



Brandwatch

Destination Retailers

On the anniversary of Her Majesty's Coronation, destination stores are to be found looking in the other direction: towards the City and the branding consultants. Locum non-executive director and brand commentator, **Tony Hodges**, goes shopping and ends up comparing brands and branding in Knightsbridge and Oxford Street.

Real Estate Meets Real Brands

What does a destination store mean to you?

Do you choose Foyle's or Tate Modern for that Picasso-lover's birthday book? Or is it Neal's Yard for Mrs. Kirkham's Lancashire cheese, perfectly *affiné*? Followed by Olivier & Co. for your favourite Chateau de Montfrin olive oil (first cold pressed, single estate, floral notes etc.)? Since a destination store must, by definition, be worth leaving home for, it must be special. It therefore leads to thoughts of specialism. My choice? Poilâne. The finest baker of France,

first discovered at 8, rue du Cherche-Midi, Paris. Now also at 46 Elizabeth Street, London SW1. For the world's finest sourdough and joyous paper bags that tell the stories of bread, from Menedemus to Parmentier (and indeed Sandwich): smell, read, devour.

Odd though it may seem, these destination stores have a somewhat narrow appeal and our robust new editor is asking for more visible brands and branding to be reviewed. He points out that we are experiencing a Golden Anniversary, of our Queen's Coronation no less. How are destination stores asserting their brand values in this historical context?

Not well, it transpires. Compare the holders of Royal Warrants, past and present, he suggests: Fortnum & Mason versus Harrods. Hardly a slither of cellophane separates them. At Fortnum they are down to their last commemorative plate and tea canister, both decorated in appropriate garishness. A gently spoken floor manager explains that stocks ran low months ago and anyway the store does not entertain vulgar celebration: "we like to think we have more taste than stores that cater for tourists, sir." So much for the Royal Warrant.

Would Harrods, miffed at the loss of its regal approval, make even less of the anniversary? No, just equally low key. On the lower floor, honey pot for souvenir-hunters, their stocks of commemorative coins have also run out. Yet, on



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the second floor, Royal Worcester have a modest but surprisingly tasteful selection of china; many examples in limited editions, all rather expensive. Remarkably, nothing to celebrate the anniversary in the tea department, at the heart of Harrods' heritage.

Clearly, those responsible for the royal brand took a breather after last year's Jubilee. Our destination stores have bigger stories of their own to tell: such as who is doing the branding, and who owns the brands. The newspapers are full of these stories, front page and back. The branding of destination stores has turned into a right royal shindig; investors' carriages await, loaded with golden sovereigns.

Why are stores the destinations for smart money again?

Over there is the fastest rising billionaire of this new millennium, Philip Green; BHS digested, now for Arcadia; will Safeway be next? Scotland's own Tom Hunter seems to be pitching for every high street name in sight, whilst the high performance venture capitalists at Permira may well be linking arms with the management at Debenhams, having put a £1.5 billion dance card on the table. And now the hottest destination store in town – Selfridges – is on the billionaires' wish list.

Is this the City having another of its recurring affairs with the retail sector? Is it a harbinger of summer in the economic cycle? Or are we just observing retail managements hard at work on their share option calculations? Whatever the reason, it is at moments like this that the added values go kinetic: high street store, interesting play; destination store, strong play; famously branded destination store, must play.

Selfridges certainly seems to be the hot ticket, as this journal goes to press. Debenhams has a national presence, and proven management who deserve reward for a turnaround successfully completed. But its next door neighbour in Oxford Street, also effectively managed, is even more of a destination and has been running up the flag for brilliant branding like nowhere else since ... well, since it was founded. Listen to the Iranian property tycoon, Robert Tchenguiz ("we probably look at every piece of real estate that comes on to the market") on why Selfridges gets the juices flowing: "Selfridges has the finest piece of real estate in London and one of the best brands in retail."

We know that property tycoons understand the value of destinations, but now we can see them valuing brands to boot. Perhaps it is time to compare the branding and brand value of our leading destination stores: forget Fortnum versus Harrods, let us review the big guns. Harrods versus Selfridges.



Gordon Selfridge



Henry Charles Harrod

Giants of retail theatre, yesterday.



Body Craze on Oxford Street: 21st century event, 20th century advertising.

What is the story behind the store?

In common with all strong brands, Harrods and Selfridges boast strong storylines. Both stories can be traced a long way back (always a good sign of added value – loyalty has been demonstrated across generations of customers and managers alike). And both stories involve, as is so often the case, rather interesting entrepreneurs.

Harrods has the older pedigree. It was set up in the 1840s, by an enterprising tea merchant who noticed the fashionable ladies of Belgravia turning their taste buds to the new pleasures of Empire. He gave them "the finest merchandise available coupled with the most attentive service" and gave his store a credo still repeated, over 150 years later (*Omnia omnibus ubique*, remember?).

Gordon Selfridge cut a more modern dash and talked of "the highest principles of progressive merchandising". He launched his Oxford Street temple of Mammon, in 1909, as only a dynamic American millionaire would. Just as Louis Bleriot landed in Dover, after a pioneering cross-channel flight, Selfridge rented his aircraft for a few days, put it on display in the store with a blast of publicity, and drew 150,000 visitors to queue for a sight of this magical new machine. (First lesson for brand developers: you only get to launch once, so make a loud noise).

Both stores equally owe much of their recent fame to larger than life figures in the story of destination retailing. Harrods' longer, more gentrified progress to international renown suddenly changed gear in 1985, following the store's acquisition by Mohamed Al Fayed. Whatever your attitudes towards this controversial entrepreneur and whatever suspicions exist about Harrods' finances to-day, there is no doubt that he blew a storm through sleepy departments, boosted turnover and traffic, and put brands – including the Harrods brand – front of stage and on the front page. We should be wary of the press Al Fayed has generated himself; there is more than a whiff of prejudice, racism even, in the British treatment of his persona. (Does excess merit excess in response?) Let us remember that Al Fayed made Harrods a global force.

North of Knightsbridge, more modest financial dealings are reported of Vittorio Radice, until last December the chief executive of Selfridges. As this review goes to press, Radice appears to have cashed in his last Selfridges shares at a price almost doubled in the last two months and a profit of about £1.4 million. Now sitting in a pivotal position on the board of Marks & Spencer, this retailing visionary is well worth his modest personal gain. He is no billionaire but his work in transforming Selfridges from fusty to fashionable, from sleepy to sexy, has brought billionaires to the auction room. Where Al Fayed took a great brand and made it more of a retailer, briefly or not, Radice took a retailer and made it more of a brand. It is worth comparing the branding strategies they used.

Who leads the way for brands and branding?

Both Harrods and Selfridges have fully accepted the importance of specialism (and the role of brands in delivering specialism) for each one of the customer types to which they appeal. Both learnt from the concessionaires of America and both could see the demise of the traditional, generalist department store. Estée Lauder led the way, teaching first the House of Fraser, then the House of Selfridge, how their control of floor space – with their brand ambassadors, consultants, dragons if you will – would create more return per square metre. Now all the brands are empowered: from Lauder to Aveda, Timberland to La Perla, Rolex to Nike. Where the two stores differ is in the action surrounding these brands.

Harrods has never forsaken its own brand. Rather it has exploited it amongst the world's travellers. You may not warm to the souvenirs hunted downstairs at Knightsbridge H.Q. but competitors drool over the turnover and margins Harrods sees at Heathrow and other airport stores, over the ubiquity of Harrods carrier bags on every other Tokyo street.

Selfridges, on the other hand, has never assumed its strength lay in its own brand of products; rather it continued to believe in its own brand of retailing. It proudly espouses the "House of Brands" strategy and extends its reach into Britain's reviving urban centres, beyond London.

Timing is all, as ever. This snapshot is being taken as London tourism and worldwide travel are frozen by fear: of war, terrorism and disease. To-day it is Harrods' turn to suffer most. Simultaneously, Britain's urban centres are flourishing, as a new generation treats shopping as therapy and Manchester, Birmingham and their peers assert themselves as the new regional capitals of Europe. To-day it is Selfridges in the vanguard: of a regional renaissance.

The branding techniques being used are creatures of their time as well. No British store has ever, I submit, advertised its sale events as brilliantly as Harrods. "There is only one Harrods. There is only one Sale". One headline married the power of short term promotion to the priority of long term brand building, classically. This has been the work of one of London's most vigorous and stylish agencies of the '80s and '90s, Leagas Delaney. Under Al Fayed, the Harrods sale became a mega-event and it used advertising – that perfectly twentieth century marketing weapon – to extract maximum value. This has had a good, long run as a *modus operandi* but it is beginning to feel tired: the sale, the advertising, the store.

Consider the Selfridges alternative. Just as its founder hired Edgar Brandt to create gilded lifts that are a



Vittorio Radice



Mohamed Al Fayed

Giants to-day. What price tomorrow?

Image courtesy of Leagas Delaney

Understanding, Favara

There is only one Harrods.
There is only one Sale.

SALE OPENING TIMES

Thursday 2nd & Friday 3rd January 2003. 10am to 8pm.
Harrods Account Card 50% Off. Saturday 4th, 10am to 5pm.
Sunday 5th, 12 noon to 6pm.
Monday 6th to Friday 10th, 10am to 7pm.
Saturday 11th, 10am to 6pm.
Sunday 12th, 12 noon to 6pm.
Monday 13th to Friday 17th, 10am to 7pm.
Harrods Account Card 50% Off. Saturday 18th, 10am to 6pm.
Sunday 19th, 12 noon to 6pm.
Monday 20th to Friday 24th, 10am to 7pm.
Saturday 25th January, 10am to 6pm.

020 7733 1134 www.harrods.com Harrods

Harrods' one great advertising message



Julian Opie's vast dance-cum-march of shoppers celebrates the rebirth of Manchester's Exchange Square, on Selfridges' façade. (For Medici, read Radice.)

milestone in Art Deco history, so Vittorio Radice hired Sam Taylor-Wood to wrap the store's Oxford Street frontage in a 900 foot long frieze, a neo-classical composition mixing celebrity and mythology. And now Julian Opie is commissioned to celebrate the rebirth of Manchester's Exchange Square. He appropriates the whole of the store's main façade for a fluid yet formal dance-cum-march of giant, anonymous shoppers. (For Medici, read Radice). And whilst we wait for the architectural drama of the next Selfridges – dominating Birmingham's reborn Bull Ring – the founder's flair for events is echoed in this year's Body Craze, Oxford Street's sequel to the '02 Bollywood extravaganza.

The style and vigour and sheer creative energy of Selfridges' events together tell the world that a new era in branding has dawned. It does not surprise you to learn that its marketing director cut his teeth at Disney. That immersion in the experience economy makes even more sense than the store hiring to-day's sexiest advertising agency, Mother. Selfridges' branding goes way beyond advertising. (In fact the Body Craze advertising content is less impressive than its dominant approach to media used:



Tea and heritage: at the heart of the Harrods story, still.

just check out the local tube station). The telling example of its approach – within the Body Craze event – is not the on-the-spot body piercing, not even Jerry Hall playing Botticelli's Venus in the Oxford Street shop window, it is the in store service that digitally matches each customer's body shape to his or her perfect fit of jeans. Selfridges is taking the twentieth century's uniform and making it individual: you, your body, your jeans. Selfridges' branding is there in the service, in the retail offer, as well as in the shop façade.

Meanwhile, over in Knightsbridge, Harrods' traditional Sri Lankan tea promotion reminds its customers – very discreetly, in a quiet corner of the Food Halls – of Harrods' distinctive origins, and, obliquely, of its own brand story. It is only a mile as the crow flies but it is light years away in its approach to branding.

What is your choice?

Imagine you are a successful young female executive with £1000 in your bag and an open invitation to indulge in some retail therapy. You have a choice of spending it in Harrods or Selfridges. Which will you choose? The question



Above, Selfridges: re-inventing shopping for a new era.
Below, Harrods: still 'omnia omnibus ubique'?

is rhetorical. Selfridges' branding makes the choice for you.

Second, imagine you are an astute billionaire with an inside track to buying Harrods or Selfridges. (Just one, not both; no need to be greedy). Now, which will you choose? Not so easy, is it? Certainly not a rhetorical question.

Billionaires have been queuing up to buy Selfridges, indeed, and the business is at the top of its game. Harrods' business is not, as far as we know, up for sale, but if it were the City's analysts would agree that it is on far from peak form. Yet if Harrods did become available, for whatever reason, do you think there would be a shortage of offers? If Selfridges "has the finest piece of real estate in London and one of the best brands in retail", Mr Tchenguiz, how would you rate Harrods? Of course Harrods has to re-present itself to its lapsed and lapsing UK customers. Of course it has to re-interpret its brand story across its merchandise selection, across its markets. Of course it has to re-acquaint itself with the techniques of effective branding and embrace the twenty first century. And of course it can and will, because Harrods is too valuable a brand, home and away, to allow brash young upstarts from Oxford Street or Exchange Square (let alone Fifth Avenue or the Ginza) to question its position



as the world's most celebrated destination store.

As it stands to-day, Harrods – in its magazine, its promotions, its windows – is an ageing reminder of the best of twentieth century retailing, whereas Selfridges has, for many observers, "re-invented shopping" for a new era. Yet while Selfridges has the branding, Harrods still has the brand. What price tomorrow?

POSTSCRIPT: As this issue of *Locum Destination Review* goes to press, rumours are emerging of Robert Tchenguiz contemplating withdrawal from the Selfridges competition, Mohamed Al Fayed considering a deal for Harrods and Vittorio Radice appearing on *Desert Island Discs*. Whatever happens on these fronts, the author of *Brandwatch* wishes to clarify that his review was written before such matters gained currency, that he has had no truck with such stories and that any notion that this might, yet again, be evidence of the curse of *Brandwatch* is pure conjecture.