

# Fenwick sees sales rebound and losses narrow despite Covid omicron woes

Department store chain Fenwick narrowed losses considerably and recovered sales in its most recent financial year, newly published accounts show.

The Newcastle-based retailer, which runs nine stores in England, said it considered the results a strong performance given significantly reduced footfall as a result of store closures in 11 weeks during the year to January 28, 2022. Gross sales for the year were £240.2m, a 71% increase on the previous year but still well below the pre-pandemic levels of £355m in 2019.

In the same period, operating losses before exceptional items were £18.2m – a significant improvement on losses of £44.9m during the previous year in which the firm had suffered Covid-induced store closures for 21 weeks. Smaller pre-tax losses were helped by the sale of its Farnborough warehouse for a profit of £11.6m

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Fenwick said there had been investment in its website and in-store digital services as online purchases, while still relatively small, helped its overall sales performance. Further spending on its own-brand 'premium' products including those in its 'Fenwick at Home' and 'Fenwick Food and Drink' offers was complemented by investment in exclusive brands, such as fashion label Juicy Couture, that are designed to tempt younger shoppers into its stores.

In response to Covid restrictions the retailer said it had

expanded outdoor dining at some of its stores. It also pointed to investment in its own-brand, in-store restaurants Fuego and Mason & Rye as well as a partnership with vegan restaurant 123V at its Bond Street location, and the the launch of the [Roof Thirty Nine](#) restaurant and cocktail bar in Newcastle.

And in March this year, a [£40m investment programme](#) in Fenwick's flagship Newcastle Northumberland Street store was announced to coincide with the firm's 140th anniversary. The five-phase revamp, to be carried out over the next five years, beginning with a new atrium and also including new store entrances and a complete renovation of its beauty hall.

In a review accompany the accounts, the company said: "Fenwick recognises the importance of its stores to the local community in which they are located and their unique and often exclusive position in providing a curated range of desirable premium brands to those communities – increasingly supported by an online offer available to all. Although online will represent the largest growth area for the business, bricks and mortar retail will remain the dominant contributor to sales for the foreseeable future and we believe it is important to grow and invest in both channels.

"We continue to differentiate from the competition by our investment in service and hospitality, both the physical and digital estate and our people and products. The new business model implemented over the last two years, focusing on full price sell-through, fewer and bolder discount events, and the continued introduction of new premium brands has helped to further establish Fenwick in a unique position on the high street, where it trades as the main retail premium offer in the town.

"This is also replicated online, where the edit of premium branded offer becomes stronger each season. In addition, we continue to invest in our own label restaurant offers, such as Fuego and Mason & Rye. We continue to improve our operating

model, especially with regards to our supply chain and IT systems. On our supply chain we have some exposure to the issues in the Far East but have bought ahead where possible to reduce any impact on sales.

“We will closely monitor the impact of issues in China and the ongoing war in Ukraine to manage these. Costs continue to be under pressure across all categories, and with a more challenging disposable income environment, we remain focused on offering the right brands, choice and value, whilst protecting margin.”

In a separate statement following publication of the accounts, John Edgar, Fenwick CEO, said: “We are cementing Fenwick’s position as the UK’s leading multi-channel premium department store – driving innovation across our edit and delivering unique experiences through Fenwick’s trademark hospitality. This is what underpinned a stable business recovery last year, leading to significantly increased sales and margin, and this is what will continue to drive us forward as we invest for the future of our stores and communities.”

There was an increase in Fenwick’s net assets to £391.7m during the year as the firm said the market value of its store portfolio was substantially higher than its book value.

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