



Carving a niche

This year Dutch value retailer Hema made its first foray into the UK. Ben Cooper asks if the chain has what it takes to find a place in British retail and stand out from other value stores

From a single shop in Amsterdam in 1926 to more than 600 stores across northern Europe, Hema has quite the track record. Already a household name in the Benelux region, and with major portfolios in Germany and France, the retailer is ready for its next big challenge: the UK.

In its largest stores on the Continent it sells everything from crockery to lingerie, upholstery to beauty products, all of which is own brand, and it thrives in transport locations. So how will it fare in a dense and competitive retail scene, and how is it going to find its place in the property market? *Ar* takes a closer look at how Hema has made waves this summer.

As a value retailer Hema has a twofold task ahead of it: winning over the British public and, perhaps even harder, finding its place in the property market. For a retailer with 600 stores, it has kept a low profile over here and, if it's going

to rise to these challenges, that will need to change fast.

Opening its first store in June at the Victoria Place shopping centre adjacent to London Victoria train station was a good start. It's familiar ground for the retailer, which has thrived in transport locations in its native Netherlands and in France, and with an estimated 136 million people passing through London Victoria annually, it has done all it can to achieve a high profile very quickly.

What's striking when you include the other two sites that Hema has taken so far (see box) is that each is a very different pitch and location. The retailer has appointed Tim Newman and Martin Morgan, directors at London-based agency Harper Dennis Hobbs, to find it the ideal sites, and so far there hasn't been one clear type. The retailer is trialling the market.

Newman says: "They have been very successful on high streets in the Benelux region, where the high street is king,

Over here we have to think more about shopping centres, but I think we'll end up doing more high streets and transport locations. They are very strong in transport, and the Victoria store has been great, it's trading really well. We're going to push very hard on transport."

Hema's director of business development, real estate and construction, Emile Ruempol, says: "Stores of 1,300 sq ft and above are very scarce in Victoria so once this opportunity came up we decided to go for it. We quickly opened another two stores, one on a high street and another in a shopping mall, which has given us an ideal mix of store types for Hema to test the concept in the UK."

But Paul Nicholson, associate director in the Savills retail team, says in terms of winning over the property industry, Hema will need more than a high profile. It will need to clearly define where it stands in the retail market.

He says: "People are waiting with intrigue to see what happens. But one of the issues they have is getting into the landlords' mindset and getting the pitch right. They have to convince the property market and the landlords that they are not a pure discount retailer because they might not secure the pitches they want to be in."

Already the labels abound, many of which are inaccurate. Comparisons have been drawn with Woolworths and other domestic discount retailers, but Hema is keen to not let the discount label stick. And when you go into one of the stores, you can see why. The smart, bright interior - with different zoning for items such as womenswear, beauty, bathrooms, kids and cooking - has a very different feel to the pure discounters British shoppers are used to. And its second and third stores - in Kingston upon Thames and Bromley respectively - are hardly secondary pitches.

Newman says: "It's a totally different offer from the discounters like Poundland. They have put a lot of thought into the store layout and design. You come away thinking 'I didn't expect that'."

For a new retailer in any market, caution is always advised. But for a value retailer it's worth an even more circumspect approach because unlike, say, a luxury fashion brand, which would have obvious stepping stones in London, Hema has to find its own unique place.



THE THREE HEMA STORES SO FAR

Victoria Place shopping centre

A major mall attached to one of London's most buzzing transport hubs, which sees some 136 million passengers passing through each year. Owned and run by Network Rail, it has a good range of retail brands, from typical transport retailers such as Boots, Cards Galore and The Perfume Shop, but it is also home to fashion brands Next, New Look, Dorothy Perkins and Joy.

Clarence Street, Kingston

A nice, thriving pedestrian part of an affluent town, Clarence Street is far more like the type of space Hema is used to. And with John Lewis acting as an effective anchor at one end, plus some good fashion brands such as Topshop, Monsoon and River Island on the street, it will be in good company.

Intu Bromley

The scheme's tenants include Debenhams, Marks & Spencer, Zara and H&M, as well as another 130 retail units, and is well connected to the centre of the capital.



"It makes sense to keep the horizons open and do a more mixed portfolio," says Nicholson. "As an emerging retailer you've got to be more and more adaptive to survive in a new market. I think it will have to be a combination of the different types of store locations. The good thing for Hema is that the three stores they have done are pretty in your face. The designs are good and the locations are very strong."

Ruempol says longer term he is considering all key sectors of retail property: high street, shopping centres and transport hubs, and adds that retail parks could be an option.

Location is crucial, but unless the public takes to the brand and remembers the name, Hema's expansion could stall. So Ruempol says for now the retailer is looking at the most buzzing spots in and around London, where as many people as possible are going to get a taste. But the big advantage Ruempol has is, that with 600 stores already trading and 80,000 staff across five countries, there is a tried-and-tested formula in place.

"We want stores in locations with substantial traffic," he says. "Obviously the Greater London area will offer numerous possibilities for Hema but when the brand is firmly established and we have a more thorough understanding of shoppers in the UK we will push the brand out of London and into other key markets in the UK."

Exactly what these key markets will be, and what type of location Hema will go for, time will tell. Which is why this initial phase for the retail giant is so crucial, and will dictate how the rest of the chain will develop.

Nicholson says: "If the concept works in the UK then there's no reason why a store in a shopping centre in Bromley will work any better than a high street store. It's more about whether or not the consumer will understand it."

Whether the British shopper will embrace the new retailer is impossible to predict, but with a good tranche of stores now up and running and cautiously ambitious expansion plans underway, it's so far so good for the latest arrival on the scene. ●