



Retail Management Consultants



“80% 的打折商品是由女性购买的”

“Women buy 80% of everything on sale”



**“10% 的欧洲小朋友想要一张宜家
(IKEA) 的床”**

**“10% of European children are conceived
in an IKEA bed”**



**“在美国《圣经》是被偷窃率最高的
书籍”**

**“The Bible is the most shoplifted book
in the USA”**



“2010 年加纳开始禁售二手内衣”

**“In 2010 Ghana banned the sale of
second-hand underpants”**



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RMC Global
+44 (0) 1786 475615

RMC India
+91 22 6669 3300

Email info@retailmanagementconsultants.com
Visit www.retailmanagementconsultants.com





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UK Retail Sector

- Total sales of £300 billion in 2012
- 190,000 retail businesses in UK
- 300,000 shops
- Retailers pay £ 17.5 billion in taxes (9% of UK total)
- 10.5% of jobs are in retail (40% of under 20's)



UK Department Store Figures

- Four largest players control nearly 60% of the total market
- Average weekly sales of around £0.5 billion
- Department Store online sales grow more than 25% in 2012



But...

- Minimal retail growth since 2008
- More retailers fell into insolvency in 2012 than ever before - 7,337 closures in total
- 20 shops shut every day in 2012

It's a bumpy road ahead...



Compare...

**Chinese retail sales grew 12.3%
in first two months of 2013**

**UK retail sales grew by 2.7%
over the same period...**



“The Minimal Growth Age”



The Minimal Growth Age

Three key factors

- Weak Demand
- Omni-Channel Retailing
- Retail Real Estate



Weak Demand



The Minimal Growth Age

Weak Demand

- UK entered a recession in Q2 of 2008 and only returned to growth in Q4 of 2009
- UK returned to recession in Q1 of 2012
- Necessary reductions in public spending have reduced the budget deficit but continue to impact consumer demand



The Minimal Growth Age

Weak Demand – Impact on retailers

- Consumer confidence is not growing in step with economic recovery
- Austerity is the new normal
- Attitudes to shopping on price have changed
- Shopping habits acquired during the recession are being retained



Omni-Channel Retailing



The Minimal Growth Age

Omni-Channel Retailing

- 10% of UK retail sales are now made online
- Online sales rose by 13% in 2012 to £77 billion
- Average weekly spend online was £541 million in February
- Mobile commerce grew by 261% in October 2012
- 20% of online sales made through mobile devices in 2012



The Minimal Growth Age

Omni-Channel Retailing – Impact on Stores

- Retailers once needed 250 shops to reach UK consumers. The optimum figure is now around 75 shops
- The growth of online shopping is determining how big new stores will be, where they will be located, and how many staff will be required
- Retailers are shifting capital from shop investments to IT and distribution investment to support online



Real Estate



The Minimal Growth Age

Real Estate

- Weak demand causes shops to under-perform
- The gap between best and worst stores continues to widen (currently between 30-40%)
- Increased online sales limits store performance
- What to do with the very worst performing shops?



**“an average of 20 shops closed every day in
2012”**



“one in seven British shops are unoccupied”



















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Winners and Losers in the Minimal Growth Age

Affordable Non-Branded Fashion



Loser





Affordable non-branded fashion

Peacocks: Loser

- 9600 employees and 670 shops
- Customers lost during recession never returned
- Had too many stores and couldn't exit leases
- Debt exceeded sales
- Failed in January 2012





PRIMARK®

Winner



Affordable non-branded fashion

Primark: Winner

- 257 shops
- Turnover up 15% to £3.5bn
- £356m operating profit
- 23% rise in half-year sales
- Opened 15 new stores in the last 6 months

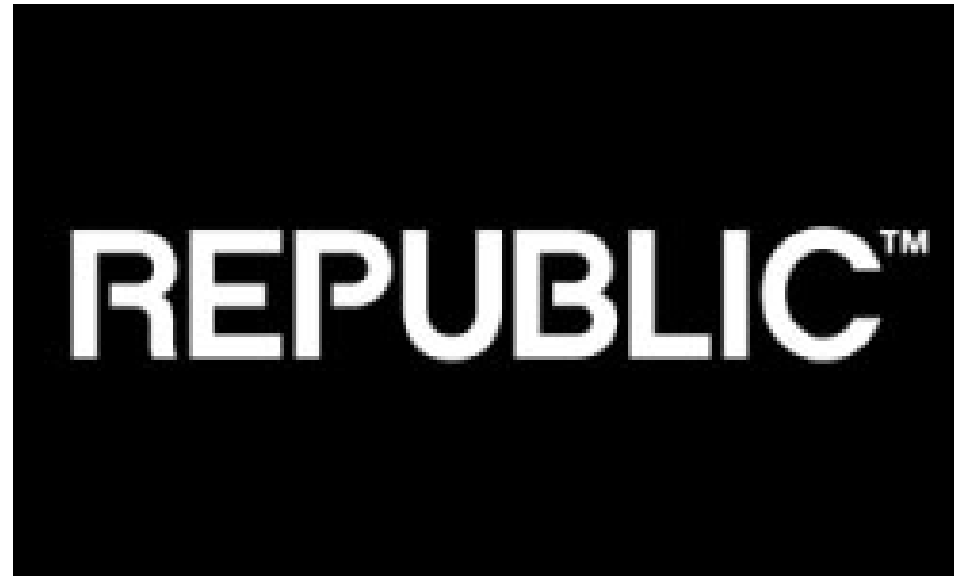






Winners and Losers in the Minimal Growth Age

Multi-Brand Fashion



Loser





Multi-Brand Fashion

Republic: Loser

- 2500 employees and 121 shops
- Rapid expansion pre-recession created long-term debt
- Youth market hit hardest during recession
- Had too many stores and couldn't exit leases
- Debt default
- Failed in February 2013





asos

discover fashion online

Winner



Multi-Brand Fashion

ASOS: Winner

- 842 employees and 0 shops
- Sales of £482m in 2011/12
- Sales grew 37% over last six months
- International sales were almost 60% of total in 2011/12
- Successful own-brand was 55% of total sales in 2011/12



Winners and Losers in the Minimal Growth Age

Music, Movies & Books



Loser





Music, Movies & Books

Blockbuster: Loser

- 4,190 employees and 528 shops
- Undermined by competition
- Too slow to adapt
- Had too many stores and couldn't exit leases
- Debt default – Failed in January 2013





**“作家海明威在 Abercrombie & Fitch 店
购买用于自杀的手枪”**

**“The author, Ernest Hemingway, killed
himself with a gun he bought at
Abercrombie & Fitch”**



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SPRING / SUMMER
2013







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RMC Global
+44 (0) 1786 475615

RMC India
+91 22 6669 3300

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Joseph Leftwich