

SLIVER OF GROWTH AS CUSTOMERS CUT BACK

Covering the five weeks 28 August – 1 October 2022

Strictly Embargoed until 00:01 hrs – Wednesday 19th October 2022

SEPTEMBER: LIKE-FOR-LIKE
% change year on year

4.2%

In September, Scottish sales increased by 4.2% on a Like-for-like basis compared with September 2021, when they had increased by 1.1%. This is above the 3-month average increase of 3.3% and below the 12-month average growth of 12.4%.

SEPTEMBER: TOTAL
% change year on year

6.5%

Total sales in Scotland increased by 6.5% compared with September 2021, when they had grown 1.3%. This was above the 3-month average increase of 5.8% and below the 12-month average growth of 15.7%. Adjusted for inflation, the year-on-year change was 0.8%.

SEPTEMBER: TOTAL FOOD
% change year on year

9.6%

Total Food sales increased by 9.6% versus September 2021, when they had increased by 0.4%. September was above the 3-month average growth of 8.5% and the 12-month average growth of 2.2%. The 3-month average was above the UK level of 4.6%.

SEPTEMBER: TOTAL NON-FOOD
% change year on year

3.9%

Total Non-Food sales increased by 3.9% in September compared with September 2021, when they had increased by 2.1%. This was above the 3-month average increase of 3.5% and below the 12-month average of 27.1%.

SEPTEMBER: TOTAL ONLINE ADJUSTED NON-FOOD
% change year on year

3.0%

Adjusted for the estimated effect of Online sales, Total Non-Food sales increased by 3.0% in September versus September 2021, when they had decreased by 1.7%. This is above the 3-month average growth of 1.8% and below the 12-month average of 18.5%.



SRC-KPMG SCOTTISH RETAIL SALES MONITOR SEPTEMBER 2022

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Ewan MacDonald-Russell, Deputy Head | Scottish Retail Consortium

“Scottish sales showed a sliver of growth in September, with a real terms rise of 0.8 percent. Nonetheless, there are clear signs customers are battering down the hatches ahead of the expected winter costs crunch. Food sales fell in real terms as customers cut back on the volume of goods. With food inflation now outpacing sales even grocery retailers are feeling the pressure as customers focus on essential items.

“Non-food sales were dominated by consumers looking for ways to reduce their energy bills. Duvets, blankets, and air fryers all did well as customers look to cut costs and prepare for winter. These are not propitious signs for retailers as they enter the golden trading quarter. With customers focusing on essentials, it will be a real challenge to encourage shoppers to splash out on Christmas gifts. Government need to keep a watchful eye on this and be prepared to take action in upcoming fiscal announcements to support retailers facing into the teeth of intense cost challenges.”



Paul Martin, Partner, UK Head of Retail | KPMG

“Despite Scottish retail sales growing in September, high levels of inflation wiped out signs of real terms growth, and unfortunately, tougher times are ahead. Consumers were more cautious last month, avoiding large ticket items as many households prepared for higher energy costs through the winter, evidenced by a spike in warm clothes purchases during September.

“With interest rates, inflation, labour, energy and cost of goods continuing to climb, retailers are heading into one of the most challenging Christmas shopping periods they have had to deal with in years. Consumer confidence remains low, and retailers are having to tread a very fine line between protecting their own margins and further denting confidence by passing on price rises. A laser focus on their own costs and efficiencies in order to remain price competitive this festive season will be essential. As consumers focus on getting value for money through switching to own brand items and seeking out discounts, getting pricing and promotional activity right could be the difference between a successful or dismal Christmas for retailers this year.”

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BY TINA SPOONER, STRATEGIC INSIGHT MANAGER

SECTOR PERFORMANCE (TOTAL SALES YEAR-ON-YEAR, NON-ONLINE-ADJUSTED)

CATEGORY	UP/ DOWN SEP 2022		GROWTH RANKINGS (TOTAL SALES)				
	LFL	TOTAL	SEP 2022	AUG 2022	SEP 2021	3M AVG	12M AVG
Food & Drink	▲	▲	1	2	2	2	3
Clothing & Footwear	▲	▲	2	1	1	1	1
Other Non-Food	▲	▲	3	3	3	3	2

Source: SRC-KPMG RSM

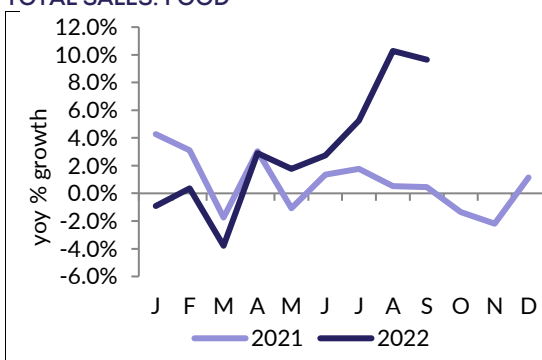
OVERVIEW

Growth in the Scottish retail market continued to accelerate during September, with Total sales increasing 6.5% compared with the same month last year, up from 6.2% in August. On the face of it, this is a pleasing performance, however, when taking the impact of inflation into account – the BRC-NielsenIQ Shop Price Index reached a record high of 5.7% in September – sales grew a meagre 0.8% year-on-year. Within Food, high levels of inflation continue to fuel sales growth, however, overall sales declined 1% on a year-on-year basis, when taking this into account. Although the Non-Food category recorded a slight improvement from the previous month, increasing 3.9% year-on-year, sales have slowed over recent months as the cost-of-living crisis continues to impact consumers' more discretionary spending.

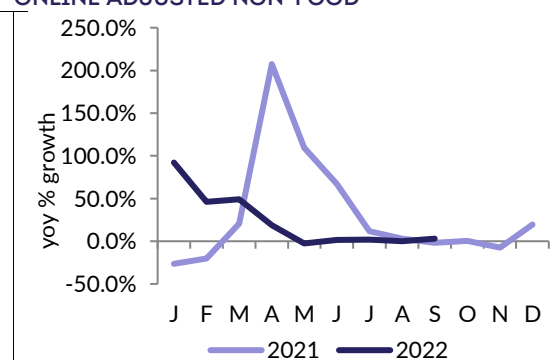
The first part of September was warm, though it soon became unsettled in most regions. After the 12th it became cooler and more autumnal, and the last few days were particularly cool, with frosts in prone locations. It was generally drier around mid-month, but more showery again later, and the last day of the month was wet for most areas. Scotland recorded 107.1 hours of sunshine, the average rate recorded during September, with the south-west of Scotland experiencing a sunnier than average month. Rainfall reached 95% of average levels during the month.

Tina Spooner, Strategic Insight Manager

TOTAL SALES: FOOD



ONLINE ADJUSTED NON-FOOD



Source: SRC-KPMG RSM

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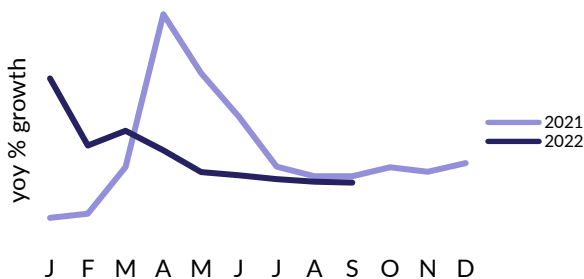
FOOD

On the face of it, the Food category continued to record strong growth in September, with sales up 9.6% compared with the same month last year, when sales rose just 0.4% year-on-year. However, in line with recent trends, the majority of growth was fuelled by Food price inflation which accelerated to a record-high of 10.6% in September, according to the BRC-NielsenIQ Shop Price Index. When taking the overall impact of inflation into account, Food sales recorded a decline of 1.0% compared with September last year.

NON-FOOD

There was a slight improvement in the Non-Food category during September with sales growing 3.9% year-on-year, compared with 2.8% growth in the previous month. With the slowdown in growth observed over recent months, it is evident that consumer spending power on discretionary items continues to weaken, while the weakening pound has yet to pay dividends for boosting tourism. Adjusted for the estimated effect of Online sales, Total Non-Food sales grew 3.0% year-on-year in September, significantly below the 12-month average growth of 18.5%.

CLOTHING AND FOOTWEAR



Source: SRC-KPMG RSM (online-adjusted figures)

Sales of Clothing and Footwear continued to slow in September, with annual growth decelerating for the sixth consecutive month. Last month's performance was the weakest recorded since March last year when sales were in decline during the lockdown period. The recent trend of slowing demand for formalwear continued in September, while the end of summer social events and cost of living concerns also impacted sales.

CLOTHING

Consumers continue to be reactionary in their spending behaviour, as evidenced by the later demand for back-to-school items, together with an increase in sales of warmer clothing as the weather turned cooler towards the end of September. In particular, demand for knitwear, jackets and coats was said to be strong, while back-to-school shopping helped boost sales of childrenswear at the beginning of the month.

FOOTWEAR

With the milder weather earlier in the month, sales of summer footwear, including sandals was said to have been strong, also boosted by people heading off on late summer holidays. With consumers continuing to be reactionary in their spending behaviour, the boost in sales of autumnal footwear has reportedly yet to be seen.

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OTHER NON-FOOD



Source: SRC-KPMG RSM (online-adjusted figures)

September saw some improvement in the Other Non-Food category following the slowdown over the summer, with sales returning to growth and reaching the strongest performance since April. However, with the growth coming off the back of a decline in September last year, the latest results are less impressive. With the energy price cap rise on the horizon and the weakening pound yet to pay dividends for driving tourist traffic, it remains to be seen how the category will perform during the golden quarter.

Other Non-Food includes in particular:

FURNITURE AND FLOORING, HOME ACCESSORIES, HOUSE TEXTILES, OUTDOOR LIVING AND DIY

While overall demand for higher ticket items, including furniture and beds, continues to slow as consumers rein in their spending, there was reportedly increased demand for some retailers for outdoor furniture. This was boosted by retailers looking to shift stock by discounting end of season items. The GfK Consumer Confidence Index for Major Purchases remained unchanged from the previous month, reaching -38 in September. There was said to be strong demand for house-warming products including blankets and high-tog duvets as consumers look to save on the cost of their energy bills over the winter months.

ELECTRICALS & ELECTRONICS

The trend observed over recent months continued in September with larger ticket electrical items and Household Appliances suffering from the cost-of-living crisis as consumers tighten their belts in anticipation of a further rise in the cost of household energy. Consumers that are spending on larger electrical items are often trading down to cheaper models, rather than buying higher quality and more expensive models, particularly for TVs.

HEALTH & BEAUTY

Skincare and wellness products were said to have been in strong demand during September, while early Christmas shoppers appeared to drive demand for beauty advent calendars which have become a staple product for many retailers over the festive period.

SRC-KPMG SCOTTISH RETAIL SALES MONITOR SEPTEMBER 2022

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RETAIL SALES YEAR-ON-YEAR PERCENTAGE GROWTH

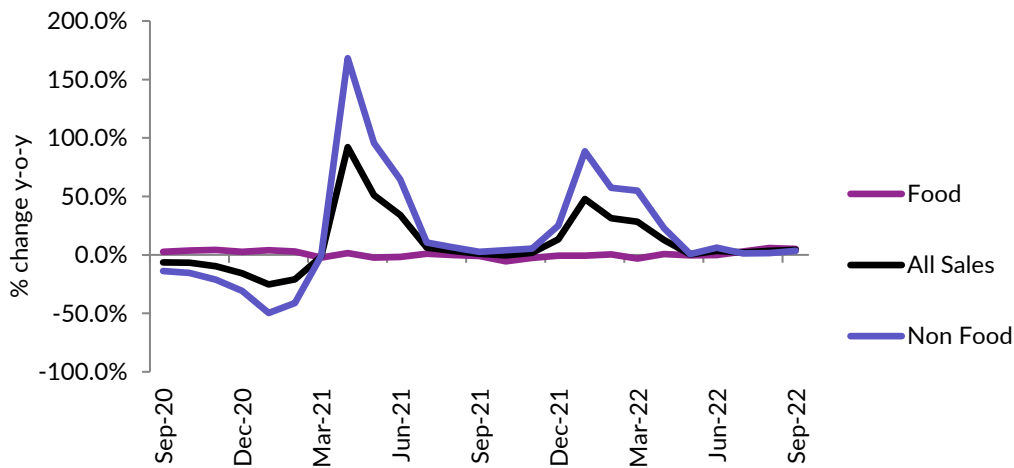
	SCOTLAND						UK	
	LIKE-FOR-LIKE			TOTAL			LFL	TOTAL
	FOOD	NON-FOOD	ALL SALES	FOOD	NON-FOOD	ALL SALES	ALL SALES	
2021 Sep	-0.8	2.6	1.1	0.4	2.1	1.3	-0.6	0.6
Oct	-5.5	4.1	-0.3	-1.3	4.8	2.0	-0.2	1.3
Nov	-2.6	5.5	1.8	-2.2	6.7	2.6	1.8	5.0
Dec	-0.6	25.2	13.4	1.2	27.7	15.6	0.6	2.1
2022 Jan	-0.7	88.5	47.8	-0.9	108.9	58.8	8.1	11.9
Feb	0.3	57.4	31.4	0.4	65.6	35.9	2.7	6.7
Mar	-3.2	55.0	28.5	-3.8	68.6	35.6	-0.4	3.1
Apr	0.7	22.8	12.7	2.9	25.7	15.3	-1.7	-0.3
May	-0.3	0.8	0.3	1.8	1.5	1.6	-1.5	-1.1
Jun	-0.1	6.2	3.3	2.7	5.8	4.4	-1.3	-1.0
Jul	2.8	1.3	2.0	5.3	3.7	4.4	1.6	2.3
Aug	5.9	1.5	3.5	10.3	2.8	6.2	0.5	1.0
Sep	5.0	3.5	4.2	9.6	3.9	6.5	1.8	2.2
3m avg	4.6	2.2	3.3	8.5	3.5	5.8	1.3	1.9
12m avg	0.2	22.6	12.4	2.2	27.1	15.7	0.9	2.7
	UK							
3m avg	4.2	-1.1	1.3	4.6	-0.4	1.9		

Source: SRC-KPMG RSM (not online-adjusted), BRC-KPMG RSM for UK data (including Food data from IGD)

SRC-KPMG SCOTTISH RETAIL SALES MONITOR SEPTEMBER 2022

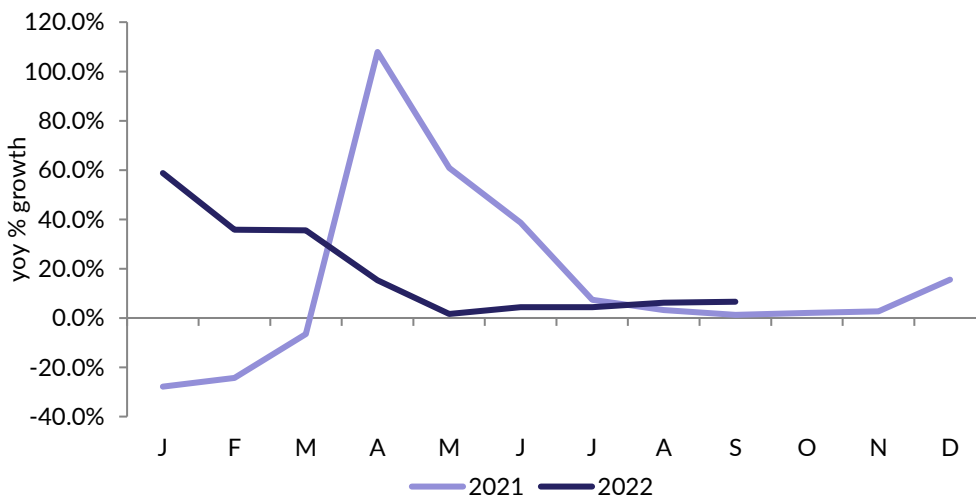
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LIKE-FOR-LIKE SALES: % CHANGE YEAR-ON-YEAR



Source: SRC-KPMG RSM (not online-adjusted)

MONTHLY TOTAL SALES GROWTH YEAR-ON-YEAR

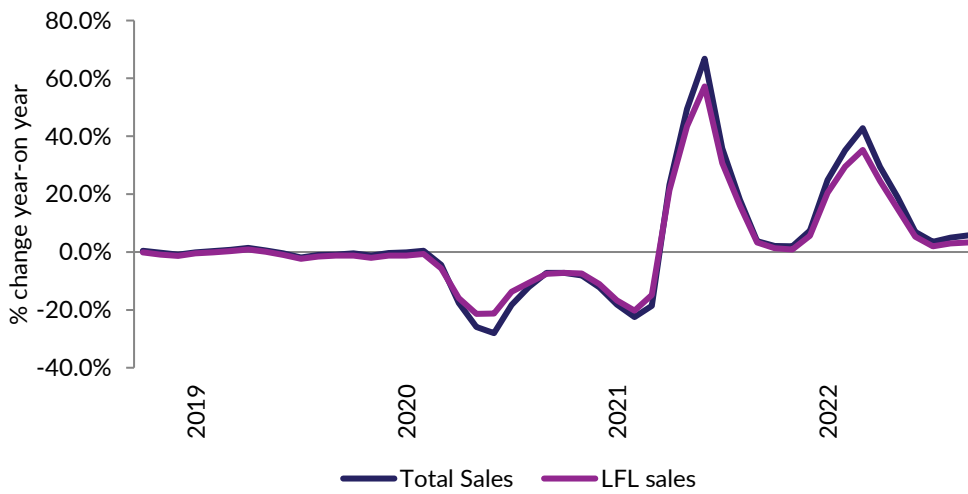


Source: SRC-KPMG RSM (not online-adjusted)

SRC-KPMG SCOTTISH RETAIL SALES MONITOR SEPTEMBER 2022

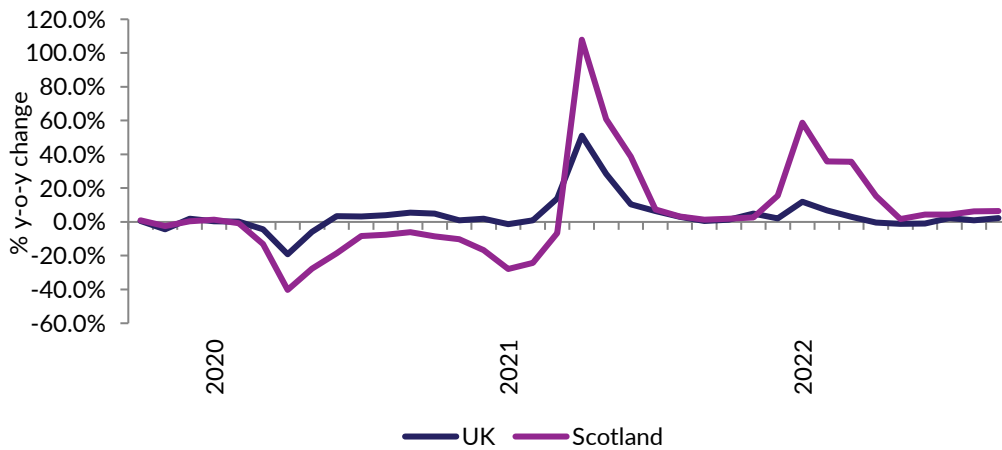
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SCOTLAND 3M ROLLING AVERAGE GROWTH OVER FIVE YEARS



Source: SRC-KPMG RSM

SCOTLAND VERSUS UK TOTAL SALES GROWTH COMPARISON



Source: SRC/ BRC-KPMG RSM (including Food data from IGD).

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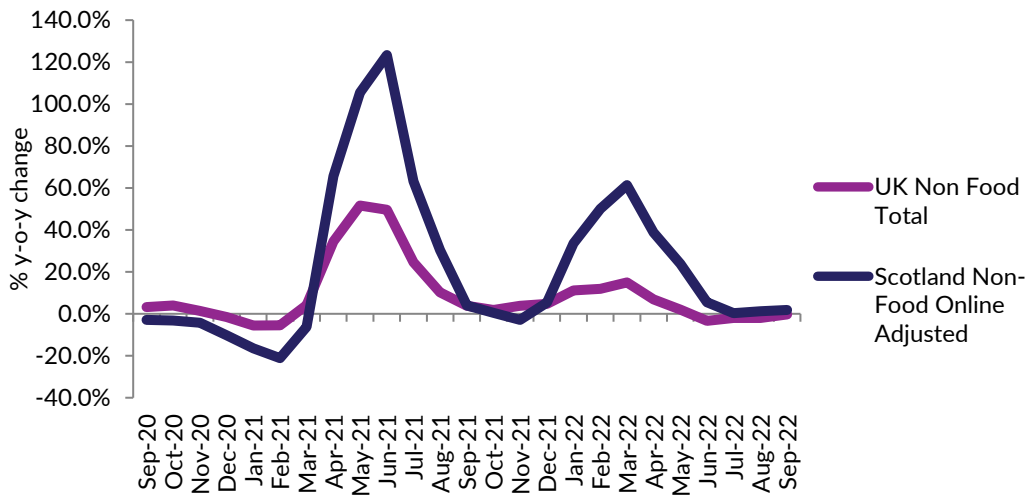
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NON-FOOD SALES GROWTH INCLUDING EFFECT OF ONLINE SALES (YEAR-ON-YEAR)

MONTH	SCOTLAND				UK	
	MONTHLY		3 MONTH AVERAGE		3 MONTH AVERAGE	
	LFL	TOTAL	LFL	TOTAL	LFL	TOTAL
2021 Sep	-1.1	-1.7	3.9	3.9	1.6	3.8
Oct	-0.3	0.4	0.7	0.4	-0.3	1.8
Nov	-8.7	-7.5	-3.2	-2.8	0.9	3.9
Dec	17.0	19.5	3.8	5.3	1.4	4.8
2022 Jan	71.8	92.1	26.0	33.5	6.5	11.1
Feb	37.9	46.1	40.3	50.0	6.9	12.0
Mar	35.5	49.1	47.4	61.4	8.6	14.9
Apr	15.9	18.8	30.2	38.8	1.8	6.9
May	-3.3	-2.6	17.5	23.9	-1.0	2.0
Jun	1.9	1.4	4.6	5.5	-4.2	-3.3
Jul	-0.4	1.9	-0.4	0.3	-2.5	-2.0
Aug	-1.1	0.1	0.2	1.2	-2.6	-2.0
Sep	2.5	3.0	0.5	1.8	-1.1	-0.4

Source: SRC-KPMG RSM, BRC-KPMG RSM for UK data and online adjustment (figures are rounded to the first decimal point)

UK VERSUS ONLINE-ADJUSTED SCOTLAND NON-FOOD SALES GROWTH - 3-MONTH AVERAGE



Source: SRC/ BRC-KPMG RSM. Scotland is adjusted for the estimated effect of online sales.



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NOTES

The SRC-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 with 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 (LFL) is the percentage change in the value of comparable sales compared with 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 floor space. 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 floor space.

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. Estimates based on ONS figures show about 15 per cent of total UK retail sales (food and non-food) are achieved via the internet.

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 Scottish 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.

In its role as sponsor of the SRC-KPMG Scottish Retail Sales Monitor (SRSMS), 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 from June 2009 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 June 2009 and, save for the aggregation of comparative sales figures for the period from June 2009, it is not responsible for the aggregation of any data included in this Monitor relating to any period prior to June 2009. Between its inception in January 1999 and June 2009 the aggregation of the SRSMS data was carried out by the University of Edinburgh.

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 SRC/BRC.



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The October 2022 Monitor, covering the four weeks 2 - 29 October 2022, will be released at 00.01am Wednesday 8th November 2022.



The Scottish Retail Consortium (SRC) is Scotland'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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Detailed weekly data by category is available to retailers who contribute to the monitor:

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

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