

BRC-KPMG Retail Sales Monitor March 2008

Covering the five weeks 2 March – 5 April 2008

Strictly Embargoed until 00:01 hrs – Tuesday 15th April 2008

SALES VALUES FALL FOR FIRST TIME IN TWO YEARS

MARCH	
Like-for-Like	Total
% change on year ago	
-1.6%	1.1%

JANUARY – MARCH	
Like-for-Like	Total
% change on year ago	
0.8%	3.5%

- UK retail sales fell 1.6% on a like-for-like basis, compared with March 2007, when sales were up 3.9%. The decline was the worst since July 2005 when cold wet weather hit sales.
- The earlier Easter, together with extremely unseasonal weather and school holidays spread across several weeks, make comparisons difficult. The additional spending for Easter being in March this year but in April last year would normally be expected to result in a year-on-year increase in sales.
- Food sales slowed after two strong months and clothing and footwear were the worst for at least 8 years. Homewares and furniture fell further, despite continued discounting and promotions.
- Consumer confidence has fallen further to new lows. With increasing demands on household budgets, shoppers are very price-conscious and reluctant to spend on big-ticket items. Heavy discounting was still needed to tempt customers to buy.

Stephen Robertson, Director General, British Retail Consortium, said:

"This is the first year-on-year fall in like-for-like sales for two years and the worst result for nearly three years. Here is the strongest evidence yet that customers are making serious economies and are increasingly concerned about the future. With recent retail profit warnings, it is further proof that trading is extremely tough but retailers are fighting back by keeping prices low and delivering extra value.

"Hard-up customers and dreadful Easter weather conspired to dampen demand for DIY and gardening retailers and those selling clothing, footwear and big-ticket items such as domestic appliances and furniture but almost every sector except food saw sales down on a year ago. It's clear customers are concentrating on essentials."

Helen Dickinson, Head of Retail, KPMG, said:

"Given the timing of Easter, one thing we expected was this month's figures to be strong. Instead, we have the worst monthly performance since July 2005. Retailers were hit by the double whammy of an early Easter and poor weather even before factoring in the slowdown in consumer spending on the back of rising inflation, falling house prices and the impact on consumer confidence of the credit crisis. The week leading up to Easter Saturday bode well but the performance in the remaining two weeks of the month was not sufficient to hold up the month's results. All sectors, with the exception of food and homewares, which had nothing to write home about, delivered negative like-for-like sales across the month. Consumer confidence remains on a knife-edge."



Food & Drink – Joanne Denney-Finch, Chief Executive, IGD, said:

"Annual comparisons are hard to read this month owing to the phasing of Easter as the figures cover different holiday weeks from the equivalent period in 2007. However wintry weather will have dampened appetites for arriving summer lines. Therefore grocery retailers will need to redouble their efforts to win custom through a compelling package of range, promotions and price.

"A critical period lies ahead which will show how effective retailers have been in satisfying the needs of customers increasingly intent on hunting out value from a competitive marketplace."



BRC-KPMG Retail Sales Monitor March 2008

Covering the five weeks 2 March – 5 April 2008

Media Enquiries

British Retail Consortium
21 Dartmouth Street
London SW1H 9BP
020 7854 8900
www.brc.org.uk

KPMG
8 Salisbury Square
London EC4Y 8BB
020 7311 1000
www.kpmg.co.uk

Richard Dodd, 020 7854 8924
richard.dodd@brc.org.uk

Rachael Halliday, 0117 905 4373
rachael.halliday@kpmg.co.uk

The March 2008 Monitor covers the five weeks 2 March – 5 April 2008 and provides the most up-to-date reflection of recent retail performance.

The April 2008 Monitor, covering the four weeks 6 April – 3 May 2008, will be released at 00.01am Tuesday 13 May.

The data is collected and collated for the BRC by KPMG.

BRITISH RETAIL CONSORTIUM
for successful and responsible retailing

The British Retail Consortium is the lead trade association representing the whole range of retailers, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and virtual stores.

Sponsored and Administered by



KPMG is a global network of professional services firms providing audit, tax, and advisory services with industry focus. Our aim is to turn knowledge into value for the benefit of our firms' clients, people, and the capital markets. With nearly 94,000 people worldwide, KPMG member firms provide audit, tax, and advisory services from 717 cities in 148 countries.

Food Data Supplied by



IGD makes a difference by providing international market intelligence, supply chain best practice and consumer insight to the food and grocery industry worldwide.

We work with consumers, companies and individuals across the chain to provide authoritative information, insight, thought leadership and leading edge best practice to help companies grow their business and develop their people.

BRC-KPMG Retail Sales Monitor March 2008

Covering the five weeks 2 March – 5 April 2008

12-month Moving Average Charts

The 12-month moving average chart shows the average growth rate for the 12 months ending with the latest month. For example, the March 2007 12-month moving average total sales growth is the sum of the 12 percentage total growth rates, one for each of the 12 months April 2006 - March 2007, divided by 12. It does not represent an annualised growth rate as no re-weighting of individual months has been undertaken. In order to maintain the robust basis upon which the Retail Sales Monitor is prepared, it was felt that re-weighting the monthly data would bring an unnecessary level of judgement to the calculation.

Notes

The BRC-KPMG Retail Sales Monitor measures changes in the actual value of retail sales from a sample of retailers. The Monitor measures the value of spending and hence does not adjust for price changes. If prices are rising, sales volumes will increase by less than sales values. In times of price deflation, sales volumes will increase by more than sales values.

Retailers report the value of their sales for the current period and the equivalent period a year ago. These figures are reported both in total and on a 'like-for-like' basis.

'Like-for-like' sales growth is the percentage change in the value of comparable store sales compared to the same period a year earlier. It excludes any spending in stores that opened or closed in the intervening year, thus stripping out the effect on sales of changes in floorspace. Therefore like-for-like sales growth will always be lower than total sales growth.

The like-for-like measure is often used by retailers, the city and analysts to assess the performance of individual companies, retail sectors and the industry overall, without the distorting effect of changes in floorspace.

Total sales growth is the percentage change in the value of all sales compared to the same period a year earlier. The total sales measure is used to assess market level trends in retail sales. It is a guide to the growth of the whole retail industry, or how much consumers in total are spending in retail – retail spending represents approximately one-third of consumer spending. It is this measure that is often used by economists.

The responses provided by retailers within each sales category are re-weighted (based on ONS weightings) to reflect the contribution of each category to total retail sales, thus making it representative of UK retail sales as a whole. Because the figures compare sales this month with the comparable period last year, a seasonal adjustment is not made. However, changes in the timing of Bank Holidays and Easter can create distortions, which should be considered in the interpretation of the data.

As well as receiving sales value direct from the retailers in the scheme the BRC-KPMG Retail Sales Monitor also receives food and drink sales value data from the IGD's Market Track Scheme.

In its role as sponsor of the BRC-KPMG Retail Sales Monitor, KPMG is responsible for the aggregation of the retail sales data provided by the retailers on a weekly basis. This data consists of the relevant current week's sales data and comparative sales figures for the same period in the prior year. The aggregation has been performed by KPMG on data for periods following 2 April 2000 and equivalent prior periods. The accuracy of the data is entirely the responsibility of the retailers providing it. The sponsorship role has been performed by KPMG since 10 April 2000 and save for the aggregation of comparative sales figures for the period from 2 April 2000 it is not responsible for the aggregation of any data included in this Monitor relating to any period prior to 2 April 2000. The commentary from KPMG is intended to be of general interest to readers but is not advice or a recommendation and should not be relied upon without first taking professional advice. Anyone choosing to rely on it does so at his or her own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in connection with its sponsorship of the Monitor and its aggregation work to any party other than the BRC.