BDO HIGH STREET SALES TRACKER

JULY MONTHLY REVIEW - the five weeks to 31 July 2016

05 August 2016

Flat growth for retailers in July

TOTAL (excl non-store)

0.0%

July 2015: -1.1%

- July's High Street Sales Tracker saw overall LFL figures hold firm with the same month last year, recording flat LFL sales growth of 0.0%.
- With the exception of week 30, combined footfall across the high street, retail parks and shopping centres was down in every week of July. On the high street , footfall saw declines for the first three weeks of the month, but was up in week 30 and held firm at 0.0% in week 31. Footfall in retail parks was down in every week, with the exception of an uptick of 0.7% in week 30. Shopping centres saw footfall decline in every week of July.
- Given the reported negative consumer sentiment following the EU Referendum, and the declining footfall, retailers have staved off a drop in total sales this month, with homewares and lifestyle seeing sales growth, while fashion remained in the negative. However, an environment of heavy discounting may also be negatively impacting margins and profits.
- With income levels reportedly reaching historic highs, the ONS recently announced that the UK unemployment rate has fallen to 4.9%, the lowest since July 2005. Meanwhile, although the rate of inflation reportedly rose to 0.5% in June, as measured by the Consumer Prices Index (CPI), from 0.3% in May, this might not be too detrimental to retailers in the short term. The ONS noted that the rate is a little above that seen for most of 2016, although viewed historically it is still relatively low. A continued depreciation of the pound is, however, likely to raise the price of imported goods, a factor which may well push inflation further north.
- According to the Verdict Retail Consumer Sentiment report for June, future consumer sentiment hit a twelve month low. For retail, 39% of consumers expect to spend more on food and groceries at the expense of less essential spending on clothing and entertainment. While the Coffer Peach Business Tracker reported an upswing of 1.8% for collective LFLs among Britain's pubs and restaurant groups in June (with TV football and school holidays helping to drive LFLs up), a more recent survey of business leaders within the sector reported that nearly two thirds (65%) of bosses in the pubs and restaurants industry believe that Brexit will have a negative effect on their operations.

LIFESTYLE

+1.0%

July 2015: -0.5%

- Lifestyle saw LFL sales of +1.0% in July, posting positive results in all but one week of the month. The July result was the best in four months. Department stores, jewellery and premium gift retailers saw strong results, while retailers of electronic goods have struggled.

FASHION

-1.0%

July 2015: -1.4%

- Fashion remained in the negative for the sixth month in succession, down by -1.0% amid widespread and heavy discounting. Despite the negative, the result was the best monthly figure that fashion has posted since January. Suffering its heaviest decline of the month in the week following the EU Referendum result (-3.37%), fashion saw negative LFL sales in every week of July except for the last week where it was up by +1.14%.

HOMEWARES

+4.7%

July 2015: -1.1%

- Homewares was the star performer this month with LFL sales up by +4.7%, posting positive results in all but one week of July. Homewares has seen positive results for five of the first seven months of the year, with some positive results for department stores and retailers of furniture and soft furnishings.

NON-STORE

+21.7%

July 2015: +14.6%

- Non-store once again saw strong growth, up by +21.7% in July, its strongest result in 2016 so far and its best performance since September 2015. The growth in online purchasing this month is particularly impressive given the recent widespread reports concerning a marked downturn in consumer confidence. The performance of bricks-and-mortar fashion belies the strong performance of online sales, with many fashion retailers reporting double and triple figure online growth. Meanwhile a high proportion of homewares and lifestyle retailers also saw strong online sales growth in July.

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.

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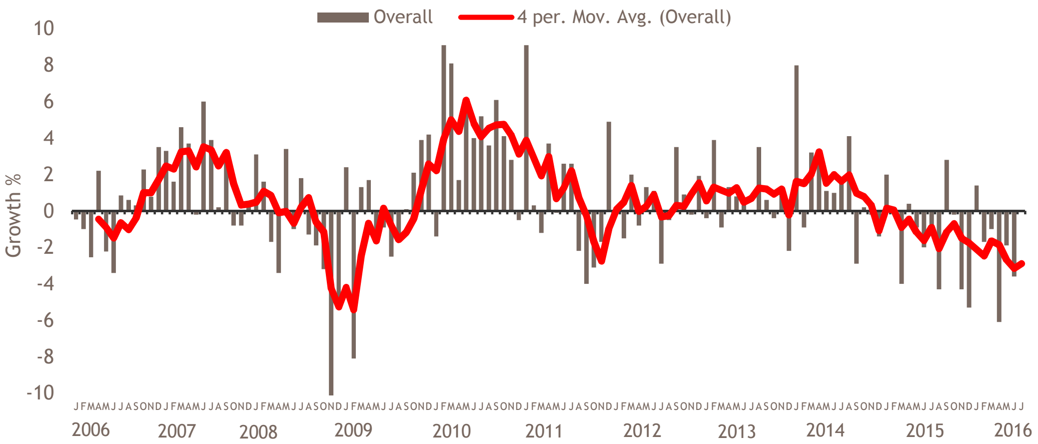
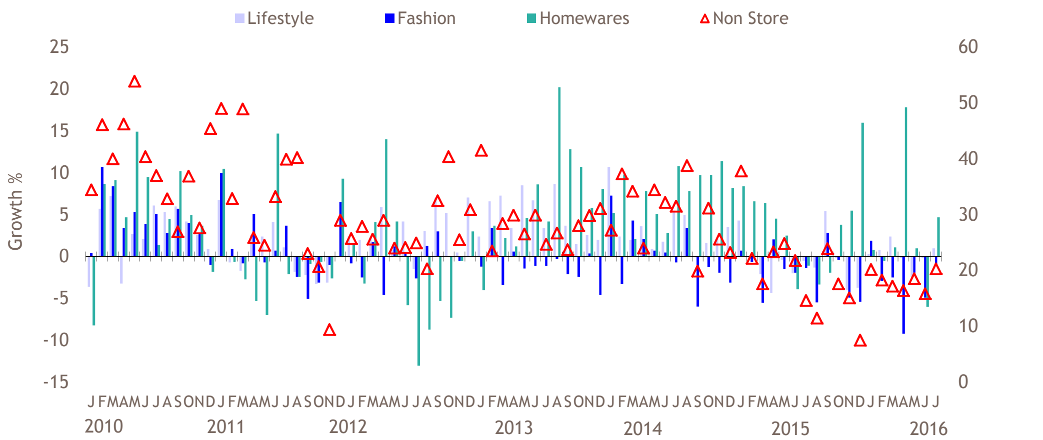
MONTHLY LIKE-FOR-LIKE RESULTS JULY 2016

LFL Growth %	Week 27 (we 3/7)	Week 28 (we 10/7)	Week 29 (we 17/7)	Week 30 (we 24/7)	Week 31 (we 31/7)	Total July
Lifestyle	2.73	3.18	0.85	-3.37	1.77	1.0
Fashion	-3.37	-0.40	-2.15	-0.71	1.14	-1.0
Homewares	4.37	7.15	6.53	-1.70	8.67	4.7
Non-store	21.81	23.61	23.30	19.71	20.27	21.7
Total (excl non-store)	**-0.99**	**1.24**	**-0.71**	**-1.54**	**1.81**	**0.0**

MONTHLY LIKE-FOR-LIKE RESULTS 2006-2016



MONTHLY LIKE-FOR-LIKE RESULTS BY SECTOR 2010-2016



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