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## BUSINESS

# UNLIKELY SPOT FOR DESIGNER HOLIDAYS

A once sleepy Oxfordshire town has become the place for the globe's brand-loving shoppers.

Graham Ruddick looks at what's next for Bicester



THERE ARE few towns that are better known around the world as a shopping destination than a place to live, and Bicester is probably the most extraordinary.

The Oxfordshire town has a population of just 30,000, but it attracts more than 6m visitors a year from all over the world. It is estimated that three out of every four Chinese visitors to Britain travel to Bicester.

This is all because of Bicester Village, the designer shopping outlet that opened 20 years ago this week.

The statistics are remarkable. Like-for-like sales there have grown by double digits every year since it opened, more than half of the visitors are from overseas, and last year 9,800 Chinese tour buses made the trip there from London.

The average visitor stays at Bicester Village for three hours and spends more than £500. As a result, the centre generates sales of more than £2,500 per sq ft per year, which is thought to be a world-leading figure.

The flow of Chinese tourists from London to Bicester is so large that Mandarin signs have been installed at Marylebone station. The influx of spending has led to the Government's identifying the town as a hub for future economic growth – it is one of a new wave of garden cities where thousands of new homes will be built.

Bicester is living proof that no matter what divides the world, shoppers will always be united by the love of a discount.

Visitors flock there from around the world for the sharp discounts on luxury names, at the 130 stores housing premium brands such as Burberry, Hugo Boss and Dior.

The luxury brands sell end-of-season products and surplus stock at discounts of up to 60pc. If you imagine Bond Street in London holding non-stop Boxing Day sales, you can get a picture of Bicester Village.

The man who created this global shopping phenomenon is Scott Malkin, an American who heads the retail company Value Retail, which now operates nine "Bicesters" across Europe. It has even started opening outlet villages in China, an attempt to tap into the country's seemingly insatiable demand for discounted luxury goods.

Malkin believes Bicester has become a hit with Chinese tourist because of the country's tradition of gifting and through simple word of mouth. Thanks to social media, news of the discounts on offer at Bicester has spread throughout China.

"I think it is absolutely true that in China, word of mouth is the most powerful driver of behaviour. Anything official is distrusted," Malkin says.

"We have strong visitation [visitor numbers] from Chinese tourists across Europe. We are designed to be a touristic experience."

However, Malkin insists that the growth of Bicester didn't happen overnight.

The origins of the outlet village began in Los Angeles. Malkin opened a luxury outlet complex on Rodeo Drive in Beverly

Hills, which proved hugely successful. After selling it off for a significant profit, he explored opening similar centres around the world. Malkin fixed his eyes on the UK, and eventually plumped for Bicester.

"I think we had a vision of prime locations, as we did with Rodeo Drive in Beverly Hills," he explains. "We wouldn't have believed at that time that people would travel across the country, let alone the world, to shop at Bicester, but that is what has happened."

"We started with saying 'what is the most important city?', which was London, 'the most important side of the city?', which was the Heathrow side, and 'what is the most accessible side of the city for tourism?', which it turns out is the northwest, with Oxford, Warwick, Stratford and the Cotswolds.

"These were simplistic themes, but they led us to locking in on the Bicester location. This was not obvious by the standards of other countries. It is two miles down a slip road, it is not down an A road, and it is not on the motorway junction.

"Bicester itself was not a particularly known town. A lot of people in the UK did not, for example, pronounce Bicester correctly [to rhyme with sister], they did not know where it was. It was a garrison town, a barracks town, and was not in any sense predicted to be a base for housing expansion, let alone a garden city and all these things that they talk about today.

"Yet by the standards of the UK, Bicester did seem logical.

"One of the things that was lovely was that there was a degree of openness from the town fathers to things that might create employment and contribute to the community. That was in hindsight good fortune: one does not find that consistently."

Given the traffic that Bicester Village has brought to the area – which last week prompted local headlines about "carmageddon by 2019" – some of the locals may rethink their support today. However, the transport links are improving, with a new train service due to link Bicester Village directly to Oxford and Marylebone stations.

Malkin plans to add 20 new shops next year. The expansion is possible only because Tesco is planning to move its nearby supermarket to a larger location, a result of the economic boom in the area sparked by the shopping outlet.

Despite Bicester's success – or perhaps because of it – Malkin has ruled out opening further sites in the UK. He wants Chinese shoppers to know that Bicester is the only place to visit.

"We need clarity that we are in the destination business, we need clarity in the minds of the traveller," he explains. "We do not have a plan to replicate Bicester. It is a unique point on the map."

With Malkin – who serves as the chairman of Value Retail – playing down the prospect of new Bicesters in the UK, there is inevitably a queue of brands trying to get into the centre. This



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*“We’re not in the outlet business, we’re in luxury travel”*



suits him, because the structure of Bicester means he can chop and change brands. Rather than acting as a traditional landlord and charging rent to retailers, Value Retail effectively licenses out space and takes a cut of the sales that the brands generate.

This model, Malkin says, makes Bicester like a luxury department store without walls.

It is also key to the success of the place, because it encourages Value Retail and the brands to work together to improve the quality of the shop and generate as many sales as possible.

"It is very much the department store model, the Harrods model, the Selfridges model – licensing space rather than renting space."

"The word 'landlord' is a terrible word and hopefully in our company we never use it. The

brands are partners, and we exist to serve the brands."

One of things some of the brands have struggled to comprehend is Malkin's belief that the key to Bicester Village is attracting travelling luxury customers rather than simply offering discounts.

"Angela Ahrendts at Burberry described them as the 'travelling luxury consumer,'" Malkin says. "We are not in the outlet business, we are in consumer travel."

When a luxury brand comes to Britain for the first time, Malkin claims, they will typically look to open two London boutiques, a concession in luxury department store and a store at Bicester to take tourists' spending. That Bicester offers brands the chance to sell surplus stock is a "secondary concern", he adds.

Last year nearly 10,000 buses of Chinese tourists drove to the outlet village in search of upmarket goods. The range of shops and travel links are expanding, with a new rail service to Oxford and Marylebone planned

It is also why Malkin is very interested in how easily travellers can get into Britain, and Bicester has paid close attention to debates about airport capacity and Chinese visas.

So could the UK do better at attracting tourists?

"I think the UK experience is uneven," he says. "There are a lot of voices. But there is not a joined-up infrastructure and approach in the way that existed in order to deliver the Olympics."

"That would be a worthwhile challenge. There are groups that embrace the idea and try to contribute, but if you think about Singapore and Dubai as hubs – and London is absolutely a hub city – you have much more centralised authority and committed focus for making those hubs successful."

"Here it is very fragmented..."

The reality is that it doesn't really matter how demanding you make the visa application process for visitors to the UK if you do it in a state-of-the-art way with outstanding service and outstanding experience."

However, with many of these issues out of Malkin's hands, he is focusing his efforts elsewhere. The Bicester boss believes the rise of online shopping and developments in smartphone technology open new opportunities for the village.

He wants to "substantially improve" the shopping experience at Bicester and extend VIP services such as hands-free shopping and valet parking.

"It is still shockingly primitive [compared] to what will be taken as the norm three to five years from now," he says. "That is how fast the world moves today."

## VALUE RETAIL