

Retail Planner Briefing Note 11

October 2013



Following five years of muted growth in retail sales volumes, an encouraging upturn developed in 2013. We expect solid growth in 2014 and 2015. The long-term forecast sees annual growth averaging 2.9%, broadly unchanged from last year's forecast

Introduction

Retail Planner is a service for retail planners, property consultants and retailers, providing comprehensive, up-to-date and credible information for retail planning decisions. The 'coarse and fine' data element of the service will be delivered to clients in February 2014 when new census data are available.

This briefing provides and explains trends and forecasts in expenditure on retail goods, leisure services, retail potential and changes in the efficiency of retail floor space.

Retail Planner 2013

The report provides:

- forecasts of expenditure growth for the main categories of retail spending to 2030¹;
- a robust economic explanation for the forecasts, noting upside and downside risks;
- sales densities broken down by convenience and comparison goods, using both constant floorspace and forecast changes to floorspace;
- an appendix focusing on the effect of non-store trading – notably the internet – on the demand for retail space;
- appendices providing data of spending for major categories at current and fixed prices from 1990 to 2030.

Contacts, data sources, and definitions are shown in Appendices 1 and 2.

The key points to emerge from this year's report are:

- UK recovery consolidates in 2014 with GDP growth at over 2%.
- but headwinds persist—GDP struggles to reach 2.5% this decade
- retail sales ease slightly in 2014 but regain momentum in 2015
- retail spending growth forecast to average 2.8% a year to 2030, a healthy rate but less buoyant than pre-2008
- special forms of trading continues to siphon off demand, but we believe high st. vacancy rates will decline markedly in next ten years.

1 Forecasts of spending are at the UK level. Variations in regional and local area spending are provided in Experian's *Regional Planning Service*. For further information contact Jon Rawson +44 (0) 7811 270 989, email jon.rawson@uk.experian.com.

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Economic context

Recent trends and near-term outlook

The UK economy has seen an unexpectedly strong recovery since early 2013. The service sector has led the way but manufacturing and construction have also posted encouraging output gains. Quarterly GDP growth of 0.4% in 2013q1 was followed by 0.7% in q2. A raft of good data in recent months suggest that the recovery gained momentum in q3. These gains were achieved despite an ongoing squeeze on household incomes, fiscal constraints, subdued business investment and weakness in key export markets. Support for growth stems mainly from a strengthening housing market which provided a

The UK economy has shrunk by over 3% since 2008. Recovery is well underway, but progress will be constrained by fiscal austerity and weak eurozone demand

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strong boost to consumer confidence; rising consumer credit; and favourable labour market trends.

Household spending: The fragile economy has constrained household spending in recent years. In mid-2013 the level in real terms was virtually the same as in 2008 reflecting a persistent squeeze on household incomes as inflation has run well ahead of earnings growth. But the position is steadily improving. Real household disposable incomes grew in 2012, when labour market resilience and a substantial increase in benefit payments underpinned an increase of almost 1.5%. This rise, coupled with a strengthening housing market and an acceleration in consumer credit growth, saw consumer spending increase for seven quarters in a row starting in 2011q4. The increase has been modest, but as inflation eases in the next few quarters, we expect household finances to continue to improve gradually underpinning an increase in real consumer spending of near 2% in both 2014 and 2015.

Retail: Expenditure on retail goods has been more resilient than total consumer spending since the economic crisis of 2008. However, the latest available comparable data, for the year to 2013q2, show that real household spending growth at 1.8% actually outpaced official retail sales growth (1.7%). But buoyant retail sales more recently underpinned an increase of 2.3% in June -August compared with the same period a year earlier. That outcome surpassed expectations and was appreciably better than seemed possible a few months ago, given inflation outpacing wage growth, the cap on benefits, public sector pay restraint and weak economic growth. Although incomes have benefited from the increase in tax thresholds in April and possibly from PPI mis-selling compensation payments, the adverse factors are still a drag on household spending and are likely to curb sales volumes in the next few months. We therefore expect quarterly retail sales to moderate from their recent exuberant pace, but still to show solid gains supported by a rise in confidence, a strengthening labour market and gradually easing inflation.

Vacancy rates: According to new figures from Experian's Goad database following a comprehensive review of the dataset, the UK vacancy rate in July 2013 was 13.6%.

Summary of near term-outlook: We expect the improvement in UK economic conditions to consolidate in the next few quarters. The recovery looks durable, but progress will be restrained as headwinds have yet to dissipate. Subdued

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disposable incomes will continue to constrain households; government finances remain under pressure; investment remains lacklustre amid weak bank lending and exports to the key eurozone market are hampered by demand uncertainties. Nevertheless, we expect strong GDP growth in the second half of 2013 followed by year-on-year expansion at 2.1% in 2014 and 2015, underpinned by modest revivals in investment and exports.

Retail sales volumes will ease slightly in 2014 as real incomes continue to struggle, but growth will still exceed 2%. Household spending power will strengthen thereafter as the economic backdrop consolidates and incomes rise more strongly than in recent years, while inflation continues to ease. We expect rising disposable incomes to underpin an upturn in retail sales volumes of 2.6% y-on-y in 2015, the sharpest gain since 2007.

Retail sales volumes will strengthen as the economic backdrop improves, rising by 2.6% y-on-y in 2015, the sharpest gain since 2007

Risks to the forecast for the next few years are no longer dominated by downside factors. Certainly, a key risk remains the eurozone sovereign debt crisis which could still derail recovery if it results in a disorderly debt default and/or fragmentation of the eurozone. But the risk is diminishing as the eurozone authorities continue to 'do what it takes' to maintain financial stability in the Eurozone, and the longer this continues, the greater the prospects of the worst outcome being avoided. Moreover, we now believe there are credible upside risks for the UK. If commodity prices remain benign, inflation could fall faster than expected, providing a boost to real incomes, consumer spending and overall growth; the rebound in business investment after years of decline could be sharper than expected in the base case; and eurozone recovery could proceed faster than expected, supporting export growth.

Medium-term outlook

The medium-term outlook is for economic growth to improve from the pace of the past six years, but to be much less buoyant than during the 12 years prior to the recession of 2008/09. Aspects of the 2008 crisis such as pressure on government finances and weak banks continue to weigh on performance and prospects. We expect annual average GDP growth of 2.2% in the five years 2015-19 with consumer spending growth averaging 2.4% a year. These rates compare with annual averages of near 3% in 1995-2007 for GDP and 3.4% for consumer spending.

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Key constraints on medium-term prospects:

- **Government finances are tight.** Public finances deteriorated sharply during the 2008/09 crisis and massive correction is under way. Fiscal stringency will be a feature of economic policy throughout the medium term and maybe beyond. The public sector will continue to cut jobs.
- **Weight of household debt:** the risk of many households struggling to meet interest payments when rates rise to more 'normal' levels.
- **Savings are likely to be higher than in the decade** prior to 2008 as job insecurity continues against a backdrop of modest growth and a less buoyant labour market. The need to provide for pensions will feature more prominently in household finances.
- **Sharp reduction in investment** (down 15% in 2008-13) and cancellation or postponement of plans will inevitably depress medium-term growth potential in many areas of the UK economy.
- **The main engines of growth in 15 years to 2008 – financial and business services and government spending - will be less buoyant.** Financial services sector will be more tightly regulated and severely weakened banks will be less expansionary; the now mature business services sector will not be able to repeat its impressive near 8% annual rate of expansion of 1995-2007; and government spending will be much more restrained than in the period 2000-2008, when it averaged nearly 3% a year.
- **The eurozone crisis** will grind on depressing exports, investment and confidence for a few more years.

Long-term outlook

In the longer term the economy is likely to improve on the 2.2% annual average growth rate forecast for 2015-19 as some of the constraints depressing the UK's medium-term performance dissipate. For the period 2020-30 we forecast annual average growth at 2.4%, as in last year's report. Expansion at this pace means that the exceptional performance of 1995-2007 (near 3% growth annually) will not be regained. In conjunction with our medium-term projection for growth at 2.2% a year, the long-term forecast implies an annual average growth rate in the period 2015 to 2030 of 2.4%. This will be slower than the UK's previous long-term trend growth of 2.7% in the three decades to 2008.

Economic growth in the UK in the period 2014 to 2030 will be less robust than in the 15 years to 2007. It is also likely to lag the long-term growth rate seen in the three decades to 2008

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Comparison goods will feel a much greater impact from slower economic growth over the forecast period than convenience goods where population growth is a main driver. The rapid expansion of comparison sales from 1970 to 2010 reflected not only steady growth in real incomes, but also several other key factors that will either be reversed or not be repeated on the same scale:

- the boost from globalisation to audio-visual and clothing sales as prices dropped dramatically
- the liberalisation of financial markets which supported a credit-fuelled consumer boom
- the baby-boomer generation with strong demand for comparison goods.

Our central forecast has convenience goods sales per head growth at 0.6% a year from 2014 to 2030 (up from 0.4% in 1972-2012) while comparison growth slows from 4.2% a year in 1972-2012 to 2.9%.

Alternative long-term scenarios

A 65% probability is attached to the central scenario projection of annual growth in GDP averaging 2.4% from 2015 to 2030. We present one upside and two downside scenarios, with our projections of annual expansion in retail spending under each scenario. In the two pessimistic scenarios, the main impact is felt in the medium term (to 2019); growth after 2020 shows some recovery from the shock imposed in the next few years in those cases.

Optimistic scenario (15% probability)

UK GDP growth to 2030 approaches but does not reach the previous long-term trend (1981-2007) of 2.7% a year. This outcome depends upon a combination of favourable developments in addition to the assumptions in the base case, namely i) that household spending revives as inflation subsides and the labour market strengthens, and ii) that fixed investment rebounds strongly in 2014 and 2015 and grows steadily thereafter. Additional assumptions in the optimistic scenario are that; the fiscal problems which depress demand in the medium term ease by 2018; and that exports do well both to and outside the EU. This outcome depends crucially on i) a satisfactory resolution of the eurozone crisis and ii) no lasting damage to productivity has resulted from several years of lost investment. The successful rebalancing of the economy towards exports and

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investment underpins annual average growth of 2.4% in the period 2016-20, and supports growth at near 2.5% a year 2021-30. Key features of this scenario are:

1. Global trade resumes at a vigorous pace and the UK largely retains its market share
2. Benefits of rising exports and low inflation support consumer spending at a higher growth rate than in the base case
3. Constraints on business lending ease in next few years underpinning stronger fixed investment than in base case
4. Service sector growth approaches the 1995-2007 rate for at least part of the period to 2030
5. Government finances improve faster than expected and no longer constitute a major drag on growth after 2018.

Pessimistic scenarios (20% probability)

1. **Eurocrisis scenario (5% probability).** In this scenario, economic progress in the UK in the next few years is derailed as the eurozone crisis flares up again. The worst case outcome is a disorderly debt default and/or fragmentation of the eurozone, sending a deep shock through Europe's economic and financial system. A major contraction in the eurozone economy ensues and a credit crunch that makes a major UK recession likely. In addition, government finances remain a severe drag on growth. GDP growth in the period 2015-19 averages a meagre 1%, followed by 2% a year in 2020 to 2030 as the repercussions of the crisis are slow to dissipate (as after the 2008 crisis), giving a long-term average of 1.7%.
2. **Failure to rebalance and consumer spending fades (15% probability).** The export revival fades after a few quarters and investment does not pick up as strongly as expected in the base case. This means that yet another attempt to rebalance the economy fails, and economic growth is dependent on consumer spending. But this too fades as debt-laden households' vulnerability to higher interest rates is exposed. Up to 1 million households are believed to be at risk as rates return to more normal levels. In this scenario, GDP growth averages 1.5% a year to 2020, followed by growth at 2.3% a year to 2030, an annual average for 2015-30 of 2%.

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Table 1: Retail spending per head under alternative scenarios

% per annum	Probability	2014-19	2020-30	2014-30
Central case	65%	2.2	2.3	2.2
Optimistic case	15%	2.5	2.5	2.5
Eurozone crisis scenario	5%	1.0	2.2	1.9
Rebalancing fails scenario	15%	1.6	2.2	2.0

Implications of the forecast for national floorspace requirements

The following table presents our view of floorspace requirements at the UK level to 2025 and 2030 taking into account retail sales volume growth in the central case; the impact of special forms of trading (SFT) and efficiency gains. The figures in this table are all drawn from assumptions/forecasts contained in other tables in this document or using the forecast shown.

Table 2: Implications for national retail floorspace needs

	Sourced from:	% p. a. 2014-25	Cumulative 2014-25*	% p.a 2014-30	Cumulative 2014-30**
Retail spend vol. growth per head	Figures 1a and 2	2.2	27	2.2	42
Population growth % per annum	ONS	0.7	8	0.7	12
Retail sales growth inc population		2.9	37	2.9	58
Retail sales growth less SFT adjusted for sales from stores but including population growth		2.4	30	2.5	48
Efficiency gains	Figure 4	1.4	17	1.4	25
% increase in floorspace required after efficiency gains (sales growth less efficiency gains)			13		23

*11 years using 2014 as the base year

**16 years using 2014 as the base year

On the unrealistic assumption of no additions to floorspace between now and 2025, the above calculations suggest that the 13.6% vacancy rate seen in 2013 would be largely removed by that date. More realistically, if we assume new building adding just over 5.5 million sq ft a year to existing retail floorspace

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(estimated by Experian at 623 million sq ft in 2013 and forecast as in Figure 4) 68 million sq ft would be added by 2025, i.e. a 10.9% increase in floorspace. This compares with our calculated requirements of a 13% increase in floorspace in table 2 above. On these assumptions, therefore existing void space would be reduced by 2025 despite the addition of considerable new floorspace.

Looking to 2030 we expect the pace of new retail additions to pick up. 132 million sq ft would be added to the floorspace stock on our assumptions, a 21% increase compared with a 23% rise in requirements from table 2, suggesting a further reduction in void space despite appreciable new building.

These conclusions apply at the national level, and ignore marked local differences. Uncomfortably high void rates are still likely in many localities, for example where population is falling or footfall has decreased such as in many seaside towns. But the overall conclusion of this analysis is much less bleak than some of the more pessimistic forecasts about the impact of internet shopping on high streets.

Retail spending volumes in the central case

The following table (figure 1a) shows projected growth rates to 2030 for spending **per head** on various categories of retail goods and for leisure spending, using our central forecast.

The table also contains historic growth rates over three time periods: 1972-2012 (the ultra long-term trend); 1982-2012 (the long-term trend) and 1992-2012 (the medium-term trend).

Included in the final row of figure 1a is an estimate of retail spending excluding special forms of trading (SFT)² to provide an idea of growth from purely physical outlets that is the major concern of clients of this service. SFT driven by the increasing use of the internet has grown more rapidly than traditional retail sales in recent years and we expect a continuation of this pattern. The differences between retail sales growth rates with and without non-store sales are quite considerable in the short to medium term.

² SFT is considered in detail in Appendix 3, which contains a section on internet and other non-store sales and our view on their treatment in retail capacity assessments.

Non-store retailing growth will continue to outpace store-based trading growth over the forecast period, but the gap will narrow steadily.

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The surge of e-tailing, boosted by the take-up of new technology, is likely to be followed by a phase when non-store retailing will grow only modestly faster than traditional shopping. But we do not expect this to occur for several more years. Our specific forecast is for the boost to SFT from the increasing use of the internet to become less substantial after about 2025, when retail sales in total are forecast to expand at 2.9% p.a, compared with 3.5% p.a for SFT.

However, the effect of strong growth continuing over the next decade is that over the period 2014-30 we forecast total retail sales per head at 2.2% *per annum*, but excluding SFT growth is much more restrained at 1.5% a year. The difference is less marked, however when adjustment is made for internet trading which relies on floorspace in existing stores. Detailed calculations of this effect are located in Appendix 3. On this basis annual average growth in the period 2014 to 2030 is 2%.

Detailed analysis of the central case

Figure 1a: UK retail and leisure spend per head 2013-30

Vol growth per head (%)	2013	2014	2015	2014-25	2016-20**	2021-30***	1972-2012	1982-2012	1992-2012
Retail spend	1.8	1.4	1.9	2.2	2.3	2.3	2.5	3.1	3.5
Convenience goods	-0.6	-0.3	0.1	0.8	0.8	0.8	0.4	0.4	0.3
Comparison goods	3.2	2.3	2.8	2.9	3.0	2.9	4.2	5.2	5.6
of which bulky	3.5	1.8	2.9	3.1	3.1	3.1	4.3	5.4	6.7
non- bulky	3.1	2.5	2.7	2.8	2.9	2.8	4.2	5.0	5.0
Leisure	-0.2	0.7	1.4	1.4	1.5	1.3	1.4	1.0	0.3
Consumer spending	0.7	0.6	1.4	1.7	1.8	1.7	2.5	2.6	2.2
Retail spend ex SFT*	1.4	0.7	1.2	1.7	1.7	2.2	2.3	2.9	2.9

* Taking into account adjustments for internet trading that relies on floorspace in existing stores

**Annual average over 5 years 2016-20

*** Annual average over 10 years 2021-30

The long-term trend growth rates in Figure 1a are significantly lower than those presented in *Retail Planner 10* of September 2012 due to a combination of new ONS data and a change in the methodology used to deflate sales data. Appendix 7 provides more information on this.

Figure 1b: UK retail and leisure spend per head 2005-12

Vol growth per head (%)	2005	2006	2007	2008	2009	2010	2011	2012
Retail spend	3.3	4.4	2.8	1.1	-3.2	1.0	-0.7	1.7
Convenience goods	1.2	-0.1	-1.1	-3.5	-4.1	-0.4	-2.3	-0.6
Comparison goods	4.1	6.6	4.6	3.3	-3.0	1.9	0.3	3.1
of which bulky	9.4	8.8	7.7	5.8	-6.5	0.8	-1.4	6.9
non- bulky	1.8	5.5	3.1	2.3	-1.4	2.4	1.0	1.6
Leisure	-0.3	-0.9	0.4	-2.6	-8.6	2.0	1.3	-0.9
Consumer spending	2.2	1.2	2.1	-1.6	-4.2	0.2	-1.1	0.4
Retail spend ex SFT	3.1	4.1	2.0	0.0	-4.2	0.7	-1.7	1.1

Key features of the forecast are:

- **During the period 2014/15**, growth in retail spending will be slower than in previous recovery phases given the constraints on economic performance, notably the squeeze on public finances.
- In the **medium term (2016-20)**, growth in retail sales volumes will pick up from the rate seen in 2007-15, but will be slower than in the long and ultra long term. This reflects the constraints on overall economic growth outlined in the [Economic Context](#) above, and much more modest growth in consumer lending than pre-2007.
- While growth in retail sales is forecast to pick up in the **longer term (2021-30)** to an annual average of 2.9%, it remains well below the 1982-2012 rate and the 1992-2012 rate, but is only modestly short of the ultra-long-term trend rate (1972-2012) as this period includes the extremely weak decade of the UK economy in the 1970s. The slowdown from long-term trends reflects less expansionary consumer credit, slower overall economic growth and an ageing population.

Economic constraints, an ageing population and weaker consumer credit outweigh faster population growth in determining total retail sales volume growth.

- These factors outweigh the impact of faster population growth in future than in the period 1972-2012 on retail sales volume expansion. ONS forecasts show population growth averaging 0.7% a year to 2030 against 0.2% in the past four decades.
- All categories of retail spending, except convenience goods, lag the ultra long-term trend in our forecast to 2030, and the gap is substantially greater than that seen in the past two decades, which encompassed the credit-fuelled booms of the late 1980s and 1995-2007.
- The significant deceleration in growth for **comparison goods** stems from additional factors to those noted above, namely a less pronounced globalisation effect on prices of electronics and clothing; the ageing of the baby-boomer generation; and the absence of a credit-fuelled boom.

Summary of long-term growth prospects

In figure 2, the growth projections shown in figure 1a are summarized so that convenient long-term future time periods can be readily compared with the long-term past trends.

Our projections of future spending covering various periods in figure 1a have been merged to provide a long-term forecast covering expected growth from 2014 to 2023, from 2023 to 2030 and from 2014 to 2030.

Figure 2: UK retail spending (including non-store) and leisure spending

Volume growth per head (%) Annual averages	2014-23	2023-30	2014-30	1972-2012	1982-2012	1992-2012
Retail spending	2.2	2.3	2.2	2.5	3.1	3.5
Convenience goods	0.8	0.7	0.8	0.4	0.4	0.3
Comparison goods	2.9	2.9	2.9	4.2	5.2	5.6
of which bulky	3.1	3.2	3.1	4.3	5.4	6.7
non-bulky	2.9	2.7	2.8	4.2	5	5.0
Leisure	1.5	1.3	1.4	1.4	1	0.3
Consumer spending	1.7	1.7	1.7	2.5	2.6	2.2
Retail spend ex SFT	1.8	2.2	2.0	2.3	2.9	2.9

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Planning decisions for the next two decades should focus on the long term, ignoring the short-term effects of recent events. But it should also be recognized that the future will not necessarily be like the past - if circumstances change the outlook changes.

This table specifically excludes recent trends and individual years. It focuses on long-term trends which are key to development projects. Even so, critical choices have to be made, between on the one hand historic medium, long and ultra-long term trends and on the other the forecasts produced by Experian.

The constraints on economic activity and household spending in the medium term and the slower growth in consumer spending in the long term, as outlined above, outweigh the effect of faster population growth in our forecast of retail sales. The impact is much more significant for comparison goods than for convenience goods. The forecast growth rates shown in columns 2, 3 and 4 of figure 2 reflect the shift in economic circumstances outlined earlier in this report. The more difficult environment is likely to persist into the longer term, highlighting the case for using these figures rather than the long-term, medium-term or ultra long-term trends in projecting retail demand.

Retail sales density

The rapid increase in comparison goods sales densities in the early years of this century was a product of the retail spending boom and growth rates of well over 3% a year are unlikely to be repeated.

The following tables provide Experian's forecasts of retail sales density under two broad assumptions: i) constant floorspace to obtain a pure measure of changing efficiency, and ii) including additions to floorspace. Two points should be borne in mind in considering the figures shown in figures 3 and 4.

- The apportionment between comparison and convenience was changed in 2011 in recognition of the space in supermarkets devoted to comparison goods. Convenience floorspace estimate was reduced by 14%, and comparison increased accordingly.
- In order to reflect the growing contribution of SFT to retail sales, our calculations of sales density is changed from this year. The definition of retail sales in the calculation now excludes sales that are not effected through traditional floorspace.

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1. Constant floorspace from 2013

Figure 3: Retail sales density - constant floorspace

Total retail	2012	2013	2014	2015	2016-20*	2021-30*
Total retail floorspace (millions of sq ft)**	621	623	623	623	623	623
Retail sales £bn (2010 prices)	290.6	296.8	300.8	306.5	326.5	401.3
Sales density £/sq ft	467.9	476.3	482.9	491.9	527.2	644.1
Density growth rate (%)	1.1	1.8	1.4	1.9	2.4	2.8

*Annual average; **Source: GOAD.

Figure 3a: Retail sales density convenience goods - constant floorspace

Convenience goods	2012	2013	2014	2015	2016-20*	2021-30*
Total floorspace (millions of sq ft)**	148	150	151	151	151	151
Convenience sales £bn (2010 prices)	111.4	111.1	111.2	111.9	116.2	128.4
Sales density £/sq ft	742.4	735.6	736.7	740.8	769.5	850.1
Density growth rate (%)	-1.4	-0.9	0.1	0.6	1.3	1.3

*Annual average; **Source: GOAD

Figure 3b: Retail sales density comparison goods - constant floorspace

Comparison goods	2012	2013	2014	2015	2016-20*	2021-30*
Total floorspace (millions of sq ft)**	471	472	472	472	472	472
Comparison sales £bn (2010 prices)	179.2	185.7	189.6	194.6	212.3	272.9
Sales density £/sq ft	380.5	393.4	401.7	412.3	449.7	578.2
Density growth rate (%)	2.5	3.4	2.1	2.7	3.0	3.5

*Annual average; **Source: GOAD

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2. Changing floorspace

Figure 4: Retail sales density- including changes to floorspace*

Total retail	2012	2013	2014	2015	2016-20*	2021-30*
Total retail floorspace (millions of sq ft)**	621	623	626	630	647.2	705.1
Retail sales £bn (2010 prices)	290.6	296.8	300.8	306.5	328.5	401.3
Sales density £/sq ft	467.9	476.3	480.6	486.5	507.4	568.2
Density growth rate (%)	1.1	1.8	0.9	1.2	1.4	1.4

*Annual average; **Source: GOAD

Figure 4a: Retail sales density convenience – inc. changes to floorspace

Convenience goods	2012	2013	2014	2015	2016-20*	2021-30*
Total floorspace (millions of sq ft)**	150	151	153	155	161	177
Convenience sales £bn (2010 prices)	111.4	111.1	111.2	111.9	116.2	128.4
Sales density £/sq ft	742.4	735.6	727.0	721.6	721.7	725.9
Density growth rate (%)	-1.4	-0.9	-1.2	-0.7	0.0	0.1

*Annual average; **Source: GOAD

Figure 4b: Retail sales density- comparison goods including changes to floorspace

Comparison goods	2012	2013	2014	2015	2016-20*	2021-30*
Total floorspace (millions of sq ft)**	471	472	473	475	486	528
Comparison sales £bn (2010 prices)	179.2	185.7	189.6	194.6	212.3	272.9
Sales density £/sq ft	380.5	393.4	400.8	409.7	436.4	515.4
Density growth rate (%)	2.5	3.4	1.9	2.2	2.1	2.0

*Annual average; **Source: GOAD

Estimates of sales density using the more realistic assumption of changing floorspace are shown in figure 4

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The future for retail sales densities

Over the next few years, we expect volume increases in convenience sales to be mild, accompanied by modest additions to floorspace. Thus scope for density increases is very limited for convenience goods, much more so than for comparison goods. Continuing trends towards more modern, higher density, stores and the demolition of older inefficient space means that the expected comparison rate is likely to be close to 2% a year over the next 16 years, but this is well below the rate seen during the boom of the early years of this century.

Appendix 1: contacts

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Appendix 2: estimating consumer spending on retail goods and leisure

Sources

Total household spending on goods and leisure is derived from the ONS' (Office for National Statistics) publication *Consumer Trends* (consistent with the June 2013 issue). We use the chained volume measure which shows expenditure at 2010 prices. *Consumer Trends* provides data breaking down total household spending according to the internationally recognised COICOP (Classification of Individual Consumption by Purpose) categories. This is consistent with the definitions used in the ONS' National Accounts (*Blue Book*) and therefore includes spending in the UK by foreign households. Leisure spending is aggregated from COICOP categories as shown below.

The *Consumer Trends* data are based on surveys of consumers. There is a difference which is generally insignificant from the figures reported monthly in the ONS' *Retail Sales Statistical Bulletin* which is based on surveys of shops and businesses.

Aggregations

Retail Planner contains a number of special aggregations of retail goods and services:

1. **Convenience goods** – low-cost, everyday items that consumers are unlikely to travel far to purchase. Defined as food and non-alcoholic drinks, tobacco, alcohol, newspapers and 90% of non-durable household goods.³
2. **Comparison goods** – all other retail goods.

Bulky goods – defined as:

- DIY goods
- Furniture and floor coverings.
- Major household appliances whether electric or not.
- Audio-visual equipment
- Remaining 10% of non-durable household goods
- Bicycles.

Non-bulky goods – all other comparison goods

3. **Leisure**
 - Recreational and sporting services (COICOP 9.4.1)
 - Cultural services (COICOP 9.4.2)
 - Games of chance (COICOP 9.4.3)
 - Restaurants, cafes etc (COICOP 11.1.1)
 - Accommodation services (COICOP 11.2)
 - Hairdressing salons & personal grooming (COICOP 12.1.1)

³ Non-durable household goods comprise cleaning materials, kitchen disposables, household hardware and appliances, kitchen gloves, cloths etc and pins, needles, tape measures and nuts and bolts. We have assumed, based on Expenditure and Food Survey (EFS) data, that 10% of non-durable household goods are DIY-type goods and, therefore, are properly classified as comparison goods while the remaining 90% have the characteristics of convenience goods.

Appendix 3: non-store retail sales (special forms of trading)

The strong increase in online shopping in the past decade has lifted the share of special forms of trading (SFT) to a level where it now accounts for around a tenth of total retail sales. The Office for National Statistics (ONS) collects data for SFT, comprising sales via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are all included. The ONS figure of internet sales plus their estimate of mail order and market/stalls sales is therefore a comprehensive estimate of SFT in retailing. Services are excluded as businesses are asked to separate out non-goods elements of their sales.

The rising share of internet sales in total retail transactions dominates the picture of SFT. Internet sales' share of total retail sales stood at near 10% in mid-2013 against 4.7% in June 2008 and just 2.9% as recently as March 2007. The value of internet sales in 2013 is estimated at £33.4bn at current prices, (£32.1bn at 2010 prices). In addition to internet transactions, SFT includes mail order sales, stalls, markets and other non-store sales. Based on ONS data we estimate the value in 2013 of non-internet SFT at £7.3bn (at 2010 prices) giving a total broad definition (internet plus non-internet) of non-store retail of £39.5bn at 2010 prices.

The following table shows Experian's estimate of growth since 2006 in all retailing compared with non-store retailing. No official breakdown is available between convenience and comparison goods – the market shares are our own estimates. Forecasts to 2029 reflect our assumptions of retail spending growth and the future expansion of the internet.

Estimated and projected market share of non-store retail sales

Volumes at 2010 prices	All retailing*	Non-store	Growth in retailing %	Growth in non-store %	Non-store retailing market share (%)			Adjusted for SFT sales from stores**		
	£bn	£bn			Total	Comparison	Convenience	Total retail	Comparison	Convenience
2006	293.8	17.1	5.8	14.2	5.8	7.9	2.8	3.8	5.9	0.8
2007	304.0	18.7	3.5	9.4	6.2	8.2	3.0	4.1	6.1	0.9
2008	309.5	21.9	1.8	17.1	7.1	9.2	3.7	4.7	6.9	1.1
2009	301.4	25.8	-2.6	17.8	8.6	10.9	4.7	5.6	8.2	1.4
2010	306.8	28.2	1.8	9.3	9.2	11.6	5.1	6.0	8.7	1.5
2011	306.5	32.1	-0.1	13.8	10.5	13.0	6.2	6.8	9.7	1.9
2012	314.0	36	2.5	12.1	11.5	14.0	7.0	7.5	10.5	2.1
forecast										
2013	322.1	39.5	2.6	9.7	12.3	14.4	8.3	7.9	10.8	2.5
2014	328.8	43.6	2.1	10.5	13.3	15.5	9.2	8.5	11.8	2.7
2015	337.3	48.0	2.6	10.0	14.2	16.4	10.0	9.1	12.3	3.0
2016	347.1	52.7	2.9	9.7	15.2	17.4	10.8	9.7	13.0	3.2
2017	357.5	57.7	3.0	9.5	16.1	18.4	11.7	10.4	13.8	3.5
2018	368.4	62.9	3.1	9.0	17.1	19.3	12.5	11.0	14.5	3.8
2019	379.6	67.9	3.1	8.0	17.9	20.1	13.3	11.5	15.1	4.0
2020	391.1	72.6	3.0	7.0	18.6	20.7	14.0	11.9	15.5	4.2
2021	402.9	77.0	3.0	6.0	19.1	20.9	15.2	12.2	15.7	4.6
2022	414.9	80.9	3.0	5.0	19.5	21.2	15.7	12.4	15.9	4.7
2023	427.2	84.1	3.0	4.0	19.7	21.3	16.1	12.5	15.9	4.8
2024	439.8	87.0	2.9	3.5	19.8	21.2	16.4	12.6	15.9	4.9
2025	452.4	90.1	2.9	3.5	19.9	21.2	16.8	12.7	15.9	5.0
2026	465.1	93.2	2.8	3.5	20.0	21.3	17.1	12.8	15.9	5.1
2027	478.2	96.5	2.8	3.5	20.2	21.3	17.5	12.9	16.0	5.2
2028	491.8	99.9	2.8	3.5	20.3	21.3	17.8	12.9	16.0	5.4
2029	505.8	103.4	2.9	3.5	20.4	21.3	18.2	13.0	16.0	5.5
2030	520.1	106.5	2.8	3.0	20.5	21.2	18.5	13.1	15.9	5.6

*Ex automotive fuel

** Using the proportions shown on page 21

Non-store retailing continues to grow rapidly, outpacing traditional forms of spending. We retain our assumption that non-store retailing will increase at a faster pace than total retail sales well into the long term. There were 52.7 million internet users in the UK (representing 84.1% of the population) in mid-year 2012 according to Internet World Stats. So growth of the internet user base will be less of a driver than in the past decade. But growth momentum will be sustained as new technology such as browsing and purchasing through mobile phones and the development of interactive TV shopping boost internet retailing. We expect that the SFT market share will continue to increase over the forecast period, although the pace of e-commerce growth will moderate markedly after about 2020. Our forecast has the SFT share of total retail sales reaching 17.4% by 2020 rising to 20% by the end of the 2020s.

Special Forms of Trading and the demand for retail floorspace (see also comments on page 8 of this report)

The calculation of how demand for retail floorspace will be affected by the rapid expansion of SFT remains a key issue. While it is undeniable that the challenge to traditional store-based shopping will continue to grow strongly, a number of crucial factors temper the threat. The commentary on page 8, aimed at providing a realistic assessment of how this will affect demand for retail floorspace in the longer term, takes these factors into account.

- Many stores sell online but source sales from regular stores rather than warehouses, implying an increase in required store floorspace to cater for rising internet sales.
- Even if non-store retailing outpaces store-based shopping as assumed over the next 16 years, **store-based shopping** is still expected to continue to expand at an annual average of 1.9% per annum in *per capita* terms to 2030 (see figures 1a and 2 of the main report the relevant portions of which appear below). This means actual growth (after adjusting for population) is at an annual average of 2.6%. The table on page 8 examines the implications for floorspace requirements at the national level.
- It is probable that sales via the internet will begin to grow less rapidly at some point in the next few years. Much of the rapid expansion of the internet share of retail sales in the early years of the internet's rise was driven by easily transferable sales of music, video, and e-books. Growth in this area has slowed as this market is now mature.
- This leaves **click-and-collect** as the key driver of current and future internet growth. But since this requires a bricks-and-mortar presence in easily accessible locations, this is largely space demand neutral. Examples of growth of click-and-collect include Tesco's expansion of its 'click-and-collect' service for non-food items to 600 stores and Sainsbury's claim that customers can buy some 15,000 products on its website then pick them up from one of its stores. John Lewis has doubled the size of its 'click-and-collect' operations by adding 60 Waitrose branches.
- **Home delivery** with the goods delivered sourced from warehouses is not space demand neutral in the way that click-and-collect is. It presents a major potential threat to future demand for retail floorspace in the high street. Demand for retail floorspace would ease if in future supermarkets moved increasingly to a centralised system to reduce pressure on stores. But it still appears that most retailers opt to distribute from stores rather than a centralised warehouse. While warehouse space has increased, growth has been through relatively modest additions to space such as Amazon's announcement that it plans to open a number of warehouses for sorting parcels of books, music and gifts, rather than a concerted move on the part of retailers in general.
- The recent well-publicised expansion of home delivery owes much to a switch within SFT from mail order to online, especially in clothing and footwear.
- A significant development is multi-channelling, where internet shopping actually drives demand for traditional outlets. An increasing numbers of retailers are using bricks-and-mortar stores as a showroom for products, a service location and collection/drop-off points for online orders. In-store product and

services offer forms part of a co-ordinated multi-channel strategy and will continue to support demand for retail space.

Which growth rates should be used to calculate demand for retail floorspace?

Given the factors noted above, it is not appropriate to use total retail spending to calculate future demand for retail space; nor is it entirely satisfactory to use retail spending excluding SFT. We therefore calculate growth rates for convenience and comparison goods that take into account the proportion of trading using traditional floor space. These results are summarised in the following table

Vol growth per head (%)	2013	2014	2015	2016-20	2021-30	2014-30
Retail spend	1.8	1.4	1.9	2.3	2.3	2.2
Retail spend ex all SFT	0.9	0.2	0.7	1.2	2.1	1.6
Retail*	1.4	0.7	1.2	1.7	2.2	1.9
Comparison*	2.9	1.4	2.0	2.2	2.8	2.5
Convenience*	-1.0	-0.6	-0.1	0.6	0.7	0.5

**Adjusted for SFT sales via traditional floorspace using the assumptions shown below*

The detailed indicative growth rates for sales of comparison and convenience goods to reflect the proportion of trading using traditional retail space are shown below. For comparison goods, we exclude from the calculation 25% of SFT sales to provide our best estimate of growth of required floorspace (column 4); and for convenience goods 70% of sales are excluded (column 7) to reflect the proportion of convenience sales that is effected through stores. The proportion excluded in this calculation would be even higher were it not for the fact that SFT includes other sales channels such as mail order and market stalls that do not service sales from traditional stores.

Growth in sales volumes (retail spend) per head 2010-30 (% per annum) adjusted for SFT

	Comparison growth rates			Convenience growth rates		
	Total	Exc all SFT	Exc 75% of SFT	Total	Exc all SFT	Exc 30% of SFT
2010	1.9	1.1	1.3	-0.5	-0.9	-0.6
2011	0.3	-1.2	-0.8	-2.3	-3.4	-2.6
2012	3.1	1.9	2.2	-0.6	-1.4	-0.8
2013	3.2	2.8	2.9	-0.6	-2.0	-1.0
2014	2.3	1.0	1.4	-0.3	-1.2	-0.6
2015	2.8	1.6	2.0	0.1	-0.8	-0.1
2016	2.9	1.7	2.1	0.6	-0.3	0.4
2017	2.9	1.7	2.1	0.9	-0.1	0.6
2018	3.1	1.9	2.2	0.8	-0.1	0.6
2019	3.1	2.0	2.3	0.9	0.0	0.6
2020	3.0	2.2	2.4	0.9	0.1	0.7
2021	3.0	2.7	2.8	0.9	-0.5	0.6
2022	2.9	2.6	2.7	0.9	0.3	0.8
2023	2.9	2.8	2.8	0.9	0.4	0.8
2024	2.9	2.9	2.9	0.9	0.5	0.8
2025	2.9	2.9	2.9	0.8	0.4	0.7
2026	2.8	2.8	2.8	0.7	0.3	0.8
2027	2.9	2.8	2.8	0.7	0.3	0.6
2028	2.9	2.9	2.9	0.8	0.3	0.7
2029	2.9	2.8	2.9	0.9	0.4	0.8
2030	2.8	2.9	2.9	0.9	0.5	0.8
Averages 2014-20	2.9	1.7	2.1	0.6	-0.4	0.3
2021-30	2.9	2.8	2.8	0.8	0.3	0.7
2014-30	2.9	2.4	2.5	0.7	0.0	0.5

Appendix 4a: Data & forecasts: spending volumes

	Spending (£bn 2010 prices)				Spending at 2010 prices per head (£)				Growth rates: overall spending (%)				Growth rates: spending per head (%)			
	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison
1992	548	139	98	60	9514.7	2412.5	1697.9	1043.6	1.6	1.0	0.1	2.5	1.4	0.7	-0.2	2.3
1993	571	145	99	64	9886.8	2520.4	1716.2	1116.6	4.1	4.7	1.3	7.2	3.9	4.5	1.1	7.0
1994	590	152	100	70	10194.1	2634.3	1735.5	1207.3	3.4	4.8	1.4	8.4	3.1	4.5	1.1	8.1
1995	602	156	99	73	10380.0	2688.5	1712.0	1264.2	2.1	2.3	-1.1	5.0	1.8	2.1	-1.4	4.7
1996	633	167	103	80	10875.6	2875.1	1765.7	1374.3	5.0	7.2	3.4	9.0	4.8	6.9	3.1	8.7
1997	664	178	106	88	11378.2	3048.2	1821.5	1503.9	4.9	6.3	3.4	9.7	4.6	6.0	3.2	9.4
1998	691	187	107	95	11814.8	3195.9	1822.2	1629.7	4.1	5.1	0.3	8.7	3.8	4.8	0.0	8.4
1999	727	201	110	105	12386.8	3431.5	1876.6	1787.2	5.2	7.8	3.4	10.1	4.8	7.4	3.0	9.7
2000	767	215	113	115	13019.2	3646.1	1910.5	1945.2	5.5	6.6	2.2	9.2	5.1	6.3	1.8	8.8
2001	796	225	112	123	13467.6	3806.0	1900.3	2080.2	3.8	4.8	-0.2	7.4	3.4	4.4	-0.5	6.9
2002	828	241	114	136	13956.9	4061.1	1929.1	2284.7	4.0	7.1	1.9	10.2	3.6	6.7	1.5	9.8
2003	859	257	116	149	14429.3	4322.8	1955.7	2494.1	3.8	6.9	1.8	9.6	3.4	6.4	1.4	9.2
2004	887	269	121	155	14825.3	4492.2	2013.8	2591.9	3.2	4.4	3.5	4.4	2.7	3.9	3.0	3.9
2005	913	280	123	162	15150.4	4642.5	2037.4	2697.5	2.9	4.0	1.8	4.8	2.2	3.3	1.2	4.1
2006	929	294	123	174	15330.5	4849.0	2036.1	2875.6	1.8	5.1	0.5	7.2	1.2	4.4	-0.1	6.6
2007	955	304	123	183	15654.1	4984.2	2013.6	3007.5	2.8	3.5	-0.5	5.3	2.1	2.8	-1.1	4.6
2008	946	310	119	191	15407.8	5040.9	1943.8	3106.9	-0.9	1.8	-2.8	4.0	-1.6	1.1	-3.5	3.3
2009	912	301	115	186	14762.8	4878.2	1864.3	3014.6	-3.6	-2.6	-3.5	-2.3	-4.2	-3.2	-4.1	-3.0
2010	921	307	116	191	14792.9	4927.9	1856.0	3071.9	1.0	1.8	0.3	2.7	0.2	1.0	0.2	1.9
2011	916	306	114	193	14635.1	4894.5	1813.7	3080.8	-0.5	-0.1	-1.7	0.9	-1.1	-0.7	-2.3	0.3
2012	927	314	114	200	14700.6	4978.7	1803.2	3175.5	1.2	2.5	0.2	3.8	0.4	1.7	-0.6	3.1
2013	940	322	114	208	14797.5	5070.6	1793.2	3277.4	1.4	2.6	0.2	4.0	0.7	1.8	-0.6	3.2
2014	952	329	114	214	14879.1	5140.2	1787.8	3352.4	1.3	2.1	0.4	3.0	0.6	1.4	-0.3	2.3
2015	972	337	115	222	15090.0	5236.3	1790.1	3446.2	2.1	2.6	0.8	3.5	1.4	1.9	0.1	2.8
2016	996	347	117	230	15338.4	5347.3	1801.2	3546.0	2.4	2.9	1.4	3.7	1.6	2.1	0.6	2.9
2017	1021	357	119	239	15607.8	5466.5	1816.8	3649.7	2.5	3.0	1.6	3.7	1.8	2.2	0.9	2.9
2018	1046	368	121	248	15885.3	5592.5	1832.0	3760.5	2.5	3.1	1.6	3.8	1.8	2.3	0.8	3.0
2019	1073	380	123	257	16169.8	5722.3	1847.8	3874.5	2.5	3.1	1.6	3.8	1.8	2.3	0.9	3.0
2020	1100	391	125	267	16460.7	5854.3	1864.0	3990.3	2.5	3.0	1.6	3.7	1.8	2.3	0.9	3.0
2021	1127	403	127	276	16756.3	5988.8	1880.5	4108.3	2.5	3.0	1.6	3.7	1.8	2.3	0.9	3.0
2022	1155	415	129	286	17055.6	6126.3	1898.0	4228.3	2.5	3.0	1.6	3.6	1.8	2.3	0.9	2.9
2023	1184	427	131	297	17360.4	6266.1	1915.1	4351.0	2.5	3.0	1.6	3.6	1.8	2.3	0.9	2.9
2024	1213	440	133	307	17671.0	6408.9	1931.5	4477.3	2.4	2.9	1.5	3.6	1.8	2.3	0.9	2.9
2025	1241	452	134	318	17977.8	6551.8	1946.8	4605.0	2.4	2.9	1.4	3.5	1.7	2.2	0.8	2.9
2026	1270	465	136	329	18282.9	6695.7	1961.0	4734.7	2.3	2.8	1.3	3.4	1.7	2.2	0.7	2.8
2027	1299	478	138	340	18595.0	6844.3	1975.2	4869.1	2.3	2.8	1.3	3.4	1.7	2.2	0.7	2.8
2028	1329	492	140	352	18914.7	6999.3	1990.9	5008.5	2.3	2.8	1.4	3.4	1.7	2.3	0.8	2.9
2029	1360	506	142	364	19242.5	7159.3	2008.1	5151.2	2.3	2.9	1.4	3.4	1.7	2.3	0.9	2.9
2030	1391	520	144	376	19578.5	7322.2	2026.1	5296.2	2.3	2.8	1.4	3.4	1.7	2.3	0.9	2.8

(1) Including spending by foreigners

Source: data - ONS (Consumer Trends 2013qr1), forecast - Experian August 2013

Appendix 4b: Spending at current prices and price indices

	Total spending (current prices, £bn)				Growth rates :spending at current prices (%)				Price indices (2010=100)			
	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Total retail	Convenience	Comparison	Consumer spending(1)	Spending on retail	Spending on convenience	Spending on comparison
1992	386.5	142.7	63.1	79.6	5.5	4.4	2.9	5.6	70.8	103.3	64.6	133.7
1993	410.7	149.8	65.4	84.5	6.3	5.0	3.5	6.2	72.2	103.6	66.0	132.4
1994	431.6	157.9	66.9	91.0	5.1	5.4	2.3	7.7	73.4	104.1	66.6	131.4
1995	455.6	165.6	68.9	96.8	5.6	4.9	3.0	6.4	75.7	106.7	69.3	133.1
1996	489.9	177.8	73.6	104.2	7.5	7.3	6.9	7.6	77.5	106.9	71.7	131.6
1997	520.6	190.4	76.2	114.2	6.3	7.1	3.5	9.7	78.6	107.8	71.7	131.6
1998	552.1	200.9	78.1	122.8	6.1	5.5	2.5	7.5	80.2	108.1	73.3	130.0
1999	583.9	212.6	81.6	131.0	5.8	5.8	4.5	6.7	81.0	106.1	74.1	125.8
2000	617.9	222.0	83.7	138.2	5.8	4.4	2.6	5.6	81.4	103.8	74.4	121.5
2001	643.8	232.0	86.3	145.8	4.2	4.5	3.0	5.4	82.0	103.5	76.8	119.2
2002	673.1	244.7	88.6	156.0	4.5	5.4	2.7	7.0	82.5	101.9	77.5	115.7
2003	706.3	258.1	91.7	166.4	4.9	5.5	3.5	6.6	83.6	100.5	78.8	112.5
2004	742.9	265.9	95.5	170.4	5.2	3.0	4.1	2.4	85.1	99.1	79.2	110.2
2005	782.6	272.6	98.4	174.2	5.3	2.5	3.1	2.2	87.1	97.6	80.2	107.5
2006	817.5	282.9	101.6	181.3	4.5	3.8	3.2	4.1	89.2	96.4	82.3	104.3
2007	861.4	292.1	105.0	187.1	5.4	3.3	3.4	3.2	91.5	96.2	85.5	102.2
2008	879.2	300.2	108.6	190.7	2.1	2.8	4.4	1.9	94.4	97.1	91.9	100.0
2009	867.0	296.3	111.4	184.9	-1.4	-1.3	1.7	-3.0	96.1	98.3	96.7	99.3
2010	913.0	306.8	115.5	191.2	5.3	3.5	3.7	3.4	100.0	100.0	100.0	100.0
2011	947.6	315.4	120.9	194.5	3.8	2.8	4.6	1.7	104.1	102.9	106.5	100.8
2012	985.4	327.8	125.8	202.0	4.0	3.9	4.1	3.9	106.9	104.4	110.6	100.9
2013	1027.3	338.4	130.9	207.5	4.2	3.2	4.1	2.7	109.6	105.1	114.9	99.7
2014	1065.7	346.1	134.0	212.0	3.7	2.3	2.4	2.2	112.0	105.2	117.2	98.9
2015	1108.5	354.8	137.1	217.7	4.0	2.5	2.3	2.7	114.0	105.2	118.9	98.1
2016	1155.3	364.6	141.0	223.6	4.2	2.8	2.8	2.7	116.0	105.0	120.6	97.1
2017	1205.4	375.2	145.6	229.5	4.3	2.9	3.3	2.7	118.1	104.9	122.6	96.2
2018	1257.6	386.3	150.5	235.8	4.3	3.0	3.4	2.7	120.2	104.9	124.7	95.2
2019	1309.9	397.4	155.5	241.9	4.2	2.9	3.3	2.6	122.1	104.7	126.8	94.1
2020	1364.3	408.4	160.5	247.9	4.2	2.8	3.3	2.5	124.0	104.4	128.9	93.0
2021	1421.3	419.7	165.7	254.0	4.2	2.7	3.2	2.4	126.1	104.2	131.0	91.9
2022	1481.0	431.2	171.1	260.1	4.2	2.7	3.3	2.4	128.2	103.9	133.1	90.8
2023	1544.4	443.3	176.8	266.4	4.3	2.8	3.3	2.5	130.5	103.8	135.4	89.8
2024	1611.6	455.8	182.7	273.1	4.4	2.8	3.3	2.5	132.9	103.7	137.8	88.9
2025	1681.1	468.5	188.6	279.9	4.3	2.8	3.2	2.5	135.4	103.6	140.3	88.0
2026	1752.5	481.1	194.5	286.6	4.2	2.7	3.1	2.4	138.0	103.4	142.8	87.1
2027	1826.3	493.7	200.3	293.3	4.2	2.6	3.0	2.3	140.6	103.2	145.2	86.2
2028	1902.7	506.5	206.4	300.1	4.2	2.6	3.0	2.3	143.2	103.0	147.5	85.3
2029	1981.6	519.5	212.6	306.9	4.1	2.6	3.0	2.2	145.8	102.7	149.8	84.3
2030	2062.6	532.2	218.9	313.4	4.1	2.5	3.0	2.1	148.3	102.3	152.1	83.3

(1) Including spending by foreigners

Source: data - ONS (Consumer Trends 2013q1), forecast - Experian August 2013

Appendix 5: Estimates of spending on retail goods in 2012 –coarse categories

2012 Household spending (current prices £m)		Total	Non-retail	Spend by	UK residents	UK spend
COICOP	Description	spending	share (%)	foreigners	spend in UK	per head £
1	Food and non-alcoholic beverages	90,486		1,096	89,390	1,403
2.2	Tobacco	18,718	0.35	141	12,075	190
2.1	Spirits (off trade)	16,480		164	16,316	256
9.5.2	Newspapers and periodicals	3,961		42	3,919	62
3.1.1; 3.1.2; 3.1.3	Clothing materials & garments	48,452		3,055	45,397	712
3.2.1	Shoes and other footwear	8,325		406	7,919	124
4.3.1	Materials for maintenance & repair of dwellings	1,204		33	1,171	18
5.1.1; 5.1.2	Furniture and furnishings; carpets & other floor coverings	17,196		105	17,091	283
5.2	Household textiles	5,799		33	5,766	91
5.3.1	Major household appliances whether electric or not	5,606		72	5,534	87
5.3.2	Small electric household appliances	861		59	802	13
5.5.1; 5.5.2	Small tools and miscellaneous accessories	3,439		6	3,433	54
5.4	Glassware, tableware and household utensils	4,841		18	4,823	76
5.6.1	Non-durable household goods	4,269		135	4,134	65
6.1.1; 6.1.2	Pharmaceutical products	5,239		41	5,198	82
6.1.3	Therapeutic appliances and equipment	3,212		0	3,212	50
7.1.3	Bicycles	1,612		39	1,573	25
9.1.4	Recording media	4,170		21	4,149	65
9.2.2; 9.3.1; 9.3.2	Games, toys, sport & camping equip; musical instrumnts	20,643		59	20,584	323
9.3.3	Gardens, plants and flowers	3,463		0	3,463	54
9.3.4	Pets and related products	3,333		0	3,333	52
9.5.1; 9.5.3; 9.5.4	Books & stationary	7,145		17	7,128	111
9.1.1	Eqpt fr recptn, recrdng & reprdtn of sound & pics	4,613		26	4,587	72
9.1.2	Photographic & cine eqpt & optical instruments	2,703		15	2,688	42
9.1.3	Information processing equipment	7,425		42	7,383	116
8.2	Telephone and telefax equipment	599		3	596	9
12.1.2; 12.1.3	Appliances for personal care	18,959		80	18,879	296
12.3.1	Jewellery, clocks and watches	6,807		41	6,766	106
12.3.2	Other personal effects	4,202		6	4,196	66
	Convenience	133,487		1,564	125,421	1,970
	Comparison	190,275		4,190	186,084	2,923
	Total Retail	323,762		5,755	311,505	4,893

Source: ONS Consumer Trends, Q1 2013

Appendix 6: Classification of retail spending

Convenience	Comparison	Bulky	Non-bulky C
COICOP			
02.2	Tobacco		
02.1.3	Beer		
01.1	Food & non-alcohol		
02.1.2	Wine		
02.1.1	Spirits		
09.5.2	Newspapers & mags		
05.6.1	Household cleaning materials and misc items		
05.5.1	Major tools		
09.1.1/3	Audio-visuals		
04.3.1	Materials for repair & maintenance of homes		
05.5.2	Small tools		
05.1.1;05.1.2	Furniture & floor coverings		
05.3.1	Major appliances		
07.1.3	Bicycles		
03.1.1/3	Clothing		
05.3.2	Small appliances		
09.5.1;09.5.3/4	Books, stationery etc		
05.4	Utensils		
03.2.1	Footwear		
06.1.3	Therapeutics		
12.3.1	Jewellery		
09.1.4	Recording media		
12.1.2/3	Personal care goods		
05.2	Textiles		
06.1	Medical goods		
12.3.2	Other personal effects		
09.3.1/4	Other recreational goods		

More information on the classification of individual consumption by purpose (COICOP) is available if required.

Appendix 7: Note on long-term data revisions

We have not changed our view of the long-term prospects for the UK economy – the forecasts are very similar to those presented last year (Retail Planner Briefing Note 10). We have, however, changed our approach to constructing the long-run history. These changes primarily affect volumes and deflators and relate principally to the period before 1997. The changes mean that volume growth since 1972 is closer to that presented in our August 2010 report (Retail Planner Briefing Note 8) than the growth rates presented in the past two years

Since 2011, the Office for National Statistics (ONS) has not updated its estimates of consumer spending by type of spending (COICOP) for the period before 1997. This is problematic because the ONS has revised, and made methodological changes, to its estimates for total consumer spending for this period; it has also made methodological changes and revisions to its estimates of spending by type for the period starting in 1997. The consequence of this is that the most recently published estimate of consumer spending by type for the period before 1997 is not consistent with more recently published data. We have, accordingly, had to construct a consistent data set for this period.

We have worked closely with the ONS over the past year to improve our methodology for this purpose. We are confident that as a result of this exercise, the long-term history will not be subject to the volatility seen in our figures in the past two years; we are also satisfied that our estimates for long-term history incorporate and are consistent with the latest available official data. Our estimates of long-term growth in deflators and volumes have changed as a result of this exercise.

In accordance with the best practice adopted for National Accounts, our volume data is published accordingly to the method of annual chain-linking (known as Chain Volume Measure (CVM)). The volumes data is reported in terms of the purchasing power of money in a given year (the reference year: 2010 in this case.) In contrast to older method, it does this by using weight data for every year upto and including the reference year. A consequence of this is that before the reference year, the components of a category are not additive (i.e. the value of the category is not equal to the simple sum of its parts.) This applies to aggregates reported in this report such as comparison, convenience and retail.