



Round Up of Weekly Retail News (ROAR) 27/08/2017

Welcome to the fourth edition of Bright Disposition's ROAR, helping you catch up on the main retail news, which you will be discussing in your trade meetings.

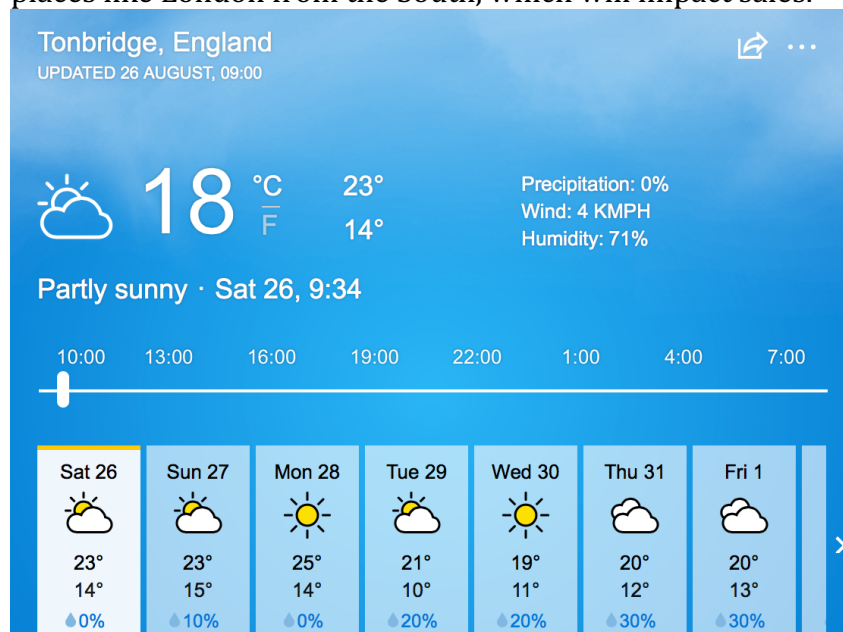
As we came closer to Bank Holiday weekend peak, there were less trade announcements last week, but lots of changes in activities from retailers in terms of discounting and offers.

Weather

It's been a good weather week, lots of sunshine and stable, which is what we want to hear!

Fashion should have seen a pick up over the past week, going out myself I saw a lot of new AW stock in stores, which helps to fill that gap of 'sort of cold but not yet'.

Next week: Another good week in terms of stable weather, with August Bank holiday weekend being quite sunny, there may well be low footfall in stores. Also train closures this weekend will mean it will be difficult for commuters to go into places like London from the South, which will impact sales.



Sales and Trade reporting

It has not been a great month according to the CBI (Confederation of British Industry). In fact, this month appears to have shown the worst month of growth since the weeks following the Brexit vote.

After a seemingly better June and also July, it seems August, most likely to hit by unstable weather, the collapse of the pound continuing and inflation continuing to outstrip wage growth, it looks like consumers are tightening their belts and spend and turning to discount retailers and grocers.

Certainly more discounting this week, which is unusual activity just before the Bank Holiday Weekend, among the ones we have seen:

- Marks & Spencer Home Event 30% off
- John Lewis double points this weekend
- Debenhams 25% off B/Hol Weekend
- House of Fraser up to 60% off selected lines
- River Island Flash Sale

So how has that translated into trading statements over the past week?

iCandy Cards and Gifts, a chain that had 14 outlets across Essex, Suffolk and Hertfordshire, collapsed this week, unable to payback unsecured creditors including Clinton Lewis who had a stake of £915,000 in the business. This is the second venture for Lewis, who was formerly the MD of Clinton Cards, which collapsed in 2012, but was taken over by American Greetings.

Footlocker released some disappointing sales and profit losses this week. Sales fell 4.4% to \$1.7 billion (£1.31 billion), below analyst expectations of around \$1.8 billion (£1.39 billion) for the quarter. The Chief Executive, Richard Johnson, said that it was a lack of sales on best sellers and a lack of innovation of new products that was to blame for the losses.



Sports Direct has increased its stake in Debenhams from 19% to 21%, it was announced this week. Mike Ashley, the owner of Sports Direct also increased its stake in French Connection last month to 27%. Interesting to note when rival retailers take such large stakes in other businesses, is it due to competitor knowledge gains or seeing the potential growth?

The Works is planning to open another 60 stores and create 600 new jobs from an investment of £5.3 million. It currently has 398 stores in the UK. They are looking to have 650 by 2022. It comes off the back of a very successful year in 2016, where EBIDTA soared by a third. Proof that another discount retailer is reaping in the sales from an unstable economy and lower disposable income.

Game Digital has announced that it expects group revenues for the 52 weeks to July 30th to be £780 million compared to £822.5 million the previous year. Falling sales in its retail outlets have been boosted by their presence in E-sports, which operates under the BELONG brand which has opened 18 Gaming Arenas so far and is set to be their focus going forward. All you Gamers out there must be excited!

Store launches announced this week

Charlotte Tilbury has announced that it will be opening its first stores outside the UK this week in the Middle East with three standalone stores. Dubai certainly is a growing territory for Beauty and I'm not surprised that this is happening, it's got lots of potential in this very beauty conscious country.

Sports Direct, continues to grow from strength to strength and have announced that they will be opening their first ever Multi Brand store in Auchinlea Way, near the Glasgow Fort Shopping Centre which includes the company's brands including Flannels, Everlast Fitness Club, USC and Sports Direct in 2018. The store will cover 3 floors and operate on 180,000 square ft.!

I was out on Oxford street last week and took a few photos of some windows/displays which might be of interest as stores launch their AW stock!

Can you work out whose is whose?



Important to take note of...

John Lewis has announced that they are launching a new initiative, which will allow shoppers to spend the night in store before they buy a mattress. In exciting news, they will open fully furnished apartments where customers will be able to stay over. It's looking to be open in Oxford Street, Cambridge and Liverpool this autumn...how innovative!

Lidl has taken over Waitrose to be the 7th largest Grocer in the UK. This is due to their growth rate being 4 times faster than the top 4. Last month there was a growth for many grocers, however this month so far hasn't been so great.

Mobile contactless transactions topped £370 million in the first 6 months of 2017, an increase of 336% year on year. According to payments processor Worldpay, spending on all forms of contactless systems now accounts for 38% of all non-cash transactions in the UK.

The world of online

Online sales grew at its lowest rate in July in four years by 11 %. Although there was a slowdown in growth, according to Capgemini e-Retail Sales Index, conversion rates were significantly up for last month, hitting 5.8%, up 21% YOY. Amazon Prime day and summer sales led the discounting month, with ABVs (Average Basket Values) on mobile sites also shot up, 21% on smartphones and 17% on tablets.

Our pick of the articles this week

Westfield recently launched the UK's first indoor shopping center Zip line as part of its Future Forest installation. It's launched in White City and provides adults and children to leap from a 17ft tree house into a 13ft decline! Check out the video here!

<http://www.getwestlondon.co.uk/whats-on/shopping/westfield-shopping-centre-launches-40-13489165> (Source engadget.com)

Did any stationery news tickle our fancy?

Not news but just to let you know myself and my colleague Anna Grigg will be at the Autumn Fair at the NEC next Monday (September 4th) to talk to people about our Back to School Market Research report – please drop us a line before hand if you want to have a quick chat about this or anything else retail related and we will be more than happy to help! roar@brightdisposition.com

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

So Sarah Harding (ex Girls Aloud singer) did it and won Big Brother. Can't say I was watching but CBB is always a good follow on from Love Island, what's next?!

<http://www.telegraph.co.uk/tv/2017/08/25/sarah-harding-crowned-celebrity-big-brother-winner-amid-controversy/>

Don't know who Taylor Swift is? You should, she is one of the biggest selling artists at the moment and has released her first single from her new album, Reputation this week. Trust me, this will featured in many gossip stories in the coming months speculating who is she is singing about and what her lyrics really mean!

This article has a good take on it!

<http://www.rollingstone.com/music/news/taylor-swifts-look-what-you-made-me-do-best-reactions-memes-w499569>

See you next week and enjoy the sunshine!

This week's ROAR was collated by Faika Khurram, Retail Analyst and Consultant at Bright Disposition Ltd. Email roar@brightdisposition.com.

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