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Ashley scoops House of Fraser

Greig Cameron
Scottish Business Editor

The jobs of hundreds of Scottish workers at House of Fraser appear to have been secured after Mike Ashley's Sports Direct bought the ailing department store operator for £90 million.

However, retail experts have warned that the chain still needs major surgery if it is to survive in the long-term.

House of Fraser can trace its roots to 1849 when Hugh Fraser and James Arthur started with a single drapery shop in Glasgow. It was known as Fraser & Sons by 1891 and the House of Fraser name was adopted in 1941.

The company was listed on the London Stock Exchange in 1948 and was taken off the public markets in 2006 by a consortium of investors.

Its future has been the subject of much speculation in recent months.

The chain had been owned by Nanjing Cenbest, a group controlled by the Chinese billionaire Yuan Yafei,

since it paid £155 million for it four years ago.

Administrators from Ernst and Young were appointed early yesterday because House of Fraser had been unable to find the new funding it needed to keep going. Just before 10am Sports Direct told the London Stock Exchange it had purchased all the stores, brands and stock of the business.

Murdo Fraser, the shadow finance secretary, called on Sports Direct to retain as many jobs as possible. He said: "Given the reputation and history of Sports Direct it is also important that employees are given some reassurances regarding their conditions and their security.

"This is just another indication that our retailers are struggling and the SNP must seriously

engage and support retailers at this time of crisis on our high streets."

In Scotland, House of Fraser has a flagship store in Glasgow, one at the Loch Lomond Shores complex and two in Edinburgh, including the Jenners site. The other is due to close next month. It was one of the 31 stores planned to be shut to reduce its costs.

More than 120 jobs are at risk from that closure, although some people had been expected to transfer over to Jenners, where 450 people are employed.

It is not yet clear if Sports Direct may now try to keep the Edinburgh site but Mr Ashley said yesterday he wanted to "keep as many stores open as possible".

There are hundreds more staff employed across the Glasgow and Loch Lomond sites.

Leigh Sparks, professor of retail at Stir-

ling University, suggested House of Fraser needed to be reinvented if it were to sustain a presence on high streets. He said: "You have to ask what is the target market and who is it for? A lot of the brands and products they have in there you can find elsewhere.

"There is nothing compelling about House of Fraser in many cases and they have lost the point of what the department store is about. Really it is out of touch with the market. It needs to have some point of difference to draw people in and make them want to go there."

Ewan MacDonald-Russell, head of policy at the Scottish Retail Consortium, said: "This is a critical period for the retail industry, caused by a perfect storm of pressures including rising costs and new technology changing how people shop. Both the UK and Scottish government need to recognise what's happening to retail. Urgent action is needed to help struggling stores. Reducing the business rates burden is the obvious place to start."



Mike Ashley
wants to keep
stores open