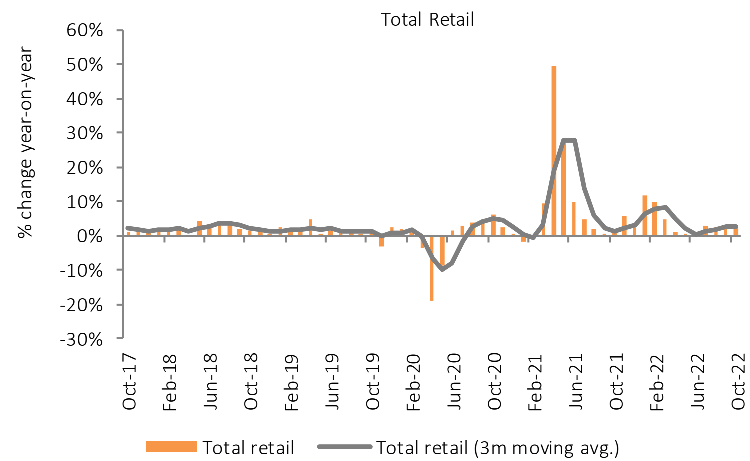
Retail Economics Retail Sales Index – October 2022

- Retail sales rose by a weak 2.5% YoY in October against a 1.1% rise in the previous year, impacted by a shift to value as inflation hits new highs in the golden quarter.
- After accounting for double-digit inflation, a small increase in retail values equates to a decline in volumes.
- Food sales rose by 6.2% YoY in October (value), against a weak 0.3% rise last year. Value growth is being driven by accelerating food prices, with the quantity of food being bought in decline.
- Non-food sales slipped back into decline at -0.4% in October, despite comparatives remaining weak (+1.6% in October 2021). This represents a significant volume decline as discretionary budgets across the majority of households deteriorate.
- Annual growth has slowed across categories that were previously supporting non-food growth, including Clothing (+1.5%) and Footwear (+5.9%) as comparatives strengthen.

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



Source: Retail Economics

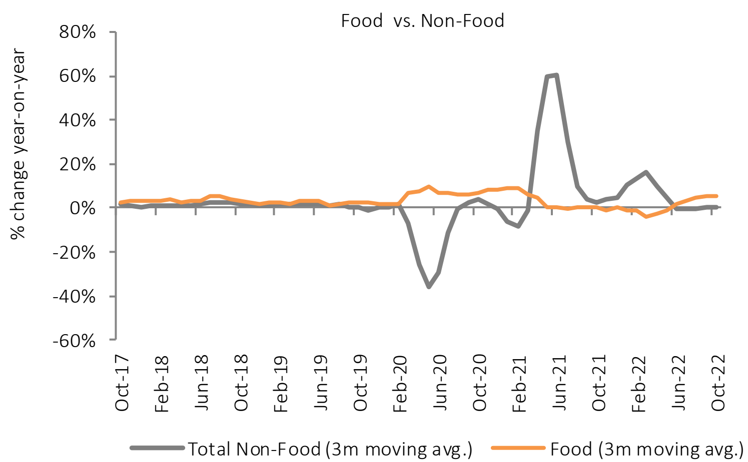
Retail Sales
2.5%

Total retail sales rose by 2.5% YoY in October, according to Retail Economics

Retail Sales Three-month average
2.5%

In the three months to October, retail sales rose by a subdued 2.5% YoY according to Retail Economics

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



Source: Retail Economics

Total retail market	Annual % growth
May-22	0.5%
Jun-22	0.4%
Jul-22	2.9%
Aug-22	2.4%
Sep-22	2.6%
Oct-22	2.5%

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar: 02 -29 October 2022

Annual growth has slowed across categories that were previously supporting non-food growth, including Clothing and Footwear.

UK Retail Sales | Retail Economics | T: +44 (0) 20 3633 3698 E: amy.yates@retaileconomics.co.uk

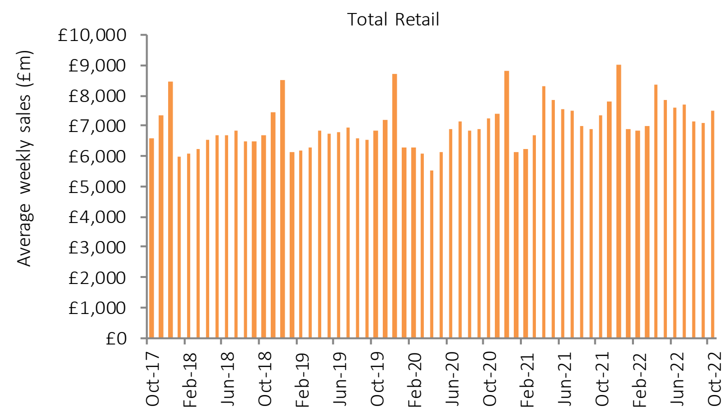
Retail Sales – October 2022

- As essential prices soared, retail sales remained weak as energy conscious consumers shifted spending in October.
- Clothing and Footwear continued to outperform other non-food categories in October, but sales are softening as comparatives to last year get tougher.
- The warmest October since 2006 brought less need to wrap up, dampening sales of winter clothing which previously supported retail as consumers looked at ways to avoid heightened heating costs ahead of the energy price cap rise.
- When consumers are looking to spend, many are doing so across energy saving devices such as electric blankets, heated clothes airers and air fryers, which saw the strongest demand in October.
- But larger appliances have fallen out of demand as consumers look to cut back, which alongside supply issues has kept the overall Electricals category in decline, falling 4.2% YoY in the month.
- Health & Beauty remained in growth, driven by forward spending for Christmas. This saw beauty in demand as consumers look to spread the cost of gifting, but demand for luxury beauty advent calendars is said to be slowing as consumers look to trade down.
- Sales remain weak across home-related categories, despite softening comparatives. DIY & Gardening plunged further into decline, with sales down by 5.0% (versus -4.9% in October 2021).
- While energy-saving home items such as duvets, blankets and curtains are in demand, Homewares sales slipped into negative territory as consumers cut non-essentials, while Furniture & Flooring has been impacted by willingness to spend on big ticket items. GfK's consumer confidence index for major purchases dropped 3 points to -41 in October.
- Food provided the strongest uplift to retail sales in October. But grocery sales were driven by double-digit inflation across food prices, with volumes in decline as consumers trade down their essential spending. It's seen discounters such as Aldi and Lidl and own brand labels continue to outperform.

Comparison of sales growth by sector over the last 12 months

Sector Growth Rankings	Oct-22	3 month avg.	6 month avg.	12 month avg.
Food	6.2%	5.5%	4.5%	1.4%
Footwear	5.9%	6.8%	10.2%	23.8%
Health and Beauty	3.9%	3.8%	3.1%	7.2%
Furn & Floor	2.5%	0.4%	-2.7%	4.6%
Clothing	1.5%	3.8%	7.6%	22.9%
Homewares	-1.1%	-1.9%	-4.3%	-1.0%
Electricals	-4.2%	-3.6%	-3.6%	-3.9%
DIY and Gardening	-5.0%	-6.0%	-6.8%	-4.3%

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



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar – 02 -29 October 2022

Food

6.2%

Food sales rose by 6.2% year-on-year in October (Retail Economics)

Home improvement

-5.0%

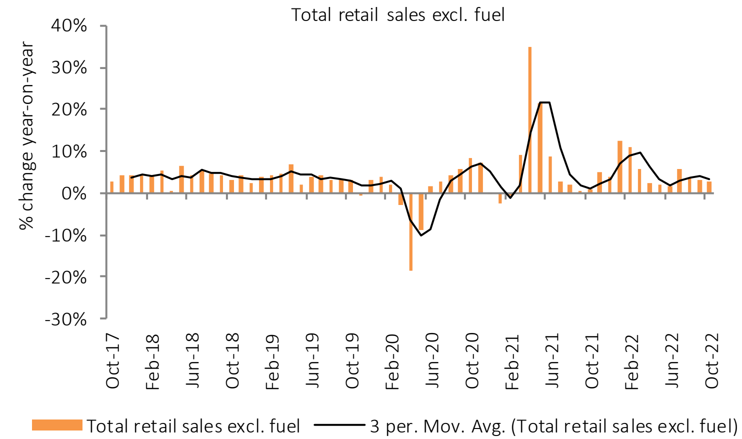
DIY & Gardening sales plunged by 5.0% year-on-year in October (Retail Economics)

When consumers are looking to spend, many are doing so across energy saving devices such as electric blankets, heated clothes airers and air fryers, which saw the strongest demand in October.

UK Retail Sales | Retail Economics | T: +44 (0) 20 3633 3698 E: amy.yates@retaileconomics.co.uk

Office for National Statistics – October 2022 - Total Retail Sales

- The ONS retail sales index rose by a soft 2.8% year-on-year (YoY) in October according to the latest ONS data, lagging inflation as budgets come under pressure.
- Month-on-month, this marked a strong 7.2% rise. But comparisons to September should be taken with caution, given it faced one less trading day during the Queen's funeral, with many retailers closing for extended periods.
- Annual volumes have been in decline since March. Retail sales volumes fell by 6.7% YoY in October against a decline of 1.9% a year ago (non-seasonally adjusted, exc. fuel), marking its weakest rate since the first Covid-19 lockdown in 2020.
- It comes as the retail sales deflator (a measure of inflation specific to retail) remained at a record 10.2% YoY in October excluding fuel (records began in 1989). The deflator surged 11.4% when including fuel.
- On an annual basis, sales values among small retailers remains in decline as strong pandemic sales unwind, declining by 2.5% YoY in October. This compares to a 4.5% rise among large retailers.
- Predominantly non-food sales rose 1.5% YoY in October, unchanged from a year earlier. Sales rose 2.4% across large non-food retailers, but declined 0.7% across small retailers in the month.
- Food stores continue to be impacted by surging inflation across essentials, with volumes under intensifying pressure. Although food sales values rose by 5.1% in October (versus 1.4% last year), food volumes declined by 7.2% on last year – its weakest rate since the lifting of restrictions in March.
- Clothing sales weakened against strong comparatives. Clothing sales rose by just 3.6% YoY in the October against 16.6% growth a year earlier. Volumes declined at the fastest rate since 2021's lockdown, deepening to -5.4% YoY in October.
- Furniture and lighting volumes declined by 8.0% in October, against a weak 15.8% decline in the previous year.
- Volumes across Household Goods declined by 13.8% in October. Sales values declined by 5.7% in the month, against a 6.2% decline in the previous year.
- The ONS noted that other non-food stores, which includes second-hand retailers and auction houses, reported a strong monthly rise in sales volumes as consumers look to cut expenses. Although sales volumes were down 7.5% on last year, it marked its strongest performance since March, with volumes jumping 28.2% between September and October.



Total retail market (exc. fuel)	Annual % growth	Monthly % growth
May-22	1.9%	0.6%
Jun-22	1.5%	0.1%
Jul-22	5.7%	2.4%
Aug-22	3.6%	-4.9%
Sep-22	3.2%	-1.1%
Oct-22	2.8%	7.2%

Source: ONS
*Period aligned to ONS trading calendar – 02 -29 October 2022

ONS Retail Sales

Year-on-year growth

2.8%

Retail sales values rose 2.8% year-on-year in October (ONS)

Store Prices

Year-on-year growth

10.2%

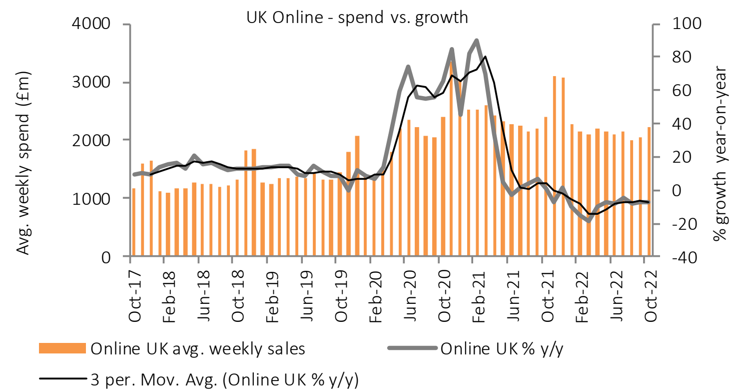
Average store prices rose by 10.2% year-on-year in October (exc. fuel, ONS)

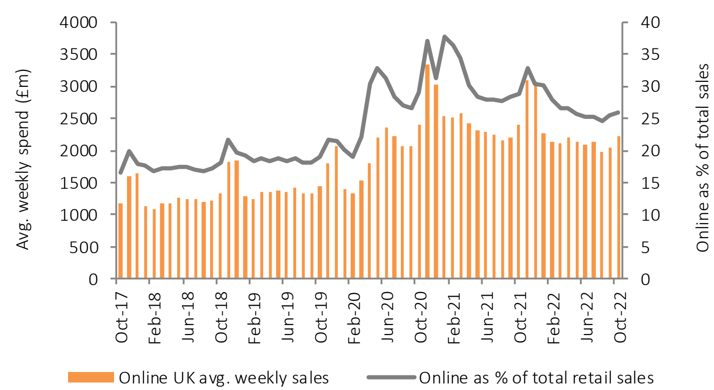
Second-hand retailers and auction houses reported a strong monthly rise in sales volumes as consumers look to cut expenses.

Office for National Statistics – October 2022

Online Retail Sales

- Online sales values declined by 7.4% YoY, compared to a weak 0.6% rise a year earlier (value, non-seasonally adjusted).
- All major online categories recorded a decline in the month. The deepest declines online remained across Household Goods (-11.1%).
- Non-store retailing (a proxy for pureplay retailers) saw sales decline by 6.0 % YoY in October, while foods sales dropped 8.0%.
- The proportion of retail sales made online was 26.0% in October, down from 28.9% a year earlier.
- Overall, average weekly online sales were £2.2bn in October, down from £2.4bn last year.





Source: ONS
*Period aligned to ONS trading calendar – 02 -29 October 2022

Online Retail Sales

Year-on-year growth

-7.4%

Online Retail sales decreased by 7.4% YoY, value and non-seasonally adjusted (ONS)

Online Share of Total

Year-on-year growth

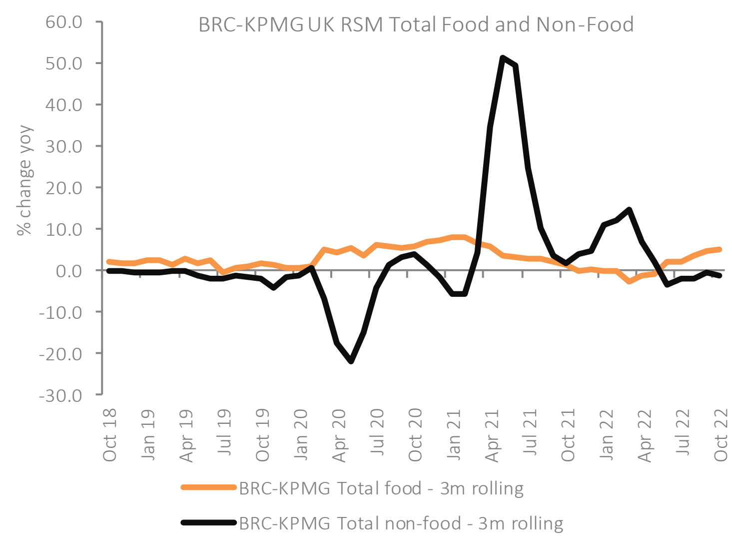
26.0%

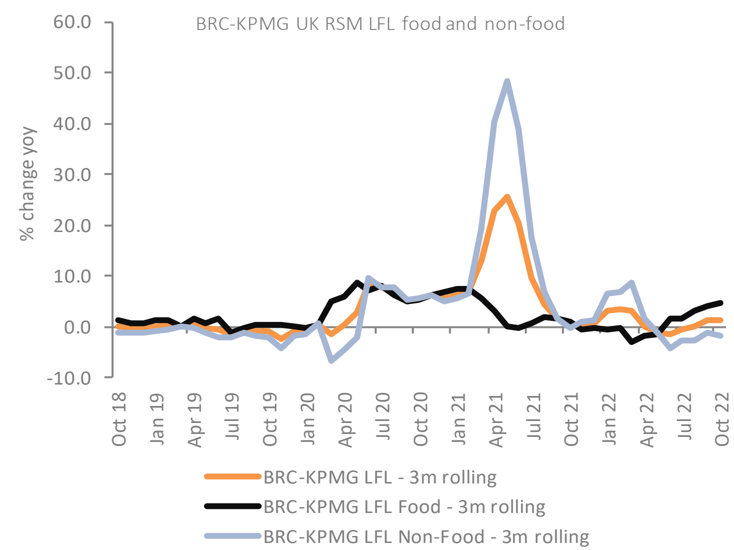
Online accounted for 26,0% of total retail sales (ONS)

All major online categories recorded a decline in the month. The deepest declines online remained across Household Goods.

BRC-KPMG Retail Sales Monitor – October 2022

- Total sales rose by just 1.6% year-on-year in the four weeks to 29 October 2022, against a soft 1.3% rise a year earlier.
- Like-for-like sales (LFLs) rose by 1.2% YoY in October, compared to a weak 0.2% decline last year.
- Food sales growth was driven by double-digit inflation in the category, rising by 5.1% YoY on a total basis in the three months to October. On a LFL basis, food sales rose by 4.7% over the three months to October.
- In the three months to October, non-food sales fell by 1.2% on a total basis and by 1.8% on a LFL basis YoY. Its performance was dragged by softening apparel sales, following spending on winter clothing in recent months.
- On an annual basis, total online non-food sales declined by 6.3% in October.
- Meanwhile total in-store non-food sales rose by 1.3% YoY in the three months to October.
- The non-food online penetration rate declined to 39.9% in October – down from 42.0% a year earlier.





Source: BRC-KPMG, Retail Economics analysis
*Period aligned to ONS trading calendar – 02 -29 October 2022

BRC Total Retail Sales

Year-on-year growth

1.6%

Retail sales rose by 1.6% YoY in October, according to the BRC-KPMG Retail Sales Monitor

BRC Retail Sales LFL

Year-on-year growth

1.2%

Like-for-like sales rose by 1.2% YoY in October (BRC-KPMG Retail Sales Monitor)

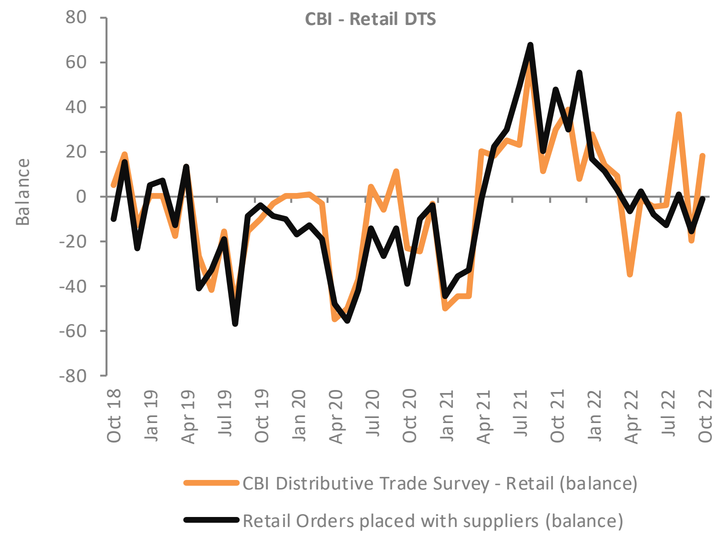
Food sales growth was driven by double-digit inflation in the category, rising by 5.1% YoY on a total basis in the three months to October.

CBI Distributive Trade Survey for Retail – October 2022

- Retail sales volumes grew in the year to October (+18%), following a decline last month (-20%). Retailers expect sales volumes to fall next month (-9%).
- Retail sales were good for the time of year in October (+20%), following disappointing seasonal volumes in September (-7%). Retailers expect sales to be largely in line with seasonal norms in November (+2%).
- Orders placed upon suppliers were for the most part unchanged in the year to October (-1% from -16% in September). Orders are expected to decline next month (-16%).
- Retailers viewed stocks in October as "too high" relative to expected sales to the same extent as last month (+8% from +8% in September). Stock positions are expected to ease in November to be broadly "adequate" (+2%).

Coffer CGA Business Tracker – October 2022

- The Coffer-Peach Tracker monitors sales for the UK Pub and Restaurant sector, collecting and analysing monthly performance data from 74 operating groups.
- Overall like-for-like sales increased 1.5% YoY in October, and 4.3% from October 2019. However, when inflation is accounted for, sales are significantly behind 2021 and 2019 in real terms.
- Pubs (+6.4%) were the standout performer on a LFL basis, outperforming both restaurants (-3.6%) and bars (-12.7%) which disappointed.
- Trading in London improved, with LFL sales within the M25 rising by 6.4% in October, This compared to a slight 0.3% increase outside the M25.



Source: CBI

Coffer CGA Business Tracker

October 2022 vs. October 2019

	Total sales	LFL sales
All outlets	4.7%	1.5%
Pubs	9.5%	6.4%
Restaurants	-0.1%	-3.6%
Bars	-9.9%	-12.7%

Source: Coffer CGA Business Tracker

Distributive Trades

Year-on-year growth

18%

Year-on-year retail sales grew in October 2022

Coffer CGA Business Tracker

Year-on-year growth

1.5%

Like-for-like sales increased by 1.5% year-on-year in October across the pub and restaurant sector

Overall like-for-like sales increased 1.5% YoY in October, and 4.3% from October 2019. However, when accounting for inflation, sales are significantly behind 2021 & 2019 in real terms.

BDO High Street Sales Tracker – October 2022

Headline statistics

- Total like-for-like (LFL) sales increased by 3.5% in October from a base of 19.9% for the equivalent month last year.
- Total non-store LFLs increased 0.5% from a base of 15.7% last year.

Growth slows

- October marks twenty consecutive months of positive total LFL sales, but is also a third straight month of relatively slow growth amidst a context of high inflation
- Fashion was the standout performer (+6.7%), followed by Homewares (+3.5%). Lifestyle (-0.1%) experienced negative total LFLs for the first time since February 2021.

Footfall

- Overall footfall was positive throughout October, with the largest increase (10.1%) taking place in the first week of the month.
- Footfall on the high street was positive throughout October, starting the month on a high of +14.4% and recording growth figures of above 5% in each of the four weeks, the lowest increase being 6.9% in the second week. Shopping centres saw positive footfall throughout October, starting the month with an increase of 9.0% and ending with an increase of 2.3%.
- Similarly, retail parks footfall rose in the first three weeks of October, starting with growth of 1.8%, but ended the month with a decline of -1.2%.

Category breakdown

- Lifestyle total LFLs declined by 0.1% in October from a base of +10.0% for the equivalent month last year. In-store LFLs for lifestyle rose by 3.2% this month from a base of +19.8% last year.
- Fashion total LFLs rose by 6.7% this month from a base of +36.8% for October last year. In-store LFLs for fashion increased by 7.6% from a base of +56.6% last year.
- Homewares total LFLs rose by 3.5% in October from a base of +0.7% last year. In-store LFLs for homewares rose by 9.3% in October from a base of +14.9% last year.

Source: BDO, Retail Economics analysis, Period covers 26 September 30 - October 2022

BDO Overall Like-for-Like Sales

Year-on-year growth

+3.5%

Retail sales rose by 3.5% in October from a base of 19.9% for the equivalent month last year.

BDO Non-Store

Year-on-year growth

+0.5%

BDO's non-store LFLs increased 0.5% from a base of +15.7% last year.

Fashion was the standout performer (6.7%), followed by Homewares (3.5%). Lifestyle (-0.1%) experienced negative total LFLs for the first time since February 2021.