

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“As the UK’s leading department stores continue to struggle, there is a question as to whether the concept of a department store is still relevant. A broad range of goods was once what made these retailers stand out but online retailers can now offer an unparalleled amount of choice.”

– **Samantha Dover, Senior Retail Analyst**

This report looks at the following areas:

This means that department stores need to find new ways to stand out, but the luxury players in this sector have proven that success is still possible if you have the right brand mix and can offer a superior shopping experience to what is available elsewhere.

- **What can the mass-market players do to revive their fortunes?**
- **If experience is a differentiator, what can department stores do next?**
- **How can department stores reassert their position as experts?**

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

- What you need to know
- Products covered in this Report

Executive Summary

- The market
 - Sector expected to see some recovery in 2019
 - Figure 1: UK department store sector size and forecast, 2014-24
 - Consumer spending on core categories continues to rise
 - Figure 2: Year-on-year percentage change in consumer spending on the core department store categories, 2014-19
 - Companies and brands
 - Online department store market growing at a faster rate
 - Figure 3: Online as a percentage of the total department store sector, 2014-18
 - Mixed performance amongst the leading players
 - John Lewis becomes the UK department store market leader
 - Figure 4: Leading department stores, estimated market shares, 2018
 - Brand research further confirms House of Fraser's struggles
 - Figure 5: Attitudes towards and usage of selected brands, April 2019
 - The consumer
 - Leading players losing customers to other retailers
 - Figure 6: Department stores used in the last 12 months, February 2018 and May 2019
 - Most consumers buy fashion from the department stores
 - Figure 7: What consumers bought from department stores in the last 12 months, May 2019
 - Purchasing from department stores is infrequent
 - Figure 8: Frequency of department store usage in the last 12 months, May 2019
 - Satisfaction with the shopping experience is high
 - Figure 9: Key drivers of overall satisfaction with department stores, May 2019
 - Differentiation needed to offset discounting
 - Figure 10: Attitudes towards department stores, May 2019
 - What we think

Issues and Insights

- What can the mass-market players do to revive their fortunes?
 - The facts
 - The implications
 - If experience is a differentiator, what can department stores do next?
 - The facts
 - The implications

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

How can department stores reassert their position as experts?

The facts

The implications

The Market – What You Need to Know

The sector declined in 2018

Future growth expected to be slow

Core department store categories perform well

Beauty market set to become more challenging

Brexit uncertainty is ongoing

High street footfall continues to fall

Market Size and Forecast

A slow department store recovery forecast

Figure 11: UK department store sector size and forecast, 2014-24

Figure 12: UK department store sector size and forecast, at constant and current prices, 2014-24

Forecast methodology

Consumer Spending

Growth in core categories

Figure 13: Consumer spending on the core department store categories, 2015-19

Market Drivers

Uplift in consumer confidence

Figure 14: Mintel's Financial Confidence Tracker, January 2017-May 2019

Real incomes continue to grow

Figure 15: Real wage growth – Average weekly earnings vs inflation, June 2016-May 2019

Private renting on the up

Figure 16: UK households, by tenure status, 2013-17

Rising internet access boosts online market

Figure 17: Household internet access, 2009-18

Footfall continues to decline

Figure 18: Change in UK retail footfall, by location, June 2016-May 2019

Inbound tourism dipped in 2018

Figure 19: Total overseas visits to the UK, 2010-19

The value of Sterling stabilises

Figure 20: Select international currency exchange rates, annual averages, 2005-19

Figure 21: Select international currency exchange rates, annual averages, 2015-19

The threat of Amazon

Figure 22: Amazon reported and gross transactional value revenues, 2015-18

Companies and Brands – What You Need to Know

Polarised performance amongst the leading players

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

John Lewis becomes the market leader
 Online sales continue to grow at a faster rate than stores
 Store innovation continues
 Perceptions of House of Fraser deteriorate
 Changes in the UK department store sector are ongoing

Leading Players

Note on department store sales
 Majors players struggling
 Figure 23: Leading department stores, net sales, 2014-18
 Ongoing store closures
 Figure 24: Leading department stores, outlet numbers, 2014-18
 A number battling with declining sales per outlet
 Figure 25: Leading department stores, estimated sales per outlet, 2014-18
 Operating profits are also falling, and margins being eroded
 Figure 26: Leading department stores, operating profits, 2014-18
 Figure 27: Leading department stores, operating margins, 2014-18

Market Shares

Leading players lose market share
 Figure 28: Leading department stores, estimated market shares, 2018
 Figure 29: Leading department stores, market shares, 2014-18

Online

Most leading players report strong online growth
 Figure 30: Select leading department stores, estimated online revenues, 2014-18
 Online continues to capture a greater share
 Figure 31: Estimated online share of select leading department stores' total revenues, 2014-18
 Growth in the online market subdued by House of Fraser
 Figure 32: Estimated online department store market size, 2014-18
 Innovation in the online department store market
 Harrods and Farfetch enter new partnership
 Fenwick makes the move online, whilst Liberty strengthens its offer
 John Lewis improves online order fulfilment
 Harvey Nichols merges the online and offline experience
 John Lewis targets online beauty and homeware buyers
 Note on methodology

Launch Activity and Innovation

Ongoing investment into store experience
 Figure 33: Selfridges' menswear department, 2018
 In-store leisure gets an update

BUY THIS
 REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Beauty continues to be a priority

Figure 34: Harvey Nichols' Hershesons beauty lounge, 2019

Focusing on health and wellness

An arty twist on experiential retailing

Figure 35: Fortnum's X Franks exhibition, 2018

Figure 36: Selfridges' State of The Arts campaign, 2019

New ways to engage customers

Additional services strengthen customer experience

Figure 37: The Restory Homepage, July 2019

Figure 38: The Restory and Selfridges partnership, 2019

Advertising and Marketing Activity

Year-on-year advertising expenditure up 23.2%

Figure 39: Recorded above-the-line, online display and direct mail total advertising expenditure by selected leading UK department stores, 2014-18

Marks & Spencer is the sector's biggest advertising spender

Figure 40: Recorded above-the-line, online display and direct mail total advertising expenditure, by selected leading UK department stores, 2014-18

A major uplift in digital spending

Figure 41: Recorded above-the-line, online display and direct mail total advertising expenditure by selected leading UK department stores, by media type, 2018

Figure 42: Recorded above-the-line, online display and direct mail total advertising expenditure by selected leading UK department stores, by media type, 2014-18

Key campaigns

Christmas campaigns come thick and fast

Debenhams' rebranding campaign

John Lewis & Partners' product-led campaign

Nielsen Ad Intel coverage

Space Allocation Summary

Methodology

Space allocation summary

Figure 43: Department stores: summary of estimated in-store space allocation, July 2019

Detailed space allocation estimates

Marks & Spencer cutting floor space devoted to clothing and homeware

John Lewis multi-million pound refurbishment scheme

Selfridges opens the world's largest accessories hall

Figure 44: Selfridges champagne bar in its new accessories department, 2018

House of Fraser revamp under new owner Sports Direct

Fenwick extends jewellery offering

Debenhams Beauty Hall of the Future and concession deals with home décor brands

Figure 45: Department stores: detailed space allocation estimates, July 2019

Retail Product Mix

Methodology

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Estimated Sales Mix

Figure 46: Leading department stores, estimated sales mix, 2018

Estimated Sales Density

Figure 47: Leading department stores, estimated sales density by broad product category, 2018

Brand Research

Brand map

Figure 48: Attitudes towards and usage of selected brands, April 2019

Key brand metrics

Figure 49: Key metrics for selected brands, April 2019

Brand attitudes: Debenhams offers good online service and value for money

Figure 50: Attitudes, by brand, April 2019

Brand personality: M&S seen as ethical

Figure 51: Brand personality – macro image, April 2019

House of Fraser thought to only care about profits

Figure 52: Brand personality – micro image, April 2019

Brand analysis

John Lewis has a broad brand appeal and is highly recommended

Figure 53: User profile of John Lewis, April 2019

Marks & Spencer most trusted and offers the best customer service

Figure 54: User profile of Marks & Spencer, April 2019

Debenhams thought to be accessible and offers value for money

Figure 55: User profile of Debenhams, April 2019

Selfridges perceived as exclusive and expensive

Figure 56: User profile of Selfridges, April 2019

House of Fraser seen as boring and overrated

Figure 57: User profile of House of Fraser, April 2019

Competitive Strategies

Acquisitions

Store closures

Rebranding

Store investment

Figure 58: Selfridges eyewear department, 2018

Sustainability

Figure 59: Harrods Fashion Re-Told Pop-Up, 2019

The Consumer – What You Need to Know

Leading players have lost customers

Fashion remains a priority

Online is encouraging shoppers away from department stores

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

John Lewis' customer experience stands out

A need for more staff expertise

Differentiation needs to be a priority

Where They Shop

Two thirds shop with department store retailers

Figure 60: Department stores used in the last 12 months, May 2019

M&S leads both in-store and online

Figure 61: Department stores used in-store and online in the last 12 months, May 2019

Young men are driving the shift online

Figure 62: How consumers shopped with department stores in the last 12 months, by age and gender, May 2019

Most shop with just one or two retailers

Figure 63: Repertoire of department stores used in the last 12 months, May 2019

M&S is also the most frequently used retailer

Figure 64: Department stores used most frequently in the last 12 months, May 2019

Customer Profiles

Luxury department stores attract more male consumers

Figure 65: Department store customer profiles, by gender, May 2019

Leading players more popular with older shoppers

Figure 66: Department store customer profiles, by age, May 2019

Most department stores have a bias towards urban shoppers

Figure 67: Department store customer profiles, by location, May 2019

Market positioning doesn't always determine customer affluence

Figure 68: Department store customer profiles, by socio-economic group, May 2019

What They Buy

Clothing remains the most purchased category

Figure 69: What consumers bought from department stores in the last 12 months, May 2019

What people buy is influenced by gender

Figure 70: What consumers bought from department stores in the last 12 months, by gender, May 2019

Department store fashion popular with older consumers

Figure 71: What consumers bought from department stores in the last 12 months, by age, May 2019

One in three only buy one type of product

Figure 72: Repertoire of what consumers bought from department stores in the last 12 months, May 2019

Frequency of Use

Department store usage is infrequent

Figure 73: Frequency of department store usage in the last 12 months, May 2019

Men shop more often

Figure 74: Frequency of department store usage in the last 12 months, by gender, May 2019

Frequency highest amongst 25-34s

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 75: Frequency of department store usage in the last 12 months, by age, May 2019

Clothing buyers shop less frequently

Figure 76: Frequency of department store usage in the last 12 months, by what consumers bought, May 2019

Changes in Usage

Department store usage is largely unchanged

Figure 77: Changes in department store usage in the last 12 months, May 2019

Why consumers are shopping with department stores more

Figure 78: Why consumers used department stores more in the last 12 months, May 2019

Why consumers are shopping with department stores less

Figure 79: Why consumers used department stores less in the last 12 months, May 2019

Satisfaction with Department Stores

Consumers are relatively content

Figure 80: Satisfaction with the department store retailer used most frequently in the last 12 months, May 2019

John Lewis outperforms both M&S and Debenhams

Figure 81: Satisfaction with the department store retailer used most frequently in the last 12 months, by leading players, May 2019

Clothing buyers are least satisfied

Figure 82: Satisfaction with the department store retailer used most frequently in the last 12 months, by core product categories, May 2019

Key Driver Analysis

Staff training should be a priority

Figure 83: Key drivers of overall satisfaction with department stores, May 2019

Figure 84: Overall satisfaction with department stores – key driver output, May 2019

Methodology

Attitudes towards Department Stores

The discounting challenge is ongoing

Figure 85: Attitudes towards department stores, May 2019

Demand for own-label strongest amongst young consumers

Figure 86: Attitudes towards department stores, by age, May 2019

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Key Driver Analysis

Interpretation of results

Figure 87: Overall satisfaction with department stores – key driver output, May 2019

Figure 88: Satisfaction with department stores, May 2019

Appendix – Market Size and Forecast

Best- and worst-case forecast

Figure 89: UK department store sector size and forecast, best- and worst-case forecast, 2019-24

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Department Stores - UK - July 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Forecast methodology

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com