

EMBARGOED UNTIL 00:01 31 OCTOBER 2013 John Lewis

**HOWWE
SHOP,
LIVE
& LOOK**

The John Lewis Retail Report 2013

HOW WE SHOP, LIVE & LOOK

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Foreword from Andy Street

Managing Director, John Lewis

Next year marks the 150th anniversary of John Lewis opening a draper's shop on Oxford Street, and 150 years of building a business with a unique place in the hearts of the UK's shoppers. In fact, two per cent of the UK public refer to the brand every day in conversation – that's 900,000 people a day talking about John Lewis*. This goes to show just how embedded the brand has become in the nation's daily life.

We've fought hard to win the trust of our customers, something we never take for granted, through our Never Knowingly Undersold commitment, through advertising which has captured people's hearts, and through the dedication of our Partners to offer the best service on the high street. Whether it's tights or lights, prams or pans, TVs or Furbies, we are there for the big and the small purchases in life.

Having broadened our appeal beyond our reputation as Middle England's stalwart of retail, we're breaking into new markets

and over the past year have welcomed nearly a million new customers through our doors. Our audience is now younger, more urban, more male and less affluent than you might think – 39 per cent of our customers are under 34 years old and 44 per cent are men – showing that we cater for the needs of an increasingly broad base of UK shoppers.

With the retail environment remaining ferociously competitive, this more connected audience, has both the pick of the high street and online. They're a savvy bunch who demand and expect the breadth and depth of products to suit their needs at a price they can afford. That we have continued to grow our business through a tough climate for retail is, we believe, testament to our ability to evolve and remain in touch with the changing tastes of the nation.

Through this rich relationship with the nation, we've developed an insight into the products and channels favoured by our customers. We've learnt to

understand how the nation shops, looks and lives: our peculiarities and preferences.

Since 1919, we have released our weekly trading updates to the general public, and now we have pulled information together to give a rich account of trends and patterns from across the year, which we hope will give some sociological insight. *How We Shop, Live and Look* holds up a mirror to the nation's habits. We hope you enjoy it.

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The majority of statistics within this report are from John Lewis's own database between the time period August 2012 to July 2013. However, there are some exceptions to this and any further information can be provided by John Lewis on request. Contact details can be found on the back cover of this report.

* Source: Keller Fay Group's TalkTrack® Britain, May 2012 – April 2013

CHAPTER ONE

WHAT SHAPED THE WAY WE SHOPPED?

Whether we realised it or not, the news agenda, the Royal Family, celebrities, TV shows and major film premieres all had a big impact on the purchases we made over the past year. In a few short months, trends fired up then fizzled and innovations upgraded and streamlined. A host of new product launches blazed onto Britain's high streets and some classic items enjoyed a renaissance.

A bigger, harder to predict influence on shopping trends is Britain's weather. The last twelve months saw some extreme weather - a wet autumn, a long, cold winter and a blisteringly hot summer. At times this took its toll on John Lewis sales, as it did for other retailers. In the

spring, bikinis and flip flops were left on the shelf, with customers still looking for woollies and waterproofs long after we'd anticipated. Hot summer days also led to a lull in sales, as we spent the time soaking up the sun in our gardens, rather than perusing the shops. Supply and demand is always a delicate balance and sales of summer staples such as fans, juicers, sunscreen and picnicware gave us a boost in a quiet period for retail.

But it wasn't just the mercury going up and down that influenced us. The glum reality of a listless world economy focused the minds of many consumers in 2013. The impact of five years in the doldrums has not always seen a reversion

to cheaper brands or a lower spend, though; rather an emphasis on quality and value and the growing view of purchases as long-term investments.

All this has added up to a rich tapestry of influences that has helped to evolve the tastes of a nation.



The events that influenced us in 2012/13

The Olympics effect

During the week beginning 10th August 2012, sales of Beats headphones – as seen on the likes of Team GB diver, Tom Daley and tennis silver medallist, Laura Robson – increased by 116%.

The Olympics effect also convinced people to work from home: sales of office chairs increased by 14%, desks by 20% and filing cabinets jumped by 66%.



Christmas 2012 sees a rush for trees and jumpers

Outdoor fashion tree sales saw a 70% rise, which increased by 20% every week up to Christmas.

Searches online for 'Christmas jumper' saw a 1,412% increase on 14th December.



The Great British Bake Off gets us in the mood for cake

Food mixers leapt 62%, demand for bread-makers went up 29% and cake cooling racks flew up 70%.



Victoria Wood's Nice Cup of Tea brews up a storm

Infusers and kettles shot up by 69% following this BBC One show.



Johnny Harrington

Bearded, flame-haired model, Johnny Harrington, the face of John Lewis & Co for spring/summer 2013 boosted sales of the range by 58%.



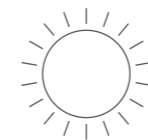
Horse meat scandal sends mincer sales soaring

Sales of a £35 plastic mincer increased by 48% year on year.



Cold weather endures

The UK's daffodils failed to bloom and artificial flowers made a come-back with sales running at 18% higher in spring/summer 2013 than the same time in 2012. Bed socks increased by 101% compared with last year.



Murray mania

Murray mania ran high, as searches for trainers on johnlewis.com spiked during Wimbledon.

BBC 2 Series The Great British Sewing Bee has us in stitches

Searches for sewing machines almost tripled between February and April, coinciding with BBC 2's Great British Sewing Bee series.

Roaring twenties back in style as The Great Gatsby premieres

Dapper styles for gents and flapper looks for ladies took off - sales of satin gloves rose by 109.3% across the year. This year, pearls are up 10%, handkerchiefs are up 27%, bow ties have seen an increase of 15% and waistcoat sales doubled in the first half of 2013.

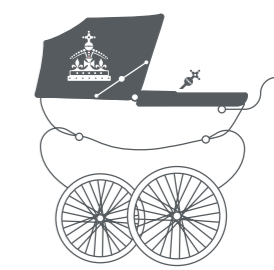
Sales soar with the mercury in the heat wave

Picnicware collections increased by 168%, with picnic rugs rising 23%.

Sunscreen and fake tan sales were both sent soaring in the heat by more than 60%, while sunglasses (48%) and sandals (61%) also enjoyed major growth.

Prince George makes his debut to an expectant nation

The swaddle Prince George appeared in promptly sold out, with sales increasing by 600%.



Vintage returns with new series of Downton Abbey

New series of Downton Abbey began in late September. John Lewis expects to double sales of vintage-style cocktail glasses.



Housing market pick-up?

Orders for carpets and hard flooring are up 3.8% and hard flooring increased by 6.25% compared with last year.

CHAPTER TWO

HOW
WE
SHOP

Consumer expectation is changing at pace. Shoppers are demanding – and being given – a growing pool of channels through which they can buy the brands they love.

Retailers need to establish what makes them different; for John Lewis this is about trust. The most generous returns policy on the high-street, a minimum two-year guarantee on electrical goods, and our famous Never Knowingly Undersold commitment, means that customers trust John Lewis.

Omni-channel

Whatever the customer's preference; browsing in a shop, price checking on a desktop PC or buying on a tablet, in-store collection or home delivery, there's no set path to purchase from John Lewis. The omni-channel approach we've developed and refined allows the purchasing route for any item to flow seamlessly across online, mobile and shops.

For instance, furniture has the longest buying journey of any product, taking up to nineteen days. Getting inspiration from our catalogues may be a starting point when buying a sofa, followed by comparing prices on a tablet at home, then visiting a shop to check the fabric texture and feel and to ask for advice from a John Lewis Partner. Equipped with the information they need, customers may decide to go home, mull over the



decision, make the purchase and arrange delivery on johnlewis.com with our green van fleet or to go back to order in-store.

The flexibility of Click & Collect, where an item is ordered online and collected from a shop of a customer's choice at a time that works for them, has proved a revelation. Online shopping via this method now accounts for 40 per cent of purchases made on johnlewis.com, an increase on last year when that figure was 27 per cent. We've pioneered this approach and customers have responded, showing that the combination of 'bricks & clicks' is where the future of retail lies. With the addition of Waitrose Click & Collect +, our proposition continues to grow.

Shops

Contrary to some headlines, we don't think that online shopping is replacing the high street. In fact, our shoppers tell us that they still enjoy shopping as a leisure activity. John Lewis continues to draw customers into its high street shops with shop sales up three per cent for the first half of 2013.

This year we invested £57 million in our existing shop estate and we are redefining the department store for the 21st century. Promotions, inspiring shop displays, increasingly experiential in-store activity such as Beauty Retreats, Little Waitrose

and Kuoni travel concessions all helped us to stand out in a competitive market. A nice cuppa is still a vital part of people's shopping trips, and we sell three million pots of tea and two million scones per year.

Our busiest shopping day of the week is, unsurprisingly, Saturday, with a peak from 11am-3pm, although transactions per hour are higher on Sunday. Our Partners' expert knowledge and commitment to service give us a competitive edge we think is unmatched on the high street.

Online and mobile

johnlewis.com now stocks a quarter of a million products, from which customers can buy anything from lawnmowers to designer handbags. The busiest day in the run-up to Christmas will be 'Cyber Sunday', 1st December 2013, when shoppers, armed with one of the final pay packets of the year, will buy most of their presents.

Within the John Lewis customer base, 42 per cent of online traffic now comes from smartphones and tablet computers. Fashion is a key driver of sales for mobile as people love to browse on their tablets, at their leisure.

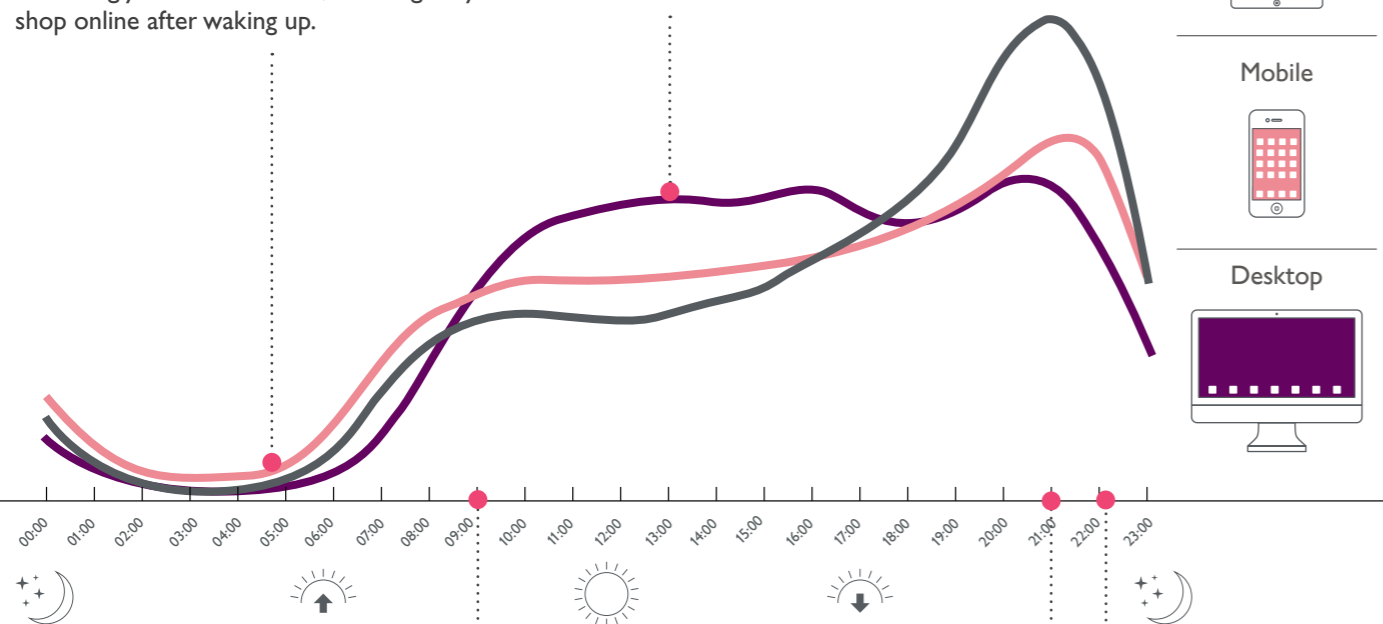
Britain's shopping habits uncovered

Midnight - 6am Shop don't sleep

Customers are more likely to browse on mobile in the morning as phones are increasingly used as an alarm, meaning they shop online after waking up.

12pm - 2pm: Lunchtime browsing

At lunchtime, shoppers are more likely to browse from a desktop than a mobile or tablet.



9am:
Clocking on and logging in
Use of desktops and laptops overtakes mobile at 9am, just as people arrive at work and log on to their PC.

9pm:
Winding down after work
Browsing on tablets overtakes mobile and peaks steeply during ad breaks when people use tablets while watching TV - the rise of dual screening.

Most expensive on mobile
The most expensive item bought on the mobile site was a £7,000 television, which was purchased at 10:05pm.

Most popular on mobile
The most popular item bought on mobile devices is a white Egyptian cotton towel.

Most viewed before purchase
People really take their time to find and design their perfect soft furnishing look, with upholstery having the highest number of views per order.

Biggest online seller
Washing machines are the biggest online sellers by revenue.

Least viewed before purchase
When it comes to buying children's items, we're quick and decisive: purchases for children and babies tend to have the fewest views before an order is made. One in three customers who view school shirts will purchase them.

Fashion on the go
Fashion products make up a greater proportion of sales on mobile devices than they do for johnlewis.com as a whole, showing that people are after instant fashion fixes, buying on the go.

Mobile mums
Nursery items and baby essentials both have a higher proportion of traffic share on mobile devices than on desktop, suggesting parents shop for their little ones' needs on the go.

Our typical customer

John Lewis's customer base is growing and diversifying every year. They are an eclectic bunch far removed from the middle-aged and middle class stereotype.

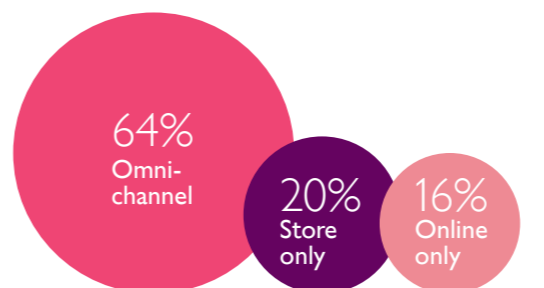
1 million new customers

In 2012 and 2013, new marketing and product launches - such as our Somerset by Alice Temperley range and now iconic Christmas advert - helped draw in nearly one million new customers.

Go-to shop for men -44%

Driven in part by an expanding range of electricals and home technology, and the success of a menswear marketing campaign fronted by model Johnny Harrington, 44% of John Lewis's customers are male. Further impetus for men to shop with John Lewis in 2013 was John Lewis's debut at the fashion showcase London Collections: Men.

John Lewis's customers use all channels



Nearly two thirds (64%) use both in-store and online channels when they shop with John Lewis.

28% over 55

Younger shoppers 39%

John Lewis's customers are younger than you might think; in fact, 39% are under 34 years old. Only 28% are over 55.

Their tastes are getting younger

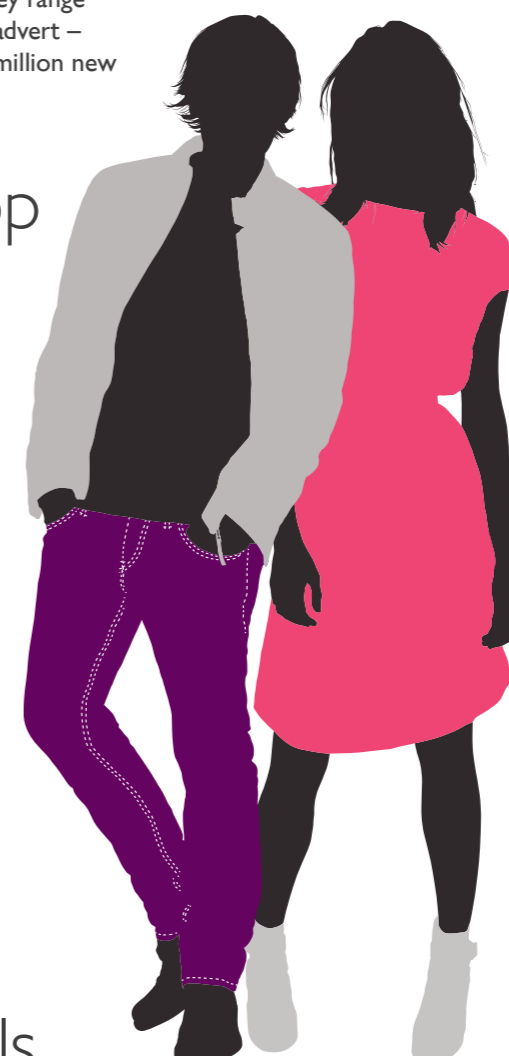
In fashion, customers have dispensed with hackneyed and outdated ideas of what people at certain ages should look like. People from 20 to 90 are increasingly looking for brands which might be thought of as targeting younger customers. The success of on-trend brands including Whistles, Ray-Ban and Barbour show customers want to feel stylish and modern regardless of their age.

Less affluent than you'd imagine 42%

Nearly half of John Lewis customers have a household income of under £30,000.

Savvy shoppers

The typical John Lewis customer is price-savvy, and invests in quality pieces that will stand the test of time for their homes and wardrobes.



Believe it or not, the top selling items at John Lewis included:

Liz Earle Cleanse and Polish Hot Cloth Cleanser
John Lewis sold enough to fill

125

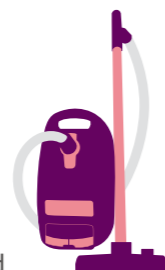
bath tubs.



Miele Hoover bags
Enough Hoover bags to suck up

2 million

litres of dust - which would fill five swimming pools.



Chocolate coins
Almost 5.6 tonnes of chocolate coins - equivalent in weight to one African elephant.



John Lewis white value mug
Enough mugs to serve about

600

gallons of tea.



Halogen golf ball light bulbs
Enough to power

1.2

Eiffel Towers.



Large gingerbread men
Almost enough to populate the Isles of Scilly.



The British brands we searched for online

Since February 2013, there have been:



37,454

searches for Barbour on the John Lewis site



42,038

searches for Liz Earle on the John Lewis site



49,433

searches for Mulberry on the John Lewis site



18,218

searches for Somerset by Alice Temperley on the John Lewis site

Top three most popular searches online

1 Ted Baker

2 iPad

3 Cath Kidston

Mapping Britain's buys



CHAPTER THREE

HOW WE LIVE: HOME



How we lived in the home

John Lewis is now the second-largest retailer in the £22 billion UK home market, with five per cent market share, and 6.8 per cent share in the smaller £10.8 billion homewares market*. We are meeting changing customer expectations with the launch of new ranges and activities such as Open HOUSE, a pop-up shop with a difference, which used cultural and culinary events to give customers an immersive John Lewis experience.

With recessionary times still fresh in the memory, our customers are looking for high-quality pieces that are built to last. This is expressed through the durable statement pieces of our Design Icons collection, which is selling well. These established pieces were cutting-edge when they were created, yet continue to stand the test of time. They include the Noguchi coffee table, Herman Miller office chair and Eames lounge.

Affordable home furnishing for those seeking great value and design is also a key trend. HOUSE by John Lewis is a one-stop shop for affordable furniture and homewares, offering a solid range of basics which can be built on in the future. The HOUSE range targets younger, urban customers, for whom space is a big concern. By offering them products which can fit comfortably into smaller

living spaces, but without compromising on design, the sales of the range have rocketed. In fact, over 20 per cent of new John Lewis customers over the past year have been acquired as a result of the HOUSE launch.

Also responding to rising house prices and shrinking living space, across the broader furniture range John Lewis has launched pieces designed for small homes, from multi-purpose dining tables – such as those incorporating drawers for extra storage space – to petite sofas, which from August - October 2013 have already sold almost half the total they did in the whole of 2012.

A slower housing market at the start of the year also led people to see their garden as a viable extension of the house and new innovations such as garden spheres, which provide an additional 'room' outside the house, have proved popular in spite of their £7,000 price tag.

As the housing market began to show signs of recovery during 2013, sales of items associated with buying and selling a house increased. Carpet sales are up six per cent year on year, rugs rose by four per cent and door knobs increased by 13 per cent.

Customers today have a desire to stamp

their own mark on living spaces and move away from the one-size-fits-all model. The quest to cater for customers as individuals has meant expanding choice in-store. We introduced the Any Shape, Any Fabric service, which reflects this appetite for personalised style, as customers can now choose from 400 fabrics to upholster an item of their choice. In total, John Lewis now offers a range of 112,203 combinations.

Further evidence of a desire to express individual tastes was seen in an explosion in the personalisation of art in the home, with a 14 per cent rise in photo frames. Instilling a sense of character in our homes, globes have enjoyed a major return, with sales spiking 400 per cent higher than last year.

We have also recognised that lighting is a key style statement for many of Britain's homes, with sales overall increasing by 35 per cent compared with last year.

And it wasn't just grown-up living spaces that people invested in. With birth rates in the UK at their highest for 40 years, more shoppers than ever before were preparing their homes for the pitter patter of tiny feet. Cribs are up 27 per cent compared with 2012 and the John Lewis Little Home range for children has been updated and expanded.

* Source: Both statistics from Verdict.

How we lived in the home

01: Bigger is better

Shoppers went big on picture quality. The Samsung 55" LED TV was our third best-selling technology product.

02: Personalising the home

Images aren't just viewed on phones and tablets, pictures are displayed in our homes: photo frame sales were up 14% year on year.

03: Indoor activities

Classic board games were increasingly popular: the category is up 17% on last year and jigsaw puzzles saw an 18% rise in spring/summer 2013.

04: Smaller furniture

From August - October 2013 petite sofas have already sold almost half the total they did in the whole of 2012.

05: Fashion and function

70s and 80s style designer retro phones were popular and Wild & Wolf rang up a sales lift of 63% compared with last year.

06: Calm spaces

Sales of scent diffusers increased by 27% in autumn/winter 2012, turning homes into calming havens.

07: Timeless classics

The John Lewis Design Icons range proved classic designs are timeless investments. The Vitra Eames DSW chair saw sales rise by 238%.

08: A long, cold winter

A winter that stretched into spring saw sales of artificial flowers bloom, with a year-on-year increase of 28%.

09: Going global

Globes have seen a revival, with an increase of 400% compared with last year. The 17" silver globe saw an increase of 644%.

10: Furby is back

The classic 90s toy is being loved again by a new generation, selling out several times last year, and we expect to double sales this year.

11: Clocking on

Decorative clocks were a design statement this year, with sales up 16% year on year.

12: Home working

Consumers are creating beautiful home work spaces - sales of British-made Bisley filing cabinets are up by 206% year on year.

13: Seamless sound

Sonos saw a 124% increase year on year, filling our homes with wall-to-wall HiFi sound.

14: Internet at our fingertips

iPad was the second most searched for term on the John Lewis website this year. It is our best-selling technology product.

15: The magpie effect

Decorative, glamorous lighting saw an increase this year with John Lewis own-brand lighting sales up 35% year on year and crystal ceiling fittings up 18%.

16: Olympic fever

We sold enough Wenlocks to fill the Olympic Velodrome thirteen times.



CHAPTER FOUR

HOW WE LIVE: COOK



How we cooked

Britain's love affair with food continued unabated in 2013, but new appetites also emerged. Partly driven by recent economic woe and partly by a new sense of culinary creativity, John Lewis customers are spending more time and effort cooking up a storm.

It's no longer enough just to watch celebrity chefs using the tricks of the trade to create stunning dishes. This year, we've witnessed a year-on-year sales increase of 16 per cent across the cookshop and small electricals department, heralding the birth of the home 'super chef', for whom only the whizziest kitchen gadgets, the sharpest knives and the best quality basics will do. Further proof that serious cooks invested in serious kit came as sales of sous vide equipment have increased by 44 per cent year on year.

These super-keen cooks also got back into baking in a big way, with measuring cups and spoons flying up 128 per cent this year alone, driven in part by *The*

Great British Bake Off. Desirable stand mixers enjoyed a 122 per cent lift and 'cake pop' equipment sales grew 82 per cent.

But in a modern kitchen, gadgets must not only be functional, they must also be in keeping with design-conscious chefs' ideas about what looks good. KitchenAids in a rainbow of shades caught the eye (up 66 per cent) and sales of stylish kitchenware from Joseph Joseph were 20 per cent up on last year. Only the best coffee makers would do and increasing sales of high-end equipment reflect this: sales of bean-to-cup coffee machines were up 40 per cent year on year in February 2013. And for tea connoisseurs who won't compromise on style or taste, the Sage by Heston Blumenthal Tea Maker, which retails at £200, proved a popular choice.

Another gadget "du jour" was the juicer, which this year evolved into a style statement in kitchens up and down the country. In July, sales of juicers were up by

over 2,000 per cent compared with the same period last year.

Meanwhile, people are recreating the trend for more casual, informal dining experiences seen in restaurants, enticing friends and family members to gather over a tapas selection, Greek mezze, Italian antipasti or Indian thalis. This more casual approach to entertaining is having an effect on sales of informal dining ranges, with the Al Fresco collection up 25 per cent, Royal Doulton's 1815 china up 39 per cent and the simple, stylish Coastal collection of tableware up 46 per cent.

How we cooked

01: Entertaining at home

We set out to impress when entertaining at home. Camembert bakers more than doubled in sales, going up 169% year on year and Just Slate cheese boards were up 17%. People also invested in barware - a John Lewis carafe saw a 307% increase and sales of John Lewis ice tongs rocketed 208%.

02: Coffee nation

Our coffee craving continued, with the Bosch Tassimo seeing an increase of 329%.

03: The baking bonanza

Sales of the KitchenAid Artisan Stand Mixer are already up 130% since this August.

Home baking continued as a big trend. Sales of premium pans are up 19%.

04: Winter warmers

Hearty home cooking saw us through the cold winter months. Sales of Le Creuset jumped by 78% compared with the previous year, peaking in December 2012.

05: Professional approach

Serious cooks invested in serious equipment with sales of SousVide increasing by 44% year on year.

Sales of the John Lewis potato ricer increased by 71% year on year.

06: Healthy living

Britain went juicing mad over the last year. In July, sales of juicers were up by 2,006% compared with the same period last year.

07: Come dine with me

Informal dining ranges saw uplifts with Al Fresco up 25%, Royal Doulton's 1815 china up 39% and the Coastal collection up 46%.



CHAPTER FIVE

HOW
WE
LIVE:
PLAY

How we played

Consumers have never had so many gadgets and gizmos to choose from. But with so much choice, shoppers have to be increasingly tech savvy to get to grips with the right gadgets for them. We've trained our technology sales Partners to ensure they can provide the necessary level of tailored advice to help consumers navigate this increasingly diverse market. Steering clear of the one-size-fits-all approach has helped our sales to lift by nearly 16 per cent across the department. Building on this commitment to customer service, we are now the first electricals retailer to offer a minimum two-year guarantee on all electrical and home technology products at no extra cost.

The best example of this diversification of the market is the explosion in tablet computing, with the Samsung Galaxy Tab and Google Nexus tablets emerging as pretenders to the iPad throne. The iPad 4 16GB was our best-selling product overall, and with more brands getting involved, we've seen sales of tablets increase by 152 per cent, outstripping desktop computers, which we were proud to see increase by 1.8 per cent in a market down 27 per cent.

As well as customers coming to us for their computing needs, we've filled an

important gap in the market by expanding our range and expertise in cameras to become a specialist player, doubling our share of the market to 6.6 per cent.*

The digital SLR market is booming with a wave of enthusiastic photographers who are serious about their hobby. Sales of our DSLR cameras have increased by 62 per cent and lens and attachment sales are up 116 per cent. As a point of comparison, sales of compact cameras have decreased by 20 per cent, which is perhaps unsurprising as smartphones develop higher standards of cameras.

The technology we offer extends into the home too, as the field of home automation begins to take off. Examples of this emerging market include energy-saving kettles, which get the right temperature for the right beverage so your green tea doesn't turn bitter and your coffee beans aren't scalded. The phenomenally successful wireless audio system Sonos, which allows control of music across multiple rooms from a smartphone, is further proof of the growing potential of home automation. We saw a 300 per cent uplift in Sound Bar sales this year. We are also launching The Nest Fire Protect, a smoke and carbon monoxide alarm that connects to

your smartphone.

App accessories, mobile apps that integrate with the real world, is now entering the mainstream. Our most popular "appcessories" include an app that lets users play space invaders through an Atari dock, and, perhaps more functionally, a World Pay connector that enables credit card payments over mobile phones, fuelling small, entrepreneurial businesses. Fitness apps were big news and we launched the Fitbit wireless tracker, which monitors daily activity and calorie intake alongside your sleep cycle to help improve fitness.

2013 was also the year that picture quality took a step forward. Driven by advances in design and technology as well as a huge consumer appetite for bigger and flatter TVs, 46" plus screens are the fastest growing area within TVs at John Lewis. The launch of OLED (organic LED) technology and 4K UltraHD screen technology (four times the resolution of HD) were key milestones. The immersive experience offered by these technologies and a greater appetite for simple sound solutions such as Sound Bar, is all part of a wider trend for home cinema experiences every bit as good as your local flicks.

* Source: GFK

How we played

Top ten selling items



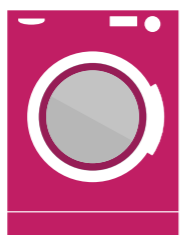
Apple iPad



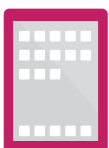
MacBook Pro



Samsung 55" TV



Bosch washing machine



Samsung Galaxy Tab



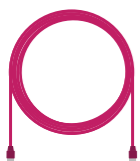
Apple iMac



Tablet cases



Sonos speakers



John Lewis HDMI cable



Kindle Fire Tablet

The gadgets we brought to you first

We've been first to market with a number of exciting technology innovations over the last twelve months. Here are just a few:



1st December 2012

We launched Juice Chargers to power a multitude of tech devices ahead of the competition.



15th December 2012

Microsoft Surface launched on 15th December 2012, and was only available through John Lewis in the UK until the end of February 2013.



4th September 2013

We were first to market with the Samsung S9C Curved OLED TV, a full six weeks before other retailers.

The age of the enthusiast photographer

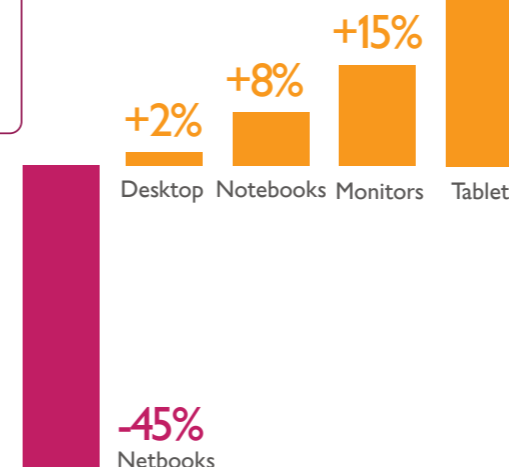
Sales of DSLR cameras have increased by 62% since last year.

+62%



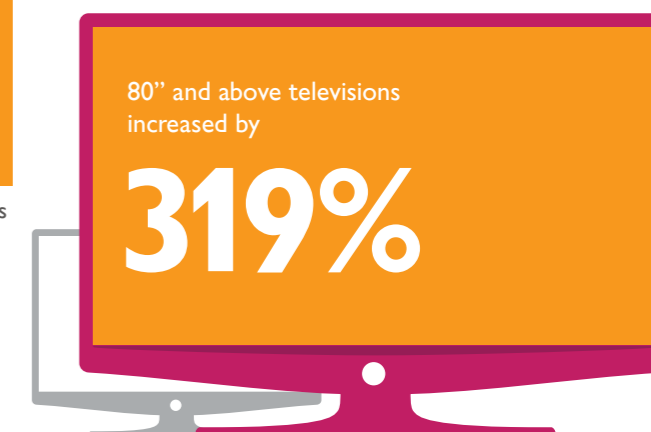
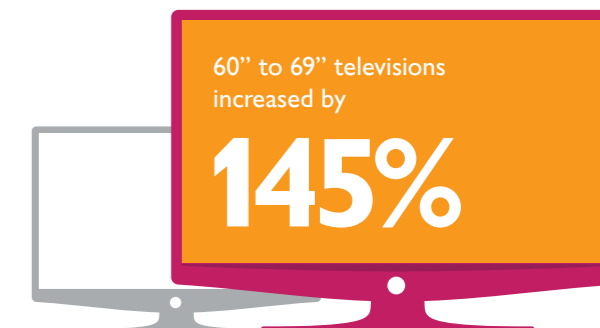
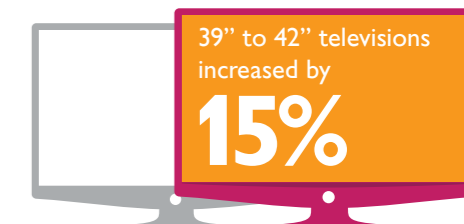
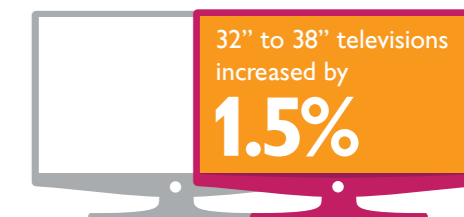
Tablets were the must-have gadget of 2013, but desktops aren't dead

The proliferation of computing devices saw mixed buying patterns as consumers looked for what would best fit their computing needs in the home and on the go, with many opting for hybrids – laptops you can use as tablets.



The bigger screen

Our TV screens grew and grew in the past year:



CHAPTER SIX

HOW WE LOOK: HER



How she looked

One of the biggest developments in the way that women shop is the move towards 'buy now wear now'. This shift is indicative of a wider movement within women's fashion as shoppers no longer buy for the traditional seasons. In part, it stems from a dissatisfaction with the idea of buying swimwear in January and coats in June.

Burberry has experimented with it; Tamara Mellon has just launched an entire business around the idea. This is something that we have seen our shoppers completely in sync with over the last 12 months. There are a number of drivers for this.

It is a post-*Sex and the City*, post-WAG fashion landscape, where over-the-top fashions and brash glitz and glamour have been replaced with modern icons such as Alexa Chung and modern royals like the Duchess of Cambridge. Weekly titles such as *Grazia* and *Stylist* and the increasing power of Twitter, combined with the rise of 'mobile shopping', have between them created a perfect storm: now consumers expect to see the latest fashions and celebrity looks, buy them instantly on a tablet or mobile phone, then pick up their purchase the next day.

Immediacy is key. This was also evident as we watched sales spike as the nation experienced unusual weather patterns.

Late March, the first genuinely sunny period of the year, saw nearly one pair of sunglasses fly off the shelves every minute. By May there was snow and John Lewis experienced a peak of outerwear sales not normally seen outside of October and November. As summer started in June, the figure for sunglasses surged once again, reaching three a minute in our peak week.

Customers are defining their personal style in a way that suits their lifestyles. This is being expressed in a trend for mixing and matching brands: for instance, a Barbour jacket with a Mint Velvet top to go with Seven for all Mankind jeans. It's more free and eclectic than prescriptive stereotypes - a woman's attitude and silhouette is more important than her age.

As far as specific fashion trends went, in 2013 fashion took a tour through the twentieth century as designers and consumers mined some of the most inspiring decades for inspiration.

Ladylike femininity came from styles influenced from the 1920s to 1950s. Women in their twenties and thirties hankered after looks and hobbies normally associated with an older generation. It's a trend we're calling the Young Old-fashioned that has driven up sales of patterned square silk scarves

(increased by 24 per cent), pearls (10 per cent) and satin evening gloves, with the latter experiencing a massive 109 per cent lift in sales.

Mod-inspired fashion also staged a comeback, with quilted jackets and the return of the ultra-wearable midi heel both enjoying strong sales. The John Lewis Collection WEEKEND sixties-style ankle crop chino was a best seller.

Inspiration also came from the 1990s with body con styles and bright fluorescent shades. Yellow neon dresses and accessories sold out and leather skirts and jackets flew off the shelves.

Sales of womenswear at John Lewis were strong, although the changing economic landscape makes it a challenging market. This uncertainty has helped define the clothes women buy. This year, demand has increased for pieces which strike the right balance between value and quality, and which can be worn time after time and in different settings. Investment pieces are an important factor, and big sellers in this vein included Somerset by Alice Temperley for John Lewis, Max Mara Weekend and Tara Jarmon. Examples of items selling particularly well include a shearling coat by Somerset at £1,000 and cashmere jumpers, proving that quality, at the right price, was a priority for women this year.

What was in her handbag?

The must-have items in our customers' handbags this year:

- | | | |
|---|--|--|
| 01: The bag
Ted Baker black tote | 07: The moisturiser
Liz Earle Superskin Moisturiser | 10: The umbrella
Fulton |
| 02: The purse
John Lewis Emma | 08: The gloves
John Lewis leather gloves | 11: The sunglasses
Ray-Ban |
| 03: The scent
Chanel Coco Mademoiselle | 09: The anti-aging secret
Clarins Double Serum | 12: The brush
The Tangle Teezer |
| 04: The scarf
Somerset by Alice Temperley | 13: The blemish-buster
Yves Saint Laurent Touche Éclat | 14: The mascara
Benefit They're Real |
| 05: The tablet
iPad Mini | | |
| 06: The lipstick
Bobbi Brown | | |



List compiled by buying teams based on best sellers and biggest risers of the year.

What she wore underneath

Brazilians or briefs? Stockings or Spanx? Whatever your taste in underwear, our findings suggest it could be influenced by where you live. Here's the news in briefs from your area...

North West

Less is more in the North West of England, where thongs and G-strings are 18% more popular than the national average. After London, it's also the most popular region for sales of Wonderbras.



Wales

Perhaps as an homage to their beloved rugby team's jersey, the Welsh are 19% more likely to opt for red underwear.



South West

Women in the West Country are most likely to go for a basque (98% higher). They also have a penchant for pink underwear.



South East

This is the top region for Brazilian undies, which are 238% more popular in the South East than the rest of Britain.



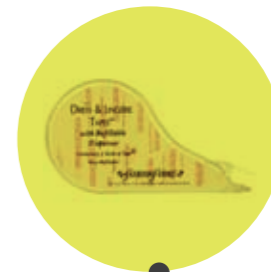
Scotland

Scots are 35% more likely to go for shape and control underwear than anywhere else in the country. Along with North East England, they are also most likely to buy large cup bra brands.



North East

White, lacy numbers are most common in North East England, which is also the region most likely to buy suspenders (45% higher than average) and leopard-print undies (96% higher).



Midlands

Girls in the Midlands are keen to ensure that everything stays in place - this is the UK's top region for sales of lingerie tape.



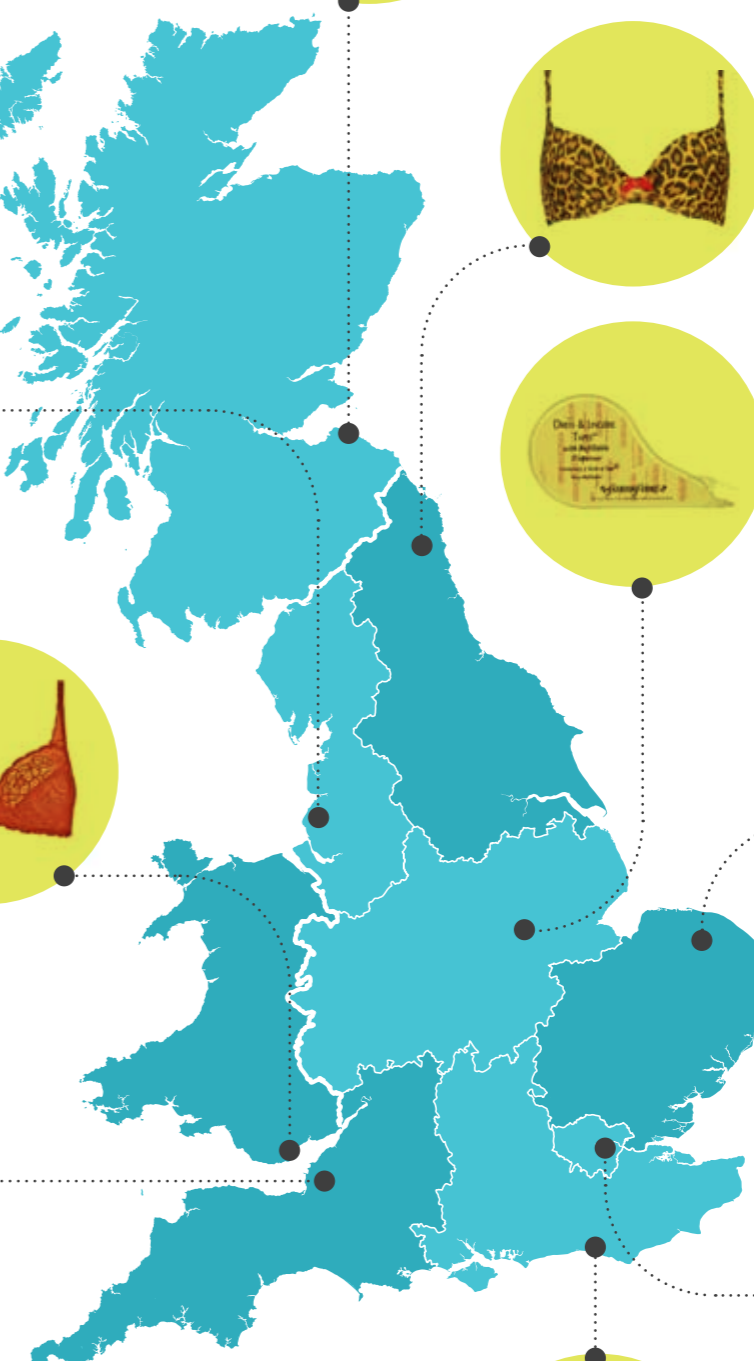
East

Shoppers in the East of England buy in bulk. 3-packs of Sloggi white briefs are a best-seller, with sales up by 15% this year.



London

Londoners are 6% more likely to buy push-up bras, and black is the undie colour of choice for most in the capital.



CHAPTER SEVEN

HOW WE LOOK: HIM



How he looked

2013 was the year that British men truly embraced fashion and became connoisseurs of quality clothing. We'd like to think this means that it was also a year that played to John Lewis's strengths. We've never been bolder or more daring in our menswear department - men now constitute 44 per cent of John Lewis customers – and we have seen sales increase by 10 per cent across the year.

The John Lewis man has become far more fashion conscious and open to experimenting with his look. To cater for these shifting tastes, we have invested in more colourful designs and bolder statement pieces. Remember the phenomenon of the onesie last winter? We trialled them and they sold out. Sometimes our male customers like to blow the budget with style statements, with sales of £159 Vilebrequin swimming trunks rocketing this year.

This is counterbalanced by a careful approach to spending on key, durable investment pieces: the classic organic plain white T-shirt in spring/summer 2012 outsold the second most popular men's item by more than 50 per cent.

Heritage continues to be the watchword in menswear, with an emphasis on provenance, history, authenticity and 'buying British'. And so we have worked with brands including Barbour, Private White VC, Harris Tweed and Abraham Moon to produce pieces exclusively for John Lewis.

This culminated in our participation in London Collections: Men, where we staged a catwalk presentation of the John Lewis & Co label, which is designed by our own menswear team. It was our opportunity to show that with its quality fabrications, modern cuts, workwear silhouettes and technical details – all enlivened with a love of print – John Lewis & Co had earned its place among the best of British fashion.

One of the unmissable models at the presentation was the magnificently bearded, flame-haired Johnny Harrington, the face of John Lewis & Co for spring/summer '13 and autumn/winter '13 seasons, helping the range to increase sales by 58 per cent for the year. *The Daily Mail* referred to him as a 'gingery tramp.' *The Times*, *The Daily Telegraph* and *The Independent* were rather more enthusiastic. But as images of Johnny wearing the clothes went viral, it was clear that he – and John Lewis & Co – tapped into exactly what was happening in men's fashion: a sense of rugged manliness and a preference for quality clothing rather than fussy fashion.

Beards like Johnny's became ubiquitous this year, seen on celebrities including Ben Affleck, Brad Pitt and Hugh Jackman, and led us to reintroduce beard oil to our shelves.

All of this is part of a general return to 'sartorial excellence', perhaps best described as the renaissance of the

Gent, which is another one of the key trends for 2013. It involved Shoreditch vintage and mixing smart tailoring with countrified touches, and pushed up sales of products such as handkerchiefs (rose 27 per cent) and cravats (ten per cent).

It was reinforced by *The Great Gatsby* film which premiered in May; the Gent look lets men dress smartly for work, only needing a few simple touches to distinguish between day and eveningwear when heading out to dinner or drinks. It was no coincidence that big-hitting products for us that season included a white tuxedo jacket (a test run of which flew off the shelves) plus a John Lewis *Kin* yellow mustard knitted tie and a mustard coloured waistcoat, both of which sold out half way through the season. Add in the unlikely element of a sell-out dress cane and you have an almost identical outfit to one worn by Leonardo DiCaprio in *The Great Gatsby*, showing that cultural references continue to inspire shoppers.

With the launch of *Kin* in spring/summer, John Lewis also hit upon another one of the key drivers in men's decision making process: good value. This in-house brand, which includes men's, women's and childrenswear is all about clean and modern style, with hints of Scandinavian functionality. Its look is pared back, unstudied and – crucially – designed with longevity in mind.

How he looked

01: Onesie direction

We saw onesie sales increase 65% week on week in December 2012. Sightings of Harry Styles and Mario Balotelli in onesies helped boost the trend.

02: In for a penny

Penny collar shirts were a hit – we increased our range fifteenfold.

03: Beards are back

As beards became de-rigueur for the stylish man-about-town, grooming habits followed the trend and John Lewis reintroduced beard oil.

04: Scent of the times

Men want stylish understatement when it comes to scent, with the classic Acqua di Parma Colonia our best-selling men's fragrance.



1

05: Ted Baker mania

There has been a 42% increase in searches for Ted Baker compared with last year.

06: Man-icure

With male grooming going mainstream, we introduced the manicure set for men by Harris Tweed for the first time this year.



4

07: Timeless classic

The popularity of the classic white t-shirt endures: it was the most popular buy for men over the past year.

08: Preppy fashion

Classic British headwear company Olney, is enjoying a revival - for the first half of 2013 sales were up 41% compared with last year.



9

09: Return of the Gent

Formal wear saw a revival in men's fashion with tailoring getting more fitted.

Traditional British brands such as Harris Tweed fared well, with Harris Tweed accessories selling out in eight weeks.

Further highlighting the formal wear trend, Jenny Knott gold cufflinks increased by 158% and waistcoat sales increased by 95% year on year.



11

10: By contrast

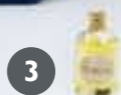
Britain's men put their best foot forward by adding a splash of colour to their shoes with contrast white or bright soled shoes, up 9% on 2012.

11: Festive spirits

Novelty Christmas jumpers saw us through the festive season, with searches online seeing an incredible 1,412% increase on 14th December 2012.



9



3



10



8



2



6



7



5



11

CHAPTER EIGHT

WHAT WE LEFT BEHIND



Falling from favour

This year, we saw items in categories from technology to tableware falling from favour:

Coloured jeans

We ditched brightly coloured denim in favour of printed trousers.



Table linens

As we moved towards a less formal dining experience, table linens were on the decline.



e-readers

On the gadgets front, e-readers decreased in sales compared with last year.



Logos on handbags

Logo print handbags lost out to our new love for logo-less arm candy.



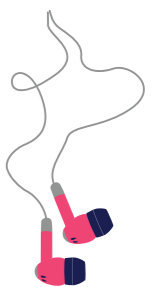
3D TVs

The UK's love affair with 3D TV began to cool, with sales of 3D glasses going down by 73 per cent. We're confident we haven't seen the last of this technology yet though, with the introduction of OLED TVs and sales of HD TVs still going strong.



In-ear headphones

Sales of discreet in-ear headphones went down by eight per cent, while chunkier sports headphones were up by 47 per cent and traditional headphones by 43 per cent.



Three-piece suites

We saw declining demand for three-piece suites, with just six per cent of customers opting for a matching sofa and two chairs, as people mix and match their furniture to suit personal tastes.



CHAPTER NINE

CHRISTMAS
2013Looking ahead to
Christmas 2013

It's the same every year: the run-up to Christmas Day is the biggest shopping period across Britain, seeing footfall increase dramatically across the high street. But year-on-year, subtle differences appear in the way we shop and what we buy. So what's happening this year?

Artificial trees saw a 40 per cent increase during Christmas 2012, and we are predicting a further 28 per cent rise in 2013. People are turning to artificial trees in part because the price of real trees has increased in recent years and people want to reuse their realistic-looking trees year after year. The Vintage Blue tree and the Rural Berry and Pinecone tree are predicted to be this year's best sellers, along with outdoor trees and novelty lighting like reindeer and snowmen, as customers want to celebrate Christmas outside their homes. But artificial trees are not only getting better, they're also getting bigger: this Christmas our range includes the Aspen Slim tree which is 10 feet high!

Augmenting the festive feeling is a greater emphasis on seasonal food and hampers. Luxury hampers have been one of the biggest success stories in food. A debut range priced from £30 to £850 launched just two years ago, with sales increasing by 80 per cent over the past year.

For those who are keen to make their own festive food and create a Christmas unique to them, John Lewis is offering a series of masterclasses as part of our 'Yule-iversity'. On Stir-Up Sunday, the last

Sunday before Advent and traditionally the date to make a Christmas pudding and cake, our head chef at Peter Jones runs a Christmas pudding masterclass.

The fun isn't limited to inside our shops this Christmas. For our Oxford Street and Peter Jones windows, we have teamed up with designer Emma Davidge to produce a winter woodland scheme with animals created from products. There's a deer made from Dyson vacuum cleaners, puffins made from colanders and even penguins made from kettles.

To give customers guaranteed sparkle in Christmas 2013, John Lewis has invested heavily in logistics and higher stock levels capable of absorbing peaks in demand, although we can never predict the great British weather. Footfall in shops continues to peak on the Saturday before Christmas; 21st December this year; with people rushing to make last-minute purchases.

On the subject of last-minute purchases, it seems men persist in leaving it until the eleventh hour to buy gifts. Sales of fragrances and beauty gift sets peak the week before Christmas and cashmere peaks two weeks before the big day.

When it comes to buying for men, novelty Christmas jumpers are popular, although these are expected to tail off by Christmas 2014. In 2012, searches for 'Christmas jumper' rose an incredible 1,412 per cent on 14th December compared with 2011. Demand is expected

to be high again this year and we have 14 exclusive jumpers available for 2013, including one from which we are donating 25 per cent of sales to Save the Children. Slippers remain a perennial favourite and, yes, onesies are predicted to fly off the shelves again.

Customers also buy for the home at Christmas and candles generally enjoy a festive uplift, both as home decoration and as an easy gift. It's not just about cinnamon and cloves at Christmas, but a range of sophisticated scents that help to emphasise a home's personality. Best sellers include festive warm scents of orange and amber. Perennial favourites are fresh tea fragrances and seashore ozone fresh scents remain popular for bathrooms.

Consumer technology sales are likely to surge at Christmas and this year's hottest gadgets include the highly-anticipated Apple launch, the Xbox One, the Sony Bravia Smart TV 55" and Sony NFC smart lenses.

Last year, mobile made up almost 50 per cent of online traffic on Christmas Day, so we predict that this year mobile will remain popular, overtaking desktop traffic for the first time at approximately 5pm on Christmas Day. Interestingly, we also see a huge spike for trade from tablets on Christmas day at 3pm, after the Queen's speech when people open their new iPads for the first time.

Christmas 2013 top predictions

Return of the board game

While there are plenty of whizzy tech treats on the cards for Christmas, traditional board games are enjoying a revival with a 17% increase on last year. Here are the games we predict families will love this year:



Bananagrams



Pass the Pigs



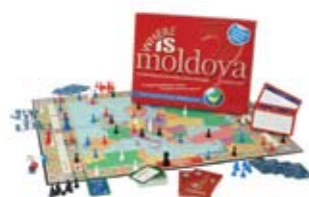
The Cube



Articulate



Pass the Christmas Pudding



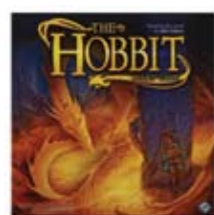
Where is Moldova



Logo Billionaire



Linkee



The Hobbit



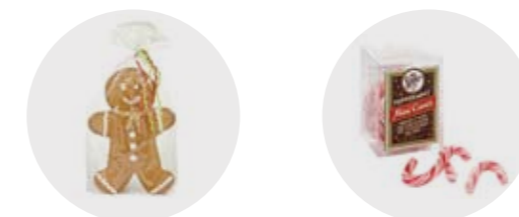
Monopoly Cluedo Compendium

+17%

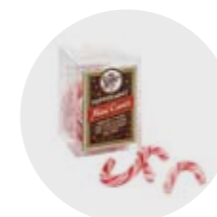
increase in traditional board game sales



A nation prepares: treats and trimmings



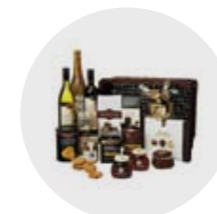
Large gingerbread man



Mr Stanleys Candy Cane



Vintage blue pine tree



Christmas Sparkle Hamper



1kg Panettone



4m Woodland Star wrap

What we think kids will ask for

This year we see the return of the Furby as a special Christmas edition is unveiled. Timeless classics such as Monopoly and Lego will also be popular, while lucky young ones also stand to receive new scooters and the Kurio Mini tablet.

- John Lewis Wooden Mini Kitchen
- Exclusive Monopoly with travel game
- John Lewis Whistle & Go Dog
- Kurio Mini
- John Lewis Colour My World Globe
- Lego Winter Village
- Exclusive Christmas Jumper Furby
- John Lewis Snakes & Ladders
- Maxi Scooter Red
- John Lewis Giant Piano Mat

Gifts for grown-ups

Here are the gifts we think will surprise and delight those who have it all this Christmas.



CHAPTER TEN

WHAT'S
IN STORE
FOR
2014?

Looking ahead to next year

Fashion, design and innovation are watchwords at John Lewis, meaning that 12 months can bring huge changes to the way people shop, live and look. In 2014, John Lewis celebrates its 150-year anniversary and to mark the occasion we will be reviving heritage prints and working with the designers of tomorrow to create new ways to excite and inspire customers.

How we will shop

Technological innovation has transformed what it means to shop. The omni-channel experience will continue as the driving force behind this change, with more accessibility via smartphones and tablet computers complemented by an ongoing commitment to customer service in-store. Our focus on enhancing and developing the mobile shopping experience will also continue in 2014, with sales on mobile devices expected to rise further.

While technology allows customers to 'grab and go', people visiting shops increasingly demand a more interactive and immersive experience. John Lewis will look to meet these expectations through increasingly tactile and visual demonstrations of products and a focus on exclusive benefits through membership programme my John Lewis – giving shoppers in-store something different to the experience they can get online.

While evidence suggests the macro-economic picture is brightening, shoppers

will still be wary of frittering money on fast fashion and will continue to invest in long-term pieces.

How we will live

In technology, we will continue to see demand driven by high-profile launches, particularly in the fields of home computing, communications, audio-visual entertainment and cookery. Accessories are set to sell well, with the fabled 'internet of things' delivering ever-more integration between the actual and virtual worlds. The fitness bug has really helped grow the category. Our success in FitBit products has lifted sales by almost 700 per cent so far this year, with new products such as Yupii Run launching in mid-November; ensuring that this trend is set to continue.

Next year will see the launch of home phones that mimic the functionality of smartphones, while mobile devices such as laptops, tablets and smartphones will continue to evolve. Desktop sales, while not what they once were, will stay steady.

In our shops, we'll help to show customers how to furnish their whole homes with suggestions for different rooms and tastes to reflect the fact that individuality and broader choice will be key expectations for customers in 2014. Our affordable HOUSE range of homewares and furniture will be a big focus, maintaining our reputation for producing design classics, while helping us to engage with a key market of younger

customers.

Meanwhile, growing pressure on living spaces in UK cities will continue to drive purchases of space-saving furniture, such as fold-away tables, clothes rails and petite sofas. Multi-functional pieces, for example dining tables, where different members of the household can eat, play and store things will also remain popular.

How we will look

While the seasons will still provide an anchor for new fashion looks, the trend to 'buy now wear now' will continue. We predict 60s glamour will make a splash with the release of *Grace of Monaco* starring Nicole Kidman. We're also confident that monochrome and sports luxe will be big themes for womenswear, as well as cashmere and leather for gifting.

In menswear, monochrome will also be popular, as well as an emphasis on provenance and archive inspiration. We also think men will be more interested in accessories than ever before, putting their best foot forward with shoes that make a style statement.

Wearable tech will take off in a big way and 2014 could witness the beginnings of shopping through Google Glass eyewear when the much-hyped product is finally launched in the UK, as well as the new wave of connected 'watches' from Samsung and Sony.

HOW WE SHOP, LIVE & LOOK

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