Christmas sales figures at major high street outlets far exceed expectations

Major high street outlets performed better than expected over the Christmas period and Next increased its profit outlook as a result, painting a positive picture for retail.

Sales were up nearly 5% at Next in the nine weeks to 30 December on the same period in 2021, far outpacing the 2% reduction the retailer had forecast and £66m better than expected.

As a leading high street retailer, Next is seen as a bellwether for the retail sector.

The company upped full-year profit before tax guidance by £20m to £860m, up 4.5% on 2021 but said it remains “cautious” in its “outlook for the year ahead”.

The cold weather is behind some of the “dramatic boost to sales”, Next said in a trading update.

“We believe that the strength of demand for cold weather products in December was partly a result of pent-up demand from an unusually warm October and November.”

But the picture is looking gloomier for the coming year. Full price sales are forecast to be down 1.5% and profit before tax down 7.6% to £795m, compared to the current year.

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For now, Next shares have enjoyed a boost on the back of the news, and the share price was at a high not seen since mid-August.

Other major outlets reported similar growth in the face of expected business disruptions including icy weather and rail strikes.

Boots

Boots also report increased sales in the run up Christmas and the biggest ever single day of digital sales on Black Friday.

Growing online and retail sales helped increase overall sales at Boots UK by 4.3% on the same three months the previous year, Boots parent company, Walgreen Boots Alliance, said in a trading update.

Online sales grew to become 18% of Boots overall business – a doubling from pre-pandemic times – and retail sales increased by 8.7%, offsetting decreases in pharmacy sales and COVID-19 services such as vaccines.

Pharmacy sales decreased 0.9% from October to December 2022, due to lower demand for COVID-19 services compared to the same three months the year before.

Footfall improved by 8% helped bring up retail sales.

Greggs

Greggs said sales increased 18.2% in the final three months of 2022, compared to the same time in 2021. For the year as a whole, sales rose 17.8% on 2021.

The strike action and weather headwinds were less than the disruption caused by the COVID-19 pandemic, Greggs said in a trading update.

Addressing the increased sales, it said "This reflected a favourable trading pattern leading into the Christmas period and softer trading conditions in the comparable quarter of 2021 as a result of disruption caused by the Omicron variant of coronavirus."

Over the year the baker said 186 new shops were opened and 39 were closed.

It was more optimistic for the coming year than Next, telling investors "We enter 2023 in a strong financial position that will enable us to invest in shops and supply chain capacity to bring Greggs to even more customers across the UK."

Reduced budgets may be no bad thing for Greggs. It said: "While market conditions in 2023 will remain challenging, our value-for-money offer of freshly-prepared food and drink is highly relevant as consumers look to manage their budgets without compromising on quality and taste."

B&M

Discount retailer B&M has also upped its full-year profit forecast as revenue rose 12.3% to £1.56bn in the 13 weeks to 24 December. As a result, pre-tax profits are expected to be above analysts’ expectations and between £560m and £580m.

Increased prices caused by double digit inflation, pushed up by high energy costs and supply chain difficulties, have led to a cost of living crisis that has eaten up disposable income and was expected to suppress economic activity in the run up to Christmas.