

A close-up photograph of a woman with dark hair, smiling and looking slightly to the left. She is wearing a black top with white polka dots and a multi-strand pearl necklace. She is holding a bright pink shopping bag with a purple ribbon tied around her mouth. The background is a blurred teal wall with a grid pattern.

TheMarket creative

Retail Winners & Losers
Christmas 2011 Results

A quick note...

This report provides a snap shot of the retail winners and losers during the crucial Christmas and New Year trading period.

Considering the low levels of consumer confidence going into the period the results show a reasonably good Christmas – more winners than losers. Of course we have to ask ourselves at what cost to margin - but clearly shoppers are happy.

The weather helped most of the high street retailers, with Christmas Day reported as the hottest in 90 years. A stark contrast to the snow & freeze of 2010.

There are some clear trends, grocery showed growth, all the key players in perfume sector showed significant growth which shows our love affair with branded value continues. And the brands that compete head to head with Amazon continue to loose that battle – despite significant investment in the shopper experience.

As night follows day for many retailers and their agency partners Winter 2012 planning will not be too far away, so as a starting point we have suggested 5 things to consider as we formulate our activity.

Happy shopping!

A handwritten signature in black ink, appearing to read 'Sue Benson', written in a cursive style.

Sue Benson

Managing Director

Winners

Home & DIY

- Furniture retailer **CSL** like-for-likes jumped 3.3% in the four weeks to Boxing Day despite reduced footfall to its retail park stores.
- Hardware retailer **Robert Dyas** has posted a leap in like-for-like sales in the run-up to Christmas. Robert Dyas said VAT-inclusive like-for-likes rose 6.3% in the 24 weeks to December 24 and by 74% in the four weeks to Christmas. Internet sales surged 46.2% across the four-week period.
- **Dunelm** like-for-likes increased 1.1% in the 26 weeks to December 31 and it expects first half pretax profit to come in at about £52m.
- Sales at **The Garden Centre Group** jumped 17% over the Christmas period as transactions in plants and pet product categories soared.
- Value homewares and accessories retailer **Tiger** has posted a 21% sales increase for December, as it continues to grow its chain of stores.

Department Stores

- **John Lewis** like-for-likes were up 6.2% in the 5 weeks to 31 December 2011 as the retailer notched up an “outstanding performance”.
- **Marks & Spencer** reported food like-for-likes excluding VAT up 3% in the third quarter to December 31, when general merchandise like-for-likes slipped 1.8% resulting in a 0.5% uplift at group level. Total UK sales, excluding VAT, advanced 1.8%. Food was up 4.5% and general merchandise was down 0.8%. Group sales rose 2.4% in the period.
- **Debenhams** has posted a strong Christmas performance as like-for-likes increased by 6.5% in the 5 weeks to December 31.

Fashion

- **Next** sales rose 3.1% between August 1 and December 24 as sales in its directory outperformed stores.
- Private sales site **Brand Alley** has had an “excellent” year, posting a 61% sales surge in the final quarter of 2011.
- Embattled sports retailer **JJB** like-for-likes rose 5% in the 4 weeks to December 26.
- Fashion group **Aurora**, which runs Oasis, Warehouse and Coast, like-for-like sales soared 13% over the festive period.
- Home shopping group **Shop Direct's** sales jumped 9% over Christmas but it expects sales to deteriorate in 2012.
- Home shopping group **N Brown** like-for-likes rose 2% in the 19 weeks to January 7.
- **SuperGroup** like-for-like sales jumped 5.8% over in the nine weeks to January 1.
- **New Look** like-for-likes rose 3.6% in the 5 weeks to December 31 despite the “challenging” trading conditions.
- **JD Sports** Fashion's like-for-like festive sales lifted 1.6% despite its fashion fascias suffering a dip in sales.
- Retail sales at fashion specialist **Ted Baker** soared 15.7% over Christmas, a performance described by the retailer as “excellent”.
- Fashion retailer **Blue Inc** delivered strong Christmas sales, led by its eponymous chain. Like-for-like sales at Blue Inc stores advanced 9% in December.

Food

- Supermarket chain **Waitrose**, which is part of the John Lewis Partnership, has reported rising Christmas sales. Like-for-like grocery sales, which exclude the effect of new store openings, rose 3.8% in December, compared with the same month last year.
- Drinks specialist **Majestic Wine** has posted fizzy seasonal sales over Christmas. The retailer generated like-for-like store sales growth of 4% in the nine weeks to January 2, when total store sales, excluding VAT, rose 8.4%.
- **Morrisons** reported a 0.7% increase in like-for-likes over the Christmas period despite shoppers delaying their trips to the high street.
- **Sainsbury's** has reported a "record-breaking" Christmas with non-food and its online business proving particularly strong. Like-for-like sales rose 2.1% excluding petrol in the 14 weeks to January 8 on last year. Total sales for third quarter were up 4.5% excluding fuel.
- A mix of advertising, promotions and vouchers brought success for **Asda**. Asda delivered 10.7% sales growth in the four weeks to December 24, while Sainsbury's increased 6.7%, according to Nielsen data.
- Online grocer **Ocado** enjoyed a late surge in sales in the last week before Christmas, up 23.8% on the previous year.

Health & Beauty

- **Lush** - Excluding VAT like-for-like sales jumped 5% in December. Total UK retail sales were up 13.8% compared to a 6.8% increase for December 2010.
- Online sales at **The Fragrance Shop** soared by over 100% over the Christmas period as like-for-likes also shot up.
- Turnover at beauty retailer **Feelunique.com** grew by 50% over the Christmas period.
- Health and beauty retailer **Boots'** underlying sales, including VAT, increased more than 3% during December. The performance was an improvement on that in the six months to the end of September, when sales fell into negative territory.
- Like-for-likes at health and beauty retailer **Superdrug** rose 2.5% over Christmas as customers sought to benefit from its new loyalty card.
- **The Perfume Shop** delivered a strong Christmas performance as like-for-likes traded up 4.5% driven by "flexible and competitive" offers.

Electrical

- Following a strong finish to 2011, the UK's leading mobile phone retailer **Phones 4u** has made three high-profile management appointments. Like-for-like contracts in the group's retail division grew by 4.3% during the final quarter of 2011 to Dec 31, while total revenue for the group rose by 10.4%.
- **Maplin** delivered a jump in like-for-likes of 1.4% for the Christmas period, as online sales soared 21%.

Entertainment

- Book retailer **Foyles** experienced a 20% increase in sales in December, driven by its new store at Westfield Stratford City.

General Merchandise

- Greetings card retailer **Clinton Cards** like-for-likes edged up 0.4% in the five weeks to January 1 as a "renewed focus on the right customer offer and improved service" paid off.

Losers

Home & DIY

- **Topps Tiles** like-for-like sales have dropped 4.2% in the 13 weeks ending January 1, although sales improved in the last six weeks of the period.
- Mid-cap household goods seller Home Retail Group fell to the bottom of the FTSE 250 after it reported an 8.8 per cent decline in like-for-like sales from its **Argos** catalogue shopping chain in the 18 weeks to December 31.
- Car parts and cycle specialist **Halfords** like-for-likes dropped 4.8% in the third quarter after comparatively warm weather affected car maintenance sales.

Food

- **Tesco** has reported its worst Christmas sales performance in decades as UK like-for-likes excluding VAT and petrol declined 2.3%.
- **Thorntons** failed to meet expectations as it endured a poor Christmas in the face of tough competition. The chocolatier recorded a worse-than-expected fall in like-for-like sales of 4.2% in the 14 weeks to January 7. Total sales increased by 0.6% to £83.7m.

Electrical

- **Game** UK & Eire like-for-likes slumped 15.2% in the 8 weeks to January 7 as the challenging conditions in the games market continue to take their toll.
- **Dixons**, owner of **Currys** and **PC World**, reported a 7% fall in like-for-likes in the UK and Ireland in the 12 weeks to January 7. Total UK and Ireland sales were down 6%.

Entertainment

- **HMV** – Like-for-like sales for 5 weeks to the end of December down 8.2%.

Baby

- **Mothercare** UK like-for-likes dipped 3% in its third quarter to January 7.

What they said

“Discounting was deeper and started earlier and the vital Saturday Christmas Eve added another big trading day to the final run-up.” said British Retail Consortium (BRC) director general Stephen Robertson as pre christmas week sales grew 2.2% on like-for-likes.

“In a highly promotional market, the volume response to our increased investment into lowering prices did not offset the deflation it has driven,” Tesco statement after results were announced.

“The absence of snow in 2011 allowed Ocado to release additional delivery slots to customers in the days leading up to Christmas. 97% of orders were on time or early compared to 94% in 2010.” Ocado chief executive Tim Steiner said.

Halfords chief executive David Wild said the business is continuing to grow market share in the cycles category. He added: **“The underlying performance of our business is encouraging as we develop Halfords in line with the changing needs of our customers. The economic outlook remains uncertain, but we are confident that our focus areas create the right platform for future growth.”**

Comparisons

Two good years in a row....

Ocado – Up 26.7% in 2010, Up 23.8% in 2011.

John Lewis – Up 76% in 2010, Up 6.2% in 2011

Waitrose – Up 5.4% in 2010, Up 3.8% in 2011

Sainsburys – Up 3.6% in 2010, Up 2.1% in 2011

Morrisons – Up 1% in 2010, Up 0.7% in 2011

Marks & Spencers – Up 2.8% in 2010, Up 3% in 2011

Supergroup – Up 93.6% in 2010, Up 5.8% in 2011

Boots – Up 3.8% in 2010, Up 3% in 2011

The Perfume Shop – Up 2% in 2010, Up 4.5% in 2011

Dunelm – Up 8.5% in 2010, Up 1% in 2011

Superdrug – Up 1.7% in 2010, Up 2.5% in 2011

Not so good this year

Topps Tiles – Up 2.2% in 2010, Down 4.2% in 2011

Tesco – Up 0.6% in 2010, Down 2.3% in 2011

An improvement on last year

Next – Down 3% in 2010, Up 3.1% in 2011

Debenhams – Down 3% in 2010, Up 6.5% in 2011

New Look – Down 9.1% in 2010, Up 3.6% in 2011,

Two bad years in a row

Mothercare - Down 5.8% in 2010, Down 3.3% in 2011

Thorntons - Down 5.9% in 2010, Down 4.2% in 2011

Game UK - Down 0.5% in 2010, Down 15.2% in 2011

Halfords - Down 6.6% in 2010, Down 4.8% in 2011

HMV - Down 10.2% in 2010, Down 8.2% in 2011

Dixons, Currys, PC World - Down 4% in 2010, Down 7% in 2011

2012 planning considerations

When you're planning 2012 don't forget..

1. Some of the online retailers started their online sales at 4pm Christmas eve – reshaping the timing of their campaign. Can you take advantage of these extra trading hours?
2. Boxing day was the busiest shopping day of 2011. Experian reported a 20% increase YOY. Does your digital & social activity support this?
3. Hold your nerve - Last minute shopping still plays a part in many shoppers Christmas ritual.
4. According to a TolunaQuick survey 23% of shoppers were 'bored of the January sales, as there are sales through-out the year anyway'. How can you re-engage with your shoppers to make the 2012 sale more appealing?
5. It goes without saying – but weather still has a fundamental part to play in how shoppers shop. Create deployable contingency plans to take account of weather changes.

