



Marks & Spencer, Oxford Street, London

Selfridges, Oxford Street, London

# UK 2016 EASTER RETAIL PREVIEW

- The retail sector gains twice from Easter: first, from special purchases of products such as Easter eggs; second, from the increased retail spend as a result of the four-day springtime holiday.
- Our analysis shows Easter is worth around half a billion pounds to the grocery sector alone, including the sale of nonfood products.
- Total spending on Easter-related products is estimated to be around £775 million this year.
- An early Easter and expected disappointing weather will likely hit nonfood retail this holiday. At the same time, grocery price competition means we expect no substantial growth in the food-retail sector.

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## UK 2016 EASTER RETAIL PREVIEW

### EASTER MEANS DOUBLE GAINS FOR RETAILERS

Easter is one of the biggest seasonal events for retailers. The gains are not simply from purchases of Easter-themed products, substantial though they are, but from the four-day springtime holiday prompting consumers to go out and shop.

So there are two measures of Easter's effect on retail:

- The sale of Easter-related products, such as chocolate eggs, cards, gifts and food for Easter meals.
- The total increase in retail sales from the four-day, springtime holiday; this can particularly benefit the DIY, garden and apparel sectors.



*Easter is worth around half a billion pounds to the grocery sector, including the sale of nonfood products.*

### HOW MUCH DO SHOPPERS SPEND ON EASTER PRODUCTS?

Spending on products directly related to Easter is worth hundreds of millions of pounds to British retail, according to several sources.

- This year, UK shoppers will spend £775 million on Easter-related products, according to estimates by Savvy, a marketing agency. It forecasts a 3.7% increase in spending on products such as Easter eggs, dinner ingredients and greetings cards for the occasion. In the context of grocery price wars, virtually no food-retail growth and low nonfood retail growth, we think that is a very optimistic forecast.
- Last year, market researchers Mintel came to a different figure: they said that British shoppers spent around £500 million on Easter products each year, with half of this total spent on confectionery, and the remainder on in-home food and drink, gifts and greetings cards.
- Our own analysis, discussed in more detail later, shows the Easter period is worth around half a billion pounds to the grocery sector, including the sale of nonfood products.

Shopper participation is high: according to a consumer survey undertaken by Savvy, fully 79% of UK shoppers will buy Easter eggs this year, some 28% will shop for food for a roast dinner, 18% will buy an Easter cake, 13% will purchase greeting cards and the same proportion will buy flowers.

*An early Easter can result in subdued retail spending across the holiday weekend.*

### BIGGER GAINS FROM THE HOLIDAY PERIOD

The bigger benefit from Easter to retailers comes from the four-day, springtime holiday period running from Good Friday to Easter Monday. The timing of the holiday is particularly important to stores selling gardening products, though DIY categories and apparel also gain as consumers spend time their extra leisure time shopping and improving their homes.

The timing of Easter is the most crucial element of its impact on retail. An early Easter can result in subdued retail spending across the holiday weekend, largely because demand for gardening and DIY products tend to be hit by an earlier timing bringing cooler or wetter weather.

This year, the holiday is unusually early, with Easter Sunday falling on March 27. At the time of writing, the forecast for the UK for Good Friday through Easter Sunday is for windy, somewhat overcast weather with significant



*We expect this to be a soft Easter for UK retail as a whole.*

pockets of rain. Saturday and Sunday will see wind and rain, according to the Met Office.

As a result, we expect this to be a soft Easter for UK retail as a whole.

Below are the timings from the most recent three Easters, and the year-over-year retail growth that accompanied them.

**Figure 1. Easter Timing and Year-over-Year Total UK Retail Sales Growth**

	2013	2014	2015
Easter Date	Mar-31	Apr-20	Apr-05
March Total Retail* YoY %	2.0	3.3	4.0
April Total Retail* YoY %	0.3	8.9	0.1

\*Ex. Fuel

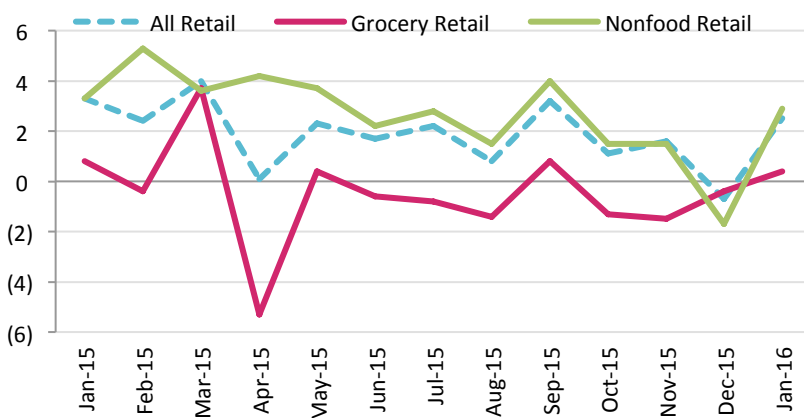
Source: Office for National Statistics (ONS)/Fung Global Retail & Technology

Adding to our modest expectations for Easter 2016 is the general weakness of retail growth across recent months. Although January 2016 saw a bounce following a poor December, the medium-term trend is generally one of weakening growth, notably in nonfood retail.

Grocery retail continues to see very minor positive growth at best, as price competition continues between discount and nondiscount supermarkets. We do not expect this trend to change ahead of Easter.

The significance of Easter to grocery retail is shown by the graph below: grocery sales fell sharply last April, when the bulk of Easter spend was brought forward into March due to the earlier timing of the holiday.

**Figure 2. Year-over-Year Growth in UK Retail Sales**



Source: ONS/Fung Global Retail & Technology



Our analysis of ONS data suggests that the Easter holiday is worth approximately half a billion pounds to the food retail sector. Year over year, total food retailers' sales fell by £622 million last April, with March gaining by £485 million (all figures include VAT). The remainder of the £622 million was apparently lost to the sector in a deflationary environment: food retail deflation was running at (2.2)% last April and May, according to the ONS.



## WHAT THE RETAILERS ARE OFFERING IN STORES



In recent weeks, our store tours have documented Easter retail, from the price-led to the spectacularly indulgent. You can find our store-tour gallery on our Facebook page at [www.bit.ly/EasterStoreTours](http://www.bit.ly/EasterStoreTours)

### Grocery Retailers

*We have seen more limited use of high/low pricing this year, as discounters Aldi and Lidl have pressured major chains into moving closer to everyday-low-price policies.*

Price and choice are the selling points of the big grocery stores retailing small-ticket Easter gifts. Easter eggs have long since epitomized the nondiscount grocers' high/low pricing strategies, with egg prices ramped up well in advance of Easter to enable "half-price" deals closer to the holiday.

We have seen more limited use of this high/low pricing this year, as discounters Aldi and Lidl have pressured major chains such as Tesco, Sainsbury's and Morrisons into moving closer to everyday-low-price policies.

At Morrisons' newly opened supermarket in Colindale, North London, we saw relatively modest promotional activity.

Tesco and Sainsbury's appear to have done likewise, with selected price cuts, some multibuy promotions and lower prices overall replacing the annual sea of "half-price" offers.

Discounters Aldi and Lidl typically feature seasonal products in their weekly nonfood special deals. As well as Easter decorations, Lidl has gone big on arts and crafts for the Easter break, with a range of products for kids as well as coloring books for adults. It is also offering Easter flower bouquets from 90 pence to £10, and chocolate gifts from 79 pence to £3.99.



Morrisons, Colindale, London





In the week running up to the holiday, Aldi was not running Easter deals in its nonfood Specialbuys range, but it was promoting treat food and drinks, ranging from wine to lamb.

#### Nonfood Retailers

Department store Debenhams is not a retailer to shy away from price promotions, and this year it picked up the high/low mantle on Easter eggs from the major grocers, with half-price offers across a range of branded eggs.

Marks & Spencer was much less focused on price and more focused on novelty and innovation in its chocolate gifts.

John Lewis department store typically offers strong seasonal gifting ranges and for Easter it pushed the boat out, with color-themed displays in the gift department of its Oxford Street store.

Selfridges was offering exclusive personalized Lindt Easter bunnies as well as typically luxurious gifts.

Finally, at the very top end of the market, Fortnum & Mason featured spectacular Easter displays.



Debenhams, Oxford Street, London



John Lewis, Oxford Street, London



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Selfridges, Oxford Street, London





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