

# The Works cuts its outlook for 2023 ahead of a cost-of-living Christmas on the UK high street

The Works has become one of the UK's first big-name [high street](#) retailers to directly address the prospect of a cost-of-living Christmas, cutting its full-year guidance for its 2023 financial year.

The discount books, toys and art materials chain pointed to “low [consumer confidence](#) and rising [inflation](#)” and “a heightened degree of uncertainty about how consumers will behave, particularly in the forthcoming Christmas shopping season, The Works’ most important trading period.”

It said it continued to expect overall sales growth, but that “it is uncertain whether the level of growth will be in line with original expectations” and that it might not offset increases to the [National Living Wage](#) and “historically high freight costs, which are showing little sign of abating.”

“In light of this uncertainty, and reflecting its desire to maintain a more cautious approach in these market conditions, the Board has materially lowered its expectations in relation to FY23’s result,” it said.

Like-for-like sales in the 13 weeks to July 31, the first quarter of its financial year which ends in 2023, fell 2.5%. Shares in the company slumped 2% 35p in London on Monday.

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Retailers are struggling with the twin impact of soaring inflation, which is both lifting their costs and constraining customers' spending power. Household budgets are expected to come under even more significant pressure in the autumn, when heating costs are added to weekly and monthly outgoings just as the run-up to Christmas begins.

The festive season trading period is crucial to the profitability of a range of retailers. The Works has around 500 shops across the country, and is a mainstay of London high streets from Camden to Woolwich. Its range of games, stationery and novelties make it a family favourite for stocking-fillers and present buying, leaving it dependent on Christmas for a significant portion of its annual revenue.