



June 2009 Update

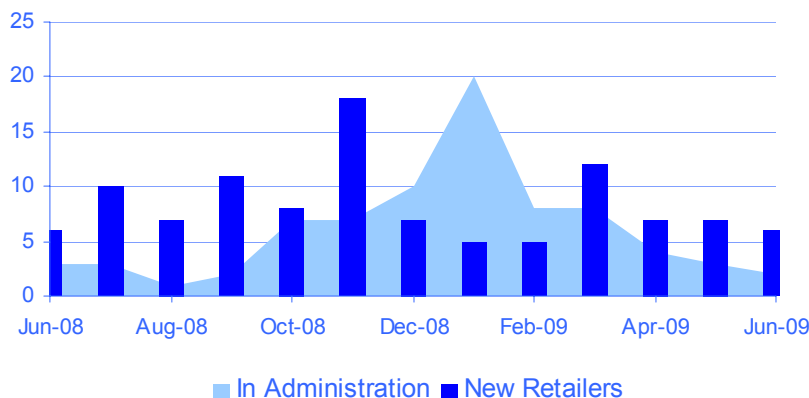
The Summary

While FSP suspects this is but a temporary relief, we are happy to report that only two retailers have been recorded as falling into administration since the last issue of SnapShop Monthly - Harways lingerie chain and O'Briens Sandwich Bars.

For the 4th consecutive month, the number of new retailers entering the UK market - 6 this month - has exceeded administrations.

And just to prove SnapShop is always expanding, 11 new retailers were added during June, including Scottish-based Ness Clothing, menswear independent Ibson and online urban fashion retailer Yukka.

Birth and Death of Retailers

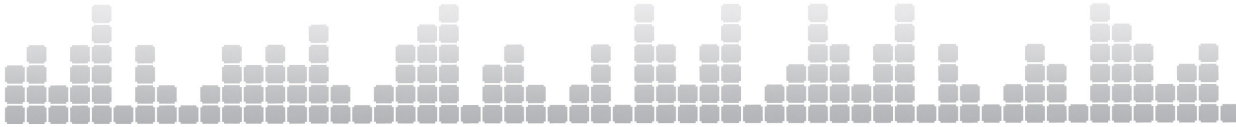


It seems change has been on the cards for many retailers of late. B&Q is set to add sofas to its offering, Focus is to launch a pet care range, and many retailers are slowly realising that online is the place to be! Tesco will launch an ASOS-style website when its clothing goes online later in the year; Gant is due to launch its first ecommerce site; George has teamed up with Universal Music Group to offer free music downloads with some clothing purchases; and Thorntons has gone retro, opening an online childhood memories sweet shop, selling things like Black Jacks, Fruit Salads and Sherbert Fountains. Yum!

Other notable news stories this month focus around rumours and sales. Allied Carpets are said to be looking to offload sites; Aquascutum is may be up for sale (though what the official line is no one knows!); Borders looks to be in hot water, musing a sale of the chain; while Clinton Cards Group is thought to be interested in buying back some 100+ Birthdays stores after placing them into administration earlier in the year!

Over in the Statistics section this month, the bizarre 4.4% increase in pedestrian flow rates recorded by SPSL in April seem to have been just that, as things have settled back to negative figures - at -5.1% for May - echoing the negative picture painted across most of the board this month.

Finally, we were shocked, bewildered and slightly amused to discover both Tesco *and* WH Smith offering a book entitled "The Crimes Of Josef Fritz" as a recommended Fathers Day present last week! The story about probably the world's worst father sat alongside Dan Brown's Angels And Demons and Sebastian Faulks's Bond novel Devil May Care. Tut tut Tesco and Smiths.



Geoff's View

Choose Your Attitude

The Retail News Index (RNI) has risen strongly since its seasonal nadir in January. The RNI, an index based on the balance between positive and negative retail news stories, is now back to levels not seen since 2006, outside the pre-Christmas period. There is a clear seasonal pattern to the RNI which typically rises during the Autumn before falling back. The index for January 2009 was the lowest since January 2005, so the rise this year is particularly marked.

FSP is currently investigating the significance of RNI movements. Preliminary analysis suggests that retailer results 7 to 9 months after a strong rise of the RNI also improve. If validated, then we can look forward to better retailer results when turnover and profit figures for 2009 are reported early next year.

This perhaps counter-intuitive suggestion is supported by a couple of recent headlines. On 19th June, the FT led its Companies and Markets section with "UK retail rents forecast to drop by a fifth", between now and the end of next year. Meanwhile, ONS figures for May showed that the overall seasonally-adjusted value of retail sales for the most recent 3 months were up 1.3% against the comparable period in 2008.

Sales up and rent down sounds like good news for UK retailers. This summary of course does no justice to the complexity of the underlying data but is a reminder that good business is still being done. As always there is a choice to be made which needs to be influenced but not determined by the available evidence.

With kind regards

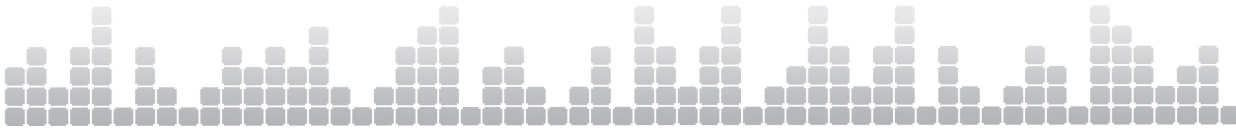


Geoff Nicholson

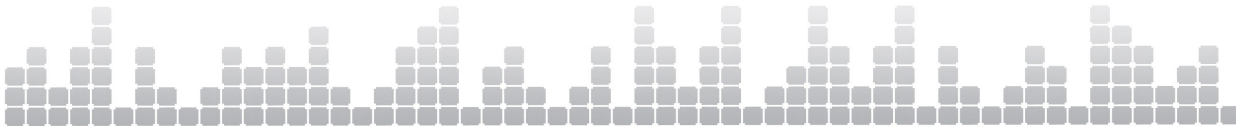
Note:

Retail News Index (RNI) has been produced by FSP to track the mood of the UK retail market. With SnapShop providing retail and economic statistics to give an overview of retail in the UK, FSP expects RNI to compliment the information and add a dimension not currently available. FSP typically reviews over 350 unique items of retailer news in the trade and national press every month. Each item is scored according to the sentiment of the news (i.e. expanding / strong sales growth: positive, store closures / redundancies: negative). RNI is the sum of these scores, indexed against 2005 and averaged over a three month period to eliminate volatility and produce a reliable trend indicator.

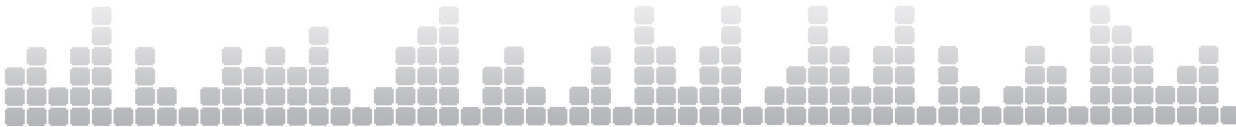
RNI will be constantly updated and the general market trend will be published by FSP on a regular basis. More detailed merchandise category splits can be obtained upon request via the SnapShop team.



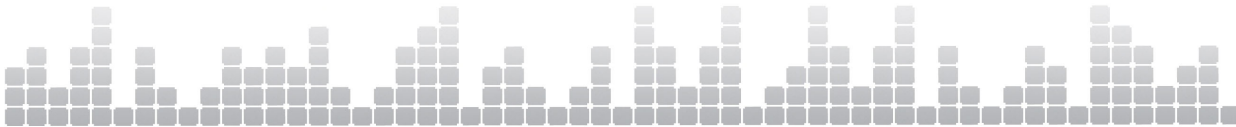
New Retailers	
77 Breed	is to open its debut store in London's Covent Garden
GIVe	Retail veteran George Davies has revived plans to launch GIVe, a womenswear venture he first talked about in 2005
Homestyle	The parent company of furniture retailer Cargo has launched a new textiles and soft furnishings chain using the brand Homestyle
Pandora Jewellery	has taken a five-year lease at Clover House at 142/144 Farringdon Road in London's City fringe
Wheels & Doll Baby	is seeking a flagship London store
Yukka	plans to develop its own-label product and expand internationally after sports specialist Extreme Group's chief executive Al Gosling bought an undisclosed stake in the business
Store News	
Albemarle and Bond	is considering upping the number of pawnbrokers it opens over the next three years
Argos	has tested a new mobile store format at the Isle of Wight music festival, selling 60 lines "focused on the needs of the festival goers", including camping equipment, barbecues, binoculars, camera memory cards and fancy dress outfits
Au Naturele	and Ethel Austin have opened under one roof in the former Woolworths store on Londonderry's Ferryquay Street
Banana Republic	is in advanced talks to sign for its second UK store in London's Covent Garden
Bestseller House	has signed up in Aberdeen and Leicester for dual-branded shops to house both its Jack & Jones and Vero Moda brands
Burger King	has beefed up its presence in Scotland as it prepares to open three new outlets north of the border
Cash Generator	is planning to open up to 75 second-hand goods stores in the London area over the next five years
Co-operative Group	has converted its first Somerfield stores to the brand following its £1.56 billion acquisition of the supermarket chain. The retailer invested almost £500,000 in refitting the two branches in Tonypandy and New Milton
Cos (Collection of Style)	will open its fifth UK store in London's Kensington High Street in September
Desigual	is scouting for standalone sites in Oxford Street and Covent Garden
Gerry Weber	has quit its flagship store on Regent Street, W1
Greens Restaurant & Oyster Bar	Simon Parker Bowles has linked with Lord Daresbury and Lord Vestey in a venture that plans to roll out Green's oyster and fish bars



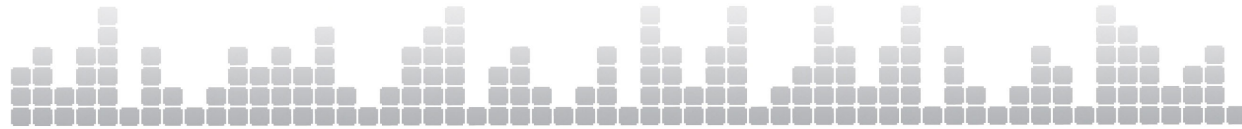
Heron Frozen Foods	is the latest retailer to launch a UK expansion programme in one of the few retail sectors that is weathering the recession
Hollister	is to make its Northern Irish debut at Multi Development's Victoria Square in Belfast
J Sainsbury PLC	believes it can deliver 2.5m sq ft of extra space against its original 1.6m plan over the next two years thanks to falling property and building costs. It will increase its representation in the North, Scotland and Wales
Jamie's Italian	plans to embark on an expansion programme to take it to the end of 2010. It wants to add another 10 venues
Jfour	is to launch in the UK and plans to open 24 stores over the next 12 months
John Lewis	has revealed that the name of its new format home and electricals store will be 'John Lewis at home'
Mothercare	is expanding its out-of-town Parenting Centres chain and larger town centre stores
Oggy Oggy	is targeting towns in the south-west to open new outlets, among them Plymouth, Newquay and St Austell
Pizza Hut	in Ireland has announced it will open seven new stores in 2009, taking its total number of stores to 30, as it seeks to capitalise on a surge in take-home food sales
Sofa Workshop	plans to roll out franchised stores as Andrew Cussins, the founder who bought the retailer out of administration in January, steps back from the running of the business
Trading Bargains	will continue with aggressive expansion plans
Internal Restructuring	
Allied Carpets	is reviewing its 218-store portfolio and is looking at ways to offload stores to other retailers, including Pets at Home, following its purchase by a Hilco-led consortium in March
Astley Clarke	is to relaunch its website this autumn as part of its plan to become the world's leading online jewellery boutique
B&Q	is to go head to head with Argos and Ikea by stocking sofas and other furniture for the first time
Burberry	has extended its "celebration of Britishness" to its autumn advertising campaign, which stars Harry Potter actress Emma Watson
Carphone Warehouse	has announced plans to open five more Wireless World concept stores in the UK over the coming months
Carphone Warehouse	has said that it will complete the de-merger of its TalkTalk broadband business by July 2010 at the latest
Debenhams	has raised £323m by placing new shares in a bid to slash its £972m debt pile



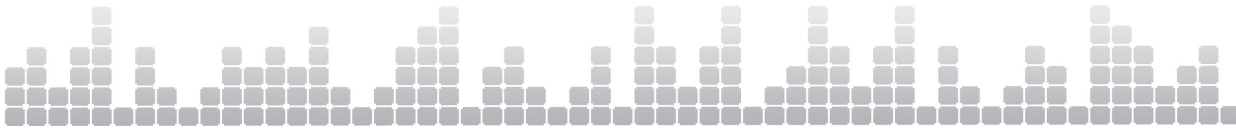
fnac	is to sell second-hand products from a new section on its website. According to reports, the retailer expects the new channel to account for 15% of all online sales within the next 18 months
Gant	is poised to launch an etail site in the UK and Republic of Ireland in August - its first in the world
George	has struck a deal with Universal Music, giving shoppers free music downloads when they buy certain clothes
House of Fraser	will house the first Marc O'Polo UK concession in July for its womenswear collection
Intimas	has merged its branded and private label trading divisions following a major head office restructuring
Jessops	is examining options to salvage the business, which include a debt for equity swap and delisting from the stock market, as it warned shareholders they are unlikely to see any return on their investment
Jigsaw	has axed its dedicated kidswear departments following a strategic review of the business unit
Jimmy Choo	will create a range for H&M this autumn - the Swedish fashion chain's first designer accessories collaboration
John Lewis	has unveiled plans to expand its videogame offer by Christmas 2009
Kesa Electricals	has confirmed that it has entered into exclusive negotiations with Swiss electrical retailing chain FUST, regarding the sale of its Swiss operations
Lloydspharmacy	is to roll out its online doctor service to about 300 stores this year as it seeks to drive its health-related sales
LOVEFiLM	has been put up for sale for an estimated £200m
Ted Baker	will produce a lingerie collection for Debenhams, a week after it terminated its lingerie licensing agreement its lingerie firm Intimas
Tesco	has confirmed it will aim to emulate an Asos-style website with 'get the look' and celebrity-endorsement features when it relaunches its transactional clothing operation later this year
Thorntons	has launched an online sweet shop to tap into customers' nostalgia for retro sweets
Waitrose	has launched a direct marketing campaign to promote its recently-launched value range Essential Waitrose
Wickes	has replaced its entire bedroom and conservatory range with bathrooms in all stores as it seeks to capitalise on the "mass market" nature of the category
Financial Restructuring	
Aquascutum	is believed to be in talks to sell the brand



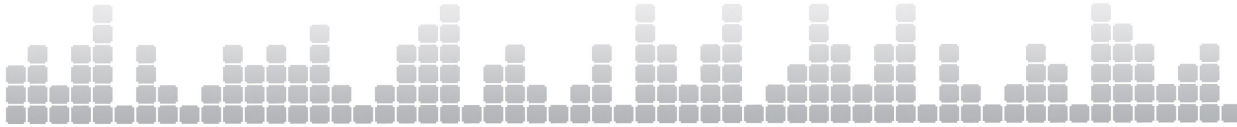
ASDA	has purchased three shops totalling 35,000 sq ft from the newly-formed Co-operative Group
Ben Sherman	is in talks with a number of parties interested in acquiring its footwear licence just weeks after the lifestyle brand shut down its in-house footwear operation
Carluccio's	takeover talks have collapsed
Clinton Cards Group	is set to buy back about 140 Birthdays stores from administration
Debenhams	says it has not made plans to sell any of its 62 department stores
Eaden Lilley	has been purchased by independent department store business Townrow after the company went into administration
Escada	has sold off its Apriori, Cavita and Laurèl womenswear brands which operate under its Primera subsidiary, to German investment firm Mutares
Findel	is looking to sell Kitbag
Harwayes	has gone into voluntary liquidation with the loss of up to 120 jobs at its Leicester-based chain of 23 lingerie shops
Luminar	has completed the sale of 27 bottom-end venues to Cavendish Bars
Morleys Group	of department stores has acquired independent department store Roomes of Upminster in Essex
Oliver Sweeney	has been bought out of administration by Amery Capital and footwear supply guru Tim Cooper
Orange	is understood to have made an offer for T-Mobile's British operation, which has been rebuffed by the company's German parent, Deutsche Telekom
Orchid Group	has bought back part of the Bar Room Bar business it sold in 2007
Pink Soda	has been rescued from administration by Greg Tufnell, managing director of menswear brand Peter Werth
Premium Bars & Restaurants	The Reuben brothers have bid £40m for Premium Bars & Restaurants. The transaction would see the operator of the Living Room and Prohibition chains undergo a pre-pack administration
Samsonite	has agreed a last minute rescue deal with its private equity owners CVC which will see its lender Royal Bank of Scotland (RBS) take a majority stake in the business
Sports Direct	has sold its 5 per cent stake in rival JJB Sports
TKC Direct	has bought Everything But The Music (EBTM), the music-inspired fashion retailer, out of administration for an undisclosed sum
Tommy Hilfiger	has bought out its Turkish wholesale and retail distributor Unitim Retail Group



General	
American Apparel	has agreed to pay £3.2m to Woody Allen after using his image in its ads without his consent
Borders	is to consider a pre-pack administration
Carphone Warehouse	and Vodafone are set to end a three-year dispute, as Vodaone resurrect a sales agreement with the mobile-phone store chain
First Quench Retailing (Thresher Group)	has issued a "going concern" warning
Gucci	Adidas/Reebok, Timberland, Geox, Clarks and Nike, have been accused of contributing to the destruction of the Amazon rainforest by using leather from cattle reared on farms responsible for deforestation
HomeSense	is to embark on an expansion drive in the UK and Europe
J Sainsbury PLC	is understood to have delayed its plans to launch a virtual mobile network by 12 months
Jaeger	is to end its agreement with Japanese licensee Sanki Shoji and take back control of its business in Japan
Jigsaw	and Kew are to ramp up their accessories offers and create more "complete outfits" under new design director Tess Richards
Key Staff Changes	occurred at the following retailers this month; Planet Organic, Versace, Adidas, Gap, Moss Bros, Alliance boots, Mulberry, Aquascutum, New Look, Asda, Body Shop, Best Buy, British Bookshops & Stationers, First Quence Retailing, Halfords, Hamleys, Reiss, Inditex, Sainsbury's and Maplin
KFC	has been beaten by a small pizzeria in Angus, who has won its battle with the chain over the term "Family Feast"
Little Chef	has announced a nationwide roll out of the menu created by celebrity chef Heston Blumenthal
New Look	is to revamp all of its stores after a successful trial, and move into new markets including Ukraine, Poland and Singapore
Primark	has reached an out of court settlement with Laundry Athletics, the owner of Superdry, after it was alleged that Primark had copied elements of a Superdry leather jacket, which had been worn by footballer David Beckham
Principles	More than 5,000 customers and suppliers of defunct fashion retailer Principles have emailed the retailer's administrator asking to recoup money or redeem vouchers
Retailers	angry at facing estimated losses of at least £2m after a suspected chemical leak closed Birmingham's Bullring shopping centre are tabling claims against the scheme's landlord
Topshop	has confirmed plans to open a second store in New York after the debut Manhattan store achieved strong sales in its first two months of trading

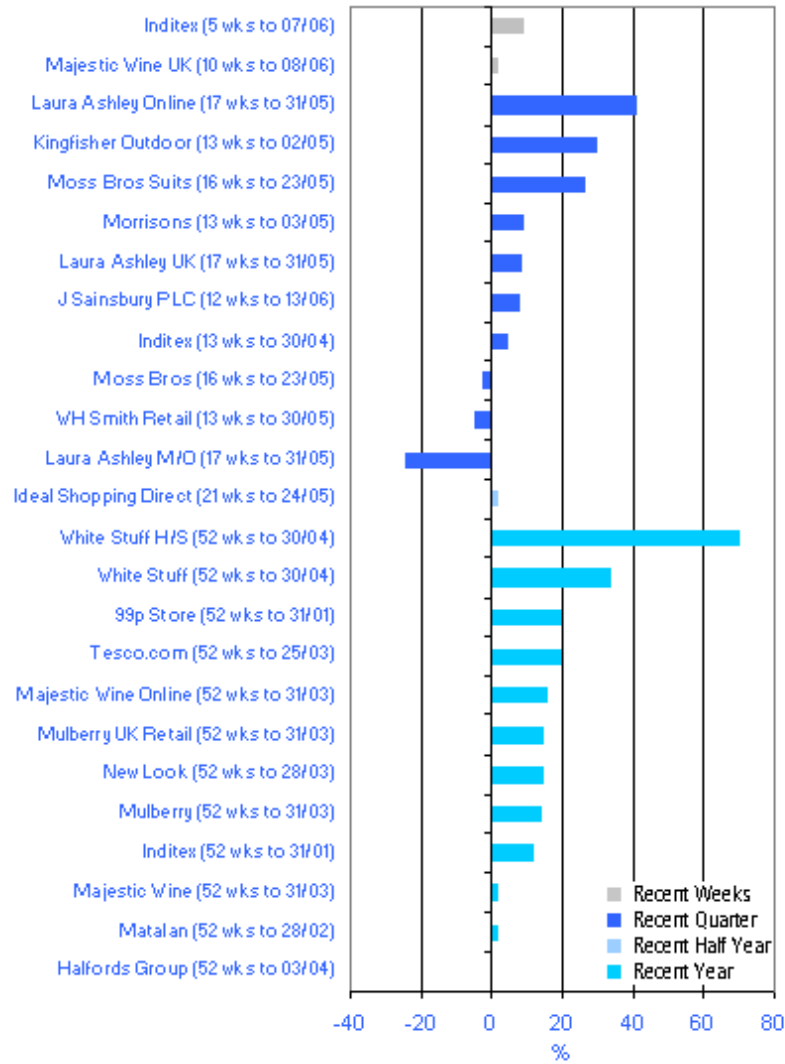


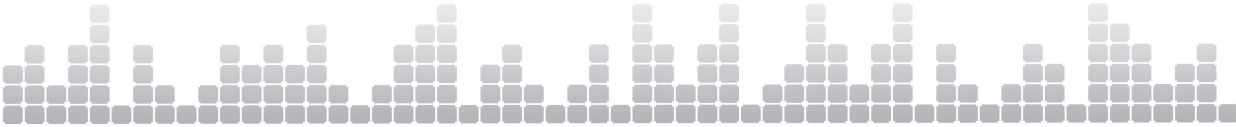
UKFT	has been set up to represent the UK's fashion and textile industry and help companies to trade more effectively both in the domestic market and overseas. The UK Fashion and Textile Association succeeds the British Clothing Industry Association
Waitrose	will become the first retailer to plant its own vineyard with a special ceremony at its Leckford Farm Estate in Hampshire
Wayne Hemingway	creator of the Red or Dead footwear brand has masterminded a rent-free 'pop-up shop' to target new businesses priced out of the high street
Woolworths	former director Tony Page is in fresh talks with potential investors as he seeks to raise cash to start up a new retail chain in the wake of Woolworths' collapse
Property	
Centros	is in exclusive talks with KPMG to take over development of the £150m Trinity Walk shopping centre in Wakefield, Yorkshire
Crown Estate	A souvenir store featuring Union Jack emblazoned goods will open in London's Piccadilly Circus after the Crown Estate refused to back down on its TK Maxx veto
Modus Properties	Modus Ventures has collapsed into administration
Modus Properties'	Friars Walk scheme in Newport is to be put out for re-tender by the local council
Puma	has recruited property agents to circulate details of all but one of its shops in the UK



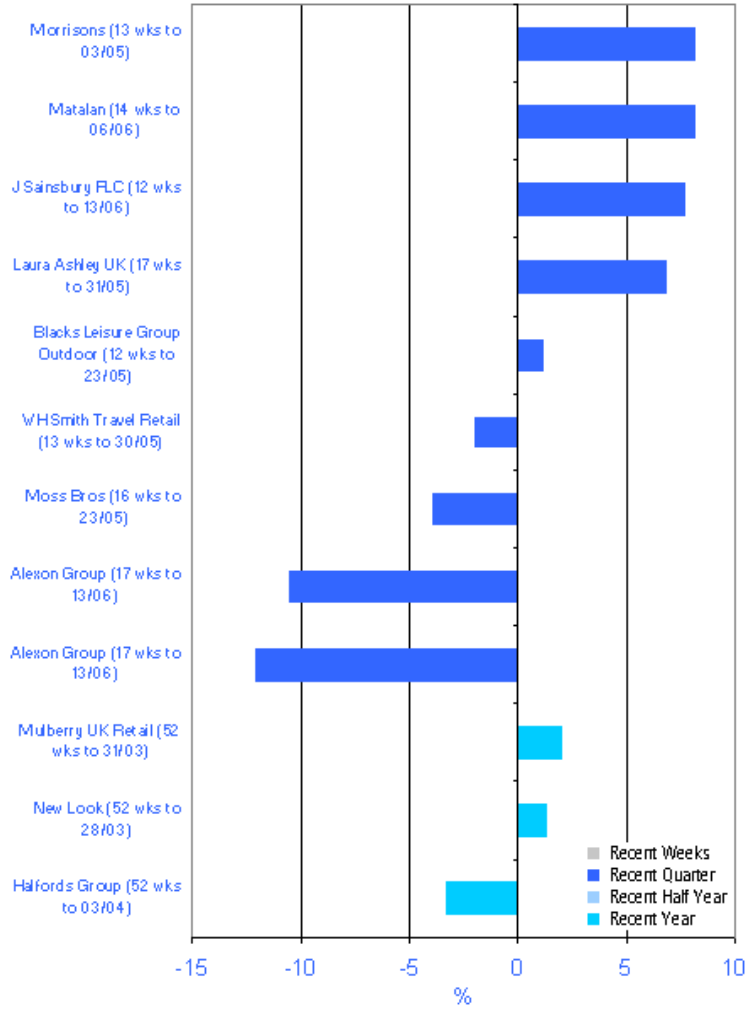
Retailer Results

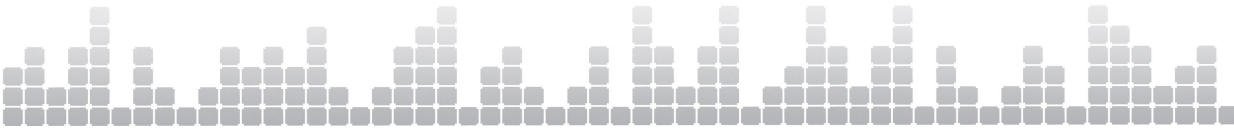
Total Sales Changes





Like-for-Like Sales Changes

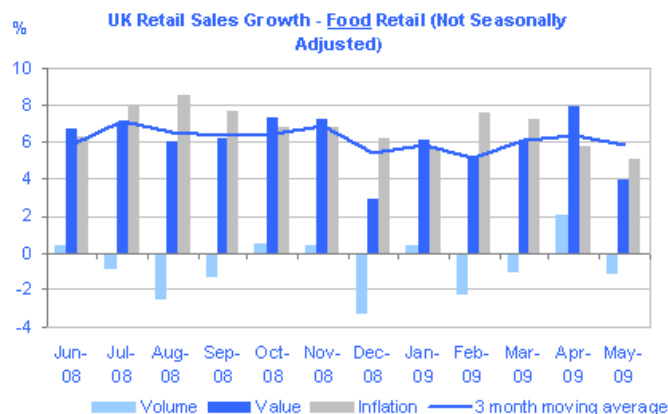
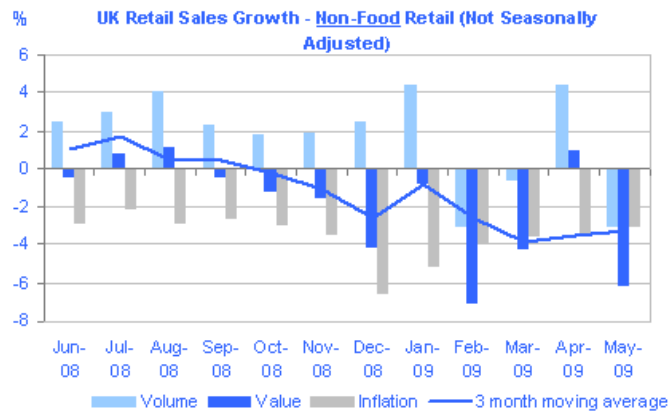
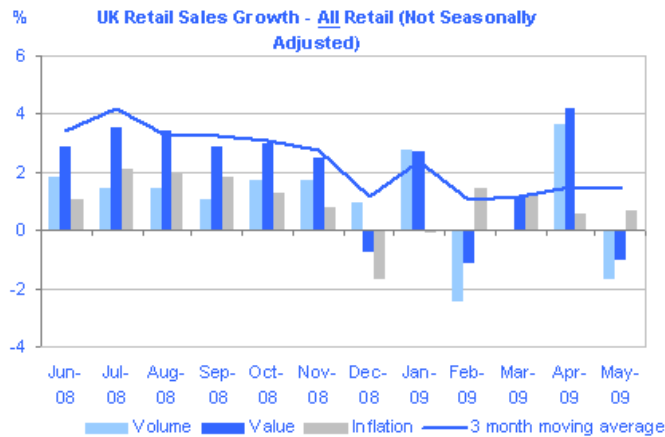




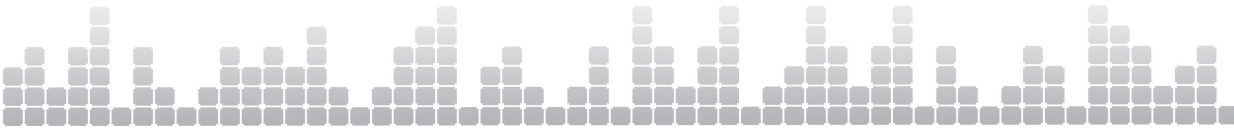
UK Overview

ONS Retail Sales

ONS rebased their data to 2005 = 100 in May 2009 and revised their method of calculating Volume of Retail Sales. The value of retail sales in May at current prices not seasonally adjusted, decreased to -1% YoY, decreasing the moving YoY 3 month figure to 1.4% from 1.5% in April. Value of sales through food stores in May decreased to 3.9%, compared with 7.9% in April, whilst value of sales in non-food stores fell drastically reducing to -6.2%, compared with 0.9% in April. The worst performing sector was, surprisingly, Textile, Clothing & Footwear, down to -8.5% YoY. Non-Store Retailing & Repair was again the the best performing sector this month, with a 6.7% increase YoY.

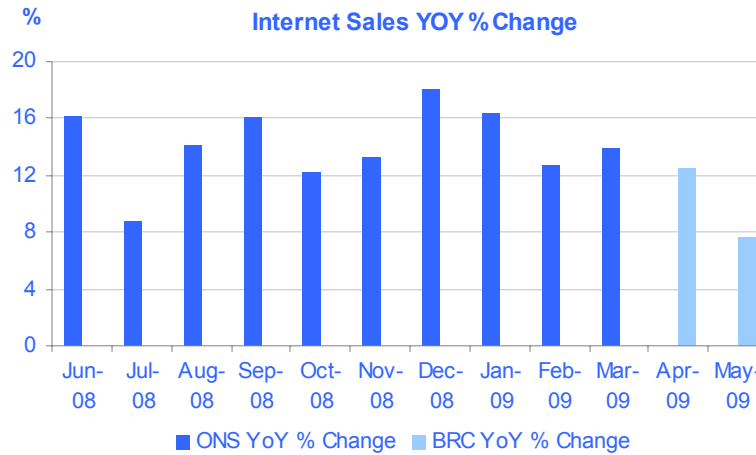


Please see the Retail & Economic Statistics page on SnapShop for more historical detail



**Internet
Retail
Sales**

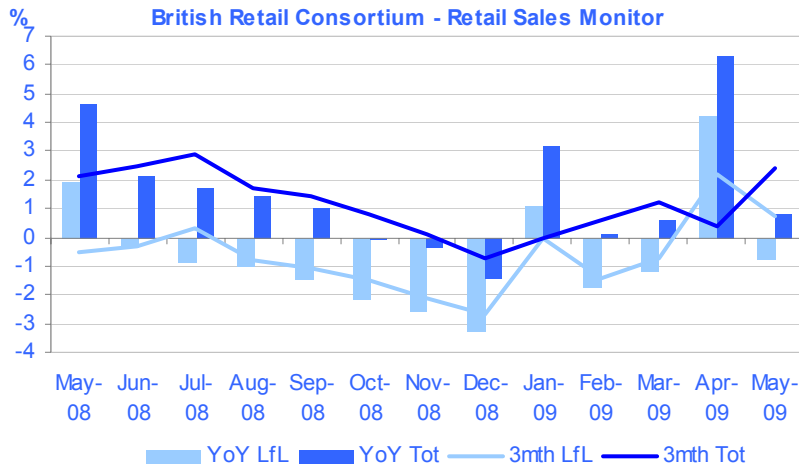
Data from ONS for May were unavailable, therefore based on BRC figures, non-food non-retail sales were 7.6% higher in May, YoY.



NB: ONS have recently adjusted historical figures, but have given data only back to October 2008. BRC started reporting in April 2009.

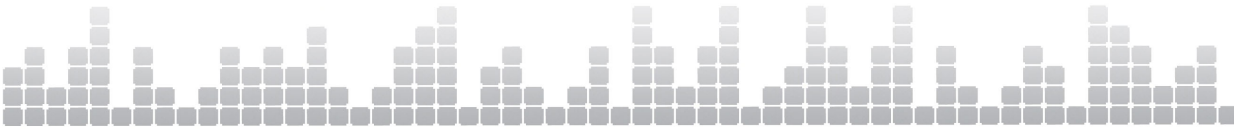
**BRC
Retail
Sales**

Year-on-Year (YoY) total UK retail sales values in May increased 0.8%, while like-for-like (LfL) sales decreased 0.8%.



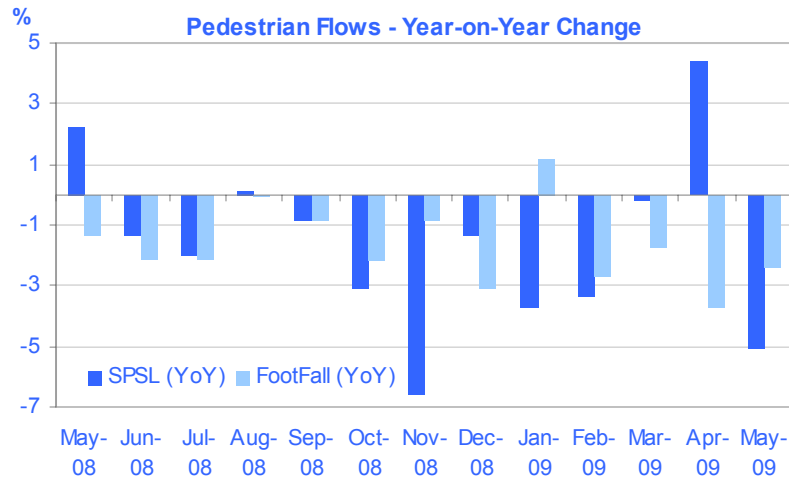
Retail sales in central London in May were 1.6% higher, on a like-for-like basis, than a year ago, when sales were up 8.5%, driven by much warmer weather.

Please see the Retail & Economic Statistics page on SnapShop for more historical detail



Pedestrian Flows

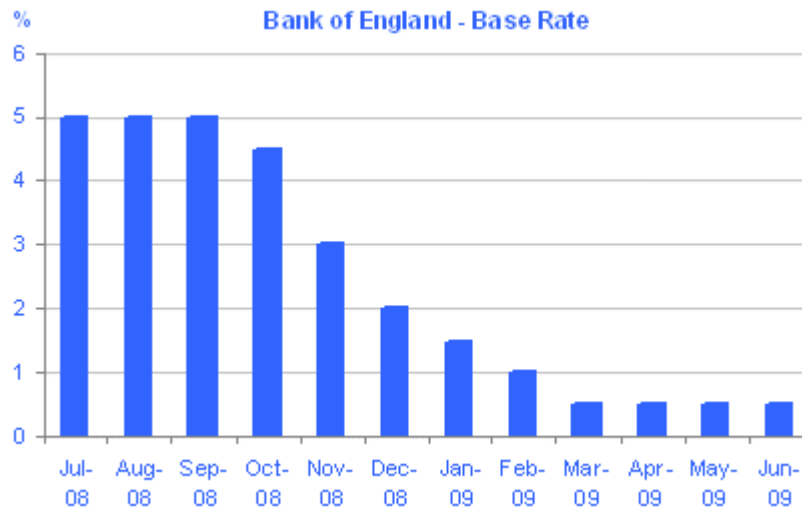
SPSL's Retail Traffic Index for May decreased 3.1% MoM against April and 5.1% on May 2008. Experian Footfall also reported a YoY decrease, of 2.4% in May, and a 4.4% decrease MoM. May is a traditionally slow month for footfall, currently exacerbated by the financial pressures UK consumers face.



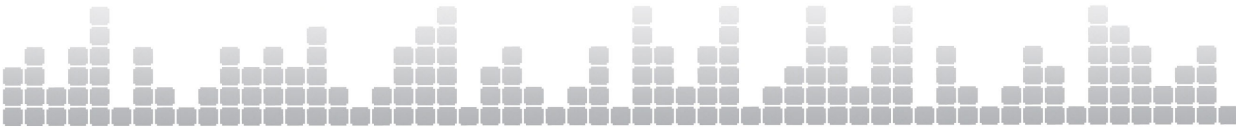
In November 2008, FootFall adjusted their benchmarking, and provided revised historical data, as included above.

Interest Rates

In June, the Bank of England's Monetary Policy Committee voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5%.

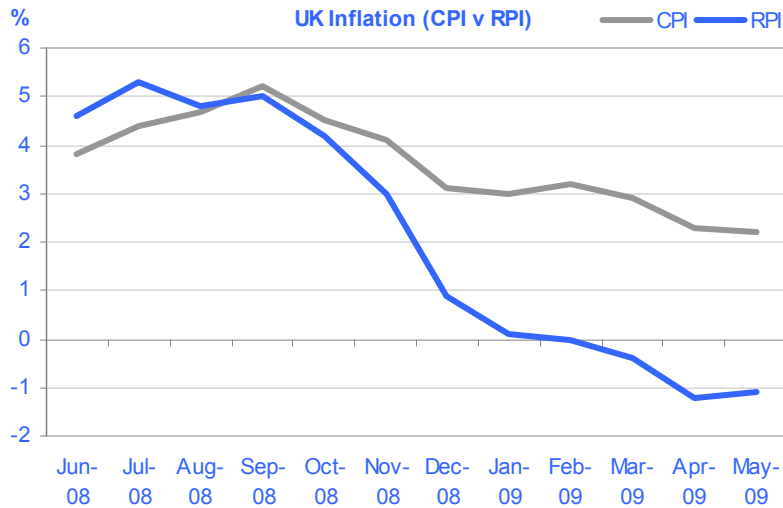


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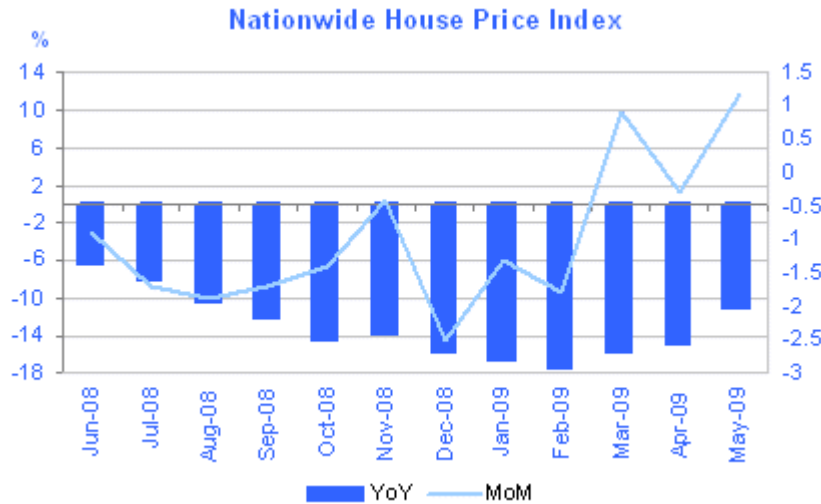
Inflation

Using CPI (Consumer Prices Index), overall inflation was 2.2% in May, down from 2.3% in April - higher than the government target of 2.0%. The more familiar RPI (Retail Prices Index) increased in May, showing an increase of 0.1% to -1.1% in May, up from -1.2% in April.



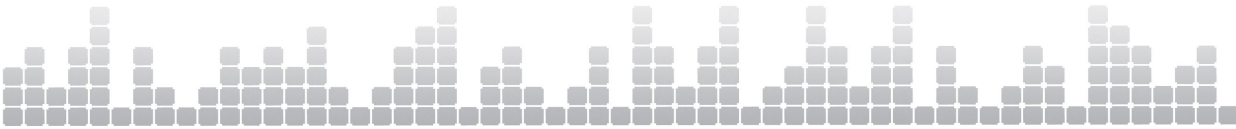
House Prices

According to the Nationwide index, the price of a typical house rose by 1.2% in May. At £154,016, the average house price is still 11.3% lower than a year ago, although this marks a significant improvement from the annual decline of 15.0% recorded in April.



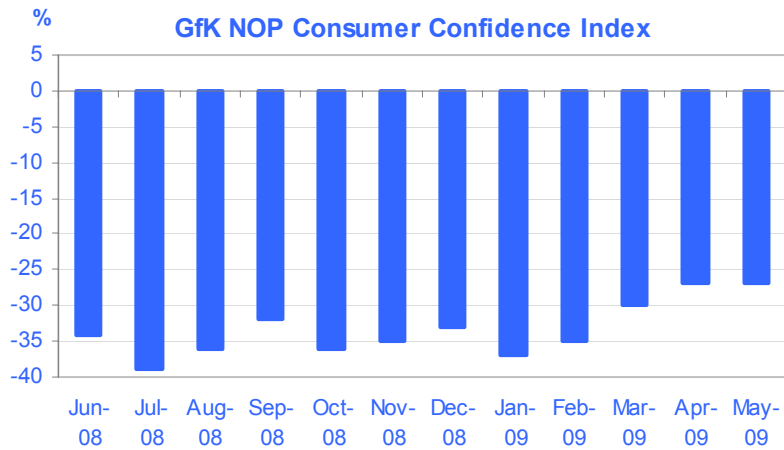
NB: YoY figures refer to left hand scale, MoM statistics refer to right hand scale.

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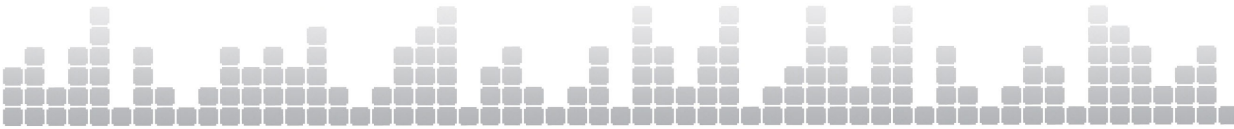
Consumer Confidence

GfK NOP Consumer Confidence Index stayed at -27 points throughout May. Confidence in "personal finances" over the next 12 months rose two points to -1, higher than this time last year, while expectations for the "general economy" over the next 12 months dropped by one - still far better than this time last year.



Research by GfK NOP on behalf of the European Commission

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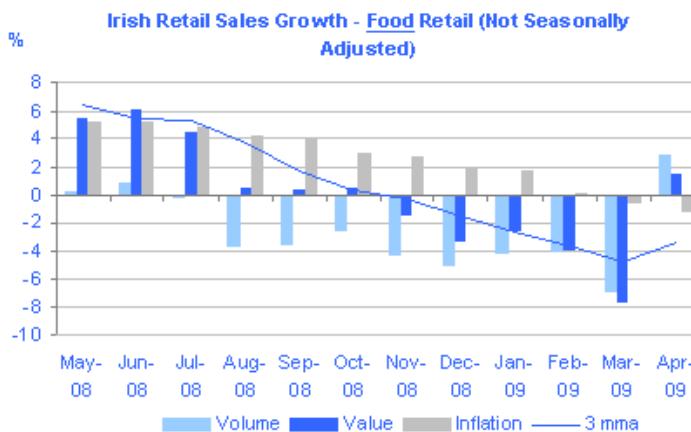
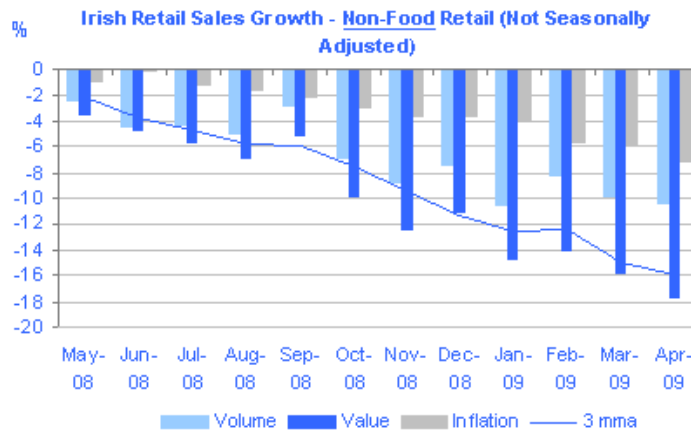
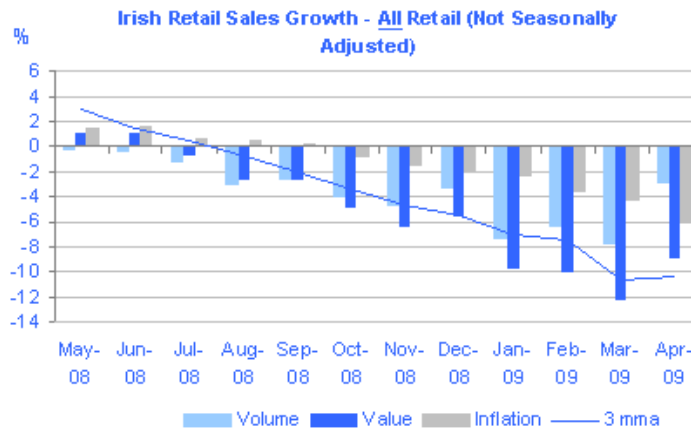
Ireland Overview

CSO Retail Sales

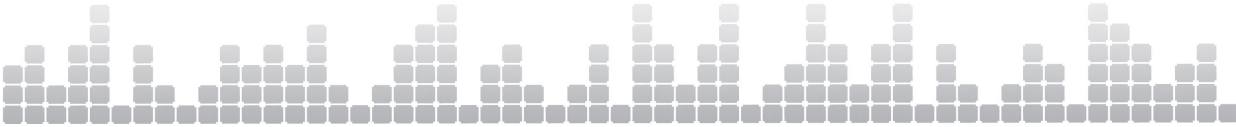
The CSO re-based Retail Sales figures to 2005 = 100 in February 2009.

At time of writing, the most recently published data were April, when the value of retail sales in current prices, not seasonally adjusted, was 9.0% lower YOY, reducing the moving YOY 3 month figure to -10.5%.

The value of food sales in April increased to 1.5% YOY, and the value of non-food sales decreased to -17.7%. All Irish figures but food sales remain in negative territory and non-food has been negative for a year now.

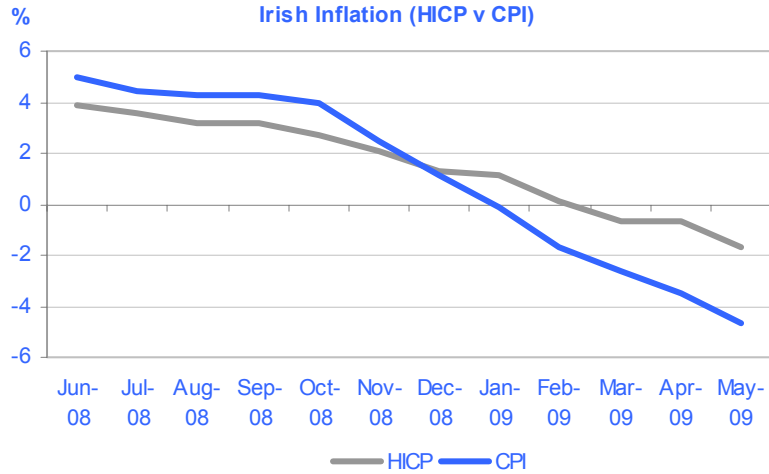


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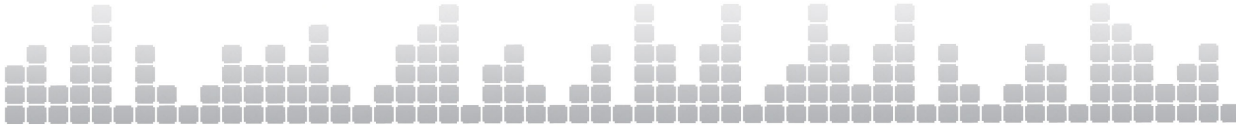


Inflation in Ireland

In Ireland, HICP decreased 1% in the month, maintaining the annual rate at -1.7% in May. CPI also decreased 1.2% in the month, taking the annual rate to -4.7% in May, compared with -3.5% in April.



Please see the Retail & Economic Statistics page on SnapShop for more historical detail.



And Finally...

Chicken Tikka Mouse-ala!

When Cate Barrett and husband Nigel decided on an 'Extra Special' night in with a jar of Asda curry sauce, the couple soon discovered they were not alone...

Noticing the sauce was 'more lumpy than usual', Mr and Mrs Never Eating Curry Again investigated their half cooked tikka masala only to discover a whole, dead mouse floating around in the reddish spiced sauce!

Mrs Barrett said of the case 'Asda have been good about it all...[but] It's going to be a while until I get another one of those tikka masala sauces.'

Sources say that they decided to go for a kebab instead...

Editors' note: Some aspects of Mrs Barrett's story appeared contradictory in the research for this And Finally..!

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FSP has gone to its best efforts to ensure this data is correct but the author reserves the right not to be responsible for the accuracy of information provided.

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