

Date: 22 December 2017

Begbies Traynor

Christmas cheer in short supply across struggling Yorkshire retail sector



c. 3,000 UK retailers in 'Significant' distress in the region ahead of Christmas peak; up 20% year-on-year

In the final few trading days before Christmas, retailers are trying every trick in the book to attract last minute shoppers following a tough festive trading period.

However, according to new research from Begbies Traynor, the UK's leading independent insolvency firm, 3,011 UK retailers in Yorkshire were showing signs of 'Significant' financial distress as of 19 December 2017 – a 20% increase compared to last year (19 December 2016: 2,449) indicating the widespread challenges the sector is facing beyond the recent spate of high profile insolvencies.

The region's figures are in line with the national picture which saw nearly 45,000 (43,677) UK retailers showing signs of 'Significant' financial distress, an increase of 22% year on year.

Despite separate data from the British Retail Consortium showing that online sales rose 6.5% during November against a 3% decline in non-food sales in store over the same period, today's distress figures suggest that while certain multi-channel retailers will have been winners, the traditional Black Friday rush has not compensated for weak overall spending volumes for many retailers, as consumers find their spending power increasingly squeezed.

Julian Pitts, regional managing partner for Begbies Traynor in Yorkshire, says: "With Christmas Day just around the corner, retailers have all but run out of time to turn around their ailing fortunes after a



pr · digital · seo

particularly disappointing few weeks of trading following the apparent success of Black Friday at the end of November.

“The increasingly frantic promotional and discounting activity we are seeing this week across the high street is simply not having the same effect on consumers as it once did. UK shoppers are savvier than ever and prepared to search online for the best deals, having grown wise to the gimmicks and discounts on offer in store, which many now realise may not be as good as they first appear.

“I fear UK retailers are now in the midst of a perfect storm, with November’s interest rate decision, rising inflation, falling real wages, reduced credit availability and increasing Brexit uncertainty all combining to put unprecedented strain on household budgets this Christmas season, pushing consumer confidence to an all-time low.

“Any retailers hoping to enjoy one last heyday in the run up to Christmas are likely to be sorely disappointed. Although this week’s milder weather might very well encourage a few extra shoppers to leave the fireside for a day of last minute spending, I’m afraid it’s probably too little, too late.”