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Retailing in Ireland Stores

EXPECT THE UNEXPECTED

The continued arrival of new stores and retail formats is proof that while the Celtic Tiger may not be as fierce as it was, it still has considerable bite in these straitened times. **John Ryan** reports

In October last year, Brian Cowen, the Tánaiste and Minister for Finance in the Republic of Ireland said that GDP growth in the country was expected to be 3.25 per cent this year. This represented a significant fall against the 4.6 per cent that had been forecast previously and was greeted as a sign that the pace of the Celtic Tiger was beginning to slacken.

However, there must be those in Irish retailing at the moment who would consider growth of the kind outlined by Cowen as something of a boon compared with the present reality. Most retailers admit that things are tough and there is a strong sense that not only is the Republic looking at a downturn, but that it has been in one since the start of the year.

Yet new stores have continued to open across the country. The flood of inward investment from foreign retailers marks Ireland out as one of the few places that retailers believe is still a profitable place to set up shop.

Urban Outfitters, the young fashion and lifestyle retailer, is a case in point. As well as the store that it opened in Belfast's Victoria Square last month, it has been trading from a site in central Dublin for more than two years. And shoppers flocked to its outlet in the Dundrum Town Centre shopping development, on the edge of the Republic's capital, when it opened in 2007.

All three shops bear the signs of heavy store design investment, a hallmark of the US retailer. Although, with the exception of Belfast, they opened ahead of the downturn, they are evidence of the confidence retailers have in Ireland and that they are here for the long term.

Tesco has been here even longer and has made its mark in the country, in spite of a generally unfavourable planning climate for retailers seeking to open large footprint stores. Lacoste, Zara, New Look, H&M and Harvey Nichols have also all taken the plunge and have opted to open Irish shops.

For many, the Republic has represented the chance to try out new formats. New Look used Ireland to refine its "brand flag" format when it opened a two-floor branch in the Liffey Valley shopping centre on Dublin's outskirts. New retailers continue to look at Ireland as a means of driving sales.

Outdoor retailer Snow+Rock, for instance, is set to open a 14,600 sq ft (1,360 sq m) store in Dundrum

later this year that will carry a CycleSurgery bike store and a Touch Lab, an in-store area from New Zealand outdoor brand Icebreaker. The latter will take the shape of a cargo crate and carry graphics from Icebreaker's catalogue.

All of which might lead you to conclude that retailing and format innovation are alive and well in Ireland and, in some measure, this is correct. In Northern Ireland, Neil Patton, managing director of Ballymena-based shopfitting company Pattons Fit-Out, says that orders to equip new stores south of the border have remained reasonably steady when compared with last year. However, he warns: "It depends who you're working with. The Dunnes and Primarks of this world keep opening shops." But, he notes, orders from retailers with head offices outside of Ireland have slowed. "We're not getting as many foreign retailers coming over," he adds.

There is, however, one very large exception to all of this: Ikea. In 2005, the Irish planning laws were amended to allow the Swedish giant to make its Republic of Ireland debut. At the time, this looked like the creation of a deliberate loophole in existing planning regulations, as large footprint food retailers were excluded from the planning relaxation.

The store has yet to open at its site north of Dublin,



INSTORE

Oliver Moloney is chief executive of Instore, a six-strong chain of upscale furniture and home accessories shops spread across the Republic (not connected to the quoted UK retailer of the same name). After 20 years in business, he is about to open Dublin's first Instore branch.

"If we'd done Dublin three or four years ago, we wouldn't have succeeded," he says. "You have to be very focused, you really do have to have all your ducks in a row."

Moloney adds: "I would say consumer confidence is at an all-time low. People still have money, but nobody really wants to spend five grand on furniture, only to find out next month that they haven't got a job. But Dublin is still the place where the money is."

He believes that the downturn started in January and says the first quarter has proved tough. Footfall, he notes, has not actually declined; it's just that conversion rates are down. As proof of this, he points out that sales in Instore's in-house cafés are up 30 per cent year-on-year. All of these are located on the mezzanine level in Instore shops, helping to pull shoppers through the space, but not persuading them to dig deep enough, or so it would appear.

By contrast internet sales are up, a phenomenon that Moloney puts down to people having to work longer, as job insecurity kicks in. He also points to the rising trend of home-working, which continues to push up sales of home offices.

In spite of everything, Moloney seems to retain an optimistic outlook. The Ireland of Instore is a place that has seen very rapid growth. And while Moloney, and others like him, expect the downturn to represent a blip, they do not see it as a long-term problem.

largely because its construction is dependent on the completion of a new interchange on the M50, the capital's traffic-clogging ring road. It now looks set to open in spring next year.

Verdict senior analyst Daniel Lucht believes the furniture retailer's arrival will have an immediate impact, not only on smaller Irish retailers, but also larger players such as Dunnes.

Like others, he notes that the picture for retailers is not as rosy as it has been, but says that over the past two years, the Irish retail sector "has done amazingly well and, even though things have slowed, there's still room for growth". He adds: "In Ireland, there's edge-of-town, but not out-of-town retail as there is in the UK. So there are still quite good opportunities for retailers."

There are, therefore, a number of contradictions at work within the Irish retail arena. At one extreme, there are the doom-mongers who see the malaise that has affected UK retail coming to the Republic and the brakes being slammed on in a bid to prevent some kind of wholesale economic rot setting in. On a practical level, this means that for home-grown retailers and would-be market entrants, there is little reason to keep on opening more stores.

And yet, at the other end of the scale, as noted by Derek Adams, group director at Dublin-based design and architectural practice Douglas Wallace, there are still a number of UK retailers - most newcomers continue to come from Britain - that are looking for suitable locations. This might indicate that new formats and new retailers will continue to arrive in Ireland.

Chris Dewar-Dixon, creative director at London-based design consultancy Four IV, has been working with department store Arnotts and a brace of other Irish retailers. He is optimistic. "Ireland's thriving economy is up with Europe's best and while, until recently, Dublin's retail had yet to keep pace with the new sophistication of Ireland's consumers, we've been finding UK and European brands far keener to move across the Irish Sea in pursuit of the euro," he says. Many of Four IV's clients have added locations within Dublin and Belfast to their estate requirements.

Dewar-Dixon adds: "With the economy in slowdown, it is to be expected that the retail market will be affected. Ireland, however, retains a definite buzz. The Irish consumer still appears keen to spend and retailers are keen to help them do so. Ireland remains a huge and exciting opportunity." What is clear is that the gold rush is concentrated on Dublin and, through UK government funding, to a lesser extent on Belfast in the North.

It seems likely that new stores will keep popping up in Dublin, but the odds are against the phenomenon being repeated in the other Irish cities. For retail designers and retailers, prospects appear rather better on the Emerald Isle than in Britain.

Perhaps the words of Sir John Pentland Mahaffy, the celebrated 19th century wit and Provost of Trinity College, Dublin, go some way towards helping understand what is happening in the country.

He wrote: "In Ireland, the inevitable never happens and the unexpected constantly occurs". **RW**



From top: Snow+Rock will bring its format to Ireland later this year; Urban Outfitters and Dunnes have put their faith in the Celtic Tiger; above, Urban Outfitters' fashionable offer has been a hit