

FASHION



WINNERS AND LOSERS

How global fashion names have fared on the UK high street

As Polish group LPP prepares for a UK launch of fast-fashion fascia Reserved in the BHS flagship store on Oxford Street, **Becky Waller-Davies** asks which retailers are the international winners and losers in UK fashion?



ZARA

The best known brand of Spanish giant Inditex, Zara launched in Spain in 1974. It came to the UK in 1998 and is one of the biggest foreign entrant success stories. UK sales now total nearly £500m annually.

The fast-fashion model that Inditex has pioneered has been pivotal to its phenomenal growth. Chief executive and chairman Pablo Isla went so far as to call its supply chain approach "the essence" of its business model.

He cited the ability to make decisions during seasons, rather than ordering all stock at the start of a season, as key to success.

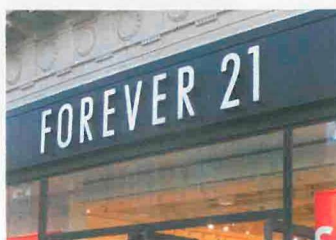
The retailer, which is one of eight Inditex brands including Bershka, Massimo Dutti and Pull & Bear, now has more than 2,000 stores in 88 countries. One third of Inditex stores bear a Zara fascia.

Its UK presence amounts to just 67 stores but in the year ending January 31, 2015 its sales increased 8.1% to £494.8m while pre-tax profits surged 31% to £49.1m.

That came after a focus on sales growth and tightening operating expenses paid off.

It grew throughout the financial crisis, and UK sales increased 36% from 2007 to 2009.

Since 2007 its revenue has soared 145% from £202m to £494m in January 2015.



FOREVER 21

Forever 21 revealed its intention to enter the UK in 2008 and two years later established its first store in Birmingham's Bullring shopping centre.

Former chief executive Larry Meyer vowed at the time that the US fast-fashion retailer would have stores in "every major city, every mall and every major high street" within five years.

The retailer was expected to have a significant impact on a par with that of H&M and Primark when they arrived in the UK, but fast-forward a few years and the latter are still going from strength to strength while Forever 21 has stalled.

Just 18 months after its launch the retailer downsized its stores. While revenues have risen each year, reaching £48m in 2013/14, its losses ballooned in 2011/12. Despite decreasing 72% the following year they are still substantial at £18.4m.



GAP

Gap chose London for its first store outside the US, opening a flagship in 1987. While its popularity soared during the next decade, a lack of identity has since hit revenues.

The Gap Group, which also owns Banana Republic and Old Navy, is the third-largest fashion retailer in the world after Inditex and H&M.

While global group revenues have risen marginally, that story is not mirrored on the British high street: UK sales fell 2.5% in the year to January 2015.

Store numbers have declined from 151 to 128 over the past three years with the retailer planning to close a number of loss-making stores.

New group chief executive Art Peck arrived in early 2015 and has said that product improvement is key for Gap's recovery, citing "optimistic and elevated American style" as its touchstone.



H&M

The second-largest fashion retailer in the world, H&M has a strong hold on the UK market, trading through fascias including the eponymous brand, newer entrants & Other Stories and Cos, and fascias such as Cheap Monday and Monki.

The UK is its third-biggest market and continues to deliver healthy profits for the group. UK sales rose 41% to £917m in the four years to 2014.

The group is on a global expansion drive, focusing its efforts on the US and China.

In contrast to Zara's 67 stores, the Swedish giant has 253 in the UK, the vast majority of which bear the H&M fascia.

Since 2007, the group has taken a segmented approach to potential markets, launching and buying new brands to service potential new customers.

Its strategy has worked and in-house creations Cos and & Other Stories serve a more mature, high-end demographic than H&M.

In 2010 it bought fashion group Fabric Scandinavien and so acquired brands such as Cheap Monday, Monki and Weekday, geared towards younger consumers.



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