

CLOTHING



Pep&Co opened the doors of its first store earlier this week. **James Wilmore** examines its ambitious plans to take Britain's high streets by storm



Pepping up the value fashion market

The two retail veterans behind new value fashion chain Pep&Co freely acknowledge the venture they have launched appears, on the face of it, crazy.

Andy Bond, the former Asda boss who is Pep&Co's chairman, opens a presentation with a slide posing the question: "Are we bonkers?"

Later, managing director Adrian Mountford, a former Matalan commercial director, admits: "It's been a bit crackers."

So why the incredulity?

Because UK fashion is a seriously competitive market, and ferociously so at the value end which is dominated by giants such as Primark and Matalan.

But Bond believes there is room for Pep&Co, which is backed by South African billionaire Christo Wiese's Pepkor vehicle.

"We feel very strongly there's a gap in the

market," he says. "And we are a very experienced management team, supported by a good financial backer."

Bond, who spent five years as chief executive at Asda where he helped build the George fashion brand into the giant it is today, was speaking in Kettering. Pep&Co chose the Northamptonshire town to launch its first store, which opened on July 1.

It was the first public step in what promises to be a roller coaster journey.

Bond and Mountford aim to open 50 Pep&Co stores, typically measuring between 4,000 sq ft and 6,000 sq ft, in 50 days this summer across small UK towns.

The chain will offer discount women's and children's fashion to young mothers on a budget, alongside homewares such as £2 scented candles, all under the tagline "spend a little, get a lot."

Bond explains that his confidence in the venture stems from the success of retailers

such as B&M and Poundland, which capitalised on recession-beaten shoppers looking for a bargain on the high streets of small towns. But so far nobody has tapped into that with a fashion offer, maintains Bond.

"The three retail trends in the UK right now are convenience, online and discount," observes Bond. "We're going to focus on convenience and discount." Indeed, 95% of Pep&Co's stock, around 7,000 SKUs, will be sold for less than £10.

Product is being sourced from 43 suppliers in eight countries, including eight in the UK.

The fashion is basic, as might be expected at the price, but Bond and his Pep&Co team believe the convenience their stores offer will entice their target shopper, "a mum on a budget".

The swift roll-out, which has cost around £20m so far, means the retailer can buy product in the volume it needs to sell at low prices. Mountford emphasises: "It's really important we have lots of things at a low price."

Whittling its target list down to 50 towns was a big exercise. Mountford reveals that 700 towns were identified as potential locations where the Pep&Co offer could work.

"We took the top 350 and visited all those towns," says Mountford. "Either some sites were too big or too small, or the rent was too much. It was a massive piece of work."

That begs the question of how soon Pep&Co

"We feel very strongly there's a gap in the market, And we are a very experienced management team, supported by a good financial backer" Andy Bond, Pep&Co

For a look inside Pep&Co's debut store in Kettering, log on to Retail-week.com/pepandcolaunch



Pep&Co aims to open 50 stores across the UK over a period of 50 days this summer

will expand beyond its initial 50 stores.

Bond is phlegmatic on the topic, and did not put a number on long-term ambitions for store numbers. However, he points to the fact that Poundland is targeting 1,000, while Iceland is approaching that figure. He cautions: "It depends whether we can acquire the space."

Mountford says they are prepared for some stores to work better than others. "There will

be a difference in store [performance], from the best to the worst, where we haven't got the product mix entirely right," he concedes.

"But overall there should easily be enough good news. Discounters – like B&M and Poundland – are opening stores like crazy. We feel we can be part of resurrecting local high streets."

On an amble through Kettering, on the way to the Newlands Shopping Centre, the location of the first Pep&Co, Bond explains why the retailer will not be launching home delivery.

"For us, the economics just don't work. The average basket size is only going to be £8 to £9," he says. However, Bond reveals that a click-and-collect offer is on the cards further down the line.

But for now, Bond, Mountford, and their Watford-based 35-strong central team, have enough in their collective in-trays to keep them occupied.



Chairman Andy Bond at the Pep&Co launch in Kettering



"We feel we can be part of resurrecting local high streets"

Adrian Mountford, Pep&Co