



## Retail Burn

### John Lewis

Morrisons  
Amazon  
Sports Direct  
McDonalds  
Zara  
Whole Foods Market  
Co-operative Group  
Starbucks  
Forever 21  
PC World  
Focus  
Life & Style  
Robert Dyas  
Wimpy  
Moben Kitchens  
Joules  
TJ Hughes  
Comet



This month, the most talked about retailers, according to SnapShop and the Retail Burn, include **John Lewis**, **Morrisons**, **Amazon**, **Sports Direct**, **McDonalds**, **Zara**, **Whole Foods Market**, **Co-operative Group**, **Starbucks**, **Forever 21**, **PC World**, **Focus**, **Life & Style**, **Robert Dyas**, **Wimpy**, **Moben Kitchens**, **Joules**, **TJ Hughes**, **Comet** and **Thorntons**.

The retailer with the highest number of positive news articles in July was **John Lewis**. After increased sales due to bad weather driving a pre-holiday spending spree, the department store will now offer international delivery for items ordered from its website.

**Thorntons** has reported another period of difficult trading with total sales falling £1.9 million. This does not bode well after closing around 120 of its stores.

Other notable stories include the news that around 100 **TJ Hughes** staff have been made redundant after a shock announcement that the retailer's distribution centre in Liverpool is to close. **Forever 21** has expanded in to the UK with stores opening in Liverpool & Cardiff. The London flagship store opened its doors on Oxford street last week.

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## Hot 100


The Hot 100 in July 2011 included;

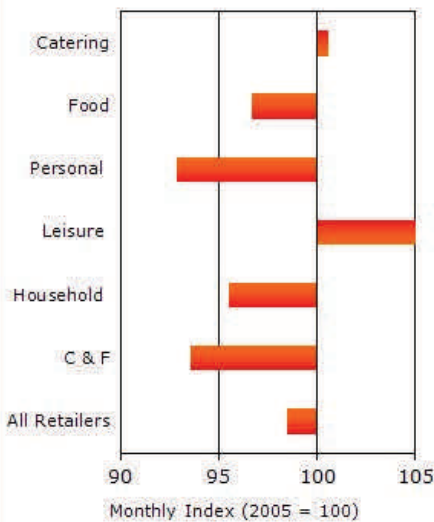
- Funky men and womenswear retailer, **Republic**
- Home furnishings retailer, **Dunelm Mill**
- Safe fashion retailer, **Mexx**
- Specialist DIY store, **Wickes**
- Mature fashion retailer, **Wallis**
- Specialist jewellery store, **Warren James**
- Hong Kong based fashion retailer, **Esprit**
- Community pharmacy chain, **Lloydspharmacy**

These highly sustainable businesses have consistently delighted their loyal customers, have prudently managed their finances and have cautiously expanded, maintaining their appeal.

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## RNI

July 2011



FSP's Retail News Index is a 3 month moving average measure of sentiment in reported retail news stories. The overall Index has been slowly increasing since April and July was slightly more positive than June, up from 98 to 99.

*Clothing & Footwear* and *Catering* indices fell in July. *Catering* dropped to 101 from 102 and *Clothing & Footwear* fell from 96 to 95.

All other indices have improved this month but most still remain below 100, the 2005 benchmark. Only *Catering* and *Leisure* exceed 100.

*Leisure* increased 3 from 104 in June to 107 in July.

After a significant drop in June, *Personal* increased 2 to 93 compared with 91 in July.

*Food & Household* both only increased by 1 in July compared with June.

This month's index increases may be due to supermarkets and other retailers doing well even with a number of high profile administrations. The strong appear to be getting stronger whilst struggling retailers are falling rapidly.

FSP on average review over 350 unique items of retailer news. Each article is then scored according to sentiment. RNI is the sum of these scores indexed against 2005 and averaged over a three month period. The RNI time series for all retailers starts from May 2002.

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## FAB

### % of Financial Health of Retailers



The FSP Accounts Barometer monitors retailers' financial health using the Wealth Creation Index pioneered by the DTI, now Department for Business, Innovation and Skills.

In the year to January 2011 (the latest date to which accounts have been filed), the percentage of all UK high street retailers deemed Healthy was 44%. PLCs are generally financially stronger, with 53% deemed Healthy.

The graph suggests that plc. wealth creation may have peaked slightly above the levels seen early in 2008. Amongst all retailers the trend continues upwards, suggesting that the proportions of financially stronger retailers amongst the survivors has increased.

Most retailers which fail have been identified as being financially *Vulnerable* (including *Krisp Clothing*, *Oddbins*, *Signature Brands*.) The combination of Wealth Creation Index with a few other indicators is a good predictor of retailers likely to enter administration.

SnapShop members can be notified when retailers on their Favourites List file accounts.

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## Making Research Accessible

Winston Churchill is credited with saying, "Britain and America are two nations divided by a common language." The same can all too often affect researchers and decision makers trying to use research.

The root of the problem lies in their different perspectives. Research users need to make real world decisions, with a limited range of options. Researchers on the other hand look for patterns in the data so that they can predict outcomes. In the best cases, the patterns identified by researchers are relevant to the circumstances within which decisions have to be made.

However, far more often in a dynamic business environment, the fit is less than perfect or analysis is based upon historic trends, leaving the user unsure about the likely effectiveness of the researcher's recommendations. This often leads to half-hearted or partial implementation which inevitably leads to missed opportunities and underachievement.

To be effective, research has to be supplemented with experience. An experienced researcher has the confidence to engage directly with the user (so the knowledge of both can be deployed), coupled with the instinct to know where more investigation is required or indeed where the brief itself may limit the usefulness of recommendations.

The natural human tendency of both decision makers and researchers is to stick to the familiar, to keep to our comfort zone. Inexperienced researchers therefore all too easily fall back into the jargon of their speciality or hide behind their data, leaving the user confused and uncertain.

FSP places the highest importance on the relevance and utility of research. Without successful implementation, research is worthless and FSP strives to ensure that outputs are as clear, concise and cognisant as they are realistic, rigorous and robust. Longstanding business relationships are driven by success and FSP takes great pride in the way that many longstanding Client relationships have developed through successful implementation of FSP's recommendations.

*"... very clear direction supported by persuasive evidence. We propose to bring forward the early recommendations for action."*

*"...an extremely interesting piece of work and gives lots of pointers re lettings, rent review, marketing etc. which was just the sort of information we were looking for."*

*"This is just outstanding work. You have quite honestly made me the happiest man in London today. I can't thank you enough on all our behalves"*

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For more information please contact us at [fspretail@fspretail.co.uk](mailto:fspretail@fspretail.co.uk) or call 01494 474740

## What is Retail Pulse?

Retail Pulse is a free monthly publication that highlights information available at [www.fspretail.co.uk](http://www.fspretail.co.uk).

Helping clients make best use of their retail property is FSP's role, and although all property is location-specific, its best use is affected by industry-wide trends. FSP maintains unique measures of trends in UK retail property, and it's proven that monitoring existing trends improves the understanding of likely future ones.

FSP measures are focused on patterns in retail performance, and are therefore designed to supplement the standard property driven measures. Interpretation of all these data is the FSP business, [contact us](#) for information.

FSP looks forward to welcoming you on stand 21 at [BCSC Conference & Exhibition 2011!](#) Don't miss the key seminar [Retail 2020 - How much space is enough?](#) on Tuesday 20th September 11.45-12.30pm, jointly hosted by FSP, Twentyretail & JLL.

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