

RECREATING STRATEGY EXTRA WEB CASE 2: PRINGLE OF SCOTLAND

Pringle of Scotland is a knitwear company with a long and proud history. Established in 1815 in the Scottish Borders and based around the town of Hawick its trademark argyle sweaters and golf-wear became increasingly popular in the middle of the 20th century when it found fans among the early ‘Sweater Girls’ who included sophisticated leading ladies like Jean Simmons, Deborah Kerr and Margot Fonteyn and the dapper Edward, Duke of Windsor. However, the later part of the 20th Century saw a decline in the company’s fortunes. A perceived ‘stale-ness’ of the brand and declining sales saw a company that once employed 4000 people in the region shrink to a quarter of that size. In June 1998, a further 720 jobs were shed with the closure of two factories in Scotland. With just 200 employees left at the Hawick factory, and Nick Faldo seemingly entrenched as *Pringle’s* poster-boy for the past 20 years (a good golfer but hardly a fashion icon any more), many feared that *Pringle* was not cut out for the modern world of business. The company was put up for sale.

Kenneth Fang of SC Fang & Sons, a Hong Kong Knitwear manufacturer, bought *Pringle* in March 2000 and immediately poached a young manager from *Marks & Spencer’s* to head up the company. Kim Winsor was responsible for trebling the turnover of aspects of *M&S’s* clothing business, but she recognized that *Pringle* presented a much tougher challenge.

On a positive note, however, the recent ‘post-modern’ love affair with things retro has seen the successful resurrection of a number of ‘former glories’ like *Pringle*. For example, *Daks* – the label that introduced the first self-supporting waistband for women’s trousers – has adapted its style to changing times. Recently, the label invited fashion students from the Royal College of Art to give it a 21st century makeover: with the proviso that its trademark shades of camel, vicuna and black were kept to the fore. *Burberry* is another label that has enjoyed a renaissance after new managers, new designs and successful diversifications into other product ranges were introduced in 1997. Since then, celebrity devotees have helped regenerate *Burberry’s* image.

But there seem to be just as many failures as success stories. Since fading into obscurity in the 1980s, *Jaeger* has made repeated attempts to update its image by redesigning product lines and ranges. However, these attempts did not win enough new customers and traditional followers felt alienated. Shares in the cash-strapped *Luxury Brands Group*, who own the Hardy Amies brand, have been suspended because of a rumoured take-over bid and shares in *Printemps-Redoute*, the French retailer that is the majority owner of *Gucci*, fell over 50% in the first half of 2002. *Prada*, the fashion house, has had to cancel its float three times for fear of a poor response from the market. The effect of September 11 and wealthy tourists staying away from Europe has been blamed for adding to the struggles of smaller businesses of a similar ilk. *Dawson International*, the cashmere company, issued profit warnings in 2002 at about the same time as *June Chester Barrie*, the Savile Row tailor, had to call in the receivers. Even traditional stalwart *Fortnum & Mason*, the ‘Queen’s grocer’ which was privatised in 2001, is fighting for its life. It has frozen staff pay and been forced to open its door on Sunday’s – something previously unthinkable – in an attempt to revive its fortunes. Managing director Stuart Gates told staff “The Company has to face hard decisions critical to the future of the store”.

Maceira de Rosen, an analyst at JP Morgan, says that the luxury-goods labels that remain intact will be those that have a strong brand that is “balanced geographically, whose sales are spread over regions, like Burberry. It also helps to have good management with experience of tough times and which is capable of flexibility in terms of cost-cutting”.

So, what has Kim Winser overseen in her first two years at *Pringle*? She began by instigating an aggressive trimming of existing product ranges (out went lesser quality lambs-wool jumpers and cotton-underwear, for example). She then sought greater efficiency in the Hawick factory. The potentially infinite number of different *Pringle* jumpers on the market – a function of allowing retailers to order alterations to colours, buttons and sleeve lengths – has been discontinued, with Winser claiming that “we must have one very clear range, one message, which must not be broken. If people don’t like our sleeves or our buttons I suggest that they don’t buy *Pringle*.”

While a strategic decision has been made to retain and invest in the factory in Hawick (at a time when so much manufacturing is being relocated out of the United Kingdom to the Far East, the factory manager was relieved of his duties. A younger man was promoted, from the floor, to take his place. Nick Faldo has been removed as the ‘personification’ of *Pringle*’s (although he has been retained to promote golf wear in certain markets). David Beckham has been identified as an appropriate update of Faldo, and American anglophiles such as Madonna and Julia Roberts reinforce his British presence. The aim of these changes is to re-focus the company identity around an “old-world take on modern elegance”.

Pringle’s London headquarters has been moved from Savile Row, which Winser saw as too fusty and not fashion-oriented enough any more, to a 1960s warehouse described as “retro-chic”. A new emphasis on retailing has been signalled with *Pringle* ‘signature stores’ being developed in Milan, New York, Tokyo and London. The latter will take the place of *Emporio Armani*’s flagship store in Bond Street. Bill Christie, who played a significant part in the successful regeneration of *Burberry*, has been employed as the new head of retail. Mr Christie is promising VIP customers complementary single malt Scotch whisky in the “libraries” within these stores where the men’s range will be displayed.

Perhaps more importantly, while the previous *Pringle* design team were retained, new blood was also injected. The first collections under Winser’s reign showed a heavy emphasis on updating the signature argyle knits and promoting the traditional *Pringle* Lion logo in interesting new ways. The new head designer drafted in to breathe further life into *Pringle*’s venerable history is Stuart Stockdale, a 33 year-old with diverse credentials. Stockdale graduated from Central Saint Martins in London before completing an MA in women’s-wear design at the Royal College of Art. Since then he has covered both ends of the fashion market, working as assistant to the Italian designer *Romeo Gigli* before cutting his teeth in commercial design with *J Crew* – purveyor of basic casual-wear to the US masses. This experience gave him a great understanding of the American market – a market that is crucial to Winser plans for resurrecting *Pringle*. Since returning to the UK, Stockdale has set up his own label in London as well as launching Jasper Conran’s first luxury menswear collection. Now he works for *Pringle*. “When I first saw the archive, I was totally inspired,” Stockdale claimed. “There is so much potential. There was nothing else like *Pringle* on the market. My challenge is to break out from the knits, yet everything I design must come from the heritage of the knitwear.” Stockdale is well placed to understand what he is taking on. He was born just a stones-throw away from *Pringle*’s Hawick home.

To bring home the message of a renewed emphasis on fashion, *Pringle* have staged their first catwalk shows since the 1950s. And with the re-focussing well underway, new international licensing deals are now enabling *Pringle* to take the label into related diversifications such as leather goods, children’s clothes and home-wear and increase production quickly and effectively.

The signs, so far, are positive. Sales are up by a third. Many new fashion retailers are buying *Pringle*. The number employed in Hawick is up by a quarter. The American market is still tough, but Winser claims that *Pringle* is not suffering like some and that “we’re well placed

for when things pick up”. It is speculated that Winser has even begun to cast her eye over some of *Pringle’s* traditional competitors, like those mentioned above which have fallen on hard times, but she claims to be holding back at the moment: “I think its best to focus on what we have already”. The *Sunday Times* has described the turnaround at Pringle “a great British success story”. Winser herself is more circumspect. “Is the Company saved? Not completely. But we’ve made a very good beginning”.

1. What do you believe to be the key elements in turning around or getting the best out of an existing luxury brand that may have seen better days? Which of these elements do you think might be applicable to managing change in any industry?

2. As Winser acknowledges, Pringle has made a very good start toward a recovery. What do you think they need to do to continue to build on their early successes?

This case contains elements of “Pringle takes to the catwalk to shed its staid image”, *The Independent*, 16-9-02; “Luxury goods manufacturers face another season of belt tightening”, *Sunday Times*, 22-9-02; and the BBC video “Trouble at the top: Pringles – hanging by a thread.” This may be purchased at www.bbcworldwide.com. It is recommended that this case be used in conjunction with this video. © Stephen Cummings.