

M&S sheds stores and jobs to cut costs

The British high street stalwart is feeling the pinch of recession in the UK. After reporting a sharp fall in quarterly sales, Britain's biggest clothing retailer announced a massive cost-cutting plan that includes reducing the group's workforce by 1.6%.



Marks&Spencer averted a profit warning on Wednesday but lined out a plan to slash expenses by up to £ 200m (€ 220m) after reporting a 7.1% drop in like-for-like sales in the UK for the 13 weeks to 27 December. Sales at the clothing-dominated general merchandise unit were down 8.9%.

But market share in clothing was maintained, M&S chief Stuart Rose, left, said. The drop came despite the biggest pre-Christmas discounting campaign in years. Discounts bit into margins, which Rose expects to drop 1.7% in the year ending March 2009.

1,230 jobs will go as part of the group's cost-cutting plan. 780 positions will go at 25 food stores and two main M&S stores scheduled to close in the near future. Another 450 people will lose their jobs in the group's head offices. M&S currently employs some 75,000 people worldwide. "Given that we expect challenging economic conditions to continue for at least the next 12 months we believe we are taking the right action to maintain the strength of our business," Rose said. While business was poor in M&S's home market, international sales rose 26.9%, mainly on new openings. The group has more than 600 stores in the UK and 286 franchise stores abroad.



The majority of the 27 stores M&S plans to close will be Simply Food stores. Like-for-like food sales fell 5.2% in the third quarter to 27 December.

Lights go out at Woolies

One of the most prominent names of British retail has disappeared from the high street.

Woolworths closed its remaining 200 stores on Tuesday. The insolvent retailer's administrators Deloitte had planned to shut down a day earlier, but decided to stay open a day longer to get rid of remaining stock. Woolworths, which would have turned 100 this year, had started going-out-of-business sale in mid-December. 200 stores ceased trading at the end of the month.

Deloitte was forced to shutter the business after failing to find a buyer for the then 815 Woolworths stores.



Woolies was the name given to the group by many who grew up with it. The chain, which opened the first store in Liverpool in 1909, is the most high-profile British high street casualty of the recession. Woolworths has been hurt by increased competition from clothing discounters and supermarkets over the past years. Mounting losses and debt pushed Wool-

worths to the brink of insolvency. As credit insurers withdrew coverage for suppliers, the group was forced to call in the receivers in late November.

The Woolworths name vanished as lights at stores were turned off for the last time on Tuesday.

Wal-Mart settles on international boss

The world's biggest retailer has found a replacement for ex-Wal-Mart International CEO Mike Duke. From 1 February, **Doug McMillon**, right, currently head of Wal-Mart's Sam's Club chain, will be in charge of the group's roughly 3,300 stores abroad. Duke relinquished the role to become CEO of the entire group, also on 1 February. Wal-Mart has annual international sales of \$ 80.6bn (€ 60bn).



weekly

Lanvin's CEO quits over differences



The French fashion house has severed ties with **Paul Deneve**, left, who is said to have left due to differing opinions about the future of the business. Deneve joined Lanvin as deputy general manager from Nina Ricci in 2006 and later took over from CEO and owner Shaw-Lan Wang. Lanvin, which reached sales of € 150m in 2007, has no successor yet.

Daks loses menswear designer

Bruce Montgomery, below, is leaving British clothing maker Daks to pursue other interests. Montgomery has been in charge of the design of the Daks Menswear London line and the menswear luxury collections since 1996. Daks has not settled on a replacement for Montgomery yet. Daks is exported to 30 countries and sold at more than 2,000 stores.



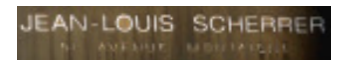
Paco Rabanne in fashion comeback

As part of a plan to re-enter the fashion business, Paco Rabanne has named **Vincent Thilloy**, below, as head of the French brand. The 44-year old has been in charge of the perfume business since 2001. He will now relaunch licences for clothing and accessories, which were axed two years ago. Paco Rabanne is part of Spanish perfumes group Puig.



Jean-Louis Scherrer reaches end of road

The closure of the **Jean-Louis Scherrer** flagship in Paris marks the end of the French fashion house. The store was the last of three bought by Alain Duménil in 2002. The property specialist had already axed Scherrer's haute couture business in 2007. The womenswear line will also be discontinued. Only licences remain of the brand launched in 1962.



The new rich

London braves crisis with pomp and party

First it was clean and sophisticated, then rock and roll and worn. Now watch out for a complete counter movement. The new rich are around in London's clubs. They are selfconfident and decadent. They show off rich and shiny materials like silk, chiffon and lace. Men prefer suits, bowties and glasses. And like to top the look with a trimmed, tidy and extravagant beard. His female companion may be wearing a leopard-print dress with a fur stola around her shoulders and a pearl necklace around her neck. Decoration is a must: feathers, sequines or club emblems, or all three together. Always with a pinch of salt and young interpretation, London's youth is partying as if there's no tomorrow. If the end of the world is high then at least greet it well-dressed.



The new rich party in London's clubs. Photos: Monika Andexlinger.

In depth

Adios **Barcelona**, hallo Berlin? Could young fashion event Bread&Butter be heading back to the German capital? **Karl-Heinz Müller**, brainchild of **Bread&Butter**, will launch a small offshow event in Berlin during Berlin Fashion Week, which will run from 28 January to 1 February. The offshow will take place in Müller's fashion store **140z**. in Neue Schönhauser Straße in **Berlin's** Mitte district. Brands like Atelier LaDurance, Denham, Gilded Age, Johnson Motors, Nigel Cabourn and Spiewak will present their autumn collections there. Observers believe the move could signal Müller's plan to return Bread&Butter to Berlin, where it once started. Müller would not deny repeated **speculation** about moving back to the German

capital. "There is interest. I'm German, I'm from Berlin, I live here. Of course I would like to stage Bread&Butter here," Müller says. But fin-



According to Bread&Butter chief Karl-Heinz Müller, Berlin is the only German city fit for a major international fashion event like Bread&Butter.

ding an adequate **location** was a problem, he adds. Müller excludes returning to the Kabelwerk in Spandau because it has lost its appeal. **Tempelhof** could be an option. "We have been discussing that for two years. But that is a huge **political issue** in Berlin. And the restructuring would cost millions," Müller explains. And there is no need to hurry. According to Müller, the crisis has not affected Bread&Butter Barcelona and **exhibitor demand**. "It will be big. And the location remains one that should not be underestimated," Müller says while making clear that he will continue to talk to the representatives of the fashion business. What they wanted is clear, Müller says: a **big international exhibition**, possibly in Berlin.