

# Gabriel Bros. Aims High

Retailer hits the mark with off-price strategy

**G**abriel Bros. Inc. is on target with off-price retailing. Both of the company's retail chains have exceeded growth expectations and are continuing to top outlooks.

"We're the hottest thing in retailing that no one knows about," says Walter Holbrook, VP of operations, Rugged Wearhouse, a division of Gabriel Bros. Inc., Morgantown, W. Va.

The company has come a long way since it was founded by brothers James and Arthur Gabriel in 1961. Its original namesake chain and its newer, 7-year-old Rugged Wearhouse brand have both seen tremendous growth despite a sluggish economy. Holbrook suggests that Gabriel Bros.' off-price strategy is in tune with today's consumers.

"The middle- to upper-class areas are being pushed to look for value in apparel," he says.

The Gabriel Bros. chain, commonly referred to as Gabes, opened its 32nd store in July. It will open four units this year. Rugged Wearhouse will open 20 stores, bringing its total to 65. Even more openings are expected for 2004, with Gabes planning six to 10 and Rugged Wearhouse on track with 25. The company expects to end the year with approximately 102 stores (including both divisions) in operation.

Each division covers a different area of the country with very little overlap. This enables the company to have two successful, similar brands. Gabes outlets can be found in West Virginia, Pennsylvania, Ohio, Maryland, and Virginia, with expansion planned

into Kentucky and New York. Rugged Wearhouse stores inhabit Delaware, Maryland, Virginia, Alabama, Georgia, and North and South Carolina. The chain plans to expand into Tennessee this fall and Florida next year.

"Rugged is broken into two different regions, one in the North and one in the South, and the merchandising mix for each is slightly different," says Holbrook.

The company stays away from ur-

ban markets such as New York City. Instead, it has targeted mostly suburban markets in areas surrounding major cities. Rugged Wearhouse also ventures into medium-sized markets such as Augusta, Ga.

Both chains adhere to an off-price format and feature brand-name merchandise advertised as being 40% to 70% off regular retail prices. Each, however, targets a slightly different demographic. Gabes stores feature a wide array of apparel for everyone in addition to home furnishings and accessories, catering to females ranging in age from 25 to 54.

Rugged Wearhouse, on the other hand, has a younger demographic. It targets females aged 15 to 45 and is particularly strong with the high-school and college set. The merchandise mix is made up

mostly of casual and outdoor apparel, shoes and accessories. Recently, Rugged Wearhouse has begun broadening its offerings, and has added a children's department Rugged Kids, to several of its locations.

Stores: Gabriel Bros. stores resemble other off-price retailers such as Ross Dress for Less and T.J. Maxx in their spartan decor and strip lighting. With its broader array of goods, Gabes has the upperhand when it comes to store size. Its prototype store is 50,000 sq. ft., compared to Rugged Wearhouse's 12,500-sq.-ft. prototype. But Rugged is catching up, recently opening a 23,000-sq.-ft. store in Anderson, S.C. The larger format is not the norm, Holbrook says.

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## Gabriel Bros. Inc.

Headquarters: Morgantown, W. Va.

CEO: Jim Gabriel

Number of stores: 102

Areas of operation: Alabama, Delaware, Georgia, Maryland, North Carolina, Ohio, Pennsylvania, South Carolina, West Virginia, Virginia

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“When it financially makes sense to take bigger sites, we will,” he adds.

The same goes for expanding into malls. Although Gabes recently opened two stores in malls, strip centers and power centers remain the predominant location. The decision to open additional mall formats will be based on opportunity according to the chain.

Gabriel Bros. is proud to have one of the fastest turnover rates from warehouse to shelf, averaging 24 to 48 hours. Currently, all of the company’s shipments come from its central warehouse in Morgantown, W.Va. The chain is planning to expand its distribution network, however, and is in the process of scouting sites for a new distribution center.

“This facility is required for us to not only support our current needs, but also to support planned growth for the next three to five years,” says John Cook, senior VP of operations, Gabriel Bros.

The company is also looking to restructure its buying and allocation processes. The retailer has engaged Clear Thinking Group, a consulting group based in Hillsborough, N.J., to help develop a new merchant organizational structure.

**Future:** The future looks bright for Gabriel Bros. Because the company is privately owned (seven Gabriel family members are at the helm), it will not reveal financials. Chain Store Age estimates annual sales at \$325 million. But it has an aggressive growth strategy and is averaging a 40% to 50% revenue rate, according to Holbrook. Cook says the company’s success has a lot to do with consumers’ ability to discern a good value.

“The customer is much, much smarter, more so today than before,” says Cook.

Cook believes that with its stores’ low pricing and enhanced value on popular brand names, Gabriel Bros. will continue to be one of the most exciting things in retail today

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