

## West End Annual Insights Breakfast

New West End Company this week hosted the annual West End Insights breakfast at the Hotel Café Royal on Regent Street, delving into the issues and trends that shaped 2016 and the challenges and opportunities that lie ahead for the West End.

With guest speakers including Rajesh Agrawal, Deputy Mayor for Business, Richard Holt, Head of Global Cities Research at Oxford Economics, Muriel Zingraff-Shariff, UK Country Manager at Premier Tax free, Alex McCulloch, Associate Partner at CACI and Kyle Monk, our own Head of Insight, the session spanned from the macroeconomic backdrop to international trends, London consumer focus and the West End specific outlook.

### 2016 – a tale of two halves

Despite significant change in the political landscape at home and abroad during 2016, the UK economy remained somewhat resilient at the year-end showing steady growth in retail sales as consumers carried on spending.

It was however, a year of two halves for London retail, with Brexit marking a clear divide. UK tax free sales were up 25% in 2016, according to Premier Tax Free, a marked increase on other European cities, particularly those in France and Germany affected by terror attacks.

Key West End streets also saw strong growth versus European counterparts in 2016. Old Bond Street, with its concentration of luxury jewellery and watch stores, experienced particularly strong sales due to the influx of foreign spend in the aftermath of the Brexit vote.

The currency effect saw the West End benchmarking quite differently from the UK as a whole in the second half of the year. Sales spiked and yet footfall remained relatively static, highlighting increased spend per transaction. This demonstrated, more than ever, the strong impact that currency has on West End sales.

### What to expect in 2017

Looking ahead, economic growth and spending are predicted to look similar to 2016, though declining exchange rates will lead to higher inflation. Indeed, the West End has already had a strong start to 2017 and the triggering of Article 50 and likely effect on currency could provide further significant growth opportunity in international spend for retailers in London's West End.

However, this comes at the price of further uncertainty for business, and at a time when employment growth in London shows signs of slowing down. Increasing business rates will be a further challenge for retailers, which are facing huge hikes come April and will need to see significant sales growth in order to off-set this cost.

Looking even further ahead, the launch of Crossrail in less than two years will provide significant growth opportunity, with the new line set to make transfer time from Heathrow to Bond Street just 25 minutes, and 60m more visits annually to the West End.

### Learning from consumer trends

The mapping of consumer trends in the UK over the last year show a decrease in the frequency of shopping with footfall down 4% for the second year running. However, despite this, increasing dwell time and an increasing spend on retail and catering point towards an overall increase in customer engagement.

London, home to a relatively younger demographic, shows a slight disparity in consumer shopping habits. Consumers in the Capital are seen to shop more frequently yet spend the same time in centres. They are less likely to engage with retail but more likely to make use of, and spend more on, the food and beverage offering. They are ultimately a more valuable customer and a lot more digitally engaged.

As such, a key focus for retailers should be centred on holistic brand engagement and helping consumers through the entire path to purchase, rather than simply attempting to drive spend in-stores. This ties into a wider objective for the West End, to improve public realm and the overall experience of visiting the West End, helping make the district the world's number one place to work, visit and shop.



**Richard Holt**

Head of Global Cities Research at Oxford Economics

**MACRO** – Currency, inflation, purchasing power; economic indicators influencing retail



**Muriel Zingraff-Shariff**

UK Country Manager at Premier Tax Free

**INTERNATIONAL** – Tax Free spending trends across the West End & Europe



**Alex McCulloch**  
Associate Partner at CACI

**LONDON** – London consumer focus, path to purchase and interaction with stores



**Kyle Monk**  
Head of Insight at New West End Company

**WEST END** – Key trends affecting West End retail

3rd Floor, Heddon House,  
149-151 Regent Street, London W1B 4JD  
**Tel:** +44 (0)20 7462 0680 **Web:** [newwestend.com](http://newwestend.com)

