

UK Food and Grocery Monthly report

UK Retail Sales

1.8%

Retail sales increased by 1.8% in January, year-on-year, according to Retail Economics.

Online Sales

7.4%

Total online sales rose by 7.4% in January, value and non-seasonally adjusted, according to ONS.

Shop Prices

0.7%

Shop price inflation rose by 0.7% in January, excluding fuel, according to ONS.

Food & Grocery

2.8%

Food & Grocery retail sales rose by 2.8% in January, year-on-year, value and non-seasonally adjusted, according to Retail Economics.

Average Weekly Sales

£2,640m

Average weekly sales for Food & Grocery were £2,640m in January, according to Retail Economics.

SUBSCRIBE FOR
THE LATEST DATA



What you get from our UK Food & Grocery reports

- ✓ **A grasp of current retail trends from the latest available data**
- ✓ **Unbiased analysis of sector-specific data**
- ✓ **A holistic view of the food and grocery sector in the UK**
- ✓ **A competitive edge by understanding key economic factors**
- ✓ **A better understanding of the market to take the right actions**
- ✓ **Weather data to identify behavioural trends**
- ✓ **Covid-19 related insights to assist your forward planning**



COVID-19 Service

We conduct extensive research and analysis on the impact of coronavirus (COVID-19) on the UK retail and leisure industry. Our service consists of frequent, timely analysis and updates in a variety of formats so you can absorb the information quickly in a way that best suits you.

What you get

1. Impact assessment reports for UK retail and leisure

These reports provide an in-depth analysis of the COVID-19 impact on the UK retail and leisure industry including consumer panel surveys, economics analysis, forecasts and other insights.

2. COVID-19 Quick Responses

Get the latest updates from retailers and the wider industry on the impact of COVID-19 as an when it happens - delivered directly to your inbox.

3. Consumer panel research

For the critical duration, we conduct fortnightly surveys using a panel of over 2,000 households to measure: 1) Behavioural shifts 2) Confidence 3) Sentiment These extensive surveys have proved to be a very accurate indicator of future trading vulnerabilities for the industry.

4. Weekly newsletter

Every week we produce a summary of all the 'need-to-know facts and stats' related to the impact of coronavirus on the retail and leisure industry broken down by sector (e.g. clothing & footwear, food, home and more) and by channel.

5. Economic chartbook

Produced monthly, a summary of all the critical macroeconomic data and trends in an easily digestible chartbook format. Ideal for identifying trends.

[CLICK HERE TO EXPLORE SERVICE NOW](#)

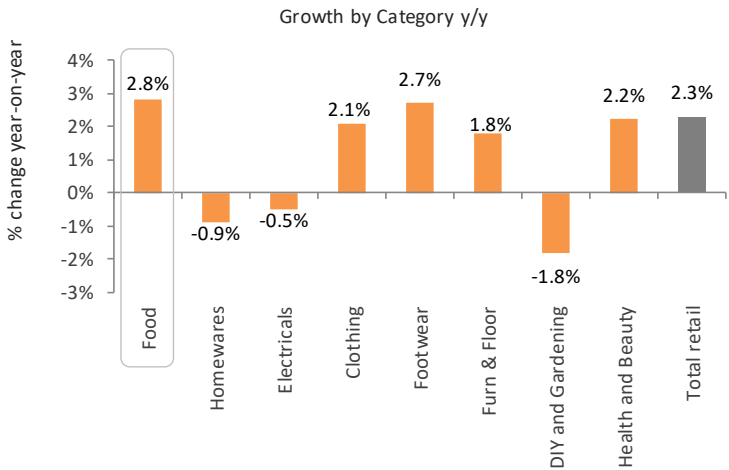


Executive Summary	3
Sector Analysis	4
Food & Grocery – Retail Economics Index	4
Food – BRC-KPMG Retail Sales Monitor	6
Online Food – Office for National Statistics	7
By Size of Retailer – Office for National Statistics	8
Macro Factors	10
Consumers	10
Footfall	11
Labour Market	12
Earnings	14
Costs, Prices and Margins	15
Weather Watch	17
Average Temperature	17
Average Sunshine Hours	16
Average Rainfall	18
UK Weather by Region and Metric	19
Market Intelligence quarterly supplement	21
Retail Economics	24





Food sales growth improves in January



Source: Retail Economics

Sales performance

- Food sales growth rose 2.8% in January, year-on-year, against a strong performance a year ago when sales rose 3.4%.
- This was the strongest rise since September 2019, outperforming both the three-month and 12-month averages of 1.8% and 2.3% respectively, propelling it to the top of the rankings table.

SUBSCRIBE TO ACCESS THE LATEST DATA

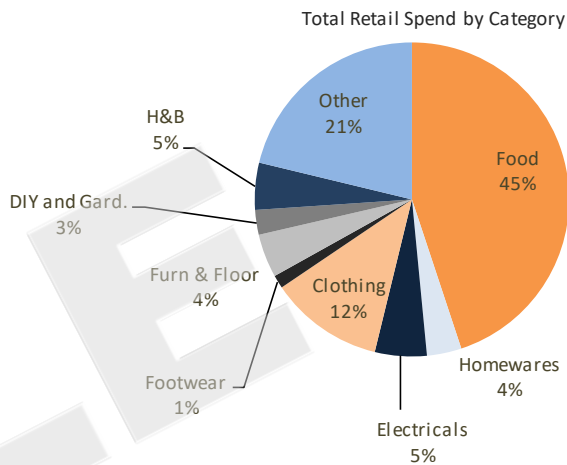
1

Drivers of growth

- Milder weather at the start of the year is likely to have supported footfall to stores. Indeed, the Met Office suggested it was the warmest January since 2007 (and the sixth-warmest on record).
- Anecdotal commentary also suggests that there was a good uptake in Veganuary with consumers substituting meat and dairy products with plant-based alternatives.

2

Food sales account for 45% of total retail spend in January



Source: Retail Economics

Visits to grocery retail websites broadly flat in January

	Top 10 Food and Grocery Websites	Number of visits	YoY growth
1	www.tesco.com/groceries	16,844,547	-1.8%
2	www.sainsbury.co.uk	15,314,655	6.1%
3	groceries.asda.com	13,617,775	-8.0%
4	groceries.morrisons.com	8,648,465	1.9%
5	www.ocado.com	7,746,663	-4.4%
6	www.aldi.co.uk	6,561,229	12.1%
7	www.lidl.co.uk	5,498,133	10.8%
8	www.waitrose.com	5,326,212	-3.8%
9	www.iceland.co.uk	3,195,524	-22.6%
10	www.hellofresh.co.uk	1,078,511	23.9%

Source: Hitwise

Grocery website traffic

- Visits to grocery retailer websites were flat in January, year-on-year.
- Aldi (+12.1%) and Lidl (+10.8%) were the strongest performing supermarkets in January, driven by the ongoing trend to value for many consumers. Hello Fresh also performed well (+23.9%) while Sainsbury's (+6.1%) was the best performing Big Four supermarket.
- 62% of visits to food and grocery retailer websites were made on mobile devices in January.

3

Grocery sales

- Data from Nielsen showed that grocery sales rose 0.7% in the four weeks to 25 January, against a 3.3% rise a year earlier.
- Nielsen noted that soft drinks (+2.8%), crisps and snacks (+2.6%), and confectionery (+2.2%) all reported a rise during the period.
- Worryingly, Nielsen also noted that the number of items purchased per trip had fallen this January compared with last, driving down the average spend per visit.

4

Grocery sales growth disappoints

	% share, 12 weeks to 25 Jan 2020	% share, 12 weeks to 26 Jan 2019	% sales change vs. same 12 weeks year ago
TESCO	26.5%	26.7%	-0.4%
ASDA	13.6%	13.9%	-1.5%
SAINSBURY'S	14.8%	14.9%	-0.2%
MORRISONS	9.6%	9.9%	-2.7%
CO-OPERATIVE	4.6%	4.6%	2.6%
WAITROSE	4.2%	4.3%	-1.4%
MARKS AND SPENCER	3.5%	3.5%	0.1%
ICELAND	2.4%	2.4%	1.1%
ALDI	9.0%	8.5%	5.6%
LIDL	6.6%	6.0%	10.8%

Source: Nielsen (12 weeks to 25 January)



Food and Grocery – Retail Economics Index: January 2020

Food sales growth rose 2.8% in January, year-on-year, against a strong performance a year ago when sales rose 3.4%.

This was the strongest rise since September 2019, outperforming both the three-month and 12-month averages of 1.8% and 2.3% respectively, propelling it to the top of the ranking table.

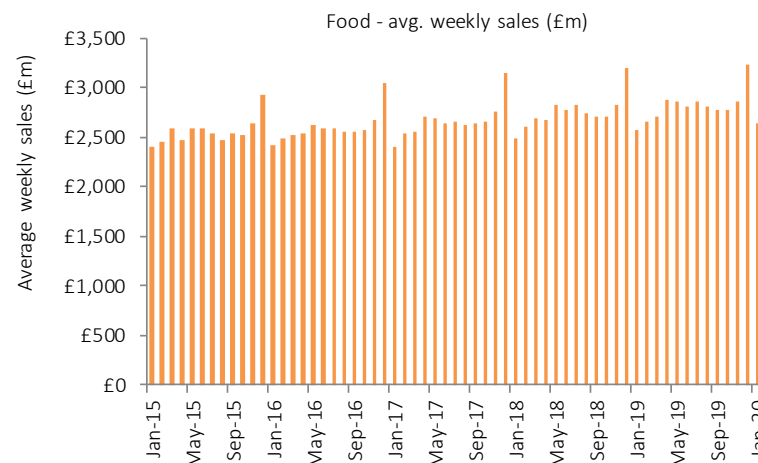
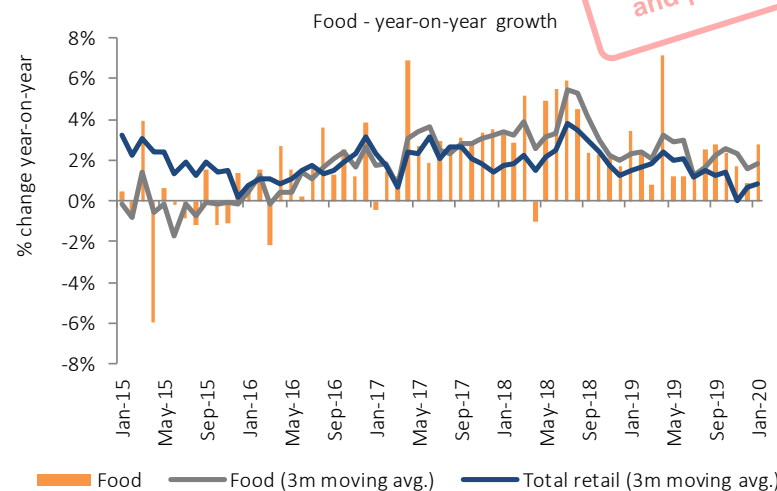
Food inflation continued to wane in January, falling back to 1.4% year-on-year, the weakest level since October, aiding top-line growth.

That said, there were a number of other supportive factors during the month. Notably, milder weather at the start of the year was likely to have supported footfall to stores. Indeed, the Met Office suggested it was the warmest January since 2007 (and the sixth-warmest on record). Anecdotal commentary also suggests that there was a good uptake in Veganuary with consumers substituting meat and dairy products with plant-based alternatives. This was supported by search data from Hitwise which suggested that ‘vegan cheese’ was the top search term in the sector in January. Furthermore, January is typically characterised by a drive for more healthier lifestyles after Christmas excesses. This also came through in the Hitwise search data, with ‘kombucha’, ‘xanthan gum’ and ‘cauliflower rice’ all popular terms in January.

ONS food data was stronger than our own estimate, with predominantly food stores reporting sales growth of 3.0% in January, the best result since October 2019. Large food retailers bounced back from December’s disappointing performance, reporting a 2.8% rise in sales. That said, this wasn’t strong enough to outperform small food retailers despite a slowdown in sales growth in January (+4.3%). It’s interesting to note that this series is subject to revisions. For instance, December’s rise for small retailers was originally reported as 9.9%, but has since been revised down to 7.4%.

Data from the BRC-KMPG Retail Sales Monitor was significantly weaker than both our own and ONS’s estimate, with total food sales rising just 0.6% in the three months to January. This was lower than the 12-month total average growth of 1.2%, the weakest rise since February 2017. On a like-for-like basis, sales fell 0.1%.

Our time series graphs help you quickly identify trends and put data into context



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar 29 December 2019 – 1 February 2020

Food & Grocery

2.8%

Food & Grocery sales rose by 2.8% in January, year-on-year.

Three Month Basis

1.8%

Food & Grocery sales rose by 1.8% on a three-month rolling basis.

Anecdotal commentary also suggests that there was a good uptake in Veganuary with consumers substituting meat and dairy products with plant-based alternatives.



Similarly, Nielsen reported that grocery sales rose 0.7% (4 weeks to 25 January) against a 3.3% rise in the same period a year ago. Nielsen also noted that soft drinks (+2.8%), crisps and snacks (+2.6%), and confectionery (+2.2%) all reported a rise during the period. Over the 12-week period, the 'big four' supermarkets all reported a decline, Morrisons (-2.7%) and Asda (-1.5%) the weakest performing. Stronger performances came from Co-op (+2.6%), Iceland (+1.1%) and the two leading discounters with Lidl (+10.8%) outperforming Aldi (5.6%). Interestingly, Nielsen noted that 'items purchased per trip' fell this January compared with last, driving down average spend per visit. The 'little and often' trend remains a key feature in consumer behaviour with little sign of it abating.

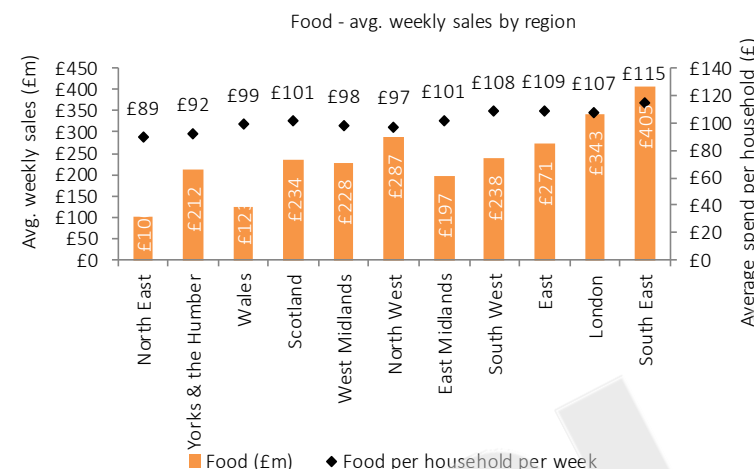
Kantar figures (12 weeks to 26 January) suggested that growth in grocery sales was weaker still, rising just 0.3%. Supportive factors included Dry January and Veganuary with sales of non-alcoholic beer up 37%, while meat-substitutes rose 14% on a year ago. Grocery retailers seemed far more engaged with Veganuary this year, with a number of retailers launching new plant-based products to coincide with the campaign.

Focussing on the discounters, Kantar suggested both Aldi and Lidl had an additional 800,000 customers visit stores in the last year as they continue to expand. In the last week, Lidl opened it's 800th UK store with plans to invest £1.3bn over the next two years in its store expansion plans. The discounters now account for 13.8% of the overall grocery market, up one percentage point from a year earlier.

This comes at a time when their larger counterparts are putting hundreds of jobs at risk as they repurpose their stores in response to the threat from the discounters as well as changing consumer habits. In fact, Tesco was the latest retailer to announce it was making just over 1,800 jobs redundant as it changes the function of its in-store bakeries.

This followed news that Asda was closing its meat and fish counters. Trials are taking place in a small selection of stores with a number of innovative brands. This is just one initiative Asda has taken to try and combat falling sales growth in the UK. In its recent trading update, Asda announced a 1.3% decline in sales in the fourth quarter, noting "challenging market conditions." One bright spot was the double-digit rise in online sales growth in Q4, up 10.3% year-on-year.

Latest data from Ocado (included in the Kantar figures) reported a similar rise, up 11.2% in the 12 weeks to 26 January 2020.



Food	Annual % growth	Avg. weekly spend (£m)
Aug-19	2.5%	£2,802
Sep-19	2.8%	£2,779
Oct-19	2.4%	£2,774
Nov-19	1.7%	£2,864
Dec-19	0.9%	£3,230
Jan-20	2.8%	£2,640

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to 29 December 2019 – 1 February 2020 *Regional figures may not sum to total due to rounding

Sainsbury's also reported gaining traction in the online channel with sales up 7% year-on-year over the same 12-week period. Grocers investing in online affords them the opportunity to protect market share by boosting sales growth, given the penetration of online sales remains a small proportion of overall retail sales (currently just under 6%). For example, Asda has invested in innovating its home shopping operation with the successful trial of a 'one hour click and collect' service being rolled out to its store base earlier this month.

Key call out stats for easy data intake

South East

£405m

The average weekly spend on Food & Grocery in the South East in January.

Average Weekly Sales

£2,640m

The average weekly spend on Food & Grocery in the UK in January.

This comes at time when their larger counterparts are putting hundreds of jobs at risk as they repurpose their stores in response to the threat from the discounters as well as changing consumer habits.



Food – BRC-KPMG Retail Sales Monitor: January 2020

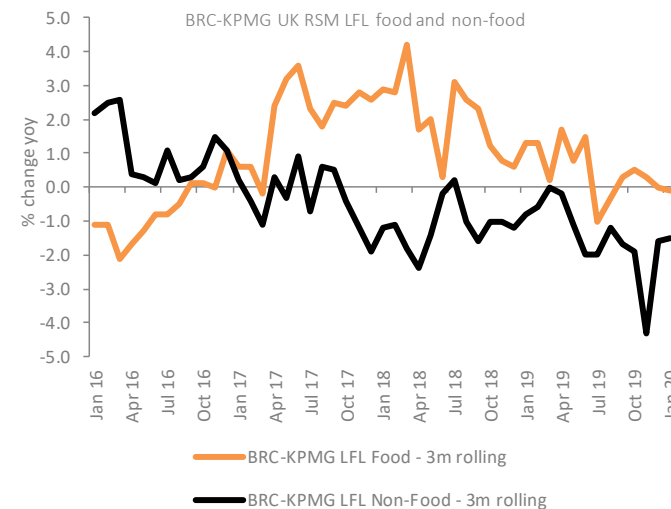
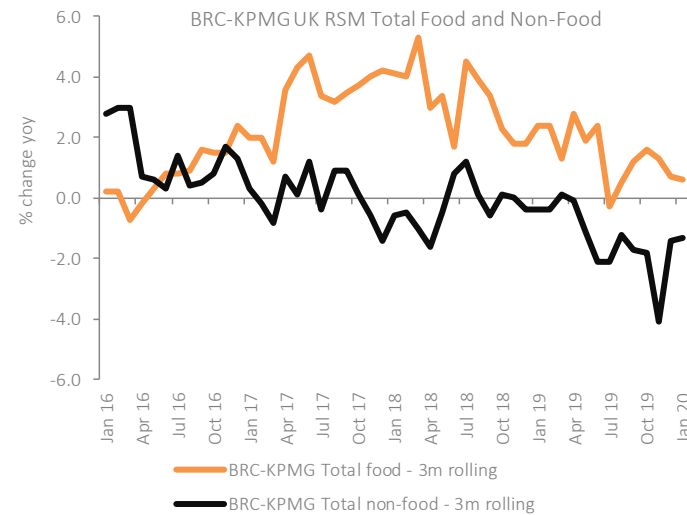
According to the BRC, total Food sales rose 0.6% year-on-year in the three months to January, slowing on the 0.7% rise in the previous month. On a like-for-like basis, sales dipped 0.1%.

This was lower than the 12-month average of 1.2%, the lowest since February 2017. Taking into account food inflation suggests that volume growth declined on the previous year.

The marginal deterioration in January meant the category fell one place to seventh position in the BRC's ranking table.

They noted that there was good demand for meat-free alternatives driven by Veganuary.

Analysis of different industry data to give you an accurate view



Source: BRC-KPMG

Total Food Sales

0.6%

According to the BRC, in the three months to January, total Food sales rose 0.6% on the previous year.

LFL Food Sales

-0.1%

According to the BRC, in the three months to January, like-for-like Food sales fell 0.1% on the previous year.

The marginal deterioration in January meant the category fell one place to seventh position in the BRC's rankings table.

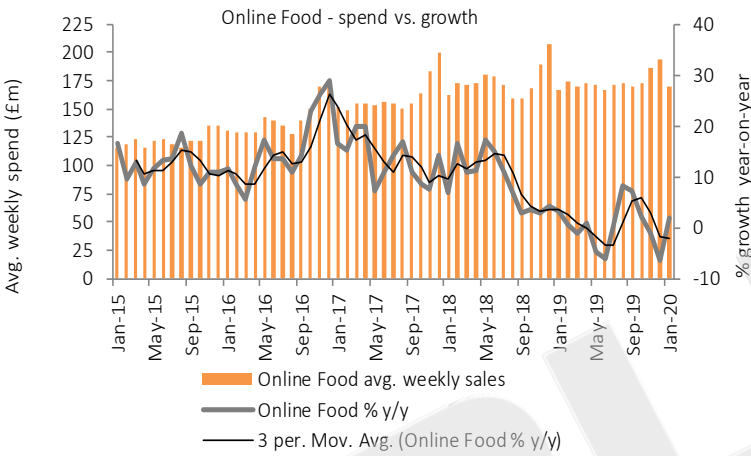
Online Food – Office for National Statistics: January 2020

The Online Food category rose by 1.9% in January, year-on-year, following two consecutive months in negative territory. This was against a 3.1% rise a year earlier which was a relatively strong performance for the category a year ago.

The improved performance in January outperformed the three-month and 12-month averages of -2.0% and +0.1% respectively.

Online Food sales accounted for 5.6% of total Food sales in January, lower than the 5.7% proportion in the previous year.

Average weekly spending for Online Food was £170m, up on the £167m spent in the previous year.



Online Food	Annual % growth	Avg. weekly spend (£m)
Aug-19	8.3%	£173
Sep-19	7.1%	£170
Oct-19	2.2%	£173
Nov-19	-1.2%	£186
Dec-19	-6.6%	£194
Jan-20	1.9%	£170

Source: ONS Retail Sales Index – value, non-seasonally adjusted

Online Food

1.9%

Online Food sales rose by 1.9% in January, according to the ONS.

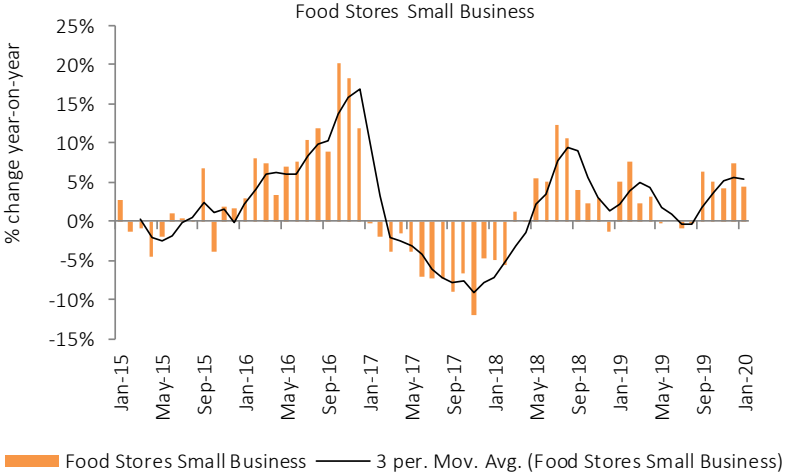
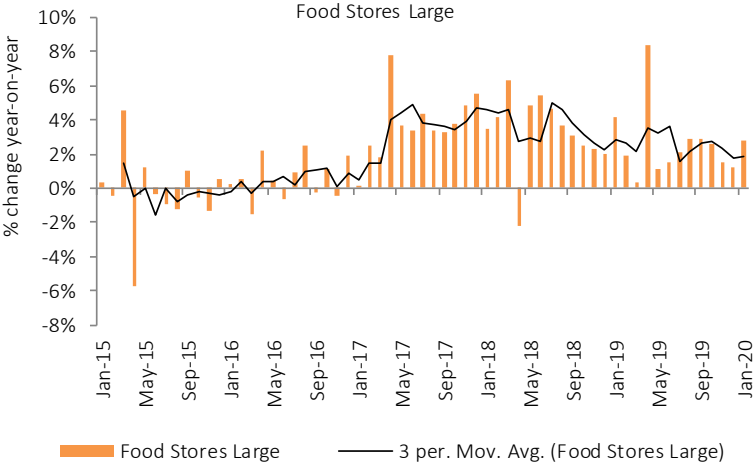
Average Weekly Sales

£170m

The average weekly spend on Online Food in January, according to the ONS.

Online Food sales accounted for 5.6% of total Food sales in January, lower than the 5.7% proportion in the previous year.

By Size of Retailer – Office for National Statistics: January 2020



Food: Large retailers	Annual % growth
Aug-19	2.9%
Sep-19	2.9%
Oct-19	2.6%
Nov-19	1.5%
Dec-19	1.2%
Jan-20	2.8%

Food: Small retailers	Annual % growth
Aug-19	-0.3%
Sep-19	6.4%
Oct-19	5.2%
Nov-19	4.2%
Dec-19	7.4%
Jan-20	4.4%

Source: ONS Retail Sales Index – value, non-seasonally adjusted

Large Food Retailers

2.8%

According to the ONS, large food retailers saw sales rise by 2.8% in January.

Small Food Retailers

4.4%

According to the ONS, small food retailers saw sales rise by 4.4% in January.



Macro Factors – Consumers

Consumer spending reached £331,372m in the fourth quarter of 2019, rising by 0.1% quarter-on-quarter. This marked a slowdown on the 0.4% quarterly rise in Q3.

On an annual basis, consumer spending rose by 1.3% in Q4 compared with the same quarter in 2019, unchanged from Q3.

Early indications suggest a modest ‘Boris bounce’ in consumer sentiment, with GfK’s Consumer Confidence measure increasing by two points to -9 in January.

Four out of the five components in the measure improved in the month. Consumers feel more positive about 2020 when reflecting on 2019, on the back of strong employment, real wage growth and low inflation.

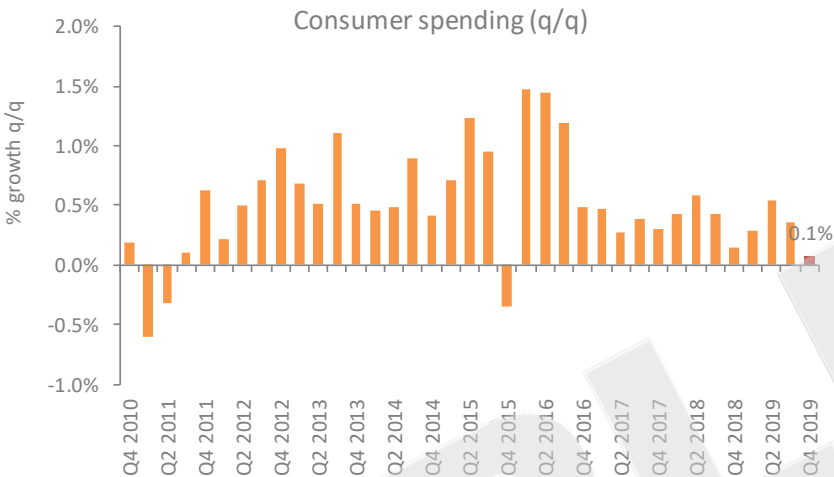
GfK’s Major Purchase Index was the only measure to decline, partly indicating January blues after splashing out at Christmas. It also reflects subdued non-essential sales that retailers have been facing, against what remains a critical year ahead for Brexit as we enter the transition period. Indeed, GfK’s index has been in negative territory for four years running.

Consumers’ perceptions of the general economic situation over the last 12 months increased by a further three points to -28 in January – seven points ahead of last year. The forward-looking component saw a robust three-point uplift to -24, which is a staggering 15 points higher than in January 2019.

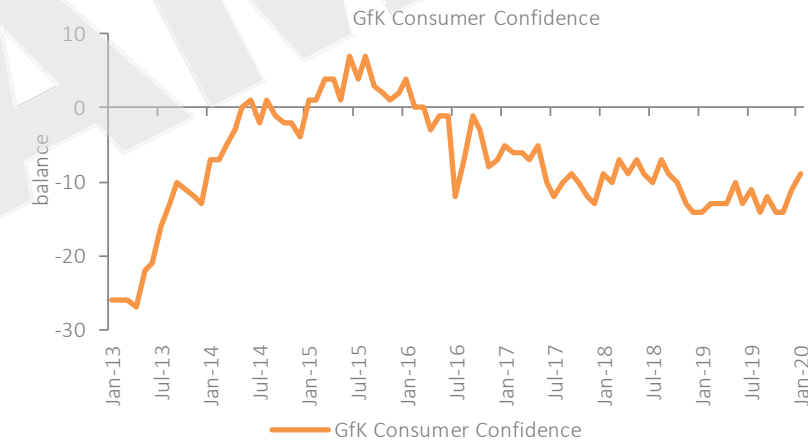
The backward-looking personal finances component increased by four points to +1 in January and is one point higher than a year ago. The forward-looking measure improved by three points to +6, which is five points higher than last year.

The major purchases index declined by two points to +1 in January – one point lower than a year ago.

The savings index was up by two points to +20 in January – six points ahead of last year.



Source: ONS



Source: GfK

Spending

£331bn

Consumer spending reached £331,372m in Q4 2019.

Confidence

-9

Overall consumer confidence rose two points to -9 in January, five points higher than last year.

GfK’s Major Purchase Index was the only measure to decline, partly indicating January blues after splashing out at Christmas.



Macro Factors – Ipsos Retail Performance

Latest figures from Ipsos Retail Performance (which measures footfall in over 4,000 non-food stores across the country) showed that footfall fell just 0.5% in January year-on-year. This was an improvement on the 7.2% fall in the previous month and above the three-month average rate of -5.0%.

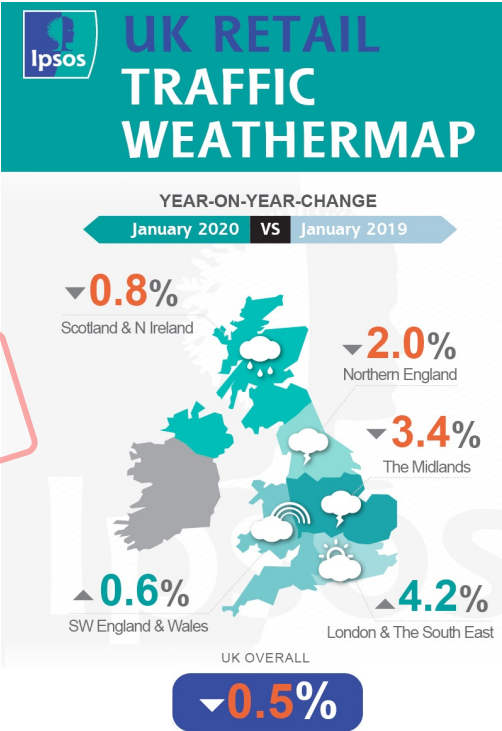
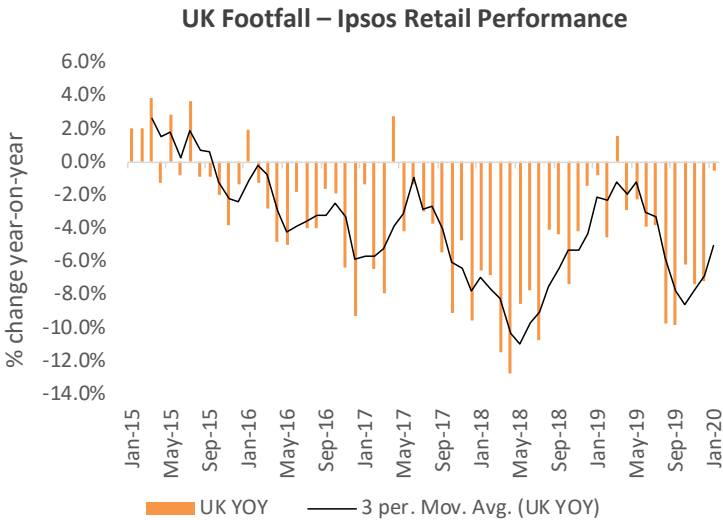
On a month-on-month basis, footfall fell 24.6%, slightly less than Ipsos' expectations of a 27.7% fall.

There was an improvement across the UK with two out of five areas reporting a rise in footfall growth. Indeed, London & The South East was the strongest performer with footfall growth increasing 3.4 percentage points to 4.2%, the best result in over eight years. Meanwhile South West England & Wales (+0.6%) reported its first rise in footfall growth since June 2016.

Elsewhere, despite reporting the sharpest decline in footfall, the Midlands demonstrated the strongest improvement overall with footfall growth improving 8.8 percentage points to -3.4%. Scotland & Northern Ireland also reported a marked improvement, with footfall declining just 0.8%.

Looking ahead to February, Ipsos expect footfall growth to remain in negative territory, albeit at a slightly improved rate than in the previous month, forecasting a 10.5% fall.

Apply footfall data to better inform your decision making processes



Source: Ipsos Retail Performance

UK Footfall

-0.5%

According to Ipsos Retail Performance, footfall fell by 0.5% in January.

Northern England

-2.0%

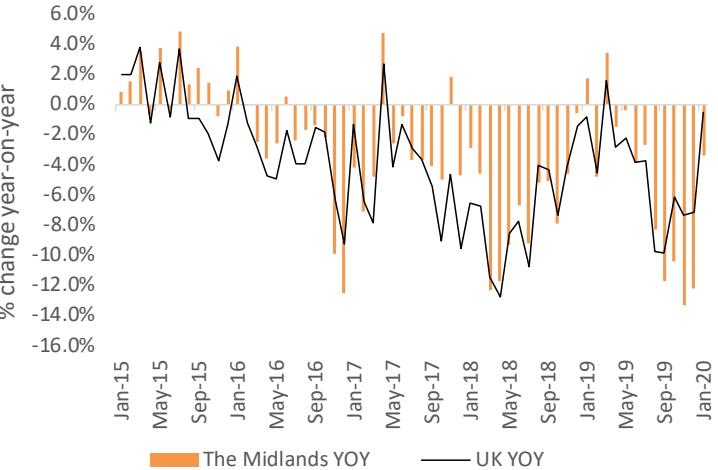
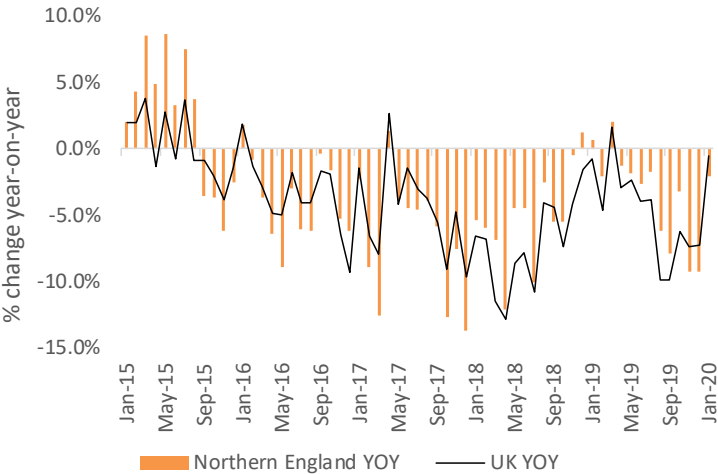
In Northern England, footfall fell by 2.0% compared with the previous year.

London & The South East was the strongest performer with footfall growth increasing 3.4 percentage points to 4.2%, the best result in over eight years.

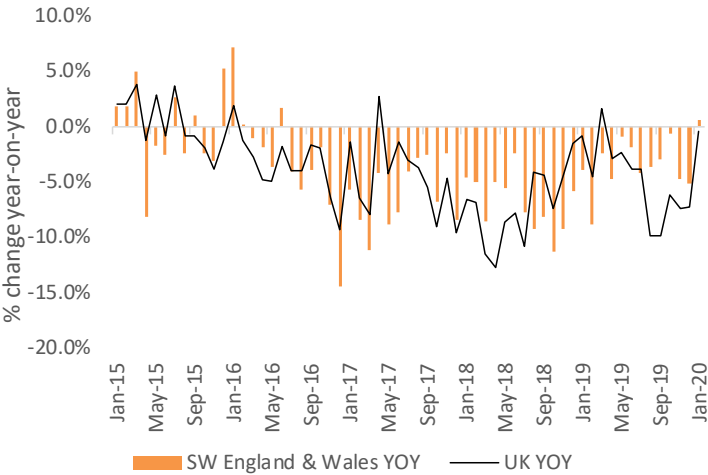
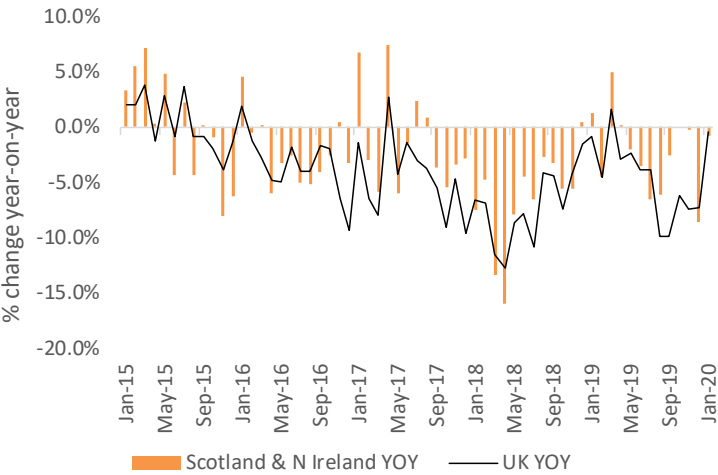
T: +44 (0) 20 3633 3698 E: amy.yates@retaileconomics.co.uk
Data provided by Ipsos Retail Performance:
<https://www.ipsos-retailperformance.com/resources/retail-weathermap/>



Macro Factors – Ipsos Retail Performance



Source: Ipsos Retail Performance



Source: Ipsos Retail Performance

London & SE England

4.2%

According to Ipsos Retail Performance, footfall rose by 4.2% in London & SE England.

Scotland & Northern Ireland

-0.8%

Footfall growth fell 0.8% in Scotland & Northern Ireland compared with the previous year.

Footfall in South West England & Wales rose by 0.6% year-on-year in January.



Macro Factors – Labour Market

The UK labour market hit another record in the final three months of 2019, with the proportion of 16 to 64 year olds in work reaching an all-time high according to ONS data. However, earnings growth slowed to its lowest rate in over a year.

The employment rate hit a record high of 76.5% in the period, edging up by 0.4% points on the previous quarter and up 0.6% points on last year. This came as the employment rate for women hit a record high of 72.4% (while the employment rate for men edged up to 80.6%), and the number of full-time workers hit a high of 24.42 million. Overall, the number of people in employment rose to 32.93 million in the three months to December, up by 336,000 on last year.

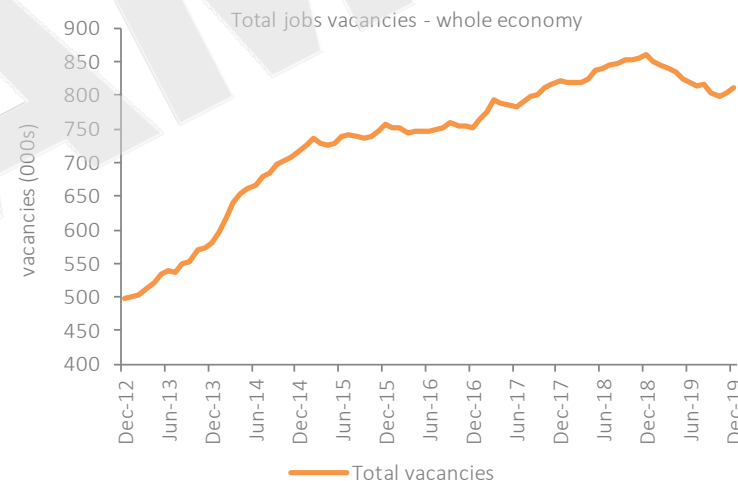
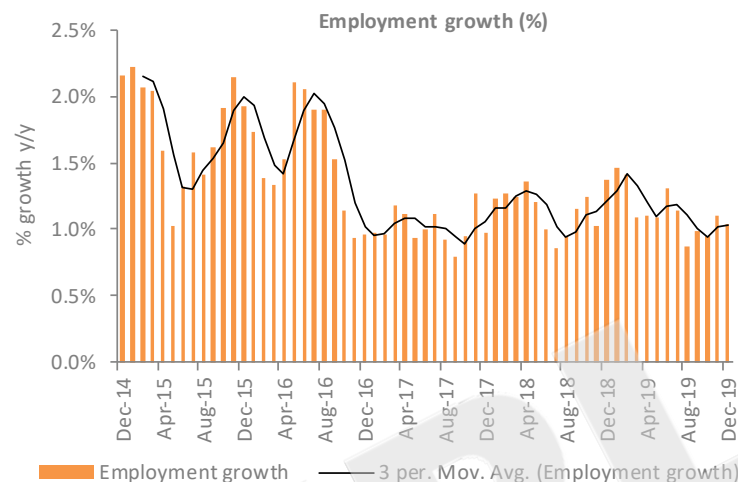
Meanwhile, the unemployment rate remained broadly unchanged in the quarter at 3.8%, but was down from 4.0% a year earlier. An estimated 1.29 million people were unemployed – 73,000 fewer than last year and 580,000 fewer than five years ago.

The number of people aged from 16 to 64 years old that are economically inactive (not working and not seeking or available to work) reached a record low of 20.5% – down 0.4% points compared to last year and down 0.3% on last quarter. This was mainly driven by record low activity among women at 24.8%.

Vacancies ticked up in the latest quarter following 11 consecutive quarterly falls. There was an estimated 810,000 job vacancies between November 2019 and January 2020 – up by 7,000 on the previous quarter, but 50,000 fewer compared to the previous year. This represents 2.7 job vacancies per 100 employee jobs across the economy.

The retail sector accounted for around 10.6% of all vacancies in the UK in the three months to January.

Earnings slowed yet again in the quarter to December. Average weekly earnings for employees edged down 0.2% points to 3.2% for regular pay (excluding bonuses) compared to the previous month, while total pay (including bonuses) weakened to 2.9% from 3.2% last month. Total pay came up against a strong comparative with unusually high bonuses given in October 2018.



Source: ONS

Unemployment

3.8%

The unemployment rate stood at 3.8% in December, unchanged from the previous period.

Employment levels

+180,000

Employment levels rose in the three months to December compared with the previous three month period.

The retail sector accounted for around 10.6% of all vacancies in the UK in the three months to January.



Macro Factors – Earnings

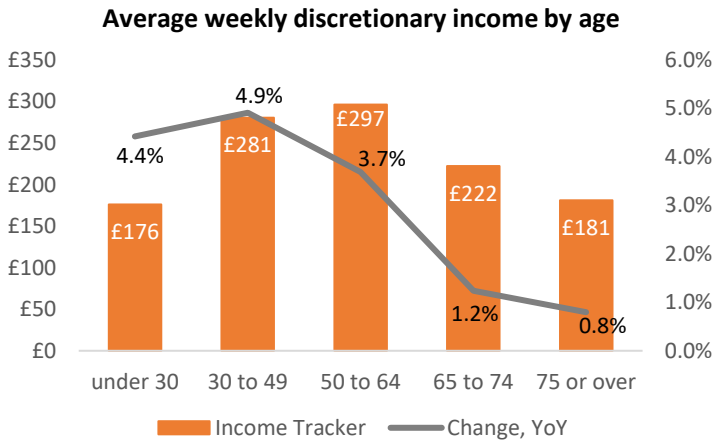
For December 2019, in nominal terms (i.e. not adjusted for price inflation):

- Average regular pay (excluding bonuses) for employees in Great Britain was £512 per week before tax and other deductions from pay, up from £496 per week for a year earlier
- Average total pay (including bonuses) for employees in Great Britain was £544 per week before tax and other deductions from pay, up from £529 per week for a year earlier

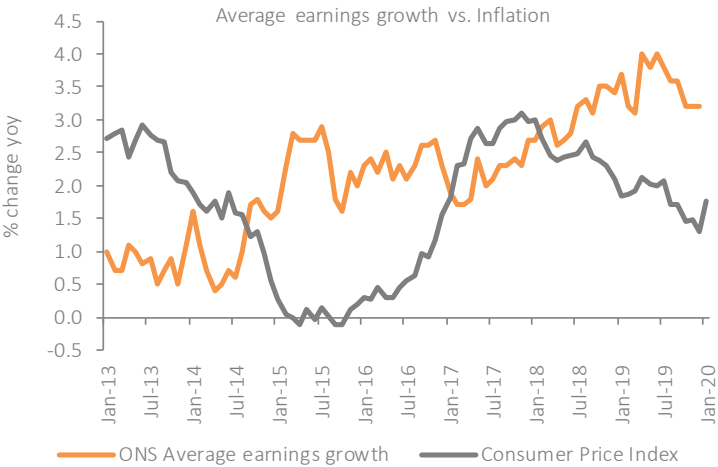
Asda Income Tracker – January 2020

The Asda Income Tracker showed households had £221 of discretionary income available each week in January. This is a 4.0% rise on the same month last year, equating to £8.52 per week more.

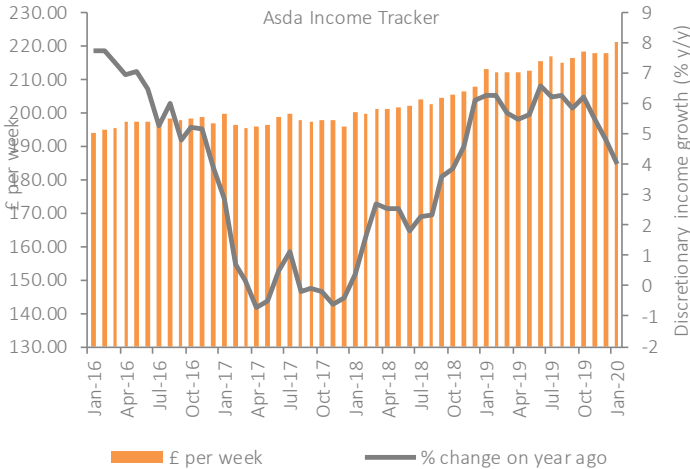
In terms age groups, it was the 30-49 year olds that saw the sharpest rise in average weekly discretionary incomes in January, rising 4.9% year-on-year. That said, this was the lowest rise for this age bracket since November 2018. Elsewhere the under 30s (+4.4%) and 50-64 years olds (+3.7%) also experienced a boost in average weekly discretionary incomes. It was those aged over 65 that experienced the lowest rise in discretionary incomes, with 65-74 year olds (+1.2%) and the over 75's (+0.8%), significantly underperforming all other age groups.



Source: Asda Income Tracker



Source: ONS



Source: Asda Income Tracker

Earnings Growth

+3.2%

Average regular pay rose by 3.2% in December, year-on-year.

Discretionary Income

£221

The average UK household had £221 per week of discretionary income in January.

The Asda Income Tracker showed households had £221 of discretionary income available each week in January. This is a 4.0% rise on the same month last year, equating to £8.52 per week more.



Macro Factors – Costs, Prices and Margins

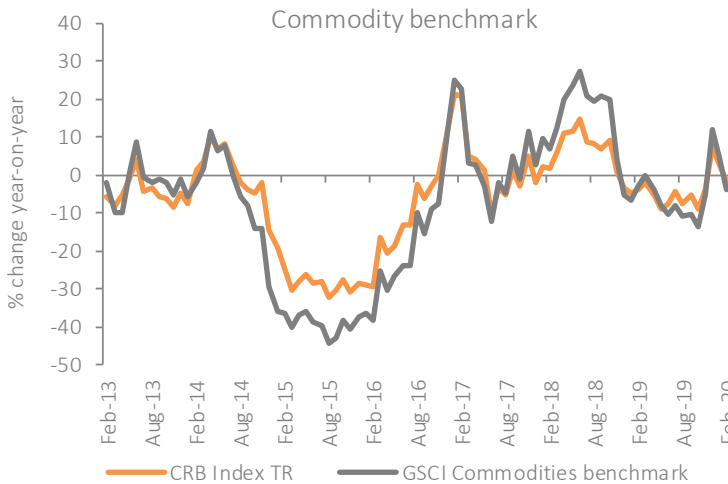
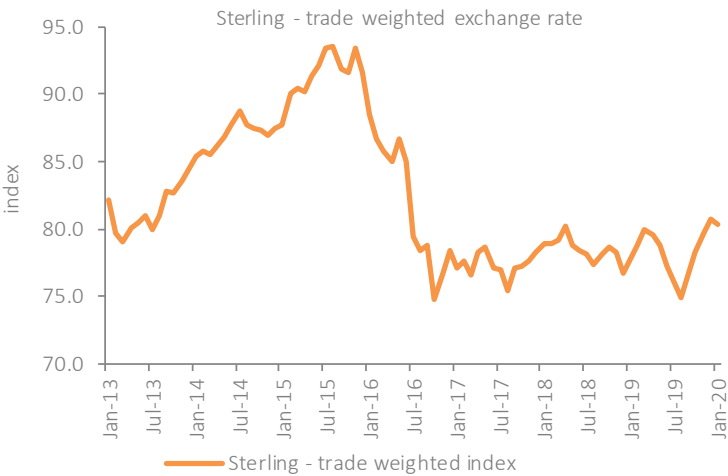
Sterling’s trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month. The better than expected rise in inflation in January resulted in an uplift in sterling (against other currencies). That said, it remains vulnerable to ongoing EU-UK trade negotiations.

Both commodity benchmarks we follow fell back in February. Indeed, the Thomson Reuters CRB Index fell 1.8% year-on-year, compared with a 3.9% fall in the GSCI Commodities benchmark.

The Baltic Dry Index (indicative of shipping costs) continued to decline in February, down 38% on the previous month and 27% year-on-year (as of 27 February 2020). Falling rates of both capsized and panama segments exerted downward pressure on the index as demand continued to falter.

The average price of a barrel of oil stood at \$61 (as of 27 February), falling 5.9% on the month, and down 8.8% year-on-year. Concerns over the impact of the coronavirus outbreak on oil demand has weighed on prices in recent weeks.

	Nov-19	Dec-19	Jan-20	Feb-20
GSCI Commodities benchmark	-5.1	11.9	4.3	-3.9
Brent Oil (\$ per barrel)	63.0	71.6	64.4	60.6
CRB Index TR	-4.0	7.3	2.5	-1.8
Baltic Exchange Dry Index (BDI)	27.5	-16.5	-32.2	-26.8



Source: ONS, Bank of England

Sterling

3.3%

Sterling’s trade weighted index rose 3.3%, year-on-year in January.

Commodities

-1.8%

The CRB Index fell 1.8% in February compared with the previous year.

Sterling’s trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month.



Macro Factors – Costs, Prices and Margins

The Producer Price Index (output) rose 1.1% year-on-year in January, from the 0.9% rise in the previous month. This is the second consecutive month to report a rise.

On a monthly basis, output inflation rose 0.3% in January, the first positive monthly reading since July 2019.

Petroleum products provided the largest upward contribution of 0.37 percentage points (pp) to the annual output rate, with inflation rising 4.9% year-on-year.

Computer, electrical and optical products made the second-largest upward contribution to the change in the rate at 0.17 percentage points.

Chemicals and pharmaceuticals made the only negative contribution to the annual output PPI rate at -0.14 pp.

Meanwhile the PPI for inputs accelerated in January, rising 2.1% year-on-year from the 0.9% rise in the previous month. On a monthly basis, input PPI rose 0.9%, unchanged from the previous month.

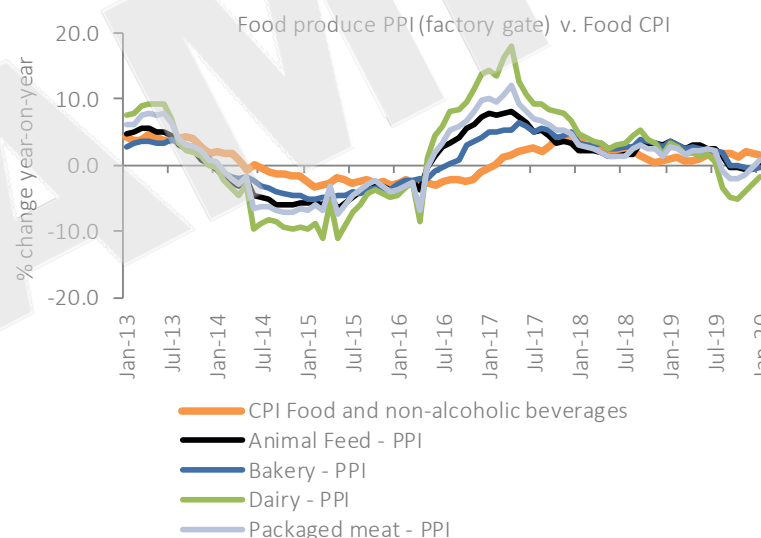
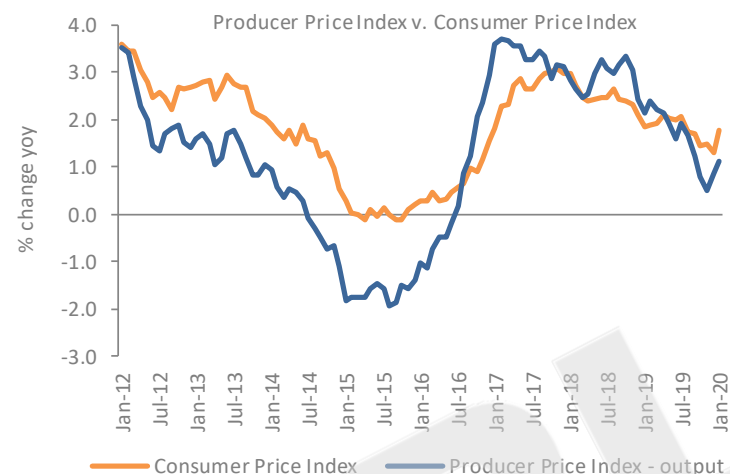
The largest upward contribution came from crude oil (+1.8 pp) with annual price growth of 11.3%.

Imported metals made the second-largest upward contribution of 1.32 pp, with annual price growth rising 15.8%. This was driven by imported precious metals (non-EU) which rose 53.6% year-on-year.

Imported chemicals provided a large downward contribution of 0.96pp and negative annual growth of -7.1%.

Inflation of imported materials and fuels (which represents around two-thirds of input prices) rose 1.9% in January, year-on-year, rising from the 0.1% fall in the previous month.

Some sourcing costs specific to Food continued to decline in January with Dairy (-1.8%), Animal Feed (-0.2%) and Bakery (-0.4%) reporting negative growth rates. Evidence of upward pressure was experienced in Packaged Meat (+0.8%).



PPI Output

1.1%

The Producer Price Index (output) stood at 1.1% in January.

PPI Input

2.1%

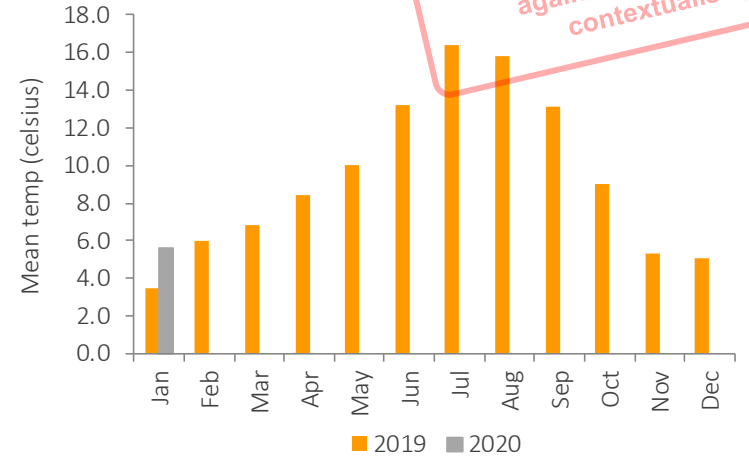
The Producer Price Index (input) stood at 2.1% in January.

Sterling's trade weighted index rose 3.3% year-on-year in January, but fell 0.3% on the month.



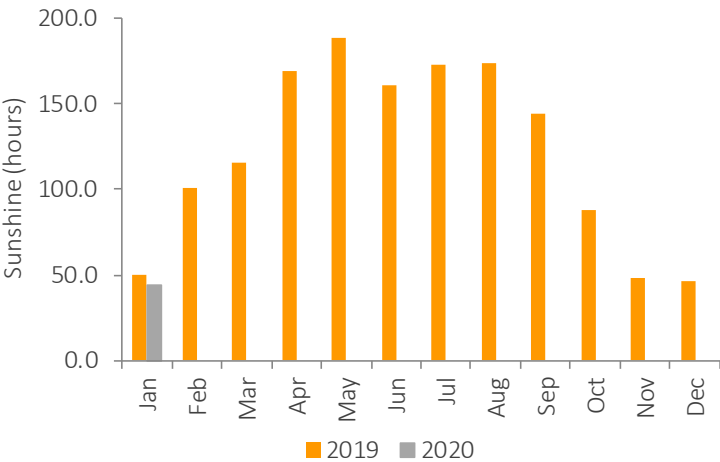
Weather Watch – Met Office

Weather can be a critical driver of short-term demand. A comparison against the previous year can help contextualise performance.



Mean Temp	2018	2019	2020
Jan	4.0	3.5	5.6
Feb	2.4	6.0	
Mar	3.8	6.8	
Apr	8.4	8.4	
May	12.1	10.0	
Jun	14.8	13.2	
Jul	17.3	16.4	
Aug	15.3	15.8	
Sep	12.4	13.1	
Oct	9.6	9.0	
Nov	7.3	5.3	
Dec	5.8	5.1	

Source: Met Office



Sunshine	2018	2019	2020
Jan	48.9	50.5	44.5
Feb	95.6	100.6	
Mar	85.0	115.6	
Apr	132.6	168.9	
May	246.0	188.5	
Jun	239.9	160.8	
Jul	237.6	173.2	
Aug	147.4	173.6	
Sep	134.1	144.0	
Oct	113.2	87.9	
Nov	63.0	48.1	
Dec	37.6	46.2	

Source: Met Office

Temperature

5.6°C

The mean temperature during January was 5.6°C, the warmest January since 2007.

Sunshine

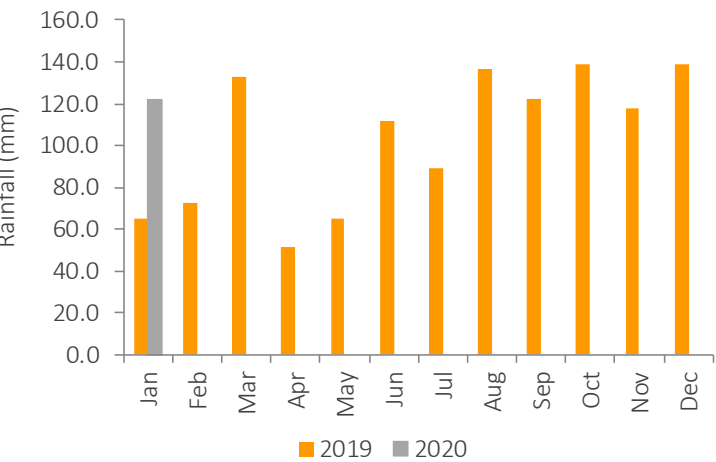
44.5

There were 44.5 hours of sunshine during January, the dullest January in four years.

It was the warmest January since 2007.



Weather Watch – Met Office



Source: Met Office

Rainfall	2018	2019	2020
Jan	132.7	65.1	121.7
Feb	64.3	72.8	
Mar	104.4	132.9	
Apr	86.3	51.4	
May	48.5	64.8	
Jun	35.4	111.5	
Jul	55.3	88.9	
Aug	84.9	136.5	
Sep	104.5	122.4	
Oct	104.4	138.8	
Nov	122.6	117.6	
Dec	119.2	138.9	

Source: Met Office

Rainfall

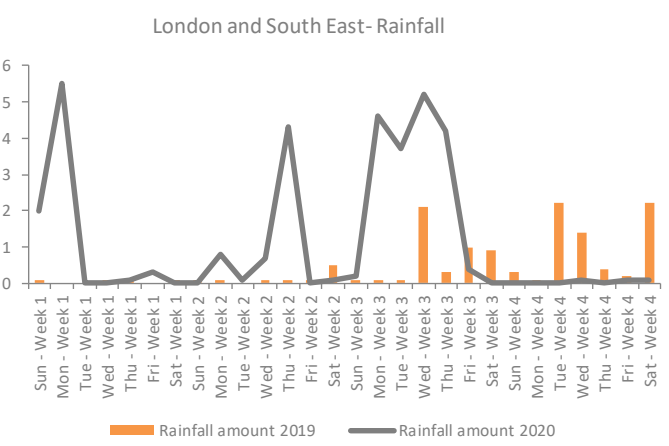
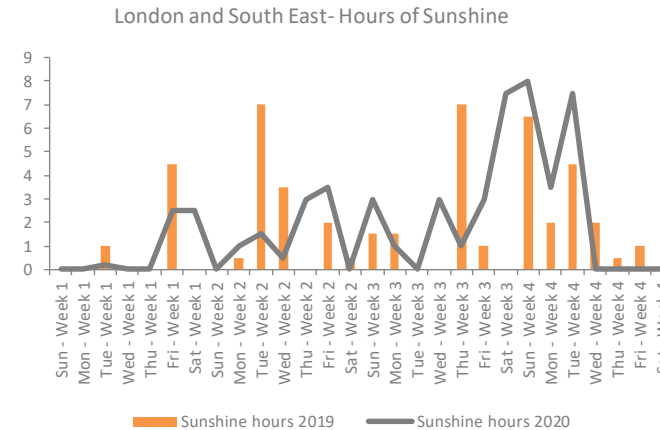
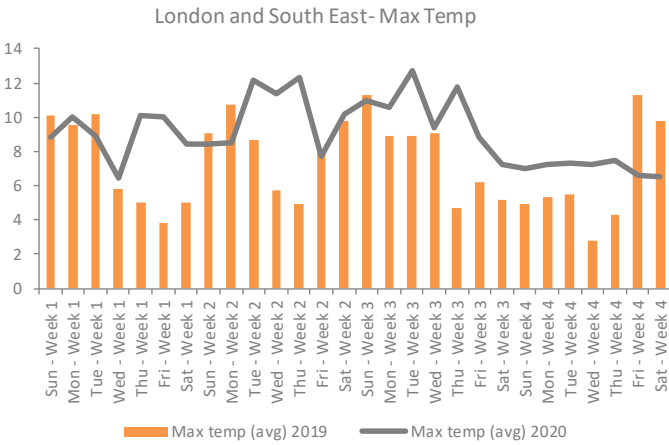
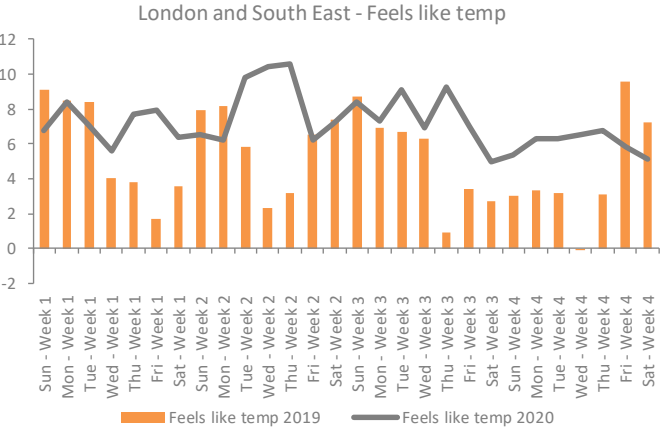
121.7mm

The average rainfall in the UK in January was 121.7 mm, the wettest January in two years.

It was the wettest January in two years.



UK Weather by Region and Metric



Our monthly report, *UK Monthly Weather by Region* provides the following data for January 2020: Feels like temperature; Max temperature; Hours of sunshine; Rainfall.

For the following UK regions: East Midlands; East of England; London and the South East; North East England; North West England; Northern Ireland; Scotland; South West England; Wales; West Midlands.

Click here to download the full UK Monthly Weather by Region report for January 2020

Met Office Commercial Weather Services have been developed with retailers to support commercial, supply chain and insight teams in managing the impacts of weather on their business and offers value beyond the scope of weather data covered in this report.

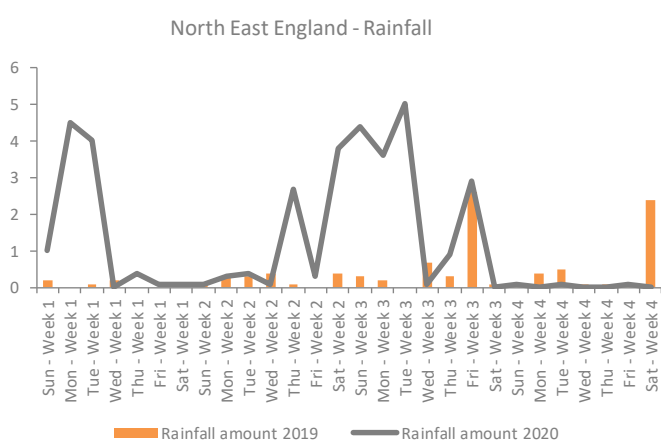
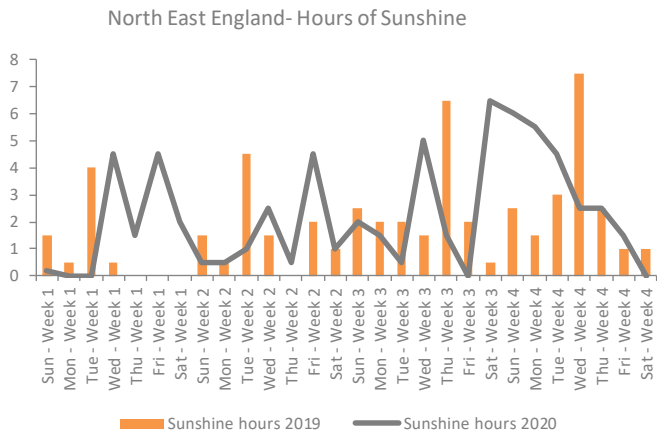
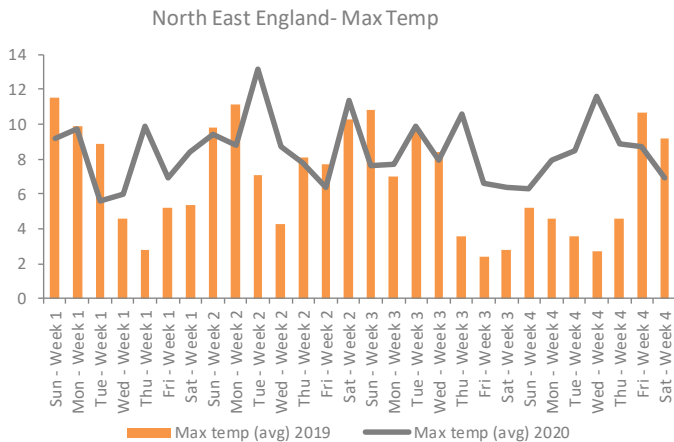
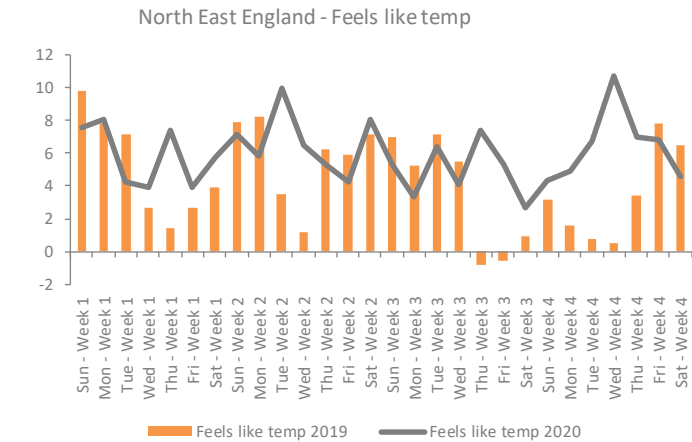
For further information, please contact retail@metoffice.gov.uk. www.metoffice.gov.uk/retail

Source: Met Office

Source: Met Office



UK Weather by Region and Metric



Source: Met Office

Source: Met Office

Our monthly report, *UK Monthly Weather by Region* provides the following data for January 2020: Feels like temperature; Max temperature; Hours of sunshine; Rainfall.

For the following UK regions: East Midlands; East of England; London and the South East; North East England; North West England; Northern Ireland; Scotland; South West England; Wales; West Midlands.

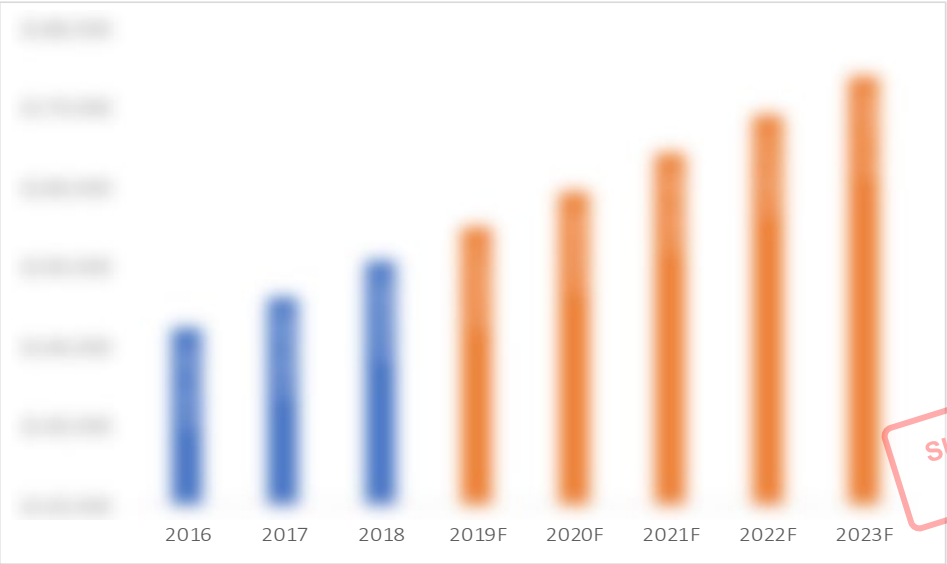
[Click here to download the full UK Monthly Weather by Region report for January 2020](#)

Met Office Commercial Weather Services have been developed with retailers to support commercial, supply chain and insight teams in managing the impacts of weather on their business and offers value beyond the scope of weather data covered in this report.

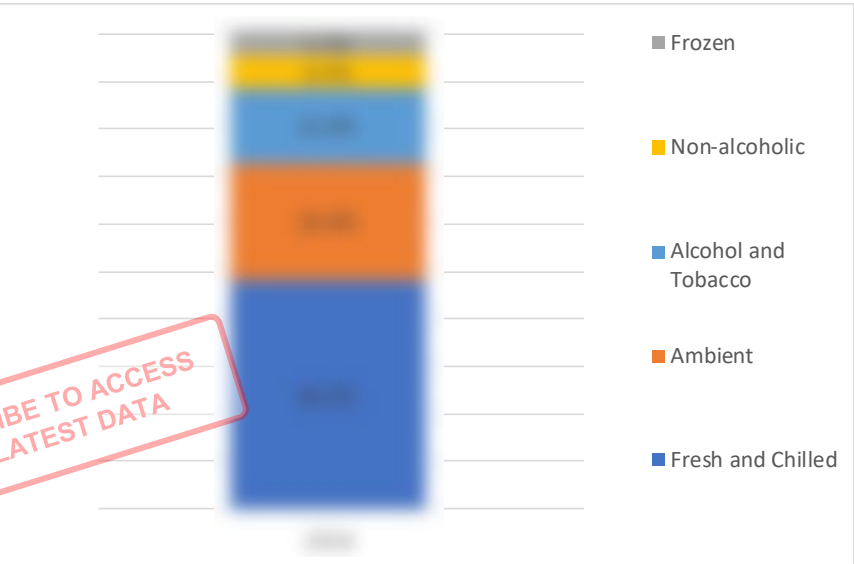
For further information, please contact retail@metoffice.gov.uk. www.metoffice.gov.uk/retail



Forecasts



Market Size



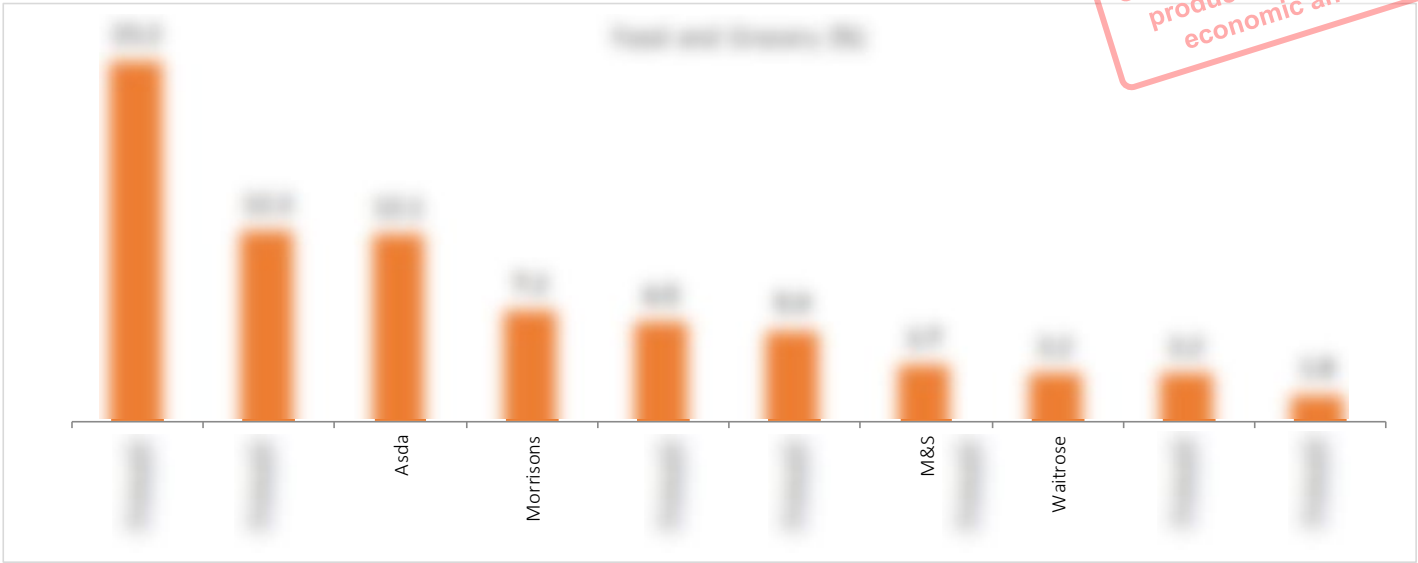
Total Market

2020 Forecast

Forecasts

Year	Total market (£m)	Annual growth (%)
2016	1000	5.0
2017	1100	10.0
2018	1200	9.1
2019F	1350	12.5
2020F	1450	7.4
2021F	1550	6.9
2022F	1650	6.5
2023F	1750	6.1

% of Market Share



Our forecasts are bold and produced using robust economic analysis



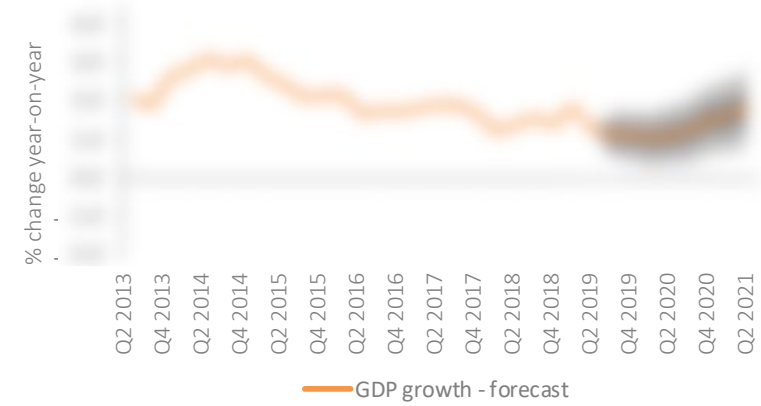
Leading Food and Grocery Retailers

Retailer	Market Share (%)	Future trend		Summary
		Previous	Q4 2019	
		▼	➤	
		▼	▼	
		▼	➤	
Morrisons		▼	▼	Morrisons came under pressure in the second quarter of 2019/20. The grocer’s total like-for-like sales (excluding fuel) were broadly flat at 0.2% growth in its half year to 4 August, with a 1.1% LFL decline in retail sales offset by 1.3% growth across the wholesale division. It blamed weak consumer confidence and tough comparatives against the World Cup and royal wedding last year.
Aldi		▲	▲	Aldi reported in September that total sales rose 11% to a “record” £11.3bn in 2018, on the back of new store openings and its £127m Project Fresh store revamp programme. The refits include more space for fresh food, which now accounts for around half of its sales. However, as a result of capital expenditure swelling 19% to £531.1m, the grocer’s pre-tax profit dived 18% to £182.2m in the period.
		➤	➤	
M&S		▼	▼	Marks & Spencer strengthened its food division in October, with the appointment of four new directors ahead of the launch online with Ocado expected in 2020. The four report to M&S food commercial director George Wright, who is overhauling its Food business with sharper prices, new format food halls, and supply chain improvements. Machin noted: “We’re making good progress on our food transformation, but we know this is just the first stage of a multi-year plan.”
		➤	▼	
Lidl		▲	▲	Lidl has been ramping up its sustainability credentials over the summer. Lidl has committed to reducing plastic packaging by a fifth by 2022 and ensure 100% of its own-brand packaging is widely recyclable, reusable, refillable or renewable by 2025. In August, Lidl became the first UK supermarket to roll out reusable bags for loose fruit and vegetables across all stores.
		▲	▲	

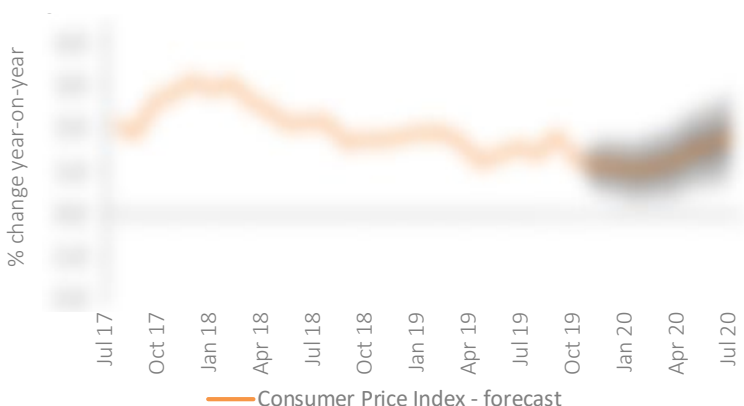
Source: Retail Economics analysis, consumer panel data, financial reports



GDP Forecast



Inflation Forecast



Inflation Forecast

XX%

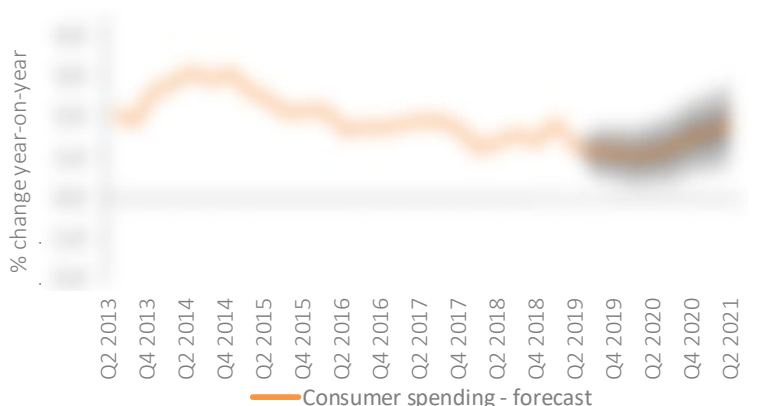
Inflation forecast for Q4 2019

Real Wages Forecast

XX%

Real wage growth forecast for Q4 2019

Consumer Spending Forecast



Real Wages Forecast



SUBSCRIBE TO ACCESS THE LATEST DATA

Source: Retail Economics

Source: Retail Economics

Source: Retail Economics analysis, consumer panel data, financial reports

Other reports and Services

Economic Retail Reports



UK Retail Sales

Monthly: covers a range of retail sales indices and category breakdowns including online retail sales, clothing and footwear, household goods, food, DIY and gardening, consumer electricals and more. [More info >](#)



UK Online Retail

Monthly: covers a range of online retail sales indices and category breakdowns including online retail sales, online growth rates by sector, online penetration rates, forecasts and market size estimates. [More info >](#)



UK Retail Inflation

Monthly: covers a range of retail inflation indices and category breakdowns including food inflation, non-food inflation, clothing and footwear, household goods, food, DIY and gardening, consumer electricals, commodity prices, exchange rates and more. [More info >](#)



UK Consumer*

Quarterly: analyses a range of UK consumer spending indicators including housing market data, consumer confidence, consumer credit, household inflation, labour market statistics, wage growth, retail sales and more. [More info >](#)



UK Retail Economic Briefing

Monthly: analyses a range of macroeconomic indicators including GDP, consumer spending, inflation, labour market, commodity prices, exchange rates, monetary indicators, credit and lending market data, house prices, mortgage data, retail sales and more. [More info >](#)



UK Retail Industry Outlook*

Quarterly: provides a forward-looking critical retail analysis. Predictive forecasts and insightful narrative draw upon our econometric models to help you identify the key risks and future opportunities to drive your strategic planning. [More info >](#)



Executive Report

Monthly: provides a succinct one-page summary ideal for senior management and meeting notes; concise need-to-know retail data for the month which includes a mix of the major economic indicators and retail metrics. [More info >](#)

WE PUBLISH MANY OTHER
RETAIL REPORTS

Retail Sector Reports



Food & Grocery

Food & Grocery retail sales index
Bespoke sector specific economic analysis
Food online sales and penetration rates
Market share data
Food inflation analysis and more. [More info >](#)



Clothing & Footwear

Clothing & Footwear retail sales index
Bespoke sector specific economic analysis
Clothing online sales and penetration rates
Consumer trends for online shopping
Spend on clothing by region and more. [More info >](#)



Homewares

Homewares retail sales index
Bespoke sector specific economic analysis
Homewares region spending data
Analysis of key economic drivers such as house moves, personal finances etc.
Weather data and more. [More info >](#)



Furniture & Flooring

Furniture & Flooring retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as consumer confidence, credit and lending
Regional footfall statistics and more. [More info >](#)



DIY & Gardening

DIY & Gardening retail sales index
Bespoke sector specific economic analysis
DIY & Gardening region spending data
Analysis of key economic drivers such as weather data, 'improve not move' trends
Executive summary and more. [More info >](#)



Electricals

Electricals retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as disposable income growth, product launches etc.
Electricals inflation and more. [More info >](#)



Health & Beauty

Health & Beauty retail sales index
Bespoke sector specific economic analysis
Health & Beauty shopper trends such as 'lipstick effect', own-brand cosmetics etc.
Impact of digital and social media
Household spend by region and more. [More info >](#)

Subscription Bolt-On Services



COVID-19 Service

Get impact assessment reports for the UK retail and leisure industry to help identify threats
"COVID-19 Quick Responses", consumer panel research
COVID-19 newsletters, economic chartbooks and more... [info >](#)



Shopper Sentiment Survey

Keep a finger on the pulse of what's driving UK consumer shopping behaviour. Identify the range of macroeconomic factors that influences household spending. Really understand your consumer base and the cost pressures they face
Identify opportunities within your sector.



Quick Response Service

Get the latest need-to-know retail news straight to your inbox. Choose: 1) Economic updates — GDP, consumer spending, retail sales, wages, house prices, credit and more; or 2) Retailer results — key financial results and critical retailer news reported for around 50 listed retailers.



Face-to-face presentation

Hear our thought-provoking views and opinions at your conferences, seminars, company away-days or board meetings
Get the personal touch from senior staff members — Richard Lim (CEO) & Stephen Robertson (Chairman) being in popular demand.



Retail Cost Base Index

Essential for improving your financial planning strategy
Gain a deeper understanding of your operating costs in order to manage risk. Learn how macroeconomic factors might affect your supply chain. Producer Price Index (inputs and outputs) data. Understand the impact of labour costs, business rates etc.



Tailored Reporting

Get the precise data your looking for and accurately answer key retail questions. It cuts through the noise and enables us to deliver bespoke reporting tools which are relied on by executive teams to identify the need-to-know economic indicators and to interpret what they mean for your business.



Additional users

Need more user accounts? No problem, this bolt-on allows you to add additional users so you can share insights directly within your team.

Why use Retail Economics?

“Retail Economics is more than a subscription. They provide insightful and thought-provoking economic and retail analysis.



Head of Retail and Leisure

“Retail Economics provides the business with the latest socio-economic data that enables us to understand the latest factors impacting customer behaviour.



Customer & Commercial
Insight Director

“Retail Economics helps put in to context the volatile economic environment which adds significant value to our business.



Business Manager

We're an **authoritative** voice...



Trusted by many



Our services



Subscription Service

Our subscription service is a completely tailored, holistic, retail intelligence package:

- Monthly economic reports
- Monthly retail sector reports
- Downloadable timeseries data
- Help desk assistance
- Quick response retail updates
- Shopper sentiment surveys
- COVID-19 Service content
- Retail cost base index
- Tailored reporting
- Face-to-face presentations
- Newsletters and more...

With our Subscription Service, you choose the monthly insight reports and services you need, we create a maximum value package for you. We offer:

Discover how our subscription service can improve your performance...

EXPLORE SUBSCRIPTIONS NOW



Thought Leadership Research

Be a prominent thought leader and command authority within your field by publishing thought leadership research.

Publishing cutting edge research on ahead-of-the-curve issues and trends affecting the industry is a proven method to command authority and raise profile. We plan and implement research, analyse results, identify key findings and generate reports with complete flexibility of input. This is a complete end-to-end service from research planning to campaign launch.



Data & Benchmarking

Using industry standard methodology and best practices, we provide bespoke proprietary data and benchmarking services allowing you to accurately measure and monitor performance.

Avoid inaccurate estimates and 'second guessing' to assess your performance. Get the precise data and use robust economic models to accurately gauge your performance against tailored metrics.



CEO Presentations

Get the personal touch and interact face-to-face with the CEO Retail Economics (City AM Analyst of the Year 2019 nominee).

Secure an opportunity to hear our thought-provoking views and opinions at your conferences, seminars, company away-days or board meetings; both Richard Lim (CEO) and Stephen Robertson (Chairman) being in popular demand.



Economic modelling

Better understand how your key industry variables affect your organisation: demography, socio-economic profiles, regional, sector, policy, industry and skills etc.

Our economic consultancy team use industry standard practices for: forecasting, scenario analysis, data analytics, socio-demographic projections and economic impact modelling. We also undertake highly bespoke modelling for forecasting.



Media, PR & Comms

Maximise impact and media traction for your projects and campaigns using our extensive industry expertise and well-established networks.

Secure the attention your work deserves and achieve its intended impact. We assist and advise on: campaign creation and planning, media engagement, messaging, propositioning, events, trends, insight analysis, thought leadership and influencer targeting.



Advisory & Business planning

Accelerate and grow your business with intelligent planning, forecasting and risk management using our business advisory service.

We work with multiple retailers, institutional investors and government departments using robust data and expert advice on: business plans, propositioning, funding, marketing and strategy. We can also conduct market research for more informed planning.



COVID-19 Service

Better assess the impact of the coronavirus crisis; essential to inform critical decisions, mitigate risk and to plan ahead in such challenging times.

Keep abreast of the latest developments affecting the industry. Gauge consumer sentiment by sector and channel with proprietary data. Identify opportunities from the myriad of challenges facing the industry.



Brexit advisory service

Our Brexit advisory service arms you with critical insights needed to limit your risk and ensure Brexit readiness and beyond.

Brexit is affecting many industries above and beyond retail. Our specialist Brexit advisors can help you navigate the policy implications, bringing clarity to your planning strategies and ensure you are best placed going forward.

Get in touch



Retail Economics
4th Floor
86-90 Paul Street
London
EC2A 4NE

+44 (0)20 3633 3698
www.retaileconomics.co.uk
amy.yates@retaileconomics.co.uk
[@retaileconomics](https://twitter.com/retaileconomics)

Retail Economics is an independent economics research consultancy focusing exclusively on the UK retail and consumer industry. Our subscription service empowers you with a deeper understanding of the key economic drivers supporting the UK retail industry, providing a competitive edge needed to make critical business and investment decisions.

Disclaimer: The articles and opinions contained in this publication do not necessarily reflect the views of Retail Economics. Whilst Retail Economics endeavours to ensure that the information in this publication is accurate and that the articles contain nothing prejudicial to the position or reputation of any party, Retail Economics shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision as a result of reading this report.

(C) Retail Economics (2020). The contents of this report and those of all ancillary documents and preparatory materials are the sole property of Retail Economics and are not to be copied, modified, published, distributed or commercially exploited other than with the express permission of Retail Economics. All rights reserved.