

M&S hails strong Christmas sales across food and clothing arm

Retail giant Marks & Spencer has cheered strong Christmas trading as it revealed record food sales and its highest clothing and home market share for seven years.

The retail bellwether reported a better-than-expected 6.3% rise in like-for-like sales across its food halls in the 13 weeks to December 31, with its largest Christmas sales of more than £80 million on December 23 and its highest share of the market.

It saw clothing and home comparable store sales rise 8.6%, giving it a market share of over 10% – its highest level since 2015.

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M&S stuck by its guidance for full-year results in spite of wider economic woes and fears over consumer spending amid the cost-of-living crisis.

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“There are clear macro-economic headwinds ahead and underlying cost pressures, but our strong trading performance provides confidence that the results for the year will be consistent with the guidance set out at the group’s interim results in November,” the firm said.

Most analysts pencilled annual underlying profits of between £400-410 million against the £523 million reported in 2021/22.

But the group said it is continuing to focus on its ongoing overhaul and cost savings in the face of soaring inflation.

Stuart Machin, M&S chief executive, said: “M&S sustained trading momentum through the peak quarter and both food and clothing and home have delivered strong growth.”

But he added: “It’s clear uncertainty remains the new norm for us all.

“Whether you’re running a household or a business, everybody is feeling the impact of inflationary pressures.

“At M&S, much remains in our control and the pace of change has never been greater.

“We’re taking action to reinforce our customer proposition and structurally reduce our costs.”

The group is looking to make savings of about £150 million in 2023/24 to offset soaring inflation and help it weather tougher trading.

M&S recently said it is speeding up a major shake-up of its shops estate, which will result in the closure of 67 larger branches as part of long-term plans to axe 110 stores under a sweeping overhaul led by previous boss Steve Rowe.

It has also upped clothing and home prices by about 7% as its costs have soared, but said it will be focusing on its value ranges and essentials as consumers rein in spending.

Mr Machin said the group has not yet seen signs of a significant post-Christmas clampdown on spending, but stressed there is a lot of uncertainty over the consumer outlook and said shoppers are being "cautious".

Its third quarter and festive update showed strong demand for value ranges as well as more upmarket lines, with its Remarkable Value products now in more than 20% of baskets, while its top tier M&S Collection sales also grew by over 20%.

The group's resurgent performance in clothing and home continued, albeit at a slower pace, with comparable store sales growth lower than the 13.7% seen in the six months to October 1.

In the third quarter, it said its clothing arm's store sales jumped 12.8% as shoppers returned to the high street at Christmas, while online sales edged 0.7% higher as click-and-collect sales orders surged by 20%.

Total UK sales rose 9.7% to £3.3 billion, while international sales grew 12.5% to £312 million in the quarter.