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# Retailers have panicked and cut their prices earlier, says analyst

Big names 'are under more pressure than ever'

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SOME RETAILERS have lost their nerve as they face intense competition over the Christmas shopping season, an analyst warned yesterday.

As many retailers hoped for bumper orders on Cyber Monday, Dan Wagner, a retail analyst and founder of Powa Technologies, warned that many retailers risked making headlines for the wrong reasons in early 2015.

Mr Wagner highlighted the fact that a number of high-profile retail names went bust after Christmas last year. He warned of the dangers of relying on a discount day, or week, without implementing a longer term strategy.

Mr Wagner said: "Retailers are under more pressure than ever to deliver results, having watched major high street stalwarts like HMV, Jessops and Blockbusters go to the wall earlier this year after poor Christmas trading, they are determined not to join the ever growing number of bankruptcies on the high street.

"Retailers have lost their nerve and cut prices much earlier in the season than previous years, to claw back the 80 per cent of revenues they traditionally rely on getting in these final weeks of the year.

"Consumers have lost the appetite to pay more than they need to for goods, and empowered by their smartphones and tablets, they are checking prices as they shop.

"With online retailers promising same-day deliveries, the winners are those who can fulfil a shopper's desire as soon as they see the item at the right price."

A massive cash injection on a single day cannot hide a flawed retail strategy.

Consumer habits are changing, as mobile commerce helps consumers look for the best bargains and deals, and buy them on the spot.

According to Leeds-based Hitachi Personal Finance, shoppers will have spent a record £1.5bn, or more than £1m a minute yesterday, as they tried to avoid Christmas queues and stock shortages.

Cyber Monday has become the latest American "tradition" to be embraced by British shoppers. But with the seemingly unstoppable



SHOPPING FRENZY: High street retailers are taking desperate measures to attract customers but online shopping is changing our habits.

PICTURE: MIKE COWLING

ble rise of Black Friday, could Cyber Monday become as dated and clunky as the ZX81 computer?

Black Friday – which is the Friday following Thanksgiving Day in the US – was accompanied by unruly scenes in Britain this year, which caused soul-searching about the rise of consumerism.

Cyber Monday – the first Monday of December – is the day when many people decide to shop around for Christmas presents online.

Lisa Harrison, head of retail finance at Hitachi Personal Finance, believes shoppers can still make big savings by hitting the web before they venture on to the high street.

It is great to see people helping local businesses to thrive.

Andy Piggott, of TSB

She added: "A lot of this growth is coming from mobile channels, with sales over smartphones and tablets having grown by 138 per cent in 2013, compared with the previous year."

The expansion of click and collect services has supported the growth of mobile commerce, with 25 per cent of multichannel retail sales now using this method. Multichannel retailers saw sales grow by 16 per cent last Christmas.

Retail analysts from Verdict expect Black Friday to become a permanent fixture in the UK retail calendar, as consumer demands continue to grow.

Verdict's latest research also found that 25 per cent of UK shoppers were planning to buy their Christmas gifts earlier this year.

Kate Ormrod, a retail analyst at Verdict, said that many consumers had previously held out for bigger discounts in the run up to Christmas.

However, her research indicates that shoppers are more confident that discounts will come through earlier, which has resulted in spending being brought forward.

Overall, Verdict expects Christmas retail spending to be strong this year, but not spectacular. According to Verdict, an extra £2.3bn will be spent this Christmas when compared with 2013, reaching a total of £90.7bn.

## Retail sales rally as prices fall

RETAIL SALES staged a surprise rally in October after shoppers were tempted back to the shops by the steepest fall in prices since 2002.

Sales volumes jumped to a better-than-expected 0.8 per cent in October, compared with the month before when they fell 0.4 per cent, according to the Office for National Statistics

This festive spending is expected to include £53.6bn on non-food items, and £37.1bn on food and groceries, as retailers benefit from an improving housing market and rising consumer confidence.

Verdict predicts that online retailing will make up £13bn of spending, with click and collect accounting for £1.6bn of online sales.

Small retailers can take heart

(ONS). The key drivers were petrol, clothing and grocery sales, which demonstrates that the ongoing supermarket price war is attracting customers.

Over the year, average store prices fell 1.5 per cent, the largest fall for 12 years, forced down in part by reductions in petrol prices.

# Real retail winners are ones who are embracing digital age

## SPONSORS' FEATURE

WILL THIS be a happy New Year for Retailers? Matthew Lewis and Prew Lumley, from the Squire Patton Boggs Retail Group, analyse retail trends.

AS WE enter the peak of the Christmas shopping frenzy, the potential retail winners and losers are already being predicted.

Whether it is food and drink sales, electronics or fashion, the next few weeks will be critical for many retailers battling to win their share of the nation's spend.

What has become increasingly apparent is that the real winners over the last few years, with

House of Fraser, John Lewis, Next and Argos being a few examples, have embraced the digital age.

Christmas trading in 2014 is predicted by many to be "unspectacular," and according to Mintel there is likely to be only a three per cent increase on last year's performance.

The question is, therefore, who will be Christmas 2014 winners? Will the new click and collect option that House of Fraser has launched in conjunction with Café Nero, or the Morrisons new Price Match loyalty card help it gain an edge on competitors?

Will the nation sit down to fizz, turkey and Christmas pudding from Aldi and Lidl,



MATTHEW LEWIS: Setting up of a new credit union 'is step in right direction'.

or from Marks & Spencer and Waitrose? High street sales have clearly been hard hit, but bricks and mortar retailing remains

a key part of most successful retailers' business.

Although there continues to be a surge in online sales, the large majority of sales – even over the Christmas period – tend to be offline via traditional stores.

What is clear is that the clever retailers use click and collect to make a virtue of both their physical stores and their online presence, and to persuade shoppers to spend a little more when they pop into store to collect.

As Britain is the biggest online shopping nation, it is no surprise that last year over 60 per cent of shoppers purchased some goods or services online over the Christmas period. There is

no doubt that people like to buy online, but often with the proviso that the delivery and returns process fit in with busy lives.

What we can be sure of is that in January those who have failed will, at best, be subject to the usual market analysis and share price slump and, at worst, head into administration.

At our Retail Debate on February 3 in Leeds and February 10 in London, industry experts will review 2014 trading and the trends from the results of our Multichannel Survey, which will consider changes in retailer and shopper attitudes to multichannel over the last 12 months.

Looking ahead, there are

changes to come next year which will have an impact on retailers, such as the possible demise of pay day lenders following the introduction of a cap on loan rates in January, which will hit many would-be borrowers.

However, for borrowers who work in the retail sector, help will be at hand with the soon-to-be launched credit union, RetailCURE.

Supported by the Retail Trust, Squire Patton Boggs and many of our best-known retailers, the new credit union will enable retailers to ensure that their employees can access trusted, safe and affordable credit, savings and insurance products; a step in the right direction.

## Vital for city that sector 'is not seen in isolation'

THE MAN behind the Leeds Trinity shopping development is to become the new president of a business club.

Gerald Jennings, who is president elect for Leeds Chamber of Commerce and portfolio director for the North and Scotland at Land Securities, will act as a figure head for the Trinity Club in the city centre.

In his role as president of Trinity Club, Mr Jennings hopes to boost collaboration between the retail, commercial and corporate sectors to aid business growth across the Leeds City Centre.

In recent years, he helped steer Land Securities' flagship development, Trinity Shopping Centre in Leeds.

Mr Jennings said: "Retail is just one element of the regeneration of Leeds city centre and it is important that it is not seen in isolation.

"We want to support all aspects of commerce in the city and I want business people to feel they have a space close to such a thriving hub where they can come to make their contribution."

He added: "As one element of the commercial growth and wealth of Yorkshire we want other strands to be at the heart of the revival of the city.

"Centrally located, Trinity Club adjacent to Trinity Church, Boar Lane, offers business people a refuge to work, meet business associates and network, while supporting a good cause."

Trinity Club was established by Keith Madeley who previously acted as ambassador for the Leeds Club in Albion Place.

Trinity Club which has around 90 members and is located near the Trinity Shopping complex was set up after the Leeds Club decided to stop becoming a members' club in March of last year.

It enables businesses to discuss new opportunities, network and use the facilities on offer, such as wifi and meeting rooms.

Mr Madeley, who was ambassador of Leeds Club for five years, welcomed Mr Jennings' appointment.

He said: "I'm absolutely delighted, because what it does is it gives an extra endorsement to the business community."

Mr Madeley told The Yorkshire Post that members of the Trinity Club – many of them small and medium-sized enterprises (SMEs) had already seen benefits of Mr Jennings' appointment.

"Lots of retail outlets particularly in and around the Trinity [shopping development] are offering discounts to Trinity Club members," said Mr Madeley.

He added that the prime location of the club, right next to the shopping development was benefiting both the retailers nearby and members of the Trinity Club.

Mr Madeley said: "I want it to be seen as a primary hub for businesses to meet and exchange ideas." He believes with the London market overheating Leeds can benefit. "There's so much opportunity here," he said.

Mr Jennings will also become president of Leeds Chamber of Commerce in 2015.



GERALD JENNINGS: 'Retail is just one element of the regeneration of Leeds city centre.'

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