SRC-KPMG SCOTTISH RETAIL SALES MONITOR JULY 2021

SCOTTISH RETAILERS STILL WAITING FOR RETURN TO PRE-PANDEMIC TRADING

Covering the four weeks 4 – 31 July 2021

Strictly Embargoed until 00:01 hrs – Wednesday 18th August 2021

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

6.2%

In July, Scottish sales increased by 6.2% compared with July 2020, when they had decreased by 7.7%. This is below the 3-month average increase of 30.8% and the 12-month average of 7.0%.

JUL: TOTAL
% change year on year

7.4%

Total sales in Scotland increased by 7.4% compared with July 2020, when they had decreased by 8.3%. This was below the 3m average growth of 35.9% and below the 12-month average of 8.4%.

JUL: TOTAL FOOD
% change year on year

1.8%

Total Food sales increased 1.8% versus July 2020, when they had increased by 3.5%. July was above the 3-month growth of 0.7% but below the 12-month average growth of 2.3%. The 3-month average was below the UK level of 2.9%.

JUL: TOTAL NON-FOOD
% change year on year

12.1%

Total Non-Food sales increased by 12.1% in July compared with July 2020, when they had decreased by 18.1%. This was below the 3-month average growth of 65.3% and the 12-month average growth of 13.6%.

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

11.7%

Adjusted for the estimated effect of Online sales, Total Non-Food sales increased by 11.7% in July versus July 2020, when they had decreased by 5.2%. This is below the 3-month average growth of 63.1% and the 12-month average growth of 27.3%. This was lower than the UK's 3m average growth of 24.6%.

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

"July saw retail sales improve on 2020's rather desperate performance which came in the immediate aftermath of the first lockdown, but remain below pre-pandemic trading. Indeed, the 4.4 percent fall compared to 2019 was disappointing after two months when there seemed to be a path back to growth. It seems Scottish retailers have a longer wait in store.

"Food sales continue to perform well, driven last month by strong sales of drinks and outdoor food as Scots took advantage of the sunshine. Non-food sales remain mixed, there was good news for fashion retailers as shoppers looked to update wardrobes for the weather, but furniture and homeware sales dipped compared to the very strong sales last year.

"Despite last month's sunshine there must be worry there are storm clouds ahead for the Scottish retail industry. Footfall to retail destinations, high street vacancies, and now sales have been negative for some time. With parts of the supply chains under pressure from rising commodity and haulage costs the stresses on operational models are only increasing. If there isn't an August bump in retail sales from the relaxation of restrictions it may be a long winter for Scottish shops."

Paul Martin, Partner, UK Head of Retail | KPMG

"While social distancing measures persisted throughout July, the picture improved again for Scottish retailers as rising footfall, enabled or encouraged by the move to level 0 restrictions, facilitated a sizeable rise in total sales. However if we compare current levels to 2019, sales do still remain low – a clear indicator of the impact the pandemic continues to have on retailing operations.

"Despite the difference against pre-pandemic levels, retail performance in July was encouraging, especially the steep rise in non-food sales. Hopefully we'll see this positive momentum continue throughout the summer as the majority of remaining restrictions are eased, retailers resume normal trading and consumers feel confident to spend once again."

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SECTOR PERFORMANCE (TOTAL SALES, NON-ONLINE-ADJUSTED)
BY TINA SPOONER, INSIGHT PROJECT SPECIALIST

CATEGORY	UP/ DOWN JUL 2021		GROWTH RANKINGS (TOTAL SALES)				
	LFL	TOTAL	JUL 2021	JUN 2021	JUL 2020	3M AVG	12M AVG
Clothing & Footwear	▲	▲	1	1	3	1	1
Other Non Food	▲	▲	2	2	2	2	2
Food & Drink	▲	▲	3	3	1	3	3

Source: SRC-KPMG RSM

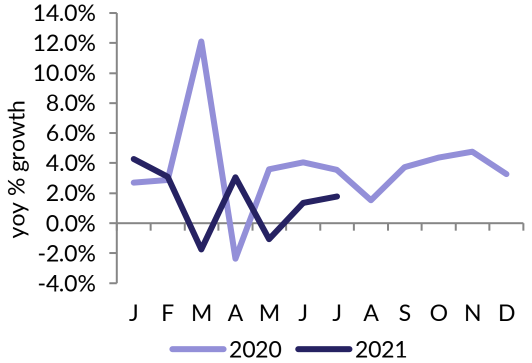
OVERVIEW

Now that we are comparing against the post-lockdown period from last spring, we are moving back towards analysing retail sales primarily on a year-on-year basis as stores were open both in this and last July. However, year-on-two-year comparisons are still useful in certain circumstances, which will be clearly signposted in this report.

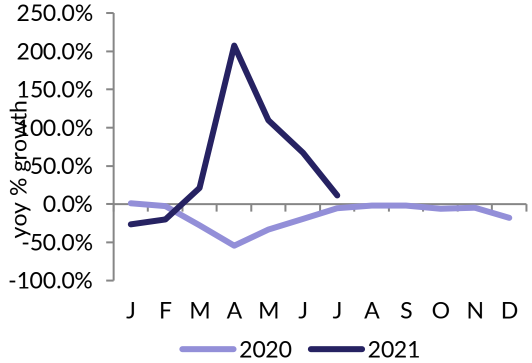
July saw a slowdown in Total retail sales growth 7.4%, compared with the same month last year, as the gradual reopening of leisure and hospitality led to a dilution in retail consumer spending. The July performance is significantly lower than the three-month average of 35.9% and remains below pre-pandemic growth levels, with sales down 4.4% compared with July 2019.

The month started showery and unsettled, though there were some warm days to start with. The weather settled down towards the middle of the month and became much warmer, though during the last week it became gradually cooler and more unsettled, once more. The provisional mean temperature for the month was 1.8 °C above the long-term average, and this was the third warmest July in a series from 1884. Scotland overall had 67% of average rainfall during July. Sunshine was above average except on the east coast and in the Northern Isles, with an overall figure of 125% of average.

TOTAL SALES: FOOD YEAR-ON-YEAR



ONLINE ADJUSTED NON-FOOD YEAR-ON-YEAR



Source: SRC-KPMG RSM

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FOOD

The Food category recorded a year-on-year increase of 1.8% in July, compared with 3.5% growth in the same month last year. On a Yo2Y basis, Food sales were up 5.4% in July, compared with the same month in 2019. It was reported sales were strong during the middle two weeks of the month as the weather improved. However, this compares with the tail off at the end of the first lockdown last year. With the re-opening of hospitality and less socialising at home, it is not surprising that sales of alcohol slowed during the period.

NON-FOOD

When taking the effects of online sales into account, Non-Food sales recorded annual growth of 11.7% in July, compared with a decline of 5.2% in the same month last year.

Online returned to growth for the first time in three months during July. When taking the effects of online sales into account, Non-Food sales recorded year-on-year growth of 11.7%, This compares with a decline of 5.2% in July 2020.

CLOTHING AND FOOTWEAR YEAR-ON-YEAR

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

CLOTHING

The good weather helped to boost sales of summer clothing ranges during July, likely due to the higher than average temperatures. With workers starting to return to offices it was reported that sales of men's and women's workwear improved, although demand for suits and formalwear remained weak.

FOOTWEAR

Although the Footwear category saw a solid year-on-year performance, sales are still slightly below pre-pandemic levels when compared with the same month in 2019. While sales of women's footwear continues to outperform men's, it was said that sales of men's formal shoes picked up with the slow return to office-based working, albeit with many only going back part-time.

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OTHER NON-FOOD YEAR-ON-YEAR

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

Growth in the Other Non-Food category continued slow during July on a year-on-year basis, with the Yo2Y performance recording the steepest decline since April.

Other Non-Food includes in particular:

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

Sales in the Home and Furniture category fell compared with last year's record growth when, during the early part of the pandemic, consumer's focus turned to improving their homes. Despite supply chain issues continuing for some retailers, during July Furniture sales continued to see solid double-digit growth on a 2-year basis. As more workers return to offices, it was reported that sales of home office furniture slowed during July, while spend was diverted towards living, dining and bedroom furniture.

ELECTRICALS & ELECTRONICS

The category returned to growth in July, on a year-on-year basis, following an annual decline in June. This was a creditable performance, especially given the stellar run recorded in the second half of 2020. Smaller electrical items were said to be in demand at the beginning of the month, with air conditioning units and fans proving popular as the weather improved, while white goods continue to perform well.

HEALTH & BEAUTY

While the overall Health & Beauty category continues to perform below pre-pandemic levels, sales of beauty products outperformed health-related goods year-on-year, for the first time since the pandemic hit. This is in part due to the re-opening of stores and also the category seeing a boost with the gradual return to office-based working. In particular, sales of make-up and fragrance were said to have performed well during the month.

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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 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
Jun	-1.7	64.4	34.2	1.4	69.9	38.6	6.7	10.4
Jul	1.0	10.5	6.2	1.8	12.1	7.4	4.7	6.4
3m avg	-1.1	57.5	30.8	0.7	65.3	35.9	9.7	14.7
12m avg	1.3	11.8	7.0	2.3	13.6	8.4	11.1	10.4
	UK							
3m avg	0.8	17.6	9.7	2.9	24.6	14.7		

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

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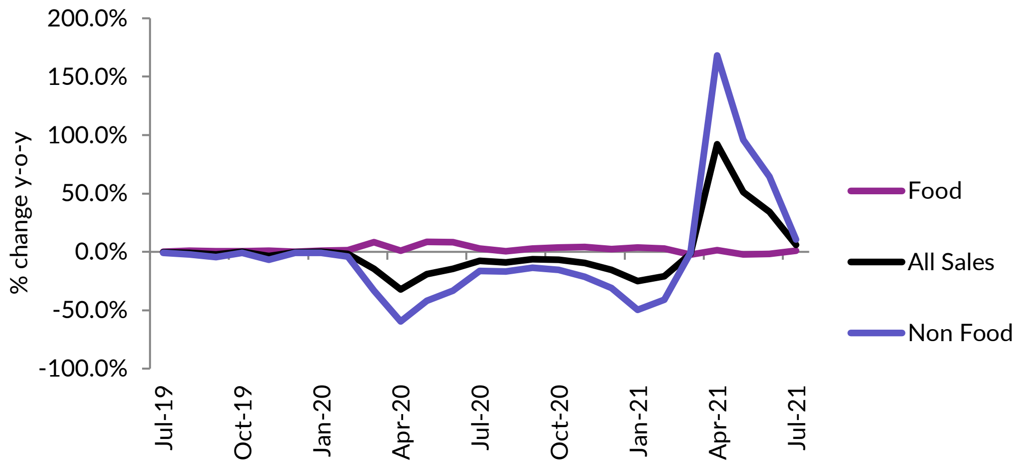
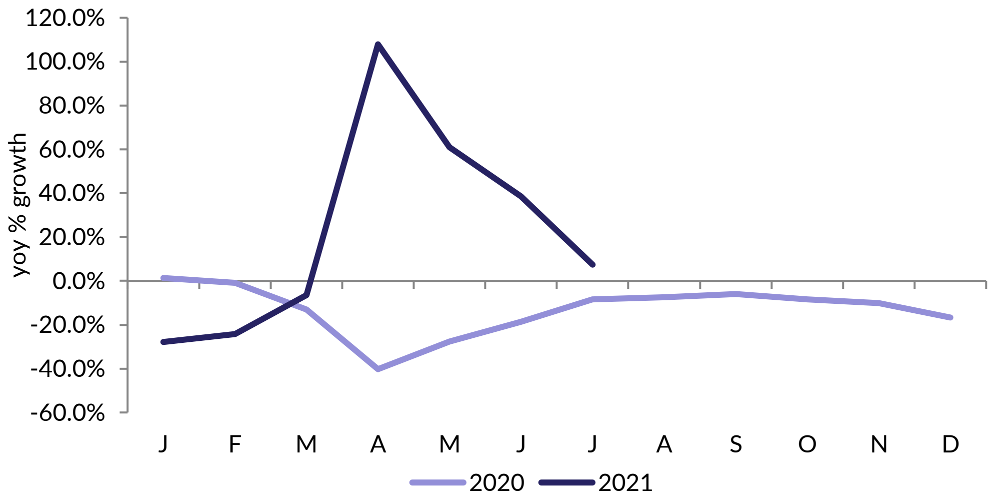
LIKE-FOR-LIKE SALES: % CHANGE YEAR-ON-YEAR



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

MONTHLY TOTAL SALES GROWTH YEAR-ON-YEAR



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

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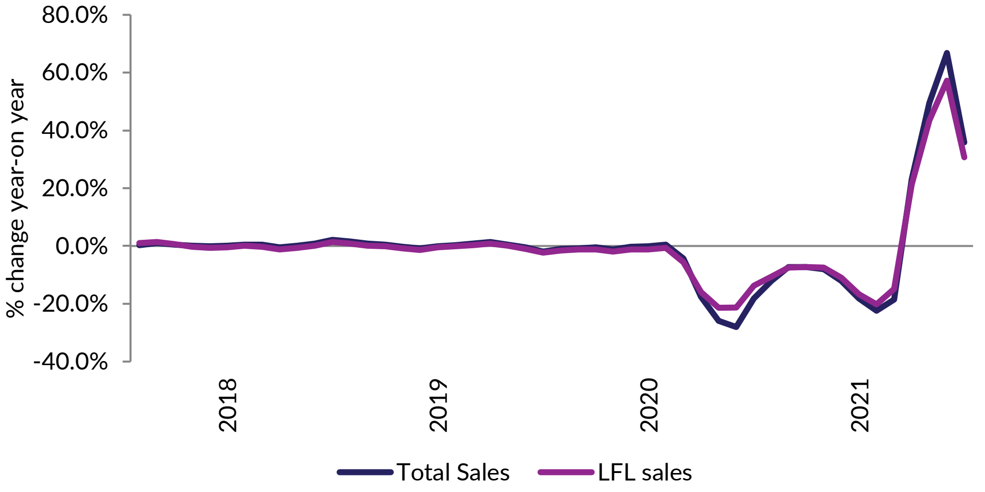
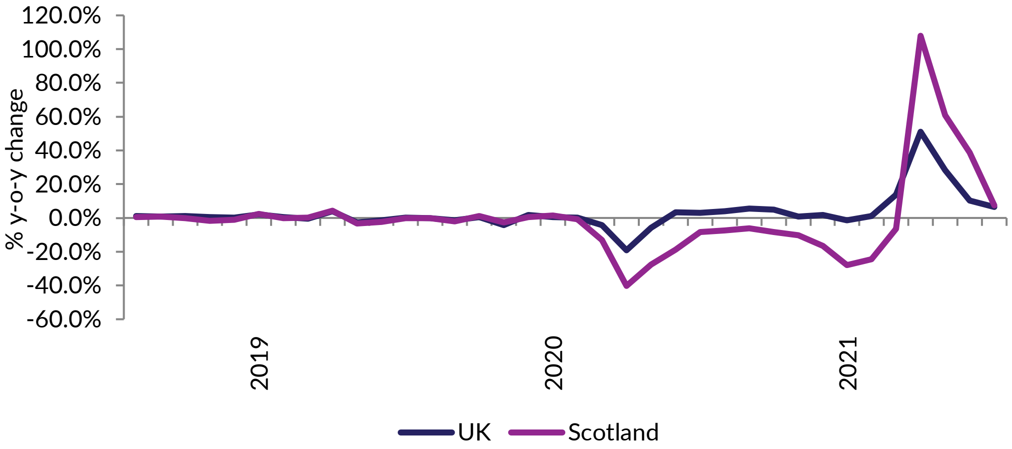
SCOTLAND 3M ROLLING AVERAGE GROWTH OVER FIVE YEARS



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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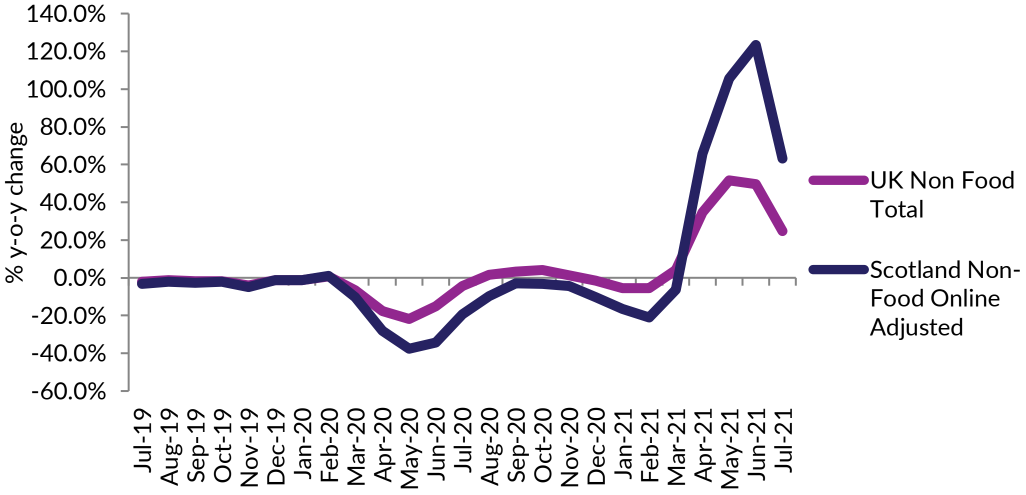
NON-FOOD SALES GROWTH INCLUDING EFFECT OF ONLINE SALES

MONTH	SCOTLAND				UK	
	MONTHLY		3 MONTH AVERAGE		3 MONTH AVERAGE	
	LFL	TOTAL	LFL	TOTAL	LFL	TOTAL
2020 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
Jun	61.7	67.2	107.5	123.4	38.8	49.6
Jul	10.1	11.7	55.3	63.1	17.6	24.6

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.

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.

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The August 2021 Monitor, covering the four weeks 1 – 28 August 2021, will be released at 00.01am Wednesday 15th September 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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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:
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