

Retail sales grow but remain below pre-pandemic levels

Retail sales continued to grow in July when compared with the same month last year – although they are still below pre-pandemic levels.

Total sales in July were up 6.4% on a year ago, with online sales growing at a rate of just 0.6% compared with the 41% jump seen a year ago when coronavirus restrictions meant some bricks and mortar stores were off-limits.

The figures are somewhat skewed by the reopening of non-essential shops in April – compared to April 2020, when most were closed.

So non-food sales were up 64.9% over the three months to July, compared with the same period a year ago in the early weeks of the first national lockdown.

But on a two-year basis, which allows a comparison with pre-pandemic times, store sales remained down by 3.6%.

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The figures from The British Retail Consortium (BRC) and KPMG monthly sales monitor also found:

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- Food sales were up 2.9% compared with a year ago but are slowing as people head back to restaurants and cafes
- Fashion store sales are back at pre-pandemic levels
- Sales of equipment for working from home, furniture, and household appliances all fell

Helen Dickinson, chief executive of the BRC, said: "July continued to see strong sales, although growth has started to slow.

“The lifting of restrictions did not bring the anticipated in-store boost, with the wet weather leaving consumers reluctant to visit shopping destinations.”

Data from Barclaycard, meanwhile, showed a growth in spending on entertainment for the first time since the pandemic began, as cinemas, theatres and sporting events have widely reopened.

Card spending grew by 11.6% in July compared with the same period in 2019, with the entertainment industry seeing a growth of 8.1% and pubs, bars, and clubs increasing sales by 30.5%.

Susan Barratt, chief executive of the Institute of Grocer Distribution, said: “Shoppers are increasingly concerned about food and grocery price inflation, with 16% of shoppers expecting that prices will get much more expensive in the year ahead, up from just 8% of shoppers in April.”

Paul Martin, UK head of retail at KPMG, said he expects to see a slowdown in spending habits as economic challenges hit.

He said: “Staffing pressures, increases in commodity and component costs, rising inflation eating into households’ spending power and stalling consumer confidence could lead to a slowdown in retail sector growth as we head into autumn.”