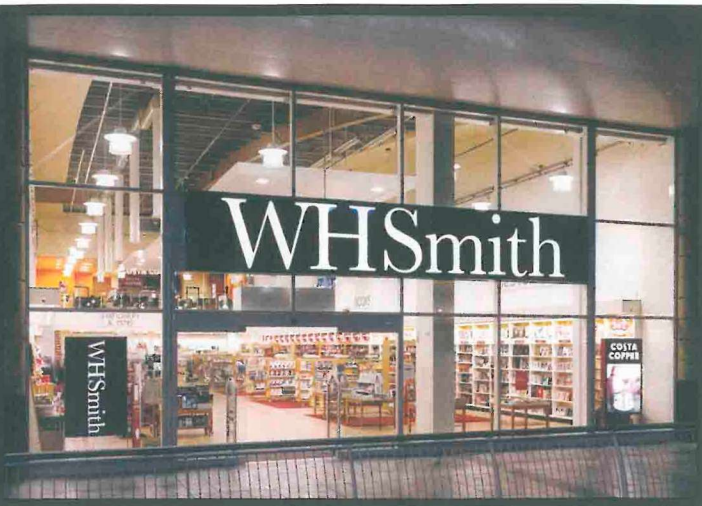


After unveiling its best high street like-for-likes in 14 years last week, WHSmith has reason to be cheerful. **Emily Hardy** asks what the wider implications are

ANALYSIS

WHSmith's results reveal the shape of UK high street



WHSmith revealed a 10% jump in interim pre-tax profits this week

Bookseller and stationer WHSmith marked a happy chapter in its business story when it updated last week. As well as a leap in interim pre-tax profits of 10%, bolstered by its growing travel arm, WHSmith revealed its best high street like-for-like sales since 2002.

That 'best performance' still only equated to flat like-for-likes, but was a big shift given a decade and a half of tumultuous change on the high street as ecommerce has grown.

WHSmith chief executive Stephen Clarke says: "Flat like-for-likes is not necessarily something to coo about, but in our business given our categories and everything else it actually is."

What does this say about the current health of the high street?

The retailer's performance impressed industry observers. Footfall monitor Springboard's insights director, Diane Wehrle, says: "WHSmith's trading performance is positive in what has been a lacklustre six-month period for footfall in high streets and shopping centres."

Springboard data shows an average decline in high street footfall of 2.5% since October 2015.

Local Data Company (LDC) director Matthew Hopkinson observes that shopper traffic is falling away from the high streets as retail parks, shopping centres and the internet become the main destinations for retail expenditure.

Traditional occupiers, such as fashion

stores and newsagents have been among those to suffer most because of "increased cost of occupancy and the continued increase in online sales".

Bucking the trend

Like some other retailers, such as Sainsbury's or Tesco, WHSmith has been able to tap into the rise of convenience shopping.

Clarke says: "The high street is definitely becoming more convenience-orientated as fewer people do big shops in big supermarkets and in large shopping centres, and do more frequent shops in local high streets instead."

"That has changed the shape of the high street to a degree. We keep afoot with that and manage our space based on how customers are behaving in our stores."

LDC's Hopkinson says: "WHSmith has increased the number of customer journeys to its stores by changing their offer towards fast convenience with sandwiches, chocolate and drinks playing a dominant part."

In another drive to exploit the convenience trend as well as to draw consumers in, WHSmith has extended its tie-up with the Post Office.

The retailer will open 61 more Post Office concessions, taking the total to 168.

"This enhances the offer for WHSmith customers by providing more products and services all in one location," Clarke says.

The retailer has also opened 60 'WHSmith Local' stores, run by franchisees, which also click with the demand for convenience. Clarke says there will be a focus in future, describing them "a bit of a slow burner with good long-term potential".

High street survival

But WHSmith's improved performance on high streets is not just down to the fact that it happens to have stores there.

The retailer tightly manages its store space and ranges with an eye on making the most of its core categories and increasing margins.

Clarke said that "out of everything" stationery has had the biggest impact on its high street division. Sales at the 618 high street shops were driven by investment in "more contemporary" and festive stationery ranges.

The retailer is also riding the wave of a healthy book market, particularly the phenomenon of adult colouring books and the latest trend of 'extreme' dot-to-dot.

Clarke says: "We're very good at identifying where we think we can get good sales benefits from changes in customer behaviour and new trends coming along."

This year should be good for books too. Clarke anticipates bumper sales of *Harry Potter and the Cursed Child*, the script book of a stage play due to be published this July.

The high street division was also helped by £5m of cost savings. A further £4m of savings will be made in the second half.

While WHSmith can be pleased with its high street performance, sustaining it will remain challenging.

"The key issue moving forward," says Springboard's Wehrle, "will be whether the customer base left in the high street is of sufficient volume to sustain [WHSmith's] significant network."

"Many outlets are large, in prime or near-prime pitch, which command a heavy rental and rates burden."

Hopkinson warns that 2016 is likely to bring even more challenges for high street retailers as the impact of the living wage kicks in and rents rocket.

However, Clarke and his team will be determined to ensure their next chapter on the high street also makes happy retail reading.

"We manage our space based on how customers are behaving in our stores"
Stephen Clarke, WHSmith