RETAIL LEADERS TALK SHOP

ABOVE: *Mayfair Times*' Lorna Davies introduces the attendees to Dukes Hotel in St James's

We gathered together influential figures from Mayfair and St James's retail industry for breakfast at Dukes Hotel, to thrash out ideas for our area's future prosperity

BY LORNA DAVIES

ATTENDEES

***LORNA DAVIES:** deputy editor, Mayfair Times*
***DEBRAH DHUGGA:** managing director, Dukes Collections*
***DUNCAN GILLIARD:** director, central London retail, JLL*
***REBECA GUZMAN:** director, retail central London, CBRE*
***ANTHEA HARRIES:** head of St James's portfolio, The Crown Estate [comments submitted post-event]*
***JOANNA LEA:** retail director, Grosvenor*
***SHAILINA PARTI:** buying and merchandising director, Jigsaw*
***JENN ROTHSCHILD:** general manager, Polo Ralph Lauren*
***ROGER STEPHENSON:** deputy chairman, Lock & Co*
***ROBERT TATEOSSIAN:** managing director, Tateossian*

BUSINESS RATES

Duncan: No one can pretend that business rates haven't gone up; they do have a massive impact on the bottom line for retailers, both existing and new occupational costs. What we have seen is the resilience of the West End, in terms of the existing occupiers. Retailers are adapting to the challenge by saying: "OK, this is my shop, but it's not just driving my physical sales, how does that relate to online, how does that relate to third party, how can I drive people in?" Effectively, real estate needs to work harder.
Rebeca: I agree. The role of the store itself is changing. Business rates are a massive challenge, especially for international occupiers. Hong Kong and Paris don't have business rates. Notwithstanding that when you add occupation costs as a whole, you've got to drive value from that store in other ways.
Debrah: Hospitality and retail are so similar, we've all got that top line cost, then we've got departmental costs going down. We're not just challenged with business rates, you've also got your minimum wage going up, utilities, it's all so competitive, and where you compete yourself with your own online sections. Even luxury hotels are competing with Air BnB – there's something new coming out all the time, to challenge that high street entrance.

ABOVE: Duncan Gilliard, JLL
BELOW: Debrah Dhugga, Dukes Collections

STORE EXPERIENCE

Jenn: I have worked with a lot of retailers in the Regent Street area – Burberry, Apple and Camper – it's so important for brands to be in that area, for their identity and what it represents in the omnichannel. It is hugely important because it's a platform for the online business, but it's also a way for the customer to interact with the brand. I think the challenge for retailers now it to make that retail experience something

ABOVE: Rebeca Guzman, CBRE
BELOW: Robert Tateossian, Tateossian

that has intrigue. Gone are the days where you go in, buy a product and leave. It's more than that now, which is why having cafés such as Burberry's Thomas's, Ralph's Coffee & Bar, all of these things add to that brand experience. This is the key reason why people would pay the business rates to be in Mayfair.
Shailina: It's the connection to the brand. It's interesting because we have a café in Duke Street, and there are so many people who come in for a cup of coffee, and walk out with a bag of clothes. They think: "Oh, I would never have shopped here, but that's nice." But actually I don't think that's the reason why cafés have increased. The reason is you need to use your space more effectively, and also it's the experience. They come in, and once they feel an affiliation with the brand, the digital side starts to grow; we have seen huge growth there.

INDEPENDENTS VS BIG BRANDS

Robert: I take your point about experience and linking it with online, but I think in business, you have to look at the bottom line, and your store has to make financial sense. I am a strong believer in a business standing on its own two feet without a constant injection of cash, without these public sources of income, and I think what is happening increasingly is the retail model is no longer as viable as it used to be. I think online should work because it stands as an independent business. I agree you want to be on Conduit Street or Bond Street because it has great visibility on a global basis, but what's happening is some of the brands owned by these big companies, private equity firms, they're coming in and saying: "We don't care if you lose £1 million or £2 million, because we want to be on Bond Street." What it's doing is it's absolutely killing all the small, independent companies who don't have an unlimited amount of cash to support their businesses, which is very, very sad because everything is going to be the same. You're going to have this globalisation, and you're going to lose all the independent retailers.
Joanna: From a Grosvenor perspective, about 60 per cent of our retailers are independent, which is lovely because it allows us to support those kind of retailers. It is not without its challenges sometimes. We, and I would argue that a lot of landowners in the area, are able to take a long-term view. We have an opportunity to create a symbiotic relationship between the larger brands and the independents, and if we can bring those two together, then the bigger brands almost act as the anchor. It's trying to get that balance right in terms of financial sustainability. In New York, walking down Bleecker Street, which X number of years ago was booming and now it's not, it's that cyclical thing that hopefully we can manage.
Lorna: Equally I think the larger stores need the smaller boutiques. You need restaurants, hotels, galleries, you need everything to create a place that's different within London and the world, otherwise it will be the same as any other city.

ABOVE: Shailina Parti, Jigsaw
BELOW: Jenn Rothschild, Polo Ralph Lauren

Debrah: Dukes is independently owned, and we're one of the very few in London now; everything is being bought up by these bigger brands or equity companies.
Roger: As an independent, we also own our freehold, which is quite a rare thing in this part of London. I think independent, niche stores give London character. It would be terrible to see them priced out, because we will end up with an identikit West End like anywhere else in the world. We have probably got the opposite side of the coin to you guys [Jigsaw and Ralph Lauren] in that we have a fantastic brand identity, but with our online presence, it is difficult to convey the charm and essence you get in the shop. We launched our new website about 18 months ago; it's going well, but what we're seeing is a disconnect between the online presence and the store. That's something we're looking at: the images, the story to tell, rather than here's a product, please buy it.

MAYFAIR AND ST JAMES'S FOOTFALL

Roger: The other problem we have is that St James's is not quite a destination shopping area. We're a destination shop, but we haven't got that passing trade you have in some areas. I know The Crown Estate is trying to change that. Sometimes people are a bit reticent to come into the store, it hasn't got that accessibility. This is something we're working really hard on, you can come in, we welcome everyone. When people do come in, they love it. But it's the people walking past who have preconceptions.
Debrah: This area in general though, there is now a huge footfall of tourists, they tend to stay away from it. Someone from one of the estates said it goes back to history when tourists didn't come to this area, it was so close to the royal household. The entrance to Clarence House is literally there, you can see Charles and Camilla coming out of it. Yet all of the tourists go to the other side of it down on The Mall.
Anthea: St James's is a truly distinctive part of London. Our vision is to secure the long-term future of the area by enhancing its reputation for high-quality shopping and dining, craftsmanship, heritage and history. We are under way with a £500 million investment programme across our St James's portfolio, which includes Jermyn Street, Regent Street St James's and around half the buildings in the area, that will protect its niche in the West End and preserve its world-class heritage. We want to bring new life and people to the area in a way that is sensitive to its history, supports its distinctive culture and enhances its reputation. We are creating reasons to visit St James's which appeal to a broad range of visitors. Staging events such as London Fashion Week Men's on Jermyn Street; our art exhibitions and summer events in the square of St James's Market; partnering with London Craft Week; and soon the Christmas lights across Jermyn Street and Regent Street St James's. As well as updating the experiences on offer in the area, we are also enhancing our digital

presence to ensure we're engaging with consumers where and how they want to engage with us.

Joanna: Certainly within Belgravia and Mayfair, we conduct shop surveys, which give you a snapshot to see who is passing through our streets. In Mayfair we are trying to pull people from Selfridges through Duke Street, South Molton Street, the plans that we've got in Grosvenor Square to create a hub there. Creating a connection between the north and south, and pulling shopping from east right across to west. We can't forget that whilst we are very fortunate in the dominance of ownership that we have, we are part of a much larger West End, and creating those links is what we're thinking carefully about. With Crossrail coming hopefully next year, the impact that is going to have, actually pulling those people through, we need to work together to create those areas.

POST BREXIT

Lorna: Jo, are you still getting the larger, international retailers wanting to come into the area?

Joanna: Yes, very much so. I would say, adding on to Duncan's point earlier, we are very much looking at occupation cost. We need to be and are being quite flexible, about finding stores, cutting and carving, we are having to be much more proactive. From a retailer's perspective, slightly smaller stores means they are able to refresh and evolve more easily because there's less capital expenditure rather than huge lumps. The buildings lend themselves to smaller stores. We are definitely seeing those international requirements, but the way we respond and deliver those is changing.

Lorna: Has that changed at all since Brexit?

Joanna: I wouldn't say it has been impacted by Brexit, it hasn't had a negative effect, to date. It hasn't happened yet of course. We have certainly seen, especially on Mount Street, a real uplift in footfall and sales because of the weak pound, so that has had a huge impact, particularly in the luxury world. We're

ABOVE: Joanna Lea, Grosvenor
BELOW: Roger Stephenson, Lock & Co

thinking about alternative uses like gyms, food and beverage, thinking about culture like art installations during Frieze Week and PAD. We're being more open minded; the area is no longer just about shopping.

Shalini: There needs to be a sense of exclusivity and a sense of specialness. The fact they're coming to this area to find something a little bit exclusive is great, and I don't think we should lose that.

Duncan: I think London's resilience is something that has secured its position on the global stage. There has been a feel-good factor in London post Olympics, post Royal wedding, despite what's happened in the past few years, and now we're faced with these new challenges. London needs to adapt and move with that and keep its resilience.