



Grocers fight it out on the style front

Lidl's push into fashion could open up a new front against established grocers. Retail Week compares the tactics of the supermarkets

This week Lidl fired a salvo at its larger rivals by unveiling its first full fashion range. The discounter, which along with Aldi is already proving a thorn in the side of the big four grocers, launched a womenswear collection on Monday.

The initiative followed Asda's George toppling Marks & Spencer to become the second-largest fashion label by volume in the UK.

Grocery fashion has gone from

strength to strength in recent years. Tesco's F&F business is worth over £1bn, Sainsbury's Tu range is the seventh-largest clothing brand in the UK by volume and Morrisons continues to expand its kidswear range Nutmeg.

Supermarkets account for £1 in every £10 spent on clothing, footwear and accessories in Great Britain according to Kantar, *Retail Week* examines the strategies of the biggest players.



ASDA

George is the best known of the supermarket fashion labels. In 1990 it became the first clothing brand to be sold in a British supermarket, after the grocer tasked fashion supremo George Davies to design an apparel brand that could compete with high-street specialists.

Twenty-four years later and George at Asda is the second-largest fashion brand in the UK by volume, toppling Marks & Spencer in the 24 weeks to July 6.

Asda boss Andy Clarke said earlier this month that a focus on quality as well as service has helped propel George's sales.

Fiona Lambert, brand director of George, says: "We're very much focused on what our customers want – quality and style at a great price. We're proud of the quality of product. Our shoppers want durability. They don't want disposable fashion."

Lambert says the label's focus on innovation has helped it stand out in the crowded market. For instance, George this year launched a range for premature babies, in conjunction with midwives from baby charity Tommy.

And after feedback from mums that were fed up of hems falling down on school uniforms, George developed new manufacturing methods using Grilon, an adhesive thread that bonds two layers of fabric together. George

also sells Teflon-coated clothing, which is designed to be more resistant to stains and more hard-wearing.

Such innovations have helped make George the number-one retailer in schoolwear.

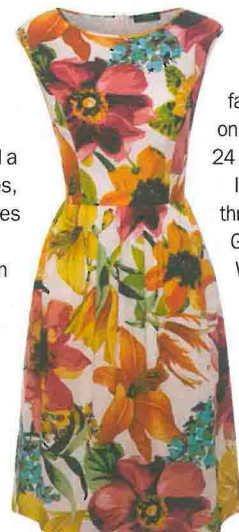
Further boosting its fashion credentials, George has been the title sponsor of Graduate Fashion Week since 2011. It has just kicked off a new initiative, its Summer Design Internship programme aimed at getting students ready for work.

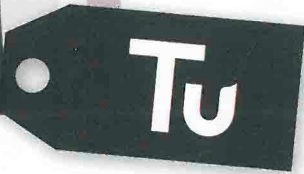
The brand has introduced same-day delivery for some of the range and Lambert claims George at Asda is the only retailer to offer a 100-day guarantee. She says George has benefited from a focus on "consistency of fit". "People are time-short, they want a brand they can trust on fit," she says. "George is the equivalent of any great high-street brand in an environment that's easy to shop."

George is making strides on the web too. Lambert maintains it is the fastest-growing fashion brand online. George.com delivers to 24 countries across the EU.

It is also extending its reach through bricks and mortar. George is sold through parent Walmart stores in Chile, Japan, South Africa, Canada and Brazil, and has franchise stores in Jersey, Guernsey, United Arab Emirates, Jordan, Malta and Singapore.

"There's real appetite for George overseas," says Lambert.





SAINSBURY'S

Since Sainsbury's launched Tu in 2004 it has grown to become a £750m-revenue business with a customer base of 7.5 million.

As the seventh-largest clothing retailer by volume – a position it has held for some years – in 2011 Sainsbury's revealed it was gunning to enter the top five.

Although it hasn't yet achieved that, it is clear the grocer wants to drive rapid growth. Last year Sainsbury's made its single biggest investment in the clothing business when it relaunched the brand with the strapline "Live Your Style". As part of that campaign, it has rolled out the fashion offer to more than 400 locations, progressing it to a more trend-led collection which adds seasonal "must-have" items every six to eight weeks. To deliver this Sainsbury's doubled its design team to 30 people, who are tasked with creating the 2,500-strong collection across womenswear, menswear and childrenswear.

This came after its general merchandise business surpassed the £1bn sales mark as non-food sales grew faster than food.

Additionally, in January the grocer signed up fashion stylist Gok Wan for another two years to create womenswear, a partnership it launched in 2011.

It has also been making strides in menswear, so it's visibly no longer focused solely on womenswear and childrenswear.

But Sainsbury's biggest reason for lagging behind



competitors is TU's lack of online presence, corrected this week as it launched an online pilot. It will mean Sainsbury's will be able to reach an even larger audience, particularly as it extends its click-and-collect offer to London Underground car parks.

And if it does roll out the offer in full, it may be able to gain some ground on competitors George and F+F, which have developed a digital presence.

That should boost sales of school uniforms, which it may have lost to Asda and Tesco because customers go online for such essentials.



TESCO

Tesco's F&F brand now accounts for over £1bn sales in the UK and the retailer has bigger ambitions for its clothing business. Last year online clothing director Emily Shamma said it was vying to become "the world's leading retailer for affordable fashion".

The F&F offer includes womenswear, menswear, kidswear and lingerie. There are also sub-brands including sportswear range F&F Active, F&F Petite and F&F Limited Edition, as well as formal, bridal, maternity and schoolwear. It is available in 450 UK stores and 1,800 international stores in 23 countries, including Saudi Arabia, China and Poland.

International expansion is key to the growth strategy. A Tesco spokesman says it is always eyeing new franchise opportunities: "The franchise model has worked really well and enables us to grow the brand internationally by combining the strength of the F&F brand with the on-the-ground expertise of our local partners."

It is also attempting to crack America, where it launched this year with franchise stores in New York, Boston and Philadelphia.

In the UK, Tesco is focusing on improving F&F in-store using its 'Next Generation' store design. The retailer said in its preliminary results in April that the new format was producing an average like-for-like sales growth of 10.6%.

By the end of the year, Tesco will have



revamped 270 stores to the new format and plans to take it overseas, starting with South Korea.

F&F is also set for online expansion. The spokesman said its ecommerce business was outperforming the clothing market. Late last year Tesco introduced F&F self-service kiosks into 120 stores so that sizes not found in-store can be located online and bought in seconds.

F&F is still building its fashion credentials and regularly shows at London Fashion Week. The spokesman said sports-inspired daywear, Parisian chic and leopard prints will feature in its autumn 2014 range.

