

Lumina Intelligence

The future of UK department stores

How are they adapting to meet ever-changing consumer needs?



Key issues affecting the sector over the last few years



Macroeconomic headwinds

- Pandemic disruption
- Supply chain pressures
- Cost-of-living crisis rumbles on
- Government policies



Channel shifts

- Online growth
- Store resurgence
- Channel agnostic shoppers
- Frictionless cross-channel experience



Rising competition

- Established retailers expanding offer
- Second-hand gaining traction
- Brand partnerships
- Online marketplaces

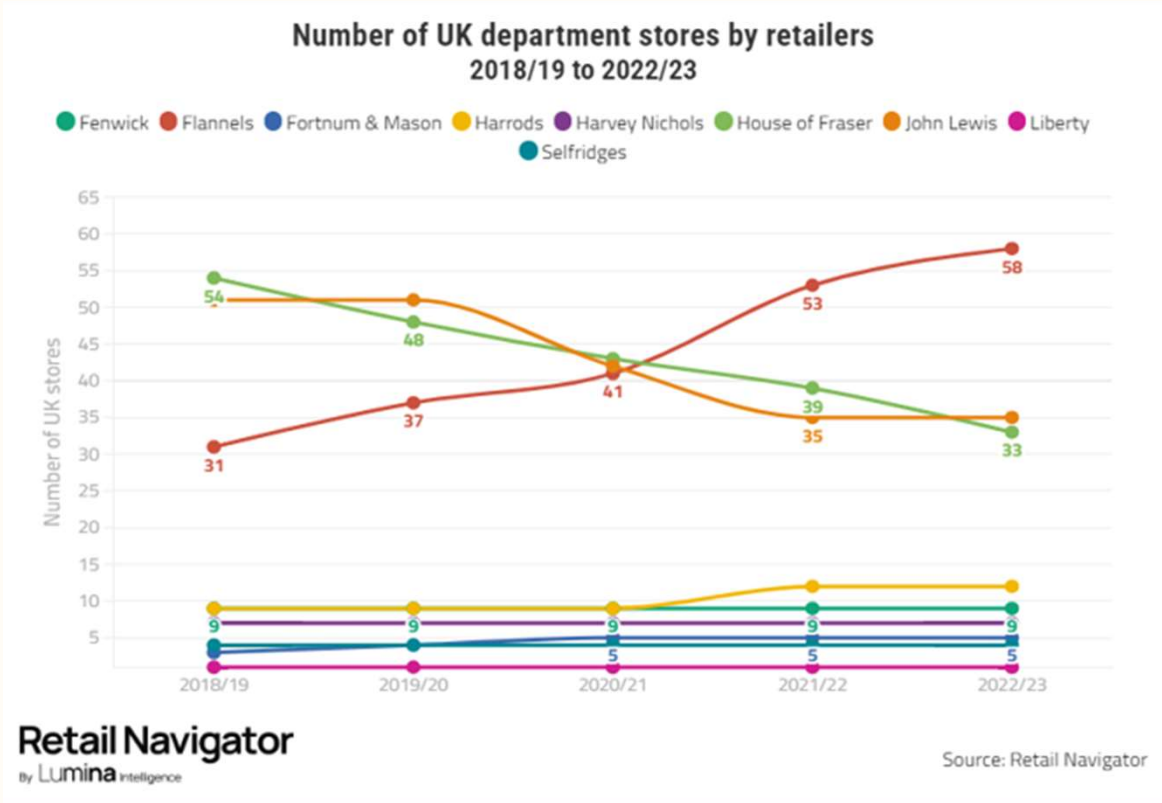
Performance across the sector is varied

		UK Department store sales 2018/19 to 2022/23 UK revenue				
	Retailer	2018/19	2019/20	2020/21	2021/22	2022/23
	John Lewis	£3,887m	£3,778m	£3,728m	£3,854m	£3,784m
	Debenhams*	£1,833m				
	Harrods	£869m	£871m	£430m	£582m	£832m
	Selfridges	£712m	£750m	£358m	£554m	£758m
	House of Fraser	£303m	£306m	£205m	£364m	£387m*
	Flannels	£93m	£147m	£177m	£309m	£335m
	Harvey Nichols	£218m	£205m	£119m	£177m	£194m
	Fenwick	£238m	£209m	£92m	£145m	£191m
	Fortnum & Mason	£121m	£133m	£131m	£123m	£175m
	Liberty	£85m	£93m	£56m	£82m	£116m

Retail Navigator
By Lumina Intelligence

Source: Retail Navigator
* = estimated * Debenhams sales prior to acquisition by Boohoo

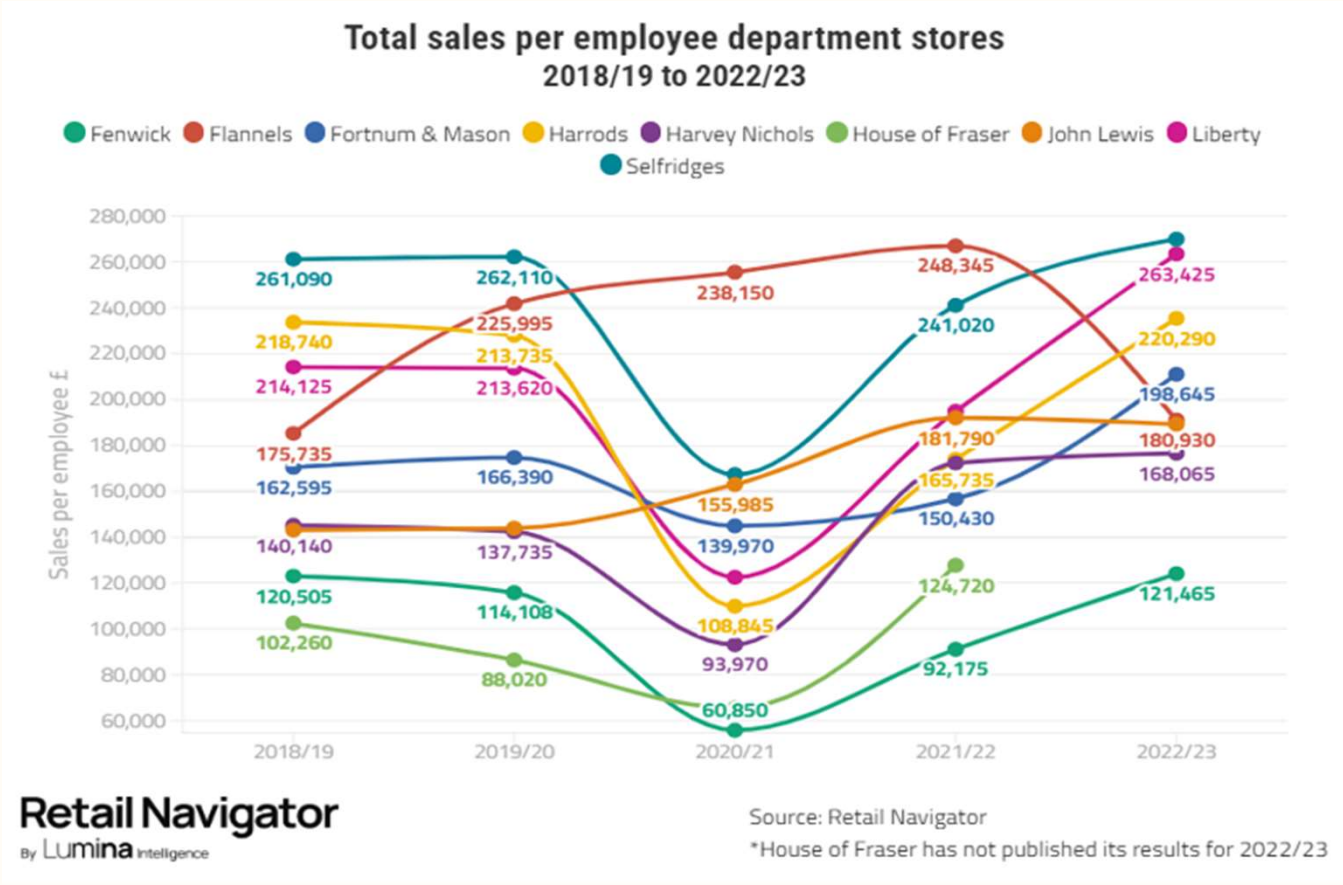
Store numbers culled as costs reviewed



John Lewis shuts stores amid cost-cutting measures



Service remains key despite cost cutting driving down employee numbers



Headline themes

**Evolving the model
through services**

**Adapting the
online channel
amid physical
stores' resurgence**

**Harnessing data
for an elevated
offer**

**Partnerships to
drive growth**

**Rising competition
and new players**

Evolving the model through services



Case study : Selfridges

Promoting circularity

- Permanently opened Reselfridges sites in all its stores
- London store houses a 3,000 square foot space on its third floor which comprises:
 - Sojo garment repair
 - Hurr fashion rental
 - Vintage Threads and We Are Cow – both vintage resale specialists.

Source : Retail Navigator



Case study : Flannels X

Rotating events builds footfall

- Oxford Street store rebranded Flannels X to appeal to a younger audience
- “An ever-evolving cultural playground of pop-ups, gigs, exhibitions and exclusive brand experiences.”
- Creative Council – “next-gen advisory board”



Source : Flannels

Case study : Harrods H Beauty

Leaning into its beauty offer

- Launched standalone beauty concept
- Use of advanced technologies, including AI “magic mirrors”
- Treatments and services
- Serving cocktails alongside beauty treatments

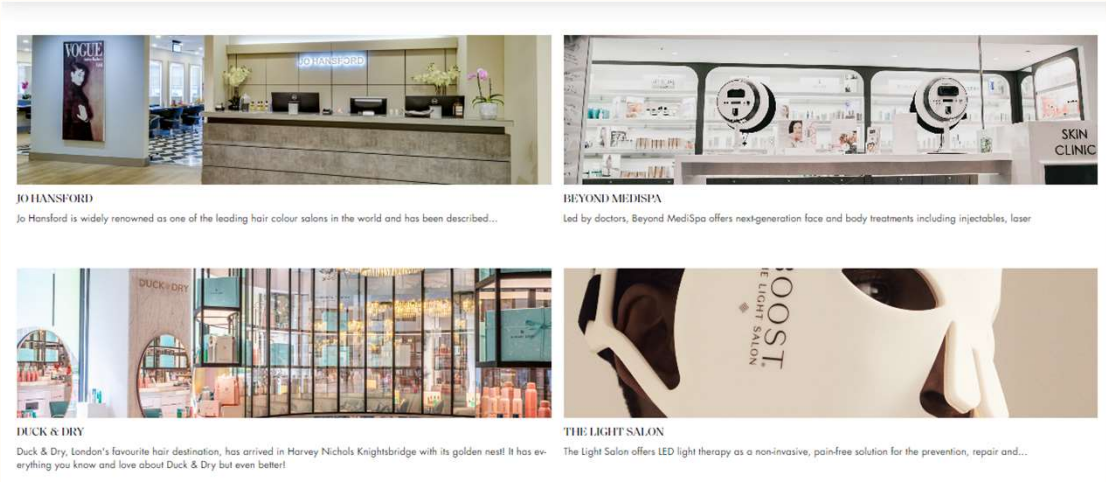


Source : Harrods

Case study : Harvey Nichols

Clearly signposting services

- Alterations
- Beauty services
- Concierge
- Personal shopping



Source : Retail Navigator / Harvey Nichols

Case study : Frasers Group

Multi-fascia approach

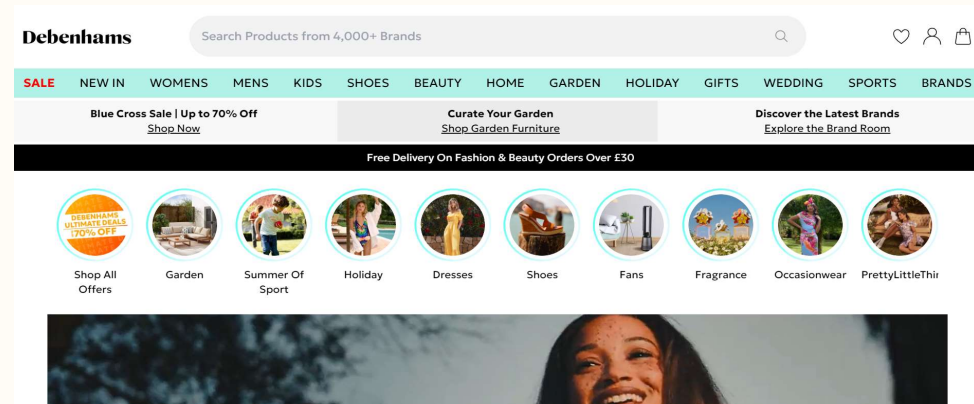
- “Confidence in the future of the UK high street”
- Aiming to open up to 150 large flagships within the next 10 years whilst closing smaller stores
- “Rethinking large retail spaces to make them fit for the future”



Source : Frasers Group

Case study : Debenhams

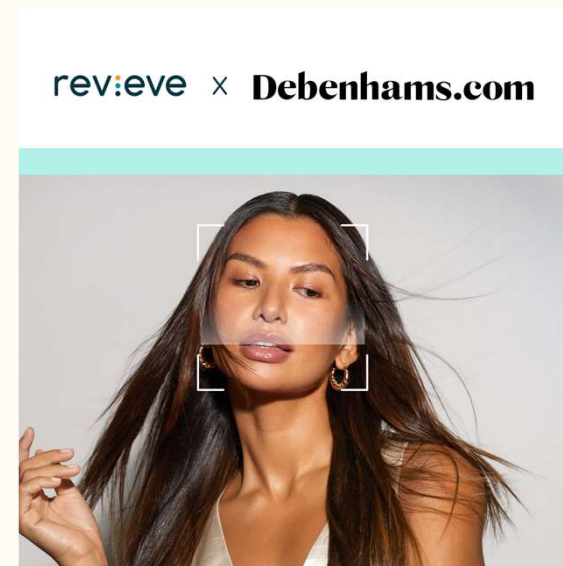
Marketplace evolution



- Under new Boohoo ownership
- Relunched as digital department store
- Capital-light, low risk operating model
- Helping Boohoo to push further into beauty, homewares and sporting goods categories
- Partnership with AI and AR beauty platform Revieve

Source :

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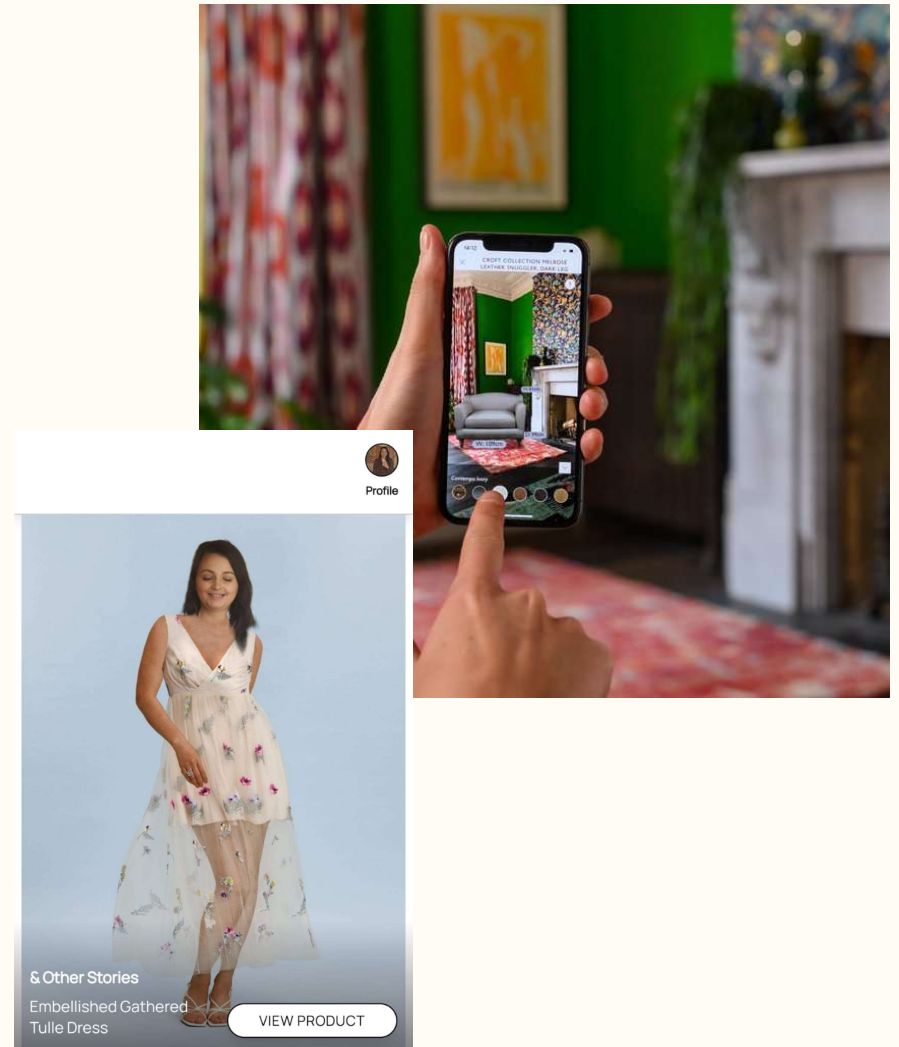


Case study : John Lewis

Enhancing online through technology

- Partnership plan – 60% of sales to come from online channel
- Online share of sales settled at 57% in 2023/24
- Adopting augmented reality (AR) and virtual try-on (VTO) online

Source :John Lewis



Case study : LK Bennett

Harper concierge

- Customers order items to their door
- Optional fashion advice available
- Hour slot to try on



Source :LK Bennett

Harnessing data for an elevated offer



Case study : John Lewis


Leveraging data to drive progress

- Partnerships Google, Dunnhumby and Eagle Eye
- Harness advanced artificial intelligence (AI) and machine learning (ML)
- ‘Perspectives’ customer panel
- Pan-partnership loyalty re-launch in 2024

Source : John Lewis Partnership

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PERSPECTIVES



Hi Elizabeth,

Today we'd like to hear your thoughts on your household habits and how you are feeling so the John Lewis Partnership can continue to refine their products and services to meet your needs.

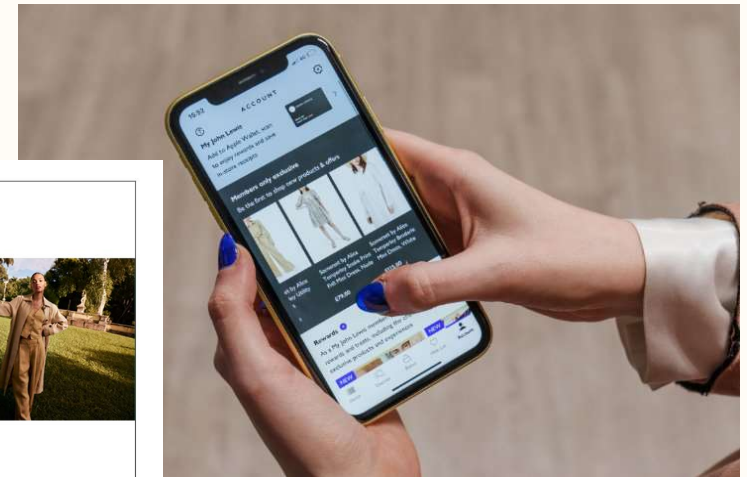
[[Get started](#) →]

We can't wait to hear your thoughts.

Claire
Perspectives Community Manager

Survey details:

- Length:** No more than ten minutes, depending on your answers
- Closing date:** 9am on June 13 2024
- Monthly Prize Draw:** Entry to win one of 5 x £20 Voucher Express Gift Certificates, 2 x £50 Voucher Express Gift Certificates or a £100 Voucher Express Gift Certificate



Case study : Frasers Group

Building digital ecosystem

- Overhauling digital infrastructure
- Frasers Plus - customer credit and loyalty proposition
- Customers build points across its brands
- Strategic partnership with THG



Source : Frasers Group

Case study : Fortnum & Mason / Liberty

Subscription services

- F&M Dispatch subscription service - loose-leaf teas, biscuits and jam
- Liberty 'Beauty Drop' subscription box



Source : Fortnum & Mason / Liberty

Partnerships to drive growth



Case study : Selfridges

New brands for next generation

- First in-store partner for fitness brand Tala
- Wholesale partnership with Gymshark
- ‘The Beauty Spot’ – exclusive brand residencies



Source : Selfridges

Case study : Fenwick

Partners with Greggs on fine dining experience

- Greggs Bistro introduced in Newcastle flagship
- “One of a kind” dining experience
- Classics re-imagined under fine dining menu

Source : Fenwick

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BREAKFAST & BRUNCH			
Served daily until 12pm			
Greggs Croissant	£3	Greggs Benedict	£8.5
With a Choice of Seville Orange Marmalade or Strawberry Preserve & Netherend Butter		Greggs Sausage, Bean & Cheese Melt, Smoked Ham, Poached Cacklebean Eggs & Sauce Hollandaise	
Full English	£7.5	Greggs Spicy Veg Curry Bake	£8.5
Greggs Sausage Roll, Grilled Bacon, Portobello Mushroom, Roasted Tomato, Baked Beans & a Choice of Scrambled, Fried or Poached Eggs		Hot smoked Salmon, Rice, Poached Cacklebean Eggs & Coriander	
Full Vegetarian (V)	£7	Sharing Brunch "High Tea" for two	£16
Greggs Vegan Sausage Roll, Grilled Halloumi, Portobello Mushroom, Roasted Tomato, Baked Beans & a Choice of Scrambled, Fried or Poached Eggs		Greggs Peach Melba, Greggs Yum Yum Bites with Chocolate Sauce & Banana	
Full Vegan (VG)	£7	Greggs Croissant & Pain au Chocolat	
Greggs Vegan Sausage Roll, Smashed Avocado, Portobello Mushroom, Roasted Tomato, Baked Beans & Harissa-Scrambled Tofu		Greggs Sausage, Bean & Cheese Melt & Greggs Sausage Roll with Brown & Red Sauce	
LUNCH & DINNER			
Served daily from 12pm			
Greggs Christmas Lunch Soup	£5.5	Greggs Spicy Veg Curry Bake (VG)	£8
Served with Grilled Greggs Stottie, Finished with Honey-Roasted Chestnut		Saffron Pilau Rice, Kachumber	
Greggs Sausage Roll	£4.5	Greggs Yum Yums	£5
Piccalilli Dressing, Pickled Carrots, Cauliflower & Cucumber		Caramel Sauce & Macadamia Brittle	
Greggs Vegan Sausage Roll (VG)	£4.5	Greggs Peach Melba	£5.5
Chicory & Pear Salad, Pickled Walnut Ketchup		Raspberry Coulis & Brandy Crème Diplomat	
Greggs Steak Bake	£9.5	Greggs Caramel Shortbread Mess	£5
Truffled Dauphinoise Potatoes, Green Beans & Almonds		Meringue, Crème Chantilly	
Greggs Festive Bake	£8.5	Greggs Sweet Mince Pie Affogato	£4.5
Duck-Fat Roasties, Smoked Pancetta, Chestnuts & Sprouts		Espresso, Greggs Mince Pie, Vanilla Ice Cream Rippled with Greggs Mince Pies	
		"Tea & Cake"	£5.5
		Earl Grey Crème Brûlée with a Greggs Christmas Cake Slice	

Case study : John Lewis Partnership

Diversifying revenue streams outside retail

- £500m joint venture with global investment company
Abrdn
- Deliver around 1,000 new homes across three local communities
- Targeting 40% of its profits from services outside of retail



Source : John Lewis Partnership

Rising competition and new players



Case study : Next

Department-store style concept

- Omnichannel leader with physical scale
- Department store-style concepts that combine fashion, home and beauty
- Growing through acquisitions and partnerships - complementary concessions
- Expanding beyond core retail via Total Platform



Source : Next

Case study : TK Maxx

Value-driven, diverse product offer

- Fashion, toys, beauty, home
- TK Maxx's Swindon store spans two floors and features a café
- Grocers also offering value across categories under one roof - Sainsbury's fashion hubs

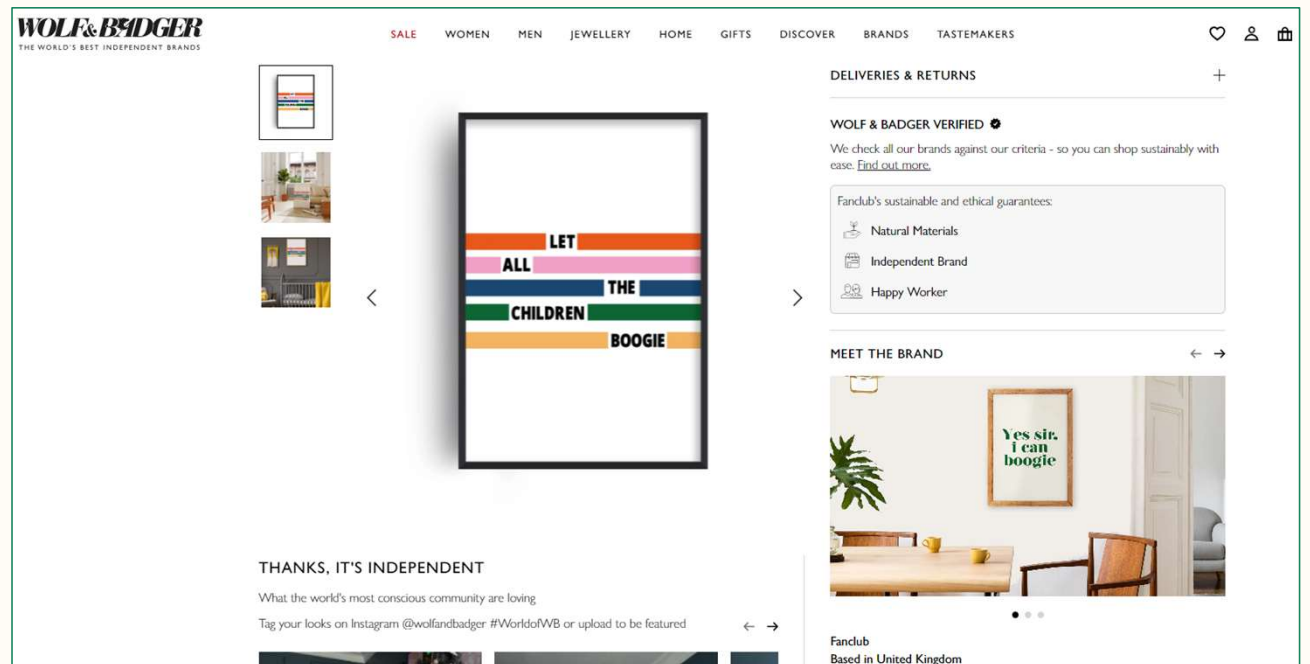


Source : TK Maxx

Case study : Wolf & Badger

Curated offer with a purpose

- Edited range
- Guarantee Index - sustainability criteria signposted
- Shops house florists and cafes
- B-Corp certified



Source : Wolf & Badger

Case study : On

Curated flagships

- Innovation at the heart of its products
- Curated flagship stores
- Regent Street floor dedicated to community and events
- 'On Track Night's' launched 2023



Source : On

Case study : Camp

Immersive retail



Source : Camp

Summary

- Innovate or risk being left behind
- Testing new formats
- Curation and edited assortments remains key
- Powering efficiency through technology
- Expanding eco-systems
- Partnerships to strengthen offer
- Immersive retail
- Attracting future generations

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Thank you for listening

Get in touch

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