

BRC-KPMG Retail Sales Monitor September 2008

Covering the five weeks 31 August – 4 October 2008

Strictly Embargoed until 00:01 hrs – Tuesday 14th October 2008

SALES DOWN SIX MONTHS OUT OF SEVEN

SEPTEMBER	
Like-for-Like	Total
% change on year ago	
-1.5%	1.0%

JULY – SEPTEMBER	
Like-for-Like	Total
% change on year ago	
-1.1%	1.4%

- UK retail sales values fell 1.5% on a like-for-like basis, from September 2007, when they had risen 3.0%. Sales have now been lower than a year ago in six of the past seven months, the worst since summer 2005.
- Colder, wetter weather than last September hit sales but some sunny weekends helped end-of-season clearances of summer lines.
- As in August, food and drink was the only sector to show sales significantly up on a year ago. Clothing and footwear remained poor. Furniture and homewares were well down on a year ago, despite continued discounts and promotions.
- Turmoil in financial markets hit consumer confidence while increasing demands on household budgets meant shoppers looked for value and discounts and planned spending carefully, both for food and non-food items. Housing market weakness continued to hit big-ticket homewares.

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

“The financial turmoil has further undermined consumer confidence with like-for-like sales now down in six of the last of seven months. Furniture retailers suffered their worst performance for at least eight years. Food and drink sales grew with hard-pressed families focusing on value ranges. Impulse buying is disappearing as people consider purchases carefully and actively seek out promotions. If you’re after a bargain it’s great news as shops have responded with some of the most dramatic discounts and offers in recent times.

“Retailers will be hoping customers are willing and able to spend for Christmas as an antidote to the current gloom.”

Helen Dickinson, Head of Retail, KPMG, said:

“Despite the ongoing turmoil in global and the UK financial markets and the doom and gloom headlines, UK retail is not in freefall. The UK consumer is still spending and total retail sales were up in September on the same period a year ago. However, the trend continues in a downward direction - the growth in total sales is marginal at 1% and at like-for-like level there is a decline, which has been the case for six of the last seven months. Inflation is behind much of the growth in food, and this is the main driver of overall performance. The non-food sectors continue to suffer, with all apart from footwear showing like-for-like falls in the month. The key question now is not what has happened but what will be the impact of the current environment on sales over the crucial Christmas trading period - many will be holding their breath.”



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

“September was a month of two halves – after a couple of quiet weeks where spending on food slowed, the end of the month saw the grocery sector bounce back to produce growth on a par with August.

“IGD research has shown that, despite financial worries, consumers have been able to maintain the quality of what they are eating by putting more effort into food shopping. Over the last six months shoppers have been making some changes. For example, one in five are walking to the shops more, a quarter are spending more time over their shopping trips and a fifth are doing more meal planning.”



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The September 2008 Monitor covers the five weeks 31 August – 4 October 2008 and provides the most up-to-date reflection of recent retail performance.

The October 2008 Monitor, covering the four weeks 5 October – 1 November 2008, will be released at 00.01am Tuesday 11 November.

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.

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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.

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12-month Moving Average Charts

The 12-month moving average chart shows the average growth rate for the 12 months ending with the latest month. For example, the March 2007 12-month moving average total sales growth is the sum of the 12 percentage total growth rates, one for each of the 12 months April 2006 - March 2007, divided by 12. It does not represent an annualised growth rate as no re-weighting of individual months has been undertaken. In order to maintain the robust basis upon which the Retail Sales Monitor is prepared, it was felt that re-weighting the monthly data would bring an unnecessary level of judgement to the calculation.

Notes

The BRC-KPMG Retail Sales Monitor measures changes in the actual value 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.

'Like-for-like' sales growth is the percentage change in the value of comparable store 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.

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.

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.

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 April 2000. 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.