

TRADE PROFILE



Robert Dyas

Overview:

Founded in 1872, Robert Dyas is a UK hardware retailer offering a diverse range of products and equipment for the home, kitchen and garden. In keeping with its roots as an ironmonger, the company still offers traditional items such as hand tools, door locks and DIY equipment, but over the years has expanded its product offer to include more modern and contemporary product ranges including gifts.

The company was started over 140 years ago by Robert Dyas who it is claimed emigrated from County Meath in Ireland with just a fiver to invest and set up his first shop in London. By the time Robert Dyas died, he had established a strong family business with 18 stores which, until 2002, had been managed by direct members of the Dyas family.

Trading over the years has been challenging for the company including surviving the economic depression after World War 1, twice having its Head Office and warehouses destroyed, having stores heavily damaged during the Blitz of World War II and then again suffering loss during the fires in Croydon in 1997. However, Robert Dyas continued trading throughout and today the company now operates 95 retail stores, the majority of which are located on high streets and within shopping centres in the south of England. These vary in size from 9,000 sq. ft right down to 1,250 sq.ft. The company employs just under 1,400 staff across its stores and in its head office based in Leatherhead.

Today Robert Dyas stocks a wide range of products including kitchenware, household items, electrical appliances, home, office and gardening products, power tools, china, glassware, DIY and ironmongery. As well as stocking well known household brand names

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Key Personnel:

Theo Paphitis - Chairman, Robert Dyas

Kypros Kyprianou - Group CEO,
Theo Paphitis Retail Group

Susan Dover - Group Marketing
Director, Theo Paphitis Retail Group

David Rich - Head of Marketing,
Robert Dyas

Paul McDermott - Head of Buying,
Robert Dyas

Overview continued...

such as Brita, Karcher, Energizer, Morphy Richards, Tefal and Brabantia, the company also offers its own exclusive products across a number of these categories.

Robert Dyas was subject to a management buy-out in 2009, put up for sale in 2011 and, in July 2012, was bought by Theo Paphitis, one of the former investors on TV's Dragons' Den. Terms of the deal were undisclosed, but it is thought that the transaction was in the region of £10 million. Since then, the company has shown improved year-on-year results and driven a programme of investments in marketing, buying and merchandising initiatives.

Trading Strategy

A strong commitment to customer service is something that Robert Dyas considers to be at the core of its values. The retailer claims to have achieved a reputation for a high level of service by listening to its customers and accommodating their needs by being flexible, personal and professional.

After several years of poor performance and challenging trading conditions, a management buy-out in 2009 heralded a new start for Robert Dyas. The chief executive at the time - Steven Round, formerly of Kingfisher and MFI - had been responsible for implementing a number of strategies and changes to the company which ultimately saw it return to a profitable position, but even prior to his arrival in the business in 2008, the management team had been actively seeking possible ways to improve the company's financial position.



Trading Strategy continued...

Strategic changes imposed as a result of the management buy-out in 2009 included the addition of new product categories such as haberdashery, as well as placing particular emphasis on the company's customer focus, especially in terms of promotional activity. Furthermore, in a bid to drive down costs, the company considered its supply options, and in 2009 took the first steps into building direct relationships with overseas suppliers, mainly in the Far East.

After Theo Paphitis acquired the business in July 2012, the focus was on boosting trade within the existing store portfolio rather than opening new branches. There has also been considerable investment online as well as in a regular Robert Dyas catalogue, both of which were launched mid-2013 to help grow and develop the multichannel aspects of the business.



Paphitis said: "As well as continuing the great work on product and store focus the launch of our new catalogue is allowing us to reach new regions across the UK, not only to grow the online business but also for potential bricks and mortar sites in the future."

The retailer's website states that by "combining tried and trusted solutions and smart, innovative products together with excellent value for money and genuine helpful advice, we know we've got something unique to offer."

Since 2012, Paphitis has also continued to focus on customer service keeping this at the core of its company values. In addition to interacting with staff who pride themselves on being well trained and well informed,

customers can also contact the company via email 7 days/week and can expect to receive a response within 24hrs, can call the customer service line or order line 8am-8pm Monday – Friday or 9am-5pm Saturday and Sunday, as well as engage with the company via social media in the form of Twitter, Facebook, and Youtube.



Significant investment was made during 2013 and 2014 to relocate the company's warehousing and distribution to a new warehouse facility in Hemel Hempstead which also involved bringing a third party logistics solution in house, the implementation of new systems conducive to a modern operation as well as building a new management and operational team. Together these elements have provided the company with a platform enabling the business to expand across all channels.

Technology/Online presence

In addition to bricks and mortar, Robert Dyas also has a strong online presence, selling goods via its transactional website. The company believes that its appeal stems from the fact that it stocks practical, useful products which have been ignored by other retailers in addition to the more innovative items, and prides itself on sourcing the very latest products from across the world that offer intelligent solutions making home life easier.

The transactional website offers standard free home delivery for online orders over £50. A Next Day and Named Day delivery service is also available for orders placed online though at an additional charge. A further free service on offer to all online customers is Click & Collect which is available from all Robert Dyas stores across the country.

Trading Strategy continued...

Following the introduction of the new website in 2013, the company's online business continues to show steady growth, up 11% within 12 months, and remains a key area for growth both in terms of sales and profitability.

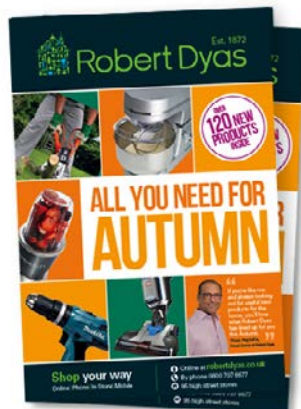


Marketing

One of the key aims of the Robert Dyas business is to drive multi-channel retailing and the company's marketing initiatives over recent years reflect this. Since Paphitis' takeover in 2012, investment, focus and drive has very much been centred on improving and extending the key touch points where consumers interact with the brand.

In 2013, electronic displays were introduced as part of a rolling in store programme. Many of the Robert Dyas stores now have both electronic screens in stores, showing infomercials, plus screens in front windows showing electronic posters. Store teams also use portable tablets to help customer purchasing decisions and improve their overall shopping experience.

Over the same period the company launched not only its new transactional website but also its new-look catalogue, available for customers to pick up in store and often delivered direct to the door as part of a wider direct mail campaign.



In 2014 Robert Dyas launched its first ever brand-building TV advertising campaign in the run-up to Christmas on ITV primetime as part of a multi-layered integrated marketing campaign, bringing the retailer to life in an inspirational way, whilst conveying that the store has everything customers need to make Christmas easy.

The advertising was designed to drive reappraisal of the Robert Dyas brand and raise awareness with those who might not previously have considered the store. The £1 million plus campaign ran across all channels - including TV, radio, in store, catalogues, website.



The in-store and online creative brought the TV ad to life using lifestyle scenes from the ad and snippets from the script presenting Robert Dyas' product offering in a consumer-friendly way by highlighting simple usage occasions - e.g. 'for chopping, for mopping, for making, for baking' etc.

The company also has a regular presence on social media sites, including, facebook and twitter, using both forums to communicate and engage with their customers in a number of different ways. With nearly 12,000 twitter followers and nearly 10,000 FB page likes, activity centres on product information, new launches, competitions and special discount voucher offers. Pinterest and Youtube also play an important part in customer engagement and the company's virtual marketing strategy.

Stores & Employees



Robert Dyas currently operates a total of 95 retail stores varying in size between 1,250 and 9,000 sq ft, with most around the 4,000 sq ft mark. The company has a strong presence in London and across the southern England. Employee numbers include directors, selling and distribution and administration staff.

Year	Store Numbers	Employee Numbers
2011	100	1,252
2012	97	1,233
2013	96	1,280
2014	95	1,338
2015	95	1,397

In a 2009 interview, CEO, Steven Round, explained that when he joined the company his initial analysis highlighted the fact that Robert Dyas stores didn't meet the needs of different shopping missions. He did, however, indicate that men still view the retailer as "the shed on the high street", in keeping with its roots as an ironmonger. He also discussed Dyas' customer research at the time, stating: "While they [customers] are loyal and it [Robert Dyas] is loved, for some people, the truth is they can't find what they want. This may have charm, but you have to ask at what point does bazaar become bizarre?"

At the time of Round's comments, a three-year retail refurbishment plan was already well underway. During summer 2009, the re-opening of the Maidenhead branch of Robert Dyas saw a new company logo, a better executed shop floor and display area which made for a contemporary and inviting environment for shoppers. The branch was well received, and formed the basis for all new openings and refurbishments of existing branches.

Internet kiosks and web browsers were added to around a third of the store network by September 2012 and in-store ordering technology has since been rolled out across the store portfolio. Upon acquiring the business, Paphitis took the decision to focus on store refurbishment rather than rapid expansion, and confirmed plans to open just a couple of stores each year, as well as closing those it felt did not fit with its strategy.

Although the company has made no mention of plans to expand significantly into the north of the UK, it has been suggested that monitoring online sales activity could guide the management team in terms of potential store locations.

Financials

Year	Turnover £000's	Operating Profit £000's	Operating Margin %	Pre-tax Profit £000's	Turnover Growth %	Notes
2010	108,171	1,342	1.2	2,728	0.3	Year ending 27-03-2010
2011	103,622	2,300	2.2	1,951	(4.2)	Year ending 26-03-2011
2012	105,911	516	0.5	186	2.2	Year ending 31-03-2012
2013	114,374	3,407	3.0	3,152	8.0	Year ending 30-03-2013
2014	124,209	5,239	4.2	5,087	8.0	Year ending 29-03-2014
2015	125,499	1,660	1.3	1,616	1.0	Year ending 28-03-2015

Despite having been the subject of a management buyout in 2009, Robert Dyas was put up for sale in 2011 after three years of declining like-for-like sales. Since Theo Paphitis acquired the business in July 2012 it has made significant progress, with turnover rising steadily from £105.9 million to £125.5 million in 2012-15. Key performance indicators for 2015 show that like-for-like sales increased by 1.0%, turnover increased by just over 1.0% to £125.5 million, operating profit before exceptional items increased 0.2% to £5.25 million whilst EBITDA increased to £7.0 million. Robert Dyas is due to file its next set of accounts by 31st December 2016.

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