BDO HIGH STREET SALES TRACKER

MAY MONTHLY REVIEW - the four weeks to 28 May 2017

02 June 2017

TOTAL (excl non-store)
-1.3%
May 2016: -1.9%

LIFESTYLE
+3.9%
May 2016: -2.4%

FASHION
-3.6%
May 2016: -1.9%

HOMEWARES
+1.2%
May 2016: +1.0%

NON-STORE
+19.3%
May 2016: +18.5%

Sales slowdown in May

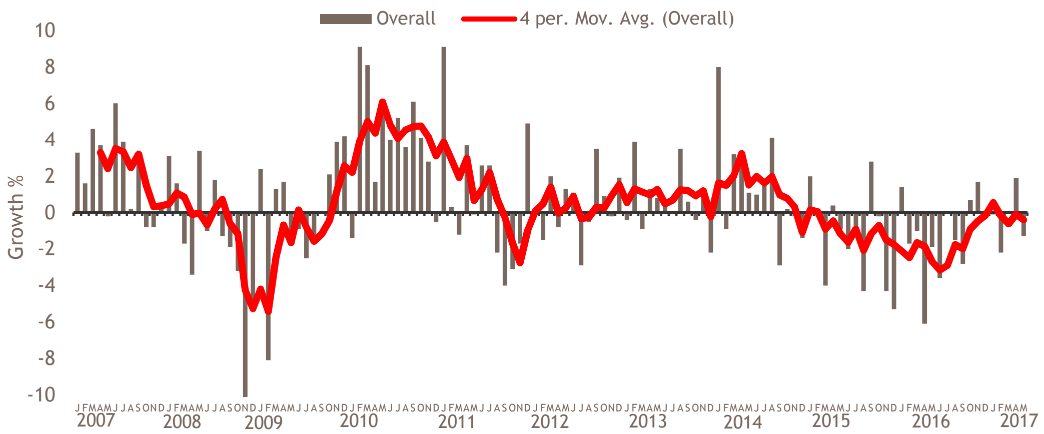
- Total like-for-like sales were down by -1.3% in May off of an already negative base of -1.9% for the same month last year.
- This was the third successive May to see negative total sales, and the fourth month of the year to-date to see no in-store growth. Non-store sales also continued their recent slowdown, despite a bounce in the last week of May off of a mediocre base.
- May began with total sales up by +0.61% as the early May Bank Holiday provided a boost for trading, despite depleted footfall. However, in week two sales fell by -3.15% off of a positive base last year (+1.69%) as mixed weather, decreased footfall and selective spending, dragged sales down. In week three sales fell by -2.93% off of an already negative base last year (-3.29%), as variable weather and a decline in footfall again failed to inspire growth. In the final week of the month, sales were marginally down by -0.02% off of a negative base, as the warm weather leading up to the late May Bank Holiday weekend failed to provide a boost.
- Lifestyle was the star performer in May, followed by a positive result for homeware. However it was a tough month for fashion, and its fall into the negative dragged the total sales result down this month.
- Overall footfall was down in the first three weeks of May, with the low of -2.5% coming in week one, and the month ending up by +0.7% as the weather improved in week four. The story was similar on the high street where three straight weeks of declines in footfall, as compared to the comparable weeks last year, saw a low of -4.7% in week one, and a positive of +1.0% to end the month. Footfall at shopping centres was down in every week of May, with the low of -2.6% coming in week two. Only retail parks saw footfall up in every week of May, with the high of +2.6% seen in week four, as the warmer weather and first part of the Bank Holiday weekend boosted shopper numbers.
- The decline in footfall and the marked slowdown in non-store sales for the first three weeks of the month, points to a real slowdown in consumer spending on retail in May. The depleted spending levels come off the back of a rise in inflation of 2.7% in April, its highest level since September 2013. The Bank of England has predicted that inflation on the consumer prices index (CPI) would continue to rise in coming months, while also pegging back projected wage growth for this year. The Bank has suggested that pay awards remain clustered around 2% to 2.5% across the economy, which is clearly below the current 2.7% rate of inflation. Such economic conditions are inevitably leading to discounting. Yet discounting indefinitely is unsustainable in a climate where retailers' margins are being squeezed by many factors. Meanwhile, the latest ONS data on visitor numbers suggests that a new market is continuing to gather momentum off the back of a depreciated pound. UK visitor numbers and spend for March reached record breaking levels, and the last 12 months to March set a new record for the highest spend in any 12 month period, a trend that may well continue. In navigating the turbulent months ahead retailers will be challenged to uphold product value, promote strategically, and maximise the opportunities that the summer will bring.
- Lifestyle LFLs were up by +3.9% in May off of a base of -2.4% last year. The result was its sixth positive month of growth in succession. Lifestyle sales were up strongly in the first three weeks of the month, offsetting negative bases for the equivalent weeks last year, before the last week of May saw sales dip into the negative.
- Fashion LFLs were down by -3.6% this month off of a base of -1.9% in May 2016. Fashion has posted negative monthly LFLs in four out of the five months for the year-to-date. Sales were negative in the first three weeks of May, before bouncing into positive territory with the better weather in the last week of the month, but off of a poor base last year.
- Homeware LFLs were up by +1.2% this month off of a base of +1.0% in May last year. Homeware has posted positive results in three of the five months of the year-to-date. Sales were well up in the first two weeks of May, offsetting negative bases from last year. Despite posting negative results in the last two weeks of the month, both were declines off of very strong positive figures for those weeks last year.
- Non-store LFLs were up by +19.3% in May off of a base of +18.5% in May 2016. Below the +20% threshold, the result was the second lowest for non-store sales in the first five months of the year-to-date. Sales grew by below +20% for the first three weeks of May, until bouncing to +29.67% in the last week of the month, but off of a lacklustre base of +10.28% for the equivalent week the year before.

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.

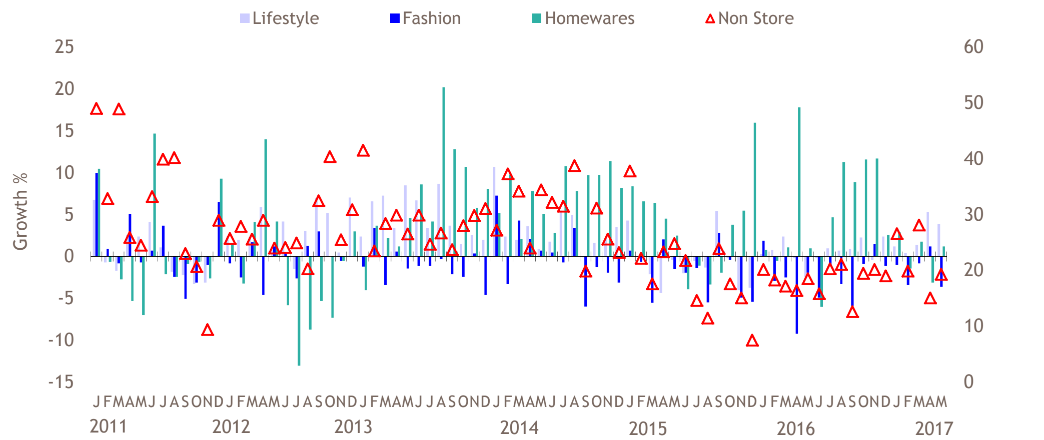
MONTHLY LIKE-FOR-LIKE RESULTS 2017

LFL Growth %	Week 1 (we 07/05)	Week 2 (we 14/05)	Week 3 (we 21/05)	Week 4 (we 28/05)	Total May
Lifestyle	9.07	4.94	4.14	-2.49	3.9
Fashion	-3.67	-8.12	-5.32	2.15	-3.6
Homewares	9.45	14.17	-5.53	-13.93	1.2
Non-store	17.36	13.70	16.12	29.67	19.3
Total (excl non-store)	**0.61**	**-3.15**	**-2.93**	**-0.02**	**-1.3**

MONTHLY LIKE-FOR-LIKE RESULTS 2007-2017



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



Further Information: HighStreetSalesTracker@bdo.co.uk