BDO HIGH STREET SALES TRACKER

DECEMBER MONTHLY REVIEW - the five weeks to 31 December 2017 05 January 2018

TOTAL (excl non-store)

-2.3%

December 2016: -0.1%

Santa fails to deliver positive December for the high street

- Total like-for-like sales were down by -2.3% in December from a base of -0.1% for the same month last year.
- The result marked the fifth successive negative December for the high street in a row as consumer restraint and wintry weather took their toll on retail spending this month.
- Total sales got off to a poor start on the high street in December. Total sales were down by -4.79% in week two as wintry showers hit the nation. Sales were down by -4.78% in week three as lingering snowfall and a persistent unwillingness to spend continued to hit sales. In the week leading up to Christmas Day, sales finally achieved positive growth, up by +5.31% as compared to the same week in 2016. Last-minute pre-Christmas purchases and a level of discounting associated with Super Saturday gave sales a much needed boost. However, as the discounting season got underway in earnest in the last week of December, sales were down by -3.84% to end the month with a bump.
- Homeware was the star performer in December, followed by lifestyle. However, a negative result for fashion dragged total sales down this month. Retailers were able to make up some ground via positive non-store sales, particularly for lifestyle and homeware.
- Overall footfall was poor in December as compared to the same month last year. Footfall declined in every week of the month except for the week leading up to Christmas Day. That week saw last minute trips to retail locations that boosted footfall by +10.0% as compared to the equivalent week last year. The low of a -10.0% decline in footfall came in the last week of the month as consumers shunned the first week of the sales. Footfall was also down on the high street in every week of the month except the week leading up to Christmas Day, when it was up by +9.2% as compared to last year. However, the first week of the sales also saw a double-digit slump on UK high streets, down by -10.3%. Retail parks and shopping centres followed a similar pattern, up by +13.7% and +8.4% respectively in the week leading up to Christmas Day, but down in every other week of the month.
- Consumers resisted visiting retail locations in December, with serious spending only evident in the week leading up to Christmas Day, when non-store spending also reached a high for the month. As wages continue to be squeezed by rising inflation, consumers have opted to spend their disposable income on the basics of food and drink, or on trips to bars, pubs and restaurants. With creeping grocery and fuel bills taking an increasingly large bite out of household budgets, retail has felt the impact. While non-store sales did recoup some of the poor in-store performance, consumer confidence remains weak, hitting a four year low in December according to one metric. The combined result was that consumers exercised restraint or bought strategically through the season. As the challenging conditions that have put strain on many retailers in 2017 show few signs of abating, some tough decisions will need to be made in 2018. Market conditions are now ripe for drawing sharp conclusions between success and failure.

LIFESTYLE

+0.3%

December 2016: +2.4%

- Lifestyle LFLs were marginally up by +0.3% from a positive base of +2.4% for the same month last year. The result meant that lifestyle was positive in eleven months out of twelve during 2017, only dipping into the negative in November. Lifestyle sales were in the negative for the first part of December. However, a strong week leading up to Christmas Day, and for the last week of the month as the sales began, helped to offset the poor start.

FASHION

-3.8%

December 2016: -1.07%

- Fashion LFLs were down by -3.8% in December, declining further from an already negative base of -1.07% for the same month last year. The poor weather and spending slowdown hit in-store fashion sales hardest of all in December. Only up in the pre-Christmas Day week (+3.94%), fashion sales hit their lowest point in the sales week following Christmas Day (-7.72%). Fashion sales have been down in the last three months in a row and were in negative territory in eight of the twelve months of 2017.

HOMEWARES

+2.5%

December 2016: +2.6%

- Homeware LFLs were up by +2.5% this month from a base of +2.6% seen in December last year. The pre-Christmas nesting instinct appeared to provide a boost for sales of homeware goods this year, with three weeks in the month seeing a positive in-store result. Homeware has been positive in nine of the twelve months of 2017.

NON-STORE

+21.4%

December 2016: +19.0%

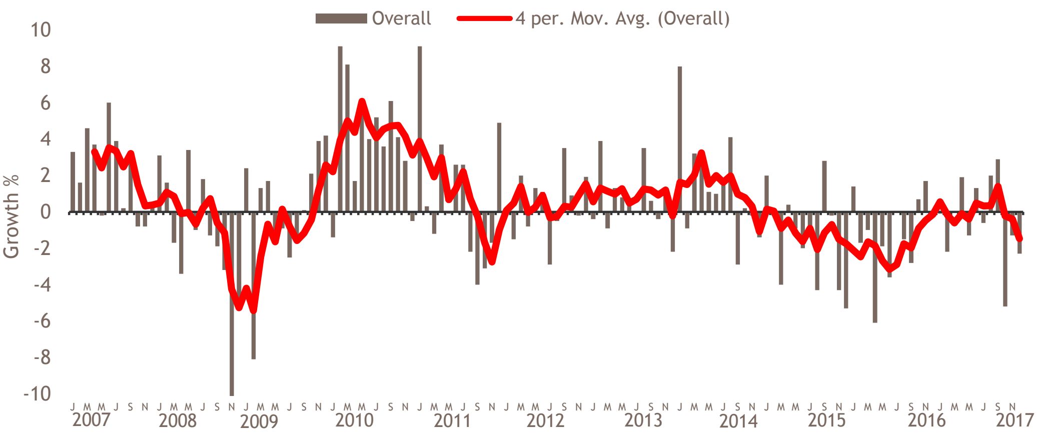
- Non-store LFLs were up by +21.4% in December from a base of +19.0% last year. Results north of the +20% threshold were seen in three weeks of the month, with the high of +39.79% coming in the pre-Christmas Day week. However, the result for that week was coming off of a base of +51.15% for the equivalent week last year. The non-store result would have been higher, had it not been for lacklustre growth of +11.03% in the second week of December, and growth of just +6.45% in the final week of the month due in part to a falling off in non-store homeware sales. Non-store sales broke through the +20% growth threshold in seven of the twelve months of 2017.

The High Street Sales Tracker outlines weekly like-for-like sales changes of c85 mid-tier retailers with c10,000 individual stores across **Fashion:** accessories, clothing, footwear. **Lifestyle:** general household goods, gifts, health and beauty, leisure goods. **Homewares:** cookware, furniture and floorcoverings, lighting, linen and textiles. **Non-store:** mail order, online and other non-store channels.

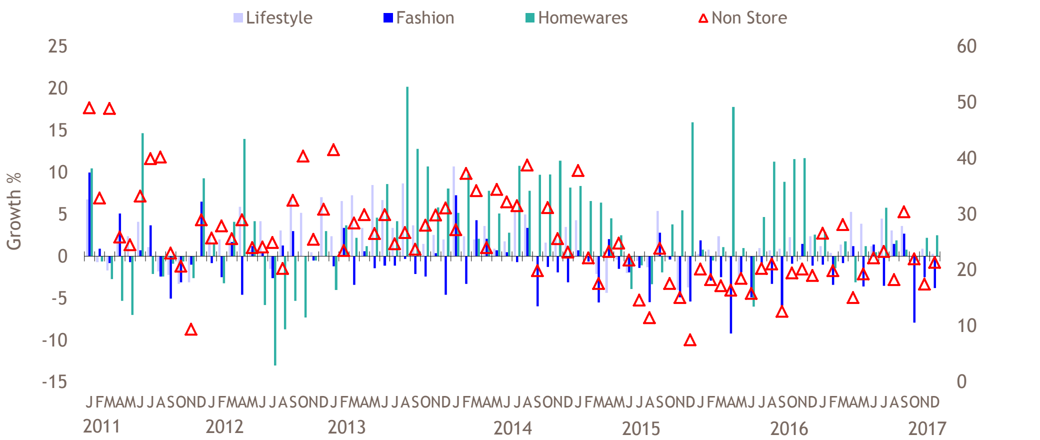
MONTHLY LIKE-FOR-LIKE RESULTS 2017

LFL Growth %	Week 1 (we 03/12)	Week 2 (we 10/12)	Week 3 (we 17/12)	Week 4 (we 24/12)	Week 5 (we 31/12)	Total December
Lifestyle	-1.30	-3.79	-5.48	8.15	4.54	0.3
Fashion	-4.00	-5.24	-5.26	3.94	-7.72	-3.8
Homewares	10.13	-4.00	2.15	9.60	-3.07	2.5
Non-store	26.64	11.03	24.78	39.79	6.45	21.4
Total (excl non-store)	**-2.25**	**-4.79**	**-4.78**	**5.31**	**-3.84**	**-2.3**

MONTHLY LIKE-FOR-LIKE RESULTS 2007-2017



MONTHLY LIKE-FOR-LIKE RESULTS BY SECTOR 2011-2017



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