



FOOD RETAILERS DRIVE JOBS GROWTH

In the fourth quarter of 2011, retail employment rose by 0.5% compared with the same quarter a year earlier, the equivalent of 4,074 more full-time jobs according to our sample. During the same period the number of retail outlets grew by 1.0%, an additional 528 shops.

The Monitor measured a net fall in the number of non-food stores in December compared with the same time last year. The overall increase in the equivalent number of full-time workers and stores was driven by food retailers.

The fall in full-time equivalent (FTE) non-food workers was driven by a loss of part-time jobs, which fell fastest.

Fourth Quarter 2011: October-December % change on a year ago	
Employment: full-time equivalent	Number of stores
0.5%	1.0%
	

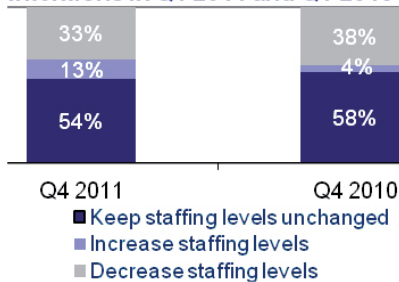
	Monthly % change on a year ago	
	Employment: full-time equivalent	Number of stores
October	0.6%	1.2%
November	0.7%	1.2%
December	0.4%	0.6%

Employment Intentions for Next Quarter

The BRC-Bond Pearce Retail Employment Monitor (REM) indicated that 58% of the sample would keep staffing levels unchanged, compared with 54% last year.

The proportion of retailers indicating they would decrease staffing levels rose to 38% compared with 33% this time last year. Employment intentions in the grocery sector appear more upbeat than those in non-food retailing, a continuing trend since the start of the survey in 2009.

Comparison of Employment Intentions in Q4 2011 and Q4 2010



“ Stephen Robertson, British Retail Consortium Director General:

After a disturbing fall in overall retail employment in September last year, it's a relief to see marginal improvement at the end of 2011. It's likely the delay taking on seasonal staff which hit the previous quarter boosted numbers in the last three months of the year. But there's little to celebrate while the underlying labour market conditions remain so fragile, as we've seen in a flurry of post-Christmas administrations. This survey is being compared with a weak end to 2010 when severe snowfall hit retail badly and reduced the hours staff would've been working.

Following reductions in non-food staff numbers during 2011, we're now seeing stores close. Retailers are focused on reducing costs and reviewing property portfolios, which means employment prospects are weakening. After a raft of retail failures in the first few weeks of 2012 there is a danger more stores will be pushed over the edge. Retailers are facing a 5.6 per cent leap in business rates in April, despite inflation already falling well below this level. The Government can protect the jobs market by showing restraint setting the National Minimum Wage, and by acting more swiftly on employment reforms such as simplifying the tribunal process.”

“ Christina Tolvas-Vincent, Head of Retail Employment at Bond Pearce:

Seasonal hiring provided a glimmer of hope for retail employment figures at the end of last year but sadly this won't last. We have already seen a number of retailers enter administration since Christmas and there is no sign of any knight in shining armour for the industry. Retailers are also aware that consumers are likely to be tightening their belts for the next few months and this is going to squeeze them and their profit margins even further.

Even so, there are still those who remain fairly optimistic for 2012, despite the tough trading conditions. The disparity between food and non-food retailers remains and some supermarkets will continue to provide growth. However for many non-food retailers the focus is more on survival than growth and those who feel vulnerable already need to do everything they can to prevent outright failure. Redundancy figures are still relatively low but if more retailers fail this may change. It also seems unlikely that growth in retail, a major employer in the private sector, will compensate for public sector losses as some had hoped.”

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Labour Market Overview

The latest unemployment statistics from the Office for National Statistics (ONS) showed a rise in the unemployment rate to 8.3% in the three months to November – the highest for 17 years. The increase of 118,000 to 2.68 million people was higher than anticipated. **Youth unemployment continued to rise, with the number of 16-24-year-olds unable to find work up by 52,000 to 1.04 million, 22.3% of those considered economically active.**

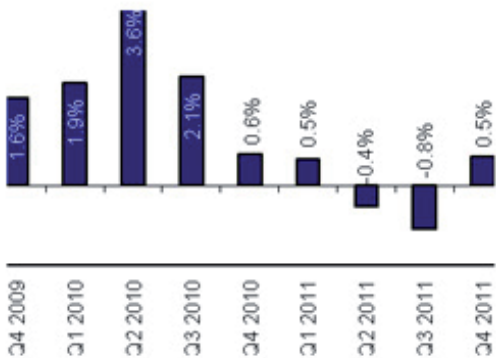
There were some signs of relief in the rate of deterioration as the claimant count rose less than expected, up 1,200 to 1.6 million. The number of people employed rose for the first time in five months, up by 18,000 to 29.12 million – the increase driven by part-time workers.

The rate of private sector job creation is not compensating for job losses in the public sector. The latest period showed 67,000 public sector job losses while the private sector created just 5,000 in the three months to September.

Retail Employment

The latest data from the REM showed that retail employment rose by 0.5% in the fourth quarter of 2011 compared with the same period a year earlier. This is the equivalent of almost 4,100 more FTE jobs according to our sample.

1. Quarterly change on previous year



Source: BRC-Bond Pearce REM

September's sharp decline in the number of full-time equivalent staff was likely to be the result of retailers delaying the uptake of seasonal employees in the run-up to Christmas. This reflects the expected impact of the new Agency Workers rules. This shift in employment, compared with the previous year, has helped boost numbers of FTE employees in the fourth quarter. In addition, last year's heavy snow resulted in store closures and hampered many retail staff getting into work and taking on overtime.

The combination of soft comparatives of last year and the shift in seasonal employment resulted in modest levels of growth throughout the fourth quarter.

However, with the economic recovery failing to gain momentum, underlying labour market conditions in the sector remain fragile. Retailers face significant challenges in 2012 from weak consumer spending and rising costs. The focus on reducing costs and reviewing store portfolios and lease renewals are likely to continue throughout the year.

Non-Food Retailers

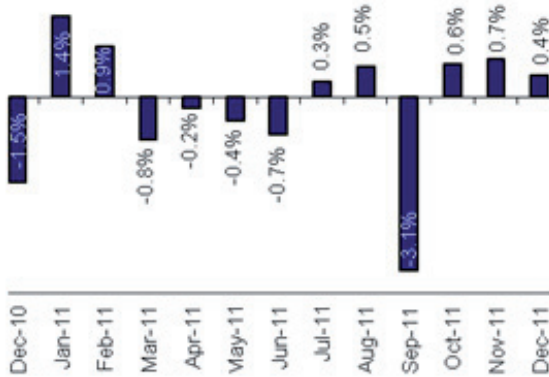
The fourth quarter continued to show a divergence in food and non-food retail labour markets. Non-food retailers saw a fall in both the number of part-time and full-time hours worked, although the pace of decline eased compared with the previous quarter. The number of part-time FTE employees fell at a faster rate than full-time. This is also likely to be the result of seasonal staff being employed nearer Christmas compared with the previous year. For the first time since annual comparisons started in October 2009, our sample recorded a decline in the number of non-food retail outlets.

Food Retailers

Grocery retailers in our sample, which cover over 75% of the market by turnover, continue to open more outlets and employ more people.

The overall rise in the number of FTE employees was driven exclusively by food retailers. Both full-time and part-time hours worked rose, the rate of increase picked up from the third quarter.

2. Total Retail: Annual % growth in retail FTE employment



Source: BRC-Bond Pearce REM

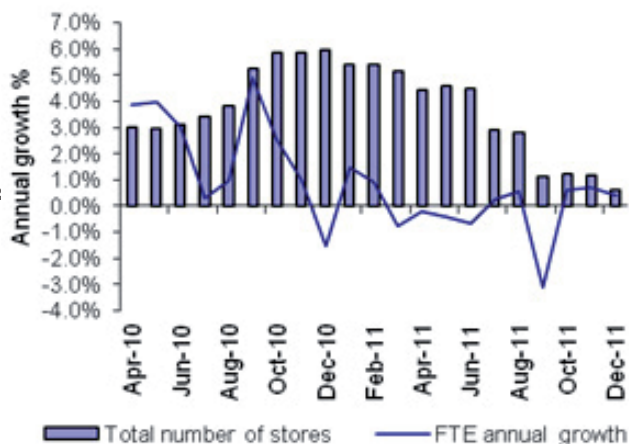
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Retail Store Numbers

The number of retail outlets rose by 1.0% in the fourth quarter of 2011, the slowest growth since October 2009. The increase was driven entirely by the grocery sector while the number of stores in the non-food retail sample declined. Compared with the fourth quarter of 2010, there was a net increase of 528 additional stores in our sample.

Chart 3 shows the growth of store numbers and the equivalent number of employees easing over recent months. Therefore, the average number of staff per store has also fallen, although the REM cannot account for the trend towards smaller store formats.

3. Retail store growth compared with full-time equivalent growth



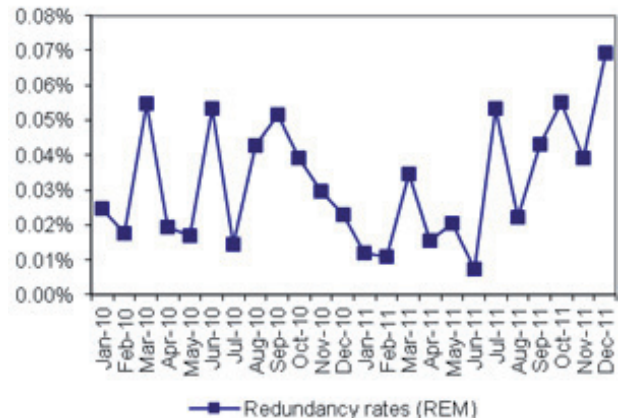
Source: BRC

Redundancies

With the retail sector under considerable pressure from rising costs and increasing stress on consumer spending, the redundancy rate will be an important indicator over the coming months.

The latest figures showed that redundancy rates have increased over the last quarter, however they remain at low levels. The higher rates are likely to reflect a net decline in the number of non-food stores in recent months.

4. Retail redundancy rate on a downward trend



Source: BRC-Bond Pearce REM

Notes

The BRC-Bond Pearce Retail Employment Monitor (REM) measures changes and trends in retail sector employment over time. Data is analysed in monthly intervals and is collected on a quarterly basis.

The Monitor is representative of large and small retailers, covering both food and non-food sectors. The sample includes data for over one million employees, representing over a third of the total retail labour market and accounts for over 50% of the retail sector by turnover.

There are a number of metrics which the Monitor measures, for example, the overall change in full-time equivalent employment levels over time. Indices have been created for different metrics to measure changes or differences over time.

All participants in the Monitor are confidential.



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The Q1 2011 Monitor, covering the period from 1 January 2012 to 31 March 2012, will be released at 00.01am on Thursday 26th April 2012.

The data is collected and collated by the BRC.

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The British Retail Consortium is the leading retail trade association representing the whole range of retailers, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and online stores.

Bond Pearce LLP is a leading, full service business law firm. The Bond Pearce retail sector group is ranked among the elite in the retail sector and acts for more national retailers than any other law firm in the UK.



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