Round Up of Weekly Retail News (ROAR 13/08/2017)

Welcome to our second edition of the ROAR – customised for retailers and suppliers to have at hand first thing on a Monday morning. A round up of what you will be discussing or need to discuss in those Monday Sales meetings, to help understand what might have affected your sales last week and any news that could affect you in the future.

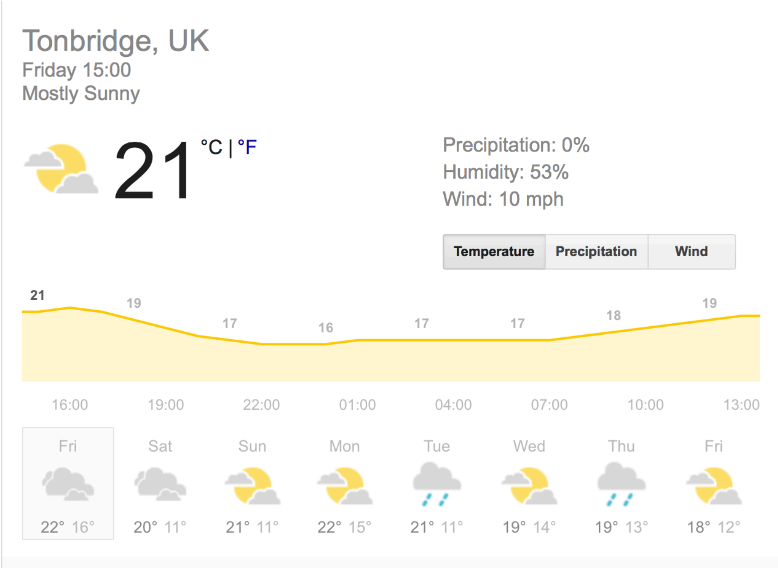
Weather

Rain, cloud, rain, that's how I would describe it. Unfortunately, it's that time of the year where it's such a mixed bag that you as a consumer are confused as to what to buy – you certainly wouldn't be going out and getting those summery tops or shorts for sure!

You would probably be looking around your house, (as you're stuck inside) thinking about what needs doing in the house. For that, you will make the trip to the shopping centre or the retail park. You would also want to try and entertain the kids (and wanting to get them out of the house) by visiting those shopping centres.

High streets definitely would have been hit this week, which is destination city for many kids in summer term especially. The instability of the weather will continue to be an issue, but then again, people will definitely need to start getting out and about, especially for their Back to School purchases, it just depends on how long they hold out.

Looking ahead next week (London) - more unreasonable weather ahead!



Sales and Trade reporting

I'm going to say it's a mixed bag, certainly positive for the most part and a lot to do with strategy changes across these companies.

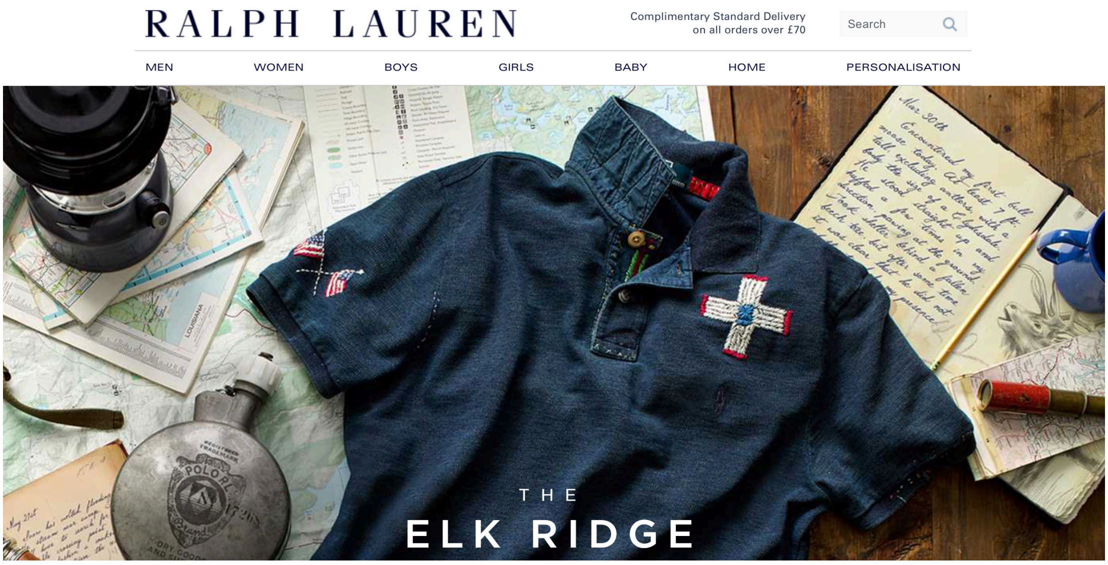
BMRC – KPMG have reported that sales slowed down in July, with growth only 1.4% this year compared to 1.9% LY, and actually most of the growth came from food. They advise that when times are tough, food is always driving force.

'The tough outlook for customers means that ensuring prices remain low and choice and confidence remains high lies at the heart of what a fair Brexit for consumers looks like' Helen Dickenson OBE, Chief Executive BRC advised.

Fashion

Hugo Boss reported sales up 2% vs. LY (First 6 months of fiscal year) of €1.28 billion. Sales have been driven from the US and online mainly. What's even more positive is that UK sales increased by 11%. It looks like their investment in marketing and digital transformation really helped drive the business, which did mean profits did end up flat YOY.

Ralph Lauren's net income its first fiscal quarter to July 1 totalled $59.5 million (£45.8 million) compared to a loss of $22.3 million (£17.1 million) during the same period last year. How? A tighter control on discounting and reducing their department store stocks has been the driver. Its sales did drop, which you would expect if you reduced the amount you were promoting. They will be focusing on rolling out the same to the US stores this coming year. See, Stock Reduction is key!!



Michael Kors has recorded a fall in profits, with GP for the quarter reducing by 2.8% to $574.7 million (£443. million). Revenues fell by 3.6%, but net retail sales increased by 10.1%. They are positive about the results, as this year will see the full impact of the Jimmy Choo acquisition, reported last month.

White Stuff posted a sales increase of 6.2% but their EBIDTA fell by 29.4%. Why? They have used this year to expand their store portfolio, in the UK and Internationally (adding 32 new shops and concessions). Its not all good news though, they are making 28 redundancies due to the results and future uncertainty.

New Look unfortunately continues to post difficult numbers – in the 3 months to June their operating profits fell by 60.3%, and posted losses of £15.2million against a profit of £5.8 million. LFL sales were -7.5% in the UK.

Home and other

Pets at Home saw an increase of 5% in sales in the 16 weeks to 20th July. They have attributed their growth to a reduction in prices earlier this year. This is interesting, as many retailers have either decided to maintain or increase their prices due to the fall in the pound. And yes the cute jumping dog pic was necessary!

Card Factory continue going from strength to strength, announcing LFL sales growth at +3.1% (H1 FY17 +0.2%), and total sales growing by 6.1%. It has significantly pushed its non-card offers this year, and most recently launched a whole new section to humour cards, which we spotted when out and about and certainly was impactful!

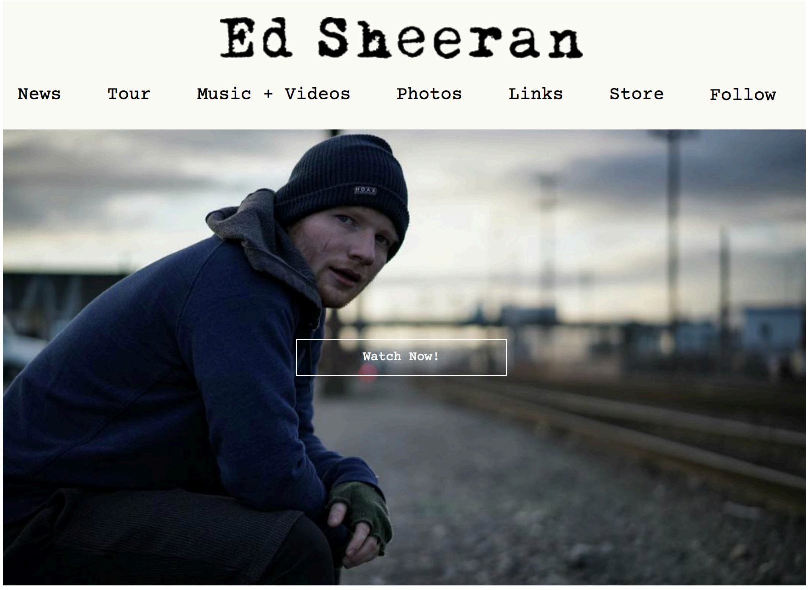
Sainsbury's have announced they will be axing 1000 jobs in its Head Office, as part of the £500 million cost cutting drive. They have also announced a 4.4% pay rise to all their store staff this week.

DFS have warned investors this week that weakened footfall and orders will mean that the full year results will fall short when they are announced soon.

How do you report a 4% dip in sales but record an 82% increase in profit? Ask Toys R Us UK! That's what they have reported this week…how? Well they haven't told us but cutting down on admin costs and cutting down on their remuneration packages looks to be the cause (benefit). Wow!

Cath Kidston have reported some really positive results this week – profits rising by 27.4% to £9.3million in the year to March 26th. Company turnover also increased by nearly 8%, with a nearly 20% increase from overseas.

Physical music sales have slowed their decline in the 12 weeks to July this year. According to Kantar Worldpanel, sales of CDs were down just 0.5 per cent, despite big increases in music streaming usage. This shows that people still want to have physical purchases, and this has been attributed to some strong album sales from musicians like Ed Sheeran. Vinyl sales are also on the increase. For those who were born in the digital age, I'm sure this brings welcoming news…we are not out of date yet!



Store launches announced this week

H&M will be opening their flagship store on 185 Buchanan Street, Glasgow next week. It will be over 49,500 sq. feet and they have a host of offers for the day, ranging from goodie bags to a free manicure. There will also be a New York Brass Band! It will also be opening a Weekday Fascia on London's Regent Street the next day and is also planning to open its first Arket fascia store in October.

Australian heritage footwear brand, RM Williams, will be opening on Berwick Street in October. This will be its fourth store in the UK.

Oliver Bonas will be opening its 62nd store in Cheltenham later this year, it has been announced.

Important to take note of…

Apple have an Instagram page! It won't be posting pictures of its products though, instead pictures by people taking photos on their IPhone. Call to action…be different!

Asos are preparing to open a new 10 million-unit factory in the US next year, to ease the pressure on its UK fulfillment base, which currently handles 75% of its order. It comes off the back of June results, which increased by 32% in the four months to June 30, driven largely by International sales.

This is big! Tesco have said that they will stop selling their 5p bags going forward and will only be selling their 10p ones instead. Through trialing, they saw a 25% decline on bag usage. They also have said from revenues, they have managed to give back £33million to charities. It will be interesting to see who will follow!

The world of online

Zalando has reported a slowdown with regards to its sales. It still showed a 20% rise in second quarter revenue, but this is lower than the last 4 years.

Our pick of the articles this week

The re-evolution of Craig David continues! He has teamed up with Selfridges to launch a new capsule collection, running alongside its Music Matters campaign. Can this man do no wrong?!

http://www.huffingtonpost.co.uk/entry/craig-david-tribute-collection-selfridges_uk_59885e31e4b041356ec0ef8b

Lidl has announced fashion collaboration this week with none other than supermodel Heidi Klum! This is Lidl's first foray into fashion, and are launching big in 620 of its stores, and it will be called #LETSWOW

Did any stationery news tickle our fancy?

The Daily Mirror have been out and about looking out for the best Back to School offers for you! We'll be discussing these offers in much more detail in our Bright Disposition Back to School report!

http://www.mirror.co.uk/money/back-to-school-supplies-deals-10951302

And to make sure you know the Goss in the office!

At the beginning of the week Boxing star Amir Khan tweeted he will be divorcing his wife. By the end of the week, they had reconciled, or had they…were you keeping up?

http://www.dailymail.co.uk/news/article-4780862/Amir-Khan-s-wife-reveals-Anthony-Joshua-messages-FAKE.html

Strictly is starting soon! 'Stars' were being confirmed throughout the week, this is probably the best article this week if you want to have a crash course on the dancing programme!

https://www.thesun.co.uk/tvandshowbiz/2107354/strictly-come-dancing-2017-line-up-judges-pro-dancers/

Swan Song

This is a nod to a certain someone I know who made sure we always spelt stationery the right way…

http://www.grammar-monster.com/easily_confused/stationary_stationery.htm

Sources

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