

THE BIG STORY

Monsoon: the boss' forecast

The fashion retailer has had a number of turbulent years, but can chief executive Paul Allen's turnaround plan ensure clear skies ahead? **Rebecca Waller-Davies** reports

In a fashion sector that has been through its fair share of woe, Monsoon stands out as a particularly troublesome retailer.

Founded by owner Peter Simon from his Portobello Road market stall, Monsoon has been plagued by erratic trading in recent years and is perhaps representative of a sector in crisis.

A quick glance over its figures from 2009 onwards shows both top line and bottom line wildly zig-zagging, while margin has been steadily eroded and employee numbers have shrunk dramatically.

As Retail Week revealed last week, sales and profits were both down in its most recent year.

Total sales fell 9.2% to £422.1m while EBITDA was down 16.4% to £24.2m in the 12 months to August 27, 2016.

Despite the falling financials, chief executive Paul Allen believes that Monsoon is turning a corner, albeit slowly.

"We are pleased at the way things have developed but we recognise that there is still a big job to do," he says. "The building blocks are in place but we now have a lot of ground to cover."

Reverse engineering

Of course, it is not the first time we've heard this from Monsoon.

Back in 2014, then boss John Browett unveiled a four-year recovery plan after managing to pull the retailer back into the black.

His strategy consisted of five key points: growing international and multichannel capabilities; reshaping the property portfolio and improving stock management and processes.

Three years later and much of that strategy is being reversed by Allen and his team.

The mild-mannered Allen, who previously ran Jacques Vert (now Style Group Brands) for a decade, arrived at Monsoon in 2013 as finance director, working under Browett.



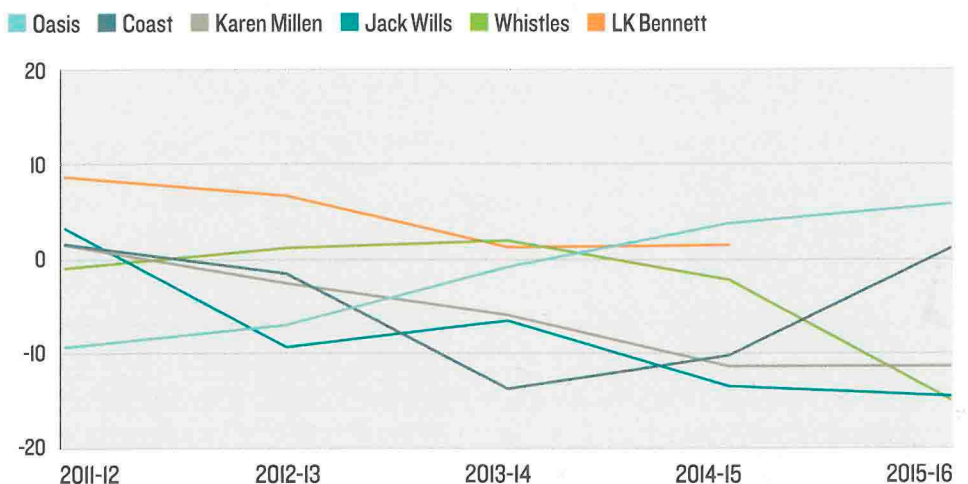
Following Browett's exit he took over as interim chief executive in 2015 and became permanent boss nearly a year later, in January 2016.

As he shows Retail Week around Monsoon and Accessorize's newly decked-out stores – note the use of the multiple there – in Westfield London, he sets out his own five-point strategy.

Having already reversed international expansion by ducking out of underperforming

We want to capture the essence of Monsoon but we want it to be relevant for today
Paul Allen, Monsoon

How Monsoon's competitors have fared – pre-tax profit/loss (£m)



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markets such as Singapore, South Korea and Venezuela, Allen is now focusing on separating Monsoon and Accessorize, reshaping the portfolio, adding new channels, investing in online and strengthening its management team.

This tall order comes on top of Monsoon's most fundamental aim: improving product in its core womenswear range, where sales have suffered in recent years.

Retail Week Prospect senior analyst Rebecca Marks says that improving product is central to Monsoon's turnaround.

"Monsoon Ladies has been trading negatively over the last few years," she says. "While it was once appreciated for its high quality and intricate designs, the business has lost its niche and has failed to adapt to customers' changing needs of cross-functional and season-less fashion."

Hippy heyday

While the aesthetic of its 1970s origins may be back in style, Allen emphasises the importance of interpreting this look for its core customer by modernising product and tightening up collections.

"It is about interpreting that 1970s, 1980s heyday for today," he says.

"Obviously, product should always lead the way. You can be good at everything else but if the product isn't there you will suffer.

"We want to capture the essence of Monsoon but we want it to be relevant for today."

Customers are apparently appreciative of this renewed vigour.

Allen shies away from going on the record with current trading figures but says womenswear progress is "very encouraging" and like-for-likes are "substantially" ahead of 2016.

Along with improving product, splitting up Monsoon and Accessorize so that the two businesses function as separate brands with shared resources is top of his priorities.



The new-format Monsoon and Accessorize (below) stores in Westfield London



Where Browett aimed to scrap standalone Monsoon stores and combine the two fasciae, Allen is now disentangling the two.

He reasons that, while consumers know that the brands are one and the same business, they attract different customers.

The brand handwriting of each is strong and identifiable but Monsoon's core customer is either a relatively affluent middle-aged woman shopping for herself, a mother buying premium clothes for her children, or a combination of the two.

By contrast, Accessorize's lower price point attracts a huge range of customers with more disparate spending powers.

Of Monsoon's 318 outlets, 141 are dual fascia. Over the next five years those will

close as leases expire and separate stores will open nearby.

Marks believes that this is the right approach but questions how effective it will ultimately be.

"Separating the two fasciae to recapture the brand's individual identities and strength is crucial under Allen's turnaround – the competition has intensified greatly since Monsoon's heyday," she says.

"But it is questionable whether the retailer will be able to claw enough interest back to have a beneficial effect on its revenue."

In conjunction with this hefty project, Monsoon is exploring different channels. Having already opened concessions in Debenhams and started trading on online marketplaces, Allen says that the retailer is now looking at teaming up with other department stores.

This wide-ranging plan is an ambitious undertaking and Allen has no illusions about the work involved, citing a two-year time frame for "clearly setting out our stall" before recovery can truly begin.

"Naturally cautious" by his own admission, he veers away from grand sentiment.

"I don't want to over-egg the pudding," he says stoically. "We are doing all the right stuff but there's a lot to get on with."

After a volatile few years, that stoicism – and a good dose of tenacity – could be just what Monsoon needs. **RW**