



Brands face challenge as sales growth hits reverse

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Slowing sales growth in November shows that shoppers gearing up for Christmas are planning their festive spend more carefully and retailers will have to work harder to win sales.

Although retail sales were up 1.8% like for like against November 2008, they were lower than in October, according to the British Retail Consortium. Non-store sales growth, which includes internet, mail-order and phone sales, slowed compared to October but were 16.9% up on November last year.

And market research company Nielsen says the grocery sector grew 3.1% in November, a marked fall from the 4.2% growth seen the month before.

Mark Watkins, senior manager retailer services at Nielsen, says the decline suggests shoppers brought spend forward into October to take advantage of promotions and loyalty drives but that shoppers are still holding back until mid-December.

Nielsen is expecting growth of between 4% and 5% in December and a £4bn spend on groceries during Christmas week.

Orit Peleg, shopper marketing planning director at OgilvyAction, says that to win over shoppers in the run-up to Christmas, retailers and brands need to understand what shoppers need and reflect this through their marketing.

Jeremy Michael, sales and marketing director for Retail Eyes, says that despite the slowdown in November, the high street shouldn't be written off just yet, adding: "Online shopping may have been up but there's still no substitute for the experience of shopping on the high street."

However, Scott Lester, chief executive of online content specialists Flixmedia.tv, counters this by saying: "The high street is suffering because it cannot compete with the dynamic nature of online retail, which can adapt in real time to shoppers needs."