

NON-FOOD STILL BEHIND PRE-CRISIS LEVELS

Covering the five weeks 28 February – 3 April 2021
Strictly Embargoed until 00:01 hrs – Wednesday 21st April 2021

MAR: LIKE-FOR-LIKE
% change year on 2-year

-11.5%

In March, Scottish sales decreased by 11.5% on a 2 year like-for-like basis compared with March 2019, when they had decreased by 0.2%. This is above the 3-month average decrease of 20.3% and below the 2019 average decrease of 0.8%.

MAR: TOTAL
% change year on 2-year

-13.8%

Total sales in Scotland decreased by 13.8% on a 2-year basis compared with March 2019, when they had increased by 0.3%. This was below the 3m average decline of 20.9% and the 2019 average decline of 0.2%.

MAR: TOTAL FOOD
% change year on 2-year

19.7%

Total Food sales increased 19.7% on a 2-year basis versus March 2019, when they had decreased by 0.2%. March was above the 3-month growth of 12.8% and the 2019 average growth of 2.4%. The 3-month average was above the UK level of 11.6%.

MAR: TOTAL NON-FOOD
% change year on 2-year

-41.9%

Total Non-Food sales decreased by 41.9% in March on a 2-year basis compared to March 2019, when they had increased by 0.7%. This was above the 3-month average decline of 49.2% and the 2019 average decline of 2.4%.

MAR: TOTAL ONLINE
ADJUSTED NON-FOOD
% change year on 2-year

-10.5%

Adjusted for the estimated effect of Online sales, Total Non-Food sales decreased by 10.5% in March versus March 2019, when they had increased by 1.3%. This is above the 3-month average decline of 20.0% and below the 2019 average decline of 1.4%. This was lower than the UK's 3m average decline of 4.7%.

2020 was a turbulent year in which much of retail bounced between being open and closed, significantly impacting sales and the ability to make meaningful comparisons. In this context, **all 2021 figures are compared with 2019** (pre-pandemic). This means our 2021 figures are predominantly year-on-two-years (Yo2Y), rather than year-on-year (YoY) in this report, unless otherwise specified.



SRC-KPMG SCOTTISH RETAIL SALES MONITOR MARCH 2021

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Ewan MacDonald Russell, Head of Policy & External Affairs | Scottish Retail Consortium

“The decline in retail sales in March was much less steep compared to recent months, albeit still fell by nearly 14 per cent compared with the truer comparable trading period in 2019. It’s hardly surprising sales were down with most shops shut for the crucial run up to Easter, but there were some encouraging signs that shoppers are preparing to resume shopping when the lockdowns finally end.

“Food sales were very high in March, but that’s in part due to Easter spending falling in the comparable April in 2019. The continued shuttering of eateries last month also flattered the figures. Nonetheless, despite households being unable to meet, it appears consumers continue to splash out on the usual domestic Easter meal, with Easter eggs selling very strongly. Non-food sales continue to be weak, but strong online sales of children’s clothes in response to schools reopening indicate there may be better news ahead when people can leave their homes for non-essential reasons.

“As we move further into the year the two big questions will be whether retail sales bounce back due to pent up demand with the end of lockdown, and where that uplift in retail sales is sustained rather than merely temporary. So far this year the majority of non-food sales have taken place online – if that doesn’t change and people don’t return to the shops it will pose very significant questions for the future of physical retail stores, and in turn for the state of our retail destinations, local communities and tax revenues from business rates. That’s something politicians of all parties will have to grapple with once the current election is over.”



Paul Martin, Partner, UK Head of Retail | KPMG

“March 2020 was a month that we’re unlikely to ever experience again, with panic buying followed by store closures and a collapse in sales. With that in mind, our comparison on a two-yearly basis provides us with more of an accurate idea of how well Scotland’s High Street is performing. With total sales down almost 14%, it’s clear that there is a long and potentially very challenging road ahead. However, it’s reassuring to note that this is a significant improvement from the 23.7% decline in February. The next few months will be make or break for many retailers as restrictions ease and consumer confidence hopefully returns.

“Non-food sales have really struggled throughout the pandemic, with UK retailers in that space taking a staggering £27 billion hit. The sector has witnessed a combination of devastating factors many accelerated by the pandemic, leading to frequent changes in regulations and costly new rules on creating ‘covid-secure’ retail spaces, and a gradual transformation in consumer attitudes to shopping, with online now completely dominant. There may be light at the end of the tunnel but any recovery and potential post-pandemic boom period could be too little too late for some.”

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SECTOR PERFORMANCE (TOTAL SALES YEAR-ON-2-YEAR, NON-ONLINE-ADJUSTED)
BY JAMES HARDIMAN, ANALYST

CATEGORY 2-YR	UP/ DOWN MAR 2021		GROWTH RANKINGS(TOTAL SALES)			
	LFL	TOTAL	MAR 2021	FEB 2021	MAR 2020	3M AVG
Food & Drink	▲	▲	1	1	1	1
Other Non-Food	▼	▼	2	2	2	2
Clothing & Footwear	▼	▼	3	3	3	3

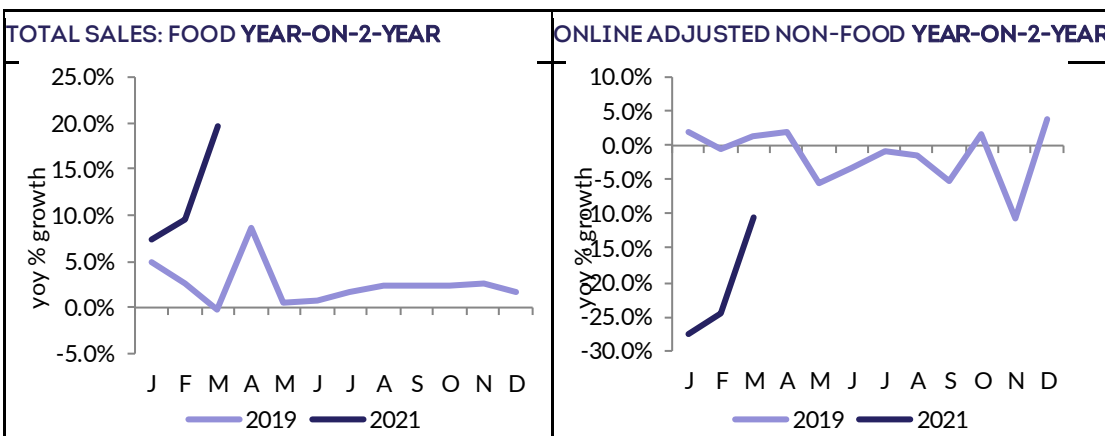
Source: SRC-KPMG RSM

OVERVIEW

Now that we have begun to annualise against the beginning of the coronavirus crisis period in March 2020, analysing year on year figures has proved challenging, as the comparable conditions from last year are not a representative basis point. Therefore, the headline rates in this report are calculated comparing this month's performance against the same month from 2019.

On a Total 2-year basis retail sales took a big step in the right direction in March, with -13.8% an improvement from the -23.7% seen in February. However, sales remained in significant decline due to the ongoing closure of all non-essential stores. While Food sales for the month were below the levels seen during the stockpiling episode seen last March, they were still above the more normal levels seen in 2019, due to the lack of competition from pubs and restaurants that remained closed. The Non-Food side recovered significantly, but remained some way behind normal spending levels, which was a natural result of the store closures that are due to open after those south of the border.

The month began settled but cold, then from the 7th it started to become much more unsettled. Most of the rest of the month was mild, and it was much drier from the 16th to 22nd before spells of rain returned. The west and north-west were rather wet, while some southern and eastern parts were rather dry and also slightly sunnier than average.





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Source: SRC-KPMGRSM

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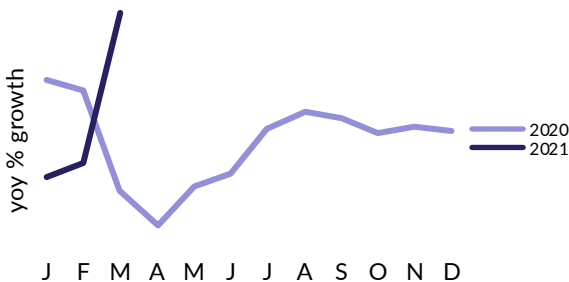
FOOD

As the comparable month from 2020 comprised of the stockpiling period in the run-up to the first strict lockdown, analysis of the single year decline is largely meaningless as the conditions then were non-replicable. When looking across 2 years the growth rate of 19.7% on a Total basis is more enlightening as to the current landscape. Growth remains significantly strong against 'normal' trading conditions, primarily due to the closure of pubs and restaurants, which provide competition for shop-bought and home-cooked food. The stand-out culinary event of the month was the earlier arrival of Easter in comparison to the last two years, which brought forward Food sales, despite the continuation of social restrictions forbidding family and friends to meet up and celebrate the event together. Food price inflation remained relatively low, although still positive according to the BRC-Nielsen Shop Price Index (SPI), at 0.3% year on year.

NON-FOOD

While inroads were made along the path to recovery for the more discretionary Non-Food side of the spending equation, sales remained well below what would be considered normal. When adjusting for the effects of Online sales, Non-Food sales recovered on a 2-year basis to a decline of 10.5% which was by some distance an improvement on that seen at the beginning of the year, with the 3-month average at a decline of 20.0%. Within Non-Food, many of the patterns seen through the pandemic persisted, once again, in March, as home related products continued to see some demand as people were still spending the majority of their time house bound. However, fashion sales saw the most significant change from the preceding months, as demand picked-up thanks to approaching relaxation of social restrictions.

CLOTHING AND FOOTWEAR YEAR-ON-YEAR



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

While the fashion categories have seen a resurgence in spending – as the graph above shows – on a 1-year basis, the category did not make it into growth when looking across both years back to 'normal' trading conditions in 2019. This resulted in the category once again at the foot of the growth rankings table over the two years. Online sales naturally saw the strongest increases, which was hardly a surprise given all but essential stores remained closed in March.

CLOTHING

In a continuation of the trend seen over the coronavirus crisis period so far, and even more strongly since February, in March Children's Clothing was once again the stand-out performing segment. This was primarily fuelled by the belated back to school rush at the beginning of the month and increased demand for casual items in the run-up to the Easter holidays. The adults ranges didn't fare as well, but Womenswear outperformed men's, in anticipation of being able to meet up in groups once again.

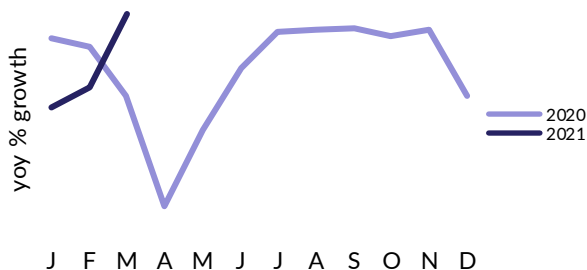
FOOTWEAR

The Footwear segment weighed down the category overall, once again, in March, as consumers were reluctant to buy without trying shoes on beforehand. Online sales improved more, but retailers are bracing themselves for a rash of returns once the stores reopen, which may dampen future sales figures.

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OTHER NON-FOOD YEAR-ON-YEAR



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

The gains made by the category in March, as with the fashion side, did not make up for the losses seen at the same point last year. This was due to the polarisation of fortunes between the category's constituent segments. While most of the home focussed segments continued their strong run of form, it wasn't the case for all, and the performance of cosmetics was lacklustre, once again.

Other Non-Food includes in particular:

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

As with the trend seen over the coronavirus crisis period so far, home improvements continued to be one of the rare highlights and proved to be a key driver of the category's overall improvement in March. DIY goods were said to perform well, once again, and were joined by outdoor furniture for the month, as the arrival of spring weather towards the end of the month and the prospect of socialising outdoors in the near term prompted many to look towards sprucing up their gardens. However, spending was not entirely reserved for outdoor goods, as demand reportedly held up well for items of furniture and home accessories. However, for smaller items the lack of Click and Collect provisions has served to dampen demand. The GfK Consumer Confidence Index for Major Purchases increased by 8 points from February, to -11 in March.

ELECTRICALS & ELECTRONICS

The annualising of the first lockdown of last year played a more significant role for this segment than any other, as the onset of the crisis in 2020 fuelled a surge in demand for computing equipment in particular. Consumers rushed to set up home offices and facilities for educating their children when schools shut their doors. However, laptops were said to see demand continue throughout March, particularly for lighter options that people could easier transport between home and the office. White goods saw their fortunes change somewhat at the end of the month, as they were against the period last year when consumers were stockpiling food and needed extra fridge and freezer space to store it. There was one non-covid driven trend in March, namely the continued strong Gaming performance, as the recently released consoles were in high demand, once again.

HEALTH & BEAUTY

On the Beauty side of the segment, it was reported that skincare was prioritised over cosmetics, as has been the trend since socialising restrictions came into force. For many working from home this has been attributed to wanting to look their best while on video conferences. Health goods were up against a strong comparable month from last year, as the pre-lockdown rush for sanitising products has not been repeated since.

SRC-KPMG SCOTTISH RETAIL SALES MONITOR MARCH 2021

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RETAIL SALES YEAR-ON-YEAR PERCENTAGE GROWTH

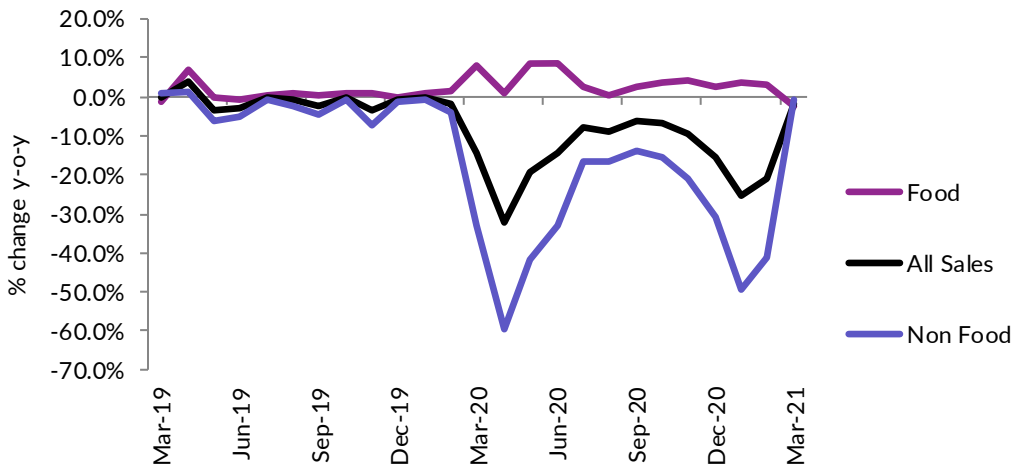
	SCOTLAND						UK	
	LIKE-FOR-LIKE			TOTAL			LFL	TOTAL
	FOOD	NON-FOOD	ALL SALES	FOOD	NON-FOOD	ALL SALES	ALL SALES	
2020 Mar	8.2	-33.1	-14.5	12.1	-33.6	-13.0	-3.5	-4.3
Apr	1.1	-59.6	-32.2	-2.4	-71.4	-40.3	5.7	-19.1
May	8.6	-42.0	-19.2	3.6	-53.2	-27.6	7.9	-5.9
Jun	8.5	-33.1	-14.3	4.0	-37.3	-18.6	10.9	3.4
Jul	2.9	-16.3	-7.7	3.5	-18.1	-8.3	4.3	3.2
Aug	0.4	-16.7	-8.9	1.5	-15.1	-7.5	4.7	3.9
Sep	2.7	-13.8	-6.3	3.7	-14.2	-6.0	6.1	5.6
Oct	3.6	-15.5	-6.8	4.4	-19.3	-8.5	5.2	4.9
Nov	4.1	-21.2	-9.6	4.8	-22.8	-10.2	7.7	0.9
2020 Dec	2.5	-30.8	-15.6	3.3	-33.4	-16.6	4.8	1.8
2021 Jan	3.9	-49.7	-25.2	4.3	-54.8	-27.9	7.1	-1.3
Feb	3.0	-41.1	-21.0	3.1	-47.4	-24.3	9.5	1.0
Mar	-2.4	-1.0	-1.6	-1.7	-10.6	-6.6	20.3	13.9
3m avg	1.2	-28.3	-14.8	1.6	-35.5	-18.6	12.9	5.3
12m avg	3.2	-27.7	-13.7	2.6	-32.4	-16.5	8.1	1.4
	UK							
3m avg	5.7	19.5	12.9	6.6	4.2	5.3		

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

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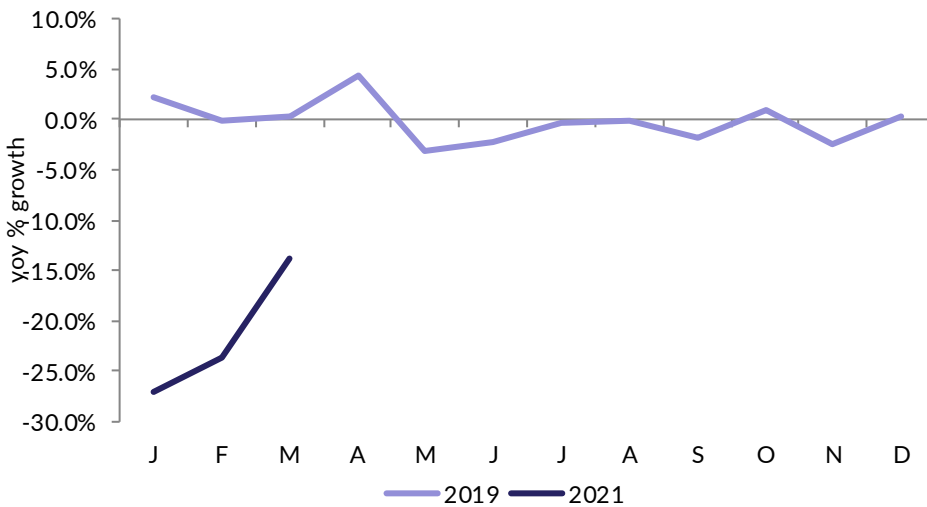
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LIKE-FOR-LIKE SALES: % CHANGE YEAR-ON-YEAR



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

MONTHLY TOTAL SALES GROWTH YEAR-ON-2-YEAR

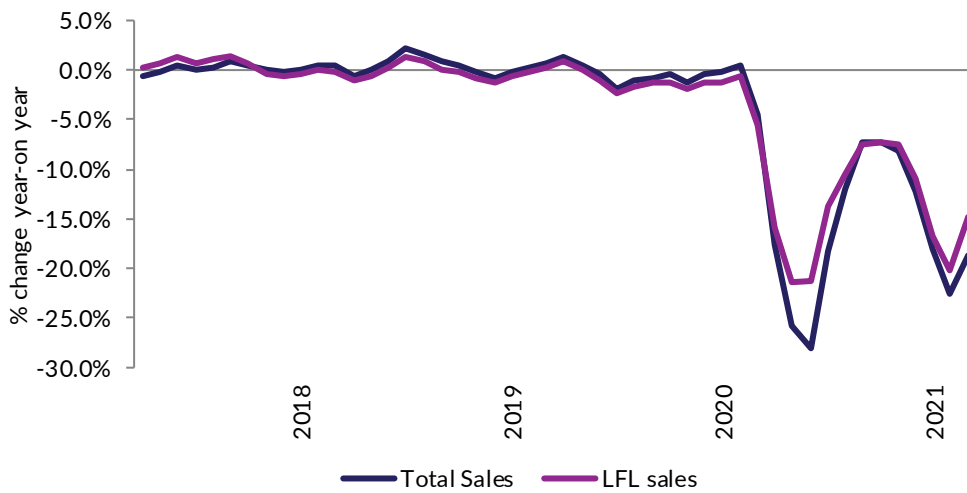


Source: SRC-KPMG RSM (not online-adjusted)

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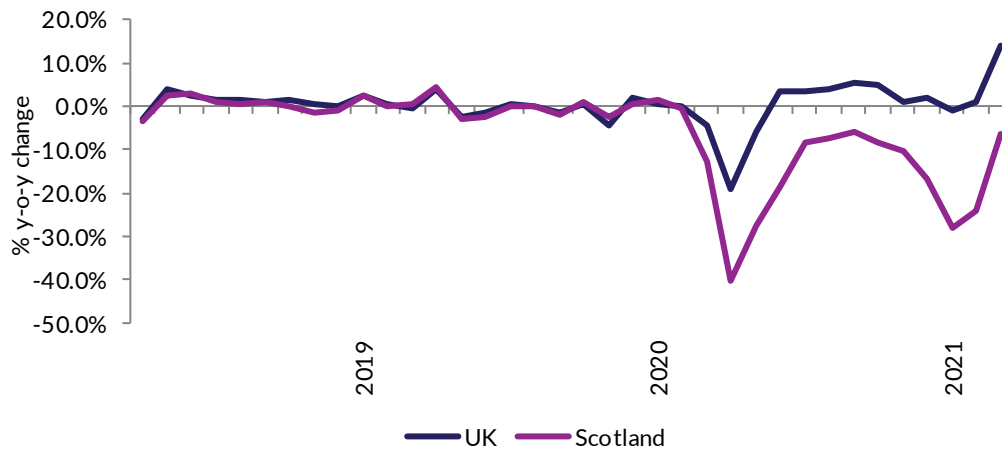
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SCOTLAND 3M ROLLING AVERAGE GROWTH OVER FIVE YEARS



Source: SRC-KPMG RSM

SCOTLAND VERSUS UK TOTAL SALES GROWTH COMPARISON



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

SRC-KPMG SCOTTISH RETAIL SALES MONITOR MARCH 2021

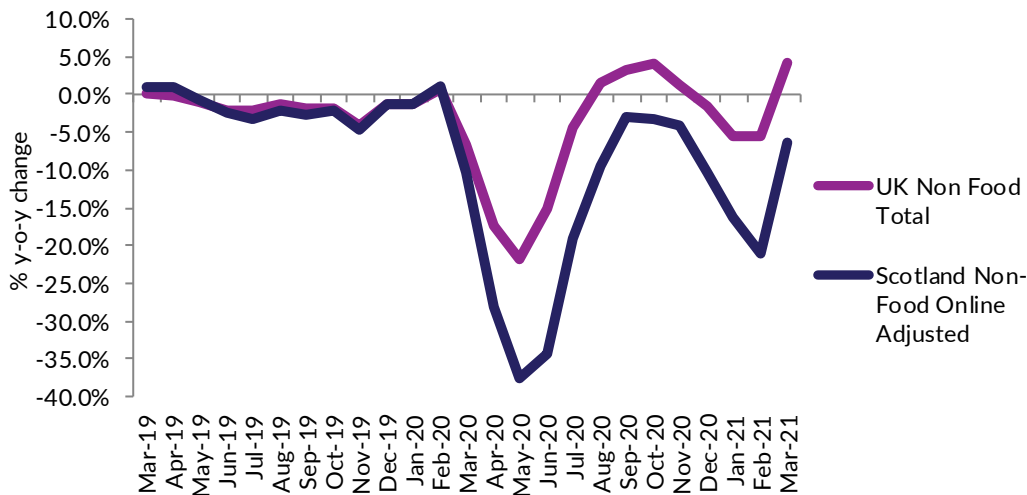
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NON-FOOD SALES GROWTH INCLUDING EFFECT OF ONLINE SALES

MONTH	SCOTLAND				UK	
	MONTHLY		3 MONTH AVERAGE		3 MONTH AVERAGE	
	LFL	TOTAL	LFL	TOTAL	LFL	TOTAL
2020 Mar	-27.4	-27.9	-10.5	-10.3	-6.7	-6.6
Apr	-42.5	-54.3	-24.4	-28.2	-4.4	-17.5
May	-21.7	-33.0	-30.3	-37.6	-2.1	-21.8
Jun	-15.2	-19.4	-25.6	-34.3	9.5	-15.0
Jul	-3.5	-5.2	-13.6	-19.2	7.9	-4.3
Aug	-3.2	-1.7	-7.9	-9.6	7.7	1.4
Sep	-1.8	-2.2	-2.8	-3.0	5.2	3.2
Oct	-2.4	-6.2	-2.4	-3.3	5.7	4.0
Nov	-3.2	-4.8	-2.4	-4.2	6.4	1.3
2020 Dec	-15.1	-17.7	-7.5	-10.2	5.1	-1.5
2021 Jan	-21.3	-26.4	-13.4	-16.4	5.6	-5.6
Feb	-13.9	-20.2	-16.6	-21.1	6.6	-5.5
Mar	30.5	20.8	0.9	-6.3	19.5	4.2

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 (SRS), 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 SRS 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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MEDIA ENQUIRIES

SRC

Box 112, 12 Southbridge
Edinburgh EH1 1DD

T 020 7854 8900

W www.brc.org.uk

Ewan MacDonald Russell

Head of Policy & External Affairs, 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

Brian O'Neill

Corporate Communications Manager

M 07823 668 689

E brian.oneill@kpmg.co.uk

The April 2021 Monitor, covering the four weeks 4 April – 1 May 2021, will be released at 00.01am Wednesday 19th May 2021.



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:

James Hardiman

0207 8548970

james.hardiman@brc.org.uk