

FASHION VICTIMS

High Fashion to High Street - the UK's leading brands use London Fashion Week as a launch pad to fight shrink

London Fashion Week is traditionally a time for net gains and networking, air kissing and air brushing models and collections that preen and purr along the Capital's cat walks. It is also the optimum shop window for high couture auditioning for its imminent High Street debut as the multiple fashion houses engage in cat walk cat fights in a bid to be first to get their paws on the new designs for their stores.

However, behind the scenes and away from the flashbulbs this February there were the beginnings of a quiet revolution as something was about to change that was more business makeover than costume drama. A 'truce' had been called between a number of the UK's leading brands who had decided that by uniting and collaborating to fight the growing problem of 'shrinkage' would give them greater, collective competitive advantage by unstitching the petty and organised criminals networks that prop up this black to grey economies.

The term 'shrinkage' strikes fear throughout the rag trade, but does not in this instance refer to the result of washing delicate fashion garments on too high a temperature. This is a different kind of repetitive cycle - that of loss through customer and staff theft and the growing problem of grey market sales over the Internet.

The 'Fashion Forum' brought together some of the High Street's ultimate rivals to share best practice in the fight against the increasingly sophisticated criminals who collectively stole £1.5 billion worth of stock in the UK last year alone.

Chaired by the head of loss prevention at New Look Stuart Green, his opposite numbers from Next, Monsoon, Jaeger, Marks and Spencer, Mothercare and River Island gathered along with profit protection experts ORIS Group in the first of what is likely to become a lobbying force to take issues on fashion theft and best practice to the BRC and the Home Office.

Green recognised that although they are competitors they are all joined by the common thread - that of being 'fashion victims' when it comes to shrink.

This was the driving force behind these leading clothing brands putting their differences to one side to share knowledge at this, the first fashion 'shrink summit.'

According to the respected European Retail Theft Barometer, fashion items are high on the wish list of thieves and organised gangs in the UK which, as a nation, tops the list of countries in terms of shrink levels.

It was fitting that New Look took such a high profile role in bringing the Forum together with ORIS Group because shrink forms such a fundamental part of the business's ambitious growth targets, figures driven from the top down through the business.

Under the stewardship of CEO Phil Wrigley, the company that now employs more than 13,000 staff and with sales of £0.8 bn last year, is going for growth with the highly choreographed opening of almost 40 new stores in the UK in 2006 as well as continued expansion in Europe.

But Wrigley recognised that as part of New Look's growth, he must arrest shrinkage – the loss that clips the wings of even the most high-flying of retailers.

"Shrinkage is the only free money left on the table," says Wrigley whose evangelism about controlling the problem led to the appointment of loss prevention experts The ORIS Group, the team that helped New Look co-ordinate the Fashion Forum.

New look has ambitious targets to cut shrinkage by 50 per cent over the next four years which Wrigley says will represent £7.5 million in EBIT (Earnings Before Interest and Tax).

"Our job is to deliver value and choice to our customers to grow value for our shareholders, to do otherwise would be negligent. We are in this for the long term because it's not just finance and audit that benefit from improved shrinkage, but all of New Look's stakeholders," adds Wrigley.

According to Stuart Green, the Fashion Forum is the next stage of spreading the mantra that 'Growth is the new Shrink' beyond the 500 + stores, but for the business as a whole, as the 13,000 staff have been effectively anointed as 'agents of change management.'

The Fashion Forum which staged its inaugural meeting at New Look's flagship store in London's Oxford Street, discussed a wide range of issues including staff recruitment and retention, data mining, CCTV, till thefts, tagging, loss measurement and 'cabbage' stock - the growing problem of branded items that find their way, either legally or illegally, onto market stalls, car boots or E-Bay. This is not an illegal practice in itself, as it is the legitimate disposal of excess stock from the manufacturer when no longer required by the retailer.

However, it does become an issue when the retailer's express request to remove branded labels before disposal via market stalls or the Internet is not adhered to. In these cases, involving up to hundreds of thousands of garments, unscrupulous operators can use the opportunity to return items to stores without receipts and exploit generous retail refund policies.

"This is creating real problems that have a negative impact upon brands and profits," Green told the meeting.

"It is a very positive first step to see so many leading brands coming together to share knowledge, tips and best practice. We have the opportunity to make a real impact and could become a bigger voice, he added.

In terms of lobbying capability, the Fashion Forum could deliver a lot of forthright opinion to strengthen the arm of the BRC in its discussions with the Home Office. Town Centre Partnerships are one example that Laurence King, another member of the forum, believes that the BRC's policies could be further developed.

Outside of the Forum King said: "The British Retail Consortium's town centre initiative is a good example of retailers teaming together and using banning orders in conjunction with CCTV and close collaboration at the entry to towns such as bus and train stations. It sends the message to those intent on causing trouble that they are simply not welcome," says King, the Managing Director of The ORIS Group.

He argues that although this may displace criminal gangs to neighbouring towns or counties, Home Office plans to reduce police areas and concentrate on fewer 'super forces' would mean greater intelligence sharing and criminals having less opportunity to slip under the radar. The time is now ripe for working with the Home Office and within the Data Protection legislation to extend this thinking to internal theft, he says.

"Staff theft is on the increase and the current situation means that if someone is caught and sacked they can simply move to another store. Many retailers don't prosecute because of the hassle factor and the perception that the police don't put business crime high enough up the agenda."

He continues by saying that retailers also don't, or believe they can't, share HR information on rogue staff with other retailers, so the cycle, rather than being broken, continues.

"The technology exists to allow case management of internal fraud to be tracked over weeks and months, so we need to look closely at the Data Protection Act to see what we can share

with our colleagues and the police. That way we are providing the missing jigsaw piece that could help drive shrinkage out of the High Street.

“We need to collaborate with the police and the Home Office on this as it could send a clear message to would-be thieves that retail crime is not a soft touch and does not pay.”

The Fashion Forum is scheduled to meet again in September and has already stimulated interest from other fashion retailers who want to be involved, including value provider Peacocks.

All of the Forum would agree that a trend has now been established and that it is no longer fashionable to be so competitive as to believe that any one single fashion retailer has the answer to the age old problem of solving shrink. It is the high street's highest priority and a collective issue that requires collective action in order to launch the industry from rag trade to riches in terms of profit protection.

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