

Retail Roundup

RetailEconomics

Weeks to 17-02-23

February 2023

Policy Updates • Economic News • Retailer Responses • Economic Indicators

Keep abreast of what's happening
in the UK retail & leisure industry



Our monthly Retail Roundup newsletter is designed to keep you updated with the latest retail news stories, industry disruption, and its impact on UK retail.



Economic update

Bank rate rises but says inflation past peak

- The Bank of England raised its base rate from 3.5% to 4% on 2 February, the highest in 14 years.
- While the UK is set to enter a recession this year, the Bank of England expects it to be shorter and less severe than previously thought, as energy costs and other prices ease. Indeed, the Bank predicts inflation will ease to 8% in June before falling to 3% in Q1 2024
- This comes as double-digit price rises are having an uneven impact on discretionary income across households, leaving the least and middle affluence households with around £40 less cash per month to spend on non-essential items compared to a year ago (Retail Economics Cost of Living Tracker).
- On the other hand, the most affluent are seeing record earnings growth boost their discretionary incomes by around £36 per month on this time last year.
- Business confidence increased for the second month in a row in January, according to Lloyds, rising five points to a six-month high of 22%. The increase was driven by optimism about the economy and the prospect of cost pressures easing as the year progresses.
- Confidence in manufacturing and services both rose for the second consecutive month to a seven month high, but retailer confidence fell to its lowest level since February 2021 (Lloyds).

Recession averted

- Economic growth was flat in the final quarter of 2022 meaning the UK narrowly avoided a recession.
- However, the economy contracted 0.5% in December following growth in October and November.



Grocery inflation hits record high

- Grocery price inflation hit a record 16.7% in January, surpassing the previous high recorded in October 2022, potentially adding an extra £788 to households' annual shopping bills (Kantar).
- Own-label products grew by 9.3% as a result, as supermarkets compete to offer value to cash-strapped shoppers. Nonetheless, typical New Year trends such as Veganuary and Dry January remained popular and supported performance.

House prices ease

- The annual rate of house price growth eased to 1.9% in Jan, from 2.1% in Dec, the lowest level recorded over the last three years (Halifax).
- The monthly fall in house prices was marginal, taking the average property price to £281,272. Following a series of larger monthly falls at the end of 2022 (-1.3% in December and -2.4% in November).
- The average house price is now around £12,500 (-4.2%) less than its peak in August 2022 but remains £5,000 higher than in January 2022.



Inflation cooled in January

- Annual headline inflation eased for the third consecutive month in January, rising 10.1%, from 10.5% last month – a five-month low. While this remains close to a 40-year high, it was below the 10.3% rise forecast by economists. On a MoM basis, inflation fell 0.6%.
- Core inflation (which strips out volatile prices) fell back to a seven-month low, significantly below expectations suggesting underlying pressure is waning. The slowdown was driven by easing air fares and motor fuel prices with annual inflation in the transport category falling to its lowest level in almost two years.
- Annual food inflation remained close to a 45-year high, rising 16.7% YoY, little changed from the previous month. Notably, inflation of key staples such as milk and bread remain in double digits, eating into households disposable incomes.

Record earnings fail to outpace inflation

- Regular pay continued to grow at its strongest growth rate outside of the pandemic in the quarter to December (records began in 2001). However, it is failing to keep up with double-digit price rises.
- In real terms (adjusted for inflation), regular pay and total pay declined 2.5% and 3.1% YoY respectively in the three months to December (ONS). This remains among the largest falls in growth since comparable records began in 2001.
- Workforce unrest continued into December with 843,000 working days lost because of labour disputes in the month – the highest since November 2011 – as private sector pay significantly outstrips public sector earnings.

Food & Grocery

- Results** - Morrisons saw a 15% drop in full-year adjusted EBITDA to £828m for the 52 weeks ending 30 October 2022. This makes it the only major player apart from Waitrose to see a decrease in sales, with a 1.9% slip in overall sales in the 12 weeks to 22 January, totalling just under £3.1bn.
- Acquisitions and partnerships** - Tesco acquired the Paperchase brand and related intellectual property through a pre-pack administration deal and plans to integrate the brand into its stores. It is expected that all 106 Paperchase stores in the UK will close.
- Costcutter owner Bestway Group increased its stake in Sainsbury's to 4.47% after acquiring its initial 3.45% stake for £193m on 27 January, making it the fifth largest shareholder in the grocer.
- Asda partnered with Lloyds Bank to strengthen its supply chain by providing its UK suppliers with working capital through the Supplier Finance program.
- Waitrose removed all Warburtons products from its stores on the grounds that sales performance "did not meet expectations", following a dispute that lasted almost a year. Crumpet sales at Waitrose fell 15% over the last year, while the wider crumpet market grew 10% in value. Waitrose is now the only major grocer that does not sell Warburtons products.
- Job cuts** - Asda is facing the possibility of a strike as its recent "efficiency" plans have put close to 300 jobs at risk and reduced pay for over 4,000 night workers.
- Tesco plans to eliminate all remaining food counters and introduce a new store management structure, putting over 2,000 jobs in danger. The company has already implemented a new management structure in 350 of its smaller superstores and will now extend it to all larger superstores and Extra stores, resulting in 1,800 new shift leader positions but a decrease in lead and team manager roles.
- Getir is set to cut jobs at its UK office a week after slashing 100 jobs at its US headquarters. This follows Getir's merger with rival Gorillas at the end of 2022.
- Investment** - Lidl GB plans to invest £4bn in UK food businesses in 2023, increasing its five-year £15bn investment commitment to £17bn. So far, it has invested £10bn since March 2020 and in 2022 almost £500m in exports from UK suppliers went to other Lidl markets.
- Pricing concerns** - The Competitions Market Authority (CMA) started a review of online and in-store pricing practices in the grocery sector due to concerns about fair price comparisons for shoppers amid increasing cost of living. The review will examine unit pricing practices, which show the cost of a product by weight or volume.
- Maximising value** - Aldi extended its partnership with food saving platform Too Good To Go to all 990 UK stores, offering surplus 'Magic Bags' at lower prices to reduce food waste. These bags contain near-to-expiry products priced from £3.30 for a minimum £10 worth of food.
- Price hikes** - Iceland was named the UK supermarket where prices increased the most by trolley.co.uk. The retailer reported a 10.1% increase in prices since January 2022.
- Celebrity influence** - Lidl reported a 52% increase in plant sales due to the popularity of Miley Cyrus' new song Flowers, which promotes self-care and buying flowers for oneself. The song reached the top of the UK charts and has received 203 million global streams since its release on 12 January.
- Store changes** - Lidl is reducing the scale of its store opening programme, focusing instead on expanding warehouse capacity. The retailer intends to open 25 new stores this year, down from an average of 50 new stores a year.
- Lidl outperforms** - Lidl GB gained £120m in the past year from cost-conscious shoppers who opted for the discounter over premium supermarkets. In January, the retailer attracted nearly £11m shoppers from M&S, Waitrose, and Sainsbury's, a YoY increase of more than £10m.
- Socially responsible retail** - Asda partnered with Pura to create the UK's first in-store signage made from recycled nappies to help tackle the issue of plastic waste.
- Asda is offering children a free warm breakfast through the February half-term holiday as part of an exclusive partnership with Quaker Oats. Families are now able to access both a free children's breakfast and a main meal for just £1 in all Asda cafes.
- Tesco and Marks and Spencer have donated a total of £150,000 to The Sun's Earthquake Appeal.
- Legal battle** - Tesco and Lidl have started their High Court battle over the use of a yellow circle logo. Lidl claims a trademark and copyright have been infringed, while Tesco has made a counterclaim. Lidl's main logo features a yellow circle, while Tesco uses one to list Clubcard offers.
- Funding round** - Food box provider Gousto lowered its valuation to raise an additional £50m in funding to sustain it through difficult economic times. The funding round, a share sale, took place at a "significant" discount to its previous valuation of \$1.75 billion from a year ago, according to Sky News.



- **Cost-of-living help** - Tesco brought back its Kids Eat Free scheme to 312 cafes across the UK over February half-term. Until 24 February, Tesco cafes will be offering one free Kids Hot Meal Deal, Kids Breakfast or Kids Pick'n'Mix deal with one item bought by an adult if they show their Clubcard at the till.
- Waitrose cut prices on over 300 own-brand items as it invests £100m to support households amid the cost-of-living crisis. The retailer reduced prices of almost a third of its Essential Waitrose range by an average of 14%.
- Iceland is partnering with Birds Eye and Currys to provide low-income families with freezers to help reduce food waste and household grocery bills. Around one in 10 UK households do not currently own a freezer.
- **Price-match competition** - Tesco increased the number of products in its Aldi price-match campaign to 669 with 50 new additions, all from its own-label lines. The additions include 12 produce lines, four breakfast cereals, nine canned bean SKUs and seven pasta sauces.
- **Job creation** - Aldi announced plans to create over 6,000 new jobs in the UK this year. The retailer plans to open new stores in locations including Norwich, Newcastle, Huddersfield, and Shrewsbury in the next month, and is also hiring for 450 positions across its 11 regional distribution centres.
- **Job creation** - Aldi will donate £1m to small and medium-sized businesses this year to help fund local apprenticeship schemes across the UK. The retailer additionally announced it is looking to recruit more than 500 apprentices in 2023



- **Lower credit rating** - Morrisons' credit rating was downgraded by Moody's from B1 to B2, indicating higher risk, due to a dip in sales and profits. The agency also changed the outlook for Morrisons' ability to repay its £7.5bn of debts from stable to negative.
- **Transitioning online in-house** - Asda plans to bring its online grocery business in-house as it continues to separate from former owner Walmart. The retailer partnered with digital transformation firm Publicis Sapient to move its online grocery business to its own platform, expected to be implemented by April 2024.
- **Earthquake aid** - Asda donated £100,000 to UNICEF to support earthquake victims in Turkey and Syria.



Clothing & Footwear

- **Results** - Superdry reported an interim adjusted pre-tax loss of £13.6m in the first half to 29 October 2022, an increase from the previous year's loss of £2.8m. Group revenue increased by 3.6% to £282.2m, while group sales rose 4.5% during the 9-week Christmas period. Retail revenue increased 24.9% over Christmas, while wholesale revenue declined 5.2% in the first half due to the impact of Covid-19 and shipment timing. The company lowered its full-year expectations to break even.
- H&M saw net sales for the three months to 30 November 2022 rise 10% YoY to £4.9bn despite store closures in China and Russia. Net sales in the year to 30 November increased 12% YoY to £17.7bn.
- LVMH reported revenue of £69.6bn in 2022 and profit from recurring operations of £18.5bn, with both increasing 23% YoY. Group share of net profit reached £12.3bn, up 17% YoY, but operating margin remained at the same level as in 2021. All business groups saw revenue grow, with fashion and leather goods reporting a 25% rise compared to 2021.
- Theo Paphitis Retail Group saw 5.5% sales growth in stores and a 9.7% fall in e-commerce sales in the six weeks to 24 December 2022. Store sales as a proportion of the total business increased from 62.2% to 65.8%.
- Pandora saw sales increase 7% to £3.16bn in the year to 31 December 2022, with profits climbing 11.2% to £1.04bn during the same period.
- Joe Browns saw sales increase 19.5% in the four weeks to 25 December 2022. Menswear sales increased 35.2% while womenswear sales were up 8.2%. The retailer's home category also surged 27% driven by demand for bedding.
- Secret Sales reported 70% like-for-like growth in 2022 and is on track to reach 85% this year. The premium non-full price marketplace posted 80% like-for-like growth in January alone. Total inventory grew 125% YoY and the number of brands available is now 2,469, up 104% YoY.

- **Investment** - Frasers Group increased its stake in N Brown to 17.88%, becoming the second largest single shareholder behind Lord David Alliance who bought the company in 1968.
- Matchesfashion owners Apax Partners have agreed to inject £60m into the business. The investment will combine an anticipated split of £40m in equity and £20m in debt.
- **Shedding excess stock** - Asos partnered with Secret Sales to sell unsold stock from 30 January as it reduces its discounting activities. UK customers can purchase a selection of up to 1,000 items from Asos brands such as Topshop, Topman, and Miss Selfridge on Secret Sales. The stock will be updated every two weeks and more items are expected to be added. The collection will no longer be listed on the Asos website.
- **Protecting margins** - Asos raised the minimum spend for free next-day delivery for its Premier members from £10 to £15. This change comes after Asos recently increased the price of its Premier service from £9.95 to £11.95.
- **Store openings and closures** - PrettyLittleThing will open a new showroom and office space in central London in April. The site will include a content room, photo studio, working offices, meeting rooms and a showroom space.
- H&M confirmed it will close four UK stores due to a “rapid change in customer behaviour”. Stores affected include those in Hartlepool, Maidenhead and Newport, Isle of Wight.
- Polish fashion brand Reserved is planning to open several new shops in London, including in the Westfield Stratford and Brent Cross shopping centres. The retailer, which operates more than 1,700 stores across 20 countries, intends to open 400 stores throughout Europe by the end of 2023.
- Uniqlo is close to finalising a deal to take on a 33,000 sq ft retail space on Oxford Street, next to Tottenham Court Road Underground station. If the deal is completed, it will mark the third Uniqlo store on Oxford Street and the 18th Uniqlo store in the UK.
- Mulberry is set to close its Bond Street which first opened in 1995. This comes as luxury retailers claimed the UK decision to stop tourists reclaiming VAT is resulting in tourists flocking to France and Spain instead.
- Paul Smith will shut its shops in Russia, a year after the invasion of Ukraine began. This follows a Daily Mail investigation that found the retailer and two other British luxury labels were still operating in the country.
- Crew Clothing is set to open 40 new stores by 2035, with a focus on market towns and coastal resorts. This comes as the retailer saw both online and store sales increase 15% in the seven weeks to 8 January.
- Canada Goose plans to more than double its retail footprint from its current 51 permanent stores by the end of Q3 2023, while continuing to expand its digital presence.
- **Job cuts** - Gymshark confirmed it is cutting 65 jobs at its North American headquarters in Denver, Colorado as part of a wider restructuring of its US business.
- H&M confirmed it will close four UK stores due to a “rapid change in customer behaviour”. Stores affected include those in Hartlepool, Maidenhead and Newport, Isle of Wight.
- New Look is set to axe the night shift at its Lymedale Business Park warehouse, putting over 500 jobs at risk.
- **Value range extended** - Very is launching an additional 1,000 products in its Everyday value range to help shoppers facing cost of living pressures. The products, including 940 lines with 540 fashion items and 400 lifestyle items, will be launched later this month with the majority having a price point of £30 or less
- **Competition concerns** - Farfetch's planned acquisition of a stake in Yoox Net-A-Porter (owned by Richemont) is being investigated by the CMA over concerns that it might reduce competition in the market. Farfetch and Dubai businessman Mohamed Alabbar bought 51% of Yoox in August, with Farfetch set to own 47.5% of the Yoox Net-A-Porter Group and Alabbar taking an additional 3.2% stake.
- **M&Co snapped up** - M&Co was bought out of administration by AK Retail Holdings, which owns Yours Clothing, Long Tall Sally, BadRhino & Bump It Up. The retailer was bought for an undisclosed sum, however, its physical stores are not included in the purchase.



- **New appointments** - Matchesfashion appointed former Asos Global Brand Creative Director John Mooney as its executive creative director. This follows the appointment of former Asos head Nick Beighton as its chief executive officer last year.
- Next appointed Lipsy co-founder Jeremy Stakol to its board as group investments, acquisitions and third party brands director. Stakol co-founded Lipsy with his wife Marcelle and joined Next in 2008 after selling the brand to the retailer.
- Asos hired senior restructuring executive Scott Millar to join its finance department as an interim director of finance projects. This move is aimed at strengthening its business and addressing concerns from its lenders regarding its balance sheet. Millar was previously the senior managing director at professional services firm Ankura.
- Marks and Spencer appointed Amazon Fashion general manager Nishi Mahajan as director of third-party brands at the business. Mahajan will join the retailer's clothing and home leadership team in mid-April.
- Matalan's interim chairman Tim Isaacs stepped down following the company's acquisition earlier in the month. The retailer's new owners are reportedly looking for a new leader. Isaacs was appointed in September 2022 after John Hargreaves stepped down, with Nigel Oddy appointed as interim CEO.
- **New label** - Adidas launched Adidas Sportswear this week, its first new label in 50 years. Aimed at Gen Z shoppers, the collection is fronted by Wednesday actress Jenna Ortega. The collection will sit alongside the retailer's Originals and Performance labels.
- **Supply chain efficiency** - Asos expanded its Partner Fulfil programme powered by the Mirakl Marketplace Platform, through which brands fulfil orders placed on its website and app directly. The programme lets the retailer offer customers a wider range of products and greater stock availability for existing product lines without impacting supply chain efficiency.
- **Divestment** - JD Sports formally completed the divestment of non-core UK fashion brands, including Tessuit, Scotts, Choice, Giulio and Cricket, to Frasers Group, under terms outlined on 16 December 2022.
- **Profitable partnership** - Sosandar raised £5.4m through the placing of new shares to accelerate its omnichannel strategy following a tie-up with Sainsbury's. The retailer will use the money to invest in stock to increase its in-store range with third-party partners.
- **Tackling modern slavery** - Asos partnered with Goodweave International, a non-profit organisation working to end child, forced and bonded labour in global supply chains, to tackle modern slavery in India.
- **Digital transformation** - Very partnered with Constructor to transform its product discovery experience. The online retailer will implement new search, browse, and autosuggest tools on its website and app, using AI, machine learning, natural language processing, and data to provide customers with faster and more personalised results.
- **Funding round** - Sosandar secured a 3.5% stake from fashion investor Bill Currie in its recent funding round. Currie had previously acquired a 4% stake in In The Style and holds interests in Asos, Boohoo, and THG.
- **Job creation** - Studio is set to create 30 new jobs as part of a significant expansion drive after being acquired by Frasers Group last year. The company will add the new roles at its Clayton-le-Moors base.
- **Staff changes** - Asos named Sean Glithero as its interim CFO, as it continues to search for a permanent finance boss. Glithero will replace the current interim CFO Katy Mecklenburgh who is set to leave in May.
- Joules' former CEO Nick Jones was appointed as the chief merchandising and digital officer at US department store chain Kohl's. Jones will oversee Kohl's merchandise strategy and functions, including buying, digital and omnichannel merchandising, product design and development, and product portfolio strategy.
- Asos responsible sourcing director Simon Platts is stepping down from his role after almost a decade at the company. Platts was previously head of buying at Blacks Outdoor Group.
- **Pension scheme** - Arcadia reached an £850m deal with Aviva to provide retirement payouts for thousands of former Topshop, Burton, and Dorothy Perkins employees. The agreement resolves one of the UK's most controversial corporate pension schemes.
- **Return charges** - New Look launched a new trial charging customers for postal returns of online orders. The fashion retailer will charge customers £1.99 to return items by post but will continue to offer free returns for online orders to stores. The move follows similar decisions by Boohoo and Zara to charge fees for returns.
- **Growth strategy** - Boohoo announced that it will replace its existing growth plan with a new scheme aimed at increasing its market capitalisation following a period of weak trading performance. The company will focus on creating shareholder value by meeting a series of share price targets. The new plan has been divided into five tranches, with the ultimate aim of achieving a market cap of £5bn.



Health & Beauty

- **Partnership** - Holland & Barrett will launch concessions in WHSmith travel stores at Heathrow Terminal 2, Gatwick North Terminal and London's Euston Rail Station, featuring a selection of the retailer's own-brand health, beauty and wellness products suitable for shoppers who are travelling.
- Asda partnered with InHealth to offer NHS diabetic eye screening in 16 of its stores, making it the first supermarket in the UK to offer the service. The retailer plans to expand the service to 14 more locations in April.
- **New appointment** - Lush promoted Kasey Swithenbank to the position of lead retailer for the UK and Ireland. Swithenbank most recently served as a retailer on the UK&I retail team and has first joined Lush as a sales associate in 2010.



Furniture & Flooring

- **Results** - Bensons for Beds saw like-for-like sales rise 7% YoY in the quarter to 31 December 2022 driven by a strong online performance. Online sales rose 41% and digital purchases doubled since before the pandemic, bolstered by the acquisition and relaunch of Eve Sleep in October 2022.
- **New appointment** - Furniture Village appointed its founder's son Charlie Harrison as the new managing director alongside several other internal promotions. This comes after the retailer used its cash reserves to buy out investor BGF in December 2022, leaving founder Peter Harrison and his son as the sole shareholders. Peter Harrison is now executive chairman
- **Administration** - Tile Giant owner Stiled called in administrators Interpath Advisory after the retailer needed more funding than anticipated. Tile Giant was subsequently sold to Stiled Holdings Ltd and CTD Tiles Ltd. Stiled Holdings Ltd took control of the Tile Giant's trading name, goodwill and the business and assets, including 56 stores and Tile Giant's head office, along with 233 staff, while CTD Tiles acquired 13 stores and 48 staff. 13 of Tile Giant's 80 nationwide stores were not included in the deal, and will be closed with the loss of 43 jobs.
- **Discounting drives sales** - Ikea reported a boost in footfall and sales across its business due to promotional campaigns and lower prices on popular ranges amid the cost-of-living crisis. Ikea owner Ingka's chief executive said sales volumes and visitor numbers were up so far in the fiscal year.



DIY & Gardening

- **Results** - Wickes saw group sales rise by 11.5% in the 13 weeks to 31 December 2022. Like-for-like sales grew 5.2% in its fourth quarter amid strong demand for energy-saving products such as loft insulation and draught excluders. "Do It For Me" like-for-like sales increased 34.5%, but core like-for-like sales fell 2% over 2022 as a whole reflecting steep declines at the start of the year as trade slowed following a pandemic-era boom.
- **Changing focus** - B&Q will close eight concessions in Asda superstores from 11 March, choosing to focus on smaller-format, high street stores instead. They now have two B&Q Local stores and six non-local branded high street stores around London.
- **Store expansion** - Screwfix has opened 87 stores since February 2022 across the UK, the Republic of Ireland and France, bringing the total number of branches to 870, close to the retailer's target of 1,000 stores as part of its expansion strategy.
- **Acquisition** - Frasers Group paid £2m cash for the business and assets of Amara Living in December 2022 after the homewares retailer ran out of alternative funding sources.

Electricals

- **Results** - Amazon saw global net sales grow £122.4bn in the quarter to 31 December, up 9% on last year. Amazon Web Services produced an operating income of £4.3bn on £17.5bn of sales. Analysts were expecting a profit of £4.7bn on sales of £17.9bn.
- Apple reported revenue fell 5% to £96.1bn in the three months to 31 December, while net income declined 13% to £34.6bn during the same period, below the £25.4bn forecast by analysts. iPhone sales fell 8% to £52.3bn during the period while sales of iPads and subscription services like Apple Music and TV grew.

Homewares

- **Plans for growth** - Ikea plans to invest £1bn in London over the next three years, including a new £33m warehouse in Dartford, Kent, which will open in May and expand the retailer's fulfilment capacity in the capital by 20%.
- **Results** - Dunelm saw sales rise to £835m during the second half of 2022. However, pre-tax profits fell 17% from £140.8m to £117.4m during the same period. The retailer pointed out that this reflected "the impact of sale timing, strong post-pandemic demand in the prior year, and inflationary impacts". Full-year profit is nonetheless expected to beat market forecasts of £176m.

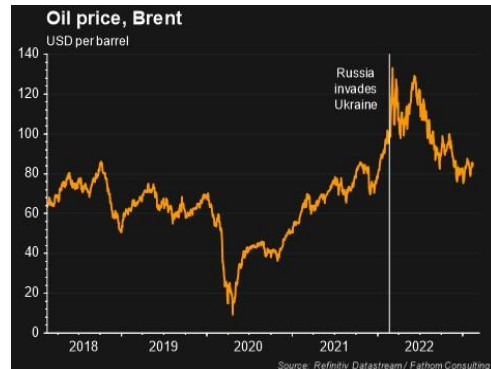
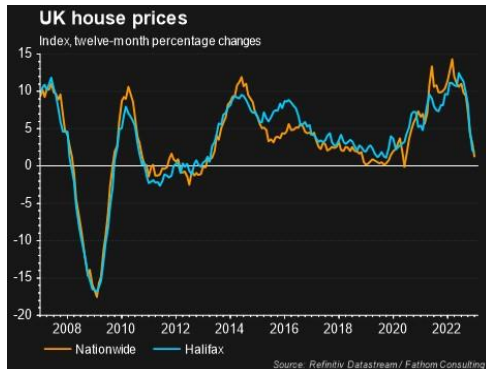
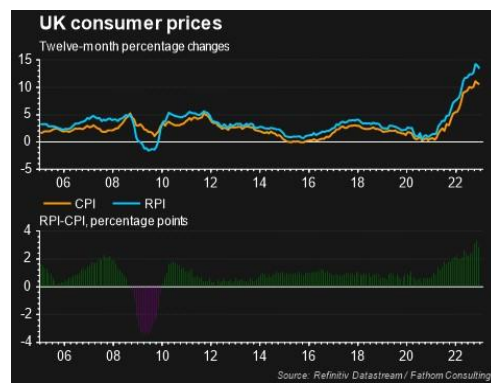
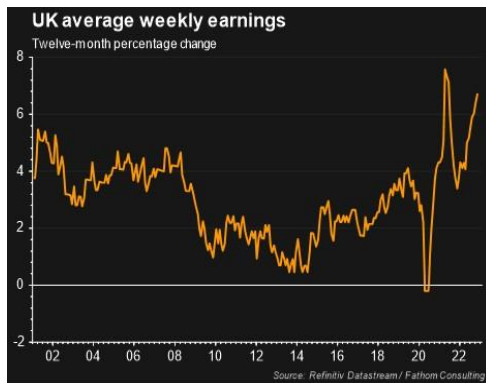


Department stores, marketplaces and specialists

- **Acquisition** - Home Bargains acquired discount retailer Quality Save for an undisclosed sum.
- **Staff changes** - Poundland's clothing arm Pep&Co is slashing 30 jobs at its Watford head office as the retailer moves buying operations to Poland. The majority of roles affected are in the buying department.
- John Lewis customer director Claire Pointon resigned after three years as the company combines the leadership and customer teams into a single role. Pan-Partnership customer director Charlotte Lock will assume a new role combining brand, strategy, transformation, and campaigns.
- Poundstretcher will give nearly 4,000 a 10% pay rise amid cost-of-living difficulties, effective from 1 April. Over 70% of its workforce will be eligible for the increase.
- **Store openings** - TK Maxx is opening two new stores this summer, one in Workington town centre and another in Watford. The Workington store will cover 22,500sq ft and will occupy the former Debenhams retail unit. The Watford store will be 30,557sq ft and spread across three floors in the former Next unit. Both stores will offer fashion, home, and beauty products. Owner TJX Companies saw a strong recovery from the pandemic with a 45.2% increase in turnover to £3.3bn for the 52 weeks to the end of January.
- Poundland is set to open and relocate at least 50 new stores in the nine months to the end of September 2023, adding around 500,000 sq ft of retail space and creating up to 800 new jobs.
- **New distribution centre** - The Range began construction of a new 1.2m sq ft distribution centre, making it the largest to be built in the UK for five years. The state-of-the-art facility, located in Gateway 14 park in Suffolk, is part of the retailer's growth strategy to expand its product offerings and store portfolio. Construction expected to be 12 months, creating 1,650 jobs.
- **No more fur** - Harvey Nichols announced it will stop selling fur products by the end of 2023, following an investigation by Humane Society International into Chinese fur farms. The store previously had a fur-free policy in 2004 but started selling fur again in 2013. Harvey Nichols currently sells fur from several brands including CP Company, Canada Goose, and Moncler.
- **Valentine's Day trend** - John Lewis reported sales of Lego aimed at those aged 18 and above rose 33% ahead of Valentine's Day and are up 51% on last year
- **Job cuts** - eBay plans to cut 500 jobs, amounting to 4% of its staff to "continue to be successful".
- **Amazon losses** - Amazon is looking to sublet its UK warehouses following annual losses. The retailer was previously aiming to open more warehouse space across the UK.
- **Strike** - Amazon workers confirmed further strike dates as the dispute over pay escalates. Staff at the Coventry distribution warehouse will walk out on 28 February, 2 March and between 13 to 17 March.
- **Ditching wholesalers** - Amazon is set to scrap wholesalers in favour of sourcing directly from brands. The online giant told its vendors the approach will help control costs and keep prices low for shoppers.
- **Results** - Watches of Switzerland reported a 17% YoY increase in group sales to £407m in the 13 weeks to 29 January. Growth was driven by sales of luxury watches, which made up 84% of total revenue. Group ecommerce sales rose 5% in the period due to investment in improving product range, availability for next day delivery and expanding client services in the virtual boutique team. Despite a "limited return" of tourist spending, UK and Europe sales increased 7% to £238m in the quarter.

Latest economic indicators

Updated 16 February 2023



Key dates throughout the month

What?	When?
BRC-KPMG Retail Sales Monitor (January)	7 February
Halifax House Price Index (January)	7 February
RICS Residential Market Survey (January)	7 February
ONS GDP Monthly Estimate (December)	10 February
Retail Economics Economic Chartbook	13 February
ONS Labour Market (February)	14 February
ONS Consumer Price Inflation (January)	15 February
GfK Consumer Confidence (February)	17 February
ONS Retail Sales Index (January)	17 February
GfK Consumer Confidence (February)	17 February
ONS Retail Sales Index (January)	17 February

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