

BUSINESS RESOURCE ASIA

Face to face: Pedder Group's Peter Harris

ANGELA RUMSEY, WGSN 08.08.07

Hong Kong's Pedder Group, distributor of high-end footwear and accessories, has bold plans to expand its own retail brands and develop franchise partnerships with the likes of Jimmy Choo and Christian Louboutin. President Peter Harris talks to WGSN.



Pedder Group president
Peter Harris

Hong Kong-based Pedder Group has set itself an ambitious goal within the Asian and Australasian retail markets: the company says it wants to become the only worthy distribution partner for international high-end footwear and accessories brands with an eye on expansion in the region.

To achieve this, the group, will expand with sister company Lane Crawford (for which it operates the footwear and accessories categories) as it opens new outlets in China, and will also further its own multibrand retail concept On Pedder, rolling out freestanding stores for individual brands on a franchise basis.

These activities, along with the development of its lower-priced retail concept Pedder Red, should, says Pedder Group president Peter Harris, **grow the business to around HK\$1bn** by the end of the year - from a base of around HK\$250m five years ago.

Franchise partnerships



Stuart Weitzman



Christian Louboutin at On
Pedder

The move into franchise is a new venture for the group. "It's a means to own the territory by working and extending our existing relationships with the brands, all of whom we've worked with in our multibrand stores," explains Harris.

Each of the franchise brands has been matured by the group through department store Lane Crawford and taken through high-end retail brand On Pedder. "The third step is to **take those mature relationships into freestanding positions**, through which we're guaranteeing regional growth and also three types of distribution."

So far, the group has opened single-brand franchise stores with five partners across the region, with a definite focus on China: **Stuart Weitzman** entered Singapore first, followed by Beijing earlier this year; Anya Hindmarch has opened in Beijing, with another store slated for Jakarta in autumn/winter 2007 and Shanghai in spring/summer

Fact file

- The foundations for the Pedder Group were first laid in the mid-1990s when a division was formed at department store Lane Crawford to operate the footwear and accessories categories.
- In 1996, it introduced its first own-retail brand - On Pedder - with the street-front, freestanding store opening its doors on Pedder Street in Hong Kong's Central district. On Pedder currently operates nine stores, with two more planned for this year.
- In 2002, the Pedder Group was officially launched.
- Its own-brand retail concept Pedder Red was launched in 2003. Pedder Red has nine stores with a flagship opening in Hong Kong later this year.
- The Pedder Group sits alongside sister companies Lane Crawford, Joyce, ImagineX and Walton Brown as part of the Lane Crawford Joyce Group.

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2008; **Giuseppe Zanotti** is up and running in Beijing; **Jimmy Choo** will open in Shanghai in September to be followed by Beijing in spring/summer 2008; and **Christian Louboutin** will launch in Hong Kong in autumn/winter 2007.

Finding space in the Chinese market has been difficult, says Harris, and **one of the main issues is controlling adjacencies**. As the Pedder Group is expanding On Pedder at the same time as introducing the franchise brands, it has been able to negotiate adjacencies with developers. In Beijing, for example, the Group has taken six units to include On Pedder and the franchise stores nearby.

Setting up shop in China requires commitment and investment, continues Harris. "If you're serious about China then you're spending a lot of money on developing the correct environment."

Cutting corners on store design is, however, not an option. "You definitely have to over-deliver, not just in China. **Hong Kong has become a real reference point** and it's what the customer has grown with over the past 10 years. Developers are interpreting those high quality shop fits in the regional malls."

Among the franchise partners, **both Anya Hindmarch and Stuart Weitzman have chosen Asia to introduce new store concepts**, which will be rolled out to London and New York later. "For pre-Olympics Beijing, we thought we should present the brands in the newest way," says Harris. "Brands feel they can push the boundaries."

Own retail: On Pedder



On Pedder stores

Pedder Group's first retail concept, On Pedder, was spun out of the Lane Crawford business in 1996 with a flagship store on Hong Kong's Pedder Street.

Its **heavily edited selection of merchandise** is very much geared towards the seasonal fashion trend, notes Harris, and Miu Miu, Christian Louboutin, Lanvin and Chloé are among the brands that consistently perform across all locations.

Despite seasonal or geographic trends, the group has found that it is dealing with **the same customer with the same tastes in each of its markets**. "She is someone who wants to be in the fashion world, which automatically gives her a broad age range from early 20s through to mid-50s. The universal thread is that she's living in a world heavily influenced by seasonal offer."

At present, the Group operates nine On Pedder stores in Hong Kong, Taipei, Singapore, Jakarta, Shanghai and Beijing. Another store will open in Bangkok in October before **entry into the Australian market** with a store opening in Sydney in December. A Melbourne store is on the cards for next year.

Within China, On Pedder will expand its presence in Shanghai and Beijing while also looking at more locations in other cities. "The next city we'll probably open in is in **Chengdu** - the offers are there in terms of real estate so we could do this reasonably quickly," says Harris.

Own retail: Pedder Red



Pedder Red

While much of the group's focus is on high-end distribution, its mid-market footwear multiple, Pedder Red, has the potential to be the most profitable, says Harris.

Launched in 2003, Pedder Red was the group's first price point position, best described, says Harris, as offering "**Miu Miu in attitude, Nine West in price**".

"We think there's a customer who is completely neglected in terms of environment and type of product she's offered," he says. The stores offer women's shoes and handbags below HK\$1,000 through four collections a year. The design team is based in Hong Kong with up to 90% of stock manufactured in China.

Pedder Red, which allows the group to capture customers at different price points, currently has 10 stores across Singapore, Hong Kong, Shanghai and the more price-conscious Malaysian market.

In line with other parts of the group, Pedder Red is set for expansion. Next up is a new freestanding flagship store in Wellington Street in Hong Kong. This new store, the first street-front flagship for the brand, will help the group **establish Pedder Red as a rollout vehicle**. "This has a huge capacity for us in China," notes Harris.

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