

Our Strategy

In November 2015 we launched the *Moving Up a Gear* strategy

This strategy is an evolution from the previous Getting Into Gear strategy and comprises five pillars.



Putting *Customers* in the *Driving Seat*



Service in Our *DNA*



Building on Our *Uniqueness*

Description	Description	Description
Investing in customer data and insight capabilities to maximise the lifetime customer value	Halfords has been through a service revolution and now we need to embed it in how we do business. Our ability to offer great service is one of our key differentiators	Exclusive products, relevant innovation, unique partnerships and collaborations
Objectives	Objectives	Objectives
<ul style="list-style-type: none"> Improve understanding of our customers Combine our pools of customer data into a single view Leverage customer data to gain insights and tailor offers Refresh brand positioning to create a more emotional connection Address areas where we may be underperforming 	<ul style="list-style-type: none"> Maintain 3-Gears training programme and increase emphasis on service and selling skills Develop talent throughout the Group, including through our Aspire and Apprenticeship programmes Reward skills through enhanced pay Grow service-related sales 	<ul style="list-style-type: none"> Maintain and develop a pipeline of relevant innovation Nurture and complement our partnerships and collaborations Exclusive product ranges
Progress to date	Progress to date	Progress to date
<ul style="list-style-type: none"> % of sales matched to customers in Retail improved from 3% to 46% More personalised email marketing, including product recommendations Utilising data for customer insight Single view of customer phase 1 is complete, linking up 15 databases 5.3m Retail customers added to our database since launch of the strategy New brand positioning, For Life's Journeys, launched in June 2016 	<ul style="list-style-type: none"> Nearly 70% of colleagues qualified for Gear 2 and circa 10% for Gear 3 Continued improvement in key customer service metrics Significant reduction in colleague turnover, now circa 33% in Retail Received 13th place in the Sunday Times' Best Big Companies category (up from 18th last year) 	<ul style="list-style-type: none"> <i>Wiggins</i> range launched in store in July 2016 <i>Orla Kiely</i> range of leisure products now available in stores Exclusive in-car technology in stores, such as Nextbase dash-cams <i>Apollo</i> and <i>Carrera</i> adult bike ranges re-launched in summer 2016
Focus for FY18	Focus for FY18	Focus for FY18
<ul style="list-style-type: none"> Single view of customer phase 2, which will involve linking another 15 databases Further improvements in the percentage of sales matched to customers and in utilising this data to drive incremental sales 	<ul style="list-style-type: none"> Further development of our Tradecard service Training of colleagues to support our new range of e-bikes 	<ul style="list-style-type: none"> Development of the Boardman Performance Centre Delivery of the operating agreement with Tyres on the Drive, and opportunity to trial a broader mobile delivery proposition

Read more about [Putting Customers in the Driving Seat](#) on page 20

Read more about [Service in Our DNA](#) on pages 22 and 23

Read more about [Building on Our Uniqueness](#) on pages 24 and 25



Better *Shopping Experience*



Fit for *Future Infrastructure*

Description	Description
A seamless customer experience, online as well as in store	Moving from fixing the basics to improving efficiency and fulfilment
Objectives	Objectives
<ul style="list-style-type: none"> Update stores using our evolved store refresh concept Continual improvement of our online and fulfilment propositions Launch a transactional website for Cycle Republic Continue to target growth in areas where we have relatively low market share 	<ul style="list-style-type: none"> Maintain short-term stability of our supply chain operations through peak periods Review and identify the long-term requirements for our supply chain Turn our IT investment focus to developing value-adding colleague and customer-facing IT applications Continue our strategy of right-sizing, relocating and renegotiating leases upon expiry
Progress to date	Progress to date
<ul style="list-style-type: none"> New store refresh concept progressed and launched in November 2016 with 5 stores refreshed by year end Agile web development approach implemented Cycle Republic transactional website launched in August 2016 Sunday and Bank Holiday opening launched in Autocentres 	<ul style="list-style-type: none"> Current 3-day-a-week delivery to stores model is embedded and stable 29 lease renegotiations, 7 relocations and 2 right-size of Halfords stores in FY17 Good progress on our two major IT programmes, with launch of Dayforce in March 2017 and iServe in pilot stage Successful transition to new warehouse in Daventry, consolidating numerous external storage locations
Focus for FY18	Focus for FY18
<ul style="list-style-type: none"> Digital enhancements to improve the online customer journey including a new intelligent search tool and ability to pay online for collection in store Acceleration of the store refresh programme plus the trial of a "light" version 	<ul style="list-style-type: none"> Investment in our supply chain processes to make our store deliveries easier and quicker to process Introducing a number of new, internal "We Operate For Less" initiatives, in order to drive cost efficiencies and deliver additional value for customers and colleagues across the group

Read more about [Better Shopping Experience](#) on pages 26 and 27

Read more about [Fit for Future Infrastructure](#) on page 28

Fast Fact

Almost 50%

increase in email traffic through targeted and personalised email campaigns

Fast Fact

33%

colleague turnover in Retail – a record low