

## 'Next tries to move ahead of the ecommerce curve'

**Dan Coen**, director of corporate advisory firm Zolfo Cooper



The Next board has clearly been paying close attention to the recent market valuations in the ecommerce sector – and perhaps even this very column. Just last week, I was looking at the eye-watering Boohoo.com valuation, which came in at £560m. At the time, I suggested that one way for bricks-and-mortar retailers to capitalise on this huge investor appetite for eetail would be to spin off their online platforms to remove the burden of legacy structures and appeal to the current market – and this is more or less what Next has announced this week.

Label, a standalone website that will sell brands from the Next Directory, such as Warehouse, Oasis and Superdry, is aiming to be “a one-stop shop for fashion and sportswear brands”. Although it is unclear whether this website will eventually be fully spun-off into an externally owned business, it is a strong signal that Next knows where the market is heading and is still leading the high street pack.

This latest move gives Next the chance to attract a different type of customer – younger, tech-savvy, fast-fashion consumers – and open a new revenue stream, all while leveraging its existing infrastructure. This is where established high street retailers could potentially have the upper hand in the battle against ecommerce companies, since making use of existing resources can drive greater economies of scale and efficiency through the business.

Label’s launch will also be music to the ears of its brands. Next is already one of the most visited fashion websites in the UK, and these popular names are set to benefit from an extra distribution point with the added power of Next’s customer database and service model.

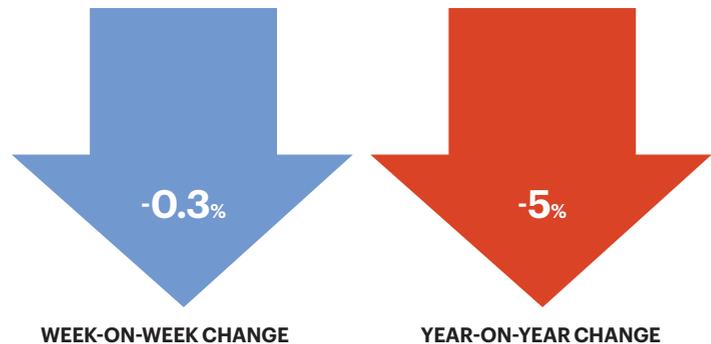
Next has long held the title as one of the high street’s greatest innovators. Chief executive Lord Wolfson and his father have built the business on simple but rock-solid foundations, anchored to the core business principles of understanding what customers want and how to sell to them. The Next model is focused on customer service, flexibility in the way products are delivered and a clean, crisp pricing strategy. Fundamentally, this is also a company that is constantly looking outwards, adapting to new developments and steering the business to match the direction of the retail market.

Next understands that every brand has a limit; it will always speak to a certain audience and be associated with a particular type of product. Label is just the latest example of Next looking at its own brand and understanding how to grow the business beyond these limitations. It will certainly be worth keeping a close eye on Label. If the new ecommerce platform is a success, it could turn into a real cash cow for Next. Selling this eetail arm – or listing it at a potential Boohoo-level valuation – would give Next a big cash injection and help the retailer to continue innovating well into the future.

### WEEKLY FOOTFALL RETAIL INDEX

National UK footfall figures

Week 10 – March 3 to March 9, 2014



The year-on-year decline is likely due to Mother’s Day falling on this week last year. The year-to-date trend is currently reporting a decline of 0.2%, the first time this year the trend has fallen into the negative. However, this is still a significant improvement on 2013, when the year-to-date trend was reporting at -3.7% for the same week. Ten out of 11 regions are showing a decline in year-on-year footfall, with London the only region reporting growth, of 1.6%. Four regions are showing week-on-week improvements, with the Northeast reporting the highest at 5.9%.

### HIGH STREET SALES TRACKER

Like-for-like sales figures across the high street

Week ending March 9, 2014



Fashion continues to struggle, with a number of retailers failing to capitalise on the launch of their spring lines and the good weather. Margins for the most part are looking stronger, with promotional activity still muted comparatively to 2013. For more information email BDO’s Don Williams at don.williams@bdo.co.uk

## Drapers

Drapers is based at Telephone House, 69-77 Paul Street, London EC2A 4NQ Tel: 020 3033 2600 Email: drapers@emap.com. All Drapers emails follow the style of firstname.surname@emap.com. All Drapers telephone numbers begin with 020 3033 followed by the extension number shown here.

**EDITORIAL** Editorial Director **Eric Musgrave, 2759** Deputy Editor **Ana Santi, 2760** News Editor **Catherine Neilan, 2771** Senior News Reporter **Victoria Gallagher, 2767** Reporter **Jill Geoghegan, 2861** Features Editor **James Knowles, 2761** Associate Fashion Editor **Graeme Moran, 2768** Fashion Writer **Emily Norval, 2914** Online Editor **Keely Stocker, 2762** Group Art Director **Alison Fisher, 2764** Group Production Editor **Steve Draper, 2765** Senior Sub-Editor **Alice Hall, 4268** Editorial Administrator **Nadine McKen, 2770** Contributors **Kate Harkus, Niall Hunt**  
**COMMERCIAL** Group Commercial Director **James MacLeod, 2939** Advertising Manager **Julia Jones-Collins, 2952** Senior Account Manager **Rebecca Soni, 2958** Account Managers **Naomi Clark, 020 7391 4547, Elizabeth Harris, 2994, Natalie Hill, 4305** Head of Client Solutions & Events **Victoria Hart, 2961** Event Manager **Katie Marcel, 2962** Event Executive **Rosie Birchenough, 2964** Classified Sales Executive **Dawn O’Brien, 2959** Sales Administrator **Lizzie Fuller, 2696** Production Manager **Jo Lambert, 2677** Recruitment Advertising Account Director **Peter Bruce-Smythe, 2985** Recruitment Sales Executives **Freya Lucas, 2669, Rebecca Tonkinson, 2991** Senior Campaign Marketing Executive **Kam Sohi, 2870** Head of Brand **Hayley Ward, 4276**  
 Production Controller **David Ly, 2687** **PUBLISHING** Managing Director, Architecture, Fashion & Building Services **Richard Breen, 2683** Chief Executive of EMAP **Natasha Christie-Miller, 2691** PA to Chief Executive of EMAP **Claire Sabel, 2692** Subscriptions UK £249, UK independent retailers £195. Europe (by airmail) £342, worldwide airmail £356. EMAP Publishing Ltd. For UK subscription queries please call 0844 848 8858. For all other subscription queries please call 01604 828705. Newstrade Distribution Seymour Distribution Ltd. Tel: 020 7396 8095. Origination by F1 Colour, Copperfield St, London SE1. Printed and bound by Headley Brothers, Ashford, Kent, TN24 8HH. ISSN Number: 1479-1617. Drapers is published by EMAP, part of Top Right Group Ltd. © EMAP 2014

