

## UK Health & Beauty Monthly report

### UK Retail Sales

**1.8%**

Retail sales rose by 1.8% in January, year-on-year, according to Retail Economics.

### Online Sales

**7.4%**

Total online retail sales rose by 7.4% in January, value and non-seasonally adjusted, according to ONS.

### Shop Prices

**0.7%**

Shop price inflation edged up by 0.7% in January, excluding fuel, according to ONS.

### Health & Beauty

**2.2%**

Health & Beauty retail sales were up by 2.2% in January, year-on-year, value and non-seasonally adjusted, according to Retail Economics.

### Average Weekly Sales

**£284m**

Average weekly sales for Health & Beauty were £284 in January, according to Retail Economics.

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THE LATEST DATA



## What you get from our UK Health & Beauty reports

- ✓ **A grasp of current retail trends from the latest available data**
- ✓ **Unbiased analysis of sector-specific data**
- ✓ **A holistic view of the health and beauty sector in the UK**
- ✓ **A competitive edge by understanding key economic factors**
- ✓ **A better understanding of the market to take the right actions**
- ✓ **Weather data to identify behavioural trends**
- ✓ **COVID-19 related commentary and insights**



## COVID-19 Service

We conduct extensive research and analysis on the impact of coronavirus (COVID-19) on the UK retail and leisure industry. Our service consists of frequent, timely analysis and updates in a variety of formats so you can absorb the information quickly in a way that best suits you.

### What you get

#### 1. Impact assessment reports for UK retail and leisure

These reports provide an in-depth analysis of the COVID-19 impact on the UK retail and leisure industry including consumer panel surveys, economics analysis, forecasts and other insights.

#### 2. COVID-19 Quick Responses

Get the latest updates from retailers and the wider industry on the impact of COVID-19 as an when it happens - delivered directly to your inbox.

#### 3. Consumer panel research

For the critical duration, we conduct fortnightly surveys using a panel of over 2,000 households to measure: 1) Behavioural shifts 2) Confidence 3) Sentiment These extensive surveys have proved to be a very accurate indicator of future trading vulnerabilities for the industry.

#### 4. Weekly newsletter

Every week we produce a summary of all the 'need-to-know facts and stats' related to the impact of coronavirus on the retail and leisure industry broken down by sector (e.g. clothing & footwear, food, home and more) and by channel.

#### 5. Economic chartbook

Produced monthly, a summary of all the critical macroeconomic data and trends in an easily digestible chartbook format. Ideal for identifying trends.

[CLICK HERE TO EXPLORE SERVICE NOW](#)



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### Health & Beauty sales edge up in January

Sector Growth Rankings	Jan-20	3 month avg.	6 month avg.	12 month avg.
Food	2.8%	1.8%	2.2%	2.3%
Footwear	2.7%	0.9%	0.6%	0.3%
Health and Beauty	2.2%	0.2%	0.5%	0.8%
Clothing	2.1%	0.7%	0.6%	0.5%
Furn & Floor	1.8%	0.7%	-0.1%	0.4%
Electricals	-0.5%	-1.5%	-1.2%	-0.9%
Homewares	-0.9%	-0.8%	-1.0%	0.1%
DIY and Gardening	-1.8%	-2.3%	-2.1%	-0.5%

Source: Retail Economics

### Veganuary

- Health & Beauty sales were up a relatively strong 2.2% year-on-year in January.
- The New Year brought renewed focus to health and wellbeing – particularly Veganism.
- This brought a strong uplift in demand for vegan shampoos and conditioners, make-up and diet options.

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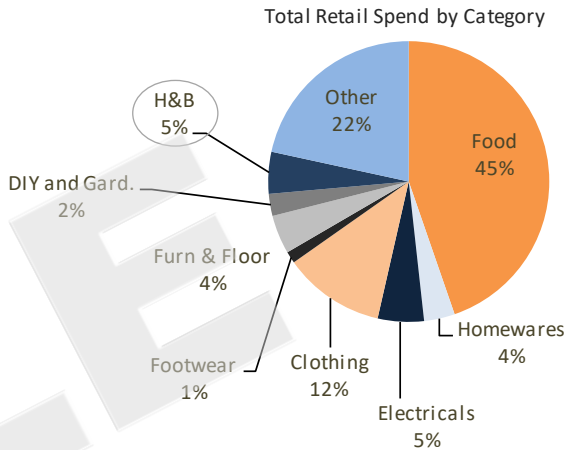
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### Market composition

- Consumers continue to bargain hunt as willingness to spend on non-essentials remains under pressure.
- But retailers appear to have become savvier as well. The BRC notes that several retailers bought less gifting stock than last year and had less to offer in January clearance sales.
- Some argue there has been a 'Boris bounce' in confidence, but 2020 brings a number of fears for consumers, including the looming Brexit deadline, environmental concerns and the recent coronavirus outbreak.

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### Health & Beauty 5% of total retail sales in January

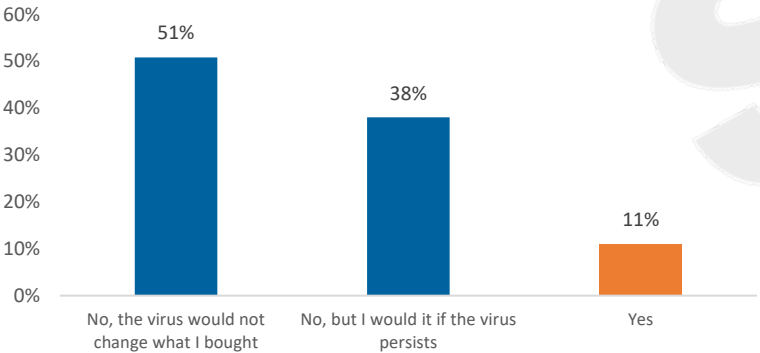


Source: Retail Economics

### Coronavirus: threat and opportunity?

Have you bought any products to help safeguard yourself against the coronavirus (e.g. masks, hand gels)?

Proportion of respondents:



Source: Retail Economics

### Coronavirus

- Research by Retail Economics shows there is confusion over the current level of threat that the coronavirus poses to UK health.
- Around a quarter (23%) of consumers believe the virus is a high threat to health in the UK, while two fifths (42%) see it as low threat.
- The virus has prompted a surge in demand towards antivirals, wipes and alcohol gels. Indeed, 11% have bought products to safeguard themselves, rising to more than a fifth (22%) among the most concerned consumers.

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### New Year, new me

- Health & Beauty website visits were up by 3.1% in January (Hitwise), compared to store footfall declining by 0.5% (Springboard).
- Mobile accounted for a high 73% of website visits.
- Protein shakes and vegan-friendly products rose up the search rankings as shoppers committed to New Year resolutions, which are typically focused around health and wellbeing.

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### Top search terms on Health & Beauty websites

Health and Beauty	Top 10 Search Terms
1	contact lenses
2	glasses
3	viagra
4	cbd oil
5	electric toothbrush
6	whey protein
7	turmeric tablets
8	hearing aids
9	apple cider vinegar
10	vegan protein powder

Source: Hitwise, Retail Economics Analysis

## Health and Beauty – Retail Economics Index: January 2020

The new year brought a relatively strong uplift in Health & Beauty sales at 2.2% year-on-year growth in January.

New Year resolutions among consumers brought a renewed focus to health and wellbeing, with sustainable healthy living and dieting being a strong focus as shoppers increasingly re-evaluate the impact of consumption on the planet.

### New Year resolutions

Veganuary – a movement that supports trying to be vegan for January – doubled in popularity this year with more than 400,000 people worldwide pledging to be vegan for the month, and no doubt many others.

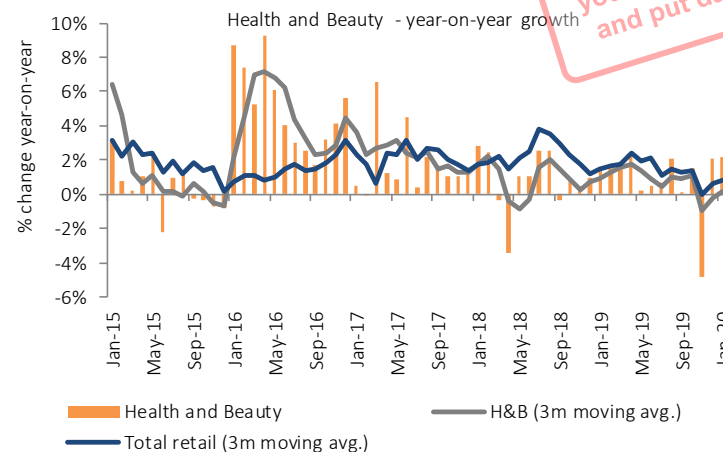
This brought a strong uplift in demand for all things vegan – from shampoos and conditioners, to make-up and diet options. Fast-food chain KFC rolled out its Quorn-based vegan burger to all of its outlets in January, selling one million burgers throughout the month.

Notably, veganism stretches well-beyond dairy and meat-free food alternatives, extending to clothing and health and beauty products too.

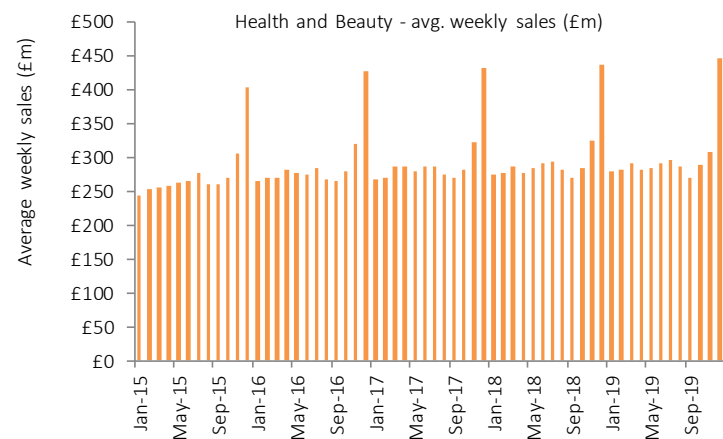
Such trends saw the British Retail Consortium note its best Health & Beauty performance since August 2017. While the trade association noted that Health outstripped Beauty sales, this is arguably a reflection of the BRC. The BRC represents a cohort of traditional retailers such as Boots and Superdrug that are skewed towards Health and have been impacted by the rapid growth from entrants such as Allbeauty and Birchbox.

That said, the market has become more concentrated in recent months. Following the closure and scaling back of high-profile department stores such as Beales, Debenhams and House of Fraser over the past year, it has commented that other high street retailers are benefiting from consumers still looking to buy Beauty in physical stores.

Aggressive discounting – particularly on the Beauty side which faces fierce competition off-line and online – has plagued the category over the past year. This comes despite households being in better financial health compared to a year ago, with the UK at record levels of employment and real wage growth being sustained on the back of low inflation.



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted  
\*Period aligned to ONS trading calendar 29 December 2019 – 01 February 2020



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted

## Health & Beauty

2.2%

Health & Beauty sales increased by 2.2% in January, year-on-year.

## Three-Month Basis

0.2%

In the three months to January, Health & Beauty sales increased by 0.2%.

New Year resolutions among consumers brought a renewed focus to health and wellbeing, with sustainable healthy living and dieting being a strong focus.



Health and Beauty – Retail Economics Index: January 2020 – *continued*

**Boris bounce?**

Consumers have adopted a bargain hunting mentality as willingness to spend on non-essentials remains under pressure. Retailers appear to have become savvier however, with several players buying less gifting stock than last year, meaning less discounted January clearance stock.

Confidence has seen a slight uplift since December’s general election, with greater certainty over the direction of the economy seeing GfK’s consumer confidence index increase by two points to -9 in January. While many view this as a ‘Boris bounce’, it could turn out to be a ‘Boris blip’. Time will tell.

2020 is arguably the year of confusion for consumers. People continue to worry about Brexit, lack of savings and how to shop in an environmentally sustainable manner. January also brought a new fear: the coronavirus.

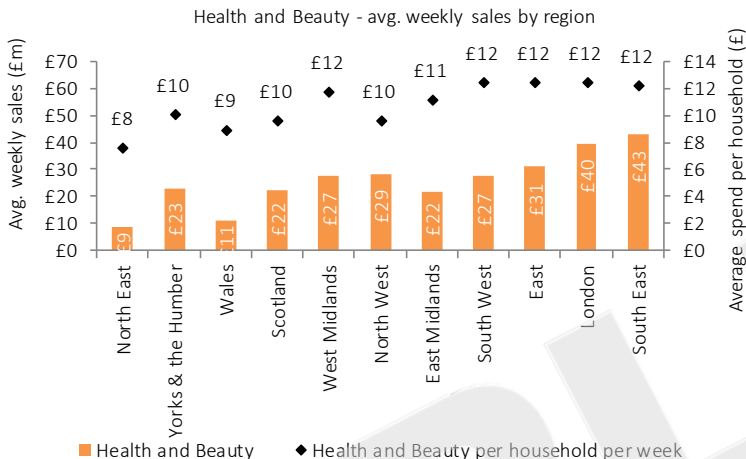
**Coronavirus: an opportunity?**

Research by Retail Economics towards the end of February shows there is confusion over the current level of threat that the coronavirus poses to UK health. Around a quarter (23%) of consumers believe the virus is a high threat to health in the UK, while around a third (35%) think it’s a moderate threat and two fifths (42%) see it as low threat.

This has seen attention turn towards Health, prompting a surge in demand towards the end of the January for antivirals, wipes and alcohol gels. Indeed, the research shows that more than a fifth (22%) of concerned consumers – those who believe the virus threat is high – have bought products to protect themselves from the virus.

But there’s confusion around how to safeguard oneself from the virus. A staggering 48% of respondents would try to avoid buying online from international sellers shipping directly from China if the virus persisted.

Just under a third (31%) of consumers are prepared to cancel holiday and travel plans abroad if the virus persists, which could see consumers shift spending elsewhere to the benefit of Health & Beauty, as shoppers substitute travel spend abroad to other areas of the economy. But product shortages from the East is a concern for retailers. To what extent the virus impacts retail – good or bad – should become clearer over the next couple of months.



Health and Beauty	Annual % growth	Avg. weekly spend (£m)
Aug-19	2.1%	£287
Sep-19	0.1%	£270
Oct-19	1.5%	£288
Nov-19	-4.8%	£308
Dec-19	2.1%	£446
Jan-20	2.2%	£284

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted  
 \*Period aligned to ONS trading calendar 29 December 2019 – 01 February 2020  
 \*Regional figures may not sum to total due to rounding

South East

£43m

The average weekly spend on Health & Beauty in the South East in January.

Average Weekly Sales

£284m

The average weekly spend on Health & Beauty in the UK in January.

2020 is arguably the year of confusion for consumers. People continue to worry about Brexit, lack of savings and how to shop in an environmentally sustainable manner.

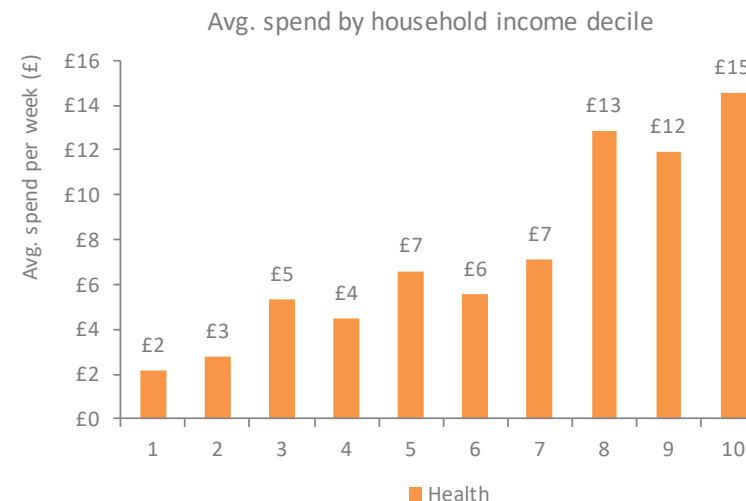
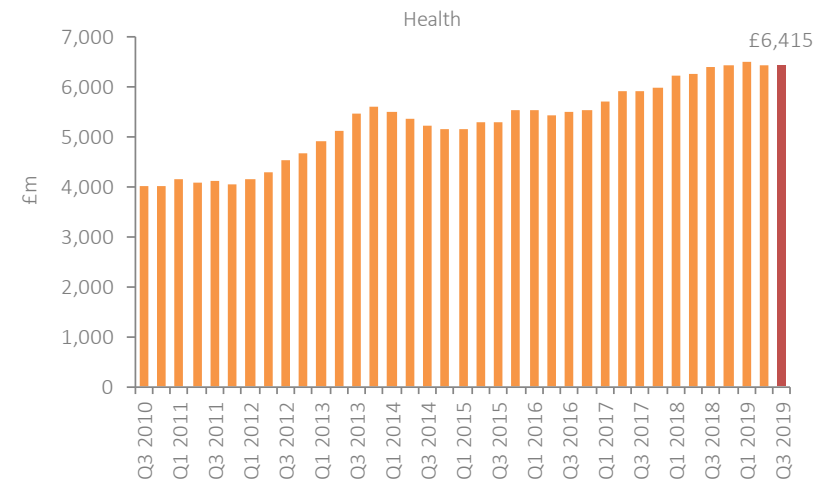


## Macro Factors – Household Spending

Expenditure on Health continued to fall in Q3 2019, albeit reporting a shallower decline than in the previous quarter. Indeed, spending fell 0.2% in Q3 2019 compared with the previous quarter.

This was driven by a decline in all sub-components with spending on out-patient services and medical products falling 0.3% and 0.2% respectively.

That said, on an annual basis, spending on Health rose by 0.2% in Q3 compared with the previous year. This was supported by a 3.4% rise in spending on medical products, which accounts for around 60% of the overall category, which outweighed a 6.3% decline in out-patient services.



Source: ONS, Retail Economics analysis

Note: Household spending on Health is not restricted to Health and Beauty. Household spending also includes categories such as dental services, medical services and other medical products.

Key call out stats for easy data intake

## Quarterly Growth

**-0.2%**

Spending on Health in Q3 2019 fell by 0.2% on the previous quarter.

## Households

**£15**

The wealthiest households spent £15 per week on Health products in Q3 2019.

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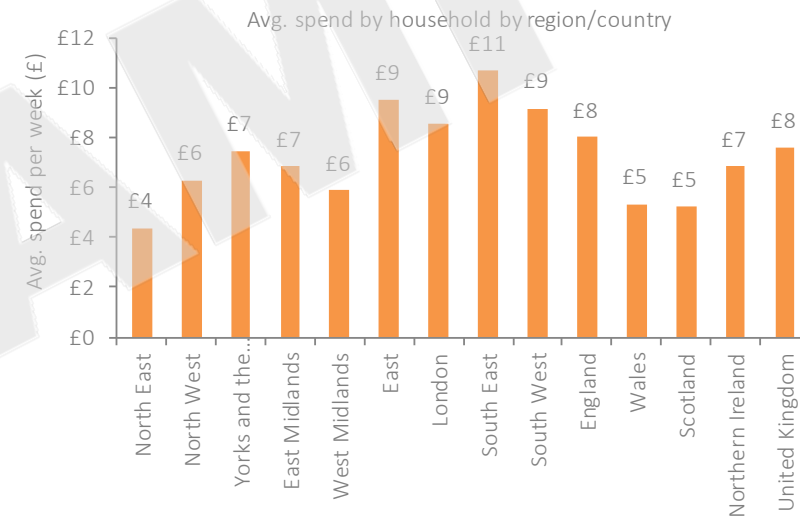
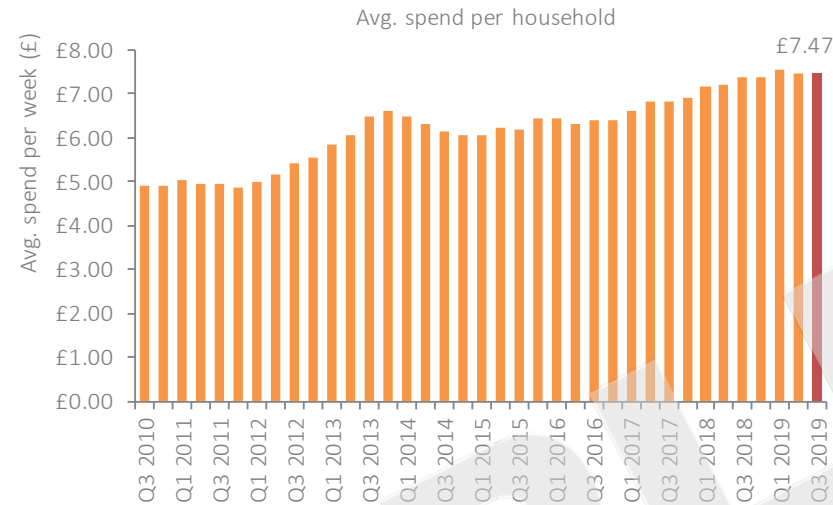
## Macro Factors – Household Spending

Average UK households spent £7 per week on healthcare in Q3 2019, dipping slightly on spending in the second quarter of 2019.

Households in the South East spent the most on health, at around £11 per week. This compares with £4 in the North East.

The proportion of household expenditure spent on health remains relatively low at 2.0% for the average UK household.

The most affluent households spent £15 per week on health. This is significantly higher than the £2 per week spent for least affluent households.



Source: ONS, Retail Economics analysis

Note: Household spending on Health is not restricted to Health and Beauty. Household spending also includes categories such as dental services, medical services and other medical products.

## Spending

£7

The average household spent £7 per week on Health products in Q3 2019.

## South East

£11

Households in the South East spent the most on Health products averaging £11 per week.

The most affluent households spent £15 per week on health. This is significantly higher than the £2 per week spent for least affluent households.





## Macro Factors – Consumers

Consumer spending reached £331,372m in the fourth quarter of 2019, rising by 0.1% quarter-on-quarter. This marked a slowdown on the 0.4% quarterly rise in Q3.

On an annual basis, consumer spending rose by 1.3% in Q4 compared with the same quarter in 2019, unchanged from Q3.

Early indications suggest a modest ‘Boris bounce’ in consumer sentiment, with GfK’s Consumer Confidence measure increasing by two points to -9 in January.

Four out of the five components in the measure improved in the month. Consumers feel more positive about 2020 when reflecting on 2019, on the back of strong employment, real wage growth and low inflation.

GfK’s Major Purchase Index was the only measure to decline, partly indicating January blues after splashing out at Christmas. It also reflects subdued non-essential sales that retailers have been facing, against what remains a critical year ahead for Brexit as we enter the transition period. Indeed, GfK’s index has been in negative territory for four years running.

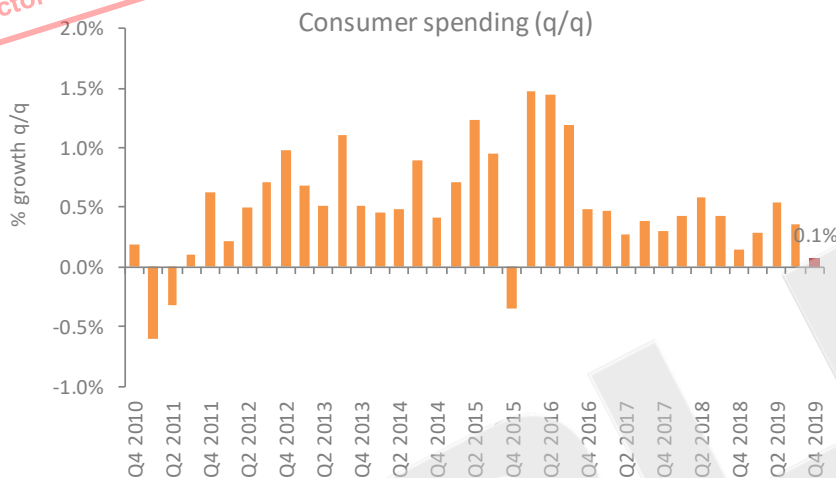
Consumers’ perceptions of the general economic situation over the last 12 months increased by a further three points to -28 in January – seven points ahead of last year. The forward-looking component saw a robust three-point uplift to -24, which is a staggering 15 points higher than in January 2019.

The backward-looking personal finances component increased by four points to +1 in January and is one point higher than a year ago. The forward-looking measure improved by three points to +6, which is five points higher than last year.

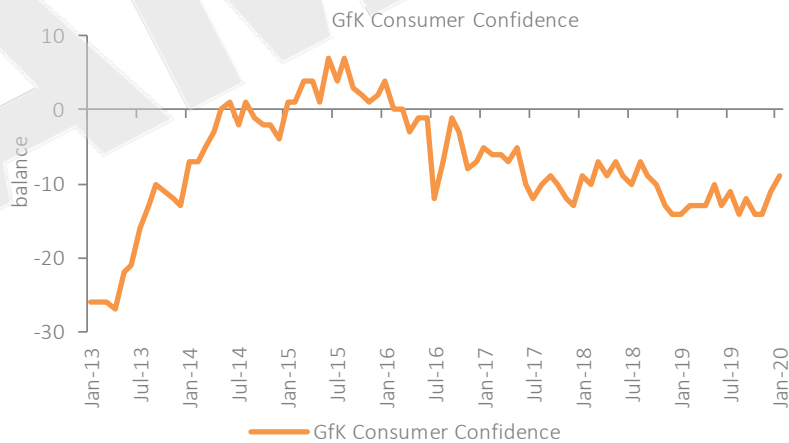
The major purchases index declined by two points to +1 in January – one point lower than a year ago.

The savings index was up by two points to +20 in January – six points ahead of last year.

We focus on consumers and interpret how changes in discretionary income affects sector demand



Source: ONS



Source: GfK

## Spending

£331bn

Consumer spending reached £331,372m in Q4 2019.

## Confidence

-9

Overall consumer confidence rose two points to -9 in January, five points higher than last year.

GfK’s Major Purchase Index was the only measure to decline, partly indicating January blues after splashing out at Christmas.



## Macro Factors – Ipsos Retail Performance

Latest figures from Ipsos Retail Performance (which measures footfall in over 4,000 non-food stores across the country) showed that footfall fell just 0.5% in January year-on-year. This was an improvement on the 7.2% fall in the previous month and above the three-month average rate of -5.0%.

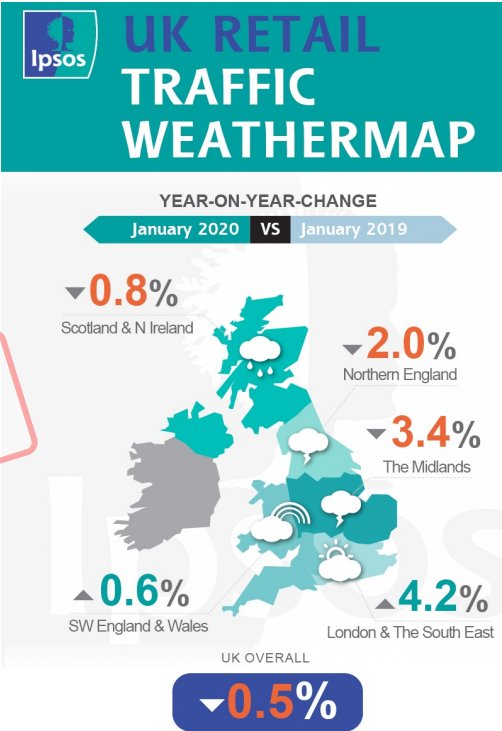
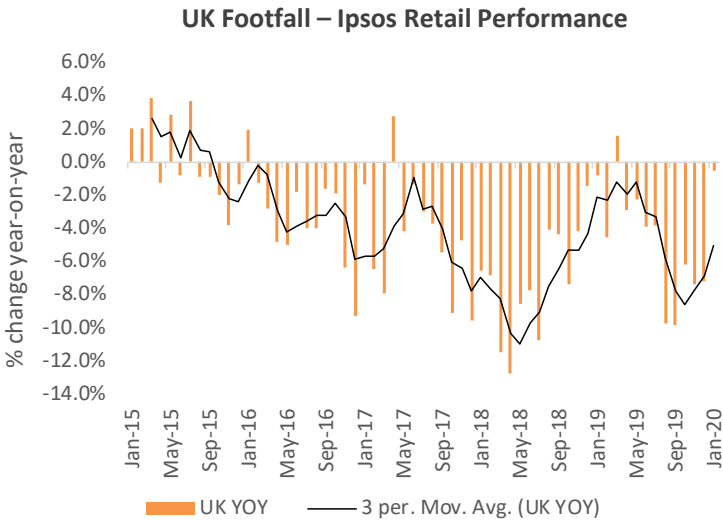
On a month-on-month basis, footfall fell 24.6%, slightly less than Ipsos' expectations of a 27.7% fall.

There was an improvement across the UK with two out of five areas reporting a rise in footfall growth. Indeed, London & The South East was the strongest performer with footfall growth increasing 3.4 percentage points to 4.2%, the best result in over eight years. Meanwhile South West England & Wales (+0.6%) reported its first rise in footfall growth since June 2016.

Elsewhere, despite reporting the sharpest decline in footfall, the Midlands demonstrated the strongest improvement overall with footfall growth improving 8.8 percentage points to -3.4%. Scotland & Northern Ireland also reported a marked improvement, with footfall declining just 0.8%.

Looking ahead to February, Ipsos expect footfall growth to remain in negative territory, albeit at a slightly improved rate than in the previous month, forecasting a 10.5% fall.

Apply footfall data to better inform your decision making processes



Source: Ipsos Retail Performance

## UK Footfall

-0.5%

According to Ipsos Retail Performance, footfall fell by 0.5% in January.

## Northern England

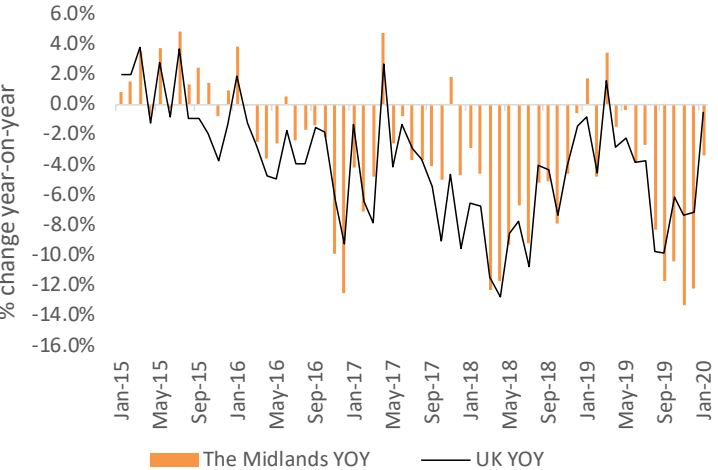
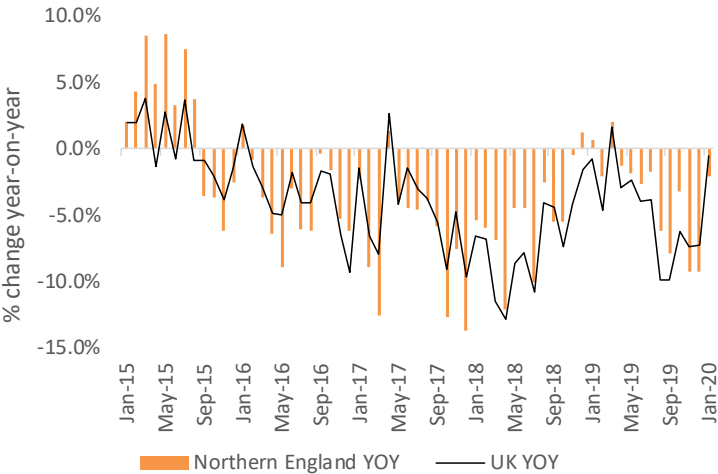
-2.0%

In Northern England, footfall fell by 2.0% compared with the previous year.

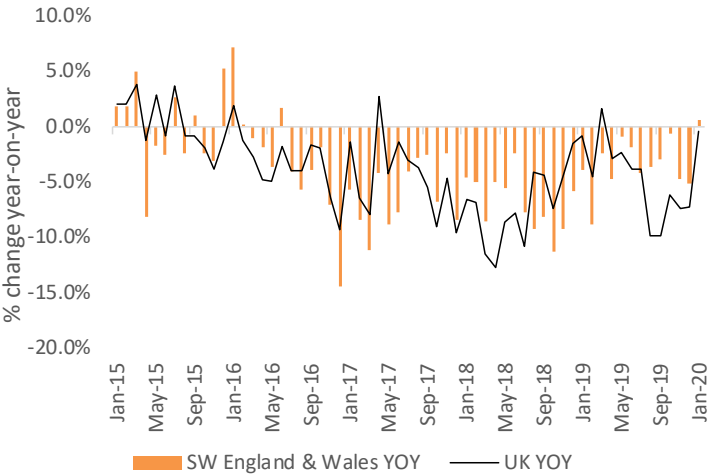
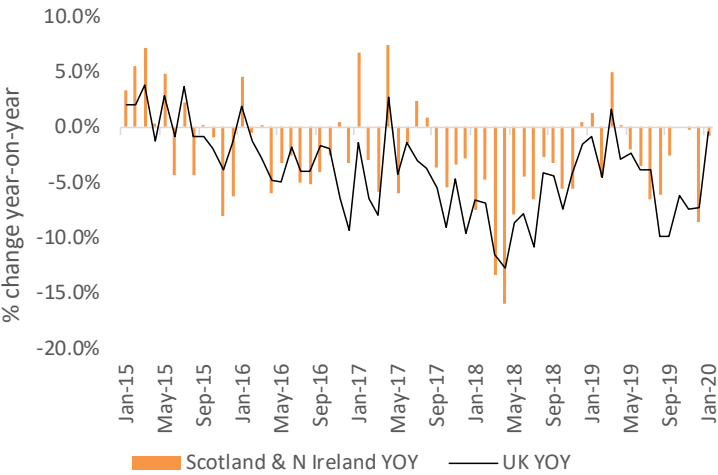
London & The South East was the strongest performer with footfall growth increasing 3.4 percentage points to 4.2%, the best result in over eight years.



Macro Factors – Ipsos Retail Performance



Source: Ipsos Retail Performance



Source: Ipsos Retail Performance

London & SE England

4.2%

According to Ipsos Retail Performance, footfall rose by 4.2% in London & SE England.

Scotland & Northern Ireland

-0.8%

Footfall growth fell 0.8% in Scotland & Northern Ireland compared with the previous year.

Footfall in South West England & Wales rose by 0.6% year-on-year in January.



## Macro Factors – Labour Market

The UK labour market hit another record in the final three months of 2019, with the proportion of 16 to 64 year olds in work reaching an all-time high according to ONS data. However, earnings growth slowed to its lowest rate in over a year.

The employment rate hit a record high of 76.5% in the period, edging up by 0.4% points on the previous quarter and up 0.6% points on last year. This came as the employment rate for women hit a record high of 72.4% (while the employment rate for men edged up to 80.6%), and the number of full-time workers hit a high of 24.42 million. Overall, the number of people in employment rose to 32.93 million in the three months to December, up by 336,000 on last year.

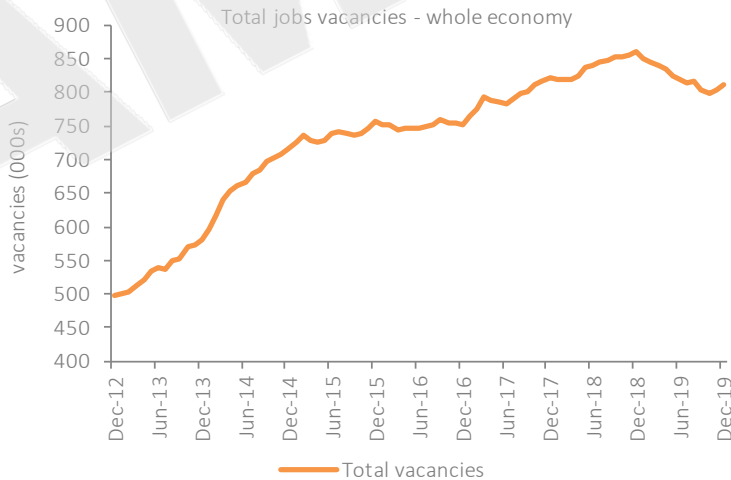
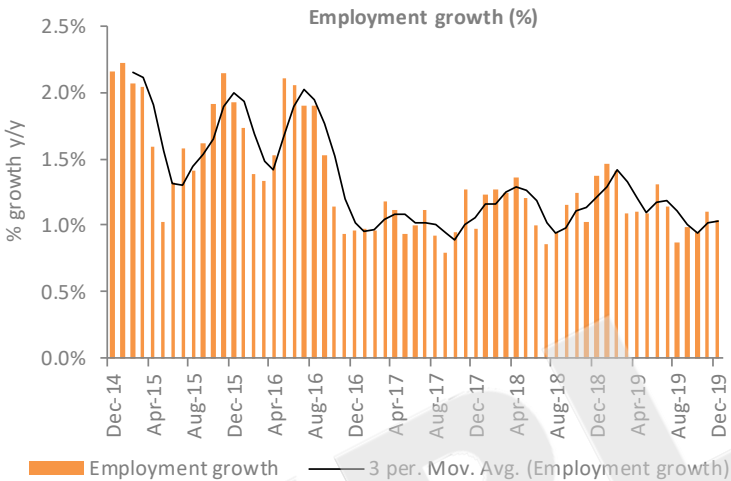
Meanwhile, the unemployment rate remained broadly unchanged in the quarter at 3.8%, but was down from 4.0% a year earlier. An estimated 1.29 million people were unemployed – 73,000 fewer than last year and 580,000 fewer than five years ago.

The number of people aged from 16 to 64 years old that are economically inactive (not working and not seeking or available to work) reached a record low of 20.5% – down 0.4% points compared to last year and down 0.3% on last quarter. This was mainly driven by record low activity among women at 24.8%.

Vacancies ticked up in the latest quarter following 11 consecutive quarterly falls. There was an estimated 810,000 job vacancies between November 2019 and January 2020 – up by 7,000 on the previous quarter, but 50,000 fewer compared to the previous year. This represents 2.7 job vacancies per 100 employee jobs across the economy.

The retail sector accounted for around 10.6% of all vacancies in the UK in the three months to January.

Earnings slowed yet again in the quarter to December. Average weekly earnings for employees edged down 0.2% points to 3.2% for regular pay (excluding bonuses) compared to the previous month, while total pay (including bonuses) weakened to 2.9% from 3.2% last month. Total pay came up against a strong comparative with unusually high bonuses given in October 2018.



Source: ONS

## Unemployment

3.8%

The unemployment rate stood at 3.8% in December, unchanged from the previous period.

## Employment levels

+180,000

Employment levels rose in the three months to December compared with the previous three month period.

The retail sector accounted for around 10.6% of all vacancies in the UK in the three months to January.



## Macro Factors – Earnings

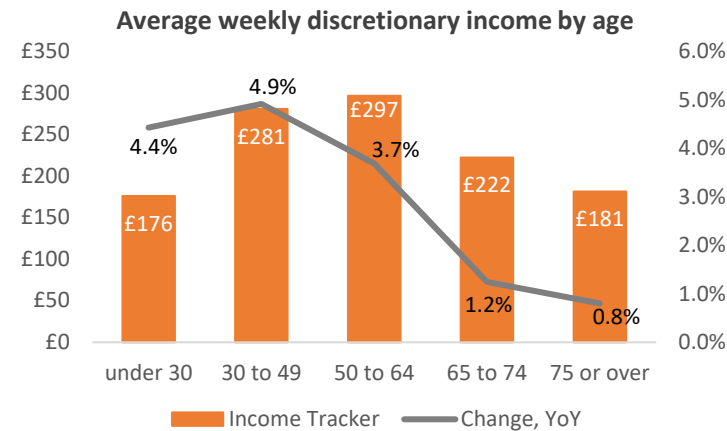
For December 2019, in nominal terms (i.e. not adjusted for price inflation):

- Average regular pay (excluding bonuses) for employees in Great Britain was £512 per week before tax and other deductions from pay, up from £496 per week for a year earlier
- Average total pay (including bonuses) for employees in Great Britain was £544 per week before tax and other deductions from pay, up from £529 per week for a year earlier

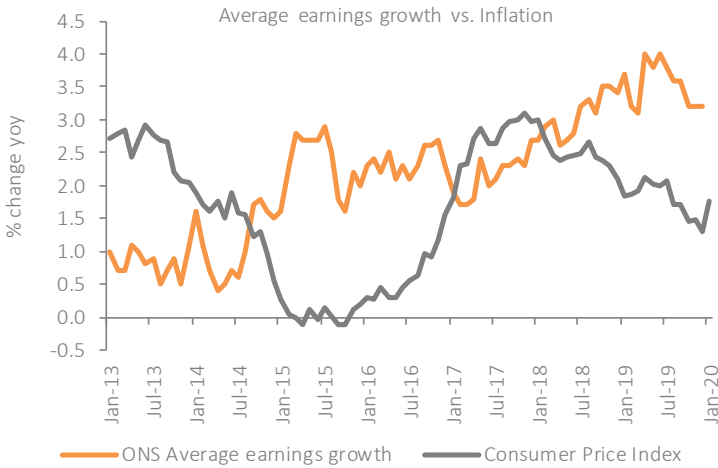
## Asda Income Tracker – January 2020

The Asda Income Tracker showed households had £221 of discretionary income available each week in January. This is a 4.0% rise on the same month last year, equating to £8.52 per week more.

In terms age groups, it was the 30-49 year olds that saw the sharpest rise in average weekly discretionary incomes in January, rising 4.9% year-on-year. That said, this was the lowest rise for this age bracket since November 2018. Elsewhere the under 30s (+4.4%) and 50-64 years olds (+3.7%) also experienced a boost in average weekly discretionary incomes. It was those aged over 65 that experienced the lowest rise in discretionary incomes, with 65-74 year olds (+1.2%) and the over 75's (+0.8%), significantly underperforming all other age groups.

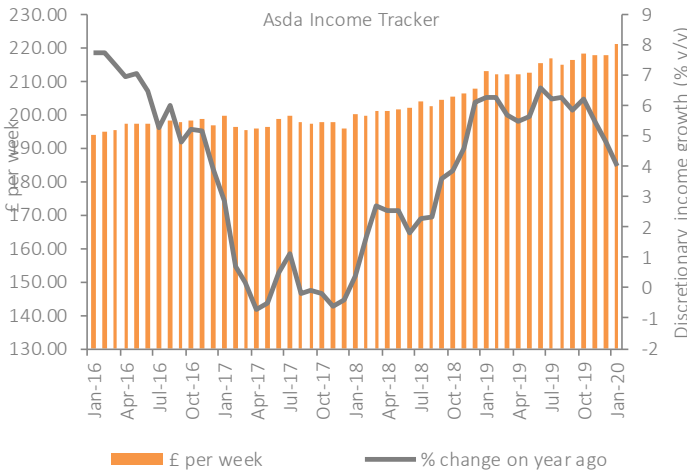


Source: Asda Income Tracker



Source: ONS

Analysis of different industry data to give you an accurate view



Source: Asda Income Tracker

## Earnings Growth

**+3.2%**

Average regular pay rose by 3.2% in December, year-on-year.

## Discretionary Income

**£221**

The average UK household had £221 per week of discretionary income in January.

The Asda Income Tracker showed households had £221 of discretionary income available each week in January. This is a 4.0% rise on the same month last year, equating to £8.52 per week more.



## Macro Factors – Costs, Prices and Margins

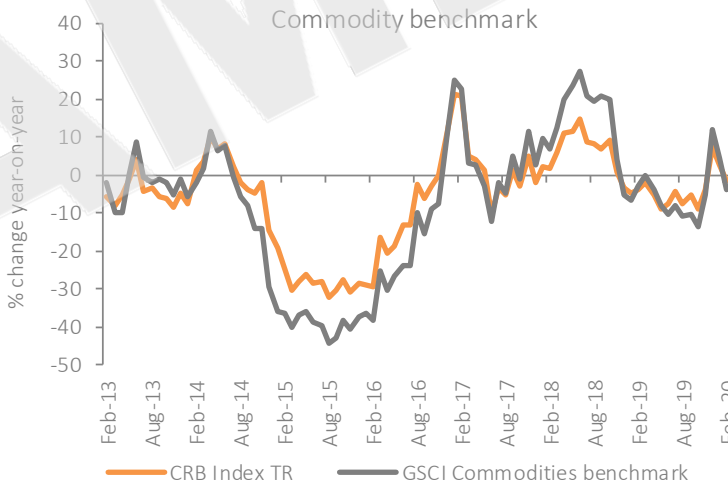
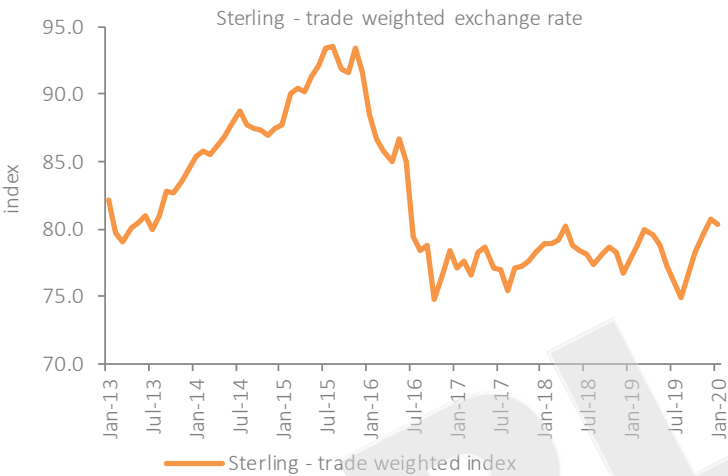
Sterling’s trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month. The better than expected rise in inflation in January resulted in an uplift in sterling (against other currencies). That said, it remains vulnerable to ongoing EU-UK trade negotiations.

Both commodity benchmarks we follow fell back in February. Indeed, the Thomson Reuters CRB Index fell 1.8% year-on-year, compared with a 3.9% fall in the GSCI Commodities benchmark.

The Baltic Dry Index (indicative of shipping costs) continued to decline in February, down 38% on the previous month and 27% year-on-year (as of 27 February 2020). Falling rates of both capsized and panama segments exerted downward pressure on the index as demand continued to falter.

The average price of a barrel of oil stood at \$61 (as of 27 February), falling 5.9% on the month, and down 8.8% year-on-year. Concerns over the impact of the coronavirus outbreak on oil demand has weighed on prices in recent weeks.

	Nov-19	Dec-19	Jan-20	Feb-20
GSCI Commodities benchmark	-5.1	11.9	4.3	-3.9
Brent Oil (\$ per barrel)	63.0	71.6	64.4	60.6
CRB Index TR	-4.0	7.3	2.5	-1.8
Baltic Exchange Dry Index (BDI)	27.5	-16.5	-32.2	-26.8



Source: ONS, Bank of England

### Sterling

3.3%

Sterling’s trade weighted index rose 3.3%, year-on-year in January.

### Commodities

-1.8%

The CRB Index fell 1.8% in February compared with the previous year.

Sterling’s trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month.





## Macro Factors – Costs, Prices and Margins

The Producer Price Index (output) rose 1.1% year-on-year in January, from the 0.9% rise in the previous month. This is the second consecutive month to report a rise.

On a monthly basis, output inflation rose 0.3% in January, the first positive monthly reading since July 2019.

Petroleum products provided the largest upward contribution of 0.37 percentage points (pp) to the annual output rate, with inflation rising 4.9% year-on-year.

Computer, electrical and optical products made the second-largest upward contribution to the change in the rate at 0.17 percentage points.

Chemicals and pharmaceuticals made the only negative contribution to the annual output PPI rate at -0.14 pp.

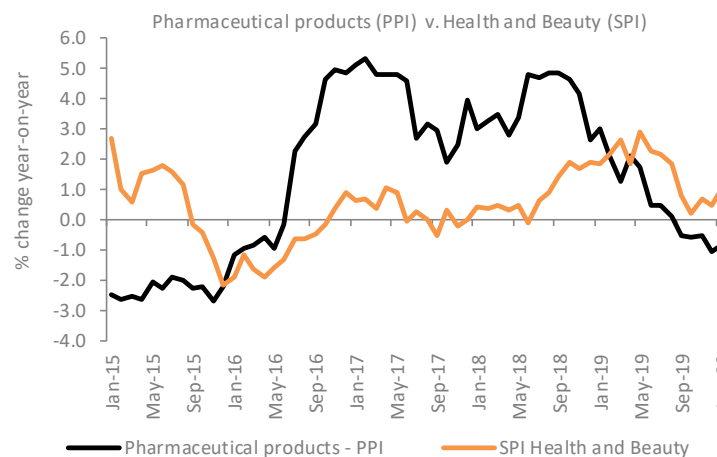
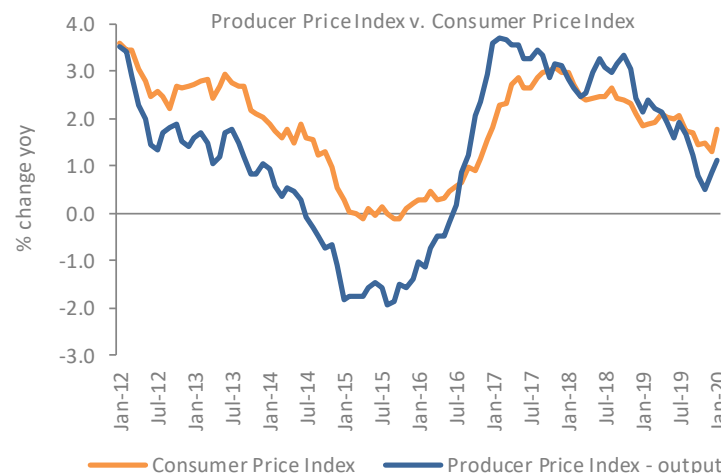
Meanwhile the PPI for inputs accelerated in January, rising 2.1% year-on-year from the 0.9% rise in the previous month. On a monthly basis, input PPI rose 0.9%, unchanged from the previous month.

The largest upward contribution came from crude oil (+1.8 pp) with annual price growth of 11.3%.

Imported metals made the second-largest upward contribution of 1.32 pp, with annual price growth rising 15.8%. This was driven by imported precious metals (non-EU) which rose 53.6% year-on-year.

Imported chemicals provided a large downward contribution of 0.96pp and negative annual growth of -7.1%.

Inflation of imported materials and fuels (which represents around two-thirds of input prices) rose 1.9% in January, year-on-year, rising from the 0.1% fall in the previous month.



Source: ONS

Sourcing costs specific to Health and Beauty from Pharmaceuticals continued to decline in January, down by 0.9%.

## PPI Output

1.1%

The Producer Price Index (output) stood at 1.1% in January.

## PPI Input

2.1%

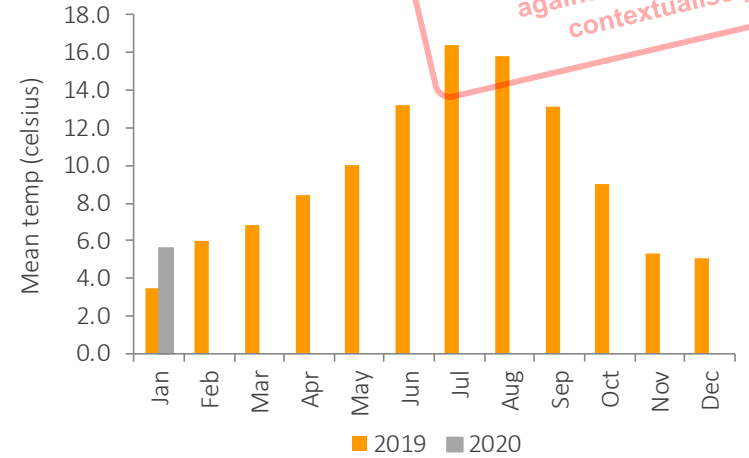
The Producer Price Index (input) stood at 2.1% in January.

Sourcing costs specific to Health and Beauty from Pharmaceuticals continued to decline in January, down by 0.9%.



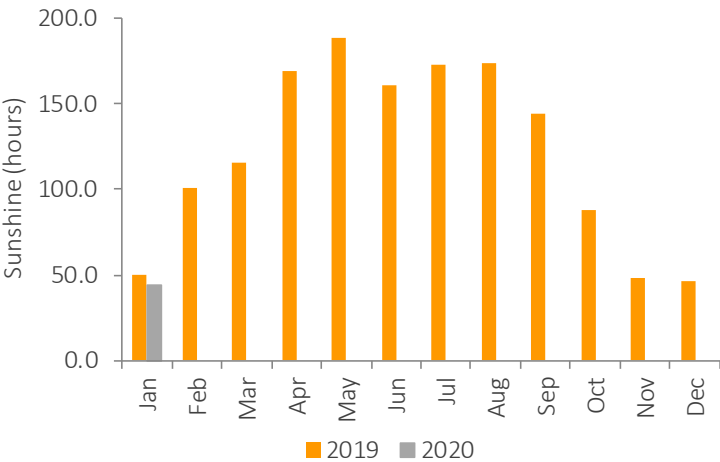
Weather Watch – Met Office

Weather can be a critical driver of short-term demand. A comparison against the previous year can help contextualise performance.



Mean Temp	2018	2019	2020
Jan	4.0	3.5	5.6
Feb	2.4	6.0	
Mar	3.8	6.8	
Apr	8.4	8.4	
May	12.1	10.0	
Jun	14.8	13.2	
Jul	17.3	16.4	
Aug	15.3	15.8	
Sep	12.4	13.1	
Oct	9.6	9.0	
Nov	7.3	5.3	
Dec	5.8	5.1	

Source: Met Office



Sunshine	2018	2019	2020
Jan	48.9	50.5	44.5
Feb	95.6	100.6	
Mar	85.0	115.6	
Apr	132.6	168.9	
May	246.0	188.5	
Jun	239.9	160.8	
Jul	237.6	173.2	
Aug	147.4	173.6	
Sep	134.1	144.0	
Oct	113.2	87.9	
Nov	63.0	48.1	
Dec	37.6	46.2	

Source: Met Office

Temperature

5.6°C

The mean temperature during January was 5.6°C, the warmest January since 2007.

Sunshine

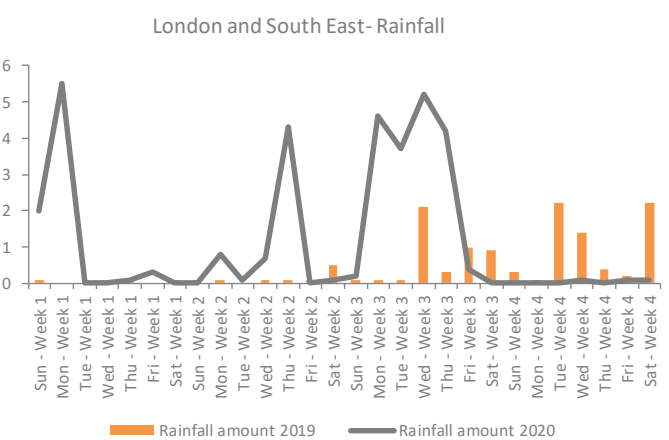
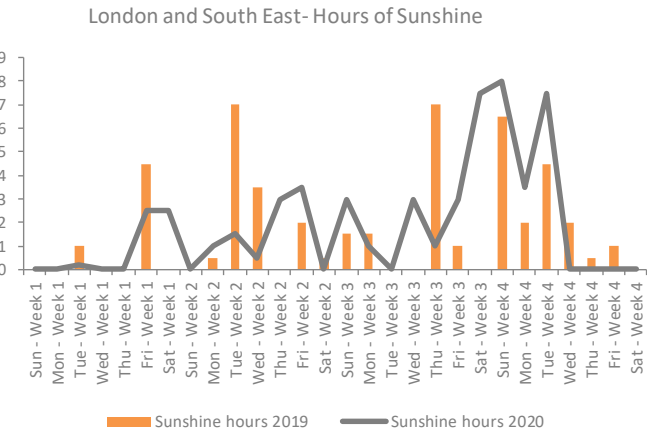
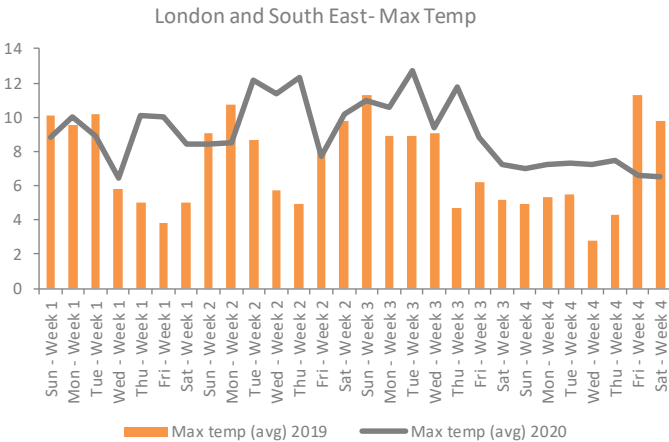
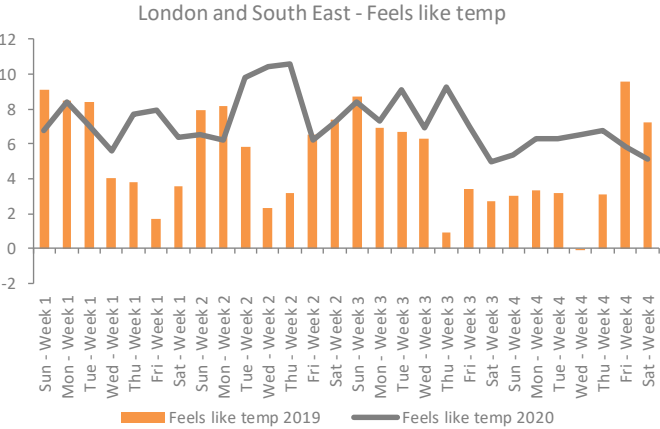
44.5

There were 44.5 hours of sunshine during January, the dullest January in four years.

It was the warmest January since 2007.



UK Weather by Region and Metric



Source: Met Office

Source: Met Office

Our monthly report, *UK Monthly Weather by Region* provides the following data for January 2020: Feels like temperature; Max temperature; Hours of sunshine; Rainfall.

For the following UK regions: East Midlands; East of England; London and the South East; North East England; North West England; Northern Ireland; Scotland; South West England; Wales; West Midlands.

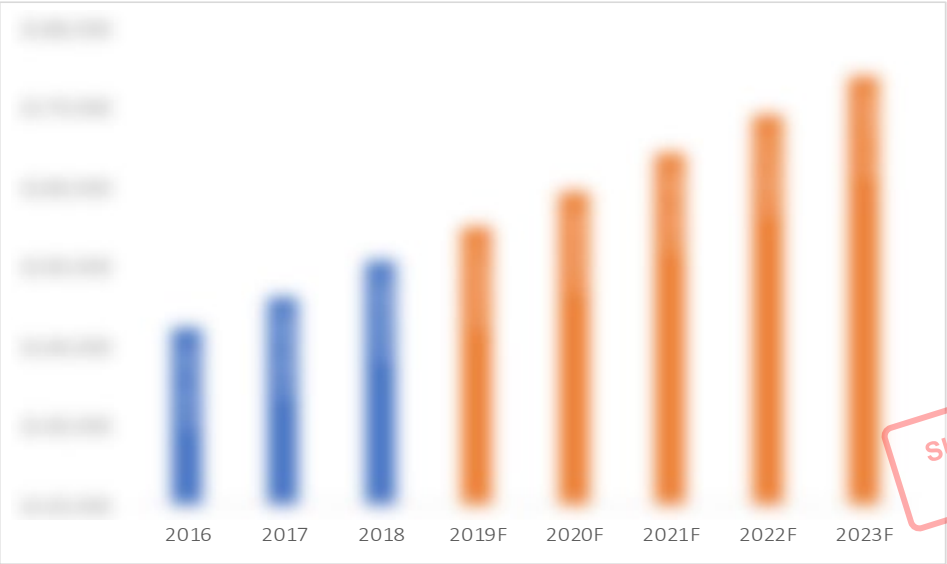
Click here to download the full UK Monthly Weather by Region report for January 2020

Met Office Commercial Weather Services have been developed with retailers to support commercial, supply chain and insight teams in managing the impacts of weather on their business and offers value beyond the scope of weather data covered in this report.

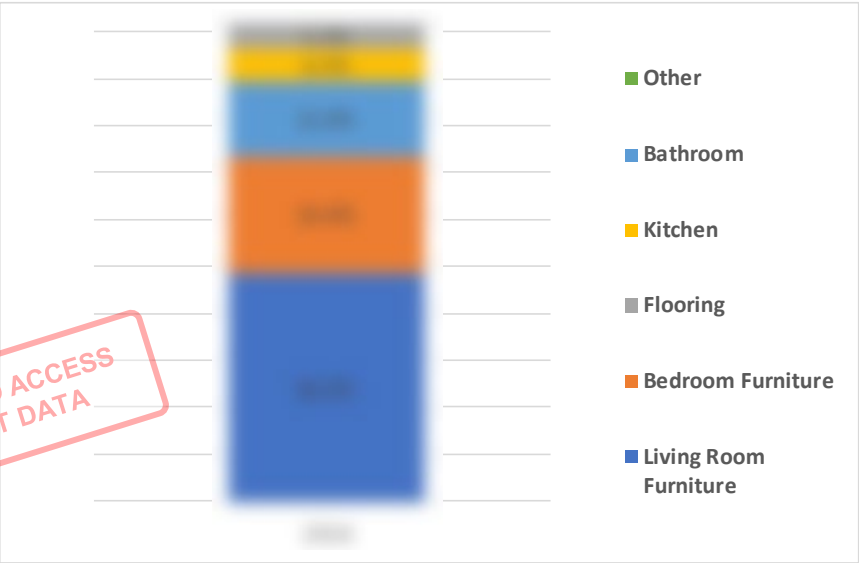
For further information, please contact [retail@metoffice.gov.uk](mailto:retail@metoffice.gov.uk). [www.metoffice.gov.uk/retail](http://www.metoffice.gov.uk/retail)



Forecasts



Market Size



**Total Market**

£17,500m

2023F

**2020 Forecast**

£14,500m

2020F

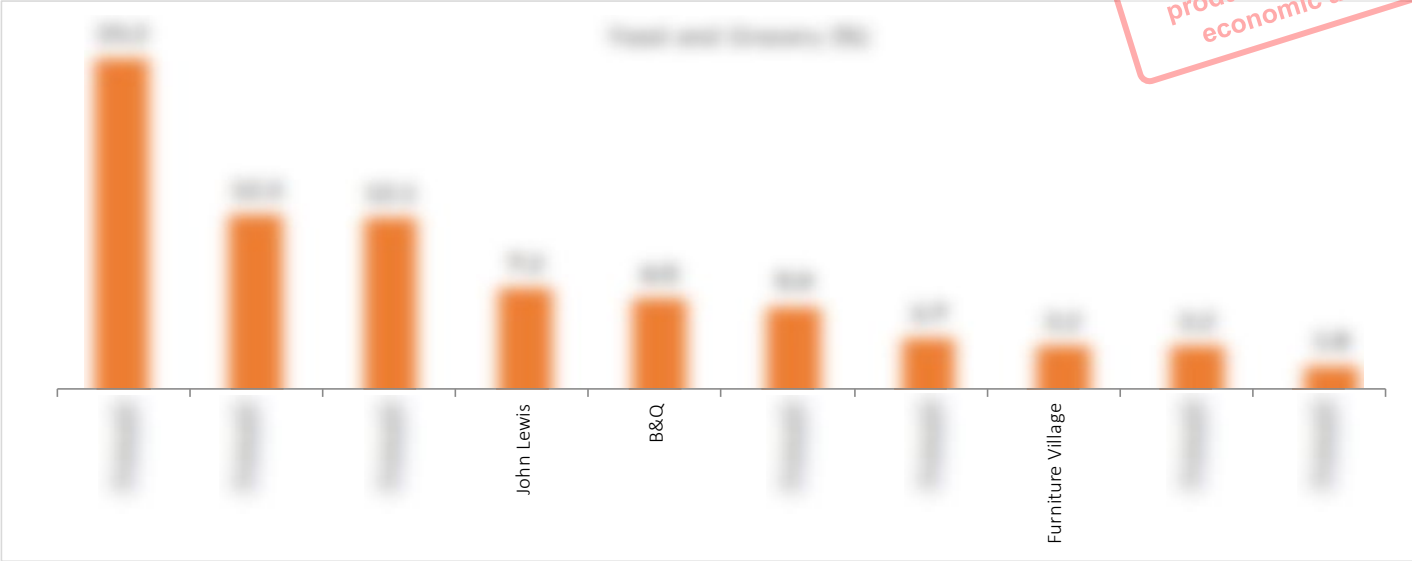
SUBSCRIBE TO ACCESS THE LATEST DATA

Our forecasts are bold and produced using robust economic analysis

Forecasts

Year	Total market (£m)	Annual growth (%)
2016	1000	5.0
2017	1100	10.0
2018	1200	9.1
2019F	1350	12.5
2020F	1450	7.4
2021F	1550	6.9
2022F	1650	6.5
2023F	1750	6.1

% of Market Share





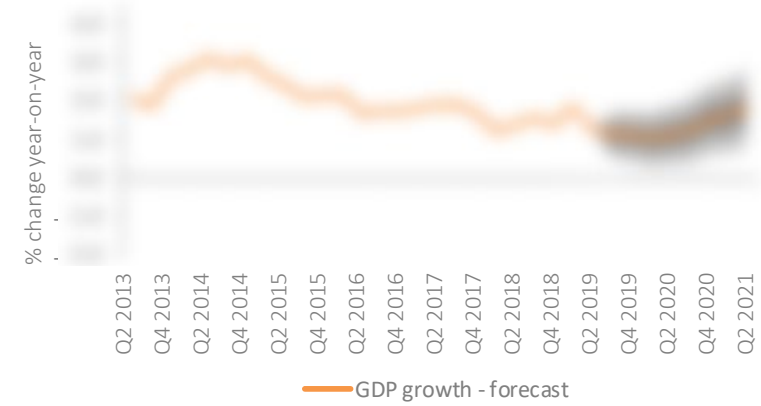
Leading Health and Beauty Retailers

Retailer	Market Share (%)	Future trend		Summary
		Previous	Q4 2019	
		▲	▲	
		▲	▲	
		▼	▶	
John Lewis		▼	▼	John Lewis & Partners is working to merge John Lewis and Waitrose operations under one single business rather than as two units from February 2020. This involves the departure of Waitrose boss Rob Collins and 75 job cuts across senior management. The revamped executive team will be led by incoming chair Sharon White and comprise seven new director roles, with remits across the whole of the partnership. The changes are said to allow a sharper focus on the customer, with 8 out of 10 of the most valued customers loyal across both John Lewis and Waitrose.
B&Q		▼	▼	B&Q total sales dipped 3.3% to £1.77bn in its first half to end-July, while like-for-like sales fell by 3.2% against a “weak consumer backdrop”. B&Q’s online sales grew by 10% to represent 5% of overall sales in the period. Parent Kingfisher says its outlook across its main markets “remains mixed” due to the UK “facing ongoing uncertainty”.
		▼	▼	
Dreams		▲	▲	Dreams reported a fifth year of sales and profit growth in June. Total sales ramped up 2.9% to £309m in 2018, up 1.9% on a like-for-like basis. Pre-tax profit rocketed 11.7% to £32.7m in the year. Boss Mike Logue commented that continued investment in innovation drives its performance, including adding its Sleep Match Machine to stores, which calculates the best bed for shoppers based on their measurements.
		▼	▼	
ScS		▶	▲	Value retailer ScS continues to shine as homeowners opt to trade-down on big ticket items. The retailer reported gross sales rose 1.8% to £333.3m in the year to end-July 2019, with like-for-likes up by 4.2%. It posted a pre-tax profit of £14.2m in 2018/19, up from £13.2m last year, with ScS’s margin strengthening by half a point to 4.3%.
		▶	▶	

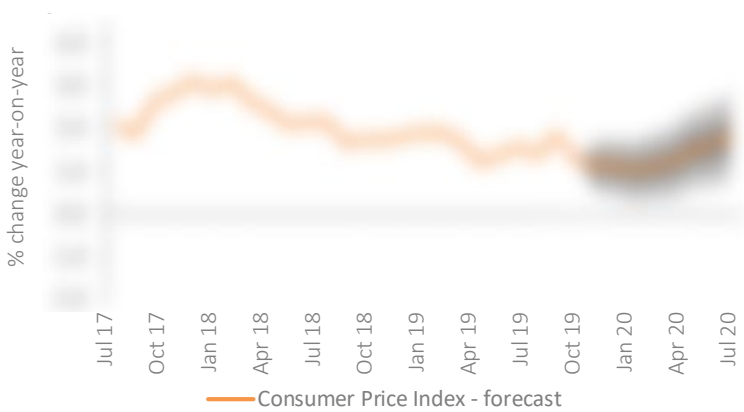
Source: Retail Economics analysis, consumer panel data, financial reports



GDP Forecast



Inflation Forecast



Inflation Forecast

XX%

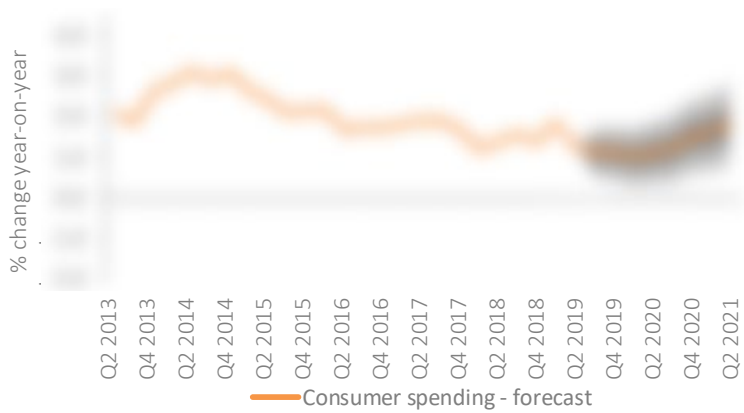
Inflation forecast for Q4 2019

Real Wages Forecast

XX%

Real wage growth forecast for Q4 2019

Consumer Spending Forecast



Real Wages Forecast



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THE LATEST DATA

Source: Retail Economics

Source: Retail Economics

Source: Retail Economics analysis, consumer panel data, financial reports



# Other reports and Services

## Economic Retail Reports



**UK Retail Sales**  
Monthly: covers a range of retail sales indices and category breakdowns including online retail sales, clothing and footwear, household goods, food, DIY and gardening, consumer electricals and more. [More info >](#)



**UK Online Retail**  
Monthly: covers a range of online retail sales indices and category breakdowns including online retail sales, online growth rates by sector, online penetration rates, forecasts and market size estimates. [More info >](#)



**UK Retail Inflation**  
Monthly: covers a range of retail inflation indices and category breakdowns including food inflation, non-food inflation, clothing and footwear, household goods, food, DIY and gardening, consumer electricals, commodity prices, exchange rates and more. [More info >](#)



**UK Consumer\***  
Quarterly: analyses a range of UK consumer spending indicators including housing market data, consumer confidence, consumer credit, household inflation, labour market statistics, wage growth, retail sales and more. [More info >](#)



**UK Retail Economic Briefing**  
Monthly: analyses a range of macroeconomic indicators including GDP, consumer spending, inflation, labour market, commodity prices, exchange rates, monetary indicators, credit and lending market data, house prices, mortgage data, retail sales and more. [More info >](#)



**UK Retail Industry Outlook\***  
Quarterly: provides a forward-looking critical retail analysis. Predictive forecasts and insightful narrative draw upon our econometric models to help you identify the key risks and future opportunities to drive your strategic planning. [More info >](#)



**Executive Report**  
Monthly: provides a succinct one-page summary ideal for senior management and meeting notes; concise need-to-know retail data for the month which includes a mix of the major economic indicators and retail metrics. [More info >](#)

WE PUBLISH MANY OTHER  
RETAIL REPORTS

## Retail Sector Reports



**Food & Grocery**  
Food & Grocery retail sales index  
Bespoke sector specific economic analysis  
Food online sales and penetration rates  
Market share data  
Food inflation analysis and more. [More info >](#)



**Clothing & Footwear**  
Clothing & Footwear retail sales index  
Bespoke sector specific economic analysis  
Clothing online sales and penetration rates  
Consumer trends for online shopping  
Spend on clothing by region and more. [More info >](#)



**Homewares**  
Homewares retail sales index  
Bespoke sector specific economic analysis  
Homewares region spending data  
Analysis of key economic drivers such as house moves, personal finances etc.  
Weather data and more. [More info >](#)



**Furniture & Flooring**  
Furniture & Flooring retail sales index  
Bespoke sector specific economic analysis  
Consumer trends for online shopping  
Analysis of key economic drivers such as consumer confidence, credit and lending  
Regional footfall statistics and more. [More info >](#)



**DIY & Gardening**  
DIY & Gardening retail sales index  
Bespoke sector specific economic analysis  
DIY & Gardening region spending data  
Analysis of key economic drivers such as weather data, 'improve not move' trends  
Executive summary and more. [More info >](#)



**Electricals**  
Electricals retail sales index  
Bespoke sector specific economic analysis  
Consumer trends for online shopping  
Analysis of key economic drivers such as disposable income growth, product launches etc.  
Electricals inflation and more. [More info >](#)



**Health & Beauty**  
Health & Beauty retail sales index  
Bespoke sector specific economic analysis  
Health & Beauty shopper trends such as 'lipstick effect', own-brand cosmetics etc.  
Impact of digital and social media  
Household spend by region and more. [More info >](#)

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Identify opportunities within your sector.



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Get the personal touch from senior staff members — Richard Lim (CEO) & Stephen Robertson (Chairman) being in popular demand.



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Essential for improving your financial planning strategy  
Gain a deeper understanding of your operating costs in order to manage risk. Learn how macroeconomic factors might affect your supply chain. Producer Price Index (inputs and outputs) data. Understand the impact of labour costs, business rates etc.



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Get the precise data your looking for and accurately answer key retail questions. It cuts through the noise and enables us to deliver bespoke reporting tools which are relied on by executive teams to identify the need-to-know economic indicators and to interpret what they mean for your business.



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Head of Retail and Leisure

“Retail Economics provides the business with the latest socio-economic data that enables us to understand the latest factors impacting customer behaviour.”



Customer & Commercial  
Insight Director

“Retail Economics helps put in to context the volatile economic environment which adds significant value to our business.”



Business Manager

We're an **authoritative** voice...



Trusted by many



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Using industry standard methodology and best practices, we provide bespoke proprietary data and benchmarking services allowing you to accurately measure and monitor performance.

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Get the personal touch and interact face-to-face with the CEO Retail Economics (City AM Analyst of the Year 2019 nominee).

Secure an opportunity to hear our thought-provoking views and opinions at your conferences, seminars, company away-days or board meetings; both Richard Lim (CEO) and Stephen Robertson (Chairman) being in popular demand.



## Economic modelling

Better understand how your key industry variables affect your organisation: demography, socio-economic profiles, regional, sector, policy, industry and skills etc.

Our economic consultancy team use industry standard practices for: forecasting, scenario analysis, data analytics, socio-demographic projections and economic impact modelling. We also undertake highly bespoke modelling for forecasting.



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Maximise impact and media traction for your projects and campaigns using our extensive industry expertise and well-established networks.

Secure the attention your work deserves and achieve its intended impact. We assist and advise on: campaign creation and planning, media engagement, messaging, propositioning, events, trends, insight analysis, thought leadership and influencer targeting.



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Accelerate and grow your business with intelligent planning, forecasting and risk management using our business advisory service.

We work with multiple retailers, institutional investors and government departments using robust data and expert advice on: business plans, propositioning, funding, marketing and strategy. We can also conduct market research for more informed planning.



## COVID-19 Service

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Keep abreast of the latest developments affecting the industry. Gauge consumer sentiment by sector and channel with proprietary data. Identify opportunities from the myriad of challenges facing the industry.



## Brexit advisory service

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Brexit is affecting many industries above and beyond retail. Our specialist Brexit advisors can help you navigate the policy implications, bringing clarity to your planning strategies and ensure you are best placed going forward.

## Get in touch



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