

**BRC SHOP PRICE INDEX  
FEBRUARY 2005**

For Immediate Release

**FEBRUARY:  
SHOP PRICES STILL FALLING**

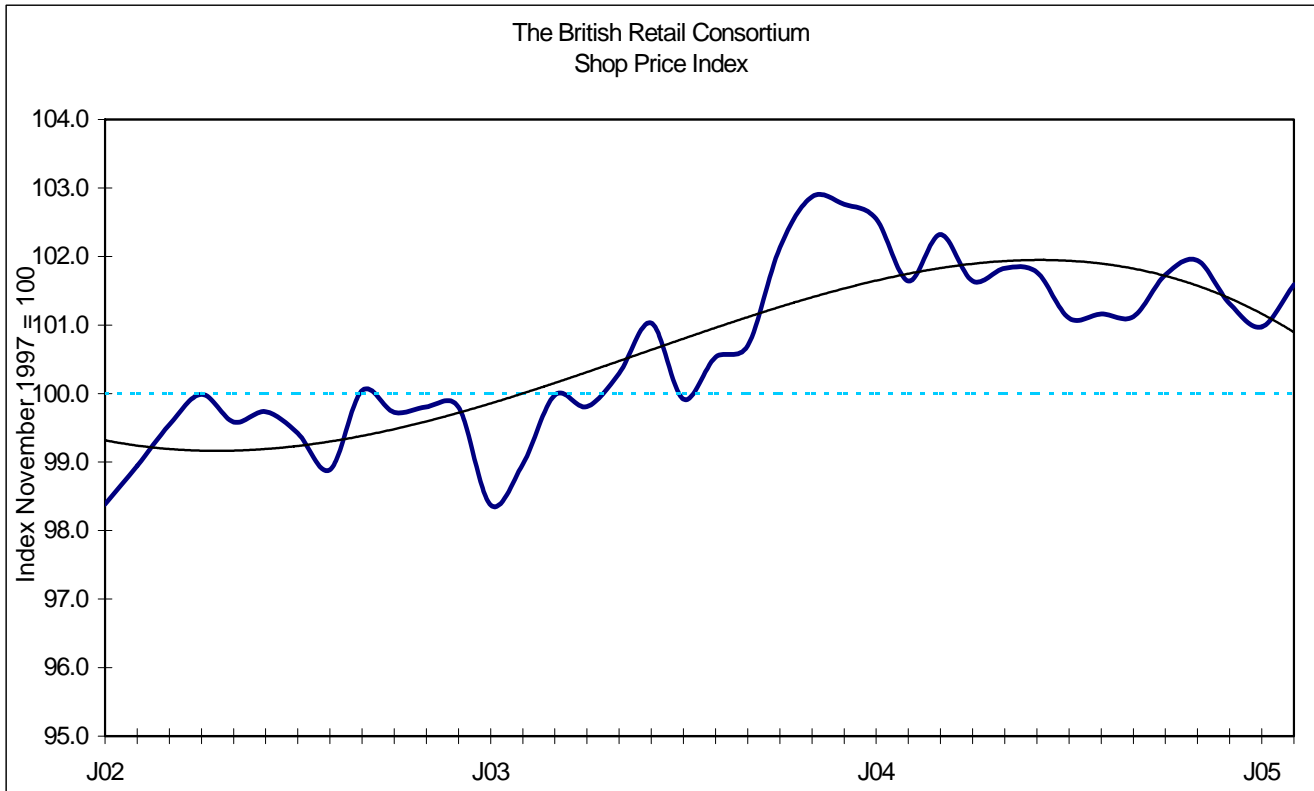
The BRC Shop Price Index (SPI) showed that the price of non-food items is 1.63% lower than in February 2004, with overall prices 0.05% lower than a year ago.

Overall shop prices were 0.62% higher in February than January, mainly as a result of the price of food items rising by 0.64%.

**Kevin Hawkins, Director General, BRC comments:**

"It is no surprise that February saw a slight increase in shop prices, following January's heavy discounting. However, despite the end of the sales and the tightening squeeze on retailer's margins, prices are still lower than this time last year.

"Despite retail price inflation being at such low levels, consumers are still very wary and BRC sales figures released earlier this week clearly show that February was a very tough month for retailers. The last thing either retailers or consumers need is another hike in interest rates."



**BRC Comments:**

Shop prices in February rose for the first time in three months by 0.62%. This caused the index to rise to 101.59. The annual inflation rate remained lower than twelve months ago, despite increasing to -0.05%, up from -1.54% in December.

The price of clothing and footwear increased slightly in February after the widespread promotions and aggressive discounting seen in recent months came to an end, but remained lower than this time last year.

Price promotions on electrical goods continued in February, with the focus on “White Goods” & “New Technology” items. The price of DIY & Hardware products remained low as a result of further reductions and final discounting before sales ended. However, other home improvements items saw prices increase, most notably on household textiles and furnishings, after the sales.

For the second month in a row, the price of food items increased. The main contributing factors for this were a rise in the price of fresh produce, due to seasonal supply and demand and the continued higher price of meat products seen in January. A further contributing factor was an increase in the price of sugar as a result of a rise in raw material and manufacturing costs.

	2002		2003		2004		2005	
	Index	Inflation Rate	Index	Inflation Rate	Index	Inflation Rate	Index	Inflation Rate

January	98.39	0.90%	98.37	-0.01%	102.55	4.24%	100.97	-1.54%
February	98.94	0.83%	98.97	0.02%	101.64	2.70%	101.59	- 0.05%
March	99.54	0.69%	99.98	0.44%	102.32	2.34%		
April	99.99	1.07%	99.81	-0.18%	101.64	1.84%		
May	99.58	0.56%	100.29	0.71%	101.83	1.53%		
June	99.73	0.25%	101.03	1.30%	101.77	0.74%		
July	99.42	1.01%	99.92	0.50%	101.10	1.18%		
August	98.89	0.62%	100.53	1.66%	101.17	0.63%		
September	100.04	1.02%	100.70	0.66%	101.12	0.41%		
October	99.72	0.79%	102.13	2.41%	100.73	-1.37%		
November	99.80	1.00%	102.87	3.07%	101.93	-0.94%		
December	99.80	0.99%	102.76	2.97%	101.31	-1.41%		

**Notes:**

*The SPI provides an indicator of the direction of price changes in retail outlets. The BRC launched the Shop Price Index to give an accurate picture of the inflation faced by shoppers on 250 of the most commonly bought items in shops which are representative of the most commonly shopped in stores.*

*As the Index is designed to reflect changes in shop prices, the sampling points chosen are five large urban areas, spread nationally. Not all sample stores are in city centres; they have been selected to reflect local shopping habits. Therefore, the sample includes superstores on out-of-town sites, town centre department stores, local parade stores, and shopping centres. In each location, a leading market research agency, collect and process the data for the BRC, visit stores of differing types, e.g. grocery, confectionery, DIY, department stores - including small and large multiples and independents. Data collection is monthly and always in the same stores to maintain consistency.*

*The items for which prices are collected reflect standard consumer purchasing patterns in terms of branded/own label split and price distribution. The Index is constructed of five main sectors of purchase: food, household goods, furniture, clothing, and personal goods. In total there are 250 items representing the five main sectors, there are around 2500-3000 price points collected each period. Each product class category has an individual weighting based on the "All households" expenditure measured in the Family Expenditure Survey. This data is also used to weight the Office for National Statistics Retail Price Index (RPI).*

*Although it is a proxy measure of inflation, the Shop Price Index is more focused than the Retail Price Index, and demonstrates the extent to which retailers contribute to inflation through their pricing of a range of commonly bought goods.*

# ENQUIRIES

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