



Christmas trading review and outlook for 2023

January 2023



Executive summary



2022 was a difficult year for the UK retail market mainly due to the far-reaching implications of the Russia-Ukraine war. In 2023, 3 key themes should be front of mind for retailers – these are People, Profit and Planet.



Paul Martin

UK Head of Retail, KPMG UK

Email: paul.martin@kpmg.co.uk

LinkedIn: <https://www.linkedin.com/in/ukpaulmartin/>

2022 was a difficult year for the UK retail market. Even though the macro-economic clouds were forming at pace at the beginning of the year, the first 2 months of 2022 started well for the sector. Then the Russian Invasion of the Ukraine, resulting in the first land war on the European continent since 1945, has had many far-reaching implications. Alongside the human tragedy, global supply chains - already under enormous pressure after the Covid-19 pandemic - were stretched even further. Commodity prices for products like wheat and sunflower oil accelerated exponentially and utility prices exploded all with negative consequences for the UK retail market. This geo-political event resulted in a slow-down in demand and a further increase of costs for retail businesses, with consumer confidence levels reaching historic lows. Despite this backdrop, large parts of the market remained resilient and non-food categories, like apparel, benefitted from two years of pent-up demand during the spring and summer seasons.

From autumn onwards the macro-economic headwinds, manifesting itself with inflationary pressures rising to 11%+ in October and the UK posting negative GDP growth for Q3, started to translate into the real economy, with retail sales slowing to 2.2% in September and 1.6% in October. In that context, it is important to highlight that these growth figures are linked to the value of sales and not volumes, which are now declining by 5%+ depending on the category.

Overall, Christmas trading was better than many expected. Even though purchases of gifts were split over multiple months, many bargains were obtained during promotional events like Black Friday. This resulted in over 4% growth for the month of November. December sales figures improved further with nearly 7% growth and the grocery category was the overall winner increasing by more than 9%. However, inflationary price increases were a large factor contributing to these figures.

Looking ahead to 2023, the overall sector (excluding inflation) will largely stay flat, with the grocery category delivering a stronger performance than non-food. Both value and premium propositions are predicted to perform well, with an increased squeeze on the middle market. Many of 2022's themes will remain front of mind in 2023. In summary, it is fair to say that the short to mid-term outlook of the sector remains challenging, although retailers have learnt to adapt and have demonstrated remarkable resilience over recent years. Furthermore, every crisis comes with opportunities - some organisations will benefit from the current situation through market-share growth and consolidation opportunities that will arise.

In 2023 three key themes should be front of mind for retailers. These are People, Profit and Planet. Those who are able to harmonise their strategies in these three key areas, will be the winners in this challenging market.

Best regards and wishing you a successful 2023.

Paul

Source: On a total-basis; KPMG-BRC Retail Sales Monitor



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Overview



Christmas trading overview



Winners and underperformers



Key Retail trends and outlook for 2023



UK economy review, and outlook

Christmas trading – Considerations



Calendar impact of timing of Black Friday and Christmas 2022



Like-for-Like sales compared to total sales



Trading periods reported inconsistently between retailers



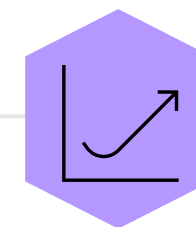
Reporting is not a requirement for privately held businesses: good news travels; bad news rarely seen



Compilation of publicly available information: lack of consistent and standardised metrics




Trading results focus on sales not margins



Higher inflation (UK inflation was at 10.7% for November 2022¹) leading to higher value of retail sales²

Notes: (1) As per the data released by ONS in mid December (2) Higher value is largely due to goods costing more
(3) In 2021 the conversation was about challenged supply chains that is "buy early" to avoid disappointment. This sentiment had largely disappeared in 2022 but was replaced by influence of strikes, for instance the Royal Mail shifting people into store in the last week for fear of non delivery of late ordered goods from digital channels. Additionally, consumer sentiment was much more muted in 2022 than 2021



Looking back at Christmas 2021

Winners 			
Retailer	2021(Yo2Y) L4L Christmas sales	Retailer	2021(Yo2Y) L4L Christmas sales
In the Style	▲ 225.9% ⁽ⁱ⁾	B&M	▲ 14.0%
The Hut Group	▲ 92.4% ^(a)	Poundland	▲ 14.0%
Hotel Chocolat	▲ 63.0% ^(a)	Marks & Spencer's (food)	▲ 12.4% ^(a)
AO World (UK)	▲ 47% ^(a)	Booker	▲ 10.8%
Beaverbrooks	▲ 46.0% ^(a)	Bensons for Beds	▲ 10.5%
The Fragrance shop	▲ 38.0%	DFS	▲ 10.0% ^(e)
Mamas & Papas	▲ 35.0%	Tesco (UK & ROI)	▲ 9.2%
Seasalt	▲ 33.0% ^(a)	The Works	▲ 9.0%
Asos	▲ 30.0% ^(a)	Marks and Spencer (Group)	▲ 8.6% ^(a)
Pets at Home (Group)	▲ 28.1%	Aldi	▲ 8.1% ^(a)
Dunlem	▲ 26.0% ^(a)	Halfords (Total Retail)	▲ 5.6%
Gear4music (UK sales)	▲ 24.0% ^(a)	Marks and Spencer (Clothing & Home)	▲ 3.2% ^(a)
Majestic Wines	▲ 23.6%	Fat Face	▲ 3.0%
Very.co.uk	▲ 21.9% ^(b)	Sainsbury's	▲ 2.4% ^(f)
Lidl	▲ 21.0% ^(a)	Greggs	▲ 0.8%
Topps Tiles	▲ 21.0%		
Next	▲ 20.0% ^(c)		
Theo Paphitis Retail Group	▲ 15.6% ^(a)		
Booths	▲ 14.4%		
Wickes	▲ 14.0%		

In November 2020, retail entered a second lockdown; in this context, the sales have been compared with 2019 (Yo2Y)

Notes: (a) Total sales (b) Retail sales (c) Total full price sales including interest income (d) High street total sales (e) Gross sales (f) Total retail sales excluding fuel (g) Store LFL sales (h) UK and Ireland LFL revenue (i) Comparable store sales (j) Net Sales (k) UK store LFL sales (l) Total sales for international division (includes the UK)

Source: Publicly available press releases, Retail Week, as at 27 January 2022

Neutral performance 	
Retailer	2021(Yo2Y) L4L Christmas sales
Underperformers 	
Retailer	2021 (Yo2Y) L4L Christmas sales
WH Smith	▼ (13)% ^(d)
Superdry	▼ (11.7)%
Primark	▼ (10)% ^(k)
Signet (International)	▼ (3.6)% ^(l)
Burberry	▼ (3)% ⁽ⁱ⁾
Currys (UK & Ireland)	▼ (2.0)% ^(h)
Card Factory	▼ (1.4)% ^(g)

BRC-KPMG retail sales monitor: Full year results

	Growth % Full Year 2022 vs 2021	Growth % Full Year 2021 vs 2020	Growth % year on year (December 2022)
UK retail sales (LFL)	1.0%	1.7%	6.5%
UK total sales	2.1%	3.8%	6.9%
Online sales – non-food	-11.8%	-10.7%	-3.0%
Online penetration RATE (%Online vs In Store sales)	40.2%	42.4%	42.3%
Online penetration GROWTH rate (%Online vs In Store sales)	-12.4%	-15.4%	-7.0%
Food sales (LFL)	2.6%	0.7%	9.4%
Total food sales	3.0%	1.4%	9.5%
Non-food retail sales (LFL)	-0.3%	2.6%	4.0%
Non-food retail sales (total)	1.4%	5.8%	4.8%
Instore sales - non-food (LFL)	20.3%	33.6%	9.7%
Instore sales - non-food (Total)	25.6%	38.4%	10.9%

Source: BRC-KPMG Retail Sales Monitor



BRC-KPMG retail sales monitor (cont.)

Total retail sales in December 2022 were up by 6.9% against an increase of 2.1% in December 2021

However, as inflation has continued to accelerate during 2022, this still represents a fall in volumes of goods sold

- For 2022 overall, UK Total Retail sales increased by 3.1% from 2021. Food growth was 3.0% and Non-Food growth was 3.2% for the year
- On a Total basis, sales increased by 6.9% in December, against an increase of 2.1% in December 2021. This is above both the 3-month average growth of 4.4% and 12-month average growth of 3.1%
- UK retail sales increased 6.5% on a Like-for-like basis from December 2021, when they had increased by 0.6%. This was above the 3-month average growth of 4.1% and the 12-month average growth of 1.8%
- Online Non-Food sales decreased by 3.0% in December, against a decline of 13.9% in December 2021. The 3-month average decline was 3.3% and the 12-month decline was 11.2%

Source: BRC-KPMG Retail Sales Monitor, released 6 January 2023 available at: [A perspective on the BRC - KPMG Retail Sales Monitor - KPMG United Kingdom \(home.kpmg\)](#)



Paul Martin

UK Head of Retail, KPMG:



Whilst the numbers for sales growth in December look healthy, with sales values up by nearly 7% on last year, this is largely due to goods costing more and masks the fact that the volume of goods that people are buying is significantly down on this time last year.

Consumers shunned big ticket technology purchases in December, opting for energy efficient household appliances and Christmas mainstays of clothes and beauty items.

With Christmas behind us, retailers are facing a challenging few months as consumers manage rising interest rates and energy prices by reducing their non-essential spending, and industrial action across several sectors could also impact sales. The strong demand across certain categories that has protected some retailers will undoubtedly fall away so we can expect high street casualties as we head into the Spring. This will present opportunities and some organisations will benefit from the current situation through market-share growth and consolidation opportunities that will arise



BRC-KPMG retail sales monitor (cont.)

December 2022	
% change on year ago	
Like-for-Like	Total
All categories	
6.5%	6.9%

6.5%

increase in UK retail sales on a like-for-like basis compared to December 2021, where they had increased by 0.6% from the previous year

October – December: 3-month weighted average				
% change on year ago				
Like-for-Like		Total		
Food	Non-food	All categories	Non-food	Food
7.7%	1.1%	4.4%	1.5%	7.9%

3 month weighted average	
% change on year ago	
Total Non-Food	
In-store	Online
5.3%	(3.3)%

Over the

03

months to December, in-store sales of non-food items increased 5.3% on a total basis

12 month average to December		
% change on year ago		
Total		
All categories	Non-food	Food
3.1%	3.2%	3.0%






12

month average witnessed an increased of 3.1% on a total basis. Food witnessed a 12-month total average growth of 3.0% and Non-Food witnessed a 12-month total average increase of 3.2%

Note: (a) Numbers in brackets denote negative

Source: BRC-KPMG Retail Sales Monitor, released 6 January 2023 available at: [A perspective on the BRC - KPMG Retail Sales Monitor - KPMG United Kingdom \(home.kpmg\)](https://home.kpmg.com/uk/issues/2023/01/a-perspective-on-the-brc-kpmg-retail-sales-monitor)

Christmas trading review – 2022

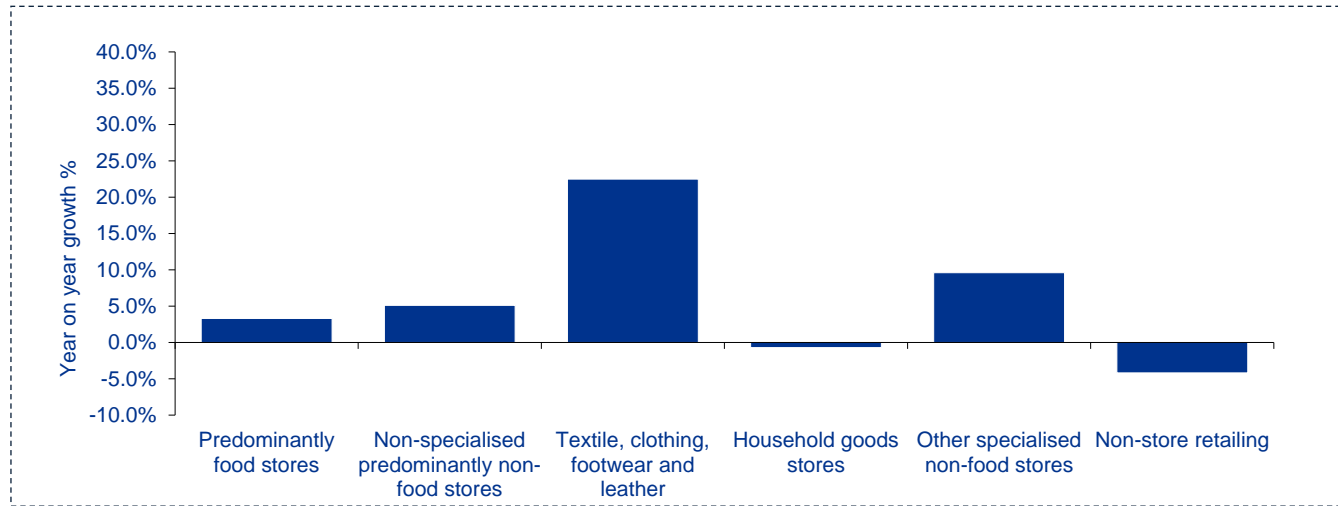
01 Macro-situation: costs and strikes 	02 Consumer behaviour 	03 Trading patterns accentuated 	04 Approaching digital channel equilibrium 	05 Category trends 
<ul style="list-style-type: none"> Consumer spending and confidence was impacted during the Christmas trading period by inflationary pressure: higher energy prices, rising interest rates and rising prices of food and discretionary goods all impacted the cost of living in the UK in 2022 The consumer price index peaked at 11.1% in October 2022⁽¹⁾ and as a result the consumer confidence index in the UK fell to a near record low in November 2022. The impact will be felt by all but significantly more by lower income households for whom a larger % of their income is spent on non-discretionary items. Strikes also played their part – though train strikes seem to have had more of an effect in London than market towns. The Royal mail strikes pushed consumers back into stores in the last week before Christmas. Retailers' margins continue to be squeezed by the increasing cost of energy, transport, materials, labour costs and taxes. 	<ul style="list-style-type: none"> With shrinking household incomes, the trading period witnessed a shift in what UK consumers buy and where they buy from. We are seeing a shift from differing performance BY category to differing performance IN category. The increase in sales is being driven by value not volume as retailers responded to their rapidly rising cost base by raising their prices. For the first time in many years food price inflation was significant reaching 13.3% in Dec. (source BRC – Nielsen) Budget strapped consumers opted for discounters and value based retailers as their first-stop shops. Consumers also looked to credit to support their spending. Young consumers opted for flexible payment options such as Buy now Pay later (BNPL) which saw a marked increase of 57%⁽³⁾ y-o-y accounting for 6% of overall Black Friday spend 	<ul style="list-style-type: none"> Despite the economic headwinds, consumers once again started shopping early for Christmas as shown by the better-than-expected black Friday sales Although, revenues fell 0.72%⁽²⁾ y-o-y on Black Friday sales were up 1.3% and 7.9%⁽²⁾ on the next two days Consumer web traffic increased by 16.6%⁽²⁾ y-o-y on Black Friday, however, consumers had smaller average basket sizes The full trading final week¹ before Christmas, which is generally strong, saw a marked increase in y-o-y activity in 2022 (i.e. 18.4%) against 2021. This is higher than the growth achieved in 2021 i.e. 16.8% The cross-over on sales performance which happened in May 2022 between food and non food categories was maintained and the growth rate gap between the categories was maintained through the Christmas period. 	<ul style="list-style-type: none"> The impact of the pandemic forced many to use digital channels for the first time and for all their needs As the lockdowns retreat we are seeing a locked in step up in digital activity (for both food and non-food). However, the balance between online and stores is adjusting and we are starting to see an emergence of a new equilibrium between digital and "real world" channels. In Dec 2019 – online penetration across non-food was 34.5%. In Dec 2022 this has increased to 42.3% Footfall data from Springboard showed all physical retail destinations (high street, retail parks and shopping centres) enjoyed increases in footfall in December. Maintaining the trend from November which saw footfall at 9.3%⁽⁶⁾ higher than for the same period in 2021. The final week before Christmas saw increases of 10% in high streets and 20% in retail parks as against 2019 (pre-Covid) levels. 	<ul style="list-style-type: none"> The clear category winner was food – driven by family, football and inflation. Additionally, consumer focus shifted from computing and other electronics to household appliances, footwear and furniture Macro trends in health, wellness and beauty are being maintained. The clothing and footwear category that benefitted from the reinvestment process in the earlier months of the year returned to growth as the changing seasonal weather arrived later than usual, which helped drive sales of heavier items of clothing and outerwear, with coats and boots witnessing increased demand. Growth in other categories was muted in December. The value/volume impact driving sub inflation growth numbers means that many retailers will be experiencing elevated excess inventory levels. This may drive enhanced promotional activity in the first half of 2023 which will further impact profitability levels which were already under pressure.

Note: 1) Full trading final week refers to week 51 of the year

Sources: 1. [ONS](#) 2. [Retail Week](#) 3. [Mollie.com](#) 4. [Reuters](#) 5. [Mintel](#) - Prospects for Christmas 2022 6. [The retail bulletin](#)

Sector by sector performance

2022 value of retail sales – year on year growth



- “Textile, clothing, footwear and leather” category improved in 2022 experiencing a 22.5% YoY growth of retail sales at current prices, non-seasonally adjusted (vs. YoY increase of 16.7% in 2021)
- “Household goods stores” category observed a decline of 0.7% YoY in 2022 as compared to a 11.9% growth observed in 2021
- “Non-store retailing” category observed a decline of 4.2% YoY in 2022 as compared to a 5.7% growth observed in 2021

Note: (a) ‘Other specialised non-food stores’ include pharmaceutical, medical, cosmetic & toilet goods; books, newspapers & periodicals; floor coverings; computers and telecom equipment and other retail sales

YoY growth in percentage	2014	2015	2016	2017	2018	2019	2020	2021	2022
Predominantly food stores	1.1%	0.1%	1.8%	2.4%	3.3%	2.7%	4.9%	1.8%	3.3%
Non-specialised stores	5.4%	4.1%	5.3%	1.9%	2.0%	-1.7%	-5.8%	2.0%	5.1%
Textiles, clothing and footwear	3.6%	3.1%	-2.1%	6.3%	0.9%	2.1%	-26.3%	16.7%	22.5%
Household goods stores	5.6%	5.3%	1.0%	1.6%	6.1%	-2.7%	-1.0%	11.9%	-0.7%
Other stores	7.0%	-1.4%	6.1%	3.3%	3.5%	4.9%	-10.7%	16.4%	9.6%
Non-store retailing	11.4%	9.2%	16.6%	17.6%	11.5%	14.7%	29.8%	5.7%	-4.2%

Note: [ONS](#), Retail Sales Index 20 January 2023, Table 4A; value of retail sales at current prices non-seasonally adjusted

Christmas 2022

Winners

Retailer	2022(YoY) L4L Christmas sales	Retailer	2022(YoY) L4L Christmas sales
Fat Face	▲ 47.0%	B&M	▲ 6.4%
Aldi	▲ 26.0%	Marks and Spencer (food) ⁽³⁾	▲ 6.3%
WH Smith (Group) ⁽¹⁾	▲ 26.0%	The Works ⁽⁷⁾	▲ 5.7%
Lidl	▲ 24.5% ^(a)	Hobbycraft ⁽⁸⁾	▲ 5.5%
Greggs ⁽²⁾	▲ 18.2%	Topps Tiles ⁽³⁾	▲ 5.1%
Dunelm ⁽³⁾	▲ 18.0% ^(a)	Gear4music	▲ 5.0% ^(a)
Mamas and Papas	▲ 16.0% ^(a)	Next	▲ 4.8% ^(b)
Primark ⁽⁴⁾	▲ 15.0% ^(a)	Superdry	▲ 4.5% ^(a)
Boots UK	▲ 15.0%	Poundland ⁽²⁾	▲ 4.4%
Seasalt	▲ 15.0% ^(a)	Halfords	▲ 1.8%
Matalan	▲ 14.6% ^(a)	Burberry ⁽²⁾	▲ 1.0%
Booker	▲ 11.7%		
The Fragrance Shop	▲ 11.2%		
Hotel Chocolat ⁽⁵⁾	▲ 10.0%		
Marks and Spencer (Clothing & Home) ⁽³⁾	▲ 8.6%		
Beaverbrooks	▲ 8.0% ^(a)		
Tesco (UK & ROI)	▲ 7.8%		
Marks and Spencer (Total) ⁽³⁾	▲ 7.2%		
Card Factory ⁽⁶⁾	▲ 7.1% ^(c)		
Sainsbury's (excluding fuel)	▲ 7.1% ^(a)		
Bensons for Beds ⁽²⁾	▲ 7.0%		

Note: (a) Total sales (b) Full-price sales (c) Store LFL sales

(1) Group revenue 20 Weeks to 14 January 2023; (2) Three months to 31 December 2022; (3) 13 weeks to 31 December 2022; (4) 16 weeks to 7 January 2023; (5) Nine weeks to 25 December 2022; (6) 11 months to 31 December 2022; (7) 11 weeks to 15 January 2023; (8) 7 weeks to 26 December 2022; (9) Four months to 31 December 2022; (10) 10 weeks ended 7 January 2023; (11) 18 weeks to 31 December 2022

Source: Publicly available press releases, Retail Week, as at 27 January 2023

Neutral performance

Retailer	2022(YoY) L4L Christmas sales
Majestic Wine	▶ 0.2% ^(a)

Underperformers

Retailer	2022 L4L Christmas sales
DFS	▼ (1.1)% ^(a)
Very.co.uk	▼ (1.3)%
Asos ⁽⁹⁾	▼ (3.0)% ^(a)
Currys (UK & Ireland) ⁽¹⁰⁾	▼ (5.0)%
N Brown ⁽¹¹⁾	▼ (9.2)%
AO.com ⁽²⁾	▼ (17.2)% ^(a)
In The Style ⁽²⁾	▼ (22.0)% ^(a)



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Fat Face	47.0%	▲	“This is a strong set of Christmas trading results and reflects both our fantastic peak product proposition and the hard work and efforts of the Fat Face crew” - Will Crumbie, Chief Executive
Aldi	26.0%	▲	“This year, Christmas was all about family and football as people came together to celebrate in a way we've not enjoyed for years. As we head into a new year, our promise to customers is that they will always get the UK's lowest prices at Aldi, no matter what” - Giles Hurley, CEO
WH Smith	26.0%	▲	“The Group has made a strong start to the financial year, with our global travel retail business growing strongly across all regions. Our strategy to transform our customer offer continues at pace through broadening our categories and expanding our ranges, to include health and beauty and tech accessories” - Carl Cowling, Group Chief Executive
Lidl	24.5% ^(a)	▲	“Every week of the year we are seeing more customers coming through our doors, switching spend to Lidl from the traditional supermarkets. We know they switch to us to make savings, but then they stay with us when they realise that they're not having to compromise on quality, and this Christmas was no exception”- Ryan McDonnell, Chief Executive at Lidl GB

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Greggs	18.2%	▲	"I am proud of the progress Greggs made during 2022 in challenging conditions. Our teams did a magnificent job serving customers and managing the growing demand for Greggs products as we expand our shop estate and offer greater availability through digital channels and longer trading hours, whilst continuing to extend our menu to offer more choice." - Roisin Currie, CEO
Dunelm	18.0% ^(a)	▲	"We have delivered another strong performance and the relevance of Dunelm's value offering has really come to the fore. Customers have enjoyed shopping our 'Winter Warm' ranges as they find innovative ways to manage rising heating costs. Our Christmas assortment also proved popular as customers prepared their homes for the festive period." - Nick Wilkinson, Chief Executive
Mamas and Papas	16.0% ^(a)	▲	"We're delighted to be reporting such a strong performance as we head for a record-breaking financial year. Our digital business made a positive contribution, but footfall and store-based sales significantly surpassed pre-pandemic levels over the Black Friday and Christmas trading period, which is a clear sign of Britain's love of the high street" - Mark Saunders, CEO

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Primark	15.0% ^(a)	▲	"To date, Primark trading has been good in all our markets and was ahead of expectation. Early trading in this new calendar year has been encouraging but macro-economic headwinds remain and may weigh on consumer spending in the months ahead" - Company statement
Boots UK	15.0%	▲	"It has been another positive quarter for Boots. Our focus on giving customers our best-ever value to help with cost-of-living pressures, as well as continued investment in our digital capability and in updating our store estate, has resulted in increased retail sales and market share growth for the seventh consecutive quarter"- Sebastian James, UK & ROI Managing Director
Seasalt	15.0% ^(a)	▲	"Although we have traded very well during the last 12 months, we expect the next six months to be tough. We will continue to invest in our planned digital transformation and in expanding our international presence but will otherwise be taking all necessary actions to manage our costs very carefully to ensure we are in the best possible position to accelerate our growth again later in 2023 when consumer confidence improves" - Malcolm Macdonald, Seasalt's Finance Chief

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Matalan	14.6% ^(a)	▲	"The business continued to deliver sales growth in the third quarter and during December, both online and in stores, and highlighting that we still very much resonate with our customers in what continue to be challenging times" - Company statement
Booker	11.7%	▲	" We've delivered a strong market share performance in the UK and ROI, Booker has continued to grow strongly despite a particularly tough catering backdrop and our Central European business has delivered its highest sales growth for many years" - Ken Murphy, Chief Executive
The Fragrance Shop	11.2%	▲	"Our teams have worked hard to deliver another exceptional Christmas despite the challenges posed by economic uncertainty, industrial action and the general pressures on consumer disposable incomes. While the economic outlook for the year ahead remains uncertain, we are confident we are well placed to not only weather those economic headwinds but thrive, as we continue to invest and grow."- Sanjay Vadera MBE, Chief Executive

Notes: (a) Indicates total sales



2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Hotel Chocolat	10.0%	▲	"We think that physical stores, particularly over the next three years, are extremely attractive for us in the UK. So, we're anticipating opening around 50 more stores, up and down the country, in the next three to maybe five years" - Angus Thirlwell, Founder and Chief Executive
M&S (clothing and home)	8.6%	▲	"M&S Food outperformed the market on volume and value in the critical four-week Christmas period for the second year running and reached its highest ever recorded market share. Clothing and Home delivered another outstanding performance, maintaining its market leadership position with its highest market share in seven years"- Stuart Machin, Chief Executive
Beaverbrooks	8.0% ^(a)	▲	"After the pandemic's challenges across the last two years it's great to have seen people really making the most of Christmas 2022, and the increase in sales shows customers were keen to treat themselves and their loved ones this year"- Anna Blackburn, Managing Director

Winners

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales	Retailer's reaction
Tesco (UK & ROI)	7.8% ▲	"I'm extremely proud of the way Tesco has stepped forward to help customers dealing with tough times this Christmas. By delivering relentlessly on the strategic priorities that we set out 18 months ago, we have made sure that customers know that they will benefit from great value and quality in every part of their basket, however they choose to shop with us"- Ken Murphy, CEO
M&S (Total)	7.2% ▲	"This outperformance was driven by M&S doing what it does best; exceptional product at value you can trust. Thanks to our unrivalled quality, innovation and growing style credentials, more customers shopped with M&S over the Christmas period than in recent years. I would like to thank all our colleagues for the fantastic service they delivered."- Stuart Machin, Chief Executive
Card factory	7.1% ^(a) ▲	"We're pleased and encouraged by the continued strong performance of the business. With delivery of our growth strategy progressing well, it is great to see some of the benefits from this work starting to come through in our financial performance"- Darcy Willson-Rymer, Chief Executive

Notes: (a)Store LFL sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Sainsbury's (excluding fuel)	7.1% ^(a)	▲	"We delivered the best possible Christmas for customers as millions of households managed their budgets differently, hosting larger gatherings again and treating themselves at home. Customers shopped early, buying Christmas treats and fizz more than once and looked for deals, taking advantage of Black Friday and other seasonal offers. Argos offered great value and quality and, as train and postal strikes disrupted the country, customers appreciated its reliability and convenience"- Simon Roberts, Chief Executive
Bensons for Beds	7.0%	▲	"The robust sales followed investments the company made in improving its digital platforms and stores, and the shake-up in leadership team last year. Online sales grew across the quarter and digital transactions have doubled since before the pandemic, bolstered by improvements in digital infrastructure and talent over the last year" - Company statement
B&M	6.4%	▲	"Our strong momentum throughout the Golden Quarter across the businesses demonstrates the strength of our unchanged strategy to relentlessly focus on price, product and excellence in retail execution. Despite the challenging macroeconomic environment, we will continue to work hard to help both existing and new customers manage the cost-of-living crisis" - Alex Russo, CEO

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
M&S (food)	6.3%	▲	“Given the inflationary pressures impacting our customers and our business, M&S is taking action to structurally reduce costs and reinforce our customer proposition. Our singular focus is on delivering the M&S Reshaped programme to drive growth and value creation as the UK’s leading omnichannel retailer. This performance across both our businesses provides confidence in delivering our full year results”- Stuart Machin, Chief Executive
The Works	5.7%	▲	“Whilst the trading environment remains uncertain, we are encouraged by the strength of our performance during and after the key Christmas period and believe there is significant value to be created from delivering on our strategy in the medium-term” - Gavin Peck, CEO
Hobbycraft	5.5%	▲	“We are delighted to report a robust set of results for Christmas, as our customers invest in thoughtful, personalised, and handmade items, whilst also being at great value. With it being a tough year for many, the process of crafting can help with mindfulness and with something that is handmade, it is more likely to be kept for longer as it has a personal connection to that individual or loved one”- Dominic Jordan, CEO



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Topps Tiles	5.1%	▲	“We remain mindful of the macroeconomic headwinds that may impact UK consumers and businesses in the forthcoming year, but the Group’s strong balance sheet, world-class customer service, specialist expertise and ambitious growth strategy gives us confidence that we will continue to deliver value over the medium term”- Rob Parker, Chief Executive
Gear4music	5.0% ^(a)	▲	“We are pleased to report that, despite several external challenges, financial performance during our FY23 peak seasonal trading period was in line with the Board's expectations. UK revenues during December were impacted by Royal Mail strikes and the knock-on disruption of other couriers, which led to longer delivery times and an earlier pre-Christmas cut-off date than we would expect under normal trading conditions” - Company Statement
Next	4.8% ^(b)	▲	“Both Online and Retail exceeded our full price sales expectations. We think that we underestimated the negative effect COVID was having on our Retail sales last year. We may have also underestimated the effect improved stock levels would have on both businesses.”- Company statement

Notes: (a) Indicates total sales
(b) Full price sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Superdry	4.5% ^(a)	▲	“The Superdry brand has real momentum and I’m delighted by how our retail trading continues to strengthen. We’ve done this against a difficult macroeconomic backdrop by delivering well-designed, affordable, and responsibly sourced products which have resonated well with customers. Our coats performed really well in the run up to Christmas, and womenswear continues to be a highlight for us. Stores continued to recover strongly and online had its biggest ever week over Black Friday, helped by our new ecommerce platform which is delivering real benefits”- Julian Dunkerton, Founder and CEO
Poundland	4.4%	▲	“We had a very successful Christmas trading period with record trading days at each of our brands, as we continued to outperform the wider market across Europe. We benefitted from re-building our stock to appropriate levels, enabling us to satisfy the strong demand that we experienced. In this very busy trading period, I would like to take this opportunity once again to thank all our colleagues across the Pepco Group for their hard work and ongoing commitment to serving our customer”- Trevor Masters, CEO

Notes: (a) Indicates total sales



Winners

2022 winners

Retailer	2022 L4L Christmas sales		Retailer's reaction
Halfords	1.8%	▲	"We have seen strong revenue growth in what are exceptionally challenging circumstances, and we have continued to grow our market share whilst also tightly managing our costs, inventories and cashflows. Consumer demand for our services and needs-based categories, which now account for the majority of our revenue, continues to grow, and our Motoring Loyalty Club is exceeding expectations as customers recognise the value of its unrivalled discounts and offers" - Graham Stapleton, CEO
Burberry	1.0%	▲	"We remain confident in our ability to reach our medium-term targets, despite the current macro-economic environment. We are focused on executing our plan to realise Burberry's potential as the modern British luxury brand"- Jonathan Akeroyd, CEO



Neutral performers

2022 neutral performers

Retailer	2022 L4L Christmas sales	Retailer's reaction
Majestic Wine	0.2% ^(a) ▶	“Despite a very tough trading environment and the ongoing cost-of-living crisis, Majestic achieved a strong Christmas performance that is significantly higher than pre-Covid levels. We are under no illusions as to how tough the next 12 months will be, but I am more confident than ever that we have the right strategy and backing in place to emerge from the cost-of-living crisis as an even stronger business” - John Colley, CEO

Notes: (a) Indicates total sales

2022 underperformers



Under performers

Retailer	2022 L4L Christmas sales	Retailer's reaction
DFS	(1.1)% ^(a) ▼	“The Group has traded well through the second quarter and the start of the important winter sale trading period. Whilst the macroeconomic environment remains challenging and hard to predict, we reiterate our full year profit guidance supported by the positive current trading momentum” - Tim Stacey, Group Chief Executive
Very.co.uk	(1.3)% ▼	“Our team pulled out all the stops to deliver an amazing Christmas for the families we serve and a strong trading performance for the period. We recorded year-on-year growth in Very and grew market share despite the challenging backdrop. As expected, our customers prioritised toys, gifts and beauty items for their loved ones, justifying our decision to invest in stock within the category” - Lionel Desclée, Group CEO
Asos	(3.0)% ^(a) ▼	“We are undertaking necessary strategic and operational changes, with our focus shifting from prioritising top-line growth to building a more relevant and competitive fashion business with a disciplined approach to capital allocation and ROI. At the same time, we are working to reinforce our credibility as a leading destination for our fashion-loving customers” - José Antonio Ramos Calamonte, Chief Executive

Notes: (a) Indicates total sales

2022 underperformers

Retailer	2022 L4L Christmas sales	Retailer's reaction
Currys (UK & Ireland)	(5.0)% ▼	“We've delivered a strong Peak performance in the UK&I, growing profits again through resilient sales, increasing gross margins (not least through record Services adoption) and strong cost discipline. Our transformation is visibly succeeding” - Alex Baldock, Group Chief Executive
Nbrown	(9.2)% ▼	“We have traded in line with our expectations through a challenging period as customers continue to be more cautious with their discretionary spending in the face of the various, well-documented consumer pressures” - Steve Johnson, Chief Executive
AO.com	(17.2)% ^(a) ▼	“UK revenue continues to be in line with the Board's expectations, decreasing by 17.2% compared to the same period last year. However, the actions taken by the business to reduce costs and improve margins, as described in our interim results in November are gaining traction, and profitability is now running ahead of our previous expectations.” - Company statement

Notes: (a) Indicates total sales

Under performers

2022 underperformers



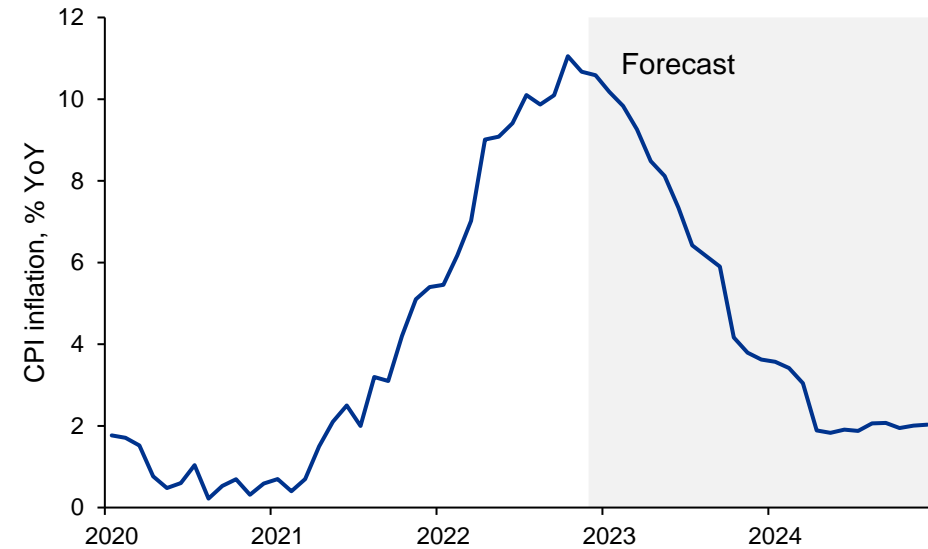
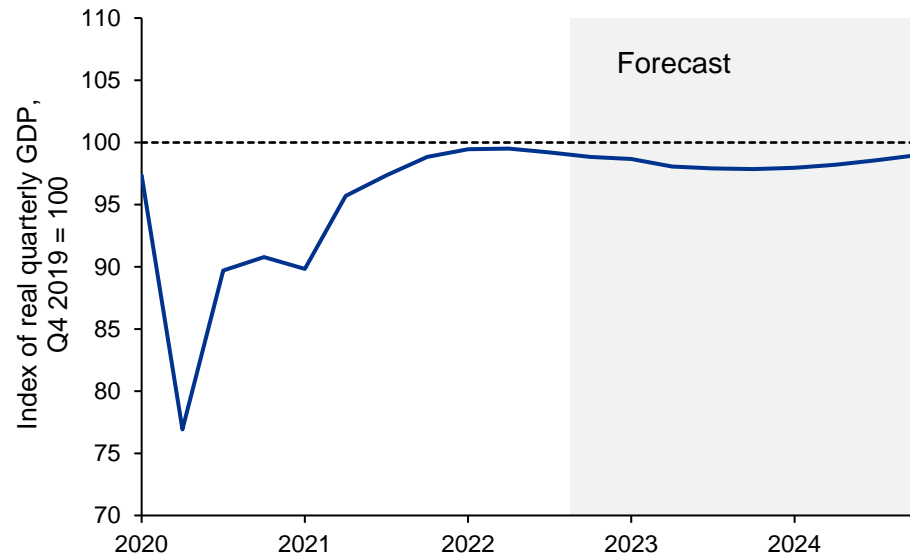
Under performers

Retailer	2022 L4L Christmas sales	Retailer's reaction
In The Style	(22.0)% ^(a) ▼	“Following an encouraging performance in November and throughout the important Black Friday trading period, the trading environment in December was more difficult. Despite these challenges, we are encouraged by the positive customer reaction to FITS, our own brand range, which provides an exciting opportunity for us to further leverage the strengths of our influencer collaboration model” - Adam Frisby, Chief Executive

Notes: (a) Indicates total sales

Economic Outlook

UK economy



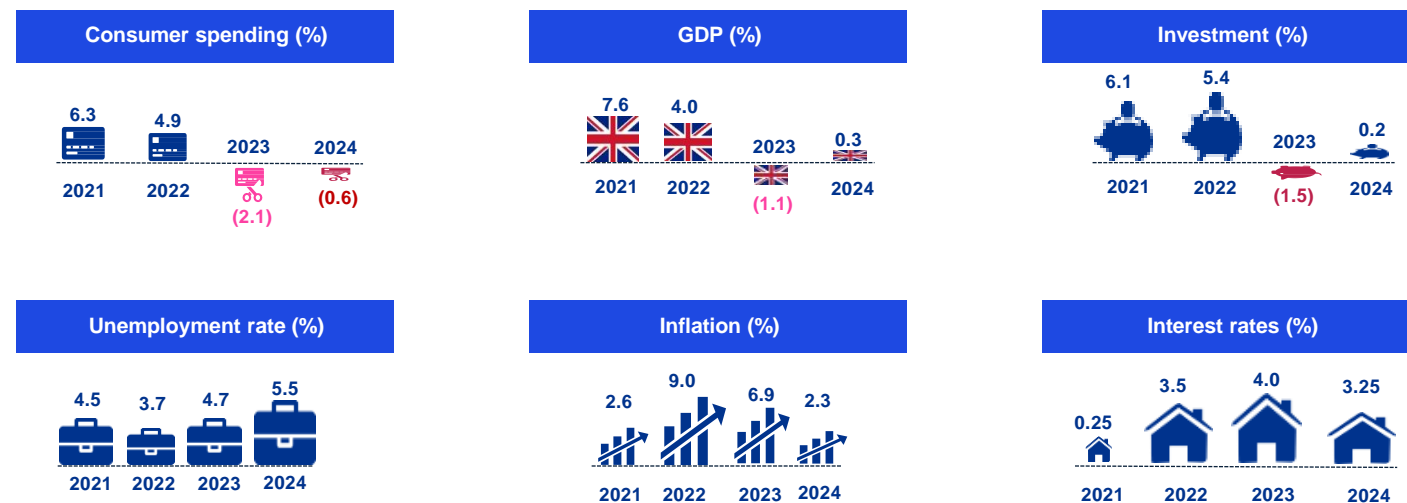
- UK GDP is expected to have grown by 4% in 2022, however it is forecast to contract by 1.1% in 2023, before a partial recovery of 0.3% in 2024. The UK economy is thought to have entered a recession in the third quarter of 2022, which could last until the end of 2023 driven by a combination higher interest rates to combat inflation and the ongoing squeeze on household finances.
- Following the peak of 11.1% in October 2022, the headline rate of CPI inflation is expected to gradually fall during 2023 and reach the Bank of England's target of 2% in the first half of 2024. Annual CPI inflation is expected to average 9% in 2022, down to 6.9% in 2023 and then to 2.3% in 2024. The Bank of England has responded to the high levels of inflation by accelerating the pace of monetary policy tightening, with the Bank Rate likely to reach 4.0% early in 2023

Source: KPMG Macroeconomics forecast, January 2023

Economic Outlook (cont.)

UK economy

Short term outlook for the UK economy



- Consumer spending growth is set to slow from 6.3% in 2021, to 4.9% in 2022 and then to fall by 2.1% in 2023 and again by 0.6% in 2024. The cost of living crisis and sharp tightening in financial conditions have led to an unprecedented squeeze on household incomes. These headwinds should see a drop in consumer spending in real terms over the next two years.
- Investment is set to grow by 5.4% in 2022, before a potential contraction of 1.5% in 2023 and then a partial recovery of 0.2% in 2024. Business investment will also be hit by higher interest rates and continued uncertainties regarding the growth outlook.

Source: ONS, KPMG forecasts. Average % change on previous calendar year except for unemployment rate, which is average annual rate. Investment represents Gross Fixed Capital Formation, inflation measure used is CPI and unemployment measure is LFS. Interest rate represents level at the end of calendar year.

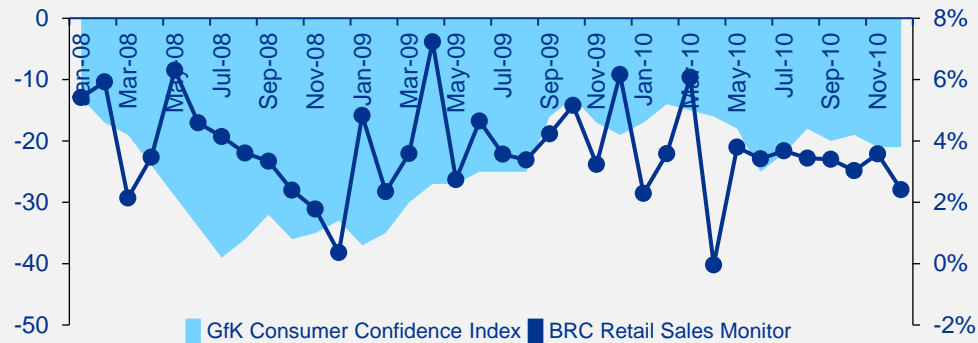
Sterling exchange rate

	2020	2021	2022	2023
Exchange rate GBP/USD (average)	1.28	1.38	1.24	1.21

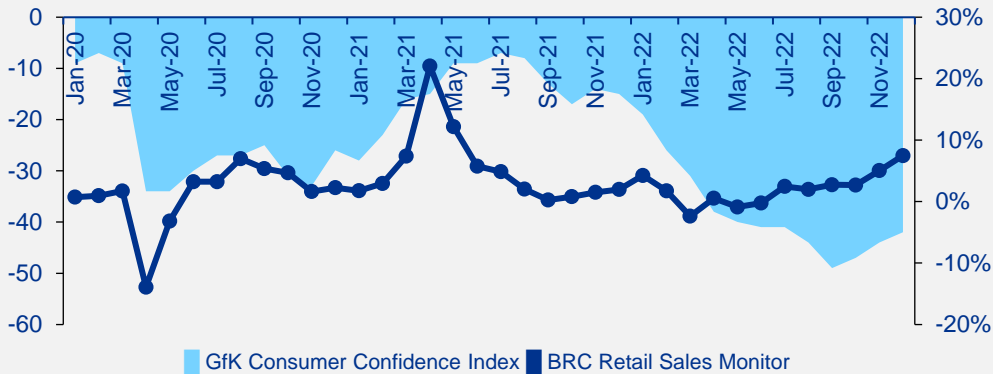
Note: 2023 figures are based on forward market data.
Source: Bank of England, Refinitiv

Consumer sentiment indices relationship analysis

GfK Consumer Confidence Index (-100 to 100) and BRC Retail Sales Monitor (%): 2008-2010



GfK Consumer Confidence Index (-100 to 100) and BRC Retail Sales Monitor (%): 2020-2022



Note: (a) E- Estimated/ Forecasted 1) BRC Sales data is considered on % growth on y-o-y basis
 Source: Refinitiv, BRC, GfK; accessed on 16 January 2023

Key Takeaway – lagged relationship

BRC Retail Sales Monitor¹ has a lagged relationship with the GfK Consumer Confidence index, with **consumer confidence always declining sharply before retail sales monitor falls**, which is evident during the **2008-2010 financial crisis** as well as during the **recession following the COVID-19 pandemic**

Outlook

- Recording the lowest consumer confidence in 48 years in Jun 2022, industry experts expect that consumers will “tighten their purse” as was done during earlier economic downturns. It took 21 months for consumer confidence to recover after 2008 downturn
- “The outlook for consumer confidence is gloomy and nothing on the economic horizon shows a reason for optimism any time soon.” – **Joe Staton, Client Strategy Director at GfK**
- “As essential costs continue to rise, as does the risk that further discretionary goods demand reduces in line with the consistently low levels of consumer confidence that we are seeing.” – **Linda Ellett, Sector Lead, Consumer Markets, Leisure & Retail**

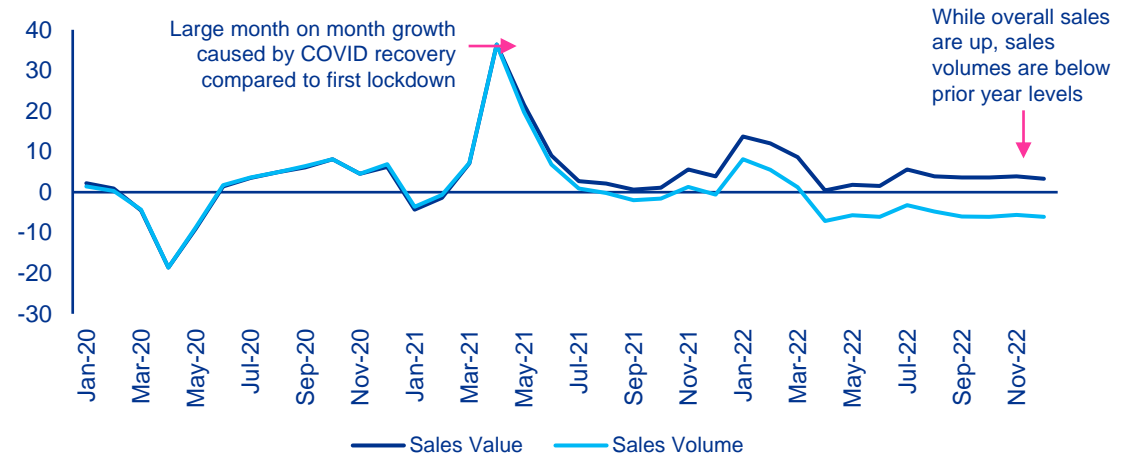
Retailing trend (1/2)

All retailing excluding automotive fuel

The chart to the right highlights the year on year change in sales value and volume excluding the sale of automotive fuel.

Since June 2021, a trend of overall sales value has taken place with volumes being lower.

For the last four months present within the data, volumes are between 3 and 6 points less than prior year whereas sales value is up between 2 and 5 points.

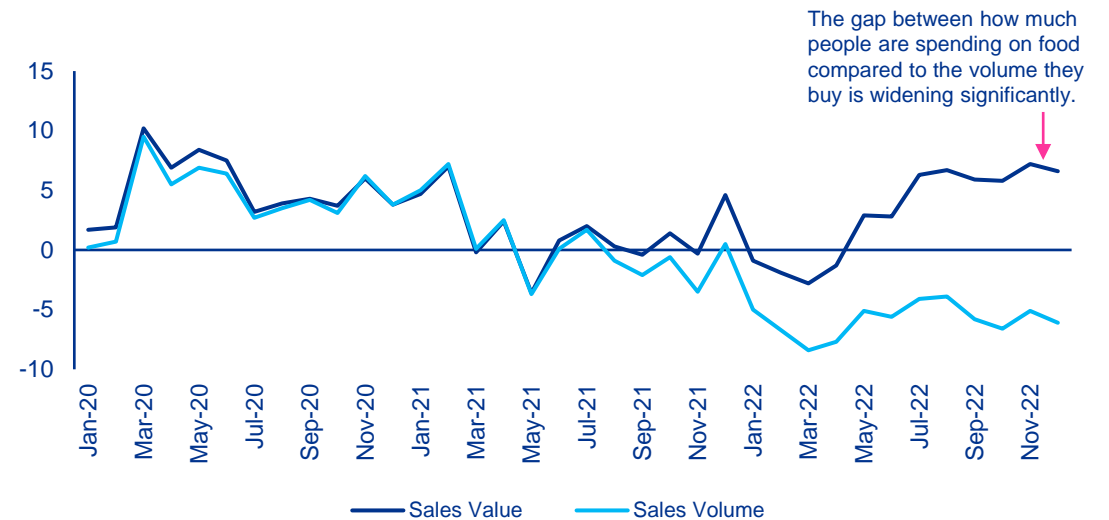


Predominantly food retailers

The chart to the right highlights the year on year change in sales value and volume for retailers that predominantly sell food.

Overall spend on food has been above last year whereas volumes have been consistently down. This suggests households are buying less food to keep up with the higher cost of the weekly shop.

This trend between increasing spend and reducing volumes has been widening for the last few months.



Retailing trend (2/2)

Predominantly non-food retailers

The chart to the right highlights the year on year change in sales value and volume for retailers that predominantly sell non-food items.

In Nov 2022, non-food overall sales both by value and volume are down compared to the same month previous year

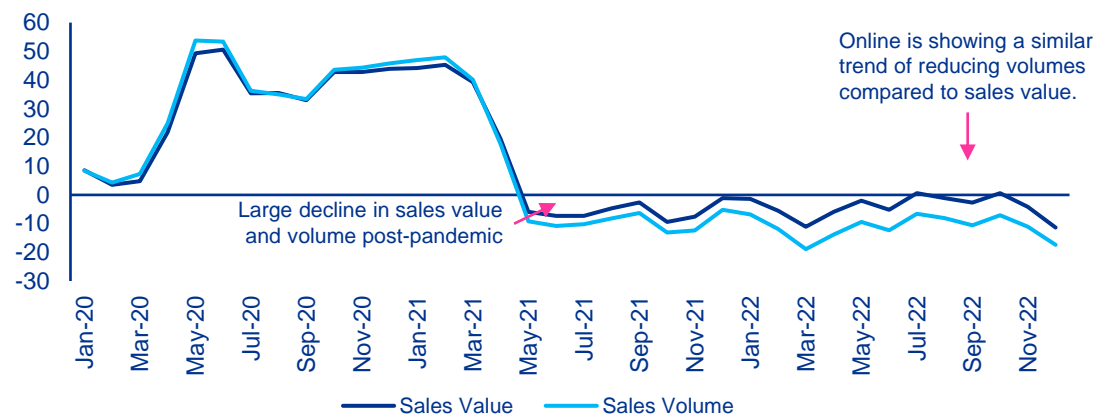


Online

The chart to the right highlights the year on year change in sales value and volume for online retailing

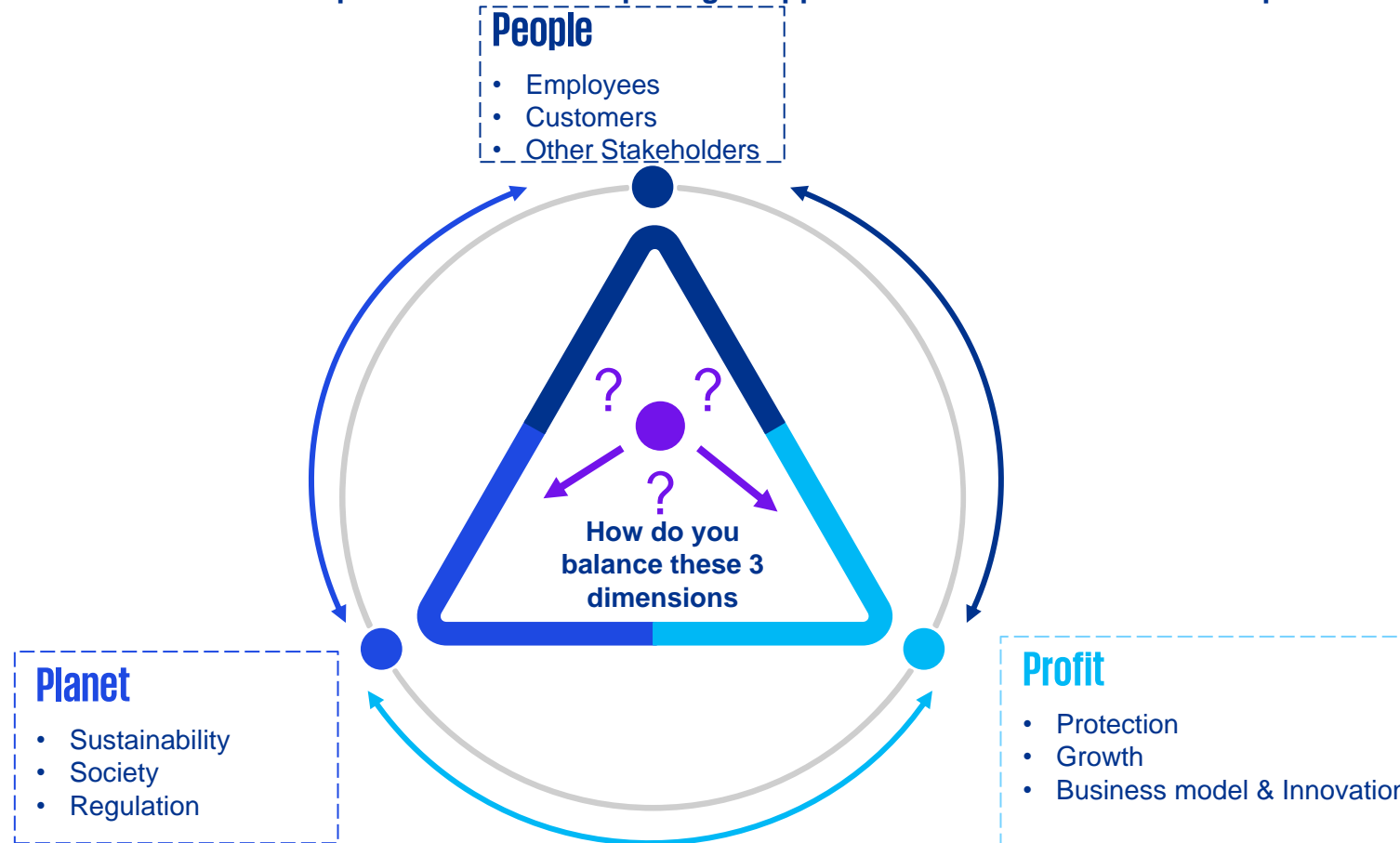
Ecommerce values and volumes were up significantly during the pandemic. However, we have been seeing year on year declines since May 2021.

The trend around reduced volumes compared to sales value is also prevalent within the online space.



People, Planet and Profit – aligning these 3 dimensions will be top of mind in 2023 (1/2)

Navigating the 3P's during a period of economic uncertainty and a softening in demand will be critical for retailers. Managing and even embracing the tensions of what could be perceived as forces pulling in opposite directions will be at the top of retail leaders to-do list.



People, Planet and Profit – aligning these 3 dimensions will be top of mind in 2023 (2/2)

Although it's going to be a challenge for many, retailers still need to manage all the 9 key priorities to emerge as winners

People

Employees

Attracting and retaining employees across all levels in the current climate is a key challenge

Customers

Understanding what customers want must be at the forefront for all retailers

Other Stakeholders

Managing a broad set of stakeholder's (Shareholders, Policymakers, Media etc.) is part of BAU today

Profit

Protection

Maintaining profitability is key in the current trading environment with increased costs and softening demand

Growth

Thinking about how to drive growth in the current economic climate must be part of a retailer's agenda

Business model

With consumer behaviour evolving rapidly, retail business models will also need to constantly evolve and sell more than just physical products in physical spaces

Planet

Sustainability

Ethical and sustainable practices have become an important factor impacting consumer preferences

Society

Demonstrating how retailers can be an integral and collaborative part of the society they serve must be a key priority

Regulation

How to stay ahead of regulation in the sector whilst not falling victim to greenwashing accusations will be vital.

People

01 Employees



Attracting and retaining talent in the current climate will represent a challenge for many retailers

Competitive pay and benefits is only one dimension whilst also adapting to changing working patterns and the need for varying skill-sets will need to be considered

Both monetary and non-monetary incentives need to be considered as drivers which can help employee retention, particularly during the ongoing cost of living crisis

Sainsbury's

In January 2023, Sainsbury's, to help their employees tackle the cost-of-living crisis, announced an increase in its basic hourly rate of pay for Sainsbury's and Argos store workers from £10.25 to £11 per hour. For workers in London this will increase from £11.30 to £11.95 per hour

02 Customer



Most organisations claim to operate a customer-centric business model although in many cases further insight is required in this space

Alongside the ability to showcase employee-centricity, understanding the consumer at a granular level must be front of mind for every retailer

Retailers need to understand their customers needs and make data driven decisions to deliver value

Further, with the ongoing cost-of-living crisis, retailers also need to ensure affordability whilst protecting their profitability

The Very Group

In August 2022, The Very Group announced a partnership with product experience management vendor, Akeneo to optimise customer experience and modernise its tech stack. It will provide customers with product information such as digital media, technical specifications and enhanced product details to create a better shopping experience

03 Other Stakeholders



Managing all other stakeholders be it Shareholders, Policymakers, or Influencers, will require increased focus during challenging times as the retail sector's public nature generally attracts more attention and scrutiny than many other sectors

Retailers must demonstrate an in-depth understanding and clear communication strategy for all multiple Stakeholders. For example on on-going focus on enhancing Shareholder returns and avoiding regulatory fines has to be top of mind.

Lidl UK

In a report with the Northern Ireland Food & Drink Association (NIFDA), Lidl UK revealed that the company spent £347 million with Northern Ireland's agri-food producers in 2022, supporting around 60 local producers. The retailer has also been supporting small and medium sized enterprises and home-grown businesses through its Kickstart Supplier Development Programme

Profit

04 Protection



Maintaining profitability has become increasingly challenging for many retailers due to the softening in demand and due to the increase of multiple cost factors.

Therefore, cost and efficiency will be top of mind for most retailers with savings against Pre-Covid cost-bases of up to 10-30% very likely required

Retailers are working towards cost efficiency programs by reducing retail operating costs, investing in technology that enhances efficiencies, delivering better value, increasing innovation and improving customer engagement and experience.

Tesco

Tesco's 'Save to invest' plan aims to simplify, be more productive and reduce cost for the firm. The three year plan is underway focusing on good & services not for resale (GSNFR), property, store and distribution operations, and central costs. The cost-reduction plan is expected to generate around £500 million of savings in 2023 and deliver £1 billion of savings by February 2024

05 Growth



While protecting the planet and focussing on employees and customers has increased in importance, having a clear growth strategy remains pivotal.

Many traditional growth avenues such as acquisitions or category adjacencies may be paused for the time being - a focus on optimising price and promotional elasticity could represent a margin growth driver for 2023

Fewer, smarter promotions can deliver significant return on investment (ROI) if suppliers and retailers take a more customer-led and data-driven approach

Sainsbury's

Sainsbury's is working to balance its price and promotion strategy with full priced sales participation at 89% in FY22 as compared with 65% two years ago – and running fewer promotions, to improve profitability and support increased investment in core food business

06 Business model & Innovation



With consumer behaviour evolving rapidly, retail business models will also need to constantly evolve

Even as online penetration growth slows - channel convergence continues and new channels like social commerce or the metaverse will take more share in years to come therefore, constantly challenging the status quo "as-is" will need to become the norm

Further, new fulfilment methods that evolved during the pandemic, will continue to flourish beyond. Curbside pickup, local delivery, contactless payment, ship-from-store (dark stores) and buy-online-pick-up-in-store (BOPIS) — will continue to rise in popularity

M&S

M&S has invested substantially in the development of its digital and data capabilities to offer an integrated omnichannel service to its customers. In November 2022, it acquired IP from Thread, a personalised fashion marketplace, to integrate this technology with the M&S platform. As a result, the company expects to accelerate its personalisation plans and deliver a unique customer experience

Planet

07 Sustainability



The ethical and sustainable practices of retailers have become one of the factors impacting consumer preferences. It is essential for retailers to position themselves as standing for more than just profit and ensure their businesses have a positive impact on the environment

Focus areas for retailers include sustainable practices across the entire value chain – from procurement of raw materials, to production, packaging and sale of products

Morrisons

In August 2022, Morrisons became the first supermarket to launch its own line of carbon neutral eggs. The company is vastly reducing the use of soya feed in its farms, since it is a major contributor to carbon emissions. They are using food waste from the firm's bakery, fruit and vegetable sites to feed the hens

08 Society



Demonstrating how retailers can operate sustainable business models, whilst being an integral and collaborative part of the society they serve, is going to be essential.

Retailers need to demonstrate how they make a difference to the communities they serve and how they are responsible corporate citizens.

Practices such as discounting, cost-cutting, minimal cost-transfer to consumers, capped prices, charity funds and donations can help retailers be the go-to choice for consumers in the middle of the current inflationary driven cost of living situation.

Aldi UK

In response to the cost-of-living crisis, Aldi UK has committed to paying all staff a minimum of £11 per hour from January 2023. Additionally, the company partnered with Neighbourly and donated 700,000 meals to charities, food banks and other community groups. Furthermore, the company also donated 80,000 items from Mamia baby range to charities and food banks to help low-income parents/carers

09 Regulation



Alignment to regulations relevant to retailers, people, consumers, labour, environment and society as a whole will make retailers stand-out as responsible businesses

There is considerable pressure from multiple stakeholders including consumers alike for retailers to be in sync with key themes like climate change, environment protection, supply-chain sustainability, employee well-being and best-practice governance. Due to the public nature of the sector green-washing should be considered as a key risk.

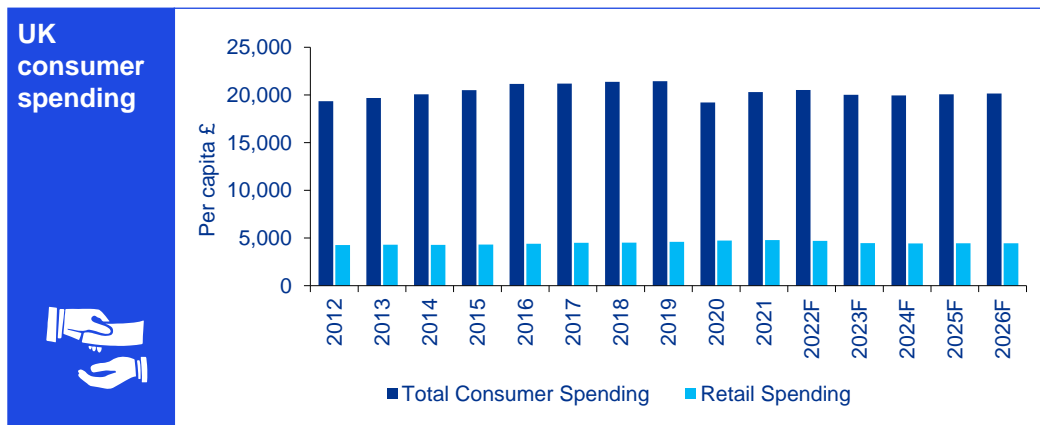
Regulatory commitments such as human rights, modern slavery, TCFD¹ (critical for all large businesses in UK) as well as mandatory product enhancements in line with HFSS² are expected

Nestle

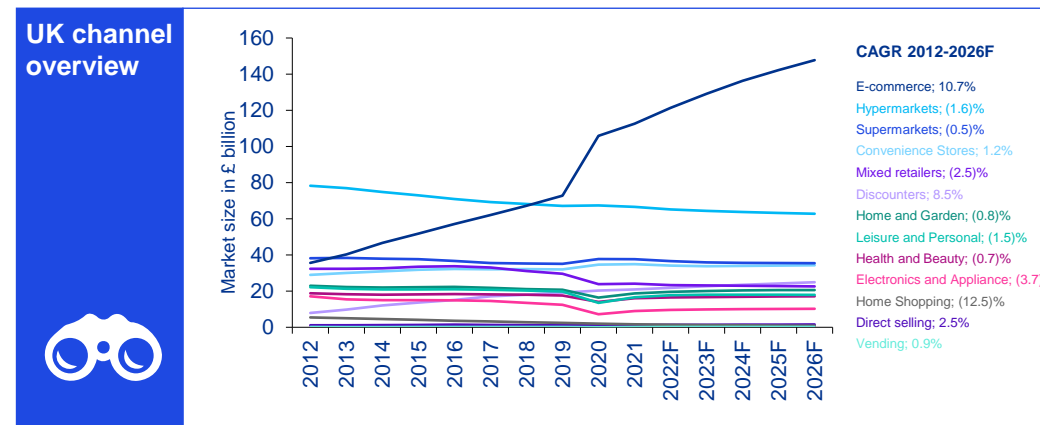
In November 2022, Nestle decided to stop advertisements promoting sugar products - confectionery, ice cream products and sugary drinks - to children under the age of 16 as part of their Children policy. It also pledged to share more details on the nutritional value of its portfolio of food and beverages from 2023 in line with HFSS Regulation

Note: 1) TCFD refers to Task Force on Climate-related Financial Disclosures 2) HFSS refers to High in Fat, Salt and Sugar

2023 UK retail outlook (1/2)



- Total consumer spending is expected to experience a decline in 2023 vs 2022
- The retail part of UK consumer spending will be broadly flat in comparison to consumer spending in 2023 vs 2022
- A decline is expected to be experienced mostly in the leisure and hospitality sectors



- On a CAGR basis E-commerce remains the fastest growing channel although its growth has slowed since 2022 to similar levels we experienced in the run-up to the Covid-19 pandemic.
- Discounters and value retailers are expected to be the fastest growing physical channel during the forecast period
- The Home shopping channel is expected to experience the most significant decline during the forecast period

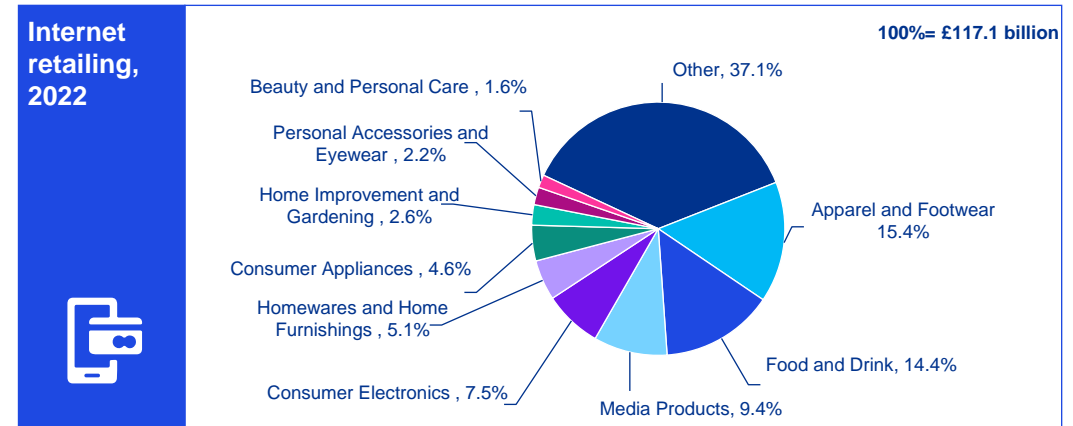
Note: The consumer spending data (historic and forecast) is at 2021 constant prices. Retail spending is calculated as the sum of consumer spending on food and non-alcoholic beverages, clothing and footwear, household goods and services, and alcoholic beverages and tobacco. All other data is 'Retail Value Excl. Sales tax' and is reported at 2021 constant prices

Source: Euromonitor, accessed 11 January 2023

2023 UK retail outlook (2/2)



- Store-based retailing will continue to be the main channel during the forecast period
- Digital penetration growth rate is expected to slow down and find an equilibrium for many categories in 2022/23
- Consumers will continue to use multiple channels across their whole shopping journey during the forecast period therefore an omni-channel strategy is pivotal



- Food and drink, and apparel and footwear categories make up approximately 30% of internet retailing in 2022
- Consumer electronics and consumer appliances make up approximately 12% of internet retailing in 2022

Note: The consumer spending data (historic and forecast) is at 2021 constant prices. Retail spending is calculated as the sum of consumer spending on food and non-alcoholic beverages, clothing and footwear, household goods and services, and alcoholic beverages and tobacco. All other data is 'Retail Value Excl. Sales tax' and is reported at 2021 constant prices

Source: Euromonitor, accessed 11 January 2023

Invitation to our retail community: Beyond

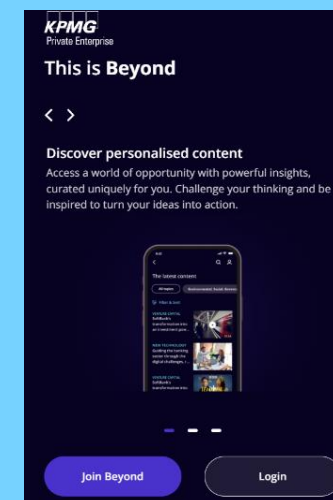
Continue the conversation

We are delighted to invite you to continue the conversation, as well as wider retail related discussions, as part of our Retail C-Suite Community on KPMG Private Enterprise Beyond. You will receive early access to Beyond our new, intelligent, digital platform ahead of the official launch later this year with access to a wealth of expert-led content, thriving community discussions, and inspirational events.

We are really proud of the community we are building on Beyond and would really like for you to be a part of it. To join please visit www.kpmgbeyond.co.uk and apply to join the community or send Don Williams an email on don.williams@kpmg.co.uk



[Link to access/sign up](#)



Contact

Don Williams

Partner - Retail Sector

E: don.williams@kpmg.co.uk

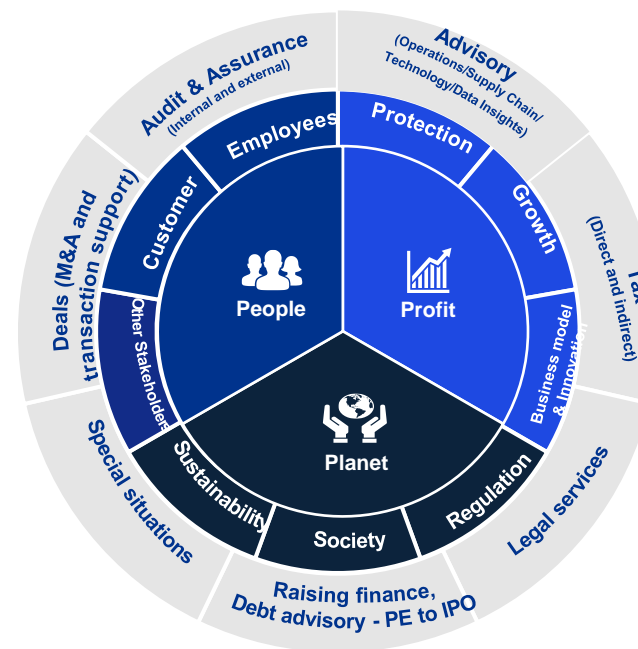


How can we@KPMG help?

We can help you to address the implications of the three themes from the triangle of retail...

 <p>People</p>	<ul style="list-style-type: none"> • People Consulting <ul style="list-style-type: none"> - People led organisation transformation — helps achieve transformation objectives by influencing and shaping behaviour - People services — payroll compliance, compensation policies and global mobility solutions - Reward and employee benefits — provides reward advisory services and helps with compliance matters - Employment solutions and payroll advisory - Global mobility services • Customer Consulting — customer insight and analytics, customer, brand and product strategy, customer experience, employee experience, marketing and media effectiveness, sales transformation, and service transformation
 <p>Profit</p>	<ul style="list-style-type: none"> • Strategy Consulting — business growth strategy, reshaping cost, enterprise-wide transformation, post deal transformation • Innovation Advisory — helps maximise returns on innovation investment • Operations consulting — digital supply chain transformation, powered procurement transformation • Technology consulting — functional transformation, digital transformation, technology strategy, technology risk management, data strategy, human-centred design, cloud transformation and advisory, automation, and software testing services
 <p>Planet</p>	<ul style="list-style-type: none"> • Environmental, Social and Governance (ESG) services <ul style="list-style-type: none"> - Climate risk and strategy — helps identify climate risks and accelerate decarbonisation plans - ESG assurance - ESG reporting — supports ESG reporting by combining ESG expertise with technical accounting and reporting expertise - Sustainable supply chain — helps in identifying the opportunities and building a sustainable supply chain - ESG Debt Advisory - ESG in Financial Services - ESG strategy — helps develop an ESG strategy by clearly analysing the ESG landscape - ESG linked financing assurance - IDE: Inclusion, Diversity & Equity - ESG Tax

... and there are nine key priorities that retailers need to address to emerge as winners. Our specific service offerings are designed to help tackle these priorities. These augment our business as usual services



Key

- **Inner most circle:** 3 key themes
- **Inner circle:** 9 priorities
- **Outer circle:** BAU services

**Further
reference
materials**

Further reference materials

- 01** **Customer Experience Excellence Report.** Date released: November 2022
- 02** **Me My Life My Wallet.** Date released: August 2022
- 03** **Pricing and Promotions: The \$200bn question.** Date released: October 2022
- 04** **Retail Think Tank PoV 2022.** Date released: January 2023
- 05** **Quick Commerce: Who will turn it into a profitable long-term play?.** Date released: September 2022



UK Customer Experience Excellence Report 2022

Date released: November 2022

Consumers are assessing brand value through their own personal value sets. In fact, our study highlights almost 50% of consumers expressed a willingness to pay more for goods and services that reflect their values.

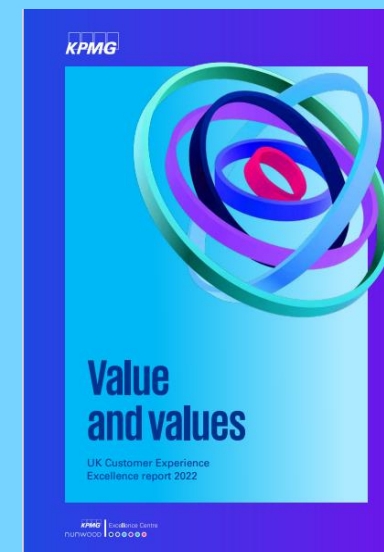
In this 13th annual review of UK customer excellence, we take a deeper look at what organisations need to do to keep pace with fast-changing customer values, as well as examining which UK brands are delivering the best experiences from the consumer's point of view. This is underpinned by analysis of 10,353 consumers who have evaluated their experiences with some 333 organisations.

We answer three important questions:

- How are businesses using purpose to create, preserve and prevent the erosion of value, through deep insights about their customer and what they perceive to be valuable?
- How are the leading organisations bringing this to life to deliver customer experience excellence?
- How are businesses balancing the value of purposeful experiences with price?



[Link to report](#)



Contact

Tim Knight

Partner

T: +44 (0)7812 022538

E: tim.knight@kpmg.co.uk



Me, My Life, My Wallet

Date released: August 2022

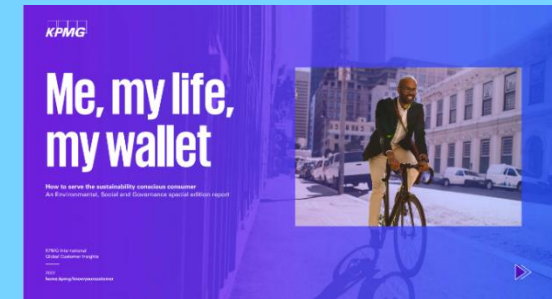
For the past four years, KPMG has tracked the changing nature of consumer buying behaviour, through our proprietary research and thought leadership, entitled “Me, my life, my wallet.” this research program has enabled companies to get to grips with what really matters to consumers, what motivates them, what gets their attention, the connections and networks that have an increasing influence on the choices they make, and the trade-off consumers make between time and money.

In the fourth edition of Me, my life, my wallet, we have undertaken an in-depth study of the rapidly rising importance of sustainability concerns supported by the last four years of work and augmented by additional research in 2022. We were keen to examine the link between implicit consumer values and explicit buying behaviour. Over 30,000 consumers in 11 countries were invited to share their perspectives on how their behaviour is shaped by environmental and social factors.

The report quantifies the change in consumer attitudes and behaviours, it identifies the aspects of corporate behaviour that matter most to consumers and how this influences their purchasing habits.



[Link to report](#)



Contact

Tim Knight

Partner

T: +44 (0)7812 022538

E: tim.knight@kpmg.co.uk



Pricing and Promotions: The \$200bn opportunity

Date released: October 2022

Squeezed consumer spending and high input inflation have put pricing and promotions to the top of the strategic agenda for consumer goods suppliers and retailers. We've calculated that a global value of \$200bn is being 'left on the table' through inefficient pricing and promotions.

In the difficult times ahead, unlocking more value from pricing and promotions could be make or break. We explore why leveraging data for smarter decision-making and collaboration between suppliers and retailers should be top of the agenda when building pricing and promotion strategy.

Key takeaways:

- Fewer, smarter promotions can deliver significant return on investment (ROI) if suppliers and retailers take a more customer-led and data-driven approach
- Investing in pricing and promotions capability and transforming pricing governance can deliver 20-30x ROI
- The enablers required to unlock an effective strategy: people, processes, and data



[Link to report](#)



Contact

Preyash Thakrar

Partner, Consumer & Retail Markets

E: preyash.thakrar@kpmg.co.uk



Retail Think Tank – 2022 reflections

Date released: January 2022

As discussed in this Christmas Trading Report, in 2023 three key themes should be front of mind for retailers – these are People, Profit and Planet. In the latest Retail Think Tank, we look ahead to 2023, where we project overall sector growth, where grocery categories are set to deliver a stronger performance than non-food

Key themes:

- A challenging first half of the year should give way to a better summer as inflation eases from the current peak.
- The short to mid-term outlook of the sector remains challenging although retailers have learnt to adapt and have demonstrated remarkable resilience over recent years.
- Changes to business rates, and an increasingly competitive online trading environment, could benefit retailers with a strong bricks and mortar offering.



[Outlook for 2023 | Retail Think Tank](#)



Contact

Paul Martin

Partner, UK Retail
Lead

E: paul.martin@kpmg.co.uk



Quick Commerce Blog

Date released: January 2022

Quick Commerce – also referred to as rapid delivery – rocketed during the pandemic - no surprise when goods could be ordered in as little as 10 minutes without leaving the house - but in our view it's not just a quick fad. Our analysis predicts three possible growth scenarios for the quick commerce sector in the UK from today to 2030.

2022 to 2030 predictions:

- Base case scenario: growth by 2030, from £1.7billion today to £4.4billion in sales
- Upside scenario: growth to £6.1billion, by 2030, which could be 1-2 years longer if the cost of living crisis is sustained beyond mid-2023.
- Downside scenario: the market growth slows to only reach £2.7billion

If quick commerce continues to grow, many grocery retailers will ask what are the right business and partnership models for it to become financially sustainable and scale over the long term?

Paul Martin looks at the impacts in our blog.



[Link to report](#)



Contact

Linda Ellett

Sector Lead, Consumer Markets, Leisure & Retail

E: linda.ellet@kpmg.co.uk



Key contacts

Retail leadership team



Paul Martin

Chair Global Retail Group &
UK Head of Retail

M: +44 (0)7551 152088

E: paul.martin@kpmg.co.uk



Don Williams

Partner
Retail Lead, London

M: +44 (0)7775 705569

E: don.williams@kpmg.co.uk



Mark Stevens

Director, Business
Development and Head of Sales,
London

M: +44 (0) 7732 401495

E: Mark.Stevens@KPMG.co.uk



Linda Ellett

Sector Lead,
Consumer Markets, Leisure & Retail

M: +44 (0) 7798 572368

E: Linda.Ellett@kpmg.co.uk



Preyash Thakrar

Partner, Consumer & Retail
Markets

E: preyash.thakrar@kpmg.co.uk



Laura McKinney

Sector Executive

M: +44 (0)7734 052964

E: laura.mckinney@kpmg.co.uk



Amanda Myatt

Director
Retail Lead, South

M: +44 (0)7881 724942

E: amanda.myatt@kpmg.co.uk



Andy Youngman

Director, Business Development

M: +44 (0) 7867 142333

E: andrew.youngman@kpmg.co.uk

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