Retail Expenditure Guide

Covering the 2010-Based

Expenditure Release 2011/2012

PRODUCT GUIDE

Pitney Bowes
Business Insight

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Introduction

In this Chapter:

Introduction

Pitney Bowes Business Insight Consumer Retail Expenditure estimates for small areas have been compiled by Oxford Economics in association with Pitney Bowes Business Insight Corporation to meet the requirements of retail and market planners and analysts for comprehensive, accurate and up to date information about the patterns of expenditure in small local market areas. This guide describes the 2010-based estimates, projections and forecasts. These are fully consistent with the latest (2010) official ONS estimates of consumer spending in the UK.

Consumer Retail Expenditure estimates are produced by Pitney Bowes Business Insight's Anysite system in conjunction with demographic reports based on the 2001 Census and later mid-year estimates. Reports for local areas can be produced by Pitney Bowes Business Insight Corporation to clients' specifications. Alternatively, clients may purchase a licence to use the AnySite system on their own computers. Consumer Retail Expenditure estimates is also available as data sets for all Census Output Areas and postcode sectors in the United Kingdom totals approximately, 223,000 Output Areas and 9,500 postcode sectors. For any of these options contact Pitney Bowes Business Insight Corporation.

The AnySite system is able to produce Consumer Retail Expenditure estimates for any user-defined area in the United Kingdom. Areas may be defined in terms of Census or postal geography, or as custom areas such as mapped or digitised areas, polygon boundary files or drive time isochrones. The size of the area can range from a few Census Output Areas, representing the walk-in catchments of a small corner store, to a four hour drive time isochrone for a new leisure development - or even larger.

For each area, information is provided on the total expenditure generated by the resident population and households of the area, the average expenditure per household in the area, and the average expenditure per person in the area. Expenditure is presented in detailed commodity (goods) categories and aggregated to convenience and comparison goods summary categories.

The small area consumer spending estimates are available for 2009, 2010, 2011, 2016 and 2021. The 2009, 2010 and 2011 estimates are all in current prices (i.e. the 2009 estimates are in 2009 prices, the 2010 in 2010 prices and the 2011 estimates are in 2011 prices). The forecasts for 2016 and 2021 are in 2010 prices. This means that the 2016 and 2021 forecasts are only strictly comparable with the 2010 estimates although the Retail Expenditure Guide gives information of price indices that allows other comparisons to be made. The 2009 and 2010 estimates are consistent at the national level with the published ONS1.

The expenditure estimates are based solely on official data. They do not make use of consumer segmentation data designed for other purposes. Estimates based on consumer segmentation are problematic when the sample size of the official survey data mapped on to a particular segment is low. The PBBI/Oxford Economics method does not suffer from such problems. The regional breakdown of spending by category is based on data from the ONS' Living Costs and Food Survey broken down to a local level using up-to-date local level information on employment and wages sourced from the ONS' Business Register and Establishment Survey and the Annual Survey of Hours and Earnings as well as census information. This contrasts with competitor products are based almost entirely on consumer segmentation data which are heavily reliant on the, now very dated, 2001 Census. All data are based on the internationally recognised COICOPS classification used by ONS.

1 The data in Anysite are consistent with the initial 2010 ONS estimates released in March 2011. The trends in this Guide use the data released in June 2011. There are only minor differences between the two datasets.

Forecast expenditure (2016 and 2021) are based on Oxford Economics published UK Macroeconomic forecasts with local level projections incorporating additional data from Oxford Economics' published regional and local authority level forecasts. The results are much more targeted to the prospects for a particular locality than simply taking the latest expenditure estimates for the area and increasing them in line with national trend-based projections for the appropriate category of goods. This is partly because our consumer spending forecasts enable us to take account of changes in the underlying forces driving different elements of consumer spending in a much more sophisticated way than simply extrapolating trends. But, equally importantly, our local and regional forecasts allow us to take account of how underlying differences in economic performance in different parts of the country are likely to affect relative spending power in different locations. The accompanying Retail Expenditure Guide also gives information on alternative national level trends and forecasts should users wish to use them.

Please contact Pitney Bowes Business Insight if you would like more information on this.

The following chapters set out the steps that are involved in producing the estimates, which are designed to take the best possible account of what actual data are available about overall spending patterns and about how these will differ in different places. In summary:

- The methodology ensures full consistency with key primary data sources - Census, National Accounts, Expenditure and Food Survey, Annual Business Inquiry.
- Spending patterns are derived from the relative affluence of different areas, which is linked directly to Census data on occupational mix and employment rates.
- The methodology also reflects estimated income variation arising from differences in average earnings between areas for a given occupation, as well as differences in the mix of occupations between areas.

Following past practice, we have produced a number of "trend-based" projections of retail expenditure per head at the national level (see Chapter 3). These are based on simple time trends fitted over varying periods. The Oxford Economic forecasts, by contrast, are our "best" estimate of future changes. "Trend-based" projections are provided for users who prefer a value-free guide to future changes.

The rest of this guide is structured as follows:

- **CHAPTER 2** explains the retail spending estimates in more detail, setting out the definitions they are based on and the methodology used to produce them.
- **CHAPTER 3**provides information on using the retail spending estimates, including projecting them into the future and allowing for special forms of trading (non-store sales) and changing sales densities.
- Similarly, **CHAPTER 4** explains our estimates of retail business turnover potential, while
- **CHAPTER 5** discusses issues involved in using these estimates.
- An **APPENDIX** provides an Area Profile Report for the UK and GB as a whole, giving baseline data for spending by category, and so on.

2

Customer Retail Spending Estimates

In this chapter:

The Estimates- what is available?

Consumer retail spending estimates are available for the following main categories (COICOP[1] references in brackets).

Convenience goods:

- Food and non-alcoholic beverages (01)
- Alcoholic drink (off-licence sales) (02.1)
- Tobacco (02.2)
- Non-durable household goods (05.6.1)
- Newspapers and magazines (09.5.2)

Comparison goods:

- Books (09.5.1)
- Clothing and footwear (03)
- Furniture, floor coverings and household textiles (05.1.1, 05.1.2, 05.2)
- Audio-visual equipment and other durable goods (05.3.1, 05.3.2, 05.4, 05.5, 08.2, 09.1)
- Hardware and DIY supplies (04.3.1)
- Chemists' goods (06.1, 12.1.2, 12.1.3)
- Jewellery, watches and clocks (12.3.1)
- Bicycles (07.1.3)
- Recreational and other miscellaneous goods (09.2.2, 09.3, 09.5.3, 09.5.4, 12.3.2)

These definitions of convenience and comparison goods categories conform to the definitions in general use by retail planners. The table below provides more information on these categories, while Section 2.3 provides a full listing of the goods covered in each category. All estimates are inclusive of VAT and Special Forms of Trading.

Estimates and projections are available for individual Output Areas and for aggregated geographies based on these, for 2009, 2010 and 2011 (in current prices) and for 2016 and 2021 (in constant, 2010, prices).

1 The classification system for consumption by purpose, used by ONS and internationally.

Table 2.1 Expenditure Categories

Pitney Bowes Business Insight Goods Category		Consumer Trends COICOP Categories
1.	Food	01.1.1 Bread and Cereals 01.1.2 Meat 01.1.3 Fish 01.1.4 Milk , Cheese and eggs 01.1.5 Oils and fats 01.1.6 Fruits 01.1.7 Vegetables 01.1.8 Sugar and sweet products 01.1.9 Food products n.e.c 01.2.1Coffee,tea and cocoa 01.2.2 Mineral water and soft drinks
2.	Alcoholic drink	02.1.1 Spirits 02.1.2 Wine 02.1.3 Beers
3.	Tobacco	02.2 Tobacco
4.1	Books	09.5.1 Books
4.2	Newspapers and magazines	09.5.2 Newspaper and periodicals
5.1	Footwear	03.2.1 Shoes and other footwear 03.2.2 Repair and hire of clothing
5.2	Clothing	03.1.1 Clothing materials 03.1.2 Garments 03.1.3 Other articles of clothing/accessories 03.1.4 Cleaning, repair and hire of clothing
6.1	Furniture and floor coverings	05.1.1 Furniture and furnishings 05.1.2 Carpets and other floor coverings
6.2	Household textiles and soft furnishings	05.2 Household textiles
7.1	Domestic appliances	05.3.1 Major household appliances 05.3.2 Small electric household appliances
7.2	Audio -visual, photographics and optical goods	09.1.1 Audio visual equipment 09.1.2 Photographic and optical equipment 09.1.3 Information processing equipment 09.1.4 Recording media

Pitney Bowes Business Insight Goods Category		Consumer Trends COICOP Categories
7.3	Telephone and fax equipments	08.2 Telephone and fax equipment
8.1	China, glass and utensils	05.4 Household utensils
8.2	DIY and decorator's supplies	04.3.1 Materials for maintenance and repair of the dwelling
8.3	Tools & equipment for house & garden	05.5.1 Major tools and equipments 05.5.2 Small tools and minor accessories
8.4	Gardens, plants and flowers	09.3.3 Gardens, plants and flowers
9.1	Chemists' Goods	06.1.1 Pharmaceutical products 06.1.2 Other medical products 06.1.3 Therapeutic equipment 12.1.2 Electric appliances for personal care 12.1.3 Other products for personal care
9.2	Jewellery, watches and clocks	12.3.1 Jewellery, watches and clocks
9.3	Non-durable household goods	05.6.1 Non-durable household goods
9.4	Bicycles	07.1.3 Bicycles
9.5	Recreational goods	09.2.2 Musical instruments and major durables for indoor recreation 09.3.1 Games, toys and hobbies 09.3.2 Sports, camping and open-air recreation equipment 09.3.4 Pets and related products
9.6	Other miscellaneous goods	09.5.3 Miscellaneous printed matter 09.5.4 Stationery and drawing materials 12.3.2 Other personal effects

Methodology - how they are produced

National Expenditure Estimates

These are derived directly from official statistics, published by the Office for National Statistics in Consumer Trends. This provides a detailed breakdown of UK consumer spending, consistent with the UK National Accounts, classified according to the COICOP system, from which we extract those categories of consumers' expenditure that are relevant to retail spending. The Consumer Trends estimates (which subsequently appear in the Blue Book) provide the most reliable source of information on consumer retail expenditure, since it draws upon a wide range of sources, including the ONS Expenditure and Food Survey (published as Family Spending), the ONS Annual Business Inquiry (ABI), the Retail Sales Inquiry (RSI), government departments, nationalised industries and manufacturers.

Only COICOP categories relevant for retail spending are included. These exclude, for example, repair and maintenance and spending in restaurants & hotels, or on-sales of alcohol. The Blue Book compatible figures are used to calculate total consumer expenditure on those goods normally purchased through retail outlets. This includes all types of retail outlets, comprising all permanent and temporary shops, markets, roadside stalls, mobile shops, farm shops, roundsmen operating from depots, mail order, party plan and automatic vending machines, and credit traders.

The ONS estimates exclude spending by UK residents' abroad and are further adjusted to exclude spending by overseas visitors in UK retail outlets.

Consumer retail expenditure per capita is obtained by dividing the resulting expenditure by goods type by the latest ONS estimates of mid-year home population for the United Kingdom, as published in the ONS Population Trends.

Alcohol and Tobacco Expenditure

Data for both alcohol and tobacco are distorted by estimates of smuggled goods that are included in the official data. These should not be included in convenience good expenditure. In Consumer Trends, National Statistics published estimates of smuggling for these goods. Alcohol smuggling only represents a small share of the total spending, with no split available for on and off-licence sales.

Tobacco smuggling is more important, representing over 16% of total sales in 2008 - and has been increasing over the past decade. Data supplied on smuggling for 1994 to 2010 have been subtracted from total spending, with a suitable share of total tobacco spending also subtracted for other years. Even after this adjustment for smuggling, expenditure on tobacco appears to be too large. This still includes both retail and non-retail spending. Only the retail element is required. ABI data on retail turnover by commodity closely match other elements of spending defined on the COICOP system. The clear exception is for tobacco. Looking at the ABI data over a number of years suggests that only around 61% of the COICOP spending on tobacco, net of smuggling, is in retail establishments. The remainder is non-retail spending and has been removed from calculation.

Regional Expenditure Estimates

Although the main focus of the expenditure estimates is at the UK and local levels, the availability of official estimates of consumer spending at the regional level from the Regional Accounts makes these an important element of the process, which we use as control totals for the sum of spending across all Output Areas in a given region for a particular component of spending.

Just as the National Accounts provide information on the breakdown of consumer spending between different goods for the UK as a whole, the Regional Accounts (also from ONS) provide some breakdown of consumer spending at the regional level. So, for example, we know that in 1999 £3,970m were spent in the North East on food, drink and tobacco, compared with £11,973m in the North West. The data are out of date - 1999 is the latest year for which the information is available. But it nevertheless tells us quite a bit about how spending varies across the country that we use in the expenditure estimates at local level. Critically, this information tells us that even where aggregate spending per head is low in a region; this doesn't necessarily apply to all categories of spending. In the North West, for example, overall consumption per head was around 5% below the UK average. But for food, drink and tobacco average spending per head in the NW was actually 5% higher than the UK average, making the share of overall spending on these goods noticeably higher. This means that when we take account of this in our local spending estimates, there will be a tendency for any area in the NW with a comparable mix of occupations to an area elsewhere in the UK (other than London) to show higher spending per head on food, drink and tobacco (and hence probably on overall convenience goods) and lower spending on certain other categories of goods.

However, Regional Accounts data are only available to 1999 and there is evidence that regional spending patterns have changed since then. Simply projecting the regional accounts data forward to 2006 would not use the most accurate information available, while data are also not provided according to the required COICOP classification system. We therefore no longer use Regional Accounts as the basis for regional control totals for the latest years, although as a check, applying our calculation methodology for 1999 gives output consistent with Regional Accounts.

As a first approximation we use UK total spending shares on detailed goods categories and apply this to total spending by region (up-to-date estimates of total regional spending are based on the 1999 Regional Accounts updated using data from the Living Costs and Foods Survey (LCFS) - formerly the Expenditure and Food Survey).. This gives spending by region with the assumption that all regions share the UK spending profile. Estimates are further refined by applying differences in regional patterns taken from the LCFS. This source has the benefit of being timelier than Regional Accounts data and it provides data on average weekly spending by households on detailed goods categories by region. The latest survey reports these detailed regional spending patterns as an average over the period 2007-2009. From this source we can calculate spending on a category in a region relative to the UK as a whole and apply this to the simple regional shares. As a final step, spending is scaled across regions to ensure that total spending on each goods category sums to the UK total already estimated.

Local Area Expenditure Estimates

Expenditure on different commodities at Output Area is estimated through a combination of:

- The number of people living in the OA, broken down by broad age group, economic status and occupation
- Data on different average income levels for these different groups
- Information on how spending patterns differ across different socio-economic groups.

Local Area Expenditure Estimates - Population

Population data are taken from the Pitney Bowes Insight 2009 Population Updates, derived from the official 2009 mid-year estimates (which are currently the most recent available), including a split into young (less than 16), working age (16-59 or 64) and pensioners.

Local Area Expenditure Estimates - Employment

Employment by occupational group (using the 1-digit Standard Occupational Classification), unemployment, and economic inactivity are also taken from the Census. Figures are scaled where necessary to ensure consistency with working age population.

For 2009, 2010 and 2011 expenditure estimates, as well as forecasts for 2016 and 2021, this employment information is updated using data and projections of employment by occupation, unemployment and inactivity taken from Oxford Economics' Regional Model.

Local Area Expenditure Estimates - Incomes

Average incomes for different occupations in different parts of the country are derived from the Annual Survey of Hours and Earnings (formerly the New Earnings Survey), which provides detailed earnings by occupation at regional level and more summary (manual/non-manual) information at county level. We have used more detailed information now available from ASHE on average earnings by occupation at local authority level. Average incomes for the unemployed, economically inactive and pensioners are derived from the EFS.

Local Area Expenditure Estimates - Spending Patterns

The Living Costs and Food Survey (LCFC) (formerly the Expenditure and Food Survey and before that the Family Expenditure Survey) shows proportions of income spent on different goods by different types of households. Specifically, we apply spending patterns for different socio-economic groups to incomes of different broad occupations in each output area, plus spending patterns of unemployed and pensioners.

For output areas with relatively high or low numbers of children in the population, we also make an allowance for differences in spending patterns between households with and without children.

Local Area Expenditure Estimates - Scaling and Aggregation

Estimates are scaled where necessary to ensure consistency with estimates at regional level on the amount of spending on different goods (derived as discussed previously).

Intermediate geographies are calculated by adding up the appropriate output areas in turn into:

- Wards
- Local authorities
- Counties/unitary authorities

Detailed category definitions

Pitney Bowes Business Insight Consumer Retail Expenditure estimates for small areas provide details of expenditure, inclusive of VAT and special forms of trading, by 19 detailed goods categories grouped under six broad headings and three summary headings. Expenditure is aggregated into a total Convenience goods category, a total Comparison goods category, and an overall Total expenditure category.

The detailed goods categories are based on the COICOP categories used in Consumer Trends. A description of each of the detailed categories is given below. The broad categories are simply combinations of the appropriate detailed categories.

Food

All food and non-alcoholic beverages bought by households for consumption at home. Personal expenditure on food and drink from catering establishments for consumption on or off the premises is excluded. Thus expenditure at cafes, restaurants, hotels, fish and chip shops, fast food outlets, canteens, office dining rooms, schools and communal establishments is excluded. Personal expenditure on food from vending machines and from catering services is also excluded.

Alcoholic Drink

All alcoholic drink bought by consumers from retail outlets, wine and spirit merchants, and off-licences for consumption at home. Low or non-alcoholic beverages that are generally alcoholic, such as non-alcoholic beer, are included in this category. Alcoholic drink for immediate consumption from non-retail outlets such as public houses, hotels, restaurants, other commercial catering establishments and non-profit making clubs is excluded.

Tobacco

All consumer expenditure on tobacco products in retail outlets.

Books, Newspapers and Magazines

Books

All consumer retail expenditure on books, including atlases, dictionaries, encyclopaedias, textbooks, guidebooks and musical scores; scrapbooks and albums for children; and bookbinding costs. Pre-recorded tapes and compact discs of novels, plays, poetry, etc. and pre-recorded diskettes and CD-ROMs containing books, dictionaries, encyclopaedias, foreign language trainers, etc. in the form of software (see Audio-Visual Equipment, Photographic and Optical Goods); and stamp albums (see Recreational Goods and Other Miscellaneous Goods) are excluded.

Newspapers and Magazines

All consumer retail expenditure on newspapers, magazines and other periodicals are included. Expenditure on maps and globes (see Recreational Goods and Other Miscellaneous Goods) is excluded.

Clothing and Footwear

Footwear

All consumer retail expenditure on shoes and other footwear (including boots, slippers, etc. but excluding orthopaedic footwear, which is included under Chemists' Goods); sports footwear suitable for everyday or leisure wear (but excluding game-specific footwear such as ski boots, football boots, golfing shoes and other such footwear fitted with ice-skates, rollers, spikes, studs, etc., which is included under Recreational Goods and Other Miscellaneous Goods); gaiters, leggings and similar articles (but excluding shin-guards, cricket pads and other such protective apparel for sport, which are included under Recreational Goods and Other Miscellaneous Goods); shoelaces; parts of footwear, such as heels, soles, etc., purchased by households with the intention of repairing footwear themselves; and repair and hire of footwear. Hosiery and babies' bootees made of fabric are excluded (included under Clothing).

Clothing

All consumer expenditure on garments for men, women, children (3 to 13 years) and infants (0 to 2 years), either ready-to-wear or made-to-measure, in all materials (including leather, furs, plastics and rubber), for everyday wear, for sport or for work. Includes hosiery (excluding medical hosiery, which is included under Chemists' Goods) and underwear; ties, handkerchiefs, scarves, squares, gloves (including gardening gloves and working gloves, but excluding rubber gloves, which are included under Non-Durable Household Goods), mittens, muffs, belts, braces, aprons, smocks, bibs, sleeve protectors, hats, caps, berets, bonnets, etc.; clothing materials, knitting yarns, sewing threads and dressmaking notions (buckles, ribbons etc.). Also includes cleaning, repair and hire of clothing. Does not include protective gear for sports (see Recreational Goods and Other Miscellaneous Goods), but does include cycle and motorcycle helmets. All babies' nappies (included under Chemists' Goods) are also excluded.

Furniture, Floor Coverings and Household Textiles

Furniture and Floor Coverings

All consumer retail expenditure on beds, sofas, couches, tables, chairs, cupboards, chests of drawers and bookshelves; baby furniture such as cradles, high chairs and playpens (but excluding carrycots, pushchairs etc. which are included under Recreational Goods and Other Miscellaneous Goods); base mattresses and mattresses (but not futons, which are included under Household Textiles and Soft Furnishings); pictures, sculptures, engravings, tapestries and other art objects including reproductions of works of art and other ornaments (but excluding works of art and antique furniture acquired primarily as stores of value); lighting equipment such as ceiling lights, standard lamps, globe lights and bedside lamps; screens, folding partitions and other furniture and fixtures; bathroom cabinets; blinds (non-fabric); camping and garden furniture; mirrors, candle holders and candlesticks; loose carpets, fitted carpets, linoleum and other such floor coverings (but excluding bathroom mats, rush mats and doormats, which are included under Household Textiles and Soft Furnishings, and antique floor coverings acquired primarily as stores of value). This includes the delivery and installation of furniture and fixture when applicable, and the laying of floor coverings.

Household Textiles and Soft Furnishings

All consumer retail expenditure on bed linen such as sheets, pillowcases, blankets, travelling rugs, plaids, eiderdowns, counterpanes and mosquito nets (but excluding electric blankets, which are included under Domestic Appliances); bedding such as futons, pillows, bolsters and hammocks (but excluding mattresses, which are included under Furniture and Floor Coverings; air mattresses and sleeping bags, which are included under Recreational Goods and Other Miscellaneous Goods); furnishing fabrics, curtain material, curtains, double curtains, awnings, door curtains and fabric blinds; table linen and bathroom linen such as tablecloths, table napkins, towels and face cloths; other household textiles such as shopping bags, laundry bags, shoe bags, covers for clothes and furniture, flags, sunshades, etc.; cloth bought by the piece (but excluding Clothing materials, which are included under Clothing); oilcloth; bathroom mats, rush mats and doormats; and the repair of the above articles. Fabric wall coverings (see DIY and Decorators' Supplies) and tapestries (see Furniture and Floor Coverings) are excluded.

Audio-Visual Equipment and Other Durable Goods

Domestic Appliances

All consumer retail expenditure on domestic electrical and gas appliances, such as washing machines, dryers, drying cabinets, dishwashers, ironing and pressing machines; cookers, spit roasters, hobs, ranges, ovens and microwave ovens; refrigerators, freezers and fridge-freezers; vacuum cleaners, steam-cleaning machines, carpet shampooing machines and machines for scrubbing, waxing and polishing floors; other major household appliances such as safes, sewing machines, knitting machines, water softeners, etc.; air-conditioners, humidifiers, space heaters, water heaters, ventilators and extractor hoods; coffee mills, coffee-makers, juice extractors, can-openers, food mixers, deep fryers, meat grills, knives, toasters, ice cream makers, sorbet makers, yoghurt makers, hotplates, irons, kettles, fans, electric blankets, etc. includes delivery and installation of the appliances when applicable. Audio-visual equipment (see Audio-Visual Equipment, Photographic and Optical Goods); non-electric household scales (see China, Glass & Utensils); non-electric personal weighing machines and baby scales (see Chemists' Goods); and power tools and lawnmowers (see China, Glass & Utensils) are excluded, as are appliances that are built into the structure of the building.

Audio-Visual Equipment, Photographic and Optical Goods

All consumer retail expenditure on radio sets, car radios, radio clocks, two-way radios, amateur radio receivers and transmitters; television sets, video cassette players and recorders, television aerials of all types; gramophones, tape players and recorders, cassette players and recorders, CD-players, personal stereos, stereo systems and their constituent units (turntables, tuners, amplifiers, speakers, etc.), microphones and earphones; personal computers, visual display units, printers and miscellaneous accessories accompanying them; computer software packages such as operating systems, applications, languages, etc.; telefax and telephone-answering facilities provided by personal computers; calculators, including pocket calculators; typewriters and word processors; still cameras, movie cameras and sound-recording cameras, video cameras and camcorders, film and slide projectors, enlargers and film processing equipment, accessories (screens, viewers, lenses, flash attachments, filters, exposure meters, etc.); binoculars, microscopes, telescopes and compasses. Also includes pre-recorded and blank media such as records and compact discs; pre-recorded and unrecorded tapes, cassettes, video cassettes, diskettes and CD-ROMs for tape recorders, cassette recorders, video recorders and personal computers; unexposed films (including processing costs where included), cartridges and disks for photographic and cinematographic use; and photographic supplies such as paper and flashbulbs. Excludes video game software, video game cassettes and video game CD-ROMs, video game computers that plug into a television set, typewriter ribbons, toner and ink cartridges, slide rules, non-prescription sunglasses, and musical instruments (see Recreational Goods and Other Miscellaneous Goods); prescription and non-prescription spectacles, and contact lenses (see Chemists' Goods); batteries (see China, Glass & Utensils); and development of films and printing of photographs where not included in the price of the film.

Telephone and Fax Equipment

All consumer retail expenditure on telephones, radio-telephones, telefax machines, telephone-answering machines and telephone loudspeakers; and the repair of such equipment. Telefax and telephone-answering facilities provided by personal computers (see Audio-Visual Equipment, Photographic and Optical Goods) are excluded.

Hardware and DIY Supplies

China, Glass & Utensils

All consumer retail expenditure on glassware, crystal ware, ceramic ware and chinaware of the kind used for table, kitchen, bathroom, toilet, office and indoor decoration; cutlery, flatware and silverware; non-electric kitchen utensils of all materials such as saucepans, stew pots and pressure cookers, frying pans, coffee mills, puree makers, mincers, hotplates, household scales and other such mechanical devices; non-electric household articles of all materials such as containers for bread, coffee, spices etc., waste bins, waste paper baskets, laundry baskets, portable money boxes and strong boxes, towel rails, bottle racks, irons and ironing boards, letter boxes, feeding bottles, thermos flasks and ice boxes.

DIY and Decorators' Supplies

All consumer retail expenditure on products such and materials such as renderings, wallpapers, fabric wall coverings, plaster, cement, putty, wallpaper pastes etc,, purchased for minor maintenance and repair of the dwelling; small plumbing items (pipes, taps, joints etc.); window panes; paint and varnishes; surfacing material (floorboards, ceramic tiles, etc.); and brushes and scrapers for paint, varnish and wallpaper. Excludes hand tools, door fittings, power sockets, wiring flex and lamp bulbs (see Tools & Equipment for House & Garden); lighting equipment such as ceiling lights, standard lamps, globe lights and bedside lamps (see Furniture and Floor Coverings); and products, materials and fixtures used for major maintenance and repair or for extension and conversion of the dwelling.

Tools & Equipment for House & Garden

All consumer retail expenditure on motorized tools and equipment such as electric drills, saws, sanders and hedge cutters, garden tractors, lawnmowers, cultivators, chainsaws and water pumps; garden tools such as wheelbarrows, watering cans, hoses, spades, shovels, rakes, forks, scythes, sickles and secateurs; hand tools such as saws, hammers, screwdrivers, wrenches, spanners, pliers, trimming knives, rasps and files; ladders and steps; charges for leasing or rental of DIY machinery and equipment; door fittings (hinges, handles and locks), fittings for radiators and fireplaces, other metal articles for the house (curtain rails, carpet rods, hooks etc) or for the garden (chains, grids, stakes and hoop segments for fencing and bordering); small electrical accessories such as power sockets, switches, wiring flex, electric bulbs, fluorescent lighting tubes, torches, flashlights, hand lamps, electric batteries for general use, bells and alarms.

Gardens, Plants and Flowers

All consumer retail expenditure on natural or artificial flowers and foliage, plants, shrubs, bulbs, tubers, seeds, fertilizers, composts, garden peat, turf for lawns, specially treated soils for ornamental gardens, horticultural preparations, pots and pot holders (but excluding garden tools and equipment, which are included under Tools & Equipment for House & Garden, gardening gloves, which are included under Clothing, and garden furniture, which is included under Furniture and Floor Coverings), natural and artificial Christmas trees; delivery charges for flowers and plants.

Other goods

Chemists' Goods

All consumer retail expenditure on prescription and non-prescription medicinal preparations, medicinal drugs, patent medicines, serums and vaccines, vitamins and minerals, cod liver oil and halibut liver oil, oral contraceptives; clinical thermometers, adhesive and non-adhesive bandages, hypodermic syringes, first-aid kits, hot-water bottles and ice bags, medical hosiery items such as elasticated stockings and knee supports, pregnancy tests, condoms and other non-oral contraceptive devices; corrective eyeglasses and contact lenses, hearing aids, glass eyes, artificial limbs and other prosthetic devices, orthopaedic braces and supports, orthopaedic footwear, surgical belts, trusses and supports, neck braces, medical massage equipment and health lamps, powered and unpowered wheelchairs and invalid carriages, "special" beds, crutches, electronic and other devices for monitoring blood pressure, etc., dentures (excluding fitting costs), and the repair of such articles; electric razors and hair trimmers, hand-held and hood hairdryers, curling tongs and styling combs, sunlamps, vibrators, electric toothbrushes and other electric appliances for dental hygiene, etc., and the repair of such articles; non-electric appliances: razors and hair trimmers and blades therefore, scissors, nail files, combs, shaving brushes, hairbrushes, toothbrushes, nail brushes, hairpins, curlers, personal weighing machines, baby scales, etc.; articles for personal hygiene: toilet soap, medicinal soap, cleansing oil and milk, shaving soap, shaving cream and foam, toothpaste, etc.; toilet paper, paper handkerchiefs, paper towels, sanitary towels, cotton wool, cotton tops, babies' napkins (nappies), toilet sponges, etc.; beauty products such as lipstick, nail varnish, make-up and make-up removal products (including powder compacts, brushes and powder puffs), hair lacquers and lotions, pre-shave and after-shave products, sunbathing products, hair removers, perfumes and toilet waters, personal deodorants, bath products, etc. Excludes protective goggles, belts and supports for sport, and sunglasses not fitted with corrective lenses (see Recreational Goods and Other Miscellaneous Goods); handkerchiefs made of fabric (see Clothing); and the hire of therapeutic equipment.

Jewellery, Silverware, Watches and Clocks

All consumer retail expenditure on precious stones and metals and jewellery fashioned out of such stones and metals; costume jewellery, cuff links and tiepins; clocks, watches, stopwatches, alarm clocks, travel clocks; and the repair of such articles. Excludes silverware (see China, Glass & Utensils); radio clocks (see Audio-Visual Equipment, Photographic and Optical Goods); wall thermometers and barometers (see Recreational Goods and Other Miscellaneous Goods); and precious stones and metals and jewellery fashioned out of such stones and metals acquired primarily as stores of value.

Non-Durable Household Goods

All consumer retail expenditure on cleaning and maintenance products such as soaps, washing powders, washing liquids, scouring powders, detergents, disinfectant bleaches, softeners, conditioners, window-cleaning products, waxes, polishes, dyes, unblocking agents, disinfectants, insecticides, pesticides, fungicides and distilled water; articles for cleaning such as brooms, scrubbing brushes, dustpans and dust brushes, dusters, tea towels, floor cloths, household sponges, scourers, steel wool and chamois leathers; paper products such as filters, tablecloths and table napkins, kitchen paper, vacuum cleaner bags and cardboard tableware, including aluminium foil and plastic bin liners; other non-durable household articles such as matches, candles, lamp wicks, methylated spirits, clothes-pegs, clothes hangers, pins, safety pins, sewing needles, knitting needles, thimbles, nails, screws, nuts and bolts, tacks, washers, glues and adhesive tapes for household use, string, twine and rubber gloves; polishes, creams and other shoe-cleaning articles; and fire extinguishers for households. Excludes brushes and scrapers for paint, varnish and wallpaper (see DIY and Decorators' Supplies); horticultural products for the upkeep of ornamental gardens (see Recreational Goods and Other Miscellaneous Goods); paper handkerchiefs, toilet paper, toilet soaps, toilet sponges and other products for personal hygiene (see Chemists' Goods); and cigarette, cigar and pipe lighters and lighter fuel (see Recreational Goods and Other Miscellaneous Goods).

Bicycles

All consumer retail expenditure on bicycles and tricycles of all types, including rickshaws. Excludes toy bicycles and tricycles (see Recreational Goods and Other Miscellaneous Goods) and cycle helmets and clothing (see Clothing).

Recreational Goods

All consumer retail expenditure on musical instruments of all sizes, including electronic musical instruments, such as pianos, organs, violins, guitars, drums, trumpets, clarinets, flutes, recorders, harmonicas, etc.; billiard tables, ping-pong tables, pinball machines, gaming machines, etc.; gymnastic, physical education and sport equipment such as balls, shuttlecocks, nets, rackets, bats, skis, golf clubs, foils, sabres, poles, weights, discuses, javelins, dumb-bells, chest expanders and other body-building equipment; parachutes and other sky-diving equipment; firearms and ammunition for hunting, sport and personal protection; fishing rods and other equipment for fishing; equipment for beach and open-air games, such as bowls, croquet, frisbee, volleyball, and inflatable boats, rafts and swimming pools; camping equipment such as tents and accessories, sleeping bags, backpacks, air mattresses and inflating pumps, camping stoves and barbecues; repair of sports goods and camping equipment; toys of all kinds including dolls, soft toys, toy cars and trains, toy bicycles and tricycles, toy construction sets, puzzles, plasticine, electronic games, masks, disguises, jokes, novelties, fireworks and rockets, festoons and Christmas tree decorations; card games, parlour games, chess sets and the like; stamp-collecting requisites (used or cancelled postage stamps, stamp albums, etc., but excluding unused postage stamps), other items for collections (coins, medals, minerals, zoological and botanical specimens, etc., but excluding collectors' items falling into the category of works of art or antiques, which are included under Furniture and Floor Coverings), and other tools and articles not elsewhere classified for hobbies; video-game software, video-game cassettes and video-game CD-ROMs; video-game computers that plug into a television set; pets (excluding horses and ponies), pet foods, veterinary and grooming products for pets (excluding veterinary services), collars, leashes, kennels, birdcages, fish tanks and cat litter, etc.

Other Miscellaneous Goods

Writing pads, envelopes, account books, notebooks, diaries, etc.; pens, pencils, fountain pens, ballpoint pens, felt-tip pens, inks, erasers, pencil sharpeners, etc.; stencils, carbon paper, typewriter ribbons, inking pads, correcting fluids, etc.; paper punches, paper cutters, paper scissors, office glues and adhesives, staplers and staples, paper clips, drawing pins, etc.; drawing and painting materials such as canvas, paper, card, paints, crayons, pastels and brushes; toner and ink cartridges; educational materials such as exercise books, slide rules, geometry instruments, slates, chalks and pencil boxes (but excluding children's scrapbooks, which are included under Books); posters, plain or picture postcards (but excluding pre-franked postcards and aerogrammes), calendars; catalogues and advertising material; greeting cards and visiting cards, announcement and message cards; maps and globes; travel goods and other carriers of personal effects: suitcases, trunks, travel bags, attaché cases, satchels, hand-bags, wallets, purses, etc.; articles for babies such as baby carriages, pushchairs, carrycots, recliners, car beds and seats, back-carriers, front carriers, reins and harnesses, etc. (but excluding baby clothing, which is included under Clothing, baby furniture, which is included under Furniture and Floor Coverings, feeding bottles, which are included under China, Glass & Utensils, and nappies, which are included under Chemists' Goods); articles for smokers such as pipes, lighters, cigarette cases, cigar cutters, ashtrays, etc.; miscellaneous personal articles such as non-prescription sunglasses, walking sticks and canes, umbrellas and parasols, fans, keyrings, etc.; funerary articles such as coffins, gravestones, urns, etc.; lighter fuel; wall thermometers and barometers; and the repair of personal effects.

Bulky Goods

The bulky goods category is made up of Furniture and floor coverings (not the larger "furniture, floor coverings and household textiles" group) and Domestic appliances.

Total DIY Related Goods

This provides a total figure for all DIY related spend, including repair & maintenance materials; tools & equipment for house & garden; gardens, plants & flowers; % of cleaning materials; % of furniture & floor coverings.

Time Series Estimates

Section 3 of this "Retail Guide" quotes estimates of past and projected future growth rates of retail spending. The data used in the calculation of these trends have been calculated using a method known as chain linking. This means that rather than add up a number of consumer spending categories measured in a recent years prices in order to arrive at retail expenditure, allowance if made for the fact that relative prices can change substantially over time and that the relative prices of, say 2006, might not be particularly meaningful when aggregating data from the 1960s. A further advantage of chain linked data is that they are far less prone to revision when price bases are changed.

Chain linking combines constant price growth rates measures in different year's prices. It is now the system used for all National Accounts estimates and it is also the appropriate method for calculating retail expenditure growth rates. The time series data supplied here uses the current Office for national statistics convention of chain linking the data to 2006 and then reverting to simple additive estimates after 2006.

Using chain linked estimates actually increases estimates historical growth rates for comparison goods. Note, however, that although this will affect estimated historical trends the Oxford Economics forecasts (as opposed to the trend-based projections) take into account the impact of the recession and tightened government policy which will both contribute to a period of restrained spending growth.

Chain linked estimates have been produced at the comparison and convenience goods levels. The series for "All Retail Goods" quoted is the sum of the chain linked series for comparison and convenience. Note that chain linking only affects the constant price estimates used in trend analysis and it does not affect the current price expenditure estimates.

3

Using the Retail Spending Estimates

In this chapter:

Special Forms of Trading

Data Issues

Special forms of trading (also known as non-store retail sales) are sales that do not take place through traditional store-based outlets. This includes spending through outlets, such as the internet, mail order, party plan and vending machines, and other non-store activity such as market and road-side stalls. They are of interest in a retail planning context because they can be viewed as taking spending away from conventional stores.

The rapid growth in the internet in recent years has increased interest on the market share of non-store retail sales and the potential impact on high streets and shopping centres. Alongside this, however, there has been considerable confusion over the interpretation of the available data and uncertainty over the exact impact of the rise of the internet on conventional stores. Some of the main issues are summarised in the table below:

Issues with the Measurement and Interpretation of Special Forms of Trading

Measurement	Conceptual
• ONS produce of two main series of interest: • Non Store Retail Sales – which covers market stall, door-to-door selling and the mail order and internet sales of wholly non-store operations • Internet Sales – which covers all internet sales including those already included in Non-Store Sales (e.g. Amazon) and internet sales by predominantly store-based operations (e.g. John Lewis, Tesco) • Need to estimate a single “Broad” Non-Store Sales estimate	• Traditionally non-store sales (or Special Forms of Trading) reduced the potential turnover available to retail outlets but… • The advent of multi-channel retailing has clouded the issue. • Stores can be seen as showrooms or a source of stock for internet sales/ internet can even direct customers to stores (e.g. use internet to research but buy in store) • Smart phone technology blurs the boundaries further • Catalogue-internet distinction has become increasingly meaningless

With regards to measurement, the main issue is that the ONS have, for some time, published a series called Non-Store Retail Sales but it is an incomplete measure of all non-store sales as the internet component only includes sales by “wholly internet-based” companies and not sales by companies that also operate conventional stores. Hence, the ONS series includes sales by companies such as Amazon, who operate solely over the internet, but not the internet sales of companies who also run conventional stores such as Tesco, John Lewis and practically every other major retailer. As a result, the ONS Non-Store Retail Sales figures severely under-estimate the impact of the growth of the internet, This is illustrated in Figure 3.1 which shows the share of total sales accounted for by the ONS’s Non-Store series increasing very slowing over the past four years (the ONS Non-Store Retails Sales share of the total increased from 4.7% in 2007 to 5.5% in 2010 but it had been over 8% in the 1980s).

Companies who also operate conventional stores while the sales of wholly internet based stores are also included in the ONS narrow definition of “Non-Store Retail sales”.

There are no official estimates of the extent of this overlap but a statistical modelling exercise carried out by Oxford Economics indicates that approximately 50% of all internet sales are already included in the ONS narrow definition of "Non-Store Retail sales". Based on this assumption, the "Broad Definition" of Non-Store Retail Sales in 2010 would be made up as illustrated in Figure 3.2.

Figure 3.1

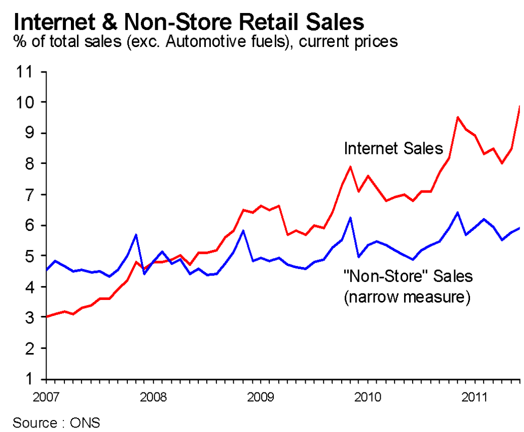
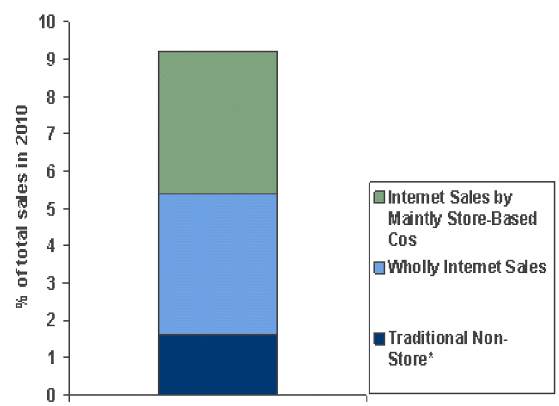


Figure 3.2 Estimate of the Broad Structure of Non-Store Retail Sales in 2010

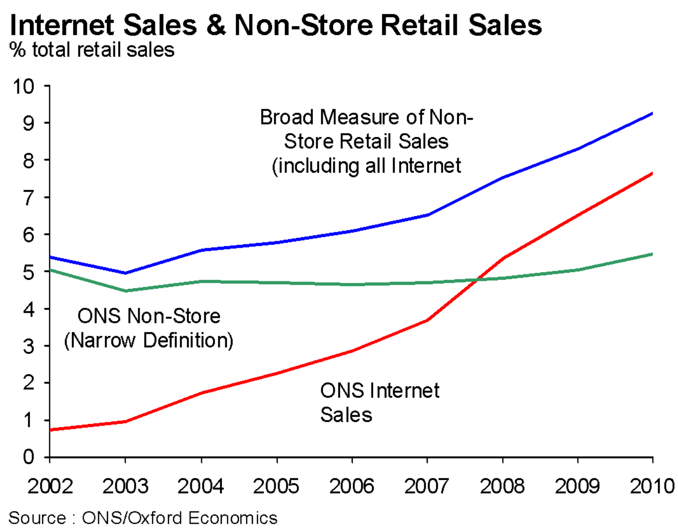


The estimates shown in Figure 3.2 imply that traditional non-store retail sales through outlets such as mail order, door-to-door selling, market stalls and vending machines may have fallen to just 1.7% of total sales in 2010 but note that there is now a very blurred boundary between internet and mail order sales that makes comparisons with the past problematic.

Figure 3.3 shows our estimates of the evolution of the Broad Measure of Non-Store Retail sales since 2002. The Broad Measure's market share has increased more slowly than the ONS Internet

Sales estimate because it contains the non-internet elements of non-store sales that have suffered from the growth of the internet. The ONS Internet Sales estimate increased its share of total sales from 3.7% in 2007 to 7.6% in 2010 while the Oxford Economics Broad Measure of Non-Store Retail sales increased from 6.5% in 2007 to stand at 9.3% in 2010. Both the ONS Internet sales and the Oxford Economic Broad Measure of Non-Store Retail Sales have increased their share of total sales far more rapidly than the ONS narrow definition.

Figure 3.3



Breakdowns and Projections

The ONS narrow Definition is broken down by type of good but no breakdown is available for the ONS Internet Sales series. Based on the available ONS data and additional data from Datamonitor (UK E-Retail 2011), we estimate that the 9.3% market share of the Broad Measure of Non-Store Retail sales for all goods breaks down into a 5.1% market share for convenience goods and an 11.9% share for comparison goods.

Forecasting the future share is difficult. Internet sales penetration is already very high in the UK and is much higher than in continental Europe and higher even than in the USA. This means that we have no clear indicator of a possible future saturation point. Recent increases have also been very rapid and it is difficult to see why they should suddenly level off when internet usage is still increasing and the use of smart-phone technology in retailing is only just taking off. Nonetheless, the internet's market share is likely to level off at some point. In our "Main", or "Central", case we have assumed a gradual slowdown in the rate of increase of the Broad Measure of Non-Store Retail sales' market share, which results in the market share for comparison goods levelling off at 14.7% and that for convenience goods levelling off at 6.5% by 2020.

Given the uncertainties involved, we have also prepared a "High case" for the market share of the Broad Definition of Non-Store Retail Sales which assumes a much more gradual slowdown of the rate of increase of internet penetration. This has the share of comparison and convenience goods sales accounted for by the Broad Measure of Non-Store Retail sales reaching 17.7 and 7.9% respectively in 2021. We have not prepared a "Low Case" as we do not think that there is much of a downside given the momentum that internet sales appear to have achieved in recent years. The Central and High cases are illustrated in Figures 3.4 and 3.5 and in Table 3.1.

Figure 3.4 (Central Forecast)

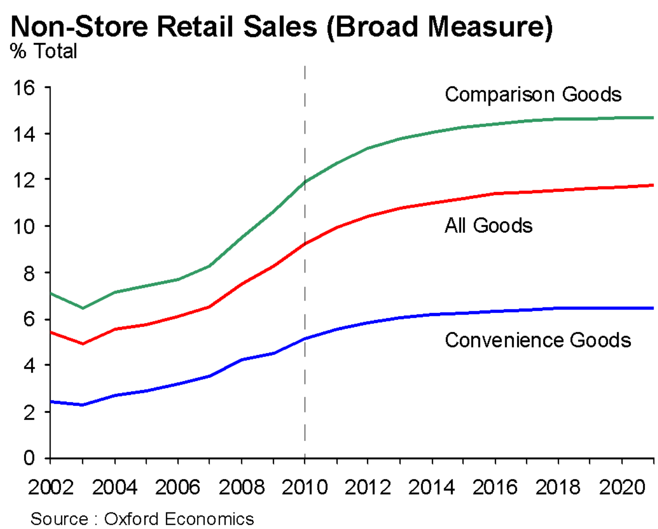


Figure 3.5

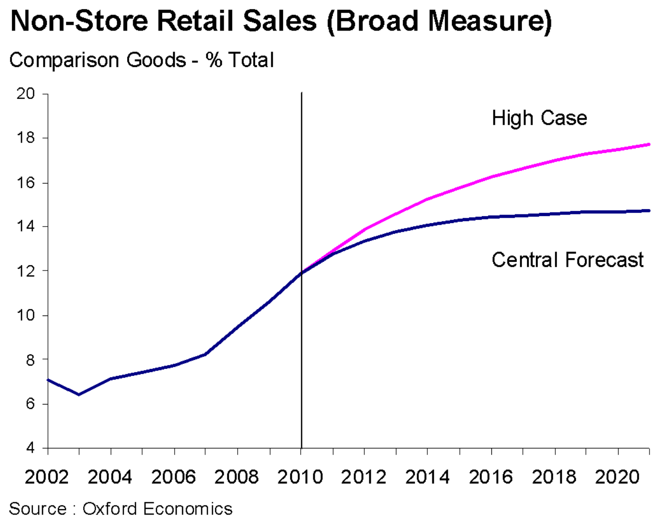


Table 3.1 also gives projections of the narrow definition of Non-Store Retail Sales. This is given for reference only and we would caution against using them as a lower-case alternative.

Table 3.1: Non-Store Retail Sales - Projected Market Share

Non-Store Retail Sales - Broad Definition

Percentage of Total Spending

	Central Case			High Case		
	Total	Conven-ience	Compari-son	Total	Conven-ience	Compari-son
2002	5.4	2.4	7.1	5.4	2.4	7.1
2003	4.9	2.3	6.4	4.9	2.3	6.4
2004	5.6	2.7	7.2	5.6	2.7	7.2
2005	5.8	2.9	7.4	5.8	2.9	7.4
2006	6.1	3.2	7.7	6.1	3.2	7.7
2007	6.5	3.5	8.3	6.5	3.5	8.3
2008	7.5	4.2	9.5	7.5	4.2	9.5
2009	8.3	4.5	10.7	8.3	4.5	10.7
2010	9.3	5.1	11.9	9.3	5.1	11.9
2011	9.9	5.5	12.8	10.1	5.6	12.9
2012	10.4	5.8	13.4	10.8	6.0	13.8
2013	10.8	6.0	13.8	11.4	6.4	14.6
2014	11.0	6.2	14.1	11.9	6.7	15.2
2015	11.2	6.3	14.3	12.4	7.0	15.8
2016	11.4	6.3	14.4	12.8	7.2	16.2
2017	11.5	6.4	14.5	13.2	7.4	16.6
2018	11.6	6.4	14.6	13.5	7.6	17.0
2019	11.6	6.4	14.6	13.7	7.7	17.2
2020	11.7	6.5	14.7	14.0	7.8	17.5
2021	11.7	6.5	14.7	14.2	7.9	17.7

Non-Store Retail Sales - Narrow (ONS) Definition

Percentage of Total Spending

	Central Case			High Case		
	Total	Conven-ience	Compari-son	Total	Conven-ience	Compari-son
2002	5.0	2.0	6.7	5.0	2.0	6.7
2003	4.5	1.8	6.0	4.5	1.8	6.0
2004	4.7	1.8	6.4	4.7	1.8	6.4
2005	4.7	1.7	6.3	4.7	1.7	6.3
2006	4.6	1.6	6.3	4.6	1.6	6.3
2007	4.7	1.5	6.5	4.7	1.5	6.5
2008	4.8	1.4	6.9	4.8	1.4	6.9
2009	5.0	1.1	7.5	5.0	1.1	7.5
2010	5.5	1.1	8.2	5.5	1.1	8.2
2011	5.9	1.1	9.0	6.0	1.1	9.2
2012	6.2	1.1	9.5	6.5	1.1	10.0
2013	6.5	1.1	9.9	7.0	1.1	10.7
2014	6.7	1.1	10.2	7.4	1.1	11.4
2015	6.9	1.1	10.4	7.8	1.1	11.9
2016	7.0	1.1	10.6	8.1	1.1	12.4
2017	7.1	1.1	10.7	8.4	1.1	12.8
2018	7.2	1.1	10.7	8.7	1.1	13.1
2019	7.2	1.1	10.8	8.9	1.1	13.4
2020	7.3	1.1	10.8	9.1	1.1	13.6
2021	7.3	1.1	10.8	9.2	1.1	13.8

Conceptual Issues

As mentioned earlier, the advent of the internet has raised conceptual as well as measurement issues relating to the way that Non Store Retail sales are treated in a retail planning context. One element of this is how to treat sales that are made online but where the goods are either taken by store-staff from the shelves of company stores (as with Tesco) or where they are picked up from the store (as with a number of large retailers). Tesco's (who source most, though not all, of their online convenience goods sales from existing stores) online sales in the UK in the year to February 2011 alone were around £2bn, so it is quite possible that the majority of the estimated £4.9bn difference between the Broad and narrow estimates of Non-Store sales of convenience goods in 2010 was sourced from the shelves of existing stores.

Table 3.2

Non-Stores Sales of Convenience Goods
(% of Total Spending on Convenience Goods)

	Total	Adjusted*	of which:	
			Narrow Definition	Part of Non-Narrow Definition
2002	2.4	2.0	2.0	0.0
2003	2.3	1.8	1.8	0.1
2004	2.7	1.9	1.8	0.1
2005	2.9	1.8	1.7	0.1
2006	3.2	1.8	1.6	0.2
2007	3.5	1.7	1.5	0.2
2008	4.2	1.7	1.4	0.3
2009	4.5	1.4	1.1	0.3
2010	5.1	1.5	1.1	0.4
2011	5.5	1.5	1.1	0.4
2012	5.8	1.6	1.1	0.5
2013	6.0	1.6	1.1	0.5
2014	6.2	1.6	1.1	0.5
2015	6.3	1.6	1.1	0.5
2016	6.3	1.6	1.1	0.5
2017	6.4	1.6	1.1	0.5
2018	6.4	1.6	1.1	0.5
2019	6.4	1.6	1.1	0.5
2020	6.5	1.6	1.1	0.5
2021	6.5	1.6	1.1	0.5

* Adjusted for sourcing from existing stores

Table 3.2 shows the impact of assuming that 90% of internet sales by companies, who also have a conventional store-based presence (e.g. Tesco), source from the stores of existing stores. This has a big impact on the implied reduction in spending to allow for Special Forms of Trading/Non Store Retail Sales. This falls from 5.1% in the Broad Definition to just 1.5% in the adjusted version with only a modest increase after 2010. The 90% assumption may not, of course hold into the future. Tesco are already starting to source from "dark" stores. Waitrose, on the other hand are now sourcing from stores now that the agreement with Ocado has come to an end.

A more difficult conceptual issue is how to deal with multichannel retailing. In some retail business models, stores can be seen as showrooms for internet sales rather than as sales points in their own right. The increased use of smart phone technology has started to blur the store/internet boundary even further. Customers can now visit a store and place an order over the internet, possibly from a different retailer, while in situ. There are obviously viability and sustainability issues if a company starts to simply act as a showroom for other companies' sales but the increasing popularity of the multi-channel model implies that the phenomena is likely to be around for some time to come.

The implication is that the "retail needs model" whereby the potential spending in-stores in a location relative to sales densities is an indicator of the need for retail space may no longer appropriate. Another way of looking at this is to say that it is not appropriate to deduct the full extent of estimated non store sales from local spending when estimating spending available for local store-based sales; although it is difficult, if not impossible, to say what share is appropriate.

Sales Densities

Sales densities are the value or volume of retail goods sold through retail outlets divided by the available floor space. By implication, any increase in sales densities reduces the future need for retail floor space all else being equal.

Measurement of changes in sales densities is problematic due to data constraints but it is clear that in the pre-recession years, rapid growth of retail expenditure far outstripped the increase in available floor space leading to rapid growth in sales densities. Blake, Morley and Bach (Future of Retail Property: How Much Space, BCSC 2008) attempted to estimate sales density changes between 1987 and 2005 for convenience and comparison goods and to spell out the relationships between gross and net space and the impact of the changing age and in-town/out-of-town mix of retail space. The results show an exceptionally rapid growth in (net) sales densities between 2000 and 2005 of 1.6% and 3.9% per annum for convenience and comparison goods respectively which represented a substantial acceleration on the 1.2 and 2.5% per annum increases recorded between 1987 and 2000.

The authors, however, argue that it would be incorrect to extrapolate recent trends into the future as they were very much driven by the consumer spending boom and were unlikely to be either sustainable or desirable in the long-run. Instead, they base their future assumptions on the growth rates in the earlier, 1987-2000, period. These were further adjusted down to allow for the increase in convenience densities that was due to the replacement of old space with new space with higher sales densities and for the impact of Sunday trading which was also thought of as a one-off event. The final assumptions used for future sales density growth were 0.6% and 2.2% per annum for convenience and comparison goods respectively.

These assumptions were then used in calculations of future retail space needs at the England and Wales level. There are a number of reasons why they might be an over-estimate if used in local needs assessments:

Only part of the potential one-off 0.7% per annum impact of the introduction of Sunday Trading on 1987-2000 growth rates was deducted, partly because not all of the increase in Sunday Trading happened between 1999 and 2000 and partly because there was still scope for a further increase in

Sunday trading (and 24 hour trading). The likelihood of further increases in the share of sales taking place on a Sunday cannot be taken for granted and there may be scope for a further downwards adjustment to the projected growth rates.

Much of the increase in convenience sales densities was attributed to a "weighting effect" caused when new space replaced old. This was not found for comparison space but this could easily have been due to data limitations. This is crucial, as weighting effects can only take place if new space is built and national aggregates that potentially include weighting effects should not be built in to local studies. Consequently aggregate growth rates may not be appropriate for every part of the country.

Note also that sales densities are much higher in the UK than in continental Europe and far higher than in the USA. This may mean that there is less scope for further increases. There are also arguments that all of the observed increases in sales densities in the past were either one-offs that are unlikely to be repeated (Sunday trading, increased efficiency), of only minor significant (the shift to higher value items) or not relevant to the locality being considered (the large scale replacement of old store formats with new). We are left, however, with the fact that available data does show considerable increases in the past that cannot all be explained by one-off factors and it looks unlikely that there will be no future increases in sales densities.

If we assume that Sunday trading is now close to its peak, the Blake et al (2008) projections can be revised down to give projected sales density increases of 0.3% for convenience goods space and to 1.8% for comparison goods space. Further, as the aggregate figures are heavily dependent on the rapid growth in sales volumes of audio-visual equipment including personal computers and mobile phones, it is possible to justify a lower rate of increase for comparison sales densities in areas with a below average share of stores selling these items.

Recent trends

Total spending on convenience goods fell in real terms in 2009 and comparison goods spending practically ground to a halt as the recession took hold. This was the second annual fall in a row for convenience goods and the weakest annual growth rate since 1991 for comparison goods. Comparison goods spending per capita contracted. The weakest quarters for convenience goods were actually in mid-to-late 2008 while comparison goods saw quarterly falls in the first half of 2009.

As the UK economy started to recover in 2010, total real spending on convenience goods bounced back relatively strong with growth of 1.3%, while at the same time comparison goods continued its stagnation with very modest growth of 0.7%.

Longer-Run Trends

From as early as 1964 comparison goods have accounted for an increasing share of household spending (Table 3.2). As household incomes have risen, annual growth rates in spend on comparison goods have been much higher compared to convenience goods. The average annual growth rates for comparison goods spending per capita over the period 1999-10 was 5.8% per annum compared to just 0.6% per annum for convenience goods (calculated by fitting a log linear trend to the data - see Table 3.2). Having experienced some very rapid growth rates in the earlier part of the 2000s, the 2008-9 slowdown has dragged average growth rates down. Over the 1964-

2010 period, the average rate of increase of spending per capita on comparison goods (chain linked volumes) was 4.5% per annum. Comparison goods values represented over 60% of all retail goods expenditure in 2010.

Growth in expenditure per capita on convenience goods has been much lower. Growth over the last ten years has been at an average annual rate of just 0.4% per annum with robust annual growth rates in the earlier part of the decade countered by falls of 1.5% and 2.7% in 2008 and 2009 respectively while 2010 saw a small bounce-back. Over the 1964-2010 period, the average rate of increase of spending per capita on convenience goods (chain linked volumes) was 0.6% per annum.

Table 3.2: UK annual average consumer retail expenditure by goods type (chain linked volumes, 2006 prices)

	Constant (2006) Prices, per Capita Consumption (£)						Price Deflators, 2006=100		
				Growth rates (%)					
	Convenience goods	Comparison goods	All goods	Convenience goods	Comparison goods	All goods	Convenience goods	Comparison goods	All goods
1980	1,365	756	2,121	-0.5	-2.9	-1.4	41.0	69.5	51.2
1981	1,347	752	2,099	-1.3	-0.6	-1.0	44.8	73.9	55.2
1982	1,337	775	2,112	-0.8	3.1	0.6	48.3	77.5	59.0
1983	1,353	820	2,172	1.2	5.8	2.9	50.7	81.3	62.3
1984	1,338	860	2,198	-1.1	4.9	1.2	53.9	84.2	65.8
1985	1,348	910	2,258	0.8	5.8	2.7	56.4	88.2	69.2
1986	1,380	985	2,364	2.3	8.2	4.7	58.5	91.2	72.1
1987	1,409	1,068	2,477	2.1	8.4	4.7	60.3	93.3	74.6
1988	1,432	1,158	2,590	1.7	8.5	4.6	62.7	96.5	77.8
1989	1,453	1,202	2,655	1.5	3.8	2.5	65.9	100.0	81.4
1990	1,450	1,227	2,677	-0.2	2.1	0.8	71.1	104.1	86.2
1991	1,432	1,225	2,657	-1.2	-0.2	-0.8	76.0	109.4	91.4
1992	1,430	1,268	2,697	-0.2	3.5	1.5	78.3	111.2	93.8
1993	1,445	1,327	2,772	1.1	4.7	2.8	79.9	111.9	95.3
1994	1,457	1,425	2,882	0.8	7.4	4.0	80.7	111.4	95.9
1995	1,444	1,482	2,925	-0.9	4.0	1.5	83.8	113.7	98.9
1996	1,490	1,563	3,053	3.2	5.5	4.4	86.7	115.8	101.6
1997	1,511	1,658	3,170	1.5	6.1	3.8	87.3	117.3	103.0
1998	1,518	1,765	3,283	0.4	6.4	3.6	89.0	117.2	104.2
1999	1,563	1,905	3,468	3.0	7.9	5.6	90.3	115.1	103.9
2000	1,589	2,066	3,655	1.6	8.5	5.4	90.7	111.9	102.7
2001	1,566	2,208	3,774	-1.4	6.9	3.3	93.4	110.6	103.5
2002	1,591	2,420	4,011	1.6	9.6	6.3	94.2	108.1	102.6
2003	1,613	2,610	4,223	1.4	7.9	5.3	95.9	106.2	102.3
2004	1,667	2,755	4,422	3.3	5.6	4.7	96.3	104.0	101.1
2005	1,673	2,836	4,509	0.4	3.0	2.0	97.5	101.7	100.1
2006	1,672	2,973	4,645	-0.1	4.8	3.0	100.0	100.0	100.0
2007	1,679	3,055	4,734	0.4	2.8	1.9	103.8	99.1	100.8
2008	1,653	3,170	4,823	-1.5	3.8	1.9	111.2	96.7	101.7
2009	1,614	3,157	4,771	-2.4	-0.4	-1.1	117.4	95.5	102.9
2010	1,625	3,159	4,785	0.7	0.1	0.3	121.4	98.6	106.3
2011	1,625	3,170	4,794	0.0	0.3	0.2	127.6	100.9	109.9
2012	1,623	3,283	4,906	-0.1	3.6	2.3	131.7	100.8	111.0
2013	1,633	3,418	5,050	0.6	4.1	3.0	135.3	101.2	112.2
2014	1,646	3,590	5,236	0.8	5.0	3.7	139.2	101.5	113.4
2015	1,662	3,782	5,444	1.0	5.4	4.0	142.9	101.8	114.3
2016	1,678	3,975	5,653	0.9	5.1	3.8	146.6	102.3	115.4
2017	1,688	4,161	5,849	0.6	4.7	3.5	150.7	102.9	116.7
2018	1,696	4,343	6,039	0.4	4.4	3.2	155.1	103.4	117.9
2019	1,701	4,524	6,226	0.3	4.2	3.1	159.8	104.0	119.2
2020	1,706	4,706	6,412	0.3	4.0	3.0	164.7	104.5	120.5
2021	1,709	4,889	6,598	0.2	3.9	2.9	169.8	105.0	121.8
Average annual growth rates			(calculated by fitting a log-linear regression line by the method of least squares to give a compound growth rate)						
1964-10	0.6%	4.5%	2.3%				7.3%	5.8%	7.0%
1975-10	0.7%	5.1%	2.8%				5.8%	4.2%	5.4%
1980-10	0.8%	5.5%	3.2%				4.3%	2.7%	3.8%
1985-10	0.9%	5.6%	3.4%				3.5%	1.6%	2.8%
1990-10	0.9%	5.8%	3.6%				2.8%	0.6%	1.9%
1995-10	1.0%	6.1%	3.9%				2.0%	-0.6%	0.7%
2000-10	0.4%	5.8%	2.9%				1.6%	-2.2%	-0.6%

Trend projections

Projections of United Kingdom annual average retail expenditure per capita by goods type, including Special Forms of Trading and in constant 2006 prices (chain linked volumes), are presented in Table 3.3, and illustrated in Figures 3.1 to 3.9. These projections are based on time series analysis of past trends in expenditure per capita data from 1964 (the earliest year for which data are available), and are derived by fitting log-linear regression lines to the data using the method of least squares. The estimated growth rates are shown at the bottom of Table 3.2. The projections are derived solely from past trends and take no account of current economics or future expectations.

Convenience goods retail expenditure has been erratic over the last 40 years, with low trend growth over the period as a whole. But the statistical relationship is unreliable and there appear to have been some trend breaks. Using a shorter run of data, the correlation coefficient rises, as does the trend growth rate. Of the three trends illustrated, the most statistically robust estimate of trend growth calculated is the long-term

(1980-2010) trend, when the fitted annual growth rate for spending on convenience goods per capita was 0.8%.

Trend growth rates of comparison goods expenditure per capita are statistically robust for all periods, with the strongest relationship being over the long-term (1980-2010) when the fitted annual growth rate for spending on comparison goods per capita was 5.5% although the fit over the ultra long-term, which has a growth rate of 4.5% is almost as good.

Oxford Economics' forecasts

As an alternative to pure trend-based projections, forecasts from the UK consumer spending model are shown in Tables 3.2 and Figure 3.10. These forecasts are consistent with past trends, but are also based upon expected changes in other economic variables of interest according to historic relationships.

The legacy of the recession looks like being a period of high unemployment and a severe fiscal squeeze. This will be countered, to some extent by a continued low official short-term interest rate The main impact of low official rates, however, is on the disposable incomes of people holding tracker mortgages. Interest rates on consumer credit remain high, as do rates on new mortgages which still carry high interest rates unless borrowers have substantial deposits. Weak consumer confidence and a desire to limit borrowings is a period of economic uncertainty will also put limits on any renewed growth. As a result, Oxford Economics are forecasting weak consumer spending growth, particularly for 2011, before more rapid growth resumes.

Table 3.3: Growth and projections of UK annual average consumer retail expenditure per capita by goods type (2006 prices)

		Ultra long term trends 1964-2010			Long term trends 1980-2010			Medium term trends 1990-2010			Short term trends 2000-2010		
		Conv. goods	Comp. goods	All goods	Conv. goods	Comp. goods	All goods	Conv. goods	Comp. goods	All goods	Conv. goods	Comp. goods	All goods
R square		0.893	0.973	0.936	0.931	0.990	0.980	0.867	0.983	0.975	0.285	0.979	0.893
Average annual growth		**0.6%**	**4.5%**	**2.3%**	**0.8%**	**5.5%**	**3.2%**	**0.9%**	**5.8%**	**3.6%**	**0.4%**	**5.8%**	**2.9%**
95% confidence limits		(+/-0.06)	(+/-0.22)	(+/-0.18)	(+/-0.08)	(+/-0.21)	(+/-0.17)	(+/-0.16)	(+/-0.36)	(+/-0.27)	(+/-0.47)	(+/-0.39)	(+/-0.74)
Actual and projected expenditure per capita (2006 prices) and 95% confidence limits for the regression points and lines													
		£	£	£	£	£	£	£	£	£	£	£	£
2009 expenditure		**1,614**	**3,157**	**4,771**	**1,614**	**3,157**	**4,771**	**1,614**	**3,157**	**4,771**	**1,614**	**3,157**	**4,771**
2009 projected expenditure		**1,631**	**2,970**	**4,419**	**1,674**	**3,309**	**4,847**	**1,681**	**3,427**	**4,989**	**1,656**	**3,372**	**4,901**
95% limits	-Points	(+/-95)	(+/-625)	(+/-779)	(+/-74)	(+/-360)	(+/-438)	(+/-83)	(+/-365)	(+/-409)	(+/-91)	(+/-394)	(+/-426)
	-Line	(+/-25)	(+/-167)	(+/-209)	(+/-24)	(+/-117)	(+/-143)	(+/-31)	(+/-139)	(+/-155)	(+/-43)	(+/-143)	(+/-202)
2010 expenditure		**1,625**	**3,159**	**4,785**	**1,625**	**3,159**	**4,785**	**1,625**	**3,159**	**4,785**	**1,625**	**3,159**	**4,785**
2010 projected expenditure		**1,640**	**3,103**	**4,523**	**1,688**	**3,489**	**5,001**	**1,696**	**3,627**	**5,170**	**1,663**	**3,567**	**5,042**
95% limits	-Points	(+/-95)	(+/-654)	(+/-799)	(+/-75)	(+/-382)	(+/-454)	(+/-84)	(+/-391)	(+/-428)	(+/-95)	(+/-425)	(+/-454)
	-Line	(+/-26)	(+/-180)	(+/-220)	(+/-25)	(+/-130)	(+/-155)	(+/-34)	(+/-158)	(+/-173)	(+/-50)	(+/-174)	(+/-238)
2011 projected expenditure		**1,650**	**3,241**	**4,628**	**1,702**	**3,680**	**5,160**	**1,711**	**3,839**	**5,356**	**1,670**	**3,772**	**5,187**
95% limits	-Points	(+/-96)	(+/-685)	(+/-863)	(+/-76)	(+/-405)	(+/-471)	(+/-86)	(+/-419)	(+/-449)	(+/-99)	(+/-460)	(+/-485)
	-Line	(+/-27)	(+/-194)	(+/-233)	(+/-27)	(+/-143)	(+/-167)	(+/-37)	(+/-179)	(+/-192)	(+/-56)	(+/-208)	(+/-277)
2016 projected expenditure		**1,698**	**4,030**	**5,195**	**1,772**	**4,800**	**6,033**	**1,787**	**5,097**	**6,396**	**1,703**	**4,995**	**5,977**
95% limits	-Points	(+/-100)	(+/-864)	(+/-933)	(+/-82)	(+/-545)	(+/-569)	(+/-96)	(+/-595)	(+/-574)	(+/-124)	(+/-702)	(+/-691)
	-Line	(+/-33)	(+/-280)	(+/-303)	(+/-35)	(+/-231)	(+/-242)	(+/-51)	(+/-319)	(+/-307)	(+/-93)	(+/-444)	(+/-517)
2021 projected expenditure		**1,748**	**5,012**	**5,831**	**1,846**	**6,260**	**7,054**	**1,867**	**6,769**	**7,638**	**1,736**	**6,613**	**6,886**
95% limits	-Points	(+/-105)	(+/-1092)	(+/-1064)	(+/-88)	(+/-739)	(+/-691)	(+/-109)	(+/-856)	(+/-742)	(+/-157)	(+/-1092)	(+/-985)
	-Line	(+/-39)	(+/-398)	(+/-388)	(+/-43)	(+/-361)	(+/-338)	(+/-68)	(+/-535)	(+/-464)	(+/-132)	(+/-819)	(+/-830)

Table 3.4: Oxford Economics' forecasts of UK goods based retail expenditure and trends by goods type (2006 prices)

	Expenditure per capita (£): Oxford Economics' forecasts								
				Convenience Goods Detail			Comparison Goods Detail		
	Convenience goods	Comparison goods	All goods	Alcohol (off-licence)	Tobacco	Food	Clothing & Footwear	H'hold Goods	Audio-vis Goods
2009	1,614	3,157	4,771	219	144	1131	844	533	554
2010	1,625	3,159	4,785	218	144	1142	843	513	578
2011	1,625	3,170	4,794	220	142	1146	807	498	631
2016	1,678	3,975	5,653	234	129	1197	979	550	986
2021	1,709	4,889	6,598	247	116	1232	1175	608	1398
Average annual forecast growth rates									
2010-16	0.5%	3.9%	2.8%	1.2%	-1.9%	0.8%	2.5%	1.2%	9.3%
2010-21	0.5%	4.0%	3.0%	1.1%	-1.9%	0.7%	3.1%	1.6%	8.4%
Average annual trend growth rates (calculated by fitting a log-linear regression line by the method of least squares to give a compound growth rate)									
1964-10	0.6%	4.5%	2.3%	2.3%	-2.7%	0.9%	3.9%	2.8%	10.6%
1975-10	0.7%	5.1%	2.8%	2.3%	-3.4%	1.1%	4.6%	3.2%	11.4%
1980-10	0.8%	5.5%	3.2%	2.6%	-3.5%	1.1%	4.9%	3.6%	12.3%
1985-10	0.9%	5.6%	3.4%	3.0%	-3.6%	1.3%	5.1%	4.0%	12.8%
1990-10	0.9%	5.8%	3.6%	3.6%	-4.2%	1.3%	5.8%	4.1%	12.7%
1995-10	1.0%	6.1%	3.9%	4.7%	-4.3%	1.4%	6.5%	4.4%	14.7%
2000-10	0.4%	5.8%	2.9%	4.7%	-3.5%	1.4%	6.9%	3.8%	15.0%

Figure 3.1: Convenience Goods - ultra long term trends (1964 - 2010)

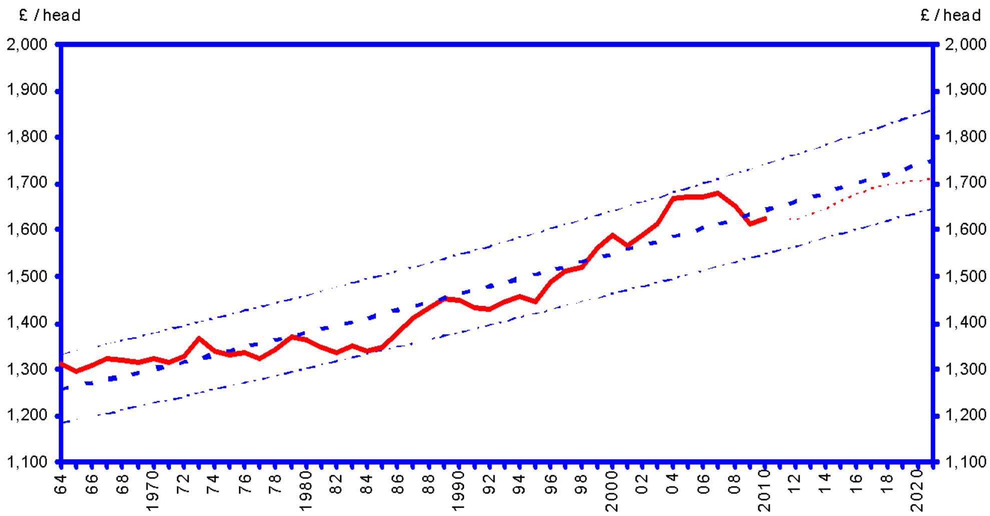


Figure 3.2: Convenience Goods - long term trends (1980 - 2010)

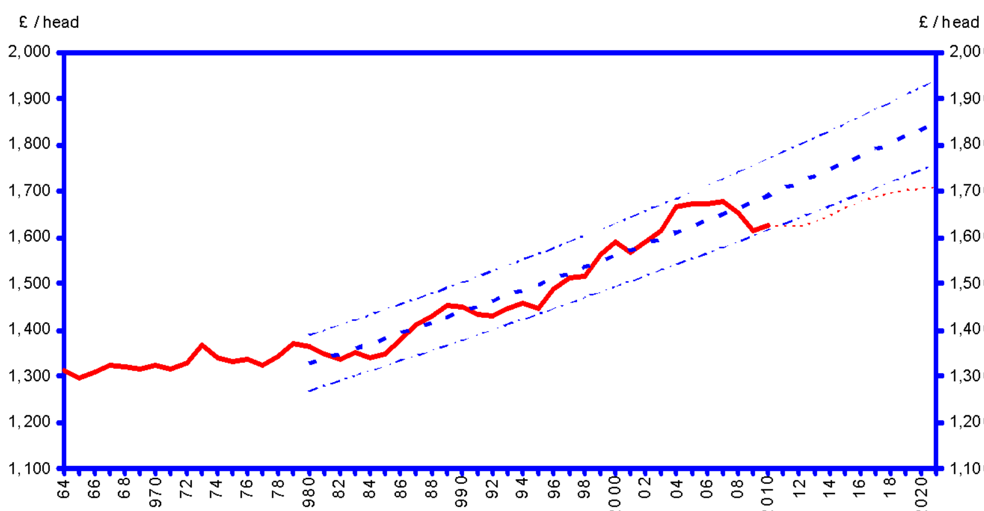


Figure 3.3: Convenience Goods - short term trends (2000 - 2010)

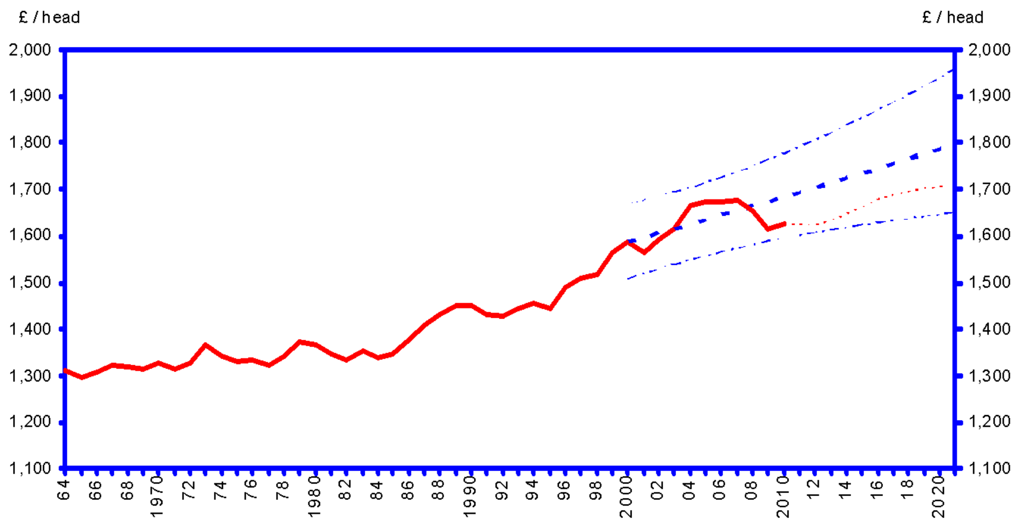


Figure 3.4: Comparison Goods - ultra long term trends (1964 - 2010)

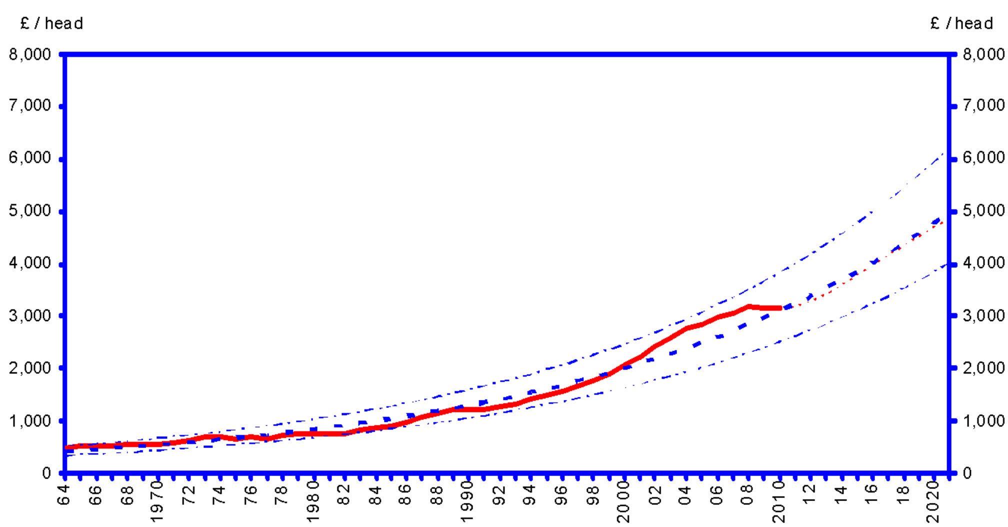


Figure 3.5: Comparison Goods - long term trends (1980 - 2010)

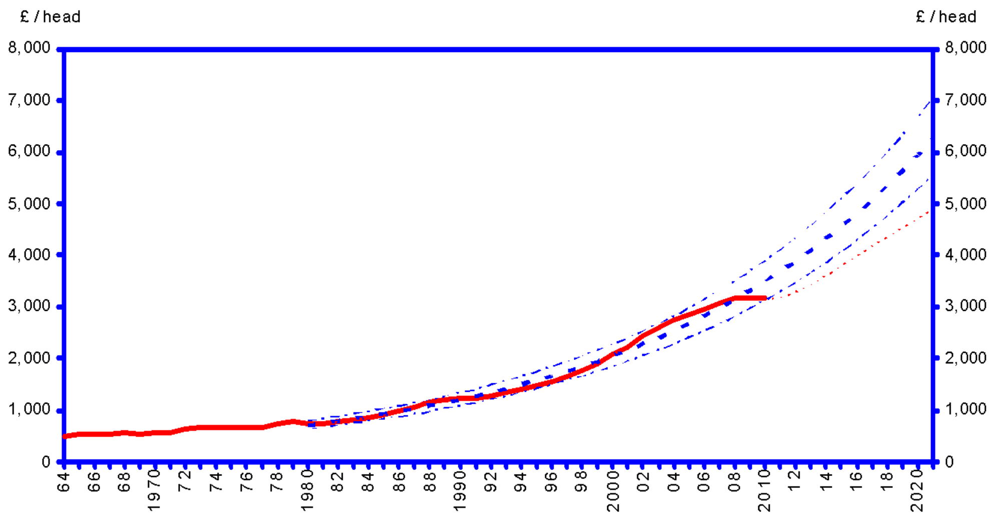


Figure 3.6: Comparison Goods - short term trends (2000 - 2010)

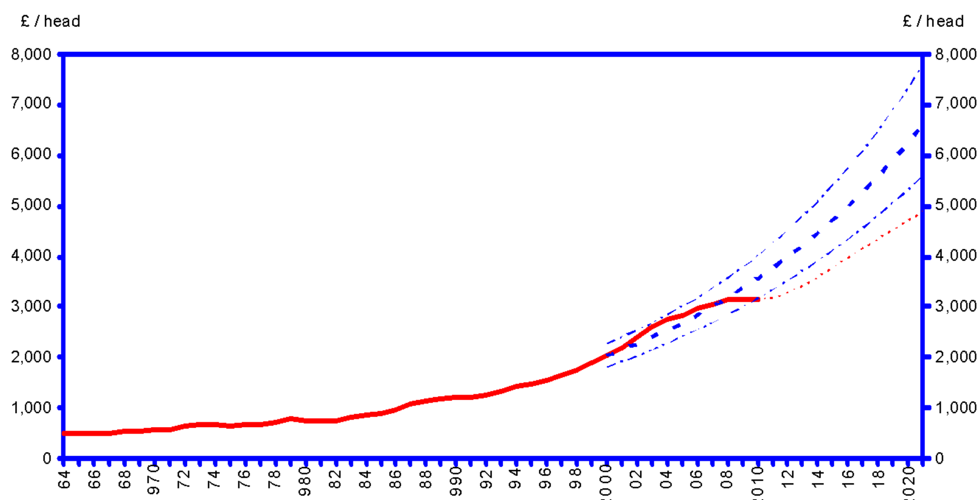


Figure 3.7: All Goods - ultra long term trends (1964 - 2010)

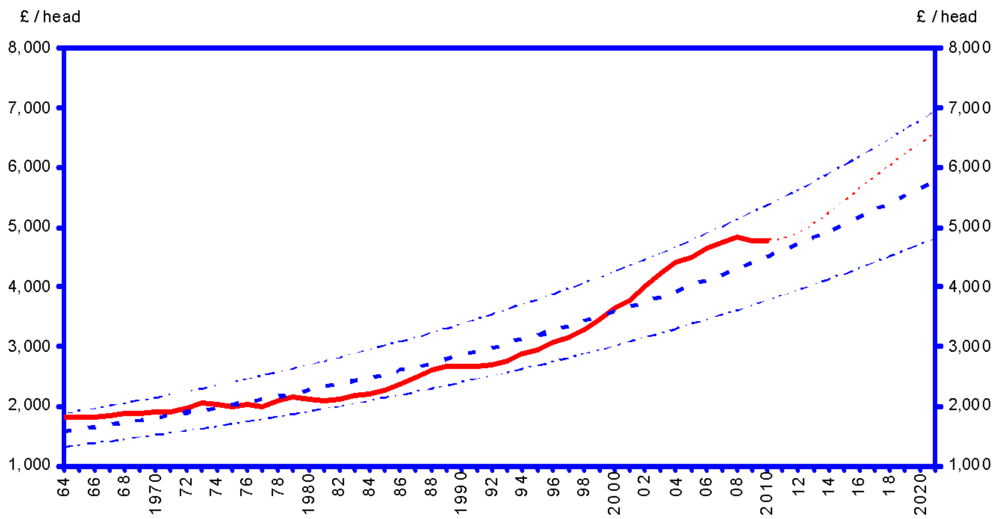


Figure 3.8: All Goods - long term trends (1980 - 2010)

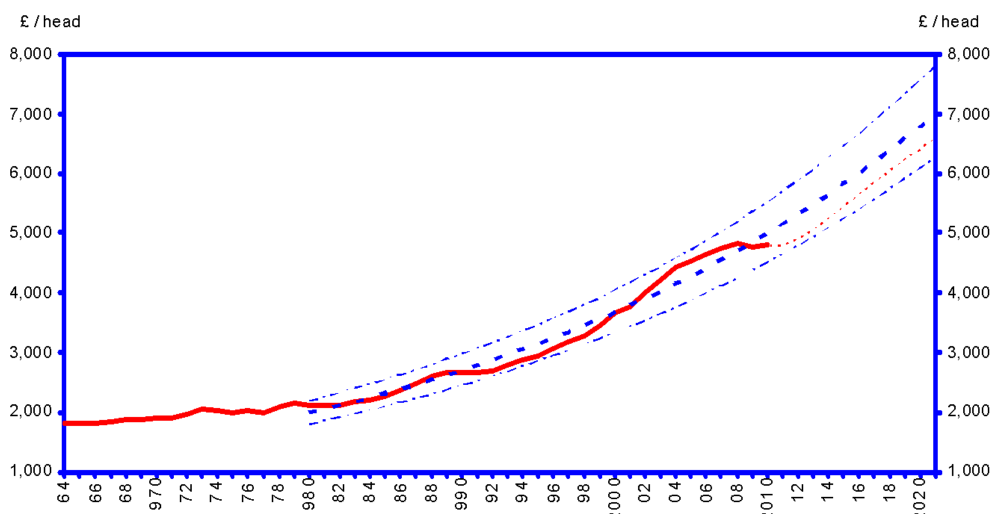
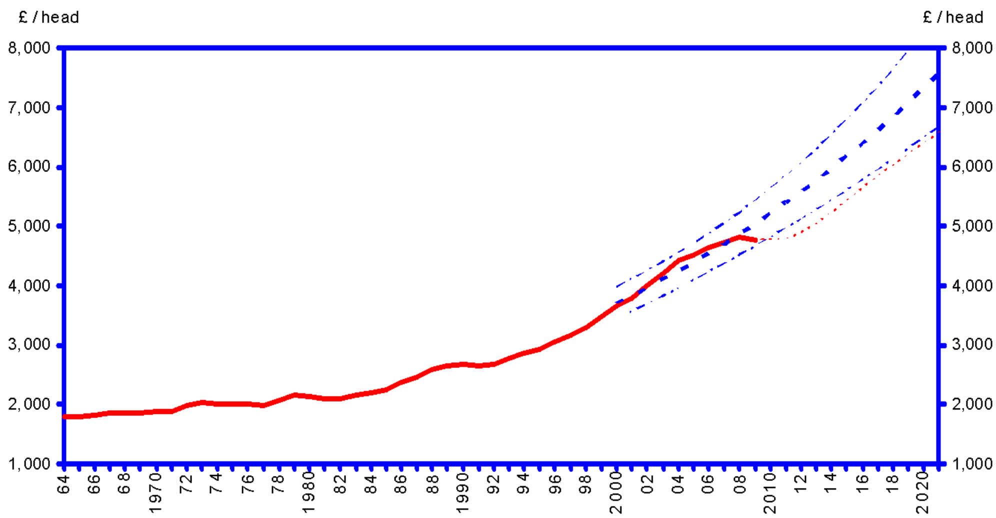


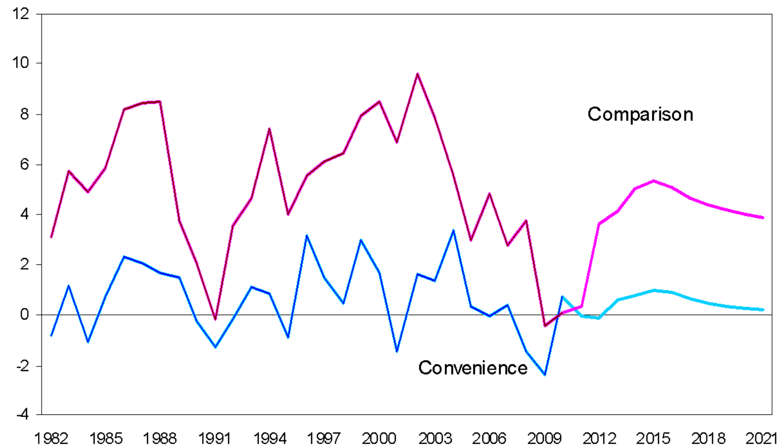
Figure 3.9: All Goods - short term trends (2000 - 2010)



Spending on retail goods will, however, outperform consumer spending as a whole. Table 3.4 and Chart 3.10 show an anticipated (i.e. the Oxford Economics forecasts rather than the fitted trends) rebound in comparison goods spending from 2011 and from 2013 for convenience goods although growth rates are expected to remain well below recent historical averages.

Figure 3.10: Retail spending per head

Annual % change, constant prices



Source: Oxford Economic s/ONS

The Oxford Economics forecast growth rate for convenience goods spend per capita between 2010 and 2021 is 0.5% per annum. This low growth rate partly reflects particularly weak growth anticipated between 2011 and 2012. This is similar to the Ultra-Long-Term.

Comparison good averages are also dragged down by a weak short-term outlook. The Oxford Economics forecast growth rate for comparison goods spend per capita between 2010 and 2021 is 4.0% per annum. The growth rate is 4.4% per annum between 2011 and 2021which is similar to the Ultra Long-Term Trend. In other words, although the Oxford Economics forecast for comparison goods and the ultra long-term trend-based projections have been prepared in very different ways, their levels are almost indistinguishable over the next decade[1].

1 Note that owing to the weakening of the short-term economic outlook, the Oxford Economics' forecasts comparison goods per head spend were revised down between the Spring 2011 (the numbers used in the Anysite reports) and Summer 2011 (the numbers used in this report). The revision was from 4.2 to 4.0% per annum for 2010-21).

Prices

Price indices for convenience goods, comparison goods and all goods are calculated directly from the series of consumer expenditure by type at current and constant prices. The price indices are therefore fully compatible with the estimates of consumer retail expenditure per head given in this report. Use of these calculated indices with the expenditure estimates is preferable to the use of either the retail price index (RPI) or the "new" consumer price index (CPI) because these incorporate a significant number of items not purchased through retail outlets.

Since 2001 'all goods' here experienced a period of general price deflation (Table 3.2). Prices of comparison goods fell by an average of 2.2% per year in the period 2000-2010 dominated by decreasing prices of electrical goods. Prices of domestic appliances and audio, photographic and optical equipment have fallen since 1993, but the largest falls have been in the last five years. This is in line with technological advances and the movement of production to lower cost countries, especially China and India, feeding through into prices. This trend is also evident for clothing and textiles.

Comparison goods prices were affected by offsetting tendencies in 2009. The depreciation of sterling acted to push prices up while the temporary VAT cut helped to keep them down. The overall impact was a fall in comparison goods prices of 1.2% in 2009 following a 2.5% fall in 2008; however in 2010 as spending started to recover the prices were up by 3.4%. Comparison goods prices will be affected by the VAT increase to be introduced from January 2011.

Convenience goods price inflation has historically been higher than that for comparison goods and prices have continued to rise. Despite a slowdown in price rises in recent years 2009 witnessed an

5.6% rise in the price of convenience goods followed by a 3.4% increase in 2010. Some elements of convenience goods are VATable and were also affected by the 2009 VAT cut and the 2011 increase.

4

Retail Business Turnover Potential

In this chapter:

The Estimates- what is available?

Pitney Bowes Business Insight Retail Business Turnover Potential estimates show the turnover by kind of business that could occur, if the population and households living in the area made their expenditure

on each goods type in line with the local Consumer Retail Expenditure estimates. Estimates are provided for the same year as the Consumer Retail Expenditure estimates, and in prices current for the year to which they apply. No account is taken of the existing provision of businesses within the area. However the Retail Business Turnover Potential reports enable estimates to be made of the number of retail outlets that could be supported by the locally generated expenditure. Comparison of these estimates with the actual number of outlets in the area gives a measure of the over or under provision of retail facilities for each business type. This facilitates the identification of any gaps in the market, and gives indications of future floor space requirements.

In practice, allowance must also be made for expenditure flows into the area by shoppers living outside the area, and expenditure flows out of the area by local residents shopping outside the area. The exact balance between these flows will vary according to the way the area has been defined, and from one area to another. The magnitude and significance of such flows could be assessed by survey or modelling techniques.

As in the case of the local Consumer Retail Expenditure estimates, users must recognise that the figures presented are estimates and require careful interpretation. Again the estimates apply strictly to the area for which they were defined.

Methodology - how they are produced

The breakdown of expenditure by business categories combines detailed information at national level from the ONS on spending for different business categories, with information at OA level estimated in accordance with the goods-based expenditure data:

- Breakdown of expenditure by business categories uses the Annual Business Inquiry, which gives retail turnover figures for businesses disaggregated to 4-digit SIC level.
- Output area estimates use this national ABI information, and split up the spending between areas according to the importance of the area to overall spending on the relevant categories of goods.

Note Business-based estimates also include an estimate of the proportion of spending in each business type on services and NHS receipts, for customers who prefer to exclude these items from their consideration.

Convenience and comparison store retail business categories are defined below, in terms of the SIC92 Groups and Classes included in each. These definitions conform to those in general use by retail planners. The Convenience and comparison business categories are:

Convenience Store Retail Businesses

- Class 52.11 Non-specialised stores with food, beverages or tobacco predominating.
- Group 52.2 Stores specialising in food, beverages and tobacco.

Comparison Store Retail Businesses

The Comparison Store Retail Businesses category includes the following:

Specialised comparison store retail businesses

- Group 52.3 Stores specialising in pharmaceutical and medical goods, cosmetic and toilet articles.
- Group 52.4 Stores specialising in the retail sale of other new goods.

Non-specialised store retail businesses

- Class 52.12 Non-specialised stores without food, beverages or tobacco predominating.

Non-Store Retail Businesses

Non-store retail businesses, comprising SIC92 Group 52.6, are not included in the convenience/comparison classification. They include, for example, mail order and internet shopping categories, and correspond closely to the special forms of trading explained in Special Forms of Trading and Non-Store Activity in Chapter 2 on page 15. ABI data on commodities sold by non-store retail business shows that in 2004 around 17% of their sales correspond to convenience goods and 83% to comparison goods.

Detailed category definitions

This section describes the Pitney Bowes Business Insight Broad and Detailed Business categories. The categories include:

- **a.** Mainly Food, Alcoholic Drink and Tobacco Stores
- **b.** Stores Specialising in the Retail Sale of Clothing, Footwear and Leather Goods
- **c.** Stores Specialising in the Retail Sale of Household Goods
- **d.** Stores Specialising in the Retail Sale of Other Goods
- **e.** Non-Specialised Stores without Food, Alcoholic Drink or Tobacco Predominating (SIC92 class 52.12)
- **f.** Non-Store Businesses (SIC92 group 52.6)
- **g.** Repair of Household and Personal Goods (SIC92 group 52.7)

1. Mainly Food, Alcoholic Drink and Tobacco Stores

The Mainly Food, Alcoholic Drink and Tobacco Stores category includes the following subcategories:

- Non-Specialised Stores with Food, Alcoholic Drink or Tobacco Predominating (SIC92 class 52.11)
- Specialised Food Stores
- Stores Specialising in the Retail Sale of Alcoholic and Other Beverages (SIC92 class 52.25)
- Stores Specialising in the Retail Sale of Tobacco (SIC92 class 52.26)

1.1. Non-Specialised Stores with Food, Alcoholic Drink or Tobacco Predominating (SIC92 class 52.11)

The Non-Specialised Stores with Food, Alcoholic Drink or Tobacco Predominating sub-category includes stores selling a large variety of goods, of which food products, beverages or tobacco are predominant. Apart from their main sales of food products, beverages or tobacco, stores may have several other lines of merchandise such as clothing, furniture, domestic appliances, hardware, cosmetics, etc.

`Examples: Asda Stores, Fortnum and Mason, J Sainsbury, Martin Retail Group, Netto Foodstores, Waitrose`

This class also includes all non-specialist local co-operative societies.

1.2 Specialised Food Stores

The Specialised Food Stores sub-category includes:

1.2.1 Fruit and Vegetables (SIC92 class 52.21)
1.2.2 Meat and Meat Products (SIC92 class 52.22)
1.2.3 Fish, Crustaceans and Molluscs (SIC92 class 52.23)
1.2.4 Bread, Cakes, Flour Confectionery and Sugar Confectionery (SIC92 class 52.24)
1.2.5 Other Food, Beverages and Tobacco in Specialised Stores (SIC92 class 52.27)

1.2.1 Fruit and Vegetables (SIC92 class 52.21)

1.3 Stores Specialising in the Retail Sale of Alcoholic and Other Beverages (SIC92 class 52.25)

The Stores Specialising in the Retail Sale of Alcoholic and Other Beverages includes stores that sell alcoholic and other beverages.

`Examples: Oddbins, Unwins, Victoria Wine Co`

1.4 Stores Specialising in the Retail Sale of Tobacco (SIC92 class 52.26)

The Stores Specialising in the Retail Sale of Tobacco sub-category includes stores that sell tobacco.

`Examples: Lawrence Hunt & Co, Rippleglen`

2.Stores Specialising in the Retail Sale of Clothing, Footwear and Leather Goods

The Stores Specialising in the Retail Sale of Clothing, Footwear and Leather Goods category contains the following sub-categories:

- Stores Specialising in the Retail Sale of Clothing (SIC92 class 52.42)
- Stores specialising in the Retail Sale of Footwear and Leather Goods (SIC92 class 52.43)

2.1 Stores Specialising in the Retail Sale of Clothing (SIC92 class 52.42)

Stores specialising in the retail sale of articles of clothing, articles of fur, and clothing accessories such as gloves, ties, braces, etc.

`Examples: Austin Reed, Bridal Fashions, Dixon Sports, Mackays Stores, Marks & Spencer, Matalan Discount Club (Cash & Carry), Monsoon`

2.2 Stores specialising in the Retail Sale of Footwear and Leather Goods (SIC92 class 52.43)

Stores specialising in the retail sale of footwear, leather goods and travel accessories of leather and leather substitutes.

`Examples: Bally UK Sales, Clarks, Russell and Bromley, Schuh`

3. Stores Specialising in the Retail Sale of Household Goods

The Stores Specialising in the Retail Sale of Household Goods category includes the following subcategories:

- Stores Specialising in the Retail Sale of Textiles (SIC92 class 52.41)
- Stores Specialising in the Retail Sale of Textiles (SIC92 class 52.41)
- Stores Specialising in the Retail Sale of Furniture, Lighting and Household Articles (SIC92 class 52.44)
- Stores Specialising in the Retail Sale of Electrical Household Appliances and Radio and Television Goods (SIC92 class 52.45)
- Stores Specialising in the Retail Sale of Hardware, Paints and Glass (SIC92 class 52.46)

3.1 Stores Specialising in the Retail Sale of Textiles (SIC92 class 52.41)

The Stores Specialising in the Retail Sale of Textiles sub-category includes stores specialising in the retail sales of fabrics; knitting yarn; basic materials for rug, tapestry or embroidery making; household textiles such as sheets, tablecloths or towels; haberdashery, needles, sewing threads, etc.

`Example: C & H Fabrics, Fabric Land`

3.2 Stores Specialising in the Retail Sale of Furniture, Lighting and Household Articles (SIC92 class 52.44)

The Stores Specialising in the Retail Sale of Furniture, Lighting and Household Articles sub-category includes stores specialising in the retail sale of furniture; lighting equipment; non-electrical household appliances; household utensils; cutlery, crockery, glassware, china and pottery; curtains, net curtains and other household furnishing articles of textile materials; wood, cork goods (excluding cork floor tiles) and wickerwork goods; household articles and equipment not elsewhere classified. This class excludes stores specialising in the retail sale of antiques, which are classified as secondhand goods.

`Examples: Courts Furnishers (UK), Habitat UK, Harveys Furnishing Group, Robert Dyas, Royal Doulton (UK)`

3.3 Stores Specialising in the Retail Sale of Electrical Household Appliances and Radio and Television Goods (SIC92 class 52.45)

The Stores Specialising in the Retail Sale of Electrical Household Appliances and Radio and Television Goods sub-category includes stores specialising in the retail sale of electrical household appliances: radio and television goods and other household audio/visual equipment; musical records and audio/visual tapes, CDs and cassettes.

`Examples: Comet Group, HMV, Scottish Power`

3.4 Stores Specialising in the Retail Sale of Hardware, Paints and Glass (SIC92 class 52.46)

The Stores Specialising in the Retail Sale of Hardware, Paints and Glass sub-category includes stores specialising in the retail sale of do-it-yourself materials and equipment; lawn mowers, however operated; hardware; paints, varnishes and lacquers; and other building materials such as bricks, wood and sanitary equipment.

`Examples: B&Q, Graham Group, Homebase Group, Wickes Building Supplies`

4. Stores Specialising in the Retail Sale of Other Goods

The Stores Specialising in the Retail Sale of Other Goods category includes the following subcategories:

- Dispensing Chemists and Stores Specialising in the Retail Sale of Medical and Orthopaedic Goods, Cosmetic and Toilet Articles (SIC92 group 52.3)
- Stores Specialising in the Retail Sale of Books, Newspapers and Stationery (SIC92 class 52.47)
- Stores Specialising in the Retail Sale of Other New Goods (SIC92 class 52.48)
- Stores Specialising in the Retail Sale of Second-Hand Goods (SIC92 class 52.50)

4.1 Dispensing Chemists and Stores Specialising in the Retail Sale of Medical and Orthopaedic Goods, Cosmetic and Toilet Articles (SIC92 group 52.3)

The Dispensing Chemists and Stores Specialising in the Retail Sale of Medical and Orthopaedic Goods, Cosmetic and Toilet Articles sub-category comprises SIC92 classes 52.31 (dispensing chemists), 52.32 (retail sale of medical and orthopaedic goods) and 52.33 (retail sale of cosmetic and toilet articles).

`Examples: Lloyds Chemists, Scholl Consumer Products, Superdrug, Yves Rocher (London)`

4.2 Stores Specialising in the Retail Sale of Books, Newspapers and Stationery (SIC92 class 52.47)

The Stores Specialising in the Retail Sale of Books, Newspapers and Stationery sub-category includes stores that sell books, newspapers and stationery. This class also includes stores specialising in the retail sale of other supplies such as pens, pencils, paper, etc. This class excludes stores specialising in the retail sale of second-hand or antique books, which are classified as secondhand goods.

`Examples: Rymans, Staples, Waterstones, W H Smith`

4.3 Stores Specialising in the Retail Sale of Other New Goods (SIC92 class 52.48)

The Stores Specialising in the Retail Sale of Other New Goods sub-category includes stores specialising in the retail sale of sports goods, fishing gear, camping goods, boats and bicycles; games and toys, stamps and coins; jewellery, clocks and watches; wallpaper; floor coverings; photographic, optical and precision equipment; office supplies and equipment; computers and non-customised software; flowers, plants, seeds, fertilisers, pet animals and pet foods; souvenirs, craft work and religious articles; household fuel oil, bottled gas, coal and wood; weapons and ammunition; non-food products not elsewhere classified.

`Examples: Allied Carpets, Allsports (Retail), Birthdays, Country Garden Centres, Dolland and Aitchison, Hamleys of London, Notcutts, PC World, Pet City, Sportsworld (GB), The Carphone Warehouse, Wyevale Garden Centres, Wax Lyrical, YHA Adventure Shops.`

4.4 Stores Specialising in the Retail Sale of Second-Hand Goods (SIC92 class 52.50)

The Stores Specialising in the Retail Sale of Second-Hand Goods sub-category includes stores specialising in the retail sale of antiques, second-hand books and other second-hand goods. This class excludes stores specialising in the retail sale of second-hand vehicles, which are classified in the Motoring sector.

`Examples: Partridge Fine Arts, Scope`

5. Non-Specialised Stores without Food, Alcoholic Drink or Tobacco Predominating (SIC92 class 52.12)

The Non-Specialised Stores without Food, Alcoholic Drink or Tobacco Predominating category includes stores selling a large variety of goods of which food products, beverages and tobacco should not be predominant. It includes activities of department stores carrying a general line of merchandise including clothes, furniture, appliances, hardware, cosmetics, jewellery, toys, sporting goods, etc.

Examples: Harrods, John Lewis, Mothercare UK, Oxfam, The National Trust (Enterprises), Woolworths

6. Non-Store Businesses (SIC92 group 52.6)

The Non-Store Businesses category comprises SIC92 classes 52.61, 52.62 and 52.63. This category includes retail businesses selling any kind of product by mail order; via television, radio and telephone; in a usually moveable stall either along a public road or on a fixed market place; by door-to-door sales persons; by vending machines, by mobile sellers. Mail order trading is defined as where goods are sent to the buyer, who made the choice on the basis of advertisements, catalogues, models or any other means of advertising.

Examples: Betterware UK, Dolphin Showers, Freemans, GUS Home Shopping, Lakeland, Software Warehouse, Vendcare Services, Weekender Ladies Wear

7. Repair of Household and Personal Goods (SIC92 group 52.7)

The Repair of Household and Personal Goods category includes businesses specialising in repair of boots, shoes, and other articles of leather; repair of electrical households goods; repair of watches, clocks and jewellery; repair of bicycles; alteration of clothing; repair not elsewhere classified.

5

Using the Retail Business Turnover Potential Estimates

In this chapter:

Estimates of earlier data

Data classified to SIC(92) categories are available from the ABI back to 1995 in current prices. Data from the Retail Sales Business Monitor SDM28 relating to retail expenditure by type of store and commodity are available for 1992 - 2006 on a constant and current price basis. This data matches ABI data and is used to calculate deflators to give a constant price series from the current price ABI data. Retail sales data are also used to extend the constant price data backwards to give a longer-run for estimation.

Retail Sales Business Monitor SDM28 data is available back to 1971 for the broader categories of store retailing, which match well with the broad Pitney Bowes Business Insight categories. Expenditure per capita is calculated and analysed from 1971 onwards for convenience goods stores and comparison goods stores, as well as the broader component categories within this. Data for all retail business is available from 1960 onwards allowing ultra long-term trend analysis for this aggregate.

Data for non-store retailing and repair are only available starting from 1986, although this is a small component and very erratic, giving statistically insignificant estimates of trend growth.

Recent trends

All retail businesses expenditure per head rose by 0.9% to reach £5,120 in 2009, after 2.0% growth in 2009. Expenditure in convenience fell by 1.7% over the year to £1,967 per head in 2009, in line with the retail spending data. On the other hand expenditure in comparison stores rose by 1.4% over the year to £2,861 per head in 2009.

Average annual consumer retail expenditure per head for the UK is shown in Table 5.1, for each year from 1988 to 2009 and for convenience and comparison store businesses, all store businesses, non-store businesses and all retail businesses. Expenditure is given in 2006 prices, with year on year percentage changes.

Longer-Run Trends

We have calculated average annual growth rates of expenditure per head in constant (2006) prices over various time periods. These compound growth rates shown in Table 5.2 were calculated by fitting log-linear regression lines to the data points using the method of least squares.

Since 1963, average annual rates of growth have tended rise. Over the 45 years from 1964 to 2009 consumer retail expenditure per head at all businesses grew at an estimated average annual rate of

2.5%. However from 1984 to 2009 the average annual growth rate rose to 2.8% while the highest growth of all was seen over the most recent time period 1999 to 2009 at 4.8%.

Growth rates for comparison stores are higher than those of all businesses; increasing from 3.1% for the period 1974 to 2009, to 4.2% for 1989 to 2009, then rising again to 5.5% for 1994 to 2009 and 5.8% for 1999 to 2009. For expenditure at convenience businesses, the differences in average annual growth rates are less pronounced, with a rise from 1.9% for the period 1974 to 2009 to 2.1% for 1994 to 2009 and again growing by 2.1% for the most recent period from 1999 to 2009.

.Table 5.1: UK average retail expenditure per capita (2006 prices) and annual percentage changes

	Conv. store business	Comparison store business			All store business	Non-store business	All retail business
	£	Specialist £	Mixed £	Total £	£	£	£
1988	1,392	1,108	246	1,354	2,746	159	2,905
1989	1,414	1,155	248	1,402	2,816	160	2,977
	1.6%	4.2%	0.6%	3.6%	2.6%	0.9%	2.5%
1990	1,425	1,180	248	1,428	2,853	161	3,014
	0.8%	2.2%	0.3%	1.8%	1.3%	0.4%	1.3%
1991	1,437	1,127	245	1,372	2,808	150	2,959
	0.8%	-4.5%	-1.5%	-4.0%	-1.6%	-6.6%	-1.8%
1992	1,457	1,115	245	1,359	2,816	144	2,961
	1.4%	-1.1%	0.1%	-0.9%	0.3%	-3.9%	0.1%
1993	1,481	1,140	254	1,394	2,875	149	3,023
	1.7%	2.3%	3.6%	2.5%	2.1%	2.9%	2.1%
1994	1,521	1,177	256	1,433	2,954	149	3,103
	2.7%	3.3%	1.0%	2.8%	2.8%	0.6%	2.6%
1995	1,546	1,178	256	1,434	2,981	138	3,119
	1.7%	0.1%	0.0%	0.1%	0.9%	-7.4%	0.5%
1996	1,574	1,213	271	1,484	3,059	139	3,198
	1.8%	3.0%	5.6%	3.5%	2.6%	0.5%	2.5%
1997	1,563	1,258	273	1,531	3,094	144	3,238
	-0.7%	3.6%	0.9%	3.1%	1.2%	3.6%	1.3%
1998	1,653	1,313	280	1,593	3,246	152	3,398
	5.7%	4.4%	2.4%	4.1%	4.9%	5.3%	4.9%
1999	1,676	1,386	294	1,680	3,356	167	3,523
	1.4%	5.5%	4.9%	5.4%	3.4%	9.9%	3.7%
2000	1,698	1,507	299	1,806	3,504	182	3,686
	1.3%	8.7%	1.8%	7.5%	4.4%	9.3%	4.6%
2001	1,667	1,642	317	1,959	3,626	185	3,811
	-1.9%	9.0%	6.2%	8.5%	3.5%	1.3%	3.4%
2002	1,714	1,831	346	2,178	3,891	168	4,059
	2.8%	11.5%	9.1%	11.1%	7.3%	-9.0%	6.5%
2003	1,789	1,951	367	2,318	4,106	172	4,279
	4.4%	6.5%	5.8%	6.4%	5.5%	2.7%	5.4%
2004	1,865	2,030	388	2,418	4,283	201	4,485
	4.3%	4.1%	5.9%	4.4%	4.3%	16.7%	4.8%
2005	1,912	2,127	386	2,513	4,426	212	4,638
	2.5%	4.8%	-0.7%	3.9%	3.3%	5.5%	3.4%
2006	1,988	2,220	428	2,648	4,636	217	4,853
	4.0%	4.3%	10.9%	5.4%	4.7%	2.2%	4.6%
2007	1,984	2,306	440	2,745	4,730	246	4,975
	-0.2%	3.9%	2.8%	3.7%	2.0%	13.1%	2.5%
2008	2,001	2,332	485	2,818	4,819	257	5,076
	0.9%	1.2%	10.4%	2.6%	1.9%	4.7%	2.0%
2009	1,967	2,379	482	2,861	4,828	292	5,120
	-1.7%	2.0%	-0.7%	1.5%	0.2%	13.6%	0.9%

Table 5.2: Average annual growth rates of retail expenditure per capita

	Conv. store business	Comparison store business Specialist	Mixed	Total	All store business	Non-store business	All retail business
1964 - 2009	-	-	-	-	**2.5%** (+/-0.1)	-	**2.5%** (+/-0.1)
1974 - 2009	**1.9%** (+/-0.1)	**2.9%** (+/-0.4)	**2.8%** (+/-0.2)	**3.1%** (+/-0.3)	**2.4%** (+/-0.2)	-	**0.0%** (+/-0)
1979 - 2009	**2.1%** (+/-0.1)	**3.3%** (+/-0.4)	**2.9%** (+/-0.3)	**3.5%** (+/-0.3)	**2.7%** (+/-0.2)	-	**3.0%** (+/-0.2)
1984 - 2009	**2.0%** (+/-0.1)	**3.6%** (+/-0.6)	**3.0%** (+/-0.4)	**3.8%** (+/-0.5)	**2.8%** (+/-0.3)	-	**0.0%** (+/-0)
1989 - 2009	**1.9%** (+/-0.1)	**4.1%** (+/-0.8)	**3.2%** (+/-0.6)	**4.2%** (+/-0.6)	**3.0%** (+/-0.5)	**1.7%** (+/-0.8)*	**3.1%** (+/-0.4)
1994 - 2009	**2.1%** (+/-0.2)	**5.9%** (+/-0.7)	**4.3%** (+/-0.6)	**5.5%** (+/-0.5)	**3.9%** (+/-0.4)	**3.0%** (+/-1)*	**0.0%** (+/-0)
1999 - 2009	**2.1%** (+/-0.5)*	**7.2%** (+/-0.9)	**5.7%** (+/-0.7)	**5.8%** (+/-0.8)	**4.8%** (+/-0.3)	**3.6%** (+/-1.9)*	**4.1%** (+/-0.4)
Oxford Economic's forecasts of retail expenditure per capita and average annual growth rates							
2016 (£) 2009-16	**2,081** 0.6%	**2,620** 1.7%	571 2.3%	**3,191** 1.8%	5,272 1.2%	**346** 4.3%	**5,618** 1.5%
2021 (£) 2016-21	**2,141** 0.8%	**2,993** 3.4%	**667** 3.9%	**3,660** 3.5%	**5,800** 2.6%	**404** 3.9%	**6,204** 2.5%

Note:

Average annual growth rates were calculated by fitting a log-linear regression by the method of least squares to give a compound rate of change

Forecasts of expenditure of inclusive e.g. 2009 - 2016 includes annual growth from the 2009 level to 2016

* Correlation coefficient less than 0.8.

Trend projections

Projections of UK average annual consumer retail expenditure per head by business category at constant

2006 prices are given in Table 5.3. These are based on time-series analyses of past expenditure rates and estimates over different time periods. Log-linear regression lines were fitted to the data using the method of least squares, and 95% confidence limits calculated for both lines and points. Selected trend lines and the

95% confidence limits for the points are shown in Figures 5.1 to 5.9 for convenience stores, comparison stores and all businesses.

Projections for expenditure in convenience and comparison stores are given in Table 5.3 for time periods from

1973 onwards only, due to our concerns regarding the precise comparability of the earlier data. Expenditure at all businesses is not affected by these limitations, and alternative projections from 1963 are given.

The likelihood of the three forecasts occurring (i.e. deciding between those based on short-term, medium term and long-term trends) will depend on the wider assessment of the economy. In addition different forecast periods suit the two types of business spending for example, the short term trend (1999-09) best suits comparison store spending where long-term trends (1979-09) best suits convenience store spending. In our view, the short-term projections for convenience stores are less reliable than the medium term trends due to the considerable variation in growth rates in recent years. But the rising trend growth over more recent periods for convenience stores and all retail stores suggests that a higher growth rate than the ultra long trends should be sustainable for these businesses. Therefore the most realistic forecast is somewhere between the medium-term and the long-term.

An alternative to trend-based projections is provided by Economics. Forecasts derived from appropriate categories of goods from our UK consumer spending model are shown in Table 5.2. These forecasts are based partly upon past trends, but also upon expected changes in other economic variables of interest according to historic relationships. As a result, the forecasts show that, despite very strong growth in the recent past, average growth for all retail business throughout the forecast period 2009-2016 (1.5%) will be below the historical trend rates for all goods. For instance, although sales in the all retail business aggregate have grown by 4.5% since 1999, this has been reflective of consumer boom conditions, including households adjusting to a stable macro environment, rising house prices, low real interest rates and increasing consumer debt. This adjustment process has largely taken place, with future consumption expected to be mainly driven by employment and incomes, which in the short-run will grow more slowly given the wider economic slowdown.

Trend projections

Trend growth rates of comparison goods expenditure per capita are statistically robust for all periods, with the strongest relationship also being over the short-term (1999-2009) when the fitted annual growth rate for spending on comparison goods per capita was 5.8%.

Table 5.3: Growth and projections of UK annual average consumer retail expenditure per capita by business type (2006 prices)

	Ultra long term trends				Long term trends			Medium term trends			Short term trends		
	1963 - 2009	1974-2009			1979-2009			1989-2009			1999-2009		
	All retail	Conv. store	Comp. store	All retail	Conv. store	Comp. store	All retail	Conv. store	Comp. store	All retail	Conv. store	Comp. store	All retail
Correlation coefficient	0.963	0.970	0.925	0.981	0.987	0.936	0.975	0.973	0.918	0.941	0.909	0.961	0.980
Average annual growth	**2.5%**	**1.9%**	**3.1%**	**0.0%**	**2.1%**	**3.5%**	**3.0%**	**1.9%**	**4.2%**	**3.1%**	**2.1%**	**5.8%**	**4.1%**
95% confidence limits	(+/-0.14)	(+/-0.12)	(+/-0.3)	(+/-0)	(+/-0.09)	(+/-0.33)	(+/-0.18)	(+/-0.14)	(+/-0.57)	(+/-0.36)	(+/-0.46)	(+/-0.79)	(+/-0.41)
Actual and projected expenditure per capita (2006 prices) and 95% confidence limits for the regression points and lines													
	£	£	£	£	£	£	£	£	£	£	£	£	£
2009 expenditure	**5,120**	**1,967**	**2,861**	**5,120**	**1,967**	**2,861**	**5,120**	**1,967**	**2,861**	**5,120**	**1,967**	**2,861**	**5,120**
2009 projected expenditure	**4,710**	**2,014**	**2,554**	**2,123**	**2,046**	**2,653**	**5,006**	**2,017**	**2,817**	**5,060**	**2,038**	**3,064**	**5,349**
95% limits: -Points	(+/-642)	(+/-159)	(+/-529)	(+/-187)	(+/-97)	(+/-493)	(+/-486)	(+/-94)	(+/-526)	(+/-585)	(+/-128)	(+/-333)	(+/-298)
-Line	(+/-182)	(+/-50)	(+/-165)	(+/-59)	(+/-33)	(+/-165)	(+/-163)	(+/-37)	(+/-207)	(+/-232)	(+/-65)	(+/-169)	(+/-151)
2011 projected expenditure	**4,945**	**2,092**	**2,716**	**2,125**	**2,132**	**2,841**	**5,307**	**2,094**	**3,059**	**5,379**	**2,123**	**3,427**	**5,799**
95% limits: -Points	(+/-678)	(+/-167)	(+/-567)	(+/-188)	(+/-102)	(+/-534)	(+/-521)	(+/-100)	(+/-585)	(+/-637)	(+/-143)	(+/-401)	(+/-347)
-Line	(+/-204)	(+/-56)	(+/-190)	(+/-64)	(+/-37)	(+/-193)	(+/-190)	(+/-44)	(+/-257)	(+/-281)	(+/-86)	(+/-240)	(+/-208)
2016 projected expenditure	**5,585**	**2,301**	**3,167**	**2,128**	**2,360**	**3,371**	**6,143**	**2,300**	**3,761**	**6,269**	**2,352**	**4,533**	**7,097**
95% limits: -Points	(+/-778)	(+/-188)	(+/-678)	(+/-193)	(+/-117)	(+/-655)	(+/-623)	(+/-118)	(+/-771)	(+/-795)	(+/-195)	(+/-652)	(+/-522)
-Line	(+/-266)	(+/-74)	(+/-266)	(+/-77)	(+/-51)	(+/-282)	(+/-269)	(+/-64)	(+/-419)	(+/-434)	(+/-148)	(+/-494)	(+/-396)
2021 projected expenditure	**6,309**	**2,531**	**3,694**	**2,131**	**2,614**	**3,999**	**7,110**	**2,525**	**4,625**	**7,305**	**2,605**	**5,997**	**8,685**
95% limits: -Points	(+/-894)	(+/-213)	(+/-813)	(+/-199)	(+/-135)	(+/-807)	(+/-749)	(+/-140)	(+/-1026)	(+/-1003)	(+/-265)	(+/-1058)	(+/-783)
-Line	(+/-343)	(+/-95)	(+/-363)	(+/-90)	(+/-67)	(+/-398)	(+/-371)	(+/-88)	(+/-646)	(+/-633)	(+/-224)	(+/-895)	(+/-662)
2023 projected expenditure	**6,624**	**2,629**	**3,928**	**2,133**	**2,723**	**4,283**	**7,538**	**2,622**	**5,023**	**7,766**	**2,714**	**6,707**	**9,416**
95% limits: -Points	(+/-946)	(+/-224)	(+/-875)	(+/-202)	(+/-143)	(+/-879)	(+/-808)	(+/-150)	(+/-1152)	(+/-1102)	(+/-298)	(+/-1277)	(+/-915)
-Line	(+/-378)	(+/-105)	(+/-409)	(+/-96)	(+/-74)	(+/-455)	(+/-419)	(+/-99)	(+/-759)	(+/-728)	(+/-259)	(+/-1109)	(+/-796)

Prices

Pitney Bowes Business Insight price indices of consumer retail expenditure by business category for the years 1989 to 2009 are given in Table 5.4. These indices are calculated from retail sales by business category at current and constant prices published in the ONS Retail Sales Business Monitor SDM 28. The indices are entirely compatible with the estimates of consumer retail expenditure per head given in Table 5.1.

Retail prices have been falling in comparison stores since the late-1990s, with 2009 prices 22% below 1999 levels. These falls have been most pronounced in products such as electronics and computing in line with technological advances and the movement of production to lower cost countries, especially China and India feeding through into prices. In contrast, convenience goods stores have generally experienced steadily increasing prices over time, and these increased again in 2009. Reflecting the dominance of comparison goods expenditure, retail businesses overall have experienced price falls. Such deflation has affected non-store businesses, where prices have declined by 22% since 1999. All retail business aggregate registered price fall was just under 2% since 1999..

Table 5.4: Price indices of consumer retail expenditure by business type (2006 = 100)

	Conv. Store business	Comparison store business			All store business	Non-store business	All retail business
		Specialist	Mixed	Total			
1989	66	104	91	102	86	99	80
1990	71	109	97	107	91	104	85
1991	76	113	103	112	95	109	90
1992	79	115	106	114	97	112	92
1993	81	117	109	115	99	113	94
1994	82	118	110	116	100	114	95
1995	85	119	113	118	102	116	98
1996	88	121	115	120	105	118	100
1997	89	121	117	120	105	119	102
1998	91	121	118	120	106	119	103
1999	93	119	118	119	106	118	104
2000	93	117	115	117	106	116	105
2001	96	115	114	115	106	114	104
2002	96	112	111	111	105	111	102
2003	97	109	108	109	104	109	102
2004	97	106	105	106	102	106	101
2005	98	103	102	103	100	103	100
2006	100	100	100	100	100	100	100
2007	103	98	98	98	100	98	100
2008	109	95	96	95	102	95	103
2009	114	93	94	93	103	92	102

Figure 5.1: Convenience store business - long term trends (1979-09)

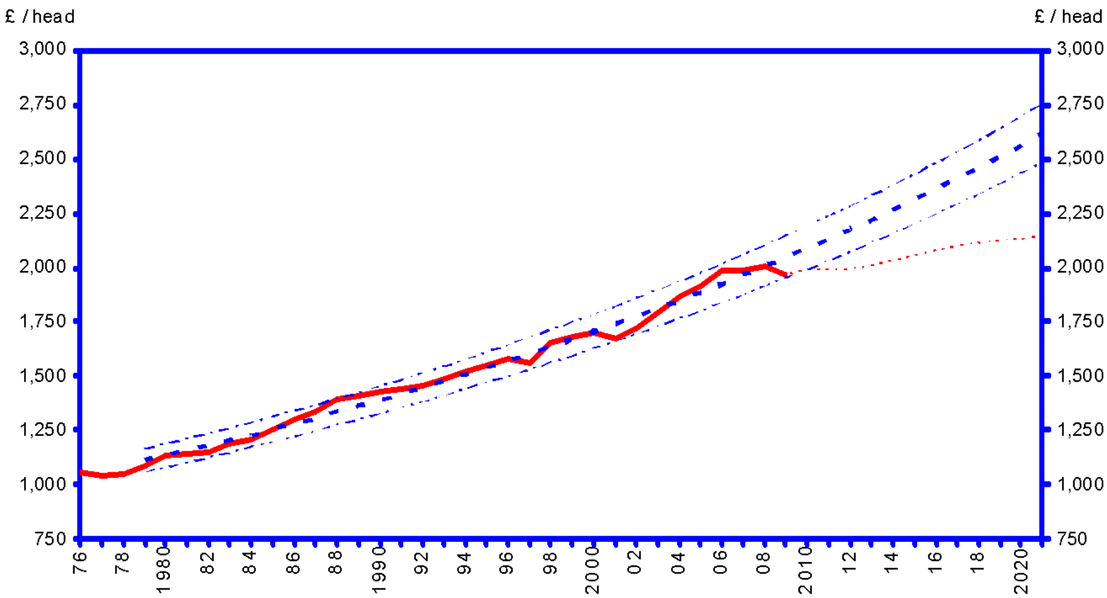


Figure 5.2: Convenience store business - medium term trends (1989-09)

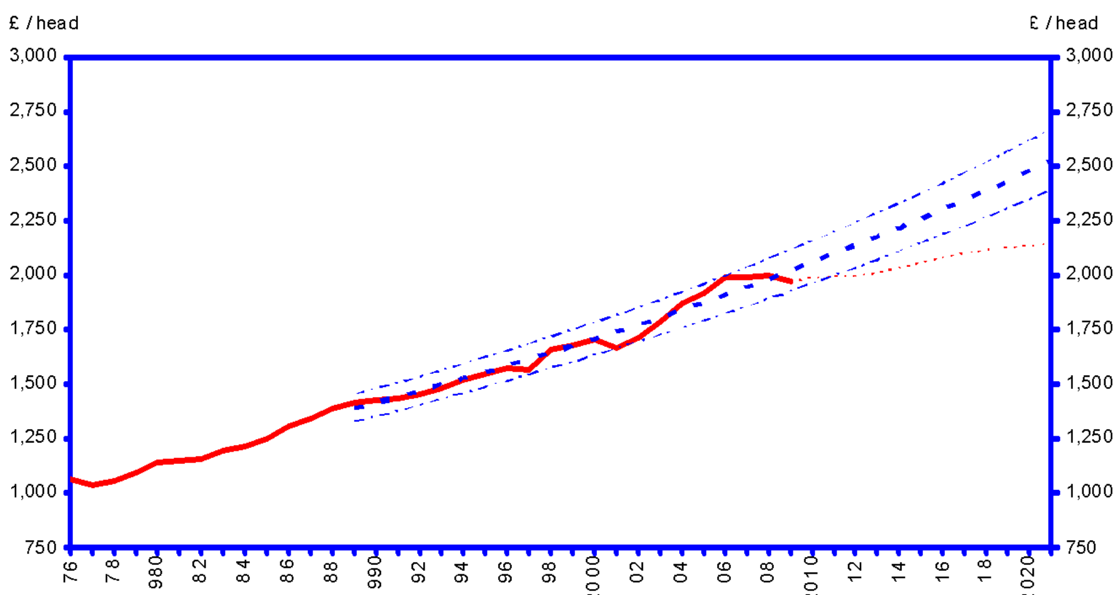


Figure 5.3: Convenience store business - short term trends (1999-09)

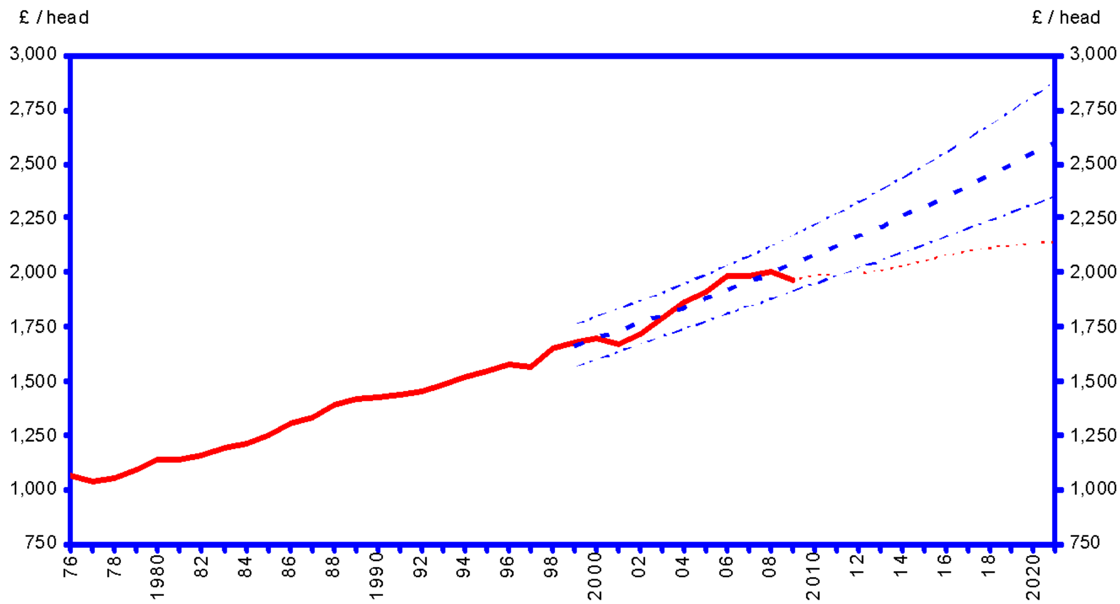


Figure 5.4: Comparison store business - long term trends (1979-09)

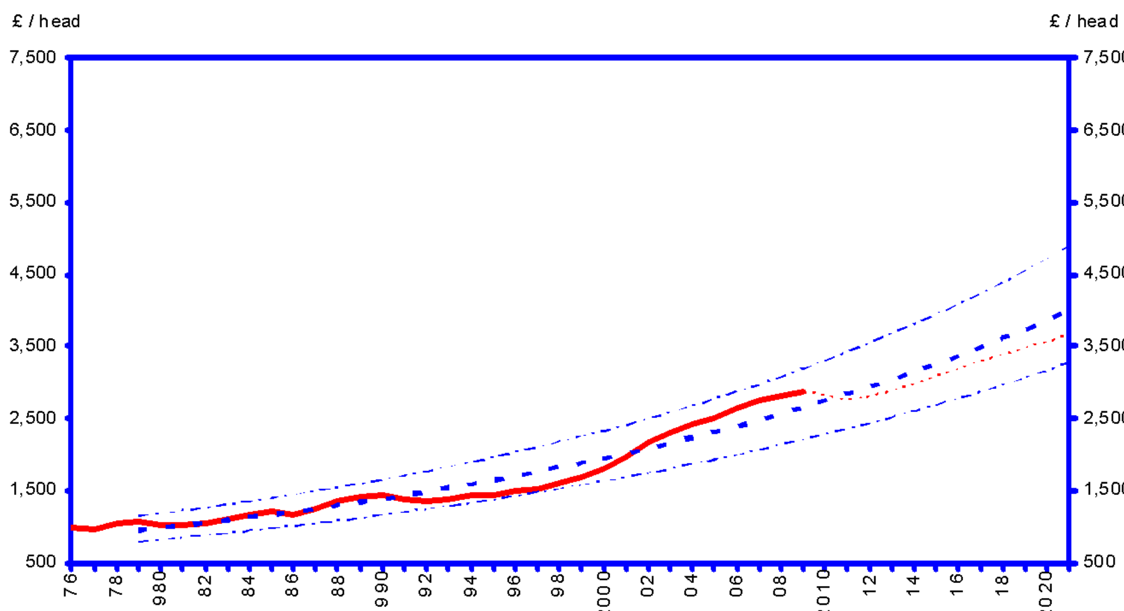


Figure 5.5: Comparison store business - medium term trends (1989-09)

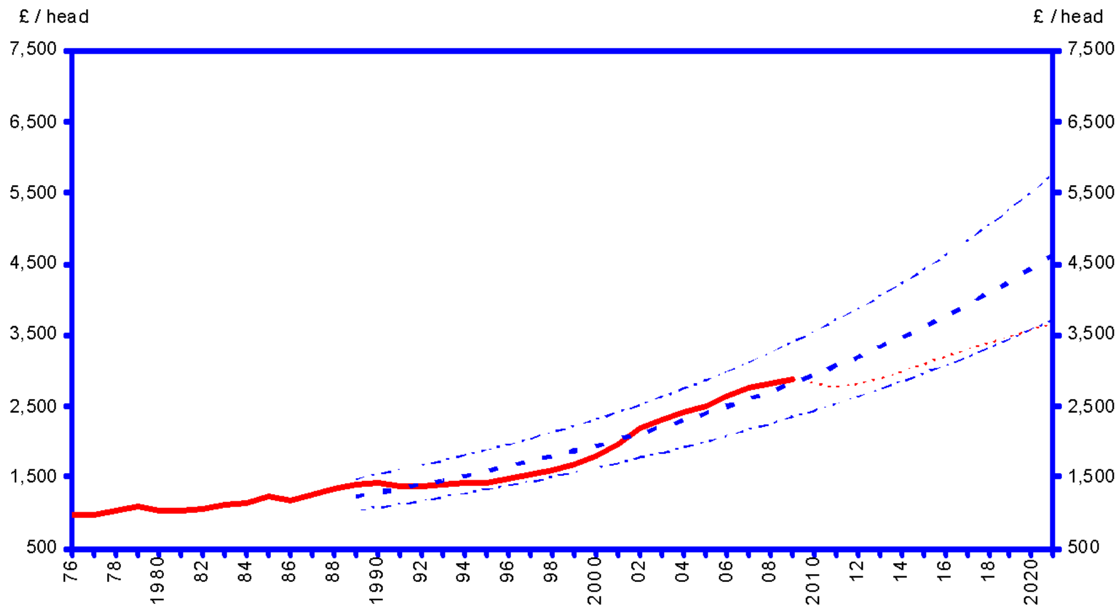


Figure 5.6: Comparison store business - short term trends (1999-09)

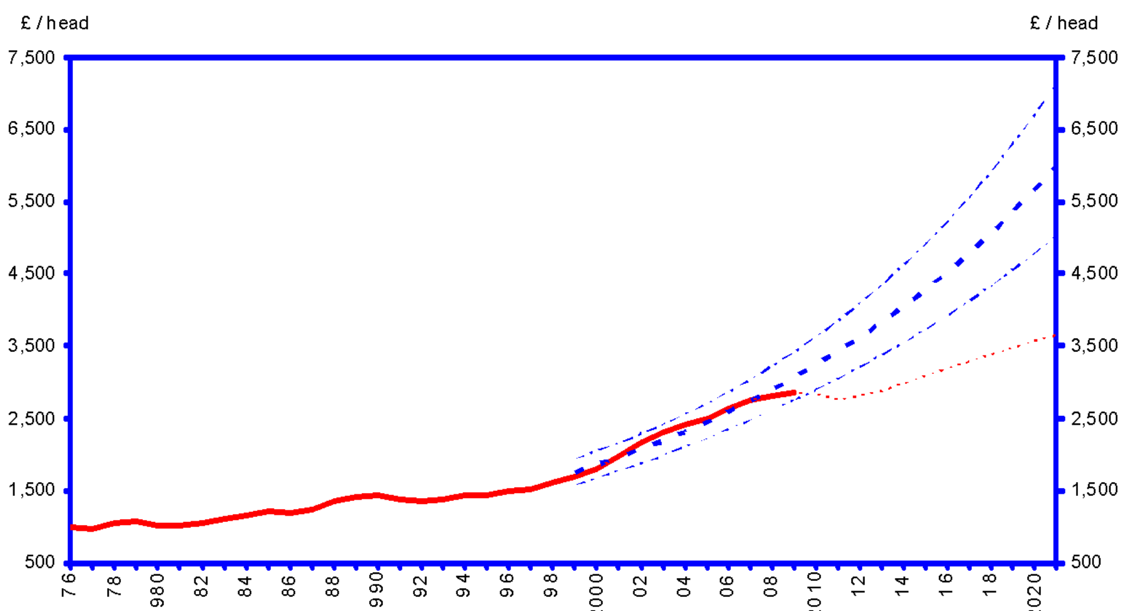


Figure 5.7: All retail business - long term trends (1979-09)

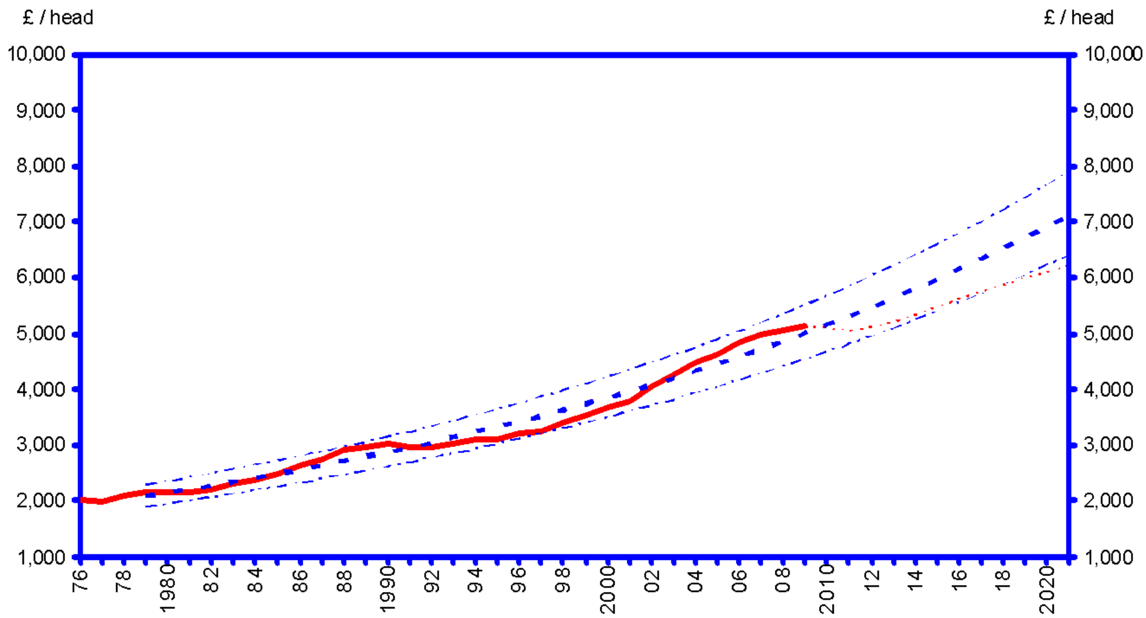


Figure 5.8: All retail business - medium term trends (1989-09)

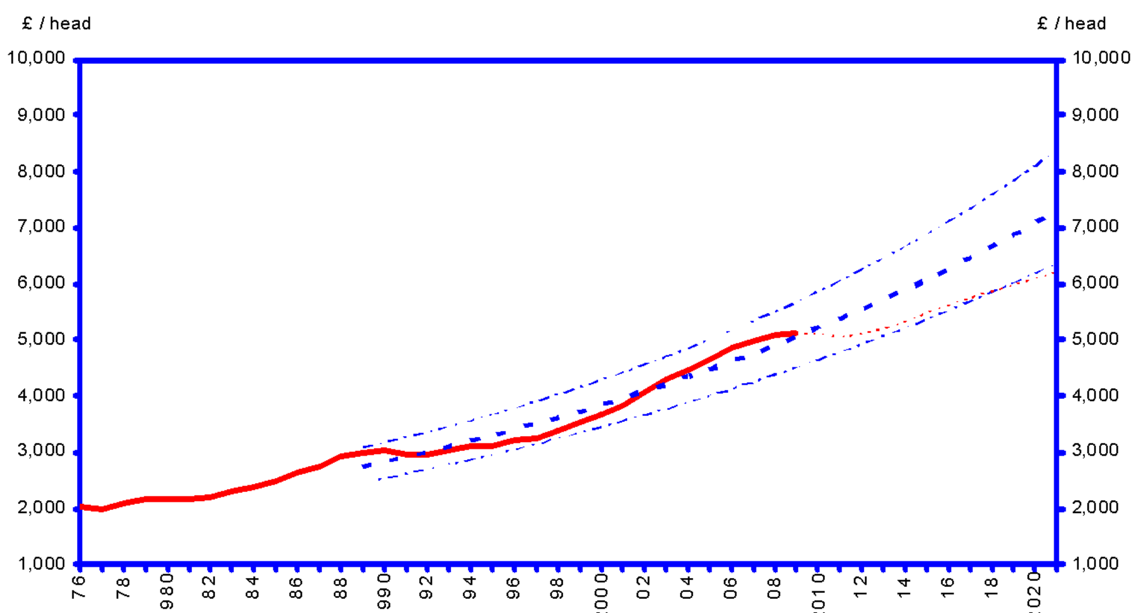
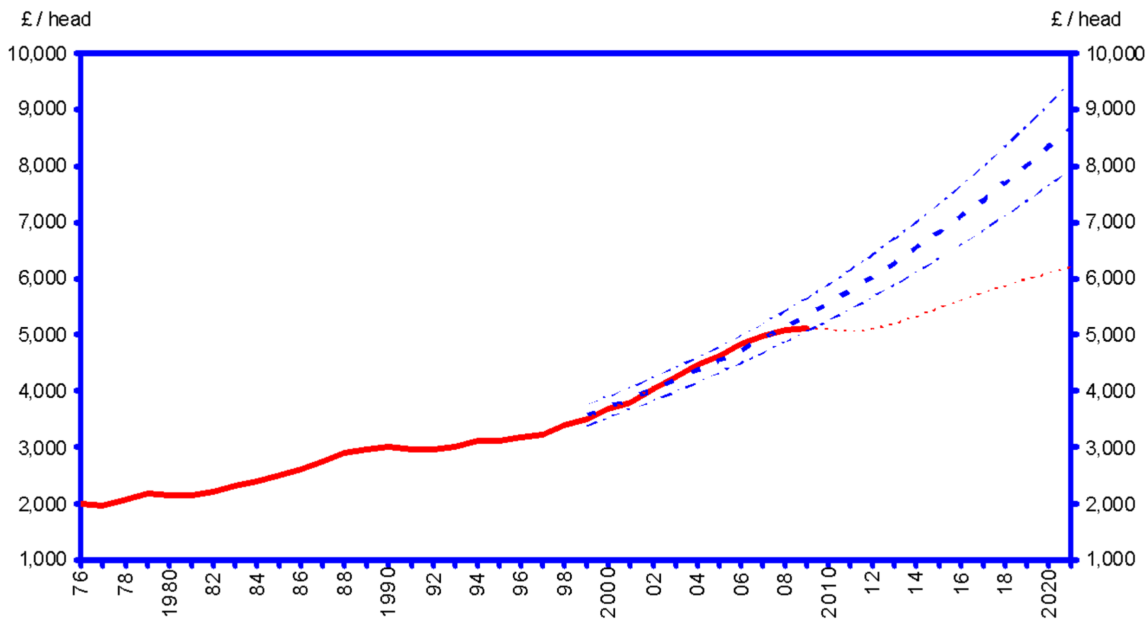


Figure 5.9: All retail business - short term trends (1999-09)



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Appendix: Base Area Profile Report

The following pages give Consumer Retail Expenditure estimates produced from Pitney Bowes Business Insight's AnySite software, enabling comparisons on a consistent basis between local area figures and the National average. Figures are given for the United Kingdom and Great Britain for 2009, 2010, 2011, 2016 and 2021.

PitneyBowes Business Insight
ConsumerRetail Expenditure Total (£mill Per Annum, EST=Estimates, FOR=Forecast, PB=Price Base)

Description	GB: 2009 EST, 2009 PB	UK: 2009 EST, 2009 PB	GB: 2010 EST, 2010 PB	UK: 2010 EST, 2010 PB	GB: 2011 EST, 2011 PB	UK: 2011 EST, 2011 PB	GB: 2016 EST, 2016 PB	UK: 2016 EST, 2016 PB	GB: 2021 EST, 2021 PB	UK: 2021 EST, 2021 PB
Usually Resident Population	60	62	60	62	61	63	63	65	65	67
Private Households	26	26	26	27	26	27	28	28	29	30
Food	80,340	82,690	84,590	87,063	89,553	92,166	91,902	94,521	96,524	99,240
Alcoholic Drink	14,411	14,773	14,819	15,190	15,357	15,741	16,514	16,918	17,742	18,341
Tobacco	9,372	9,840	10,133	10,638	10,745	11,281	9,343	9,798	9,004	9,221
Books Newspapers Magazines	6,941	7,154	7,013	7,229	7,338	7,563	6,961	7,169	6,824	6,993
Books	3,052	3,122	3,023	3,093	3,178	3,252	3,135	3,206	3,313	3,400
Newspapers and Magazines	3,890	4,032	3,990	4,136	4,160	4,311	3,827	3,963	3,511	3,593
Clothing and Footwear	42,324	44,095	45,531	47,435	48,406	50,425	56,209	58,498	68,547	71,773
Footwear	5,849	6,104	6,495	6,778	6,834	7,131	8,064	8,406	9,732	10,124
Clothing	36,475	37,990	39,036	40,657	41,572	43,294	48,145	50,092	58,815	61,650
Furniture/Floor/Textiles	21,650	22,256	21,542	22,145	21,725	22,333	23,669	24,316	27,172	27,979
Furniture/Floor Coverings	16,035	16,465	15,833	16,258	15,713	16,133	16,905	17,346	18,998	19,794
HH Textiles/Soft Furnishings	5,615	5,791	5,709	5,887	6,013	6,200	6,764	6,970	8,174	8,185
Audio-visual Equipment	27,046	27,817	27,180	27,953	28,695	29,510	44,860	46,110	62,666	64,328
Domestic Appliances	5,448	5,593	6,015	6,175	6,430	6,602	7,328	7,519	8,193	8,407
AV/Photo/Optical Goods	20,594	21,182	20,253	20,832	21,227	21,832	35,948	36,950	52,478	53,870
Telephone/Fax Equipment	1,004	1,042	912	946	1,037	1,076	1,584	1,642	1,995	2,051
Hardware and DIY Supplies	18,677	18,988	18,799	19,114	18,914	19,231	20,174	20,523	21,876	22,555
China Glass and Utensils	3,654	3,747	3,809	3,906	3,879	3,977	4,307	4,414	4,896	5,022
Repair/Maintenance Materials	7,263	7,273	7,194	7,204	7,203	7,213	6,911	6,921	6,927	7,203
Tools/Equip for Home/Garden	4,223	4,345	4,117	4,236	4,092	4,210	4,686	4,818	5,209	5,366
Gardens/Plants/Flowers	3,538	3,623	3,679	3,768	3,741	3,831	4,269	4,370	4,845	4,965
Other Goods	68,246	70,148	72,101	74,103	77,664	79,818	90,323	92,795	107,787	110,606
Chemists' Goods	22,685	23,312	24,572	25,250	26,792	27,530	30,899	31,730	36,523	37,416
Jewellery/Watches/Clocks	5,156	5,268	5,595	5,716	6,177	6,310	6,611	6,750	7,126	7,314
Non-durable HH Goods	4,106	4,226	4,319	4,445	4,521	4,653	4,571	4,701	4,956	5,083
Bicycles	1,377	1,391	1,419	1,434	1,523	1,539	1,792	1,811	2,078	2,135
Recreational Goods	28,245	29,090	29,342	30,215	31,606	32,549	39,053	40,210	49,198	50,566
Other Miscellaneous Goods	6,678	6,861	6,854	7,042	7,045	7,238	7,396	7,593	7,907	8,092
Total Goods	289,008	297,762	301,708	310,870	318,398	328,068	359,956	370,648	418,143	431,037
Convenience Goods	112,120	115,561	117,850	121,472	124,336	128,152	126,157	129,901	131,738	135,479
Comparison Goods	176,889	182,200	183,858	189,398	194,062	199,916	233,799	240,747	286,405	295,558
Bulky Goods	21,482	22,058	21,848	22,433	22,143	22,734	24,233	24,864	27,191	28,201
DIY Related Goods	17,599	17,889	17,576	17,867	17,660	17,952	18,691	19,011	20,193	20,840

PitneyBowes Business Insight
ConsumerRetail Expenditure Hhold (£ Per Annum, EST=Estimates, FOR=Forecast, PB=Price Base)

Description	GB: 2009 EST, 2009 PB	UK: 2009 EST, 2009 PB	GB: 2010 EST, 2010 PB	UK: 2010 EST, 2010 PB	GB: 2011 EST, 2011 PB	UK: 2011 EST, 2011 PB	GB: 2016 EST, 2016 PB	UK: 2016 EST, 2016 PB	GB: 2021 EST, 2021 PB	UK: 2021 EST, 2021 PB
Usually Resident Population	60	62	60	62	61	63	63	65	65	67
Private Households	26	26	26	27	26	27	28	28	29	30
Food	3,137	3,143	3,269	3,275	3,425	3,431	3,341	3,345	3,337	3,339
Alcoholic Drink	563	562	573	571	587	586	600	599	613	617
Tobacco	366	374	392	400	411	420	340	347	311	310
Books Newspapers Magazines	271	272	271	272	281	282	253	254	236	235
Books	119	119	117	116	122	121	114	113	115	114
Newspapers and Magazines	152	153	154	156	159	161	139	140	121	121
Clothing and Footwear	1,653	1,676	1,760	1,784	1,851	1,877	2,044	2,070	2,370	2,415
Footwear	228	232	251	255	261	266	293	297	336	341
Clothing	1,424	1,444	1,509	1,529	1,590	1,612	1,750	1,772	2,033	2,074
Furniture/Floor/Textiles	845	846	833	833	831	831	860	860	939	941
Furniture/Floor Coverings	626	626	612	612	601	601	615	614	657	666
HH Textiles/Soft Furnishings	219	220	221	221	230	231	246	247	283	275
Audio-visual Equipment	1,056	1,057	1,050	1,052	1,098	1,099	1,631	1,632	2,166	2,164
Domestic Appliances	213	213	232	232	246	246	266	266	283	283
AV/Photo/Optical Goods	804	805	783	784	812	813	1,307	1,307	1,814	1,812
Telephone/Fax Equipment	39	40	35	36	40	40	58	58	69	69
Hardware and DIY Supplies	729	722	727	719	723	716	733	726	756	759
China Glass and Utensils	143	142	147	147	148	148	157	156	169	169
Repair/Maintenance Materials	284	276	278	271	276	269	251	245	239	242
Tools/Equip for Home/Garden	165	165	159	159	157	157	170	170	180	181
Gardens/Plants/Flowers	138	138	142	142	143	143	155	155	167	167
Other Goods	2,665	2,667	2,786	2,788	2,971	2,972	3,284	3,283	3,726	3,721
Chemists' Goods	886	886	950	950	1,025	1,025	1,123	1,123	1,263	1,259
Jewellery/Watches/Clocks	201	200	216	215	236	235	240	239	246	246
Non-durable HH Goods	160	161	167	167	173	173	166	166	171	171
Bicycles	54	53	55	54	58	57	65	64	72	72
Recreational Goods	1,103	1,106	1,134	1,137	1,209	1,212	1,420	1,423	1,701	1,701
Other Miscellaneous Goods	261	261	265	265	269	269	269	269	273	272
Total Goods	11,286	11,319	11,660	11,695	12,178	12,214	13,087	13,115	14,454	14,502
Convenience Goods	4,378	4,393	4,554	4,570	4,756	4,771	4,587	4,596	4,554	4,558
Comparison Goods	6,908	6,926	7,105	7,125	7,423	7,443	8,500	8,519	9,901	9,944
Bulky Goods	839	839	844	844	847	846	881	880	940	949
DIY Related Goods	687	680	679	672	675	668	680	673	698	701

PitneyBowes Business Insight
ConsumerRetail Expenditure Person (£Per Annum, EST=Estimates, FOR=Forecast, PB=Price Base)

Description	GB: 2009 EST, 2009 PB	UK: 2009 EST, 2009 PB	GB: 2010 EST, 2010 PB	UK: 2010 EST, 2010 PB	GB: 2011 EST, 2011 PB	UK: 2011 EST, 2011 PB	GB: 2016 EST, 2016 PB	UK: 2016 EST, 2016 PB	GB: 2021 EST, 2021 PB	UK: 2021 EST, 2021 PB
Usually Resident Population	60	62	60	62	61	63	63	65	65	67
Private Households	26	26	26	27	26	27	28	28	29	30
Food	1,339	1,338	1,400	1,399	1,472	1,471	1,461	1,459	1,484	1,482
Alcoholic Drink	240	239	245	244	252	251	263	261	273	274
Tobacco	156	159	168	171	177	180	149	151	138	138
Books Newspapers Magazines	116	116	116	116	121	121	111	111	105	104
Books	51	51	50	50	52	52	50	49	51	51
Newspapers and Magazines	65	65	66	66	68	69	61	61	54	54
Clothing and Footwear	705	714	754	762	796	805	894	903	1,054	1,072
Footwear	97	99	107	109	112	114	128	130	150	151
Clothing	608	615	646	653	683	691	765	773	904	921
Furniture/Floor/Textiles	361	360	357	356	357	356	376	375	418	418
Furniture/Floor Coverings	267	266	262	261	258	257	269	268	292	296
HH Textiles/Soft Furnishings	94	94	94	95	99	99	108	108	126	122
Audio-visual Equipment	451	450	450	449	472	471	713	712	964	961
Domestic Appliances	91	91	100	99	106	105	116	116	126	126
AV/Photo/Optical Goods	343	343	335	335	349	348	571	570	807	805
Telephone/Fax Equipment	17	17	15	15	17	17	25	25	31	31
Hardware and DIY Supplies	311	307	311	307	311	307	321	317	336	337
China Glass and Utensils	61	61	63	63	64	63	68	68	75	75
Repair/Maintenance Materials	121	118	119	116	118	115	110	107	107	108
Tools/Equip for Home/Garden	70	70	68	68	67	67	74	74	80	80
Gardens/Plants/Flowers	59	59	61	61	61	61	68	67	74	74
Other Goods	1,137	1,135	1,193	1,191	1,277	1,274	1,436	1,433	1,658	1,652
Chemists' Goods	378	377	407	406	440	439	491	490	562	559
Jewellery/Watches/Clocks	86	85	93	92	102	101	105	104	110	109
Non-durable HH Goods	68	68	71	71	74	74	73	73	76	76
Bicycles	23	23	23	23	25	25	28	28	32	32
Recreational Goods	471	471	486	486	520	520	621	621	757	755
Other Miscellaneous Goods	111	111	113	113	116	116	118	117	122	121
Total Goods	4,817	4,819	4,993	4,996	5,234	5,236	5,722	5,722	6,430	6,438
Convenience Goods	1,869	1,870	1,950	1,952	2,044	2,045	2,006	2,005	2,026	2,023
Comparison Goods	2,948	2,949	3,043	3,044	3,190	3,191	3,717	3,716	4,404	4,414
Bulky Goods	358	357	362	361	364	363	385	384	418	421
DIY Related Goods	293	290	291	287	290	287	297	293	311	311