

## Europe

# Retail Review

### CONSUMER CONFIDENCE

continues to fall throughout Europe amid a resurgence of COVID-19 cases and lockdowns. Retail sales and consumer spending declined throughout 2020 while unemployment rates remain high.

Almost all European countries have initiated measures to support their economies and retail industries. As a result, Gordon Brothers has seen fewer restructuring and insolvencies in some jurisdictions like Italy, Eastern Europe and Southern Europe. However, we've seen more retail insolvencies in markets such as the U.K., Germany and the Netherlands.

Situations are likely to remain difficult for European retail industries and continue throughout 2021. In addition to state loans and public measures already in place, there's an increased need for retailer financing across Europe. Below we highlight some key figures from 2020.

## UNITED KINGDOM



Retail sales **declined 0.3% YoY**



Consumer confidence **decreased from -26 in December to -28 in January 2021** amid increases in pandemic restrictions but remains above low points of -35 in April



Consumer spending in Q3 **increased to £314 billion from £263 billion** in Q2

## GERMANY



Retail sales were **up 1.5% YoY**



Consumer spending was **heavily disrupted by the lockdowns in Q2 and Q4 2020**



Several big retailers began **insolvency proceedings in 2020.**



The stringency of lockdown measures initiated by the German government and the various state governments was a topic of debate within the retail market.



Several state initiatives to support retail were viewed as too bureaucratic and too slow by many retailers.

## FRANCE



Retail sales were **up 9.1% YoY**



Consumer spending in Q3 **increased to €242 billion from €216.6 billion** in Q2



Consumer confidence **decreased to 92 in January 2021 from 95 in December**

## SPAIN



Retail sales were **down 1.5% YoY**



Consumer spending **increased in Q4 to €161 billion from €157 billion** in Q3



Consumer confidence has **remained below 65 points since March**

## ITALY



Retail sales were **down 3.1% YoY**



Consumer spending in Q3 **increased to €242 billion from €216.6 billion** in Q2



Consumer confidence **fell to 100.7 in January 2021 from 101.1 in December**, mainly caused by a spike in COVID-19 cases

## LOOKING AHEAD

Gordon Brothers believes the following key trends will emerge throughout Europe in a post COVID-19 retail world and influence consumers and retailers equally.

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- **Localism:** Consumers are choosing to shop locally. The change in how and where consumers shop has the potential to affect the retail property market.
- **Price Consciousness:** Price will remain the most important factor in 2021 and in a post-COVID-19 world.
- **Conscious Consumerism:** The ongoing pandemic has accelerated a pre-existing trend in concern for environmentalism and climate change, driving consumer spending habits towards ethically sourced products.
- **Brand Loyalty:** Consumers are shattering current brand loyalties, switching brands for ethical reasons and changing their consumer habits because of the ongoing pandemic.
- **E-commerce:** The growth in e-commerce knows no boundaries as whole customer segments shifted with the onset of the pandemic.

Sources: Trading Economics, Statista, Ernst & Young  
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