

## TRADE PROFILE



### Overview:

Topps Tiles PLC is the UK's largest tile and wood flooring specialist, holding one third of the market share of the UK domestic tile market (2015 figures). The company currently employs over 1,900 staff and operates a network of 346 stores (as of October 2015) under three fascias: Topps Tiles, Topps Tiles Boutique and Topps Tiles Clearance.

The retailer offers a vast selection of wall and floor tiles; natural stone, laminate and solid wood flooring, and under-floor heating. To complement the range Topps Tiles stocks a myriad of tools, adhesives, grouts, accessories and cleaning products that customers might need to conduct their home improvement projects. For those less confident about undertaking a flooring or tile-related DIY project, Topps Tiles offers a host of additional support services which include a 'How To' DVD and an 'approved fitter' programme.



### Contact Information:

Topps Tiles PLC

Thorpe Way  
Grove Park  
Enderby  
Leicestershire  
LE19 1SU

Tel: 0116 282 8000

Email: [online@ToppsTiles.com](mailto:online@ToppsTiles.com)

Twitter: @toppstiles

Web: [www.toppstiles.co.uk](http://www.toppstiles.co.uk)

### Key Personnel:

Mathew Williams -

Chief Executive Officer

Robert Parker -

Chief Financial Officer

Claire Tiney -

Senior Independent Director HR

Darren Shapland - Chairman

Andy King - Non-executive Director

Keith Down - Non-executive Director

## Overview continued...

The first Topps Tiles store was opened by founder Ted Derbyshire in Manchester in 1963 and the business gradually expanded across the North West and Midlands. Around twenty years later Stuart Williams and Barry Bester founded the Tile Kingdom chain and began expanding across the Southern and London regions. In 1990, the two companies merged and, in 1997, Topps Tiles floated on the London Stock Exchange and became a public limited company. It is now one of the leading tile specialist in the UK with over 340 stores throughout the UK and a turnover in excess of £200 million.

Renowned for its large edge-of-town store formats, there remain many parts of the country with the potential for Topps Tiles to expand its store network, however, availability of suitable sites has constrained growth. In order to address this Topps Tiles has developed a new smaller store format which offers a sub-set of the Topps Tiles range with very high levels of in-store service. The new format, branded Topps Tiles Boutique, launched in January 2014 and aims to bring the best of the Topps Tiles product range to the high street. By October 2015 there were 15 boutique stores trading.

Topps Tiles ethos, values and business philosophy has changed little since its early days. From the outset the founders recognised that the key to success was an outstanding range of tiles and associated products at prices to suit all coupled with strong, knowledgeable customer service and today it is this that the company still strives to deliver.



## Trading Strategy

For the last 50 years Topps Tiles has had a simple philosophy for business which is evident across the company's trading strategy - to provide an inspirational shopping experience and strong product range, coupled with exceptional convenience and customer service.

Topps Tiles' strategy is simply stated as "Out specialising the specialists." To this end, the company aims to hold an unwavering commitment to its core values of high quality customer service, product offer and locational convenience, all of which encourage customers to return and recommend the business. By focusing on these Topps Tiles has successfully increased its competitive advantage in the tile and flooring industry.

Developments since the opening of its first store demonstrates the company's consistent trading strategy:

- 1963:** The first Topps Tiles opens in Manchester, owned by Ted Derbyshire
- 1983:** Stuart Williams and Barry Bester rapidly expand the Tile Kingdom empire in the South
- 1990:** Tile Kingdom buys and becomes Topps Tiles, meaning 40 stores across the UK
- 1995:** New distribution centre opens
- 1997:** Topps Tiles becomes a PLC
- 1998:** Estate reaches 70 stores
- 1999:** Estate reaches 100 stores
- 2002:** Radio Station Topps FM launches followed by first national TV campaign
- 2006:** Topps Tiles estate reaches 250 stores
- 2007:** Matthew Williams appointed new CEO  
Topps Tiles sponsors Leicester City Football Club
- 2008:** Company launches transactional website
- 2011:** Brand new 50,000 sq ft warehouse opens to fulfil online orders and expand product range
- 2012:** New concept 'lab' store in Milton Keynes opens
- 2013:** Topps Tiles celebrates 50th year anniversary. Successful 'lab' store innovations roll out across the estate
- 2014:** First Boutique store in London opens
- 2015:** Topps Tiles launches own brand tiles, tile care and tool range
- 2016:** Estate now over 330 stores with Reading store latest to open

In terms of *inspirational shopping experience*, chief executive, Matthew Williams, admits he has spent the

past five years on a mission to revamp the chain, moving it away from outdated associations with grout-splattered tradesmen and dusty bags of cement into a place that looks more like a chain of showrooms containing the latest trends in interior design. "Our customers are far more outlandish these days", Williams says.

"We were worried that after the recession that everything would become really boring, safe and commoditised. But actually people have become more imaginative and a lot more ambitious, partly because they are staying in their houses for longer". "Part of our quest was for customers to reappraise our brand", he says

"We have a strong relationship with our suppliers" he continues "and they are involved in all of our products and what we do."

According to Williams, this unusual relationship with suppliers has been beneficial, enabling Topps Tiles to have more exclusive and innovative ranges, including an ink-jet printed Moroccan-inspired range and another that replicates the bark of silver birch trees. While most of the high street has lost customers in the shift to online shopping, Topps Tiles seems to have bucked the trend. Around 99% of customers still visit Topps Tiles shops before making their purchase. "You often see people picking up, feeling and handling the tiles – and creating the right in store experience for them is vital."



## Trading Strategy continued...

As for **strong product range**, today Topps Tiles offer a sector-leading range of over 5,000 items including own-brand and exclusive ranges which it regularly extends and updates to stay ahead of the competition – at least one new range per week both online and in store. 2015 also saw the development of the Topps Tiles' own brand range with several new lines produced in own brand packaging as well as a launch of Topps Tiles' own care range and tools. Latest figures show sales benefitting from investment in new product development with just under 10% of tile revenue coming from ranges launched in the last 12 months.

Most of Topps Tiles' stores are conveniently located in easily accessible and highly visible locations on the edge of towns and cities including Topps Tiles Boutique, the new smaller format store which was launched in 2014 providing **exceptional convenience** on the high street too. These stores are around 2,000 sq ft – less than half the size of an average Topps Tiles branch at 5,000 sq ft – and offer a sub-set of the Topps range coupled with very high levels of in-store service. In addition to physical convenience, online and mobile convenience has played an important role in the seamless integration across all channels to market and has been an important source of competitive advantage.

Finally **customer service**. Topps Tiles has recently joined other retailers in becoming a full member of The Furniture Ombudsman's scheme which was launched by the government back in 1992 to help raise the levels of customer satisfaction whilst also helping consumers resolve disputes with retailers.

"At Topps Tiles we pride ourselves on giving great service to all of our customers," says Central Operations Manager at Topps Tiles, Sarah Kite. "By joining The Furniture Ombudsman, we are hoping to raise these standards even further and give our customers the confidence they need and deserve when completing their home renovation projects."



## Trading Strategy continued...

Topps Tiles has clearly put an emphasis on customer service with ambitions to “out specialise the specialists” by providing visitors with expert information wherever possible. In store free consultations are offered as well as a sample service which enables customers to trial before they buy.

“As market leaders in this sector, we take our responsibilities very seriously and hope to inspire each and every customer, not only with our products, but more importantly our service,” Kite continues.

Customer Service is of equal importance to the trade side of the company’s business- so much so that trade sales now accounts for 50% of total sales (up 4% on 2014). With more and more home owners turning to “do it for me”, Topps Tiles has been busy developing a strong trade account programme. This includes a separate microsite for tradesmen, with the offer of trade specific promotions, supplier training and product demonstration days, access to the Topps Tiles roadshow and opportunity to collect Topps reward points.

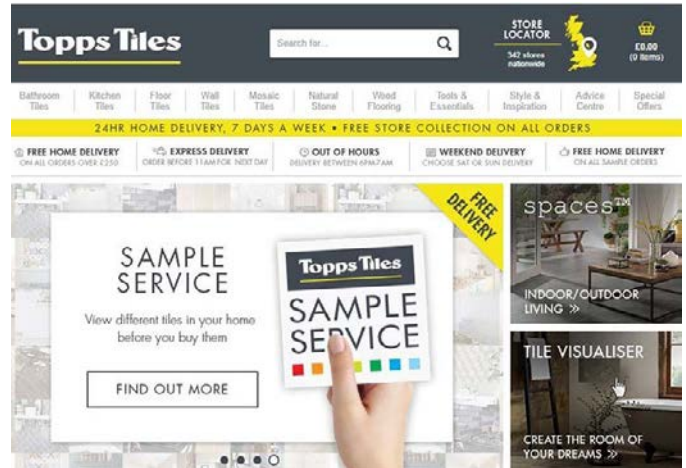
Topps Tiles’ trading strategy seems to be working. According to Topps Tiles’ latest annual report and accounts for the period ending 3rd October 2015, the company has achieved a strong performance for the year with focus on convenience, service, inspiration and range driving sales to a record high enabling the company to hit its strategic goal of one third market share of the domestic tile market a year ahead of schedule.

### Technology/Online presence:

In line with new branding, Topps Tiles has recently relaunched its transactional website which provides visitors with detailed information on their whole range as well as style & inspiration advice and advice of a more practical nature.

In terms of Style & Inspiration, Topps Tiles offers its Visualiser tool for customers as well as style blogs, style statements, photo galleries, a series of videos, an ideas book and feature which enables visitors to book appointments online directly with an instore consultant.

Launched in Spring 2015, Topps Tiles’ Visualiser enables consumers to mix and match tiles to help create the



perfect look for their home. Drawing from a selection of over 1200 different tiles, tiles can be changed over and over again in search of the ideal look. The Visualiser tool has been designed to be used on the PC, laptop, tablets as well as smartphones.

The practical advice given out online centres on a wide range of clear how to videos, tile calculators, as well as advice blog.

## Trading Strategy continued...

### Marketing:

The last two years have been busy for the company concentrating on a complete rebranding programme, rebranding all shops from their former yellow signs, complete with cartoon tile, to slick, black banners. "We didn't kill Toppsy, but we retired him", chief executive Williams says of the absent cartoon figure. The rebranding programme is a major investment designed to create a more inspirational and professional store to help broaden the customer base by persuading new customers to try Topps Tiles.

Topps Tiles produce a bi-annual brochure which promotes their entire range. This can be ordered via the website but can also be viewed online. In addition customers have the option of a personalised brochure, they simply select their favourite tiles and then get sent their own brochure via email complete with specifically selected tiles.



The company has invested in limited TV advertising, the most recent being last Spring which focuses on Style Statements and how to incorporate the looks in the home whether neutral kitchen or a patterned hallway – providing consumers with inspiration.

Topps Tiles was shortlisted too earlier this year for Retail Week awards in the Customer Technology Innovation of the Year category for its Visualize IT Online Visualiser.

The company has a small but growing presence on social media sites, using these sites to communicate with customers in a number of different ways. With over 5,000 followers on Twitter and a similar number of likes on facebook as well as having 3,000 subscribers to the company's youtube channel which houses over 100 how to videos, social media will without a doubt continue to play an even more important role in engaging with both consumers and tradesmen in the future.

## Stores and Employees

Topps Tiles has stores across the UK but is most strongly represented in the south of England, followed by the midlands and the north. There are considerably fewer branches in Scotland and Wales, and just a couple of stores which operate in Northern Ireland.

Bricks and mortar stores remain by far the retailer's most dominant channel, with over 99% of customers visiting a store at some stage in their shopping journey. In 2015 alone, there were 19 new openings, 9 closures, 2 relocations and 13 refits.

With the company's commitment to continuously improve the inspirational shopping experience, Topps Tiles is currently in the process of undertaking a rolling programme of store improvements with a key focus on improving displays, new merchandising, directional signage and product adjacencies. Many of these innovations have been successfully tried and tested in the Milton Keynes 'lab store' before roll out, including the 'Inspiration Stations' and mosaic walls.

Today Topps Tiles employs over 1900 members of staff in both sales and administrative roles. The company actively encourages employee development and has a strong culture and history of growing and developing people within the organisation. By end 2015 over 800 employees achieved Retail Skills qualifications and the Topps Tiles Young Apprenticeships programme is understood to have proven a success.

Year	Store Numbers	Employee Numbers
2011	320	1,661
2012	325	1,740
2013	327	1,718
2014	366	1,794
2015	346	1,915



Topps Tiles see potential future growth across the UK and are actively looking to open further stores. Using their own website, they list towns and cities in the UK that are of current interest in terms of store openings and openly seek land as potential sites for stores measuring 3,000-8,000 sq.ft, on busy trading or industrial estates with minimum of six car parking spaces.

## Financials

Year	Turnover £m	Operating Profit £m	Pre-tax Profit £m	Turnover Growth %	Notes
2010	182.4	19.9	12.4	(1.9)	Year ending 02-10-2010
2011	175.5	14.0	7.9	(3.8)	Year ending 01-10-2011
2012	177.7	15.5	12.5	1.3	Year ending 29-09-2012
2013	177.9	13.8	10.6	0.1	Year ending 28-09-2013
2014	195.2	18.2	16.7	9.8	Year ending -
2015	212.2	18.9	17.0	8.7	Year ending 03-10-2015

## Latest Topps Tiles Trading Update:

### Q3 results as of 2nd July 2016:

In July 2016, Topps Tiles announced a trading update for the 13-week period ending 2 July 2016.

Like-for-like revenues for the 13-week period increased by 6.2% (2015: 6.0%)

Text from the update follows:

We continue to make good progress with our strategy of “Out-Specialising the Specialists”, with specific initiatives in the period including:

**Inspiration** - during the period we launched a new personalised digital brochure service that enables customers to create a bespoke brochure with content specific to the rooms and designs that they are interested in. Once completed online, the brochure is emailed to the customer for their further consideration. Customer response has been strong with around 1,000 personalised brochures being created every week.

**Range** - during the quarter we have launched several new ranges that continue to provide customers with a natural ‘look’ - including stone and wood effect in a plank style format. Our exit of real wood flooring is almost complete and this has created space for new product such as our XL format range of tiles which are bigger than 60cm x 60cm. Sales from recently launched lines accounted for 8.8% of total sales in the period.

**Convenience** - in the core estate we opened 6 stores during the quarter. The group is currently trading from 348 stores including 15 Boutique stores (2015: 346 stores including 11 Boutique stores).

Commenting on these latest results, Matthew Williams, chief executive says

“Our focus on the successful strategy of ‘Out Specialising the Specialists’ has enabled us to deliver healthy like-for-like sales growth of 6.2% in the third quarter, with initiatives to extend the appeal of the Topps brand continuing to attract new customers. While it is currently too early to ascertain the implications of the result of the UK referendum, we remain confident in the longer term outlook for our business and in our ability to outperform the market.”





## Latest News

6th July 2016 -

Topps Tiles reports 6.2% rise in Q3 LFL sales

[read full article](#)

24th May 2016 -

Topps Tiles reports 4.7% rise in half year LFL sales

[read full article](#)

14th April 2016 -

Topps Tiles joins Furniture Ombudsman scheme

[read full article](#)

11th March 2016 -

Topps Tiles opens store in Reading

[read full article](#)

8th February 2016 -

Topps Tiles' MD reveals he only planned to stay 3 years in family business

[read full article](#)

## Insightdiy

### NEWSLETTERS

Keep up to date with the latest Topps Tiles news by visiting the retailer pages on

[www.insightdiy.co.uk](http://www.insightdiy.co.uk) and signing up to the Insight DIY [newsletter](#).