RetailEconomics

UK Homewares
Monthly report

SUBSCRIBE FOR THE LATEST DATA

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.

Homewares

-0.9%

Homewares retail sales dipped by 0.9% in January year-on-year, value and non-seasonally adjusted, according to Retail Economics.

Average Weekly Sales

£209m

Average weekly sales for Homewares was £209m in January, according to Retail Economics.

What you get from our UK Homewares reports

- ✓ **A grasp of current retail trends from the latest available data**

- ✓ **Unbiased analysis of sector-specific data**

- ✓ **A holistic view of the homewares 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.
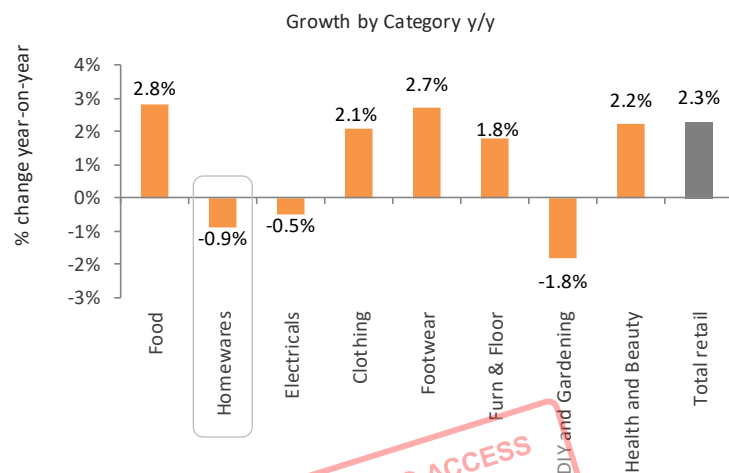
CLICK HERE TO EXPLORE SERVICE NOW ➡

Contents

Homewares fails to truly excite in January

Growth by Category y/y

% change year-on-year

- Food: 2.8%
- Homewares: -0.9%
- Electricals: -0.5%
- Clothing: 2.1%
- Footwear: 2.7%
- Furn & Floor: 1.8%
- DIY and Gardening: -1.8%
- Health and Beauty: 2.2%
- Total retail: 2.3%

Source: Retail Economics

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Homewares sales dip

- Homewares sales dipped by 0.9% in January

- This follows a rather lacklustre festive period with sales down by 0.8% on a three-month basis.

- New Year resolutions among consumers drew shoppers to categories such as Health & Beauty and Food.

- Meanwhile, January sales appeared to be in full swing among big ticket items, benefiting Furniture & Flooring when consumers did spend on home categories.
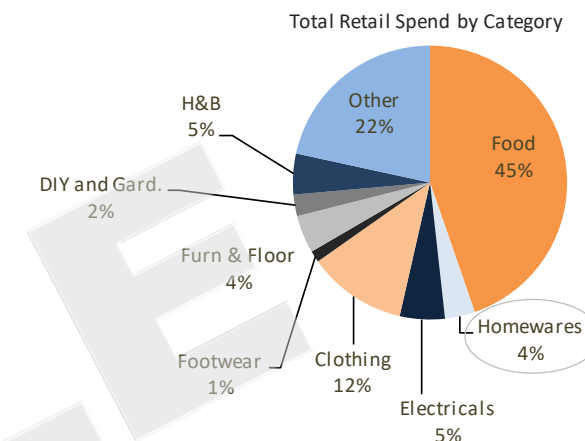
1

Market composition

- Consumers continue to hunt out discounts as willingness to spend on non-essentials remains under pressure.

- While some argue there has been a 'Boris bounce' in confidence, 2020 brings a number of fears for consumers.

- These include the looming Brexit deadline, environmental concerns and the recent coronavirus outbreak.

2

Homewares accounts for 4% of total retail in January

Total Retail Spend by Category

- Other: 22%
- H&B: 5%
- DIY and Gard.: 2%
- Furn & Floor: 4%
- Footwear: 1%
- Clothing: 12%
- Electricals: 5%
- Homewares: 4%
- Food: 45%

Source: Retail Economics

Coronavirus supply chain disruption

Are you worried about product shortages as a result of the coronavirus?

Proportion of respondents:

- No: 81%
- Yes, but it hasn't impacted my buying: 13%
- Yes, I have started to stockpile products: 5%
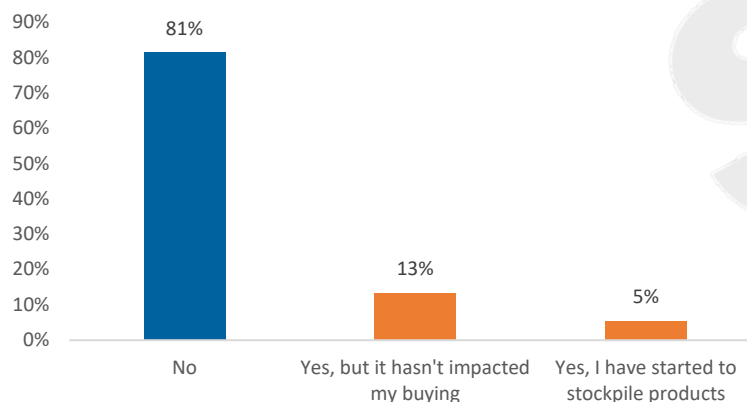
Source: Retail Economics

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.

- As markets appear shaken by the outbreak and retailers grapple with mitigation plans, consumers largely appear upbeat about product supply being maintained.

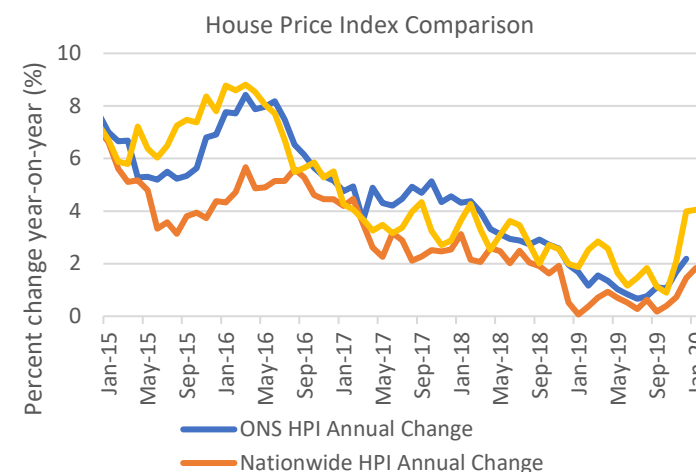- Indeed, more than four fifths of consumers are not worried about product shortages.

3

House prices accelerate in January

- House prices in January increased at their fastest pace since February 2018, up by 4.1% year-on-year according to Halifax.

- Data from Nationwide shows a more modest 1.8% uplift in prices in the month – but still at its fastest pace since late 2018.

- This follows subdued activity in the market since 2016, after changes to stamp duty and the EU referendum. Halifax's house price inflation went from a recent year-on-year high of 8.8% in March 2016 to a low of 0.9% in October 2019.

4

January's house prices rise at fastest rate since 2018

House Price Index Comparison

Percent change year-on-year (%)

— ONS HPI Annual Change
— Nationwide HPI Annual Change

Source: ONS, Nationwide, Halifax, Retail Economics analysis

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Homewares – Retail Economics Index: January 2020

Homewares sales dipped by 0.9% in January, following a rather lacklustre festive period, bringing sales down by 0.8% on a three-month basis.

Entering a new decade, shoppers gravitated towards Health & Beauty and Food. New Year resolutions saw a renewed focus on health and wellbeing as consumers increasingly re-evaluate the impact of consumption on the planet and try to adopt environmentally sustainable lifestyles.

On top of that, the warmest January since 2007 saw sales of winter warmers such as high tog duvets tail off.

The British Retail Consortium noted some bright spots however. Its Home Accessories category was the second-fastest growing segment in January. Cooking utensils and utility items were in strong demand. However, sales continued to be driven by discounted products. Having been spoilt for discounts across non-food categories with Black Friday in November and Boxing Day sales in December, shoppers continued to bargain hunt and make the most of January sales where they could.
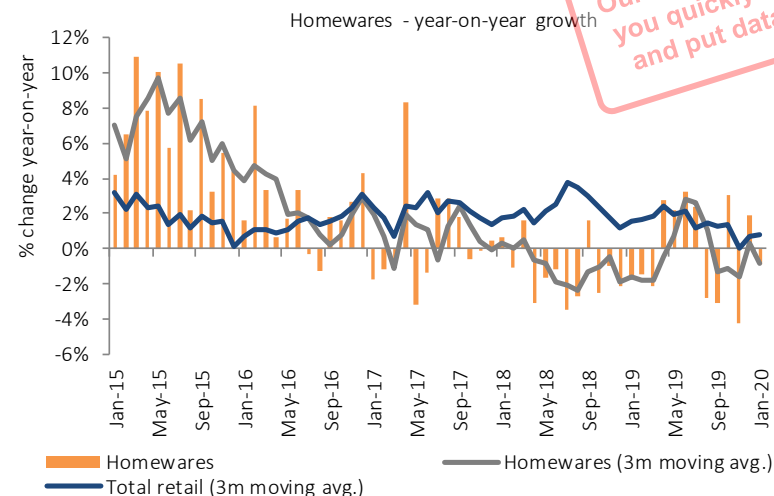
This does not bode well for profit margins, given that operating costs continue to rise. But with consumer confidence on the up following the Conservative majority win in December, Homewares could benefit as the housing market shows early signs of gaining traction.

House prices in January continued to increase at their fastest pace since February 2018, up by 4.1% year-on-year according to Halifax. Although this marks a modest 0.4% increase month-on-month, prices have risen by 2.3% on a quarterly basis.

RICS estate agents feel more positive about the market further ahead. They reported a sharp rise in new buyer enquiries and house price expectations over the past couple of months, while new instructions for house sales are rising at their fastest rate in over six years.

Consumer confusion

Notably, 2020 faces a number of unique challenges which could hold back consumer spending. Retail Economics' Shopper Sentiment Survey continues to show Brexit is a main worry, while fears around the impact of the coronavirus have been mounting since January.

Our time series graphs help you quickly identify trends and put data into context

Homewares - year-on-year growth

Legend: Homewares | Homewares (3m moving avg.) | Total retail (3m moving avg.)

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

Homewares - avg. weekly sales (£m)
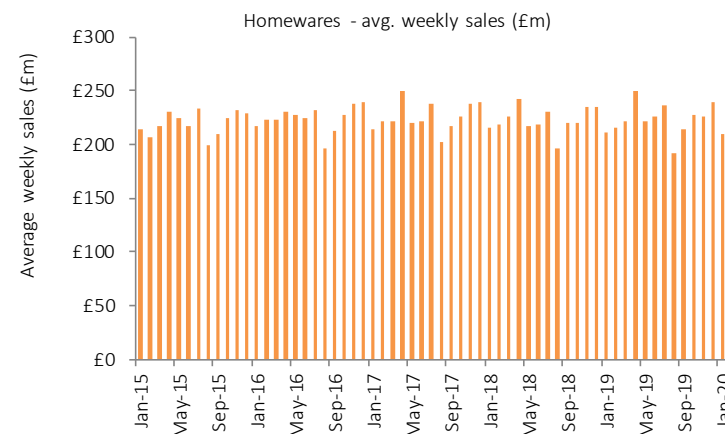
Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar 29 December 2019 – 01 February 2020

Homewares

-0.9%

Homewares sales declined by 0.9% year-on-year in January.

Three-Month Basis

-0.8%

In the three months to January, Homewares sales dipped by 0.8%.

With consumer confidence on the up following the Conservative majority win in December, Homewares could benefit as the housing market shows early signs of gaining traction.

Homewares – Retail Economics Index: January 2020 – *continued*

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.

There's also 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. But more than four fifths of consumers are not worried about product shortages.

Coronavirus and supply disruption

Given that factories in Wuhan – a hub for textile production and where the virus outbreak started – remain in lockdown at time of writing, retailers and markets are expressing concern about supply chain disruption.

It is estimated that home variety chain B&M for instance sources 70% of its general merchandise from China.
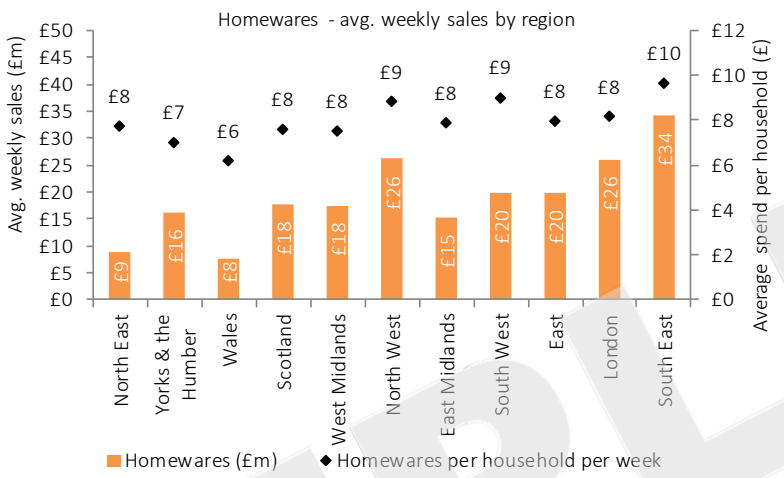
With travel restrictions in place, it can be difficult for locals to get to work, and investment bank Morgan Stanley estimates that production in Wuhan may reach only 60% to 80% of normal levels by the end of February.

Retailers are considering moving production elsewhere, but it's arguably harder to shift the production of complex Homewares products to other locations compared to clothing for instance.

Even if supply shortages can be mitigated, there could be lengthy legal battles with suppliers.

Suppliers have started to invoke force majeure (FM), as a way to avoid paying for non-performance penalties on contracts. Although the clause typically refers to 'acts of God', by mid-February, the China Council for the Promotion of International Trade had issued over 1,600 FM certificates across 30 sectors, worth over $15bn following the coronavirus outbreak.

For now, retailers are more concerned about receiving products than FM. To what extent the virus impacts retail shelves and retail spending should become clearer over the next couple of months.

Homewares - avg. weekly sales by region

Homewares	Annual % growth	Avg. weekly spend (£m)
Aug-19	-2.8%	£191
Sep-19	-3.1%	£213
Oct-19	3.0%	£227
Nov-19	-4.2%	£225
Dec-19	1.9%	£239
Jan-20	-0.9%	£209

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

£34m

The average weekly spend on Homewares in the South East in January.

Average weekly sales

£209m

The average weekly spend on Homewares in the UK in January.

A staggering 48% of respondents would try to avoid buying online from international sellers shipping directly from China if the coronavirus persisted.

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Online Household Goods – Office for National Statistics – January 2020

Online Household Goods rose 0.6% in January, year-on-year. This was against a 10.4% rise a year earlier.

Growth was significantly weaker than the three-month and 12-month averages of 3.4% and 7.9% respectively.

Online Household Goods sales accounted for 14.6% of total online sales in January, up 0.2 percentage points from the 14.4% proportion a year ago.

The average weekly spend was £92m, in line with the average weekly spend in the same month a year earlier.

Online Household goods - spend vs. growth
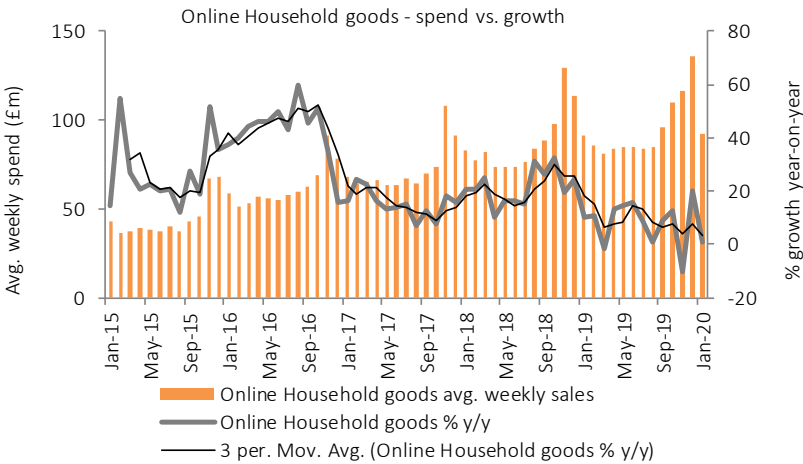
Source: ONS, Retail Economics analysis

Online Household Goods	Annual % growth	Avg. weekly spend (£m)
Aug-19	1.0%	£85
Sep-19	9.2%	£96
Oct-19	12.7%	£110
Nov-19	-10.1%	£116
Dec-19	19.8%	£136
Jan-20	0.7%	£92

Source: ONS
*Period aligned to ONS trading calendar: 29 December 2019 – 01 February 2020

Key call out stats for easy data intake

ONS Online Household Goods

0.6%

According to the ONS, Online Household Goods sales rose by 0.6% in January, year-on-year.
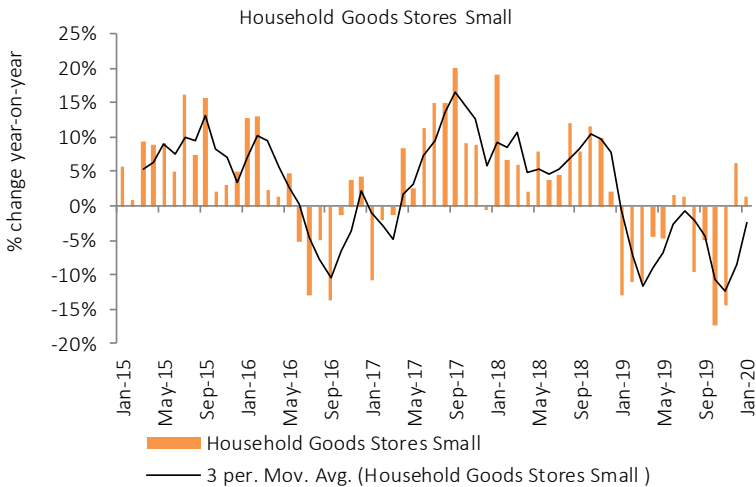
Average Weekly Spend

£92m

The average online weekly spend on Household Goods was £92m in January.

Online Household Goods sales accounted for 14.6% of total online sales in January, up 0.2 percentage points from the 14.4% proportion a year ago.

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By Sub-Sector –
Office for National Statistics

Household Goods Stores Large

Large Household Goods Retailers

-2.3%

According to the ONS, sales of household goods from large retailers were down 2.3% in January.
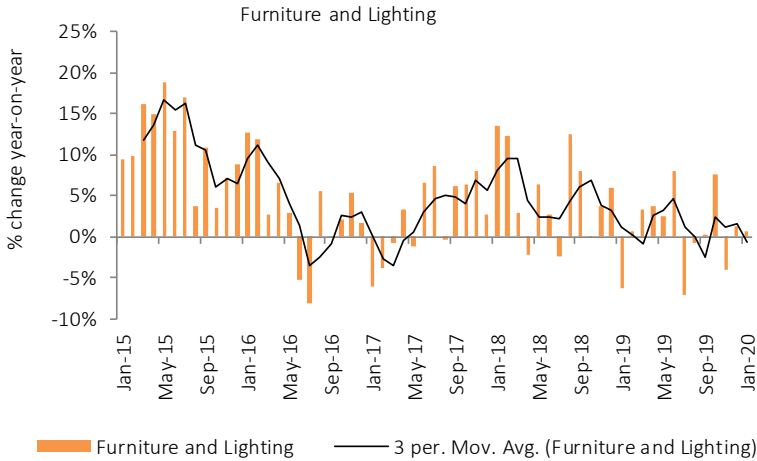
Household Goods: Large retailers	Annual % growth
Aug-19	-2.9%
Sep-19	-2.6%
Oct-19	3.0%
Nov-19	-5.7%
Dec-19	1.5%
Jan-20	-2.3%

Small Household Goods Retailers

1.3%

According to the ONS, sales of household goods from small retailers increased 1.3% in January.

Household Goods Stores Small

Household Goods: Small retailers	Annual % growth
Aug-19	-9.6%
Sep-19	-5.1%
Oct-19	-17.4%
Nov-19	-14.5%
Dec-19	6.3%
Jan-20	1.3%

Source: ONS

By Sub-Sector –
Office for National Statistics

Furniture and Lighting

Furniture & Lighting

0.6%

According to the ONS, sales of furniture and lighting edged up 0.6% in January.

Furniture and Lighting	Annual % growth	Avg. weekly spend (£m)
Aug-19	-0.8%	£205
Sep-19	0.1%	£222
Oct-19	7.6%	£249
Nov-19	-4.1%	£242
Dec-19	1.2%	£236
Jan-20	0.6%	£216

Source: ONS

Average weekly spend

£216m

The average weekly spend on furniture and lighting in the UK in January.

Macro Factors – Housing Market and Savings

Mortgage approvals rose to 67,241 in December, up from 65,514 in the previous month and above the previous six-month average of 65,918 and higher than the consensus view. This was the highest level since July 2017. On an annual basis, approvals rose 4.6%.

The number of re-mortgaging approvals also improved, rising to 49,680 in December from 48,629 in the previous month. This was above the previous six-month average of 48,865.

Rising optimism in the housing market was supported by data from RICS which reported renewed activity amongst buyers and sellers in January.

The number of homes being listed for sale increased in January, with a net balance +19% of respondents reporting a rise. This rose at its fastest rate since August 2013. But the average number of listings remains low at 43 properties per estate agent.

Building on last month's pick up, new buyer enquiries lifted to +23% of respondents reporting an increase in demand during January.

Agreed sales rose for a second month with a net balance of +21% of agents reporting an increase. Most parts of the UK were said to have seen solid growth in sales.

With activity picking up, house prices appear to be moving forward again, with RICS's headline price balance rocketing to +17% in January from -2% in December. This follows Halifax reporting last week that house prices rose by 4.1% year-on-year in January.

RICS noted that the growth was driven by a turnaround in London and the South East, previously facing a slowdown from the prospect of a disorderly Brexit. To this end – for the first time since February 2016 – a majority of agents said prices in London were on the up.

Looking ahead, price increases are expected across the UK. A net balance of +30% anticipate price rises over the next three months, marking the strongest expectations in price rises in three years.

Sales expectations are also positive across the UK, with a 35% net balance expecting an uplift in the near term. A net balance of +20% of respondents reported that the level of market appraisals undertaken in January was higher than a year ago — the first positive reading since its introduction in 2017.
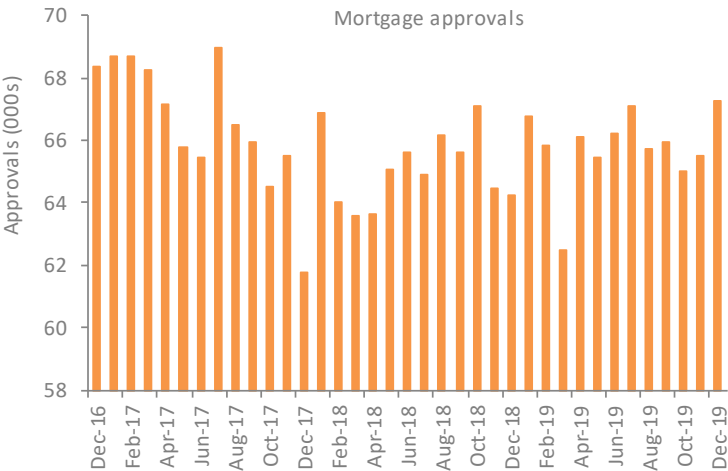
Source: Bank of England
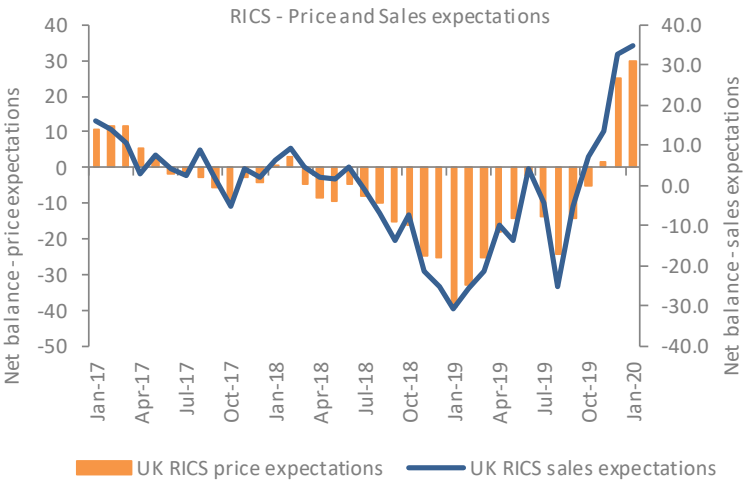
Source: RICS

Mortgage Approvals

67,241

Mortgage approvals rose to 67,241 in December, up 4.6% on the previous year.

New Instructions

18.7%

New instructions being listed for sale rose 18.7% in January, year-on-year.

Rising optimism in the housing market was supported by data from RICS which reported renewed activity among buyers and sellers in January.

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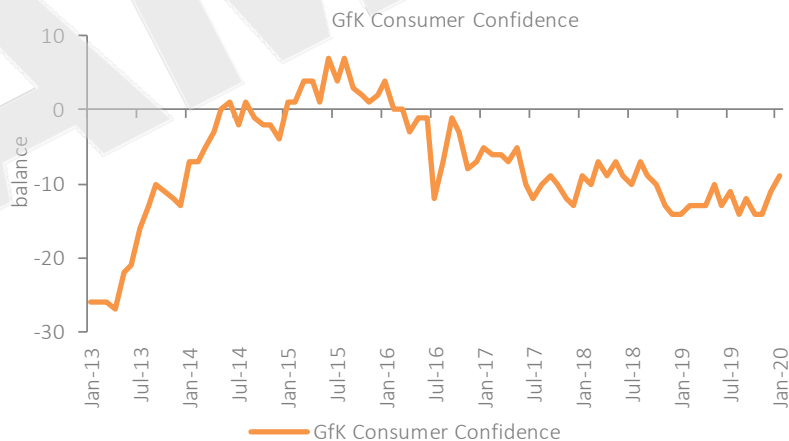
The major purchases index declined by two points to +1 in January – one point lower than a year ago.

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

Consumer spending (q/q)

Source: ONS
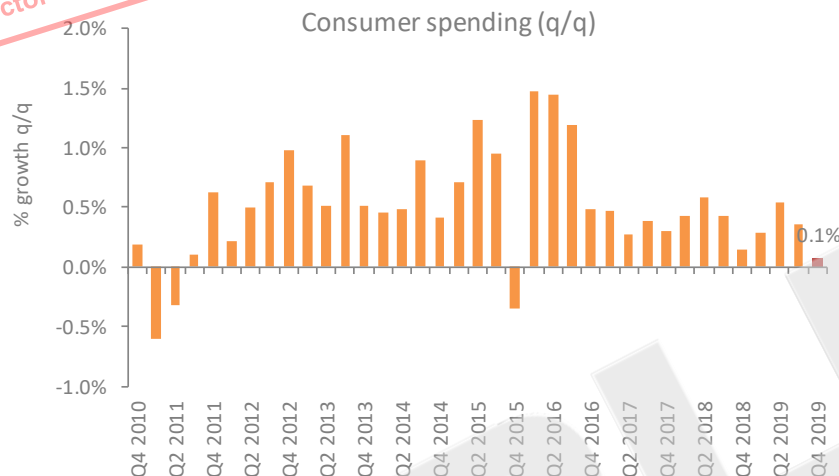
GfK Consumer Confidence

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.

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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.

UK Footfall – Ipsos Retail Performance
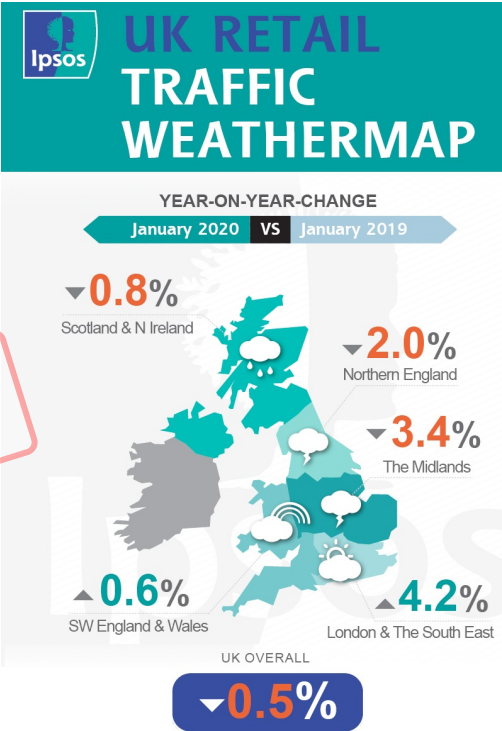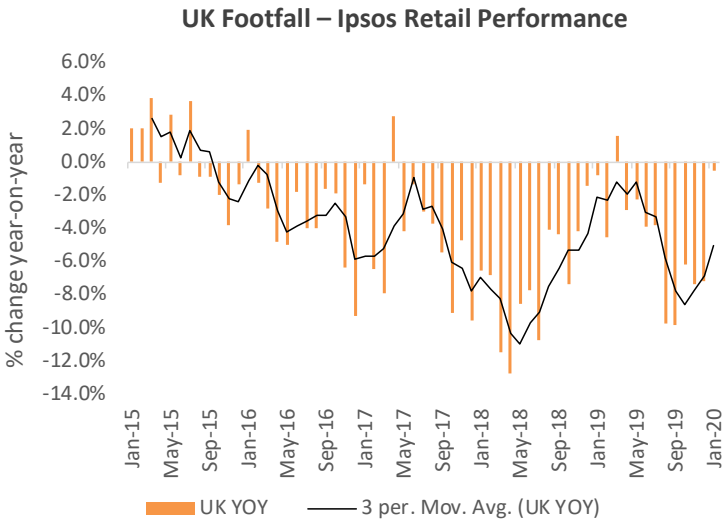
Source: Ipsos Retail Performance

UK Footfall

-0.5%

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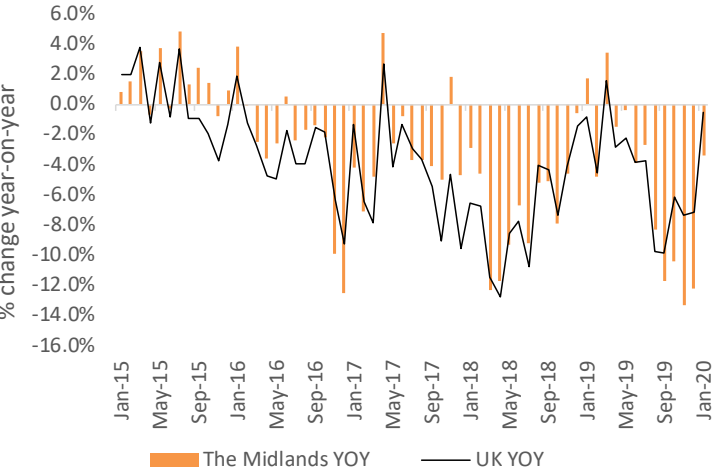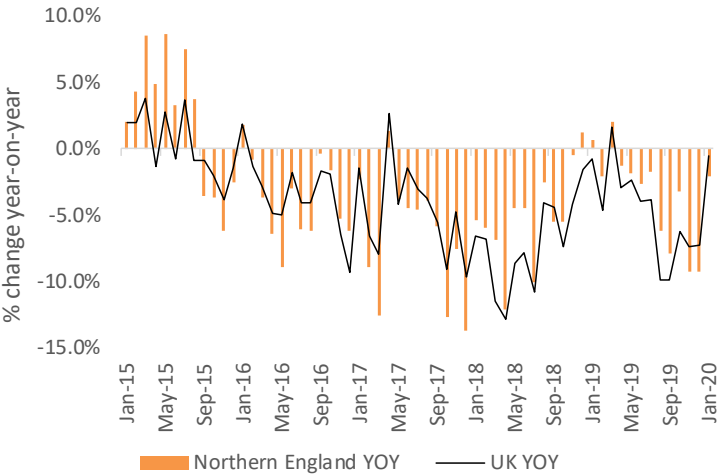
Northern England

-2.0%

In Northern England, footfall fell by 2.0% compared with the previous year.
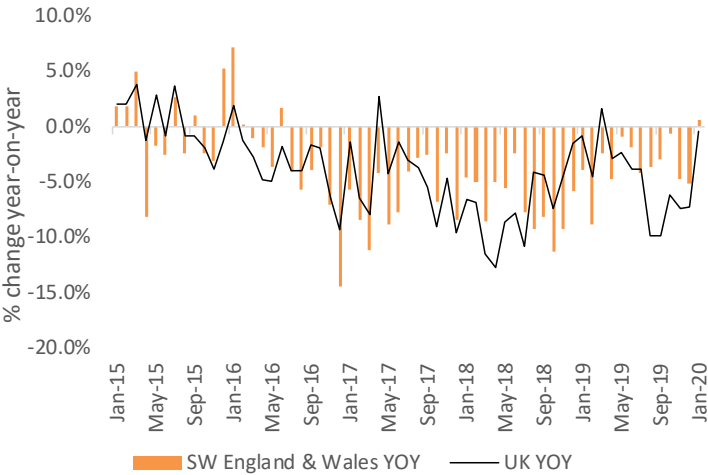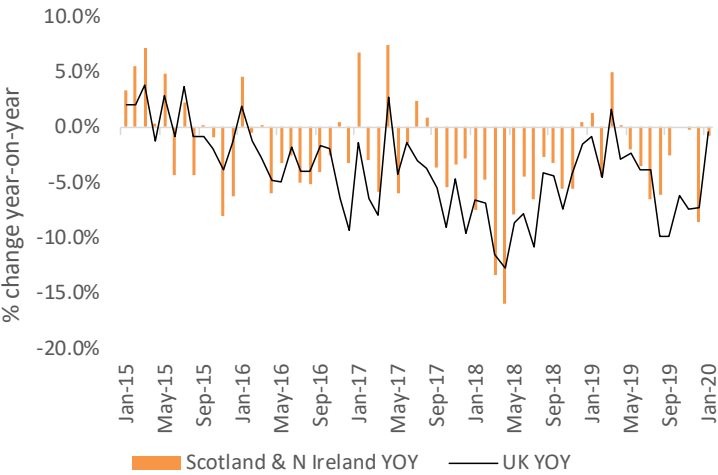
London & The South East was the strongest performer with footfall growth increasing 3.4 percentage points to 4.2%, the best result in over eight years.

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Macro Factors – Ipsos Retail Performance

Northern England YOY — UK YOY

Scotland & N Ireland YOY — UK YOY

The Midlands YOY — UK YOY

SW England & Wales YOY — UK YOY

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.

Source: Ipsos Retail Performance

Source: Ipsos Retail Performance

contents

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.

Employment growth (%)

Total jobs vacancies - whole economy
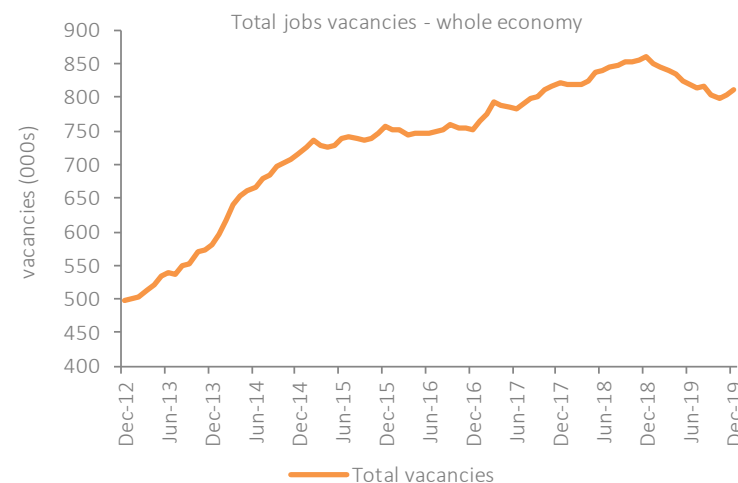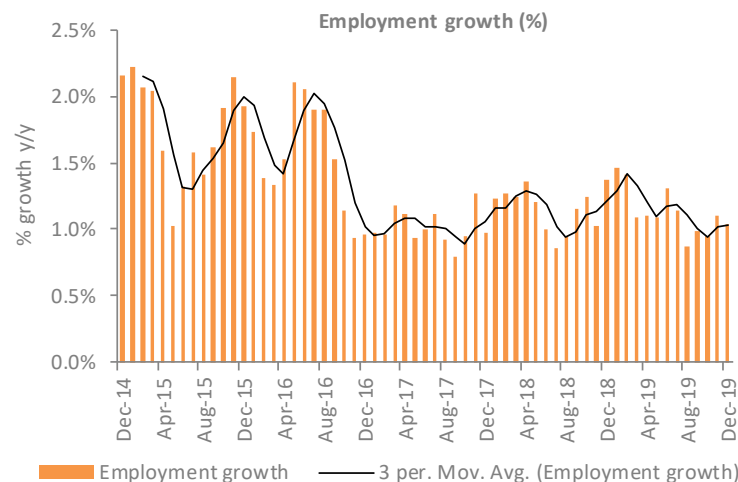
Source: ONS

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.
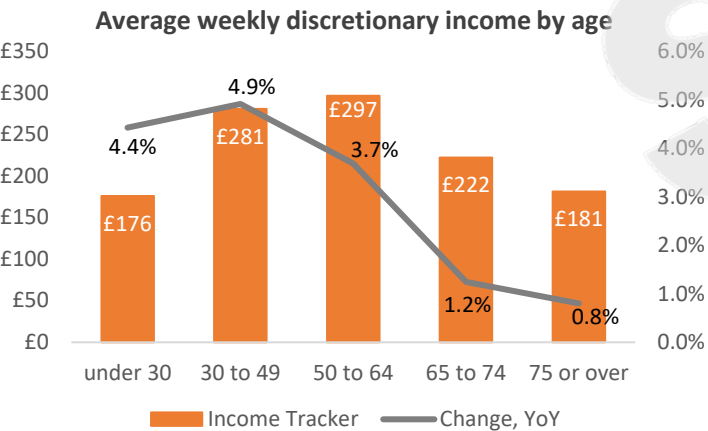
Macro Factors – Earnings

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
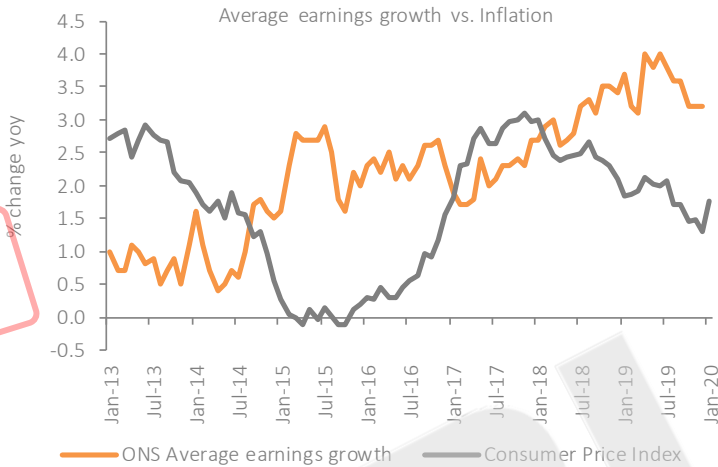
Asda Income Tracker – January 2020

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.
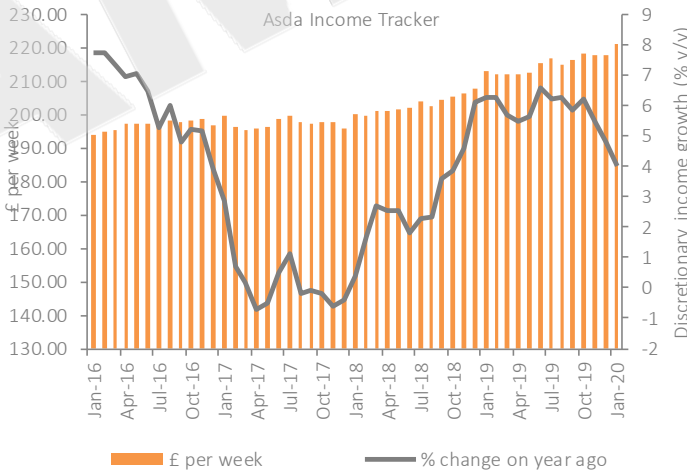
In terms age groups, it was the 30-49 year olds that saw the sharpest rise in average weekly discretionary incomes in January, rising 4.9% year-on-year. That said, this was the lowest rise for this age bracket since November 2018. Elsewhere the under 30s (+4.4%) and 50-64 years olds (+3.7%) also experienced 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.

Average weekly discretionary income by age

Source: Asda Income Tracker

Average earnings growth vs. Inflation

Legend: ONS Average earnings growth — Consumer Price Index

Source: ONS

Asda Income Tracker

Legend: £ per week — % change on year ago

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.
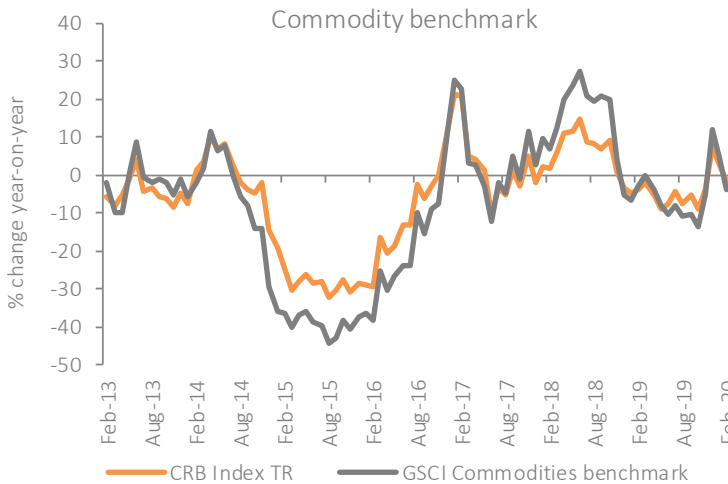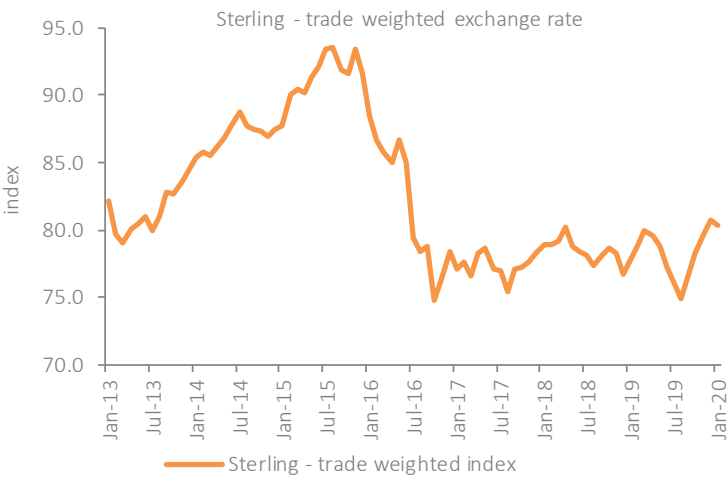
Macro Factors – Costs, Prices and Margins

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 capsize 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

Sterling - trade weighted exchange rate

Sterling - trade weighted index

Commodity benchmark

CRB Index TR — GSCI Commodities benchmark

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.

RetailEconomics

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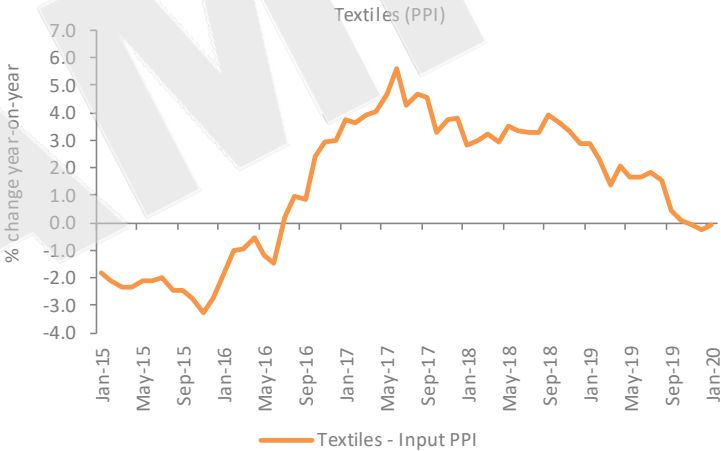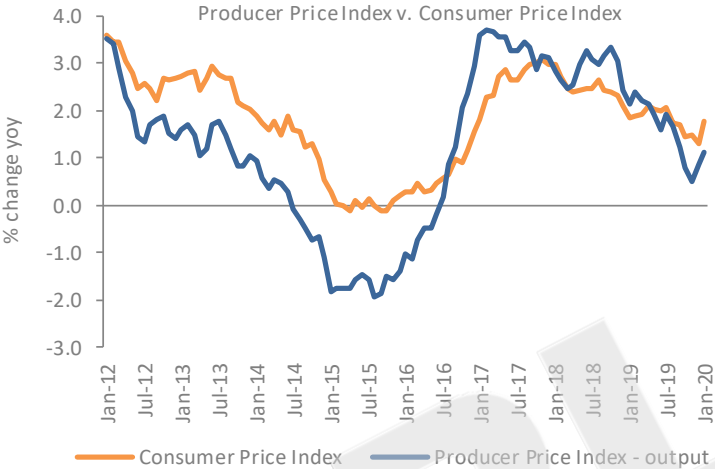
Meanwhile the PPI for inputs accelerated in January, rising 2.1% year-on-year from the 0.9% rise in the previous month. On a monthly basis, input PPI rose 0.9%, unchanged from the previous month.

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.

Producer Price Index v. Consumer Price Index

— Consumer Price Index   — Producer Price Index - output

Textiles (PPI)

— Textiles - Input PPI

Source: ONS

Sourcing costs specific to homewares from Textiles (-0.1%) eased in January.

PPI Output

1.1%

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

PPI Input

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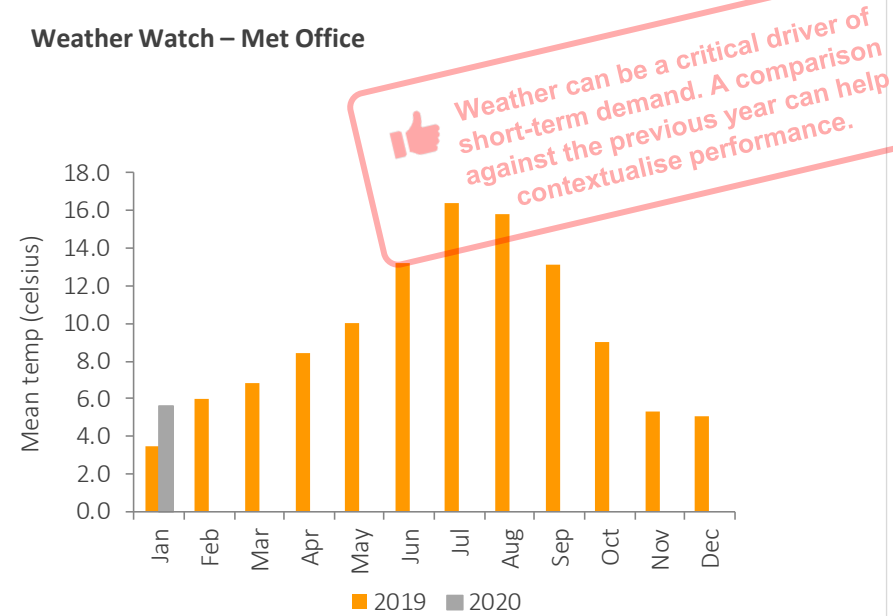
The Producer Price Index (input) stood at 2.1% in January.

Sourcing costs specific to Homewares from Textiles (-0.1%) eased in January.

contents

RetailEconomics

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 (celsius) — 2019, 2020

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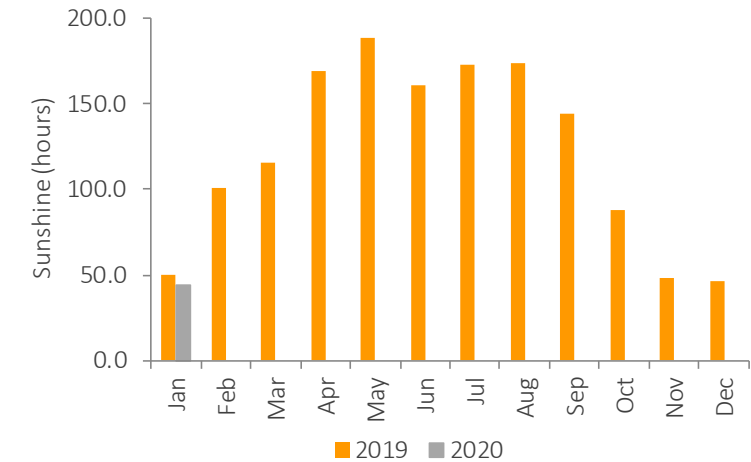
Sunshine	2018	2019	2020
Jan	48.9	50.5	44.5
Feb	95.6	100.6	
Mar	85.0	115.6	
Apr	132.6	168.9	
May	246.0	188.5	
Jun	239.9	160.8	
Jul	237.6	173.2	
Aug	147.4	173.6	
Sep	134.1	144.0	
Oct	113.2	87.9	
Nov	63.0	48.1	
Dec	37.6	46.2	

Source: Met Office

Temperature

5.6°C

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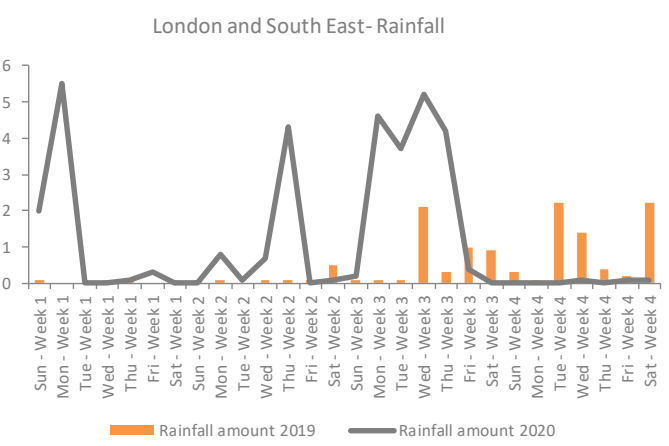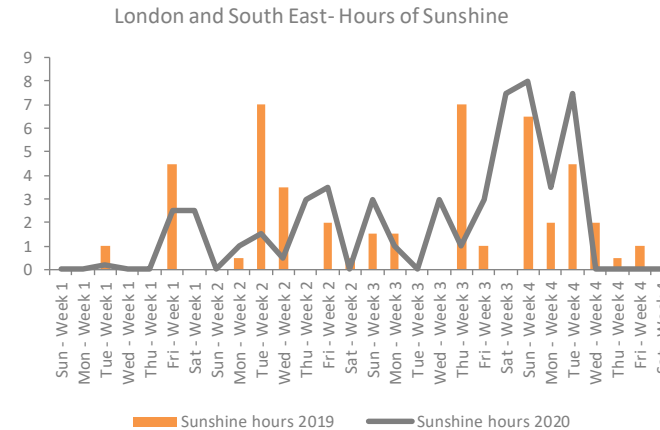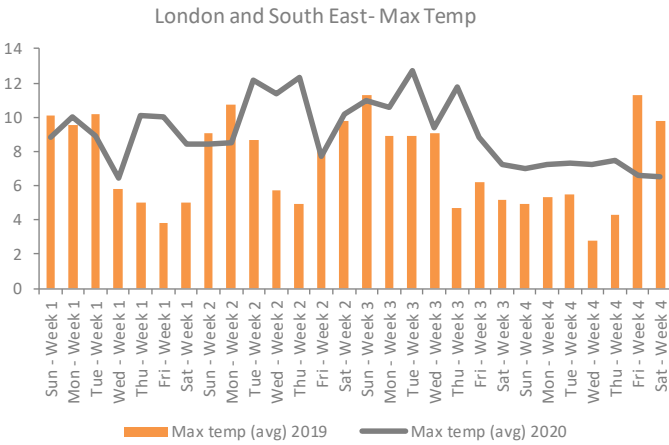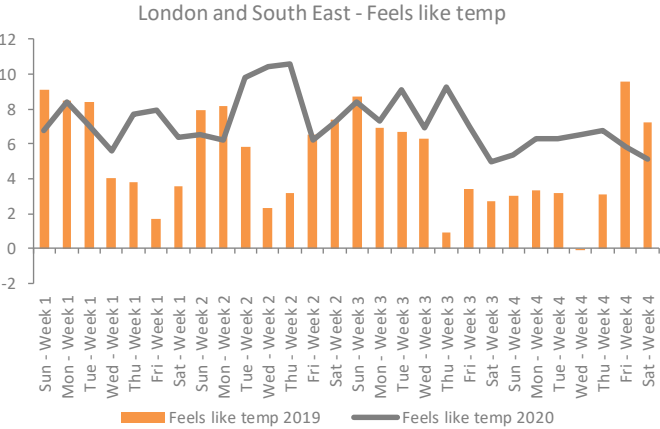
Sunshine

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

London and South East - Feels like temp

Feels like temp 2019 ———— Feels like temp 2020

London and South East- Max Temp

Max temp (avg) 2019 ———— Max temp (avg) 2020

London and South East- Hours of Sunshine

Sunshine hours 2019 ———— Sunshine hours 2020

London and South East- Rainfall

Rainfall amount 2019 ———— Rainfall amount 2020

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.
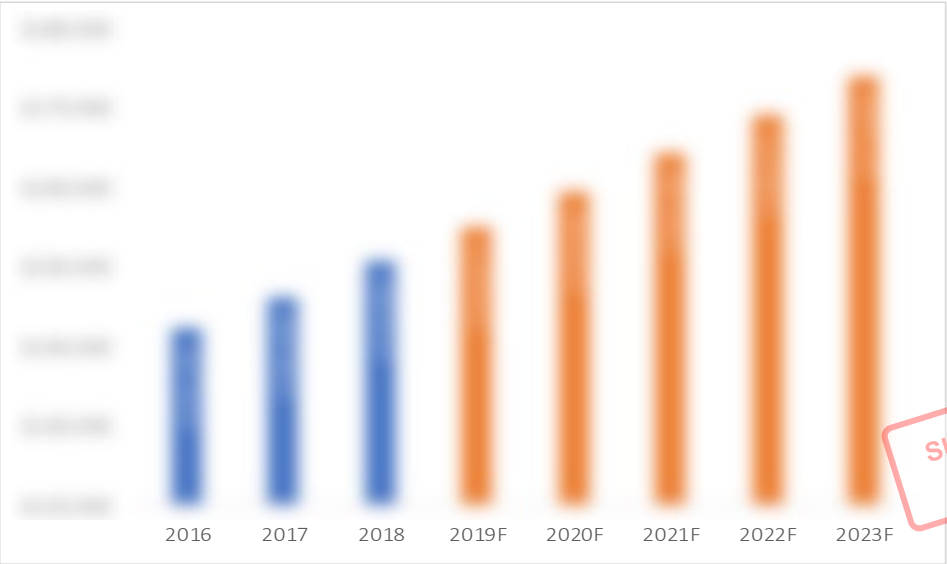
For further information, please contact retail@metoffice.gov.uk. www.metoffice.gov.uk/retail

Forecasts

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Market Size

- Lighting
- Decorative
- Kitchenware
- Bedroom textiles
- Household textiles

Total Market

2020 Forecast
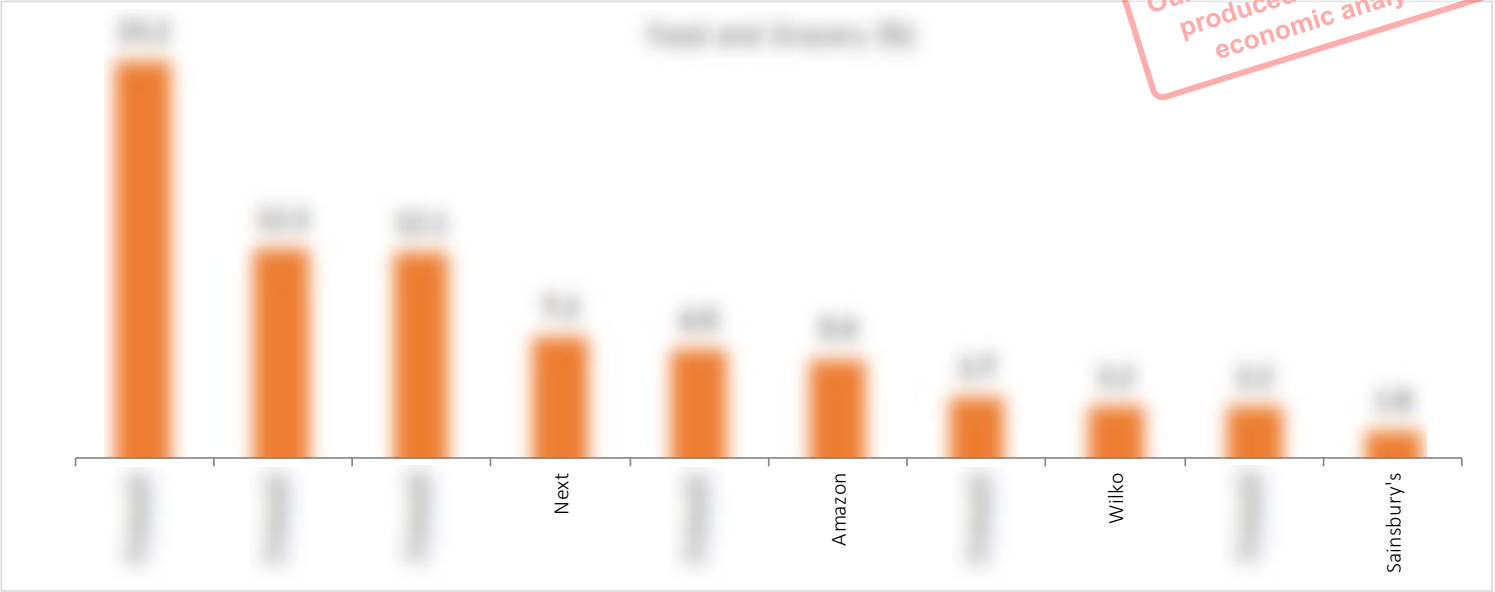
Our forecasts are bold and produced using robust economic analysis

Forecasts

Year	Total market (£m)	Annual growth (%)
2016		
2017		
2018		
2019F		
2020F		
2021F		
2022F		
2023F		

% of Market Share

Next — Amazon — Wilko — Sainsbury's

Leading Homewares Retailers

Retailer	Market Share (%)	Future trend Previous	Future trend Q4 2019	Summary
		▲	▲	
		▼	▼	
		▲	▲	
Next		▲	▲	Next reported a 2.7% increase in pre-tax profit to £319.6m in its half year to end-July, driven by full-price own-brand sales advancing 4.1%. Store sales continued to slide, dipping 5.5% to £874.3m while store profits fell 23.5% to £56m. Online buoyed its performance again, with ecommerce sales up 12.6% to £1.0bn and online profits increasing 8.4% to £177.1m in the half year, as it benefits from the strategic shift to selling third-party brands through its digital platform.
Argos		▼	▼	With the nail in the coffin for Sainsbury's merger with Asda, the group is looking to make major cost savings. This includes plans to shutter a further 60-70 standalone Argos stores over the next five years, while opening some 80 shop-in-shops Sainsbury's. Argos boss John Rogers is set to leave the business at the end of October, with no replacement lined up – indicative of Sainsbury's plans to accelerate the integration of Argos – with Rogers' responsibilities split between operations director Simon Roberts and commercial director Paul Mills-Hicks.
		▼	❯	
Amazon		▲	▲	Amazon has been bolstering its property expertise. It has poached Central England Co-operative trading executive Matt Birch, who is understood to be among Amazon executives looking to identify sites for stores. It is speculated that Amazon is looking to expand its grocery offer. Although it is yet to launch its check-out free Go store format in the UK, the giant has 17 Go stores in the US and 18 book shops.
		❯	▼	
Wilko		❯	❯	Wilko reported a "strong start" to 2019/20, with profit up on expectations for the 12 weeks to 27 April, supported by its gardening, decorating, paint and DIY categories. This follows the retailer swinging back into the black in 2018/19, reporting a pre-tax profit of £34.8m following a £65m loss in the previous year. Despite revenue slipping back 2.3% to £1.6bn in 2018/19, it reduced costs and cut its debt pile.
		▼	▼	

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

GDP Forecast

% change year-on-year

Q2 2013 · Q4 2013 · Q2 2014 · Q4 2014 · Q2 2015 · Q4 2015 · Q2 2016 · Q4 2016 · Q2 2017 · Q4 2017 · Q2 2018 · Q4 2018 · Q2 2019 · Q4 2019 · Q2 2020 · Q4 2020 · Q2 2021

—— GDP growth - forecast

Inflation Forecast

% change year-on-year

Jul 17 · Oct 17 · Jan 18 · Apr 18 · Jul 18 · Oct 18 · Jan 19 · Apr 19 · Jul 19 · Oct 19 · Jan 20 · Apr 20 · Jul 20

—— Consumer Price Index - forecast
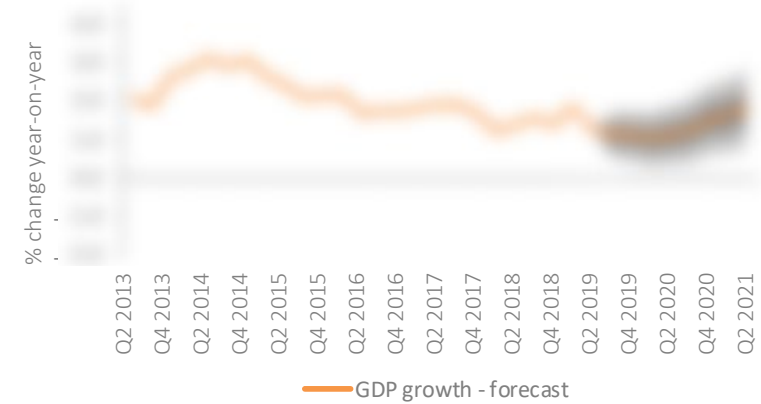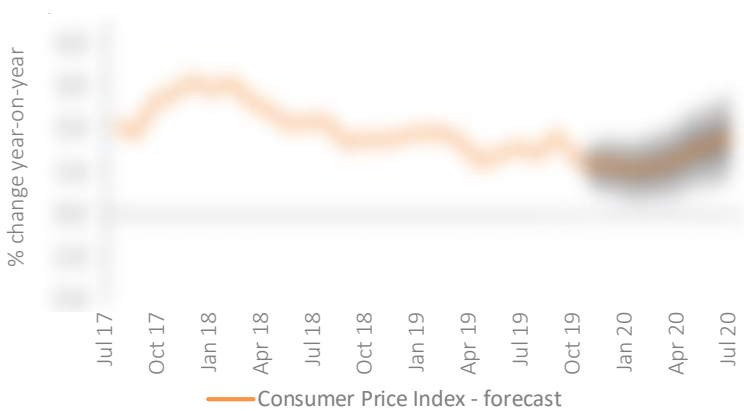
Inflation Forecast

XX%

Inflation forecast for Q4 2019

Real Wages Forecast

XX%

Real wage growth forecast for Q4 2019

SUBSCRIBE TO ACCESS THE LATEST DATA

Consumer Spending Forecast

% change year-on-year

Q2 2013 · Q4 2013 · Q2 2014 · Q4 2014 · Q2 2015 · Q4 2015 · Q2 2016 · Q4 2016 · Q2 2017 · Q4 2017 · Q2 2018 · Q4 2018 · Q2 2019 · Q4 2019 · Q2 2020 · Q4 2020 · Q2 2021

—— Consumer spending - forecast

Real Wages Forecast

% change year-on-year

Jul 17 · Oct 17 · Jan 18 · Apr 18 · Jul 18 · Oct 18 · Jan 19 · Apr 19 · Jul 19 · Oct 19 · Jan 20 · Apr 20 · Jul 20
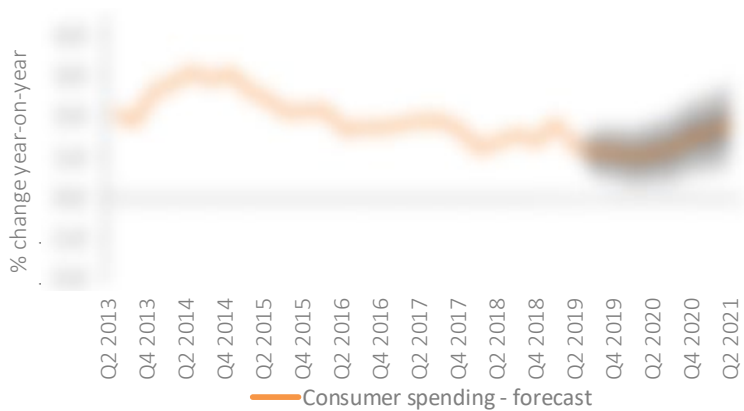
—— Real wage growth - forecast

Source: Retail Economics

Source: Retail Economics

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

Other reports and Services

RetailEconomics

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 >

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 >

Subscription Bolt-On Services

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Get impact assessment reports for the UK retail and leisure industry to help identify threats "COVID-19 Quick Responses", consumer panel research COVID-19 newsletters, economic chartbooks and more… info >

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Get the latest need-to-know retail news straight to your inbox. Choose: 1) Economic updates — GDP, consumer spending, retail sales, wages, house prices, credit and more; or 2) Retailer results — key financial results and critical retailer news reported for around 50 listed retailers.

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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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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.

Dixons Carphone
Customer & Commercial Insight Director

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

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Business Manager

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RICHARD LIM
Chief Executive, Retail Economics
BBC WORLD NEWS

Trusted by many

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