

## Business



Scott Malkin, below, says that Bicester Village delivers aspirational consumers to the designers' boutiques

## Bicester's field of dreams for savvy shoppers

**T**he Duchess of Cambridge, Victoria Beckham and Kate Moss are fans, buying designer goods by Burberry, Coach and Prada at discounts of up to 60 per cent and helping to make Bicester Village Britain's No 1 retail centre (Louise Cooper writes).

Bicester — which opened 20 years ago this weekend — is the original discount village developed by Value Retail, founded and now chaired by Scott Malkin. In 1990 he spotted the

potential of a field near an Oxfordshire village, an hour from London along the newly opened M40 corridor. An American with experience of running luxury outlets in the United States, he had just arrived in Britain with a passion for ice hockey and cowboy boots. His plan was to create a new way for luxury brands to sell excess stock in an expensive environment.

"Every brand has surplus," he said. "How they handle that surplus affects the brand's reputation.

When a brand has a boutique with us, it controls the experience, the way the merchandise is displayed, the staff, the service and the product selection. And we deliver a high-quality consumer, an aspirational consumer, to the boutique. This is better than jobbing the stock to a third party."

The success of that model is clear from Value Retail's

numbers. It has opened eight more villages in continental Europe and two in China that together were valued at

£2.65 billion last year. In every year since it opened for business,

Value Retail has grown at double-digit rates, even during the financial crisis. It expects to achieve sales of £3,000 per square foot this



year — up to ten times higher than a typical British shopping centre and comparable with some of the most famous shopping streets in the world.

Visiting Bicester has become a day out. More than six million people visited last year, of whom nearly two thirds were from overseas. The Chinese are especially big fans, spending between £1,000 and £1,500 each (and some substantially more). Three out of four Chinese tourists to Britain are said to visit Bicester.

Mr Malkin calls it a "touristic experience, a chance to exhale" that requires high attention to detail. The colours of the flowers in the raised beds outside the shops match the colours used in the marketing campaigns. The lavatories have won awards.

The commercial relationship between the brands and Value Retail is key: "The first thing is that our interests are aligned. We are not a landlord taking rent; we are a partner sharing a percentage of sales, like a royalty." In this transparent model, each brand's daily sales may be compared with the rest of the village. Value Retail staff may then work with a brand to improve its sales performance.

The brands know not to just fill their shops with any old excess stock. They put in only high-quality excess that will sell well and is the antithesis of "pile 'em high and sell 'em cheap" philosophy.

Mr Malkin has a strong vision of his customer: "The woman that we serve is between 30 and 50 years old, highly informed, with an intellectual approach to shopping. She is brand-loyal but not fashion-forward, she doesn't worry about only wearing this moment's look."

And the man himself? "I am a real estate guy who loves retail and has been able to make myself tolerable to my fashion colleagues. But I neither dress nor embrace fashion with the wholehearted commitment of my colleagues. But at least I don't embarrass myself." The cowboy boots gave him away.

## VALUE RETAIL®