

Retail Sales June 2013



Coverage: **GB**
Date: **18 July 2013**
Geographical Area: **GB**
Theme: **Economy**

Key Points

- Estimates of retail sales for June show continued growth in the quantity bought (or sales volumes) in the retail sector and an underlying pattern of moderate growth. Comparing quarter 2 with quarter 1 in 2013, the quantity bought increased by 0.9%.
- On an annual basis (June 2013 compared with June 2012) the quantity bought in the retail sector increased by 2.2%. The main sources of upward pressure came from the non-store retailing sector and non-specialised stores (or department stores). Feedback from department stores suggested sales had increased due to promotions and consumers buying clearance items across a wide range of products.
- Looking at the monthly picture (June 2013 compared with May 2013) the quantity bought increased by 0.2%. Again, there was strong growth in sales in department stores with a rise of 3.0%. This is the highest rise since March 2012.
- In June 2013, the prices of goods sold in the retail sector rose from 1.0% to 1.7% compared with June 2012. This was due to increases in the prices of goods sold in the textile, clothing and footwear sector and the food sector. This is consistent with the latest Consumer Prices Index (CPI) release for June 2013.
- In June 2013, the estimated weekly spend across all retailing averaged £6.9 billion, up from £6.8 billion in May 2013 and £6.6 billion in June 2012.

Key Figures

This bulletin presents estimates of the quantity bought (volume) and amount spent (value) in the retail sector for the period 26 May 2013 to 29 June 2013. Unless otherwise stated, the estimates in this release are seasonally adjusted.

Users are reminded that the figures contained within this release are estimates based on a monthly survey of 5,000 retailers, including all large retailers employing 100 people or more. The timeliness

of these retail sales estimates, which are published just two weeks after the end of each month, makes them an important early economic indicator. The sector as a whole is used as an indicator of how the wider economy is performing and the strength of consumer spending.

Table 1: All Retailing, June 2013 (seasonally adjusted percentage change)

	Most recent month on a year earlier	Most recent 3 months on a year earlier	Most recent month on previous month	Most recent 3 months on previous 3 months
Amount spent (Value)	3.8	3.0	0.2	1.1
Quantity bought (Volume)	2.2	1.8	0.2	0.9
Value excluding automotive fuel	3.7	3.2	0.1	1.2
Volume excluding automotive fuel	2.1	1.7	0.2	0.7

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At a Glance

In June 2013, the quantity of goods bought in the retail sector (volume) increased by 2.2% compared with June 2012. The amount spent (value) increased by 3.8% over the same period.

Since June 2012, non-seasonally adjusted data show that the prices of goods sold in the retail sector (as calculated by the implied price deflator) increased by 1.7%. More information on how the implied price deflator is calculated can be found in the background notes.

Economic Context

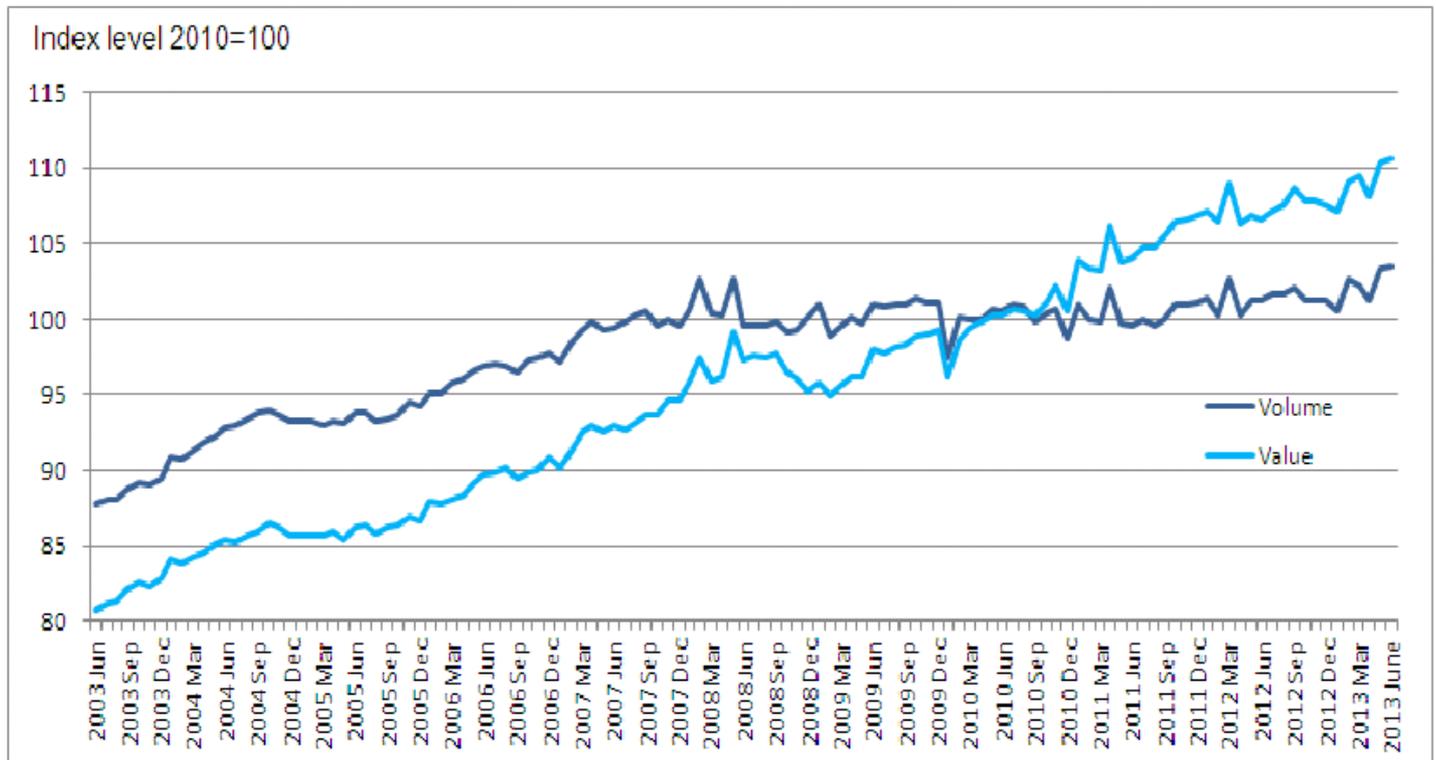
To enable a comparison of change, figure 1 shows the quantity of goods bought in the retail sector (all retailing sales volumes) and the amount spent (all retailing sales values), as indices referenced to 2010.

Both the volume and the value of retail sales grew steadily between quarter 1 2004 and quarter 1 2008. The volume of retail sales grew by 11.4%, while the value of retail sales increased by 14.5%. The difference was due to price increases, Consumer Prices Inflation (CPI) having increased by 9.3% over the same period. At the same time, the chained volume measure of gross domestic product (GDP) grew by 11.6% in the four years to quarter 1 2008.

Between quarter 1 2008 and quarter 1 2013 (the most recent quarter for which data are available), the volume of retail sales grew by just 1.2%. Over the same period, the value of retail sales rose by 12.8%, which highlights the extent to which prices grew since the onset of the economic downturn,

CPI having increased by 17.8%. The chained volume measure of GDP in quarter 1 2013 remained 3.9% below the pre-contraction peak in quarter 1 2008.

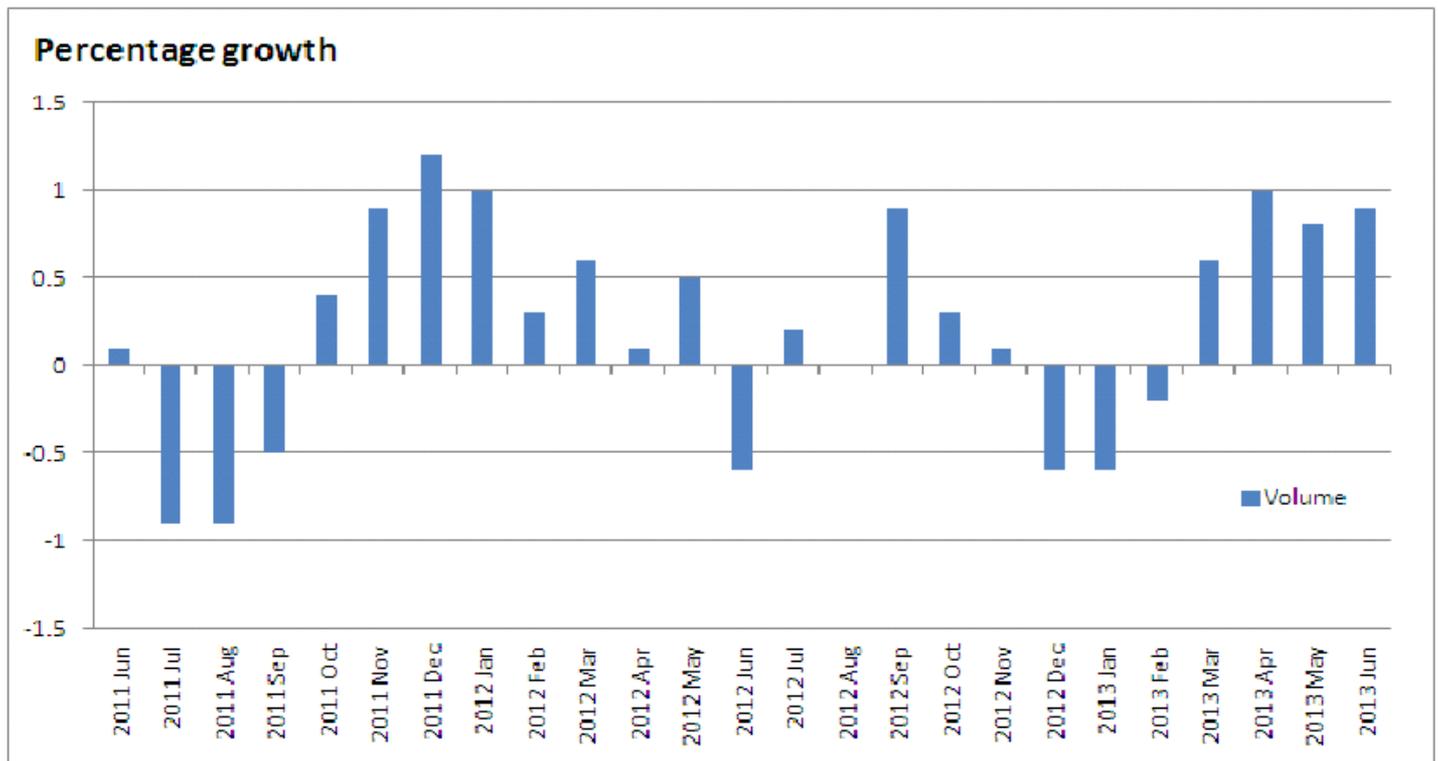
Figure 1: All retailing seasonally adjusted sales volumes and values



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The retail industry accounts for approximately 5.7% of the economy. The growth into quarter 2 (0.9%) will therefore contribute approximately 0.1 percentage points to gross domestic product (GDP) when estimated from the output approach. Figure 1a shows growth in the quantity of goods bought in the retail sector (all retailing sales volumes) in the most recent 3 months compared with the previous 3 months. Over the last 4 months the growth rate has been moderate, and has varied less compared with movements over the last 2 years.

Figure 1a: All retailing seasonally adjusted 3 month on 3 month sales volume growth**Download chart**

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Contributions to Growth

The retail industry is divided into four retail sectors;

- Predominantly food stores (supermarkets, specialist food stores and sales of alcoholic drinks & tobacco)
- Predominantly non-food stores (non-specialised stores, textiles, clothing & footwear, household goods and other stores)
- Non-store retailing
- Stores selling automotive fuel (petrol stations)

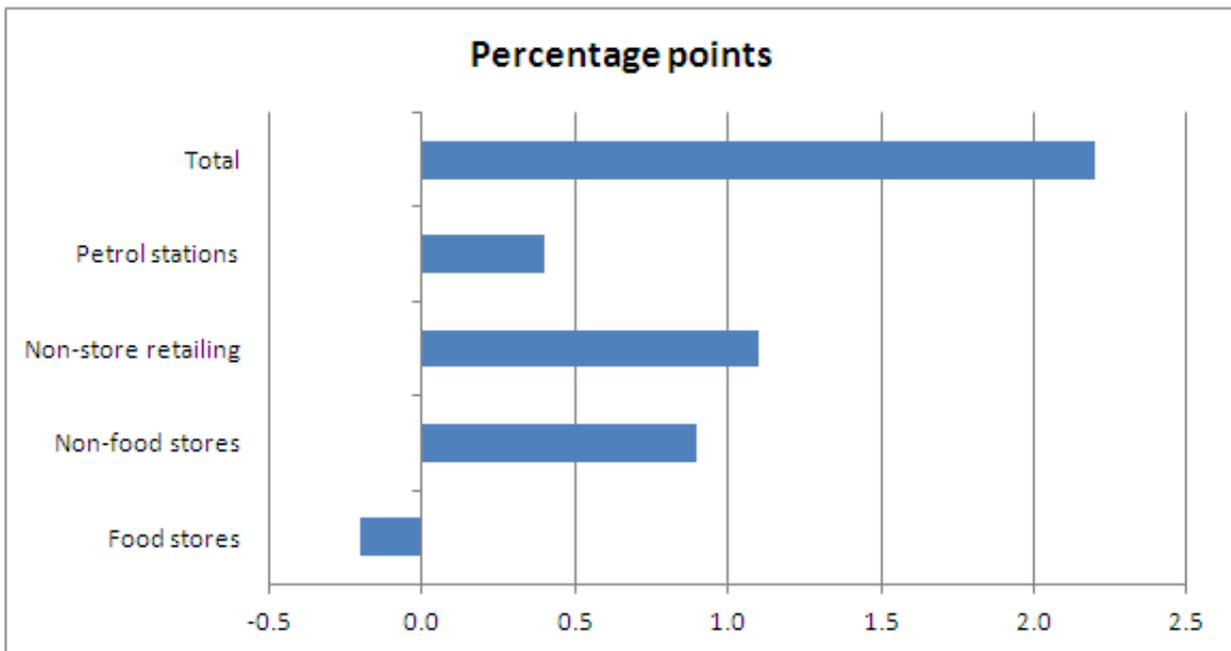
In June 2013, for every pound spent in the retail sector;

- 42 pence was spent in food stores,
- 41 pence in non-food stores,
- 6 pence in non-store retailing and
- 11 pence was spent on fuel.

Using these as weights, along with the year-on-year growth rates, we can calculate how each sector contributed to the total year-on-year growth.

Figures 2 and 3 show the contribution that each sector had to the quantity bought (volume) and amount spent (value) in retail between June 2012 and June 2013.

Figure 2: Contributions to year-on-year volume growth from the four main retail sectors

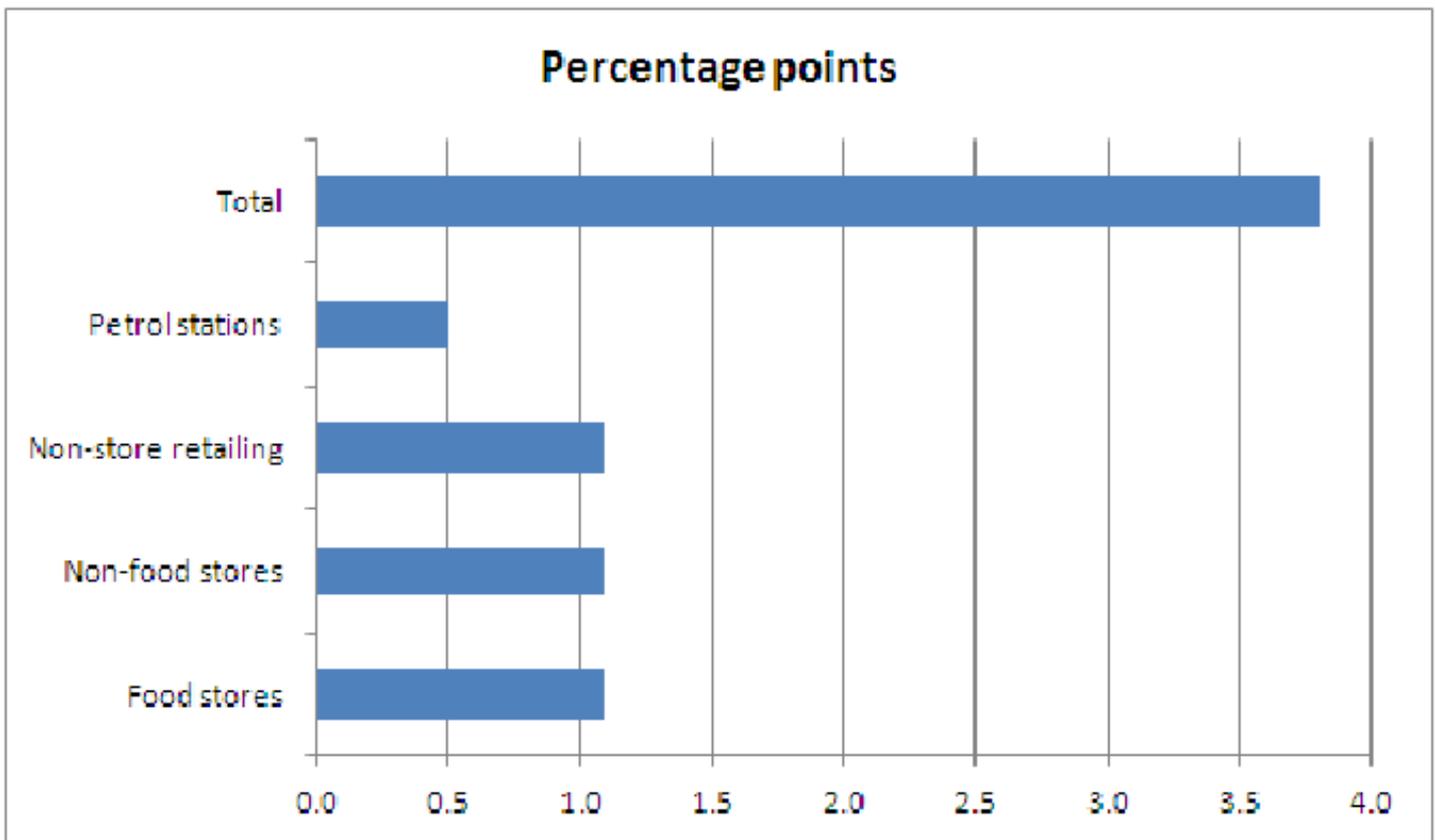


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Sales within the non-store retailing sector provided the main source of upwards pressure to the quantity bought (volume) in the retail sector in June 2013. However, instead of coming from those retailers that sell predominantly online, it was the other non-store retailing or auction houses that provided the most growth in this area.

Non-food stores and petrol stations also showed growth in June 2013. Only food stores saw a fall in the quantity bought.

Figure 3: Contributions to year-on-year value growth from the four main retail sectors**Download chart**

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In June 2013, all the main sectors; food stores, non-food stores, non-store retailing and petrol stations, contributed to the increase in amount spent (value).

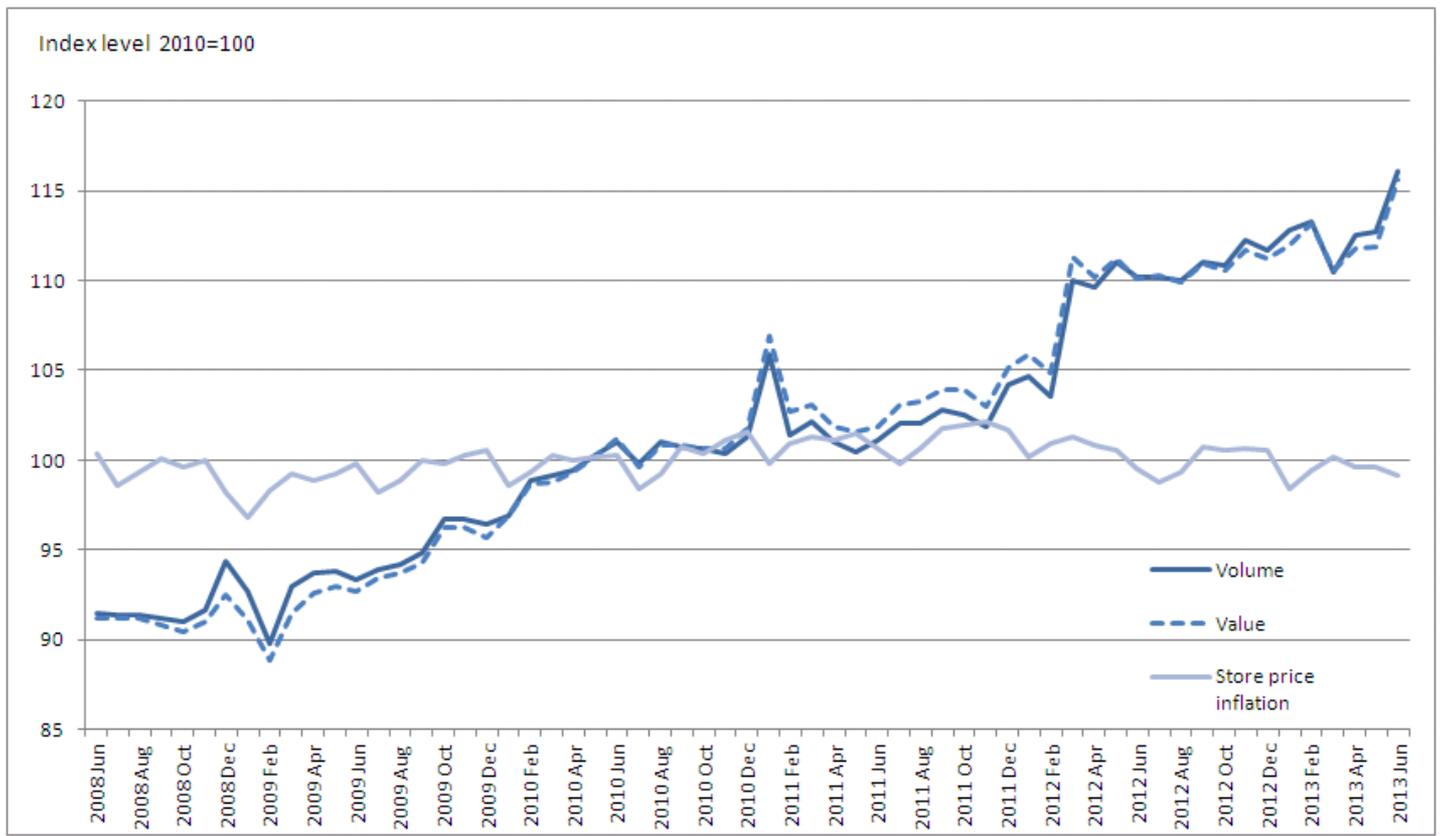
Department Stores

Figure 4 shows the quantity of goods bought and the amount spent in department stores as indices referenced to 2010. Also shown is the store price inflation (as estimated by the implied deflator) within the sector. Since 2008 store price inflation remained relatively flat, however, both the quantity bought and the amount spent grew steadily.

In June 2013 the quantity bought in department stores increased by 5.3% compared with June 2012. Over the same period the amount spent also increased by 5.0%. The prices of goods sold in this sector have fallen by 0.4% compared with June 2012. Feedback from retailers suggested there was an increase in store promotions during June. Also consumers bought more clearance items across a range of products, including clothing, electrical items and household goods.

As well as store based sales, online sales in department stores also increased. In June 2013 the amount spent online increased by 35.2% compared with June 2012. This is the highest rise since November 2009.

Figure 4: Department stores seasonally adjusted sales volumes, values and store price inflation



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Amount spent in retail

In the June 2013 five week reporting period, the amount spent in the retail sector was £34.3 billion (non-seasonally adjusted). This compares with £27.2 billion in the May 2013 four week reporting period and £32.9 billion in the June 2012 five week reporting period.

This equates to an average weekly spend of £6.9 billion in June 2013, £6.8 billion in May 2013 and £6.6 billion in June 2012.

Internet Sales

Key points

- Average weekly spending online (internet sales values non-seasonally adjusted) in June 2013 was £586.9 million. This was an increase of 18.3% compared with June 2012.
- The amount spent online accounted for 9.7% of all retail spending excluding automotive fuel.

- As expected, more was spent online in the non-store retailing sector than any other sector. Spending online now accounts for 66.5% of total spending in this sector. In the food sector 3.3% of spending was online. This sector has the lowest proportion of online spending in relation to all spending.

Internet sales in detail

Internet sales estimate how much was spent online through retailers across all store types in Great Britain. Figures are non-seasonally adjusted and the reference year is 2010=100. Table 2 shows the year-on-year growth rates for total internet sales, by sector and the proportion of sales that each sector makes to total internet sales.

Table 2: Summary of Internet Statistics for June 2013

Category	Year on year growth % (Value NSA)	Proportion of total sales made online
All retailing	18.3	9.7
All food	17.5	3.3
All non-food	12.0	7.6
Department stores	35.2	9.5
Textile, clothing and footwear stores	20.1	9.3
Household goods stores	-13.5	4.7
Other stores	1.0	6.8
Non-store retailing	24.0	66.5

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Sector Summary

Table 3: Sector Summary June 2013

	Percentage change over 12 months			
	Quantity bought (volume)	Amount spent (value)	Store price inflation	Average weekly sales (£ billion)
Predominantly food stores ¹	-0.4	2.7	3.4	2.9
Predominantly non-food stores ²	2.2	2.6	0.4	2.8
Non-specialised stores ³	5.3	5.0	-0.4	0.6
Textiles, clothing & footwear stores	-0.7	2.5	3.1	0.8
Household goods stores	-2.1	-3.1	-0.8	0.5
Other stores	5.9	5.1	-0.6	0.9
Non-store retailing	18.4	18.3	0.2	0.4
Fuel stores	2.9	4.4	1.3	0.8

Table source: Office for National Statistics

Table notes:

1. Supermarkets, specialist food stores and sales of alcoholic drinks and tobacco.
2. Non-specialised stores, textiles, clothing & footwear, household goods and other stores
3. Department stores

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Distribution Analysis

Table 4 illustrates the mix of experiences among different sized retailers. It shows the distribution of reported change in sales values of businesses in the RSI sample, ranked by size of business (based on number of employees). This table shows, for example, that the largest retailers, with 100 or more employees, reported an average increase in sales values of 4.1% between June 2012 and June 2013. In contrast smaller retailers employing 10 to 39 employees reported an average increase in sales of 11.2%.

Table 4: Changes in reported retail sales values between June 2012 and June 2013

Number of employees	Weights (%)	Growth since June 2012 (%)
100+	78.4	4.1
40-99	2.4	12.1
10-39	6.8	11.2
0-9	12.4	-0.9

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Analysis of individual returns from businesses

The reference table, [Business Analysis \(18.5 Kb Excel sheet\)](#), shows the extent to which individual businesses reported actual changes in their sales between June 2012 and June 2013. The table contains information only from businesses that reported in June 2012 and June 2013. Cells with values less than 10 are suppressed for some classification categories; this is denoted by n.a. Note that 'large' businesses are defined as those with 100+ employees and 10–99 employees with annual turnover of more than £60 million, while 'small and medium' is defined as 0–99 employees.

Background notes**1. Improvements to be introduced next month**

The results from the annual seasonal adjustment review will be implemented in next month's release.

2. What's New

The estimates contained in this Retail Sales release incorporate a rebase of the indices to 2010=100 to align with National Accounts outputs.

As part of the celebrations for the Queen's Diamond Jubilee there were changes to bank holidays in May and June 2012. The change to the holidays count as a statistical special event in line with [ONS's policy on Special Events](#)

The Spring bank holiday in 2012, which would have fallen in the RSI June trading period was moved to the calendar month of June and there was an additional day's holiday resulting in June 2012 having two bank holidays. The Spring bank holiday in 2013 also fell in June and thus when

comparing June 2013 against June 2012 users should note that there is one fewer bank holiday in this latest period.

3. Understanding the data

Quick Guide to the [Retail Sales Index \(116.9 Kb Pdf\)](#)

Interpreting the data

- The Retail Sales Index (RSI) is derived from a monthly survey of 5,000 businesses in Great Britain. The sample represents the whole retail sector and includes the 900 largest retailers and a representative panel of smaller businesses. Collectively all of these businesses cover approximately 90 per cent of the retail sector in terms of turnover.
- The RSI covers sales only from businesses registered as retailers according to the Standard Industrial Classification 2007 (SIC 2007), an internationally consistent classification of industries. The retail sector is division 47 of the SIC 2007 and retailing is defined as the sale of goods to the general public for household consumption. Consequently, the RSI includes all Internet businesses whose primary function is retailing and also covers Internet sales by other British retailers, such as online sales by supermarkets, department stores and catalogue companies. The RSI does not cover household spending on services bought from the retail sector as it is designed only to cover goods. Respondents are asked to separate out the non-goods elements of their sales, for example income from cafeterias. Consequently, online sales of services by retailers, such as car insurance, would also be excluded.
- The monthly survey collects two figures from each sampled business: the total turnover for retail sales for the standard trading period, and a separate figure for sales made over the Internet. The total turnover will include Internet sales. The separation of the Internet sales figure allows an estimate relating to Internet sales to be calculated separately.

Definitions and explanations

- The **value** or current price series records the growth since the base period (currently 2010) of the value of sales 'through the till' before any adjustment for the effects of price changes.
- The **volume** or constant price series are constructed by removing the effect of price changes from the value series. The Consumer Prices Index (CPI) is the main source of the information required on price changes. In brief, a deflator for each type of store (5-digit SIC) is derived by weighting together the CPIs for the appropriate commodities, the weights being based on the pattern of sales in the base year. These deflators are then applied to the value data to produce volume series.

The **implied deflator** or the **estimated price of goods** is derived by dividing the non-seasonally adjusted value and volume data to leave a price relative. In general, this implied price deflator should be quite close to the retail component of the CPI. More information on the implied price deflator can be found in the [Quick Guide to Retail Sales \(116.9 Kb Pdf\)](#).

Use of the data

The value and volume measures of retail sales estimates are widely used in private and public sector organisations both domestically and internationally. For example, private sector institutions such as investment banks, the retail sector itself and retail groups use the data to inform decisions on the current economic performance of the retail sector, these organisations are most interested in a long term view of the retail sector that can be obtained from year-on-year growth rates. Public sector institutions use the data to assist in informed decision and policy making and tend to be most interested in a snapshot view of the retail sector, which is taken from the month-on-month growth rates.

4. Methods

- Information on retail sales methodology is available in [Retail Sales and Methodology and Articles](#)

1. Composition of the data

Estimates in this statistical bulletin are based on financial data collected through the monthly Retail Sales Inquiry. The response rates for the current month reflect the response rates at the time of publication. Late returns for the previous month's data are included in the results each month. Response rates for historical periods are updated to reflect the current level of response at the time of this publication.

Table 5: Overall Response Rates

Period	Overall response rates (%)	
	Turnover	Questionnaire
Jun	91.9	62.1
May	97.5	76.1
Apr	98.5	77.4
2013 Mar	98.6	80.0

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2. Seasonal adjustment

Seasonally adjusted estimates are derived by estimating and removing calendar effects (for example Easter moving between March and May) and seasonal effects (for example increased spending in December as a result of Christmas) from the non-seasonally adjusted (NSA) estimates. Seasonal adjustment is performed each month, and reviewed each year, using the standard, widely used software, X-12-ARIMA. Before adjusting for seasonality, prior adjustments are made for calendar effects (where statistically significant), such as returns that do not comply

with the standard trading period (see section Methods, Calendar effects), bank holidays, Easter and the day of the week on which Christmas occurs.

The data collected from the retail sales survey estimate the amount of money taken through the tills of retailers; these are non-seasonally adjusted data. These data consist of three components:

- **trend** which describes long-term or underlying movements within the data
- **seasonal** which describes regular variation around the trend, that is peaks and troughs within the time series, the most obvious in this case being the peak in December and the fall in January
- **irregular** or 'noise', for example deeper falls within the non-seasonally adjusted series due to harsh weather impacting on retail sales

To ease interpretation of the underlying movements in the data, the seasonal adjustment process estimates and removes the seasonal component to leave a seasonally adjusted time series consisting of the trend and irregular components.

In the non-seasonally adjusted retail sales index we see large rises in December each year and a fall in the following January, but these are not evident in the seasonally adjusted index. This peak in December is larger than the subsequent fall but the trend and irregular components in both months are likely to be similar, meaning that the movements in the unadjusted series are almost completely as a result of the seasonal pattern.

Calendar effects

The calculation of the RSI has an adjustment to compensate for calendar effects that arise from the differences in the reporting periods. The reporting period for June 2013 was 26 May 2013 to 29 June 2013, compared with 27 May 2012 to 30 June 2012 the previous year. Table 6 shows the differences between the calendar and seasonally adjusted estimates.

Table 6: Retail Sales, Calendar Effects

	Year on year percentage change	
	Value	Volume
Calendar adjusted	3.8	2.0
Seasonally adjusted	3.8	2.2

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5. Quality

1. Basic quality information

- The standard reporting periods can change over time due to the movement of the calendar. Every five or six years the standard reporting periods are brought back into line by adding an extra week. For example, January is typically a four-week standard period but January 1986, 1991, 1996, 2002 and 2008 were all five-week standard periods. The non-seasonally adjusted estimates will still contain calendar effects. If the non-seasonally adjusted estimates are used for analysis this can lead to a distortion depending on the timing of the standard reporting period in relation to the calendar, previous reporting periods and how trading activity changes over time.
- The non-seasonally adjusted series contain elements relating to the impact of the standard reporting period, moving seasonality and trading day activity. When making comparisons it is recommended that users focus on the seasonally adjusted estimates as these have the systematic calendar related component removed. Due to the volatility of the monthly data, it is recommended that growth rates are calculated using an average of the latest three months of the seasonally adjusted estimates.
- When interpreting the data, consideration should be given to the relative weighted contributions of the sectors within the all retailing series. Based on SIC 2007 data, total retail sales consists of: predominantly food stores 41.5%, predominantly non-food stores 41.3%, non-store retailing 5.7% and automotive fuel 11.5%.

2. Standard errors

The standard error of an index movement is a measure of the spread of possible estimates of that movement likely to be obtained when taking a range of different samples of retail companies of the same size. This provides a means of assessing the accuracy of the estimate: the lower the standard error, the more confident one can be that the estimate is close to the true value for the retail population. An approximate 95% confidence interval for the index movement is roughly twice the standard error. The paper '[Measuring the accuracy of the Retail Sales Index](#)' (1.04 Mb Pdf), written by Winton, J and Ralph, J (2011) reports on the calculation of standard errors for month-on-month and year-on-year growth rates in the RSI as well as providing an overview of standard errors and how they can be interpreted.

- The standard error for year-on-year growth in all retail sales volumes is 0.7%. This means that the year-on-year growth rate for all retail sales volumes falls within the range $0.3 \pm 1.4\%$ with a probability of 95%.
- The standard error for month-on-month growth in all retail sales volumes is 0.4%. This means that the month-on-month growth rate for all retail sales volumes falls within the confidence interval -0.1 ± 0.8 with a probability of 95%.

3. Summary quality report

A [Summary Quality Report \(114 Kb Pdf\)](#) for the RSI

This report describes, in detail the intended uses of the statistics presented in this publication, their general quality and the methods used to produce them.

4. Revisions triangles

Revisions to data provide one indication of the reliability of key indicators. The table below shows summary information on the size and direction of the revisions made to the volume data covering a five-year period. Note that changes in definition and classification mean that the revision analysis is not conceptually the same over time. A statistical test has been applied which has shown that the average revision in month-to-month statistics are not statistically different from zero.

A spreadsheet giving these estimates and the calculations behind the averages in the table is available on the ONS website.

Table 7: All Retailing, Volume Seasonally Adjusted, Revisions Triangles Summary Statistics, June 2013

Volume seasonally adjusted	Revisions between first publication and estimates twelve months later (percentage points)		
	Growth in latest period (per cent)	Average over the last five years (mean revision)	Average over the last five years without regard to sign (average absolute revision)
Latest three months compared with previous three months	0.9	-0.27	0.36
Latest month compared with previous month	0.2	-0.13	0.40

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6. Relevant links

Methodological changes were introduced in the May 2009 and January 2010 releases. For more detail see:

[Changes to Retail Sales Methodology \(124.3 Kb Pdf\)](#)

[Retail Sales Frequently asked questions \(82.3 Kb Pdf\)](#)

[Frequently asked questions January 2010 \(81.6 Kb Pdf\)](#)

[Classification changes in Retail Sales \(150.8 Kb Pdf\)](#)

[Experimental measure of Internet Retail Sales - Changes to methods \(85.6 Kb Pdf\)](#)

7. **Publication Policy**

Details of the policy governing the release of new data are available from the Media Relations Office. Also available is a list of the organisations given pre-publication access to the contents of this bulletin.

Accessing data

The complete run of data in the tables of this statistical bulletin is available to view and download in electronic format using the ONS Time Series Data service. Users can download the complete bulletin in a choice of zipped formats, or view and download their own sections of individual series. The [Time Series Data](#) are available

Alternatively, for low-cost tailored data call 0845 601 3034 or email info@ons.gsi.gov.uk

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Media contact:

Tel Media Relations Office 0845 6041858

Emergency on-call 07867 906553

Email media.relations@ons.gsi.gov.uk

Statistical contact: Tel Kate Davies 01633 455602

Email retail.sales.enquiries@ons.gsi.gov.uk

Contact us:

Tel 0845 601 3034

Email info@ons.gsi.gov.uk

Website www.ons.gov.uk

[Twitter](#)

8. 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

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Statistical contacts

Name	Phone	Department	Email
Kate Davies	+44 (0)1633 455602	ONS	retail.sales.enquiries@ons.gsi.gov.uk

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Office for National Statistics

Media Contact Details:

Telephone: 0845 604 1858
(8.30am-5.30pm Weekdays)

Emergency out of hours (limited service): 07867 906553

Email:

media.relations@ons.gsi.gov.uk