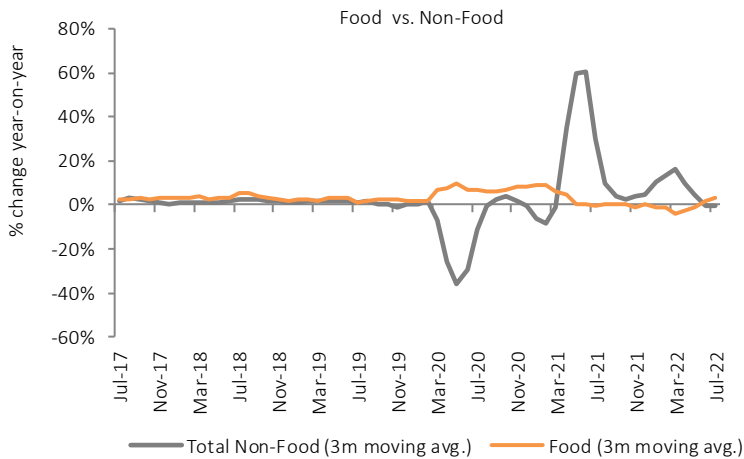


Retail Economics Retail Sales Index – July 2022

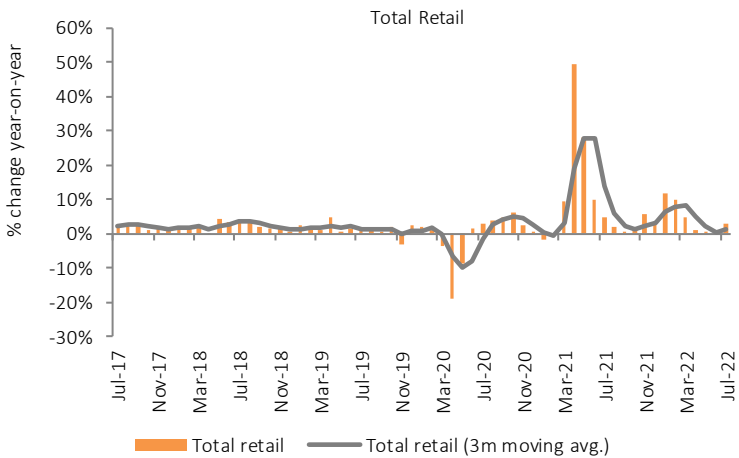
- Retail sales rose by 2.9% YoY in July against a 5.0% rise a year earlier. A number of exceptionals such as record high temperatures stimulated demand in certain categories, but the underlying sales performance is being impacted by rising living costs and economic uncertainty.
- Retail-specific inflation running at near double-digit levels means small increases in retail values equates to a decline in volumes once rising prices are accounted for.
- Food sales values rose at its strongest rate since February 2021 at 6.1% YoY in July. However, this was driven by rising food prices, which was one of the main contributors to inflation across the consumer basket hitting double-digit levels. Key products lines during the exceptional summer weather throughout July include barbeque ranges, alcohol and soft drinks.
- Against a softer comparative to last year, non-food only edged back into growth following two months of declines. Non-food sales rose by just 0.7% YoY in July against a 7.3% rise last year. Its performance is being impacted by less time at home, with DIY & Gardening sales (-8.2%) dragging on double digit Clothing (+12.5%) and Footwear (+14.3%).

Comparison of Food and Non-Food retail sales (value and non-seasonally adjusted, YoY growth) 3-month rolling average



Source: Retail Economics

Total retail sales, YoY growth, percentage change compared with the rolling 3-month average



Source: Retail Economics

Total retail market	Annual % growth
Feb-22	9.8%
Mar-22	4.7%
Apr-22	0.8%
May-22	0.5%
Jun-22	0.4%
Jul-22	2.9%

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar: 03 - 30 July 2022

Retail Sales
2.9%

Total retail sales rose by 2.9% YoY in July, according to Retail Economics

Retail Sales
Three-month average
1.2%

In the three months to July, retail sales rose by a soft 1.2% YoY according to Retail Economics

Against a softer comparative to last year, non-food only edged back into growth following two months of declines.

Retail Economics Retail Sales Index – July 2022

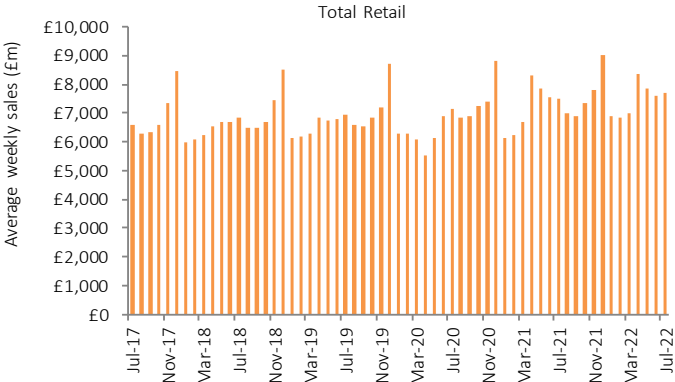
- Retail sales in July were supported by exceptionals such as Amazon’s Prime Day, record temperatures and pent-up demand for holidays.
- Although consumer confidence is at a record low, Clothing, Footwear, and Health & Beauty were able to offset the bleak outlook as consumers are determined to holiday this summer, turning to T-shirts, dresses and swimwear to cope with scorching temperatures at home.
- The exceptional warm weather in July also brought bright sparks to Electricals, as households bought fans in preparation for the expected warm weather. eBay said UK searches for air conditioning units quadrupled and fans tripled over the week leading to temperatures hitting 40 degrees. However, overall volumes across the category have been unable to escape wider challenges of supply issues and certain lines falling out of cyclical demand.
- Warm weather throughout the month and the first £326 Cost of Living Payment grant from the government meant fewer essential budgets were impacted by rising energy costs. This came to the benefit of Food (+6.0%), meaning households could treat themselves to picnics and celebrate England’s Lionesses Euro 2022 football performance. Nonetheless, volumes remain in decline.

Comparison of sales growth by sector over the last 12 months

Sector Growth Rankings	Jul-22	3 month avg.	6 month avg.	12 month avg.
Footwear	14.3%	13.6%	28.2%	24.3%
Clothing	12.5%	11.3%	26.0%	25.2%
Food	6.1%	3.3%	0.6%	0.0%
Health and Beauty	4.2%	2.2%	7.3%	7.2%
Electricals	-3.9%	-3.4%	-3.1%	-4.0%
Furn & Floor	-3.8%	-5.6%	1.6%	4.2%
Homewares	-5.2%	-6.4%	-2.9%	-1.0%
DIY and Gardening	-8.2%	-7.4%	-5.5%	-3.2%

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted

- Consumers are delaying non-essential spending where they can, impacting home categories. Big ticket furniture items remain impacted by delays, cost pressure and faltering demand following the pandemic spending spree. GfK’s index measure of willingness to spend on high value items remained a firmly negative -34 in July.
- Previous strong spend throughout periods of Covid restrictions is also impacting Homewares, with ‘nice to haves’ in the firing line as consumers face difficult choices when looking to reduce non-essential spending.
- DIY & Gardening faced a fifth consecutive month of declines in July, impacted by a host of reasons including consumers avoiding manual labour in the intense heat, rising material costs, and time spent socialising. It comes on the back of a wider trend of less time being spent at home compared to recent years. Households spent around 40 minutes a day improving their homes and gardens during the onset of the pandemic in 2020, but the lifting of Covid restrictions has seen that time halve according to Office for National Statistics data released in August.



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar – 03 - 30 July 2022

Food
6.1%

Food sales rose by 6.1% year-on-year in July (Retail Economics)

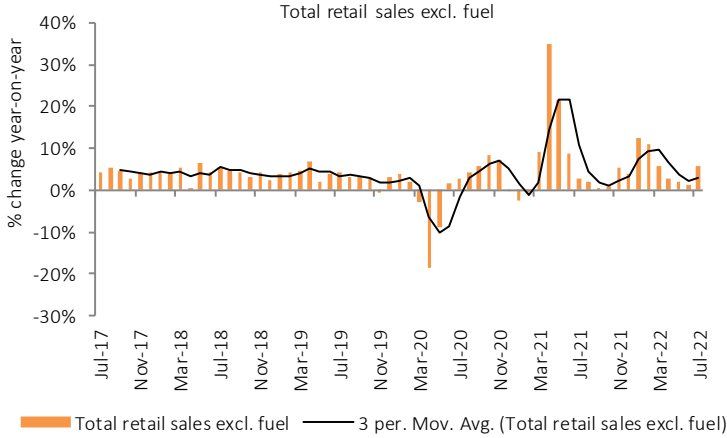
DIY & Gardening
-8.2%

DIY & Gardening sales declined by 8.2% year-on-year in July (Retail Economics)

Previous strong spend throughout periods of Covid restrictions is also impacting Homewares, with ‘nice to haves’ in the firing line as inflation soars.

Office for National Statistics – July 2022 - Total Retail Sales

- The ONS retail sales index rose at its strongest rate since March, at 5.7% year-on-year (YoY, value, non-seasonally adjusted) in July, supported by warm weather and online mega sales. Month-on-month (MoM), this marked a 3.0% increase on June.
- Given that the ONS’s retail sales deflator (a measure of inflation specific to retail) hit a record 8.9% YoY in July excluding fuel, volumes remained in decline during the month, albeit rates softened. Retail volumes fell by 3.0% YoY in the month, against a modest rise of 1.2% a year ago. This follows a 6.3% decline in June (non-seasonally adjusted, exc. fuel).
- On an annual basis, sales values among large retailers outpaces small retailers, rising by 6.6% YoY in July among large retailers (vs. +5.3% in 2021) compared to 3.0% among small retailers (against a weak -4.5% comparative). The pandemic-induced trend of shopping locally and avoiding cities elevated the proportion of sales made by small retailers – however, this is beginning to unwind, with the share of total sales made by small retailers declining.
- Predominantly non-food sales rose 6.7% YoY in July against a 7.5% rise last year. Sales rose 7.0% and 6.1% across large and small non-food retailers respectively in the month.
- Food store sales rose by 6.2% in July (vs. 2.3% July 2021). Growth was driven by rising food prices, with food volumes down 4.2% on last year.
- Clothing continued to see double-digit rises, with sales up by 13.5% YoY in July compared to 16.7% growth in the previous year. Demand was supported by the exceptionally warm weather and summer holidays abroad. Volumes rose by 5.4% YoY in July.
- Consumers looking to cut non-essential spend are doing so in home-related categories over the summer months. Furniture and Lighting stores sales edged up just 2.5% YoY in July against a 4.9% rise a year earlier. Volume declines deepened to -8.8% YoY in the month.
- Household Goods sales declined by 5.9% during the month, against 6.1% growth last year. Volumes remained in double-digit decline at -14.8% YoY.



Total retail market (exc. fuel)	Annual % growth	Monthly % growth
Feb-22	10.9%	1.2%
Mar-22	5.7%	4.2%
Apr-22	2.9%	4.2%
May-22	1.9%	0.1%
Jun-22	1.3%	-0.1%
Jul-22	5.7%	2.6%

Source: ONS
*Period aligned to ONS trading calendar – 03 - 30 July 2022

ONS Retail Sales
Year-on-year growth

5.7%

Retail sales values rose 5.7% year-on-year in July (ONS)

Store Prices
Year-on-year growth

8.9%

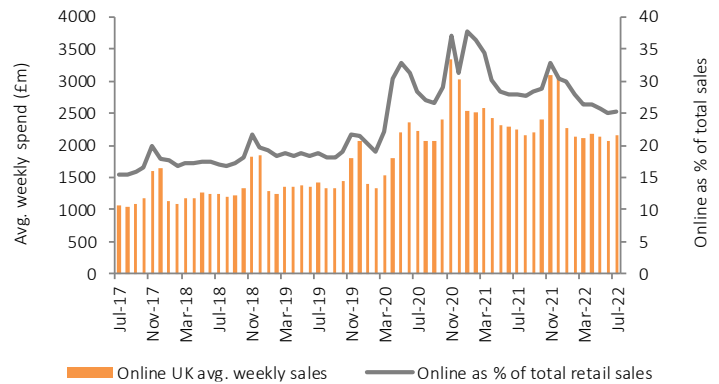
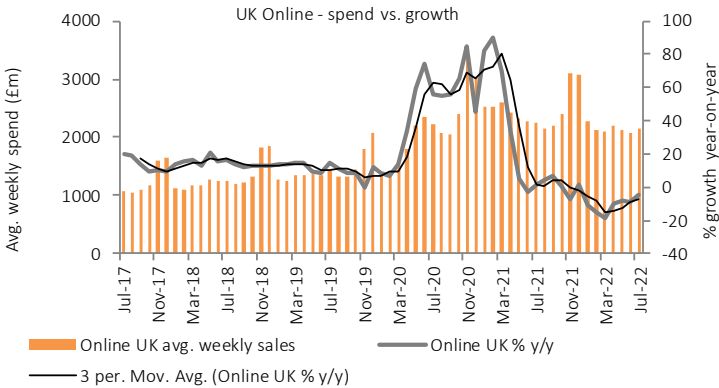
Average store prices rose by 8.9% year-on-year in July (exc. fuel, ONS)

Clothing continued to see double-digit rises, with sales up by 13.5% YoY in July compared to 16.7% growth in the previous year.

Office for National Statistics – July 2022

Online Retail Sales

- Online sales declined by 4.2% YoY in July, marking its best performance this year. It compares to a soft 1.5% rise a year earlier (value, non-seasonally adjusted).
- Non-store retailing (a proxy for pureplay retailers) saw sales edge up 0.4% YoY, driven by Amazon’s Prime Day in July.
- All other online categories continued to record a decline in the month, with Household Goods (-9.8%) and Food (-12.2%) and non-specialised stores (-13.5%) seeing the deepest declines.
- The proportion of retail sales made online remained roughly at a quarter of total sales in July – with the penetration rate at 25.3%, down from 28.0% a year earlier.
- Overall, average weekly online sales were £2.2 billion in July, down £95m on last year.



Source: ONS
*Period aligned to ONS trading calendar – 03 - 30 July 2022

Online Retail Sales

Year-on-year growth

-4.2%

Online Retail sales decreased by 4.2% YoY, value and non-seasonally adjusted (ONS)

Online Share of Total

Year-on-year growth

25.3%

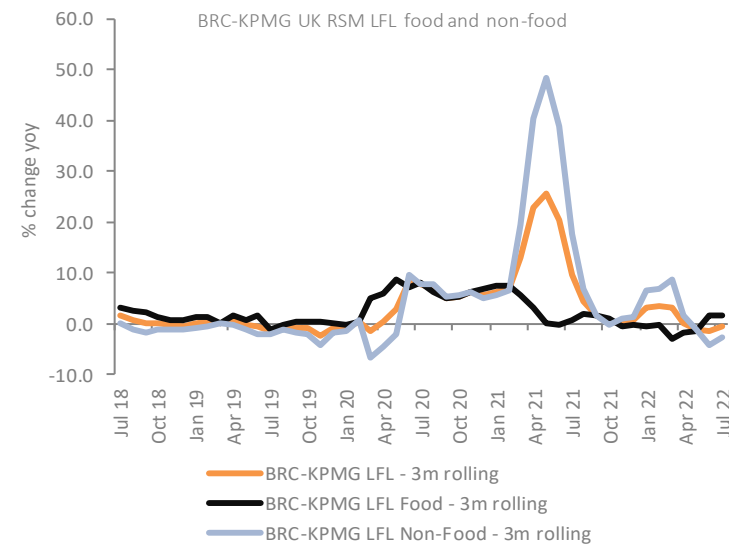
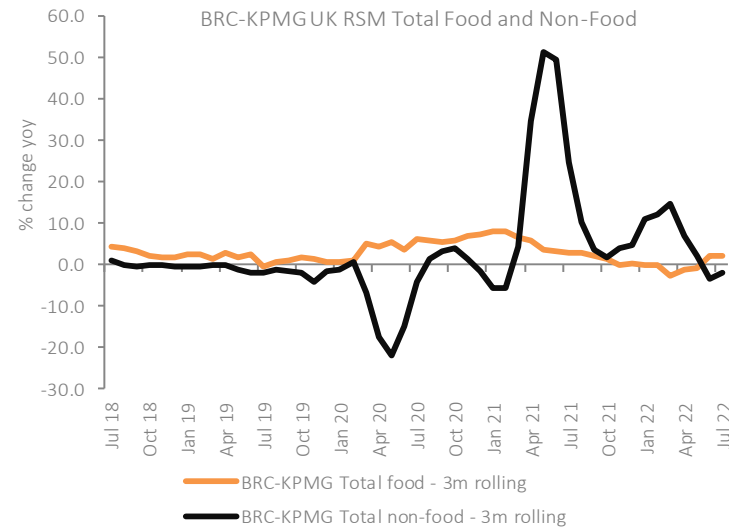
Online accounted for 25.3% of total retail sales (ONS)

Non-store retailing (a proxy for pureplay retailers) saw sales edge up 0.4% YoY, driven by Amazon’s Prime Day in July.

BRC-KPMG Retail Sales Monitor – July 2022

- Total sales rose by 2.3% year-on-year in the four weeks to 30 July 2022, against a 6.4% rise a year earlier.
- Like-for-like sales (LFLs) also rose, up 1.6% YoY in July, compared to 4.7% growth last year.
- On a total basis, food sales rose by 2.3% YoY in the three months to July – above the 12-month average growth of 0.6%. For the month of July, Food was in growth year-on-year. On a LFL basis, food sales rose by 1.8% over the three months to July.
- In the three months to July, non-food sales fell by 2.0% on a total basis and by 2.5% on a LFL basis YoY. This remains below the 12-month total average rise of 4.5%. For the month of July, the BRC commented that non-food sales were in growth year-on-year.
- On an annual basis, total online non-food sales declined by 3.9% in July. This is above the three-month average decline of 7.3%.
- Total in-store non-food sales rose by 2.0% YoY in the three months to July – below the 12-month average of 34.4%.
- The non-food online penetration rate declined to 39.5% in July – broadly unchanged from last month, but lower than 42.3% a year earlier.

*adjusted by stripping out declines from temporary store closures and including online sales.



Source: BRC-KPMG, Retail Economics analysis

*Period aligned to ONS trading calendar – 03 - 30 July 2022

BRC Total Retail Sales

Year-on-year growth

2.3%

Retail sales rose by 2.3% YoY in July, according to the BRC-KPMG Retail Sales Monitor

BRC Retail Sales LFL

Year-on-year growth

1.6%

Like-for-like sales rose by 1.6% YoY in July (BRC-KPMG Retail Sales Monitor)

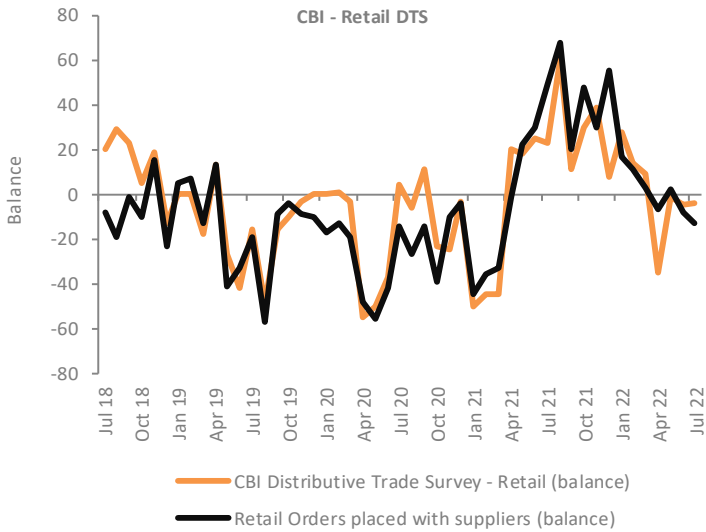
In the three months to July, non-food sales fell by 2.0% on a total basis and by 2.5% on a LFL basis YoY.

CBI Distributive Trade Survey for Retail – July 2022

- Sales volumes improved in July, falling -4% from -5% last month (latest CBI Distributive Trades Survey). Sales volumes are expected to fall at a faster pace next month (-14%).
- Sales were seen as poor for the time of year in July (-9%, from -19% in June) and are expected to remain below seasonal norms in August (-6%).
- Retailers' orders placed with suppliers fell in July YoY to -13% from -8% last month. A sharper decline is expected over the year to August (-28%).
- Retailers saw stock levels in relation to expected sales as "too high" in July at +29%, up from +12% in June – the highest level for two years. Stock levels are expected to remain at a similar level next month (+25%).
- Internet sales volumes continued to contract in the year to July, at a broadly similar pace to last month (-37% from -38% in June).

Coffer CGA Business Tracker – July 2022

- The Coffer-Peach Tracker monitors sales for the UK Pub and Restaurant sector, collecting and analysing monthly performance data from 66 operating groups.
- Overall like-for-like sales were flat in July on the equivalent period three years ago. Removing deliveries and takeaways would see sales decline 3.3%. Total sales fared better, rising by 6.0% on a total basis, supported by surging inflation. However, In real terms sales are significantly behind pre-pandemic levels.
- Performance was impacted by July's heatwave and a number of rail strikes.
- Restaurants (+1.3%) were the standout performer on a LFL basis. Notably managed groups dine-in sales fell by 8.0%, suggesting sales were in part being supported by deliveries. Pubs recorded a slight decline (-0.6%) while Bars disappointed (-1.7%).
- Trading in London remains challenging, with LFL sales within the M25 falling by 2% in July, compared to 0.7% growth outside the M25.



Source: CBI

Coffer CGA Business Tracker

July 2022 vs. July 2019

	Total sales	LFL sales
All outlets	6.0%	0.0%
Pubs	7.0%	-0.6%
Restaurants	4.8%	1.3%
Bars	4.4%	-1.7%

Source: Coffer CGA Business Tracker

Distributive Trades

Year-on-year growth

-4%

The overall balance of sales volumes for retailers eased to -4% in July, from -5% in June

Coffer CGA Business Tracker

3-year Growth

+6.0%

Total sales rose by 6.0% year-on-three years in July across the pub and restaurant sector

Total sales fared better, rising by 6.0% on a total basis, supported by surging inflation. However, In real terms sales are significantly behind pre-pandemic levels.

BDO High Street Sales Tracker – July 2022

Headline statistics

- Total like-for-like (LFL) sales increased by +12.4% in July, compared to a 23.9% rise a year ago.
- Non-store LFL sales rose by 4.8%, against a 16.1% rise a year ago.

Growth slows

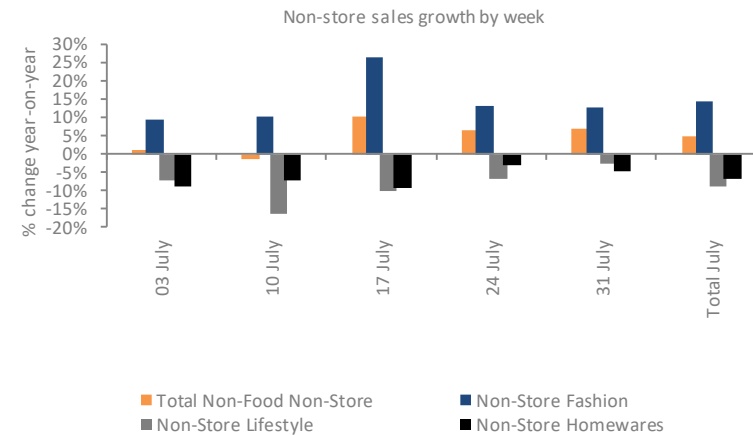
- Total LFLs increased in all weeks of the month with week three the strongest performing (+21.8%). The second half of the month outperformed the first half.
- Fashion was the standout performer (+20.0%), followed by Lifestyle (+11.6%). Homewares (-6.0%) remained in negative territory against a 8.4% rise a year ago.

Footfall

- Overall footfall rose throughout July.
- High Street footfall rose strongly in the first two weeks of the month (+26.0% and +27.4%), but eased in the second half. Shopping centre footfall followed a similar trajectory.
- Retail parks footfall was mixed, ending the month with two weeks of decline.

Category breakdown

- Lifestyle LFL sales increased by 11.6% in July, compared to a 21.1% rise a year ago. In-store LFLs remained in positive territory while Non-store Lifestyle decline for the ninth consecutive month.
- Fashion sales rose by 20.0% in July from a base of 36.5% a year earlier. Fashion was the strongest performer in all but the final week of the month.
- Homewares sales fell by 6.0% in July from a base of +8.4% a year ago, improving on the previous month. Total homeware LFLs were negative in all but one week in July with in-store LFLs falling by 0.7% from a strong base a year ago.



Source: BDO, Retail Economics analysis, Period covers 27 June – 31 July 2022

**BDO Overall
Like-for-Like Sales**
Year-on-year growth
+12.4%

Retail sales rose by 12.4% YoY in July, according to BDO

**BDO
Non-Store**
Year-on-year growth
+4.8%

BDO's Non-Store (predominately a measure of online non-food sales) rose by 4.8% in July

Fashion was the standout performer (+20.0%), followed by Lifestyle (+11.6%). Homewares (-6.0%) remained in negative territory against a 8.4% rise a year ago.