July Same-Store Sales Weaken, TNS Retail Forward Reports

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Same-store sales growth weakened to 2.8% from the prior month

July same-store sales growth weakened to 2.8% from the prior month and remained about the same as prior-year results for about 40 retailers reporting monthly results today, TNS Retail Forward reports.Â

Julyâ€™s result is down from a 4.5% sales-weighted composite reported last month and off slightly from the 2.9% composite reported in July of 2007.Â

â€œThe summer spike in fuel and food prices is causing shoppers to pare back their plans for tax rebates and back-to-school spending.Â Thatâ€™s clearly squeezing spending on retail goods other than food and gas,â€• said Frank Badillo, Senior Economist at TNS Retail Forward.Â

Julyâ€™s results were led by stronger than average results at Warehouse Clubs and Drug Stores.Â Discount Department Store sales were in the middle of the pack.Â Â Lagging were Department Stores and Apparel and Accessory Stores.Â (For a list of the retailers reporting and their results, please follow this link: http://www.retailforward.com/retailintel/samestr_sales.pdf Â».)

July same-store sales appeared to get less of a boost from tax rebates than what shoppers planned before fuel prices spiked in June, according to TNS Retail Forwardâ€™s July ShopperScapeâ„¢ survey:

By July, more shoppers ended up using their tax rebate for everyday expenses (such as groceries and gasoline) than was the case for early tax rebate recipients in May.

Compared with plans made in February, fewer shoppers ended up using their tax rebate for special purchases such as big-ticket consumer electronics items.Â

Fewer households were also able to keep to their original plans to save their tax rebate or use it to pay down credit cards, bills and mortgage debts.

Same-store sales may have also been hurt in July by shoppersâ€™ plans to do less back-to-school spending compared with prior years.

Less than one-half of shoppers (44%) planned to spend about the same as last year.Â That share declined by seven percentage points in July compared with a year ago.

Nearly one-fifth of shoppers (19%) planned to spend less than last year.Â That share increased by six percentage points in July compared with a year ago.

Like tax rebates, back-to-school spending is also giving a boost primarily to discount retailers, according to the July ShopperScapeâ„¢ survey.

Discount stores, supercenters and dollar stores are among the retail channels that are gaining more back-to-school shoppers than they are losing.

Off price apparel and value department stores are faring better than traditional and upscale department stores in attracting back-to-school shoppers.

Consumer electronics and office supply retailers are also among the channels losing more back-to-school shoppers than they are gaining.

The deteriorating environment for many retailers may begin to bottom out in August based on some improvement in shoppersâ€™ spending plans for the next month.

Less than one-half of shoppers (45%) plan to spend less in the next month than a year ago.Â Thatâ€™s an improvement of seven percentage points from shoppersâ€™ plans last month.

The share of shoppers planning to spend more in the next month than last year improved by four percentage points to 14%.