Shoppers 'March' Into Spring, Says Synovate

Contributed by Synovate
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The Synovate Retail Traffic Index (RTI) figures for March 2009, released today, show unexpectedly strong UK retail footfall figures for the month compared to last year.

This is especially surprising considering that Easter was in March in 2008.

Retail footfall levels were down only marginally by 0.2% on March 2008 and were up by 4.2% month-on-month against February 2009.

Synovate retail psychologist Dr Tim Denison cautioned against over-optimism, however,
"We shouldn't over-egg the significance of one month's figures, nor should we be over-surprised that shoppers were out and about in greater numbers after a very cold and financially depressing winter. Human nature being what it is, they were bound to savour the first rays of spring sun.

"Despite Easter being in that month, March '08 was a particularly weak comparator. The early Easter failed to deliver its normal rush to the shops and exceptionally poor weather deterred DIY-ers, spring cleaners and gardeners from their normal spring activities. Looking at the broader picture, shopper numbers in the full quarter one of 2009 were down 2.6% year-on-year, compared to minus 3.3% in quarter four 2008 (versus Q4 2007).

"We might be approaching the end of the worst of the downturn and that alone should give the retail industry a whiff of a reason to be more optimistic about the future. Our prediction is that we can expect the shops to be busier still in April with the first y-on-y growth (+0.7% for the full month) in shopper numbers since August 2008, helped by the Easter fortnight when the number of shoppers is forecast to be 4.1% higher than for the early Easter last year. We believe that this Easter will be very much a 'stay-at-home' Easter with shoppers concentrating on home activities such as decorating, gardening and even growing their own - with fewer 'luxury' expenses such as mainstream holidays or short foreign city breaks."

Nobody can deny that retailers are having a tough time of it, but Synovate's figures show that footfall is robust.

However that's not to say that this inevitably follows through to sales. We are still seeing in March that the proportion of shoppers who buy; the so-called "conversion rate" is suffering in these fluid times.

There is a sense that shoppers have raised their due diligence standards, making more store trips and product/price comparisons before settling on a purchase. Even if this is true, the very fact that they enter a store presents a sales opportunity for that retailer and should be seen as such.

Denison continued,
"We can see from our traffic and transactions data that shoppers will spend if the product that they are looking for is at a suitably irresistible price point and if the service is appropriate. For those companies which are truly dialled in to the current consumer zeitgeist and mentally aligned with their customers, there is probably less to be anxious about moving forward. The fact is that for some consumers their levels of disposable income are up by as much as 20% in 2009, largely due to lowering interest rates on home loans.

"However, so far, we have seen little evidence of this trickling through to retail outlets with many shoppers responding to constant downturn news like rabbits in the headlights; being scared off from spending on anything but essentials. With a little more confidence and a slight easing of fiscal pressures we can but hope that shoppers will relinquish part of their nervousness to spend, start spending wisely and begin to cherish what they can afford to buy. Once again, it seems it might well be consumers that take a lead role in kick-starting the economy."

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