

# EG RETAIL

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## RIDING HIGH

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Café and cotton: Boston Tea Party and Shaws the Drapers are examples of successful regional chains that are often overlooked by London-based retail analysts

Shaws is the kind of business that London-based retail analysts find it easy to overlook or underplay: it is the exact opposite of a trendy retailer, and carries a huge number of stock lines, some of which sell quite slowly. It looks like the kind of business to avoid. But if Companies House paperwork is any guide, Shaws is probably one of the best-run and best-financed retailers in the land.

On annual turnover of £11.5m, Shaws (Cardiff) made a pretax profit of just under £700,000, which is not a bad margin. But what will astonish many is its balance sheet: £3.6m cash plus freehold property valued at £7m. These healthy reserves are even more impressive in conjunction with the firm's debt – or lack of it – the auditors report that Shaws has no long-term or short-term debt and no significant credit risks. Compared with the debt-burdened national retailers, Shaws (gearing

ratio zero) is undeniably strong.

The company tells *EG Retail* that “eventually” it plans to expand beyond its existing regional base. However, with its distinct customer base and preference for freehold properties, Shaws is thought unlikely to make a huge effort to get into shopping centres. “Shopping centre landlords think we are not a good covenant,” says a Shaws spokesman.

Boston Tea Party is also expanding, and it too is staying clear of the malls, at least for now. The café chain is defying the recession with the launch of an expansion campaign across the South West.

The company, which opened its first café in Bristol's Park Street in 1996, is aiming to more than double its number of outlets, growing to 15 over



“People don't always want mainstream national brands and the regional chains can target customers who want something more interesting”  
James Woodward, King Sturge

# less is more

**Golden-looking chains** Rumours of the demise of the regional chain appear greatly exaggerated, as these unusual retail beasts prove stronger than expected against recent pressures, finds *David Thame*

Wool shops and teashops are not famous for being cutting-edge. But a growing band of strong regional retail chains, led by drapers and cafés, are showing that local roots and a high street presence can make all the difference in the world of retail.

According to received wisdom, the

days of the regional retail chain are over. Driven to destruction by the national fascias, squeezed by suspicious shopping centre landlords, and beaten in the niche market by small independents, regional chains are dead. Or so we have been told.

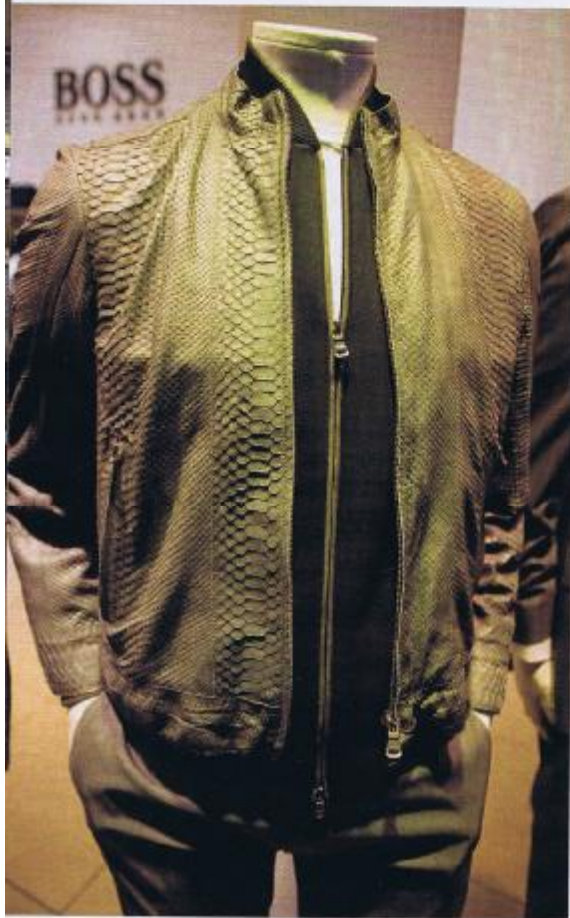
In fact, the regional chain is alive

and well. In the Celtic fringe and the extremities of England, such chains continue to provide the backbone of traditional high street shopping.

Two regional chains – a new one in the South West, and an established name in Wales – show how these unusual retail beasts are growing.

Shaws the Drapers is a family-run

fixture on 30 high streets across South Wales and adjoining parts of England. Selling everything from bed linen to bathrobes, towels to tablecloths, Shaws has a reputation for stocking the kind of homewares that can be hard to find outside the largest department stores. The shops also sell threads and yarns.



## MAKING ROOM FOR THE MALL

Most regional chains avoid shopping centres. Daunted by high rent and troublesome fit-out requirements, they prefer to stay on the high street. But a small number of fashion-led regional chains are making the transition to mall-based retailing.

Manchester-based menswear chain Aspecto has seven stores in the big Northern cities, plus an outlet in Glasgow and another, recently opened, in Birmingham.

According to Trevor Wood of retail analyst Trevor Wood Associates, Aspecto's wide market appeal has encouraged

it to take four shopping centre units.

"We surveyed occupiers of 800 shopping centres and found very few regional chains.

"Aspecto is typical in that it is, increasingly, more like a small national chain than a strictly regional occupier.

"The best conjecture about why regional chains are so poorly represented is that the 1-2% shopping centre service charge eats into their already lower margins.

I think some landlords also regard them as risky covenants. We certainly

found very little evidence of genuine regional chains in UK shopping centres."

One of the handful of exceptions is Glasgow-based luxury streetwear chain Cruise. Trading since 1981, Cruise has 13 units, several trading under the Hugo Boss fascia. Although most are in Scotland, the company has units as far south as Leicester, where it has a presence in the Shires shopping centre.

Cruise also has tenancies in Belfast's Victoria Square and Livingstone Designer Outlet, Scotland's largest designer outlet.

the next 18 months. Today it has seven cafés across the region: three in Bristol plus branches in Barnstaple, Bath, Exeter and Honiton.

The 14-year-old enterprise is targeting Taunton, Cheltenham and Plymouth, as well as looking to add to existing outlets in Bristol and Bath.

The company is being advised in its search for new premises by James Woodard, senior associate at King Sturge. Woodard says: "People don't always want mainstream national brands, and the regional chains can target customers who want something more interesting – grow too big and you lose that."

CHISE STORES: ALAN WOOD; HELIFRANK: IREX FEATURES

So, could Boston Tea Party's plans to double in size mean that instead of being a hot property, the company becomes as appealing as cold tea? Woodard believes not. "Expansion will take until well into 2012, and it

doesn't want to dilute the brand or the atmosphere," he says.

Boston Tea Party is already pushing out of its core region, taking its first step into the Midlands with a new café at Worcester. But it prefers period buildings to the bland certainties of shopping centres.

"Boston Tea Party is known for fitting out the property well and creating a good feeling, so landlords are encouraged," says Woodard.

He confesses that Boston's latest café in Worcester is part of the Crown Estate's CrownGate shopping centre – albeit on the outside of the shopping centre, in an 18th-century former public house.

Regional chains have long dominated high street retailing. Now, thanks to the unlikely forces of tea and drapery, it seems their position is assured.

**Good locations:** Cruise in Glasgow, above left, and Cheltenham, right, one of the locations targeted by Boston Tea Party



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