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DELOITTE

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Eighty-five per cent of retailers report positive like-for-like sales for Christmas 2009

The vast majority of retailers (85 per cent) have reported positive like-for-like sales figures for the Christmas 2009 trading period, according to analysis by the business advisory firm Deloitte. On average, the 62 retailers included in the analysis reported like-for-like increases of 5.9 per cent with clothing and footwear retailers posting the strongest figures, increasing like-for-like sales by 10.3 per cent.

Department stores saw a 7.1 per cent increase, with homeware (6.2 per cent), food and grocery (5.4 per cent), health and beauty (6.6 per cent) and electrical retailers (3.1 per cent) all enjoying sales growth. Only retailers from the games, books, music and video sector saw a fall (-6.1 per cent) in like-for-like sales.

Tarlok Teji, retail partner at Deloitte's Leeds office, said: "On the face of it, Christmas 2009 has been remarkably successful for many retailers. Against a backdrop of continuing economic uncertainty, to find almost nine out of ten retailers increasing their like-for-like sales is great news. However, there is an underlying story here which tells a different tale.

"2009 was an unusual year in recent economic history. The corporate sector was hit hard whilst the consumer remained largely insulated. The retail sector saw a high number of retail administrations with a significant proportion of those businesses ultimately disappearing from the high street. We estimate that the combined sales of these retailers were around £9 billion. This spend has since migrated elsewhere, to those stronger retailers that remain on the high street.

"This means that whilst some retailers are reporting strong growth, to a certain degree they are doing so by eating up their former competitors' share of the retail cake. The cake itself is not getting much bigger though.

"In addition, 2009 saw consumer spending hold up pretty well as record low interest rates reduced mortgage costs. However, 2010 presents a number of obstacles to this continuing such as higher taxes and larger National Insurance contributions. As we look to the medium term, it is clear that the next

Government will take steps to tackle the public finances. These are likely to be a combination of spending cuts and tax increases and it is inconceivable that over the coming years, consumers will not be impacted."

Mr Teji continued: "All of these factors suggest that demand will remain weak in the UK for the foreseeable future. It is important that retailers and other stakeholders in the industry do not interpret these figures, and the other recent data from the ONS and BRC, as signs of a strong and sustainable consumer recovery.

"However, the consumer has been remarkably resilient so far in this downturn and with the total UK retail market worth in excess of £285bn, there will continue to be success stories. Fashion had an excellent Christmas and the value sector has grown at tremendous pace recently and still has some way to go. Online retailing is also a star performer and we would expect to see further growth in this sector over the coming years."

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