

Northern lights

The Northwest is home to some shining examples of innovative retail, says **Gemma Goldfingle**

The Northwest is a region with a long history in retail – particularly in fashion, as Manchester was once the heart of the textiles trade. In more recent times it has emerged as the home of online retail with AO.com, Shop Direct, Boohoo and Missguided all based there.

The small town of Northwich in Cheshire is home to another of the region's thriving digital businesses – The Hut Group.

That the business is in growth mode is plain to see as you walk through its head office – the walls are adorned with countless awards for fastest-growing business.

Last year, sales surged 50% year-on-year to £510m, and international now accounts for almost two thirds of sales.

The Hut Group owns many brands – Coggles, Zavvi and The Hut, to name but a few – but it is in health and beauty, where it operates sites including Lookfantastic and MyProtein, that it has made its name.

“We targeted being global number one in online health and beauty,” says The Hut Group chief executive Matthew Moulding. “In health we achieved that last year. In beauty, we’re almost there. We are targeting to overtake Sephora and become number one next year.”

However, Moulding is not stopping there. The Hut Group has built a reputation as a highly acquisitive company – it spent £60m on Salu Beauty, Ideal Shape and more last year – and Moulding is set on

strengthening its position in health and beauty through buying other businesses.

“It’s about technology and beauty for the foreseeable. We’ve built the platform, the engine... we’re now plugging in more technology and adding more of our own brands,” he says. Own-brand already accounts for more than half of The Hut Group sales.

But why buy brands rather than create one's own? Impatience, says Moulding.

“It takes too long for them to reach any scale. Life’s too short, I’d get bored of waiting. I’d much rather buy someone else’s and then scale it quickly through our platform.”

The vision

Moulding wants The Hut Group to be “the LVMH of the digital world”.

LVMH, owner of brands such as Louis Vuitton and Sephora, is a business Moulding admires. “They control their own supply chain and sell through their own channels... they control their own destiny.”

However, The Hut Group is not all about retail. The business has built a tech platform which many of the world’s largest brands now use to power their websites.

“There are few platforms available and the vast majority of retailers are going through brokers and third parties.

You are just one of a thousand customers and can’t influence them.

“We decided to build everything ourselves.

Matt Moulding
The Hut Group



What we can't build fast enough, we try to make the quantum leaps by acquiring the technology.” The company snapped up web hosting firm UK2 and video content specialist Hangar Seven to bolster its offering earlier this year.

“There’s a chunky capital race on which players can deliver a first-class global solution, delivering great site speeds in every territory, local content, local hosting, local payment solutions and so on,” says Moulding.

The Hut Group has built a 360° solution, according to Moulding, and now powers businesses including HSBC, The Daily Mail, Honda and Nintendo. With Amazon Web Services increasingly its growth engine, Moulding’s technology investment looks poised to pay dividends for the retailer.

Speaking of dividends, The Hut Group – boasting ex-Tesco chief executive Sir Terry Leahy and former M&S boss Lord Stuart Rose as shareholders – has long been touted as an IPO candidate. Does Moulding plan to cash out?

He insists it’s not front of mind, “I’m still building the jigsaw,” he says.

Booths – not just for the elite

Next stop on our trip is Preston, home to upmarket grocer Booths, which has long been known as the Waitrose of the North.

However, marketing director Julie Mills – who started her career as a buyer at Waitrose

Read our entire series
of summer articles
Retail-Week.com/On-the-road



Myprotein is one of The Hut Group's greatest successes



The farm shop at Tebay services

We've built the platform, the engine... we're now plugging in more of our own brands

**Matt Moulding,
The Hut Group**

— is not happy with the comparison. “There’s more freedom at Booths,” she says. “Our staff are encouraged to provide a more colourful and interesting offer tailored to the local community.”

Provenance is at the core of Booths’ offer and the grocer is committed to using local produce. Mills cites Lancashire-based Shaun Mallison, who supplies Booths’ ‘Dug Today’ potatoes, which are displayed in wheelbarrows covered in soil. Mills says. “Our customers love it. It’s one of our best-selling lines,” she says.

Booths has a reputation as serving a well-heeled customer, but Mills maintains that it is a supermarket with far wider appeal.

“Booths has been tarred with the brush that it’s for old people, it’s a place to shop when you retire. But it’s much more than that. It’s not for

elite customers. If you love food, you come to Booths,” says Mills.

Despite this potentially wide pool of people, Booths is in no rush to expand on its 28 stores. “We’re not opening any new stores for a few years. We opened five in 18 months and it was a testing time for us,” she admits.

That is not to say that Booths does not have its eye on expansion. Online could open an opportunity for the retailer to gain national coverage.

Booths already sells its Christmas range online – “so northerners based down south can eat a Booths Christmas dinner” – and has launched hampers and gifts online.

“We’re a nationwide player for a short time over Christmas. I can see online being an opportunity for growth,” says Mills.

The grocer is not stopping there. Mills wants to take the Booths brand global by wholesaling.

Its business-to-business division, led by Henry Booth – great, great, great grandson of founder Edwin Henry Booth – is growing rapidly.

It already sells products in Fenwick department store and in 19 shops in Malaysia via a joint venture with Asian retail group Dairy Farm.

“There’s lots of opportunities to get our brand out in different regions. China is our next focus,” says Mills.

From online to grocery aisles, the Northwest holds its own in modern retail.

A pit stop with a difference

Every roadtrip needs a pit stop, and just off the M6 at Cumbria there’s a unique service station.

There are no Big Macs or Whoppers in sight. Visitors to Tebay can grab a homemade venison and chilli pie and a sourdough loaf from the in-house bakery.

Shoppers can also buy beef and lamb from the butcher counter, which sells produce from the farm that is run by owning company The Westmorland Family.

Tebay services was set up in 1972 by farmers John and Barbara Dunning.

It now includes a hotel, a gallery and an IMAX-style cinema screen. However, selling local produce – much of which comes from the farm – is still at its core.

The Westmorland Family chair Sarah Dunning says: “There’s not many players [in motorway services] and they are all taking a relatively similar approach. They bring in franchises.

“We have a very, very different model. We see ourselves as a food business on a motorway. We’re trying to create an oasis for the traveller.”