

Rail strikes add to a plethora of challenges facing UK retailers

Article



The situation: Although easing inflation suggests the worst of the UK's cost-of-living crisis may be over, the economic outlook remains challenging for businesses and consumers.

The data: A number of factors suggest a difficult road ahead for UK retailers.

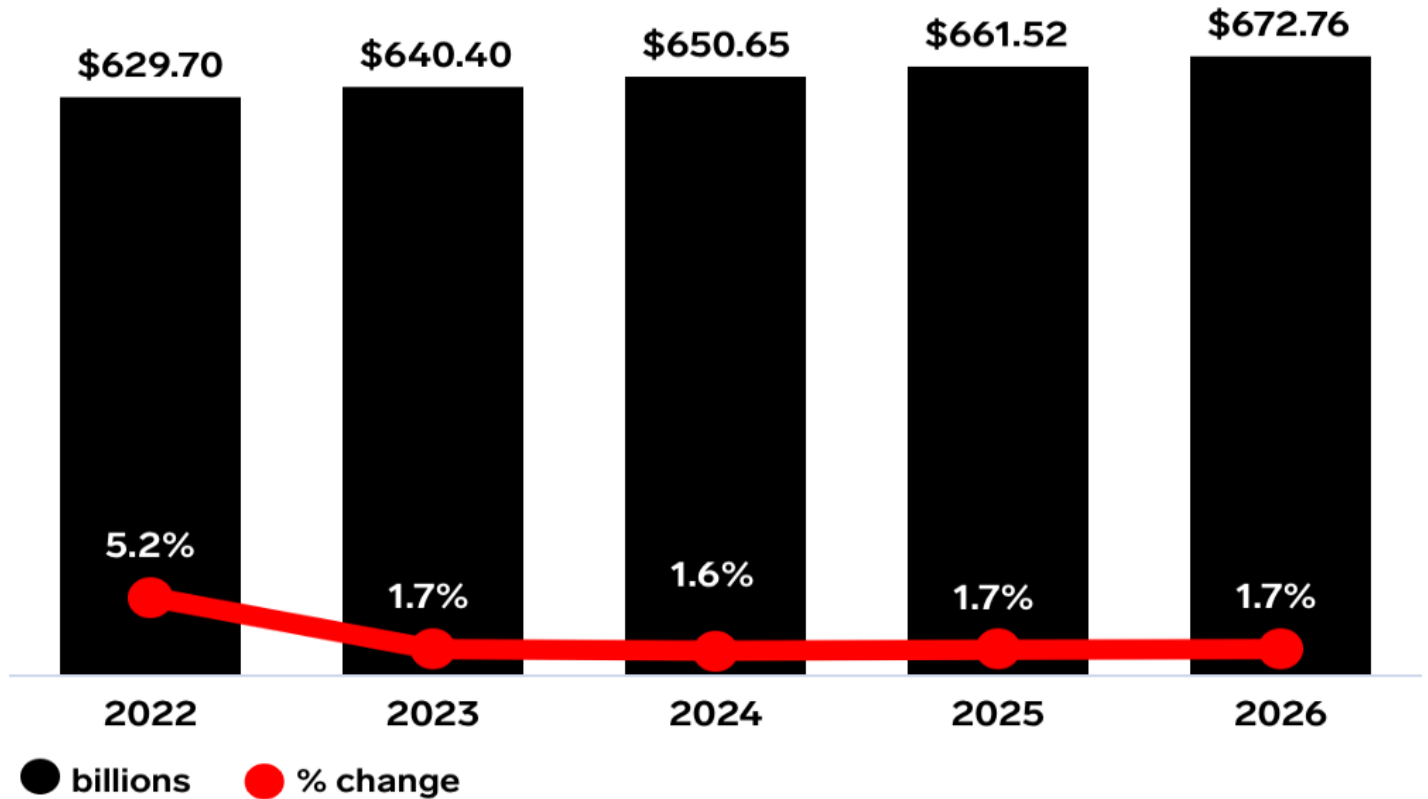
- **Inflation remains high.** UK inflation fell from a 41-year high of 11.1% year-over-year (YoY) in October to 10.7% YoY in November, per the Office of National Statistics. Keeping up with those high prices is a challenge for many UK consumers.
- **Train strikes across Britain are hindering in-store shopping.** A two-day rail strike on Tuesday and Wednesday—the first in a wave of actions that will affect train travel for four weeks around Christmas—along with inclement weather has kept shoppers from stores. Footfall at shops close to offices in central London was nearly 37% lower on Tuesday than the same day in 2019, per Springboard data [reported](#) in The Guardian, and it was down 26% across all of the UK.
- **The combination of spiking interest rates and dampening demand is driving companies to insolvency.** Online furniture retailer **Made.com** and fashion brands **Joules** and **M&Co** are among the 2,029 companies that registered insolvencies in November. That's a 21% increase YoY, and more than a third higher than before the pandemic, per the UK's Insolvency Service.

Consumers are pulling back: UK consumers' shopping behaviors have changed.

- Eighty-four percent of UK shoppers planned to buy fewer holiday gifts this year, [per](#) a September 2022 YouGov study. A separate [survey](#) by Barclaycard found 59% planned to spend less on gifts for family and friends.
- That pullback is reflected in our holiday season forecast; we [expect](#) rising prices to drive a 3% YoY increase in total retail holiday sales this year.
- We [expect](#) total retail sales will grow 5.2% this year due to inflation.

Total Retail Sales

UK, 2022-2026



Note: all years converted to USD using 2021 exchange rates; Exchange Rate; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, November 2022

eMarketer | InsiderIntelligence.com

Looking ahead: The economic outlook is unlikely to improve much next year. As a result, retailers may want to launch resale programs and other initiatives to appeal to price-sensitive shoppers.

- Some may also look for other revenue streams, such as [retail media networks](#), while others look abroad for growth. For example, clothing brand **River Island** plans to open its first US store and Irish fashion retailer **Primark** aims to double its US presence.

Go further: Read our [UK Trends to Watch for 2023](#) report.