

Article

Retail Sales in 2015

This article summarises retail sales in 2015 and explores how changes in the level of Consumer Price Index (CPI) inflation in 2015 impacted the retail industry.



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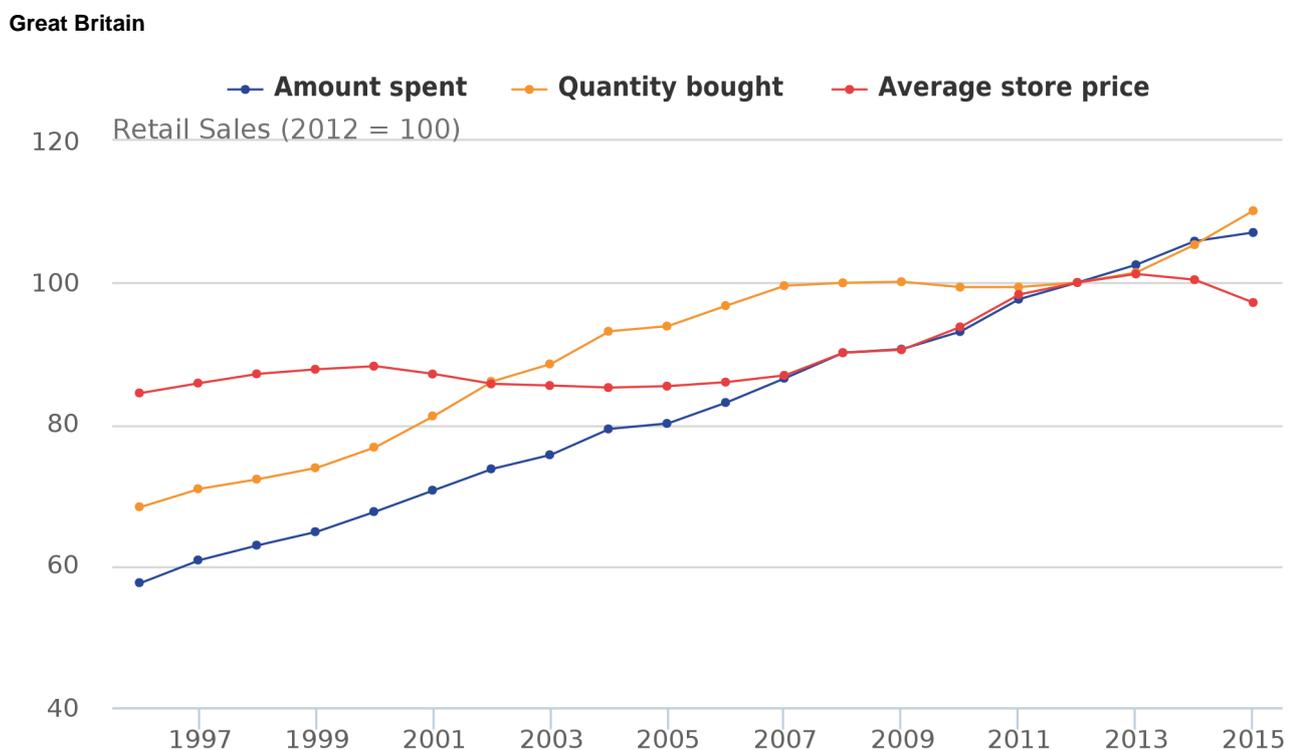
1. Retail Sales in 2015

There has been incremental growth in the retail industry over the last few years which increased to an annual change in the quantity bought (volume of sales) of 4.5% in 2015. This is the highest annual growth since 2004.

Negligible changes in the level of Consumer Price Index (CPI) inflation in 2015 meant that households experienced little change in prices compared with corresponding months in 2014. This article will explore how this has impacted the retail industry in Great Britain and will include the:

- amount spent (value)
- quantity bought (volume)
- average store prices (implied deflator)

Figure 1: Amount spent, quantity bought and average store prices (GB) for the retail industry, 1996 to 2015



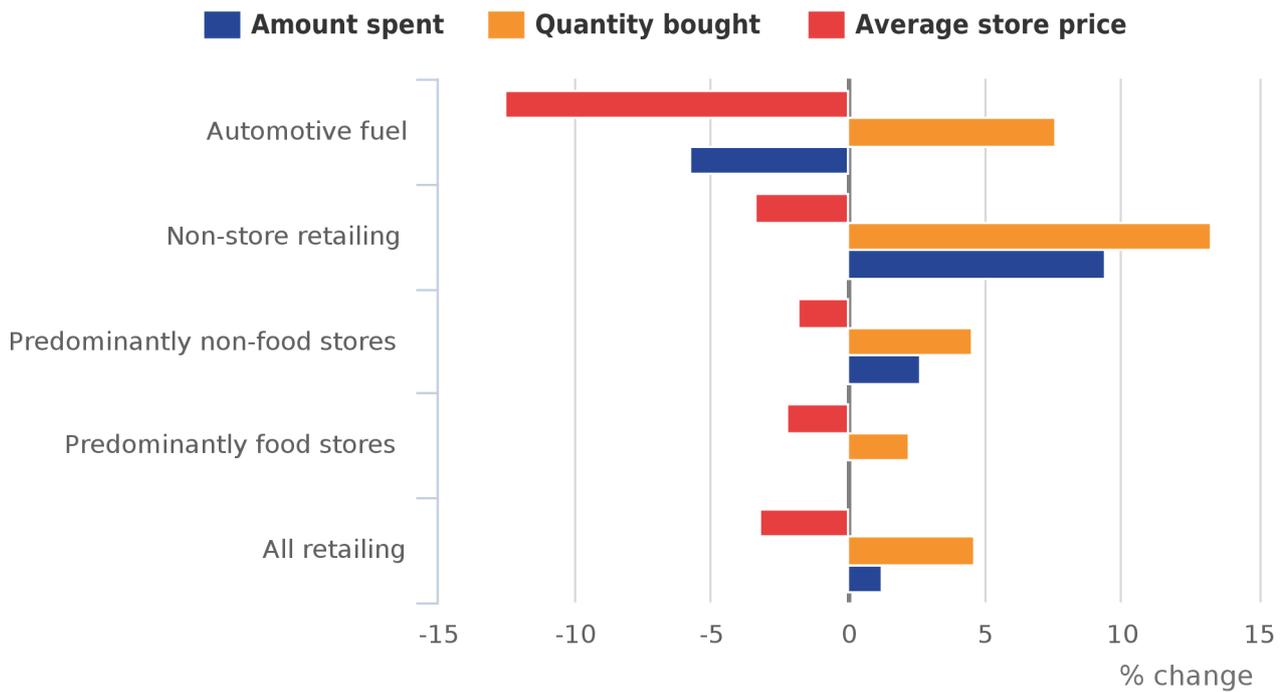
Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

A general pattern of growth can be seen in Figure 1 in the amount spent since 1996. Similarly, there was also growth in quantity bought until 2007, after which it remained relatively flat until 2013, increasing substantially after that period. Between 2005 and 2013, average store prices, measured by the implied price deflator, also displayed an underlying pattern of growth. This began to fall in 2014, decreasing by 3.2% annually between 2014 and 2015.

Although the annual change in the quantity bought was strong (4.5%) between 2014 and 2015, the amount spent increased by only 1.1%. This could be explained by falling prices in stores, which decreased by 3.2%, as shown in Figure 2. Essentially, as a consequence of falling prices, consumers were buying more items which were costing less.

Figure 2: Amount spent, quantity bought and average store prices in the 4 main retail sectors, seasonally adjusted, 2015

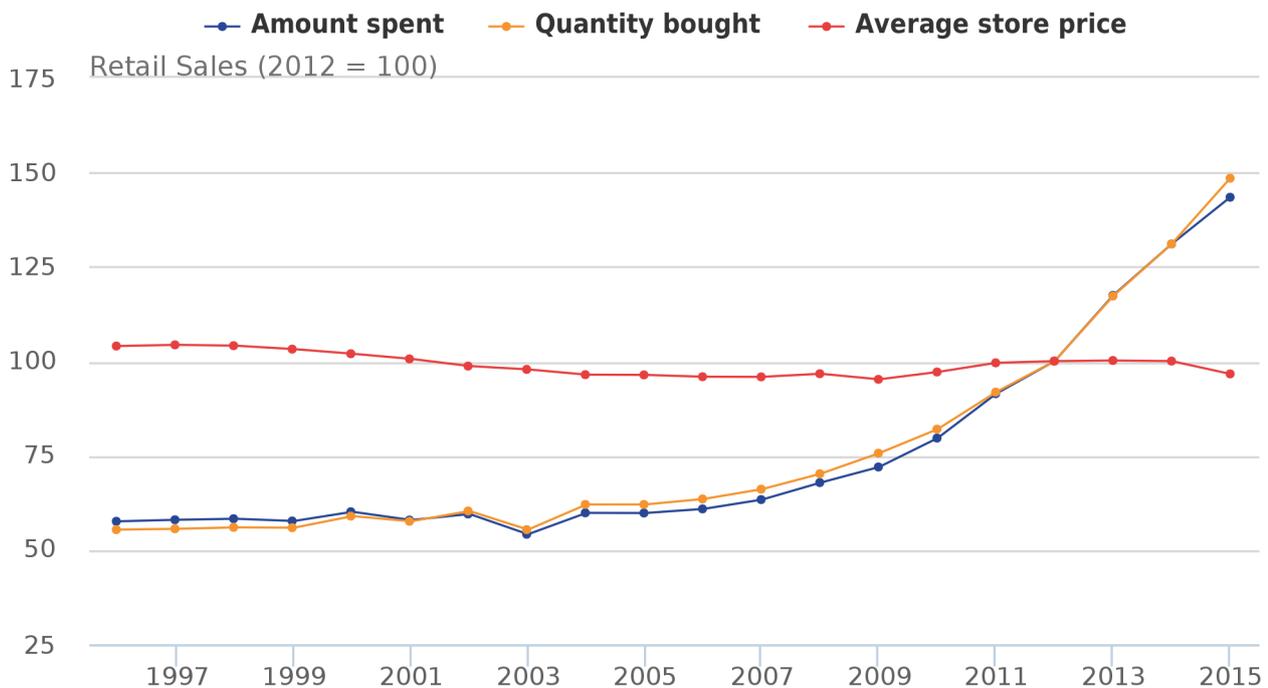
Great Britain



Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

Figure 3: Amount spent, quantity bought and average store prices in non-store retailing, seasonally adjusted 1996 to 2015

Great Britain

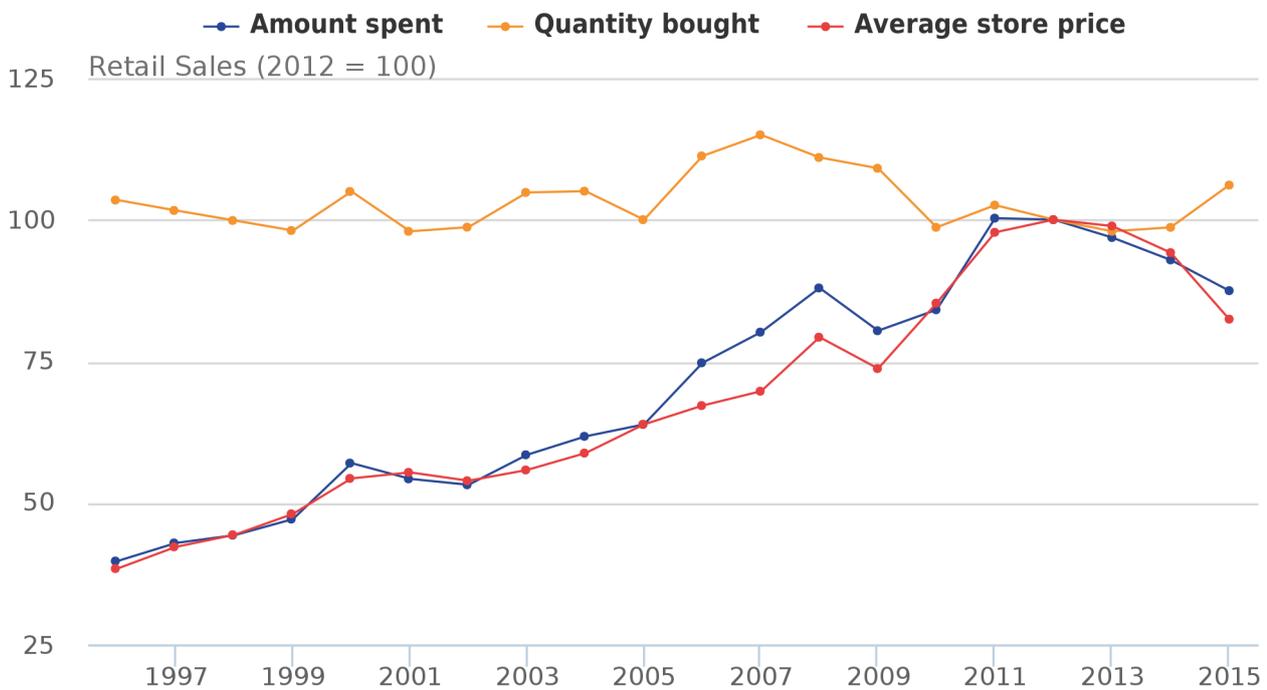


Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

Figure 3 shows the amount spent, quantity bought and average store price in non-store retail which covers online only stores, mail order, stalls and markets. It is evident that substantially more items were bought in this store type in 2015 compared with the previous year, increasing by 13.3%. A contraction in average store prices of 3.3% may have provoked this. An increase in the amount spent of 9.5% indicates that consumers are still spending more compared with the previous year indicating that this has not translated into savings in this sector.

Figure 4: Amount spent, quantity bought and average store prices in automotive fuel, seasonally adjusted, 1996 to 2015

Great Britain

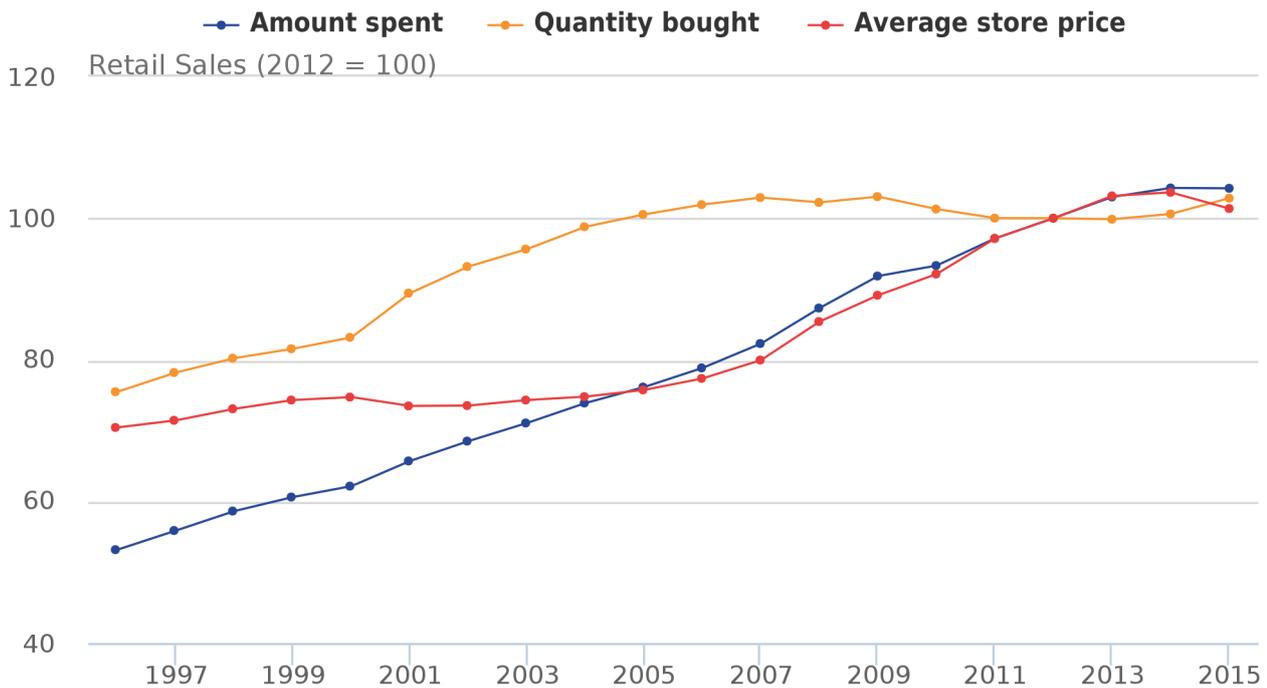


Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

Comparatively, Figure 4 shows the amount spent, quantity bought and average store price in petrol stations. In line with plunging oil prices, the quantity bought in automotive fuel has increased by 7.6% annually in 2015. Average store prices decreased by 12.5% which led to savings for consumers where the amount spent contracted by 5.8%.

Figure 5: Amount spent, quantity bought and average store prices in predominantly food stores, seasonally adjusted, 1996 to 2015

Great Britain



Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

Food stores contribute 40.9% to retail sales. Between 2014 and 2015, average store prices decreased by 2.2%; this was mirrored by growth in the quantity bought increasing by 2.2%, with the amount spent remaining unchanged on the year as shown in Figure 5.

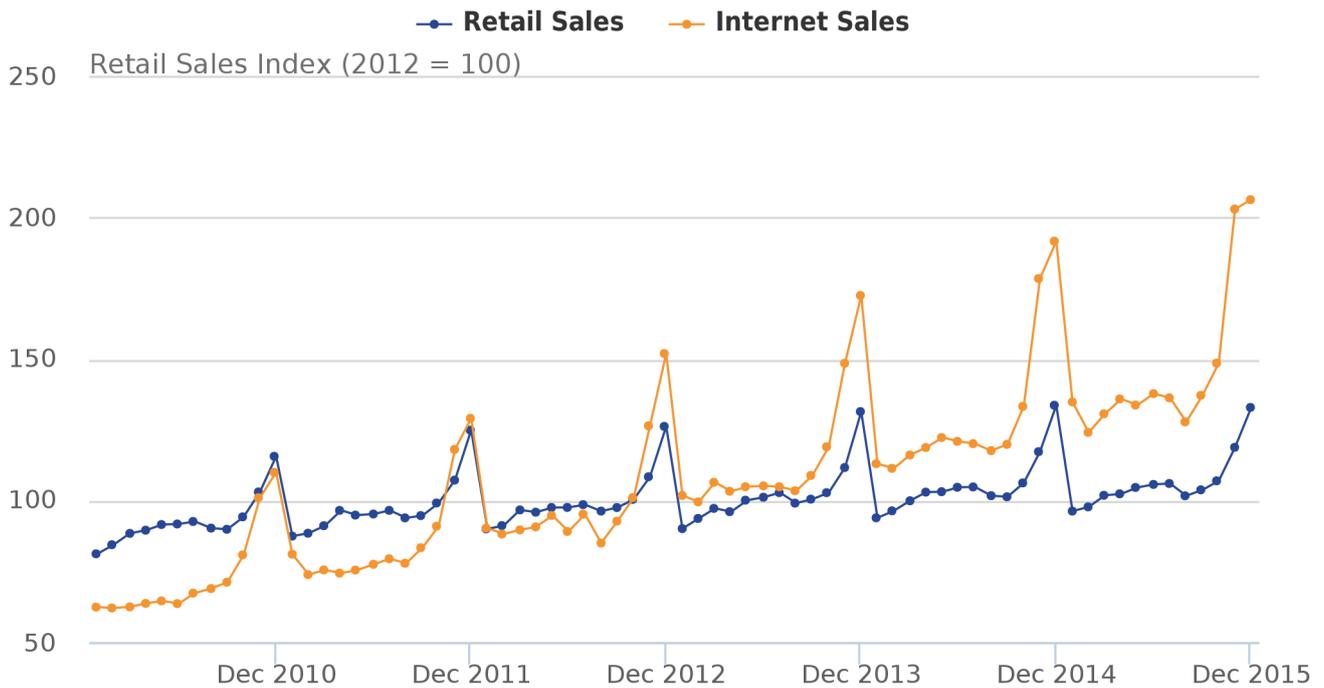
2. The contribution of Christmas sales to all retail

Through analysing the amount spent in the retail industry, using the non-seasonally adjusted value dataset for both retail sales and internet sales, it is possible to determine the effect of Christmas sales on the retail industry. Figure 6 shows the non-seasonally adjusted level of retail sales. It is clear from the chart that there is a significant peak in December each year; however, it is also clear that the amount spent in November has a part to play.

The performance of internet sales is different to retail sales, with a sharper increase around December and the contribution of November is much greater. Figure 6 also shows how internet sales have become increasingly popular since 2010 when compared against the retail sector as a whole.

Figure 6: Value of retail sales and internet sales, 2010 to 2015, non-seasonally adjusted

Great Britain



Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

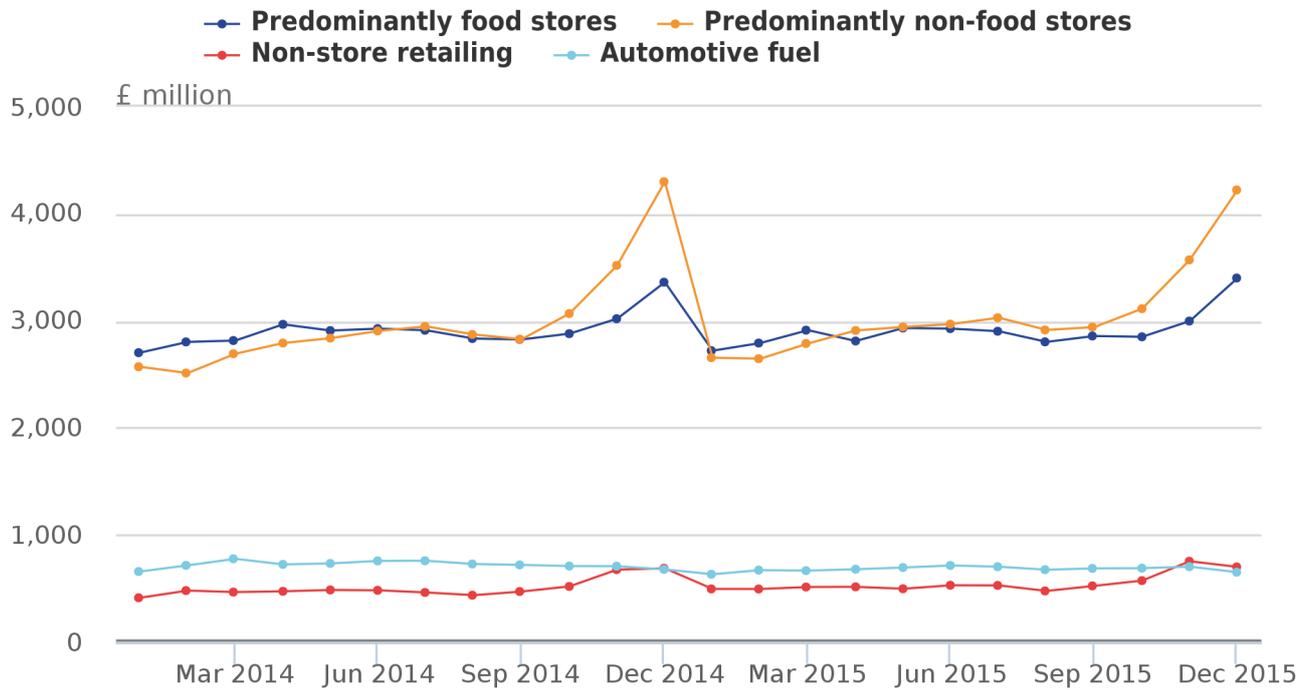
To determine the impact of Christmas sales, Table 1 shows the percentage of sales that occur in November and December compared with the rest of the year.

It is evident from Table 1 that since 2010, the amount spent in the retail industry in November and December has contributed approximately 20% of the total amount spent in the year.

3. Where are we spending our money?

Figure 7: Average weekly spend, non-seasonally adjusted in the retail industry by store type, 2014 to 2015

Great Britain



Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

Figure 7 shows the average weekly spend (non-seasonally adjusted) by store type. It is evident that spending is greater in food stores and non-food stores than in automotive fuel and non-store retailing. In both 2014 and 2015, consumers spent similar amounts each week in food and non-food stores before coming to a peak around December. This uplift begins around October and is clearly more defined in non-food stores. This indicates that these stores heavily influence retail sales around the Christmas period.

Figure 8: Amount spent, quantity bought and average store prices in non-food stores, seasonally adjusted, 2015

Great Britain



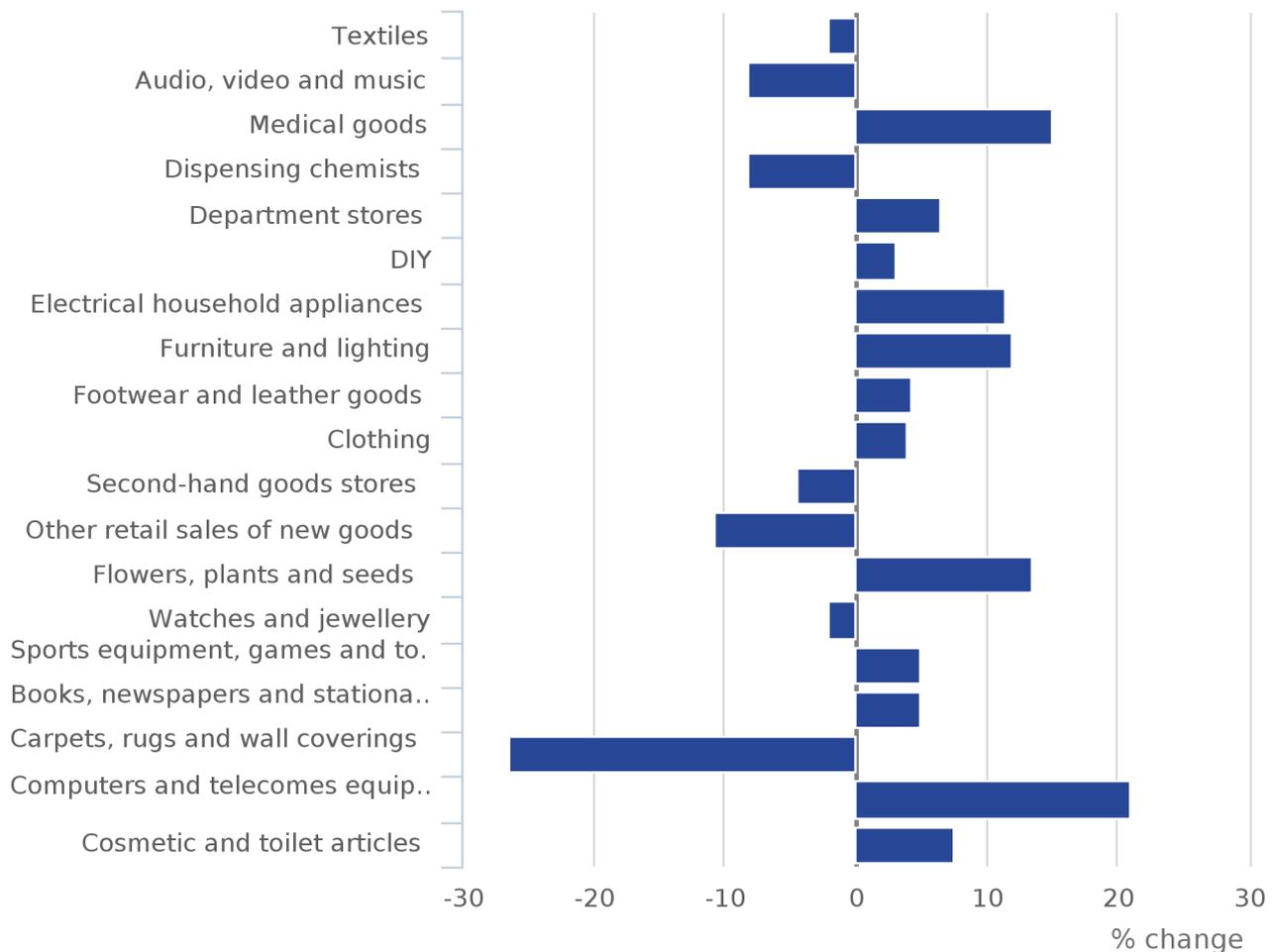
Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

In non-food stores, by far the most variable sectors compared with 2014 were household goods stores and department stores. The former saw the greatest decrease in average store prices of 3.1%. The quantity bought increased by 8.3%, with the amount spent rising by 5.0%.

The quantity bought increased in department stores by 6.5%, with the amount spent increasing annually by 4.5% and average store prices decreasing by 1.9%. The largest decrease in average store prices was in other stores, falling by 2.5% and this affected the amount spent which fell by 1.0%. This, combined with the fact that quantity bought increased by 1.5%, indicated that other stores was the store type in non-food stores where savings were made.

Figure 9: Annual growth in 2015 in the quantity bought in all non-food stores, seasonally adjusted

Great Britain



Source: Monthly Business Survey - Retail Sales Inquiry - Office for National Statistics

When assessing the annual change in the quantity bought in non-food stores, the largest contraction was for carpets, rugs and wall coverings as shown in Figure 9. The largest growth was in computers and telecoms equipment, where the average store price also fell by 8.0% between 2014 and 2015.

This article aimed to assess how the Great British retail industry has changed between 2014 and 2015. Particularly, changes in the Consumer Price Index (CPI) was highlighted as a contributing factor to potentially small changes in prices. The biggest changes were in non-store retailing and automotive fuel. Specifically, the changes in prices have a much greater effect in automotive fuel and also in food stores, where a contraction in prices contributed to the growth in quantity bought on the year, in conjunction with a fall in the amount spent.

4. Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk