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# Brexit: a surprising outcome



**Professor Frank Peck** of the University of Cumbria's Centre for Regional Economic Development writes for in-Cumbria on the big issues of the day and the economic data behind them. This month, Brexit and the British consumer: recent trends in retailing

Most Brexit, those who analyse trends across the UK await new data on various economic indicators with much more interest than usual. During August, the Office for National Statistics (ONS) published data for retail sales in July (1). How would the Brexit vote affect consumer confidence? The findings came as a pleasant surprise for many:

- In July 2016, volume of retail sales increased by 5.9% compared with July 2015.
- Compared with the previous month (June), the volume of retail sales increased by 1.4% in July.
- The amount spent has also increased by 3.6% compared with July 2015 and by 1.6% compared with June 2016.
- The growth has occurred in all market segments with the main contribution coming from non-food stores.
- The amount spent on-line increased by 16.7 per cent compared with July 2015. On-line sales now accounts for 14.2 per cent of total retail sales by value.

Industry commentators have debated the underlying causes of this unexpected outcome. A fall in the value of the pound perhaps contributed by encouraging spending from overseas holidaymakers in the UK – it was a good month, apparently, for sales of watches and jewellery (up by 16.6 per cent). There is much discounting at the moment in the retail sector which perhaps has affected sales volumes. But sales values have also increased indicating that consumers are spending more, not just buying more.

There has been speculation about the impacts of the latest warm weather on consumer behaviour, albeit mainly in the south of the UK. This, according to the British Retail Consortium (reported in the Guardian, 9th August 2016), may have



contributed to an increase in retail sales on the high street. The ONS survey also suggests this has benefited sales in clothing and footwear stores that still retain a presence on most high streets.

While much of this analysis is speculative, what is clear is that the Brexit vote does not appear to have had a negative effect on British consumers nationally, at least in the short term.

At the local level, the economic impacts of these trends depends a great deal on where and how people choose to shop. There is some encouragement, perhaps, that high street sales appear to be stronger than expected nationally. Retailers across Cumbria will be hoping that these trends continue into the period leading up to Christmas.

The plans for Primark to open a store

in Carlisle should add to cautious optimism in the north of the county. Primark plan to create 144 jobs directly across a range of job types including human resources, visual merchandising, stock control as well as sales and supervision.

Reports on *in-Cumbria.com* suggest that this may influence other retailers to occupy some of the vacant premises in the city centre (July 22, 2016: "Retailers queue up to come to Carlisle"). Alongside a vibrant independent retail sector that has responded well to recent major challenges, cautious optimism is perhaps justified in the medium term. But the real test may well lie in 2017 when the Brexit process begins to unfold.

1. These figures are based on a sample survey of 5,000 retailers including all large retailers employing 100 people or more. ONS claim that this survey covers 95% of known retail turnover. ©

**'There is some encouragement that high street sales appear to be stronger than expected nationally'**