



BDO HIGH STREET SALES TRACKER

JULY MONTHLY REVIEW - the five weeks to 29 July 2018

03 August 2018

TOTAL (excl non-store)

-1.1%

July 2017: -0.6%

LIFESTYLE

-2.6%

July 2017: +4.5%

FASHION

+1.3%

July 2017: -3.5%

HOMEWARES

-11.8%

July 2017: +5.8%

NON-STORE

+14.7%

July 2017: +23.3%

July sales melt in the heat on the high street

- Total in-store like-for-like (LFL) sales were down by -1.1% in July from an already negative base of -0.6% for the same month last year. The result marked the sixth negative month in a row for in-store sales on the high street and the tenth month in succession where growth has not exceeded 1% for bricks-and-mortar sales.
- July began with in-store sales in positive territory (+1.02%), but the month quickly deteriorated. Scorching sunshine and the distraction of the World Cup saw in-store LFLs decline by more than 2% in weeks two and three. As the heatwave intensified, week four saw in-store LFLs wilt to a fairly flat -0.14%, before the month ended with bricks-and-mortar LFL sales down by -1.46% as the rain finally arrived.
- Fashion was the star performer in July, but its increase of in-store sales was coming off of a poor base. Lifestyle and homeware both dropped into the negative for in-store sales.
- While the weather was significantly hotter in July this year as compared to the same month in 2017, the scorching conditions did not encourage shoppers to visit all locations in greater numbers. Overall footfall was marginally up in week one (+0.4%), but declined in each remaining week of the month, with the low of -1.6% coming in the last week of July as the schools broke up for the summer holidays. However, the weather did lead to improved footfall on UK high streets at times, up in three weeks of the month, hitting a high of +1.1% in week one. Retail parks saw footfall up strongly at the beginning of the month. However, the initial increase in footfall at retail parks declined in the second half of the month, hitting a low of -1.9% in week four. Shopping centres continued to see deteriorating footfall levels, down in every week of July, hitting a low of -3.8% in the last week of the month.
- The heatwave in July may well have continued to boost sales of suntan lotion, ice cream, paddling pools, burgers, barbecues and also leisure spending on items such as beer for a thriving pub sector. However, it did not prove to be an inducement for consumers to spend more on the high street than the same month last year, particularly on lifestyle and homeware items. For many retailers, the World Cup and Wimbledon may also have proven to be a distraction that hurt in-store sales. Summer discounting will have helped some retailers to move stock, but with cost pressures intense for many, margins can only be stretched so far.
- In view of the poor performance amid a heatwave, July further demonstrated that the issues retailers are facing go beyond the weather conditions. Consumer Price Index (CPI) inflation has remained at 2.4% for the last three months to June. Wage growth still remains slow, confidence is fragile, household debt is increasing, and some longer-term predictions are suggesting that living standards will remain flat for some years. After such a tough seven months of the year-to-date, the economic indicators provide little encouragement as all eyes turn towards Christmas. Yet despite the unprecedented challenges, some retailers are continuing to thrive and making the necessary investments to stay ahead of the storm.
- Lifestyle LFLs were down by -2.6% in July, but from a solid base of +4.5% for the same month last year. The result marked the sixth negative month in a row for in-store lifestyle LFLs and its poorest July on record. While some high-end gift retailers and electrical goods retailers did perform well, amidst the heatwave and declining footfall, overall lifestyle sales suffered. Sales in weeks one and two were both down by over -4% respectively. The remainder of the month failed to reverse the trend as sales remained negative in all but the last week of July.
- Fashion LFLs were up by +1.3% in July, but from a weak base of -3.5% for the equivalent month last year. However, amid widespread and deep discounting, the result marked the first time since September last year that in-store fashion sales had grown by as much as 1%. A strong start to the month saw sales increase by +5.62%, with sales also up in weeks two and four, partly offsetting a month of poor results in July last year.
- Homeware LFLs were down by a significant -11.8% in July from a base of +5.8% for the same month last year. The result marked the third month in the year-to-date in which in-store homeware LFLs had declined by double-digits. It was also the poorest in-store July for homeware in six years. Down in every week of July, the low of -19.83% hit in week three, which at the time was its worst weekly result for eight weeks.
- Non-store LFLs were up by +14.7% this month from a strong base of +23.3% for July last year. The result was the fourth best month of the year so far. While fashion performed well online and lifestyle made up ground, a poor non-store performance from homeware held overall growth back somewhat this month.

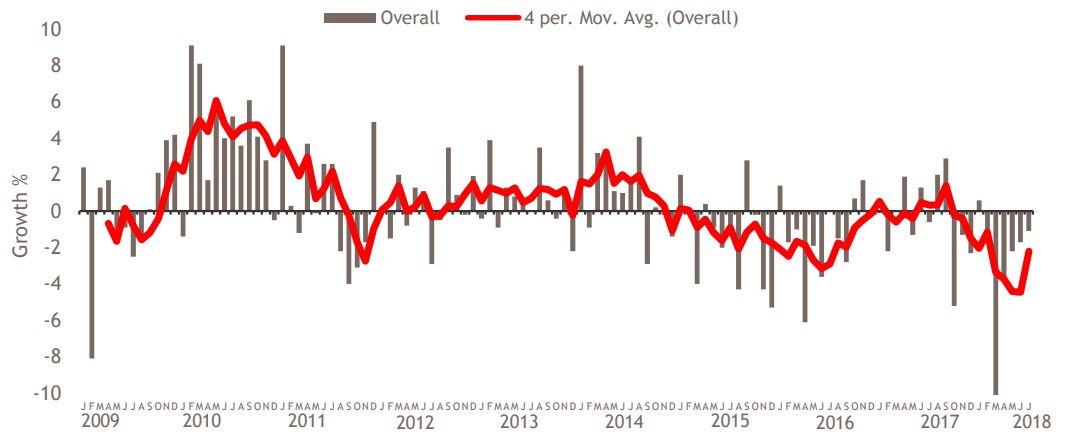
The High Street Sales Tracker outlines weekly like-for-like sales changes of c85 mid-tier retailers with c10,000 individual stores across Fashion: accessories, clothing, footwear. Lifestyle: general household goods, gifts, health and beauty, leisure goods. Homewares: cookware, furniture and floorcoverings,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



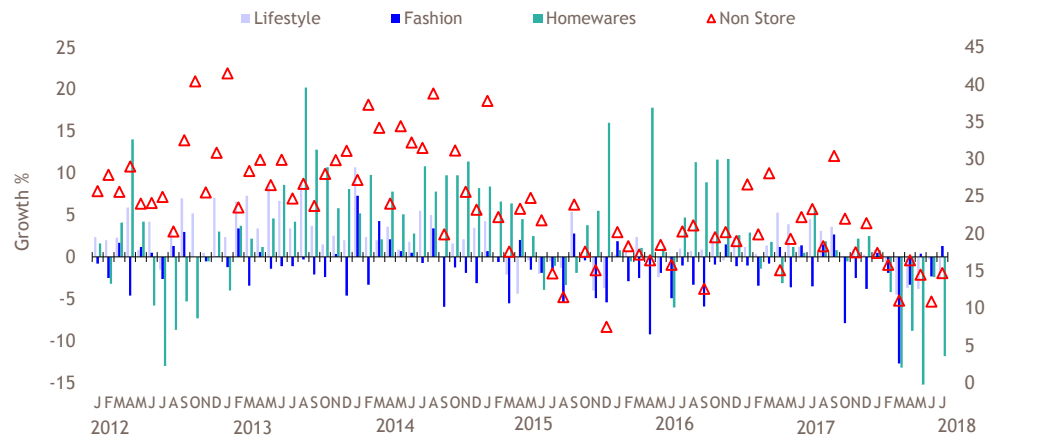
MONTHLY LIKE-FOR-LIKE RESULTS 2018

LFL Growth %	Week 1 (we 01/07)	Week 2 (we 08/07)	Week 3 (we 15/07)	Week 4 (we 22/07)	Week 5 (we 29/07)	Total July
Lifestyle	-4.75	-4.63	-1.50	-1.77	0.21	-2.6
Fashion	5.62	1.01	-0.20	1.15	-1.14	1.3
Homewares	-11.32	-14.94	-19.83	-2.72	-9.89	-11.8
Non-store	17.07	21.64	6.64	17.26	10.36	14.7
Total (excl non-store)	1.02	-2.23	-2.47	-0.14	-1.46	-1.1

MONTHLY LIKE-FOR-LIKE RESULTS 2009-2018



MONTHLY LIKE-FOR-LIKE RESULTS BY SECTOR 2012-2018



Further Information: HighStreetSalesTracker@bdo.co.uk

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