

BRC – KPMG RETAIL SALES MONITOR

SEPTEMBER 2023

COVERING FIVE WEEKS 27TH AUGUST – 30TH SEPTEMBER 2023

SALES SUBDUED DURING INDIAN SUMMER

<i>% CHANGE YEAR-ON-YEAR</i>		TOTAL	LIKE-FOR-LIKE
UK RETAIL SALES	▼	+2.7%	+2.8%
FOOD (3-MTH)	▼	+7.4%	+7.8%
NON-FOOD (3-MTH)	▼	-1.2%	-1.0%
NON-FOOD – STORE (3-MTH)	▼	+0.3%	+0.7%
NON-FOOD – ONLINE	▼	-3.6%	N/A



Helen Dickinson OBE, Chief Executive | British Retail Consortium

“Sales growth in September slowed as the high cost of living continues to bear down on households. Big ticket items such as furniture and electricals performed poorly as consumers limited spending in the face of higher housing, rental and fuel costs. The Indian summer also meant sales of autumnal clothing, knitwear and coats, have yet to materialise.

“With sales volumes down, growth has been artificially boosted by high inflation over the last two years. As inflation eases, so too will longer-term sales growth prospects. The coming months are crucial for retailers as they enter the “Golden Quarter” and they’re investing heavily to support customers and bring prices down. However, such efforts are challenged by the £400m increase in business rates expected next year. The Chancellor should scrap the rates rise in his upcoming Budget and enable retailers to deliver more value for customers at such a critical time for the economy.”



Paul Martin, UK Head of Retail | KPMG

“Retail sales continued to limp along, with growth up just 2.7% despite inflation falling in September.

“Food and drink, and health and beauty continue to be the strongest performing categories on the high street, whilst a growing number of categories including clothing, fell into negative territory over September as the unseasonal warm weather delayed trips to the shops to stock up on winter wardrobe purchases. Online sales growth continued to fall, with just health, beauty and jewellery recording positive sales growth. September signals the 26th month of continuous online sales decline and retailers will be hoping for a strong Black Friday in order to turn the tide.

“With the warmer weather delaying household heating being switched on, positive news around falling inflation and a hold on rising interest rates, consumers will hopefully be feeling a bit more confident as thoughts turn to Christmas shopping.

“After years of battling challenges, the resilience of the retail sector has been dented and we are starting to see the gap between the strongest and the weakest on the high street widen. The fight for Christmas shoppers will be fierce this year, with promotions likely to be earlier and abundant in a bid to loosen tight household purse strings. Consumers will continue to seek out good deals, with price driving purchasing decisions. This is likely to be one of the most important golden quarters that we have seen in years, as for some in the sector, it could very much determine their future.”

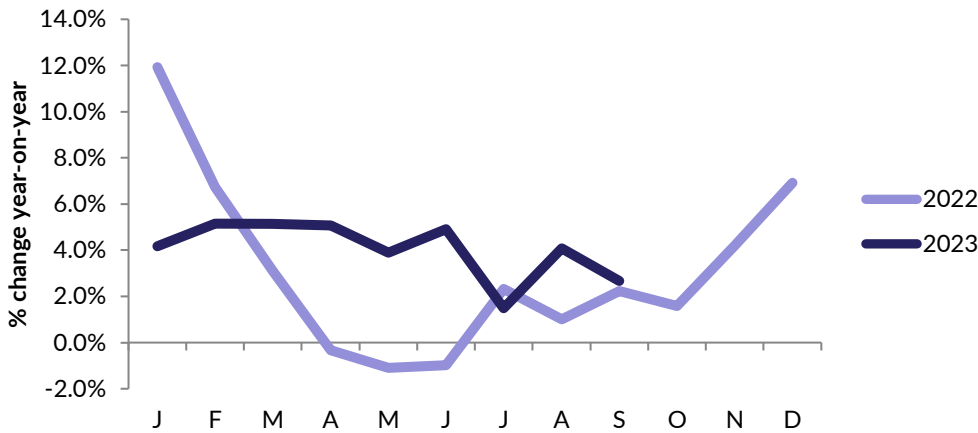


Food & Drink sector performance | Sarah Bradbury, CEO | IGD

“Food and drink sales grew in September, continuing the positive momentum seen in August. Despite falling consistently for several months, inflation is still significantly higher than recent historical standards, and volumes remain down year-on-year. Retailers are doing what they can to limit the impact of inflation on shoppers, with many announcing further rounds of price cuts and price freezes.

“Shopper confidence reached its highest level since December 2021 in September, as fewer shoppers felt they would be financially worse off in the year ahead (35% vs 38% last month and 60% in Sep’22). Trust in the food industry around price, availability and quality rose as well, reflecting a general uplift in mood with warm weather and falling inflation. However, 68% of shoppers still expect food prices to rise in the next 12 months – with 16% expecting them to become much more expensive.”

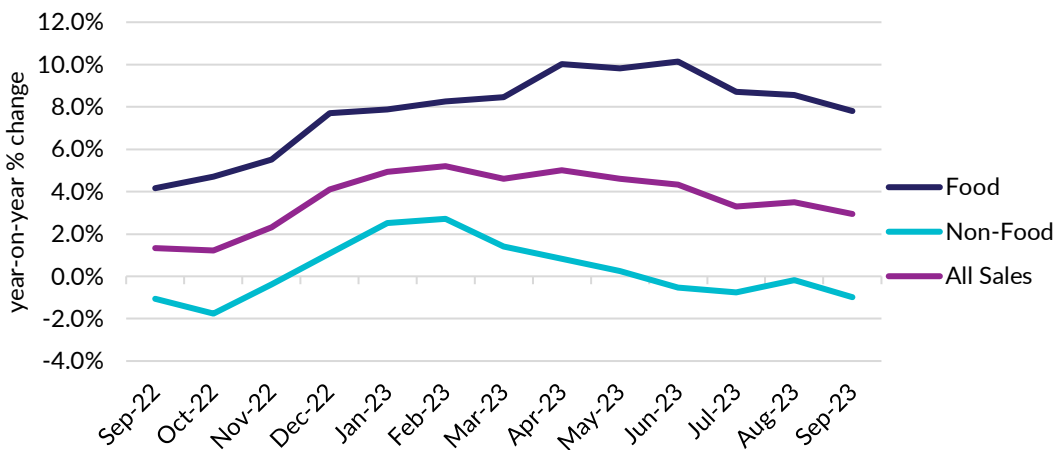
MONTHLY GROWTH OF TOTAL RETAIL SALES



	LFL	TOTAL
Sep 2023	2.8%	2.7%
Sep 2022	1.8%	2.2%
Aug 2023	4.3%	4.1%
3m average	2.9%	2.7%
12m average	4.0%	4.2%

Source: BRC-KPMG RSM (Includes Food data from IGD)

**LIKE-FOR-LIKE SALES:
3-MONTH AVERAGE % CHANGE YEAR-ON-YEAR**



3-MONTH AVERAGE	LFL	TOTAL
Food	7.8%	7.4%
Non-food	-1.0%	-1.2%
All Sales	2.9%	2.7%

Source: BRC-KPMG RSM (Includes Food data from IGD)

Note: Like-for-like has been measured EXCLUDING temporarily closed stores due to COVID-19 but including Online sales

OVERVIEW

In September, retail sales growth slumped to its second lowest rate of the year so far, falling to 2.7% on a Total basis year-on-year. This result was significantly below the longer-term 12-month average, which was in part due to the ever-falling inflation rate, but not reassuring news for the retail industry heading into the all-important 'golden quarter'.

Food inflation fell to under double digits for the first time since August last year in September, recorded at 9.9% according to the BRC-NielsenIQ Shop Price Index. This resulted in Food sales values falling to their lowest level of year-on-year growth since November. For the single month of September, Food sales were in growth, in part due to the comparable month from last year, which included the Queen's funeral that subdued sales for the period of mourning, where people were less likely to get together.

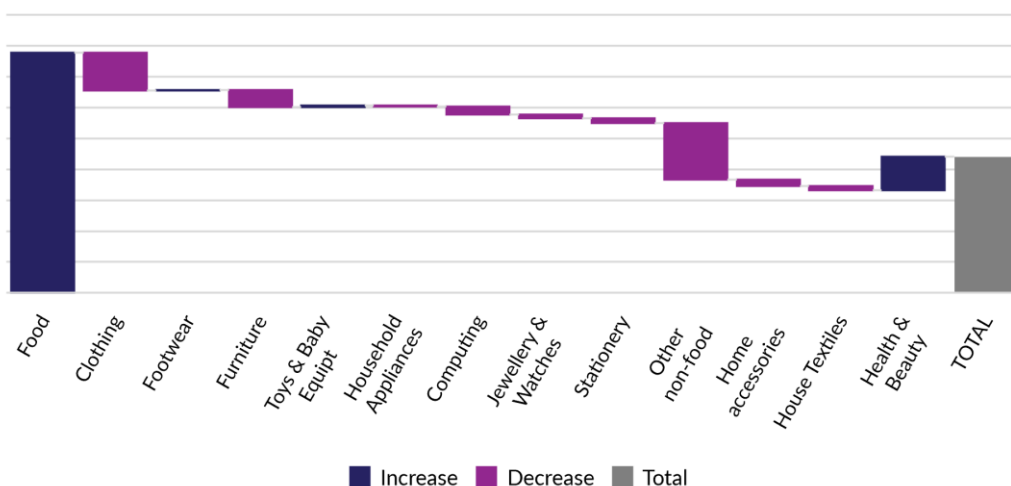
On the Non-Food side of consumer spending, sales fell into decline for the month, with the three-month average falling to -1.2%, its worst performance since October. The downturn in fashion sales were a significant contributor to this slump, as the warm weather failed to provide the impetus for people to buy knitwear and other autumnal items. This impact was also compounded by the segment's performance at the same point last year, where people were investing in warmer clothing to avoid the steep rises in domestic energy prices. That being said, the much-anticipated surge of back to school clothes sales finally arrived in the first week of the month, which was welcome news to retailers in this area who had up until that point in the summer been disappointed. The only strong performance in fashion came from cosmetics and fragrances, as they continued their strong run of form into September, which is further evidence of the 'lipstick effect' playing out.

Homewares, and more specifically larger items of furniture and white goods, continued to perform poorly, as the cost-of-living crisis continues to deter people from making significant outlays unless absolutely necessary. In all likelihood it will take a sustained period of real-terms pay growth before this trend reverses. However, it was not only the larger items that failed to attract much demand in September, as other more modest home improvements sold poorly as well, with all other home-focused categories seeing year-on-year declines. The rising energy bills at this point last year also boosted these categories last year, which provided tough comparables to overcome this time around. While the GfK Consumer Confidence Index did rise by four points from the previous month, it remained down in the dumps with -21 for September.

Online sales were in decline once again, in a run now stretching to 26 consecutive months. The cost-of-living crisis is continuing to drive down sales prices as people are more price sensitive than ever before, with only discounted ranges seeing any increase in demand. This is a particularly worrying trend as we head into the most important three months of the retail calendar, as retailers will be under more pressure to discount items to gain attention.

James Hardiman, Senior Analyst

SEP: CONTRIBUTION TO TOTAL SALES GROWTH BY CATEGORY



Source: BRC-KMG RSM (Includes Food data from IGD); in this chart, purple blocks represent negative contributions

BRC – KPMG RETAIL SALES MONITOR SEPTEMBER 2023

Covering the five weeks 27 August – 30 September 2023

**Detailed weekly data by category
is available only to retailers that contribute
sales data to the Retail Sales Monitor.**

If you would like to participate in the Retail
Sales Monitor, please contact:

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MONTHLY RETAIL SALES: % CHANGE YEAR-ON-YEAR

MONTH	2021		2022		2023	
	LFL (1)	TOTAL	LFL	TOTAL	LFL	TOTAL
January	7.1	-1.3	8.1	11.9	3.9	4.2
February	9.5	1.0	2.7	6.7	4.9	5.2
March	20.3	13.9	-0.4	3.1	4.9	5.1
April	39.6	51.1	-1.7	-0.3	5.2	5.1
May	18.5	28.4	-1.5	-1.1	3.7	3.9
June	6.7	10.4	-1.3	-1.0	4.2	4.9
July	4.7	6.4	1.6	2.3	1.8	1.5
August	1.5	3.0	0.5	1.0	4.3	4.1
September	-0.6	0.6	1.8	2.2	2.8	2.7
October	-0.2	1.3	1.2	1.6		
November	1.8	5.0	4.1	4.2		
December	0.6	2.1	6.5	6.9		
Jan-Sep average	11.7	12.3	1.0	2.7	4.0	4.1
Jan-Dec average	8.9	9.9	1.8	3.1	n/a	n/a

Source: BRC-KPMG RSM (Includes Food data from IGD)

FOOD/NON-FOOD QUARTERLY ANALYSIS: 3-MONTH AVERAGE % CHANGE YEAR-ON-YEAR

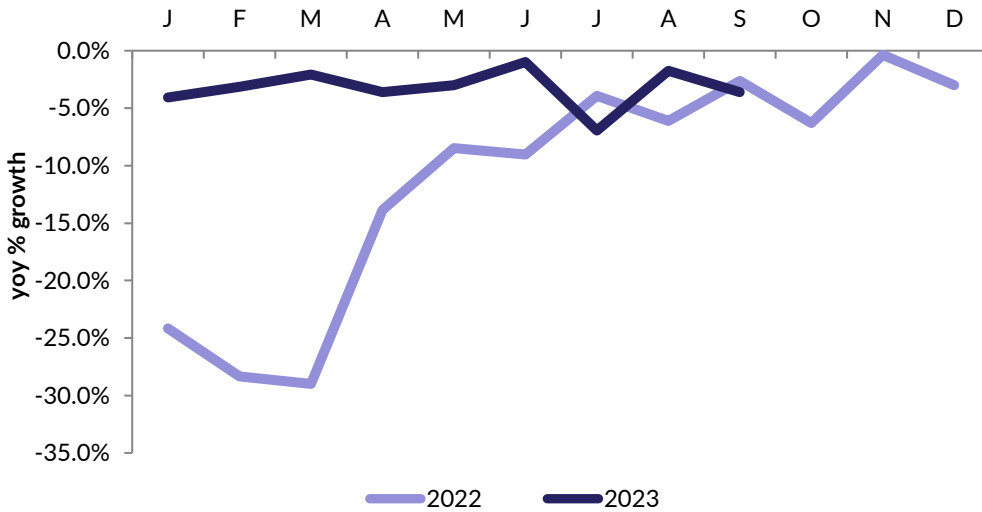
3-MONTH AVERAGE	LIKE-FOR-LIKE			TOTAL		
	Food	Non-Food	All Sales	Food	Non-Food	All Sales
Jul - Sep 22	4.2	-1.1	1.3	4.6	-0.4	1.9
Aug - Oct	4.7	-1.8	1.2	5.1	-1.2	1.7
Sep - Nov	5.5	-0.4	2.3	5.8	0.0	2.6
Oct - Dec	7.7	1.1	4.1	7.9	1.5	4.4
Nov 22 - Jan 23	7.9	2.5	4.9	8.0	2.9	5.2
Dec 22 - Feb 23	8.2	2.7	5.2	8.3	3.2	5.5
Jan - Mar	8.5	1.4	4.6	8.5	1.8	4.8
Feb - Apr	10.0	0.8	5.0	9.8	1.2	5.1
Mar - May	9.8	0.2	4.6	9.6	0.5	4.7
Apr - Jun	10.1	-0.5	4.3	9.8	0.3	4.6
May - Jul	8.7	-0.8	3.3	8.4	-0.5	3.5
Jun - Aug	8.6	-0.2	3.5	8.2	-0.2	3.6
Jul - Sep	7.8	-1.0	2.9	7.4	-1.2	2.7

Source: BRC-KPMG RSM (Includes Food data from IGD)

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ONLINE SALES GROWTH (NON-FOOD): % CHANGE YEAR-ON-YEAR

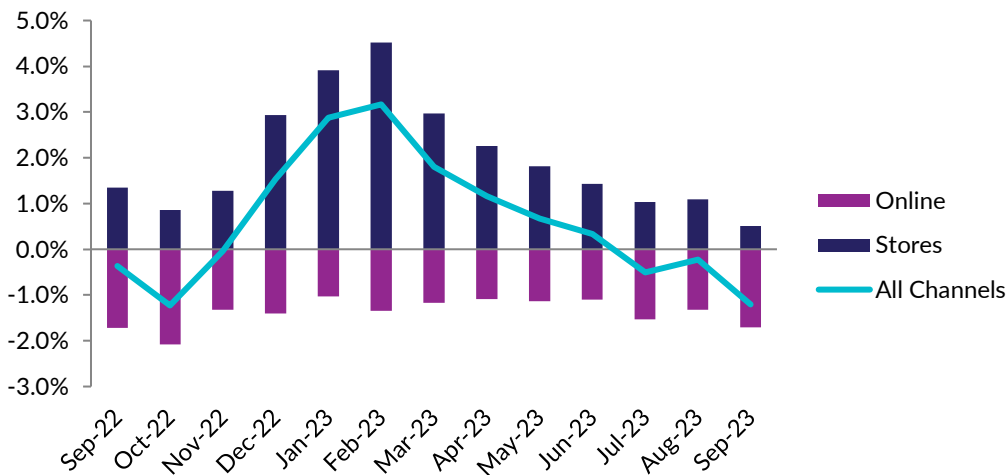


NON-FOOD GROWTH	ONLINE*	UK TOTAL
Sep 2023	-3.6%	n/d
Sep 2022	-2.6%	n/d
Aug 2023	-1.7%	n/d
3m avg	-4.1%	-1.2%
12m avg	-3.2%	0.6%

n/d: cannot be disclosed

Source: BRC-KPMG RSM: Online: online sales of non-food goods (including mail and phone orders)

3-MONTH AVERAGE: CONTRIBUTION TO NON-FOOD SALES GROWTH BY CHANNEL % CHANGE YEAR-ON-YEAR



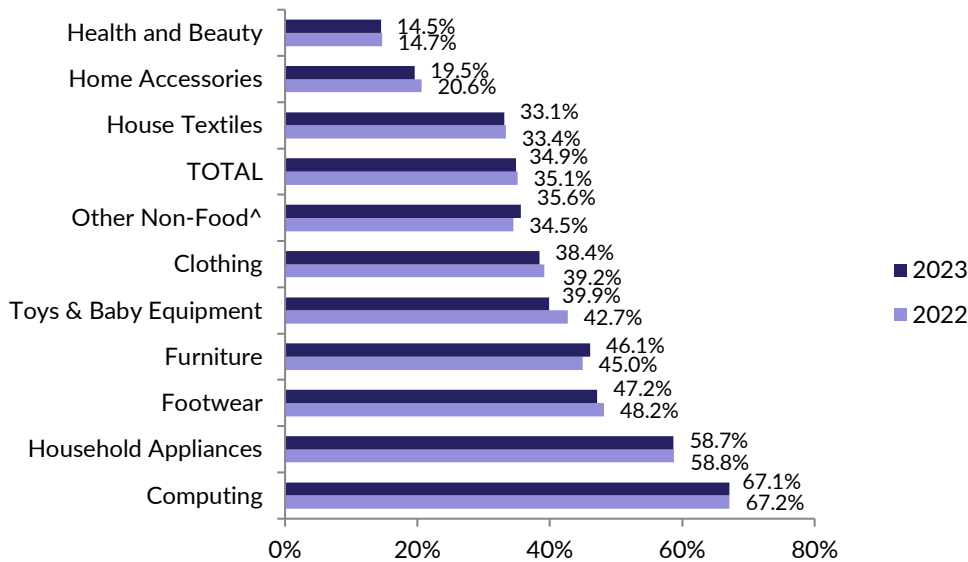
NON-FOOD IN-STORE % CHANGE YEAR-ON-YEAR		
	LFL	TOTAL
Jul - Sep 23	0.7%	0.3%
Jul - Sep 22	1.1%	2.2%
Jun - Aug 23	1.4%	1.3%
12m avg	2.6%	3.2%

Source: BRC-KPMG RSM

BRC – KPMG RETAIL SALES MONITOR SEPTEMBER 2023

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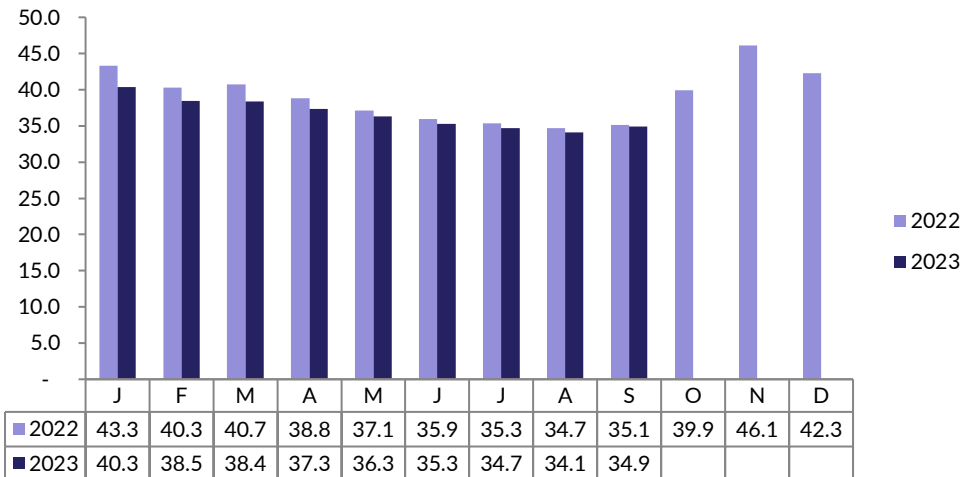
SEP: ONLINE PENETRATION RANKINGS BY CATEGORY



Source: BRC-KPMG RSM

Note: Online sales in the Monitor include all distance sales, notably mail and phone orders

TOTAL NON-FOOD SALES: WEIGHTED ONLINE PENETRATION



NON-FOOD ONLINE PENETRATION RATE ONLINE AS % OF TOTAL	
Sep 2023	34.9%
Sep 2022	35.1%
Aug 2023	34.1%
3m average	34.6%
12m average	38.2%

Source: BRC-KPMG RSM

BRC – KPMG RETAIL SALES MONITOR SEPTEMBER 2023

Covering the five weeks 27 August – 30 September 2023

NON-FOOD ONLINE RETAIL SALES

MONTH	TOTAL GROWTH % CHANGE YOY		ONLINE PENETRATION AS % OF TOTAL SALES		CONTRIBUTION TO TOTAL NON-FOOD GROWTH (PERCENTAGE POINT)	
	MONTHLY*	3M AVERAGE*	MONTHLY	3M AVERAGE	MONTHLY	3M AVERAGE
Sep 2022	-2.6	-4.1	35.1	35.0	-1.0	-1.7
Oct	-6.3	-4.8	39.9	36.5	-2.9	-2.1
Nov	-0.4	-3.1	46.1	40.0	-0.2	-1.3
Dec	-3.0	-3.2	42.3	42.8	-1.2	-1.4
Jan 2023	-3.6	-2.4	41.8	43.3	-1.5	-1.0
Feb	-3.1	-3.2	38.5	41.0	-1.2	-1.3
Mar	-2.1	-3.0	38.4	39.0	-0.7	-1.2
Apr	-3.6	-2.9	37.3	38.1	-1.4	-1.1
May	-3.0	-2.8	36.3	37.4	0.0	-0.7
Jun	-1.0	-2.4	35.3	36.2	-0.6	-1.1
Jul	-6.9	-3.4	34.7	35.4	-2.9	-1.5
Aug	-1.7	-3.1	34.1	34.7	-0.7	-1.3
Sep	-3.6	-4.1	34.9	34.6	-1.6	-1.7

Source: BRC-KPMG Retail Sales Monitor. * 2020 ws a 53-week year in the ONS calendar: as a result of the extra week in January 2020, the comparable 2019 performances cited here may differ from those published last year, due to the one-week shift in the comparison

NON-FOOD STORE THREE-MONTH AVERAGE RETAIL SALES YEAR-ON-YEAR CHANGE

THREE MONTHS ENDING	TOTAL % CHANGE YOY	LFL % CHANGE YOY
Sep 2022	2.2%	1.1%
Oct	1.3%	0.4%
Nov	2.2%	1.6%
Dec	5.3%	4.5%
Jan 2023	7.2%	6.5%
Feb	8.1%	7.3%
Mar	5.2%	4.6%
Apr	3.9%	3.3%
May	2.7%	2.2%
Jun	2.0%	0.6%
Jul	1.2%	0.8%
Aug	1.3%	1.4%
Sep	0.3%	0.7%

Source: BRC-KPMG Retail Sales Monitor

BRC – KPMG RETAIL SALES MONITOR SEPTEMBER 2023

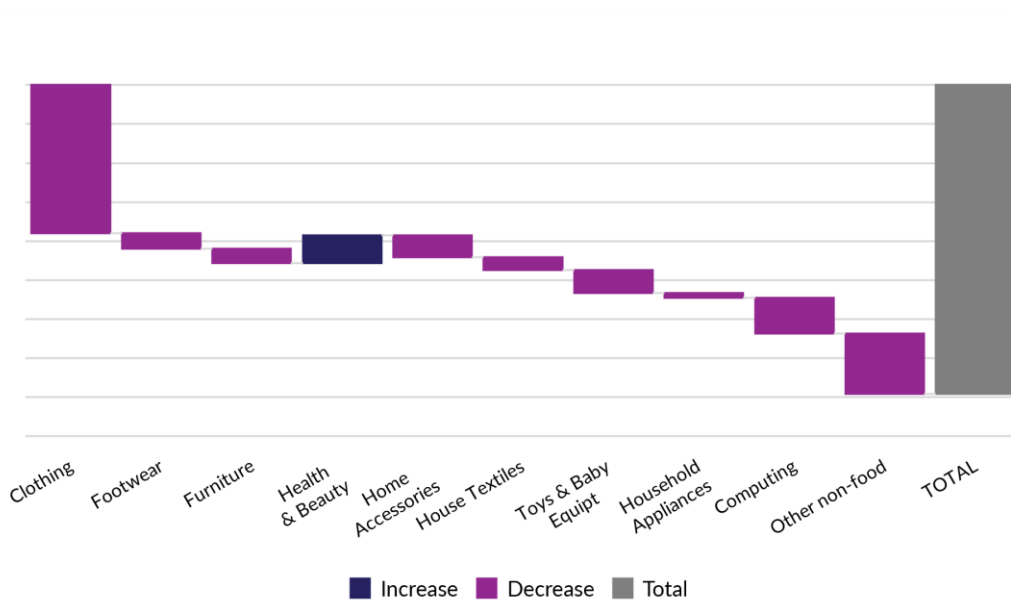
Covering the five weeks 27 August – 30 September 2023

SECTOR PERFORMANCE: **ONLINE SALES GROWTH**

CATEGORY	SALES UP / DOWN SEP 2023	GROWTH RANKINGS				
		SEP 2023	AUG 2023	SEP 2022	3M AVG	12M AVG
Health & Beauty	▲	1	1	7	1	2
Household Appliances	▼	2	5	6	6	1
Other Non-Food	▼	3	4	9	3	8
Footwear	▼	4	6	3	8	4
Furniture	▼	5	3	2	2	3
Toys & Baby Equipment	▼	6	7	10	5	6
House Textiles	▼	7	2	1	4	5
Clothing	▼	8	8	4	10	7
Computing	▼	9	9	5	7	9
Home Accessories	▼	10	10	8	9	10

Source: BRC-KPMG RSM

SEP: CONTRIBUTION TO NON-FOOD ONLINE SALES GROWTH BY CATEGORY



Source: BRC-KPMG RSM

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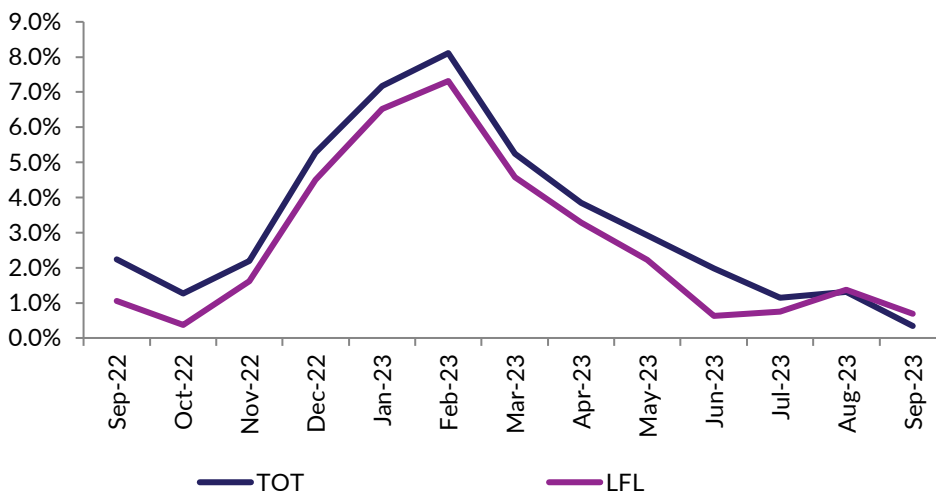
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SECTOR PERFORMANCE: STORE TOTAL SALES GROWTH

CATEGORY	SALES UP / DOWN SEP 2023	GROWTH RANKINGS				
		SEP 2023	AUG 2023	SEP 2022	3M AVG	12M AVG
Health & Beauty	▲	1	1	5	1	2
Toys & Baby Equipment	▲	2	8	10	7	7
Footwear	▲	3	3	1	4	1
Household Appliances	▼	4	7	7	8	3
Home Accessories	▼	5	5	6	5	9
Clothing	▼	6	4	3	9	4
House Textiles	▼	7	6	2	3	6
Computing	▼	8	9	9	6	10
Other Non-Food	▼	9	10	4	10	5
Furniture	▼	10	2	8	2	8

Source: BRC-KPMG RSM

NON-FOOD STORE THREE-MONTH AVERAGE RETAIL SALES YEAR-ON-YEAR CHANGE (%)



Source: BRC-KPMG RSM



BRC – KPMG RETAIL SALES MONITOR SEPTEMBER 2023

Covering the five weeks 27 August – 30 September 2023

NOTES

The BRC-KPMG Retail Sales Monitor measures changes in the actual value (including VAT) of retail sales, excluding automotive fuel. The Monitor measures the value of spending and hence does not adjust for price or VAT 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. Many retailers include distance sales as a component of total sales.

'Like-for-like' sales growth (LFL) 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. 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.

From April 2020, the LFL guidance was to exclude stores that were forced to close temporarily due to **COVID-19** measures from both the current period and the equivalent period a year ago. Online was considered open all the time. The majority of retailers could comply but some couldn't exclude temporarily closed stores from their LFL figures.

Online (including mail order and phone) sales of non-food are transactions which take place over the internet, or via mail order or phone. Online sales growth is the percentage change in the value of online sales compared to those in the same period a year earlier. It is a guide to the growth of sales made by these non-store channels. It should be noted that online sales are still a small proportion of total UK retail sales.

Penetration is the proportion of sales attributed to the online channel (including mail order and phone). Penetrations are calculated category by category as online sales submitted by participating retailers relative to total sales those retailers submit to the BRC-KPMG Retail Sales Monitor. Participants who do not sell online (or through non-store channels) are included but participants who do sell online but do not submit their online sales are excluded.

The responses provided by retailers within each sales category are weighted (based on weightings derived from the ONS Family Spending survey) to reflect the contribution of each category to total retail sales, thus making it representative of UK retail sales as a whole. Category weightings for Online and In-Store growth and contribution to growth are derived from the UK weightings. The methodology used for weightings is revised from time to time. Because the figures compare sales each 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 the same 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.



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The October 2023 Monitor, covering the four weeks 1 – 28 October 2023, will be released at 00.01am on Tuesday 7 November 2023. The data is collected and collated for the BRC by KPMG.

The British Retail Consortium (BRC) is the UK's leading retail trade association. It represents the full range of retailers, large and small, multiples and independents, food and non-food, online and store based.

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**FOOD DATA SUPPLIED BY**

IGD is an education and training charity for the food and grocery industry that undertakes research for the benefit of the public. Our in-depth understanding of shoppers, retailing and supply chains is supported by our knowledge of broader topics affecting the industry – health, nutrition, sustainability and economics among them. This gives us unparalleled insight that can help identify opportunities to improve performance and tackle business challenges. Our reach is global, with experts based in the UK, Singapore and North America. We invest the net income we make from selling our expertise back into our charitable activities.



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**Detailed weekly data by category
is available to retailers who contribute to the monitor:**

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