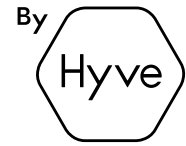


# THE 2024 UK RETAIL MARKET OPPORTUNITY:

YOUR INDEPENDENT  
AND AUTHORITATIVE GUIDE  
TO THE UK RETAIL MARKET



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# INTRODUCTION

UK Retail is facing a challenging time with an increased focus on the cost of living impacting both businesses and consumer buying behaviours. As the organisers of the UK's most important retail shows: Spring Fair and Autumn Fair, Pure London X JATC, Scoop, Source Fashion, Source Home & Gift and Glee, we have a front row seat to the trials facing retailers. However, brands can see this as an opportunity to adapt and evolve to meet the expectations of the modern shopper. We have collaborated with some of the leading voices across the UK Retail Sector to create this report, outlining the key opportunities that lie within the UK Retail Market.



**Nicola Meadows**  
Divisional  
Managing  
Director



The demand for low-cost products is not set to end but more financially aware and savvy consumers are looking for longer lasting and more durable products, which gives life to modern initiatives such as circular fashion lines and re-sale platforms. Emphasis on the value of products is essential for retailers looking to maximise sales.

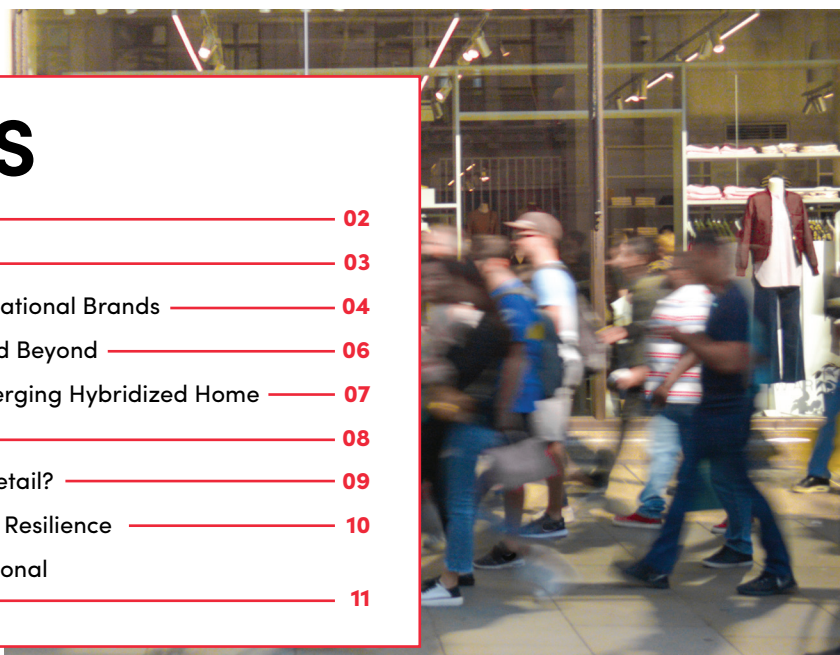
New technologies such as AI is evolving the way customers interact with physical stores, creating exciting opportunities for customers to touch and feel the product as well as offer a new interactive in-store experience.

Buying behaviour continues to be influenced by consumer awareness towards the climate crisis, leading to a rise in second-hand shopping and a desire for ethically sourced and recycled materials. Retailers will need to embrace sustainability whilst being transparent and authentic.

Today's retail winners are embracing value, experience, innovation, and authenticity to adapt to the current economic climate and appeal to the modern conscious consumer. Our UK Market Report for 2023 will demonstrate the strength of the UK's retail economy and signpost opportunities for brands to adapt and flourish.

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# UK MARKET OVERVIEW

The retail industry has faced extraordinary challenges over recent years - from Brexit, a pandemic and the cost of living crunch. These headings belie the scale of the disruption thrown in retailers' paths - from ensuring goods continue to flow between the EU and the UK, an alien trading environment during three pandemic lockdowns, the drive to net zero, and at the same time, the exponential scale-up of online.

Challenges from further afield took their toll as the UK emerged from the pandemic. Firstly, there were lockdowns in China, stopping production, and shortages of shipping containers threatened the supply of goods. At the same time, UK retailers experienced the 'new normal' of consumer behaviour, with working practices changing footfall patterns, a rapidly changing demand online, and difficulty recruiting as the labour pool shrank. A new war in Europe brought fear of a world war, spiking fuel and essential commodities prices caused by reduced supply due to the conflict and sanctions. Unsurprisingly, consumer confidence plummeted and remained depressed as the inflationary pressures began to bite.

All these issues created an unenviable challenge for retailers from all segments, who must navigate their businesses' operational realities. The most notable example of this operational challenge is the scaling up and reversal of e-commerce demand. During the height of the pandemic, online trade accounted for over two-thirds of UK retail sales. Retailers showed incredible agility to flex their operations, and these

skills are now required for the next phase of economic change.

We are now in a new phase of change. Consumers are facing the biggest squeeze in their disposable income for over 40 years, wages cannot keep up with inflation, and retailers cannot price their way out of the devaluation of money. The effect of inflation eats into the buying power of consumers and businesses alike. With the rapid rise of interest rates, indebted firms and consumers are feeling the squeeze on their cash flow more than ever. But seismic changes in the political and economic environment mean retailers must adapt to survive.

And with change comes opportunity. The adaptation process presents a chance for retailers to outcompete one another - to innovate - to reinvigorate their offer, make decisions about the products and markets they trade, and drive operational efficiency. The winners will be those who use their muscle memory of the pandemic - working nimbly and decisively. They achieve this through better insight into the new and evolving reality, effectively adapting and communicating their offer to consumers and taking first mover



**Dr Kris Hamer**  
Director of Insight



advantage wherever possible. Undoubtedly, it will be challenging, but retailers are fiercely competitive and have unparalleled leadership experience in a turbulent operating environment - from which there is no doubt that the industry will emerge, thriving into the country's economic recovery in the years ahead.



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# THE U.K: A STRATEGIC NEXUS FOR INTERNATIONAL BRANDS



**Richard Lim**  
CEO

**RetailEconomics**

The United Kingdom's retail industry is dynamic, fast-paced, and has evolved rapidly over the last decade to embrace digital technologies that have reformed the retail landscape. This transformation is not merely a shift in consumer behaviour; it's a revolution that has redefined how brands interact with their customers. In 2022, the value of retail sales in the UK reached £441 billion, reflecting robust industry performance against the backdrop of challenging economic headwinds. Furthermore, the sector employs over 3 million people, making it a vital part of the nation's economic contribution.

Following the impact of the pandemic, ecommerce has settled to account for 27% of all retail sales, underscoring the UK's position as a leader in digital commerce. For many retailers, this thriving digital ecosystem, characterised by innovation, adaptability and agility has enabled them to set their sights on embracing truly unified commerce solutions, setting the stage for international brands looking to enter a market that is both challenging and rewarding. For those with a discerning eye, the UK isn't merely an expansion opportunity; it's a strategic imperative. Here's a deeper dive into the economic intricacies that make the UK a compelling market:

## 1

### Multichannel Mastery and Unified Commerce:

The U.K consumer is not just multichannel; they are channel-agnostic. The intricate interplay between online and offline retail in the U.K is underpinned by a mature digital infrastructure and a high degree of consumer digital literacy.

While the majority of retail sales occur in-store (c.63%), digital plays a critical role in supporting the customer journey from the discovery of products on social media through organising returns on smartphones.

Indeed, our research shows that just a third of consumers shop almost entirely online, leaving the majority relying on both channels to support their shopping journeys. And this figure rises considerably for millennials and Gen Zs. There are also many sector nuances to consider too. For example, electricals, apparel and homewares are all categories that consumer lean towards online more heavily, compared with grocery and DIY.

Brands who can leverage data to harness sophisticated analytics, offering hyper-personalised experiences that bridge the online-offline divide are winning. This isn't just about sales; it's about crafting a continuous brand narrative that resonates at every touchpoint. To truly succeed, brands must invest in continuous digital transformation to ensure seamless integration across all channels.



## 2

## Competitive Landscape as an Innovation Catalyst:

The U.K.'s retail environment is a crucible for innovation. The intense competition, far from being a deterrent, should be viewed as an impetus for brands to innovate. The U.K market has a history of rewarding brands that disrupt the status quo. Take GymShark

for example. It's phenomenal success over the last five years was propelled by offering a compelling proposition, that leverage the value of social media and community, built around a niche brand that spotted a gap in the gym and athleisure market.

Whether it's leveraging cutting-edge AR technology for immersive shopping experiences or pioneering sustainable supply chain practices, the competitive landscape pushes brands to be not just better, but groundbreaking.

## 3

## Customer-Centricity and Data-Driven Decisions:

In the U.K, brands that focus intently on their customers, understanding their evolving needs and preferences, stand out. It's imperative for businesses to have a point of differentiation in the market. Standing for something,

whether it's sustainability, innovation, or heritage, resonates with the U.K consumer. Moreover, the use of data to drive decisions, from inventory management to marketing strategies, is not just

important; it's essential. This data-driven approach, combined with agility and nimbleness, allows brands to pivot in real-time, responding to market shifts and trends.

## 4

## Economic Resilience and Consumer Confidence:

The U.K's economy, despite global uncertainties, has demonstrated a resilience that bolsters consumer confidence. This economic stability,

combined with a robust regulatory framework, provides a safety net for international brands. Moreover, the U.K's proactive approach to

trade agreements post-Brexit signals a market that is not just inward-looking but is actively forging new global partnerships.

## 5

## Digital Investment and Cultural Capital:

The U.K's cultural capital, from fashion to music to literature, gives it an outsized influence on global consumer trends. Brands that succeed in the U.K don't just

gain access to a lucrative market; they tap into a cultural zeitgeist that can amplify their global brand narrative. However, to truly harness this potential, brands must invest

heavily in digital, ensuring they are at the forefront of the digital revolution, capturing the U.K's tech-savvy audience.

In essence, the U.K is more than a market; it's a microcosm of global retail's future. For brands with ambition and vision, the U.K offers a platform to not just grow, but to redefine their business paradigms.



# INDEPENDENT RETAIL SECTOR – 2024 AND BEYOND

Given the past three years, it's hard to predict what we might expect in 2024. None of us knew about Covid19 and lockdowns prior to March 2020. Not many of us would have expected the current cost of living crisis that we have had to deal with since the end of Covid, with inflation at levels we have not seen since the 1970s. For many of today's independent retailers, running a business with high inflation has been a new experience.



**Andrew Goodacre**  
Chief Executive Officer  
**bira**

Yet, despite these challenges, the small indie retailers continue to show creativity, resilience and a determination to succeed. Whilst some of the large retail chains have disappeared, the latest one being Wilko, independents continue to

support their high street and their local community.

It is easy to identify some of the ongoing challenges that all retailers on the high street will face over the next couple of years. Despite inflation falling, it is likely to still be an issue next year and will keep interest rates high. The consequence of this is low consumer confidence and low levels of spending.

However, I believe there are also signs of hope for the smaller retailers. Firstly hybrid working is established and will continue to support a growth in local shopping. People working from home and spending more time where they live is generally good for the local economy and therefore the local businesses.

Secondly, despite footfall still being suppressed (a poor summer has not helped), when we look at the details closer we see that high streets have recently done better than shopping centres and retail parks. We would still like to see more people out and about, but this is a positive indicator that

people do want to visit high streets throughout the UK.

Thirdly, despite people predicting that the internet will replace all shops, the penetration of internet as a percentage of total retail sales has steadily fallen since the end of the pandemic. Yes it is higher than pre Covid, but it has not become the dominant factor many predicted and more than 70% of shopping is done in physical stores.

As always there are opportunities and the successful independent retailers will be the ones that adapt and adjust their business model. They absolutely have to 'engage' and communicate with their customers by using data in a more productive way. Probably the biggest opportunity comes from promoting the benefits of a healthy high street – good for the economy, good for the social fabric of the community. High streets are a place to meet, to socialize. If we have learned one thing from Covid, it is that isolation is bad for people. The high street brings people together and that is why it must be supported and retained.

# 2024 HOUSEHOLDER TRENDS – THE EMERGING HYBRIDIZED HOME

2024 will see consumers continue to navigate an uncertain path, although better equipped with the knowledge, tools and experience to define how they want to live, beyond merely existing in survival mode. As climate change, global inflation and mass disruption to supply chains will have a direct impact on everyday lives and bank balances, there will be a redefinition of home from 'nest' or 'family hub'. Instead, the home will be a space both on and offline that provides shelter, a place to seek solace, experience curated convenience and safety away from an uncertain world.

Both long and shorter term home rentals will grow in importance, this is linked to the rise of wayfaring workers and those choosing to work, rest and play outside of the traditional 9-5. This is a direct result of set working hours, days and geographies shifting as well as new digital spaces emerging and the metaverse's development. Families and individuals will be seeking new approaches and locations for living and weighing up the true 'cost' related to this.

As always, the case, our homes will continue to mirror our personal lives. New technologies are offering world-first opportunities for dispersed families to still function, undertaking care duties from a distance, and keep the heart of the home working whilst not physically needing to be there at all. On-demand access, serious safety, ultra-convenience, and biomaterials will deliver a new, seamless harmony between functionality.

As technology advances; lifestyles and changing climates will also continue to evolve, therefore,

homes will need to keep up to allow consumers to feel empowered as they purchase their goods and services.

The threats posed by climate change and an unstable society that consumers are absorbing will redefine our notions of home as a 'nest', 'family hub', and a place to welcome. Instead, the home is a shelter in which to hide away from an uncertain world.

This trend sees a focus on materials, how they are able to provide safety, and change the way in which householders can alter their entire approach to home improvement, decor and maintenance. Consumers will demand innovation and information. Educating them through these transitions will be a key way of maintaining brand relevance, equity and loyalty as new players emerge with new ways of making, design hacks, and regenerative alternatives.

Truly future-proofing interiors via decor and design will be a key consumer consideration for



**Hannah Craggs**  
Head of Subscription  
**TrendBible**

2024, as individuals deeply reflect on and recognise the legacy their purchases make on both planet and people. Biomaterials, beautifully repurposed waste and celebration of, and appreciation for materiality, will see previously niche products move to mass market.

## About TrendBible

TrendBible are a global futures agency and the authority in predicting the future of life at home. We work collaboratively with the world's best brands helping them seize tomorrow's opportunities. If it can be done in, or to, the home – we're already tracking weak signs of upcoming shifts in taste and habit around the world. Whether it's the future of eating, decorating, playing, celebrating or bringing up children, we apply our expertise to develop those signals into strong and simple trend forecasts that create commercially successful products which connect with future audiences and stay true to brand. [www.trendbible.com](http://www.trendbible.com)



# THE SUSTAINABLE FUTURE OF FASHION

Sustainability continues to be high on the fashion agenda, proving it's more than a passing trend. The urgency and severity of the climate crisis is becoming more apparent as adverse weather events hit the headlines and the risks associated with not tackling sustainability are getting higher. This is going to impact on decision making for both businesses and consumers going into 2024 and beyond with those already doing significant work in this space set to benefit.



**Olivia Pinnock**  
Freelance Fashion  
Journalist & Lecturer

Consumer interest in sustainability has been steadily in the UK. A 2022 survey by Drapers of 2,000 consumers across a mix of genders and ages found that 77% of British shoppers say they now consider sustainability when buying fashion, either all the time or sometimes. Over 60% said they were more likely to buy something if it has a certification or stamp of approval from a recognised sustainability authority.

A number of British retailers are responding to this by setting targets for their brand and product assortment. Selfridges has committed to a target of 45% of transactions to come through circular products and services by 2030. Asos has said it will require all third-party brands to be part of the Transparency Pledge and its Ethical Trade Policy by 2025 and Farfetch is aiming for 100% of revenues to come from 'Conscious' products by 2030.

British consumers are also becoming more discerning and investing in quality products. Mintel's UK Fashion Sustainability

Market Report 2023 found that 52% of consumers claim that rising cost-of-living prices have made them aware of the importance of sustainable fashion. Fewer impulse purchases are making room for spending on pieces with a higher price tag that are designed to last.

The rise of rental and resale is also an incentive for consumers to buy higher quality pieces that they will be able to recoup some of the costs on, with 35% of 35 to 44-year-olds surveyed by Drapers saying this was a consideration when purchasing.

One of the biggest challenges for sustainable fashion in recent years has been greenwashing but a crackdown from the Competition and Markets Authority (CMA) is underway. A new bill put forward this year could mean the CMA gains powers to issue fines for breaching its green claims code. This is good news for brands who have credible claims as it will put the spotlight back on them and rebuild consumer confidence in the sustainable fashion sector.



# IS THE FUTURE BRIGHT FOR UK GARDEN RETAIL?

We cannot deny that the last few years have not been without their challenges, but as an industry that is a slave to the weather every year, we've successfully ridden the storm.

One of the greatest strengths of gardening in the UK is the fact that it continually withstands retail pressures. Whilst high street popularity wanes, garden centres remain more popular than ever, with destination centres making shopping easier for all. Garden centres are also not one-size-fits-all, with multiple, mid-sized chains plus independent stores, often family-run, creating a diverse garden retail landscape in the UK.

But beyond this, gardening is supported by multi-channel retail, with online retailers, grocery, discounters and DIY all enabling garden lovers to access products with ease. This accessibility is one of the main reasons gardening's star has risen so considerably in recent years and sets our industry apart from others. This multi-channel success is not exclusive to garden retail but is undoubtedly a unique element of our ongoing growth potential and why we remain such a profitable sector.

Supply into garden retail is also one of our greatest strengths. We have big international brands that set the benchmark, we have entrepreneurs and SMEs that passionately identify gaps in the market and fill them with passion and new innovation, and we have the brands that have grown over time to become established and core suppliers into the garden retail supply chain. Adding additional value is sustainability and 'green practices', both of which remain at

the heart of what we do, with new ideas and natural solutions placing this front and centre for the future of gardening. For eco-conscious shoppers, garden retail ticks the boxes.

We also enjoy a consumer demographic that values gardening and maintains spending power, and the recent triple-lock pension has strengthened this further. Home ownership continues to dominate the UK housing market, with the percentage of those who are mortgage free also on the rise. Over on social media, gardening has boomed, and a new generation of gardeners have fallen in love with the hobby and created online communities dedicated to their craft.

Of course, we face challenges as an industry. For example, whilst an environmental imperative, peat-free poses questions regarding the long-term consequences of consumer acceptance. Plant availability in an environmentally and post-Brexit world could cause supply chain issues, whilst an ageing consumer demographic could, in the long-term, create a trough in engagement.

The cost-of-living crisis is, unsurprisingly, seeing expenditure reduced with gardening one area that could be deemed non-essential, whilst we may have to compete with other activities to secure consumers' spare time.

Finally, the need to ensure a succession plan for garden retail



**Vicky Nuttall**  
Director



as new generations of store owners and shoppers come to the fore will be a crucial part of our development over the next five to ten years.

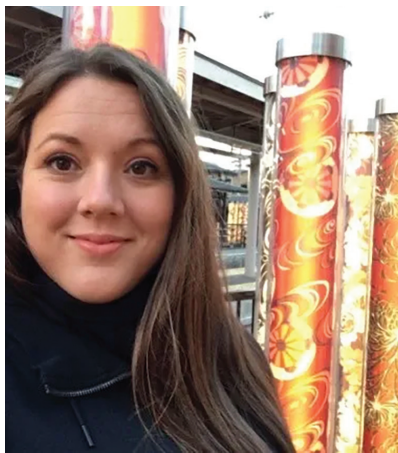
All of this said, I genuinely believe that UK garden retailing has a bright future. As a market, we have proven our ability to adapt, modify and respond to changing trends, needs and consumer habits many times previously. Though throughout all of this, what remains consistent is the nation's love for gardening. Britain is the home of gardening, and I firmly believe we will continue to lead the way.

## About GIMA

The Garden Industry Manufacturer's Association (GIMA) is a membership organisation of around 200 members representing the majority share of suppliers and manufacturers operating within the UK gardening industry. Formed in 1999, its goal is to promote the commercial, trading and industrial interests of UK and EU based companies supplying the UK garden industry. Run by a small team of dedicated professionals, and governed by a council of members, GIMA is funded by membership subscriptions and services. The range of services and support provided for members is extensive, offering something for all members, regardless of their size or heritage.

# WHY UK RETAIL CONTINUES TO PROVE ITS RESILIENCE

Volatile is a word we often hear describe the UK retail environment, and without doubt it has been a year of significant market forces impacting retailers. However, despite significant market conditions, and what some retailers would consider a perfect storm, when I think of the UK retail landscape, another work springs to mind – resilience.



**Suze Ellingham**  
Sourcing Director  
**Source**

In the face increased inflation, rising interest rates, high energy costs, lower mortgage approvals, and general cost of living pressures, retail revenues, according to the British Retail Consortium, are still forecasted to grow by 3.5% in 2023. Perhaps the only thing that explains this was summed up by a sentiment shared by a retail leader “for the UK consumer, shopping is a national sport”.

As people become more cautious over where they spend, they still spend, just in different places, and that offers opportunity for different categories. I am often asked if I had a crystal ball where do I see opportunity, here is where I would look in 2024.

## Cook & Dine:

Across the board there has been a general decrease in spending hospitality and entertainment. Research from Grant Thornton and Retail Economics identifies that 64% of people are going out less, and that 50% are ordering less takeaways. It is sensible to expect a move people choosing to entertain at home, and gatherings in informal settings as those family events and social activities are still important. This creates an opportunity for tableware and cook and dine products, as people look to refresh their home and create new traditions.

## Pet Gifting:

People in the UK \*love\* their pets. They are part of the family and the spending in this category is one of those areas that seems to be non-negotiable. To UK consumers who spoil their pets in the same way they would their children, it is not surprising that this is a growing gifting category.

## DIY:

The impact of increased interest rates has led to a slowdown in the housing market as people choose to ‘improve not move’. I wouldn’t be surprised if over the next year we see a bounce back in home improvement as people strive to make their homes work for them now, in the same way they did during the pandemic.

## Fashion:

Fashion is one of those categories that outperformed market expectations in 2022, and in 2023 is expected to hit £60bn. UK fashion has proven to be remarkably resilient, and if we look at recessionary behaviours over the last 20 years, there is a trend towards people buying practical gifts, this generally means clothes and homewares.

## Private label:

One of the big shifts is the downtrading of branded products for private/white label products. Research from The Grocer indicates that 60% of shoppers now believe there is little difference in the quality of brands and own label products. When there is a significant squeeze on disposable income it’s not surprising that consumers are making this trade off. Add into this the opportunity for margin protection, and there is significant opportunity for extensions of private label ranges across the board.

So, whilst UK retail is undoubtedly in for a very rocky period, I would argue that retail has been undergoing significant structural changes for the last 10 years. The truth is that consumers continue to spend, in store and online, and whilst there will be a shift in category spending, the UK will remain an incredibly resilient retail market.



# A LUCRATIVE OPPORTUNITY FOR INTERNATIONAL BRANDS AND DESIGNERS

The United Kingdom has long been recognised as a vibrant and dynamic hub for the retail industry, offering a promising landscape for international brands and designers seeking expansion opportunities. With its rich history, diverse consumer base, and a resilient economy, the UK remains a prime destination for those looking to establish a formidable presence in the global retail market.

In recent years, the UK's retail sector has showcased remarkable adaptability and resilience. Despite the challenges posed by economic uncertainties and the evolving digital landscape, the sector has consistently demonstrated its capacity to evolve and innovate. This adaptability is underscored by the UK's willingness to embrace international brands and designers, creating an ideal environment for cross-border collaborations and investments.

One of the key factors that make the UK retail market attractive is its cultural diversity. As a nation renowned for its multiculturalism, the UK hosts a wide array of tastes and preferences, providing an unparalleled opportunity for international brands and designers to cater to a broad spectrum of consumers. From high-end fashion boutiques to artisanal craft stores, there is a place for every unique offering in this market.

Furthermore, the UK boasts a robust infrastructure for retail operations. The presence of world-class shopping districts, such as London's Oxford Street and Manchester's Trafford Centre,

provides an established platform for brands and designers to showcase their products. Access to efficient logistics, well-connected transport networks, and a tech-savvy consumer base further contribute to the ease of doing business in the UK.

This report has delved into the UK retail market, exploring its current landscape, consumer behavior trends, economic environment, and the competitive scenario. Through comprehensive analysis and insightful data, we always aim to equip international brands and designers with the knowledge needed to make informed decisions about entering or expanding within this market and can support at each step of their journey.

As we navigate the complexities and opportunities of the UK retail landscape, it is evident that the nation continues to shine as a beacon of hope for global retail aspirations. Our expert contributing editors have unveiled the many facets of this exciting market and serve as a valuable resource for those seeking to embark on a transformative retail journey in the United Kingdom.



**Joanne Spence**  
Head of Content



For more information on Hyve Group and our events, please contact [Joanne.Spence@hyve.group](mailto:Joanne.Spence@hyve.group)

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