

# Retail Quarter

January 2018



## Brexit, Trade and Retail

At 11 p.m. on Friday 29 March 2019, Britain will leave the EU. To assist our clients and colleagues in the retail sector, we have partnered with Retail Economics to launch a service to focus on the threats and opportunities facing the UK's largest sector.

Our Brexit service will launch in spring 2018, with a focus on the implications for key trading countries, impact on prominent retail categories (e.g. food, electricals and clothing), movement and immigration and costs of products. We will provide:

- In-depth quarterly reports
- Monthly pulse updates
- A series of workshops and seminars
- Access to our experts

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## Online Sales Restrictions – New European Court of Justice Judgement

The European Court of Justice (*Coty Germany GmbH v Parfumerie Akzente GmbH*) ruled in December 2017 that suppliers may, in the context of a selective distribution system, prohibit their authorized distributors from selling luxury items on third-party internet platforms in certain circumstances.

General bans on online sales and indeed general bans of sales on third-party platforms are not compatible with the prohibition on anti-competitive agreements. However, the Coty judgment is important in permitting certain limitations on online sales in properly designed selective distribution systems for luxury products, provided any restrictions are necessary and proportionate to preserve brand image and prestige.

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## 2018 Pay Trends

National Minimum Living Wage saw a pay uplift of 4.2% applied in April 2017. So, what are the trends we can expect to see in 2018?

- Rising inflation will place upward pressure on pay
- Despite retail sales increases, retailers will show pay restraint due to tougher trading and economic uncertainty
- A 2% annual median increase is expected to remain across the industry
- In 2017 pay freezes accounted for 9.2% of awards, an increase compared with the figure of 7.1% in 2016 – will this continue?
- Larger and more influential retailers may offer more competitive pay in the same manner as the staged increases announced by the big food retailers

And Finally...

- Could we possibly see more strikes? As per McDonald's, who awarded a pay increase to its staff after they staged the first UK strike in the company's history.

Source: Review of pay awards 2017: Retail and wholesale – Expert HR

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## UK Government Declares War on Plastic

The UK government's 25-year environment plan published on 11 January proposes reducing demand for single-use plastic by (amongst other things):

- Extending the 5p carrier bag charge to all retailers in England
- Supporting retailers to offer refill points for people to top-up water bottles for free in every major English city and town
- Encouraging supermarkets to introduce plastic-free aisles in which all food is loose, so customers would have to bring their own containers

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