London’s dry cleaners struggle to cope as costs pile high owing to inflation, energy bills

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Broadway Dry Cleaners in North London

Picture credits: Hemani Vipul

Tushant Rathore moved to the United Kingdom from India in 2019, a year before the start of the pandemic to take Renew Dry Cleaners global. For Rathore and his colleagues, London was the place to be.

“We were looking for global exposure. So, we thought of the UK, especially London as it is a global financial capital,” he said

Rathore explained that while managing business in the UK in terms of legal challenges has been easier, the sky-high operating costs have dampened their spirits. Such is the case for a majority of the retail dry cleaners in London.

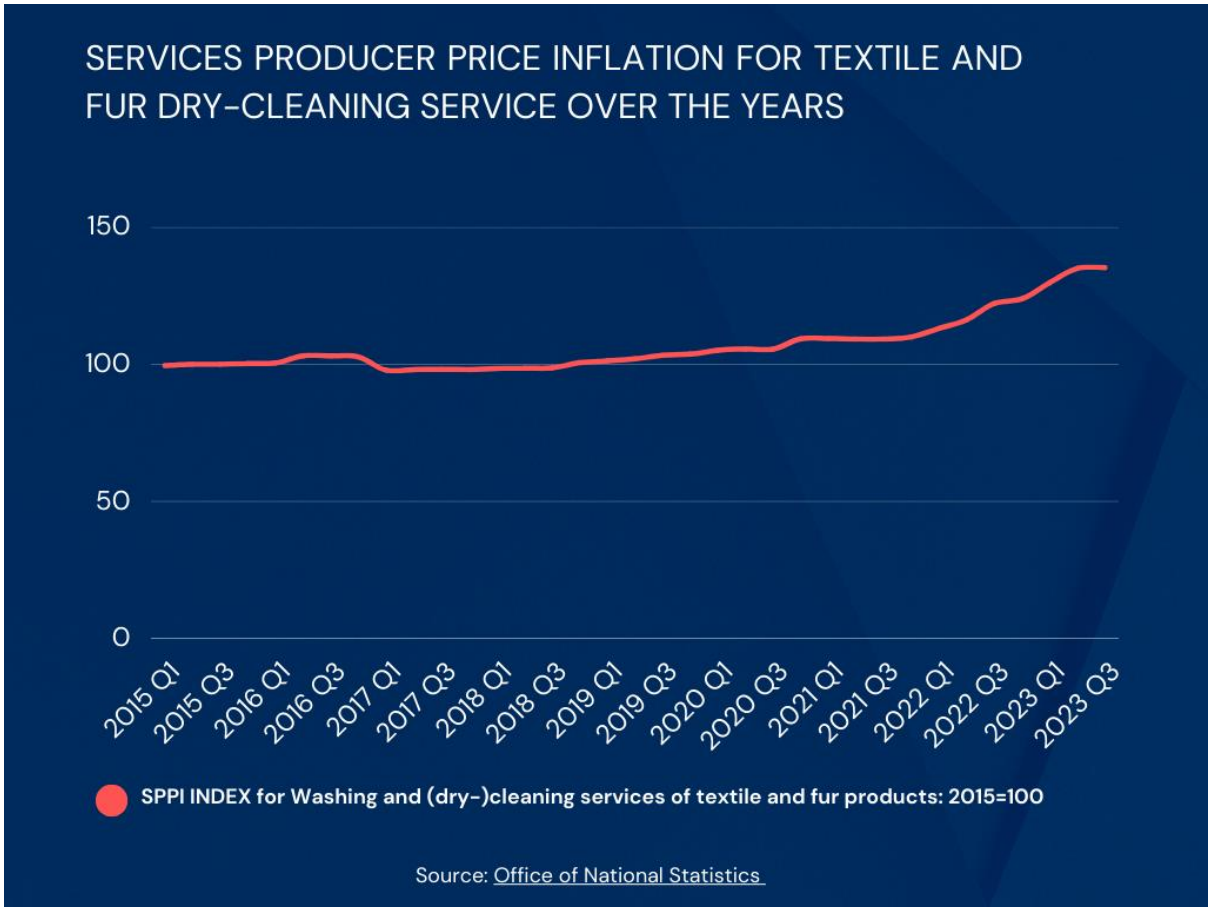
He said: “When we built the brand, we thought we had to be consumer-centric. And we hardly have any corporate clients. We are doing only retails. We wanted to be a lively business. But post-Covid, it's been difficult to survive as a retail business because the more people work from home the less they need any service related to laundry or dry cleaning. It's been a tough time.”

Slowly recovering from the effects of the pandemic, retail dry cleaners across London are struggling to cope with new realities, the double-whammy being the rising costs owing to sky-high inflation and energy bills.

“Many UK businesses have continued to endure severe financial hardship, first because of the many lockdowns, and then over the past year the increases in energy prices,” Ken Cupitt, Council Chairman of FGCL (The Guild of Cleaners & Launderers), said in an email press statement. As per the statement, 20-25% of outlets have closed within the two years following the outbreak of Covid-19.

According to the Services Producer Price Index (SPPI) data released by the Office for National Statistics (ONS) on October 18, inflation for the washing and (dry-)cleaning services of textile and fur products in the UK is up 35% from 2015 in the third quarter of 2023 at 135.3, its highest yet.

The SPPI is created based on a “statutory quarterly survey, which measures changes in the price received for selected services provided by UK businesses,” as per the report.



Andrew Georgiou, owner of Broadway Dry Cleaners in North London has been in the dry cleaning industry for 40 years. Recalling the slow recovery of trade after the "catastrophic loss of £3000 worth of business in a week when the lockdown first began, he says that trade slowly regained as things began opening up in 2022, before a major setback owing to the Ukraine-Russia war which sent energy prices soaring.

A ray of hope

However, things seemed to be picking up over this summer with the economy opening up.

"There have been some huge contrasts, first the lockdowns saw most of the regular customers staying away as the Government stated that we were all to stay indoors, followed by the easing of restrictions and there was an inrush of household goods," explained Cupitt.

"Many cleaners have returned to extended opening hours to cope with the increase in trade and added customer convenience with the introduction of a collection-and-delivery service to increase their area coverage," he added.

However, the recovery was not enough, while rising costs meant corners had to be cut somewhere in order to sustain business. The answer- cut labour costs.

“We saw a massive rise in business, but because our costs were so high, we couldn't take staff on. Our costs have risen massively in terms of energy, and our supplies. We had eight staff before the pandemic and now we have two plus me,” said Georgiou.

For Renew Dry cleaners, the solution had been the same. Reducing staff to two full-time workers including Rathore himself, along with another part-timer.

“We have managed somehow by reducing the cost for human resources,” said Rathore, adding that their focus on being an eco-friendly business has also helped cut costs. For instance, the business uses bicycles for delivering laundry, instead of a car. Additionally, the business has switched to using electricity all through the premises, cutting out the use of gas entirely.

Raising prices to survive

Reactionary to their own rising costs, some businesses also chose to raise prices, often at the cost of losing business.

Altaf Ahmed, who owns 5-star Dry Cleaners in Islington and has been in the business since 1964, rued: “ (The industry) is suffering because of the energy bills.” When asked about having to raise prices to cope and its impact on the business, Ahmed explained: “When you raise the price, obviously you lose some customers. But you have to do it otherwise you won't be able to afford it (running the business).”

But increased prices aren’t a solution for many established dry cleaners.

“A lot of dry cleaners, they're still stuck in that Death Loop of low prices. Their costs have gone higher, and they are unable they feel they're unable to raise their prices because their shops are so neglected,” opined Georgiou.

“They've already been set up, about 30 or 40 years ago, so they're in decline, they need machinery to be replaced, and they need their shops to be updated. A lot of the dry cleaners haven't got the funds to do that. So, what they do is they subsidize by lowering their prices to try and get work in,” he added.

Owing to raised prices, businesses now will also have to look at the demographic factor.

“Dry cleaning, to survive in the future, has to be a premium service,” according to Georgiou.

“It's not the kind of service you can have in a poor area. Because your customers have to be fairly wealthy. You need that regular work every week. So, you need your customers to have disposable income,” he added.

His opinion is echoed by Rathore, whose business recently opened a branch in Nine Elms to “balance out the losses” from another branch in a less affluent area of London.

“It depends where you are located because the paying capacity of the customer is what matters. It's financially very difficult for all classes of people (to afford dry cleaning),” he said.

Despite a plethora of challenges, businesses haven’t lost all hope.

“It's not a money-making business. I'm so used to doing dry cleaning that I can't change my profile to do something else. I'm enjoying what I'm doing. It's always new to learn something. But when I leave the industry, I want to be in a better situation,” said Rathore optimistically.

“I’ve been in this business since 1964. I’m 77 now, I think it (the industry) will survive,” concluded Ahmed, a calm in his voice.