



## UK Electricals Monthly

### Electricals

**-1.8%**

Electricals retail sales fell by 1.8% year-on-year in March, according to Retail Economics

### UK Retail Sales

**6.0%**

Retail sales rose 6.0% year-on-year in March, value and non-seasonally adjusted, according to Retail Economics.

### Electricals

#### 3-month average

**-2.6%**

Electricals sales fell by 2.6% in March on a three-month rolling basis, according to Retail Economics

### Average

#### Weekly Sales

**£266m**

Average weekly sales for Electricals was £266 million in March, according to Retail Economics

### Electricals

#### 2023 Forecast

**X.X%**

Electricals sales are expected to fall X.X% year-on-year in 2023, according to Retail Economics

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Report  
at a glance



## Muted performance

Electricals sales weak but some bright spots

- Electricals sales fell 1.8% YoY in March, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted) against a 2.6% decline a year ago.
- Inflationary pressure remains elevated with a basket of Electricals surging again in March supporting top line growth, suggesting volumes fell by double-digits.
- Nonetheless, the category moved up the rankings table for the first time in three months.

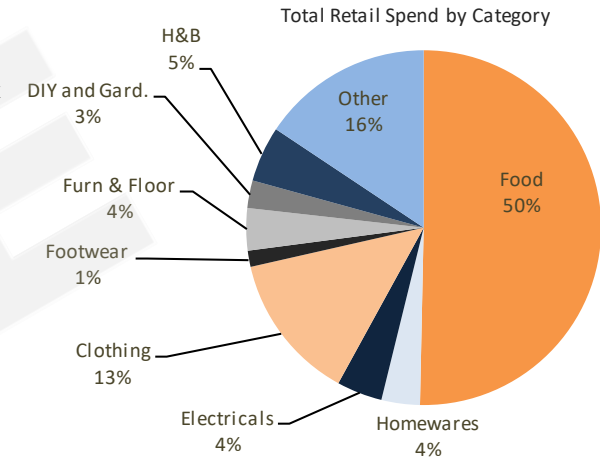
Sector Growth Rankings	Mar-23	3 month avg.	6 month avg.	12 month avg.
Food	11.0%	9.9%	8.8%	6.3%
Footwear	7.8%	7.9%	7.5%	9.6%
Clothing	5.4%	5.3%	4.4%	6.8%
Health and Beauty	5.2%	5.8%	5.4%	4.3%
Furn & Floor	2.9%	2.6%	2.6%	-0.7%
Homewares	-0.8%	-1.4%	-1.0%	-2.7%
Electricals	-1.8%	-2.6%	-2.8%	-3.1%
DIY and Gardening	-3.8%	-2.1%	-3.5%	-5.2%

Source: Retail Economics

## Retail market overview

Electricals accounts for 4% of total retail spend in March

- Total retail sales rose by 6.0% YoY in March, against a 4.7% rise in the previous year, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted).
- Several factors impacted headline performance in the month, including: adverse local and international weather (discouraging spring sales and impacting fresh food); an earlier Mother's Day this year; and inflation.
- Retail sales volumes have been in decline on an annual basis for 13 consecutive months, as inflation persists (10.1% YoY in March).

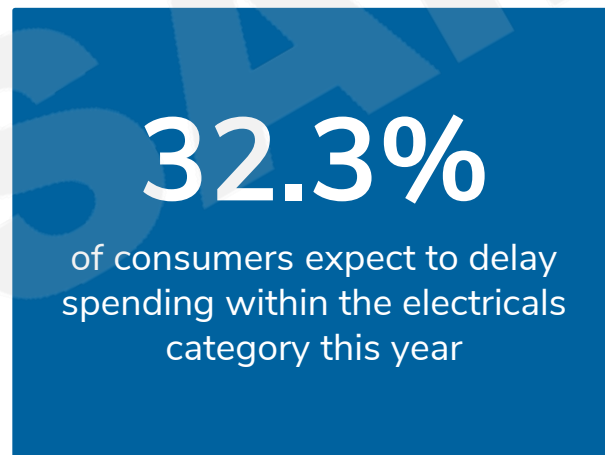


Source: Retail Economics

## Outlook

Spending intentions in 2023

- Continued pressure on household finances could lead to consumers delaying spending this year.
- Our latest research shows significant differences in spending intentions exist across retail and hospitality categories.
- While several factors contribute to shaping consumer behaviour, two primary drivers govern spending intentions across categories:
- While the focus on home life during the pandemic brought forward replacement cycles for many electricals items, our data shows that consumers are more likely to delay spending within the category that cut it altogether.



Source: Retail Economics and NatWest Outlook for UK Retail and Consumer 2023, n1,500

## Updated 2023 Forecasts

New forecasts suggest underperformance in 2023

- Electricals is set to be the worst performing retail sector in 2023. Retail Economics forecasts Electricals sales to drop X.X% YoY in 2023, with total annual sales set to register £XX.Xbn, down from £XX.Xbn in 2022.
- Electricals is a highly price-sensitive sector, with rising prices leading many shoppers to defer purchases, given the current squeeze on incomes and weak consumer confidence
- Read our updated 2023 forecasts on page 5.



Source: Retail Economics

## Electricals - Retail Economics Index: March 2023

- Electricals sales fell 1.8% YoY in March, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted) against a 2.6% decline a year ago.
- Inflationary pressure remains elevated with a basket of Electricals surging again in March supporting top line growth, suggesting volumes fell by double-digits.
- Nonetheless, the category moved up the rankings table for the first time in three months.

### Demand improves

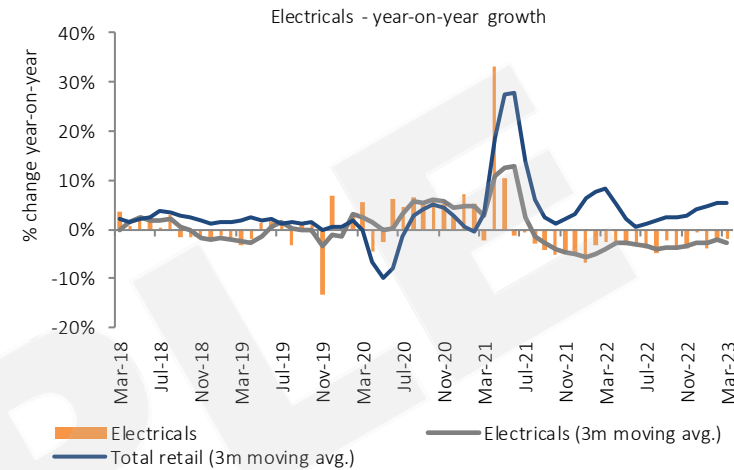
- Electricals has been in decline for 22 consecutive months, unable to recover from the pandemic-induced sales surge which knocked typical replacement cycles out of place.
- But there were pockets of strong demand with smaller energy saving appliances popular, to combat higher domestic energy prices ahead of another rise in the price cap from July.
- White goods received a boost from consumers focussing on their homes ahead of the Easter period.
- Wearable technology also remained popular although consumers are increasingly demanding notable enhancements in technology before parting with their income.
- Elsewhere, TV and audio equipment sales disappointed amid pandemic-induced purchases.

### Economic backdrop

- The economic backdrop remains tough for consumers as they contend with elevated

levels of inflation which weighs on household budgets.

- While headline inflation edged lower in March to 10.1%, following February's unexpected jump to 10.4%, it remained above economists expectations of a dip into single figures (9.8%).
- Positively, inflation is forecast to drop significantly when April's data is released next month, as last year's sharp rise in energy prices drops out of annual comparisons. It should then continue on a downward trajectory for the remainder of the year.
- But markets are jittery, with banking sector turmoil plaguing the month with the collapse of Silicone Valley Bank (SVB). This sparked the biggest one day sell-off since the early months of the pandemic.
- Prior to the collapse, the Bank of England chief, Andrew Bailey, said the economy was evolving 'as expected', with hope interest rates had reached their peak and would begin falling back to target.
- However, whispers of another financial crisis coupled with sticky inflation saw the Bank raise interest rates by 0.25 percentage points to 4.25%. Further rises are now also expected in May and June.
- This will add more pressure to the 2 million households renewing their mortgages this year, many of which are likely to see a significant rise in monthly mortgage repayments.
- Nonetheless, for the moment, at least, consumer confidence remains on an upward trajectory, rising two points to -36 in March according to the headline GfK consumer confidence index.



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted  
\*Period aligned to ONS trading calendar 26 February – 01 April 2023

Electricals	Annual % growth	Avg. weekly spend (£m)
Oct-22	-4.2%	£341
Nov-22	-3.8%	£391
Dec-22	-0.5%	£542
Jan-23	-3.9%	£301
Feb-23	-2.4%	£292
Mar-23	-1.8%	£266

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted.  
\*Period aligned to ONS trading calendar 26 February – 01 April 2023

## Electricals Year-on-year growth

**-1.8%**

Electricals sales fell by 1.8% YoY in March according to Retail Economics

## Electricals 3-month average

**-2.6%**

Electricals sales fell by 2.6% in March on a three-month rolling basis

Inflationary pressure remains elevated with a basket of Electricals surging again in March supporting top line growth, suggesting volumes fell by double-digits.

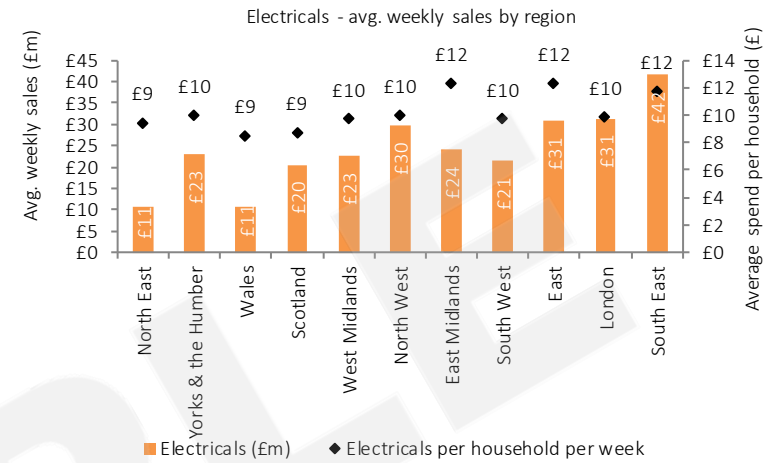
Results boost

- Encouragingly, signs of resilience were seen in both AO and Marks Electricals recent results announcements.
- AO raised its profit guidance for the fourth time since it pivoted its business model last summer and now expects profits to be in the top end of its previous estimate. The electricals specialist has benefitted from cost cutting initiatives and resilient consumer spending.
- It noted that economic uncertainty and tough backdrop “have not materialised to the extent they envisaged.”
- Marks Electricals also hailed its strong performance, with sales accelerating 21.5% in its second half of the year to March 31.
- Its strong business model and having ‘everything under one roof’ was said to help keep its costs down. The launch of its nationwide installation service in August last year has also been a success, with YoY bookings surging 80%.

Outlook

- While these results offer encouragement to the sector, the continued pressure on household finances could lead to consumers delaying spending this year.
- However, our latest research shows there are significant differences in spending intentions across retail and hospitality categories.
- While several factors contribute to shaping consumer behaviour, two primary drivers govern spending intentions across categories:

1. The sensitivity of demand for discretionary categories to income changes.
  2. The reversal of pandemic-driven spending patterns, which is sparking a change in consumer preferences.
- Unsurprisingly, discretionary purchases are more susceptible to consumers initially cutting back on.
  - While the focus on home life during the pandemic brought forward replacement cycles for many electricals items, our data shows that consumers are more likely to delay spending within the category that cut it altogether.
  - Almost a third (32.3%) of consumers expect to delay spending within the category compared to under a fifth (18.8%) who plan to cut almost all spending on electricals.



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted  
 \*Period aligned to ONS trading calendar 26 February – 01 April 2023 \*Regional figures may not sum to total due to rounding

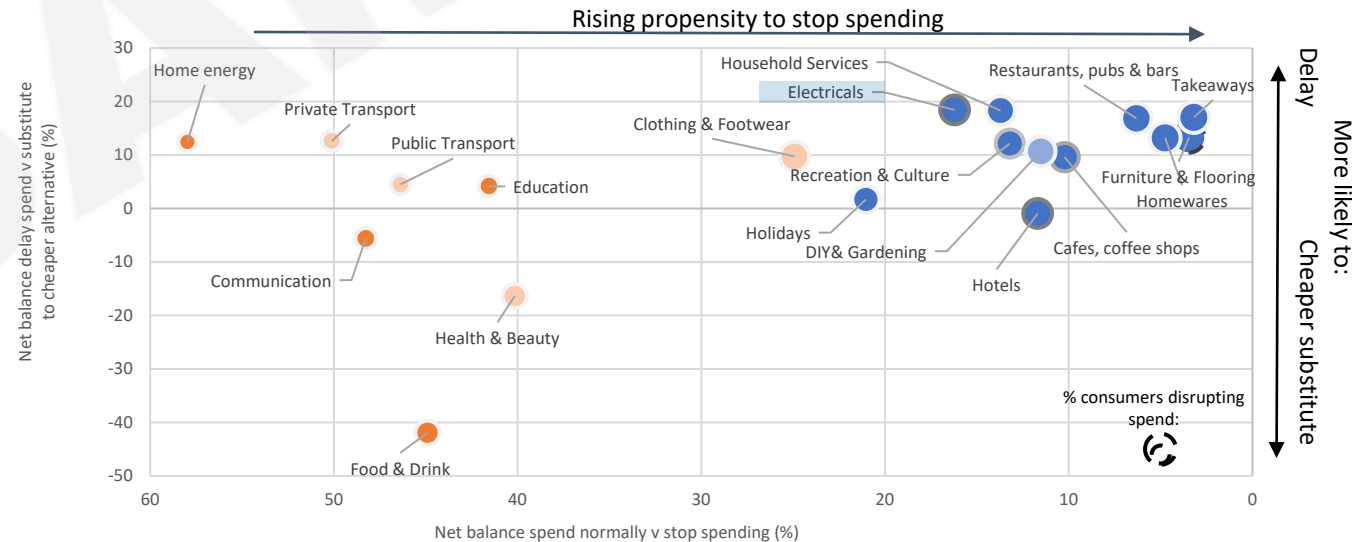
South East  
**£42m**

Average weekly spend on Electricals in the South East in March

Average weekly sales  
**£266**

Average weekly sales for Electricals was £266 million in March, according to Retail Economics

Fig 1: Spending intentions in 2023



Source: Retail Economics and NatWest Outlook for UK Retail and Consumer 2023, n1,500

**How to read this chart:** The bubbles reflect different categories, with orange bubbles representing typically essential spending and blue bubbles being typically non-essential spending. The size of bubble indicates the proportion of consumers disrupting normal spend in that category in 2023. The X-axis plots the net balance of those intending to spend as normal in the category in 2023 against those that intend to stop almost all spending in the category (with bubbles on the right most at risk of consumers stopping spending). The Y-axis plots the net balance of those intending to delay spending in a category against those looking to find cheaper alternatives instead (with bubbles above 0 on the Y-axis more at risk of delayed spending).



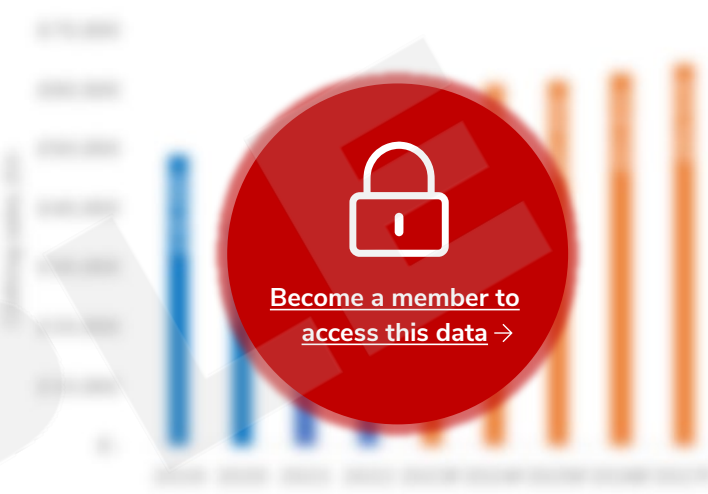
**Electricals Outlook**

- Electricals is set to be the worst performing retail sector in 2023. Retail Economics forecasts Electricals sales to drop X.X% YoY in 2023, with total annual sales set to register £XX.Xbn, down from £XX.Xbn in 2022.
- Electricals is a highly price-sensitive sector, with rising prices leading many shoppers to defer purchases, given the current squeeze on incomes and weak consumer confidence.
- Electricals has also fallen out of its cyclical upswing, as many consumers brought forward their purchases during lockdown, resulting in fewer demand for new devices and home appliances since restrictions were lifted as spending prioritises shift elsewhere – a trend that is set to continue over the months ahead.
- Certain ranges that chime with a more energy conscious consumer such as air fryers, heated clothing airers and other energy-saving devices are likely to trade well over 2023.
- Electricals retailers are feeling the dual impact of rising operating costs and softer demand. Currys and AO.com are taking a more cautious approach to driving sales and prioritising profitability instead, by scaling back promotions and, in some cases, passing the increased costs onto consumers in the form of delivery charges.
- Product innovation will remain a key driver of demand, with new technologies and features expected to attract consumers seeking the latest advancements in the electricals sector.
- Electricals has the highest online penetration rate of any retail sector, projected at XX.X% of total sales in 2023.
- Over a five-year horizon (2023-2027), Retail Economics forecasts Electricals sales to rise by a compound annual growth rate (CAGR) of X.X%, reaching total annual sales of almost £XX.Xbn by the end of this period.

Retail Economics Electricals Forecasts

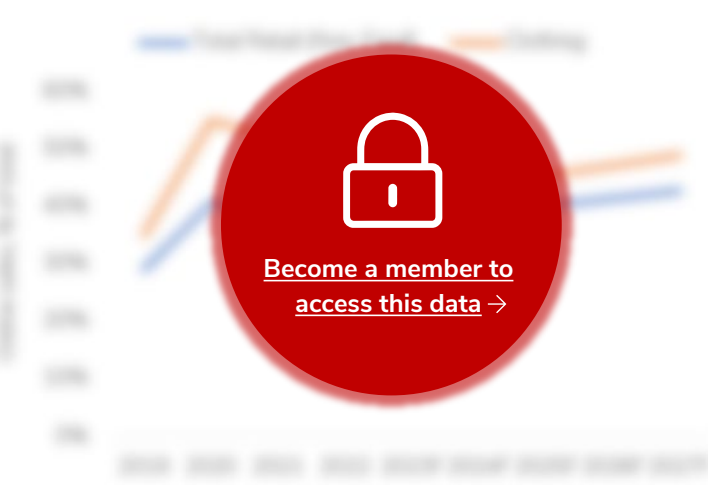
Forecasts updated quarterly. Last update: February 2023

**Electricals sales forecast to fall back from pandemic highs**



Source: Retail Economics. F = forecast.

**Online set to account for XX.X% of Electricals sales in 2023**



Source: Retail Economics. F = forecast.

**Electricals 2023 Forecast**

**-X.X%**

Retail Economics forecasts Electricals sales to fall by X.X% YoY in 2023

**Online Electricals 2023 Forecast**

**+X.X%**

Retail Economics forecasts Online sales of Electricals to fall X.X% YoY in 2023

Electricals is a highly price-sensitive sector, with rising prices leading many shoppers to defer purchases.

## Latest developments

### Job cuts

- Apple plans to improve its operations by cutting corporate retail roles, with the number of job cuts expected to be minimal.

### Financial results

- **Marks Electrical** saw full-year revenue increase by 21.5% to a record £97.8m. Sales increased 20% to £24.8m in the four months to 31 March, with the retailer recording an exit growth rate of 21.2% YoY in the final month. Sales of A-rated energy-efficient washing machines and tumble dryers were particularly strong.
- **AO World** expects earnings for the year to March to between £37.5m and £45m, an increase on January's forecast of between £30m and £40m.
- **Music Magpie** reported a 46.7% decrease in EBITDA for the year to 30 November 2022, from £12.2m to £6.5m. Gross profit for the year was £38.1m, a 14.2% decrease on the previous year, while revenue fell 0.2% to £145.3m. The retailer also saw a 12.2% increase in consumer technology revenue to £96.6m, making up 66% of its total group revenue.

### Pay rise

- **Currys** announced a fourth pay rise in 18 months for almost 10,000 UK store colleagues. The minimum hourly rate will increase from £10.35 to £10.50 across the UK and to £11.50 in London.
- The average store colleague bonus is 89p per hour, with top earners gaining up to an additional £3 per hour. The retailer will also give store colleagues who complete a six-month onboarding and skills development programme and who are performing well a minimum hourly rate increase to £10.80 across the UK and £11.39 in London.

## Total Electricals Market

Retail Economics forecasts total Electricals sales of £XX.Xbn in 2023

### Audio & Visual

# 28.8%

Audio and Visual accounts for 28.8% of the Electricals market

AO World expects earnings for the year to March to between £37.5m and £45m, an increase on January's forecast of between £30m and £40m.



Most consumers (64%) are Omnichannel shoppers when buying apparel, regularly switching between online and in-store.

**UK Omnichannel Retail 2023**  
Understanding consumer segmentation for in-store & online market trends

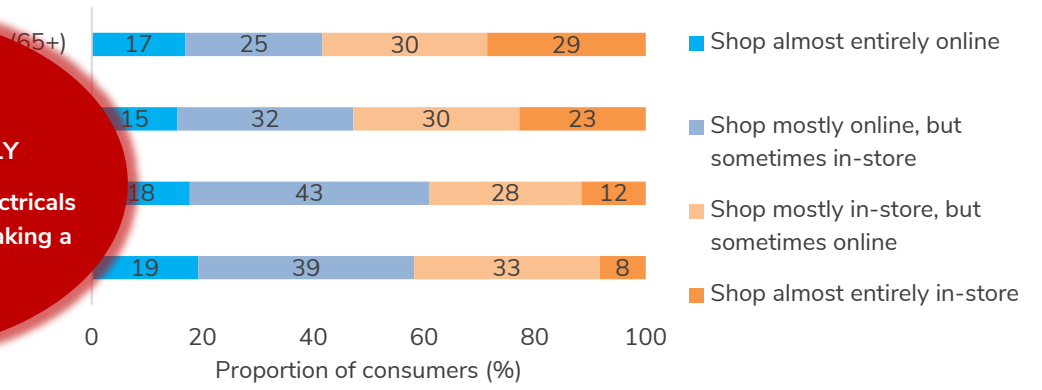
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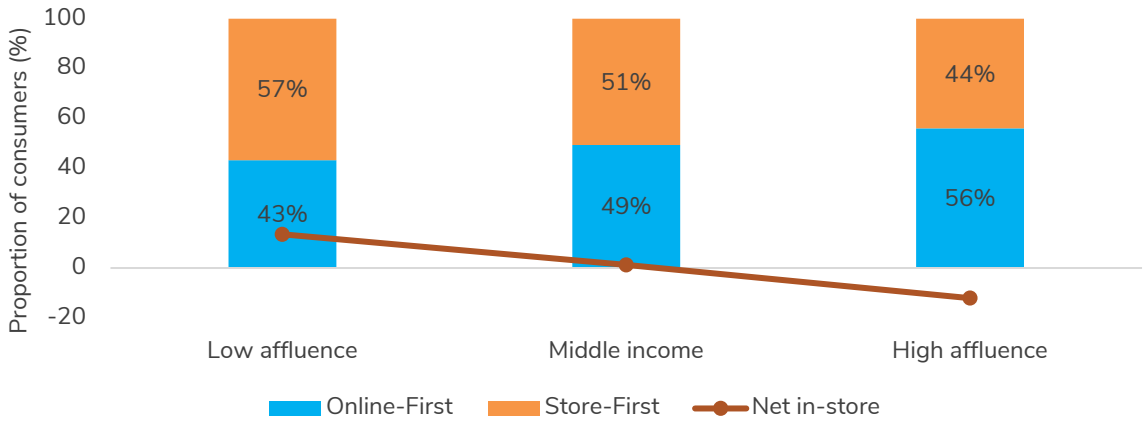
**EXEMPLARY DATA ONLY**

Access the actual data for Electricals by becoming a member or making a one-off purchase →

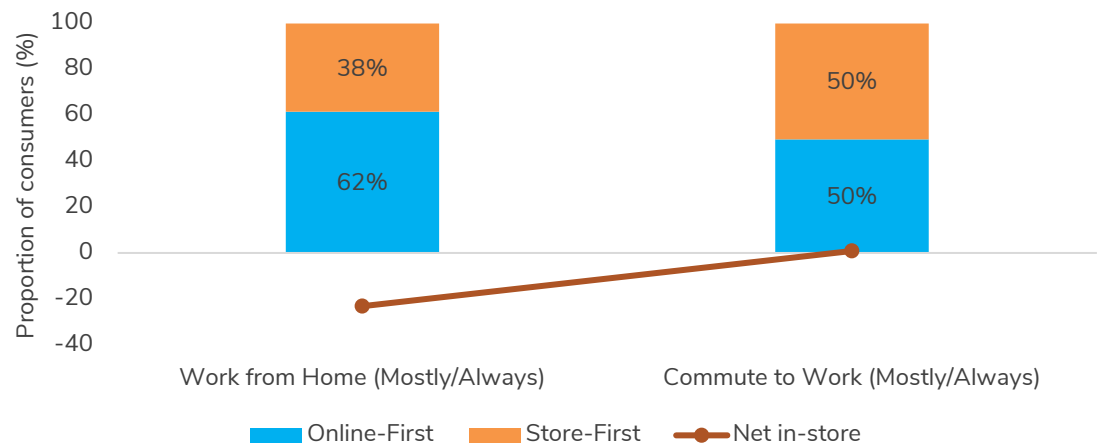
**Age:** Millennials & Gen Z are online-first, Gen X & Boomers are store-first



**Income:** Least affluent shop more in-store, Most affluent shop more online



**Work location:** Even split between online and physical channels for commuters



Source: Retail Economics. N=2000. Net in-store = % of consumers that shop more in-store minus % that shop more online

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↓ In the media



↓ Consumer Pulse Calendar



↓ Retail Sales Forecasts



↓ Housing Market/Credit



↓ Labour Market/Earnings



↓ Cost Pressures/Margins



↓ Consumer Spending



↓ Consumer Confidence



↓ Shopper Sentiment



↓ Weather



↓ Chartbook





# Why Retail Economics

We're trusted. We're independent. We're an authority within the industry



We're trusted by world class corporations...

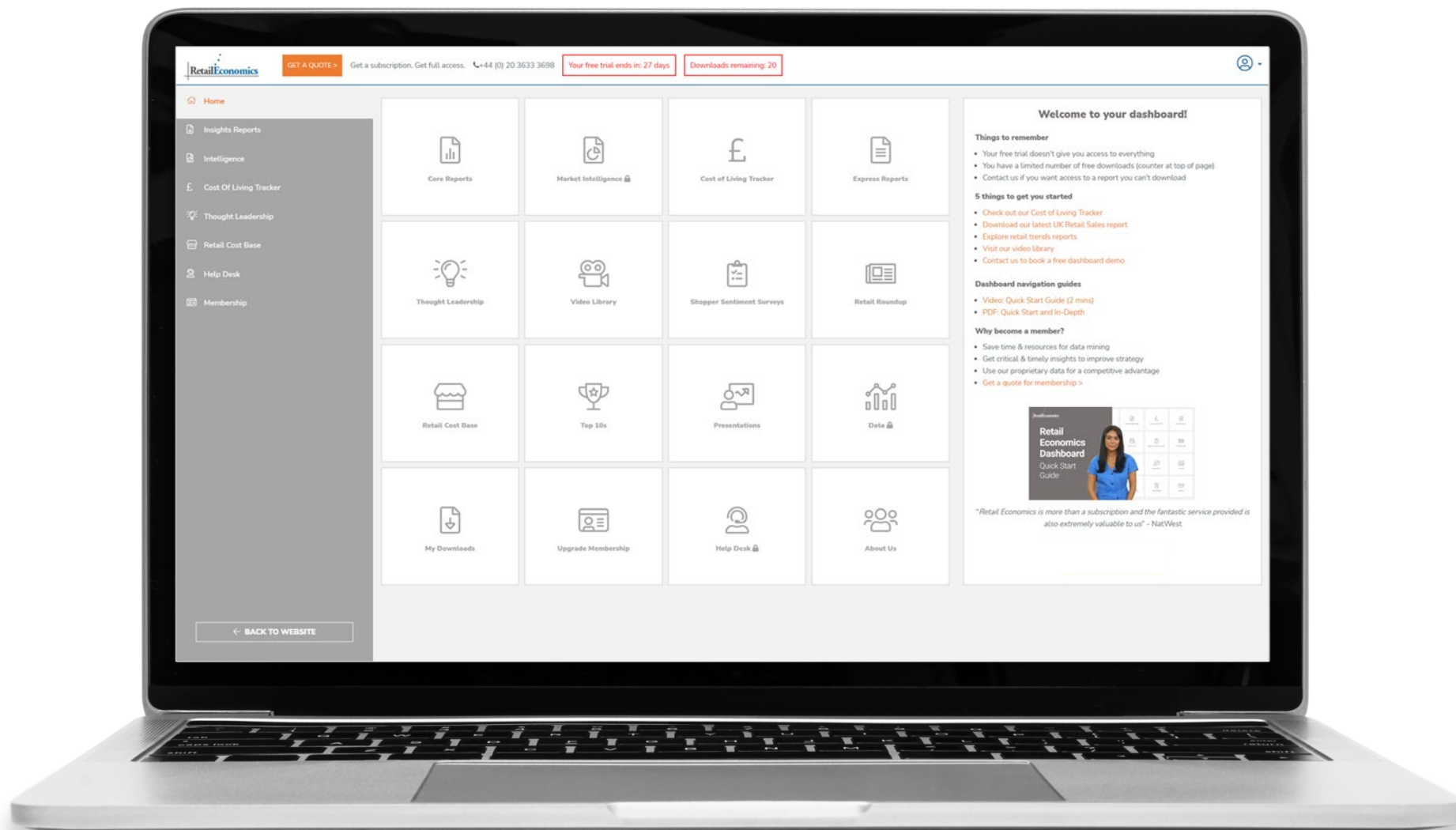
...and we're frequently in the media



[See what some of our clients think →](#)

[See us in the media →](#)

# Retail Economics Membership Dashboard



# Reports

## Core Reports

### Economic Retail Reports

- [UK Retail Sales Report →](#)
- [UK Online Retail Report →](#)
- [UK Retail Inflation Report →](#)
- [UK Consumer Report →](#)
- [UK Retail Economic Briefing →](#)
- [UK Retail Industry Outlook →](#)
- [Executive Report →](#)

### Retail category reports

- [Food & Grocery →](#)
- [Clothing & Footwear →](#)
- [Homewares →](#)
- [Furniture & Flooring →](#)
- [DIY & Gardening →](#)
- [Electricals →](#)
- [Health & Beauty →](#)
- [UK Retail Sector Forecasts →](#)

## Express reports

### Sector Snapshot Report →

Monthly overview of all key retail categories with macroeconomic insights in a summary format

### Chartbook →

Key economic charts published every month for the UK & other international markets

## Other reports

### Cost of Living Tracker →

Tracks impact of inflation, earnings growth & discretionary spending on household income groups (monthly)

### Retail Roundup Report →

Retail industry news & trading updates in a nutshell to keep you abreast of industry developments (monthly)

### Thought Leadership Reports →

Deeply understand industry & consumer trends and the impact of current disruption on your business

### UK Omnichannel Report →

Understand consumer shopping channel behaviour - online vs. in-store with many different data splits

### Top 10 European Retail Markets →

Analysis by 5 key metrics: Market size, in-store spend, online spend, online penetration, spend per capita

# Services



### Membership →

Your complete retail intelligence service: tailored to give you powerful insights



### Thought Leadership Research →

Publish co-branded thought leadership white papers. Be seen as an authority in your field. Get in the media, boost your brand awareness and profile



### CEO Presentations →

Get the personal touch and interact face-to-face with the Retail Economics CEO (LinkedIn Top Voice, Rethink Retail Top Retail Influencer 2023).



### Media, PR & Comms →

Maximise impact and media traction for your projects and campaigns. Tap into our extensive media and industry networks



### Data & Benchmarking →

We provide bespoke proprietary data and benchmarking services allowing you to accurately measure and monitor performances



### Economic modelling →

Better understand how your key industry variables affect your organisation: demography, socio-economic profiles, regional, sector, policy, industry and skills etc.



### Advisory & Business planning →

Accelerate and grow your business with intelligent planning, forecasting and risk management using our business advisory service

# About

Retail Economics is an independent economics consultancy focusing on the retail and consumer industry. Our membership service empowers you with a deeper understanding of the key economic drivers within the UK retail industry, giving you a competitive edge needed to make critical business and investment decisions.



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