

BREXIT

The drama of Brexit is still playing out and as retailers wait while the sequel is written, **John Ryan** asks where the design industry is heading amid all this uncertainty



Sainsbury's has pushed ahead with plans to introduce Argos and Habitat counters into stores

Retail's Brexit

BLUEPRINT:

store design during uncertain times

More than a year on, June 23, 2016, is considered an iconic date. It is, of course, the moment the great British public decided, thanks to a referendum and by the slightest majority, they no longer wished to be part of the EU.

During the campaign there was a lot of confusion and there is still a lack of clarity. Nobody has come forward with an explanation of what leaving a body of which the UK has been a part since 1973 actually entails, much less what the economic fallout will be.

However, the level of uncertainty has been sufficient in its own right to confirm that individuals and businesses are worried.

That said, none of this has prevented those in the arena of store design from having an opinion about what it all means and where we are heading.

Jim Thompson, managing director at design consultancy 20/20, says that he has found the situation to be counter-intuitive.

"We had a big tender with Belgian Rail the day before the Brexit vote and as we submitted it we thought 'if we vote out there's

no way we'll get the work'. But we got it." He continues: "The weak pound was helpful – we've actually done a lot of work in Germany and Saudi Arabia because of the weak pound."

The UK's reputation as a design supermarket – where retailers arrive in this country and pick up a design that can be tested and rolled out back home – was in danger of taking a knock in the immediate post-Brexit vote period.

To an extent the effective devaluation of the pound may have softened this, although



Tesco undertook a major revamp of its Llansamlet Extra store this year, under the direction of head of design Simon Threadkell

it is fair to remark that business will generally gravitate towards value, so not a major surprise.

Opportunity knocks

Other than a weak pound, what evidence is there of this period of flux that many seem to think we are in currently?

Bill Cumming, joint owner of design consultancy Twelve Studio, puts things simply: "We've got political uncertainty, we've got tech changing everything and there's the economy. There's not a lot of stability in a sea of change."

This does not sound hugely positive, but Cummings puts a case for optimism. "Change brings opportunity and fundamentally, that's what we do."

This may be true, but human and retail nature tends to dictate that even when opportunity beckons, we still go looking for a safe bet.

For this reason Cumming says that, while retailers used to be a "promiscuous" bunch, the watchword in today's climate is partnership.

This means that, as well as the business of designing something different, there are a lot of other issues to confront when creating a new store, and this points less towards the traditional supplier/buyer confrontational relationship and more towards joint working.

Cumming does spring a surprise however: "We're doing more work in the UK than we

"Change brings opportunity and fundamentally, that's what we do"

Bill Cumming, Twelve Studio

previously were," he says. Apart from the fact that Twelve Studio has Sainsbury's as a key client, it might be natural to suppose that the outfit's Dutch and German food retail clients would be beating a path to the consultancy's door ahead of UK retailers.

Europe as it now stands is a multi-strand entity. Business had been looking tricky in this country for some time, but reports coming out of Germany, for instance, indicate a retail economy and consumer confidence that is on the rise.

Roy French, managing director of shopfitter and manufacturer Itab UK, is in a good position to assess the state of play as he oversees the UK outpost (accounting for about 50% of the company's revenue) of a pan-European operation.

"Post Brexit [results] last year we saw a pause but at the back end of the year, the retailers which said they were going to do something, got on and did it," he says.

The "pain of being an importer" (of goods manufactured predominantly within the EU) has been offset by also being a UK

manufacturer of shop fixtures, French says, and that somewhere in all of this a balance has been struck, for the moment at least.

But, he adds, it has meant a change of focus for retailers.

"Before any change or the roll-out of a project is undertaken, the retailer wants to know what the return on investment will be. If it stacks up, the retailer gets on and does it, fast."

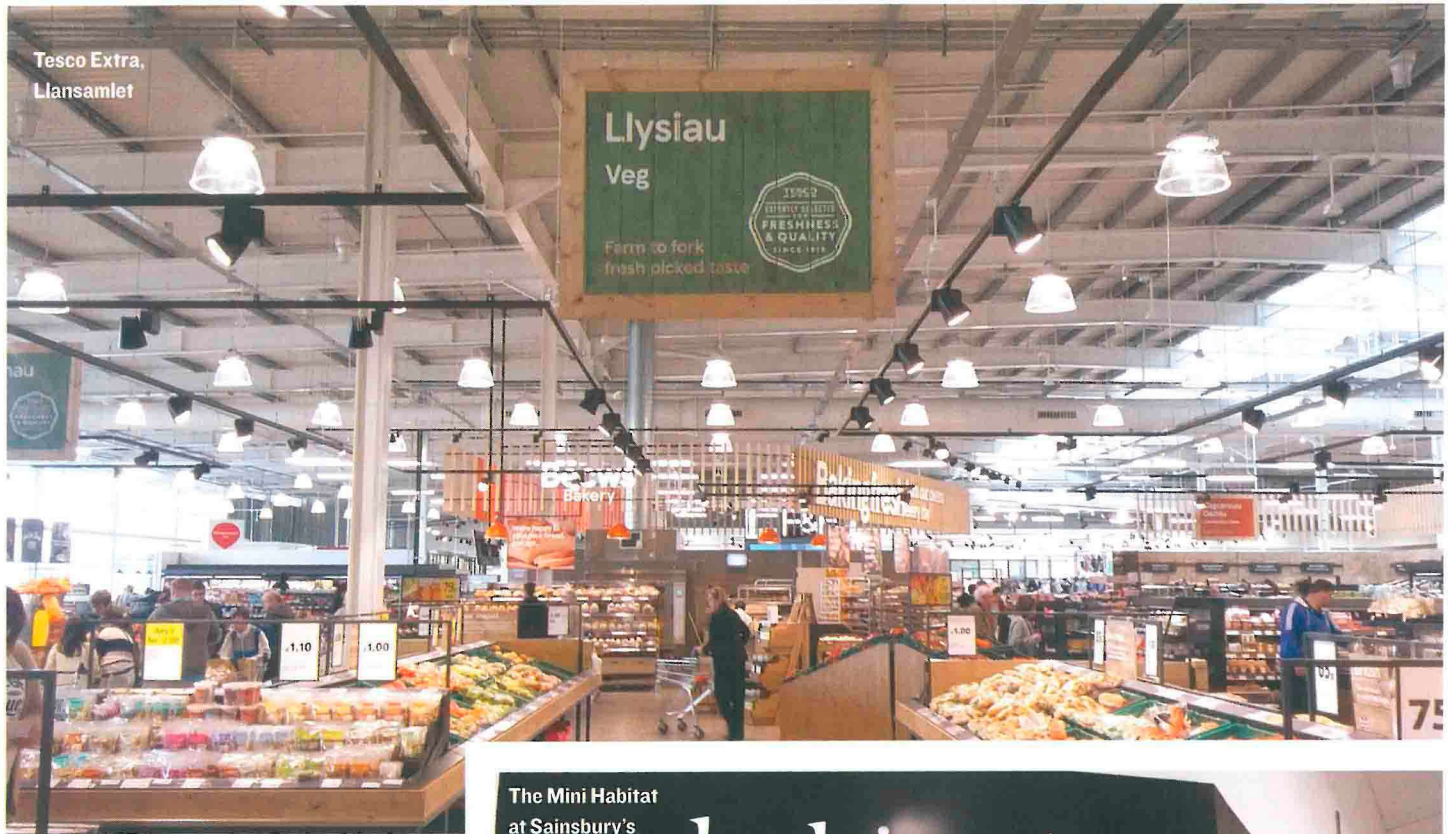
There is also the matter of time being set against price. The lead-time to get shop fixtures from China is typically between 12 and 14 weeks and, given the weak pound and even allowing for the fact that goods made in the Far East will be cheaper, it increasingly makes sense to source locally in order that projects can be realised quickly.

Looking forward is rather more difficult to do. French says: "We should be OK for this year. We need to have a more flexible business model and that is what we've tried to create.

"Suppliers and retailers need to be able to match their businesses to the way the market is going and to make decisions quickly."

Getting designs to market

If nothing else then, the Brexit vote of 2016 has caused a deal of corporate soul-searching with the central question probably being whether there is a different way of doing things in light of the changes that may lie ahead. And there are cases aplenty of



retailers executing strategies with dispatch and just getting things done.

The installation of mini Argos counters in Sainsbury's (and even a few Habitats, now that the grocer owns both outfits), shows that haste is considered key and that things need to be in place rapidly, rather than the phased approach that has characterised much of big retail in recent years. The grocer has 100 digital Argos stores within its supermarkets, as well as 200 Argos digital pick-up points.

Cumming says that having been in retail design for 30 years, "what was true at the beginning is still true – put the customer first and things will fall into place".

"Change takes time and people are getting to grips with the fact that an awful lot has happened recently."

Brexit seems set to be an unknown quantity for at least another year, if current negotiations are an indication. Retailers and their interior suppliers will continue to clamour for some clarification about the course that is being plotted.

Thompson comments: "There has been quite a bit of tinkering around the edges and people know that [Brexit] will change things, but they aren't really thinking about it.

"In-house design teams are an increasing feature of the retail design landscape and where this has changed is that retailers have recruited from the design industry, rather than employing design managers."

He cites Tesco's Simon Threadkell, who left design behemoth Fitch to become head



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Jim Thompson, 20/20

of design at the grocer some years back, as the beginning of the trend. Threadkell has reinvented the interiors of much of the Tesco store portfolio and put together

a new-look Tesco Extra in Llansamlet, near Swansea, which feels more like a Continental hypermarket than any kind of British operation. The Extra has a mid-shop bakery department and fishmonger, large, picture-led imagery overhead and a real sense of abundance in the 'fresh' area.

Increasingly, retailers now have personnel in their ranks who know the design game from the inside. Whether this will be sufficient to deal with a post-Brexit future is another matter entirely.

But retailers looking at new stores and design consultancies alike are demonstrating renewed dynamism as they digest the Brexit vote, and handle the potential changes coming their way.