

Outlets' best kept secret



Gunwharf Quays has established itself as not only a popular premium retail outlet but as a major leisure destination on the south coast. And, as Mark Faithfull reports, there is a lot more on the horizon as it seeks to make its mark with tourists too

Land Securities' best-performing premium outlet has increased its sales by an impressive 25% in the past two years, following an influx of popular brands, but there are big plans to capitalise on the scheme's growing catchment and on the potential investment, of up to £1bn, in its host city.

Gunwharf Quays - situated by the water in Portsmouth - has been a fixture on the retail and leisure scene since 2001 and has played a big part in helping to create the idea of a retail destination being a day out rather than simply a shopping mission.

With 425,000 sq ft of retail space, the premium outlet has constantly evolved over the past 13 years and comprises 90 stores and 30 dining units catering to meet every need and price point, as well as a multiplex cinema, hotel and casino. Land Securities has also added more than 22 premium retailers to its line up as the destination forges a growing presence in the premium market.

Names such as Tommy Hilfiger, Jaeger, Diesel, All Saints, Ugg, Musto, The North Face and Links of London have opened in recent years to complement existing names such as Polo Ralph Lauren, Hugo Boss and Ted Baker. The South of England's premium outlet destination now attracts more than 8 million visitors a year and its growing catchment area attracts visitors from large affluent parts of southern England.

"Gunwharf Quays is a turnover rent-based outlet scheme. As a result, we share a common desire with our brand partners to see strong sales growth," says Land Securities portfolio director, outlets, Jack Busby. "It is a mutual benefit and one that flows quickly through to rental growth performance for Land Securities, but at

sustainable levels for them as it is geared to their own performance."

Reshaping the line-up

He adds: "The best retailers enjoy the best sales and particularly so in outlet retailing. We are reshaping the brand line-up to tap into the higher average spend that is commonly seen at premium retail outlets. This means a shift towards those same kinds of retailers. The ultimate example of this is at Bicester Village, which has experienced double-digit annual sales growth over the past 20 or so years because of an active asset management programme each time replacing them with retailers that generate higher and higher sales."

While active and ongoing asset management has been the key to the scheme's success to date, its widening popularity has prompted Land Securities to refine its strategy still further to react to the changing retail environment. Land Securities' survey data showed that the further shoppers travel, the more they spend.

Portsmouth's tourism industry is also witnessing year-on-year growth, both in terms of domestic and international visitors. Those visitors will benefit from changes to the centre's asset management strategy, with the new premium brands supported by existing retailers investing in extensive store refits.

Premium image

The scheme is undergoing considerable investment in its physical appearance - through improved wayfinding, a more sophisticated suite of shop fronts and store designs, with further plans for new lighting and landscaping →

schemes. All of this will help to create a much more premium look and feel that is attractive to both higher-end retailers and their customers.

"It's an extremely busy and exciting time for Gunwharf Quays. We are targeting new brands that will deliver greater sales. This in itself will require direct investment in those new tenants."

Busby adds: "We are aiming to create a brand mix that is appealing to shoppers and, with sales increasing by 25% in the past two years, the results show that our approach is working. As well as attracting popular names to the centre, over 20 retailers have invested in refits and we have a number of premium brands trading ahead of £1,000 per sq ft per annum – reinforcing the confidence our tenants have at our scheme."

Gunwharf Quays does, of course, have some natural advantages. The stunning location overlooking the Solent on the South Coast of England is also close to a variety of tourist attractions in the area, such as the HMS Victory, Portsmouth's Historic Dockyard and Spinnaker Tower. The appeal of the area as a whole to tourists has strengthened the centre as a destination rather than just as an outlet centre, as it's one of the most unique retail environments in the UK. Furthermore, the City Council has also identified £1bn of investment opportunities in and around Portsmouth, as it strives to reinforce its position as a year-round tourist spot.

There was an additional boost in July, when Ministers announced £7.5m of Government funding to support Sir Ben Ainslie's America's Cup team and their proposal to be based on the Camber in Portsmouth, adjacent to Gunwharf Quays. The news follows on from Portsmouth City Council's decision to give planning approval for the site of the new base.

Outlets have established themselves as an important element of many retailers' distribution strategies. At the same time, the sector has been prone to similar dynamics as those that have had an impact on the mainstream shopping centre market. So while some of the smaller outlets around the UK have struggled, by contrast the larger projects in the best locations have thrived, appealing both to the consumer's love of great value and also to high-quality environments dovetailing retail and leisure.

Busby notes that this consumer preference for premium retail outlets is attracting new types of fashion retailers to Portsmouth, and he mentions signings at Gunwharf Quays of the likes of Original Penguin, Ugg, All Saints and Tommy Hilfiger as proof of that trend.

"Many of the brands see outlets as an additional channel and certainly there is not a huge overlap between the buyer of full-price [goods] in central London and the buyer at an outlet centre," he notes. "It's worth pointing out that it's not just about new names either, some of our long-established brands are also continuing to see really strong sales growth – the likes of Polo Ralph Lauren, Nike and Ted Baker, Molton Brown, and Cath Kidston."

However, he also reflects that attracting shoppers is no longer simply about creating a strong retail brand

THE FACTS

Snapshot: Gunwharf Quays, Portsmouth

Size: 425,000 sq ft

No of units: 90 stores, 30 bars and restaurants

Anchor and major units:

Jack Wills, Hugo Boss, Bose, Cath Kidston, GANT, Superdry, Lacoste, Jamie's Italian

Annual footfall: 8 million

Comparison goods spend: £2.45bn

Resident catchment population: 1,521,593

CACI, UK fashion outlet centre ranking: 3



mix but, rather, in another trend analogous with the experiences within the mainstream mall sector, the leisure offer has become crucial. "For obvious reasons, outlets have grown in popularity during recent years and we find that shoppers are now more inclined to travel to find that all-important bargain," Busby says. "But we understand that shoppers are not just looking for a great retail offering – they also want a compelling leisure offer when selecting their destination.

Gunwharf Quays offers a wide choice of 30 cosmopolitan restaurants, bars and cafes. The scheme also includes a 14-screen cinema, a 26-lane bowling complex, a nightclub, a health and fitness club and a casino, which create a compelling leisure offer. There is also a 165-room hotel and a number of premium residential apartments on site.

"At Gunwharf Quays, 30% of the space is leisure, which has increased dwell time by 17% in the past 12 months. The success we are experiencing at this outlet is extremely encouraging and we will continue to find ways to channel growth and widen the centre's appeal," says Busby.

He also points to a third component of asset management as equally important – customer services. "Shoppers demand more than just retail. Our vision is to seamlessly



The proposed guest service suite as part of Gunwharf Quays' on-going transformation

blend world-class facilities, exceptional customer service and a well-tailored leisure offer to support the new retail mix. In fact, I'd go as far as to say it's the new battleground. Our team has been on trips to the US, Korea and China to see how best-in-class service is provided and what those consumers want and expect, it's clear that taking our customer service to the next level is crucially important."

In real terms that means that the in-depth training and attentive guest relations delivered in American outlets is the vision Land Securities is aspiring to at Gunwharf Quays, as the company strives to ensure that shoppers want to stay longer, spend more and enjoy an experience "that is unrivalled by any outlet centre in the UK", says Busby. "If we achieve this, they'll want to visit again and they'll tell their friends about it."

Customer service focus

Building a direct relationship with customers is a vital element of this bold initiative and Land Securities has invested heavily in a CRM database that sits behind the updated website and which allows customers to tailor their preferences, meaning they will receive only the information that is relevant to them.

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Jack Busby, Land Securities

On customer services, Land Securities has "beefed up" the team, adds Busby, installing Jay Wood as head of its new guest relations team. Wood was previously head of customer services at John Lewis in Southampton. "We have started construction on our new guest relations suite in Central Square at Gunwharf Quays, which will be the base from which we can project a much more dynamic and proactive suite of guest relation services that seek to make everyone's visit special and of a different standard to a normal shopping experience," says Busby.

"The next phase of this plan will see the roll-out of more premium shopper services such as home delivery, valet parking and the like, when the time is right.

Given the rising popularity of Portsmouth as both a national and international tourist destination, with over 634,000 international visitors in 2013, Land Securities is also seeking to boost the service it can offer tourists to Gunwharf Quays, with overseas shoppers typically spending more than domestic consumers. "Clearly it's crucial we look beyond the UK market and ensure that tourism is factored into our strategic growth plan. We need to explore our communication channels across multiple languages, outbound marketing campaigns in key markets and understand the part technology plays in making the customer experience as memorable as possible," says Busby.

Gunwharf Quays has always enjoyed a fantastic relationship with the city of Portsmouth, notes Busby. "The local shopper catchment are regular visitors and are rightly proud of their centre. We are opening up the horizons, though, in seeking to target visitors from further afield – both domestically and internationally – and these same visitors will be attracted by a trip to Portsmouth because they can visit the Historic Dockyard or HMS Victory as well," he reflects. "We see the ultimate evolution of this into a position whereby shoppers and tourists would base their trip to Gunwharf and Portsmouth around the outlet shopping experience supplemented by all the various leisure options available." ●