

SLOW RETURN TOWARDS RETAIL NORMALITY CONTINUES

Covering the four weeks 2 – 29 May 2021

Strictly Embargoed until 00:01 hrs – Wednesday 16th June 2021

MAY: LIKE-FOR-LIKE

% change year on 2-year

6.8%

In May, Scottish sales increased by 6.8% on a 2 year like-for-like basis compared with May 2019, when they had decreased by 3.4%. This is above the 3-month average decrease of 3.7% and below the 2019 average decrease of 0.8%.

MAY: TOTAL

% change year on 2-year

-3.6%

Total sales in Scotland decreased by 3.6% on a 2-year basis compared with May 2019, when they had decreased by 3.1%. This was above the 3m average decline of 11.8% and below the 2019 average decline of 0.2%.

MAY: TOTAL FOOD

% change year on 2-year

2.5%

Total Food sales increased 2.5% on a 2-year basis versus May 2019, when they had increased by 0.5%. May was below the 3-month growth of 4.9% and the 2019 average growth of 2.4%. The 3-month average was below the UK level of 10.3%.

MAY: TOTAL NON-FOOD

% change year on 2-year

-8.7%

Total Non-Food sales decreased by 8.7% in May on a 2-year basis compared to May 2019, when they had decreased by 6.1%. This was above the 3-month average decline of 25.8% and the 2019 average decline of 2.4%.

MAY: TOTAL ONLINE ADJUSTED NON-FOOD

% change year on 2-year

-12.1%

Adjusted for the estimated effect of Online sales, Total Non-Food sales decreased by 12.1% in May versus May 2019, when they had decreased by 5.6%. This is below the 3-month average decline of 11.2% and the 2019 average decline of 1.4%. This was lower than the UK's 3m average growth of 7.5%.

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 MAY 2021

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

“Retailers continue to benefit from the relaxation of lockdown restrictions and the return to shops with May showing the best retail sales figures in 15 months. However, despite evidence of pent up demand coming through sales still failed to break into positive territory, remaining below the comparable May 2019 figures.

“Food sales remain in growth, albeit slightly reduced as eateries reopen. Online sales fell back with customers returning to stores, but there wasn't enough of a high street boost to push the figures into positive territory. Fashion and beauty sales continue to struggle, not helped by the dreich May weather and lack of clarity over summer holiday plans which discouraged customers from refreshing wardrobes.

“Hopefully retail is now on a path back to growth - however it's clear the industry is not yet out of the woods, and with little sign that the lost retail sales of the past 15 months will be recouped. With sales still negative and the cost of operating under the current restrictions onerous retailers will continue to struggle to be profitable. In that context early sight of the roadmap to removing restrictions and encouraging workers safely back to city centres is a priority for the industry.”



Paul Martin, Partner, UK Head of Retail | KPMG

“The retail sales growth we'd hoped for in May didn't materialise. However, there are positive signs for the months ahead. Food sales continue to perform well and non-food sales at bricks and mortar stores improved during the first full month of Scotland's high streets reopening. If poor weather deterred shoppers in May, the warmer conditions we're experiencing now could turn the tide.

“And while a fall in online sales pulled non-food down overall, it would be wrong to view this as a long-term trend. The overall conditions for Scottish retailers are still in a state of flux. We won't get a clear indication of how shopping preferences have been impacted by the pandemic until lockdown restrictions have been fully lifted. For now, prudent retailers will need to focus on cost and efficiency whilst focussing on their omni-channel future.”

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

CATEGORY 2-YR	UP/ DOWN MAY 2021		GROWTH RANKINGS(TOTAL SALES)			
	LFL	TOTAL	MAY 2021	APR 2021	MAY 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

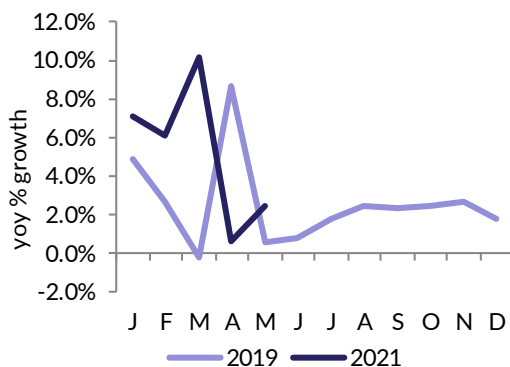
OVERVIEW

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.

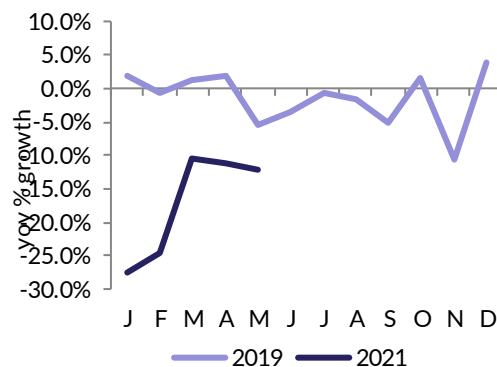
On a Total two-year basis, retail sales returned to their path of recovery with an improved performance of -3.6%. However, as retail sales in Scotland remain in decline, it is clear that there is still some way to go before recovering to 2019's pre-pandemic levels. May was the first complete month with all stores returning to the retail landscape, which provided a boost to Non-food sales. However, when taking their effects on Online sales into account, Non-Food overall performed worse than the previous month.

The weather during most of May was unsettled, cool, and often windy, with spells of rain apart from the last few days. It was unseasonably cold during the first week and around the 20th-24th. The final five days were much warmer and more settled. The mean temperature for the month was 1.2 °C below the long-term average, with more frosts than average. Scotland had 30% above average rainfall, with more than double the average in some eastern parts but below the average in the west.

TOTAL SALES: FOOD YEAR-ON-2-YEAR



ONLINE ADJUSTED NON-FOOD YEAR-ON-2-YEAR



Source: SRC-KPMG RSM

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FOOD

On a two-year basis, the Total growth of 2.5% is a pick-up from the previous month, as the novelty of eating out in pubs and restaurants began to wear off. Also, a major contributing factor is the unseasonably wet and cold weather experienced throughout much of the month, which kept people indoors and so home-cooking was on the agenda once again. However, in comparison to the lockdown month of May last year, Food sales were – unsurprisingly – not as strong. Food prices remained deflationary for the second consecutive month, with -0.3% year on year according to our BRC-Nielsen Shop Price Index (SPI).

NON-FOOD

While May was the first month of the year with all stores open that were deemed non-essential, the sales boost they provided to Non-Food was more than counterbalanced by the slowdown in Online sales, which resulted in a steeper rate of decline than the previous month – surprisingly. On a Total basis, Non-Food in May saw a decline of 12.1% in comparison to April's 11.2%. The weather also affected the fortunes of Non-Food's categories, as more time spent at home than a typical May saw increased attention towards home improvements and away from fashion.

CLOTHING AND FOOTWEAR YEAR-ON-2-YEAR



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

The fashion related categories suffered once more in May, even recording a worse performance than that seen in the previous month when all non-essential stores had previously been closed. However, this result is broadly in line with the level of decline seen at the same point in 2019, pre-pandemic. But this is really damning the category with faint praise. The lack of sunshine during the month left little motivation for consumers to splash out on summer ranges for socialising during the month. This was also coupled with the ever-present uncertainty for summer holiday bookings dampening demand as well.

CLOTHING

The summer ranges saw the largest drop off in demand in May, in large part due to the poorer than average weather during the month. In contrast, outdoor wear – particularly heavier and woollen items – were said to see stronger than anticipated sales, which is hardly a surprise. The return of the stores did continue to play a role in the fortunes of the category, however, as adult's ranges were reportedly seeing stronger demand than those for children.

FOOTWEAR

Footwear lagged significantly behind Clothing once again in May, with all but wet-weather gear seeing lacklustre demand. For adult's footwear, women's ranges were said to outperform men's, with boots seeing higher demand than lighter shoes. Formal options continued to suffer across ages and genders, as the number of formal occasions on people's social calendars remain low.

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OTHER NON-FOOD YEAR-ON-2-YEAR



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

In contrast to the fashion side of discretionary spending, Other Non-Food saw an improvement from its performance in the previous month, but was still languishing some way behind its pre-pandemic levels of trading in 2019. The primary cause of this upturn was a result of consumer focus continuing to be aimed at home improvements during the month, as consumers remained largely indoors once again.

Other Non-Food includes in particular:

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

In-store retailing continued to benefit from the afterglow of the reopening of non-essential retail at the end of April. This particularly benefitted the segments that traditionally require a face-to-face shopping experience before consumers make purchasing decisions - namely larger items of Furniture, such as sofas, bed and wardrobes. More modest items for home improvements, such as accessories, were said to perform well, with all but cookware seeing relatively strong demand. Lighting was also reportedly performing above expectations, perhaps a result of the lack of sunshine throughout the month. The GfK Consumer Confidence Index for Major Purchases increased by 5 points from April, to -7 in May.

ELECTRICALS & ELECTRONICS

As has been the pattern since the release of the latest generation of gaming consoles last year, sales of these items were more driven by stock availability than anything else, which proved positive in May as a high level of stock arrived on the market. Due to a halo effect from gaming sales and the upcoming European Championships, TVs continued their remarkable run of fortune, selling particularly well in store as consumers could easier compare the products. Household Appliances, particularly white goods performed well, but this was more a function of a weak comparable from last year as stock levels were low at that time.

HEALTH & BEAUTY

Health & Beauty benefitted greatly from the return of non-essential retailing to the high street in comparison to last year, but the segment remained below the levels of trading seen pre-crisis. Beauty products are traditionally primarily driven by a more hands-on experiential sales practice, but with restrictions remaining in place on testers, retailers are having to work harder than before to entice customers into opening their wallets. Health products also received a boost from the return of non-essential retail, as they show strong correlation with the levels of footfall seen on the high street, being largely impulse driven purchases.

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RETAIL SALES YEAR-ON-YEAR PERCENTAGE GROWTH

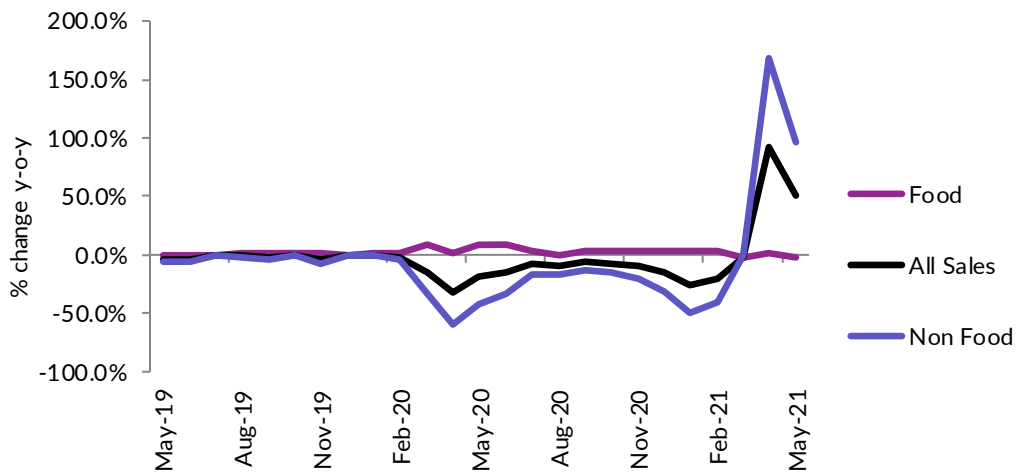
	SCOTLAND						UK	
	LIKE-FOR-LIKE			TOTAL			LFL	TOTAL
	FOOD	NON-FOOD	ALL SALES	FOOD	NON-FOOD	ALL SALES	ALL SALES	
2020 May	8.6	-42.0	-19.2	3.6	-53.2	-27.6	7.9	-5.9
Jun	8.5	-33.1	-14.3	4.0	-37.3	-18.6	10.9	3.4
Jul	2.9	-16.3	-7.7	3.5	-18.1	-8.3	4.3	3.2
Aug	0.4	-16.7	-8.9	1.5	-15.1	-7.5	4.7	3.9
Sep	2.7	-13.8	-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
Apr	1.5	168.2	92.1	3.0	195.9	107.9	39.6	51.1
May	-2.3	95.8	51.0	-1.1	112.9	60.9	18.5	28.4
3m avg	-1.2	80.9	43.4	-0.1	90.9	49.4	25.7	29.8
12m avg	2.4	0.4	1.3	2.7	0.9	1.7	11.5	9.5
	UK							
3m avg	0.2	48.3	25.7	3.8	51.6	29.8		

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

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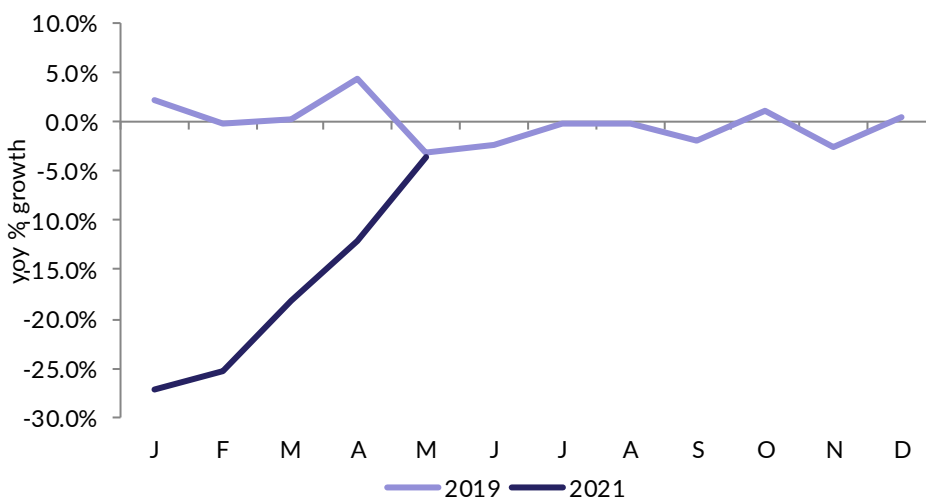
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LIKE-FOR-LIKE SALES: % CHANGE YEAR-ON-YEAR



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

MONTHLY TOTAL SALES GROWTH YEAR-ON-2-YEAR

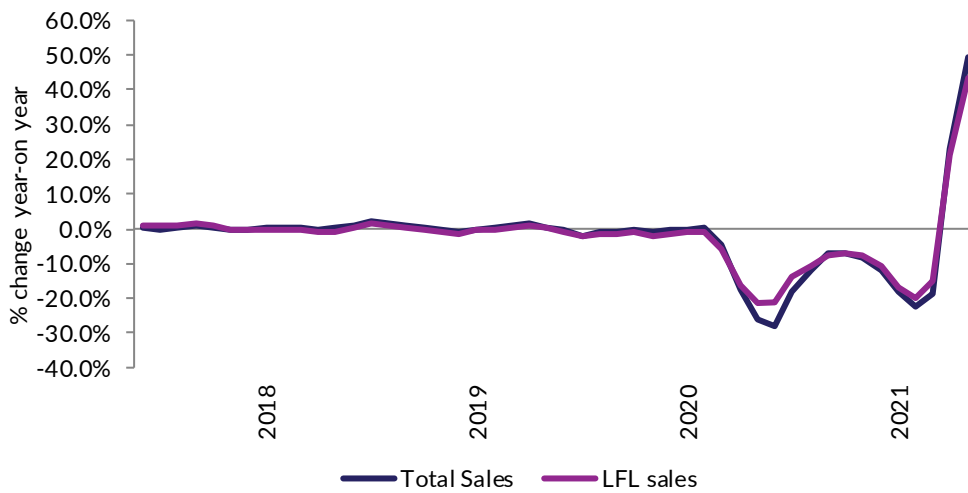


Source: SRC-KPMG RSM (not online-adjusted)

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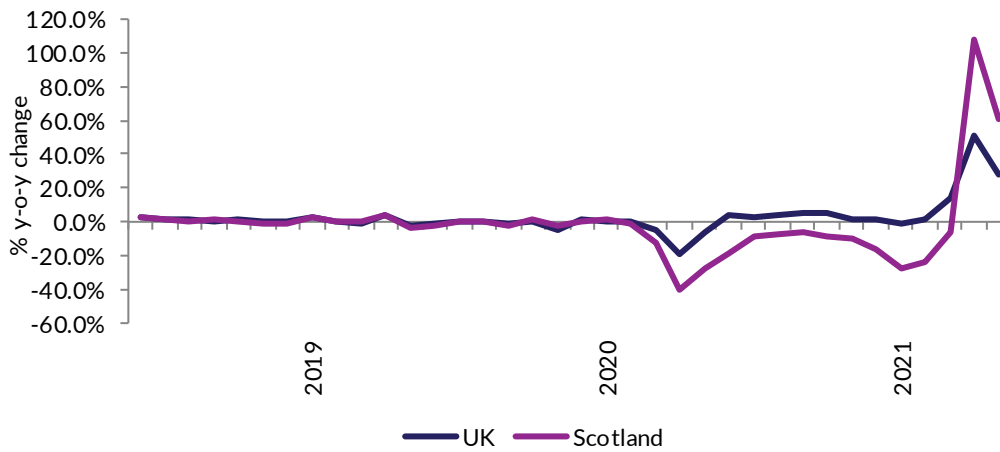
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SCOTLAND 3M ROLLING AVERAGE GROWTH OVER FIVE YEARS



Source: SRC-KPMG RSM

SCOTLAND VERSUS UK TOTAL SALES GROWTH COMPARISON



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

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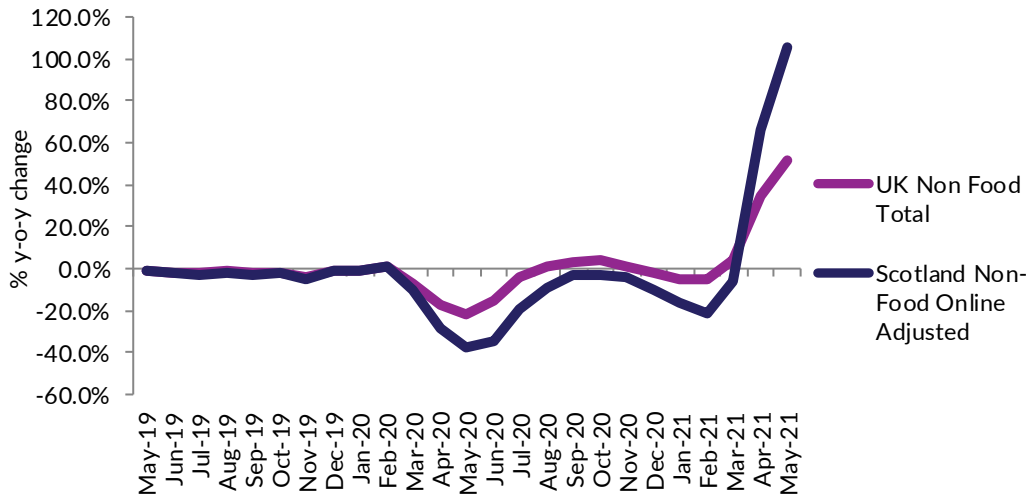
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NON-FOOD SALES GROWTH INCLUDING EFFECT OF ONLINE SALES

MONTH	SCOTLAND				UK	
	MONTHLY		3 MONTH AVERAGE		3 MONTH AVERAGE	
	LFL	TOTAL	LFL	TOTAL	LFL	TOTAL
2020 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
Apr	179.7	207.4	62.7	65.6	40.4	34.6
May	92.4	109.5	95.4	105.5	48.3	51.6

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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The June 2021 Monitor, covering the five weeks 30 May – 3 July 2021, will be released at 00.01am Wednesday 21st July 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:

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