



The Long Road to Normality – Retailing in 2010

Having been through the most traumatic of years it is easy to believe that the worst is over and that 2010 will be uneventful and perhaps even boring. Nothing could be further from the truth. The outlook for 2010 is one of highs and lows, success and failures. Nowhere will this be more obvious than on the high street.

These are the possible highlights of the retail environment in 2010.

December 2009

Despite retail sales falling back in November, sales pick up in December on signs of the recession ending and increased big ticket items purchases before the January VAT hike. Compared to very weak sales turnover data in December 2008, the annual figures show a sharp improvement, masking continued weaknesses within the retail sector.

January 2010

Signs of retailer problems are starting to emerge. Some retail businesses have not benefited from a pick up in sales and are forced to move into administration.

February 2010

Gloom returns to retail as administrations continue and the impact of VAT hikes weigh upon consumer confidence and their willingness to spend. Global equity markets have started to flatten as investment markets question the strength of the recovery. Optimism is fading and retail sales are starting to suffer.

March 2010

Consumers face the distraction of a close and bitterly fought general election. Messages of both hope and austerity confuse retail expectations. The Conservative Party is elected with a small majority, ensuring a workable political environment.

April 2010

An initial boost of optimism following the changing of government gives a temporary lift to retailing.

May 2010

The Conservative Party's "Emergency" budget and planned tax hikes start to have an impact, taking the shine off the new government. An announcement of substantial cuts to public sector spending and pay freezes increases the prospect of industrial actions. Public sector employees, who have been so far largely isolated from the downturn, start to feel the impact of the recession.

June 2010

The World Cup provides a temporary distraction, as sales of football merchandise; memorabilia and high definition televisions all support higher retail sales.



July 2010

There is mixed economic news. The global economic recovery is regaining pace after a second quarter lull. However, signs of future interest rate hikes in the UK, USA and Euro zone, raise concerns for mortgage holders.

August 2010

A long hot summer increases social tensions. The threat of public sector strikes starts to increase. The disruption is short lived as public sympathy is not forthcoming.

September 2010

Investors return from their summer holidays with a renewed sense of optimism. The private sector is growing in confidence as the recovery starts to build up steam. Unemployment is beginning to fall as private sector job creation compensates for public sector job losses.

October 2010

Rising consumer confidence and lower unemployment is slow to translate into higher retail sales. Cautious spending habits expected to remain for some time. Shops in South Wales benefit from the Ryder Cup, whilst retailers enjoy a weekend Halloween.

November 2010

The first base rate rise by the Bank of England is unwelcome news for home owners, but also provides a positive signs that the economy continues to take tentative steps back to normality.

December 2010

Solid Christmas sales figures but without a significant increase on December 2009. It has been a long year with many ups and downs but most retailers are happy in the knowledge that the worst is over, the economy is growing, unemployment is falling and things are very gradually moving towards normality.

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Carl Malways is a well known economist, regularly commenting upon economic events, the state of the labour market and the retail environment. With a history of working in economic consultancy and within large FTSE 100 organisations, Carl specialises in bringing economics to life in a rigorous but accessible style.

[The Retail Database lists the details of all major shopping destinations in the United Kingdom, providing a reference point for everyone interest in retail, from those looking for a place to shop to retailers researching possible store locations.](#)

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