

## Overview for Q1 2018

With continuing struggles for the high street and the announcement of high-profile brands such as *Maplin* and *Toys R Us* going into administration, this quarter hasn't been an easy one for retailers. However, online is a different picture with our index suggesting that over the period of the quarter, all sectors experienced an increase in footfall with the exception of Home and DIY which lost ground between January and March.

With a few exceptions, results this year imply that this rise in footfall hasn't necessarily generated sufficient sales to cover for the loss of revenue in the high street and as such the suggestion that consumer spending is set to slow this year<sup>1</sup> still seems a likely scenario unless something changes in the rate of increase in net earnings.

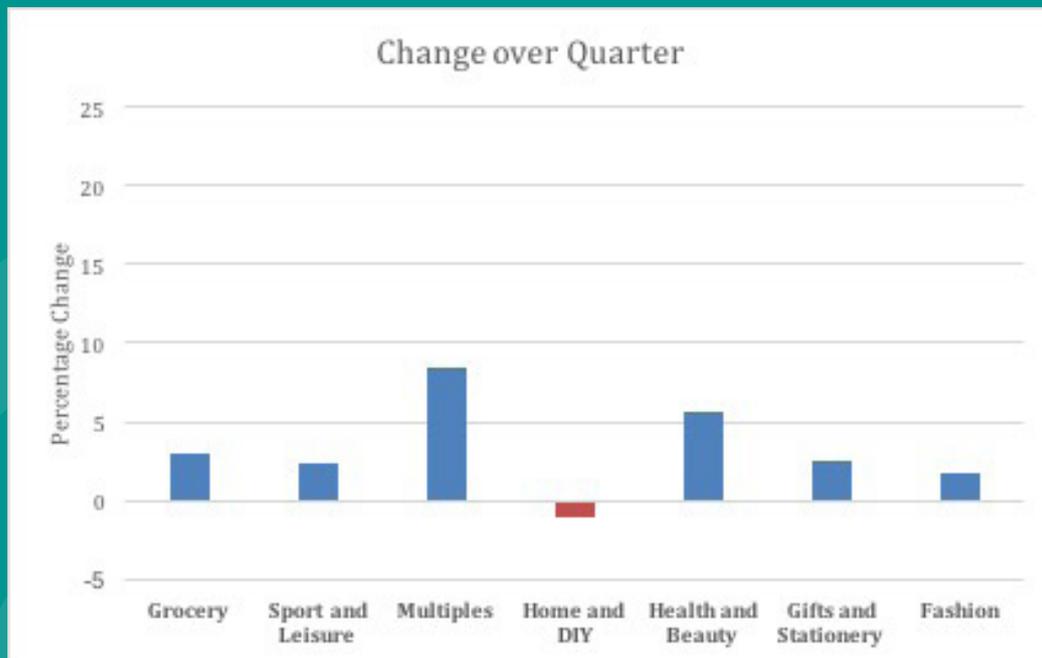


Figure 1: Online Footfall change over the Quarter

A caveat as always before we start – as with any externally available data, this data is indicative not definitive but it continues to track with what we know from our all-client index.

The data for Quarter 1 of 2018 shows relatively large growth in the Multiples and Health and Beauty sectors.

The growth of the Multiples has been dominated by the increasing impact of Amazon on the UK market. In fact, if they were to be removed from the figures, the growth of the Multiples drops to a 3.7% increase. Interestingly, this strong sustained performance of Amazon over the quarter was not down to increasing spend on paid channels but rather due to an increase of 23% in organic searches.

The Health and Beauty sector has also had a relatively strong quarter with a 5.7% increase over the three-month period. This may be explained by the impact of Valentine's and Mothers' Day - buoying this sector that has not performed as well as others recently.

<sup>1</sup> <https://www.independent.co.uk/news/business/news/uk-consumer-spending-latest-slow-2018-inflation-wage-growth-a8240201.html>

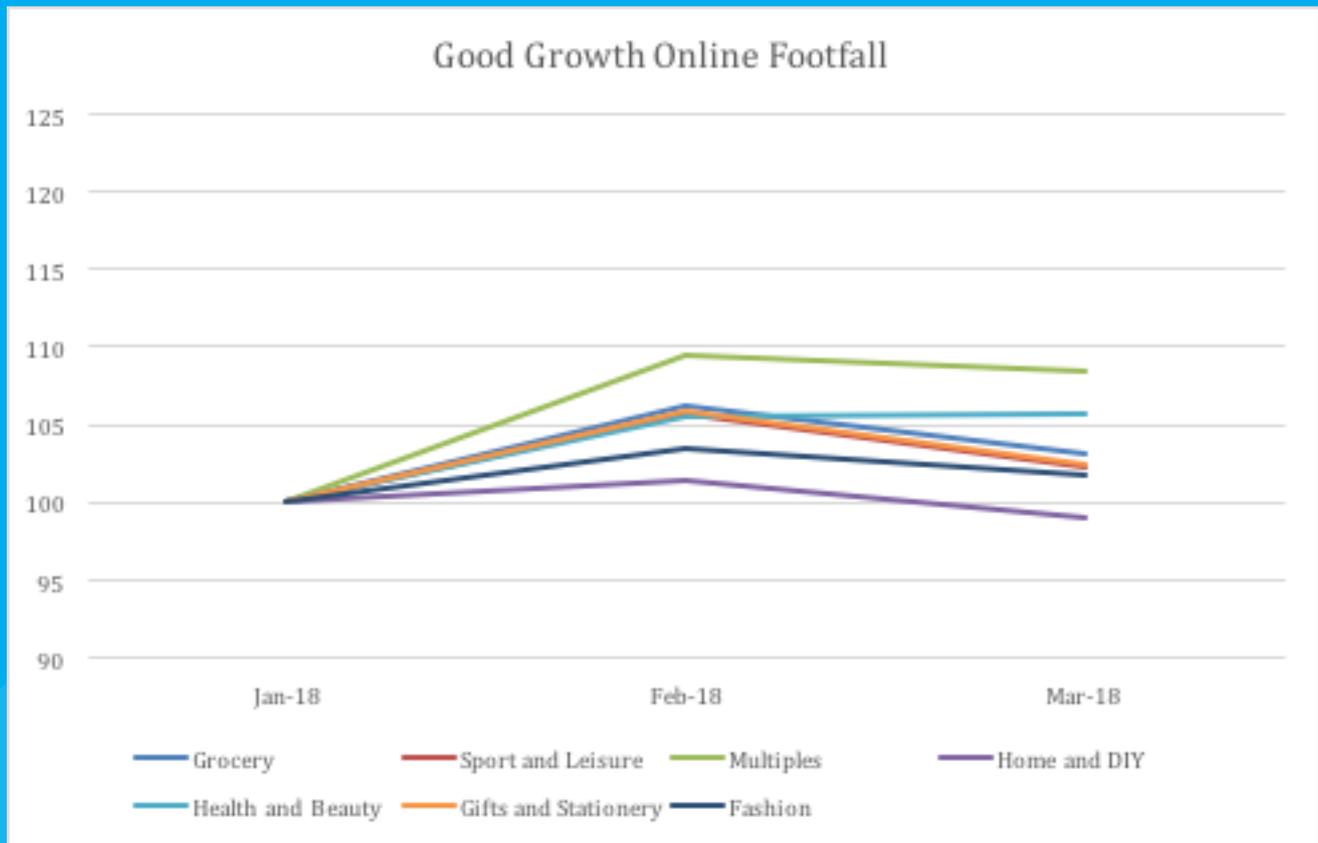


Figure 2: Online Footfall trend across Q1 2018

Post-Christmas and the January sales, shopping visits through search to most sectors in February increased. Although the only sector that continued this growth into March was Health and Beauty (Mothers' Day) with only Home and DIY dipping below their January performance. We believe that this reflects the traditional dip after the end of the of January sales and the bad weather in March. With an April Easter we would expect to see this recover.

This March dip for the vast majority of sectors may have demonstrated a symptom of reported increases in food prices and as result less money being available for retail purchases.<sup>2</sup> Non-food sales are reported to have declined by 1.1%. It also may have had something to do with the 'beast from the east.'

It does correlate, however, with the latest growth figures that confirm the UK is suffering the weakest growth since 2012.<sup>3</sup>

<sup>2</sup> <https://www.theguardian.com/business/2018/mar/06/higher-food-prices-sap-british-consumer-spending>

<sup>3</sup> <http://www.bbc.co.uk/news/business-43919094>