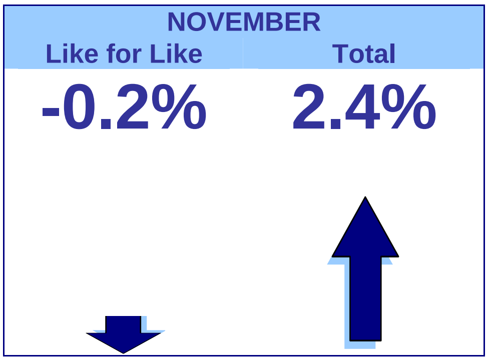
BRITISH RETAIL CONSORTIUM

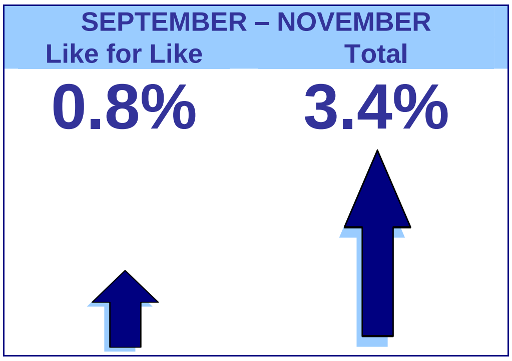
BRC-KPMG RETAIL SALES MONITOR NOVEMBER 2004

Strictly Embargoed until 00:01 hrs – 7 December 2004

TOUGH NOVEMBER FOR RETAILERS DREAMING OF A CHRISTMAS RUSH

- Retail sales in the UK during November declined by 0.2% on a like-for-like basis, and showed growth of 2.4% on a total basis, compared with a year earlier.
- The three-month trend rates of growth fell to 0.8% in November from 1.1% in October for like-for-like sales, and to 3.4% from 3.7% for total sales.
- The special discount days held by several large stores distorted the pattern of sales across the month, especially for clothing and footwear.
- Christmas had started slowly, with consumers still cautious about big-ticket purchases, or planning to take advantage of this year's longer pre-Christmas week.





Kevin Hawkins, Director General, BRC comments:

"November's retail sales hit their lowest point since December '03 – the last thing retailers wanted to see in the crucial run-up to Christmas. The figures provide further proof that interest rate rises and fears over the future of the housing market, pensions and the economy have created a subdued, cautious mood amongst consumers. However, whilst November was a tough month, retailers have become used to the bulk of Christmas spending happening much later in December. Talk of panic sales is premature and retailers will now wait to see if the mood improves and they can catch up lost ground during December."

Helen Dickinson, Head of Retail, KPMG comments:

"We have debated throughout the year whether underlying consumer confidence was actually falling and this has now been reflected in the BRC-KPMG sales figures. Although we are still seeing total sales in positive territory, this month is the first since December '03 that the like-for-like sales have declined year on year - all the more surprising given that the figures for November '03 were not particularly strong. Interestingly, this decline is across all sectors with only women's clothing and footwear and food retaining underlying strength. However, one could argue that this strength has been obtained at a high cost to profits, given the flurry of promotional activity seen during the month."

SECTOR PERFORMANCE IN NOVEMBER 2004

Joscelyne Hynard, Senior Analyst – Business Information Team

Food and Drink

Food sales were mixed, with some good take-up of promotional offers whilst others saw sales below expectations. Beer, wines and spirits showed some growth and offers on champagne and Christmas confectionery did well. The seasonal shift helped red meat, bakery and winter vegetables. Ready meals and pre-packed vegetables were also popular.

Clothing

Overall sales showed some growth, led by womenswear, but the special discount days distorted sales patterns across the month. Accessories remained strong, especially handbags with fur trimmings. Men's formal and outerwear performance held up but knitwear and casual was poor.

Footwear

Sales were generally good, though the last week of the month was disappointing for some. Women's and girls' boots remained best sellers, particularly fur-trimmed styles. Casual styles sold better than court and party shoes where take-up for the Christmas season had a slow start. Men's were disappointing, though some major brand names held up. Slippers had also started slowly - maybe because of the relatively mild weather. Children's shoes sold well, especially in the baby/toddler ranges. Girls' performed better than boys', driven by demand for girls' boots.

Electrical and Electronic

It was another difficult month. Big-ticket items struggled in the face of housing market and credit worries, and the pay-day effect was more marked than usual. Computer sales were very tough for some, but better for others, though price deflation continues to cut sales values. White appliances were relatively weak - apart from some good sales of washing machines - and larger sound/vision products suffered further, especially large TVs and upmarket electronics. Smaller gift-type electricals were relatively better, with strong demand for internet audio. However, sales of iPods and the updated PS2 consoles were hit by supply problems. DVD remained strong and portable audio and digital cameras sold well.

Department Stores

Stores holding special discount days enjoyed excellent growth during those weeks, especially for clothing, footwear and some home ranges, but others were hit by the strong competition. Perfumery and skincare benefited from promotions. Sound and vision sales were difficult, suffering from specialist competition.

DIY/Gardening

Housing market uncertainty has slowed sales of some DIY and home improvement products, though there was some growth in conservatories, bedroom furniture and plumbing. Christmas lines and gift items such as power tools were also slow, and there was poor take-up of decorative paints and wallpaper.

Homewares

Homewares had a slower month, though there were some good sales on the special discount days, and value ranges were popular. China and dining were generally flat, home accessories struggled but branded bedlinen showed some growth.

Furniture and Carpets

Furniture sales were generally difficult, despite some good sales of beds. Concerns over the housing market had a strong negative impact on floor coverings.

Chemist and Beauty

Sales were mixed. Cosmetics and toiletries generally up to expectations, with premium skincare and designer haircare products doing well. Cough and cold remedies and analgesics had a slow start to the winter season, and there was strong competition from supermarket's value ranges. Vitamins held up well.

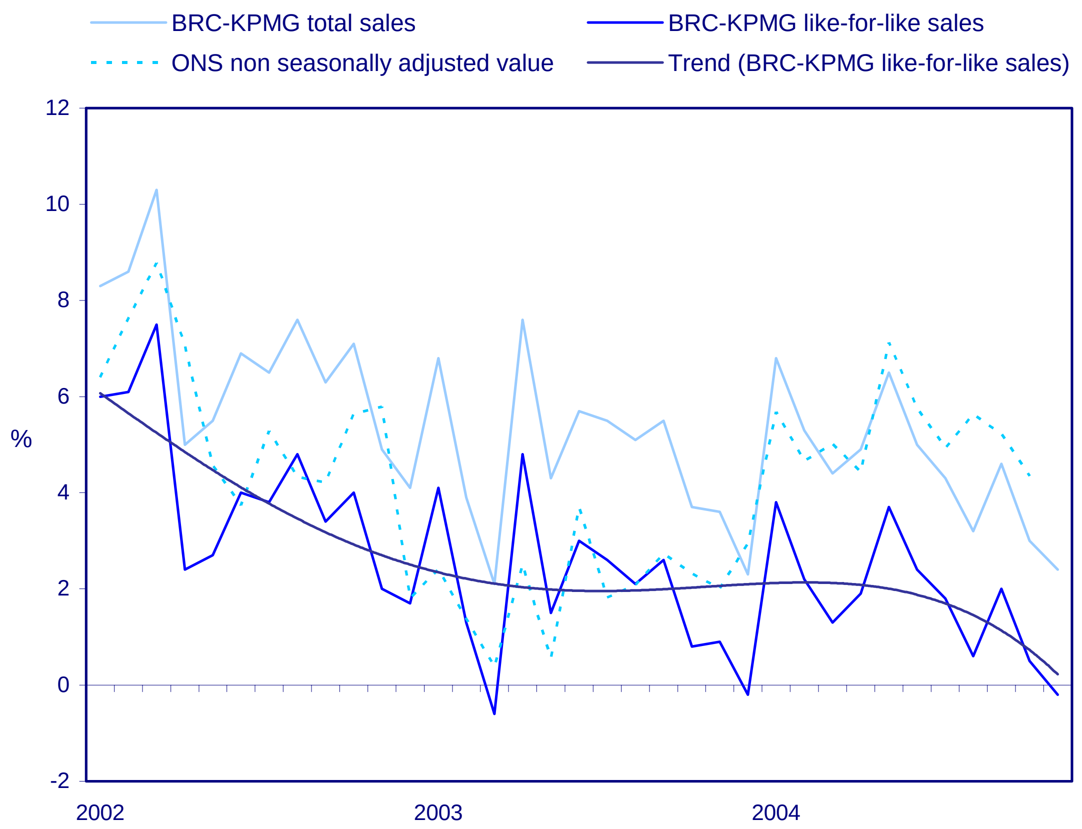
Leisure Goods

Entertainment sales were mixed, with some weakness in music albums and singles but good demand for new DVD releases – though still slightly below last November's strong levels. Top sellers were the 'Robbie Williams Greatest Hits' and 'Il Divo' albums. DVD continues to expand at the expense of video: 'Shrek 2' achieved blockbuster levels on DVD but the video version was much less popular. 'Harry Potter and the Prisoner of Azkaban' and 'Troy' also extremely popular. Games software was driven by 'Grand Theft Auto – San Andreas' but hardware struggled, waiting for the release of new consoles. Cards and stationery were often below expectations, with slow take-up of Christmas lines.

Mail Order

Home shopping sales were difficult: clothing sales were generally flat but there were declines elsewhere, especially for big-ticket items. Furniture, home appliances and toys and gifts were disappointing, but childrenswear showed some growth.

% INCREASE YEAR-ON-YEAR IN RETAIL SALES VALUE



	2002		2003		2004	
	Total	Like-for-Like	Total	Like-for-Like	Total	Like-for-like
January	8.3	6.0	6.8	4.1	6.8	3.8
February	8.6	6.1	3.9	1.3	5.3	2.2
March	10.3	7.5	2.1	-0.6	4.4	1.3
April	5.0	2.4	7.6	4.8	4.9	1.9
May	5.5	2.7	4.3	1.5	6.5	3.7
June	6.9	4.0	5.7	3.0	5.0	2.4
July	6.5	3.8	5.5	2.6	4.3	1.8
August	7.6	4.8	5.1	2.1	3.2	0.6
September	6.3	3.4	5.5	2.6	4.6	2.0
October	7.1	4.0	3.7	0.8	3.0	0.5
November	4.9	2.0	3.6	0.9	2.4	-0.2
December	4.1	1.7	2.3	-0.2		

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The November 2004 Monitor covers four weeks from 31st October – 27th November and provides the most up-to-date reflection of recent retail performance.

The December 2004 Monitor will be published on 11th January 2005. The data is collected and collated for the BRC by KPMG.

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 and sales in the equivalent week a year ago. These figures are reported both in total and on a 'like-for-like' basis. The percentage increase in the value of sales on a 'like-for-like' basis removes the effect of the expansion of retail floorspace by the retailers concerned on their sales total. Due to the sample being biased towards large retailers, the 'like-for-like' increase usually provides a more accurate guide to general spending patterns, though it will be biased downwards as an estimate of the growth rate for retail as a whole.

The responses provided by retailers within each sales category are re-weighted to reflect the contribution of each category to the retail sales total, removing any bias caused by the structure of the sample. Because the figures compare sales this month with the comparable period last year, a seasonal adjustment is not normally needed. 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. 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.