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A Catalogue of Success?
Argos and Catalogue Showroom Retailing

LEIGH SPARKS

With the exception of Argos, catalogue showroom retailing has not been a major success in Europe. Argos, founded in 1973 by the Green Shield stamp entrepreneur, Richard Tompkins, has grown to be one of Britain’s leading retailers. Its corporate history, with two periods of independence and two periods as a business unit in a conglomerate, is of interest. Its innovativeness, through its catalogue development and format experimentation, makes Argos important to our understanding of retail change. The catalogues themselves are essential social and retailing history documents. Now part of GUS plc, Argos has to face the challenge and opportunities of the Internet. With experience of the catalogue as an intervening element in the customer purchase process, Argos has further potential as a multi-channel retailer.

INTRODUCTION

‘There has always been a tension between the High Street and the catalogue in retailing. It has even produced a hybrid, Argos, which manages to combine the two’ [McKay, 1987: 136].

The vast majority of research into retailing organisations is focused on fixed-store formats and investigates retailing that is based on visual display of merchandise at the store. Such retailing dominates the sector. However, as McKay notes above, there are alternatives. The most obvious historical alternative is that of mail order. The concept of distance selling is an old one [e.g. Michael, 1994; Coopey, O’Connell and Porter, 1999]. Mail order itself has seen its importance wax and wane. The idea of retail catalogues, however, of whatever shape, size and form, and covering either breadth or depth of product range, remains a potent one.
For much of retail history, mail order (or catalogue selling) has been viewed as being in competition with the High Street [Michael, 1994; Coopey, O’Connell and Porter, 1999]. However, there have been businesses that combine the two approaches. A number of catalogue retailers have moved into fixed-store retailing (e.g. Racing Green and Hawkshead in recent years) and the process has also operated in reverse (Next Directory, Marks and Spencer Home). Even ‘pure’ Internet players (e.g. Amazon, Egg) have seen the potential of fixed-store locations. Multi-channel retailing is a current vogue. In these examples however, the fixed-store format remains one that is recognisably based on merchandising, display and selling. This does not have to be the case.

An exception is Argos, a catalogue showroom retailer which relies on the catalogue for the merchandising and display, with the fixed store being dominated by the physical transaction and the buying and receiving of goods by the consumer. The shop is essentially a payment and collection point, not a selling location. McKay’s ‘hybrid’ is a synthesis between store and non-store retailing. Arising from an American idea, Argos, in the almost 30 years since its foundation, has developed a strong position in British retailing. As Clarke [1998: 90] notes about the Argos catalogue,

what distinguishes Argos is its dual presence in homes where mail order catalogues are otherwise considered an inappropriate, even divisive, means of organisation and those where traditional mail order catalogues are considered a staple and respected form of consumption.

Its analogues are few and far between (Index is the main example in the UK), and there has been little European willingness to embrace the concept. In the USA, the pre-eminent operator, Service Merchandise, has struggled recently, moving to a full-service operation and filing for protection under Chapter 11 bankruptcy rules. Argos is therefore unusual in its approach and success, having (in 2000) over £2.0 billion in annual sales, £137 million in trading profit and operating from over 460 showrooms across the UK, as well as through the Internet. This paper aims to explore the retail development and operations of Argos, identifying key factors in its business development.

Argos is important for a number of reasons. First, it is a format that is innovative and different and one that has succeeded over a considerable period. Learning from such ‘oddities’ can be important. Second, its business history is such that the four changes of ownership it has had provide an insight into business change generally and retail organisation and management in particular. Third, Argos has an importance in the consumer psyche. As Clarke [1998: 89] states, in one of the very few academic pieces on modern catalogue use, ‘the Argos catalogue seems the ultimate handbook for the inactive armchair shopper … and acts as a portable shop window’. Its
prevalence and use by consumers in different ways provide insights into consumption and retailing. This issue will not be pursued directly in the present article, but some consideration will be given to the relationship between the Argos operation and emerging models of e-commerce activity. Finally, but again not considered in this article, the almost 60 catalogues produced since 1973 provide a tangible record of changing product, taste, prices, brands and desires of consumers. They also provide opportunities to investigate aspects of merchandising and ‘store’ design. Work is underway using an unique set of the entire run of catalogues to provide an insight into British household consumption and shopping since 1973. This is an important social and historical project, but it needs a business understanding of Argos as an ‘anchor’. This is the aim and role of this article.

This article is concerned with the business side of Argos, rather than the consumer and social side. It is important to understand the business history before tackling the social history, although they are clearly interrelated. This article contains four sections. First, a brief section on the Argos style of retailing is provided. Second, the business history and development of Argos is outlined and analysed. Third, the issues that emerge from this analysis are considered. Finally, some conclusions and future thoughts, including consideration of models of e-commerce and multi-channel development, are presented.

THE ARGOS APPROACH TO RETAILING

The basic operation of retailing is relatively simple to describe and understand. A merchant gets together certain wares and offers them for sale to consumers. In most cases, this offering for sale is done through a fixed store. Consumers make purchases at the store, which satisfy their needs and wants. These desires wax and wane. Competition amongst retailers alters. Depending on approach, retailers emphasise some aspect (price, line-of-trade, quality, brand, location) over others. In the majority of cases, the transaction is based on the customer visiting the store and selecting merchandise (with or without the aid of the staff), which is then purchased and taken away by the customer or delivered later, depending on the products. Retailers have paid an extraordinary amount of attention to obtaining the best locations and to providing an appropriate range of products in the store for their target customers. Land and buildings, products and staff are expensive components of the retail operation.

An alternative approach is to see retailing as a distance-selling operation such as mail order. Working from an advertisement or a catalogue, consumers choose, normally in their own home, the products they wish and order them for home delivery. This ordering and delivery can take a number
of forms, including simple mail transactions, but can also involve the use of
agents or other intermediaries. Recently, telephone and other
communications media have been used to speed up the order process and to
enhance out-of-stock and return issues. From a business perspective, the use
of catalogues and mail order obviates the need for high cost land and
buildings, merchandise fittings and some staff. Distribution facilities,
however, become more important. On the other hand, however, these
retailers need to ensure that catalogues are available to consumers, to
control credit and debt issues and to be able to handle high levels of goods
returns. There is also a clear time separation for consumers between the
time of the purchase decision and the physical ownership of the products. In
much of mail order, traditional delivery periods of four to six weeks have
been common. This has steadily reduced (e.g. Next Directory) and 48 hour
delivery is now often offered, in recognition of the need for enhanced
customer service and more immediate gratification.

Argos presents a synthesis between these two broad approaches to
retailing. Recognising that the immediate need for possession and
ownership can be important, Argos operates as catalogue showrooms. These
are fixed retail outlets, but they are not shops in the traditional sense, being
places to order and collect rather than to browse and purchase. The
browsing takes place at home through the catalogue, which is obtained from
the store. This means that the high costs of prime sites and expensive
fixtures, as well as sales staff, are reduced by selecting less prime sites and
by the store being organised functionally for processing rather than being
organised for selling and display. The ‘merchandising’ expense is in the
catalogue, which has to be made available to the customer, and in
advertising the catalogue availability. Distribution and stock level
management are also fundamental. As will be seen, this basic model is
American in origin, and was brought to the UK in the early 1970s by
Richard Tompkins. Since then, Argos has expanded dramatically and has
become a significant retailer. Against that, however, is the thought that new
electronic methods of retailing might change the situation. If catalogues can
be made electronic, do we need paper catalogues any more and could home
delivery replace the store collection — or is there merit in both or multi-
channel solutions?

The trading operations of Argos rely today, as they always have done, on
the catalogue. Smith [1985] has provided the most succinct description of
the Argos operation:

A catalogue showroom business revolves around four parameters, the
catalogue, the showroom, the warehouse and the customer … In
simple terms the customer obtains the catalogue, pre-selects
merchandise which is paid for and collected at the showroom. The showroom replenishes stock from the warehouse, a process which maintains the showrooms’ ability to fulfil consumer demand.

At the heart of this process is obviously the catalogue and the ability of the business to get catalogues into the hands of customers. As Smith [1985] defines it,

[the catalogue] is pivotal to or central to our business. The catalogue is the vehicle whereby the company principally informs the world of its existence, the merchandise it sells and the prices at which the merchandise is sold. The catalogue is the vehicle whereby and through which the company reaches its market. It is our shop window.

The catalogue therefore plays a role as a sales instrument, which combines details about the product and its pricing to the consumer, as well as illustrating both what the product looks like and, on occasion, what it is suited for. Merchandise selection is therefore critical to the business, as is the pricing of the merchandise. Merchandise needs to be of sufficient quality and saleability and to be readily available, in order to generate high volumes, customer satisfaction and profit. The products are therefore selected with an eye both to what will sell, and be re-orderable as (or if) demand extends over the lifetime of the catalogue, and priced so as to be competitive with competing or benchmark retailers. If, as Ornstein [1976: 180] notes, ‘the [Argos] catalogue totally replaces personal sales service’ then it needs to be considered carefully and to present the offer thoroughly.

There are relatively few academic papers that have looked at modern catalogues themselves and their use. The main exception is Clarke [1998], which examines catalogue use among selected families and considers Loot and Argos. With respect to Argos, Clarke identifies a social and reference use for the catalogue amongst families of different social groupings. She sees the Argos catalogue as ‘the ultimate handbook for the inactive armchair shopper’, a portable shop window’, ‘a staple of contemporary living’, ‘a basic resource for social groups precluded from mainstream leisure-imbued formal shopping’ or even with respect to children as ‘a controllable toy shop’. Her summary is of a ‘rationalised, simple value-for-money way to shop where the consumer is in total control’. The showrooms themselves have been variously described as a ‘snob-free zone’ [Independent, 28 March 1995] and ‘impersonal and unemotional, but highly efficient … there is no fuss, no clutter, you don’t even have to speak to anyone if you don’t want to’ [Scotland on Sunday, 17 December 1992]. Argos, as a retailer, is different, but its penetration across groups, its sheer ubiquity and this
combination of functionality and aspiration make the catalogues significant social documents of their time, and Argos, as a retailer, worthy of study.

ARGOS: THE BUSINESS HISTORY

The concept behind Argos has been outlined briefly above. Some further comments will be made below, but the main focus here is chronological. From its establishment in 1972, we can discern four clear phases to Argos in business terms, associated with the changing ownership of the business (The Tompkins Era, 1973–1979; BAT control, 1979–1990; independence, 1990–1998, GUS take-over, 1998–present). These four phases form the basis of the structure of the analysis below.

Phase One: The Tompkins Era 1973–1979

In the ‘retail hall of fame’ Richard Tompkins gains two entries for the UK. One is for Argos, considered below. The other, however, is as the man behind Green Shield Trading Stamps in the UK. Trading stamps have a long established history in the USA, but were not common in the UK until the late 1950 and 1960s. During the dramatic retail changes of the 1950s and 1960s trading stamps became one of the leading marketing ploys and tactics. Tompkins set up Green Shield in 1958 and became dominant in this business. Despite initial opposition, many retailers signed up and by the early 1970s trading stamps were a highly visible feature of much retailing. Trading stamps were collected by customers in books, which were then exchanged for products at Green Shield Showrooms.

Having borrowed one innovation from the USA, Richard Tompkins borrowed another, the idea of a discount catalogue showroom (as operated by Service Merchandise). A similar transition from stamps to catalogue showrooms had also been seen in the USA. In some senses Argos is a variant of the system used by Green Shield, with the books of stamps replaced by cash or credit purchases. However, the intended operation was enhanced in product and concept terms (as a retailer) when compared to the stamp-based operation.

Argos Distributors was registered by Richard Tompkins in November 1972, with Tompkins holding 97 per cent of the shares. It was one of a large number of his businesses and was initially a subsidiary of New Day Holdings and then 107 Baker Street Investments. Regardless of these complications, Tompkins was the founder and owner of the company and the concept. The launch of the concept was in July 1973:

The Argos hyperbole was magnificent. With a fanfare at Claridge’s about the high street shopping revolution, the first 17 shops were
FIGURE 1
ARGOS SHOWROOMS, 1973
opened ... in a blaze of publicity and were promptly submerged in a sea of customers [Sunday Times, 26 August 1973: 45].

The launch of the business in July 1973 saw 17 showrooms open with a further two showrooms opened by the end of the year. The showrooms were predominantly in the south-east of England with seven of them in central parts of London (Figure 1). The initial launch saw Argos develop showroom facilities from former stores of its sister company, Green Shield Stamps, and for a while Argos took both money and stamps in some stores. As well, Argos shared distribution facilities and some merchandising with Green Shield. In the vicinity of the showrooms, three million copies of the first catalogue were distributed directly to households [The Times, 18 July 1973]. Certainly the ‘hyperbole’ and the catalogue generated considerable initial interest, with a reported 250,000 customer visits in the first four weeks.

The catalogue was a 252-page colour glossy brochure containing almost 4,500 consumer durable items, grouped according to the product categories shown in Table 1. The strap line ‘Buy it at Argos and pocket the difference’ focused attention on the price, reinforced in the catalogue by direct product comparisons with the manufacturer recommended prices. The company claimed to offer its merchandise priced approximately 30 per cent below other High Street retailers and used advertising about ‘low, low’ prices to reinforce the statement. Both the showroom and the catalogue in that sense were low-cost operations (though the catalogue looked solid and felt substantial), allied to buying power generated both internally and through the Green Shield stamp operation. The position adopted by the company was clearly that of something different and distinct, but also discount.

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td>PRODUCT CATEGORIES, FIRST ARGOS CATALOGUE</td>
</tr>
<tr>
<td>Bathroom accessories                                      Kitchen accessories</td>
</tr>
<tr>
<td>Bedding                                                Lighting</td>
</tr>
<tr>
<td>Clocks and watches                                       Luggage</td>
</tr>
<tr>
<td>Dining/entertaining                                     Nursery</td>
</tr>
<tr>
<td>DIY                                                    Office equipment</td>
</tr>
<tr>
<td>Furnishings and household accessories                    Personal accessories</td>
</tr>
<tr>
<td>Furniture                                              Pets accessories</td>
</tr>
<tr>
<td>Gardening                                              Photographic equipment</td>
</tr>
<tr>
<td>Gifts                                                  Sound and vision</td>
</tr>
<tr>
<td>Heating                                                Sports and leisure</td>
</tr>
<tr>
<td>Household small electrical                              Toys and games</td>
</tr>
<tr>
<td>Household white goods                                   Vacuum cleaners</td>
</tr>
<tr>
<td>Jewellery                                               Vehicle accessories</td>
</tr>
</tbody>
</table>
Each catalogue existed for an approximate six-month season. It was slightly irregular in the initial few years, but quickly settled down to a pattern of six-monthly catalogues each covering a winter or summer season within a year. In terms of product categories, the basic broad structure found in Table 1 was maintained. The gift category was removed, although many of these products were reclassified to the personal accessories group. Whilst the category breadth remained, the number of products was reduced drastically, as Figure 2 shows. By issue 4 in 1975/76, the number of items had halved from the launch issue, although the number of pages in the catalogue had not reduced by anywhere near as much (Figure 3).

The dramatic reduction in merchandise stems in part from problems caused in the first three years of trading. These problems came from two different directions at least. First, even by October 1973, Argos were victims of their own success, with the Times reporting they were ‘suffering from too many customers’. Many visitors were leaving the showrooms empty handed and disappointed. Customers complained of lengthy waiting times at collection points and Richard Tompkins had to apologise for underestimating demand. Distribution difficulties, including at one stage a total cessation of deliveries, did not help.

The second problem was altogether less predictable, in that the oil crisis of 1974/5, and its implications, impacted on demand and the business, as well as on Green Shield stamps. The timing could not in that sense have been worse: ‘a bad time to launch a new retail venture, coinciding as it did with the oil crisis, a consumer spending slump, high inflation and problems
of supply’ [Economist Intelligence Unit, 1992: 77].

The outcome of these problems was that whilst losses continued in 1975, control of the business was gained by reducing expansion plans and by focusing the format on a more limited range. This included eliminating expensive items (diamonds, for example) and focusing on smaller items of household use. Catalogues were also sent to offices and other businesses in an attempt to encourage patronage. As well as delaying store openings, one of the distribution centres was closed.

One of the problems of the business was the source of supply, with a number of suppliers being apparently unwilling to supply top-branded goods to an overtly discount retailer. Merchandise at this time was organised and owned by Green Shield Stamps and/or the suppliers and was only taken over by Argos when it was ‘called-off’ for store sale. It is only from 1976 that Argos owned the stock. The closeness of this relationship with Green Shield was also reflected in a four-year interest-free loan they gave to Argos in 1974 for start-up and expansion capital and the board of directors, all of whom were also involved in Green Shield. Indeed, Dr Mike Smith, the Argos chief executive in 1998, had come through this Green Shield to Argos route.

By the end of 1976, however, most of the problems were under control. Expansion plans were being announced. New showroom openings, allied to better control of the streamlined merchandising mix and enhanced advertising, led to stronger demand and performance. This in turn required Argos to operate from the Green Shield distribution centre in Daventry, which remained a focal point of the distribution side of the business for
many years.

Richard Tompkins might have turned a corner with Argos, but his Green Shield Stamp operation was in trouble. Stamps had for many run their course in the UK. The high cost to retailers, the business environment problems for retailers generally, allied to high inflation and thus increasingly volatile book redemption targets, led many to question the value of trading stamps. To all intents and purposes, the death knell of Green Shield was sounded by Tesco, which withdrew from their use in 1977 ahead of Operation Checkout and the beginnings of its repositioning [Akehurst, 1984]. A review of this argument within Tesco and its controversies, as well as Tesco’s views of Richard Tompkins and Green Shield, can be found in Powell [1991]. The loss of the Tesco contract, one-third of Green Shield’s business, was a mortal blow for the business.

Ironically, however, the problems of Green Shield became an opportunity for Argos. In late 1977, Tompkins announced the phasing out of the Green Shield Trading Stamp Company and that its assets including showrooms and the Daventry distribution operation would be transferred to Argos. For a while, whilst Green Shield was shut down, stamps could be redeemed at Argos stores. This boosted the number of showrooms and the business capability. By 1979, Argos was trading out of 91 showrooms (Figure 4). Whilst still predominantly a southern and middle England company, showrooms had been opened in Scotland in 1977 and Wales and Northern Ireland in 1978 (Figure 5). Whilst expanding, the launch hypersell of 300 showrooms was someway off! The quality of the sites and locations was also enhanced somewhat from the original.

**FIGURE 4**
ARGOS SHOWROOM NUMBERS

<table>
<thead>
<tr>
<th>No. of stores</th>
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<tbody>
<tr>
<td>500</td>
</tr>
<tr>
<td>400</td>
</tr>
<tr>
<td>300</td>
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<tr>
<td>200</td>
</tr>
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<td>100</td>
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<td>0</td>
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</table>

![Graph showing Argos showroom numbers from 1972 to 2000](image-url)
The early catalogues had a relatively even space allocation amongst the various product categories. Attention was focused on dining/entertaining, sports and leisure and personal accessories. By 1979, only the latter of these categories seemed a priority, with more attention being paid to toys and games and jewellery. The jewellery offering had changed substantially throughout the 1970s following the introduction of ‘Elizabeth Duke’ to the
catalogue in 1976/7. Allegedly named after Tompkins’ wife [County NatWest, 1992] the concept aimed to create a more up-market image for the jewellery merchandise. Elizabeth Duke’s inclusion in the catalogue was incorporated into the showroom at the end of the decade. Following research, a separate Elizabeth Duke department within the showrooms was piloted and then rolled-out. This gave the impression of a ‘specialist jewellery boutique’ operating on the premises. Designed for aesthetic appeal, the resultant feeling of a shop within a shop offered an advantage; the cut-price merchandise could be offered in a similar manner to that of many other leading jewellery specialists.

As an innovation in retailing, Argos began trading with no direct competition in format terms. However, as with many successful innovations, direct competition followed quickly in the form of Shopper’s World, opened in Leeds in 1974 and expanded in the north and north-west of England. Woolworth’s were behind the chain, which was similar to Argos, but it did differ in one key respect. Argos held catalogue prices constant for the lifetime of the catalogue, even in high inflation periods, whereas Shopper’s World would not, citing trading environment influences. The locational avoidance strategy of the two businesses in showroom siting lasted for a few years before their locations began to overlap. By 1979 Shopper’s World had 26 stores (Argos then had 91).

By 1979, Argos was an established and successful business with sales (Figure 6) and profit (Figure 7) expansion and good returns on its activities (Figure 8). The initial problems of setting up a business had been overcome and the business model had been refined and then expanded. There are of
course many similarities in this with other businesses, e.g. Kwik Save [Sparks 1990]. A further similarity with Kwik Save is that once the business was stabilised and progressing well, a dramatic change took place. In Argos’ case this was the decision by Richard Tompkins to sell out. This might have been prompted by ill health (Tompkins died in 1988) but perhaps also reflected the decline of Green Shield, which had been Tompkins’ long established retail business.

The sale in May 1979 was for c.£35m with Tompkins being named as Argos president. To all intents, however, Argos was no longer independent but was simply one part of a giant business – British American Tobacco (BAT) Industries. For BAT, the purchase of Argos represented a part of its diversification strategy away from its tobacco base. BAT’s diversification saw it buy retail chains in the UK (e.g. International Stores) and the USA (e.g. Saks, Marshall Field), insurance companies (e.g. Eagle Star, Hambro Life) and paper companies (e.g. Wiggins Teape). For BAT and Argos there seemed plenty of scope for developing the format and the retail brand.

Phase Two: BAT Control 1979–1990

BAT’s approach to diversification was to build a conglomerate business, with control of the business units being decentralised. For Argos this both allowed continuity of strategy (two directors were kept on by BAT) and also the finance to expand as well as to improve the business. BAT’s commitment to Argos was to the long term building of the business through strategic planning, adoption of advanced systems and use of extensive customer research.

In terms of the catalogue, the BAT years of the 1980s saw relatively little outward change except that the number of pages expanded progressively by around 40 per cent over the decade (Figure 3). This expansion of pages reflected and allowed expansion of the number of products (Figure 2). The low number of 1,800 lines during the 1970s was tripled over the 1980s. This expansion itself reflected the growing capability of Argos internally and its success with customers. More directly, the acceptance of the retail format, as well as general changes in the retail power balance, saw an increasing number of established brands being represented. By 1989, for example, Japanese brands such as Hitachi and Sanyo supplied to Argos, together with Sony, which analysts viewed as a coup given Sony refused at this time to deal with American catalogue showrooms [County NatWest, 1989].

Within the catalogues, despite the expansion of the number of products, only one new category was introduced, communications, in 1984. Seasonality in the ordering of categories within the catalogues became clearer (and is obvious in the winter/summer periodicity in Figures 2 and 3). Overall, the format became more standardised and ordered. From a
customer perspective, catalogues issue on issue would look and feel the same, with very similar product groupings and orderings, facilitating customer use. Two categories reflect this seasonality and their importance. On average, throughout the 1980s toys and games in the winter catalogue and jewellery in the summer catalogue occupied approximately 20 per cent of the space. By the end of the 1980s it was estimated that Argos was number two in the market in both these categories nationally (Woolworths being number one for toys and Ratners number one for jewellery). Argos themselves were market leaders for small electrical items.

The growing power and ubiquity of Argos was recognised, in addition to the market positions above, by a BMRB/Mintel survey of 1985/6. This recorded that 28 per cent of all respondents had used an Argos catalogue to make a purchase in the previous 12 months and that, remarkably for a catalogue operator, this percentage was almost identical for both males and females. There was also surprisingly little variation across socio-demographic categories (except the lowest – E). The differences by age categories suggested a slightly younger profile than expected. Overall, however, the image is of Argos as an ubiquitous retailer being attractive across the board. It would seem that, regardless of age, social group or gender, consumers had accepted Argos [see Clarke, 1998]. The keys to Argos’ success, the offer of branded goods in a convenient manner, through a comprehensive catalogue and in local showrooms, had by the end of the 1980s positioned Argos not as discount retailer, but as a leading retailer on both price and service.

By the mid-1980s, Argos showrooms were considered to cover approximately 70 per cent of the UK [Mintel 1986] and to be able to meet 96 per cent of all consumer requests. With an opening programme established, which would expand the traditional showrooms to over 200 by 1989, providing good coverage across the UK (Figure 9), attention turned to other opportunities. The traditional showroom covered the basic core market from high street/secondary locations. However, retail trends were focusing on a polarisation of demand between large scale, off-centre formats and small, focused formats.

The first response to these developments and what could be considered approaching saturation was the introduction of an Argos Superstore concept in August 1986. Five superstores were opened at that time in Hanley, Romford, Kingston, Croydon and Bristol, two of which replaced existing showrooms. By the end of the decade, 15 superstores were open, sited predominantly in off-centre locations around English cities, although there was one superstore each in both Scotland and Wales (Figure 10).

The superstore concept operated on the same basic principles as the traditional showrooms, but also added some extra features for consumers. Located in larger catchment areas, the new superstores were typically treble
the floor space of showrooms and offered double the then 3,000 items available through the catalogue in the traditional showrooms. The shop floor organisation was also different with more merchandise on display and also more clearly organised in departments. More attention was placed on

**FIGURE 9**
ARGOS SHOWROOMS, 1989
FIGURE 10
ARGOS SUPERSTORES, 1989
store design and fitting. The superstores had their own catalogue, which was an extended version of the traditional showroom catalogue. Similarly, the delivery service was extended to cover more items, and in particular the larger size of units allowed Argos to stock bigger items.

At the other end of the spectrum, a further format was introduced in 1987; the Best Seller outlet. These were designed to meet the needs of consumers living in smaller catchments or remoter areas where it was felt it was not viable to place a traditional showroom. The Best Seller stores were designed to offer only the best-selling lines on offer at the traditional showrooms. Again, the basic concept was retained, this time closely following the traditional showroom layout and design, and a separate scaled-down catalogue was produced. This Best Seller concept opened in 1987 and ended the decade with a total of 28 such stores in operation.

In terms of the business outlets, BAT control saw store numbers rise from 91 in 1979 to 251 by 1989. The majority were the traditional showroom format (Figure 4) with continued spatial expansion and in-filling. However from an initial strategy of placing showrooms as near the High Street as possible, Argos were now experimenting with formats and locations. The superstores for example were often located on out-of-town retail warehouse parks and aimed to become destination shops in their own right.

To manage the logistics of the expanding showroom network and the increased volumes and merchandising range, Argos undertook massive investment in logistics and systems [see Smith, 1985 and Walters, 1989]. The Daventry site was thoroughly renewed and purpose-built sites opened throughout the 1980s – as for example at Castleford, Welwyn and Bridgewater. These locations reflect the locational structure of the company. In systems terms investment took place in EPOS systems and in centralised mainframes in order to focus on meeting the expanded customer demand and avoiding the mistakes of the early business.

The evidence of the success of Argos is provided in Figures 6 and 7. Throughout the 1980s, turnover rose consistently, based around both existing showrooms and the showroom expansions. At the same time the profit margin of the businesses expanded considerably. Sales per showroom expanded as well, reflecting that Argos’ success was not only based on the building of new showrooms. The only ‘blip’ in this onward progress was in 1981 when recessionary problems hit the country and higher inflation and competition were considerable. This ‘blip’ underlines the fact that Argos do not only sell basic, necessary items, but are competing for discretionary spending. They therefore suffer in times of consumer spending slowdown, as in c1981 and c1991.

The catalogue showroom competition had mixed fortunes in the 1980s. The pre-existing competition in the form of Shopper’s World ceased trading
in 1983 when all 45 stores were closed. This was an outcome of the
Kingfisher review of activities as they took control of the Woolworth
empire. However, at least two other direct challenges to Argos emerged in
the 1980s. The weaker of these was Discounter, a Best Seller style of
operation with 1,000 lines opened in 1985 by Tom McAuliffe, a former
managing director of Argos. Despite plans for a 40-store chain, the business
folded in 1987, but may have provided some ideas for Argos’ own Best
Seller introduction the same year. With hindsight perhaps a different lesson
might have been learnt.

More fundamentally, however, a challenge came from Littlewoods, the
company McAuliffe had left to found Discounter. McAuliffe had previously
left Argos for Littlewoods, leading to speculation that Littlewoods would
open a catalogue showroom operation, given its experience of both stores and
mail order. These two areas had been kept separate but in October 1985 The
Catalogue Shop was launched, using skills and resources from both existing
operations. The Catalogue Shop utilised the mail order background to provide
a large amount and variety of merchandise. Many larger items, including
white goods and furniture, were offered with home delivery and telephone
ordering. Following a trial period and the installation of John Higginbotham
(former Argos distribution director), Littlewoods formally launched the new
company in 1987, renaming it Index. The launch did not prove as successful
as planned and by 1988 ‘significant senior management blood-letting’ [Cook
and Walters, 1991: 412] occurred and the mainly former Argos senior
employee team was replaced by Littlewoods’ own executives. By 1989 Index
had 79 retail outlets, 45 of which were located within Littlewoods High Street
stores. Whilst smaller, younger and not profitable, Index were the closest to
direct competition that Argos had yet faced.

The BAT years (effectively the 1980s) had therefore seen excellent
growth and development with the Argos catalogue (23 million of them
produced for the 1989 issues) being a common household reference book.
The largest such chain in Europe, Argos were by 1989 the third largest
catalogue showroom retailer in the world. However one of the business
vogues of the 1980s was the predatory take-over and break-up of
conglomerates. An unwelcome take-over bid by the Goldsmith, Rothschild
and Packer-led Hoylake Consortium saw BAT seek to dispose of some of its
subsidiaries and thus retain its independence. Given BAT support for Argos
over the 1980s this bid was not particularly welcome. However, BAT’s
conglomerate structure also gave Argos management a belief that they
could manage Argos as a separate business. Announcing de-merger plans in
September 1989, BAT sold Argos in 1990 with a price tag of £600m, to its
management. After 11 years as a subsidiary, Argos became an independent
company again.

Argos plc was listed on the stock exchange in April 1990. The core concept of the business remained intact and indeed the directors embraced their independence with enthusiasm. In their 1991 Accounts and Report the intentions for the future were stated clearly:

Argos plc aims to establish itself as a multi-branded retail group of excellence. Its directors are committed to the expansion of the business, the improvement of service to customers, the continuing development of its staff, the maintenance of a low cost infrastructure and the achievement of shareholders’ expectations.

With the exception of the multi-branded approach, this was not really a surprise. The multi-branded comment presaged a diversification strategy, but there was also scope to develop the core business.

The catalogue expanded throughout the 1990s, with the traditional catalogue having over 6,000 lines by the end of the decade and approaching almost 600 pages in length (Figures 2 and 3). The nature of the catalogue had also changed a little with much more information being provided, covering not only the company information that might be expected, but also general product information and advice on selecting the appropriate products. e.g. telephones, cameras, power drills. This probably reflected both a desire to have some form of service given the more service-oriented 1990s, but also the continued emergence of technology-rich products and increased complexity for consumers. By 1998, 36 million catalogues were printed each year for distribution through the showrooms.

The basic product categories remained in the catalogue over the decade, but the space given to certain categories changed dramatically. In particular, the furniture category expanded to over 15 per cent of the space (compared to 4 per cent in 1990). This expansion was aided by the development in the 1980s of Argos Direct, a home delivery service which expanded its scope in the 1990s.

In addition to the Argos Direct service, the company also developed its Personal Account Card in the 1980s, which expanded into its ‘loyalty’ scheme in the 1990s. In 1990 Argos Business Solutions linked to Mobil to provide an electronic points benefit system which allowed points to be redeemed for products at Argos. This system has been expanded to other retailers, including Somerfield, and by 1996, sales of £157 million were generated in this way. The similarity to Green Shield stamps is notable, though Argos gained little true ‘loyalty’ information from the scheme.

The store format development and experimentation continued in the 1990s (Table 2). Whilst the traditional showroom remained the heart of the business, expanding from 211 in 1990 to 332 in 1999, the superstore format
# TABLE 2
ARGOS FORMATS

<table>
<thead>
<tr>
<th>Format</th>
<th>Store sales areas (sq. ft)</th>
<th>Concept</th>
<th>Important Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argos Traditional</td>
<td>3,000–4,000</td>
<td>Located in small to medium-sized towns, catchment of 75,000–200,000 adults.</td>
<td>17 July 1973: First store opened. Originally trading from Green Shield Stamp sites.</td>
</tr>
<tr>
<td>Catalogue Showroom</td>
<td></td>
<td>Approximately 5,600 items on offer. Few items displayed on shop-floor. Jewellery sold as a separate ‘department’ under the banner name Elizabeth Duke.</td>
<td></td>
</tr>
<tr>
<td>Catalogue Showroom</td>
<td></td>
<td>Approximately 9,000 lines on offer. Many items on display although purchases to be served by stockroom supplies. Display items are placed in departments with specialised staff.</td>
<td></td>
</tr>
<tr>
<td>Argos Best Seller</td>
<td>2,000</td>
<td>Located in small towns, catchment of between 25,000 and 75,000 adults. A scaled down version of the traditional store. Items detailed in a Best Sellers catalogue.</td>
<td>Feb 1987: First store launched. Aug. 1992: Last of Best Seller stores converted into traditional stores. Company found that fuller range had to be offered to make store viable. Upon conversion, sales rose dramatically.</td>
</tr>
<tr>
<td>Catalogue Showroom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argos Call &amp; Collect</td>
<td>1,500</td>
<td>Approximately 2,200 of best-selling lines on offer. All items will be displayed although, as with all formats, purchases to be served by stockroom supplies. No stocks held on premises. Customers order items from catalogue, in same manner as with other retail outlets. Orders are fulfilled by a local Superstore and delivered to the C&amp;C ‘satellite’ store within 24 hours. Customers collect orders.</td>
<td>Aut. 1995: First stores opened.</td>
</tr>
<tr>
<td>Catalogue showroom</td>
<td>1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Stop</td>
<td>8,000</td>
<td>Located out-of-town, discount warehouse store. Approximately 1,500 lines. Items offered with substantial discounts, approximately 10–20 per cent. Items stacked floor to ceiling, customers operate a self-service system with a trolley for their goods. Electrical goods focus although other items stocked.</td>
<td>Nov. 1995: First store opened. April 1998: All stores closed.</td>
</tr>
<tr>
<td>Conventional retail format</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chesterman Home Furnishers</td>
<td>30,000–40,000</td>
<td>Located in out-of-town sites of superstore stature. Aimed at middle to upper-end of the furniture market targeting 35–55 year olds. Items of quality furniture. Library of design books ‘inspired’ customers.</td>
<td>26/03/92: First stores opened. 30/03/93: All stores closed. Timing said to be the problem rather than the concept itself – significant delays between research and launch. None of the 5 stores were performing to target.</td>
</tr>
</tbody>
</table>
was also expanded dramatically (from 22 in 1990 to 86 in 1999) reflecting
the changing format and location of much retailing in the UK the 1990s.
Coverage of both formats was essentially national. Some of the expansion
of the traditional showrooms at the start of the 1990s came from a decision
to terminate the Best Sellers format, converting the stores to traditional
showrooms. The company believed that in order to make the locations
viable, a fuller range had to be offered. Indeed, upon conversion, sales did
rise to profitable levels. This increasing awareness of the possible best
match of the products and store sizes and of operating efficiencies also saw
a re-think in 1991 on the optimum size of superstores. Superstores were on
average reduced from 30,000 to 25,000 square feet, which produced savings
on rent and other costs.

As was noted earlier, the catalogue expanded its product lines over the
1990s, and the same was true of the superstores, with the number of lines
growing to approximately 9,000 lines. In order to manage this expanded
product portfolio, systems development continued apace and, in the stores,
technological development included automated purchase points and
customer information provision [Dawes and Rowley, 1998], which helped
improve customer queuing times.

In addition to systems development, the expanded geographical range
and the extension to product lines and demand saw the need for investment
into distribution facilities. Whilst existing sites were upgraded, new centres
were opened in Magna Park (Lutterworth), Basildon and Acton Gate
(Staffordshire) and the High Wycombe facility was closed. This extensive
investment demonstrated the continued growth of the business.

Whilst the Best Sellers format was closed in 1992, a new format was
launched in the 1990s. The Call and Collect format opened in Autumn 1995
and by 1999 there were 19 such stores (Figure 4). This format took the tradi-
tional form, but did not hold stock on the premises and thus was smaller than
the normal showrooms. Instead, customers would place orders in the normal
way (but from the superstore catalogue). These orders would be fulfilled by a
local Argos superstore with the products ready for collection at the Call and
Collect store within 24 hours. The target location was smaller towns.

The Argos brand name was also expanded by the early development
(July 1995) of the Argos website, although the first nine months saw the sale
of only 22 items. There was also international expansion with stores opened
in the Republic of Ireland (January 1996) and the Netherlands (February
1998). By March 1998 there were nine stores in Ireland and five in the
Netherlands (where there was some competition from Kijtshop/Bestsellers).

The most fundamental change attempted by Argos in the 1990s,
however, was linked to the intention revealed by the directors in 1991 to
develop Argos as a ‘multi-branded retail group’. In 1992, Argos launched
Chesterman Home Furnishers. Originally planned under BAT ownership, the concept was delayed by the buyout and the first store, in London, was not opened until March 1992. The outlet, a fixed-store concept and not a catalogue operation, was a mid- to up-market furnishing and furniture store. Four more stores were opened quickly but all five were closed in March 1993. Unfortunately for Argos its launch coincided with a long housing slump and recession. In addition to the public failure, a provision for closure of £12.7 million had to be made.

A second attempt at diversification took place in November 1995 when a format called First Stop was launched. Again, this was a traditional store, not a catalogue retail showroom, this time a discount warehouse offering brown goods (often discontinued lines) at heavily discounted prices. By the time the experiment was ended in April 1998, there were only three such stores open. Again, the attempt at a multi-branded strategy had failed.

The business outcome of all this development can be seen in Figures 6, 7 and 8. The results in the 1990s are probably best described as mixed, although the company was not alone in having problems in the 1990s. The early 1990s were a particular problem with limited turnover expansion, despite new store development, but more importantly declines in margin and profitability in 1991 and 1992. The Argos chairman David Donne described the early 1990s and its recession as the most difficult retailing environment since the company was launched in 1973. The reliance on discretionary spending was critical. However, despite the fall in profits in 1992, Argos broke the £1 billion sales barrier that year and by 1995 the company was sufficiently big to enter the FTSE 100 index. This was marked by a special dividend for shareholders as the company’s cash pile was returned to investors, given the lack of ability to make a suitable diversification purchase.

For a business that had just broken the annual sales barrier of £1 billion and entered the FTSE 100, Argos could attract considerable criticism (or was it just plain snobbishness?):

A visit to an Argos catalogue showroom is reminiscent of two experiences. First, a Polish department store: the ambience is cold, the colour scheme is garish, the experience of shopping is strictly utilitarian. Second, Argos ten years ago. Fundamentally it hasn’t changed’ [Marketing, 1 July 1993: 25].

Referring to a business about to enter a period of considerable growth and after a period of major success in its core business, this comment seems to hint at a particular view of the company and its clients, and possibly a lack of understanding of the operation.

The business developed strongly after the problems of 1992 and sales expanded dramatically. In only a further five years, sales expanded by 80
per cent and Argos became one of the top 20 retailers in the UK. For much of this time profits also expanded, although in 1997 there was a decline from the previous year, mirroring the problems of the early 1990s. This was explained by the company at the time as due in part to enhanced advertising spending and marketing expenditure associated with ‘loyalty’ scheme premier points and to problems in meeting in-store demand at the key Christmas trading period. This led to shoppers walking away empty handed and frustrated, a problem reminiscent to some of the very early trading and distribution problems. This was the culmination of poor trading generally, which had seen a weaker than expected Christmas in 1996, and three profit warnings issued in 1997.

Part of this rapid growth of the 1990s was due to the lack of effective direct competition. Whilst product categories were in competition with other retailers, the competition in the catalogue showroom market remained Index, the subsidiary of Littlewoods. It was believed that Index would provide a profit by 1992, but it suffered in the recession as well and profitability did not arrive until 1996. By 1998, despite sales expansion, Index’s turnover was only about 18 per cent of that of Argos. It was also perceived as a lesser retailer than Argos: ‘Index is regarded as a “me-too Argos” even by its own customers’ [Mintel, 1998: 45]. Competition in product categories continued to grow, however.

As a public company, Argos shares have been traded on the Stock Exchange (Figure 11). After drifting during its problems in the early 1990s,
the share price moved sharply upward in 1995–1996 reflecting the large upturn in the trading performance. The weak Christmases of 1996 and 1997, with the poor results overall for 1997, saw the share price fall in early 1997 and then again in early 1998 to its lowest level for four years (from 798.5p in October 1996 to 399.5p in January 1998). Being publicly quoted, however, Argos could now be subjected to take-over pressures. As the share price fell sharply, GUS plc (the traditional mail order giant) launched a hostile bid in February 1998 valuing Argos at £1.6 billion. A previous off-the-record approach by GUS in January 1997 had been rebuffed by Argos.

GUS argued that Argos had lost its way and was no longer developing the business as it could. The fall in profits despite increased turnover was, it argued, a reflection of a business out of control, rather than any short-term ‘blip’. With a belief from its own mail order and customer databases that Argos was not utilising its customer information as well as it might, GUS saw major opportunities in adding Argos to its portfolio [see NatWest Markets, 1998].

Despite Argos being seen as ‘one of the stock market’s star performers in 1995 and early 1996’ [Independent, 4 February 1998: 20], and Argos themselves arguing that the recent setbacks were temporary, the shareholders were persuaded in April 1998 by an increased bid valuing Argos at £1.9 billion. The hostile take-over was marked by disagreements and rows between the competing boards of directors [e.g. Argos, 1998] and even a proposal of a joint venture between Argos and Littlewoods (arch competitor of both Argos and GUS) to set up a home delivery service. There also seems little doubt that the unavailability of Mike Smith, the Argos chief executive, through ill-health, hindered the bid defence. Despite his enforced absence, however, a sturdy defence was put up and it was only a decision by the major institutional shareholder (Schroders – another part of which was Argos’ financial advisers) to vote their 15.1 per cent shareholding of Argos in favour of the bid that enabled GUS to succeed. Without this big block of support GUS would not have achieved the necessary 50 per cent acceptance (they achieved 59.9 per cent). This is an example of the critical importance of fund managers and other institutional shareholders in constructing the ownership and thus direction of British retailing.

In April 1998 however Argos ceased to be an independent business, though as with BAT previously, GUS decided to run Argos as a strong brand and subsidiary in its own right, seeking to improve the business and develop synergies with other GUS business whenever possible.

Phase Four: GUS Take-Over 1998–Present

The GUS take-over was a hostile event in many ways. Not surprisingly, the Argos directors left the business after the take-over, ending what had been
a remarkably continuous service record (Figure 12). Terry Duddy was brought in as chief executive at Argos, from PC World. Hostilities did not end, however. Lord Wolfson from GUS accused the previous Argos directors of misleading GUS over the performance of the Netherlands stores, declared their expenses during the take-over as outrageous and criticised their strategic decision-making. These rows rumbled on for a while and further soured the take-over.

Since the take-over, however, there has continued to be some store development. By April 2000 there were 448 showrooms in the UK store portfolio (Figure 4) and 12 showrooms in the Republic of Ireland. The Netherlands experiment was shut down. Within the showrooms, stock checkers have been installed at catalogue browsers to allow customers to check stock availability. A ring and reserve system has been introduced to encourage enquiries and reservations from the customer’s home. A queue management system has been introduced in superstores to inform customers when their item is ready for collection. All these elements, plus an enhanced store refurbishment programme, are aimed at improving the in-store service given to customers. The superstore/traditional showroom split has effectively been abolished. This has reduced the number of lines at superstores, and increased those in traditional superstores, up to over 8,000 lines in 2000 (Figure 3). The two catalogues have been combined, returning to the single catalogue structure, although it is now much larger in size (Figure 2). This suggests GUS have confidence in the ability of the traditional showrooms and the distribution system to cope with the enhanced number of lines. GUS also reported that an extensive re-ranging

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**FIGURE 12**

DIRECTORS OF ARGOS, 1973–1997

Note: non-executives are excluded.

exercise completed before they took over Argos meant that the number of lines removed from Spring/Summer 1998 to the next catalogue was higher than normal. This reflects the desire of Argos to refresh the product range, but will have incurred costs in selling off surplus merchandise (GUS operate another subsidiary which obtains and sells such merchandise from many catalogue retailers and wholesalers).

Other business developments and experimentation since take-over have seen the catalogue portfolio increased, with tests of Argos Interiors, a soft home furnishings catalogue, and Argos Additions, a clothing catalogue and website (<www.argosadditions.com>). The Argos Direct home delivery has been expanded. Argos experimented on digital TV shopping through ‘Open’, and has subsequently expanded the number of platforms. GUS seems keen to utilise the Argos brand name and awareness whenever they can. The biggest change, however, has been the effect of Argos on GUS. With Argos performing strongly in 2000 (Figure 6 and 7 – though note the change in annual recording periods makes direct comparison more difficult), although the profit remains below 1996 levels, the contrast with the agency-based GUS traditional home shopping became more apparent. As Argos grew, the traditional base was declining. The GUS reaction has been to make Argos the lead of all home shopping, reorganising all the business under the Argos Retail Group, led by Terry Duddy, and seeking to use Argos expertise to re-energise or transform traditional channels. Buying and support operations have been combined to build purchasing power and reduce costs. Argos is clearly important to GUS. In 2000, Argos produced over 36 per cent of the trading profit of the organisation, an increase from 26 per cent the previous year.

A final element of note since the take-over is the development of the website. Argos gained publicity in September 1999 when its website (<www.argos.co.uk>) advertised televisions with a list price of £3.00 rather than £299.99, an error blamed on a software rounding problem! This resulted in a large number of orders being placed very rapidly, and the issue became contentious and litigious quickly. Since then, however, Argos has moved its entire catalogue on to the web and proved to be a huge Internet attraction. This allows customers to shop from home and to collect the product from store or have it delivered via Argos Direct. A ‘click and reserve’ feature allows product availability checking and reservation at local store level to be accomplished. As Figure 13 shows, Argos claim to be a true multi-channel retailer, with a variety of selection and delivery options. Some argue there are risks in this, e.g. the Economist [7 February 1998: 66] stated, ‘the more successful GUS is in turning Argos into a home shopping business, the more obsolete its retail outlets could become’. However, the evidence thus far is that stores remain a vital presence in the channels offered.
Here’s a challenge. Find someone who actually says that they love shopping at Argos. The 400 unimaginative stores are hardly the place to go when you fancy a spot of retail therapy. You don’t browse, feel, touch or even see your purchase until after paying for it. What you do get is queuing. Lots and lots of queues. During busy times, especially at Christmas, you must queue to look up the catalogue and fill in the order form. Then you join the queue to pay, hoping all the time that the person in front has not ordered the store’s last set (of what) it was you wanted to buy. The final queue is over at another counter to pickup your purchase. Phew! It seems terribly old-fashioned [Daily Telegraph, 7 February 1998].

Argos is an unique retailer. Its history is a complicated, but interesting one. It has shared many of the characteristics of small businesses expanding rapidly, but has now achieved sales of over £2 billion per annum. Its position in the UK is almost unchallenged and it is poised to develop and confront new forms of retailing. Arising from the description and analysis in the preceding sections, this discussion focuses on four main attributes of Argos’ development and operations.

First, the innovation itself is of interest. Catalogue showroom retailers exist as a hybrid form of retailing, being neither mail order nor fixed store retailing. Hybrids tend to be either ill-adapted, not surviving long, or can occupy a niche very successfully. In Argos’s case, there have been imitators, but none successful. The innovation has proved itself to be successful and long-standing. It does raise the question, however, as to why there have not
been similar operations in other countries, or why Argos has not exported the formula. Perhaps an answer to this lies in the British approach to mail order historically and also its more limited use of newspaper or direct ‘flyers’ in advertising compared to other countries. Argos fitted the niche in this country well.

Second, and as the quotation at the start of this section illustrates, being a hybrid can be problematic in the minds of some. The format is not easy to understand if the mindset is either fixed-store or mail order. This applies to journalists, commentators and analysts as well as to consumers. British consumers have grown up with Argos in many ways and have come to understand what it is trying to do. It is not a fixed-store format in the normal sense. The act of ‘shopping’ does not occur at the store, but is inherently bound up in the catalogue. This is totally different to other retailers and so the attitudes we bring to understanding Argos have to relate to the business model as a whole and not solely to the store or showroom. It is worth noting, however, that whilst some see it is an old-fashioned and archaic approach, other quotations in this paper have pointed to its utilitarian position and an advantage in not having to deal with sales staff. Argos’ ubiquity does conceal quite different attitudes.

Third, the catalogue itself is obviously worthy of comment. The catalogue is, as shown earlier, fundamental to the business. It has to be available and accessible to the consumer and it has to operate as a selling tool, as the business has no other. Availability is thus key and is driven by the boxed displays of catalogues outside stores, local advertising and particularly television advertising which focuses on the catalogue and not the goods inside. Each new launch is accompanied by advertising encouraging shoppers to pick up the catalogue. The success of this advertising, and the impression that Argos has an extensive product range through the catalogue, are seen in the sales figures. In many senses, though, in the present article the catalogue is the forgotten part of the picture. This article has concentrated on the business story of Argos. Further articles will utilise the unique catalogue collection to investigate aspects of the catalogue and what they say about British consumers in the last quarter of the twentieth century (the first of these is Sparks [2001]).

Fourth, the business operations are worthy of further comment. The description of the history of Argos presented here has a number of important features for understanding business and retailing development. The early origins and development of the business, with the trial and error approach and the need to scale back ambitions, are reminiscent of much of the business development literature. The phases of development/organisation used as a tool to present the history are themselves characteristic of modes of organisation of the time. The conglomerate structure and the attack on conglomerates at the end of the 1980s is a reflection of wider business
influences. The final denouement of the take-over is also characteristic (or symptomatic?) of British retailing and the power of institutional investors. In essence one investment team (possibly one person) made the fateful decision that cost Argos its freedom. But has that very event presented Argos with even more opportunities?

Under this heading of business development it is worth noting some of the practical retail issues that had to be managed. Logistics and product availability are more fundamental to retailing than many believe. The present case illustrates this further, both in the linkage between logistics and store development patterns (neighbourhood diffusion for showrooms around logistics sites, for example) and in the realisation that logistics in such a retailer is fundamental to success. The catalogue effectively promises availability and the operation has to meet this challenge. Argos benefits over other retailers in knowing what customers wanted to buy, but which was not in stock (compare any self-service retailer). This is only partially a benefit, however, as it is more certain for Argos that a stock-out is a lost sale. Equally, Argos suffers from the mail order problem of returns and so the logistics operation has from the start had to cope with flows in many directions.

Finally, one could also reflect on the store development formats and the attempts over time to match formats to locations. This has not always been successful, and indeed the history of Argos probably suggests that sticking to the core business and doing that well is more important. That is not to imply no change however. There is no doubt that Argos had to develop an out-of-town format to match changing consumer patterns. Calling it a superstore was an obvious step. Failure to adjust to such consumer changes could have been fatal.

CONCLUSIONS

In conclusion, therefore, a number of points can be emphasised. Argos is different and that in itself makes it an appropriate subject for academic study. Too often, perhaps, we consider the retailers that are standard in their approaches and do not seek out those that might provide a different instructional base.

Second, Argos has a long history of trying to understand consumers. This occurs every six months when the buyers’ best thoughts are tested by the purchase patterns exhibited from the new catalogue. It occurs as well on the local level where every store is learning about local demand and needs. This has enabled Argos both to make the macro-decisions (out-of-town retailing) and to continuously adjust the catalogues to reflect purchase patterns. Understanding the business position is, I argue, fundamental to any understanding of the catalogues. However, the catalogues are vital social
documents. Because of Argos’ position in British retailing and the economy and society, the changing nature of the catalogues provides crucial evidence for understanding changing consumer patterns. They are the shop windows of the last 30 years, and that is something we do not have a record of for ‘proper’ retailers. By placing Argos in the context of British retailing, this article sets the scene for a full analysis of the catalogues.

Finally, it is necessary to look to the future. Much of this article has described and analysed the past. However, the last few years have seen a fundamental change in our thoughts about retailing and its future. The ‘dotcom’ explosion and then retrenchment has changed the way we consider retailers. The alteration in process that is the e-commerce revolution will have operational effects. Consumers are now expecting (even if they are not necessarily using) an Internet presence and are becoming accustomed to such interfaces and approaches. One could argue that what is happening is a separation of the browsing from the purchasing activities of shopping. In traditional retailers these occur together in the shop. In Argos however, these two activities have always been separated. To that extent, Argos is web-enabled from the start in that the approach is nothing new for it, and it has the logistics (primary and secondary) to back up the Internet presence. Add to that a trusted brand name and Argos would seem to have a strong Internet position. With the collapse of traditional mail order in the UK, Argos would seem to be in an increasingly strong position within GUS.

This does of course raise a number of questions. As other retailers move on to the Web, and as customers become more adept at Internet searching and trusting of the medium, so the number of competitors for Argos increases. With the catalogue in the home, Argos had a reference monopoly. With everyone on-line, this may no longer be the case and Argos will be opened up to a variety of comparisons and competitions. Can Argos maintain its position in such a situation? Additionally, and as presaged by the quote from the Economist earlier (and Figure 13) there is a question about how Internet retailing fits with the catalogue and the existence of showrooms. Are all the forms and formats in Figure 13 really needed, or as sales migrate across forms/formats will some become obsolete or too expensive to maintain? An alternative view identifies a synergistic future amongst all channel forms and the need to give consumers every conceivable opportunity to both contact the business and to purchase, collect and have delivered product. This battleground is fundamental to the future pattern of retailing and shopping. Argos intend to be central in this, but what the outcome will be must at this time be uncertain.
ARGOS CATALOGUE SHOWROOM RETAILING

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