

The Retail Pulse

FSP RETAIL BUSINESS CONSULTANTS



RETAIL NEWS INDEX

ACCOUNTS BAROMETER

HOT 100

RETAIL BURN

PRODUCT FOCUS

Retail Burn



This month, the most talked about retailers, according to SnapShop and the Retail Burn, include **ASDA**, **John Lewis**, **Waitrose**, **Debenhams**, **M&S**, **Harrods**, **Sports Direct International**, **Best Buy**, **Tesco**, **Next**, **Quiksilver**, **Topps Tiles**, **Harvey Nichols**, **Carpetright**, **Burberry**, **B&Q**, **Pandora Jewellery**, **Comet**, **New Look** and **TJ Hughes**.

The retailer with the highest number of positive news articles in August was **ASDA**, after unveiling a new mobile grocery website, allowing its customers to purchase groceries on their smartphones for the very first time.

TJ Hughes has confirmed that its 5 remaining stores will close by the end of the month. Landlords have also taken legal action against the TJ Hughes administrators as they seek to change the law surrounding the payment of rent during administrations.

Other notable stories include the news that **John Lewis** plans to double the size of its click-and-collect operation by adding 60 Waitrose branches to its network of stores. **New Look** has made significant cuts to office staff in an attempt to reduce the steady flow of money leaving the company.

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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Hot 100



The Hot 100 in August 2011 included;

- Value discount store, **B&M**
- Young funky footwear retailer, **Office**
- Pizza & Pasta Restaurant, **Prezzo**
- Department store, **Debenhams**
- Swiss watch maker, **Swatch**
- High end high street fashion retailer, **All Saints**
- Perfume & beauty products retailer, **Jo Malone**
- Danish audio, video and multimedia store, **Bang & Olufsen**

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



FSPs Retail News Index is a 3 month moving average measure of sentiment in reported retail news stories. July and August remained largely the same with the overall index staying at 98.

Personal was the only indices that increased in August from 93 to 94. Clothing & Footwear was the only indices that fell in August from 93 to 92.

All other indices have remained the same this month, however most still remain below 100, the 2005 benchmark. Only Catering and Leisure currently exceed 100.

Household remained at 95, Leisure remained at 107, Food remained at 97 and Catering remained at 101.

Although the strong appear to be getting stronger and struggling retailers are falling rapidly, the news index shows that since April bad news has been gradually declining.

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FAB



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 43%. PLCs are generally financially stronger, with 52% 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. 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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Product Focus

Leasing Support

The BCSC Conference is 6 weeks earlier than last year, to allow time to get shops occupied in time for Christmas trading. Given the paucity of major new developments this year and next, the emphasis will be on letting existing stock. As always, there is plenty of available space but not enough that retailers want to occupy.

Leasing support is a service FSP will be promoting on its stand at the Conference. The critical figure in a trading site appraisal is the assumed turnover. Given the turnover, it is then possible to calculate the maximum rent that will allow the retailer to achieve his financial goal, whether expressed as Return on Trading Assets or Payback Period.

A major factor in turnover estimation is the size and profile of the market available to the proposed outlet. The latest version of the National Survey of Local Shopping Patterns (NSLSP) has recently been released by CBRE. It provides an annual update to the only valid time series for UK retail catchments. The NSLSP tracks the development of shopping locations over the last 20 years, showing the effect of new shopping centres and changing population. Knowing the number and profile of the shoppers enables the value of demand, by merchandise category, to be calculated.

Retailer turnover is also impacted by competition, by the number and quality of other shops targeting the same customers. FSP audits the retail offer in towns where it works, to identify not just which fascia are present but the size and quality of the offering by merchandise category.

The combination of an estimate of demand with an estimate of supply by merchandise category enables the market gap to be calculated. This is the potential demand available for a new retailer to satisfy.

The fourth piece of data supplied by FSP is to compare the target location with other, similar towns in the retailer's portfolio. Putting all this relevant information into a succinct, easily digestible document or presentation is what FSP means by providing leasing support. Over the years, it has proved a highly effective aid to retailers. It provides a substantial part of the investment appraisal that most Retail Boards require to sign off a new outlet.

For more information please contact us at 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.

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.



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