

M&S sales disappoint the market

Shares in Marks and Spencer (M&S) have fallen 5.1% after its increase in sales for the Christmas period failed to meet market expectations.

The retailer said like-for-like sales, which exclude the impact of new store openings, rose by 0.8% in the UK in the three months to Boxing Day.

This increase, which compares with the same time a year earlier, was below analyst predictions of a 1.2% rise.

M&S shares were down 20.7 pence to 384.2p in early Wednesday trading.

'Good Christmas'

While the company's overall UK like-for-like sales grew 0.8% in the quarter, those of its general merchandise added 1.2%, while its food sales grew 0.4%.

“ We have done pretty well in getting ourselves back into positive territory ”

M&S chairman Sir Stuart Rose

Although the increases in food sales for the whole three months trailed behind those of clothes, M&S said sales of food in the immediate two weeks before Christmas Day were its highest yet for the festive period.

M&S chairman Sir Stuart Rose said the firm had seen a "good Christmas", but that trading in 2010 would be tough.

The company said that if it had included 27 December - the first day of its post-Christmas sale - its like-for-like sales for the three months would have risen by "nearly 2%", such was the high level of trading on just that one day.

'Beating recession'

Sir Stuart told the BBC's Today programme that the firm was happy with its latest figures, and that "2009 was all about getting through the recession".

AT A GLANCE

- M&S - like-for-like sales up 0.8% in three months to 26 December
- John Lewis - revenues of £500.8m in five weeks to 2 January. Like-for-like sales up 12.7%
- Next - like-for-like sales up 3.2% in 22 weeks to 24 December
- Asda - said it had a 'solid' Christmas
- Majestic Wine - like-for-like sales up 11.7% in nine weeks to 4 January
- Ocado - like-for-like sales up 30% in four weeks to 26 December
- Shop Direct - sales up 6.3% in six weeks to 1 January

"We have done pretty well in getting ourselves back into positive territory," he said.

M&S's figures come a day after department store group John Lewis reported record sales for the Christmas period.

Revenues at John Lewis' stores totalled £500.8m in the five weeks to 2 January, with like-for-like sales up 12.7% from a year earlier.

Sales at John Lewis' Waitrose supermarket business were up 20.8% from a year before.

Sir Stuart admitted that M&S had been "bested" by Waitrose over the Christmas period.

Analyst Kate Calvert said M&S's trading update had been "slightly underwhelming".

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