



# Reiss

After some troubled times, a period of restructuring at the fashion retailer may have paid off

## RetailWeek KNOWLEDGE BANK



Reiss is just one of the 250 company profiles included in Retail Week Knowledge Bank.

For help with your online subscription, please call  
+44 (0) 20 3033 2626

[RETAIL-WEEK.COM/RWKB](http://RETAIL-WEEK.COM/RWKB)

**BY BEN COOPER**

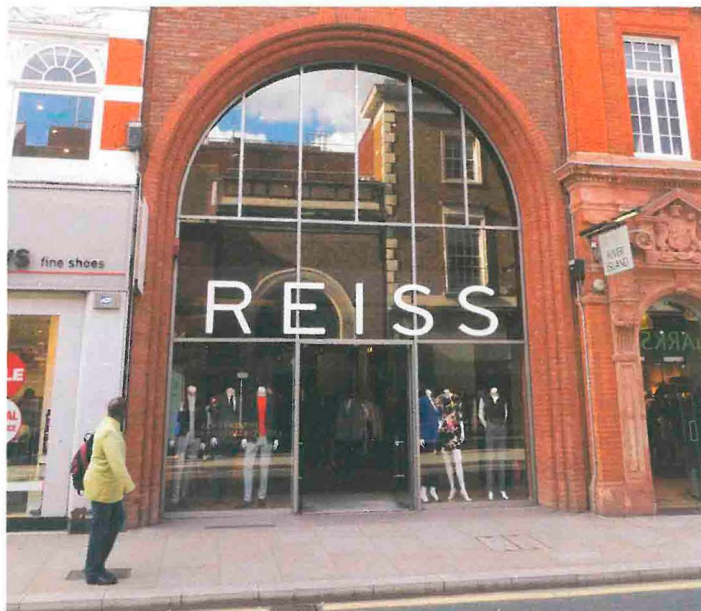
For Reiss the noughties was a decade of almost continual growth. The fashion retailer went from operating 19 domestic stores in 2001 to 114 in 14 countries 10 years later. Throughout that time it enjoyed a steady rise in sales and maintained healthy margins.

But all things that go up tend to come down. Profits of £5.5m in 2008 turned to losses of £385,000 a year later as Reiss went into the red for the first time in the 21st century.

Struggling to maintain a costly global portfolio in the face of increasing competition from value fashion retailers and pressured consumer spend, an inevitable rationalisation followed.

A high-water mark of 61 standalone domestic stores in 2010 has subsided to 54 at present, with a smaller reduction in the international portfolio also under way.

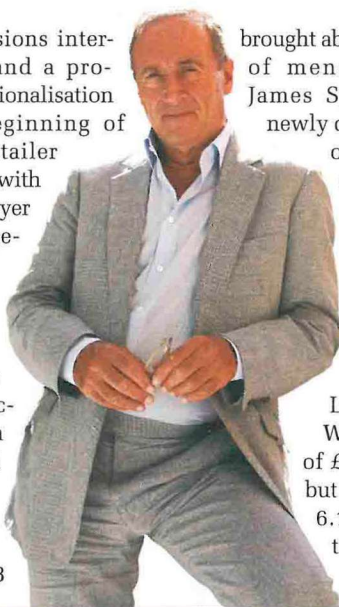
The downturn also prompted



Reiss has reduced its estate and now operates 54 stores in the UK

some tough decisions internally at Reiss, and a programme of staff rationalisation began at the beginning of last year. The retailer sought to cut costs with the removal of a layer of senior management.

It was clear that founder and long-time managing director David Reiss (pictured) favoured a more streamlined approach. An intense period of restructuring in 2012 and 2013



brought about the promotion of menswear director James Spreckley to the newly created position of creative director, and the departure five months later of two big-hitters at the retailer, brand director Andy Rogers and ecommerce director Dan Lumb.

With pre-tax losses of £6.2m in 2012/13 but a sales increase of 6.1%, it's difficult to say if the medicine is working.

streamlined management team.

The international market seems to be receptive to upmarket British brands at present but Reiss remains relatively small in scale, with total sales of not much more than £100m.

However, the publicity given to the brand courtesy of the Duchess of Cambridge has meant that Reiss enjoys a significantly higher profile than its relatively limited store base and sales levels might imply.

## REISS' PIECES

- **Managing director** David Reiss
- **Finance director** Steven Downes
- **Creative and brand director** James Spreckley
- **Pre-tax loss** £6.2m in the 12 months to January 2013
- **Sales** £106.1m excluding VAT
- **Total UK stores** 72 including concessions

The condition of the business will not be known until the 2013/14 figures are out, but so far the signs are good.

In January finance director Steven Downes said the Christmas period had delivered "double-digit like-for-like growth" on the previous year, and margins look as if they are heading in the right direction.

In retailing, boosts can come from the most unlikely of places. Finding out, as Reiss did, that the Duchess of Cambridge wears your frocks is the sort of break that retailers pray for, especially when they are in the middle of a turbulent period. Of course, there are no guarantees, even when retailers have customers in such high places. But even without the royal approval, Reiss can't be accused of ignoring new opportunities.

The problem with scaling new heights, especially when a retailer has apparently managed to achieve what has eluded many others – successfully rolling out stores on a global basis – is that the business is exposed to challenges on an international scale.

The Middle East looks like a good bet for Reiss and the UAE and Saudi Arabia show a strong appetite for the brand. But elsewhere, particularly in Russia, growth has been slow.

There are talks under way to open more stores, franchises and concessions in Asia, the Middle East, the US, Australia and South Africa but it is unclear whether the retailer's ambitious plan to establish 250 units worldwide is realistic. Reiss looks as if it is at a pivotal point in its journey.

## THE RETAIL WEEK KNOWLEDGE BANK VERDICT

**Wendy Massey, Retail Week Knowledge Bank analyst**

It is clear that 2012/13 was a year of major investment and restructuring at Reiss. Recent reports emanating from the company indicate that the initiatives undertaken have resulted in a significant improvement in financial performance.

Accounts for 2013/14 are keenly awaited to enable analysis of the detail for a company that has

sometimes favoured positive spin and ambitious targets in the past.

The refocusing of the business according to its premium heritage would seem to make sense given the improving economy going into 2014.

The balancing act with the Reiss 1971 diffusion line will continue to be challenging however, while the task of establishing the brand on a global level will add to the pressures facing the