

UK retail sales rise slightly in November amid concern over golden quarter

UK supermarkets have provided a boost to retail sales in November, despite a significant decline in clothing store revenue. The Office for National Statistics (ONS) reported a modest 0.2% increase in retail sales last month, a recovery from October's 0.7% decrease.

However, the uplift fell short of economists' forecasts and raises concerns about a challenging "golden quarter" in the lead-up to Christmas, exacerbated by tax increases in Rachel Reeves' Autumn Budget, as reported by [City AM](#).

The ONS highlighted a 0.3% rise in retail sales over the quarter ending in November.

Year-on-year, sales were up 1.9%, but the final quarter of 2023 is shaping up to be one of the least impressive in over five years for UK retailers.

"Retail sales increased slightly in November following last month's fall. For the first time in three months there was a boost for food store sales, particularly supermarkets," commented Hannah Finselbach, senior statistician at the ONS. "It was also a good month for household goods retailers, most notably furniture shops. Clothing store sales dipped sharply again, as retailers reported tough trading conditions."

Neil Birrell, Chief Investment Officer at Premier Miton Investors, remarked that the figures indicate consumers are "feeling the pinch in a sluggish economy."

The Bank of England's decision to maintain interest rates amidst persistent inflation is raising concerns about growth

prospects as the new year approaches. “With the Bank of England keeping interest rates on hold and inflation in the system, there are concerns around growth prospects as we go into the new year. [Christmas](#) is a key period for retail sales and will give a further clue on short term outlook and may influence the BoE at its next meeting.”

November saw a decline in clothing store sales by 2.6 per cent, compounding a 3.5 per cent fall in October, which has resulted in the lowest volume of clothing store sales since January 2022.

Online sales also experienced a downturn, with online spending values falling by 4.3 per cent last month, marking the most significant drop since March 2022.

British retailers are facing an additional financial strain of £2.5bn due to tax increases, including a higher National Insurance bill, coupled with a slower-than-anticipated recovery in sales from the previous year’s disappointing golden quarter. A survey conducted by the British Retail Consortium (BRC) at the end of September revealed that one third of consumers plan to reduce their spending on clothing during this period, with approximately a quarter expecting to spend less on electronics, beauty products, and entertainment.

Kris Hamer, the director of insight at the British Retail Consortium, commented on the situation: “After a positive start to the Golden Quarter, November sales stagnated, with higher energy bills and low consumer sentiment impacting spending.”

“Clothing suffered from a fall in sales, with milder weather putting many off updating their winter wardrobe. Consumers were also holding out for the main black Friday sales week to pick up beauty and electrical deals, which saw their first falls of the year. The final two months of the year account for over one-fifth of all sales, making it a period of vital

importance – particularly for non-food. With a weak November performance, retailers will hope that shoppers come out in force in the final days before Christmas.”

“Given the shaky start to the festive season, retailers will be looking at the £7bn in new costs from [the Budget](#) facing the industry in 2025 with increased concern.”

“Higher employer national insurance contributions, a higher National Living Wage, and a new packaging levy will heap pressure on an industry that is already paying more than its fair share of tax. With sales growth unable to keep pace, retailers will have no choice but to raise prices or cut costs – closing stores and freezing recruitment. To mitigate this, [Government](#) must ensure that its proposed business rates reform does not result in any shop paying higher rates than they already do.”

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