

Next beats gloom with £860m profits forecast

High street chain Next has defied the retail downturn as its profits are boosted by return of formal dressing and the collapse of its high street rivals.

The firm increased its profits guidance for the year to £860 million, up 4.5% on 2021 and £10 million ahead of previous forecasts, while full-price sales were up 5%. Next shares grew 2.6% in opening trading.

The retailer said it had seen a surge in interest for its formal suits and dresses as Brits refreshed their wardrobe to attend their first weddings and business events since coronavirus lockdowns were put in place.

Next boss Simon Wolfson told the Standard: "There is a trend towards longer lasting higher quality products and away from lots of things that you throw out of the wardrobe very quickly."

"People are buying fewer but more expensive items – they're budgeting for an event or a holiday."

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The strong profits come despite ONS data showing money spent on clothing in retail stores is down 6% on pre-pandemic

levels. The Next CEO said the loss of a number of high street competitors, as well the warm seasonal weather, were responsible for the boost in sales, though he cautioned that the future prospects for the British high street were uncertain.

“You could think this is people generally returning to the high street, but actually there are fewer people on the high street now – we can’t draw any long-term conclusions about the high street at this stage,” he said.

[The coronavirus pandemic saw the collapse of a number of favourite high street brands](#), including the likes of Topshop, Peacocks and Debenhams, with fears more firms could fall victim to tougher economic conditions in the months ahead as household budgets are squeezed. One in seven high street shops in the UK remains empty, according to figures from the British Retail Consortium.

“We’re not expecting a catastrophe [but] we have moderated our expectations as [inflation](#) bites,” Wolfson said.

Sales from the company’s summer clearance fell short of expectations, which Next put down to Brits staying at home during the [heatwave](#).

Next said it expects to put prices up 8% in the second half of 2022 to tackle continued inflationary pressure.