SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

UNDERWHELMING SCOTTISH SALES UNDERLINE NEED FOR SPRING BUDGET ACTION

Covering the four weeks 28 January – 24 February 2024

Strictly Embargoed until 00:01 hrs – Tuesday 5th March 2024

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

0.7%

In February, Scottish sales increased by 0.7% on a Like-for-like basis compared with February 2023, when they had increased by 6.6%. This is below the 3-month average increase of 1.0% and below the 12-month average growth of 4.4%.

FEB: TOTAL
% change year on year

1.4%

Total sales in Scotland increased by 1.4% compared with February 2023, when they had grown 9.0%. This was below the 3-month average increase of 1.8% and the 12-month average growth of 5.8%. Adjusted for inflation, the year-on-year decline was 1.1%.

FEB: TOTAL FOOD
% change year on year

3.0%

Total Food sales increased by 3.0% versus February 2023, when they had increased by 13.3%. February was below the 3-month average growth of 4.7% and the 12-month average growth of 9.8%. The 3-month average was below the UK level of 6.0%.

FEB: TOTAL NON-FOOD
% change year on year

0.1%

Total Non-Food sales increased by 0.1% in February compared with February 2023, when they had increased by 5.3%. This was above the 3-month average decrease of 0.7% and below the 12-month average growth of 2.4%.

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

-1.8%

Adjusted for the estimated effect of Online sales, Total Non-Food sales decreased by 1.8% in February versus February 2023, when they had increased by 4.1%. This was above the 3-month average decline of 2.2% and below the 12-month average growth of 1.1%.

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

Covering the four weeks 28 January – 24 February 2024

David Lonsdale, Director | Scottish Retail Consortium

"February brought more discomfort for hard-pressed Scottish shopkeepers as total retail sales growth during the month fell further to its lowest level in two and a half years. When adjusting for shop price inflation it was the eighth successive month of declining real terms growth. There were some bright spots. Some retailers benefited from purchases associated with St Valentine's Day, buoyed by sales of cosmetics, fragrances, and chocolates. Grocery sales got a bump too from St Valentine's Day as people marked the occasion at home rather than spend more going out to eat.

"This underwhelming headline figures reflect a continuing weakness in consumer demand, the dip in shopper footfall, and the easing in shop price inflation which previously flattered sales values. This weakness was most pronounced in bigger ticket categories such as white goods, furniture, and jewellery. By contrast, lower value items including health and beauty and home accessories fared reasonably well, with fashion buoyed by discounting as shops made room for new ranges. The growth in food continued to slow and was at its weakest level since June 2022.

"The figures suggest there has been as yet little discernible uplift to retail sales from the UK Government's cut in employee national insurance contributions which were introduced in January. It underlines the need for the Chancellor to put supporting consumer sentiment and spending at the heart of his Spring Budget, including a restoration of tax-free shopping to tempt more international visitors to Scotland and the UK. If the UK administration reduces income tax rates for modest earners then Scottish Ministers should give a fair wind to considering whether Scots should benefit too."

Linda Ellett, UK Head of Consumer, Retail and Leisure | KPMG

"Despite, on the face of the it, figures showcasing an increase, the wider picture has heralded a slow start to the year in Scotland for its retailers.

"What looked like a promising start to February was soon replaced with a more downbeat end as a mix of poor weather and people watching their spending more closely following Christmas and New Year.

"Fitness and beauty were high points in terms of sales, but other non-food sectors were weak. Burns Night and A push for healthier eating since the start of the year saw food sales remain solid if not spectacular.

"News that the UK economy is technically in recession, as many households continue to adapt budgets to meet higher essential costs, including higher mortgage rates, will do little to ease the consumer reluctance to get out there and start spending again.

"With big increases in labour costs and business rates just weeks away, adding an already stressed cost agenda for retailers, many will be pinning their hopes on some good news in the Chancellors' Spring Statement this week, to help kick start a spending revival on the high street.

"However, after two years of navigating the cost-of-living crisis, weary households continue to count the pennies.

"The assumption that having more spending power will lead to more spending isn't cutting through at the moment, and retailers will continue to face significant downward pressures on demand for some time to come."

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

Covering the four weeks 28 January – 24 February 2024

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

CATEGORY	UP/ DOWN FEB 2024		GROWTH RANKINGS (TOTAL SALES)				
	LFL	TOTAL	FEB 2024	JAN 2024	FEB 2023	3M AVG	12M AVG
Food & Drink	▲	▲	1	1	1	1	1
Clothing & Footwear	▲	▲	2	2	2	2	2
Other Non-Food	▼	▼	3	3	3	3	3

Source: SRC-KPMG RSM

OVERVIEW

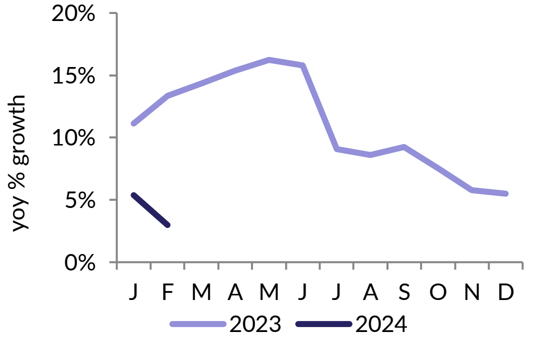
Retail sales growth in Scotland slowed to 1.4% on a Total basis in February, which is the lowest seen since September 2021. Low level of footfall was said to be a significant contributor to this slowdown, as the wet weather kept many from visiting the shops unless necessary.

Food sales growth continued to slow in the month, with the only event driving an increase in demand being Valentine's Day, where it was said people were more inclined to buy meals to enjoy the day at home rather than going out to restaurants. The primary factor in the slowdown of Food overall was once again the ever-decreasing food price inflation rate, which slowed to its lowest rate since May 2022.

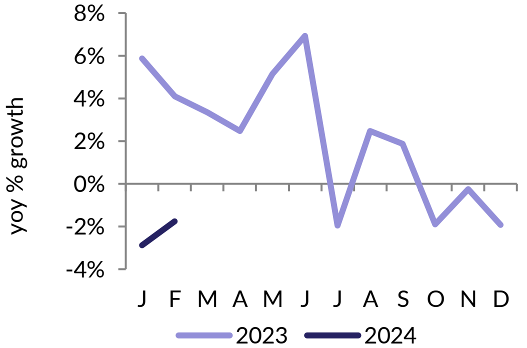
Non-Food sales continued to see a dearth of demand in February, with the non-fashion categories garnering little attention. As with the trend seen since the beginning of the cost-of-living crisis, larger items of Furniture and white goods saw little demand, as consumers remain reluctant to make significant outlays in uncertain economic times, this was exacerbated at the end of the month, when it was announced that the country had entered a 'technical' recession. In contrast to the UK overall, fashion sales in Scotland were in growth for the month, as several retailers extended their January sales into February in order to drive demand and clear out-of-season stock. Also, in line with the recent trend, cosmetics and fragrances also sold well in February, particularly in the run-up to Valentine's Day, as they are perennial gifting favourites.

James Hardiman, Senior Analyst

TOTAL SALES: FOOD



ONLINE ADJUSTED NON-FOOD



Source: SRC-KPMG RSM

Covering the four weeks 28 January – 24 February 2024

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:

James Hardiman
0207 854 8970
james.hardiman@brc.org.uk

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

Covering the four weeks 28 January – 24 February 2024

RETAIL SALES YEAR-ON-YEAR PERCENTAGE GROWTH

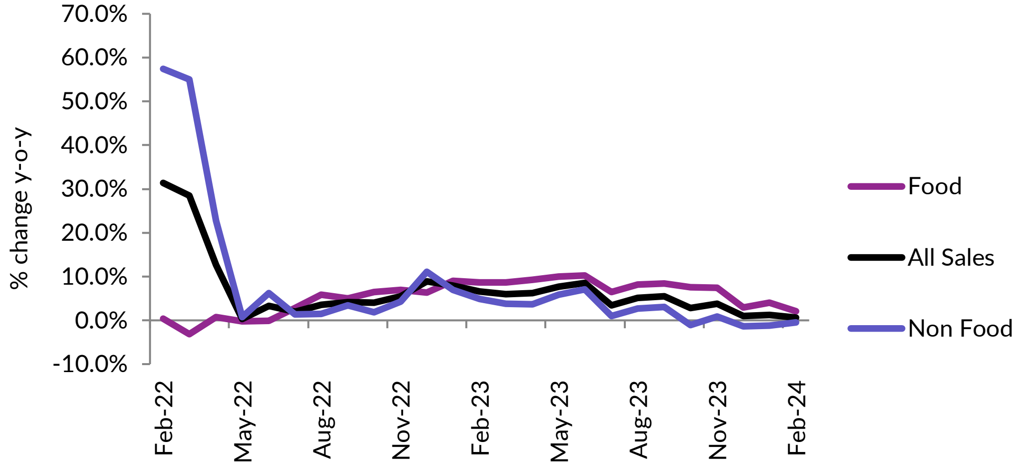
	SCOTLAND						UK	
	LIKE-FOR-LIKE			TOTAL			LFL	TOTAL
	FOOD	NON-FOOD	ALL SALES	FOOD	NON-FOOD	ALL SALES	ALL SALES	
2023 Feb	8.6	4.9	6.6	13.3	5.3	9.0	4.9	5.2
Mar	8.6	3.8	6.0	14.3	4.1	8.8	4.9	5.1
Apr	9.3	3.6	6.2	15.4	3.9	9.1	5.2	5.1
May	9.9	5.9	7.7	16.2	6.5	10.9	3.7	3.9
Jun	10.2	7.1	8.5	15.8	7.5	11.3	4.2	4.9
Jul	6.5	0.9	3.5	9.1	0.9	4.6	1.8	1.5
Aug	8.2	2.6	5.2	8.6	3.1	5.6	4.3	4.1
Sep	8.4	3.0	5.5	9.2	3.5	6.1	2.8	2.7
Oct	7.5	-1.1	2.8	7.5	-1.0	2.9	2.6	2.5
Nov	7.4	0.8	3.8	5.8	0.9	3.1	2.6	2.7
Dec	2.9	-1.4	1.0	5.5	-1.1	1.9	1.9	1.7
2024 Jan	4.0	-1.2	1.2	5.4	-1.0	1.9	1.4	1.2
Feb	2.1	-0.5	0.7	3.0	0.1	1.4	1.0	1.1
3m avg	3.0	-1.0	1.0	4.7	-0.7	1.8	1.5	1.4
12m avg	7.1	2.1	4.4	9.8	2.4	5.8	3.1	3.1
	UK							
3m avg	5.8	-2.9	1.5	6.0	-2.5	1.4		

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

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

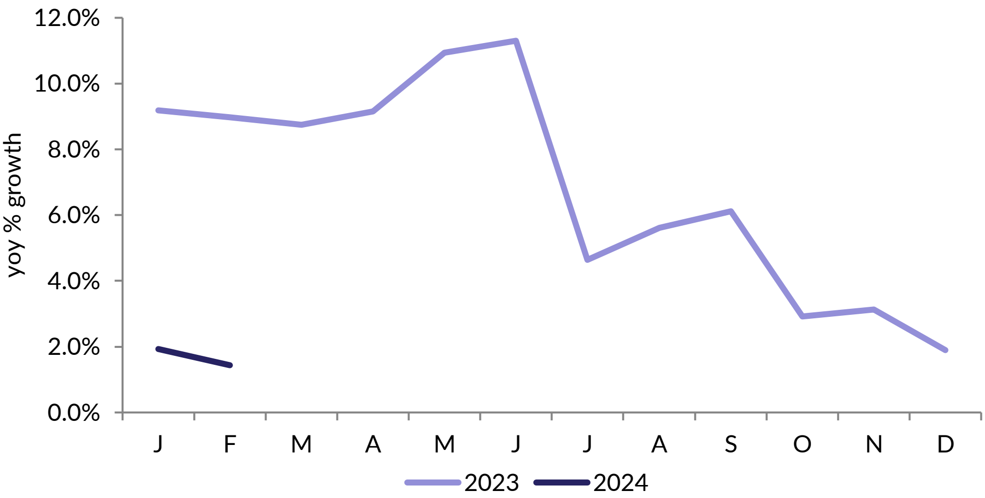
Covering the four weeks 28 January – 24 February 2024

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



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

MONTHLY TOTAL SALES GROWTH YEAR-ON-YEAR

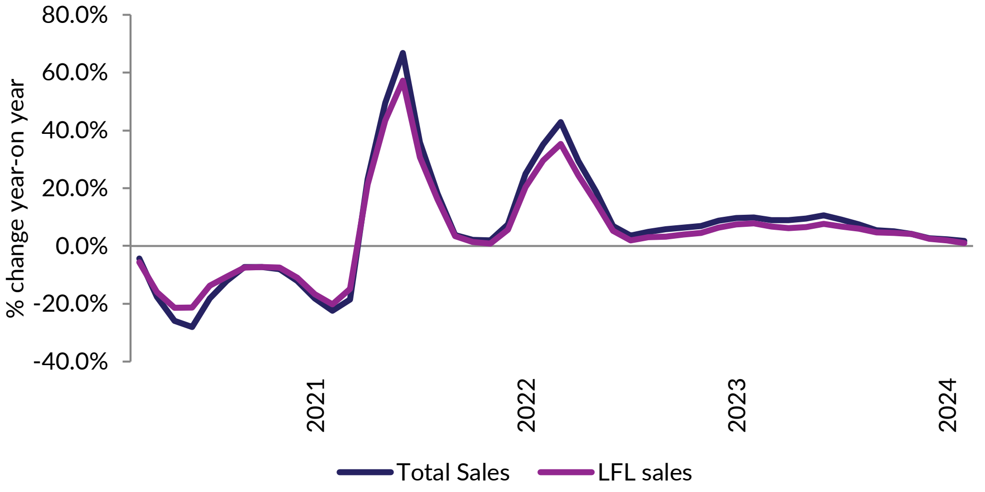


Source: SRC-KPMG RSM (not online-adjusted)

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

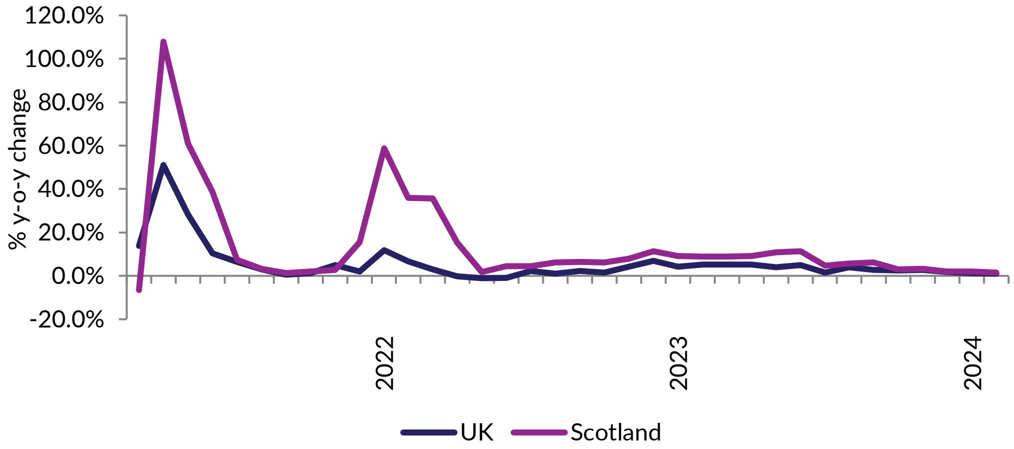
Covering the four weeks 28 January – 24 February 2024

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).

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

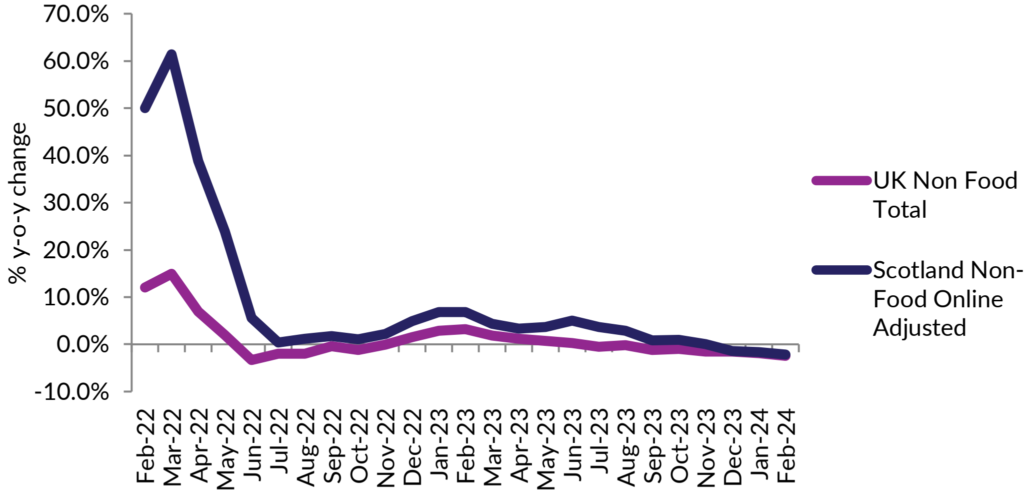
Covering the four weeks 28 January – 24 February 2024

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
2023 Feb	3.7	4.1	6.5	6.8	2.7	3.2
Mar	3.1	3.4	3.9	4.4	1.4	1.8
Apr	2.2	2.5	3.0	3.3	0.8	1.2
May	4.5	5.1	3.2	3.6	0.2	0.7
Jun	6.4	6.9	4.5	5.0	-0.5	0.3
Jul	-1.9	-2.0	3.3	3.6	-0.8	-0.5
Aug	2.0	2.5	2.5	2.8	-0.2	-0.2
Sep	1.4	1.9	0.6	0.9	-1.0	-1.2
Oct	-2.1	-1.9	0.5	0.9	-1.5	-1.0
Nov	-0.3	-0.2	-0.2	0.1	-2.3	-1.6
Dec	-2.2	-1.9	-1.6	-1.4	-1.7	-1.5
2024 Jan	-3.1	-2.9	-1.9	-1.7	-2.1	-1.8
Feb	-2.4	-1.8	-2.5	-2.2	-2.9	-2.5

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.

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

Covering the four weeks 28 January – 24 February 2024

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 (SRSM), 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 SRSM 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.

SRC-KPMG SCOTTISH RETAIL SALES MONITOR FEBRUARY 2024

Covering the four weeks 28 January – 24 February 2024

MEDIA ENQUIRIES

SRC
Box 112, 12 Southbridge
Edinburgh EH1 1DD

T 020 7854 8900
W www.brc.org.uk

Ewan MacDonald Russell
Deputy Head, SRC
M 07801 629088
E Ewan.MacDonald-Russell@brc.org.uk

KPMG
15 Canada Square
London, E14 5GL

T 020 7311 1000
W www.kpmg.co.uk

Rory Brown
Corporate Communications Manager

E Rory.brown@kpmg.co.uk

The March 2024 Monitor, covering the five weeks 25 February – 30 March 2024, will be released at 00.01am Tuesday 9th April 2024.

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.

SPONSORED AND ADMINISTERED BY

KPMG LLP, a UK limited liability partnership, operates from 22 offices across the UK with approximately 16,300 partners and staff. The UK firm recorded a revenue of £2.338 billion in the year ended 30 September 2018. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. It operates in 154 countries and has 200,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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:
James Hardiman
0207 854 8970
james.hardiman@brc.org.uk