July Sees Solid Growth in Sales Volumes for the Retail Sector

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Retail sales volumes grew solidly in the year to July, rebounding from a disappointing performance a month earlier, according to the latest CBI Monthly Distributive Trades Survey.

Retailers expect sales volumes to grow at an even stronger pace next month and stocks in relation to expected demand rose, most likely in anticipation of this stronger sales growth.

Among the retail sub-sectors, grocers performed well, as did footwear and leather and clothing shops, whereas sales at chemists declined on a year ago. Internet sales volumes in the retail sector also rose solidly.

Elsewhere, sales in the motor trades sector and wholesaling both continued to grow strongly on a year ago, and are expected to rise at a similar pace next month.

Barry Williams, Chair of the CBI Distributive Trades Survey Panel and Asda SVP and Chief Merchandising Officer for Food, said:

â€œAs the temperature began to rise, it seems so did sales volumes. Almost all sectors saw growth, with grocers and clothing stores telling us they performed particularly well as people bought barbeque supplies and summer outfits.

â€œRetailers expect an even faster rise in sales volumes next month, and are stocking up in anticipation of growing demand.â€

Key findings:

-46% of retailers said sales volumes rose in the year to July, while 25% said they fell, giving a balance of +21%, beating expectations (+17%)
-51% said they expect sales volumes to grow next month, while 15% expect them to decrease, giving a balance of +36%
-Sales volumes grew in the grocers sector (+33%), clothing (+45%), specialised food & drink (+24%), footwear & leather (+74%), furniture & carpets (+51%) and hardware and DIY (+20%). Whereas chemistsâ€™ sales volumes declined (-50%), and non-specialised (department stores) were broadly flat (+2%)
-The volume of internet sales also grew strongly (+37%), broadly in line with expectations (+40%), but below the long-run average (+51%)
-Retailers increased their stocks in relation to expected demand (+32%), now at the highest level since November 1984 (+33%).

Motor traders:

-80% of motor traders said that sales volumes rose in the year to July, while 6% said they fell, giving a balance of +74%
-Sales volumes are expected to grow again next month (+70%)

Wholesalers:

-44% of wholesalers said that sales volumes grew, while 21% said they fell, giving a balance of +23%, slightly disappointing expectations (+33%)
-Sales are expected to grow at a broadly similar pace next month (+26%).