



FLAT OUT OR OUT FLAT?

The OC&C Christmas Trading Index 2014

THE OC&C CHRISTMAS TRADING INDEX 2014

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The UK economic recovery may be continuing (and wages finally growing faster than inflation), but from a retail Christmas trading perspective progress was uneven. At an aggregate level, overall December retail sales were down 0.4% on last year - and looking back at previous years' performance there has been virtually no aggregate like-for-like growth in overall Christmas retail sales since 2011.

However, this macro picture masked a big diversity in performance with many online, clothing retailers and specialist retailers achieving rapid growth whilst sectors such as grocery grappled with structural market pressures.

Online again grew rapidly (albeit at a lower rate than the previous year) - although with John Lewis reporting that over half of their online orders were collected in shops, thinking of this as a separate channel to stores is becoming ever more misleading. Retailers are increasingly adapting their trading rhythm and campaign activity for this shifting consumer behaviour - targeting earlier activity towards the consumer purchasing online to take the pain out of the Christmas shop - and later converting click and collect driven store visits into last minute in-store purchasers.

Disruptive Black Friday

This was the year that Black Friday really broke through into the public consciousness bringing record traffic for a diverse set of retailers ranging from Superdrug to AO.com. It became the busiest trading day of the year for many - and set the record for the biggest ever day in UK online sales (worth £810m according to IMRG).

However, the disruptive impact also became clear - initially through the operational strain that the peak placed on maintaining home delivery service levels - and then over the subsequent three weeks as it became apparent that much of the Black Friday volume had been pulled forward from December trading, often at discount.

Planning for Black Friday 2015 will require some careful thought by retailers - balancing stoking demand in an event that has now gained real traction with consumers with mitigating operational challenges and minimising margin give-away. Expect to see a more controlled and targeted use of promotions and special buys - and nervous second-guessing of how competitors are planning for the event.

Wrapping up

Clothing and luxury brands dominated the Christmas trading index this year - with Boux Avenue topping our store index and Jaeger leading the online / direct table - and other apparel brands well represented in the top 10. After an unseasonably warm autumn the weather finally played a helpful role with a cold spell in December boosting sales of winter garments. Clothing retailers were also able to avoid the worst of the Black Friday promotional pressure, mostly maintaining good margins and prime trading for most of the festive run-up.

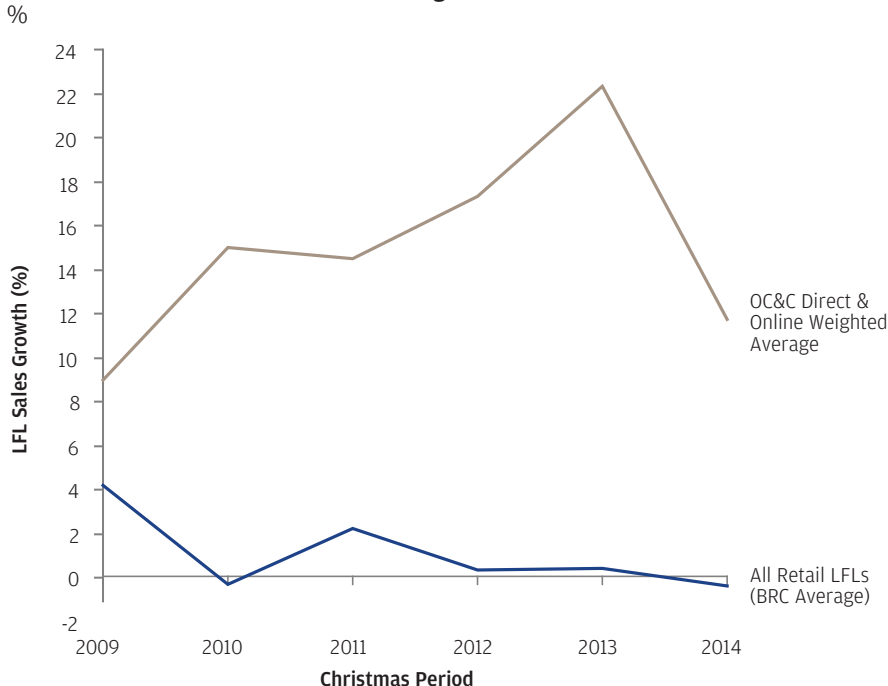
Specialists thrive

It was also a good year for specialist retailers this Christmas with Ann Summers, Mountain Warehouse and Ernest Jones delivering the most rapid like for like sales growth in store-based players - and The Entertainer and AO.com impressing in online sales. The strong performance of Dixons Carphone and Halfords was perhaps equally impressive given the competitive nature of those categories. Despite the might of the Amazon 'machine', shoppers still place relevance on those curating a compelling range and providing great category expertise.

Grocery remains tough

In the grocery sector battle for the big Christmas shop, the fight was no less tough than it has been for the rest of 2014. With the onward march of the discounters and falling prices driving a declining market, the mainstream grocers announcing Christmas Trading results were all in negative like-for-like territory. Brighter spots in the sector remained premium (Waitrose and M&S), convenience (Booker) and online (with both Ocado and Waitrose reporting strong growth). While many of the grocers will not be sad to see the back of a difficult 2014, they are not planning for 2015 to be much easier.

UK Retail LFL Sales - Christmas Trading 2009-14



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PREDOMINANTLY STORE-BASED RETAILERS

Retailer	% Change in Like-for-Like Sales			% Change in Like-for-Like Sales		Movement 2014 on 2013
	2014	Weeks of Period	Period End	2013		
Boux Avenue (UK) ¹	31.7%	6	24 December	20.2%	▲	
McArthurGlen ¹	20%	6	4 January	8%	▲	
Fortnum & Mason	18.3%	5	4 January	13.4%	▲	
Supergroup ³	12.4%	11	10 January	n/a	–	
JD Sports (Group) ³	12%	5	3 January	n/a	–	
Ernest Jones (Signet)	11.9%	8	27 December	8.0%	▲	
Radley (own stores)	11%	9	31 December	16%	▼	
Dune ³	10.6%	6	3 January	n/a	–	
Instore plc (Poundstretcher) ³	10.39%	5	30 December	n/a	–	
Ann Summers Ltd ³	10.1%	6	3 January	n/a	–	
Jigsaw	10%	5	3 January	17%	▼	
Ikea ³	8.8%	16	31 December	n/a	–	
Mountain Warehouse	8.4%	6	4 January	10.7%	▼	
Greggs	8.2%	5	3 January	3.1%	▲	
Joules Ltd ¹	8.2%	5	4 January	16%	▼	
Cook	8.2%	4	28 December	n/a	–	
Foyles	8.1%	4	31 December	0.4%	▲	
H Samuel (Signet)	8.1%	8	27 December	3.3%	▲	
Burberry Group (Retail) ³	8%	13	31 December	n/a	–	
Dixons Carphone (UK & ROI) ³	8%	9	3 January	n/a	–	
House of Fraser (Stores & Online) ¹	8.0%	6	3 January	7.3%	▲	
Jaeger (Stores)	8.0%	13	3 January	10%	▼	
Thorntons (Own Shops) ¹	7.8%	3	24 December	3.5%	▲	
Carpetright	7.5%	13	24 January	1.9%	▲	
Superdrug ¹	7.4%	4	27 December	1.5%	▲	
Lloyds Pharmacy (Stores & Online) ³	7%	4	31 December	n/a	–	
Halfords (Retail)	6.8%	15	9 January	5.9%	▲	
White Stuff Ltd ¹	6.5%	5	3 January	7.3%	▼	
Tiger ³	6.48%	4	31 December	n/a	–	
Dunelm Group ¹	6.2%	26	27 December	2.9%	▲	
Topps Tiles (UK)	6.0%	13	27 December	9.3%	▼	
The Works Stores Ltd ¹	6%	6	28 December	9.5%	▼	
The Entertainer (Stores & Online)	5.50%	5	27 December	7%	▼	
Fat Face Ltd ³	5%	5	3 January	n/a	–	
The Fragrance Shop	5.0%	5	27 December	8.1%	▼	
Debenhams ¹	4.9%	4	10 January	0.1%	▲	
John Lewis	4.8%	5	27 December	6.9%	▼	
B&M Retail Ltd	4.5%	13	27 December	6.2%	▼	
Pets at Home ³	4.1%	12	1 January	n/a	–	
Bonmarché (Stores)	3.9%	5	27 December	6.0%	▼	
Original Factory Shop	3.3%	4	28 December	1.5%	▲	
Paperchase Products Ltd ³	3.1%	5	27 December	n/a	–	
Maplin Electronics	3%	4	26 December	5%	▼	
Waitrose (John Lewis Partnership) ²	2.8%	5	3 January	3.1%	▼	
Blue Inc ¹	2.8%	5	4 January	3.1%	▼	
Booker	2.5%	16	2 January	2.0%	▲	
Robert Dyas ¹	2.5%	6	24 December	5.2%	▼	
Ryman ¹	2.4%	6	24 December	1.7%	▲	
The Perfume Shop ³	2%	6	27 December	n/a	–	
WH Smith (Travel)	2%	20	17 January	-1%	▲	
Majestic Wine	1.1%	10	5 January	2.8%	▼	
Mothercare (UK) ¹	1.1%	13	10 January	-4.0%	▲	
Homebase (Home Retail Group)	0.6%	18	3 January	4.7%	▼	
Argos (Home Retail Group)	0.1%	18	3 January	3.8%	▼	
Marks and Spencer (Food) ¹	0.1%	13	27 December	1.5%	▼	
Tesco (UK) ^{2,7}	-0.3%	6	3 January	-2.4%	▲	
British Retail Consortium Average	-0.4%	4	31 December	0.4%	▼	
OC&C Store Weighted Average	-0.4%	n/a	n/a	0.4%	▼	
Booths ¹	-0.8%	6	3 January	6.06%	▼	
McColl's ^{2,3,4}	-0.9%	6	11 January	n/a	–	
J Sainsbury ²	-1.7%	14	3 January	0.2%	▼	
Marks and Spencer (All Categories) ¹	-2.7%	13	27 December	1.0%	▼	
Morrisons Group ²	-3.1%	6	4 January	-5.6%	▲	
WH Smith (High Street)	-5%	20	17 January	-6%	▲	
Marks and Spencer (General Merchandise) ¹	-5.8%	13	27 December	0.5%	▼	

Methodology: OC&C has used the shortest reported period of like-for-like sales during the Christmas period. Excludes results where the shortest reported period is greater than 26 weeks or less than 3 weeks. Periods vary significantly between retailers therefore care should be taken in interpreting the results. Definitions of like-for-like may vary between retailers but principally refer to same-store sales. Where possible figures relate to trading in UK / UK & Ireland. Figures are stated as reported – no decimal place indicates rounding at the reporting stage. Figures are for like-for-like growth in sales excluding VAT unless indicated otherwise.

Notes:

- 2014 period length differs from 2013
- Excludes petrol
- No 2013 LfL available
- Like-for-like change in sales including VAT

- Company reported approximate figures
- Weighted by most recent reported annual revenue
- Tesco's results for the 19 weeks to 3 January were -2.9%

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ONLINE AND DIRECT RETAILERS

Retailer	% Change in Like-for-Like Sales			% Change in Like-for-Like Sales		Movement 2014 on 2013
	2014	Weeks of Period	Period End	2013		
Jaeger (Online)	78.0%	13	3 January	57.0%		▲
The Entertainer (Online) ³	60%	5	27 December	n/a		–
Dune (Online) ³	55%	6	31 January	n/a		–
Bonmarché (Online)	41.3%	5	27 December	70.3%		▼
White Stuff (Online) ¹	38.1%	5	3 January	52.9%		▼
Mountain Warehouse (Online)	36.3%	6	4 January	127%		▼
Ikea (Online) ³	33.5%	16	31 December	n/a		–
House of Fraser (Online) ¹	31.2%	6	3 January	57.7%		▼
Fortnum & Mason (Online)	31.0%	5	4 January	26.4%		▲
Debenhams (Online) ¹	28.9%	4	10 January	27.0%		▲
The Perfume Shop (Online) ³	27.6%	6	27 December	n/a		–
ASOS (UK) ¹	27%	6	9 January	37%		▼
Waitrose (Online) ²	26.3%	5	3 January	33.4%		▼
AO World ³	26%	13	31 December	n/a		–
Fat Face Ltd (Online only) ³	25%	5	3 January	n/a		–
Boohoo.com (UK)	25%	17	31 December	n/a		–
Maplin (Online)	24%	4	26 December	n/a		–
John Lewis (Online)	19%	5	27 December	22.6%		▼
Mothercare (Mothercare.com) ¹	16.1%	13	10 January	15.0%		▲
Ocado ^{1, 4}	14.8%	4	31 December	21.3%		▼
Kitbag (Findel)	13.6%	16	16 January	-4.3%		▲
IMRG Capgemini e-Retail Sales Index (December)¹	13%	8	27 December	18%		▼
Express Gifts (Findel) ¹	11.3%	8	16 January	6.9%		▲
OC&C Direct Weighted Average	10.7%	n/a	n/a	22.3%		▼
Next Directory	7.5%	8	24 December	21.0%		▼
British Retail Consortium Average (Online, non-food)	7.0%	4	31 December	19.2%		▼
Shop Direct (Group) ¹	4%	7	26 December	5%		▼
Marks and Spencer (M&S.com) ¹	-5.9%	13	27 December	24.1%		▼

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3. No 2013 LFL available

4. Like-for-like change in sales including VAT
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6. Weighted by most recent reported annual revenue

Offices

Belo Horizonte

T +55 31 3481 0105

Boston

T +1 617 896 9900

Düsseldorf

T +49 211 86 07 0

Hamburg

T +49 40 40 17 56 0

Hong Kong

T +852 2201 1700

Istanbul

T +852 2201 1700

London

T +44 20 7010 8000

Mumbai

T +91 22 6619 1166

New Delhi

T +91 11 4051 6666

Paris

T +33 1 58 56 18 00

Rotterdam

T +31 10 217 5555

São Paulo

T +55 11 3053 0434

Shanghai

T +86 21 6115 0310

Warsaw

T +48 22 826 24 57

www.occstrategy.com

For further information on the themes raised in this article, please contact

Tom Gladstone

tom.gladstone@occstrategy.com