

Q&A: Wickes bosses Jeremy Bird and Simon King

Wickes revealed an 8.8% like-for-like fall in its first half on Friday, when it revealed plans for international expansion and subletting space in its UK stores as its multichannel sales grow. Retail Week speaks to Jeremy Bird, the chairman for the consumer division of Wickes parent Travis Perkins, and Wickes managing director Simon King

RW: How do you feel about the first half performance?

Jeremy Bird: We're very satisfied, given the market. It's the sixth consecutive year of market share growth. And it gets more difficult every year.

What led to the sales decline?

JB: We're affected by the weather, but not in terms of gardening. Really bad weather stops the trade working too. If the ground is waterlogged, you can't dig a hole so you can't start building.

But we've not done too badly on roofing and guttering.

Consumer confidence is not at an all-time low, but it is at an all-time long term low. There is no doubt that there is a lack of confidence among consumers. People are spending money when they have to, rather than when they'd like to.

Simon King: The weak housing market has compounded that.

Why have you chosen to launch Toolstation in the Netherland?

JB: The group decided it should make some first steps towards expanding internationally. Toolstation is one of our most transferrable brands because its business model is very modern, it has great systems and it's a low capital model. We have already operated in the Netherlands, we have had five franchised stores for a few years and we've now brought that back in house.

Why look at international expansion now?

JB: At some stage in our future we will run out of expansion in the UK. It's not going to happen anytime soon, we've still got hundreds of stores for complete coverage of the UK market. But if we do it now, we can have a look under no pressure.

Will you expand into more countries?

JB: We're testing the market in the Netherlands. There's the whole of Europe available to us, on the internet to start with. We can fulfil from the Netherlands. At the moment we only have a website in Dutch but it's easy to translate into other languages. But it's too early to say [where we might expand next]. We need to do more research. On the basis we can translate the website to any language, we will probably test a few markets.

Could the Wickes brand be taken overseas?

JB: We already have one franchise store in Ireland. The brand is transferable but because of the own brand it could be more difficult to take abroad. I wouldn't rule it out though.

Which retailers have you sublet Wickes space to?

JB: We have quite a few in the pipeline. We took a Focus store in Hertford and we filled half of it and Pets at Home has taken the other half. We surrendered the lease to the landlord and put the landlord in touch with Pets at Home. We have subletted to The Range on a few stores including a store in Broadstairs.

Why are you reducing the size of Wickes stores?

JB: We can now, through better supply chain and better use of space in store as well as online sales, take as much money out of a smaller store. We don't need 30,000 sq ft anymore.

SK: On smaller stores our stock holding goes down with the benefit of a central distribution. So the return on capital will be very nice.

What is the perfect size store for Wickes now?

JB: 15,000 sq ft with a 5,000 sq ft mezzanine, although there's no such thing as a perfect size, it varies by catchment.

You moved to an every day low prices strategy this year, is it proving a hit with shoppers?

JB: It's still really early, but so far we're really pleased with the result. Our Red Pencil Prices is something customers have really picked up on. We're encouraged by the response we're getting in volumes.

Source: Nicola Harrison, Retail Week

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