

Retailers Continue To Endure Long Winter As Shopper Fatigue Rolls On Into February, Says Synovate

Contributed by Synovate
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UK footfall figures from Synovate Retail Performance reveal another fall last month - the fourth consecutive month where there has been a year-on-year decline.

The Retail Traffic Index (RTI), the national measure of the shopper numbers entering non-food outlets, dropped 1.3% in February against the same month in 2009; also falling month-on-month by 3.1% against January's figures.

Synovate Director of Retail Intelligence, Tim Denison, explains:

"After such a slow start to the year in January, retailers were hoping for better things last month, but our figures show little evidence of any respite. The fatigue that hit shoppers in January, after their short-lived buying frenzy at the end of December, persisted throughout February. The year-on-year comparison was better than January's - which was down by 5.0% on the same month in 2009 - but the first fortnight of February 2009 was disrupted by heavy snowfall, somewhat flattering the comparison.

"What we really need to understand is the underlying cause of the weak footfall. If it is the ongoing cold and inclement weather that is primarily keeping people away from the shops that is one thing, but if it is derived from an inherent deep-seated weakness in demand it is quite another matter - and one that is far more concerning for retailers and for the state of the general economy. A sustained period of spring sunshine will give us some vital clues."

The ending of several consumer stimulants such as the reduced VAT rate, the stamp duty reduction on some properties and the car scrappage scheme means that the consumer economy now has to stand or fall on the strength of consumer demand.

It is only now that we will begin to see whether the "borrow-and-spend" strategy that pulled spending forward into 2009 was at the expense of consumer spending in 2010.

Stronger demand and lower costs came to retailing's rescue in 2009, but both look under pressure now.

Significant rises in cost of freight from the Far East, likely to push up price inflation in the non-food sector, presents retailers with their next chapter of challenges.

Looking forward, Easter is slightly earlier than last year which will help boost footfall figures at the tail end of March but we may not know whether consumer demand has really taken some heart from our economy formally leaving recession, admittedly by the smallest possible margin, for quite some time.

Once again it seems likely that retailers will continue their policy of tightly managed stock levels and rigidly protected margins.

These are both strategies which serve to protect the market leaders but sadly lead weak stragglers into real danger of business failure.

About Synovate Retail Performance

Synovate Retail Performance provides footfall monitoring solutions, shopper tracking systems and in-store behavioural research to retailers worldwide.

Its core products – Shopper Count, Shopper Interact and Shopper Engage – scientifically measure all aspects of a shopper experience from store entry to exit.

Originally founded as Solution Products Systems Ltd (SPSL) in the UK in 1998, it was acquired by Synovate in December 2007 and now offers unrivalled global reach and scalability through Synovate's network of in-country teams and three specialist hubs based in Europe, North America and the Far East.

It supplies national and international retailers with essential business metrics to drive accountability and performance improvement.

Synovate Retail Performance harnesses powerful retail and shopper intelligence and creates real deployable insight, to deliver its mantra of "Measure, Manage, Improve" to clients.

Synovate Retail Performance is home to the Retail Traffic Index series, which for over 10 years has been the industry's

leading tracker of national, regional and sector retail footfall trends.

It is also co-founder of the KPMG / Synovate Retail Think Tank, offering thought leadership on the state of retail health and the future of retailing. Synovate Retail Performance is part of Synovate Customer Experience, Synovate's global business practice specialising in the profitable management of the total sum of all customer interactions.

About Synovate

Synovate, the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions. The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 6,400 staff across 62 countries.

For more information on Synovate visit www.synovate.com .

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