

RetailWeek

ON THE ROAD



# Dublin on the up

Retailers in the Irish capital are bouncing back from recession under the looming cloud of Brexit, says **George MacDonald**

**H**ow's Dublin?" I asked the taxi driver on the way into the city from the airport. "There's cranes springing up like mushrooms," came the reply.

The 'crane count' – apparently there are 58 – is usually a good rule-of-thumb indicator of economic health. In the case of the Irish capital, it reflects a bounceback from the ravages of the financial crash and subsequent recession.

So, after hard times that brought 40,000 retail job losses, Irish retailers can take heart from an economy on the up and demographic changes likely to encourage retail success.

Industry body Retail Ireland has flagged an anticipated population growth of 12%, and a 38% increase in the number of people aged over 65, as likely to support consumer spending growth of almost 12% over the next 10 years.

However, retail sales by value are still 13% below pre-crisis levels, Retail Ireland points out, while the UK's Brexit decision is a source of deep concern (see box).

## Primark's nerve centre

Irish retail at its best – nationally and internationally – is epitomised by Primark. The retailer, which trades as Penneys in its home country, has grown from a single store in 1969 to a multi-national powerhouse that generated sales of £5.95bn last year.

In Dublin's Northside, that original Penneys store on the Mary Street main drag remains the chain's mothership. It, and Primark's head offices above and next door, represent the strength of the retailer's heritage as well as the contemporary changes under way to ensure continued success.

Primark boss Paul Marchant proudly shows off the new headquarters – an airy, light building dominated by an atrium that is home to a café and restaurant area around which departments are gathered over open-plan floors.

"When I joined we were above the store – they were very traditional offices," Marchant says. "Now there are no offices at all, but plenty of meeting rooms and break-out spaces. There's no boardroom – there was one but we took the sign down and anybody can use it."

From the offices, Marchant can go straight into the Mary Street shop, where he points out the latest developments.

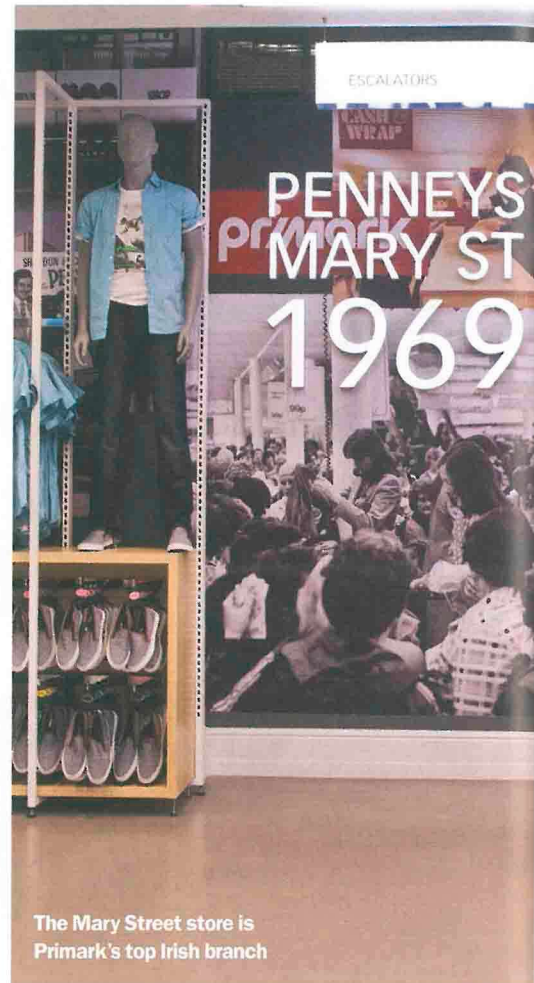
The retailer's own-brand PS cosmetics offer launched two years ago, occupies a prominent space, indicative of the success of the category.

There is a café – one of 13 across Primark's estate, run with Costa in the UK and Insomnia in Ireland. "We're looking to roll out more," says Marchant. "If you're doing family shopping, you could be in the store for a few hours, you want somewhere to sit down and relax."

The Mary Street store, Primark's number one Irish branch and among the top 10 across its entire portfolio, serves 3.5 million customers a year. "We're a democratic brand – just look around," says Marchant, as he surveys a diverse and eclectic crowd of customers.

That democratic attitude extends to empowerment of store managers, he continues. "Our managers have huge autonomy," he says. "No other business allows managers to have such control over their inventory, therefore we attract, develop and generally retain the best."

The retailer has strengthened its leadership team with a variety of new appointments and promotions. Former Lidl UK



The Mary Street store is Primark's top Irish branch

chief operating officer Martin Bailie joined in May as group sales and operations director, a role he shares with Stephen Regan, who was promoted to that post.

David Paterson joined Primark as chief financial officer in May and Lorraine Culligan was promoted in June to group director of people and culture. Marchant and chief operating officer John Lyttle complete the top team.

It is representative of wider continuity and change at the fashion powerhouse.

"The average age in Primark's head office is now 34 compared to 44 10 years ago,"

Marchant says. "We're definitely a young business."

## Eason's new chapter

Around the corner from Primark, on O'Connell Street, bookseller and stationer Eason epitomises some of the changes in Irish retail.

Eason, which has traded from the O'Connell street flagship since the mid-19th century, was buffeted by the winds of recession and the rise of Amazon and ebooks. But the retailer has adapted.

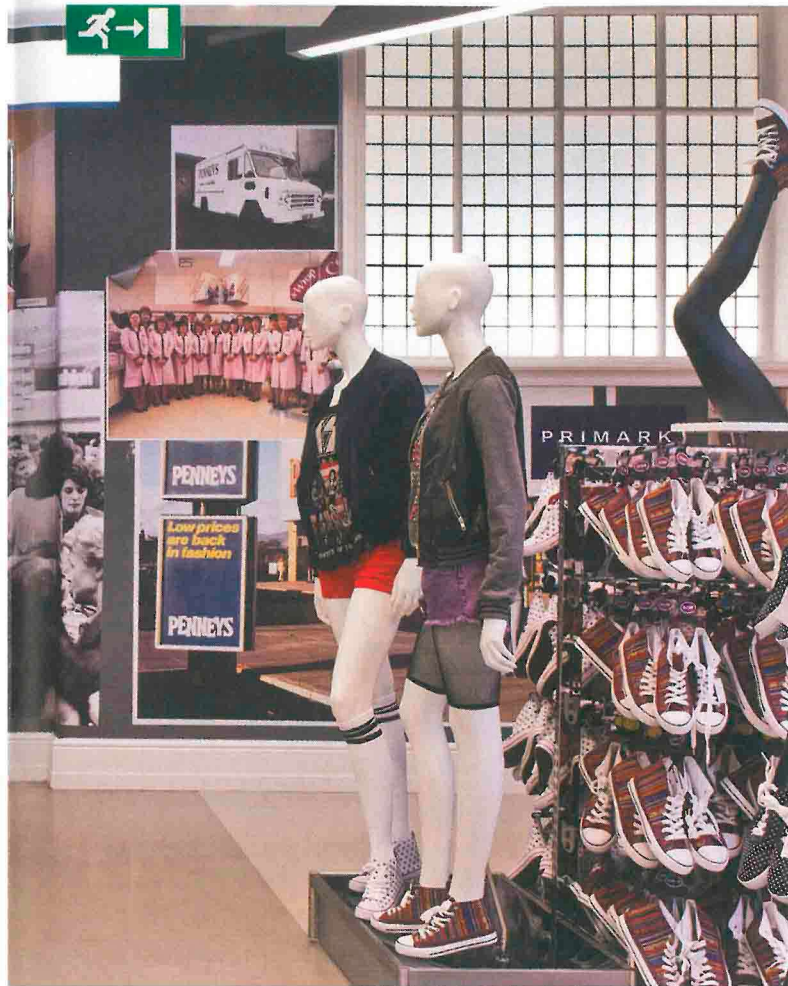
Managing director Liam Hanly, who took up the post earlier this



Liam Hanly, Eason



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Eason, O'Connell Street



Primark's new headquarters

## No other business allows managers to have such control over their inventory, therefore we attract the best

**Paul Marchant, Primark**

year having been with Eason since 2010, and his predecessor Conor Whelan, together developed a strategy to update the firm.

The store has just undergone a €4m (£3.6m) revamp and over the next three years Eason will spend €7m (£6.4m) enhancing its digital business and rolling out changes to stores along similar lines introduced in O'Connell Street.

The ambition is for bricks and clicks to complement each other, to make the most of all channels and the relationship between them and to adapt the business to best cater for changed shopping habits.

Hanly says: "We're very excited about our strategy and backing ourselves on a great book experience. The growth of multichannel is a great opportunity."

## Changing property scene

Alongside such venerable Irish retail names, there are many new arrivals and Dublin's bounceback from recession is making itself felt on the high street. Big names are touching down – Victoria's Secret will open soon near Brown Thomas on Grafton Street, where L'Oréal's Urban Decay also opened its first Irish store, and Hotel Chocolat makes its Irish debut in Dundrum Town Centre in October.

And interest remains strong, according to CBRE senior director Bernadine Hogan: "There's a lot of interest from international brands, and food and beverage continues to be strong."

However, it is on the Northside where a lot of the retail property action is likely to occur in the coming years. The Henry and Mary Street area is home to most of the big high street names, and the famous Arnotts department store.

Property giant Hammerson and partner Allianz Real Estate last year took ownership of Dundrum Town Centre. Hammerson also acquired Dublin Central, a five-acre development site in the city centre, facing on to Henry Street and O'Connell Street.

While Irish retailers undoubtedly face some possible problems ahead, in particular any potential fall-out from Brexit, Dublin looks well positioned to thrive.

Marchant says: "In Dublin in particular there's a real vibrancy – it's a city on the up."

## Brexit blues

Other than the UK itself, perhaps no country more than Ireland has the implications of Brexit so front-of-mind.

The country has the only EU land border with the UK, so freedom of movement and the possibility of Britain adopting World Trade Organisation rules on tariffs are among its concerns.

From a retail perspective there are also worries about prospects for consumer confidence and a switch to shopping online with British retailers because of the decline of the pound.

According to Retail Ireland, 75% of online transactions take place outside the state, a trend "accelerated following Brexit and the subsequent fall in the value of sterling".

Retail Ireland's *Shaping the Future of Irish Retail 2020* report states: "Brexit poses an ongoing threat to the retail sector."

"The drop in the value of sterling has had an immediate effect on Irish retailers and has already led to significant price deflation in the Irish market.

"It is predicted that retailers will face into a weak sterling and a volatile currency environment for the foreseeable future."