

## NEWS ANALYSIS

As part of its turnaround plan Mothercare has unveiled a new department store-style interior. **Petah Marian** speaks to boss Mark Newton-Jones about the changes

# Mothercare stores reborn



**MOTHERCARE'S** turnaround efforts seem to be gaining traction as the retailer's underlying pre-tax profit jumped 65% to £3.3m in the first half.

Last week it reported that UK losses narrowed and sales improved in the 28 weeks to October 11.

The maternity specialist's turnaround plan is focused on turning it into a "digitally-led" retailer with a "modern store estate", says Mothercare chief executive Mark Newton-Jones.

The retailer has launched its first revamped stores in Solihull and Gateshead (above). While the two shops have only been trading for a fortnight, Newton-Jones is confident they are going to be profitable.

The new-look branches are designed to deliver experience as well as products, with a soft play area and cafe alongside toy areas, while the overall style is brighter and easier to navigate.

Newton-Jones says the retailer aims to create a "parent and young child department store-feel".

Maternitywear is now more clearly differentiated with its own lighting, fixtures and flooring, while mums', new born, baby and younger children's clothing are in distinct areas.

Newton-Jones says of the first fortnight of trading. "We're finding that mix of departments are working really well together and driving footfall onto that upper floor of the store.

"It's very different from the stores that haven't had a lick of paint for a decade or more."

While Mothercare plans to close 50 to 75 stores, Newton-Jones explains that the aim is to maintain its present level of square footage.

He says: "We've got 1.65 million sq ft and we're going to have 1.65 million sq ft when it's done. The way things are now, two thirds of our stores are in towns and we want to reverse that."

He says that is because customers are unable to take advantage of many of the retailer's services from a town centre store.

"If she wants to get a car seat and have it fitted, those are services we can't offer if we're in a small centre with a car park that's multi-storey and half a mile away."

Newton-Jones forecasts half of the retailer's sales will come from online in the future, emphasising that the online and offline channels are "starting to merge" and online sales are increasingly taking place on the shopfloor.

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**Mark Newton-Jones, Mothercare**

"More and more customers are going to try something out in-store and they'll say they want it in red. We're able to go online, say it's available in red and she'll ask them to order it.

This integration of digital and offline has prompted Mothercare to install around 25 video panels in its new stores displaying product information and to overhaul its customer database.

Newton-Jones says that by capturing the due date and the birth date, the retailer can keep in touch with the parent as the child grows up.

"We know when you're going to need to buy

the smallest car seat, when it will be too small and when you need to move to the next car seat."

The retailer is working its way back to selling at full price. Newton-Jones says it is becoming more intelligent about discounting while shortening Sale periods.

Mothercare is improving its product offer, pushing its goods up the price pyramid through stronger style and design, as well as through the introduction of a number of brands, including iCandy, Mamas & Papas and Jules.

Newton-Jones says Mothercare's average initial selling price on clothing has fallen by 20% over the past two years, so it is working to regain that lost ground.

"We're not going to put prices up by 20% overnight, there will be a small movement over time, but we will not be increasing prices on like products, so we are improving the product."

Peel Hunt analyst John Stevenson said Mothercare's results show positive signs. "UK gross margin has held firm for the first time since 2008, while early changes to product lines and store formats appear to be gaining traction," he observed.

There is a lot still to do but Newton-Jones is confident he's got off to a good start in nurturing change at Mothercare.

To see more pictures of the new-look Mothercare Gateshead store visit [Retail-week.com/mothercarestore](http://Retail-week.com/mothercarestore)

