

BRC-KPMG Retail Sales Monitor March 2009

Covering the five weeks 1 March – 4 April 2009

Strictly Embargoed until 00:01 hrs – Thursday 16th April 2009

WEAK SALES DESPITE CLOTHING GROWTH

MARCH	
% change on year ago	
Like-for-Like	Total
All Categories	
-1.2%	0.6%

JANUARY – MARCH: 3-MONTH WEIGHTED AVERAGE					
% change on year ago					
Like-for-Like			Total		
Food	Non-Food	All Categories	Food	Non-Food	All Categories
4.7%	-4.3%	-0.7%	6.3%	-2.1%	1.2%

- UK retail sales values fell 1.2% on a like-for-like basis, and rose only 0.6% on a total basis, from March 2008, when sales were very weak, hit by extremely unseasonal weather.
- Easter falling in April this year but in March last year, together with warm sunny weeks this March but snow and rain last March, make comparisons difficult.
- Food sales showed slightly stronger growth, partly inflation-driven. The decline in non-food sales was smaller than in February, as warmer weather benefited clothing, footwear and outdoor leisure. Homewares and furniture sales remained down on a year ago.
- Non-food non-store sales (internet, mail-order and phone sales) in March were 10.8% higher than a year ago. This continued the slowdown from the 30.0% gain in December.

Stephen Robertson, Director General, British Retail Consortium, said:

"March this year didn't include Easter but it did benefit from some good weather, compared with last year's cold and snowy conditions, giving sales growth a minor boost. But there were sharp contrasts between sectors. A slight air of pre-spring optimism tempted customers to buy new-season clothing and women's footwear.

"But this is unlikely to be the basis of sustained improvement. Customers are still worried about jobs and their own finances - so they're keeping spending under tight control. We've now seen negative like-for-like sales growth in nine of the past ten months. A revival in sales of big-ticket items would indicate confidence is coming back but, despite the discounts, furniture sales were the worst for at least nine years."

Helen Dickinson, Head of Retail, KPMG, said:

"The timing of Easter was always going to make year-on-year comparisons difficult. The comparative figures were particularly weak, as last year's results were affected by some poor weather and came at the turning point when declining consumer confidence really started to impact spending. So, while 0.6% growth in the value of total retail sales is nothing to write home about, it is better than expected given that we still have the anticipated uplift due to Easter trading to come in April. We continue to see significant volatility in weekly and individual retailer performance, highlighting the need to remain cautious in drawing conclusions about the prospects for retail spending."

Food & Drink – Joanne Denney-Finch, Chief Executive, IGD, said:



"Easter was early in 2008, making direct comparisons with last March slightly unfair. However, grocery retailers have maintained robust growth – again suggesting the sector is the bedrock of consumer spending, filling the void left by victims of the recession. Their absence, particularly apparent at this time of year, provides opportunities to drive sales of Easter eggs and other seasonal confectionery products.

"Inflation in food has yet to drop off in the way that some have predicted. Supermarkets have adapted their offers quickly to provide outstanding value, helping shoppers to manage some of the effects of inflation themselves, while keeping volumes positive."

BRC-KPMG Retail Sales Monitor March 2009

Covering the five weeks 1 March – 4 April 2009

Non-Food Non-Store* - Sharon Hardiman, Head of Non-Store Retailing, BRC, said:

Non-food Non-Store Sales
% change on a year ago
10.8%

“Online and catalogue sales grew faster than shop sales. But growth was slightly down on the previous month.

“That’s because the comparison is with a strong March last year, when online sales were boosted by Easter and poor weather.”

Notes

The BRC-KPMG Retail Sales Monitor measures changes in the actual value (including VAT) of retail sales from a sample of retailers. The Monitor measures the value of spending and hence does not adjust for price changes. If prices are rising, sales volumes will increase by less than sales values. In times of price deflation, sales volumes will increase by more than sales values.

Retailers report the value of their sales for the current period and the equivalent period a year ago. These figures are reported both in total and on a ‘like-for-like’ basis.

Total sales growth is the percentage change in the value of all sales compared to the same period a year earlier. The total sales measure is used to assess market level trends in retail sales. It is a guide to the growth of the whole retail industry, or how much consumers in total are spending in retail – retail spending represents approximately one-third of consumer spending. It is this measure that is often used by economists.

‘Like-for-like’ sales growth is the percentage change in the value of comparable sales compared to the same period a year earlier. It excludes any spending in stores that opened or closed in the intervening year, thus stripping out the effect on sales of changes in floorspace. Therefore like-for-like sales growth will always be lower than total sales growth. Many retailers include distance sales as a component of like-for-like comparable sales.

The like-for-like measure is often used by retailers, the city and analysts to assess the performance of individual companies, retail sectors and the industry overall, without the distorting effect of changes in floorspace.

Non-Food Non-Store sales are transactions which take place over the internet, or via mail order or via telesales. They are part of total sales as reported by the retailer participants. Non-Food Non-Store sales growth is the percentage change in the value of all non-food non-store sales compared to those in the same period a year earlier. It is a guide to the growth of sales made by this non-store channel. It should be noted that Non-food Non-store sales are still a very small proportion of total UK retail sales. Estimates based on ONS figures show that less than 4 per cent of total UK retail sales (food and non-food) are achieved via the non-store channel.

The responses provided by retailers within each sales category are re-weighted (based on ONS weightings) to reflect the contribution of each category to total retail sales, thus making it representative of UK retail sales as a whole. Because the figures compare sales this month with the comparable period last year, a seasonal adjustment is not made. However, changes in the timing of Bank Holidays and Easter can create distortions, which should be considered in the interpretation of the data.

As well as receiving sales value direct from the retailers in the scheme the BRC-KPMG Retail Sales Monitor also receives food and drink sales value data from the IGD’s Market Track Scheme.

In its role as sponsor of the BRC-KPMG Retail Sales Monitor, KPMG is responsible for the aggregation of the retail sales data provided by the retailers on a weekly basis. This data consists of the relevant current week’s sales data and comparative sales figures for the same period in the prior year. The aggregation has been performed by KPMG on data for periods following 2 April 2000 and equivalent prior periods. The accuracy of the data is entirely the responsibility of the retailers providing it. The sponsorship role has been performed by KPMG since 10 April 2000 and save for the aggregation of comparative sales figures for the period from 2 April 2000 it is not responsible for the aggregation of any data included in this Monitor relating to any period prior to 2



BRC-KPMG Retail Sales Monitor March 2009

Covering the five weeks 1 March – 4 April 2009

April 2009. The commentary from KPMG is intended to be of general interest to readers but is not advice or a recommendation and should not be relied upon without first taking professional advice. Anyone choosing to rely on it does so at his or her own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in connection with its sponsorship of the Monitor and its aggregation work to any party other than the BRC.

© Copyright British Retail Consortium and KPMG

Media Enquiries

British Retail Consortium
21 Dartmouth Street
London SW1H 9BP
020 7854 8900
www.brc.org.uk

KPMG
8 Salisbury Square
London EC4Y 8BB
020 7311 1000
www.kpmg.co.uk

Richard Dodd, 020 7854 8924
richard.dodd@brc.org.uk

Rachael Halliday, 0117 905 4373
rachael.halliday@kpmg.co.uk

The March 2009 Monitor covers the five weeks 1 March – 4 April 2009 and provides the most up-to-date reflection of recent retail performance.

The April 2009 Monitor, covering the four weeks 5 April – 2 May 2009, will be released at 00.01am Tuesday 12 May 2009.

The data is collected and collated for the BRC by KPMG.

BRITISH RETAIL CONSORTIUM
for successful and responsible retailing

The British Retail Consortium is the lead trade association representing the whole range of retailers, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and virtual stores.

Sponsored and Administered by



KPMG is a global network of professional services firms providing audit, tax, and advisory services with industry focus. Our aim is to turn knowledge into value for the benefit of our firms' clients, people, and the capital markets. With nearly 94,000 people worldwide, KPMG member firms provide audit, tax, and advisory services from 717 cities in 148 countries.

Food Data Supplied by



IGD makes a difference by providing international market intelligence, supply chain best practice and consumer insight to the food and grocery industry worldwide.

We work with consumers, companies and individuals across the chain to provide authoritative information, insight, thought leadership and leading edge best practice to help companies grow their business and develop their people.