spencer plc (M&S) to provide information in relation to a proposal to operate an M&S Foodhall store at from a new retail unit at land south of the A259, Rustington, West Sussex. It updates the Operator Statement submitted in 2015.
- 1.2 The statement explains the M&S Foodhall format, how it has evolved and M&S' requirements for new sites in general (Section 2.0), and in this location in particular (Section 3.0). It goes on to set out the likely level of job generation and M&S' approach as an employer (Section 4.0) and briefly considers M&S' commitment to sustainability in Section 5.0. Brief conclusions are summarised in Section 6.0.

2.0 M&S Foodhalls

- 2.1 M&S Foodhall is a rebranding of part of M&S' 'Simply Food' format of stores. In simple terms, M&S food stores of below 370 sqm (4,000 sq ft) sales area continue to be known as Simply Food stores with food stores above this size being called Foodhalls. This enables a differentiation between the smallest M&S food stores including those operated under franchise in e.g. motorway service areas, BP petrol filling stations and railway stations, and larger food stores which are operated by M&S, the concept for which is explained below.

The Foodhall Concept

- 2.2 The Foodhall format is a specialist chain of small and medium sized foodstores selling predominantly a range of Marks & Spencer branded convenience products, as well as very limited other ancillary non-food goods (including flowers and plants, stationery and cards), within the Company's Clothing & Home (C&H) range. Many recently opened stores also include an in-store café operated by M&S. This format has been developed to respond to local customer demand for Marks & Spencer food products at convenient, established shopping locations.
- 2.3 The Foodhall stores are located within the catchment areas of Marks & Spencer's much larger stores, which sell a wide range of comparison goods as well as their food range, e.g. the M&S store in Worthing which will serve much of the Rustington area. Foodhall stores are complementary to those larger stores. The Foodhall stores generally serve the convenience retail needs of more modest sized or populated catchment areas and enable Marks & Spencer to better meet their customer needs for food shopping at a local level.
- 2.4 The products on sale in the stores are the Company's core food lines with a focus on high quality food and an emphasis on fresh produce and pre-prepared foods and meals targeted at the premium end of the market. The proposed store would be likely to sell about 4,500 food lines in total of which up to 100 would be branded goods and the rest (about 98%) would be Marks & Spencer's own brand. The total number of lines is a small proportion of the 20,000+ lines that a food superstore might typically sell. The range of goods limits the average basket size of the stores. Thus, while the stores can meet an element of main food shopping needs, and serve the needs of shoppers who wish to use trolleys and carry goods away by car, they do not meet the same requirements of a wide ranging bulky main food shopping trip as a food superstore. They also provide for top-up shopping trips.

M&S Foodhall/Simply Food Experience Nationally

- 2.5 By the end of March 2016 Marks & Spencer had some 226 Foodhall and Simply Food stores operating around Great Britain (excluding the smaller franchise stores in e.g. railway stations and petrol filling stations). The substantial majority of these have been rebranded as Foodhalls. Whilst Marks & Spencer had opened some 24 food stores (known as Neighbourhood Foodstores) in the 1980s and 1990s, the Simply Food concept and chain only started in July 2001 and has expanded steadily since then to the current store portfolio of Simply Food stores and Foodhalls. There has been and remains an on-going programme targeting future store openings (of which the Rustington proposal is one).
- 2.6 The growth in the portfolio has been rapid and as well as the currently operating stores, M&S has closed a number of stores because of poor performance.
- 2.7 Marks & Spencer's experience derived from their rapidly evolving Simply Food/Foodhall chain has demonstrated to them the key factors to operating competitive and successful larger Foodhall stores which are attractive to their customers and meet their needs, as well as factors that constrain trading levels. Their current strategy reflects these factors which include the following of relevance to their aspirations in Rustington.
- 1 They require a catchment population with sufficient numbers of the higher socio-economic groups who form the majority of M&S customers.
 - 2 They require a catchment and a location where there is sufficient scope to increase M&S' market share without impacting significantly on the Company's own stores.
 - 3 They require stores with a floor area of about 1,400 sq m (15,000 sq ft) gross to enable them to provide the range of goods, and facilities and shopping environment that M&S customers seek and to enable them to compete with other supermarket/superstore retailers.
 - 4 They need good access to sufficient surface level or at grade car parking to enable shoppers to use trolleys. While M&S do not seek to meet bulk convenience shopping needs to the same extent as the major superstore operators, they do cater for shoppers wishing to buy a range of products and transport them away easily by car and need to be able to compete successfully with other supermarket/superstore retailers in doing this.
 - 5 They need sites whether town centre or retail park, where the combination of the prominence, location and proximity to other retailers provides a critical mass of attraction and the opportunity for M&S to benefit from linked trips to other retailers and 'pass by' trade.
 - 6 They need good accessibility for customers to complement 5 above.
- 2.8 While there may be exceptions to elements of the above where the trading potential is strong enough or the role of the store would differ somewhat from Foodhalls' characteristic role, such that some compromise on these elements would be possible without undermining the viability of a store, these criteria are generally key to establishing a successful Foodhall store. Past experience shows that previous Simply Food stores with shortcomings in these factors perform more poorly and, as the closures demonstrate, are likely not to be viable.
- 2.9 Outside the inner areas of major conurbations, the majority of their recently opened stores and their current programme of targeted locations fall within 2 broad categories of location: smaller towns where there is no existing M&S non-food or food representation and there is the potential for a successful Foodhall store; and the urban areas of medium and larger towns and cities where M&S already have one or more clothing & home stores. The Rustington proposal falls into the first category.

- 2.10 M&S has a limited capital expenditure programme nationally for their Foodhall programme and strong competition from different locations for these moneys. This means that if a site that is being pursued proves not to be available or permission cannot be secured, the capital expenditure is likely to be reallocated to another location elsewhere in the Country where M&S is confident there are good prospects of a deliverable viable alternative.

3.0 The Proposed Foodhall in Rustington

- 3.1 M&S' nearest C&H and food store in the surrounding area is in Worthing Town Centre. As well as substantial non-food area, the store also includes a Foodhall of around 900 sqm (i.e. a similar size to the application proposal). This store was subject to significant investment in the autumn of 2012. There is also a C & H store in Chichester.
- 3.2 The nearest Foodhall is in Bognor Regis, closely followed by Chichester and both of these stores are reasonably new.
- 3.3 There are a number of franchise M&S Simply Food stores within the vicinity (including one at Worthing Road BP Petrol Filling Station, and Findon Valley BP Petrol Filling Station). As noted above these stores have different operational characteristics to the application store and are generally smaller.
- 3.4 The store at Rustington will provide a unit of M&S' required size, adjacent surface level parking to enable it to attract shoppers using cars for regular convenience shopping trips and those using trolleys to transport goods to cars, and the opportunity for linked trips with the other operators in the vicinity.

4.0 The Provision of Jobs and Marks & Spencer's Employment Policies

Job Creation

- 4.1 M&S estimate that the store will provide about 50-55 jobs in a mixture of full and part time positions, equating to some 33 full time equivalent (FTE) jobs.

Core Company Values

- 4.2 Marks & Spencer's core company values are Quality, Value, Innovation, Trust and Service. Service has the biggest impact on employees. The company has identified the following values as those most relevant to ensuring that employees are focused on delivering quality customer service:
- **Proud** – people are proud of the fact they work for Marks & Spencer, and of the products they work with. They take pride in everything they do;
 - **Committed** – staff are committed to delivering great customer service;
 - **Involved** – people are informed of new developments and kept up-to-date with the progress of the company;
 - **Challenged** – all employees challenge each other constructively every day to ensure they reach our full potential;
 - **Valued** – people are rewarded for their contribution to the business; and
 - **Fairly Treated** – all people are respected and valued, whoever they are.

Marks & Spencer Career Programme

- 4.3 There is a defined career route available to all new starters which will allow them to progress through three Customer Assistant roles, with potential to progress to section or store management positions. There are many examples of senior Marks & Spencer staff that have progressed from store assistant to Director level.
- 4.4 The three customer assistant roles encourage progression to a level that is appropriate for the individual. The three roles are:
- **Trainee** - Initial role within which all new store employees join. Significant training and development undertaken;
 - **Qualified Assistant** - Once satisfactory development has taken place pay and rewards are increased accordingly. This will usually be after a period of 26 weeks. To achieve the status of qualified assistant, employees undertake a detailed training programme. In order to reach this level the trainee is coached in all aspects of the role for which the particular qualification is sought. Coaching cards, which cover topics such as customer service, tillage, 'Plan A' and communication skills, are completed and assessed. These are then reviewed by the section and store managers before agreement is reached to progress an employee to 'Qualified Assistant' status. Topics are divided into generic skills (required by all staff) and then role specific technical knowledge aimed at improving product knowledge and, ultimately, customer service; and
 - **Section coordinator** - Qualified assistant with added responsibility for organising and managing day to day operations within the section in which they work.
- 4.5 Beyond the three customer assistant roles, employees have the potential to progress to section management, store management in local or national stores, or into head office roles.
- 4.6 The benefits package available to store customer assistants comprises a generous pay framework and several major benefits. Marks & Spencer's pay rates are regularly benchmarked against other retailers to ensure that the company is competitive. Extra performance awards are offered to recognise individual achievement.

Local recruitment

- 4.7 If planning permission is granted and implemented, Marks & Spencer would recruit as many of the new staff required to work in the store as possible from the local area. This is company policy with all new store openings; it meets both Marks & Spencer's operational requirements and is consistent with 'Plan A' Climate Change targets. A local targeted advertising campaign prior to the store opening will ensure that all potential employees from the local area are reached.

Pre-employment training

- 4.8 Marks & Spencer would work with the local authority and Job Centre Plus in agreeing pre-employment training for potential candidates. This would continue after the store has opened. Work shadowing and coaching would take place in nearby stores prior to store opening, and Marks & Spencer will interview these identified candidates along with all other candidates.

Sustainability

- 5.1 In January 2007, M&S launched 'Plan A' which set out 100 commitments to address the key social and environmental challenges facing the company over a five year period. 94 of these

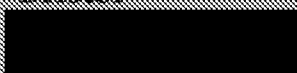
commitments were achieved. This was subsequently extended to 180 commitments to be achieved by 2015. Plan A has now been refreshed and is now called Plan A 2020 and sets out 100 further commitments to be achieved by 2020. In total, as at March 2016, over 175 Plan A commitments had been delivered.

- 5.2 Plan A demonstrates M&S' commitment as a company to making a difference. It has been underpinned by ambitious, social and environmental goals and aspirations for the communities in which the company trades. Through the Plan, M&S has worked with its customers and suppliers to combat climate change, reduce waste, use sustainable raw materials, trade ethically and help its customers to live healthier lifestyles. Plan A 2020 is a business plan that focusses on engaging with customers, employees and other businesses and aligning social and environmental outcomes with their business goals. Details, of performance under Economic, Environmental, Social and Supply Chain headings are contained in M&S' 'Plan A Report 2016'.

6.0 Conclusions

- 6.1 The proposed Foodhall store would make M&S' range of premium own brand food and drink products available to Rustington and its catchment area and provide this premium food offer in a location convenient for shoppers wishing to carry out regular convenience shopping trips.
- 6.2 It will complement M&S' presence in surrounding towns where M&S has opened and is opening new stores and has also invested in improving existing stores. As well as increasing M&S' market share in the Rustington area it will reduce the need for shoppers to travel outside this area to buy M&S food. It will also provide opportunities for shoppers already visiting other shops in this location to carry out linked trips.
- 6.3 The store would provide about 50-55 jobs in a mix of full and part time positions with most being recruited locally. A clearly defined career progression route is available to all new starters.

Bristol



London



Cardiff



Manchester



Edinburgh



Newcastle



Leeds



Thames Valley

