

How can businesses respond to customers' shifting priorities?

We've got a saying in Asda that "the only thing constant in retail is change". Never has this been truer than in recent years, when I've seen the industry change more, and at a faster pace, than in all the 30 I've spent in the sector.

The speed and scale of this change is being driven by customers and the way they want to shop. The recession made shoppers even more frugal in their spending, even savvier in their search for the best deal and even more challenging of those retailers who aren't prepared to offer it.

Everything from the rising cost of petrol — meaning shoppers walked to local shops rather than driving to out of town stores, to families questioning the value of buying 24 toilet rolls that cost less per roll but send you over the weekly budget — changed the way people thought about retailers and what they wanted from them.

Even now that disposable incomes are growing — our last Income Tracker showed that families had £16 per week more in January this year than the previous year — families have set their habits and they are saving, rather than spending, and are still as challenging in finding the best deal. People are willing to shop around for the best deal, buy smaller baskets more often, or shop online to keep control of costs and their time.

We are fortunate in the UK that we have one of the most competitive and innovative grocery markets in the world. It makes me incredibly proud that Asda, as part of the international Walmart family, is seen as being at the cutting edge of retail innovation globally. It certainly keeps us on our toes. If we don't respond to and anticipate our customers' needs, then they will go elsewhere.

Being able to innovate to give your customers what they want is vital. For retailers, that is recognising the changing demands of customers in how and where they shop — and that they have no interest in the traditional 'formats' of retail, or whether something is bought 'in store' or 'online'; they just want what they want, when they want it. Or recognising that customers want the lowest prices, week in, week out and won't be conned by deals and vouchers that promise them money off products that are paid for by inflating prices on everyday essentials. Or realising that they refuse to accept that a low price should mean poor quality or a lack of imagination in the things they buy; they want to offer their family the best, whatever their budget.

The world we work in is changing, faster and more aggressively. To respond, businesses need to have a clear strategy of where they want to get to and why, but be willing to change the 'how' in response to the world around them. Key to this is having a structure that allows you to be agile, flexible and fit. Businesses that get this right, while keeping a laser focus on their customers' shifting demands, will be the ones that succeed.

As Kipling said, if you can keep your head when all about you are losing theirs...

Andy Clarke is the President and Chief Executive Officer of Asda Stores Ltd, the UK's second-largest supermarket retailer. His priorities include maintaining Asda's price leadership; continuing to increase food quality across the chain; and pioneering the company's commitment to creating opportunities for young people.