

STRETCHED HOUSEHOLD FINANCES TEMPERS SCOTS RETAIL RECOVERY

Covering the five weeks 3 – 30 April 2022

Strictly Embargoed until 00:01 hrs – Wednesday 18th May 2022

During the pandemic much of retail bounced between being open and closed, significantly impacting sales and the ability to make meaningful comparisons. In this context, **April 2022 figures are compared with 2019** (pre-pandemic). This means the latest figures are predominantly year-on-three-years (Yo3Y), rather than year-on-year (YoY) in this report, unless otherwise specified.

APR: LIKE-FOR-LIKE
% change year on 3-year

16.6%

In April, Scottish sales increased by 16.6% on a Like-for-like basis compared with April 2019, when they had increased by 3.9%. This is above the 3-month average decrease of 4.1% and the 12-month average decrease of 3.6%.

APR: TOTAL
% change year on 3-year

-0.5%

Total sales in Scotland decreased by 0.5% compared with April 2019, when they had grown by 4.4%. This was above both the 3m and the 12-month average decreases of 1.9% and 6.4%, respectively.

APR: TOTAL FOOD
% change year on 3-year

3.5%

Total Food sales increased by 3.5% versus April 2019, when they had increased by 8.6%. April was below the 3-month average growth of 5.4% and the 12-month average growth of 4.4%. The 3-month average was below the UK level of 8.8% on a 3-year basis.

APR: TOTAL NON-FOOD
% change year on 3-year

-3.9%

Total Non-Food sales decreased by 3.9% in April compared with April 2019, when they had increased by 0.8%. This was above the 3-month average decrease of 8.0% and the 12-month average decrease of 15.5%.

**APR: TOTAL ONLINE
ADJUSTED NON-FOOD**
% change year on 3-year

-10.8%

Adjusted for the estimated effect of Online sales, Total Non-Food sales decreased by 10.8% in April versus April 2019, when they had increased by 2.0%. This is above the 3-month average decline of 23.6% and the 12-month average decrease of 24.0%.



SRC-KPMG SCOTTISH RETAIL SALES MONITOR APRIL 2022

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David Lonsdale, Director | Scottish Retail Consortium

“The value of Scottish retail sales was marginally down in April compared to the same period prior to the pandemic. Whilst the figures lost a little of their lustre from the more buoyant March, retail sales were still at their second highest level for two years and remained close to pre-pandemic levels. That said, the figures were flattered somewhat by rising shop price inflation.

“Several non-food categories such as clothing and accessories, footwear and beauty products turned in a sprightlier performance and edged closer to pre-pandemic levels, lifted by the return to office working, more social occasions such as weddings, and holidaying. Grocery sales got a boost from the timing of Easter and return of family get-togethers, although the recent spurt of growth in this category in the early months of this year cooled off. Sales of bigger ticket items including electricals, household appliances and furniture were lacklustre, as recent spikes in inflation and taxes left pay-packets lighter.

“The retail recovery is still very much in its infancy and the outlook has to be tempered in light of the pressures on consumer spending. Household finances are under strain as inflation, tax rises and other bills take a bite out of shoppers’ purses and wallets. Disposable incomes simply do not stretch as far as they used to, presenting Scotland’s retailers with a more challenging marketplace.”



Paul Martin, Partner, UK Head of Retail | KPMG

“The cost-of-living crisis came home to roost for Scottish retailers in April, with sales growth stalling after a relatively promising start to the year.

“Pressure on consumers tightened considerably with the increase in energy tariffs and the higher cost of food and other commodities. Easter holiday spending helped food sales grow, and while they are ahead of pre-pandemic levels, are unremarkable when inflation is taken into consideration.

“Against the backdrop of falling consumer confidence and a possible recession ahead, the retail sector faces a bumpy road with cost pressures from all directions.

“Many retailers may benefit from pent up demand in the short-term although in the mid-term will have no choice but to raise prices to protect margins. But the longer we see high inflation and real household incomes falling, the more likely it is that consumers will change their spending behaviour, prompting a decline in the health of the retail sector and possibly more casualties on the high street.”

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BY TINA SPOONER, STRATEGIC INSIGHT MANAGER

SECTOR PERFORMANCE (TOTAL SALES YEAR-ON-3-YEAR, NON-ONLINE-ADJUSTED)

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

Source: SRC-KPMG RSM

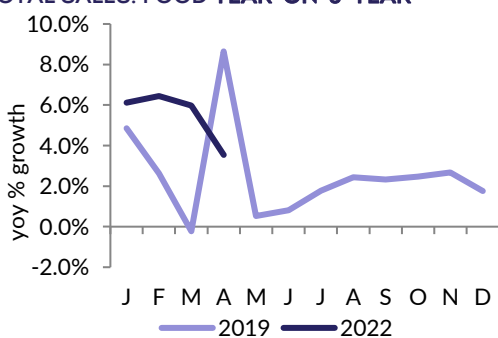
OVERVIEW

Following a return to growth in March, the Scottish retail industry fell back into decline last month, albeit marginally, with Total sales decreasing by 0.5% on a 3-year basis. While the Food category continues to perform ahead of pre-pandemic levels compared with April 2019, growth almost halved compared with the first quarter of the year, to 3.5% on a 3-year basis in April. With inflation accounting for much of the growth in Food, and the effect of Easter timing resulting in a boost this time round, the category's performance is even less impressive. Non-Food sales remained unchanged from the previous month, down 3.9% compared with April 2019, although taking into account the effect of online sales, the Non-Food category recorded a decline of 10.8% on a 3-year basis, resulting in the best performance year-to-date.

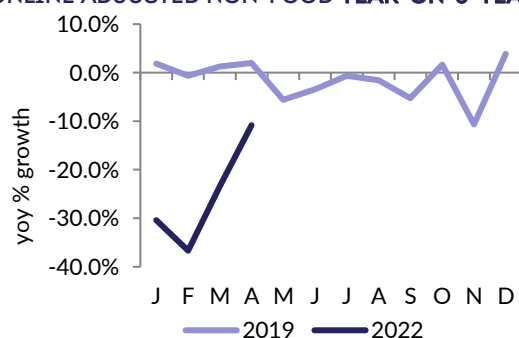
The weather in April was quite unsettled at the beginning of the month and predominantly rather cold, but after that there was much less rain and it turned milder. Following the sunniest March in Scotland since records began, last month sunshine hours were 3% below average at 136.9 hours during April. However, maximum temperatures in Scotland were above average for April, reaching 10.8C. The UK overall had around a third less rainfall than its average for the month, with Scotland having 92% (85.7mm) of its average rainfall for the month of April.

Tina Spooner, Strategic Insight Manager

TOTAL SALES: FOOD YEAR-ON-3-YEAR



ONLINE ADJUSTED NON-FOOD YEAR-ON-3-YEAR



Source: SRC-KPMG RSM

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FOOD

During April, the Food category recorded the strongest annual growth since the same month last year, with sales up 2.9% year-on-year. The effect of Easter, no doubt, has contributed to last month's strong year-on-year performance as this year it fell in the third week of April, in comparison with last year when it fell at the end of March. Looking at the performance on a 3-year basis, Food sales remain above pre-pandemic levels with growth reaching 3.5% in April compared with the same month in 2019, although this has slowed from 6.2% growth in Q1 compared with the same period in 2019. Given that both the April BRC-NielsenIQ Shop Price Index and March ONS Consumer Price Index show inflation running at historically high levels, it is evident that inflation accounts for much of the growth we are currently seeing in the Food category.

NON-FOOD

There was no change in the Non-Food sales performance in April from the previous month, when compared with pre-pandemic levels, with sales down 3.9% compared with April 2019. However, on a year-on-year basis the category remained in growth, with sales up 22.8% compared with the same month last year. While this appears to be impressive growth, it is difficult to provide any meaningful insights compared with April last year due to the later re-opening of stores after government restrictions were lifted in the final week of the month, resulting in the release of pent-up demand. When taking into account the effects of online sales, Non-Food sales recorded a decline of 10.8% in April, compared with the same month in 2019.

CLOTHING AND FOOTWEAR YEAR-ON-3-YEAR



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

April saw a significant improvement in the Clothing & Footwear category, and while sales edged closer towards pre-pandemic levels, they remained below 2019 growth rates. Last month's performance was the strongest year-to-date, on a 3-year basis.

CLOTHING

As more people returned to office working, weddings and other formal events, demand for both womenswear and menswear was said to be strong, with suits and occasionwear reported to have performed well during April. Handbags and accessories were said to have been in strong demand, while kidswear fared less well.

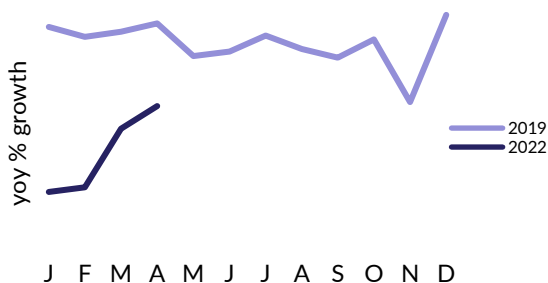
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FOOTWEAR

Summer footwear, including women's wedges and sandals were reported to have been in high demand last month, as more people plan summer holidays abroad, although there were also reports of increased demand for boots. The arrival of late stock continues to affect availability of some ranges, impacting in-store stock levels for some retailers.

OTHER NON-FOOD YEAR-ON-3-YEAR



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

Following a return to growth during March, for the first time since the pandemic arrived, the (non-online-adjusted) Other Non-Food category, once again, fell back into negative territory in April, compared with the same month in 2019. Increased stock fulfilment problems due to the lockdowns in the Far East appear to be hampering demand, particularly for furniture and homeware products.

Other Non-Food includes in particular:
FURNITURE AND FLOORING, HOME ACCESSORIES, HOUSE TEXTILES, OUTDOOR LIVING AND DIY

With consumers entertaining less at home due to eating out more in restaurants and attending social events, it was reported there was less demand for tabletop and cookware items. There was said to be weakened demand overall for higher-ticket items last month, including large furniture items, due largely to demand already satisfied throughout the pandemic. However, with consumers reigning in their spending due to shrinking disposable incomes, it is evident this is also a factor. The GfK Consumer Confidence Index For Major Purchases fell by 8 points from March, to -32 in April.

ELECTRICALS & ELECTRONICS

There was said to have been less demand for larger household appliances last month as consumer demand was largely satisfied during the pandemic, and also stock issues continue to hamper sales. With more people socialising, there was also less demand for home entertainment equipment last month, including TVs and audio equipment.

HEALTH & BEAUTY

The return of office working and social events continues to have a positive impact on sales of Beauty products, with make-up and fragrances seeing increased demand during April. Not surprisingly, with the need to touch and smell beauty products, it was said that more consumers are returning to stores to purchase these items.

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Retail Sales year-on-year Percentage Growth

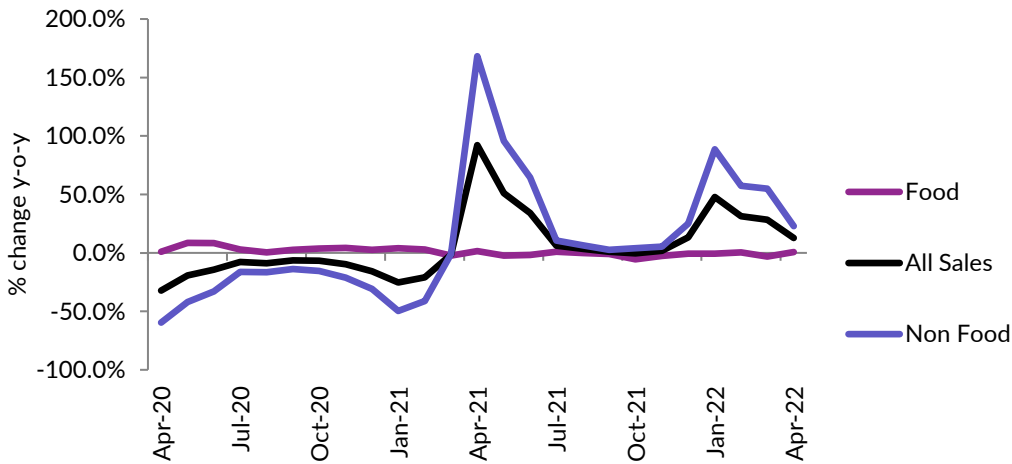
| | SCOTLAND | | | | | | UK | |
|----------|---------------|----------|-----------|-------|----------|-----------|-----------|-------|
| | LIKE-FOR-LIKE | | | TOTAL | | | LFL | TOTAL |
| | FOOD | NON-FOOD | ALL SALES | FOOD | NON-FOOD | ALL SALES | ALL SALES | |
| 2021 Apr | 1.5 | 168.2 | 92.1 | 3.0 | 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 |
| Aug | -0.2 | 6.3 | 3.4 | 0.5 | 5.4 | 3.2 | 1.5 | 3.0 |
| 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 |
| 3m avg | -0.9 | 45.8 | 24.5 | -0.5 | 54.5 | 29.4 | 0.1 | 3.2 |
| 12m avg | -1.3 | 36.5 | 19.3 | -0.1 | 42.5 | 23.1 | 3.3 | 6.4 |
| | UK | | | | | | | |
| 3m avg | -1.8 | 1.8 | 0.1 | -1.3 | 6.9 | 3.2 | | |

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

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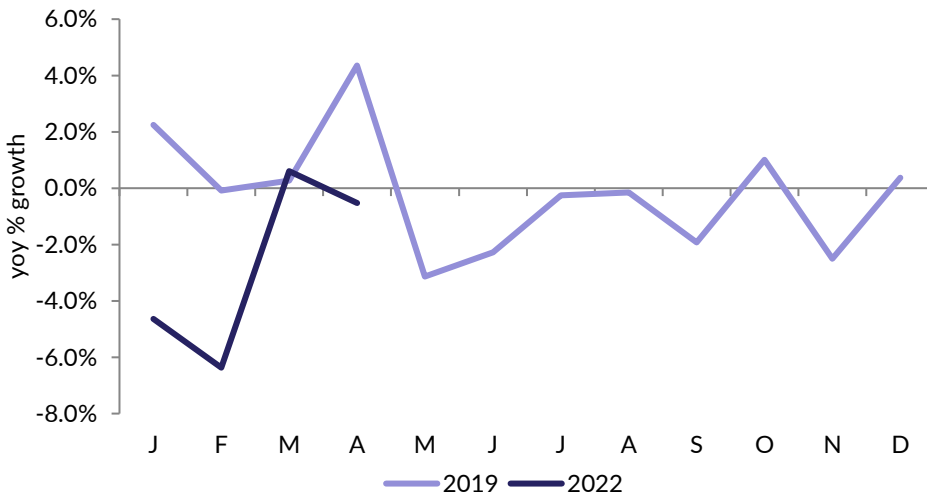
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LIKE-FOR-LIKE SALES: % CHANGE YEAR-ON-YEAR



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

MONTHLY TOTAL SALES GROWTH YEAR-ON-3-YEAR

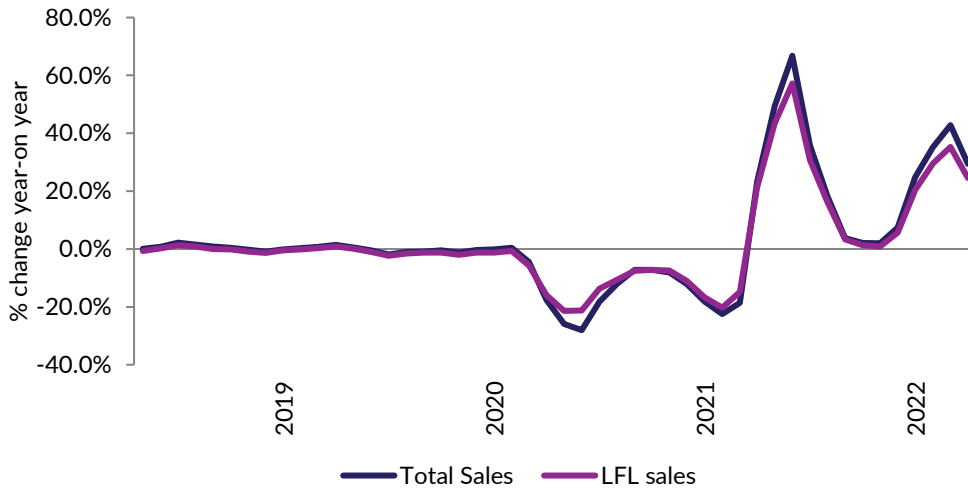


Source: SRC-KPMG RSM (not online-adjusted)

SRC-KPMG SCOTTISH RETAIL SALES MONITOR APRIL 2022

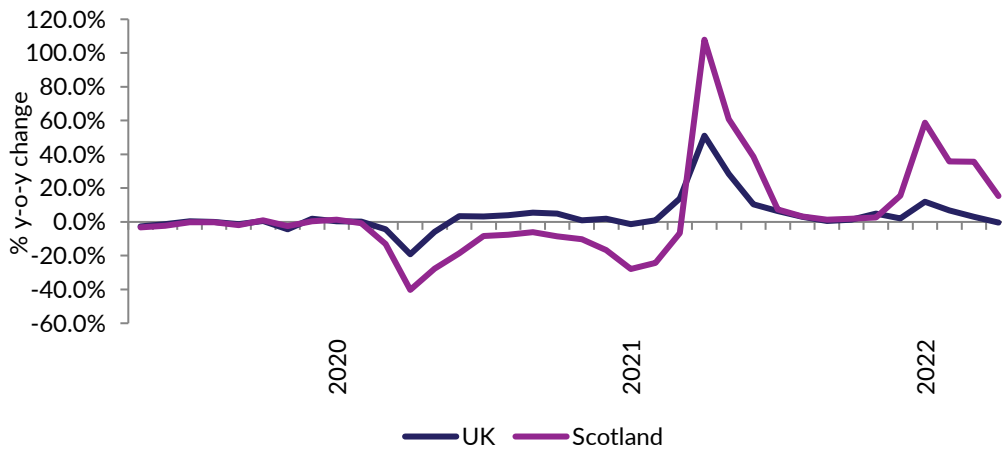
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SCOTLAND 3M ROLLING AVERAGE GROWTH OVER FIVE YEARS



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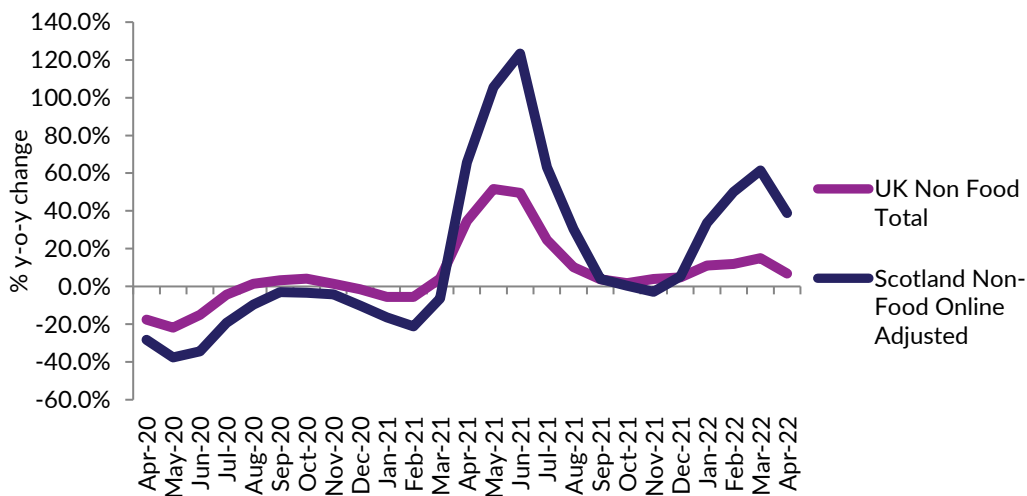
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NON-FOOD SALES GROWTH INCLUDING EFFECT OF ONLINE SALES (YEAR-ON-YEAR)

| MONTH | SCOTLAND | | | | UK | |
|----------|----------|-------|-----------------|-------|-----------------|-------|
| | MONTHLY | | 3 MONTH AVERAGE | | 3 MONTH AVERAGE | |
| | LFL | TOTAL | LFL | TOTAL | LFL | TOTAL |
| 2021 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 |
| Aug | 4.1 | 3.1 | 28.1 | 30.4 | 6.8 | 10.3 |
| 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 | -8.7 | 18.8 | 30.2 | 38.8 | 1.8 | 6.9 |

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 April 2022 Monitor, covering the four weeks 1 – 28 May 2022, will be released at 00.01am
Wednesday 15th June 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.

SPONSORED AND ADMINISTERED BY



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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,
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