

# Department Stores - UK - 2021

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## This report looks at the following areas:

- The impact of COVID-19 on the department store sector
- Changes in current shopping behaviour due to changing lifestyles and shift online
- Levels of satisfaction with department stores and their retail offering and services
- How department stores can use in-store experiences and services to drive footfall
- Understanding why people are choosing other types of retailers over department stores

Fashion is the most important product category for most department store retailers, with 80% of those who shopped at a department store buying clothing, footwear and accessories. However, fashion has been one of the hardest-hit of all retail sectors by COVID-19, further weakening sales at the main retailers.

Department stores have been rocked significantly by COVID-19, which has exacerbated many of the issues already facing the sector, such as increased online shopping and declining footfall. The demise of Debenhams and the closure of all of its stores has removed a major player and further dented the sector's value, which Mintel estimates declined by 25% to £11 billion in 2020. Debenhams has seen its share of the market fall from 15.2% in 2019 to 10.5% in 2020. While we expect department stores to see some growth over the next few years, particularly once international travel resumes, we will continue to see some erosion among the mid-priced chains, including John Lewis, House of Fraser and M&S.

As the way people shop changes and the pivot towards online continues, department stores face increased competition from cheaper and more flexible pureplays such as Amazon. Many fashion retailers such as Next have expanded their non-fashion offering and added new home and beauty



"Department stores have been rocked by COVID-19 and face increased competition from pureplays and fashion retailers expanding into new categories. They will need to respond by widening and elevating the in-store services they offer to encourage customers to visit stores."

**- Tamara Sender Ceron -  
Senior Fashion Analyst**

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brands both online and in-store, putting them in direct competition with department stores.

Department stores will need to respond by widening and elevating the in-store services they offer, such as Selfridges with its spinning classes and out-of-hours children's parties in the toy department, to encourage customers to visit stores. They can also blend in-store and online through the use of the latest digital investments/tools, such as online personal styling parties via Zoom to create a standout shopping experience.



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